

**City of Bellevue, Washington**

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**Comprehensive  
Annual  
Financial  
Report**

**For the Fiscal Year Ended December 31, 2013**



# **City of Bellevue, Washington**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended December 31, 2013**



**Prepared by the Finance Department**



# Introductory Section



**City of Bellevue, Washington**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended December 31, 2013**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

	<u>Page</u>
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	i
Letter of Transmittal .....	iii
City Officials and Administrative Staff.....	vii
Finance Department Organization Chart .....	viii
City Hierarchical Organization Chart .....	ix

**FINANCIAL SECTION**

Independent Auditor's Report	
Management's Discussion and Analysis.....	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	12
Statement of Activities .....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Fund Net Position – Proprietary Funds.....	22
Statement of Revenue, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	26
Statement of Cash Flows – Proprietary Funds.....	28
Statement of Fiduciary Net Position – Trust & Agency Funds.....	32
Statement of Changes in Fiduciary Net Position – Firemen's Pension Fund.....	33
Notes to the Basic Financial Statements.....	35
Required Supplementary Information:	
Schedule of Funding Progress.....	94
Schedule of Contributions from the Employer & Other Contributing Entities.....	95
Schedule of Modified Approach for Reporting Infrastructure Assets .....	96
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund.....	97
Human Services Fund.....	98
Land Purchase Revolving Fund .....	99
Franchise Fund .....	100
Parks Fee Fund .....	101
Development Services Fund .....	102
Notes to the Required Supplementary Information.....	102

<b>COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	<b><u>Page</u></b>
Combining Balance Sheet – Nonmajor Governmental Funds .....	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	108
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
LEOFF1 Medical Reserve Fund .....	111
Park Maintenance and Operations Reserve Fund .....	112
Solid Waste Recycling Fund .....	113
Hotel/Motel Tax Fund .....	114
Combining Statement of Net Position – Internal Service Funds .....	117
Combining Statement of Revenue, Expenses, and Changes in Fund Net Position – Internal Service Funds.....	119
Combining Statement of Cash Flows – Internal Service Funds .....	121
Combining Statement of Fiduciary Net Position – Agency Funds .....	127
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	129

<b>STATISTICAL SECTION</b>	<b><u>Table</u></b>	
Financial Trends:		
Net Position by Component–Last Ten Fiscal Years.....	1	135
Changes in Net Position–Last Ten Fiscal Years .....	2	136
Governmental Activities Tax Revenues by Source–Last Ten Fiscal Years.....	3	139
Fund Balances of Governmental Funds–Last Ten Fiscal Years .....	4	140
Changes in Fund Balances of Governmental Funds–Last Ten Fiscal Years.....	5	145
General Governmental Tax Revenue by Source–Last Ten Fiscal Years .....	6	147
Revenue Capacity:		
Taxable Sales by Category–Last Ten Fiscal Years.....	7	148
Sales Tax Rates– Direct and Overlapping Governments–Last Ten Fiscal Years.....	8	149
Assessed and Estimated Actual Value of Taxable Property–Last Ten Fiscal Years.....	9	151
Property Tax Rates–Direct and Overlapping Governments–Last Ten Fiscal Years.....	10	152
Principal Property Taxpayers–Current Year and Ten Years Ago.....	11	153
Property Tax Levies and Collections–Last Ten Fiscal Years .....	12	154
Debt Capacity:		
Ratio of Outstanding Debt by Type–Last Ten Fiscal Years.....	13	155
Ratio of General Bonded Debt Outstanding–Last Ten Fiscal Years .....	14	156
Computation of Direct and Overlapping Debt.....	15	157
Legal Debt Margin Information–Last Ten Fiscal Years.....	16	158
Pledged Revenue Coverage–Last Ten Fiscal Years .....	17	160
Demographic and Economic Information:		
Demographic Statistics–Last Ten Fiscal Years.....	18	161
Principal Employers–Current Year and Nine Years Ago .....	19	162
Operating Information:		
Full-Time Equivalent City Government Employees by Function–Last Ten Fiscal Years.....	20	163
Operating Indicators by Function–Last Ten Fiscal Years .....	21	164
Capital Assets by Function–Last Ten Fiscal Years .....	22	167





Government Finance Officers Association

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

Presented to

**City of Bellevue  
Washington**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

Certificate of Achievement  
for Excellence in  
Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellevue for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2012.

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

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





June 24, 2014

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

The City of Bellevue's ("the city") Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013, is hereby submitted. The responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures rests with the city's management. To the best of my knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and agencies of the city. All disclosures necessary to enable the reader to gain an understanding of Bellevue's financial activities have been included.

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

**PROFILE OF THE GOVERNMENT**

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

The City of Bellevue provides a full range of local government services. These services include police and fire protection; emergency medical services; construction and maintenance of streets and traditional municipal infrastructure; planning and zoning; park and recreational activities; and cultural events. In addition, the city operates an equipment maintenance/rental fund and provides sewer, water, and storm and 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. The city encompasses 31.97 square miles, and is linked to established transportation corridors. It is 11 miles from Seattle and 40 miles from Tacoma with the mountains of the Cascades to the east, and Mount Rainier to the south. Bellevue is approximately three hours north of Portland, Oregon, and two hours south of Vancouver, Canada.

## **DISCRETE COMPONENT UNIT**

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

## **ECONOMIC CONDITION AND OUTLOOK**

The City of Bellevue has high quality residential areas with strong retail, financial, high technology, commercial, and light industrial sectors. Over the past two decades, Bellevue's business activity expanded rapidly and the city emerged as a major urban center with a growing and vibrant downtown area. Bellevue's population has grown to approximately 131,200, a 5.3 percent increase over 2012. The population is expected to grow at an average annual rate of 0.8 percent through 2020, excluding any future annexations.

Bellevue contains a diversified mix of industries, including department stores, technology firms, financial institutions, automobile dealerships, and engineering firms. Bellevue is the headquarters for several businesses, including Puget Sound Energy, a large regional electric and gas utility; PACCAR, a manufacturer of trucks; and Expedia, a leader in on-line travel. In 2013 Bookings.com, a subsidiary of Priceline.com, announced it would be opening a customer service center in Bellevue, creating up to 350 jobs.

The economy has been on a slow recovery track since the end of the Great Recession. Although the economic recovery remains slow, many economic measures have improved for the City of Bellevue, such as unemployment, personal income, and real estate values.

In 2013, the unemployment rate in Bellevue decreased from 5.9 percent to 4.5 percent with the development of approximately 2,000 jobs in Bellevue (Source: BLS.gov). The city has been able to add jobs at a rate greater than the nation due to its ability to attract business looking to expand their operations. Bellevue's office vacancy rate has also been dropping steadily since the bottom of the recession. As of the end of 2013 the vacancy rate for class A office space was 9 percent, one of the lowest in the region (source: CB Richard Ellis). The low office vacancy rate has spurred plans for office tower projects, three of which are currently under permit review.

Revenue for 2013 ended the year one-tenth of a percent, or \$180,000, lower than budget, with an increase over 2012 of 4.6 percent. Property and business and occupation taxes were within 1 percent of budget, while sales tax was over budget by 2 percent. Utility tax was below budget by 4 percent. Bellevue is projecting a 3.7 percent growth in taxes for 2014 and a modest 3.2 average growth for the long-term forecast

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

## **LONG-TERM FINANCIAL PLANNING**

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

Other guiding principles and Comprehensive Financial Policy updates include:

- a focus on services that deliver Outcomes important to the community;
- an examination of the entire budget, not just incremental changes from the last budget;
- a commitment to innovation and efficiency;
- the use of an evidence-based approach to determine how to achieve Outcomes;
- the use of city-wide priorities rather than department specific; and
- a long-range strategic approach to reset the budget to levels that are affordable and sustainable by our community

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

## **MAJOR INITIATIVES**

### **East Link Initiative**

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

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

## **FINANCIAL MANAGEMENT AND CONTROLS**

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

### **Budgetary Controls**

The City of Bellevue maintains budgetary controls in accordance with the RCW 35A.34. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the budget appropriations established by the City Council. Activities of the General Fund and all special revenue funds except the Operating Grants/Donations and Housing Funds (project-length type funds) are included in the biennially appropriated operating budget. Project-length financial plans are adopted for the remaining special revenue funds, proprietary funds, and 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's financial records and transactions by the State Auditor, an independent elected State official. The 2013 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 2013. 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, 2012. The city has earned this prestigious award for 33 out of 37 CAFR submissions. This was the 30th consecutive annual award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The GFOA has also awarded the Distinguished Budget Presentation Award to the City of Bellevue Washington for its 2013-2014 biennial budget document for the 19th consecutive year/biennium. The GFOA gives this award to those governments whose budget document meets the GFOA's criteria as an effective policy document, operations guide, financial plan, and communication device.

Additionally, the city was awarded the Certificate of Excellence in Performance Management from the International City and County Management Association (ICMA) for the city's leadership in using and reporting performance data and received the Gold Award from the Association of Government Accountants for Outstanding Efforts in Producing a High Quality 2012 Annual Performance Report.

### **ACKNOWLEDGEMENTS**

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

Respectfully submitted,



Jan Hawn  
Finance Director

**CITY OFFICIALS**

**ELECTED CITY COUNCIL**

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

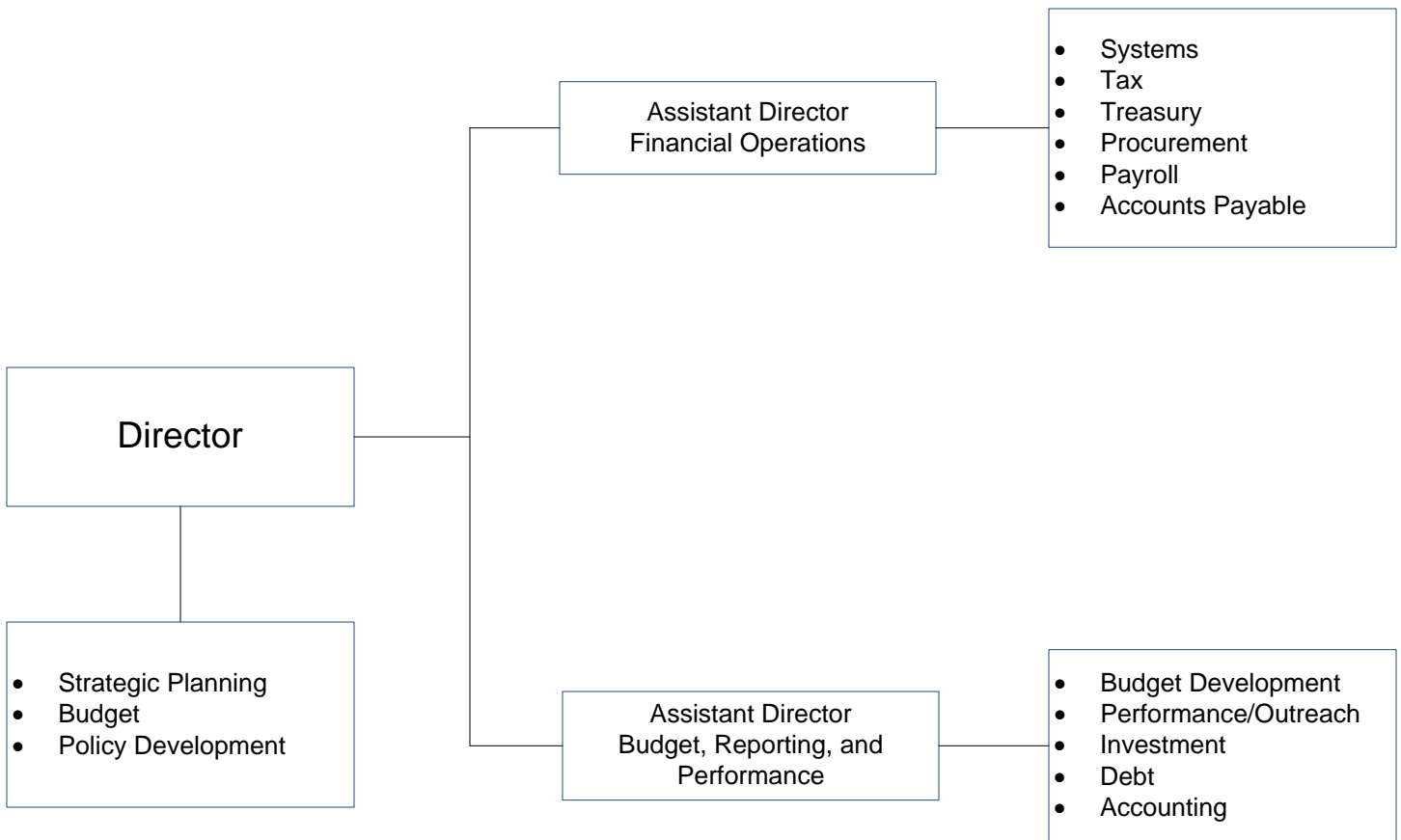
**APPOINTED ADMINISTRATIVE STAFF**

Acting City Manager .....	Brad Miyake
Director of Intergovernmental Relations .....	Joyce Nichols
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
Finance Director .....	Jan Hawn
Fire Chief.....	Mike Eisner
Human Resources Director.....	Yvonne Tate
Chief Information Officer, Information Technology.....	Toni Cramer
Parks & Community Services Director.....	Patrick Foran
Planning & Community Development Director.....	Chris Salomone
Police Chief .....	Linda Pillo
Transportation Director.....	David Berg
Utilities Director .....	Nav Otal



# Finance Department

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**City of Bellevue**  
Administrative Structure

Bellevue  
Community

Advisory Groups  
*Boards*  
*Commissions*

City Council

City Manager

Deputy City  
Manager

Director of  
Intergovernmental  
Relations

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

Director of  
Communications

Assistants to  
City Manager

City Attorney

Civic  
Services

Development  
Services

Economic  
Development

Finance

Fire

Human  
Resources

Information  
Technology

Parks &  
Community  
Services

Planning &  
Community  
Development

Police

Transportation

Utilities



# Financial Section



# Washington State Auditor Troy Kelley

## INDEPENDENT AUDITOR'S REPORT

June 24, 2014

Council  
City of Bellevue  
Bellevue, Washington

### ***REPORT ON FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Bellevue, King County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Bellevue, King County, Washington, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 11, budgetary comparison information on pages 97 through 102, information on postemployment benefits other than pensions on pages 94 through 95 and infrastructure modified approach information on page 96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 105 through 132 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing

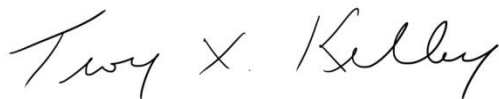
and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

### ***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we will also issue our report dated June 25, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

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

**TROY KELLEY**  
STATE AUDITOR

# **Basic Financial Statements**





## 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, 2013. The purpose is to highlight significant financial issues, major financial activities and resulting changes in financial position, and economic factors affecting the city. Readers are encouraged to consider the information presented here in conjunction with the information furnished in the letter of transmittal in the introductory section and the city's financial statements and accompanying notes following the narrative.

### FINANCIAL HIGHLIGHTS

The City of Bellevue and Sound Transit are in the final design stages of the East Link light rail system connecting downtown Bellevue and downtown Seattle, set to be completed in 2023. Transportation construction projects related to light rail, including right of way acquisition began in 2013.

The city issued General Obligation Bonds of \$70.4 million, which includes support for East Link construction and acquisition activities.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

**Statistical Section:** This section includes unaudited trend information and demographics.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position of the city as of December 31, 2013 and December 31, 2012, is summarized in the following table:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
	(in thousands)					
Current and other assets	\$ 187,913	\$ 128,664	\$ 177,268	\$ 161,282	\$ 365,182	\$ 289,946
Capital assets, net	1,699,874	1,668,785	279,833	268,031	1,979,707	1,936,816
Total assets	1,887,787	1,797,449	457,102	429,313	2,344,888	2,226,762
Deferred outflows	11,300	11,717	34	41	11,334	11,758
Total deferred outflows	11,300	11,717	34	41	11,334	11,758
Total assets and deferred outflows	1,899,087	1,809,166	457,136	429,354	2,356,222	2,238,520
Long-term liabilities	265,729	192,511	3,444	4,165	269,173	196,676
Other liabilities	26,437	19,086	3,898	4,849	30,335	23,935
Total liabilities	292,166	211,597	7,342	9,014	299,509	220,611
Deferred inflows	8	10	-	-	8	10
Total deferred inflows	8	10	-	-	8	10
Total liabilities & deferred inflows	292,175	211,607	7,342	9,014	299,517	220,621
Net investment in capital assets	1,563,631	1,513,235	277,669	265,524	1,841,300	1,778,759
Restricted	18,054	25,690	138,021	123,837	156,075	149,527
Unrestricted	25,227	58,636	34,103	30,977	59,330	89,613
Total net position	\$ 1,606,912	\$ 1,597,561	\$ 449,793	\$ 420,338	\$ 2,056,705	\$ 2,017,899

**Governmental Activities:** Total net position for the city increased by \$38.8 million, of which \$9.4 million was related to governmental activities. Of total governmental activities net position, \$5.8 million is restricted for parks, recreation and open spaces, \$3.1 million for housing rehabilitation loans, \$4.1 million for hotel/motel tax held for convention center financing, and the remaining restricted covers a variety of purposes. Unrestricted net position of \$25.2 million is available to meet ongoing obligations to citizens and creditors. Factors contributing to the changes in net position include:

- Capital assets, net of accumulated depreciation, increased \$31.1 million mainly in construction underway, the highlights of some of the major projects are:
  - West Lake Sammamish Parkway improvements
  - East Link acquisitions and construction
  - Youth Theatre construction
  - Botanical Garden Visitor Center construction
- Unspent bond proceeds of \$60.7 million account for the majority of the increase in governmental activities cash and equity in pooled investments.
- The increase in long-term liabilities is related to the issuance of \$70.4 million in General Obligation Bonds for CIP projects.
- Other liabilities increased \$7.4 million due to accounts payable activity, which increased by \$3.1 million in the General Fund and \$2.4 million in the General CIP Fund.

**Business-Type Activities:** Business-type activities of the city's utilities and marina increased the City of Bellevue's net position by \$29.5 million in 2013. Of total net position, \$137.7 million is restricted for utility capital projects, \$0.4 million is restricted for marina debt service and \$34.1 million is available to meet operating needs. Contributing factors of the increase in net position were:

- Business-type current assets increased by \$16.0 million, the result of an effort to build reserves to cover planned future replacement of aging infrastructure.
- The net increase of \$11.8 million in capital assets was related to completed infrastructure projects and construction projects currently underway, tempered by depreciation for existing assets.

Highlights of some of the major projects underway or completed are:

- Water main replacement activities
- Trunk capacity improvements
- Fish passage improvements
- Coal Creek culvert and sediment pond improvements

**CHANGES IN NET POSITION**

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Revenues:	(in thousands)					
Program revenues:						
Charges for services	\$ 45,426	\$ 45,896	\$ 119,134	\$ 106,182	\$ 164,561	\$ 152,078
Operating grants & contributions	7,851	8,188	-	-	7,851	8,188
Capital grants & contributions	5,136	3,919	5,141	4,693	10,277	8,612
General revenues:						
Property taxes	38,302	37,538	-	-	38,302	37,538
Sales taxes	53,072	48,596	-	-	53,072	48,596
Other taxes	78,598	74,897	-	-	78,598	74,897
Investment interest	884	630	924	757	1,807	1,387
Miscellaneous	1,236	2,322	648	1,685	1,883	4,007
<b>Total revenues</b>	<b>230,505</b>	<b>221,986</b>	<b>125,846</b>	<b>113,317</b>	<b>356,351</b>	<b>335,303</b>
Expenses:						
General government	28,354	36,392	-	-	28,354	36,392
Public safety	84,074	82,822	-	-	84,074	82,822
Physical environment	2,892	1,642	-	-	2,892	1,642
Transportation	29,147	27,761	-	-	29,147	27,761
Economic environment	20,768	19,037	-	-	20,768	19,037
Health and human services	7,414	11,511	-	-	7,414	11,511
Culture and recreation	39,448	38,452	-	-	39,448	38,452
Unallocated interest on long-term debt	8,691	7,910	-	-	8,691	7,910
Water	-	-	41,218	38,708	41,218	38,708
Sewer	-	-	44,099	41,089	44,099	41,089
Storm & surface water	-	-	11,208	10,950	11,208	10,950
Marina	-	-	232	277	232	277
<b>Total expenses</b>	<b>220,788</b>	<b>225,527</b>	<b>96,757</b>	<b>91,024</b>	<b>317,545</b>	<b>316,551</b>
Excess (deficiency) before transfers	9,717	(3,541)	29,089	22,293	38,806	18,752
Transfers	(366)	(561)	366	561	-	-
Increase (decrease) in net position	9,351	(4,102)	29,455	22,854	38,806	18,752
Net position - beginning	1,597,561	1,598,459	420,338	397,484	2,017,899	1,995,943
Prior period adjustment	-	3,203	-	-	-	3,203
<b>Net position - ending</b>	<b>\$ 1,606,912</b>	<b>\$ 1,597,561</b>	<b>\$ 449,793</b>	<b>\$ 420,338</b>	<b>\$ 2,056,706</b>	<b>\$ 2,017,897</b>

**Governmental Activities:** Net position overall increased \$38.8 million, \$9.4 million was the result of governmental activities and the remaining \$29.5 million represents increases in business-type activities net position. Highlights of the change in governmental activities change in net position are:

- Capital grants and contributions increased by \$1.2 million. This is a reflection of the fluctuation of one-time grant revenue streams.
- The economy showed positive signs of recovery by an increase in Bellevue's tax revenues collections of \$8.9 million.
- Governmental activities expenses decreased \$4.7 million as a result of:
  - Operating expenses increased in pace with tax revenue collections, offset by the 2012 write-off of long-term receivables for affordable housing loans not expected to be repaid.
  - Self-insurance claims were higher in 2012.

**Business-Type Activities:** The City of Bellevue's net position for utilities and marina activities increased by \$29.5 million in 2013. Key elements of this increase are:

- Charges for services increased \$12.9 million mainly due to rate increases.
- Utility rate increases in 2013 were:
  - Water – 12.2%,
  - Sewer – 9.3%, and
  - Storm & surface water – 7.3%.
- The city purchases water from Cascade Water Alliance and sewer treatment from King County. The costs of those services are passed along to customers. As a result, Water Utility expenses increased \$2.5 million and Sewer Utility expenses increased \$3.0 million.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

The General Fund ending fund balance of \$25.0 million is a decrease of \$1.0 million from 2012. Revenues increased \$6.8 million, largely the result of taxes, intergovernmental fire services and other service fee revenue increases. Expenditures outpaced revenues largely from personnel cost increases as well as a one-time transfer of \$0.7 million to the General CIP fund for golf course improvements.

The Development Services Fund ending fund balance decreased by \$0.6 million from 2012 ending at \$4.4 million. There has been an increase in development activities which has increased the review and inspection work required to meet demand.

The I&D Regular Redemption Fund ending fund balance remained relatively constant from 2012 ending at \$1.2 million. Bond covenants set the requirements for fund balance to meet future debt payment obligations.

The General Capital Investment Program Fund has an ending fund balance of \$56.5 million. This represents an increase of \$40.0 million, consisting of parks levy funds as well as bond proceeds primarily in support of the East Link light rail projects.

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

The Storm & Surface Water Utility has unrestricted net position of \$3.8 million, remaining relatively constant from 2012. The Water Utility’s operating revenue increases outpaced operating expenses resulting in an increase in unrestricted net position of \$2.2 million to \$16.8 million. The Sewer Utility’s unrestricted net position also remained relatively constant from 2012.

Unrestricted net position in the Marina Fund decreased slightly from 2012 ending at \$0.3 million, due to debt service increases.

**CAPITAL ASSET ACTIVITY**

The City of Bellevue’s investment in capital assets for the end of 2013 was \$2.0 billion, net of depreciation, which was an increase of \$42.9 million from the previous year. The following table shows the balances by category for governmental activities, business activities, and the city as a whole.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(in thousands)					
Land	\$ 761,045	\$ 751,135	\$ 24,959	\$ 24,898	\$ 786,004	\$ 776,033
Buildings	143,985	152,514	18,621	18,646	162,606	171,160
Improvements other than buildings	31,514	22,029	-	-	31,514	22,029
Machinery and equipment	17,108	16,143	3,425	2,391	20,533	18,534
Infrastructure	687,767	697,784	219,569	209,038	907,336	906,822
Intangible assets	3,436	8,870	60	67	3,496	8,937
Construction in progress	55,017	20,310	13,200	12,991	68,217	33,301
<b>Total</b>	<b>\$ 1,699,872</b>	<b>\$1,668,785</b>	<b>\$ 279,834</b>	<b>\$ 268,031</b>	<b>\$1,979,706</b>	<b>\$1,936,816</b>

**Governmental Activities:** Capital assets from governmental activities increased \$31.1 million. Key elements of this change are as follows:

- Increase in Land of \$9.9 million due to the purchase of land and right of ways.
- Depreciation expense generated an overall reduction in capital assets of \$18.7 million.
- Increase in construction in progress of \$34.7 million, the highlights of which include several significant projects currently underway:
  - West Lake Sammamish Parkway improvements - \$8.0 million
  - East Link acquisitions and construction - \$18.8 million
  - Youth Theatre construction - \$3.7 million
  - Botanical Garden Visitor Center construction - \$8.5 million

The city has elected to report its transportation infrastructure capital assets using the modified approach. The modified approach is an alternative to the standard depreciation model normally utilized to report the usage of capital assets as an expense. The modified approach requires that the city have an up-to-date inventory of eligible infrastructure assets; perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale; and estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by

the city. For many years, the city has performed a biennial condition assessment of its transportation infrastructure, which is published in a bound document. In the off-years, the assessment computation is provided by the city's Pavement Management System.

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

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

The average condition of the arterial roadways for 2013 increased from 76 to an overall performance rating of 78. The percentage of roadways above a satisfactory rating for 2013 is 88 percent, which is an increase of 5 percent from the prior year as a result of a significant investment in improvements in 2012. Residential roadways show an average condition and performance ratings remained constant from 2012. Of the total residential lane miles, 99 percent were rated above satisfactory. The city's minimum acceptable condition levels have been defined as having at least 60 percent of arterial roadways, and 75 percent of residential roadways at or above satisfactory condition.

**Business-type Activities:** Business-type capital activities increased by \$11.8 million, of which \$16.2 million is attributable to ongoing and completed projects related to system rehabilitation and water main replacement, tempered by depreciation of \$7.8 million for the current year. The Utility Department is in the process of the annual replacement of a portion of the city's aging infrastructure which is expected to stabilize costs for the future.

For more detailed information about the City of Bellevue's capital assets please refer to Note 6, Capital Assets.

**DEBT OUTSTANDING**

At year-end, the city had \$230.2 million in debt outstanding compared to \$169.8 million last year. The outstanding debt is \$228.0 million and \$2.2 million for governmental activities and business-type activities, respectively.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(in thousands)					
General obligation bonds	\$ 227,496	\$ 151,597	\$ 2,169	\$ 2,481	\$ 229,665	\$ 154,078
Special assessment debt	10	55	-	-	10	55
Line of credit	-	15,047	-	-	-	15,047
Other long-term debt	518	557	30	66	547	623
Total	<u>\$ 228,024</u>	<u>\$ 167,256</u>	<u>\$ 2,198</u>	<u>\$ 2,547</u>	<u>\$ 230,223</u>	<u>\$ 169,803</u>

**Governmental Activities.** The city issued new debt in 2013 of \$70.4 million to be used primarily for East Link light rail related right of way and construction projects. Of the debt outstanding at December 31, 2013, \$6.4 million is due within one year.

**Business-type Activities.** The Utility funds do not have outstanding debt and, in place of issuing new debt, are building reserves to pay for repair and replacement of infrastructure assets. Principal reductions for the Marina Fund amounted to \$0.3 million. Of the debt outstanding at December 31, 2013, \$0.4 million is due within one year.



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

The city’s assessed valuation for 2013 was \$32.7 billion and the total amount of additional debt the city may issue is \$2.5 billion. Remaining debt capacity is categorized as follows (in thousands):

General debt	\$ 599,142
Open space/Parks facilities	816,924
Utilities	816,924
Total	<u>\$2,232,990</u>

**Bond Rating.** The City of Bellevue has favorable bond ratings which will provide for lower borrowing costs in the future. The bond ratings for 2013 are:

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

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

**BUDGETARY HIGHLIGHTS AND ECONOMIC FACTORS**

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

The increase of \$2.0 million between the 2013-14 Adopted Biennial Budget and the 2013-14 Amended Biennial Budget represents addition of previously unbudgeted expenses and addition of personnel to handle increased development activity as well as some engineers for upcoming capital projects.

