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City of Redmond, Washington

Comprehensive Annual **Financial Report**

For the fiscal year ended December 31, 2014

2014

VISION

Work together to realize Redmond's future as a city with two vibrant urban centers, improve connections to our neighbors, and provide high quality, responsive services in partnership with an engaged community.



15670 NE 85th Street
Redmond, WA 98073
425.543.5432 ph
425.543.5433 fax
www.redmond.gov

CITY OF REDMOND, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

PREPARED BY THE FINANCE DEPARTMENT

MICHAEL E. BAILEY, CPA
DIRECTOR OF FINANCE AND INFORMATION SERVICES

MALISA FILES
DEPUTY DIRECTOR OF FINANCE AND INFORMATION SERVICES

GINI SCHACKER
ACCOUNTING SERVICES MANAGER

STEPHANIE WOO, ABA
SENIOR ACCOUNTANT

NIDA HERMOSO
ACCOUNTANT

RYAN EDWARDSSEN
ACCOUNTANT

KELLEY WOOD
TREASURY MANAGER

IRENE MOCK
DEPARTMENT ADMINISTRATIVE COORDINATOR

City of Redmond, Washington
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 For the Year Ended December 31, 2014

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**City of Redmond
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO



ELECTED OFFICIALS



MAYOR
JOHN MARCHIONE

CITY COUNCIL



TOM FLYNN



BYRON SHUTZ



KIMBERLY ALLEN
VICE PRESIDENT



HANK MYERS



DAYLE (HANK) MARGESON
PRESIDENT



DAVID CARSON



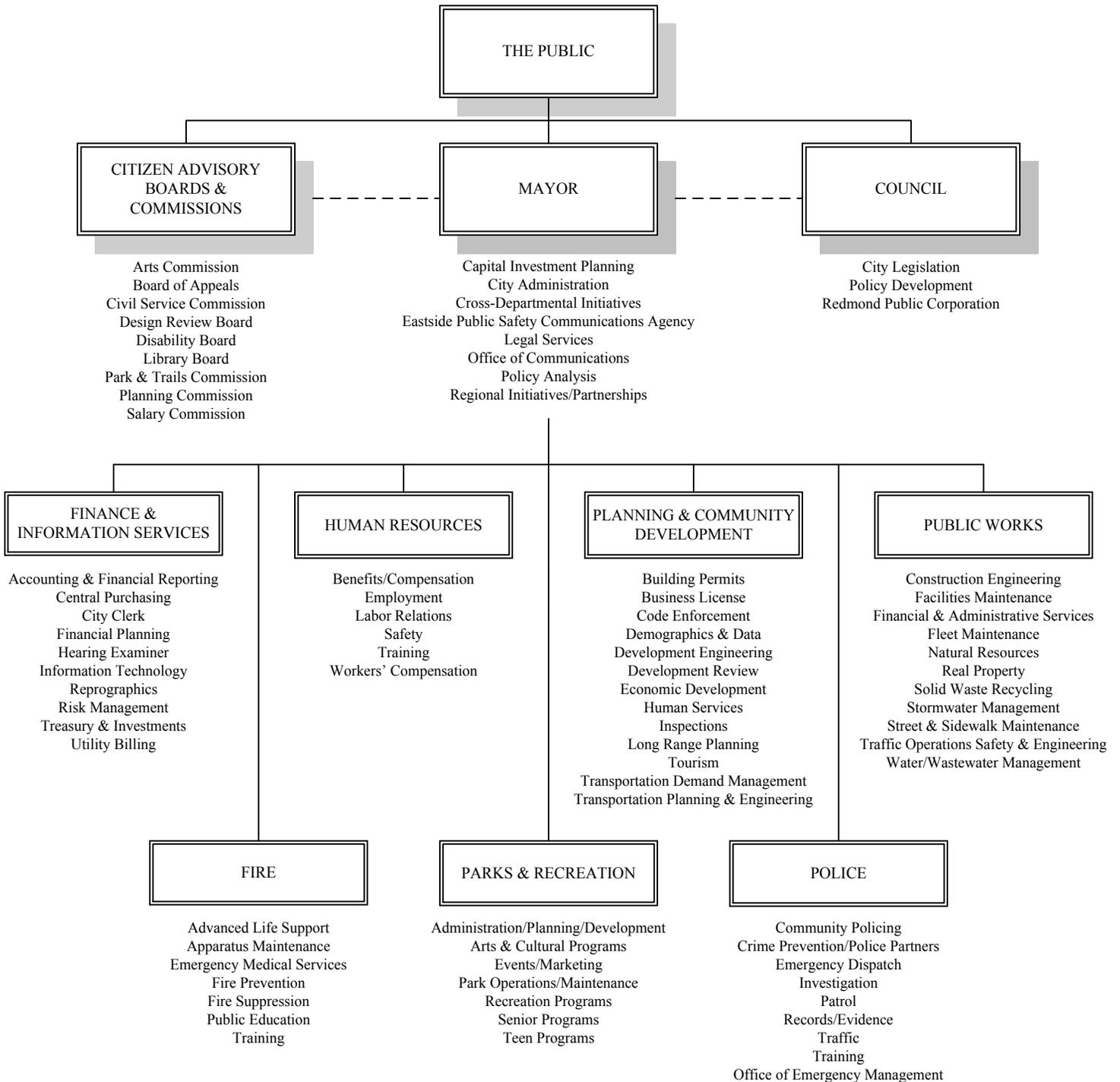
JOHN STILIN

EXECUTIVE STAFF & LEGAL COUNSEL

DEPUTY CITY ADMINISTRATOR
FINANCE & INFORMATION SERVICES DIRECTOR
FIRE CHIEF
HUMAN RESOURCES DIRECTOR
PARKS & RECREATION DIRECTOR
PLANNING & COMMUNITY DEVELOPMENT DIRECTOR
POLICE CHIEF
PUBLIC WORKS DIRECTOR
CITY ATTORNEY
BOND ATTORNEY
PROSECUTOR

JANE CHRISTENSON
MICHAEL E. BAILEY
TOMMY SMITH
MELLODY MATTHES
CRAIG LARSEN
ROB ODLE
RON GIBSON
LINDA DE BOLDT
OGDEN MURPHY WALLACE
PACIFICA LAW GROUP
LARRY MITCHELL

ORGANIZATIONAL STRUCTURE CITY OF REDMOND





June 26, 2015

Mayor Marchione,
The Redmond City Council, and
Citizens of Redmond, Washington:

I am pleased to provide the Comprehensive Annual Financial Report of the City of Redmond for the fiscal year ended December 31, 2014. This report is published annually as the official annual financial report and complies with State law (RCW 43.09.230) requiring annual reports for Washington municipal governments to be certified and filed with the Washington State Auditor's Office.

As management for the City, we are responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all related disclosures. The City operates under a system of accounting internal controls that are concerned with the safeguarding of assets and the reliability of financial records. The definition of accounting control assumes reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived.

Cities and counties of the State of Washington use the Budgeting, Accounting and Reporting System (BARS) developed and prescribed by the Office of the State Auditor. State law provides for an annual independent audit to be conducted by the Office of the State Auditor. This report includes the auditor's opinion with respect to the city's financial statements.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis (MD&A)*. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Redmond's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

Incorporated in 1912, Redmond is the nineteenth largest city in the state of Washington encompassing an area of 17.15 square miles east of downtown Seattle on the east side of Lake Washington. Redmond has grown from a population of 1,453 in 1960 to a 2014 population of 57,700.

Redmond is a non-charter code city, operating under Section 35A of the Revised Code of Washington. It has a Mayor/Council form of government. The Mayor and the seven member City Council are elected for staggered four-year terms and are elected at-large. Members of the City Council are responsible for establishing the general direction and policies for the City and for providing the resources necessary to carry out those policies. As the City's chief administrator, the Mayor is responsible for carrying out the policy and direction set by the City Council. This includes the enforcement of laws and ordinances, the execution of contracts and agreements, and maintenance of peace and order in the City.

The City of Redmond provides a full range of municipal services, including police and fire, emergency medical services, planning and zoning, street maintenance and construction, parks and recreation, and general administrative services. The City operates enterprise funds for water and wastewater services and stormwater management.

This report includes all funds, agencies, and boards and commissions that are controlled by, or dependent on, the City's executive and legislative departments. Included as part of the reporting entity are the Redmond Community Facilities District, Redmond Public Corporation and Redmond Community Properties. Additional information on these entities can be found in the Notes to the Financial Statements.

The City prepares a biennial budget on the modified accrual basis in accordance with the Revised Code of Washington (RCW) 35A.34. Biennial budgets must be adopted by the City Council prior to the first of each odd-numbered calendar year. Reviews are conducted at mid-biennium and any changes for the second half of the biennium are adopted by the City Council.

The biennial budget serves as the foundation for the City of Redmond's financial planning and control. The budget is prepared by fund and department. A budget increase or decrease to a fund must be authorized by the City Council. Appropriation changes within a fund may be authorized by the Mayor.

Local Economy

Redmond has evolved from a small town with logging and farming as its chief industries into a city of very diverse industries. Led by a significant technology industry, the local economy also includes light manufacturing, business parks, and a large outdoor mall adjacent to the downtown retail core. The largest employer in Redmond is Microsoft which has its world headquarters and about 33,792 employees located in the City. Other significant employers in our city include Terex (formerly Genie Industries) (2,078 employees), Eurest Dining Services @ Microsoft (980 employees), Nintendo of America (942 employees), AT&T Mobility (915 employees), and Physio Control (728 employees).

Like most cities across the country, Redmond saw a significant decline in economic activity and tax revenues during the 2008/2009 recession. Since that time the recovery has been slow but steady. While we are seeing significant investments in the local economy (in the form of commercial developments) the city's tax revenues have been slow to reflect the renewed growth. Sales taxes in 2014 actually declined when compared to 2013 levels. It appears that this reflects both the sluggishness of the economic recovery as well as a continuing shift to new economic models. Traditional taxes on telecommunications have stagnated or declined for some time for example. Sales taxes collected for "non-store" (or remote sales transactions) increased by 10% during this time, though not sufficient to offset declines in "in-store" sales. The City's financial planning efforts are adjusting for this slow recovery.

Several significant projects in the downtown area have included large multi-use developments and new medical facilities. The city is continuing to make major investments in roadways, utility infrastructure and parks facilities in pursuit of the transformation of its two urban centers (the historic downtown and the "Overlake" area which is the primary location of technology firms). The City's commitment to investing in its capital assets continued during the economic downturn with an increase in capital assets of \$94.7 million from 2010 (\$580.9 million) to 2014 (\$675.6 million).

Long-term Financial Planning and Relevant Financial Policies

In line with the City Council's financial strategy to maintain a diversified and stable revenue system, the city consistently develops long term financial plans and adjusts revenue strategies accordingly. Three of these revenue sources, utility tax rate, business license fees, and developer fees, were increased by Council vote in 2006. In 2007 voters approved three Levy Lid Lifts to provide additional revenue in 2008. In adopting the 2015-2016 budget the council again increased utility taxes and business license fees. In addition, the city subsequently put an increase to the property tax levy on the August 2015 ballot. This increase would be for six years and specifically increase funding for priority city programs.

Beginning early in 2008, the Mayor and Council initiated a "Budgeting by Priorities" process. This process helped to align community priorities with efficient delivery of city services through the development of the 2009/2010 biennium budget. It also includes performance indicators to gauge the degree of success in addressing the community priorities with city resources. This process has been used since that time, including the past four biennium budgets.

City financial policies restrict the use of borrowed funds to capital improvements that can't be financed from current revenues. Debt is not used for current operations. The City issued bonds in 2008 for significant transportation improvements to support development in the downtown and to improve its utility systems. The City again issued bonds to finance acquisition of park land in the downtown in early 2011. In 2013 the city refinanced the capital lease obligation to Redmond Community Properties for the construction of its city hall with the issuance of limited tax general obligation bonds. This resulted in transfer of ownership of City Hall from Redmond Community Properties to the City, and a total savings of more than \$1.5 million in debt service payments. In 2014 the City issued \$22.95 million in bonds to finance significant investment in storm water management systems. More information about city bonds and debt can be found in the Notes to the Financial Statements in this report.

To ensure the City keeps abreast of and incorporates economic conditions into its financial plans, revenues are projected for the next six years and the forecast is updated annually (and available on the city's website). Operating expenses are supported by ongoing revenues per City policy. Short-term financial planning is inherent in the development of the City's biennial budget. In addition, the City's long-term capital needs and potential funding sources are assessed as part of its "Capital Investment Strategy". In this effort the city forecasts capital needs consistent with its vision and its comprehensive land use plan through the year 2030.

Major Initiatives

The City continues its tradition of significant investments in capital facilities needed to provide services to our community. Investments in general government capital facilities amounted to over \$15.1 million in 2014. Projects completed in 2014 included completion of the Redmond Central Connector to the downtown parking lot, significant roadway construction and park improvements. Investments in capital assets of the city's utilities amounted to \$29.2 million in 2014 and included significant investments in regional surface water facilities and other amenities.

Two ongoing community events were again featured and expanded in 2014, Derby Days and Redmond Lights. Derby Days, held in mid-July, celebrates Redmond's bicycling heritage. The festival features the Criterium, which is the City's oldest event and the nation's longest running bicycle race, a 5K run/walk, parades, live entertainment, and much more. The second event, Redmond Lights, is the City's annual year-end holiday celebration, running from early December through early January. In 2014 a new, multi-day community event was added. "So-Bazaar" is a market and imaginative platform for local artists, artisans, chefs, and entertainers. On three nights in August, the streets of Downtown Redmond come alive with performances, art installations, artisanal foods, fine art and opportunities for social engagement. The event proved extremely popular and will be back in 2015!

National Night Out, "America's Night Out Against Crime" began in 1984 in an effort to promote involvement in crime prevention activities, police-community partnerships, neighborhood camaraderie and send a message to criminals letting them know that neighborhoods are organized and fighting back. National Night Out takes place annually, on the first Tuesday of August. The event celebrates safety and crime prevention successes and works to expand and strengthen programs to help make neighborhoods a safer place year round. In Redmond, it has continued to grow into a significant point of connection between the city, its neighborhoods and among the neighbors themselves.

Awards and Acknowledgments

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 Redmond for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2013. 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 preparation of the Comprehensive Annual Financial Report could not have been accomplished without the efforts and dedication of City staff. I am very proud of those who have dedicated numerous hours of service to the community in this effort. I would like to express my appreciation to the staff, including personnel from various departments and agencies who assisted in its preparation. Also, I would like to thank the Mayor and the City Council for their continued interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael E. Bailey". The signature is stylized and cursive.

Michael E. Bailey, CPA
Finance Director



Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 26, 2015

Mayor and City Council
City of Redmond
Redmond, 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 remaining fund information of the City of Redmond, King County, Washington, as of and for the year ended December 31, 2014, 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 remaining fund information of the City of Redmond, King County, Washington, as of December 31, 2014, 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 19, during the year ended December 31, 2014, the City has implemented the Governmental Accounting Standards Board *Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. 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 12, budgetary comparison information on page 67, information on postemployment benefits other than pensions on page 71 and pension trust fund information on pages 68 through 70 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 72 through 108 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 26, 2015, 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,



JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

Management's Discussion And Analysis

The management discussion and analysis section of the City of Redmond's Comprehensive Annual Financial Report provides an overview of the City's financial activities for the year ending December 31, 2014, and resulting changes in the financial position as of December 31, 2014. For a better understanding of Redmond's finances for the previous year, readers should consider this information in conjunction with the preceding letter of transmittal, the financial statements and notes to the financial statements that follow.

Financial Highlights

In 2014, the City held a steady course focusing on the vision of two vibrant urban centers by continuing work in the downtown corridor, planning for future development in the Overlake area and connecting established neighborhoods. As shown below, the City continues its legacy of prudent financial management.

- The assets and deferred outflows of resources of the City of Redmond exceeded its liabilities at fiscal year-end by \$747.0 million (net position), an increase of \$32.2 million or 4.5% over 2013. Of this amount, unrestricted net position totals \$127.1 million and may be used to meet the city's ongoing obligations to citizens and creditors. Restricted net position totals \$40.1 million and is earmarked for debt service, capital projects and special revenue funds.
- At December 31, 2014, the City's governmental activities reported combined ending net position of \$381.9 million, an increase of \$11.6 million over 2013. Approximately 14.7% of this amount (\$56.1 million) is available for spending at the City's discretion (*unrestricted net position*).
- The City of Redmond's total outstanding long-term debt increased by \$21.9 million during the fiscal year due to issuance of utility revenue bonds of \$23.0 million with a premium of \$3.2 million, an increase of \$0.6 million in compensated absences and other post-employment benefits, and a reduction of \$4.9 million in principal payments and amortization of premiums. See note 12 to the financial statements for more information.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Redmond's basic financial statements, which are comprised of three components: 1) government wide financial statements, 2) fund financial statements and 3) notes to the financial statements. Other supplementary information, intended to furnish additional detail to support the basic financial statements, is also contained in the report.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Redmond's finances, in a manner similar to a private-sector business.

The **Statement of Net Position** presents financial information on all the City of Redmond's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Redmond is improving or deteriorating.

The **Statement of Activities** presents information designed to show how the City's net position changed during the year. The statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by the specific functions (charges for services, grants, and contributions) is

compared to the expenses for those functions to show the degree to which each function supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed. Items such as (but not limited to) uncollected taxes, unpaid vendor invoices for goods or services received during the year, and earned but unused vacation leave are included in the statement of activities as revenue and expenses even though no cash has changed hands.

Both the government-wide financial statements distinguish functions of the City of Redmond that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Redmond include general government (finance, executive and human resources), security (police and fire), physical environment, economic environment, transportation, mental/physical health, and culture and recreation. The City's business-type activities are limited to water/wastewater and stormwater utilities. Governmental activities are primarily supported by taxes, charges for services, and grants. Business-type activities are primarily self-supporting through user fees and charges.

Fund Financial Statements

The annual financial report includes fund financial statements in addition to the government-wide financial statements. While the government-wide statements present the City's finances based on the type of activity, general government versus business-type, the fund financial statements are presented by fund type such as the general fund, special revenue funds, and proprietary funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. Funds are often set up in accordance with special regulations, restrictions or limitations. The City of Redmond, like other state and local governments, uses fund accounting to ensure and show compliance with finance-related legal requirements. The City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions as are reported as governmental activities in the government-wide financial statements. These reports use a different "basis of accounting" than that used in government-wide financial statements. The governmental fund statements focus on near-term revenues/financial resources and expenditures while the government-wide financial statements include both near-term and long-term revenues/financial resources and expenses. The information in the governmental fund statements can be used to evaluate the City's near-term financing requirements and immediate fiscal health. Comparing the governmental fund statements with the government-wide statements can help the reader better understand the long-term impact of the City's current year financing decisions. To assist in this comparison, reconciliations between the governmental fund statements and the government-wide financial statements are included with the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances.

The City of Redmond maintains fourteen individual governmental funds. The City's two major governmental funds – the general fund and the capital investments program fund – are presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The remaining governmental funds are combined in this statement into a single column labeled other

governmental funds. Individual fund data for each of the other governmental funds can be found in combining statements later in this report.

The City maintains budgetary control over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level for all funds in accordance with state law. All budgetary comparison schedules are included following the other governmental funds' combining statements in this report.

Following is a brief analysis of each of the City's major governmental funds:

The General Fund is the primary operating fund of the City through which all receipts and payments of ordinary City operations are processed, unless they are required to be accounted for in another fund. At the end of 2014, the fund balance of the General Fund was \$34.8 million, which represents a decrease from the prior year of \$2.4 million.

General Fund revenues increased by \$2.2 million (2.6%) in 2014. The key elements of this increase are as follows:

- Taxes increased by \$1.1 million including growth in property taxes by \$0.8 million due to a rise in new construction, refunds and the 1% levy increase allowed by law. In addition, a net increase of \$0.4 million in utility taxes occurred through a combination of growth in electric and gas utility taxes (\$1.3 million) and elimination of the City's tax on its water utility (\$0.9 million) in response to a legislative change mitigating the original purpose of the imposition of the tax (the Lane vs. Seattle court case).
- Intergovernmental rose by \$0.6 million primarily due to an increase in grant revenue.
- Licenses and permits grew by \$0.5 million due to continuing recovery of the real estate market and increases in construction activity.

Increased revenues were partially offset by declines in sales tax (\$0.6 million), investment interest (\$0.08 million) and fines and forfeitures (\$0.2 million) due to low interest rates and the shift in the police department philosophy to a more community policing model.

General Fund expenditures increased \$1.6 million (2.1%) over 2013, due to an increase in Security of persons and property resulting from adjustments to overtime paid per the Fair Labor Standards Act to accommodate the firefighters 48/96 schedule. Additional increases included grant expenditures related to fire department activities, jail costs, a correction in fire department workers' compensation costs and hardware and software purchases to provide the police department with additional laptop computers.

The Capital Investments Program Fund (CIP Fund) accounts for financial resources to be used for the acquisition, construction, and preservation of major capital facilities other than those financed by proprietary funds. At the end of 2014, the fund balance of the Capital Investments Program Fund was \$33.8 million, which represents an increase from the prior year of \$1.0 million.

Capital Investments Program Fund revenues increased by \$0.8 million (9.5%) in 2014, primarily due to grants.

Capital Investments Program Fund expenditures increased by \$4.2 million (41.8%) in 2014, due to projects such as improvements to Cleveland Street, construction of the Redmond Central Connector, the design of Downtown Park and constructing a roundabout on 116th Avenue.

Capital Investments Program Fund net transfers between other funds increased by \$1.3 million primarily due to additional transfers from the General Fund to support projects listed above.

Proprietary funds are used by governments to account for their business-type activities. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers. There is a direct relationship between the fees paid and the services received.

The City of Redmond 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 and the community. Internal service funds are used to account for goods and services provided internally to various City departments. The same basis of accounting is used for proprietary funds in both the government-wide statements and the individual fund statements.

Enterprise funds of the City are used to report the same functions presented as business-type activities in the government-wide statements with the fund statements providing more detail than is reported in the government-wide statements. The enterprise fund statements provide separate information for the City's water/wastewater utility, an Urban Planned Development (UPD) water/wastewater utility outside the City limits, and the City's stormwater utility.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, insurance premiums and claims, medical self-insurance, worker's compensation self-insurance program, and information technology. Internal service fund activities are predominantly governmental and have been included in the governmental activities columns of the government-wide Statement of Net Position and Statement of Activities.

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 Redmond'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. The City has one component unit presented in the fiduciary statements, Redmond Community Facilities District, which was created in 2014 for the purpose of financing the construction of a pedestrian/bicycle bridge over SR 520 at the Overlake Transit Station. (See Note 14 – Component Units for additional information.)

Notes to the financial statements

The notes to the financial statements provide additional information that is important for a full understanding of the data in the government-wide and fund financial statements. The notes are located immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to certain retired firefighters and lifetime medical benefits to uniformed personnel hired before October 1, 1977. Required supplementary information may be found immediately following the notes to the financial statements.

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

Government-wide Financial Analysis

Statement of Net Position

The Statement of Net Position can serve as a useful indicator of the City's financial position. The City of Redmond's net position at December 31, 2013 and 2014 total \$714.8 million and \$747.0 million, respectively. The City's overall net position increased \$32.2 million (4.5%) from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

By far, the largest portion of the City's net position (\$580.0 million; 77.6%) reflects investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (\$40.1 million; 5.4%) represents resources that are subject to external restrictions on how they may be used. The largest portion of these funds are restricted for capital projects (\$20.7 million), and police, fire and advance life support (\$8.9 million). The remaining balance of \$127.0 million (17.0%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

Following is a condensed version of the government-wide Statement of Net Position for 2014 compared to 2013.

City of Redmond's Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 106,563	\$ 105,836	\$ 83,431	\$ 65,779	\$ 189,994	\$ 171,615
Capital assets, net of accumulated depreciation	357,292	350,030	318,357	291,505	675,649	641,535
Total assets	\$ 463,855	\$ 455,866	\$ 401,788	\$ 357,284	\$ 865,643	\$ 813,150
Deferred outflows	1,443	1,511	-	-	1,443	1,511
Total assets and deferred outflows	\$ 465,298	\$ 457,377	\$ 401,788	\$ 357,284	\$ 867,086	\$ 814,661
Long-term liabilities	\$ 73,621	\$ 76,881	\$ 34,581	\$ 9,464	\$ 108,202	\$ 86,345
Other liabilities	9,762	10,223	2,082	3,260	11,844	13,483
Total liabilities	\$ 83,383	\$ 87,104	\$ 36,663	\$ 12,724	\$ 120,046	\$ 99,828
Net Position						
Net investment in capital assets	\$ 292,662	\$ 281,614	\$ 287,209	\$ 282,586	\$ 579,871	\$ 564,200
Restricted	33,146	32,721	6,917	3,851	40,063	36,572
Unrestricted	56,106	55,938	70,999	58,123	127,105	114,061
Total net position	\$ 381,914	\$ 370,273	\$ 365,125	\$ 344,560	\$ 747,039	\$ 714,833

Changes in net position

The changes in net position table illustrates the increases or decreases in net position of the City resulting from its operating activities. Following is a condensed version of the City's changes in net position. The table shows the revenues, expenses, and related changes in net position in tabular form for the governmental activities separate from the business-type activities for 2014 and 2013.

City of Redmond's Changes in Net Position (in thousands)

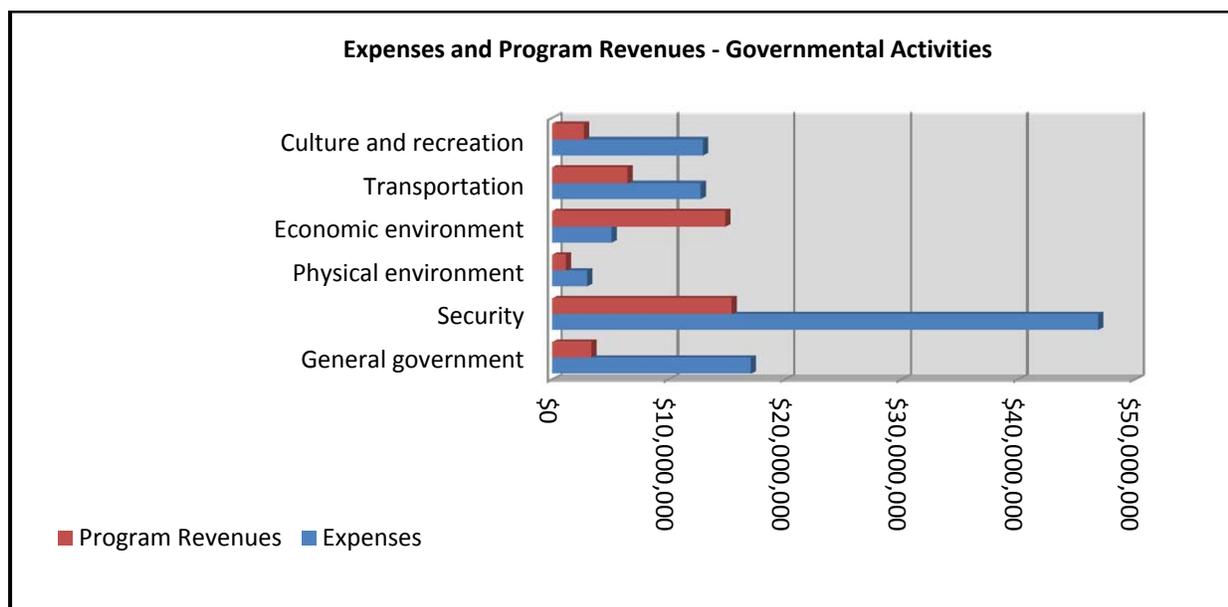
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 38,181	\$ 38,150	\$ 51,590	\$ 50,924	\$ 89,771	\$ 89,074
Operating grants and contributions	1,718	1,350	5,678	5,013	7,396	6,363
Capital grants and contributions	4,147	3,180	8,442	6,900	12,589	10,080
General revenues:						
Property taxes	22,817	22,234	-	-	22,817	22,234
Sales taxes	22,131	22,584	-	-	22,131	22,584
Other taxes	19,397	20,473	-	-	19,397	20,473
Investment interest	835	162	400	(186)	1,235	(24)
Miscellaneous	2,059	1,998	197	150	2,256	2,148
Total revenues	\$ 111,285	\$ 110,131	\$ 66,307	\$ 62,801	\$ 177,592	\$ 172,932
Expenses:						
General government	\$ 16,852	\$ 18,474	\$ -	\$ -	\$ 16,852	\$ 18,474
Security	46,622	46,494	-	-	46,622	46,494
Physical environment	2,950	2,991	-	-	2,950	2,991
Economic environment	4,984	4,738	-	-	4,984	4,738
Transportation	12,645	12,240	-	-	12,645	12,240
Culture and recreation	12,754	12,677	-	-	12,754	12,677
Interest on long term debt	2,837	2,433	669	-	3,506	2,433
Water/Wastewater	-	-	31,032	30,505	31,032	30,505
UPD Water/Wastewater	-	-	5,982	5,988	5,982	5,988
Stormwater	-	-	7,581	6,935	7,581	6,935
Loss on disposal of assets	-	-	478	-	478	-
Total expenses	\$ 99,644	\$ 100,047	\$ 45,742	\$ 43,428	\$ 145,386	\$ 143,475
Increase/(Decrease) in net position	11,641	10,084	20,565	19,373	32,206	29,457
Net position - beginning	370,273	360,189	344,560	325,187	714,833	685,376
Net position - ending	\$ 381,914	\$ 370,273	\$ 365,125	\$ 344,560	\$ 747,039	\$ 714,833

Governmental activities

During the 2014 fiscal year, net position for governmental activities increased \$11.6 million (3.1%), compared to \$10.1 million (2.8%) in 2013. Key elements of the increase are as follows:

- Total assets and deferred outflows from Governmental activities increased by \$7.7 million (1.7%).
 - Cash and investments reflect a decrease of \$1.2 million from 2013 to 2014 (1.3%) while all other receivables, inventory and prepaid expenses increased \$0.8 million (7.0%).
 - Investment in capital assets increased by \$7.3 million (2.1%). This is consistent with the City's plans for investments in infrastructure and technology.
 - Net pension asset increased \$1.0 million due to a change in reporting practices. See Note 19 – Accounting and Reporting Changes for additional information.
- Total liabilities from Governmental activities decreased by \$3.7 million (4.3%).
 - Debt decreased by \$3.3 million as a result of principal payments on debt previously held by the City. See Note 12 to the financial statements for more information.
 - Current liabilities decreased by \$0.5 million.
- Total revenue increased between 2013 and 2014 by \$1.2 million or 1.1%.
 - Total tax revenues decreased by \$1 million (1.4%) compared to 2013 due to larger growth in property sales in 2013 as compared to 2014.
 - Program revenues increased by \$1.4 million due to increases in grants and contributions.
 - Total expenses decreased by \$0.4 million, primarily due to non-recurring (one-time) expenses not budgeted in 2014.

The graph that follows compares program revenues to program expenses from the Statement of Activities and illustrates the impact of various city functions on net position from operations before taxes, for the governmental activities for 2014.



General Fund Budgetary Highlights

The City of Redmond budgets on a biennial basis and in comparing the original budget to the final budget for 2014, several changes took place including:

- Recognizing revenue and expenses related to the development surge being experienced by the City for a total of \$1,353,859. Grant revenues increased \$284,250 for projects and \$217,985 for special programs in the City's Fire and Planning Departments.
- Refinancing City Hall and recognizing the debt service associated with the deal of \$4,129,140. Additional contributions to the City's community events program totaling \$316,704.
- Other miscellaneous adjustments and corrections to the budget equaling \$58,718.

Total actual revenues came in \$7.0 million (4%) under budget due to various factors, including:

- Tax revenues came in \$3.07 million (2.5%) under budget. Telephone utility tax revenues decreased due to settlement of a court case with AT&T on taxable commodities as well as the continued saturation of the cellphone market. Electric and gas utility taxes have been declining for the last several biennia due to smaller than forecasted rate increases and conservation programs.
- Intergovernmental revenues were \$726K (3.4%) under budget due to delays in transportation projects that were not billed against grants.
- Fines and forfeitures were \$237K (14.4%) under budget, reflecting a shift in police patrol philosophy to a more community policing approach.
- Miscellaneous revenues came in \$1.55 million under budget due to lower than anticipated private and developer contributions as well as reclassification of a PERS contingency fund from miscellaneous revenue to reduction in expenditures.

Total actual expenditures were \$18.3 million (10.4%) under budget due to:

- General government expenditures were \$4.36 million (12.8%) under budget. The City budgets an economic contingency in the general fund to mitigate unanticipated swings in the economy. The City also budgets a salary and benefit contingency every biennium to mitigate contract settlement agreements that are higher than anticipated. Neither of these contingency funds was required to the extent budgeted.
- Security of persons and property was \$6.36 million (7.3%) under budget, primarily due to reductions in salary expenditures. Fire had six vacant FTEs for much of the 2013-2014 biennium. The biennial budget included funding for contract increases that didn't occur until early 2015 due to the timing of the contract settlement.
- Transportation expenditures were \$1.96 million (12.7%) under budget. Major maintenance for the 148th Ave NE Bridge was accomplished using a much lower cost solution.
- Capital outlays were \$4.15 million under budget. The Fire department was scheduled to replace a ladder truck and two engines during the 2013-2014 biennium. Fire is analyzing their specific vehicle needs and will purchase the equipment during the 2015-2016 biennium. In the Capital Equipment Replacement Fund equipment was not purchased due to either reassessment of life of the asset, analyzing the appropriate piece of equipment to purchase or a delay in computer replacement.

