

City of Bellevue, Washington



**2011
Comprehensive
Annual
Financial
Report**

For the Fiscal Year Ended December 31, 2011

City of Bellevue, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2011



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, 2010

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.



Linda C. Sandson

President

Jeffrey R. Emswiler

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, 2010.

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, 2011

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June 29, 2012

**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, 2011 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 31.5 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 about 123,400 residents and is expected to grow at an average annual rate of 0.8% through 2020, excluding any 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 three 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.

However, by most measures, it appears that 2011 was the bottom, and we are starting to slowly climb out of the recession.

Revenue for 2011 ended the year on target with the revised mid-biennium forecast which was substantially less than the 2011 Adopted Budget revenue. Overall, in 2011 the General Fund saw 3.2% growth in base tax revenue over 2010. 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 2011, when adjusted for one-time amnesty funding, had less than a 1% growth over 2010. 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 2010. Bellevue is projecting a 3.4% growth in taxes for 2012 and the longer-term forecast projects a modest 3.8% 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. With a boost from Boeing's 7,000 new jobs, the region has outperformed the nation during the recovery in terms of employment growth growing at 1.9% in 2011. The region expects 2.5% growth in 2012 and an average of 1.7% growth over the longer-term outlook.

Local economists continue to assert that economic improvement is dependent on housing market stabilization. Puget Sound housing permits grew by 10% and home sales increased by 9% in 2011;

however, home prices dropped by 14.4% during the year (source: NWMLS). Housing prices are expected to remain virtually flat in 2012 and then grow at 4.5% over the longer-term forecast. According to the Puget Sound Economic Forecaster, until the fear of falling home prices and home foreclosure problems are resolved, the economy will continue to limp along.

Office vacancies fell to 13.8% in the Bellevue's Central Business District from 16.5% in 2010. Bellevue's office market lease rates remain stronger than neighboring communities. The Eastside is projected to expand over the next two years, creating speculative development prospects.

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

Budget One Initiative:

In 2011, traditional incremental budgeting was set aside in favor of a "budgeting for outcomes" approach that would result in funding operational programs and capital projects within the seven outcome areas that matter to the community, referred to as Budget One. The budget reflects the services our community desires and can afford. The seven strategic outcome areas approved by the Council are (1) Safe Community (2) Improved Mobility (3) Innovative, Vibrant & Caring Community (4) Quality Neighborhoods (5) Healthy and Sustainable Environment (6) Responsive Government and (7) Economic Growth and Competitiveness.

The Budget identifies the government programs and services that will achieve improved results for the public. It provides a balance between the operating and capital needs of the City and encourages innovation and efficiency across the organization. Adopted budget expenditures reflect what the City projected it could afford without increases in any taxes.

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. 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.

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 2011 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 2011. 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, 2010. The City has earned this prestigious award for 31 out of 35 CAFR submissions. This was the 29th 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, Veronica Doherty, Senior Financial Analyst, Brent Small, Senior Financial Analyst, and Robert Earley, 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,



Jan Hawn
Finance Director

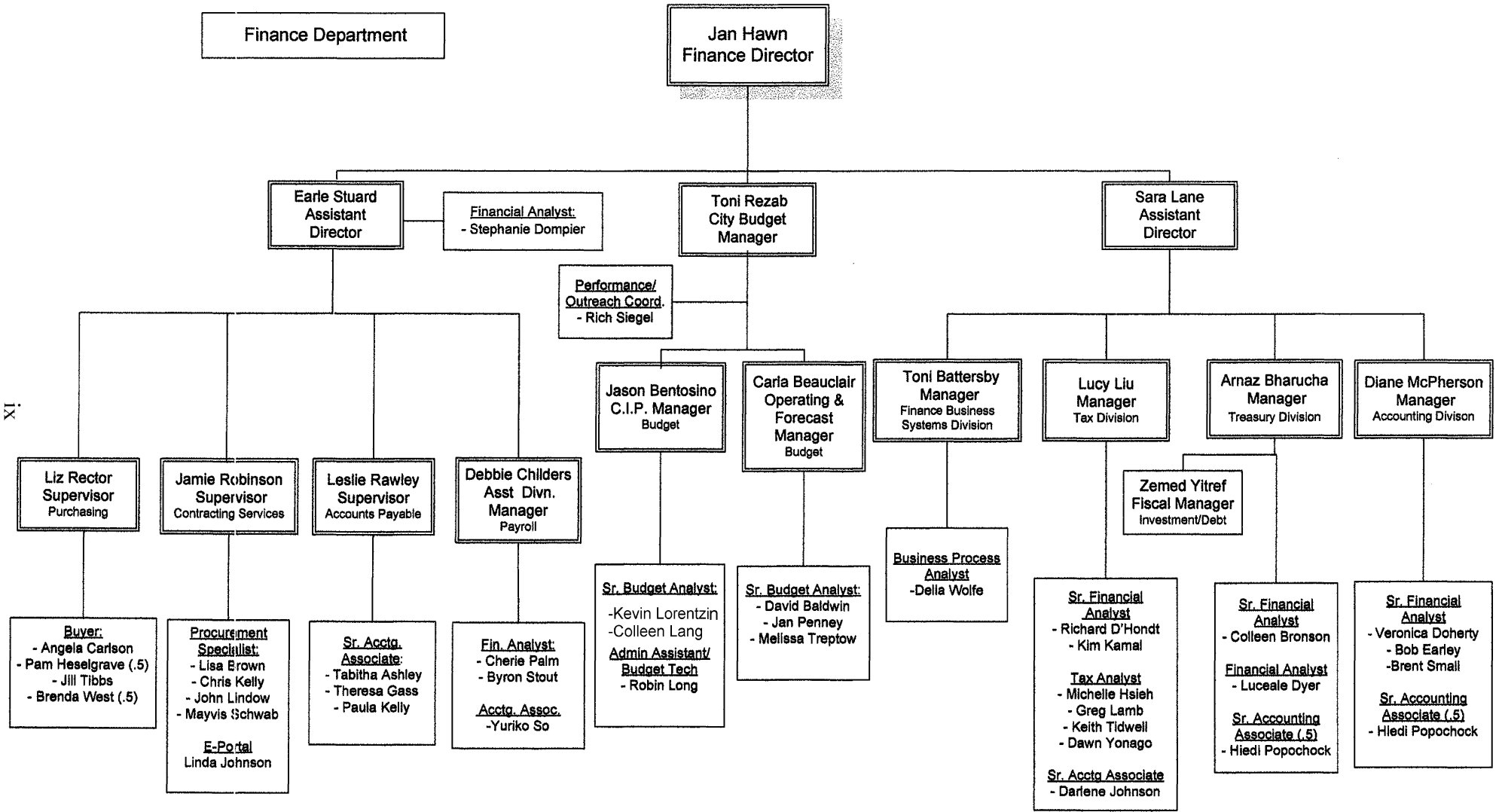
CITY OFFICIALS

ELECTED CITY COUNCIL

Mayor.....	Don Davidson
Deputy Mayor.....	Conrad Lee
Council.....	Claudia Balducci John Chelminiak Grant Degginger Jennifer Robertson Kevin Wallace

APPOINTED ADMINISTRATIVE STAFF

City Manager	Steven Sarkozy
Deputy City Manager.....	Brad Miyake
Director of Intergovernmental Relations	Diane Carlson
Assistant City Manager for City Council and Administrative Support/City Clerk	Myrna Basich
City Attorney	Lori Riordan
Civic Services	Nora Johnson
Development Services	Mike Brennan
Economic Development.....	Robert Derrick, Jan-Mar 2011
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	Dan Stroh, Acting, Jan – July, 2011 Chris Salomone, July – Dec 2011
Police Chief.....	Linda Pillo
Transportation Director.....	David Berg
Utilities Director	Nav Otal



XI.

City of Bellevue
Administrative Structure

Bellevue
Community

Advisory Groups
Boards
Commissions

City Council

City Manager

Deputy City
Manager

Director of
Intergovernmental
Relations

Asst. City Manager
for Admin & Council
Support/City Clerk

Director of
Communications

Assistants to
City Manager

City Attorney

Civic
Services

Development
Services

Economic
Development

Finance

Fire

Human
Resources

Information
Technology

Parks &
Community
Services

Planning &
Community
Development

Police

Transportation

Utilities

x

Financial Section





**Washington State Auditor
Brian Sonntag**

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INDEPENDENT AUDITOR'S REPORT

June 29, 2012

Council
City of Bellevue
Bellevue, Washington

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2011, the City has implemented the Governmental Accounting Standards Board Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 29, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 14, infrastructure modified approach on page 106, budgetary comparison information on pages 107 through 111 and pension trust fund and postemployment benefits other than pensions information on pages 104 through 105 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 the 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.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 116 through 148 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.

Sincerely,

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

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, 2011. 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

The great recession and ensuing slow economic recovery has resulted in 2011 tax revenues remaining relatively unchanged from 2010. Investment earnings were relatively unchanged from 2010.

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 Assets presents information on all of the City's assets and liabilities; the difference between the two is reported as net assets. Evaluating increases or decreases in net assets 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 assets, revenues, expenses, and changes in fund net assets 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.

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 assets of the City as of December 31, 2011 and December 31, 2010 are summarized and analyzed in the following table.

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
	(in thousands)					
Current and other assets	\$ 135,388	\$ 150,782	\$ 142,733	\$ 126,725	\$ 278,121	\$ 277,507
Capital assets, net of accumulated depreciation	1,666,648	1,658,958	261,608	255,670	1,928,256	1,914,628
Total assets	1,802,035	1,809,740	404,342	382,395	2,206,377	2,192,135
Long-term liabilities	183,377	187,932	4,389	4,728	187,766	192,660
Other liabilities	20,199	21,766	2,468	2,006	22,667	23,772
Total liabilities	203,576	209,699	6,857	6,734	210,434	216,432
Net Assets:						
Invested in capital assets, net of related debt	1,506,482	1,494,063	258,754	252,444	1,765,236	1,746,506
Restricted	11,207	24,042	102,188	92,384	113,395	116,427
Unrestricted	80,770	81,936	36,542	30,834	117,312	112,770
Total net assets	\$ 1,598,459	\$ 1,600,041	\$ 397,484	\$ 375,662	\$ 1,995,943	\$ 1,975,703

Governmental Activities: Total net assets for the City increased by \$20.2 million, including a decrease of \$1.6 million in governmental activities tempered by an increase in business type activities of \$21.8 million. Of total governmental activities net assets, \$1.7 million is restricted for debt service and \$9.5 million for capital projects. Unrestricted net assets of \$80.8 million are available to meet ongoing obligations to citizens and creditors. Factors contributing to the changes in net assets include:

- Of the decrease in governmental activities net assets, \$15.4 million was in cash and equity in pooled investments resulting from use of cash reserves during the economic recovery.
- Capital assets, net of depreciation increased by \$7.7 million, \$6 million was the purchase of Seattle Children's Hospital properties and right of ways.
- The decrease to long-term liabilities of \$4.6 million was due to the reduction of debt and other liabilities. No new debt was issued in 2011.
- The net result of the decrease in capital related long term debt of \$4.7 million and the increase in capital assets of \$7.7 million led to an increase to Invested in capital assets net of related debt of \$12.4 million.

- The slow economic recovery and subsequent use of reserves led to stagnation in unrestricted net assets and a decrease in restricted net assets of \$12.8 million for capital project related activities.

Business-type activities: Business-type activities of the City's utilities and marina increased the City of Bellevue's net assets by \$21.8 million in 2011. Of total net assets, \$101.8 million is restricted for utility capital projects, \$.3 million is restricted for Marina debt service and \$36.5 million is available to meet operating needs. Contributing factors of the increase in net assets were:

- Business type current assets increased by \$16 million, the result of an effort to build reserves to cover planned future replacement of aging infrastructure.
- The net increase of \$5.9 million in capital assets was related to construction projects currently underway tempered by depreciation for existing assets.
- Long-term debt obligations of the Marina fund is \$2.7 million, of which \$2.4 million is due in more than one year \$.3 million due within one year. Utility revenue bonds were paid off in 2010.

Changes in net assets

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

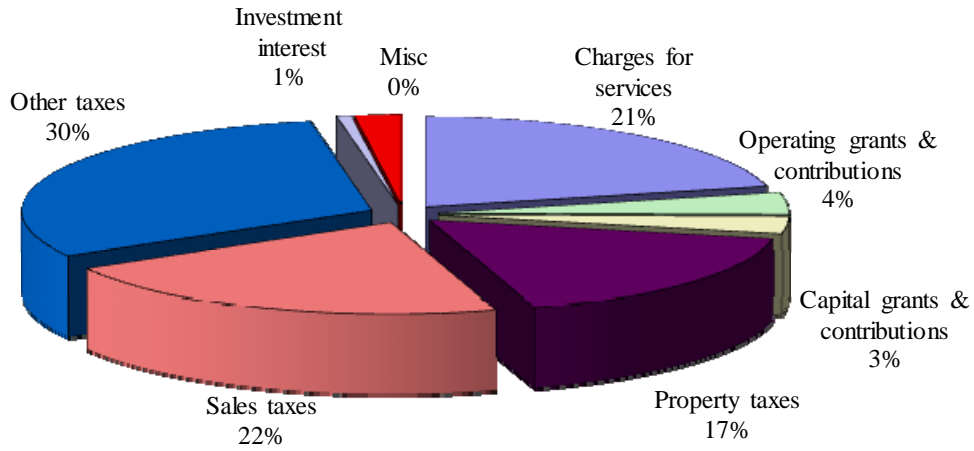
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:	(in thousands)					
Program revenues:						
Charges for services	\$ 45,936	\$ 37,927	\$ 100,479	\$ 94,814	\$ 146,415	\$ 132,741
Operating grants & contributions	8,423	9,196	-	-	8,423	9,196
Capital grants & contributions	6,563	2,550	3,575	7,155	10,138	9,705
General revenues:						
Property taxes	36,337	35,364	-	-	36,337	35,364
Sales taxes	46,357	44,984	-	-	46,357	44,984
Other taxes	65,665	67,388	-	-	65,665	67,388
Investment interest	1,458	1,479	1,529	1,254	2,988	2,732
Miscellaneous	4,631	888	1,495	349	6,126	1,237
Total revenues	215,370	199,776	107,078	103,571	322,448	303,348
Expenses:						
General government	36,450	25,557	-	-	36,450	25,557
Public safety	79,163	79,818	-	-	79,163	79,818
Physical environment	1,813	1,801	-	-	1,813	1,801
Transportation	29,711	30,413	-	-	29,711	30,413
Economic environment	18,720	20,177	-	-	18,720	20,177
Health and human services	8,195	7,401	-	-	8,195	7,401
Culture and recreation	34,948	36,643	-	-	34,948	36,643
Unallocated interest on long-term debt	7,817	7,262	-	-	7,817	7,262
Water	-	-	34,897	33,798	34,897	33,798
Sewer	-	-	39,571	34,755	39,571	34,755
Storm Drainage	-	-	10,661	9,668	10,661	9,668
Marina	-	-	261	312	261	312
Total Expenses	216,818	209,071	85,390	78,533	302,208	287,605
Excess (deficiency) before transfers and special items	(1,448)	(9,295)	21,689	25,038	20,241	15,743
Transfers	(134)	(527)	134	527	-	-
Increase (decrease) in net assets	(1,582)	(9,822)	21,823	25,565	20,241	15,743
Net assets - beginning	1,600,041	1,609,863	375,662	350,097	1,975,703	1,959,960
Net assets - ending	\$ 1,598,459	\$1,600,041	\$397,484	\$375,662	\$1,995,943	\$ 1,975,703

Governmental activities experienced a net decrease of \$1.6 million in net assets while business activities increased by \$21.8 million, for a net increase in net assets of \$20.2 million in 2011. While net assets remained relatively constant over 2010, some activities experienced significant changes, namely:

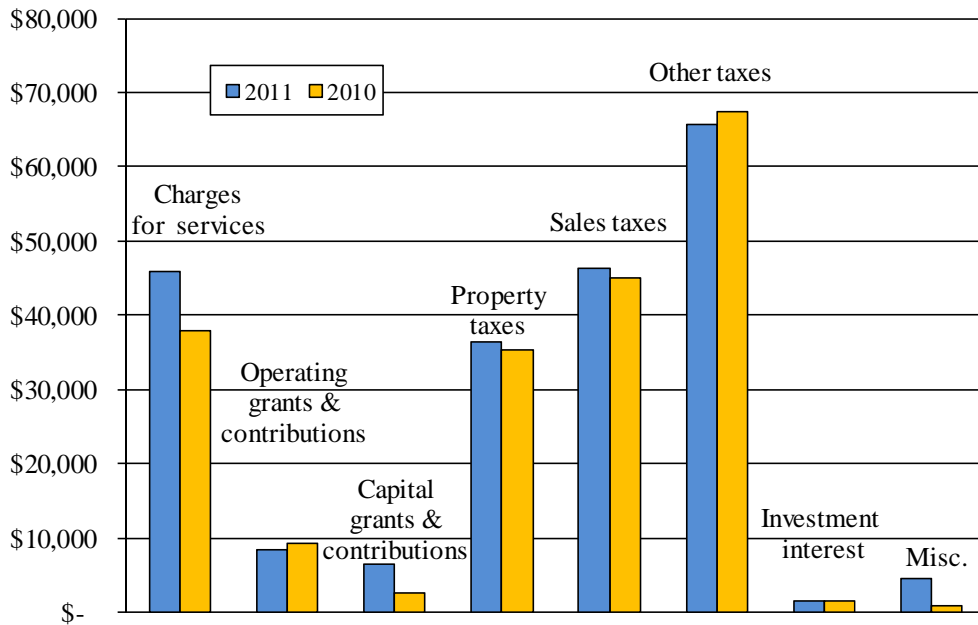
- Charges for services increased \$8 million, resulting from increases in park fees and renegotiation of fire contracts.
- Capital grants and contributions increased by \$4 million, including:
 - Transportation grants from Federal and State increased a combined \$2.2 million, and
 - Culture and recreation had Parks & Open Spaces inter-local grants and contributions totaling \$1.9 million.
- While the slow economic recovery continues to impact our economy, Bellevue's General Revenues collections increased by \$4.3 million, largely due to an increase in miscellaneous revenues of \$3.7 million, which included a refund from Group Health of \$.6 million and \$.8 million from ARCH activities. Tax revenues were relatively unchanged from 2010. General tax revenue details include:
 - Retail sales and use taxes increased by \$1.4 million,
 - Hotel-Motel taxes increased slightly by \$ 0.7 million, and
 - Excise and Other taxes decreased by \$3.8 million combined.
- Investment rates continue to stagnate with higher yielding investment holdings being called early, resulting in no change in investment interest earnings over 2010.
- Governmental activities expenses increased \$7.7 million, the highlights of which are as follows:
 - An increase in general government expense for \$10.9 million due to revenue backed charges for services and grants.
 - Public Safety, Transportation, Economic Environment, and Culture and Recreation all experienced decreases as a result of personnel reductions of 72 positions throughout the City, the elimination of some programs, and other cost containment efforts for an aggregate decrease of \$4.5 million..

The following charts illustrate the major revenue sources as percentages of total revenues for governmental funds and in comparison from 2010 to 2011.

Governmental Activities - Revenues

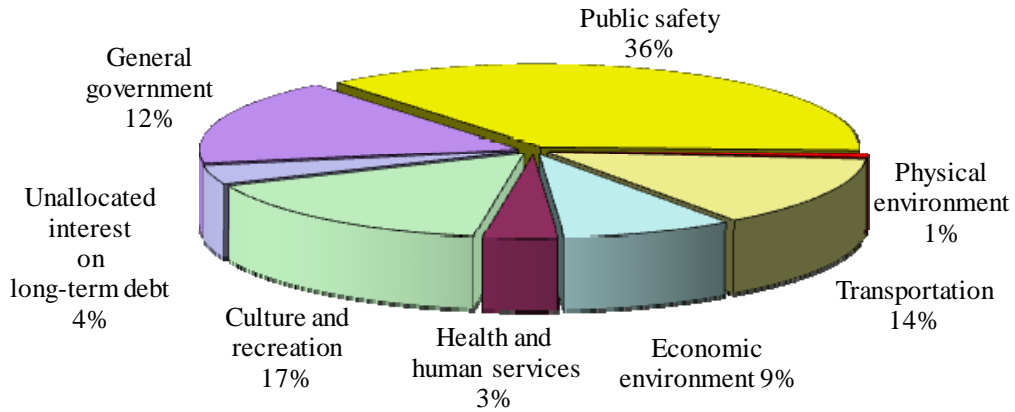


Governmental Activities - Revenues Comparison

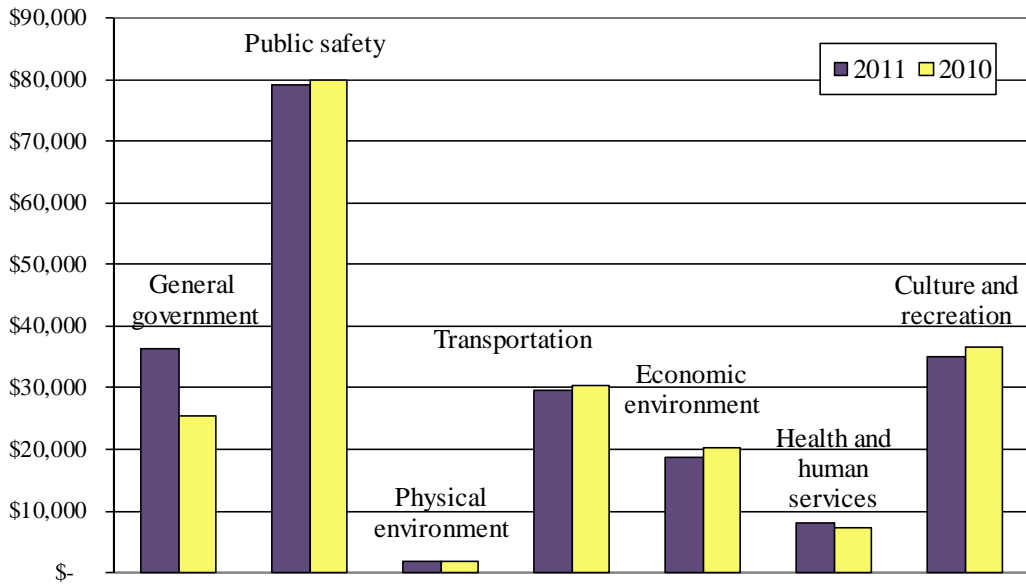


Expenses for governmental activities are shown in the following charts by function, both as a percentage of total expenses and as compared to 2010.