As the city responds to the Great Recession economic environment, it continues to focus on providing the highest level of priority government programs, services, and capital investments. During the 2013-2014 budget process, the city employed the Budgeting for Outcomes methodology entitled Budget One and will continue to use it in 2015-2016. The Budget One process strives to deliver outcomes that are important to the community and reflect the values and priorities recognized by the City Council and City Management. The Outcomes identified by the Council as community-wide priorities include: (1) Safe Community, (2) Improved Mobility, (3) Innovative, Vibrant, and Caring Community, (4) Quality Neighborhoods, (5) Healthy and Sustainable Environment, (6) Responsive Government, and (7) Economic Growth and Competitiveness.

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

**REQUEST FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

**Statement of Net Position**  
**As of December 31, 2013**

(in thousands)

Page 1 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
<b>Assets:</b>				
Cash & equity in pooled investments	\$ 69,851	\$ 19,520	\$ 89,371	\$ 4,273
Receivables (net of allowances):				
Taxes	25,391	-	25,391	-
Accounts	2,292	18,524	20,816	445
Assessments	470	-	470	-
Interest	247	281	527	-
Other	771	24	795	883
Inventory	77	530	608	466
Other current assets	408	-	408	164
Restricted cash & equity in pooled investments:				
For debt service	71,083	390	71,473	3,699
For capital projects	12,450	122,702	135,152	-
For other	-	103	103	796
Noncurrent assets:				
Noncurrent receivables	4,872	15,194	20,066	-
Capital assets:				
Land	761,045	24,959	786,004	-
Depreciable capital assets (net)	196,337	22,106	218,443	27,107
Depreciable infrastructure (net)	20,782	219,569	240,351	-
Nondepreciable infrastructure	666,692	-	666,692	-
Construction in progress	55,017	13,200	68,217	786
<b>Total assets</b>	<b>1,887,787</b>	<b>457,102</b>	<b>2,344,888</b>	<b>38,620</b>
<b>Deferred outflows of resources:</b>				
For loss on debt refunding	11,300	34	11,334	-
<b>Total deferred outflows</b>	<b>11,300</b>	<b>34</b>	<b>11,334</b>	<b>-</b>
<b>Total assets and deferred outflows</b>	<b>\$ 1,899,087</b>	<b>\$ 457,136</b>	<b>\$ 2,356,222</b>	<b>\$ 38,620</b>

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

**Statement of Net Position**  
**As of December 31, 2013**

(in thousands)

Page 2 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
<b>Liabilities:</b>				
Accounts payable	\$ 12,501	\$ 2,671	\$ 15,172	\$ 195
Retainage payable	127	71	198	-
Accrued interest payable	-	-	-	4,286
Accrued payroll	5,803	700	6,503	158
Other accrued liabilities	1,116	6	1,123	135
Deposits payable	974	109	1,083	771
Unearned revenue	5,096	328	5,424	-
Other current liabilities	35	-	35	-
Accrued bond interest payable	784	12	796	40,785
Noncurrent liabilities:				
Due within one year	12,374	793	13,168	1,230
Due in more than one year	253,355	2,651	256,006	12,445
<b>Total liabilities</b>	<b>292,166</b>	<b>7,342</b>	<b>299,509</b>	<b>60,004</b>
<b>Deferred inflows of resources:</b>				
For debt for gain on refunding	-	-	-	15
For grants	8	-	8	-
<b>Total deferred inflows</b>	<b>8</b>	<b>-</b>	<b>8</b>	<b>15</b>
<b>Total liabilities and deferred inflows</b>	<b>292,175</b>	<b>7,342</b>	<b>299,517</b>	<b>60,019</b>
<b>Net position:</b>				
Net investment in capital assets	1,563,631	277,669	1,841,300	14,284
Restricted for:				
Debt service	1,811	390	2,201	2,421
Capital projects	1,145	137,631	138,776	490
Parks maintenance and operations	5,799	-	5,799	-
Convention center financing	4,082	-	4,082	-
Affordable housing projects	3,129	-	3,129	-
Other	2,088	-	2,088	-
Unrestricted	25,227	34,103	59,330	(38,593)
<b>Total net position</b>	<b>\$ 1,606,912</b>	<b>\$ 449,793</b>	<b>\$ 2,056,705</b>	<b>\$ (21,399)</b>

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

**Statement of Activities**  
**For the Year Ended December 31, 2013**

(in thousands)

Functions/Programs	Program Revenues				Net Expense, Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
<b>Primary government:</b>								
Government activities:								
General government	\$ 28,354	\$ 3,764	\$ 346	\$ -	\$ (24,244)	\$ -	\$ (24,244)	\$ -
Public safety	84,074	16,874	1,467	-	(65,733)	-	(65,733)	-
Physical environment	2,892	588	498	-	(1,805)	-	(1,805)	-
Transportation	29,147	1,940	3,161	2,061	(21,985)	-	(21,985)	-
Economic environment	20,768	12,545	1	-	(8,223)	-	(8,223)	-
Health and human services	7,414	530	2,247	-	(4,638)	-	(4,638)	-
Culture and recreation	39,448	9,186	131	3,075	(27,056)	-	(27,056)	-
Interest on long-term debt	8,691	-	-	-	(8,691)	-	(8,691)	-
Total governmental activities	<u>220,788</u>	<u>45,426</u>	<u>7,851</u>	<u>5,136</u>	<u>(162,375)</u>	<u>-</u>	<u>(162,375)</u>	<u>-</u>
Business-type activities:								
Water utility	41,218	48,417	-	2,806	-	10,005	10,005	-
Sewer utility	44,099	51,270	-	1,475	-	8,646	8,646	-
Storm drainage utility	11,208	18,872	-	860	-	8,523	8,523	-
Marina	232	575	-	-	-	344	344	-
Total business-type activities	<u>96,757</u>	<u>119,134</u>	<u>-</u>	<u>5,141</u>	<u>-</u>	<u>27,518</u>	<u>27,518</u>	<u>-</u>
Total primary government	<u>\$ 317,545</u>	<u>\$ 164,561</u>	<u>\$ 7,851</u>	<u>\$ 10,277</u>	<u>\$ (162,375)</u>	<u>\$ 27,518</u>	<u>\$ (134,857)</u>	<u>\$ -</u>
<b>Component units:</b>								
Bellevue Convention Center Authority	14,477	15,427	-	-	-	-	-	950
Total component unit	<u>\$ 14,477</u>	<u>\$ 15,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 949</u>

**Statement of Activities**  
**For the Year Ended December 31, 2013**

(in thousands)

	<b>Net Expense, Revenue and Changes in Net Position</b>			
	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>	<b>Bellevue Convention Center Authority</b>
General revenues and transfers:				
Property tax	\$ 38,302	\$ -	\$ 38,302	\$ -
Retail sales and use tax	53,072	-	53,072	-
Utility tax	28,103	-	28,103	-
Business and occupation tax	28,783	-	28,783	-
Excise taxes	12,090	-	12,090	-
Hotel/Motel tax	9,176	-	9,176	-
Other taxes	446	-	446	-
Payments from component unit	10	-	10	-
Grants & contributions - unrestricted	1,258	-	1,258	-
Unrestricted investment interest	884	924	1,807	3
Gain (loss) in change of fair value	(801)	(911)	(1,712)	-
Miscellaneous	484	1,556	2,040	-
Gain on sale of capital assets	285	3	288	-
Transfers	(366)	366	-	-
Total general revenues and transfers	<u>171,725</u>	<u>1,937</u>	<u>173,663</u>	<u>3</u>
Change in net position	9,351	29,455	38,806	952
Net position at beginning of year	1,597,561	420,338	2,017,899	(22,351)
Net position at end of year	<u>\$ 1,606,912</u>	<u>\$ 449,793</u>	<u>\$ 2,056,705</u>	<u>\$ (21,399)</u>

City of Bellevue, Washington

15

**Balance Sheet**  
**Governmental Funds**  
**As of December 31, 2013**  
(in thousands)

Page 1 of 2

	<b>General Fund</b>	<b>Development Services</b>	<b>I&amp;D Redemption- Regular</b>
<b>Assets:</b>			
Cash & equity in pooled investments	\$ 16,479	\$ 10,364	\$ 1,084
Receivables (net of allowances):			
Taxes	18,212	-	119
Accounts	1,593	-	-
Current assessments	-	-	-
Interest & penalties on assessments	-	-	-
Interest	29	18	2
Interfund loans receivable	-	-	-
Due from other governments	-	-	-
Prepays	408	-	-
Housing rehabilitation loans receivable	-	-	-
<b>Total assets</b>	<b>36,721</b>	<b>10,382</b>	<b>1,204</b>
<b>Liabilities:</b>			
Accounts payable	5,392	34	-
Retainage payable	27	-	-
Interfund loans payable	-	-	-
Due to component unit	-	-	-
Due to other governments	39	-	-
Accrued payroll	4,694	485	-
Accrued taxes	61	-	-
Deposits payable	342	614	-
Other current liabilities	35	-	-
Unearned Revenue	213	4,883	-
Interfund loans payable - noncurrent portion	-	-	-
<b>Total liabilities</b>	<b>10,804</b>	<b>6,017</b>	<b>-</b>
<b>Deferred inflows:</b>			
For grants	-	-	-
For taxes	883	-	-
Unavailable revenue	-	-	-
<b>Total deferred inflows</b>	<b>883</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows</b>	<b>11,687</b>	<b>6,017</b>	<b>-</b>
<b>Fund balance:</b>			
Nonspendable	408	-	-
Restricted	-	-	1,204
Assigned	1,575	4,366	-
Unassigned	23,051	-	-
<b>Total fund balance</b>	<b>25,034</b>	<b>4,366</b>	<b>1,204</b>
<b>Total liabilities, deferred inflows, and fund balance</b>	<b>\$ 36,721</b>	<b>\$ 10,382</b>	<b>\$ 1,204</b>

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



**Balance Sheet**  
**Governmental Funds**  
**As of December 31, 2013**  
(in thousands)

Page 2 of 2

	<b>General CIP</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash & equity in pooled investments	\$ 70,418	\$ 26,913	\$ 125,258
Receivables (net of allowances):			
Taxes	6,036	1,024	25,391
Accounts	292	362	2,247
Current assessments	-	468	468
Interest & penalties on assessments	-	2	2
Interest	100	48	197
Interfund loans receivable	-	9	9
Due from other governments	76	632	708
Prepays	-	-	408
Housing rehabilitation loans receivable	-	3,129	3,129
<b>Total assets</b>	<b>76,923</b>	<b>32,587</b>	<b>157,817</b>
<b>Liabilities:</b>			
Accounts payable	5,274	331	11,031
Retainage payable	77	-	104
Interfund loans payable	-	9	9
Due to component unit	-	997	997
Due to other governments	-	17	56
Accrued payroll	5	44	5,229
Accrued taxes	-	-	61
Deposits payable	1	14	971
Other current liabilities	-	-	35
Unearned Revenue	-	-	5,096
Interfund loans payable - noncurrent portion	15,000	-	15,000
<b>Total liabilities</b>	<b>20,357</b>	<b>1,413</b>	<b>38,590</b>
<b>Deferred inflows:</b>			
For grants	-	476	476
For taxes	46	9	937
Unavailable revenue	-	462	462
<b>Total deferred inflows</b>	<b>46</b>	<b>946</b>	<b>1,875</b>
<b>Total liabilities and deferred inflows</b>	<b>20,403</b>	<b>2,359</b>	<b>40,465</b>
<b>Fund balance:</b>			
Nonspendable	-	-	408
Restricted	55,554	15,765	72,524
Assigned	966	14,463	21,369
Unassigned	-	-	23,051
<b>Total fund balance</b>	<b>56,520</b>	<b>30,228</b>	<b>117,352</b>
<b>Total liabilities, deferred inflows, and fund balance</b>	<b>\$ 76,923</b>	<b>\$ 32,587</b>	<b>\$ 157,817</b>

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

**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
December 31, 2013**

(in thousands)

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

Total governmental fund balances		\$ 117,352
Capital assets used in governmental activities are not financial resources and These assets consist of:		
Land	761,045	
Construction in progress	55,017	
Non-depreciable infrastructure	666,692	
Buildings	217,759	
Improvements other than buildings	49,238	
Intangible assets	20,249	
Machinery and equipment - general government	34,014	
Depreciable infrastructure	145,310	
Accumulated depreciation	<u>(267,536)</u>	
Total capital assets		1,681,788
Net pension asset		1,743
Deferred outflow of resources for debt		11,300
Utilities materials inventory		54
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds. These long-term liabilities consists of:		
Bonds payable	(227,496)	
Special assessment bonds payable	(10)	
Notes payable	(518)	
Accrued bond interest payable	(784)	
Compensated absences	(10,109)	
OPEB obligation payable	(6,685)	
Pollution remediation liability	<u>(388)</u>	
Total long-term liabilities		(245,989)
Deferred inflow of resources:		
For grants	476	
For taxes	883	
For unavailable revenues	<u>462</u>	
Total deferred inflows of resources		1,821
Internal service funds are used by management to charge the costs of certain activities, such as equipment rental, self-insurance, information technology and facility services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		<u>38,843</u>
Net position of governmental activities		<u>\$ 1,606,912</u>

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2013**

(in thousands)

Page 1 of 2

	General Fund	Development Services	I & D Redemption - Regular
Revenues:			
Taxes and special assessments	\$ 124,231	\$ -	\$ 315
Licenses and permits	455	4,263	-
Intergovernmental	18,050	-	-
Service charges and fees	22,773	8,396	-
Fines and forfeitures	1,106	-	-
Interest and penalties	82	61	12
Net change in fair value of investments	(93)	(60)	(6)
Rent	4,762	-	-
Premiums/contributions	13	-	-
Other	508	-	-
<b>Total revenues</b>	<b>171,886</b>	<b>12,660</b>	<b>320</b>
Expenditures:			
Current:			
General government	19,656	-	-
Public safety	82,397	-	-
Physical environment	975	-	-
Transportation	25,134	-	-
Economic environment	4,086	16,478	-
Health and human services	6,382	-	-
Culture and recreation	31,991	-	-
Debt service:			
Principal	-	-	20,527
Interest and fiscal charges	2	-	8,417
Capital outlay:			
General government	141	-	-
Public safety	69	-	-
Transportation	13	-	-
Economic environment	-	20	-
Culture and recreation	-	-	-
<b>Total expenditures</b>	<b>170,846</b>	<b>16,498</b>	<b>28,944</b>
Excess (deficiency) of revenues over (under) expenditures	1,040	(3,838)	(28,624)
Other financing sources (uses):			
Transfers in	4,210	3,430	28,459
Transfers out	(6,248)	(191)	-
Proceeds from issuance of long-term debt	-	-	-
Premium on issuance of long-term debt	-	-	-
<b>Total other financing sources and uses</b>	<b>(2,039)</b>	<b>3,239</b>	<b>28,459</b>
Net change in fund balance	(999)	(599)	(165)
Fund balance at beginning of year	26,033	4,964	1,369
Fund balance:			
Nonspendable	408	-	-
Restricted	-	-	1,204
Assigned	1,575	4,366	-
Unassigned	23,051	-	-
<b>Fund balance at end of year</b>	<b>\$ 25,034</b>	<b>\$ 4,366</b>	<b>\$ 1,204</b>

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

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2013**

(in thousands)

Page 2 of 2

	General CIP	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes and special assessments	\$ 34,614	\$ 10,339	\$ 169,498
Licenses and permits	-	-	4,718
Intergovernmental	4,927	3,485	26,462
Service charges and fees	1,395	699	33,263
Fines and forfeitures	-	62	1,168
Interest and penalties	317	243	715
Net change in fair value of investments	(324)	(156)	(639)
Rent	67	-	4,829
Premiums/contributions	2,370	308	2,691
Other	-	369	876
<b>Total revenues</b>	<b>43,366</b>	<b>15,349</b>	<b>243,581</b>
Expenditures:			
Current:			
General government	297	7,278	27,231
Public safety	1,127	3,111	86,634
Physical environment	1	1,689	2,666
Transportation	6,199	128	31,461
Economic environment	458	43	21,065
Health and human services	-	1,227	7,609
Culture and recreation	5,690	246	37,927
Debt service:			
Principal	40	45	20,612
Interest and fiscal charges	563	5	8,987
Capital outlay:			
General government	613	-	754
Public safety	106	8	182
Transportation	31,430	-	31,443
Economic environment	-	-	20
Culture and recreation	12,571	-	12,571
<b>Total expenditures</b>	<b>59,095</b>	<b>13,779</b>	<b>289,163</b>
Excess (deficiency) of revenues over (under) expenditures	(15,729)	1,570	(45,582)
Other financing sources (uses):			
Transfers in	826	318	37,243
Transfers out	(27,423)	(2,102)	(35,964)
Proceeds from issuance of long-term debt	70,405	-	70,405
Premium on issuance of long-term debt	11,930	-	11,930
<b>Total other financing sources and uses</b>	<b>55,738</b>	<b>(1,784)</b>	<b>83,613</b>
Net change in fund balance	40,008	(214)	38,032
Fund balance at beginning of year	16,511	30,442	79,320
Fund balance:			
Nonspendable	-	-	408
Restricted	55,554	15,765	72,524
Assigned	966	14,463	21,370
Unassigned	-	-	23,051
<b>Fund balance at end of year</b>	<b>\$ 56,520</b>	<b>\$ 30,228</b>	<b>\$ 117,352</b>

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

**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Fiscal Year Ended December 31, 2013**  
(in thousands)

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

Net change in fund balances - total governmental funds \$ 38,032

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the difference between capital outlays and adjustments in the current period. This is comprised of:

Capital outlays	45,357	
Current year depreciation	(13,628)	
Total capital outlay expenditures		31,729

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

This is comprised of:

Tax and assessment revenues	919	
Grants and contracts revenues	13,991	
Total capital outlay revenues		14,910

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.

yet, repayment of long-term debt is an expenditure in the governmental funds the repayment reduces long-term liabilities in the statement of net assets.

This is the amount by which proceeds exceeded repayments.

This amount is comprised of:

Proceeds from issuance of long-term debt	(70,405)	
Long-term debt repayments	5,412	
Total debt proceeds and repayments		(64,993)

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

Amortization of net OPEB obligation	(1,077)	
Debt premium on debt issuance	(11,930)	
Amortization of debt premiums on existing debt	539	
Accrued interest expense	(177)	
Pollution remediation obligation	(1)	
Accrued compensated absence expense	2,306	
Net pension asset	1,743	
Inventory adjustment	(96)	
Total other long-term liabilities		(8,693)

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.

Change in net position of governmental activities		<u><u>\$ 9,351</u></u>
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**Statement of Fund Net Position**  
**Proprietary Funds**  
**As of December 31, 2013**  
(in thousands)

Page 1 of 4

	<u>Storm &amp; Surface Water Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 1,756	\$ 12,785	\$ 4,905
Receivables (net of allowances):			
Accounts	3,061	6,204	9,255
Interest	71	84	125
Other	-	-	-
Notes/contracts	-	-	24
Due from other governments	-	-	-
Inventory	54	378	97
Restricted cash & equity in pooled investments:			
For revenue bonds	-	-	-
For capital projects	38,050	34,557	50,095
For customer deposits	2	93	7
Total current assets	<u>42,995</u>	<u>54,101</u>	<u>64,509</u>
Noncurrent assets:			
Notes/contracts receivable	-	4	190
Restricted noncurrent assets:			
Interfund loans receivable	-	-	15,000
Capital assets (net)	<u>75,149</u>	<u>120,046</u>	<u>74,881</u>
Total noncurrent assets	<u>75,149</u>	<u>120,050</u>	<u>90,071</u>
Total assets	<u>118,144</u>	<u>174,151</u>	<u>154,580</u>
Deferred outflow of resources:			
For debt	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows	<u>118,144</u>	<u>174,151</u>	<u>154,580</u>

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

**Statement of Fund Net Position**  
**Proprietary Funds**  
**As of December 31, 2013**  
(in thousands)

Page 2 of 4

	<b>Nonmajor Enterprise Fund - Marina</b>	<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets:</b>			
<b>Current assets:</b>			
Cash & equity in pooled investments	\$ 75	\$ 19,520	\$ 28,128
Receivables (net of allowances):			
Accounts	4	18,524	45
Interest	1	281	49
Other	-	-	62
Notes/contracts	-	24	-
Due from other governments	-	-	1
Inventory	-	530	23
Restricted cash & equity in pooled investments:			
For revenue bonds	390	390	-
For capital projects	-	122,702	-
For other	-	103	-
<b>Total current assets</b>	<b>470</b>	<b>162,075</b>	<b>28,308</b>
<b>Noncurrent assets:</b>			
Notes/contracts receivable	-	194	-
Restricted noncurrent assets:			
Interfund loans receivable	-	15,000	-
Capital assets (net)	9,757	279,833	18,095
<b>Total noncurrent assets</b>	<b>9,757</b>	<b>295,027</b>	<b>18,095</b>
<b>Total assets</b>	<b>10,226</b>	<b>457,102</b>	<b>46,403</b>
<b>Deferred outflow of resources:</b>			
For debt	34	34	-
<b>Total deferred outflows</b>	<b>34</b>	<b>34</b>	<b>-</b>
<b>Total assets and deferred outflows</b>	<b>10,260</b>	<b>457,136</b>	<b>46,403</b>

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

**Statement of Fund Net Position**  
**Proprietary Funds**  
**As of December 31, 2013**  
(in thousands)

	<u>Storm &amp; Surface Water Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Liabilities:			
Current liabilities:			
Accounts payable	222	1,781	638
Estimated claims	-	-	-
Due to other governments	-	-	-
Accrued payroll	185	286	230
Accrued compensated absences	115	152	107
Notes/contracts payable	-	30	-
Revenue bonds payable	-	-	-
Liabilities payable from restricted assets:			
Retainage payable	3	39	29
Deposits payable	-	-	5
Total current liabilities	<u>524</u>	<u>2,287</u>	<u>1,010</u>
Noncurrent liabilities:			
Accrued compensated absences	269	354	249
Estimated claims	-	-	-
Accrued bond interest payable	-	-	-
Bonds payable (net)	-	-	-
Unearned revenue	328	-	-
Liabilities payable from restricted assets:			
Customer deposits	2	93	9
Total noncurrent liabilities	<u>600</u>	<u>447</u>	<u>258</u>
Total liabilities	<u>1,124</u>	<u>2,734</u>	<u>1,268</u>
Net investment in capital assets	75,149	120,017	74,881
Restricted for:			
Debt service	-	-	-
Capital projects	38,048	34,518	65,065
Unrestricted	3,823	16,882	13,366
Total net position	<u>\$ 117,020</u>	<u>\$ 171,417</u>	<u>\$ 153,312</u>



**Statement of Fund Net Position**  
**Proprietary Funds**  
**As of December 31, 2013**  
(in thousands)

Page 4 of 4

	<b>Nonmajor Enterprise Fund - Marina</b>	<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	30	2,671	1,470
Estimated claims	-	-	2,741
Due to other governments	6	6	1
Accrued payroll	-	700	573
Accrued compensated absences	-	374	203
Notes/contracts payable	-	30	-
Revenue bonds payable	390	390	-
Liabilities payable from restricted assets:			
Retainage payable	-	71	23
Deposits payable	-	5	3
<b>Total current liabilities</b>	<b>427</b>	<b>4,248</b>	<b>5,014</b>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences	-	872	784
Estimated claims	-	-	1,762
Accrued bond interest payable	12	12	-
Bonds payable (net)	1,779	1,779	-
Unearned revenue	-	328	-
Liabilities payable from restricted assets:			
Customer deposits	-	105	-
<b>Total noncurrent liabilities</b>	<b>1,790</b>	<b>3,096</b>	<b>2,546</b>
<b>Total liabilities</b>	<b>2,217</b>	<b>7,343</b>	<b>7,560</b>
Net investment in capital assets	7,622	277,669	18,095
Restricted for:			
Debt service	390	390	-
Capital projects	-	137,631	-
Unrestricted	31	34,102	20,748
<b>Total net position</b>	<b>\$ 8,043</b>	<b>\$ 449,792</b>	<b>\$ 38,843</b>

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

**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For Year Ended December 31, 2013**

(in thousands)

Page 1 of 2

	<b>Storm &amp; Surface Water Utility</b>	<b>Water Utility</b>	<b>Sewer Utility</b>
Operating revenues:			
Intergovernmental	\$ -	\$ 536	\$ -
Service charges and fees	18,413	44,904	51,144
Rent	-	-	-
Insurance recovery	-	-	-
Premiums/contributions	-	-	-
Other	459	2,976	126
Total operating revenues	<u>18,872</u>	<u>48,417</u>	<u>51,270</u>
Operating expenses:			
Administrative and general	4,190	13,766	4,912
Maintenance and operations	5,318	23,961	36,574
Depreciation	1,701	3,475	2,629
Insurance costs	-	-	-
Benefits and claims payments	-	-	-
Total operating expenses	<u>11,209</u>	<u>41,202</u>	<u>44,115</u>
Operating income (loss)	7,664	7,215	7,155
Nonoperating revenues (expenses):			
Interest income	242	256	422
Net change in fair value of investments	(229)	(272)	(407)
Interest expense	-	(1)	-
Rental income	16	344	429
Gain on disposal of capital assets	-	-	3
Other nonoperating revenues	647	25	93
Total nonoperating revenue (expenses)	<u>675</u>	<u>354</u>	<u>541</u>
Income before contributions and transfers	8,339	7,569	7,696
Special items, contributions and transfers:			
Transfers in	1,508	144	119
Transfers out	(1,402)	(2)	(2)
Capital contributed from external sources	860	2,806	1,475
Total special items, contributions and transfers	<u>966</u>	<u>2,949</u>	<u>1,592</u>
Change in net position	9,305	10,517	9,288
Net position beginning of year	107,715	160,901	144,024
Net position end of year	<u>\$ 117,020</u>	<u>\$ 171,418</u>	<u>\$ 153,312</u>

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

**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For Year Ended December 31, 2013**

(in thousands)

Page 2 of 2

	<b>Nonmajor Enterprise Fund - Marina</b>	<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
Operating revenues:			
Intergovernmental	\$ -	\$ 536	\$ -
Service charges and fees	-	114,461	21,988
Rent	575	575	6,045
Insurance recovery	-	-	2,876
Premiums/contributions	-	-	23,640
Other	-	3,562	160
<b>Total operating revenues</b>	<b>575</b>	<b>119,134</b>	<b>54,709</b>
Operating expenses:			
Administrative and general	-	22,868	7,606
Maintenance and operations	161	66,014	22,666
Depreciation	14	7,819	5,043
Insurance costs	-	-	2,548
Benefits and claims payments	-	-	17,160
<b>Total operating expenses</b>	<b>175</b>	<b>96,700</b>	<b>55,023</b>
Operating income (loss)	400	22,434	(314)
Nonoperating revenues (expenses):			
Interest income	4	924	170
Net change in fair value of investments	(3)	(911)	(163)
Interest expense	(56)	(57)	-
Rental income	-	790	-
Gain on disposal of capital assets	-	3	285
Other nonoperating revenues	-	766	32
<b>Total nonoperating revenue (expenses)</b>	<b>(55)</b>	<b>1,514</b>	<b>324</b>
Income before contributions and transfers	345	23,948	10
Special items, contributions and transfers:			
Transfers in	-	1,771	1,458
Transfers out	-	(1,405)	(3,102)
Capital contributed from external sources	-	5,141	-
<b>Total special items, contributions and transfers</b>	<b>-</b>	<b>5,507</b>	<b>(1,644)</b>
Change in net position	345	29,455	(1,634)
Net position beginning of year	7,699	420,338	40,477
<b>Net position end of year</b>	<b>\$ 8,043</b>	<b>\$ 449,793</b>	<b>\$ 38,843</b>

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

**Statement of Cash Flows**  
**Proprietary Funds**  
**For Year Ended December 31, 2013**

(in thousands)