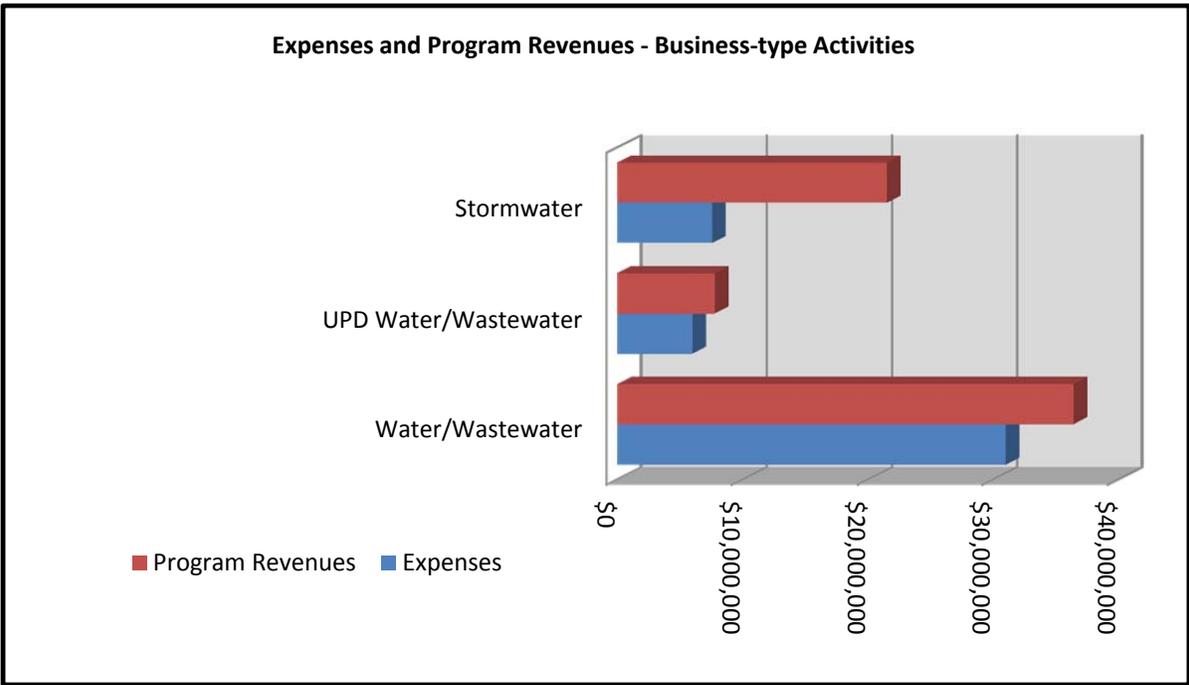
Business-type Activities

Business-type activities account for 48.9% of the City's net position. Business-type activities of the City's utilities increased the City of Redmond's net position by \$20.6 million (2.9%).

Key elements of this increase are as follows:

- Investment in capital assets increased \$26.9 million or 9.2% between 2013 and 2014.
- The Water/Wastewater utility showed operating income of \$2.0 million in 2014 compared to \$2.2 million in 2013, primarily due to increases in costs for purchased water and metro services, while the UPD Water/Wastewater utilities showed an operating income of \$0.8 million compared to \$0.7 million in 2013, primarily due to increases in operating revenues. When non-operating income and capital contributions are included, the change in net position is \$4.8 million for the Water/Wastewater utility and \$2.0 million for the UPD Water/Wastewater utility.
- The Stormwater utility showed operating income of \$4.2 million in 2014 compared to \$4.6 million in 2013, primarily due to increases in maintainance and operations and depreciation and amortization expenses. When non-operating income and capital contributions are included, the change in net position is \$13.7 million, compared to \$11.3 million in 2013. This is primarily due to increases in grant revenues and capital contributions. The City's continued work on significant stormwater projects will create a regional stormwater vault in downtown Redmond. This project is tied to the acquisition of a rail corridor which was finalized in 2010. Construction on this project commenced in 2012.

The graph that follows compares program revenues to program expenses from the Statement of Activities and illustrates the revenues by source separately for the business-type activities for 2014.



City of Redmond's Capital Assets (net of depreciation)

The City of Redmond's investment in capital assets for its governmental and business-type activities (not including investment in joint ventures) as of December 31, 2014, amounts to \$675.6 million (net of accumulated depreciation) an increase of \$34.1 million from 2013, reflecting the City's continued commitment to investment in capital assets. This investment in capital assets includes land, art and construction in progress, which are not subject to depreciation. The other capital assets, buildings and building improvements, improvements other than buildings, machinery and equipment, and infrastructure are subject to depreciation.

Governmental type capital assets (net of depreciation) totaled \$357.3 million in 2014, an increase of \$7.3 from 2013. Business-type capital assets (net of depreciation) totaled \$318.4 million, an increase of \$26.9 million from 2013. In addition to the effects of depreciation, these increases are the result of land acquisitions, improvements to buildings and construction in progress. More information on the City's Capital Assets can be found in Note 7 – Capital Assets, in the Notes to the Financial Statements.

City of Redmond's Capital Assets
(net of depreciation)
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 100,568	\$ 99,905	\$ 22,148	\$ 17,799	\$ 122,716	\$ 117,704
Buildings/ Bldg. Improvements	56,075	57,609	31,086	31,017	87,161	88,626
Improvements other than Buildings	18,554	19,083	225,759	224,226	244,313	243,309
Machinery and Equipment	10,343	10,195	268	243	10,611	10,438
Construction in Progress	20,013	9,605	39,096	18,220	59,109	27,825
Infrastructure	151,190	153,163	-	-	151,190	153,163
Art	549	470	-	-	549	470
Total	\$ 357,292	\$ 350,030	\$ 318,357	\$ 291,505	\$ 675,649	\$ 641,535

City of Redmond's Outstanding Debt

At the end of 2014, the City of Redmond had total bonded debt outstanding of \$92.4 million. Of this amount, \$61.8 million is general obligation bonds (City Hall, Bear Creek Parkway and Parks); and \$30.7 million is revenue bonded debt for the water/wastewater utility.

City of Redmond's Long-term Debt (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 61,780	\$ 65,280	\$ -	\$ -	\$ 61,780	\$ 65,280
G.O. bond premiums	2,615	2,804	-	-	2,615	2,804
Revenue bonds	-	-	30,660	8,680	30,660	8,680
Revenue bond issuance premiums	-	-	3,381	239	3,381	239
Public Works Trust Fund loans	1,677	1,844	-	-	1,677	1,844
Other post-employment benefits	3,489	3,115	-	-	3,489	3,115
Compensated absences	4,060	3,838	540	545	4,600	4,383
Total	\$ 73,621	\$ 76,881	\$ 34,581	\$ 9,464	\$ 108,202	\$ 86,345

In September 2013 the City issued \$33.1 million in limited tax general obligation refunding bonds to advance refund \$32.8 million of outstanding 2004 Limited Tax General Obligation Lease Revenue Bonds for City Hall and the parking garage. The refunding resulted in deferred outflows of \$1.5 million. This amount is being charged to operations through the year 2035 using the straight-line method. The 2014 unamortized balance of \$1.4 million is reported as a deferred outflow in the statement of net position. For further details related to the outstanding debt please refer to note 12 – Long-term Obligations, in the Notes to the Financial Statements.

Economic Factors and Next Year's Budget and Rates

The City of Redmond budget is an important part of Redmond's Six-Year Financial Plan that is focused on the good of the community and guided by a robust public process. The Six-Year Financial Plan builds upon the City's sound financial strategy by providing a framework that allows the City to "catch up" with needed maintenance, "keep up" with growth and demands for service and "step up" to some of the needs and opportunities that should be acted upon. Through innovation and efficiencies, Redmond continues to provide quality services that meet or exceed the expectations of our community members. Strong financial stewardship and quality customer service is a hallmark of Redmond city government and is evidenced by the City's AAA bond rating.

In 2014, General Fund revenue ended the year slightly below expectations, but was balanced by General Fund expenditures that were in excess of 7% below the authorized budget. The City experienced growth in license and permits due to a surge in commercial development activity which is anticipated to last beyond the 2014. In future years, Redmond anticipates making progress on its capital improvement goals by continuing the work in downtown Redmond on the new Downtown Park and converting the Redmond Way and Cleveland one-way streets into two-way thoroughfares. In addition, planning and construction continues in the Overlake area to anticipate the neighborhood's needs when light rail becomes a part of the area. The City has fostered relationships, both private and with other government organizations, to ensure Overlake continues to be a thriving neighborhood. Lastly, the City is investing in connecting neighborhoods and keeping up with infrastructure maintenance through investments in parks and trails, infrastructure rehabilitation and safety improvements.

The City's Six-Year Financial Plan provides adequate funding for all City services while continuing to seek efficiencies in service delivery. In addition, the Capital Investment Program continues to remain strong with projects aligned with the City's vision of a community with connected neighborhoods and two vibrant urban centers.

Requests for Information

This financial report is designed to provide a general overview of the City of Redmond's finances for readers with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information, may be addressed to the Director of Finance & Information Services, City of Redmond, PO Box 97010, Redmond, WA 98073-9710.

CITY OF REDMOND
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,884,582	\$ 8,042,993	\$ 17,927,575
Cash with outside agencies	10,000	-	10,000
Investments (Note 4)	79,700,075	60,434,113	140,134,188
Receivables:			
Taxes	5,879,227	-	5,879,227
Accounts	231,855	4,502,286	4,734,141
Interest	197,864	151,690	349,554
Due from other governments	4,123,016	3,191,612	7,314,628
Inventory	46,316	73,053	119,369
Prepayments	524,531	-	524,531
Net pension asset	1,000,994	-	1,000,994
Restricted assets:			
Deposit cash	1,066,082	55,681	1,121,763
Deposit investments	3,899,192	-	3,899,192
Revenue bond reserve	-	2,809,909	2,809,909
Rate stabilization fund	-	4,107,077	4,107,077
Advance on service contract	-	62,418	62,418
Capital assets (Note 7):			
Land, artwork, construction in progress	121,130,137	61,243,920	182,374,057
Depreciable capital assets, net	236,161,505	257,112,991	493,274,496
Total assets	<u>463,855,376</u>	<u>401,787,743</u>	<u>865,643,119</u>
Deferred outflow of resources:			
Debt refunding	1,442,597	-	1,442,597
Total deferred outflows	<u>1,442,597</u>	<u>-</u>	<u>1,442,597</u>
Total assets and deferred outflows	<u>465,297,973</u>	<u>401,787,743</u>	<u>867,085,716</u>
LIABILITIES			
Payables:			
Accounts/claims	4,920,763	1,751,339	6,672,102
Employee wages	91,877	113,067	204,944
Interest	226,044	115,279	341,323
Due to other governments	341,868	46,928	388,796
Unearned revenues	282,767	-	282,767
Customer deposits	3,899,192	55,681	3,954,873
Noncurrent liabilities (Note 12):			
Due within one year	7,004,375	1,922,302	8,926,677
Due in more than one year	66,616,582	32,658,537	99,275,119
Total liabilities	<u>83,383,468</u>	<u>36,663,133</u>	<u>120,046,601</u>
NET POSITION			
Net investment in capital assets (Note 7)	292,662,071	287,208,714	579,870,785
Restricted for:			
Advance life support	1,125,903	-	1,125,903
Cable access	1,169,119	-	1,169,119
Parks	620,143	-	620,143
Police	4,884,449	-	4,884,449
Fire	2,854,393	-	2,854,393
Debt service	31,197	2,809,909	2,841,106
Capital projects	20,724,810	-	20,724,810
Tourism	488,880	-	488,880
Planning-Transportation	733,492	-	733,492
Recycling	513,539	-	513,539
Rate stabilization fund	-	4,107,077	4,107,077
Unrestricted	56,106,509	70,998,910	127,105,419
Total Net Position	<u>\$ 381,914,505</u>	<u>\$ 365,124,610</u>	<u>\$ 747,039,115</u>

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

CITY OF REDMOND
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 16,852,092	\$ 3,330,667	\$ 18,950	\$ -	\$ (13,502,475)	\$ -	\$ (13,502,475)
Security	46,622,422	15,140,636	263,080	-	(31,218,706)	-	(31,218,706)
Physical environment	2,949,826	1,024,805	184,910	-	(1,740,111)	-	(1,740,111)
Economic environment	4,984,459	14,856,707	3,855	-	9,876,103	-	9,876,103
Transportation	12,645,201	1,241,561	1,073,744	4,147,043	(6,182,853)	-	(6,182,853)
Culture and recreation	12,754,809	2,587,039	173,483	-	(9,994,287)	-	(9,994,287)
Interest on long-term debt	2,836,801	-	-	-	(2,836,801)	-	(2,836,801)
Total governmental activities	<u>99,645,610</u>	<u>38,181,415</u>	<u>1,718,022</u>	<u>4,147,043</u>	<u>(55,599,130)</u>	<u>-</u>	<u>(55,599,130)</u>
Business-type activities							
Water/Wastewater	31,032,364	33,054,908	100,965	3,280,121	-	5,403,630	5,403,630
UPD Water/Wastewater	5,980,523	6,798,040	-	989,869	-	1,807,386	1,807,386
Stormwater	7,581,145	11,736,786	5,577,101	4,171,896	-	13,904,638	13,904,638
Total business-type activities	<u>44,594,032</u>	<u>51,589,734</u>	<u>5,678,066</u>	<u>8,441,886</u>	<u>-</u>	<u>21,115,654</u>	<u>21,115,654</u>
Total government	<u>\$ 144,239,642</u>	<u>\$ 89,771,149</u>	<u>\$ 7,396,088</u>	<u>\$ 12,588,929</u>	<u>\$ (55,599,130)</u>	<u>\$ 21,115,654</u>	<u>\$ (34,483,476)</u>
General revenues:							
Taxes							
Property					22,817,338	-	22,817,338
Sales					22,131,425	-	22,131,425
Business and Occupation					15,418,886	-	15,418,886
Excise					3,976,446	-	3,976,446
Timber Harvest					18	-	18
Investment interest					936,240	536,417	1,472,657
Gain (loss) in change of fair value					(99,880)	(136,091)	(235,971)
Miscellaneous					1,137,817	196,958	1,334,775
Investment interest expense					-	(669,491)	(669,491)
Disposal of capital assets					922,287	(478,462)	443,825
Total general revenues					<u>67,240,577</u>	<u>(550,669)</u>	<u>66,689,908</u>
Change in net position					11,641,447	20,564,985	32,206,432
Net position-beginning					370,273,058	344,559,625	714,832,683
Net position-ending					<u>\$ 381,914,505</u>	<u>\$ 365,124,610</u>	<u>\$ 747,039,115</u>

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

CITY OF REDMOND
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	General	Capital Investments Program Fund	Other Governmental Funds	Governmental Funds Total
ASSETS				
Cash and cash equivalents	\$ 3,486,136	\$ 3,509,120	\$ 974,444	\$ 7,969,700
Cash with outside agency	-	-	10,000	10,000
Investments	25,671,603	29,290,706	8,798,797	63,761,106
Receivables:				
Taxes	5,610,988	-	268,240	5,879,228
Accounts	66,018	102,122	63,715	231,855
Interest	76,383	66,015	19,392	161,790
Due from other funds	267,923	-	-	267,923
Due from other governments	386,202	2,116,554	1,620,259	4,123,015
Prepayments	80,777	-	-	80,777
Restricted assets:				
Deposit investments	3,884,730	3,188	11,274	3,899,192
Cash	994,040	-	72,042	1,066,082
Total Assets	\$ 40,524,800	\$ 35,087,705	\$ 11,838,163	\$ 87,450,668
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts/claims payable	\$ 1,382,588	\$ 1,282,232	\$ 141,148	\$ 2,805,968
Employee wages payable	17,719	585	40,512	58,816
Due to other funds	-	-	267,923	267,923
Due to other governments	288,110	17,758	1,296	307,164
Payable from restricted assets:				
Deposits payable	3,884,730	3,188	11,274	3,899,192
Unearned revenues	134,509	-	148,258	282,767
Total Liabilities	5,707,656	1,303,763	610,411	7,621,830
Fund balances: (Note 5)				
Spendable:				
Restricted	7,379,980	15,006,776	10,213,439	32,600,195
Committed	8,946,649	-	1,014,313	9,960,962
Assigned	10,166,153	18,777,166	-	28,943,319
Unassigned	8,324,362	-	-	8,324,362
Total Fund Balances	34,817,144	33,783,942	11,227,752	79,828,838
Total Liabilities and Fund Balances	\$ 40,524,800	\$ 35,087,705	\$ 11,838,163	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	351,743,545
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information services, and fleet maintenance, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the Statement of Net Position.	21,531,573
Some liabilities, including bonds, loans, and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 3)	(72,190,445)
The Net Pension Asset is reported in the government-wide statement of net position but not in the governmental balance sheet	1,000,994
Net position of governmental activities	\$ 381,914,505

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

CITY OF REDMOND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Capital Investments Program Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 60,050,946	\$ -	\$ 4,293,167	\$ 64,344,113
Licenses and permits	8,960,519	-	207,268	9,167,787
Contributions	160,510	278,815	30,639	469,964
Intergovernmental	10,586,831	4,693,950	6,388,343	21,669,124
Charges for services	5,280,343	4,137,190	2,684,762	12,102,295
Fines and forfeitures	602,893	-	34,415	637,308
Investment income	269,522	255,130	82,441	607,093
Net change in fair value of investments	(48,122)	(29,565)	(4,809)	(82,496)
Miscellaneous	167,527	826	352,705	521,058
Total Revenues	<u>86,030,969</u>	<u>9,336,346</u>	<u>14,068,931</u>	<u>109,436,246</u>
EXPENDITURES				
Current:				
General government	14,393,459	-	-	14,393,459
Security of persons and property	41,244,592	-	5,746,526	46,991,118
Physical environment	2,495,394	-	674,638	3,170,032
Transportation	6,602,015	-	1,385,996	7,988,011
Economic environment	4,727,295	-	455,506	5,182,801
Culture and recreation	9,184,500	-	2,494,373	11,678,873
Capital outlay	578,172	14,296,286	233,366	15,107,824
Debt service:				
Principal	94,451	71,886	3,500,000	3,666,337
Interest and debt issue costs	616,841	1,438	2,157,553	2,775,832
Total Expenditures	<u>79,936,719</u>	<u>14,369,610</u>	<u>16,647,958</u>	<u>110,954,287</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>6,094,250</u>	<u>(5,033,264)</u>	<u>(2,579,027)</u>	<u>(1,518,041)</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	44,733	-	-	44,733
Disposition of capital assets	83,800	-	-	83,800
Transfers in (Note 11)	939,875	6,933,454	6,389,971	14,263,300
Transfers out (Note 11)	(9,581,015)	(896,491)	(3,592,199)	(14,069,705)
Total other financing sources and uses	<u>(8,512,607)</u>	<u>6,036,963</u>	<u>2,797,772</u>	<u>322,128</u>
Net change in fund balances	<u>(2,418,357)</u>	<u>1,003,699</u>	<u>218,745</u>	<u>(1,195,913)</u>
Fund balances-beginning	37,235,501	32,780,243	11,009,007	81,024,751
Fund balances-ending	<u>\$ 34,817,144</u>	<u>\$ 33,783,942</u>	<u>\$ 11,227,752</u>	<u>\$ 79,828,838</u>

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

CITY OF REDMOND
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2014

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

Net change in fund balances-total governmental funds.	\$ (1,195,913)
Governmental funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$15,107,825 exceed depreciation expense of \$8,928,524 and disposals of \$83,800 in the current period.	6,095,501
A CIP reduction that does not result in an increase in depreciable assets reflects an increase in expenses on the Statement of Activities but not in the governmental funds. (Note 7)	(5,412)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (Note 3)	829,705
Repayment of long-term debt is an expenditure in the governmental funds, yet the repayment reduces long-term liabilities in the statement of net position. Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of activities:	3,786,958
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information services, and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	1,546,630
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 governmental funds. (Note 3)	<u>583,978</u>
Change in net position of governmental activities.	\$ <u><u>11,641,447</u></u>

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

CITY OF REDMOND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management	Totals	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,860,183	\$ 1,740,258	\$ 3,442,552	\$ 8,042,993	\$ 1,914,883
Investments	19,825,900	13,562,435	27,045,778	60,434,113	15,938,970
Accounts and contracts receivable	3,001,788	545,234	955,264	4,502,286	-
Interest receivable	54,139	32,851	64,700	151,690	36,074
Due from other Governments	24,952	-	3,166,660	3,191,612	-
Inventory	73,053	-	-	73,053	46,316
Prepaid insurance	-	-	-	-	443,754
Restricted assets:					
Customer deposits:					
Cash and cash equivalents	16,373	32,000	7,308	55,681	-
Revenue Bond Reserve:					
Investments	1,175,500	-	1,634,409	2,809,909	-
Rate stabilization fund:					
Investments	2,927,811	1,179,266	-	4,107,077	-
Total current assets	<u>29,959,699</u>	<u>17,092,044</u>	<u>36,316,671</u>	<u>83,368,414</u>	<u>18,379,997</u>
Noncurrent assets:					
Advance on service contract	58,642	3,776	-	62,418	-
Capital assets:					
Land	4,452,817	3,274,106	14,421,155	22,148,078	584,292
Buildings	25,377,864	11,031,564	1,549,496	37,958,924	619,494
Improvements other than buildings	164,402,107	62,566,400	70,646,115	297,614,622	356,198
Equipment	235,854	262,471	362,600	860,925	13,442,674
Construction in progress	2,031,641	100,753	36,963,448	39,095,842	-
Less accumulated depreciation	(50,003,406)	(14,415,847)	(14,902,227)	(79,321,480)	(9,454,561)
Total capital assets (net of depreciation)	<u>146,496,877</u>	<u>62,819,447</u>	<u>109,040,587</u>	<u>318,356,911</u>	<u>5,548,097</u>
Total noncurrent assets	<u>146,555,519</u>	<u>62,823,223</u>	<u>109,040,587</u>	<u>318,419,329</u>	<u>5,548,097</u>
Total assets	<u>\$ 176,515,218</u>	<u>\$ 79,915,267</u>	<u>\$ 145,357,258</u>	<u>\$ 401,787,743</u>	<u>\$ 23,928,094</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 734,738	\$ 278,512	\$ 738,089	\$ 1,751,339	\$ 2,114,800
Employee wages payable	70,033	691	42,343	113,067	33,061
Compensated absences	241,470	-	190,832	432,302	171,164
Due to other governments	14,571	-	32,357	46,928	34,704
Current portion of revenue bonds payable	725,000	-	765,000	1,490,000	-
Accrued interest payable	31,549	-	83,730	115,279	-
Current liabilities payable from restricted assets:					
Customer deposits payable	16,373	32,000	7,308	55,681	-
Total current liabilities	<u>1,833,734</u>	<u>311,203</u>	<u>1,859,659</u>	<u>4,004,596</u>	<u>2,353,729</u>
Noncurrent liabilities:					
Revenue bonds payable, net	7,470,033	-	25,080,429	32,550,462	-
Compensated absences	60,367	-	47,708	108,075	42,792
Total noncurrent liabilities	<u>7,530,400</u>	<u>-</u>	<u>25,128,137</u>	<u>32,658,537</u>	<u>42,792</u>
Total liabilities	<u>9,364,134</u>	<u>311,203</u>	<u>26,987,796</u>	<u>36,663,133</u>	<u>2,396,521</u>
NET POSITION					
Net investment in capital assets	138,301,844	62,819,447	86,087,423	287,208,714	5,548,097
Restricted for debt service	1,175,500	-	1,634,409	2,809,909	-
Restricted for rate stabilization	2,927,811	1,179,266	-	4,107,077	-
Unrestricted	24,745,929	15,605,351	30,647,630	70,998,910	15,983,476
Total net position	<u>\$ 167,151,084</u>	<u>\$ 79,604,064</u>	<u>\$ 118,369,462</u>	<u>\$ 365,124,610</u>	<u>\$ 21,531,573</u>

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

CITY OF REDMOND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-type Activities- Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management		
Operating revenues:					
Charges for services	\$ 20,053,881	\$ 4,919,144	\$ 11,736,786	\$ 36,709,811	\$ 15,418,691
Metro service	13,001,027	1,878,896	-	14,879,923	-
Charges for replacement	-	-	-	-	2,651,692
Charges for insurance	-	-	-	-	932,948
Total operating revenues	<u>33,054,908</u>	<u>6,798,040</u>	<u>11,736,786</u>	<u>51,589,734</u>	<u>19,003,331</u>
Operating expenses:					
Administrative and general	3,580,133	532,703	2,217,657	6,330,493	-
Purchased water	6,932,675	1,553,550	-	8,486,225	-
Metro service	12,603,267	1,764,594	-	14,367,861	-
Supplies	-	-	-	-	259,850
Maintenance and operations	3,332,309	633,597	3,494,970	7,460,876	16,631,554
Taxes	695,203	160,035	182,243	1,037,481	-
Depreciation and amortization	3,888,777	1,336,044	1,686,275	6,911,096	1,074,681
Total operating expenses	<u>31,032,364</u>	<u>5,980,523</u>	<u>7,581,145</u>	<u>44,594,032</u>	<u>17,966,085</u>
Operating income (loss)	<u>2,022,544</u>	<u>817,517</u>	<u>4,155,641</u>	<u>6,995,702</u>	<u>1,037,246</u>
Nonoperating revenues (expenses):					
Interest and investment revenue	201,754	122,098	212,565	536,417	139,557
Net change in fair value of investments	(40,034)	(17,839)	(78,218)	(136,091)	(17,383)
Grant income	100,965	-	5,577,101	5,678,066	-
Interest expense	(380,138)	-	(289,353)	(669,491)	-
Gain (Loss) on disposal of capital assets	(478,462)	-	-	(478,462)	-
Insurance recovery	-	-	-	-	493,302
Lease and other revenue	128,776	68,182	-	196,958	87,503
Total nonoperating revenues (expenses)	<u>(467,139)</u>	<u>172,441</u>	<u>5,422,095</u>	<u>5,127,397</u>	<u>702,979</u>
Income before contributions and transfers	1,555,405	989,958	9,577,736	12,123,099	1,740,225
Capital contributions	3,280,121	989,869	4,171,896	8,441,886	-
Transfers out	-	-	-	-	(193,595)
Change in net position	<u>4,835,526</u>	<u>1,979,827</u>	<u>13,749,632</u>	<u>20,564,985</u>	<u>1,546,630</u>
Total net position - beginning, as previously reported	162,315,558	77,624,237	104,619,830	344,559,625	19,984,943
Total net position - ending	<u>\$ 167,151,084</u>	<u>\$ 79,604,064</u>	<u>\$ 118,369,462</u>	<u>\$ 365,124,610</u>	<u>\$ 21,531,573</u>

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

CITY OF REDMOND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Business-type Activities- Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 32,874,358	\$ 6,630,306	\$ 11,703,144	\$ 51,207,808	\$ 16,722,722
Cash received for replacement	-	-	-	-	2,651,692
Cash payments to suppliers	(20,813,436)	(3,386,112)	(1,207,290)	(25,406,838)	(3,432,931)
Cash payments to employees	(3,611,766)	(51)	(2,610,976)	(6,222,793)	(12,432,147)
Cash payments to other governments	(694,969)	(160,482)	(166,563)	(1,022,014)	(135,706)
Internal activity - payments to other funds	(2,116,512)	(1,001,024)	(2,099,562)	(5,217,098)	(599,645)
Net cash provided (used) by operating activities	<u>5,637,675</u>	<u>2,082,637</u>	<u>5,618,753</u>	<u>13,339,065</u>	<u>2,773,985</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grant proceeds	93,677	-	400,308	493,985	(193,595)
Other non-operating revenues (expenses)	128,776	68,182	-	196,958	580,807
Net cash provided by noncapital financing activities	<u>222,453</u>	<u>68,182</u>	<u>400,308</u>	<u>690,943</u>	<u>387,212</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,348,134)	(252,832)	(27,493,720)	(29,094,686)	(1,416,495)
Cash payments to suppliers - Capital related	(14,081)	29,066	(965,686)	(950,701)	-
Capital contributions	1,920,199	43,987	1,618,787	3,582,973	-
Bond Proceeds	-	-	26,001,940	26,001,940	-
Grant Proceeds	-	-	6,457,007	6,457,007	-
Interest paid on revenue bonds	(406,587)	-	(356,362)	(762,949)	-
Principal paid on other debt	(700,000)	-	(270,000)	(970,000)	-
Net cash provided (used) for capital and related financing activities	<u>(548,603)</u>	<u>(179,779)</u>	<u>4,991,966</u>	<u>4,263,584</u>	<u>(1,416,495)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Internal activity, net investment purchases	(4,978,884)	(2,125,385)	(10,194,474)	(17,298,743)	(2,020,052)
Interest on investments	173,790	115,572	130,733	420,095	203,102
Net cash provided (used) in investing activities	<u>(4,805,094)</u>	<u>(2,009,813)</u>	<u>(10,063,741)</u>	<u>(16,878,648)</u>	<u>(1,816,950)</u>
Net increase (decrease) in cash and cash equivalents	506,431	(38,773)	947,286	1,414,944	(72,248)
Cash and cash equivalents-beginning of year	2,370,125	1,811,031	2,502,574	6,683,730	1,987,131
Cash and cash equivalents-end of year	<u>\$ 2,876,556</u>	<u>\$ 1,772,258</u>	<u>\$ 3,449,860</u>	<u>\$ 8,098,674</u>	<u>\$ 1,914,883</u>

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

CITY OF REDMOND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

Page 2 of 2

	Business-type Activities- Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management		
Cash and cash equivalents					
Operating fund cash	\$ 2,860,183	\$ 1,740,258	\$ 3,442,552	\$ 8,042,993	\$ 1,914,883
Customer deposits	16,373	32,000	7,308	55,681	-
Cash and cash equivalents-end of year	<u>\$ 2,876,556</u>	<u>\$ 1,772,258</u>	<u>\$ 3,449,860</u>	<u>\$ 8,098,674</u>	<u>\$ 1,914,883</u>

Reconciliation of operating income to net cash provided by operating activities:

Operating income (loss)	\$ 2,022,544	\$ 817,517	\$ 4,155,641	\$ 6,995,702	\$ 1,037,246
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	3,888,777	1,336,044	1,686,275	6,911,096	1,074,681
Decrease (increase) in accounts receivable	(168,822)	(42,734)	(33,642)	(245,198)	407,502
Decrease (increase) in inventory	(9,456)	-	-	(9,456)	10,457
Decrease (increase) in prepaid expenses	-	-	-	-	(30,477)
Decrease (increase) in due from other governments	-	-	-	-	-
Increase (decrease) in accounts payable	(86,495)	97,308	(183,940)	(173,127)	541,927
Increase (decrease) due to other governments	234	(447)	15,680	15,467	(135,706)
Increase (decrease) in employee wages payable	(6,159)	(51)	(7,763)	(13,973)	(5,418)
Increase (decrease) in due to other funds	-	-	-	-	(124,512)
Increase (decrease) in compensated absences payable	8,779	-	(13,498)	(4,719)	(1,715)
Increase (decrease) in customer deposits payable	(11,727)	(125,000)	-	(136,727)	-
Increase (decrease) in unearned revenue	-	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 5,637,675</u>	<u>\$ 2,082,637</u>	<u>\$ 5,618,753</u>	<u>\$ 13,339,065</u>	<u>\$ 2,773,985</u>

Noncash investing, capital and financing activities:

Developers contributed infrastructure valued at	\$ 1,359,923	\$ 945,882	\$ 2,553,109	\$ 4,858,914	\$ -
Fair value of investments decreased by	(106,526)	(65,626)	(127,676)	(299,828)	(70,956)

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

CITY OF REDMOND
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
As of December 31, 2014

	Firefighters Pension Fund	Agency Funds		
		Redmond Community Facilities District	Other Agency Funds	Total Agency Funds
ASSETS				
Cash and cash equivalents	\$ 162,192	\$ 367,126	\$ 696,766	\$ 1,063,892
Investments:				
U.S. Government Securities	1,148,275	2,552,706	574,605	3,127,311
Money Market Funds	126,462	281,135	63,282	344,417
Local Government Investment Pool	44,547	99,033	22,292	121,325
Receivables:				
Interest	2,951	-	-	-
Total Assets	<u>1,484,427</u>	<u>3,300,000</u>	<u>1,356,945</u>	<u>4,656,945</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 4,064	\$ 4,064
Due to other governments	-	-	496,242	496,242
Custodial	-	3,300,000	38,582	3,338,582
Trust account	-	-	818,057	818,057
Total Liabilities	<u>-</u>	<u>3,300,000</u>	<u>1,356,945</u>	<u>4,656,945</u>
NET POSITION				
Held in trust for pension benefits	<u>\$ 1,484,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF REDMOND
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the year ended December 31, 2014

	Firefighters Pension Fund
ADDITIONS	
Intergovernmental revenue	\$ 145,808
Investment interest	10,994
Total additions	<u>156,802</u>
DEDUCTIONS	
Benefit payments	12,372
Administrative expenses	5,261
Total deductions	<u>17,633</u>
Change in net position	139,169
Net position-beginning	1,345,258
Net position-ending	<u>\$ 1,484,427</u>

The notes to the financial statements are an integral part of these statements

NOTE 1: Summary of Significant Accounting Policies

The City of Redmond was incorporated on December 31, 1912 and operates under the laws of the State of Washington applicable to a Non-Charter Mayor/Council form of government (elected Mayor and City Council composed of seven members). Both Mayor and Council are elected to four-year terms. The City provides general government services including public safety, highways and streets, parks and recreation, planning and zoning, permits and inspection, sanitation, general administrative, and water and wastewater services.

The accounting and reporting policies of the City of Redmond conform to generally accepted accounting principles for governments and are regulated by the Washington State Auditor's Office.

The City's Comprehensive Annual Financial Report (CAFR) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statements and the following notes detail the City's significant accounting policies.

