



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
DECEMBER 31, 2015**

City of Bellevue, Washington





City of Bellevue, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2015



Prepared by the Accounting Division, Finance Department



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2015
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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, 2014

Executive Director/CEO

**Certificate of Achievement
for Excellence in
Financial Reporting**

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, 2014.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.



June 28, 2016

**Honorable Mayor and City Councilmembers
City of Bellevue
Bellevue, Washington 98009-9012**

The City of Bellevue's ("the city") Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2015, 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 Bellevue'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 MD&A and should be read in conjunction with it.

Profile of the Government

The City of Bellevue is a non-charter code city, operating under Section 35A of the Revised Code of Washington (RCW). The city has a Council-City Manager form of government with a seven-member City Council elected by the voters of the 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 Council elects the Mayor and Deputy Mayor from within its ranks. The Council appoints the City Manager as the city's chief executive officer responsible for carrying out the policies and direction set by the 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 sewer, water, and storm and surface water services. Certain public safety, utility, information technology, and equipment rental and maintenance services are also provided on a fee basis to other governmental agencies and neighboring taxing districts. Conversely, other government agencies provide the City of Bellevue with jail and court services through interlocal agreements. Bellevue residents receive library services from the King County Library System.

Incorporated in 1953, Bellevue is the 5th largest of 281 cities in the State of Washington. It is located on the east shore of Lake Washington. The city encompasses 33.61 square miles, and is linked to established transportation corridors. It is 11 miles from Seattle and 40 miles from Tacoma with the mountains of the Cascades to the east, and Mount Rainier to the south. Bellevue is approximately three hours north of Portland, Oregon, and two hours south of Vancouver, Canada.

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 48,000 square foot convention center and trade show facility, a 410-seat theater, and 434-car parking garage.

Economic Condition and Outlook

The City of Bellevue has a combination of high quality residential areas as well as strong retail, financial, high technology, commercial, and light industrial sectors. Over the past two decades, Bellevue's business activity expanded rapidly and the city emerged as a major urban center with a growing and vibrant downtown area. Bellevue's population has grown to approximately 135,000, a 0.45 percent increase over 2014. The population is expected to grow at an average annual rate of 1 percent through 2020.

Bellevue contains a diversified mix of industries, including department stores, financial institutions, technology firms, automobile dealerships, and engineering firms. Bellevue is the headquarters for several businesses, including Puget Sound Energy, a large regional electric and gas utility; PACCAR, a manufacturer of trucks; Symetra a financial services company; and T-Mobile, a cellular phone company.

In 2015, the unemployment rate in Bellevue decreased from 4.1 percent to 4.0 percent with the development of approximately 1,072 jobs in Bellevue. The city has been able to add jobs at a rate greater than the nation due to its ability to attract business looking to expand their operations. Bellevue's office vacancy rate has also been dropping steadily since the bottom of the recession. As of the end of 2015 the vacancy rate for class A office space was 8.49 percent, one of the lowest in the region. The low office vacancy rate has spurred plans for office tower projects, three of which are currently under construction, and two more projects have land use permitting issued.

The City of Bellevue's revenue for 2015 ended the year three percent, or \$5,7 million, greater than budget, with an increase over 2014 of 7 percent. Property taxes were within half percent of budget, while sales tax was over budget by 9 percent due to an increase in development activity. Business and occupation tax was 18 percent over budget due to a large one-time audit. Utility tax was below budget by 7 percent due in part to a reduction in electric usage and a shift in the cellular billing structure that reduces the taxable amount. Bellevue is projecting a 2.8 to 3.3 percent growth in taxes from 2015 through 2020.

The city prepares six-year financial operational forecasts for the General Fund, Parks Fees Fund, Development Services Fund, Storm and Surface Fund, Water Fund, and Sewer Fund to ensure that the economic outlook is incorporated into the City of Bellevue's financial planning.

Long-Term Financial Planning

In developing the city's biennial budget, the organization follows a number of guiding principles. Foremost is the Council's long-term policy that "quality service programs will be offered by the City of Bellevue. If expenditure reductions are necessary, service elimination is preferable to poor or marginal quality programs."

Other guiding principles include:

- a focus on services that deliver outcomes important to the community and are responsive and accessible to all;
- position 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; and
- a long-range strategy for an affordable and sustainable budget.

The city uses its six-year operation forecasts and 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 November 2011, the City Council signed a Memorandum of Understanding (MOU) with Sound Transit detailing city contributions for 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. Construction began in 2015, and service is expected to start by 2023. On April 20, 2015, City Council approved an amended MOU that made significant changes.

The city's upfront share of the downtown tunnel, as noted in the amended MOU, would remain approximately \$100 million in credits towards the cost of the tunnel. An additional amount, up to \$60 million, originally included as part of a contribution, dependent upon the final costs of the downtown tunnel, was eliminated. The amended MOU also includes other impacts to the city's share of costs, property transfers, and future revenues, all of which are detailed in the accompanying notes to the financial statements. As a result of the MOU, the city and the transit agency are now partners in a collaborative design process intended to reduce contingent costs, comply with codes and regulations, and finish the project on time.

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 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: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of the relative costs and benefits of the control system requires estimates and judgments by management.

Budgetary Controls

The City of Bellevue maintains budgetary controls in accordance with the 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. Activities of the General Fund and all special revenue funds except the Operating Grants/Donations and Housing Funds (project-length type funds) are included in the biennially appropriated operating budget as listed in the table below. Project-length financial plans are adopted for the remaining special revenue funds, proprietary funds, and capital projects funds.

Biennially Budgeted Governmental Funds:

General Fund

Separately appropriated funds, reported in the General Fund:

Human Services Fund

Land Purchase Revolving Fund

Parks Fees Fund

LEOFF1 Medical Reserve Fund

Park Maintenance & Operations Fund

Solid Waste Fund

Hotel/Motel Tax Fund

Development Services 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

State law requires an annual audit of all city's financial records and transactions by the State Auditor, an independent elected State official. The audit of the city has now been completed and was performed in conformance with generally accepted auditing standards. The financial statements of all city funds and agencies have been included in this audit. The city has been given an unqualified opinion for 2014. 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, 2014. The city has earned this prestigious award for 35 out of 39 CAFR submissions. This was the 31st 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 generally accepted accounting principles and applicable legal requirements.

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

The GFOA has also awarded the Distinguished Budget Presentation Award to the City of Bellevue Washington for its 2015-2016 biennial budget document for the 20th 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 Department staff and other employees throughout the City who assisted in and contributed to its preparation. A special note of thanks is given to Diane McPherson, Accounting & Treasury Manager, Michael Chandler, Accounting & Treasury Assistant Manager, Abigail Richardson, Senior Financial Analyst, and Peter Jenson, Financial Analyst who served as the main CAFR preparers and coordinators. Further appreciation is extended to the City Council and City Management for their encouragement, interest, and support in conducting the financial operations of the City in a sound and progressive manner. The professional assistance of auditors from the State Auditor's Office is also worthy of mention.

Respectfully submitted,

A handwritten signature in black ink that reads "Toni Call". The signature is written in a cursive, flowing style.

Toni Call
Acting Finance Director

**City Officials and Administrative Staff
As of December 31, 2015**

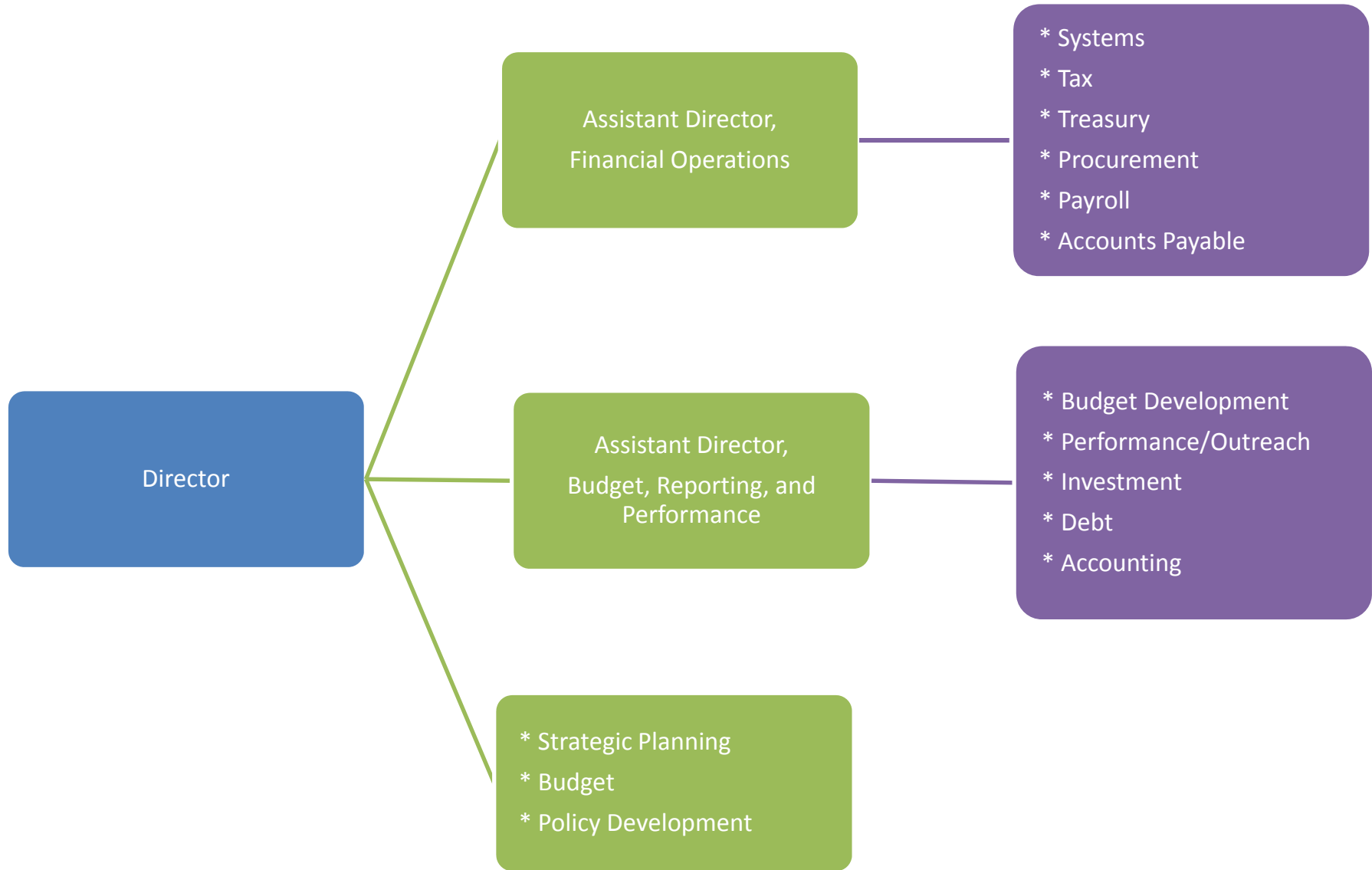
ELECTED CITY COUNCIL

Mayor	Claudia Balducci
Deputy Mayor	Kevin Wallace
Council	John Chelminiak Conrad Lee Jennifer Robertson Lynne Robinson John Stokes

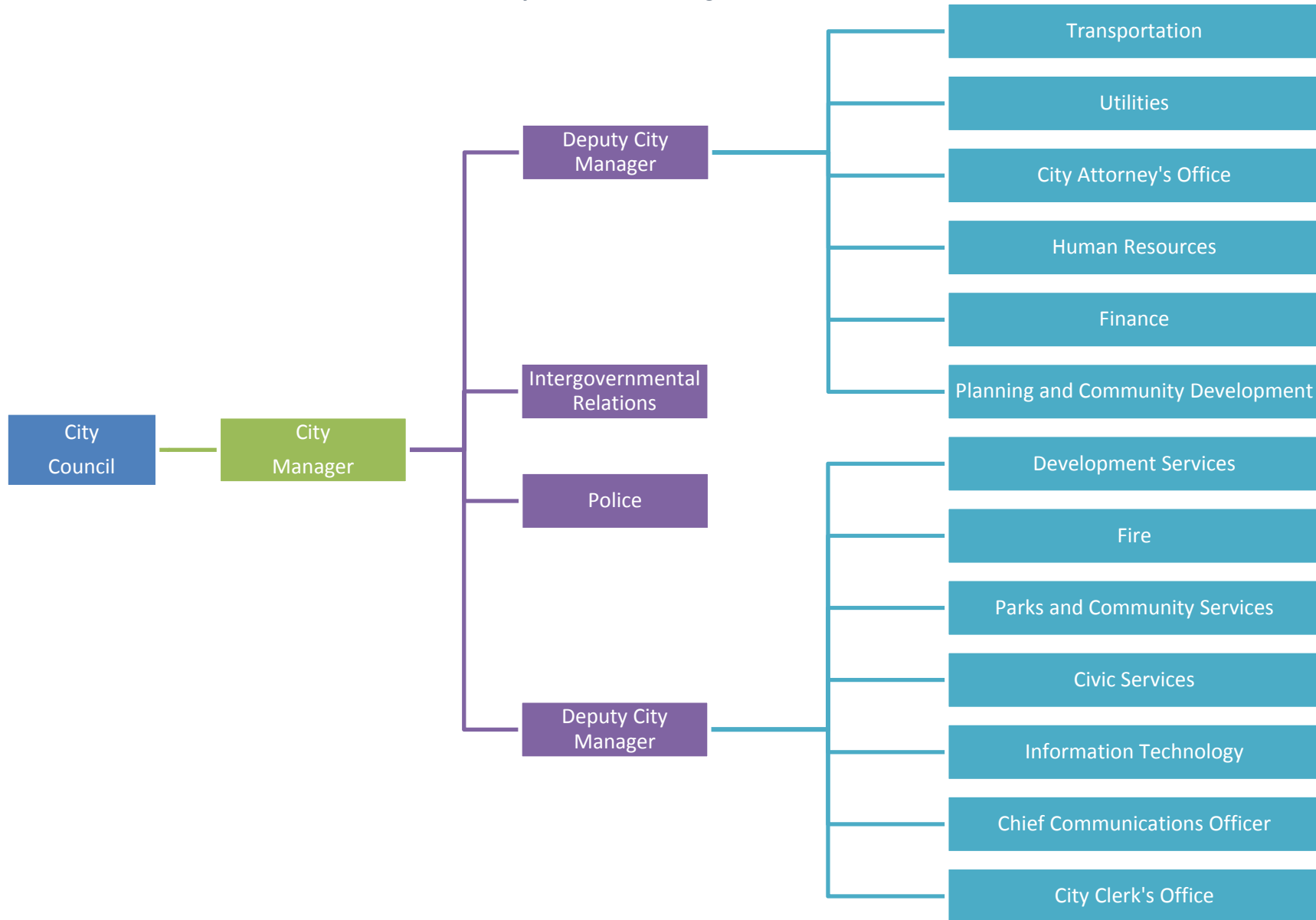
APPOINTED ADMINISTRATIVE STAFF

City Manager	Brad Miyake
Deputy City Manager	Mary Kate Berens
Director of Intergovernmental Relations	Joyce Nichols
City Attorney	Lori Riordan
City Clerk's Office	Kyle Stannert
Civic Services	Nora Johnson
Development Services	Mike Brennan
Finance Director	Jan Hawn
Fire Chief	Mark Risen
Human Resources Director	Kerry Sievers
Chief Information Officer, Information Technology	Toni Cramer
Parks & Community Services Director	Patrick Foran
Planning & Community Development Director	Chris Salomone
Police Chief	Steve Mylett
Transportation Director	David Berg
Utilities Director	Nav Otal

Finance Department Organization Chart



City Hierarchical Organization Chart







FINANCIAL SECTION





Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 28, 2016

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, each major fund and the aggregate discretely presented component units and the remaining fund information of the City of Bellevue, King County, Washington, as of and for the year ended December 31, 2015, 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 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.

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and the remaining fund information of the City of Bellevue, King County, Washington, as of December 31, 2015, 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 described in Note 1, during the year ended December 31, 2015, the City has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. 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 on pages 1 through 10, pension plan information on page 80 through 83, information on postemployment benefits other than pensions on page 84, infrastructure modified approach information on pages 85 and budgetary comparison information on pages 86 through 88 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. The accompanying information listed as combining financial statements and supplementary information on pages 93 through 123 is presented for purposes of additional analysis and is 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,

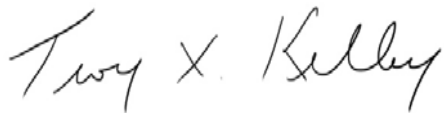
including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States 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 information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is 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 June 28, 2016, 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 "Troy X. Kelley". The signature is written in a cursive style with a large "X" in the middle.

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA



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, 2015. 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 and the city's financial statements and accompanying notes following the narrative.

Financial Highlights

The city issued GO Bonds for the purpose of funding several capital projects, land acquisitions, and refunding some older debt. The city continues to work with Sound Transit (a regional, multi-modal transit authority) in the development of the East Link light rail system, which will provide service from downtown Seattle through Bellevue to Redmond. In addition, the city implemented a new accounting standard: GASB 68 Accounting and Financial Reporting for Pensions, which requires the recording of a net pension liability for the city's proportionate share of state pension plans for employees and a change in disclosure requirements.

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: 1) government-wide financial statements; 2) fund financial statements; and 3) 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 similar to 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 that are principally supported by taxes and revenues from other agencies from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities of the city include general government, public safety, physical and economic environment, transportation, mental/physical health, and culture and recreation. The city's business-type activities consist of marina operations, water, sewer, and storm and surface water utilities. The component unit consists of the Bellevue Convention Center Authority (BCCA), which operates the Meydenbauer Convention Center.

The Statement of Net Position presents information on all of the city's assets, deferred inflows of resources, liabilities, and deferred outflows 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

These statements focus on major governmental funds and proprietary funds separately. The city's major governmental funds are presented in their own column 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 and include net position, revenues, expenses, and changes in fund net position and cash flows.

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 assets held by the city in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. 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 two types of fiduciary funds, a pension fund and agency funds. The accounting for the pension fund is on the accrual basis. Agency funds are custodial in nature and do not include revenues and expenses as they do not measure the results of operations.

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) concerning the city's progress in maintaining its transportation infrastructure, which is accounted for using the modified approach, the Schedule of Changes in the City's Net Pension Liability and Related Ratio, Schedule of Contributions for the Firefighters' Pension Fund, the Schedule of Investment Returns for the Firefighters' Pension, the funding progress for the Other Post Employments Benefits, and the Schedule of Contributions from the Employer and Other Contributing Entities for the Other Post Employments Benefits. Also included as required supplementary information are the Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual for annually budgeted the general fund and major special revenue funds.

Combining Statements

The combining statements for other governmental funds, internal service funds, and agency-type fiduciary funds are presented immediately following the required supplementary information.

Statistical Section

This section includes unaudited trend information and demographics.

Government-Wide Financial Analysis

Net position of the city as of December 31, 2015 and December 31, 2014, is summarized in the following table:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
	(in thousands)					
Current and other assets	\$ 229,366	\$ 166,847	\$ 251,822	\$ 227,505	\$ 481,188	\$ 394,352
Capital assets, net	1,817,374	1,745,500	313,990	291,267	2,131,364	2,036,768
Total assets	2,046,740	1,912,347	565,812	518,772	2,612,552	2,431,120
Deferred outflows	20,747	10,883	1,358	27	22,106	10,910
Total deferred outflows	20,747	10,883	1,358	27	22,106	10,910
Total assets and deferred outflows	2,067,487	1,923,231	567,170	518,799	2,634,658	2,442,030
Long-term liabilities	337,245	259,528	2,563	2,911	339,808	262,439
Other liabilities	88,639	24,798	14,437	3,200	103,075	27,998
Total liabilities	425,884	284,326	16,999	6,111	442,884	290,437
Deferred inflows	14,195	305	1,671	-	15,866	305
Total deferred inflows	14,195	305	1,671	-	15,866	305
Total liabilities & deferred inflows	440,079	284,631	18,670	6,111	458,749	290,742
Net investment in capital assets	1,566,471	1,546,380	312,700	289,506	1,879,171	1,835,886
Restricted	91,987	47,503	537	529	92,524	48,032
Unrestricted	(31,050)	44,716	235,263	222,653	204,213	267,369
Total net position	\$1,627,408	\$1,638,599	\$ 548,500	\$ 512,688	\$2,175,908	\$2,151,287

Governmental Activities

Total net position for the city increased by \$24.6 million, however, governmental activities net position decreased \$11.2 million. Of total governmental activities net position, \$70.2 million is restricted for CIP projects, \$7.4 million is restricted for parks, recreation and open spaces, \$8.4 million for permit review and inspections, \$3.1 million for affordable housing projects, \$1.5 million for debt service, and the remaining restricted covers a variety of purposes. The city has a negative unrestricted net position of \$31.0 million due to the effect of the net pension obligation and loss on refunding. The city has made all required contributions to the pension plans. Factors contributing to the changes in net position include:

- Cash and equity in pooled investments increased \$33.6 million, mainly the result of unspent proceeds from the issuance of bonds.
- A net pension asset of \$20.5 million, includes \$17.7 million related to the implementation of GASB 68 – Accounting and Financial Reporting for Pensions, the remainder is for Firefighters’ Pension.
- The city experienced an increase in accounts receivable of \$10.9 million, \$8.6 million was for Sound Transit contributions toward the city’s costs of relocating parking at city hall in preparation for tunnel and station construction. Intergovernmental fire and emergency aid services receivable accounted for the remaining increase.
- Capital assets, net of accumulated depreciation, increased \$71.9 million. Several major projects completed in 2015, including two new parks facilities and several transportation projects. Land acquisitions totaled \$43.5 million during 2015, most of this was related to future park locations, East Link Light Rail, and other transportation projects.
- The increase in liabilities of \$141.6 million is the result of a GO Bond issue of \$97.9 million and the establishment of net pension liabilities of \$57.0 million.
- Along with the establishment of the net pension obligation, both deferred inflows and deferred outflows increased significantly as a result of the implementation of GASB 68.

Business-Type Activities

Business-type activities of the city's utilities and marina increased the City of Bellevue's net position by \$35.8 million in 2015. Of total net position, \$0.4 million is restricted for Marina debt and utility customer deposits, and \$171.9 million of the \$235.3 million in unrestricted net position is reserved by city policy for future infrastructure replacement. Contributing factors of the increase in net position were:

- Business-type current and other assets increased \$24.3 million. Operating cash and equity in pooled investments increased \$8.9 million, while cash and equity in pooled investments for construction related activities increased by \$23.8 million. The purpose of the increases in cash and equity in pooled investments is to fund the repair and replacement of infrastructure in accordance with the utilities 75 year replacement plan. These reserve collections allocate the costs to current customers and to reduce reliance on debt.
- Receivables decreased, resulting from the repayment of an interfund loan of \$15.0 million to the Sewer Utility in 2015.
- The city is a member of the Cascade Water Alliance which provides water supply to member organizations. The joint venture equity interest increased \$7.5 million.
- Business-type capital activities increased by \$22.7 million, of which \$12.5 million is attributable to construction in progress and \$10.2 million to completed projects related to system rehabilitation and water main replacement. Completed projects totaling \$12.0 million relate to asbestos cement water main replacements, culvert repair and replacements, and sewer repairs and replacements. Construction in progress increases of \$10.0 million are from pump station improvements and sewer trunkline improvements.
- Liabilities increased \$10.9 million, of which \$9.8 million was the establishment of the net pension liability.
- Deferred inflows increased \$1.7 million and deferred outflows increased \$1.3 million as a result of the implementation of GASB 68.

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	
	2015	2014	2015	2014	2015	2014
Revenues:	(in thousands)					
Program revenues:						
Charges for services	\$ 65,431	\$ 54,388	\$ 136,252	\$ 126,571	\$ 201,682	\$ 180,959
Operating grants & contributions	11,427	7,585	-	-	11,427	7,585
Capital grants & contributions	17,239	13,373	5,611	7,619	22,850	20,992
General revenues:						
Property taxes	40,222	38,379	-	-	40,222	38,379
Sales taxes	66,173	59,278	-	-	66,173	59,278
Other taxes	93,950	85,876	-	-	93,950	85,876
Investment interest	1,349	962	1,581	1,213	2,930	2,174
Miscellaneous	1,182	2,634	8,680	13,163	9,861	15,797
Total revenues	<u>296,973</u>	<u>262,475</u>	<u>152,123</u>	<u>148,566</u>	<u>449,096</u>	<u>411,041</u>
Expenses:						
General government	33,611	31,948	-	-	33,611	31,948
Public safety	90,269	85,734	-	-	90,269	85,734
Physical environment	2,446	2,249	-	-	2,446	2,249
Transportation	36,384	30,925	-	-	36,384	30,925
Economic environment	34,571	23,336	-	-	34,571	23,336
Health and human services	8,457	7,596	-	-	8,457	7,596
Culture and recreation	43,116	39,776	-	-	43,116	39,776
Unallocated interest on long-term debt	11,148	8,978	-	-	11,148	8,978
Water	-	-	44,529	46,886	44,529	46,886
Sewer	-	-	48,683	44,780	48,683	44,780
Storm & surface water	-	-	12,699	11,764	12,699	11,764
Marina	-	-	219	273	219	273
Total expenses	<u>260,003</u>	<u>230,542</u>	<u>106,131</u>	<u>103,703</u>	<u>366,134</u>	<u>334,245</u>
Excess (deficiency) before transfers	36,970	31,933	45,992	44,863	82,962	76,796
Transfers	(141)	(246)	141	246	-	-
Increase (decrease) in net position	36,829	31,687	46,133	45,109	82,962	76,796
Net position - beginning	1,638,599	1,606,912	512,688	449,793	2,151,287	2,056,705
Change in accounting principle	(48,020)	-	(10,321)	-	(58,341)	-
Prior period adjustment	-	-	-	17,786	-	17,786
Net position - ending	<u>\$1,627,408</u>	<u>\$1,638,599</u>	<u>\$ 548,500</u>	<u>\$ 512,688</u>	<u>\$2,175,909</u>	<u>\$2,151,288</u>

Governmental Activities

Net position of the city increased \$24.6 million. Governmental activities net position decreased \$11.2 million, Highlights of the change in governmental activities change in net position are:

- Charges for services increased \$11.0 million. The most significant increases were:
 - Transportation impact fee revenues of \$3.9 million due to several significant downtown development
 - Photo enforcement and other fines increased \$0.8 million.
 - Right of way leases increased \$1.0 million.
- Operating grants and contributions increased \$3.8 million, due to one-time grants for transportation and parks.

City of Bellevue, Washington

- Capital grants and contributions increased \$3.9 million in 2015 due, in part, to:
 - East link related contribution of \$8.6 million,
 - \$2.2 million decrease in USDOT grant funding.
- General taxes increased \$16.8 million, specific tax changes are as follows:
 - Sales and Use taxes increased \$6.9 million,
 - Property taxes increased \$1.8 million,
 - Business and occupations tax increased \$1.7 million,
 - Hotel/Motel taxes increased \$1.2 million, and
 - Excise taxes increased \$4.8 million.
- Governmental activities expenses increased \$29.5 million, contributing factors were:
 - \$4.5 million in pension expense,
 - \$2.2 million in debt service payments,
 - \$1.5 million due to fire department wildfire overtime costs,
 - \$3.9 million in street overlay and major transportation maintenance activities,
 - \$8.4 million payment to the BCCA from bond proceeds for capital projects,
 - \$2.0 million in permit related costs, and
 - \$1.9 million in parks related operating costs.

Business-Type Activities

The City of Bellevue's net position increased by \$35.8 million for utilities and marina activities in 2015. Key elements of this increase are:

- Charges for services increased \$9.7 million mainly due to rate increases. A portion of these revenues fund current and future repair and replacement costs.
- Contributions from utility operating funds to the utility capital investment fund decreased \$2.0 million, accounting for the decrease in capital contributions.
- The city purchases water from Cascade Water Alliance and sewer treatment from King County. The costs of those services are passed along to customers. Expenses related to Cascade Water Alliance decreased \$4.0 million due to water conservation efforts across the city, while sewer treatment costs increased \$2.4 million.
- This city is a member of a joint venture to operate a water supply system. Cascade Water Alliance, a joint municipal utility service corporation, was created to provide water supply to meet current and future needs in a cost-effective and environmentally responsible manner. The change in joint venture equity interest was a \$7.5 million increase for 2015.
- Pension expense recorded in compliance with GASB 68 requirements, was \$4.5 million. The effect of the change in accounting principles as a result of GASB 68 for pension expense on beginning balances was \$10.3 million.

Financial Analysis of the Government's Funds

Governmental Funds

The governmental fund statements report on a near-term revenues/financial resources and expenditures 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 \$34.4 million is an increase of \$6.4 million from 2014. Revenues increased \$13.0 million, largely the result of taxes, intergovernmental fire services and other service fee revenue increases.

The Development Services Fund ending fund balance increased by \$1.7 million from 2014 ending at \$8.4 million. There has been steady growth in development activities which has increased the review and inspection work required to meet demand.

The General Capital Investment Program Fund has an ending fund balance of \$73.1 million. This represents an increase of \$46.7 million. The 2015 Bond issue included \$79.1 million for capital projects. There were several large transportation infrastructure and parks facilities projects underway or completed during 2015, which utilized some of these bond proceeds.

Business-Type Funds

The proprietary fund statements report on an economic resources basis and provide similar information as that presented in the government-wide statements; however, more detail is provided in the fund statements. The city reports both enterprise funds and internal service funds which support the operations of the government.