Page 1 of 4

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Storm &amp; Surface Water Utility</b>	<b>Water Utility</b>	<b>Sewer Utility</b>
Cash flows from operating activities:			
Cash received from customers and users	\$ 18,130	\$ 48,355	\$ 51,015
Contributions received - employer/employees	-	-	-
Cash received from insurance proceeds	-	-	-
Cash payments to suppliers for goods and services	(3,660)	(30,330)	(35,736)
Cash payments to employees for services	(5,074)	(6,778)	(5,406)
Cash payments to claimants	-	-	-
Cash received from contracts/rent	-	-	-
Cash payments for insurance	-	-	-
Other receipts	-	-	-
Net cash provided by operating activities	<u>9,396</u>	<u>11,247</u>	<u>9,873</u>
Cash flows from noncapital financing activities:			
Cash received from contracts	-	5	-
Transfers in	1,508	144	119
Transfers out	(1,402)	(2)	(2)
Net cash provided (used) by noncapital financing activities	<u>106</u>	<u>147</u>	<u>117</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	(5,651)	(6,989)	(4,596)
Principal paid on revenue bonds and other debt	(7)	(30)	-
Interest paid on revenue bonds and other debt	-	-	-
Proceeds from sale of assets	-	-	3
Contributed in Aid of Equity	102	1,588	1,031
Net cash used by capital financing activities	<u>(5,556)</u>	<u>(5,431)</u>	<u>(3,562)</u>
Cash flows from investing activities:			
Interest on investments	224	233	390
Interfund loan issued	-	-	(15,000)
Net cash provided (used) by investing activities	<u>224</u>	<u>233</u>	<u>(14,610)</u>
Net increase (decrease) in cash balance	4,170	6,196	(8,182)
Cash & equity in pooled investments - beginning of year	35,638	41,239	63,189
Cash & equity in pooled investments - end of year	<u>\$ 39,808</u>	<u>\$ 47,435</u>	<u>\$ 55,007</u>
Cash & equity in pooled investments at end of year consist of:			
Unrestricted	1,756	12,785	4,905
Restricted	38,052	34,650	50,102
Total cash & equity in pooled investments	<u>\$ 39,808</u>	<u>\$ 47,435</u>	<u>\$ 55,007</u>

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

**Statement of Cash Flows**  
**Proprietary Funds**  
**For Year Ended December 31, 2013**

(in thousands)

Page 2 of 4

	<b>Business-Type Activities -</b>		<b>Governmental</b>	
	<b>Enterprise Funds</b>			<b>Activities -</b>
	<b>Nonmajor</b>	<b>Total</b>		
	<b>Enterprise Fund -</b>		<b>Service Funds</b>	
	<b>Marina</b>			
Cash flows from operating activities:				
Cash received from customers and users	\$ 575	\$ 118,075	\$ 22,067	
Contributions received - employer/employee	-	-	23,639	
Cash received from insurance proceeds	-	-	2,876	
Cash payments to suppliers for goods and services	(160)	(69,886)	(20,984)	
Cash payments to employees for services	-	(17,258)	(11,124)	
Cash payments to claimants	-	-	(16,339)	
Cash received from contracts/rent	-	-	6,045	
Cash payments for insurance	-	-	(2,359)	
Other receipts	-	-	162	
Net cash provided by operating activities	<u>415</u>	<u>30,931</u>	<u>3,983</u>	
Cash flows from noncapital financing activities:				
Cash received from contracts	-	5	-	
Transfers in	-	1,771	1,458	
Transfers out	-	(1,406)	(3,102)	
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>370</u>	<u>(1,644)</u>	
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(17,236)	-	
Principal paid on revenue bonds and other debt	(295)	(332)	(4,511)	
Interest paid on revenue bonds and other debt	(68)	(68)	-	
Proceeds from sale of assets	-	3	366	
Contributed in Aid of Equity	-	2,721	-	
Net cash used by capital financing activities	<u>(363)</u>	<u>(14,912)</u>	<u>(4,145)</u>	
Cash flows from investing activities:				
Interest on investments	1	848	55	
Interfund loan issued	-	(15,000)	-	
Net cash provided (used) by investing activities	<u>1</u>	<u>(14,152)</u>	<u>55</u>	
Net increase (decrease) in cash balance	53	2,237	(1,751)	
Cash & equity in pooled investments - beginning of year	412	140,478	29,879	
Cash & equity in pooled investments - end of year	<u>\$ 465</u>	<u>\$ 142,715</u>	<u>\$ 28,128</u>	
Cash & equity in pooled investments at end of year consist of:				
Unrestricted	75	19,520	28,128	
Restricted	390	123,195	-	
Total cash & equity in pooled investments	<u>\$ 465</u>	<u>\$ 142,715</u>	<u>\$ 28,128</u>	

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

**Statement of Cash Flows**  
**Proprietary Funds**  
**For Year Ended December 31, 2013**

(in thousands)

Page 3 of 4

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Storm &amp; Surface Water Utility</b>	<b>Water Utility</b>	<b>Sewer Utility</b>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 7,664	\$ 7,215	\$ 7,155
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,701	3,475	2,629
Other receipts	438	92	153
(Increase) decrease in accounts receivable	(415)	(62)	(255)
(Increase) decrease in other receivables	-	-	(9)
(Increase) decrease in contracts receivable	-	1	-
(Increase) decrease in prepaid expenses	-	2,079	-
(Increase) decrease in inventory	9	(33)	4
Increase (decrease) in accounts payable	(211)	(1,346)	294
Increase (decrease) in retainage payable	(5)	8	17
Increase (decrease) in wages & benefits payable	4	(13)	30
Increase (decrease) in compensated absences	(117)	(135)	(120)
Increase (decrease) in due to other governments	-	(46)	(26)
Increase (decrease) in customer deposits	-	12	1
Increase (decrease) in unearned revenue	328	-	-
Total adjustments	<u>1,732</u>	<u>4,032</u>	<u>2,718</u>
Net cash provided by operating activities	<u>\$ 9,396</u>	<u>\$ 11,247</u>	<u>\$ 9,873</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ 754	\$ 1,223	\$ 407
Increase (decrease) in fair value of investments	(229)	(272)	(407)

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

**Statement of Cash Flows**  
**Proprietary Funds**  
**For Year Ended December 31, 2013**

(in thousands)

Page 4 of 4

	<b>Business-Type Activities -</b>		<b>Governmental</b>
	<b>Enterprise Funds</b>		
	<b>Nonmajor</b>	<b>Total</b>	
	<b>Enterprise Fund -</b>		<b>Activities -</b>
	<b>Marina</b>	<b>Total</b>	<b>Internal</b>
			<b>Service Funds</b>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 400	\$ 22,434	\$ (314)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	14	7,819	5,043
Other receipts	-	683	3
(Increase) decrease in accounts receivable	-	(732)	97
(Increase) decrease in other receivables	-	(9)	(19)
(Increase) decrease in contracts receivable	-	1	-
(Increase) decrease in prepaid expenses	-	2,079	-
(Increase) decrease in inventory	-	(20)	547
Increase (decrease) in accounts payable	19	(1,244)	(108)
Increase (decrease) in retainage payable	-	20	-
Increase (decrease) in wages & benefits payable	-	21	66
Increase (decrease) in compensated absences	-	(372)	(268)
Increase (decrease) in due to other governments	(18)	(90)	(11)
Increase (decrease) in customer deposits	-	13	(1,052)
Increase (decrease) in unearned revenue	-	328	-
Total adjustments	15	8,497	4,297
Net cash provided by operating activities	<u>\$ 415</u>	<u>\$ 30,931</u>	<u>\$ 3,983</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ -	\$ 2,384	\$ -
Increase (decrease) in fair value of investments	-	(908)	(163)

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

**Statement of Fiduciary Net Position**  
**Trust and Agency Funds**  
**As of December 31, 2013**  
(in thousands)

	<b>Firemen's Pension</b>	<b>Agency Funds</b>
Assets:		
Cash & equity in pooled investments:		
Federal Agency Coupon Securities	\$ 4,332	\$ 2,315
Federal Agency Disc. - Amortizing	345	184
Certificates of Deposit	375	200
Interest Bearing Bank Deposits	1,220	652
Municipal Bonds	79	42
Local Government Investment Pool	338	181
Interest receivable	12	6
Due from other governments	-	312
Prepaid expenses	-	1
Capital assets (net)	-	146
Total assets	6,701	4,039
Liabilities:		
Accounts payable	19	125
Due to other governments	-	3,788
Deposits payable	-	126
Total liabilities	19	4,039
Net Position:		
Held in trust for pension benefits	6,682	-
Total net position	\$ 6,682	\$ -

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



**Statement of Changes in Fiduciary Net Position**  
**Firemen's Pension Fund**  
**For the Year Ended December 31, 2013**  
(in thousands)

	<b>Firemen's Pension Fund</b>
Additions:	
Investment income:	
Interest	\$ 42
Decrease in fair value	(39)
Other contributions:	
Intergovernmental	196
Total additions	199
Deductions:	
Benefit payments	221
Administrative	13
Total deductions	234
Change in net position	(35)
Net position beginning of year	6,716
Net position end of year	\$ 6,682

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

<u>Note</u>	<u>Page</u>
1. Summary of Significant Accounting Policies .....	35
Reporting Entity .....	35
Government-Wide and Fund Financial Statements .....	35
Basis of Accounting .....	36
Budget and Basis of Accounting .....	37
Assets, Liabilities and Net Position or Fund Balance .....	38
Cash and Equity in Pooled Investments .....	38
Receivables .....	39
Inventories and Prepaid Expenses .....	40
Net Position and Fund Balances .....	40
Restricted Assets .....	41
Fund Balance Policy .....	41
Capital Assets .....	42
Capitalization of Interest Costs .....	43
Compensated Absences .....	43
Deferred Outflow of Resources .....	44
Long-Term Liabilities .....	44
Deferred Inflow of Resources .....	44
Interfund Transactions .....	44
2. Stewardship, Compliance and Accountability .....	46
3. Supplemental Appropriations .....	46
4. Deposits and Investments .....	47
5. Receivables .....	51
6. Capital Assets .....	52
7. Pension Plans .....	55
8. Other Personnel Benefits .....	63
9. Compensated Absences .....	66
10. Risk Management .....	67
11. Leases and Other Contractual Comments .....	69
12. Interfund Receivables, Payables and Transfers .....	71
13. Long-Term Liabilities .....	73
14. Short-Term Liabilities .....	82
15. Related Party Transactions .....	82
16. Contingencies and Litigation .....	82
17. Joint Ventures and Operations .....	83
18. Governmental Fund Balances .....	90

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

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

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

**REPORTING ENTITY**

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

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

**Discretely Presented Component Unit**

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

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

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

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. To the extent possible, the effect of interfund overhead activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

#### **BASIS OF ACCOUNTING, 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 tax, sales tax, business and occupation (B&O) tax, utility tax, franchise tax, grant reimbursements, and interest are associated with the current fiscal period are considered susceptible to accrual and have been recognized as revenues of the current period. Expenditures are recognized when a liability is incurred, as under accrual accounting, with the exception of principal and interest on long-term debt and compensated absences, which are recorded when paid.

#### **Major Governmental Funds**

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

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

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

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.

### **Major Proprietary Funds**

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

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

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

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

### **Internal Service and Fiduciary Funds**

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

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

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

### **BUDGETS AND BASIS OF BUDGETING**

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

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

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

## **ASSETS, LIABILITIES AND NET POSITION OR FUND BALANCES**

### **Cash and Equity in Pooled Investments**

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

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

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

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

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

## Receivables

The city records as receivables all material applicable exchange and non-exchange transactions as defined by GASB Statements 33 and 36.

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

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

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

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

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

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

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

*Interfund Loans Receivable:* The Finance Director may authorize loans between funds for periods not exceeding three months. Longer term loans must be specifically authorized by Council resolution. Interfund loan activity for 2013 is presented in Note 12 Interfund Receivables, Payables, and Transfers. In the fund financial statements, the year-end balance of long-term loans to other funds is offset by a corresponding reservation of fund balance to indicate that the outstanding loan amounts do not constitute "available spendable resources" and are, therefore, not available for appropriation.

*Housing Rehabilitation Loans Receivable:* These loans are issued to individuals meeting designated income criteria and are supported by the city's annual Community Development Block Grant Program. The loans are secured by property liens and are not required to be repaid until the property is sold or otherwise changes ownership. Repayments are considered program income for the Community Development Block Grant Program and monies received are used to fund current grant eligible expenditures. The outstanding loans are offset by restricted fund balance in the governmental funds balance sheet.

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

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

### **Inventories and Prepaid Expenses**

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

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

### **Net Position and Fund Balances**

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

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

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

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



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

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

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

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

### **Restricted Assets**

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

### **Fund Balance Policy**

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

## Capital Assets

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

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

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

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

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

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

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

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

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

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

<b>Asset Class</b>	<b>Estimated Service Life (Years)</b>
<b>Equipment Rental Fund</b>	
Transportation Equipment	4 - 10
Communications Equipment	5 - 8
Traffic Control Equipment	10
Heavy-Duty Work Equipment	5 - 20
Shop/Miscellaneous Equipment	8 - 15
<b>Waterworks Utility</b>	
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
<b>Bellevue Convention Center Authority</b>	
Building Shell	50
Building Mechanical Systems and Roof	25
Office Furniture and Equipment	7
Communications Equipment	7
<b>General Capital Assets</b>	
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 Capital Assets.

#### **Capitalization of Interest Costs**

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

#### **Compensated Absences**

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

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

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

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

### **Deferred Outflow of Resources**

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

### **Long-term Liabilities**

Liabilities for long-term debt are recorded in the government-wide Statement of Net Position and in the proprietary funds Statement of Net Position. The liabilities include bond premiums and discounts which are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Long-term debt outstanding at year-end is presented in Note 13, Long-term Liabilities

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

### **Deferred Inflow of Resources**

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

### **Interfund Transactions**

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **FUND DEFICITS**

As of December 31, 2013, total net position for the Bellevue Convention Center Authority, a discrete component unit of the city, reflects an unrestricted net position deficit balance of \$38.6 million and a total net position deficit of \$21.4 million. Due to the annual charge for depreciation on the building and equipment and accrued interest on the Series 1991B and Series 1994 bonds, the deficit unrestricted net position and net position balances are anticipated to grow over the foreseeable future. However, cash flows, as projected in the annual Finance Plan, are expected to meet all obligations as they come due.

#### **LEGAL BUDGETARY COMPLIANCE**

During 2013, no city funds exceeded total authorized appropriations at the fund level. Fund balance is included in authorized expenditure appropriations, but not necessarily appropriated at the program level.

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

### **3. SUPPLEMENTAL APPROPRIATIONS**

#### **OPERATING BUDGET FUNDS**

During 2013, the City Council amended the 2013 appropriations by an additional \$315 thousand to reflect previously unanticipated needs in the 2013 portion of the 2012-2013 biennial budget for the General Fund. As explained in Note 1 Summary of Significant Accounting Policies, both original and supplemental appropriations are adopted by City Council ordinance.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. DEPOSITS AND INVESTMENTS

#### PRIMARY GOVERNMENT

Cash and equity in pooled investments are comprised of government and business-type activities. The balances in thousands as of December 31, 2013, are as follows, in thousands:

Cash on hand and in bank	\$	10,884
Equity in pooled investments		285,215
Total	\$	296,099

In addition, the city holds in trust for fiduciary funds \$10.3 million in cash and equity in pooled investments.

#### Deposits

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the city will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2013, the city had a bank balance of \$9.4 million (carrying amount of \$10.9 million). The city's bank balance is insured by the FDIC up to \$250,000 and fully collateralized by the Washington Public Deposit Protection Commission (WPDPC) for amounts over \$250,000. The WPDPC constitutes a multiple financial institution collateral pool. Under RCW 39.58, public depositories are required to segregate and maintain eligible collateral for their unsecured public deposits in the form of securities having a value at least equal to their maximum liability.

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

#### Investments

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

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

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

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Debt Obligations	5 years	100%	100%
U.S. Agency Coupon Securities	5 years	100%	25%
U.S. Agency Discount Notes	1 year	100%	25%
Repurchase Agreements	30 days	50%	10%
Municipal Bonds	5 years	10%	5%
Certificates of Deposit	1 year	50%	10%
Interest Bearing Bank Deposits	1 year	50%	10%
Bankers Acceptances	6 months	15%	5%
Commercial Paper	90 days	15%	5%
State of Washington Local Governmental Investment Pool (LGIP)	N/A	100%	N/A

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

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



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

Investment Type	Fair Value	Remaining Maturity in Months					Credit Rating
		3 Months or Less	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	
U.S. Agency Coupon Securities	\$196,660	\$ 14,222	\$ 9,011	\$36,016	\$58,852	\$78,559	Aaa/AA+
U.S. Agency Discount - Amortizing	15,676	-	4,954	8,302	2,420	-	Aaa/AA+
Certificate of Deposit	17,000	-	17,000	-	-	-	Unrated
Interest Bearing Bank Deposits	55,400	55,400	-	-	-	-	Unrated
Municipal Bonds	3,585	-	-	1,369	-	2,216	Aa2/AA
LGIP	15,358	15,358	-	-	-	-	Unrated
<b>Total</b>	<b>\$303,679</b>	<b>\$ 84,980</b>	<b>\$30,965</b>	<b>\$45,687</b>	<b>\$61,272</b>	<b>\$80,775</b>	

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

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

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

*Concentration of Credit Risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The city's investment policy limits the amount that may be invested in any one issuer. As of December 31, 2013, there was no concentration of credit risk exceeding the policy guidelines described above.

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation (FHLMC)	Fixed Rate Agency Coupon	\$ 52,562
Federal National Mortgage Association (FNMA)	Fixed Rate Agency Coupon	48,612
Federal Home Loan Bank (FHLB)	Fixed Rate Agency Coupon	48,312
Federal Farm Credit Bank (FFCB)	Fixed Rate Agency Coupon	62,850
Opus Bank	Certificates of Deposit	17,000
Umpqua Bank	Interest Bearing Bank Deposits	26,200
Opus Bank	Interest Bearing Bank Deposits	11,000

*Custodial Credit Risk:* Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The city’s investment policy requires that all investments be held by the city’s third party safekeeping agent in the city’s name. As of December 31, 2013, all of the \$212.0 million investments in U.S. agency debt obligations were registered, and held by its safekeeping agent in the city’s name. Therefore, the city has no outstanding investments that were exposed to custodial credit risk.

**DISCRETELY PRESENTED COMPONENT UNIT**

Cash and equity in pooled investments of the Bellevue Convention Center Activities are comprised of business-type activities only. The balances as of December 31, 2013, are as follows, in thousands:

Cash on hand and in bank	\$ 3,208
Equity in pooled investments	<u>5,561</u>
Total	<u><u>\$ 8,768</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 5. RECEIVABLES

#### Property Taxes

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

As described in Note 1 Summary of Significant Accounting Policies, taxes are levied and become an enforceable lien against properties as of January. 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 percent or 100 percent plus the percent change in the Implicit Price Deflator, unless a greater amount is approved by a simple majority of the voters; and
- 2) The state constitution limits total regular property taxes to 1 percent of assessed valuation, or \$10 for each \$1,000 of assessed value. If the combined taxes of all districts exceed this amount, each levy is proportionately reduced until the total is at or below the 1 percent limit.

On May 17, 1988, Bellevue voters approved a property tax lid lift proposition to create a revenue stream to pay for anticipated maintenance and operating expenses resulting from a \$16.5 million Park bond issue. The City Council subsequently imposed this property tax increase as part of the property tax levy ordinance adopted on December 5, 1988. The property tax revenue from the levy lid lift amounted to \$1.01 million in 2013.

The City of Bellevue did not assess a property tax increase for 2013. The city has "banked" the remaining levy capacity for potential future use. As of December 31, 2013 the city has \$9.1 million in unused levy capacity.

The city's regular property tax levy rate for 2013 was \$1.18 per \$1,000 of assessed property value, which yielded a total regular levy of \$37.9 million.

An additional \$4.0 million will be levied for parks and natural area programs, as approved by the voters in the November 4, 2008, general election. The levy lid lift will fund the parks capital program over the next 20 years and provide \$0.7 million per year in ongoing maintenance and operation funding. The capital portion of the measure increases the 2013 property tax levy by \$3.4 million (\$0.09 per \$1,000 of assessed value) and will be collected over a total of 20 years. The maintenance and operations portion of the measure increases the 2010 property tax levy by \$0.7 million (\$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.

#### Long-Term Receivables

The Community Development Block Grant program provides qualifying participants home rehabilitation loans payable upon the sale of the home. The city has \$3.2 million in home rehabilitation loans receivable that are not expected to be received within one year.

## NOTES TO THE FINANCIAL STATEMENTS

## 6. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2013, was as follows, in thousands:

Governmental activities:	Beginning Balance	Increases	Decreases	Transfers and Adjustments	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 751,135	\$ -	\$ -	\$ 9,910	\$ 761,045
Construction in progress	20,310	45,436	-	(10,729)	55,017
Infrastructure	666,631	-	-	61	666,692
Total capital assets, not being depreciated	<u>1,438,076</u>	<u>45,436</u>	<u>-</u>	<u>(758)</u>	<u>1,482,754</u>
Capital assets, being depreciated:					
Buildings	217,936	7	-	(157)	217,786
Improvements other than buildings	49,068	-	-	170	49,238
Intangible assets	19,906	140	-	203	20,249
Machinery and equipment	50,475	3,997	(1,606)	(795)	52,071
Infrastructure	143,713	516	-	1,081	145,310
Total capital assets being depreciated	<u>481,098</u>	<u>4,660</u>	<u>(1,606)</u>	<u>502</u>	<u>484,654</u>
Less accumulated depreciation for:					
Buildings	(65,422)	(5,760)	-	(2,619)	(73,801)
Improvements other than buildings	(27,039)	(2,577)	-	12,186	(17,430)
Intangible assets	(11,036)	(1,485)	-	(4,292)	(16,813)
Machinery and equipment	(34,332)	(4,320)	1,524	2,165	(34,963)
Infrastructure	(112,560)	(4,529)	-	(7,439)	(124,528)
Total accumulated depreciation	<u>(250,389)</u>	<u>(18,671)</u>	<u>1,524</u>	<u>1</u>	<u>(267,535)</u>
Total capital assets, being depreciated, net	<u>230,709</u>	<u>(14,011)</u>	<u>(82)</u>	<u>503</u>	<u>217,119</u>
Governmental activities capital assets, net	<u>\$ 1,668,785</u>	<u>\$ 31,425</u>	<u>\$ (82)</u>	<u>\$ (255)</u>	<u>\$ 1,699,873</u>

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

**Governmental activities:**

General government	\$ 5,196
Public safety	495
Physical environment	233
Transportation	4,046
Economic environment	172
Culture and recreation	3,487
Total	<u>13,629</u>

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

5,042  
\$ 18,671

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

<b>Business-type activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers and Adjustments</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:					
Land	\$ 24,898	\$ -	\$ -	\$ 61	\$ 24,959
Construction in progress	12,991	16,229	-	(16,020)	13,200
Total capital assets, not being depreciated	<u>37,889</u>	<u>16,229</u>	<u>-</u>	<u>(15,959)</u>	<u>38,159</u>
Capital assets, being depreciated:					
Buildings	35,258	-	-	1,380	36,638
Machinery and equipment	9,314	1,528	(103)	-	10,739
Infrastructure	333,073	1,864	-	14,579	349,516
Intangible assets	271	-	-	-	271
Total capital assets being depreciated	<u>377,916</u>	<u>3,392</u>	<u>(103)</u>	<u>15,959</u>	<u>397,164</u>
Less accumulated depreciation for:					
Buildings	(16,612)	(952)	-	(453)	(18,017)
Machinery and equipment	(6,923)	(494)	103	-	(7,314)
Infrastructure	(124,035)	(6,365)	-	453	(129,947)
Intangible assets	(204)	(7)	-	-	(211)
Total accumulated depreciation	<u>(147,774)</u>	<u>(7,818)</u>	<u>103</u>	<u>-</u>	<u>(155,489)</u>
Total capital assets, being depreciated, net	<u>230,142</u>	<u>(4,426)</u>	<u>-</u>	<u>15,959</u>	<u>241,675</u>
Business activities capital assets, net	<u>\$ 268,031</u>	<u>\$ 11,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,834</u>

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

**Business-type activities:**

Marina	\$ 13
Water	3,475
Storm and surface water	1,701
Sewer	<u>2,629</u>
Total depreciation expense - business-type activities	<u>\$ 7,818</u>

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Construction in Progress	\$ 773	\$ 131	\$ (118)	\$ 786
Total capital assets, not being depreciated:	773	131	(118)	786
Capital assets, being depreciated:				
Building	49,402	76	-	49,478
Machinery and Equipment	4,575	182	(74)	4,683
Total capital assets being depreciated:	53,977	258	(74)	54,161
Less accumulated depreciation for:				
Building	(21,540)	(1,162)	-	(22,702)
Machinery and Equipment	(4,221)	(204)	74	(4,351)
Total accumulated depreciation:	(25,761)	(1,366)	74	(27,053)
Total capital assets, being depreciated, net:	28,216	(1,108)	-	27,108
Component unit activities capital assets, net:	\$ 28,989	\$ (977)	\$ (118)	\$ 27,894

## NOTES TO THE FINANCIAL STATEMENTS

### 7. PENSION PLANS

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

#### WASHINGTON STATE DEPARTMENT OF RETIREMENT SYSTEMS

Substantially all of the city's full-time and qualifying part-time employees participate in one of the following statewide public employee retirement plans administered by the Washington State Department of Retirement Systems. Financial statements and information showing each system's progress in accumulating sufficient assets to pay benefits when due and other pension data are presented in the Washington State Comprehensive Annual Financial Report for the year ended June 30, 2013. Please refer to this report for detailed pension information for the Public Employees Retirement System, the Public Safety Employees Retirement System, and the Law Enforcement Officers and Fire Fighters Retirement System. A copy of this report may be obtained from the State of Washington, Office of Financial Management, P.O. Box 43123, Olympia, WA 98504-3123.

#### PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

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

PERS consists of three plans. Participants who joined the system by September 30, 1977 are Plan 1 members. Those joining the system after that date are enrolled in Plan 2. Existing Plan 2 members were given the option to transfer their membership to Plan 3 by May 31, 2003. Employees hired after May 31, 2003 have the option of choosing either PERS Plan 2 or PERS Plan 3. Retirement benefits are financed by employee and employer contributions and investment earnings. Retirement benefits in the PERS 2 plan are vested after completion of five years of eligible service, and retirement benefits in the PERS 3 plan are vested after completion of ten years of eligible service. All plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under PERS Plans 1, 2 and 3, annual cost of living allowances are linked to the Seattle Consumer Price Index to a maximum of 3 percent 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 employees made 100 percent of the required contributions for all years.

The city's contributions to PERS for the years ending December 31 were as follows, in thousands:

	<b>PERS Plan 1</b>	<b>PERS Plan 2</b>	<b>PERS Plan 3</b>
2013	\$129	\$4,859	\$777
2012	137	4,084	649
2011	146	3,447	560
2010	145	3,038	515
2009	218	4,166	675
2008	234	4,106	662

In 2013 the contribution rates for PERS were impacted as noted in the table below:

	<b>Rate Effective July 1, 2012</b>	<b>Rate Effective July 1, 2013</b>	<b>Rate Effective September 1, 2013</b>
PERS 1 Employer	7.21%	9.19%	9.21%
PERS 1 Employee	6.00%	6.00%	6.00%
PERS 2 Employer	7.21%	9.19%	9.21%
PERS 2 Employee	4.64%	4.92%	4.92%
PERS 3 Employer	7.21%	9.19%	9.21%
PERS 3 Employee	5% - 15% variable		

The employer rates above include an administrative expense fee of 0.18 percent for 2013.

**PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS)**

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

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

*Funding Policy:* Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with RCWs 41.37 and 41.45.

Both the city and 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, in thousands:

<b>PSERS Plan 2</b>	
2013	\$69
2012	55
2011	48
2010	50
2009	59
2008	51

In 2013 the contribution rates for PSERS were impacted as noted in the table below:

	<b>Rate Effective July 1, 2012</b>	<b>Rate Effective July 1, 2013</b>	<b>Rate Effective September 1, 2013</b>
PSERS Employer	8.87%	10.52%	10.54%
PSERS Employee	6.36%	6.36%	6.36%

The employer rates above include an administrative expense fee of 0.18 percent for 2013.

**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 percent and the state is responsible for the balance of the funding. Plan 2 employers and employees are required to pay at levels established by the legislature. Employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fund the system.