Governmental Activities - Expenses



Governmental Activities - Expenses Comparison



Business-type activities of the City’s utilities and marina increased the City of Bellevue’s net assets by \$21.8 million in 2011. Key elements of this increase are:

- Charges for services increased \$5.7 million mainly due to rate increases, although consumption rose slightly in Water Utility and 17.4% in Sewer Utility. The rate increase in Water Utility was 3.3%, Sewer Utility was 8.9% 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>2011</u>	<u>2010</u>	Percent increase/ decrease
Number of customers:			
Water	37,471	37,125	0.93%
Sewer	35,681	36,954	-3.44%
Drainage	30,735	30,681	0.18%
Annual consumption:			
Water	6,349	6,277	1.15%
Sewer	5,404	4,603	17.40%

- Business type capital grants & contributions decreased by \$3.6 million due to fewer construction projects in 2011.
- Water Utility expenses increased \$6.9 million, largely due to the increase of \$1.4 million in amounts remitted to the Cascade Water Alliance Association, and \$3.9 million in increased repairs and maintenance expenses.

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.

As a result of changes in the definition of special revenue funds under GASB 54, the General Fund beginning fund balance has been restated to include the beginning balances of the Land Purchase Revolving Fund, Cable Franchise Fund, and Parks Fees Fund. At the end of 2011, fund balance for the General Fund was \$22.6, an increase of \$1.6 million from 2010. Revenues increased \$5.8 million, largely the result of tax and fine & forfeiture revenue increases. Cost containment efforts, including the elimination of several positions led to a decrease in expenditures of \$1.9 million. Other financing uses and sources decreased \$9.3 million due to the refunding of excess reserves from Internal Service Funds in 2010 to support general government services during the recession.

The Operating Grants, Donations and Special Reserves Fund has an ending fund balance of \$2.5 million, down \$1.1 million from 2010 resulting from fewer grants available. Grants and donations are restricted by awarding entities or donors for specific purposes and special reserves are set by City Council for specific use.

The Housing Fund has an ending fund balance of \$4.2 million, down \$1 million from 2010. The fund balance is representative of the properties and loans receivable made available to maintain affordable housing in Bellevue.

The General Capital Investment Program Fund has an ending fund balance of \$11.9 million. This represents a decrease of \$10.2 million as a result of the slow economic recovery requiring the use of existing resources.

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 assets of the major enterprise funds are as follows:

The Storm & Surface Water Utility has unrestricted net assets of \$6.4 million, an increase of \$.7 million over 2010. The Water Utility’s unrestricted net assets increased by \$1.6 million to \$14.2 million and the Sewer Utility’s unrestricted net assets increased \$3.4 million ending in a balance of \$15.9 million for the year.

Unrestricted net assets 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 2011 was \$1.9 billion, net of depreciation, which is an increase of \$13.6 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	
	2011	2010	2011	2010	2011	2010
	(in thousands)					
Land	\$ 747,441	\$ 741,453	\$ 24,898	\$ 24,898	\$ 772,339	\$ 766,351
Buildings	153,574	158,216	19,044	18,777	172,618	176,993
Improvements other than buildings	25,689	29,304	-	-	25,689	29,304
Machinery and equipment	18,833	19,064	3,058	2,110	21,891	21,174
Infrastructure	679,292	671,567	203,904	200,316	883,196	871,883
Intangible assets	9,271	8,978	84	68	9,355	9,046
Construction in progress	32,548	30,377	10,620	9,500	43,168	39,877
Total	\$ 1,666,648	\$1,658,959	\$261,608	\$255,669	\$1,928,256	\$ 1,914,628

Governmental Activities. Capital assets from governmental activities increased \$7.7 million. Key elements of this change are as follows:

- Increase in Land of \$6.0 million due to the purchase of land and right of ways.
- Increase in infrastructure of \$7.7 million due to the completion of several capital projects.

- Construction in progress increased \$2.1 million related to several transportation street and sidewalk projects.

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 2011 increased from 72 to an overall performance rating of 74. The percentage of roadways above a satisfactory rating for 2011 is 81%, which is an increase of 1% from the prior year. Residential roadways show an average condition rating of 84, no change over 2010. Of the total residential lane miles, 97% 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 \$5.9 million of which \$4.5 million is attributable to ongoing and completed projects related to system rehabilitation and water main replacement. 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 \$163 million in debt outstanding compared to \$168 million last year. The outstanding debt is \$160 million and \$3 million for governmental activities and business type activities, respectively.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
	(in thousands)					
General obligation bonds	\$ 143,971	\$147,317	\$ 2,752	\$ 2,980	\$146,723	\$ 150,297
Special assessment debt	100	795	-	-	100	795
Line of credit	15,047	15,047	-	-	15,047	15,047
Installment purchase	450	1,100	-	-	450	1,100
Other long term debt	597	638	103	159	700	797
Total	\$ 160,165	\$164,897	\$ 2,855	\$ 3,139	\$163,020	\$ 168,036

Governmental Activities. The city did not issue any new debt for 2011. Of the debt outstanding at December 31, 2011, \$4.2 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 amounted to \$.305 million. Of the debt outstanding at December 31, 2011, \$.3 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 2011 was \$30.9 billion and the total amount of additional debt the City may issue is \$2.1 billion. Remaining debt capacity is categorized as follows (in thousands):

General debt	\$ 584,249
Open space/Parks facilities	774,435
Utilities	774,435
Total	\$ 2,133,119

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 \$.02 million between the original General Fund budget for fiscal year 2010 and the final General Fund budget is explained as follows:

- The nominal increase between the 2011 Adopted Biennial Budget and the 2011 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 \$3.2 million lower than budget at year end. This is due to a short-fall in general tax collections (\$2.1M) and development related revenues (\$1.7M) due to the tenuous economy. Expenditures were \$4.2 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 key factors affecting the economy while preparing the City's 2011-2012 biennial budget were the recent recession and economic uncertainty. Bellevue's economy continued to stabilize and showed signs of improvement in 2011. In early 2011, City management again focused on expenditure reductions in response to the weak economy and these cost containment measures are continuing into 2012.

It appears by most measures that 2011 was the bottom, and we are starting to slowly climb out of the recession.

2011 revenue ended the year on target with the revised mid-biennium forecast which was substantially less than the 2011 Adopted Budget revenue. Overall, in 2011 the General Fund saw 3.2% growth in base tax revenue over 2010. 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 2010. 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. 2011 Sales tax adjusted for the onetime amnesty funding had less than a 1% growth over 2010. 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 2010.

Expenditures were approximately 1.3% lower than was projected in September. Cost containment management actions were crucial to bringing expenses in line with reduced level revenues.

As the City responds to the turbulent economic environment it continues to focus on providing the highest sustainable level of priority government programs, services, and capital investments. The City's 2011-2012 Biennial Budget reflects the results of this effort referred to as Budget One and this process is currently being used to develop the 2013-2014 Biennial Budget. The Budget One process encompasses a "Budgeting for Outcomes" philosophy and 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 & Caring Community (4) Quality Neighborhoods (5) Healthy and Sustainable Environment (6) Responsive Government and (7) Economic Growth and Competitiveness.

In 2010, the traditional incremental budgeting method was set aside in favor of an approach that would result in funding operational programs and capital projects within the seven outcome areas that matter to the community. The budget reflects what our community can afford.

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.

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.

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.

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 Assets
As of December 31, 2011
(in thousands)

Page 1 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Assets:				
Cash & equity in pooled investments	\$ 80,267	\$ 22,498	\$ 102,766	\$ 2,818
Receivables (net of allowances for uncollectables):				
Taxes	21,194	-	21,194	-
Accounts	734	16,603	17,338	475
Assessments	1,343	-	1,343	-
Interest	416	345	761	-
Other	3,772	24	3,796	851
Internal balances	(172)	172	-	-
Inventory	801	679	1,479	410
Other current assets	-	-	-	154
Current assets restricted for:				
For debt service	1,676	300	1,976	3,255
For customer deposits	-	103	103	-
For other	9,531	101,785	111,316	730
Deferred charges and other assets:				
Deferred charges	1,257	20	1,277	406
Noncurrent receivables	14,568	204	14,772	-
Capital assets:				
Land	747,441	24,898	772,339	-
Depreciable capital assets (net)	207,365	22,187	229,552	-
Depreciable infrastructure (net)	20,352	203,904	224,256	29,560
Nondepreciable infrastructure	658,941	-	658,941	-
Construction in progress	32,547	10,620	43,167	604
Total assets	1,802,035	404,342	2,206,377	39,262

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

Statement of Net Assets
As of December 31, 2011
(in thousands)

Page 2 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Liabilities:				
Accounts payable	5,922	1,256	7,179	219
Retainage payable	404	325	729	-
Accrued interest payable	-	-	-	3,382
Accrued payroll	5,398	633	6,031	139
Other accrued liabilities	1,090	133	1,223	115
Deposits payable	1,022	108	1,130	-
Unearned revenue	5,735	-	5,735	501
Other current liabilities	10	-	10	-
Accrued bond interest payable	618	13	631	40,524
Noncurrent liabilities:				
Due within one year	11,242	797	12,039	1,182
Due in more than one year	172,135	3,592	175,728	14,809
Total liabilities	203,576	6,857	210,434	60,872
Net assets:				
Invested in capital asset net of related debt	1,506,482	258,754	1,765,236	14,239
Restricted for:				
Debt service	1,676	300	1,976	1,976
Capital projects	9,531	101,785	111,316	423
Other	-	103	103	-
Unrestricted	80,770	36,542	117,312	(38,247)
Total net assets	\$ 1,598,459	\$ 397,484	\$ 1,995,943	\$ (21,609)

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

Statement of Activities
For the Twelve Months Ending December 31, 2011
(in thousands)

Functions/Programs	Program Revenues				Net Expense, Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			Component Unit
					Governmental Activities	Business- type Activities	Total	Bellevue Convention Center Authority
Primary government:								
Government activities:								
General government	\$ 36,450	\$ 9,743	\$ 618	\$ 101	\$ (25,988)	\$ -	\$ (25,988)	\$ -
Public safety	79,163	16,178	2,727	37	(60,221)	-	(60,221)	-
Physical environment	1,813	994	463	-	(356)	-	(356)	-
Transportation	29,711	1,071	1,978	3,755	(22,907)	-	(22,907)	-
Economic environment	18,720	8,564	39	-	(10,117)	-	(10,117)	-
Health and human services	8,195	463	1,640	-	(6,092)	-	(6,092)	-
Culture and recreation	34,948	8,922	957	2,669	(22,400)	-	(22,400)	-
Interest on long-term debt	7,817	-	-	-	(7,817)	-	(7,817)	-
Total governmental activities	<u>216,818</u>	<u>45,936</u>	<u>8,423</u>	<u>6,563</u>	<u>(155,896)</u>	<u>-</u>	<u>(155,896)</u>	<u>-</u>
Business-type activities:								
Water utility	34,897	37,253	-	1,973	-	4,330	4,330	-
Sewer utility	39,571	46,304	-	1,188	-	7,921	7,921	-
Storm drainage utility	10,661	16,383	-	414	-	6,136	6,136	-
Marina	261	538	-	-	-	278	278	-
Total business-type activities	<u>85,390</u>	<u>100,479</u>	<u>-</u>	<u>3,575</u>	<u>-</u>	<u>18,664</u>	<u>18,664</u>	<u>-</u>
Total primary government	<u>\$ 302,208</u>	<u>\$ 146,415</u>	<u>\$ 8,423</u>	<u>\$ 10,138</u>	<u>\$ (155,896)</u>	<u>\$ 18,664</u>	<u>\$ (137,232)</u>	<u>\$ -</u>
Component unit:								
Bellevue Convention Center Authority	13,960	13,158	-	7	-	-	-	(795)
Total component unit	<u>\$ 13,960</u>	<u>\$ 13,158</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (795)</u>

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

Statement of Activities
For the Twelve Months Ending December 31, 2011
(in thousands)

	Net Expense, Revenue and Changes in Net Assets			Component Unit Bellevue Convention Center Authority
	Primary Government		Total	
	Governmental Activities	Business- type Activities		
General revenues:				
Property tax	36,337	-	36,337	-
Retail sales and use tax	46,357	-	46,357	-
Utility tax	25,941	-	25,941	-
Business and occupation tax	25,753	-	25,753	-
Excise taxes	6,680	-	6,680	-
Hotel/Motel tax	6,776	-	6,776	-
Other taxes	515	-	515	-
Payments from Component Unit/City	31	-	31	-
Grants & contributions - unrestricted	1,450	-	1,450	-
Unrestricted investment interest	1,458	1,529	2,988	8
Gain (Loss) in change of Fair Value	547	542	1,089	-
Miscellaneous	2,293	953	3,246	-
Gain on sale of capital assets	310	-	310	-
Transfers	(134)	134	-	-
Total general revenues and transfers	<u>154,314</u>	<u>3,158</u>	<u>157,473</u>	<u>8</u>
Change in net assets	(1,582)	21,823	20,241	(787)
Net assets at beginning of year	1,600,041	375,662	1,975,703	(20,822)
Net assets at end of year	<u>\$ 1,598,459</u>	<u>\$ 397,484</u>	<u>\$ 1,995,943</u>	<u>\$ (21,609)</u>

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

Balance Sheet
Governmental Funds
As of December 31, 2011
(in thousands)

Page 1 of 2

	<u>General Fund</u>	<u>Operating Grants, Donations, & Special Reserves</u>	<u>Housing</u>
Assets:			
Cash & equity in pooled investments	\$ 14,099	\$ 2,280	\$ 4,134
Receivables (net of allowances):			
Taxes	16,141	6	8
Accounts	478	15	-
Current assessments	-	-	-
Interest & penalties on assessments	-	-	-
Interest	98	10	25
Interfund loans receivable	-	-	-
Due from other funds	528	7	8
Due from other governments	216	1,762	-
Notes/contracts receivable	16	1,092	8,744
Housing rehabilitation loans receivable	-	3,203	-
Total assets	<u>31,576</u>	<u>8,375</u>	<u>12,919</u>
Liabilities:			
Accounts payable	1,307	359	-
Retainage payable	-	-	-
Interfund loans payable	-	-	-
Due to other funds	841	-	-
Due to Component Unit	-	-	-
Due to other governments	204	10	-
Accrued payroll	4,434	26	15
Accrued taxes	33	-	-
Deposits payable	183	13	-
Other current liabilities	10	-	-
Deferred revenues	1,944	5,422	8,751
Total liabilities	<u>8,956</u>	<u>5,829</u>	<u>8,766</u>
Fund balance:			
Restricted	567	31	-
Assigned	1,180	2,514	4,153
Unassigned	20,873	-	-
Total fund balance	<u>22,620</u>	<u>2,545</u>	<u>4,153</u>
Total liabilities and fund balance	<u>\$ 31,576</u>	<u>\$ 8,375</u>	<u>\$ 12,919</u>

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

Balance Sheet
Governmental Funds
As of December 31, 2011
(in thousands)

Page 2 of 2

	<u>General CIP</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash & equity in pooled investments	\$ 9,531	\$ 31,538	\$ 61,582
Receivables (net of allowances):			
Taxes	5,159	1	21,315
Accounts	146	-	640
Current assessments	-	1,334	1,334
Interest & penalties on assessments	-	8	8
Interest	40	132	305
Interfund loans receivable	-	26	26
Due from other funds	18	59	620
Due from other governments	1,780	-	3,758
Notes/contracts receivable	-	-	9,852
Housing rehabilitation loans receivable	-	-	3,203
Total assets	<u>16,674</u>	<u>33,099</u>	<u>102,642</u>
Liabilities:			
Accounts payable	2,989	111	4,765
Retainage payable	373	-	373
Interfund loans payable	-	26	26
Due to other funds	-	2	842
Due to Component Unit	-	834	834
Due to other governments	1	-	215
Accrued payroll	6	432	4,912
Accrued taxes	-	-	33
Deposits payable	1	822	1,019
Other current liabilities	-	-	10
Deferred revenues	1,366	3,093	20,576
Total liabilities	<u>4,736</u>	<u>5,321</u>	<u>33,606</u>
Fund balance:			
Restricted	4,229	14,014	18,841
Assigned	7,709	13,765	29,321
Unassigned	-	-	20,873
Total fund balance	<u>11,938</u>	<u>27,779</u>	<u>69,036</u>
Total liabilities and fund balance	<u>\$ 16,674</u>	<u>\$ 33,099</u>	<u>\$ 102,642</u>

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

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
December 31, 2011
(in thousands)**

Total governmental fund balances		\$ 69,036
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		1,645,688
<p>These assets consist of:</p>		
Land	747,441	
Construction in progress	32,548	
Non-depreciable infrastructure	658,941	
Buildings	214,517	
Improvements other than buildings	49,068	
Intangible assets	19,906	
Machinery and equipment - general government	31,141	
Depreciable infrastructure	131,350	
Less: accumulated depreciation	(239,224)	
Net pension obligation paid in over required		1,514
Long term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.		(161,084)
<p>These long-term liabilities consist of:</p>		
Bonds payable	(144,355)	
Line of credit payable	(15,047)	
Unamortized debt issuance costs	1,641	
Special assessment bonds payable	(100)	
Notes payable	(598)	
Accrued bond interest payable	(618)	
Compensated absences	(11,744)	
Installment purchase contract	(450)	
Deferred tax and grant revenue	14,841	
OPEB Obligation payable	(4,265)	
Pollution Remediation liability	(390)	
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 assets.		43,306
Net assets of governmental activities		\$ 1,598,459

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Twelve Months Ending December 31, 2011
(in thousands)

Page 1 of 2

	<u>General Fund</u>	<u>Operating Grants, Donations & Special Reserves</u>	<u>Housing</u>
Revenues:			
Taxes and special assessments	\$ 113,368	\$ -	\$ 92
Licenses and permits	413	-	-
Intergovernmental	17,283	4,340	340
Service charges and fees	18,675	28	-
Fines and forfeitures	2,635	10	-
Interest and assessment interest/penalties	130	45	58
Net change in fair value of investments	42	16	27
Rent	4,455	-	-
Premiums/contributions	18	279	-
Other	725	192	-
Total revenues	<u>157,746</u>	<u>4,910</u>	<u>516</u>
Expenditures:			
Current:			
General government	18,333	638	-
Public safety	76,030	2,255	-
Physical environment	97	246	-
Transportation	23,692	287	-
Economic environment	3,703	28	-
Health and human services	5,860	876	1,648
Culture and recreation	27,765	816	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	4	-	-
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Transportation	-	-	-
Culture and recreation	-	120	-
Total expenditures	<u>155,483</u>	<u>5,266</u>	<u>1,648</u>
Excess (deficiency) of revenues over (under) expenditures	2,263	(357)	(1,132)
Other financing sources (uses):			
Transfers in	2,953	32	156
Transfers out	(3,662)	(784)	-
Total other financing sources and uses	<u>(709)</u>	<u>(752)</u>	<u>156</u>
Net change in fund balance	1,553	(1,109)	(976)
Fund balance at beginning of year	21,067	3,654	5,129
Fund balance:			
Restricted	567	31	-
Assigned	1,180	2,514	4,153
Unassigned	20,873	-	-
Fund balance at end of year	<u>\$ 22,620</u>	<u>\$ 2,545</u>	<u>\$ 4,153</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Twelve Months Ending December 31, 2011
(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	\$ 27,446	\$ 7,867	\$ 148,773
Licenses and permits	-	4,193	4,606
Intergovernmental	5,383	84	27,430
Service charges and fees	416	5,423	24,541
Fines and forfeitures	-	5	2,650
Interest and assessment interest/penalties	252	574	1,058
Net change in fair value of investments	71	202	358
Rent	678	-	5,133
Premiums/contributions	388	-	686
Other	3	-	921
Total revenues	34,637	18,348	216,156
Expenditures:			
Current:			
General government	335	5,475	24,781
Public safety	4	1,854	80,143
Physical environment	5	1,398	1,746
Transportation	6,628	18	30,625
Economic environment	247	14,749	18,726
Health and human services	-	-	8,383
Culture and recreation	4,688	-	33,269
Debt service:			
Principal	690	3,978	4,668
Interest and fiscal charges	3	7,858	7,866
Capital outlay:			
General government	211	-	211
Public safety	519	-	519
Transportation	16,909	-	16,909
Culture and recreation	3,954	-	4,074
Total expenditures	34,194	35,329	231,920
Excess (deficiency) of revenues over (under) expenditures	443	(16,981)	(15,764)
Other financing sources (uses):			
Transfers in	-	14,680	17,821
Transfers out	(10,679)	(1,608)	(16,734)
Total other financing sources and uses	(10,679)	13,072	1,087
Net change in fund balance	(10,237)	(3,909)	(14,677)
Fund balance at beginning of year	22,175	31,688	83,713
Fund balance:			
Restricted	4,229	14,014	18,841
Assigned	7,709	13,765	29,321
Unassigned	-	-	20,873
Fund balance at end of year	\$ 11,938	\$ 27,779	\$ 69,036

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, 2011**
(in thousands)

Net change in fund balances - total governmental funds \$ (14,677)

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. 8,185

This is comprised of:

Capital outlays	21,910
Current year depreciation	(13,725)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,449

This is comprised of:

Deferred tax and assessment revenues	1,253
Deferred grants and contracts revenues	1,196

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. 4,668

This amount is comprised of:

Long-term debt repayments	4,668
---------------------------	-------

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. (630)

This amount is comprised of:

Amortization of net OPEB obligation	(771)
Accrued interest expense	45
Pollution remediation obligation	(3)
Accrued compensated absence expense	(117)
Inventory adjustment	177
Estimated claims expense	39

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. (1,577)

Change in net assets of governmental activities \$ (1,582)

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

Statement of Fund Net Assets
Proprietary Funds
As of December 31, 2011
(in thousands)

Page 1 of 4

	<u>Storm & Surface Water Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 4,335	\$ 10,255	\$ 7,826
Receivables (net of allowances):			
Accounts	2,939	5,208	8,452
Interest	82	106	155
Other	-	-	-
Notes/contracts receivable - current	-	1	23
Due from other funds	47	48	70
Due from other governments	-	-	-
Inventory	60	523	96
Restricted cash & equity in pooled investments:			
For revenue bonds	-	-	-
For capital projects	24,808	27,854	49,123
For customer deposits	2	93	7
Total current assets	<u>32,274</u>	<u>44,087</u>	<u>65,752</u>
Noncurrent assets:			
Deferred charges and other assets:			
Notes/contracts receivable - noncurrent	-	10	194
Other deferred charges	-	-	-
Capital Assets:			
Property, plant and equipment (net)	<u>69,656</u>	<u>111,969</u>	<u>70,192</u>
Total noncurrent assets	<u>69,656</u>	<u>111,978</u>	<u>70,386</u>
Total assets	<u>101,930</u>	<u>156,065</u>	<u>136,138</u>

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

Statement of Fund Net Assets
Proprietary Funds
As of December 31, 2011
(in thousands)

