



City of Bellevue, Washington **Comprehensive Annual Financial Report**

For the fiscal year ended December 31, 2020

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Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2020

**Prepared by the Accounting Team,
Finance and Asset Management Department**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2020
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Introductory Section



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bellevue
Washington**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

City of
Bellevue



Post Office Box 90012 • Bellevue, Washington • 98009-9012

September 28, 2021

Honorable Mayor, City Councilmembers, and Citizens of the City of Bellevue,

The City of Bellevue's (the city) Comprehensive Annual Financial Report for the fiscal year ended December 31, 2020, is hereby submitted. The responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures rests with the city's management. To the best of my knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and agencies of the city. All disclosures necessary to enable the reader to gain an understanding of the city's financial activities have been included.

The management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The letter of transmittal is a complement to the MD&A and should be read in conjunction with it.

Profile of the Government

Incorporated in 1953, the City of Bellevue is the 5th largest of 281 cities in the State of Washington. Bellevue is located on the east shore of Lake Washington. The city encompasses 33.51 square miles and is located 11 miles east of Seattle and 275 miles west of Spokane. Bellevue is 175 miles north of Portland, Oregon, and 230 miles south of Vancouver, Canada.

The City of Bellevue is a noncharter code city, operating under Section 35A of the Revised Code of Washington (RCW). The city is a Council-Manager form of government with a seven-member City Council elected by the voters of the city. City Council members are elected at large, rather than by district, and are responsible for establishing the general guidelines and policies for the city. Each member serves a four-year term. The City Council elects the Mayor and Deputy Mayor from within its ranks. The City Council appoints the City Manager as the city's chief executive officer responsible for carrying out the policies and direction set by the City Council. This includes the enforcement of laws and ordinances, the execution of contracts and agreements, and maintenance of peace and order in the city.

The City of Bellevue provides a full range of local government services. These services include police and fire protection; emergency medical services; construction and maintenance of streets and traditional municipal infrastructure; planning and zoning; park and recreational activities; and cultural events. In addition, the city operates an equipment rental fund and provides storm and surface water, water, and sewer services. Certain city services, such as public safety, utility, information technology, and equipment rental and maintenance, are provided on a fee basis to other governmental agencies and neighboring taxing districts. Conversely, other government agencies provide the city with jail and court services through interlocal agreements. Bellevue residents receive library services from the King County Library System.

Discrete Component Unit

The city is financially accountable for the Bellevue Convention Center Authority (BCCA), which is reported as a discrete component unit of the city. The BCCA accounts for revenues and expenses associated with the operation of Meydenbauer Center. Meydenbauer Center is located in downtown Bellevue and contains a 54,000-square foot convention center and trade show facility, a 410-seat theater, and 434-stall underground parking garage.

Economic Condition and Outlook

The City of Bellevue was impacted significantly by the coronavirus disease of 2019 (COVID-19) pandemic. Major revenue sources were negatively impacted due to COVID-19 impacts in the retail, food, and accommodation sectors. However, some businesses were able to see growth despite the pandemic, including construction, information services, and professional services.

At the end of 2020, the construction sector ranked as the top contributor to tax revenues. Through December, over 30 major permits were issued totaling just under one million square feet (Source: City of Bellevue Development Services Q4 2020 Snapshot).

Bellevue's population has grown to an estimated 148,100 (Source: Washington State Office of Financial Management), a 1.9 percent increase over 2019. The city has estimated adding 40,000 people by 2035, a growth of 27 percent.

The city contains a variety of industries, including department stores, financial institutions, technology firms, automobile dealerships, engineering firms and manufacturing. The city is home to several major businesses, including Puget Sound Energy, T-Mobile, Smartsheet, Facebook, and Google. In early 2020, Amazon announced it would significantly expand its footprint in Bellevue, building a new office tower with an estimated completion date of 2023 and leasing an existing downtown business tower.

The city's employment continued to improve from peak unemployment levels in April 2020. The unemployment rate was 5.6 percent in December 2020, up 2 percent from November. Though the unemployment rate remains above the pre-pandemic level, it is trending lower compared to King County, the Greater Seattle metropolitan area, and the State of Washington (Source: U.S. Bureau of Labor Statistics, Employment Security Department of Washington State).

Employment within the city's Central Business District is targeted to add 18,000 jobs, a 26 percent increase, between 2018 and 2035. Employment within the BelRed area is also targeted to add 11,500 jobs, a 33 percent increase between 2018 and 2035 (Source: City of Bellevue Community Development Department).

Long Term Financial Planning

In developing the city's biennial budget, the organization follows a number of guiding principles. Foremost is the City Council's long-term policy that quality service programs will be offered by the City of Bellevue.

Other guiding principles include:

- a focus on services that deliver outcomes important to the community and are responsive and accessible to all;
- positioning Bellevue to realize opportunities and enhance the city's image;
- an examination of the entire budget, not just incremental changes from the last budget;
- a commitment to innovation, efficiency, and sound business practice;
- a long-range strategic approach to an affordable and sustainable budget; and
- if expenditure reductions are necessary, service elimination is preferable to poor or marginal quality programs.

The city prepares a six-year financial operational forecast for the General Fund, Parks Fees Fund, Development Services Fund, Storm and Surface Water Utility Fund, Water Utility Fund, and Sewer Utility Fund to ensure that the economic outlook is incorporated into the City of Bellevue's financial planning. The city uses the operational forecasts and the seven-year Capital Investment Program (CIP) Plan as long-term financial planning tools. These planning tools provide valuable information that enables city management to make decisions with greater consideration of the financial consequences.

Major Initiatives

In April 2015, the City Council approved an Amended and Restated Memorandum of Understanding (MOU) with Sound Transit defining city contributions to a downtown Bellevue light rail tunnel and design modifications to minimize impacts of the rail line on Bellevue's neighborhoods. The MOU relates to a portion of the East Link light rail line that will run from Seattle through Bellevue to the Overlake Area of Redmond, Washington. The construction of the tunnel and rail segments was completed in 2020. The construction of systems will occur in 2021, followed by one year of startup and testing. Ridership is expected to begin in 2023.

In April 2017, the City Council adopted an ordinance authorizing a \$99.6 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan to assist with the creation of the BelRed Street Network—a total of 12 multimodal roadways planned to support the new BelRed neighborhood in the heart of the city.

The BelRed Street Network projects will provide:

- Nearly ten new lane-miles of roadway.
- 25,000 linear feet of sidewalk.
- 21,000 linear feet of bike lane.
- More than 5.5 acres of water quality treatment facilities.
- Approximately 90 new and upgraded curb ramps, and approximately 90 other pedestrian access improvements, compliant with the Americans with Disabilities Act (ADA).

Financial Management and Controls

City of Bellevue management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the city are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of the relative costs and benefits of the control system requires estimates and judgments by management.

Budget Process Summary

The City of Bellevue budgets on a biennial basis, with each budget beginning in an odd numbered year. Appropriations for operating funds are authorized for two years but must be reviewed and reauthorized by the City Council in the middle of the biennial period.

The city continues to focus on providing priority government programs, high quality services, and capital investments. During the 2019-2020 budget process, the city employed the Budgeting for Outcomes methodology (Budget One). The Budget One process strives to deliver outcomes that are important to the community, and reflects the values and priorities recognized by the City Council and city management. The Outcomes identified by the City Council as community-wide priorities include: Safe Community, Improved Mobility and Connectivity, Quality Neighborhoods/Innovative, Vibrant, and Caring Community, Healthy and Sustainable Environment, Economic Growth and Competitiveness, and Responsive Government.

Budgetary Controls

The City of Bellevue maintains budgetary controls in accordance with RCW 35A.34. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the budget appropriations established by the City Council. The General Fund and all special revenue funds are included in the biennially appropriated operating budget as listed below, with the exception of the Operating Grants, Donations, and Special Reserves Fund and Housing Fund. These project-length financial plans are adopted for the remaining special revenue, capital, and proprietary funds.

Biennially Budgeted Governmental Funds:

- General Fund
 - Separately-appropriated funds, reported in the General Fund per the Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”:
 - Human Services Fund
 - Land Purchase Revolving Fund
 - Development Services Fund
 - Parks Fees Fund
- LEOFF I Medical Reserve Fund
- Park Maintenance & Operations Fund
- Solid Waste Fund
- Hotel/Motel Tax Fund

As demonstrated by the statements and schedules included in the financial section of this report, the city continues to meet its responsibility for sound financial management.

Other Information

Independent Audit

Washington state law requires an annual audit of the city's financial records and transactions by the Washington State Auditor, an independent elected state official. The audit of the city has now been completed and was performed in conformance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards. The financial statements of all city funds and agencies have been included in this audit. The city has been given an unmodified opinion for 2020. Please see the Auditor's Opinion at the beginning of the Financial Section of this report.

Awards

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellevue for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019. The city has earned this prestigious award for 40 out of 43 Annual Report submissions. This was the 37th consecutive annual award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting the 2020 Comprehensive Annual Financial Report to the GFOA to determine its eligibility for the certificate.

The GFOA has also awarded the Distinguished Budget Presentation Award to the City of Bellevue for its 2019-2020 biennial budget document for the 24th consecutive year/biennium. The GFOA gives this award to those governments whose budget document meets the GFOA's criteria as an effective policy document, operations guide, financial plan, and communication device.

Acknowledgements

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of Finance and Asset Management Department staff and other employees throughout the city who assisted in and contributed to its preparation. Thank you to the City Council and City Management for their fiscal stewardship and policy direction in conducting the financial operations of the city in a sound and progressive manner. A special note of thanks is given to Michael Chandler, Financial Services Manager, Peter Jenson, Assistant Accounting Manager, Abigail Richardson, Senior Financial Analyst, Nicole Mason, Senior Financial Analyst, and Cheryl Harmon, Financial Analyst, who served as the main Comprehensive Annual Financial Report preparers and coordinators. Finally, thank you to the Washington State Auditor's Office for their professional assistance during the year.

Respectfully submitted,



Toni Call
Finance and Asset Management Director

**City Officials and Administrative Staff
As of December 31, 2020**

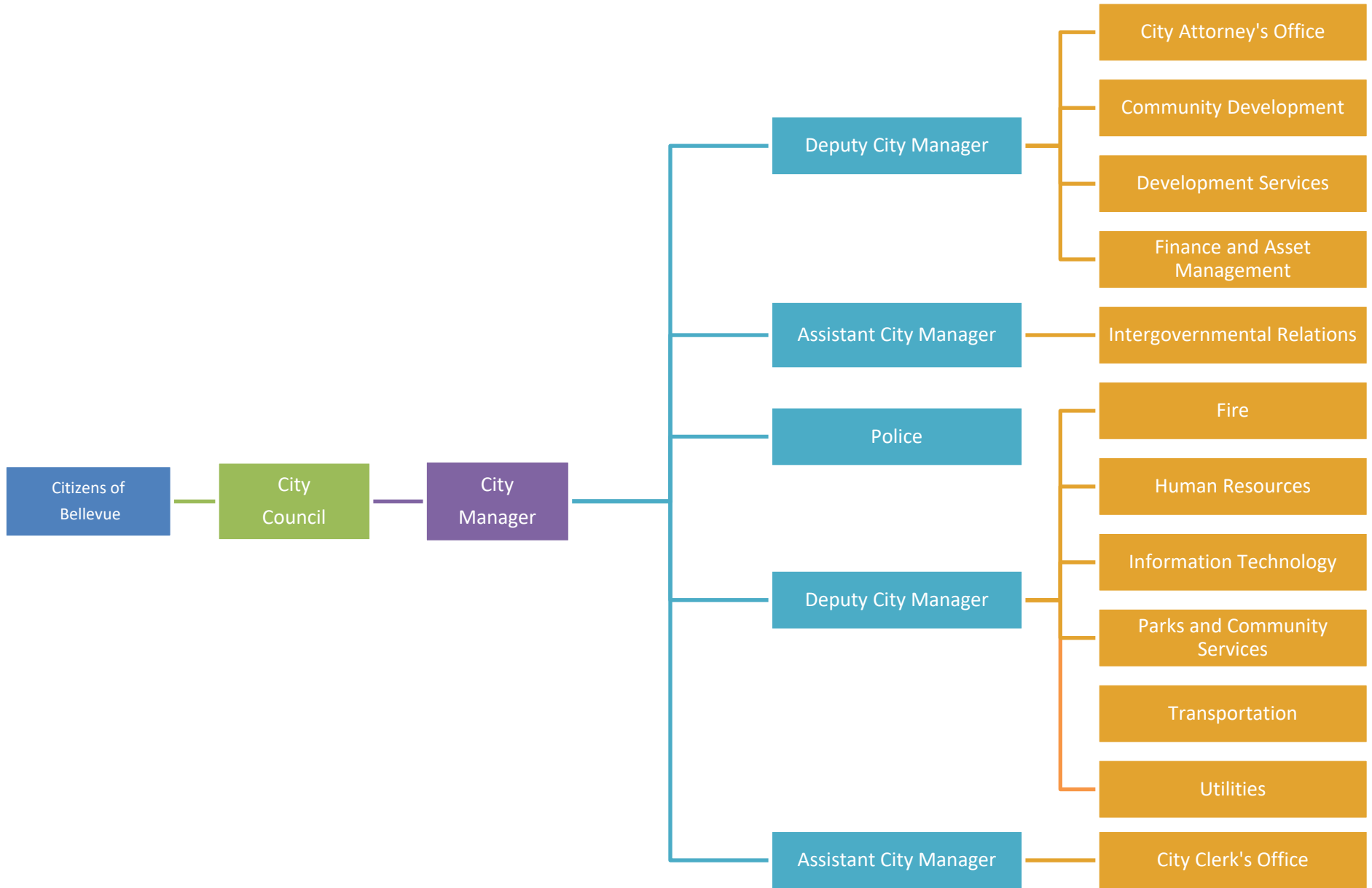
ELECTED CITY COUNCIL

Mayor	Lynne Robinson
Deputy Mayor.....	Jared Nieuwenhuis
Councilmembers.....	Jeremy Barksdale Conrad Lee Jennifer Robertson John Stokes Janice Zahn

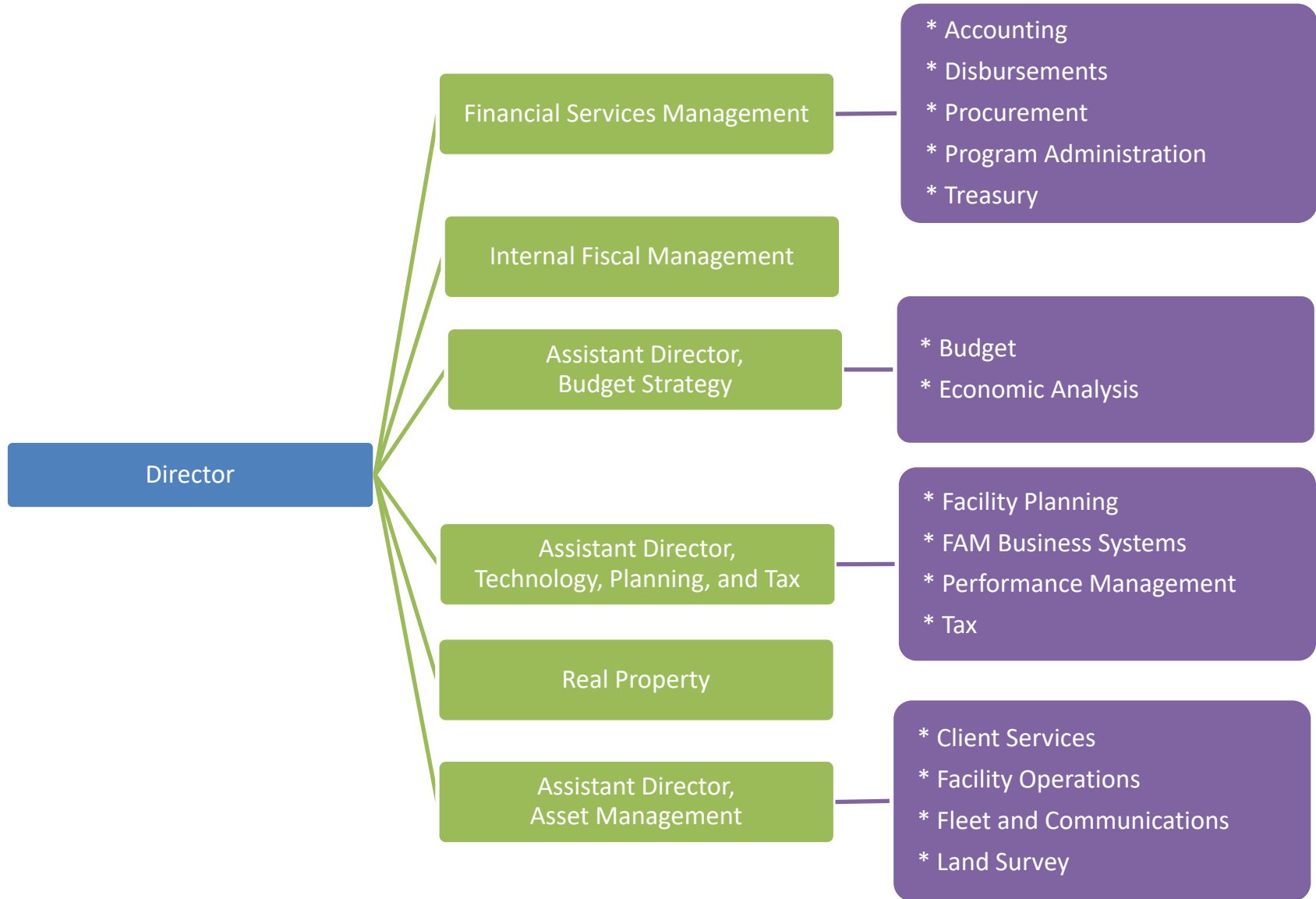
APPOINTED ADMINISTRATIVE STAFF

City Manager	Brad Miyake
Deputy City Managers	Mary Kate Berens Nathan McCommon
Director of Intergovernmental Relations	Joyce Nichols
City Attorney	Kathy Gerla
City Clerk’s Office Director (interim)	Charmaine Arredondo
Community Development Director	Mac Cummins
Development Services Director	Mike Brennan
Finance & Asset Management Director	Toni Call
Fire Chief.....	Jay Hagen
Human Resources Director.....	Joy St. Germain
Chief Information Officer, Information Technology.....	Sabra Schneider
Parks & Community Services Director.....	Michael Shiosaki
Police Chief	Steve Mylett
Transportation Director.....	Andrew Singelakis
Utilities Director	Nav Otal

City Hierarchical Organization Chart



Finance and Asset Management (FAM) Department Organization Chart



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Financial Section



**Office of the Washington State Auditor
Pat McCarthy**

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Mayor and City Council
City of Bellevue
Bellevue, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellevue, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Municipal Employees' Benefit Trust fund, which represents 90 percent, 92 percent, and 61 percent, respectively, of the assets, net position, and revenues of the Aggregate Remaining Funds opinion unit. Those statements were audited by the other auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Municipal Employees' Benefit Trust fund, is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Municipal Employees' Benefit Trust fund were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellevue, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2020, the City adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 84, Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Also as discussed in Note 22 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct and indirect financial impact on the City is unknown. Management's plans in response to this matter are also described in Note 22. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic

financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated September 28, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

September 28, 2021

Management's Discussion and Analysis

This narrative provides an overview and analysis of the City of Bellevue's financial activities for the fiscal year ended December 31, 2020. The purpose is to highlight significant financial issues, major financial activities and resulting changes in financial position, and economic factors affecting the city. Readers are encouraged to consider the information presented here in conjunction with the information furnished in the letter of transmittal in the introductory section, the financial statements, and the accompanying notes following the narrative.

Financial Highlights

- The city's total net position increased \$111.7 million, or 4.3 percent, from 2019.
- The city's total revenues decreased 1.2 percent from prior year while expenses increased 6.3 percent.
- Tax revenues decreased \$21.1 million and assessed property values increased 5.4 percent since 2019.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Bellevue's basic financial statements. The basic statements include three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements and required information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the city's financial position in a manner like that of a private-sector business. These statements are reported on the full accrual basis of accounting. Under the full accrual basis, certain revenues and expenses are reported that will not affect cash flows until future periods.

The government-wide financial statements distinguish governmental activities from business-type activities. Governmental activities of the city are principally supported by taxes and revenues from other agencies. These funds include general government, public safety, physical and economic environment, transportation, mental/physical health, and culture and recreation. The city's business-type activities are intended to recover all or a significant portion of their costs through user fees and charges. These funds include storm and surface water utility, water utility, sewer utility, and marina operations. The component unit is Bellevue Convention Center Authority (BCCA), which operates Meydenbauer Center.

The Statement of Net Position presents information on the city's assets, deferred outflow of resources, liabilities, and deferred inflows of resources. The difference between these is reported as net position. Evaluating increases or decreases over time can serve as a useful indicator of whether the financial position of the city is improving or declining.

The Statement of Activities presents information on the net cost of each governmental and business-type function during the fiscal year. The statement also identifies the amount of general revenues needed to fully fund each governmental function.

Fund Financial Statements

The fund financial statements focus on the governmental funds and proprietary funds separately. The city's major governmental funds are presented in separate columns and the remaining funds are combined into a column titled Nonmajor Governmental Funds. Statements for the city's proprietary funds and fiduciary funds follow the governmental funds.

The City of Bellevue has two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for goods and services provided to citizens. Internal service funds are used to account for goods and services provided internally to city departments.

Fiduciary funds account for activities the city conducts for the benefit of others, and for certain pension and other post-employment benefit (OPEB) arrangements. They hold assets in a trustee or custodial capacity for individuals, private organizations, or other governments. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City of Bellevue's activities. The city has three types of fiduciary funds: a pension fund, a private-purpose trust fund, and custodial funds. Statements for the fiduciary funds are reported using the full accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI).

Combining Statements

The combining statements for other governmental funds, internal service funds, and custodial-type fiduciary funds are presented immediately following the RSI.

Statistical Section

This section includes unaudited trend information and demographics.

Government-Wide Financial Analysis

The Government-wide Statement of Net position of the city as of December 31, 2020 and December 31, 2019 is summarized in the following table:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
	(in thousands)					
Current and other assets	\$ 344,547	\$ 322,652	\$ 358,088	\$ 333,648	\$ 702,635	\$ 656,300
Capital assets, net	2,023,214	1,966,288	435,408	407,598	2,458,622	2,373,886
Total assets	2,367,761	2,288,940	793,496	741,246	3,161,257	3,030,186
Deferred outflows	24,869	22,206	1,253	1,050	26,122	23,256
Total deferred outflows	24,869	22,206	1,253	1,050	26,122	23,256
Total assets and deferred outflows	\$ 2,392,630	\$ 2,311,146	\$ 794,749	\$ 742,296	\$ 3,187,379	\$ 3,053,442
Long-term liabilities	\$ 409,944	\$ 365,536	\$ 2,984	\$ 2,426	\$ 412,928	\$ 367,962
Other liabilities	39,182	46,415	6,456	6,799	45,638	53,214
Total liabilities	449,126	411,951	9,440	9,225	458,566	421,176
Deferred inflows	15,005	28,783	1,557	2,950	16,562	31,733
Total deferred inflows	15,005	28,783	1,557	2,950	16,562	31,733
Total liabilities & deferred inflows	\$ 464,131	\$ 440,734	\$ 10,997	\$ 12,175	\$ 475,128	\$ 452,909
Net investment in capital assets	\$ 1,761,119	\$ 1,707,871	\$ 431,961	\$ 403,636	\$ 2,193,080	\$ 2,111,507
Restricted	120,961	105,692	520	578	121,481	106,270
Unrestricted	46,419	56,849	351,271	325,907	397,690	382,756
Total net position	\$ 1,928,499	\$ 1,870,412	\$ 783,752	\$ 730,121	\$ 2,712,251	\$ 2,600,533

Governmental Activities

Governmental activities net position increased \$58.1 million, or 3.1 percent. The restricted net position consists of \$68.9 million for CIP projects, \$37.7 million for net pension asset, \$1.8 million for police fines and forfeitures, and the remaining \$12.6 million covers a variety of municipal purposes.

Factors contributing to the changes in net position include:

- Due from other governments decreased \$2.0 million. The decrease relates primarily to receipt of funds from Advanced Life Support billings outstanding at the end of 2019.
- Capital assets increased \$56.9 million due to major construction development and investments in infrastructure throughout the City of Bellevue.
- The City of Bellevue’s net pension assets for the Firefighter’s Pension and the Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) plans decreased \$4.9 million. The net pension liability for the Public Employee Retirement System (PERS) and Public Safety Employee Retirement System (PSERS) plans increased \$0.2 million. The associated deferred outflow of resources increased \$3.6 million. In addition, the deferred inflow of resources decreased \$14.3 million.

City of Bellevue, Washington

Business-Type Activities

Business-type activities net position increased by \$53.6 million in 2020. Restricted net position of \$0.5 million is restricted for utility capital projects and customer deposits. A balance of \$299.2 million of the \$351.3 million in unrestricted net position is reserved by city policy for future infrastructure replacement. Contributing factors of the increase in net position were:

- Total cash increased \$25.3 million as a result of the city’s effort to build reserves for future utility infrastructure replacement according to the utility’s 75-year plan.
- Capital assets increased \$27.8 million due to investments in infrastructure.

Changes in Net Position

The table below provides condensed information on revenues, expenses, and changes in net position with governmental and business-type activities shown separately.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:	(in thousands)					
Program revenues:						
Charges for services	\$ 84,587	\$ 72,687	\$ 157,783	\$ 160,832	\$ 242,370	\$ 233,519
Operating grants & contributions	21,845	18,168	66	75	21,911	18,243
Capital grants & contributions	38,193	28,532	12,649	20,341	50,842	48,873
General revenues:						
Property taxes	61,172	59,210	-	-	61,172	59,210
Sales taxes	74,150	83,781	-	-	74,150	83,781
Other taxes	99,285	113,060	-	-	99,285	113,060
Investment interest	2,159	5,214	1,937	6,830	4,096	12,044
Miscellaneous	14,234	4,455	866	2,474	15,100	6,929
Total revenues	395,625	385,107	173,301	190,552	568,926	575,659
Expenses:						
General government	82,024	38,187	-	-	82,024	38,187
Public safety	104,615	107,391	-	-	104,615	107,391
Physical environment	1,284	1,452	-	-	1,284	1,452
Transportation	47,976	62,788	-	-	47,976	62,788
Economic environment	44,271	43,764	-	-	44,271	43,764
Health and human services	6,393	6,897	-	-	6,393	6,897
Culture and recreation	41,637	42,243	-	-	41,637	42,243
Unallocated interest on long-term debt	10,960	10,990	-	-	10,960	10,990
Water utility	-	-	51,027	50,474	51,027	50,474
Sewer utility	-	-	53,215	53,173	53,215	53,173
Storm & surface water utility	-	-	14,710	13,622	14,710	13,622
Marina	-	-	318	318	318	318
Total expenses	339,160	313,712	119,270	117,587	458,430	431,299
Excess (deficiency) before transfers	56,465	71,395	54,031	72,965	110,496	144,360
Transfers	400	382	(400)	(382)	-	-
Change in net position	56,865	71,777	53,631	72,583	110,496	144,360
Net position - beginning	1,870,412	1,806,682	730,121	657,538	2,600,533	2,464,220
Change in accounting principle	2,763	(6,304)	-	-	2,763	(6,304)
Prior period adjustment	(1,541)	(1,743)	-	-	(1,541)	(1,743)
Net position - ending	\$ 1,928,499	\$ 1,870,412	\$ 783,752	\$ 730,121	\$ 2,712,251	\$ 2,600,533

Governmental Activities

Net position of governmental activities increased \$58.1 million.

Total revenues increased \$10.5 million, contributing to the net position increase for governmental activities. The highlights of which are:

Program revenues – charges for services

- Transportation increased \$11.3 million. In 2019, the balance was lower due to a one-time credit of impact fees totaling \$7.3 million. The remaining difference of \$4.0 million was from to higher impact fee collections in 2020.
- Economic environment increased \$4.0 million due to an increase in permit fee collections for inspections and the implementation of GASB 84, as explained in Note 20.
- Culture and recreation decreased \$4.9 million from closures of community centers and athletic facilities due to the city's response to COVID-19.

Program revenues – Operating grants and contributions

- General government increased \$1.8 million due to CARES Act grant reimbursement.
- Public safety increased \$1.4 million due to \$0.7 million from fire inspection fees, a new source of revenue in 2020, and \$0.7 million increase in traffic control revenues.
- Culture and recreation increased \$2.1 million from 2019 due to CARES Act funding in the amount of \$2.0 million.

Program revenues – capital grants and contributions

- Transportation capital grants and contributions increased \$7.7 million due to an increase in activity related to capital improvement project grants, specifically the Mountains to Sound Greenway trail project.
- Culture and recreation increased \$2.1 million due to a reimbursement of revenue from King County for park land acquisition.

General revenues

- Retail sales and use tax decreased \$9.6 million, primarily due to due to the impacts from closures related to COVID-19.
- Business and occupations taxes decreased \$1.5 million from 2019. The decrease is due to the impacts to businesses related to COVID-19 restrictions.
- Hotel/Motel tax revenue decreased \$9.4 million exclusively from business closures and occupancy restrictions as a result of the state-wide response to COVID-19.
- Payments from the city's component unit, BCCA, increased \$8.9 million due to the refunding of debt and the related transfer of debt service reserves to the city.

Total expenses increased \$25.4 million. Highlights of programmatic changes are:

- General government expenses increased \$43.8 million due to the refunding of \$53.3 million in debt offset by cost saving measures implemented in 2020 to respond to the economic impacts of COVID-19.
- Public safety expenses decreased \$2.8 million mainly due to reduced OPEB costs in 2020 of \$5.9 million and increased costs for the response to COVID-19 of \$3.0 million.
- Transportation expenses decreased \$14.8 million as a result of \$1.8 million in reduced maintenance costs, \$2.1 million in reduced overlay program costs, and lower impact fees used to fund CIP projects by \$7.3 million.

Business-Type Activities

Business-type activities net position increased by \$53.6 million for utilities and marina activities in 2020.

The revenues for business-type activities decreased \$17.3 million while expenses increased \$1.7 million. The highlights of this activity are:

Storm and Surface Water Utility

- Charges for services increased \$0.7 million for storm and surface water utility services due mainly to rate increases.
- Capital grants and contributions decreased \$3.7 million due to reduced developer activity.

Water Utility

- Charges for services decreased \$1.6 million for water utility services due mainly to rate increases offset by lower usage year-over-year.
- Capital grants and contributions decreased \$1.6 million due to a reduction in contributions to reserves for future CIP projects.

Sewer Utility

- Charges for services decreased \$2.1 million for sewer utility services due mainly to rate increases offset by reductions in usage.
- Capital grants and contributions decreased \$2.4 million due to reduction of developer extension fees.

Marina

- Fluctuations in the Marina fund from 2019 to 2020 were insignificant.

Financial Analysis of the Government's Funds

Governmental Funds

The governmental fund statements report on a near-term financial resource basis. This information helps determine the city's financial requirements in the near future. In particular, unassigned fund balance is a good indicator of the city's resources available for spending at the end of the year. Restrictions on fund balance do not significantly affect the availability of fund resources for future use.

The General Fund ending fund balance of \$80.0 million is an increase of \$2.8 million from the fund balance of 2019. Revenues decreased \$16.1 million while expenditures decreased \$10.4 million.

The Interest and Debt (I&D) Redemption Regular Levy Fund ending fund balance of \$4.3 million is an increase of \$3.8 million from 2019. Revenues increased \$3.8 million while expenditures of the fund increased \$55.6 million from 2019. Refunding of debt in 2020 account for the fluctuations from 2019 revenues and expenditures.

The General Capital Investment Program Fund has an ending fund balance of \$117.9 million, a \$19.8 million increase from 2019. Revenues increased \$18.9 million while expenditures increased \$9.0 million.

City of Bellevue, Washington

Significant changes in these governmental funds follow the same fluctuations noted above in the governmental activities.

Business-Type Funds

The Storm and Surface Water Utility net position increased \$19.5 million to \$217.1 million. Unrestricted net position increased \$19.5 million due to the increase in reserves for future infrastructure replacement.

The Water Utility net position increased \$20.2 million to \$301.7 million. Unrestricted net position increased \$20.2 million due to the increase in reserves for future infrastructure replacement.

The Sewer Utility net position increased \$13.9 million to \$255.1 million. Unrestricted net position increased \$13.9 million due to the increase in reserves for future infrastructure replacement.

Capital Asset Activity

The City of Bellevue’s investment in capital assets for the end of 2020 was \$2.5 billion, net of depreciation, which was an increase of \$84.7 million from the previous year. The following table shows the balances by category for governmental activities, business activities, and the city as a whole.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
	(in thousands)					
Land	\$ 905,888	\$ 891,676	\$ 25,007	\$ 24,993	\$ 930,895	\$ 916,669
Buildings	132,921	139,024	9,982	11,546	142,903	150,570
Improvements other than buildings	53,793	53,544	-	-	53,793	53,544
Machinery and equipment	25,116	25,242	4,863	5,217	29,979	30,459
Leasehold improvements	1,652	2,065	-	-	1,652	2,065
Infrastructure	853,543	824,772	376,016	346,523	1,229,559	1,171,295
Intangible assets	(657)	(354)	44	48	(613)	(306)
Construction in progress	50,958	30,319	19,496	19,271	70,454	49,590
Total	<u>\$ 2,023,214</u>	<u>\$ 1,966,288</u>	<u>\$ 435,408</u>	<u>\$ 407,598</u>	<u>\$ 2,458,622</u>	<u>\$ 2,373,886</u>

Governmental Activities

Capital assets from governmental activities increased \$56.9 million. Some of the projects completed in 2020:

- Land purchases related to the following:
 - Future waterfront park project in the amount of \$4.1 million.
 - Two parcels purchased from Seattle City Light for \$1.6 million.
 - Closing escrow and relocation costs for the Curran property in the Spring District of \$3.6 million.
 - Settlement and relocation costs for the Pine Forest property of \$3.4 million.
- Completion of two portion of the NE Spring Blvd Multimodal Corridor,
 - 116th Ave NE to 120th Ave of \$9.0 million. This included new arterial roadway, sidewalk, signals, bridges, and rockeries.
 - 120th Ave to 124th Ave of \$13.4 million. This included new arterial roadway, sidewalk, and signals.
- Completion of sidewalks throughout the city, including:
 - Wilburton Area Sidewalk Projects of \$2.4 million
 - 158th PI SE Main to SE 6th of \$1.7 million
 - 119th Ave SE of \$0.9 million
- Synthetic turf replacement and synthetic turn replacement at Wilburton park of \$0.8 million.
- Purchase of new software for probation services of \$0.3 million.
- Accumulated depreciation charged to depreciable assets totaled \$24.8 million.

City of Bellevue, Washington

The city has elected to report its transportation infrastructure capital assets using the modified approach. The modified approach is an alternative to the standard depreciation model normally used to report the usage of capital assets as an expense. The modified approach requires that the city have an up-to-date inventory of eligible infrastructure assets; perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale; and estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the city. The city performs a biennial condition assessment of its transportation infrastructure. In the off years, the assessment computation is provided by the city’s Pavement Management System.

The city has classified its transportation infrastructure capital assets into two systems: arterial roadways and residential roadways. The standard performance rating for the two systems is noted below:

	<u>Satisfactory</u>	<u>Unsatisfactory</u>
Arterial:	50 - 100	0 - 49
Residential:	30 - 100	0 - 29

The average condition and satisfaction ratings have not changed significantly over the previous year. The city’s minimum acceptable condition levels have been defined as having at least 60 percent of arterial roadways, and 75 percent of residential roadways at or above satisfactory condition.

Business-type Activities

The Utilities Department is in the process of the annual replacement of a portion of the city’s aging infrastructure which is expected to stabilize costs for the future. The net increase of \$27.8 million in capital assets was related to completed infrastructure projects and construction projects currently underway, tempered by depreciation for existing assets. Highlights of some of the major projects underway or completed are:

- Completion of the Midlakes Pump Station improvements of \$7.8 million.
- Construction of the Meydenbauer Basin project of \$2.6 million.
- Replacement of the Cherry Crest Pump Station of \$4.7 million.
- Completion of the 2018 Asbestos Cement replacement Phase 1 project of \$3.6 million.
- Completion of the Vuecrest Sanitary Sewer project of \$1.9 million.
- Completion of the water main rehabilitation project at Forest Hills of \$1.3 million.
- Charges to accumulated depreciation totaled \$12.1 million.

For more detailed information about the City of Bellevue's capital assets please refer to Note 6: Capital Assets.

Debt Outstanding

At year-end, the city had \$316.2 million in debt outstanding, which is an increase of \$40.9 million. All debt outstanding is for governmental activities. The proceeds of debt were used to fund capital projects and refunding of debt.

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
	(in thousands)	
General obligation bonds	\$ 315,942	\$ 274,989
Other long-term debt	239	279
Total	<u>\$ 316,181</u>	<u>\$ 275,268</u>

Governmental Activities

Over the past five years, the city issued general obligation (GO) debt of \$65.3 million, which included \$53.3 million for refunding debt related to BCCA capital projects. Of the bonded debt outstanding at December 31, 2020, \$10.8 million is due within one year.

Business-type Activities

The utilities funds are building reserves to pay for repair and replacement of infrastructure assets, in lieu of issuing new debt.

Debt Capacity

Washington State statutes limit the amount of debt a governmental entity may issue to 7.5 percent of its total assessed valuation, subject to a 60 percent majority vote of qualified electors. Of the 7.5 percent limit, 2.5 percent is for general purposes, 2.5 percent for open space/park facilities, and 2.5 percent for utilities. Non-voted general-purpose indebtedness is limited to 1.5 percent of assessed valuation and the combination of voted and non-voted general-purpose indebtedness cannot exceed 2.5 percent of assessed valuation.