Both the city and 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, in thousands:

	<b>LEOFF 1</b>	<b>LEOFF 2</b>
2013	\$2	\$2,034
2012	2	1,984
2011	2	1,904
2010	2	1,884
2009	3	1,881
2008	3	1,760

In 2013 the contribution rates for LEOFF were impacted as noted in the table below:

	<b>Rate Effective September 1, 2009</b>	<b>Rate Effective July 1, 2013</b>	<b>Rate Effective September 1, 2013</b>
LEOFF 1 Employer	0.16%	0.16%	0.18%
LEOFF 1 Employee	0.00%	0.00%	0.00%
LEOFF 2 Employer	5.24%	5.21%	5.23%
LEOFF 2 Employee	8.46%	8.41%	8.41%

The employer rates above include an administrative expense fee of 0.18 percent for 2013.

**FIREMEN’S PENSION PLAN**

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

*Funding Policy:* Under state law, the Firemen's Pension Plan is provided an allocation of 25 percent 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, 2014, the actuary determined that the current assets of the fund, along with future revenues from state fire insurance taxes and interest earnings will be sufficient to pay all future Firemen's Pension Plan pension benefits. Administrative expenses are paid by the general fund.

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

Membership of the Firemen's Pension Plan consisted of the following at December 31, 2013:

Retirees and beneficiaries receiving benefits, prior to March 1, 1970	-
Retirees after March 1, 1970, currently receiving full retirement benefits through LEOFF 1 and also receiving an adjustment from the Firemen's Pension Plan	26
Retirees after March 1, 1970, receiving LEOFF 1 pensions exceeding the Firemen's Pension Fund and, therefore; not qualifying for excess benefit payment from the Firemen's Pension Plan	8
Active plan members	-
Total	34

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

Annual Pension Costs and Net Pension Obligation changes for the years ending December 31 were as follows, in thousands:

<b>Annual Required Contribution (ARC)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Annual Normal Cost - Beginning of Year	\$ 1	\$ -	\$ -
Amortization of Unfunded Actuarial Liability (UAL)			
- Beginning of Year	(19)	(131)	(131)
Investment Return to End of Year	(1)	(5)	(5)
ARC at End of Year, not less than zero	-	-	-
Investment Return on Net Pension Obligation (NPO)	(48)	(53)	(57)
Adjustment to ARC	106	121	136
Annual Pension Cost (APC)	57	68	80
Employer Contributions	188	181	196
Change in NPO	(130)	(113)	(116)
NPO at Beginning of Year	(1,383)	(1,514)	(1,627)
NPO at End of Year	\$ (1,514)	\$ (1,627)	\$ (1,743)

The funded status of the Firemen's Pension Plan for the years ending December 31 were as follows:

**Schedule of Funding Progress****Firemen's Pension Fund**

(in thousands)

<b>Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liabilities Entry Age</b>	<b>Unfunded Actuarial Accrued Liabilities (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
January 1, 2008	\$ 6,603	\$ 5,900	\$ (703)	111.9%	\$ 85	823.70%
January 1, 2009	6,713	5,900	(814)	113.8%	91	893.61%
January 1, 2010	6,723	6,470	(254)	103.9%	91	278.63%
January 1, 2011	6,671	6,470	(201)	103.1%	-	N/A
January 1, 2012	6,773	5,127	(1,645)	132.1%	-	N/A
January 1, 2013	6,716	5,127	(1,589)	131.0%	-	N/A

**Three Year Trend Information**

(in thousands)

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Contributions as a Percentage of APC</b>	<b>Net Pension Obligation (NPO)</b>
December 31, 2011	\$ 57	327.9%	\$ (1,514)
December 31, 2012	68	266.7%	(1,627)
December 31, 2013	80	246.4%	(1,743)

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 <sup>(1)</sup>
Amortization method:	30-year closed amortization period as of December 31, 2013
Asset valuation method for all years:	Market
Cost-of-living adjustments for all years:	Consumer Price Index (CPI), Seattle-Tacoma-Bremerton area

	<b>January 1, 2011</b>	<b>January 1, 2012</b>	<b>January 1, 2013</b>
<b>Actuarial Economic assumptions:</b>			
Investment rate of return (through internal investment pool)	3.50%	3.50%	3.50%
Projected salary increases <sup>(2)</sup>	3.00%	3.00%	3.00%
Consumer Price Index	2.50%	2.50%	2.50%
Projected annual growth in fire insurance premium tax revenues	3.00%	3.00%	3.00%
<b>Noneconomic assumptions:</b>			
<b>Mortality rates based on:</b>			
Group Annuity Mortality Tables	X	X	X
Turnover rates per year	0.30%	0.00%	0.00%

<sup>(1)</sup> The Entry Age Cost Normal method was used to comply with GASB Statements 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.

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

**MUNICIPAL EMPLOYEES’ BENEFIT TRUST**

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

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

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

Hourly employees who do not participate in PERS are required to make mandatory contributions equal to 100 percent of the FICA tax rate, currently 6.2 percent of compensation.

Employees may elect to contribute additional compensation on a pre-tax and/or after-tax basis. Basic contributions plus salary deferral contributions plus extra contributions are limited only by federal rules.

The city contributes 100 percent of the FICA tax rate on all eligible employee compensation up to the Social Security wage base plus 100 percent of the Medicare tax rate on all compensation for eligible employees who were hired prior to April 1, 1986, 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 2013 were as follows, in thousands:

	MEBT 1	MEBT 2
Participants	\$ 8,011	\$ 97
City	7,027	97

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

**MEYDENBAUER CENTER RETIREMENT PLAN AND TRUST**

*Plan Description:* The Bellevue Convention Center Authority's (discretely presented component unit), Meydenbauer Center Retirement Plan and Trust ("Plan") is a defined contribution plan qualified for public employers under Internal Revenue Code Section 401(a). The Plan, approved by resolution of the Bellevue Convention Center Authority Board of Directors on June 14, 1995, became effective July 1, 1995. Wells Fargo Bank serves as the Plan Administrator, Plan Trustee and Investment Manager. As of December 31, 2013, there were 82 active participants in the Plan. The Plan is established as a retirement plan and contains no provision for withdrawing money prior to the termination of employment. Upon termination of employment or retirement, employees receive the account balance of employee contributions and the vested portion of the employer account credited with investment earnings. In the event of employee death or disability, the employee account becomes immediately vested and the full value of the account may be paid out. The plan document defines disability according to specific Federal guidelines. Each regular employee having completed one year of employment and 1,000 hours of service is eligible to participate in the plan. Participation in the Plan is mandatory for all regular employees hired after May 1, 1995.

*Contributions:* The Authority and employees each contribute 5 percent of compensation to the Plan. Additionally each participant may contribute on his own behalf at least 1 percent but not more than 10 percent of his or her compensation on a post-tax basis. The Authority's contributions to the Plan were percent of covered payroll. Actual contributions to the plan for 2013 were as follows, in thousands:

Participants	\$180
Authority	130

**NOTES TO THE FINANCIAL STATEMENTS**

**8. OTHER PERSONNEL BENEFITS**

**DEFERRED COMPENSATION**

The city offers its employees one deferred compensation plan in accordance with Internal Revenue Code Section 457, as revised on August 20, 1996. This plan enables employees to defer a portion of their compensation until future years. The deferred compensation is available to employees upon termination, retirement, or certain unforeseeable emergencies. It is available to their beneficiaries upon the employees' 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 2013 were as follows, in thousands:

Bellevue Health Plan - claims, administrative costs, stop loss coverage and incurred reserves	\$ 1,284
Group Health - medical insurance premiums	107
Medicare Part B insurance premiums	118
Disability Board Reimbursements	284
Total Costs	<u>\$ 1,793</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 \$9.2 million balance in the LEOFF I Medical Reserve fund as of December 31, 2013. 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 9 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 Statement 12. The significant actuarial assumptions used are as follows:

I. Economic Assumptions:	A. Discount Rate	2.15%
	B. Medical Inflation Rate	3.00%
II. City of Bellevue per-person claim	A. Retirees under 65	\$ 1,225
cost experience rates:	B. Retirees 65 and older	\$ 530
Actuarial cost method	Projected Unit Credit Actuarial Cost Method	
Amortization method	30 year open	
Asset valuation method	N/A	
Investment Rate	2.15%	

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 GASB Statement 45, and has been estimated at \$53.4 million with plan assets of 0 percent held in trust. These estimates were prepared by Healthcare Actuaries, LLC.

The December 31, 2013 valuation used the projected unit credit actuarial cost method. The actuarial assumptions included a 2.15 percent investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8.0 percent for Premera medical/unreimbursed expenses, remaining at 8.0 percent for each of the next two years, then decreasing to an ultimate rate of 4.2 percent after 66 years. The initial Premera pharmacy trend is 7 percent, then 6.6 percent for three years, then 5.4 percent for seven years, then decreasing to an ultimate rate of 4.2 percent after 62 years. The Group Health trend is the same as the Premera medical trend. The Medicare premium trend rate is 6.0 percent for all years. The long-term care trend rate is 5.0 percent for all years. The trend rate for the Excise Tax threshold is 0 percent until 2018, when a trend rate of 3.24 percent is used. All trend rates include a 3.0 percent inflation assumption.

The unfunded actuarial accrued liability (UAAL) at transition is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2013 was 24 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 2013 were as follows, in thousands:

Annual Required Contribution	\$ 2,871
Interest on Net OPEB Obligation	121
Adjustment to annual required contribution	<u>(302)</u>
Annual OPEB Cost	2,690
Contributions Made	<u>1,614</u>
Increase in Net OPEB Obligation	1,077
Net OPEB Obligation - Beginning of year	<u>5,608</u>
Net OPEB Obligation - End of year	<u><u>\$ 6,685</u></u>



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

	Annual OPEB Cost	Employer Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 2,690	\$ 1,614	59.98%	\$ 6,685
2012	2,899	1,556	53.66%	5,608
2011	2,625	1,854	70.60%	4,265

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 with GASB Statement 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, 2013, was as follows, in thousands:

Actuarial Accrued Liability (AAL)	\$ 54,543
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 54,543</u>
Funded Ratio	0.00%
Covered Payroll	\$ 974
UAAL as a Percentage of Covered Payroll	5601.1%

**NOTES TO THE FINANCIAL STATEMENTS****9. COMPENSATED ABSENCES**

The city's liability for accrued compensated absences is recorded in the schedule below, in thousands. The governmental activities category includes a liability of \$988 from internal service funds which are predominantly associated with governmental funds. The funds that incur a liability for compensated absences are responsible for liquidating them in future periods. The governmental funds which typically liquidate compensated absences include the General, Solid Waste Recycling, Development Services, Operating Grants & Donations, and Housing Funds.

Governmental activities:	
General fund	\$ 9,111
Development services	753
Nonmajor funds	277
Total governmental activities	<u>10,141</u>
Business-type activities:	
Storm & surface water utility	385
Water utility	506
Sewer utility	356
Total business-typ activities	<u>1,247</u>
Internal Service activities	<u>988</u>
Total compensated absences	<u><u>\$ 12,376</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, 2013, the city had available cash and equity in pooled investments in the self-insurance funds of \$10.4 million to provide against risk of catastrophic losses. The claims liability of \$5.5 million reported in the self-insurance funds as of December 31, 2013, 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, 2012 to December 31, 2013, in thousands:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u> <u>Compensation</u>	<u>General</u> <u>Self-Insurance</u>	<u>Health</u> <u>Benefits</u>
December 31, 2012:				
Unpaid claims, beginning of fiscal year	\$ 1,625	\$ 71	\$ 2,990	\$ 1,009
Incurred claims (including IBNRs)	1,174	298	630	13,927
Claim payments	(1,098)	(315)	(1,044)	(13,711)
Unpaid claims, December 31, 2012	<u>\$ 1,701</u>	<u>\$ 54</u>	<u>\$ 2,576</u>	<u>\$ 1,225</u>
December 31, 2013:				
Unpaid claims, beginning of fiscal year	\$ 1,701	\$ 54	\$ 2,576	\$ 1,225
Incurred claims (including IBNRs)	1,430	175	178	14,346
Claim payments	(1,044)	(183)	(1,426)	(14,529)
Unpaid claims, December 31, 2013	<u>\$ 2,087</u>	<u>\$ 46</u>	<u>\$ 1,328</u>	<u>\$ 1,042</u>
Due within one year	1,112	46	611	972
Due in more than one year	975	-	717	70

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' Compensation Employer's Liability - All Employees	\$ 500,000	\$ 1,000,000	Protects the city from unanticipated levels of workers' compensation claims.
Boiler & Machinery	10,000	472,000,000 <sup>(A)</sup>	Protects the city from loss due to damage to buildings and contents from boilers and machinery.
Real & Personal Property	100,000	472,000,000 <sup>(A)</sup>	Protects the city from loss by fire and other extended coverages.
Earth Movement	100,000 or 3% of value	40,000,000 <sup>(A)</sup>	Protects the city from loss by earth movement.
Flood	100,000	40,000,000 <sup>(A)</sup>	Protects the city from loss by flood.
Medical Stop Loss	250,000	Unlimited <sup>(B)</sup>	Stop-loss coverage protects the city from excessive individual claims.
Excess Liability Coverage	2,000,000	10,000,000 <sup>(A)</sup>	Protects the city from excessive individual losses.
Fiduciary Liability	15,000	7,000,000	Protects the city's retirement plans from wrong doing by board members.
Inland Marine - Fine Arts	1,000	1,100,000	Protects the city from loss due to damage to its art work.
Crime & Fidelity, Employee Theft, Forgery or Alteration, Funds Transfer Fraud	5,000	1,000,000	Protect the city from loss due to employee dishonesty and other extended coverages.

<sup>(A)</sup> per occurrence

<sup>(B)</sup> per occurrence

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

**DISCRETELY PRESENTED COMPONENT UNIT**

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

**NOTES TO THE FINANCIAL STATEMENTS****11. LEASES AND OTHER CONTRACTUAL COMMITMENTS****OPERATING LEASES****Terranomics Crossroads Associates**

Effective November 10, 1994, the city entered into a one-year non-cancelable lease agreement with Terranomics Crossroads Associates to provide a Mini City Hall in the Crossroads area. Since 1994 the lease has been extended via mutual agreement between both parties. The current lease extension ends November 30, 2018. Total lease payments for 2013 were \$14.

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

2014	\$	14
2015		14
2016		15
2017		15
2018		14
Total future minimum lease payments	\$	<u>72</u>

Effective September 25, 2000, the city entered into a five-year non-cancelable lease agreement with Terranomics Crossroads Associates to provide a Community Police substation in the Crossroads area. Since 2000 the lease has been extended via mutual agreement between both parties. The current lease extension ends September 2015. Total lease payments for 2013 were \$25.

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

2014	\$	21
2015		16
Total future minimum lease payments	\$	<u>37</u>

**Delta Business Park**

Effective July 1, 1996, the city entered into a five-year lease agreement with Delta Business Park for a building to house vehicles seized by the Eastside Narcotics Task Force. Since 1996 the lease has been extended via mutual agreement between both parties. The current lease extension ends June 30, 2016. Total lease payments for 2013 were \$62.

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

2014	\$	25
2015		25
2016		13
Total future minimum lease payments	\$	<u>63</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. Since 2005 the lease has been extended via mutual agreement between both parties. The current lease extension ends December 31, 2014. Total lease payments for 2013 were \$16. Future minimum lease payments to Delta Business Park are \$13 for the year ending December 31, 2014.

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

Effective July 1, 2009, the city entered into a seven-year non-cancelable lease agreement with NORCOM to lease premises on the seventh floor of Bellevue City Hall during which time it will operate its public safety communications services. The lease will automatically renew on July 1, 2016 for fourteen years unless NORCOM gives thirty months’ notice of cancellation. Total lease receipts for 2013 were \$446.

The premises leased by NORCOM have a cost of \$4,562 with accumulated depreciation of \$715 and a carrying value of \$3,847.

Minimum future rentals from NORCOM are summarized as follows, in thousands:

2014	\$	452
2015		457
2016		463
Total future minimum lease receipts	\$	<u>1,372</u>

**CONSTRUCTION/OTHER CONTRACTUAL COMMITMENTS**

The city's other outstanding contractual commitments by fund type as of December 31, 2013, are summarized below, in thousands:

Governmental activities:	
General Fund	\$ 36,790
Development services	890
General CIP	48,376
Nonmajor governmental funds	19,462
Total governmental activities	<u>105,518</u>
Business-type activities:	
Storm & surface water utility	7,751
Water utility	63,477
Sewer utility	6,557
Nonmajor business-type funds	179
Total business-type activities	<u>77,964</u>
Total outstanding contractual commitments	<u>\$ 183,482</u>

**NOTES TO THE FINANCIAL STATEMENTS****12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSERS**

Interfund balances as of December 31, 2013 were as follows, in thousands:

<b>DUE TO/FROM OTHER FUNDS</b>	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General Capital Investment Program	\$ -	\$ 15,000
LID Guaranty Fund	9	-
Nonmajor governmental funds	-	9
Proprietary funds:		
Sewer Utility Fund	15,000	-
Total due other funds	<u>\$ 15,009</u>	<u>\$ 15,009</u>
<b>DUE TO/FROM PRIMARY GOVERNMENT AND COMPONENT UNIT</b>		
Hotel/Motel Tax	\$ -	\$ 997
Bellevue Convention Center Authority	997	-
Total due City/Component Unit	<u>\$ 997</u>	<u>\$ 997</u>

Receivable and payable balances due to and due from funds consist of loans between city funds. The LID Guaranty Fund pays off loans related to special assessments for the LID Control Fund. The LID Control Fund repays the LID Guaranty Fund upon payment from the property owners. The loan between the General Capital Improvement Program Fund and the Sewer Utility Fund was to provide interim financing for city projects and is expected to be repaid in three years.

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

Interfund transfers as of December 31, 2013 were as follows, in thousands:

<b>INTERFUND TRANSFERS</b>	<u><b>In</b></u>	<u><b>Out</b></u>
Governmental funds:		
General Fund	\$ 4,210	\$ 6,248
Development Services	3,430	191
General Capital Investment Program	826	27,423
Interest & Debt Redemption - Regular	28,459	-
Nonmajor governmental funds	318	2,102
Proprietary funds:		
Storm Drainage Utility	1,508	1,402
Water Utility	144	2
Sewer Utility	119	2
Internal Service Funds	<u>1,457</u>	<u>3,101</u>
Total Transfers	<u>\$ 40,471</u>	<u>\$ 40,471</u>

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



## NOTES TO THE FINANCIAL STATEMENTS

### 13. LONG-TERM LIABILITIES

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

#### LONG-TERM DEBT

General obligation bonds are backed by the city's full faith and credit. Proceeds are typically used for the acquisition or construction of major capital facilities, or to refund debt previously issued for those purposes. "Councilmanic Bonds" are general obligation bonds issued by the City Council without voter approval. Under state law, repayment of these bonds must be paid from general city revenues. General obligation bonds approved by the voters are typically repaid through an annual voted property tax levy authorized for this purpose. Predominantly, general obligation bonds of the city have been issued for general governmental activity purposes.

The 1998 limited general obligation bonds were issued for the purchase of the Marina and are reported under business activities in the statement of net position. The remaining general obligation bond issues are recorded under governmental activities in the statement of net position. These bonds are subject to federal arbitrage rules.

On April 30, 2013, the city issued \$70.4 million in limited tax general obligation bonds with an average interest rate of 4.336 percent to finance, reimburse or refinance a portion of the city's capital improvement program. Maturity dates range from 2013 through 2037. These bonds are subject to federal arbitrage rules.

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

The city has pledged 100 percent of future transient occupancy tax (hotel/motel tax) revenue to repay \$34.9 million in special obligation revenue bonds issued in 1991 and 1994 by the Bellevue Convention Center Authority and \$14.7 million in limited tax general obligation bonds issued in 1995 and 2010 (refunding 2002 bonds) by the city. Proceeds from the special obligation revenue bonds provided financing for constructing a convention center facility. Proceeds from the limited tax general obligation bonds issued in 1995 provided financing for capital improvements and related costs for the Convention Center. Proceeds from the 2002 issuance provided financing for acquiring a site for expansion and/or making improvements to the Convention Center. The bonds are payable solely from the hotel/motel tax revenue through 2032 or when all debt payments have been made, whichever is earlier. Any remaining hotel/motel tax revenue after satisfying debt service payments are remitted to the Authority to fund operations. Annual principal and interest payments on the bonds are expected to require less than 78 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$112.5 million. Principal and interest paid for the current year and total pledged revenue were \$6.5 million and \$9.2 million, respectively.

The city has pledged 100 percent of future moorage revenues at Meydenbauer Bay Marina to repay \$3.3 million in limited tax general obligation bonds issued in 2010 (refunding 1998 bonds). Proceeds from the bonds provided financing to acquire the Meydenbauer Bay Marina. The bonds are payable from rates and charges for moorage at the Meydenbauer Bay Marina through 2018 or when all debt payments have been made, whichever is earlier. Annual principal and interest payments on the bonds are expected to require less than 88 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$2.3 million. Principal and interest paid for the current year and total pledged revenue were both \$0.4 million.

## ADVANCED REFUNDING

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

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

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

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

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

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

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

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

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

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

### **SPECIAL ASSESSMENTS**

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 position, 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 LIABILITIES**

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

Estimated pollution remediation obligations are promises to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The city's estimated pollution remediation is resultant from a landfill closed since 1964. The estimates were derived using the expected cash flows method as well as technical estimates from records of decisions, consent decrees and/or settlement agreements. Estimated costs are \$50,000 per year, adjusted for inflation for the maintenance and operation of a methane extraction system. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. Prospective recoveries from other responsible parties may reduce the city's obligations. No recoveries were recorded in 2013. The city recognized an estimated pollution remediation obligation of \$0.4 million in 2013.

**LONG-TERM DEBT - GOVERNMENTAL ACTIVITIES**

**For The Year Ended December 31, 2013**

(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt		Debt Redeemed	Debt Outstanding 12/31/2013
						Outstanding 1/1/2013	Issued		
General Obligation Bonds-Councilmanic									
1995 Limited G.O.	5.15-5.80%	Hotel / Motel Tax	12/27/95	12/01/25	\$ 5,139	\$ 2,591	\$ -	\$ 280	\$ 2,311
2003 Limited G.O. Refunding Series B	2.00-4.50%	General CIP	10/29/03	07/01/14	4,635	970	-	475	495
2004 Limited G.O. (City Building)	5.00-5.50%	General CIP	07/01/04	12/01/14	102,710	2,835	-	1,390	1,445
2006 Limited G.O.	3.80-4.25%	General CIP	11/01/06	12/01/26	6,060	4,740	-	260	4,480
Add: Unamortized bond premium						16		1	15
2008 Limited G.O.	3.00-4.25%	General CIP	02/07/08	12/01/27	14,230	11,555	-	605	10,950
Add: Unamortized bond premium						13	-	1	12
2010 Limited Tax G.O.	2.00-5.00%	General CIP	10/14/10	12/01/30	11,825	10,990	-	455	10,535
Add: Unamortized bond premium						723	-	40	683
2010 Limited Tax G.O. Refunding Series 2002	2.00-4.00%	Hotel / Motel Tax	09/28/10	12/01/32	9,595	9,060	-	325	8,735
Add: Unamortized bond premium						250	-	12	237
2012 Limited G.O. Refunding Series 2012	2.00-5.00%	General CIP	04/17/12	12/01/39	55,875	55,875	-	105	55,770
Add: Unamortized bond premium						6,474	-	240	6,234
2012 Limited G.O. Refunding Series 2012B	2.00-5.00%	General CIP	07/18/12	12/01/43	43,185	43,185	-	55	43,130
Add: Unamortized bond premium						2,320	-	75	2,245
2013 Limited Tax G.O. Sound Transit Portion	2.00-5.00%	General CIP	04/15/13	12/01/32	62,605	-	62,605	1,220	61,385
Add: Unamortized bond premium						-	10,897	545	10,352
2013 Limited G.O. Local Revitalization Funding	2.00-5.00%	General CIP	04/15/13	12/01/37	7,800	-	7,800	310	7,490
Add: Unamortized bond premium						-	1,032	41	991
Other Long- Term Debt									
Department of Community, Trade & Economic Development:									
Public Works Trust Fund Loan #06-962	0.50%	General CIP	02/01/07	02/01/28	750	558	-	40	518
<b>Total</b>					<u>\$324,409</u>	<u>\$ 152,155</u>	<u>\$ 82,334</u>	<u>\$ 6,475</u>	<u>\$ 228,013</u>

**SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT**  
**For The Year Ended December 31, 2013**  
(in thousands)

<b>Local Improvement District</b>	<b>Interest Rate</b>	<b>Fund Responsible to Pay Debt</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Original Debt Issued</b>	<b>Debt Outstanding 1/1/2013</b>	<b>Debt Issued</b>	<b>Debt Redeemed</b>	<b>Debt Outstanding 12/31/2013</b>
NE 8th St & 156th Ave NE	6.50-6.65%	LID Control	06/01/94	07/01/16	\$ 325	\$ 55	\$ -	\$ 45	\$ 10
<b>Total</b>					<b>\$ 325</b>	<b>\$ 55</b>	<b>\$ -</b>	<b>\$ 45</b>	<b>\$ 10</b>

**LONG-TERM DEBT - BUSINESS-TYPE ACTIVITIES**

**For The Year Ended December 31, 2013**

(in thousands)

<b>Description</b>	<b>Interest Rate</b>	<b>Fund Responsible to Pay Debt</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Original Debt Issued</b>	<b>Debt Outstanding 1/1/2013</b>	<b>Debt Issued</b>	<b>Debt Redeemed</b>	<b>Debt Outstanding 12/31/2013</b>
General Obligation Bonds-Councilmanic									
2010 Limited G.O. Refunding Series 1998	2.00-4.00%	Marina	9/28/2010	12/1/18	\$ 3,280	\$ 2,375	\$ -	\$ 295	\$ 2,080
Add: Unamortized bond premium						106	-	18	88
Other Long-Term Debt									
Department of Community, Trade & Economic Development:									
Public Works Trust Fund Loan #93-005	(1) 2.00%	Storm Utility	07/01/93	07/01/13	126	7	-	7	-
Public Works Trust Fund Loan #94-002	(2) 1.00%	Water Utility	06/23/94	07/01/14	560	59	-	30	29
<b>Total</b>					<b>\$ 3,966</b>	<b>\$ 2,547</b>	<b>\$ -</b>	<b>\$ 350</b>	<b>\$ 2,197</b>

(1) A total loan of \$434,480 was approved in 1993.

(2) A total loan of \$856,000 was approved in 1994.