Reporting Entity

The City's CAFR includes the financial statements for the City of Redmond and its component units; entities for which the City is considered to be financially accountable. The City has two blended component units; the Redmond Public Corporation and Redmond Community Properties. Although legally separate entities, blended component units are, in substance, part of the City's operations. The City has one component unit presented in the fiduciary fund statements, Redmond Community Facilities District, which was created in 2014 for the purpose of financing the construction of a pedestrian/bicycle bridge over SR 520 at the Overlake Transit Station. (See Note 14 - Component Units for additional information.)

Basic Financial Statements

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component units. The effect of inter-fund 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are 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 instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus and 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 fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are 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 eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Under the modified accrual basis of accounting, property taxes, sales taxes, utility taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Grant revenue is recognized for cost reimbursement grants when the expenditure occurs in accordance with GASB Statement 33. When the expenditure is incurred, grant revenue is considered to have been earned and therefore available and recognized as revenue. Entitlement grant revenue is not tied to expenditures and is recognized when the City is entitled to receive it according to the grant agreement.

Financial Statement Presentation

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It accounts for all financial resources and transactions except those required to be accounted for in another fund.

The Capital Investments Program Fund accounts for financial resources to be used for the acquisition, construction, and preservation of major capital facilities other than those financed by proprietary funds.

The City reports the following major proprietary funds:

The Water/Wastewater Fund accounts for the activities of providing water and sewer services to its citizens.

The UPD Water/Wastewater Fund accounts for the activities of providing water and sewer services to an urban planned development outside the City limits. Both of these utilities' operations are self-supported through user charges.

The Stormwater Management Fund accounts for the operation, construction, and maintenance of the City's stormwater management system. The utility's operations are self-supported through fees.

Additionally, the City reports the following fund types:

Internal Service Funds account for fleet maintenance, information technology, and insurance services provided to other departments of the City on a cost reimbursement basis, and for the activities of Redmond Community Properties, a blended component unit of the City.

Agency Funds account for assets held by the City as an agent for private individuals or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations. The City has four Agency Funds: Intergovernmental Custodial, Municipal Employees Benefit Trust, Contractor's Deposits, and Redmond Community Facilities District.

The Pension Trust Fund accounts for the activities of the Firefighter's Pension Fund, which accumulates resources for excess pension benefit payments to qualified firefighters.

Special Revenue Funds are used to account for specific revenues that are restricted to or reserved for expenditures for particular purposes.

Debt Service Funds account for the accumulation of resources for and the payment of general obligation and special assessment bonds.

The City does not have any permanent funds.

As a general rule the effect of inter-fund 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 and information technology. 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 general rule are payments-in-lieu of taxes and other charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The proprietary fund statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility funds and internal service funds are charges to customers for sales and services, 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 system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, taxes, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

The City of Redmond budgets its funds in accordance with the Revised Code of Washington (RCW) 35A.34. In compliance with the code, budgets for all funds are established with the exception of the LID Control and the LID Guaranty Debt Service Funds, and Fiduciary funds. Budgets established for proprietary funds are "management budgets" and as such are not required to be shown in this report.

The biennial budget is proposed by the Mayor and adopted by the City Council with legal budgetary control at the fund level for all funds. Expenditures and other financing uses may not exceed budgeted appropriations at these levels. The Mayor may authorize transfers within all funds. The City Council must approve by ordinance any additional appropriations which increase the total at the fund level. Any unexpended appropriation balances lapse at the end of the biennium.

In addition to authorizing the budget, the City Council biennially approves the Capital Investments Program. This is a six-year plan for capital project expenditures and anticipated revenue sources. Expenditures and revenues for these projects are budgeted in the Capital Projects Funds and Enterprise Funds.

The City prepares all biennial budgets on the modified accrual basis which conforms to generally accepted accounting principles. The CAFR includes budgetary comparisons for the general and capital projects governmental funds with legally adopted budgets.

The budget process and the time limits under which a budget must be developed are established by State law. The City uses a "budgeting for outcomes" format and follows the procedures outlined below in the year preceding the first year of the two-year budget to establish its biennial budget:

- In winter, community meetings are held to affirm or revise the City's budget priorities. The Mayor appoints staff and citizens to teams which interpret these priorities and develop the primary factors that the City should support to pursue the given priority. These factors are used by staff to develop budget offers.
- In spring, the Mayor develops and submits a budget calendar to the City Council for approval.
- In June, the City Clerk publishes notice for the first public hearing. Also around mid-year staff prepares a six-year forecast and reviews this forecast with the City Council at a public meeting.

- Throughout the summer, City staff create budget offers and review revenue and expenditure estimates.
- In October, preliminary budget estimates are made available to the public.
- Sixty days before the ensuing fiscal year, the Mayor files the preliminary budget with the City Clerk's office.
- During the first two weeks of November, the City Clerk publishes notice of the filing of the preliminary budget and publishes notice of public hearings.
- The City Council holds a series of study sessions to review the preliminary budget to determine if they wish to make any modifications to the Mayor's recommended programs.
- Public hearings are held prior to the adoption of the budget for the public to comment on recommended programs and to offer ideas for new programs.
- Prior to the beginning of the first calendar year of the biennial budget, the City Council, by a majority of the members present, adopts a final operating budget by ordinance.
- The Final Budget document is printed and distributed and posted on the City's website after adoption.

Assets, Liabilities, and Net Position

Cash and Investments

It is the City's policy to invest temporary cash surpluses. These investments are reported on the Statement of Net Position and the governmental funds Balance Sheet as cash and cash equivalents or investments. Included in cash and cash equivalents are currency on hand, demand deposits with banks or other financial institutions, investments with the Local Government Investment Pool, investments in U.S. Government Mutual Funds and investments with original maturities of three months or less. Interest is allocated to each fund on the basis of investments owned.

In accordance with City policy and Washington State law, authorized investment purchases include Certificates of Deposit with financial institutions qualified by the Washington Public Deposit Protection Commission, US Treasury and Agency Securities, Bankers' Acceptances, Bonds of Washington State and any local government in Washington State which have, at the time of purchase, one of the three highest credit ratings of a nationally recognized rating agency, repurchase agreements, the State Investment Pool (which is a 2a7-like pool), and mutual funds used specifically for debt issues related to arbitrage.

The City reports its deposit and investment risk disclosures in accordance with GASB 40 (see Note 4).

In accordance with GASB 31, investments in external 2a7-like pools, money market investments, and participating interest-earning investment contracts with remaining maturities of one year or less at the time of purchase are stated at amortized cost. All other investments including the Firefighter's Pension Fund are stated at fair value.

Receivables

The City of Redmond recognizes receivables in its financial statements based on the accounting requirements for that statement. These receivables are as follows:

Property Taxes

The City's property tax collections records show that approximately 99% of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years. The City performs an analysis of all uncollected property taxes to test materiality of the uncollected balance as well as the collectability. Based on this analysis the City will determine the classification of the uncollected portion of property taxes; revenue versus uncollected property taxes. When property taxes become three years delinquent, the County is required by State statute to foreclose on the property. Historically, all taxes have been collected; therefore no allowance for uncollectible taxes is recorded.

Sales Taxes

There is a running two-month lag in remittance of sales tax to the City. Sales taxes collected in November and December are not remitted by the State to the City until January and February of the following year and they are reported as receivables at year-end. There is no allowance for uncollectible sales taxes because all sales taxes are required by law to be collected by businesses at the time of sale and remitted to the State.

Investment Interest

Interest receivable consists of interest earned on investments at the end of the year, accrued interest on investments purchased between interest dates, and accrued interest and penalties on special assessments receivable. In proprietary funds and the government-wide Statement of Net Position, investment interest is recorded as receivable, regardless of its payment date. In the governmental fund statements and schedules, investment interest is recorded as receivable if it will be paid to the City within 60 days of year-end.

Accounts Receivable

Customer accounts receivable consist of amounts owed by private individuals or organizations for goods and services provided. Unbilled services provided to utility customers are estimated at year-end and included in accounts receivable. Uncollectible amounts are considered immaterial and the direct write-off method is used.

Inter-fund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of inter-fund loans) or "advances to/from other funds" (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories

Inventories are defined as assets which may be held for internal consumption or for resale. The City uses the following policies in valuing and recording inventory items:

In proprietary funds a perpetual inventory is maintained, in which the cost is held in an asset account when inventory items are purchased, and expensed when the item is consumed. The first-in, first-out valuation method, which approximates market, is used to value the inventory. A physical inventory is taken at year-end. No inventory is maintained in governmental funds; however, the internal service fund inventories are included in the "Governmental Activities" on the Statement of Net Position.

Restricted Assets

Restricted assets include those monies reserved for customers' deposits, bond reserve monies and impact fees.

Advance on Service Contract

For fiscal years prior to December 31, 2012, the City amortized under guidance provided by FASB 71 the Tolt Pipeline project and the Tolt Meter project with the City of Seattle. In further review, this is not a deferred outflow of resources but rather an advance on a service contract.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds. Capital assets are defined by the City as land and buildings with an original cost of \$50,000 or more each, machinery,

equipment, software, vehicles, transportation and utility infrastructure and other improvements with an original cost of \$10,000 or more each and an estimated useful life of more than one year, and all artwork regardless of its initial cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land, construction in progress, and works of art are not depreciated. Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings/Building improvements	50
Other improvements	15-50
Vehicles	3-15
Machinery and equipment	6-20
Utility infrastructure	10-100
Streets, paths, trails	50
Street lights and traffic signals	30

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time in lieu of overtime and sick leave benefits. Twenty-five percent of unused sick leave is payable at retirement or death. Any outstanding sick leave is lost at resignation; therefore, outstanding sick leave at year-end is not accrued because the payment cannot be deemed probable nor can the amount be reasonably estimated. All vacation and compensatory time is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Other Post-Employment Benefits

Lifetime full medical coverage is provided to uniformed Police and Fire personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF 1) retirement system prior to October 1, 1977. A liability for the accumulated unfunded actuarially required contribution is reported in the Statement of Net Position. The actual medical costs are reported as expenditures in the year they are incurred, and are paid out of the General Fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred

and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Fund balances are categorized as Nonspendable or Spendable amounts as follows:

Nonspendable Fund Balance: fund resources that are in a form that either *never* could be spent or in a form that is *temporarily* not spendable. This can include resources that are spendable in form but are under legal restrictions that temporarily or permanently bar spending.

Spendable amounts are further segregated into categories based on the degree to which the uses of resources are constrained.

- *Restricted Fund Balance:* fund resources that are subject to restrictions that are *legally enforceable* by *outside parties*. This includes resources raised through enabling legislation.
- *Committed Fund Balance:* fund resources that are legally limited by the resolution by the City Council. A resolution must be taken to impose limitations on the use of these resources, and another resolution is required to modify or eliminate those limitations.
- *Assigned Fund Balance:* fund resources that are limited by the mayor, or department directors based on delegation, for its intended use. This type of limitation can be imposed by the highest level of decision making within the entity or a designee, but little or no formal action is required to modify or eliminate those limitations.
- *Unassigned Fund Balance:* fund resources that are in spendable form and are not restricted, committed or assigned.

Flow assumption: When expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's policy to use restricted resources first. When expenditure is incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's policy to spend committed resources first, then assigned and unassigned, in that order. However, prior to the commencement of any project, the flow assumption is reviewed to ensure that the proper resources are being used.

NOTE 2:

Stewardship, Compliance and Accountability

During 2014, there have been no material violations of finance-related legal or contractual provisions.

NOTE 3:

Reconciliation of Government-Wide and Fund Financial Statements

Explanation of aggregated differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between total fund balance and total net position as reported in the government-wide statement of net position. The details of the aggregated differences are presented below.

Some liabilities, including bonds, loans and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:

G.O Bonds payable	\$ (61,780,000)
Unamortized bond premiums	(2,614,621)
Deferred loss on refunding	1,442,597
Loans payable	(1,677,549)
Accrued interest payable	(226,043)
Compensated absences	(3,846,090)
Other post-employment benefits	(3,488,739)
Net adjustment to reduce fund balance - total governmental funds	
To arrive at net position – governmental activities	<u>\$ (72,190,445)</u>

The Net Pension Asset is reported in the government-wide statement of net position but not in the governmental balance sheet \$ 1,000,994

Explanation of aggregated differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The details of the aggregated differences are presented below.

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

Developer/Private asset contributions	\$ 829,705
Net adjustment to increase net change in fund balances - governmental funds to arrive at change in net position- governmental activities	<u>\$ 829,705</u>

Repayment of the principal of long-term debt consumes the current financial resources of governmental funds, and governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of activities:

Principal repayments:	
General obligation bonds	\$ 3,500,000
Public Works Trust Fund Loans repayment	166,336
Amortization of debt premiums	189,589
Amortization of deferred loss on refunding	(68,967)
Net adjustment to decrease net change in fund balances- governmental funds to arrive at change in net position- governmental activities	<u>\$ 3,786,958</u>

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 governmental funds:

Change in accrued interest payable	\$ 7,999
Change in compensated absences payable	(51,445)
Change in other post-employment benefits payable	(373,570)
Change in net pension asset	1,000,994
Net adjustment to decrease net change in fund balances- governmental funds to arrive at change in net position- governmental activities	<u>\$ 583,978</u>

NOTE 4:
Deposits and Investments

Deposits

As of December 31, 2014 the carrying amount of the City's cash demand deposits with Key Bank was \$1,932,072 and Bank of America (B of A) was \$1,360,526 and the in-transit items were \$37,960. Seized cash on deposit at B of A awaiting court decisions totaled \$10,170. The carrying amount and bank balance of the City's cash demand deposits at U.S. Bank at December 31, 2014 was \$209,391. \$8,032,661 was held at Opus Bank and \$9,132,810 was held at Banner Bank in a public funds money market accounts. \$614,127 retained from contractors pending acceptance of City construction projects was held in escrow or savings accounts at various banks. \$160,404 was held at City of Redmond Client Trust Account at Wells Fargo. Petty cash totaled \$48,500, of which \$35,770 was allocated to various City offices and \$12,730 was unallocated and remains in the City's demand deposit account at Bank of America. \$10,000 is held by the City of Bellevue for use by the Eastside Narcotics Task Force.

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 outside party. The City of Redmond's deposits are entirely covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington State Public Deposit Protection Commission (WPDPC). The FDIC insures the first \$250,000 of the City's deposits. The deposit balances over \$250,000 are insured by the WPDPC. State statute permits additional amounts to be assessed on a pro rata basis to members of the WPDPC pool in the event the pool's collateral should be insufficient to cover a loss.

Investments

The Local Government Investment Pool (LGIP) is an unrated 2a-7 like pool, as defined by GASB 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 60 days. Per GASB 40 guidelines the balances are also not subject to custodial credit risk. The credit risk of the LGIP is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are either insured or held by a third-party custody provider in the LGIP's name. The fair value of the City's pool investments is determined by the pool's share price. The City has no regulatory oversight responsibility for the LGIP which is governed by the Washington State Finance Committee and is administered by the State Treasurer. The LGIP is audited annually by the Office of the State Auditor, an independently elected public official. The City includes the LGIP as an investment for internal tracking, but it is disclosed on the financial statements as a cash equivalent.

As of December 31, 2014, the City had the following investments and maturities:

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years
Federal Farm Credit Bank	15,963,140	-	15,963,140
Federal Home Loan Bank	42,529,381	6,004,020	36,525,361
Federal Home Loan Mortgage Corporation	55,938,556	9,011,756	46,926,800
Federal National Mortgage Association	20,396,799	8,003,940	12,392,859
Local Gov't Bonds	13,095,912	6,000,107	7,095,805
Treasury Notes	7,938,913	-	7,938,913
Subtotal	155,862,701	29,019,823	126,842,878
Investments reported as cash equivalents:			
Money Market (Opus/Banner Bank)	17,165,471	17,165,471	
Local Government Investment Pool	6,046,714	6,046,714	
Subtotal	23,212,185	23,212,185	
Total	179,074,886	52,232,008	126,842,878

Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the City's policy requires that it diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The City coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

Credit Risk

State law and City policy limit investments to those authorized by State Statute including commercial paper and bonds of the State of Washington and any local government in the State of Washington which have, at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency. The City further limits its holdings in commercial paper to 10% of the portfolio and 10% per issuer, and local government bonds to 25% of the portfolio and 10% of issuer. At December 31, 2014 the City held no investments in commercial paper.

Additionally, the City restricts its investment in mutual fund bonds to be used for arbitrage purposes only.

Concentration of Credit Risk

The City diversifies its investments by security type and institution. 100% of the City's portfolio may be invested in US Treasury Notes, Bonds or Certificates, US Government Sponsored Corporations, or the State Investment Pool. 50% of the portfolio may be invested in Certificates of Deposit with no more than 10% held by any one issuer and not exceeding 20% of the issuer's net worth. 25% of the portfolio may be invested in Bankers Acceptances (10% per issuer), State of Washington or Local Government Bonds (10% per issuer), and Repurchase Agreements (25% per dealer). 10% of the portfolio may be invested in Commercial Paper and other authorized investments. On December 31, 2014 more than five percent of the City's investments were held in Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and local government bonds.

Reconciliation of cash and investments by type to the statements is detailed in the following tables.

Cash & Investments by Type

Opus Bank-money market	\$ 8,032,661
Banner Bank-money market	9,132,810
State Investment Pool (LGIP)	6,046,714
Key Bank Public Checking	1,932,072
Bank of America Business Checking	1,360,526
Deposits/Debits in Transit at 12/31/2014	38,560
Checks/Credits in Transit at 12/31/2014	(7,310,811)
U.S. Bank	209,391
Petty Cash/Advance Travel	48,500
Wells Fargo Trust Account RCP	160,404
Police seized Money Market	10,472
Contractor's Retainage Money Market	614,127
City of Bellevue - outside agency	10,000
Federal Home Loan Bank	42,529,381
Federal Farm Credit Bank	15,963,140
Federal Home Loan Mortgage Corporation	55,938,556
Federal National Mortgage Association	20,396,799
Local Gov't Bonds	13,095,912
US Treasury Notes	7,938,913
Grand Total Cash & Investments by Type	\$176,148,127

	Cash & Equivalents*	Restricted Cash	Rate Stabilization Fund	Investments	Restricted Investments
Governmental Funds					
General Fund	\$ 3,486,135	\$ 994,040	\$ -	\$ 25,671,603	\$ 3,884,730
Capital Investments Program Fund	3,509,120	-	-	29,290,706	3,188
Other Governmental Funds	984,444	72,042	-	8,798,797	11,274
Proprietary Funds					
Water/Wastewater	2,860,183	16,373	2,927,811	19,825,900	1,175,500
UPD Water/Wastewater	1,740,258	32,000	1,179,266	13,562,435	-
Stormwater Management	3,442,552	7,308	-	27,045,778	1,634,409
Internal Service Funds	1,914,883	-	-	15,938,970	-
Fiduciary Funds					
Firefighter's Pension Fund	162,192	-	-	-	1,319,284
Agency Funds	1,063,892	-	-	-	3,593,054
	\$ 19,163,660	\$ 1,121,763	\$ 4,107,077	\$ 140,134,189	\$ 11,621,438
Grand Total Cash & Investments by Statements					<u>\$176,148,127</u>

NOTE 5:
Governmental Fund Balances

Governmental fund balances are classified as either spendable or non-spendable. Spendable fund balances are further categorized as restricted, committed, assigned, and unassigned. Restricted amounts are restricted by contract or grant document, committed amounts committed by codification by the City Council and the assigned are assigned by action by the City's mayor or department director based on delegated authority. The breakdown of what makes up each of the fund balance categories from the governmental Balance Sheet that is designated for a particular purpose is shown below.

Restricted For:

Advance life support	\$ 1,125,903
Cable access	1,169,119
Capital projects	20,724,810
Debt service	31,197
Fire	2,353,896
Parks	620,143
Planning-transportation	733,942
Police	4,383,952
Reserves	454,814
Solid waste recycling	513,539
Tourism	488,880

Total \$ 32,600,195

Committed For:

Arts	\$ 318,725
Capital equipment replacement	3,060,833
Development Review	269,761
Fire equipment	4,552,572
Parks maintenance	986,019
Police	8,500
Recreation activities	744,552
Travel	20,000

Total \$ 9,960,962

Assigned For:

Capital assets	\$	18,777,166
Community events		49,256
Maintenance		863,267
Human services fund		32,379
Parks		136,124
Real Property Fund		31,246
Reserves		6,481,708
Transportation		2,398,569
Business tax		173,604

Total \$ 28,943,319

NOTE 6:
Receivables

Property Taxes

The King County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed on a daily basis.

	Property Tax Calendar
January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

Property taxes are recorded as a receivable when levied. During the year, property tax revenues are recognized when cash is received. At year-end, property tax revenues are recognized for December collections to be distributed by the county treasurer in January and February.

Under Washington State law a city may levy property taxes up to \$3.60 per \$1,000 of assessed valuation. The assessed value was \$14,135,063,166 for the City in 2014.

The City of Redmond's maximum property tax levy rate has been reduced from \$3.60 to \$3.10, or \$.50, as a result of annexing to the King County Library District in May, 1990. In addition to the limitation previously noted, the City's levy rate is also subject to the following:

Washington State law in RCW 84.55.010 limits the growth of regular property taxes to one percent per year or IPD, whichever is less, after adjustments for new construction and annexations, unless an increase greater than this limit is approved by the voters. If the assessed valuation increases by more than one percent due to revaluation, the levy rate will be decreased.

The Washington State Constitution limits the total regular property tax levy to a maximum of one percent of assessed valuation or \$10 per \$1,000 of the market value of a property. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.

Accordingly, the City levied \$1.62 per \$1,000 of assessed value for general governmental services and no additional voter-approved excess tax levy.

NOTE 7:
Capital Assets

The City had one instance that resulted in a decrease in Construction in Progress without a corresponding increase in another asset, related to a bridge over State Route 520. This multi-year project was accounted for in the CIP section of the City's financial statements and expensed in 2010 at substantial completion as this asset was transferred to the State of Washington. There were some additional charges in 2014 that totaled \$2,922.

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government				
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated:				
Land	\$ 99,904,495	\$ 795,509	\$ (132,235)	\$ 100,567,769
Construction in Progress	9,604,944	14,296,286	(3,887,940)	20,013,290
Art	470,274	81,294	(2,490)	549,078
Total capital assets, not being depreciated	<u>\$ 109,979,713</u>	<u>\$ 15,173,089</u>	<u>\$ (4,022,665)</u>	<u>\$ 121,130,137</u>
Capital Assets, Being Depreciated:				
Buildings/Building Improvements	\$ 75,619,263	\$ 49,671	\$ -	\$ 75,668,934
Improvements Other than Buildings	30,361,139	522,426	-	30,883,565
Machinery and Equipment	26,279,188	2,324,543	(343,245)	28,260,486
Infrastructure	237,853,584	3,272,246	-	241,125,830
Total capital assets, being depreciated	<u>\$ 370,113,174</u>	<u>\$ 6,168,886</u>	<u>\$ (343,245)</u>	<u>\$ 375,938,815</u>
Less Accumulated Depreciation for:				
Buildings/Building Improvements	\$ (18,010,485)	\$ (1,583,577)	\$ -	\$ (19,594,062)
Improvements Other than Buildings	(11,277,975)	(1,051,603)	-	(12,329,578)
Machinery and Equipment	(16,083,777)	(2,121,754)	288,747	(17,916,784)
Infrastructure	(84,690,615)	(5,246,271)	-	(89,936,886)
Total accumulated depreciation	<u>\$ (130,062,852)</u>	<u>\$ (10,003,205)</u>	<u>\$ 288,747</u>	<u>\$ (139,777,310)</u>
Total capital assets, being depreciated, net	<u>\$ 240,050,322</u>	<u>\$ (3,834,319)</u>	<u>\$ (54,498)</u>	<u>\$ 236,161,505</u>
Governmental activities capital assets, net	<u><u>\$ 350,030,035</u></u>	<u><u>\$ 11,338,770</u></u>	<u><u>\$ (4,077,163)</u></u>	<u><u>\$ 357,291,642</u></u>

NET INVESTMENT IN CAPITAL ASSETS

Governmental Activities	
Capital assets not being depreciated	\$ 121,130,137
Capital assets being depreciated	375,938,815
Less accumulated depreciation	(139,777,310)
Less GO Bonds	(61,780,000)
Less bond premium	(2,614,620)
Less Public Works Trust Fund loans	(1,677,548)
Plus deferred outflow on refunding bonds	<u>1,442,597</u>
Governmental Activities, net investment in capital assets	<u><u>\$ 292,662,071</u></u>

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES:	
General Government	\$ 1,298,613
Security	1,190,695
Physical Environment	14,718
Transportation, Including Depreciation of General Infrastructure Assets	6,321,325
Economic Environment	78,265
Culture and Recreation	<u>1,099,590</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 10,003,205</u>

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 17,798,963	4,349,115	\$ -	\$ 22,148,078
Construction in Progress	18,220,133	29,202,202	(8,326,493)	39,095,842
Total Capital Assets, Not Being Depreciated	<u>\$ 36,019,096</u>	<u>\$ 33,551,317</u>	<u>\$ (8,326,493)</u>	<u>\$ 61,243,920</u>
Capital Assets, Being Depreciated:				
Buildings/Building Improvements	\$ 37,147,529	\$ 811,395	\$ -	\$ 37,958,924
Improvements Other than Buildings	290,050,663	8,113,331	(549,372)	297,614,622
Machinery and Equipment	792,647	68,278	-	860,925
Total Capital Assets, Being Depreciated	<u>\$ 327,990,839</u>	<u>\$ 8,993,004</u>	<u>\$ (549,372)</u>	<u>\$ 336,434,471</u>
Less Accumulated Depreciation for:				
Buildings/Building Improvements	\$ (6,130,480)	\$ (742,950)	\$ -	\$ (6,873,430)
Improvements Other than Buildings	(65,824,909)	(6,100,694)	70,912	(71,854,691)
Machinery and Equipment	(549,395)	(43,964)		(593,359)
Total Accumulated Depreciation	<u>\$ (72,504,784)</u>	<u>\$ (6,887,608)</u>	<u>\$ 70,912</u>	<u>\$ (79,321,480)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 255,486,055</u>	<u>\$ 2,105,396</u>	<u>\$ (478,460)</u>	<u>\$ 257,112,991</u>
Business-Type Activities Capital Assets, Net	<u>\$ 291,505,151</u>	<u>\$ 35,656,713</u>	<u>\$ (8,804,953)</u>	<u>\$ 318,356,911</u>

NET INVESTMENT IN CAPITAL ASSETS

Business-Type Activities	
Capital assets not being depreciated	\$ 61,243,922
Capital assets being depreciated	336,434,469
Less accumulated depreciation	(79,321,480)
Less Revenue bonds	(30,660,000)
Less bond premium	(3,380,462)
Unspent bond proceeds	<u>2,892,265</u>
Business-Type Activities, net investment in capital assets	<u>\$ 287,208,714</u>

Depreciation expense was charged to Business-Type Activities as follows:

BUSINESS-TYPE ACTIVITIES	
Water/Wastewater	\$ 3,888,777
UPD Water/Wastewater	1,336,044
Stormwater	<u>1,686,275</u>
Total Depreciation Expense – Business-type Activities	\$ <u>6,911,096</u>

The Business-Type Activities also had \$23,487 in amortization expense that is included with depreciation expense in the financial statements.

Disposal of Assets

In 1997, the cities of Redmond, Kirkland, and Bellevue assumed the assets, liabilities, and operations of the Rose Hill Water District and the cities entered into an Interlocal Operations and Maintenance Agreement. That agreement assigned service areas to the three cities and provided that any unincorporated area which is subsequently annexed into a city shall remain in or be transferred to the service area of the annexing city.

In 2013, the City Council approved the Kirkland Annexation Agreement regarding Water Facilities amending the Interlocal Operations and Maintenance Agreement dated 1997 and 2005 respectively. On January 2nd, 2014, the City of Redmond agreed to transfer ownership of water distribution facilities within the Kingsgate water service area consisting of approximately 24,000 feet of water mains, fire hydrants, water meters, and other appurtenances to the City of Kirkland. The City of Redmond agreed to donate the above assets with a book value of \$478,462 to the City of Kirkland.

As a result, the City wrote off the net book value of \$478,462 in the Water/Wastewater Fund as a loss on disposal of such assets in conformity with generally accepted accounting principles (GAAP).

NOTE 8: Pension Plans

Substantially all City of Redmond full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their

membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 members who have at least 20 years of service credit, and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Active Plan Members Nonvested	101,191
Total	368,272

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both City of Redmond and the employees made the required contributions. The City of Redmond's required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2014	\$28,032	\$2,180,482	\$612,623
2013	\$55,331	\$1,845,778	\$522,262
2012	\$71,394	\$1,610,351	\$464,587

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

Plan Description

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of Final Average Salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If there is an eligible spouse, 50 percent of the FAS, plus 5 percent of the FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If there is no eligible spouse, eligible children receive 30 percent of the FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of the FAS, divided equally.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability benefit is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service.

Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement benefit of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

Legislation passed in 2009 provides to the Washington state registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	10,511
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	699
Active Plan Members Vested	16,830
Active Plan Members Nonvested	1,600
Total	29,640

Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent, as long as the plan remains

fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

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 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 could be changed by statute. For DRS' Fiscal Year 2013, the state contributed \$54.2 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.18%	5.23%**
Employee	0.00%	8.41%
State	N/A	3.36%

*The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for ports and universities is 8.59%.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	LEOFF Plan 1	LEOFF Plan 2
2014	\$436	\$1,288,335
2013	\$409	\$1,225,340
2012	\$395	\$1,164,030

Public Safety Employees' Retirement System (PSERS) Plan 2

Plan Description

PSERS was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions have been established by Chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30, 2006; and
- Employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

Covered employers include:

- State of Washington agencies: Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol;
- Washington State counties;
- Washington State cities except for Seattle, Spokane and Tacoma; and
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

To be eligible for PSERS, an employee must work on a full-time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the plan accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2014, the rate was five and one-half percent compounded quarterly. Members in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PSERS-covered employment.

PSERS Plan 2 members are vested after completing five years of eligible service.

PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, or at age 53 with 20 years of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The monthly benefit is 2 percent of the AFC for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PSERS member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

There are 75 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	43
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	119
Active Plan Members Vested	4,513
Active Plan Members Nonvested	1,383
Total	6,058

Funding Policy

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.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	PSERS Plan 2
Employer*	10.54%
Employee	6.36%

* The employer rate includes an employer administrative expense fee of 0.18%.

Both City and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	PSERS Plan 2
2014	\$27,822
2013	\$21,168
2012	\$21,134

Firefighters' Pension Plan

The City is the administrator of the Firefighters' Pension Plan (FPP), a single-employer defined benefit pension plan established in conformance with Revised Code of Washington (RCW) 41.18. The Pension Board consists of five members: the Mayor, who is the chairman of the board, the City Clerk, the City Treasurer, and two regularly employed firefighters elected by secret ballot of the firefighters, each of whom serve two-year terms. Costs of administering the Plan are paid from the Firefighters' Pension Plan. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. Retirement benefit provisions are established in state statute and may be amended only by the State Legislature. Membership is limited to firefighters employed prior to March 1, 1970 when the LEOFF retirement system was established. The City's obligation under the Plan consists of paying the difference between pension and medical benefits provided by LEOFF and those provided by the FPP for covered firefighters who retire after March 1, 1970. Benefits and refunds of the Plan are recognized when due and payable in accordance with the terms of the Plan. As of December 31, 2014, there are two inactive plan members currently receiving benefits, one inactive plan member not receiving benefits because LEOFF benefits exceed those provided by FPP, and there are no active plan members. The plan is closed to new entrants.

Under State law, the FPP is provided an allocation of 25% of all moneys received by the State from taxes on fire insurance premiums, interest earnings, member contributions made prior to the inception of LEOFF, and City contributions required to meet projected future pension obligations. These on-behalf tax revenues were recognized in the general fund and expensed out to the Firefighters' Pension Plan. The fire insurance premium for 2014 was \$145,808, which was sufficient to pay the 2014 Firefighter's Pension Plan expenses of \$51,172. It also increased the negative Net Pension Obligation to \$1,199,247.

The financial activity of the Firefighters' Pension Plan is presented in the Statement of Net Position – Fiduciary Funds, and the Statement of Changes in Net Position – Fiduciary Funds. No separate stand-alone financial report is issued for the Firefighters' Pension Plan. Although the City administers the pension plan, it is funded 100% by a percentage of the tax on fire insurance premiums which is received from the state annually.

Investment Policy

The Firefighter's Pension Plan follows the City's policy to invest temporary cash surpluses. These investments are reported on the Statement of Net Position - Fiduciary Funds as cash and cash equivalents or investments. Included in cash and cash equivalents are currency on hand, demand deposits with banks or other financial institutions, investments with the Local Government Investment Pool, investments in U.S. Government Mutual Funds and investments with original maturities of three months or less. Interest is allocated to the fund on the basis of investments owned.

In accordance with City policy and Washington State law, authorized investment purchases include Certificates of Deposit with financial institutions qualified by the Washington Public Deposit Protection Commission, US Treasury and Agency Securities, Bankers' Acceptances, Bonds of Washington State and any local government in Washington State which have, at the time of purchase, one of the three highest credit ratings of a nationally recognized rating agency, repurchase agreements, the State Investment Pool (which is a 2a7-like pool), and mutual funds used specifically for debt issues related to arbitrage.

In accordance with GASB 31, investments in external 2a7-like pools, money market investments, and participating interest-earning investment contracts with remaining maturities of one year or less at the time of purchase are stated at amortized cost. All other investments including the Firefighter's Pension Plan are stated at fair value.

The City reports its deposit and investment risk disclosures in accordance with GASB 40. See Note 4 – Cash and Investments for detail.