The city’s assessed valuation for 2020 was \$68.3 billion and the total amount of additional debt the city may issue is \$4.8 billion. This debt capacity is categorized as follows, in thousands:

General debt	\$ 1,392,369
Open space/Parks facilities	1,707,960
Utilities	1,707,960
Total	<u>\$ 4,808,289</u>

Bond Rating

The City of Bellevue has favorable bond ratings which will provide for lower borrowing costs in the future. The bond ratings for 2020 are:

<u>Bond Type:</u>	<u>Standard and Poor’s</u>	<u>Moody’s</u>
Unlimited Tax General Obligation	AAA	Aaa
Limited Tax General Obligation	AAA	Aa1
Revenue	N/A	Aa1

In 2020, Standard and Poor’s and Moody’s both affirmed the AAA/Aaa rating for the Unlimited Tax General Obligation. For more detailed information about the City of Bellevue’s long-term debt please refer to Note 13: Long-Term Debt.

General Fund Budgetary Highlights

The City of Bellevue budgets on a biennial basis. The mid-biennium adjustment for 2020 accounted for technical adjustments and corrections that reflect updated assumptions for consumer price index (CPI), revenue projections, and personnel benefits. The most notable adjustment was the inclusion of Fire Inspection Fees as a new revenue source, with \$0.6 million being collected during 2020.

In 2020, revenue collections were below budget by \$24.0 million. Collections of sales tax, business and occupation tax, and utility taxes were significantly below budget due to business closures and reduced consumer spending in response to the state’s response to COVID-19, including the Stay Home, Stay Healthy proclamation and the Safe Start guidelines.

Budgeted expenditures were \$19.2 million under budget. The city received \$6.1 million from the Coronavirus Aid, Relief and Economic Security (CARES) Act allocation used to reimburse the city for COVID-19 related expenses. Additionally, the city undertook a health benefits premium holiday, which resulted in a savings of approximately \$3.7 million. The city established a 3 percent savings target in response to the impacts of COVID-19 resulting in significant savings to the General Fund. As the impacts of COVID-19 continue, the city will monitor and take appropriate action to ensure the fiscal sustainability of the city.

Request for Information

The city's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the city's finances and to demonstrate the city's accountability. If you have questions about the report or need additional financial information, please contact the city's Finance and Asset Management Director at P.O. Box 90012, Bellevue, WA 98009.

Basic Financial Statements

Statement of Net Position
As of December 31, 2020
(in thousands)

Page 1 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Assets:				
Cash & equity in pooled investments	\$ 148,801	\$ 333,994	\$ 482,795	\$ 7,523
Receivables (net of allowances):				
Taxes	31,677	-	31,677	-
Accounts	9,133	22,672	31,805	-
Interest	1	1	2	-
Due from other governments	14,105	-	14,105	-
Other	325	-	325	43
Internal balances	11	(11)	-	-
Inventory	863	801	1,664	81
Prepays	644	-	644	185
Restricted cash & equity in pooled investments:				
For debt service	29,420	-	29,420	-
For capital projects	68,885	273	69,158	-
For customer deposits	-	247	247	314
Noncurrent assets:				
Net pension asset	37,143	-	37,143	-
Noncurrent receivables	3,539	111	3,650	-
Capital assets:				
Land	905,888	25,007	930,895	-
Depreciable capital assets (net)	212,825	14,889	227,714	31,177
Depreciable infrastructure (net)	49,312	376,016	425,328	-
Nondepreciable infrastructure	804,231	-	804,231	-
Works of art	-	-	-	156
Construction in progress	50,958	19,496	70,454	644
Total assets	2,367,761	793,496	3,161,257	40,123
Deferred outflows of resources:				
Loss on debt refunding	8,523	-	8,523	-
For pensions	15,151	1,253	16,404	-
For asset retirement obligation	1,195	-	1,195	-
Total deferred outflows	24,869	1,253	26,122	-
Total assets and deferred outflows	\$ 2,392,630	\$ 794,749	\$ 3,187,379	\$ 40,123

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
As of December 31, 2020
(in thousands)

Page 2 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Liabilities:				
Accounts payable	\$ 8,380	\$ 5,085	\$ 13,465	\$ 51
Accrued payroll	8,000	882	8,882	96
Other accrued liabilities	1,240	27	1,267	32
Deposits payable	7,182	-	7,182	773
Unearned revenue	8,781	-	8,781	-
Other current liabilities	22	-	22	-
Accrued bond interest payable	998	-	998	-
Liabilities payable from restricted assets:				
Customer deposits	334	247	581	-
Accounts payable	4,050	-	4,050	-
Retainage payable	195	215	410	-
Noncurrent liabilities:				
Due within one year	20,622	391	21,013	5
Due in more than one year	328,107	913	329,020	224
Net pension liability	31,489	1,680	33,169	-
Total OPEB liabilities	29,726	-	29,726	-
Total liabilities	449,126	9,440	458,566	1,181
Deferred inflows of resources:				
For grant revenue	857	-	857	-
For debt	332	-	332	-
For pensions	13,816	1,557	15,373	-
Total deferred inflows	15,005	1,557	16,562	-
Total liabilities and deferred inflows	\$ 464,131	\$ 10,997	\$ 475,128	\$ 1,181
Net position:				
Net investment in capital assets	\$ 1,761,119	\$ 431,961	\$ 2,193,080	\$ 31,977
Restricted for:				
Debt service	4,897	-	4,897	-
Capital projects	68,885	273	69,158	-
Public safety	1,774	-	1,774	-
Economic environment	618	-	618	-
Health and human services	492	-	492	-
Culture and recreation	6,592	-	6,592	-
Net pension asset	37,703	-	37,703	-
Customer deposits	-	247	247	-
Unrestricted	46,419	351,271	397,690	6,965
Total net position	\$ 1,928,499	\$ 783,752	\$ 2,712,251	\$ 38,942

The notes to the financial statements are an integral part of this statement.

Statement of Activities
For the Year Ended December 31, 2020
(in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Primary government:				
Governmental activities:				
General government	\$ 82,024	\$ 4,601	\$ 1,874	\$ 10
Public safety	104,615	24,395	9,151	242
Physical environment	1,284	800	331	-
Transportation	47,976	18,876	2,274	34,682
Economic environment	44,271	28,513	3,868	-
Health and human services	6,393	283	1,880	-
Culture and recreation	41,637	7,119	2,467	3,259
Interest on long-term debt	10,960	-	-	-
Total governmental activities	339,160	84,587	21,845	38,193
Business-type activities:				
Water utility	51,027	65,993	-	4,381
Sewer utility	53,215	64,244	-	1,591
Storm and surface water utility	14,710	26,866	66	6,677
Marina	318	680	-	-
Total business-type activities	119,270	157,783	66	12,649
Total primary government	\$ 458,430	\$ 242,370	\$ 21,911	\$ 50,842
Component unit:				
Bellevue Convention Center Authority	\$ 19,444	\$ 45,644	\$ -	\$ -
Total component unit	\$ 19,444	\$ 45,644	\$ -	\$ -

Statement of Activities
For the Year Ended December 31, 2020
(in thousands)

Functions/Programs	Net Expense, Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Bellevue Convention Center Authority
Primary government:				
Governmental activities:				
General government	\$ (75,539)	\$ -	\$ (75,539)	\$ -
Public safety	(70,827)	-	(70,827)	-
Physical environment	(153)	-	(153)	-
Transportation	7,856	-	7,856	-
Economic environment	(11,890)	-	(11,890)	-
Health and human services	(4,230)	-	(4,230)	-
Culture and recreation	(28,792)	-	(28,792)	-
Interest on long-term debt	(10,960)	-	(10,960)	-
Total governmental activities	<u>(194,535)</u>	<u>-</u>	<u>(194,535)</u>	<u>-</u>
Business-type activities:				
Water utility	-	19,347	19,347	-
Sewer utility	-	12,620	12,620	-
Storm and surface water utility	-	18,899	18,899	-
Marina	-	362	362	-
Total business-type activities	<u>-</u>	<u>51,228</u>	<u>51,228</u>	<u>-</u>
Total primary government	<u>\$ (194,535)</u>	<u>\$ 51,228</u>	<u>\$ (143,307)</u>	<u>\$ -</u>
Component unit:				
Bellevue Convention Center Authority	\$ -	\$ -	\$ -	\$ 26,200
Total component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,200</u>
General revenues:				
Property tax	61,172	-	61,172	-
Retail sales and use tax	74,150	-	74,150	-
Utility tax	26,398	-	26,398	-
Business and occupation tax	41,515	-	41,515	-
Excise taxes	27,969	-	27,969	-
Hotel/Motel tax	3,139	-	3,139	-
Other taxes	264	-	264	-
Payments from component unit	8,906	-	8,906	-
Grants & contributions - unrestricted	1,166	-	1,166	-
Unrestricted investment interest	2,159	1,937	4,096	119
Gain (loss) in change of fair value	2	2	4	-
Miscellaneous	3,856	864	4,720	-
Gain on sale of capital assets	304	-	304	-
Transfers	400	(400)	-	-
Total general revenues and transfers	<u>251,400</u>	<u>2,403</u>	<u>253,803</u>	<u>119</u>
Change in net position	56,865	53,631	110,496	26,319
Net position at beginning of year	1,870,412	730,121	2,600,533	12,623
Change in accounting principle	2,763	-	2,763	-
Prior period adjustment	(1,541)	-	(1,541)	-
Net position at end of year	<u>\$ 1,928,499</u>	<u>\$ 783,752</u>	<u>\$ 2,712,251</u>	<u>\$ 38,942</u>

The notes to the financial statements are an integral part of this statement.

Balance Sheet
Governmental Funds
As of December 31, 2020
(in thousands)

	General Fund	I&D Redemption Regular Levy	General CIP	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash & equity in pooled investments	\$ 85,946	\$ 351	\$ 106,721	\$ 22,763	\$ 215,781
Receivables (net of allowances):					
Taxes	21,473	105	9,557	544	31,679
Accounts	3,803	3,795	776	709	9,083
Due from other governments	1	-	12,657	1,446	14,104
Prepays	644	-	-	-	644
Housing rehabilitation loans receivable	-	-	-	3,539	3,539
Total assets	\$ 111,867	\$ 4,251	\$ 129,711	\$ 29,001	\$ 274,830
Liabilities:					
Accounts payable	\$ 6,372	\$ -	\$ 4,050	\$ 282	\$ 10,704
Retainage payable	17	-	173	-	190
Due to other funds	61	-	-	-	61
Due to other governments	628	-	316	-	944
Accrued payroll	7,286	-	-	51	7,337
Accrued taxes	287	-	5	-	292
Deposits payable	6,894	-	-	1	6,895
Other current liabilities	22	-	1	-	23
Unearned revenue	8,781	-	-	-	8,781
Total liabilities	30,348	-	4,545	334	35,227
Deferred inflows:					
For grants	-	-	7,063	1,589	8,652
For taxes	1,513	-	225	-	1,738
For other	5	-	-	-	5
Total deferred inflows	1,518	-	7,288	1,589	10,395
Total liabilities and deferred inflows	31,866	-	11,833	1,923	45,622
Fund balance:					
Nonspendable	644	-	-	-	644
Restricted	561	4,251	68,885	9,561	83,258
Committed	-	-	34	9,944	9,978
Assigned	36,139	-	48,959	7,573	92,671
Unassigned	42,657	-	-	-	42,657
Total fund balance	80,001	4,251	117,878	27,078	229,208
Total liabilities, deferred inflows, and fund balance	\$ 111,867	\$ 4,251	\$ 129,711	\$ 29,001	\$ 274,830

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of December 31, 2020**
(in thousands)

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balances		\$ 229,208
Capital assets used in governmental activities are not financial resources and these assets consist of:		
Land	\$ 905,888	
Depreciable capital assets	363,414	
Depreciable infrastructure	223,635	
Construction in progress	50,958	
Non-depreciable infrastructure	804,231	
Accumulated depreciation	<u>(348,010)</u>	
Total capital assets		2,000,116
Material inventory		234
Net pension assets (NPA) is reported as an asset in the governmental activities and is not considered to represent a financial asset, therefore is not reported in the governmental fund balance sheet:		
		37,143
Deferred outflows of resources		
For debt	8,523	
For pensions	<u>13,463</u>	
Total deferred outflows of resources		21,986
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These long-term liabilities consists of:		
Bonds payable	(317,153)	
Notes payable	(239)	
Accrued bond interest payable	(998)	
Net pension liabilities	(22,927)	
Compensated absences	(13,134)	
OPEB obligation payable	(29,726)	
Claims payable	<u>(651)</u>	
Total long-term liabilities		(384,828)
Deferred inflow of resources:		
For grants	7,796	
For taxes	1,119	
For debt	(332)	
For pensions	(12,591)	
For other	<u>5</u>	
Total deferred inflows of resources		(4,003)
Internal service funds are used by management to charge the costs of certain activities, such as equipment rental, self-insurance, information technology, and facility services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position:		
		<u>28,643</u>
Net position of governmental activities		<u>\$ 1,928,499</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020
(in thousands)

	General Fund	I&D Redemption Regular Levy	General CIP	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes and special assessments	\$ 153,599	\$ 500	\$ 76,733	\$ 3,827	\$ 234,659
Licenses and permits	16,416	-	-	-	16,416
Intergovernmental	25,274	3,795	33,751	17,638	80,458
Service charges and fees	36,111	-	10,791	835	47,737
Fines and forfeitures	1,198	-	-	-	1,198
Interest and penalties	499	2	672	778	1,951
Net change in fair value of investments	1	-	1	-	2
Rent	4,413	-	1,251	-	5,664
Judgments and settlements	2	-	-	6	8
Premiums/contributions	515	-	134	786	1,435
Other	156	-	-	2,507	2,663
Total revenues	238,184	4,297	123,333	26,377	392,191
Expenditures:					
Current:					
General government	25,547	42,094	388	6,852	74,881
Public safety	104,021	-	220	3,826	108,067
Physical environment	184	-	13	1,102	1,299
Transportation	28,730	-	11,325	489	40,544
Economic environment	36,312	-	965	6,856	44,133
Health and human services	5,806	-	-	587	6,393
Culture and recreation	30,534	-	4,477	2,362	37,373
Debt service:					
Principal	-	10,753	40	-	10,793
Interest and fiscal charges	-	11,538	25	-	11,563
Capital outlay:					
General government	-	-	765	-	765
Public safety	65	-	2,844	96	3,005
Transportation	6	-	65,882	-	65,888
Economic environment	-	-	18	-	18
Culture and recreation	-	-	10,019	-	10,019
Total expenditures	231,205	64,385	96,981	22,170	414,741
Excess (deficiency) of revenues over (under) expenditures	6,979	(60,088)	26,352	4,207	(22,550)
Other financing sources (uses):					
Transfers in	6,248	21,447	823	1,422	29,940
Transfers out	(8,108)	-	(19,398)	(2,168)	(29,674)
Sale of capital assets	8	-	34	-	42
Issuance of long-term debt	-	53,285	11,970	-	65,255
Payment to refunded bond escrow agent	-	(13,185)	-	-	(13,185)
Premium on issuance of long-term debt	-	2,368	-	-	2,368
Total other financing sources and uses	(1,852)	63,915	(6,571)	(746)	54,746
Net change in fund balance	5,127	3,827	19,781	3,461	32,196
Fund balance at beginning of year	77,186	424	98,102	20,078	195,790
Change in accounting principle	(771)	-	(5)	3,539	2,763
Prior period adjustment	(1,541)	-	-	-	(1,541)
Fund balance at end of year	\$ 80,001	\$ 4,251	\$ 117,878	\$ 27,078	\$ 229,208

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2020
(in thousands)**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total government	\$	32,196
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the difference between capital outlays and adjustments in the current period. This is comprised of:

Capital outlay	\$	79,146		
Depreciation		(19,382)		
Total capital outlay				59,764

Change in net pension asset		14
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This amount is comprised of:

Tax and assessment revenue		(55)		
Grant revenues		3,302		
Other intergovernmental agreements		36		
Total revenues				3,283

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets yet, repayment of long-term debt is an expenditure in the governmental funds the repayment reduces long-term liabilities in the statement of net assets:

Proceeds from issuance of long term debt		(49,478)		
Long-term debt repayments		17,763		
Amortization of bond premium		1,624		
Gain/loss on bond refunding		(517)		
Total debt proceeds and repayments				(30,608)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Accrued interest expense		(1,173)		
Notes payable		39		
TIFIA		(12,499)		
Net pension liability		13,631		
OPEB obligation		2,244		
Compensated absences		(1,325)		
Inventory		44		
Estimated claims		(651)		
Total expenses				310

Internal service funds are used by management to charge the costs of certain activities, such as equipment rental, self-insurance, information technology, and facility services to individual funds. The net revenue (expense) of these internal service funds is reported with governmental activities:		(8,094)
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Change in net position of governmental activities	\$	<u>56,865</u>
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Statement of Fund Net Position
Proprietary Funds
As of December 31, 2020
(in thousands)

Page 1 of 4

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 107,684	\$ 104,627	\$ 121,313
Receivables (net of allowances):			
Accounts	3,812	7,912	10,943
Other	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Inventory	115	551	135
Restricted cash & equity in pooled investments:			
Capital projects	116	90	67
Customer deposits	1	36	210
Total current assets	<u>111,728</u>	<u>113,216</u>	<u>132,668</u>
Noncurrent assets:			
Notes/contracts receivable	-	22	89
Capital Assets:			
Capital assets (net)	107,276	194,242	124,231
Total noncurrent assets	<u>107,276</u>	<u>194,264</u>	<u>124,320</u>
Total assets	<u>219,004</u>	<u>307,480</u>	<u>256,988</u>
Deferred outflow of resources:			
For pensions	340	507	406
For asset retirement obligation	-	-	-
Total deferred outflows	<u>340</u>	<u>507</u>	<u>406</u>
Total assets and deferred outflows	<u>\$ 219,344</u>	<u>\$ 307,987</u>	<u>\$ 257,394</u>

The notes to the financial statements are an integral part of this statement.

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2020
(in thousands)

	Nonmajor Enterprise Fund - Marina	Total	Governmental Activities - Internal Service Funds
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 371	\$ 333,995	\$ 31,474
Receivables (net of allowances):			
Accounts	4	22,671	51
Other	-	-	325
Due from other funds	-	-	71
Due from other governments	-	-	1
Inventory	-	801	629
Restricted cash & equity in pooled investments:			
Capital projects	-	273	-
Customer deposits	-	247	-
Total current assets	375	357,987	32,551
Noncurrent assets:			
Notes/contracts receivable	-	111	-
Capital Assets:			
Capital assets (net)	9,660	435,409	22,957
Total noncurrent assets	9,660	435,520	22,957
Total assets	10,035	793,507	55,508
Deferred outflow of resources:			
For pensions	-	1,253	1,687
For asset retirement obligation	-	-	1,195
Total deferred outflows	-	1,253	2,882
Total assets and deferred outflows	\$ 10,035	\$ 794,760	\$ 58,390

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2020
(in thousands)

Page 3 of 4

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Liabilities:			
Current liabilities:			
Accounts payable	\$ 830	\$ 3,794	\$ 444
Estimated claims	-	-	-
Due to other funds	2	5	3
Due to other governments	-	-	-
Accrued payroll	243	363	275
Accrued compensated absences	94	159	138
Accrued taxes	-	-	-
Customer deposits	1	187	58
Retainage payable	59	90	67
Total current liabilities	<u>1,229</u>	<u>4,598</u>	<u>985</u>
Noncurrent liabilities:			
Accrued compensated absences	219	372	322
Estimated claims	-	-	-
Asset retirement obligation	-	-	-
Net pension liability	452	689	540
Total noncurrent liabilities	<u>671</u>	<u>1,061</u>	<u>862</u>
Total liabilities	<u>1,900</u>	<u>5,659</u>	<u>1,847</u>
Deferred Inflows			
For pensions	354	655	490
Total deferred inflows	<u>354</u>	<u>655</u>	<u>490</u>
Total liabilities and deferred inflows	<u>\$ 2,254</u>	<u>\$ 6,314</u>	<u>\$ 2,337</u>
Net position:			
Net investment in capital assets	\$ 106,661	\$ 191,875	\$ 123,765
Customer deposits	1	36	210
Capital projects	116	90	67
Unrestricted	110,312	109,672	131,015
Total net position	<u>\$ 217,090</u>	<u>\$ 301,673</u>	<u>\$ 255,057</u>

The notes to the financial statements are an integral part of this statement.

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2020
(in thousands)

Page 4 of 4

	Nonmajor Enterprise Fund - Marina	Total	Governmental Activities - Internal Service Funds
Liabilities:			
Current liabilities:			
Accounts payable	\$ 17	\$ 5,085	\$ 1,733
Estimated claims	-	-	4,832
Due to other funds	-	10	-
Due to other governments	27	27	-
Accrued payroll	-	881	663
Accrued compensated absences	-	391	402
Accrued taxes	-	-	3
Customer deposits	-	246	3
Retainage payable	-	216	5
Total current liabilities	44	6,856	7,641
Noncurrent liabilities:			
Accrued compensated absences	-	913	937
Estimated claims	-	-	3,425
Asset retirement obligation	-	-	7,957
Net pension liability	-	1,681	8,562
Total noncurrent liabilities	-	2,594	20,881
Total liabilities	44	9,450	28,522
Deferred Inflows			
For pensions	59	1,558	1,225
Total deferred inflows	59	1,558	1,225
Total liabilities and deferred inflows	\$ 103	\$ 11,008	\$ 29,747
Net position:			
Net investment in capital assets	\$ 9,660	\$ 431,961	\$ 22,746
Customer deposits	-	247	3
Capital projects	-	273	5
Unrestricted	272	351,271	5,889
Total net position	\$ 9,932	\$ 783,752	\$ 28,643

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020
(in thousands)

Page 1 of 2

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Operating revenues:			
Intergovernmental	\$ 62	\$ -	\$ -
Service charges and fees	26,866	65,978	64,237
Rent	-	-	-
Insurance recovery	-	-	-
Premiums/contributions	-	-	-
Other	-	-	-
Total operating revenues	<u>26,928</u>	<u>65,978</u>	<u>64,237</u>
Operating expenses:			
Administrative and general	4,100	15,691	8,302
Maintenance and operations	7,781	30,025	40,979
Depreciation	2,830	5,312	3,935
Insurance costs	-	-	-
Benefits and claims payments	-	-	-
Total operating expenses	<u>14,711</u>	<u>51,028</u>	<u>53,216</u>
Operating income (loss)	12,217	14,950	11,021
Nonoperating revenues (expenses):			
Interest income	619	600	715
Net change in fair value of investments	1	1	1
Rental income	17	359	431
Gain on disposal of capital assets	-	15	8
Other nonoperating revenues	4	27	31
Total nonoperating revenue (expenses)	<u>641</u>	<u>1,002</u>	<u>1,186</u>
Income before contributions and transfers	12,858	15,952	12,207
Special items, contributions and transfers:			
Transfers in	-	-	-
Transfers out	-	-	-
Capital contributed from external sources	6,681	4,296	1,672
Total special items, contributions and transfers	<u>6,681</u>	<u>4,296</u>	<u>1,672</u>
Change in net position	19,539	20,248	13,879
Net position beginning of year	197,551	281,425	241,178
Net position end of year	<u>\$ 217,090</u>	<u>\$ 301,673</u>	<u>\$ 255,057</u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020
(in thousands)

Page 2 of 2

	Nonmajor Enterprise Fund - Marina	Total	Governmental Activities - Internal Service Funds
Operating revenues:			
Intergovernmental	\$ -	\$ 62	\$ 82
Service charges and fees	-	157,081	35,337
Rent	680	680	629
Insurance recovery	-	-	262
Premiums/contributions	-	-	24,996
Other	-	-	160
Total operating revenues	680	157,823	61,466
Operating expenses:			
Administrative and general	10	28,103	7,277
Maintenance and operations	295	79,080	24,913
Depreciation	14	12,091	5,417
Insurance costs	-	-	8,540
Benefits and claims payments	-	-	25,182
Total operating expenses	319	119,274	71,329
Operating income (loss)	361	38,549	(9,863)
Nonoperating revenues (expenses):			
Interest income	3	1,937	207
Net change in fair value of investments	-	3	-
Rental income	-	807	-
Gain on disposal of capital assets	-	23	249
Other nonoperating revenues	-	62	1,169
Total nonoperating revenue (expenses)	3	2,832	1,625
Income before contributions and transfers	364	41,381	(8,238)
Special items, contributions and transfers:			
Transfers in	-	-	620
Transfers out	(400)	(400)	(486)
Capital contributed from external sources	-	12,649	10
Total special items, contributions and transfers	(400)	12,249	144
Change in net position	(36)	53,630	(8,094)
Net position beginning of year	9,968	730,122	36,737
Net position end of year	\$ 9,932	\$ 783,752	\$ 28,643

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
(in thousands)

	Business-Type Activities -		
	Enterprise Funds		
	Storm & Surface Water Utility	Water Utility	Sewer Utility
Cash flows from operating activities:			
Cash received from customers and users	\$ 26,530	\$ 65,475	\$ 64,178
Contributions received - employer/employees	-	-	-
Cash received from insurance proceeds	-	-	-
Cash payments to suppliers for goods and services	(6,537)	(38,793)	(43,830)
Cash payments to employees for services	(5,208)	(7,528)	(5,659)
Cash payments to claimants	-	-	-
Cash received from other governments	-	-	-
Cash received from contracts/rent	-	-	-
Cash payments for insurance	-	-	-
Other receipts	21	386	462
Net cash provided by operating activities	<u>14,806</u>	<u>19,540</u>	<u>15,151</u>
Cash flows from noncapital financing activities:			
Transfers in	-	-	-
Transfers out	-	-	-
Cash received from non-operating revenues	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	(6,624)	(20,198)	(9,437)
Proceeds from sale of assets	-	15	8
Cash contributions in aid of construction	5,111	2,518	880
Contributed connection contracts	-	213	283
Net cash used by capital financing activities	<u>(1,513)</u>	<u>(17,452)</u>	<u>(8,266)</u>
Cash flows from investing activities:			
Interest on investments	944	953	1,109
Net cash provided (used) by investing activities	<u>944</u>	<u>953</u>	<u>1,109</u>
Net increase (decrease) in cash balance	14,237	3,041	7,994
Cash & equity in pooled investments - beginning of year	93,564	101,712	113,596
Cash & equity in pooled investments - end of year	<u>\$ 107,801</u>	<u>\$ 104,753</u>	<u>\$ 121,590</u>
Cash & equity in pooled investments at end of year consist of:			
Unrestricted	\$ 107,684	\$ 104,627	\$ 121,313
Restricted	117	126	277
Total cash & equity in pooled investments	<u>\$ 107,801</u>	<u>\$ 104,753</u>	<u>\$ 121,590</u>

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
(in thousands)

Page 2 of 4

	Business-Type Activities -		Governmental Activities - Internal Service Funds
	Enterprise Funds		
	Nonmajor Enterprise Fund - Marina	Total	
Cash flows from operating activities:			
Cash received from customers and users	\$ 685	\$ 156,868	\$ 35,369
Contributions received - employer/employee	-	-	24,967
Cash received from insurance proceeds	-	-	262
Cash payments to suppliers for goods and services	(285)	(89,445)	(10,670)
Cash payments to employees for services	(10)	(18,405)	(19,143)
Cash payments to claimants	-	-	(23,254)
Cash received from other governments	-	-	108
Cash received from contracts/rent	-	-	629
Cash payments for insurance	-	-	(8,540)
Other receipts	-	869	1,318
Net cash provided by operating activities	<u>390</u>	<u>49,887</u>	<u>1,046</u>
Cash flows from noncapital financing activities:			
Transfers in	-	-	620
Transfers out	(400)	(400)	(486)
Cash received from non-operating revenues	-	-	34
Net cash provided (used) by noncapital financing activities	<u>(400)</u>	<u>(400)</u>	<u>168</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	-	(36,259)	(4,938)
Proceeds from sale of assets	-	23	-
Cash contributions in aid of construction	-	8,509	-
Contributed connection contracts	-	496	-
Net cash used by capital financing activities	<u>-</u>	<u>(27,231)</u>	<u>(4,938)</u>
Cash flows from investing activities:			
Interest on investments	4	3,010	331
Net cash provided (used) by investing activities	<u>4</u>	<u>3,010</u>	<u>331</u>
Net increase (decrease) in cash balance	(6)	25,266	(3,393)
Cash & equity in pooled investments - beginning of year	377	309,249	34,867
Cash & equity in pooled investments - end of year	<u>\$ 371</u>	<u>\$ 334,515</u>	<u>\$ 31,474</u>
Cash & equity in pooled investments at end of year consist of:			
Unrestricted	\$ 371	\$ 333,995	\$ 31,474
Restricted	-	520	-
Total cash & equity in pooled investments	<u>\$ 371</u>	<u>\$ 334,515</u>	<u>\$ 31,474</u>

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
(in thousands)

Page 3 of 4

	Business-Type Activities -		
	Enterprise Funds		
	Storm & Surface Water Utility	Water Utility	Sewer Utility
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 12,217	\$ 14,950	\$ 11,021
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	2,830	5,312	3,935
Other receipts	21	386	462
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	35	(501)	367
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in due from other governments	-	-	-
(Increase) decrease in contracts receivable	-	(1)	(24)
(Increase) decrease in inventory	(14)	(53)	(48)
(Increase) decrease in deferred outflow	(32)	(92)	(78)
Increase (decrease) in accounts payable	147	18	(355)
Increase (decrease) in retainage payable	(5)	(157)	34
Increase (decrease) in wages & benefits payable	(17)	(48)	19
Increase (decrease) in compensated absences	(1)	126	96
Increase (decrease) in due to other funds	(5)	(2)	(2)
Increase (decrease) in due to other governments	-	-	-
Increase (decrease) in customer deposits	-	-	11
Increase (decrease) in estimated claims payable	-	-	-
Increase (decrease) in deferred inflows	-	(548)	-
Increase (decrease) in pension liability	63	150	125
Increase (decrease) in unearned revenue	(433)	-	(412)
Total adjustments	<u>2,589</u>	<u>4,590</u>	<u>4,130</u>
Net cash provided by operating activities	<u>\$ 14,806</u>	<u>\$ 19,540</u>	<u>\$ 15,151</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ 4,856	\$ 1,779	\$ 509
Increase (decrease) in fair value of investments	\$ 1	\$ 1	\$ 1

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
(in thousands)

Page 4 of 4

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Nonmajor		
	Enterprise Fund - Marina	Total	
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 361	\$ 38,549	\$ (9,863)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	14	12,091	5,417
Other receipts	-	869	1,135
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	(99)	(79)
(Increase) decrease in due from other funds	-	-	23
(Increase) decrease in due from other governments	-	-	108
(Increase) decrease in contracts receivable	6	(19)	-
(Increase) decrease in inventory	-	(115)	9
(Increase) decrease in deferred outflow	-	(202)	(275)
Increase (decrease) in accounts payable	8	(182)	842
Increase (decrease) in retainage payable	-	(128)	-
Increase (decrease) in wages & benefits payable	-	(46)	40
Increase (decrease) in compensated absences	-	221	166
Increase (decrease) in due to other funds	-	(9)	-
Increase (decrease) in due to other governments	1	1	(1)
Increase (decrease) in customer deposits	-	11	-
Increase (decrease) in estimated claims payable	-	-	2,124
Increase (decrease) in deferred inflows	-	(548)	(1,258)
Increase (decrease) in pension liability	-	338	2,638
Increase (decrease) in unearned revenue	-	(845)	-
Total adjustments	29	11,338	10,909
Net cash provided by operating activities	<u>\$ 390</u>	<u>\$ 49,887</u>	<u>\$ 1,046</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ -	\$ 7,144	\$ -
Increase (decrease) in fair value of investments	\$ -	\$ 3	\$ -

The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
Fiduciary Funds
As of December 31, 2020
(in thousands)

	Pension (and Other Employee Benefit) Trust Funds	ARCH Housing Private-Purpose Trust Fund	Custodial Funds
Assets:			
Cash & equity in pooled investments:			
U.S. government and agency obligations	\$ 210	\$ 276	\$ 70
State and local obligations	140	184	47
State investment pool	6,100	8,021	2,025
Collective trust fund	145,085	-	-
Mutual funds	732,386	-	-
Common and preferred stocks	104,471	-	-
Interest-bearing bank deposits	2,361	737	186
Interest receivable	1,055	-	-
Other receivables	1	-	-
Notes receivable from participants	8,766	-	-
Due from other governments/employers	44	-	-
Capital assets (net)	-	-	107
Total assets	\$ 1,000,619	\$ 9,218	\$ 2,435
Liabilities:			
Accounts payable	\$ 418	\$ 101	\$ 38
Deposits payable	-	-	66
Total liabilities	418	101	104
Net Position:			
Net position restricted for pensions	1,000,201	-	-
Net position restricted for affordable housing	-	9,117	-
Net position restricted for individuals, organizations, and other governments	-	-	2,331
Total net position	\$ 1,000,201	\$ 9,117	\$ 2,331

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020
(in thousands)

	Pension (and Other Employee Benefit) Trust Funds	ARCH Housing Private-Purpose Trust Fund	Custodial Funds
Additions:			
Investment income:			
Interest	\$ 542	\$ 41	\$ 13
Net change in fair value of investments	97,505	-	-
Dividends	22,192	-	-
Other contributions:			
Contributions from employers and nonemployer premiums	21,848	-	-
Contributions from participants and members	24,752	10,256	4,510
Rollovers	337	-	-
Tax collections for other governments	-	2	859
Deposits payable	-	-	2,770
Other	-	73	3
Total additions	167,176	10,372	8,155
Deductions:			
Benefit payments	57,793	-	-
Insurance premiums	2,244	-	-
Administrative expense	1,939	835	1,919
Distributions to developers	-	5,599	-
Distributions to human services agencies	-	-	2,686
Payments to other governments	-	-	860
Deposits payable	-	-	2,921
Total deductions	61,976	6,434	8,386
Net increase (decrease) in net position	105,200	3,938	(231)
Net position beginning of year	7,012	-	-
Change in accounting principle	887,989	5,179	2,565
Prior period adjustment	-	-	(3)
Net position end of year	\$ 1,000,201	\$ 9,117	\$ 2,331

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Notes to the Basic Financial Statements

Note 1: Summary of Significant Accounting Policies

The financial statements of the City of Bellevue have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

Reporting Entity

The City of Bellevue was incorporated on April 1, 1953 and operates under the laws of the state of Washington applicable to the Council-Manager form of government.

As required by GAAP, the financial statements present the City of Bellevue, the primary government, and its component unit. There are no instances in which factors other than financial accountability are so significant in the relationship between an organization and the city that the exclusion of such organization would be misleading.

Discretely Presented Component Unit

The Bellevue Convention Center Authority (BCCA) is a public corporation formed on December 4, 1989, by the City of Bellevue, for the purpose of developing, constructing, and operating Meydenbauer Center.

The BCCA is governed by a seven-member board that are appointed by the Bellevue City Manager and serve at the pleasure of the City Manager and City Council. The BCCA's revenue bonds are secured by hotel/motel tax revenues and other revenues of the city available without a vote of the city's electors. The city is fiscally accountable for the debt service payments on the BCCA's revenue bonds. The BCCA is an enterprise fund and is presented in a separate column in the government-wide financial statements.

Audited financial statements for the BCCA can be obtained from Meydenbauer Center, Finance Department, 11100 NE 6th Street, Bellevue, WA 98004.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. To the extent possible, the effect of interfund overhead activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues and are reported separately from business-type activities. Business-type activities rely significantly on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods and services provided by a given function or segment. Grants and contributions are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are not included in the government-wide financial statements. Major individual governmental funds and all individual enterprise funds are reported as separate columns in the fund financial statements.

Basis of Accounting

The government-wide, proprietary, and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grant revenue is recognized when all the eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when both measurable and available. Revenues are considered available when they are collectible during the current period or soon enough thereafter to pay current liabilities. For the City of Bellevue, this period is considered to be the first 60 days after the end of the fiscal period. Property tax, sales tax, business and occupation tax, utility tax, franchise tax, grant reimbursements, and interest are associated with the current fiscal period and are considered susceptible to accrual. These have been recognized as revenues of the current period. Expenditures are recognized when a liability is incurred, as under accrual accounting, with the exception of principal and interest on long-term debt and compensated absences, which are recorded when paid.

Major Governmental Funds

The General Fund is the general operating fund of the city and accounts for all activities not accounted for in another fund. There are four legally adopted funds which do not meet the criteria for separate financial reporting and are reported in the General Fund. Those funds are as follows: Human Services Fund, Land Purchase Revolving Fund, Parks Fees Fund, and Development Services Fund.

The Interest and Debt Redemption - Regular Levy Fund accounts for debt service on the City Council-approved general obligation bond. Primary revenues for the fund consist of general property tax and local sales tax.

The General Capital Investment Program (CIP) Fund administers governmental capital improvement projects. These projects are supported by a designated portion of the city's sales taxes, business and occupation taxes, bonds, grants, special levies, TIFIA, real estate excise tax, contributions, transportation impact fees, and other revenue sources authorized by the City Council.

Major Proprietary Funds

The proprietary fund statements distinguish operating revenues and expenses from non-operating items within the city's enterprise and internal service funds. Operating revenues and expenses in the proprietary funds result from providing services, and producing and delivering goods in connection with the funds' principal ongoing operations. Operating expenses for proprietary funds include operating and maintenance costs, administrative expenses, taxes, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources.