At December 31, 2013, the city's annual debt service requirements for general obligation, revenue, special assessment bonds and other debt were:

**ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY**  
(in thousands)

Year	General Obligation		Special Assessment Bonds		Governmental Activities Other Debt		Business-Type Activities Other Debt		Total Annual Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2014	\$ 6,727	\$ 9,481	\$ 10	\$ 3	\$ 40	\$ 3	\$ 30	\$ -	\$ 16,293
2015	6,391	9,274	-	-	40	2	-	-	15,707
2016	6,582	9,074	-	-	40	2	-	-	15,698
2017	6,847	8,882	-	-	40	2	-	-	15,771
2018	7,080	8,618	-	-	40	2	-	-	15,740
2019-2023	37,567	38,544	-	-	199	6	-	-	76,316
2024-2028	44,487	27,507	-	-	120	1	-	-	72,115
2029-2033	40,675	16,339	-	-	-	-	-	-	57,014
2034-2038	24,015	9,053	-	-	-	-	-	-	33,068
2039-2043	28,435	3,523	-	-	-	-	-	-	31,958
<b>Total</b>	<b>\$ 208,806</b>	<b>\$ 140,295</b>	<b>\$ 10</b>	<b>\$ 3</b>	<b>\$ 519</b>	<b>\$ 18</b>	<b>\$ 30</b>	<b>\$ -</b>	<b>\$ 349,680</b>

**LONG-TERM DEBT - DISCRETELY PRESENTED COMPONENT UNIT**  
**BELLEVUE CONVENTION CENTER AUTHORITY**  
**For The Year Ended December 31, 2013**  
(in thousands)

Description	Interest Rate	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2013	Debt Issued	Debt Redeemed	Debt Outstanding 12/31/2013
1991 Series B	5.9-7.20%	08/01/91	12/01/19	\$ 21,120	\$ 4,568	\$ -	\$ 759	\$ 3,809
1994 Refunding	6.25-7.50%	11/05/93	12/05/25	13,749	10,176	-	391	9,785
Total Revenue Bonds				<u>\$ 34,869</u>	<u>\$ 14,744</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ 13,594</u>
Add:								
Unamortized gain on advance refunding								15
Total								<u>\$ 13,609</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, 2013 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	
2014	\$ 1,197	\$ 4,483	\$ 5,680
2015	1,005	4,020	5,025
2016	1,246	5,354	6,600
2017	1,228	5,817	7,045
2018	1,204	6,321	7,525
2019-2023	5,450	33,615	39,065
2024-2025	2,264	17,836	20,100
Total	<u>\$ 13,594</u>	<u>\$ 77,446</u>	<u>\$ 91,040</u>



**CHANGES IN LONG-TERM LIABILITIES**

(in thousands)

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 126,754	\$ 70,405	\$ 9,568	\$ 206,726	\$ 6,337
Add: for issuance premium	9,797	11,929	(955)	20,770	-
Special assessment debt	55	-	(45)	10	10
Compensated absences	13,703	12,180	(14,753)	11,130	3,246
Estimated claims payable	5,556	16,129	(17,182)	4,503	2,741
Other post employment benefits	5,608	1,077	-	6,685	-
Estimated pollution remediation	387	388	(387)	388	-
Other long-term debt	558	-	(40)	518	40
<b>Total</b>	<b>\$ 162,417</b>	<b>\$ 112,108</b>	<b>\$ (23,795)</b>	<b>\$ 250,730</b>	<b>\$ 12,374</b>
<b>Business Activities:</b>					
General obligation bonds	\$ 2,375	\$ -	\$ (295)	\$ 2,080	\$ 390
Add: for issuance premiums	106	-	(18)	88	-
Compensated absences	1,618	1,413	(1,785)	1,246	374
Other long-term debt	66	-	(37)	29	29
<b>Total</b>	<b>\$ 4,165</b>	<b>\$ 1,413</b>	<b>\$ (2,135)</b>	<b>\$ 3,443</b>	<b>\$ 793</b>
<b>Bellevue Convention Center Authority:</b>					
Revenue bonds	\$ 14,744	\$ -	\$ (1,150)	\$ 13,594	\$ 1,197
Compensated absences	65	16	-	81	32
<b>Total</b>	<b>\$ 14,809</b>	<b>\$ 16</b>	<b>\$ (1,150)</b>	<b>\$ 13,675</b>	<b>\$ 1,230</b>

(1) The governmental funds which typically liquidate compensated absences are the General, Solid Waste Recycling, Development Services, and Housing Funds.

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

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

**NOTES TO THE FINANCIAL STATEMENTS****14. SHORT-TERM LIABILITIES**

The city obtained a revolving line of credit of \$30.0 million, to be maintained over a four-year period, renewing automatically annually. The line of credit was used to finance capital project construction. The city paid off the line of credit on April 30, 2013. The interest rate of the line of credit had been fixed for one year based on the London inter-bank offered rate (LIBOR) and payable semi-annually. The weighted average interest on the \$15.1 million balance from January 1, 2013 through April 30, 2013 was 1.40 percent.

**CHANGES IN SHORT-TERM LIABILITIES**

(in thousands)

	<b>Beginning</b>				<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Reduction</b>		<b>Balance</b>
<b>Governmental Activities:</b>					
Line of Credit	\$ 15,047	\$ -	\$ (15,047)		\$ -
Total	<u>\$ 15,047</u>	<u>\$ -</u>	<u>\$ (15,047)</u>		<u>\$ -</u>

**15. RELATED PARTY TRANSACTION**

The city acts as a conduit for hotel/motel taxes which are collected by the city and transmitted to the Bellevue Convention Center Authority, a discretely presented component unit of the city, for debt service. The total taxes remitted as of December 31, 2013 totaled \$7.0 million.

**16. CONTINGENCIES AND LITIGATIONS**

As of December 31, 2013, 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**

**17. 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. In August 1993, EPSCA entered into an interlocal cooperation agreement (Agreement 2), with the sub-regions 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. On December 12, 2012, the Executive Board, in open public meeting, approved a new Interlocal Agreement. The agreement was then amended to March 1, 2013. With adoption of the new agreement, EPSCA was converted from an interlocal agency to a not-for-profit entity.

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. 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. As of December 31, 2013, the weighted vote was as follows:

Bellevue	48.81%
Redmond	23.93%
Kirkland	16.02%
Mercer Island	6.00%
Issaquah	<u>5.25%</u>
Total	100.00%

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

<b>Year</b>	<b>Service Fees</b>
2009	\$ 342
2010	346
2011	341
2012	344
2013	369

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.

Agreement 2 provides that upon voluntary termination of any sub-region'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 sub-region or a consortium of sub-regions. 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 \$144 as of December 31, 2013, are, upon dissolution, to be apportioned among the Principals, the city's share in 2013 of \$70 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 REPOSE TEAM**

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

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

The HazMat team is governed by a joint board composed of the fire chiefs of the member agencies plus one member from the HazMat Team. The Joint Board is responsible for formulating policy, establishing annual budgets, and acquiring, holding, and disposing of real and personal property. Each representative on the Joint Board, with the exception of the member from the HazMat Team, has a vote on all matters. The City of Bellevue, as the lead agency, has the administrative authority for operations conducted pursuant to the agreement, as amended. The city provides administrative and secretarial support to the Joint Board.

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the agreement, as amended, provides for distribution of net assets among the members based on the percentage of the total annual charges paid by each member during the period of the Agreement. The city's share of net assets is deemed immaterial and thus is not reflected in the financial statement.

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

<b>Year</b>	<b>Equity</b>	<b>Bellevue's Share</b>	<b>Percentage</b>
2009	\$ 437	\$ 142	32.55%
2010	504	164	32.55%
2011	432	136	31.40%
2012	451	153	33.90%
2013	483	157	32.58%

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

**A REGIONAL COALITION FOR HOUSING (ARCH)**

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

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

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

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

<b>Year</b>	<b>Equity</b>	<b>Bellevue's Share</b>
2009	\$ 465	\$ 118
2010	2,565	718
2011	2,707	758
2012	3,410	919
2013	2,565	444

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the agreement, as amended, provides for distribution of net assets among the members based on the percentage of the total annual contributions during the period of the Agreement paid by each member. The city's share of net assets is reported on the government statements as a receivable.

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

**WATER STORAGE AND 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 percent, and the City of Redmond has an undivided interest of 44 percent.

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 \$1.2 million (cost: \$2.6 million, net of accumulated depreciation of \$1.4 million) as of December 31, 2013. Total 2013 operating costs for the reservoir and pumping facility, excluding depreciation of \$0.1 million, were \$0.1 million of which the City of Redmond reimbursed \$38 thousand. Entity financials are not prepared; however, budget monitoring information can be obtained from the City of Bellevue Budget Department, 450 110<sup>th</sup> Ave NE, Bellevue, WA 98004.

**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 percent 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 2013 were, with dollars in thousands:

	<b>Maintenance</b>	<b>Student Assistants</b>	<b>Facilities</b>
\$	60	\$ 22	\$ -

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. Entity financials are not prepared; however, budget monitoring information can be obtained from the City of Bellevue Budget Department, 450 110<sup>th</sup> Ave NE, Bellevue, WA 98004.

**EASTSIDE NARCOTIC TASK FORCE (ENTF)**

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

ENTf 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. ENTf is managed by a Commander who is responsible for the operation of ENTf and the accomplishment of its goals and objectives.

Upon termination of ENTf, equipment and proceeds will be divided equitably as determined by the board. Member agencies share in the costs and proceeds of the operation of ENTf on a percentage basis. The member agencies shares are as follows, with dollars in thousands:

	<b>Percentage</b>	<b>Equity</b>
Bellevue	52.40%	\$ 198.2
King County	10.90%	41.2
Kirkland	10.00%	37.8
Redmond	10.20%	38.6
Mercer Island	9.60%	36.3
Issaquah	2.40%	9.1
WA State Patrol	4.40%	16.6
US Postal Service	0.10%	0.4
	<b>100.00%</b>	<b>\$ 378.2</b>

Total revenues for 2013 were \$503 of which \$263 was the City of Bellevue's share. Total expenditures for 2013 were \$431 of which \$226 was the City of Bellevue's share. The total increase in net assets for 2013 was \$72 of which \$38 was the City of Bellevue's share. The city's share of the net assets is deemed immaterial and thus is not reflected in the financial statements.

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

### **CASCADE WATER ALLIANCE**

In April 1999, the City of Bellevue entered into an interlocal agreement with eight other water providers in the region to create the Cascade Water Alliance. The purpose of the Alliance is to provide water supply to meet current and future needs of the Alliance's Members in a cost-effective and environmentally responsible manner. The Alliance is governed by a Board of Directors consisting of one individual representative appointed by resolution of the Member's legislative authority. Each Member entity must pay annual dues based on the number of residential units served by the water system within their jurisdiction.

The Alliance collected 2013 membership dues totaling \$2,729, of which Bellevue's share was \$1,127. Bellevue also paid the Alliance \$2,597 in 2013 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 million 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 Interlocal Contract.

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

**eCityGov ALLIANCE**

On March 25, 2002, the City of Bellevue Council unanimously adopted a resolution establishing the eCityGov 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 60 percent of the weighted vote of all of the Principals are in concurrence. Upon termination, all property acquired shall be disposed of as follows: (1) property contributed without charge by any member shall revert to the contributor; (2) all property purchased after the effective date of the interlocal agreement shall be distributed to the Principals based upon each Principal’s proportional ownership interest at the time of the sale of the property. The city’s share of the net assets is deemed immaterial and thus not reflected in the financial statements.

Expenditures consist of capital and operations costs, per the budget adopted by the eCityGov Alliance Executive Board, and Bellevue’s administrative costs associated with performing duties as the Alliance’s fiscal agent. Expenditures in 2013 were \$1.3 million, revenues were \$1.3 million. Partner fees and voting are based on relative population, equity balances are as follows, with dollars in thousands:

	<b>Population</b>	<b>Percentage</b>	<b>Equity</b>
Bellevue	123,400	26.11%	\$ 77
Renton	92,590	19.59%	58
Kirkland	80,836	17.11%	51
Sammamish	46,940	9.93%	29
Bothell	32,720	6.92%	20
Issaquah	30,690	6.49%	19
Mercer Island	22,710	4.81%	14
Kenmore	20,780	4.40%	13
Snoqualmie	10,950	2.32%	7
Woodinville	10,940	2.32%	7
<b>Total</b>	<b>472,556</b>	<b>100.00%</b>	<b>\$ 295</b>

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



**NORTH EAST KING COUNTY REGIONAL PUBLIC SAFETY COMMUNICATIONS AGENCY (NORCOM)**

In November 2007, the City of Bellevue, with the cities of Bothell, Clyde Hill, Kirkland, Medina, Mercer Island, and Snoqualmie, along with Eastside Fire and Rescue, King County Fire Protection Districts 27 and 45, King and Kittitas County Fire Protection District 51, Northshore Fire Department, Shoreline Fire Department, and Woodinville Fire and Life Safety District entered into an interlocal agreement to establish and maintain a consolidated emergency service communications center. In 2008, the City of Redmond joined as a subscriber. Prior to the interlocal agreement, the formation efforts were carried out under a Joint Powers Agreement originally approved in 2005 and amended in 2006 and 2007. On July 1, 2009, the separate dispatch operations of Bellevue and Kirkland were combined and began operating as NORCOM. NORCOM includes 911 telephone answering, computer aided dispatch of fire, police and EMS resources, public safety field technology and a records management system.

Operating revenues are provided by user fees charged to each member based on average call volume. For 2013, the City of Bellevue's share of user fees was \$4.6 million.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 17. GOVERNMENTAL FUND BALANCES

#### **GOVERNMENTAL FUND BALANCES:**

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

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

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

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

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

*Unassigned:* Unrestricted fund balance not committed or assigned in the General Fund is considered unassigned. Also negative fund balance in any other governmental fund is unassigned. The city only has unassigned fund balance in the general fund.

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

**Governmental Fund Balances**

**December 31, 2013**

(in thousands)

	<b>General Fund</b>	<b>Development Services</b>	<b>I&amp;D Redemption Regular Levy</b>	<b>General CIP Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Fund balance						
Nonspendable for:						
Prepays	\$ 408	\$ -	\$ -	\$ -	\$ -	\$ 408
Total Nonspendable fund balance	408	-	-	-	-	408
Assigned for:						
Arts & culture	-	-	-	290	-	290
Housing & community services	-	-	-	-	3,725	3,725
LEOFF1 retiree medical	-	-	-	-	8,383	8,383
Maintenance & operations of city property	701	-	-	-	-	701
Parks & open spaces	873	-	-	676	-	1,549
Permit review & inspection	-	4,366	-	-	-	4,366
Waste reduction & recycling	-	-	-	-	1,100	1,100
Council reserves	-	-	-	-	1,187	1,187
Performance management	-	-	-	-	69	69
Total assigned fund balance	1,575	4,366	-	966	14,463	21,369
Restricted for:						
CIP funding	-	-	-	49,414	-	49,414
Debt service	-	-	1,204	-	675	1,879
Fire & emergency aid service	-	-	-	-	125	125
Housing & community services	-	-	-	-	3,203	3,203
LEOFF1 retiree medical	-	-	-	-	687	687
Maintenance & operations of city property	-	-	-	681	-	681
Parks & open spaces	-	-	-	4,300	6,397	10,697
Police services	-	-	-	-	489	489
Transportation infrastructure	-	-	-	1,159	-	1,159
Waste reduction & recycling	-	-	-	-	96	96
Water quality management	-	-	-	-	13	13
Convention center financing	-	-	-	-	4,082	4,082
Total restricted fund balance	-	-	1,204	55,554	15,765	72,524
Unassigned	23,051	-	-	-	-	23,051
Total unassigned fund balance	23,051	-	-	-	-	23,051
Fund Balance	\$25,034	\$ 4,366	\$ 1,204	\$56,520	\$ 30,228	\$ 117,352



## **REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Funding Progress  
For the Fiscal Year Ended December 31, 2013**

**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, 2008	\$ 6,603	\$ 5,900	\$ (703)	111.9%	\$ 85	823.70%
January 1, 2009	6,713	5,900	(814)	113.8%	91	893.61%
January 1, 2010	6,723	6,470	(254)	103.9%	91	278.63%
January 1, 2011	6,671	6,470	(201)	103.1%	-	N/A
January 1, 2012	6,773	5,127	(1,646)	132.1%	-	N/A
January 1, 2013	6,716	5,127	(1,589)	131.0%	-	N/A

**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
December 31, 2008	\$ -	\$ 36,393	\$ 36,393	0.0%	\$ 1,742	(2089.15)%
December 31, 2009	-	36,230	36,230	0.0%	1,654	(2190.45)%
December 31, 2010	-	50,836	50,836	0.0%	1,090	(4663.85)%
December 31, 2011	-	50,729	50,729	0.0%	1,031	(4918.60)%
December 31, 2012	-	50,593	50,593	0.0%	971	(5212.10)%
December 31, 2013	-	54,543	54,543	0.0%	974	(5601.10)%

**Schedule of Contributions from the Employer and Other Contributing Entities  
For the Fiscal Year Ended December 31, 2013**

**Firemen's Pension Fund**

(in thousands)

<b>Year Ended December 31</b>	<b>Fire Insurance Premium Taxes</b>	<b>Total Employer Contributions</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2008	\$ 176	\$ 176	\$ -	N/A
2009	173	173	-	N/A
2010	180	180	-	N/A
2011	188	188	-	N/A
2012	181	181	-	N/A
2013	196	196	-	N/A

**Other Post Employment Benefits (OPEB)**

(in thousands)

<b>Year Ended December 31</b>	<b>Annual OPEB Cost</b>	<b>Employer Contribution</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>NET OPEB Obligation</b>
2008	\$ 2,039	\$ 1,065	52.23%	\$ 1,589
2009	2,281	1,574	69.00%	2,297
2010	3,013	1,817	60.31%	3,493
2011	2,625	1,854	70.63%	4,265
2012	2,899	1,556	53.67%	5,608
2013	2,690	1,614	60.00%	6,685

**SCHEDULE OF MODIFIED APPROACH FOR REPORTING INFRASTRUCTURE ASSETS**

**For the Fiscal Year Ended December 31, 2013**

**ROADWAYS**

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

**STANDARD PERFORMANCE RATING LEVELS**

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

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

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

**CONDITION RATING OF THE CITY'S STREET SYSTEM**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Arterial:			
Percent above satisfactory	88%	86%	81%
Overall performance rating:	78	76	74
Residential:			
Percent above satisfactory	99%	99%	97%
Overall performance rating:	87	87	84

**COMPARISON OF NEEDED-TO-ACTUAL EXPENDITURES**

(in thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Arterial:					
Needed:	\$ 4,492	\$ 4,772	\$ 3,896	\$ 2,314	\$ 192
Actual:	2,453	4,877	2,745	1,993	120
Residential:					
Needed:	\$ 901	\$ 69	\$ 750	\$ 3,610	\$ 4,873
Actual:	756	71	628	2,977	3,782

Following GASB Statement 34, the city is reporting major historic infrastructure acquired in fiscal years ending after June 30, 1980.



**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the fiscal year ended December 31, 2013**  
(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	\$ 120,029	\$ 120,029	\$ 119,641	\$ 388
Licenses and permits	459	459	454	5
Intergovernmental	16,325	16,640	16,677	(37)
Service charges and fees	18,493	18,532	18,932	(400)
Fines and forfeitures	1,285	1,285	1,106	179
Interest and assessment interest	15	15	49	(34)
Net change in fair value of investments	-	-	(69)	69
Rent	1,267	1,267	1,258	9
Premiums/contributions	38	-	1	(1)
Other	1,612	1,612	506	1,106
Total revenues	<u>159,523</u>	<u>159,839</u>	<u>158,555</u>	<u>1,284</u>
Expenditures				
Current:				
General government	18,531	18,531	18,935	(404)
Public safety	82,052	82,367	82,397	(30)
Physical environment	969	969	975	(6)
Transportation	22,334	22,334	25,055	(2,721)
Economic environment	4,251	4,251	3,690	561
Health and human services	2,509	2,509	2,354	155
Culture and recreation	25,139	25,139	25,361	(222)
Debt service:				
Interest and fiscal charges	-	-	2	(2)
Capital outlay:				
General government	-	-	141	(141)
Public safety	80	80	69	11
Transportation	-	-	13	(13)
Culture and recreation	51	51	-	51
Total expenditures	<u>155,916</u>	<u>156,231</u>	<u>158,992</u>	<u>(2,761)</u>
Excess (deficiency) of revenues over (under) expenditures	3,607	3,608	(437)	4,045
Other financing sources (uses)				
Transfers in	3,420	3,420	4,092	(672)
Transfers out	(3,642)	(3,642)	(4,016)	374
Total other financing sources (uses)	<u>(222)</u>	<u>(222)</u>	<u>76</u>	<u>(298)</u>
Net change in fund balance	3,385	3,386	(361)	3,747
Fund balance beginning of year	20,444	20,444	23,483	(3,039)
Fund balance end of year	<u>\$ 23,829</u>	<u>\$ 23,830</u>	<u>\$ 23,122</u>	<u>\$ 708</u>

**Human Services Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the fiscal year ended December 31, 2013**  
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 2,731	\$ 2,731	\$ 2,693	\$ 38
Intergovernmental	1,193	1,193	1,373	(180)
Service charges and fees	-	-	8	(8)
Interest and assessment interest	5	5	4	1
Net change in fair value of investments	-	-	(5)	5
Premiums/contributions	10	10	12	(2)
Total revenues	<u>3,939</u>	<u>3,939</u>	<u>4,085</u>	<u>(146)</u>
Expenditures				
Health and human services	3,926	3,926	4,028	(102)
Culture and recreation	-	-	6	(6)
Total expenditures	<u>3,926</u>	<u>3,926</u>	<u>4,034</u>	<u>(108)</u>
Excess (deficiency) of revenues over (under) expenditures	13	13	51	(38)
Other financing sources (uses)				
Transfers in	129	129	-	129
Total other financing sources (uses)	<u>129</u>	<u>129</u>	<u>-</u>	<u>129</u>
Net change in fund balance	142	142	51	91
Fund balance beginning of year	198	198	291	(93)
Fund balance end of year	<u>\$ 340</u>	<u>\$ 340</u>	<u>\$ 342</u>	<u>\$ (2)</u>

**Land Purchase Revolving Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the fiscal year ended December 31, 2013**  
(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	\$ -	\$ -	\$ 5	\$ (5)
Net change in fair value of investments	-	-	(4)	4
Rent	1,577	1,577	1,718	(141)
Other	-	-	2	(2)
Total revenues	<u>1,577</u>	<u>1,577</u>	<u>1,721</u>	<u>(144)</u>
Expenditures				
General government	896	896	721	175
Transportation	-	-	6	(6)
Culture and recreation	499	499	897	(398)
Total expenditures	<u>1,395</u>	<u>1,395</u>	<u>1,624</u>	<u>(229)</u>
Excess (deficiency) of revenues over (under) expenditures	182	182	97	85
Other financing sources (uses)				
Transfers in	-	-	43	(43)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>43</u>	<u>(43)</u>
Net change in fund balance	182	182	140	42
Fund balance beginning of year	291	291	545	(254)
Fund balance end of year	<u>\$ 473</u>	<u>\$ 473</u>	<u>\$ 685</u>	<u>\$ (212)</u>

**Franchise Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the fiscal year ended December 31, 2013**  
(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	\$ 1,851	\$ 1,851	\$ 1,897	\$ (46)
Interest and assessment interest	6	6	10	(4)
Net change in fair value of investments	-	-	(6)	6
Total revenues	<u>1,857</u>	<u>1,857</u>	<u>1,901</u>	<u>(44)</u>
Expenditures				
General government	54	54	-	54
Transportation	52	52	73	(21)
Economic environment	367	367	397	(30)
Total expenditures	<u>473</u>	<u>473</u>	<u>470</u>	<u>3</u>
Excess (deficiency) of revenues over (under) expenditures	1,384	1,384	1,431	(47)
Other financing sources (uses)				
Transfers in	1	1	1	-
Transfers out	(1,384)	(1,384)	(1,435)	51
Total other financing sources (uses)	<u>(1,383)</u>	<u>(1,383)</u>	<u>(1,434)</u>	<u>51</u>
Net change in fund balance	1	1	(3)	4
Fund balance beginning of year	-	-	(1)	1
Fund balance end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ (4)</u>	<u>\$ 5</u>

**Parks Fees Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the fiscal year ended December 31, 2013**  
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Service charges and fees	\$ 4,171	\$ 4,171	\$ 3,832	\$ 339
Interest and assessment interest	41	41	15	26
Net change in fair value of investments	-	-	(8)	8
Rent	1,796	1,796	1,786	10
Other	11	11	-	11
Total revenues	<u>6,019</u>	<u>6,019</u>	<u>5,625</u>	<u>394</u>
Expenditures				
Culture and recreation	5,479	5,479	5,727	(248)
Total expenditures	<u>5,479</u>	<u>5,479</u>	<u>5,727</u>	<u>(248)</u>
Excess (deficiency) of revenues over (under) expenditures	540	540	(102)	642
Other financing sources (uses)				
Transfers in	74	74	74	-
Transfers out	(350)	(350)	(797)	447
Total other financing sources (uses)	<u>(276)</u>	<u>(276)</u>	<u>(723)</u>	<u>447</u>
Net change in fund balance	264	264	(825)	1,089
Fund balance beginning of year	984	984	1,714	(730)
Fund balance end of year	<u>\$ 1,248</u>	<u>\$ 1,248</u>	<u>\$ 889</u>	<u>\$ 359</u>

**Development Services Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the fiscal year ended December 31, 2013**  
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Licenses and permits	\$ 5,854	\$ 5,854	\$ 4,263	\$ 1,591
Service charges and fees	5,889	5,889	8,396	(2,507)
Fines and forfeitures	15	15	-	15
Interest and assessment interest	90	90	61	29
Net change in fair value of investments	-	-	(60)	60
Total revenues	<u>11,848</u>	<u>11,848</u>	<u>12,660</u>	<u>(812)</u>
Expenditures				
Current:				
Economic environment	16,098	16,098	16,478	(380)
Capital outlay:				
Economic environment	-	-	20	(20)
Total expenditures	<u>16,098</u>	<u>16,098</u>	<u>16,498</u>	<u>(400)</u>
Excess (deficiency) of revenues over (under) expenditures	(4,250)	(4,250)	(3,838)	(412)
Other financing sources (uses)				
Transfers in	3,696	3,696	3,430	266
Transfers out	(164)	(164)	(191)	27
Total other financing sources (uses)	<u>3,532</u>	<u>3,532</u>	<u>3,239</u>	<u>293</u>
Net change in fund balance	(718)	(718)	(599)	(119)
Fund balance beginning of year	5,298	5,298	4,964	334
Fund balance end of year	<u>\$ 4,580</u>	<u>\$ 4,580</u>	<u>\$ 4,366</u>	<u>\$ 215</u>

**Notes to RSI - Budget and Actual Schedules:**

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

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

# **Nonmajor Governmental Funds**

**Descriptions of the nonmajor Special Revenue funds included in the city's Comprehensive Annual Financial Report are provided below:**

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

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

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

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

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

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

**Descriptions of the nonmajor Debt Service funds included in the city's Comprehensive Annual Financial Report are provided below:**

The **Local Improvement District (LID) Control Fund** accounts for payment of principal and interest for special assessment bond issues and for collection of special assessments levied against benefited properties to support those debt service obligations.