The Storm & Surface Water Utility unrestricted net position increased from 2014 by \$4.9 million to \$54.3 million in an effort to build reserves for future infrastructure replacement. The Water Utility unrestricted net position increased \$14.4 million, partly due to the equity interest increase in the Cascade Water Alliance joint venture of \$7.5 million to \$33.3 million and partly reserve increases for future infrastructure replacement. The Sewer Utility unrestricted net position decreased \$6.7 million over 2014 largely due the shift from unrestricted to net investment in capital assets, which increased \$12.7 million, while receivables decreased \$15.0 million as a result of repayment of an interfund loan.

Unrestricted net position in the Marina Fund decreased \$49 thousand as a result of interest and principal payments of \$0.4 million.

Capital Asset Activity

The City of Bellevue’s investment in capital assets for the end of 2015 was \$2.1 billion, net of depreciation, which was an increase of \$94.6 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	
	2015	2014	2015	2014	2015	2014
	(in thousands)					
Land	\$ 832,463	\$ 788,978	\$ 24,985	\$ 24,985	\$ 857,448	\$ 813,963
Buildings	152,997	139,292	16,337	17,791	169,334	157,083
Improvements other than buildings	36,123	29,366	-	-	36,123	29,366
Machinery and equipment	20,088	15,654	4,472	3,902	24,560	19,556
Leasehold improvements	3,707	-	-	-	3,707	-
Infrastructure	736,509	708,804	241,157	230,059	977,666	938,863
Intangible assets	1,860	2,351	65	52	1,925	2,403
Construction in progress	33,628	61,057	26,974	14,478	60,602	75,535
Total	<u>\$1,817,375</u>	<u>\$1,745,502</u>	<u>\$ 313,990</u>	<u>\$ 291,267</u>	<u>\$2,131,365</u>	<u>\$2,036,769</u>

Governmental Activities

Capital assets from governmental activities increased \$71.9 million. Key elements of this change are as follows:

- Land acquisitions for future park locations and transportation projects related to the development of the Sound Transit East Link project,
- Botanical Gardens Visitors’ Center completion,
- Bellevue Youth Theatre completion,
- Construction in progress additions, included several major projects:
 - NE 4th Street expansion
 - 120th Avenue NE improvements

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

City of Bellevue, Washington

condition level established and disclosed by the city. For many years, the city has performed a biennial condition assessment of its transportation infrastructure, which is published in a bound document. 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 of the arterial roadways for 2015 decreased from 79 to an overall performance rating of 78. The percentage of arterial roadways above a satisfactory rating for 2015 is 96 percent, which is an increase of 7 percent from the prior year. Residential roadways experience an average condition increase of 1 percent ending in a rating of 100 percent for 2015 while the performance rating was 80 percent, a decrease of 7 percent from 2014. The city's minimum acceptable condition levels have been defined as having at least 50 percent of arterial roadways, and 30 percent of residential roadways at or above satisfactory condition.

Business-type Activities

The Utility 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 \$22.7 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:

- Water main replacement activities \$5.1 million,
- Coal Creek culvert improvements \$5.2 million,
- Sewer Capacity Upgrades \$1.7 million,
- Pump station improvements \$8.1 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 \$312.5 million in debt outstanding, which is an increase of \$90.0 million. The outstanding debt is \$311.1 million and \$1.3 million for governmental activities and business-type activities, respectively. The proceeds of debt are used to fund capital projects.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(in thousands)					
General obligation bonds	\$ 310,670	\$ 220,203	\$ 1,363	\$ 1,760	\$ 312,033	\$ 221,963
Other long-term debt	438	478	-	-	438	478
Total	<u>\$ 311,108</u>	<u>\$ 220,681</u>	<u>\$ 1,363</u>	<u>\$ 1,760</u>	<u>\$ 312,471</u>	<u>\$ 222,442</u>

Governmental Activities

The city issued GO Bonds of \$97.9 million in 2015, which included \$11.1 million for the refunding of 2006 and 2008 bond issues and \$7.6 million for BCCA capital projects. The remainder is to fund capital projects. Of the debt outstanding at December 31, 2015, \$7.2 million is due within one year.

Business-type Activities

The Utility funds do not have outstanding debt and are building reserves to pay for repair and replacement of infrastructure assets, in lieu of issuing new debt. Principal reductions for the Marina Fund amounted to \$0.4 million. Of the debt outstanding, at December 31, 2015, \$0.4 million is due within one year.

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 2015 was \$41.4 billion and the total amount of additional debt the city may issue is \$2.8 billion. Remaining debt capacity is categorized as follows (in thousands):

General debt	\$ 740,562
Open space/Parks facilities	1,033,023
Utilities	<u>1,033,023</u>
Total	<u>\$2,806,608</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 2015 are:

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

For more detailed information about the City of Bellevue’s long-term debt please refer to Note 13, Long-Term Liabilities.

Budgetary Highlights and Economic Factors

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 following discussion is reflective only of the current year of the biennium.

The 2015-2016 budget was adopted in December 2014 by the City Council. The Operating and Capital Budgets retain current service levels of operations, maintaining the city’s infrastructure, and addresses community priorities. For 2015, City Council raised property tax to ensure it maintains its high quality of public safety and to allow sales tax to be targeted to address critically needed capital infrastructure. Despite increasing property tax three percent, Bellevue still has the lowest property tax rate of Washington Cities with more than 20,000 residents.

Highlights for the 2015-2016 budget: maintaining the city’s reserves; investing in technology to take advantage of efficiencies of a mobile workforce; and providing power stretchers for emergency medical technicians mitigating risk of injuries. The city faces significant capital funding needs. The 2015-2016 budget maintains city facilities and funding for the East Link Light Rail project.

The city continues to focus on providing priority government programs, high quality services, and capital investments. During the 2015-2016 budget process, the city employed the Budgeting for Outcomes methodology titled 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 Council as community-wide priorities include: (1) Safe Community, (2) Improved Mobility, (3) Innovative, Vibrant, and Caring Community, (4) Quality Neighborhoods, (5) Healthy and Sustainable Environment, (6) Responsive Government, and (7) Economic Growth and Competitiveness.

The adopted budget provides adequate funding for police, fire, parks, and transportation services while seeking opportunities for efficiencies and cost savings in all departments. The city continues to fund essential services for those residents who are most in need and to the non-governmental organizations who partner with the city in social and health services, education, food assistance, and other support for those in the community.

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 Director at P.O. Box 90012, Bellevue, WA 98009.



BASIC FINANCIAL STATEMENTS

Statement of Net Position
As of December 31, 2015
(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	\$ 96,940	\$ 200,723	\$ 297,663	\$ 8,984
Receivables (net of allowances):				
Taxes	30,489	-	30,489	-
Accounts	15,172	16,583	31,754	417
Assessments	552	-	552	-
Interest	333	424	757	41
Due from other governments	1,461	-	1,461	1,161
Other	3	27	29	-
Internal balances	508	(508)	-	-
Inventory	761	638	1,399	574
Other current assets	732	-	732	212
Restricted cash & equity in pooled investments:				
For debt service	1,844	380	2,224	4,989
For capital projects	57,133	-	57,133	-
For other	-	157	157	882
Noncurrent assets:				
Joint venture equity interest	-	33,265	33,265	-
Net pension asset	20,453	-	20,453	-
Noncurrent receivables	2,984	134	3,119	-
Capital assets:				
Land	832,463	24,985	857,448	-
Depreciable capital assets (net)	214,774	20,873	235,647	25,099
Depreciable infrastructure (net)	22,977	241,158	264,135	-
Nondepreciable infrastructure	713,532	-	713,532	-
Construction in progress	33,628	26,974	60,602	11,467
Total assets	2,046,740	565,812	2,612,552	53,827
Deferred outflows of resources:				
Loss on debt refunding	11,402	20	11,422	-
For pensions	9,345	1,338	10,683	-
Total deferred outflows	20,747	1,358	22,106	-
Total assets and deferred outflows	2,067,487	567,170	2,634,658	53,827

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

Statement of Net Position
As of December 31, 2015
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Liabilities:				
Accounts payable	\$ 7,098	\$ 811	\$ 7,909	\$ 405
Retainage payable	-	-	-	433
Accrued interest payable	-	-	-	5,177
Accrued payroll	6,346	825	7,171	173
Other accrued liabilities	1,364	7	1,371	142
Deposits payable	22	-	22	-
Unearned revenue	7,280	-	7,280	-
Other current liabilities	12	-	12	-
Accrued bond interest payable	3,530	3	3,533	39,726
Liabilities payable from restricted assets:				
Customer deposits	1,960	157	2,117	947
Accounts payable	3,794	2,588	6,381	-
Retainage payable	262	221	483	-
Noncurrent liabilities:				
Due within one year	14,443	740	15,183	1,285
Due in more than one year	322,802	1,823	324,625	10,205
Net pension liability	56,972	9,826	66,798	-
Total liabilities	425,884	16,999	442,884	58,493
Deferred inflows of resources:				
Unavailable revenue: gain on debt refunding	-	-	-	8
Unavailable revenue: grant revenue	123	-	123	-
Unavailable revenue: pension	13,376	1,671	15,047	-
Unavailable revenue: other	696	-	696	-
Total deferred inflows	14,195	1,671	15,866	8
Total liabilities and deferred inflows	440,079	18,670	458,749	58,501
Net position:				
Net investment in capital assets	1,566,471	312,700	1,879,171	25,166
Restricted for:				
Debt service	1,459	380	1,839	3,717
Capital projects	70,164	-	70,164	-
Parks maintenance and operations	7,381	-	7,381	-
Affordable housing projects	3,090	-	3,090	-
Permit review and inspections	8,436	-	8,436	-
Other	1,457	157	1,614	586
Unrestricted	(31,050)	235,263	204,213	(34,143)
Total net position	\$ 1,627,408	\$ 548,500	\$ 2,175,908	\$ (4,674)

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

City of Bellevue, Washington

Statement of Activities
For the Year Ended December 31, 2015
(in thousands)

Page 1 of 2

Functions/Programs	Program Revenues				Net Expense, Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Primary government:								
Government activities:								
General government	\$ 33,611	\$ 5,518	\$ 1,483	\$ 8,600	\$ (18,010)	\$ -	\$ (18,010)	\$ -
Public safety	90,269	19,549	1,797	-	(68,923)	-	(68,923)	-
Physical environment	2,446	692	609	-	(1,144)	-	(1,144)	-
Transportation	36,384	10,098	3,173	6,376	(16,737)	-	(16,737)	-
Economic environment	34,571	18,797	-	-	(15,774)	-	(15,774)	-
Health and human services	8,457	555	3,391	516	(3,995)	-	(3,995)	-
Culture and recreation	43,116	10,220	974	1,747	(30,175)	-	(30,175)	-
Interest on long-term debt	11,148	-	-	-	(11,148)	-	(11,148)	-
Total governmental activities	<u>260,003</u>	<u>65,431</u>	<u>11,427</u>	<u>17,239</u>	<u>(165,906)</u>	<u>-</u>	<u>(165,906)</u>	<u>-</u>
Business-type activities:								
Water utility	44,529	57,666	-	3,050	-	16,186	16,186	-
Sewer utility	48,683	56,628	-	1,397	-	9,342	9,342	-
Storm drainage utility	12,699	21,333	-	1,164	-	9,798	9,798	-
Marina	219	625	-	-	-	406	406	-
Total business-type activities	<u>106,131</u>	<u>136,252</u>	<u>-</u>	<u>5,611</u>	<u>-</u>	<u>35,732</u>	<u>35,732</u>	<u>-</u>
Total primary government	<u>\$ 366,134</u>	<u>\$ 201,682</u>	<u>\$ 11,427</u>	<u>\$ 22,850</u>	<u>\$ (165,906)</u>	<u>\$ 35,732</u>	<u>\$ (130,175)</u>	<u>\$ -</u>
Component units:								
Bellevue Convention Center Authority	14,143	16,679	-	8,403	-	-	-	10,939
Total component unit	<u>\$ 14,143</u>	<u>\$ 16,679</u>	<u>\$ -</u>	<u>\$ 8,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,939</u>

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

City of Bellevue, Washington

Statement of Activities
For the Year Ended December 31, 2015
(in thousands)

Page 2 of 2

	Net Expense, Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental	Business-	Total	Bellevue
	Activities	type		Convention
	Activities		Center Authority	
General revenues and transfers:				
Property tax	\$ 40,222	\$ -	\$ 40,222	\$ -
Retail sales and use tax	66,173	-	66,173	-
Utility tax	27,219	-	27,219	-
Business and occupation tax	36,551	-	36,551	-
Excise taxes	19,515	-	19,515	-
Hotel/Motel tax	10,191	-	10,191	-
Other taxes	474	-	474	-
Payments from component unit	9	-	9	-
Grants & contributions - unrestricted	1,721	-	1,721	-
Unrestricted investment interest	1,349	1,581	2,930	25
Gain (loss) in change of fair value	(131)	7,425	7,294	-
Miscellaneous	269	1,054	1,322	-
Gain on sale of capital assets	(685)	201	(484)	-
Transfers	(141)	141	-	-
Total general revenues and transfers	202,736	10,401	213,137	25
Change in net position	36,829	46,133	82,962	10,964
Net position at beginning of year	1,638,599	512,688	2,151,287	(15,638)
Change in accounting principle	(48,020)	(10,321)	(58,341)	-
Net position at end of year	\$ 1,627,408	\$ 548,500	\$ 2,175,908	\$ (4,674)

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

Balance Sheet
Governmental Funds
As of December 31, 2015
(in thousands)

	General Fund	Development Services	General CIP	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash & equity in pooled investments	\$ 18,573	\$ 16,873	\$ 69,051	\$ 21,940	\$ 126,438
Receivables (net of allowances):					
Taxes	21,130	-	7,816	1,543	30,489
Accounts	5,381	1	9,124	515	15,021
Current assessments	-	-	-	544	544
Interest & penalties on assessments	-	-	-	8	8
Interest	41	36	147	46	270
Interfund loans receivable	537	-	-	-	537
Due from other funds	508	-	-	-	508
Due from other governments	-	-	1,041	418	1,459
Prepays	732	-	-	-	732
Housing rehabilitation loans receivable	-	-	-	2,984	2,984
Total assets	46,903	16,910	87,179	27,998	178,991
Liabilities:					
Accounts payable	5,123	255	3,793	227	9,398
Retainage payable	40	-	209	-	249
Interfund loans payable	-	-	-	537	537
Due to component unit	-	-	-	1,247	1,247
Due to other governments	34	-	-	-	34
Accrued payroll	5,205	510	3	47	5,766
Accrued taxes	81	-	-	-	81
Deposits payable	1,346	631	1	1	1,979
Other current liabilities	12	-	-	-	12
Unearned Revenue	203	7,077	-	-	7,280
Total liabilities	12,043	8,474	4,005	2,059	26,582
Deferred inflows:					
For grants	-	-	800	296	1,096
For taxes	435	-	40	1	476
For capital projects	-	-	8,600	-	8,600
For other	-	-	620	537	1,157
Total deferred inflows	435	-	10,060	834	11,329
Total liabilities and deferred inflows	12,479	8,474	14,065	2,893	37,911
Fund balance:					
Nonspendable	732	-	-	-	732
Restricted	38	8,436	70,164	13,349	91,987
Assigned	2,345	-	2,949	11,757	17,051
Unassigned	31,309	-	-	-	31,309
Total fund balance	34,424	8,436	73,113	25,106	141,080
Total liabilities, deferred inflows, and fund balance	\$ 46,903	\$ 16,910	\$ 87,179	\$ 27,998	\$ 178,991

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, 2015
(in thousands)**

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

Total governmental fund balances	\$	141,080
Capital assets used in governmental activities are not financial resources and These assets consist of:		
Land	832,463	
Construction in progress	33,758	
Non-depreciable infrastructure	713,532	
Buildings	236,109	
Improvements other than buildings	58,098	
Intangible assets	20,445	
Machinery and equipment - general government	4,122	
Leasehold improvements	4,119	
Depreciable infrastructure	152,328	
Accumulated depreciation	<u>(259,227)</u>	
Total capital assets		1,795,747
Deferred outflows		
Loss on debt refunding	11,402	
For pensions	<u>8,337</u>	
Total capital assets		19,738
Material inventory		210
Net pension assets (NPA) is reported as an asset in the governmental activities and is not considered to represent a financial asset, therefore it is not reported in the governmental funds balance sheet:		
Net Pension Asset		20,453
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	(310,670)	
Notes payable	(438)	
Accrued bond interest payable	(3,530)	
Net pension liabilities	(50,411)	
Compensated absences	(9,804)	
OPEB obligation payable	(8,698)	
Pollution remediation liability	<u>(223)</u>	
Total long-term liabilities		(383,774)
Deferred inflow of resources:		
For debt	462	
For grants	973	
For pensions	(12,162)	
For capital projects	8,600	
For taxes	<u>476</u>	
Total deferred inflows of resources		(1,651)
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.		
Net position of governmental activities		<u>\$ 35,605</u>
		<u>\$ 1,627,408</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015
(in thousands)

	General Fund	Development Services	General CIP	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes and special assessments	\$ 140,733	\$ -	\$ 48,590	\$ 11,034	\$ 200,357
Licenses and permits	508	8,800	-	-	9,308
Intergovernmental	19,679	-	10,920	3,227	33,826
Service charges and fees	26,121	9,989	7,619	1,071	44,799
Fines and forfeitures	2,035	-	-	141	2,176
Interest and penalties	124	134	593	224	1,076
Net change in fair value of investments	(16)	(14)	(111)	7	(133)
Rent	5,979	-	646	-	6,624
Premiums/contributions	8	-	2,872	1,201	4,081
Other	144	78	2	485	709
Total revenues	195,316	18,987	71,131	17,389	302,824
Expenditures:					
Current:					
General government	22,195	3	457	8,776	31,432
Public safety	87,207	-	449	3,383	91,040
Physical environment	1,022	-	4	1,356	2,382
Transportation	29,034	-	11,149	52	40,235
Economic environment	4,598	20,559	945	8,540	34,643
Health and human services	6,968	-	-	1,628	8,596
Culture and recreation	34,887	-	5,387	193	40,466
Debt service:					
Principal	-	-	40	6,011	6,050
Interest and fiscal charges	-	-	438	8,813	9,250
Capital outlay:					
General government	-	-	7,870	-	7,870
Public safety	-	-	815	69	885
Transportation	3	-	68,419	-	68,422
Economic environment	-	132	11	-	143
Culture and recreation	-	-	6,474	-	6,474
Total expenditures	185,915	20,695	102,458	38,820	347,888
Excess (deficiency) of revenues over (under) expenditures	9,401	(1,707)	(31,327)	(21,431)	(45,063)
Other financing sources (uses):					
Transfers in	1,693	3,749	2,258	14,734	22,433
Transfers out	(4,809)	(367)	(12,501)	(5,220)	(22,897)
Capital contributed from external sources	-	-	91	-	91
Sale of capital assets	85	-	33	-	118
Issuance of long-term debt	-	-	79,140	18,795	97,935
Payment to refunded bond escrow agent	-	-	-	(13,072)	(13,072)
Premium on issuance of long-term debt	-	-	9,112	2,846	11,958
Total other financing sources and uses	(3,031)	3,381	78,133	18,083	96,566
Net change in fund balance	6,370	1,674	46,806	(3,348)	51,503
Fund balance at beginning of year	28,053	6,762	26,308	28,454	89,577
Nonspendable	732	-	-	-	732
Restricted	38	8,436	70,164	13,349	91,987
Assigned	2,345	-	2,949	11,757	17,051
Unassigned	31,309	-	-	-	31,309
Fund balance at end of year	\$ 34,424	\$ 8,436	\$ 73,113	\$ 25,106	\$ 141,080

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
As of December 31, 2015
(in thousands)**

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

Net change in fund balances - total governmental funds \$ 51,503

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 outlays	83,274	
Current year depreciation	(15,213)	
Net book value of disposed assets	(952)	
Total capital outlay expenditures		67,109

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

This is comprised of:

Tax and assessment revenues	35	
Grant revenues	(677)	
Contributions	7,080	
Total revenues		6,438

Change in net pension asset 3,875

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.

This amount is comprised of:

Issuance of new debt	(97,935)	
Premium on new debt	(11,958)	
Long-term debt repayments	19,083	
Total debt proceeds and repayments		(90,810)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This amount is comprised of:

Amortization of net OPEB obligation	(999)	
Accrued interest expense	(1,898)	
Pollution remediation obligation	61	
Accrued compensated absence expense	143	
Net pension liability	895	
Inventory adjustment	(2)	
Notes payable	40	
Total other long-term liabilities		(1,760)

Internal service funds are used by management to charge the cost of certain activities, such as equipment rental, self-insurance, information technology and facility services to the individual funds. The net revenue (expense) of these internal service funds is reported with governmental activities.

		<u>474</u>
Change in net position of governmental activities	<u>\$ 36,829</u>	

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2015
(in thousands)

Page 1 of 4

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 56,189	\$ 66,142	\$ 78,338
Receivables (net of allowances):			
Accounts	2,819	4,673	9,086
Interest	119	139	166
Other	-	-	-
Notes/contracts receivable	-	-	27
Due from other governments	-	-	-
Inventory	62	469	106
Restricted cash & equity in pooled investments:			
Revenue bonds	-	-	-
Customer deposits	2	138	16
Total current assets	<u>59,192</u>	<u>71,561</u>	<u>87,739</u>
Noncurrent assets:			
Notes/contracts receivable	-	4	131
Investment in joint venture	-	33,265	-
Capital Assets:			
Capital assets (net)	80,807	132,246	91,208
Total noncurrent assets	<u>80,807</u>	<u>165,515</u>	<u>91,339</u>
Total assets	<u>139,998</u>	<u>237,076</u>	<u>179,078</u>
Deferred outflow of resources:			
For debt	-	-	-
For pensions	393	513	432
Total deferred outflows	<u>393</u>	<u>513</u>	<u>432</u>
Total assets and deferred outflows	<u>140,391</u>	<u>237,588</u>	<u>179,510</u>

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2015
(in thousands)

Page 2 of 4

	Nonmajor Enterprise Fund - Marina	Total	Governmental Activities - Internal Service Funds
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 54	\$ 200,723	\$ 29,359
Receivables (net of allowances):			
Accounts	4	16,583	151
Interest	1	424	64
Other	-	-	3
Notes/contracts receivable	-	27	-
Due from other governments	-	-	1
Inventory	-	638	551
Restricted cash & equity in pooled investments:			
Revenue bonds	380	380	-
Customer deposits	-	157	-
Total current assets	439	218,931	30,129
Noncurrent assets:			
Notes/contracts receivable	-	134	-
Investment in joint venture	-	33,265	-
Capital Assets:			
Capital assets (net)	9,729	313,990	21,746
Total noncurrent assets	9,729	347,389	21,746
Total assets	10,169	566,320	51,875
Deferred outflow of resources:			
For debt	20	20	-
For pensions	-	1,338	1,009
Total deferred outflows	20	1,358	1,009
Total assets and deferred outflows	10,189	567,678	52,884

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2015
(in thousands)

Page 3 of 4

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Liabilities:			
Current liabilities:			
Accounts payable	186	440	143
Estimated claims	-	-	-
Due to other funds	57	272	180
Due to other governments	-	-	-
Accrued payroll	231	346	247
Accrued compensated absences	101	143	116
Liabilities payable from restricted assets:			
Customer deposits	2	138	16
Accounts payable	356	683	1,548
Retainage payable	24	196	-
Accrued bond interest payable	-	-	-
Revenue bonds payable	-	-	-
Total current liabilities	<u>957</u>	<u>2,219</u>	<u>2,250</u>
Noncurrent liabilities:			
Accrued compensated absences	235	334	271
Estimated claims	-	-	-
Bonds payable (net)	-	-	-
Net pension liability	3,527	2,055	4,242
Total noncurrent liabilities	<u>3,762</u>	<u>2,389</u>	<u>4,513</u>
Total liabilities	<u>4,720</u>	<u>4,608</u>	<u>6,763</u>
Deferred Inflows			
For pensions	525	550	597
Total deferred inflows	<u>525</u>	<u>550</u>	<u>597</u>
Total liabilities and deferred inflows	<u>5,244</u>	<u>5,158</u>	<u>7,360</u>
Net investment in capital assets	80,807	132,246	91,208
Restricted for:			
Customer deposits	2	138	16
Debt service	-	-	-
Unrestricted	54,338	100,047	80,925
Total net position	<u>\$ 135,147</u>	<u>\$ 232,431</u>	<u>\$ 172,150</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, 2015
(in thousands)

Page 4 of 4

	Nonmajor Enterprise Fund - Marina	Total	Governmental Activities - Internal Service Funds
Liabilities:			
Current liabilities:			
Accounts payable	42	811	1,493
Estimated claims	-	-	4,012
Due to other funds	-	508	-
Due to other governments	7	7	2
Accrued payroll	-	825	581
Accrued compensated absences	-	360	298
Liabilities payable from restricted assets:			
Customer deposits	-	157	3
Accounts payable	-	2,588	-
Retainage payable	-	221	13
Accrued bond interest payable	3	3	-
Revenue bonds payable	380	380	-
Total current liabilities	<u>432</u>	<u>5,859</u>	<u>6,401</u>
Noncurrent liabilities:			
Accrued compensated absences	-	840	695
Estimated claims	-	-	2,407
Bonds payable (net)	983	983	-
Net pension liability	1	9,826	6,561
Total noncurrent liabilities	<u>984</u>	<u>11,649</u>	<u>9,663</u>
Total liabilities	<u>1,416</u>	<u>17,508</u>	<u>16,064</u>
Deferred Inflows			
For pensions	-	1,671	1,215
Total deferred inflows	<u>-</u>	<u>1,671</u>	<u>1,215</u>
Total liabilities and deferred inflows	<u>1,416</u>	<u>19,179</u>	<u>17,279</u>
Net investment in capital assets	8,439	312,700	21,733
Restricted for:			
Customer deposits	-	157	3
Debt service	380	380	-
Unrestricted	(47)	235,262	13,868
Total net position	<u>\$ 8,773</u>	<u>\$ 548,500</u>	<u>\$ 35,605</u>

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2015
(in thousands)

Page 1 of 2

	<u>Storm & Surface Water Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Operating revenues:			
Service charges and fees	\$ 20,614	\$ 54,892	\$ 56,493
Rent	-	-	-
Insurance recovery	-	-	-
Premiums/contributions	-	-	-
Other	719	2,774	135
Total operating revenues	<u>21,333</u>	<u>57,666</u>	<u>56,628</u>
Operating expenses:			
Administrative and general	4,811	14,055	6,332
Maintenance and operations	5,899	26,518	39,426
Depreciation	1,989	3,957	2,925
Insurance costs	-	-	-
Benefits and claims payments	-	-	-
Total operating expenses	<u>12,699</u>	<u>44,529</u>	<u>48,683</u>
Operating income (loss)	8,634	13,136	7,945
Nonoperating revenues (expenses):			
Interest income	440	502	633
Net change in fair value of investments	(41)	7,522	(56)
Interest expense	-	-	-
Rental income	17	431	451
Gain on disposal of capital assets	86	70	45
Other nonoperating revenues	66	39	49
Total nonoperating revenue (expenses)	<u>569</u>	<u>8,565</u>	<u>1,122</u>
Income before contributions and transfers	9,203	21,701	9,067
Special items, contributions and transfers:			
Transfers in	151	18	15
Transfers out	(10)	(16)	(17)
Capital contributed from external sources	1,164	3,050	1,397
Total special items, contributions and transfers	<u>1,305</u>	<u>3,052</u>	<u>1,395</u>
Change in net position	10,507	24,753	10,461
Net position beginning of year	128,360	209,796	166,169
Change in accounting principle	(3,720)	(2,119)	(4,481)
Net position end of year	<u>\$ 135,147</u>	<u>\$ 232,431</u>	<u>\$ 172,150</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, 2015
(in thousands)

Page 2 of 2

	Nonmajor Enterprise Fund - Marina	Total	Governmental Activities - Internal Service Funds
Operating revenues:			
Service charges and fees	\$ -	\$ 131,999	\$ 24,352
Rent	625	625	6,325
Insurance recovery	-	-	2,936
Premiums/contributions	-	-	27,152
Other	-	3,628	37
Total operating revenues	625	136,252	60,802
Operating expenses:			
Administrative and general	3	25,201	7,571
Maintenance and operations	171	72,014	22,696
Depreciation	14	8,885	4,870
Insurance costs	-	-	3,648
Benefits and claims payments	-	-	22,415
Total operating expenses	188	106,100	61,200
Operating income (loss)	438	30,152	(398)
Nonoperating revenues (expenses):			
Interest income	5	1,581	273
Net change in fair value of investments	-	7,425	2
Interest expense	(32)	(32)	-
Rental income	-	899	-
Gain on disposal of capital assets	-	201	149
Other nonoperating revenues	-	155	56
Total nonoperating revenue (expenses)	(27)	10,229	479
Income before contributions and transfers	411	40,381	81
Special items, contributions and transfers:			
Transfers in	-	184	1,602
Transfers out	-	(43)	(1,279)
Capital contributed from external sources	-	5,611	70
Total special items, contributions and transfers	-	5,752	393
Change in net position	411	46,133	474
Net position beginning of year	8,364	512,688	42,003
Change in accounting principle	(1)	(10,321)	(6,872)
Net position end of year	\$ 8,773	\$ 548,500	\$ 35,605

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, 2015
(in thousands)

