

City of Bellevue, Washington



**2012
Comprehensive
Annual
Financial
Report**

For the Fiscal Year Ended December 31, 2012

City of Bellevue, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2012



Prepared by the Finance Department

Introductory Section

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Bellevue
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrill

President

Jeffrey R. Enow

Executive Director

Certificate of Achievement
for Excellence
in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellevue for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011.

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

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

City of Bellevue, Washington
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended December 31, 2012

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June 28, 2013

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

The City of Bellevue Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2012 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and agencies of the City. All disclosures necessary to enable the reader to gain an understanding of Bellevue's financial activities have been included.

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

PROFILE OF THE GOVERNMENT

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

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

Incorporated in 1953, Bellevue is the 5th largest of 281 cities in the State of Washington. It is located on the east shore of Lake Washington near the population and geographical center of the Puget Sound region. The City encompasses an area of 31.97 square miles, and is linked to established transportation corridors. It is just 11 miles from Seattle and 40 miles from Tacoma with the mountains of the Cascades to the east, and Mount Rainier to the south. Bellevue is about three hours north of Portland, Oregon, and two hours south of Vancouver, Canada.

DISCRETE COMPONENT UNIT

The City is financially accountable for the Bellevue Convention Center Authority (BCCA) which is reported as a discrete component unit of the City. The BCCA accounts for revenues and expenses associated with the operation of Meydenbauer Center. Meydenbauer Center is located in downtown Bellevue and contains a 48,000 square foot convention center and trade show facility, a 410 seat theater, and 434 car parking garage.

ECONOMIC CONDITION AND OUTLOOK

The City of Bellevue has high quality residential areas with strong retail, financial, high technology, commercial, and light industrial sectors. Over the past two decades, Bellevue's business activity expanded rapidly and the City emerged as a major urban center with a growing and vibrant downtown area. Bellevue's population has grown to approximately 130,170 which includes 5,570 or a 4.4% increase of the 2012 annexation areas of Eastgate/Tamara Hills, Horizon View, and Hilltop. The population is expected to grow at an average annual rate of 0.8% through 2020, excluding any future annexations.

Bellevue contains a diversified mix of industries which includes department stores, technology firms, financial institutions, automobile dealerships, and engineering firms. Bellevue is the headquarters for several business sectors, including Puget Sound Energy, a large regional electric and gas utility, PACCAR, a manufacturer of trucks, and Expedia, a leader in on-line travel.

The Great Recession has now been officially over for almost four years yet the recovery has been slow. Historically, when a recession ends, economic growth rebounds at a quicker pace. This recession has proved to be the exception to that rule. Most economists are projecting long, slow recovery with the chance of many possible stumbling blocks along the way. Over the past three years, the economy has been virtually stagnant with only a few sectors showing any substantial recovery. Finally in the last year the main economic indicators, employment, Gross Domestic Product, home sales, etc., have begun to turn around and show modest improvement.

Revenue for 2012 ended the year on target with the revised mid-biennium forecast which was substantially less than the 2012 Adopted Budget revenue. Overall, in 2012 the General Fund saw 4.9% growth in base tax revenue over 2011. Of the City's major tax streams, property and utility taxes performed as originally adopted due to their stable nature, while sales and business and occupation (B&O) taxes were more variable. Sales tax for 2012 grew 5.6% over 2011. B&O tax results were expected to be similar; however, the 4th quarter returns proved to be greater than expected and total B&O tax ended the year 7.7% higher than 2011. Bellevue is projecting a 5.3% growth in taxes for 2013 and the longer-term forecast projects a modest 3.7% average growth rate.

Despite the utilization of a "budgeting for outcomes" methodology (referred to as "Budget One" by the City of Bellevue), additional cost containment management actions were crucial to bringing expenses in line with reduced level revenues over the past year. Near-term and longer-term forecasts indicate that ongoing lower levels of spending will likely be necessary to keep expenditures in line with projected revenues.

In 2011, the region added back more than 1/3 of jobs lost since the beginning of the recession. The region has outperformed the nation during the recovery in terms of employment growth growing at 2.5% in 2012. The region expects 2.6% growth in 2013 and an average of 1.6% growth over the longer-term outlook.

Local economists have said that economic improvement is dependent on housing market stabilization and finally the real estate market is showing improvement. Puget Sound housing permits grew by 56% and home sales increased by 15% in 2012; and, home prices rose 3.5% during the year (source: Puget

Sound Economic Forecaster). Housing prices in the region are expected to rise in 2013 by 12% and then expected to flatten out to approximately 3% over the longer-term forecast. The projected growth in home prices is anticipated as the inventory has finally hit pre-recession lows of one month.

Office vacancies fell to 10.6% in 2012 in the Bellevue's Central Business District from 13.5%. Bellevue's office market lease rates remain stronger than neighboring communities.

To ensure that the economic outlook is incorporated into the City of Bellevue's financial planning, the City prepares six-year financial operational forecasts for the General Fund, the Parks Fees Fund, and the three Utilities Funds.

LONG TERM FINANCIAL PLANNING

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

Other guiding principles and Comprehensive Financial Policy updates include:

- a focus on services that deliver Outcomes important to the community;
- an examination of the entire budget, not just incremental changes from the last budget;
- a commitment to innovation and efficiency;
- the use of an evidence-based approach to determine how to achieve Outcomes;
- the use of Citywide, not Department, priorities;
- a long-range strategic approach to reset the budget to levels that are affordable and sustainable by our community; and
- further guidance on types of costs eligible to include in the CIP and funding source for ongoing CIP M&O.

The City uses its six-year operation forecasts and seven-year Capital Investment Program (CIP) Plan as long-term financial planning tools. These planning tools provide valuable information that enable City Management to make decisions with greater consideration of the financial consequences.

MAJOR INITIATIVES

East Link Initiative:

In November 2011, the City Council signed a Memorandum of Understanding (MOU) with Sound Transit detailing City contributions for a downtown Bellevue light rail tunnel and design modifications to minimize impacts of the rail line on Bellevue's neighborhoods. The MOU is a portion of the East Link Light rail line that will run from Seattle, through Bellevue, to the Overlake Area of Redmond, Washington. Construction is forecast to begin in 2015, and service is expected to start by 2023.

The City's upfront share of the downtown tunnel, as noted in the MOU, would be approximately \$100 million in credit towards the cost of the tunnel with an additional amount of up to \$60 million, which could come as part of a "contingent" contribution, depending on the final costs of the downtown tunnel in approximately 2023. As a result of the MOU, the City and the transit agency are now partners in a "collaborative design process" intended to reduce contingent costs, comply with codes and regulations, and finish the project on time.

FINANCIAL MANAGEMENT AND CONTROLS

City of Bellevue management is responsible for establishing and maintaining an internal control

structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of the relative costs and benefits of the control system requires estimates and judgments by management.

Budgetary Controls

The City of Bellevue maintains budgetary controls in accordance with the State Revised Code of Washington (RCW) 35A.34. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the budget appropriations established by the City Council. Activities of the General Fund, and all special revenue funds except the Operating Grants/Donations and Housing Funds (project length type funds) are included in the biennially appropriated operating budget. Project-length financial plans are adopted for the remaining special revenue and proprietary funds, and for the capital projects funds.

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

OTHER INFORMATION

Independent Audit

State law requires an annual audit of all City financial records and transactions by the State Auditor, an independent elected State official. The 2012 audit of the City has now been completed and was performed in conformance with generally accepted auditing standards. The financial statements of all City funds and agencies have been included in this audit. The City has been given an unqualified opinion for 2012. Please see the Auditor's Opinion at the beginning of the Financial Section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellevue for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. The City has earned this prestigious award for 32 out of 36 CAFR submissions. This was the 30th consecutive annual award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The GFOA has also awarded the Distinguished Budget Presentation Award to the City of Bellevue Washington for its 2011-2012 biennial budget document for the 18th consecutive year/biennium. The GFOA gives this award to those governments whose budget document meets the GFOA's criteria as an effective policy document, operations guide, financial plan, and communication device.

Additionally, the City was awarded the *Certificate of Excellence in Performance Management* from the International City and County Management Association (ICMA) for the City's leadership in using and reporting performance data and received the *Gold Award* from the Association of Government Accountants for Outstanding Efforts in Producing a High Quality 2010 Annual Performance Report.

ACKNOWLEDGMENTS

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of Finance Department staff and other employees throughout the City who assisted in and contributed to its preparation. A special note of thanks is given to Diane McPherson, Accounting Manager, Robert Earley, Senior Financial Analyst, Abigail Richardson, Senior Financial Analyst, and Brent Small, Senior Financial Analyst, who served as the main CAFR preparers and coordinators. Further appreciation is extended to the City Council and City Management for their encouragement, interest, and support in conducting the financial operations of the City in a sound and progressive manner. The professional assistance of auditors from the State Auditor's Office is also worthy of mention.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jan Hawn", written in a cursive style.

Jan Hawn
Finance Director

CITY OFFICIALS

ELECTED CITY COUNCIL

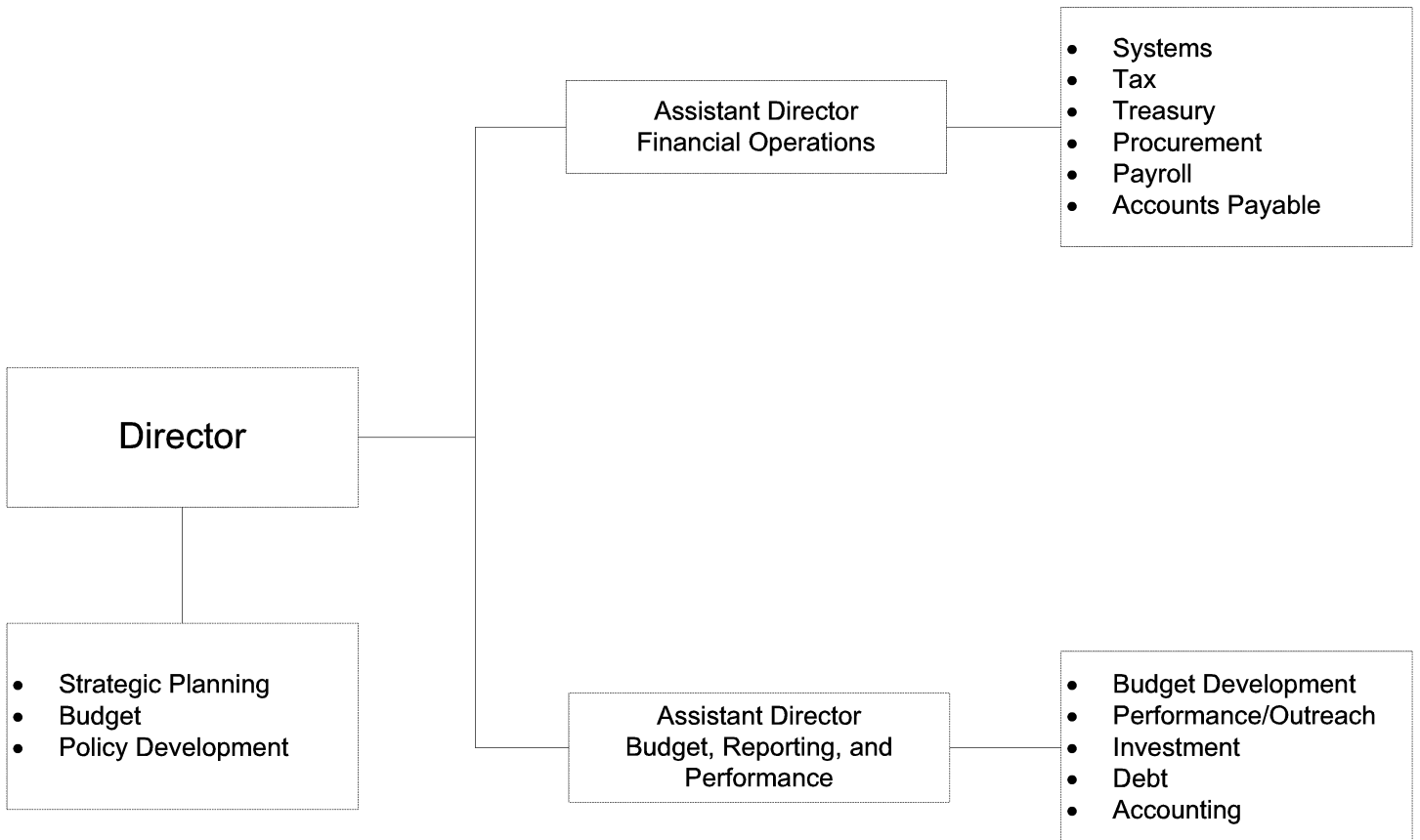
Mayor..... Conrad Lee
Deputy Mayor Jennifer Robertson
Council..... Claudia Balducci
John Chelminiak
John Stokes
Jennifer Robertson
Kevin Wallace

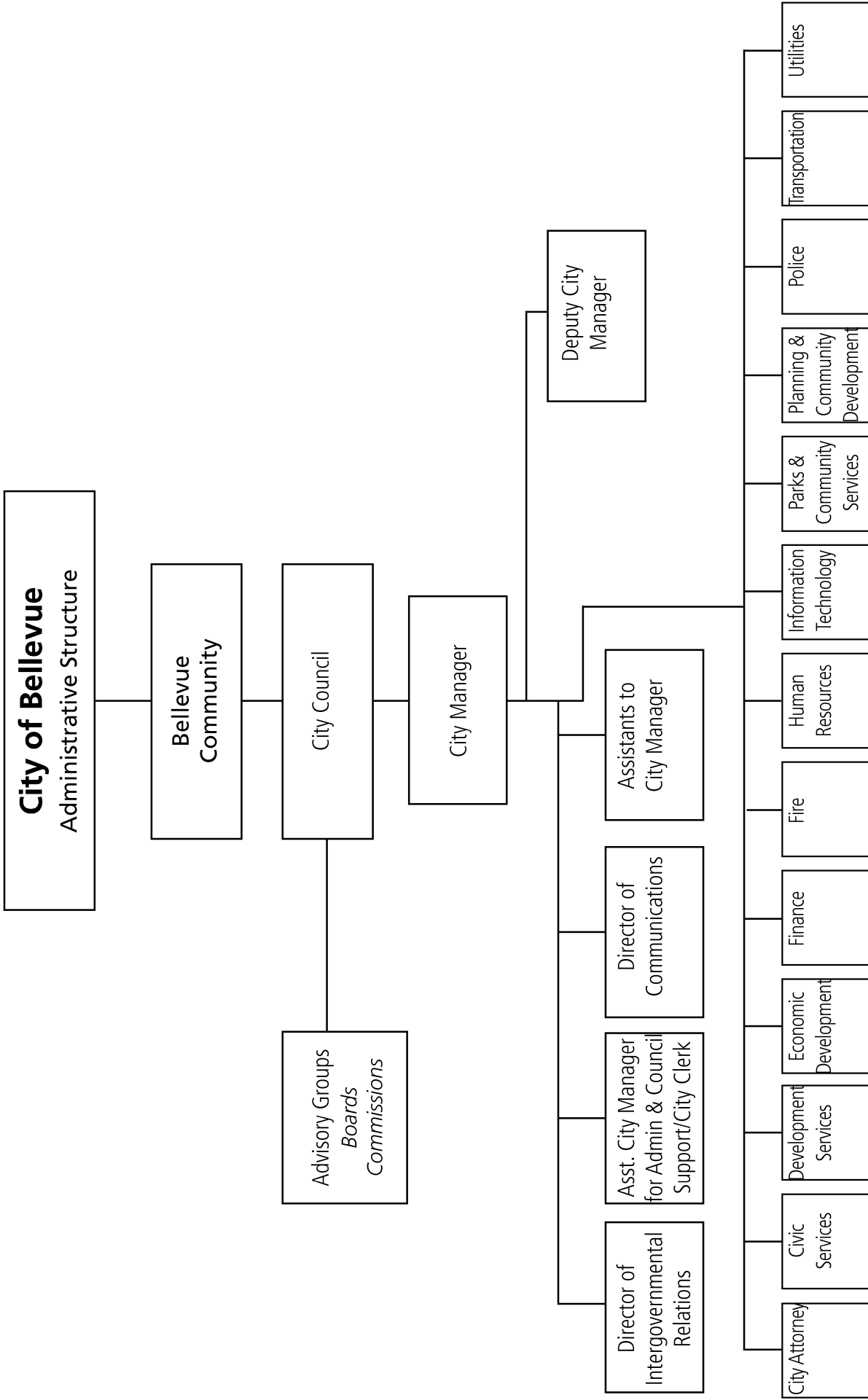
APPOINTED ADMINISTRATIVE STAFF

City Manager Steven Sarkozy
Deputy City Manager..... Brad Miyake
Director of Intergovernmental Relations Joyce Nichols, Acting
Assistant City Manager for City Council and Myrna Basich
Administrative Support/City Clerk
City Attorney Lori Riordan
Civic Services Nora Johnson
Development Services Mike Brennan
Finance Director..... Jan Hawn
Fire Chief Mike Eisner
Human Resources Director Yvonne Tate
Chief Information Officer, Information Technology Toni Cramer
Parks & Community Services Director..... Patrick Foran
Planning & Community Development Director Chris Salomone
Police Chief..... Linda Pillo
Transportation Director..... David Berg
Utilities Director Nav Otal



Finance Department





Financial Section





Washington State Auditor Troy Kelley

INDEPENDENT AUDITOR'S REPORT

June 28, 2013

Council
City of Bellevue
Bellevue, Washington

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Bellevue, King County, Washington, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Bellevue, King County, Washington, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2012, the City has implemented the Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities. 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 14, information on pensions and postemployment benefits other than pensions on pages 104 and 105, infrastructure modified approach information on page 106, and budgetary comparison information on pages 107 through 112 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The accompanying information listed as Combining, Individual Fund Statements and Schedules on pages 116 through 149 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was

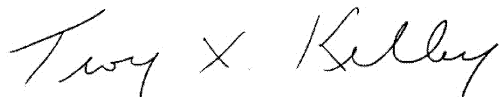
derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 28, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

Basic Financial
Statements

Basic Financial Statements



MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative provides an overview and analysis of the City of Bellevue's financial activities for the fiscal year ended December 31, 2012. The purpose is to highlight significant financial issues, major financial activities and resulting changes in financial position, as well as economic factors affecting the City. Readers are encouraged to consider the information presented here in conjunction with the information furnished in the letter of transmittal in the introductory section and the City's financial statements and accompanying notes following the narrative.

FINANCIAL HIGHLIGHTS

On June 1, 2012 the city annexed Eastgate, Tamara Hills and Horizon View residential neighborhoods. On July 1, 2012, the city annexed Hilltop residential neighborhood. This was the largest annexation in over a decade adding 5,400 new residents and 700 acres.

For 2012 the City has held a steady course as we rebuilt reserve balances consumed during the recession and prepare for significant capital activities related to the development of a light rail line through the region.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Bellevue's basic financial statements. The basic statements include three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements and required information.

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

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

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

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

Fund Financial Statements. These statements focus on major governmental funds and proprietary funds separately. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." Statements for the City's proprietary funds and fiduciary funds follow the governmental funds and include net position, revenues, expenses, and changes in fund net position and cash flows.

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

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City of Bellevue's activities. The City has two types of fiduciary funds, a pension fund and agency funds. The accounting for the pension fund is on the accrual basis. Agency funds are custodial in nature and do not include revenues and expenses as they do not measure the results of operations.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* (RSI) concerning the City's progress in maintaining its transportation infrastructure accounted for using the modified approach, the funding progress for the Firemen's Pension Trust Fund and Other Post Employments Benefits, and the Schedule of Contributions from the Employer and Other Contributing Entities for the Firemen's Pension Trust Fund. Also included as *required supplementary information* are the Schedules of Revenues, Expenditures and changes in Fund Balance - Budget and Actual for annually budgeted the general fund and major special revenue funds.

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

Statistical Section. This section includes un-audited trend information and demographics.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position of the City as of December 31, 2012 and December 31, 2011 are summarized and analyzed in the following table.

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
	(in thousands)					
Current and other assets	\$ 128,664	\$ 135,388	\$ 161,282	\$ 142,733	\$ 289,946	\$ 278,121
Capital assets, net of accumulated depreciation	1,668,785	1,666,648	268,031	261,608	1,936,815	1,928,256
Total assets	1,797,449	1,802,035	429,312	404,342	2,226,763	2,206,377
Deferred outflows	11,717	-	41	-	11,758	-
Total Deferred outflows	11,717	-	41	-	11,758	-
Total assets & deferred outflows	1,809,166	1,802,035	429,353	404,342	2,238,521	2,206,377
Long-term liabilities	192,511	183,377	4,165	4,389	196,677	187,766
Other liabilities	19,086	20,199	4,849	2,468	23,936	22,667
Total liabilities	211,598	203,576	9,015	6,857	220,612	210,434
Deferred inflows	10	-	-	-	10	-
Total deferred inflows	10	-	-	-	10	-
Total liabilities & deferred inflows	211,608	203,576	9,015	6,857	220,622	210,434
Net investment in capital assets	1,513,235	1,506,482	265,524	258,754	1,778,759	1,765,236
Restricted	25,690	11,207	123,837	102,188	149,527	113,395
Unrestricted	58,636	80,770	30,977	36,542	89,613	117,312
Total net position	\$ 1,597,561	\$ 1,598,459	\$ 420,338	\$ 397,484	\$ 2,017,900	\$ 1,995,943

Governmental Activities: Total net position for the City increased by \$22 million, including a decrease of \$.9 million in governmental activities. Of total governmental activities net position, \$9 million is restricted for capital projects and \$16.7 million is restricted for other. Unrestricted net position of \$58.6 million is available to meet ongoing obligations to citizens and creditors. Factors contributing to the changes in net position include:

- With the implementation of GASB 63 and 65 this year, two new sections – deferred inflows of resources and deferred outflows of resources- have been added and resulting activity reclassified, or no longer reported based on the nature of the underlying activity.
- Deferred outflows of \$11.7 million are for debt service related to capital assets.
- Governmental activities experienced an increase of \$4.9 million in cash and equity in pooled investments resulting from effort to rebuild cash reserves used during the economic recovery.
- Long term receivables include loans for affordable housing projects of \$10.8 million were written off by an allowance for doubtful accounts this year to reflect the uncertainty in the collectability of the loans.
- Capital assets, net of depreciation increased by \$2.1 million, is the result of several capital projects which completed during the year, tempered by annual depreciation.

- Long term liabilities increased by \$9.1 million, \$7.1 is related to the refunding of GO Bonds which were originally issued for the purchase of the new city hall building in 2004.
- Contributing factors for the increase in net investments in capital assets of \$6.7 were:
 - An increase of \$2.1 million in capital assets net of depreciation,
 - Deferred outflows of resources of \$11.7 million, and
 - An increase in capital related debt of \$6.7 million.
- Restrictions of net position are largely related to development services fees, special parks levy, hotel/motel taxes, capital and debt funding.

Business-type activities: Business-type activities of the City's utilities and marina increased the City of Bellevue's net position by \$22.9 million in 2012. Of total net position, \$123.4 million is restricted for utility capital projects, \$3 million is restricted for Marina debt service and \$31 million is available to meet operating needs. Contributing factors of the increase in net position were:

- Business type current assets increased by \$18.5 million, the result of an effort to build reserves to cover planned future replacement of aging infrastructure.
- The net increase of \$6.4 million in capital assets was related to completed infrastructure projects and construction projects currently underway tempered by depreciation for existing assets.
- Long-term debt obligations of the Marina fund is \$2.5 million, of which \$2.2 million is due in more than one year \$3 million due within one year.

Changes in net position

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

City of Bellevue, Washington

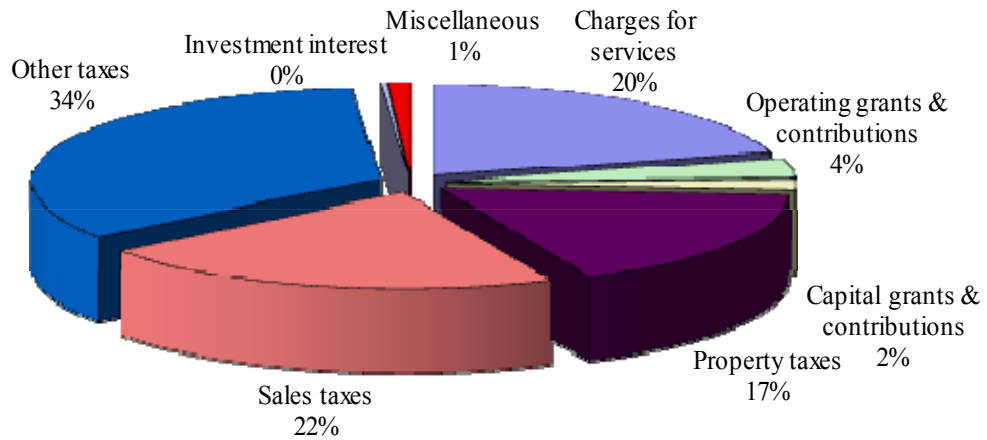
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:	(in thousands)					
Program revenues:						
Charges for services	\$ 45,896	\$ 40,679	\$ 106,182	\$ 100,479	\$ 152,078	\$ 141,158
Operating grants & contributions	8,188	8,423	-	-	8,188	8,423
Capital grants & contributions	3,919	6,563	4,693	3,575	8,612	10,138
General revenues:						
Property taxes	37,538	36,337	-	-	37,538	36,337
Sales taxes	48,596	46,357	-	-	48,596	46,357
Other taxes	74,897	65,665	-	-	74,897	65,665
Investment interest	630	1,458	757	1,529	1,387	2,988
Miscellaneous	2,322	4,630	1,685	1,495	4,007	6,125
Total revenues	<u>221,986</u>	<u>210,112</u>	<u>113,317</u>	<u>107,078</u>	<u>335,303</u>	<u>317,191</u>
Expenses:						
General government	36,392	31,192	-	-	36,392	31,192
Public safety	82,822	79,163	-	-	82,822	79,163
Physical environment	1,642	1,813	-	-	1,642	1,813
Transportation	27,761	29,711	-	-	27,761	29,711
Economic environment	19,037	18,720	-	-	19,037	18,720
Health and human services	11,511	8,195	-	-	11,511	8,195
Culture and recreation	38,452	34,948	-	-	38,452	34,948
Unallocated interest on long-term debt	7,910	7,817	-	-	7,910	7,817
Water	-	-	38,708	34,897	38,708	34,897
Sewer	-	-	41,089	39,571	41,089	39,571
Storm Drainage	-	-	10,950	10,661	10,950	10,661
Marina	-	-	277	261	277	261
Total Expenses	<u>225,526</u>	<u>211,560</u>	<u>91,024</u>	<u>85,390</u>	<u>316,550</u>	<u>296,949</u>
Excess (deficiency) before transfers and special items	(3,540)	(1,447)	22,293	21,689	18,753	20,241
Transfers	(561)	(134)	561	134	-	-
Increase (decrease) in net assets	(4,101)	(1,582)	22,854	21,823	18,753	20,241
Net position - beginning	1,598,459	1,600,041	397,484	375,662	1,995,943	1,975,703
Prior period adjustment	3,203	-	-	-	3,203	-
Net position - ending	<u>\$ 1,597,561</u>	<u>\$1,598,459</u>	<u>\$ 420,338</u>	<u>\$ 397,484</u>	<u>\$2,017,900</u>	<u>\$ 1,995,943</u>

Governmental activities experienced a net decrease of \$0.9 million in net position while business activities increased by \$22.9 million, for a net increase in net position of \$22 million in 2012. While net position in governmental activities remained relatively constant over 2011, some activities experienced significant changes, namely:

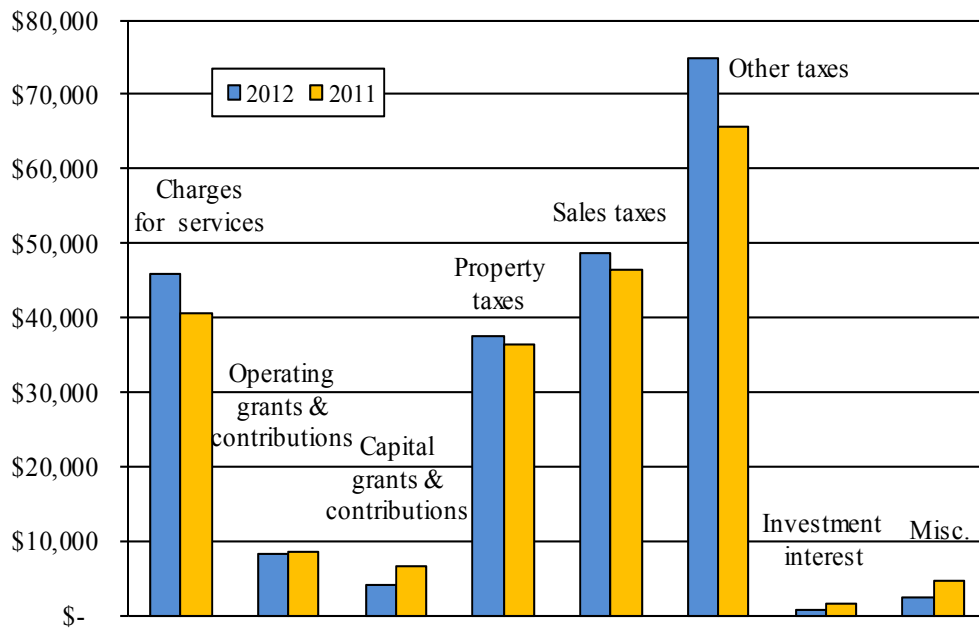
- Charges for services increased \$5.2 million, resulting from renegotiation of fire services for point communities, and increases in development activities generating related revenues such as review and inspection services, and impact fees.
- Capital grants and contributions decreased by \$2.6 million. This is a reflection of the fluctuation of grant one-time revenue streams. Several ARRA funded grants were completed in 2011 as well as a couple of transportation grants.
- The economy showed positive signs of recovery evidenced by increases in Bellevue's General Revenues collections of \$9.5 million. Tax revenues of \$12.7 million were tempered by a decrease in miscellaneous revenues of \$2.3 million. General tax revenue details include:
 - Retail sales and use taxes increased by \$2.2 million,
 - Property taxes increased \$1.2 million,
 - Business and occupation taxes increased \$1.7 million, and
 - Excise and Other taxes increased by \$7.6 million combined.
- Investment rates continue to stagnate with higher yielding investment holdings being called early, and the remaining investments yielding lower rates, resulting in a decrease in investment interest earnings of \$0.8 million.
- Governmental activities expenses increased \$14 million, significant factors of this increase included:
 - An increase in general government expense for \$5.2 million due to the increases in depreciation previously classified as Transportation.
 - Public Safety increased \$3.7 million mainly due to union contract settlements.
 - Transportation decreased \$2 million due to depreciation reclassified to general government.
 - Culture and recreation increased \$3.5 million as a result of personnel increases and increased spending for maintenance services.

The following charts illustrate the major revenue sources as percentages of total revenues for governmental funds and in comparison from 2011 to 2012.