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2015, the most recent actuarial valuation date, is as follows:

(\$ In Thousands)

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL as a Percentage of Covered Payroll</u>
January 1, 2015	\$ 1,484	\$ 483	\$ (1,001)	306%	\$ -	N/A

The Schedule of Funding Progress entitled Required Supplementary Information, which follows the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Employer Contributions

(\$ In Thousands)

<u>Fiscal Year Ending</u>	<u>Total Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC contributed</u>
December 31, 2005	\$ 87	\$ 12	728.0%
December 31, 2006	\$ 99	\$ 1	16,266.0%
December 31, 2007	\$ 107	\$ 1	17,611.9%
December 31, 2008	\$ 122	\$ -	N/A
December 31, 2009	\$ 117	\$ (16)	N/A
December 31, 2010	\$ 134	\$ (14)	N/A
December 31, 2011	\$ 135	\$ (14)	N/A
December 31, 2012	\$ 127	\$ -	N/A
December 31, 2013	\$ 138	\$ -	N/A
December 31, 2014	\$ 146	\$ -	N/A

Three-Year Trend Information

(In whole dollars)

Fiscal Year Ending Dec 31	Annual Pension Cost (APC)	Contribution as a Percentage of APC	Net Pension Obligation (NPO)
2012	\$ 36,431	349.30%	\$ (1,009,606)
2013	\$ 43,199	319.92%	\$ (1,104,611)
2014	\$ 51,172	284.94%	\$ (1,199,247)

Net Pension Obligation

The Net Pension Obligation (NPO) tracks the cumulative difference between the Annual Pension Cost (APC) and the actual contributions deposited. Since contributions have exceeded the APC each year, a negative NPO has been accumulating over the years.

Annual Pension Cost and Net Pension Obligation January 1, 2015

	Year Ending 12/31/12	Year Ending 12/31/13	Year Ending 12/31/14
1. Annual Normal Cost, beginning of year	\$ -	\$ -	\$ -
2. Amortization of UAL, beginning of year	(38,338)	(38,338)	(79,729)
3. Interest to end of year	(1,228)	(1,228)	(2,519)
4. Annual required contribution at end of year (1+2+3), not less than zero	-	-	-
5. Interest on net pension obligation	(29,401)	(32,307)	(35,348)
6. Adjustment to annual required contribution	65,832	75,506	86,520
7. Annual pension cost (4+5-6)	36,431	43,199	51,172
8. Employer Contributions	(127,252)	(138,204)	(145,808)
9. Change in net pension obligation (7-8)	(90,821)	(95,005)	(94,636)
10. Net pension obligation at beginning of year	(918,785)	(1,009,606)	(1,104,611)
11. Net pension obligation at end of year (9+10)	\$ (1,009,606)	\$ (1,104,611)	\$ (1,199,247)

Net Pension Liability

The plan's Total Pension Liability is the portion of the actuarial present value of projected benefit payments to be provided through the pension plan to current active and inactive plan members that is attributed to those members' past periods of service. The Net Pension Liability (asset) is the difference between the plan's total pension liability and the market value of plan assets. On the basis of the actuarial assumptions used in the January 1, 2015 valuation, it is estimated that the current assets of the fund, along with future revenues from state fire insurance taxes (assumed to be paid to the fund for five years from the valuation date or 2020) and investment earnings will be sufficient to pay all future FPF pension benefits.

The components of the City's net pension liability (asset) at December 31, 2014 are as follows:

Total pension liability	\$ 483,433
Less: Plan fiduciary net position	1,484,427
City's net pension liability (asset)	<u>\$ (1,000,994)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 307.06%

**City of Redmond
Firefighter's Pension Plan
Schedule of Changes in Net Pension Liability**

Total Pension Liability	<u>2014</u>
Service cost (Entry Age Normal Cost)	\$ -
Interest	10,399
Changes of benefit terms	-
Differences between expected and actual experience	154,238
Changes of assumptions	-
Benefit payments and refunds	(12,372)
Net Change in Total Pension Liability	<u>152,265</u>
 Total Pension Liability - Beginning	 <u>331,168</u>
Total Pension Liability - Ending (a)	<u>\$ 483,433</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 145,808
Contributions - Member	-
Net Investment Income	10,994
Benefit Payments and Refunds	(12,372)
Admin. Expense	(5,261)
Other	-
Net Change in Plan Fiduciary Net Position:	<u>139,169</u>
 Plan Fiduciary Net Position - Beginning	 <u>1,345,258</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,484,427</u>
 Net Pension Liability (Asset) - Ending (a) - (b)	 <u>\$ (1,000,994)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 307.06%
 Covered employee payroll	 -
 Net pension liability (asset) as a percentage of covered employee payroll	 n/a

The Schedule of Changes in Net Pension Liability and Schedule of Contributions presented in Required Supplementary Information following the notes to the financial statements presents ten-year trend information about whether the net pension liability (asset) is increasing or decreasing over time and the factors affecting the changes.

Annual Money-weighted Rate of Return

For 2014, the money-weighted rate of return for the Firefighter's Pension Plan investments was 0.78%. The annual money-weighted rate of return on pension plan investments is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts

actually invested. The Schedule of Investment Returns presented in Required Supplementary information following the notes to the financial statements presents ten-year trend information for the annual money-weighted rate of return.

Discount Rate and Investment Earnings

The discount rate is the single rate that reflects (1) the long-term expected rate of return on pension plan investments that are expected to be used to finance payment of benefits, to the extent that the pension Plan's Fiduciary net Position is projected to be sufficient to make projected benefit payments and pension plan assets are expected to be invested using a strategy to achieve that return, and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that 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 3.2%. The table below illustrates the effect on the net pension liability if the discount rate were to increase or decrease by 1%.

City of Redmond
Firefighters' Pension Plan
Effect of 1% Change in Discount Rate
As of January 1, 2015

1) Net pension liability (3.20% discount rate)	
A) Total pension liability	\$ 483,433
B) Fiduciary net position	<u>1,484,427</u>
C) Net pension liability [(A)-(B)]	<u>\$ (1,000,994)</u>
2) Effect of 1% decrease in discount rate (2.20% discount rate)	
A) Total pension liability	\$ 545,074
B) Fiduciary net position	<u>1,484,427</u>
C) Net pension liability [(A)-(B)]	<u>\$ (939,353)</u>
2) Effect of 1% increase in discount rate (4.20% discount rate)	
A) Total pension liability	\$ 438,390
B) Fiduciary net position	<u>1,484,427</u>
C) Net pension liability [(A)-(B)]	<u>\$ (1,046,037)</u>

Actuarial Procedures and Assumptions

Actuarial Cost Method

Entry Age Normal Cost Method using a Member by Member approach and attributing liability as a level percentage of compensation that is projected over each Member's career (hire date through retirement date). Since all Members are now retired, the Total Pension Liability is simply the present value of future expected benefit payments.

Valuation of Assets

All assets are carried on a market value basis. Investments held in the Fund's trust account are readily valued through daily quoted market prices.

Fire Insurance Premiums

Future fire insurance premium tax revenues are assumed to increase at the rate of 2.5% per year and are assumed to stop after 2020.

Future Salaries

Salaries are assumed to increase at the rate of 3.5% per annum. This assumption is for future inflation increases only. Since the member have at least 20 years of service, no additional increase is assumed for merit increases.

Postretirement Benefit Increases

Certain benefits increase at the same rate as the salaries for active members of the same rank the retiree had attained at retirement. These salaries were assumed to increase at the rate of 3.5% per annum.

Other benefits increase at the same rate as the Consumer Price Index increases. The CPI was assumed to increase at the rate of 2.5% per annum.

Vesting

Terminating members may forfeit a vested right to a deferred benefit if they withdraw their accumulated contributions. For the purposes of the valuation, it is assumed that no such forfeitures will occur.

Family Composition

All active members are assumed to be married, with no children, when they retire. Wives are assumed to be three years younger than their husbands. Surviving spouses are assumed not to remarry.

Service Retirement

All members who attain, or who have attained, age 65 in active service are assumed to retire immediately. Other members eligible for service retirement are assumed to retire at the rates indicated:

<u>Age</u>	<u>Rate</u>
50	7%
51	7
52	7
53	7
54	11
55	12
56	12
57	15
58	16
59	16
60	23
61	23
62	24
63	24
64	25
65	25
66	*

*Immediate retirement is assumed for every person who attains age 66.

Disablement

The rates of disablement are assumed to be at the rates indicated:

<u>Age</u>	<u>Rate</u>
30	0.8%
35	1.5
40	2.3
45	4.0
50	7.0
55	9.0
60	10.0

Mortality

The mortality rates used in this valuation are as follows:

<u>Age</u>	<u>Members and Members Retired From Service</u>	<u>Disabled Members</u>	<u>Spouses</u>
40	.0948	.1123	.0671
45	.1236	.1527	.1048
50	.1683	.2239	.1577
55	.2662	.3926	.2872
60	.5104	.7529	.5544
65	.9871	1.4088	1.0445
70	1.7189	2.3645	1.7689
75	2.962	4.1107	2.8695
80	5.2585	7.3395	4.7507
85	9.3349	12.7467	8.1706
90	15.9968	20.8834	14.0538
95	24.5603	29.4203	20.1512
100	32.9712	37.1685	24.4834

1. Active and service-retired members RP-2000 Mortality Table (combined healthy) for Males, projected to 2019 using 50% of Projection Scale AA, with ages set back one year.

2. Disabled members RP-2000 Mortality Table (combined healthy) for Males, projected to 2019 using 50% of Projection Scale AA, with ages set forward two years.

3. Spouses RP-2000 Mortality Table (combined healthy) for Females, projected to 2019 using 50% of Projection Scale AA, with ages set forward one year.

Other Terminations of Employment

Since there are no Active Members, the rate of assumed future withdrawal from active service for any reason is 0% per year for all ages.

Cost of Living Increases

<u>Decade</u>	<u>Average Annual Wage Increases for the United States</u>	<u>Average Annual CPI-U Increases for the United States</u>	<u>Excess</u>
2004 - 2014	2.8 %	2.3 %	0.5 %
1994 - 2004	4.1	2.5	1.6
1984 - 1994	3.9	3.6	0.3
1974 - 1984	7.2	7.7	(0.5)
1964 - 1974	5.8	4.7	1.1
<u>Cumulative Period</u>			
2004 - 2014	2.8 %	2.3 %	0.5 %
1994 - 2004	3.5	2.4	1.1
1984 - 1994	3.6	2.8	0.8
1974 - 1984	4.5	4.0	0.5
1964 - 1974	4.8	4.1	0.7

The wage information is based on statistics from the Social Security System. The CPI figures are based on the national Consumer Price Index, U.S. City Average and All Urban Consumers. Over all years considered, wages have increased 0.7% faster than CPI but over the last 10 years the difference has been 0.5%.

Municipal Employees Benefit Trust

By majority vote, City employees approved the City's withdrawal from the Social Security System pursuant to U.S.C.A., Section 418 (g) effective January 1, 1975. Permanent employees working 1,040 or more hours per year are eligible but not required to participate in the plan. Temporary employees working less than 1,040 hours per year are required to participate in the plan. Participating permanent employees may choose to defer income tax in accordance with Internal Revenue Code Section 401K, on all, part or none of their contribution while temporary employees may not defer income tax on any of their contribution. There were 758 permanent and 280 temporary participants with account balances at December 31, 2014.

The Municipal Employees Benefit Trust Plan is a defined contribution plan with participants contributing an amount equal to the current Social Security rate (7.65%). One hundred percent of the contributions made by employees hired before April 1, 1986 go to MEBT. Employees hired on or after April 1, 1986 contribute 6.2% to MEBT and 1.45% to Medicare. Permanent employees may make additional contributions up to the limit set by the Internal Revenue Code. The City contributes 7.65% for permanent employees and 4.75% for temporary employees. Of the City's contribution, 1.45% goes to Medicare for employees hired on or after April 1, 1986. Eighty percent of the remaining City contribution goes to MEBT and 20% to administrative fees. The City's contribution is based on the payroll for all employees who are eligible to participate in the plan, regardless of the number of participants. The City's payroll for participating employees in 2014 was \$51,937,664. Employee contributions were \$3,287,074. City contributions were \$3,287,074. The City's total payroll was \$57,124,212.

Plan assets consisting of stocks, bonds, and guaranteed insurance contracts, are not the property of the City and are not subject to the claims of the City's general creditors. The Plan is administered by the Plan Committee consisting of seven employee members appointed by the City. 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 or amended by a majority vote of the Plan Committee. Employees who elect not to participate in the Municipal Employees Benefit Trust plan retain the disability and survivor income insurance provided by the Standard Insurance Company.

Actuarial determinations are not required because (1) long term disability insurance and survivor income insurance are provided by a group insurance policy with Standard Insurance Company, and (2) each participant shall at his normal retirement date instruct the Plan Committee to (a) acquire a non-forfeitable, non-transferable annuity contract, (b) pay retirement benefits in monthly or annual installments (no contributions by the City or the participant shall be added to his account after retirement), (c) pay a single sum in cash, or (d) elect to defer any or all retirement benefits to a later date.

NOTE 9:

Other Postemployment Benefits

Plan Description

As required by the Revised Code of Washington (RCW) Chapter 41.26, the City provides lifetime medical care for members of the Law Enforcement Officers and Firefighters (LEOFF) retirement system hired before October 1, 1977 under a defined benefit healthcare plan administered by the City. The members' necessary hospital, medical, and nursing care expenses not payable by worker's compensation, social security, insurance provided by another employer, other pension plan, or any other similar source are covered. Most medical coverage for eligible retirees is provided by one of the City's employee medical insurance programs. Under the authorization of the LEOFF Disability Board, direct payment is made for other retiree medical expenses not covered by standard medical plan benefit provisions. Financial reporting for the LEOFF retiree healthcare plan is included in the City's Comprehensive Annual Financial Report.

Funding Policy

Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW. The City's funding policy is based upon pay-as-you-go financing requirements.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2009. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB. The net OPEB obligation of \$3,488,741 is included as a noncurrent liability on the Statement of Net Position.

	Fiscal Year Ending 12/31/2012	Fiscal Year Ending 12/31/2013	Fiscal Year Ending 12/31/2014
Determination of Annual Required Contribution:			
1-Annual Normal Cost (BOY)	\$ 57,908	\$ 57,908	\$ 57,908
2-Amortization of UAAL (BOY)	849,114	849,114	849,114
3-Interest to EOY [(1) + (2)] x (i)*	36,281	36,281	36,281
4-ARC at EOY [(1)+(2)+(3)]	<u>\$ 943,303</u>	<u>\$ 943,303</u>	<u>\$ 943,303</u>
5-Interest on Net OPEB Obligation	\$ 86,819	\$ 107,472	\$ 124,607
6-Adjustment to ARC	127,805	161,640	191,739
7-Annual OPEB Cost [(4)+(5)-(6)]	<u>\$ 902,317</u>	<u>\$ 889,135</u>	<u>\$ 876,171</u>
8-Employer Contributions	386,000	460,757	502,601
9-Change in Net OPEB Obligation [(7) – (8)]	516,317	428,378	373,570
10-Net OPEB Obligation-BOY [(11) prior year]	<u>\$ 2,170,476</u>	<u>\$ 2,686,793</u>	<u>\$ 3,115,171</u>
Net OPEB Obligation-end of year [(9) + (10)]	<u>\$ 2,686,793</u>	<u>\$ 3,115,171</u>	<u>\$ 3,488,741</u>

* 'i' is the assumed interest rate that year: 4.0% in 2012, 4.0% in 2013, 4.0% in 2014.

The City's OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution as a Percentage of OPEB Cost	Net OPEB Obligation
12/31/2012	\$ 902,317	43%	\$ 2,686,793
12/31/2013	\$ 889,135	52%	\$ 3,115,171
12/31/2014	\$ 876,171	57%	\$ 3,488,741

As of January 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The City's funding progress, the accrued liability for benefits, the actuarial value of the assets, the unfunded actuarial accrued liability (UAAL), the covered payroll, and the UAAL as a percentage of covered payroll for 2014 and preceding years were as follows:

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liabilities Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL As a Percentage of Covered Payroll
Dec. 31, 2005	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 719,423	1183%
Dec. 31, 2006	-	8,512,284	8,512,284	0	764,518	1113
Dec. 31, 2007	-	8,512,284	8,512,284	0	557,587	1527
Dec. 31, 2008	-	8,512,284	8,512,284	0	446,200	1908
Dec. 31, 2009	-	9,290,267	9,290,267	0	442,308	2100
Dec. 31, 2010	-	9,430,652	9,430,652	0	461,106	2045
Dec. 31, 2011	-	9,549,490	9,549,490	0	480,703	1987
Dec. 31, 2012	-	14,420,000	14,420,000	0	262,000	5504
Dec. 31, 2013	-	14,664,000	14,664,000	0	249,000	5889
Dec. 31, 2014	-	14,893,000	14,893,000	0	249,000	5981

Actuarial valuations involve estimates 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 the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included a 4.00% discount rate, which is based upon the long-term investment yield on the investments that are expected to be used to finance payment of benefits. A medical inflation rate of 7.00% in 2012, grading down to an ultimate rate of 4.60% in 2081 and beyond, was used along with a long-term care inflation rate of 4.75%.

The UAAL is being amortized on a closed basis at the assumed discount rate. The remaining amortization period at January 1, 2012 was 27 years.

Note 10:
Construction Commitments

At December 31, 2014 the City had significant contractual obligations on construction projects:

(In thousands)

Transportation Projects	\$7,485
Transportation Maintenance	187
General Government	331
Utilities Projects	<u>11,516</u>
Total	<u><u>\$19,519</u></u>

Note 11:
Interfund Transfers

Interfund transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, to move receipts for debt service from the fund collecting the receipts to a debt service fund as debt service payments become due, and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers at December 31, 2014 were as follows:

		Transfer from				
		General Fund	Capital Investments Program Fund	Other Governmental Funds	Internal Service Funds	Total
Transfer to	General Fund	\$ -	\$ -	\$ 746,280	\$ 193,595	\$ 939,875
	Capital Investments Program Fund	4,087,535	-	2,845,919	-	6,933,454
	Other Governmental Funds	5,493,480	896,491	-	-	6,389,971
	Total	\$ 9,581,015	\$ 896,491	\$ 3,592,199	\$ 193,595	\$ 14,263,300

Note 12: Long-Term Obligations

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds have been issued for general government activities and are being repaid from debt service funds.

In 2013 the City issued \$33,085,000 in limited tax general obligation refunding bonds with an interest rate of 3.75% to advance refund \$32,760,000 of outstanding 2004 Limited Tax General Obligation Lease Revenue Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$1,530,533. This amount is being charged to operations through the year 2035 using the straight-line method. The remaining balance of \$1,442,597 is reported as a deferred outflow in the statement of net position.

General obligation bonds outstanding at December 31, 2014 are as follows:

	Issue Date	Maturity Date	Interest Rate	Amount Issued	Redemptions to Date	Outstanding 12/31/2014
2008 LTGO Bonds	9/4/2008	12/1/2028	3.5% - 5.0%	\$ 33,935,000	\$ 7,370,000	\$ 26,565,000
2011 LTGO Bonds	3/16/2011	12/1/2021	2.0% - 4.5%	8,035,000	2,665,000	5,370,000
2013 LTGO Refunding Bonds	9/12/2013	12/1/2035	1.75% - 5.0%	<u>33,085,000</u>	<u>3,240,000</u>	<u>29,845,000</u>
Total General Obligation Bonds				<u>\$ 75,055,000</u>	<u>\$ 13,275,000</u>	<u>\$ 61,780,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities		
Year Ending December 31	Principal	Interest
2015	3,590,000	2,680,119
2016	3,720,000	2,553,169
2017	3,850,000	2,424,919
2018	3,970,000	2,302,719
2019	4,095,000	2,176,319
2020-2024	17,100,000	8,168,444
2025-2029	15,790,000	4,182,881
2030-2034	7,875,000	1,489,338
2035	1,790,000	80,548
	<u>\$ 61,780,000</u>	<u>\$ 26,058,456</u>

Revenue Bonds

The City issues revenue bonds to finance construction projects for the City's utilities. Revenue bonds are payable from revenues generated by the user fees, and are backed by the Water/Wastewater and Stormwater utilities. Revenue bonds generally require a cash reserve be maintained of 120% of the current portion of revenue bonds payable, plus interest.

Revenue bonds outstanding at year end are as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Issued</u>	<u>Redemptions to Date</u>	<u>Outstanding 12/31/2014</u>
2008 Water/ Wastewater Bonds	12/3/2008	12/1/2023	4.0% - 5.0%	\$ 11,755,000	\$ 3,775,000	\$ 7,980,000
2014 Stormwater Bonds	7/24/2014	12/1/2034	3.26% - 4.25%	\$ 22,950,000	\$ 270,000	\$ 22,680,000
Total Revenue Bonds				\$ 34,705,000	\$ 4,045,000	\$ 30,660,000

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Business-type Activities</u>		
<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2015	1,490,000	1,383,348
2016	1,540,000	1,339,048
2017	1,590,000	1,286,598
2018	1,650,000	1,224,198
2019	1,710,000	1,158,098
2020-2024	8,815,000	4,571,875
2025-2029	6,095,000	2,766,300
2030-2034	7,770,000	1,084,050
	<u>\$ 30,660,000</u>	<u>\$ 14,813,515</u>

Public Works Trust Fund Loans

The City currently has two State of Washington Public Works Trust Fund Loans with principal outstanding of \$1,677,548. The interest rates are 0.25% and 1.00%. These loans are considered obligations of the general government and are being repaid from General Fund revenues which are transferred to the Capital Investments Program Fund where the loan payments are recorded.

Public Works Trust Fund Loans outstanding at December 31, 2014 are as follows:

<u>Year Ending</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	166,336	4,733
2016	94,451	3,778
2017	94,451	3,542
2018	94,451	3,306
2019	94,451	3,070
2020-2024	472,254	11,806
2025-2029	472,254	5,903
2030-2031	188,900	708
	<u>\$ 1,677,548</u>	<u>\$ 36,846</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
G.O. Bonds	\$ 65,280,000	\$ -	\$ (3,500,000)	\$ 61,780,000	\$ 3,590,000
Premiums	2,804,209	-	(189,589)	2,614,620	-
Total bonds payable	68,084,209	-	(3,689,589)	64,394,620	3,590,000
PWTF loans	1,843,885	-	(166,337)	1,677,548	166,336
Other post-employment benefits payable	3,115,169	373,570	-	3,488,739	-
Compensated absences	3,837,781	3,819,332	(3,597,064)	4,060,049	3,248,039
Governmental activity long-term liabilities	\$ 76,881,044	\$ 4,192,902	\$ (7,452,990)	\$ 73,620,956	\$ 7,004,375
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 8,680,000	\$ 22,950,000	\$ (970,000)	\$ 30,660,000	\$ 1,490,000
For issuance premiums	239,149	3,232,779	(91,466)	3,380,462	-
Total Bonds Payable	8,919,149	26,182,779	(1,061,466)	34,040,462	1,490,000
Compensated absences	545,096	288,907	(293,626)	540,377	432,302
Business-type activity long-term liabilities	\$ 9,464,245	\$ 26,471,686	\$ (1,355,092)	\$ 34,580,839	\$ 1,922,302

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$42,792 of internal service funds compensated absences are included in the above amounts. Compensated absences for governmental activities are liquidated in the governmental fund from which the employee's salary is paid. Governmental funds typically used to liquidate compensated absences are the General Fund, Recreation Activities Fund, Advanced Life Support Fund, and the Recycling Fund.

Arbitrage

Arbitrage occurs when the City invests funds borrowed at tax-exempt rates of interest in higher yielding taxable securities. These interest earnings in excess of interest expense must be remitted to the federal government. At the fund level, the City recognizes this liability only when it is due and payable. The City had no arbitrage excess earnings liability in 2014.

Pending Loans

The City Council of the City of Redmond adopted the Resolution #1371 in 2012 accepting a Washington State Department of Ecology (DOE) loan for the Redmond Way Water Quality Facility. The estimated loan amount is \$4,412,000. There was no outstanding loan as of 12/31/2014. The full amount is expected to be drawn down in 2015. When the project completion date has occurred, DOE and the City will execute an amendment to the loan agreement which details the final loan amount and DOE will prepare a final loan repayment schedule. The estimated loan will bear interest at the rate of 2.6% per annum, calculated on the basis of a 365 day year. The final loan amount will be repaid in equal installment semiannually over a term of twenty years.

Additional information on the City's long-term liabilities is provided in the City's Debt Manual which is available at:

<http://www.redmond.gov/Government/FinancesandBudget/FinancialReports/>.

NOTE 13:
Leases

Operating Leases:

Copier Leases

Operating lease obligations are primarily for rental of copy machines. Total expenditures for leases were \$9,564 for the year ended December 31, 2014.

The future minimum lease payments are as follows:

Year Ending December 31	Amount
2015	\$ 11,543
2016	11,543
2017	11,543
2018	11,543
2019	8,174
Total	\$ <u>54,346</u>

Note 14:
Component Units

Blended Component Units Included in Reporting Entity

Two blended component units are included in the City's reporting entity, the Redmond Public Corporation and Redmond Community Properties (RCP).

The RCW 39.84.100 grants cities the authority to establish Industrial Development Corporations. In 1982, the City of Redmond created the Redmond Public Corporation. This is a public corporation whose purpose is to issue tax-exempt non-recourse revenue bonds to finance industrial development within City limits. The corporation may construct and maintain industrial facilities, which it then leases or sells to industrial users. Revenue bonds issued by the corporation are payable from revenues of the industrial development facility funded by the revenue bonds.

In conformity with generally accepted accounting principles (GAAP), the Redmond Public Corporation has been included in the financial reporting entity. The Corporation's Board of Directors is comprised solely of members of the City Council who have the authority to approve issuance of the corporation's revenue bonds. The ability of the City Council to impose its will on the Redmond Public Corporation through the approval or disapproval of revenue bond issuance makes the City of Redmond financially accountable for the Public Corporation.

Although the Redmond Public Corporation is included in the reporting entity as a blended component unit, no financial impact is reported in the statements. The bonds are not a liability or a contingent liability of the City of Redmond or lien on any of its properties or revenues. Principal and interest on the bonds are payable solely from the funds provided for this payment from the revenues of the industrial development facilities funded by the revenue as provided in the RCW. Records regarding the financial statements of the entities on whose balance sheets the bond liabilities are reported are in the Office of the City Attorney, who acts as the Secretary of the Public Corporation.

Redmond Community Properties (RCP) is a non-profit corporation organized in 2003 pursuant to Internal Revenue Service Revenue Ruling 63-20. It is related to the National Development Council, a 501(c)(3) organization, through common management. RCP is reported as if it were part of the City of Redmond because its sole purpose is to finance, construct, and lease a City Hall and parking garage to the City. RCP administrative offices are located at:

National Development Council
1425 Fourth Avenue, Suite 608
Seattle, WA 98101-2220

In 2004, RCP issued Lease Revenue Bonds to finance construction of City Hall and the parking garage. The City leased these facilities from RCP under a capital lease arrangement.

For reporting purposes RCP and the City of Redmond are consolidated as required by GAAP. The capital lease payable was reported as bonds payable, and City Hall and the parking garage reported as assets of the City. Bond principal and interest payments were reported as debt service by the City. As part of the capital lease agreement the City paid monthly maintenance and asset management fees to RCP. The financial statements of RCP are reported as an Internal Service Fund in the City's fund financial statements and schedules.

In September 2013, the City issued Limited Tax General Obligation Refunding Bonds to advance refund and defease the Redmond Community Properties Lease Revenue Bonds. Following the issuance of the bonds and the defeasance and refunding of the outstanding RCP bonds, all assets, including title to City Hall and the parking garage, transferred to the City.

Both of these blended component units are inactive and are in the process of being dissolved. The City anticipates that this will be completed in 2015.

Component Units Reported in Fiduciary Fund Statements

Redmond Community Facilities District 2014-1 (District) is a special purpose district formed on July 15, 2014 by Resolution No. 1411 of the City Council of the City of Redmond, Washington. RCW 36.145 authorizes cities to form community facilities districts when the owners of one hundred percent (100%) of the land to be included in the district petition the city to do so. In May 2014 the City of Redmond received a petition from Microsoft Corporation to form a community facilities district for the purpose of financing the construction of a pedestrian/bicycle bridge over SR 520 at the Overlake Transit Station and the construction of canopy coverage for waiting areas at the Overlake Transit Station.

The District is an independently governed, special purpose district, vested with the corporate authority included under Article VII, section 9 of the state Constitution to make local improvements by special assessments. Construction of the improvements will be financed through special assessments of \$33,300,000 levied against specific Microsoft Corporation properties. The assessment will be paid in fifteen equal annual installments, with the first installment due in November, 2015. The project will be advance-funded by Microsoft in annual installments between December 2014 and December 2017. The design and construction of the project elements will be administered by Sound Transit. Sound Transit has agreed to pay any cost of the improvements in excess of the assessed amounts. Upon completion of construction in 2020, ownership of the improvements will be transferred to the City of Redmond.

The District's Board of Supervisors consists of three members of the Redmond City Council and two representatives nominated by the petitioner. The City Finance Director is the Treasurer for the District, and City staff provides fiduciary, accounting and reporting services to the District. Because the City cannot use the resources of the CFD to support its programs, bears no financial obligations related to the CFD or its projects, and does not have the ability to impose its will on the CFD, the City acts in a fiduciary capacity only. Therefore, the District is reported in the fiduciary fund statements in the City of Redmond's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2014.

NOTE 15:

Joint Ventures and Operations

Water Storage and Pumping Facility

In February 1990, the City of Redmond joined with the City of Bellevue to construct, operate, and maintain a joint-use water storage and pumping facility located on the common boundary of the two cities. The City of Redmond has an undivided interest in the facility of 44%, and the City of Bellevue has an undivided interest of 56%. The City of Redmond's share of costs to construct the joint-use facility totaled \$2,078,539 and is reported on the business-type activity financial statements as improvements other than buildings. The City recognizes depreciation expense annually. Accumulated depreciation totals \$1,444,584 with a net book value of \$633,955. The city reimbursed the City of Bellevue \$14,639 for its share of operating costs in 2014.

Budget monitoring information can be obtained from the City of Bellevue Budget Department, 450 – 110th Avenue NE, Bellevue, WA 98004.

Cascade Water Alliance

In April 1999, the City of Redmond entered into an interlocal agreement with seven other water providers in the region to create the Cascade Water Alliance. The purpose of the Alliance is to provide water supply to meet current and future needs of the Alliance's members 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. Each member entity must pay annual dues based on the number of units served by the water system within their jurisdiction. The City of Redmond's dues for 2014 were \$580,781. The City of Redmond also paid the Alliance \$2,155,795 in 2014 for Regional Capital Facilities Charges (RCFCs) for new hookups to the water system that Redmond collected from new customers.

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. Members do not hold legal ownership rights in any assets owned by the Alliance.

In 2011, the CWA's Board passed a resolution offering to purchase the outstanding RCFCs credits from its members at a discounted rate. These credits were awarded to its members who transferred or retained an independent water supply in excess of its needs. The Alliance's members were allowed to use such credits to apply against future RCFCs. The CWA offered to buy out the RCFC credits at \$2,500 per Cascade Equivalent Residential Unit (CERU) from its members. The City of Redmond chose the one-time redemption option. The payment was finalized and the total of \$ 3,076,875 was sent to the City of Redmond in December 2012. Such receipt was reported as capital contributions in the city's Water/Wastewater fund on the proprietary funds' Statement of Revenues, Expenses, and Changes in Fund Net Position. These monies will be held to be used to call the outstanding revenue bonds issued in 2008 when these become callable in 2019.

Audited financial information can be obtained from Pamela Higbee, Cascade Water Alliance, 1400 112th Avenue SE, Suite 220, Bellevue, WA 98004.

Eastside Narcotics Task Force (ENTF)

The Eastside Narcotics Task Force (ENTF) was formed by the Cities of Redmond, Bellevue, Kirkland, Mercer Island, and Issaquah in 1981 for the purpose of mutual support in the fight against drug crimes. In 1990, ENTF engaged the support services of King County Prosecutor's Office. The King County Sheriff's Office joined ENTF in 2002 to also provide support in the fight against drug crimes. On May 3rd, 2010, the ENTF amended the Interlocal Cooperative Agreement to include the Washington State Patrol. As of October of 2009, Issaquah permanently withdrew its ENTF membership. The US Postal Service joined ENTF on October 1st, 2013. Mercer Island and the King County Sheriff's Office are no longer members.

The Task Force is governed by an Executive Board whose members are composed of the Chief Law Enforcement Officer, or his/her designee, from each participating jurisdiction. The Board is responsible for formulating policy, establishing annual budgets, adding members, appointing the Administering Agency, and acquiring, holding, and disposing of real and personal property, and has final approval of expenditures and disbursements of revenues (seized and forfeited assets). A Commander, who is an officer from the Bellevue Police Department with a rank of Captain or higher, is responsible for the operation and the accomplishment of the goals and objectives of the Task Force.

The City of Redmond's financial responsibility is to provide an officer, a vehicle, and to pay for the officer's ENT travel, if required. Sometime in 2015, the City of Redmond will be providing another officer to the Task Force, which will be funded 100% by the Task Force.

Upon termination of the Task Force, equipments and proceeds will be divided equitably as determined by the board. Member agencies share in the costs and proceeds of the operation of the Task Force on a percentage basis. As of 12/31/2014, the forfeiture balance of the ENT was \$363,180. In the event of dissolution of the Task Force, the balance due to Redmond would be \$35,955, or 9.9% of the ENT's total forfeiture reserve balance.

Budget monitoring information can be obtained from Eastside Narcotics Task Force, c/o Carl Krikorian, Police Fiscal Manager, Bellevue Police Department, 450 – 110th Avenue NE, Bellevue, WA 98004 or P.O. Box 90012, Bellevue, WA 98009.