Page 1 of 4

	Business-Type Activities -		
	Enterprise Funds		
	Storm & Surface Water Utility	Water Utility	Sewer Utility
Cash flows from operating activities:			
Cash received from customers and users	\$ 21,760	\$ 55,019	\$ 56,494
Contributions received - employer/employees	-	-	-
Cash received from insurance proceeds	-	-	-
Cash payments to suppliers for goods and services	(5,055)	(33,244)	(37,959)
Cash payments to employees for services	(5,681)	(7,343)	(6,406)
Cash payments to claimants	-	-	-
Cash received from contracts/rent	-	-	-
Cash payments for insurance	-	-	-
Other receipts	-	2,774	135
Net cash provided by operating activities	<u>11,024</u>	<u>17,206</u>	<u>12,264</u>
Cash flows from noncapital financing activities:			
Transfers in	151	18	15
Transfers out	(10)	(16)	(17)
Cash received from non-operating revenues	43	443	405
Net cash provided (used) by noncapital financing activities	<u>184</u>	<u>445</u>	<u>403</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	(3,526)	(11,317)	(15,182)
Principal paid on revenue bonds and other debt	-	-	-
Interest paid on revenue bonds and other debt	-	-	-
Proceeds from sale of assets	86	70	45
Proceeds from interfund loans	-	-	15,000
Cash contributions in aid of construction	794	2,240	971
Contributed Connection Contracts	-	-	25
Net cash used by capital financing activities	<u>(2,646)</u>	<u>(9,008)</u>	<u>859</u>
Cash flows from investing activities:			
Interest on investments	409	478	590
Interfund loan interest	-	-	38
Net cash provided (used) by investing activities	<u>409</u>	<u>478</u>	<u>628</u>
Net increase (decrease) in cash balance	8,971	9,122	14,154
Cash & equity in pooled investments - beginning of year	47,221	57,158	64,200
Cash & equity in pooled investments - end of year	<u>\$ 56,191</u>	<u>\$ 66,280</u>	<u>\$ 78,354</u>
Cash & equity in pooled investments at end of year consist of:			
Unrestricted	56,189	66,142	78,338
Restricted	2	138	16
Total cash & equity in pooled investments	<u>\$ 56,191</u>	<u>\$ 66,280</u>	<u>\$ 78,354</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, 2015
(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	\$ 625	\$ 133,898	\$ 24,299
Contributions received - employer/employee	-	-	27,118
Cash received from insurance proceeds	-	-	2,935
Cash payments to suppliers for goods and services	(174)	(76,432)	(15,952)
Cash payments to employees for services	(10)	(19,440)	(14,499)
Cash payments to claimants	-	-	(20,890)
Cash received from contracts/rent	-	-	6,325
Cash payments for insurance	-	-	(3,604)
Other receipts	-	2,909	24
Net cash provided by operating activities	<u>441</u>	<u>40,935</u>	<u>5,756</u>
Cash flows from noncapital financing activities:			
Transfers in	-	184	1,602
Transfers out	-	(43)	(1,279)
Cash received from non-operating revenues	-	891	40
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,032</u>	<u>363</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	-	(30,025)	(9,784)
Principal paid on revenue bonds and other debt	(380)	(380)	-
Interest paid on revenue bonds and other debt	(51)	(51)	-
Proceeds from sale of assets	-	201	250
Proceeds from interfund loans	-	15,000	-
Cash contributions in aid of construction	-	4,005	-
Contributed Connection Contracts	-	25	-
Net cash used by capital financing activities	<u>(431)</u>	<u>(11,226)</u>	<u>(9,534)</u>
Cash flows from investing activities:			
Interest on investments	5	1,482	288
Interfund loan interest	-	38	-
Net cash provided (used) by investing activities	<u>5</u>	<u>1,520</u>	<u>288</u>
Net increase (decrease) in cash balance	15	32,262	(3,127)
Cash & equity in pooled investments - beginning of year	419	168,998	32,486
Cash & equity in pooled investments - end of year	<u>\$ 434</u>	<u>\$ 201,260</u>	<u>\$ 29,359</u>
Cash & equity in pooled investments at end of year consist of:			
Unrestricted	54	200,723	29,359
Restricted	380	537	-
Total cash & equity in pooled investments	<u>\$ 434</u>	<u>\$ 201,260</u>	<u>\$ 29,359</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, 2015
(in thousands)

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	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)	\$ 8,634	\$ 13,136	\$ 7,945
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,989	3,957	2,925
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	427	127	-
(Increase) decrease in contracts receivable	-	-	10
(Increase) decrease in inventory	-	-	-
(Increase) decrease in deferred outflow	(393)	(513)	(432)
Increase (decrease) in accounts payable	53	(127)	1,457
Increase (decrease) in retainage payable	-	40	(53)
Increase (decrease) in wages & benefits payable	-	34	16
Increase (decrease) in compensated absences	(20)	37	34
Increase (decrease) in due to other funds	2	13	13
Increase (decrease) in customer deposits	-	17	(9)
Increase (decrease) in estimated claims payable	-	-	-
Increase (decrease) in deferred inflows	525	550	597
Increase (decrease) in pension liability	(193)	(64)	(239)
Total adjustments	<u>2,390</u>	<u>4,071</u>	<u>4,319</u>
Net cash provided by operating activities	<u>\$ 11,024</u>	<u>\$ 17,207</u>	<u>\$ 12,264</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ 370	\$ 811	\$ 401
Increase (decrease) in fair value of investments	\$ 41	\$ 27	\$ 56
Unrealized gain/(loss) on investment in joint venture	\$ -	\$ 7,549	\$ -

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015
(in thousands)

Page 4 of 4

	Business-Type Activities -		Governmental	
	Enterprise Funds			Activities -
	Nonmajor	Enterprise Fund -		
	Marina	Total	Service Funds	
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 438	\$ 30,152	\$ (398)	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	14	8,885	4,870	
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	554	(102)	
(Increase) decrease in contracts receivable	-	10	-	
(Increase) decrease in inventory	-	-	5	
(Increase) decrease in deferred outflow	-	(1,338)	(1,009)	
Increase (decrease) in accounts payable	(10)	1,373	108	
Increase (decrease) in retainage payable	-	(13)	(58)	
Increase (decrease) in wages & benefits payable	-	50	(59)	
Increase (decrease) in compensated absences	-	51	(23)	
Increase (decrease) in due to other funds	-	28	-	
Increase (decrease) in customer deposits	-	8	-	
Increase (decrease) in estimated claims payable	-	-	1,519	
Increase (decrease) in deferred inflows	1	1,673	1,215	
Increase (decrease) in pension liability	(1)	(497)	(311)	
Total adjustments	<u>3</u>	<u>10,783</u>	<u>6,155</u>	
Net cash provided by operating activities	<u>\$ 441</u>	<u>\$ 40,935</u>	<u>\$ 5,756</u>	
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ -	\$ 1,582	\$ 70	
Increase (decrease) in fair value of investments	\$ -	\$ 124	\$ 3	
Unrealized (gain)/loss on investment in joint venture	\$ -	\$ 7,549	\$ -	

Statement of Fund Net Position
Fiduciary Funds
As of December 31, 2015
(in thousands)

	Firefighters' Pension	Agency Funds
Assets:		
Cash & equity in pooled investments:		
Federal Agency Coupon Securities	\$ 4,795	\$ 5,342
Federal Agency Disc. - Amortizing	270	301
Certificates of Deposit	338	376
Demand Draft	135	150
Money Market	540	602
Municipal Bonds	540	602
Local Government Investment Pool	135	150
Interest receivable	14	16
Due from other governments	-	314
Capital assets (net)	-	57
Total assets	6,767	7,912
Liabilities:		
Accounts payable	-	588
Due to other governments	-	7,225
Deposits payable	-	99
Total liabilities	-	7,912
Net Position:		
Net position restricted for pensions	6,767	-
Total net position	\$ 6,767	\$ -

Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2015
(in thousands)

	Firemen's Pension Fund
Additions:	
Investment income:	
Interest	\$ 58
Decrease in fair value	(1)
Other contributions:	
Contributions from nonemployers	207
Total additions	264
Deductions:	
Benefit payments	228
Administrative	12
Total deductions	240
Net increase in net position	24
Net position beginning of year	6,743
Net position end of year	\$ 6,767





**NOTES TO THE
BASIC FINANCIAL STATEMENTS**

Note 1: Summary of Significant Accounting Policies

The City of Bellevue was incorporated on April 1, 1953, under a Council-Manager form of government. The City Council is composed of seven members elected at large, each of whom serve a four-year term. The City Manager is appointed by the Council to act as the chief executive officer of the city and is responsible to the Council for proper administration of all city affairs. The city provides a full range of general government services, including public safety, streets, parks and recreation, planning and zoning, permits and inspection, and general administration. In addition, the city provides business activity to the citizens, including marina operations and public utilities of water, sewer, and storm water.

The accounting and reporting policies of the city, which conform to generally accepted accounting principles for governments, are regulated by the Washington State Auditor's Office. The city's significant accounting policies are described below.

Reporting Entity

The city's Comprehensive Annual Financial Report (CAFR) presents the government and its component unit, for which the city is financially accountable. Financial accountability is when a primary government has substantive authority to appoint a voting majority of a component unit's board. The primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; and the component unit is fiscally dependent on the primary government.

There are no instances in which factors other than financial accountability are so significant in the relationship between a particular 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 the Meydenbauer Convention 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 the 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 units. To the extent possible, the effect of interfund overhead activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular 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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds. 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. Grants and similar items are recognized as revenue as soon as 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 they are 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 (B&O) 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. With the implementation of Governmental Accounting Standards Board (GASB) Statement 54, special revenue funds not meeting the criteria of significant revenue inflows from restricted or committed sources are to be reported in the General Fund. Those funds previously reported as separate special revenue funds and now included in the General Fund are as follows: Land Purchase Revolving Fund, and Parks Fees Fund.

The Development Services Fund is responsible for administering the Planning and Community Development building review and inspection process, land use and comprehensive planning, and code enforcement. Major revenues for the fund are permit fees, code compliance review and inspection charges.

The General Capital Investment Program 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, parks levy, real estate excise tax, contributions, transportation impact fees and other revenue sources authorized by the City Council.

Major Proprietary Funds

The Storm and Surface Water Utility Fund accounts for the operations, capital improvement and debt service activities of the storm and surface water utility. The Water Utility Fund accounts for the operations, capital improvement and debt service activities of the water utility. The Sewer Utility Fund accounts for the operations, capital improvement and debt service activities of the sewer utility.

The proprietary fund statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the funds' principal ongoing operations. The principal operating revenues of the city's utilities funds, marina fund, and internal service funds are charges to customers for sales and service, rentals, vehicle replacement, and insurance. The city also recognizes as operating revenue the portion of utility connection fees intended to recover the cost of connecting new customers to the water and sewer systems. Operating expenses for enterprise funds and internal service 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 expense. When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted as they are needed.

Internal Service and Fiduciary Funds

The city uses internal service funds to account for the equipment and fleet operations and replacement; general government facilities management; operations and replacement of software applications and information systems hardware; self-insurance for worker's compensation, unemployment compensation, health benefits, and general property and casualty losses.

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, with the exception of agency funds which technically have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition.

The Firefighters' Pension Fund accounts for a single-employer defined benefit system established under state law to provide pension benefits for eligible fire fighters. Although this pension plan has subsequently been replaced by the State Law Enforcement Officers and Fire Fighters Pension System, fire fighters hired prior to March 1, 1970 continue to be eligible for benefits under the provisions of the earlier law. Revenues received by the fund include proceeds of a state-imposed tax on fire insurance premiums and allocations from the city's annual property tax levy based on actuarial estimates.

Agency funds account for assets held by the city as an agent for joint, inter-governmental operations through inter-local agreements. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations.

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

New Accounting Standards

In June 2012, the GASB issued Statement 68, "Accounting and Financial Reporting for Pensions," effective for entities with fiscal years beginning after June 15, 2014, replacing GASB Statement 27. GASB followed and amended some of GASB Statement 68 with GASB No 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date," also effective for fiscal years beginning after June 15, 2014, to be implemented simultaneously with GASB 68. The statements establish standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflow of resources, and expenses relating to different pension plans.

Budget and Basis of Accounting

In accordance with the Revised Code of Washington (RCW) 35A.34, the city budgets for all operating funds. These budgets are prepared in accordance with generally accepted accounting principles. 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 Operating Grants & Donation Fund and the Housing Fund; all internal service funds; and all utility operating funds.

The City Council also adopts appropriation ordinances for all other funds, including the Operating Grants & Donations and Housing funds, 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 (i.e., expenditures for a fund 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 to Actual presented in *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 their 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 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 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 & 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 31, investments in external 2a7-like pools, 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 pool shares.

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 Bellevue Convention Center Authority 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 Statements 33 and 36.

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 entire 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 98.9 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 state law, no allowance for uncollectible taxes is made.

Special Assessments

Special assessments are amounts levied against benefited properties to recover costs associated with the construction of local improvement district (LID) projects. A lien is recorded against benefited properties until the assessment amount has been paid. Special assessments receivable represent all outstanding assessment amounts; including current assessments billed but not collected, delinquent assessments unpaid at year-end, and special assessment amounts due in future years. Since special assessments are secured by liens against related properties, no allowance for uncollectible amounts is made.

Other Receivables

Other receivables in the governmental funds include investment interest, locally levied taxes, and other miscellaneous revenues accrued at year-end. Since the governmental funds financial statements are reported on a modified accrual accounting basis, and these 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.

Other receivables for the proprietary funds include the Water Utility customer 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, which are listed in detail in Note 12 Interfund Receivables, Payables, and Transfers, 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 Finance Director may authorize loans between funds for periods not exceeding three months. Longer term loans must be specifically authorized by 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

The notes receivable in the governmental funds represent amounts provided by the city to various housing agencies in the form of loans which are evidenced by promissory notes. These notes are issued in connection with the acquisition, construction, or renovation of apartment buildings as part of a city program that assists low- and moderate-income persons to obtain affordable housing. Payments on these loans are only required to be made from the property's surplus cash flows. Due to the uncertainty of payment, the city is not recognizing a receivable in the Financial Statements and will record all payments as revenues at the time of the receipt.

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: 1) net investment in capital assets; 2) restricted; and 3) 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 54, are segregated under the following categories 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.

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 prepaid expenditures which are not in spendable form.

Spendable amounts are further segregated into categories based on the degree to which the uses of resources are constrained. 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; with the exception of the Development Services Fund which uses assigned resources, followed by restricted.

Restricted

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

Committed

Committed fund balance is constrained by ordinance or resolution as adopted by City Council and requires the same action to remove the constraint. In Washington State, ordinances and resolution carry the same force of law. The city currently has no committed fund balances as these constraints are made in the budget ordinance which lapses at the end of the budget period. By definition, lapsing constraints are assigned rather than committed.

Assigned

Fund balance constraints that are neither restricted nor committed are considered assigned. Assignments are adopted by City Council through the budget ordinance. Special revenue funds typically report the majority of assigned fund balance and are created through ordinance by City Council. Fund balance in special revenue funds that are intended to be used for specific purposes, but are neither restricted nor committed, include transfers from other funds, investment interest not constrained by contract or covenant, fees for services, and rents.

Unassigned

Unrestricted fund balance that is not committed or assigned in the General Fund is considered unassigned. Also negative fund balance in any other governmental fund is unassigned. The city only reports unassigned fund balance in the General Fund.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. The capital assets purchased or constructed by a governmental fund are recorded as expenditures in the fund at the time the related purchases occurred 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 an estimated useful life of more than one year; and all transportation and utilities infrastructure, regardless of their initial cost.

All purchased capital assets are valued at original cost and at estimated historical cost where no records exist. Donated capital assets are valued at their estimated fair value on the date received.

Capital assets acquired or constructed by the proprietary funds are capitalized in those funds at historical cost. Contributed assets are recorded at their estimated fair values as of the date acquired. The estimated value of donated assets is recorded as contributed revenue by the receiving fund.

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, as the city felt this would 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 particular 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)
Equipment Rental Fund	
Transportation Equipment	4 - 10
Communications Equipment	5 - 8
Traffic Control Equipment	10
Heavy-Duty Work Equipment	5 - 20
Shop/Miscellaneous Equipment	8 - 15
Waterworks Utility	
Structures and Building Improvements	40
Other Improvements	50
Water Treatment Plant and Equipment	50
Pumping Equipment	14
Tools, Shop Equipment, and Office Furniture	10
Transportation Equipment	5
Other Equipment	14
Bellevue Convention Center Authority	
Building Shell	50
Building Mechanical Systems and Roof	25
Office Furniture and Equipment	7
Communications Equipment	7
General Capital Assets	
Structures and Building	39
Other Improvements	20
Equipment	7 - 15
Depreciated Infrastructure	20
Computer Software	15

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.

Capitalization of Interest Costs

The city has paid off all debt and is not currently funding any capitalized projects which qualifies for interest capitalization. If the city were to incur any debt, the city would not capitalize the interest expense.

Compensated Absences

Employee vacation leave is at accumulated 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.

Sick leave can be accumulated up to a maximum of 1,440 hours, depending on contract and retirement plans. 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, therefore, are not subject to this monthly accrual. Fire fighters 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 current hourly rate. Upon resignation, any accrued sick leave balance is lost.

A long-term liability for accumulated sick leave expected to be paid at retirement has been recorded in the government-wide financial statements and the proprietary funds financial statements using the vesting method.

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 Liabilities

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.

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, and for taxes receivable, grant reimbursements, and special assessments receivable 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expenses, 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.

Note 2: Stewardship, Compliance and Accountability

Deficits

As of December 31, 2015, no City of Bellevue funds had a material deficit.

Total net position for the Bellevue Convention Center Authority, a component unit of the city, reflects an unrestricted net position deficit balance of \$34.1 million and a total net position deficit of \$4.7 million. Due to the annual charge for depreciation on the building and equipment and accrued interest on the Series 1991B and Series 1994 bonds, the deficit unrestricted net position and net position balances are anticipated to grow over the foreseeable future. Cash flows as projected in the annual Finance Plan, however, are expected to meet all obligations as they come due.

Legal Budgetary Compliance

During 2015, 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 2015, the City Council amended the 2015 appropriations by an additional \$0.5 million to reflect previously unanticipated needs in the 2015 portion of the 2015-2016 biennial budget. Amendments totaled \$47.0 thousand and \$0.5 million for the General Fund and Operating Grants and Donations Fund, respectively. As explained in Note 1, 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 in thousands as of December 31, 2015, are as follows, in thousands:

Cash on hand and in bank	\$ 2,387
Equity in pooled investments	<u>354,829</u>
Total	<u>\$ 357,216</u>

In addition, the city holds in trust for fiduciary funds \$14.3 million in cash and equity in pooled investments.

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, 2015, the city had a bank balance of \$2.3 million (carrying amount of \$2.4 million). The city’s bank balance is insured by the FDIC up to

\$250,000 and fully collateralized by the Washington Public Deposit Protection Commission (WPDPC) for amounts over \$250,000. 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. 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 developed by the Finance Department, in consultation with the Investment Advisory Committee, 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 Section 3.37.060. This section gives the Finance Director authority to invest in any of the securities identified as eligible investments 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 (those where the interest rate changes based on an index or reference rate) or securities whose value depends on the value of an underlying asset (such as a pool of mortgages or small business loans).

The city participates in the Washington State Treasurer's Local Government Investment Pool (LGIP). The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission. It is managed by the Office of the State Treasurer, which is responsible for establishing the investment policy for the LGIP.

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 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 Pool shares. Regulatory oversight for these investments is provided as prescribed by 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 Pool's financial statements is performed annually. The State Treasurer has created an Advisory Committee consisting of eight members appointed by participant associations and four members appointed by the State Treasurer. The committee meets at least quarterly to provide advice on the operation of the Pool.

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%	25%
U.S. Agency Discount Notes	1 year	100%	25%
Repurchase Agreements	30 days	50%	10%
Municipal Bonds	5 years	10%	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 (LGIP)	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 2.5 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 as necessary to provide the cash flow and liquidity needed for operations.

The LGIP is an unrated 2a-7 like pool, as defined by GASB Statement 31. 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	\$ 261,702	\$ -	\$ 17,986	\$ 80,784	\$ 112,180	\$ 50,752	Aaa/AA+
U.S. Agency Discount - Amortizing Certificate of Deposit	14,467	-	4,805	4,918	4,744	-	Aaa/AA+
Interest Bearing Bank Deposits	20,000	-	20,000	-	-	-	Unrated
Municipal Bonds LGIP	37,300	37,300	-	-	-	-	Unrated
	30,893	-	5,915	5,427	17,408	2,143	Aa2/AA
	4,799	4,799	-	-	-	-	Unrated
Total	\$ 369,161	\$ 42,099	\$ 48,706	\$ 91,129	\$ 134,332	\$ 52,895	

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, certificates of deposits, repurchase agreements, and in the LGIP. According to 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 & 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, or 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, 2015, there was no concentration of credit risk exceeding the policy guidelines described above.

The following table displays the city's investments in any one issuer (other than the LGIP) that represents 5 percent or more of the total portfolio, in thousands:

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation (FHLMC)	Fixed Rate Agency Coupon	\$91,499
Federal National Mortgage Association (FNMA)	Fixed Rate Agency Coupon	56,518
Federal Home Loan Bank (FHLB)	Fixed Rate Agency Coupon	52,510
Federal Farm Credit Bank (FFCB)	Fixed Rate Agency Coupon	75,643
Opus Bank	Certificates of Deposit	20,000
Opus Bank	Interest Bearing Bank Deposits	8,300
Umpqua Bank	Interest Bearing Bank Deposits	29,000

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, 2015, all of the \$276.1 million investments in U.S. agency debt obligations 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.

Discretely Presented Component Unit

Cash and equity in pooled investments of the Bellevue Convention Center Activities are comprised of business-type activities only. The balances as of December 31, 2015, are as follows, in thousands:

Cash on hand and in bank	\$ 1,255
Equity in pooled investments	<u>13,601</u>
Total	<u>\$ 14,856</u>

Note 5: Receivables

Property Taxes

King County is responsible for collecting all property taxes levied in the County. Amounts collected by the 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, respectively.

Under State law, the city may levy up to 3.38 per \$1,000 of assessed valuation, subject to the following limitations:

- 1) Chapter 84.55 of the State RCW as amended most recently by Initiative No. 747 (which was passed by voters on November 6, 2001), limits 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. As amended by Initiative No. 747, the limit factor is 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.

On May 17, 1988, Bellevue voters approved a property tax lid lift. The City Council subsequently imposed this property tax increase as part of the property tax levy ordinance adopted revenue stream to pay for anticipated maintenance and operating expenses resulting from a \$16.5 million Park bond issue on December 5, 1988. The property tax revenue from the levy lid lift amounted to \$1.1 million in 2015.

The City of Bellevue assessed a 3 percent property tax increase for 2015. The city used 1 percent allowable increase and 2 percent of the "banked" capacity. As of December 31, 2015, the city has \$8.6 million in unused levy capacity.

The city's regular property tax levy rate for 2015 was \$0.98 per \$1,000 of assessed property value, which yielded a total regular levy of \$39.4 million.

An additional \$4.0 million (\$0.10 per \$1,000 of assessed value) will be levied for parks and natural area programs, as approved by the voters in the November 4, 2008, general election. The levy lid lift will fund the parks capital program over the next 20 years and provide \$0.7 million per year in ongoing maintenance and operation funding. Voted tax levies are not subject to the limitations discussed above

Long-Term Receivables

The Community Development Block Grant program provides qualifying participants home rehabilitation loans payable upon the sale of the home. The city has \$3.0 million in home rehabilitation loans receivable that are not expected to be received within one year.

Note 6: Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2015, was as follows, in thousands:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 788,978	\$ 43,485	\$ -	\$ 832,463
Construction in progress	61,057	40,069	(67,498)	33,628
Infrastructure	682,198	31,334	-	713,532
Total capital assets, not being depreciated	<u>1,532,233</u>	<u>114,888</u>	<u>(67,498)</u>	<u>1,579,623</u>
Capital assets, being depreciated:				
Buildings	218,880	21,481	(1,273)	239,088
Improvements other than buildings	49,238	9,441	-	58,679
Intangible assets	20,249	196	-	20,445
Machinery and equipment	52,985	9,124	(2,898)	59,211
Leasehold improvements	-	4,119	-	4,119
Infrastructure	155,824	1,296	(154)	156,966
Total capital assets being depreciated	<u>497,176</u>	<u>45,657</u>	<u>(4,325)</u>	<u>538,508</u>
Less accumulated depreciation for:				
Buildings	(79,588)	(6,824)	321	(86,091)
Improvements other than buildings	(19,872)	(2,684)	-	(22,556)
Intangible assets	(17,898)	(687)	-	(18,585)
Machinery and equipment	(37,331)	(4,552)	2,760	(39,123)
Leasehold improvements	-	(412)	-	(412)
Infrastructure	(129,218)	(4,925)	154	(133,989)
Total accumulated depreciation	<u>(283,907)</u>	<u>(20,084)</u>	<u>3,235</u>	<u>(300,756)</u>
Total capital assets, being depreciated, net	<u>213,269</u>	<u>25,573</u>	<u>(1,090)</u>	<u>237,752</u>
Governmental activities capital assets, net	<u>\$ 1,745,502</u>	<u>\$ 140,461</u>	<u>\$ (68,588)</u>	<u>\$ 1,817,375</u>

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

Governmental activities:	
General government	\$ 6,404
Public safety	483
Physical environment	61
Transportation	4,441
Economic environment	45
Culture and recreation	3,780
Total	<u>15,214</u>

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets

Total depreciation expense - governmental activities	<u>4,870</u>
	<u>\$ 20,084</u>

City of Bellevue, Washington

Capital assets held by the government's proprietary funds are charged to the various functions based on their usage of the assets, in thousands:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 24,985	\$ -	\$ -	\$ 24,985
Construction in progress	14,478	28,751	(16,255)	26,974
Total capital assets, not being depreciated	<u>39,463</u>	<u>28,751</u>	<u>(16,255)</u>	<u>51,959</u>
Capital assets, being depreciated:				
Buildings	37,327	56	-	37,383
Machinery and equipment	11,714	1,556	(609)	12,661
Infrastructure	366,236	17,483	-	383,719
Intangible assets	271	16	-	287
Total capital assets being depreciated	<u>415,548</u>	<u>19,111</u>	<u>(609)</u>	<u>434,050</u>
Less accumulated depreciation for:				
Buildings	(19,536)	(1,510)	-	(21,046)
Machinery and equipment	(7,812)	(986)	609	(8,189)
Infrastructure	(136,177)	(6,385)	-	(142,562)
Intangible assets	(219)	(3)	-	(222)
Total accumulated depreciation	<u>(163,744)</u>	<u>(8,884)</u>	<u>609</u>	<u>(172,019)</u>
Total capital assets, being depreciated, net	<u>251,804</u>	<u>10,227</u>	<u>-</u>	<u>262,031</u>
Business activities capital assets, net	<u>\$ 291,267</u>	<u>\$ 38,978</u>	<u>\$ (16,255)</u>	<u>\$ 313,990</u>

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

Business-type activities:	
Marina	\$ 14
Water	3,956
Storm and surface water	1,989
Sewer	2,925
Total depreciation expense - business-type activities	<u>\$ 8,884</u>

**DISCRETELY PRESENTED COMPONENT UNIT
BELLEVUE CONVENTION CENTER AUTHORITY**

(in thousands)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in Progress	\$ 1,037	\$ 10,708	\$ (279)	\$ 11,467
Total capital assets, not being depreciated	<u>1,037</u>	<u>10,708</u>	<u>(279)</u>	<u>11,467</u>
Capital assets, being depreciated:				
Building	49,491	69	(71)	49,489
Machinery and Equipment	4,879	233	(257)	4,855
Total capital assets being depreciated	<u>54,370</u>	<u>302</u>	<u>(328)</u>	<u>54,344</u>
Less accumulated depreciation for:				
Building	(23,800)	(1,096)	71	(24,825)
Machinery and Equipment	(4,473)	(202)	256	(4,419)
Total accumulated depreciation	<u>(28,273)</u>	<u>(1,298)</u>	<u>327</u>	<u>(29,244)</u>
Total capital assets, being depreciated, net	<u>26,097</u>	<u>(996)</u>	<u>(4)</u>	<u>25,100</u>
Component unit activities capital assets, net	<u>\$ 27,134</u>	<u>\$ 9,712</u>	<u>\$ (283)</u>	<u>\$ 36,567</u>

Note 7: Pension Plans

Public Employees' Retirement System (PERS)

General Information about PERS

Plan Description. PERS was established by the state legislature in 1947 under the Revised Code of Washington (RCW) Chapter 41.34 and 41.40. PERS is a multiple-employer cost-sharing defined benefit plan. Membership in the system includes elected officials, state employees, and employees of local government. Approximately 51 percent of PERS members are state employees.

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 and employer contributions and investment earnings. Retirement benefits in the PERS 2 plan are vested after completion of five years of eligible service, and retirement benefits in the PERS 3 plan are vested after completion of ten years of eligible service.

Participants in the plan are listed below:

	PERS 1	PERS 2	PERS 3
Participants	17	945	184

Benefits Provided. All plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Under PERS Plans 1, 2 and 3, annual cost of living allowances are linked to the Seattle Consumer Price Index to a maximum of 3 percent annually.

Contributions. Each biennium, the legislature establishes Plan 1 employer contribution rates and Plan 2 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 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 legislature.

