

City of Bellevue, Washington



**2009
Comprehensive
Annual
Financial
Report**

For the Fiscal Year Ended December 31, 2009

City of Bellevue, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2009



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, 2008

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.



A stylized handwritten signature in black ink, appearing to be "J.R. Emer".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Emer".

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, 2008.

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.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended December 31, 2009

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Post Office Box 90012 • Bellevue, Washington • 98009 9012

June 29, 2010

**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, 2009 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 interlocal agreements. Bellevue residents receive library services from the King County Library System.

Incorporated in 1953, Bellevue is the 5th largest of 281 cities in the State of Washington. It is located on the east shore of Lake Washington 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 development, construction, and 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 120,600 residents and is expected to grow at an average annual rate of 1.0% through 2020, excluding any annexations.

Bellevue contains a diversified mix of industries which includes department stores, high-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 regional economy declined sharply during 2009. The continued decline in home prices and sales, the financial crisis and scarcity of credit and the drop in consumer spending resulted in significant employment loss in the regional economy. The recession was far deeper than economists originally anticipated.

Regional job losses total 96,700 since the beginning of the recession. The sectors hit the hardest are construction, manufacturing and professional and business services. Employment is projected to begin growing again in the 1st quarter of 2010, but is not expected to return to pre-recessionary levels until the end of 2012.

Local economists continue to assert that economic improvement is dependent on housing market stabilization. While Puget Sound sales and prices were somewhat volatile over the summer, the number of houses sold increased substantially in the fourth quarter of 2009 and housing prices stabilized. Housing activity is projected to continue to improve through 2010.

Office vacancy rose substantially in the Bellevue's Central Business District rising from 10.9% in 2008 to 15.5% in the fourth quarter of 2009. Bellevue's office market lease rates remain stronger than neighboring communities but vacancy rates throughout the region have increased. Downtown office vacancy rates are expected stabilize during 2010 as the economy begins to recover.

Overall, the recession drove collections of sales, business and occupation, and real estate excise taxes down substantially during 2009. Tax collections of these economically sensitive revenues are expected to improve during 2010.

To ensure that the economic outlook is incorporated into the City of Bellevue's financial planning; the City publishes six-year financial forecasts for the General Fund, the Parks Fees Fund, and the three Utilities Funds. This planning tool provides valuable information that enables City Management to make decisions with greater consideration of the financial consequences.

MAJOR INITIATIVES

2009 Significant Accomplishments

- Six departments/key functional areas retained accreditation in 2009: Fire, Utilities, Parks & Community Services, Police Operations, Public Safety Communications Center, and Transportation.
- Adopted Bel-Red Corridor Plan, including Bel-Red subarea plan and related Land Use Code amendments, zoning and Traffic Standards Code changes.
- Obtained \$1.29 million in federal grant funding and \$185,000 of Clean Cities funding for energy efficiency and conservation projects, a portion of which will be used to support a significant transition of our fleet vehicles to cleaner and more efficient vehicles.
 - This funding will allow nearly 80% of City passenger cars and SUV's (over 80%) to be transitioned. In addition, we will be able to procure two medium duty hybrid trucks. In 2006, our vehicle fleet was responsible for 19% of our operational greenhouse gas emissions.
- Completed purchase of Safeway/Mid-Mountain site providing flexibility for a variety of future city needs and capital projects; located in key transportation corridor.
- Enhanced staffing and services at Mini City Hall as part of *Bellevue Cares* interdepartmental recession response; completed minor refurbishing of 10-year-old storefront.
- Deployed AEDs (defibrillators) in south-end patrol units, which led to King County approaching Bellevue PD to conduct a two-year study of the entire City to determine if the 'save rate' for heart attacks improves.
- Successfully transitioned to NORCOM regional communications center, which included implementing a new police computer aided dispatch (CAD), new mobile data computer software (MDC), and a new police records management system (RMS).
- Implemented Phase II of the "City as Applicant" Initiative, which improves processing of city permit applications to create a smoother path to permit approval.
- Engaged the community and adopted City preferred Light Rail routing alignments for EastLink.
- Maintained AAA bond rating during challenging economic environment.
- Developed and implemented web 2.0 tools – e.g., Facebook, Flickr, YouTube, Twitter, blogs – to more effectively communicate and engage stakeholders in civic affairs.
- Received the *Distinguished Budget Presentation Award* from the Government Finance Officers Association for the 2009-2010 Budget.
- Achieved 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.
- Received *Gold Award* from the Association of Government Accountants and *Circle of Excellence Award* for the City's Annual Performance Report that meets the suggested reporting guidelines of the Government Accounting Standards Board (GASB). One of only three cities in the USA to achieve the Circle of Excellence Award.

2010 Initiatives

Mobility and infrastructure

Bellevue, and especially its downtown area, is growing in population, the number of people who work there and the number of vehicles entering the central business district. To help maintain the long-term health of its transportation system the city has launched the Bellevue Mobility and Infrastructure Initiative.

The initiative is the result of an awareness by policymakers that the transportation system in the future must become more “multi-modal” and urban. Without these changes, Bellevue will experience gridlock, deteriorating air quality, and a diminished quality of life.

One City

The One City initiative is an effort to utilize the talents and knowledge of City employees, regardless of where they are in the organization. One City focuses on how to implement change in a way that is different than before. Involvement in the decision process is spread across the organization and not held just at the highest levels as employees from all areas of the organization come together to tackle issues. The collaboration is between the people who are most affected by the decision. “Getting the right people in the room” is a hallmark of this new way of thinking. Key concepts include an engaged workforce, shared leadership, financial performance, customer value, and organizational learning.

Environmental Stewardship

Environmental Stewardship integrates the natural and developed environments to create a sustainable urban habitat with clean air and water, habitat for fish and wildlife, and comfortable and secure places for people to live and work.

The City utilizes *focused leadership* with a "One City" approach to implement continuous change, learning and innovation in practices that drive the organization and City of Bellevue toward achieving the Environmental Stewardship Initiative Vision.

Long-range strategic planning

Bellevue is one of the nation’s premier communities, recognized for its high levels of service delivery, customer service and healthy economy. The city, however, is being buffeted by major changes/trends that are challenging its ability to maintain high service delivery levels and meet capital needs and expectations.

In recent years, the city has found it increasingly difficult to fund much-needed roadways, parks, public safety and other capital investment projects identified by the community. Exponential commercial and residential growth in the downtown area, aging infrastructure, increased traffic, new federal, state and regional mandates, and demographic shifts are among the changes/ trends impacting the city.

The city will be hard pressed to accommodate the additional demands created by the major changes without new service delivery models and resources. As such, the City, under the direction of the City Council and City Manager, is pursuing a long-range financial planning initiative. Major goals of the initiative are to:

- Identify major trends and other factors that will influence service and capital needs through the year 2020;

- Create a financially sustainable model that will allow the city to deliver services and to invest in capital priorities for the foreseeable future; and
- Facilitate policy discussions of future operating and capital investment priorities.

Budget One

The city faces long-term revenue shortfalls. Temporary cost containment measures for 2009 and 2010 have closed this gap, but to deal with these long-term issues the city is implementing a new budgeting process called Budget One. This a performance-based Budgeting for Outcomes approach.

Budget One puts the emphasis on community outcomes, not departments. It involves a series of steps that create a government based on available funding that is then connected to these outcomes and their associated service delivery results. The primary change in the budget process is that all current programs, services, and activities must be submitted as "proposals" in order to retain ongoing funding, to expand existing funding or to receive new funding. All proposals must align with one of the outcomes and provide evidence as to how they achieve the particular outcomes.

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 2009 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 2009. 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, 2008. The City has earned this prestigious award for 29 out of 33 CAFR submissions. This was the 27th 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 2009-2010 biennial budget document for the 17th 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.

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 Ijiomah, Accounting Manager, Veronica Doherty, Senior Financial Analyst, Brent Small, Senior Financial Analyst, Jonathan Vrablik, Senior Financial Analyst, and Melissa Treptow, Senior Accounting Associate 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.....	Grant Degginger
Deputy Mayor.....	Claudia Balducci
Council.....	Patsy Bonincontri Don Davidson Conrad Lee Phil Noble

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
Finance Director.....	Jan Hawn
Fire Chief	Mario Treviño
Human Resources Director	Yvonne Tate
Chief Information Officer, Information Technology	Toni Cramer
Parks & Community Services Director.....	Patrick Foran
Planning & Community Development Director	Matthew Terry
Police Chief.....	Linda Pillo
Transportation Director.....	Goran Sparrman
Utilities Director	Denny Vidmar

Finance Department

Jan Hawn
Finance Director

Sr. Admin. Asst.
- Taryn Mayhew

Earle Stuard
Assistant
Director

Financial Analyst:
- Stephanie Dompier

Admin. Asst.
Vacant

Sara Lane
Assistant
Director

Rocky Brannan
Manager
Purchasing & Contracts
Division

Jonathan Swift
Manager
Budget Division

Bonnie Grant
Manager
Finance Business
Systems Division

Lucy Liu
Manager
Tax Division

Arnaz Bharucha
Manager
Treasury Division

Diane Ijiomah
Manager
Accounting Division

Liz Rector
Supervisor
Purchasing

Jamie Robinson
Supervisor
Contracting Services

Leslie Rawley
Supervisor
Accounts Payable

Debbie Childers
Asst Divn.
Manager
Payroll

Assistant Division
Manager
- Carla Beauclair
- Jason Bentosino

Performance/
Outreach Coord.
- Rich Siegel

Sr. Budget Analyst:
- David Baldwin
- Nitin Chadha
- Christina Erickson
- Andrea McMaster
- Jan Penney
- Vacant

Admin Asst/Budget
Tech
Robin Long

Business Process
Analyst
- Todd Parker
- Della Wolfe (LTE)

Zemed Yitref
Fiscal Manager
Investment/Debt

Sr. Fin. Analyst
- Richard D'Hondt
- Kim Kamal

Tax Analyst
- Greg Lamb
- Dawn Yonago

Sr. Acctg Associate
- Darlene Lewis

Sr. Financial
Analyst
- Colleen Bronson

Financial Analyst
- Luceale Dyer

Sr. Accounting
Associate
- Deb Rossi
- Vacant

Sr. Fin. Analyst
- Veronica
Doherty
- Brent Small
- Jonathan Vrablik

Sr Accounting
Associate
- Melissa Treptow

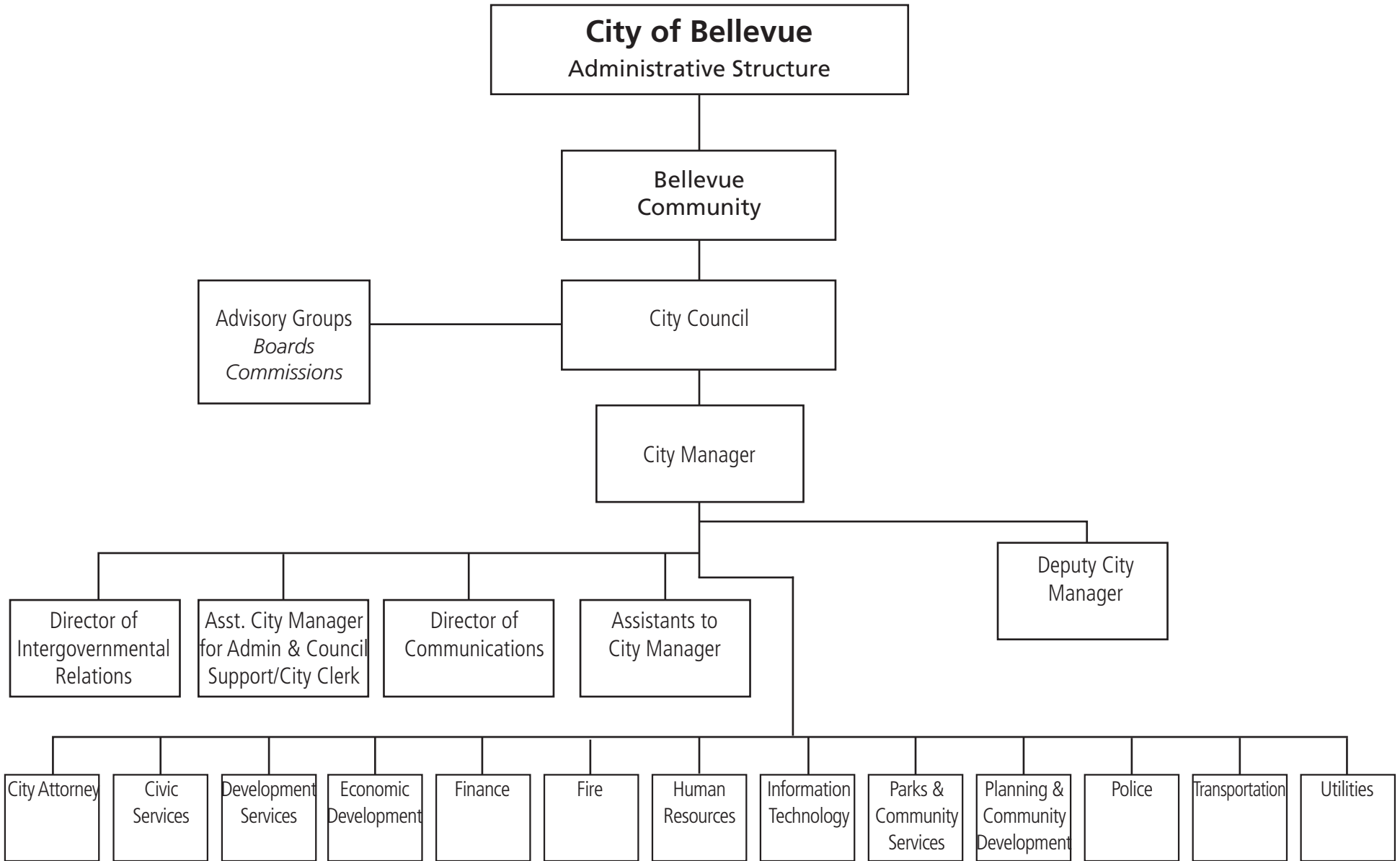
Buyer:
- Angela Carlson
- Pam Heselgrave
- Jill Tibbs
- Brenda West

Procurement
Specialist:
- Lisa Brown
- Chris Kelly
- John Lindow
- Mayvis Schwab
E-Portal
Linda Johnson

Sr. Acctg.
Associate:
- Tabitha Ashley
- Linda Freeburg
- Theresa Gass
- Paula Kelly

Fin. Analyst:
- Cherie Palm
- Byron Stout

Sr. Acctg. Assoc.
- Yuriko So





Financial Section



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

June 29, 2010

Council
City of Bellevue
Bellevue, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellevue, King County, Washington, as of and for the year ended December 31, 2009, 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellevue, King County, Washington, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Development Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 29, 2010, 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.

The management's discussion and analysis on pages 1 through 13, infrastructure modified approach on page 105 and pension trust fund and other post-employment benefits information on pages 103 through 104 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, individual fund statements and schedules on pages 108 through 141 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

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, 2009. 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 City experienced significant reductions in tax revenues in 2009 as a result of current economic conditions. Property tax revenues increased \$6 million; however, other tax revenues decreased \$13.8 million, of which \$6.8 million affected the General Fund and \$6.8 million affected the General CIP Fund.
- The City purchased commercial property from Safeway for \$6.3 million which currently serves multiple purposes, including a portion for Utilities, and will eventually be converted to parks and open space.
- Rainy day reserves of \$5.3 million were transferred to the General Fund for the purpose of consolidating emergency reserves.

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, 2009 and December 31, 2008 are summarized and analyzed in the following table.

City of Bellevue, Washington

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
	(in thousands)					
Current and other assets	\$ 155,091	\$ 168,858	\$ 114,508	\$ 103,463	\$ 269,600	\$ 272,321
Capital assets, net of accumulated depreciation	1,650,994	1,642,192	244,406	235,283	1,895,400	1,877,475
Total assets	1,806,086	1,811,049	358,914	338,746	2,164,999	2,149,796
Long-term liabilities	173,557	173,893	6,106	7,210	179,663	181,103
Other liabilities	22,666	21,814	2,711	2,331	25,377	24,144
Total liabilities	196,223	195,706	8,817	9,540	205,040	205,247
Net Assets:						
Invested in capital assets, net of related debt	1,499,240	1,488,268	239,778	229,344	1,739,018	1,717,612
Restricted	16,753	21,521	77,584	60,750	94,337	82,271
Unrestricted	93,870	105,556	32,735	39,112	126,605	144,668
Total net assets	\$1,609,863	\$1,615,345	\$350,097	\$329,206	\$1,959,960	\$1,944,551

Governmental Activities: Total net assets for the City increased by \$15.4 million, including a decrease of \$5.5 million in governmental activities that is tempered by an increase in business type activities of \$20.9 million. Of total governmental activities net assets, \$2.3 million is restricted for debt service and \$14.4 million for capital projects. Unrestricted net assets of \$93.9 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, \$13.7 million was in cash and equity in pooled investments resulting from the economic down turn affecting tax revenue collections dramatically.
- Increases in construction in progress and the purchase of the Safeway property governmental funds portion of \$4.4 million led to an overall increase in capital asset values of \$8.8 million. A line of credit of \$12 million was paid off and a new line of credit of \$12 million was issued during 2009. Debt service payments reduced long term debt by \$2.2 million; therefore, Invested in capital assets net of related debt increased \$11 million.
- The economic downturn and subsequent reduction of tax revenues of \$7.8 million and investment returns of \$2 million led to a decrease in unrestricted net assets of \$11.7 million. Restricted net assets decreased \$4.7 million related to a decrease in the City's overall debt liabilities.

Business-type activities: Business-type activities of the City's utilities and marina increased the City of Bellevue's net assets by \$20.9 million in 2009. Of total net assets, \$77.6 million is restricted for utility capital projects and \$32.7 million is available to meet operating needs. Contributing factors of the increase in net assets were:

- Business type current assets increased by \$11 million, the result of an effort to build reserves to cover planned future replacement of aging infrastructure.
- Of the net increase of \$9.5 million in capital assets, \$1.9 million was for the purchase of commercial property and \$8.8 million was related to construction projects currently underway tempered by depreciation for existing assets.

City of Bellevue, Washington

- Long-term debt obligations decreased in the Utility funds by \$1 million as outstanding revenue bonds reached or neared maturity. Remaining revenue bonds will mature in 2010.

Changes in net assets

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

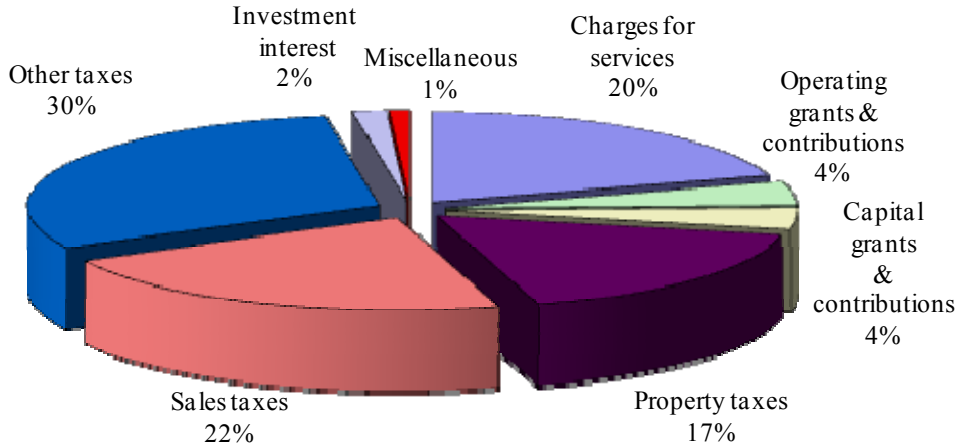
	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Revenues:	(in thousands)					
Program revenues:						
Charges for services	\$ 41,575	\$ 46,185	\$ 88,801	\$ 82,524	\$ 130,376	\$ 128,709
Operating grants & contributions	8,796	6,815	-	-	8,796	6,815
Capital grants & contributions	7,984	4,328	5,002	6,967	12,985	11,295
General revenues:						
Property taxes	34,854	28,859	-	-	34,854	28,859
Sales taxes	45,119	53,141	-	-	45,119	53,141
Other taxes	61,918	67,710	-	-	61,918	67,710
Investment interest	3,252	5,284	1,874	2,991	5,126	8,276
Miscellaneous	1,903	4,190	445	1,460	2,348	5,650
Total revenues	205,401	216,513	96,121	93,942	301,522	310,456
	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Expenses:						
General government	29,641	29,573	-	-	29,641	29,573
Public safety	78,373	80,253	-	-	78,373	80,253
Physical environment	1,952	2,449	-	-	1,952	2,449
Transportation	25,853	29,372	-	-	25,853	29,372
Economic environment	21,785	22,940	-	-	21,785	22,940
Health and human services	7,914	6,834	-	-	7,914	6,834
Culture and recreation	37,818	37,926	-	-	37,818	37,926
Unallocated interest on long-term debt	7,294	7,150	-	-	7,294	7,150
Water	-	-	30,074	27,887	30,074	27,887
Sewer	-	-	35,091	31,734	35,091	31,734
Storm Drainage	-	-	9,967	9,146	9,967	9,146
Marina	-	-	353	440	353	440
Total Expenses	210,629	216,498	75,484	69,206	286,113	285,705
Excess (deficiency) before transfers and special items	(5,228)	15	20,637	24,736	15,409	24,751
Transfers	(254)	406	254	(406)	(0)	-
Increase (decrease) in net assets	(5,482)	421	20,891	24,330	15,409	24,751
Net assets - beginning	1,615,345	1,670,096	329,206	302,897	1,944,551	1,972,993
Prior period adjustment	-	(55,172)	-	1,979	-	(53,193)
Net assets - ending	\$1,609,863	\$1,615,345	\$350,097	\$329,206	\$1,959,960	\$1,944,551

Governmental activities experienced a net decrease of \$5.5 million in net assets, while business activities increased by \$20.9 million, for a net increase in net assets of \$15.4 million in 2009. Key elements of this change are:

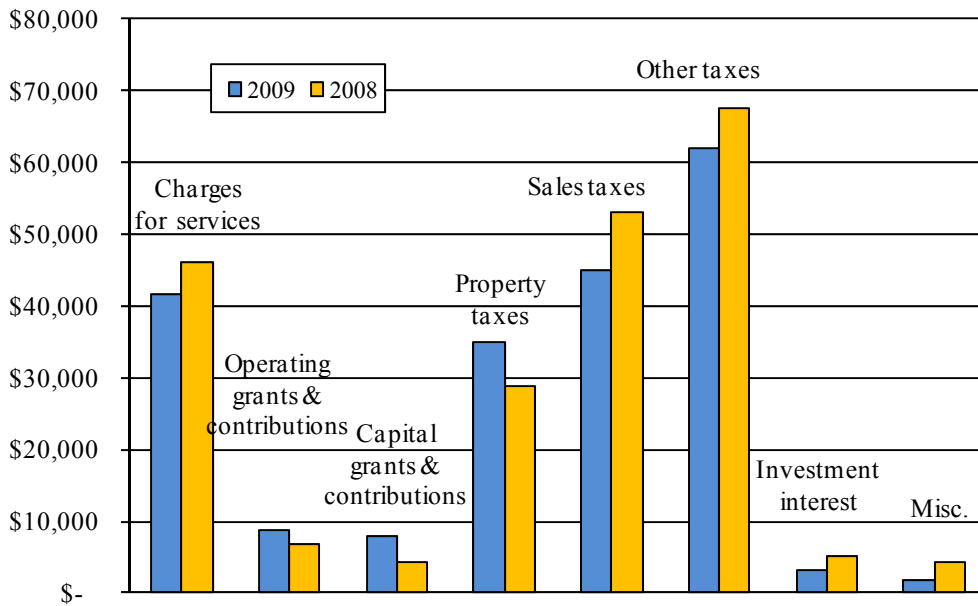
- Charges for services decreased \$4.6 million, the significant changes are highlighted as follows:
 - General Government increased by \$2 million; \$1 million in Fire Levy reserves, and \$1 million in Lincoln Center Office Park rents.
 - Public safety decrease of \$2 million is largely the result of regional dispatch services moving from the City of Bellevue to NORCOM (North East King County Regional Public Safety Communications Agency).
 - Economic environment decreased \$4.5 million. The City saw unusually high development activity between 2004 and 2008. The development projects are now largely complete so permit activity has decreased as a result.
- Operating grants and contributions increased \$2 million. The City received a grant which was passed through to NORCOM for the purpose of covering a portion of start up costs.
- Capital grants and contributions increased \$3.7 million, including:
 - Transportation grants received \$2.3 million for two large projects: NE 8th and 106th and a NE 10th bridge over I-405.
 - Culture and recreation increased \$1.3 million and is attributed to private contributions from the Pacific Science Center for the Environmental Education Center.
- Property taxes increased as a result of a \$.09/1000 assessed value for a voter-approved Parks Capital Program \$4 million levy lid lift.
- The national downturn in the economy has also impacted revenues in Bellevue. The tax affects from this downturn are:
 - Retail sales and use taxes decreased \$8 million,
 - Business and Occupation taxes decreased \$3.9 million, and
 - Hotel-Motel taxes decreased \$1.4 million.
- Investment rates dropped significantly, resulting in a decrease of \$2 million in interest earnings in 2009. The investment market impacted the City's portfolio values, resulting in a decrease in the fair market value of investments of \$1.2 million.
- Governmental activities expenses decreased \$5.9 million, the highlights of which are as follows:
 - A decrease in Public safety depreciation expense related to dispatch assets were sold to NORCOM.
 - Economic environment expenses decreased by \$1.1 million due to decreased development activity resulting in lower review and inspection costs.
 - Transportation expenses decreased \$3.5 million as a result of decreased overlay projects of \$1 million; NE 10th expenses decreased \$1.3 as the project nears completion; and the 2008 completion of a \$1 million parkway improvement project.
 - Health and Human Services increased \$1 million related to affordable housing project loans of \$.5 million and home repair loans of \$.3 million.