A Regional Coalition For Housing (ARCH)

In November 1992, the City of Redmond joined the Cities of Kirkland, Bellevue, and King County to establish A Regional Coalition For Housing (ARCH). The agreement was recently amended in 2010. Since its inception, King County, the Cities of Redmond, Bellevue, Kirkland, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Mercer Island, Newcastle, Sammamish, Woodinville, Yarrow Point, and Beaux Arts Village joined ARCH.

ARCH's purpose is to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing by combining public funding with private-sector resources. Operating funding is provided by the member cities. ARCH identifies and prioritizes projects which the member cities fund directly through their own grants, Community Development Block Grants and US Department of Housing and Urban Development's (HUD) grants.

ARCH is governed by an Executive Board composed of a Chief Executive Officer from each member. The Executive Board is responsible for review and approval of all budgetary, financial, policy and contractual matters. The Board is assisted by an administrative staff and a Citizen Advisory Board.

Each member city contributes operating revenues as specified in the annual budget for ARCH. Contributions from the member cities are based on each member's population. Contributions by member agencies are held in the ARCH Housing Trust Fund Account and dispersed by the Administering Agency for approved projects. In 2014 the city contributed \$65,120 for operations or 10.817% of the total contributions for operations by all members. The City has accumulated \$349,947 in the Trust Fund for funding affordable housing projects.

Members may withdraw from the ARCH agreement by giving one year's written notice to the Executive Board, by December 31st of any year, of its intention to terminate, effective December 31st of the following year. Members remain legally and financially responsible for any obligation incurred while a member of ARCH. Upon dissolution, the agreement provides for distribution of all property and assets among the members based on the percentage of the total annual contributions during the period of the agreement paid by each member. The City's share of assets is deemed immaterial and thus is not reflected in the financial statements.

Budget monitoring information can be obtained from ARCH, c/o Art Sullivan, 16225 NE 87th Street, A-3, Redmond, WA 98052.

EPSCA

The Eastside Public Safety Communications Agency (EPSCA), an emergency regional radio access service provider operation, was established on May 26, 1992, by an interlocal agreement among the Cities of Redmond, Bellevue, Kirkland, and Mercer Island. The Agreement was amended in 1993, to include the City of Issaquah as an additional Principal. EPSCA began principal operations of the 800 MHz radio system in December 1995.

EPSCA is governed by an Executive Board, which is comprised of the Chief Executive Officers of the Principals. The Executive Board is responsible for review and approval of all budgetary, financial, and contractual matters.

An Operations Committee, composed of the Chief of Police and Fire Chief of each Principal, reports to the Board and oversees budget preparation, rates, revenues, expenditures, policies and other operational issues. The Committee also includes representation from non-Principal EPSCA user agencies.

EPSCA has developed an Eastside radio communications system which is integrated with a regional radio communications network. Its capital funding derives from a September 15th, 1992 voter-approved King County excess property tax levy of \$57,016,764. EPSCA's portion of the levy was \$10,004,469.

Operating revenues derive from fees charged to the Principals for communications services and from subscriber fees for communications services. The City of Redmond paid \$178,901 to EPSCA in 2014. These fees would change when the access fee rate change or when radios are added or removed from the system.

The interlocal agreement among the Eastside cities provides for a weighted vote according to the proportion of each Principal's system radios in relation to the total number of system radios used by all Principals.

As of December 31st, 2014, the weighted vote percentage was shown as follows:

Redmond	23.966%
Bellevue	48.780%
Kirkland	16.013%
Mercer Island	5.992%
Issaquah	5.250%

These percentages are reviewed and adjusted annually at January 1st, based on the number of radios on the system in use by current Principals as of December 31st of the preceding year. Upon dissolution, the interlocal agreement provides for distribution of assets among the Principals based on weighted voting percentages in force at the time of dissolution.

Budget monitoring and compiled financial statements for EPSCA can be obtained from EPSCA, c/o Jessie Morgan, MS PSEPS, P.O. Box 97010, Redmond, WA 98073-9710.

Hazardous Materials Unit and Response Team (HazMat)

In January 1984, the City of Redmond joined the Cities of Bellevue, Kirkland, Bothell, and King County Fire Protection Districts 16 and 36 to form a Hazardous Materials Unit and Response Team (HazMat). The agreement was recently modified on July 13th, 2004. Current members are the Cities of Redmond, Bellevue, Kirkland, Bothell, Snoqualmie, along with Eastside Fire & Rescue, Woodinville Fire & Life Safety District, and King County Fire Districts 27 & 45.

The purpose of the HazMat agreement is to provide equipment and personnel for improving the quality of emergency services through development of the cooperative HazMat unit as a normal function of fire protection services.

The HazMat team is governed by a Joint Board which is composed of the Fire Chiefs of the member agencies plus one member from the HazMat team. The Joint Board is responsible for formulating policy, establishing annual budgets, and acquiring, holding, and disposing of real and personal property. With the exception of the member from the HazMat team, each representative on the Joint Board has a vote on all matters. The City of Bellevue has the administrative authority for operations conducted pursuant to the agreement and provides administrative and secretarial support to the Joint Board.

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the agreement provides for distribution of assets among the members based on the percentage of the total annual charges paid by each member during the period of the agreement.

The HazMat team has no outstanding debt or leases in 2014. Operating revenues are provided by an annual charge assessed each member based on each member's property values and number of emergency incidents.

Budget monitoring information can be obtained from Eastside Hazardous Materials Joint Board, c/o Babette Bechtold, Bellevue Fire Department, P.O. Box 90012, Bellevue, WA 98004.

Community Connectivity Consortium

The Community Connectivity Consortium is a public corporation organized pursuant to the ordinances and approvals of the Consortium members and RCW 35.21.730 through 35.21.759 and RCW 39.34. The Consortium was created in 2011 and is governed by sixteen public agencies who are voting members: cities of Redmond, Bellevue, Kirkland, Renton, Auburn, Kent, Tukwila, Lake Washington School District, University of Washington, Bellevue College, Bellevue School District, Evergreen Hospital, Renton School District, Valley Communication Center, NORCOM, and King County. The Consortium sets the terms and conditions for sharing fiber optic installation projects, outlines how the parties will work together on fiber projects and establishes the original backbone of the Fiber Consortium network through contributions of budget, fiber assets, conduit, right of way and staff expertise. It has built over 35 miles of fiber optic cable, creating strategic connection points along the way. The partners use the fiber network to connect schools and universities to enhance learning; to connect hospitals, medical facilities and clinics to improve health care; connect government facilities for public safety, transportation and other needs; and to provide an open access network to serve the public with wireless and broadband access.

The City of Redmond petitioned to join the Consortium as a non-voting member on May 14th, 2012, and became a voting member at the following year. As a member, Redmond paid \$3,570 for its annual due payments in 2014 and has the option to participate in fiber projects that will have project agreement that documents scope, roles and responsibilities, ownership, share of the overall project cost, etc. If the City decides to leave the Consortium, the assets Redmond acquired under any project agreements remains Redmond's.

For additional information, please contact Brenda Cooper, Board Chair, CIO City of Kirkland, bcooper@kirklandwa.gov.

NORCOM

In November 2007, the City of Kirkland, with the Cities of Bellevue, Bothell, Clyde Hill, 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 entered into an interlocal agreement to establish and maintain a consolidated emergency service communications center. In 2008, the City of Redmond joined as a subscriber. Prior to the interlocal agreement, the formation efforts were carried out under a Joint Powers Agreement originally approved in 2005 and amended in 2006 and 2007. On July 1st, 2009, the separate dispatch operations of the Cities of Bellevue and Kirkland were combined and began operating as the North East King County Regional Public Safety Communications Agency (or NORCOM). NORCOM includes 911 telephone answering, computer aided dispatch of fire, police and EMS resources, public safety field technology and a records management system.

Operating revenues are provided by user fees charged to each member based on average call volume. The City of Redmond paid \$559,535 to NORCOM for calls for services and \$38,838 for subscriber's fees in 2014.

Additional financial information can be obtained from NORCOM, c/o Gwen Pilo, Finance Manager, P.O. Box 50911, Bellevue. WA 98015-0911.

NOTE 16: Contingencies and Litigation

As of December 31, 2014, there were a number of damage claims and lawsuits pending against the City. However, in our opinion, neither the potential liability from any single claim or lawsuit, nor the aggregate potential liability resulting from all pending claims nor lawsuits, would affect materially, the financial condition of the City.

NOTE 17: Risk Management

The City is exposed to various risks of loss such as: theft, damage, destruction of assets, errors & omissions, injuries or property damage to others, employees' health, and natural disasters. The City has three internal service funds to account for and finance its self-insured risks of loss. The City purchases commercial insurance for claims in excess of anticipated self-insured losses. All funds of the City participate in the self-insurance programs and make payments to the self-insurance funds based on estimates of the amounts needed to pay excess insurance and related risk management and service costs, prior and current year claims paid in the current year, and to maintain adequate reserves for catastrophic losses in a given year.

Property and Liability Claims Program:

The self-insured portion of the Insurance Claims and Reserve Fund provides coverage up to a maximum of \$25,000 per occurrence for related claims and expenses. There were no claims that settled in 2014 above the City's self-insurance limit, two (2) claims in 2013, and no claims in 2012. Reserves for open claims are established by an independent claims adjusting firm on a case reserve basis based on the assessment of the settlement potential and costs specifically associated with a particular claim, given the information available at the time. Cases are reviewed at least monthly and are subject to periodic audits. Lawsuits are reviewed and handled directly by the City Attorney or the excess insurer's appointed legal counsel.

The City's current approach to risk management stems from 2010 when the city conducted a comprehensive review of its property and liability risk programs. As a result, the City issued a request for proposal (RFP) for a broker/consultant and selected Bannon Carlson & Kessel, Inc. Bannon Carlson & Kessel, Inc. then conducted a search for service providers to meet the City's needs. This resulted in the City selecting Travelers Insurance for liability coverage and retaining Affiliated FM for property coverage. As a result, the city's risk program changed from a \$100,000 self-insured retention for general liability claims to a \$25,000 deductible. A deductible limit applies to all claim costs while a self-insured retention only applied to any judgment or settlement. The liability limits were extended to \$20 million for general liability as described in the table below. No claims were settled in excess of deductible amounts in 2014, two (2) claims in 2013, and no claims in 2012.

Property insurance coverage has remained with Travelers since September 1, 2013.

Medical Self Insurance Program:

For 2014 the Medical Self-Insurance Fund provided coverage up to a maximum of \$150,000 per person per calendar year with the Excess Insurance covering an Unlimited Major Medical Maximum. There were three (3) claimants who exceeded the per-person limit in 2014; in 2013 there was one (1) claimant who exceeded the per-person limit; in 2012 there was one (1) claimant who exceeded the per-person limit. All funds of the City from which employee wages are paid make premium payments to the Medical Self-Insurance Fund based on health insurance rates derived from actual fund experience and historical and market trend rates.

Council authorized the City to self-insure workers' compensation benefits effective January 1, 1998 for employee injuries and illnesses. For 2014 the City self-insures \$500,000 of each accident or illness and purchases excess insurance above that, up to the statutory requirements. No reported claim for 2014, 2013, or 2012 exceeded the City's self-insurance coverage. Claims handling is currently contracted to an independent, qualified third party administrator (TPA).

As of December 31, 2014, the City had reserves of \$1,119,430 in the Insurance Fund, \$9,374,884 in the Medical Self-Insurance Fund, and \$119,447 in the Workers' Compensation Fund to provide against risk of future loss. Claims liabilities of \$1,205,600 have been reported in the Medical Self-Insurance Fund and \$38,878 in the Workers' Compensation Fund based on estimates provided by the City's third party administrators. Historical claims liabilities for incurred but not reported (IBNR) in the Insurance Claims and Reserve Fund average 15% to 17% of paid claims for the year. Reported claims liabilities are based on the requirements of GASB Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the self-insurance funds' claims liabilities in 2013 and 2014 were:

	Insurance Fund	Medical Insurance Fund	Workers' Compensation Fund
December 31, 2013:			
Unpaid claims, beginning of fiscal year	\$ -	\$ 1,101,172	\$ 113,822
Claims incurred (including IBNRs)	276,040	8,442,244	691,085
Claims payments	(276,040)	(8,187,816)	(724,390)
Unpaid claims-December 31, 2013:	<u>\$ -</u>	<u>\$ 1,355,600</u>	<u>\$ 80,517</u>
December 31, 2014:			
Unpaid claims, beginning of fiscal year	\$ -	\$ 1,355,600	\$ 80,517
Claims incurred (including IBNRs)	182,304	6,774,892	390,160
Claims payments	(182,304)	(6,924,892)	(431,799)
Unpaid claims-December 31, 2014:	<u>\$ -</u>	<u>\$ 1,205,600</u>	<u>\$ 38,878</u>

Commercial insurance policies were purchased to protect the City from claims which exceed the coverage provided by the self-insurance funds.

	<u>Coverage</u>	<u>Self-Insured Retention</u>
Property policy limit	\$150,000,000	\$100,000
Earth movement	\$50,000,000	3%/\$100,000 minimum per location
Flood	\$50,000,000	\$100,000
Employee theft	\$1,000,000	\$10,000
General liability – per occurrence	\$1,000,000	\$25,000
General liability – aggregate	\$2,000,000	
Law enforcement	\$1,000,000	\$25,000
Employment related practices	\$1,000,000	\$25,000
Auto liability	\$1,000,000	\$25,000
Umbrella excess liability (excess of general liability, auto, law enforcement liability)	\$20,000,000	\$10,000
Employment-related practices excess	\$9,000,000	
Underground storage tank liability	\$1,000,000	\$5,000
Blanket fidelity (employee dishonesty)	\$1,000,000	\$10,000 deductible
Excess worker's compensation	statutory	\$500,000
Excess medical insurance	unlimited	\$150,000

NOTE 18: Budget to GAAP Reconciliation

Differences Between 2013-2014 Biennium Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund
REVENUES AND OTHER SOURCES:	
Budget and Actual Statement 2013/2014 Biennium	\$ 178,179,631
Less: 2013 Revenues and other sources	<u>(91,080,254)</u>
Statement of Revenues and Expenditures	<u>\$ 87,099,377</u>
EXPENDITURES AND OTHER USES:	
Budget and Actual Statement 2013/2014 Biennium	\$ 182,164,038
Less: 2013 Expenditures and other uses	<u>(92,646,304)</u>
Statement of Revenues and Expenditures	<u>\$ 89,517,734</u>

NOTE 19: Accounting and Reporting Changes

GASB 67 Implementation

The City implemented GASB 67, "Financial Reporting for Pension Plans", for the year ended December 31, 2014. The requirements of this Statement provide enhanced note disclosures and schedules of required supplementary information for pension plans, such as the Firefighter's Pension Plan. The financial statements for the Firefighter's Pension Plan are presented in the Statement of Net Position – Fiduciary Funds and the Statement of Changes in Net Position – Fiduciary Funds. The enhanced note disclosures for the Firefighter's Pension Plan are included in Note 9: Pension Plans. The required supplementary information following the notes to the financial statements includes a Statement of Changes in Net Pension Liability, Schedule of Contributions, and Schedule of Investment Returns for the last 10 years.

Net Pension Liability (Asset)

Although the City administers the Firefighter's Pension Plan, it is funded 100% by a percentage of the tax on fire insurance premiums which is received from the state annually. Based on legal counsel and Washington State Attorney General opinion, it has been determined that the plan assets do not belong to the City, and upon the

dissolution of the plan the remaining balance will not revert to the City. Therefore, the City of Redmond had previously determined that no net pension asset should be included in the City's Statement of Net Position. Based on GASB Statement No. 27 requirements that the net pension liability (asset) be reported in the government-wide statement of net position, as well as State Auditor's Office opinion that while the net pension asset will not revert to the City, it does, in effect, reduce the amount that the City must pay into the Plan in the future, the City has decided to report the net pension asset (currently \$1,000,994) in the City's Statement of Net Position beginning in 2014. Because the amount is immaterial, current year expenditures for Security were reduced by this amount in the City's Statement of Activities. The fund financial statements are not affected.

NOTE 20: Subsequent Events

The City settled 2013-2015 contract negotiations with the Redmond Firefighters Union #2829, I.A.F.F. in January 2015. The contract includes a salary increase of 3.5% that was effective January 1, 2013, resulting in \$1,093,062 in retroactive salary payments on January 25, 2015. Of this amount, \$542,772 was applicable to 2013 and \$550,290 to 2014. The contract also includes a 2.2% increase that became effective January 1, 2015.

The City Council of the City of Redmond adopted the Resolution #1371 in 2012 accepting a Washington State Department of Ecology (DOE) loan funding towards the Redmond Way Water Quality Facility. The estimated loan amount is \$4,412,000. There was no outstanding loan as of 12/31/2014. The full amount is expected to be drawn down in 2015. When the project completion date has occurred, DOE and the City will execute an amendment to the loan agreement which details the final loan amount and DOE will prepare a final loan repayment schedule. The estimated loan will bear interest at the rate of 2.6% per annum, calculated on the basis of a 365 day year. The final loan amount will be repaid in equal installment semiannually over a term of twenty years.

Required Supplementary Information

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Taxes	\$ 123,045,865	\$ 122,081,080	\$ 58,961,676	\$ 60,050,946	\$ 119,012,622	\$ (3,068,458)
Licenses and permits	15,895,423	17,549,282	8,434,363	8,960,519	17,394,882	(154,400)
Contributions	200,000	394,197	188,622	160,510	349,132	(45,065)
Intergovernmental	20,516,713	21,319,106	10,005,777	10,586,831	20,592,608	(726,498)
Charges for services	10,391,061	10,445,902	5,301,983	5,280,343	10,582,326	136,424
Fines and forfeitures	1,652,746	1,652,746	812,420	602,893	1,415,313	(237,433)
Investment income	1,446,910	1,446,910	448,020	269,522	717,542	(729,368)
Net change in fair value of investment	-	-	(594,571)	(48,122)	(642,693)	(642,693)
Miscellaneous	1,928,130	2,026,620	308,058	167,527	475,585	(1,551,035)
Total Revenues	<u>175,076,848</u>	<u>176,915,843</u>	<u>83,866,348</u>	<u>86,030,969</u>	<u>169,897,317</u>	<u>(7,018,526)</u>
EXPENDITURES						
Current						
General government	39,115,095	34,148,123	15,390,273	14,393,459	29,783,732	4,364,391
Security of persons and property	85,019,546	86,709,219	39,107,710	41,244,592	80,352,302	6,356,917
Physical environment	5,322,439	5,361,905	2,428,213	2,495,394	4,923,607	438,298
Transportation	14,991,450	15,476,661	6,912,583	6,602,015	13,514,598	1,962,063
Economic development	9,349,079	9,804,117	4,385,714	4,727,295	9,113,009	691,108
Culture and recreation	19,041,150	19,391,316	9,278,976	9,184,500	18,463,476	927,840
Capital outlay	4,989,875	5,219,412	486,817	578,172	1,064,989	4,154,423
Debt service						
Principal	470,059	470,059	94,450	94,451	188,901	281,158
Interest and Issuance Costs	-	-	211,272	616,841	828,113	(828,113)
Total Expenditures	<u>178,298,693</u>	<u>176,580,812</u>	<u>78,296,008</u>	<u>79,936,719</u>	<u>158,232,727</u>	<u>18,348,085</u>
Excess (deficiency) of revenues over (under) expenditures	(3,221,845)	335,031	5,570,340	6,094,250	11,664,590	11,329,559
OTHER FINANCING SOURCES (USES)						
Insurance recoveries	-	-	-	44,733	44,733	44,733
Disposition of capital assets	259,360	293,372	-	83,800	83,800	(209,572)
Transfers in	9,702,732	10,217,601	7,213,906	939,875	8,153,781	(2,063,820)
Transfers out	(19,715,457)	(24,031,311)	(14,350,296)	(9,581,015)	(23,931,311)	100,000
Total other financing sources and uses	<u>(9,753,365)</u>	<u>(13,520,338)</u>	<u>(7,136,390)</u>	<u>(8,512,607)</u>	<u>(15,648,997)</u>	<u>(2,128,659)</u>
Net change in fund balance	(12,975,210)	(13,185,307)	(1,566,050)	(2,418,357)	(3,984,407)	9,200,900
Fund balance-beginning	36,954,369	37,145,016	38,801,551	37,235,501	38,801,551	1,656,535
Fund balance-ending	<u>\$ 23,979,159</u>	<u>\$ 23,959,709</u>	<u>\$ 37,235,501</u>	<u>\$ 34,817,144</u>	<u>\$ 34,817,144</u>	<u>\$ 10,857,435</u>

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

Required Supplementary Information

City of Redmond
Firefighter's Pension Plan
Schedule of Changes in Net Pension Liability
Last 10 Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability⁽¹⁾										
Service cost (Entry Age Normal Cost)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	10,399	17,645	17,590	20,627	20,705	28,542	28,580	24,961	25,294	24,159
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	154,238	(231,779)	(1,918)	(98,267)	(6,793)	223,274	(18,525)	38,329	(21,658)	(3,867)
Changes of assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments and refunds	(12,372)	(12,224)	(15,672)	(18,834)	(13,912)	(11,124)	(10,055)	(13,146)	(3,636)	(4,512)
Net Change in Total Pension Liability	<u>152,265</u>	<u>(226,358)</u>	<u>-</u>	<u>(96,474)</u>	<u>-</u>	<u>240,692</u>	<u>-</u>	<u>50,144</u>	<u>-</u>	<u>15,780</u>
Total Pension Liability - Beginning	<u>331,168</u>	<u>557,526</u>	<u>557,526</u>	<u>654,000</u>	<u>654,000</u>	<u>413,308</u>	<u>413,308</u>	<u>363,164</u>	<u>363,164</u>	<u>347,384</u>
Total Pension Liability - Ending (a)	<u>\$ 483,433</u>	<u>\$ 331,168</u>	<u>\$ 557,526</u>	<u>\$ 557,526</u>	<u>\$ 654,000</u>	<u>\$ 654,000</u>	<u>\$ 413,308</u>	<u>\$ 413,308</u>	<u>\$ 363,164</u>	<u>\$ 363,164</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 145,808	\$ 138,204	\$ 127,252	\$ 135,412	\$ 133,868	\$ 119,354	\$ 121,832	\$ 106,728	\$ 98,572	\$ 87,431
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net Investment Income	10,994	12,269	8,757	9,043	128	24,919	30,027	32,031	18,216	9,138
Benefit Payments and Refunds	(12,372)	(12,224)	(15,672)	(18,834)	(13,912)	(11,124)	(10,055)	(13,146)	(3,636)	(4,512)
Admin. Expense	(5,261)	(1,350)	(5,264)	(1,000)	(7,000)	-	-	(1,262)	(2,332)	(1,250)
Other	-	-	-	-	-	(2,750)	(6,684)	(1,329)	-	(2,768)
Net Change in Plan Fiduciary Net Position:	<u>139,169</u>	<u>136,899</u>	<u>115,073</u>	<u>124,621</u>	<u>113,084</u>	<u>130,399</u>	<u>135,120</u>	<u>123,022</u>	<u>110,820</u>	<u>88,039</u>
Plan Fiduciary Net Position - Beginning	<u>1,345,258</u>	<u>1,208,359</u>	<u>1,093,286</u>	<u>968,665</u>	<u>855,581</u>	<u>725,182</u>	<u>590,062</u>	<u>467,040</u>	<u>356,220</u>	<u>268,181</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,484,427</u>	<u>\$ 1,345,258</u>	<u>\$ 1,208,359</u>	<u>\$ 1,093,286</u>	<u>\$ 968,665</u>	<u>\$ 855,581</u>	<u>\$ 725,182</u>	<u>\$ 590,062</u>	<u>\$ 467,040</u>	<u>\$ 356,220</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (1,000,994)</u>	<u>\$ (1,014,090)</u>	<u>\$ (650,833)</u>	<u>\$ (535,760)</u>	<u>\$ (314,665)</u>	<u>\$ (201,581)</u>	<u>\$ (311,874)</u>	<u>\$ (176,754)</u>	<u>\$ (103,876)</u>	<u>\$ 6,944</u>
Plan fiduciary net position as a percentage of the total pension liability	307.06%	406.22%	216.74%	196.10%	148.11%	130.82%	175.46%	142.77%	128.60%	98.09%
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ 91,040	\$ 91,040	\$ 85,323	\$ 82,200	\$ 75,804	\$ 75,804
Net pension liability (asset) as a percentage of covered employee payroll	n/a	n/a	n/a	n/a	-345.63%	-221.42%	-365.52%	-215.03%	-137.03%	9.16%

Required Supplementary Information

City of Redmond
Firefighter's Pension Plan
Schedule of Contributions
Last 10 Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ (13,832)	\$ (13,832)	\$ (15,979)	\$ -	\$ 606	\$ 606	\$ 12,187
Contributions in relation to the actuarially determined contribution	\$ 145,808	\$ 138,204	\$ 127,252	\$ 135,412	\$ 133,868	\$ 119,354	\$ 121,832	\$ 106,728	\$ 98,572	\$ 87,431
Contribution deficiency (excess)	<u>\$ 145,808</u>	<u>\$ 138,204</u>	<u>\$ 127,252</u>	<u>\$ 149,244</u>	<u>\$ 147,700</u>	<u>\$ 135,333</u>	<u>\$ 121,832</u>	<u>\$ 106,122</u>	<u>\$ 97,966</u>	<u>\$ 75,244</u>
Covered employee payroll	n/a	n/a	n/a	n/a	\$ 91,040	\$ 91,040	\$ 85,323	\$ 82,200	\$ 75,804	\$ 75,804
payroll	n/a	n/a	n/a	n/a	162.2%	148.7%	142.8%	129.1%	129.2%	99.3%

Notes to Schedule

Valuation date: January 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost
Amortization method	Level amortization of the Net Pension Liability as a level dollar amount over a five-year period.
Asset valuation method	Market value
Salary increases	3.50%
Investment rate of return	3.20%
Growth in membership	0%
Postretirement benefit increases	
1. Related to salaries	3.50%
2. Related to Consumer Price Index	2.50%
Retirement age	65
Mortality	In the 2014 actuarial valuation, assumed life expectancies were based on the RP-2000 Mortality Table (combined healthy) for males.

Required Supplementary Information

City of Redmond
Firefighter's Pension Plan
Schedule of Investment Returns
Last 10 Fiscal Years

	<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>	<u>2005</u>
Annual money-weighted rate of return, net of investment expense	0.78%	0.97%	0.76%	0.88%	0.01%	2.85%	3.62%	5.99%	4.53%	2.06%

Required Supplementary Information

**LEOFF I Medical Benefits
Schedule of Funding Progress**

<u>Fiscal Year Ended</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities Entry Age</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL As a Percentage of Covered Payroll</u>
Dec. 31, 2005	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 719,423	1183%
Dec. 31, 2006	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 764,518	1113%
Dec. 31, 2007	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 557,587	1527%
Dec. 31, 2008	\$ -	\$ 8,512,284	\$ 8,512,284	0%	\$ 446,200	1908%
Dec. 31, 2009	\$ -	\$ 9,290,267	\$ 9,290,267	0%	\$ 442,308	2100%
Dec. 31, 2010	\$ -	\$ 9,430,652	\$ 9,430,652	0%	\$ 461,106	2045%
Dec. 31, 2011	\$ -	\$ 9,549,490	\$ 9,549,490	0%	\$ 480,703	1987%
Dec. 31, 2012	\$ -	\$ 14,420,000	\$ 14,420,000	0%	\$ 262,000	5504%
Dec. 31, 2013	\$ -	\$ 14,664,000	\$ 14,664,000	0%	\$ 249,000	5889%
Dec. 31, 2014	\$ -	\$ 14,893,000	\$ 14,893,000	0%	\$ 249,000	5981%

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are restricted to/committed for expenditures for particular purposes.

The Recreation Activities Fund provides salaries, equipment and supplies needed to conduct year-round recreational programs. Funding comes from class fees, sports leagues, and transfers from the General Fund.

The Development Review Fund was established in 2013 to provide support services for large, private development in the City. Funding is provided through fees negotiated with developers.

The Cable Access Fund was established in 2003 to monitor expenditures for cable access equipment, public education, service enhancement, and government access to television. The primary source of revenues is fees and contributions from cable television subscribers.

The Operating Grants Fund includes expenditures for special studies and pilot programs to support commute trip reduction in partnership with area employers. It is funded by federal, state, and local grants, private contributions and a portion of the business tax surcharge.

The Advanced Life Support Fund accounts for the provision of Advanced Life Support (ALS) services (paramedic) within the City and Fire District 34 areas. The City provides these services in contract with King County Medic One and the County provides the resources for this service.

The Aid Car Donation Fund accounts for donations of monies for the acquisition, maintenance and repair of a medical emergency aid car and other fire department emergency equipment and supplies.

The Real Estate Excise Tax Fund accounts for proceeds of the ½ of 1% Real Estate Excise Tax. This tax is collected by King County at the time property is sold in the City of Redmond and then remitted to the City. These funds must be used for construction of capital projects.

The Felony Seizure Fund accounts for monies and proceeds from the sale of property seized during drug and felony investigations. These funds are legally required to be expended on drug and felony related police activities.

The Tourism Fund is supported by a 1% special excise tax on overnight lodging in Redmond. This tax provides resources to support tourism development and promotion activities in Redmond.

The Solid Waste Recycling Fund accounts for monies received primarily through garbage franchise fees. Fund expenditures made are to develop, administer and improve solid waste collection and education.

Debt Service Funds

Debt Service Funds account for the accumulation of resources for and the payment of general obligation and special assessment bonds.

The Special Levy Fund accounts for the debt service on the voter-approved general obligation bonds. There are currently no bond issues outstanding that are paid from this fund. In 1994 the City issued bonds to purchase land and build a new fire station. These bonds were refunded in 2008. These bonds were retired in 2013.

The Regular Levy Fund accounts for the debt service on City Council approved (councilmanic) general obligation debt. These currently include 2008 long-term general obligation bonds to fund the Bear Creek Parkway expansion as well as refunding the 1998 Fire bonds, 2011 long-term general obligation bonds to fund Park improvements, and 2013 City Hall refunding bonds.