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

The contribution rates and actual contributions to PERS for the years ending December 31 were as follows:

	PERS 1	PERS 2	PERS 3
Contribution Rate for Employee	6.00%	6.12%	5-15%
Contribution Rate for Employer	11.18%	11.18%	11.18%
2015 Employer Contribution (in thousands)	\$ 140	\$ 6,638	\$ 1,185

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

At December 31, 2015, the city reported a liability of \$66.8 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 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 position 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, 2015, the city's proportion for PERS 1 was 0.69 percent, which was an increase of 0.01 percent from its proportionate share measured as of June 30, 2014. The city's proportion for PERS 2/3 was 0.85 percent, which was an increase of 0.02 percent from its proportionate share measured as of June 30, 2014.

City of Bellevue, Washington

For the year ended December 31, 2015, the city recognized total pension expense of \$1.2 million for the PERS pension plans. As December 31, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources, in thousands:

	PERS 1	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,988
Change in proportion and differences between city contributions and proportional share contributions	-	-
City contributions subsequent to the measurement date	73	-
Total	<u><u>\$ 73</u></u>	<u><u>\$ 1,988</u></u>

	PERS 2/3	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,234	\$ -
Changes in assumption	49	-
Net difference between projected and actual earnings on pension plan investments	-	8,122
Change in proportion and differences between city contributions and proportional share contributions	-	18
City contributions subsequent to the measurement date	4,307	-
Total	<u><u>\$ 7,590</u></u>	<u><u>\$ 8,140</u></u>

The city reported \$4.4 million (PERS 1: \$73.0 thousand, and PERS 2/3: \$4.3 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, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	<u>PERS 2/3</u>
2016	\$ 4,188
2017	4,188
2018	4,188
2019	1,675
Thereafter	-

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 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate, in thousands:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 44,229	\$ 36,327	\$ 29,533
PERS 2/3	88,965	30,425	(14,396)

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 above and the financial statements were developed in conformity with generally accepted accounting principles.

Payable to Pension Plan

For the year ended December 31, 2015, the city reported a payable of \$66.8 million for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

Public Safety Employees' Retirement System (PSERS)

General Information about PSERS

Plan Description: PSERS is a multiple-employer, cost-sharing defined benefit plan. PSERS was created by the Legislature in 2004 and became effective July 1, 2006. PSERS retirement benefit provisions are established in RCW chapter 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 and 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	10

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, the state 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 Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with RCWs 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 years ending December 31 were as follows:

	<u>PSERS 2</u>
Contribution Rate for Employee	6.59%
Contribution Rate for Employer	11.54%
2015 Employer Contribution (in thousands)	\$ 82

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

At December 31, 2015, the city reported a liability of \$45.0 thousand for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 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, 2015, the city's proportion was 0.25 percent, which was an decrease of 0.04 percent from its proportionate share measured as of June 30, 2014.

For the year ended December 31, 2015, the city recognized total pension expense of \$13 thousand for the PSERS pension plans. As of December 31, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources, in thousands:

	PSERS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 42	\$ -
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	-	22
Change in proportion and differences between city contributions and proportional share contributions	13	-
City contributions subsequent to the measurement date	43	-
Total	<u><u>\$ 98</u></u>	<u><u>\$ 22</u></u>

The city reported \$43 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 liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	<u>PSERS</u>
2016	\$ (1,882)
2017	(1,882)
2018	(1,882)
2019	(1,882)
Thereafter	(3,764)

Sensitivity of the city's proportionate share of net pension liability to changes in the discount rate. The following presents the city's proportion share of the net pension liability calculated using the discount rate of 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate, in thousands:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PSERS	\$ 343	\$ 45	\$ (167)

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 above and the financial statements were developed in conformity with generally accepted accounting principles.

Payable to Pension Plan

For the year ended December 31, 2015, the city reported a receivable of \$45.1 million for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

Law Enforcement Officers and Fire Fighters (LEOFF) Retirement System

General Information about LEOFF

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

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.

Participants in the plan are listed below:

	LEOFF 1	LEOFF 2
Participants	6	411

Benefits Provided. All plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Contribution. Plan 1 employers are required to contribute at a rate of 0.23 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 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 years ending December 31 were as follows:

	LEOFF 1	LEOFF 2
Contribution Rate for Employee	0.00%	8.41%
Contribution Rate for Employer	0.18%	5.23%
2015 Employer Contribution (in thousands)	\$ 1	\$ 2,179

The 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, 2015, the state contributed \$58.3 million to the LEOFF 2 Plan.

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

City of Bellevue, Washington

At December 31, 2015, the city reported a total pension asset of \$17.7 million for its proportionate share of the net pension asset. The amount of the asset reported for LEOFF 2 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:

	<u>Liability (Asset)</u>
LEOFF 2- City's proportionate share	\$ (13,912)
LEOFF 2- State's proportionate share of the net pension asset associated with the employer	<u>(328)</u>
Total	<u>\$ (14,240)</u>

At June 30, 2015, the city's proportion for LEOFF 1 was 0.29 percent, which was an increase of 0.01 percent from its proportionate share measured as of June 30, 2014. The city's proportion for LEOFF 2 was 1.39 percent, which was a decrease of 0.03 percent from its proportionate share measured as of June 30, 2014.

For the year ended December 31, 2015, the city recognized total pension expense of \$2.4 million for the LEOFF pension plans. As December 31, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources, in thousands:

	LEOFF 1	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	-	586
Change in proportion and differences between city contributions and proportional share contributions	-	-
City contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 586</u>

	LEOFF 2	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,247	\$ -
Changes in assumption	38	-
Net difference between projected and actual earnings on pension plan investments	-	4,315
Change in proportion and differences between city contributions and proportional share contributions	639	-
City contributions subsequent to the measurement date	1,103	-
Total	<u>\$ 3,027</u>	<u>\$ 4,315</u>

The city reported \$1.1 million (LEOFF 1- \$401, and LEOFF 2- \$1.1 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 asset in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	<u>LEOFF 2</u>
2016	\$ (102,997)
2017	(102,997)
2018	(102,997)
2019	(102,997)
Thereafter	(102,997)

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 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate, in thousands:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
LEOFF 1	\$ (2,221)	\$ (3,472)	\$ (4,538)
LEOFF 2	14,260	(14,240)	(35,687)

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 above and the financial statements were developed in conformity with generally accepted accounting principles.

Payable to Pension Plan

For the year ended December 31, 2015, the city reported a receivable of \$17.7 million for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

PERS, PSERS, and LEOFF Actuarial Assumptions

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases (including inflation)	3.75%
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Health Table and Combined Disabled Table, as appropriate, with adjustment for mortality improvements based on Scale BB.

The actuarial assumptions used in the June 30, 2015 valuation reflect the results of OSA's 2007-2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The total pension liability was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014 to June 30, 2015, reflecting each plan's normal cost, assumed interest and actual benefit payments.

The long-term expected rate of return of 7.5 percent on pension plan investment was determined using a building-block method. The *Washington State/ Investment Board (WSIB)* 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, 2015, are summarized in the following table:

Asset Class	Target Allocation	Percent Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.7%
Tangible Assets	5%	4.4%
Real Estate	15%	5.8%
Global Equity	37%	6.6%
Private Equity	23%	9.6%
	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.5 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 plan’s 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.

Firefighters’ Pension Plan

Plan Description

Plan administration. The city administers the Firefighters’ Pension 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, finance director, 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, 2015, 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 Firemen's Pension Plan	26
Retirees after March 1, 1970, receiving LEOFF 1 pensions exceeding the Firemen's Pension Fund and, therefore; not qualifying for excess benefit payment from the Firemen's Pension Plan	6
Active plan members	-
Total	<u>32</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 active firefighters are required to contribute based on age. The city is required to contribute a tax of 22.5 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 Fund. For the year ended December 31, 2015, the state contributed \$206,920 and neither member nor employer made contributions to the Plan. As of the last actuarial study dated January 1, 2016, 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 in regard to the allocation of invested assets is established and may be amended by the finance director and their designee authorized by City Council. The primary objective of the investment policy is 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 state law. The following was the city’s adopted asset allocation policy as of December 31, 2015:

<u>Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio</u>	<u>Maximum in One Issuer</u>
U. S. Treasury Debt Obligations	5 years	100%	100%
U. S. Agency Coupon Securities	5 years	100	25
U. S. Agency Discount Notes	1 year	100	25
Repurchase Agreements	30 days	50	10
Municipal Bonds	5 years	10	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
Local Government 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, 2015:

<u>Investment Type</u>	<u>% of Net Position</u>
Umpqua Money Market	8%
Municipal Bonds	8%
Certificates of Deposit	5%

Rate of return. For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments was 0.82 percent. The money-weighted rate of return expresses investment performance adjusted for the changing amounts actually invested.

Net Pension Liability

The city’s net pension liability was measured as of January 1, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. A standalone actuarial report was issued for the city by Trautmann, Maher, and Associates.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2016, 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.

The actuarial assumptions used in the January 1, 2016 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 (a) 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 (b) 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 Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2014	\$ 4,150	\$ 6,745	\$ (2,594)
Changes for the year:			
Service cost	-	-	-
Interest	141	-	141
Differences between expected and actual experience	(39)	-	(39)
Contribution- employer	-	207	(207)
Contributions- employee	-	-	-
Net investment income	-	55	(55)
Benefit payment, including refunds of employee contributions	(228)	(228)	-
Administrative expenses	-	(12)	12
Other charges	-	-	-
Net changes	(125)	22	(147)
Balance at December 31, 2015	\$ 4,025	\$ 6,767	\$ (2,742)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability 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 liability	\$ (2,321)	\$ (2,742)	\$ (3,102)

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, 2015, the city recognized pension expense of \$147 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, 2015, the city reported a receivable of \$2.7 million for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

Municipal Employees’ Benefit Trust

Plan Description

The Municipal Employees’ Benefit Trust (MEBT) is a multiple-employer defined-contribution pension plan which was established as an alternative to the federal Social Security System when city employees, by majority vote, approved the city’s withdrawal from that system effective September 30, 1972, pursuant to USCA, Section 418(g). The plan is administered by the Municipal Employees’ Benefit Trust Committee, a five-member committee appointed by the Bellevue City Manager. The Plan Committee administers the MEBT Plan according to the Plan Document adopted by the city and all applicable IRS regulations. Plan provisions may be established and amended by a majority vote of the Plan Committee. MEBT includes seven participating cities and NORCOM, with a total of 4,616 participants (Bellevue has 1,478 MEBT 1 participants and 416 MEBT 2 participants). Long-term disability coverage and a death benefit are provided for all employees. The plan’s investments are held under a trust agreement with Security Trust Company.

Eligibility. To participate in MEBT, an employee must meet one of the following criteria; 1) Regular status employees of the City of Bellevue (as defined by Human Resources Code Section 3.79); 2) City Councilmember; and 3) Employee designated as eligible for MEBT by the City Council, which is currently Limited Term, Training and Transitional

employees. These employees are eligible to participate in MEBT, as of their hire date. Participation in MEBT is voluntary. Hourly employees, who do not participate in PERS, participate in MEBT 2 as of their hire date. Participation in MEBT 2 is mandatory for these employees.

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 FICA 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 FICA 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 FICA tax rate on all eligible employee compensation up to the Social Security wage base plus 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 plus forfeitures less administrative fees and insurance premiums paid during the month are allocated to eligible employees participating in MEBT during the month in the same proportion as each participant's basic pre-tax and after-tax contributions bear to the total basic pre-tax and after-tax contributions.

The city incurred a total expense of \$7.6 million for MEBT for the year ending December 31, 2015. Employees may contribute up to federal deferred limits, annual addition limits, and any other tax rules that may apply. Actual contributions to the plan for 2015 were as follows, in thousands:

	MEBT 1	MEBT 2
Participants	\$ 7,521	\$ 110

Vesting

Regular employees become fully vested after ten years. Hourly employees are fully vested immediately.

Meydenbauer Center Retirement Plan and Trust

Plan Description

The Bellevue Convention Center Authority's (discretely presented component unit), Meydenbauer Center Retirement Plan and Trust ("Plan") is a defined contribution plan qualified for public employers under Internal Revenue Code Section 401(a). The Plan, approved by resolution of the Bellevue Convention Center Authority Board of Directors on June 14, 1995, became effective July 1, 1995. Wells Fargo Bank serves as the Plan Administrator, Plan Trustee and Investment Manager. As of December 31, 2015, there were 82 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 Authority and employees each contribute 5 percent of compensation to the Plan. Additionally each participant may contribute on his own behalf at least 1 percent but not more than 10 percent of his or her compensation on a post-tax basis. The Authority's contributions to the Plan were based on percent of covered payroll. Actual contributions to the plan for 2015 were as follows, in thousands:

Participants	\$	200
Authority	\$	149

Note 8: Other Personnel Benefits

Post-Employment Benefits

In accordance with the Revised Code of Washington (RCW) 41.26, the city provides lifetime medical care for law enforcement officers and fire fighters 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 his/her medical care.

During the year ended December 31, 2007, the city elected to adopt the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" (GASB 45), which required the city to accrue other postemployment benefits (OPEB) expense related to its postretirement healthcare plan based on a computed annual required contributions (ARC) that includes the current period's service costs and an amount to amortize unfunded actuarial accrued liabilities. Instead of recording expense on a "pay-as-you-go" basis, the city, under GASB 45, has recorded a liability of \$8.7 million for the difference between actuarially calculated ARC and the estimated contributions made since the adoption of GASB 45. Such liability is included in other noncurrent liability in the accompanying December 31, 2015 Statement of Net Position. The effect of GASB 45 for the current fiscal year was to decrease the city's excess revenue over expenses before capital contributions and the city's increase in net assets for the year ended December 31, 2015 by approximately \$1.0 million.

Plan Description: The City of Bellevue's LEOFF Plan 1 (the Health Plan) is a single employer defined benefits healthcare plan administered by the city. The Health Plan provides medical, prescription drug, Medicare premiums, long-term care, and other medical expenses for LEOFF Plan 1 retirees. Dependent spouses and children are not covered. The Health Plan's actuary is Healthcare Actuaries. The Health Plan does not issue a separate standalone financial report.

Funding Policy: The city does not required retiree contributions. All benefits are paid in full by the city.

The city's required contribution is based on projected pay as you go financing requirement, with no amount for prefund benefits. For the fiscal year ended December 31, 2015, the city contributed \$1.7 million to the Health Plan. There were no retiree contributions.

Annual OPEB and Net OPEB Obligation: The basis for the city's annual OPEB costs (expense) is the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, the city projects will cover the normal costs each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed thirty years. The following displays the components of the city's annual OPEB costs, the estimated amount contributed to the Health Plan, and changes in the city's net OPEB obligation to the Health Plan for the year ended December 31, 2015, in thousands:

Annual Required Contribution	\$	2,963
Interest on Net OPEB Obligation		192
Adjustment to annual required contribution		<u>(459)</u>
Annual OPEB Cost		2,696
Contributions Made		<u>(1,697)</u>
Increase in Net OPEB Obligation		999
Net OPEB Obligation - Beginning of year		<u>7,699</u>
Net OPEB Obligation - End of year	\$	<u>8,698</u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the Health Plan, and the net OPEB obligation for the years ending December 31 were as follows, in thousands:

	Annual	Employer	Percentage of	Net OPEB
	OPEB Cost	Contribution	OPEB Cost	Obligation
			Contributed	
2015	\$ 2,696	\$ 1,697	62.96%	\$ 8,698
2014	2,803	1,789	63.81%	7,699
2013	2,690	1,614	59.98%	6,685

Funded Status and Funding Progress: The funded status of the Health Plan as of the December 31, 2015 actuarial valuation, in thousands, is:

Actuarial Accrued Liability (AAL)	\$ 48,882
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 48,882</u>
Funded Ratio	0.00%
Covered Payroll	\$ 478
UAAL as a Percentage of Covered Payroll	10218.8%

Actuarial valuations of an ongoing plan involved estimation of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and health cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. GASB 45 requires that the schedule of funding progress, presented as required additional information following the notes to the financial statements, presents multi-year trend information showing whether the actuarial value of Health Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

Actuarial Methods and Assumptions: The basis of projections of benefits for financial reporting purposes is the substantive plan (the Health Plan as understood by the city and members of the Health Plan) and includes the type of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the city and members of the Health plan to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term perspective on the calculations.

The medical liability valuation is based on the methodology contained in Statement 106 of the Financial Accounting Standards Board (FASB) and applied in accordance with GASB Statement 12. The significant actuarial assumptions used are as follows:

I. Economic Assumptions:	A. Discount Rate	2.50%
	B. Medical Inflation Rate	3.00%
II. City of Bellevue per-person claim cost experience rates:		
	A. Retirees under 65	\$ 2,249
	B. Retirees 65 and older	\$ 1,060
Actuarial cost method	Projected Unit Credit Actuarial Cost Method	
Amortization method	30 year open	
Asset valuation method	N/A	
Investment Rate	2.50%	

The December 31, 2015 valuation used the unit credit actuarial cost method. The actuarial assumptions included a 2.5 percent investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8.0 percent for Premera medical/unreimbursed expenses, remaining at 8.0 percent for each of the next two years, then decreasing to an ultimate rate of 4.2 percent after 66 years. The initial Premera pharmacy trend is 7.0 percent, then 6.6 percent for three years, then 5.4 percent for seven years, then decreasing to an ultimate rate of 4.2 percent after 62 years. The Group Health trend is the same as the Premera medical trend. The Medicare premium trend rate is 6.0 percent for all years. The long-term care trend rate is 5.0 percent for all years. The trend rate for the Excise Tax threshold is 0 percent until 2018, when a trend rate of 3.24 percent is used. After 2018, the Excise Tax trend for all future years is 3.24 percent. All trend rates include a 3.0 percent inflation assumption.

The unfunded actuarial accrued liability (UAAL) at transition is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2015 was 21 years. The UAAL is recalculated each year and amortized as a level dollar amount on an open basis over 30 years.

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	\$ 8,910
Development Services	838
Nonmajor governmental funds	<u>56</u>
Total governmental activities	9,804
Business-type activities:	
Storm & surface water utility	336
Water utility	477
Sewer utility	<u>387</u>
Total business-type activities	1,200
Internal Service activities	<u>993</u>
Total compensated absences	<u>\$ 11,997</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, and finance, 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, and risk transfer/insurance, and risk margin factors to cover future unknown loss contingencies.

In accordance with GASB Statement 10, 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, General Self-Insurance and Health Benefits Funds 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, 2015, the city had available cash and equity in pooled investments in the self-insurance funds of \$13.0 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 10. Prior to the issuance of the financial statements, GASB Statement 10 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.

City of Bellevue, Washington

Changes in the Funds' claims liability amount from fiscal year ended December 31, 2014 to December 31, 2015, in thousands:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u> <u>Compensation</u>	<u>General</u> <u>Self-Insurance</u>	<u>Health</u> <u>Benefits</u>
December 31, 2014:				
Unpaid claims, beginning of fiscal year	\$ 2,087	\$ 46	\$ 1,328	\$ 1,042
Incurred claims (including IBNRs)	1,056	114	1,189	14,717
Claim payments	<u>(1,183)</u>	<u>(121)</u>	<u>(750)</u>	<u>(14,625)</u>
Unpaid claims, December 31, 2014	<u>\$ 1,960</u>	<u>\$ 39</u>	<u>\$ 1,767</u>	<u>\$ 1,134</u>
December 31, 2015:				
Unpaid claims, beginning of fiscal year	\$ 1,960	\$ 39	\$ 1,767	\$ 1,134
Incurred claims (including IBNRs)	1,882	159	947	18,434
Claim payments	<u>(1,280)</u>	<u>(153)</u>	<u>(512)</u>	<u>(17,958)</u>
Unpaid claims, December 31, 2015	<u>\$ 2,562</u>	<u>\$ 45</u>	<u>\$ 2,202</u>	<u>\$ 1,610</u>
Due within one year	\$ 1,490	\$ 45	\$ 867	\$ 1,610
Due in more than one year	\$ 1,072	\$ -	\$ 1,335	\$ -

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 Limits</u>	<u>Description</u>
Excess Workers' Compensation Employer's Liability - All Employees	\$ 500,000	\$ 1,000,000	Protects the city from unanticipated levels of workers' compensation
Boiler & Machinery	10,000	500,000,000 (A)	Protects the city from loss due to damage to buildings and contents from boilers and machinery.
Real & Personal Property	100,000	500,000,000 (A)	Protects the city from loss by fire and other extended coverages.
Earth Movement	100,000 or 3% of value	40,000,000 (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	250,000	Unlimited (B)	Stop-loss coverage protects the city from excessive individual claims.
Excess Liability Coverage	2,000,000	10,000,000 (A)	Protects the city from excessive individual losses.
Fiduciary Liability	15,000	7,000,000	Protects the city's retirement plans from wrong doing by board members.
Inland Marine - Fine Arts		1,100,000	Protects the city from loss due to damage to its art work.
Crime & Fidelity, Employee Theft, Forgery or Alteration, Funds Transfer Fraud	5,000	1,000,000	Protect the city from loss due to employee dishonesty and other extended coverages.
		(A)	per occurrence
		(B)	per occurrence

Discretely Presented Component Unit

The Bellevue Convention Center Authority utilizes Parker, Smith & Feek, Inc. for marketing and placement of its commercial policies. The Authority maintains insurance against most normal hazards.

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, 2018. Total lease payments for 2015 were \$14 thousand. Future lease payments to Terranomics Crossroads Associates are summarized as follows, in thousands:

2016	\$	15
2017		15
2018		14
Total future minimum lease payments	\$	<u>44</u>

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 current lease extension ends September 2020. Total lease payments for 2015 were \$27 thousand. Future lease payments to Terranomics Crossroads Associates are summarized as follows, in thousands:

2016	\$	22
2017		23
2018		23
2019		24
2020		18
Total future minimum lease payments	\$	<u>110</u>

Delta Business Park

Effective July 1, 1996, the city entered into a five-year lease agreement with Delta Business Park for a building to house vehicles seized by the Eastside Narcotics Task Force. Since 1996 the lease has been extended via mutual agreement between both parties. The current lease extension ends June 30, 2016. Total lease payments for 2015 were \$26 thousand. Future lease payments to Delta Business Park are \$13 thousand for 2016.

Effective January 1, 2005, the city entered into another five-year lease agreement with Delta Business Park for a storage facility for use by the Police Department. Since 2005 the lease has been extended via mutual agreement between both parties. The current lease ends December 31, 2019. Total lease payments for 2015 were \$24 thousand. Future minimum lease payments to Delta Business Park are as follows, in thousands:

2016	\$	13
2017		13
2018		13
2019		13
Total future minimum lease payments	\$	<u>52</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 premises on the seventh floor of Bellevue City Hall during which time it will operate its public safety communications services. The lease will automatically renew on July 1, 2016 for fourteen years unless NORCOM gives thirty months' notice of cancellation. Total lease receipts for 2015 were \$457 thousand.

The premises leased by NORCOM have a cost of \$4.6 million with accumulated depreciation of \$949 thousand and a carrying value of \$3.6 million.

Minimum future rentals from NORCOM are \$474 thousand for 2016.

District Court

The city entered into an eleven year lease agreement for office space related to the District Court. The lease term began on July 1, 2014 and ends on June 30, 2025. There are 3 options for extensions in 5 year increments for a total of 15 additional years. Payments began on July 1, 2015. Total lease payments for 2015 were \$310 thousand.

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

2016	\$ 619
2017	619
2018	628
2019	647
2020	667
2021	687
2022	707
2023	729
2024	751
2025	<u>381</u>
Total future minimum lease payments	<u>\$ 6,435</u>

Construction/Other Contractual Commitments

The city's other outstanding contractual commitments by fund type as of December 31, 2015, are summarized below, in thousands:

Governmental activities:	
General Fund	\$ 182,744
Development services	2,443
General CIP	55,321
Nonmajor governmental funds	<u>15,161</u>
Total governmental activities	255,669
Business-type activities:	
Storm & surface water utility	4,473
Water utility	24,777
Sewer utility	16,053
Nonmajor business-type funds	<u>87</u>
Total business-type activities	45,390
Total outstanding contractual commitments	<u>\$ 301,059</u>

Note 12: Interfund Receivables, Payables and Transfers

Interfund balances As of December 31, 2015 were as follows, in thousands:

DUE TO/FROM OTHER FUNDS	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General Fund	\$ 1,045	\$ -
Development Services	-	-
General Capital Investment Program	-	-
Nonmajor governmental funds	-	537
Proprietary funds:		
Storm Drainage Utility	-	57
Water Utility	-	272
Sewer Utility	-	180
Marina	-	-
Internal Service Funds	-	-
Total due other funds	<u>\$ 1,045</u>	<u>\$ 1,045</u>
DUE TO/FROM PRIMARY GOVERNMENT AND COMPONENT UNIT		
Hotel/Motel Tax	\$ -	\$ 1,247
Bellevue Convention Center Authority	<u>1,247</u>	<u>-</u>
Total due City/Component Unit	<u>\$ 1,247</u>	<u>\$ 1,247</u>

Receivable and payable balances due to and due from funds consist of loans between city funds. The LID Guaranty Fund pays off loans related to special assessments for the LID Control Fund. The LID Control Fund repays the LID Guaranty Fund upon payment from the property owners. The loan between the General Fund and the Grant fund provided cash flow for the Grant fund, which is reimbursement based, and is expected to be repaid in 2016. The remaining balance for receivables consist of payables from the Utility fund for Business and Occupation taxes.

The 2014 \$15.0 million loan from the General Capital Improvement Program Fund to the Sewer Utility Fund, which provided interim financing for city projects, was repaid in 2015.

The balance between the city and the component unit consists of transient occupancy taxes pledged to the Bellevue Convention Center Authority due at year-end.

Interfund transfers As of December 31, 2015 were as follows, in thousands:

INTERFUND TRANSFERS	In	Out
Governmental funds:		
General Fund	\$ 1,693	\$ 4,809
Development Services	3,749	367
General Capital Investment Program	2,258	12,501
Nonmajor governmental funds	14,734	5,220
Proprietary funds:		
Storm Drainage Utility	151	10
Water Utility	18	16
Sewer Utility	15	17
Marina	-	-
Internal Service Funds	1,602	1,279
Total Transfers	\$ 24,220	\$ 24,220

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

Note 13: Long-Term Liabilities

The various categories of long-term liabilities 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 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 1998 limited general obligation bonds were issued for the purchase of the Marina and are reported under business activities in the statement of net position. The remaining 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 4.336 percent to finance, reimburse or refinance a portion of the city's capital improvement program. Maturity dates range from 2013 through 2037. These bonds are subject to federal arbitrage rules.

On April 28, 2015, the city issued \$97.9 million in LTGO bonds with an average interest rate of 4.40 percent to: 1) finance, reimburse or refinance a portion of the city's capital investment program; 2) acquire certain real property; 3) finance improvements to the Meydenbauer Convention Center; and 4) 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. The bonds are subject to federal arbitrage rules.

Revenue bonds are payable from revenues generated by the city's various enterprise activities. Under the economic resources measurement focus used by the enterprise funds, debt for these bonds is recorded as a liability by the individual fund responsible for the related debt repayment.

The city has pledged 100 percent of future transient occupancy tax (hotel/motel tax) revenue to repay \$34.9 million in special obligation revenue bonds issued in 1991 and 1994 by the Bellevue Convention Center Authority, \$22.4 million in limited tax general obligation bonds issued in 1995, 2010 (refunding 2002 bonds), and 2015 by the city. Proceeds

from the special obligation revenue bonds provided financing for constructing a convention center facility. Proceeds from the LTGO bonds issued in 1995 provided financing for capital improvements and related costs for the Convention Center. Proceeds from the 2002 issuance provided financing for acquiring a site for expansion and/or making improvements to the Convention Center. The 2015 LTGO bond issuance provided financing for building envelope remediation, interior improvements, and technology installations in the Convention Center. The bonds are payable solely from the hotel/motel tax revenue through 2034 or when all debt payments have been made, whichever is earlier. Any remaining hotel/motel tax revenue after satisfying debt service payments are remitted to the Authority to fund operations. Annual principal and interest payments on the bonds are expected to require less than 80 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$110.4 million. Principal and interest paid for the current year and total pledged revenue were \$6.4 million and \$10.2 million, respectively.

The city has pledged 100 percent of future moorage revenues at Meydenbauer Bay Marina to repay \$3.3 million in limited tax general obligation bonds issued in 2010 (refunding 1998 bonds). Proceeds from the bonds provided financing to acquire the Meydenbauer Bay Marina. The bonds are payable from rates and charges for moorage at the Meydenbauer Bay Marina through 2018 or when all debt payments have been made, whichever is earlier. Annual principal and interest payments on the bonds are expected to require less than 88 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1.4 million. Principal and interest paid for the current year and total pledged revenue were both \$0.4 million.

Advanced Refunding

On September 14, 2010, the city issued \$12.9 million in limited tax general obligation (LTGO) refunding bonds with an average interest rate of 3.62 percent to advance refund; (i) \$3.4 million of outstanding 1998 LTGO (Marina) bonds with an average interest rate of 4.57 percent and (ii) \$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.

The city advance refunded the 1998 and the 2002 LTGO bonds to reduce its total combined debt service payments over the next 22 years by \$2.1 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.6 million. The advance refunding also resulted in a difference between the net reacquisition price (funds deposited in escrow to refund old bonds) and the net carrying amount of the old debt of \$.73 million. This amount is being charged to operations through the year 2032 using the effective interest method.

On April 17, 2012, the city issued \$55.9 million in limited tax general obligation (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) LTGO Bonds, Series 2004 (New City Building) with an average interest rate of 5.35 percent.