Enterprise Funds

The city maintains three major enterprise funds: the Storm and Surface Water Utility Fund, the Water Utility Fund, and the Sewer Utility Fund. These funds account for the operations, capital improvement, and debt service activities of the respective utilities. The city also recognizes utility connection fees as operating revenue when connecting new customers to the water and sewer systems.

Internal Service Funds

The city uses internal service funds to account for equipment and fleet operations; general government facilities management; operations of information systems; self-insurance for workers' compensation; unemployment compensation; health benefits; and, general property and casualty losses. City departments are charged as internal customers for sales and service, rentals, vehicle replacement, and insurance related to the funds' operating activities.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the city in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting.

Pension (and other employee benefit) Trust Funds

The pension funds account for assets held or controlled by the city for the benefit of individuals participating in the pension plans. Activities reported in the pension funds include the Firefighters' Pension Fund and the Municipal Employees' Benefit Trust Fund (MEBT). Additional information can be found in Note 7: Pension Plans.

Private-Purpose Trust Fund

A Regional Coalition for Housing (ARCH) Trust Fund accounts for contributions from members of an interlocal agreement to provide affordable housing for low- and moderate-income households on the Eastside.

Custodial Funds

The custodial funds account for fiduciary activities not required to be reported in pension (and other employee benefit) trust, investment, or private-purpose trust funds. Activities reported in the custodial funds include e-CityGov Alliance Fund, Community Connectivity Consortium Fund, Eastside Narcotics Task Force Fund, Hazardous Materials Fund, and Custodial Fund. Reported in the Custodial Fund are: taxes collected for other governments, deposits held as evidence in police investigations, and pooled funding for contracts with human services agencies.

New Accounting Standards

The city complies with all applicable GASB pronouncements and GAAP hierarchy as prescribed by GASB.

In January 2017, GASB issued Statement No. 84, "Fiduciary Activities." This statement improved guidance regarding the identification of fiduciary activities for reporting and financial reporting purpose, and how those activities should be reported. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Government with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. The city implemented this standard as of December 31, 2020. The implementation of this standard resulted in a restatement of beginning fund balances as detailed in Note 20: Change in Accounting Principle.

Budget and Basis of Accounting

In accordance with RCW 35A.34, the city adopts budgets for all operating funds. These budgets are prepared in accordance with GAAP. Appropriations for operating funds are authorized for two years but must be reviewed and reauthorized by the City Council in the middle of the biennial period. The operating funds include the General Fund; all special revenue funds, except the Housing Fund and the Operating Grants, Donations, and Special Reserves Fund; all internal service funds; and all utility operating funds.

The City Council adopts appropriation ordinances for all other funds, including the Operating Grants, Donations, and Special Reserves Fund and the Housing Fund, on a project-length basis as needed. Appropriation ordinances are adopted for debt service funds only when debt is authorized for issue. These appropriations do not lapse and are adjusted as part of the budget process. Because these non-operating budgets primarily serve a management control function and related appropriations are continuing in nature, no comparison between budgeted and actual amounts is provided in the statements and note disclosures.

Legal budgetary control is established at the fund level, where expenditures may not exceed the total appropriation amount. Fund balance at the beginning of the year is considered an available resource and included in the expenditure appropriation authority, but not necessarily appropriated at the program level and identifiable in the Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual presented in the Required Supplementary Information. The City Manager may authorize transfers of appropriations within a fund, but the City Council must approve by ordinance any increase or decrease in total fund appropriations.

Assets, Liabilities and Net Position or Fund Balance

Cash and Equity in Pooled Investments

Under the city's investment policy, all temporary cash surpluses are invested. Monies from all city funds are internally pooled for investment purposes. These pooled investments are reported on the financial statements as cash and equity in pooled investments. Interest earned on the pooled investments is prorated to individual funds on the basis of an average cash balance.

Since all of the city's investments are internally pooled and the participating funds use the pool as if it were a demand deposit account, the proprietary funds' equity in pooled investments is considered cash for cash flow reporting purposes.

The city is authorized by Washington State law to purchase certificates of deposit issued by Washington State depositories that participate in a state insurance pool managed by the Washington Public Deposit Protection Commission; investment deposits (Municipal Investor Account) in a qualified public depository located in the State of Washington; U.S. Treasury and Agency securities; banker's acceptances trading in the secondary market; Washington State Treasurer's Local Government Investment Pool; and repurchase agreements with dealers that use authorized securities as collateral. Administrative costs of the Local Government Investment Pool are included in investment interest earnings and allocated to all funds of the city. The amount applicable to a single fund is not significant, nor readily identifiable.

Although Washington State law also allows pension trust funds to be invested in certain public corporation debt instruments and equities, the city has taken a conservative approach in this area and invests related funds under the more restrictive policies, which govern its general investment operations. As further discussed in Note 4: Cash and Equity in Pooled Investments, city policy requires all investments, including repurchase agreements, to be in the lowest risk category, which is defined as insured investments in the city's name held by the city or the trust department of the city's depository bank.

In accordance with GASB Statement No. 72 "Fair Value Measurement and Application", money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. The fair value of the investment is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Investments in the Washington State Treasurer's Investment Pool are available on demand in the amount of the original investment plus interest earnings and are treated as a money-market investment on the city's records. Accordingly, the fair value of the city's position in the Washington State Treasurer's Investment Pool is the same as the value of the city's shares in the investment pool.

Restricted Assets

Restricted assets shown in the government-wide Statement of Net Position and the proprietary Statement of Net Position include revenue bond proceeds reserved for future capital construction, monies reserved for payment of debt, and deposits held for utility customer accounts. Monies reserved by the BCCA are for rent, operations, and ground lease rental payments.

Receivables

The city records as receivables all material applicable exchange and non-exchange transactions as defined by GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions," and GASB Statement No. 36 "Recipient Reporting for Certain Shared Nonexchange Revenues—an amendment of GASB Statement No. 33."

Property Taxes

The city's annual property tax levy is billed and collected by King County. Taxes are levied and become a lien on the first day of the calendar year. They may be paid in two installments. The first installment is due April 30, and if unpaid, the balance becomes delinquent May 1. The second installment is due October 31 and becomes delinquent November 1. Interest is charged on delinquent taxes at the rate of 1 percent per month and additional penalties are assessed on the total delinquent balance on May 1 and November 30. Under state statute, the county is required to foreclose on properties when property taxes are three years delinquent.

Uncollected property taxes through December 31 are recorded as receivables at year-end. Historically, the city collects 99 percent of taxes levied in the levy year and the remaining delinquent amounts are collected within the next several years. Due to the property foreclosure provision in the Washington State law, no allowance for uncollectible taxes is made.

Other Receivables

Other receivables in the governmental funds include investment interest, locally levied taxes, and other miscellaneous revenues accrued at year-end. The governmental funds financial statements are reported on a modified accrual basis of accounting and revenues must be both measurable and available at year-end to be susceptible to accrual. Business and occupation taxes receivable are offset by a deferred inflow of resources and are further reported net of anticipated uncollectible amounts.

Proprietary fund receivables include the water utility customers' billings outstanding at year-end, which include estimated revenues for services provided between the last billing date and year-end. Due to the water utility's ability to discontinue service when water accounts become delinquent and to record property liens for unpaid sewer service billings, losses from uncollectible accounts are minimal and are only recorded when incurred.

Due from Other Funds and Other Governments

Amounts due from other funds are reported in the financial statements and are listed in detail in Note 12: Interfund Receivables, Payables, and Transfers. These represent outstanding billings to other funds for services provided in the current year. These amounts are typically paid within 30 days following year-end. Amounts due from other governments represent outstanding balances due from granting agencies for cost-reimbursement grants and billings to other jurisdictions for intergovernmental services provided in the current year.

Amounts due from other funds are not reported in the entity-wide Statement of Net Position. However, any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide Statement of Net Position as internal balances.

Interfund Loans Receivable

The Director of Finance and Asset Management may authorize loans between funds for periods not exceeding three months. Longer term loans must be specifically authorized by City Council resolution. Interfund loan activity is presented in Note 12: Interfund Receivables, Payables, and Transfers. In the fund financial statements, the year-end balance of long-term loans to other funds is offset by a corresponding reservation of fund balance to indicate that the outstanding loan amounts do not constitute available spendable resources and are, therefore, not available for appropriation.

Housing Rehabilitation Loans Receivable

These loans are issued to individuals meeting designated income criteria and are supported by the city's annual Community Development Block Grant Program. The non-interest-bearing loans are secured by property liens and are not required to be repaid until the property is sold or otherwise changes ownership. Repayments are considered program income for the Community Development Block Grant Program and monies received are restricted to fund current grant eligible expenditures. The outstanding loans are offset by restricted fund balance in the governmental funds balance sheet.

Notes and Contracts Receivable

Contracts receivable in the proprietary funds consist of water and sewer connection fees due from customers to the Utilities.

Inventories and Prepaid Expenses

Inventories in the governmental funds are recorded as expenditures at the time of purchase. Amounts remaining at year end are immaterial and, therefore, are not reflected in the financial statements for those funds. The city's proprietary funds use a perpetual inventory method in which expense is recorded when related items are consumed. Physical inventories are taken at year-end and the value of items remaining in inventory is calculated for financial reporting purposes, using the weighted-average cost valuation method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded using the purchases method as prepaid expenses in both government-wide and fund financial statements.

Net Position and Fund Balances

Net position is segregated into three categories on the government-wide statement of net position: net investment in capital assets; restricted; and unrestricted. The flow assumption of the city is to use restricted assets before unrestricted assets. Restricted assets are usually set aside in a separate fund, specifically used for the purpose of debt service or capital replacement.

Fund balances, with the implementation of GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”, are segregated under the categories listed below and presented on the face of the financial statements in the aggregate. Note 17: Governmental Fund Balances provides greater detail on the purposes for which revenue sources may be spent. When an expenditure is incurred for which restricted and unrestricted amounts are available, the city considers restricted amounts to be used first, followed by committed, then assigned, and lastly unassigned amounts.

Nonspendable fund balance results from resources that cannot be spent because they are not in a spendable form or are in a spendable form but cannot be spent because they are legally or contractually required to be intact.

Restricted fund balance results from resources that are constrained by an external party. This can include grants, contribution restrictions, laws, or regulations.

Committed fund balance results from a decision made by the City Council, the highest level of authority. These decisions create self-imposed legally bound resources. Funds can only be released from the constraints with the same action.

Assigned fund balance results from an earmarking of resources for a particular purpose through City Council’s adoption of the budget. Other than the general fund, the fund balance that is not considered restricted, committed, or nonspendable is assigned by the fund’s definition.

Unassigned fund balance is the residual classification for the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. The city only reports unassigned fund balance in the General Fund.

Capital Assets

Capital assets are reported on a full accrual basis. The capital assets purchased or constructed by a governmental fund are recorded as expenditures in the fund at the time the related purchases occur and are not reported on the balance sheet of the governmental funds’ balance sheet. However, the associated capital assets are reported in the governmental activities column of the government-wide statement of net position.

Capital assets include buildings and improvements with an original cost of \$100,000 or more; machinery, equipment, hardware and other improvements with an original cost of \$5,000 or more each; and, all land, transportation and utilities infrastructure, regardless of their initial cost.

All purchased capital assets are valued at original cost. If no records exist, assets are valued at an estimated historical cost. Capital assets acquired or constructed are capitalized in the respective funds at historical cost. Donated assets are recorded at their estimated fair values as of the date acquired. The value of donated assets is recorded as contributed revenue by the receiving fund at acquisition value rather than fair value.

The city capitalized retroactive infrastructure assets owned prior to 2002, such as roads, bridges, curbs and gutters, streets and sidewalks, bridges, and lighting systems. The city compiled an inventory of the retroactive infrastructure and recorded these capital assets in the 2004 financial statements. The city elected to capitalize all infrastructure assets, including pre-1980 infrastructure to more accurately reflect capital assets. Costs of normal maintenance and repair for general capital assets are also not capitalized. However, material improvements that increase an asset’s value, capacity, or useful life are added to that asset’s original capitalized cost.

Equipment items acquired through capital lease agreements and land purchased through conditional sales contracts are reported as general capital assets in the government-wide statement of net position. In the governmental fund financial statements, lease and contract payments are reported as expenditures.

All current and incomplete project costs are included in construction in progress in the government-wide statement of net position. At project completion, capital costs are reclassified to property, plant and equipment while non-capital costs are charged to operating expense. In the governmental fund financial statements, project costs are reported as expenditures.

Land, construction in progress, and transportation infrastructure are not depreciated. Property, plant and equipment, buildings, and street lighting infrastructure are depreciated using the straight-line method, using varying estimated service lives for individual assets and asset classifications depending on characteristics of an asset and factors surrounding its anticipated use.

The average service lives used to calculate depreciation for specific categories of assets are summarized below:

Asset Class	Estimated Service Life (Years)
<i>General Capital Assets</i>	
Equipment	7-15
Buildings	39
Other Improvements	20
<i>Equipment Rental Fund</i>	
Transportation Equipment	2-7
Communication Equipment	7
Traffic Control Equipment	15
Heavy-Duty Work Equipment	5-20
Shop/Miscellaneous Equipment	8-15
<i>Waterworks Utility</i>	
Structures and Building Improvements	40
Other Improvements	50
Water Treatment Plant and Equipment	50
Pumping Equipment	14
Tools, Shop Equipment, and Office Equipment	10
Transportation Equipment	5
Other Equipment	14
<i>Infrastructure Assets</i>	
Roadway	Indefinite Life
Sidewalks	25
Bike/walking path	15
Parking Lot	15
Tunnels	20
Bridges	25
Road Signage	10
Traffic Lights	20
Street Lighting	20
Sewer Lines	40
Storm Drains	40
Water Lines	40
Marina	40
<i>Intangibles</i>	
Software	15
<i>Bellevue Convention Center Authority</i>	
Building Shell	50
Building Mechanical System and Roof	25
Office Furniture and Equipment	7
Communication Equipment	7

The city has elected to use the modified approach to manage its transportation roadway infrastructure. The modified approach requires that the city have a current inventory of infrastructure; perform condition assessments on infrastructure and summarize the results using a measurement scale; and estimate the annual amount to maintain and preserve the infrastructure at a condition level established and disclosed by the city. The city has an inventory of transportation roadway infrastructure placed in service for the current year, performed a condition assessment, established the standard performance rating levels, and estimated the annual amount necessary to maintain and preserve the infrastructure. Further detail is provided in the Schedule of Modified Approach for Reporting Infrastructure Assets under Required Supplementary Information.

Additional information on capital assets is provided in Note 6: Capital Assets.

Deferred Outflow of Resources

Deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred outflow of resources involved no consumption of resources that results in either a net decrease in assets or a net increase in liabilities. It also represents access to present service capability that is under the government's controls. Deferred outflows of resources presented in this manner on the accompanying financial statements are related to outstanding debt.

Long-Term Liabilities

Liabilities for long-term debt are recorded in the government-wide Statement of Net Position and in the proprietary Statement of Net Position. The liabilities include bond premiums and discounts which are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Long-term debt outstanding at year-end is presented in Note 13: Long-term Debt.

For governmental funds financial statements, bond issuance costs are expended at the time of issuance. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond proceeds are reported as an other financing source, net of the applicable premium or discount. The nature of debt in the governmental activity is specific to a program; therefore, debt service costs are not an allocated expenditure.

Net pension liability. For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans, and additional to/deductions from the pension plans' net position have been determined on the same basis as they were reported by the respective pension plan. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported as fair value.

Compensated Absences. Employee vacation leave is accumulated at monthly rates ranging from 12 to 25 days per year depending on tenure and governing union agreements. The maximum number of vacation hours an employee may carry forward from one calendar year to the next is 240 hours. All outstanding vacation leave is payable upon resignation, retirement, or death to employees who have completed six months of service.

Accrued vacation pay is recorded in the government-wide financial statements, as well as the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Depending on contract and retirement plans, generally employees can accumulate sick leave up to a maximum of 1,440 hours. The accrual rate for most city employees is eight hours per month. Fire and police employees who entered the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) prior to October 1, 1977, receive unlimited sick leave and are not subject to this monthly accrual. Firefighters who entered LEOFF after October 1, 1977, and who work a 24-hour shift receive 12 hours sick leave per month. Ten percent of unused sick leave hours is payable upon retirement at the employee's hourly rate as of their retirement date. Upon resignation, any accrued sick leave balance is lost.

A long-term liability for accumulated sick leave expected to be paid at retirement or separation from the city after 20 years of service has been recorded in the government-wide financial statements and the proprietary funds financial statements using the vesting method.

Deferred Inflow of Resources

Deferred inflow of resources is the acquisition of net position that is applicable to a future reporting period. A deferred inflow of resources involved no acquisition of resources resulting in either a net increase in assets or a new decrease in liabilities. It represents a present obligation to sacrifice resources that the government has little or no discretion to avoid. Deferred inflow of resources presented in this manner on the accompanying financial statements are related to the gain on refunded debt, taxes receivable, grant reimbursements, special assessments receivable, and pensions not available under the current financial resources measurement focus.

Interfund Transactions

Interfund services provided and used are accounted for by the related funds as revenues, expenditures, or expenses. Reimbursements to a fund for expenditures previously paid that are more properly applicable to another fund are recorded as an expenditure in the reimbursing fund and a reduction of expenditure/expense in the fund receiving reimbursement.

All other interfund transactions are reported as transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Direct expenses of the functional categories are included in the government-wide statement of activities while indirect expense allocations are eliminated. Indirect expenses are primarily charged to the various functions through the use of internal service funds for fleet maintenance, information technology, self-insurance, and facilities management. Elimination of payments to internal service funds are treated as expense reductions. No other indirect expenses are allocated to the various governmental functions. Exceptions to this rule are charges between the government's utilities functions and various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Note 2: Stewardship, Compliance and Accountability

Deficits

The City of Bellevue had no funds with a material deficit as of December 31, 2020.

Total net position for the Bellevue Convention Center Authority (BCCA) reflects an unrestricted net position balance of \$7.0 million and a total net position of \$38.9 million. Cash flows, as projected in the annual Finance Plan of the Authority, are expected to meet all obligations as they come due.

Legal Budgetary Compliance

During 2020, no city funds exceeded total authorized appropriations at the fund level. Fund balance is included in authorized expenditure appropriations, but not necessarily appropriated at the program level.

Annually budgeted major fund Budget and Actual schedules are provided as Required Supplementary Information.

Note 3: Supplemental Appropriations

Operating Budget Funds

During 2020, the City Council amended the 2020 appropriations by an additional \$3.1 million to reflect previously unanticipated needs in the 2020 portion of the 2019-2020 biennial budget. Amendments included \$1.1 million in the General Fund and \$2.0 million in the Human Service Funds. As explained in Note 1: Summary of Significant Accounting Policies, both original and supplemental appropriations are adopted by City Council ordinance.

Note 4: Deposits and Investments

Primary Government

Cash and equity in pooled investments are comprised of government and business-type activities. The balances as of December 31, 2020, are as follows, in thousands:

Cash on hand and in bank	\$ 7,363
Equity in pooled investments	<u>574,257</u>
Total	<u>\$ 581,620</u>

In addition, the city holds \$18.5 million in cash and equity in pooled investments in trust for fiduciary funds.

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the city will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2020, the city had a bank balance of \$0.4 million (carrying book balance amount of \$6.3 million). The city's bank balance is insured by the FDIC up to \$0.3 million and fully collateralized by the Washington Public Deposit Protection Commission (WPDPC) for amounts over \$0.3 million. The WPDPC constitutes a multiple financial institution collateral pool. Under RCW 39.58, public depositories are required to segregate and maintain eligible collateral for their unsecured public deposits in the form of securities having a value at least equal to their maximum liability.

The city does not have a formal policy for custodial risk beyond the requirements of state statute. Washington State law restricts deposit of funds in financial institutions physically located in Washington unless otherwise expressly permitted by statute and authorized by the WPDPC.

Investments

The city's investment policy was developed by the Finance and Asset Management Department in consultation with the Investment Advisory Committee. The policy is adopted by the City Council every two years as part of the biennial budget. Authority to manage the investment program is derived from Bellevue City Code (BCC) Section 3.32.060. This section gives the Director of Finance and Asset Management, or designee, the authority to invest in any of the securities identified as eligible as defined by state statute with primary emphasis on safety on principal and liquidity.

The city's investment policy does not allow investment in variable rate securities or securities whose value depends on the value of an underlying asset.

The city participates in the Washington State Treasurer's Local Government Investment Pool (LGIP) managed by the Washington Office of the State Treasurer, which is also responsible for establishing the investment policy for the LGIP. The LGIP is an unrated external investment pool. The pool's portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set by GASB Statement No. 79 "Certain External Investment Pools and Pool Participants" for external investment pools that elect to measured investments at amortized costs for financial reporting purposes.

Investments in the LGIP are available on demand in the amount of the original investment, plus interest earnings, and are treated as a money-market investment. Accordingly, the fair value of the city's position in the LGIP is the same as the value of the city's LGIP shares. Regulatory oversight for these investments is provided as prescribed by Washington State law. The State Auditor audits the accounts of the State Treasurer to determine the compliance of investment activities with state statutes and the investment policy. Also, an independent audit of the LGIP's financial statements is performed annually. The State Treasurer has created an Advisory Committee consisting of eight members appointed by participant associations and six members appointed by the State Treasurer. The committee meets at least quarterly to provide advice on the operation of the LGIP.

City of Bellevue, Washington

The table below identifies the investment types that are authorized for the City of Bellevue by the State of Washington (or the city’s investment policy where more restrictive):

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Debt Obligations	5 years	100%	100%
U.S. Agency Coupon Securities	5 years	100%	30%
U.S. Agency Discount Notes	1 year	100%	30%
Repurchase Agreements	30 days	50%	10%
Municipal Bonds	5 years	15%	5%
Certificates of Deposit	1 year	50%	10%
Interest Bearing Bank Deposits	1 year	50%	10%
Bankers Acceptances	6 months	15%	5%
Commercial Paper	90 days	15%	5%
State of Washington Local Governmental Investment Pool	N/A	100%	N/A

Interest Rate Risk. As a means of minimizing risk of loss arising from interest rate fluctuations, the city’s investment policy requires the weighted average modified duration of the portfolio not to exceed three years. One of the other ways that the city manages the exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing to provide the cash flow and liquidity needed for operations.

The LGIP is a qualified external investment pool, as defined by GASB Statement No. 79 “Certain External Investment Pools and Pool Participants”. Accordingly, participants’ balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days.

Information about the sensitivity of the fair values of the city’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the city’s investments by maturity, in thousands:

Investment Type	Fair Value	Remaining Maturity in Months					Credit Rating
		3 Months or Less	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	
U.S. Agency Coupon Securities	\$ 7,054	\$ 1,003	\$ 2,994	\$ 3,057	\$ -	\$ -	
U.S Treasury Debt Obligations	13,168	-	8,165	-	-	5,003	
Interest Bearing Bank Deposits	45,140	45,140	-	-	-	-	Unrated
Municipal Bonds	12,471	1,523	4,418	6,530	-	-	Aa/AAA
LGIP	515,154	515,154	-	-	-	-	Unrated
Total	\$592,987	\$562,820	\$ 15,577	\$ 9,587	\$ -	\$ 5,003	

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The city's investment policy limits the type of securities available for investment to obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker's acceptances, interest bearing bank deposits, commercial papers, municipal bonds, repurchase agreements, and LGIP. According to Washington State law and the city's investment policy, commercial papers must be rated with the highest short-term credit rating, of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. The city currently does not have any commercial paper in its portfolio. The city's investments in the obligations of U.S. agencies were rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service.

The credit risk of the LGIP is limited to obligations of the US government, government sponsored enterprises, insured demand deposit accounts and certificates of deposit.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The city's investment policy limits the amount that may be invested in any one issuer. As of December 31, 2020, there was no concentration of credit risk exceeding the policy guidelines described above.

The city does not have any investments concentrated to one issuer, other than the LGIP, representing five- percent or more of the total portfolio.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The city's investment policy requires that all investments be held by the city's third-party safekeeping agent in the city's name. As of December 31, 2020, all the \$592.1 million investments in U.S. agency debt obligations and municipal bonds were registered and held by its safekeeping agent in the city's name. Therefore, the city has no outstanding investments that were exposed to custodial credit risk.

Fair Value Measurements. Effective December 31, 2018, the City of Bellevue implemented GASB Statement No. 72 "Fair Value Measurement and Application", which establishes a framework for measuring fair value that requires or permits fair value measurement and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy, which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs.

Securities classified as Level 1 in the fair value hierarchy are valued using prices quoted in active markets for identical securities. Level 2 securities are valued using observable inputs. Level 3 securities are valued using unobservable inputs. U.S. Agency Securities and municipal bonds classified in Level 2 are valued using quoted prices for similar securities and interest rates. The level of fair value measurement is based on the lowest level of significant input for the security type in its entirety. There are no Level 3 security classifications to report.

The following table presents recurring fair value measurements as of December 31, 2020:

	December 31, 2020	Fair Value Measurement Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
Debt securities			
US Agency Coupon Securities	\$ 7,054	\$ -	\$ 7,054
US Treasury Debt Obligations	13,168	13,168	-
Municipal Bonds	12,471	-	12,471
Total debt securities	32,693	13,168	19,525
Total investments by fair value	32,693	\$ 13,168	\$ 19,525
Investments measured at amortized cost			
State of Washington Local Governmental Investment Pool	515,154		
General Bank account	5,140		
Opus DD account	40,000		
Total investment measured at amortized cost	560,294		
Total investment measured at fair value	\$ 592,987		

Discretely Presented Component Unit

Cash and equity in pooled investments of the Bellevue Convention Center Authority are comprised of business-type activities only. The balances as of December 31, 2020, are as follows, in thousands:

Cash on hand and in bank	\$ 896
Equity in pooled investments	6,941
Total	\$ 7,837

Note 5: Property Taxes

King County is responsible for collecting all property taxes levied within the county. Amounts collected by King County on the city's behalf are remitted daily.

As described in Note 1: Summary of Significant Accounting Policies, taxes are levied and become an enforceable lien against properties as of January. Annual tax billings may be paid in two equal installments due April 30 and October 31.

The following is a breakdown of the city’s direct property tax rate, per \$1,000 of assessed valuation, and its collection of property taxes for the year ended December 31, 2020, in thousands:

	<u>Rate</u>	<u>Property Taxes Collected</u>
Regular Property Taxes	\$ 0.623	\$ 42,430
Parks Levy 2008	0.059	4,048
Fire Facilities Levy 2016	0.099	6,567
Transportation Safety, Connectivity, Congestion Levy 2016	0.118	7,880
Total Levy	<u>\$ 0.900</u>	<u>\$ 60,925</u>

Under Washington State law, the city may levy up to \$3.50 per \$1,000 of assessed valuation, subject to the following limitations:

1. The total dollar amount of regular property taxes levied by the city to the amount of such taxes levied in the three most recent years multiplied by a limit factor, plus an adjustment to account for taxes on new construction, improvements, and state-assessed property at the previous year's rate. RCW 84.55 sets the limit factor as the lesser of 101 percent or 100 percent plus the percent change in the implicit price deflator, unless a greater amount is approved by a simple majority of the voters; and
2. The state constitution limits total regular property taxes to 1 percent of assessed valuation, or \$10 for each \$1,000 of assessed value. If the combined taxes of all districts exceed this amount, each levy is proportionately reduced until the total is at or below the 1 percent limit.

The city has banked its remaining levy capacity for potential future use. As of December 31, 2020, the city has \$8.9 million in unused levy capacity.

The following voter-approved tax levies are not subject to the limitations discussed above:

In November 2008, voters approved a levy lid lift for parks and natural area programs to protect water quality of the city’s lakes and stream; preserve natural areas throughout the city; enhance existing parks; invest in sport fields, trails, community parks, and neighbor parks; and maintain improvements.

In November 2016, voters approved a levy for fire facilities improvements to seismically retrofit fire stations, build a new downtown fire station, realign and upgrade existing fire facilities to better serve the community, and obtain logistics center warehouse space.

Additionally, in November 2016, voters passed a transportation levy to improve neighborhood safety; reduce neighborhood congestion; install sidewalk, trail and bicycle facilities; provide safe routes to connect people to schools, parks, transit and other services; and enhance maintenance and traffic management technology.

Note 6: Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2020, was as follows, in thousands:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 891,676	\$ 14,279	\$ (67)	\$ 905,888
Construction in progress	30,319	63,494	(42,855)	50,958
Infrastructure	783,840	20,391	-	804,231
Total capital assets, not being depreciated	<u>1,705,835</u>	<u>98,164</u>	<u>(42,922)</u>	<u>1,761,077</u>
Capital assets, being depreciated:				
Buildings	255,334	1,798	-	257,132
Improvements other than buildings	68,611	3,590	-	72,201
Intangible assets	20,777	226	-	21,003
Machinery and equipment	73,874	6,951	(3,422)	77,403
Leasehold improvements	4,129	-	-	4,129
Infrastructure	216,324	15,407	(14)	231,717
Total capital assets being depreciated	<u>639,049</u>	<u>27,972</u>	<u>(3,436)</u>	<u>663,585</u>
Less accumulated depreciation for:				
Buildings	(116,310)	(7,901)	-	(124,211)
Improvements other than buildings	(15,067)	(3,341)	-	(18,408)
Intangible assets	(21,131)	(529)	-	(21,660)
Machinery and equipment	(48,632)	(5,588)	1,933	(52,287)
Leasehold improvements	(2,064)	(413)	-	(2,477)
Infrastructure	(175,392)	(7,027)	14	(182,405)
Total accumulated depreciation	<u>(378,596)</u>	<u>(24,799)</u>	<u>1,947</u>	<u>(401,448)</u>
Total capital assets, being depreciated, net	<u>260,453</u>	<u>3,173</u>	<u>(1,489)</u>	<u>262,137</u>
Governmental activities capital assets, net	<u>\$ 1,966,288</u>	<u>\$ 101,337</u>	<u>\$ (44,411)</u>	<u>\$ 2,023,214</u>

Depreciation expense was charged to governmental activity functions/programs as follows, in thousands:

Governmental activities:	
General government	\$ 7,301
Public safety	591
Transportation	5,225
Economic environment	101
Culture and recreation	6,168
Total	<u>19,386</u>
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	5,413
Total depreciation expense - governmental activities	<u>\$ 24,799</u>

Capital asset activity for the city's proprietary funds for the year ended December 31, 2020 was as follows, in thousands:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 24,993	\$ 14	\$ -	\$ 25,007
Construction in progress	19,271	35,148	(34,923)	19,496
Total capital assets, not being depreciated	<u>44,264</u>	<u>35,162</u>	<u>(34,923)</u>	<u>44,503</u>
Capital assets, being depreciated:				
Buildings	38,858	-	-	38,858
Machinery and equipment	15,432	1,130	(328)	16,234
Infrastructure	517,650	38,984	(213)	556,421
Intangible assets	287	-	-	287
Total capital assets being depreciated	<u>572,227</u>	<u>40,114</u>	<u>(541)</u>	<u>611,800</u>
Less accumulated depreciation for:				
Buildings	(27,312)	(1,564)	-	(28,876)
Machinery and equipment	(10,215)	(1,238)	82	(11,371)
Infrastructure	(171,127)	(9,284)	6	(180,405)
Intangible assets	(239)	(4)	-	(243)
Total accumulated depreciation	<u>(208,893)</u>	<u>(12,090)</u>	<u>88</u>	<u>(220,895)</u>
Total capital assets, being depreciated, net	<u>363,334</u>	<u>28,024</u>	<u>(453)</u>	<u>390,905</u>
Business activities capital assets, net	<u>\$ 407,597</u>	<u>\$ 63,186</u>	<u>\$ (35,376)</u>	<u>\$ 435,408</u>

Depreciation expense was charged to business-type activity functions/programs as follows, in thousands:

Marina	\$ 14
Water utility	5,312
Storm and surface water utility	2,829
Sewer utility	3,935
Total depreciation expense - business-type activities	<u>\$ 12,090</u>

Capital asset activity for the city's discretely presented component unit, BCCA, for the year ended December 31, 2020 were as follows, in thousands:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Bellevue Convention Center Authority:				
Capital assets, not being depreciated:				
Works of art	\$ 156	\$ -	\$ -	\$ 156
Construction in Progress	476	257	(89)	644
Total capital assets, not being depreciated	<u>632</u>	<u>257</u>	<u>(89)</u>	<u>800</u>
Capital assets, being depreciated:				
Building	62,352	81	-	62,433
Machinery and Equipment	5,508	-	-	5,508
Total capital assets being depreciated	<u>67,860</u>	<u>81</u>	<u>-</u>	<u>67,941</u>
Less accumulated depreciation for:				
Building	(30,442)	(1,679)	-	(32,121)
Machinery and Equipment	(4,315)	(328)	-	(4,643)
Total accumulated depreciation	<u>(34,757)</u>	<u>(2,007)</u>	<u>-</u>	<u>(36,764)</u>
Total capital assets, being depreciated, net	<u>33,103</u>	<u>(1,926)</u>	<u>-</u>	<u>31,177</u>
Component unit activities capital assets, net	<u>\$ 33,735</u>	<u>\$ (1,669)</u>	<u>\$ (89)</u>	<u>\$ 31,977</u>

Note 7: Pension Plans

Below is a summary of the City of Bellevue’s pension plans, in thousands:

	PERS 1	PERS 2/3	PSERS 2	LEOFF 1	LEOFF 2	Firefighters' Pension	Total
Pension liabilities	\$(22,710)	\$(10,459)	\$ -	\$ -	\$ -	\$ -	\$(33,169)
Pension assets	-	-	18	6,012	27,968	3,145	37,143
Deferred outflows of resources	2,311	7,814	62	-	6,217	-	16,404
Deferred inflows of resources	(126)	(9,528)	(50)	(64)	(5,605)	-	(15,373)
Pension expense	1,123	887	41	(380)	1,226	14	2,911

Public Employees’ Retirement System (PERS)

General Information about PERS

Plan Description. PERS was established by the Washington State Legislature in 1947 under RCW 41.34 and 41.40. PERS is a multiple-employer, cost-sharing defined benefit pension plan. Membership in the system includes elected officials, state employees, and employees of local government.

PERS consists of three plans. Participants who joined the system by September 30, 1977 are Plan 1 members. PERS 1 is closed to new entrants. The vesting period for members was upon completion of five years of eligible service. Those joining the system after September 30, 1977 are enrolled in Plan 2. Existing Plan 2 members were given the option to transfer their membership to Plan 3 by May 31, 2003. Employees hired after May 31, 2003 have the option of choosing either PERS Plan 2 or PERS Plan 3. Retirement benefits are financed by employee contributions, employer contributions, and investment earnings. Retirement benefits in the PERS 2 plan are vested after completion of five years of eligible service. For PERS 3, employees are vested after the completion of ten years of eligible service or five years with at least 12 months being earned after the age of 44 years old.

Participants in the plan are listed below:

	PERS 1	PERS 2	PERS 3
Participants	1	793	235

Benefits Provided. All plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The annual cost of living allowances are linked to the Seattle Consumer Price Index to a maximum of 3 percent annually.

Contributions. Each biennium of the Department of Retirement Systems, the Washington State Legislature establishes Plan 1 employer contribution rates and Plan 2/3 employer and employee contribution rates. Employee contribution rates for Plan 1 are established by statute and do not vary from year to year. Employer rates for Plan 1 are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan 2/3 are developed by the Office of the State Actuary to fully fund the system. All employers are required to contribute at the level established by the Washington State Legislature.

Both the city and employees made 100 percent of the required contributions for all years.

City of Bellevue, Washington

The contribution rates and actual contributions to PERS for the year ending December 31, 2020 were as follows, with contributions in thousands:

	Employer		Employee	
	1/1-8/30	9/1-12/31	1/1-8/30	9/1-12/31
	PERS Plan 1	7.92%	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	4.87%		
Administration Fee	0.18%	0.18%		
Total	12.86%	12.97%	6.00%	6.00%

	Employer		Employee	
	1/1-8/30	9/1-12/31	1/1-8/30	9/1-12/31
	PERS Plan 2	7.92%	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	4.87%		
Administration Fee	0.18%	0.18%		
Total	12.86%	12.97%	7.90%	7.90%

	Employer		Employee	
	1/1-8/30	9/1-12/31	1/1-8/30	9/1-12/31
	PERS Plan 3	7.92%	7.92%	5-15%
PERS Plan 1 UAAL	4.76%	4.87%		
Administration Fee	0.18%	0.18%		
Total	12.86%	12.97%	5-15%	5-15%

2020 Employee contributions

PERS 1	\$ 4,706
PERS 2	6,009
PERS 3	1,602

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to PERS

At December 31, 2020, the city reported a liability of \$33.2 million for its proportionate share of the net pension liability (PERS 1 was \$22.7 million and PERS 2/3 was \$10.5 million). The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The city's proportion of the net pension liability was based on a projection of the city's long-term share of contributions to the pension plan relative to the projected contributions of all participating local governments, actuarially determined. At June 30, 2020, the city's proportion for PERS 1 was 0.64 percent, which was the same from its proportionate share measured as of June 30, 2019. The city's proportion for PERS 2/3 was 0.82 percent, which was an increase of 0.1 percent from its proportionate share measured as of June 30, 2019.