Page 2 of 4

	<u>Marina</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 82	\$ 22,498	\$ 29,897
Receivables (net of allowances):			
Accounts	4	16,603	95
Interest	2	345	111
Other	-	-	6
Notes/contracts receivable - current	-	24	-
Due from other funds	14	178	50
Due from other governments	-	-	1
Inventory	-	679	621
Restricted cash & equity in pooled investments:			
For revenue bonds	300	300	-
For capital projects	-	101,785	-
For customer deposits	-	103	-
Total current assets	<u>402</u>	<u>142,515</u>	<u>30,782</u>
Noncurrent assets:			
Deferred charges and other assets:			
Notes/contracts receivable - noncurrent	-	204	-
Other deferred charges	20	20	-
Capital Assets:			
Property, plant and equipment (net)	<u>9,792</u>	<u>261,608</u>	<u>21,020</u>
Total noncurrent assets	<u>9,813</u>	<u>261,833</u>	<u>21,020</u>
Total assets	<u>10,215</u>	<u>404,348</u>	<u>51,802</u>

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

Statement of Fund Net Assets
Proprietary Funds
As of December 31, 2011
(in thousands)

Page 3 of 4

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Liabilities:			
Current liabilities:			
Accounts payable	313	709	219
Estimated claims	-	-	-
Retainage payable	85	230	10
Due to other funds	6	-	-
Due to other governments	-	73	38
Accrued payroll	178	275	180
Accrued compensated absences	144	189	128
Deposits payable	-	-	5
Notes/contracts payable - current	7	30	-
Revenue bonds payable - current	-	-	-
Total current liabilities	733	1,507	579
Noncurrent liabilities:			
Accrued bond interest payable	-	-	-
Customer deposits	2	70	30
Accrued compensated absences	336	441	298
Estimated claims	-	-	-
Bonds payable (net)	-	-	-
Notes/contracts payable - noncurrent	7	59	-
Total noncurrent liabilities	346	570	328
Total liabilities	1,079	2,077	907
Net assets:			
Invested in capital assets net of related debt	69,642	111,880	70,192
Restricted for:			
Other	2	93	7
Debt service	-	-	-
Capital projects	24,808	27,854	49,123
Unrestricted	6,398	14,162	15,909
Total net assets	\$ 100,851	\$ 153,989	\$ 135,231

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

Statement of Fund Net Assets
Proprietary Funds
As of December 31, 2011
(in thousands)

Page 4 of 4

	<u>Marina</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
Liabilities:			
Current liabilities:			
Accounts payable	14	1,256	1,157
Estimated claims	-	-	3,185
Retainage payable	-	325	30
Due to other funds	-	6	-
Due to other governments	22	133	7
Accrued payroll	-	633	485
Accrued compensated absences	-	461	335
Deposits payable	-	5	3
Notes/contracts payable - current	-	37	-
Revenue bonds payable - current	300	300	-
Total current liabilities	<u>336</u>	<u>3,155</u>	<u>5,204</u>
Noncurrent liabilities:			
Accrued bond interest payable	13	13	-
Customer deposits	-	103	-
Accrued compensated absences	-	1,075	783
Estimated claims	-	-	2,510
Bonds payable (net)	2,452	2,452	-
Notes/contracts payable - noncurrent	-	66	-
Total noncurrent liabilities	<u>2,465</u>	<u>3,708</u>	<u>3,293</u>
Total liabilities	<u>2,801</u>	<u>6,863</u>	<u>8,496</u>
Net assets:			
Invested in capital assets net of related debt	7,041	258,754	21,020
Restricted for:			
Other	-	103	-
Debt service	300	300	-
Capital projects	-	101,785	-
Unrestricted	73	36,542	22,286
Total net assets	<u>\$ 7,414</u>	<u>\$ 397,484</u>	<u>\$ 43,306</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Twelve Months Ending December 31, 2011
(in thousands)

Page 1 of 2

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Operating revenues:			
Service charges and fees	\$ 16,022	\$ 36,007	\$ 46,171
Rent	-	-	-
Judgments and settlements	-	-	-
Insurance recovery	-	-	-
Premiums/contributions	-	-	-
Other	361	1,247	133
Total operating revenues	<u>16,383</u>	<u>37,254</u>	<u>46,304</u>
Operating expenses:			
Administrative and general	3,815	10,316	4,897
Maintenance and operations	5,049	21,011	32,144
Depreciation	1,797	3,510	2,589
Insurance costs	-	-	-
Benefits and claims payments	-	-	-
Total operating expenses	<u>10,661</u>	<u>34,837</u>	<u>39,630</u>
Operating income (loss)	5,722	2,417	6,674
Nonoperating revenues (expenses):			
Interest income	367	452	703
Net change in fair value of investments	412	55	73
Interest expense	-	(1)	-
Rental income	16	360	415
Gain on disposal of capital assets	-	-	-
Other nonoperating revenues	25	72	66
Total nonoperating revenue (expenses)	<u>819</u>	<u>938</u>	<u>1,257</u>
Income before contributions and transfers	6,541	3,355	7,930
Special items, contributions and transfers:			
Transfers in	35	94	38
Transfers out	(1)	(43)	-
Capital contributed from external sources	414	1,973	1,188
Total special items, contributions and transfers	<u>448</u>	<u>2,024</u>	<u>1,226</u>
Change in net assets	6,989	5,379	9,156
Net assets beginning of year	93,862	148,609	126,075
Net assets end of year	<u>\$ 100,851</u>	<u>\$ 153,989</u>	<u>\$ 135,231</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Twelve Months Ending December 31, 2011
(in thousands)

Page 2 of 2

	<u>Marina</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
Operating revenues:			
Service charges and fees	\$ -	\$ 98,200	\$ 27,685
Rent	538	538	341
Judgments and settlements	-	-	6
Insurance recovery	-	-	2,791
Premiums/contributions	-	-	19,733
Other	-	1,741	199
Total operating revenues	<u>538</u>	<u>100,479</u>	<u>50,756</u>
Operating expenses:			
Administrative and general	-	19,028	7,260
Maintenance and operations	167	58,371	22,565
Depreciation	14	7,910	5,486
Insurance costs	-	-	2,692
Benefits and claims payments	-	-	14,262
Total operating expenses	<u>181</u>	<u>85,309</u>	<u>52,266</u>
Operating income (loss)	357	15,170	(1,510)
Nonoperating revenues (expenses):			
Interest income	7	1,529	397
Net change in fair value of investments	3	542	189
Interest expense	(80)	(80)	-
Rental income	-	791	31
Gain on disposal of capital assets	-	-	310
Other nonoperating revenues	-	162	227
Total nonoperating revenue (expenses)	<u>(70)</u>	<u>2,944</u>	<u>1,154</u>
Income before contributions and transfers	287	18,114	(355)
Special items, contributions and transfers:			
Transfers in	11	178	1,630
Transfers out	-	(44)	(2,851)
Capital contributed from external sources	-	3,575	-
Total special items, contributions and transfers	<u>11</u>	<u>3,709</u>	<u>(1,221)</u>
Change in net assets	298	21,823	(1,577)
Net assets beginning of year	7,116	375,662	44,882
Net assets end of year	<u>\$ 7,414</u>	<u>\$ 397,484</u>	<u>\$ 43,306</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, 2011
(in thousands)

Page 1 of 4

	Business Type Activities - Enterprise Funds		
	Storm & Surface Water Utility	Water Utility	Sewer Utility
Cash flows from operating activities:			
Cash received from customers and users	\$ 16,293	\$ 36,712	\$ 46,106
Contributions received - employer/employees	-	-	-
Cash received from insurance proceeds	-	-	-
Cash payments to suppliers for goods and services	(4,133)	(24,766)	(32,377)
Cash payments to employees for services	(4,728)	(6,129)	(4,608)
Cash payments to claimants	-	-	-
Cash received from contracts/rent	-	-	-
Cash payments for insurance	-	-	-
Other receipts	41	432	480
Net cash provided (used) by operating activities	<u>7,472</u>	<u>6,250</u>	<u>9,601</u>
Cash flows from noncapital financing activities:			
Cash received from contracts	-	1	8
Transfers in	35	94	38
Transfers out	(1)	(43)	-
Net cash provided (used) by noncapital financing activities	<u>34</u>	<u>52</u>	<u>46</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	(4,372)	(5,686)	(3,173)
Principal paid on revenue bonds and other debt	(27)	(30)	-
Interest paid on revenue bonds and other debt	(1)	(1)	-
Proceeds from sale of assets	-	-	-
Contributed capital in aid of capital acquisitions:			
Contributed in Aid of Equity	264	1,476	835
Contributed Connection Contracts	-	(1)	(8)
Net cash provided (used) by capital financing activities	<u>(4,136)</u>	<u>(4,241)</u>	<u>(2,346)</u>
Cash flows from investing activities:			
Interest on investments	706	414	640
Net cash provided (used) by investing activities	<u>706</u>	<u>414</u>	<u>640</u>
Net increase (decrease) in cash balance	4,076	2,473	7,941
Cash balance at beginning of year	25,069	35,729	49,016
Cash balance at end of year	<u>\$ 29,145</u>	<u>\$ 38,202</u>	<u>\$ 56,956</u>
Cash balance at end of year consist of:			
Unrestricted	4,335	10,255	7,826
Restricted	24,810	27,947	49,130
Total cash balance	<u>\$ 29,145</u>	<u>\$ 38,202</u>	<u>\$ 56,956</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, 2011
(in thousands)

Page 2 of 4

	Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Marina	Total	
Cash flows from operating activities:			
Cash received from customers and users	\$ 546	\$ 99,657	\$ 27,509
Contributions received - employer/employee	-	-	19,733
Cash received from insurance proceeds	-	-	2,791
Cash payments to suppliers for goods and services	(171)	(61,447)	(19,297)
Cash payments to employees for services	-	(15,465)	(11,666)
Cash payments to claimants	-	-	(14,044)
Cash received from contracts/rent	-	-	373
Cash payments for insurance	-	-	(2,692)
Other receipts	-	953	438
Net cash provided (used) by operating activities	<u>375</u>	<u>23,697</u>	<u>3,150</u>
Cash flows from noncapital financing activities:			
Cash received from contracts	-	9	-
Transfers in	11	178	1,630
Transfers out	-	(44)	(2,851)
Net cash provided (used) by noncapital financing activities	<u>11</u>	<u>143</u>	<u>(1,221)</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	-	(13,232)	(5,123)
Principal paid on revenue bonds and other debt	(313)	(369)	-
Interest paid on revenue bonds and other debt	(76)	(78)	-
Proceeds from sale of assets	-	-	444
Contributed capital in aid of capital acquisitions:			
Contributed in Aid of Equity	-	2,576	-
Contributed Connection Contracts	-	(9)	-
Net cash provided (used) by capital financing activities	<u>(389)</u>	<u>(11,113)</u>	<u>(4,678)</u>
Cash flows from investing activities:			
Interest on investments	11	1,770	486
Net cash provided (used) by investing activities	<u>11</u>	<u>1,770</u>	<u>486</u>
Net increase (decrease) in cash balance	8	14,498	(2,260)
Cash balance at beginning of year	374	110,188	32,159
Cash balance at end of year	<u>\$ 382</u>	<u>\$ 124,685</u>	<u>\$ 29,898</u>
Cash balance at end of year consist of:			
Unrestricted	82	22,498	29,898
Restricted	300	102,187	-
Total cash balance	<u>\$ 382</u>	<u>\$ 124,685</u>	<u>\$ 29,898</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, 2011
(in thousands)

Page 3 of 4

	Business Type Activities -		
	Enterprise Funds		
	Storm & Surface Water Utility	Water Utility	Sewer Utility
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 5,722	\$ 2,417	\$ 6,674
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,797	3,510	2,589
Other receipts	41	193	480
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(45)	(61)	(108)
(Increase) decrease in due from other funds	(37)	(48)	(70)
(Increase) decrease in other receivables	-	-	-
(Increase) decrease in inventory	(9)	(194)	(21)
Increase (decrease) in accounts payable	(78)	230	48
Increase (decrease) in retainage payable	76	139	3
Increase (decrease) in wages & benefits payable	(35)	5	(10)
Increase (decrease) in compensated absences	39	19	(25)
Increase (decrease) in due to other governments	-	38	15
Increase (decrease) in customer deposits	-	2	25
Increase (decrease) in estimated claims payable	-	-	-
Total adjustments	<u>1,750</u>	<u>3,833</u>	<u>2,927</u>
Net cash provided (used) by operating activities	<u>\$ 7,472</u>	<u>\$ 6,250</u>	<u>\$ 9,601</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ 150	\$ 498	\$ 360

Non-Cash Investing, Capital and Financing Activities

On December 31, 2011, 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 \$412, Water Utilities of \$55, Sewer Utilities of \$73, Marina Fund of \$3, and the Internal Service Funds of \$189 is reflected on the financial statements as Net Change in Fair Value of Investments.

For the year ended 2011 developers contributed utility mains totaling \$1,008. Storm and Surface Water recorded \$150, Water Utilities \$498, Sewer Utilities \$360.

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, 2011
(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)	\$ 357	\$ 15,170	\$ (1,510)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	14	7,910	5,487
Other receipts	-	714	254
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	10	(203)	(6)
(Increase) decrease in due from other funds	(2)	(157)	(50)
(Increase) decrease in other receivables	-	-	29
(Increase) decrease in inventory	-	(223)	(134)
Increase (decrease) in accounts payable	(18)	181	(209)
Increase (decrease) in retainage payable	-	218	-
Increase (decrease) in wages & benefits payable	-	(39)	1
Increase (decrease) in compensated absences	-	34	6
Increase (decrease) in due to other governments	14	67	(2)
Increase (decrease) in customer deposits	-	26	-
Increase (decrease) in estimated claims payable	-	-	(717)
Total adjustments	<u>18</u>	<u>8,527</u>	<u>4,657</u>
Net cash provided (used) by operating activities	<u>\$ 375</u>	<u>\$ 23,697</u>	<u>\$ 3,150</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ -	\$ 1,008	\$ -

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

Statement of Fiduciary Net Assets
Trust and Agency Funds
As of December 31, 2011
(in thousands)

	Firemen's Pension	Agency Funds
Assets:		
Cash & equity in pooled investments	\$ 6,710	\$ 4,051
Receivables (net of allowances):		
Interest	22	9
Due from other governments	10	104
Notes/contracts receivable - noncurrent portion	-	9,820
Property, plant and equipment (net)	-	247
Total assets	6,741	14,231
Liabilities:		
Accounts payable	-	207
Due to other governments	-	4,045
Deposits payable	-	159
Deferred revenues	-	9,820
Total liabilities	-	14,231
Net Assets:		
Held in trust for pension benefits and other purposes	6,741	-
Total net assets	\$ 6,741	\$ -

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

Statement of Changes in Fiduciary Net Assets
Firemen's Pension Fund
For the fiscal year ended December 31, 2011
(in thousands)

	Firemen's Pension Fund
Additions:	
Investment income:	
Interest	\$ 87
Net change in fair value	35
Other contributions:	
Intergovernmental	188
Total additions	309
Deductions:	
Benefit payments	203
Administrative	11
Total deductions	214
Change in net assets	95
Net assets beginning of year	6,646
Net assets end of year	\$ 6,741

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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 assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund 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, 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 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.

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. These funds share characteristics with both the governmental and proprietary funds and therefore, as described below, use the measurement focus and basis of accounting most appropriate to their specific operations.

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. The City also complies with all applicable pronouncements of the Financial Accounting Standards Board (FASB), opinions of the Accounting Principles Board (APB), and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

NEW ACCOUNTING STANDARDS

In February 2009, the GASB issued Statement of Governmental Accounting Standards No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reporting in governmental funds. The Statement also modified definitions of governmental fund types for clarity and consistency. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

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.

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 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual. 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.

The General Fund and all the major special revenue funds except the Operating Grants & Donations Fund and the Housing Fund are included in the City's biennial operating budget. The Statements of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual are presented as part of the fund financial statements to demonstrate legal budget compliance for those funds.

Budgets for all capital projects and the two special revenue funds excluded from the biennial budget are adopted on a project-length basis. 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.

ASSETS, LIABILITIES AND NET ASSETS 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 98.8% 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 revenue 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 deferred revenue 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 Assets. However, any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide Statement of Net Assets 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 2010 is presented in Note 12. In the fund financial statements, the year end balance of these 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.

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. The notes do not become due for several years or until project cash flows exceed specified amounts. Because the timing of loan repayment is uncertain, the amount of the loans currently outstanding is offset in the governmental funds financial statements by deferred revenue and in the government-wide statement of net assets by unearned revenue.

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

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. Because the timing of loan repayment is uncertain, the amount of loans currently outstanding is offset in the governmental funds financial statements by deferred revenue and in the government-wide statement of net assets by unearned revenue.

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 Assets and Fund Balances

Net assets are segregated into three categories on the government-wide statement of net assets: 1) investment in capital assets, net of related debt; 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.

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 maintain intact. The City has no non-spendable balances.

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 City code, ordinance or resolution as adopted by City Council. 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.

Restricted Assets

Restricted assets shown in the government-wide Statement of Net Assets and the proprietary funds Statement of Net Assets 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.

Deferred Charges

Deferred charges reported in the government-wide Statement of Net Assets and the proprietary funds balance sheet consist of certain costs to be amortized by the Water and Storm Utilities over future periods, under guidance provided by FASB 71 which governs accounting procedures for regulated utilities. These costs include unamortized revenue bond issuance costs. Bond issuance costs are amortized over the life of associated issues.

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 assets.

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 is 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 assets. 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 assets. 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

Interest costs incurred during capital construction performed by proprietary funds are capitalized within the fund in accordance with FASB Statements 34 and 62. However, interest expense incurred during capital construction performed by governmental funds is not capitalized.

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.

Long-term Debt

Liabilities for long-term debt are recorded in the government-wide statement of net assets 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 Revenues

The deferred revenues account is used to offset receivables established in the governmental fund financial statements for certain revenues that are measurable but not considered available to finance payment of current obligations and, therefore, not susceptible to accrual on the modified accrual basis. When the receivable amounts are collected in future periods, this liability account is reduced and corresponding revenue is recorded. Deferred revenues presented in this manner on the accompanying financial

statements are: a) uncollected property taxes levied; b) special assessment principal due in future years; c) repayment of low-income housing rehabilitation loans funded by the City's Block Grant Program which are not due until related properties are sold or otherwise change ownership; d) principal balance on long-term loans to housing agencies; and e) business & occupation tax assessments levied by City. For the Bellevue Convention Center Authority, deferred revenue consists of customer deposits for events scheduled to be held in future years.

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, 2011, total net assets for the Bellevue Convention Center Authority, a component unit of the City, reflects an unrestricted net assets deficit balance of \$38.2 million and a total net assets deficit of \$21.6 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 2011, 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 2011, the City Council amended the 2011 appropriations by an additional \$18 thousand to reflect previously unanticipated needs in the 2011 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, 2011 are as follows (in thousands):

Cash on hand and in bank	\$ 3,851
Equity in Pooled Investments	<u>212,310</u>
Total Cash and Equity in Pooled Investments	<u>\$ 216,161</u>

In addition, the City holds in trust for fiduciary funds \$10.8 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, 2011, the City had a bank balance of \$3.6 million (carrying amount of \$3.7 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	30 days	50%	25%
Certificates of Deposit	1 year	50%	10%
Interest Bearing Bank Deposits	1 year	50%	10%
Bankers Acceptances	6 months	50%	10%
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.

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	\$168,189	\$ -	\$ 9,501	\$39,480	\$66,085	\$53,123	AAA
Certificate of Deposit	15,000	-	15,000	-	-	-	Unrated
Bankers Acceptance	10,998	10,999	(1)	-	-	-	Unrated
Interest Bearing Bank Deposits	8,000	8,000	-	-	-	-	Unrated
State of Washington Local Governmental Investment Pool (LGIP)	20,883	20,883	-	-	-	-	Unrated
Total	\$223,070	\$ 39,882	\$24,500	\$39,480	\$66,085	\$53,123	

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, 2011 there was no concentration of credit risk exceeding the policy guidelines described above.

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation (FHLMC)	Fixed Rate Agency Coupon	\$ 57,565
Federal National Mortgage Association (FNMA)	Fixed Rate Agency Coupon	50,055
Federal Home Loan Bank (FHLB)	Fixed Rate Agency Coupon	20,506
Federal Farm Credit Bank (FFCB)	Fixed Rate Agency Coupon	40,063
Unpqua Bank	Certificate of Deposit	15,000

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, 2011 all of the \$168 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 balance as of December 31, 2011 are as follows (in thousands):

Cash on hand and in bank	\$ 2,296
Equity in Pooled Investments	<u>4,480</u>
Total Cash and Equity in Pooled Investments	<u><u>\$ 6,775</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, 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 \$995,523 in 2011.

The City of Bellevue did not assess a property tax increase for 2011. The City has "banked" the remaining levy capacity for potential future use. As of December 31, 2011 the City has \$8.5 million in unused levy capacity.

The City's regular property tax levy rate for 2011 was \$1.02 per \$1,000 of assessed property value, which yielded a total regular levy of \$32,582,683.

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 2010 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.

RECEIVABLES AND DEFERRED REVENUES:

The receivables and deferred revenues for the fiscal year ended December 31, 2011 on the governmental funds balance sheet are presented on the following schedules.

Of the property taxes receivable amount, \$417,564 is delinquent and the amount of delinquent special assessments receivable is \$6,603.

RECEIVABLES

(in thousands)

	General	Operating Grants, Donations & Special Reserves	Housing	General CIP	Storm Utility	Water Utility	Sewer Utility	Marina	Non- Major & Other Funds	Total
Taxes:										
Excise	\$ 6,613	\$ -	\$ 8	\$1,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,003
Business & Occupation	6,556	-	-	2,974	-	-	-	-	-	9,531
Miscellaneous	836	6	-	443	-	-	-	-	-	1,284
Utility	1,795	-	-	-	-	-	-	-	-	1,795
Property	584	-	-	447	-	-	-	-	-	1,031
Utility Customers	-	-	-	-	2,939	5,208	8,452	-	-	16,599
Special Assessments:										
Assessments	-	-	-	-	-	-	-	-	1,334	1,334
Interest/penalties	-	-	-	-	-	-	-	-	8	8
Interest	98	10	25	40	82	106	155	2	132	650
Other:										
Miscellaneous	478	15	-	146	-	-	-	4	-	644
Due from other governments	216	1,762	-	1,780	-	-	-	-	-	3,758
Less:										
Allowance for uncollectibles	(242)	-	-	(87)	-	-	-	-	-	(329)
Total receivables	\$16,934	\$ 1,793	\$ 33	\$7,125	\$3,021	\$5,314	\$8,607	\$ 6	\$ 1,474	\$44,308

The allowance for uncollectibles nets against taxes receivable on the governmental fund balance sheets and relates to business and occupation taxes for governmental activities.

Deferred revenues include grant reimbursements, taxes, and rent that are receivable within one year of the end of the fiscal period. Affordable housing contracts, special assessments, and housing rehabilitation loans are longer term receivables.