The net proceeds of \$63.2 million (after payment of \$274,000 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 (difference between the present values of the debt service payments on the old and new debt) of \$3.8 million. The advance refunding also resulted in a difference between the net reacquisition price (funds deposited in escrow to refund old bonds) 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) LTGO Bonds, Series 2004 (New City Building) 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 (\$40.8 million) 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 (\$40.8 million) 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 (difference between the present values of the debt service payments on the old and new debt) of \$2.2 million. The advance refunding also resulted in a difference between the net reacquisition price (funds deposited in escrow to refund old bonds) 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, 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: 1) 2006 LTGO debt (\$3.3 million) of the total debt outstanding (\$4.2 million) with an average interest rate of 4.62 percent and 2) 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 \$39.9 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 is 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 \$940.2 thousand and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$804.6 thousand. The advance refunding resulted in a difference between the net reacquisition price (funds deposited in escrow to refund old bonds) 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.

Other Long-Term Liabilities

Other long-term debt incurred by the enterprise and governmental funds includes conditional sales contracts issued for the purchase of land and facilities, and State Department of Community Development Public Works Trust Fund loans, which have been made to finance designated capital project construction costs.

Estimated pollution remediation obligations are promises to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The city's estimated pollution remediation is resultant from a landfill closed since 1964. The estimates were derived using the expected cash flows method as well as technical estimates from records of decisions, consent decrees and/or settlement agreements. Estimated costs are \$50.0 thousand per year, adjusted for inflation for the maintenance and operation of a methane extraction system. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. Prospective recoveries from other responsible parties may reduce the city's obligations. No recoveries were recorded in 2015. The city recognized an estimated pollution remediation obligation of \$222.5 thousand in 2015.

City of Bellevue, Washington

LONG- TERM DEBT GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2015
(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/15	Debt Issued	Debt Redeemed	Debt Outstanding 12/31/15
General Obligation Bonds-Councilmanic:									
1995 Limited G.O.	5.15-5.80%	Hotel/ Motel Tax	12/27/95	12/01/25	\$ 5,139	\$ 2,049	\$ -	\$ 246	\$ 1,803
2006 Limited G.O.	3.80-4.25%	General CIP	11/01/06	12/01/16	6,060	4,210	-	3,920	290
2008 Limited G.O.	3.00-4.25%	Hotel/ Motel Tax	02/07/08	12/01/17	14,230	10,330	-	8,990	1,340
2010 Limited Tax G.O.	2.00-5.00%	General CIP	10/14/10	12/01/30	11,825	10,070	-	475	9,595
2010 Limited Tax G.O. Refunding Series 2002	2.00-4.00%	Hotel/ Motel Tax	09/28/10	12/01/32	9,595	8,405	-	340	8,065
2012 Limited G.O. Refunding Series 2012	2.00-5.00%	General CIP	04/17/12	12/01/39	55,875	55,660	-	1,620	54,040
2012 Limited G.O. Refunding Series 2012B	2.00-5.00%	General CIP	07/18/12	12/01/43	43,185	43,075	-	55	43,020
2013 Limited Tax G.O. Sound Transit Portion	2.00-5.00%	General CIP	04/15/13	12/01/32	62,605	59,280	-	2,170	57,110
2013 Limited G.O. Local Revitalization	2.00-5.00%	I&D Redemption- Regular	04/15/13	12/01/37	7,800	7,310	-	185	7,125
2015 Limited G.O. Refunding Series 2006	3.00-5.00%	General CIP	04/28/15	12/01/26	3,295	-	3,295	-	3,295
2015 Limited G.O. Refunding Series 2008	3.00-5.00%	Hotel/ Motel Tax	04/28/15	12/01/27	7,855	-	7,855	-	7,855
2015 Limited G.O. Metro & CIP	3.00-5.00%	General CIP	04/28/15	12/01/34	79,140	-	79,140	-	79,140
2015 Limited G.O. BCCA	3.00-5.00%	Hotel/ Motel Tax	04/28/15	12/01/34	7,645	-	7,645	-	7,645
Other Long- Term Debt:									
Department of Community, Trade & Economic Development:									
Public Works Trust Fund Loan #06-962	0.50%	General CIP	02/01/07	02/01/28	750	478	-	40	438
Total					\$ 314,999	\$ 200,867	\$ 97,935	\$ 18,041	\$ 280,761

City of Bellevue, Washington

LONG-TERM DEBT – BUSINESS TYPE ACTIVITIES
For the Year Ended December 31, 2015
(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/15	Debt Issued	Debt Redeemed	Debt Outstanding 12/31/15
General Obligation Bonds-Councilmanic 2010 Limited G.O. Refunding Series 1998	2.00-4.00%	Marina	09/28/10	12/1/18	\$ 3,280	\$ 1,690	\$ -	\$ 380	\$ 1,310
Total					\$ 3,280	\$ 1,690	\$ -	\$ 380	\$ 1,310

At December 31, 2015, the city's annual debt service requirements for general obligation, revenue, special assessment bonds and other debt were:

ANNUAL DEBT SERVICE REQUIREMENT TO MATURITY
(in thousands)

Year	General Obligation Bonds		Special Assessment Bonds		Governmental Activities Other Debt		Business-Type Activities Other Debt		Total Annual Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 7,532	\$ 15,268	\$ -	\$ -	\$ 40	\$ 2	\$ -	\$ -	\$ 22,842
2017	9,972	12,549	-	-	40	2	-	-	22,563
2018	10,295	12,125	-	-	40	2	-	-	22,462
2019	10,293	11,655	-	-	40	2	-	-	21,990
2020	10,753	11,194	-	-	40	1	-	-	21,988
2021-2025	61,883	47,837	-	-	199	4	-	-	109,923
2026-2030	71,380	30,044	-	-	40	-	-	-	101,464
2031-2035	56,180	15,441	-	-	-	-	-	-	71,621
2036-2040	25,460	6,810	-	-	-	-	-	-	32,270
2041-2043	17,885	1,451	-	-	-	-	-	-	19,336
Total	\$ 281,633	\$164,374	\$ -	\$ -	\$ 438	\$ 13	\$ -	\$ -	\$ 446,458

City of Bellevue, Washington

LONG-TERM DEBT – DISCRETELY PRESENTED COMPONENT UNIT
BELLEVUE CONVENTION CENTER AUTHORITY
For the Year Ended December 31, 2015
(in thousands)

Description	Rate	Date	Date	Issued	1/1/15	Issued	Redeemed	12/31/15
1991 Series B	5.9-7.20%	08/01/91	12/01/19	\$ 21,120	\$ 3,056	\$ -	\$ 545	\$ 2,511
1994 Refunding	6.25-7.50%	11/05/93	12/05/25	13,749	9,341	-	460	8,881
Total Revenue Bonds				<u>\$ 34,869</u>	<u>\$ 12,397</u>	<u>\$ -</u>	<u>\$ 1,005</u>	<u>\$ 11,392</u>
Add:								
Unamortized gain on advance refunding								8
Total								<u>\$ 11,400</u>

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

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

At December 31, 2015 Bellevue Convention Center Authority's debt service requirements for revenue bonds were:

ANNUAL DEBT SERVICE REQUIREMENT TO MATURITY
(in thousands)

Year	Revenue Bonds		Total Annual Requirements
	Principal	Interest	
2016	\$ 1,246	\$ 5,354	\$ 6,600
2017	1,228	5,817	7,045
2018	1,204	6,321	7,525
2019	1,180	6,795	7,975
2020	539	2,901	3,440
2021-2015	5,995	41,755	47,750
Total	<u>\$ 11,392</u>	<u>\$ 68,943</u>	<u>\$ 80,335</u>

CHANGES IN LONG-TERM LIABILITIES
(in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 200,389	\$ 97,935	\$ (18,001)	280,323	\$ 7,152
Add: for issuance premium	19,815	11,958	(1,426)	30,347	-
Compensated absences	10,963	7,998	(8,164)	10,797	3,239
Estimated claims payable	4,900	21,422	(19,903)	6,419	4,012
Net pension liability	-	56,972	-	56,972	-
Other post employment benefits	7,699	2,696	(1,697)	8,698	-
Estimated pollution remediation	284	-	(61)	223	-
Other long-term debt	478	-	(40)	438	40
Total	\$ 244,528	\$ 198,981	\$ (49,292)	\$ 394,217	\$ 14,443
Business Activities:					
General obligation bonds	\$ 1,690	\$ -	\$ (380)	\$ 1,310	\$ 380
Add: for issuance premiums	70	-	(17)	53	-
Compensated absences	1,150	1,111	(1,061)	1,200	360
Net pension liability	-	9,826	-	9,826	-
Total	\$ 2,910	\$ 10,937	\$ (1,458)	\$ 12,389	\$ 740
Bellevue Convention Center Authority:					
Revenue bonds	\$ 12,397	\$ -	\$ (1,005)	\$ 11,392	\$ 1,246
Compensated absences	93	10	(5)	98	39
Total	\$ 12,490	\$ 10	\$ (1,010)	\$ 11,490	\$ 1,285

The governmental funds which typically liquidate compensated absences include the General, Solid Waste, Development Services, and Parks Enterprise. The General Fund liquidates pollution remediation costs. Estimated claims expenses are liquidated in internal service funds. The LEOFF I Medical Reserve Fund is used to liquidate other post-employment benefits.

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 Bellevue Convention Center Authority, a discretely presented component unit of the city, for debt service. The total taxes remitted as of December 31, 2015 totaled \$8.8 million.

Note 15: Contingencies and Litigation

As of December 31, 2015, there were various claims for damages and lawsuits pending against the City. In the opinion of the City Attorney, however, neither the potential liability for any single claim or lawsuit, nor the aggregate potential liability arising from all actions currently pending, would materially affect the financial condition of the City, 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 with the cities of Redmond, Kirkland, Mercer Island and Issaquah (Principal) in a joint venture to operate the System, 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.

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 System based upon the number of radios each participating agency has contracted for to supplement the EPSCA's operating revenues.

The city paid \$317.6 thousand in services fees in 2015. The city's equity interest in ESCPA is reported in the city's Statement of Net Position. The city's equity interest in the EPSCA was \$251.7 thousand at December 31, 2015.

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

CASCADE WATER ALLIANCE

The city is a participant 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 (Members). Cascade Water Alliance (Alliance), a joint municipal utility service corporation, was 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 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 then-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 equitably 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 (CERUs) 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 \$1.2 million in annual dues and \$1.9 million in RCFCs in 2015.

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

eCityGov ALLIANCE

The city is a participant with the cities of Bothell, Issaquah, Kenmore, Kirkland, Mercer Island, Sammamish and Snoqualmie (Partners) in a joint venture. eCityGov Alliance (eCityGov) was created to develop, own, operate and 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 not-for-profit corporation. It remains an Agency Fund of the city. eCityGov is governed by an Executive Board composed of the Chief Executive Officer, Chief Administrative Officer or designee of each Partner.

A Partner may withdraw by written notice to the Executive Board. Any portion of annual fee(s) for the current calendar year shall be forfeited upon such withdrawal. The withdrawing Partner from eCityGov also forfeits the Partner’s proportionate interest, including, but not limited to: (1) ownership rights to hardware, software intellectual property owned by eCityGov, and (2) 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 as a Partner, 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 Partners based upon each Partner’s 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 Partner; and (4) Partner-owned data shall be returned to the owner.

The city paid \$253.8 thousand in annual fees in 2015. The city’s equity interest in eCityGov was \$200.7 thousand at December 31, 2015.

All Principals, Subscribers and Basic Members remit annual fees. Expenditures in 2015 were \$1.6 million, revenues were \$1.5 million. The Partners will each have a percentage proportional ownership interest in all such property based upon the city’s population as a percentage of total population of all Partner cities and will proportionally share in obligations and benefits, financial or otherwise, from such ownership interest. Partner fees and voting are based on relative population, equity balances are as follows, with dollars in thousands:

	Population	Percentage	Equity
Bellevue	135,000	33.59%	\$ 201
Kirkland	83,460	20.77%	124
Sammamish	49,980	12.44%	74
Bothell	42,640	10.61%	63
Issaquah	33,330	8.29%	50
Mercer Island	23,480	5.84%	35
Kenmore	21,170	5.27%	31
Snoqualmie	12,850	3.20%	19
Total	401,910	100.00%	\$ 597

Complete financial statements for eCityGov Alliance can be obtained from Tarik Rahmani, 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 with the cities of Bothell, Clyde Hill, Kirkland, Medina, Mercer Island and Snoqualmie, along with Eastside Fire and Rescue, King County Fire Protection Districts 27 and 45, King and Kittitas County Fire Protection District 51, Northshore Fire Department, Shoreline Fire Department and Woodinville Fire and Life Safety District (Principal agencies) in a joint venture to operate the NORCOM, a consolidated emergency service communications center. The North East King County Regional Public Safety Communications Agency (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 Principals’ directly served public safety departments in furtherance of improved public safety and emergency response. NORCOM is governed by an Executive Board composed of one representative from each Principal agency.

Upon dissolution of the corporation, the net position of NORCOM will be shared equitably 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 \$3.5 million in user fees in 2015. The city's net investment in NORCOM is reported in the city's Statement of Net Position.

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

COMMUNITY CONNECTIVITY CONSORTIUM

The city is a participant with the cities of Kirkland, Federal Way, Renton, Seattle, Algona, Auburn, Kent, Pacific, Puyallup and Tukwila, Lake Washington School District, University of Washington, Bellevue College, Bellevue School District, King County Public Hospital District No. 2 doing business as Evergreen Healthcare and Valley Communications Center (Members) in a joint venture to operate a regional communications network. The Community Connectivity 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 and At-Large seats—as the needs of the Consortium may dictate.

Upon dissolution of the corporation, assets of the Consortium shall be distributed by the Consortium Board among Consortium Members after paying or making provisions for the payment of all debts, obligations, liabilities, costs and expenses of the Consortium. 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, resulting in the amount each Member shall receive upon distribution.

The city's net investment in the Consortium is reported in the city's Statement of Net Position. The city's equity interest in the Consortium was \$148.4 thousand at December 31, 2015.

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 54, 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 long-term receivables for low income home rehabilitation loans that are not in spendable form.

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. The city currently has no committed fund balances.

Assigned: Special revenue funds are created by ordinance by City Council. Fund balance in special revenue funds that are intended to be used for specific purposes, but are neither restricted nor committed; include transfers from other funds, investment interest not constrained by contract or covenant, fees for services, and rents.

Unassigned: Unrestricted fund balance not committed or assigned in the General Fund is considered unassigned. Also negative fund balance in any other governmental fund is unassigned. The city only has 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 service 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 B & O taxes combined) below 5 percent for the biennium, or because of unfunded federal or state mandates. Fund balance reserves in the Development Services Fund contains reserves for various purposes: prepaid building plan review and inspection services, prepaid land use review, core staffing needs to balance the normal cycles of development, customer service enhancements, and funds to support the ongoing maintenance of the Permit Center. Fund balance reserves in the LEOFF1 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 Council authorization. All other governmental funds ending fund balances are determined by 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, 2015, in thousands.

GOVERNMENTAL FUND BALANCES
DECEMBER 31, 2015
(in thousands)

	General	Development Services	General CIP	Other Governmental Funds	Total Governmental Funds
Fund balance					
Nonspendable for:					
Prepays	\$ 732	\$ -	\$ -	\$ -	\$ 732
Total Nonspendable fund balance	<u>732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>732</u>
Assigned for:					
CIP funding	-	-	2,949	-	2,949
Fire & emergency aid service	2	-	-	-	2
Housing & community services	98	-	-	5,093	5,191
Information systems	36	-	-	-	36
LEOFF1 retiree medical	-	-	-	5,272	5,272
Maintenance & operations of city property	1,297	-	-	-	1,297
Parks & open spaces	912	-	-	-	912
Waste reduction & recycling	-	-	-	1,299	1,299
Performance management	-	-	-	9	9
Other	-	-	-	84	84
Total assigned fund balance	<u>2,345</u>	<u>-</u>	<u>2,949</u>	<u>11,757</u>	<u>17,051</u>
Restricted for:					
Arts & culture	-	-	582	-	582
CIP funding	-	-	51,806	-	51,806
Commuting alternatives	-	-	-	50	50
Debt service	-	-	-	1,459	1,459
Environmental stewardship	-	-	-	94	94
Fire & emergency aid service	2	-	-	122	124
Housing & community services	-	-	-	3,090	3,090
Information systems	36	-	-	-	36
LEOFF1 retiree medical	-	-	-	312	312
Parks & open spaces	-	-	7,026	7,381	14,407
Permit review & inspection	-	8,436	-	-	8,436
Police services	-	-	-	569	569
Transportation infrastructure	-	-	10,751	-	10,751
Convention center financing	-	-	-	272	272
Total restricted fund balance	<u>38</u>	<u>8,436</u>	<u>70,164</u>	<u>13,349</u>	<u>91,987</u>
Unassigned	31,309	-	-	-	31,309
Total unassigned fund balance	<u>31,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,309</u>
Fund Balance	<u>\$ 34,424</u>	<u>\$ 8,436</u>	<u>\$ 73,113</u>	<u>\$ 25,106</u>	<u>\$ 141,080</u>

Note 18: Change in Accounting Principle

For the fiscal year ending December 31, 2015, the city implemented GASB Statement 68 “Accounting and Financial Reporting for Pensions.” This required the city to now recognize the proportionate share of the state sponsored retirement project, creating a pension liability or pension asset for PERS 1, PER 2/3, PSERS, LEOFF 1, and LEOFF 2. Due to the requirements of this statement, the city has incurred a change in accounting principle. The effect of the statement has also resulted in a negative unrestricted net position.

	Primary Government		
	Governmental Activity	Business Type Activity	Total
PERS 1	\$ 34,167	\$ 4,829	\$ 38,996
PERS 2/3	25,876	5,492	31,368
PSERS 2	(16)	-	(16)
LEOFF 1	(2,122)	-	(2,122)
LEOFF 2	(9,884)	-	(9,884)
Change in Accounting Principle	<u>\$ 48,020</u>	<u>\$ 10,321</u>	<u>\$ 58,341</u>



**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)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total pension liability ¹										
Service cost (Entry Age Normal Cost)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	141	143	176	175	223	222	288	288	269	271
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(39)	16	(889)	84	(1,351)	58	579	8	400	(110)
Changes of assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(228)	(201)	(221)	(259)	(214)	(279)	(297)	(295)	(277)	(161)
Net change in total pension liability	(125)	(42)	(935)	-	(1,343)	-	570	-	391	-
Total pension liability--beginning	4,150	4,192	5,127	5,127	6,470	6,470	5,900	5,900	5,509	5,509
Total pension liability--ending (a)	<u>\$ 4,025</u>	<u>\$ 4,150</u>	<u>\$ 4,192</u>	<u>\$ 5,127</u>	<u>\$ 5,127</u>	<u>\$ 6,470</u>	<u>\$ 6,470</u>	<u>\$ 5,900</u>	<u>\$ 5,900</u>	<u>\$ 5,509</u>
Plan fiduciary net position										
Contributions - employer	\$ 207	\$ 208	\$ 196	\$ 181	\$ 188	\$ 180	\$ 173	\$ 176	\$ 159	\$ 147
Contributions - member	-	-	-	-	-	-	-	-	-	-
Net investment income	55	67	-	7	129	47	134	230	388	274
Benefit payments	(228)	(201)	(221)	(259)	(214)	(279)	(297)	(295)	(277)	(161)
Administrative expense	(12)	(11)	(13)	-	-	-	-	-	-	(12)
Other	-	-	-	17	-	-	-	-	-	-
Net change in plan fiduciary net position	22	63	(38)	(53)	102	(53)	10	111	270	248
Plan fiduciary net position --beginning	6,745	6,682	6,719	6,773	6,671	6,723	6,713	6,603	6,332	6,084
Plan fiduciary net position--ending (b)	<u>\$ 6,767</u>	<u>\$ 6,745</u>	<u>\$ 6,681</u>	<u>\$ 6,719</u>	<u>\$ 6,773</u>	<u>\$ 6,671</u>	<u>\$ 6,723</u>	<u>\$ 6,713</u>	<u>\$ 6,603</u>	<u>\$ 6,332</u>
City's net pension liability (asset)-ending (a) - (b)	<u>\$ (2,742)</u>	<u>\$ (2,594)</u>	<u>\$ (2,489)</u>	<u>\$ (1,592)</u>	<u>\$ (1,646)</u>	<u>\$ (201)</u>	<u>\$ (254)</u>	<u>\$ (814)</u>	<u>\$ (703)</u>	<u>\$ (824)</u>
Plan fiduciary net position as a percentage of the total pension liability	168.11%	162.51%	159.37%	131.06%	132.10%	103.11%	103.92%	113.79%	111.91%	114.95%
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91	\$ 91	\$ 85	\$ 82	\$ 76
City's net pension liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	-220.83%	-278.63%	-953.48%	-854.99%	-1083.67%

Notes to Schedule:

¹Prior 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
FIREFIGHTERS' PENSION FUND
 Last Ten Fiscal Years
 (Dollar amounts in thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	207	208	196	181	188	180	173	176	159	147
Contribution deficiency (excess)	<u>\$ 207</u>	<u>\$ 208</u>	<u>\$ 196</u>	<u>\$ 181</u>	<u>\$ 188</u>	<u>\$ 180</u>	<u>\$ 173</u>	<u>\$ 176</u>	<u>\$ 159</u>	<u>\$ 147</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91	\$ 91	\$ 85	\$ 82	\$ 76
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	197.30%	189.66%	206.36%	193.30%	194.06%

Notes to Schedule:

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

Methods and assumptions used to determined 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
Remaining amortization period	5 years
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	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.

¹Please note that 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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Annual money-weighted rate of return, net of investment expense	0.82%	1.01%	0.01%	0.36%	1.93%	0.71%	2.02%	3.52%	6.19%	4.51%

City of Bellevue, Washington

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

Last Ten Fiscal Years¹

(Dollar amounts in thousands)

	2015				
	PERS 1	PERS 2/3	PSERS	LEOFF 1	LEOFF 2
City's proportion of the net pension liability (asset)	0.69%	0.85%	0.25%	0.29%	1.39%
City's proportionate share of the net pension liability (asset)	\$ 36,327	\$ 30,425	\$ 45	\$ (3,472)	\$ (13,912)
State proportionate share of the net pension liability (asset) associated with the city	-	-	-	-	(328)
Total	\$ 36,327	\$ 30,425	\$ 45	\$ (3,472)	\$ (14,240)
City's covered employee payroll	\$ 840	\$ 71,284	\$ 749	\$ 515	\$ 40,013
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	2%	234%	1659%	15%	288%
Plan fiduciary net position as a percentage of the total pension liability	38%	32%	0%	4%	14%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS

Last Ten Fiscal Years¹

(Dollar amounts in thousands)

	2015				
	PERS 1	PERS 2/3	PSERS	LEOFF 1	LEOFF 2
Contractually required contributions	\$ 86	\$ 7,267	\$ 83	\$ 1	\$ 2,093
Contributions in relation to the contractually required contribution	(140)	(7,823)	(82)	(1)	(2,179)
Contribution deficiency (excess)	\$ (54)	\$ (556)	\$ 1	\$ (0)	\$ (86)
District's covered-employee payroll	\$ 840	\$ 71,284	\$ 749	\$ 515	\$ 40,013
Contributions as a percentage of covered- employee payroll	-6%	-1%	0%	0%	0%

¹Please note that GASB 68 was implemented in 2015 and prior to 2015, the city did not report a proportionate share of these pensions.

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS**

For the Fiscal Year Ended December 31, 2015
(Dollar amounts in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities Unit Credit	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2013	-	\$ 54,543	\$ 54,543	0.0%	\$ 974	5601.1%
December 31, 2014	-	49,675	49,675	0.0%	760	6540.0%
December 31, 2015	-	48,882	48,882	0.0%	478	10218.8%

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES
OTHER POSTEMPLOYMENT BENEFITS**

For the Fiscal Year Ended December 31, 2015
(Dollar amounts in thousands)

Year Ended December 31	Annual OPEB Cost	Employer Contribution	Percentage of OPEB Cost Contributed	NET OPEB Obligation
2013	\$ 2,690	\$ 1,614	59.98%	\$ 6,685
2014	2,803	1,789	63.81%	7,699
2015	2,696	1,697	62.96%	8,698

**SCHEDULE OF MODIFIED APPROACH FOR REPORTING INFRASTRUCTURE ASSETS
For the Fiscal Year Ended December 31, 2015**

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.

CONDITION RATING OF THE CITY'S STREET SYSTEM

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Arterial:			
Percent above satisfactory	96%	89%	88%
Overall performance rating:	78	79	78
Residential:			
Percent above satisfactory	100%	99%	99%
Overall performance rating:	80	87	87

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:

COMPARISON OF NEEDED-TO-ACTUAL EXPENDITURES

(in thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Arterial:					
Needed:	\$ 4,768	\$ 4,143	\$ 4,492	\$ 4,772	\$ 3,896
Actual:	5,840	4,381	2,453	4,877	2,745
Residential:					
Needed:	\$ 1,595	\$ 981	\$ 901	\$ 69	\$ 750
Actual:	2,112	-	756	71	628

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, 2015
(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:				
Taxes and special assessments	\$ 131,078	\$ 131,078	\$ 137,682	\$ (6,604)
Licenses and permits	485	485	508	(23)
Intergovernmental	17,242	17,505	18,399	(894)
Service charges and fees	22,708	22,747	22,117	630
Fines and forfeitures	1,967	1,967	2,035	(67)
Interest and assessment interest	100	100	91	10
Net change in fair value of investments	-	-	(12)	12
Rent	1,400	1,400	1,882	(483)
Premiums/contributions	39	-	-	-
Other	1,714	1,714	136	1,578
Total revenues	<u>176,733</u>	<u>176,996</u>	<u>182,838</u>	<u>(5,841)</u>
Expenditures				
Current:				
General government	20,875	21,164	21,602	(437)
Public safety	86,307	86,565	87,209	(644)
Physical environment	990	987	1,022	(35)
Transportation	29,366	29,216	29,032	184
Economic environment	4,998	4,992	4,550	442
Health and human services	2,832	2,908	2,610	298
Culture and recreation	27,473	27,423	27,891	(467)
Debt service:				
Principal	-	-	-	-
Capital outlay:				
Public safety	266	266	123	143
Health and human services	2	2	-	2
Culture and recreation	207	207	-	207
Total expenditures	<u>173,315</u>	<u>173,731</u>	<u>174,039</u>	<u>(307)</u>
Excess (deficiency) of revenues over (under) expenditures	3,418	3,265	8,799	(5,534)
Other financing sources(uses)				
Transfers in	1,154	1,830	1,649	181
Transfers out	(4,536)	(4,536)	(4,491)	(44)
Total other financing sources(uses)	<u>(3,381)</u>	<u>(2,705)</u>	<u>(2,842)</u>	<u>137</u>
Net change in fund balance	37	560	5,956	(5,397)
Fund balance beginning of year	23,114	23,114	26,161	(3,047)
Fund balance end of year	<u>\$ 23,151</u>	<u>\$ 23,674</u>	<u>\$ 32,117</u>	<u>\$ (8,444)</u>

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

For the Fiscal Year Ended December 31, 2015
(in thousands)

Perspective Difference Reconciliation:

Actual fund balance - General Fund Schedule of Revenues,
Expenditures, and Changes in Fund Balance \$ 32,117

The following funds were budgeted as special
revenue funds but do not meet the definition of a
special revenue fund under GASB 54 and therefore
account for within the General Fund:

Human Service Fund	98
Land Purchase Revolving Fund	1,297
Parks Fee Fund	<u>912</u>

Total Fund Balance- General Fund Balance for Governmental Funds \$ 34,424

City of Bellevue, Washington

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

For the Fiscal Year Ended December 31, 2015
(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:				
Licenses and permits	\$ 8,811	\$ 8,811	\$ 8,800	\$ 12
Service charges and fees	8,424	8,424	9,989	(1,566)
Fines and forfeitures	3	3	-	3
Interest and assessment interest	60	60	134	(74)
Net change in fair value of investments	-	-	(14)	14
Other	-	-	78	(78)
Total revenues	<u>17,298</u>	<u>17,298</u>	<u>18,987</u>	<u>(1,689)</u>
Expenditures				
Current:				
General government	-	-	3	(3)
Economic environment	22,170	22,170	20,559	1,611
Capital outlay:				
Economic environment	-	-	132	(132)
Total expenditures	<u>22,170</u>	<u>22,170</u>	<u>20,695</u>	<u>1,476</u>
Excess (deficiency) of revenues over (under) expenditures	(4,872)	(4,872)	(1,707)	(3,165)
Other financing sources(uses)				
Transfers in	3,925	3,925	3,749	176
Transfers out	(181)	(181)	(367)	186
Total other financing sources(uses)	<u>3,744</u>	<u>3,744</u>	<u>3,381</u>	<u>362</u>
Net change in fund balance	(1,129)	(1,129)	1,674	(2,803)
Fund balance beginning of year	<u>11,798</u>	<u>11,798</u>	<u>6,762</u>	<u>5,036</u>
Fund balance end of year	<u>\$ 10,669</u>	<u>\$ 10,669</u>	<u>\$ 8,436</u>	<u>\$ 2,233</u>

Notes to the Required Supplementary Information

Pensions

Changes of benefit terms. Amount reflected in 2014 reflect an increase in disability benefits to be equivalent to retirement benefits. Amounts reported in 2015 reflect a modification to the benefit terms to incorporate a new definition of base compensation.

Change in assumptions. Amounts reported in 2015 reflect an adjustment of the expectation of life after disability to more closely reflect actual experience. For amounts reported in 2015 and later, this expectation of retired life mortality was based on RP-2000 Mortality Tables. Amounts reported in 2015 reflect an adjustment of expected retire ages to more closely reflect actual experience. Amounts reported in 2015 reflected an adjustment of assumed life expectancies to more closely reflect actual experience.