The following charts illustrate the major revenue sources as percentages of total revenues for governmental funds and in comparison from 2008 to 2009.

Governmental Activities - Revenues

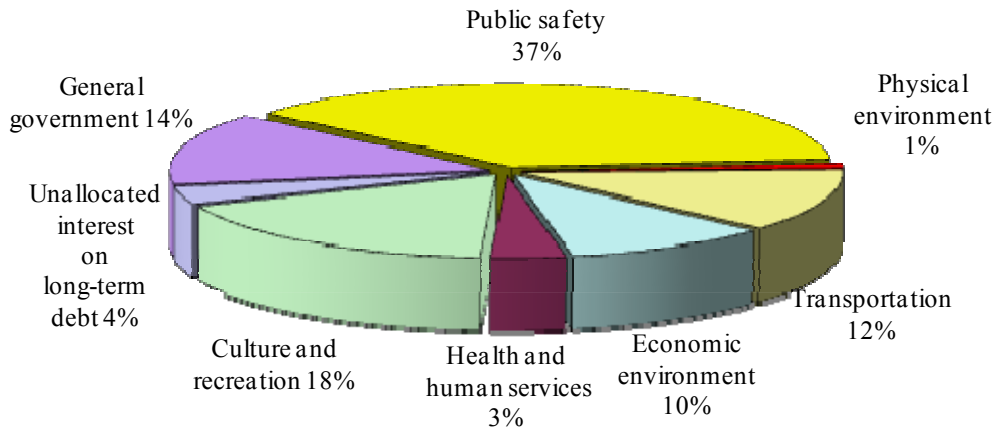


Governmental Activities - Revenues Comparison

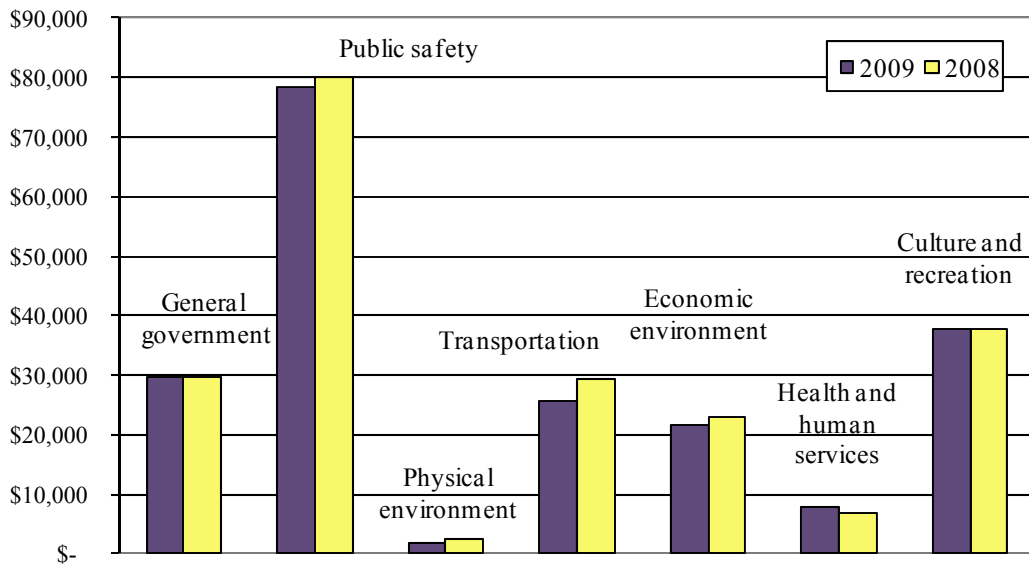


Expenses for governmental activities are shown in the following charts by function, both as a percentage of total expenses and as compared to 2008.

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 \$20.9 million in 2009. Key elements of this increase are:

- Charges for services increased \$6.3 million due to rate and consumption increases. Water Utility rate increase 6% and Sewer Utility a 13% increase. 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.

City of Bellevue, Washington

	<u>2009</u>	<u>2008</u>	Percent increase/ decrease
Number of customers:			
Water	37,101	37,299	-0.53%
Sewer	35,555	35,438	0.33%
Drainage	30,633	30,645	-0.04%
Annual consumption:			
Water	6,908	6,612	4.48%
Sewer	5,322	5,533	-3.81%

- Water Utility expenses increased \$2.1 million, due to the increase of \$2.7 in amounts remitted to the Cascade Water Alliance Association.
- Sewer Utility expenses increased by \$2.5 million, of which \$2.2 is attributable to the increase in charges by King County Wastewater Treatment Division.

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, unreserved fund balance is a good indicator of the City's resources available for spending at the end of the year.

At the end of 2009, fund balance for the General Fund was \$16.1 million, an increase of \$1 million from 2008. While revenues were down \$4.4 million and expenses increased \$6 million or 4% over 2008, other financing uses and sources increased \$7.8 million partially due to the consolidation of reserves, transferring \$5.3 million from the Rainy Day Reserve Fund.

The Development Services Fund has an ending fund balance of \$10 million, which represents a decrease of \$1.5 million from 2008. This fund is used to account for the costs of permit review and inspections over the life of the major construction projects currently underway. Many of the construction projects have been completed and very little new development activity is taking place.

The Operating Grants, Donations and Special Reserves Fund has an ending fund balance of \$3 million. 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 \$5 million. 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 \$14.4 million. While this represents a minor decrease from 2008, there were significant changes that took place within the fund. The City purchased the Lincoln Center property for \$19 million in 2008, accounting for the majority of the decrease of \$23 million in expenditures in 2009. To fund the purchase, the City issued \$14.3 million and a line of credit of \$12 million, also in 2008 resulting in a corresponding decrease in other financing sources.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The City of Bellevue’s investment in capital assets for the end of 2009 was \$1.9 billion, net of depreciation, which is an increase of \$17.9 million from the previous year. The following table shows the increases by category for governmental activities, business activities, and the City as a whole.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
	(in thousands)					
Land	\$ 738,004	\$ 733,189	\$ 24,898	\$ 22,998	\$ 762,902	\$ 756,187
Buildings	163,337	168,898	16,875	17,780	180,212	186,678
Improvements other than buildings	29,132	31,100	-	-	29,132	31,100
Machinery and equipment	18,091	19,371	1,468	1,238	19,559	20,609
Infrastructure	668,706	666,089	163,183	164,079	831,889	830,168
Intangible assets	9,417	7,776	80	96	9,497	7,872
Construction in progress	24,307	15,767	37,902	29,093	62,209	44,860
Total	\$1,650,994	\$1,642,190	\$244,406	\$235,284	\$1,895,400	\$1,877,474

Governmental Activities. Capital assets from governmental activities increased \$8.8 million. Key elements of this change are as follows:

- The City purchased commercial property from Safeway, Inc. for \$6.3 million, \$4.4 of which is attributable to governmental activities.
- Construction in progress related to several Transportation roadway and sidewalk projects accounts for the majority of the remaining increase.

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 2009 reduced from 80 to an overall performance rating of 75. The percentage of roadways above a satisfactory rating for 2009 is 84%, which is a

reduction of 6% from the prior year. Residential roadways show an average condition rating of 83, a decrease of 2 points over 2008. Of the total residential lane miles, 96% 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 \$9.1 million of which \$8.8 million is attributable to increases in construction in progress. Significant projects currently underway are 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 the 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 \$156.3 million in debt outstanding compared to \$159.9 million last year. Of the \$3.5 million decrease, \$2.2 million in governmental activities and \$1.3 million in business type activities.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
	(in thousands)					
General obligation bonds	\$ 137,792	\$ 139,570	\$ 3,350	\$ 3,600	\$ 141,142	\$ 143,170
Special assessment debt	1,275	1,675	-	-	1,275	1,675
Revenue bonds	-	-	1,002	1,930	1,002	1,930
Line of credit	12,047	12,000	-	-	12,047	12,000
Other long term debt	639	676	279	412	917	1,088
Total	\$ 151,752	\$ 153,921	\$ 4,631	\$ 5,942	\$ 156,383	\$ 159,863

Governmental Activities. A line of credit was repaid and another line of credit was obtained for the same amount in 2009. The decrease of \$2.2 million is related to debt service payments. Of the debt outstanding at December 31, 2009, \$3.5 million is due within one year.

Business-type Activities. Business-type activities did not issue any new debt. During the fiscal year all scheduled debt service payments were met. Principal reductions amounted to \$1.2 million. The remaining Utility revenue bonds will mature in 2010.

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 2009 was \$34 billion and the total amount of additional debt the City may issue is \$2.4 billion. Remaining debt capacity is categorized as follows:

City of Bellevue, Washington

General debt	\$ 662,946
Open space/Parks facilities	850,472
Utilities	<u>850,472</u>
Total	<u>\$2,363,891</u>

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 \$0.2 million between the original General Fund budget for fiscal year 2009 and the final General Fund budget is explained as follows:

- \$147k increase to reflect a new contract for a contract with American Traffic Solutions
- \$49k increase associated with the Washington State Criminal Justice Training Commission

A comparison of the actual performance of the general fund to the final budget indicates that total revenues came in \$10.7 million below budget at year end, primarily due lower than anticipated collections of economically sensitive revenues including sales and business and occupation tax. Expenditures were \$6.2 million under budget, due primarily to management initiated cost containment measures.

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 2009-2010 mid-biennium update were the recent recession and economic uncertainty. Bellevue's economy began to stabilize at the end of 2009 and showed some signs of improvement in 2010. In early 2009, City management issued departmental spending targets in response to a contracting economy and these cost containment measures are continuing into 2010.

Despite the lower economic activity in Bellevue, through sound financial policy, a diverse revenue base and early, strong and decisive management action, Bellevue will continue to deliver quality core services during these temporary, tough economic times. Simply put, Bellevue will live within its means.

The character of the City including its current and future business activity, its attraction as a place to live, work, and do business, and its position as the technology heart of a growing region -- makes Bellevue's future bright and sustainable.

The regional economy declined sharply during 2009. The continued decline in home prices and sales, the financial crisis and scarcity of credit and the drop in consumer spending resulted in significant employment loss in the regional economy. The recession was far deeper than economists originally anticipated.

Regional job losses total 96,700 since the beginning of the recession in 2008. The sectors hit the hardest are construction, manufacturing and professional and business services. Employment is projected to begin growing again in the 1st quarter of 2010, but is not expected to return to pre-recessionary levels until the end of 2012.

Local economists continue to assert that economic improvement is dependent on housing market stabilization. While Puget Sound sales and prices were somewhat volatile over the summer, the number of houses sold increased substantially in the fourth quarter of 2009 and housing prices stabilized. Housing activity is projected to continue to improve through 2010.

Office vacancy rose substantially in the Bellevue's Central Business District rising from 10.9% in 2008 to 15.5% in the fourth quarter of 2009. Bellevue's office market lease rates remain stronger than neighboring communities but vacancy rates throughout the region have increased. Downtown office vacancy rates are expected stabilize during 2010 as the economy begins to recover.

Overall, the recession drove collections of sales, business and occupation, and real estate excise taxes down substantially during 2009. Tax collections of these economically sensitive revenues are expected to improve during 2010.

The utility rates for the City of Bellevue were increased for the 2009-2010 budget cycle. For 2010, the following increases were included in the budget: water, 9.2%, wastewater (sewer) 3.5%, and storm & surface water, 8.5%. Increases in wholesale Cascade Water Alliance Water costs, inflationary increases in salary and maintenance and operations costs, as well as additional capital needs are the primary drivers of these.

The 2009-2010 Mid-Biennium Budget update included an increase of \$1,800,000 in General Fund appropriations for fire flow capacity costs. Fire flow capacity costs were previously funded in the Water Utility Fund through water service charges. Based on a 2008 Washington State Supreme Court ruling, fire flow capacity costs are a general government cost. Consequently, the costs were moved to the General Fund. This increase in costs was funded through a water utility tax rate increase of 5.4%.

In response to the recession, spending for the City of Bellevue's Capital Investment Program (CIP) was significantly scaled back. Cost containment measures such as project deferrals and scaling back ongoing capital programs were instituted across most areas of the CIP. Spending for the 2008 parks levy and the recently endorsed Mobility and Infrastructure Initiative that were adopted with the 2009-2015 CIP, were scaled back in the face of economic uncertainty.

To address the long-term funding gaps that the recession is expected to have on Bellevue's budget, management committed to returning to Council with a sustainable long-term financial strategy that would allow the City to move away from the stop gap budget measures of deferring projects and leaving vacant positions unfilled and other temporary measures that are currently being used. Bellevue has embarked on an outcome based budgeting process that uses best budgeting practices

similar to a variety of other jurisdictions. This type of process is considered a best practice by the Government Finance Officers Association and the National Performance Management Advisory Commission. The City will use this process to prioritize the current service mix so that it fits within our revised long-term financial outlook.

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, 2009
(in thousands)

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Bellevue Convention Center Authority</u>
Assets:				
Cash & equity in pooled investments	\$ 80,752	\$ 22,973	\$ 103,724	\$ 3,002
Receivables (net of allowances for uncollectables):				
Taxes	20,913	-	20,913	-
Accounts	2,549	12,433	14,981	358
Assessments	2,260	92	2,353	-
Interest	164	91	255	-
Other	1,444	37	1,481	699
Internal balances	(519)	519	-	-
Inventory	474	487	961	360
Other current assets	253	-	253	153
Restricted assets:				
For debt service	13,270	1,278	14,548	3,079
For customer deposits	-	96	96	-
For other	18,618	76,210	94,828	671
Deferred charges and other assets:				
Deferred charges	1,112	14	1,125	495
Noncurrent receivables	13,803	279	14,081	-
Capital assets:				
Land	738,004	24,898	762,901	-
Depreciable capital assets (net)	219,374	18,311	237,685	-
Depreciable infrastructure (net)	21,489	163,294	184,783	32,001
Nondepreciable infrastructure	647,821	-	647,821	-
Construction in progress	24,307	37,903	62,209	604
Total assets	1,806,086	358,914	2,164,999	41,424

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

Statement of Net Assets
As of December 31, 2009
(in thousands)

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Bellevue Convention Center Authority</u>
Liabilities:				
Current liabilities:				
Accounts payable	7,747	1,576	9,323	193
Retainage payable	171	234	405	13
Accrued interest payable	-	2	2	2,722
Accrued payroll	5,310	655	5,965	125
Other accrued liabilities	1,465	127	1,592	89
Deposits payable	798	96	894	-
Unearned revenue	6,545	-	6,545	454
Other current liabilities	34	-	34	-
Current payable from restricted assets:				
Accrued bond interest payable	596	21	617	38,601
Noncurrent liabilities:				
Due within one year	11,096	1,812	12,908	1,178
Due in more than one year	162,461	4,294	166,755	17,133
Total liabilities	<u>196,223</u>	<u>8,817</u>	<u>205,040</u>	<u>60,510</u>
Net assets:				
Invested in capital asset net of related debt	1,499,240	239,778	1,739,018	14,353
Restricted for:				
Debt service	2,305	1,278	3,583	3,566
Capital projects	14,448	76,210	90,658	364
Other	-	96	96	-
Unrestricted	93,870	32,735	126,605	(37,370)
Total net assets	<u>\$ 1,609,863</u>	<u>\$ 350,097</u>	<u>\$ 1,959,960</u>	<u>\$ (19,087)</u>

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

City of Bellevue, Washington

Statement of Activities
For the Twelve Months Ending December 31, 2009
(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 Bellevue Convention Center Authority
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Government activities:								
General government	\$ 29,641	\$ 4,042	\$ 1,345	\$ -	\$ (24,254)	\$ -	\$ (24,254)	\$ -
Public safety	78,373	15,501	2,956	15	(59,901)	-	(59,901)	-
Physical environment	1,952	1,043	668	-	(242)	-	(242)	-
Transportation	25,853	882	1,330	5,131	(18,509)	-	(18,509)	-
Economic environment	21,785	11,830	5	76	(9,873)	-	(9,873)	-
Health and human services	7,914	402	1,539	-	(5,972)	-	(5,972)	-
Culture and recreation	37,818	7,875	952	2,761	(26,229)	-	(26,229)	-
Interest on long-term debt	7,294	-	-	-	(7,294)	-	(7,294)	-
Total governmental activities	<u>210,629</u>	<u>41,575</u>	<u>8,796</u>	<u>7,984</u>	<u>(152,274)</u>	<u>-</u>	<u>(152,274)</u>	<u>-</u>
Business-type activities:								
Water utility	30,074	33,960	-	2,349	-	6,235	6,235	-
Sewer utility	35,091	39,545	-	1,554	-	6,009	6,009	-
Storm drainage utility	9,967	14,788	-	1,099	-	5,920	5,920	-
Marina	353	507	-	-	-	155	155	-
Total business-type activities	<u>75,484</u>	<u>88,801</u>	<u>-</u>	<u>5,002</u>	<u>-</u>	<u>18,319</u>	<u>18,319</u>	<u>-</u>
Total primary government	<u>\$ 286,113</u>	<u>\$ 130,376</u>	<u>\$ 8,796</u>	<u>\$ 12,985</u>	<u>\$ (152,274)</u>	<u>\$ 18,319</u>	<u>\$ (133,956)</u>	<u>\$ -</u>
Component unit:								
Bellevue Convention Center Authority	12,951	10,897	(100)	-	-	-	-	(2,154)
Total component unit	<u>\$ 12,951</u>	<u>\$ 10,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,154)</u>

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

City of Bellevue, Washington

Statement of Activities
For the Twelve Months Ending December 31, 2009
(in thousands)

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Bellevue Convention Center Authority
General revenues:			
Property tax	34,854	-	-
Retail sales and use tax	45,119	-	-
Utility tax	24,012	-	-
Business and occupation tax	26,141	-	-
Excise taxes	6,258	-	-
Hotel/Motel tax	5,332	-	-
Other taxes	175	-	-
Payments from Component Unit/City	117	-	-
Grants & contributions - unrestricted	1,861	-	-
Unrestricted investment interest	3,252	1,874	31
Gain (Loss) in change of Fair Value	(582)	(373)	-
Miscellaneous	582	811	-
Gain on sale of capital assets	(75)	6	-
Special items	-	-	(2,314)
Transfers	(254)	254	-
Total general revenues and transfers	146,792	2,572	(2,283)
Change in net assets	(5,482)	20,891	(4,437)
Net assets at beginning of year	1,615,345	329,206	(14,649)
Net assets at end of year	\$ 1,609,863	\$ 350,097	\$ (19,087)

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

Balance Sheet
Governmental Funds
As of December 31, 2009
(in thousands)

	General Fund	Development Services	Operating Grants, Donations, & Special Reserves	Housing
Assets:				
Cash & equity in pooled investments	\$ 7,340	\$ 13,366	\$ 2,866	\$ 5,527
Receivables (net of allowances):				
Taxes	15,538	-	-	17
Accounts	1,821	-	20	-
Current assessments	-	-	-	-
Interest & penalties on assessments	-	-	-	-
Interest	8	18	2	20
Interfund loans receivable	-	-	-	-
Due from other funds	356	-	3	-
Due from other governments	708	-	703	-
Prepays	3	-	-	-
Notes/contracts receivable	16	-	780	8,718
Housing rehabilitation loans receivable	-	-	3,037	-
Total assets	25,790	13,384	7,411	14,281
Liabilities:				
Accounts payable	1,999	62	56	509
Retainage payable	-	-	-	-
Interfund loans payable	-	-	-	-
Due to other funds	573	-	-	-
Due to Component Unit	-	-	-	-
Due to other governments	349	-	166	-
Accrued payroll	4,222	419	16	10
Accrued taxes	31	-	-	-
Deposits payable	70	637	1	-
Other current liabilities	34	-	-	-
Deferred revenues	2,363	2,175	4,168	8,718
Total liabilities	9,641	3,293	4,407	9,237
Fund balance:				
Reserved for:				
Debt Service	-	-	-	-
Unreserved, reported in:				
General Fund	16,149	-	-	-
Special Revenue	-	10,091	3,004	5,044
Capital Projects	-	-	-	-
Total fund balance	16,149	10,091	3,004	5,044
Total liabilities and fund balance	\$ 25,790	\$ 13,384	\$ 7,411	\$ 14,281

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

Balance Sheet
Governmental Funds
As of December 31, 2009
(in thousands)