DEFERRED REVENUE

(in thousands)

	General	Operating Grants, Donations & Special Reserves	Housing	General CIP	Non-Major & Other Funds	Total
Taxes:						
Business & occupation	\$ 1,212	\$ -	\$ -	\$ 170	\$ -	\$ 1,381
Property	418	-	-	-	-	418
Special assessments	-	-	-	-	1,328	1,328
Affordable housing contracts	-	1,089	8,751	-	-	9,841
Housing rehabilitation loans	-	3,203	-	-	-	3,203
Permit/review fees	-	-	-	-	1,765	1,765
Other	315	1,129	-	1,197	-	2,641
Total deferred revenue	\$ 1,944	\$ 5,422	\$ 8,751	\$ 1,366	\$ 3,093	\$ 20,576

NOTES TO THE FINANCIAL STATEMENTS

6. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the primary government for the year ended December 31, 2011 was as follows (in thousands):

Governmental activities:	Beginning Balance	2011 Increases	2011 Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 741,453	\$ 6,072	\$ (84)	\$ 747,441
Construction in Progress	30,377	16,457	(14,286)	32,548
Infrastructure	652,050	6,977	(86)	658,941
Total capital assets, not being depreciated:	<u>1,423,880</u>	<u>29,506</u>	<u>(14,456)</u>	<u>1,438,930</u>
Capital assets, being depreciated:				
Building	214,045	628	(156)	214,517
Improvements other than buildings	48,801	670	(403)	49,068
Intangible Assets	19,801	400	(295)	19,906
Machinery and Equipment	49,099	5,793	(2,731)	52,161
Infrastructure	125,333	6,197	(180)	131,350
Total capital assets being depreciated:	<u>457,079</u>	<u>13,688</u>	<u>(3,765)</u>	<u>467,002</u>
Less accumulated depreciation for:				
Buildings	(55,829)	(5,270)	156	(60,943)
Improvements other than buildings	(19,497)	(4,285)	403	(23,379)
Intangible Assets	(10,823)	(107)	295	(10,635)
Machinery and Equipment	(30,035)	(4,280)	987	(33,328)
Infrastructure	(105,816)	(5,269)	86	(110,999)
Total accumulated depreciation:	<u>(222,000)</u>	<u>(19,211)</u>	<u>1,927</u>	<u>(239,284)</u>
Total capital assets, being depreciated, net:	<u>235,079</u>	<u>(5,523)</u>	<u>(1,838)</u>	<u>227,718</u>
Governmental activities capital assets, net:	<u>\$ 1,658,959</u>	<u>\$ 23,983</u>	<u>\$ (16,294)</u>	<u>\$ 1,666,648</u>

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

Governmental activities:

General government	\$ 5,442
Public safety	529
Economic environment	238
Culture and recreation	3,078
Transportation	4,438
Total	13,725

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

Total depreciation expense - governmental activities \$ 19,211

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>2011 Increases</u>	<u>2011 Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 24,898	\$ -	\$ -	\$ 24,898
Construction in Progress	<u>9,500</u>	<u>12,318</u>	<u>(11,198)</u>	<u>10,620</u>
Total capital assets, not being depreciated:	<u>34,398</u>	<u>12,318</u>	<u>(11,198)</u>	<u>35,518</u>
Capital assets, being depreciated:				
Building	32,403	1,837	(55)	34,185
Machinery and Equipment	8,867	581	(207)	9,241
Infrastructure	309,663	10,624	(45)	320,242
Intangible Assets	<u>271</u>	<u>-</u>	<u>-</u>	<u>271</u>
Total capital assets being depreciated:	<u>351,204</u>	<u>13,042</u>	<u>(307)</u>	<u>363,939</u>
Less accumulated depreciation for:				
Buildings	(13,626)	(1,515)	-	(15,141)
Machinery and Equipment	(6,757)	(1,155)	1,729	(6,183)
Infrastructure	(109,347)	(5,217)	(1,774)	(116,338)
Intangible Assets	<u>(203)</u>	<u>(23)</u>	<u>39</u>	<u>(187)</u>
Total accumulated depreciation:	<u>(129,933)</u>	<u>(7,910)</u>	<u>(6)</u>	<u>(137,849)</u>
Total capital assets, being depreciated, net:	<u>221,271</u>	<u>5,132</u>	<u>(313)</u>	<u>226,090</u>
Business activities capital assets, net:	<u>\$ 255,669</u>	<u>\$ 17,450</u>	<u>\$ (11,511)</u>	<u>\$ 261,608</u>

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

Business-type activities:

Marina	\$ 14
Water	3,510
Storm and surface water	1,797
Sewer	<u>2,589</u>

Total depreciation expense - business-type activities \$ 7,910

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

	Beginning Balance	2011 Increases	2011 Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in Progress	\$ 604	\$ -	\$ -	\$ 604
Total capital assets, not being depreciated:	<u>604</u>	<u>-</u>	<u>-</u>	<u>604</u>
Capital assets, being depreciated:				
Building	49,390	57	(45)	49,402
Machinery and Equipment	4,602	29	(30)	4,601
Total capital assets being depreciated:	<u>53,992</u>	<u>86</u>	<u>(75)</u>	<u>54,003</u>
Less accumulated depreciation for:				
Building	(19,197)	(1,207)	31	(20,373)
Machinery and Equipment	(3,897)	(203)	30	(4,070)
Total accumulated depreciation:	<u>(23,094)</u>	<u>(1,410)</u>	<u>61</u>	<u>(24,443)</u>
Total capital assets, being depreciated, net:	<u>30,898</u>	<u>(1,324)</u>	<u>(14)</u>	<u>29,560</u>
Component unit activities capital assets, net:	<u>\$ 31,502</u>	<u>\$ (1,324)</u>	<u>\$ (14)</u>	<u>\$ 30,164</u>

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION PLANS

The City implemented GASB Statements 25 and 27 for reporting of pension plans in 1995. 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, 2011. 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.

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>
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
2006	120,443	1,456,596	232,927

In 2011 the contribution rates for PERS were impacted as noted in the table below:

	<u>Rate Effective 9/1/2010</u>	<u>Rate Effective 7/1/2011</u>	<u>Rate Effective 9/1/2011</u>
PERS I Employer	5.31%	7.07%	7.25%
PERS I Employee	6.00%	6.00%	6.00%
PERS II Employer	5.31%	7.07%	7.25%
PERS II Employee	3.90%	4.59%	4.64%
PERS III Employer	5.31%	7.07%	7.25%
PERS III Employee	5% - 15% variable		

The employer rates above include an administrative expense fee of .16% for 2011.

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.

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

2011	\$	48,124
2010		49,937
2009		59,057
2008		51,156
2007		45,000

In 2011 the contribution rates for PSERS were impacted as noted in the table below:

	Rate Effective 9/1/2010	Rate Effective 7/1/2011	Rate Effective 9/1/2011
PSERS Employer	7.85%	8.73%	8.86%
PSERS Employee	6.55%	6.36%	6.36%

The employer rates above include an administrative expense fee of .16% for 2011.

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

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
2006		4,229		1,278,503

In 2011 the contribution rates for LEOFF were impacted as noted in the table below:

	Rate Effective 9/1/2010	Rate Effective 7/1/2011	Rate Effective 9/1/2011
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 2011.

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, 2011:

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>33</u>

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>2009</u>	<u>2010</u>	<u>2011</u>
Annual Normal Cost - Beginning of Year	\$ 1,318	\$ 1,450	\$ 1,450
Amortization of Unfunded Actuarial Liability (UA - Beginning of Year	(53,709)	(18,581)	(18,581)
Investment Return to End of Year	<u>(2,620)</u>	<u>(600)</u>	<u>(600)</u>
ARC at End of Year, not less than zero	-	-	-
Investment Return on Net Pension Obligation (NI Adjustment to ARC	(55,543) 87,541	(43,804) 91,678	(48,415) 105,641
Annual Pension Cost (APC)	<u>31,998</u>	<u>47,874</u>	<u>57,226</u>
Employer Contributions	<u>172,665</u>	<u>179,620</u>	<u>187,619</u>
Change in NPO	(140,667)	(131,746)	(130,393)
NPO at Beginning of Year	<u>(1,110,865)</u>	<u>(1,251,532)</u>	<u>(1,383,278)</u>
NPO at End of Year	<u><u>\$(1,251,532)</u></u>	<u><u>\$(1,383,278)</u></u>	<u><u>\$(1,513,671)</u></u>

The negative net pension obligation has been recorded as a non-current receivable on the City's government-wide statement of net assets.

THREE YEAR TREND INFORMATION (in dollars)

Fiscal Year Ending	Annual Pension Cost (APC)	Contributions as a Percentage of APC	Net Pension Obligation (NPO)
12/31/09	\$ 31,998	539.6%	\$(1,251,532)
12/31/10	47,874	375.2%	(1,383,278)
12/31/11	57,226	327.9%	(1,513,671)

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

	<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, 2011 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 4,560 participants (Bellevue has 1,253 MEBT 1 participants and 322 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 2011 were:

	MEBT	MEBT 2
Participants	\$ 7,733,485	\$ 86,365
City	6,628,327	86,043

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, 2011, there were 89 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 2011 were:

Participants	\$160,327
Authority	119,019

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 2011 were as follows:

Bellevue Health Plan - claims, administrative costs, stop loss coverage and incurred reserves	\$1,171,571
Group Health - medical insurance premiums	407,289
Medicare Part B insurance premiums	89,812
Disability Board Reimbursements	184,841
Total Costs	<u>\$1,853,513</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, 2011. 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:

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	\$ 1,669
	B. Retirees over 65	\$ 749
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 \$50.8 million with plan assets of 0% held in trust. These estimates were prepared by Healthcare Actuaries LLC.

The December 31, 2011 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, 2011 was 26.0 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 2011 were as follows:

Annual Required Contribution	\$	2,695,176
Interest on Net OPEB Obligation		115,269
Adjustment to annual required contribution		<u>(185,191)</u>
Annual OPEB Cost		2,625,254
Contributions Made		<u>1,853,513</u>
Increase in Net OPEB Obligation		771,741
Net OPEB Obligation - Beginning of year		<u>3,493,010</u>
Net OPEB Obligation - End of year	\$	<u>4,264,751</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
2011	\$ 2,625,254	\$ 1,853,513	70.60%	\$ 4,264,751
2010	3,013,357	1,816,950	60.30%	3,493,010
2009	2,281,440	1,574,169	69.00%	2,296,603

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, 2011 was as follows (in thousands):

Actuarial Accrued Liability (AAL)	\$	50,729
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u>50,729</u>
Funded Ratio		0.00%
Covered Payroll	\$	1,031
UAAL as a Percentage of Covered Payroll		(4,918.6)%

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 \$1,118 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, Cable, Development Services, Park Fees, Operating Grants & Donations, and Housing Funds.

(in thousands)

Governmental activities	\$ 12,862
Enterprise activities	<u>1,535</u>
Total compensated absences	<u>\$ 14,397</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, 2011, the City had available cash and equity in pooled investments in the self-insurance funds of \$9.5 million to provide against risk of catastrophic losses. The claims liability of \$5.7 million reported in the self-insurance funds as of December 31, 2011, 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, 2010 to December 31, 2011 (in thousands):

	Workers' Compensation	Unemployment Compensation	General Self-Insurance	Health Benefits
December 31, 2010:				
Unpaid claims, beginning of fiscal year	\$ 1,481	\$ 91	\$ 2,866	\$ 1,730
Incurred claims (including IBNRs)	1,595	401	710	11,714
Claim payments	(1,183)	(382)	(804)	(11,807)
Unpaid claims, December 31, 2010	<u>\$ 1,893</u>	<u>\$ 110</u>	<u>\$ 2,772</u>	<u>\$ 1,637</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	(1,080)	(477)	(698)	(14,266)
Unpaid claims, December 31, 2011	<u>\$ 1,625</u>	<u>\$ 71</u>	<u>\$ 2,990</u>	<u>\$ 1,009</u>
Due within one year	1,016	71	1,155	943
Due in more than one year	609	-	1,835	66

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	460,000,000 ^(A)	Protects the City from loss due to damage to buildings and contents from boilers and machinery.
Real & Personal Property	100,000	460,000,000 ^(A)	Protects the City from loss by fire and other extended coverages.
Earth Movement	100,000	50,000,000 ^(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	200,000	1,000,000 ^(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 2011 were \$13,081.

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

2012	\$ 13,590
2013	<u>12,458</u>
Total:	<u><u>\$ 26,048</u></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 2011 were \$25,060.

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

2012	\$ 26,496
2013	26,889
2014	27,326
2015	<u>27,810</u>
Total:	<u><u>\$ 108,521</u></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 2011 were \$21,740.

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

2012	\$ 24,106
2013	24,494
2014	24,883
2015	25,272
2016	<u>12,636</u>
Total:	<u>\$ 111,391</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 2011 were \$12,151.

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

2012	\$ 12,151
2013	12,549
2014	<u>12,549</u>
Total:	<u>\$ 37,249</u>

Sound Transit

Effective June 13, 2006 the City entered into a five-year non-cancelable lease agreement with Sound Transit to provide a Community Police substation at the Bellevue Transit Center. The lease was not renewed. Total lease payments for 2011 were \$23,689.

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 2011 were \$427,050.

The premises leased by NORCOM have a cost of \$4.2 million, \$0.6 million in accumulated depreciation and a carrying value of \$3.6 million.

Minimum future rentals from NORCOM are summarized as follows:

2012	\$ 429,696
2013	429,696
2014	429,696
2015	429,696
2016	429,696
Total:	<u>\$ 2,148,478</u>

CONSTRUCTION/OTHER CONTRACTUAL COMMITMENTS:

The City's other outstanding contractual commitments by fund type as of December 31, 2011, are summarized below:

	(in thousands)
Governmental activities	\$ 79,497
Enterprise activities	18,462
Total Contractual Commitments	<u>\$ 97,959</u>

NOTES TO THE FINANCIAL STATEMENTS

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following provides the total interfund transfers for 2011 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	\$ 529	\$ 841
Operating Grants, Donations & Special Reserves:	7	-
Housing	8	-
General Capital Investment Program	18	-
Nonmajor governmental funds	59	2
Proprietary funds:		
Storm Drainage Utility	47	6
Water Utility	47	-
Sewer Utility	70	-
Marina	14	-
Internal Service Funds	50	-
Total due other funds	<u>\$ 849</u>	<u>\$ 849</u>

DUE TO/FROM PRIMARY GOVERNMENT AND COMPONENT UNIT

Hotel/Motel Tax	\$ -	\$ 834
Bellevue Convention Center Authority	834	-
Total due City/Component Unit	<u>\$ 834</u>	<u>\$ 834</u>

INTERFUND TRANSFERS

	<u>In</u> (in thousands)	<u>Out</u> (in thousands)
Governmental funds:		
General Fund	\$ 2,953	\$ 3,662
Operating Grants, Donations & Special Reserves:	32	784
Housing	156	-
General Capital Investment Program	-	10,679
Nonmajor governmental funds	14,680	1,608
Proprietary funds:		
Storm Drainage Utility	35	1
Water Utility	94	43
Sewer Utility	38	-
Marina	11	-
Internal Service Funds	1,630	2,851
Total Transfers	<u>\$ 19,629</u>	<u>\$ 19,629</u>

Interfund loans for the year ended December 31, 2011, were as follows (in thousands):

INTERFUND LOANS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Receivable:				
LID Guarantee Fund	\$ 33	\$ -	\$ (7)	\$ 26
Equipment Rental Fund	-	3,500	(3,500)	-
Total receivable	<u>\$ 33</u>	<u>\$ 3,500</u>	<u>\$ (3,507)</u>	<u>\$ 26</u>
Payable:				
General Fund	\$ -	\$ 3,500	\$ (3,500)	\$ -
LID Control Fund	33	-	(7)	26
Total payable	<u>\$ 33</u>	<u>\$ 3,500</u>	<u>\$ (3,507)</u>	<u>\$ 26</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.

The following describes the significant amounts during 2011:

- Transfer of \$3.5 million from the Equipment Rental Fund to the General Fund for the purpose of short-term Cash Flow borrowing, which was repaid within one year.
- Repay \$3.5 million loan to the Equipment Rental Fund from the General Fund.

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 non-revolving line of credit obtained for a period of five 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 of this installment purchase debt as of December 31, 2011 is \$450,000.

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 2011.

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, reported in the statement of net assets as a reduction from bonds payable, is being charged to operations through the year 2032 using the effective interest method.

The schedules on the following pages detail the long term debt activity and balances of the City.

LONG TERM DEBT - GOVERNMENTAL ACTIVITIES

For The Year Ended December 31, 2011

(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2011	Debt Issued in 2011	Debt Redemption in 2011	Debt Outstanding 12/31/2011
GENERAL OBLIGATION BONDS-COUNCILMANIC									
1995 Limited G.O.	5.15-5.80%	Hotel/Motel Tax	12/27/95	12/01/25	\$ 5,139	\$ 3,207	\$ -	\$ 318	\$ 2,889
2003 Limited G.O. Refunding Series B	2.00-4.50%	General CIP	10/29/03	07/01/14	4,635	1,855	-	435	1,420
2004 Limited G.O. (City Building)	5.00-5.50%	General CIP	07/01/04	12/01/43	102,710	101,475	-	1,280	100,195
Add: Unamortized bond premium						880		27	853
2006 Limited G.O.	3.80-4.25%	General CIP	11/01/06	12/01/26	6,060	5,220	-	235	4,985
Add: Unamortized bond premium						18		1	17
2008 Limited G.O.	3.00-4.25%	General CIP	02/07/08	12/01/27	14,230	12,710	-	570	12,140
Add: Unamortized bond premium						15		1	14
2010 Limited Tax G.O.	2.00-4.00%	General CIP	10/14/10	12/01/30	11,825	11,825	-	385	11,440
Add: Unamortized bond premium						804		40	764
2010 Limited Tax G.O. Refunding Series 2002	2.00-4.00%	Hotel/Motel Tax	09/28/10	12/01/32	9,595	9,435	-	60	9,375
Add: Unamortized bond premium						275		12	262
Add: Unamortized gain on advance refunding						(402)		18	(384)
INSTALLMENT PURCHASE CONTRACTS									
Chapel LLC		General CIP	2/16/2010	1/31/2012	1,100	1,100	-	650	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	638	-	40	598
TOTAL					\$ 168,091	\$ 164,101	\$ -	\$ 4,072	\$ 160,066

⁽¹⁾ The total authorized amount of the line of credit (LOC) is \$30 million, of which \$15.05 million was drawn as of 12/31/2011. The weighted average interest rate on the \$15.05 million LOC balance as of 12/31/11 was 1.61%.

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT
For The Year Ended December 31, 2011
(in thousands)

Local Improvement District	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2011	Debt Issued in 2011	Debt Redemption in 2011	Debt Outstanding 12/31/2011
NE 10th St/Bellevue Way to 112th Ave NE	5.10-6.75%	LID Control	05/15/95	12/01/16	\$ 7,830	\$ 590	-	\$ 590	-
NE 10th St/Bellevue Way to 112th Ave NE	4.00-6.00%	LID Control	12/01/96	12/01/18	775	60	-	60	-
NE 8th St & 156th Ave NE	6.50-6.65%	LID Control	06/01/94	07/01/16	563	145	-	45	100
TOTAL					\$ 9,168	\$ 795	\$ -	\$ 695	\$ 100

LONG TERM DEBT - BUSINESS-TYPE ACTIVITIES

For The Year Ended December 31, 2011

(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2011	Debt Issued in 2011	Debt Redemption in 2011	Debt Outstanding 12/31/2011
GENERAL OBLIGATION BONDS-COUNCILMANIC									
2010 Limited G.O. Refunding Series 1998	2.00-3.00%	Marina	9/28/2010	12/1/2018	\$ 3,280	\$ 2,980	\$ -	\$ 305	\$ 2,675
Add: Unamortized bond premium						142	-	18	124
Add: Unamortized gain on advance refunding						(54)	-	7	(48)
 OTHER LONG TERM DEBT									
Department of Community, Trade & Economic Development:									
Public Works Trust Fund Loan #91-011	3.00%	Storm Utility	08/06/91	08/06/11	377	20	-	20	-
Public Works Trust Fund Loan #93-005	⁽¹⁾ 2.00%	Storm Utility	07/01/93	07/01/13	126	21	-	7	14
Public Works Trust Fund Loan #94-002	⁽²⁾ 1.00%	Water Utility	06/23/94	07/01/14	560	118	-	30	88
TOTAL					<u>\$ 4,343</u>	<u>\$ 3,226</u>	<u>\$ -</u>	<u>\$ 386</u>	<u>\$ 2,853</u>

⁽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, 2011, 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		Revenue Bonds		Special Assessment Bonds		Governmental Activities Other Debt		Business-Type Activities Other Debt		Total Annual Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 3,973	\$ 7,174	\$ -	\$ -	\$ 35	\$ 8	\$ 15,537	\$ 3	\$ 37	\$ 1	\$ 26,768
2013	4,085	7,054	-	-	35	5	40	3	37	1	11,259
2014	4,277	6,926	-	-	30	3	40	3	30	-	11,308
2015	3,871	6,791	-	-	-	-	40	2	-	-	10,704
2016	3,987	6,660	-	-	-	-	40	2	-	-	10,689
2017-2021	20,921	31,154	-	-	-	-	199	8	-	-	52,282
2022-2026	24,211	26,158	-	-	-	-	199	3	-	-	50,571
2027-2031	21,995	18,223	-	-	-	-	-	-	-	-	40,218
2032-2036	20,180	13,162	-	-	-	-	-	-	-	-	33,342
2037-2041	25,420	7,281	-	-	-	-	-	-	-	-	32,701
2042-2043	12,200	946	-	-	-	-	-	-	-	-	13,146
Total	\$ 145,119	\$ 131,530	\$ -	\$ -	\$ 100	\$ 15	\$ 16,095	\$ 24	\$ 103	\$ 2	\$ 292,988

LONG TERM DEBT - DISCRETELY PRESENTED COMPONENT UNIT
BELLEVUE CONVENTION CENTER AUTHORITY
For The Year Ended December 31, 2011
(in thousands)

Description	Interest Rate	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2011	Debt Issued in 2011	Debt Redemption in 2011	Debt Outstanding 12/31/2011
1991 Series B	5.9-7.20%	08/01/91	12/01/19	\$ 21,120	\$ 6,013	\$ -	\$ 710	\$ 5,303
1994 Refunding	6.25-7.50%	11/05/93	12/05/25	13,749	11,049	-	452	10,597
Total Revenue Bonds				<u>\$ 34,869</u>	<u>\$ 17,062</u>	<u>\$ -</u>	<u>\$ 1,162</u>	<u>\$ 15,900</u>
Add:								
Unamortized gain on advance refunding								25
TOTAL								<u><u>\$ 15,925</u></u>

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

At December 31, 2011 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	
2012	\$ 1,156	\$ 3,549	\$ 4,705
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
2017-2021	5,389	29,096	34,485
2022-2025	4,757	34,493	39,250
Total	<u>\$ 15,900</u>	<u>\$ 84,915</u>	<u>\$ 100,815</u>

CHANGES IN LONG-TERM DEBT

(in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 145,727	\$ -	\$ (3,283)	\$ 142,444	\$ 3,673
Add: for issuance premium	1,992	-	(81)	1,910	-
for refunding	(402)	-	18	(384)	
Special assessment debt	795	-	(695)	100	35
Compensated absences	12,745	8,056	(7,939)	12,862	3,859
Estimated claims payable	6,412	7,226	(7,943)	5,695	3,185
Line of credit	15,047	-	-	15,047	-
Other post employment benefits	3,493	772	-	4,265	-
Installment purchase - Chapel LLC	1,100	-	(650)	450	450
Estimated pollution remediation	387	390	(387)	390	-
Other long-term debt	638	-	(40)	598	40
Total	\$ 187,933	\$ 16,444	\$ (21,000)	\$ 183,378	\$ 11,242
Business Activities:					
General obligation bonds	\$ 2,980	\$ -	\$ (305)	\$ 2,675	\$ 300
Less deferred amounts:					
for issuance premiums	142	-	(18)	124	-
for refunding	(54)	-	7	(48)	-
Compensated absences	1,501	1,020	(986)	1,535	461
Other long-term debt	159	-	(56)	103	37
Total	\$ 4,727	\$ 1,020	\$ (1,358)	\$ 4,389	\$ 797
Bellevue Convention Center Authority:					
Revenue bonds	\$ 17,062	\$ -	\$ (1,162)	\$ 15,900	\$ 1,156
Add deferred amounts:					
for refunding	30	-	(5)	25	-
Compensated absences	59	7	-	66	26
Total	\$ 17,151	\$ 7	\$ (1,167)	\$ 15,991	\$ 1,182

(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 \$5.5 million in 2011.