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



**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**As of December 31, 2013**

(in thousands)

Page 1 of 3

	<b>Special Revenue</b>			
	<b>LEOFF I Reserve</b>	<b>Parks M &amp; O Reserve</b>	<b>Solid Waste Recycling</b>	<b>Hotel/ Motel Tax</b>
<b>Assets:</b>				
Cash & equity in pooled investments	\$ 9,066	\$ 5,779	\$ 1,165	\$ 4,075
Receivables (net of allowances):				
Taxes	-	10	-	997
Accounts	7	-	41	-
Current assessments	-	-	-	-
Interest & penalties on assessments	-	-	-	-
Interest	16	10	2	7
Interfund loans receivable	-	-	-	-
Due from other governments	-	-	-	-
Housing rehabilitation loans receivable	-	-	-	-
<b>Total assets</b>	<b>9,089</b>	<b>5,800</b>	<b>1,208</b>	<b>5,080</b>
<b>Liabilities:</b>				
Accounts payable	19	-	6	-
Interfund loans payable	-	-	-	-
Due to component unit	-	-	-	997
Due to other governments	-	-	-	-
Accrued payroll	-	-	7	-
Deposits payable	-	-	-	-
<b>Total liabilities</b>	<b>19</b>	<b>-</b>	<b>13</b>	<b>997</b>
<b>Deferred Inflows</b>				
For grants	-	-	-	-
For taxes	-	9	-	-
Unavailable revenue	-	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows</b>	<b>19</b>	<b>9</b>	<b>13</b>	<b>997</b>
<b>Fund balance:</b>				
Restricted	687	5,791	96	4,082
Assigned	8,383	-	1,100	-
<b>Total fund balance</b>	<b>9,070</b>	<b>5,791</b>	<b>1,195</b>	<b>4,082</b>
<b>Total liabilities, deferred inflows, and fund balance</b>	<b>\$ 9,089</b>	<b>\$ 5,800</b>	<b>\$ 1,208</b>	<b>\$ 5,080</b>

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**As of December 31, 2013**

(in thousands)

Page 2 of 3

	<u>Special Revenue</u>		
	<u>Operating Grants Donations &amp; Special Reserves</u>	<u>Housing</u>	<u>Total Special Revenue Funds</u>
Assets:			
Cash & equity in pooled investments	\$ 2,445	\$ 3,718	\$ 26,249
Receivables (net of allowances):			
Taxes	-	17	1,024
Accounts	313	-	362
Current assessments	-	-	-
Interest & penalties on assessments	-	-	-
Interest	4	7	47
Interfund loans receivable	-	-	-
Due from other governments	632	-	632
Housing rehabilitation loans receivable	3,129	-	3,129
<b>Total assets</b>	<b>6,523</b>	<b>3,742</b>	<b>31,441</b>
Liabilities:			
Accounts payable	305	-	331
Interfund loans payable	-	-	-
Due to component unit	-	-	997
Due to other governments	17	-	17
Accrued payroll	20	17	44
Deposits payable	14	-	14
<b>Total liabilities</b>	<b>357</b>	<b>17</b>	<b>1,404</b>
Deferred Inflows			
For grants	476	-	476
For taxes	-	-	9
Unavailable revenue	-	-	-
<b>Total deferred inflows</b>	<b>476</b>	<b>-</b>	<b>484</b>
<b>Total liabilities and deferred inflows</b>	<b>833</b>	<b>17</b>	<b>1,888</b>
Fund balance:			
Restricted	4,435	-	15,090
Assigned	1,255	3,725	14,463
<b>Total fund balance</b>	<b>5,690</b>	<b>3,725</b>	<b>29,553</b>
<b>Total liabilities, deferred inflows, and fund balance</b>	<b>\$ 6,523</b>	<b>\$ 3,742</b>	<b>\$ 31,441</b>

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**As of December 31, 2013**

(in thousands)

Page 3 of 3

	<u>Debt Service</u>			<b>Total Nonmajor Governmental Funds</b>
	<u>LID Control</u>	<u>LID Guaranty</u>	<u>Total Debt Service</u>	
<b>Assets:</b>				
Cash & equity in pooled investments	\$ 523	\$ 141	\$ 665	\$ 26,913
Receivables (net of allowances):				
Taxes	-	-	-	1,024
Accounts	-	-	-	362
Current assessments	468	-	468	468
Interest & penalties on assessments	2	-	2	2
Interest	1	-	1	48
Interfund loans receivable	-	9	9	9
Due from other governments	-	-	-	632
Housing rehabilitation loans receivable	-	-	-	3,129
<b>Total assets</b>	<u>995</u>	<u>151</u>	<u>1,145</u>	<u>32,587</u>
<b>Liabilities:</b>				
Accounts payable	-	-	-	331
Interfund loans payable	9	-	9	9
Due to component unit	-	-	-	997
Due to other governments	-	-	-	17
Accrued payroll	-	-	-	44
Deposits payable	-	-	-	14
<b>Total liabilities</b>	<u>9</u>	<u>-</u>	<u>9</u>	<u>1,413</u>
<b>Deferred Inflows</b>				
For grants	-	-	-	476
For taxes	-	-	-	9
Unavailable revenue	462	-	462	462
<b>Total deferred inflows</b>	<u>462</u>	<u>-</u>	<u>462</u>	<u>946</u>
<b>Total liabilities and deferred inflows</b>	<u>471</u>	<u>-</u>	<u>471</u>	<u>2,359</u>
<b>Fund balance:</b>				
Restricted	524	151	675	15,765
Assigned	-	-	-	14,463
<b>Total fund balance</b>	<u>524</u>	<u>151</u>	<u>675</u>	<u>30,228</u>
<b>Total liabilities, deferred inflows, and fund balance</b>	<u>\$ 995</u>	<u>\$ 151</u>	<u>\$ 1,145</u>	<u>\$ 32,587</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2013**  
(in thousands)

Page 1 of 3

	<b>Special Revenue</b>			
	<b>LEOFF I</b>	<b>Park M &amp; O Reserve</b>	<b>Solid Waste Recycling</b>	<b>Hotel/ Motel Tax</b>
Revenues:				
Taxes and special assessments	\$ -	\$ 618	\$ -	\$ 9,176
Intergovernmental	29	-	258	-
Service charges and fees	-	-	588	-
Fines and forfeitures	-	-	-	-
Interest and penalties	66	34	7	26
Net change in fair value of investments	(52)	(33)	(7)	(24)
Premiums/contributions	-	-	-	-
Other	-	-	50	-
Total revenues	<u>43</u>	<u>619</u>	<u>896</u>	<u>9,178</u>
Expenditures:				
Current:				
General government	-	-	-	6,818
Public safety	1,745	-	-	-
Physical environment	-	-	865	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Total expenditures	<u>1,745</u>	<u>-</u>	<u>865</u>	<u>6,818</u>
Excess (deficiency) of revenues over (under) expenditures	(1,703)	619	31	2,360
Other financing sources (uses):				
Transfers in	-	-	2	-
Transfers out	-	(42)	-	(1,401)
Total other financing sources (uses)	<u>-</u>	<u>(42)</u>	<u>2</u>	<u>(1,401)</u>
Net change in fund balance	(1,703)	576	33	959
Fund balance at beginning of year	10,773	5,215	1,162	3,124
Fund balance:				
Restricted	687	5,791	96	4,082
Assigned	8,383	-	1,100	-
Fund balance at end of year	<u>\$ 9,070</u>	<u>\$ 5,791</u>	<u>\$ 1,195</u>	<u>\$ 4,082</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2013**  
(in thousands)

Page 2 of 3

	<b>Special Revenue</b>		
	<b>Operating Grants Donations &amp; Special Reserves</b>	<b>Housing</b>	<b>Total Special Revenue Funds</b>
Revenues:			
Taxes and special assessments	\$ -	\$ 100	\$ 9,894
Intergovernmental	2,803	394	3,485
Service charges and fees	111	-	699
Fines and forfeitures	62	-	62
Interest and penalties	18	22	173
Net change in fair value of investments	(14)	(21)	(152)
Premiums/contributions	308	-	308
Other	319	-	369
<b>Total revenues</b>	<b>3,606</b>	<b>495</b>	<b>14,837</b>
Expenditures:			
Current:			
General government	460	-	7,278
Public safety	1,366	-	3,111
Physical environment	824	-	1,689
Transportation	109	-	109
Economic environment	43	-	43
Health and human services	833	394	1,227
Culture and recreation	246	-	246
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay:			
General government	-	-	-
Public safety	8	-	8
<b>Total expenditures</b>	<b>3,888</b>	<b>394</b>	<b>13,711</b>
Excess (deficiency) of revenues over (under) expenditures	(281)	101	1,126
Other financing sources (uses):			
Transfers in	-	316	318
Transfers out	(73)	-	(1,516)
<b>Total other financing sources (uses)</b>	<b>(73)</b>	<b>316</b>	<b>(1,198)</b>
<b>Net change in fund balance</b>	<b>(354)</b>	<b>417</b>	<b>(72)</b>
Fund balance at beginning of year	6,043	3,308	29,624
Fund balance:			
Restricted	4,435	-	15,090
Assigned	1,255	3,725	14,463
<b>Fund balance at end of year</b>	<b>\$ 5,690</b>	<b>\$ 3,725</b>	<b>\$ 29,553</b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2013**  
(in thousands)

Page 3 of 3

	Debt Service		Total Debt Service Funds	Total Nonmajor Governmental Funds
	LID Control	LID Guaranty		
Revenues:				
Taxes and special assessments	\$ 445	\$ -	\$ 445	\$ 10,339
Intergovernmental	-	-	-	3,485
Service charges and fees	-	-	-	699
Fines and forfeitures	-	-	-	62
Interest and penalties	65	5	70	243
Net change in fair value of investments	(3)	(1)	(4)	(156)
Premiums/contributions	-	-	-	308
Other	-	-	-	369
Total revenues	507	4	511	15,349
Expenditures:				
Current:				
General government	-	-	-	7,278
Public safety	-	-	-	3,111
Physical environment	-	-	-	1,689
Transportation	19	-	19	128
Economic environment	-	-	-	43
Health and human services	-	-	-	1,227
Culture and recreation	-	-	-	246
Debt service:				
Principal	45	-	45	45
Interest and fiscal charges	5	-	5	5
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	8
Total expenditures	69	-	69	13,779
Excess (deficiency) of revenues over (under) expenditures	438	4	443	1,570
Other financing sources (uses):				
Transfers in	-	-	-	318
Transfers out	-	(586)	(586)	(2,102)
Total other financing sources (uses)	-	(586)	(586)	(1,784)
Net change in fund balance	438	(582)	(143)	(214)
Fund balance at beginning of year	86	732	818	30,442
Fund balance:				
Restricted	524	151	675	15,765
Assigned	-	-	-	14,463
Fund balance at end of year	\$ 524	\$ 151	\$ 675	\$ 30,228

**LEOFF I Medical Reserve**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2013**  
(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	\$ -	\$ -	\$ 29	\$ (29)
Interest and assessment interest	407	407	66	341
Net change in fair value of investments	-	-	(52)	52
Total revenues	<u>407</u>	<u>407</u>	<u>43</u>	<u>364</u>
Expenditures				
Public safety	1,593	1,593	1,745	(152)
Total expenditures	<u>1,593</u>	<u>1,593</u>	<u>1,745</u>	<u>(152)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,186)	(1,186)	(1,703)	517
Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,186)	(1,186)	(1,703)	517
Fund balance beginning of year	12,134	12,134	10,773	1,361
Fund balance end of year	<u>\$ 10,948</u>	<u>\$ 10,948</u>	<u>\$ 9,070</u>	<u>\$ 1,878</u>

**Park M&O Reserve**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2013**  
(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	\$ 626	\$ 626	\$ 618	\$ 8
Interest and assessment interest	46	46	34	12
Net change in fair value of investments	-	-	(33)	33
Total revenues	<u>672</u>	<u>672</u>	<u>619</u>	<u>53</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	672	672	619	53
Other financing sources (uses)				
Transfers out	<u>(42)</u>	<u>(42)</u>	<u>(42)</u>	<u>-</u>
Total other financing sources (uses)	<u>(42)</u>	<u>(42)</u>	<u>(42)</u>	<u>-</u>
Net change in fund balance	630	630	576	54
Fund balance beginning of year	5,467	5,467	5,215	252
Fund balance end of year	<u>\$ 6,097</u>	<u>\$ 6,097</u>	<u>\$ 5,791</u>	<u>\$ 306</u>



**Solid Waste Recycling Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2013**  
(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	\$ 317	\$ 317	\$ 258	\$ 59
Service charges and fees	595	595	588	7
Interest and assessment interest	9	9	7	2
Net change in fair value of investments	-	-	(7)	7
Other	-	-	50	(50)
Total revenues	<u>921</u>	<u>921</u>	<u>896</u>	<u>25</u>
Expenditures				
Current:				
Physical environment	<u>972</u>	<u>972</u>	<u>865</u>	<u>107</u>
Total expenditures	<u>972</u>	<u>972</u>	<u>865</u>	<u>107</u>
Excess (deficiency) of revenues over (under) expenditures	(51)	(51)	31	(82)
Other financing sources (uses)				
Transfers in	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Total other financing sources (uses)	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Net change in fund balance	(49)	(49)	34	(83)
Fund balance beginning of year	718	718	1,162	(444)
Fund balance end of year	<u>\$ 669</u>	<u>\$ 669</u>	<u>\$ 1,195</u>	<u>\$ (527)</u>

**Hotel/Motel Tax**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2013**  
(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	\$ 8,165	\$ 8,165	\$ 9,176	\$ (1,011)
Interest and assessment interest	60	60	26	34
Net change in fair value of investments	-	-	(24)	24
Total revenues	<u>8,225</u>	<u>8,225</u>	<u>9,178</u>	<u>(953)</u>
Expenditures				
Current:				
General government	<u>6,764</u>	<u>6,764</u>	<u>6,818</u>	<u>(54)</u>
Total expenditures	<u>6,764</u>	<u>6,764</u>	<u>6,818</u>	<u>(54)</u>
Excess (deficiency) of revenues over (under) expenditures	1,461	1,461	2,360	(899)
Other financing sources (uses)				
Transfers out	<u>(1,401)</u>	<u>(1,401)</u>	<u>(1,401)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,401)</u>	<u>(1,401)</u>	<u>(1,401)</u>	<u>-</u>
Net change in fund balance	60	60	958	(898)
Fund balance beginning of year	<u>4,019</u>	<u>4,019</u>	<u>3,124</u>	<u>895</u>
Fund balance end of year	<u>\$ 4,079</u>	<u>\$ 4,079</u>	<u>\$ 4,082</u>	<u>\$ (3)</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 Position**  
**Internal Service Funds**  
**As of December 31, 2013**

(in thousands)

Page 1 of 2

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self- Insurance</u>
Assets:				
Current assets:				
Cash & equity in pooled investments	\$ 9,433	\$ 2,147	\$ 506	\$ 4,032
Receivables (net of allowances):				
Accounts	-	-	-	-
Interest	17	4	-	7
Other	62	-	-	-
Due from other governments	1	-	-	-
Inventory	23	-	-	-
Total current assets	<u>9,536</u>	<u>2,151</u>	<u>506</u>	<u>4,039</u>
Capital assets (net)	<u>15,645</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>15,645</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>25,181</u>	<u>2,151</u>	<u>506</u>	<u>4,039</u>
Liabilities:				
Current liabilities:				
Accounts payable	130	19	46	528
Estimated claims	-	1,112	46	611
Retainage payable	-	-	-	-
Due to other governments	-	-	-	-
Accrued payroll	103	-	-	25
Accrued compensated absences	(40)	-	-	18
Deposits payable	-	-	-	-
Total current liabilities	<u>193</u>	<u>1,131</u>	<u>92</u>	<u>1,182</u>
Noncurrent liabilities:				
Accrued compensated absences	217	-	-	43
Estimated claims	-	975	-	717
Total noncurrent liabilities	<u>217</u>	<u>975</u>	<u>-</u>	<u>760</u>
Total liabilities	<u>410</u>	<u>2,106</u>	<u>92</u>	<u>1,942</u>
Net position:				
Net investment in capital assets	15,645	-	-	-
Unrestricted	9,126	45	414	2,097
Total net position	<u>\$ 24,771</u>	<u>\$ 45</u>	<u>\$ 414</u>	<u>\$ 2,097</u>

**Combining Statement of Net Position**  
**Internal Service Funds**  
**As of December 31, 2013**

(in thousands)

Page 2 of 2

	<b>Health Benefits</b>	<b>Information Technology</b>	<b>Facilities Services</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Cash & equity in pooled investments	\$ 3,622	\$ 6,741	\$ 1,647	\$ 28,128
Receivables (net of allowances):				
Accounts	-	43	2	45
Interest	6	12	3	49
Other	-	-	-	62
Due from other governments	-	-	-	1
Inventory	-	-	-	23
<b>Total current assets</b>	<b>3,628</b>	<b>6,796</b>	<b>1,652</b>	<b>28,308</b>
Capital assets (net)	-	741	1,709	18,095
<b>Total noncurrent assets</b>	<b>-</b>	<b>741</b>	<b>1,709</b>	<b>18,095</b>
<b>Total assets</b>	<b>3,628</b>	<b>7,537</b>	<b>3,361</b>	<b>46,403</b>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	194	244	309	1,470
Estimated claims	972	-	-	2,741
Retainage payable	-	-	23	23
Due to other governments	-	-	1	1
Accrued payroll	8	310	127	573
Accrued compensated absences	5	176	44	203
Deposits payable	-	-	3	3
<b>Total current liabilities</b>	<b>1,179</b>	<b>730</b>	<b>507</b>	<b>5,014</b>
Noncurrent liabilities:				
Accrued compensated absences	11	410	103	784
Estimated claims	70	-	-	1,762
<b>Total noncurrent liabilities</b>	<b>81</b>	<b>410</b>	<b>103</b>	<b>2,546</b>
<b>Total liabilities</b>	<b>1,260</b>	<b>1,140</b>	<b>610</b>	<b>7,560</b>
<b>Net position:</b>				
Net investment in capital assets	-	741	1,709	18,095
Unrestricted	2,368	5,656	1,042	20,748
<b>Total net position</b>	<b>\$ 2,368</b>	<b>\$ 6,397</b>	<b>\$ 2,751</b>	<b>\$ 38,843</b>

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

**For Year Ended December 31, 2013**

(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	\$ 8,727	\$ -	\$ -	\$ -
Rent	-	-	-	-
Insurance recovery	-	-	-	343
Premiums/contributions	-	1,723	442	2,480
Other	104	2	-	-
Total operating revenues	<u>8,831</u>	<u>1,725</u>	<u>442</u>	<u>2,823</u>
Operating expenses:				
Administrative and general	365	104	-	1,602
Maintenance and operations	7,462	-	-	-
Depreciation	3,518	-	-	-
Insurance costs	-	148	-	41
Benefits and claims payments	-	1,472	175	462
Total operating expenses	<u>11,345</u>	<u>1,724</u>	<u>175</u>	<u>2,105</u>
Operating income (loss)	(2,514)	1	267	718
Nonoperating revenues (expenses):				
Interest income	65	13	2	23
Net change in fair value of investments	(55)	(12)	(3)	(23)
Gain on disposal of capital assets	285	-	-	-
Other nonoperating revenues	30	-	-	-
Total nonoperating revenue (expenses)	<u>325</u>	<u>1</u>	<u>(1)</u>	<u>-</u>
Income before contributions and transfers	(2,189)	2	266	718
Special items, contributions and transfers:				
Transfers in	987	-	-	184
Transfers out	(1,166)	(171)	(6)	-
Total special items, contributions and transfers	<u>(179)</u>	<u>(171)</u>	<u>(6)</u>	<u>184</u>
Change in net position	(2,368)	(169)	260	902
Net position beginning of year	27,139	215	154	1,195
Net position end of year	<u>\$ 24,771</u>	<u>\$ 45</u>	<u>\$ 414</u>	<u>\$ 2,097</u>

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

**For Year Ended December 31, 2013**

(in thousands)

Page 2 of 2

	<b>Health Benefits</b>	<b>Information Technology</b>	<b>Facilities Services</b>	<b>Total</b>
Operating revenues:				
Service charges and fees	\$ -	\$ 12,925	\$ 336	\$ 21,988
Rent	-	-	6,045	6,045
Insurance recovery	2,533	-	-	2,876
Premiums/contributions	18,994	-	1	23,640
Other	22	30	2	160
<b>Total operating revenues</b>	<b>21,549</b>	<b>12,955</b>	<b>6,384</b>	<b>54,709</b>
Operating expenses:				
Administrative and general	2,792	2,088	655	7,606
Maintenance and operations	-	9,447	5,757	22,666
Depreciation	-	1,401	124	5,043
Insurance costs	2,359	-	-	2,548
Benefits and claims payments	15,051	-	-	17,160
<b>Total operating expenses</b>	<b>20,202</b>	<b>12,936</b>	<b>6,536</b>	<b>55,023</b>
Operating income (loss)	1,347	19	(152)	(314)
Nonoperating revenues (expenses):				
Interest income	15	41	11	170
Net change in fair value of investments	(21)	(39)	(10)	(163)
Gain on disposal of capital assets	-	-	-	285
Other nonoperating revenues	-	-	2	32
<b>Total nonoperating revenue (expenses)</b>	<b>(6)</b>	<b>2</b>	<b>3</b>	<b>324</b>
Income before contributions and transfers	1,341	21	(149)	10
Special items, contributions and transfers:				
Transfers in	-	221	66	1,458
Transfers out	(1,436)	(323)	-	(3,102)
<b>Total special items, contributions and transfers</b>	<b>(1,436)</b>	<b>(102)</b>	<b>66</b>	<b>(1,644)</b>
Change in net position	(95)	(81)	(83)	(1,634)
Net position beginning of year	2,463	6,478	2,833	40,477
<b>Net position end of year</b>	<b>\$ 2,368</b>	<b>\$ 6,397</b>	<b>\$ 2,751</b>	<b>\$ 38,843</b>



**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the fiscal year ended December 31, 2013**  
(in thousands)

Page 1 of 4

	<b>Equipment Rental</b>	<b>Worker's Compensation</b>	<b>Unemployment Compensation</b>	<b>General Self-Insurance</b>
Cash flows from operating activities:				
Cash received from customers and users	\$ 8,708	\$ 8	\$ -	\$ -
Contributions received - employer/employee	-	1,723	442	2,480
Cash received from insurance proceeds	-	-	-	343
Cash payments to suppliers for goods & services	(5,098)	(247)	(19)	(2,269)
Cash payments to employees for services	(2,274)	(4)	-	(596)
Cash payments to claimants	-	(1,113)	(175)	-
Cash received from contracts/rent	-	-	-	-
Cash payments for insurance	-	-	-	-
Other receipts	104	2	-	-
Net cash provided (used) by operating activities	<u>1,440</u>	<u>369</u>	<u>248</u>	<u>(42)</u>
Cash flows from noncapital financing activities:				
Transfers in	987	-	-	184
Transfers out	(1,166)	(171)	(6)	-
Net cash provided (used) by noncapital financing activities:	<u>(179)</u>	<u>(171)</u>	<u>(6)</u>	<u>184</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	(3,909)	-	-	-
Proceeds from sale of assets	366	-	-	-
Net cash provided (used) by capital financing activities	<u>(3,543)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	64	(1)	(1)	(1)
Net cash provided (used) by investing activities	<u>64</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Net increase (decrease) in cash balance	(2,218)	197	241	141
Cash and equity in pooled investments balance beginning of year	<u>11,650</u>	<u>1,950</u>	<u>265</u>	<u>3,891</u>
Cash and equity in pooled investments balance end of year	<u>\$ 9,433</u>	<u>\$ 2,147</u>	<u>\$ 506</u>	<u>\$ 4,032</u>

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the fiscal year ended December 31, 2013**  
(in thousands)

Page 2 of 4

	<b>Health Benefits</b>	<b>Information Technology</b>	<b>Facilities Services</b>	<b>Total</b>
Cash flows from operating activities:				
Cash received from customers and users	\$ -	\$ 12,979	\$ 372	\$ 22,067
Contributions received - employer/employees	18,994	-	-	23,639
Cash received from insurance proceeds	2,533	-	-	2,876
Cash payments to suppliers for goods & services	(2,781)	(4,079)	(6,491)	(20,984)
Cash payments to employees for services	(196)	(7,628)	(426)	(11,124)
Cash payments to claimants	(15,051)	-	-	(16,339)
Cash received from contracts/rent	-	-	6,045	6,045
Cash payments for insurance	(2,359)	-	-	(2,359)
Other receipts	22	29	5	162
Net cash provided (used) by operating activities	<u>1,162</u>	<u>1,301</u>	<u>(495)</u>	<u>3,983</u>
Cash flows from noncapital financing activities:				
Transfers in	-	221	66	1,458
Transfers out	(1,436)	(323)	-	(3,102)
Net cash provided (used) by noncapital financing activities:	<u>(1,436)</u>	<u>(102)</u>	<u>66</u>	<u>(1,644)</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(595)	(7)	(4,511)
Proceeds from sale of assets	-	-	-	366
Net cash provided (used) by capital financing activities	<u>-</u>	<u>(595)</u>	<u>(7)</u>	<u>(4,145)</u>
Cash flows from investing activities:				
Interest on investments	(7)	(1)	2	55
Net cash provided (used) by investing activities	<u>(7)</u>	<u>(1)</u>	<u>2</u>	<u>55</u>
Net increase (decrease) in cash balance	(281)	603	(434)	(1,751)
Cash and equity in pooled investments balance beginning of year	<u>3,903</u>	<u>6,138</u>	<u>2,082</u>	<u>29,879</u>
Cash and equity in pooled investments balance end of year	<u>\$ 3,622</u>	<u>\$ 6,741</u>	<u>\$ 1,647</u>	<u>\$ 28,128</u>

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the fiscal year ended December 31, 2013**  
(in thousands)

Page 3 of 4

	<u>Equipment Rental</u>	<u>Worker's Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (2,514)	\$ 1	\$ 267	\$ 718
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	3,518	-	-	-
Other receipts	-	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	8	-	-
(Increase) decrease in other receivables	(19)	-	-	-
(Increase) decrease in inventory	547	-	-	-
Increase (decrease) in accounts payable	(39)	(27)	(11)	498
Increase (decrease) in wages & benefits payable	12	-	-	1
Increase (decrease) in due to other governments	(10)	-	-	-
Increase (decrease) in compensated absences	(55)	-	-	(10)
Increase (decrease) in estimated claims payable	-	387	(8)	(1,249)
Total adjustments	<u>3,954</u>	<u>368</u>	<u>(19)</u>	<u>(760)</u>
Net cash provided (used) by operating activities	<u>\$ 1,440</u>	<u>\$ 369</u>	<u>\$ 248</u>	<u>\$ (42)</u>
Non-cash investing, capital and financing activities:				
Increase (decrease) in fair value of investments	\$ (55)	\$ (12)	\$ (3)	\$ (23)

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the fiscal year ended December 31, 2013**  
(in thousands)

Page 4 of 4

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facilities Services</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,347	\$ 19	\$ (152)	\$ (314)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	1,401	124	5,043
Other receipts	-	-	3	3
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	53	36	97
(Increase) decrease in other receivables	-	-	-	(19)
(Increase) decrease in inventory	-	-	-	547
Increase (decrease) in accounts payable	(14)	(62)	(454)	(108)
Increase (decrease) in wages & benefits payable	-	17	36	66
Increase (decrease) in due to other governments	-	(0)	(1)	(11)
Increase (decrease) in compensated absences	11	(127)	(87)	(268)
Increase (decrease) in estimated claims payable	(182)	-	-	(1,052)
Total adjustments	<u>(185)</u>	<u>1,282</u>	<u>(343)</u>	<u>4,297</u>
Net cash provided (used) by operating activities	<u>\$ 1,162</u>	<u>\$ 1,301</u>	<u>\$ (495)</u>	<u>\$ 3,983</u>
Non-cash investing, capital and financing activities:				
Increase (decrease) in fair value of investments	\$ (21)	\$ (39)	\$ (10)	\$ (163)

# Agency Funds

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

**Agency Funds**

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

The **Community Connectivity Consortium Fund** accounts for contributions from members of an interlocal agreement which provides for connectivity services to meet the needs of community institutions.