Governmental Activities - Revenues

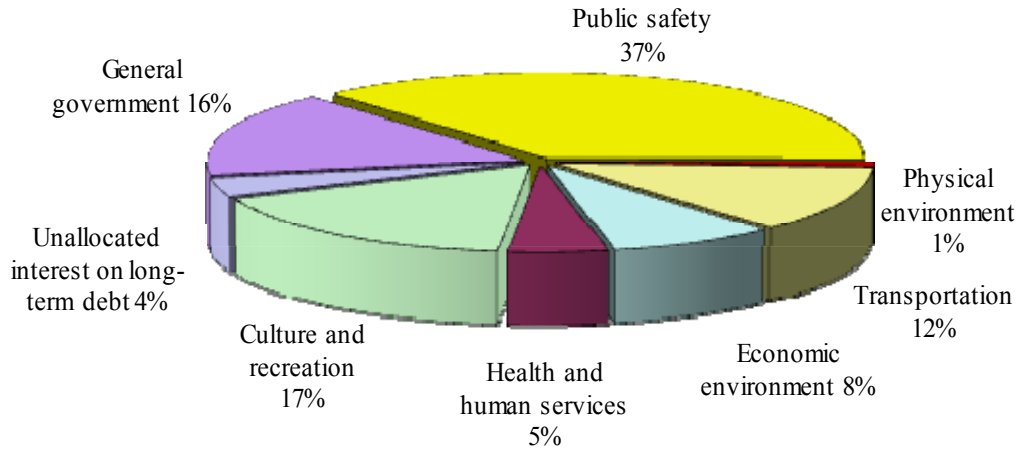


Governmental Activities - Revenues Comparison

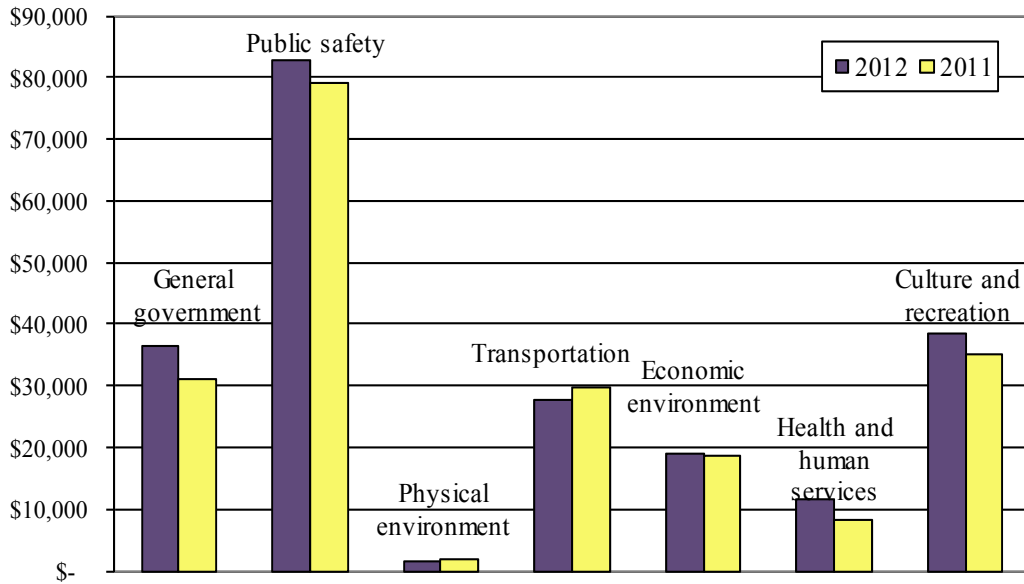


Expenses for governmental activities are shown in the following charts by function, both as a percentage of total expenses and as compared to 2011.

Governmental Activities - Expenses



Governmental Activities - Expenses Comparison



Business-type activities of the City’s utilities and marina increased the City of Bellevue’s net position by \$22.9 million in 2012. Key elements of this increase are:

- Charges for services increased \$5.7 million mainly due to rate increases, although consumption rose 4.77% in Water Utility and customer base increased in both Sewer and Drainage Utilities. The rate increase in Water Utility was 7.9%, Sewer Utility was 1.5% and Storm Utility was 3.2%. The City purchases water from Cascade Water Alliance and sewer treatment from Seattle. The costs of those services are passed along to customers. The following chart provides the customer and consumption information available from our Utilities department and the percentage changed from the prior year.

	<u>2012</u>	<u>2011</u>	<u>Percent increase/ decrease</u>
Number of customers:			
Water	37,471	37,471	0.00%
Sewer	37,084	35,681	3.93%
Drainage	32,815	30,735	6.77%
Annual consumption (CCF in thousands):			
Water	6,652	6,349	4.77%
Sewer	5,400	5,404	-0.07%

- Business type capital grants & contributions increased by \$1.1 million as a result of developer extension contributions.
- Water Utility expenses increased \$3.8 million, for the following key reasons:
 - Utility tax increase of \$1 million,
 - Cascade Water Alliance water costs rose \$.9 million,
 - Depreciation expense increased \$1.2 million.
- Sewer Utility expenses increased \$1.5 million as a result of depreciation charges.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

Governmental Funds: The governmental fund statements report on a near-term revenues/financial resources and expenditures basis. This information helps determine the City’s financial requirements in the near future. In particular, unassigned fund balance is a good indicator of the City’s resources available for spending at the end of the year. Restrictions on fund balance do not significantly affect the availability of fund resources for future use.

The General Fund ending fund balance of \$26 million is an increase of \$3.4 million from 2011. Revenues increased \$7.4 million, largely the result of taxes, intergovernmental fire services and other service fee revenue increases. Expenditures increased \$5.5 million largely from Public Safety and Parks personnel cost increases as well as increases in Parks maintenance services.

The Development Services Fund ending fund balance remained constant from 2011 ending at \$5 million for 2012. While licensing and permit revenues increased \$.9 million and services charges both increased by \$1.9 million, expenditures outpaced revenues by \$3.3 million. General Fund subsidies covered the majority of the shortfall, with reserves covering the remainder.

The General Capital Investment Program Fund has an ending fund balance of \$16.5 million. This represents an increase of \$4.6 million. A large transportation construction project was delayed so planned expenditures did not occur and the City received one-time tax revenues associated with the sale of commercial property in the downtown area.

Business-Type Funds: The proprietary fund statements report on an economic resources basis and provide essentially the same information as that presented in the government-wide statements; however, more detail is provided in the fund statements. The City reports both enterprise funds and internal service funds which support the operations of the government. Unrestricted net position of the major enterprise funds are as follows:

The Storm & Surface Water Utility has unrestricted net position of \$3.2 million, a decrease of \$3.2 million over 2012 mainly due to a one-time \$3.6 million transfer to capital reserves. The Water Utility's unrestricted net position increased by \$.4 million to \$14.6 million and the Sewer Utility's unrestricted net position decreased \$2.8 million mainly due to a one-time \$4.4 million transfer to capital reserves.

Unrestricted net position in the Marina Fund remained relatively stagnant at \$.073 million, due to the slow economy recovery.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The City of Bellevue's investment in capital assets for the end of 2012 was \$1.9 billion, net of depreciation, which is an increase of \$8.6 million from the previous year. The following table shows the balances by category for governmental activities, business activities, and the City as a whole.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
	(in thousands)					
Land	\$ 751,135	\$ 747,441	\$ 24,898	\$ 24,898	\$ 776,033	\$ 772,339
Buildings	152,514	153,574	18,646	19,044	171,160	172,618
Improvements other than buildings	22,029	25,689	-	-	22,029	25,689
Machinery and equipment	16,143	18,833	2,391	3,058	18,534	21,891
Infrastructure	697,784	679,292	209,038	203,904	906,822	883,196
Intangible assets	8,870	9,271	67	84	8,937	9,355
Construction in progress	20,310	32,548	12,991	10,620	33,301	43,168
Total	\$ 1,668,785	\$ 1,666,648	\$ 268,031	\$ 261,608	\$ 1,936,816	\$ 1,928,256

Governmental Activities. Capital assets from governmental activities increased \$2.1 million. Key elements of this change are as follows:

- Increase in Land of \$3.7 million due to the purchase of land and right of ways.
- Increase in infrastructure of \$18.4 million and construction in progress decreased \$12.2 million related to the completion of several capital projects.
- Depreciation expense generated an overall reduction to Improvements other than buildings and machinery and equipment of \$6.3 million.

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

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

	Satisfactory	Unsatisfactory
Arterial	50-100	0-49
Residential	30-100	0-29

The average condition of the arterial roadways for 2012 increased from 74 to an overall performance rating of 76. The percentage of roadways above a satisfactory rating for 2012 is 86%, which is an increase of 5% from the prior year. Residential roadways show an average condition rating of 87, an increase from 2011 rating of 84. Of the total residential lane miles, 99% were rated above satisfactory. The City's minimum acceptable condition levels have been defined as having at least 60% of arterial roadways, and 75% of residential roadways at or above satisfactory condition.

Business-type Activities. Business-type capital activities increased by \$6.4 million of which \$7.5 million is attributable to ongoing and completed projects related to system rehabilitation and water main replacement, tempered by depreciation for the current year. The Utility department is in the process of the annual replacement of a portion of the City's aging infrastructure to stabilize costs over several years.

For more detailed information about the City of Bellevue's capital assets please refer to the notes to the financial statements, specifically Note 6, Property, Plant and Equipment.

DEBT OUTSTANDING

At year-end, the City had \$170 million in debt outstanding compared to \$163 million last year. The outstanding debt is \$167 million and \$2.5 million for governmental activities and business type activities, respectively.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
	(in thousands)					
General obligation bonds	\$ 151,597	\$ 144,355	\$ 2,481	\$ 2,711	\$ 154,079	\$ 147,066
Special assessment debt	55	100	-	-	55	100
Line of credit	15,047	15,047	-	-	15,047	15,047
Installment purchase	-	450	-	-	-	450
Other long term debt	557	598	66	103	623	700
Total	\$ 167,257	\$ 160,550	\$ 2,547	\$ 2,814	\$ 169,804	\$ 163,363

Governmental Activities. The City did not issue new debt in 2012; however, two advance refunding transactions were accomplished for \$107.8 million total. Of the debt outstanding at December 31, 2012, \$26.4 million is due within one year.

Business-type Activities. The Utility funds did not issue any new debt. During the fiscal year all scheduled debt service payments were met. Principal reductions for the Marina Fund amounted to \$.3 million. Of the debt outstanding at December 31, 2012, \$.8 million is due within one year.

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

The City's assessed valuation for 2012 was \$32.7 billion and the total amount of additional debt the City may issue is \$2.2 billion. Remaining debt capacity is categorized as follows (in thousands):

General debt	\$ 629,339
Open space/Parks facilities	816,924
Utilities	816,924
Total	\$ 2,263,187

For more detailed information about the City of Bellevue's long term debt please refer to the notes to the financial statements, specifically Note 13, Long Term Debt.

BUDGETARY HIGHLIGHTS

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

The supplemental increase of \$.178 million between the original General Fund budget for fiscal year 2012 and the final General Fund budget is explained as follows:

- The nominal increase between the 2012 Adopted Biennial Budget and the 2012 Amended Biennial Budget represents the recognition of an Interlocal Agreement between the City of Bellevue and the Bellevue School District (BSD), stating that BSD will provide partial reimbursement for School Resource Officers.

A comparison of the actual performance of the general fund on a budgetary basis to the final budget indicates that total revenues came in \$2.4 million lower than budget at year end. This is due to a short-fall in general tax collections (\$2.5 million) which lag behind in the slow economic recovery. Expenditures were \$4.7 million under budget, due primarily to cost containment efforts made by the City as a result of the economic downturn.

BOND RATINGS

The City of Bellevue maintains an Aaa rating from Moody's for its voter approved general obligation debt, an Aa1 rating for its councilmanic general obligation debt, and an Aa2 rating for its revenue bonds. Standard and Poor's has rated the City's general obligation debt as AAA.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The City has endured nearly four years of belt tightening and cost containment but has emerged with a budget that meets the needs of our community and sets our spending and staffing to affordable and sustainable levels while maintaining a level of service quality that is acceptable to our residents and stakeholders.

Strong fiscal stewardship and economic development through the years, an engaged workforce stressing efficiency, quality and customer service along with targeting resources to core municipal services will continue to help the City get through these difficult times.

2012 revenue ended the year on target with the revised mid-biennium forecast which was substantially less than the 2012 Adopted Budget revenue. Overall, in 2012 the General Fund saw 3.2% growth in base tax revenue over 2011. Adding to the tax base were approximately \$700,000 in "amnesty" funds received from a taxpayer amnesty program. Adjusting for Amnesty funds, total revenue increased 3.8% over 2011. Of the City's major tax streams, Property and Utility taxes performed as originally adopted due to their stable nature, while Sales and B&O tax were more variable. 2012 Sales tax adjusted for the onetime amnesty funding had less than a 1% growth over 2011. B&O tax results were expected to be similar, however the 4th quarter returns proved to be greater than expected and total B&O tax ended the year 2.9% higher than 2011.

As the City responds to Post Great Recession economic environment it continues to focus on providing the highest level of priority government programs, services, and capital investments. During the 2011-2012 budget process, the City employed the Budgeting for Outcomes methodology entitled Budget One and continued to use it in 2013-2014. The Budget One process strives to deliver outcomes that are important to our community and reflect the values and priorities recognized by the City Council and City Management. The Outcomes identified by the Council as community-wide priorities include (1) Safe Community, (2) Improved Mobility, (3) Innovative, Vibrant, and Caring Community, (4) Quality Neighborhoods, (5) Healthy and Sustainable Environment, (6) Responsive Government, and (7) Economic Growth and Competitiveness.

The Budget provides adequate funding for Police, Fire, Parks, and Transportation while seeking more efficiencies and cost savings in all departments. The budget continues to provide a lifeline for those of our residents who are most in need and to the non-governmental organizations who partner with us in social and health services, education, food assistance, and other support for those in our community impacted by the recession.

General Fund Operating Expenditures were \$4.2 million under budget, primarily due to cost containment efforts made by the City as a result of the economic downturn.

The CIP is also severely affected by the recession. Recognizing the severe financial constraints faced by the City, only the most critical and time-sensitive projects were included in the budget.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

Statement of Net Position
As of December 31, 2012
(in thousands)

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Bellevue Convention Center Authority</u>
Assets:				
Cash & equity in pooled investments	\$ 70,654	\$ 16,641	\$ 87,296	\$ 2,884
Receivables (net of allowances for uncollectables):				
Taxes	20,488	-	20,488	-
Accounts	3,770	17,793	21,563	716
Assessments	918	-	918	-
Interest	143	207	350	-
Other	2,773	24	2,798	971
Inventory	720	509	1,230	444
Other current assets	406	2,079	2,485	183
Current assets restricted for:				
For debt service	10	295	305	3,327
For capital projects	9,007	123,439	132,446	-
For other	16,672	103	16,775	778
Noncurrent assets:				
Noncurrent receivables	3,102	191	3,292	-
Capital assets:				
Land	751,135	24,898	776,033	-
Depreciable capital assets (net)	199,650	21,103	220,754	-
Depreciable infrastructure (net)	31,059	209,039	240,097	28,216
Nondepreciable infrastructure	666,631	-	666,631	-
Construction in progress	20,310	12,991	33,301	773
Total assets	1,797,453	429,312	2,226,763	38,293
Deferred outflow of resources:				
For loss on debt refunding	11,717	41	11,758	-
Total deferred outflows	11,717	41	11,758	-
Total assets and deferred outflows	\$ 1,809,170	\$ 429,353	\$ 2,238,521	\$ 38,293

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

Statement of Net Position
As of December 31, 2012
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Liabilities:				
Accounts payable	\$ 7,471	\$ 3,915	\$ 11,386	\$ 161
Retainage payable	197	50	248	-
Accrued interest payable	-	-	-	3,737
Accrued payroll	5,345	679	6,023	151
Other accrued liabilities	2,847	96	2,943	109
Deposits payable	575	96	671	705
Unearned revenue	2,102	-	2,102	-
Other current liabilities	11	-	11	-
Accrued bond interest payable	539	12	552	40,953
Noncurrent liabilities:				
Due within one year	26,402	817	27,219	1,176
Due in more than one year	166,109	3,348	169,457	13,653
Total liabilities	<u>211,598</u>	<u>9,015</u>	<u>220,612</u>	<u>60,644</u>
Deferred inflows of resources:				
For debt	10	-	10	-
Total deferred inflows	<u>10</u>	<u>-</u>	<u>10</u>	<u>-</u>
Total liabilities and deferred inflows	<u>211,608</u>	<u>9,015</u>	<u>220,622</u>	<u>60,644</u>
Net position:				
Net investment in capital assets	1,513,235	265,524	1,778,759	14,224
Restricted for:				
Debt service	10	295	305	2,044
Capital projects	9,007	123,439	132,446	471
Other	16,672	103	16,775	-
Unrestricted	58,636	30,977	89,613	(39,091)
Total net position	<u>\$ 1,597,561</u>	<u>\$ 420,338</u>	<u>\$ 2,017,900</u>	<u>\$ (22,351)</u>

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

Statement of Activities
For the Twelve Months Ending December 31, 2012
 (in thousands)

Functions/Programs	Program Revenues			Net Expense, Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			Bellevue Convention Center Authority
					Governmental Activities	Business-type Activities		
Primary government:								
Government activities:								
General government	\$ 36,392	\$ 3,904	384	-	\$ (32,104)	\$ -	\$ -	
Public safety	82,822	18,568	2,537	-	(61,717)	-	(61,717)	
Physical environment	1,642	813	1,334	-	506	-	506	
Transportation	27,761	1,930	1,796	3,407	(20,628)	-	(20,628)	
Economic environment	19,037	11,311	24	-	(7,702)	-	(7,702)	
Health and human services	11,511	496	1,826	-	(9,188)	-	(9,188)	
Culture and recreation	38,452	8,873	287	512	(28,780)	-	(28,780)	
Interest on long-term debt	7,910	-	-	-	(7,910)	-	(7,910)	
Total governmental activities	225,526	45,896	8,188	3,919	(167,523)	-	(167,523)	
Business-type activities:								
Water utility	38,708	41,686	-	2,350	-	5,329	5,329	
Sewer utility	41,089	47,202	-	1,685	-	7,798	7,798	
Storm drainage utility	10,950	16,730	-	657	-	6,437	6,437	
Marina	277	564	-	-	-	287	287	
Total business-type activities	91,024	106,182	-	4,693	-	19,851	19,851	
Total primary government	\$ 316,550	\$ 152,078	\$ 8,188	\$ 8,612	\$ (167,523)	\$ 19,851	\$ (147,673)	
Component unit:								
Bellevue Convention Center Authority	13,494	12,745	-	-	-	-	(749)	
Total component unit	\$ 13,494	\$ 12,745	\$ -	\$ -	\$ -	\$ -	\$ (749)	

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

Statement of Activities
For the Twelve Months Ending December 31, 2012
 (in thousands)

	Net Expense, Revenue and Changes in Net Position		
	Primary Government	Business- type Activities	Convention Center Authority
General revenues:			
Property tax	\$ 37,538	\$ -	\$ 37,538
Retail sales and use tax	48,596	-	48,596
Utility tax	25,813	-	25,813
Business and occupation tax	27,492	-	27,492
Excise taxes	13,646	-	13,646
Hotel/Motel tax	7,469	-	7,469
Other taxes	476	-	476
Payments from Component Unit/City	20	-	20
Grants & contributions - unrestricted	1,700	-	1,700
Unrestricted investment interest	630	757	1,387
Gain (Loss) in change of Fair Value	(83)	167	84
Miscellaneous	357	1,519	1,876
Gain on sale of capital assets	328	-	328
Transfers	(561)	561	-
Total general revenues and transfers	163,423	3,003	166,425
Change in net position	(4,101)	22,854	(743)
Net position at beginning of year	1,598,459	397,484	(21,609)
Prior period adjustment	3,203	-	-
Net position at end of year	\$ 1,597,561	\$ 420,338	\$ 2,017,900
			\$ (22,351)

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

Balance Sheet
Governmental Funds
As of December 31, 2012
(in thousands)

Page 1 of 2

	<u>General Fund</u>	<u>Development Services</u>
Assets:		
Cash & equity in pooled investments	\$ 17,331	\$ 7,518
Receivables (net of allowances):		
Taxes	14,957	-
Accounts	2,540	-
Current assessments	-	-
Interest & penalties on assessments	-	-
Interest	26	11
Interfund loans receivable	-	-
Due from other funds	11	-
Due from other governments	-	-
Prepays	406	-
Housing rehabilitation loans receivable	-	-
Total assets	<u>35,271</u>	<u>7,529</u>
Liabilities:		
Accounts payable	2,313	70
Retainage payable	7	-
Interfund loans payable	-	-
Due to other funds	-	-
Due to Component Unit	-	-
Due to other governments	1,797	-
Accrued payroll	4,373	375
Accrued taxes	50	-
Deposits payable	326	240
Other current liabilities	11	-
Unearned Revenue	222	1,880
Total liabilities	<u>9,099</u>	<u>2,565</u>
Deferred inflows:		
Deferred inflow for debt	-	-
Deferred inflow for grants	-	-
Deferred inflow for taxes	139	-
Total deferred inflows	<u>139</u>	<u>-</u>
Total liabilities and deferred inflows	<u>9,239</u>	<u>2,565</u>
Fund balance:		
Nonspendable	406	-
Restricted	114	3,277
Assigned	1,454	1,687
Unassigned	24,058	-
Total fund balance	<u>26,033</u>	<u>4,964</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 35,271</u>	<u>\$ 7,529</u>

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

Balance Sheet
Governmental Funds
As of December 31, 2012
(in thousands)

Page 2 of 2

	General CIP	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash & equity in pooled investments	\$ 12,183	\$ 29,437	\$ 66,470
Receivables (net of allowances):			
Taxes	5,630	23	20,609
Accounts	448	640	3,628
Current assessments	-	911	911
Interest & penalties on assessments	-	7	7
Interest	18	44	99
Interfund loans receivable	-	18	18
Due from other funds	-	-	11
Due from other governments	1,571	1,158	2,729
Prepays	-	-	406
Housing rehabilitation loans receivable	-	3,102	3,102
Total assets	19,849	35,339	97,989
Liabilities:			
Accounts payable	2,892	646	5,921
Retainage payable	139	-	146
Interfund loans payable	-	18	18
Due to other funds	-	11	11
Due to Component Unit	-	953	953
Due to other governments	1	33	1,830
Accrued payroll	-	89	4,837
Accrued taxes	-	-	50
Deposits payable	1	5	572
Other current liabilities	-	-	11
Unearned Revenue	-	-	2,102
Total liabilities	3,033	1,754	16,451
Deferred inflows:			
Deferred inflow for debt	-	902	902
Deferred inflow for grants	304	872	1,176
Deferred inflow for taxes	-	-	139
Total deferred inflows	304	1,774	2,218
Total liabilities and deferred inflows	3,338	3,528	18,669
Fund balance:			
Nonspendable	-	-	406
Restricted	9,007	13,406	25,804
Assigned	7,504	18,405	29,051
Unassigned	-	-	24,058
Total fund balance	16,511	31,811	79,320
Total liabilities, deferred inflows, and fund balance	\$ 19,849	\$ 35,339	\$ 97,989

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

City of Bellevue, Washington

**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2012**
(in thousands)

Total governmental fund balances \$ 79,320

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 are not reported in the funds. 1,650,053

These assets consist of:

Land	751,135
Construction in progress	20,310
Non-depreciable infrastructure	666,631
Buildings	217,936
Improvements other than buildings	49,068
Intangible assets	19,906
Machinery and equipment - general government	31,743
Depreciable infrastructure	143,713
Less: accumulated depreciation	(250,389)

Deferred outflow of resources 11,717

Inventory 151

Long term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds. (184,157)

These long-term liabilities consist of:

Bonds payable	(151,597)
Line of credit payable	(15,047)
Special assessment bonds payable	(55)
Notes payable	(558)
Accrued bond interest payable	(539)
Compensated absences	(12,447)
Deferred inflow of resources	2,082
OPEB Obligation payable	(5,608)
Pollution Remediation liability	(387)

Internal service funds are used by management to charge the costs of certain activities, such as equipment rental, self-insurance, information technology and facility services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 40,477

Net position of governmental activities \$ 1,597,561

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

City of Bellevue, Washington

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Twelve Months Ending December 31, 2012**
(in thousands)

Page 1 of 2

	<u>General Fund</u>	<u>Development Services</u>
Revenues:		
Taxes and special assessments	\$ 118,300	\$ -
Licenses and permits	425	5,053
Intergovernmental	19,445	-
Service charges and fees	20,004	6,337
Fines and forfeitures	1,832	2
Interest and assessment interest/penalties	69	44
Net change in fair value of investments	73	(13)
Rent	4,721	-
Premiums/contributions	10	-
Other	236	2
Total revenues	<u>165,114</u>	<u>11,425</u>
Expenditures:		
Current:		
General government	17,961	-
Public safety	78,634	-
Physical environment	98	-
Transportation	24,598	-
Economic environment	3,768	14,712
Health and human services	6,289	-
Culture and recreation	29,598	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Capital outlay:		
General government	-	-
Public safety	3	-
Transportation	1	-
Culture and recreation	-	-
Total expenditures	<u>160,949</u>	<u>14,712</u>
Excess (deficiency) of revenues over (under) expenditures	4,165	(3,287)
Other financing sources (uses):		
Transfers in	3,492	3,308
Transfers out	(4,245)	(168)
Refunding bonds issued	-	-
Payment to refunded bond escrow agent	-	-
Total other financing sources and uses	<u>(753)</u>	<u>3,140</u>
Net change in fund balance	3,412	(147)
Fund balance at beginning of year	22,620	5,111
Prior period adjustment	-	-
Fund balance:		
Nonspendable	406	-
Restricted	114	3,277
Assigned	1,454	1,687
Unassigned	24,058	-
Fund balance at end of year	<u>\$ 26,033</u>	<u>\$ 4,964</u>

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

City of Bellevue, Washington

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Twelve Months Ending December 31, 2012**
(in thousands)

Page 2 of 2

	<u>General CIP</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes and special assessments	\$ 36,190	\$ 8,614	\$ 163,104
Licenses and permits	-	-	5,478
Intergovernmental	4,921	5,546	29,912
Service charges and fees	1,439	929	28,708
Fines and forfeitures	-	31	1,865
Interest and assessment interest/penalties	70	272	455
Net change in fair value of investments	(152)	(54)	(146)
Rent	99	-	4,820
Premiums/contributions	23	401	434
Other	44	23	306
Total revenues	<u>42,635</u>	<u>15,762</u>	<u>234,936</u>
Expenditures:			
Current:			
General government	336	6,727	25,024
Public safety	468	3,942	83,044
Physical environment	10	1,436	1,544
Transportation	7,424	236	32,258
Economic environment	344	58	18,882
Health and human services	8	2,031	8,328
Culture and recreation	5,406	442	35,446
Debt service:			
Principal	490	3,718	4,208
Interest and fiscal charges	3	7,147	7,150
Capital outlay:			
General government	145	-	145
Public safety	525	30	557
Transportation	11,974	-	11,975
Culture and recreation	1,874	-	1,874
Total expenditures	<u>29,007</u>	<u>25,766</u>	<u>230,435</u>
Excess (deficiency) of revenues over (under) expenditures	13,628	(10,005)	4,501
Other financing sources (uses):			
Transfers in	613	12,068	19,481
Transfers out	(9,668)	(2,821)	(16,901)
Refunding bonds issued	-	(107,854)	(107,854)
Payment to refunded bond escrow agent	-	107,854	107,854
Total other financing sources and uses	<u>(9,055)</u>	<u>9,247</u>	<u>2,580</u>
Net change in fund balance	4,573	(758)	7,081
Fund balance at beginning of year	11,938	29,366	69,036
Prior period adjustment	-	3,203	3,203
Fund balance:			
Nonspendable	-	-	406
Restricted	9,007	13,406	25,804
Assigned	7,504	18,405	29,051
Unassigned	-	-	24,058
Fund balance at end of year	<u>\$ 16,511</u>	<u>\$ 31,811</u>	<u>\$ 79,320</u>

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

City of Bellevue, Washington
**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the fiscal year ended December 31, 2012**
(in thousands)

Net change in fund balances - total governmental funds		\$ 7,081
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the difference between capital outlays and adjustments in the current period.		4,352
This is comprised of:		
Capital outlays	14,552	
Current year depreciation	(10,200)	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(6,098)
This is comprised of:		
Tax and assessment revenues	(2,089)	
Grants and contracts revenues	(4,009)	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, yet, the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		4,208
This amount is comprised of:		
Long-term debt repayments	4,208	
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(10,816)
This amount is comprised of:		
Amortization of net OPEB obligation	(1,343)	
Amortization of debt issue costs	(459)	
Amortization of debt premiums	81	
Amortization of bond economic gains	(19)	
Accrued interest expense	79	
Pollution remediation obligation	3	
Accrued compensated absence expense	(703)	
Inventory adjustment	(29)	
Long-term receivables uncollectible	(8,426)	
Internal service funds are used by management to charge the cost of certain activities, such as equipment rental, self-insurance, information technology and facility services to the individual funds. The net revenue (expense) of these internal service funds is reported with governmental activities.		(2,828)
Change in net position of governmental activities		\$ (4,101)

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

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2012
(in thousands)

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 1,555	\$ 10,201	\$ 4,768
Receivables (net of allowances):			
Accounts	2,647	6,142	9,000
Interest	53	61	93
Other	-	-	-
Notes/contracts receivable - current	-	1	24
Due from other governments	-	-	-
Inventory	63	345	101
Prepaid expenses	-	2,079	-
Restricted cash & equity in pooled investments:			
For revenue bonds	-	-	-
For capital projects	34,081	30,944	58,414
For other	2	93	7
Total current assets	<u>38,402</u>	<u>49,865</u>	<u>72,408</u>
Noncurrent assets:			
Notes/contracts receivable - noncurrent	-	9	182
Capital Assets:			
Property, plant and equipment (net)	<u>70,445</u>	<u>115,309</u>	<u>72,506</u>
Total noncurrent assets	<u>70,445</u>	<u>115,318</u>	<u>72,688</u>
Total assets	<u>108,846</u>	<u>165,183</u>	<u>145,095</u>
Deferred outflow of resources:			
For debt	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows	<u>108,846</u>	<u>165,183</u>	<u>145,095</u>

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

**Statement of Fund Net Position
Proprietary Funds
As of December 31, 2012
(in thousands)**

	<u>Marina</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 117	\$ 16,641	\$ 29,879
Receivables (net of allowances):			
Accounts	4	17,793	143
Interest	1	207	44
Other	-	-	43
Notes/contracts receivable - current	-	24	-
Due from other governments	-	-	1
Inventory	-	509	569
Prepaid expenses	-	2,079	-
Restricted cash & equity in pooled investments:			
For revenue bonds	295	295	-
For capital projects	-	123,439	-
For other	-	103	-
Total current assets	<u>417</u>	<u>161,091</u>	<u>30,680</u>
Noncurrent assets:			
Notes/contracts receivable - noncurrent	-	191	-
Capital Assets:			
Property, plant and equipment (net)	<u>9,771</u>	<u>268,031</u>	<u>18,732</u>
Total noncurrent assets	<u>9,771</u>	<u>268,221</u>	<u>18,732</u>
Total assets	<u>10,187</u>	<u>429,312</u>	<u>49,412</u>
Deferred outflow of resources:			
For debt	<u>41</u>	<u>41</u>	<u>-</u>
Total deferred outflows	<u>41</u>	<u>41</u>	<u>-</u>
Total assets and deferred outflows	<u>10,228</u>	<u>429,353</u>	<u>49,412</u>

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

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2012
(in thousands)

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Liabilities:			
Current liabilities:			
Accounts payable	\$ 432	\$ 3,127	\$ 344
Estimated claims	-	-	-
Retainage payable	7	31	12
Due to other governments	-	46	26
Accrued payroll	180	299	200
Accrued compensated absences	151	192	143
Deposits payable	-	-	5
Notes/contracts payable - current	7	30	-
Revenue bonds payable - current	-	-	-
Total current liabilities	<u>777</u>	<u>3,725</u>	<u>729</u>
Noncurrent liabilities:			
Accrued bond interest payable	-	-	-
Customer deposits	2	80	9
Accrued compensated absences	351	448	333
Estimated claims	-	-	-
Bonds payable (net)	-	-	-
Notes/contracts payable - noncurrent	-	30	-
Total noncurrent liabilities	<u>354</u>	<u>558</u>	<u>342</u>
Total liabilities	<u>1,131</u>	<u>4,283</u>	<u>1,071</u>
Net investment in capital position	70,438	115,250	72,506
Restricted for:			
Other	2	93	7
Debt service	-	-	-
Capital projects	34,081	30,944	58,414
Unrestricted	3,193	14,613	13,097
Total net position	<u>\$ 107,715</u>	<u>\$ 160,901</u>	<u>\$ 144,024</u>

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

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2012
(in thousands)

	<u>Marina</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 11	\$ 3,915	\$ 1,550
Estimated claims	-	-	3,219
Retainage payable	-	50	51
Due to other governments	24	96	13
Accrued payroll	-	679	507
Accrued compensated absences	-	485	377
Deposits payable	-	5	3
Notes/contracts payable - current	-	37	-
Revenue bonds payable - current	295	295	-
Total current liabilities	<u>330</u>	<u>5,562</u>	<u>5,720</u>
Noncurrent liabilities:			
Accrued bond interest payable	12	12	-
Customer deposits	-	92	-
Accrued compensated absences	-	1,133	879
Estimated claims	-	-	2,337
Bonds payable (net)	2,186	2,186	-
Notes/contracts payable - noncurrent	-	30	-
Total noncurrent liabilities	<u>2,199</u>	<u>3,453</u>	<u>3,216</u>
Total liabilities	<u>2,529</u>	<u>9,015</u>	<u>8,936</u>
Net investment in capital position	7,330	265,524	18,732
Restricted for:			
Other	-	103	-
Debt service	295	295	-
Capital projects	-	123,439	-
Unrestricted	74	30,977	21,745
Total net position	<u>\$ 7,699</u>	<u>\$ 420,338</u>	<u>\$ 40,477</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Twelve Months Ending December 31, 2012
(in thousands)