NOTES TO THE FINANCIAL STATEMENTS

15. CONTINGENCIES AND LITIGATION

As of December 31, 2011 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, 2011, the weighted vote was as follows:

Bellevue	51.71%
Redmond	20.07%
Kirkland	16.27%
Mercer Island	6.26%
Issaquah	5.70%
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>
2007	\$ 308,765
2008	314,307
2009	341,831
2010	346,169
2011	341,197

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 \$498,488 as of December 31, 2011 are, upon dissolution, to be apportioned among the Principals, the City's share in 2011 of \$257,743 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 derive 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
2007	\$ 333,538	\$ 108,563	32.55%
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%

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, 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
2007	\$ 321,461	\$ 89,664	27.89%
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%

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 \$1,320,683 (cost: \$2,635,041, net of accumulated depreciation of \$1,314,358) as of December 31, 2011. Total 2011 operating costs for the reservoir and pumping facility, excluding depreciation of \$65,876, were \$166,357 of which the City of Redmond reimbursed \$73,197.

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 2011 were:

Maintenance	Student	Facilities
\$ 5,000	\$ 17,380	\$ -

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 ENTTF, 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:

Bellevue	54.50%
King County	11.20%
Kirkland	10.60%
Redmond	9.80%
Mercer Island	9.40%
Issaquah	2.70%
WA State Patrol	1.80%

Total revenues for 2011 were \$311,742 of which \$169,899 was the City of Bellevue’s share. Total expenditures for 2011 were \$524,746 of which \$285,987 was the City of Bellevue’s share. The total decrease in net assets for 2011 was \$213,005 of which \$116,087 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 2011 membership dues totaling \$1,444,763, of which Bellevue's share was \$539,117. Bellevue also paid the Alliance \$966,805 in 2011 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.

Washington City and County Pipeline Safety Consortium

In June, 2000, the City of Bellevue entered into a joint agreement with eleven other jurisdictions to establish the Washington City and County Pipeline Safety Consortium.

The purpose of the Consortium, established in response to the 1999 devastating gas pipeline explosion in Bellingham, Washington, is to share information, identify common issues, and work towards a concerted approach to dealing with the risks that these pipelines pose to communities.

The Consortium is governed by a joint Executive Board composed of representatives of the twelve Consortium members, appointed by their jurisdictions. The Executive Board is responsible for recommending periodic budgets, and establishing policies to carry out the work approved by the members. Each representative on the Joint Board 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. The City provides administrative and secretarial support to the Joint Board.

Members withdrawing from the agreement relinquish all rights to any reserve funds contributed. Upon dissolution, the agreement provides for distribution of net assets among the members based on their financial contribution on a pro rata basis.

Initial contributions of \$5,000 were received from 10 of the 12 member jurisdictions in 2000. An additional \$5,000 was received in 2002 from a member jurisdiction.

Budget monitoring information can be obtained from Washington City and County Pipeline Safety Consortium, c/o Toni Rezab, Budget Manager, Finance Department, 450 110th Ave NE, 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.

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 2011 were \$1,168,111, revenues were \$959,151. Partner fees and voting are based on relative population, equity balances are as follows:

	Population Percentage		Equity	
Bellevue	123,400	26.11%	\$	36,514
Renton	92,590	19.59%		27,397
Kirkland	80,836	17.11%		23,919
Sammamish	46,940	9.93%		13,889
Bothell	32,720	6.92%		9,682
Issaquah	30,690	6.49%		9,081
Mercer Island	22,710	4.81%		6,720
Kenmore	20,780	4.40%		6,149
Snoqualmie	10,950	2.32%		3,240
Woodinville	10,940	2.32%		3,237
Total	472,556	100.00%	\$	139,828

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 2011, the City of Bellevue's share of user fees were \$3.1 million, and start-up fees were \$996,000.

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.

Nonspendable: This fund balance category includes amounts not available to be spent because they are not in spendable form or are legally required to be maintain intact. The City has no nonspendable balances.

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. 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 City has included funds previously reported as separate special revenue funds in the General Fund to meet the requirements of GASB 54. The General Fund beginning balance has been restated to include those beginning balances as follows (in thousands):

General Fund beginning balance	\$	19,790
Land Purchase Revolving		86
Cable Franchise		(3)
Parks Fees		1,193
General Fund beginning balance restated	\$	<u>21,067</u>

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

Governmental Fund Balances
December 31, 2011
(in thousands)

	General Fund	Operating Grants & Donations	Housing Fund	General CIP Fund	Other Governmental Funds	Total
Fund balance						
Assigned for:						
Arts and culture	\$ -	\$ -	\$ -	\$ 280	\$ -	\$ 280
CIP funding	-	-	-	1,031	-	1,031
Debt service	-	-	-	-	1,705	1,705
Environmental stewardship	-	1	-	36	-	37
Housing and community services	-	189	4,153	-	-	4,342
LEOFF1 retiree medical	-	-	-	-	11,539	11,539
Operation & maintenance city-owned pro]	1,180	-	-	5	-	1,185
Parks, recreation, and open spaces	-	399	-	4,500	-	4,899
Police services	-	422	-	-	-	422
Transportation infrastructure	-	-	-	243	-	243
Waste reduction & recycling	-	-	-	-	521	521
Water quality management	-	412	-	-	-	412
Gen Govt property acquisition	-	-	-	1,453	-	1,453
Community development	-	-	-	162	-	162
Other	-	1,090	-	-	-	1,090
Total assigned fund balance	<u>1,180</u>	<u>2,514</u>	<u>4,153</u>	<u>7,709</u>	<u>13,765</u>	<u>29,321</u>
Restricted for:						
Commuting alternatives	-	12	-	-	-	12
Debt service	-	-	-	-	6	6
Housing and community services	567	-	-	-	-	567
Information systems	-	-	-	23	-	23
LEOFF1 retiree medical	-	-	-	-	728	728
Parks, recreation, and open spaces	-	6	-	4,206	4,588	8,801
Permit review and inspection	-	-	-	-	5,111	5,111
Police services	-	13	-	-	-	13
Waste reduction & recycling	-	-	-	-	367	367
Convention Center Financing	-	-	-	-	3,213	3,213
Total restricted fund balance	<u>567</u>	<u>31</u>	<u>-</u>	<u>4,229</u>	<u>14,014</u>	<u>18,841</u>
Unassigned	20,873	-	-	-	-	20,873
Total unassigned fund balance	<u>20,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,873</u>
Fund Balance	<u><u>\$ 22,620</u></u>	<u><u>\$ 2,545</u></u>	<u><u>\$ 4,153</u></u>	<u><u>\$ 11,938</u></u>	<u><u>\$ 27,779</u></u>	<u><u>\$ 69,036</u></u>

NOTES TO THE FINANCIAL STATEMENTS

18. SUBSEQUENT EVENTS

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.

On April 17, 2012, the City issued \$55.9 million in limited tax general obligation (LTGO) refunding bonds with an average coupon interest rate of 4.67% percent and a true interest cost of 3.74 percent. Interest on the bonds will be paid semiannually on each June 1st and December 1st commencing on June 1, 2012. The bonds will mature from December 1, 2013 through 2029 and from December 1, 2035 through 2039. The proceeds of the Bonds were used to advance refund a portion (\$55.3 million) of the City's outstanding LTGO Bonds, Series 2004 (New City Building) with an average coupon interest rate of 5.35 percent and to pay cost of issuing the Bonds. The net proceeds of the refunding bonds were used to purchase U.S. Treasury securities. These securities were deposited in an irrevocable trust to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets.

The City has completed an annexation of areas surrounding the City which will add approximately 5,400 residents, 1,850 residences and 700 acres of land. The annexation is expected to be completed on June 1, 2012. The annexation is expected to cost the city \$1.34 million more annually to provide services than it takes in from taxes and other revenue generated by the new neighborhoods. However, a state sales tax credit will be available to make up these cost for the following ten years.

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Funding Progress
For the Fiscal Year Ended December 31, 2011**

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
12/31/2007	\$ -	\$ 30,100	\$ 30,100	0.0%	\$ 2,336	(1288.53)%
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)%

**Schedule of Contributions from the Employer and Other Contributing Entities
For the Fiscal Year Ended December 31, 2011**

Firemen's Pension Fund

Year Ended 12/31	Fire Insurance Premium Taxes	Total Employer Contributions	Annual Required Contribution	Percentage Contributed
2006	\$ 147,488	\$ 147,488	\$ -	N/A
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

Other Post Employment Benefits (OPEB)

Year Ended 12/31	Annual OPEB Cost	Employer Contribution	Percentage of OPEB Cost Contributed	NET OPEB Obligation
2007	\$ 2,051,705	\$ 1,435,906	69.99%	\$ 615,799
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

**Schedule of Modified Approach for Reporting Infrastructure Assets
For the Fiscal Year Ended December 31, 2011**

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>2011</u>	<u>2010</u>	<u>2009</u>
Arterial:			
Percent above satisfactory	81%	80%	84%
Overall performance rating:	74	72	75
Residential:			
Percent above satisfactory	97%	97%	96%
Overall performance rating:	84	84	83

COMPARISON OF NEEDED-TO-ACTUAL EXPENDITURES

(in thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Arterial:					
Needed:	\$ 3,896	\$ 2,314	\$ 192	\$ 3,352	\$ 3,616
Actual:	2,745	1,993	120	3,206	3,317
Residential:					
Needed:	\$ 750	\$ 3,610	\$ 4,873	\$ 2,314	\$ 1,853
Actual:	628	2,977	3,782	2,214	1,759

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.

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2011
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Taxes and special assessments	\$ 111,225	\$ 111,225	\$ 109,103	\$ 2,122
Licenses and permits	425	425	413	11
Intergovernmental	16,676	16,694	16,189	505
Service charges and fees	16,936	16,936	15,049	1,887
Fines and forfeitures	1,294	1,294	2,635	(1,341)
Interest and assessment interest	207	207	73	134
Net change in fair value of investments	-	-	22	(22)
Rent	1,481	1,481	1,153	328
Premiums/contributions	36	36	1	35
Other	1,636	1,636	718	918
Total revenues	<u>149,914</u>	<u>149,933</u>	<u>145,356</u>	<u>4,576</u>
Expenditures				
Current:				
General government	17,537	18,501	17,579	922
Public safety	77,528	76,988	76,030	958
Physical environment	103	103	97	6
Transportation	24,825	24,573	23,687	886
Economic environment	3,924	3,890	3,303	586
Health and human services	2,397	2,397	2,167	230
Culture and recreation	22,817	22,692	22,030	662
Debt service:				
Interest and fiscal charges	-	-	4	(4)
Total expenditures	<u>149,132</u>	<u>149,144</u>	<u>144,899</u>	<u>4,245</u>
Excess (deficiency) of revenues over (under) expenditures	782	789	457	331
Other financing sources(uses)				
Transfers in	1,432	1,432	2,879	(1,447)
Transfers out	(2,255)	(2,224)	(2,307)	83
Total other financing sources(uses)	<u>(824)</u>	<u>(793)</u>	<u>572</u>	<u>(1,364)</u>
Net change in fund balance	(41)	(4)	1,029	(1,033)
Fund balance beginning of year	14,538	14,538	19,140	(4,602)
Fund balance end of year	<u>\$ 14,497</u>	<u>\$ 14,534</u>	<u>\$ 20,169</u>	<u>\$ (5,635)</u>

Human Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2011
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Taxes and special assessments	\$ 2,511	\$ 2,511	\$ 2,522	\$ (11)
Intergovernmental	900	900	1,094	(194)
Service charges and fees	-	-	22	(22)
Interest and assessment interest	5	5	16	(11)
Net change in fair value of investments	-	-	5	(5)
Premiums/contributions	10	10	17	(7)
Total revenues	<u>3,426</u>	<u>3,426</u>	<u>3,675</u>	<u>(249)</u>
Expenditures				
Current:				
Health and human services	3,560	3,560	3,693	(133)
Culture and recreation	-	-	39	(39)
Total expenditures	<u>3,560</u>	<u>3,560</u>	<u>3,731</u>	<u>(171)</u>
Excess (deficiency) of revenues over (under) expenditures	(134)	(134)	(56)	(78)
Other financing sources(uses)				
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(134)	(134)	(56)	(78)
Fund balance beginning of year	474	474	650	(176)
Fund balance end of year	<u>\$ 340</u>	<u>\$ 340</u>	<u>\$ 594</u>	<u>\$ (254)</u>

Land Purchase Revolving Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2011
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Interest and assessment interest	\$ 14	\$ 14	\$ 4	\$ 10
Net change in fair value of investments	-	-	5	(5)
Rent	1,585	1,585	1,657	(73)
Other	-	-	1	(1)
Total revenues	<u>1,599</u>	<u>1,599</u>	<u>1,667</u>	<u>(68)</u>
Expenditures				
Current:				
General government	846	846	753	93
Transportation	7	7	4	3
Culture and recreation	472	472	724	(253)
Total expenditures	<u>1,325</u>	<u>1,325</u>	<u>1,482</u>	<u>(157)</u>
Excess (deficiency) of revenues over (under) expenditures	273	273	185	89
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	273	273	185	89
Fund balance beginning of year	-	-	86	(86)
Fund balance end of year	<u>\$ 273</u>	<u>\$ 273</u>	<u>\$ 271</u>	<u>\$ 3</u>

Franchise Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2011
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Taxes and special assessments	\$ 1,717	\$ 1,717	\$ 1,743	\$ (26)
Interest and assessment interest	11	11	11	-
Net change in fair value of investments	-	-	3	(3)
Total revenues	<u>1,728</u>	<u>1,728</u>	<u>1,757</u>	<u>(29)</u>
Expenditures				
Current:				
Transportation	15	15	-	15
Economic environment	451	451	399	52
Total expenditures	<u>466</u>	<u>466</u>	<u>399</u>	<u>67</u>
Excess (deficiency) of revenues over (under) expenditures	1,262	1,262	1,358	(96)
Other financing sources(uses)				
Transfers out	<u>(1,262)</u>	<u>(1,262)</u>	<u>(1,355)</u>	<u>93</u>
Total other financing sources(uses)	<u>(1,262)</u>	<u>(1,262)</u>	<u>(1,355)</u>	<u>93</u>
Net change in fund balance	-	-	3	(3)
Fund balance beginning of year	-	-	(3)	3
Fund balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Parks Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2011
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Service charges and fees	\$ 4,032	\$ 3,728	\$ 3,605	\$ 123
Interest and assessment interest	41	41	26	15
Net change in fair value of investments	-	-	8	(8)
Rent	1,439	1,743	1,645	97
Other	10	10	7	4
Total revenues	<u>5,522</u>	<u>5,522</u>	<u>5,290</u>	<u>231</u>
Expenditures				
Current:				
Culture and recreation	5,134	5,131	4,972	159
Total expenditures	<u>5,134</u>	<u>5,131</u>	<u>4,972</u>	<u>159</u>
Excess (deficiency) of revenues over (under) expenditures	387	391	319	72
Other financing sources(uses)				
Transfers in	31	31	74	(43)
Transfers out	(331)	(331)	-	(331)
Total other financing sources(uses)	<u>(300)</u>	<u>(300)</u>	<u>74</u>	<u>(374)</u>
Net change in fund balance	87	91	392	(301)
Fund balance beginning of year	816	816	1,193	(377)
Fund balance end of year	<u>\$ 903</u>	<u>\$ 907</u>	<u>\$ 1,585</u>	<u>\$ (678)</u>

Notes to RSI - Budget and Actual Schedules:

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



**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 **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.

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

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

The **Local Improvement District (LID) Control Fund** accounts for the collection of special assessments from property owners benefited by a local improvement district construction project and to pay from those collections the bonds issued to finance the project construction.

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, 2011
(in thousands)**

	<u>Special Revenue</u>		
	<u>LEOFF I Reserve</u>	<u>Parks M & O Reserve</u>	<u>Solid Waste Recycling</u>
Assets:			
Cash & equity in pooled investments	\$ 12,214	\$ 4,571	\$ 976
Receivables (net of allowances):			
Taxes	-	-	-
Current assessments	-	-	-
Interest & penalties on assessments	-	-	-
Interest	48	12	4
Interfund loans receivable	-	-	-
Due from other funds	22	5	2
Total assets	<u>12,283</u>	<u>4,588</u>	<u>982</u>
Liabilities:			
Accounts payable	17	-	84
Interfund loans payable	-	-	-
Due to other funds	-	-	-
Due to Component Unit	-	-	-
Accrued payroll	-	-	10
Deposits payable	-	-	-
Deferred revenues	-	-	-
Total liabilities	<u>17</u>	<u>-</u>	<u>94</u>
Fund balance:			
Reserved for:			
Restricted	728	4,588	367
Assigned	11,539	-	521
Total fund balance	<u>12,266</u>	<u>4,588</u>	<u>888</u>
Total liabilities and fund balance	<u>\$ 12,283</u>	<u>\$ 4,588</u>	<u>\$ 982</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2011
(in thousands)**

	<u>Special Revenue</u>		
	<u>Hotel/Motel Tax</u>	<u>Development Services</u>	<u>Total Special Revenue Funds</u>
Assets:			
Cash & equity in pooled investments	\$ 4,028	\$ 8,072	\$ 29,861
Receivables (net of allowances):			
Taxes	-	-	-
Current assessments	-	-	-
Interest & penalties on assessments	-	-	-
Interest	13	41	118
Interfund loans receivable	-	-	-
Due from other funds	6	18	53
Total assets	<u>4,047</u>	<u>8,131</u>	<u>30,032</u>
Liabilities:			
Accounts payable	-	11	111
Interfund loans payable	-	-	-
Due to other funds	-	-	-
Due to Component Unit	834	-	834
Accrued payroll	-	422	432
Deposits payable	-	822	822
Deferred revenues	-	1,765	1,765
Total liabilities	<u>834</u>	<u>3,020</u>	<u>3,964</u>
Fund balance:			
Reserved for:			
Restricted	3,213	5,111	14,008
Assigned	-	-	12,060
Total fund balance	<u>3,213</u>	<u>5,111</u>	<u>26,068</u>
Total liabilities and fund balance	<u>\$ 4,047</u>	<u>\$ 8,131</u>	<u>\$ 30,032</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2011
(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	\$ 1,316	\$ 183	\$ 178
Receivables (net of allowances):			
Taxes	-	1	-
Current assessments	-	1,334	-
Interest & penalties on assessments	-	8	-
Interest	10	1	2
Interfund loans receivable	-	-	26
Due from other funds	5	1	1
Total assets	<u>1,331</u>	<u>1,529</u>	<u>206</u>
Liabilities:			
Accounts payable	-	-	-
Interfund loans payable	-	26	-
Due to other funds	2	-	-
Due to Component Unit	-	-	-
Accrued payroll	-	-	-
Deposits payable	-	-	-
Deferred revenues	-	1,328	-
Total liabilities	<u>2</u>	<u>1,354</u>	<u>-</u>
Fund balance:			
Reserved for:			
Restricted	-	-	6
Assigned	1,329	176	200
Total fund balance	<u>1,329</u>	<u>176</u>	<u>206</u>
Total liabilities and fund balance	<u>\$ 1,331</u>	<u>\$ 1,529</u>	<u>\$ 206</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2011
(in thousands)**

	<u>Total Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:		
Cash & equity in pooled investments	\$ 1,677	\$ 31,538
Receivables (net of allowances):		
Taxes	1	1
Current assessments	1,334	1,334
Interest & penalties on assessments	8	8
Interest	14	132
Interfund loans receivable	26	26
Due from other funds	6	59
Total assets	<u>3,066</u>	<u>33,099</u>
Liabilities:		
Accounts payable	-	111
Interfund loans payable	26	26
Due to other funds	2	2
Due to Component Unit	-	834
Accrued payroll	-	432
Deposits payable	-	822
Deferred revenues	1,328	3,093
Total liabilities	<u>1,355</u>	<u>5,321</u>
Fund balance:		
Reserved for:		
Restricted	6	14,014
Assigned	1,705	13,765
Total fund balance	<u>1,711</u>	<u>27,779</u>
Total liabilities and fund balance	<u>\$ 3,066</u>	<u>\$ 33,099</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2011
(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>
Revenues:			
Taxes and special assessments	\$ -	\$ 663	\$ -
Licenses and permits	-	-	-
Intergovernmental	84	-	-
Service charges and fees	-	-	994
Fines and forfeitures	-	-	-
Interest and assessment interest/penalties	173	55	16
Net change in fair value of investments	78	19	6
Total revenues	<u>335</u>	<u>737</u>	<u>1,016</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	1,854	-	-
Physical environment	-	-	1,398
Transportation	-	-	-
Economic environment	-	-	-
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,854</u>	<u>-</u>	<u>1,398</u>
Excess (deficiency) of revenues over (under) expenditures	(1,518)	737	(382)
Other financing sources (uses):			
Transfers in	-	-	318
Transfers out	-	(31)	-
Total other financing sources and uses	<u>-</u>	<u>(31)</u>	<u>318</u>
Net change in fund balance	(1,518)	705	(64)
Fund balance at beginning of year	13,785	3,883	952
Fund balance:			
Restricted	728	4,588	367
Assigned	11,539	-	521
Fund balance at end of year	<u>\$ 12,266</u>	<u>\$ 4,588</u>	<u>\$ 888</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2011
(in thousands)