Page 2 of 2

	General CIP	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash & equity in pooled investments	\$ 16,563	\$ 27,461	\$ 73,123
Receivables (net of allowances):			
Taxes	4,787	692	21,034
Accounts	335	227	2,404
Current assessments	-	2,234	2,234
Interest & penalties on assessments	-	26	26
Interest	35	36	119
Interfund loans receivable	-	53	53
Due from other funds	-	70	429
Due from other governments	9	-	1,420
Prepays	250	-	253
Notes/contracts receivable	-	-	9,514
Housing rehabilitation loans receivable	-	-	3,037
Total assets	21,980	30,800	113,646
Liabilities:			
Accounts payable	4,194	136	6,956
Retainage payable	166	-	166
Interfund loans payable	3,000	53	3,053
Due to other funds	15	347	934
Due to Component Unit	-	678	678
Due to other governments	44	70	630
Accrued payroll	43	106	4,815
Accrued taxes	-	-	31
Deposits payable	1	89	798
Other current liabilities	-	-	34
Deferred revenues	69	2,511	20,004
Total liabilities	7,533	3,989	38,100
Fund balance:			
Reserved for:			
Debt Service	-	2,305	2,305
Unreserved, reported in:			
General Fund	-	-	16,149
Special Revenue	-	24,506	42,645
Capital Projects	14,448	-	14,448
Total fund balance	14,448	26,811	75,546
Total liabilities and fund balance	\$ 21,980	\$ 30,800	\$ 113,646

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

City of Bellevue, Washington

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
December 31, 2009
(in thousands)**

Total governmental fund balances	\$	75,546
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,632,148
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These assets consist of:

Land		738,004
Non-depreciable infrastructure		647,821
Construction in progress		24,307
Buildings		210,938
Improvements other than buildings		45,168
Machinery and equipment - general government		2,396
Intangible assets		19,801
Depreciable infrastructure		121,878
Less: accumulated depreciation		(178,165)

Net pension obligation paid in over required		1,252
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Long term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.		(152,397)
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These long-term liabilities consist of:

Bonds payable		(137,791)
Line of credit payable		(12,047)
Unamortized debt issuance costs		1,112
Special assessment bonds payable		(1,275)
Notes payable		(641)
Accrued bond interest payable		(584)
Accrued special assessment interest payable		(12)
Compensated absences		(11,809)
Deferred tax and assessment revenue		2,500
Deferred grant and contract revenue		10,834
OPEB Obligation payable		(2,297)
Pollution Remediation liability		(387)

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

53,315

Net assets of governmental activities	\$	<u><u>1,609,863</u></u>
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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, 2009

(in thousands)

Page 1 of 2

	<u>General Fund</u>	<u>Development Services</u>	<u>Operating Grants, Donations & Special Reserves</u>	<u>Housing</u>
Revenues:				
Taxes and special assessments	\$ 107,169	\$ -	\$ -	\$ 100
Licenses and permits	262	6,149	-	-
Intergovernmental	17,975	-	4,472	279
Service charges and fees	15,271	5,677	27	-
Fines and forfeitures	53	18	-	-
Interest and assessment interest/penalties	221	299	81	226
Net change in fair value of investments	(44)	(76)	(10)	(21)
Rent	1,464	-	-	-
Judgments and settlements	46	-	-	-
Premiums/contributions	8	-	425	-
Other	425	-	159	59
Total revenues	142,849	12,067	5,154	643
Expenditures:				
Current:				
General government	19,251	-	25	-
Public safety	74,815	-	2,597	-
Physical environment	114	-	362	-
Transportation	22,990	-	4	-
Economic environment	3,673	16,689	2	-
Health and human services	5,996	-	840	791
Culture and recreation	22,765	-	161	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay:				
General government	-	-	265	-
Public safety	-	-	43	-
Transportation	-	-	28	-
Economic environment	-	8	-	-
Culture and recreation	-	-	36	-
Total expenditures	149,605	16,697	4,362	791
Excess (deficiency) of revenues over (under) expenditures	(6,756)	(4,630)	792	(148)
Other financing sources (uses):				
Transfers in	12,157	3,668	12	314
Transfers out	(4,347)	(399)	(1,069)	-
Capital contributed from external sources	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources and uses	7,810	3,269	(1,057)	314
Net change in fund balance	1,055	(1,361)	(265)	166
Fund balance at beginning of year	15,094	11,452	3,268	4,878
Fund balance at end of year	\$ 16,149	\$ 10,091	\$ 3,004	\$ 5,044

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, 2009

(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	\$ 25,534	\$ 9,895	\$ 142,698
Licenses and permits	-	-	6,411
Intergovernmental	8,616	126	31,469
Service charges and fees	122	4,650	25,747
Fines and forfeitures	-	-	71
Interest and assessment interest/penalties	786	834	2,445
Net change in fair value of investments	(72)	(166)	(388)
Rent	1,040	2,360	4,863
Judgments and settlements	-	-	46
Premiums/contributions	1,883	107	2,422
Other	4	31	678
Total revenues	37,914	17,837	216,464
Expenditures:			
Current:			
General government	1,635	4,164	25,075
Public safety	831	1,574	79,817
Physical environment	53	1,424	1,953
Transportation	5,465	19	28,479
Economic environment	784	650	21,798
Health and human services	156	-	7,782
Culture and recreation	5,796	5,767	34,489
Debt service:			
Principal	38	14,149	14,187
Interest and fiscal charges	35	7,271	7,306
Capital outlay:			
General government	6,139	-	6,403
Public safety	36	-	79
Transportation	13,753	-	13,780
Economic environment	-	-	8
Culture and recreation	2,728	-	2,765
Total expenditures	37,448	35,019	243,922
Excess (deficiency) of revenues over (under) expenditures	465	(17,182)	(27,458)
Other financing sources (uses):			
Transfers in	783	16,368	33,301
Transfers out	(13,930)	(9,858)	(29,602)
Capital contributed from external sources	-	-	-
Long-term debt issued	12,047	-	12,047
Total other financing sources and uses	(1,100)	6,510	15,747
Net change in fund balance	(634)	(10,672)	(11,711)
Fund balance at beginning of year	15,082	37,483	87,258
Fund balance at end of year	\$ 14,448	\$ 26,811	\$ 75,546

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, 2009**
(in thousands)

Net change in fund balances - total governmental funds \$ (11,711)

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. 10,492

This is comprised of:

Capital outlays	23,068
Current year depreciation	(12,576)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (807)

This is comprised of:

Deferred tax and assessment revenues	(792)
Deferred grants and contracts revenues	(15)

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. 2,140

This amount is comprised of:

Proceeds from issuance of long term debt	(12,047)
Long-term debt repayments	14,187

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. (2,064)

This amount is comprised of:

Amortization of net OPEB obligation	(707)
Accrued interest expense	(1)
Pollution remediation obligation	(387)
Accrued compensated absence expense	(969)

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. (3,531)

Change in net assets of governmental activities \$ (5,482)

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

City of Bellevue, Washington

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2009
(in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 120,288	\$ 120,288	\$ 107,169	\$ 13,119
Licenses and permits	274	274	262	11
Intergovernmental	18,339	18,388	17,975	413
Service charges and fees	14,847	14,847	15,271	(424)
Fines and forfeitures	118	265	53	212
Interest and assessment interest	559	559	221	338
Net change in fair value of investments	-	-	(44)	44
Rent	1,006	1,006	1,464	(458)
Judgements and settlements	-	-	46	(46)
Premiums/contributions	-	-	8	(8)
Other	207	207	425	(217)
Total revenues	<u>155,638</u>	<u>155,834</u>	<u>142,849</u>	<u>12,985</u>
Expenditures				
Current:				
General government	20,651	23,122	19,251	3,871
Public safety	77,580	76,628	74,815	1,813
Physical environment	116	116	114	2
Transportation	23,801	23,248	22,990	258
Economic environment	4,101	3,909	3,673	235
Health and human services	5,739	5,695	5,996	(301)
Culture and recreation	23,356	22,823	22,765	58
Debt service:				
Interest and fiscal charges	-	-	-	-
Capital outlay:				
Public safety	-	-	-	-
Transportation	25	25	-	25
Culture and recreation	29	29	-	29
Total expenditures	<u>155,399</u>	<u>155,595</u>	<u>149,605</u>	<u>5,991</u>
Excess (deficiency) of revenues over (under) expenditures	239	239	(6,756)	6,994
Other financing sources(uses)				
Transfers in	8,361	8,361	12,157	(3,796)
Transfers out	(4,219)	(4,219)	(4,347)	127
Sale of capital assets	1,396	1,396	-	1,396
Total other financing sources(uses)	<u>5,538</u>	<u>5,538</u>	<u>7,810</u>	<u>(2,273)</u>
Net change in fund balance	5,776	5,776	1,055	4,722
Fund balance beginning of year	17,235	17,235	15,094	(8,367)
Fund balance end of year	<u>\$ 23,012</u>	<u>\$ 23,012</u>	<u>\$ 16,149</u>	<u>\$ (3,645)</u>

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

City of Bellevue, Washington

Development Services Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2009
(in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Licenses and permits	\$ 7,736	\$ 7,736	\$ 6,149	\$ 1,586
Service charges and fees	8,046	8,046	5,677	2,369
Fines and forfeitures	40	40	18	22
Interest and assessment interest	600	600	299	301
Net change in fair value of investments	-	-	(76)	76
Other	-	-	-	-
Total revenues	<u>16,421</u>	<u>16,421</u>	<u>12,067</u>	<u>4,354</u>
Expenditures				
Current:				
Economic environment	18,812	18,674	16,689	1,985
Health and human services	-	-	-	-
Capital outlay:				
Economic environment	-	-	8	(8)
Total expenditures	<u>18,812</u>	<u>18,674</u>	<u>16,697</u>	<u>1,977</u>
Excess (deficiency) of revenues over (under) expenditures	(2,391)	(2,253)	(4,630)	2,377
Other financing sources(uses)				
Transfers in	3,423	3,423	3,668	(244)
Transfers out	(167)	(167)	(399)	232
Total other financing sources(uses)	<u>3,257</u>	<u>3,257</u>	<u>3,269</u>	<u>(12)</u>
Net change in fund balance	866	1,004	(1,361)	2,365
Fund balance beginning of year	10,500	10,500	11,452	(952)
Fund balance end of year	<u>\$ 11,366</u>	<u>\$ 11,504</u>	<u>\$ 10,091</u>	<u>\$ 1,413</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, 2009
(in thousands)

	<u>Storm & Surface Water Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 4,708	\$ 10,347	\$ 7,705
Receivables (net of allowances):			
Accounts	1,840	4,438	6,096
Deferred assessments	-	-	92
Interest	22	31	38
Other	-	-	-
Notes/contracts receivable - current	-	3	34
Interfund loans - current	-	-	-
Due from other funds	471	32	18
Inventory	51	333	103
Restricted cash & equity in pooled investments:			
For revenue bonds	737	291	-
For capital projects	16,955	23,876	35,380
For customer deposits	2	74	19
Total current assets	<u>24,787</u>	<u>39,424</u>	<u>49,483</u>
Noncurrent assets:			
Deferred charges and other assets:			
Notes/contracts receivable - noncurrent	-	14	265
Other deferred charges	10	4	-
Capital Assets:			
Property, plant and equipment (net)	64,169	103,881	66,535
Total noncurrent assets	<u>64,179</u>	<u>103,899</u>	<u>66,800</u>
Total assets	<u>88,966</u>	<u>143,323</u>	<u>116,283</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, 2009
(in thousands)

	<u>Marina</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 214	\$ 22,973	\$ 39,520
Receivables (net of allowances):			
Accounts	58	12,433	145
Deferred assessments	-	92	-
Interest	1	91	45
Other	-	-	24
Notes/contracts receivable - current	-	37	-
Interfund loans - current	-	-	3,000
Due from other funds	11	532	-
Inventory	-	487	474
Restricted cash & equity in pooled investments:			
For revenue bonds	250	1,278	-
For capital projects	-	76,210	-
For customer deposits	-	96	-
Total current assets	<u>534</u>	<u>114,228</u>	<u>43,209</u>
Noncurrent assets:			
Deferred charges and other assets:			
Notes/contracts receivable - noncurrent	-	279	-
Other deferred charges	-	14	-
Capital Assets:			
Property, plant and equipment (net)	<u>9,820</u>	<u>244,406</u>	<u>18,847</u>
Total noncurrent assets	<u>9,820</u>	<u>244,698</u>	<u>18,847</u>
Total assets	<u>10,354</u>	<u>358,926</u>	<u>62,056</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, 2009
(in thousands)

	<u>Storm & Surface Water Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Liabilities:			
Current liabilities:			
Accounts payable	483	602	480
Estimated claims	-	-	-
Retainage payable	45	183	5
Due to other funds	-	7	3
Due to other governments	5	48	30
Accrued interest payable	2	1	-
Accrued payroll	176	291	188
Accrued compensated absences	131	184	128
Notes/contracts payable - current	90	30	-
Revenue bonds payable - current	718	282	-
Total current liabilities	<u>1,650</u>	<u>1,627</u>	<u>835</u>
Noncurrent liabilities:			
Accrued bond interest payable	6	2	-
Customer deposits	2	74	19
Accrued compensated absences	306	429	300
Estimated claims	-	-	-
Bonds payable (net)	-	-	-
Notes/contracts payable - noncurrent	41	118	-
Total noncurrent liabilities	<u>355</u>	<u>624</u>	<u>319</u>
Total liabilities	<u>2,005</u>	<u>2,251</u>	<u>1,154</u>
Net assets:			
Invested in capital assets net of related debt	63,321	103,452	66,535
Restricted for:			
Other	2	74	19
Debt service	737	291	-
Capital projects	16,955	23,876	35,380
Unrestricted	5,945	13,379	13,195
Total net assets	<u>\$ 86,961</u>	<u>\$ 141,071</u>	<u>\$ 115,129</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, 2009**

	<u>Marina</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
Liabilities:			
Current liabilities:			
Accounts payable	10	1,576	792
Estimated claims	-	-	3,754
Retainage payable	-	234	5
Due to other funds	2	12	14
Due to other governments	44	127	126
Accrued interest payable	-	2	-
Accrued payroll	-	655	495
Accrued compensated absences	-	443	342
Notes/contracts payable - current	-	119	-
Revenue bonds payable - current	250	1,249	-
Total current liabilities	<u>307</u>	<u>4,418</u>	<u>5,527</u>
Noncurrent liabilities:			
Accrued bond interest payable	13	21	-
Customer deposits	-	96	-
Accrued compensated absences	-	1,035	799
Estimated claims	-	-	2,414
Bonds payable (net)	3,100	3,100	-
Notes/contracts payable - noncurrent	-	159	-
Total noncurrent liabilities	<u>3,113</u>	<u>4,411</u>	<u>3,213</u>
Total liabilities	<u>3,419</u>	<u>8,829</u>	<u>8,740</u>
Net assets:			
Invested in capital assets net of related debt	6,470	239,778	18,847
Restricted for:			
Other	-	96	-
Debt service	250	1,278	-
Capital projects	-	76,210	-
Undesignated	215	32,735	34,469
Total net assets	<u>\$ 6,935</u>	<u>\$ 350,097</u>	<u>\$ 53,316</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, 2009

(in thousands)

Page 1 of 2

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Operating revenues:			
Service charges and fees	\$ 14,401	\$ 33,061	\$ 39,416
Rent	-	-	-
Insurance recovery	-	-	-
Premiums/contributions	-	-	-
Other	387	899	129
Total operating revenues	<u>14,788</u>	<u>33,960</u>	<u>39,545</u>
Operating expenses:			
Administrative and general	3,857	8,005	4,777
Maintenance and operations	4,616	19,139	28,209
Depreciation	1,362	2,878	2,105
Insurance costs	-	-	-
Benefits and claims payments	-	-	-
Total operating expenses	<u>9,835</u>	<u>30,022</u>	<u>35,091</u>
Operating income (loss)	4,954	3,938	4,455
Nonoperating revenues (expenses):			
Interest income	468	608	786
Net change in fair value of investments	(23)	(195)	(150)
Interest expense	(133)	(52)	-
Rental income	14	325	407
Gain on disposal of capital assets	4	2	-
Other nonoperating revenues	-	47	19
Total nonoperating revenue (expenses)	<u>330</u>	<u>734</u>	<u>1,061</u>
Income before contributions and transfers	5,284	4,672	5,516
Special items, contributions and transfers:			
Transfers in	93	718	213
Transfers out	(79)	(608)	(83)
Capital contributed from external sources	1,099	2,349	1,554
Total special items, contributions and transfers	<u>1,114</u>	<u>2,458</u>	<u>1,684</u>
Change in net assets	6,398	7,130	7,200
Net assets beginning of year	80,563	133,941	107,929
Net assets end of year	<u>\$ 86,961</u>	<u>\$ 141,071</u>	<u>\$ 115,129</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, 2009
(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	\$ -	\$ 86,878	\$ 27,654
Rent	507	507	223
Insurance recovery	-	-	2,258
Premiums/contributions	-	-	17,151
Other	-	1,416	325
Total operating revenues	<u>507</u>	<u>88,801</u>	<u>47,610</u>
Operating expenses:			
Administrative and general	21	16,659	9,504
Maintenance and operations	158	52,121	19,382
Depreciation	14	6,360	3,306
Insurance costs	-	-	2,535
Benefits and claims payments	-	-	13,054
Total operating expenses	<u>193</u>	<u>75,140</u>	<u>47,780</u>
Operating income (loss)	314	13,661	(170)
Nonoperating revenues (expenses):			
Interest income	12	1,874	820
Net change in fair value of investments	(4)	(373)	(193)
Interest expense	(160)	(344)	-
Rental income	-	746	31
Gain on disposal of capital assets	-	6	(75)
Other nonoperating revenues	-	65	9
Total nonoperating revenue (expenses)	<u>(152)</u>	<u>1,974</u>	<u>592</u>
Income before contributions and transfers	163	15,635	422
Special items, contributions and transfers:			
Transfers in	-	1,024	1,092
Transfers out	-	(770)	(5,045)
Capital contributed from external sources	-	5,002	-
Total special items, contributions and transfers	<u>-</u>	<u>5,256</u>	<u>(3,953)</u>
Change in net assets	163	20,891	(3,531)
Net assets beginning of year	6,772	329,206	56,846
Net assets end of year	<u>\$ 6,935</u>	<u>\$ 350,097</u>	<u>\$ 53,315</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, 2009
(in thousands)

	Business Type Activities - Enterprise Funds		
	Storm & Surface Water Utility	Water Utility	Sewer Utility
Cash flows from operating activities:			
Cash received from customers and users	\$ 14,831	\$ 34,346	\$ 39,583
Contributions received - employer/employees	-	-	-
Cash received from insurance proceeds	-	-	-
Cash payments to suppliers for goods and services	(3,872)	(21,355)	(28,708)
Cash payments to employees for services	(4,376)	(5,767)	(3,919)
Cash payments to claimants	-	-	-
Cash received from contracts/rent	-	-	-
Cash payments for insurance	-	-	-
Other receipts	14	372	426
Net cash provided (used) by operating activities	<u>6,598</u>	<u>7,595</u>	<u>7,382</u>
Cash flows from noncapital financing activities:			
Cash received from contracts	-	5	33
Transfers in	93	718	213
Transfers out	(79)	(608)	(83)
Net cash provided (used) by noncapital financing activities	<u>15</u>	<u>114</u>	<u>163</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	(5,990)	(4,778)	(2,746)
Principal paid on revenue bonds and other debt	(840)	(318)	-
Interest paid on revenue bonds and other debt	(60)	(23)	-
Proceeds from sale of assets	4	2	-
Contributed capital in aid of capital acquisitions:			
Contributed in Aid of Equity	733	1,385	955
Contributed Connection Contracts	-	(5)	(33)
Net cash provided (used) by capital financing activities	<u>(6,153)</u>	<u>(3,738)</u>	<u>(1,825)</u>
Cash flows from investing activities:			
Interest on investments	508	500	743
Net cash provided (used) by investing activities	<u>508</u>	<u>500</u>	<u>743</u>
Net increase (decrease) in cash balance	967	4,472	6,464
Cash balance at beginning of year	21,435	30,116	36,640
Cash balance at end of year	<u>\$ 22,402</u>	<u>\$ 34,588</u>	<u>\$ 43,104</u>
Cash balance at end of year consist of:			
Unrestricted	4,708	10,347	7,705
Restricted	17,694	24,241	35,399
Total cash balance	<u>\$ 22,402</u>	<u>\$ 34,588</u>	<u>\$ 43,104</u>

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

City of Bellevue, Washington

Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2009
(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	\$ 526	\$ 89,287	\$ 27,517
Contributions received - employer/employee	-	-	17,151
Cash received from insurance proceeds	-	-	2,256
Cash payments to suppliers for goods and services	(142)	(54,077)	(17,983)
Cash payments to employees for services	(41)	(14,104)	(11,429)
Cash payments to claimants	-	-	(13,548)
Cash received from contracts/rent	-	-	254
Cash payments for insurance	-	-	(2,535)
Other receipts	-	811	483
Net cash provided (used) by operating activities	<u>343</u>	<u>21,918</u>	<u>2,166</u>
Cash flows from noncapital financing activities:			
Cash received from contracts	-	38	-
Transfers in	-	1,024	1,092
Transfers out	-	(770)	(5,045)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>292</u>	<u>(3,953)</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	-	(13,515)	(2,900)
Principal paid on revenue bonds and other debt	(250)	(1,409)	-
Interest paid on revenue bonds and other debt	(161)	(244)	-
Proceeds from sale of assets	-	6	1,214
Contributed capital in aid of capital acquisitions:			
Contributed in Aid of Equity	-	3,073	-
Contributed Connection Contracts	-	(38)	-
Net cash provided (used) by capital financing activities	<u>(411)</u>	<u>(12,127)</u>	<u>(1,686)</u>
Cash flows from investing activities:			
Interest on investments	10	1,762	757
Net cash provided (used) by investing activities	<u>10</u>	<u>1,762</u>	<u>757</u>
Net increase (decrease) in cash balance	(58)	11,845	(2,713)
Cash balance at beginning of year	521	88,713	42,232
Cash balance at end of year	<u>\$ 464</u>	<u>\$ 100,557</u>	<u>\$ 39,520</u>
Cash balance at end of year consist of:			
Unrestricted	214	22,973	39,520
Restricted	250	77,584	-
Total cash balance	<u>\$ 464</u>	<u>\$ 100,557</u>	<u>\$ 39,520</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, 2009
(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)	\$ 4,954	\$ 3,938	\$ 4,455
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,362	2,878	2,105
Other receipts	14	372	426
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	40	336	35
(Increase) decrease in due from other funds	(2)	6	8
(Increase) decrease in other receivables	-	-	-
(Increase) decrease in inventory	5	44	(5)
Increase (decrease) in accounts payable	210	(147)	295
Increase (decrease) in retainage payable	(19)	77	(12)
Increase (decrease) in wages & benefits payable	(21)	10	(8)
Increase (decrease) in compensated absences	56	84	67
Increase (decrease) in due to other funds	(7)	5	(1)
Increase (decrease) in due to other governments	4	11	5
Increase (decrease) in customer deposits	-	(19)	12
Increase (decrease) in estimated claims payable	-	-	-
Total adjustments	<u>1,644</u>	<u>3,657</u>	<u>2,927</u>
Net cash provided (used) by operating activities	<u>\$ 6,598</u>	<u>\$ 7,595</u>	<u>\$ 7,382</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ 366	\$ 968	\$ 633

On December 31, 2009, 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 loss recognized by Storm and Surface Water Utilities of \$(23), Water Utilities of \$(195), Sewer Utilities of \$(150), Marina Fund of \$(4), and the Internal Service Funds of \$(193) is reflected on the financial statements as Net Change in Fair Value of Investments.