CITY OF REDMOND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2014

Page 1 of 4

	Special Revenue Funds			
	Recreation Activities	Development Review	Cable Access	Operating Grants
ASSETS				
Cash and cash equivalents	\$ 93,320	\$ 23,718	\$ 124,852	\$ -
Cash with outside agency	-	-	-	-
Investments	782,208	203,998	1,042,420	617,856
Receivables:				
Taxes	-	-	-	-
Accounts	22,129	41,586	-	-
Interest	1,626	459	2,343	1,463
Due from other funds	-	-	-	-
Due from other governments	-	-	-	74,355
Restricted assets:				
Deposit investment	-	-	-	-
Cash	-	-	-	72,042
Total Assets	\$ 899,283	\$ 269,761	\$ 1,169,615	\$ 765,716
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 5,177	\$ -	\$ 496	\$ 31,774
Employee wages payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	1,296	-	-	-
Payable from restricted assets:				
Deposits payable	-	-	-	-
Deferred-unearned revenue	148,258	-	-	-
Total Liabilities	154,731	-	496	31,774
Fund balances				
Nonspendable	-	-	-	-
Spendable:				
Restricted	-	-	1,169,119	733,942
Committed	744,552	269,761	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	744,552	269,761	1,169,119	733,942
Total Liabilities and Fund Balances	\$ 899,283	\$ 269,761	\$ 1,169,615	\$ 765,716

CITY OF REDMOND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2014

Page 2 of 4

	Special Revenue Funds			
	Advanced Life Support	Aid Car/ Dispatch Donation	Real Estate Excise Tax	Felony Seizure
ASSETS				
Cash and cash equivalents	\$ -	\$ 46,097	\$ 582,957	\$ -
Cash with outside agency	-	-	-	10,000
Investments	-	383,087	4,856,457	46,728
Receivables:				
Taxes	-	-	268,240	-
Accounts	-	-	-	-
Interest	-	860	10,380	116
Due from other funds	-	-	-	-
Due from other governments	1,463,595	-	-	-
Restricted assets:				
Deposit investment	-	-	-	11,274
Cash	-	-	-	-
Total Assets	\$ 1,463,595	\$ 430,044	\$ 5,718,034	\$ 68,118
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 29,257	\$ 54,062	\$ -	\$ -
Employee wages payable	40,512	-	-	-
Due to other funds	267,923	-	-	-
Due to other governments	-	-	-	-
Payable from restricted assets:				
Deposits payable	-	-	-	11,274
Deferred-unearned revenue	-	-	-	-
Total Liabilities	337,692	54,062	-	11,274
Fund balances				
Nonspendable	-	-	-	-
Spendable:				
Restricted	1,125,903	375,982	5,718,034	56,844
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	1,125,903	375,982	5,718,034	56,844
Total Liabilities and Fund Balances	\$ 1,463,595	\$ 430,044	\$ 5,718,034	\$ 68,118

CITY OF REDMOND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2014

	Special Revenue Funds		
	Tourism	Solid Waste Recycling	Total
ASSETS			
Cash and cash equivalents	\$ 53,460	\$ 46,705	\$ 971,109
Cash with outside agency	-	-	10,000
Investments	447,976	390,266	8,770,996
Receivables:			
Taxes	-	-	268,240
Accounts	-	-	63,715
Interest	1,198	887	19,332
Due from other funds	-	-	-
Due from other governments	-	82,309	1,620,259
Restricted assets:			
Deposit investment	-	-	11,274
Cash	-	-	72,042
Total Assets	\$ 502,634	\$ 520,167	\$ 11,806,967
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 13,754	\$ 6,628	\$ 141,148
Employee wages payable	-	-	40,512
Due to other funds	-	-	267,923
Due to other governments	-	-	1,296
Payable from restricted assets:			
Deposits payable	-	-	11,274
Deferred-unearned revenue	-	-	148,258
Total Liabilities	13,754	6,628	610,411
Fund balances			
Nonspendable	-	-	-
Spendable:			
Restricted	488,880	513,539	10,182,243
Committed	-	-	1,014,313
Assigned	-	-	-
Unassigned	-	-	-
Total Fund Balances	488,880	513,539	11,196,556
Total Liabilities and Fund Balances	\$ 502,634	\$ 520,167	\$ 11,806,967

CITY OF REDMOND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2014

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	Debt Service Funds		Total Nonmajor Governmental Funds
	Regular Levy GO Bonds		
ASSETS			
Cash and cash equivalents	\$ 3,336	\$	974,445
Cash with outside agency	-		10,000
Investments	27,801		8,798,797
Receivables:			
Taxes	-		268,240
Accounts	-		63,715
Interest	60		19,392
Due from other funds	-		-
Due from other governments	-		1,620,259
Restricted assets:			
Deposit investment	-		11,274
Cash	-		72,042
Total Assets	<u>\$ 31,197</u>	<u>\$</u>	<u>11,838,164</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$	141,148
Employee wages payable	-		40,512
Due to other funds	-		267,923
Due to other governments	-		1,296
Payable from restricted assets:			
Deposits payable	-		11,274
Deferred-unearned revenue	-		148,258
Total Liabilities	<u>-</u>		<u>610,411</u>
Fund balances			
Nonspendable	-		-
Spendable:			
Restricted	31,197		10,213,440
Committed	-		1,014,313
Assigned	-		-
Unassigned	-		-
Total Fund Balances	<u>31,197</u>		<u>11,227,753</u>
Total Liabilities and Fund Balances	<u>\$ 31,197</u>	<u>\$</u>	<u>11,838,164</u>

CITY OF REDMOND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2014

	Special Revenue Funds			
	Recreation Activities	Development Review	Cable Access	Operating Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	207,268	-	-
Contributions	18,500	-	7,435	-
Intergovernmental	-	-	-	346,331
Charges for services	2,093,318	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	8,560	2,785	9,122	6,726
Net change in fair value of investments	(1,263)	357	(652)	2,905
Miscellaneous	305,185	-	-	-
Total Revenues	<u>2,424,300</u>	<u>210,410</u>	<u>15,905</u>	<u>355,962</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Security of persons and property	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	1,385,996
Economic environment	-	274,210	20,568	-
Mental/physical health	-	-	-	-
Culture and recreation	2,494,373	-	-	-
Capital outlay	-	73,668	-	-
Debt service:				
Principal	-	-	-	-
Interest and debt issue costs	-	-	-	-
Total Expenditures	<u>2,494,373</u>	<u>347,878</u>	<u>20,568</u>	<u>1,385,996</u>
Excess (deficiency) of revenues over (under) expenditures	(70,073)	(137,468)	(4,663)	(1,030,034)
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	-	-
Premium on refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Disposition of capital assets	-	-	-	-
Transfers in	-	-	-	732,417
Transfers out	-	-	-	(385,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,417</u>
Net change in fund balances	(70,073)	(137,468)	(4,663)	(682,617)
Fund balances-beginning	814,625	407,229	1,173,782	1,416,559
Fund balances-ending	<u>\$ 744,552</u>	<u>\$ 269,761</u>	<u>\$ 1,169,119</u>	<u>\$ 733,942</u>

CITY OF REDMOND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2014

	Special Revenue Funds			
	Advanced Life Support	Aid Car/ Dispatch Donations	Real Estate Excise Tax	Felony Seizure
REVENUES				
Taxes	\$ -	\$ -	\$ 3,934,927	\$ -
Licenses and Permits	-	-	-	-
Contributions	-	4,704	-	-
Intergovernmental	5,912,545	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	25,300	-	9,115
Investment income	(885)	3,224	43,895	450
Net change in fair value of investments	4,190	(566)	(8,284)	(64)
Miscellaneous	-	47,326	-	-
Total Revenues	<u>5,915,850</u>	<u>79,988</u>	<u>3,970,538</u>	<u>9,501</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Security of persons and property	5,734,871	11,655	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental/physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	91,470	43,228	-	-
Debt service:				
Principal	-	-	-	-
Interest and debt issue costs	-	-	-	-
Total Expenditures	<u>5,826,341</u>	<u>54,883</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	89,509	25,105	3,970,538	9,501
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	-	-
Premium on refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Disposition of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(3,076,149)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,076,149)</u>	<u>-</u>
Net change in fund balances	89,509	25,105	894,389	9,501
Fund balances-beginning	1,036,394	350,877	4,823,645	47,343
Fund balances-ending	<u>\$ 1,125,903</u>	<u>\$ 375,982</u>	<u>\$ 5,718,034</u>	<u>\$ 56,844</u>

CITY OF REDMOND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2014

	Special Revenue Funds		
	Tourism	Solid Waste Recycling	Total
REVENUES			
Taxes	\$ 358,241	\$ -	\$ 4,293,168
Licenses and Permits	-	-	207,268
Contributions	-	-	30,639
Intergovernmental	-	129,467	6,388,343
Charges for services	-	591,444	2,684,762
Fines and forfeitures	-	-	34,415
Investment income	4,600	3,731	82,208
Net change in fair value of investments	(643)	(771)	(4,791)
Miscellaneous	-	194	352,705
Total Revenues	<u>362,198</u>	<u>724,065</u>	<u>14,068,717</u>
EXPENDITURES			
Current			
General government	-	-	-
Security of persons and property	-	-	5,746,526
Physical environment	-	674,638	674,638
Transportation	-	-	1,385,996
Economic environment	160,636	92	455,506
Mental/physical health	-	-	-
Culture and recreation	-	-	2,494,373
Capital outlay	25,000	-	233,366
Debt service:			
Principal	-	-	-
Interest and debt issue costs	-	-	-
Total Expenditures	<u>185,636</u>	<u>674,730</u>	<u>10,990,405</u>
Excess (deficiency) of revenues over (under) expenditures	176,562	49,335	3,078,312
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	-	-
Premium on refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Disposition of capital assets	-	-	-
Transfers in	-	-	732,417
Transfers out	(131,050)	-	(3,592,199)
Total other financing sources (uses)	<u>(131,050)</u>	<u>-</u>	<u>(2,859,782)</u>
Net change in fund balances	45,512	49,335	218,530
Fund balances-beginning	443,368	464,204	10,978,026
Fund balances-ending	<u>\$ 488,880</u>	<u>\$ 513,539</u>	<u>\$ 11,196,556</u>

CITY OF REDMOND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2014

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	Debt Service Funds	Total Nonmajor Governmental Funds
	Regular Levy GO Bonds	
REVENUES		
Taxes	\$ -	\$ 4,293,168
Licenses and Permits	-	207,268
Contributions	-	30,639
Intergovernmental	-	6,388,343
Charges for services	-	2,684,762
Fines and forfeitures	-	34,415
Investment income	233	82,441
Net change in fair value of investments	(18)	(4,809)
Miscellaneous	-	352,705
Total Revenues	<u>215</u>	<u>14,068,932</u>
EXPENDITURES		
Current		
General government	-	-
Security of persons and property	-	5,746,526
Physical environment	-	674,638
Transportation	-	1,385,996
Economic environment	-	455,506
Mental/physical health	-	-
Culture and recreation	-	2,494,373
Capital outlay	-	233,366
Debt service:		
Principal	3,500,000	3,500,000
Interest and debt issue costs	<u>2,157,553</u>	<u>2,157,553</u>
Total Expenditures	<u>5,657,553</u>	<u>16,647,958</u>
Excess (deficiency) of revenues over (under) expenditures	(5,657,338)	(2,579,026)
OTHER FINANCING SOURCES (USES)		
Refunding bonds issued	-	-
Premium on refunding bonds issued	-	-
Payment to refunded bond escrow agent	-	-
Disposition of capital assets	-	-
Transfers in	5,657,554	6,389,971
Transfers out	-	(3,592,199)
Total other financing sources (uses)	<u>5,657,554</u>	<u>2,797,772</u>
Net change in fund balances	216	218,746
Fund balances-beginning	30,981	11,009,007
Fund balances-ending	<u>\$ 31,197</u>	<u>\$ 11,227,753</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL INVESTMENTS PROGRAM CAPITAL PROJECTS FUNDS
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Intergovernmental	\$ 13,494,649	\$ 13,994,649	\$ 3,545,766	\$ 4,693,950	\$ 8,239,716	\$ (5,754,933)
Contributions	102,734	171,234	285,915	278,815	564,730	393,496
Charges for services	4,923,028	4,923,028	4,631,641	4,137,190	8,768,831	3,845,803
Investment income	567,234	567,234	316,234	255,130	571,364	4,130
Net change in fair value of investment	-	-	(208,936)	(29,565)	(238,501)	(238,501)
Miscellaneous	587,405	587,405	(43,741)	826	(42,915)	(630,320)
Total Revenues	<u>19,675,050</u>	<u>20,243,550</u>	<u>8,526,879</u>	<u>9,336,346</u>	<u>17,863,225</u>	<u>(2,380,325)</u>
EXPENDITURES						
Current						
Capital outlay	39,387,748	39,906,248	9,926,486	14,296,286	24,222,772	15,683,476
Debt service						
Principal	-	-	202,457	71,886	274,343	(274,343)
Interest	-	-	6,074	1,438	7,512	(7,512)
Total Expenditures	<u>39,387,748</u>	<u>39,906,248</u>	<u>10,135,017</u>	<u>14,369,610</u>	<u>24,504,627</u>	<u>15,401,621</u>
Excess (deficiency) of revenues over (under) expenditures	(19,712,698)	(19,662,698)	(1,608,138)	(5,033,264)	(6,641,402)	13,021,296
OTHER FINANCING SOURCES (USES)						
Disposition of assets	-	-	25,500	-	25,500	25,500
Transfers in	18,218,684	18,218,684	11,285,233	6,933,454	18,218,687	3
Transfers out	(10,017,168)	(10,067,168)	(6,528,526)	(896,491)	(7,425,017)	2,642,151
Total other financing sources and uses	<u>8,201,516</u>	<u>8,151,516</u>	<u>4,782,207</u>	<u>6,036,963</u>	<u>10,819,170</u>	<u>2,667,654</u>
Net change in fund balance	(11,511,182)	(11,511,182)	3,174,069	1,003,699	4,177,768	15,688,950
Fund balance-beginning	31,038,482	29,191,180	29,606,174	32,780,243	29,606,174	414,994
Fund balance-ending	<u>\$ 19,527,300</u>	<u>\$ 17,679,998</u>	<u>\$ 32,780,243</u>	<u>\$ 33,783,942</u>	<u>\$ 33,783,942</u>	<u>\$ 16,103,944</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RECREATION ACTIVITIES SPECIAL REVENUE FUND
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Charges for services	\$ 4,436,844	\$ 4,436,844	\$ 2,051,127	\$ 2,093,318	\$ 4,144,445	\$ (292,399)
Contributions	4,000	4,000	6,373	18,500	24,873	20,873
Investment income	30,000	30,000	10,384	8,560	18,944	(11,056)
Net change in fair value of investment	-	-	(5,623)	(1,263)	(6,886)	(6,886)
Miscellaneous	<u>475,525</u>	<u>475,525</u>	<u>276,240</u>	<u>305,185</u>	<u>581,425</u>	<u>105,900</u>
Total Revenues	<u>4,946,369</u>	<u>4,946,369</u>	<u>2,338,501</u>	<u>2,424,300</u>	<u>4,762,801</u>	<u>(183,568)</u>
EXPENDITURES						
General government	40,400	-	-	-	-	-
Security of persons and property	-	-	80	-	80	(80)
Economic environment	-	-	273	-	273	(273)
Culture and recreation	<u>4,653,633</u>	<u>4,744,034</u>	<u>2,327,085</u>	<u>2,494,373</u>	<u>4,821,458</u>	<u>(77,424)</u>
Total Expenditures	<u>4,694,033</u>	<u>4,744,034</u>	<u>2,327,438</u>	<u>2,494,373</u>	<u>4,821,811</u>	<u>(77,777)</u>
Excess (deficiency) of revenues over (under) expenditures	252,336	202,335	11,063	(70,073)	(59,010)	(261,345)
OTHER FINANCING SOURCES (USES)						
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	<u>252,336</u>	<u>202,335</u>	<u>11,063</u>	<u>(70,073)</u>	<u>(59,010)</u>	<u>(261,345)</u>
Fund balance-beginning	837,964	805,803	803,562	814,625	803,562	(2,241)
Fund balance-ending	<u>\$ 1,090,300</u>	<u>\$ 1,008,138</u>	<u>\$ 814,625</u>	<u>\$ 744,552</u>	<u>\$ 744,552</u>	<u>\$ (263,586)</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEVELOPMENT REVIEW FUND
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Licenses and permits	\$ -	\$ 1,350,427	\$ 436,655	\$ 207,268	\$ 643,923	\$ (706,504)
Charges for services	-	-	452	-	452	452
Investment income	-	-	1,688	2,785	4,473	4,473
Net change in fair value of investment	-	-	(2,738)	357	(2,381)	(2,381)
Total Revenues	<u>-</u>	<u>1,350,427</u>	<u>436,057</u>	<u>210,410</u>	<u>646,467</u>	<u>(703,960)</u>
EXPENDITURES						
Economic Environment	-	1,350,427	28,828	274,210	303,038	1,047,389
Capital outlay	-	-	-	73,668	73,668	(73,668)
Total Expenditures	<u>-</u>	<u>1,350,427</u>	<u>28,828</u>	<u>347,878</u>	<u>376,706</u>	<u>973,721</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	407,229	(137,468)	269,761	269,761
Net change in fund balance	-	-	407,229	(137,468)	269,761	269,761
Fund balance-beginning	-	-	-	407,229	-	-
Fund balance-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,229</u>	<u>\$ 269,761</u>	<u>\$ 269,761</u>	<u>\$ 269,761</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CABLE ACCESS SPECIAL REVENUE FUND
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Contributions	\$ -	\$ -	\$ 34,870	\$ 7,435	\$ 42,305	\$ 42,305
Investment income	216,000	216,000	12,291	9,122	21,413	(194,587)
Net change in fair value of investment	-	-	(7,860)	(652)	(8,512)	(8,512)
Miscellaneous	94,000	94,000	-	-	-	(94,000)
Total Revenues	<u>310,000</u>	<u>310,000</u>	<u>39,301</u>	<u>15,905</u>	<u>55,206</u>	<u>(254,794)</u>
EXPENDITURES						
Economic Environment	169,950	169,950	58,366	20,568	78,934	91,016
Capital outlay	375,000	375,000	41,073	-	41,073	333,927
Total Expenditures	<u>544,950</u>	<u>544,950</u>	<u>99,439</u>	<u>20,568</u>	<u>120,007</u>	<u>424,943</u>
Excess (deficiency) of revenues over (under) expenditures	(234,950)	(234,950)	(60,138)	(4,663)	(64,801)	170,149
Net change in fund balance	(234,950)	(234,950)	(60,138)	(4,663)	(64,801)	170,149
Fund balance-beginning	1,209,262	1,209,771	1,233,920	1,173,782	1,233,920	24,149
Fund balance-ending	<u>\$ 974,312</u>	<u>\$ 974,821</u>	<u>\$ 1,173,782</u>	<u>\$ 1,169,119</u>	<u>\$ 1,169,119</u>	<u>\$ 194,298</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OPERATING GRANTS SPECIAL REVENUE FUND
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Intergovernmental	\$ 270,000	\$ 320,000	\$ 83,048	\$ 346,331	\$ 429,379	\$ 109,379
Investment income	48,000	48,000	16,541	6,726	23,267	(24,733)
Net change in fair value of investment	-	-	(9,836)	2,905	(6,931)	(6,931)
Total Revenues	<u>318,000</u>	<u>368,000</u>	<u>89,753</u>	<u>355,962</u>	<u>445,715</u>	<u>77,715</u>
EXPENDITURES						
Transportation	3,173,690	3,173,690	1,184,585	1,385,996	2,570,581	603,109
Total Expenditures	<u>3,173,690</u>	<u>3,173,690</u>	<u>1,184,585</u>	<u>1,385,996</u>	<u>2,570,581</u>	<u>603,109</u>
Excess (deficiency) of revenues over (under) expenditures	(2,855,690)	(2,805,690)	(1,094,832)	(1,030,034)	(2,124,866)	680,824
OTHER FINANCING SOURCES (USES)						
Transfers in	1,514,834	1,514,834	782,417	732,417	1,514,834	-
Transfers out	(385,000)	(385,000)	(50,000)	(385,000)	(435,000)	(50,000)
Total other financing sources (uses)	<u>1,129,834</u>	<u>1,129,834</u>	<u>732,417</u>	<u>347,417</u>	<u>1,079,834</u>	<u>(50,000)</u>
Net change in fund balance	(1,725,856)	(1,675,856)	(362,415)	(682,617)	(1,045,032)	630,824
Fund balance-beginning	1,807,176	1,776,196	1,778,974	1,416,559	1,778,974	2,778
Fund balance-ending	<u>\$ 81,320</u>	<u>\$ 100,340</u>	<u>\$ 1,416,559</u>	<u>\$ 733,942</u>	<u>\$ 733,942</u>	<u>\$ 633,602</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ADVANCED LIFE SUPPORT SPECIAL REVENUE FUND
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Intergovernmental	\$ 12,546,691	\$ 12,605,409	\$ 6,135,775	\$ 5,912,545	\$ 12,048,320	\$ (557,089)
Investment income	-	-	1,820	(885)	935	935
Net change in fair value of investment	-	-	(4,190)	4,190	-	-
Contributions	51,834	51,834	-	-	-	(51,834)
Total Revenues	<u>12,598,525</u>	<u>12,657,243</u>	<u>6,133,405</u>	<u>5,915,850</u>	<u>12,049,255</u>	<u>(607,988)</u>
EXPENDITURES						
Security of persons and property	11,862,384	11,921,102	5,441,415	5,734,871	11,176,286	744,816
Capital outlay	-	-	17,732	91,470	109,202	(109,202)
Total Expenditures	<u>11,862,384</u>	<u>11,921,102</u>	<u>5,459,147</u>	<u>5,826,341</u>	<u>11,285,488</u>	<u>635,614</u>
Excess (deficiency) of revenues over (under) expenditures	736,141	736,141	674,258	89,509	763,767	27,626
OTHER FINANCING SOURCES (USES)						
Disposition of capital assets	10,500	10,500	-	-	-	(10,500)
Total other financing sources (uses)	<u>10,500</u>	<u>10,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,500)</u>
Net change in fund balance	746,641	746,641	674,258	89,509	763,767	17,126
Fund balance-beginning	885,979	361,822	362,136	1,036,394	362,136	314
Fund balance-ending	<u>\$ 1,632,620</u>	<u>\$ 1,108,463</u>	<u>\$ 1,036,394</u>	<u>\$ 1,125,903</u>	<u>\$ 1,125,903</u>	<u>\$ 17,440</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AID CAR DONATION SPECIAL REVENUE FUND
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Contributions	\$ 60,000	\$ 60,000	\$ 2,712	\$ 4,704	\$ 7,416	\$ (52,584)
Fines and forfeitures	-	-	-	25,300	25,300	25,300
Investment income	-	-	3,360	3,224	6,584	6,584
Net change in fair value of investment	-	-	(2,350)	(566)	(2,916)	(2,916)
Miscellaneous	<u>80,000</u>	<u>80,000</u>	<u>70,804</u>	<u>47,326</u>	<u>118,130</u>	<u>38,130</u>
Total Revenues	<u>140,000</u>	<u>140,000</u>	<u>74,526</u>	<u>79,988</u>	<u>154,514</u>	<u>14,514</u>
EXPENDITURES						
Security of persons and property	126,000	126,000	28,307	11,655	39,962	86,038
Capital outlay	<u>100,000</u>	<u>100,000</u>	-	43,228	43,228	56,772
Total Expenditures	<u>226,000</u>	<u>226,000</u>	<u>28,307</u>	<u>54,883</u>	<u>83,190</u>	<u>142,810</u>
Excess (deficiency) of revenues over (under) expenditures	(86,000)	(86,000)	46,219	25,105	71,324	157,324
Net change in fund balance	(86,000)	(86,000)	46,219	25,105	71,324	157,324
Fund balance-beginning	327,109	304,461	304,658	350,877	304,658	197
Fund balance-ending	<u>\$ 241,109</u>	<u>\$ 218,461</u>	<u>\$ 350,877</u>	<u>\$ 375,982</u>	<u>\$ 375,982</u>	<u>\$ 157,521</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REAL ESTATE EXCISE TAX SPECIAL REVENUE FUND
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Taxes	\$ 6,062,700	\$ 6,062,700	\$ 5,980,372	\$ 3,934,926	\$ 9,915,298	\$ 3,852,598
Investment income	30,000	30,000	34,019	43,895	77,914	47,914
Net change in fair value of investment	-	-	(30,618)	(8,284)	(38,902)	(38,902)
Total Revenues	<u>6,092,700</u>	<u>6,092,700</u>	<u>5,983,773</u>	<u>3,970,537</u>	<u>9,954,310</u>	<u>3,861,610</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	(6,062,701)	(6,373,701)	(3,297,552)	(3,076,149)	(6,373,701)	-
Total other financing sources (uses)	<u>(6,062,701)</u>	<u>(6,373,701)</u>	<u>(3,297,552)</u>	<u>(3,076,149)</u>	<u>(6,373,701)</u>	<u>-</u>
Net change in fund balance	29,999	(281,001)	2,686,221	894,388	3,580,609	3,861,610
Fund balance-beginning	699,825	1,804,932	2,137,424	4,823,645	2,137,424	332,492
Fund balance-ending	<u>\$ 729,824</u>	<u>\$ 1,523,931</u>	<u>\$ 4,823,645</u>	<u>\$ 5,718,033</u>	<u>\$ 5,718,033</u>	<u>\$ 4,194,102</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FELONY SEIZURE SPECIAL REVENUE FUND
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Fines and forfeitures	\$ 6,000	\$ 6,000	\$ -	\$ 9,115	\$ 9,115	\$ 3,115
Investment income	-	-	618	450	1,068	1,068
Net change in fair value of investment	-	-	(385)	(64)	(449)	(449)
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>233</u>	<u>9,501</u>	<u>9,734</u>	<u>3,734</u>
EXPENDITURES						
Security of persons and property	-	-	5,643	-	5,643	(5,643)
Total Expenditures	<u>-</u>	<u>-</u>	<u>5,643</u>	<u>-</u>	<u>5,643</u>	<u>(5,643)</u>
Excess (deficiency) of revenues over (under) expenditures	6,000	6,000	(5,410)	9,501	4,091	(1,909)
Net change in fund balance	6,000	6,000	(5,410)	9,501	4,091	(1,909)
Fund balance-beginning	<u>90,071</u>	<u>42,139</u>	<u>52,753</u>	<u>47,343</u>	<u>52,753</u>	<u>10,614</u>
Fund balance-ending	<u>\$ 96,071</u>	<u>\$ 48,139</u>	<u>\$ 47,343</u>	<u>\$ 56,844</u>	<u>\$ 56,844</u>	<u>\$ 8,705</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TOURISM SPECIAL REVENUE FUND
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Taxes	\$ 600,000	\$ 600,000	\$ 347,750	\$ 358,241	\$ 705,991	\$ 105,991
Investment income	6,600	6,600	4,711	4,600	9,311	2,711
Net change in fair value of investment	-	-	(3,019)	(643)	(3,662)	(3,662)
Total Revenues	<u>606,600</u>	<u>606,600</u>	<u>349,442</u>	<u>362,198</u>	<u>711,640</u>	<u>105,040</u>
EXPENDITURES						
Economic development	420,900	438,800	150,780	160,636	311,416	127,384
Capital Outlay	-	-	-	25,000	25,000	(25,000)
Total Expenditures	<u>420,900</u>	<u>438,800</u>	<u>150,780</u>	<u>185,636</u>	<u>336,416</u>	<u>102,384</u>
Excess (deficiency) of revenues over (under) expenditures	185,700	167,800	198,662	176,562	375,224	207,424
OTHER FINANCING SOURCES (USES)						
Transfers out	(269,100)	(269,100)	(130,650)	(131,050)	(261,700)	7,400
Total other financing sources (uses)	<u>(269,100)</u>	<u>(269,100)</u>	<u>(130,650)</u>	<u>(131,050)</u>	<u>(261,700)</u>	<u>7,400</u>
Net change in fund balance	(83,400)	(101,300)	68,012	45,512	113,524	214,824
Fund balance-beginning	359,218	376,128	375,356	443,368	375,356	(772)
Fund balance-ending	<u>\$ 275,818</u>	<u>\$ 274,828</u>	<u>\$ 443,368</u>	<u>\$ 488,880</u>	<u>\$ 488,880</u>	<u>\$ 214,052</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOLID WASTE RECYCLING SPECIAL REVENUE FUND
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Intergovernmental	\$ 246,738	\$ 246,738	\$ 136,334	\$ 129,467	\$ 265,801	\$ 19,063
Charges for services	1,183,762	1,183,762	585,997	591,444	1,177,441	(6,321)
Investment income	5,151	5,151	3,108	3,731	6,839	1,688
Net change in fair value of investment	-	-	(2,445)	(771)	(3,216)	(3,216)
Miscellaneous	-	-	72	194	266	266
Total Revenues	<u>1,435,651</u>	<u>1,435,651</u>	<u>723,066</u>	<u>724,065</u>	<u>1,447,131</u>	<u>11,480</u>
EXPENDITURES						
Physical environment	1,539,832	1,539,832	609,752	674,638	1,284,390	255,442
Economic environment	-	-	-	92	92	(92)
Total Expenditures	<u>1,539,832</u>	<u>1,539,832</u>	<u>609,752</u>	<u>674,730</u>	<u>1,284,482</u>	<u>255,350</u>
Excess (deficiency) of revenues over (under) expenditures	(104,181)	(104,181)	113,314	49,335	162,649	266,830
Net change in fund balance	(104,181)	(104,181)	113,314	49,335	162,649	266,830
Fund balance-beginning	291,982	350,889	350,890	464,204	350,890	1
Fund balance-ending	<u>\$ 187,801</u>	<u>\$ 246,708</u>	<u>\$ 464,204</u>	<u>\$ 513,539</u>	<u>\$ 513,539</u>	<u>\$ 266,831</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL LEVY DEBT SERVICE FUND
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Taxes	\$ 11,144	\$ 4,377	\$ -	\$ -	\$ -	\$ (4,377)
Investment income	-	(796)	796	-	796	1,592
Total Revenues	<u>11,144</u>	<u>3,581</u>	<u>796</u>	<u>-</u>	<u>796</u>	<u>(2,785)</u>
EXPENDITURES						
Principal	280,000	280,000	280,000	-	280,000	-
Interest	5,815	5,815	7,864	-	7,864	(2,049)
Total Expenditures	<u>285,815</u>	<u>285,815</u>	<u>287,864</u>	<u>-</u>	<u>287,864</u>	<u>(2,049)</u>
Excess (deficiency) of revenues over (under) expenditures	(274,671)	(282,234)	(287,068)	-	(287,068)	(4,834)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	6,767	6,767	-	6,767	-
Total other financing sources and uses	<u>-</u>	<u>6,767</u>	<u>6,767</u>	<u>-</u>	<u>6,767</u>	<u>-</u>
Net change in fund balance	(274,671)	(275,467)	(280,301)	-	(280,301)	(4,834)
Fund balance-beginning	<u>274,671</u>	<u>277,517</u>	<u>280,301</u>	<u>-</u>	<u>280,301</u>	<u>2,784</u>
Fund balance-ending	<u>\$ -</u>	<u>\$ 2,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,050)</u>

CITY OF REDMOND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REGULAR LEVY DEBT SERVICE FUND
For the year ended December 31, 2014

	Original Budget 2013-2014	Final Budget 2013-2014	2013 Actual	2014 Actual	Actual 2013-2014 Biennium	Variance with Final Budget Positive (Negative)
REVENUES						
Taxes	\$ -	\$ -	\$ 1,225	\$ -	\$ 1,225	\$ 1,225
Investment income	-	-	310	233	543	543
Net change in fair value of investment	-	-	(205)	(18)	(223)	(223)
Total Revenues	<u>-</u>	<u>-</u>	<u>1,330</u>	<u>215</u>	<u>1,545</u>	<u>1,545</u>
EXPENDITURES						
Principal	7,093,175	7,185,000	3,685,000	3,500,000	7,185,000	-
Interest	610	4,037,872	2,111,850	2,157,553	4,269,403	(231,531)
Total Expenditures	<u>7,093,785</u>	<u>11,222,872</u>	<u>5,796,850</u>	<u>5,657,553</u>	<u>11,454,403</u>	<u>(231,531)</u>
Excess (deficiency) of revenues over (under) expenditures	(7,093,785)	(11,222,872)	(5,795,520)	(5,657,338)	(11,452,858)	(229,986)
OTHER FINANCING SOURCES (USES)						
Bonds/Loan proceeds	-	34,521,771	34,521,771	-	34,521,771	-
Payment to refunded bond escrow agen	-	(34,290,533)	(34,290,533)	-	(34,290,533)	-
Transfers in	7,093,176	11,222,263	5,564,708	5,657,554	11,222,262	(1)
Total other financing sources (uses)	<u>7,093,176</u>	<u>11,453,501</u>	<u>5,795,946</u>	<u>5,657,554</u>	<u>11,453,500</u>	<u>(1)</u>
Net change in fund balance	(609)	230,629	426	216	642	(229,987)
Fund balance-beginning	609	30,531	30,555	30,981	30,555	24
Fund balance-ending	<u>\$ -</u>	<u>\$ 261,160</u>	<u>\$ 30,981</u>	<u>\$ 31,197</u>	<u>\$ 31,197</u>	<u>\$ (229,963)</u>

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to another department or agency of the City.

The **Fleet Maintenance Fund** accounts for the cost of maintaining all City vehicles and construction equipment except fire equipment. All costs, including depreciation, are included in establishing the rate to be charged to each department.

The **Insurance Fund** accounts for the payment of all City insurance premiums and claims for which each City department is charged.

The **Medical Self-Insurance Fund** accounts for all revenues, expenses and reserves associated with the City's medical self-insurance program.

The **Worker's Compensation Fund** accounts for all revenues, expenses, and reserves associated with the City's self-insurance program workman's compensation.

The **Information Technology Fund** accounts for the costs of information technology implementation, management, and support for all City departments.

The **Redmond Community Properties (RCP) Fund** reports the operating activities of a blended component unity of the City, Redmond Community Properties. The fund was used to account for the monthly maintenance expenses of City Hall and the rent and asset management fees paid to RCP. In 2013 the City issued Limited Tax General Obligation Refunding Bonds to advance refund and defease the RCP Leave Revenue Bonds (see Note 12 Long-Term Obligations for more information). Following the issuance of the bonds and the defeasance and refunding of the outstanding RCP bonds, title to City Hall and the parking garage transferred to the City. At the end of 2013 there were outstanding receivables and payables, all of which cleared in 2014. There were no revenues or expenditures in 2014. This fund will no longer be maintained or reported after 2014.

CITY OF REDMOND
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 December 31, 2014

Page 1 of 2

	Fleet Maintenance	Insurance	Medical Self-Insurance
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 540,943	\$ 72,942	\$ 1,134,931
Investments	4,508,961	610,252	9,434,852
Receivables:			
Accounts and contracts	-	-	-
Interest	10,147	1,367	21,470
Inventory	46,316	-	-
Prepaid Insurance	-	443,754	-
Total current assets	5,106,367	1,128,315	10,591,253
Noncurrent assets:			
Land	584,292	-	-
Buildings	510,196	-	-
Improvements other than buildings	248,876	-	-
Equipment	12,900,168	-	-
Less accumulated depreciation	(9,255,306)	-	-
Total capital assets (net of depreciation)	4,988,226	-	-
Total noncurrent assets	4,988,226	-	-
Total Assets	\$ 10,094,593	\$ 1,128,315	\$ 10,591,253
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 474,021	\$ 3,839	\$ 1,216,369
Employee wages payable	4,893	728	-
Compensated absences	37,490	3,454	-
Due to other governments	5,972	-	-
Due to other funds	-	-	-
Total current liabilities	522,376	8,021	1,216,369
Noncurrent liabilities:			
Compensated absences	9,373	864	-
Total noncurrent liabilities	9,373	864	-
Total Liabilities	531,749	8,885	1,216,369
NET POSITION			
Net investment in capital assets	4,988,226	-	-
Unrestricted	4,574,618	1,119,430	9,374,884
Total net position	\$ 9,562,844	\$ 1,119,430	\$ 9,374,884

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

CITY OF REDMOND
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 December 31, 2014

Page 2 of 2

	Workers' Compensation	Information Technology	Redmond Community Properties*	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 21,283	\$ 144,784	\$ -	\$ 1,914,883
Investments	175,405	1,209,500	-	15,938,970
Receivables:				-
Accounts and contracts	-	-	-	-
Interest	371	2,719	-	36,074
Inventory	-	-	-	46,316
Prepaid Insurance	-	-	-	443,754
Total current assets	<u>197,059</u>	<u>1,357,003</u>	<u>-</u>	<u>18,379,997</u>
Noncurrent assets:				
Land	-	-	-	584,292
Buildings	-	109,298	-	619,494
Improvements other than buildings	-	107,322	-	356,198
Equipment	-	542,506	-	13,442,674
Less accumulated depreciation	-	(199,255)	-	(9,454,561)
Total capital assets (net of depreciation)	<u>-</u>	<u>559,871</u>	<u>-</u>	<u>5,548,097</u>
Total noncurrent assets	<u>-</u>	<u>559,871</u>	<u>-</u>	<u>5,548,097</u>
Total Assets	<u>\$ 197,059</u>	<u>\$ 1,916,874</u>	<u>\$ -</u>	<u>\$ 23,928,094</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 40,549	\$ 380,023	\$ -	\$ 2,114,801
Employee wages payable	2,364	25,076	-	33,061
Compensated absences	5,125	125,095	-	171,164
Due to other governments	28,293	439	-	34,704
Due to other funds	-	-	-	-
Total current liabilities	<u>76,331</u>	<u>530,633</u>	<u>-</u>	<u>2,353,730</u>
Noncurrent liabilities:				
Compensated absences	<u>1,281</u>	<u>31,274</u>	<u>-</u>	<u>42,792</u>
Total noncurrent liabilities	<u>1,281</u>	<u>31,274</u>	<u>-</u>	<u>42,792</u>
Total Liabilities	<u>77,612</u>	<u>561,907</u>	<u>-</u>	<u>2,396,522</u>
NET POSITION				
Net investment in capital assets	-	559,871	-	5,548,097
Unrestricted	119,447	795,096	-	15,983,475
Total net position	<u>\$ 119,447</u>	<u>\$ 1,354,967</u>	<u>\$ -</u>	<u>\$ 21,531,572</u>

*The only 2014 activity for Redmond Community Properties was final settlement of accounts receivable, accounts payable, and due to other funds, which is reflected in the Statement of Cash Flows. See note 14 - Component Units for more information.