Page 1 of 2

	<u>Storm & Surface Water Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Operating revenues:			
Intergovernmental	\$ -	\$ 453	\$ -
Service charges and fees	16,324	39,970	47,063
Rent	-	-	-
Judgments and settlements	-	-	-
Insurance recovery	-	-	-
Premiums/contributions	-	-	-
Other	418	1,263	140
Total operating revenues	<u>16,742</u>	<u>41,686</u>	<u>47,203</u>
Operating expenses:			
Administrative and general	3,819	11,322	5,043
Maintenance and operations	5,278	22,626	32,532
Depreciation	1,852	4,706	3,567
Insurance costs	-	-	-
Benefits and claims payments	-	-	-
Total operating expenses	<u>10,949</u>	<u>38,655</u>	<u>41,141</u>
Operating income (loss)	5,793	3,031	6,061
Nonoperating revenues (expenses):			
Interest income	193	204	358
Net change in fair value of investments	33	80	59
Interest expense	(1)	(1)	-
Rental income	16	350	390
Gain on disposal of capital assets	-	-	-
Other nonoperating revenues	45	636	70
Total nonoperating revenue (expenses)	<u>286</u>	<u>1,268</u>	<u>876</u>
Income before contributions and transfers	6,079	4,299	6,937
Special items, contributions and transfers:			
Transfers in	131	263	170
Transfers out	(3)	(1)	-
Capital contributed from external sources	657	2,350	1,685
Total special items, contributions and transfers	<u>785</u>	<u>2,613</u>	<u>1,855</u>
Change in net position	6,864	6,912	8,793
Net position beginning of year	100,850	153,989	135,231
Net position end of year	<u>\$ 107,715</u>	<u>\$ 160,901</u>	<u>\$ 144,024</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Twelve Months Ending December 31, 2012
(in thousands)

Page 2 of 2

	<u>Marina</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
Operating revenues:			
Intergovernmental	\$ -	\$ 453	\$ -
Service charges and fees	-	103,357	22,483
Rent	564	564	6,051
Judgments and settlements	-	-	34
Insurance recovery	-	-	2,508
Premiums/contributions	-	-	21,197
Other	-	1,821	119
Total operating revenues	<u>564</u>	<u>106,195</u>	<u>52,391</u>
Operating expenses:			
Administrative and general	-	20,184	7,223
Maintenance and operations	171	60,608	24,070
Depreciation	21	10,146	4,791
Insurance costs	-	-	2,335
Benefits and claims payments	-	-	14,316
Total operating expenses	<u>193</u>	<u>90,938</u>	<u>52,735</u>
Operating income (loss)	371	15,257	(344)
Nonoperating revenues (expenses):			
Interest income	3	757	175
Net change in fair value of investments	(5)	167	64
Interest expense	(84)	(86)	-
Rental income	-	756	31
Gain on disposal of capital assets	-	-	328
Other nonoperating revenues	-	750	58
Total nonoperating revenue (expenses)	<u>(86)</u>	<u>2,344</u>	<u>656</u>
Income before contributions and transfers	285	17,600	312
Special items, contributions and transfers:			
Transfers in	-	565	735
Transfers out	-	(4)	(3,876)
Capital contributed from external sources	-	4,693	-
Total special items, contributions and transfers	<u>-</u>	<u>5,254</u>	<u>(3,141)</u>
Change in net position	285	22,854	(2,828)
Net position beginning of year	7,414	397,484	43,305
Net position end of year	<u>\$ 7,699</u>	<u>\$ 420,338</u>	<u>\$ 40,477</u>

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

Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2012
(in thousands)

	Business Type Activities -		
	Enterprise Funds		
	Storm & Surface Water	Water	Sewer
	Utility	Utility	Utility
Cash flows from operating activities:			
Cash received from customers and users	\$ 17,078	\$ 40,979	\$ 46,719
Contributions received - employer/employees	-	-	-
Cash received from judgments/settlements	-	-	-
Cash received from insurance proceeds	-	-	-
Cash payments to suppliers for goods and services	(4,278)	(27,346)	(32,484)
Cash payments to employees for services	(4,760)	(6,446)	(4,927)
Cash payments to claimants	-	-	-
Cash received from contracts/rent	-	-	-
Cash payments for insurance	-	-	-
Other receipts	61	985	460
Net cash provided (used) by operating activities	<u>8,101</u>	<u>8,173</u>	<u>9,768</u>
Cash flows from noncapital financing activities:			
Cash received from contracts	-	1	12
Transfers in	131	263	170
Transfers out	(3)	(1)	-
Net cash provided (used) by noncapital financing activities	<u>128</u>	<u>263</u>	<u>182</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	(2,267)	(7,344)	(5,193)
Principal paid on revenue bonds and other debt	(7)	(29)	-
Interest paid on revenue bonds and other debt	(0)	(1)	-
Proceeds from sale of assets	-	-	-
Contributed capital in aid of capital acquisitions:			
Contributed in Aid of Equity	282	1,648	1,010
Contributed Connection Contracts	-	(1)	(12)
Net cash provided (used) by capital financing activities	<u>(1,992)</u>	<u>(5,727)</u>	<u>(4,194)</u>
Cash flows from investing activities:			
Interest on investments	255	328	478
Net cash provided (used) by investing activities	<u>255</u>	<u>328</u>	<u>478</u>
Net increase (decrease) in cash balance	6,492	3,038	6,234
Cash balance at beginning of year	29,146	38,202	56,955
Cash balance at end of year	<u>\$ 35,638</u>	<u>\$ 41,239</u>	<u>\$ 63,189</u>
Cash balance at end of year consist of:			
Unrestricted	1,555	10,201	4,768
Restricted	34,083	31,037	58,421
Total cash balance	<u>\$ 35,638</u>	<u>\$ 41,239</u>	<u>\$ 63,189</u>

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

Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2012
(in thousands)

	<u>Business Type Activities - Enterprise Funds</u>		<u>Governmental Activities - Internal Service Funds</u>
	<u>Marina</u>	<u>Total</u>	
Cash flows from operating activities:			
Cash received from customers and users	\$ 578	\$ 105,354	\$ 22,529
Contributions received - employer/employee	-	-	21,062
Cash received from judgments/settlements	-	-	34
Cash received from insurance proceeds	-	-	2,508
Cash payments to suppliers for goods and services	(172)	(64,280)	(32,922)
Cash payments to employees for services	-	(16,132)	(12,194)
Cash payments to claimants	-	-	(59)
Cash received from contracts/rent	-	-	6,082
Cash payments for insurance	-	-	(2,335)
Other receipts	-	1,506	288
Net cash provided (used) by operating activities	<u>406</u>	<u>26,447</u>	<u>4,992</u>
Cash flows from noncapital financing activities:			
Cash received from contracts	-	13	-
Transfers in	-	565	735
Transfers out	-	(4)	(3,876)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>573</u>	<u>(3,141)</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	-	(14,803)	(2,550)
Principal paid on revenue bonds and other debt	(267)	(304)	-
Interest paid on revenue bonds and other debt	(70)	(71)	-
Proceeds from sale of assets	-	-	374
Contributed capital in aid of capital acquisitions:			
Contributed in Aid of Equity	-	2,941	-
Contributed Connection Contracts	-	(13)	-
Net cash provided (used) by capital financing activities	<u>(337)</u>	<u>(12,251)</u>	<u>(2,176)</u>
Cash flows from investing activities:			
Interest on investments	(38)	1,023	306
Net cash provided (used) by investing activities	<u>(38)</u>	<u>1,023</u>	<u>306</u>
Net increase (decrease) in cash balance	30	15,794	(18)
Cash balance at beginning of year	382	124,685	29,897
Cash balance at end of year	<u>\$ 412</u>	<u>\$ 140,478</u>	<u>\$ 29,879</u>
Cash balance at end of year consist of:			
Unrestricted	117	16,641	29,879
Restricted	295	123,836	-
Total cash balance	<u>\$ 412</u>	<u>\$ 140,478</u>	<u>\$ 29,879</u>

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

Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2012
(in thousands)

Page 3 of 4

	Business Type Activities -		
	Enterprise Funds		
	Storm & Surface Water	Water	Sewer
	Utility	Utility	Utility
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 5,793	\$ 3,031	\$ 6,061
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,852	4,706	3,567
Other receipts	61	985	460
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	293	(934)	(549)
(Increase) decrease in due from other funds	47	48	70
(Increase) decrease in other receivables	-	-	-
(Increase) decrease in contracts receivable	0	1	12
(Increase) decrease in inventory	(3)	178	(5)
Increase (decrease) in accounts payable	119	2,418	125
Increase (decrease) in retainage payable	(78)	(200)	3
Increase (decrease) in wages & benefits payable	2	24	20
Increase (decrease) in compensated absences	22	11	38
Increase (decrease) in due to other funds	(6)	-	-
Increase (decrease) in due to other governments	-	(27)	(12)
Increase (decrease) in customer deposits	-	10	(21)
Increase (decrease) in estimated claims payable	-	-	-
Total adjustments	<u>2,308</u>	<u>5,141</u>	<u>3,706</u>
Net cash provided (used) by operating activities	<u>\$ 8,101</u>	<u>\$ 8,173</u>	<u>\$ 9,768</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ 375	\$ 703	\$ 687

Non-Cash Investing, Capital and Financing Activities

On December 31, 2012, the City recognized a gain/loss as a result of the change in fair value of US Government Securities with a maturity of more than one year. The gain recognized by Storm and Surface Water Utilities of \$33, Water Utilities of \$80, Sewer Utilities of \$59, Marina Fund of \$(5), and the Internal Service Funds of \$64 is reflected on the financial statements as Net Change in Fair Value of Investments.

For the year ended 2012 developers contributed utility mains totaling \$1,765. Storm and Surface Water recorded \$375, Water Utilities \$703, Sewer Utilities \$687.

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

Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2012
(in thousands)

Page 4 of 4

	Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Marina	Total	
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 371	\$ 15,257	\$ (344)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	21	10,146	4,791
Other receipts	-	1,506	89
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	(1,190)	(48)
(Increase) decrease in due from other funds	14	178	50
(Increase) decrease in other receivables	-	-	(37)
(Increase) decrease in contracts receivable	-	13	-
(Increase) decrease in inventory	-	169	52
Increase (decrease) in accounts payable	(3)	2,659	414
Increase (decrease) in retainage payable	-	(275)	-
Increase (decrease) in wages & benefits payable	-	46	21
Increase (decrease) in compensated absences	-	71	137
Increase (decrease) in due to other funds	-	(6)	-
Increase (decrease) in due to other governments	3	(37)	5
Increase (decrease) in customer deposits	-	(11)	-
Increase (decrease) in estimated claims payable	-	-	(138)
Total adjustments	<u>35</u>	<u>11,191</u>	<u>5,336</u>
Net cash provided (used) by operating activities	<u>\$ 406</u>	<u>\$ 26,447</u>	<u>\$ 4,992</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ -	\$ 1,765	\$ -

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

Statement of Fiduciary Net Position
Trust and Agency Funds
As of December 31, 2012
(in thousands)

	<u>Firemen's Pension</u>	<u>Agency Funds</u>
Assets:		
Cash & equity in pooled investments	\$ 6,727	\$ 4,825
Receivables (net of allowances):		
Interest	10	6
Due from other governments	-	132
Property, plant and equipment (net)	-	176
Total assets	<u>6,737</u>	<u>5,140</u>
Liabilities:		
Accounts payable	22	386
Due to other governments	-	4,522
Deposits payable	-	232
Total liabilities	<u>22</u>	<u>5,140</u>
Net Position:		
Held in trust for pension benefits and other purposes	6,716	-
Total net position	<u>\$ 6,716</u>	<u>\$ -</u>

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

Statement of Changes in Fiduciary Net Position
Firemen's Pension Fund
For the fiscal year ended December 31, 2012
(in thousands)

Additions:	
Investment income:	
Interest	\$ 39
Net change in fair value	14
Other contributions:	
Intergovernmental	181
Total additions	234
Deductions:	
Benefit payments	246
Administrative	13
Total deductions	259
Change in net assets	(25)
Net position beginning of year	6,741
Net position end of year	\$ 6,716

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

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

There are no instances in which factors other than financial accountability are so significant in the relationship between a particular organization and the City that the exclusion of such organization would be misleading.

Discretely Presented Component Unit

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

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

Audited financial statements for the BCCA can be obtained from the BCCA, c/o Stacy Graven, Executive Director, 11100 NE 6th Street, Bellevue, WA 98004.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. To the extent possible, the effect of interfund overhead activity has been removed from

these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 as general revenues.

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

BASIS OF ACCOUNTING, MEASUREMENT FOCUS AND PRESENTATION OF FINANCIAL STATEMENTS

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

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

Major Governmental Funds:

The General Fund is the general operating fund of the City and accounts for all activities not accounted for in another fund. With the implementation of GASB 54, special revenue funds not meeting the criteria of significant revenue inflows from restricted or committed sources are to be reported in the General Fund. Those funds previously reported as separate special revenue funds and now included in the General Fund are as follows: Land Purchase Revolving Fund, Cable Franchise Fund, and Parks Fees Fund.

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

The General Capital Investment Program Fund administers governmental capital improvement projects. These projects are supported by a designated portion of the City's sales and business and occupation taxes, bonds, grants, contributions, and other revenue sources authorized by the City Council.

Major Proprietary Funds:

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

The Water Utility Fund accounts for the operations, capital improvement and debt service activities of the water utility.

The Sewer Utility Fund accounts for the operations, capital improvement and debt service activities of the sewer utility.

The Marina Fund accounts for the operations, debt service, and capital improvement activities of the Meydenbauer Bay Marina and the Bellevue Yacht Basin.

Internal Service and Fiduciary Funds:

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

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting, with the exception of agency funds which technically have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition.

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

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

The proprietary fund statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the funds' principal ongoing operations. The principal operating revenues of the City's utilities funds, marina fund, and internal service funds are charges to customers for sales and service, rentals, vehicle replacement, and insurance. The City also recognizes as operating revenue the portion of utility connection fees intended to recover the cost of connecting new customers to the water and sewer systems. Operating expenses for enterprise funds and internal service funds include operating and maintenance costs, administrative expenses, taxes and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expense. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted as they are needed.

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

NEW ACCOUNTING STANDARDS

In June 2011, the GASB issued Statement of Governmental Accounting Standard No. 63 "*Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position.*" This statement identifies and defines deferred outflow of resources, deferred inflows of resources and net position. The Statement also standardizes the presentation of the statements involving the deferred inflows and outflows of resources and net position. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

In March 2012, the GASB issued Statement of Governmental Accounting Standard No. 65 "*Items Previously Reported as Assets and Liabilities.*" This statement further defines deferred inflows of resources and deferred outflow of resources as introduced by GASB Statement No. 63. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The City is implementing GASB 65 early.

BUDGETS AND BASIS OF BUDGETING

In accordance with the Revised Code of Washington (RCW) 35A.34, the City budgets for all operating funds. These budgets are prepared in accordance with generally accepted accounting principles. Appropriations for operating funds are authorized for two years, but must be reviewed and reauthorized by the City Council in the middle of the biennial period. The operating funds include the General Fund; all Special Revenue Funds except the Operating Grants & Donation Fund and the Housing Fund; all internal service funds; and all utility operating funds.

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

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

ASSETS, LIABILITIES AND NET POSITION OR FUND BALANCES

Cash and Equity in Pooled Investments

Under the City's investment policy, all temporary cash surpluses are invested. Monies from all City funds are internally pooled for investment purposes. These pooled investments are reported on the financial statements as cash and equity in pooled investments. Interest earned on the pooled investments is prorated to individual funds at the end of each month on the basis of their average daily cash balance during the preceding month.

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

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

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

In accordance with GASB 31, investments in external 2a7-like pools, money market investments, and participating interest-earning investment contracts with a remaining maturity of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. The fair value of the investment is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Investments in the Washington State Treasurer's Investment Pool are available on demand in the amount of the original investment plus interest earnings and are treated as a money-market investment on the City's records. Accordingly, the fair value of the City's position in the Washington State Treasurer's Investment Pool is the same as the value of the City's Pool shares.

Receivables

The City records as receivables all material applicable exchange and non-exchange transactions as defined by GASB Statements No.33 and No.36.

Property Taxes

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

Uncollected property taxes through December 31 are recorded as receivables at year-end. Historically, the City collects 99.6% of taxes levied in the levy year and the remaining delinquent amounts are collected within the next several years. Due to the property foreclosure provision in state law, no allowance for uncollectible taxes is made.

Special Assessments

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

Other Receivables

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

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

Due From Other Funds and Other Governments

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

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

Interfund Loans Receivable

The Finance Director may authorize loans between funds for periods not exceeding three months. Longer term loans must be specifically authorized by Council resolution. Interfund loan activity for 2012 is presented in Note 12 Interfund Receivables, Payables, and Transfers. In the fund financial statements, the year end balance of long term loans to other funds are offset by a corresponding reservation of fund balance to indicate that the outstanding loan amounts do not constitute "available spendable resources" and are, therefore, not available for appropriation.

Housing Rehabilitation Loans Receivable

These loans are issued to individuals meeting designated income criteria and are supported by the City's annual Community Development Block Grant Program. The loans are secured by property liens and are not required to be repaid until the property is sold or otherwise changes ownership. Repayments are considered program income for the Community Development Block Grant Program and monies received

are used to fund current grant eligible expenditures. The outstanding loans are offset by restricted fund balance in the governmental funds balance sheet.

Notes and Contracts Receivable

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

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

Inventories and prepaid expenses

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

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

Net Position and Fund Balances

Net position is segregated into three categories on the government-wide statement of net position: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. The flow assumption of the City is to use restricted assets before unrestricted assets. Restricted assets are usually set aside in a separate fund, specifically used for the purpose of debt service or capital replacement.

Fund Balances, with the implementation of GASB 54, are segregated under the following categories and presented on the face of the financial statements in the aggregate. Note 17 Governmental Fund Balances provides greater detail on the purposes for which revenue sources may be spent.

Non-spendable: This fund balance category includes amounts not available to be spent because they are not in spendable form or are legally required to be maintained intact. The City has prepaid expenditures which are not in spendable form.

Spendable amounts are further segregated into categories based on the degree to which the uses of resources are constrained. When an expenditure is incurred for which restricted and unrestricted amounts are available, the City considers restricted amounts to be used first, followed by committed, then assigned, and lastly unassigned amounts; with the exception of the Development Services Fund which uses assigned resources, followed by restricted.

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

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

Assigned: Constraints that are neither restricted or committed, are considered assigned. Assignments are adopted by City Council through the budget ordinance. Special revenue funds typically report the majority of assigned fund balance and are created through ordinance by City Council. Fund balance in special revenue funds that are intended to be used for specific purposes, but are neither restricted or committed, include transfers from other funds, investment interest not constrained by contract or covenant, fees for services, and rents.

Unassigned: Unrestricted fund balance not committed or assigned in the General fund is considered unassigned. Also negative fund balance in any other governmental fund is unassigned. The City has no funds other than the general fund reporting unassigned fund balance.

Restricted Assets

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

Fund Balance Policy

Annually the City will target 15% of General Fund revenues as a General Fund ending balance. This balance is to protect the City's essential service programs during periods of economic downturn, which may temporarily reduce actual resources or cut the growth rate of City resources below that necessary to maintain pre-existing service levels. Additionally, the ending fund balance, commonly known as a reserve, can be used in the event of a natural catastrophe, counter cyclical basic revenue growth (Property, Sales, and B & O taxes combined) below 5 percent for the biennium, or because of unfunded federal or state mandates. Fund balance reserves in the Development Services Fund contains reserves for various purposes: prepaid building plan review and inspection services, prepaid land use review, core staffing needs to balance the normal cycles of development, customer service enhancements, and funds to support the ongoing maintenance of the Permit Center. Fund balance reserves in the LEOFF1 Medical Reserve Fund are maintained at an amount decided by City Council based on the most current actuarial study with reserves set aside to account for each contracting city's contribution separately. The Parks M&O Reserve Fund Reserve balances, which consist of proceeds from the 1988 property tax lid lift, are restricted for payment of maintenance and operating costs of specified City park facilities, and may only be expended with Council authorization. All other governmental funds ending fund balances are determined by council and adopted with the budget ordinance.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. The capital assets purchased or constructed by a governmental fund are recorded as expenditures in the fund at the time the related purchases occur and are not reported on the balance sheet of the governmental funds' balance sheet; however, the associated capital assets are reported in the governmental activities column of the government-wide statement of net position.

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

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

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

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

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

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

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

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

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

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

Additional information on capital assets is provided in Note 6.

Capitalization of Interest Costs

The City does not capitalize the interest expense.

Compensated Absences

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

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

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

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

Deferred Outflow of Resources

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

Long-term Debt

Liabilities for long-term debt are recorded in the government-wide statement of net position and in the proprietary funds balance sheet. The liabilities include bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges. Long-term debt outstanding at year-end is presented in Note 13.

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

Deferred Inflows of resources

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

Interfund Transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

FUND DEFICITS:

As of December 31, 2012, total net assets for the Bellevue Convention Center Authority, a component unit of the City, reflects an unrestricted net assets deficit balance of \$38.4 million and a total net assets deficit of \$22.0 million. Due to the annual charge for depreciation on the building and equipment and accrued interest on the Series 1991B and Series 1994 bonds, the deficit unrestricted net assets and net assets balances are anticipated to grow over the foreseeable future. Cash flows as projected in the annual Finance Plan, however, are expected to meet all obligations as they come due.

LEGAL BUDGETARY COMPLIANCE:

During 2012, no City funds exceeded total authorized appropriations at the fund level. Fund balance is included in authorized expenditure appropriations, but not necessarily appropriated at the program level.

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

NOTES TO THE FINANCIAL STATEMENTS

3. SUPPLEMENTAL APPROPRIATIONS

OPERATING BUDGET FUNDS:

During 2012, the City Council amended the 2012 appropriations by an additional \$178 thousand to reflect previously unanticipated needs in the 2012 portion of the 2011-2012 biennial budget for the General Fund. As explained in Note 1, both original and supplemental appropriations are adopted by City Council ordinance.

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS AND INVESTMENTS

PRIMARY GOVERNMENT:

Cash and equity in pooled investments are comprised of government and business-type activities. The balances as of December 31, 2012 are as follows (in thousands):

Cash on hand and in bank	\$ 2,533
Equity in Pooled Investments	<u>234,290</u>
Total Cash and Equity in Pooled Investments	<u>\$ 236,823</u>

In addition, the City holds in trust for fiduciary funds \$11.5 million in cash and equity in pooled investments.

Deposits:

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of outside party. As of December 31, 2012, the City had a bank balance of \$1.0 million (carrying amount of \$2.4 million). The City’s bank balance is insured by the FDIC up to \$250,000 and fully collateralized by the Washington Public Deposit Protection Commission (WPDPC) for amounts over \$250,000. The WPDPC constitutes a multiple financial institution collateral pool. Under State statute (RCW 39.58), public depositories are required to segregate and maintain eligible collateral for their unsecured public deposits in the form of securities having a value at least equal to their maximum liability.

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

Investments:

The City’s investment policy developed by the Finance Department, in consultation with the Investment Advisory Committee is adopted by the City Council every two years as part of the biennial budget. Authority to manage the investment program is derived from Bellevue City Code Section 3.37.060. This section gives the Finance Director authority to invest in any of the securities identified as eligible investments as defined by State statute with primary emphasis of safety of principal and liquidity.

An Investment Advisory Committee (IAC) is established by the City Manager, comprised of four members from the business community with experience in the area of institutional investment management. The IAC meets periodically to review the investment program and advise the City Manager and the Finance Director about matters relating to the City’s investment policies and practices.

The City’s investment policy does not allow investment in variable rate securities (those where the interest rate changes based on an index or reference rate) or securities whose value depends on the value of an underlying asset (such as a pool of mortgages or small business loans).

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Debt Obligations	5 years	100%	100%
U.S. Agency Coupon Securities	5 years	100%	25%
U.S. Agency Discount Notes	1 year	100%	25%
Repurchase Agreements	60 days	50%	10%
Certificates of Deposit	1 year	50%	10%
Interest Bearing Bank Deposits	1 year	50%	10%
Bankers Acceptances	6 months	15%	5%
Commercial Paper	90 days	15%	5%
State of Washington Local Governmental Investment Pool (LGIP)	N/A	100%	N/A

Interest Rate Risk. As a means of minimizing risk of loss arising from interest rate fluctuations, the City's Investment Policy requires the weighted average modified duration of the portfolio not to exceed 2.5 years. One of the other ways that the City manages the exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing as necessary to provide the cash flow and liquidity needed for operations.

The LGIP is an un-rated 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 90 days.

City of Bellevue, Washington

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity (in thousands):

Investment Type	Fair Value	Remaining Maturity in Months					Credit Rating
		3 Months or Less	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	
U.S. Agency Coupon Securities	\$179,583	\$ -	\$ 6,002	\$ 45,351	\$46,092	\$82,138	Aaa/AA+
Certificate of Deposit	12,681	-	-	4,896	5,376	2,409	Aaa/AA+
Bankers Acceptance	18,000	-	18,000	-	-	-	Unrated
Interest Bearing Bank Deposits	28,200	28,200	-	-	-	-	Unrated
State of Washington Local Governmental Investment Pool (LGIP)	7,378	7,378	-	-	-	-	Unrated
Total	\$245,842	\$ 35,578	\$24,002	\$ 50,247	\$51,468	\$84,547	

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

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

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

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy limits the amount that may be invested in any one issuer. As of December 31, 2012 there was no concentration of credit risk exceeding the policy guidelines described above.

City of Bellevue, Washington

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation (FHLMC)	Fixed Rate Agency Coupon	\$ 56,856
Federal National Mortgage Association (FNMA)	Fixed Rate Agency Coupon	56,164
Federal Home Loan Bank (FHLB)	Fixed Rate Agency Coupon	38,992
Federal Farm Credit Bank (FFCB)	Fixed Rate Agency Coupon	40,253
Umpqua Bank	Certificate of Deposit	8,000
Opus Bank	Certificate of Deposit	10,000
Umpqua Bank	Interest Bearing Bank Deposits	14,200
Opus Bank	Interest Bearing Bank Deposits	14,000

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City's investment policy requires that all investments be held by the City's third party safekeeping agent in the City's name. As of December 31, 2012 all of the \$192 million investments in U.S. agency debt obligations were registered, and held by its safekeeping agent in the City's name. Therefore, the City has no outstanding investments that were exposed to custodial credit risk.

DISCRETELY PRESENTED COMPONENT UNIT:

Cash and equity in pooled investments of the Bellevue Convention Center Activities are comprised of business-type activities only. The balances as of December 31, 2012 are as follows (in thousands):

Cash on hand and in bank	\$ 2,575
Equity in Pooled Investments	<u>4,386</u>
Total Cash and Equity in Pooled Investments	<u><u>\$ 6,961</u></u>

NOTES TO THE FINANCIAL STATEMENTS

5. RECEIVABLES

PROPERTY TAXES:

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

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

Under State law, the City may levy up to \$3.24 per \$1,000 of assessed valuation, subject to the following limitations:

- 1) Chapter 84.55 of the State RCW as amended most recently by Initiative No. 747 (which was passed by voters on November 6, 2001), limits the total dollar amount of regular property taxes levied by the City to the amount of such taxes levied in the three most recent years multiplied by a limit factor, plus an adjustment to account for taxes on new construction, improvements and State-assessed property at the previous year's rate. As amended by Initiative No. 747, the limit factor is the lesser of 101% or 100% plus the percent change in the Implicit Price Deflator, unless a greater amount is approved by a simple majority of the voters; and
- 2) The state constitution limits total regular property taxes to 1% of assessed valuation, or \$10 for each \$1,000 of assessed value. If the combined taxes of all districts exceed this amount, each levy is proportionately reduced until the total is at or below the 1% limit.

On May 17, 1988, Bellevue voters approved a property tax lid lift proposition to create a revenue stream to pay for anticipated maintenance and operating expenses resulting from a \$16.5 million Park bond issue. The City Council subsequently imposed this property tax increase as part of the property tax levy ordinance adopted on December 5, 1988. The property tax revenue from the levy lid lift amounted to \$1.03 million in 2012.

The City of Bellevue did not assess a property tax increase for 2012. The City has "banked" the remaining levy capacity for potential future use. As of December 31, 2012 the City has \$8.8 million in unused levy capacity.

The City's regular property tax levy rate for 2012 was \$1.06 per \$1,000 of assessed property value, which yielded a total regular levy of \$36,925,843.

An additional \$4,049,000 will be levied as approved by the voters in the November 4, 2008 general election for parks and natural area programs. The levy lid lift will fund the parks capital program over the next 20 years and provide \$660,000 per year in ongoing maintenance and operation funding. The capital portion of the measure increases the 2012 property tax levy by \$3,389,000 (\$0.09 per \$1,000 of assessed value) and will be collected over a total of 20 years. The maintenance and operations portion of the measure increases the 2010 property tax levy by \$660,000 (\$0.02 per \$1,000 of assessed value) and does not have a time limitation. Voted tax levies are not subject to the limitations discussed above.

City of Bellevue, Washington

RECEIVABLES:

The receivables for the fiscal year ended December 31, 2012 on the governmental funds balance sheet are presented on the following schedule.

Of the property taxes receivable amount, \$542,266 is delinquent and the amount of delinquent special assessments receivable is \$5,029.

The City has entered into loan agreements with various housing agencies related to housing programs. Payments on these loans are only required to be made from the property's surplus cash flow. Due to the uncertainty of payment, the City is not recognizing a receivable in the Financial Statements and will record payments as revenue at the time of receipt. The amount of these notes outstanding is \$10.8 million dollars.

RECEIVABLES
(in thousands)

	General	Development Services	General CIP	Storm Utility	Water Utility	Sewer Utility	Marina	Non- Major & Other Funds	Total
Taxes:									
Excise	\$ 7,244	\$ -	\$ 2,243	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ 9,503
Business & Occupation	5,024	-	1,790	-	-	-	-	-	6,814
Miscellaneous	723	-	239	-	-	-	-	6	967
Utility	1,424	-	-	-	-	-	-	-	1,424
Property	542	-	1,358	-	-	-	-	-	1,901
Utility Customers	-	-	-	2,647	6,142	9,000	-	-	17,789
Special Assessments:									
Assessments	-	-	-	-	-	-	-	911	911
Interest/penalties	-	-	-	-	-	-	-	7	7
Interest	26	11	18	53	61	93	1	44	306
Other:									
Miscellaneous	2,540	-	448	-	-	-	4	640	3,632
Due from other governments		-	1,571	-	-	-	-	1,158	2,729
Total receivables	\$ 17,523	\$ 11	\$ 7,667	\$ 2,699	\$ 6,203	\$ 9,094	\$ 5	\$ 2,782	\$ 45,983

NOTES TO THE FINANCIAL STATEMENTS

6. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the primary government for the year ended December 31, 2012 was as follows (in thousands):

Governmental activities:	Beginning Balance	2012 Increases	2012 Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 747,441	\$ 3,694	\$ -	\$ 751,135
Construction in Progress	32,548	10,890	(23,128)	20,310
Infrastructure	658,941	7,690	-	666,631
Total capital assets, not being depreciated	<u>1,438,930</u>	<u>22,274</u>	<u>(23,128)</u>	<u>1,438,076</u>
Capital assets, being depreciated:				
Building	214,517	3,419	-	217,936
Improvements other than buildings	49,068	-	-	49,068
Intangible Assets	19,906	-	-	19,906
Machinery and Equipment	52,161	2,218	(3,904)	50,475
Infrastructure	131,350	12,363	-	143,713
Total capital assets being depreciated	<u>467,002</u>	<u>18,000</u>	<u>(3,904)</u>	<u>481,098</u>
Less accumulated depreciation for:				
Buildings	(60,943)	(4,479)	-	(65,422)
Improvements other than buildings	(23,379)	(3,660)	-	(27,039)
Intangible Assets	(10,635)	(401)	-	(11,036)
Machinery and Equipment	(33,328)	(4,890)	3,886	(34,332)
Infrastructure	(110,999)	(1,561)	-	(112,560)
Total accumulated depreciation	<u>(239,284)</u>	<u>(14,991)</u>	<u>3,886</u>	<u>(250,389)</u>
Total capital assets, being depreciated, net	<u>227,718</u>	<u>3,009</u>	<u>(18)</u>	<u>230,709</u>
Governmental activities capital assets, net	<u>\$ 1,666,648</u>	<u>\$ 25,283</u>	<u>\$ (23,146)</u>	<u>\$ 1,668,785</u>

Depreciation expense was charged to Governmental activities functions/programs as follows (in thousands):

Governmental activities:

General government	\$ 4,131
Public safety	560
Economic environment	277
Culture and recreation	4,027
Transportation	<u>1,205</u>
Total	10,200

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

	<u>4,791</u>
Total depreciation expense - governmental activities	<u>\$ 14,991</u>

City of Bellevue, Washington

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

Business-type activities:	<u>Beginning Balance</u>	<u>2012 Increases</u>	<u>2012 Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 24,898	\$ -	\$ -	\$ 24,898
Construction in Progress	<u>10,620</u>	<u>14,460</u>	<u>(12,089)</u>	<u>12,991</u>
Total capital assets, not being depreciated	<u>35,518</u>	<u>14,460</u>	<u>(12,089)</u>	<u>37,889</u>
Capital assets, being depreciated:				
Building	34,185	1,073	-	35,258
Machinery and Equipment	9,241	294	(221)	9,314
Infrastructure	320,242	12,831	-	333,073
Intangible Assets	<u>271</u>	<u>-</u>	<u>-</u>	<u>271</u>
Total capital assets being depreciated	<u>363,939</u>	<u>14,198</u>	<u>(221)</u>	<u>377,916</u>
Less accumulated depreciation for:				
Buildings	(15,141)	(1,471)	-	(16,612)
Machinery and Equipment	(6,183)	(961)	221	(6,923)
Infrastructure	(116,338)	(7,697)	-	(124,035)
Intangible Assets	<u>(187)</u>	<u>(17)</u>	<u>-</u>	<u>(204)</u>
Total accumulated depreciation	<u>(137,849)</u>	<u>(10,146)</u>	<u>221</u>	<u>(147,774)</u>
Total capital assets, being depreciated, net	<u>226,090</u>	<u>4,052</u>	<u>-</u>	<u>230,142</u>
Business activities capital assets, net	<u>\$ 261,608</u>	<u>\$ 18,512</u>	<u>\$ (12,089)</u>	<u>\$ 268,031</u>

Depreciation expense was charged to Business-type activities functions/programs as follows (in thousands):

Business-type activities:

Marina	\$ 21
Water	4,706
Storm and surface water	1,852
Sewer	<u>3,567</u>

Total depreciation expense - business-type activities \$ 10,146

DISCRETELY PRESENTED COMPONENT UNIT:
BELLEVUE CONVENTION CENTER AUTHORITY
(in thousands)

	Beginning Balance	2012 Increases	2012 Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in Progress	\$ 604	\$ 169	\$ -	\$ 773
Total capital assets, not being depreciated:	<u>604</u>	<u>169</u>	<u>-</u>	<u>773</u>
Capital assets, being depreciated:				
Building	49,402	-	-	49,402
Machinery and Equipment	4,601	21	(47)	4,575
Total capital assets being depreciated:	<u>54,003</u>	<u>21</u>	<u>(47)</u>	<u>53,977</u>
Less accumulated depreciation for:				
Building	(20,373)	(1,167)		(21,540)
Machinery and Equipment	(4,070)	(198)	47	(4,221)
Total accumulated depreciation:	<u>(24,443)</u>	<u>(1,365)</u>	<u>47</u>	<u>(25,761)</u>
Total capital assets, being depreciated, net:	<u>29,560</u>	<u>(1,344)</u>	<u>-</u>	<u>28,216</u>
Component unit activities capital assets, net:	<u>\$ 30,164</u>	<u>\$ (1,175)</u>	<u>\$ -</u>	<u>\$ 28,989</u>

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION PLANS

The City implemented GASB Statements 25 and 27 for reporting of pension plans in 1995 and GASB 47 in 2005. For all plans the pension liability (asset) was determined in accordance with GASB Statement 27 to be zero both before and at the effective date of the transition.