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, 2009
(in thousands)

	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)	\$ 314	\$ 13,661	\$ (170)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	14	6,360	3,306
Other receipts	-	811	40
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	19	430	(88)
(Increase) decrease in due from other funds	-	13	56
(Increase) decrease in other receivables	-	-	151
(Increase) decrease in inventory	-	43	(105)
Increase (decrease) in accounts payable	(19)	339	(873)
Increase (decrease) in retainage payable	-	46	-
Increase (decrease) in wages & benefits payable	-	(19)	13
Increase (decrease) in compensated absences	-	208	33
Increase (decrease) in due to other funds	1	(1)	1
Increase (decrease) in due to other governments	13	33	68
Increase (decrease) in customer deposits	-	(7)	-
Increase (decrease) in estimated claims payable	-	-	(267)
Total adjustments	<u>28</u>	<u>8,256</u>	<u>2,335</u>
Net cash provided (used) by operating activities	<u>\$ 343</u>	<u>\$ 21,918</u>	<u>\$ 2,166</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ -	\$ 1,967	\$ -

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, 2009
(in thousands)

	<u>Firemen's Pension</u>	<u>Agency Funds</u>
Assets:		
Cash & equity in pooled investments	\$ 6,704	\$ 2,817
Receivables (net of allowances):		
Interest	7	2
Due from other governments	-	115
Property, plant and equipment (net)	-	182
Total assets	<u>6,711</u>	<u>3,116</u>
Liabilities:		
Accounts payable	17	125
Due to other governments	-	2,819
Deposits payable	-	173
Total liabilities	<u>17</u>	<u>3,116</u>
Net Assets:		
Held in trust for pension benefits and other purposes	<u>6,693</u>	-
Total net assets	<u>\$ 6,693</u>	<u>\$ -</u>

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, 2009
(in thousands)

	Firemen's Pension Fund
Additions:	
Investment income:	
Interest	\$ 134
Net change in fair value	(30)
Other contributions:	
Intergovernmental	173
Total additions	277
Deductions:	
Benefit payments	297
Total deductions	297
Change in net assets	(20)
Net assets beginning of year	6,713
Net assets end of year	\$ 6,693

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



NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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 required to be accounted for in another fund.

The Development Services Fund is responsible for administering the Planning and Community Development building review and inspection process, land use and comprehensive planning, and code enforcement.

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, 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 November 2007, the GASB issued Statement of Governmental Accounting Standards No. 52, "*Land and Other Real Estate Held as Investments by Endowments*," effective for periods beginning after June 15, 2008. This Statement establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. Endowments include permanent and term endowments, and permanent funds. The City does not have any endowments, and therefore has determined that this standard will not affect its financial position or results of operations.

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 EQUITY

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.

Restricted Resources

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.

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 2009 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.

Restricted Assets

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

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 Fixed 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.

Fund Equity--Reserves and Designations

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for a specific future purpose. Legally restricted amounts include reservations for: a) future debt service/LID default obligations; and b) future pension benefit obligations. Designations of fund balance identify amounts set aside by management for tentative future purposes. Designated amounts include general fund contingencies and equipment replacement purposes.

Fund equity in the proprietary funds financial statements, which is legally restricted for specific future purposes includes reserves for: a) future revenue bond debt service obligations; b) future ground lease rental payments; and c) rent/operations.

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, 2009, total net assets for the Bellevue Convention Center Authority, a component unit of the City, reflects an unrestricted net assets deficit balance of \$37.4 million and a total net assets deficit of \$16.8 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 2009, 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 and identifiable in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual. Appropriated final fund balance for the General Fund was \$23.0 million and the Development Services Fund was \$11.5 million.

Original budgets and supplementary appropriation adjustments adopted during the year are presented in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

3. SUPPLEMENTAL APPROPRIATIONS

OPERATING BUDGET FUNDS:

During 2009, the City Council amended the 2009 appropriations to reflect previously unanticipated needs in the 2009 portion of the 2009-2010 biennial budget for the General Fund and Development Services Fund. Those revised amounts are displayed below as supplemental appropriations. The amounts reported under the supplemental appropriations column also include changes in appropriations made as part of the mid-biennial budget update. As explained in Note 1, both original and supplemental appropriations are adopted by City Council ordinance.

Appropriation amounts shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual reflect final budget amounts, including all adopted adjustments to original budget amounts.

	2009 Original Budget	Supplemental Appropriations	2009 Final Budget
	(in thousands)		
General Fund	\$ 182,630	\$ 196	\$ 182,826
Development Services Fund	<u>30,345</u>	<u>-</u>	<u>30,345</u>
Total	<u>\$ 212,975</u>	<u>\$ -</u>	<u>\$ 213,171</u>

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 balance as of December 31, 2009 are as follows:

	(in thousands)
Cash on hand and in bank	\$ 1,545
Equity in Pooled Investments	<u>211,651</u>
Total Cash and Equity in Pooled Investments	<u><u>\$ 213,196</u></u>

In addition, the City holds in trust for fiduciary funds \$9.5 million in cash and equity in pooled investments.

Deposits:

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of outside party. As of December 31, 2009, the City had a bank balance of \$1.3 million (carrying amount of \$1.4 million). The City’s bank balance is insured by the FDIC up to \$250,000 and by the Washington Public Deposit Protection Commission (WPDPC) for amounts over \$250,000. Under State statute, members of WPDPC, a multiple-financial institution collateral pool, may be assessed on a prorated basis if the pool's collateral is insufficient to cover a loss.

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 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	5.5 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 the City manages the exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing as necessary to provide the cash flow and liquidity needed for operations.

The LGIP is an un-rated 2a-7 like pool, as defined by GASB 31. Accordingly, participants' balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days.

City of Bellevue, Washington

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

Investment Type	Fair Value	Remaining Maturity in Months					Credit Rating
		3 Months or Less	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	
U.S. Agency Coupon Securities	\$124,251	\$ 2,006	\$ 2,013	\$45,041	\$48,950	\$26,241	AAA
Certificate of Deposit	18,000	-	18,000	-	-	-	Unrated
Interest Bearing Bank Deposits	53,000	53,000	-	-	-	-	Unrated
State of Washington Local Governmental Investment Pool (LGIP)	25,921	25,921	-	-	-	-	Unrated
Total	\$221,172	\$ 80,927	\$20,013	\$45,041	\$48,950	\$26,241	

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 AAA 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, 2009 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	\$ 24,048
Federal Farm Credit Bank (FFCB)	Fixed Rate Agency Coupon	19,008
Federal Home Loan Bank (FHLB)	Fixed Rate Agency Coupon	41,264
Federal National Mortgage Association (FNMA)	Fixed Rate Agency Coupon	39,929
Umpqua Bank	Certificates of Deposit	18,000
Cascade Bank	Interest Bearing Bank Deposits	20,000
Sterling Savings Bank	Interest Bearing Bank Deposits	23,000

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 require that all investments be held by the City's third party safekeeping agent in the City's name. As of December 31, 2009 all of the \$124 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, 2009 are as follows:

	(in thousands)
Cash on hand and in bank	\$ 2,025
Equity in Pooled Investments	<u>4,704</u>
Total Cash and Equity in Pooled Investments	<u><u>\$ 6,729</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 1. 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 \$991,000 in 2009.

The City of Bellevue assessed a property tax increase of \$0.8 million for the year 2009. The City has "banked" the remaining levy capacity for potential future use. As of December 31, 2009 the City has \$8.6 million in unused levy capacity.

The City's regular property tax levy rate for 2009 was \$0.83 per \$1,000 of assessed property value, which yielded a total regular levy of \$31,293,146.

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 2009 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 2009 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, 2009 on the governmental funds balance sheet are presented on the following schedules.

Of the property taxes receivable amount, \$625,676 is delinquent and the amount of delinquent special assessments receivable is \$25,073.

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

City of Bellevue, Washington

RECEIVABLES

(in thousands)

	General	Development Services	Operating Grants, Donations & Special Reserves	Housing	General CIP	Storm Utility	Water Utility	Sewer Utility	Marina	Non- Major & Other Funds	Total
Taxes:											
Excise Business & Occupation	\$ 6,273	\$ -	\$ -	\$ 17	\$ 2,070	\$ -	\$ -	\$ -	\$ -	\$ 278	\$ 8,638
Miscellaneous Property	6,377	-	-	-	1,861	-	-	-	-	-	8,238
	2,268	-	-	-	60	-	-	-	-	414	2,742
	1,045	-	-	-	949	-	-	-	-	-	1,994
Utility Customers	-	-	-	-	-	1,840	4,438	6,096	-	-	12,374
Special Assessments:											
Assessments	-	-	-	-	-	-	-	-	-	2,234	2,234
Interest/penalties	-	-	-	-	-	-	-	-	-	26	26
Interest	8	18	2	20	35	22	31	38	1	82	257
Other:											
Miscellaneous Due from other governments	1,821	-	20	-	335	-	-	-	58	396	2,630
	708	-	703	-	9	-	-	-	-	-	1,420
Less:											
Allowance for uncollectibles	(425)	-	-	-	(153)	-	-	-	-	-	(578)
Total receivables	\$ 18,075	\$ 18	\$ 725	\$ 37	\$ 5,166	\$ 1,862	\$ 4,469	\$ 6,134	\$ 59	\$ 3,430	\$ 39,975

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

City of Bellevue, Washington

DEFERRED REVENUE

(in thousands)

	General	Development Services	Operating Grants, Donations & Special Reserves	Housing	General CIP	Non-Major & Other Funds	Total
Taxes:							
Business & occupation	\$ 892	\$ -	\$ -	\$ -	\$ 61	\$ -	\$ 953
Property	626	-	-	-	-	-	626
Special assessments	-	-	-	-	-	2,231	2,231
Affordable housing contracts	-	-	780	8,718	-	-	9,498
Housing rehabilitation loans	-	-	3,037	-	-	-	3,037
Permit/review fees	-	2,175	-	-	-	-	2,175
Other	845	-	351	-	9	279	1,484
Total deferred revenue	\$ 2,363	\$ 2,175	\$ 4,168	\$ 8,718	\$ 70	\$ 2,510	\$ 20,004

NOTES TO THE FINANCIAL STATEMENTS

6. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the primary government for the year ended December 31, 2009 was as follows (in thousands):

Governmental activities:	Beginning Balance	2009 Increases	2009 Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 733,189	\$ 4,815	\$ -	\$ 738,004
Construction in Progress	15,767	22,676	(14,136)	24,307
Infrastructure	644,796	3,025	-	647,821
Total capital assets, not being depreciated:	<u>1,393,752</u>	<u>30,516</u>	<u>(14,136)</u>	<u>1,410,132</u>
Capital assets, being depreciated:				
Building	212,254	275	-	212,529
Improvements other than buildings	45,163	586	-	45,749
Intangible Assets	17,721	2,080	-	19,801
Machinery and Equipment	44,230	3,295	(2,701)	44,824
Infrastructure	119,253	3,284	-	122,537
Total capital assets being depreciated:	<u>438,621</u>	<u>9,520</u>	<u>(2,701)</u>	<u>445,440</u>
Less accumulated depreciation for:				
Buildings	(43,356)	(5,836)	-	(49,192)
Improvements other than buildings	(14,063)	(2,554)	-	(16,617)
Machinery and Equipment	(24,859)	(3,361)	1,487	(26,733)
Intangible Assets	(9,945)	(439)	-	(10,384)
Infrastructure	(97,960)	(3,692)	-	(101,652)
Total accumulated depreciation:	<u>(190,183)</u>	<u>(15,882)</u>	<u>1,487</u>	<u>(204,578)</u>
Total capital assets, being depreciated, net:	<u>248,438</u>	<u>(6,362)</u>	<u>(1,214)</u>	<u>240,862</u>
Governmental activities capital assets, net:	<u>\$ 1,642,190</u>	<u>\$ 24,154</u>	<u>\$ (15,350)</u>	<u>\$ 1,650,994</u>

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

Governmental activities:

General government	\$ 5,138
Public safety	453
Economic environment	170
Health and human services	-
Culture and recreation	3,808
Transportation	3,006

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

3,306

Total depreciation expense - governmental activities

\$ 15,881

City of Bellevue, Washington

Business-type activities:	<u>Beginning Balance</u>	<u>2009 Increases</u>	<u>2009 Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 22,998	\$ 1,900	\$ -	\$ 24,898
Construction in Progress	29,093	15,207	(6,398)	37,902
Total capital assets, not being depreciated:	<u>52,091</u>	<u>17,107</u>	<u>(6,398)</u>	<u>62,800</u>
Capital assets, being depreciated:				
Building	29,823	-	-	29,823
Machinery and Equipment	7,609	526	(92)	8,043
Infrastructure	264,439	4,242	-	268,681
Intangible Assets	271	-	-	271
Total capital assets being depreciated:	<u>302,142</u>	<u>4,768</u>	<u>(92)</u>	<u>306,818</u>
Less accumulated depreciation for:				
Buildings	(12,043)	(905)	-	(12,948)
Machinery and Equipment	(6,371)	(301)	97	(6,575)
Infrastructure	(100,360)	(5,138)	-	(105,498)
Intangible Assets	(175)	(16)	-	(191)
Total accumulated depreciation:	<u>(118,949)</u>	<u>(6,360)</u>	<u>97</u>	<u>(125,212)</u>
Total capital assets, being depreciated, net:	<u>183,193</u>	<u>(1,592)</u>	<u>5</u>	<u>181,606</u>
Business activities capital assets, net:	<u>\$ 235,284</u>	<u>\$ 15,515</u>	<u>\$ (6,393)</u>	<u>\$ 244,406</u>

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:

Marina	\$ 14
Water	2,878
Storm and surface water	1,362
Sewer	<u>2,105</u>
Total depreciation expense - business-type activities	<u>\$ 6,359</u>

City of Bellevue, Washington

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

	Beginning Balance	2009 Increases	2009 Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in Progress	\$ 2,919		\$ (2,315)	\$ 604
Total capital assets, not being depreciated:	<u>2,919</u>	<u>-</u>	<u>(2,315)</u>	<u>604</u>
Capital assets, being depreciated:				
Building	48,810	559		49,369
Machinery and Equipment	4,302	136	(122)	4,316
Total capital assets being depreciated:	<u>53,112</u>	<u>695</u>	<u>(122)</u>	<u>53,685</u>
Less accumulated depreciation for:				
Building	(16,640)	(1,228)	-	(17,868)
Machinery and Equipment	(3,735)	(199)	119	(3,815)
Total accumulated depreciation:	<u>(20,375)</u>	<u>(1,427)</u>	<u>119</u>	<u>(21,683)</u>
Total capital assets, being depreciated, net:	<u>32,737</u>	<u>(732)</u>	<u>(3)</u>	<u>32,002</u>
Component unit activities capital assets, net:	<u>\$ 35,656</u>	<u>\$ (732)</u>	<u>\$ (2,318)</u>	<u>\$ 32,606</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, 2009. 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. 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 1 the cost of living allowance, if qualified, after age 66, is granted based on years of service credit and is capped at 3% annually. PERS Plans 2 and 3 are indexed to the Seattle Consumer Price Index to a maximum of 3% annually.

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

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

City of Bellevue, Washington

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

	<u>PERS Plan I</u>	<u>PERS Plan II</u>	<u>PERS Plan III</u>
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
2005	77,247	855,192	139,420
2004	61,410	608,151	97,944

In 2009 the contribution rates for PERS were impacted as noted in the table below:

	<u>Rate Effective 7/1/2008</u>	<u>Rate Effective 7/1/2009</u>	<u>Rate Effective 9/1/2009</u>
PERS I Employer	8.31%	5.29%	5.31%
PERS I Employee	6.00%	6.00%	6.00%
PERS II Employer	8.31%	5.29%	5.31%
PERS II Employee	5.45%	3.89%	3.90%
PERS III Employer	8.31%	5.29%	5.31%
PERS III Employee	5% - 15% variable in .5% increments		

The employer rates above include an administrative expense fee of .16% for 2009

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 officers.

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

2009	\$	59,057
2008		51,156
2007		45,000

In 2009 the contribution rates for PSERS were impacted as noted in the table below:

	Rate Effective 7/1/2008	Rate Effective 7/1/2009	Rate Effective 9/1/2009
PSERS Employer	9.43%	7.84%	7.85%
PSERS Employee	6.57%	6.55%	6.55%

The employer rates above include an administrative expense fee of .16% for 2009.

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

2009	\$	2,662	\$	1,880,866
2008		2,901		1,760,477
2007		3,568		1,532,159
2006		4,229		1,278,503
2005		4,616		992,604
2004		5,282		811,500

In 2009 the contribution rates for LEOFF were impacted as noted in the table below:

	Rate Effective 7/1/2008	Rate Effective 7/1/2009	Rate Effective 9/1/2009
LEOFF I Employer	0.16%	0.16%	0.16%
LEOFF I Employee	0.00%	0.00%	0.00%
LEOFF II Employer	5.46%	5.23%	5.24%
LEOFF II Employee	8.83%	8.45%	8.46%

The employer rates above include an administrative expense fee of .16% for 2009.

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. In accordance to GASB 50, the schedule of funding progress is under the required supplemental information section of this report. All other disclosure information is included in this note.

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.

City of Bellevue, Washington

Membership of the Firemen's Pension Plan consisted of the following at December 31, 2009:

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	26
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	7
Active plan members	<u>1</u>
Total	<u><u>34</u></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>2007</u>	<u>2008</u>	<u>2009</u>
Annual Normal Cost - Beginning of Year	\$ 1,198	\$ 1,318	\$ 1,318
Amortization of Unfunded Actuarial Liability (UAL)			
- Beginning of Year	(43,366)	(53,709)	(53,709)
Investment Return to End of Year	(2,108)	(2,620)	(2,620)
ARC at End of Year, not less than zero	-	-	-
Investment Return on Net Pension Obligation (NPO)	(41,061)	(48,008)	(55,543)
Adjustment to ARC	61,001	73,377	87,541
Annual Pension Cost (APC)	<u>19,940</u>	<u>25,369</u>	<u>31,998</u>
Employer Contributions	158,889	176,071	172,665
Change in NPO	(138,949)	(150,702)	(140,667)
NPO at Beginning of Year	<u>(821,214)</u>	<u>(960,163)</u>	<u>(1,110,865)</u>
NPO at End of Year	<u><u>\$(960,163)</u></u>	<u><u>\$(1,110,865)</u></u>	<u><u>\$(1,251,532)</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)
12/31/07	\$ 19,940	796.8%	\$ (960,274)
12/31/08	25,369	694.0%	(1,110,865)
12/31/09	31,998	539.6%	(1,251,532)

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>01/01/08</u>	<u>01/01/09</u>	<u>01/01/10</u>
Actuarial Economic assumptions:			
Investment rate of return (through internal investment pool)	5.50%	5.00%	3.50%
Projected salary increases ⁽²⁾	4.50%	4.50%	3.00%
Consumer Price Index	3.50%	3.50%	2.50%
Projected annual growth in fire insurance premium tax revenues	3.50%	3.50%	3.00%
Noneconomic assumptions:			
Mortality rates based on:			
Group Annuity Mortality Tables	X	X	X
Turnover rates per year	0.30%	0.30%	0.30%

⁽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 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.

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. MEBT includes seven participating cities and 4,562

participants (Bellevue has 1,584 MEBT participants and 370 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 2009 were:

	MEBT	MEBT 2
Participants	\$ 8,314,278	\$ 91,076
City	6,994,052	91,076

Vesting. Regular employees become fully vested after ten years. Hourly employee 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, 2009, there were 93 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 2009 were:

Participants	\$138,344
Authority	\$112,789

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER PERSONNEL BENEFITS

DEFERRED COMPENSATION:

The City offers its employees two deferred compensation plans in accordance with Internal Revenue Code Section 457, as revised on August 20, 1996. These plans enable 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 2009 were as follows:

Bellevue Health Plan - claims, administrative costs, stop loss coverage and incurred reserves	\$ 1,137,150
Group Health - medical insurance premiums	391,748
Medicare Part B insurance premiums	<u>45,271</u>
Total Costs	<u><u>\$ 1,574,169</u></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 \$15.3 million balance in the LEOFF I Medical Reserve fund as of December 31, 2009. 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 17 active plan participants and 125 retirees currently receiving benefits.

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

City of Bellevue, Washington

I. Economic Assumptions:	A. Discount Rate	3.75%
	B. Medical Inflation Rate	3.00%
II. City of Bellevue per-person claim cost experience rates:	A. Retirees under 65	\$ 929
	B. Retirees over 65	\$ 337
Actuarial cost method	Unit Credit Actuarial Cost Method	
Amortization method	30 year open	
Asset valuation method	N/A	
Investment Rate	3.75%	

GASB Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (OPEB) requires 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 \$36.2 million with plan assets of 0% held in trust. These estimates were prepared by Healthcare Actuaries LLC.

The December 31, 2009 valuation used the unit credit actuarial cost method. The actuarial assumptions included a 3.75% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 11.0% and 0.0% for medical/pharmacy/unreimbursed expenses and Medicare premiums, respectively, to ultimate rates of 5.2% and 8.5%, after 72 years, and 1 year, respectively. The long term trend rate is 4.0% 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, 2009 was 28.0 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 2009 were as follows:

Annual Required Contribution	\$ 2,310,982
Interest on Net OPEB Obligation	59,600
Adjustment to annual required contribution	<u>(89,142)</u>
Annual OPEB Cost	2,281,440
Contributions Made	<u>1,574,169</u>
Increase in Net OPEB Obligation	707,271
Net OPEB Obligation - Beginning of year	1,589,332
Net OPEB Obligation - End of year	<u><u>\$ 2,296,603</u></u>

City of Bellevue, Washington

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
2009	\$ 2,281,440	\$ 1,574,169	69.00%	\$ 2,296,603
2008	2,038,781	\$ 1,065,248	52.25%	\$ 1,589,332
2007	2,051,705	1,435,906	69.99%	615,799

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, 2009 was as follows (in thousands):

Actuarial Accrued Liability (AAL)	\$ 36,230
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 36,230</u>
Funded Ratio	0.00%
Covered Payroll	\$ 1,654
UAAL as a Percentage of Covered Payroll	(2,190.40)%

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 \$1,141 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	\$ 12,951
Business type activities	<u>1,478</u>
Total compensated absences	<u><u>\$ 14,429</u></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, 2009, the City had available cash and equity in pooled investments in the self-insurance funds of \$11.0 million to provide against risk of catastrophic losses. The claims liability of \$6.2 million reported in the self-insurance funds as of December 31, 2009, 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, 2008 to December 31, 2009:

	(in thousands)			
	Workers' Compensation	Unemployment Compensation	General Self-Insurance	Health Benefits
December 31, 2008:				
Unpaid claims, beginning of fiscal year	\$ 1,312	\$ 23	\$ 2,940	\$ 1,274
Incurred claims (including IBNRs)	909	114	1,019	11,687
Claim payments	(846)	(109)	(493)	(11,397)
Unpaid claims, December 31, 2008	<u>\$ 1,375</u>	<u>\$ 28</u>	<u>\$ 3,466</u>	<u>\$ 1,564</u>
December 31, 2009:				
Unpaid claims, beginning of fiscal year	\$ 1,375	\$ 28	\$ 3,466	\$ 1,564
Incurred claims (including IBNRs)	838	369	36	12,824
Claim payments	(732)	(306)	(636)	(12,658)
Unpaid claims, December 31, 2009	<u>\$ 1,481</u>	<u>\$ 91</u>	<u>\$ 2,866</u>	<u>\$ 1,730</u>
Due within one year	959	91	974	1,730
Due in more than one year	522	-	1,892	-

City of Bellevue, Washington

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

<u>Policy Type</u>	<u>Deductible</u>	<u>Coverage Limits</u>	<u>Description</u>
Excess Workers' Comp Employer's Liability - Police & Fire only	\$ 400,000	\$ 1,000,000	Protects the City from unanticipated levels of workers' compensation claims.
Excess Workers' Comp Employer's Liability - All except Police & Fire	350,000	1,000,000	Protects the City from unanticipated levels of workers' compensation claims.
Boiler & Machinery	10,000	454,000,000	^(A) Protects the City from loss due to damage to buildings and contents from boilers and machinery.
Real & Personal Property	100,000	454,000,000	^(A) Protects the City from loss by fire and other extended coverages.
Inland Marine Earthquake & Flood	100,000	35,000,000	^(A) Protects the City from loss by fire and other extended coverages.
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.