Page 2 of 4

	Special Revenue		
	Hotel/Motel Tax	Development Services	Total Special Revenue Funds
Revenues:			
Taxes and special assessments	\$ 6,776	\$ -	\$ 7,439
Licenses and permits	-	4,193	4,193
Intergovernmental	-	-	84
Service charges and fees	-	4,428	5,423
Fines and forfeitures	-	5	5
Interest and assessment interest/penalties	51	124	419
Net change in fair value of investments	20	63	187
Total revenues	6,848	8,813	17,749
Expenditures:			
Current:			
General government	5,475	-	5,475
Public safety	-	-	1,854
Physical environment	-	-	1,398
Transportation	-	-	-
Economic environment	-	14,749	14,749
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	5,475	14,749	23,475
Excess (deficiency) of revenues over (under) expenditures	1,374	(5,936)	(5,726)
Other financing sources (uses):			
Transfers in	-	3,249	3,567
Transfers out	(1,393)	(170)	(1,594)
Total other financing sources and uses	(1,393)	3,079	1,973
Net change in fund balance	(19)	(2,857)	(3,753)
Fund balance at beginning of year	3,233	7,968	29,821
Fund balance:			
Restricted	3,213	5,111	14,008
Assigned	-	-	12,060
Fund balance at end of year	\$ 3,213	\$ 5,111	\$ 26,068

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2011
(in thousands)

Page 3 of 4

	<u>Debt Service</u>		
	<u>I & D Redemption - Regular</u>	<u>LID Control</u>	<u>LID Guaranty</u>
Revenues:			
Taxes and special assessments	\$ -	\$ 428	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Service charges and fees	-	-	-
Fines and forfeitures	-	-	-
Interest and assessment interest/penalties	23	129	4
Net change in fair value of investments	10	3	2
Total revenues	<u>33</u>	<u>560</u>	<u>6</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	18	-
Economic environment	-	-	-
Principal	3,283	695	-
Interest and fiscal charges	7,803	55	-
Total expenditures	<u>11,086</u>	<u>767</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(11,053)	(208)	6
Other financing sources (uses):			
Transfers in	11,113	-	-
Transfers out	(11)	-	-
Total other financing sources and uses	<u>11,102</u>	<u>-</u>	<u>-</u>
Net change in fund balance	49	(208)	6
Fund balance at beginning of year	1,281	383	200
Fund balance:			
Restricted	-	-	6
Assigned	1,329	176	200
Fund balance at end of year	<u>\$ 1,329</u>	<u>\$ 176</u>	<u>\$ 206</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2011
(in thousands)

Page 4 of 4

	<u>Total Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:		
Taxes and special assessments	\$ 428	\$ 7,867
Licenses and permits	-	4,193
Intergovernmental	-	84
Service charges and fees	-	5,423
Fines and forfeitures	-	5
Interest and assessment interest/penalties	156	574
Net change in fair value of investments	15	202
Total revenues	<u>599</u>	<u>18,348</u>
Expenditures:		
Current:		
General government	-	5,475
Public safety	-	1,854
Physical environment	-	1,398
Transportation	18	18
Economic environment	-	14,749
Principal	3,978	3,978
Interest and fiscal charges	7,858	7,858
Total expenditures	<u>11,854</u>	<u>35,329</u>
Excess (deficiency) of revenues over (under) expenditures	(11,255)	(16,981)
Other financing sources (uses):		
Transfers in	11,113	14,680
Transfers out	(14)	(1,608)
Total other financing sources and uses	<u>11,099</u>	<u>13,072</u>
Net change in fund balance	(156)	(3,909)
Fund balance at beginning of year	1,867	31,688
Fund balance:		
Restricted	6	14,014
Assigned	1,705	13,765
Fund balance at end of year	<u>\$ 1,711</u>	<u>\$ 27,779</u>

LEOFF I Medical Reserve
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2011
(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	\$ 54	\$ 54	\$ 84	\$ (30)
Interest and assessment interest	290	290	173	117
Net change in fair value of investments	-	-	78	(78)
Total revenues	<u>344</u>	<u>344</u>	<u>335</u>	<u>8</u>
Expenditures				
Current:				
Public safety	1,604	1,604	1,854	(250)
Total expenditures	<u>1,604</u>	<u>1,604</u>	<u>1,854</u>	<u>(250)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,260)	(1,260)	(1,518)	258
Other financing sources(uses)				
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,260)	(1,260)	(1,518)	258
Fund balance beginning of year	14,496	14,496	13,785	711
Fund balance end of year	<u>\$ 13,235</u>	<u>\$ 13,235</u>	<u>\$ 12,266</u>	<u>\$ 969</u>

Park M&O Reserve
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2011
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Taxes and special assessments	\$ 660	\$ 660	\$ 663	\$ (3)
Interest and assessment interest	110	110	55	55
Net change in fair value of investments	-	-	19	(19)
Total revenues	<u>770</u>	<u>770</u>	<u>737</u>	<u>33</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	770	770	737	33
Other financing sources(uses)				
Transfers out	<u>(31)</u>	<u>(31)</u>	<u>(31)</u>	<u>-</u>
Total other financing sources(uses)	<u>(31)</u>	<u>(31)</u>	<u>(31)</u>	<u>-</u>
Net change in fund balance	739	739	705	33
Fund balance beginning of year	4,000	4,000	3,883	117
Fund balance end of year	<u>\$ 4,739</u>	<u>\$ 4,739</u>	<u>\$ 4,588</u>	<u>\$ 151</u>

Solid Waste Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2011
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Service charges and fees	\$ 1,036	\$ 1,036	\$ 994	\$ 41
Interest and assessment interest	-	-	16	(16)
Net change in fair value of investments	-	-	6	(6)
Total revenues	<u>1,036</u>	<u>1,036</u>	<u>1,016</u>	<u>20</u>
Expenditures				
Current:				
Physical environment	1,574	1,574	1,398	176
Total expenditures	<u>1,574</u>	<u>1,574</u>	<u>1,398</u>	<u>176</u>
Excess (deficiency) of revenues over (under) expenditures	(538)	(538)	(382)	(156)
Other financing sources(uses)				
Transfers in	321	321	318	3
Total other financing sources(uses)	<u>321</u>	<u>321</u>	<u>318</u>	<u>3</u>
Net change in fund balance	(217)	(217)	(64)	(153)
Fund balance beginning of year	775	775	952	(177)
Fund balance end of year	<u>\$ 558</u>	<u>\$ 558</u>	<u>\$ 888</u>	<u>\$ (331)</u>

Hotel/Motel Taxes
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2011
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Taxes and special assessments	\$ 5,979	\$ 5,979	\$ 6,776	\$ (798)
Interest and assessment interest	100	100	51	49
Net change in fair value of investments	-	-	20	(20)
Total revenues	<u>6,079</u>	<u>6,079</u>	<u>6,848</u>	<u>(769)</u>
Expenditures				
Current:				
General government	4,500	4,500	5,475	(975)
Total expenditures	<u>4,500</u>	<u>4,500</u>	<u>5,475</u>	<u>(975)</u>
Excess (deficiency) of revenues over (under) expenditures	1,579	1,579	1,374	205
Other financing sources(uses)				
Transfers out	(1,393)	(1,393)	(1,393)	-
Total other financing sources(uses)	<u>(1,393)</u>	<u>(1,393)</u>	<u>(1,393)</u>	<u>-</u>
Net change in fund balance	186	186	(19)	205
Fund balance beginning of year	4,000	4,000	3,233	767
Fund balance end of year	<u>\$ 4,186</u>	<u>\$ 4,186</u>	<u>\$ 3,213</u>	<u>\$ 972</u>

Development Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2011
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Licenses and permits	\$ 4,678	\$ 4,678	\$ 4,193	\$ 485
Service charges and fees	5,341	5,341	4,428	913
Fines and forfeitures	25	25	5	20
Interest and assessment interest	150	150	124	26
Net change in fair value of investments	-	-	63	(63)
Other	20	20	-	20
Total revenues	<u>10,214</u>	<u>10,214</u>	<u>8,813</u>	<u>1,401</u>
Expenditures				
Current:				
Economic environment	16,357	16,357	14,749	1,609
Total expenditures	<u>16,357</u>	<u>16,357</u>	<u>14,749</u>	<u>1,609</u>
Excess (deficiency) of revenues over (under) expenditures	(6,143)	(6,143)	(5,936)	(208)
Other financing sources(uses)				
Transfers in	3,336	3,336	3,249	87
Transfers out	(170)	(170)	(170)	-
Total other financing sources(uses)	<u>3,166</u>	<u>3,166</u>	<u>3,079</u>	<u>87</u>
Net change in fund balance	(2,978)	(2,978)	(2,857)	(121)
Fund balance beginning of year	9,742	9,742	7,968	1,774
Fund balance end of year	<u>\$ 6,764</u>	<u>\$ 6,764</u>	<u>\$ 5,111</u>	<u>\$ 1,653</u>

Internal Service Funds



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

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

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

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

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

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

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

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

Combining Statement of Net Assets
Internal Service Funds
As of December 31, 2011
(in thousands)

Page 1 of 2

	<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	\$ 12,224	\$ 2,052	\$ 416	\$ 4,071
Receivables (net of allowances):				
Accounts	-	-	-	-
Interest	50	7	-	16
Other	6	-	-	-
Due from other funds	23	3	-	7
Due from other governments	1	-	-	-
Inventory	621	-	-	-
Total current assets	<u>12,926</u>	<u>2,062</u>	<u>416</u>	<u>4,094</u>
Capital assets:				
Property, plant and equipment (net)	<u>17,949</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>17,949</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>30,874</u>	<u>2,062</u>	<u>416</u>	<u>4,094</u>
Liabilities:				
Current liabilities:				
Accounts payable	397	40	71	10
Estimated claims	-	1,016	71	1,155
Retainage payable	-	-	-	-
Due to other governments	7	-	-	-
Accrued payroll	95	-	-	20
Accrued compensated absences	69	-	-	18
Deposits payable	-	-	-	-
Total current liabilities	<u>567</u>	<u>1,056</u>	<u>142</u>	<u>1,204</u>
Noncurrent liabilities:				
Accrued compensated absences	160	-	-	43
Estimated claims	-	609	-	1,835
Total noncurrent liabilities	<u>160</u>	<u>609</u>	<u>-</u>	<u>1,878</u>
Total liabilities	<u>727</u>	<u>1,665</u>	<u>142</u>	<u>3,081</u>
Net assets:				
Invested in capital assets net of related debt	17,949	-	-	-
Unrestricted	<u>12,199</u>	<u>397</u>	<u>274</u>	<u>1,013</u>
Total net assets	<u>\$ 30,147</u>	<u>\$ 397</u>	<u>\$ 274</u>	<u>\$ 1,013</u>

Combining Statement of Net Assets
Internal Service Funds
As of December 31, 2011
(in thousands)

Page 2 of 2

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facility Services</u>	<u>Total</u>
Assets:				
Current assets:				
Cash & equity in pooled investments	\$ 2,961	\$ 6,591	\$ 1,582	\$ 29,897
Receivables (net of allowances):				
Accounts	-	87	8	95
Interest	12	20	6	111
Other	-	-	-	6
Due from other funds	5	9	3	50
Due from other governments	-	-	-	1
Inventory	-	-	-	621
	<u>2,978</u>	<u>6,707</u>	<u>1,598</u>	<u>30,782</u>
Capital assets:				
Property, plant and equipment (net)	-	927	2,145	21,020
Total noncurrent assets	-	927	2,145	21,020
Total assets	<u>2,978</u>	<u>7,634</u>	<u>3,743</u>	<u>51,802</u>
Liabilities:				
Current liabilities:				
Accounts payable	40	299	300	1,157
Estimated claims	943	-	-	3,185
Retainage payable	-	-	30	30
Due to other governments	-	-	-	7
Accrued payroll	8	277	86	485
Accrued compensated absences	1	185	62	335
Deposits payable	-	-	3	3
Total current liabilities	<u>992</u>	<u>761</u>	<u>482</u>	<u>5,204</u>
Noncurrent liabilities:				
Accrued compensated absences	3	432	145	783
Estimated claims	66	-	-	2,510
Total noncurrent liabilities	<u>69</u>	<u>432</u>	<u>145</u>	<u>3,293</u>
Total liabilities	<u>1,061</u>	<u>1,193</u>	<u>627</u>	<u>8,496</u>
Net assets:				
Invested in capital assets net of related debt	-	927	2,145	21,020
Unrestricted	1,917	5,514	971	22,286
Total net assets	<u>\$ 1,917</u>	<u>\$ 6,441</u>	<u>\$ 3,116</u>	<u>\$ 43,306</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Twelve Months Ending December 31, 2011
(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	\$ 9,070	\$ -	\$ -	\$ -
Rent	-	-	-	-
Judgments and settlements	-	-	-	6
Insurance recovery	-	-	-	123
Premiums/contributions	-	1,291	169	2,137
Other	55	107	-	-
Total operating revenues	<u>9,125</u>	<u>1,398</u>	<u>169</u>	<u>2,266</u>
Operating expenses:				
Administrative and general	598	239	-	1,518
Maintenance and operations	5,751	1,014	477	837
Depreciation	4,933	-	-	-
Insurance costs	-	-	-	-
Benefits and claims payments	-	(268)	(39)	218
Total operating expenses	<u>11,281</u>	<u>985</u>	<u>438</u>	<u>2,573</u>
Operating income (loss)	(2,156)	413	(270)	(307)
Nonoperating revenues (expenses):				
Interest income	159	27	4	58
Net change in fair value of investments	90	11	1	28
Rental income	-	-	-	-
Gain on disposal of capital assets	310	-	-	-
Other nonoperating revenues	170	-	-	-
Total nonoperating revenue (expenses)	<u>728</u>	<u>38</u>	<u>4</u>	<u>86</u>
Income before contributions and transfers	(1,427)	450	(265)	(221)
Special items, contributions and transfers:				
Transfers in	981	-	365	175
Transfers out	(1,307)	(164)	(6)	(365)
Total special items, contributions and transfers	<u>(326)</u>	<u>(164)</u>	<u>359</u>	<u>(190)</u>
Change in net assets	(1,753)	286	94	(411)
Net assets beginning of year	31,900	110	181	1,424
Net assets end of year	<u>\$ 30,147</u>	<u>\$ 397</u>	<u>\$ 275</u>	<u>\$ 1,013</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Twelve Months Ending December 31, 2011

(in thousands)

Page 2 of 2

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facility Services</u>	<u>Total</u>
Operating revenues:				
Service charges and fees	\$ -	\$ 12,813	\$ 5,801	\$ 27,685
Rent	-	-	341	341
Judgments and settlements	-	-	-	6
Insurance recovery	2,668	-	-	2,791
Premiums/contributions	16,137	-	-	19,733
Other	29	9	-	199
Total operating revenues	<u>18,834</u>	<u>12,822</u>	<u>6,143</u>	<u>50,756</u>
Operating expenses:				
Administrative and general	2,439	1,811	656	7,260
Maintenance and operations	-	8,796	5,690	22,565
Depreciation	-	405	148	5,486
Insurance costs	2,692	-	-	2,692
Benefits and claims payments	14,351	-	-	14,262
Total operating expenses	<u>19,483</u>	<u>11,012</u>	<u>6,494</u>	<u>52,266</u>
Operating income (loss)	(649)	1,809	(351)	(1,510)
Nonoperating revenues (expenses):				
Interest income	40	85	25	397
Net change in fair value of investments	17	34	9	189
Rental income	-	-	31	31
Gain on disposal of capital assets	-	-	-	310
Other nonoperating revenues	-	-	57	227
Total nonoperating revenue (expenses)	<u>57</u>	<u>119</u>	<u>123</u>	<u>1,154</u>
Income before contributions and transfers	(592)	1,928	(228)	(355)
Special items, contributions and transfers:				
Transfers in	-	7	102	1,630
Transfers out	(10)	(906)	(93)	(2,851)
Total special items, contributions and transfers	<u>(10)</u>	<u>(900)</u>	<u>9</u>	<u>(1,221)</u>
Change in net assets	(602)	1,028	(219)	(1,577)
Net assets beginning of year	2,519	5,413	3,335	44,882
Net assets end of year	<u>\$ 1,917</u>	<u>\$ 6,441</u>	<u>\$ 3,116</u>	<u>\$ 43,306</u>

Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2011
(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	\$ 8,926	\$ (3)	\$ -	\$ (7)
Contributions received - employer/employee	-	1,291	169	2,137
Cash received from judgments/settlements	-	-	-	6
Cash received from insurance proceeds	-	-	-	123
Cash payments to suppliers for goods and services	(3,884)	(1,506)	(556)	(1,900)
Cash payments to employees for services	(2,453)	-	-	(578)
Cash payments to claimants	-	268	39	-
Cash received from contracts/rent	-	-	-	-
Cash payments for insurance	-	-	-	-
Other receipts	225	107	-	-
Net cash provided (used) by operating activities	<u>2,814</u>	<u>157</u>	<u>(348)</u>	<u>(220)</u>
Cash flows from noncapital financing activities:				
Transfers in	981	-	365	175
Transfers out	(1,307)	(164)	(6)	(365)
Net cash provided (used) by noncapital financing activities:	<u>(326)</u>	<u>(164)</u>	<u>359</u>	<u>(190)</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	(4,577)	-	-	-
Proceeds from sale of assets	444	-	-	-
financing activities	<u>(4,133)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	203	32	4	71
Net cash provided (used) by investing activities	<u>203</u>	<u>32</u>	<u>4</u>	<u>71</u>
Net increase (decrease) in cash balance	(1,441)	25	15	(338)
Cash balance at beginning of year	13,664	2,028	401	4,410
Cash balance at end of year	<u>\$ 12,224</u>	<u>\$ 2,052</u>	<u>\$ 416</u>	<u>\$ 4,071</u>

Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2011
(in thousands)

Page 2 of 4

	Health Benefits	Information Technology	Facilities Services	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ (5)	\$ 12,806	\$ 5,793	\$ 27,509
Contributions received - employer/employees	16,137	-	-	19,733
Cash received from judgments/settlements	-	-	-	6
Cash received from insurance proceeds	2,668	-	-	2,791
Cash payments to suppliers for goods and services	(2,906)	(4,445)	(4,100)	(19,297)
Cash payments to employees for services	(186)	(6,224)	(2,225)	(11,666)
Cash payments to claimants	(14,351)	-	-	(14,044)
Cash received from contracts/rent	-	-	373	373
Cash payments for insurance	(2,692)	-	-	(2,692)
Other receipts	29	20	57	438
Net cash provided (used) by operating activities	<u>(1,307)</u>	<u>2,157</u>	<u>(103)</u>	<u>3,150</u>
Cash flows from noncapital financing activities:				
Transfers in	-	7	102	1,630
Transfers out	(10)	(906)	(93)	(2,851)
Net cash provided (used) by noncapital financing activities:	<u>(10)</u>	<u>(900)</u>	<u>9</u>	<u>(1,221)</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(145)	(401)	(5,123)
Proceeds from sale of assets	-	-	-	444
financing activities	<u>-</u>	<u>(145)</u>	<u>(401)</u>	<u>(4,678)</u>
Cash flows from investing activities:				
Interest on investments	46	101	29	486
Net cash provided (used) by investing activities	<u>46</u>	<u>101</u>	<u>29</u>	<u>486</u>
Net increase (decrease) in cash balance	(1,271)	1,213	(465)	(2,260)
Cash balance at beginning of year	4,232	5,377	2,046	32,159
Cash balance at end of year	<u>\$ 2,961</u>	<u>\$ 6,591</u>	<u>\$ 1,582</u>	<u>\$ 29,897</u>

Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2011
(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)	\$ (2,156)	\$ 413	\$ (270)	\$ (307)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	4,933	-	-	-
Other receipts	166	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	-	-	-
(Increase) decrease in due from other funds	(23)	(3)	-	(7)
(Increase) decrease in due from other governments	(1)	-	-	-
(Increase) decrease in other receivables	17	-	-	-
(Increase) decrease in inventory	(134)	-	-	-
Increase (decrease) in accounts payable	(3)	15	(39)	(119)
Increase (decrease) in wages & benefits payable	4	-	-	(3)
Increase (decrease) in due to other governments	(2)	-	-	-
Increase (decrease) in compensated absences	13	-	-	(1)
Increase (decrease) in estimated claims payable	-	(268)	(39)	218
Total adjustments	<u>4,969</u>	<u>(256)</u>	<u>(78)</u>	<u>88</u>
Net cash provided (used) by operating activities	<u>\$ 2,814</u>	<u>\$ 157</u>	<u>\$ (348)</u>	<u>\$ (220)</u>

On December 31, 2011, the city recognized a gain 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 the Internal Service Funds of \$189 is reflected on the financial statements as Net Change in Fair Value of Investments.

Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2011
(in thousands)

Page 4 of 4

	<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)	\$ (649)	\$ 1,809	\$ (351)	\$ (1,510)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	405	148	5,487
Other receipts	-	-	88	254
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	2	(8)	(6)
(Increase) decrease in due from other funds	(5)	(9)	(3)	(50)
(Increase) decrease in due from other governments	-	-	-	(1)
(Increase) decrease in other receivables	-	12	-	29
(Increase) decrease in inventory	-	-	-	(134)
Increase (decrease) in accounts payable	(37)	(16)	(10)	(209)
Increase (decrease) in wages & benefits payable	8	(16)	9	1
Increase (decrease) in due to other governments	-	-	-	(2)
Increase (decrease) in compensated absences	3	(29)	21	6
Increase (decrease) in estimated claims payable	(628)	-	-	(717)
Total adjustments	<u>(660)</u>	<u>348</u>	<u>246</u>	<u>4,657</u>
Net cash provided (used) by operating activities	<u>\$ (1,307)</u>	<u>\$ 2,157</u>	<u>\$ (103)</u>	<u>\$ 3,150</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:

debt service. Monies are transferred to this fund from funds recording related expenditures and are subsequently disbursed through issuance of claims warrants.

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 **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 **Pipeline Safety Consortium Fund** accounts for contributions from members of an interlocal agreement which provides for securing legal, engineering, and public outreach expertise necessary to ensure the integrity and safety of the Olympic Natural Gas Pipe Line.

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 **Jail Administrative Group** accounts for contributions from members of an interlocal agreement which provides for...