WASHINGTON STATE DEPARTMENT OF RETIREMENT SYSTEMS

Substantially all of the City's full-time and qualifying part-time employees participate in one of the following statewide public employee retirement plans administered by the Washington State Department of Retirement Systems. Financial statements and information showing each system's progress in accumulating sufficient assets to pay benefits when due and other pension data are presented in the Washington State Comprehensive Annual Financial Report for the year ended June 30, 2012. Please refer to this report for detailed pension information for the Public Employees Retirement System, the Public Safety Employees Retirement System, and the Law Enforcement Officers and Fire Fighters Retirement System. A copy of this report may be obtained from the State of Washington, Office of Financial Management, P.O. Box 43123, Olympia, WA 98504-3123.

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

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

PERS consists of three plans. Participants who joined the system by September 30, 1977 are Plan 1 members. Those joining the system after that date are enrolled in Plan 2. Existing Plan 2 members were given the option to transfer their membership to Plan 3 by May 31, 2003. Employees hired after May 31, 2003 have the option of choosing either PERS Plan 2 or PERS Plan 3. Retirement benefits are financed by employee and employer contributions and investment earnings. Retirement benefits in the PERS 2 plan are vested after completion of five years of eligible service, and retirement benefits in the PERS 3 plan are vested after completion of ten years of eligible service. All plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under PERS Plans 1, 2, and 3, annual cost of living allowances are linked to the Seattle Consumer Price Index to a maximum of 3% annually.

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

Both the City and the employees made 100% of the required contributions for all years.

City of Bellevue, Washington

The City's contributions to PERS for the years ending December 31 were as follows:

	<u>PERS Plan I</u>	<u>PERS Plan II</u>	<u>PERS Plan III</u>
2012	\$ 136,890	\$ 4,084,015	\$ 649,484
2011	145,776	3,446,836	559,845
2010	145,459	3,037,563	514,823
2009	217,996	4,166,219	674,563
2008	234,373	4,106,264	661,937
2007	199,962	3,080,063	459,822

In 2012 the contribution rates for PERS were impacted as noted in the table below:

	<u>Rate Effective 9/1/2011</u>	<u>Rate Effective 4/1/2012</u>	<u>Rate Effective 7/1/2012</u>
PERS I Employer	7.25%	7.08%	7.21%
PERS I Employee	6.00%	6.00%	6.00%
PERS II Employer	7.25%	7.08%	7.21%
PERS II Employee	4.64%	4.64%	4.64%
PERS III Employer	7.25%	7.08%	7.21%
PERS III Employee	5% - 15% variable		

The employer rates above include an administrative expense fee of .16% for 2012.

PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS)

Plan Description . PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2. PSERS was created by the 2004 legislature and became effective July 1, 2006. Membership includes all full-time public safety employees.

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

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. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.37 and 41.45 RCW.

City of Bellevue, Washington

Both the City and the employees made the required contributions for all years.

The City's contributions to the PSERS system for the years ended December 31 were as follows:

PSERS Plan II

2012	\$	54,538
2011		48,124
2010		49,937
2009		59,057
2008		51,156

In 2012 the contribution rates for PSERS were impacted as noted in the table below:

	Rate Effective 9/1/2011	Rate Effective 4/1/2012	Rate Effective 7/1/2012
PSERS Employer	8.86%	8.74%	8.87%
PSERS Employee	6.36%	6.36%	6.36%

The employer rates above include an administrative expense fee of .16% for 2012.

LAW ENFORCEMENT OFFICERS AND FIRE FIGHTERS (LEOFF) RETIREMENT SYSTEM

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

The LEOFF system contains two plans. Participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined thereafter are enrolled in Plan 2. Retirement benefits are vested after completion of five years of eligible service. Both plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Funding Policy. Plan 1 employers are required to contribute at a rate of 0.23% and the state is responsible for the balance of the funding. Plan 2 employers and employees are required to pay at levels established by the legislature. Employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fund the system.

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

LEOFF Plan I LEOFF Plan II

2012	\$	1,550	\$	1,984,009
2011		1,681		1,903,623
2010		1,920		1,884,053
2009		2,662		1,880,866
2008		2,901		1,760,477
2007		3,568		1,532,159

In 2012 the contribution rates for LEOFF were impacted as noted in the table below:

	Rate Effective 9/1/2011	Rate Effective 4/1/2012	Rate Effective 7/1/2012
LEOFF I Employer	0.16%	0.16%	0.16%
LEOFF I Employee	0.00%	0.00%	0.00%
LEOFF II Employer	5.24%	5.24%	5.24%
LEOFF II Employee	8.46%	8.46%	8.46%

The employer rates above include an administrative expense fee of .16% for 2012.

FIREMEN'S PENSION PLAN

Plan Description. The City is the administrator of the Firemen's Pension Plan which is a closed, single-employer, defined benefit pension plan that was established in conformance with RCW Chapter 41.18. This plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Membership is limited to fire fighters employed prior to March 1, 1970 when the LEOFF retirement system was established. The City's obligation under the Firemen's Pension Plan consists of paying all pension benefits, including payments to beneficiaries, for fire fighters who retired prior to March 1, 1970 and excess benefits over LEOFF for covered fire fighters who retired or will retire after March 1, 1970. No separate financial report is issued for the Plan.

Funding Policy. Under state law, the Firemen's Pension Plan is provided an allocation of 25% of all monies 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. Neither member nor employer contributions were made to the plan during the year. As of the last actuarial study dated January 1, 2008, the actuary determined that the current assets of the fund, along with future revenues from state fire insurance taxes and interest earnings will be sufficient to pay all future Firemen's Pension Plan pension benefits. Administrative expenses are paid by the general fund.

Summary of Significant Accounting Policies – Basis of Accounting and Valuation of Investments. The Firemen's Pension plan is accounted for on the accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

Membership of the Firemen's Pension Plan consisted of the following at December 31, 2012:

Retirees and beneficiaries receiving benefits, prior to March 1, 1970	-
Retirees after March 1, 1970 currently receiving full retirement benefits through the Law Enforcement Officers and Fire Fighters (LEOFF) Retirement Plan and also receiving an adjustment from the Firemen's Pension Plan	25
Retirees after March 1, 1970 receiving LEOFF I pensions exceeding the Firemen's Pension Fund and, therefore; not qualifying for excess benefit payment from the Firemen's Pension Plan	8
Active plan members	-
Total	<u><u>33</u></u>

City of Bellevue, Washington

ANNUAL PENSION COST (APC) AND NET PENSION OBLIGATION (NPO)

Annual Pension Costs and Net Pension Obligation changes for the years ending December 31 were:

Annual Required Contribution (ARC)	<u>2010</u>	<u>2011</u>	<u>2012</u>
Annual Normal Cost - Beginning of Year	\$ 1,450	\$ 1,450	\$ -
Amortization of Unfunded Actuarial Liability (UAL)			
- Beginning of Year	(18,581)	(18,581)	(131,478)
Investment Return to End of Year	(600)	(600)	(4,602)
ARC at End of Year, not less than zero	-	-	-
Investment Return on Net Pension Obligation (NPO)	(43,804)	(48,415)	(52,978)
Adjustment to ARC	91,678	105,641	120,925
Annual Pension Cost (APC)	47,874	57,226	67,947
Employer Contributions	179,620	187,619	181,187
Change in NPO	(131,746)	(130,393)	(113,240)
NPO at Beginning of Year	(1,251,532)	(1,383,278)	(1,513,671)
NPO at End of Year	<u>\$(1,383,278)</u>	<u>\$(1,513,671)</u>	<u>\$(1,626,911)</u>

THREE YEAR TREND INFORMATION (in dollars)

Fiscal Year Ending	Annual Pension Cost (APC)	Contributions as a Percentage of APC	Net Pension Obligation (NPO)
12/31/10	47,874	375.2%	(1,383,278)
12/31/11	57,226	327.9%	(1,513,671)
12/31/12	67,947	266.7%	(1,626,911)

The information presented in the required schedules was determined as part of the actuarial valuations at the dates indicated or based on the same set of actuarial assumptions.

Actuarial cost method:	Entry Age Normal Method ⁽¹⁾
Amortization method:	30-year closed amortization period as of 12/31/98
Asset valuation method for all years:	Market
Cost-of-living adjustments for all years:	Consumer Price Index (CPI), Seattle-Tacoma-Bremerton area

City of Bellevue, Washington

	<u>01/01/10</u>	<u>01/01/11</u>	<u>01/01/12</u>
Actuarial Economic assumptions:			
Investment rate of return (through internal investment pool)	3.50%	3.50%	3.50%
Projected salary increases ⁽²⁾	3.00%	3.00%	3.00%
Consumer Price Index	2.50%	2.50%	2.50%
Projected annual growth in fire insurance premium tax revenues	3.00%	3.00%	3.00%
Noneconomic assumptions:			
Mortality rates based on:			
Group Annuity Mortality Tables	X	X	X
Turnover rates per year	0.30%	0.30%	0.00%

⁽¹⁾ The Entry Age Cost Normal method was used to comply with GASB 25 and 27 reporting requirements. Under this method the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age. The amount allocated to each year is called the Normal Cost and the portion of the Actuarial Present Value of all benefits not provided for by future Normal Cost payments is called the Actuarial Liability. Since nearly all members have already retired, the amount of the annual Normal Cost is small. The Unfunded Actuarial Accrued Liability (UAAL) is the Actuarial Liability minus the actuarial value of the Fund's assets.

⁽²⁾ Projected salary increases are for future inflation only. Since the members have at least 20 years of service, no merit increases are assumed.

The funded status of the Firemen's Pension Plan as of December 31, 2012 was as follows (in thousands):

Valuation Date	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
January 1, 2007	\$ 6,332	\$ 5,508	\$ (824)	115.0%	\$ 82	1002.18%
January 1, 2008	6,603	5,900	(703)	111.9%	85	823.70%
January 1, 2009	6,713	5,900	(814)	113.8%	91	893.61%
January 1, 2010	6,723	6,470	(254)	103.9%	91	278.63%
January 1, 2011	6,671	6,470	(201)	103.1%	-	N/A
January 1, 2012	6,773	5,127	(1,645)	132.1%	-	N/A

MUNICIPAL EMPLOYEES' BENEFIT TRUST

Plan Description. The Municipal Employees' Benefit Trust (MEBT) is a multiple-employer defined-contribution pension plan which was established as an alternative to the federal Social Security System when City employees, by majority vote, approved the City's withdrawal from that system effective September 30, 1972, pursuant to USCA, Section 418(g). The plan is administered by the Municipal Employees' Benefit Trust Committee, a five-member committee

appointed by the Bellevue City Manager. The Plan Committee administers the MEBT Plan according to the Plan Document adopted by the City and all applicable IRS regulations. Plan provisions may be established and amended by a majority vote of the Plan Committee. MEBT includes seven participating cities and NORCOM, with a total of 4,616 participants (Bellevue has 1,478 MEBT 1 participants and 416 MEBT 2 participants). Long-term disability coverage and a death benefit are provided for all employees. The plan's investments are held under a trust agreement with Security Trust Company.

Eligibility. To participate in MEBT, an employee must meet one of the following criteria; 1) Regular status employees of the City of Bellevue (as defined by Human Resources Code Section 3.79); 2) City Councilmember; and 3) Employee designated as eligible for MEBT by the City Council, which is currently Limited Term, Training and Transitional employees. These employees are eligible to participate as of their hire date in MEBT. Participation in MEBT is voluntary. Hourly employees who do not participate in PERS, participate in MEBT2 as of their hire date. Participation in MEBT 2 is mandatory for these employees.

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

Hourly employees who do not participate in PERS are required to make mandatory contributions equal to 100% of the FICA tax rate, currently 6.20% of compensation.

Employees may elect to contribute additional compensation on a pre-tax and/or after-tax basis. Basic Contributions plus Salary Deferral Contributions plus Extra Contributions are limited only by Federal rules.

The City contributes 100% of the FICA tax rate on all eligible employee compensation up to the Social Security Wage Base plus 100% of the Medicare tax rate on all compensation for eligible employees who were hired prior to April 1, 1986 to the Bellevue Contribution Account each pay period.

As of the last day of each month, the employer contributions plus forfeitures less administrative fees and insurance premiums paid during the month are allocated to Eligible Employees participating in MEBT during the month in the same proportion as each participant's basic pre-tax and after-tax contributions bear to the total basic pre-tax and after-tax contributions.

Employees may contribute up to federal deferred limits, annual addition limits, and any other tax rules that may apply. Actual contributions to the plan for 2012 were:

	MEBT	MEBT 2
Participants	\$ 7,762,323	\$ 88,633
City	6,709,233	88,633

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

MEYDENBAUER CENTER RETIREMENT PLAN AND TRUST

Plan Description. The Bellevue Convention Center Authority's (discretely presented component unit), Meydenbauer Center Retirement Plan and Trust ("Plan") is a defined contribution plan qualified for public employers under Internal Revenue Code Section 401(a). The Plan, approved by resolution of the Bellevue Convention Center Authority Board of Directors on June 14, 1995, became effective July 1, 1995. Wells Fargo Bank serves as the Plan Administrator, Plan Trustee and Investment Manager. As of December 31, 2012, there were 79 active participants in the Plan. The Plan is established as a retirement plan and contains no provision for withdrawing money prior to the termination of employment. Upon termination of employment or retirement, employees receive the account balance of employee contributions and the vested portion of the employer account credited with investment earnings. In the event of employee death or disability, the employee account becomes immediately vested and the full value of the account may be paid out. The plan document defines disability according to specific Federal guidelines. Each regular employee having completed one year of employment and 1,000 hours of service is eligible to participate in the plan. Participation in the Plan is mandatory for all regular employees hired after May 1, 1995.

Contributions. The Authority and employees each contribute 5% of compensation to the Plan. Additionally each participant may contribute on his own behalf at least 1% but not more than 10% of his /her compensation on a post tax basis. The Center's contributions to the Plan were 5% of covered payroll. Actual contributions to the plan for 2012 were:

Participants	\$156,317
Authority	113,842

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER PERSONNEL BENEFITS

DEFERRED COMPENSATION:

The City offers its employees one deferred compensation plan in accordance with Internal Revenue Code Section 457, as revised on August 20, 1996. This plan enables employees to defer a portion of their compensation until future years. The deferred compensation is available to employees upon termination, retirement, or certain unforeseeable emergencies. It is available to their beneficiaries upon the employee's death.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and right of the contributing employee. Amounts withheld from employee compensation are transmitted directly to the plans' trustees.

POST-EMPLOYMENT BENEFITS:

In accordance with the Revised Code of Washington (RCW) 41.26, the City provides lifetime medical care for law enforcement officers and fire fighters employed prior to October 1, 1977. Under this requirement, most coverage for eligible retirees is provided in one of the City's employee medical insurance programs. However, under authorization of the Disability Board, direct payment is also made for some retiree medical expenses not covered by standard benefit plan provisions. The retiree does not contribute towards the cost of his/her medical care.

Costs of providing these post-employment health care benefits in 2012 were as follows:

Bellevue Health Plan - claims, administrative costs, stop loss coverage and incurred reserves	\$ 1,091,303
Group Health - medical insurance premiums	113,875
Medicare Part B insurance premiums	100,120
Disability Board Reimbursements	<u>250,325</u>
Total Costs	<u>\$ 1,555,623</u>

In the past, these costs were provided solely on a pay-as-you-go-basis by the City's Health Benefits Fund. On January 1, 1996, however, the City established the LEOFF I Medical Reserve Fund. The City has reserved a \$12.3 million balance in the LEOFF I Medical Reserve fund as of December 31, 2012. These funds are in the State Treasurer's Investment Pool and U.S. Government Securities with maturity dates at time of purchase from less than one year to a maximum of two years.

There are a total of 15 active plan participants and 123 retirees currently receiving benefits.

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

City of Bellevue, Washington

I. Economic Assumptions:	A. Discount Rate	3.30%
	B. Medical Inflation Rate	3.00%
II. City of Bellevue per-person claim cost experience rates:	A. Retirees under 65	\$ 1,668
	B. Retirees over 65	\$ 750
Actuarial cost method	Projected Unit Credit Actuarial Cost Method	
Amortization method	30 year open	
Asset valuation method	N/A	
Investment Rate	3.30%	

GASB Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (OPEB) require the disclosure of the employer liability for retiree medical subsidies and other post-employment benefits. Recognition of the liability accumulated from prior years will be amortized over 30 years, the first period commencing in 2007.

The annual required contribution (ARC) is equal to an amount required each year to fully fund the liability. The actuarial accrued liability (AAL) for OPEB is determined in accordance with the Statement, and has been estimated at \$50.6 million with plan assets of 0% held in trust. These estimates were prepared by Healthcare Actuaries LLC.

The December 31, 2012 valuation used the projected unit credit actuarial cost method. The actuarial assumptions included a 3.3% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8.0% and 8.0% for medical/pharmacy/unreimbursed expenses and Medicare premiums, respectively, to ultimate rates of 4.2% and 4.2%, after 69 years, and 1 year, respectively. The long term care trend rate is 5.0% for all years. All trend rates include a 3.0% inflation assumption.

The unfunded actuarial accrued liability (UAAL) at transition is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2012 was 25.0 years. The UAAL is recalculated each year and amortized as a level dollar amount on an open basis over 30 years.

The City's annual OPEB costs and net OPEB obligation for 2012 were as follows:

Annual Required Contribution	\$	3,011,525
Interest on Net OPEB Obligation		140,737
Adjustment to annual required contribution		(253,174)
Annual OPEB Cost		<u>2,899,088</u>
Contributions Made		<u>1,555,623</u>
Increase in Net OPEB Obligation		1,343,465
Net OPEB Obligation - Beginning of year		<u>4,264,751</u>
Net OPEB Obligation - End of year	\$	<u><u>5,608,216</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending December 31 were as follows:

	Annual OPEB Cost	Employer Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 2,899,088	\$ 1,555,623	53.66%	\$ 5,608,216
2011	\$ 2,625,254	\$ 1,853,513	70.60%	\$ 4,264,751
2010	3,013,357	1,816,950	60.30%	3,493,010

Actuarial valuations of an ongoing plan 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 healthcare cost trend. In accordance to GASB 50 the schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of the Health Plan as of December 31, 2012 was as follows (in thousands):

Actuarial Accrued Liability (AAL)	\$	50,593
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u>50,593</u>
Funded Ratio		0.00%
Covered Payroll	\$	971
UAAL as a Percentage of Covered Payroll		(5212.10)%

NOTES TO THE FINANCIAL STATEMENTS

9. COMPENSATED ABSENCES

The City's liability for accrued compensated absences is recorded in the schedule below. The governmental activities category includes a liability of \$1,256 from internal service funds which are predominantly associated with governmental funds. The funds that incur a liability for compensated absences are responsible for liquidating them in future periods. The governmental funds which typically liquidate compensated absences include the General, Solid Waste Recycling, Development Services, Operating Grants, Donations & Special Revenues, and Housing Funds.

(in thousands)

Governmental activities	\$ 13,703
Enterprise activities	<u>1,618</u>
Total compensated absences	<u>\$ 15,321</u>

NOTES TO THE FINANCIAL STATEMENTS

10. RISK MANAGEMENT

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

In accordance with GASB Statement 10, estimated liabilities are accrued in all self-insurance funds for the value of current outstanding claims and claims incurred but not reported (IBNR). Annual actuarial studies are performed for the Workers' Compensation, General Self-Insurance and Health Benefits Funds to determine recommended funding levels for related risk areas. The City has not purchased annuity contracts for any of its outstanding claims.

At December 31, 2012, the City had available cash and equity in pooled investments in the self-insurance funds of \$10.0 million to provide against risk of catastrophic losses. The claims liability of \$6.0 million reported in the self-insurance funds as of December 31, 2012, is based on the requirements of GASB Statement 10. This statement requires that a liability for claims be reported if information indicates, prior to the issuance of the financial statements that it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This estimated liability is not discounted to present value.

Changes in the Funds' claims liability amount from fiscal year ended December 31, 2011 to December 31, 2012 (in thousands):

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u> <u>Compensation</u>	<u>General</u> <u>Self-Insurance</u>	<u>Health</u> <u>Benefits</u>
December 31, 2011:				
Unpaid claims, beginning of fiscal year	\$ 1,893	\$ 110	\$ 2,772	\$ 1,637
Incurred claims (including IBNRs)	812	438	916	13,638
Claim payments	<u>(1,080)</u>	<u>(477)</u>	<u>(698)</u>	<u>(14,266)</u>
Unpaid claims, December 31, 2011	<u>\$ 1,625</u>	<u>\$ 71</u>	<u>\$ 2,990</u>	<u>\$ 1,009</u>
December 31, 2012:				
Unpaid claims, beginning of fiscal year	\$ 1,625	\$ 71	\$ 2,990	\$ 1,009
Incurred claims (including IBNRs)	1,174	298	630	13,927
Claim payments	<u>(1,098)</u>	<u>(315)</u>	<u>(1,044)</u>	<u>(13,711)</u>
Unpaid claims, December 31, 2012	<u>\$ 1,701</u>	<u>\$ 54</u>	<u>\$ 2,576</u>	<u>\$ 1,225</u>
Due within one year	1,080	54	926	1,159
Due in more than one year	621	-	1,650	66

City of Bellevue, Washington

Under the City's self-insurance program, the following commercial insurance policies are purchased to protect the City from claims which exceed anticipated funding levels

<u>Policy Type</u>	<u>Deductible</u>	<u>Coverage Limits</u>	<u>Description</u>
Excess Workers' Comp Employer's Liability - Police & Fire only	\$ 425,000	\$ 1,000,000	Protects the City from unanticipated levels of workers' compensation claims.
Excess Workers' Comp Employer's Liability - All except Police & Fire	400,000	1,000,000	Protects the City from unanticipated levels of workers' compensation claims.
Boiler & Machinery	10,000	470,000,000 ^(A)	Protects the City from loss due to damage to buildings and contents from boilers and machinery.
Real & Personal Property	100,000	470,000,000 ^(A)	Protects the City from loss by fire and other extended coverages.
Earth Movement	100,000 or 3% of value	40,000,000 ^(A)	Protects the City from loss by earth movement.
Flood	100,000	40,000,000 ^(A)	Protects the City from loss by flood.
Medical Stop Loss	250,000	Unlimited ^(B)	Stop-loss coverage protects the City from excessive individual claims.
Excess Liability Coverage	2,000,000	10,000,000 ^(A)	Protects the City from excessive individual losses.
Fiduciary Liability	15,000	7,000,000	Protects the City's retirement plans from wrong doing by board members.
Inland Marine - Fine Arts	10,000	1,100,000	Protects the City from loss due to damage to its art work.
Crime & Fidelity, Employee Theft, Forgery or Alteration, Funds Transfer Fraud	5,000	1,000,000	Protect the City from loss due to employee dishonesty and other extended coverages.
		^(A) per occurrence	
		^(B) per individual	

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

DISCRETELY PRESENTED COMPONENT UNIT

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

NOTES TO THE FINANCIAL STATEMENTS

11. LEASES AND OTHER CONTRACTUAL COMMITMENTS

OPERATING LEASES:

Port of Seattle

The City has an on-going lease agreement with the Port of Seattle, formerly with Burlington Northern and Santa Fe Railway Company (BNSF) for storage/fire lane access at the Bellevue Service Center (BSC). The City leases a portion of the Port of Seattle property for the BSC parking lot area and for railroad crossing access from the BSC to the lower parking lot. The annual lease payments are \$25,040, payable in May of each year when invoiced. Either party to the lease may cancel the lease at will on a 30-day advance notice.

Terranomics Crossroads Associates

Effective November 10, 1994, the City entered into a one-year non-cancelable lease agreement with Terranomics Crossroads Associates to provide a Mini City Hall in the Crossroads area. The lease expired on September 30, 1995 and was extended for an additional three-year period. The lease was again extended for an additional five-year period commencing October 1, 1998, with additional five-year extensions commencing on December 1, 2003 and 2008. Total lease payments for 2012 were \$13,609.

Future lease payments to Terranomics Crossroads Associates are summarized as follows:

2013	\$ 12,665
Total:	<u>\$ 12,665</u>

Effective September 25, 2000, the City entered into a five-year non-cancelable lease agreement with Terranomics Crossroads Associates to provide a Community Police substation in the Crossroads area. The lease expired on September 30, 2005, and was extended for an additional three year period. The lease was again extended for an additional two year period commencing September 2008. The lease was again extended for an additional five year period commencing September 2010. Total lease payments for 2012 were \$25,060.

Future lease payments to Terranomics Crossroads Associates are summarized as follows:

2013	\$ 26,889
2014	27,326
2015	<u>27,810</u>
Total:	<u>\$ 82,025</u>

Delta Business Park

Effective July 1, 1996, the City entered into a five-year lease agreement with Delta Business Park for a building to house vehicles seized by the Eastside Narcotics Task Force. The term of this lease expired in 2001 and again in 2006. Beginning July 1, 2006 the lease was extended for an additional five-year period. The lease was again extended for another five-year period beginning July 1, 2011.

The lease is cancelable by providing the landlord with 90-day prior written notice. Total lease payments for 2012 were \$24,106.

Future lease payments to Delta Business Park are summarized as follows:

2013	\$ 24,494
2014	24,883
2015	25,272
2016	<u>12,636</u>
Total:	<u>\$ 87,285</u>

Effective January 1, 2005, the City entered into another five-year lease agreement with Delta Business Park for a storage facility for use by the Police Department. Beginning January 1, 2010 the lease was extended for an additional five-year period.

The lease is cancelable by providing the landlord with 90-day prior written notice. Total lease payments for 2012 were \$12,151.

Future lease payments to Delta Business Park are summarized as follows:

2013	\$ 12,549
2014	<u>12,549</u>
Total:	<u>\$ 25,098</u>

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

Effective July 1, 2009 the City entered into a seven-year non-cancelable lease agreement with NORCOM to lease premises on the seventh floor of Bellevue City Hall during which time it will operate its public safety communications services. The lease will automatically renew on July 1, 2016 for fourteen years unless NORCOM gives thirty months' notice of cancellation. Total lease receipts for 2012 were \$436,463.

The premises leased by NORCOM have a cost of \$4.2 million, \$0.7 million in accumulated depreciation and a carrying value of \$3.5 million.

City of Bellevue, Washington

Minimum future rentals from NORCOM are summarized as follows:

2013	\$ 441,554
2014	441,554
2015	441,554
2016	441,554
2017	<u>441,554</u>
Total:	<u><u>\$ 2,207,770</u></u>

CONSTRUCTION/OTHER CONTRACTUAL COMMITMENTS:

The City's other outstanding contractual commitments by fund type as of December 31, 2012, are summarized below:

Governmental Activities - Major Funds	\$ 59,853
Governmental Activities - Nonmajor Funds	23,268
Enterprise Activities	<u>36,820</u>
Total Contractual Commitments	<u><u>\$ 119,941</u></u>

NOTES TO THE FINANCIAL STATEMENTS

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following provides the total interfund transfers for 2012 and transfers between the City and its component unit. Year-end balances are provided for interfund payables and receivables and amounts due between City funds and component unit.

DUE TO/FROM OTHER FUNDS

	<u>Receivable</u> (in thousands)	<u>Payable</u> (in thousands)
Governmental funds:		
General Fund	\$ 11	\$ -
Nonmajor governmental funds	-	11
Total due other funds	<u>\$ 11</u>	<u>\$ 11</u>

DUE TO/FROM PRIMARY GOVERNMENT AND COMPONENT UNIT

Hotel/Motel Tax	\$ -	\$ 953
Bellevue Convention Center Authority	953	-
Total due City/Component Unit	<u>\$ 953</u>	<u>\$ 953</u>

INTERFUND TRANSFERS

	<u>In</u> (in thousands)	<u>Out</u> (in thousands)
Governmental funds:		
General Fund	\$ 3,492	\$ 4,244
Development Services	3,308	168
General Capital Investment Program	613	9,668
Nonmajor governmental funds	12,068	2,821
Proprietary funds:		
Storm Drainage Utility	131	3
Water Utility	264	1
Sewer Utility	170	-
Internal Service Funds	735	3,875
Total Transfers	<u>\$ 20,781</u>	<u>\$ 20,781</u>

City of Bellevue, Washington

Interfund loans for the year ended December 31, 2012, were as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Receivable:				
LID Guarantee Fund	\$ 26	\$ -	\$ (8)	\$ 18
Total receivable	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ (8)</u>	<u>\$ 18</u>
Payable:				
LID Control Fund	\$ 26	\$ -	\$ (8)	\$ 18
Total payable	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ (8)</u>	<u>\$ 18</u>

Interfund receivables and payables consist of charges for services and direct overhead charges. The City incurs transfers for subsidies, indirect overhead, reserves for capital improvements, capital purchases and debt service. These payables and receivables represent short term borrowing and it is anticipated that they will be repaid within one year.

NOTES TO THE FINANCIAL STATEMENTS

13. LONG-TERM DEBT

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

General obligation bonds are backed by the City's full faith and credit. Proceeds are typically used for the acquisition or construction of major capital facilities, or to refund debt previously issued for those purposes. "Councilmanic Bonds" are general obligation bonds issued by the City Council without voter approval. Under state law, repayment of these bonds must be paid from general City revenues. General obligation bonds approved by the voters are typically repaid through an annual voted property tax levy authorized for this purpose. Predominantly, general obligation bonds of the City have been issued for general governmental activity purposes. The 1998 limited general obligation bonds were issued for the purchase of the Marina and are reported under business activities in the statement of net assets. The remaining general obligation bond issues are recorded under governmental activities in the statement of net assets.

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

Special assessment bonds are issued to finance construction of local improvement district (LID) projects and are repaid through assessments collected from property owners benefiting from related improvements. Although the bonds are secured by liens against assessed properties, the City is required under state law to establish a guaranty fund to provide a means of paying LID bond debt service obligations in the event there are insufficient resources in the LID Control Fund. Due to the City's legal obligation to maintain this guaranty fund, special assessment bonds are considered a general government obligation and are, therefore, recorded in governmental activities on the statement of net assets, even though the LID process is used for construction of utility service projects, as well as for construction of sidewalk and other transportation-related improvements.