^(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 for marketing and placement of its commercial policies. The Authority insures against most normal hazards.

NOTES TO THE FINANCIAL STATEMENTS

11. LEASES AND OTHER CONTRACTUAL COMMITMENTS

OPERATING LEASES:

Burlington Northern and Santa Fe Railway Company

The City has an on-going lease agreement 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 BNSF 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. 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 2009 were \$14,991.

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

2010	\$ 12,849
Total:	<u>\$ 12,849</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. Total lease payments for 2009 were \$26,826.

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

2010	\$ 21,949
Total:	<u>\$ 21,949</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

City of Bellevue, Washington

lease expired in 2001 and again in 2006. Beginning July 1, 2006 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 2009 were \$22,939.

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

2010	\$ 23,328
2011	11,858
Total:	<u>\$ 35,186</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 2009 were \$11,753.

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

2010	\$ 11,753
2011	12,151
2012	12,151
2013	12,549
2014	12,549
Total:	<u>\$ 61,153</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. Total annual lease payments are \$54,389, payable in December of each year. Total lease payments for 2009 were \$54,389.

CONSTRUCTION/OTHER CONTRACTUAL COMMITMENTS:

The City's other outstanding contractual commitments by fund type as of December 31, 2009, are summarized below:

	(in thousands)
Governmental activities	\$ 60,302
Enterprise activities	26,409
Total contractual Commitments	<u>\$ 86,711</u>

NOTES TO THE FINANCIAL STATEMENTS

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following provides the total interfund transfers for 2009 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	\$ 356	\$ 573
Operating Grants, Donations & Special Reserves	3	-
Nonmajor governmental funds	70	347
Development Services Fund	-	-
General Capital Investment Program	-	15
Proprietary funds:		
Storm Drainage Utility	471	-
Water Utility	32	7
Sewer Utility	18	3
Marina	11	2
Internal Service Funds	-	14
Total due other funds	<u>\$ 961</u>	<u>\$ 961</u>

DUE TO/FROM PRIMARY GOVERNMENT AND COMPONENT UNIT

Hotel/Motel Tax	\$ -	\$ 678
Bellevue Convention Center Authority	678	-
Total due City/Component Unit	<u>\$ 678</u>	<u>\$ 678</u>

INTERFUND TRANSFERS

	<u>In</u> (in thousands)	<u>Out</u> (in thousands)
Governmental funds:		
General Fund	\$ 12,157	\$ 4,346
Development Services Fund	3,668	399
Operating Grants, Donations & Special Reserves	12	1,069
ARCH Housing	314	-
General Capital Investment Program	783	13,930
Nonmajor governmental funds	16,368	9,858
Proprietary funds:		
Storm Drainage Utility	93	79
Water Utility	717	608
Sewer Utility	213	83
Internal Service Funds	1,092	5,045
Total Transfers	<u>\$ 35,417</u>	<u>\$ 35,417</u>

City of Bellevue, Washington

Interfund loans for the year ended December 31, 2009, were as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Receivable:				
MERF Replacement Fund	\$ -	\$ 3,000	\$ (3,000)	\$ -
LID Guarantee Fund	59	-	(6)	53
Equipment Rental Fund	3,000	-	-	3,000
Total receivable	<u>\$ 3,059</u>	<u>\$ 3,000</u>	<u>\$ (3,006)</u>	<u>\$ 3,053</u>
Payable:				
LID Control Fund	59	-	(6)	53
General CIP	3,000	3,000	(3,000)	3,000
Total payable	<u>\$ 3,059</u>	<u>\$ 3,000</u>	<u>\$ (3,006)</u>	<u>\$ 3,053</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 2009:

- Transfer of \$3 million from the Equipment Rental Fund to the General CIP Fund for the purpose of Cash Flow borrowing.
- Transfer balance of \$5.3 million from the Rainy Day Reserve Fund to the General Fund for the purpose of consolidating emergency reserves.

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.

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 estimates were derived using the expected cash flows method as well as technical estimates from records of decisions, consent decrees and/or settlement agreements. Factors influencing the estimates are not known at this time. Prospective recoveries from other responsible parties may reduce the City's obligations. No recoveries were recorded in 2009.

New Bonds

On October 5, 2009, the City Council authorized the issuance and sale of a limited tax general obligation bond anticipation note in the amount not to exceed \$30,000,000. This note is a four year revolving line of credit maturing October 20, 2013. The proceeds of the note will be used for the purpose of financing projects included in the City's Capital Investment Program and repaying the 2008 Limited Tax General Obligation Bond Anticipation Note. Amount drawn on the note will bear interest in one of two Tax-Exempt Bank Qualified options (the LIBOR Daily Floating or the LIBOR Fixed rates). Interest is payable semi-annually.

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

City of Bellevue, Washington

LONG TERM DEBT - GOVERNMENTAL ACTIVITIES

For The Year Ended December 31, 2009

(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2009	Debt Issued in 2009	Debt Redemption in 2009	Debt Outstanding 12/31/2009
GENERAL OBLIGATION BONDS-COUNCILMANIC									
1995 Limited G.O.	5.15-5.80%	Hotel/Motel Tax	12/27/95	12/01/25	\$ 5,140	\$ 3,905	\$ -	\$ 359	\$ 3,546
2002 Limited G.O.	3.50 - 5.50%	Hotel/Motel Tax	06/01/02	12/01/32	10,450	9,825	-	225	9,600
2003 Limited G.O. Refunding, Series B	2.00-4.50%	General CIP	10/29/03	07/01/14	4,635	2,690	-	410	2,280
2004 Limited G.O. (City Building)	5.00-5.50%	General CIP	07/01/04	12/01/43	102,710	102,710	-	-	102,710
Add: Unamortized bond premium						933		27	907
2006 Limited G.O.	3.80-4.25%	General CIP	11/01/06	12/01/26	6,060	5,670	-	220	5,450
Add: Unamortized bond premium						21		1	19
2008 Limited G.O.	3.00-4.25%	General CIP	02/07/08	12/01/27	14,230	13,800	-	535	13,265
Add: Unamortized bond premium						17	-	1	16
OTHER LONG TERM DEBT									
Bank of America Line of Credit	1.65%	General CIP	08/04/08	08/15/13	12,000	12,000	-	12,000	-
Bank of America Line of Credit ⁽¹⁾	1.65%	General CIP	10/05/09	10/20/13	12,047	-	12,047	-	12,047
Department of Community, Trade & Economic Development:									
Public Works Trust Fund Loan #06-962	0.50%	General CIP	02/01/07	02/01/28	750	676	-	38	638
TOTAL					\$ 168,022	\$ 152,247	\$ 12,047	\$ 13,816	\$ 150,478

⁽¹⁾ The total authorized amount of the line of credit (LOC) is \$30 million, of which \$12.05 million was drawn as of 12/31/2009. The weighted average interest rate (based on 0.75% of LIBOR plus 0.90%) on the \$12.05 million LOC balance as of 12/31/09 was 1.65%.

City of Bellevue, Washington

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT
For The Year Ended December 31, 2009
(in thousands)

Local Improvement District	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2009	Debt Issued in 2009	Debt Redemption in 2009	Debt Outstanding 12/31/2009
NE 10th St/Bellevue Way to 112th Ave NE	5.10-6.75%	LID Control	05/15/95	12/01/16	\$ 7,830	\$ 1,320	-	\$ 330	\$ 990
NE 10th St/Bellevue Way to 112th Ave NE	4.00-6.00%	LID Control	12/01/96	12/01/18	775	135	-	35	100
NE 8th St & 156th Ave NE	6.50-6.65%	LID Control	06/01/94	07/01/16	563	220	-	35	185
TOTAL					\$ 9,168	\$ 1,675	\$ -	\$ 400	\$ 1,275

City of Bellevue, Washington

LONG TERM DEBT - BUSINESS-TYPE ACTIVITIES

For The Year Ended December 31, 2009

(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2009	Debt Issued in 2009	Debt Redemption in 2009	Debt Outstanding 12/31/2009
GENERAL OBLIGATION BONDS-COUNCILMANIC									
1998 Limited G.O.	4.00-4.70%	Marina	12/01/98	12/01/18	\$ 4,310	\$ 3,600	\$ -	\$ 250	\$ 3,350
REVENUE BONDS									
2004 Waterworks Utility Refunding	2.00-3.63%	Water Utility & Storm Utility	08/01/04	10/01/10	6,825	2,105	-	1,025	1,080
Add: Unamortized bond premium						35		18	17
Deduct: Unamortized loss on advance refunding						(210)		(115)	(95)
OTHER LONG TERM DEBT									
Department of Community, Trade & Economic Development:									
Public Works Trust Fund Loan #89-012	3.00%	Storm Utility	02/07/89	02/07/09	273	14	-	14	-
Public Works Trust Fund Loan #90-013 ⁽¹⁾	3.00%	Storm Utility	07/17/90	07/17/10	1,123	125	-	63	63
Public Works Trust Fund Loan #91-011	3.00%	Storm Utility	08/06/91	08/06/11	377	60	-	20	40
Public Works Trust Fund Loan #93-005 ⁽²⁾	2.00%	Storm Utility	07/01/93	07/01/13	126	35	-	7	28
Public Works Trust Fund Loan #94-002 ⁽³⁾	1.00%	Water Utility	06/23/94	07/01/14	560	178	-	30	148
TOTAL					\$ 13,594	\$ 5,942	\$ -	\$ 1,311	\$ 4,630

⁽¹⁾ A total loan of \$1,166,040 was approved in 1990. Funds received through the end of the fiscal year represent 96% of the approved loan amount.

⁽²⁾ 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.

⁽³⁾ 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.

City of Bellevue, Washington

At December 31, 2009, the City's annual debt service requirements for general obligation, revenue and special assessment bonds 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	
2010	\$ 3,268	\$ 7,158	\$ 1,080	\$ 38	\$ 401	\$ 85	\$ 12,085	\$ 3	\$ 119	\$ 5	\$ 24,242
2011	3,383	7,056	-	-	403	58	38	3	56	2	10,999
2012	3,463	6,946	-	-	394	32	38	3	37	1	10,912
2013	3,575	6,825	-	-	38	5	38	3	37	1	10,521
2014	3,767	6,699	-	-	40	3	38	2	30	-	10,578
2015-2019	17,718	31,485	-	-	-	-	188	9	-	-	49,400
2020-2024	19,303	27,842	-	-	-	-	188	5	-	-	47,336
2025-2029	20,082	20,728	-	-	-	-	75	1	-	-	40,885
2030-2034	19,580	15,181	-	-	-	-	-	-	-	-	34,761
2035-2039	22,885	9,847	-	-	-	-	-	-	-	-	32,732
2040-2044	23,175	3,048	-	-	-	-	-	-	-	-	26,223
Total	\$ 140,199	\$ 142,812	\$ 1,080	\$ 38	\$ 1,275	\$ 183	\$ 12,685	\$ 29	\$ 278	\$ 9	\$ 298,588

AMORTIZATION OF LOSS ON ADVANCE REFUNDING

The losses resulting from the City's 2004 Refunding Bond issues are being amortized over 6 years in accordance with FASB 76:

Total	Amortized In 2009	Amortized In Prior Years	Unamortized At December 31, 2009
\$ 716	\$ 115	\$ 506	\$ 94

City of Bellevue, Washington

LONG TERM DEBT - DISCRETELY PRESENTED COMPONENT UNIT
BELLEVUE CONVENTION CENTER AUTHORITY
For The Year Ended December 31, 2009
(in thousands)

Description	Interest Rate	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2009	Debt Issued in 2009	Debt Redemption in 2009	Debt Outstanding 12/31/2009
1991 Series B	5.9-7.20%	08/01/91	12/01/19	\$ 21,120	\$ 7,351	\$ -	\$ 655	\$ 6,696
1994 Refunding	6.25-7.50%	11/05/93	12/05/25	13,749	11,903	-	382	11,521
Total Revenue Bonds				<u>\$ 34,869</u>	<u>\$ 19,254</u>	<u>\$ -</u>	<u>\$ 1,037</u>	<u>\$ 18,217</u>
Add:								
Unamortized gain on advance refunding								<u>36</u>
TOTAL								<u><u>\$ 18,253</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, 2009 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	
2010	\$ 1,155	\$ 2,860	\$ 4,015
2011	1,162	3,208	4,370
2012	1,156	3,549	4,705
2013	1,150	3,920	5,070
2014	1,197	4,483	5,680
2015-2019	5,863	28,307	34,170
2020-2024	5,449	35,741	41,190
2025	1,085	8,915	10,000
Total	<u>\$ 18,217</u>	<u>\$ 90,983</u>	<u>\$ 109,200</u>

CHANGES IN LONG-TERM DEBT
(in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 138,600	\$ -	\$ (1,749)	\$ 136,851	\$ 3,018
Add: for issuance premium	970	-	(29)	941	-
Special assessment debt	1,675	-	(400)	1,275	401
Compensated absences	11,945	4,589	(3,584)	12,950	3,885
Estimated claims payable	6,434	14,067	(14,332)	6,169	3,754
Line of credit	12,000	12,047	(12,000)	12,047	-
Other post employment benefits	1,590	707	-	2,297	-
Estimated pollution remediation	-	387	-	387	-
Other long-term debt	676	-	(38)	639	38
Total	\$ 173,890	\$ 31,797	\$ (32,132)	\$ 173,555	\$ 11,096
Business Activities:					
General obligation bonds	\$ 3,600	\$ -	\$ (250)	\$ 3,350	\$ 250
Revenue bonds	2,105	-	(1,025)	1,080	1,080
Less deferred amounts:					
for issuance premiums	34	-	(18)	16	-
for refunding	(209)	-	115	(94)	-
Compensated absences	1,270	589	(381)	1,478	443
Other long-term debt	412	-	(133)	279	119
Total	\$ 7,212	\$ 589	\$ (1,692)	\$ 6,109	\$ 1,892
Bellevue Convention Center Authority:					
Revenue bonds	\$ 19,254	\$ -	\$ (1,037)	\$ 18,217	\$ 1,155
Add deferred amounts:					
for refunding	41	-	(6)	35	-
Compensated absences	77	8	(31)	54	22
Total	\$ 19,372	\$ 8	\$ (1,074)	\$ 18,306	\$ 1,176

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

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 \$4.0 million in 2009.

NOTES TO THE FINANCIAL STATEMENTS

15. CONTINGENCIES AND LITIGATION

As of December 31, 2009 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, 2009, the weighted vote was as follows:

Bellevue	50.33%
Redmond	19.12%
Kirkland	18.39%
Mercer Island	6.47%
Issaquah	<u>5.69%</u>
Total	100.00%

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>
2005	\$ 301,871
2006	304,072
2007	308,765
2008	314,307
2009	341,831

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 \$673,169 as of December 31, 2009 are, upon dissolution, to be apportioned among the Principals, the City's share in 2009 of \$338,833 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
2005	\$ 215,957	\$ 70,292	32.55%
2006	268,950	84,951	31.59%
2007	333,538	108,563	32.55%
2008	395,813	128,833	32.55%
2009	436,583	142,103	32.55%

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. The City's equity share for the last five years was as follows:

Year	Equity	Bellevue's Share	Percentage
2005	\$ 216,740	\$ 60,572	27.95%
2006	238,520	66,547	27.90%
2007	321,461	89,664	27.89%
2008	424,705	118,340	27.86%
2009	465,312	127,763	27.46%

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 deemed immaterial and thus is not reflected in the financial statement.

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 \$1,452,435 (cost: \$2,635,041, net of accumulated depreciation of \$1,182,606) as of December 31, 2009. Total 2009 operating costs for the reservoir and pumping facility, excluding depreciation of \$65,876, were \$46,654, of which the City of Redmond reimbursed \$20,528.

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 2008 were:

Maintenance	Student Assistants	Facilities
\$ 5,000	\$ 19,353	\$ -

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.

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	51.00%
Redmond	14.70%
Kirkland	14.70%
Mercer Island	14.70%
Issaquah	4.90%

Total revenues for 2009 were \$462,402 of which \$235,825 was the City of Bellevue's share. Total expenditures for 2009 were \$528,966 of which \$269,773 was the City of Bellevue's share. The total decrease in net assets for 2009 was \$66,564 of which \$33,948 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, 11511 Main Street, 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 2009 membership dues totaling \$1,337,898, of which Bellevue's share was \$505,908. Bellevue also paid the Alliance \$612,196 in 2009 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 Jonathan Swift, Budget Manager, Finance Department, 11511 Main Street, Bellevue, Washington, 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

City of Bellevue, Washington

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 2009 were \$1,136,167, revenues were \$1,240,236. Partner fees and voting are based on relative population, equity balances are as follows:

Bellevue	\$	123,336	30.68%
Renton		62,963	15.66%
Kirkland		50,013	12.44%
Sammamish		42,045	10.46%
Bothell		33,836	8.42%
Issaquah		25,805	6.42%
Mercer Island		23,372	5.81%
Kenmore		20,824	5.18%
Woodinville		10,851	2.70%
Snoqualmie		8,981	2.23%
Total	\$	<u>402,027</u>	<u>100.00%</u>

NOTES TO THE FINANCIAL STATEMENTS

17. SPECIAL ITEMS

COMPONENT UNIT

This special item represents the impairment of expansion expenditures that were capitalized while pursuing the expansion of Meydenbauer Center. In 2009, it has been determined by management that the expansion project is temporarily halted due to the economic slowdown and other factors. Incurred expenditures related to the project include marketing and financial feasibility analyses, financial consulting fees, and project management costs. These expenditures are considered to have no value when the expansion project resumes at a later date.

Retained in construction in progress is the capitalization of expenditures for the preliminary architectural work that was performed related to the pursuit of expanding Meydenbauer Center. Although the expansion project has been temporarily halted due to the economic slowdown and other factors, it has been deemed by management that the architectural design retains value and can be utilized when the project is restarted at a later date.



REQUIRED SUPPLEMENTARY INFORMATION

City of Bellevue, Washington

Schedule of Funding Progress

Firemen's Pension Fund

(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, 2005	\$ 5,974	\$ 5,693	\$ (281)	104.9%	\$ 76	370.83%
January 1, 2006	6,084	5,508	(576)	110.5%	78	742.38%
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%

Other Post Employment Benefits (OPEB)

(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	(1288.62)%
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)%

Schedule of Contributions from the Employer and Other Contributing Entities

Firemen's Pension Fund

(in thousands)

Year Ended 12/31	Fire Insurance Premium Taxes	Total Employer Contributions	Annual Required Contribution	Percentage Contributed
2004	\$ 127,118	\$ 127,118	\$ -	N/A
2005	129,780	129,780	-	N/A
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

Other Post Employment Benefits (OPEB)

(in thousands)

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

**Schedule of Modified Approach for Reporting Infrastructure Assets
For the Fiscal Year Ended December 31, 2009**
(in thousands)

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>2009</u>	<u>2008</u>	<u>2007</u>
Arterial:			
Percent above satisfactory	84%	90%	94%
Overall performance rating:	75	80	83
Residential:			
Percent above satisfactory	96%	98%	99%
Overall performance rating:	83	85	83

COMPARISON OF NEEDED-TO-ACTUAL EXPENDITURES

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Arterial:					
Needed:	\$ 192	\$ 3,352	\$ 3,616	\$ 3,346	\$ 4,279
Actual:	120	3,206	3,317	1,876	3,599
Residential:					
Needed:	\$ 4,873	\$ 2,314	\$ 1,853	\$ 2,289	\$ -
Actual:	3,782	2,214	1,759	1,471	-

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.



**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 **Rainy Day Reserve Fund** accounts for General Fund revenues and other designated revenues placed in reserve to provide for future economic downturn or other unforeseen expenditure needs for general City programs.

The **Land Purchase Revolving Fund** accounts for purchases of land and rights-of-way needed for future public purposes. Some of the properties purchased by this fund are rented on an interim basis, pending their future use for City purposes. The Marina project in this fund has been separately reported in the business-type activities of the government-wide financial statements and in the proprietary funds financial statements.

The **Cable/Franchise Fund** accounts for the revenue and expenditures associated with the City's cable television and cable television franchise-related activities.

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 **Parks Fees Fund** operates and manages the facilities and programs included in the enterprise unit including the Bellevue Municipal Golf Course, the Crossroads Golf Course, Robinswood House, the Tennis Center, and the Adult Sports and Recreation programs.

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 **Interest and Debt Redemption - Special Levy Fund** accounts for debt service on the City's voter-approved general obligation bond issues. Primary revenues for the fund consist of voter approved property taxes.

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.