For the year ended December 31, 2020, the city recognized total pension expense of \$2.0 million for the PERS pension plans (\$1.1 million for PERS 1 and \$0.9 million for PERS 2/3). As of December 31, 2020, the city reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources, in thousands:

	PERS 1	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	126
Changes in assumptions	-	-
Change in proportion and differences between city contributions and proportionate share contributions	-	-
City contributions subsequent to the measurement date	2,311	-
Total	\$ 2,311	\$ 126

	PERS 2/3	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,744	\$ 1,311
Net difference between projected and actual earnings on pension plan investments	-	531
Changes in assumptions	149	7,144
Change in proportion and differences between city contributions and proportionate share contributions	201	542
City contributions subsequent to the measurement date	3,720	-
Total	\$ 7,814	\$ 9,528

The city reported \$6.0 million (PERS 1: \$2.3 million, and PERS 2/3: \$3.7 million) as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date and these will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows, in thousands:

Year ended June 30	PERS 1	PERS 2/3
2021	\$ (574)	\$ (4,462)
2022	(18)	(1,160)
2023	175	63
2024	290	923
2025	-	(359)
Thereafter	-	(439)
Total	\$ (127)	\$ (5,434)

Sensitivity of the city's proportionate share of net pension liability to changes in the discount rate. The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate, in thousands:

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 28,446	\$ 22,710	\$ 17,708
PERS 2/3	65,076	10,459	(34,519)

Pension plan fiduciary net position. Detail information about the pension plan's fiduciary net position is available in a separately issued DRS financial report on their website at <http://www.drs.wa.gov/administration/annual-report/default.htm>. The report was developed with the assumptions listed below under PERS, PSERS, and LEOFF Actuarial Assumptions. The financial statements were developed in conformity with GAAP.

Public Safety Employees' Retirement System (PSERS)

General Information about PSERS

Plan Description. PSERS is a multiple-employer, cost-sharing defined benefit pension plan. PSERS was created by the Washington State Legislature in 2004 and became effective July 1, 2006. PSERS retirement benefit provisions are established in RCW 41.37. Membership includes all full-time public safety employees.

PSERS Plan 2 membership includes: 1) full-time public safety employees on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and 2) full-time public safety employees, hired on or after July 1, 2006, that meet at least one of the PSERS eligibility criteria. Retirement benefits are financed by employee contributions, employer contributions, and investment earnings. Members are vested after completing five years of eligible service. PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. Eligibility is based on the member being totally incapacitated for continued employment and leaving that employment as a result of the disability.

Participants in the plan are listed below:

	PSERS
Participants	13

Benefits Provided. All plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Under PSERS Plan 2, annual cost of living allowances are linked to the Seattle Consumer Price Index to a maximum of 3 percent annually.

Contribution. Each biennium of the Department of Retirement Systems, the Washington State’s Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Washington State Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with RCW 41.37 and 41.45.

Both the city and employees made 100 percent of the required contributions for all years.

The contribution rates and actual contributions to PSERS for the year ending December 31, 2020 were as follows, with contributions in thousands:

	Employer		Employee	
	1/1-8/30	9/1-12/31	1/1-8/30	9/1-12/31
PSERS Plan 1	7.20%	7.31%	7.20%	7.20%
PSERS Plan 1 UAAL	4.76%	4.76%		
Administration Fee	0.18%	0.18%		
Total	12.14%	12.25%	7.20%	7.20%

2020 Employee contributions

PSERS \$ 69

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to PSERS

At December 31, 2020, the city reported an asset of \$18 thousand for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The city’s proportion of the net pension asset was based on a projection of the city’s long-term share of contributions to the pension plan relative to the projected contributions of all participating local governments, actuarially determined. At June 30, 2020, the city’s proportion was 0.13 percent, which was a decrease of 0.01 percent from its proportionate share measured as of June 30, 2019.

For the year ended December 31, 2020, the city recognized a total pension expense of \$41 thousand for the PSERS pension plans. As of December 31, 2020, the city reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources, in thousands:

	PSERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25	\$ 1
Net difference between projected and actual earnings on pension plan investments	1	-
Changes in assumptions	-	35
Change in proportion and differences between city contributions and proportionate share contributions	-	14
City contributions subsequent to the measurement date	36	-
Total	\$ 62	\$ 50

The city reported \$36 thousand as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date and these will be recognized as a reduction of the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows, in thousands:

Year ended June 30	PSERS
2021	\$ (6)
2022	(3)
2023	-
2024	3
2025	(3)
Thereafter	(14)
Total	<u>\$ (23)</u>

Sensitivity of the city’s proportionate share of net pension asset to changes in the discount rate. The following presents the city’s proportionate share of the net pension asset calculated using the discount rate of 7.4 percent, as well as what the city’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate, in thousands:

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PSERS	\$ 198	\$ (18)	\$ (190)

Pension plan fiduciary net position. Detail information about the pension plan’s fiduciary net position is available in a separately issued DRS financial report on their website at <http://www.drs.wa.gov/administration/annual-report/default.htm>. The report was developed with the assumptions listed below under PERS, PSERS, and LEOFF Actuarial Assumptions. The financial statements were developed in conformity with GAAP.

Law Enforcement Officers’ and Fire Fighters’ (LEOFF) Retirement System

General Information about LEOFF

Plan Description. LEOFF is a multiple-employer, cost-sharing defined benefit pension plan established by Washington State Legislature in 1970 under RCW 41.26. Membership includes all full-time local law enforcement officers and firefighters. Retirement benefits are financed by employee contributions, employer contributions, investment earnings, and legislative appropriations.

The LEOFF system contains two plans. Participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined thereafter are enrolled in Plan 2. Retirement benefits are vested after completion of five years of eligible service. LEOFF 1 is closed to new entrants.

Participants in the plan are listed below:

	LEOFF 1	LEOFF 2
Participants	1	397

Benefits Provided. All plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Annual cost of living allowances is linked to the Seattle Consumer Price Index to a maximum of 3 percent annually.

Contribution. Plan 1 employers are required to contribute at the administrative rate of 0.18 percent and the state is responsible for the balance of the funding. Plan 2 employers and employees are required to pay at levels established by the Washington State Legislature. Employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fund the system.

Both the city and employees made 100 percent of the required contributions for all years.

The contribution rates and actual contributions to LEOFF for the year ending December 31, 2020 were as follows, with contributions in thousands:

	Employer 1/1-12/31	Employee 1/1-12/31
LEOFF Plan 1	0.00%	0.00%
Administration Fee	0.18%	
Total	0.18%	0.00%

	Employer 1/1-12/31	Employee 1/1-12/31
LEOFF 2 Plan	5.15%	8.59%
Administration Fee	0.18%	
Total	5.33%	8.59%

2020 Employee contributions	
LEOFF 1	\$ -
LEOFF 2	2,744

The Washington State Legislature, by means of a special funding arrangement, appropriates money from the State General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and can be changed by statute. For the fiscal year ended June 30, 2020, the state contributed \$76.3 million to the LEOFF 2 Plan.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to LEOFF

On December 31, 2020, the city reported a total pension asset of \$34.0 million for its proportionate share of the net pension asset (LEOFF 1 was \$6.0 million and LEOFF 2 was \$28.0 million). The amount of the asset reported for LEOFF reflects a reduction for state pension support provided to the city as its proportional share of the net pension asset, the related state support, and the total portion of the net pension asset that was associated with the city were as follows, in thousands:

	LEOFF 1	LEOFF 2
City's proportionate share	\$ (6,012)	\$ (27,968)
State's proportionate share of the net pension asset associated with the employer	(40,671)	(17,883)
Total	\$ (46,683)	\$ (45,851)

At June 30, 2020, the city's proportion for LEOFF 1 was 0.32 percent, which did not change from its proportionate share measured as of June 30, 2019. The city's proportion for LEOFF 2 was 1.37 percent, which was a decrease of 0.04 percent from its proportionate share measured as of June 30, 2019.

City of Bellevue, Washington

For the year ended December 31, 2020, the city recognized a total pension expense of \$0.8 million for the LEOFF pension plans (LEOFF 1 was a decrease of \$0.4 million and LEOFF 2 was an increase of \$1.2 million). As December 31, 2020, the city reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources, in thousands:

	LEOFF 1	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	64
Changes in assumptions	-	-
Change in proportion and differences between city contributions and proportionate share contributions	-	-
City contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 64

	LEOFF 2	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,870	\$ 496
Net difference between projected and actual earnings on pension plan investments	-	312
Changes in assumptions	41	4,330
Change in proportion and differences between city contributions and proportionate share contributions	934	467
City contributions subsequent to the measurement date	1,372	-
Total	\$ 6,217	\$ 5,605

The city reported \$1.4 million as deferred outflows of resources for LEOFF 2 related to pensions resulting from city contributions subsequent to the measurement date and these will be recognized as a reduction of the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows, in thousands:

Year ended June 30	LEOFF 1	LEOFF 2
2021	\$ (225)	\$ (2,003)
2022	(12)	(234)
2023	64	457
2024	110	979
2025	-	(145)
Thereafter	-	185
Total	\$ (63)	\$ (761)

Sensitivity of the city's proportionate share of net pension asset to changes in the discount rate. The following presents the city's proportionate share of the net pension asset calculated using the discount rate of 7.4 percent, as well as what the city's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate, in thousands:

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
LEOFF 1	\$ (4,894)	\$ (6,013)	\$ (6,981)
LEOFF 2	(554)	(27,968)	(50,415)

Pension plan fiduciary net position. Detail information about the pension plan's fiduciary net position is available in a separately issued DRS financial report on their website at <http://www.drs.wa.gov/administration/annual-report/default.htm>. The report was developed with the assumptions listed below under PERS, PSERS, and LEOFF Actuarial Assumptions. The financial statements were developed in conformity with GAAP.

PERS, PSERS, and LEOFF Actuarial Assumptions

Actuarial assumptions. The total pension liability for each of the plans was determined using the more recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases (including inflation)	3.50%
Investment rate of return	7.40%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates. Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for each year after the 2010 base table.

The actuarial assumptions used in the June 30, 2019 valuation reflect the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The total pension liability was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019 to June 30, 2020, reflecting each plan's normal cost (using Entry Age Cost Method), assumed interest and actual benefit payments.

The long-term expected rate of return of 7.4 percent on pension plan investment was determined using a building-block method. The Washington State Investment Board used a best estimate of expected future rate of returns (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Percent Long-Term Expected Real Rate of	
		Return Arithmetic	
Fixed Income	20%	2.2%	
Tangible Assets	7%	5.1%	
Real Estate	18%	5.8%	
Global Equity	32%	6.3%	
Private Equity	23%	9.3%	
	<u>100%</u>		

Discount Rate. The discount rate used to measure the total pension liability was 7.4 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the city will be made at centrally required rates, actuarially determined. Based on those assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in assumptions. Actuarial results that OSA provided reflected an update in the demographic assumptions based on an updated demographic experience study, as noted above. There was an update to the Early Retirement Factors and Joint-and -Survivor Factors used in the model for the June 30, 2020 report.

The valuation used included liability and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determine contribution rates and funded status. OSA simplified the model of medial premium reimbursement for survives of duty-related deaths for LEOFF 2. OSA also changed their method in updating certain data items that change annually, including public safety duty-related lump sum and Washington state average wage.

Firefighters’ Pension Plan

Plan Description

Plan administration. The city administers the Firefighters’ Pension Plan (the Plan) as a single-employer, defined benefit pension plan that provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit terms were established by RCW 41.16 and amended by RCW 41.18. The state retains the authority to amend benefit terms.

Management of the Firefighters’ Pension Fund is vested in the Pension Board, which consists of five members: city councilmember who serves as the chairperson of the board, City Clerk, Director of Finance and Asset Management, one retired firefighter, and one regularly employed firefighter.

Benefits. RCW 41.16.080 through 41.16.180 establish the benefits of the plan. Plan members shall be paid a pension based upon the average monthly salary drawn for the five calendar years before retirement, the number of years in service, and a percentage factor based on age upon entering service. In addition, the state requires benefits to include payment on death of a retired firefighter, payment on death of eligible pensioner before retirement, payment on death in the line of duty, payment upon disablement in the line of duty, payment upon disablement not in the line of duty, payment on separation from service, and funeral expenses.

Employees covered by benefit terms. Membership is limited to firefighters employed prior to March 1, 1970, when the LEOFF retirement system was established. The Plan is closed to new entrants. At December 31, 2020, pension membership consisted of the following:

Retirees after March 1, 1970, currently receiving full retirement benefits through LEOFF 1 and also receiving an adjustment from the Firefighters' Pension Plan	25
Retirees after March 1, 1970, receiving LEOFF 1 pensions exceeding the Firefighters' Pension Fund and, therefore, not qualifying for excess benefit payment from the Firefighters' Pension Plan	4
Active plan members	-
Total	<u><u>29</u></u>

Contributions. RCW 41.16.050 through 41.16.070 established the contribution rates. The state is required to contribute 25 percent of all monies received from taxes on fire insurance premiums and eligible active firefighters are required to contribute based on age. The city is required to contribute a tax of \$0.225 cents per \$1,000 of assessed value against all taxable property, unless a qualified actuary establishes that the whole or any part of said dollar rate is not necessary to maintain the actuarial soundness of the Plan. For the year ended December 31, 2020, the state contributed \$277 thousand and neither member nor employer made contributions to the Plan. As of the last actuarial study dated January 1, 2021, the actuary determined that current Plan assets and future contributions from state fire insurance taxes and interest earnings will be sufficient to pay all future Plan benefits.

Investments

Investment policy. Plan investments are invested with the city's funds, and therefore, follow city investment policy. The city's policy regarding the allocation of invested assets is established and may be amended by the Director of Finance and Asset Management, or their designee as authorized by City Council. The primary objective of the investment policy is to protect the city's principal sums and enable the city to generate a market rate of return from its investment activities while assuring adequate liquidity to meet its cash flow needs. All investment activities are in compliance with Washington State law. The following was the city's adopted asset allocation policy as of December 31, 2020:

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Debt Obligations	5 years	100%	100%
U.S. Agency Coupon Securities	5 years	100%	30%
U.S. Agency Discount Notes	1 year	100%	30%
Repurchase Agreements	30 days	50%	10%
Municipal Bonds	5 years	15%	5%
Certificates of Deposit	1 year	50%	10%
Interest Bearing Bank Deposits	1 year	50%	10%
Bankers Acceptances	6 months	15%	5%
Commercial Paper	90 days	15%	5%
State of Washington Local Governmental Investment Pool	N/A	100%	N/A

Concentrations. The Plan held the following investments in organizations that represent 5 percent or more of the Plan's fiduciary net position and are not issued by the US Government at December 31, 2020:

<u>Investment Type</u>	<u>% of Net Position</u>
State Pool	87%
Opus DD Account	7%

Rate of return. For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments was 0.6 percent. The money-weighted rate of return expresses investment performance adjusted for the changing amounts invested.

Net Pension Asset

The city’s net pension asset was measured as of January 1, 2021 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. An actuarial report was issued for the city by Northwest Plan Services, Inc.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.0%
Investment rate of return	3.5%

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, projected to 2019 using 50% of Projection Scale AA, with ages set back one year.

The actuarial assumptions used in the January 1, 2021 valuation were based on the 2001-2006 Experience Study for the Law Enforcement Officers’ and Fire Relief and Retirement System prepared by the Office of the State Actuary using the Entry Age Normal Cost Method and attributing liability as a level percentage of compensation.

Discount rate. The discount rate is the single rate that reflects (1) the long-term expected rate of return on pension plan investments that are expected to be used to finance payment of benefits, to the extent that the Plan’s fiduciary net position is expected to be invested using a strategy to achieve that return, and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met. Since the fiduciary net position is projected to be positive in all future years, the discount rate is equal to the investment earnings assumption of 3.5 percent.

Changes in the Net Pension Asset

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2019	\$ 3,882	\$ 7,013	\$ (3,131)
Changes for the year:			
Service cost	-	-	-
Interest	130	-	130
Differences between expected and actual experience	168	-	168
Contribution - employer	-	277	(277)
Contributions - employee	-	-	-
Net investment income	-	42	(42)
Benefit payments, including refunds of employee contributions	(313)	(313)	-
Administrative expenses	-	(7)	7
Other charges	-	-	-
Net changes	(15)	(1)	(14)
Balance at December 31, 2020	<u>\$ 3,867</u>	<u>\$ 7,012</u>	<u>\$ (3,145)</u>

Sensitivity of the net pension asset to changes in the discount rate. The following presents the net pension asset of the city, calculated using the discount rate of 3.5 percent, as well as what the city’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5 percent) or 1 percentage point higher (4.5 percent) than the current rate:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
City's net pension asset	\$ (2,835)	\$ (3,145)	\$ (3,416)

Pension Asset, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Firefighter’s Pension

For the year ended December 31, 2020, the city recognized a pension expense of \$14 thousand. There were no deferrals of resources as the actuarial report made the assumptions and valuations as of the end of the city’s fiscal year. For the year ended December 31, 2020, the city reported a receivable of \$3.1 million for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

Municipal Employees’ Benefit Trust

Plan Description

MEBT is a multiple-employer, defined-contribution pension plan. MEBT is an alternative to the federal Social Security system created by the City of Bellevue on October 1, 1972. The participating entities include Bellevue, Edmonds, Federal Way, Kirkland, Mill Creek, Redmond, Woodinville and NORCOM with a total of 4,732 participants (Bellevue has 1,952 MEBT 1 participants and 423 MEBT 2 participants).

MEBT is governed by a five-member leadership body that is appointed by the City of Bellevue’s City Manager. The plan provisions may be established and amended by a majority vote of the committee. The investments are management by the board and are held by the Broadridge Matrix Trust Company. Each city is responsible for created their own Plan Document for the specifics regarding participation, contributions, and disbursements.

Eligibility. To participate in MEBT, an employee must by hired into one of the following classifications: regular status employee of the City of Bellevue (as defined by Human Resources Code Section 3.79); city councilmember; or employee designated as eligible for MEBT. The eligible employees are currently defined as limited term, training, and transitional employees. Participation in MEBT 1 is voluntary and beings on the date of hire. Hourly employees, who do not participate in PERS, participate in MEBT 2. Participation in MEBT 2 is mandatory for these employees and begins on the date of hire.

Contributions. Regular employees who elect to participate in MEBT may contribute on a pre-tax and/or after-tax basis. The aggregate amount of basic contributions for any participant is limited to 100 percent of the Social Security tax rate (6.2 percent) on compensation up to the Social Security wage base plus 100 percent of the Medicare tax rate (1.45 percent).

Hourly employees who do not participate in PERS are required to make mandatory contributions equal to 100 percent of the Social Security tax rate, currently 6.2 percent of compensation.

Employees may elect to contribute additional compensation on a pre-tax and/or after-tax basis. Basic contributions plus salary deferral contributions plus extra contributions are limited only by federal rules.

The city contributes to the Bellevue Contribution Account each pay period 100 percent of the Social Security tax rate on all eligible employee compensation up to the Social Security wage base. The city contributes an additional 100 percent of the Medicare tax rate on all compensation for eligible employees who were hired prior to April 1, 1986.

As of the last day of each month, the employer contributions, net of forfeitures, administrative fees, and insurance premiums paid during the month are allocated to eligible employees participating in MEBT. The allocations are made in the same proportion as each participant’s basic pre-tax and after-tax contributions share to the total basic pre-tax and after-tax contributions.

The city incurred a total expense of \$8.6 million for MEBT for the year ending December 31, 2020. Employees may contribute up to federal deferral limits, annual addition limits, and any other tax rules that may apply. Actual employee contributions to the plan for 2020 were as follows, in thousands:

	MEBT 1	MEBT 2
Participants	\$ 10,888	\$ 60

Vesting. MEBT 1 participants become fully vested after three years. MEBT 2 participants are fully vested immediately. Employees are 100 percent vested in their own contributions to MEBT.

Meydenbauer Center Retirement Plan and Trust

Plan Description

The BCCA Meydenbauer Center Retirement Plan and Trust (Plan) is a defined contribution plan qualified for public employers under IRS Section 401(a). The Plan, approved by resolution of the BCCA Board of Directors, became effective July 1, 1995. Wells Fargo Bank serves as the Plan Administrator, Plan Trustee and Investment Manager. As of December 31, 2020, there were 36 active participants in the Plan. The Plan is established as a retirement plan and contains no provision for withdrawing money prior to the termination of employment. Upon termination of employment or retirement, employees receive the account balance of employee contributions and the vested portion of the employer account credited with investment earnings. In the event of employee death or disability, the employee account becomes immediately vested and the full value of the account may be paid out. The plan document defines disability according to specific Federal guidelines. Each regular employee having completed one year of employment and 1,000 hours of service is eligible to participate in the plan. Participation in the Plan is mandatory for all regular employees hired after May 1, 1995.

Contributions

The BCCA and employees each contribute 5 percent of compensation to the Plan. Additionally, each participant may contribute on his or her own behalf at least 1 percent but not more than 10 percent of his or her compensation on a post-tax basis. The BCCA's contributions to the Plan were based on percent of covered payroll. Actual contributions to the plan for 2020 were as follows, in thousands:

Participants	\$	120
Authority	\$	106

Note 8: Other Personnel Benefits

Plan Description

The City of Bellevue's LEOFF 1 Other Postemployment Benefits Plan (the Health Plan) is a single-employer, defined benefits healthcare plan administered by the city. In accordance with RCW 41.26, the city provides lifetime medical care for law enforcement officers and firefighters employed prior to October 1, 1977. Under this requirement, most coverage for eligible retirees is provided in one of the city's employee medical insurance programs. However, under authorization of the Disability Board, direct payment is also made for some retiree medical expenses not covered by standard benefit plan provisions. The retiree does not contribute towards the cost of medical care.

Benefits provided

The Health Plan provides medical benefits, prescription drugs, Medicare premiums, long-term care, and other medical expenses for LEOFF 1 retirees. Dependent spouses and children are not covered. The city does not require retiree contributions. All benefits are paid in full by the city. The Health Plan's actuary is Gabriel, Roeder, Smith, and Company. The Health Plan does not issue a separate standalone financial report.

Employees covered by benefit terms

At December 31, 2020, the following employees were covered by the benefits terms:

Inactive employees currently receiving benefit payments	113
Inactive employees entitled but not yet receiving benefit payments	-
Active employees	<u>1</u>
	<u>114</u>

This plan is closed to new entrants.

Total OPEB liability

The city’s total OPEB liability of \$29.7 million was measured as of December 31, 2020 and was determined by an actuarial valuation date of December 31, 2020.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumption and other inputs, applied to all periods included in the measurement unless otherwise specified:

Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.25%
Salary increases	3.0%
Discount rate	2.0%
Healthcare cost trend rate	5.5%

The discount rate was based on the Fidelity “20 Year Municipal GO AA index” as of December 30, 2020.

Mortality rates were based on RP-2014 generational table back project to the year 2006 and scaled using MP-18. The tables are applied on gender-specific basis.

The key demographic assumptions are based on the same demographic assumption used in the Washington LEOFF 1 defined benefit retirement plan.

Changes in the Total OPEB liability

	Total OPEB Liability
	(In thousands)
	<u>\$ 31,970</u>
Balance at January 1, 2020	
Changes for the year:	
Service costs	3
Interest costs	851
Changes of benefit terms	-
Differences between expected and actual experience	(1,414)
Change in assumption or other inputs	144
Contributions from employer	-
Net investment income	-
Benefit payments	(1,828)
Administration expenses	-
Net change in total OPEB liability	<u>(2,244)</u>
Total OPEB liability at December 31, 2020	<u>\$ 29,726</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.7 percent in 2019 to 2 percent in 2020.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the city, as well as what the city’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1 percent) or 1 percentage point higher (3 percent) than the current discount rate, in thousands:

1% Decrease (1%)	Discount Rate (2%)	1% Increase (3%)
\$ 32,881	\$ 29,726	\$ 27,033

Sensitivity of the total OPEB liability changes in the health care cost trend rates

The following present the total OPEB liability of the city, as well as what the city’s total OPEB liability would be if it were calculated using health cost trend rates that are 1 percentage point lower (4.5 percent) or 1 percentage point higher (6.5 percent) than the current health cost trend rate:

1% Decrease (4.5%)	Healthcare Cost Trend Rates (5.5%)	1% Increase (6.5%)
\$ 27,200	\$ 29,726	\$ 32,611

OPEB expenses and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB

For the year ended December 31, 2020, the city recognized an OPEB expense of \$2.2 million. At December 31, 2020, the city did not have any reportable deferred outflows of resources or deferred inflows of resources related to OPEB.

No amounts are to be reported as deferred inflows of resources and deferred inflows of resourced related to OPEB over time.

Note 9: Compensated Absences

The city's liability for accrued compensated absences is recorded in the schedule below, in thousands. The funds that incur a liability for compensated absences are responsible for liquidating them in future periods.

Governmental activities:	
General fund	\$ 12,470
Nonmajor governmental funds	663
Total governmental activities	<u>13,133</u>
Business-type activities:	
Storm & surface water utility	313
Water utility	531
Sewer utility	460
Total business-type activities	<u>1,304</u>
Internal service activities	<u>1,339</u>
Total compensated absences	<u>\$ 15,776</u>

Note 10: Risk Management

The City of Bellevue is exposed to financial loss resulting from city-caused damage to property or persons, bodily injuries or illness of employees, unemployment compensation benefits paid to former employees, and employee health care benefits. Except as described below, the city is self-insured for these loss exposures. Individual internal service funds are used to account for self-insurance activities. These include workers' compensation, unemployment compensation, general liability, and employee health care benefits. Premiums paid to these funds by other governmental funds are used to pay for administrative costs, claims, risk transfer and insurance, and risk margin factors to cover future unknown loss contingencies.

In accordance with GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", estimated liabilities are accrued in all self-insurance funds for the value of current outstanding claims and claims incurred but not reported (IBNR). Annual actuarial studies are performed for the Workers' Compensation Fund, General Self-Insurance Fund, and Health Benefits Fund to determine recommended funding levels for related risk areas. The city has not purchased annuity contracts for any of its outstanding claims.

At December 31, 2020, the city had available cash and equity in pooled investments in the self-insurance funds of \$11.5 million to provide against risk of catastrophic losses. The claims liability reported in the self-insurance funds is based on the requirements of GASB Statement No. 10. Prior to the issuance of the financial statements, the standard requires that a liability for claim be reported if it is probable that a liability has been incurred at the date of the financial statements and can be reasonably estimated. This estimated liability is not discounted to present value. In 2020, the city recorded a liability for litigation was probable and reasonably estimated of \$0.7 million.

Changes in the Internal Service Funds' claims liability amount from fiscal year ended December 31, 2019 to December 31, 2020, in thousands:

	Workers' Compensation	Unemployment Compensation	General Self-Insurance	Health Benefits
December 31, 2019:				
Unpaid claims, beginning of fiscal year	\$ 2,744	\$ 37	\$ 2,570	\$ 1,471
Incurred claims (including IBNR)	1,605	136	478	18,117
Claim payments	<u>(1,640)</u>	<u>(154)</u>	<u>(1,061)</u>	<u>(18,170)</u>
Unpaid claims, December 31, 2019	<u>\$ 2,709</u>	<u>\$ 19</u>	<u>\$ 1,987</u>	<u>\$ 1,418</u>
December 31, 2020:				
Unpaid claims, beginning of fiscal year	\$ 2,709	\$ 19	\$ 1,987	\$ 1,418
Incurred claims (including IBNR)	1,989	361	3,453	19,251
Claim payments	<u>(1,894)</u>	<u>(278)</u>	<u>(1,551)</u>	<u>(19,207)</u>
Unpaid claims, December 31, 2020	<u>\$ 2,804</u>	<u>\$ 102</u>	<u>\$ 3,889</u>	<u>\$ 1,462</u>
Due within one year	\$ 1,606	\$ 102	\$ 1,662	\$ 1,462
Due in more than one year	\$ 1,198	\$ -	\$ 2,227	\$ -

City of Bellevue, Washington

Under the city's self-insurance program, the following commercial insurance policies are purchased to protect the city from claims which exceed anticipated funding levels. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

<u>Policy Type</u>	<u>Deductible</u>	<u>Coverage</u>	<u>Description</u>
Excess Workers' Compensation Employer's Liability - All Employees	\$ 750,000	\$ 2,000,000	Protects the city from unanticipated levels of workers' compensation claims.
Boiler & Machinery	100,000	475,000,000	(A) Protects the city from loss due to damage to buildings, and contents from boilers and machinery.
Real & Personal Property	10,000	475,000,000	(A) Protects the city from loss by fire and other extended coverages.
Earth Movement	100,000 or 3% of value	25,000,000	(A) Protects the city from loss by earth movement.
Flood	100,000	40,000,000	(A) Protects the city from loss by flood.
Medical Stop Loss	300,000	Unlimited	(B) Stop-loss coverage protects the city from excessive individual claims.
Excess Liability Coverage	2,000,000	30,000	(A) Protects the city from excessive individual liability losses.
Fiduciary Liability	15,000	7,000,000	Protects the city's retirement plans from wrong doing by board members.
Fine Arts	None	1,320,000	Protects the city from loss due to damage to its art work.
Crime & Fidelity, Employee Theft, Forgery or Alteration, Funds Transfer Fraud	10,000	1,000,000	(A) Protects the city from loss due to employee dishonesty and other extended coverages.
Privacy & Network Liability	50,000	5,000,000	Protects the city from loss due to a data breach and other extended coverages.
Garage Keepers Liability	1,000	1,000,000	(A) Protects the city from loss due to its non-city owned vehicle repair operations.
Storage Tank Liability	10,000	4,000,000	Protects the city from loss due to any third party liability claims resulting from underground storage tank incidents.
Terrorism or Sabotage	25,000	200,000,000	Protects the city from loss due to an act of terrorism or sabotage.
Auto & Equipment Physical Damage	25,000	10,000,000	(A) Protects the city from loss due to damage to vehicles and equipment.
International Advantage	None	4,000,000	Protects all city employees while traveling abroad on
Active Shooter	2,750	1,000,000	Protects the City from loss due to an active shooter event.
			(A) per occurrence
			(B) per individual

Discretely Presented Component Unit

BCCA utilizes Parker, Smith and Feek, Inc. for marketing and placement of its commercial policies. BCCA maintains insurance against most common hazards, including damage to the building, theft, natural disasters, and illness or injuries to clients, guests, and employees.

Note 11: Leases and Other Contractual Commitments

Operating Leases

Terranomics Crossroads Associates

Effective November 10, 1994, the city entered into a one-year non-cancelable lease agreement with Terranomics Crossroads Associates to provide a Mini City Hall in the Crossroads area. Since 1994, the lease has been extended via mutual agreement between both parties. The current lease extension ends November 30, 2023. Total lease payments for 2020 were \$16 thousand. Future minimum lease payments to Terranomics Crossroads Associates are \$50 thousand for January 1, 2021 to November 30, 2023.

Effective September 25, 2000, the city entered into a five-year non-cancelable lease agreement with Terranomics Crossroads Associates to provide a community police substation in the Crossroads area. Since 2000, the lease has been extended via mutual agreement between both parties. The lease extension ended September 2020 and the city is now paying month to month. Total lease payments for 2020 were \$18 thousand.

Factoria Square Police Substation

Effective August 1, 2016, the city entered into a five-year lease agreement with Kimschott Factoria Mall, LLC to provide space designated for a police substation within Factoria Mall. The current lease ends July 31, 2021. Total lease payments for 2020 were \$16 thousand. Future minimum lease payments to Kimschott Factoria Mall, LLC are \$9 thousand for January 1, 2021 to July 31, 2021.

Delta Business Park

Effective January 1, 2005, the city entered into a five-year lease agreement with Delta Business Park for a storage facility for use by the Bellevue Police Department. Since 2005, the lease has been extended via mutual agreement between both parties. The current lease ends June 30, 2021. Total lease payments for 2020 were \$12 thousand. Future minimum lease payments to Delta Business Park are \$13 thousand for January 1, 2021 to June 30, 2021.

Effective July 1, 2016, the city entered into another five-year lease agreement with Delta Business Park for a building to store vehicles and equipment for the Bellevue Police Department. The current lease ends June 30, 2021. Total lease payments for 2020 were \$26 thousand. Future minimum lease payments to Delta Business Park are \$13 thousand for January 1, 2021 to June 30, 2021.

VirTra, Inc.

Effective May 1, 2019, the city entered an 18-month lease with VirTra, Inc. for rental of simulated firearm equipment, ending November 15, 2020. In 2020, the lease has been extended via mutual agreement between both parties for three years. The current lease ends November 14, 2023. Total lease payments for 2020 were \$62 thousand. Future minimum lease payments to VirTra are \$0.1 million for November 15, 2021 to November 15, 2022.

Regency Bellefield Holdings, LLC

Effective July 1, 2014, the city an 11-year lease agreement with Regency Bellefield Holdings, LLC for District Court office space. The current lease ends on June 30, 2025. There are three options for extensions in 5-year increments for a total of 15 additional years. Payments began on July 1, 2016. Total lease payments for 2020 were \$1.0 million.

Minimum future rental payments are summarized as follows, in thousands:

2021	\$	687
2022		707
2023		729
2024		751
Thereafter		380
Total future minimum lease payments	\$	<u>3,254</u>

North East King County Regional Public Safety Communications Agency (NORCOM)

Effective July 1, 2009, the city entered into a seven-year non-cancelable lease agreement with NORCOM to lease office space on the seventh floor of Bellevue City Hall during which time it will operate its public safety communications

services. The lease automatically renewed on July 1, 2016 for an additional seven years ending on June 30, 2023, with another automatic seven-year renewal. Total lease receipts for 2020 were \$542 thousand.

The office space leased by NORCOM have a cost of \$4.6 million with accumulated depreciation of \$1.4 million and a carrying value of \$3.1 million.

Construction/Other Contractual Commitments

The city's outstanding contractual commitments by fund type as of December 31, 2020 are summarized below, in thousands:

General Fund	\$	414,232
General CIP		92,584
Nonmajor governmental funds		15,722
Total governmental activities		<u>522,538</u>
Business-type activities:		
Storm & surface water utility		48,987
Water utility		231
Sewer utility		71,690
Nonmajor business-type funds		20,605
Total business-type activities		<u>141,513</u>
Total outstanding contractual commitments	\$	<u><u>664,051</u></u>

Note 12: Interfund Receivables, Payables, and Transfers

Interfund balances as of December 31, 2020 were as follows, in thousands:

DUE TO/FROM OTHER FUNDS	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General Fund	\$ -	\$ 61
Proprietary funds:		
Storm Drainage Utility	-	2
Water Utility	-	5
Sewer Utility	-	3
Internal Service Funds	71	-
Total due other funds	<u>\$ 71</u>	<u>\$ 71</u>

The receivable and payable balances between city funds consist of fuel services provided by internal service funds.

Interfund transfers as of December 31, 2020 were as follows, in thousands:

INTERFUND TRANSFERS	In	Out
Governmental funds:		
General Fund	\$ 6,248	\$ 8,108
I&D Redemption Regular Levy	21,447	-
General Capital Investment Program	823	19,398
Nonmajor governmental funds	1,422	2,168
Proprietary funds:		
Internal Service Funds	620	486
Nonmajor proprietary funds	-	400
Total Transfers	\$ 30,560	\$ 30,560

The city incurs transfers for subsidies, indirect overhead, capital improvements, capital purchases, and debt service.

Note 13: Long-Term Debt

The various categories of long-term debt reflected on the city's financial statements are briefly described in the following paragraphs.

Long-Term Debt

General obligation bonds are backed by the city's full faith and credit. Proceeds are typically used for the acquisition or construction of major capital facilities, or to refund debt previously issued for those purposes. Councilmanic Bonds are general obligation bonds issued by the City Council without voter approval. Under Washington State law, repayment of these bonds must be paid from general city revenues. General obligation bonds approved by the voters are typically repaid through an annual voted property tax levy authorized for this purpose. Predominantly, general obligation bonds of the city have been issued for general governmental activity purposes.

The general obligation bond issues are recorded under governmental activities in the statement of net position. These bonds are subject to federal arbitrage rules.

On April 30, 2013, the city issued \$70.4 million in limited tax general obligation (LTGO) bonds with an average interest rate of 4.3 percent to finance, reimburse, or refinance a portion of the city's Capital Investment Program. Maturity dates range from 2032 through 2037.

On April 28, 2015, the city issued \$97.9 million in LTGO bonds with an average interest rate of 4.4 percent to finance, reimburse, or refinance a portion of the city's capital investment program, acquire certain real property, finance improvements to Meydenbauer Center, and refund a portion of the city's outstanding LTGO bonds to obtain the benefit of debt service savings. Maturity dates range from 2026 through 2034.

On June 9, 2017, the city entered a Transportation Infrastructure Finance and Innovation Act (TIFIA) limited tax general obligation bond with a principal amount of \$99.6 million and up to \$20.4 million in capitalized interest. At a closing interest rate of 2.9 percent, the closing terms provided the city with a full deferral to pay debt service until 2024, two years post project substantial completion. Interest that accrues prior to the first debt service payment will be capitalized. In addition, the terms allow for a phased disbursement, with no change in interest rate. The city will draw loan disbursement in conjunction with spending. The bond will mature in either December 2056 or 35 years post substantial completion, whichever is earlier. This bond will aid the construction of additional mobility projects to support projected growth in the BelRed, downtown, and Wilburton areas

The city has pledged 100 percent of future transient occupancy tax (also called hotel/motel tax) revenue to repay bonds issued by the city and by BCCA for the building, expansion, and capital improvements related to Meydenbauer Center. The repayments from hotel/motel tax included \$13.7 million in special obligation revenue bonds issued by BCCA in 1994 and \$14.7 million in limited tax general obligation bonds issued by BCCA in 1995 and 2010 (to refund 2002 bonds), and \$7.6 million issued by the city in 2015. The bonds were payable solely from the hotel/motel tax revenue through 2034 or when all debt payments would have been made, whichever would have been earlier. Any remaining hotel/motel tax revenue after satisfying debt service payments was to be remitted to BCCA to fund operations.

The total principal and interest remaining to be paid on hotel/motel tax related bonds is \$65.4 million. Principal and interest paid for the current year and total pledged revenue were \$5.4 million and \$3.1 million, respectively.