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

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

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

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

**Combining Statement of Fiduciary Net Position**  
**Agency Funds**  
**As of December 31, 2013**  
(in thousands)

Page 1 of 2

	<u>eCityGov Alliance</u>	<u>Community Connectivity Consortium</u>	<u>Eastside NARC Task Force</u>	<u>Hazardous Materials</u>
<b>Assets:</b>				
Cash & equity in pooled investments	\$ 183	\$ 69	\$ 387	\$ 465
Receivables (net of allowances):				
Interest	-	-	1	1
Due from other governments	129	-	-	18
Prepaid expenses	-	-	-	-
Capital assets (net)	-	-	118	28
<b>Total assets</b>	<u>312</u>	<u>69</u>	<u>506</u>	<u>512</u>
<b>Liabilities:</b>				
Accounts payable	17	3	39	6
Due to other governments	295	66	361	506
Deposits payable	-	-	106	-
<b>Total liabilities</b>	<u>312</u>	<u>69</u>	<u>506</u>	<u>512</u>
<b>Total net position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Combining Statement of Fiduciary Net Position**  
**Agency Funds**  
**As of December 31, 2013**  
(in thousands)

Page 2 of 2

	<u>ARCH Housing Coalition</u>	<u>Payroll Clearing</u>	<u>Total</u>
<b>Assets:</b>			
Cash & equity in pooled investments	\$ 2,397	\$ 73	\$ 3,574
Receivables (net of allowances):			
Interest	4	-	6
Due from other governments	162	3	312
Prepaid expenses	1	-	1
Capital assets (net)	-	-	146
<b>Total assets</b>	<u>2,564</u>	<u>76</u>	<u>4,039</u>
<b>Liabilities:</b>			
Accounts payable	4	56	125
Due to other governments	2,560	-	3,788
Deposits payable	-	20	126
<b>Total liabilities</b>	<u>2,564</u>	<u>76</u>	<u>4,039</u>
<b>Total net position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2013**  
(in thousands)

Page 1 of 4

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>eCityGov Alliance</b>				
Assets:				
Cash & equity in pooled investments	\$ 197	\$ 1,332	\$ 1,346	\$ 183
Interest receivable	1	-	1	-
Due from other governments	102	957	930	129
Total assets	<u>300</u>	<u>2,289</u>	<u>2,277</u>	<u>312</u>
Liabilities:				
Accounts payable	12	17	12	17
Due to other governments	288	1,567	1,560	295
Total liabilities	<u>\$ 300</u>	<u>\$ 1,584</u>	<u>\$ 1,572</u>	<u>\$ 312</u>
 <b>Community Connectivity Consortium</b>				
Assets:				
Cash & equity in pooled investments	\$ 26	\$ 93	\$ 50	\$ 69
Due from other governments	-	82	82	-
Total assets	<u>26</u>	<u>175</u>	<u>132</u>	<u>69</u>
Liabilities:				
Accounts payable	-	3	-	3
Due to other governments	26	79	39	66
Total liabilities	<u>\$ 26</u>	<u>\$ 82</u>	<u>\$ 39</u>	<u>\$ 69</u>

**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2013**

(in thousands)

Page 2 of 4

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Eastside NARC Task Force</b>				
Assets:				
Cash & equity in pooled investments	\$ 431	\$ 486	\$ 530	\$ 387
Interest receivable	1	1	1	1
Due from other governments	-	6	6	-
Capital assets (net)	142	20	44	118
Total assets	<u>574</u>	<u>513</u>	<u>581</u>	<u>506</u>
Liabilities:				
Accounts payable	45	39	45	39
Due to other governments	316	511	466	361
Deposits payable	212	158	264	106
Total liabilities	<u>\$ 574</u>	<u>\$ 708</u>	<u>\$ 775</u>	<u>\$ 506</u>
<b>Hazardous Materials</b>				
Assets:				
Cash & equity in pooled investments	\$ 447	\$ 53	\$ 36	\$ 465
Interest receivable	1	1	1	1
Due from other governments	5	12	-	18
Capital assets (net)	34	-	6	28
Total assets	<u>488</u>	<u>66</u>	<u>42</u>	<u>512</u>
Liabilities:				
Accounts payable	1	6	1	6
Due to other governments	486	69	49	506
Total liabilities	<u>\$ 488</u>	<u>\$ 75</u>	<u>\$ 50</u>	<u>\$ 512</u>

**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2013**

(in thousands)

Page 3 of 4

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>ARCH Housing Coalition</b>				
Assets:				
Cash & equity in pooled investments	\$ 3,373	\$ 1,445	\$ 2,421	\$ 2,397
Interest receivable	5	4	5	4
Due from other governments	24	1,204	1,066	162
Prepaid expenses	-	1	-	1
Total assets	<u>3,402</u>	<u>2,654</u>	<u>3,492</u>	<u>2,564</u>
Liabilities:				
Accounts payable	1	4	1	4
Due to other governments	3,401	1,554	2,395	2,560
Total liabilities	<u>\$ 3,402</u>	<u>\$ 1,558</u>	<u>\$ 2,396</u>	<u>\$ 2,564</u>
<b>Payroll Clearing</b>				
Assets:				
Cash & equity in pooled investments	\$ 142	\$ 166,400	\$ 166,469	\$ 73
Due from other governments	-	3	-	3
Total assets	<u>142</u>	<u>166,403</u>	<u>166,469</u>	<u>76</u>
Liabilities:				
Accounts payable	117	170,210	170,271	56
Due to other governments	4	378	382	-
Deposits payable	20	-	-	20
Total liabilities	<u>\$ 142</u>	<u>\$ 170,588</u>	<u>\$ 170,653</u>	<u>\$ 76</u>

**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2013**

(in thousands)

Page 4 of 4

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Total Agency Funds</b>				
Assets:				
Cash & equity in pooled investments	\$ 4,616	\$ 169,809	\$ 170,852	\$ 3,574
Interest receivable	8	6	8	6
Due from other governments	131	2,265	2,084	312
Prepaid expenses	-	1	-	1
Capital assets (net)	176	20	50	146
Total assets	<u>4,931</u>	<u>172,101</u>	<u>172,993</u>	<u>4,039</u>
Liabilities:				
Accounts payable	176	170,279	170,330	125
Due to other governments	4,522	4,158	4,891	3,788
Deposits payable	232	158	264	126
Total liabilities	<u>\$ 4,931</u>	<u>\$ 174,594</u>	<u>\$ 175,485</u>	<u>\$ 4,039</u>

# Statistical Section

## STATISTICAL SECTION

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the city's overall financial health. The following are the categories of the various schedules that are included in this section:

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

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

The **Debt Capacity** section has schedules presenting information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

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

The **Operating Information** section has schedules containing service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Table 1

**NET POSITION BY COMPONENT <sup>(A) (C)</sup>**  
**Last Ten Fiscal Years**  
(in thousands)

Year	Governmental Activities				Business-type Activities				Primary Government			
	Net investment in capital assets	Restricted	Unrestricted	Total	Net investment in capital assets	Restricted	Unrestricted	Total	Net investment in capital assets	Restricted	Unrestricted	Total
2004 <sup>(B)</sup>	\$ 1,331,493	\$ 87,154	\$ 111,635	\$ 1,530,282	\$ 196,128	\$ 20,865	\$ 27,482	\$ 244,475	\$ 1,527,621	\$ 108,019	\$ 139,117	\$ 1,774,757
2005	1,454,592	12,959	107,341	1,574,892	199,195	28,251	29,262	256,708	1,653,787	41,210	136,603	1,831,600
2006	1,477,820	4,193	135,917	1,617,930	202,227	45,917	32,264	280,408	1,680,047	50,110	168,181	1,898,338
2007	1,539,131	13,601	117,310	1,670,042	213,099	52,272	37,526	302,897	1,752,230	65,873	154,836	1,972,939
2008	1,484,941	21,519	108,884	1,615,344	229,344	60,750	39,112	329,206	1,714,285	82,269	147,996	1,944,550
2009	1,499,240	16,753	93,870	1,609,863	239,778	77,584	32,735	350,097	1,739,018	94,337	126,605	1,959,960
2010	1,494,063	24,042	81,936	1,600,041	252,444	92,384	30,834	375,662	1,746,506	116,427	112,770	1,975,703
2011	1,506,482	11,207	80,770	1,598,459	258,754	102,188	36,542	397,484	1,765,236	113,395	117,312	1,995,943
2012	1,513,235	25,690	58,636	1,597,561	265,524	123,837	30,977	420,338	1,778,759	149,527	89,613	2,017,900
2013	1,563,631	18,054	25,227	1,606,912	277,669	138,021	34,103	449,793	1,841,300	156,075	59,330	2,056,705

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

<sup>(B)</sup> In 2004, the city began reporting historical infrastructure assets resulting in an increase to fund balance of 1,008,877.

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

CHANGES IN NET POSITION <sup>(A) (B)</sup>  
Last Ten Fiscal Years  
(in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities										
General government	\$ 10,808	\$ 15,900	\$ 15,471	\$ 24,712	\$ 29,573	\$ 29,641	\$ 25,557	\$ 36,450	\$ 36,392	\$ 28,354
Judicial	509	430	378	-	-	-	-	-	-	-
Public safety	59,979	64,269	68,781	73,617	80,253	78,373	79,818	79,163	82,822	84,074
Physical environment	1,589	1,852	1,564	2,200	2,449	1,952	1,801	1,813	1,642	2,892
Transportation	27,569	27,480	31,769	26,449	29,372	25,853	30,413	29,711	27,761	29,147
Economic environment	13,390	14,875	17,207	20,737	22,940	21,785	20,177	18,720	19,037	20,768
Health and human services	1,907	5,320	4,841	5,943	6,834	7,914	7,401	8,195	11,511	7,414
Culture and recreation	25,114	27,826	31,395	34,166	37,926	37,818	36,643	34,948	38,452	39,448
Interest on long-term debt	5,534	7,034	7,734	7,796	7,150	7,294	7,262	7,817	7,910	8,691
<b>Total governmental activities</b>	<b>146,399</b>	<b>164,986</b>	<b>179,140</b>	<b>195,620</b>	<b>216,497</b>	<b>210,630</b>	<b>209,072</b>	<b>216,818</b>	<b>225,526</b>	<b>220,788</b>
Business-type activities										
Water	23,194	25,928	26,604	29,206	27,887	30,074	33,798	34,897	38,708	41,218
Sewer	26,024	27,925	27,868	31,817	31,734	35,091	34,755	39,571	41,089	44,099
Storm & surface water	8,920	8,327	8,717	9,179	9,146	9,967	9,668	10,661	10,950	11,208
Marina	310	406	314	443	440	353	312	261	277	232
<b>Total business-type activities</b>	<b>58,448</b>	<b>62,586</b>	<b>63,503</b>	<b>70,645</b>	<b>69,207</b>	<b>75,485</b>	<b>78,533</b>	<b>85,390</b>	<b>91,024</b>	<b>96,757</b>
<b>Total primary government expenses</b>	<b>\$ 204,847</b>	<b>\$ 227,572</b>	<b>\$ 242,643</b>	<b>\$ 266,265</b>	<b>\$ 285,704</b>	<b>\$ 286,115</b>	<b>\$ 287,605</b>	<b>\$ 302,208</b>	<b>\$ 316,550</b>	<b>\$ 317,545</b>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	\$ 2,412	\$ 794	\$ 968	\$ 1,333	\$ 2,068	\$ 4,042	\$ 3,151	\$ 9,743	\$ 3,904	\$ 3,764
Public safety	12,155	14,118	12,031	15,682	16,969	15,501	15,346	16,178	18,568	16,874
Economic environment	6,476	9,912	14,716	12,597	16,334	11,830	9,165	8,564	11,311	12,545
Transportation	1,745	812	2,937	1,993	1,345	882	721	1,071	1,930	1,940
Culture and recreation	4,681	4,940	5,435	6,927	8,039	7,875	8,078	8,922	8,873	9,186
Other activities	1,360	1,351	1,304	1,065	1,430	1,445	1,466	1,458	1,309	1,118
Operating grants and contributions	2,749	5,100	4,798	6,760	6,815	8,796	9,196	8,423	8,188	7,851
Capital grants and contributions	13,062	29,266	21,250	22,280	4,328	7,984	2,550	6,563	3,919	5,136
<b>Total governmental activities program</b>	<b>44,640</b>	<b>66,293</b>	<b>63,439</b>	<b>68,637</b>	<b>57,328</b>	<b>58,355</b>	<b>49,673</b>	<b>60,922</b>	<b>58,003</b>	<b>58,413</b>



CHANGES IN NET POSITION <sup>(A) (B)</sup>  
Last Ten Fiscal Years  
(in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities										
Charges for Services										
Water	29,183	28,497	31,570	31,844	31,538	33,960	35,645	37,253	41,686	48,417
Sewer	26,595	30,085	33,267	35,493	36,056	39,545	42,534	46,304	47,202	51,270
Storm & surface water	12,186	10,947	13,270	13,194	14,442	14,788	16,138	16,383	16,730	18,872
Marina	447	457	450	498	489	507	497	538	564	575
Operating grants and contributions	-	-	-	105	-	-	-	-	-	-
Capital grants and contributions	3,008	3,649	4,307	6,541	6,967	5,002	7,155	3,575	4,693	5,141
Total business-type activities program	71,419	73,635	82,864	87,675	89,492	93,802	101,969	104,054	110,875	124,275
Total primary government program revenues	\$116,059	\$139,928	\$146,303	\$156,312	\$146,820	\$152,157	\$151,642	\$164,976	\$168,878	\$182,688
<b>Net (Expense)/Revenue</b>										
Governmental activities	(101,759)	(98,693)	(115,701)	(126,985)	(159,170)	(152,274)	(159,398)	(155,896)	(167,523)	(162,375)
Business-type activities	12,971	11,049	19,361	17,028	20,285	18,319	23,435	18,664	19,851	27,518
Total primary government net expense	\$ (88,788)	\$ (87,644)	\$ (96,340)	\$ (109,957)	\$ (138,885)	\$ (133,955)	\$ (135,963)	\$ (137,232)	\$ (147,673)	\$ (134,857)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities										
Taxes										
Property tax	\$ 27,443	\$ 27,062	\$ 27,637	\$ 28,981	\$ 28,859	\$ 34,854	\$ 35,364	\$ 36,337	\$ 37,538	\$ 38,302
Retail sales and use tax	40,218	45,300	48,946	56,776	53,141	45,119	44,984	46,357	48,596	53,072
Utility tax	17,996	19,333	24,324	20,069	24,103	24,012	25,071	25,941	25,813	28,103
Business and occupation tax	22,798	24,322	31,528	30,387	30,051	26,141	25,103	25,753	27,492	28,783
Excise tax	10,300	13,620	12,933	27,254	6,594	6,258	10,521	6,680	13,646	12,090
Hotel/motel tax	3,916	4,299	5,839	6,647	6,724	5,332	6,095	6,776	7,469	9,176
Other tax	258	261	292	225	238	175	598	515	476	446
Payments from component unit	15	23	16	9	23	117	133	31	20	10
Grants and contributions - unrestricted	1,301	1,357	1,264	1,419	1,398	1,861	1,553	1,450	1,700	1,258
Unrestricted investment interest	4,183	4,147	5,188	7,128	5,284	3,252	1,479	1,458	630	884
Gain (loss) in change of fair value of investments	(899)	285	556	38	637	(582)	(477)	547	(83)	(801)
Miscellaneous	443	1,201	328	125	740	582	(659)	2,293	357	484
Gain (loss) on sale of capital assets	160	1,418	57	144	1,391	(75)	339	310	328	285
Transfers	580	672	(170)	(51)	406	(254)	(527)	(134)	(561)	(366)
Total governmental activities	217,500	230,944	255,078	289,108	298,474	280,747	285,540	154,314	163,423	171,725

**CHANGES IN NET POSITION <sup>(A) (B)</sup>**  
**Last Ten Fiscal Years**  
(in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2012	2013
Business-type activities										
Unrestricted investment interest	565	1,211	2,578	3,795	2,991	1,874	1,254	1,529	757	924
Gain (loss) in change of fair value of investments	(215)	95	282	20	197	(373)	(462)	542	167	(911)
Miscellaneous	-	552	1,278	1,593	1,164	811	811	953	1,519	1,556
Gain (loss) on sale of capital assets	-	-	33	-	98	6	-	-	-	3
Transfers	(580)	(672)	170	51	(406)	254	527	134	561	366
Total business-type activities	(230)	1,186	4,341	5,459	4,044	2,572	2,129	3,158	3,003	1,937
Total primary government	<u>\$ 217,270</u>	<u>\$ 232,130</u>	<u>\$ 259,419</u>	<u>\$ 294,567</u>	<u>\$ 302,518</u>	<u>\$ 283,319</u>	<u>\$ 287,669</u>	<u>\$ 157,473</u>	<u>\$ 166,425</u>	<u>\$ 173,663</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 26,953	\$ 44,607	\$ 43,037	\$ 420	\$ 7,314	\$ (5,482)	\$ (9,822)	\$ (1,582)	\$ (4,101)	\$ 9,351
Business-type activities	12,741	12,235	23,702	24,329	22,361	20,891	25,565	21,823	22,854	29,455
Total primary government	<u>\$ 39,694</u>	<u>\$ 56,842</u>	<u>\$ 66,739</u>	<u>\$ 24,749</u>	<u>\$ 29,675</u>	<u>\$ 15,409</u>	<u>\$ 15,743</u>	<u>\$ 20,241</u>	<u>\$ 18,753</u>	<u>\$ 38,806</u>

<sup>(A)</sup> All amounts are reported on the accrual basis

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

Table 3

**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE**  
**Last Ten Fiscal Years**  
(in thousands)

<b>Fiscal Year</b>	<b>Total Taxes</b>	<b>General Property Taxes</b>	<b>General Sales Taxes</b>	<b>Utility Taxes</b>	<b>Business and Occupation Taxes</b>	<b>LFR Local Option Sales and Use Tax</b>	<b>Excise Taxes</b>	<b>Other Taxes and Assessments<sup>(A)</sup></b>	<b>Memo Only Hotel/Motel Tax<sup>(B)</sup></b>
2004	\$ 119,013	\$ 27,443	\$ 40,218	\$ 17,996	\$ 22,798	\$ -	\$ 10,300	\$ 258	\$ 3,916
2005	129,898	27,062	45,300	19,333	24,322	-	13,620	261	4,299
2006	145,660	27,637	48,946	24,324	31,528	-	12,933	292	5,839
2007	163,692	28,981	56,776	20,069	30,387	-	27,254	225	6,647
2008	143,436	28,859	53,141	24,103	30,501	-	6,594	238	6,724
2009	136,559	34,854	45,119	24,012	26,141	-	6,258	175	5,332
2010	141,641	35,364	44,984	25,071	25,103	-	10,521	598	6,095
2011	141,583	36,337	46,357	25,941	25,753	-	6,680	515	6,776
2012	153,562	37,538	48,596	25,813	27,492	-	13,646	476	7,469
2013	160,796	38,302	52,757	28,103	28,783	315	12,090	446	9,176

<sup>(A)</sup> Includes miscellaneous tax revenues and special assessments.

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

**Table 4**  
Page 1 of 5

**FUND BALANCES OF GOVERNMENTAL FUNDS <sup>(A)</sup>**  
**Last Ten Fiscal Years**  
(in thousands)

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

**FUND BALANCES OF GOVERNMENTAL FUNDS <sup>(A)</sup>****Last Ten Fiscal Years**

( in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Fund</b>				
Nonspendable for:				
Prepays	\$ -	\$ -	\$ 406	\$ 408
Total nonspendable fund balance	<u>-</u>	<u>-</u>	<u>406</u>	<u>408</u>
Assigned for:				
Housing and community services	771	-	-	-
Maintenance & operations of city property	991	1,180	1,454	701
Parks & open spaces	1,193	-	-	873
Total assigned fund balance	<u>2,955</u>	<u>1,180</u>	<u>1,454</u>	<u>1,575</u>
Restricted for:				
Housing and community services	-	567	-	-
Operation & maintenance city property	-	-	114	-
Total restricted fund balance	<u>-</u>	<u>567</u>	<u>114</u>	<u>-</u>
Unassigned	18,112	20,873	20,873	23,051
Total unassigned fund balance	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>
Fund Balance - General fund	<u>\$ 21,067</u>	<u>\$ 22,620</u>	<u>\$ 22,847</u>	<u>\$ 25,034</u>
<b>Other Governmental Funds</b>				
Nonspendable for:				
Total nonspendable fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned for:				
Arts and culture	10	280	-	290
CIP funding	3,727	1,031	5,726	-
Debt service	1,782	1,705	2,177	-
Environmental stewardship	9	37	-	-
Fire and emergency aid service	-	-	335	-
Housing and community services	5,300	4,342	3,308	3,725
LEOFF1 retiree medical	13,082	11,539	10,094	8,383
Maintenance & operations of city property	-	5	-	-
Parks & open spaces	7,360	4,899	580	676
Permit review and inspection	-	-	1,687	4,367
Police services	424	422	-	-
Transportation infrastructure	-	243	-	-
Transportation planning	1,598	-	-	-
Transportation preservation & maintenance	1,124	-	864	-
Waste reduction & recycling	470	521	835	1,100
Water quality management	659	412	-	-
General government property acquisition	1,588	1,453	-	-
Community development	-	162	-	-
Council reserves	-	-	-	1,187
Performance management	-	-	-	69
Other	1,785	1,090	1,992	-
Total assigned fund balance	<u>37,131</u>	<u>27,051</u>	<u>25,606</u>	<u>19,796</u>

**FUND BALANCES OF GOVERNMENTAL FUNDS <sup>(A)</sup>**  
**Last Ten Fiscal Years**  
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Restricted for:				
Arts and culture	3	-	-	-
CIP funding	-	-	-	49,414
Commuting alternatives	15	12	-	-
Debt service	85	6	10	1,879
Fire and emergency aid service	-	-	-	125
Housing and community services	-	-	3,102	3,203
Information systems	-	23	-	-
LEOFF1 retiree medical	703	728	678	687
Maintenance & operations of city property	-	-	-	681
Parks & open spaces	3,889	8,801	13,971	10,697
Permit review and inspection	7,968	5,111	3,277	-
Police services	-	13	24	489
Transportation infrastructure	-	-	-	1,159
Transportation planning	930	-	-	-
Transportation preservation & maintenance	7,533	-	-	-
Waste reduction & recycling	483	367	327	96
Water quality management	81	-	496	13
General government property acquisition	-	-	681	-
Convention center financing	3,233	3,213	3,124	4,082
Total restricted fund balance	<u>24,923</u>	<u>18,274</u>	<u>25,690</u>	<u>72,524</u>
Total unassigned fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - other governmental funds	<u>\$ 62,054</u>	<u>\$ 45,325</u>	<u>\$ 51,296</u>	<u>\$ 92,320</u>

**Table 4**  
Page 4 of 5

**FUND BALANCES OF GOVERNMENTAL FUNDS <sup>(A)</sup>**  
**Last Ten Fiscal Years**  
( in thousands)

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

**FUND BALANCES OF GOVERNMENTAL FUNDS <sup>(A)</sup>**  
**Last Ten Fiscal Years**  
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Restricted for:				
Arts & culture	3	-	-	-
CIP funding	-	-	-	49,414
Commuting alternatives	15	12	-	-
Debt service	85	6	10	1,879
Fire & emergency aid service	-	-	-	125
Housing & community services	-	567	3,102	3,203
Information systems	-	23	-	-
LEOFF1 retiree medical	703	728	678	687
Maintenance & operations of city property	-	-	114	681
Parks & open spaces	3,889	8,801	13,971	10,697
Permit review & inspection	7,968	5,111	3,277	-
Police services	-	13	24	489
Transportation infrastructure	-	-	-	1,159
Transportation planning	930	-	-	-
Transportation preservation & maintenance	7,533	-	-	-
Waste reduction & recycling	483	367	327	96
Water quality management	81	-	496	13
General government property acquisition	-	-	681	-
Convention center financing	3,233	3,213	3,124	4,082
Total restricted fund balance	<u>24,922</u>	<u>18,841</u>	<u>25,804</u>	<u>72,524</u>
Unassigned	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>
Total unassigned fund balance	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>
Fund balance - governmental funds	<u>\$ 83,713</u>	<u>\$ 69,036</u>	<u>\$ 75,729</u>	<u>\$ 117,352</u>

<sup>(A)</sup> All amounts are reported on the modified - accrual basis

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



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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes and special assessments	\$123,958	\$134,369	\$149,428	\$177,113	\$150,084	\$142,698	\$147,820	\$148,773	\$163,104	\$169,498
Licenses and permits	4,470	4,439	7,140	5,198	8,972	6,411	4,850	4,606	5,478	4,718
Intergovernmental	23,266	28,213	32,439	34,946	31,670	31,469	26,978	27,430	29,912	26,462
Service charges and fees	18,677	19,715	24,819	26,101	26,906	25,747	23,973	24,541	28,708	33,263
Fines and forfeitures	545	329	174	532	489	71	1,238	2,650	1,865	1,168
Interest and penalties	3,488	3,113	3,500	5,135	3,703	2,445	1,014	1,058	455	715
Net change in fair value of investments	(684)	199	350	25	521	(388)	(308)	358	(146)	(639)
Rent	1,788	2,285	2,283	3,102	4,180	4,863	4,607	5,133	4,820	4,829
Judgements and settlements	18	534	4,766	1,431	25	46	-	-	-	-
Premiums and contributions	1,320	1,446	1,643	1,655	446	2,422	1,075	686	434	2,691
Other	325	1,202	394	295	796	678	248	921	306	876
<b>Total revenues</b>	<b>177,171</b>	<b>195,844</b>	<b>226,936</b>	<b>255,533</b>	<b>227,792</b>	<b>216,462</b>	<b>211,497</b>	<b>216,156</b>	<b>234,936</b>	<b>243,581</b>
<b>Expenditures</b>										
General government	22,720	24,211	25,329	25,410	25,364	25,075	26,074	24,781	25,024	27,231
Public safety	58,221	61,294	65,701	71,042	78,219	79,817	80,733	80,143	83,044	86,634
Physical environment	1,068	1,436	1,555	2,198	2,449	1,953	1,793	1,746	1,544	2,666
Transportation	20,385	24,886	29,806	29,173	32,957	28,479	29,793	30,625	32,258	31,461
Economic environment	15,755	15,248	17,263	20,463	22,718	21,798	20,043	18,726	18,882	21,065
Health and human services	2,286	4,932	4,845	6,357	7,226	7,782	7,533	8,383	8,328	7,609
Culture and recreation	24,700	24,729	28,319	30,924	35,035	34,489	33,751	33,269	35,446	37,927
Capital outlay	48,580	112,692	42,463	45,664	39,461	23,035	19,383	21,713	14,552	44,971
Debt service										
Principal	33,157	7,463	3,985	29,560	4,275	14,187	4,664	4,668	4,208	20,612
Interest and fiscal charges	5,240	7,136	7,834	7,855	7,468	7,306	7,386	7,866	7,150	8,987
<b>Total expenditures</b>	<b>232,112</b>	<b>284,027</b>	<b>227,100</b>	<b>268,646</b>	<b>255,172</b>	<b>243,921</b>	<b>231,153</b>	<b>231,920</b>	<b>230,435</b>	<b>289,163</b>

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS <sup>(A)</sup>**  
**Last Ten Fiscal Years**  
(in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Other Financing Sources (Uses)</b>										
Transfers in	44,309	89,078	34,994	46,437	25,545	33,301	23,325	17,821	19,481	37,243
Transfers out	(42,435)	(88,052)	(34,457)	(45,211)	(24,980)	(29,602)	(11,534)	(16,734)	(16,901)	(35,964)
Proceeds from long-term debt	107,567	6,700	13,983	713	26,248	12,047	14,863	-	-	-
Refunding bonds issued	-	-	-	-	-	-	9,595	-	(107,854)	70,405
Payment to refunded bond escrow agent	-	-	-	-	-	-	(9,600)	-	107,854	-
Sale of capital assets	63	3,349	157	13	1,161	-	42	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-	1,131	-	-	11,930
Total other financing sources (uses)	109,504	11,075	14,677	1,952	27,974	15,746	27,822	1,087	2,580	83,613
Net change in fund balance	\$21,321	\$10,911	\$1,564	(\$25,428)	\$515	(\$3,910)	\$12,058	(\$14,677)	\$7,081	\$38,032
Debt service as a percentage of noncapital expenditures	8.52%	6.40%	16.78%	5.44%	9.73%	9.78%	9.78%	5.96%	5.26%	12.12%

<sup>(A)</sup> All amounts are reported on the modified - accrual basis

Table 6

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE<sup>(A)</sup>

Last Ten Fiscal Years

(in thousands)

Fiscal Year	Total Taxes	General Property Taxes	General Sales Taxes	Utility Taxes	Business and Occupation Taxes	LRF Local Option Sales and Use Tax	Other Taxes and Assessment <sup>(B)</sup>	Memo Only Hotel/Motel Tax <sup>(C)</sup>
2004	\$ 120,041	\$ 27,914	\$ 40,218	\$ 18,364	\$ 21,612	\$ -	\$ 11,933	\$ 3,916
2005	129,231	27,157	45,300	19,452	23,427	-	13,895	4,299
2006	142,800	27,672	48,946	21,356	31,606	-	13,220	5,839
2007	169,923	31,075	56,776	22,912	31,662	-	27,498	6,647
2008	142,772	28,815	53,141	23,910	30,106	-	6,799	6,724
2009	137,366	34,738	45,119	24,119	26,340	-	7,050	5,332
2010	141,723	35,337	44,984	25,076	25,285	-	11,041	6,095
2011	141,996	36,401	46,357	25,921	26,208	-	7,109	6,776
2012	163,104	37,821	48,596	26,476	28,690	-	14,051	7,469
2013	160,322	37,939	52,757	28,103	28,673	315	12,535	9,176

<sup>(A)</sup> All amounts are reported on the modified - accrual basis.

<sup>(B)</sup> Includes miscellaneous tax revenues and special assessments.

<sup>(C)</sup> 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 to BCCA.