City of Bellevue, Washington
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2009
(in thousands)

	Special Revenue				
	LEOFF I Reserve	Parks M & O Reserve	Solid Waste Recycling	Rainy Day Reserve	Land Purchase Revolving
Assets:					
Cash & equity in pooled investments	\$ 15,296	\$ 3,303	\$ 894	\$ -	\$ 934
Receivables (net of allowances):					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	87
Current assessments	-	-	-	-	-
Interest & penalties on assessments	-	-	-	-	-
Interest	17	3	1	-	1
Interfund loans receivable	-	-	-	-	-
Due from other funds	-	-	-	-	65
Total assets	15,314	3,306	895	-	1,088
Liabilities:					
Accounts payable	-	-	40	-	14
Interfund loans payable	-	-	-	-	-
Due to other funds	-	-	-	-	5
Due to Component Unit	-	-	-	-	-
Due to other governments	-	-	-	-	49
Accrued payroll	-	-	11	-	-
Deposits payable	-	-	-	-	1
Deferred revenues	-	-	-	-	-
Total liabilities	-	-	51	-	69
Fund balance:					
Reserved for:					
Debt Service	-	-	-	-	-
Unreserved, reported in:					
Special Revenue	15,314	3,306	845	-	1,019
Total fund balance	15,314	3,306	845	-	1,019
Total liabilities and fund balance	\$ 15,314	\$ 3,306	\$ 895	\$ -	\$ 1,088

City of Bellevue, Washington
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2009
(in thousands)

	Special Revenue			Total
	Cable/ Franchise	Hotel/Motel Tax	Park Fees	Special Revenue Funds
Assets:				
Cash & equity in pooled investments	\$ 3	\$ 3,931	\$ 1,107	\$ 25,469
Receivables (net of allowances):				
Taxes	414	-	-	414
Accounts	-	-	140	227
Current assessments	-	-	-	-
Interest & penalties on assessments	-	-	-	-
Interest	2	4	1	30
Interfund loans receivable	-	-	-	-
Due from other funds	-	-	5	70
Total assets	419	3,935	1,253	26,210
Liabilities:				
Accounts payable	-	4	78	135
Interfund loans payable	-	-	-	-
Due to other funds	338	-	4	347
Due to Component Unit	-	678	-	678
Due to other governments	14	-	8	70
Accrued payroll	11	-	84	106
Deposits payable	25	-	63	89
Deferred revenues	-	-	279	279
Total liabilities	387	682	515	1,704
Fund balance:				
Reserved for:				
Debt Service	-	-	-	-
Unreserved, reported in:				
Special Revenue	31	3,253	738	24,506
Total fund balance	31	3,253	738	24,506
Total liabilities and fund balance	\$ 419	\$ 3,935	\$ 1,253	\$ 26,210

City of Bellevue, Washington
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2009
(in thousands)

	Debt Service				Total Debt Service Funds
	I & D Redemption- Regular	I & D Redemption- Special	LID Control	LID Guaranty	
Assets:					
Cash & equity in pooled investments	\$ 936	\$ 2	\$ 792	\$ 261	\$ 1,992
Receivables (net of allowances):					
Taxes	278	-	-	-	278
Accounts	-	-	-	-	-
Current assessments	-	-	2,234	-	2,234
Interest & penalties on assessments	-	-	26	-	26
Interest	5	-	1	-	6
Interfund loans receivable	-	-	-	53	53
Due from other funds	-	-	-	-	-
Total assets	1,219	2	3,054	314	4,589
Liabilities:					
Accounts payable	-	-	-	-	-
Interfund loans payable	-	-	53	-	53
Due to other funds	-	-	-	-	-
Due to Component Unit	-	-	-	-	-
Due to other governments	-	-	-	-	-
Accrued payroll	-	-	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenues	-	-	2,231	-	2,231
Total liabilities	-	-	2,284	-	2,284
Fund balance:					
Reserved for:					
Debt Service	1,219	2	769	314	2,305
Unreserved, reported in:					
Special Revenue	-	-	-	-	-
Total fund balance	1,219	2	769	314	2,305
Total liabilities and fund balance	\$ 1,219	\$ 2	\$ 3,054	\$ 314	\$ 4,589

City of Bellevue, Washington
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2009
(in thousands)

Page 4 of 4

	Total Nonmajor Governmental Funds
Assets:	
Cash & equity in pooled investments	\$ 27,461
Receivables (net of allowances):	
Taxes	692
Accounts	227
Current assessments	2,234
Interest & penalties on assessments	26
Interest	35
Interfund loans receivable	53
Due from other funds	70
Total assets	30,800
Liabilities:	
Accounts payable	135
Interfund loans payable	53
Due to other funds	347
Due to Component Unit	678
Due to other governments	70
Accrued payroll	106
Deposits payable	89
Deferred revenues	2,511
Total liabilities	3,989
Fund balance:	
Reserved for:	
Debt Service	2,305
Unreserved, reported in:	
Special Revenue	24,506
Total fund balance	26,811
Total liabilities and fund balance	\$ 30,800

City of Bellevue, Washington

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2009
(in thousands)

Page 1 of 4

	<u>Special Revenue</u>				
	<u>LEOFF I Reserve</u>	<u>Park M & O Reserve</u>	<u>Solid Waste Recycling</u>	<u>Rainy Day Reserve</u>	<u>Land Purchase Revolving</u>
Revenues:					
Taxes and special assessments	\$ -	\$ 668	\$ -	\$ -	\$ -
Intergovernmental	126	-	-	-	-
Service charges and fees	-	-	1,043	-	-
Interest and assessment interest/penalties	323	58	23	-	25
Net change in fair value of investments	(75)	(12)	(5)	-	(10)
Rent	-	-	-	-	810
Premiums/contributions	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>375</u>	<u>714</u>	<u>1,062</u>	<u>-</u>	<u>825</u>
Expenditures:					
Current:					
General government	-	-	-	-	164
Public safety	1,574	-	-	-	-
Physical environment	-	-	1,424	-	-
Transportation	-	-	-	-	1
Economic environment	-	-	-	-	-
Culture and recreation	-	-	-	-	493
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>1,574</u>	<u>-</u>	<u>1,424</u>	<u>-</u>	<u>658</u>
Excess (deficiency) of revenues over (under) expenditures	(1,199)	714	(362)	-	167
Other financing sources (uses):					
Transfers in	114	-	279	-	1
Transfers out	-	(110)	-	(5,320)	(500)
Total other financing sources and uses	<u>114</u>	<u>(110)</u>	<u>279</u>	<u>(5,320)</u>	<u>(499)</u>
Net change in fund balance	(1,086)	604	(83)	(5,320)	(332)
Fund balance at beginning of year	16,399	2,702	928	5,320	1,351
Fund balance at end of year	<u>\$ 15,314</u>	<u>\$ 3,306</u>	<u>\$ 845</u>	<u>\$ -</u>	<u>\$ 1,019</u>

City of Bellevue, Washington

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2009**
(in thousands)

	<u>Special Revenue</u>			Total Special Revenue Funds
	Cable/ Franchise	Hotel/Motel Tax	Park Fees	
Revenues:				
Taxes and special assessments	\$ 1,621	\$ 5,332	\$ -	\$ 7,621
Intergovernmental	-	-	-	126
Service charges and fees	-	-	3,606	4,650
Interest and assessment interest/penalties	3	77	23	534
Net change in fair value of investments	(6)	(17)	(5)	(131)
Rent	-	-	1,550	2,360
Premiums/contributions	-	107	-	107
Other	-	-	31	31
Total revenues	<u>1,618</u>	<u>5,499</u>	<u>5,205</u>	<u>15,298</u>
Expenditures:				
Current:				
General government	-	4,000	-	4,164
Public safety	-	-	-	1,574
Physical environment	-	-	-	1,424
Transportation	6	-	-	6
Economic environment	650	-	-	650
Culture and recreation	-	-	5,274	5,767
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>656</u>	<u>4,000</u>	<u>5,274</u>	<u>13,586</u>
Excess (deficiency) of revenues over (under) expenditures	962	1,499	(68)	1,712
Other financing sources (uses):				
Transfers in	1	-	232	627
Transfers out	(1,479)	(1,471)	-	(8,880)
Total other financing sources and uses	<u>(1,478)</u>	<u>(1,471)</u>	<u>232</u>	<u>(8,253)</u>
Net change in fund balance	(516)	28	164	(6,540)
Fund balance at beginning of year	547	3,226	574	31,046
Fund balance at end of year	<u>\$ 31</u>	<u>\$ 3,253</u>	<u>\$ 738</u>	<u>\$ 24,506</u>

City of Bellevue, Washington

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2009**
(in thousands)

	<u>Debt Service</u>				Total Debt Service Funds
	I & D Redemption - Regular	I & D Redemption - Special	LID Control	LID Guaranty	
Revenues:					
Taxes and special assessments	\$ 1,666	\$ 1	\$ 608	\$ -	\$ 2,275
Intergovernmental	-	-	-	-	-
Service charges and fees	-	-	-	-	-
Interest and assessment interest/penalties	80	-	211	9	300
Net change in fair value of investments	(27)	(3)	(3)	(2)	(35)
Rent	-	-	-	-	-
Premiums/contributions	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>1,719</u>	<u>(2)</u>	<u>816</u>	<u>7</u>	<u>2,539</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	13	-	13
Economic environment	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	13,749	-	400	-	14,149
Interest and fiscal charges	7,157	-	115	-	7,271
Total expenditures	<u>20,906</u>	<u>-</u>	<u>528</u>	<u>-</u>	<u>21,434</u>
Excess (deficiency) of revenues over (under) expenditures	(19,187)	(2)	288	7	(18,895)
Other financing sources (uses):					
Transfers in	15,393	-	-	348	15,741
Transfers out	-	(80)	(348)	(550)	(978)
Total other financing sources and uses	<u>15,393</u>	<u>(80)</u>	<u>(348)</u>	<u>(202)</u>	<u>14,763</u>
Net change in fund balance	(3,794)	(82)	(60)	(195)	(4,132)
Fund balance at beginning of year	5,013	85	829	510	6,437
Fund balance at end of year	<u><u>\$ 1,219</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 769</u></u>	<u><u>\$ 314</u></u>	<u><u>\$ 2,305</u></u>

City of Bellevue, Washington
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2009
(in thousands)

Page 4 of 4

	Total Nonmajor Governmental Funds
Revenues:	
Taxes and special assessments	\$ 9,895
Intergovernmental	126
Service charges and fees	4,650
Interest and assessment interest/penalties	833
Net change in fair value of investments	(166)
Rent	2,360
Premiums/contributions	107
Other	31
Total revenues	17,837
Expenditures:	
Current:	
General government	4,164
Public safety	1,574
Physical environment	1,424
Transportation	19
Economic environment	650
Culture and recreation	5,767
Debt service:	
Principal	14,149
Interest and fiscal charges	7,271
Total expenditures	35,019
Excess (deficiency) of revenues over (under) expenditures	(17,182)
Other financing sources (uses):	
Transfers in	16,368
Transfers out	(9,858)
Total other financing sources and uses	6,510
Net change in fund balance	(10,672)
Fund balance at beginning of year	37,483
Fund balance at end of year	\$ 26,811

City of Bellevue, Washington

LEOFF I Medical Reserve
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2009

(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	\$ 51	\$ 51	\$ 126	\$ (75)
Interest and assessment interest	802	802	323	478
Net change in fair value of investments	-	-	(75)	75
Total revenues	<u>853</u>	<u>853</u>	<u>375</u>	<u>478</u>
Expenditures				
Current:				
Public safety	<u>1,255</u>	<u>1,255</u>	<u>1,574</u>	<u>(319)</u>
Total expenditures	<u>1,255</u>	<u>1,255</u>	<u>1,574</u>	<u>(319)</u>
Excess (deficiency) of revenues over (under) expenditures	(402)	(402)	(1,199)	797
Other financing sources(uses)				
Transfers in	<u>250</u>	<u>250</u>	<u>114</u>	<u>136</u>
Total other financing sources(uses)	<u>250</u>	<u>250</u>	<u>114</u>	<u>136</u>
Net change in fund balance	(152)	(152)	(1,086)	933
Fund balance beginning of year	<u>16,034</u>	<u>16,034</u>	<u>16,399</u>	<u>(366)</u>
Fund balance end of year	<u>\$ 15,881</u>	<u>\$ 15,881</u>	<u>\$ 15,314</u>	<u>\$ 567</u>

City of Bellevue, Washington

Parks M&O Reserve
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2009
(in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 660	\$ 660	\$ 668	\$ (8)
Interest and assessment interest	118	118	58	60
Net change in fair value of investments	-	-	(12)	12
Total revenues	<u>778</u>	<u>778</u>	<u>714</u>	<u>64</u>
Excess (deficiency) of revenues over (under) expenditures	778	778	714	64
Other financing sources(uses)				
Transfers out	<u>(118)</u>	<u>(118)</u>	<u>(110)</u>	<u>(8)</u>
Total other financing sources(uses)	<u>(118)</u>	<u>(118)</u>	<u>(110)</u>	<u>(8)</u>
Net change in fund balance	660	660	604	56
Fund balance beginning of year	<u>2,653</u>	<u>2,653</u>	<u>2,702</u>	<u>(49)</u>
Fund balance end of year	<u><u>\$ 3,313</u></u>	<u><u>\$ 3,313</u></u>	<u><u>\$ 3,306</u></u>	<u><u>\$ 7</u></u>

City of Bellevue, Washington

Solid Waste Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2009
(in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Service charges and fees	\$ 1,145	\$ 1,145	\$ 1,043	\$ 102
Interest and assessment interest	24	24	23	1
Net change in fair value of investments	-	-	(5)	5
Total revenues	<u>1,170</u>	<u>1,170</u>	<u>1,062</u>	<u>108</u>
Expenditures				
Current:				
Physical environment	<u>1,547</u>	<u>1,535</u>	<u>1,424</u>	<u>111</u>
Total expenditures	<u>1,547</u>	<u>1,535</u>	<u>1,424</u>	<u>111</u>
Excess (deficiency) of revenues over (under) expenditures	(377)	(365)	(362)	(3)
Other financing sources(uses)				
Transfers in	<u>279</u>	<u>279</u>	<u>279</u>	<u>-</u>
Total other financing sources(uses)	<u>279</u>	<u>279</u>	<u>279</u>	<u>-</u>
Net change in fund balance	(98)	(86)	(83)	(3)
Fund balance beginning of year	705	695	928	(233)
Fund balance end of year	<u>\$ 607</u>	<u>\$ 609</u>	<u>\$ 845</u>	<u>\$ (236)</u>

City of Bellevue, Washington

Rainy Day Reserve
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2009
(in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Other financing sources(uses)				
Transfers out	\$ (5,320)	\$ (5,320)	\$ (5,320)	\$ -
Total other financing sources(uses)	<u>(5,320)</u>	<u>(5,320)</u>	<u>(5,320)</u>	<u>-</u>
Net change in fund balance	(5,320)	(5,320)	(5,320)	-
Fund balance beginning of year	<u>5,320</u>	<u>5,320</u>	<u>5,320</u>	<u>-</u>
Fund balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Bellevue, Washington

Land Purchase Revolving
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2009
(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	\$ 43	\$ 43	\$ 25	18
Net change in fair value of investments	-	-	(10)	10
Rent	887	887	810	77
Premiums/contributions	-	-	-	-
Other	-	-	-	-
Total revenues	<u>930</u>	<u>930</u>	<u>825</u>	<u>105</u>
Expenditures				
Current:				
General government	25	25	164	(139)
Transportation	1	1	1	1
Culture and recreation	533	533	493	40
Capital outlay:				
Transportation	1	1	-	1
Total expenditures	<u>560</u>	<u>560</u>	<u>658</u>	<u>(98)</u>
Excess (deficiency) of revenues over (under) expenditures	370	370	167	202
Other financing sources(uses)				
Transfers in	-	-	1	(1)
Transfers out	-	-	(500)	500
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>(499)</u>	<u>499</u>
Net change in fund balance	370	370	(332)	702
Fund balance beginning of year	1,140	1,140	1,351	(211)
Fund balance end of year	<u>\$ 1,510</u>	<u>\$ 1,510</u>	<u>\$ 1,019</u>	<u>\$ 491</u>

City of Bellevue, Washington

Franchise Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2009
(in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 1,665	\$ 1,665	\$ 1,621	\$ 44
Licenses and permits	40	40	-	40
Interest and assessment interest	33	33	3	30
Net change in fair value of investments	-	-	(6)	6
Total revenues	<u>1,738</u>	<u>1,738</u>	<u>1,618</u>	<u>120</u>
Expenditures				
Current:				
Transportation	4	4	6	(1)
Economic environment	720	719	650	69
Capital Outlay:				
Economic environment	15	15	-	15
Total expenditures	<u>740</u>	<u>738</u>	<u>656</u>	<u>68</u>
Excess (deficiency) of revenues over (under) expenditures	998	999	962	52
Other financing sources(uses)				
Transfers in	-	-	1	(1)
Transfers out	(1,393)	(1,393)	(1,479)	86
Total other financing sources(uses)	<u>(1,393)</u>	<u>(1,393)</u>	<u>(1,478)</u>	<u>84</u>
Net change in fund balance	(395)	(394)	(516)	136
Fund balance beginning of year	430	430	547	(116)
Fund balance end of year	<u>\$ 35</u>	<u>\$ 36</u>	<u>\$ 31</u>	<u>\$ 20</u>

City of Bellevue, Washington

Hotel/Motel Taxes
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2009
(in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 7,399	\$ 7,399	\$ 5,332	\$ 2,067
Interest and assessment interest	217	217	77	140
Net change in fair value of investments	-	-	(17)	17
Total revenues	<u>7,616</u>	<u>7,616</u>	<u>5,391</u>	<u>2,225</u>
Expenditures				
Current:				
General government	<u>5,948</u>	<u>5,948</u>	<u>4,000</u>	<u>1,948</u>
Total expenditures	<u>5,948</u>	<u>5,948</u>	<u>4,000</u>	<u>1,948</u>
Excess (deficiency) of revenues over (under) expenditures	1,668	1,668	1,392	277
Other financing sources(uses)				
Transfers out	(1,451)	(1,451)	(1,471)	20
Capital contributed from external sources	-	-	107	(107)
Total other financing sources(uses)	<u>(1,451)</u>	<u>(1,451)</u>	<u>(1,364)</u>	<u>(87)</u>
Net change in fund balance	217	217	28	189
Fund balance beginning of year	4,343	4,343	3,226	1,118
Fund balance end of year	<u>\$ 4,560</u>	<u>\$ 4,561</u>	<u>\$ 3,253</u>	<u>\$ 1,307</u>

City of Bellevue, Washington

Parks Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2009
(in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Service charges and fees	\$ 2,889	\$ 2,889	\$ 3,606	\$ (717)
Interest and assessment interest	36	36	23	13
Net change in fair value of investments	-	-	(5)	5
Rent	2,555	2,555	1,550	1,006
Other	16	16	31	(16)
Total revenues	<u>5,497</u>	<u>5,497</u>	<u>5,205</u>	<u>291</u>
Expenditures				
Current:				
Culture and recreation	5,228	5,210	5,274	(64)
Total expenditures	<u>5,228</u>	<u>5,210</u>	<u>5,274</u>	<u>(64)</u>
Excess (deficiency) of revenues over (under) expenditures	269	287	(68)	355
Other financing sources(uses)				
Transfers in	212	212	-	212
Transfers out	(409)	(409)	232	(641)
Total other financing sources(uses)	<u>(197)</u>	<u>(197)</u>	<u>232</u>	<u>(429)</u>
Net change in fund balance	72	90	164	(74)
Fund balance beginning of year	655	655	574	81
Fund balance end of year	<u>\$ 727</u>	<u>\$ 745</u>	<u>\$ 738</u>	<u>\$ 7</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, 2009**

(in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self- Insurance</u>
Assets:				
Current assets:				
Cash & equity in pooled investments	\$ 20,965	\$ 2,019	\$ 171	\$ 5,779
Receivables (net of allowances):				
Accounts	-	-	-	-
Interest	25	2	-	7
Other	24	-	-	-
Interfund loans - current portion	3,000	-	-	-
Inventory	474	-	-	-
Total current assets	<u>24,488</u>	<u>2,021</u>	<u>171</u>	<u>5,786</u>
Noncurrent assets:				
Capital assets:				
Property, plant and equipment (net)	<u>15,705</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>15,705</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>40,193</u>	<u>2,021</u>	<u>171</u>	<u>5,786</u>
Liabilities:				
Current liabilities:				
Accounts payable	222	5	-	44
Estimated claims	-	959	91	974
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	8	21	91	-
Accrued payroll	92	-	-	23
Accrued compensated absences	61	-	-	17
Total current liabilities	<u>382</u>	<u>986</u>	<u>182</u>	<u>1,058</u>
Noncurrent liabilities:				
Accrued compensated absences	142	-	-	41
Estimated claims	-	522	-	1,892
Total noncurrent liabilities	<u>142</u>	<u>522</u>	<u>-</u>	<u>1,933</u>
Total liabilities	<u>524</u>	<u>1,508</u>	<u>182</u>	<u>2,991</u>
Net assets:				
Invested in capital assets net of related debt	15,705	-	-	-
Restricted for:				
Other	-	-	-	-
Unrestricted	23,964	513	(10)	2,795
Total net assets	<u>\$ 39,669</u>	<u>\$ 513</u>	<u>\$ (10)</u>	<u>\$ 2,795</u>

Combining Statement of Net Assets
Internal Service Funds
As of December 31, 2009
(in thousands)

	Health Benefits	Information Technology	Facility Services	Total
Assets:				
Current assets:				
Cash & equity in pooled investments	\$ 3,055	\$ 5,858	\$ 1,673	\$ 39,520
Receivables (net of allowances):				
Accounts	-	117	28	145
Interest	5	6	1	45
Other	-	-	-	24
Interfund loans - current portion	-	-	-	3,000
Inventory	-	-	-	474
	<u>3,060</u>	<u>5,980</u>	<u>1,703</u>	<u>43,209</u>
Noncurrent assets:				
Capital assets:				
Property, plant and equipment (net)	-	1,247	1,894	18,847
Total noncurrent assets	-	1,247	1,894	18,847
Total assets	<u>3,060</u>	<u>7,228</u>	<u>3,597</u>	<u>62,056</u>
Liabilities:				
Current liabilities:				
Accounts payable	40	198	283	792
Estimated claims	1,730	-	-	3,754
Retainage payable	-	-	5	5
Due to other funds	-	-	14	14
Due to other governments	-	6	-	126
Accrued payroll	-	298	82	495
Accrued compensated absences	-	205	59	342
Total current liabilities	<u>1,770</u>	<u>707</u>	<u>442</u>	<u>5,527</u>
Noncurrent liabilities:				
Accrued compensated absences	-	479	137	799
Estimated claims	-	-	-	2,414
Total noncurrent liabilities	<u>-</u>	<u>479</u>	<u>137</u>	<u>3,213</u>
Total liabilities	<u>1,770</u>	<u>1,187</u>	<u>580</u>	<u>8,740</u>
Net assets:				
Invested in capital assets net of related debt	-	1,247	1,894	18,847
Restricted for:				
Other	-	-	-	-
Unrestricted	1,290	4,794	1,123	34,469
Total net assets	<u>\$ 1,290</u>	<u>\$ 6,041</u>	<u>\$ 3,017</u>	<u>\$ 53,316</u>

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Twelve Months Ending December 31, 2009**

(in thousands)

Page 1 of 2

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self- Insurance</u>
Operating revenues:				
Service charges and fees	8,476	-	-	-
Rent	-	-	-	-
Insurance recovery	-	-	-	158
Premiums/contributions	-	1,312	142	2,085
Other	290	2	-	-
Total operating revenues	<u>8,766</u>	<u>1,314</u>	<u>142</u>	<u>2,243</u>
Operating expenses:				
Administrative and general	763	213	-	1,555
Maintenance and operations	4,964	652	306	710
Depreciation	3,077	-	-	-
Insurance costs	-	-	-	-
Benefits and claims payments	-	106	63	(600)
Total operating expenses	<u>8,805</u>	<u>970</u>	<u>369</u>	<u>1,665</u>
Operating income (loss)	(39)	344	(227)	578
Nonoperating revenues (expenses):				
Interest income	436	38	5	123
Net change in fair value of investments	(104)	(7)	(1)	(27)
Rental income	-	-	-	-
Gain on disposal of capital assets	(75)	-	-	-
Other nonoperating revenues	9	-	-	-
Total nonoperating revenue (expenses)	<u>266</u>	<u>31</u>	<u>4</u>	<u>96</u>
Income before contributions and transfers	227	375	(223)	675
Special items, contributions and transfers:				
Transfers in	449	-	-	165
Transfers out	(2,540)	(157)	(6)	(897)
Total special items, contributions and transfers	<u>(2,091)</u>	<u>(157)</u>	<u>(6)</u>	<u>(732)</u>
Change in net assets	(1,864)	218	(229)	(57)
Net assets beginning of year	41,533	296	220	2,852
Net assets end of year	<u>\$ 39,669</u>	<u>\$ 513</u>	<u>\$ (10)</u>	<u>\$ 2,795</u>

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Twelve Months Ending December 31, 2009**

(in thousands)