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, and Parks Fees Fund. These are separately adopted funds in the budget ordinance.





**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 I members.

The **Park Maintenance and Operations Reserve Fund** accounts for proceeds of a property tax lid lift approved by the voters in 1988 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 the multi-family recycling program and administrative expenditures.

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 federal, state, local grants, private donations, and special reserves.

The **Housing Fund** accounts for revenue from a variety of sources, including, but not limited to, contributions from coalition cities for operating costs, the city's General Fund and the General Capital Investment Program Fund. The expenditures include those necessary for the creation and preservation of affordable housing for low- and moderate-income households.

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

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 **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 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, 2015
 (in thousands)

	Special Revenue			
	LEOFF I Reserve	Parks M & O Reserve	Solid Waste Recycling	Hotel/ Motel Tax
Assets:				
Cash & equity in pooled investments	\$ 5,576	\$ 6,520	\$ 1,017	\$ 134
Receivables (net of allowances):				
Taxes	-	1	-	1,384
Accounts	-	-	302	-
Current assessments	-	-	-	-
Interest & penalties on assessments	-	-	-	-
Interest	12	14	2	-
Due from other governments	-	-	44	-
Housing rehabilitation loans receivable	-	-	-	-
Total assets	5,588	6,535	1,366	1,518
Liabilities:				
Accounts payable	4	-	17	-
Interfund loans payable	-	-	-	-
Due to component unit	-	-	-	1,247
Accrued payroll	-	-	5	-
Deposits payable	-	-	-	-
Total liabilities	4	-	22	1,247
Deferred Inflows				
For grants	-	-	44	-
For taxes	-	1	-	-
Unavailable revenue	-	-	-	-
Total deferred inflows	-	1	44	-
Total liabilities and deferred inflows	4	1	67	1,247
Fund balance:				
Restricted	312	6,534	-	272
Assigned	5,272	-	1,299	-
Total fund balance	5,584	6,534	1,299	272
Total liabilities, deferred inflows, and fund balance	\$ 5,588	\$ 6,535	\$ 1,366	\$ 1,518

**Combining Balance Sheet
Nonmajor Governmental Funds**
As of December 31, 2015
(in thousands)

	<u>Special Revenue</u>		<u>Total Special Revenue Funds</u>
	<u>Operating Grants Donations & Special Reserves</u>	<u>Housing</u>	
Assets:			
Cash & equity in pooled investments	\$ 2,305	\$ 5,083	\$ 20,635
Receivables (net of allowances):			
Taxes	5	17	1,407
Accounts	212	-	515
Current assessments	-	-	-
Interest & penalties on assessments	-	-	-
Interest	5	11	44
Due from other governments	374	-	418
Housing rehabilitation loans receivable	2,984	-	2,984
Total assets	5,885	5,111	26,003
Liabilities:			
Accounts payable	206	-	227
Interfund loans payable	537	-	537
Due to component unit	-	-	1,247
Accrued payroll	24	18	47
Deposits payable	1	-	1
Total liabilities	768	18	2,059
Deferred Inflows			
For grants	251	-	296
For taxes	-	-	1
Unavailable revenue	-	-	-
Total deferred inflows	251	-	296
Total liabilities and deferred inflows	1,020	18	2,356
Fund balance:			
Restricted	4,772	-	11,890
Assigned	93	5,093	11,757
Total fund balance	4,865	5,093	23,647
Total liabilities, deferred inflows, and fund balance	\$ 5,885	\$ 5,111	\$ 26,003

**Combining Balance Sheet
Nonmajor Governmental Funds**
As of December 31, 2015

(in thousands)

	<u>Debt Service</u>				Total Nonmajor Governmental Funds
	I & D	LID Control	LID Guaranty	Total Debt Service	
	Redemption- Regular				
Assets:					
Cash & equity in pooled investments	\$ 564	\$ 108	\$ 633	\$ 1,305	\$ 21,940
Receivables (net of allowances):					
Taxes	137	-	-	137	1,543
Accounts	-	-	-	-	515
Current assessments	-	544	-	544	544
Interest & penalties on assessments	-	8	-	8	8
Interest	1	-	1	2	46
Due from other governments	-	-	-	-	418
Housing rehabilitation loans receivable	-	-	-	-	2,984
Total assets	<u>701</u>	<u>660</u>	<u>634</u>	<u>1,996</u>	<u>27,998</u>
Liabilities:					
Accounts payable	-	-	-	-	227
Interfund loans payable	-	-	-	-	537
Due to component unit	-	-	-	-	1,247
Accrued payroll	-	-	-	-	47
Deposits payable	-	-	-	-	1
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,059</u>
Deferred Inflows					
For grants	-	-	-	-	296
For taxes	-	-	-	-	1
Unavailable revenue	-	537	-	537	537
Total deferred inflows	<u>-</u>	<u>537</u>	<u>-</u>	<u>537</u>	<u>834</u>
Total liabilities and deferred inflows	<u>-</u>	<u>537</u>	<u>-</u>	<u>537</u>	<u>2,893</u>
Fund balance:					
Restricted	701	123	634	1,459	13,349
Assigned	-	-	-	-	11,757
Total fund balance	<u>701</u>	<u>123</u>	<u>634</u>	<u>1,459</u>	<u>25,106</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 701</u>	<u>\$ 660</u>	<u>\$ 634</u>	<u>\$ 1,996</u>	<u>\$ 27,998</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
 For the Year Ended December 31, 2015
 (in thousands)

	Special Revenue			
	LEOFF I Reserve	Parks M & O Reserve	Solid Waste Recycling	Hotel/ Motel Tax
Revenues:				
Taxes and special assessments	\$ -	\$ 74	\$ -	\$ 10,191
Intergovernmental	28	-	364	-
Service charges and fees	-	-	692	-
Fines and forfeitures	-	-	-	-
Interest and penalties	57	55	10	2
Net change in fair value of investments	7	(1)	-	-
Premiums/contributions	-	-	-	-
Other	-	-	(28)	-
Total revenues	92	128	1,039	10,193
Expenditures:				
Current:				
General government	-	-	-	8,771
Public safety	1,880	-	-	-
Physical environment	-	-	1,165	-
Transportation	-	-	-	-
Economic environment	-	-	-	8,403
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	25
Capital outlay:				
Public safety	-	-	-	-
Economic environment	-	-	-	-
Total expenditures	1,880	-	1,165	17,198
Excess (deficiency) of revenues over (under) expenditures	(1,788)	128	(126)	(7,005)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(23)	-	(1,403)
Long-term debt issued	-	-	-	7,645
Payment to refunded bond escrow agent	-	-	-	-
Premium on refunded debt	-	-	-	880
Total other financing sources (uses)	-	(23)	-	7,123
Net change in fund balance	(1,788)	105	(126)	118
Fund balance at beginning of year	7,372	6,429	1,425	154
Fund balance:				
Restricted	312	6,534	-	272
Assigned	5,272	-	1,299	-
Fund balance at end of year	\$ 5,584	\$ 6,534	\$ 1,299	\$ 272

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
 For the Year Ended December 31, 2015
 (in thousands)

	Special Revenue		
	Operating Grants	Donations & Special Reserves	Total Special Revenue Funds
		Housing	
Revenues:			
Taxes and special assessments	\$ -	\$ 100	\$ 10,365
Intergovernmental	2,410	424	3,227
Service charges and fees	378	-	1,071
Fines and forfeitures	141	-	141
Interest and penalties	32	46	202
Net change in fair value of investments	3	(4)	5
Premiums/contributions	685	516	1,201
Other	513	-	485
Total revenues	4,162	1,082	16,697
Expenditures:			
Current:			
General government	6	-	8,776
Public safety	1,503	-	3,383
Physical environment	191	-	1,356
Transportation	38	-	38
Economic environment	137	-	8,540
Health and human services	1,197	431	1,628
Culture and recreation	193	-	193
Debt service:			-
Principal	-	-	-
Interest and fiscal charges	-	-	25
Capital outlay:			-
Public safety	69	-	69
Economic environment	-	-	-
Total expenditures	3,334	431	24,008
Excess (deficiency) of revenues over (under) expenditures	829	651	(7,311)
Other financing sources (uses):			-
Transfers in	10	312	322
Transfers out	(2,608)	-	(4,033)
Long-term debt issued	-	-	7,645
Payment to refunded bond escrow agent	-	-	-
Premium on refunded debt	-	-	880
Total other financing sources (uses)	(2,598)	312	4,814
Net change in fund balance	(1,769)	963	(2,497)
Fund balance at beginning of year	6,635	4,130	26,144
Fund balance:			
Restricted	4,772	-	11,890
Assigned	93	5,093	11,757
Fund balance at end of year	\$ 4,865	\$ 5,093	\$ 23,647

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
 For the Year Ended December 31, 2015
 (in thousands)

	Debt Service			Total Debt Service Funds	Total Nonmajor Governmental Funds
	I & D Redemption- Regular	LID Control	LID Guaranty		
Revenues:					
Taxes and special assessments	\$ 622	\$ 47	\$ -	\$ 669	\$ 11,034
Intergovernmental	-	-	-	-	3,227
Service charges and fees	-	-	-	-	1,071
Fines and forfeitures	-	-	-	-	141
Interest and penalties	5	11	6	22	224
Net change in fair value of investments	2	2	(2)	2	7
Premiums/contributions	-	-	-	-	1,201
Other	-	-	-	-	485
Total revenues	629	60	4	693	17,389
Expenditures:					
Current:					
General government	-	-	-	-	8,776
Public safety	-	-	-	-	3,383
Physical environment	-	-	-	-	1,356
Transportation	-	14	-	14	52
Economic environment	-	-	-	-	8,540
Health and human services	-	-	-	-	1,628
Culture and recreation	-	-	-	-	193
Debt service:					
Principal	6,011	-	-	6,011	6,011
Interest and fiscal charges	8,787	1	-	8,788	8,813
Capital outlay:					
Public safety	-	-	-	-	69
Economic environment	-	-	-	-	-
Total expenditures	14,798	15	-	14,813	38,820
Excess (deficiency) of revenues over (under) expenditures	(14,169)	45	4	(14,120)	(21,431)
Other financing sources (uses):					
Transfers in	13,556	46	810	14,412	14,734
Transfers out	-	(856)	(331)	(1,187)	(5,220)
Long-term debt issued	11,150	-	-	11,150	18,795
Payment to refunded bond escrow agent	(13,072)	-	-	(13,072)	(13,072)
Premium on refunded debt	1,966	-	-	1,966	2,846
Total other financing sources (uses)	13,600	(810)	479	13,268	18,083
Net change in fund balance	(569)	(765)	482	(852)	(3,348)
Fund balance at beginning of year	1,271	887	152	2,310	28,454
Fund balance:					
Restricted	701	123	634	1,459	13,349
Assigned	-	-	-	-	11,757
Fund balance at end of year	\$ 701	\$ 123	\$ 634	\$ 1,459	\$ 25,106

City of Bellevue, Washington

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

For the Fiscal Year Ended December 31, 2015
(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:				
Taxes and special assessments	\$ 3,055	\$ 3,055	\$ 3,051	\$ 4
Intergovernmental	1,385	1,385	1,288	97
Interest and assessment interest	5	5	7	(2)
Premiums/contributions	10	10	8	2
Total revenues	<u>4,455</u>	<u>4,455</u>	<u>4,354</u>	<u>101</u>
Expenditures				
Current:				
Economic environment	-	-	48	(48)
Health and human services	<u>4,460</u>	<u>4,460</u>	<u>4,358</u>	<u>102</u>
Total expenditures	<u>4,460</u>	<u>4,460</u>	<u>4,406</u>	<u>54</u>
Excess (deficiency) of revenues over (under) expenditures	(5)	(5)	(52)	47
Other financing sources(uses)				
Transfers in	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Total other financing sources(uses)	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Net change in fund balance	5	5	(42)	47
Fund balance beginning of year	<u>396</u>	<u>396</u>	<u>140</u>	<u>256</u>
Fund balance end of year	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 98</u>	<u>\$ 303</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
Land Purchase Revolving Fund**

For the Fiscal Year Ended December 31, 2015
(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:				
Service charges and fees	\$ -	\$ -	\$ 73	\$ (73)
Interest and assessment interest	-	-	12	(12)
Net change in fair value of investments	-	-	(1)	1
Rent	1,545	1,717	1,913	(196)
Other	-	-	6	(6)
Total revenues	<u>1,545</u>	<u>1,717</u>	<u>2,003</u>	<u>(286)</u>
Expenditures				
Current:				
General government	504	553	593	(40)
Transportation	-	-	2	(2)
Culture and recreation	578	578	982	(404)
Transportation	-	-	3	(3)
Total expenditures	<u>1,082</u>	<u>1,131</u>	<u>1,581</u>	<u>(449)</u>
Excess (deficiency) of revenues over (under) expenditures	463	586	422	163
Other financing sources(uses)				
Transfers out	(400)	(400)	(200)	(200)
Sale of capital assets	-	-	85	(85)
Total other financing sources(uses)	<u>(400)</u>	<u>(400)</u>	<u>(115)</u>	<u>(285)</u>
Net change in fund balance	63	186	307	(122)
Fund balance beginning of year	826	826	990	(164)
Fund balance end of year	<u>\$ 888</u>	<u>\$ 1,011</u>	<u>\$ 1,297</u>	<u>\$ (286)</u>

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

For the Fiscal Year Ended December 31, 2015
(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:				
Service charges and fees	\$ 4,326	\$ 4,326	\$ 3,931	\$ 396
Interest and assessment interest	42	42	14	28
Rent	1,889	1,889	2,183	(294)
Other	11	11	2	9
Total revenues	<u>6,270</u>	<u>6,270</u>	<u>6,131</u>	<u>139</u>
Expenditures				
Current:				
Culture and recreation	5,894	5,894	6,014	(120)
Capital outlay:				
Culture and recreation	7	7	-	7
Total expenditures	<u>5,901</u>	<u>5,901</u>	<u>6,014</u>	<u>(113)</u>
Excess (deficiency) of revenues over (under) expenditures	368	368	116	252
Other financing sources(uses)				
Transfers in	30	30	30	-
Transfers out	<u>(400)</u>	<u>(400)</u>	<u>-</u>	<u>(400)</u>
Total other financing sources(uses)	<u>(370)</u>	<u>(370)</u>	<u>30</u>	<u>(400)</u>
Net change in fund balance	(2)	(2)	146	(148)
Fund balance beginning of year	<u>1,087</u>	<u>1,087</u>	<u>766</u>	<u>321</u>
Fund balance end of year	<u>\$ 1,085</u>	<u>\$ 1,085</u>	<u>\$ 912</u>	<u>\$ 173</u>

City of Bellevue, Washington

**Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
LEOFF 1 Medical Reserve Fund**

For the Fiscal Year Ended December 31, 2015
(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:				
Intergovernmental	\$ 28	\$ 28	\$ 28	\$ -
Interest and assessment interest	91	91	57	33
Net change in fair value of investments	-	-	7	(7)
Total revenues	<u>119</u>	<u>119</u>	<u>92</u>	<u>26</u>
Expenditures				
Current:				
Public safety	<u>1,878</u>	<u>1,878</u>	<u>1,880</u>	<u>(2)</u>
Total expenditures	<u>1,878</u>	<u>1,878</u>	<u>1,880</u>	<u>(2)</u>
Net change in fund balance	(1,759)	(1,759)	(1,788)	28
Fund balance beginning of year	<u>7,356</u>	<u>7,356</u>	<u>7,372</u>	<u>(16)</u>
Fund balance end of year	<u>\$ 5,596</u>	<u>\$ 5,596</u>	<u>\$ 5,584</u>	<u>\$ 12</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
Park Maintenance & Operations Fund
 For the Fiscal Year Ended December 31, 2015
 (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:				
Taxes and special assessments	\$ 74	\$ 74	\$ 74	\$ -
Interest and assessment interest	23	23	55	(32)
Net change in fair value of investments	-	-	(1)	1
Total revenues	<u>97</u>	<u>97</u>	<u>128</u>	<u>(31)</u>
Excess (deficiency) of revenues over (under) expenditures	97	97	128	(31)
Other financing sources(uses)				
Transfers out	<u>(23)</u>	<u>(23)</u>	<u>(23)</u>	-
Total other financing sources(uses)	<u>(23)</u>	<u>(23)</u>	<u>(23)</u>	-
Net change in fund balance	74	74	105	(31)
Fund balance beginning of year	<u>6,451</u>	<u>6,451</u>	<u>6,429</u>	<u>23</u>
Fund balance end of year	<u><u>\$ 6,525</u></u>	<u><u>\$ 6,525</u></u>	<u><u>\$ 6,534</u></u>	<u><u>\$ (8)</u></u>

City of Bellevue, Washington

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

For the Fiscal Year Ended December 31, 2015
(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:				
Intergovernmental	\$ 309	\$ 309	\$ 364	\$ (55)
Service charges and fees	703	703	692	11
Interest and assessment interest	5	5	10	(5)
Other	-	-	(28)	28
Total revenues	<u>1,018</u>	<u>1,018</u>	<u>1,039</u>	<u>(21)</u>
Expenditures				
Current:				
Physical environment	<u>1,093</u>	<u>1,093</u>	<u>1,165</u>	<u>(72)</u>
Total expenditures	<u>1,093</u>	<u>1,093</u>	<u>1,165</u>	<u>(72)</u>
Net change in fund balance	(75)	(75)	(126)	50
Fund balance beginning of year	<u>1,192</u>	<u>1,192</u>	<u>1,425</u>	<u>(233)</u>
Fund balance end of year	<u>\$ 1,117</u>	<u>\$ 1,117</u>	<u>\$ 1,299</u>	<u>\$ (183)</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
Hotel/Motel Tax Fund**

For the Fiscal Year Ended December 31, 2015
(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:				
Taxes and special assessments	\$ 10,349	\$ 10,349	\$ 10,191	\$ 158
Interest and assessment interest	-	-	2	(2)
Total revenues	<u>10,349</u>	<u>10,349</u>	<u>10,193</u>	<u>156</u>
Expenditures				
Current:				
General government	8,952	8,952	8,771	181
Economic environment	-	-	8,403	(8,403)
Interest and fiscal charges	-	-	25	(25)
Total expenditures	<u>8,952</u>	<u>8,952</u>	<u>17,198</u>	<u>(8,247)</u>
Excess (deficiency) of revenues over (under) expenditures	1,398	1,398	(7,005)	8,403
Other financing sources(uses)				
Transfers out	(9,898)	(9,898)	(1,403)	(8,495)
Long-term debt issued	8,500	8,500	7,645	855
Premium on debt issued	-	-	880	(880)
Total other financing sources(uses)	<u>(1,398)</u>	<u>(1,398)</u>	<u>7,123</u>	<u>(8,520)</u>
Net change in fund balance	-	-	118	(117)
Fund balance beginning of year	-	-	154	(117)
Fund balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ (234)</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, 2015
 (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	\$ 5,585	\$ 2,287	\$ 741	\$ 4,933
Receivables (net of allowances):				
Accounts	-	-	-	-
Interest	13	5	2	10
Other	3	-	-	-
Due from other governments	1	-	-	-
Inventory	551	-	-	-
Total current assets	<u>6,153</u>	<u>2,292</u>	<u>742</u>	<u>4,943</u>
Noncurrent assets:				
Capital assets:				
Capital assets (net)	19,039	-	-	-
Total noncurrent assets	<u>19,039</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>25,192</u>	<u>2,292</u>	<u>742</u>	<u>4,943</u>
Deferred Outflows				
For pensions	181	-	-	42
Total deferred outflows	<u>181</u>	<u>-</u>	<u>-</u>	<u>42</u>
Total assets and deferred outflows	<u>25,373</u>	<u>2,292</u>	<u>742</u>	<u>4,985</u>
Liabilities:				
Current liabilities:				
Accounts payable	144	53	45	554
Estimated claims	-	1,490	45	867
Due to other governments	1	-	-	-
Accrued payroll	117	-	-	26
Accrued compensated absences	49	-	-	13
Liabilities payable from restricted assets:				
Customer deposits	-	-	-	-
Retainage payable	-	-	-	-
Total current liabilities	<u>310</u>	<u>1,543</u>	<u>90</u>	<u>1,460</u>
Noncurrent liabilities:				
Accrued compensated absences	113	-	-	31
Estimated claims	-	1,072	-	1,335
Pension liability	724	-	-	169
Total noncurrent liabilities	<u>837</u>	<u>1,072</u>	<u>-</u>	<u>1,535</u>
Total liabilities	<u>1,147</u>	<u>2,615</u>	<u>90</u>	<u>2,995</u>
Deferred Inflows				
For pensions	194	-	-	45
Total deferred inflows	<u>194</u>	<u>-</u>	<u>-</u>	<u>45</u>
Total liabilities and deferred inflows	<u>1,341</u>	<u>2,615</u>	<u>90</u>	<u>3,040</u>
Net position:				
Net investment in capital assets	19,039	-	-	-
Restricted for:				
Other	-	-	-	-
Unrestricted	4,993	(323)	652	1,945
Total net position	<u>\$ 24,032</u>	<u>\$ (323)</u>	<u>\$ 652</u>	<u>\$ 1,945</u>

**Combining Statement of Fund Net Position
Internal Service Funds
As of December 31, 2015
(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	\$ 6,427	\$ 7,259	\$ 2,127	\$ 29,359
Receivables (net of allowances):				
Accounts	-	45	106	151
Interest	14	15	5	64
Other	-	-	-	3
Due from other governments	-	-	-	1
Inventory	-	-	-	551
Total current assets	<u>6,441</u>	<u>7,319</u>	<u>2,238</u>	<u>30,129</u>
Noncurrent assets:				
Capital assets:				
Capital assets (net)	-	472	2,235	21,746
Total noncurrent assets	<u>-</u>	<u>472</u>	<u>2,235</u>	<u>21,746</u>
Total assets	<u>6,441</u>	<u>7,791</u>	<u>4,473</u>	<u>51,875</u>
Deferred Outflows				
For pensions	15	597	174	1,009
Total deferred outflows	<u>15</u>	<u>597</u>	<u>174</u>	<u>1,009</u>
Total assets and deferred outflows	<u>6,455</u>	<u>8,388</u>	<u>4,647</u>	<u>52,884</u>
Liabilities:				
Current liabilities:				
Accounts payable	110	357	230	1,493
Estimated claims	1,610	-	-	4,012
Due to other governments	-	-	2	2
Accrued payroll	9	322	108	581
Accrued compensated absences	5	201	30	298
Liabilities payable from restricted assets:				
Customer deposits	-	-	3	3
Retainage payable	-	5	8	13
Total current liabilities	<u>1,734</u>	<u>885</u>	<u>380</u>	<u>6,401</u>
Noncurrent liabilities:				
Accrued compensated absences	12	468	71	695
Estimated claims	-	-	-	2,407
Pension liability	59	4,911	698	6,561
Total noncurrent liabilities	<u>71</u>	<u>5,379</u>	<u>769</u>	<u>9,663</u>
Total liabilities	<u>1,805</u>	<u>6,263</u>	<u>1,149</u>	<u>16,064</u>
Deferred Inflows				
for pensions	16	773	187	1,215
Total deferred inflows	<u>16</u>	<u>773</u>	<u>187</u>	<u>1,215</u>
	<u>1,820</u>	<u>7,037</u>	<u>1,336</u>	<u>17,279</u>
Net position:				
Net investment in capital assets	-	467	2,228	21,733
Restricted for:				
Other	-	-	3	3
Unrestricted	4,635	884	1,080	13,868
Total net position	<u>\$ 4,635</u>	<u>\$ 1,351</u>	<u>\$ 3,311</u>	<u>\$ 35,605</u>

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds**

For the Year Ended December 31, 2015
(in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Operating revenues:				
Service charges and fees	\$ 9,872	\$ -	\$ -	\$ -
Rent	-	-	-	-
Insurance recovery	-	-	-	279
Premiums/contributions	-	1,713	164	2,087
Other	14	10	-	-
Total operating revenues	9,885	1,723	164	2,366
Operating expenses:				
Administrative and general	584	111	-	948
Maintenance and operations	6,337	2	-	1
Depreciation	4,017	-	-	-
Insurance costs	-	176	-	749
Benefits and claims payments	-	1,888	159	1,183
Total operating expenses	10,938	2,177	159	2,881
Operating income (loss)	(1,053)	(454)	5	(516)
Nonoperating revenues (expenses):				
Interest income	76	20	6	39
Net change in fair value of investments	10	-	-	(1)
Gain on disposal of capital assets	149	-	-	-
Other nonoperating revenues	54	-	-	-
Total nonoperating revenue (expenses)	288	20	6	38
Income before contributions and transfers	(765)	(434)	11	(478)
Special items, contributions and transfers:				
Transfers in	1,007	-	-	184
Transfers out	(110)	(178)	(6)	-
Capital contributed from external sources	70	-	-	-
Total special items, contributions and transfers	968	(178)	(6)	184
Change in net position	203	(612)	5	(293)
Net position beginning of year	24,575	289	647	2,413
Change in accounting principle	(746)	-	-	(175)
Net position end of year	\$ 24,032	\$ (323)	\$ 652	\$ 1,945

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds**

For the Year Ended December 31, 2015
(in thousands)

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facilities Services</u>	<u>Total</u>
Operating revenues:				
Service charges and fees	\$ -	\$ 14,043	\$ 437	\$ 24,352
Rent	-	-	6,325	6,325
Insurance recovery	2,657	-	-	2,936
Premiums/contributions	23,154	-	34	27,152
Other	6	6	1	37
Total operating revenues	25,818	14,049	6,797	60,802
Operating expenses:				
Administrative and general	3,126	2,215	586	7,571
Maintenance and operations	-	10,476	5,879	22,696
Depreciation	-	668	185	4,870
Insurance costs	2,679	44	-	3,648
Benefits and claims payments	19,186	-	-	22,415
Total operating expenses	24,990	13,403	6,651	61,200
Operating income (loss)	827	646	146	(398)
Nonoperating revenues (expenses):				
Interest income	44	64	23	273
Net change in fair value of investments	(7)	(2)	1	2
Gain on disposal of capital assets	-	-	-	149
Other nonoperating revenues	-	-	2	56
Total nonoperating revenue (expenses)	37	63	26	479
Income before contributions and transfers	864	709	172	81
Special items, contributions and transfers:				
Transfers in	-	221	190	1,602
Transfers out	(10)	(139)	(836)	(1,279)
Capital contributed from external sources	-	-	-	70
Total special items, contributions and transfers	(10)	81	(646)	393
Change in net position	854	790	(474)	474
Net position beginning of year	3,841	5,732	4,505	42,003
Change in accounting principle	(60)	(5,171)	(720)	(6,872)
Net position end of year	\$ 4,635	\$ 1,351	\$ 3,311	\$ 35,605

Combining Statement of Cash Flows
Internal Service Funds
 For the Year Ended December 31, 2015
 (in thousands)

	<u>Equipment Rental</u>	<u>Worker's Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Cash flows from operating activities:				
Cash received from customers and users	\$ 9,886	\$ -	\$ -	\$ -
Contributions received - employer/employee	-	1,713	164	2,087
Cash received from insurance proceeds	-	-	-	278
Cash payments to suppliers for goods & services	(4,286)	(88)	-	(357)
Cash payments to employees for services	(2,600)	(2)	-	(598)
Cash payments to claimants	-	(1,286)	(146)	(748)
Cash received from contracts/rent	-	-	-	-
Cash payments for insurance	-	(176)	-	(749)
Other receipts	-	10	-	-
Net cash provided (used) by operating activities	<u>3,000</u>	<u>171</u>	<u>18</u>	<u>(87)</u>
Cash flows from noncapital financing activities:				
Transfers in	1,007	-	-	184
Transfers out	(110)	(178)	(6)	-
Cash received from non-operating revenues	56	-	-	-
Net cash provided (used) by noncapital financing activities:	<u>953</u>	<u>(178)</u>	<u>(6)</u>	<u>184</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	(8,667)	-	-	-
Proceeds from sale of assets	250	-	-	-
Net cash provided (used) by capital financing activities	<u>(8,417)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	91	19	6	38
Net cash provided (used) by investing activities	<u>91</u>	<u>19</u>	<u>6</u>	<u>38</u>
Net increase (decrease) in cash balance	(4,373)	12	18	135
Cash and equity in pooled investments balance beginning of year	<u>9,958</u>	<u>2,275</u>	<u>723</u>	<u>4,798</u>
Cash and equity in pooled investments balance end of year	<u>\$ 5,585</u>	<u>\$ 2,287</u>	<u>\$ 741</u>	<u>\$ 4,933</u>

Combining Statement of Cash Flows
Internal Service Funds
 For the Year Ended December 31, 2015
 (in thousands)

	Health Benefits	Information Technology	Facilities Services	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ -	\$ 14,046	\$ 367	\$ 24,299
Contributions received - employer/employees	23,154	-	-	27,118
Cash received from insurance proceeds	2,657	-	-	2,935
Cash payments to suppliers for goods & services	(2,920)	(4,222)	(4,079)	(15,952)
Cash payments to employees for services	(211)	(8,528)	(2,560)	(14,499)
Cash payments to claimants	(18,710)	-	-	(20,890)
Cash received from contracts/rent	-	-	6,325	6,325
Cash payments for insurance	(2,679)	-	-	(3,604)
Other receipts	6	6	2	24
Net cash provided (used) by operating activities	1,297	1,302	55	5,756
Cash flows from noncapital financing activities:				
Transfers in	-	221	190	1,602
Transfers out	(10)	(139)	(836)	(1,279)
Cash received from non-operating revenues	-	(18)	2	40
Net cash provided (used) by noncapital financing activities:	(10)	64	(644)	363
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(1,107)	(10)	(9,784)
Proceeds from sale of assets	-	-	-	250
Net cash provided (used) by capital financing activities	-	(1,107)	(10)	(9,534)
Cash flows from investing activities:				
Interest on investments	32	78	24	288
Net cash provided (used) by investing activities	32	78	24	288
Net increase (decrease) in cash balance	1,319	337	(575)	(3,127)
Cash and equity in pooled investments balance				
beginning of year	5,108	6,922	2,702	32,486
Cash and equity in pooled investments balance	\$ 6,427	\$ 7,259	\$ 2,127	\$ 29,359
end of year				

Combining Statement of Cash Flows
Internal Service Funds
 For the Year Ended December 31, 2015
 (in thousands)

	<u>Equipment Rental</u>	<u>Worker's 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)	\$ (1,053)	\$ (454)	\$ 5	\$ (516)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	4,017	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	-	-	-
(Increase) decrease in inventory	5	-	-	-
(Increase) decrease in deferred outflow	(181)	-	-	(42)
Increase (decrease) in accounts payable	16	23	7	(23)
Increase (decrease) in retainage payable	-	-	-	-
Increase (decrease) in wages & benefits payable	12	-	-	5
Increase (decrease) in compensated absences	12	-	-	14
Increase (decrease) in estimated claims payable	-	602	6	435
Increase (decrease) in pension liability	(22)	-	-	(5)
Increase (decrease) in deferred inflows	194	-	-	45
Total adjustments	<u>4,053</u>	<u>625</u>	<u>13</u>	<u>429</u>
Net cash provided (used) by operating activities	<u>\$ 3,000</u>	<u>\$ 171</u>	<u>\$ 18</u>	<u>\$ (87)</u>
Non-cash investing, capital and financing activities:				
Donated capital assets	\$ 70	\$ -	\$ -	\$ -
Increase (decrease) in fair value of investments	10	-	-	1

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2015
(in thousands)

	Health Benefits	Information Technology	Facilities Services	Total
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 827	\$ 646	\$ 146	\$ (398)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	668	185	4,870
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	3	(105)	(102)
(Increase) decrease in inventory	-	-	-	5
(Increase) decrease in deferred outflow	(15)	(597)	(174)	(1,009)
Increase (decrease) in accounts payable	(9)	187	(93)	108
Increase (decrease) in retainage payable	-	(15)	(43)	(58)
Increase (decrease) in wages & benefits payable	-	(82)	6	(59)
Increase (decrease) in compensated absences	4	(21)	(32)	(23)
Increase (decrease) in estimated claims payable	476	-	-	1,519
Increase (decrease) in pension liability	(2)	(260)	(22)	(311)
Increase (decrease) in deferred inflows	16	773	187	1,215
Total adjustments	<u>470</u>	<u>656</u>	<u>(91)</u>	<u>6,155</u>
Net cash provided (used) by operating activities	<u>\$ 1,297</u>	<u>\$ 1,302</u>	<u>\$ 55</u>	<u>\$ 5,756</u>
Non-cash investing, capital and financing activities:				
Donated capital assets	\$ -	\$ -	\$ -	\$ 70
Increase (decrease) in fair value of investments	(7)	(2)	1	3



AGENCY FUNDS

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

Agency 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 NARC Task Force 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 **ARCH Housing Coalition Fund** accounts for contributions from members of an interlocal agreement to provide affordable housing for low- and moderate-income households on the eastside.