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

Combining Statement of Fiduciary Net Assets
Agency Funds
As of December 31, 2011
(in thousands)

Page 1 of 2

	E-Government Alliance	Eastside NARC Task Force	Hazardous Materials	Pipeline Safety Consortium
Assets:				
Cash & equity in pooled investments	\$ 47	\$ 725	\$ 481	\$ 5
Receivables (net of allowances):				
Interest	2	2	2	-
Due from other governments	91	1	8	-
Notes/contracts receivable - noncurrent portion	-	-	-	-
Property, plant and equipment (net)	-	207	40	-
Total assets	140	935	531	5
Liabilities:				
Accounts payable	-	99	58	-
Due to other governments	140	697	472	5
Deposits payable	-	139	-	-
Deferred revenues	-	-	-	-
Total liabilities	140	935	531	5
Total net assets	\$ -	\$ -	\$ -	\$ -

Combining Statement of Fiduciary Net Assets
Agency Funds
As of December 31, 2011
(in thousands)

Page 2 of 2

	ARCH Housing Coalition	Jail Administrative Group	Payroll Clearing	Claims Clearing	Total
Assets:					
Cash & equity in pooled investments	\$ 2,699	\$ 1	\$ 92	\$ -	\$ 4,051
Receivables (net of allowances):					
Interest	4	-	-	-	9
Due from other governments	4	-	-	-	104
Notes/contracts receivable - noncurrent portion	9,820	-	-	-	9,820
Property, plant and equipment (net)	-	-	-	-	247
Total assets	12,527	1	92	-	14,231
Liabilities:					
Accounts payable	-	-	50	-	207
Due to other governments	2,707	1	23	-	4,045
Deposits payable	-	-	20	-	159
Deferred revenues	9,820	-	-	-	9,820
Total liabilities	12,527	1	92	-	14,231
Total net assets	\$ -	\$ -	\$ -	\$ -	\$ -

Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2011
(in thousands)

Page 1 of 3

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
E-Government Alliance				
Assets:				
Cash & equity in pooled investments	\$ 328	\$ 908	\$ 1,189	\$ 47
Interest	-	3	1	2
Due from other governments	20	2,672	2,601	91
Total Assets	<u>\$ 349</u>	<u>\$ 3,583</u>	<u>\$ 3,792</u>	<u>\$ 140</u>
Liabilities:				
Due to other governments	\$ 349	\$ 2,019	\$ 2,228	\$ 140
Total liabilities	<u>\$ 349</u>	<u>\$ 2,019</u>	<u>\$ 2,228</u>	<u>\$ 140</u>
Eastside NARC Task Force				
Assets:				
Cash & equity in pooled investments	\$ 1,074	\$ 1,490	\$ 1,839	\$ 725
Interest	-	3	2	2
Due from other governments	-	8	8	1
Property, plant and equipment (net)	209	109	110	207
Total Assets	<u>\$ 1,282</u>	<u>\$ 1,611</u>	<u>\$ 1,958</u>	<u>\$ 935</u>
Liabilities:				
Accounts payable	\$ 122	\$ 308	\$ 331	\$ 99
Due to other governments	912	907	1,122	697
Deposits payable	248	156	265	139
Total liabilities	<u>\$ 1,282</u>	<u>\$ 1,370</u>	<u>\$ 1,718</u>	<u>\$ 935</u>
Hazardous Materials				
Assets:				
Cash & equity in pooled investments	\$ 500	\$ 282	\$ 301	\$ 481
Interest	-	3	1	2
Due from other governments	10	16	18	8
Property, plant and equipment (net)	-	42	2	40
Total Assets	<u>\$ 510</u>	<u>\$ 343</u>	<u>\$ 322</u>	<u>\$ 531</u>
Liabilities:				
Accounts payable	\$ 7	\$ 71	\$ 20	\$ 59
Due to other governments	503	269	301	472
Total liabilities	<u>\$ 510</u>	<u>\$ 340</u>	<u>\$ 320</u>	<u>\$ 531</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2011
(in thousands)

	<u>Balance</u> <u>1/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2011</u>
Pipeline Safety Consortium				
Assets:				
Cash & equity in pooled investments	\$ 5	\$ -	\$ -	\$ 5
Total Assets	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>
Liabilities:				
Accounts payable				
Due to other governments	\$ 5	\$ -	\$ -	\$ 5
Total liabilities	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>
ARCH Housing Coalition				
Assets:				
Cash & equity in pooled investments	\$ 2,700	\$ 5,567	\$ 5,569	\$ 2,699
Interest	1	7	3	4
Due from other governments	470	1,126	1,592	4
Notes/contracts receivable	1,896	7,924	-	9,820
Total Assets	<u>\$ 5,067</u>	<u>\$ 14,624</u>	<u>\$ 7,164</u>	<u>\$ 12,527</u>
Liabilities:				
Accounts payable	\$ 606	\$ 5	\$ 611	\$ -
Due to other governments	2,565	12,729	12,587	2,707
Deferred revenues	1,896	7,924	-	9,820
Total liabilities	<u>\$ 5,067</u>	<u>\$ 20,658</u>	<u>\$ 13,198</u>	<u>\$ 12,527</u>
Jail Administrative Group				
Assets:				
Cash & equity in pooled investments	\$ 22	\$ 1	\$ 22	\$ 1
Total Assets	<u>\$ 22</u>	<u>\$ 1</u>	<u>\$ 22</u>	<u>\$ 1</u>
Liabilities:				
Accounts payable				
Due to other governments	\$ 22	\$ 44	\$ 66	\$ 1
Total liabilities	<u>\$ 22</u>	<u>\$ 44</u>	<u>\$ 66</u>	<u>\$ 1</u>
Payroll Clearing				
Assets:				
Cash & equity in pooled investments	\$ 91	\$ 138,296	\$ 138,294	\$ 92
Total Assets	<u>\$ 91</u>	<u>\$ 138,296</u>	<u>\$ 138,294</u>	<u>\$ 92</u>
Liabilities:				
Accounts payable	\$ 52	\$ 141,177	\$ 141,179	\$ 50
Due to other governments	18	333	329	23
Deposits payable	20	-	-	20
Total liabilities	<u>\$ 91</u>	<u>\$ 141,510</u>	<u>\$ 141,508</u>	<u>\$ 92</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2011
(in thousands)

Page 3 of 3

	<u>Balance 1/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2011</u>
Claims Clearing				
Assets:				
Cash & equity in pooled investments	\$ 358	\$ 210,495	\$ 210,853	\$ -
Total Assets	<u>\$ 358</u>	<u>\$ 210,495</u>	<u>\$ 210,853</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	\$ 358	\$ 361,653	\$ 362,011	\$ -
Total liabilities	<u>\$ 358</u>	<u>\$ 361,653</u>	<u>\$ 362,011</u>	<u>\$ -</u>
Total Agency Funds				
Assets:				
Cash & equity in pooled investments	\$ 5,079	\$ 357,040	\$ 358,067	\$ 4,051
Interest	1	17	8	9
Due from other governments	500	3,822	4,218	104
Notes/contracts receivable	1,896	7,924	-	9,820
Property, plant and equipment (net)	209	151	112	247
Total Assets	<u>\$ 7,684</u>	<u>\$ 368,953</u>	<u>\$ 362,405</u>	<u>\$ 14,231</u>
Liabilities:				
Accounts payable	\$ 1,145	\$ 503,214	\$ 504,152	\$ 207
Due to other governments	4,375	16,302	16,632	4,045
Deposits payable	268	156	265	159
Deferred revenues	1,896	7,924	-	9,820
Total liabilities	<u>\$ 7,684</u>	<u>\$ 527,595</u>	<u>\$ 521,049</u>	<u>\$ 14,231</u>

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 ASSETS BY COMPONENT ^(A)

Last Ten Fiscal Years

(in thousands)

Year	Governmental activities				Business-type activities				Primary Government			
	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total
2002	\$ 424,049	\$ 10,929	\$ 126,425	\$ 561,403	\$ 172,682	\$ 22,909	\$ 16,229	\$ 211,820	\$ 596,731	\$ 33,838	\$ 142,654	\$ 773,223
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 ^(B)	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

^(A) All amounts are reported on the accrual basis^(B) In 2004, the City began reporting historical infrastructure assets resulting in an increase to fund balance of 1,008,877.

CHANGES IN NET ASSETS ^(A)

Last Ten Fiscal Years

(in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental Activities										
General Government	\$ 21,327	\$ 12,157	\$ 10,808	\$ 15,900	\$ 15,471	\$ 24,712	\$ 29,573	\$ 29,641	\$ 25,557	\$ 36,450
Judicial	407	404	509	430	378	-	-	-	-	-
Public Safety	54,407	57,673	59,979	64,269	68,781	73,617	80,253	78,373	79,818	79,163
Physical Environment	1,939	1,454	1,589	1,852	1,564	2,200	2,449	1,952	1,801	1,813
Transportation	25,263	26,910	27,569	27,480	31,769	26,449	29,372	25,853	30,413	29,711
Economic Environment	12,864	12,027	13,390	14,875	17,207	20,737	22,940	21,785	20,177	18,720
Health and Human Services	3,710	2,901	1,907	5,320	4,841	5,943	6,834	7,914	7,401	8,195
Culture and Recreation	21,974	25,459	25,114	27,826	31,395	34,166	37,926	37,818	36,643	34,948
Interest on Long-Term Debt	-	2,399	5,534	7,034	7,734	7,796	7,150	7,294	7,262	7,817
Total Governmental Activities	141,891	141,384	146,399	164,986	179,140	195,620	216,497	210,630	209,072	216,818
Business-Type Activities										
Water	19,615	21,856	23,194	25,928	26,604	29,206	27,887	30,074	33,798	34,897
Sewer	24,845	24,668	26,024	27,925	27,868	31,817	31,734	35,091	34,755	39,571
Storm Drainage Utility	7,585	7,730	8,920	8,327	8,717	9,179	9,146	9,967	9,668	10,661
Marina	533	446	310	406	314	443	440	353	312	261
Total Business-Type Activities	52,578	54,700	58,448	62,586	63,503	70,645	69,207	75,485	78,533	85,390
Total Primary Government Expenses	\$194,469	\$196,084	\$204,847	\$227,572	\$242,643	\$266,265	\$285,704	\$286,115	\$287,605	\$302,208
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 1,996	\$ 2,015	\$ 2,412	\$ 794	\$ 968	\$ 1,333	\$ 2,068	\$ 4,042	\$ 3,151	\$ 9,743
Public Safety	10,431	13,492	12,155	14,118	12,031	15,682	16,969	15,501	15,346	16,178
Economic Environment	3,314	4,512	6,476	9,912	14,716	12,597	16,334	11,830	9,165	8,564
Transportation	880	2,386	1,745	812	2,937	1,993	1,345	882	721	1,071
Culture and Recreation	4,411	4,679	4,681	4,940	5,435	6,927	8,039	7,875	8,078	8,922
Other Activities	1,586	1,430	1,360	1,351	1,304	1,065	1,430	1,445	1,466	1,458
Operating Grants and Contributions	5,607	5,611	2,749	5,100	4,798	6,760	6,815	8,796	9,196	8,423
Capital Grants and Contributions	17,389	5,253	13,062	29,266	21,250	22,280	4,328	7,984	2,550	6,563
Total Governmental Activities Program Revenues	45,614	39,378	44,640	66,293	63,439	68,637	57,328	58,355	49,673	60,922

CHANGES IN NET ASSETS ^(A)

Last Ten Fiscal Years

(in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-Type Activities										
Charges for Services										
Water	21,833	25,288	29,183	28,497	31,570	31,844	31,538	33,960	35,645	37,253
Sewer	25,208	26,604	26,595	30,085	33,267	35,493	36,056	39,545	42,534	46,304
Storm Drainage Utility	9,434	9,981	12,186	10,947	13,270	13,194	14,442	14,788	16,138	16,383
Marina	476	351	447	457	450	498	489	507	497	538
Operating Grants and Contributions	100	-	-	-	-	105	-	-	-	-
Capital Grants and Contributions	2,423	13,159	3,008	3,649	4,307	6,541	6,967	5,002	7,155	3,575
Total Business-Type Activities Program Revenues	59,474	75,383	71,419	73,635	82,864	87,675	89,492	93,802	101,969	104,054
Total Primary Government Program Revenues	\$105,088	\$114,761	\$116,059	\$139,928	\$146,303	\$156,312	\$146,820	\$152,157	\$151,642	\$164,976
Net (Expense)/Revenue										
Governmental Activities	(96,277)	(102,006)	(101,759)	(98,693)	(115,701)	(126,985)	(159,170)	(152,274)	(159,398)	(155,896)
Business-Type Activities:	6,896	20,683	12,971	11,049	19,361	17,028	20,285	18,319	23,435	18,664
Total Primary Government Net Expense	(\$89,381)	(\$81,323)	(\$88,788)	(\$87,644)	(\$96,340)	(\$109,957)	(\$138,885)	(\$133,955)	(\$135,963)	(\$137,232)
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Taxes										
Property Tax	\$ 27,577	\$ 27,509	\$ 27,443	\$ 27,062	\$ 27,637	\$ 28,981	\$ 28,859	\$ 34,854	\$ 35,364	\$ 36,337
Retail Sales and Use Tax	36,737	36,683	40,218	45,300	48,946	56,776	53,141	45,119	44,984	46,357
Utility Tax	18,069	18,108	17,996	19,333	24,324	20,069	24,103	24,012	25,071	25,941
Business and Occupation Tax	17,219	19,626	22,798	24,322	31,528	30,387	30,051	26,141	25,103	25,753
Excise Tax	6,221	7,461	10,300	13,620	12,933	27,254	6,594	6,258	10,521	6,680
Hotel/Motel Tax	3,762	3,848	3,916	4,299	5,839	6,647	6,724	5,332	6,095	6,776
Other Tax	33	210	258	261	292	225	238	175	598	515
Payments from Component Unit/City	295	16	15	23	16	9	23	117	133	31
Grants and Contributions - Unrestricted	599	1,161	1,301	1,357	1,264	1,419	1,398	1,861	1,553	1,450

CHANGES IN NET ASSETS ^(A)

Last Ten Fiscal Years

(in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Unrestricted Investment Interest	4,249	2,364	4,183	4,147	5,188	7,128	5,284	3,252	1,479	1,458
Gain (loss) in Change of Fair Value of Investments	302	(296)	(899)	285	556	38	637	(582)	(477)	547
Miscellaneous	1,599	473	443	1,201	328	125	740	582	(659)	2,293
Gain (loss) on Sale of Capital Assets	(38)	16,455	160	1,418	57	144	1,391	(75)	339	310
Transfers	(1,294)	557	580	672	(170)	(51)	406	(254)	(527)	(134)
Total Governmental Activities	115,330	134,175	128,712	143,300	158,738	179,151	159,589	146,792	149,577	154,314
Business-Type Activities										
Unrestricted Investment Interest	674	746	565	1,211	2,578	3,795	2,991	1,874	1,254	1,529
Gain (loss) in Change of Fair Value of Investments	85	(99)	(215)	95	282	20	197	(373)	(462)	542
Miscellaneous	1,248	(2,301)	-	552	1,278	1,593	1,164	811	811	953
Gain on Sale of Capital Assets	23	31	-	-	33	-	98	6	-	-
Transfers	1,294	(557)	(580)	(672)	170	51	(406)	254	527	134
Total Business-Type Activities	3,324	(2,180)	(230)	1,186	4,341	5,459	4,044	2,572	2,129	3,158
Total Primary Government	\$118,654	\$131,995	\$128,482	\$144,486	\$163,079	\$184,610	\$163,633	\$149,364	\$151,706	\$157,473
Change in Net Assets										
Governmental Activities	\$ 19,053	\$ 32,169	\$ 26,953	\$ 44,607	\$ 43,037	\$ 420	\$ 7,314	\$ (5,482)	\$ (9,822)	\$ (1,582)
Business-Type Activities	10,220	18,503	12,741	12,235	23,702	24,329	22,361	20,891	25,565	21,823
Total Primary Government	\$ 29,273	\$ 50,672	\$ 39,694	\$ 56,842	\$ 66,739	\$ 24,749	\$ 29,675	\$ 15,409	\$ 15,743	\$ 20,241

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

Table 3

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

Last Ten Fiscal Years
(in thousands)

Fiscal Year	Total Taxes	General Property Taxes	General Sales Taxes	Utility Taxes	Business and Occupation Taxes	Excise Taxes	Other Taxes and Assessments (A)	Memo Only Hotel/Motel Tax (B)
2002	\$ 105,856	\$ 27,577	\$ 36,737	\$ 18,069	\$ 17,219	\$ 6,221	\$ 33	\$ 3,762
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

(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			
	Reserved	Unreserved	Total	Reserved	Unreserved, reported in special revenue funds	Unreserved, reported in capital projects funds	Total
2002	\$ -	\$ 11,028	\$ 11,028	\$ 6,794	\$ 62,533	\$ 14,743	\$ 84,070
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

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

	<u>2010</u>	<u>2011</u>
General Fund		
Assigned for:		
Housing and community services	\$ 771	\$ -
Operation & maintenance city property	991	1,180
Parks, recreation, and open spaces	1,193	-
Total assigned fund balance	<u>2,955</u>	<u>1,180</u>
Restricted for:		
Housing and community services	-	567
Total restricted fund balance	<u>-</u>	<u>567</u>
Unassigned	18,112	20,873
Total unassigned fund balance	<u>18,112</u>	<u>20,873</u>
Fund Balance - General fund	<u>\$ 21,067</u>	<u>\$ 22,620</u>
Other Governmental Funds		
Assigned for:		
Arts and culture	\$ 10	\$ 280
CIP funding	3,727	1,031
Debt service	1,782	1,705
Environmental stewardship	9	37
Housing and community services	5,300	4,342
LEOFF1 retiree medical	13,082	11,539
Operation & maintenance city property	-	5
Parks, recreation, and open spaces	7,360	4,899
Police services	424	422
Transportation infrastructure	-	243
Transportation planning	1,598	-
Transportation preservation & maintenance	1,124	-
Waste reduction & recycling	470	521
Water quality management	659	412
Gen Govt property acquisition	1,588	1,453
Community development	-	162
Other	1,785	1,090
Total assigned fund balance	<u>38,916</u>	<u>28,141</u>

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

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

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

	<u>2010</u>	<u>2011</u>
Restricted for:		
Arts and culture	3	-
Commuting alternatives	15	12
Debt service	85	6
Housing and community services	-	567
Information systems	-	23
LEOFF1 retiree medical	703	728
Parks, recreation, and open spaces	3,889	8,801
Permit review and inspection	7,968	5,111
Police services	-	13
Transportation planning	930	-
Transportation preservation & maintenance	7,533	-
Waste reduction & recycling	483	367
Water quality management	81	-
Convention Center Financing	3,233	3,213
Total restricted fund balance	<u>24,922</u>	<u>18,841</u>
Unassigned	<u>18,112</u>	<u>20,873</u>
Total unassigned fund balance	<u>18,112</u>	<u>20,873</u>
Fund Balance - Governmental funds	<u>\$ 83,713</u>	<u>\$ 69,036</u>

^(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.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS ^(A)

Last Ten Fiscal Years
(in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes and Special Assessments	\$112,190	\$115,469	\$123,958	\$134,369	\$149,428	\$177,113	\$150,084	\$142,698	\$147,820	\$148,773
Licenses and Permits	4,678	2,969	4,470	4,439	7,140	5,198	8,972	6,411	4,850	4,606
Intergovernmental	22,270	24,689	23,266	28,213	32,439	34,946	31,670	31,469	26,978	27,430
Service Charges and Fees	12,565	15,501	18,677	19,715	24,819	26,101	26,906	25,747	23,973	24,541
Fines and Forfeitures	709	656	545	329	174	532	489	71	1,238	2,650
Interest and Assessment Interest/Penalties	3,471	1,515	3,488	3,113	3,500	5,135	3,703	2,445	1,014	1,058
Net Change in Fair Value of Investments	207	(206)	(684)	199	350	25	521	(388)	(308)	358
Rent	1,929	3,192	1,788	2,285	2,283	3,102	4,180	4,863	4,607	5,133
Judgements and Settlements	1	150	18	534	4,766	1,431	25	46	-	-
Premiums/Contributions	739	739	1,320	1,446	1,643	1,655	446	2,422	1,075	686
Other	702	586	325	1,202	394	295	796	678	248	921
Total Revenues	159,461	165,260	177,171	195,844	226,936	255,533	227,792	216,462	211,497	216,156
Expenditures										
General Government	18,899	19,143	22,720	24,211	25,329	25,410	25,364	25,075	26,074	24,781
Public Safety	53,512	57,333	58,221	61,294	65,701	71,042	78,219	79,817	80,733	80,143
Physical Environment	1,749	1,157	1,068	1,436	1,555	2,198	2,449	1,953	1,793	1,746
Transportation	17,545	25,725	20,385	24,886	29,806	29,173	32,957	28,479	29,793	30,625
Economic Environment	12,423	12,854	15,755	15,248	17,263	20,463	22,718	21,798	20,043	18,726
Health and Human Services	3,700	3,080	2,286	4,932	4,845	6,357	7,226	7,782	7,533	8,383
Culture and Recreation	20,068	24,992	24,700	24,729	28,319	30,924	35,035	34,489	33,751	33,269
Capital Outlay	79,700	41,314	48,580	112,692	42,463	45,664	39,461	23,035	19,383	21,713
Debt Service										
Principal	11,744	3,536	33,157	7,463	3,985	29,560	4,275	14,187	4,664	4,668
Interest and Fiscal Charges	2,153	2,424	5,240	7,136	7,834	7,855	7,468	7,306	7,386	7,866
Total expenditures	221,493	191,558	232,112	284,027	227,100	268,646	255,172	243,921	231,153	231,920

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS ^(A)

	Last Ten Fiscal Years									
	(dollars in thousands)									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses)										
Transfers In	12,332	15,189	44,309	89,078	34,994	46,437	25,545	33,301	23,325	17,821
Transfers Out	(15,005)	(11,313)	(42,435)	(88,052)	(34,457)	(45,211)	(24,980)	(29,602)	(11,534)	(16,734)
Proceeds from Long Term Debt	39,550	10,018	107,567	6,700	13,983	713	26,248	12,047	14,863	-
Refunding Bonds Issued	-	13,185	-	-	-	-	-	-	9,595	-
Payment to Refunded Bond Escrow Agent	-	(13,065)	-	-	-	-	-	-	(9,600)	-
Sale of Capital Assets	620	24,545	63	3,349	157	13	1,161	-	42	-
Premium on Issuance of Long Term Debt	-	-	-	-	-	-	-	-	1,131	-
Total Other Financing Sources (Uses)	37,497	38,559	109,504	11,075	14,677	1,952	27,974	15,746	27,822	1,087
Net Change in Fund Balance	(\$24,535)	\$12,261	\$54,563	(\$77,108)	\$14,513	(\$11,161)	\$594	(\$11,713)	\$8,166	(\$14,677)
Debt Service as a Percentage of Noncapital Expenditures	3.97%	20.92%	8.52%	6.40%	16.78%	5.44%	9.73%	9.78%	9.78%	5.96%

^(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)
2002	\$ 108,209	\$ 27,164	\$ 38,874	\$ 18,069	\$ 17,190	\$ 6,912	\$ 3,762
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