Refunded Debt

On September 28, 2010, the city issued \$12.9 million in LTGO refunding bonds with an average interest rate of 3.62 percent to advance refund. This debt was made up for \$3.4 million of 1998 LTGO Marina bonds with an average interest rate of 4.57 percent that has been paid off and \$9.6 million of outstanding 2002 LTGO Meydenbauer Center bonds with an average interest rate of 5.21 percent.

The net proceeds of \$13.2 million were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 and 2002 LTGO bonds. As a result, the 1998 and the 2002 LTGO bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

On April 17, 2012, the city issued \$55.9 million in LTGO refunding bonds with an average interest rate of 4.67 percent to advance refund a portion, \$55.3 million, of the total outstanding \$100.2 million 2004 LTGO Bonds (New City Building) with an average interest rate of 5.35 percent.

The net proceeds of \$63.2 million, after payment of \$0.3 million in underwriting fees and other debt issuance costs, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded portion of the 2004 LTGO Bonds. As a result, the advance refunded portion of the 2004 LTGO Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The city advance refunded a portion, \$55.3 million, of the 2004 LTGO Bonds to reduce its total combined debt service payments over the next 28 years by \$5.9 million and to obtain an economic gain of \$3.8 million. The advance refunding also resulted in a difference between the net reacquisition price and the net carrying amount of the old debt of \$6.8 million. This amount, reported in the statement of net position as a deferred outflow of resources, is being charged to operations through the year 2039 using the effective interest method.

On July 18, 2012, the city issued \$43.2 million in LTGO refunding bonds, (2012B) with an average interest rate of 4.33 percent to advance refund the remaining callable portion, \$40.8 million, of the total outstanding \$44.9 million 2004 LTGO Bonds with an average interest rate of 5.08 percent.

The net proceeds of \$45.5 million, after payment of \$174 thousand in underwriting fees and other debt issuance costs, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the remaining advance refunded portion of the 2004 LTGO Bonds. As a result, the remaining callable portion of the 2004 LTGO Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The city advance refunded the remaining callable portion of the 2004 LTGO bonds to reduce its total combined debt service payments over the next 32 years by \$3.7 million and to obtain an economic gain of \$2.2 million. The advance refunding also resulted in a difference between the net reacquisition price and the net carrying amount of the old debt of \$4.5 million. This amount, reported in the statement of net position as a deferred outflow of resources, is being charged to operations through the year 2043 using the effective interest method.

On April 28, 2015, part of the \$97.9 million LTGO bond issuance was refunding bond. The city issued \$11.2 million in LTGO refunding bonds, with an average interest rate of 4.40 percent, to advance refund a portion of: 2006 LTGO debt, \$3.3 million, of the total debt outstanding \$4.2 million with an average interest rate of 4.62 percent and 2008 LTGO debt, \$7.9 million, of the total debt outstanding \$10.3 million with an average interest rate of 4.32 percent.

The net proceeds of \$13.1 million, after payment of \$40 thousand in underwriting fees and other debt issuance costs, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded portion of the 2006 and 2008 LTGO bonds. The refunded portion of the 2006 and 2008 bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The city advance refunded a portion of the 2006 and 2008 LTGO bonds to reduce its total combined debt service payments over the next 10 years by \$0.9 million and to obtain an economic gain of \$0.8 million. The advance refunding resulted in a difference between the net reacquisition price and the net carrying amount of the old debt of \$1.1 million. This amount, reported in the statement of net position as a deferred outflow of resources, is being charged to operations through the year 2027 using the effective interest method.

On December 17, 2020, the city issued, \$10.9 million in LTGO refunding bonds, with an average interest rate of 4.0 percent, to advance refund \$7.0 million outstanding balance of 2010 LTGO Refunding Series 2002 (Meydenbauer Center) and the total outstanding \$6.2 million of the 2010 LTGO bonds to reduce its total combined debt service payments by \$2.6 million over the next 12 years and to obtain an economic gain of \$0.1 million.

The net proceeds of \$13.3 million, after payment of \$0.1 million in underwriting fees and other debt issuance costs, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded portion of the 2010 LTGO bonds. This refunding resulted in a difference between the net reacquisition price and the net carrying amount of the old debt of \$0.3 million. This amount, reported in the statement of net position as a deferred outflow of resources, is being charged to operations through the year 2032 using the effective interest method. The refunded portion of the 2010 bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The city took full ownership of the BCCA issued bonds and recorded the bond liability on its balance sheet and removed further debt obligations from the BCCA. The BCCA contributed funds from their Trustee accounts for the 1994 bonds and their debt service fund to accomplish the debt refinancing. The city will retain the hotel/motel tax revenue to cover the related debt up to the point that the annual bond payments related to the BCCA are fully paid and then the city will transfer the excess funds to the BCCA to cover operations, destination marketing, and capital

Other Long-Term Liabilities

Other long-term debt incurred by the enterprise and governmental funds includes State Department of Community Development Public Works Trust Fund loans, which were made to finance designated capital project construction costs.

City of Bellevue, Washington

LONG- TERM DEBT GOVERNMENTAL ACTIVITIES

For the Year Ended December 31, 2020

(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/20	Debt Issued	Debt Redeemed	Debt Outstanding 12/31/20
General Obligation Bonds-Councilmanic:									
1995 Limited G.O.	5.15-5.80%	Hotel/ Motel Tax	12/27/95	12/01/25	\$ 5,139	\$ 956	\$ -	\$ 183	\$ 773
2010 Limited Tax G.O.	2.00-5.00%	General CIP	10/14/10	12/01/30	11,825	7,565	-	7,565	-
2010 Limited Tax G.O. Refunding Series 2002	2.00-4.00%	Hotel/ Motel Tax	09/28/10	12/01/32	9,595	6,575	-	6,575	-
2012 Limited G.O. Refunding Series 2012	2.00-5.00%	General CIP	04/17/12	12/01/39	55,875	47,035	-	1,930	45,105
2012 Limited G.O. Refunding Series 2012B	2.00-5.00%	General CIP	07/18/12	12/01/43	43,185	42,775	-	65	42,710
2013 Limited Tax G.O. Sound Transit Portion	2.00-5.00%	General CIP	04/30/13	12/01/32	62,605	47,460	-	2,715	44,745
2013 Limited G.O. Local Revitalization	2.00-5.00%	Debt Service	04/30/13	12/01/37	7,800	6,300	-	235	6,065
2015 Limited G.O. Refunding Series 2006	3.00-5.00%	General CIP	04/28/15	12/01/26	3,295	2,470	-	300	2,170
2015 Limited G.O. Refunding Series 2008	3.00-5.00%	General CIP	04/28/15	12/01/27	7,855	6,570	-	695	5,875
2015 Limited G.O. Metro & CIP	3.00-5.00%	General CIP	04/28/15	12/01/34	79,140	69,160	-	3,350	65,810
2015 Limited G.O. BCCA	3.00-5.00%	Hotel/ Motel Tax	04/28/15	12/01/34	7,645	6,675	-	325	6,350
Transportation Infrastructure Finance and Innovation Act	2.86%	General CIP	06/09/17	12/01/56	99,600	7,041	11,970	-	19,011
2020 A Limited Tax G.O. Refunding Series 2010	4.00%	Debt Service	12/17/20	12/01/32	10,915	-	10,915	-	10,915
2020 B Limited Tax G.O. Taxable BCCA Refunding Series 2010	0.3-1.7%	Debt Service	12/17/20	12/01/32	42,730	-	42,370	-	42,370
Other Long- Term Debt:									
Public Works Trust Fund Loan #06-962	0.50%	General CIP	02/01/07	02/01/28	750	279	-	40	239
Total					\$ 447,954	\$ 250,861	\$ 65,255	\$ 23,978	\$ 292,138

City of Bellevue, Washington

At December 31, 2020, the city's annual debt service requirements for general obligation and other debt were:

ANNUAL DEBT SERVICE REQUIREMENT TO MATURITY
(in thousands)

Year	General Obligation Bonds		Governmental Activities Other Debt		Total Annual Requirements
	Principal	Interest	Principal	Interest	
2021	\$ 10,758	\$ 11,042	\$ 40	\$ 1	\$ 21,841
2022	12,718	10,569	40	1	23,328
2023	14,515	10,030	40	1	24,586
2024	16,721	10,020	40	1	26,782
2025	18,858	9,373	79	1	28,311
2026-2030	102,658	33,945	-	-	136,603
2031-2035	58,604	17,772	-	-	76,376
2036-2040	28,253	8,770	-	-	37,023
2041-2045	21,104	2,985	-	-	24,089
2046-2050	3,712	1,043	-	-	4,755
2051-2055	4,278	477	-	-	4,755
2056	931	20	-	-	951
Total	\$ 293,110	\$116,046	\$ 239	\$ 5	\$ 409,400

City of Bellevue, Washington

LONG-TERM DEBT – DISCRETELY PRESENTED COMPONENT UNIT
BELLEVUE CONVENTION CENTER AUTHORITY
 For the Year Ended December 31, 2020
 (in thousands)

Description	Interest Rate	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/20	Debt Issued	Debt Redeemed	Debt Outstanding 12/31/20
1994 Refunding	6.25-7.50%	11/05/93	12/05/25	\$ 13,749	\$ 6,534	\$ -	\$ 6,534	\$ -
Total Revenue Bonds				\$ 13,749	\$ 6,534	\$ -	\$ 6,534	\$ -

The Bellevue Convention Center Authority's revenue bonds are secured by hotel/motel tax and other revenues of the city available without a vote of the city's electors.

CHANGES IN LONG-TERM LIABILITIES
(in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 250,582	\$ 65,256	\$ (23,938)	291,900	\$ 10,758
Add: for issuance premium	23,851	2,368	(2,176)	24,043	-
Compensated absences	12,980	10,557	(9,065)	14,472	4,342
Estimated claims payable	6,133	25,704	(22,930)	8,907	5,482
Net pension liability	31,248	31,489	(31,248)	31,489	-
Other post employment benefits	31,970	-	(2,244)	29,726	-
Asset Retirement Obligation	7,937	20	-	7,957	-
Other long-term debt	279	-	(40)	239	40
Total	\$ 364,980	\$ 135,394	\$ (91,641)	\$ 408,734	\$ 20,622
Business-type Activities:					
Compensated absences	\$ 1,085	\$ 1,095	\$ (876)	\$ 1,304	\$ 391
Net pension liability	1,343	1,680	(1,343)	1,680	-
Total	\$ 2,428	\$ 2,775	\$ (2,219)	\$ 2,984	\$ 391
Bellevue Convention Center Authority:					
Revenue bonds	\$ 6,534	\$ -	\$ (6,534)	\$ -	\$ -
Compensated absences	173	122	(247)	49	5
Accrued interest on revenue bonds	35,033	2,982	(38,015)	-	-
Deposits payable	989	1,699	(1,735)	953	773
Total	\$ 42,729	\$ 4,803	\$ (46,531)	\$ 1,002	\$ 778

Compensated absences are liquidated in the General Fund, Solid Waste Fund, and Park Enterprise Fund. Estimated claims expenses are liquidated in internal service funds. Other post-employment benefits are liquidated in the LEOFF I Medical Reserve Fund. The pension liabilities for PERS 1 and PERS 2/3 are liquidated by the general government, internal service funds, and business type funds, based on the contribution allocation.

Note 14: Related Party Transactions

The city acts as a conduit for hotel/motel taxes, which are collected by the city and transmitted to the BCCA for debt service. A total of \$5.9 million was remitted for the year ended December 31, 2020.

Note 15: Contingencies and Litigation

As of December 31, 2020, there were various claims for damages and lawsuits pending against the city. In the opinion of the City Attorney, the potential liability arising from all actions currently pending cannot be estimated at this time, and therefore, no current or long-term liability has been recorded.

Note 16: Joint Ventures

Eastside Public Safety Communications Agency (EPSCA)

The city is a participant (Principal) with the cities of Redmond, Kirkland, Mercer Island, and Issaquah in a joint venture to operate a public safety radio communication system. The Eastside Public Safety Communications Agency (EPSCA), a not-for-profit corporation, was created to provide system management services. The EPSCA is governed by an Executive Board composed of one representative from each Principal.

A Principal may withdraw its membership and terminate its participation by providing written notice and serving that notice on the EPSCA Executive Board on or before December 31 in any year. After providing appropriate notice, that Principal's membership withdrawal will be effective on the last day of the calendar year.

Upon dissolution of the corporation, the net position of the EPSCA will be shared proportionally by participating agencies at the time of dissolution. The Principals are each obligated by interlocal agreement to remit costs related to the public safety radio communication system based upon the number of radios each participating agency has contracted for in order to supplement the EPSCA's operating revenues. The city paid \$0.2 million in services fees in 2020.

Complete financial statements for the EPSCA can be obtained from EPSCA, MS PSEPS, c/o Scott Hatfield PO Box 97010, Redmond, WA 98073-9710.

Cascade Water Alliance

The city is a participant (Member) in a joint venture to operate a water supply system with the following entities: Issaquah, Kirkland, Redmond, Tukwila, Sammamish Plateau Water and Sewer District, and Skyway Water and Sewer District. Cascade Water Alliance (Alliance). This is a joint municipal utility service corporation created to provide water supply to meet current and future needs in a cost-effective and environmentally responsible manner. The Alliance is governed by a Board of Directors consisting of one individual representative from each Member, appointed by resolution of the Member's legislative authority.

A Member may withdraw from the Alliance with a resolution of its legislative authority expressing such intent. The Board will then determine the withdrawing Member's obligations to the Alliance, as well as the withdrawing Member's allocable share of the Alliance's existing obligations. The Member's withdrawal shall be effective upon payment of obligations and shall have no right to, or interest, in any water supply assets owned by the Alliance.

Upon dissolution of the corporation, the net position of the Alliance will be shared by current Members at the time of dissolution based on demand shares. The Members are each obligated by interlocal agreement to remit costs related to the Alliance based on the number of Cascade Equivalent Residential Units served by its water system, regardless of water usage or capacity, to defray part of the Alliance's administrative costs. In addition, to allocate growth costs to those Members that require capacity increases, each Member shall pay a Regional Capital Facilities Charge (RCFC) determined by the Board. The city paid \$1.3 million in annual dues and \$2.3 million in RCFC in 2020.

Complete financial statements for the Alliance can be obtained from Cascade Water Alliance, c/o Chris Paulucci, Manager of Finance and Administration, 520 112th Ave NE Suite 400, Bellevue, WA 98004.

A Regional Coalition for Housing (ARCH)

The city is a participant (Party) in a joint venture with the cities of Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Kirkland, Medina, Mercer Island, Newcastle, Redmond, Sammamish, Woodinville and Yarrow Point called A Regional Coalition for Housing (ARCH). ARCH was created by an interlocal agreement to cooperatively formulate affordable housing goals and policies. ARCH fosters efforts to provide affordable housing on the Eastside by combining public funding with private-sector resources.

ARCH is governed by an Executive Board composed of the chief executive officer from each Party. The Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by a program manager, an administrative staff, and a Citizen Advisory Board. The City of Bellevue serves as the administering agency for ARCH for the purposes of recording financial data and issuing contracts on behalf of the Parties.

Each Party provides annual funding for ARCH operations and contributes to a reserve held in the city's ARCH Housing Trust Fund for affordable housing development projects. The Parties' operating contribution is determined by the ARCH annual budget, which is approved by the Executive Board. The Executive Board identifies and prioritizes housing development projects to be funded by grants and loans from the ARCH Housing Trust Fund, as well as from Community Development Block Grants.

Parties may withdraw from the ARCH agreement by providing one year's written notice. Parties remain legally and financially responsible for any obligation incurred while a Party to the ARCH agreement. Upon dissolution, all property and assets are to be distributed among the Parties based on each Party's pro rata contribution to the overall budget at the time the agreement is terminated.

In 2020, the city contributed \$0.3 million for ARCH operations, and \$1.6 million to fund affordable housing projects.

Budget monitoring information can be obtained from ARCH, c/o Lindsay Masters, 16307 NE 83rd St. Suite 201, Redmond, WA 98052

eCityGov Alliance

The city is a participant (Principle Partner) with the cities of Issaquah, Kenmore, Kirkland, Sammamish and Snoqualmie in a joint venture called eCityGov Alliance (eCityGov). eCityGov was created to develop, own, operate, manage, and maintain online public service programs and services. Prior to 2014, eCityGov was a joint operation under an interlocal agreement. As of March 1, 2014, eCityGov formed a legally separate nonprofit corporation. It remains a custodial fund of the city. eCityGov is governed by an Executive Board composed of the Chief Executive Officer, Chief Administrative Officer, or designee of each Principle Partner.

A Principle Partner may withdraw by written notice to the Executive Board. Any portion of annual fees for the current calendar year shall be forfeited upon such withdrawal. The withdrawing Principle Partner also forfeits the Principle Partner proportionate interest, including but not limited to: ownership rights to hardware, software intellectual property owned by eCityGov, and any future revenues associated with eCityGov products and services.

Upon dissolution of the corporation, all property acquired shall be disposed of as follows: (1) property contributed without charge by any member shall revert to the contributor or in the event the contributor had previously resigned, the Executive Board shall determine the disposition of the contributed asset(s); (2) all other real and personal property purchased after the effective date of the interlocal agreement shall be distributed to the Principle Partner based upon proportional ownership interest at the time of the sale of the property; (3) ownership of intellectual property, including but not limited to, copyrighted and trademarked materials, software code, web designs and templates, web content, data and interfaces shall be transferred fully and equally to each Principle Partner; and (4) Principle Partner owned data shall be returned to the owner.

The city paid \$0.3 million in annual fees in 2020. The city reports the activity of eCityGov in the city's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

City of Bellevue, Washington

All Principle Partners, Subscribers, and Basic Members remit annual fees. Expenditures in 2020 were \$1.8 million, revenues were \$1.6 million. The Principle Partners each have a proportional ownership interest in property based on the city’s population as a percentage of total population of all Principle Partner cities. The Principle Partners proportionally share in obligations and benefits, financial or otherwise, from such ownership interest. Principle Partner fees and voting are based on relative population, equity balances are as follows, with dollars in thousands:

	Population *	Percentage	Equity
Bellevue	148,100	39.01%	\$ 474
Kirkland	90,660	23.88%	290
Sammamish	65,100	17.15%	208
Issaquah	38,690	10.19%	124
Kenmore	23,450	6.18%	75
Snoqualmie	13,680	3.60%	44
Total	379,680	100.00%	\$ 1,215

*2020 Population figures were provided by the State of Washington Office of Financial Management which were used to update population and cost allocation for Principle Partner.

Complete financial statements for eCityGov Alliance can be obtained from Chelo Picardal, City of Bellevue, Information Technology Department, P.O. Box 90012, Bellevue, WA 98009-9012.

North East King County Regional Public Safety Communications Agency (NORCOM)

The city is a participant in a joint venture with Bothell, Clyde Hill, Kirkland, Medina, Mercer Island, Normandy Park, Snoqualmie, Eastside Fire and Rescue, King County Fire Protection District 27, King County Fire Protection District 45, King and Kittitas County Fire Protection District 51, Northshore Fire Department, Shoreline Fire Department, and Woodinville Fire and Life Safety District (“Principal agencies”). The Principal agencies operate the North East King County Regional Public Safety Communications Agency (NORCOM), a consolidated emergency service communications center. NORCOM, a nonprofit corporation, was created to provide highly efficient emergency service communications and all related incidental functions for communicating and dispatching services between the public and the Principal agencies. NORCOM is governed by an executive board composed of one representative from each Principal agency.

A Principal agent may withdraw its membership and terminate its participation by proving written notice and serving that notice to the NORCOM Governing Board on or before December 31 in any year. After providing appropriate notice, that Principal agent’s membership withdrawal shall become effective on the last day of the calendar year, following delivery and service of appropriate notice to all other Principals.

Upon dissolution of the corporation, the net position of NORCOM will be shared by the Principals at the time of dissolution based on the average of the prior five years of user fees contributed. The Principal agencies are each obligated by interlocal agreement to remit costs related to NORCOM based upon the number of service calls for fire and police operations to supplement NORCOM’s operating revenues.

The city paid \$4.7 million in user fees in 2020.

Complete financial statements for NORCOM can be obtained from NORCOM, c/o Marianne Ryerson, PO Box 50911, Bellevue, WA 98015-0911.

Community Connectivity Consortium

The city is a participant (Member) in a joint venture with Kirkland, Federal Way, Renton, Seattle, Algona, Auburn, Kent, Pacific, Puyallup, Tukwila, Lake Washington School District, University of Washington, Bellevue College, Bellevue School District, King County Public Hospital District No. 2 (Evergreen Healthcare and Valley Communications Center) to operate a regional communications network. The Community Connectivity Consortium (the Consortium), a public corporation, was created to provide low-cost, stable, robust, and efficient connectivity services to members and their communities. The Consortium is governed by the Consortium Board comprised of representatives appointed by member agencies, initially made up of four core and five at-large seats. The Consortium may change the composition and number of board positions, including the number of core members and at-large members, as the needs of the Consortium may dictate.

Upon dissolution of the corporation, assets of the Consortium shall be distributed by the Consortium Board to Members after paying or making provisions for the payment of all debts, obligations, liabilities, costs, and expenses. The distribution of the Consortium will be based on the following: (1) non-cash assets contributed without charge by a Consortium member shall revert to the contributor. If the contributor is no longer a member, the asset shall be treated as if it were acquired with Consortium funds. (2) The Consortium Board shall conduct a valuation of all remaining assets. Assets acquired with Consortium funds shall be sold by the Consortium Board, if appropriate, and the money or asset value distributed to those members still participating in the Consortium on the day prior to the termination date. The distribution shall be apportioned by taking the percentage that a member has contributed to the total Consortium budget over the existence of the agreement and applying that percentage to the remainder of the assets.

The city reports the activity of the Consortium in the city's Statement of Fiduciary Net Position and Statement of Changes in Assets and Liabilities. For the year ended December 31, 2020, total assets and liabilities decreased to \$47 thousand. Ending balances for total assets and total liabilities are \$0.3 million.

The city paid \$11 thousand in user fees in 2020.

Compiled financial statements for the Consortium can be obtained from Chelo Picardal, City of Bellevue, Information Technology Department, P.O. Box 90012, Bellevue, WA 98009-9012.

Note 17: Governmental Fund Balances

Fund balances, with the implementation of GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", are segregated under the following categories and presented on the face of the financial statements in the aggregate.

Nonspendable

This fund balance category includes amounts not available to be spent because they are not in spendable form or are legally required to be maintained intact. The city has a nonspendable fund balance for prepayment.

Restricted

Fund balance constrained externally, such as those resulting from federal and state legislation, grant awards, bond covenants, and inter-local service agreements.

Committed

Fund balance constrained by city code, ordinance or resolution as adopted by City Council, requires similar action to remove the constraint.

Assigned

Fund balances that are constrained by the government's intent to be used for a specific purpose but are not restricted or committed are considered assigned. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, or debt services, the government has assigned those amounts to the purpose of the respective fund. Assignments are adopted by City Council through a budget ordinance.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. The city only reports unassigned fund balance in the General Fund.

Fund Balance Policy

Annually, the city will target 15 percent of General Fund revenues as a General Fund ending fund balance. This balance is to protect the city's essential programs during periods of economic downturn, which may temporarily reduce actual resources or cut the growth rate of city resources below that necessary to maintain pre-existing service levels. Additionally, the ending fund balance, commonly known as a reserve, can be used in the event of a natural catastrophe, counter cyclical basic revenue growth (property, sales, and business and occupation taxes combined) below 5 percent for the biennium, or because of unfunded federal or state mandates.

Fund balance reserves in the LEOFF I Medical Reserve Fund are maintained at an amount decided by City Council based on the most current actuarial study with reserves set aside to account for each contracting city's contribution separately.

The Park Maintenance and Operations Reserve Fund reserve balances, which consist of proceeds from the 1988 property tax lid lift, are restricted for payment of maintenance and operating costs of specified city park facilities and may only be expended with City Council authorization.

All other governmental funds ending fund balances are determined by City Council and adopted with the budget ordinance.

City of Bellevue, Washington

The following schedule presents governmental fund balances in accordance with the purposes for which those balances are constrained for the year ending December 31, 2020, in thousands:

	I&D		General CIP	Other	Total
	General Fund	Redemption Regular Levy		Governmental Funds	Governmental Funds
Fund balance					
Nonspendable for:					
Prepays	\$ 644	\$ -	\$ -	\$ -	\$ 644
Total Nonspendable fund balance	644	-	-	-	644
Assigned for:					
General government	1,045	-	45,768	4,984	51,797
Physical environment	-	-	-	421	421
Transportation	847	-	2,210	-	3,057
Economic environment	31,669	-	-	-	31,669
Health and human services	975	-	-	1,802	2,777
Culture and recreation	1,603	-	981	225	2,809
Debt service	-	-	-	141	141
Total assigned fund balance	36,139	-	48,959	7,573	92,671
Committed for:					
Physical environment	-	-	-	2,409	2,409
Health and human services	-	-	-	7,535	7,535
Culture and recreation	-	-	34	-	34
Total committed fund balance	-	-	34	9,944	9,978
Restricted for:					
Public safety	561	-	22,073	1,213	23,847
Transportation	-	-	11,685	-	11,685
Economic environment	-	-	-	618	618
Health and human services	-	-	-	492	492
Culture and recreation	-	-	35,127	6,592	41,719
Debt service	-	4,251	-	646	4,897
Total restricted fund balance	561	4,251	68,885	9,561	83,258
Unassigned	42,657	-	-	-	42,657
Total unassigned fund balance	42,657	-	-	-	42,657
Fund Balance	\$ 80,001	\$ 4,251	\$ 117,878	\$ 27,078	\$ 229,208

Note 18: Tax Abatement

The city’s revenues are reduced by tax relief programs employed by the City of Bellevue, King County, and the State of Washington. The following table summarizes the estimated total revenue reduction for the year ended December 31, 2020, in thousands:

	City of Bellevue		Other Governments			Total Revenue Reduction
	Multifamily Tax Exemption	King County Current Use	King County Single-family Dwelling Improvement	State of Washington High-Technology Sales and Use Tax Deferral		
Property Tax	\$ 49	\$ 29	\$ 7	\$ -		\$ 85
Sales and Use Tax	-	-	-	565		565
Total Revenue Reduction						<u>\$ 650</u>

The city’s Multifamily Tax Exemption (MFTE) is an affordable housing incentive for new apartment development in targeted areas, pursuant to RCW 84.14 and BCC 4.52. The MFTE provides a 12-year exemption from property taxes paid on the housing portion of qualifying projects in exchange for setting aside 20 percent of the units for income-eligible households. To qualify, the property owner must submit an application. This exemption may be canceled by the city for failure to comply with the terms of the MFTE contract or city code. Upon cancelation, property owners will become immediately liable for all taxes, interest, and penalties.

The King County Current Use tax relief programs provide property tax abatements to landowners who voluntarily preserve open space, farmland, or forestland pursuant to RCW 84.33.130, and RCW 84.34.010. To qualify, landowners must submit an application to the County Assessor. Once approved, participating properties are assessed according to their “current use,” a value lower than the “highest and best use” assessment that would otherwise apply. When the land no longer meets the program requirements, landowners will be liable for abated taxes, interest, and penalties.

The King County Single-Family Dwelling Improvement program provides property tax relief to encourage home improvements under RCW 84.36.400. Additions or remodels of single-family dwellings may be exempted from taxation for the three years following completion of the improvement. Abatements are obtained through application by the property owner to the county Assessor prior to the start of the proposed construction. Once improvements are completed and approved, the property owner may receive an exemption of up to 30 percent of the pre-improvement value of the structure.

The Washington State Department of Revenue (DOR) High-Technology Sales and Use Tax Deferral is a sale and use tax abatement program pursuant to RCW 82.63. This deferral applies to sales and use tax arising from the construction or expansion of a qualified research and development facility, or a pilot scale manufacturing facility to be used in the technology categories of advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology. Under this incentive program, the DOR grants participants an exemption on sales and use tax for expenditures related to qualified buildings, qualified machinery and equipment, and labor and services rendered in the planning, installation, and construction of the project. To qualify, a business must submit an application to the DOR.

Note 19: Asset Retirement Obligation

The city has a system of underground fuel storage tanks that have a legally enforceable liability associated with retirement due to environmental impacts. An underground storage tanks system is an underground storage tank with unconnected underground piping, underground ancillary equipment, and containment systems. According to RCW 90.76 and WAC 173-360A, retirement of these assets creates a threat of releasing hazardous materials, mainly petroleum, requiring financial assurance.

The city utilizes the straight-line depreciation method over a 30-year life. In 2020, the liability was reassessed to include inflation using CPI. The city utilized the State of Washington State Department of Ecology Tanks database system for the service date.

The liability for the fuel storage tanks at Bellevue Service Center and Pump Station 12 have been fully recognized.

Underground Storage Site	Asset Remaining Useful Life in Years	Liability (in thousands)
Fire Station 1	3	\$ 48
Fire Station 2	3	60
Fire Station 3	5	94
Fire Station 4	7	144
Fire Station 5	2	36
Fire Station 6	3	56
Fire Station 7	5	83
Fire Station 8	4	75
Fire Station 9	10	188
City Hall	14	331
Bellevue Golf Course	3	60
		\$ 1,175

Note 20: Change in Accounting Principle

In 2020, the city implemented GASB Statement No. 84 “Fiduciary Activities” which provides accounting and reporting guidance on assets held in a fiduciary capacity for other entities. This statement established criteria for identifying activities which should be reported as fiduciary activities and defined the events which require the government to recognize a liability within the fiduciary funds. The requirements of this statement will provide enhanced consistency and comparability of information provided by financial statements in assessing government accountability and stewardship.

City of Bellevue, Washington

Due to the requirements of this statement, the city recorded a change in accounting principle. The effect of this change on net position as of December 31, 2020 is displayed below, in thousands:

	<u>Governmental Activities</u>	<u>Pension (and other employee benefits) Funds</u>	<u>ARCH Housing Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
Restatement of net position	\$ 2,763	\$ 887,989	\$ 5,179	\$ 2,565

The effect of this change on fund balance as of December 31, 2020 is displayed below, in thousands:

	<u>General Fund</u>	<u>General CIP</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Restatement in fund balance	\$ (771)	\$ (5)	\$ 3,539	\$ 2,763

Note 21: Prior Period Adjustment

In 2020, the city performed an analysis of the accounts receivable activities of the city’s point of sale system and determined prior year revenues and accounts receivable were overstated. An adjustment of \$1.5 million to prior year revenues and accounts receivable was entered to correct the misstatements occurring in fiscal years 2018 and 2019. This resulted in a decrease in General Fund fund balance and a decrease in governmental activities net position of \$1.5 million. The city corrected 2020 balances in current year activities.

The city made an adjustment to the eCityGov fund balance based on the results of the annual external audit of eCityGov. This adjustment was a decrease in eCityGov net position of \$3 thousand.

Note 22: COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The impacts of COVID-19 added uncertainty and are projected to place a near term impact on city funds. In 2020, the city actively managed and took fiscally responsible corrective actions to respond to the pandemic’s impact. The city will continue to monitor and take corrective actions to ensure the long-term viability of its fiscal condition. The length of time these measures will continue to be in place and the full extent of the financial impact on the City of Bellevue is unknown at this time.

Note 23: Subsequent Event

On March 11, 2021, President Biden signed into law the \$1.9 trillion relief bill commonly referred to as The American Rescue Plan Act of 2021 (ARPA). The City of Bellevue was awarded \$20.1 million in funding to be distributed directly from the United States Treasury Department. The funding will be disbursed to the city in two \$10 million tranches – the first tranche was received in June 2021, the second will be received in mid-2022. Per City Council direction, the City dedicated \$8.0 million the funding received to-date toward human services programs, workforce assistance, and small business rent relief. The remaining \$2.0 million and the second tranche of \$10.1 million are being held as COVID impacts are continually evaluated. The city must obligate the total award by December 31, 2024 and funds must be spent to cover such obligations by December 31, 2026.

Required Supplementary Information

City of Bellevue, Washington

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
FIREFIIGHTERS' PENSION FUND
 Last Ten Fiscal Years
 (Dollar amounts in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total pension liability ¹										
Service cost (Entry Age Normal Cost)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	223	175	176	143	141	137	145	143	156	130
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,351)	84	(889)	16	(39)	290	90	539	(616)	168
Changes of assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(213)	(259)	(221)	(201)	(228)	(219)	(198)	(356)	(256)	(313)
Net change in total pension liability	(1,341)	-	(934)	(42)	(125)	208	37	327	(716)	(15)
Total pension liability--beginning	-	5,127	5,127	4,192	4,150	4,025	4,233	4,271	4,598	3,882
Total pension liability--ending (a)	<u>\$ 5,127</u>	<u>\$ 5,127</u>	<u>\$ 4,192</u>	<u>\$ 4,150</u>	<u>\$ 4,025</u>	<u>\$ 4,233</u>	<u>\$ 4,271</u>	<u>\$ 4,598</u>	<u>\$ 3,882</u>	<u>\$ 3,867</u>
Plan fiduciary net position										
Contributions - employer	\$ 188	\$ 181	\$ 196	\$ 208	\$ 207	\$ 214	\$ 216	\$ 217	\$ 227	\$ 277
Contributions - member	-	-	-	-	-	-	-	-	-	-
Net investment income	129	7	-	67	55	69	67	132	199	42
Benefit payments	(213)	(259)	(221)	(201)	(228)	(219)	(198)	(356)	(256)	(313)
Administrative expense	-	-	(13)	(11)	(12)	(3)	(14)	(15)	(22)	(7)
Other	-	17	-	-	-	(13)	-	-	-	-
Net change in plan fiduciary net position	102	(54)	(38)	63	22	48	71	(21)	148	(1)
Plan fiduciary net position--beginning	6,671	6,773	6,719	6,682	6,745	6,767	6,815	6,886	6,865	7,013
Plan fiduciary net position--ending (b)	<u>\$ 6,773</u>	<u>\$ 6,719</u>	<u>\$ 6,681</u>	<u>\$ 6,745</u>	<u>\$ 6,767</u>	<u>\$ 6,815</u>	<u>\$ 6,886</u>	<u>\$ 6,865</u>	<u>\$ 7,013</u>	<u>\$ 7,012</u>
City's net pension liability (asset)-ending (a) - (b)	<u>\$ (1,646)</u>	<u>\$ (1,592)</u>	<u>\$ (2,490)</u>	<u>\$ (2,594)</u>	<u>\$ (2,742)</u>	<u>\$ (2,581)</u>	<u>\$ (2,615)</u>	<u>\$ (2,267)</u>	<u>\$ (3,131)</u>	<u>\$ (3,145)</u>
Plan fiduciary net position as a percentage of the total pension liability	132.10%	131.06%	159.39%	162.51%	168.11%	160.98%	161.23%	149.30%	180.62%	181.30%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's net pension liability (asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

¹ Prior to 2014, the change in total pension liability was not broken out to show the impact of "changes of benefit terms" and "changes of assumptions" in prior reports and is left blank in the table above. Changes due to these factors included in differences between expected and actual experience.

City of Bellevue, Washington

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIREFIIGHTERS' PENSION FUND
 Last Ten Fiscal Years
 (Dollar amounts in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	208	196	181	188	180	214	215	217	227	277
Contribution deficiency (excess)	<u>\$ 208</u>	<u>\$ 196</u>	<u>\$ 181</u>	<u>\$ 188</u>	<u>\$ 180</u>	<u>\$ 214</u>	<u>\$ 215</u>	<u>\$ 217</u>	<u>\$ 227</u>	<u>\$ 277</u>
Covered payroll	\$ 91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	227.28%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation date: Actuarially determined contribution rates are calculated as of January 1.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level amortization of net pension liability as level dollar amount over five-year period
Asset valuation method	Market value
Inflation	2.5%
Salary increases	3.0%, including inflation
Investment rate of return	3.5%
Retirement age	All members who attain, or who have attained, age 65 in active service are assumed to retire immediately.
Mortality	Active and service-retired members: The mortality rates are based on the RP-2000 Mortality Table (combined healthy) for Males, Projected to 2019 using 50% of Projection Scale AA, with ages set back one year. Disabled members: The mortality rates are based on the RP-2000 Mortality Table (combined healthy) for Males, Projected to 2019 using 50% of Projection Scale AA, with ages set forward two years. Spouses: The mortality rates are based on the RP-2000 Mortality Table (combined healthy) for Females, Projected to 2019 using 50% of Projection Scale AA, with ages set forward one year.

¹ Prior to 2014, the "actuarially determined contribution" was calculated using a different method and is left blank in the table above.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND
Last Ten Fiscal Years
(Dollar amounts in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Annual money-weighted rate of return, net of investment expense	1.93%	0.36%	0.01%	1.01%	0.82%	0.82%	0.98%	1.94%	2.91%	0.61%

City of Bellevue, Washington

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- PERS

As of June 30, 2020

Last Ten Fiscal Years^{1 and 2}

(Dollar amounts in thousands)

	PERS 1					
	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability (asset)	0.69%	0.68%	0.64%	0.65%	0.64%	0.64%
City's proportionate share of the net pension liability (asset)	\$ 36,327	\$ 36,620	\$ 30,206	\$ 29,195	\$ 24,714	\$ 22,710
State proportionate share of the net pension liability (asset) associated with the city	-	-	-	-	-	-
Total	\$ 36,327	\$ 36,620	\$ 30,206	\$ 29,195	\$ 24,714	\$ 22,710
City's covered payroll	\$ 77,199	\$ 79,404	\$ 80,430	\$ 85,306	\$ 88,956	\$ 96,434
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	47.1%	46.1%	37.6%	34.2%	27.8%	23.5%
Plan fiduciary net position as a percentage of the total pension liability	59.0%	57.0%	61.2%	63.2%	67.1%	68.6%
	PERS 2/3					
	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability (asset)	0.85%	0.84%	0.81%	0.81%	0.81%	0.82%
City's proportionate share of the net pension liability (asset)	\$ 30,425	\$ 42,134	\$ 28,183	\$ 13,880	\$ 7,877	\$ 10,459
State proportionate share of the net pension liability (asset) associated with the city	-	-	-	-	-	-
Total	\$ 30,425	\$ 42,134	\$ 28,183	\$ 13,880	\$ 7,877	\$ 10,459
City's covered payroll	\$ 75,724	\$ 78,251	\$ 79,679	\$ 84,506	\$ 88,407	\$ 95,958
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	40.2%	53.8%	35.4%	16.4%	8.9%	10.9%
Plan fiduciary net position as a percentage of the total pension liability	89.0%	86.0%	91.0%	96.0%	98.0%	97.2%

¹ GASB Statement 68 was implemented in 2015. Prior to 2015, the city did not report a proportionate share of these pensions.