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

CITY OF REDMOND
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 For the year ended December 31, 2014

Page 1 of 2

	Fleet Maintenance	Insurance	Medical Self-Insurance
Operating revenues:			
Charges for services	\$ 64,616	\$ 944,138	\$ 10,717,056
Charges for replacement	2,651,692	-	-
Charges for insurance	-	-	-
Total operating revenues	2,716,308	944,138	10,717,056
Operating expenses:			
Supplies	145,677	-	-
Maintenance and operations	1,193,861	890,979	9,485,565
Depreciation and amortization	1,001,346	-	-
Total Operating Expenses	2,340,884	890,979	9,485,565
Operating income (loss)	375,424	53,159	1,231,491
Nonoperating revenues (expenses):			
Interest and investment revenue	39,421	6,661	81,721
Net change in fair value of investments	(5,486)	(1,311)	(13,166)
Insurance recovery	-	93,455	399,847
Lease and other revenue	-	-	87,505
Total nonoperating revenues (expenses)	33,935	98,805	555,907
Income (loss) before contributions and transfers	409,359	151,964	1,787,398
Transfers out	-	-	(193,595)
Change in net position	409,359	151,964	1,593,803
Total net position - beginning, as previously reported	9,153,485	967,466	7,781,081
Total net position - ending	\$ 9,562,844	\$ 1,119,430	\$ 9,374,884

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

CITY OF REDMOND
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 For the year ended December 31, 2014

Page 2 of 2

	Workers' Compensation	Information Technology	Redmond Community Properties*	Total
Operating revenues:				
Charges for services	\$ -	\$ 3,692,879	\$ -	\$ 15,418,689
Charges for replacement	-	-	-	2,651,692
Charges for insurance	932,947	-	-	932,947
Total operating revenues	<u>932,947</u>	<u>3,692,879</u>	<u>-</u>	<u>19,003,328</u>
Operating expenses:				
Supplies	749	113,424	-	259,850
Maintenance and operations	850,764	4,210,385	-	16,631,554
Depreciation and amortization	-	73,335	-	1,074,681
Total Operating Expenses	<u>851,513</u>	<u>4,397,144</u>	<u>-</u>	<u>17,966,085</u>
Operating income (loss)	<u>81,434</u>	<u>(704,265)</u>	<u>-</u>	<u>1,037,243</u>
Nonoperating revenues (expenses):				
Interest and investment revenue	1,107	10,647	-	139,557
Net change in fair value of investments	(248)	2,828	-	(17,383)
Insurance recovery	-	-	-	493,302
Lease and other revenue	-	-	-	87,505
Total nonoperating revenues (expenses)	<u>859</u>	<u>13,475</u>	<u>-</u>	<u>702,981</u>
Income (loss) before contributions and transfers	<u>82,293</u>	<u>(690,790)</u>	<u>-</u>	<u>1,740,224</u>
Transfers out	-	-	-	(193,595)
Change in net position	<u>82,293</u>	<u>(690,790)</u>	<u>-</u>	<u>1,546,629</u>
Total net position - beginning, as previously reported	<u>37,154</u>	<u>2,045,757</u>	<u>-</u>	<u>19,984,943</u>
Total net position - ending	<u>\$ 119,447</u>	<u>\$ 1,354,967</u>	<u>\$ -</u>	<u>\$ 21,531,572</u>

*The only 2014 activity for Redmond Community Properties was final settlement of accounts receivable, accounts payable, and due to other funds, which is reflected in the Statement of Cash Flows. See note 14 - Component Units for more information.

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

CITY OF REDMOND
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Year Ended December 31, 2014

Page 1 of 2

	Fleet Maintenance	Insurance	Medical Self-Insurance
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 64,616	\$ 944,138	\$ 11,088,142
Cash received for replacement	2,651,692	-	-
Cash payments to suppliers	(300,560)	(859,233)	(559,908)
Cash payments to employees	(429,505)	(52,691)	(9,066,714)
Cash payments to other governments	5,939	-	-
Internal activity - payments to other funds	(150,060)	(17,634)	-
Other operating receipts	-	-	-
Net cash provided (used) by operating activities	1,842,122	14,580	1,461,520
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Nonoperating transfers in/transfers out	-	-	(193,595)
Other non-operating revenues (expenses)	-	93,455	487,352
Net cash provided by noncapital financing activities	-	93,455	293,757
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,359,095)	-	-
Net cash provided (used) for capital and related financing activities	(1,359,095)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Internal activity, net investment purchases	(539,259)	(111,359)	(1,777,240)
Interest on investments	57,685	8,212	114,553
Net cash provided (used) in investing activities	(481,574)	(103,147)	(1,662,687)
Net increase (decrease) in cash and cash equivalents	1,453	4,888	92,590
Cash and cash equivalents-beginning of year	539,490	68,054	1,042,341
Cash and cash equivalents-end of year	\$ 540,943	\$ 72,942	\$ 1,134,931
Cash at the end of the year consists of:			
Operating fund cash	\$ 540,943	\$ 72,942	\$ 1,134,931
Cash and cash equivalents-end of year	\$ 540,943	\$ 72,942	\$ 1,134,931
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 375,424	\$ 53,159	\$ 1,231,491
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,001,346	-	-
Decrease (increase) in accounts receivable	-	-	371,086
Decrease (increase) in inventory	10,457	-	-
Decrease (increase) in prepaid expenses	-	(30,477)	-
Increase (decrease) in accounts payable	441,612	(7,616)	(141,051)
Increase (decrease) due to other governments	5,939	-	-
Increase (decrease) due to other funds	-	-	-
Increase (decrease) in employee wages payable	(850)	(123)	(6)
Increase (decrease) in compensated absences payable	8,194	(363)	-
Net cash provided (used) by operating activities	\$ 1,842,122	\$ 14,580	\$ 1,461,520
Noncash investing, capital and financing activities:			
Fair value of investments decreased by	(20,073)	(2,717)	(42,001)

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

CITY OF REDMOND
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Year Ended December 31, 2014

	Worker's Compensation	Information Technology	Redmond Community Properties	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 932,947	\$ 3,692,879	\$ -	\$ 16,722,722
Cash received for replacement	-	-	-	2,651,692
Cash payments to suppliers	(239,026)	(1,505,703)	31,499	(3,432,931)
Cash payments to employees	(640,825)	(2,242,412)	-	(12,432,147)
Cash payments to other governments	28,293	(169,938)	-	(135,706)
Internal activity - payments to other funds	(24,487)	(282,952)	(124,512)	(599,645)
Other operating receipts	-	-	-	-
Net cash provided (used) by operating activities	<u>56,902</u>	<u>(508,126)</u>	<u>(93,013)</u>	<u>2,773,985</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Nonoperating transfers in/transfers out	-	-	-	(193,595)
Other non-operating revenues (expenses)	-	-	-	580,807
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,212</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(57,400)	-	(1,416,495)
Net cash provided (used) for capital and related financing activities	<u>-</u>	<u>(57,400)</u>	<u>-</u>	<u>(1,416,495)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Internal activity, net investment purchases	(53,855)	461,661	-	(2,020,052)
Interest on investments	1,693	20,959	-	203,102
Net cash provided (used) in investing activities	<u>(52,162)</u>	<u>482,620</u>	<u>-</u>	<u>(1,816,950)</u>
Net increase (decrease) in cash and cash equivalents	4,740	(82,906)	(93,013)	(72,248)
Cash and cash equivalents-beginning of year	16,543	227,690	93,013	1,987,131
Cash and cash equivalents-end of year	<u>\$ 21,283</u>	<u>\$ 144,784</u>	<u>\$ -</u>	<u>\$ 1,914,883</u>
Cash at the end of the year consists of:				
Operating fund cash	\$ 21,283	\$ 144,784	\$ -	\$ 1,914,883
Cash and cash equivalents-end of year	<u>\$ 21,283</u>	<u>\$ 144,784</u>	<u>\$ -</u>	<u>\$ 1,914,883</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 81,434	\$ (704,265)	\$ -	\$ 1,037,243
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	-	73,335	-	1,074,681
Decrease (increase) in accounts receivable	-	-	36,419	407,505
Decrease (increase) in inventory	-	-	-	10,457
Decrease (increase) in prepaid expenses	-	-	-	(30,477)
Increase (decrease) in accounts payable	(39,968)	293,870	(4,920)	541,927
Increase (decrease) due to other governments	28,293	(169,938)	-	(135,706)
Increase (decrease) due to other funds	-	-	(124,512)	(124,512)
Increase (decrease) in employee wages payable	(398)	(4,041)	-	(5,418)
Increase (decrease) in compensated absences payable	(12,459)	2,913	-	(1,715)
Net cash provided (used) by operating activities	<u>\$ 56,902</u>	<u>\$ (508,126)</u>	<u>\$ (93,013)</u>	<u>\$ 2,773,985</u>
Noncash investing, capital and financing activities:				
Fair value of investments decreased by	(781)	(5,384)	-	(70,956)

*The only 2014 activity for Redmond Community Properties was final settlement of accounts receivable, accounts payable, and due to other funds, which is reflected in the Statement of Cash Flows. See note 14 - Component Units for more information.

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

Agency Funds

Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

The **Intergovernmental Custodial Fund** accounts for revenues which are transferred to other governmental agencies.

The **Municipal Employees Benefit Trust (MEBT)** accounts for retirement monies until they are transferred to an investment firm. In 1975, City employees voted to replace the Federal Social Security Program with this private retirement plan.

The **Contractor's Deposit Fund** accounts for cash bond deposits received from contractors or private parties and amounts retained from contractor's payments on City projects as a performance guarantee.

The **Redmond Community Facilities District Fund** accounts for the activities of the Redmond Community Facilities District, for which the City provides fiduciary services.

CITY OF REDMOND
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 December 31, 2014

	Inter- Governmental Custodial	MEBT	Contractor's Deposits	Redmond Community Facilities District	Total
ASSETS					
Cash and cash equivalents	\$ 55,659	\$ 4,292	\$ 636,815	\$ 367,126	\$ 1,063,892
Investments	444,647	34,290	181,242	2,932,874	3,593,053
Total assets	<u>\$ 500,306</u>	<u>\$ 38,582</u>	<u>\$ 818,057</u>	<u>\$ 3,300,000</u>	<u>\$ 4,656,945</u>
LIABILITIES					
Accounts payable	\$ 4,064	\$ -	\$ -	\$ -	\$ 4,064
Due to other governments	496,242	-	-	-	496,242
Custodial	-	38,582	-	3,300,000	3,338,582
Trust account	-	-	818,057	-	818,057
Total liabilities	<u>\$ 500,306</u>	<u>\$ 38,582</u>	<u>\$ 818,057</u>	<u>\$ 3,300,000</u>	<u>\$ 4,656,945</u>

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

CITY OF REDMOND
 COMBINING STATEMENT OF CHANGES
 IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 For the Year Ended December 31, 2014

	<u>1/1/14</u>		<u>ADDITIONS</u>		<u>DELETIONS</u>		<u>12/31/14</u>
	<u>BALANCE</u>						<u>BALANCE</u>
INTERGOVERNMENTAL CUSTODIAL							
ASSETS							
Cash and cash equivalents	\$ 13,896	\$	1,752,639	\$	1,710,876	\$	55,659
Investments	100,964		444,647		100,964		444,647
Total assets	<u>\$ 114,860</u>		<u>\$ 2,197,286</u>		<u>\$ 1,811,840</u>		<u>\$ 500,306</u>
LIABILITIES							
Accounts payable	\$ 110,482	\$	1,104,898	\$	1,211,316	\$	4,064
Due to other governments	4,378		1,654,898		1,163,034		496,242
Total liabilities	<u>\$ 114,860</u>		<u>\$ 2,759,796</u>		<u>\$ 2,374,350</u>		<u>\$ 500,306</u>
MEBT							
ASSETS							
Cash and cash equivalents	\$ 4,288	\$	7,954,686	\$	7,954,682	\$	4,292
Investments	31,149		34,290		31,149		34,290
Total assets	<u>\$ 35,437</u>		<u>\$ 7,988,976</u>		<u>\$ 7,985,831</u>		<u>\$ 38,582</u>
LIABILITIES							
Custodial	\$ 35,437	\$	8,402,696	\$	8,399,551	\$	38,582
Total liabilities	<u>\$ 35,437</u>		<u>\$ 8,402,696</u>		<u>\$ 8,399,551</u>		<u>\$ 38,582</u>
CONTRACTORS DEPOSIT							
ASSETS							
Cash and cash equivalents	\$ 134,039	\$	1,348,013	\$	845,237	\$	636,815
Investments	146,046		182,815		147,619		181,242
Total assets	<u>\$ 280,085</u>		<u>\$ 1,530,828</u>		<u>\$ 992,856</u>		<u>\$ 818,057</u>
LIABILITIES							
Trust account	\$ 280,085	\$	1,974,904	\$	1,436,932	\$	818,057
Total liabilities	<u>\$ 280,085</u>		<u>\$ 1,974,904</u>		<u>\$ 1,436,932</u>		<u>\$ 818,057</u>
REDMOND COMMUNITY FACILITIES DISTRICT							
ASSETS							
Cash and cash equivalents	\$ -	\$	3,300,000	\$	2,932,874	\$	367,126
Investments	-		2,932,874		-		2,932,874
Total assets	<u>\$ -</u>		<u>\$ 6,232,874</u>		<u>\$ 2,932,874</u>		<u>\$ 3,300,000</u>
LIABILITIES							
Accounts payable	\$ -	\$	-	\$	-	\$	-
Custodial	-		3,300,000		-		3,300,000
Total liabilities	<u>\$ -</u>		<u>\$ 3,300,000</u>		<u>\$ -</u>		<u>\$ 3,300,000</u>
TOTALS - ALL AGENCY FUNDS							
ASSETS							
Cash and cash equivalents	\$ 152,223	\$	14,355,338	\$	13,443,669	\$	1,063,892
Investments	278,159		3,594,626		279,732		3,593,053
Total assets	<u>\$ 430,382</u>		<u>\$ 17,949,964</u>		<u>\$ 13,723,401</u>		<u>\$ 4,656,945</u>
LIABILITIES							
Accounts payable	\$ 110,482	\$	1,104,898	\$	1,211,316	\$	4,064
Due to other governments	4,378		1,654,898		1,163,034		496,242
Custodial	35,437		11,702,696		8,399,551		3,338,582
Trust accounts	280,085		1,974,904		1,436,932		818,057
Total liabilities	<u>\$ 430,382</u>		<u>\$ 16,437,396</u>		<u>\$ 12,210,833</u>		<u>\$ 4,656,945</u>

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

CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS

CITY OF REDMOND
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 DECEMBER 31, 2014 and 2013

	2014	2013
Governmental funds capital assets:		
Land	\$ 99,983,477	\$ 99,320,203
Buildings	75,049,440	74,999,768
Improvements other than buildings	30,527,367	30,023,728
Machinery and equipment	14,817,813	13,961,793
Artwork	549,078	470,274
Infrastructure	241,125,829	237,853,583
Construction in progress	20,013,290	9,604,944
Total governmental funds capital assets	\$ 482,066,294	\$ 466,234,293
Investments in governmental funds capital assets by source:		
General fund	\$ 303,181,176	\$ 298,471,745
Special revenue funds	9,727,020	9,518,654
Impact fees	38,178,188	33,368,621
Federal grants	15,609,194	11,283,842
General obligation bonds	87,669,373	87,669,373
Private gifts	27,701,343	25,922,058
Total governmental funds capital assets	\$ 482,066,294	\$ 466,234,293

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF REDMOND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
December 31, 2014

Page 1 of 2

Function and Activity	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>
General government				
Finance	\$ -	\$ -	\$ -	\$ 3,149,032
Planning	-	-	-	1,212,550
General government	9,029,362	36,574,075	8,140,840	(1,078,513)
Public works/general	<u>5,071,065</u>	<u>2,592,361</u>	<u>319,688</u>	<u>199,124</u>
Total general government	<u>14,100,427</u>	<u>39,166,436</u>	<u>8,460,528</u>	<u>3,482,193</u>
Security				
Police	-	7,531,872	92,458	2,222,371
Fire	<u>3,263,488</u>	<u>17,930,731</u>	<u>287,807</u>	<u>8,621,390</u>
Total security	<u>3,263,488</u>	<u>25,462,603</u>	<u>380,265</u>	<u>10,843,761</u>
Transportation	<u>44,169,575</u>	<u>-</u>	<u>-</u>	<u>26,430</u>
Culture and recreation				
Parks and recreation	38,343,173	8,597,876	21,486,574	431,770
Senior center	<u>106,814</u>	<u>1,822,525</u>	<u>200,000</u>	<u>33,660</u>
Total culture and recreation	<u>38,449,987</u>	<u>10,420,401</u>	<u>21,686,574</u>	<u>465,430</u>
Total governmental funds capital assets	<u>\$ 99,983,477</u>	<u>\$ 75,049,440</u>	<u>\$ 30,527,367</u>	<u>\$ 14,817,814</u>

CITY OF REDMOND
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 December 31, 2014

Page 2 of 2

Function and Activity	<u>Artwork</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
General government				
Finance	\$ -	\$ -	\$ -	\$ 3,149,032
Planning	-	-	-	1,212,550
General government	92,998	14,256,347	(17,221,514)	49,793,595
Public works/general	-	-	141,334	8,323,572
Total general government	<u>92,998</u>	<u>14,256,347</u>	<u>(17,080,180)</u>	<u>62,478,749</u>
Security				
Police	-	-	888,386	10,735,087
Fire	-	-	165,157	30,268,573
Total security	<u>-</u>	<u>-</u>	<u>1,053,543</u>	<u>41,003,660</u>
Transportation	<u>-</u>	<u>218,380,956</u>	<u>34,216,942</u>	<u>296,793,903</u>
Culture and recreation				
Parks and recreation	456,079	8,488,525	1,822,986	79,626,983
Senior center	-	-	-	2,162,999
Total culture and recreation	<u>456,079</u>	<u>8,488,525</u>	<u>1,822,986</u>	<u>81,789,982</u>
Total governmental funds capital assets	<u>\$ 549,077</u>	<u>\$ 241,125,828</u>	<u>\$ 20,013,291</u>	<u>\$ 482,066,294</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF REDMOND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
DECEMBER 31, 2014

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	1-1-2014	Additions	Deductions	12-31-2014
General government				
Finance	\$ 3,112,571	\$ 52,778	\$ 16,317	\$ 3,149,032
Planning	1,128,743	83,807	-	1,212,550
General government	50,172,687	118,316	497,408	49,793,595
Public works/general	8,279,691	43,881	-	8,323,572
Total general government	<u>62,693,692</u>	<u>298,782</u>	<u>513,725</u>	<u>62,478,749</u>
Security				
Police	9,293,830	1,441,257	-	10,735,087
Fire	30,101,842	216,403	49,672	30,268,573
Total security	<u>39,395,672</u>	<u>1,657,660</u>	<u>49,672</u>	<u>41,003,660</u>
Transportation	<u>283,009,021</u>	<u>16,574,738</u>	<u>2,789,856</u>	<u>296,793,903</u>
Culture and recreation				
Parks and recreation	78,972,909	1,339,803	685,729	79,626,983
Senior center	2,162,999	-	-	2,162,999
Total culture and recreation	<u>81,135,908</u>	<u>1,339,803</u>	<u>685,729</u>	<u>81,789,982</u>
Total governmental funds capital asset	<u>\$ 466,234,293</u>	<u>\$ 19,870,983</u>	<u>\$ 4,038,982</u>	<u>\$ 482,066,294</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Statistical Section

This part of the City of Redmond's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	110
Revenue Capacity These schedules contain information to help the reader assess the City's tax revenue sources.	116
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	121
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	128
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	130

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Schedule 1

Net Position by Component (in thousands)

Last Ten Fiscal Years

Accrual Basis of Accounting

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 197,288	\$ 209,981	\$ 231,771	\$ 238,895	\$ 256,114	\$ 257,663	\$ 266,802	\$ 276,636	\$ 281,614	\$ 292,662
Restricted*	17,545	23,428	24,320	24,203	25,938	29,689	24,278	23,862	32,721	33,146
Unrestricted*	52,174	55,978	67,326	77,758	83,798	57,264	60,788	59,691	55,938	56,107
Total governmental activities net position	\$ 267,007	\$ 289,387	\$ 323,417	\$ 340,856	\$ 365,850	\$ 344,616	\$ 351,868	\$ 360,189	\$ 370,273	\$ 381,915
Business-type activities										
Net investment in capital assets	\$ 171,591	\$ 193,432	\$ 212,565	\$ 228,193	\$ 234,272	\$ 242,798	\$ 256,195	\$ 264,018	\$ 282,586	\$ 287,209
Restricted	-	-	-	7,686	1,372	2,221	2,221	3,367	3,851	6,917
Unrestricted	28,482	22,841	35,988	37,126	48,280	51,970	50,415	57,802	58,123	70,999
Total business-type activities net position	\$ 200,073	\$ 216,273	\$ 248,553	\$ 273,005	\$ 283,924	\$ 296,989	\$ 308,831	\$ 325,187	\$ 344,560	\$ 365,125
Primary government										
Net investment in capital assets	\$ 368,879	\$ 403,413	\$ 444,336	\$ 467,088	\$ 490,386	\$ 500,461	\$ 522,997	\$ 540,654	\$ 564,200	\$ 579,871
Restricted*	17,545	23,428	24,320	31,889	27,310	31,910	49,458	27,229	36,572	40,063
Unrestricted*	80,656	78,819	103,314	114,884	132,078	109,234	88,244	117,493	114,061	127,106
Total primary government net position	\$ 467,080	\$ 505,660	\$ 571,970	\$ 613,861	\$ 649,774	\$ 641,605	\$ 660,699	\$ 685,376	\$ 714,833	\$ 747,040

Schedule 2

Changes in Net Position (in thousands)

Last Ten Fiscal Years

Accrual Basis of Accounting

Page 1 of 2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 14,498	\$ 14,024	\$ 13,390	\$ 14,823	\$ 18,222	\$ 19,571	\$ 22,195	\$ 16,791	\$ 18,474	\$ 16,852
Security	31,089	34,353	41,105	40,940	40,319	36,764	37,563	45,901	46,494	46,622
Physical Environment	3,055	3,395	3,360	3,962	3,763	5,283	4,382	3,197	2,991	2,950
Economic environment	3,160	3,458	3,488	3,689	4,664	5,719	5,155	4,979	4,738	4,984
Transportation	9,150	9,533	10,616	16,502	16,530	42,052	13,093	14,695	12,240	12,645
Mental/physical health	94	98	98	97	12	13	890	-	-	-
Culture and Recreation	8,121	8,908	9,551	11,104	11,103	14,457	12,819	12,080	12,677	12,754
Interest on long-term debt	462	2,012	1,990	2,045	1,891	1,813	3,506	3,310	2,433	2,837
Total governmental activities expenses	69,629	75,781	83,598	93,162	96,504	125,672	99,603	100,953	100,047	99,644
Business-type activities:										
Water/wastewater	20,617	20,915	22,528	26,467	27,085	25,191	27,519	28,397	30,505	31,032
UPD Water/wastewater	4,003	3,610	5,466	5,908	4,963	5,542	5,752	6,121	5,988	5,981
Stormwater	5,332	5,949	6,188	6,580	6,746	6,407	7,061	7,249	6,935	7,581
Total business-type activities net position	29,952	30,474	34,182	38,955	38,794	37,140	40,332	41,767	43,428	44,594
Total primary government expenses	\$ 99,581	\$ 106,255	\$ 117,780	\$ 132,117	\$ 135,298	\$ 162,812	\$ 139,935	\$ 142,720	\$ 143,475	\$ 144,238
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,249	\$ 2,746	\$ 3,040	\$ 3,066	\$ 3,198	\$ 3,355	\$ 8,640	\$ 3,738	\$ 3,416	\$ 3,331
Security	9,140	10,687	13,223	13,881	15,764	13,776	15,825	16,450	15,566	15,140
Physical Environment	365	376	372	379	421	468		590	1,032	1,025
Economic environment	7,567	10,573	12,874	14,256	16,573	9,132	3,491	13,487	14,649	14,857
Transportation	24	652	1,398	433	13	11	2,971	1,129	1,203	1,242
Culture and Recreation	1,532	1,701	1,774	1,793	2,050	2,171	3,351	2,555	2,284	2,587
Operating grants and contributions	5,158	6,967	5,903	7,383	2,830	8,334	760	4,571	1,350	1,718
Capital grants and contributions	2,778	5,312	5,227	5,240	19,834	3,419	2,513	1,648	3,180	4,147
Total governmental activities program revenues	28,813	39,014	43,811	46,431	60,683	40,666	37,551	44,168	42,680	44,047

Schedule 2 (continued)

Changes in Net Position (in thousands)

Last Ten Fiscal Years

Accrual Basis of Accounting

Page 2 of 2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Water/wastewater	20,658	21,085	26,127	24,960	26,577	25,451	27,977	29,688	32,747	33,055
UPD Water/wastewater	3,804	3,363	5,525	5,098	4,829	5,362	5,850	6,600	6,682	6,798
Stormwater	7,164	7,466	11,315	10,715	10,656	11,002	11,154	11,117	11,494	11,737
Grant income	-	0	523	19	58	602	599	1,194	5,013	5,678
Capital contributions	7,809	13,341	21,160	20,735	6,681	7,060	6,403	9,449	6,900	8,442
Total business-type activities program revenues	39,435	45,255	64,650	61,527	48,801	49,477	51,983	58,048	62,836	65,710
Total primary government program revenues	\$ 68,248	\$ 84,269	\$ 108,461	\$ 107,958	\$ 109,484	\$ 90,143	\$ 89,534	\$ 102,216	\$ 105,516	\$ 109,757
Net (Expense)/Revenue										
Governmental activities	\$ (41,147)	\$ (36,768)	\$ (39,787)	\$ (46,733)	\$ (35,821)	\$ (85,007)	\$ (62,080)	\$ (56,786)	\$ (57,368)	\$ (55,597)
Business-type activities	9,813	14,781	30,470	22,571	10,007	12,337	11,180	16,280	19,408	21,116
Total primary government net expense	(31,334)	(21,987)	(9,317)	(24,162)	(25,814)	(72,670)	(50,900)	(40,506)	(37,960)	(34,481)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	14,692	12,621	13,039	18,589	19,446	20,930	21,978	22,611	22,234	22,817
Sales taxes	18,648	20,071	24,420	20,675	18,996	19,038	24,895	20,722	22,584	22,131
Other	18,705	22,174	27,404	19,578	19,263	18,664	19,338	20,221	20,473	19,396
Investment interest	1,928	3,665	5,135	4,087	2,087	1,114	937	632	162	836
Miscellaneous	605	582	4,203	1,121	1,008	4,103	2,063	1,049	1,991	1,136
Contribution/disposal of capital assets	18	7	(384)	121	14	(76)	88	118	7	922
Transfers	29	29	-	-	-	-	-	-	-	-
Total governmental activities	54,625	59,149	73,817	64,171	60,814	63,773	69,299	65,353	67,451	67,238
Business-type activities:										
Investment interest	785	1,298	1,668	1,740	737	623	519	(9)	227	400
Miscellaneous	63	149	143	140	176	105	143	177	(262)	(950)
Transfers	(28)	(29)	-	-	-	-	-	-	-	-
Total business-type activities	820	1,418	1,811	1,880	913	728	662	168	(35)	(550)
Total primary government	\$ 55,445	\$ 60,567	\$ 75,628	\$ 66,051	\$ 61,727	\$ 64,501	\$ 69,961	\$ 65,521	\$ 67,416	\$ 66,688
Change in Net Position										
Governmental activities	\$ 13,477	\$ 22,380	\$ 34,030	\$ 17,439	\$ 24,994	\$ (21,234)	\$ 7,252	\$ 8,566	\$ 10,084	\$ 11,641
Business-type activities	10,633	16,200	32,280	24,452	10,919	13,065	11,842	16,449	19,373	20,566
Total primary government	\$ 24,110	\$ 38,580	\$ 66,310	\$ 41,891	\$ 35,913	\$ (8,169)	\$ 19,094	\$ 25,015	\$ 29,457	\$ 32,207

Schedule 3

Fund Balances, Governmental Funds (in thousands)

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 23	\$ 23	\$ 32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,182	9,035	14,653	16,177	6,489	4,504	-	-	-	-
Nonspendable**	-	-	-	-	-	-	-	-	-	-
Spendable**:										
Restricted	-	-	-	-	-	-	6,139	7,087	7,083	7,380
Committed	-	-	-	-	-	-	16,689	8,266	8,997	8,947
Assigned	-	-	-	-	-	-	-	11,472	12,364	10,166
Unassigned	-	-	-	-	-	-	11,105	11,977	8,792	8,324
Total*	\$ 6,205	\$ 9,058	\$ 14,685	\$ 16,177	\$ 6,489	\$ 4,504	\$ 33,933	\$ 38,802	\$ 37,236	\$ 34,817
All Other Governmental Funds										
Reserved	\$ 1,537	\$ 1,550	\$ 1,608	\$ 1,526	\$ 1,244	\$ 273	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	21,413	24,249	32,280	38,603	31,914	27,499	-	-	-	-
Capital projects funds	34,293	39,688	37,125	47,384	61,866	47,277	-	-	-	-
Nonspendable**	-	-	-	-	-	-	-	-	-	-
Spendable**:										
Restricted	-	-	-	-	-	-	20,752	16,775	25,638	25,220
Committed	-	-	-	-	-	-	23,029	-	1,222	1,014
Assigned	-	-	-	-	-	-	-	20,542	16,929	18,777
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds*:	\$ 57,243	\$ 65,487	\$ 71,013	\$ 87,513	\$ 95,024	\$ 75,049	\$ 43,781	\$ 37,317	\$ 43,789	\$ 45,011

*In 2011 The substantial increase in the fund balance of the General Fund and decrease in the fund balance of All Other Governmental Funds resulted from the implementation of GASB 54.

**Starting with the fiscal year ending December 31, 2011 the City implemented GASB 54 which required a new classification for fund balances.