**Combining Statement of Fiduciary Net Position
Agency Funds**

As of December 31, 2015
(in thousands)

	<u>eCityGov Alliance</u>	<u>Connectivity Consortium</u>	<u>Eastside NARC Task Force</u>	<u>Hazardous Materials</u>
Assets:				
Cash & equity in pooled investments	\$ 439	\$ 153	\$ 447	\$ 534
Receivables (net of allowances):				
Interest	1	-	1	1
Due from other governments	159	-	-	18
Capital assets (net)	-	-	41	16
Total assets	<u>599</u>	<u>153</u>	<u>489</u>	<u>569</u>
Liabilities:				
Accounts payable	2	5	63	6
Due to other governments	597	148	327	564
Deposits payable	-	-	99	-
Total liabilities	<u>599</u>	<u>153</u>	<u>489</u>	<u>569</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Fiduciary Net Position
Agency Funds
 As of December 31, 2015
 (in thousands)

	ARCH Housing Coalition	Total
Assets:		
Cash & equity in pooled investments	\$ 5,952	\$ 7,524
Receivables (net of allowances):		
Interest	13	16
Due from other governments	137	314
Capital assets (net)	-	57
Total assets	<u>6,102</u>	<u>7,912</u>
Liabilities:		
Accounts payable	513	588
Due to other governments	5,589	7,225
Deposits payable	-	99
Total liabilities	<u>6,102</u>	<u>7,912</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
 For the Year Ended December 31, 2015
 (in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
eCityGov Alliance				
Assets:				
Cash & equity in pooled investments	\$ 477	\$ 1,642	\$ 1,680	\$ 439
Interest receivable	1	1	2	1
Due from other governments	145	1,098	1,083	159
Total assets	<u>\$ 623</u>	<u>\$ 2,760</u>	<u>\$ 2,765</u>	<u>\$ 599</u>
Liabilities:				
Accounts payable	\$ 7	\$ 2	\$ 6	\$ 2
Due to other governments	616	-	19	597
Total liabilities	<u>\$ 623</u>	<u>\$ 2</u>	<u>\$ 26</u>	<u>\$ 599</u>
Community Connectivity Consortium				
Assets:				
Cash & equity in pooled investments	\$ 124	\$ 87	\$ 58	\$ 153
Interest Receivable	-	1	1	-
Due from other governments	-	73	73	-
Total assets	<u>\$ 124</u>	<u>\$ 161</u>	<u>\$ 132</u>	<u>\$ 153</u>
Liabilities:				
Accounts payable	\$ 3	\$ 5	\$ 4	\$ 5
Due to other governments	121	28	-	148
Total liabilities	<u>\$ 124</u>	<u>\$ 33</u>	<u>\$ 4</u>	<u>\$ 153</u>
Eastside NARC Task Force				
Assets:				
Cash & equity in pooled investments	\$ 669	\$ 242	\$ 464	\$ 447
Interest receivable	1	2	2	1
Capital assets (net)	80	49	88	41
Total assets	<u>\$ 750</u>	<u>\$ 293</u>	<u>\$ 554</u>	<u>\$ 489</u>
Liabilities:				
Accounts payable	\$ 89	\$ 63	\$ 89	\$ 63
Due to other governments	448	-	121	327
Deposits payable	213	94	208	99
Total liabilities	<u>\$ 750</u>	<u>\$ 157</u>	<u>\$ 418</u>	<u>\$ 489</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2015

(in thousands)

(in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Hazardous Materials				
Assets:				
Cash & equity in pooled investments	\$ 500	\$ 110	\$ 76	\$ 534
Interest receivable	1	2	2	1
Due from other governments	18	12	12	18
Capital assets (net)	22	6	12	16
Total assets	<u>\$ 541</u>	<u>\$ 125</u>	<u>\$ 96</u>	<u>\$ 569</u>
Liabilities:				
Accounts payable	\$ 6	\$ 6	\$ 5	\$ 6
Due to other governments	535	40	12	564
Total liabilities	<u>\$ 541</u>	<u>\$ 46</u>	<u>\$ 17</u>	<u>\$ 569</u>
ARCH Housing Coalition				
Assets:				
Cash & equity in pooled investments	\$ 4,667	\$ 3,661	\$ 2,377	\$ 5,952
Interest receivable	9	13	9	13
Due from other governments	729	1,631	2,223	137
Total assets	<u>\$ 5,405</u>	<u>\$ 5,306</u>	<u>\$ 4,610</u>	<u>\$ 6,102</u>
Liabilities:				
Accounts payable	\$ 4	\$ 513	\$ 4	\$ 513
Due to other governments	5,401	188	-	5,589
Total liabilities	<u>\$ 5,405</u>	<u>\$ 701</u>	<u>\$ 4</u>	<u>\$ 6,102</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
 For the Year Ended December 31, 2015
 (in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Total Agency Funds				
Assets:				
Cash & equity in pooled investments	\$ 6,501	\$ 188,821	\$ 187,797	\$ 7,524
Interest receivable	12	19	16	16
Due from other governments	895	2,815	3,394	314
Capital assets (net)	102	55	100	57
Total assets	<u>\$ 7,510</u>	<u>\$ 191,709</u>	<u>\$ 191,307</u>	<u>\$ 7,912</u>
Liabilities:				
Accounts payable	\$ 156	\$ 185,600	\$ 185,166	\$ 588
Due to other governments	7,121	294	192	7,225
Deposits payable	233	94	228	99
Total Liabilities	<u>\$ 7,510</u>	<u>\$ 185,989</u>	<u>\$ 185,586</u>	<u>\$ 7,912</u>





STATISTICAL SECTION

Table 1

NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (in thousands)

Governmental Activities					Business-type Activities				Primary Government						
Year	Net investment in capital assets				Total	Net investment in capital assets	Restricted		Unrestricted	Total	Net investment in capital assets	Restricted		Unrestricted	Total
	assets	Restricted	Unrestricted	Total			assets	Restricted				Unrestricted	assets		
2006	\$ 1,477,820	\$ 4,193	\$ 135,917	\$1,617,930	\$ 202,227	\$ 45,917	\$ 32,264	\$ 280,408	\$ 1,680,047	\$ 50,110	\$ 168,181	\$ 1,898,338			
2007	1,539,131	13,601	117,310	1,670,042	213,099	52,272	37,526	302,897	1,752,230	65,873	154,836	1,972,939			
2008	1,484,941	21,519	108,884	1,615,344	229,344	60,750	39,112	329,206	1,714,285	82,269	147,996	1,944,550			
2009	1,499,240	16,753	93,870	1,609,863	239,778	77,584	32,735	350,097	1,739,018	94,337	126,605	1,959,960			
2010	1,494,063	24,042	81,936	1,600,041	252,444	92,384	30,834	375,662	1,746,506	116,427	112,770	1,975,703			
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			

Notes:

- (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 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.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
General government	\$ 15,471	\$ 24,712	\$ 29,573	\$ 29,641	\$ 25,557	\$ 36,450	\$ 36,392	\$ 28,354	\$ 31,948	\$ 33,611
Judicial	378	-	-	-	-	-	-	-	-	-
Public safety	68,781	73,617	80,253	78,373	79,818	79,163	82,822	84,074	85,734	90,269
Physical environment	1,564	2,200	2,449	1,952	1,801	1,813	1,642	2,892	2,249	2,446
Transportation	31,769	26,449	29,372	25,853	30,413	29,711	27,761	29,147	30,925	36,384
Economic environment	17,207	20,737	22,940	21,785	20,177	18,720	19,037	20,768	23,336	34,571
Health and human services	4,841	5,943	6,834	7,914	7,401	8,195	11,511	7,414	7,596	8,457
Culture and recreation	31,395	34,166	37,926	37,818	36,643	34,948	38,452	39,448	39,776	43,116
Interest on long-term debt	7,734	7,796	7,150	7,294	7,262	7,817	7,910	8,691	8,978	11,148
Total governmental activities	179,140	195,620	216,497	210,630	209,072	216,818	225,526	220,788	230,542	260,003
Business-type activities										
Water	26,604	29,206	27,887	30,074	33,798	34,897	38,708	41,218	46,886	44,529
Sewer	27,868	31,817	31,734	35,091	34,755	39,571	41,089	44,099	44,780	48,683
Storm & surface water	8,717	9,179	9,146	9,967	9,668	10,661	10,950	11,208	11,764	12,699
Marina	314	443	440	353	312	261	277	232	273	219
Total business-type activities	63,503	70,645	69,207	75,485	78,533	85,390	91,024	96,757	103,703	106,131
Total primary government expenses	\$ 242,643	\$ 266,265	\$ 285,704	\$ 286,115	\$ 287,605	\$ 302,208	\$ 316,550	\$ 317,545	\$ 334,245	\$ 366,134
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 968	\$ 1,333	\$ 2,068	\$ 4,042	\$ 3,151	\$ 9,743	\$ 3,904	\$ 3,764	\$ 2,686	\$ 5,518
Public safety	12,031	15,682	16,969	15,501	15,346	16,178	18,568	16,874	16,553	19,549
Transportation	2,937	1,993	1,345	882	721	1,071	1,930	1,940	6,391	10,098
Economic environment	14,716	12,597	16,334	11,830	9,165	8,564	11,311	12,545	17,296	18,797
Culture and recreation	5,435	6,927	8,039	7,875	8,078	8,922	8,873	9,186	9,183	10,220
Other activities	1,304	1,065	1,430	1,445	1,466	1,458	1,309	1,118	1,280	1,248
Operating grants and contributions	4,798	6,760	6,815	8,796	9,196	8,423	8,188	7,851	7,585	11,427
Capital grants and contributions	21,250	22,280	4,328	7,984	2,550	6,563	3,919	5,136	13,373	17,239
Total governmental activities program revenues	63,439	68,637	57,328	58,355	49,673	60,922	58,003	58,413	75,346	94,097

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities										
Charges for Services										
Water	31,570	31,844	31,538	33,960	35,645	37,253	41,686	48,417	52,151	57,666
Sewer	33,267	35,493	36,056	39,545	42,534	46,304	47,202	51,270	53,359	56,628
Storm & surface water	13,270	13,194	14,442	14,788	16,138	16,383	16,730	18,872	20,446	21,333
Marina	450	498	489	507	497	538	564	575	585	625
Operating grants and contributions	-	105	-	-	-	-	-	-	-	-
Capital grants and contributions	4,307	6,541	6,967	5,002	7,155	3,575	4,693	5,141	7,619	5,611
Total business-type activities program revenues	82,864	87,675	89,492	93,802	101,969	104,054	110,875	124,275	134,190	141,863
Total primary government program revenues	\$146,303	\$156,312	\$146,820	\$152,157	\$151,642	\$164,976	\$168,878	\$182,688	\$209,537	235,960
Net (Expense)/Revenue										
Governmental activities	(115,701)	(126,985)	(159,170)	(152,274)	(159,398)	(155,896)	(167,523)	(162,375)	(155,195)	(165,906)
Business-type activities	19,361	17,028	20,285	18,319	23,435	18,664	19,851	27,518	30,487	35,732
Total primary government net expense	\$ (96,340)	\$ (109,957)	\$ (138,885)	\$ (133,955)	\$ (135,963)	\$ (137,232)	\$ (147,673)	\$ (134,857)	\$ (124,708)	\$ (130,175)
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes										
Property tax	\$ 27,637	\$ 28,981	\$ 28,859	\$ 34,854	\$ 35,364	\$ 36,337	\$ 37,538	\$ 38,302	\$ 38,379	\$ 40,222
Retail sales and use tax	48,946	56,776	53,141	45,119	44,984	46,357	48,596	53,072	59,278	66,173
Utility tax	24,324	20,069	24,103	24,012	25,071	25,941	25,813	28,103	26,790	27,219
Business and occupation tax	31,528	30,387	30,051	26,141	25,103	25,753	27,492	28,783	34,856	36,551
Excise tax	12,933	27,254	6,594	6,258	10,521	6,680	13,646	12,090	14,665	19,515
Hotel/motel tax	5,839	6,647	6,724	5,332	6,095	6,776	7,469	9,176	8,975	10,191
Other tax	292	225	238	175	598	515	476	446	590	474
Payments from component unit	16	9	23	117	133	31	20	10	10	9
Grants and contributions - unrestricted	1,264	1,419	1,398	1,861	1,553	1,450	1,700	1,258	1,424	1,721
Unrestricted investment interest	5,188	7,128	5,284	3,252	1,479	1,458	630	884	962	1,349
Gain (loss) in change of fair value of investments	556	38	637	(582)	(477)	547	(83)	(801)	417	(131)
Miscellaneous	328	125	740	582	(659)	2,293	357	484	721	269
Gain (loss) on sale of capital assets	57	144	1,391	(75)	339	310	328	285	61	(685)
Transfers	(170)	(51)	406	(254)	(527)	(134)	(561)	(366)	(246)	(141)
Total governmental activities	255,078	289,108	298,474	280,747	285,540	154,314	163,423	171,725	186,882	202,736

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities										
Unrestricted investment interest	2,578	3,795	2,991	1,874	1,254	1,529	757	924	1,213	1,581
Gain (loss) in change of fair value of investments	282	20	197	(373)	(462)	542	167	(911)	11,947	7,425
Miscellaneous	1,278	1,593	1,164	811	811	953	1,519	1,556	979	1,054
Gain (loss) on sale of capital assets	33	-	98	6	-	-	-	3	236	201
Transfers	170	51	(406)	254	527	134	561	366	246	141
Total business-type activities	4,341	5,459	4,044	2,572	2,129	3,158	3,003	1,937	14,622	10,401
Total primary government	<u>\$ 259,419</u>	<u>\$ 294,567</u>	<u>\$ 302,518</u>	<u>\$ 283,319</u>	<u>\$ 287,669</u>	<u>\$ 157,473</u>	<u>\$ 166,425</u>	<u>\$ 173,663</u>	<u>\$ 201,504</u>	<u>\$ 213,137</u>
Change in Net Position										
Governmental activities	\$ 43,037	\$ 420	\$ 7,314	\$ (5,482)	\$ (9,822)	\$ (1,582)	\$ (4,101)	\$ 9,351	\$ 31,687	\$ 36,829
Business-type activities	23,702	24,329	22,361	20,891	25,565	21,823	22,854	29,455	45,109	46,133
Total primary government	<u>\$ 66,739</u>	<u>\$ 24,749</u>	<u>\$ 29,675</u>	<u>\$ 15,409</u>	<u>\$ 15,743</u>	<u>\$ 20,241</u>	<u>\$ 18,753</u>	<u>\$ 38,806</u>	<u>\$ 76,796</u>	<u>\$ 82,962</u>

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

^(B) As of 2012, GASB Statement 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
(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)
2006	\$ 145,660	\$ 27,637	\$ 48,946	\$ 24,324	\$ 31,528	\$ -	\$ 12,933	\$ 292	\$ 5,839
2007	163,692	28,981	56,776	20,069	30,387	-	27,254	225	6,647
2008	143,436	28,859	53,141	24,103	30,501	-	6,594	238	6,724
2009	136,559	34,854	45,119	24,012	26,141	-	6,258	175	5,332
2010	141,641	35,364	44,984	25,071	25,103	-	10,521	598	6,095
2011	141,583	36,337	46,357	25,941	25,753	-	6,680	515	6,776
2012	153,562	37,538	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

^(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 and passes it directly through.

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

<u>Fiscal Year</u>	<u>General Fund</u>			<u>All other Governmental Funds</u>			<u>Total</u>
	<u>Reserved</u>	<u>Unreserved</u>	<u>Total</u>	<u>Reserved</u>	<u>Unreserved, reported in special revenue funds</u>	<u>Unreserved, reported in capital projects funds</u>	
2005	\$ -	\$ 17,173	\$ 17,173	\$ 12,274	\$ 52,401	\$ 1,549	\$ 66,224
2006	-	19,906	19,906	4,193	48,109	25,698	78,000
2007	-	25,603	25,603	2,777	47,536	10,834	61,147
2008	-	15,094	15,094	6,436	50,645	15,082	72,163
2009	-	16,149	16,149	2,305	42,645	14,448	59,398

Table 4
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FUND BALANCES OF GOVERNMENTAL FUNDS ^(A)
Last Ten Fiscal Years
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund						
Nonspendable for:						
Prepays	\$ -	\$ -	\$ 406	\$ 408	\$ 391	\$ 732
Total nonspendable fund balance	<u>-</u>	<u>-</u>	<u>406</u>	<u>408</u>	<u>391</u>	<u>732</u>
Assigned for:						
Fire and emergency aid service	-	-	-	-	-	2
Housing and community services	771	-	-	-	-	98
Information systems	-	-	-	-	-	36
Maintenance & operations of city property	991	1,180	1,454	701	980	1,297
Parks & open spaces	<u>1,193</u>	<u>-</u>	<u>-</u>	<u>873</u>	<u>705</u>	<u>912</u>
Total assigned fund balance	<u>2,955</u>	<u>1,180</u>	<u>1,454</u>	<u>1,575</u>	<u>1,684</u>	<u>2,345</u>
Restricted for:						
Housing and community services	-	567	-	-	-	-
Operation & maintenance city property	-	-	114	-	-	-
Total restricted fund balance	<u>-</u>	<u>567</u>	<u>114</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>
Total unassigned fund balance	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>
Fund Balance - General fund	<u>\$ 21,067</u>	<u>\$ 22,620</u>	<u>\$ 22,847</u>	<u>\$ 25,034</u>	<u>\$ 28,053</u>	<u>\$ 34,386</u>

Table 4
Page 3 of 6

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Other Governmental Funds						
Assigned for:						
Arts and culture	10	280	-	290	-	-
CIP funding	3,727	1,031	5,726	-	-	2,949
Debt service	1,782	1,705	2,177	-	-	-
Environmental stewardship	9	37	-	-	-	-
Fire and emergency aid service	-	-	335	-	-	-
Housing and community services	5,300	4,342	3,308	3,725	4,130	5,093
LEOFF1 retiree medical	13,082	11,539	10,094	8,383	6,720	5,272
Maintenance & operations of city property	-	5	-	-	-	-
Parks & open spaces	7,360	4,899	580	676	-	-
Permit review and inspection	-	-	1,687	4,367	6,160	-
Police services	424	422	-	-	-	-
Transportation infrastructure	-	243	-	-	-	-
Transportation planning	1,598	-	-	-	-	-
Transportation preservation & maintenance	1,124	-	864	-	-	-
Waste reduction & recycling	470	521	835	-	-	-
Water quality management	659	412	-	1,100	960	1,299
General government property acquisition	1,588	1,453	-	-	-	-
Community development	-	162	-	-	-	-
Council reserves	-	-	-	1,187	1,187	-
Performance management	-	-	-	69	69	9
Other	1,785	1,090	1,992	-	19	84
Total assigned fund balance	<u>37,131</u>	<u>27,051</u>	<u>25,606</u>	<u>19,796</u>	<u>19,244</u>	<u>14,707</u>

Table 4
Page 4 of 6

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Restricted for:						
Arts and culture	3	-	-	-	384	582
CIP funding	-	-	-	49,414	15,797	51,806
Commuting alternatives	15	12	-	-	-	50
Debt service	85	6	10	1,879	2,479	1,459
Environmental stewardship	-	-	-	-	6	94
Fire and emergency aid service	-	-	-	125	397	124
Housing and community services	-	-	3,102	3,203	3,202	3,090
Information systems	-	23	-	-	-	36
LEOFF1 retiree medical	703	728	678	687	653	312
Maintenance & operations of city property	-	-	-	681	209	-
Parks & open spaces	3,889	8,801	13,971	10,697	8,720	14,407
Permit review and inspection	7,968	5,111	3,277	-	602	8,436
Police services	-	13	24	489	531	569
Transportation infrastructure	-	-	-	1,159	8,403	10,751
Transportation planning	930	-	-	-	-	-
Transportation preservation & maintenance	7,533	-	-	-	211	-
Waste reduction & recycling	483	367	327	96	465	-
Water quality management	81	-	496	13	68	-
General government property acquisition	-	-	681	-	-	-
Convention center financing	3,233	3,213	3,124	4,082	154	272
Total restricted fund balance	<u>24,923</u>	<u>18,274</u>	<u>25,690</u>	<u>72,524</u>	<u>42,279</u>	<u>91,987</u>
Fund Balance - other governmental funds	<u>\$ 62,054</u>	<u>\$ 45,325</u>	<u>\$ 51,296</u>	<u>\$ 92,320</u>	<u>\$ 61,523</u>	<u>\$ 106,694</u>

Table 4
Page 5 of 6

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Funds						
Nonspendable for:						
Prepays	\$ -	\$ -	\$ 406	\$ 408	\$ 391	\$ 732
Total nonspendable fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>408</u>	<u>391</u>	<u>732</u>
Assigned for:						
Arts & culture	10	280	-	290	-	-
CIP funding	3,727	1,031	5,726	-	-	2,949
Debt service	1,782	1,705	2,177	-	-	-
Environmental stewardship	9	37	-	-	-	-
Fire & emergency aid service	-	-	335	-	-	2
Housing & community services	6,071	4,342	3,308	3,725	4,130	5,191
Information systems	-	-	-	-	-	36
LEOFF1 retiree medical	13,082	11,539	10,094	8,383	6,720	5,272
Maintenance & operations of city property	991	1,185	1,454	701	980	1,297
Parks & open spaces	7,360	4,899	580	1,549	705	912
Permit review & inspection	-	-	1,687	4,366	6,160	-
Police services	424	422	-	-	-	-
Transportation infrastructure	-	243	-	-	-	-
Transportation planning	1,598	-	-	-	-	-
Transportation preservation & maintenance	1,124	-	864	-	-	-
Waste reduction & recycling	470	521	835	-	-	-
Water quality management	659	412	-	1,100	960	1,299
General government property acquisition	1,588	1,453	-	-	-	-
Community development	-	162	-	-	-	-
Council reserves	-	-	-	1,187	1,187	-
Performance management	-	-	-	69	69	9
Other	1,785	1,090	1,992	-	19	84
Total assigned fund balance	<u>40,678</u>	<u>29,321</u>	<u>29,052</u>	<u>21,369</u>	<u>20,928</u>	<u>17,051</u>

Table 4
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FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Restricted for:						
Arts & culture	3	-	-	-	384	582
CIP funding	-	-	-	49,414	15,797	51,806
Commuting alternatives	15	12	-	-	-	50
Debt service	85	6	10	1,879	2,479	1,459
Environmental stewardship	-	-	-	-	6	94
Fire & emergency aid service	-	-	-	125	397	124
Housing & community services	-	567	3,102	3,203	3,202	3,090
Information systems	-	23	-	-	-	36
LEOFF1 retiree medical	703	728	678	687	653	312
Maintenance & operations of city property	-	-	114	681	209	-
Parks & open spaces	3,889	8,801	13,971	10,697	8,720	14,407
Permit review & inspection	7,968	5,111	3,277	-	602	8,436
Police services	-	13	24	489	531	569
Transportation infrastructure	-	-	-	1,159	8,403	10,751
Transportation planning	930	-	-	-	-	-
Transportation preservation & maintenance	7,533	-	-	-	211	-
Waste reduction & recycling	483	367	327	96	465	-
Water quality management	81	-	496	13	68	-
General government property acquisition	-	-	681	-	-	-
Convention center financing	3,233	3,213	3,124	4,082	154	272
Total restricted fund balance	<u>24,922</u>	<u>18,841</u>	<u>25,804</u>	<u>72,524</u>	<u>42,279</u>	<u>91,987</u>
Unassigned	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>
Total unassigned fund balance	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>
Fund balance - governmental funds	<u>\$ 83,713</u>	<u>\$ 69,036</u>	<u>\$ 75,729</u>	<u>\$ 117,352</u>	<u>\$ 89,577</u>	<u>\$ 141,080</u>

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

Note: GASB Statement 54 Fund Balance Reporting was implemented in 2010, which redefined fund balance categories. The General Fund was restated to include special revenue funds not meeting the new definition and fund balance categories have been redefined. Earlier years were not restated.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes and special assessments	\$149,428	\$177,113	\$150,084	\$142,698	\$147,820	\$148,773	\$163,104	\$169,498	\$184,380	\$200,357
Licenses and permits	7,140	5,198	8,972	6,411	4,850	4,606	5,478	4,718	9,246	9,308
Intergovernmental	32,439	34,946	31,670	31,469	26,978	27,430	29,912	26,462	31,196	33,826
Service charges and fees	24,819	26,101	26,906	25,747	23,973	24,541	28,708	33,263	37,392	44,799
Fines and forfeitures	174	532	489	71	1,238	2,650	1,865	1,168	1,073	2,176
Interest and penalties	3,500	5,135	3,703	2,445	1,014	1,058	455	715	755	1,076
Net change in fair value of investments	350	25	521	(388)	(308)	358	(146)	(639)	354	(133)
Rent	2,283	3,102	4,180	4,863	4,607	5,133	4,820	4,829	5,249	6,624
Judgements and settlements	4,766	1,431	25	46	-	-	-	-	-	-
Premiums and contributions	1,643	1,655	446	2,422	1,075	686	434	2,691	3,332	4,081
Other	394	295	796	678	248	921	306	876	843	709
Total revenues	226,936	255,533	227,792	216,462	211,497	216,156	234,936	243,581	273,821	302,824
Expenditures										
General government	25,329	25,410	25,364	25,075	26,074	24,781	25,024	27,231	32,376	31,432
Public safety	65,701	71,042	78,219	79,817	80,733	80,143	83,044	86,634	87,717	91,040
Physical environment	1,555	2,198	2,449	1,953	1,793	1,746	1,544	2,666	2,191	2,382
Transportation	29,806	29,173	32,957	28,479	29,793	30,625	32,258	31,461	34,678	40,235
Economic environment	17,263	20,463	22,718	21,798	20,043	18,726	18,882	21,065	23,283	34,643
Health and human services	4,845	6,357	7,226	7,782	7,533	8,383	8,328	7,609	7,864	8,596
Culture and recreation	28,319	30,924	35,035	34,489	33,751	33,269	35,446	37,927	37,762	40,466
Capital outlay	42,463	45,664	39,461	23,035	19,383	21,713	14,552	44,971	60,613	83,794
Debt service										
Principal	3,985	29,560	4,275	14,187	4,664	4,668	4,208	20,612	6,387	6,050
Interest and fiscal charges	7,834	7,855	7,468	7,306	7,386	7,866	7,150	8,987	9,532	9,250
Total expenditures	227,100	268,646	255,172	243,921	231,153	231,920	230,435	289,163	302,403	347,888

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Transfers in	34,994	46,437	25,545	33,301	23,325	17,821	19,481	37,243	21,022	22,433
Transfers out	(34,457)	(45,211)	(24,980)	(29,602)	(11,534)	(16,734)	(16,901)	(35,964)	(20,241)	(22,897)
Proceeds from long-term debt	13,983	713	26,248	12,047	14,863	-	-	-	-	91
Refunding bonds issued	-	-	-	-	9,595	-	(107,854)	70,405	-	97,935
Payment to refunded bond escrow agent	-	-	-	-	(9,600)	-	107,854	-	-	-
Sale of capital assets	157	13	1,161	-	42	-	-	-	26	118
Premium on issuance of long-term debt	-	-	-	-	1,131	-	-	11,930	-	11,958
Total other financing sources (uses)	14,677	1,952	27,974	15,746	27,822	1,087	2,580	83,613	807	109,638
 Net change in fund balance	 \$1,564	 (\$25,428)	 \$515	 (\$3,910)	 \$12,058	 (\$14,677)	 \$7,081	 \$24,931	 (\$27,775)	 \$64,575
 Debt service as a percentage of noncapital expenditures	 16.78%	 5.44%	 9.73%	 9.78%	 9.78%	 5.96%	 5.26%	 12.12%	 6.58%	 5.79%

^(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 Assessment ^(B)	Memo Only Hotel/Motel Tax
2006	\$ 142,800	\$ 27,672	\$ 48,946	\$ 21,356	\$ 31,606	\$ -	\$ 13,220	\$ 5,839
2007	169,923	31,075	56,776	22,912	31,662	-	27,498	6,647
2008	142,772	28,815	53,141	23,910	30,106	-	6,799	6,724
2009	137,366	34,738	45,119	24,119	26,340	-	7,050	5,332
2010	141,723	35,337	44,984	25,076	25,285	-	11,041	6,095
2011	141,996	36,401	46,357	25,921	26,208	-	7,109	6,776
2012	163,104	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

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

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

Source:

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 and passes it directly to BCCA.