Page 2 of 2

	Health Benefits	Information Technology	Facility Services	Total
Operating revenues:				
Service charges and fees	-	13,411	5,767	27,654
Rent	-	-	223	223
Insurance recovery	2,100	-	-	2,258
Premiums/contributions	13,612	-	-	17,151
Other	33	-	-	325
Total operating revenues	15,744	13,411	5,990	47,610
Operating expenses:				
Administrative and general	2,316	1,917	2,740	9,504
Maintenance and operations	-	9,428	3,322	19,382
Depreciation	-	118	111	3,306
Insurance costs	2,535	-	-	2,535
Benefits and claims payments	13,485	-	-	13,054
Total operating expenses	18,336	11,463	6,173	47,780
Operating income (loss)	(2,591)	1,949	(183)	(170)
Nonoperating revenues (expenses):				
Interest income	79	110	29	820
Net change in fair value of investments	(25)	(29)	1	(193)
Rental income	-	-	31	31
Gain on disposal of capital assets	-	-	-	(75)
Other nonoperating revenues	-	-	-	9
Total nonoperating revenue (expenses)	54	81	60	592
Income before contributions and transfers	(2,538)	2,029	(123)	422
Special items, contributions and transfers:				
Transfers in	-	30	448	1,092
Transfers out	(10)	(1,345)	(90)	(5,045)
Total special items, contributions and transfers	(10)	(1,315)	358	(3,953)
Change in net assets	(2,548)	715	235	(3,531)
Net assets beginning of year	3,837	5,327	2,782	56,846
Net assets end of year	<u>\$ 1,290</u>	<u>\$ 6,041</u>	<u>\$ 3,017</u>	<u>\$ 53,315</u>

City of Bellevue, Washington

Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2009

Page 1 of 4

(in thousands)

	<u>Equipment Rental</u>	<u>Worker's Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Cash flows from operating activities:				
Cash received from customers and users	\$ 8,372	\$ -	\$ -	\$ -
Contributions received - employer/employee	-	1,312	142	2,085
Cash received from insurance proceeds	-	-	-	158
Cash payments to suppliers for goods and services	(3,661)	(319)	-	(2,207)
Cash payments to employees for services	(2,106)	(545)	(181)	(505)
Cash payments to claimants	-	-	(63)	-
Cash received from contracts/rent	-	-	-	-
Cash payments for insurance	-	-	-	-
Other receipts	281	2	-	-
Net cash provided (used) by operating activities	<u>2,886</u>	<u>450</u>	<u>(102)</u>	<u>(469)</u>
Cash flows from noncapital financing activities:				
Transfers in	449	-	-	165
Transfers out	(2,540)	(157)	(6)	(897)
Net cash provided (used) by noncapital financing activities:	<u>(2,091)</u>	<u>(157)</u>	<u>(6)</u>	<u>(732)</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	(2,463)	-	-	-
Proceeds from sale of assets	1,214	-	-	-
Net cash provided (used) by capital & related financing activities:	<u>(1,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	403	36	5	115
Net cash provided (used) by investing activities	<u>403</u>	<u>36</u>	<u>5</u>	<u>115</u>
Net increase (decrease) in cash balance	(51)	330	(104)	(1,085)
Cash balance at beginning of year	21,016	1,690	275	6,865
Cash balance at end of year	<u>\$ 20,965</u>	<u>\$ 2,019</u>	<u>\$ 171</u>	<u>\$ 5,779</u>

City of Bellevue, Washington

Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2009

Page 2 of 4

(in thousands)

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facilities Services</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers and users	\$ -	\$ 13,406	\$ 5,739	\$ 27,517
Contributions received - employer/employees	13,612	-	-	17,151
Cash received from insurance proceeds	2,100	-	-	2,256
Cash payments to suppliers for goods and services	(2,310)	(5,079)	(4,408)	(17,983)
Cash payments to employees for services	(4)	(6,335)	(1,751)	(11,429)
Cash payments to claimants	(13,485)	-	-	(13,548)
Cash received from contracts/rent	-	-	254	254
Cash payments for insurance	(2,535)	-	-	(2,535)
Other receipts	201	-	-	483
Net cash provided (used) by operating activities	<u>(2,421)</u>	<u>1,992</u>	<u>(166)</u>	<u>2,166</u>
Cash flows from noncapital financing activities:				
Transfers in	-	30	448	1,092
Transfers out	(10)	(1,345)	(90)	(5,045)
Net cash provided (used) by noncapital financing activities:	<u>(10)</u>	<u>(1,315)</u>	<u>358</u>	<u>(3,953)</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(437)	-	(2,900)
Proceeds from sale of assets	-	-	-	1,214
financing activities	<u>-</u>	<u>(437)</u>	<u>-</u>	<u>(1,686)</u>
Cash flows from investing activities:				
Interest on investments	68	96	33	757
Net cash provided (used) by investing activities	<u>68</u>	<u>96</u>	<u>33</u>	<u>757</u>
Net increase (decrease) in cash balance	(2,362)	337	225	(2,713)
Cash balance at beginning of year	5,417	5,521	1,448	42,232
Cash balance at end of year	<u>\$ 3,055</u>	<u>\$ 5,858</u>	<u>\$ 1,673</u>	<u>\$ 39,520</u>

City of Bellevue, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2009
(in thousands)

	Equipment Rental	Worker's Compensation	Unemployment Compensation	General Self-Insurance
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (39)	\$ 344	\$ (227)	\$ 578
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	3,077	-	-	-
Other receipts	9	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	-	-	-
(Increase) decrease in due from other funds	1	-	-	-
(Increase) decrease in other receivables	(18)	-	-	-
(Increase) decrease in inventory	(105)	-	-	-
Increase (decrease) in accounts payable	(40)	-	-	(453)
Increase (decrease) in wages & benefits payable	(22)	-	-	1
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in due to other governments	5	1	62	-
Increase (decrease) in compensated absences	17	-	-	3
Increase (decrease) in estimated claims payable	-	106	63	(600)
Total adjustments	<u>2,925</u>	<u>107</u>	<u>125</u>	<u>(1,049)</u>
Net cash provided (used) by operating activities	<u>\$ 2,886</u>	<u>\$ 450</u>	<u>\$ (102)</u>	<u>\$ (469)</u>

On December 31, 2009, the city recognized a loss as a result of the change in fair value of US Government Securities with a maturity of more than one year. The loss recognized by the Internal Service Funds of \$193 is reflected on the financial statements as Net Change in Fair Value of Investments.

City of Bellevue, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2009
(in thousands)

Page 4 of 4

	Health Benefits	Information Technology	Facilities Services	Total
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (2,591)	\$ 1,949	\$ (183)	(170)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	118	111	3,306
Other receipts	-	-	31	40
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	(60)	(28)	(88)
(Increase) decrease in due from other funds	-	55	-	56
(Increase) decrease in other receivables	168	-	-	151
(Increase) decrease in inventory	-	-	-	(105)
Increase (decrease) in accounts payable	(164)	(95)	(119)	(873)
Increase (decrease) in wages & benefits payable	-	23	11	13
Increase (decrease) in due to other funds	-	-	1	1
Increase (decrease) in due to other governments	-	(1)	-	67
Increase (decrease) in compensated absences	-	3	10	33
Increase (decrease) in estimated claims payable	166	-	-	(267)
Total adjustments	171	42	17	2,334
Net cash provided (used) by operating activities	\$ (2,421)	\$ 1,992	\$ (166)	\$ 2,166

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, 2009
(in thousands)

	<u>E-Government Alliance</u>	<u>Eastside NARC Task Force</u>	<u>Hazardous Materials</u>	<u>Pipeline Safety Consortium</u>
Assets:				
Cash & equity in pooled investments	\$ 379	\$ 1,068	\$ 432	\$ 5
Receivables (net of allowances):				
Interest	-	1	-	-
Due from other governments	109	-	5	-
Property, plant and equipment (net)	-	182	-	-
Total assets	<u>489</u>	<u>1,251</u>	<u>438</u>	<u>5</u>
Liabilities:				
Accounts payable	82	2	2	-
Due to other governments	407	1,097	437	5
Deposits payable	-	153	-	-
Total liabilities	<u>489</u>	<u>1,251</u>	<u>438</u>	<u>5</u>
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Fiduciary Net Assets
Agency Funds
As of December 31, 2009
(in thousands)

	ARCH Housing Coalition	Jail Administrative Group	Payroll Clearing	Claims Clearing	Total
Assets:					
Cash & equity in pooled investments	\$ 475	\$ 377	\$ 79	\$ 1	\$ 2,817
Receivables (net of allowances):					
Interest	1	-	-	-	2
Due from other governments	-	-	-	-	115
Property, plant and equipment (net)	-	-	-	-	182
Total assets	475	377	79	1	3,116
Liabilities:					
Accounts payable	3	-	36	1	125
Due to other governments	473	377	23	-	2,819
Deposits payable	-	-	20	-	173
Total liabilities	475	377	79	1	3,116
Total net assets	\$ -	\$ -	\$ -	\$ -	\$ -

All Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2009
(in thousands)

	<u>Balance</u> <u>1/1/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2009</u>
E-Government Alliance				
Assets:				
Cash & equity in pooled investments	\$ 296	1,273	\$ 1,189	\$ 379
Interest	2	1	2	-
Due from other governments	21	1,056	968	109
Total Assets	<u>\$ 319</u>	<u>\$ 2,330</u>	<u>\$ 2,159</u>	<u>\$ 489</u>
Liabilities:				
Accounts payable	\$ 21	\$ 82	\$ 21	\$ 82
Due to other governments	298	808	699	407
Total liabilities	<u>\$ 319</u>	<u>\$ 890</u>	<u>\$ 720</u>	<u>\$ 489</u>
Eastside NARC Task Force				
Assets:				
Cash & equity in pooled investments	\$ 1,232	\$ 1,224	\$ 1,388	\$ 1,068
Interest	5	4	8	1
Property, plant and equipment (net)	230	2	50	182
Total Assets	<u>\$ 1,467</u>	<u>\$ 1,230</u>	<u>\$ 1,446</u>	<u>\$ 1,251</u>
Liabilities:				
Accounts payable	\$ 7	\$ 4	\$ 9	\$ 2
Due to other governments	1,208	285	396	1,097
Deposits payable	252	183	282	153
Total liabilities	<u>\$ 1,467</u>	<u>\$ 471</u>	<u>\$ 687</u>	<u>\$ 1,251</u>
Hazardous Materials				
Assets:				
Cash & equity in pooled investments	\$ 396	\$ 157	\$ 121	\$ 432
Interest	2	1	2	-
Due from other governments	5	-	-	5
Total Assets	<u>\$ 403</u>	<u>\$ 159</u>	<u>\$ 123</u>	<u>\$ 438</u>
Liabilities:				
Accounts payable	\$ 7	\$ 2	\$ 7	\$ 2
Due to other governments	396	76	36	437
Total liabilities	<u>\$ 403</u>	<u>\$ 78</u>	<u>\$ 43</u>	<u>\$ 438</u>

All Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2009
(in thousands)

	<u>Balance 1/1/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2009</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:				
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	\$ 494	\$ 837	\$ 856	\$ 475
Interest	2	2	3	1
Total Assets	<u>\$ 496</u>	<u>\$ 838</u>	<u>\$ 860</u>	<u>\$ 475</u>
Liabilities:				
Accounts payable	\$ 1	\$ 3	\$ 1	\$ 3
Due to other governments	495	372	394	473
Total liabilities	<u>\$ 496</u>	<u>\$ 374</u>	<u>\$ 395</u>	<u>\$ 475</u>
Jail Administrative Group				
Assets:				
Cash & equity in pooled investments	\$ 440	\$ 13,145	\$ 13,209	\$ 377
Total Assets	<u>\$ 440</u>	<u>\$ 13,145</u>	<u>\$ 13,209</u>	<u>\$ 377</u>
Liabilities:				
Due to other governments	\$ 440	\$ 30	\$ 93	\$ 377
Total liabilities	<u>\$ 440</u>	<u>\$ 30</u>	<u>\$ 93</u>	<u>\$ 377</u>
Payroll Clearing				
Assets:				
Cash & equity in pooled investments	\$ 271	\$ 150,734	\$ 150,926	\$ 79
Total Assets	<u>\$ 271</u>	<u>\$ 150,734</u>	<u>\$ 150,926</u>	<u>\$ 79</u>
Liabilities:				
Accounts payable	\$ 93	\$ 154,790	\$ 154,847	\$ 36
Due to other governments	158	87	222	23
Deposits payable	20	-	-	20
Total liabilities	<u>\$ 271</u>	<u>\$ 154,877</u>	<u>\$ 155,069</u>	<u>\$ 79</u>

All Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2009
(in thousands)

	<u>Balance 1/1/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2009</u>
Claims Clearing				
Assets:				
Cash & equity in pooled investments	\$ 32	\$ 205,580	\$ 205,611	\$ 1
Total Assets	<u>\$ 32</u>	<u>\$ 205,580</u>	<u>\$ 205,611</u>	<u>\$ 1</u>
Liabilities:				
Accounts payable	\$ 32	\$ 360,968	\$ 360,999	\$ 1
Total liabilities	<u>\$ 32</u>	<u>\$ 360,968</u>	<u>\$ 360,999</u>	<u>\$ 1</u>
Total Agency Funds				
Assets:				
Cash & equity in pooled investments	\$ 3,166	\$ 372,951	\$ 373,300	\$ 2,817
Interest	10	8	16	2
Due from other governments	27	1,056	968	115
Property, plant and equipment (net)	230	2	50	182
Total Assets	<u>\$ 3,433</u>	<u>\$ 374,016</u>	<u>\$ 374,334</u>	<u>\$ 3,115</u>
Liabilities:				
Accounts payable	\$ 161	\$ 515,849	\$ 515,884	\$ 125
Due to other governments	3,000	1,659	1,840	2,819
Deposits payable	272	183	282	173
Total liabilities	<u>\$ 3,433</u>	<u>\$ 517,690</u>	<u>\$ 518,007</u>	<u>\$ 3,116</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.

City of Bellevue, Washington

NET ASSETS BY COMPONENT ^A

Last Five Fiscal Years ^B

(dollars 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
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
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
2007	1,539,131	13,601	117,310	1,670,042	213,099	52,272	37,526	302,897	1,752,229	65,873	154,836
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
2009	1,484,574	16,753	108,536	1,609,863	240,018	77,584	32,495	350,097	1,724,592	94,337	141,031

^A All amounts are reported on the accrual basis

^B Amounts presented from year of implementation of GASB-34 (2002) forward

CHANGES IN NET ASSETS ^(A)**Last Five Fiscal Years ^(B)**

(dollars in thousands)

	2005	2006	2007	2008	2009
Expenses					
Governmental activities					
General Government	\$15,900	\$15,471	\$24,712	\$29,573	\$29,641
Judicial	430	378	-	-	-
Public Safety	64,269	68,781	73,617	80,253	78,373
Physical environment	1,852	1,564	2,200	2,449	1,952
Transportation	27,480	31,769	26,449	29,372	25,853
Economic environment	14,875	17,207	20,737	22,940	21,785
Health and human services	5,320	4,841	5,943	6,834	7,914
Culture and recreation	27,826	31,395	34,166	37,926	37,818
Interest on long-term debt	7,034	7,734	7,796	7,150	7,294
Total governmental activities	164,986	179,140	195,620	216,497	210,630
Business-type activities					
Water	25,928	26,604	29,206	27,887	30,074
Sewer	27,925	27,868	31,817	31,734	35,091
Storm drainage utility	8,327	8,717	9,179	9,146	9,967
Marina	406	314	443	440	353
Total business-type activities	62,586	63,503	70,645	69,207	75,485
Total primary government expenses	\$227,572	\$242,643	\$266,265	\$285,704	\$286,115
Program Revenues					
Governmental activities					
Charges for services					
General Government	\$794	\$968	\$1,333	\$2,068	\$4,042
Public Safety	14,118	12,031	15,682	16,969	15,501
Economic Environment	9,912	14,716	12,597	16,334	11,830
Transportation	812	2,937	1,993	1,345	882

	2005	2006	2007	2008	2009
Culture and recreation	4,940	5,435	6,927	8,039	7,875
Other Activities	1,351	1,304	1,065	1,430	1,445
Operating grants and contributions	5,100	4,798	6,760	6,815	8,796
Capital grants and contributions	29,266	21,250	22,280	4,328	7,984
Total governmental activities program revenues	66,293	63,439	68,637	57,328	58,355
Business-type activities					
Charges for services					
Water	28,497	31,570	31,844	31,538	33,960
Sewer	30,085	33,267	35,493	36,056	39,545
Storm drainage utility	10,947	13,270	13,194	14,442	14,788
Marina	457	450	498	489	507
Operating grants and contributions	-	-	105	-	-
Capital grants and contributions	3,649	4,307	6,541	6,967	5,002
Total business-type activities program revenues	73,635	82,864	87,675	89,492	93,802
Total primary government program revenues	\$139,928	\$146,303	\$156,312	\$146,820	\$152,157
Net (expense)/revenue					
Governmental activities	(98,693)	(115,701)	(126,985)	(159,170)	(152,274)
Business-type activities:	11,049	19,361	17,028	20,285	18,319
Total primary government net expense	(\$87,644)	(\$96,340)	(\$109,957)	(\$138,885)	(\$133,955)
General Revenues and Other Changes in Net Assets					
Governmental activities					
Taxes					
Property tax	\$27,062	\$27,637	\$28,981	\$28,859	\$34,854
Retail sales and use tax	45,300	48,946	56,776	53,141	45,119
Utility tax	19,333	24,324	20,069	24,103	24,012
Business and occupation tax	24,322	31,528	30,387	30,051	26,141
Excise tax	13,620	12,933	27,254	6,594	6,258
Hotel/Motel Tax	4,299	5,839	6,647	6,724	5,332
Other tax	261	292	225	238	175
Payments from Component Unit/City	23	16	9	23	117
Grants and contributions - unrestricted	1,357	1,264	1,419	1,398	1,861

	2005	2006	2007	2008	2009
Unrestricted investment interest	4,147	5,188	7,128	5,284	3,252
Gain (loss) in change of fair value of investments	285	556	38	637	(582)
Miscellaneous	1,201	328	125	740	582
Gain(loss) on sale of capital assets	1,418	57	144	1,391	(75)
Transfers	672	(170)	(51)	406	(254)
Total governmental activities	143,300	158,738	179,151	159,589	146,792
Business-type activities					
Unrestricted investment interest	\$1,211	\$2,578	\$3,795	\$2,991	\$1,874
Gain (loss) in change of fair value of investments	95	282	20	197	(373)
Miscellaneous	552	1,278	1,593	1,164	811
Gain on sale of capital assets	-	33	-	98	6
Transfers	(672)	170	51	(406)	254
Total business-type activities	1,186	4,341	5,459	4,044	2,572
Total primary government	\$144,486	\$163,079	\$184,610	\$163,633	\$149,364
Change in Net Assets					
Governmental activities	\$44,607	\$43,037	\$420	\$7,314	(\$5,482)
Business-type activities	12,235	23,702	24,329	22,361	20,891
Total primary government	\$56,842	\$66,739	\$24,749	\$29,675	\$15,409

(A) All amounts are reported on the accrual basis

(B) Amounts presented from year of implementation of GASB-34 (2002) forward

Table 3

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

Last Five Fiscal Years

(dollars 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)
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

^(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

FUND BALANCES OF GOVERNMENTAL FUNDS (A)

Last Ten Fiscal Years

(dollars 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
2000	\$ 402	\$ 19,905	\$ 20,307	\$ 8,174	\$ 47,622	\$ 35,041	\$ 90,837
2001	335	15,181	15,516	6,352	62,228	32,785	101,365
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

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

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (A)

Last Ten Fiscal Years

(dollars in thousands)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes and special assessments	\$116,709	\$110,638	\$112,190	\$115,469	\$123,958	\$134,369	\$149,428	\$177,113	\$150,084	\$142,698
Licenses and permits	7,303	5,843	4,678	2,969	4,470	4,439	7,140	5,198	8,972	6,411
Intergovernmental	21,788	21,951	22,270	24,689	23,266	28,213	32,439	34,946	31,670	31,469
Service charges and fees	22,057	25,830	12,565	15,501	18,677	19,715	24,819	26,101	26,906	25,747
Fines and forfeitures	1,232	995	709	656	545	329	174	532	489	71
Interest and assessment interest/penalties	6,444	5,552	3,471	1,515	3,488	3,113	3,500	5,135	3,703	2,445
Net change in fair value of investments	521	53	207	(206)	(684)	199	350	25	521	(388)
Rent	1,744	2,038	1,929	3,192	1,788	2,285	2,283	3,102	4,180	4,863
Judgements and settlements	-	-	1	150	18	534	4,766	1,431	25	46
Premiums/contributions	1,051	1,100	739	739	1,320	1,446	1,643	1,655	446	2,422
Other	1,813	216	702	586	325	1,202	394	295	796	678
Total Revenues	180,662	174,216	159,461	165,260	177,171	195,844	226,936	255,533	227,792	216,462
Expenditures										
General government	22,499	24,622	18,899	19,143	22,720	24,211	25,329	25,410	25,364	25,075
Public safety	47,208	51,433	53,512	57,333	58,221	61,294	65,701	71,042	78,219	79,817
Physical environment	1,493	1,535	1,749	1,157	1,068	1,436	1,555	2,198	2,449	1,953
Transportation	14,986	29,255	17,545	25,725	20,385	24,886	29,806	29,173	32,957	28,479
Economic environment	16,641	17,837	12,423	12,854	15,755	15,248	17,263	20,463	22,718	21,798
Health and human services	38	93	3,700	3,080	2,286	4,932	4,845	6,357	7,226	7,782

City of Bellevue, Washington

Table 5
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Culture and recreation	14,785	24,678	20,068	24,992	24,700	24,729	28,319	30,924	35,035	34,489
Capital outlay	42,176	13,642	79,700	41,314	48,580	112,692	42,463	45,664	39,461	23,035
Debt service										
Principal	4,936	4,290	11,744	3,536	33,157	7,463	3,985	29,560	4,275	14,187
Interest and fiscal charges	2,348	2,020	2,153	2,424	5,240	7,136	7,834	7,855	7,468	7,306
Total expenditures	167,110	169,405	221,493	191,558	232,112	284,027	227,100	268,646	255,172	243,921
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other financing sources (uses)										
Transfers in	13,689	23,064	12,332	15,189	44,309	89,078	34,994	46,437	25,545	33,301
Transfers out	(14,175)	(21,507)	(15,005)	(11,313)	(42,435)	(88,052)	(34,457)	(45,211)	(24,980)	(29,602)
Operating transfers out to component unit	-	-	-	-	-	-	-	-	-	-
Proceeds from long term debt	84	120	39,550	10,018	107,567	6,700	13,983	713	26,248	12,047
Refunding bonds issued	-	-	-	13,185	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(13,065)	-	-	-	-	-	-
Sale of capital assets	509	182	620	24,545	63	3,349	157	13	1,161	-
Total other financing sources (uses)	107	1,859	37,497	38,559	109,504	11,075	14,677	1,952	27,974	15,746
Residual equity transfers	(1,030)	(939)	-	-	-	-	-	-	-	-
Net change in fund balance	\$13,659	\$ 6,670	\$(24,535)	\$ 12,261	\$ 54,563	\$(77,108)	\$ 14,513	\$(11,161)	\$ 594	\$(11,713)
Debt service as a percentage of noncapital expenditures	5.83%	4.05%	9.80%	3.97%	20.92%	8.52%	6.40%	16.78%	5.44%	9.73%

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

Table 6

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE ^(A)

Last Ten Fiscal Years

(dollars 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)
2000	\$ 116,769	\$ 25,674	\$ 44,532	\$ 16,661	\$ 20,392	\$ 9,510	\$ 4,640
2001	111,387	26,599	40,313	18,135	19,132	7,208	4,226
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 ^(D)	137,366	34,738	45,119	24,119	26,340	7,050	5,332

^(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.