Other long-term debt incurred by the enterprise and governmental funds includes conditional sales contracts issued for the purchase of land and facilities, and State Department of Community Development Public Works Trust Fund loans, which have been made to finance designated capital project construction costs. Also included under other long-term debt for governmental activities is a revolving line of credit obtained for a period of four years to finance projects included in the City's Capital Investment Program. Currently, the interest rate has been fixed for one year based on the London inter-bank offered rate (LIBOR) and is payable semi-annually. In 2010, the City purchased approximately 6.84 acres of R 3.5 residentially zoned land (The Chapel LLC property) for \$1.75 million. The City incurred a \$1.1 million installment purchase debt. The balance was paid in full as of December 31, 2012.

Estimated pollution remediation obligations are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The City's estimated pollution remediation is resultant from a landfill closed since 1964. The estimates were derived using the expected cash flows method as well as technical estimates from records of decisions, consent decrees and/or settlement agreements. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. Prospective recoveries from other responsible parties may reduce the City's obligations. No recoveries were recorded in 2012.

Advance Refunding

On September 14, 2010, the City issued \$12.9 million in limited tax general obligation (LTGO) refunding bonds with an average interest rate of 3.62 percent to advance refund:

- 1) \$3.4 million of outstanding 1998 LTGO (Marina) bonds with an average interest rate of 4.57 percent; and
- 2) \$9.6 million of outstanding 2002 LTGO (Meydenbauer Center) bonds with an average interest rate of 5.21 percent.

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

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

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

The net proceeds of \$63.2 million (after payment of \$274,000 in underwriting fees and other debt issuance costs) were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded portion of the 2004 LTGO Bonds. As a result, the advance refunded portion of the 2004 LTGO Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The City advance refunded a portion (\$55.3 million) of the 2004 LTGO Bonds to reduce its total combined debt service payments over the next 28 years by \$5.9 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3.8 million. The advance refunding also resulted in a difference between the net reacquisition price (funds deposited in escrow to refund old bonds) and the net carrying amount of the old debt of \$6.8 million. This amount, reported in the statement of net assets as a reduction from bonds payable, is being charged to operations through the year 2039 using the effective interest method.

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

The net proceeds of \$45.5 million (after payment of \$174,000 in underwriting fees and other debt issuance costs) were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the remaining advance refunded portion of the 2004 LTGO Bonds. As a result, the remaining callable portion (\$40.8 million) of the 2004 LTGO Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The City advance refunded the remaining callable portion (\$40.8 million) of the 2004 LTGO bonds to reduce its total combined debt service payments over the next 32 years by \$3.7 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2.2 million. The advance refunding also resulted in a difference between the net reacquisition price (funds deposited in escrow to refund old bonds) and the net carrying amount of the old debt of \$4.5 million. This amount, reported in the statement of net assets as a reduction from bonds payable, is being charged to operations through the year 2043 using the effective interest method.

LONG TERM DEBT - GOVERNMENTAL ACTIVITIES
For The Year Ended December 31, 2012
 (in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2012	Debt Issued in 2012	Debt Redemption in 2012	Debt Outstanding 12/31/2012
GENERAL OBLIGATION BONDS-COUNCILMANIC									
1995 Limited G.O.	5.15-5.80%	Hotel/Motel Tax	12/27/95	12/01/25	\$ 5,139	\$ 2,889	\$ -	\$ 298	\$ 2,591
2003 Limited G.O. Refunding Series B	2.00-4.50%	General CIP	10/29/03	07/01/14	4,635	1,420	-	450	970
2004 Limited G.O. (City Building)	5.00-5.50%	General CIP	07/01/04	12/01/14	102,710	100,195	-	97,360	2,835
Add: Unamortized bond premium						853	-	853	-
2006 Limited G.O.	3.80-4.25%	General CIP	11/01/06	12/01/26	6,060	4,985	-	245	4,740
Add: Unamortized bond premium						17	-	1	16
2008 Limited G.O.	3.00-4.25%	General CIP	02/07/08	12/01/27	14,230	12,140	-	585	11,555
Add: Unamortized bond premium						14	-	1	13
2010 Limited Tax G.O.	2.00-5.00%	General CIP	10/14/10	12/01/30	11,825	11,440	-	450	10,990
Add: Unamortized bond premium						764	-	40	723
2010 Limited Tax G.O. Refunding Series 2002	2.00-4.00%	General CIP	09/28/10	12/01/32	9,595	9,375	-	315	9,060
Add: Unamortized bond premium						262	-	12	250
2012 Limited G.O. Refunding Series 2012	2.00-5.00%	General CIP	04/17/12	12/01/39	55,875	-	55,875	-	55,875
Add: Unamortized bond premium						-	6,474	-	6,474
2012 Limited G.O. Refunding Series 2012B	2.00-5.00%	General CIP	07/18/12	12/01/43	43,185	-	43,185	-	43,185
Add: Unamortized bond premium						-	2,320	-	2,320
INSTALLMENT PURCHASE CONTRACTS									
Chapel LLC		General CIP	2/16/2010	1/31/2012	1,100	450	-	450	-
OTHER LONG TERM DEBT									
Bank of America Line of Credit ⁽¹⁾	1.65%	General CIP	10/05/09	10/20/13	12,047	15,047	-	-	15,047
Department of Community, Trade & Economic Development:									
Public Works Trust Fund Loan #06-962	0.50%	General CIP	02/01/07	02/01/28	750	598	-	40	558
TOTAL					\$ 267,151	\$ 160,450	\$ 107,854	\$ 101,101	\$ 167,202

⁽¹⁾ The total authorized amount of the line of credit (LOC) is \$30 million, of which \$15.05 million was drawn as of 12/31/2012. The weighted average interest rate on the \$15.05 million LOC balance as of 12/31/12 was 1.59%.

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT
For The Year Ended December 31, 2012
(in thousands)

Local Improvement District	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2012	Debt Issued in 2012	Debt Redemption in 2012	Debt Outstanding 12/31/2012
NE 8th St & 156th Ave NE	6.50-6.65%	LID Control	06/01/94	07/01/16	325	100	-	45	55
TOTAL					\$ 325	\$ 100	\$ -	\$ 45	\$ 55

LONG TERM DEBT - BUSINESS-TYPE ACTIVITIES
For The Year Ended December 31, 2012

(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2012	Debt Issued in 2012	Debt Redemption in 2012	Debt Outstanding 12/31/2012
GENERAL OBLIGATION BONDS-COUNCILMANIC									
2010 Limited G.O. Refunding Series 1998	2.00-4.00%	Marina	9/28/2010	12/1/2018	\$ 3,280	\$ 2,675	\$ -	\$ 300	\$ 2,375
Add: Unamortized bond premium						124	-	18	106
OTHER LONG TERM DEBT									
Department of Community, Trade & Economic Development:									
Public Works Trust Fund Loan #93-005	(1) 2.00%	Storm Utility	07/01/93	07/01/13	126	14	-	7	7
Public Works Trust Fund Loan #94-002	(2) 1.00%	Water Utility	06/23/94	07/01/14	560	89	-	30	59
TOTAL					\$ 3,966	\$ 2,902	\$ -	\$ 354	\$ 2,547

(1) A total loan of \$434,480 was approved in 1993. Funds received through the end of the fiscal year represent 29% of the approved loan amount.

(2) A total loan of \$856,000 was approved in 1994. Funds received through the end of the fiscal year represent 65% of the approved loan amount.

At December 31, 2012, the City's annual debt service requirements for general obligation, revenue, special assessment bonds, and other debt were:

ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
(in thousands)

Year	General Obligation		Special Assessment Bonds		Governmental Activities		Business-Type Activities		Total Annual Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2013	\$ 4,245	\$ 6,565	\$ 35	\$ 5	\$ 15,087	\$ 3	\$ 37	\$ 1	\$ 25,977
2014	4,442	6,434	20	3	40	3	30	-	10,971
2015	4,036	6,296	-	-	40	2	-	-	10,374
2016	4,132	6,190	-	-	40	2	-	-	10,365
2017	4,302	6,096	-	-	40	2	-	-	10,440
2018-2022	21,697	28,228	-	-	199	7	-	-	50,130
2023-2027	25,223	22,324	-	-	159	2	-	-	47,708
2028-2032	21,660	15,008	-	-	-	-	-	-	36,668
2033-2037	21,125	9,925	-	-	-	-	-	-	31,050
2038-2042	27,100	4,607	-	-	-	-	-	-	31,707
2043	6,215	249	-	-	-	-	-	-	6,464
Total	\$ 144,176	\$ 111,922	\$ 55	\$ 8	\$ 15,605	\$ 21	\$ 66	\$ 1	\$ 271,854

LONG-TERM DEBT - DISCREETELY PRESENTED COMPONENT UNIT
BELLEVUE CONVENTION CENTER AUTHORITY
For The Year Ended December 31, 2012
(in thousands)

Description	Interest Rate	Issue Date	Maturity Date	Original Debt Issued		Debt Issued in 2012	Debt Redemption in 2012	Debt Outstanding 12/31/2012
				Issued 1/1/2012	Outstanding 1/1/2012			
1991 Series B	5.9-7.20%	08/01/91	12/01/19	\$ 21,120	\$ 5,303	\$ -	\$ 735	\$ 4,568
1994 Refunding	6.25-7.50%	11/05/93	12/05/25	13,749	10,597	-	421	10,176
Total Revenue Bonds				\$ 34,869	\$ 15,900	\$ -	\$ 1,156	\$ 14,744
Add:								
Unamortized gain on advance refunding								20
TOTAL								\$ 14,764

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

At December 31, 2012 Bellevue Convention Center Authority's debt service requirements for revenue bonds were:

ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
(in thousands)

Year	Revenue Bonds		Total Annual Requirements
	Principal	Interest	
2013	\$ 1,150	\$ 3,920	\$ 5,070
2014	1,197	4,483	5,680
2015	1,005	4,020	5,025
2016	1,246	5,354	6,600
2017	1,228	5,817	7,045
2018-2022	5,385	31,105	36,490
2023-2025	3,533	26,667	30,200
Total	\$ 14,744	\$ 81,366	\$ 96,110

CHANGES IN LONG-TERM DEBT

(in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 142,444	\$ 99,060	\$ (99,703)	\$ 141,801	\$ 3,950
Add: for issuance premium	1,910	8,794	(907)	9,797	-
Special assessment debt	100	-	(45)	55	35
Compensated absences	12,862	9,329	(8,488)	13,703	4,111
Estimated claims payable	5,695	6,625	(6,764)	5,556	3,219
Line of credit	15,047	-	-	15,047	15,047
Other post employment benefits	4,265	1,343	-	5,608	-
Installment purchase - Chapel LLC	450	-	(450)	-	-
Estimated pollution remediation	390	387	(390)	387	-
Other long-term debt	598	-	(40)	558	40
Total	\$ 183,762	\$ 125,538	\$ (116,788)	\$ 192,512	\$ 26,402
Business Activities:					
General obligation bonds	\$ 2,675	\$ -	\$ (300)	\$ 2,375	\$ 295
Add: for issuance premiums	124	-	(18)	106	-
Compensated absences	1,535	1,079	(996)	1,618	485
Other long-term debt	103	-	(37)	66	37
Total	\$ 4,437	\$ 1,079	\$ (1,350)	\$ 4,165	\$ 817
Bellevue Convention Center Authority:					
Revenue bonds	\$ 15,900	\$ -	\$ (1,156)	\$ 14,744	\$ 1,150
Add deferred amounts:					
for refunding	25	-	(5)	20	-
Compensated absences	66	-	(1)	65	26
Total	\$ 15,991	\$ -	\$ (1,162)	\$ 14,829	\$ 1,176

(1) The governmental funds which typically liquidate compensated absences are the General, Solid Waste Recycling, Cable, Development Services, Park Fees, Operating Grants & Donations, and Housing Funds.

(2) The general fund liquidates pollution remediation costs and the internal service funds liquidate estimated claims expenses.

(3) The LEOFF 1 reserve fund has been used to liquidate other post employment benefits.

NOTES TO THE FINANCIAL STATEMENTS

14. RELATED PARTY TRANSACTIONS

The City acts as a conduit for hotel/motel taxes which are collected by the City and transmitted to the Bellevue Convention Center Authority for debt service (a component unit of the City). These taxes totaled \$6.2 million in 2012.

NOTES TO THE FINANCIAL STATEMENTS

15. CONTINGENCIES AND LITIGATION

As of December 31, 2012 there were various claims for damages and lawsuits pending against the City. In the opinion of the City Attorney, however, neither the potential liability for any single claim or lawsuit, nor the aggregate potential liability arising from all actions currently pending, would materially affect the financial condition of the City, and therefore, no current or long-term liability has been recorded.

NOTES TO THE FINANCIAL STATEMENTS

16. JOINT VENTURES AND OPERATIONS

Eastside Public Safety Communications Agency

In May 1992, the City of Bellevue joined the cities of Redmond, Kirkland, and Mercer Island (Principals) to establish the Eastside Public Safety Communications Agency (EPSCA). The agreement was amended in 1993 to include the City of Issaquah.

The purpose of EPSCA is to develop, own, operate, and manage an Eastside radio communications system to be integrated with a regional radio communications network. Its capital budget is funded by a voter-approved county-wide property tax levy.

EPSCA is governed by an Executive Board composed of the chief executive officer of each Principal. The Executive Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters.

The agreement provides for a weighted vote proportionate to each Principal's system radios in relation to the total number of system radios used by all Principals. As of December 31, 2012, the weighted vote was as follows:

Bellevue	51.53%
Redmond	20.02%
Kirkland	16.79%
Mercer Island	6.25%
Issaquah	5.41%
Total	<u>100.00%</u>

These percentages are reviewed and adjusted annually on January 1 based on the number of radios on the system in use by current Principals as of June 30 of the preceding year.

Operating revenues derive from assessments for start up costs and fees for communications services. The first full year of operations was 1997. The City of Bellevue's assessments and start up costs were \$205,423. Service fees for the last five years were as follows:

<u>Year</u>	<u>Service Fees</u>
2008	\$ 314,307
2009	341,831
2010	346,169
2011	341,197
2012	344,145

Upon dissolution, the interlocal agreement provides for distribution of net assets among the Principals based on the weighted voting percentages in force at the time of dissolution.

In August 1993, EPSCA entered into an interlocal cooperation agreement (Agreement 2), with the subregions of King County, Seattle, and Valley Communications. Agreement 2 governs the development, acquisition, and installation of the emergency radio communication system funded by the King County Levy.

Agreement 2 provides that upon voluntary termination of any subregion's participation in the system, it surrenders its radio frequencies, relinquishes its equipment, and transfers any unexpended levy proceeds and equipment replacement reserves to another subregion or a consortium of subregions. Thus, in accordance with Agreement 2, the Principals of EPSCA have no equity interest in EPSCA's contributed capital (\$10.0 million from King County levy proceeds).

While Agreement 1 provides that EPSCA's retained earnings of \$234,144 as of December 31, 2012 are, upon dissolution, to be apportioned among the Principals, the City's share in 2012 of \$120,664 is deemed immaterial and thus is not reflected in the financial statements. Compiled financial statements for EPSCA can be obtained from EPSCA, MS PSEPS, c/o Jessie Morgan, PO Box 97010, Redmond, WA 98073-9710.

Hazardous Materials Unit and Response Team:

In January 1984, the City of Bellevue joined the cities of Redmond, Kirkland, and Bothell, and King County Fire Protection Districts #16 and #36 to form a Hazardous Materials Unit and Response Team (HazMat). The agreement was modified in December 1991 to designate the City of Bellevue as the lead agency. The agreement was further modified in June 1994 removing King County Fire Protection District #16, which withdrew from participation, and adding the City of Issaquah and King County Fire Protection District #45 as members.

The purpose of HazMat is to provide equipment and personnel for the management of hazardous material incidents as a normal function of fire protection services.

The HazMat team is governed by a joint board 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. Each representative on the Joint Board, with the exception of the member from the HazMat Team, has a vote on all matters. The City of Bellevue, as the lead agency, has the administrative authority for operations conducted pursuant to the agreement, as amended. The City 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, as amended, provides for distribution of net assets among the members based on the percentage of the total annual charges paid by each member during the period of the Agreement. The City's share of net assets is deemed immaterial and thus is not reflected in the financial statement.

Operating revenues are derived from an annual charge assessed each member based on each member's property values and number of emergency incidents. The City of Bellevue's General Fund remitted its pro rata share of the HazMat unit's budgets for the last five years. Equities are as follows:

Year	Equity	Bellevue's Share	Percentage
2008	\$ 395,813	\$ 128,833	32.55%
2009	436,583	142,103	32.55%
2010	503,688	163,945	32.55%
2011	432,032	135,642	31.40%
2012	451,429	153,020	33.90%

Budget monitoring information can be obtained from HazMat, c/o Gale Hill, Bellevue Fire Department, 766 Bellevue Way SE, Bellevue, WA 98004.

ARCH - Housing Coalition:

In November 1992, the City of Bellevue joined the cities of Redmond and Kirkland and King County to establish A Regional Coalition for Housing (ARCH). The agreement was amended in January 1993 and November 1999 to add clarifying language regarding responsibility and dissolution. Since its inception, the Cities of Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Mercer Island, Newcastle, Sammamish, Woodinville, Yarrow Point, and Beaux Arts Village joined ARCH.

The purpose of ARCH 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 HUD grants.

ARCH is governed by an Executive Board composed of the 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 is responsible for contributing operating revenues as determined from the ARCH annual budget. Contributions from the member cities are based on each member's population. In 2010 the City assumed all administrative functions relative to recording financial data for all the cities. The cities maintain independent decision making regarding activity and level of funding for specific projects. The result of this was the combining of all equities. The City's equity share for the last five years was as follows:

Year	Equity	Bellevue's Share	Percentage
2008	\$ 424,705	\$ 118,340	27.86%
2009	465,312	127,763	27.46%
2010	2,565,030	717,789	27.98%
2011	2,706,906	757,934	28.00%
2012	3,410,170	918,985	26.95%

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the agreement, as amended, provides for distribution of net 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 net assets is reported on the government statements as a receivable.

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

Water Storage & Pumping Facility:

In February 1990, the City of Bellevue joined with the City of Redmond 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 Bellevue has an undivided interest in the land, reservoir, and pumping facility of 56%, and the City of Redmond has an undivided interest of 44%.

The City's share of the land, reservoir, and pumping facility is reported on the enterprise financial statements as property, plant, and equipment and has a net book value of \$1,254,807 (cost: \$2,635,041, net of accumulated depreciation of \$1,380,234) as of December 31, 2012. Total 2012 operating costs for the reservoir and pumping facility, excluding depreciation of \$65,876, were \$25,876 of which the City of Redmond reimbursed \$11,386.

Cable Production Facility:

In October 1995, the City of Bellevue joined with Bellevue Community College to jointly utilize Bellevue Community College's television production facilities. The City of Bellevue and Bellevue Community College each have 50% undivided interest in the upgraded production facility.

A joint administrative committee was created to set policy, oversee operations, and develop annual operating budgets. The City of Bellevue is responsible for contributing to the Maintenance Account, providing compensation to student video production assistants and upgrading studio facilities, production equipment, and editing equipment to accommodate joint use. The City's contributions for 2012 were:

Maintenance	Student	Facilities
\$ -	\$ 9,453	\$ -

Upon dissolution, the net balance in the Maintenance Account and any shared equipment purchased will be distributed equally to both entities. The channel distribution system will remain the property of the City. Any material or structural improvements to the facilities will remain the property of Bellevue Community College. The City's share of the net assets is deemed immaterial and thus is not reflected in the financial statements.

Eastside Narcotics Task Force:

In August 1998, the cities of Bellevue, Redmond, Kirkland, Mercer Island, and Issaquah (Principals) restructured the Eastside Narcotics Task Force. The purpose of the task force is to provide for the collaborative efforts of participants’ detective staffs and to equitably benefit from asset forfeitures. In 2002 the King County Sheriff’s office joined ENTF, and in 2010 the Washington State Patrol also joined the Task Force.

The task force is governed by an Executive Board consisting of the Police Chiefs and Directors of Public Safety. The Executive Board is responsible for formulating policy, establishing annual budgets, and acquiring, holding, and disposing of real and personal property. The Task Force is managed by a Commander who is responsible for the operation of the task force and the accomplishment of the goals and objectives of the task force.

Upon termination of the Task Force, equipment 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. The member agencies shares are:

	Percentage	Equity
Bellevue	53.90%	\$ 91,058
King County	11.20%	18,921
Kirkland	10.50%	17,739
Redmond	9.70%	16,387
Mercer Island	9.40%	15,880
Issaquah	2.40%	4,055
WA State Patrol	2.90%	4,899
	100.00%	\$ 168,939

Total revenues for 2012 were \$181,550 of which \$97,855 was the City of Bellevue’s share. Total expenditures for 2012 were \$497,589 of which \$268,201 was the City of Bellevue’s share. The total decrease in net assets for 2012 was \$316,039 of which \$170,345 was the City of Bellevue’s share. The City’s share of the net assets is deemed immaterial and thus is not reflected in the financial statements.

Budget monitoring information can be obtained from Eastside Narcotics Task Force, c/o Carl Krikorian, Police Finance Manager, Bellevue Police Department, 450 110th Ave NE, Bellevue, WA 98004.

Cascade Water Alliance

In April 1999, the City of Bellevue entered into an interlocal agreement with eight 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 residential units served by the water system within their jurisdiction.

The Alliance collected 2012 membership dues totaling \$2,733,191, of which Bellevue's share was \$1,018,414. Bellevue also paid the Alliance \$1,038,865 in 2012 for Regional Capital Facilities Charges for new residential hookups to the water distribution system.

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.

On April 26, 2006, the Alliance issued Water System Revenue Bonds, 2006 for \$55.2 million. The proceeds of the Bonds will be used to finance transmission and treatment facility planning and design, make payments to the City of Tacoma under the wholesale water purchase agreement, make payments to Puget Sound Energy, Inc. relating to acquisition of assets at Lake Tapps, and repay a loan from the Sammamish Plateau Water & Sewer District.

The bonds are payable solely from the Alliance's revenues and are not guaranteed by the City's assets or revenues.

On October 15, 2009, the Alliance issued Water System Revenue Bonds, 2009A (the "2009A Bonds") for \$4.9 million and the Water System Revenue Bonds, 2009B (Taxable Build America Bonds) for \$75.2 for a total of \$80.1 million. The proceeds of the Bonds will be used to finance the acquisition of Lake Tapps, Tribal settlement agreements, and limited Tacoma Cascade Pipeline expenditures. The bonds will not pledge the full faith and credit or taxing power of the City. However, the City is responsible for paying a share of the debt service on the bonds through its Member Charges under the Cascade Inerlocal Contract.

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

E-Gov Alliance

On March 25, 2002, the City of Bellevue Council unanimously adopted a resolution establishing the E-Gov Alliance between the City of Bellevue and the cities of Bothell, Burien, Issaquah, Kenmore, Kirkland, Mercer Island, Sammamish, and Woodinville. Since March, additional cities have joined the Alliance. The Alliance establishes on-line services through a jointly operated internet portal. Additionally, the Alliance has established a partnership with Microsoft to help define the E-Gov architecture, provide consulting services, offer training, and donated software.

The interlocal agreement may be terminated if Principals holding at least sixty (60%) of the weighted vote of all of the Principals are in concurrence. Upon termination, all property acquired shall be disposed of as follows: (1) property contributed without charge by any member shall revert to the contributor; (2) all property purchased after the effective date of the interlocal agreement shall be distributed to the Principals based upon each Principal's proportional ownership interest at the time of the sale of the property. The City's share of the net assets is deemed immaterial and thus not reflected in the financial statements.

City of Bellevue, Washington

Budget monitoring information may be obtained from Mollie Purcell, City of Bellevue, Information Technology Department, P.O. Box 90012, Bellevue, WA 98009-9012.

Expenditures consist of capital and operations costs, per the budget adopted by the E-Gov Alliance Executive Board, and Bellevue’s administrative costs associated with performing duties as the Alliance’s fiscal agent. Expenditures in 2012 were \$1,111,016, revenues were \$1,259,187. Partner fees and voting are based on relative population, equity balances are as follows:

	Population	Percentage	Equity
Bellevue	123,400	26.11%	\$ 74,869
Renton	92,590	19.59%	56,176
Kirkland	80,836	17.11%	49,045
Sammamish	46,940	9.93%	28,479
Bothell	32,720	6.92%	19,852
Issaquah	30,690	6.49%	18,620
Mercer Island	22,710	4.81%	13,779
Kenmore	20,780	4.40%	12,608
Snoqualmie	10,950	2.32%	6,644
Woodinville	10,940	2.32%	6,637
Total	<u>472,556</u>	<u>100.00%</u>	<u>\$ 286,708</u>

NORCOM

In November 2007, the City of Bellevue, with the cities of Bothell, Clyde Hill, Kirkland, Medina, Mercer Island, and Snoqualmie, along with Eastside Fire and Rescue, King County Fire Protection Districts 27 and 45, King and Kittitas County Fire Protection District 51, Northshore Fire Department, Shoreline Fire Department, and Woodinville Fire and Life Safety District 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 1, 2009, the separate dispatch operations 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. For 2012, the City of Bellevue’s share of user fees was \$3.0 million and start-up fees were \$832,000.

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

NOTES TO THE FINANCIAL STATEMENTS

17. GOVERNMENTAL FUND BALANCES

GOVERNMENTAL FUND BALANCES:

Fund Balances, with the implementation of GASB 54, are segregated under the following categories and presented on the face of the financial statements in the aggregate.

Non-spendable: This fund balance category includes amounts not available to be spent because they are not in spendable form or are legally required to be maintain intact. The City has long term receivables for low income home rehabilitation loans that are not in spendable form.

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

Committed: Fund balance constrained by City code, ordinance or resolution as adopted by City Council, which requires similar action to remove the constraint. The City currently has no committed fund balances.

Assigned: Special revenue funds are created by ordinance by City Council. Fund balance in special revenue funds that are intended to be used for specific purposes, but are neither restricted or committed, include transfers from other funds, investment interest not constrained by contract or covenant, fees for services, and rents.

Unassigned: Unrestricted fund balance not committed or assigned in the General fund is considered unassigned. Also negative fund balance in any other governmental fund is unassigned. The City has no funds other than the general fund reporting unassigned fund balance.

The following schedule presents governmental fund balances in accordance with the purposes for which those balances are constrained.

Governmental Fund Balances
December 31, 2012
(in thousands)

	General Fund	Development Services	General CIP Fund	Other Governmental Funds	Total
Fund balance					
Nonspendable for:					
Prepays	\$ 406	-	\$ -	-	\$ 406
Total nonspendable fund balance	406	-	-	-	406
Assigned for:					
CIP funding	-	-	5,726	-	5,726
Debt service	-	-	-	2,177	2,177
Fire and emergency aid service	-	-	335	-	335
Housing and community services	-	-	-	3,308	3,308
LEOFF1 retiree medical	-	-	-	10,094	10,094
Operation & maintenance city-owned property	1,454	-	-	-	1,454
Parks, recreation, and open spaces	-	-	580	-	580
Permit review and inspection	-	1,687	-	-	1,687
Transportation preservation & maintenance	-	-	864	-	864
Waste reduction & recycling	-	-	-	835	835
Other	-	-	-	1,992	1,992
Total assigned fund balance	1,454	1,687	7,504	18,405	29,051
Restricted for:					
Debt service	-	-	-	10	10
Housing and community services	114	-	-	3,102	3,216
LEOFF1 retiree medical	-	-	-	678	678
Parks, recreation, and open spaces	-	-	8,326	5,645	13,971
Permit review and inspection	-	3,277	-	-	3,277
Police services	-	-	-	24	24
Waste reduction & recycling	-	-	-	327	327
Water quality management	-	-	-	496	496
Gen Govt property acquisition	-	-	681	-	681
Convention Center Financing	-	-	-	3,124	3,124
Total restricted fund balance	114	3,277	9,007	13,406	25,804
Unassigned	24,058	-	-	-	24,058
Total unassigned fund balance	24,058	-	-	-	24,058
Fund Balance	\$ 26,033	\$ 4,964	\$ 16,511	\$ 31,811	\$ 79,320

NOTES TO THE FINANCIAL STATEMENTS

18. SUBSEQUENT EVENTS

On April 30, 2013, the City issued \$70 million in limited tax general obligation (LTGO) bonds with an average coupon interest rate of 4.34% and a true interest cost (TIC) of 2.7%. Interest on the bonds will be paid semiannually on each June 1st and December 1st commencing on December 1, 2013. The bonds will mature from December 1, 2013 through December 1, 2037. The proceeds from the sale of the Bonds will be used to pay for the constructing, acquiring, improving and equipping a portion of the City's Capital Improvement Program Plan which includes street, sidewalk and other capital improvements, and to pay costs of issuing the Bonds. A portion of the proceeds of the Bonds was also applied to pay \$3 million out of the total \$15 million of the outstanding balance of the City's Capital Investment Program line of credit.

In November 2011, the City Council signed a Memorandum of Understanding (MOU) with Sound Transit detailing city contributions for a downtown Bellevue light rail tunnel and design modifications to minimize impacts of the rail line on Bellevue's neighborhoods. The MOU is a portion of the East Link Light rail line that will run from Seattle, through Bellevue, to the Overlake Area of Redmond, WA. Construction is forecast to begin in 2015 and service is expected to start by 2023.

The City's upfront share of the downtown tunnel as noted in the MOU would be approximately \$100 million in credit towards the cost of the tunnel and with an additional up to \$60 million could come as part of a "contingent" contribution, depending on the final costs of the downtown tunnel. As a result of the MOU, the city and the transit agency are now partners in a "collaborative design process" intended to reduce costs, comply with codes and regulations, and finish the project on time.

NOTES TO THE FINANCIAL STATEMENTS

19. PRIOR PERIOD ADJUSTMENT

GOVERNMENTAL ACTIVITIES

Prior period adjustments in government-wide financial statements under governmental activities includes the elimination of the effect on fund balance for the issuance of long-term rehabilitation loans of \$3.2 million.

GOVERNMENTAL FUNDS

Prior period adjustments in governmental funds financial statements includes the elimination of the effect on fund balance for the issuance of long-term rehabilitation loans of \$3.2 million. The City provides rehabilitation loans to low income households for repairs needed for safety and accessibility. The City places a lien on the title and repayment of the loan occurs upon sale of the property.

The City was recording an expenditure on the Statement of Changes in Revenues, Expenditures and Fund Balance for the outflow of resources upon issuance of the loans, recording a revenue for the inflow of resources upon repayment of the loans, and recording a long term receivable and deferred revenue on the Balance Sheet.

GASB 63 on the Statement of Net Position guidance requires the elimination of deferred revenues from the statements and limits the use of the term deferred for specific and limited application. GASB 54 on Fund Balance provides additional guidance that long term loans receivable should be recorded as non-spendable fund balance unless the source of the funds are restricted. The city is recording restricted fund balance for the amount of the outstanding loans. The outflow and inflow of these resources should be an exchange of one asset (cash) for another (receivable) rather than flow through the Statement of Changes in Revenues, Expenditures and Fund Balance. This has necessitated the recording of a prior period adjustment to eliminate the effect of the flow of current resources on the Statement of Changes in Revenues, Expenditures and Fund Balance and record the offset to the long-term receivable as non-spendable fund balance.

The city will continue to track the activity as expenditures and revenues for grant compliance and budget appropriation purposes and reclassify them as asset and restricted fund balance activity for financial reporting purposes.