^(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									
	2002	2003	2004	2005 ^(B)	2006	2007	2008	2009	2010	2011
Contracting	\$452,654	\$419,611	\$525,419	\$729,303	\$860,690	\$1,296,795	\$1,255,692	\$872,463	\$603,334	\$569,506
Manufacturing	56,223	47,115	53,312	62,885	64,765	86,303	84,773	70,537	77,831	73,089
Transp / Communication / Utilitie	203,069	177,246	167,333	194,851	199,868	214,878	190,568	201,248	211,877	227,732
Finance/Insurance/ Real Estate	147,971	107,422	97,437	160,305	176,983	174,893	148,801	149,680	130,987	129,894
Wholesale Trade	296,915	267,431	307,256	342,940	331,433	394,954	418,040	360,308	302,105	301,079
Retail - Building Materials	121,370	118,540	129,355	125,398	134,002	137,004	120,234	106,555	101,484	98,429
Retail - General Merchandise	157,805	172,575	181,597	196,058	206,931	206,399	188,755	189,052	196,797	197,946
Retail - Food	123,013	97,775	94,982	62,765	71,979	75,024	77,748	76,879	82,700	80,515
Retail - Automotive	695,179	817,745	783,160	861,607	920,511	970,929	794,053	720,411	756,742	783,644
Retail - Apparel	265,228	295,520	322,956	402,790	443,022	483,921	423,738	384,063	405,998	447,179
Retail - Furniture & Accessories	383,703	415,293	437,142	430,400	445,270	442,037	411,884	381,491	350,641	325,897
Retail - Restaurants	212,697	222,758	235,850	251,313	291,529	313,354	312,514	317,213	347,268	378,827
Retail - Miscellaneous	337,706	333,306	345,375	327,865	383,313	392,523	392,992	368,757	395,200	417,755
Services - Hotels	92,230	93,888	93,049	95,563	101,144	122,550	125,820	116,518	153,772	171,489
Services - Business	198,863	200,553	165,596	300,434	321,741	440,246	435,092	301,306	328,008	360,918
Services - Other	295,172	260,714	270,128	204,934	223,293	248,588	257,424	245,211	246,900	252,608
All Other Categories	34,703	37,684	42,157	1,036	1,660	1,320	1,567	2,064	1,245	1,004
Total sales	\$4,074,500	\$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

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
Page 1 of 2

SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

	Year									
	2002	2003	2004	2005	2006	2007	2008	2009 ^(E)	2010	2011
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%	0.800%	0.900%	0.900%	0.900%	0.900%	0.900%
King County Mental Health ^(D)	-	-	-	-	-	-	0.001	0.100%	0.100%	0.100%
Criminal Justice tax (0.10% total) ^(A)										
10% Directly to King County	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%
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%	1.900%	2.000%	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%	0.969%	1.069%	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%	0.400%	0.900%	0.900%	0.900%
Total Sales tax rate	8.800%	8.800%	8.800%	8.800%	8.800%	8.900%	9.000%	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 2010, the City's population was **122,900**, and the County's population was **1,933,400**. Bellevue represented 6.36% 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)

Assessed and Estimated Actual Value							
Fiscal Year	Real Property	Personal Property	State Public Service Property	Exemptions	Non-Taxable ^(A)	Grand Total	Total Direct Tax Rate
2002	\$19,191,297	\$1,122,574	\$437,046	\$108,794	\$1,152,622	19,489,501	\$1.39
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

* 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	Total Rate						
2002	\$ 1.26	\$ 0.13	\$ 1.39	\$ 2.14	\$ 1.45	\$ 2.99	\$ 0.19	\$ 0.78	\$ 8.94
2003	1.22	0.13	1.35	2.23	1.35	2.90	0.26	0.79	8.88
2004	1.21	0.13	1.34	2.16	1.43	2.76	0.25	0.78	8.72
2005	1.16	0.07	1.23	1.89	1.38	2.70	0.25	0.76	8.21
2006	1.10	0.06	1.16	2.09	1.33	2.50	0.23	0.75	8.06
2007	1.04	0.05	1.09	2.09	1.29	2.33	0.23	0.71	7.74
2008	0.92	0.00	0.92	1.95	1.21	2.13	0.22	0.91	7.34
2009	0.94	0.00	0.94	1.87	1.10	1.96	0.27	0.76	6.90
2010	1.06	0.00	1.06	2.22	1.28	2.22	0.22	0.89	7.89
2011	1.13	0.00	1.13	2.73	1.34	2.28	0.22	0.99	8.70

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	2011		Rank	2002	
			2011 Assessed Valuation (In Millions)	Percentage of Total Assessed Valuation ^(A)		2002 Assessed Valuation (In Millions)	Percentage of Total Assessed Valuation ^(A)
1	The Boeing Company	Aerospace	\$ 381	1.23%	2	\$ 234	1.13%
2	W2007 Seattle formerly Archon Group LP	Property management	377	1.22%	(B)	-	0.00%
3	Bellevue Square Managers Inc formerly North Coast Mortgage	Land management	322	1.04%	3	214	1.03%
4	Puget Sound Energy	Utility Services	269	0.87%	5	171	0.82%
5	Bellevue Place	Property management	237	0.77%	8	126	0.61%
6	T-Mobile	Telecommunications	212	0.68%	(B)	-	0.00%
7	Cole Mt Bellevue WA LLC formerly City Center Bellevue	Property management	205	0.66%	(B)	-	0.00%
8	Kilroy Realty (Three Bellevue Center LLC)	Property management	149	0.48%	10	82	0.40%
9	Essex Property Trust	Property management	112	0.36%	(B)	-	0.00%
10	Sterling Realty Org.	Property Management	112	0.36%	7	138	0.67%
(B)	Spieker Properties	Real Estate Acquisition	(B)	0.00%	1	282	1.36%
(B)	EOP Northwest Properties	Property management	(B)	0.00%	4	180	0.87%
(B)	Qwest	Telecommunications	(B)	0.00%	6	160	0.77%
(B)	Northwest Mutual Life Insurance	Insurance	(B)	0.00%	9	120	0.58%
(B)	Safeway Stores, Inc.	Regional food distribution	(B)	0.00%	(B)	-	0.00%
			\$ 1,995	6.44%		\$ 1,706	8.22%

^(A) 2011 assessed valuations for 2012 tax collection. Total 2011 assessed valuation, in millions, is \$ 30,997, 2002 assessed valuation, \$ 20,751.

^(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 Levy	Collected within the Fiscal Year of the levy		Collected in subsequent years	Total Collections to date	
		Amount	Percentage		Amount	Percentage
2002	\$ 27,428	\$ 26,798	97.70%	\$ 445	\$ 27,243	99.32%
2003	27,815	27,223	97.87%	440	27,663	99.45%
2004	28,034	27,577	98.37%	363	27,940	99.66%
2005	27,354	26,885	98.29%	329	27,214	99.49%
2006	27,786	27,401	98.61%	384	27,785	100.00%
2007	29,044	28,631	98.58%	342	28,973	99.76%
2008	28,913	28,500	98.57%	364	28,863	99.83%
2009	35,250	34,664	98.34%	431	35,095	99.56%
2010	36,063	35,314	97.92%	350	35,664	98.89%
2011	36,632	36,078	98.49%	-	36,078	98.49%

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 additon 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			
2002	\$ 30,995	\$ 6,134	\$ 1,195	\$ 102	\$ 366	\$ -	\$ 4,205	\$ 9,933	\$ 1,321	\$ 54,251	1.05%	\$ 464
2003	28,775	5,197	1,018	21	305	-	4,155	8,751	1,165	49,387	0.95%	424
2004	129,853	4,404	3,319	-	244	13,818	4,095	6,163	1,009	162,905	2.85%	1,398
2005	127,198	3,481	1,793	-	183	18,218	4,025	5,025	853	160,776	2.89%	1,392
2006	130,960	2,641	1,039	-	122	26,118	3,950	3,846	698	169,374	2.74%	1,448
2007	128,406	2,116	247	-	774	500	3,850	2,813	546	139,252	2.04%	1,179
2008	139,570	1,675	-	-	676	12,000	3,600	1,930	412	159,863	2.31%	1,341
2009	137,792	1,275	-	-	638	12,047	3,350	1,002	279	156,383	2.28%	1,278
2010	147,316	795	1,100	-	638	15,047	3,068	-	159	168,123	2.49%	1,374
2011	143,970	100	450	-	598	15,047	2,751	-	103	163,019	N/A ^(A)	1,321

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)
2002	\$ 35,200	\$ 2,699	\$ 32,501	0.17%	\$ 278
2003	32,930	2,401	30,529	0.15%	262
2004	132,895	2,505	130,390	0.63%	1,119
2005	130,210	1,560	128,650	0.57%	1,114
2006	133,901	1,610	132,291	0.53%	1,131
2007	131,274	1,999	129,275	0.41%	1,095
2008	142,200	5,607	136,593	0.36%	1,146
2009	140,201	3,370	136,831	0.40%	1,118
2010	148,706	2,172	146,534	0.46%	1,187
2011	145,119	103	145,016	0.46%	1,175

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

^(B) See table 18 for population statistics.

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2011

(dollars in thousands)

Jurisdiction	Gross General Obligation	Percentage Applicable to	Amount Applicable to
	Debt Outstanding ^(A)	Bellevue ^(B)	Bellevue
City of Bellevue	\$ 145,119	100.00%	\$ 145,119
School District #405	454,200	78.31%	355,684
King County	1,189,992	9.71%	115,548
Port of Seattle	335,500	9.71%	32,577
School District #403	305,790	2.66%	8,134
School District #414	451,155	1.06%	4,782
School District #411	290,400	10.74%	31,189
Hospital District #1	86,610	3.12%	2,706
Hospital District #2	216,300	0.04%	87
Library District	123,620	15.55%	19,223
Issaquah Library Capital Facility Area	4,390	0.72%	32
Total other jurisdictions	3,457,957	16.48%	569,961
Total Direct and Overlapping Debt	\$ 3,603,076	19.85%	\$ 715,081

^(A) Total general obligation bonds outstanding on December 31, 2011 exclusive of refunded bonds. Source: King County

Department of Finance.

^(B) Determined by ratio of 2011 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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$1,552,227	\$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
Total net debt applicable to limit	60,598	120,530	192,005	184,880	186,820	150,079	168,529	187,526	196,897	190,186
Legal debt margin	\$1,491,629	\$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
Total net debt applicable to the limit as a percentage of debt limit	3.90%	7.58%	11.52%	10.29%	9.36%	6.37%	5.97%	7.35%	8.18%	8.19%

Legal Debt Margin Calculation for Fiscal Year 2011

(dollars in thousands)

<u>Description</u>	<u>Councilmanic Debt (Non-Voted)</u>	<u>Voted Debt</u>	<u>General Purpose Indebtedness ^(B)</u>	<u>Excess Levy Open Space and Park</u>	<u>Excess Levy Utility Purposes</u>	<u>Total Debt Capacity</u>
Assessed Value ^(A)	\$ 30,977,398	\$ 30,977,398	\$ 30,977,398	\$ 30,977,398	\$ 30,977,398	\$ 30,977,398
Statutory debt limit percentages:	1.50%	1.00%	2.50%	2.50%	2.50%	7.50%
Debt limit	<u>\$ 464,661</u>	<u>\$ 309,774</u>	<u>\$ 774,435</u>	<u>\$ 774,435</u>	<u>\$ 774,435</u>	<u>\$ 2,323,305</u>
Debt applicable to limit						
Bonds outstanding	\$ 145,119	\$ -	\$ 145,119	\$ -	\$ -	\$ 145,119
Capital Lease BCCA -1991	5,303		5,303			5,303
Capital Lease BCCA -1994	10,597		10,597		-	10,597
Installment Purchase Contracts	450		450			450
Line of Credit	30,000		30,000			30,000
Less:						
Cash on hand for debt redemption ^(C)	1,283	-	1,283	-	-	1,283
Delinquent taxes ^(D)	-	-	-	-	-	-
Total Net Debt applicable to limit	190,186	-	190,186	-	-	190,186
Remaining Debt Capacity	<u>\$ 274,475</u>	<u>\$ 309,774</u>	<u>\$ 584,249</u>	<u>\$ 774,435</u>	<u>\$ 774,435</u>	<u>\$ 2,133,119</u>

^(A)This figure represents the City's final assessed valuation for 2011 which will be used to determine the 2012 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 Limitation of Indebtedness for year ending 12/31/11.

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

Table 17

PLEGGED-REVENUE COVERAGE

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Revenue Bonds							Special Assessment Bonds					
	Gross Revenue ^(A)	Expenses ^(B)	Net Revenue available for debt service	Debt Service Requirements ^(C)			Coverage ^(D)	Special Assessment Collections	Debt Service				
				Principal	Interest	Total			Principal	Interest	Total	Coverage	
2002	\$ 68,971	\$ 49,622	\$ 19,349	\$ 3,179	\$ 6,163	\$ 9,342	2.07	\$ 1,069	\$ 201	\$ 48	\$ 249	4.29	
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	

(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 2011 are: Marina .88 and Bellevue Convention Center Authority, .54.

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal Income		Median Age	Number of Households	Public School Enrollment	Number of Jobs	Unemployment Rate	CPI-U%
		Personal Income	Personal Income						
2002	117,393	\$ 44,250	\$ 5,194,640	38	48,896	15,362	122,000	5.8%	1.9%
2003	116,983	44,821	5,243,295	39	48,637	15,396	123,000	5.8%	1.6%
2004	117,061	49,118	5,749,802	39	48,602	15,718	121,000	4.9%	1.2%
2005	115,493	48,216	5,568,610	39	47,840	16,215	125,000	4.1%	2.8%
2006	117,580	52,655	6,191,175	39	48,639	16,461	131,000	3.7%	3.7%
2007	118,701	57,710	6,850,235	40	49,035	16,520	135,000	3.4%	3.9%
2008	119,973	58,141	6,975,350	41	49,500	16,937	140,000	4.0%	4.2%
2009	120,872	56,904	6,878,100	38	49,805	17,311	131,000	7.0%	0.6%
2010	122,363	55,136	6,746,606	38	50,355	17,783	131,000	7.2%	0.3%
2011	123,400	A	A	A	A	18,048	A	6.8%	2.7%

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.
- 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 is not available.
- 3) Personal Income data provided by the City of Bellevue Planning & Community Development Department and is presented in thousands.
- 4) Median Age and Number of Jobs were provided by the City of Bellevue Planning & Community Development Department.
- 5) Public School Enrollment was provided by the Bellevue School District.
- 6) Unemployment Rate was provided by the Washington State – Employment Security Department. It is an estimate of King County Unemployment in which Bellevue is located.

^A Data not available at time of publication.

Table 19

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	Type of Business	2011			2002		
		Rank	Number of Employees	Percentage of Total City Employment	Rank ^(A)	Number of Employees	Percentage of Total City Employment
Microsoft Corp.	Technology	1	6,100	4.52%			0.00%
T-Mobile USA	Cellular Telephones	2	4,300	3.19%			0.00%
Boeing	Aviation	3	3,300	2.44%			0.00%
Overlake Hospital Medical Center	Medical Hospital	4	2,700	2.00%			0.00%
Expedia Inc.	Online Travel	5	2,100	1.56%			0.00%
Bellevue School District	Education K-12	6	2,200	1.63%			0.00%
Bellevue College	Higher Education	7	2,000	1.48%			0.00%
City of Bellevue	Government	8	1,588	1.18%		1,577	1.28%
Verizon Wireless	Cellular Telephones	9	1,300	0.96%			0.00%
Puget Sound Energy	Utility Services	10	1,100	0.81%			0.00%
			<u>26,688</u>	<u>19.77%</u>		<u>1,577</u>	<u>1.28%</u>

Source:

Number of jobs for 2011 were 135,000 and 122,928 for 2002.

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

^(A) 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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	319	321	327	322	327	349	363	403	384	358
Public Safety										
Police										
Officers	173	176	174	170	173	175	182	180	181	180
Civilians	103	100	97	100	93	93	99	97	42	35
Fire										
Firefighters and Officers	185	194	198	198	198	207	209	218	216	212
Civilians	21	26	21	21	24	28	37	30	33	31
Transportation	136	132	130	127	129	129	130	117	117	115
Culture and Recreation	178	176	173	172	180	163	163	163	166	164
Water	60	58	63	63	61	62	63	63	66	66
Sewer	36	37	39	38	41	41	42	42	46	46
Storm Drainage	45	44	44	44	45	45	45	45	48	49
Total	1,255	1,263	1,265	1,254	1,269	1,291	1,333	1,358	1,299	1,256

Source: City of Bellevue Budget Office

Police Civilian FTEs decreased in 2010 due to the move of dispatch positions to the NORCOM agency.

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OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function:										
Public Safety/Judicial:										
Police:										
Offenses:										
Rape	26	28	38	29	42	29	33	25	10	23
Robbery	48	66	75	49	71	61	71	61	59	58
Homicide	0	0	0	2	3	0	0	2	0	2
Assault	758	850	693	420	570	528	582	545	538	553
Auto Theft	545	588	608	567	476	446	274	179	207	157
Burglary	605	518	680	595	591	583	687	621	657	607
Larceny	3,348	3,213	3,570	3,503	3,178	3,152	3,327	3,150	2,905	2,775
Citations										
Traffic	28,070	30,314	23,129	24,370	22,088	20,814	22,664	22,914	20,959	18,084
Criminal	2,687	2,863	2,335	2,033	2,383	2,533	2,653	2,473	2,266	2,577
Judicial System:										
Handled by District Court	30,757	33,177	25,464	26,403	24,471	23,347	25,317	25,387	23,225	20,661
Fire:										
First Response:										
Buildings	175	182	162	135	123	110	120	120	96	86
Non-Buildings	272	533	242	257	300	237	225	259	184	157
Service	460	519	503	418	506	450	422	462	340	350
False Alarm	1,567	1,420	1,476	1,466	1,682	1,446	1,573	1,502	1,438	1,342
Other	1,011	2,629	1,053	892	1,671	1,078	1,039	984	860	838
Medic 1 Responses:										
First Aid	11,668	11,797	12,218	12,381	14,002	13,525	13,640	13,794	13,571	13,469
Runs/Week	224	227	235	238	269	260	262	265	261	259

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OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function:										
Transportation:										
Area of roadway repaired (sq. ft)	28,196	4,008	8,295	7,461	10,631	16,330	19,305	16,626	13,510	28,999
Miles of streets swept	5,599	5,214	5,532	4,746	4,685	5,098	3,506	2,385	4,410	3,962
Area of sidewalk repaired (sq ft)	10,708	7,280	10,225	5,821	4,497	5,222	10,090	5,299	3,153	6,374
Physical/Economic environment:										
Building permits issued	10,047	10,404	11,472	12,395	13,673	13,707	12,862	10,984	11,506	11,261
Estimated value (In Millions \$)	193	190	255	346	761	831	629	274	209	168
Culture and recreation										
Number of rounds of golf played	81,444	76,237	73,059	69,625	61,043	75,913	79,883	79,610	73,902	70,368
Visits to recreation centers for youth programs ^(A)	664,404	605,312	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water utility:										
Water Consumption (in CCF)	6,581	6,962	7,242	6,814	7,293	6,852	6,612	6,908	6,277	6,349
Number of customers:										
Residential	30,332	30,460	33,912	34,210	34,286	34,440	34,544	34,599	34,667	34,723
Multi-Residential	558	561	658	657	659	651	648	647	650	661
Commercial	2,025	2,029	2,264	2,191	2,110	2,101	2,107	1,855	1,808	2,087
Total Number of customers	32,915	33,050	36,834	37,058	37,055	37,192	37,299	37,101	37,125	37,471
Water consumption peak in a day (millions of gallons)	27	34	35	31	33	32	29	37	29	27
Water consumption peak in a month (millions of gallons)	741	888	860	811	830	724	776	876	737	750

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OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function:										
Sewer Utility:										
Sewer Consumption (in CCF)	5,062	5,030	5,256	5,272	5,362	5,401	5,533	5,322	4,603	5,404
Number of customers:										
Residential	30,069	30,242	32,764	32,874	33,710	33,865	33,057	33,195	34,596	33,320
Multi-Residential	578	582	660	655	653	648	644	641	648	652
Commercial	1,693	1,690	1,795	1,806	1,721	1,725	1,737	1,719	1,710	1,709
Total Number of customers	32,340	32,514	35,219	35,335	36,084	36,238	35,438	35,555	36,954	35,681
Storm Drainage utility:										
Number of customers:										
Residential	27,838	27,875	27,903	27,931	28,000	28,064	28,153	28,158	28,196	28,266
Multi-Residential	498	503	535	530	531	525	524	526	546	530
Commercial	1,867	1,864	1,975	1,984	1,974	1,960	1,968	1,949	1,939	1,939
Total Number of customers	30,203	30,242	30,413	30,445	30,505	30,549	30,645	30,633	30,681	30,735

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

(A) Statistical information no longer tracked by Parks and Community Services.

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CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety:										
Police										
Traffic/Patrol units	63	70	69	73	76	78	72	72	73	75
Fire										
Fire Stations	9	9	9	9	9	9	9	9	9	9
Fire apparatus	25	29	27	28	28	23	21	22	22	22
Fire aid units	10	10	10	10	12	18	17	18	16	16
Transportation:										
Paved streets (miles)	384	396	389	388	389	390	390	390	390	390
Sidewalks (miles)	303	308	308	319	333	334	336	329	329	336
Traffic Signals	173	173	173	177	179	180	182	182	183	184
Streetlights owned by City of Bellevue	2,685	2,734	2,810	2,926	2,982	3,026	3,205	3,232	2,900	3,048
Streetlights owned by Puget Sound Energy	4,504	4,562	4,644	5,148	4,655	4,835	5,064	5,102	5,146	5,385
Culture and Recreation/Marina:										
Parks acreage	2,009	2,104	2,119	2,600	2,612	2,657	2,696	2,696	2,707	2,707
Parks	76	77	77	77	77	77	77	77	77	77
Maintained Trails (miles)	57	60	64	69	74	97	80	80	80	92
Playgrounds	44	45	45	45	45	45	45	45	45	46
Tennis Courts/Centers	35	39	39	39	39	39	39	39	39	38
Sports fields	32	32	32	32	32	32	32	32	32	34
Sports courts	23	27	27	27	27	27	27	27	27	27
Swimming beaches/pools	7	7	7	7	7	7	7	7	7	6
Vistor/Interpretive Centers	2	2	2	3	3	3	4	4	4	4
Community Centers/Recreation facilities	4	4	4	5	5	5	5	5	5	5

CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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)	563	616	617	618	617	617	620	620	616	618
Vehicles	32	42	42	43	43	43	40	41	41	32
Sewer:										
Sanitary sewers (miles)	488	520	520	520	520	521	523	523	525	525
Vehicles	33	36	40	43	35	37	38	41	41	29
Storm Drainage										
Vehicles	22	24	25	26	27	27	26	28	28	24

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