^(D) Special assessments are included in 2009, prior years excluded special assessments

Table 7

TAXABLE SALES BY CATEGORY
Last Ten Fiscal Years

(dollars in thousands)

	Year									
	2000	2001	2002	2003	2004	2005 (B)	2006	2007	2008	2009
Contracting	\$729,870	\$528,938	\$452,654	\$419,611	\$525,419	\$729,303	\$860,690	\$1,296,795	\$1,255,692	\$872,463
Manufacturing	64,294	66,712	56,223	47,115	53,312	62,885	64,765	86,303	84,773	70,537
Transp / Communication / Utilities	200,952	202,648	203,069	177,246	167,333	194,851	199,868	214,878	190,568	201,248
Finance/Insurance/ Real Estate	124,102	132,147	147,971	107,422	97,437	160,305	176,983	174,893	148,801	149,680
Wholesale Trade	387,493	330,119	296,915	267,431	307,256	342,940	331,433	394,954	418,040	360,308
Retail - Building Materials	126,049	123,614	121,370	118,540	129,355	125,398	134,002	137,004	120,234	106,555
Retail - General Merchandise	174,533	171,822	157,805	172,575	181,597	196,058	206,931	206,399	188,755	189,052
Retail - Food	119,386	120,665	123,013	97,775	94,982	62,765	71,979	75,024	77,748	76,879
Retail - Automotive	735,329	677,707	695,179	817,745	783,160	861,607	920,511	970,929	794,053	720,411
Retail - Apparel	276,693	259,129	265,228	295,520	322,956	402,790	443,022	483,921	423,738	384,063
Retail - Furniture & Accessories	549,796	419,119	383,703	415,293	437,142	430,400	445,270	442,037	411,884	381,491
Retail - Restaurants	188,691	190,099	212,697	222,758	235,850	251,313	291,529	313,354	312,514	317,213
Retail - Miscellaneous	351,238	342,339	337,706	333,306	345,375	327,865	383,313	392,523	392,992	368,757
Services - Hotels	116,160	101,516	92,230	93,888	93,049	95,563	101,144	122,550	125,820	116,518
Services - Business	256,659	220,840	198,863	200,553	165,596	300,434	321,741	440,246	435,092	301,306
Services - Other	284,368	293,049	295,172	260,714	270,128	204,934	223,293	248,588	257,424	245,211
All Other Categories	38,680	37,030	34,703	37,684	42,157	1,036	1,660	1,320	1,567	2,064
Total sales	<u>\$4,724,293</u>	<u>\$4,217,494</u>	<u>\$4,074,500</u>	<u>\$4,085,175</u>	<u>\$4,252,106</u>	<u>\$4,750,445</u>	<u>\$5,178,133</u>	<u>\$6,001,718</u>	<u>\$5,639,695</u>	<u>\$4,863,756</u>

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.

SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

	Year									
	2000	2001 (A)	2002	2003	2004	2005	2006	2007	2008	2009 (F)
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 ^(C)	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Transit - King County (METRO) ^(D)	0.600%	0.800%	0.800%	0.800%	0.800%	0.800%	0.800%	0.900%	0.900%	0.900%
King County Mental Health ^(E)	-	-	-	-	-	-	-	-	0.100%	0.100%
Criminal Justice tax (0.10% total) ^(B)										
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	1.700%	1.900%	1.900%	1.900%	1.900%	1.900%	1.900%	2.000%	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	0.769%	0.969%	0.969%	0.969%	0.969%	0.969%	0.969%	1.069%	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%	0.400%	0.400%	0.900%
Total Sales tax rate	8.600%	8.800%	8.800%	8.800%	8.800%	8.800%	8.800%	8.900%	9.000%	9.500%

SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

- (A) Effective 4/1/01, King County Metro increased transit portion of sales tax by two tenths of a percent.
- (B) 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 2009, the City's population was **120,600**, and the County's population was **1,909,300**. Bellevue represented 6.32% of the total population of King county and as such would receive .006 percent of this tax.
- (C) 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.
- (D) 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.
- (E) 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.
- (F) Effective 4/1/09, Sound Transit increased portion of sales tax by five-tenths of one percent.

SOURCE:

King County / Bellevue Population Data - WA State Office of Financial Management
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	Grand Total	Total Direct Tax Rate
2000	\$16,279,942	\$904,616	\$482,035	\$100,780	\$954,578	\$16,611,235	\$1.71
2001	18,431,872	912,648	420,238	102,479	1,126,643	18,535,636	1.48
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	1,931,094	31,398,247	1.09
2008	35,848,337	1,172,683	697,455	137,238	2,289,505	37,626,634	0.92
2009	32,224,417	1,209,975	668,110	157,291	2,550,481	34,004,753	0.94

* 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.

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						
2000	\$ 1.50	\$ 0.21	\$ 1.71	\$ 2.72	\$ 1.69	\$ 3.30	\$ 0.22	\$ 0.86	\$ 10.50
2001	1.34	0.14	1.48	2.32	1.55	3.15	0.19	0.81	9.50
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

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

Source: King County Assessor

Table 11

PRINCIPAL PROPERTY TAXPAYERS

Current year and nine years ago

Rank	Taxpayer	Type of Business	2009		2000	
			2009 Assessed Valuation (In Millions)	Percentage of Total Assessed Valuation ^(A)	2000 Assessed Valuation (In Millions)	Percentage of Total Assessed Valuation ^(A)
1	W2007 Seattle formerly Archon Group LP	Property management	\$ 473	1.39%	(B) \$ -	0.00%
2	The Boeing Company	Aerospace	427	1.26%	2 281	1.59%
3	Bellevue Square Managers Inc formerly North Coast Mortgage	Land management	357	1.05%	4 202	1.14%
4	City Center Bellevue Development	Property management	336	0.99%	(B) -	0.00%
5	Bellevue Place	Property management	254	0.75%	7 157	0.89%
6	Puget Sound Energy	Utility Services	224	0.66%	3 254	1.44%
7	Three Bellevue Center LLC	Property management	148	0.44%	(B) -	0.00%
8	BRE Properties	Property management	138	0.41%	(B) -	0.00%
9	Essex Property Trust	Property management	125	0.37%	(B) -	0.00%
10	Sterling Realty Org.	Property Management	124	0.36%	8 131	0.74%
(B)	Spieker Properties	Real Estate Acquisition	(B)	0.00%	1 299	1.69%
(B)	EOP Northwest Properties	Property management	(B)	0.00%	5 176	0.99%
(B)	Qwest	Telecommunications	(B)	0.00%	6 165	0.93%
(B)	Northwest Mutual Life Insurance	Insurance	(B)	0.00%	9 115	0.65%
(B)	Safeway Stores, Inc.	Regional food distribution	(B)	0.00%	10 84	0.47%
			\$ 2,606	7.66%	\$ 1,864	10.55%

(A) 2009 assessed valuations for 2009 tax collection. Total 2009 assessed valuation, in millions, is \$ 34,019, 2000 assessed valuation, \$ 17,675

(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 year	Total Collections to date	
		Amount	Percentage		Amount	Taxes
2000	\$ 25,691	\$ 25,350	98.67%	341	\$ 25,691	100.00%
2001	26,817	26,295	98.05	519	26,814	99.99
2002	27,428	26,798	97.70	445	27,243	99.33
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	383	27,784	99.99
2007	29,044	28,631	98.58	325	28,956	99.70
2008	28,913	28,500	98.57	296	28,796	99.60
2009	35,250	34,664	98.34	-	34,664	98.34

Sources/notes:

- A) The total tax levy is the certified tax levy adopted by City ordinance.
- B) Other data has been derived from the Annual Tax Receivable Summary prepared by the King County Finance Department.
- C) Collection amounts were unavailable for 1997- 2001. 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 sales contracts	Leases	PWTF loans	Line of credit	General obligation bonds	Revenue bonds	PWTF loans			
2000	\$ 25,590	\$ 8,140	\$ 3,517	\$ 82	\$ 488	-	\$ 4,275	\$13,770	\$1,630	\$ 57,492	1.18%	\$ 523
2001	22,770	7,275	3,216	248	427	-	4,245	12,235	1,477	51,893	1.06%	465
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	N/A ^(D)	1,297

^(A) Sources: Bellevue Department of Planning and Community Development 2000 Population is based on the year 2000 Census figure released in March 2001.

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

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

^(D) 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(B)	Net Bonded Debt per Capita (A)
2000	\$ 29,865	\$ 3,102	\$ 26,763	16%	\$ 244
2001	27,015	2,412	24,603	13%	224
2002	35,200	2,699	32,501	17%	278
2003	32,930	2,401	30,529	15%	262
2004	132,895	2,505	130,390	63%	1,119
2005	130,210	1,560	128,650	57%	1,114
2006	133,901	1,610	132,291	53%	1,131
2007	131,274	1,999	129,275	41%	1,095
2008	142,200	5,607	136,593	36%	1,146
2009	140,201	3,370	136,831	40%	1,135

^(A) See table 18 for population statistics.

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

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2009

(dollars in thousands)

Jurisdiction	Gross General Obligation Debt Outstanding ^(A)	Percentage Applicable to Bellevue ^(B)	Amount Applicable to Bellevue
City of Bellevue	\$140,199	100.00%	\$140,199
School District #405	309,620	77.99%	241,473
King County	1,051,394	9.97%	104,824
Port of Seattle	357,315	9.97%	35,624
School District #403	278,205	2.47%	6,872
School District #414	371,015	1.17%	4,341
School District #411	319,885	11.09%	35,475
Hospital District #1	39,455	3.01%	1,187
Hospital District #2	235,860	0.05%	118
Library District	129,925	16.48%	21,412
Issaquah Library Capital Facility Area	5,325	0.72%	38
Total other jurisdictions	3,097,999	14.57%	451,364
Total Direct and Overlapping Debt	<u>\$ 3,238,198</u>	<u>18.27%</u>	<u>\$ 591,563</u>

(A) Total general obligation bonds outstanding on December 31, 2009 exclusive of refunded bonds. Source: King County Department of Finance.

(B) Determined by ratio of 2010 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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$1,320,371	\$1,477,840	\$1,552,227	\$1,590,930	\$1,666,024	\$1,796,739	\$1,995,872	\$2,354,687	\$2,821,998	\$2,551,417
Total net debt applicable to limit	60,408	56,417	60,598	120,530	192,005	184,880	186,820	150,079	168,529	187,526
Legal debt margin	<u>\$1,259,963</u>	<u>\$1,421,423</u>	<u>\$1,491,629</u>	<u>\$1,470,400</u>	<u>\$1,474,019</u>	<u>\$1,611,859</u>	<u>\$1,809,052</u>	<u>\$2,204,608</u>	<u>\$2,653,469</u>	<u>\$2,363,891</u>
Total net debt applicable to the limit as a percentage of debt limit	4.58%	3.82%	3.90%	7.58%	11.52%	10.29%	9.36%	6.37%	5.97%	7.35%

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Legal Debt Margin Calculation for fiscal year 2009

<u>Description</u>	Councilmanic Debt (Non-Voted)	Voted Debt	General Purpose Indebtedness ^(B)	Excess Levy Open Space and Park	Excess Levy Utility Purposes	Total Debt Capacity
Assessed Value (A)	34,018,899	34,018,899	34,018,899	34,018,899	34,018,899	34,018,899
Statutory debt limit percentages:	1.50%	1.00%	2.50%	2.50%	2.50%	7.50%
Debt limit	<u>\$510,283</u>	<u>\$340,189</u>	<u>\$850,472</u>	<u>\$850,472</u>	<u>\$850,472</u>	<u>\$2,551,417</u>
Debt applicable to limit						
Bonds outstanding	170,200	-	170,200	-	-	170,200
Capital Lease BCCA -1991	6,695		6,695			6,695
Capital Lease BCCA -1994	11,521		11,521		-	11,521
Installment Sales Contracts	-		-			-
Line of Credit	-		-			-
Less:						
Cash on hand for debt redemption ^(C)	890	-	890	-	-	890
Delinquent taxes ^(D)	-	-	-	-	-	-
Total Net Debt applicable to limit	187,526	-	187,526	-	-	187,526
Remaining Debt Capacity	<u>\$322,757</u>	<u>\$340,189</u>	<u>\$662,946</u>	<u>\$850,472</u>	<u>\$850,472</u>	<u>\$2,363,891</u>

^(A)This figure represents the City's final assessed valuation for 2009 which will be used to determine the 2010 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 due through 3-31-10.

^(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 12/31/09.

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

Table 17

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Utility Revenue Bonds							Special Assessment Bonds				
	Gross Revenue (A)	(B)	Net Revenue available for debt service	Debt Service Requirements ^(C)			(D)	Special Assessment Collections	Debt Service			Coverage
				Principal	Interest	Total			Principal	Interest	Total	
2000	\$ 62,346	\$ 43,467	\$ 18,879	\$ 3,908	\$ 5,472	\$ 9,380	2.01	\$ 1,121	\$ 810	\$ 901	\$ 1,711	0.66
2001	60,919	46,129	14,790	3,412	5,647	9,059	1.63	796	905	848	1,753	0.45
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

(A) Gross revenues as defined in applicable bond indentures for the Waterworks Utility, 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 2009 are: Water, 20.02 , Storm 6.04, Marina .73 and Bellevue Convention Center Authority, .40.

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population	Per Capita		Median Age	Number of Households	Public School Enrollment	Number of Jobs	Unemployment Rate	CPI-U%
		Personal Income	Personal Income						
2000	109,827	^A \$ 44,429	\$ 4,879,503.78	38	46,990	15,260	131,000	2.6%	3.7%
2001	111,500	43,800	4,883,700	38	51,000	15,264	125,000	3.8%	3.6%
2002	117,000	44,250	5,177,250	38	51,956	15,362	130,000	4.7%	1.9%
2003	116,400	44,821	5,217,164	39	49,027	^C 15,396	125,000	6.8%	1.6%
2004	116,500	49,118	5,722,247	39	49,119	15,718	125,000	5.4%	1.2%
2005	115,500	48,216	5,568,948	39	48,413	16,215	131,000	4.7%	2.8%
2006	117,000	52,655	6,160,635	39	49,426	16,461	132,000	4.2%	3.7%
2007	118,100	57,710	6,815,551	40	49,963	16,520	138,500	3.9%	3.9%
2008	119,200	58,141	6,930,407	41	50,573	16,937	140,000	4.3%	4.2%
2009	120,600	^B	^B	^B	51,023	17,311	134,000	6.7%	0.6%

Sources:

- 1) Population and Number of Households data was provided by Bellevue 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 not available.
- 3) Personal Income data provided by Bellevue Community Development Department and is presented in thousands.
- 4) Median Age and Number of Jobs were provided by the City of Bellevue – Department of Planning and Community Development
- 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 Population is based on the year 2000 Census figure released in March 2001. Year 2000 calculations of Per Capita Income, Median Age, Number of Households, and Education Level in Years, were based on a year 2000 population estimate of 106,400.

^B Data not available at time of publication

^C Number of households for 2003 provided by the Washington State OFM and are housing units multiplied by occupancy rates. Prior years figures would have been somewhat lower based on occupancy rates.

Table 19

PRINCIPAL EMPLOYERS

Current Year and nine years ago

Employer	Type of Business	2009			2000		
		Rank	Number of Employees	Percentage of Total City Employment	Rank ^(B)	Number of Employees	Percentage of Total City Employment
Microsoft Corp.	Technology	1	5,800	4.33%			0.00%
T-Mobile USA	Cellular Telephones	2	4,000	2.99%			0.00%
Boeing Shared Services Group	Aviation	3	3,000	2.24%			0.00%
Overlake Hospital Medical Center	Medical Hospital	4	2,500	1.87%			0.00%
Bellevue School District	Education K-12	5	2,000	1.49%			0.00%
City of Bellevue	Government	6	1,660	1.24%		1,586	1.21%
Expedia Inc.	Online Travel	7	1,500	1.12%			0.00%
Verizon Wireless	Cellular Telephones	8	1,500	1.12%			0.00%
Bellevue Community College	Higher Education	9	1,500	1.12%			0.00%
Safeway	Grocery Distribution	10	860	0.64%			0.00%
			<u>24,320</u>	<u>18.15%</u>		<u>1,586</u>	<u>1.21%</u>

Source: Planning and Community Development office

(A) Number of jobs data was provided by City of Bellevue Department of Planning and Community Development Number of jobs for 2009 and 2000 were 134000 and 131000 respectively.

(B) Data for 2000 was primarily unavailable and as a result, no ranking is 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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	313	319	319	321	327	322	327	349	363	403
Public Safety										
Police										
Officers	166	174	173	176	174	170	173	175	182	180
Civilians	94	102	103	100	97	100	93	93	99	97
Fire										
Firefighters and officers	177	178	185	194	198	198	198	207	209	218
Civilians	21	20	21	26	21	21	24	28	37	30
Transportation	135	136	136	132	130	127	129	129	130	117
Culture and recreation	174	177	178	176	173	172	180	163	163	163
Water	60	60	60	58	63	63	61	62	63	63
Sewer	35	35	36	37	39	38	41	41	42	42
Storm drainage	44	45	45	44	44	44	45	45	45	45
Total	<u>1,218</u>	<u>1,245</u>	<u>1,255</u>	<u>1,263</u>	<u>1,265</u>	<u>1,254</u>	<u>1,269</u>	<u>1,291</u>	<u>1,333</u>	<u>1,358</u>

Source: City of Bellevue Budget Office

General government FTEs increased due to increases in Information Technology and the transfer of FTEs to Civic Services

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function:										
Public Safety/Judicial:										
Police:										
Offenses:										
Rape	17	21	26	28	38	29	42	29	33	25
Robbery	60	59	48	66	75	49	71	61	71	61
Homicide	-	-	-	-	-	2	3	-	0	2
Assault	756	830	758	850	693	420	570	528	582	545
Auto Theft	502	539	545	588	608	567	476	446	274	179
Burglary	470	535	605	518	680	595	591	583	687	621
Larceny	3,397	3,431	3,348	3,213	3,570	3,503	3,178	3,152	3,327	3,150
Citations										
Traffic	32,399	28,760	28,070	30,314	23,129	24,370	22,088	20,814	22,664	22,914
Criminal	2,661	2,919	2,687	2,863	2,335	2,033	2,383	2,533	2,653	2,473
Judicial System:										
Handled by District Court	35,060	31,679	30,757	33,177	25,464	26,403	24,471	23,347	25,317	25,387
Fire:										
First Response:										
Buildings	171	177	175	182	162	135	123	110	120	120
Non-Buildings	325	305	272	533	242	257	300	237	225	259
Service	346	549	460	519	503	418	506	450	422	462
False Alarm	980	1,863	1,567	1,420	1,476	1,466	1,682	1,446	1,573	1,502
Other	818	1,075	1,011	2,629	1,053	892	1,671	1,078	1,039	984
Medic 1 Responses:										
First Aid	7,571	12,357	11,668	11,797	12,218	12,381	14,002	13,525	13,640	13,794
Runs/Week	146	238	224	227	235	238	269	260	262	265

City of Bellevue, Washington

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function:										
Transportation:										
Area of roadway repaired (sq. ft)	21,314	27,087	28,196	4,008	8,295	7,461	10,631	16,330	19,305	16,626
Miles of streets swept	4,992	5,988	5,599	5,214	5,532	4,746	4,685	5,098	3,506	2,385
Area of sidewalk repaired (sq ft)	6,806	8,209	10,708	7,280	10,225	5,821	4,497	5,222	10,090	5,299
Physical/Economic environment:										
Building permits issued	10,639	9,610	10,047	10,404	11,472	12,395	13,673	13,707	12,862	10,984
Estimated value (In Millions \$)	330	427	193	190	255	346	761	831	629	274
Culture and recreation										
Number of rounds of golf played	83,904	83,415	81,444	76,237	73,059	69,625	61,043	75,913	79,883	79,610
Visits to recreation centers for youth programs ^(A)	390,196	550,270	664,404	605,312	N/A	N/A	N/A	N/A	N/A	N/A
Water utility:										
Water Consumption (in CCF)	6,859	6,545	6,581	6,962	7,242	6,814	7,293	6,852	6,612	6,908
Number of customers:										
Residential	30,065	30,237	30,332	30,460	33,912	34,210	34,286	34,440	34,544	34,599
Multi-Residential	545	554	558	561	658	657	659	651	648	647
Commercial	2,014	2,012	2,025	2,029	2,264	2,191	2,110	2,101	2,107	1,855
Total Number of customers	32,624	32,803	32,915	33,050	36,834	37,058	37,055	37,192	37,299	37,101
Water consumption peak in a day (millions of gallons)	30	24	27	34	35	31	33	32	29	37
Water consumption peak in a month (millions of gallons)	768	632	741	888	860	811	830	724	776	876
Sewer Utility:										
Sewer Consumption (in CCF)	5,311	5,253	5,062	5,030	5,256	5,272	5,362	5,401	5,533	5,322
Number of customers:										
Residential	29,726	29,954	30,069	30,242	32,764	32,874	33,710	33,865	33,057	33,195
Multi-Residential	566	576	578	582	660	655	653	648	644	641
Commercial	1,684	1,693	1,693	1,690	1,795	1,806	1,721	1,725	1,737	1,719
Total Number of customers	31,976	32,223	32,340	32,514	35,219	35,335	36,084	36,238	35,438	35,555

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function:										
Storm Drainage utility:										
Number of customers:										
Residential	26,742	27,753	27,838	27,875	27,903	27,931	28,000	28,064	28,153	28,158
Multi-Residential	479	497	498	503	535	530	531	525	524	526
Commercial	1,831	1,855	1,867	1,864	1,975	1,984	1,974	1,960	1,968	1,949
Total Number of customers	29,052	30,105	30,203	30,242	30,413	30,445	30,505	30,549	30,645	30,633

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety:										
Police										
Traffic/Patrol units	48	56	63	70	69	73	76	78	72	72
Fire										
Fire Stations	9	9	9	9	9	9	9	9	9	9
Fire apparatus	25	26	25	29	27	28	28	23	21	22
Fire aid units	13	13	10	10	10	10	12	18	17	18
Transportation:										
Paved streets (miles)	374	384	384	396	389	388	389	390	390	390
Sidewalks (miles)	288	297	303	308	308	319	333	334	336	329
Traffic Signals	161	166	173	173	173	177	179	180	182	182
Streetlights owned by City of Bellevue	2,574	2,584	2,685	2,734	2,810	2,926	2,982	3,026	3,205	3,232
Streetlights owned by Puget Sound Energy	4,192	4,448	4,504	4,562	4,644	5,148	4,655	4,835	5,064	5,102
Culture and Recreation/Marina:										
Parks acreage	1,711	1,711	2,009	2,104	2,119	2,600	2,612	2,657	2,696	2,696
Parks	72	74	76	77	77	77	77	77	77	77
Maintained Trails (miles)	50	54	57	60	64	69	74	97	80	80
Playgrounds	36	36	44	45	45	45	45	45	45	45
Tennis Courts/Centers	36	36	35	39	39	39	39	39	39	39
Sports fields	32	32	32	32	32	32	32	32	32	32
Sports courts	20	20	23	27	27	27	27	27	27	27
Swimming beaches/pools	7	7	7	7	7	7	7	7	7	7
Vistor/Interpretive Centers	2	2	2	2	2	3	3	3	4	4
Community Centers/Recreation facilities	4	4	4	4	4	5	5	5	5	5

City of Bellevue, Washington

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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)	555	560	563	616	617	618	617	617	620	620
Vehicles	27	31	32	42	42	43	43	43	40	41
Sewer:										
Sanitary sewers (miles)	485	486	488	520	520	520	520	521	523	523
Vehicles	27	32	33	36	40	43	35	37	38	41
Storm Drainage										
Vehicles	15	20	22	24	25	26	27	27	26	28

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