² The amounts presented for each fiscal year were presented as of June 30.

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- PSERS**

As of June 30, 2020

Last Ten Fiscal Years^{1 and 2}

(Dollar amounts in thousands)

	PSERS 2					
	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability (asset)	0.25%	0.23%	0.21%	0.18%	0.15%	0.13%
City's proportionate share of the net pension liability (asset)	\$ 45	\$ 99	\$ 42	\$ 2	\$ (19)	\$ (18)
State proportionate share of the net pension liability (asset) associated with the city	-	-	-	-	-	-
Total	\$ 45	\$ 99	\$ 42	\$ 2	\$ (19)	\$ (18)
City's covered payroll	\$ 724	\$ 762	\$ 750	\$ 717	\$ 661	\$ 825
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	6.2%	13.0%	5.6%	0.3%	(2.9%)	(2.2%)
Plan fiduciary net position as a percentage of the total pension liability	95.1%	95.1%	96.3%	96.3%	101.9%	101.7%

¹ GASB Statement 68 was implemented in 2015. Prior to 2015, the city did not report a proportionate share of these pensions.

² The amounts presented for each fiscal year were presented as of June 30.

City of Bellevue, Washington

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- LEOFF

As of June 30, 2020

Last Ten Fiscal Years^{1 and 2}

(Dollar amounts in thousands)

	LEOFF 1					
	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability (asset)	0.29%	0.30%	0.31%	0.31%	0.31%	0.32%
City's proportionate share of the net pension liability (asset)	\$ (3,472)	\$ (3,051)	\$ (4,639)	\$ (5,643)	\$ (6,215)	\$ (6,012)
State proportionate share of the net pension liability (asset) associated with the city	(23,483)	(20,638)	(31,381)	(38,171)	(42,034)	(40,671)
Total	\$ (26,955)	\$ (23,689)	\$ (36,020)	\$ (43,814)	\$ (48,429)	\$ (46,683)
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	127.4%	123.7%	135.9%	144.4%	148.8%	146.9%

	LEOFF 2					
	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability (asset)	1.39%	1.37%	1.38%	1.44%	1.41%	1.37%
City's proportionate share of the net pension liability (asset)	\$ (14,240)	\$ (7,987)	\$ (19,186)	\$ (29,159)	\$ (32,676)	\$ (27,968)
State proportionate share of the net pension liability (asset) associated with the city	(8,191)	(5,207)	(12,445)	(18,880)	(21,399)	(17,883)
Total	\$ (22,431)	\$ (13,194)	\$ (31,631)	\$ (48,038)	\$ (54,075)	\$ (45,851)
City's covered payroll	\$ 40,277	\$ 41,682	\$ 43,213	\$ 47,425	\$ 49,311	\$ 51,907
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	(35.4%)	(19.2%)	(44.4%)	(61.5%)	(66.3%)	(53.9%)
Plan fiduciary net position as a percentage of the total pension liability	111.7%	106.0%	113.4%	118.5%	119.4%	115.8%

¹ GASB Statement 68 was implemented in 2015. Prior to 2015, the city did not report a proportionate share of these pensions.

² The amounts presented for each fiscal year were presented as of June 30.

City of Bellevue, Washington

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY'S CONTRIBUTIONS- PERS

As of December 31, 2020

Last Ten Fiscal Years¹

(Dollar amounts in thousands)

	PERS 1					
	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ 8,031	\$ 8,867	\$ 9,965	\$ 11,089	\$ 11,800	\$ 12,509
Contributions in relation to the contractually required contribution	(8,025)	(8,867)	(9,930)	(11,035)	(11,799)	(12,445)
Contribution deficiency (excess)	\$ 6	\$ -	\$ (35)	\$ 54	\$ 1	\$ 64
City's covered payroll	\$ 78,685	\$ 79,314	\$ 83,075	\$ 86,598	\$ 91,864	\$ 97,000
Contributions as a percentage of covered payroll	10.2%	11.2%	12.0%	12.7%	12.8%	12.8%
	PERS 2/3					
	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ 7,889	\$ 8,749	\$ 9,835	\$ 10,970	\$ 11,733	\$ 12,466
Contributions in relation to the contractually required contribution	(7,884)	(8,770)	(9,834)	(10,951)	(11,732)	(12,402)
Contribution deficiency (excess)	\$ 5	\$ (21)	\$ 1	\$ 19	\$ 1	\$ 64
City's covered payroll	\$ 77,293	\$ 78,251	\$ 82,274	\$ 85,937	\$ 91,338	\$ 96,666
Contributions as a percentage of covered payroll	10.2%	11.2%	12.0%	12.7%	12.8%	12.8%

¹ GASB Statement 68 was implemented in 2015. Prior to 2015, the city did not report a proportionate share of these pensions.

City of Bellevue, Washington

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY'S CONTRIBUTIONS- PSERS

As of December 31, 2020

Last Ten Fiscal Years¹

(Dollar amounts in thousands)

	PSERS 2					
	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ 83	\$ 89	\$ 84	\$ 85	\$ 84	\$ 117
Contributions in relation to the contractually required contribution	(83)	(89)	(84)	(84)	(84)	(117)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -
City's covered payroll	\$ 753	\$ 774	\$ 715	\$ 697	\$ 690	\$ 959
Contributions as a percentage of covered payroll	11.0%	11.5%	11.7%	12.1%	12.3%	12.2%

¹ GASB Statement 68 was implemented in 2015. Prior to 2015, the city did not report a proportionate share of these pensions.

City of Bellevue, Washington

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY'S CONTRIBUTIONS- LEOFF

As of December 31, 2020

Last Ten Fiscal Years¹

(Dollar amounts in thousands)

	LEOFF 1					
	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0%	0%	0%	0%	0%	0%
	LEOFF 2					
	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ 2,182	\$ 2,204	\$ 2,332	\$ 2,646	\$ 2,753	\$ 2,840
Contributions in relation to the contractually required contribution	(2,182)	(2,204)	(2,332)	(2,658)	(2,786)	(2,840)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (12)	\$ (33)	\$ -
City's covered payroll	\$ 41,721	\$ 42,143	\$ 43,741	\$ 48,728	\$ 51,159	\$ 53,287
Contributions as a percentage of covered payroll	5.2%	5.2%	5.3%	5.5%	5.4%	5.3%

¹ GASB Statement 68 was implemented in 2015. Prior to 2015, the city did not report a proportionate share of these pensions.

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

As of December 31, 2020

Last Ten Fiscal Years¹

(Dollar amounts in thousands)

	2018	2019	2020
Total OPEB liability:			
Service Cost	\$ 4	\$ 4	\$ 3
Interest	1,045	1,134	851
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	(1,414)
Changes of assumption or other inputs	(1,988)	4,093	144
Benefit Payments	(1,774)	(1,808)	(1,828)
Net change in total OPEB liability	(2,713)	3,423	(2,244)
Total OPEB liability- beginning	31,260	28,547	31,970
Total OPEB liability- ending	\$ 28,547	\$ 31,970	\$ 29,726
Covered employee payroll	114	76	103
Total OPEB liability as a percentage of covered payroll	25041.0%	42066.0%	28860.2%

¹ GASB Statement 75 was implemented in 2018. Prior to 2018, these items were not utilized for the OPEB calculation.

SCHEDULE OF MODIFIED APPROACH FOR REPORTING INFRASTRUCTURE ASSETS

For the Fiscal Year Ended December 31, 2020

The city's minimum acceptable condition levels have been defined as having at least 60 percent of Arterial roadways and 75 percent of Residential roadways at or above satisfactory condition.

The following disclosures compare roadway conditions for the last three years, and the related estimated and actual expenditures involved in maintaining arterial and residential roadways for the last five years.

CONDITION RATING OF THE CITY'S STREET SYSTEM

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Arterial:			
Percent above satisfactory	93%	85%	89%
Overall performance rating:	75	69	76
Residential:			
Percent above satisfactory	100%	100%	100%
Overall performance rating:	77	80	82

COMPARISON OF NEEDED-TO-ACTUAL EXPENDITURES

(in thousands)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Arterial:					
Needed:	\$5,181	\$4,104	\$2,925	\$5,706	\$4,150
Actual:	3,255	1,473	3,618	1,973	4,300
Residential:					
Needed:	\$1,845	\$2,744	\$2,943	\$4,345	\$2,675
Actual:	1,543	2,838	2,179	3,182	875

Following GASB Statement 34, the city is reporting major historic infrastructure acquired in fiscal years ending after June 30, 1980.

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund**

For the Fiscal Year Ended December 31, 2020
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Taxes and special assessments	\$ 170,706	\$ 170,706	\$ 150,934	\$ 19,772
Licenses and permits	509	509	420	89
Intergovernmental	21,502	22,604	24,289	(1,685)
Service charges and fees	20,438	20,438	17,432	3,006
Fines and forfeitures	1,960	1,960	1,190	770
Interest and assessment interest	653	653	209	444
Net change in fair value of investments	-	-	1	(1)
Rent	1,364	1,364	1,618	(254)
Judgements and Settlements	-	-	2	(2)
Premiums/contributions	1	1	11	(10)
Other	1,823	1,823	158	1,665
Total revenues	<u>218,956</u>	<u>220,058</u>	<u>196,264</u>	<u>23,794</u>
Expenditures				
Current:				
General government	28,509	29,409	25,140	4,269
Public safety	109,318	110,325	104,021	6,304
Physical environment	210	210	184	26
Transportation	30,501	30,501	28,706	1,795
Economic environment	10,888	10,888	8,607	2,281
Health and human services	2,004	2,004	1,388	616
Culture and recreation	29,299	29,299	24,568	4,731
Public safety	111	111	65	46
Transportation	-	-	6	(6)
Total expenditures	<u>210,840</u>	<u>212,747</u>	<u>192,685</u>	<u>20,062</u>
Excess (deficiency) of revenues over (under) expenditures	8,116	7,311	3,579	3,732
Other financing sources(uses)				
Transfers in	565	565	576	(11)
Transfers out	(6,899)	(6,994)	(7,837)	843
Total other financing sources(uses)	<u>(6,334)</u>	<u>(6,429)</u>	<u>(7,261)</u>	<u>832</u>
Net change in fund balance	1,782	882	(3,682)	4,564
Fund balance beginning of year	49,073	49,973	49,273	700
Change in accounting principle	-	-	(699)	699
Prior period adjustment	-	-	(704)	704
Fund balance end of year	<u>\$ 50,855</u>	<u>\$ 50,855</u>	<u>\$ 44,188</u>	<u>\$ 6,667</u>

City of Bellevue, Washington

General Fund
For the Fiscal Year Ended December 31, 2020
(in thousands)

Perspective Difference Reconciliation:

Actual fund balance - General Fund Statement of Revenues,
Expenditures, and Changes in Fund Balances \$ 44,188

The following funds were budgeted as special
revenue funds but do not meet the
definition under GASB Statement 54;
therefore, these are accounted for within
the General Fund:

Human Service Fund	920
Land Purchase Revolving Fund	2,343
Development Services Fund	31,668
Parks Fees Fund	882

Total Fund Balance - General Fund Balance for Governmental Funds \$ 80,001

Notes to the Required Supplementary Information

Pensions

Changes of benefit terms

There were no material benefit term changes in 2020 for the City of Bellevue’s pension plans.

Changes in assumptions for Department of Retirement Pension Programs

Actuarial results that OSA provided reflected an update in the demographic assumptions based on an updated demographic experience study, as noted above. There was an update to the Early Retirement Factors and Joint-and-Survivor Factors used in the model for the June 30, 2020 report.

The valuation used included liability and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determine contribution rates and funded status. OSA simplified the model of medial premium reimbursement for survives of duty-related deaths for LEOFF 2. OSA also changed their method in updating certain data items that change annually, including public safety duty-related lump sum and Washington state average wage.

OPEB

Changes in assumptions

Changes in assumptions and other inputs reflect the effect of changes in the discount rate for each period.

Year	Discount Rate
2018	4.1%
2019	2.7%
2020	2.0%

Modified Approach

The roadways in the city are made up of two systems: Arterial roadways and Residential roadways. The condition of these systems is assessed every two years. This assessment measures the condition of the pavement surface to classify the roads into two performance rating levels illustrated in the table below. During years when the roadways are not physically assessed, calculated updates are made by the Transportation Pavement Management System.

STANDARD PERFORMANCE RATING LEVELS

	<u>Satisfactory</u>	<u>Unsatisfactory</u>
Arterial:	50 - 100	0 - 49
Residential:	30 - 100	0 - 29

Budget and Actual Schedules

The City's budget is adopted on a GAAP basis. Expenditure appropriations include ending fund balance as reserves.

The General Fund, for financial reporting purposes, includes the Human Services Fund, Land Purchase Revolving Fund, Development Services Fund, and Parks Fees Fund. Budgets for these funds are adopted separately within the city's budget adoption ordinance.

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Nonmajor Governmental Funds

Descriptions of the non-major Special Revenue funds included in the city's Comprehensive Annual Financial Report are provided below:

The **LEOFF I Medical Reserve Fund** accounts for the accumulation of assets necessary to fund the city's liability for lifetime medical benefits for all retired LEOFF 1 members.

The **Park Maintenance and Operations (M&O) Reserve Fund** accounts for proceeds of a property tax lid lift approved by the voters in 1988 and 2008 to support park maintenance and operation expenditures. Tax monies received from the lid lift are initially receipted to the General Fund. Any proceeds in excess of current maintenance and operation needs are subsequently transferred to this special revenue fund to be held for future authorization.

The **Solid Waste Fund** accounts for multi-family recycling fees and administration fees. Revenues collected by the fund are used to pay contractors performing hauling services for those services.

The **Hotel/Motel Tax Fund** operates as a conduit for the collection of hotel/motel taxes used for debt service payments on general obligation bonds of the Bellevue Convention Center Authority.

The **Operating Grants, Donations and Special Reserves Fund** accounts for receipt and disbursement of revenue from private donations, special reserves, and grants from federal, state, and local agencies.

The **Housing Fund** accounts for general revenue from a variety of sources. The expenditures include those necessary for the creation and preservation of affordable housing for low- and moderate-income households.

The **Local Improvement District (LID) Control Fund** accounts for payment of principal and interest for special assessment bond issues and for collection of special assessments levied against benefited properties to support those debt service obligations.

The **Local Improvement District (LID) Guaranty Fund** accounts for monies set aside in accordance with Washington State law to provide for payment of principal and interest due on special assessment bond issues in the event of default by LID property owners and a resulting insufficiency of funds in the LID Control Fund to make related payments.

**Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2020
(in thousands)**

	Special Revenue			
	LEOFF I Medical Reserve	Park M & O Reserve	Solid Waste	Hotel/ Motel Tax
Assets:				
Cash & equity in pooled investments	\$ 513	\$ 5,769	\$ 2,635	\$ 298
Receivables (net of allowances):				
Taxes	-	-	-	320
Accounts	-	-	243	-
Due from other governments	-	-	-	-
Housing rehabilitation loans receivable	-	-	-	-
Total assets	<u>\$ 513</u>	<u>\$ 5,769</u>	<u>\$ 2,878</u>	<u>\$ 618</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 48	\$ -
Accrued payroll	-	-	-	-
Deposits payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>48</u>	<u>-</u>
Deferred Inflows				
For grants	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows	<u>-</u>	<u>-</u>	<u>48</u>	<u>-</u>
Fund balance:				
Restricted	513	5,769	-	618
Committed	-	-	2,409	-
Assigned	-	-	421	-
Total fund balance	<u>513</u>	<u>5,769</u>	<u>2,830</u>	<u>618</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 513</u>	<u>\$ 5,769</u>	<u>\$ 2,878</u>	<u>\$ 618</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2020
(in thousands)**

	<u>Special Revenue</u>		
	<u>Operating Grants</u>		<u>Total Special Revenue Funds</u>
	<u>Donations & Special</u>	<u>Housing</u>	
Assets:			
Cash & equity in pooled investments	\$ 3,116	\$ 9,645	\$ 21,976
Receivables (net of allowances):			
Taxes	6	218	544
Accounts	466	-	709
Due from other governments	1,446	-	1,446
Housing rehabilitation loans receivable	3,539	-	3,539
Total assets	<u>\$ 8,573</u>	<u>\$ 9,863</u>	<u>\$ 28,214</u>
Liabilities:			
Accounts payable	\$ 234	\$ -	\$ 282
Accrued payroll	17	34	51
Deposits payable	1	-	1
Total liabilities	<u>252</u>	<u>34</u>	<u>334</u>
Deferred Inflows			
For grants	1,589	-	1,589
Total deferred inflows	<u>1,589</u>	<u>-</u>	<u>1,589</u>
Total liabilities and deferred inflows	<u>1,841</u>	<u>34</u>	<u>1,923</u>
Fund balance:			
Restricted	1,523	492	8,915
Committed	-	7,535	9,944
Assigned	5,209	1,802	7,432
Total fund balance	<u>6,732</u>	<u>9,829</u>	<u>26,291</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 8,573</u>	<u>\$ 9,863</u>	<u>\$ 28,214</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2020
(in thousands)**

	<u>Debt Service</u>		<u>Total Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>LID Control</u>	<u>LID Guaranty</u>		
Assets:				
Cash & equity in pooled investments	\$ 141	\$ 646	\$ 787	\$ 22,763
Receivables (net of allowances):				
Taxes	-	-	-	544
Accounts	-	-	-	709
Due from other governments	-	-	-	1,446
Housing rehabilitation loans receivable	-	-	-	3,539
Total assets	\$ 141	\$ 646	\$ 787	\$ 29,001
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 282
Accrued payroll	-	-	-	51
Deposits payable	-	-	-	1
Total liabilities	-	-	-	334
Deferred Inflows				
For grants	-	-	-	1,589
Total deferred inflows	-	-	-	1,589
Total liabilities and deferred inflows	-	-	-	1,923
Fund balance:				
Restricted	-	646	646	9,561
Committed	-	-	-	9,944
Assigned	141	-	141	7,573
Total fund balance	141	646	787	27,078
Total liabilities, deferred inflows, and fund balance	\$ 141	\$ 646	\$ 787	\$ 29,001

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2020**
(in thousands)

	Special Revenue			
	LEOFF I Medical Reserve	Park M & O Reserve	Solid Waste	Hotel/ Motel Tax
Revenues:				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 3,139
Intergovernmental	48	-	240	5,103
Service charges and fees	-	-	800	-
Interest and penalties	3	36	15	1
Judgments and settlements	-	-	-	-
Premiums/contributions	-	-	-	-
Other	-	-	290	-
Total revenues	<u>51</u>	<u>36</u>	<u>1,345</u>	<u>8,243</u>
Expenditures:				
Current:				
General government	-	-	-	5,858
Public safety	66	-	-	-
Physical environment	-	-	987	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay:				
Public safety	-	-	-	-
Total expenditures	<u>66</u>	<u>-</u>	<u>987</u>	<u>5,858</u>
Excess (deficiency) of revenues over (under) expenditures	(15)	36	358	2,385
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(462)	-	(2,008)
Total other financing sources (uses)	<u>-</u>	<u>(462)</u>	<u>-</u>	<u>(2,008)</u>
Net change in fund balance	(15)	(426)	358	377
Fund balance at beginning of year	528	6,195	2,472	241
Change in accounting principle	-	-	-	-
Fund balance at end of year	<u>\$ 513</u>	<u>\$ 5,769</u>	<u>\$ 2,830</u>	<u>\$ 618</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2020**
(in thousands)

	<u>Special Revenue</u>		<u>Total Special Revenue Funds</u>
	<u>Operating Grants Donations & Special Reserves</u>	<u>Housing</u>	
Revenues:			
Taxes and special assessments	\$ -	\$ 683	\$ 3,822
Intergovernmental	9,197	3,050	17,638
Service charges and fees	35	-	835
Interest and penalties	16	702	773
Judgments and settlements	6	-	6
Premiums/contributions	265	521	786
Other	135	2,082	2,507
Total revenues	<u>9,654</u>	<u>7,038</u>	<u>26,367</u>
Expenditures:			
Current:			
General government	994	-	6,852
Public safety	3,760	-	3,826
Physical environment	115	-	1,102
Transportation	489	-	489
Economic environment	1,891	4,965	6,856
Health and human services	587	-	587
Culture and recreation	2,362	-	2,362
Capital outlay:			
Public safety	96	-	96
Total expenditures	<u>10,294</u>	<u>4,965</u>	<u>22,170</u>
Excess (deficiency) of revenues over (under) expenditures	(640)	2,073	4,197
Other financing sources (uses):			
Transfers in	1,450	(28)	1,422
Transfers out	-	302	(2,168)
Total other financing sources (uses)	<u>1,450</u>	<u>274</u>	<u>(746)</u>
Net change in fund balance	810	2,347	3,451
Fund balance at beginning of year	5,922	3,943	19,301
Change in accounting principle	-	3,539	3,539
Fund balance at end of year	<u>\$ 6,732</u>	<u>\$ 9,829</u>	<u>\$ 26,291</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2020**
(in thousands)

	<u>Debt Service</u>		<u>Total Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>LID Control</u>	<u>LID Guaranty</u>		
Revenues:				
Taxes and special assessments	\$ 5	\$ -	\$ 5	\$ 3,827
Intergovernmental	-	-	-	17,638
Service charges and fees	-	-	-	835
Interest and penalties	1	4	5	778
Judgments and settlements	-	-	-	6
Premiums/contributions	-	-	-	786
Other	-	-	-	2,507
Total revenues	<u>6</u>	<u>4</u>	<u>10</u>	<u>26,377</u>
Expenditures:				
Current:				
General government	-	-	-	6,852
Public safety	-	-	-	3,826
Physical environment	-	-	-	1,102
Transportation	-	-	-	489
Economic environment	-	-	-	6,856
Health and human services	-	-	-	587
Culture and recreation	-	-	-	2,362
Capital outlay:				
Public safety	-	-	-	96
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,170</u>
Excess (deficiency) of revenues over (under) expenditures	6	4	10	4,207
Other financing sources (uses):				
Transfers in	-	-	-	1,422
Transfers out	-	-	-	(2,168)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(746)</u>
Net change in fund balance	6	4	10	3,461
Fund balance at beginning of year	135	642	777	20,078
Change in accounting principle	-	-	-	3,539
Fund balance at end of year	<u>\$ 141</u>	<u>\$ 646</u>	<u>\$ 787</u>	<u>\$ 27,078</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Human Services Fund
For the Year Ended December 31, 2020
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Taxes and special assessments	\$ 3,625	\$ 3,625	\$ 3,625	\$ -
Intergovernmental	3,446	5,026	25	5,001
Interest and assessment interest	-	-	11	(11)
Premiums/contributions	10	10	504	(494)
Total revenues	<u>7,081</u>	<u>8,661</u>	<u>4,165</u>	<u>4,496</u>
Expenditures:				
Health and human services	<u>7,510</u>	<u>9,540</u>	<u>4,418</u>	<u>5,122</u>
Total expenditures	<u>7,510</u>	<u>9,540</u>	<u>4,418</u>	<u>5,122</u>
Excess (deficiency) of revenues over (under) expenditures	(429)	(879)	(253)	(626)
Other financing sources (uses):				
Transfers in	<u>429</u>	<u>879</u>	<u>450</u>	<u>429</u>
Total other financing sources(uses)	<u>429</u>	<u>879</u>	<u>450</u>	<u>429</u>
Net change in fund balance	-	-	197	(197)
Fund balance beginning of year	208	208	736	(528)
Change in accounting principle	-	-	(13)	13
Fund balance end of year	<u>\$ 208</u>	<u>\$ 208</u>	<u>\$ 920</u>	<u>\$ (712)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Land Purchase Revolving Fund
For the Year Ended December 31, 2020
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Interest and assessment interest	\$ -	\$ -	\$ 14	\$ (14)
Rent	1,137	1,137	1,026	111
Total revenues	<u>1,137</u>	<u>1,137</u>	<u>1,040</u>	<u>97</u>
Expenditures:				
General government	390	390	408	(18)
Transportation	5	5	24	(19)
Culture and recreation	662	662	527	135
Total expenditures	<u>1,057</u>	<u>1,057</u>	<u>959</u>	<u>98</u>
Excess (deficiency) of revenues over (under) expenditures	80	80	81	(1)
Other financing sources (uses):				
Transfers out	(100)	(100)	(100)	-
Sale of capital assets	-	-	8	(8)
Total other financing sources(uses)	<u>(100)</u>	<u>(100)</u>	<u>(92)</u>	<u>(8)</u>
Net change in fund balance	(20)	(20)	(11)	(9)
Fund balance beginning of year	1,954	1,954	2,395	(441)
Change in accounting principle	-	-	(41)	41
Fund balance end of year	<u>\$ 1,934</u>	<u>\$ 1,934</u>	<u>\$ 2,343</u>	<u>\$ (409)</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Development Services Fund
For the Year Ended December 31, 2020**
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Licenses and permits	\$ 10,622	\$ 10,622	\$ 15,996	\$ (5,374)
Service charges and fees	12,183	12,183	15,157	(2,974)
Fines and forfeitures	-	-	8	(8)
Interest and assessment interest	210	210	263	(53)
Total revenues	<u>23,015</u>	<u>23,015</u>	<u>31,424</u>	<u>(8,409)</u>
Expenditures:				
General government	1	1	-	1
Economic environment	29,611	29,611	27,704	1,907
Total expenditures	<u>29,612</u>	<u>29,612</u>	<u>27,704</u>	<u>1,908</u>
Excess (deficiency) of revenues over (under) expenditures	(6,597)	(6,597)	3,720	(10,317)
Other financing sources (uses):				
Transfers in	4,989	4,989	4,747	242
Transfers out	(201)	(201)	(167)	(34)
Total other financing sources(uses)	<u>4,788</u>	<u>4,788</u>	<u>4,580</u>	<u>208</u>
Net change in fund balance	(1,809)	(1,809)	8,300	(10,109)
Fund balance beginning of year	22,126	22,126	23,368	(1,242)
Fund balance end of year	<u>\$ 20,317</u>	<u>\$ 20,317</u>	<u>\$ 31,668</u>	<u>\$ (11,351)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Parks Fees Fund
For the Year Ended December 31, 2020
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Service charges and fees	\$ 4,249	\$ 4,249	\$ 3,522	\$ 727
Interest and assessment interest	48	48	2	46
Rent	2,256	2,256	1,769	487
Other	13	13	(2)	15
Total revenues	<u>6,566</u>	<u>6,566</u>	<u>5,291</u>	<u>1,275</u>
Expenditures:				
Culture and recreation	6,422	6,422	5,439	983
Total expenditures	<u>6,422</u>	<u>6,422</u>	<u>5,439</u>	<u>983</u>
Excess (deficiency) of revenues over (under) expenditures	144	144	(148)	292
Other financing sources (uses):				
Transfers in	35	35	475	(440)
Transfers out	(100)	(100)	(3)	(97)
Total other financing sources(uses)	<u>(65)</u>	<u>(65)</u>	<u>472</u>	<u>(537)</u>
Net change in fund balance	79	79	324	(245)
Fund balance beginning of year	1,188	1,188	1,413	(225)
Change in accounting principle	-	-	(18)	18
Prior period adjustment	-	-	(837)	837
Fund balance end of year	<u>\$ 1,267</u>	<u>\$ 1,267</u>	<u>\$ 882</u>	<u>\$ 385</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
LEOFF I Medical Reserve Fund
For the Year Ended December 31, 2020
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Intergovernmental	\$ -	\$ -	\$ 48	\$ (48)
Interest and assessment interest	-	-	3	(3)
Total revenues	<u>-</u>	<u>-</u>	<u>51</u>	<u>(51)</u>
Expenditures:				
Public safety	<u>73</u>	<u>73</u>	<u>66</u>	<u>7</u>
Total expenditures	<u>73</u>	<u>73</u>	<u>66</u>	<u>7</u>
Excess (deficiency) of revenues over (under) expenditures	(73)	(73)	(15)	(58)
Fund balance beginning of year	397	397	528	(131)
Fund balance end of year	<u>\$ 324</u>	<u>\$ 324</u>	<u>\$ 513</u>	<u>\$ (189)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Park Maintenance and Operations Reserve Fund
For the Year Ended December 31, 2020
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Interest and assessment interest	\$ 35	\$ 35	\$ 36	\$ (1)
Total revenues	<u>35</u>	<u>35</u>	<u>36</u>	<u>(1)</u>
 Excess (deficiency) of revenues over (under) expenditures	 35	 35	 36	 (1)
Other financing sources (uses):				
Transfers out	<u>(462)</u>	<u>(462)</u>	<u>(462)</u>	<u>-</u>
Total other financing sources(uses)	<u>(462)</u>	<u>(462)</u>	<u>(462)</u>	<u>-</u>
Net change in fund balance	(427)	(427)	(426)	(1)
Fund balance beginning of year	<u>6,007</u>	<u>6,007</u>	<u>6,195</u>	<u>(188)</u>
Fund balance end of year	<u>\$ 5,580</u>	<u>\$ 5,580</u>	<u>\$ 5,769</u>	<u>\$ (189)</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Solid Waste Fund
For the Year Ended December 31, 2020**
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Intergovernmental	\$ 289	\$ 289	\$ 240	\$ 49
Service charges and fees	777	777	800	(23)
Interest and assessment interest	22	22	15	7
Other	16	16	290	(274)
Total revenues	<u>1,104</u>	<u>1,104</u>	<u>1,345</u>	<u>(241)</u>
Expenditures:				
Physical environment	<u>1,256</u>	<u>1,256</u>	<u>987</u>	<u>269</u>
Total expenditures	<u>1,256</u>	<u>1,256</u>	<u>987</u>	<u>269</u>
Excess (deficiency) of revenues over (under) expenditures	(152)	(152)	358	(510)
Fund balance beginning of year	<u>1,604</u>	<u>1,604</u>	<u>2,472</u>	<u>(868)</u>
Fund balance end of year	<u>\$ 1,452</u>	<u>\$ 1,452</u>	<u>\$ 2,830</u>	<u>\$ (1,378)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Hotel/Motel Tax Fund
For the Year Ended December 31, 2020
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Taxes and special assessments	\$ 13,965	\$ 13,965	\$ 3,139	\$ 10,826
Intergovernmental	-	-	5,103	(5,103)
Interest and assessment interest	-	-	1	(1)
Total revenues	<u>13,965</u>	<u>13,965</u>	<u>8,243</u>	<u>5,722</u>
Expenditures:				
General government	<u>11,957</u>	<u>11,957</u>	<u>5,858</u>	<u>6,099</u>
Total expenditures	<u>11,957</u>	<u>11,957</u>	<u>5,858</u>	<u>6,099</u>
Excess (deficiency) of revenues over (under) expenditures	2,008	2,008	2,385	(377)
Other financing sources (uses):				
Transfers out	<u>(2,008)</u>	<u>(2,008)</u>	<u>(2,008)</u>	<u>-</u>
Total other financing sources(uses)	<u>(2,008)</u>	<u>(2,008)</u>	<u>(2,008)</u>	<u>-</u>
Net change in fund balance	-	-	377	(377)
Fund balance beginning of year	-	-	241	(241)
Fund balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 618</u>	<u>\$ (618)</u>

Internal Service Funds

Descriptions of the Internal Service funds included in the city's Comprehensive Annual Financial Report are provided below:

The **Equipment Rental Fund** accounts for the operation of the electronic equipment shop, maintenance of city vehicles and other motorized equipment, and reserves for replacement of designated equipment. Rates charged to user departments are based on the full cost of operations and maintenance, including the recovery of related depreciation expense.

The **Workers' Compensation Fund** accounts for the city's workers' compensation self-insurance program. Premiums received by the fund are used to pay benefits to injured workers' and to maintain reserves for the payment of future claims based on actuarial estimates.

The **Unemployment Compensation Fund** accounts for the city's unemployment compensation self-insurance program. Premiums received by the fund are used to reimburse the State's Employment Security Department for unemployment benefits paid to eligible individuals and to maintain reserves for the payment of future claims based on actuarial estimates.

The **General Self-Insurance Fund** accounts for the city's self-insurance program for property and casualty losses and general loss control activities. Premiums received by the fund are used to pay liability claims, purchase fire and property damage coverage, and to maintain reserves for the payment of estimated future claims liability based on actuarial estimates.

The **Health Benefits Fund** accounts for programs established to provide employee medical and dental health care coverage. Medical premiums received by the fund are used to pay claims for employees participating in the city's self-insured health care program, purchase stop-loss coverage for individual and aggregate claims in excess of self-insured limits and maintain reserves for the payment of future claims based on actuarial estimates. Employee dental coverage is purchased from an outside carrier.

The **Information Technology Fund** accounts for information services operations and replacement reserves for the desktop computers, workstations, and major software applications.

The **Facilities Services Fund** provides coordinated, cost-effective planning, development, maintenance, and management services required to support city operations in general government buildings. This Fund includes operating costs, capital costs, and building reserves for future facility projects.