Schedule 4

Changes in Fund Balances, Governmental Funds

(in thousands)

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

Page 1 of 2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 51,518	\$ 54,353	\$ 64,271	\$ 58,256	\$ 57,101	\$ 57,958	\$ 66,211	\$ 63,555	\$ 65,291	\$ 64,344
Special assessments	297	273	245	287	88	-	-	-	-	-
Licenses and permits	5,879	7,639	9,920	8,297	7,057	6,523	6,510	7,509	8,871	9,168
Contributions from property owners	837	4,035	3,677	2,629	10,554	6,474	270	987	518	470
Intergovernmental	12,918	15,057	17,459	18,077	26,569	18,465	18,404	19,999	19,907	21,669
Charges for services	6,259	8,007	9,258	12,325	15,448	8,880	9,860	13,046	12,571	12,102
Fines and forfeitures	97	52	826	864	1,053	1,038	2,204	1,952	812	637
Investment income	1,582	3,146	4,406	3,752	2,237	1,238	856	514	(18)	525
Miscellaneous	604	581	1,011	1,011	957	601	972	917	611	521
Total revenues	79,991	93,143	111,073	105,498	121,064	101,177	105,287	108,479	108,563	109,436
Expenditures										
General government	12,616	12,963	12,384	13,785	18,087	15,132	12,943	14,948	15,391	14,393
Security (persons/property)	30,008	33,247	40,155	39,775	43,229	41,858	42,191	44,126	44,583	46,991
Physical environment	2,995	3,416	3,382	3,817	3,728	3,475	4,405	3,098	3,038	3,170
Transportation	5,237	4,415	6,712	6,685	9,260	6,552	8,200	8,958	8,097	7,988
Economic environment	3,297	3,524	3,382	3,907	4,343	4,649	4,864	4,830	4,624	5,183
Mental/physical health	94	98	98	97	12	13	890	-	-	-
Culture and Recreation	7,225	8,072	8,690	9,901	10,060	10,913	10,642	11,159	11,606	11,679
Capital outlay	15,255	12,303	23,865	39,832	28,016	34,282	24,591	17,470	10,472	15,108
Debt service:										
Principal	4,469	1,940	2,540	2,448	3,109	3,008	3,584	4,955	4,262	3,666
Interest and debt issue costs	607	2,110	2,041	2,565	3,420	3,298	3,575	1,925	2,337	2,776
Total expenditures	81,803	82,088	103,249	122,812	123,264	123,180	115,885	111,469	104,410	110,954
Excess of revenues over (under) expenditures	\$ (1,812)	\$ 11,055	\$ 7,824	\$ (17,314)	\$ (2,200)	\$ (22,003)	\$ (10,598)	\$ (2,990)	\$ 4,153	\$ (1,518)

Schedule 4 (continued)

Changes in Fund Balances, Governmental Funds
(in thousands)

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	<u>2005</u>	<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>
Other Finance Sources (Uses)										
Insurance recoveries	\$ -	\$ -	\$ -	\$ 111	\$ -	\$ 8	\$ 3	\$ -	\$ -	\$ 45
Proceeds from borrowing	-	-	-	36,560	-	-	8,643	1,794	34,522	-
Bond proceeds to refunding trustee	-	-	-	(1,328)	-	-	-	-	(34,291)	-
Disposition of capital assets	4	4	3,196	-	49	45	18	53	26	84
Transfers in	16,682	17,335	23,294	12,929	27,681	19,536	25,071	18,091	24,853	14,263
Transfers out	(16,584)	(17,297)	(23,161)	(12,966)	(27,707)	(19,547)	(24,976)	(18,544)	(24,357)	(14,070)
Total other financing sources (uses)	<u>102</u>	<u>42</u>	<u>3,329</u>	<u>35,306</u>	<u>23</u>	<u>42</u>	<u>8,759</u>	<u>1,394</u>	<u>753</u>	<u>322</u>
Net change in fund balances	<u>\$ (1,710)</u>	<u>\$ 11,097</u>	<u>\$ 11,153</u>	<u>\$ 17,992</u>	<u>\$ (2,177)</u>	<u>\$ (21,961)</u>	<u>\$ (1,839)</u>	<u>\$ (1,596)</u>	<u>\$ 4,906</u>	<u>\$ (1,196)</u>
Debt service as a percentage of noncapital expenditures	7.46%	5.63%	5.77%	6.04%	6.85%	7.09%	7.84%	7.32%	7.02%	6.72%

Schedule 5

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Valuation	Total Direct Tax Rate*
2005	\$ 8,114,876,599	\$ 1,205,491,934	\$ 9,320,368,533	\$ 1.58
2006	\$ 8,759,508,942	\$ 1,551,414,614	\$ 10,310,923,556	\$ 1.23
2007	\$ 9,821,026,886	\$ 1,359,505,337	\$ 11,180,532,223	\$ 1.18
2008	\$ 12,739,900,548	\$ 1,332,371,332	\$ 14,072,271,880	\$ 1.47
2009	\$ 13,205,438,085	\$ 1,333,419,562	\$ 14,538,857,647	\$ 1.35
2010	\$ 11,966,374,536	\$ 1,362,914,250	\$ 13,329,288,786	\$ 1.58
2011	\$ 11,283,288,467	\$ 1,509,947,105	\$ 12,793,235,572	\$ 1.72
2012	\$ 10,962,633,787	\$ 1,712,255,548	\$ 12,674,889,335	\$ 1.78
2013	\$ 11,110,361,194	\$ 1,863,285,684	\$ 12,973,646,878	\$ 1.73
2014	\$ 12,192,519,668	\$ 1,942,543,498	\$ 14,135,063,166	\$ 1.63

Source: King County Accounting Division
Real and personal property has been assessed at 100% of the estimated value.

* Tax rates are per \$1,000 of assessed value.

Schedule 6

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

	City Direct Rates			Overlapping Rates										Total Direct and Overlapping Rate
	General Fund	Obligation Debt Service	Total Direct Rate*	WA State	King County	Port Of Seattle	School District #414	Hospital District #2	King Co. Library	Emer. Medical Service	Redmond Capital Facilities Area**	King Co. Ferry*** District	King Co. Flood*** District	
2005	1.32	0.26	1.58	2.69	1.38	0.25	2.83	0.59	0.53	0.23	-	-	-	10.08
2006	1.20	0.03	1.23	2.50	1.33	0.23	2.65	0.54	0.53	0.22	-	-	-	9.23
2007	1.15	0.03	1.18	2.33	1.29	0.23	2.57	0.50	0.50	0.21	0.05	-	-	8.86
2008	1.45	0.02	1.47	2.13	1.21	0.22	2.33	0.45	0.45	0.30	0.05	0.06	0.10	8.77
2009	1.33	0.02	1.35	1.96	1.10	0.20	2.23	0.40	0.42	0.27	0.04	0.05	0.09	8.11
2010	1.56	0.02	1.58	2.22	1.28	0.22	2.80	0.46	0.49	0.30	0.04	0.003	0.11	9.50
2011	1.70	0.02	1.72	2.28	1.34	0.22	2.98	0.48	0.57	0.30	0.05	0.004	0.11	10.05
2012	1.76	0.02	1.78	2.42	1.42	0.23	3.53	0.49	0.57	0.30	0.05	0.004	0.12	10.91
2013	1.73	0.00	1.73	2.57	1.54	0.23	3.75	0.52	0.57	0.30	0.05	0.004	0.13	11.39
2014	1.63	0.00	1.63	2.47	1.52	0.22	3.51	0.47	0.56	0.34	0.04	0.003	0.15	10.91

Source: King County Assessor's Office

*Tax rates are per \$1,000 of assessed value.

Initiative 747 passed in November 2001, and subsequent actions by the Washington State Legislature in 2007 limited the annual optional increase in property

**New taxing district as of 2007.

***New taxing districts as of 2008.

Schedule 7

Principal Property Taxpayers

Current Year and Ten Years Ago

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value*	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value**
Microsoft (includes MSNBC)	\$ 2,117,433,934	1	14.98%	\$ 1,342,129,106	1	14.40%
AvalonBay Communities Inc	264,498,000	2	1.87%	-	-	-
Arden Realty	205,852,396	3	1.46%	-	-	-
Puget Sound Energy	197,156,226	4	1.39%	106,360,960	4	1.14%
AT&T Mobility LLC	161,178,292	5	1.14%	-	-	-
Nintendo	114,404,196	6	0.81%	61,940,660	6	0.66%
BRE Properties	113,477,000	7	0.80%	52,236,000	7	0.56%
Essex Redmond Hill	104,611,000	8	0.74%	-	-	-
Bear Creek Associates	91,132,000	9	0.64%	-	-	-
G&I VII Redmond Town Center	77,299,372	10	0.55%	-	-	-
PS Business Parks LP (formerly Yett Family Partner:	-	-	-	47,745,200	9	-
Safeco	-	-	-	140,084,074	2	1.50%
PPR Redmond Retail LLC (Redmond Town Center)	-	-	-	135,479,560	3	1.45%
Archstone Communities Trust	-	-	-	105,087,200	5	1.13%
Verizon	-	-	-	50,119,408	8	0.54%
Aerojet General Corporation (General Dynamics)	-	-	-	24,479,871	10	0.26%
TOTAL	\$ 3,447,042,416		24.38%	\$ 2,065,662,039		21.64%

Source: King County Assessor

* In 2014 the estimated value of real and personal property in the City of Redmond was \$134,135,063,166

** In 2005 the estimated value of real and personal property in the City of Redmond was \$9,320,368,533.

Schedule 8

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	14,682,653	14,565,908	99.20%	135,829	14,701,737	100.13%
2006	12,691,175	12,491,154	98.42%	143,531	12,634,685	99.55%
2007	12,957,835	12,856,101	99.21%	211,699	13,067,800	100.85%
2008	18,692,476	18,510,492	99.03%	98,185	18,608,677	99.55%
2009	19,538,614	19,322,310	98.89%	148,728	19,471,038	99.65%
2010	21,033,841	20,844,302	99.10%	231,450	21,075,751	100.20%
2011	22,023,478	21,853,561	99.23%	182,911	22,036,474	100.06%
2012	22,468,454	22,311,302	99.30%	151,942	22,463,244	99.98%
2013	22,307,588	22,156,984	99.32%	188,650	22,345,633	100.17%
2014	22,858,505	22,717,813	99.38%	2,402	22,720,215	99.40%

Source: King County Assessor and Redmond accounting division

*Includes levy adjustments, penalties and interest

Schedule 9

Summary of Sales Tax Revenues

Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Retail Trade Sales Tax										
Electronics and Appliances	658,225	671,664	638,768	531,796	1,087,674	1,445,772	1,087,674	1,869,159	1,903,851	1,340,660
Furniture	259,799	336,218	262,470	436,382	266,049	288,418	266,049	338,453	361,114	396,235
General Merchandise	623,497	1,537,810	1,515,512	911,412	1,343,640	1,363,100	1,343,640	1,400,435	1,434,422	1,368,845
Miscellaneous Retail Trade	406,411	137,621	146,303	470,973	612,515	683,478	612,515	692,829	661,752	682,805
Other	4,013,911	3,838,023	4,356,254	4,196,636	2,375,512	2,501,637	2,375,512	2,557,826	2,765,333	2,900,178
Total - Retail Trade	5,961,843	6,521,336	6,919,307	6,547,199	5,685,390	6,282,405	5,685,390	6,858,702	7,126,472	6,688,723
Other Sectors Sales Tax										
Accommodation & Food Services	1,553,008	1,653,784	1,739,732	1,777,479	1,689,694	1,784,896	1,689,694	2,057,634	2,164,327	2,295,177
Construction	2,768,950	3,151,657	3,125,692	3,783,006	3,771,855	2,486,201	3,771,855	2,957,652	4,051,349	3,720,225
Information	1,986,737	1,536,738	4,814,199	1,051,283	1,385,499	974,378	1,385,499	1,452,926	1,422,008	1,537,307
Miscellaneous	1,646,143	1,896,963	2,229,314	1,867,005	1,621,406	1,650,525	1,621,406	1,937,798	2,036,384	2,334,976
Service	1,184,711	1,770,263	1,490,641	1,827,122	1,388,234	1,604,083	1,388,234	1,802,839	1,742,126	1,698,195
Wholesale	2,251,409	2,132,688	2,526,034	2,127,576	2,395,461	2,976,015	2,395,461	2,138,684	2,276,487	2,157,140
Total - Other Sectors Sales Tax	11,390,957	12,142,092	15,925,612	12,433,471	12,252,149	11,476,098	12,252,149	12,347,533	13,692,681	13,743,020
Adjustments *	-	-	-	118,361						
Total - Retail Trade & Other Sectors	17,352,800	18,663,428	22,844,919	19,099,031	17,937,539	17,758,503	17,937,539	19,206,235	20,819,153	20,431,743
Sales Taxes - Miscellaneous **	1,295,090	1,407,234	1,575,433	1,576,329	1,278,411	1,279,366	1,278,411	1,469,886	1,739,060	1,699,683
Total Sales Tax	18,647,890	20,070,662	24,420,352	20,675,360	19,215,950	19,037,869	19,215,950	20,676,121	22,558,213	22,131,426

Notes:

* Includes One-Time Adjustments in 2008, also includes an SST Mitigation payment of \$85,660 in 2008.

** Sales Tax - Miscellaneous includes Sales Tax-Criminal Justice, Washington State Use Tax and Hotel/Motel Tax.

Schedule 10

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage Of Per Capita Personal Income*	Debt Per Capita**
	General Obligation Bonds	Special Assessment Bonds	Public Works Trust Fund Loans	Capital Leases	Private Contract	Revenue Bonds	Loans			
2005	43,426,279	1,045,000	2,610,492	-	270,181	-	485,758	47,837,710	2.06%	1,005
2006	42,479,579	780,000	2,238,775	-	-	-	674,674	46,173,028	1.76%	925
2007	40,509,936	585,000	1,867,057	-	-	-	497,984	43,459,977	1.49%	858
2008	73,747,432	530,000	1,495,340	-	-	12,114,727	85,356	87,972,855	2.97%	1,714
2009	71,262,496	170,000	1,161,728	-	-	11,525,612	-	84,289,836	2.79%	1,624
2010	68,692,560	-	828,118	-	-	10,911,497	-	80,432,175	2.63%	1,498
2011	73,915,292	-	548,686	-	-	10,272,380	-	84,736,358	2.79%	1,536
2012	70,434,527	-	2,140,792	-	-	9,608,264	-	82,183,583	2.57%	1,485
2013	68,084,209	-	1,843,885	-	-	8,919,149	-	78,847,243	2.35%	1,412
2014	61,780,000	-	1,677,549	-	-	30,660,000	-	94,117,549	2.60%	1,631

* 2013 per capita income of \$62,770 for King County from US Bureau of Economic Analysis.

** 2014 population total of 57,700 from State of Washington Office of Financial Management.

Schedule 11

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Less: Amounts Available in Debt Service Fund (2)</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property (3)</u>	<u>Per Capita (4)</u>
2005	43,426,279	1,536,679	41,889,600	0.45%	880
2006	42,479,579	1,550,360	40,929,219	0.40%	820
2007	40,509,936	1,607,976	38,901,960	0.35%	768
2008	73,747,432	1,525,809	72,221,623	0.51%	1,407
2009	71,262,496	1,244,021	70,018,475	0.48%	1,349
2010	68,692,560	273,304	68,419,256	0.51%	1,275
2011	73,915,292	1,754,636	72,160,656	0.56%	1,308
2012	70,434,527	310,856	70,123,671	0.55%	1,267
2013	68,084,209	30,981	68,053,228	0.52%	1,219
2014	61,780,000	31,197	61,748,803	0.44%	1,070

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

(2) This is the amount restricted for debt service principal payments.

(3) See the Schedule of Assessed Value and Actual Value of Taxable Property on page 114 for property value data.

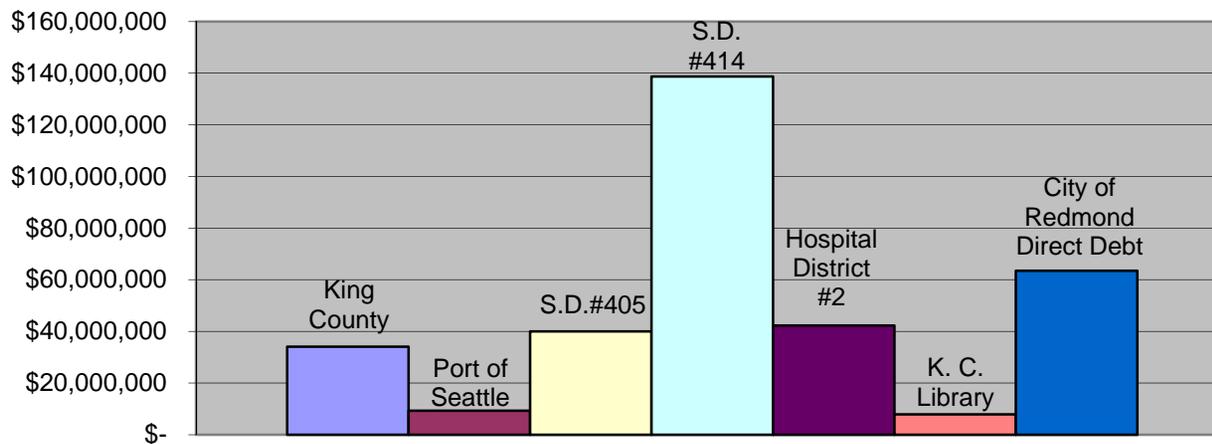
(4) Population data can be found in the Schedule of Demographic and Economic Statistics on Page 126.

Schedule 12

Direct and Overlapping Governmental Activities Debt

As of December 31, 2014

	Net Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Overlapping Debt:			
King County	\$ 826,768,143	4.12%	\$ 34,062,847
Port of Seattle	225,420,000	4.12%	9,287,304
School District #405	657,046,038	6.09%	40,014,104
School District #414	437,751,062	31.69%	138,723,312
Hospital District #2	178,560,052	23.66%	42,247,308
King County Rural Library	118,264,183	6.63%	7,840,915
Total Overlapping Debt	2,443,809,478		272,175,791
Direct Debt: City of Redmond**	63,457,548	100.00%	63,457,548
Total Direct and Overlapping Debt	\$ 2,507,267,026		\$ 335,633,339



*Applicable percentage is determined by the ration of assessed valuation of taxable property in overlapping unit to valuation of property subject to taxation in the City of Redmond.

**City of Redmond Overlapping Debt - [prev. year] Tax Roll

Source: King County Finance Office; King County Assessor

Schedule 13

Legal Debt Margin Information (in thousands)
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 699,028	\$ 773,319	\$ 838,540	\$ 955,493	\$ 990,408	\$ 998,139	\$ 934,746	\$ 970,751	\$ 1,055,921	\$ 1,190,433
Total net debt applicable to limit	43,496	42,259	40,287	72,182	69,767	67,267	71,996	70,785	67,124	63,458
Legal debt margin	<u>\$ 655,532</u>	<u>\$ 731,060</u>	<u>\$ 798,253</u>	<u>\$ 883,311</u>	<u>\$ 920,641</u>	<u>\$ 930,872</u>	<u>\$ 862,750</u>	<u>\$ 899,966</u>	<u>\$ 988,797</u>	<u>\$ 1,126,975</u>
Total net debt applicable to limit as a percentage of debt limit	6.23%	5.46%	4.80%	4.80%	7.04%	6.74%	7.70%	7.29%	6.36%	5.33%

Note: Under State law voters may approve general obligation debt issues of up to 7.5% of assessed valuation. This 7.5% debt capacity is allocated evenly among general government, parks/open space, and utilities resulting in a 2.5% limit for each. Within the 2.5% limit, the City Council has authority to issue bonds without voter approval for a combined total of up to 1.5% of the City's assessed valuation.

	General Capacity		Special Purpose Capacity		Total Capacity
	Councilmanic	Excess Levy	Parks and Open Space	Utility Purposes	
December 31, 2014 Assessed Value:	\$14,135,063,166				
2.50% of Assessed Value	\$ -	\$ 353,376,579	\$ 353,376,579	\$ 353,376,579	\$ 1,060,129,737
1.50% of Assessed Value	212,025,947	(212,025,947)	-	-	-
Statutory Debt Limit	<u>212,025,947</u>	<u>141,350,632</u>	<u>353,376,579</u>	<u>353,376,579</u>	<u>1,060,129,737</u>
Debt Outstanding:					
Bonds	63,457,548	-	-	-	63,457,548
Total Debt Outstanding	63,457,548	-	-	-	63,457,548
Less amount available in Debt Service Fund	-	-	-	-	-
Net Debt Outstanding	<u>63,457,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,457,548</u>
Remaining Debt Capacity	<u>\$ 148,568,399</u>	<u>\$ 141,350,632</u>	<u>\$ 353,376,579</u>	<u>\$ 353,376,579</u>	<u>\$ 996,672,189</u>

*Property assessed at 100% of the estimated value.

Schedule 14

Pledged-Revenue Coverage

Last Ten Fiscal Years

Page 1 of 3

Fiscal Year	Water/Wastewater Revenue Bonds						Special Assessment Bonds			
	Gross Revenue **	Less: Operating Expenses ***	Net Available Revenue	Debt Service		Coverage ****	Special Assessment Collections	Debt Service		
				Principal	Interest			Principal	Interest	Coverage
2005*	N/A	N/A	N/A	N/A	N/A	N/A	296,953	365,000	82,519	0.66
2006*	N/A	N/A	N/A	N/A	N/A	N/A	273,089	265,000	55,532	0.85
2007*	N/A	N/A	N/A	N/A	N/A	N/A	244,988	195,000	39,378	1.05
2008	37,014,274	28,868,139	8,146,135	-	-	N/A	286,814	55,000	28,775	3.40
2009	40,094,938	28,376,280	11,718,658	565,000	532,513	10.68	92,929	360,000	25,796	0.24
2010^	38,542,022	26,557,555	11,984,467	590,000	512,887	10.87	-	170,000	8,820	-
2011	41,162,374	29,963,912	11,198,462	615,000	489,288	10.14	-	-	-	-
2012	45,741,065	30,807,455	14,933,610	640,000	464,688	13.52	-	-	-	-
2013	46,932,427	32,346,978	14,585,449	665,000	439,088	13.21	-	-	-	-
2014#	47,826,747	33,038,457	14,788,290	970,000	762,950	8.53	-	-	-	-

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

The stormwater utility and the water/wastewater utility are combined into the waterworks utility for purposes of the 2008 debt issuance.

* Revenue bond coverage ratio is not applicable as bonds were called early and paid off.

** Includes operating and investment income excluding unrealized gains or losses on investments.

*** Excludes depreciation and amortization, includes operating transfers out.

**** The 1993 Refunding Bond Issue required coverage of 1.25. The 2008 Revenue Bond Issue requires coverage of 1.20.

In 2014 the City issued the utility system revenue bonds not to exceed \$26.70 million. This debt issuance is to provide funds to finance certain costs of additions, betterments, and extensions to the City's combined water supply, wastewater, storm, and surface water drainage system.

^ The Special Assessment bonds were paid in full in 2010

	Historical Operating Results - Debt Service Coverage (Unaudited)				
	2010	2011	2012	2013	2014
Income (loss) before contributions and transfers	\$ 6,022,717	\$ 5,181,902	\$ 6,377,286	\$ 11,669,167	\$ 11,133,141
Adjustments:					
Interest and Fiscal Charges	432,404	463,122	438,741	412,866	669,491
Depreciation Expense	4,600,166	4,642,930	4,838,721	5,093,496	5,575,052
Grants (related to capital expenditure)	(582,742)	(440,402)	(1,071,419)	(4,810,737)	(5,266,408)
Rate Stabilization Account Transfers	-	-	(1,146,447)	(483,450)	(800,000)
Capital Facilities Charges	1,548,866	1,669,681	5,759,744	2,988,782	3,538,986
Net Revenue Available for Debt Services	\$ 12,021,411	\$ 11,517,233	\$ 15,196,626	\$ 14,870,124	\$ 14,850,262
Outstanding Parity Bonds Annual Debt Service	1,102,888	1,104,288	1,104,688	1,104,088	1,732,950
Debt Service Coverage	10.9	10.4	13.8	13.5	8.6
Net Revenues Available for Other Purposes	\$ 10,918,523	\$ 10,412,945	\$ 14,091,938	\$ 13,766,036	\$ 13,117,312

Schedule 14

Pledged-Revenue Coverage

Last Ten Fiscal Years

Page 2 of 3

The following tables provide historical information regarding the number of water, wastewater and stormwater utility customers (accounts) for the past five years.

NUMBER OF WATER CUSTOMERS

	2010	2011	2012	2013	2014
Single Family	11,014	11,129	11,203	11,372	11,524
Multifamily	208	208	210	208	208
Commercial	940	942	937	893 ⁽¹⁾	897
Irrigation	184	186	191	199	209
Other ⁽²⁾	10	10	10	12	13
Total	12,356	12,475	12,551	12,684	12,851

(1) Transfer of accounts to the City of Kirkland from an earlier annexation.

(2) Multi-use (commercial, multifamily, irrigation.)

NUMBER OF WASTEWATER CUSTOMERS

	2010	2011	2012	2013	2014
Single Family	10,472	10,583	10,665	10,830	11,000
Multifamily	205	205	211	233	209
Commercial	884	885	887	880 ⁽¹⁾	881
Irrigation	1	1	1	1	1
Other ⁽²⁾	10	10	10	18	14
Total	11,572	11,684	11,774	11,962	12,105

(1) Transfer of accounts to the City of Kirkland from an earlier annexation.

(2) Multi-use (commercial, multifamily, irrigation.)

NUMBER OF STORMWATER CUSTOMERS

Stormwater	2010	2011	2012	2013	2014
Residential	10,613	10,710	10,790	10,932	11,087
Other ⁽¹⁾	1,162	1,157	1,161	1,154	1,211
Total	11,775	11,867	11,951	12,086	12,298

(1) Commercial and multifamily

Schedule 14

Pledged-Revenue Coverage

Last Ten Fiscal Years

Page 3 of 3

**LARGEST CUSTOMERS OF THE SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2014 (1)**

Customer	Water Consumption (000'S)	Water Billings	Wastewater Billings	King County (2)	Stormwater Billings	Total Revenue	% of Total Gross Revenue	Total Revenue for In-City customers only
MICROSOFT	32,764	\$ 1,674,275	\$ 321,116	\$ 1,022,219	\$ 1,060,731	\$ 4,078,341	9.81%	
CITY OF REDMOND	3,254	247,161	17,921	47,655	1,089,861	1,402,598	3.37%	
UNISEA INC	4,248	123,618	67,505	324,235	46,871	562,229	1.35%	
SIXTY-01 APARTMENT COMPLEX	4,189	183,955	61,737	190,970	63,802	500,464	1.20%	
ESSEX REDMOND HILL NE LP	3,213	130,752	45,582	142,179	50,816	369,330	0.89%	
DIG-KW REDMOND, LLC	3,142	129,547	41,369	136,612	47,918	355,445	0.86%	
CAMBRIAN APARTMENTS	3,294	146,627	47,137	141,731	-	335,495	0.81%	
ESSEX REDMOND HILL CWLP	2,591	108,186	40,408	126,797	46,723	322,113	0.77%	
EASTSIDE RETIREMENT ASSN	2,687	115,403	33,147	106,881	65,138	320,570	0.77%	
KING COUNTY PARKS/MARYMOOR	2,485	152,219	-	-	-	152,219	0.37%	
	<u>61,867</u>	<u>\$ 3,011,743</u>	<u>\$ 675,923</u>	<u>\$ 2,239,279</u>	<u>\$ 2,471,860</u>	<u>\$ 8,398,805</u>	<u>20.21%</u>	<u>\$ 41,565,316.39</u>

(1) Based on percentage of total Gross Revenue

(2) Reflects the amount paid to King County for wastewater treatment. King County wastewater treatment rates are passed directly to City customers.

Schedule 15

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Redmond Population*	Redmond Personal Income (in thousands)**	King County Per Capita Personal Income***	School Enrollment#	Number of Housing Units	Unemployment Rate##
2005	47,600	\$ 2,322,356	\$ 48,789	7,900	22,204	4.0
2006	49,890	\$ 2,626,958	\$ 52,655	8,014	22,616	3.6
2007	50,680	\$ 2,924,743	\$ 57,710	8,126	22,869	3.0
2008	51,320	\$ 2,983,796	\$ 58,141	8,098	23,144	3.6
2009	51,890	\$ 2,952,749	\$ 56,904	8,369	23,323	6.6
2010	53,680	\$ 2,959,700	\$ 55,136	8,789	24,227	7.0
2011	55,150	\$ 3,189,711	\$ 57,837	9,060	24,671	5.6
2012	55,360	\$ 3,326,582	\$ 60,090	9,288	24,770	4.5
2013	55,840	\$ 3,505,077	\$ 62,770	9,413	24,872	3.5
2014	57,700	\$ -	\$ -	9,628	25,549	3.8

* State of Washington, Office of Financial Management.

** King County Per Capita Personal Income applied to Redmond population. Information is one year behind, 2014 will be updated in the 2015 CAFR

*** King County Per Capita Personal Income as provided by Bureau of Economic Analysis. BEA is one year behind, 2013 will be updated in the 2014 CAFR

Lake Washington School District total as of October, 2008; includes schools with Redmond addresses, although some are located in unincorporated King County. Statistics are not available to determine the number of students from the Redmond/King County populace.

State of Washington, Department of Employment Security (figures are prorated on Redmond's relationship to the County's unemployment rate).

Schedule 16

Principal Employers

Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment**	Employees	Rank	Percentage of Total City Employment***
Microsoft Corporation (includes Open Tech)	33,792	1	45.78%	27,855	1	41.22%
Terex (formerly Genie Industries)	2,078	2	2.82%	2,397	2	3.55%
Eurest Dining Services @ Microsoft	980	3	1.33%	-	-	-
Nintendo of America Inc. (includes Nintendo Software Techno	942	4	1.28%	723	10	1.07%
AT&T Mobility	915	5	1.24%	1,816	3	2.69%
Physio Control	728	7	0.99%	-	-	-
Honeywell	686	9	0.93%	1,082	5	1.60%
United Parcel Service	690	8	0.93%	-	-	-
Lake Washington School District *	877	6	1.19%	780	9	-
Aerojet	517	10	0.70%	-	-	-
Volt Technical Resources, LLC (includes VMC Consulting)	-	-	-	1,614	4	2.39%
Group Health *	-	-	-	1,074	6	1.59%
Safeco Insurance Co.*	-	-	-	850	8	1.26%
Medtronic Physio-Control Corporation	-	-	-	956	7	1.41%
TOTAL	42,205		57.19%	39,147		56.78%

Source: City of Redmond Finance Dept., Business License Division

*Employer exempt from business license requirement

**Total city employment including exempt businesses listed is 73,813 for 2014.

***Total city employment including exempt businesses listed was 67,570 for 2005.

Schedule 17

Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Executive	5.00	11.00	11.50	11.00	14.00	13.00	13.00	12.00	12.00	15.00
Finance and Information Services	58.60	58.60	62.60	63.60	59.97	55.81	56.81	54.50	54.50	53.50
Human Resources	8.00	8.00	9.63	9.63	13.43	11.50	11.50	11.50	11.50	11.50
Legal	4.25	4.25	4.25	4.25	4.25	4.25	4.25	3.75	3.75	3.75
Planning and Community Development	56.24	50.24	50.81	58.31	50.72	43.65	43.65	61.91	61.91	73.89
Security										
Police	110.50	110.50	115.50	127.50	128.40	127.30	127.10	129.10	128.10	129.30
Fire	137.20	141.20	149.20	171.20	168.50	164.50	160.50	160.25	160.25	160.50
Culture and Recreation	50.82	50.82	54.12	62.22	62.67	61.55	61.54	60.56	60.56	60.69
Public Works	77.18	77.18	75.75	77.75	79.05	72.71	72.76	66.23	66.23	66.23
Water/Wastewater	38.78	38.78	39.60	39.60	40.60	39.29	39.25	34.16	34.16	37.53
UPD Water/Wastewater	5.94	5.94	5.94	5.94	5.94	-	-			
Stormwater Management	29.46	29.46	29.77	29.77	28.77	31.67	31.67	30.85	30.85	27.60
Total	581.97	585.97	608.67	660.77	656.30	625.23	622.03	624.81	623.81	639.49

Source: City Budget Office

Schedule 18

Operating Indicators by Function/Program
Last Ten Fiscal Years*

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Calls dispatched	24,036	24,473	24,276	24,286	27,030	27,531	23,215	22,640	23,768	24,586
Parking violations	1,092	1,140	1,189	1,137	1,116	1,179	858	893	1,042	907
Traffic violations	7,183	8,120	7,381	9,381	10,532	13,574	7,990	5,033	4,875	5,036
Fire										
Calls for service (fire and aid)	9,733	10,905	9,896	10,508	10,740	10,404	9,587	9,783	9,941	10,653
Average response time (fire & aid) - minutes & seconds	7:11	7:27	7:14	6:30	6:30	6:24	6:43	6:41	5:12	5:16
Fire prevention										
maintenance inspections	803	1,421	1,394 **	1,500	2,587	1,606	1,690	1,452	1,658	841*
Operations inspections ***	645	484	19 #	495	-	256	1,353	-	-	-
Culture and Recreation										
Preschool registrations	12,230	12,851	25,000	21,412	19,456	20,093	19,540	19,186	22,569	14,874
Youth registrations	19,132	20,292	24,377	26,415	18,046	19,118	23,244	21,651	27,525	21,344
Teen program registrations	27,753	25,843	28,047	25,097	18,722	19,512	15,764	13,329	16,272	16,048
Adult program registrations	47,044	54,585	61,450 ##	59,959	43,151	41,920	45,313	43,945	43,180	39,379
Senior Center participants	75,612	84,752	45,028	45,807	37,443	41,785	45,050	44,742	46,279	46,241
Utility Services ###										
Residential units served	12,284	12,805	13,195	13,563	13,669	13,972	14,236	14,473	14,773	15,033
Commercial units served	1,416	1,440	1,451	1,474	1,482	1,429	1,434	1,439	1,407	1,428
Water										
Average daily demand (gallons)	6,489,890	6,981,844	6,520,473	6,506,569	6,754,372	5,900,305	5,877,325	6,132,129	6,441,596	6,594,716

* The Fire Prevention Maintenance inspection program was re-structured through a LEAN initiative process during 2014, resulting in a reduced number of inspections completed for the year.

** Program was suspended January 2007 - March 2008

*** Data is no longer separated for maintenance inspections

New programs were added in 2007

Method of calculation changed in 2007 to more accurately assess number of visitors

Sewage treatment provided by King County Wastewater Treatment Division

Schedule 19

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Page 1 of 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police vehicles	49	49	49	50	45	59	59	59	59	61
Fire										
Number of stations	6	6	6	6	6	6	6	7	7	7
Number of fire engines	9	9	11	11	9	9	8	8	8	8
Number of aid vehicles	13	16	15	15	16	15	16	16	16	16
Transportation										
Center lane miles of paved roads	136	136	137	138	138	142	143	143	146	146
Traffic signals	89	89	90	91	95	98	102	103	104	104
Street lights	983	983	1,132	1,290	1,286	1,279	1,343	1,456	1,512	1,554
Bridges	9	9	9	9	9	9	18	18	18	18
Culture and Recreation										
Number of developed parks	30	30	30	30	30	30	30	31	31	36
Number of undeveloped parks	13	9	7	7	8	8	8	11	11	15
Acres of developed parks	1,168	1,200	1,200	1,172	1,203	1,204	1,205	1,205	1,205	1,232
Acres of undeveloped parks	148	105	105	105	106	106	106	114	114	155
Miles of developed trails	25	44	44	44	44	36	37	37	37	36

Schedule 19 (continued)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Utility Services										
Water										
Storage Capacity (millions of gallons)	31.8	31.8	31.8	31.8	31.8	31.8	31.8	31.8	31.8	31.80
Number of wells	5	5	5	5	5	5	5	5	5	5
Miles of main	283	304	309	315	327	328	331	332	329	333
Sewer										
Number of manholes	6,791	5,918	6,733	6,937	6,645	6,651	6,716	6,760	6,801	6,901
Miles of main	218	194	214	219	211	212	214	215	216	219
Number of pumplift stations	15	21	23	23	23	23	23	24	23	23
Stormwater										
# of manholes/catch basins	15,158	9,621	9,951	10,327	10,475	10,529	10,578	10,674	10,830	11,050
Miles of pipe	169	162	167	172	173	174	175	178	179	183
Oil water separators	24	24	24	24	24	24	24	24	24	24