City of Bellevue, Washington

Table 7

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contracting	\$860,690	\$1,296,795	\$1,255,692	\$872,463	\$603,334	\$569,506	\$537,336	\$695,970	\$981,629	\$1,363,843
Manufacturing	64,765	86,303	84,773	70,537	77,831	73,089	62,910	66,172	74,024	76,751
Transportation, communications, and utilities	199,868	214,878	190,568	201,248	211,877	227,732	237,651	261,264	281,680	322,087
Finance, insurance, and real estate	176,983	174,893	148,801	149,680	130,987	129,894	141,318	148,445	145,878	187,217
Wholesale trade	331,433	394,954	418,040	360,308	302,105	301,079	317,937	336,048	345,609	393,174
Retail - building materials	134,002	137,004	120,234	106,555	101,484	98,429	103,783	114,651	122,930	132,481
Retail - general merchandise	206,931	206,399	188,755	189,052	196,797	197,946	201,437	217,414	216,008	202,926
Retail - food	71,979	75,024	77,748	76,879	82,700	80,515	91,170	96,819	98,556	100,303
Retail - automotive	920,511	970,929	794,053	720,411	756,742	783,644	865,344	937,893	1,002,045	1,059,875
Retail - apparel	443,022	483,921	423,738	384,063	405,998	447,179	486,211	496,795	482,848	502,078
Retail - furniture and accessories	445,270	442,037	411,884	381,491	350,641	325,897	380,545	312,593	336,678	349,400
Retail - restaurants	291,529	313,354	312,514	317,213	347,268	378,827	410,862	427,739	449,249	481,320
Retail - miscellaneous	383,313	392,523	392,992	368,757	395,200	417,755	447,389	463,937	497,860	530,147
Services - hotels	101,144	122,550	125,820	116,518	153,772	171,489	186,571	199,665	218,118	247,476
Services - business	321,741	440,246	435,092	301,306	328,008	360,918	339,930	395,436	479,356	480,886
Services - other	223,293	248,588	257,424	245,211	246,900	252,608	262,115	267,384	270,096	282,981
All other categories	1,660	1,320	1,567	2,064	1,245	1,004	1,414	1,170	1,162	1,084
Total sales	\$5,178,133	\$6,001,718	\$5,639,695	\$4,863,756	\$4,692,889	\$4,817,512	\$5,073,923	\$5,439,394	\$6,003,725	\$6,714,030

(A) The city is prohibited by law from reporting individual sales tax payers

Source: WA St. Department of Revenue Quarterly Business Review reports

Table 8
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SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

	2006	2007	2008	2009 ^(E)	2010	2011	2012	2013	2014	2015
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%
King County	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%
Optional tax - City of Bellevue ^(B)	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Transit - King County (METRO) ^(C)	0.800%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%
King County Mental Health ^(D)	-	-	0.001	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%
Criminal Justice tax (0.10% total) ^(A)										
10% directly to King County	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%
90% shared based on population										
City of Bellevue (estimate)	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%
King County (estimate)	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%
Total Criminal Justice tax	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%
Sound Transit (RTA)	0.400%	0.400%	0.400%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%
Total local rate	1.900%	2.000%	2.100%	2.100%	2.100%	2.100%	2.100%	2.100%	3.000%	3.000%
City of Bellevue share										
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	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%
King County portion	0.969%	1.069%	1.169%	1.169%	1.169%	1.169%	1.169%	1.169%	2.069%	2.069%
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	8.800%	8.900%	9.000%	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%

SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Notes:

- (A) 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 2015, the city's estimated population was 135,000 and the County's population was 2,052,800. Bellevue represented 6.58 percent of the total population of King county and as such would receive 0.006 percent of this tax.
- (B) 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.
- (C) In 2006, voters approved a 0.10 percent sales tax increase for the Transit Now! Transportation package to benefit the expansion of the county's bus service. The tax is effective beginning in 2007.
- (D) Effective April 1, 2008, voters approved a 0.10 percent sales tax increase for the King County Mental Health tax. This tax will benefit chemical dependency and mental health services.
- (E) Effective April 1, 2009, Sound Transit increased portion of sales tax by five-tenths of one percent.

Sources:

- (1) King County/Bellevue Population Data – WA State Office of Financial Management
- (2) Tax rates- WA St. Department of Revenue and City of 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						Grand Total
	Real Property	Personal Property	State Public Service Property	Exemptions	Non-Taxable ^(A)	Omits ^(B)	
2006	\$ 22,643,266	\$ 1,034,980	\$ 383,509	\$ 116,021	\$ 1,421,898	\$ -	\$ 22,523,836
2007	25,197,266	988,691	496,028	123,540	1,628,843	-	24,929,602
2008	29,767,156	121,502	596,988	124,953	-	-	30,360,693
2009	35,848,337	1,172,683	697,455	137,238	-	-	37,581,237
2010	32,224,417	1,209,975	668,110	157,291	-	-	33,945,211
2011	30,291,931	1,220,536	672,827	176,038	-	-	32,009,256
2012	29,171,374	1,193,494	659,024	113,809	-	-	30,910,083
2013	30,866,059	1,324,322	609,300	122,721	-	-	32,676,960
2014	34,292,361	1,275,456	579,835	116,663	-	-	36,030,989
2015	39,536,877	1,165,860	734,283	110,666	-	5,452	41,320,902

*Real, personal, and state public service property have been assessed at 100 percent of the estimated value.

^(A) Starting for the fiscal year 2008 nontaxable values are excluded for assessed taxable property values

^(B) Value of originally omitted taxes owed, found within 3 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
Last Ten Fiscal Years

Fiscal Year	City of Bellevue			School District	King County	Washington State	Port of Seattle	Other	Total
	Operating	Debt Service	Total Rate						
2006	\$ 1.10	\$ 0.06	\$ 1.16	\$ 2.09	\$ 1.33	\$ 2.50	\$ 0.23	\$ 0.75	\$ 8.06
2007	1.04	0.05	1.09	2.09	1.29	2.33	0.23	0.71	7.74
2008	0.92	-	0.92	1.95	1.21	2.13	0.22	0.91	7.34
2009	0.94	-	0.94	1.87	1.10	1.96	0.27	0.76	6.90
2010	1.06	-	1.06	2.22	1.28	2.22	0.22	0.89	7.89
2011	1.13	-	1.13	2.73	1.34	2.28	0.22	0.99	8.69
2012	1.20	-	1.20	3.00	1.42	2.42	0.23	0.98	9.24
2013	1.18	-	1.18	3.25	1.54	2.57	0.23	1.01	9.77
2014	1.07	-	1.07	3.19	1.52	2.47	0.22	1.05	9.52
2015	0.98	-	0.98	3.13	1.35	2.29	0.19	0.93	8.87

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 ten years ago

Rank	Taxpayer	Type of Business	2015		Rank	2006	
			2015 Assessed Valuation (in millions)	Percentage of Total Assessed Valuation ^(A)		2006 Assessed Valuation (in millions)	Percentage of Total Assessed Valuation ^(A)
1	Microsoft	Computer Software	\$ 679	1.67%	(B)	\$ -	0.00%
2	Kemper Development (Bellevue Square Managers INC)	Land Management	578	1.42%	2	288	1.08%
3	Urban Renaissance Group	Property management	381	0.94%	(B)	-	0.00%
4	Kilroy Realty (Three Bellevue Center LLC)	Property management	361	0.89%	6	115	0.43%
5	Boeing	Aerospace	306	0.75%	1	309	1.16%
6	FSP-City Center Plaza LLC (Cole Mt. Bellevue WA LLC)	Property management	298	0.73%	(B)	-	0.00%
7	Puget Sound Energy - Elec/Gas	Utility Services	292	0.72%	4	183	0.69%
8	Bellevue Place	Property management	265	0.65%	3	188	0.71%
9	AAT CC Bellevue LLC	Property management	192	0.47%	(B)	-	0.00%
10	Essex Property Trust	Property management	164	0.40%	(B)	-	0.00%
(B)	Spieker Properties	Real Estate Acquisition	(B)	0.00%	8	102	0.38%
(B)	Property Tax Department	Property management	(B)	0.00%	5	120	0.45%
(B)	Verizon Wireless	Cellular Communications	(B)	0.00%	7	102	0.38%
(B)	T-Mobile	Cellular Communications	(B)	0.00%	9	91	0.34%
(B)	Rainier Plaza	Property management	(B)	0.00%	10	90	0.34%
			<u>\$ 3,516</u>	8.64%		<u>\$ 1,588</u>	5.97%

^(A) 2015 assessed valuation for 2016 tax collection. Total 2015 assessed valuation, in millions, is \$40,703. Total 2006 assessed valuation, in millions, was \$26,612

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

Source: King County Assessor

Table 12

PROPERTY TAX LEVIES AND COLLECTIONS
(in thousands)

<u>Fiscal Year</u>	<u>Total Tax Levy</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>
2006	\$ 27,786	\$ 27,401	98.6%	\$ 384	\$ 27,786	100.0%
2007	28,973	28,631	98.8%	342	28,973	100.0%
2008	28,868	28,500	98.7%	368	28,868	100.0%
2009	35,130	34,664	98.7%	465	35,129	100.0%
2010	36,031	35,561	98.7%	469	36,030	100.0%
2011	36,473	36,078	98.9%	398	36,477	100.0%
2012	36,922	36,530	98.9%	389	36,919	100.0%
2013	38,332	37,888	98.8%	411	38,300	99.9%
2014	38,611	38,183	98.9%	357	38,539	99.8%
2015	39,844	39,393	98.9%	-	39,393	98.9%

Notes:

- (A) The total tax levy is the certified tax levy adopted by City ordinance.
- (B) The amounts presented on this table include omits and levy changes in addition to collections.

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	Per capita
	General obligation bonds	Special assessments	Conditional purchase contracts	PWTF loans	Line of credit	General obligation bonds	Revenue bonds	PWTF loans			
2006	\$ 129,951	\$ 2,641	\$ 1,039	\$ 122	\$ 26,118	\$ 3,950	\$ 4,215	\$ 700	\$ 168,736	2.74%	\$ 1,441
2007	127,423	2,116	247	774	500	3,850	3,085	545	138,540	2.04%	1,173
2008	138,599	1,675	-	676	12,000	3,600	2,105	412	159,067	2.31%	1,332
2009	136,849	1,275	-	638	12,047	3,350	1,080	278	155,517	2.27%	1,294
2010	145,726	795	1,100	638	15,047	2,980	-	159	166,445	2.47%	1,374
2011	142,444	100	450	598	15,047	2,675	-	103	161,417	2.26%	1,321
2012	141,801	55	-	558	15,047	2,375	-	66	159,902	2.14%	1,363
2013	206,726	10	-	518	-	2,080	-	29	209,363	2.78%	1,743
2014	200,389	-	-	478	-	1,690	-	-	202,557	2.19%	1,655
2015	280,323	-	-	438	-	1,310	-	-	282,071	N/A ^(A)	2,089

Notes:

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

(B) Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(C) See Schedule of Demographic and Economic Statistics, Table 18, for personal income and population data.

Source: City of Bellevue Planning and Community Development Department

Table 14

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(in thousands, except per capita)

<u>Fiscal Year</u>	<u>GO Bonds</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Percentage of estimated actual taxable value of property^(A)</u>	<u>Net Bonded Debt per Capita^(B)</u>
2006	\$ 133,901	\$ 1,610	\$ 132,291	0.57%	\$ 1,100
2007	131,273	1,999	129,274	0.51%	1,065
2008	142,199	5,607	136,592	0.44%	1,117
2009	140,199	3,370	136,829	0.36%	1,112
2010	148,706	2,172	146,534	0.43%	1,186
2011	145,119	1,976	143,143	0.44%	1,151
2012	144,176	2,462	141,714	0.48%	1,197
2013	208,806	2,138	206,668	0.69%	1,706
2014	202,079	3,018	199,061	0.60%	1,616
2015	281,633	1,839	279,794	0.68%	2,073

^(A) See table 9 for property value statistics

^(B) See table 18 for population statistics

Table 15

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
(in thousands)

<u>Jurisdiction</u>	<u>Net Outstanding Debt</u>	<u>Percentage Applicable to Bellevue ^(A)</u>	<u>Amount Applicable to Bellevue</u>
City of Bellevue	\$ 282,071	100.00%	\$ 282,071
King County	829,126	10.68%	88,551
School District #405	631,335	80.14%	505,952
School District #414	413,080	1.05%	4,337
School District #403	271,815	2.71%	7,366
School District #411	392,415	12.68%	49,758
Port of Seattle	305,535	10.68%	32,631
Hospital District #2	219,790	0.05%	110
Rural Library District	109,205	18.06%	19,722
Fire District #10	4,515	6.76%	305
Issaquah Library Capital Facility Area	2,135	1.15%	25
Total other jurisdictions	3,178,951	22.30%	708,758
Total Direct and Overlapping Debt	<u>\$ 3,461,022</u>	<u>28.63%</u>	<u>\$ 990,829</u>

^(A) Determined by ratio of 2015 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, 2054 exclusive of refunded bonds.

Source: King County Department of Finance

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$1,995,872	\$2,821,998	\$2,354,687	\$2,821,998	\$2,551,417	\$2,405,906	\$2,323,305	\$2,450,772	\$2,450,772	\$3,099,068
Total net debt applicable to limit	<u>186,820</u>	<u>168,529</u>	<u>150,079</u>	<u>168,529</u>	<u>187,526</u>	<u>196,897</u>	<u>190,186</u>	<u>187,585</u>	<u>217,512</u>	<u>292,461</u>
Legal debt margin	<u>\$1,809,052</u>	<u>\$2,653,469</u>	<u>\$2,204,608</u>	<u>\$2,653,469</u>	<u>\$2,363,891</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	9.36%	5.97%	6.37%	5.97%	7.35%	8.18%	8.19%	7.65%	8.88%	9.44%

LEGAL DEBT MARGIN INFORMATION

December 31, 2015

(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)	\$ 41,320,902	\$ 41,320,902	\$ 41,320,902	\$ 41,320,902	\$ 41,320,902	\$ 41,320,902
Statutory debt limit percentages:	1.50%	1.00%	2.50%	2.50%	2.50%	7.50%
Debt limit	<u>\$ 619,814</u>	<u>\$ 413,209</u>	<u>\$ 1,033,023</u>	<u>\$ 1,033,023</u>	<u>\$ 1,033,023</u>	<u>\$ 3,099,068</u>
Debt applicable to limit						
Bonds outstanding	\$ 281,633	\$ -	\$ 281,633	\$ -	\$ -	\$ 281,633
Capital Lease BCCA - 1991	2,511	-	2,511	-	-	2,511
Capital Lease BCCA - 1994	8,881	-	8,881	-	-	8,881
Less:						
Cash on hand for debt redemption ^(C)	564	-	564	-	-	564
Delinquent taxes ^(D)	-	-	-	-	-	-
Total Net Debt applicable to limit	<u>292,461</u>	<u>-</u>	<u>292,461</u>	<u>-</u>	<u>-</u>	<u>292,461</u>
Remaining Debt Capacity	<u>\$ 327,353</u>	<u>\$ 413,209</u>	<u>\$ 740,562</u>	<u>\$ 1,033,023</u>	<u>\$ 1,033,023</u>	<u>\$ 2,806,607</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 Governmental Accounting Standards Board (GASB) 1994 Codification.

^(B) This figure represents the city's final assessed valuation for 2014 which will be used to determine the 2015 property tax levy.

^(C) Includes year-end balances available in the Regular and Special Levy Redemption funds designated for future redemption of the associated bonds less bond interest payments.

^(D) Delinquent property taxes receivable. Since State law provides for the sale of property to satisfy delinquent tax liens, no allowance has been made for uncollectible amounts.

Source: King County Assessor^(B)

Table 17

PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Revenue Bonds ^(D)							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	
2006	\$ 89,553	\$ 57,778	\$ 31,775	\$ 2,999	\$ 6,297	\$ 9,296	3.42	\$ 625	\$ 720	\$ 238	\$ 958	0.65
2007	92,674	62,958	29,715	2,621	6,174	8,795	3.38	718	484	170	654	1.10
2008	93,087	62,270	30,817	3,126	6,773	9,899	3.11	564	471	11	482	1.17
2009	95,930	68,602	27,328	3,403	7,016	10,419	2.62	645	401	85	486	1.33
2010	102,010	73,342	28,668	1,361	1,550	2,911	9.85	475	403	58	461	1.03
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

^(A) Gross revenues as defined in applicable bond indentures for the Water and Sewer Funds, excluding gain on sale of assets.

^(B) Total expenses excluding depreciation, amortization, bond interest, utility taxes and loss on disposal of fixed assets.

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

^(D) Net revenue available for debt service divided by total debt service requirements.

Note: Figures for revenue bonds have been restated for prior years to exclude general obligation debt. There are no expenses for 2015 as the entire revenues collected are pledged to BCCA. 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	Unemployment Rate	CPI-U%
2006	117,580	\$ 56,869	\$6,686,657	39	48,639	16,461	131,418	3.3%	3.7%
2007	118,701	60,779	7,214,528	40	49,035	16,520	134,766	2.8%	3.9%
2008	119,973	61,883	7,424,289	41	49,500	16,937	138,723	3.3%	4.2%
2009	120,872	57,002	6,889,946	38	49,805	17,311	130,930	6.7%	0.6%
2010	122,363	57,930	7,088,489	38	50,355	17,783	130,249	7.4%	0.3%
2011	123,400	60,876	7,512,098	38.3	50,933	18,048	133,846	6.6%	2.7%
2012	124,600	66,138	8,240,795	38	51,493	18,351	138,904	5.6%	2.5%
2013	132,100	65,990	8,717,279	38	54,422	18,515	136,084	4.3%	1.2%
2014	134,400	68,877	9,257,069	39	55,644	19,097	148,788	4.1%	1.8%
2015	135,000	(A)	(A)	(A)	55,922	19,613	(A)	4.0%	1.4%

(A) Data not available at time of publication

Sources:

- 1) Population and number of households provided by Washington State's Office of Financial Management. Note, estimates from 2005 to 2009 were revised to match OFM's intercensal estimates.
- 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, reestimation, 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	2015			2006		
		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	4,600	3.01%	(C)	(C)	(C)
T-Mobile USA	Cellular Telephones	2	4,100	2.68%	1	3,400	2.52%
Expedia	Online Travel	3	3,400	2.22%	(C)	(C)	(C)
Overlake Hospital Medical Center	Medical Hospital	4	2,700	1.76%	3	2,200	1.63%
Boeing	Aviation	5	2,700	1.76%	2	2,900	2.15%
Bellevue School District	Education K-12	6	2,500	1.63%	4	2,000	1.48%
Bellevue College	Higher Education	7	2,000	1.31%	7	1,300	0.96%
City of Bellevue	Government	8	1,600	1.05%	6	1,500	1.11%
Puget Sound Energy	Utility Services	9	1,200	0.78%	10	900	0.67%
Concur	Online Travel	10	1,000	0.65%	(C)	(C)	(C)
			<u>25,800</u>	<u>16.85%</u>		<u>14,200</u>	<u>10.54%</u>

Estimated number of total jobs at the end of 2015 was 153,075 and 134,766 for 2006.

- (A) Number of jobs data was provided by the City of Bellevue Planning and Community Development Department. Note, estimates are rounded to the nearest 100.
- (B) Historical data was primarily unavailable and as a result, no ranking was applied. For those employers where data was available, employee counts were provided.
- (C) Historic estimates of the number of employees in Bellevue for these major employers were either zero or unavailable.

Source: Planning and Community Development Department

Table 20

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government	327	349	363	403	384	358	337	351	352	382
Public Safety										
Police										
Officers	173	175	182	180	181	180	178	180	180	180
Civilians	93	93	99	97	42	35	35	35	35	41
Fire										
Firefighters and officers	198	207	209	218	216	212	216	216	220	214
Civilians	24	28	37	30	33	31	29	27	25	28
Transportation	129	129	130	117	117	115	112	116	117	122
Culture and recreation	180	163	163	163	166	164	162	162	162	165
Water	61	62	63	63	66	66	66	66	66	69
Sewer	41	41	42	42	46	46	47	49	49	51
Storm Drainage	45	45	45	45	48	49	49	48	48	47
Total	<u>1,269</u>	<u>1,291</u>	<u>1,333</u>	<u>1,358</u>	<u>1,299</u>	<u>1,256</u>	<u>1,231</u>	<u>1,252</u>	<u>1,252</u>	<u>1,299</u>

Note: Police Civilian FTEs decreased in 2010 due to the move of dispatch position to the NORCOM agency.

Source: City of Bellevue’s Budget Office

Table 21
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OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function:										
Public safety/judicial:										
Police:										
Offenses:										
Rape	42	29	33	25	10	23	26	20	25	25
Robbery	71	61	71	61	59	58	67	48	65	64
Homicide	3	0	0	2	0	2	2	1	2	2
Assault	570	528	582	545	538	553	517	491	438	489
Auto theft	476	446	274	179	207	157	169	249	314	221
Burglary	591	583	687	621	657	607	685	688	631	732
Larceny	3,178	3,152	3,327	3,150	2,905	2,775	2,649	3,013	3,662	3,484
Citations:										
Traffic	22,088	20,814	22,664	22,914	20,959	18,084	15,809	18,089	16,447	11,428
Criminal	2,383	2,533	2,653	2,473	2,266	2,577	2,695	2,052	1,752	1,587
Judicial system:										
Handled by district court	24,471	23,347	25,317	25,387	23,225	20,661	18,504	20,141	18,199	13,015
Fire:										
First response:										
Buildings	123	110	120	120	96	86	117	135	170	162
Non-Buildings	300	237	225	259	184	157	197	224	228	340
Service	506	450	422	462	340	350	293	436	519	598
False alarm	1,682	1,446	1,573	1,502	1,438	1,342	1,320	1,429	1,584	1,507
Other	1,671	1,078	1,039	984	860	838	832	928	995	1,006
Medic 1 Responses:										
First aid	14,002	13,525	13,640	13,794	13,571	13,469	13,851	13,796	14,244	14,606
Runs per week	269	260	262	265	261	259	266	265	274	281

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function:										
Transportation:										
Area of roadway repaired (sq ft)	10,631	16,330	19,305	16,626	13,510	28,999	48,929	34,518	50,406	39,073
Miles of streets swept	4,685	5,098	3,506	2,385	4,410	3,962	3,601	2,892	5,182	5,696
Area of sidewalk repaired (sq ft)	4,497	5,222	10,090	5,299	3,153	6,374	9,283	14,664	16,070	23,643
Physical/economic environment:										
Building permits issued	13,673	13,707	12,862	10,984	11,506	11,261	12,380	14,239	14,263	14,470
Estimated value (in millions)	761	831	629	274	209	168	377	560	715	950
Culture and recreation:										
Number of rounds of golf played	61,043	75,913	79,883	79,610	73,902	70,368	62,143	71,335	66,182	81,039
Water utility:										
Water consumption (CCF in thousands)	7,293	6,852	6,612	6,908	6,277	6,349	6,652	6,623	6,776	7,068
Number of customers:										
Residential	34,286	34,440	34,544	34,599	34,667	34,723	34,797	34,879	35,004	35,086
Multi-residential	659	651	648	647	650	661	662	661	663	680
Commercial	2,110	2,101	2,107	1,855	1,808	2,087	2,091	2,071	2,076	2,070
Total number of customers	37,055	37,192	37,299	37,101	37,125	37,471	37,471	37,611	37,743	37,836
Water consumption peak in a day (millions of gallons)	33	32	29	37	29	27	29	29	31	32
Water consumption peak in a month (millions of gallons)	830	724	776	876	737	750	761	792	792	881

Table 21
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OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function:										
Sewer utility:										
Sewer consumption (CCF in thousands)	5,362	5,401	5,533	5,322	4,603	5,404	5,400	5,382	5,386	5,634
Number of customers:										
Residential	33,710	33,865	33,057	33,195	34,596	33,320	34,696	34,723	34,780	34,833
Multi-residential	653	648	644	641	648	652	654	653	654	656
Commercial	1,721	1,725	1,737	1,719	1,710	1,709	1,734	1,713	1,705	1,700
Total number of customers	36,084	36,238	35,438	35,555	36,954	35,681	37,084	37,089	37,139	37,189
Storm and surface water:										
Number of customers:										
Residential	28,000	28,064	28,153	28,158	28,196	28,266	30,309	30,392	30,497	30,529
Multi-residential	531	525	524	526	546	530	546	544	545	547
Commercial	1,974	1,960	1,968	1,949	1,939	1,939	1,960	1,951	1,931	1,929
Total number of customers	30,505	30,549	30,645	30,633	30,681	30,735	32,815	32,887	32,973	33,005

Note: No operating indicators are available for general government and marina.

Sources: City of Bellevue Departments: Police, Development Services, Fire, Utilities, Transportation, and Parks

CAPITAL ASSETS BY FUNCTION
Last Ten Fiscal Years

Function:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety:										
Police										
Traffic/patrol units	76	78	72	72	73	75	73	73	70	68
Fire										
Fire stations	9	9	9	9	9	9	9	9	9	9
Fire apparatus	28	23	21	22	22	22	22	20	20	20
Fire aid units	12	18	17	18	16	16	15	15	15	15
Transportation:										
Paved streets (miles)	389	390	390	390	390	390	412	414	414	416
Sidewalks (miles)	333	334	336	329	329	336	337	341	346	352
Traffic signals	179	180	182	182	183	184	186	187	193	198
City of Bellevue streetlights	2,982	3,026	3,205	3,232	2,900	3,048	3,106	3,113	3,170	3,192
Puget Sound Energy streetlights	4,655	4,835	5,064	5,102	5,146	5,385	5,610	5,639	5,656	5,835
Culture and Recreation/Marina:										
Parks acreage	2,612	2,657	2,696	2,696	2,707	2,707	2,721	2,721	2,727	2,732
Parks	77	77	77	77	77	77	77	77	77	77
Maintained trails (miles)	74	97	80	80	80	92	92	92	93	93
Playgrounds	45	45	45	45	45	46	46	46	46	46
Tennis courts/centers	39	39	39	39	39	38	38	38	38	38
Sports fields	32	32	32	32	32	34	34	34	34	35
Sports courts	27	27	27	27	27	27	27	27	27	27
Swimming beaches/pools	7	7	7	7	7	7	7	7	7	7
Vistor/interpretive centers	3	3	4	4	4	4	4	4	4	4
Community centers/recreation facilitie	5	5	5	5	5	5	5	5	5	5
Golf courses	2	2	2	2	2	2	2	2	2	2
Marinas/boat launches	2	2	2	2	2	2	2	2	2	2

CAPITAL ASSETS BY FUNCTION
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water:										
Water mains (miles)	617	617	620	620	616	618	617	619	619	619
Vehicles	43	43	40	41	41	32	34	35	36	40
Sewer:										
Sanitary sewers (miles)	520	521	523	523	525	525	525	526	526	525
Vehicles	35	37	38	41	41	29	27	28	29	36
Storm & surface water:										
Vehicles	27	27	26	28	28	24	25	26	27	29

Note: No capital asset indicators are available for the general government, judicial, economic environment or physical environment functions.

Sources: City of Bellevue Departments - Parks, Civic Services, Transportation, and Utilities