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Funding Progress
For the Fiscal Year Ended December 31, 2012**

Firemen's Pension Fund

(dollars in thousands)

Valuation Date	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
January 1, 2007	\$ 6,332	\$ 5,508	\$ (824)	115.0%	\$ 82	1002.18%
January 1, 2008	6,603	5,900	(703)	111.9%	85	823.70%
January 1, 2009	6,713	5,900	(814)	113.8%	91	893.61%
January 1, 2010	6,723	6,470	(254)	103.9%	91	278.63%
January 1, 2011	6,671	6,470	(201)	103.1%	-	N/A
January 1, 2012	6,773	5,127	(1,646)	132.1%	-	N/A

Other Post Employment Benefits (OPEB)

(dollars in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities Unit Credit	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	\$ -	\$ 36,393	\$ 36,393	0.0%	\$ 1,742	(2089.15)%
12/31/2009	-	36,230	36,230	0.0%	1,654	(2190.45)%
12/31/2010	-	50,836	50,836	0.0%	1,090	(4663.85)%
12/31/2011	-	50,729	50,729	0.0%	1,031	(4918.60)%
12/31/2012	-	50,593	50,593	0.0%	971	(5212.10)%

**Schedule of Contributions from the Employer and Other Contributing Entities
For the Fiscal Year Ended December 31, 2012**

Firemen's Pension Fund

Year Ended 12/31	Fire Insurance Premium Taxes	Total Employer Contributions	Annual Required Contribution	Percentage Contributed
2007	\$ 158,889	\$ 158,889	\$ -	N/A
2008	176,071	176,071	-	N/A
2009	172,665	172,665	-	N/A
2010	179,620	179,620	-	N/A
2011	187,619	187,619	-	N/A
2012	181,187	181,187	-	N/A

Other Post Employment Benefits (OPEB)

Year Ended 12/31	Annual OPEB Cost	Employer Contribution	Percentage of OPEB Cost Contributed	NET OPEB Obligation
2008	\$ 2,038,781	\$ 1,065,248	52.25%	\$ 1,589,332
2009	2,281,440	1,574,169	69.00%	2,296,603
2010	3,013,357	1,816,950	60.30%	3,493,010
2011	2,625,254	1,853,513	70.60%	4,264,751
2012	2,899,088	1,555,623	53.66%	5,608,216

**Schedule of Modified Approach for Reporting Infrastructure Assets
For the Fiscal Year Ended December 31, 2012**

ROADWAYS

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

STANDARD PERFORMANCE RATING LEVELS

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

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

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

CONDITION RATING OF THE CITY'S STREET SYSTEM

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Arterial:			
Percent above satisfactory	86%	81%	80%
Overall performance rating:	76	74	72
Residential:			
Percent above satisfactory	99%	97%	97%
Overall performance rating:	87	84	84

COMPARISON OF NEEDED-TO-ACTUAL EXPENDITURES

(in thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Arterial:					
Needed: \$	4,772	\$ 3,896	\$ 2,314	\$ 192	\$ 3,352
Actual:	4,877	2,745	1,993	120	3,206
Residential:					
Needed: \$	69	\$ 750	\$ 3,610	\$ 4,873	\$ 2,314
Actual:	71	628	2,977	3,782	2,214

Following Governmental Accounting Standards Board Statement No. 34 et al, the City is reporting major historic infrastructure acquired in fiscal years ending after June 30, 1980.

City of Bellevue, Washington

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 116,389	\$ 116,389	\$ 113,889	\$ 2,500
Licenses and permits	455	455	423	32
Intergovernmental	17,027	17,078	18,344	(1,266)
Service charges and fees	17,559	17,559	16,260	1,299
Fines and forfeitures	934	934	1,832	(898)
Interest and assessment interest	269	269	42	227
Net change in fair value of investments	-	-	51	(51)
Rent	1,500	1,500	1,195	305
Premiums/contributions	36	36	2	34
Other	1,704	1,704	227	1,477
Total revenues	<u>155,873</u>	<u>155,924</u>	<u>152,265</u>	<u>3,659</u>
Expenditures				
Current:				
General government	19,040	19,091	17,492	1,599
Public safety	79,782	79,397	78,634	763
Physical environment	107	107	98	9
Transportation	25,910	25,947	24,524	1,423
Economic environment	4,054	4,054	3,438	616
Health and human services	2,487	2,487	2,254	233
Culture and recreation	23,701	23,701	23,647	54
Capital outlay:				
Public safety	-	-	3	(3)
Total expenditures	<u>155,081</u>	<u>154,784</u>	<u>150,090</u>	<u>4,694</u>
Excess (deficiency) of revenues over (under) expenditures	792	1,140	2,175	(1,035)
Other financing sources(uses)				
Transfers in	1,463	1,463	3,395	(1,932)
Transfers out	(2,373)	(2,373)	(2,256)	(117)
Total other financing sources(uses)	<u>(910)</u>	<u>(910)</u>	<u>1,139</u>	<u>(2,049)</u>
Net change in fund balance	(118)	230	3,314	(3,084)
Fund balance beginning of year	14,607	14,607	20,169	(5,562)
Fund balance end of year	<u>\$ 14,489</u>	<u>\$ 14,837</u>	<u>\$ 23,483</u>	<u>\$ (8,646)</u>

Human Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 2,582	\$ 2,582	\$ 2,608	\$ (26)
Intergovernmental	917	917	1,102	(185)
Service charges and fees	-	-	35	(35)
Interest and assessment interest	5	5	6	(1)
Net change in fair value of investments	-	-	1	(1)
Premiums/contributions	10	10	8	2
Total revenues	<u>3,514</u>	<u>3,514</u>	<u>3,760</u>	<u>(246)</u>
Expenditures				
Current:				
Health and human services	3,656	3,656	4,034	(378)
Culture and recreation	-	-	29	(29)
Total expenditures	<u>3,656</u>	<u>3,656</u>	<u>4,063</u>	<u>(407)</u>
Excess (deficiency) of revenues over (under) expenditures	(142)	(142)	(303)	161
Other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(142)	(142)	(303)	161
Fund balance beginning of year	340	340	594	(254)
Fund balance end of year	<u>\$ 198</u>	<u>\$ 198</u>	<u>\$ 291</u>	<u>\$ (93)</u>

Land Purchase Revolving Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Service charges and fees	\$ -	\$ -	\$ 1	\$ (1)
Interest and assessment interest	15	15	5	10
Net change in fair value of investments	-	-	24	(24)
Rent	1,627	1,627	1,767	(140)
Other	-	-	1	(1)
Total revenues	<u>1,642</u>	<u>1,642</u>	<u>1,798</u>	<u>(156)</u>
Expenditures				
Current:				
General government	872	872	469	403
Transportation	2	2	2	-
Culture and recreation	489	489	753	(264)
Capital outlay:				
Transportation	5	5	1	4
Total expenditures	<u>1,368</u>	<u>1,368</u>	<u>1,225</u>	<u>143</u>
Excess (deficiency) of revenues over (under) expenditures	274	274	573	(299)
Other financing sources(uses)				
Transfers in	-	-	1	(1)
Transfers out	-	-	(300)	300
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>(299)</u>	<u>299</u>
Net change in fund balance	274	274	274	-
Fund balance beginning of year	273	273	271	2
Fund balance end of year	<u>\$ 547</u>	<u>\$ 547</u>	<u>\$ 545</u>	<u>\$ 2</u>

Franchise Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 1,966	\$ 1,966	\$ 1,803	\$ 163
Licenses and permits	-	-	2	(2)
Interest and assessment interest	11	11	2	9
Net change in fair value of investments	-	-	2	(2)
Total revenues	<u>1,977</u>	<u>1,977</u>	<u>1,809</u>	<u>168</u>
Expenditures				
Current:				
Transportation	88	88	72	16
Economic environment	405	405	330	75
Total expenditures	<u>493</u>	<u>493</u>	<u>402</u>	<u>91</u>
Excess (deficiency) of revenues over (under) expenditures	1,484	1,484	1,407	77
Other financing sources(uses)				
Transfers out	<u>(1,484)</u>	<u>(1,484)</u>	<u>(1,408)</u>	<u>(76)</u>
Total other financing sources(uses)	<u>(1,484)</u>	<u>(1,484)</u>	<u>(1,408)</u>	<u>(76)</u>
Net change in fund balance	-	-	(1)	1
Fund balance beginning of year	-	-	-	-
Fund balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 1</u>

City of Bellevue, Washington

Parks Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Service charges and fees	\$ 3,799	\$ 3,799	\$ 3,709	\$ 90
Interest and assessment interest	41	41	14	27
Net change in fair value of investments	-	-	(6)	6
Rent	1,776	1,776	1,758	18
Other	11	11	7	4
Total revenues	<u>5,627</u>	<u>5,627</u>	<u>5,482</u>	<u>145</u>
Expenditures				
Current:				
Culture and recreation	5,248	5,248	5,169	79
Total expenditures	<u>5,248</u>	<u>5,248</u>	<u>5,169</u>	<u>79</u>
Excess (deficiency) of revenues over (under) expenditures	379	379	313	66
Other financing sources(uses)				
Transfers in	42	42	96	(54)
Transfers out	(344)	(344)	(280)	(64)
Total other financing sources(uses)	<u>(302)</u>	<u>(302)</u>	<u>(184)</u>	<u>(118)</u>
Net change in fund balance	77	77	129	(52)
Fund balance beginning of year	907	907	1,585	(678)
Fund balance end of year	<u>\$ 984</u>	<u>\$ 984</u>	<u>\$ 1,714</u>	<u>\$ (730)</u>

City of Bellevue, Washington

Development Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Licenses and permits	\$ 5,003	\$ 5,003	5,053	(50)
Service charges and fees	5,695	5,695	6,337	(642)
Fines and forfeitures	26	26	2	24
Interest and assessment interest	158	158	44	114
Net change in fair value of investments	-	-	(13)	13
Other	21	21	2	19
Total revenues	<u>10,903</u>	<u>10,903</u>	<u>11,425</u>	<u>(522)</u>
Expenditures				
Current:				
Economic environment	16,982	16,982	14,712	2,270
Total expenditures	<u>16,982</u>	<u>16,982</u>	<u>14,712</u>	<u>2,270</u>
Excess (deficiency) of revenues over (under) expenditures	(6,079)	(6,079)	(3,287)	(2,792)
Other financing sources(uses)				
Transfers in	3,483	3,483	3,308	175
Transfers out	(179)	(179)	(168)	(11)
Total other financing sources(uses)	<u>3,304</u>	<u>3,304</u>	<u>3,140</u>	<u>164</u>
Net change in fund balance	(2,775)	(2,775)	(147)	(2,628)
Fund balance beginning of year	6,764	6,764	5,111	1,653
Fund balance end of year	<u>\$ 3,989</u>	<u>\$ 3,989</u>	<u>\$ 4,964</u>	<u>\$ (975)</u>

Notes to RSI - Budget and Actual Schedules:

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

The General Fund, for financial reporting purposes, includes the Human Services Fund, Franchise Fund, Land Purchase Revolving Fund, and Parks Fees Fund. These are separately adopted funds in the budget ordinance.

**Nonmajor
Governmental
Funds**



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

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

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

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

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

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

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

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

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

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

Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2012
(in thousands)

	Special Revenue			
	LEOFF I Reserve	Parks M & O Reserve	Solid Waste Recycling	Hotel/ Motel Tax
Assets:				
Cash & equity in pooled investments	\$ 10,781	\$ 5,207	\$ 1,222	\$ 4,071
Receivables (net of allowances):				
Taxes	-	-	-	-
Accounts	-	-	25	-
Current assessments	-	-	-	-
Interest & penalties on assessments	-	-	-	-
Interest	17	8	2	6
Interfund loans receivable	-	-	-	-
Due from other governments	-	-	-	-
Housing rehabilitation loans receivable	-	-	-	-
Total assets	10,797	5,215	1,248	4,077
Liabilities:				
Accounts payable	24	-	33	-
Interfund loans payable	-	-	-	-
Due to other funds	-	-	-	-
Due to Component Unit	-	-	-	953
Due to other governments	-	-	-	-
Accrued payroll	-	-	53	-
Deposits payable	-	-	-	-
Total liabilities	24	-	86	953
Deferred Inflows				
For debt	-	-	-	-
For grants	-	-	-	-
Total deferred inflows	-	-	-	-
Total liabilities and deferred inflows	24	-	86	953
Fund balance:				
Restricted	678	5,215	327	3,124
Assigned	10,094	-	835	-
Total fund balance	10,773	5,215	1,162	3,124
Total liabilities, deferred inflows, and fund balance	\$ 10,797	\$ 5,215	\$ 1,248	\$ 4,077

**Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2012
(in thousands)**

	<u>Special Revenue</u>		
	<u>Operating Grants, Donations, & Special Reserves</u>	<u>Housing</u>	<u>Total Special Revenue Funds</u>
Assets:			
Cash & equity in pooled investments	\$ 2,472	\$ 3,517	\$ 27,269
Receivables (net of allowances):			
Taxes	6	17	23
Accounts	615	-	640
Current assessments	-	-	-
Interest & penalties on assessments	-	-	-
Interest	4	5	41
Interfund loans receivable	-	-	-
Due from other governments	1,158	-	1,158
Housing rehabilitation loans receivable	3,102	-	3,102
Total assets	<u>7,357</u>	<u>3,539</u>	<u>32,232</u>
Liabilities:			
Accounts payable	372	216	646
Interfund loans payable	-	-	-
Due to other funds	11	-	11
Due to Component Unit	-	-	953
Due to other governments	33	-	33
Accrued payroll	21	15	89
Deposits payable	5	-	5
Total liabilities	<u>442</u>	<u>231</u>	<u>1,736</u>
Deferred Inflows			
For debt	-	-	-
For grants	872	-	872
Total deferred inflows	<u>872</u>	<u>-</u>	<u>872</u>
Total liabilities and deferred inflows	<u>1,313</u>	<u>231</u>	<u>2,608</u>
Fund balance:			
Restricted	4,052	-	13,395
Assigned	1,992	3,308	16,228
Total fund balance	<u>6,043</u>	<u>3,308</u>	<u>29,624</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 7,357</u>	<u>\$ 3,539</u>	<u>\$ 32,232</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2012
(in thousands)**

	<u>Debt Service</u>		
	<u>I & D Redemption- Regular</u>	<u>LID Control</u>	<u>LID Guaranty</u>
Assets:			
Cash & equity in pooled investments	\$ 1,367	\$ 87	\$ 713
Receivables (net of allowances):			
Taxes	-	-	-
Accounts	-	-	-
Current assessments	-	911	-
Interest & penalties on assessments	-	7	-
Interest	2	-	1
Interfund loans receivable	-	-	18
Due from other governments	-	-	-
Housing rehabilitation loans receivable	-	-	-
Total assets	<u>1,369</u>	<u>1,006</u>	<u>732</u>
Liabilities:			
Accounts payable	-	-	-
Interfund loans payable	-	18	-
Due to other funds	-	-	-
Due to Component Unit	-	-	-
Due to other governments	-	-	-
Accrued payroll	-	-	-
Deposits payable	-	-	-
Total liabilities	<u>-</u>	<u>18</u>	<u>-</u>
Deferred Inflows			
For debt	-	902	-
For grants	-	-	-
Total deferred inflows	<u>-</u>	<u>902</u>	<u>-</u>
Total liabilities and deferred inflows	<u>-</u>	<u>920</u>	<u>-</u>
Fund balance:			
Restricted	-	-	10
Assigned	1,369	86	722
Total fund balance	<u>1,369</u>	<u>86</u>	<u>732</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 1,369</u>	<u>\$ 1,006</u>	<u>\$ 732</u>

City of Bellevue, Washington

Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2012
(in thousands)

Page 4 of 4

	<u>Total Debt</u> <u>Service Funds</u>	<u>Total Nonmajor</u> <u>Governmental</u> <u>Funds</u>
Assets:		
Cash & equity in pooled investments	\$ 2,168	\$ 29,437
Receivables (net of allowances):		
Taxes	-	23
Accounts	-	640
Current assessments	911	911
Interest & penalties on assessments	7	7
Interest	3	44
Interfund loans receivable	18	18
Due from other governments	-	1,158
Housing rehabilitation loans receivable	-	3,102
Total assets	<u>3,107</u>	<u>35,339</u>
Liabilities:		
Accounts payable	-	646
Interfund loans payable	18	18
Due to other funds	-	11
Due to Component Unit	-	953
Due to other governments	-	33
Accrued payroll	-	89
Deposits payable	-	5
Total liabilities	<u>18</u>	<u>1,754</u>
Deferred Inflows		
For debt	902	902
For grants	-	872
Total deferred inflows	<u>902</u>	<u>1,774</u>
Total liabilities and deferred inflows	<u>920</u>	<u>3,528</u>
Fund balance:		
Restricted	10	13,406
Assigned	2,177	18,405
Total fund balance	<u>2,187</u>	<u>31,811</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 3,107</u>	<u>\$ 35,339</u>

City of Bellevue, Washington

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2012**
(in thousands)

Page 1 of 4

	<u>Special Revenue</u>			
	<u>LEOFF I Reserve</u>	<u>Park M & O Reserve</u>	<u>Solid Waste Recycling</u>	<u>Hotel/ Motel Tax</u>
Revenues:				
Taxes and special assessments	\$ -	\$ 640	\$ -	\$ 7,469
Intergovernmental	30	-	25	-
Service charges and fees	-	-	813	-
Fines and forfeitures	-	-	-	-
Interest and assessment interest/penalties	68	28	5	23
Net change in fair value of investments	11	-	1	(7)
Premiums/contributions	-	-	-	-
Other	-	-	-	-
Total revenues	<u>108</u>	<u>668</u>	<u>844</u>	<u>7,486</u>
Expenditures:				
Current:				
General government	-	-	-	6,187
Public safety	1,602	-	-	-
Physical environment	-	-	1,117	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Public safety	-	-	-	-
Total expenditures	<u>1,602</u>	<u>-</u>	<u>1,117</u>	<u>6,187</u>
Excess (deficiency) of revenues over (under) expenditures	(1,494)	668	(272)	1,299
Other financing sources (uses):				
Transfers in	-	-	545	-
Transfers out	-	(42)	-	(1,389)
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>(42)</u>	<u>545</u>	<u>(1,389)</u>
Net change in fund balance	(1,494)	626	273	(90)
Fund balance at beginning of year	12,266	4,588	888	3,213
Prior period adjustment	-	-	-	-
Fund balance:				
Restricted	678	5,215	327	3,124
Assigned	10,094	-	835	-
Fund balance at end of year	<u>\$ 10,773</u>	<u>\$ 5,215</u>	<u>\$ 1,162</u>	<u>\$ 3,124</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2012
(in thousands)

	<u>Special Revenue</u>		
	<u>Operating Grants, Donations & Special Reserves</u>	<u>Housing</u>	<u>Total Special Revenue Funds</u>
Revenues:			
Taxes and special assessments	\$ -	\$ 92	\$ 8,201
Intergovernmental	5,111	381	5,546
Service charges and fees	116	-	929
Fines and forfeitures	31	-	31
Interest and assessment interest/penalties	19	21	165
Net change in fair value of investments	(54)	1	(48)
Premiums/contributions	401	-	401
Other	23	-	23
Total revenues	<u>5,647</u>	<u>494</u>	<u>15,248</u>
Expenditures:			
Current:			
General government	540	-	6,727
Public safety	2,340	-	3,942
Physical environment	319	-	1,436
Transportation	218	-	218
Economic environment	58	-	58
Health and human services	536	1,495	2,031
Culture and recreation	442	-	442
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Public safety	30	-	30
Total expenditures	<u>4,483</u>	<u>1,495</u>	<u>14,883</u>
Excess (deficiency) of revenues over (under) expenditures	1,164	(1,001)	364
Other financing sources (uses):			
Transfers in	-	156	701
Transfers out	(869)	-	(2,299)
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Total other financing sources and uses	<u>(869)</u>	<u>156</u>	<u>(1,598)</u>
Net change in fund balance	295	(845)	(1,234)
Fund balance at beginning of year	2,545	4,153	27,655
Prior period adjustment	3,203	-	3,203
Fund balance:			
Restricted	4,052	-	13,395
Assigned	1,992	3,308	16,228
Fund balance at end of year	<u>\$ 6,043</u>	<u>\$ 3,308</u>	<u>\$ 29,624</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2012**
(in thousands)

	Debt Service		
	I & D Redemption - Regular	LID Control	LID Guaranty
Revenues:			
Taxes and special assessments	\$ -	\$ 413	\$ -
Intergovernmental	-	-	-
Service charges and fees	-	-	-
Fines and forfeitures	-	-	-
Interest and assessment interest/penalties	11	93	3
Net change in fair value of investments	(2)	(3)	1
Premiums/contributions	-	-	-
Other	-	-	-
Total revenues	<u>10</u>	<u>503</u>	<u>4</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	18	-
Economic environment	-	-	-
Health and human services	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	3,673	45	-
Interest and fiscal charges	7,138	8	-
Public safety	-	-	-
Total expenditures	<u>10,812</u>	<u>71</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(10,802)	432	4
Other financing sources (uses):			
Transfers in	10,842	-	522
Transfers out	-	(522)	-
Refunding bonds issued	107,854	-	-
Payment to refunded bond escrow agent	(107,854)	-	-
Total other financing sources and uses	<u>10,842</u>	<u>(522)</u>	<u>522</u>
Net change in fund balance	40	(90)	526
Fund balance at beginning of year	1,329	176	206
Prior period adjustment	-	-	-
Fund balance:			
Restricted	-	-	10
Assigned	1,369	86	722
Fund balance at end of year	<u>\$ 1,369</u>	<u>\$ 86</u>	<u>\$ 732</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2012**
(in thousands)

	<u>Total Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:		
Taxes and special assessments	\$ 413	\$ 8,614
Intergovernmental	-	5,546
Service charges and fees	-	929
Fines and forfeitures	-	31
Interest and assessment interest/penalties	107	272
Net change in fair value of investments	(6)	(54)
Premiums/contributions	-	401
Other	-	23
Total revenues	<u>515</u>	<u>15,762</u>
Expenditures:		
Current:		
General government	-	6,727
Public safety	-	3,942
Physical environment	-	1,436
Transportation	18	236
Economic environment	-	58
Health and human services	-	2,031
Culture and recreation	-	442
Debt service:		
Principal	3,718	3,718
Interest and fiscal charges	7,147	7,147
Public safety	-	30
Total expenditures	<u>10,883</u>	<u>25,766</u>
Excess (deficiency) of revenues over (under) expenditures	(10,368)	(10,005)
Other financing sources (uses):		
Transfers in	11,367	12,068
Transfers out	(522)	(2,821)
Refunding bonds issued	107,854	107,854
Payment to refunded bond escrow agent	(107,854)	(107,854)
Total other financing sources and uses	<u>10,845</u>	<u>9,247</u>
Net change in fund balance	477	(758)
Fund balance at beginning of year	1,711	29,366
Prior period adjustment	-	3,203
Fund balance:		
Restricted	10	13,406
Assigned	2,177	18,405
Fund balance at end of year	<u>\$ 2,187</u>	<u>\$ 31,811</u>

LEOFF I Medical Reserve
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Intergovernmental	\$ 55	\$ 55	\$ 30	\$ 25
Interest and assessment interest	397	397	68	329
Net change in fair value of investments	-	-	11	(11)
Total revenues	<u>452</u>	<u>452</u>	<u>108</u>	<u>343</u>
Expenditures				
Current:				
Public safety	1,553	1,553	1,602	(49)
Total expenditures	<u>1,553</u>	<u>1,553</u>	<u>1,602</u>	<u>(49)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,101)	(1,101)	(1,494)	393
Other financing sources(uses)				
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,101)	(1,101)	(1,494)	393
Fund balance beginning of year	13,235	13,235	12,266	969
Fund balance end of year	<u>\$ 12,134</u>	<u>\$ 12,134</u>	<u>\$ 10,773</u>	<u>\$ 1,362</u>

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

Park M&O Reserve
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 660	\$ 660	\$ 640	\$ 20
Interest and assessment interest	110	110	28	82
Total revenues	<u>770</u>	<u>770</u>	<u>668</u>	<u>102</u>
Expenditures				
Current:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	770	770	668	102
Other financing sources(uses)				
Transfers out	<u>(42)</u>	<u>(42)</u>	<u>(42)</u>	<u>-</u>
Total other financing sources(uses)	<u>(42)</u>	<u>(42)</u>	<u>(42)</u>	<u>-</u>
Net change in fund balance	728	728	626	102
Fund balance beginning of year	<u>4,739</u>	<u>4,739</u>	<u>4,588</u>	<u>151</u>
Fund balance end of year	<u>\$ 5,467</u>	<u>\$ 5,467</u>	<u>\$ 5,215</u>	<u>\$ 253</u>

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

Solid Waste Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Intergovernmental	\$ -	\$ -	\$ 25	\$ (25)
Service charges and fees	1,094	1,094	813	\$ 281
Interest and assessment interest	-	-	5	(5)
Net change in fair value of investments	-	-	1	(1)
Total revenues	<u>1,094</u>	<u>1,094</u>	<u>844</u>	<u>250</u>
Expenditures				
Current:				
Physical environment	1,628	1,628	1,117	511
Total expenditures	<u>1,628</u>	<u>1,628</u>	<u>1,117</u>	<u>511</u>
Excess (deficiency) of revenues over (under) expenditures	(534)	(534)	(272)	(262)
Other financing sources(uses)				
Transfers in	321	321	545	(224)
Total other financing sources(uses)	<u>321</u>	<u>321</u>	<u>545</u>	<u>(224)</u>
Net change in fund balance	(213)	(213)	273	(486)
Fund balance beginning of year	558	558	888	(330)
Fund balance end of year	<u>\$ 345</u>	<u>\$ 345</u>	<u>\$ 1,162</u>	<u>\$ (816)</u>

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

Hotel/Motel Taxes
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2012
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 7,078	\$ 7,078	\$ 7,469	\$ (391)
Interest and assessment interest	100	100	23	77
Net change in fair value of investments	-	-	(7)	7
Total revenues	<u>7,178</u>	<u>7,178</u>	<u>7,485</u>	<u>(307)</u>
Expenditures				
Current:				
General government	5,600	5,600	6,187	(587)
Total expenditures	<u>5,600</u>	<u>5,600</u>	<u>6,187</u>	<u>(587)</u>
Excess (deficiency) of revenues over (under) expenditures	1,578	1,578	1,299	279
Other financing sources(uses)				
Transfers out	(1,389)	(1,389)	(1,389)	-
Total other financing sources(uses)	<u>(1,389)</u>	<u>(1,389)</u>	<u>(1,389)</u>	<u>-</u>
Net change in fund balance	189	189	(90)	279
Fund balance beginning of year	4,186	4,186	3,213	973
Fund balance end of year	<u>\$ 4,375</u>	<u>\$ 4,375</u>	<u>\$ 3,124</u>	<u>\$ 1,252</u>

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



Internal Service Funds



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

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

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

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

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

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

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

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

**Combining Statement of Net Position
Internal Service Funds
As of December 31, 2012**
(in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self- Insurance</u>
Assets:				
Current assets:				
Cash & equity in pooled investments	\$ 11,650	\$ 1,950	\$ 265	\$ 3,891
Receivables (net of allowances):				
Accounts	-	8	-	-
Interest	17	3	-	6
Other	43	-	-	-
Due from other governments	1	-	-	-
Inventory	569	-	-	-
Total current assets	<u>12,281</u>	<u>1,962</u>	<u>265</u>	<u>3,897</u>
Capital assets:				
Property, plant and equipment (net)	<u>15,359</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>15,359</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>27,640</u>	<u>1,962</u>	<u>265</u>	<u>3,897</u>
Liabilities:				
Current liabilities:				
Accounts payable	168	46	57	30
Estimated claims	-	1,080	54	926
Retainage payable	-	-	-	-
Due to other governments	10	-	-	-
Accrued payroll	91	-	-	24
Accrued compensated absences	70	-	-	22
Deposits payable	-	-	-	-
Total current liabilities	<u>339</u>	<u>1,126</u>	<u>111</u>	<u>1,002</u>
Noncurrent liabilities:				
Accrued compensated absences	162	-	-	50
Estimated claims	-	621	-	1,650
Total noncurrent liabilities	<u>162</u>	<u>621</u>	<u>-</u>	<u>1,700</u>
Total liabilities	<u>501</u>	<u>1,747</u>	<u>111</u>	<u>2,702</u>
Net position:				
Net investment in capital assets	15,359	-	-	-
Unrestricted	11,780	215	154	1,195
Total net position	<u>\$ 27,139</u>	<u>\$ 215</u>	<u>\$ 154</u>	<u>\$ 1,195</u>

**Combining Statement of Net Position
Internal Service Funds
As of December 31, 2012**
(in thousands)

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facility Services</u>	<u>Total</u>
Assets:				
Current assets:				
Cash & equity in pooled investments	\$ 3,903	\$ 6,138	\$ 2,082	\$ 29,879
Receivables (net of allowances):				
Accounts	-	96	38	143
Interest	6	9	3	44
Other	-	-	-	43
Due from other governments	-	-	-	1
Inventory	-	-	-	569
Total current assets	3,909	6,243	2,123	30,680
Capital assets:				
Property, plant and equipment (net)	-	1,547	1,826	18,732
Total noncurrent assets	-	1,547	1,826	18,732
Total assets	3,909	7,790	3,949	49,412
Liabilities:				
Current liabilities:				
Accounts payable	208	306	735	1,550
Estimated claims	1,159	-	-	3,219
Retainage payable	-	-	51	51
Due to other governments	-	-	3	13
Accrued payroll	8	294	91	507
Accrued compensated absences	2	214	70	377
Deposits payable	-	-	3	3
Total current liabilities	1,376	813	953	5,720
Noncurrent liabilities:				
Accrued compensated absences	4	499	164	879
Estimated claims	66	-	-	2,337
Total noncurrent liabilities	70	499	164	3,216
Total liabilities	1,446	1,312	1,116	8,936
Net position:				
Net investment in capital assets	-	1,547	1,826	18,732
Unrestricted	2,463	4,931	1,007	21,745
Total net position	\$ 2,463	\$ 6,478	\$ 2,833	\$ 40,477

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

For the Twelve Months Ending December 31, 2012

(in thousands)

Page 1 of 2

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self- Insurance</u>
Operating revenues:				
Service charges and fees	\$ 8,908	\$ -	\$ -	\$ -
Rent	-	-	-	-
Judgments and settlements	-	-	-	34
Insurance recovery	-	-	-	121
Premiums/contributions	-	1,285	181	2,106
Other	70	16	-	-
Total operating revenues	<u>8,978</u>	<u>1,301</u>	<u>181</u>	<u>2,261</u>
Operating expenses:				
Administrative and general	571	248	-	1,509
Maintenance and operations	5,976	1,007	315	1,190
Depreciation	3,939	-	-	-
Insurance costs	-	-	-	-
Benefits and claims payments	-	76	(17)	(414)
Total operating expenses	<u>10,486</u>	<u>1,331</u>	<u>298</u>	<u>2,286</u>
Operating income (loss)	(1,508)	(30)	(117)	(24)
Nonoperating revenues (expenses):				
Interest income	72	12	2	23
Net change in fair value of investments	16	3	1	4
Rental income	-	-	-	-
Gain on disposal of capital assets	328	-	-	-
Other nonoperating revenues	19	-	-	-
Total nonoperating revenue (expenses)	<u>434</u>	<u>15</u>	<u>3</u>	<u>27</u>
Income before contributions and transfers	(1,074)	(15)	(114)	2
Special items, contributions and transfers:				
Transfers in	434	-	-	180
Transfers out	(2,369)	(167)	(6)	-
Total special items, contributions and transfers	<u>(1,935)</u>	<u>(167)</u>	<u>(6)</u>	<u>180</u>
Change in net assets	(3,008)	(182)	(120)	182
Net position beginning of year	30,147	397	275	1,013
Net position end of year	<u>\$ 27,139</u>	<u>\$ 215</u>	<u>\$ 154</u>	<u>\$ 1,195</u>

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Twelve Months Ending December 31, 2012**
(in thousands)

	Health Benefits	Information Technology	Facility Services	Total
Operating revenues:				
Service charges and fees	\$ -	\$ 13,333	\$ 242	\$ 22,483
Rent	-	-	6,051	6,051
Judgments and settlements	-	-	-	34
Insurance recovery	2,386	-	-	2,508
Premiums/contributions	17,478	-	147	21,197
Other	23	8	1	119
Total operating revenues	19,888	13,340	6,442	52,391
Operating expenses:				
Administrative and general	2,392	1,900	602	7,223
Maintenance and operations	-	10,034	5,548	24,070
Depreciation	-	506	346	4,791
Insurance costs	2,335	-	-	2,335
Benefits and claims payments	14,671	-	-	14,316
Total operating expenses	19,399	12,441	6,496	52,735
Operating income (loss)	489	900	(54)	(344)
Nonoperating revenues (expenses):				
Interest income	17	38	10	175
Net change in fair value of investments	9	13	18	64
Rental income	-	-	31	31
Gain on disposal of capital assets	-	-	-	328
Other nonoperating revenues	40	-	-	58
Total nonoperating revenue (expenses)	66	51	60	656
Income before contributions and transfers	556	951	6	312
Special items, contributions and transfers:				
Transfers in	-	25	96	735
Transfers out	(10)	(939)	(385)	(3,876)
Total special items, contributions and transfers	(10)	(914)	(289)	(3,141)
Change in net assets	546	37	(283)	(2,828)
Net position beginning of year	1,917	6,441	3,116	43,305
Net position end of year	\$ 2,463	\$ 6,478	\$ 2,833	\$ 40,477

Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended December 31, 2012
(in thousands)