Table 7

**TAXABLE SALES BY CATEGORY <sup>(A)</sup>**  
**Last Ten Fiscal Years**  
(in thousands)

	Year									
	2004	2005 <sup>(B)</sup>	2006	2007	2008	2009	2010	2011	2012	2013
Contracting	\$525,419	\$729,303	\$860,690	\$1,296,795	\$1,255,692	\$872,463	\$603,334	\$569,506	\$537,336	\$695,970
Manufacturing	53,312	62,885	64,765	86,303	84,773	70,537	77,831	73,089	62,910	66,172
Transportation, communications, and utilities	167,333	194,851	199,868	214,878	190,568	201,248	211,877	227,732	237,651	261,264
Finance, insurance, and real estate	97,437	160,305	176,983	174,893	148,801	149,680	130,987	129,894	141,318	148,445
Wholesale trade	307,256	342,940	331,433	394,954	418,040	360,308	302,105	301,079	317,937	336,048
Retail - building materials	129,355	125,398	134,002	137,004	120,234	106,555	101,484	98,429	103,783	114,651
Retail - general merchandise	181,597	196,058	206,931	206,399	188,755	189,052	196,797	197,946	201,437	217,414
Retail - food	94,982	62,765	71,979	75,024	77,748	76,879	82,700	80,515	91,170	96,819
Retail - automotive	783,160	861,607	920,511	970,929	794,053	720,411	756,742	783,644	865,344	937,893
Retail - apparel	322,956	402,790	443,022	483,921	423,738	384,063	405,998	447,179	486,211	496,795
Retail - furniture and accessories	437,142	430,400	445,270	442,037	411,884	381,491	350,641	325,897	380,545	312,593
Retail - restaurants	235,850	251,313	291,529	313,354	312,514	317,213	347,268	378,827	410,862	427,739
Retail - miscellaneous	345,375	327,865	383,313	392,523	392,992	368,757	395,200	417,755	447,389	463,937
Services - hotels	93,049	95,563	101,144	122,550	125,820	116,518	153,772	171,489	186,571	199,665
Services - business	165,596	300,434	321,741	440,246	435,092	301,306	328,008	360,918	339,930	395,436
Services - other	270,128	204,934	223,293	248,588	257,424	245,211	246,900	252,608	262,115	267,384
All other categories	42,157	1,036	1,660	1,320	1,567	2,064	1,245	1,004	1,414	1,170
<b>Total sales</b>	<b>\$4,252,106</b>	<b>\$4,750,445</b>	<b>\$5,178,133</b>	<b>\$6,001,718</b>	<b>\$5,639,695</b>	<b>\$4,863,756</b>	<b>\$4,692,889</b>	<b>\$4,817,512</b>	<b>\$5,073,923</b>	<b>\$5,439,394</b>

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

<sup>(A)</sup> The city is prohibited by law from reporting individual sales tax payers<sup>(B)</sup> Effective 2005, the Department of Revenue began reporting by NAICS code instead of by SIC Code. Previous years were not adjusted.

**Table 8**  
Page 1 of 2

**SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Ten Fiscal Years**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009<sup>(E)</sup></b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
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 <sup>(B)</sup>	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Transit - King County (METRO) <sup>(C)</sup>	0.800%	0.800%	0.800%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%
King County Mental Health <sup>(D)</sup>	-	-	-	-	0.001	0.001	0.100%	0.100%	0.100%	0.100%
Criminal Justice tax (0.10% total) <sup>(A)</sup>										
10% Directly to King County	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%
90% shared based on population										
City of Bellevue (estimate)	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.000%
King County (estimate)	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.090%
Total Criminal Justice tax	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%
Total Local Rate	1.900%	1.900%	1.900%	2.000%	2.100%	2.100%	2.100%	2.100%	2.100%	2.100%
City of Bellevue share										
Regular rate	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%
Optional rate	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Criminal justice (estimate)	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.000%
Total City of Bellevue portion	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.925%
King County portion	0.969%	0.969%	0.969%	1.069%	1.169%	1.169%	1.169%	1.169%	1.169%	1.175%
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%	0.900%	0.900%	0.900%	0.900%	0.900%
Total Sales tax rate	8.800%	8.800%	8.800%	8.900%	9.000%	9.500%	9.500%	9.500%	9.500%	9.500%

SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS  
Last Ten Fiscal Years

- (A) Criminal justice tax is 0.01 percent of the gross sale. Ten percent of this is paid directly to King County, and the remaining 90 percent is shared between cities within the county. King County retains the portion for unincorporated areas within the county, in 2013, the city's population was 132,100 and the County's population was 1,981,900. Bellevue represented 6.67 percent of the total population of King county and as such would receive 0.007 percent of this tax.
- (B) Under Bellevue City Code 4.12.025 and RCW 82.14.030, the city may, at the discretion of the city council, impose an additional sales tax up to 0.5 percent. The city collects the maximum amount allowed of this tax.
- (C) In 2006, voters approved a 0.10 percent sales tax increase for the *Transit Now!* Transportation package to benefit the expansion of the county's bus service. The tax is effective beginning in 2007.
- (D) Effective April 1st, 2008, voters approved a 0.10 percent sales tax increase for the King County Mental Health tax. This tax will benefit chemical dependency and mental health services.
- (E) Effective 4/1/09, Sound Transit increased portion of sales tax by five-tenths of one percent.

Sources:

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

Table 9

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY\***  
**Last Ten Fiscal Years**  
(in thousands, except tax rate)

Fiscal Year	Assessed and Estimated Actual Value						Grand Total	Total Direct Tax Rate
	Real Property	Personal Property	State Public Service Property		Exemptions	Non-Taxable <sup>(A)</sup>		
2004	\$ 19,947,485	\$ 957,967	\$ 367,378	\$ 110,834	\$ 1,236,002	\$ 19,925,994	\$1.35	
2005	20,794,647	1,082,560	414,532	119,487	1,315,220	20,857,032	1.34	
2006	22,643,266	1,034,980	383,509	116,021	1,421,898	22,523,836	1.23	
2007	25,197,266	988,691	496,028	123,540	1,628,843	24,929,602	1.16	
2008	29,767,156	121,502	596,988	124,953	-	30,360,693	1.09	
2009	35,848,337	1,172,683	697,455	137,238	-	37,581,237	0.92	
2010	32,224,417	1,209,975	668,110	157,291	-	33,945,211	0.94	
2011	30,291,931	1,220,536	672,827	176,038	-	32,009,256	1.06	
2012	29,171,374	1,193,494	659,024	113,809	-	30,910,083	1.20	
2013	30,866,059	1,324,322	609,300	122,721	-	32,676,960	1.18	

\* Real, personal, and state public service property have been assessed at 100 percent 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.

<sup>(A)</sup> Starting for the fiscal year 2008 non-taxable values are excluded from assessed taxable property values.

Source: King County Assessor

Table 10

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

Fiscal Year	City of Bellevue			School District	King County	Washington State	Port of Seattle	Other	Total
	Operating	Debt Service	Total Rate						
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	-	0.92	1.95	1.21	2.13	0.22	0.91	7.34
2009	0.94	-	0.94	1.87	1.10	1.96	0.27	0.76	6.90
2010	1.06	-	1.06	2.22	1.28	2.22	0.22	0.89	7.89
2011	1.13	-	1.13	2.73	1.34	2.28	0.22	0.99	8.69
2012	1.20	-	1.20	3.00	1.42	2.42	0.23	0.98	9.24
2013	1.18	-	1.18	3.25	1.54	2.57	0.23	1.01	9.77

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

Source: King County Assessor



Table 11

**PRINCIPAL PROPERTY TAXPAYERS**  
Current year and ten years ago

Rank	Taxpayer	Type of Business	2013		Rank	2004	
			2013 Assessed Valuation (in millions)	Percentage of Total Assessed Valuation <sup>(A)</sup>		2004 Assessed Valuation (in millions)	Percentage of Total Assessed Valuation <sup>(A)</sup>
1	Kemper Development (Bellevue Square Managers Inc)	Land management	\$ 555	1.56%	2	\$ 253	1.14%
2	W2007 Seattle formerly Archon Group LP	Property management	374	1.05%	(B)	-	0.00%
3	The Boeing Company	Aerospace	374	1.05%	3	203	0.91%
4	Puget Sound Energy	Utility Services	270	0.76%	4	186	0.84%
5	FSP- City Center Plaze LLC (Cole Mt Bellevue WA LLC)	Property management	256	0.72%	(B)	-	0.00%
6	Bellevue Place	Property management	247	0.69%	5	134	0.60%
7	T-Mobile	Telecommunications	189	0.53%	(B)	-	0.00%
8	Kilroy Realty (Three Bellevue Center LLC)	Property management	165	0.46%	8	97	0.44%
9	Essex Property Trust	Property management	146	0.41%	(B)	-	0.00%
10	BRE Properties	Property management	117	0.33%	(B)	-	0.00%
(B)	Spieker Properties	Real Estate Acquisition	(B)	0.00%	1	253	1.14%
(B)	Qwest Corpotation Inc.	Telecommunications	(B)	0.00%	6	117	0.53%
(B)	EOP Northwest Properties	Property management	(B)	0.00%	7	112	0.50%
(B)	National Tax Search	Property management	(B)	0.00%	6	92	0.41%
(B)	Property Tax Department	Property management	(B)	0.00%	10	90	0.41%
			<u>\$ 2,693</u>	<u>7.57%</u>		<u>\$ 1,537</u>	<u>6.92%</u>

<sup>(A)</sup> 2013 assessed valuations for 2014 tax collection. Total 2013 assessed valuation, in millions, is \$ 35,567,817.

Total 2004 assessed valuation , in millions, was 22,213,664.

<sup>(B)</sup> 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**  
(in thousands)

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collected in Subsequent</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage</u>		<u>Amount</u>	<u>Percentage</u>
2004	\$ 28,034	\$ 27,577	98.37%	\$ 363	\$ 27,940	99.66%
2005	27,354	26,885	98.29%	329	27,214	99.49%
2006	27,786	27,401	98.61%	384	27,785	100.00%
2007	29,044	28,631	98.58%	342	28,973	99.76%
2008	28,913	28,500	98.57%	364	28,863	99.83%
2009	35,250	34,664	98.34%	431	35,095	99.56%
2010	36,063	35,314	97.92%	350	35,664	98.89%
2011	36,632	36,078	98.49%	-	36,078	98.49%
2012	36,926	36,384	98.53%	581	36,965	100.00%
2013	38,296	37,718	98.49%	541	38,259	99.90%

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

Notes: 1) The total tax levy is the certified tax levy adopted by City ordinance.

2) The amounts presented on this table include omits and levy changes in addition to collections.

Table 13

**RATIO OF OUSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
(in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-Type Activities			Total primary government	Percentage of personal income	Per capita
	General obligation bonds	Special assessments	Conditional purchase contracts	PWTF loans	Line of credit	General obligation bonds	Revenue bonds	PWTF loans			
2004	\$ 128,800	\$ 4,404	\$ 3,319	\$ 244	\$ 13,818	\$ 4,095	\$ 6,163	\$ 1,009	\$ 162,905	2.85%	\$ 1,398
2005	126,185	3,481	1,793	183	18,218	4,025	5,025	853	160,776	2.89%	1,392
2006	129,951	2,641	1,039	122	26,118	3,950	3,846	698	169,374	2.74%	1,448
2007	127,424	2,116	247	774	500	3,850	2,813	546	139,252	2.04%	1,179
2008	138,600	1,675	-	676	12,000	3,600	1,930	412	159,863	2.31%	1,341
2009	136,851	1,275	-	638	12,047	3,350	1,002	279	155,442	2.27%	1,278
2010	145,728	795	1,100	638	15,047	2,980	-	159	166,447	2.47%	1,374
2011	142,444	100	450	598	15,047	2,675	-	103	161,417	2.26%	1,321
2012	141,801	55	-	558	15,047	2,375	-	66	159,902	2.14%	1,283
2013	206,726	10	-	518	-	2,080	-	29	209,363	N/A <sup>(A)</sup>	1,585

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

Notes: <sup>(A)</sup> Personal Income data not available at time of printing.

Table 14

**RATIO OF GENERAL BONDED DEBT OUSTANDING**  
**Last Ten Fiscal Years**  
(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 <sup>(A)</sup>	Net Bonded Debt per Capita <sup>(B)</sup>
2004	\$ 132,895	\$ 2,505	\$ 130,390	0.65%	\$ 1,114
2005	130,210	1,560	128,650	0.62%	1,114
2006	133,901	1,610	132,291	0.59%	1,125
2007	131,274	1,999	129,275	0.52%	1,089
2008	142,200	5,607	136,593	0.45%	1,139
2009	140,201	3,370	136,831	0.36%	1,132
2010	148,706	2,172	146,534	0.43%	1,198
2011	145,119	1,976	143,143	0.45%	1,160
2012	144,176	2,462	141,714	0.46%	1,137
2013	208,806	2,138	206,668	0.63%	1,564

<sup>(A)</sup> See table 9 for property value statistics.

<sup>(B)</sup> See table 18 for population statistics.

Table 15

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
(in thousands)

<u>Jurisdiction</u>	<u>Gross General Obligation Debt Outstanding <sup>(A)</sup></u>	<u>Percentage Applicable to Bellevue <sup>(B)</sup></u>	<u>Amount Applicable to Bellevue</u>
City of Bellevue	\$ 3,173,146	100.00%	\$ 3,173,146
King County	832,466	10.43%	86,826
School District #405	607,590	80.33%	488,077
School District #414	470,220	1.10%	5,172
School District #403	308,465	2.71%	8,359
School District #411	348,925	12.34%	43,057
Port of Seattle	283,815	10.43%	29,602
Hospital District #2	190,065	0.05%	95
Library District	128,300	16.78%	21,529
Issaquah Library Capital Facility Area	3,300	0.73%	24
Total other jurisdictions	3,173,146	21.52%	682,742
Total Direct and Overlapping Debt	<u>\$ 6,346,292</u>	<u>60.76%</u>	<u>\$ 3,855,888</u>

<sup>(A)</sup> Total general obligation bonds outstanding on December 31, 2013 exclusive of refunded bonds.

<sup>(B)</sup> Determined by ratio of 2013 assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

Source: King County Department of Finance

**Table 16**  
Page 1 of 2

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

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Debt Limit	\$1,666,024	\$1,796,739	\$1,995,872	\$2,354,687	\$2,821,998	\$2,551,417	\$2,405,906	\$2,323,305	\$2,450,772	\$2,450,772
Total net debt applicable to limit	192,005	184,880	186,820	150,079	168,529	187,526	196,897	190,186	187,585	217,512
Legal debt margin	\$1,474,019	\$1,611,859	\$1,809,052	\$2,204,608	\$2,653,469	\$2,363,891	\$2,209,009	\$2,133,119	\$2,263,187	\$2,233,260
Total net debt applicable to the limit as a percentage of debt limit	11.52%	10.29%	9.36%	6.37%	5.97%	7.35%	8.18%	8.19%	7.65%	8.88%

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2013**  
(in thousands)

Description	Councilmanic Debt (Non-Voted)		Voted Debt	General Purpose Indebtedness <sup>(B)</sup>	Excess Levy Open Space and Park	Excess Levy Utility Purposes	Total Debt Capacity
Assessed Value <sup>(A)</sup>	\$	32,676,960	\$ 32,676,960	\$ 32,676,960	\$ 32,676,960	\$ 32,676,960	\$ 32,676,960
Statutory debt limit percentages:		1.50%	1.00%	2.50%	2.50%	2.50%	7.50%
Debt limit	\$	490,154	\$ 326,770	\$ 816,924	\$ 816,924	\$ 816,924	\$ 2,450,772
Debt applicable to limit							
Bonds outstanding	\$	208,806	\$ -	\$ 208,806	\$ -	\$ -	\$ 208,806
Capital Lease BCCA -1991		9,785		9,785			9,785
Less:							
Cash on hand for debt redemption <sup>(C)</sup>		1,079	-	1,079	-	-	1,079
Delinquent taxes <sup>(D)</sup>		-	-	-	-	-	-
Total Net Debt applicable to limit		217,512	-	217,512	-	-	217,512
Remaining Debt Capacity	\$	272,643	\$ 326,770	\$ 599,412	\$ 816,924	\$ 816,924	\$ 2,233,260

<sup>(A)</sup> This figure represents the city's final assessed valuation for 2013 which will be used to determine the 2014 property tax levy.

<sup>(B)</sup> 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.

<sup>(C)</sup> 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.

<sup>(D)</sup> 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.

Table 17

**PLEDGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**  
(in thousands)

Fiscal Year	Revenue Bonds <sup>(E)</sup>								Special Assessment Bonds				
	Gross Revenue <sup>(A)</sup>	Expenses <sup>(B)</sup>	Net revenue available for debt service	Debt Service Requirements <sup>(C)</sup>			Coverage <sup>(D)</sup>	Special Assessment Collections	Debt Service			Coverage	
				Principal	Interest	Total			Principal	Interest	Total		
2004	\$ 74,368	\$ 53,323	\$ 21,045	\$ 3,415	\$ 5,865	\$ 9,280	2.27%	\$ 718	\$ 727	\$ 354	\$ 1,081	0.66%	
2005	76,543	56,166	20,377	2,952	6,076	9,028	2.26	870	706	302	1,008	0.86	
2006	89,553	57,778	31,775	2,999	6,297	9,296	3.42	625	720	238	958	0.65	
2007	92,674	62,958	29,715	2,621	6,174	8,795	3.38	718	484	170	654	1.10	
2008	93,087	62,270	30,817	3,126	6,773	9,899	3.11	564	471	11	482	1.17	
2009	95,930	68,602	27,328	3,403	7,016	10,419	2.62	645	401	85	486	1.33	
2010	102,010	73,342	28,668	1,361	1,550	2,911	9.85	475	403	58	461	1.03	
2011	6,776	-	6,776	1,550	7,660	9,210	0.74	425	35	8	43	9.88	
2012	7,469	-	7,469	1,585	8,040	9,625	0.78	412	45	8	53	7.77	
2013	9,176	-	9,176	1,150	3,920	5,070	1.81	445	45	6	51	8.73	

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

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

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

<sup>(D)</sup> Net revenue available for debt service divided by total debt service requirements.

<sup>(E)</sup> Figures for revenue bonds have been restated for prior years to exclude general obligation debt. There are no expenses for 2013 as the entire revenues collected are pledged to BCCA. In addition, we excluded revenues generated by BCCA as they are not pledged to debt coverage and included hotel/motel tax revenues from the Hotel/Motel Tax Fund.



Table 18

**DEMOGRAPHIC STATISTICS**  
Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal Income	Personal Income	Median Age	Number of Households	Public School Enrollment	Number of Jobs	Unemployment Rate	CPI-U%
2004	117,061	\$ 49,118	\$ 5,749,802	39	48,602	15,718	121,010	4.9%	1.2%
2005	115,493	48,216	5,568,610	39	47,840	16,215	124,716	4.1%	2.8%
2006	117,580	52,655	6,191,175	39	48,639	16,461	131,418	3.7%	3.7%
2007	118,701	57,710	6,850,235	40	49,035	16,520	134,766	3.2%	3.9%
2008	119,973	58,141	6,975,350	41	49,500	16,937	138,723	3.8%	4.2%
2009	120,872	56,904	6,878,100	38	49,805	17,311	130,930	7.2%	0.6%
2010	122,363	55,136	6,746,606	38	50,355	17,783	130,249	7.6%	0.3%
2011	123,400	57,837	7,137,086	38	50,933	18,048	133,846	6.9%	2.7%
2012	124,600	60,090	7,487,214	38	51,493	18,351	138,904	5.9%	2.5%
2013	132,100	A	A	A	54,422	18,515	A	4.7%	1.2%

- Sources: 1) Population and number of households provided by Washington State's Office of Financial Management. Note, estimates from 2004 to 2009 were revised to match OFM's intercensal estimates.
- 2) Per Capita Personal Income data was provided by US Bureau of Economic Analysis. Estimates are for King County, in which Bellevue is located. Bellevue data are not available.
- 3) Personal Income was calculated from Per Capita Personal Income and Population estimates and is presented in thousands.
- 4) Median Age was provided by the U.S. Census Bureau's annual American Community Surveys and the 2010 Census.
- 5) Public School Enrollment was provided by the Bellevue School District.
- 6) Number of Jobs was provided by the Puget Sound Regional Council.
- 7) Unemployment Rate was provided by the Bureau of Labor Statistics. Please note previous years may reflect revised inputs, reestimation, and/or adjustment to new state control totals.
- 8) CPI-U was provided by the Bureau of Labor Statistics and is for Seattle-Tacoma-Bremerton Metropolitan Area.
- <sup>A</sup> Data not available at time of publication.

Table 19

**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

Employer	Type of Business	2013			2004		
		Rank	Number of Employees	Percentage of Total City Employment	Rank <sup>(A)</sup>	Number of Employees	Percentage of Total City Employment
Microsoft Corp.	Technology	1	5,700	4.06%	(B)		0.00%
T-Mobile USA	Cellular Telephones	2	3,200	2.28%	(B)		0.00%
Boeing	Aviation	3	2,800	1.99%	(B)		0.00%
Bellevue School District	Education K-12	4	2,900	2.06%	(B)		0.00%
Overlake Hospital Medical Center	Medical Hospital	5	2,500	1.78%	(B)		0.00%
Expedia Inc.	Online Travel	6	2,500	1.78%	(B)		0.00%
Bellevue Community College	Higher Education	7	1,800	1.28%	(B)		0.00%
City of Bellevue	Government	8	1,544	1.10%		1,546	1.28%
Puget Sound Energy	Utility Services	9	1,000	0.71%	(B)		0.00%
Safeway	Grocery/Bakery	10	1,000	0.71%	(B)		0.00%
			<u>24,944</u>	<u>17.75%</u>		<u>1,546</u>	<u>1.28%</u>

Source: Planning and Community Development Department

Estimate number of total jobs at end of 2012 was 140,500 and 121,010 for 2004.

(A) Number of jobs data was provided by the City of Bellevue Planning & Community Development Department. Note, estimates are rounded to the nearest 100.

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

Table 20

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

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General government	327	322	327	349	363	403	384	358	337	351
Public Safety										
Police										
Officers	174	170	173	175	182	180	181	180	178	180
Civilians	97	100	93	93	99	97	42	35	35	35
Fire										
Firefighters and officers	198	198	198	207	209	218	216	212	216	216
Civilians	21	21	24	28	37	30	33	31	29	27
Transportation	130	127	129	129	130	117	117	115	112	116
Culture and recreation	173	172	180	163	163	163	166	164	162	162
Water	63	63	61	62	63	63	66	66	66	66
Sewer	39	38	41	41	42	42	46	46	47	49
Storm and surface water	44	44	45	45	45	45	48	49	49	50
<b>Total</b>	<b>1,265</b>	<b>1,254</b>	<b>1,269</b>	<b>1,291</b>	<b>1,333</b>	<b>1,358</b>	<b>1,299</b>	<b>1,256</b>	<b>1,231</b>	<b>1,252</b>

Source: City of Bellevue Budget Office

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

**Table 21**  
Page 1 of 3

**OPERATING INDICATORS BY FUNCTION**  
Last Ten Fiscal Years

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Function:</b>										
Public safety/judicial:										
Police:										
Offenses:										
Rape	38	29	42	29	33	25	10	23	26	20
Robbery	75	49	71	61	71	61	59	58	67	48
Homicide	0	2	3	0	0	2	0	2	2	1
Assault	693	420	570	528	582	545	538	553	517	491
Auto theft	608	567	476	446	274	179	207	157	169	249
Burglary	680	595	591	583	687	621	657	607	685	688
Larceny	3,570	3,503	3,178	3,152	3,327	3,150	2,905	2,775	2,649	3,013
Citations:										
Traffic	23,129	24,370	22,088	20,814	22,664	22,914	20,959	18,084	15,809	18,089
Criminal	2,335	2,033	2,383	2,533	2,653	2,473	2,266	2,577	2,695	2,052
Judicial system:										
Handled by district court	25,464	26,403	24,471	23,347	25,317	25,387	23,225	20,661	18,504	20,141
Fire:										
First response:										
Buildings	162	135	123	110	120	120	96	86	117	87
Non-Buildings	242	257	300	237	225	259	184	157	197	205
Service	503	418	506	450	422	462	340	350	293	437
False alarm	1,476	1,466	1,682	1,446	1,573	1,502	1,438	1,342	1,320	1,429
Other	1,053	892	1,671	1,078	1,039	984	860	838	832	839
Medic 1 Responses:										
First aid	12,218	12,381	14,002	13,525	13,640	13,794	13,571	13,469	13,851	13,795
Runs per week	235	238	269	260	262	265	261	259	266	265

**Table 21**  
Page 2 of 3

**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Function:</b>										
Transportation:										
Area of roadway repaired (sq ft)	8,295	7,461	10,631	16,330	19,305	16,626	13,510	28,999	48,929	34,518
Miles of streets swept	5,532	4,746	4,685	5,098	3,506	2,385	4,410	3,962	3,601	2,892
Area of sidewalk repaired (sq ft)	10,225	5,821	4,497	5,222	10,090	5,299	3,153	6,374	9,283	14,664
Physical/economic environment:										
Building permits issued	11,472	12,395	13,673	13,707	12,862	10,984	11,506	11,261	12,380	14,239
Estimated value (in millions)	255	346	761	831	629	274	209	168	377	560
Culture and recreation:										
Number of rounds of golf played	73,059	69,625	61,043	75,913	79,883	79,610	73,902	70,368	62,143	71,335
Water utility:										
Water consumption (CCF in thousands)	7,242	6,814	7,293	6,852	6,612	6,908	6,277	6,349	6,652	6,623
Number of customers:										
Residential	33,912	34,210	34,286	34,440	34,544	34,599	34,667	34,723	34,797	34,879
Multi-residential	658	657	659	651	648	647	650	661	662	661
Commercial	2,264	2,191	2,110	2,101	2,107	1,855	1,808	2,087	2,091	2,071
Total number of customers	36,834	37,058	37,055	37,192	37,299	37,101	37,125	37,471	37,471	37,611
Water consumption peak in a day (millions of gallons)	35	31	33	32	29	37	29	27	29	29
Water consumption peak in a month (millions of gallons)	860	811	830	724	776	876	737	750	761	792

**Table 21**  
Page 3 of 3

**OPERATING INDICATORS BY FUNCTION**  
Last Ten Fiscal Years

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Function:</b>										
Sewer utility:										
Sewer consumption (CCF in thousands)	5,256	5,272	5,362	5,401	5,533	5,322	4,603	5,404	5,400	5,382
Number of customers:										
Residential	32,764	32,874	33,710	33,865	33,057	33,195	34,596	33,320	34,696	34,723
Multi-residential	660	655	653	648	644	641	648	652	654	653
Commercial	1,795	1,806	1,721	1,725	1,737	1,719	1,710	1,709	1,734	1,713
Total number of customers	35,219	35,335	36,084	36,238	35,438	35,555	36,954	35,681	37,084	37,089
Storm and surface water:										
Number of customers:										
Residential	27,903	27,931	28,000	28,064	28,153	28,158	28,196	28,266	30,309	30,392
Multi-residential	535	530	531	525	524	526	546	530	546	544
Commercial	1,975	1,984	1,974	1,960	1,968	1,949	1,939	1,939	1,960	1,951
Total number of customers	30,413	30,445	30,505	30,549	30,645	30,633	30,681	30,735	32,815	32,887

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

**Table 22**  
Page 1 of 2

**CAPITAL ASSETS BY FUNCTION**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Public Safety:										
Police										
Traffic/patrol units	69	73	76	78	72	72	73	75	73	73
Fire										
Fire stations	9	9	9	9	9	9	9	9	9	9
Fire apparatus	27	28	28	23	21	22	22	22	22	20
Fire aid units	10	10	12	18	17	18	16	16	15	15
Transportation:										
Paved streets (miles)	389	388	389	390	390	390	390	390	412	414
Sidewalks (miles)	308	319	333	334	336	329	329	336	337	341
Traffic signals	173	177	179	180	182	182	183	184	186	187
City of Bellevue streetlights	2,810	2,926	2,982	3,026	3,205	3,232	2,900	3,048	3,106	3,113
Puget Sound Energy streetlights	4,644	5,148	4,655	4,835	5,064	5,102	5,146	5,385	5,610	5,639
Culture and Recreation/Marina:										
Parks acreage	2,119	2,600	2,612	2,657	2,696	2,696	2,707	2,707	2,721	2,721
Parks	77	77	77	77	77	77	77	77	77	77
Maintained trails (miles)	64	69	74	97	80	80	80	92	92	92
Playgrounds	45	45	45	45	45	45	45	46	46	46
Tennis courts/centers	39	39	39	39	39	39	39	38	38	38
Sports fields	32	32	32	32	32	32	32	34	34	34
Sports courts	27	27	27	27	27	27	27	27	27	27
Swimming beaches/pools	7	7	7	7	7	7	7	7	7	7
Vistor/interpretive centers	2	3	3	3	4	4	4	4	4	4
Community centers/recreation facilities	4	5	5	5	5	5	5	5	5	5
Golf courses	2	2	2	2	2	2	2	2	2	2
Marinas/boat launches	2	2	2	2	2	2	2	2	2	2

**CAPITAL ASSETS BY FUNCTION**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Water:										
Water mains (miles)	617	618	617	617	620	620	616	618	617	619
Vehicles	42	43	43	43	40	41	41	32	34	35
Sewer:										
Sanitary sewers (miles)	520	520	520	521	523	523	525	525	525	526
Vehicles	40	43	35	37	38	41	41	29	27	28
Storm & surface water:										
Vehicles	25	26	27	27	26	28	28	24	25	26

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