**Combining Statement of Fund Net Position
Internal Service Funds
As of December 31, 2020
(in thousands)**

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self- Insurance</u>
Assets:				
Current assets:				
Cash & equity in pooled investments	\$ 7,551	\$ 3,239	\$ 374	\$ 4,734
Receivables (net of allowances):				
Accounts	8	-	-	-
Other	3	-	-	15
Due from other funds	71	-	-	-
Due from other governments	1	-	-	-
Inventory	629	-	-	-
Total current assets	<u>8,263</u>	<u>3,239</u>	<u>374</u>	<u>4,749</u>
Noncurrent assets:				
Capital assets:				
Capital assets (net)	21,532	-	-	51
Total noncurrent assets	<u>21,532</u>	<u>-</u>	<u>-</u>	<u>51</u>
Total assets	<u>29,795</u>	<u>3,239</u>	<u>374</u>	<u>4,800</u>
Deferred Outflows				
For pensions	171	-	-	48
For asset retirement obligation	1,195	-	-	-
Total deferred outflows	<u>1,366</u>	<u>-</u>	<u>-</u>	<u>48</u>
Total assets and deferred outflows	<u>\$ 31,161</u>	<u>\$ 3,239</u>	<u>\$ 374</u>	<u>\$ 4,848</u>

**Combining Statement of Fund Net Position
Internal Service Funds
As of December 31, 2020**
(in thousands)

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facilities Services</u>	<u>Total</u>
Assets:				
Current assets:				
Cash & equity in pooled investments	\$ 3,133	\$ 9,198	\$ 3,245	\$ 31,474
Receivables (net of allowances):				
Accounts	-	41	2	51
Other	307	-	-	325
Due from other funds	-	-	-	71
Due from other governments	-	-	-	1
Inventory	-	-	-	629
Total current assets	<u>3,440</u>	<u>9,239</u>	<u>3,247</u>	<u>32,551</u>
Noncurrent assets:				
Capital assets:				
Capital assets (net)	-	391	983	22,957
Total noncurrent assets	<u>-</u>	<u>391</u>	<u>983</u>	<u>22,957</u>
Total assets	<u>3,440</u>	<u>9,630</u>	<u>4,230</u>	<u>55,508</u>
Deferred Outflows				
For pensions	15	1,299	154	1,687
For asset retirement obligation	-	-	-	1,195
Total deferred outflows	<u>15</u>	<u>1,299</u>	<u>154</u>	<u>2,882</u>
Total assets and deferred outflows	<u>\$ 3,455</u>	<u>\$ 10,929</u>	<u>\$ 4,384</u>	<u>\$ 58,390</u>

**Combining Statement of Fund Net Position
Internal Service Funds
As of December 31, 2020
(in thousands)**

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self- Insurance</u>
Liabilities:				
Current liabilities:				
Accounts payable	\$ 293	\$ 13	\$ 83	\$ 19
Estimated claims	-	1,606	102	1,662
Accrued payroll	123	-	-	33
Accrued compensated absences	61	-	-	27
Accrued taxes	-	-	-	-
Liabilities payable from restricted assets:				
Customer deposits	-	-	-	-
Retainage payable	-	-	-	-
Total current liabilities	<u>477</u>	<u>1,619</u>	<u>185</u>	<u>1,741</u>
Noncurrent liabilities:				
Accrued compensated absences	142	-	-	63
Estimated claims	-	1,198	-	2,227
Asset retirement obligation	7,957	-	-	-
Pension liability	233	-	-	65
Total noncurrent liabilities	<u>8,332</u>	<u>1,198</u>	<u>-</u>	<u>2,355</u>
Total liabilities	<u>8,809</u>	<u>2,817</u>	<u>185</u>	<u>4,096</u>
Deferred Inflows				
For pensions	<u>221</u>	<u>-</u>	<u>-</u>	<u>61</u>
Total deferred inflows	<u>221</u>	<u>-</u>	<u>-</u>	<u>61</u>
Total liabilities and deferred inflows	<u>9,030</u>	<u>2,817</u>	<u>185</u>	<u>4,157</u>
Net position:				
Net investment in capital assets	21,326	-	-	51
Restricted for:				
Customer deposits	-	-	-	-
Capital projects	-	-	-	-
Unrestricted	805	422	189	640
Total net position	<u>\$ 22,131</u>	<u>\$ 422</u>	<u>\$ 189</u>	<u>\$ 691</u>

**Combining Statement of Fund Net Position
Internal Service Funds
As of December 31, 2020**
(in thousands)

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facilities Services</u>	<u>Total</u>
Liabilities:				
Current liabilities:				
Accounts payable	\$ 605	\$ 434	\$ 286	\$ 1,733
Estimated claims	1,462	-	-	4,832
Accrued payroll	11	391	105	663
Accrued compensated absences	11	257	46	402
Accrued taxes	-	-	3	3
Liabilities payable from restricted assets:				
Customer deposits	-	-	3	3
Retainage payable	-	5	-	5
Total current liabilities	<u>2,089</u>	<u>1,087</u>	<u>443</u>	<u>7,641</u>
Noncurrent liabilities:				
Accrued compensated absences	26	600	106	937
Estimated claims	-	-	-	3,425
Asset retirement obligation	-	-	-	7,957
Pension liability	21	8,034	209	8,562
Total noncurrent liabilities	<u>47</u>	<u>8,634</u>	<u>315</u>	<u>20,881</u>
Total liabilities	<u>2,136</u>	<u>9,721</u>	<u>758</u>	<u>28,522</u>
Deferred Inflows				
For pensions	20	749	174	1,225
Total deferred inflows	<u>20</u>	<u>749</u>	<u>174</u>	<u>1,225</u>
Total liabilities and deferred inflows	<u>2,156</u>	<u>10,470</u>	<u>932</u>	<u>29,747</u>
Net position:				
Net investment in capital assets	-	386	983	22,746
Restricted for:				
Customer deposits	-	-	3	3
Capital projects	-	5	-	5
Unrestricted	1,299	68	2,466	5,889
Total net position	<u>\$ 1,299</u>	<u>\$ 459</u>	<u>\$ 3,452</u>	<u>\$ 28,643</u>

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2020
(in thousands)**

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Operating revenues:				
Intergovernmental	\$ 51	\$ -	\$ -	\$ -
Service charges and fees	11,813	-	-	-
Rent	-	-	-	-
Insurance recovery	-	-	-	262
Premiums/contributions	-	2,591	189	4,419
Other	5	155	-	-
Total operating revenues	11,869	2,746	189	4,681
Operating expenses:				
Administrative and general	521	101	-	1,840
Maintenance and operations	6,771	28	-	-
Depreciation	4,913	-	-	3
Insurance costs	-	252	-	1,197
Benefits and claims payments	-	1,843	361	2,753
Total operating expenses	12,205	2,224	361	5,793
Operating income (loss)	(336)	522	(172)	(1,112)
Nonoperating revenues (expenses):				
Interest income	51	17	2	22
Gain on disposal of capital assets	249	-	-	-
Other nonoperating revenues	5	-	-	-
Total nonoperating revenue (expenses)	305	17	2	22
Income before contributions and transfers	(31)	539	(170)	(1,090)
Special items, contributions and transfers:				
Transfers in	387	-	-	198
Transfers out	-	(198)	(6)	-
Capital contributed from external sources	10	-	-	-
Change in net position	366	341	(176)	(892)
Net position beginning of year	21,765	81	365	1,583
Net position end of year	\$ 22,131	\$ 422	\$ 189	\$ 691

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2020
(in thousands)**

	Health Benefits	Information Technology	Facilities Services	Total
Operating revenues:				
Intergovernmental	\$ -	\$ -	\$ 31	\$ 82
Service charges and fees	2,043	15,058	6,423	35,337
Rent	-	-	629	629
Insurance recovery	-	-	-	262
Premiums/contributions	17,767	-	30	24,996
Other	-	-	-	160
Total operating revenues	19,810	15,058	7,113	61,466
Operating expenses:				
Administrative and general	631	3,942	242	7,277
Maintenance and operations	-	12,030	6,084	24,913
Depreciation	-	384	117	5,417
Insurance costs	7,091	-	-	8,540
Benefits and claims payments	20,225	-	-	25,182
Total operating expenses	27,947	16,356	6,443	71,329
Operating income (loss)	(8,137)	(1,298)	670	(9,863)
Nonoperating revenues (expenses):				
Interest income	46	52	17	207
Gain on disposal of capital assets	-	-	-	249
Other nonoperating revenues	1,135	29	-	1,169
Total nonoperating revenue (expenses)	1,181	81	17	1,625
Income before contributions and transfers	(6,956)	(1,217)	687	(8,238)
Special items, contributions and transfers:				
Transfers in	-	-	35	620
Transfers out	(10)	(172)	(100)	(486)
Capital contributed from external sources	-	-	-	10
Change in net position	(6,966)	(1,389)	622	(8,094)
Net position beginning of year	8,265	1,848	2,830	36,737
Net position end of year	\$ 1,299	\$ 459	\$ 3,452	\$ 28,643

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2020
(in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Cash flows from operating activities:				
Cash received from customers and users	\$ 11,894	\$ -	\$ -	\$ (15)
Contributions received - employer/employee	-	2,592	189	4,419
Cash received from insurance proceeds	-	-	-	262
Cash payments to suppliers for goods & services	(4,743)	(124)	-	(784)
Cash payments to employees for services	(2,446)	-	-	(828)
Cash payments to claimants	-	(1,748)	(195)	(1,130)
Cash received from other governments	-	-	-	73
Cash received from contracts/rent	-	-	-	-
Cash payments for insurance	-	(252)	-	(1,197)
Other receipts	-	154	-	-
Net cash provided (used) by operating activities	<u>4,705</u>	<u>622</u>	<u>(6)</u>	<u>800</u>
Cash flows from noncapital financing activities:				
Transfers in	387	-	-	198
Transfers out	-	(198)	(6)	-
Cash received from non-operating revenues	5	-	-	-
Net cash provided (used) by noncapital financing activities:	<u>392</u>	<u>(198)</u>	<u>(6)</u>	<u>198</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	(4,923)	-	-	-
Net cash provided (used) by capital financing activities	<u>(4,923)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	78	27	3	35
Net cash provided (used) by investing activities	<u>78</u>	<u>27</u>	<u>3</u>	<u>35</u>
Net increase (decrease) in cash balance	252	451	(9)	1,033
Cash and equity in pooled investments balance				
beginning of year	<u>7,299</u>	<u>2,788</u>	<u>383</u>	<u>3,701</u>
Cash and equity in pooled investments balance	<u>\$ 7,551</u>	<u>\$ 3,239</u>	<u>\$ 374</u>	<u>\$ 4,734</u>
end of year				

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2020
(in thousands)

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facilities Services</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers and users	\$ 2,004	\$ 15,030	\$ 6,456	\$ 35,369
Contributions received - employer/employees	17,767	-	-	24,967
Cash received from insurance proceeds	-	-	-	262
Cash payments to suppliers for goods & services	4,100	(5,154)	(3,965)	(10,670)
Cash payments to employees for services	(4,378)	(8,960)	(2,531)	(19,143)
Cash payments to claimants	(20,181)	-	-	(23,254)
Cash received from other governments	-	35	-	108
Cash received from contracts/rent	-	-	629	629
Cash payments for insurance	(7,091)	-	-	(8,540)
Other receipts	1,135	-	29	1,318
Net cash provided (used) by operating activities	<u>(6,644)</u>	<u>951</u>	<u>618</u>	<u>1,046</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	35	620
Transfers out	(10)	(172)	(100)	(486)
Cash received from non-operating revenues	-	29	-	34
Net cash provided (used) by noncapital financing activities:	<u>(10)</u>	<u>(143)</u>	<u>(65)</u>	<u>168</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(15)	-	(4,938)
Net cash provided (used) by capital financing activities	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>(4,938)</u>
Cash flows from investing activities:				
Interest on investments	80	81	27	331
Net cash provided (used) by investing activities	<u>80</u>	<u>81</u>	<u>27</u>	<u>331</u>
Net increase (decrease) in cash balance	(6,574)	874	580	(3,393)
Cash and equity in pooled investments balance				
beginning of year	<u>9,707</u>	<u>8,324</u>	<u>2,665</u>	<u>34,867</u>
Cash and equity in pooled investments balance	<u>\$ 3,133</u>	<u>\$ 9,198</u>	<u>\$ 3,245</u>	<u>\$ 31,474</u>
end of year				

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2020**
(in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (336)	\$ 522	\$ (172)	\$ (1,112)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	4,913	-	-	3
Other receipts	-	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	1	-	-	(15)
(Increase) decrease in due from other funds	23	-	-	-
(Increase) decrease in due from other governments	-	-	-	73
(Increase) decrease in inventory	9	-	-	-
(Increase) decrease in asset retirement obligation	20	-	-	-
(Increase) decrease in deferred outflow	176	-	-	(10)
Increase (decrease) in accounts payable	30	5	83	(11)
Increase (decrease) in wages & benefits payable	15	-	-	(5)
Increase (decrease) in compensated absences	(2)	-	-	9
Increase (decrease) in due to other governments	1	-	-	-
Increase (decrease) in estimated claims payable	-	95	83	1,902
Increase (decrease) in pension liability	47	-	-	15
Increase (decrease) in deferred inflows	(192)	-	-	(49)
Total adjustments	<u>5,041</u>	<u>100</u>	<u>166</u>	<u>1,912</u>
Net cash provided (used) by operating activities	<u>\$ 4,705</u>	<u>\$ 622</u>	<u>\$ (6)</u>	<u>\$ 800</u>

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2020
(in thousands)**

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facilities Services</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (8,137)	\$ (1,298)	\$ 670	\$ (9,863)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	384	117	5,417
Other receipts	1,135	-	-	1,135
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(39)	(28)	2	(79)
(Increase) decrease in due from other funds	-	-	-	23
(Increase) decrease in due from other governments	-	35	-	108
(Increase) decrease in inventory	-	-	-	9
(Increase) decrease in asset retirement obligation	-	-	-	20
(Increase) decrease in deferred outflow	(4)	(423)	(14)	(275)
Increase (decrease) in accounts payable	358	338	39	842
Increase (decrease) in wages & benefits payable	1	41	(12)	40
Increase (decrease) in compensated absences	5	158	(4)	166
Increase (decrease) in due to other governments	-	-	(2)	(1)
Increase (decrease) in estimated claims payable	44	-	-	2,124
Increase (decrease) in pension liability	6	2,543	27	2,638
Increase (decrease) in deferred inflows	(13)	(799)	(205)	(1,258)
Total adjustments	<u>1,493</u>	<u>2,249</u>	<u>(52)</u>	<u>10,909</u>
Net cash provided (used) by operating activities	<u>\$ (6,644)</u>	<u>\$ 951</u>	<u>\$ 618</u>	<u>\$ 1,046</u>

**Pension
(and Other Employee Benefit)
Trust Funds**

Descriptions of the pension trust funds included as supplementary information in the city's Comprehensive Annual Financial Report are provided below:

Pension Funds

The **Firefighters' Pension Fund** accounts for a single-employer, defined benefit system established under Washington State law to provide pension benefits for eligible firefighters.

The **Municipal Employees' Benefit Trust (MEBT) Fund** accounts for a multiple-employer, defined contribution pension plan comprised of contributions from participating employees and employers which currently includes the cities of Bellevue, Edmonds, Federal Way, Kirkland, Mill Creek, Redmond, Woodinville and the North East King County Regional Public Safety Communication Agency (NORCOM).

Combining Statement of Fiduciary Net Position
Fiduciary Funds - Pension Funds
As of December 31, 2020
(in thousands)

	Firefighters' Pension Fund	Municipal Employees' Benefit Trust	Total
Assets:			
Cash & equity in pooled investments:			
U.S. government and agency obligations	\$ 210	\$ -	\$ 210
State and local obligations	140	-	140
State investment pool	6,100	-	6,100
Collective trust fund	-	145,085	145,085
Mutual funds	-	732,386	732,386
Common and preferred stocks	-	104,471	104,471
Interest-bearing bank deposits	562	1,799	2,361
Receivables (net of allowances):			
Interest receivable	-	1,055	1,055
Employee contributions	-	1	1
Notes receivable from participants	-	8,766	8,766
Due from other governments	-	44	44
Total assets	\$ 7,012	\$ 993,607	\$ 1,000,619
Liabilities:			
Accounts payable	\$ -	\$ 418	\$ 418
Total liabilities	-	418	418
Total net position	\$ 7,012	\$ 993,189	\$ 1,000,201

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Pension Funds
For the Year ended December 31, 2020
(in thousands)

	Firefighters' Pension Fund	Municipal Employees' Benefit Trust	Total
Additions:			
Investment income:			
Interest	\$ 42	\$ 500	\$ 542
Net change in fair value of investments	-	97,505	97,505
Dividends	-	22,192	22,192
Contributions:			
Contributions from employers and nonemployer	277	21,571	21,848
Contributions from participants and members	-	24,752	24,752
Rollovers	-	337	337
Total additions	319	166,857	167,176
Deductions:			
Benefit payments	312	57,481	57,793
Insurance premiums	-	2,244	2,244
Administrative expense	7	1,932	1,939
Total deductions	319	61,657	61,976
Net increase (decrease) in net position	-	105,200	105,200
Net position beginning of year	7,012	-	7,012
Change in accounting principle	-	887,989	887,989
Net position end of year	\$ 7,012	\$ 993,189	\$ 1,000,201

Custodial Funds

Descriptions of the custodial (fiduciary) funds included as supplementary information in the city's Comprehensive Annual Financial Report are provided below:

Custodial Funds

The **e-CityGov Alliance Fund** accounts for a multi-jurisdictional site created to provide a regionally-coordinated portal for the delivery of municipal services via the Internet, providing citizens with internet access to a variety of services, and offers a forum for the sharing of resources in the development and deployment of future online municipal services.

The **Community Connectivity Consortium Fund** accounts for contributions from members of an interlocal agreement which provides for connectivity services to meet the needs of community institutions.

The **Eastside Narcotics Task Force (ENTF) Fund** accounts for revenues generated by an interlocal task force of law enforcement agencies to support drug enforcement activities.

The **Hazardous Materials Fund** accounts for contributions from members of an interlocal agreement which provides for the development and operation of the Hazardous Materials Unit and Team.

The **Custodial Fund** records activities conducted in a fiduciary capacity for other governments or external entities. The city of Bellevue has no legal right to ownership of these balances. This fund includes balances for sales, use, and leasehold taxes collected for other governments; funding from other cities for contracts with human services providers; and amounts held as evidence for police investigations.

Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
As of December 31, 2020
(in thousands)

	<u>eCityGov Alliance</u>	<u>Community Connectivity Consortium</u>	<u>Eastside Narcotics Task Force</u>	<u>Hazardous Materials</u>
Assets:				
Cash & equity in pooled investments	\$ 1,081	\$ 257	\$ 76	\$ 313
Capital assets (net)	-	-	8	99
Total assets	<u>\$ 1,081</u>	<u>\$ 257</u>	<u>\$ 84</u>	<u>\$ 412</u>
Liabilities:				
Accounts payable	\$ 31	\$ 2	\$ -	\$ 5
Deposits payable	-	-	66	-
Total liabilities	<u>31</u>	<u>2</u>	<u>66</u>	<u>5</u>
Total net position	<u>\$ 1,050</u>	<u>\$ 255</u>	<u>\$ 18</u>	<u>\$ 407</u>

Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
As of December 31, 2020
(in thousands)

	<u>Custodial Fund</u>	<u>Total</u>
Assets:		
Cash & equity in pooled investments	\$ 601	\$ 2,328
Capital assets (net)	-	107
Total assets	<u>\$ 601</u>	<u>\$ 2,435</u>
Liabilities:		
Accounts payable	\$ -	\$ 38
Deposits payable	-	66
Total liabilities	<u>-</u>	<u>104</u>
Total net position	<u>\$ 601</u>	<u>\$ 2,331</u>

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended December 31, 2020
(in thousands)

	<u>eCityGov Alliance</u>	<u>Community Connectivity Consortium</u>	<u>Eastside Narcotics Task Force</u>	<u>Hazardous Materials</u>
Additions:				
Investment income:				
Interest	\$ 9	\$ 1	\$ -	\$ 2
Other contributions:				
Contributions from members	1,618	110	-	121
Tax collections for other governments	-	-	-	-
Deposits collected	-	-	-	-
Other	3	-	-	-
Total additions	<u>1,630</u>	<u>111</u>	<u>-</u>	<u>123</u>
Deductions:				
Administrative expense	1,790	64	-	65
Distributions to human services agencies	-	-	-	-
Payments to other governments	-	-	-	-
Deposits released	-	-	-	-
Total deductions	<u>1,790</u>	<u>64</u>	<u>-</u>	<u>65</u>
Net increase (decrease) in net position	(160)	47	-	58
Net position beginning of year	-	-	-	-
Change in accounting principle	1,213	208	18	349
Prior period addition (deduction)	(3)	-	-	-
Net position end of year	<u>\$ 1,050</u>	<u>\$ 255</u>	<u>\$ 18</u>	<u>\$ 407</u>

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended December 31, 2020
(in thousands)

	Custodial Fund	Total
Additions:		
Investment income:		
Interest	\$ 1	\$ 13
Other contributions:		
Contributions from members	2,661	4,510
Tax collections for other governments	859	859
Deposits collected	2,770	2,770
Other	-	3
Total additions	6,291	8,155
Deductions:		
Administrative expense	-	1,919
Distributions to human services agencies	2,686	2,686
Payments to other governments	860	860
Deposits released	2,921	2,921
Total deductions	6,467	8,386
Net increase (decrease) in net position	(176)	(231)
Net position beginning of year	-	-
Change in accounting principle	777	2,565
Prior period addition (deduction)	-	(3)
Net position end of year	\$ 601	\$ 2,331

Statistical Section

The **Statistical Section** is an important source of information regarding a government's economic condition. There are five categories of statistical tables. Those sections, and related tables, are:

The **Financial Trends** provides selected information from previous years' financial statement to show trends of the city. This section includes the following tables:

- Net Position by Component
- Changes in Net Position
- Governmental Activities Tax Revenue by Source
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds
- General Governmental Tax Revenue by Source

The **Revenue Capacity** provides information useful in assessing the city's ability to raise own source revenue. This section includes the following tables:

- Taxable Sales by Category
- Sales Tax Rates – Direct and Overlapping Governments
- Assessed and Estimated Actual Value of Taxable Property
- Property Tax Rates Direct and Overlapping Governments
- Principal Property Taxpayers
- Property Tax Levies and Collections

The **Debt Capacity** section offers information useful in assessing a government's ability to issue new debt. This section includes the following tables:

- Ratio of Outstanding Debt by Type
- Ratio of General Bonded Debt Outstanding
- Computation of Direct and Overlapping Debt
- Legal Debt Margin Information
- Pledged Revenue Coverage

The **Demographic and Economic Information** offers information designed to help users better understand the socio-economic environment. This section includes the following tables:

- Demographic Statistics
- Principal Employers

The **Operating Information** provides information on the size of the city's workforce, the level of services provided, and the city's capital assets. This section includes the following tables:

- Full-Time Equivalent City Government Employees by Function
- Operating Indicators by Function
- Capital Assets by Function

Table 1

NET POSITION BY COMPONENT^{(A)(B)}

Last Ten Fiscal Years
(in thousands)

Year	Governmental Activities				Business-type Activities				Total - Primary Government			
	Net investment in capital assets	Restricted	Unrestricted	Total	Net investment in capital assets	Restricted	Unrestricted	Total	Net investment in capital assets	Restricted	Unrestricted	Total
2011	\$ 1,506,482	\$ 11,207	\$ 80,770	\$ 1,598,459	\$ 258,754	\$ 102,188	\$ 36,542	\$ 397,484	\$ 1,765,236	\$ 113,395	\$ 117,312	\$ 1,995,943
2012	1,513,235	25,690	58,636	1,597,561	265,524	123,837	30,977	420,338	1,778,759	149,527	89,613	2,017,900
2013	1,563,631	18,054	25,227	1,606,912	277,669	138,021	34,103	449,793	1,841,300	156,075	59,330	2,056,705
2014	1,546,380	47,503	44,716	1,638,599	289,506	529	222,653	512,688	1,835,886	48,032	267,369	2,151,287
2015	1,566,471	91,987	(31,050)	1,627,408	312,700	537	235,263	548,500	1,879,171	92,524	204,213	2,175,908
2016	1,605,104	101,621	(37,081)	1,669,644	336,121	800	215,615	552,536	1,941,225	102,421	178,534	2,222,180
2017	1,626,502	112,522	5,774	1,744,798	353,414	804	249,089	603,307	1,979,916	113,326	254,863	2,348,105
2018	1,661,776	117,031	27,875	1,806,682	375,075	378	282,087	657,540	2,036,851	117,409	309,962	2,464,222
2019	1,707,871	105,692	56,849	1,870,412	403,636	578	325,907	730,121	2,111,507	106,270	382,756	2,600,533
2020	1,761,119	120,961	46,419	1,928,499	431,961	520	351,271	783,752	2,193,080	121,481	397,690	2,712,251

^(A) All amounts are reported on the accrual basis. As of 2012, certain activities have been reclassified to deferred inflows and deferred outflows.

^(B) As of 2012, GASB Statement No. 63 redefined financial reporting to include the Statement of Net Position. Prior to 2012, the information above was provided on the Statement of Net Assets.

Table 2
Page 1 of 3

CHANGES IN NET POSITION ^{(A)(B)}
Last Ten Fiscal Years
(in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
General government	\$ 36,450	\$ 36,392	\$ 28,354	\$ 31,948	\$ 33,611	\$ 39,840	\$ 27,174	\$ 34,751	\$ 38,187	\$ 82,024
Public safety	79,163	82,822	84,074	85,734	90,269	90,827	94,620	98,732	107,391	104,615
Physical environment	1,813	1,642	2,892	2,249	2,446	1,509	1,361	1,194	1,452	1,284
Transportation	29,711	27,761	29,147	30,925	36,384	36,729	43,071	40,929	62,788	47,976
Economic environment	18,720	19,037	20,768	23,336	34,571	32,573	31,821	31,259	43,764	44,271
Health and human services	8,195	11,511	7,414	7,596	8,457	6,766	7,492	6,548	6,897	6,393
Culture and recreation	34,948	38,452	39,448	39,776	43,116	39,356	47,522	43,080	42,243	41,637
Interest on long-term debt	7,817	7,910	8,691	8,978	11,148	12,010	11,686	11,097	10,990	10,960
Total governmental activities	216,817	225,527	220,788	230,542	260,002	259,610	264,747	267,590	313,712	339,160
Business-type activities										
Water	34,897	38,708	41,218	46,886	44,529	48,299	45,722	49,899	50,474	51,027
Sewer	39,571	41,089	44,099	44,780	48,683	49,470	47,913	50,623	53,173	53,215
Storm & surface water	10,661	10,950	11,208	11,764	12,699	14,413	15,020	11,973	13,622	14,710
Marina	261	277	232	273	219	216	349	154	318	318
Total business-type activities	85,390	91,024	96,757	103,703	106,130	112,398	109,004	112,649	117,587	119,270
Total primary government expenses	\$ 302,207	\$ 316,551	\$ 317,545	\$ 334,245	\$ 366,132	\$ 372,008	\$ 373,751	\$ 380,239	\$ 431,299	\$ 458,430
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 9,743	\$ 3,904	\$ 3,764	\$ 3,686	\$ 5,518	\$ 3,519	\$ 3,449	\$ 3,295	\$ 3,801	\$ 4,601
Public safety	16,178	18,569	16,874	16,553	19,549	22,274	22,668	23,994	23,713	24,395
Physical environment	994	813	588	735	692	705	708	742	641	800
Transportation	1,071	1,930	1,940	6,391	10,098	8,518	11,361	15,224	7,626	18,876
Economic environment	8,564	11,311	12,545	17,296	18,797	19,334	17,444	17,873	24,502	28,513
Health and human services	463	496	530	545	555	2,150	3,015	3,048	412	283
Culture and recreation	8,922	8,873	9,186	9,183	10,220	11,569	11,258	11,488	11,992	7,119
Operating grants and contributions	8,423	8,188	7,851	7,585	11,427	8,043	7,542	7,542	18,168	21,845
Capital grants and contributions	6,563	3,919	5,136	13,373	17,239	9,811	20,027	10,969	28,532	38,193
Total governmental activities program revenues	60,921	58,003	58,414	75,347	94,095	85,923	97,472	94,175	119,387	144,625

City of Bellevue, Washington

Table 2
Page 2 of 3

CHANGES IN NET POSITION ^{(A)(B)}
Last Ten Fiscal Years
(in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities										
Charges for Services										
Water	\$ 37,253	\$ 41,686	\$ 48,417	\$ 52,181	\$ 57,666	\$ 57,215	\$ 61,622	\$ 64,373	\$ 67,555	\$ 65,993
Sewer	46,304	47,202	51,270	53,359	56,628	59,678	61,758	63,479	66,384	64,244
Storm & surface water	16,383	16,730	18,872	20,446	21,333	22,593	23,376	24,490	26,178	26,866
Marina	538	564	575	585	625	624	606	653	715	680
Operating grants and contributions	-	-	-	-	-	-	-	104	75	66
Capital grants and contributions	3,575	4,693	5,141	7,619	5,611	6,068	6,617	7,644	20,341	12,649
Total business-type activities program revenues	104,053	110,875	124,275	134,190	141,863	146,178	153,979	160,743	181,248	170,498
Total primary government program revenues	\$ 164,974	\$ 168,878	\$ 182,689	\$ 209,537	\$ 235,958	\$ 232,101	\$ 251,451	\$ 254,918	\$ 300,635	\$ 315,123
Net (Expense)/Revenue										
Governmental activities	\$ (155,896)	\$ (167,524)	\$ (162,374)	\$ (155,195)	\$ (165,907)	\$ (173,687)	\$ (167,275)	\$ (173,415)	\$ (194,325)	\$ (194,535)
Business-type activities	18,663	19,851	27,518	30,487	35,733	33,780	44,975	48,094	63,661	51,228
Total primary government net expense	\$ (137,233)	\$ (147,673)	\$ (134,856)	\$ (124,708)	\$ (130,174)	\$ (139,907)	\$ (122,300)	\$ (125,321)	\$ (130,664)	\$ (143,307)
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes										
Property tax	\$ 36,337	\$ 37,538	\$ 38,302	\$ 38,379	\$ 40,222	\$ 41,304	\$ 55,907	\$ 57,754	\$ 59,210	\$ 61,172
Retail sales and use tax	46,357	48,596	53,072	59,278	66,173	69,686	72,981	78,251	83,781	74,150
Utility tax	25,941	25,813	28,103	26,790	27,219	27,169	29,386	29,036	27,092	26,398
Business and occupation tax	25,753	27,492	28,783	34,856	36,551	38,380	43,530	47,811	43,012	41,515
Excise tax	6,680	13,646	12,090	14,665	19,515	22,815	21,350	20,951	28,310	27,969
Hotel/motel tax	6,776	7,469	9,176	8,975	10,191	11,214	11,780	12,645	12,531	3,139
Other tax	515	476	446	590	474	1,837	1,969	2,065	2,115	264
Payments from component unit	31	20	10	10	9	11	9	11	10	8,906
Grants and contributions - unrestricted	1,450	1,700	1,258	1,424	1,721	1,202	2,746	1,398	1,525	1,166
Unrestricted investment interest	1,458	630	884	962	1,349	1,622	2,098	3,459	5,214	2,159
Gain (loss) in change of fair value of investments	547	(83)	(801)	417	(131)	(304)	(490)	341	1,124	2
Miscellaneous	2,293	357	484	721	269	823	572	750	1,513	3,856
Gain (loss) on sale of capital assets	310	328	285	61	(685)	221	991	2,682	283	304
Transfers	(134)	(561)	(366)	(246)	(141)	(60)	48	(171)	382	400
Total governmental activities	\$ 154,314	\$ 163,421	\$ 171,726	\$ 186,882	\$ 202,736	\$ 215,920	\$ 242,877	\$ 256,983	\$ 266,102	\$ 251,400

CHANGES IN NET POSITION ^{(A)(B)}
Last Ten Fiscal Years
(in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities										
Unrestricted investment interest	\$ 1,529	\$ 757	\$ 924	\$ 1,213	\$ 1,581	\$ 2,099	\$ 2,857	\$ 4,496	\$ 6,830	\$ 1,937
Gain (loss) in change of fair value of investments	542	167	(911)	11,947	7,425	(432)	(707)	432	1,613	2
Miscellaneous	953	1,519	1,556	979	1,054	1,747	3,658	1,041	861	864
Gain (loss) on sale of capital assets	-	-	3	236	201	46	44	(1)	-	-
Transfers	134	561	366	246	141	60	(48)	171	(382)	(400)
Total business-type activities	3,158	3,004	1,938	14,621	10,402	3,520	5,804	6,139	8,922	2,403
Total primary government	\$ 157,472	\$ 166,425	\$ 173,664	\$ 201,503	\$ 213,138	\$ 219,440	\$ 248,681	\$ 263,122	\$ 275,024	\$ 253,803
Change in Net Position										
Governmental activities	\$ (1,582)	\$ (4,103)	\$ 9,352	\$ 31,687	\$ 36,829	\$ 42,233	\$ 75,602	\$ 83,568	\$ 71,777	\$ 56,865
Business-type activities	21,821	22,855	29,456	45,108	46,135	37,300	50,779	54,233	72,583	53,631
Total primary government	\$ 20,239	\$ 18,752	\$ 38,808	\$ 76,795	\$ 82,964	\$ 79,533	\$ 126,381	\$ 137,801	\$ 144,360	\$ 110,496

(A) All amounts are reported on the accrual basis.

(B) As of 2012, GASB Statement No. 63 redefined financial reporting to include the Statement of Net Position. Prior to 2012, the information above was provided on the Statement of Net Assets.

Table 3

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

Last Ten Fiscal Years
(in thousands)

Fiscal Year	Total Taxes	General Property Taxes	General Sales Taxes	Utility Taxes	Business and Occupation Taxes	LFR Local Option Sales and Use Tax	Excise Taxes	Other Taxes and Assessments^(A)	Memo Only Hotel/Motel Tax^(B)
2011	\$ 141,583	\$ 36,337	\$ 46,357	\$ 25,941	\$ 25,753	\$ -	\$ 6,680	\$ 515	\$ 6,776
2012	153,562	37,539	48,596	25,813	27,492	-	13,646	476	7,469
2013	160,796	38,302	52,757	28,103	28,783	315	12,090	446	9,176
2014	174,558	38,379	58,717	26,790	34,856	561	14,665	590	8,975
2015	190,154	40,222	65,551	27,219	36,551	622	19,515	474	10,191
2016	201,190	41,303	69,184	27,169	38,380	502	22,815	1,837	11,214
2017	225,124	55,908	72,481	29,386	43,530	500	21,350	1,969	11,780
2018	235,868	57,754	77,751	29,036	47,811	500	20,951	2,065	12,645
2019	243,520	59,210	83,281	27,092	43,012	500	28,310	2,115	12,531
2020	231,468	61,172	73,650	26,398	41,515	500	27,969	264	3,139

^(A) Includes miscellaneous tax revenue and special assessments

^(B) Source: Bellevue Convention Center Authority. Hotel/Motel tax receipts are reported in BCCA Financial Statements and included here as a memo item. City of Bellevue collects the tax on behalf of the BCCA. A portion of the receipts are passed directly through to the BCCA and a portion of funds are used towards BCCA bond repayment.

FUND BALANCES OF GOVERNMENTAL FUNDS^(A)
Last Ten Fiscal Years
(in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Nonspendable for:										
Prepays	\$ -	\$ 406	\$ 408	\$ 391	\$ 732	\$ 491	\$ 522	\$ 2	\$ 488	\$ 644
Total nonspendable fund balance	<u>-</u>	<u>406</u>	<u>408</u>	<u>391</u>	<u>732</u>	<u>491</u>	<u>522</u>	<u>2</u>	<u>488</u>	<u>644</u>
Assigned for:										
General government	1,180	1,454	701	980	1,333	1,640	1,086	1,050	1,125	1,045
Public safety	-	-	-	-	-	-	57	60	-	-
Transportation	-	-	-	-	-	-	716	3,591	863	847
Economic environment	-	-	-	-	-	-	-	16,056	23,368	31,669
Health & human services	-	-	-	-	98	58	-	-	772	975
Culture & recreation	-	-	873	705	912	1,132	914	1,253	2,126	1,603
Debt services	-	-	-	-	-	-	-	-	-	-
Total assigned fund balance	<u>1,180</u>	<u>1,454</u>	<u>1,574</u>	<u>1,685</u>	<u>2,343</u>	<u>2,830</u>	<u>2,773</u>	<u>22,010</u>	<u>28,254</u>	<u>36,139</u>
Restricted for:										
General government	-	114	-	-	-	-	-	3	-	-
Public safety	-	-	-	-	-	245	341	287	647	561
Debt Service	-	-	-	-	-	-	-	-	-	-
Health & human services	567	-	-	-	-	38	225	2,472	13	-
Total restricted fund balance	<u>567</u>	<u>114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283</u>	<u>566</u>	<u>2,762</u>	<u>660</u>	<u>561</u>
Unassigned	20,873	20,873	23,051	25,978	31,309	36,907	44,735	44,193	47,784	42,657
Total unassigned fund balance	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>	<u>36,907</u>	<u>44,735</u>	<u>44,193</u>	<u>47,784</u>	<u>42,657</u>
Fund Balance - General fund	<u>\$ 22,620</u>	<u>\$ 22,847</u>	<u>\$ 25,033</u>	<u>\$ 28,054</u>	<u>\$ 34,384</u>	<u>\$ 40,511</u>	<u>\$ 48,597</u>	<u>\$ 68,967</u>	<u>\$ 77,186</u>	<u>\$ 80,001</u>

FUND BALANCES OF GOVERNMENTAL FUNDS^(A)
Last Ten Fiscal Years
(in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Other Governmental Funds										
Assigned for:										
General government	\$ 3,579	\$ 7,718	\$ 1,255	\$ 1,275	\$ 3,043	\$ 492	\$ 10,648	\$ 30,119	\$ 36,486	\$ 50,752
Public safety	11,961	10,429	8,383	6,719	5,272	3,900	1,981	537	-	-
Physical environment	970	835	1,100	960	1,299	1,420	1,306	1,386	407	421
Transportation	243	864	-	-	-	6,204	-	-	2,973	2,210
Economic environment	162	1,687	4,367	6,160	-	-	1,627	-	1,256	-
Health & human services	4,342	3,308	3,725	4,130	5,093	398	1,698	3,651	-	1,802
Culture & recreation	5,179	580	966	-	-	466	707	-	1,148	1,206
Debt services	1,705	2,177	-	-	-	-	1,012	1,049	559	141
Total assigned fund balance	<u>28,141</u>	<u>27,598</u>	<u>19,796</u>	<u>19,244</u>	<u>14,707</u>	<u>12,880</u>	<u>18,979</u>	<u>36,742</u>	<u>42,829</u>	<u>56,532</u>
Committed for:										
General government	-	-	-	-	-	-	189	2,201	-	-
Physical Environment	-	-	-	-	-	-	-	-	2,065	2,409
Transportation	-	-	-	-	-	-	2,078	-	-	-
Health and human services	-	-	-	-	-	-	-	-	2,687	7,535
Culture and recreation	-	-	-	-	-	-	-	-	-	34
Total committed fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,267</u>	<u>2,201</u>	<u>4,752</u>	<u>9,978</u>
Restricted for:										
General government	23	681	50,095	16,006	51,842	38,975	19,018	571	-	-
Public safety	740	702	1,300	1,581	1,005	825	6,323	12,780	18,855	23,286
Physical environment	367	823	109	538	94	394	595	1,413	13	-
Transportation	12	-	1,159	8,614	10,800	9,604	18,213	34,942	16,116	11,685
Economic environment	8,325	6,401	4,082	755	8,708	12,386	12,210	281	241	618
Health & human services	-	3,102	3,203	3,202	3,090	8,387	5,083	5,372	10	492
Culture & recreation	8,801	13,971	10,697	9,104	14,989	20,676	23,963	21,737	35,146	41,719
Debt services	6	10	1,879	2,479	1,459	1,867	110	103	642	4,897
Total restricted fund balance	<u>18,274</u>	<u>25,690</u>	<u>72,524</u>	<u>42,279</u>	<u>91,987</u>	<u>93,114</u>	<u>85,515</u>	<u>77,199</u>	<u>71,023</u>	<u>82,697</u>

FUND BALANCES OF GOVERNMENTAL FUNDS^(A)
Last Ten Fiscal Years
(in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental Funds										
Nonspendable for:										
Prepays	\$ -	\$ 406	\$ 408	\$ 391	\$ 732	\$ 491	\$ 522	\$ 2	\$ 488	\$ 644
Total nonspendable fund balance	<u>-</u>	<u>406</u>	<u>408</u>	<u>391</u>	<u>732</u>	<u>491</u>	<u>522</u>	<u>2</u>	<u>488</u>	<u>644</u>
Assigned for:										
General government	4,759	9,172	1,956	2,255	4,377	2,132	11,734	31,169	37,611	51,797
Public safety	11,961	10,429	8,383	6,719	5,272	3,900	2,038	597	-	-
Physical environment	970	835	1,100	960	1,299	1,420	2,022	4,977	1,270	421
Transportation	243	864	-	-	-	6,204	-	16,056	26,341	3,057
Economic environment	162	1,687	4,367	6,160	98	58	1,627	-	2,028	31,669
Health & human services	4,342	3,308	4,598	4,835	6,005	1,530	2,612	4,904	2,126	2,777
Culture & recreation	5,179	580	966	-	-	466	707	-	1,148	2,809
Debt services	1,705	2,177	-	-	-	-	1,012	1,049	559	141
Total assigned fund balance	<u>29,321</u>	<u>29,052</u>	<u>21,370</u>	<u>20,929</u>	<u>17,051</u>	<u>15,710</u>	<u>21,752</u>	<u>58,752</u>	<u>71,083</u>	<u>92,671</u>
Committed for:										
General government	-	-	-	-	-	-	189	2,201	-	-
Physical Environment	-	-	-	-	-	-	-	-	2,065	2,409
Transportation	-	-	-	-	-	-	2,078	-	-	-
Health and human services	-	-	-	-	-	-	-	-	2,687	7,535
Culture and recreation	-	-	-	-	-	-	-	-	-	34
Total committed fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,267</u>	<u>2,201</u>	<u>4,752</u>	<u>9,978</u>