Page 1 of 4

	<u>Equipment Rental</u>	<u>Worker's Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Cash flows from operating activities:				
Cash received from customers and users	\$ 8,982	\$ -	\$ -	\$ -
Contributions received - employer/employee	-	1,285	181	2,113
Cash received from judgments/settlements	-	-	-	34
Cash received from insurance proceeds	-	-	-	121
Cash payments to suppliers for goods and services	(4,546)	(1,176)	(345)	(2,109)
Cash payments to employees for services	(2,226)	(3)	-	(556)
Cash payments to claimants	-	(76)	17	-
Cash received from contracts/rent	-	-	-	-
Cash payments for insurance	-	-	-	-
Other receipts	52	16	-	-
Net cash provided (used) by operating activities	<u>2,261</u>	<u>47</u>	<u>(148)</u>	<u>(397)</u>
Cash flows from noncapital financing activities:				
Transfers in	434	-	-	180
Transfers out	(2,369)	(167)	(6)	-
financing activities:	<u>(1,935)</u>	<u>(167)</u>	<u>(6)</u>	<u>180</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	(1,396)	-	-	-
Proceeds from sale of assets	374	-	-	-
financing activities	<u>(1,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	121	19	3	37
Net cash provided (used) by investing activities	<u>121</u>	<u>19</u>	<u>3</u>	<u>37</u>
Net increase (decrease) in cash balance	(574)	(102)	(151)	(180)
Cash balance at beginning of year	12,224	2,052	416	4,071
Cash balance at end of year	<u>\$ 11,650</u>	<u>\$ 1,950</u>	<u>\$ 265</u>	<u>\$ 3,891</u>

Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended December 31, 2012
(in thousands)

Page 2 of 4

	Health Benefits	Information Technology	Facilities Services	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ -	\$ 13,333	\$ 214	\$ 22,529
Contributions received - employer/employees	17,484	-	-	21,062
Cash received from judgments/settlements	-	-	-	34
Cash received from insurance proceeds	2,386	-	-	2,508
Cash payments to suppliers for goods and services	(16,491)	(4,775)	(3,480)	(32,922)
Cash payments to employees for services	(188)	(7,040)	(2,181)	(12,194)
Cash payments to claimants	-	-	-	(59)
Cash received from contracts/rent	-	-	6,082	6,082
Cash payments for insurance	(2,335)	-	-	(2,335)
Other receipts	63	8	149	288
Net cash provided (used) by operating activities	<u>919</u>	<u>1,526</u>	<u>784</u>	<u>4,992</u>
Cash flows from noncapital financing activities:				
Transfers in	-	25	96	735
Transfers out	(10)	(939)	(385)	(3,876)
financing activities:	<u>(10)</u>	<u>(914)</u>	<u>(289)</u>	<u>(3,141)</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(1,127)	(27)	(2,550)
Proceeds from sale of assets	-	-	-	374
financing activities	<u>-</u>	<u>(1,127)</u>	<u>(27)</u>	<u>(2,176)</u>
Cash flows from investing activities:				
Interest on investments	<u>33</u>	<u>62</u>	<u>32</u>	<u>306</u>
Net cash provided (used) by investing activities	<u>33</u>	<u>62</u>	<u>32</u>	<u>306</u>
Net increase (decrease) in cash balance	942	(453)	500	(18)
Cash balance at beginning of year	<u>2,961</u>	<u>6,591</u>	<u>1,582</u>	<u>29,897</u>
Cash balance at end of year	<u>\$ 3,903</u>	<u>\$ 6,138</u>	<u>\$ 2,082</u>	<u>\$ 29,879</u>

Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended December 31, 2012
(in thousands)

Page 3 of 4

	<u>Equipment Rental</u>	<u>Worker's Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,508)	\$ (30)	\$ (117)	\$ (24)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	3,939	-	-	-
Other receipts	19	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	(8)	-	-
(Increase) decrease in due from other funds	23	3	-	7
(Increase) decrease in other receivables	(37)	-	-	-
(Increase) decrease in inventory	52	-	-	-
Increase (decrease) in accounts payable	(228)	6	(14)	20
Increase (decrease) in wages & benefits payable	(4)	-	-	4
Increase (decrease) in due to other governments	3	-	-	-
Increase (decrease) in compensated absences	4	-	-	10
Increase (decrease) in estimated claims payable	-	76	(17)	(414)
Total adjustments	<u>3,769</u>	<u>76</u>	<u>(31)</u>	<u>(372)</u>
Net cash provided (used) by operating activities	<u>\$ 2,261</u>	<u>\$ 47</u>	<u>\$ (148)</u>	<u>\$ (397)</u>

**Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended December 31, 2012**
(in thousands)

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facilities Services</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 489	\$ 900	\$ (54)	\$ (344)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	506	346	4,791
Other receipts	40	-	31	89
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	(9)	(31)	(48)
(Increase) decrease in due from other funds	5	9	3	50
(Increase) decrease in other receivables	-	-	-	(37)
(Increase) decrease in inventory	-	-	-	52
Increase (decrease) in accounts payable	168	7	455	414
Increase (decrease) in wages & benefits payable	-	17	5	21
Increase (decrease) in due to other governments	-	-	2	5
Increase (decrease) in compensated absences	-	96	27	137
Increase (decrease) in estimated claims payable	217	-	-	(138)
Total adjustments	<u>430</u>	<u>626</u>	<u>838</u>	<u>5,336</u>
Net cash provided (used) by operating activities	<u>\$ 919</u>	<u>\$ 1,526</u>	<u>\$ 784</u>	<u>\$ 4,992</u>



Agency Funds



Descriptions of the Trust and Agency (fiduciary) funds included as supplementary information in the City's Comprehensive Annual Financial Report are provided below:

Agency Funds

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

The **Community Connectivity Consortium Funds** accounts for contributions from consortium members including several cities, educational institutions, and hospitals for regional fiber optic connectivity services.

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

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

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

The **Payroll Clearing Fund** accounts for payment of employee salaries and withheld deductions. Monies are transferred to this fund from funds recording related payroll expenditures and are subsequently disbursed through issuance of payroll warrants.

The **Claims Clearing Fund** accounts for payment of all expenditures of the City except payroll and debt service. Monies are transferred to this fund from funds recording related expenditures and are subsequently disbursed through issuance of claims warrants.

Combining Statement of Fiduciary Net Position
Agency Funds
As of December 31, 2012
(in thousands)

	E-Government Alliance	Community Connectivity Consortium	Eastside NARC Task Force	Hazardous Materials
Assets:				
Cash & equity in pooled investments	\$ 197	\$ 26	\$ 431	\$ 447
Receivables (net of allowances):				
Interest	-	-	1	1
Due from other governments	102	-	-	5
Property, plant and equipment (net)	-	-	142	34
Total assets	300	26	573	488
Liabilities:				
Accounts payable	12	-	45	1
Due to other governments	288	26	316	486
Deposits payable	-	-	212	-
Total liabilities	300	26	573	488
Total net position	\$ -	\$ -	\$ -	\$ -

Combining Statement of Fiduciary Net Position
Agency Funds
As of December 31, 2012
(in thousands)

	ARCH			
	Housing	Payroll	Claims	
	Coalition	Clearing	Clearing	Total
Assets:				
Cash & equity in pooled investments	\$ 3,373	\$ 142	\$ 209	\$ 4,825
Receivables (net of allowances):				
Interest	5	-	-	6
Due from other governments	24	-	-	132
Property, plant and equipment (net)	-	-	-	176
Total assets	3,402	142	209	5,140
Liabilities:				
Accounts payable	1	117	209	386
Due to other governments	3,401	4	-	4,522
Deposits payable	-	20	-	232
Total liabilities	3,402	142	209	5,140
Total net position	\$ -	\$ -	\$ -	\$ -

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the fiscal year ended December 31, 2012
(in thousands)

	<u>Balance</u> <u>1/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2012</u>
E-Government Alliance				
Assets:				
Cash & equity in pooled investments	\$ 47	\$ 1,282	\$ 1,132	\$ 197
Interest	2	2	3	1
Due from other governments	91	1,082	1,071	102
Total Assets	<u>\$ 140</u>	<u>\$ 2,366</u>	<u>\$ 2,206</u>	<u>\$ 300</u>
Liabilities:				
Accounts payable	\$ -	\$ 12	\$ -	\$ 12
Due to other governments	140	1,331	1,183	288
Total liabilities	<u>\$ 140</u>	<u>\$ 1,343</u>	<u>\$ 1,183</u>	<u>\$ 300</u>
Community Connectivity Consortium				
Assets:				
Cash & equity in pooled investments	\$ -	\$ 133	\$ 107	\$ 26
Due from other governments	-	127	127	-
Total Assets	<u>\$ -</u>	<u>\$ 260</u>	<u>\$ 234</u>	<u>\$ 26</u>
Liabilities:				
Due to other governments	\$ -	\$ 120	\$ 94	\$ 26
Total liabilities	<u>\$ -</u>	<u>\$ 120</u>	<u>\$ 94</u>	<u>\$ 26</u>

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the fiscal year ended December 31, 2012
(in thousands)**

	<u>Balance 1/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2012</u>
Eastside NARC Task Force				
Assets:				
Cash & equity in pooled investments	\$ 725	\$ 1,626	\$ 1,920	\$ 431
Interest	2	2	3	1
Due from other governments	1	1	2	-
Property, plant and equipment (net)	207	3	68	142
Total Assets	<u><u>\$ 934</u></u>	<u><u>\$ 1,632</u></u>	<u><u>\$ 1,993</u></u>	<u><u>\$ 573</u></u>
Liabilities:				
Accounts payable	\$ 99	\$ 75	\$ 129	\$ 45
Due to other governments	697	320	701	316
Deposits payable	139	214	141	212
Total liabilities	<u><u>\$ 934</u></u>	<u><u>\$ 609</u></u>	<u><u>\$ 970</u></u>	<u><u>\$ 573</u></u>
 Hazardous Materials				
Assets:				
Cash & equity in pooled investments	\$ 481	\$ 1,197	\$ 1,231	\$ 447
Interest	2	2	3	1
Due from other governments	8	2	5	5
Notes/contracts receivable	-	-	-	-
Property, plant and equipment (net)	40	-	6	34
Total Assets	<u><u>\$ 531</u></u>	<u><u>\$ 1,201</u></u>	<u><u>\$ 1,245</u></u>	<u><u>\$ 488</u></u>
Liabilities:				
Accounts payable	\$ 58	\$ 4	\$ 61	\$ 1
Due to other governments	472	112	98	486
Total liabilities	<u><u>\$ 531</u></u>	<u><u>\$ 116</u></u>	<u><u>\$ 159</u></u>	<u><u>\$ 488</u></u>

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the fiscal year ended December 31, 2012
(in thousands)**

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
ARCH Housing Coalition				
Assets:				
Cash & equity in pooled investments	\$ 2,699	\$ 7,541	\$ 6,867	\$ 3,373
Interest	4	8	7	5
Due from other governments	4	1,117	1,097	24
Total Assets	\$ 2,707	\$ 8,666	\$ 7,971	\$ 3,402
Liabilities:				
Accounts payable	\$ -	\$ 1	\$ -	\$ 1
Due to other governments	2,707	9,458	8,764	3,401
Total liabilities	\$ 2,707	\$ 9,459	\$ 8,764	\$ 3,402
 Payroll Clearing				
Assets:				
Cash & equity in pooled investments	\$ 92	\$ 143,494	\$ 143,445	\$ 142
Total Assets	\$ 92	\$ 143,494	\$ 143,445	\$ 142
Liabilities:				
Accounts payable	\$ 50	\$ 146,264	\$ 146,196	\$ 117
Due to other governments	23	485	504	4
Deposits payable	20	-	-	20
Total liabilities	\$ 92	\$ 146,749	\$ 146,700	\$ 142

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the fiscal year ended December 31, 2012
(in thousands)**

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Claims Clearing				
Assets:				
Cash & equity in pooled investments	\$ -	\$ 190,837	\$ 190,628	\$ 209
Total Assets	\$ -	\$ 190,837	\$ 190,628	\$ 209
Liabilities:				
Accounts payable	\$ -	\$ 336,445	\$ 336,236	\$ 209
Due to other governments	-	10	10	-
Total liabilities	\$ -	\$ 336,445	\$ 336,236	\$ 209
Total Agency Funds				
Assets:				
Cash & equity in pooled investments	\$ 4,050	\$ 346,110	\$ 345,335	\$ 4,825
Interest	9	14	17	6
Due from other governments	104	2,329	2,302	132
Property, plant and equipment (net)	247	3	74	176
Total Assets	\$ 4,410	\$ 348,457	\$ 347,727	\$ 5,140
Liabilities:				
Accounts payable	\$ 207	\$ 482,801	\$ 482,622	\$ 386
Due to other governments	4,044	11,836	11,358	4,522
Deposits payable	159	214	141	232
Total liabilities	\$ 4,410	\$ 494,851	\$ 494,121	\$ 5,140



Statistical Section



STATISTICAL SECTION

This part of the 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. The following are the categories of the various schedules that are included in this section:

The **Financial Trends** section has schedules containing trend information to help the reader understand how the City's financial performance and well-being have changed over time.

The **Revenue Capacity** section has schedules containing information to help the reader assess the City's most significant local revenue sources, property taxes and sales taxes.

The **Debt Capacity** section has schedules presenting 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.

The **Demographic and Economic Information** section has schedules offering demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

The **Operating Information** section has schedules containing 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.

Table 1

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

Last Ten Fiscal Years

(in thousands)

Year	Governmental activities				Business-type activities				Primary Government			
	Invested in capital assets, net of related debt		Invested in capital assets, net of related debt		Invested in capital assets, net of related debt		Invested in capital assets, net of related debt		Invested in capital assets, net of related debt		Invested in capital assets, net of related debt	
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
2003	\$ 449,949	\$ 35,385	\$ 106,827	\$ 592,161	\$ 190,971	\$ 17,578	\$ 23,183	\$ 231,732	\$ 640,920	\$ 52,963	\$ 130,010	\$ 823,893
2004	1,331,493	87,154	111,635	1,530,282	196,128	20,865	27,482	244,475	1,527,621	108,019	139,117	1,774,757
2005	1,454,592	12,959	107,341	1,574,892	199,195	28,251	29,262	256,708	1,653,787	41,210	136,603	1,831,600
2006	1,477,820	4,193	135,917	1,617,930	202,227	45,917	32,264	280,408	1,680,047	50,110	168,181	1,898,338
2007	1,539,131	13,601	117,310	1,670,042	213,099	52,272	37,526	302,897	1,752,230	65,873	154,836	1,972,939
2008	1,484,941	21,519	108,884	1,615,344	229,344	60,750	39,112	329,206	1,714,285	82,269	147,996	1,944,550
2009	1,499,240	16,753	93,870	1,609,863	239,778	77,584	32,735	350,097	1,739,018	94,337	126,605	1,959,960
2010	1,494,063	24,042	81,936	1,600,041	252,444	92,384	30,834	375,662	1,746,506	116,427	112,770	1,975,703
2011	1,506,482	11,207	80,770	1,598,459	258,754	102,188	36,542	397,484	1,765,236	113,395	117,312	1,995,943
2012	1,513,235	25,690	58,636	1,597,561	265,524	123,837	30,977	420,338	1,778,759	149,527	89,613	2,017,900

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

^(B) In 2004, the City began reporting historical infrastructure assets resulting in an increase to fund balance of 1,008,877.

^(C) As of 2012, GASB 63 redefined financial reporting to include the Statement of Net Position. Prior to 2012, the information above was provided on the Statement of Net Assets.

Table 2
Page 1 of 3

CHANGES IN NET POSITION ^(A) ^(B)

Last Ten Fiscal Years

(in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities										
General Government	\$ 12,157	\$ 10,808	\$ 15,900	\$ 15,471	\$ 24,712	\$ 29,573	\$ 29,641	\$ 25,557	\$ 36,450	\$ 36,392
Judicial	404	509	430	378	-	-	-	-	-	-
Public Safety	57,673	59,979	64,269	68,781	73,617	80,253	78,373	79,818	79,163	82,822
Physical Environment	1,454	1,589	1,852	1,564	2,200	2,449	1,952	1,801	1,813	1,642
Transportation	26,910	27,569	27,480	31,769	26,449	29,372	25,853	30,413	29,711	27,761
Economic Environment	12,027	13,390	14,875	17,207	20,737	22,940	21,785	20,177	18,720	19,037
Health and Human Services	2,901	1,907	5,320	4,841	5,943	6,834	7,914	7,401	8,195	11,511
Culture and Recreation	25,459	25,114	27,826	31,395	34,166	37,926	37,818	36,643	34,948	38,452
Interest on Long-Term Debt	2,399	5,534	7,034	7,734	7,796	7,150	7,294	7,262	7,817	7,910
Total Governmental Activities	141,384	146,399	164,986	179,140	195,620	216,497	210,630	209,072	216,818	225,526
Business-Type Activities										
Water	21,856	23,194	25,928	26,604	29,206	27,887	30,074	33,798	34,897	38,708
Sewer	24,668	26,024	27,925	27,868	31,817	31,734	35,091	34,755	39,571	41,089
Storm Drainage Utility	7,730	8,920	8,327	8,717	9,179	9,146	9,967	9,668	10,661	10,950
Marina	446	310	406	314	443	440	353	312	261	277
Total Business-Type Activities	54,700	58,448	62,586	63,503	70,645	69,207	75,485	78,533	85,390	91,024
Total Primary Government Expenses	\$196,084	\$204,847	\$227,572	\$242,643	\$266,265	\$285,704	\$286,115	\$287,605	\$302,208	\$316,550
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 2,015	\$ 2,412	\$ 794	\$ 968	\$ 1,333	\$ 2,068	\$ 4,042	\$ 3,151	\$ 9,743	\$ 3,904
Public Safety	13,492	12,155	14,118	12,031	15,682	16,969	15,501	15,346	16,178	18,568
Economic Environment	4,512	6,476	9,912	14,716	12,597	16,334	11,830	9,165	8,564	11,311
Transportation	2,386	1,745	812	2,937	1,993	1,345	882	721	1,071	1,930
Culture and Recreation	4,679	4,681	4,940	5,435	6,927	8,039	7,875	8,078	8,922	8,873
Other Activities	1,430	1,360	1,351	1,304	1,065	1,430	1,445	1,466	1,458	1,309
Operating Grants and Contributions	5,611	2,749	5,100	4,798	6,760	6,815	8,796	9,196	8,423	8,188
Capital Grants and Contributions	5,253	13,062	29,266	21,250	22,280	4,328	7,984	2,550	6,563	3,919
Total Governmental Activities Program Revenues	39,378	44,640	66,293	63,439	68,637	57,328	58,355	49,673	60,922	58,003

Table 2
Page 2 of 3

CHANGES IN NET POSITION ^(A) ^(B)

Last Ten Fiscal Years

(in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-Type Activities										
Charges for Services										
Water	25,288	29,183	28,497	31,570	31,844	31,538	33,960	35,645	37,253	41,686
Sewer	26,604	26,595	30,085	33,267	35,493	36,056	39,545	42,534	46,304	47,202
Storm Drainage Utility	9,981	12,186	10,947	13,270	13,194	14,442	14,788	16,138	16,383	16,730
Marina	351	447	457	450	498	489	507	497	538	564
Operating Grants and Contributions	-	-	-	-	105	-	-	-	-	-
Capital Grants and Contributions	13,159	3,008	3,649	4,307	6,541	6,967	5,002	7,155	3,575	4,693
Total Business-Type Activities Program Revenues	75,383	71,419	73,635	82,864	87,675	89,492	93,802	101,969	104,054	110,875
Total Primary Government Program Revenues	\$114,761	\$116,059	\$139,928	\$146,303	\$156,312	\$146,820	\$152,157	\$151,642	\$164,976	\$168,878
Net (Expense)/Revenue										
Governmental Activities	(102,006)	(101,759)	(98,693)	(115,701)	(126,985)	(159,170)	(152,274)	(159,398)	(155,896)	(167,523)
Business-Type Activities:	20,683	12,971	11,049	19,361	17,028	20,285	18,319	23,435	18,664	19,851
Total Primary Government Net Expense	(\$81,323)	(\$88,788)	(\$87,644)	(\$96,340)	(\$109,957)	(\$138,885)	(\$133,955)	(\$135,963)	(\$137,232)	(\$147,673)
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Taxes										
Property Tax	\$ 27,509	\$ 27,443	\$ 27,062	\$ 27,637	\$ 28,981	\$ 28,859	\$ 34,854	\$ 35,364	\$ 36,337	\$ 37,538
Retail Sales and Use Tax	36,683	40,218	45,300	48,946	56,776	53,141	45,119	44,984	46,357	48,596
Utility Tax	18,108	17,996	19,333	24,324	20,069	24,103	24,012	25,071	25,941	25,813
Business and Occupation Tax	19,626	22,798	24,322	31,528	30,387	30,051	26,141	25,103	25,753	27,492
Excise Tax	7,461	10,300	13,620	12,933	27,254	6,594	6,258	10,521	6,680	13,646
Hotel/Motel Tax	3,848	3,916	4,299	5,839	6,647	6,724	5,332	6,095	6,776	7,469
Other Tax	210	258	261	292	225	238	175	598	515	476
Payments from Component Unit/City	16	15	23	16	9	23	117	133	31	20
Grants and Contributions - Unrestricted	1,161	1,301	1,357	1,264	1,419	1,398	1,861	1,553	1,450	1,700

Table 2
Page 3 of 3

CHANGES IN NET POSITION ^(A) ^(B)

Last Ten Fiscal Years

(in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Unrestricted Investment Interest	2,364	4,183	4,147	5,188	7,128	5,284	3,252	1,479	1,458	630
Gain (loss) in Change of Fair Value of Investments	(296)	(899)	285	556	38	637	(582)	(477)	547	(83)
Miscellaneous	473	443	1,201	328	125	740	582	(659)	2,293	357
Gain (loss) on Sale of Capital Assets	16,455	160	1,418	57	144	1,391	(75)	339	310	328
Transfers	557	580	672	(170)	(51)	406	(254)	(527)	(134)	(561)
Total Governmental Activities	134,175	128,712	143,300	158,738	179,151	159,589	146,792	149,577	154,314	163,423
Business-Type Activities										
Unrestricted Investment Interest	746	565	1,211	2,578	3,795	2,991	1,874	1,254	1,529	757
Gain (loss) in Change of Fair Value of Investments	(99)	(215)	95	282	20	197	(373)	(462)	542	167
Miscellaneous	(2,301)	-	552	1,278	1,593	1,164	811	811	953	1,519
Gain on Sale of Capital Assets	31	-	-	33	-	98	6	-	-	-
Transfers	(557)	(580)	(672)	170	51	(406)	254	527	134	561
Total Business-Type Activities	(2,180)	(230)	1,186	4,341	5,459	4,044	2,572	2,129	3,158	3,003
Total Primary Government	\$131,995	\$128,482	\$144,486	\$163,079	\$184,610	\$163,633	\$149,364	\$151,706	\$157,473	\$166,425
Change in Net Assets										
Governmental Activities	\$ 32,169	\$ 26,953	\$ 44,607	\$ 43,037	\$ 420	\$ 7,314	\$ (5,482)	\$ (9,822)	\$ (1,582)	\$ (4,101)
Business-Type Activities	18,503	12,741	12,235	23,702	24,329	22,361	20,891	25,565	21,823	22,854
Total Primary Government	\$ 50,672	\$ 39,694	\$ 56,842	\$ 66,739	\$ 24,749	\$ 29,675	\$ 15,409	\$ 15,743	\$ 20,241	\$ 18,753

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

^(B) As of 2012, GASB 63 redefined financial reporting to include the Statement of Net Position. Prior to 2012, the information above was provided on the Statement of Net Assets.

Table 3

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

Last Ten Fiscal Years
(in thousands)

Fiscal Year	Total Taxes	General			Utility Taxes	Business and Occupation Taxes	Excise Taxes	Other Taxes and Assessments ^(A)	Memo Only Hotel/Motel Tax ^(B)
		Property Taxes	General Sales Taxes	Taxes					
2003	\$ 109,597	\$ 27,509	\$ 36,683	\$ 18,108	\$ 19,626	\$ 7,461	\$ 210	\$ 3,848	
2004	119,013	27,443	40,218	17,996	22,798	10,300	258	3,916	
2005	129,898	27,062	45,300	19,333	24,322	13,620	261	4,299	
2006	145,660	27,637	48,946	24,324	31,528	12,933	292	5,839	
2007	163,692	28,981	56,776	20,069	30,387	27,254	225	6,647	
2008	143,436	28,859	53,141	24,103	30,501	6,594	238	6,724	
2009	136,559	34,854	45,119	24,012	26,141	6,258	175	5,332	
2010	141,641	35,364	44,984	25,071	25,103	10,521	598	6,095	
2011	141,583	36,337	46,357	25,941	25,753	6,680	515	6,776	
2012	153,562	37,538	48,596	25,813	27,492	13,646	476	7,469	

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

^(B) Source: Bellevue Convention Center Authority. Hotel/Motel tax receipts are reported in BCCA Financial Statements and included here as a memo item. City of Bellevue collects the tax on behalf of the BCCA and passes it directly through.

Table 4
Page 1 of 4

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

Fiscal Year	General Fund		All other Governmental Funds				Total
	Reserved	Unreserved	Total	Reserved	Unreserved, reported in special revenue funds	Unreserved, reported in capital projects funds	
2003	\$ -	\$ 13,428	\$ 13,428	\$ 27,887	\$ 38,289	\$ 26,342	\$ 92,518
2004	-	14,596	14,596	86,582	55,241	4,090	145,913
2005	-	17,173	17,173	12,274	52,401	1,549	66,224
2006	-	19,906	19,906	4,193	48,109	25,698	78,000
2007	-	25,603	25,603	2,777	47,536	10,834	61,147
2008	-	15,094	15,094	6,436	50,645	15,082	72,163
2009	-	16,149	16,149	2,305	42,645	14,448	59,398

Table 4
Page 2 of 4

FUND BALANCES OF GOVERNMENTAL FUNDS^(A)

Last Ten Fiscal Years
(in thousands)

	2010	2011	2012
General Fund			
Nonspendable for:			
Prepays	\$ -	\$ -	\$ 406
Total nonspendable fund balance	-	-	406
Assigned for:			
Housing and community services	\$ 771	\$ -	\$ -
Operation & maintenance city property	991	1,180	1,454
Parks, recreation, and open spaces	1,193	-	-
Total assigned fund balance	2,955	1,180	1,454
Restricted for:			
Housing and community services	-	567	-
Operation & maintenance city property	-	-	114
Total restricted fund balance	-	567	114
Unassigned	18,112	20,873	24,058
Total unassigned fund balance	18,112	20,873	24,058
Fund Balance - General fund	\$ 21,067	\$ 22,620	\$ 26,033
Other Governmental Funds			
Assigned for:			
Arts and culture	10	280	-
CIP funding	3,727	1,031	5,726
Debt service	1,782	1,705	2,177
Environmental stewardship	9	37	-
Fire and emergency aid service	-	-	335
Housing and community services	5,300	4,342	3,308
LEOFF1 retiree medical	13,082	11,539	10,094
Operation & maintenance city property	-	5	-
Parks, recreation, and open spaces	7,360	4,899	580
Permit review and inspection	-	-	1,687
Police services	424	422	-
Transportation infrastructure	-	243	-
Transportation planning	1,598	-	-
Transportation preservation & maintenance	1,124	-	864
Waste reduction & recycling	470	521	835
Water quality management	659	412	-
Gen Govt property acquisition	1,588	1,453	-
Community development	-	162	-
Other	1,785	1,090	1,992
Total assigned fund balance	38,916	28,141	27,597

Table 4
Page 3 of 4

FUND BALANCES OF GOVERNMENTAL FUNDS^(A)

Last Ten Fiscal Years
(in thousands)

	2010	2011	2012
Restricted for:			
Arts and culture	3	-	-
Commuting alternatives	15	12	-
Debt service	85	6	10
Housing and community services	-	-	3,102
Information systems	-	23	-
LEOFF1 retiree medical	703	728	678
Parks, recreation, and open spaces	3,889	8,801	13,971
Permit review and inspection	7,968	5,111	3,277
Police services	-	13	24
Transportation planning	930	-	-
Transportation preservation & maintenance	7,533	-	-
Waste reduction & recycling	483	367	327
Water quality management	81	-	496
Gen Govt property acquisition	-	-	681
Convention Center Financing	3,233	3,213	3,124
Total restricted fund balance	24,923	18,274	25,690
Total unassigned fund balance	-	-	-
Fund Balance - Other governmental funds	\$ 63,839	\$ 46,415	\$ 53,287
Governmental Funds			
Nonspendable for:			
Prepays	\$ -	\$ -	\$ 406
Total nonspendable fund balance	-	-	406
Assigned for:			
Arts and culture	10	280	-
CIP funding	3,727	1,031	5,726
Debt service	1,782	1,705	2,177
Environmental stewardship	9	37	-
Fire and emergency aid service	-	-	335
Housing and community services	6,071	4,342	3,308
LEOFF1 retiree medical	13,082	11,539	10,094
Operation & maintenance city property	991	1,185	1,454
Parks, recreation, and open spaces	7,360	4,899	580
Permit review and inspection	-	-	1,687
Police services	424	422	-
Transportation infrastructure	-	243	-
Transportation planning	1,598	-	-
Transportation preservation & maintenance	1,124	-	864
Waste reduction & recycling	470	521	835
Water quality management	659	412	-
Gen Govt property acquisition	1,588	1,453	-
Community development	-	162	-
Other	1,785	1,090	1,992
Total assigned fund balance	40,678	29,321	29,051

Table 4
Page 4 of 4

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

	2010	2011	2012
Restricted for:			
Arts and culture	3	-	-
Commuting alternatives	15	12	-
Debt service	85	6	10
Housing and community services	-	567	3,216
Information systems	-	23	-
LEOFF1 retiree medical	703	728	678
Parks, recreation, and open spaces	3,889	8,801	13,971
Permit review and inspection	7,968	5,111	3,277
Police services	-	13	24
Transportation planning	930	-	-
Transportation preservation & maintenance	7,533	-	-
Waste reduction & recycling	483	367	327
Water quality management	81	-	496
Gen Govt property acquisition	-	-	681
Convention Center Financing	3,233	3,213	3,124
Total restricted fund balance	24,922	18,841	25,804
Unassigned	18,112	20,873	24,058
Total unassigned fund balance	18,112	20,873	24,058
Fund Balance - Governmental funds	\$ 83,713	\$ 69,036	\$ 79,320

^(A) All amounts are reported on the modified - accrual basis
Note: Due to GASB 54 Fund Balance Reporting, 2010 has been restated for the General Fund to include special revenue funds not meeting the new definition and fund balance categories have been redefined.