FUND BALANCES OF GOVERNMENTAL FUNDS^(A)
Last Ten Fiscal Years
(in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2019</u>	<u>2020</u>
Restricted for:										
General government	\$ 23	\$ 795	\$ 50,095	\$ 16,006	\$ 51,842	\$ 38,975	\$ 19,019	\$ 574	\$ -	\$ -
Public safety	740	702	1,300	1,581	1,005	1,070	6,664	13,067	19,502	23,847
Physical environment	367	823	109	538	94	394	595	1,413	13	-
Transportation	12	-	1,159	8,614	10,800	9,604	18,213	34,942	16,116	11,685
Economic environment	8,325	6,401	4,082	755	8,708	12,386	12,210	281	241	618
Health & human services	567	3,102	3,203	3,202	3,090	8,425	5,308	7,844	23	492
Culture & recreation	8,801	13,971	10,697	9,104	14,989	20,676	23,963	21,737	35,146	41,719
Debt services	6	10	1,879	2,479	1,459	1,867	110	103	642	4,897
Total restricted fund balance	<u>18,841</u>	<u>25,804</u>	<u>72,524</u>	<u>42,279</u>	<u>91,987</u>	<u>93,397</u>	<u>86,082</u>	<u>79,961</u>	<u>71,683</u>	<u>83,258</u>
Unassigned	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>	<u>36,907</u>	<u>44,736</u>	<u>44,193</u>	<u>47,784</u>	<u>42,657</u>
Total unassigned fund balance	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>	<u>36,907</u>	<u>44,736</u>	<u>44,193</u>	<u>47,784</u>	<u>42,657</u>
Fund balance - governmental funds	<u>\$ 69,035</u>	<u>\$ 76,135</u>	<u>\$ 117,353</u>	<u>\$ 89,577</u>	<u>\$ 141,080</u>	<u>\$ 146,505</u>	<u>\$ 155,358</u>	<u>\$ 185,109</u>	<u>\$ 195,790</u>	<u>\$ 229,208</u>

^(A) All amounts are reported on the modified accrual basis

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS^(A)
Last Ten Fiscal Years
(in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes and special assessments	\$148,773	\$163,104	\$169,498	\$184,381	\$200,358	\$211,295	\$236,956	\$244,132	\$259,732	\$234,659
Licenses and permits	4,606	5,478	4,718	9,246	9,308	11,516	9,969	10,948	14,536	16,416
Intergovernmental	27,430	29,912	26,462	31,196	33,826	44,920	48,611	34,847	42,423	80,458
Service charges and fees	24,541	28,708	33,263	37,392	44,799	31,400	29,393	38,492	38,614	47,737
Fines and forfeitures	2,650	1,865	1,168	1,073	2,176	2,880	2,014	2,261	2,156	1,198
Interest and penalties	1,058	455	715	755	1,076	1,303	1,701	2,894	4,453	1,951
Net change in fair value of investments	358	(146)	(639)	354	(133)	(244)	(390)	287	944	2
Rent	5,133	4,820	4,829	5,249	6,624	6,419	4,896	5,184	7,100	5,664
Judgements and settlements	-	-	-	-	-	8	-	11	3,631	8
Premiums and contributions	686	434	2,691	3,332	4,081	1,721	4,189	2,378	4,366	1,435
Other	921	306	876	843	709	1,435	954	1,321	1,107	2,663
Total revenues	216,156	234,936	243,581	273,821	302,824	312,653	338,293	342,755	379,062	392,191
Expenditures										
General government	24,781	25,023	27,231	32,376	31,432	30,167	28,273	30,325	38,280	74,881
Public safety	80,143	83,044	86,634	87,717	91,040	90,928	95,476	102,063	105,768	108,067
Physical environment	1,746	1,544	2,666	2,191	2,382	1,330	1,391	1,207	1,462	1,299
Transportation	30,625	32,258	31,461	34,678	40,235	29,432	34,332	35,961	51,649	40,544
Economic environment	18,726	18,882	21,065	23,283	34,643	35,645	36,836	39,417	44,415	44,133
Health and human services	8,383	8,328	7,609	7,864	8,596	6,786	7,442	6,586	6,898	6,393
Culture and recreation	33,269	35,446	37,927	37,762	40,466	38,524	36,558	37,896	40,373	37,373
Capital outlay	21,713	14,552	44,971	60,613	83,794	51,010	66,346	40,426	60,954	79,695
Debt service										
Principal	4,668	4,208	20,612	6,387	6,050	7,192	9,542	9,875	10,333	10,793
Interest and fiscal charges	7,866	7,150	8,987	9,532	9,250	15,485	12,804	12,136	11,680	11,563
Total expenditures	231,920	230,435	289,163	302,403	347,888	306,499	329,000	315,892	371,812	414,741

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS^(A)
Last Ten Fiscal Years
(in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses)										
Transfers in	\$ 17,821	\$ 19,481	\$ 37,243	\$ 21,022	\$ 22,433	\$ 27,193	\$ 26,861	\$ 30,770	\$ 35,977	\$ 29,940
Transfers out	(16,734)	(16,901)	(35,965)	(20,241)	(22,897)	(27,920)	(28,032)	(31,669)	(36,975)	(29,674)
Proceeds from long-term debt	-	-	-	-	91	-	-	908	6,133	65,255
Refunding bonds issued	-	(107,854)	70,405	-	97,935	-	-	-	-	-
Payment to refunded bond escrow agent	-	107,854	-	-	(13,072)	-	-	-	-	(13,185)
Sale of capital assets	-	-	-	26	118	-	731	2,879	39	42
Premium on issuance of long-term debt	-	-	11,930	-	11,958	-	-	-	-	2,368
Total other financing sources (uses)	1,087	2,580	83,613	807	96,566	(727)	(440)	2,888	5,174	54,746
Net change in fund balance	(\$14,677)	\$7,081	\$38,031	(\$27,775)	\$51,503	\$5,427	\$8,853	\$29,751	\$12,424	\$32,196
Debt service as a percentage of noncapital expenditures	5.96%	5.26%	12.12%	6.58%	5.79%	8.88%	8.51%	7.99%	7.12%	6.66%

^(A) All amounts are reported on the modified accrual basis

Table 6

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE^(A)
 Last Ten Fiscal Years
 (in thousands)

Fiscal Year	Total Taxes	General Property Taxes	General Sales Taxes	Utility Taxes	Business and Occupation Taxes	LRF Local Option Sales and Use Tax	Other Taxes and Assessments^(B)	Memo Only Hotel/Motel Tax^(C)
2011	\$ 141,996	\$ 36,401	\$ 46,357	\$ 25,921	\$ 26,208	\$ -	\$ 7,109	\$ 6,776
2012	155,634	37,821	48,596	26,476	28,690	-	14,051	7,469
2013	160,322	37,939	52,757	28,103	28,673	315	12,535	9,176
2014	175,404	38,440	58,717	26,790	35,880	561	15,016	8,975
2015	190,166	40,187	65,551	27,219	37,025	622	19,562	10,191
2016	200,081	41,256	69,183	27,169	38,987	502	22,984	11,214
2017	225,200	55,974	72,481	29,386	43,530	500	23,329	11,780
2018	231,488	57,667	77,751	29,060	43,506	500	23,002	12,645
2019	247,201	59,231	83,281	27,118	46,662	500	30,409	12,531
2020	231,520	60,924	73,650	26,421	41,817	500	28,209	3,139

^(A) All amounts are reported on the modified accrual basis

^(B) Includes miscellaneous tax revenues and special assessments.

^(C) Hotel/Motel receipts are reported in BCCA Financial Statements and included here as a memo item. City of Bellevue collects the tax on behalf of the BCCA. A portion of the receipts are passed directly through to the BCCA and a portion of funds are used towards BCCA bond repayment.

Table 7

TAXABLE SALES BY CATEGORY^(A)
 Last Ten Fiscal Years
 (in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contracting	\$569,506	\$537,336	\$695,970	\$981,629	\$1,363,843	\$1,439,618	\$1,579,775	\$1,538,415	\$1,735,586	\$1,821,117
Manufacturing	73,089	62,910	66,172	74,024	76,751	82,192	94,236	126,221	128,936	94,989
Transportation, communications, and utilities	227,732	237,651	261,264	281,680	322,087	313,202	345,163	413,748	417,965	418,568
Finance, insurance, and real estate	129,894	141,318	148,445	145,878	187,217	261,724	202,781	192,955	206,034	198,650
Wholesale trade	301,079	317,937	336,048	345,609	393,174	340,796	357,548	479,677	437,027	386,034
Retail - building materials	98,429	103,783	114,651	122,930	132,481	134,739	133,530	128,599	149,580	147,959
Retail - general merchandise	197,946	201,437	217,414	216,008	202,926	176,441	188,332	203,095	203,158	183,652
Retail - food	80,515	91,170	96,819	98,556	100,303	95,884	99,667	104,032	101,696	97,088
Retail - automotive	783,644	865,344	937,893	1,002,045	1,059,875	1,147,166	1,252,278	1,446,424	1,362,354	1,245,120
Retail - apparel	447,179	486,211	496,795	482,848	502,078	507,741	511,368	531,937	541,700	314,074
Retail - furniture and accessories	325,897	380,545	312,593	336,678	349,400	392,609	409,314	442,617	455,356	432,135
Retail - restaurants	378,827	410,862	427,739	449,249	481,320	515,601	552,794	607,142	649,253	354,194
Retail - miscellaneous	417,755	447,389	463,937	497,860	530,147	561,930	584,338	641,498	701,579	687,068
Services - hotels	171,489	186,571	199,665	218,118	247,476	270,072	286,425	306,679	305,583	77,378
Services - business	360,918	339,930	395,436	479,356	480,886	611,070	682,897	744,410	883,585	880,489
Services - other	252,608	262,115	267,384	270,096	282,981	301,751	308,410	327,476	339,633	221,783
All other categories	1,004	1,414	1,170	1,162	1,084	1,220	988	1,327	1,366	654
Total sales	\$4,817,512	\$5,073,923	\$5,439,394	\$6,003,725	\$6,714,030	\$7,153,756	\$7,589,845	\$8,236,252	\$8,620,390	\$7,560,952

^(A) The city is prohibited by law from reporting individual sales taxpayers

Source: Washington State Department of Revenue Quarterly Business Review reports

SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Local Rate:										
City of Bellevue	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%
Optional tax - City of Bellevue ^(A)	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
King County	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%
Transit - King County (METRO)	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%
King County Mental Health	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%
Criminal Justice tax (0.10% total) ^(B)										
City of Bellevue (estimate based on population)	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%
King County (estimate based on population)	0.094%	0.094%	0.094%	0.094%	0.094%	0.094%	0.094%	0.094%	0.094%	0.094%
Sound Transit (RTA) ^(C)	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	1.400%	1.400%	1.400%	1.400%
Total Local Rate	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.500%	3.500%	3.500%	3.500%
City of Bellevue portion of Local Rate:										
Regular rate	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%
Optional rate	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Criminal justice (estimate)	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%
Total City of Bellevue portion of Local Rate	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%
King County portion of Local Rate	2.069%	2.069%	2.069%	2.069%	2.069%	2.069%	2.569%	2.569%	2.569%	2.569%
State of Washington	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%
Total Sales Tax Rate	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%	10.000%	10.000%	10.000%	10.000%

SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

- (A) Under Bellevue City Code 4.12.025 and RCW 82.14.030, the city may, at the discretion of the City Council, impose an additional sales tax up to 0.5 percent. The city collects the maximum amount allowed of this tax.
- (B) Criminal Justice tax is 0.01 percent of the gross sale. Ten percent of this is paid directly to King County, and the remaining 90 percent is shared between cities within the county. King County retains the portion for unincorporated areas within the county. In 2020, the city's estimated population was 148,100 and the County's population was 2,260,800. Bellevue represented 6. percent of the total population of King county and as such would receive 0.006 percent of this tax
- (C) Effective April 1, 2017 the regional transit authority (RTA) portion of the combined retail sales tax rate in King, Pierce, and Snohomish Counties in Washington increased five-tenths of one percent (0.5%) for a total RTA rate of one and four-tenths of one percent (1.4%). This tax increase was approved by voters with the passage of Proposition 1 which will expand and coordinate light-rail, commute-rail, and express bus service, and improve access to transit facilities in King, Pierce, and Snohomish Counties.

Sources:

- 1) King County/Bellevue Population Data - Washington State Office of Financial Management
- 2) Tax rates - Washington State Department of Revenue and Bellevue City Code

Table 9

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years
(in thousands, except tax rate)

Fiscal Year	Assessed and Estimated Actual Value ^(A)					Grand Total	Total Direct Tax Rate
	Real Property	Personal Property	State Public Service Property	Exemptions	Omits ^(B)		
2011	\$30,291,931	\$ 1,220,536	\$ 672,827	\$ 176,038	\$ -	\$32,009,256	\$ 1.13
2012	29,171,374	1,193,494	659,024	113,809	-	30,910,083	1.20
2013	30,866,059	1,324,322	609,300	122,721	-	32,676,960	1.18
2014	34,292,361	1,275,456	579,835	116,663	-	36,030,989	1.07
2015	39,536,877	1,165,860	734,283	110,666	5,452	41,320,902	0.98
2016	42,830,040	1,095,002	621,096	111,493	-	44,434,645	0.94
2017	47,695,767	1,219,490	583,806	128,759	-	49,370,305	1.14
2018	54,621,525	1,241,081	624,729	138,047	-	56,349,288	1.03
2019	63,060,612	1,264,406	661,148	140,984	-	64,845,181	0.92
2020	66,388,028	1,310,043	620,331	214,840	-	68,318,403	0.90

^(A) Real, personal, and state public service property have been assessed at 100 percent of the estimated value.

^(B) Value of originally omitted taxes owed, found within three years, and placed on the tax roll for the particular tax year

Note: These figures represent Bellevue's total taxable assessed valuations as of December 31 for the last ten years. Included in these figures are all final tax adjustments, omits, and senior citizen exempted property. Breakout of residential/commercial real property and motor vehicle/other personal property valuations are not available.

Source: King County Assessor

Table 10

**PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
PER ONE THOUSAND DOLLARS OF ASSESSED VALUATION
Last Ten Fiscal Years**

Fiscal Year	City of Bellevue	School District	King County	Washington State	Port of Seattle	Other	Total
2011	\$ 1.13	\$ 2.73	\$ 1.34	\$ 2.28	\$ 0.22	\$ 0.99	\$ 8.69
2012	1.20	3.00	1.42	2.42	0.23	0.98	9.24
2013	1.18	3.25	1.54	2.57	0.23	1.01	9.77
2014	1.07	3.19	1.52	2.47	0.22	1.05	9.52
2015	0.98	3.13	1.35	2.29	0.19	0.93	8.87
2016	0.94	3.14	1.48	2.17	0.17	0.88	8.78
2017	1.14	2.93	1.38	2.03	0.15	1.09	8.72
2018	1.03	2.80	1.33	2.92	0.14	0.97	9.19
2019	0.92	2.43	1.22	2.63	0.12	0.90	8.22
2020	0.90	2.50	1.24	3.03	0.12	0.92	8.71

Note: These figures represent property tax levies and rates for Bellevue District 1 (levy code 330), which is considered to be an average Bellevue taxing district. Some areas within the city may have a different tax rate depending on the boundaries of other taxing jurisdictions.

Source: King County Assessor

Table 11

PRINCIPAL PROPERTY TAXPAYERS

Current year and nine years ago

Rank	Taxpayer	Type of Business	2020		Rank	2011	
			2020 Assessed Valuation (in millions)	Percentage of Total Assessed Valuation ^(A)		2011 Assessed Valuation (in millions)	Percentage of Total Assessed Valuation ^(A)
1	Kemper Development (Bellevue Square)	Land Management	\$ 860	1.26%	3	\$ 322	1.04%
2	Essex Property Trust (formerly Essex Portfolio LP)	Property management	643	0.94%	9	112	0.36%
3	Kilroy Realty (formerly Three Bellevue Center LLC)	Property management	566	0.83%	8	149	0.48%
4	Bellevue Place	Property management	588	0.86%	5	237	0.76%
5	LS2 Office LLC	Real Estate Investment	512	0.75%	^(B)	-	-
6	FSP-City Center Plaza LLC	Property management	398	0.58%	7	205	0.66%
7	Bravern Office Owner LLC	Property management	372	0.54%	^(B)	-	-
8	Preylock Bellevue LLC (formerly Newport Corporate Center)	Real Estate Investment	369	0.54%	^(B)	-	-
9	Puget Sound Energy-Elec/Gas	Utility Services	366	0.54%	4	269	0.87%
10	KRE Summit 12 LLC	Property management	325	0.48%	^(B)	-	-
^(B)	The Boeing Company	Aerospace	^(B)	-	1	381	1.23%
^(B)	Group LP)	Real Estate Investment	^(B)	-	2	377	1.22%
^(B)	T-Mobile	Telecommunications	^(B)	-	6	212	0.68%
^(B)	Sterling Realty Org	Property management	^(B)	-	10	112	0.36%
			<u>\$ 4,999</u>	7.32%		<u>\$ 2,376</u>	7.67%

^(A) 2020 assessed valuation for 2021 tax collection. Total 2020 assessed valuation, in millions, is \$68,318. Total 2011 assessed valuation, in millions, was \$30,997

^(B) Taxpayer was not a principal taxpayer in this period.

Source: King County Assessor

Table 12

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(in thousands)

<u>Fiscal Year</u>	<u>Total Tax Levy ^(A)</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collected in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage</u>		<u>Amount</u>	<u>Percentage</u>
2011	\$ 36,471	\$ 36,078	98.9%	\$ 399	\$ 36,477	100.0%
2012	36,921	36,530	98.9%	393	36,923	100.0%
2013	38,339	37,888	98.8%	458	38,346	100.0%
2014	38,591	38,183	98.9%	409	38,592	100.0%
2015	39,832	39,393	98.9%	445	39,838	100.0%
2016	41,425	40,958	98.9%	468	41,426	100.0%
2017	56,024	55,647	99.3%	397	56,044	100.0%
2018	57,885	57,400	99.2%	470	57,870	100.0%
2019	59,413	58,934	99.2%	360	59,294	99.8%
2020	61,114	60,437	98.9%	-	60,437	98.9%

^(A) The total tax levy is the certified tax levy adopted by City ordinance.

Note: The amounts presented on this table include omits and levy changes, in addition to collections for both the prior and current year.

Source: Other data has been derived from the Annual Tax Receivable Summary prepared by the King County Finance Department.

Table 13

RATIO OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years
 (in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-Type Activities				Total primary government	Percentage of personal income ^(B)	Per capita
	General obligation bonds	Special assessments	Conditional purchase contracts	PWTF loans	Line of credit	General obligation bonds	Revenue bonds	PWTF loans				
2011	\$ 143,970	\$ 100	\$ 450	\$ 598	\$ 15,047	\$ 2,751	\$ -	\$ 103	\$ 163,019	2.26%	\$ 1,321	
2012	151,598	55	-	558	15,047	2,481	-	66	169,805	2.14%	1,363	
2013	227,496	10	-	518	-	2,168	-	29	230,221	2.78%	1,743	
2014	220,204	-	-	478	-	1,760	-	-	222,442	2.19%	1,655	
2015	310,670	-	-	438	-	1,363	-	-	312,471	3.19%	2,089	
2016	301,894	-	-	398	-	965	-	-	303,257	2.82%	2,175	
2017	290,768	-	-	358	-	477	-	-	291,603	2.49%	2,175	
2018	280,299	-	-	319	-	-	-	-	280,618	2.18%	1,971	
2019	274,989	-	-	279	-	-	-	-	275,268	1.99%	1,894	
2020	315,942	-	-	239	-	-	-	-	316,181	N/A ^(A)	2,135	

^(A) Personal Income data not available at time of printing.

^(B) See Table 18: Demographic Statistics for personal income and population data.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Table 14

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(in thousands, except per capita)

Fiscal Year	GO Bonds	Less Debt Service Funds	Net Bonded Debt	Percentage of estimated actual taxable value of property^(A)	Net Bonded Debt per Capita^(B)
2011	\$ 143,970	\$ 1,976	\$ 141,994	0.44%	\$ 1,151
2012	151,598	2,462	149,136	0.48%	1,197
2013	227,496	2,138	225,358	0.69%	1,706
2014	220,204	3,018	217,186	0.60%	1,616
2015	312,034	1,839	310,195	0.68%	2,073
2016	302,860	1,575	301,285	0.68%	2,161
2017	291,245	288	290,957	0.59%	2,068
2018	280,299	103	280,196	0.50%	1,968
2019	274,989	642	274,347	0.42%	1,888
2020	315,942	4,897	311,045	0.46%	2,100

^(A) See Table 9: Assessed and Estimated Actual Value of Taxable Property for property value statistics

^(B) See Table 18: Demographic Statistics for population statistics

Table 15

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
As of December 31, 2020
(in thousands)

Jurisdiction	Net Outstanding Debt	Percentage Applicable to Bellevue ^(A)	Amount Applicable to Bellevue
City of Bellevue	\$ 316,181	100.00%	\$ 316,181
King County	663,157	10.63%	70,494
School District #405	743,670	81.51%	606,165
School District #414	621,175	0.99%	6,150
School District #403	311,255	2.59%	8,062
School District #411	724,055	12.03%	87,104
Port of Seattle	311,175	10.63%	33,078
Hospital District #2	221,935	0.05%	111
Rural Library District	56,875	17.90%	10,181
Fire District #10	2,785	11.15%	311
Total other jurisdictions	3,656,082	22.47%	821,654
Total Direct and Overlapping Debt	\$ 3,972,263	28.64%	\$ 1,137,835

^(A) Determined by ratio of 2020 assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

Note: Total general obligation bonds outstanding on December 31, 2020 exclusive of refunded bonds.

Source: King County Department of Finance

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years
(in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$2,405,906	\$2,323,305	\$2,450,772	\$2,450,772	\$3,099,068	\$3,332,598	\$3,702,773	\$4,226,197	\$4,863,389	\$5,123,880
Total net debt applicable to limit	196,897	190,186	187,585	217,512	292,461	312,743	299,875	287,670	281,143	315,591
Legal debt margin	<u>\$2,209,009</u>	<u>\$2,133,119</u>	<u>\$2,263,187</u>	<u>\$2,233,260</u>	<u>\$2,806,607</u>	<u>\$3,019,855</u>	<u>\$3,402,898</u>	<u>\$3,938,527</u>	<u>\$4,582,246</u>	<u>\$4,808,289</u>
Total net debt applicable to the limit as a percentage of debt limit	8.18%	8.19%	7.65%	8.88%	9.44%	9.38%	8.10%	6.81%	5.78%	6.16%

LEGAL DEBT MARGIN INFORMATION
December 31, 2020
(in thousands)

Description	Councilmanic Debt (Non-Voted)	Voted Debt	General Purpose Indebtedness ^(A)	Excess Levy Open Space and Park	Excess Levy Utility Purposes	Total Debt Capacity
Assessed Value ^(B)	\$ 68,318,403	\$ 68,318,403	\$ 68,318,403	\$ 68,318,403	\$ 68,318,403	\$ 68,318,403
Statutory debt limit percentages:	1.50%	1.00%	2.50%	2.50%	2.50%	7.50%
Statutory Debt limit	<u>\$ 1,024,776</u>	<u>\$ 683,184</u>	<u>\$ 1,707,960</u>	<u>\$ 1,707,960</u>	<u>\$ 1,707,960</u>	<u>\$ 5,123,880</u>
Debt applicable to limit						
Bonds outstanding	\$ 315,942	\$ -	\$ 315,942	\$ -	\$ -	\$ 315,942
Less:						
Cash on hand for debt redemption ^(C)	351	-	351	-	-	351
Total Net Debt applicable to limit	<u>315,591</u>	<u>-</u>	<u>315,591</u>	<u>-</u>	<u>-</u>	<u>315,591</u>
Remaining Debt Capacity	<u>\$ 709,185</u>	<u>\$ 683,184</u>	<u>\$ 1,392,369</u>	<u>\$ 1,707,960</u>	<u>\$ 1,707,960</u>	<u>\$ 4,808,289</u>

^(A) The principal portion of the Bellevue Convention Center Authority's (BCCA) capital lease is included in the city's debt calculation because the BCCA qualifies as a component unit under Section 2100 of the GASB Codification.

^(B) This figure represents the city's final assessed valuation for 2020, which will be used to determine the 2021 property tax levy.

^(C) Includes year-end balances available in the I&D Redemption Fund designated for future redemption of the associated bonds less bond interest payments.

Source: King County Assessor

Table 17

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

(in thousands)

Fiscal Year	Revenue Bonds								Special Assessment Bonds				
	Gross Revenue ^(A)	Expenses ^(B)	Net revenue available for debt service	Debt Service Requirements			Coverage ^(C)	Special Assessment Collections	Debt Service			Coverage	
				Principal	Interest	Total			Principal	Interest	Total		
2011	\$ 6,776	\$ -	\$ 6,776	\$ 1,550	\$ 7,660	\$ 9,210	0.74	\$ 425	\$ 35	\$ 8	\$ 43	9.88	
2012	7,469	-	7,469	1,585	8,040	9,625	0.78	412	45	8	53	7.77	
2013	9,176	-	9,176	1,150	3,920	5,070	1.81	445	45	6	51	8.73	
2014	8,975	-	8,975	1,197	4,483	5,680	1.58	351	-	3	3	117.00	
2015	10,191	-	10,191	1,005	4,020	5,025	2.03	47	-	-	-	N/A	
2016	11,214	-	11,214	1,246	5,354	6,600	1.70	-	-	-	-	N/A	
2017	11,780	-	11,780	1,227	5,817	7,044	1.67	-	-	-	-	N/A	
2018	12,645	-	12,645	1,204	6,321	7,525	1.68	-	-	-	-	N/A	
2019	12,531	-	12,531	1,180	6,795	7,975	1.57	-	-	-	-	N/A	
2020	3,139	-	3,139	539	2,901	3,440	0.91	-	-	-	-	N/A	

^(A) Gross revenues as defined in applicable bond indentures for the Water and Sewer Utility Funds

^(B) Total expenses excluding depreciation, amortization, bond interest, and utility taxes

^(C) Average annual requirements over the remaining life of current outstanding revenue bond issues.

Note: Revenue bond information for fiscal years 2011 – 2020 represent amounts for the discretely presented component unit, Bellevue Convention Center Authority. There are no expenses for 2020 as the entire revenues collected are pledged to BCCA. Hotel/motel tax revenues from the Hotel/Motel Tax Fund are included as Gross Revenues. In addition, we excluded revenues generated by BCCA, as they are not pledged to debt coverage, and included hotel/motel tax revenues from the Hotel/Motel Tax Fund.

Table 18

DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal Income	Personal Income	Median Age	Number of Households	Public School Enrollment	Number of Jobs^(A)	Unemployment Rate	CPI-U%
2011	123,400	\$ 59,371	\$ 7,326,381	38	50,933	18,048	133,846	6.6%	2.7%
2012	124,600	66,043	8,228,958	38	51,493	18,351	138,904	5.6%	2.5%
2013	132,100	66,692	8,810,013	38	54,422	18,515	136,084	4.3%	1.2%
2014	134,400	72,696	9,770,342	39	55,644	19,097	148,788	4.1%	1.8%
2015	135,000	76,226	10,290,510	37	55,922	19,613	150,579	4.0%	1.4%
2016	139,400	79,323	11,057,626	39	58,058	19,974	146,115	3.6%	2.1%
2017	140,700	83,383	11,731,988	37	58,293	20,262	147,647	3.4%	3.0%
2018	142,400	90,438	12,878,371	37	58,939	20,272	150,148	3.2%	3.2%
2019	145,300	94,974	13,799,722	37	59,566	21,776	160,020	2.5%	2.5%
2020	148,100	(B)	(B)	(B)	60,957	19,545	(B)	5.9%	1.7%

^(A) The methodology used in estimating jobs data was revised in December 2017; however, the data presented in this table remains as previously reported.

^(B) Data not available at time of publication

Sources:

- 1) Population and number of households provided by Washington State's Office of Financial Management.
- 2) Per Capita Personal Income data was provided by US Bureau of Economic Analysis. Estimates are for King County, in which Bellevue is located. Bellevue data was not available.
- 3) Personal Income was calculated from Per Capita Personal Income and Population estimates and is presented in thousands.
- 4) Median Age was provided by the U.S. Census Bureau's annual American Community Surveys and the 2010 Census.
- 5) Public School Enrollment was provided by the Bellevue School District.
- 6) Number of Jobs was provided by the Puget Sound Regional Council.
- 7) Unemployment Rate was provided by the Bureau of Labor Statistics. Please note previous years may reflect revised inputs, re-estimation, and/or adjustment to new state control totals.
- 8) CPI-U was provided by the Bureau of Labor Statistics and is for Seattle-Tacoma-Bremerton Metropolitan Area.

Table 19

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	Type of Business	2020			2011		
		Rank	Number of Employees ^(A)	Percentage of Total City Employment ^(B)	Rank	Number of Employees ^(A)	Percentage of Total City Employment ^(B)
Microsoft Corporation	Technology	1	8,700	5.25%	1	6,100	4.65%
T-Mobile USA	Telecommunications	2	6,300	3.80%	2	4,300	3.28%
Amazon	Online Retail	3	3,100	1.87%	(C)	(C)	(C)
Overlake Hospital Medical Center	Medical Hospital	4	2,800	1.69%	4	2,700	2.06%
Bellevue School District	Education K-12	5	2,500	1.51%	6	2,200	1.68%
City of Bellevue	Government	6	1,900	1.15%	8	1,588	1.21%
Bellevue College	Higher Education	7	1,800	1.09%	7	2,000	1.52%
Concur	Online Travel	8	1,700	1.03%	(C)	(C)	(C)
Sales Force	Business Services	9	1,300	0.78%	(C)	(C)	(C)
Symetra Financial	Financial Services	10	1,000	0.60%	(C)	(C)	(C)
Boeing	Aerospace	(C)	-	0.00%	3	3,300	2.52%
Expedia	Online Travel	(C)	-	0.00%	5	2,100	1.60%
Verizon Wireless	Telecommunications	(C)	-	0.00%	9	1,300	0.99%
Puget Sound Energy	Utility Services	(C)	-	0.00%	10	1,100	0.84%
			31,100	18.75%		26,688	20.34%

(A) Number of employees provided by the City of Bellevue Community Development Department. Note, estimates are rounded to the nearest 100.

(B) Percentages of total employment were based on a projection of total employment. Actual estimates of total employment citywide will not be released until June of the following year. The Puget Sound Regional Council's estimate of total employment in March of the following year was used to calculate the percentage of total employment represented by major employers nine years ago.

(C) Employer was not a principal employer in this period.

Note: Total estimated numbers of employees at the end of 2020 was 165,848. Total estimated numbers of employees at the end of 2011 was 131,180.

Source: City of Bellevue Community Development Department

Table 20

FULL- TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function:										
General government	358	337	351	352	382	386	389	405	415	423
Public Safety										
Police										
Officers	180	178	180	180	180	186	184	184	185	186
Civilians	35	35	35	35	41	41	41	41	46	47
Fire										
Firefighters and officers	212	216	216	220	214	216	216	213	227	228
Civilians	31	29	27	25	28	28	28	28	24	31
Transportation	115	112	116	117	122	129	140	142	143	144
Culture and recreation	164	162	162	162	165	165	166	165	168	168
Water	66	66	66	66	69	69	71	71	71	71
Sewer	46	47	49	49	51	52	52	53	52	52
Storm Drainage	49	49	48	48	47	48	50	50	50	50
Total	1,256	1,231	1,250	1,252	1,299	1,321	1,338	1,355	1,381	1,400

Source: City of Bellevue Budget Office

Table 21
Page 1 of 3

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function:										
Public safety/judicial:										
Police:										
Offenses:										
Rape	23	26	20	25	25	15	24	25	28	21
Robbery	58	67	48	65	64	63	59	87	77	70
Homicide	2	2	1	2	2	-	-	-	1	6
Assault	553	517	491	438	489	479	519	609	562	614
Auto theft	157	169	249	314	221	323	331	386	351	305
Burglary	607	685	688	631	732	636	570	524	403	540
Larceny	2,775	2,649	3,013	3,662	3,484	3,615	3,568	3,602	3,565	3,742
Citations:										
Traffic	18,084	15,809	18,089	16,447	11,428	13,021	11,872	8,239	9,611	9,075
Criminal	2,577	2,695	2,052	1,752	1,587	1,827	2,302	2,618	2,055	2,304
Judicial system:										
Handled by district court	20,661	18,504	20,141	18,199	13,015	14,848	14,174	10,857	11,666	11,379
Fire:										
First response:										
Buildings	86	117	135	170	162	198	192	178	172	153
Non-Buildings	157	197	224	228	340	251	325	288	223	191
Service	350	293	436	519	598	840	1,252	1,706	1,845	2,173
False alarm	1,342	1,320	1,429	1,584	1,507	1,548	1,702	1,536	1,756	1,568
Other	838	832	928	995	1,006	981	1,033	1,004	1,095	1,031
Medic 1 Responses:										
First aid	13,469	13,851	13,796	14,244	14,606	14,951	15,319	15,307	15,618	13,847
Runs per week	259	266	265	274	281	288	295	294	300	266

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function:										
Transportation:										
Area of roadway repaired (sq. ft)	28,999	48,929	34,518	50,406	39,073	29,192	30,407	20,951	18,239	12,481
Miles of streets swept	3,962	3,601	2,892	5,182	5,696	4,856	3,373	4,812	6,627	5,326
Area of sidewalk repaired (sq. ft)	6,374	9,283	14,664	16,070	23,643	22,235	1,550	4,596	8,174	43
Physical/economic environment:										
Building permits issued	11,261	12,380	14,239	14,263	14,470	15,185	14,999	15,084	16,134	13,732
Estimated value (in millions)	168	377	560	715	950	793	718	942	712	1,161
Culture and recreation:										
Number of rounds of golf played	70,368	62,143	71,335	66,182	81,039	77,270	71,105	77,682	75,920	64,600
Water utility:										
Water consumption (CCF in thousands)	6,349	6,652	6,623	6,776	7,068	6,854	6,829	6,759	6,427	7,179
Number of customers:										
Residential	34,723	34,797	34,879	35,004	35,086	35,150	34,301	34,352	34,380	34,421
Multi-residential	661	662	661	663	680	666	660	688	691	698
Commercial	2,087	2,091	2,071	2,076	2,070	2,064	2,062	2,048	2,053	1,767
Total number of customers	37,471	37,471	37,611	37,743	37,836	37,880	37,023	37,088	37,124	36,886
Water consumption peak in a day (millions of gallons)	27	29	29	31	32	33	29	31	26	26
Water consumption peak in a month (millions of gallons)	750	761	792	792	881	912	783	808	803	840

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function:										
Sewer utility: ^(A)										
Sewer consumption (CCF in thousands)	5,404	5,400	5,382	5,386	5,634	5,418	5,389	5,725	5,918	5,690
Number of customers:										
Residential	33,320	34,696	34,723	34,780	34,833	34,775	32,580	32,557	32,540	32,530
Multi-residential	652	654	653	654	656	657	650	676	689	695
Commercial	1,709	1,734	1,713	1,705	1,700	1,682	1,667	1,663	1,670	1,645
Total number of customers	35,681	37,084	37,089	37,139	37,189	37,114	34,897	34,896	34,899	34,870
Storm and surface water utility: ^(A)										
Number of customers:										
Residential	28,266	30,309	30,392	30,497	30,529	30,579	30,612	30,623	30,650	30,678
Multi-residential	530	546	544	545	547	549	549	557	559	564
Commercial	1,939	1,960	1,951	1,931	1,929	1,923	1,901	1,899	1,903	1,887
Total number of customers	30,735	32,815	32,887	32,973	33,005	33,051	33,062	33,079	33,112	33,129

^(A) 2017 totals declined due to South Cove area being annexed by Issaquah

Note: No operating indicators are available for general government and marina.

Sources: City of Bellevue Departments - Development Services, Fire, Parks and Community Services, Police, Transportation, and Utilities

CAPITAL ASSETS BY FUNCTION
Last Ten Fiscal Years

Function:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Utility:										
Water mains (miles)	618	617	619	619	619	620	611	605	605	608
Vehicles	32	34	35	36	40	45	44	45	46	47
Sewer Utility:										
Sanitary sewers (miles)	525	525	526	526	525	525	516	516	516	516
Vehicles	29	27	28	29	36	40	37	35	41	39
Storm and surface water Utility:										
Vehicles	24	25	26	27	29	30	29	31	31	30

Note: No capital asset indicators are available for the general government, judicial, economic environment or physical environment functions.

Sources: City of Bellevue Departments - Finance and Asset Management, Parks and Community Services, Transportation, and Utilities