Table 5
Page 1 of 2

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS ^(A)

Last Ten Fiscal Years
(in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes and Special Assessments	\$115,469	\$123,958	\$134,369	\$149,428	\$177,113	\$150,084	\$142,698	\$147,820	\$148,773	\$163,104
Licenses and Permits	2,969	4,470	4,439	7,140	5,198	8,972	6,411	4,850	4,606	5,478
Intergovernmental	24,689	23,266	28,213	32,439	34,946	31,670	31,469	26,978	27,430	29,912
Service Charges and Fees	15,501	18,677	19,715	24,819	26,101	26,906	25,747	23,973	24,541	28,708
Fines and Forfeitures	656	545	329	174	532	489	71	1,238	2,650	1,865
Interest and Assessment Interest/Penalties	1,515	3,488	3,113	3,500	5,135	3,703	2,445	1,014	1,058	455
Net Change in Fair Value of Investments	(206)	(684)	199	350	25	521	(388)	(308)	358	(146)
Rent	3,192	1,788	2,285	2,283	3,102	4,180	4,863	4,607	5,133	4,820
Judgements and Settlements	150	18	534	4,766	1,431	25	46	-	-	-
Premiums/Contributions	739	1,320	1,446	1,643	1,655	446	2,422	1,075	686	434
Other	586	325	1,202	394	295	796	678	248	921	306
Total Revenues	165,260	177,171	195,844	226,936	255,533	227,792	216,462	211,497	216,156	234,936
Expenditures										
General Government	19,143	22,720	24,211	25,329	25,410	25,364	25,075	26,074	24,781	25,024
Public Safety	57,333	58,221	61,294	65,701	71,042	78,219	79,817	80,733	80,143	83,044
Physical Environment	1,157	1,068	1,436	1,555	2,198	2,449	1,953	1,793	1,746	1,544
Transportation	25,725	20,385	24,886	29,806	29,173	32,957	28,479	29,793	30,625	32,258
Economic Environment	12,854	15,755	15,248	17,263	20,463	22,718	21,798	20,043	18,726	18,882
Health and Human Services	3,080	2,286	4,932	4,845	6,357	7,226	7,782	7,533	8,383	8,328
Culture and Recreation	24,992	24,700	24,729	28,319	30,924	35,035	34,489	33,751	33,269	35,446
Capital Outlay	41,314	48,580	112,692	42,463	45,664	39,461	23,035	19,383	21,713	14,552
Debt Service										
Principal	3,536	33,157	7,463	3,985	29,560	4,275	14,187	4,664	4,668	4,208
Interest and Fiscal Charges	2,424	5,240	7,136	7,834	7,855	7,468	7,306	7,386	7,866	7,150
Total expenditures	191,558	232,112	284,027	227,100	268,646	255,172	243,921	231,153	231,920	230,435

Table 5
Page 2 of 2

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS ^(A)

Last Ten Fiscal Years
(dollars in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)										
Transfers In	15,189	44,309	89,078	34,994	46,437	25,545	33,301	23,325	17,821	19,481
Transfers Out	(11,313)	(42,435)	(88,052)	(34,457)	(45,211)	(24,980)	(29,602)	(11,534)	(16,734)	(16,901)
Proceeds from Long Term Debt	10,018	107,567	6,700	13,983	713	26,248	12,047	14,863	-	-
Refunding Bonds Issued	13,185	-	-	-	-	-	-	9,595	-	(107,854)
Payment to Refunded Bond Escrow Agent	(13,065)	-	-	-	-	-	-	(9,600)	-	107,854
Sale of Capital Assets	24,545	63	3,349	157	13	1,161	-	42	-	-
Premium on Issuance of Long Term Debt	-	-	-	-	-	-	-	1,131	-	-
Total Other Financing Sources (Uses)	38,559	109,504	11,075	14,677	1,952	27,974	15,746	27,822	1,087	2,580
Net Change in Fund Balance	(\$16,382)	\$21,321	\$10,911	\$1,564	(\$25,428)	\$515	(\$3,910)	\$12,058	(\$14,677)	\$7,081

Debt Service as a Percentage of Noncapital Expenditures	20.92%	8.52%	6.40%	16.78%	5.44%	9.73%	9.78%	9.78%	5.96%	5.26%
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^(A) All amounts are reported on the modified - accrual basis

Table 6

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE ^(A)

Last Ten Fiscal Years

(in thousands)

Fiscal Year	Total Taxes	General Property Taxes		General Sales Taxes	Utility Taxes	Business and Occupation Taxes	Other Taxes and Assessment ^(B)	Memo Only Hotel/Motel Tax ^(C)
		\$	%					
2003	\$ 111,426	\$ 27,481	\$ 39,051	\$ 17,287	\$ 18,750	\$ 8,857	\$ 3,850	
2004	120,041	27,914	40,218	18,364	21,612	11,933	3,916	
2005	129,231	27,157	45,300	19,452	23,427	13,895	4,299	
2006	142,800	27,672	48,946	21,356	31,606	13,220	5,839	
2007	169,923	31,075	56,776	22,912	31,662	27,498	6,647	
2008	142,772	28,815	53,141	23,910	30,106	6,799	6,724	
2009	137,366	34,738	45,119	24,119	26,340	7,050	5,332	
2010	141,723	35,337	44,984	25,076	25,285	11,041	6,095	
2011	141,996	36,401	46,357	25,921	26,208	7,109	6,776	
2012	163,104	37,821	48,596	26,476	28,690	14,051	7,469	

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

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

^(C) Source: Bellevue Convention Center Authority. Hotel/Motel tax receipts are reported in BCCA Financial Statements and included here as a memo item. City of Bellevue collects the tax on behalf of the BCCA and passes it directly through.

Table 7

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

(in thousands)

	Year									
	2003	2004	2005 ^(B)	2006	2007	2008	2009	2010	2011	2012
Contracting	\$419,611	\$525,419	\$729,303	\$860,690	\$1,296,795	\$1,255,692	\$872,463	\$603,334	\$569,506	\$537,336
Manufacturing	47,115	53,312	62,885	64,765	86,303	84,773	70,537	77,831	73,089	62,910
Transp / Communication / Utilitie	177,246	167,333	194,851	199,868	214,878	190,568	201,248	211,877	227,732	237,651
Finance/Insurance/Real Estate	107,422	97,437	160,305	176,983	174,893	148,801	149,680	130,987	129,894	141,318
Wholesale Trade	267,431	307,256	342,940	331,433	394,954	418,040	360,308	302,105	301,079	317,937
Retail - Building Materials	118,540	129,355	125,398	134,002	137,004	120,234	106,555	101,484	98,429	103,783
Retail - General Merchandise	172,575	181,597	196,058	206,931	206,399	188,755	189,052	196,797	197,946	201,437
Retail - Food	97,775	94,982	62,765	71,979	75,024	77,748	76,879	82,700	80,515	91,170
Retail - Automotive	817,745	783,160	861,607	920,511	970,929	794,053	720,411	756,742	783,644	865,344
Retail - Apparel	295,520	322,956	402,790	443,022	483,921	423,738	384,063	405,998	447,179	486,211
Retail - Furniture & Accessories	415,293	437,142	430,400	445,270	442,037	411,884	381,491	350,641	325,897	380,545
Retail - Restaurants	222,758	235,850	251,313	291,529	313,354	312,514	317,213	347,268	378,827	410,862
Retail - Miscellaneous	333,306	345,375	327,865	383,313	392,523	392,992	368,757	395,200	417,755	858,252
Services - Hotels	93,888	93,049	95,563	101,144	122,550	125,820	116,518	153,772	171,489	186,571
Services - Business	200,553	165,596	300,434	321,741	440,246	435,092	301,306	328,008	360,918	339,930
Services - Other	260,714	270,128	204,934	223,293	248,588	257,424	245,211	246,900	252,608	262,115
All Other Categories	37,684	42,157	1,036	1,660	1,320	1,567	2,064	1,245	1,004	1,414
Total sales	\$4,085,175	\$4,252,106	\$4,750,445	\$5,178,133	\$6,001,718	\$5,639,695	\$4,863,756	\$4,692,889	\$4,817,512	\$5,484,786

SOURCE: WA St. Dept of Revenue Quarterly Business Review reports

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

^(B) Effective 2005, the Department of Revenue began reporting by NAICS code instead of by SIC Code. Previous years were not adjusted.

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

	2003	2004	2005	2006	2007	2008	2009 (E)	2010	2011	2012
Local Rate:										
City of Bellevue	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%
King County	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%
Optional tax - City of Bellevue ^(B)	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Transit - King County (METRO) ^(C)	0.800%	0.800%	0.800%	0.800%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%
King County Mental Health ^(D)	-	-	-	-	-	0.001	0.001	0.001	0.100%	0.100%
Criminal Justice tax (0.10% total) ^(A)	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%
10% Directly to King County										
Remaining 90% shared based upon population										
City of Bellevue (estimate)	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%
King County (estimate)	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%
Total Criminal Justice tax	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%
Total Local Rate	1.900%	1.900%	1.900%	1.900%	2.000%	2.100%	2.100%	2.100%	2.100%	2.100%
City of Bellevue share										
City of Bellevue regular rate	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%
City of Bellevue optional rate	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
City of Bellevue Criminal Justice (estimate)	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%
Total City of Bellevue portion	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%
King County portion	0.969%	0.969%	0.969%	0.969%	1.069%	1.169%	1.169%	1.169%	1.169%	1.169%
State of Washington	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%
Sound Transit (RTA)	0.400%	0.400%	0.400%	0.400%	0.400%	0.400%	0.900%	0.900%	0.900%	0.900%
Total Sales tax rate	8.800%	8.800%	8.800%	8.800%	8.900%	9.000%	9.500%	9.500%	9.500%	9.500%

SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

- (A) Criminal justice tax is one tenth of one percent (0.10%) of the gross sale. Ten percent (10%) of this is paid directly to King County, and the remaining 90% is shared between cities within the county. King County retains the portion for unincorporated areas within the county, In 2012, the City's population was 130,170, and the County's population was 1,957,000. Bellevue represented 6.37% of the total population of King county and as such would receive .006 percent of this tax.
- (B) Under Bellevue City Code 4.12.025 and RCW 82.14.030, the City may, at the discretion of the city council, impose an additional sales tax up to one half of one percent (0.5%). The City collects the maximum amount allowed of this tax.
- (C) In 2006, voters approved a .10% sales tax increase for the *Transit Now!* Transportation package to benefit the expansion of the county's bus service. The tax is effective beginning in 2007.
- (D) Effective April 1st, 2008, voters approved a .10% sales tax increase for the King County Mental Health tax. This tax will benefit chemical dependency and mental health services.
- (E) Effective 4/1/09, Sound Transit increased portion of sales tax by five-tenths of one percent.

Sources:

- 1) King County / Bellevue Population Data - WA State Office of Financial Management
- 2) Tax rates - WA St. Dept of Revenue and City of Bellevue City Code

Table 9

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY*
Last Ten Fiscal Years

(dollars in thousands, except tax rate)

Fiscal Year	Assessed and Estimated Actual Value							Total Direct Tax Rate
	Real Property	Personal Property	State Public Service Property	Exemptions	Non-Taxable ^(A)	Grand Total		
2003	\$19,947,485	\$957,967	\$367,378	\$110,834	\$1,236,002	\$19,925,994	\$1.35	
2004	20,794,647	1,082,560	414,532	119,487	1,315,220	20,857,032	1.34	
2005	22,643,266	1,034,980	383,509	116,021	1,421,898	22,523,836	1.23	
2006	25,197,266	988,691	496,028	123,540	1,628,843	24,929,602	1.16	
2007	29,767,156	121,502	596,988	124,953	-	30,360,693	1.09	
2008	35,848,337	1,172,683	697,455	137,238	-	37,581,237	0.92	
2009	32,224,417	1,209,975	668,110	157,291	-	33,945,211	0.94	
2010	30,291,931	1,220,536	672,827	176,038	-	32,009,256	1.06	
2011	29,171,374	1,193,494	659,024	113,809	-	30,910,083	1.14	
2012	30,866,059	1,324,322	609,300	122,721	-	32,676,960	1.18	

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

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

(A) Starting for the fiscal year 2007 non-taxable values are excluded from assessed taxable property values.

Source: King County Assessor

Table 10

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

Fiscal Year	City of Bellevue		School District	King County	Washington State	Port of Seattle	Other	Total
	Operating	Debt Service						
2003	1.22	0.13	1.35	2.23	1.35	2.90	0.26	8.88
2004	1.21	0.13	1.34	2.16	1.43	2.76	0.25	8.72
2005	1.16	0.07	1.23	1.89	1.38	2.70	0.25	8.21
2006	1.10	0.06	1.16	2.09	1.33	2.50	0.23	8.06
2007	1.04	0.05	1.09	2.09	1.29	2.33	0.23	7.74
2008	0.92	0.00	0.92	1.95	1.21	2.13	0.22	7.34
2009	0.94	0.00	0.94	1.87	1.10	1.96	0.27	6.90
2010	1.06	0.00	1.06	2.22	1.28	2.22	0.22	7.89
2011	1.13	0.00	1.13	2.73	1.34	2.28	0.22	8.70
2012	1.20	0.00	1.20	3.00	0.90	2.42	0.23	9.25

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

Source: King County Assessor

Table 11

PRINCIPAL PROPERTY TAXPAYERS

Current year and ten years ago

Rank	Taxpayer	Type of Business	2012			2003		
			Assessed Valuation	Percentage of Total Assessed Valuation ^(A)	Rank	Assessed Valuation (In Millions)	Percentage of Total Assessed Valuation ^(A)	Rank
			(In Millions)	Valuation ^(A)	(In Millions)	(In Millions)	Valuation ^(A)	(In Millions)
1	The Boeing Company	Aerospace	\$ 381	1183.58%	3	\$ 224	1.06%	
2	W2007 Seattle formerly Archon Group LP	Property management	377	1171.16%	(B)	-	0.00%	
3	Bellevue Square Managers Inc formerly North Coast Mortgage	Land management	322	1000.30%	2	231	1.09%	
4	Puget Sound Energy	Utility Services	269	835.65%	5	171	0.81%	
5	Bellevue Place	Property management	237	736.24%	7	126	0.59%	
6	T-Mobile	Telecommunications	212	658.58%	(B)	-	0.00%	
7	Cole Mt Bellevue WA LLC formerly City Center Bellevue	Property management	205	636.84%	(B)	-	0.00%	
8	Kilroy Realty (Three Bellevue Center LLC)	Property management	149	462.87%	10	82	0.39%	
9	Essex Property Trust	Property management	112	347.93%	(B)	-	0.00%	
10	Sterling Realty Org.	Property Management	112	347.93%	7	138	0.65%	
(B)	Spieker Properties	Real Estate Acquisition	(B)	0.00%	1	282	1.33%	
(B)	Qwest/US West	Telecommunications	(B)	0.00%	4	178	0.84%	
(B)	EOP Northwest Properties	Property management	(B)	0.00%	6	128	0.60%	
(B)	Northern Mutual Life Insurance	Insurance	(B)	0.00%	8	91	0.43%	
(B)	National Tax Search	Property management	(B)	0.00%	9	88	0.41%	
			\$ 1,995	6197.50%		\$ 1,650	7.78%	

^(A) 2012 assessed valuations for 2013 tax collection. Total 2012 assessed valuation, in millions, is \$ 32,190, 2002 assessed valuation, \$ 21,212.

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

Source: King County Assessor's office

Table 12

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Total Tax		Collected within the Fiscal Year of the levy		Collected in subsequent years	Total Collections to date	
	Levy	Amount	Amount	Percentage		Amount	Percentage
2003	\$ 27,815	\$ 27,223	\$ 27,223	97.87%	440	\$ 27,663	99.45%
2004	28,034	27,577	27,577	98.37%	363	27,940	99.66%
2005	27,354	26,885	26,885	98.29%	329	27,214	99.49%
2006	27,786	27,401	27,401	98.61%	384	27,785	100.00%
2007	29,044	28,631	28,631	98.58%	342	28,973	99.76%
2008	28,913	28,500	28,500	98.57%	364	28,863	99.83%
2009	35,250	34,664	34,664	98.34%	431	35,095	99.56%
2010	36,063	35,314	35,314	97.92%	350	35,664	98.89%
2011	36,632	36,078	36,078	98.49%	-	36,078	98.49%
2012	36,926	36,384	36,384	98.53%	581	36,965	100.00%

Source:

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

Notes:

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

Table 13

RATIO OF OUSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities					Business Type Activities					Total primary government	Percentage of personal income	Per capita
	General obligation bonds	Special assessments	Conditional purchase contracts	Leases	PWTF loans	Line of credit	General obligation bonds	Revenue bonds	PWTF loans	Total primary government			
2003	\$ 28,775	\$ 5,197	\$ 1,018	\$ 21	\$ 305	\$ -	\$ 4,155	\$ 8,751	\$ 1,165	\$ 49,387	0.95%	\$ 424	
2004	128,800	4,404	3,319	-	244	13,818	4,095	6,163	1,009	162,905	2.85%	1,398	
2005	126,185	3,481	1,793	-	183	18,218	4,025	5,025	853	160,776	2.89%	1,392	
2006	129,951	2,641	1,039	-	122	26,118	3,950	3,846	698	169,374	2.74%	1,448	
2007	127,424	2,116	247	-	774	500	3,850	2,813	546	139,252	2.04%	1,179	
2008	138,600	1,675	-	-	676	12,000	3,600	1,930	412	159,863	2.31%	1,341	
2009	136,851	1,275	-	-	638	12,047	3,350	1,002	279	155,442	2.27%	1,278	
2010	145,728	795	1,100	-	638	15,047	2,980	-	159	166,447	2.47%	1,374	
2011	142,444	100	450	-	598	15,047	2,675	-	103	161,417	2.26%	1,321	
2012	141,801	55	-	-	558	15,047	2,375	-	66	159,902	N/A ^(A)	1,283	

Sources:

- 1) Bellevue Department of Planning and Community Development 2000 Population is based on the year 2010 Census figure released in March 2011.
- 2) Details regarding the city's outstanding debt can be found in the notes to the financial statements.
- 3) See Schedule of Demographic and Economic Statistics, Table 18, for personal income and population data.
- 4) Personal Income data not available at time of printing.

Notes:

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

Table 14

RATIO OF GENERAL BONDED DEBT OUSTANDING

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Percentage of estimated actual taxable value of property ^(A)	Net Bonded Debt per Capita ^(B)
2003	\$ 32,930	\$ 2,401	\$ 30,529	0.15%	\$ 261
2004	132,895	2,505	130,390	0.63%	1,114
2005	130,210	1,560	128,650	0.57%	1,114
2006	133,901	1,610	132,291	0.53%	1,125
2007	131,274	1,999	129,275	0.43%	1,089
2008	142,200	5,607	136,593	0.36%	1,139
2009	140,201	3,370	136,831	0.40%	1,132
2010	148,706	2,172	146,534	0.46%	1,198
2011	145,119	1,976	143,143	0.46%	1,160
2012	144,176	2,462	141,714	0.43%	1,089

^(A) See table 9 for property value statistics.

^(B) See table 18 for population statistics.

Table 15

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2012

(dollars in thousands)

Jurisdiction	Gross General Obligation Debt Outstanding ^(A)	Percentage Applicable to Bellevue ^(B)	Amount Applicable to Bellevue
City of Bellevue	\$ 157,461	100.00%	\$ 157,461
King County	894,303	10.43%	93,276
School District #405	538,040	80.33%	432,208
School District #414	491,780	1.10%	5,410
School District #403	325,110	2.71%	8,810
School District #411	315,155	12.34%	38,890
Port of Seattle	312,005	10.43%	32,542
Hospital District #2	206,495	0.05%	103
Library District	137,405	16.78%	23,057
Issaquah Library Capital Facility Area	3,865	0.73%	28
Total other jurisdictions	3,224,158	19.67%	634,324
Total Direct and Overlapping Debt	\$ 3,381,619	23.41%	\$ 791,785

^(A) Total general obligation bonds outstanding on December 31, 2012 exclusive of refunded bonds. Source: King County Department of Finance.

^(B) Determined by ratio of 2012 assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(dollars in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$1,590,930	\$1,666,024	\$1,796,739	\$1,995,872	\$2,354,687	\$2,821,998	\$2,551,417	\$2,405,906	\$2,323,305	\$2,450,772
Total net debt applicable to limit	120,530	192,005	184,880	186,820	150,079	168,529	187,526	196,897	190,186	187,585
Legal debt margin	\$1,470,400	\$1,474,019	\$1,611,859	\$1,809,052	\$2,204,608	\$2,653,469	\$2,363,891	\$2,209,009	\$2,133,119	\$2,263,187
Total net debt applicable to the limit as a percentage of debt limit	7.58%	11.52%	10.29%	9.36%	6.37%	5.97%	7.35%	8.18%	8.19%	7.65%

Legal Debt Margin Calculation for Fiscal Year 2012

(dollars in thousands)

Description	Councilmanic	Voted	General Purpose	Excess Levy	Excess Levy	Total
	Debt (Non-Voted)					
Assessed Value ^(A)	\$ 32,676,961	\$ 32,676,961	\$ 32,676,961	\$ 32,676,961	\$ 32,676,961	\$ 32,676,961
Statutory debt limit percentages:	1.50%	1.00%	2.50%	2.50%	2.50%	7.50%
Debt limit	\$ 490,154	\$ 326,770	\$ 816,924	\$ 816,924	\$ 816,924	\$ 2,450,772
Debt applicable to limit						
Bonds outstanding	\$ 144,176	\$ -	\$ 144,176	\$ -	\$ -	\$ 144,176
Capital Lease BCCA -1991	4,568	-	4,568	-	-	4,568
Capital Lease BCCA -1994	10,176	-	10,176	-	-	10,176
Installment Purchase Contracts	-	-	-	-	-	-
Line of Credit	30,000	-	30,000	-	-	30,000
Less:						
Cash on hand for debt redemption ^(C)	1,335	-	1,335	-	-	1,335
Delinquent taxes ^(D)	-	-	-	-	-	-
Total Net Debt applicable to limit	187,585	-	187,585	-	-	187,585
Remaining Debt Capacity	\$ 302,569	\$ 326,770	\$ 629,339	\$ 816,924	\$ 816,924	\$ 2,263,187

^(A)This figure represents the City's final assessed valuation for 2012 which will be used to determine the 2013 property tax levy.

^(B)The principal portion of the Bellevue Convention Center Authority's (BCCA) capital lease is included in the City's debt calculation because the BCCA qualifies as a component unit under Section 2100 of the Governmental Accounting Standards Board (GASB) 1994 Codification.

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

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

Source: Materials prepared for State Schedule 10 – Summary of Indebtedness for year ending 12/31/12.

In accordance with State of Washington RCW 39.36.60, does not include DCTED Public Works Trust Fund Loans.

Table 17

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Gross Revenue ^(A)	Expenses ^(B)	Revenue Bonds			Special Assessment Bonds			Total Coverage			
			Debt Service Requirements ^(C)			Debt Service						
			Net Revenue available for debt service	Principal	Interest	Total	Coverage ^(D)	Principal		Interest	Total	
2003	\$ 73,169	\$ 54,181	\$ 18,988	\$ 3,104	\$ 5,919	\$ 9,023	2.10%	\$ 973	\$ 205	\$ 36	\$ 241	4.04%
2004	75,666	54,038	21,628	3,475	6,048	9,523	2.27	718	727	354	1,081	0.66
2005	81,465	57,256	24,209	3,022	6,257	9,279	2.61	870	706	302	1,008	0.86
2006	96,165	60,748	35,417	3,074	6,475	9,549	3.71	625	720	238	958	0.65
2007	99,495	68,970	30,525	2,721	6,349	9,070	3.37	718	484	170	654	1.10
2008	103,546	68,568	34,977	3,376	6,934	10,309	3.39	564	471	11	482	1.17
2009	102,648	69,781	32,867	3,653	7,166	10,819	3.04	645	401	85	486	1.33
2010	108,277	72,700	35,577	1,661	6,796	8,457	4.21	475	403	58	461	1.03
2011	13,711	8,345	5,366	1,850	7,741	9,591	0.56	425	35	8	43	9.88
2012	13,318	7,573	5,745	1,885	8,115	10,000	0.57	412	45	8	53	7.77

(A) Gross revenues as defined in applicable bond indentures for the Marina, and the Bellevue Convention Center Authority, excluding gain on sale of assets.

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

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

(D) Net revenue available for debt service divided by total debt service requirements. The coverage factors for the individual enterprises in 2012 are: Marina .89 and Bellevue Convention Center Authority, .56.

Table 18

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population	Per Capita		Median Age	Number of Households	Public School Enrollment	Number of Jobs	Unemployment Rate	CPI-U%
		Personal Income	Personal Income						
2003	116,983	\$ 44,821	\$ 5,243,295	39	48,637	15,396	122,928	5.8%	1.6%
2004	117,061	49,118	5,749,802	39	48,602	15,718	121,010	4.9%	1.2%
2005	115,493	48,216	5,568,610	39	47,840	16,215	124,716	4.1%	2.8%
2006	117,580	52,655	6,191,175	39	48,639	16,461	131,418	3.7%	3.7%
2007	118,701	57,710	6,850,235	40	49,035	16,520	134,766	3.2%	3.9%
2008	119,973	58,141	6,975,350	41	49,500	16,937	138,723	3.8%	4.2%
2009	120,872	56,904	6,878,100	38	49,805	17,311	130,930	7.2%	0.6%
2010	122,363	55,136	6,746,606	38	50,355	17,783	130,249	7.6%	0.3%
2011	123,400	57,837	7,137,086	38	51,493	18,048	133,846	6.9%	2.7%
2012	124,600	A	A	A	A	18,351	A	5.9%	2.5%

Sources:

- 1) Population and number of households data was provided by the City of Bellevue Planning & Community Development Department and the Washington State Office of Financial Management. Note, estimates from 2003 to 2009 were revised to match OFM's intercensal estimates.
- 2) Per Capita Personal Income data was provided by US Bureau of Economic Analysis. Estimates are for King County, in which Bellevue is located. Bellevue data are not available.
- 3) Personal Income was calculated from Per Capita Personal Income and Population estimates and is presented in thousands.
- 4) Median Age was provided by the U.S. Census Bureau's annual American Community Surveys and the 2010 Census.
- 5) Public School Enrollment was provided by the Bellevue School District.
- 6) Number of Jobs was provided by the Puget Sound Regional Council.
- 7) Unemployment Rate was provided by the Bureau of Labor Statistics. Please note previous years may reflect revised inputs, reestimation, and/or adjustment to new state control totals.
- 8) CPI-U was provided by the Bureau of Labor Statistics and is for Seattle-Tacoma-Bremerton Metropolitan Area.

A Data not available at time of publication.

Table 19

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	Type of Business	2012			2003		
		Rank	Number of Employees	Percentage of Total City Employment	Rank ^(A)	Number of Employees	Percentage of Total City Employment
Microsoft Corp.	Technology	1	6,300	4.48%			0.00%
T-Mobile USA	Cellular Telephones	2	3,500	2.49%			0.00%
Boeing	Aviation	3	3,200	2.28%			0.00%
Bellevue School District	Education K-12	4	2,800	1.99%			0.00%
Overlake Hospital Medical Center	Medical Hospital	5	2,600	1.85%			0.00%
Expedia Inc.	Online Travel	6	2,300	1.64%			0.00%
Bellevue Community College	Higher Education	7	2,300	1.64%			0.00%
City of Bellevue	Government	8	1,570	1.12%		1,577	1.28%
Safeway	Grocery/Bakery	9	1,100	0.78%			0.00%
Puget Sound Energy	Utility Services	10	1,000	0.71%			0.00%
			<u>26,670</u>	<u>18.98%</u>		<u>1,577</u>	<u>1.28%</u>

Source: Planning and Community Development Department

Estimate number of total jobs at end of 2012 was 140,500 and 122,928 for 2003.

(A) Number of jobs data was provided by the City of Bellevue Planning & Community Development Department.

(B) Historical data was primarily unavailable and as a result, no ranking was applied. For those employers where data was available, employee counts were provided.

Table 20

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	321	327	322	327	349	363	403	384	358	337
Public Safety										
Police										
Officers	176	174	170	173	175	182	180	181	180	178
Civilians	100	97	100	93	93	99	97	42	35	35
Fire										
Firefighters and Officers	194	198	198	198	207	209	218	216	212	216
Civilians	26	21	21	24	28	37	30	33	31	29
Transportation	132	130	127	129	129	130	117	117	115	112
Culture and Recreation	176	173	172	180	163	163	163	166	164	162
Water	58	63	63	61	62	63	63	66	66	66
Sewer	37	39	38	41	41	42	42	46	46	47
Storm Drainage	44	44	44	45	45	45	45	48	49	49
Total	1,263	1,265	1,254	1,269	1,291	1,333	1,358	1,299	1,256	1,231

Source: City of Bellevue Budget Office

Table 21
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OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function:										
Public Safety/Judicial:										
Police:										
Offenses:										
Rape	28	38	29	42	29	33	25	10	23	26
Robbery	66	75	49	71	61	71	61	59	58	67
Homicide	0	0	2	3	0	0	2	0	2	2
Assault	850	693	420	570	528	582	545	538	553	517
Auto Theft	588	608	567	476	446	274	179	207	157	169
Burglary	518	680	595	591	583	687	621	657	607	685
Larceny	3,213	3,570	3,503	3,178	3,152	3,327	3,150	2,905	2,775	2,649
Citations										
Traffic	30,314	23,129	24,370	22,088	20,814	22,664	22,914	20,959	18,084	15,809
Criminal	2,863	2,335	2,033	2,383	2,533	2,653	2,473	2,266	2,577	2,695
Judicial System:										
Handled by District Court	33,177	25,464	26,403	24,471	23,347	25,317	25,387	23,225	20,661	18,504
Fire:										
First Response:										
Buildings	182	162	135	123	110	120	120	96	86	117
Non-Buildings	533	242	257	300	237	225	259	184	157	197
Service	519	503	418	506	450	422	462	340	350	293
False Alarm	1,420	1,476	1,466	1,682	1,446	1,573	1,502	1,438	1,342	1,320
Other	2,629	1,053	892	1,671	1,078	1,039	984	860	838	832
Medic 1 Responses:										
First Aid	11,797	12,218	12,381	14,002	13,525	13,640	13,794	13,571	13,469	13,851
Runs/Week	227	235	238	269	260	262	265	261	259	266

Table 21
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OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function:										
Transportation:										
Area of roadway repaired (sq. ft)	4,008	8,295	7,461	10,631	16,330	19,305	16,626	13,510	28,999	48,929
Miles of streets swept	5,214	5,532	4,746	4,685	5,098	3,506	2,385	4,410	3,962	3,601
Area of sidewalk repaired (sq ft)	7,280	10,225	5,821	4,497	5,222	10,090	5,299	3,153	6,374	9,283
Physical/Economic environment:										
Building permits issued	10,404	11,472	12,395	13,673	13,707	12,862	10,984	11,506	11,261	12,380
Estimated value (In Millions \$)	190	255	346	761	831	629	274	209	168	377
Culture and recreation										
Number of rounds of golf played	76,237	73,059	69,625	61,043	75,913	79,883	79,610	73,902	70,368	62,143
Water utility:										
Water Consumption (in CCF)	6,962	7,242	6,814	7,293	6,852	6,612	6,908	6,277	6,349	6,652
Number of customers:										
Residential	30,460	33,912	34,210	34,286	34,440	34,544	34,599	34,667	34,723	34,797
Multi-Residential	561	658	657	659	651	648	647	650	661	662
Commercial	2,029	2,264	2,191	2,110	2,101	2,107	1,855	1,808	2,087	2,091
Total Number of customers	33,050	36,834	37,058	37,055	37,192	37,299	37,101	37,125	37,471	37,471
Water consumption peak in a day (millions of gallons)	34	35	31	33	32	29	37	29	27	29
Water consumption peak in a month (millions of gallons)	888	860	811	830	724	776	876	737	750	761

Table 21
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OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function:										
Sewer Utility:										
Sewer Consumption (in CCF)	5,030	5,256	5,272	5,362	5,401	5,533	5,322	4,603	5,404	5,400
Number of customers:										
Residential	30,242	32,764	32,874	33,710	33,865	33,057	33,195	34,596	33,320	34,696
Multi-Residential	582	660	655	653	648	644	641	648	652	654
Commercial	1,690	1,795	1,806	1,721	1,725	1,737	1,719	1,710	1,709	1,734
Total Number of customers	32,514	35,219	35,335	36,084	36,238	35,438	35,555	36,954	35,681	37,084
Storm Drainage utility:										
Number of customers:										
Residential	27,875	27,903	27,931	28,000	28,064	28,153	28,158	28,196	28,266	30,309
Multi-Residential	503	535	530	531	525	524	526	546	530	546
Commercial	1,864	1,975	1,984	1,974	1,960	1,968	1,949	1,939	1,939	1,960
Total Number of customers	30,242	30,413	30,445	30,505	30,549	30,645	30,633	30,681	30,735	32,815

Note: No operating indicators are available for general government & Marina

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CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety:										
Police										
Traffic/Patrol units	70	69	73	76	78	72	72	73	75	73
Fire										
Fire Stations	9	9	9	9	9	9	9	9	9	9
Fire apparatus	29	27	28	28	23	21	22	22	22	22
Fire aid units	10	10	10	12	18	17	18	16	16	15
Transportation:										
Paved streets (miles)	396	389	388	389	390	390	390	390	390	412
Sidewalks (miles)	308	308	319	333	334	336	329	329	336	337
Traffic Signals	173	173	177	179	180	182	182	183	184	186
Streetlights owned by City of Bellevue	2,734	2,810	2,926	2,982	3,026	3,205	3,232	2,900	3,048	3,106
Streetlights owned by Puget Sound Energy	4,562	4,644	5,148	4,655	4,835	5,064	5,102	5,146	5,385	5,610
Culture and Recreation/Marina:										
Parks acreage	2,104	2,119	2,600	2,612	2,657	2,696	2,696	2,707	2,707	2,721
Parks	77	77	77	77	77	77	77	77	77	77
Maintained Trails (miles)	60	64	69	74	97	80	80	80	92	92
Playgrounds	45	45	45	45	45	45	45	45	46	46
Tennis Courts/Centers	39	39	39	39	39	39	39	39	38	38
Sports fields	32	32	32	32	32	32	32	32	34	34
Sports courts	27	27	27	27	27	27	27	27	27	27
Swimming beaches/pools	7	7	7	7	7	7	7	7	7	7
Visitor/Interpretive Centers	2	2	3	3	3	4	4	4	4	4
Community Centers/Recreation facilities	4	4	5	5	5	5	5	5	5	5

Table 22
Page 2 of 2

CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Golf Courses	2	2	2	2	2	2	2	2	2	2
Marinas/Boat launches	2	2	2	2	2	2	2	2	2	2
Water:										
Water mains (miles)	616	617	618	617	617	620	620	616	618	617
Vehicles	42	42	43	43	43	40	41	41	32	34
Sewer:										
Sanitary sewers (miles)	520	520	520	520	521	523	523	525	525	525
Vehicles	36	40	43	35	37	38	41	41	29	27
Storm Drainage										
Vehicles	24	25	26	27	27	26	28	28	24	25

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