

2006
Comprehensive
Annual
Financial Report

For the Fiscal Year Ended December 31, 2006

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, 2005

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



A handwritten signature in black ink, appearing to read "Thomas J. Blain".

President

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

Executive Director

Certificate of Achievement
for Excellence
in
Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellevue for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005.

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

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



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended December 31, 2006

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Post Office Box 90012 • Bellevue, Washington • 98009 9012

June 15, 2007

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

The City of Bellevue Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2006 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and agencies of the City. All disclosures necessary to enable the reader to gain an understanding of Bellevue's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. This introductory section includes this transmittal letter, the City's organization chart, and a list of principal officials. The financial section includes the State Auditor's report on the financial statements and schedules, Management's Discussion and Analysis, Government-wide Financial Statements, Fund Financial Statements, Notes to the Financial Statements and Other Required Supplemental Information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This report includes all funds and agencies of the City. In addition, per GASB Statement 14, the City is financially accountable for the Bellevue Convention Center Authority (BCCA); therefore, the activities of the BCCA are included in the City's financial statements as a discrete component unit.

As an aid to the reader, the major sections of this report have been segregated by divider pages, which provide introductions for the sections. Similarly, divider pages have been used to separate the various components of the financial section. Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to compliment the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

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

The City of Bellevue provides a full range of local government services. These services include police and fire protection; emergency medical services; construction and maintenance of streets and traditional municipal

infrastructure; planning and zoning; park and recreational activities; and cultural events. In addition, the City operates an equipment maintenance/rental fund and a utility. The utility provides sewer, water, and storm & surface water services. Certain public safety, utility, and equipment rental services are also provided on a fee basis to other governmental agencies or neighboring taxing districts. Conversely, other government agencies provide the City of Bellevue with jail and court services through interlocal agreements. Bellevue residents receive library services from the King County Library System.

Incorporated in 1953, Bellevue is the 5th largest of 281 cities in the State of Washington. It is located on the east shore of Lake Washington near the population and geographical center of the Puget Sound region. The City encompasses an area of 31.5 square miles, and is linked to established transportation corridors. It is just 11 miles from Seattle and 40 miles from Tacoma with the mountains of the Cascades to the east, and Mount Rainier to the south. Bellevue is about three hours north of Portland, Oregon, and two hours south of Vancouver, Canada.

DISCRETE COMPONENT UNIT

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

ECONOMIC CONDITION AND OUTLOOK

The City of Bellevue is located across Lake Washington just east of Seattle. It has high quality residential areas with strong retail, financial, high technology, commercial, and light industrial sectors. Over the past two decades, Bellevue's business activity expanded rapidly and the City emerged as a major urban center with a growing and vibrant downtown area. Bellevue's population has grown to about 117,500 residents and is expected to grow annually by 1.0% excluding any annexations.

Bellevue contains a diversified mix of industries to include Department Stores, high-technology firms, financial institutions, automobile dealerships, and engineering firms. Bellevue is the headquarters for several business sectors, including Puget Sound Energy, a large regional electric and gas utility, PACCAR, a manufacturer of trucks, and drugstore.com an internet retailer.

The regional economy grew at a strong pace in 2006. Employment grew at 3.6%, more than twice the national growth rate. The Puget Sound regional economy is expected to continue to grow, with employment increasing by 2.9% in 2007. Office vacancy rates in Bellevue's Central Business District fell from 9% at the end of 2005 to 5.5% in 2006. Downtown office vacancy rates are expected to remain low due to projected employment growth in the region. Sales tax collections increased 8.3% over 2005.

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

MAJOR INITIATIVES

2006 Significant Accomplishments:

- The City moved in February 2006 to the new City Hall Building and implemented the “Service First” model aimed at providing better customer service and responsiveness for citizens and businesses.
- In 2006, the City’s television show, “It’s Your City” was awarded 1st place in the magazine Format Series category at the National Association of Telecommunications Officers and Advisors Government Programming Awards.
- The Police Department drafted a comprehensive policing policy for the Bellevue downtown sector, which will take into account the current and anticipated influx of high-rise residential units being built in the downtown core. The policy has been delivered to City staff for consideration
- The Parks Department completed the expansion of the Crossroads Community Center and developed a skate court in Crossroads Park and Meadow Wood Park, a 2.75 acre neighborhood park in south Bellevue.
- The Transportation Department objectives were advanced by effectively partnering with other agencies to advocate and secure \$250 million for the I-405 Northbound NE 8th Street to SR 520 Braid project; by completing the environmental assessment for the I-405 112th Avenue SE to SE 8th Street Widening project; by completing the planning and design phases of the NE 10th Street Extension Stage I project; and by the City Council’s selection of light rail as the preferred High Capacity Transit alternative for Bellevue.

2007 Initiatives

- The Parks Department will begin the first phase of construction of the Mercer Slough Environmental Education Center.
- The Information Technology Department will incrementally deploy a city-wide wireless network which will allow the City to improve connectivity for its mobile workers (Police, Fire, field crews, ect.) and allows private sector business to deliver internet access to the public.
- The Utilities Department will continue implementation of the Cascade Water Alliance action plan. Additionally, the Department will implement the updated Utility Capital Investment Program Plan for Water, Sewer, and Storm Drainage projects.
- The City will continue to work with other Emergency Medical Service (EMS) providers in King County on the county-wide 2007 EMS levy.
- The Transportation Department will begin construction of the NE 10th Street Extension Stage I project, participate in the development of light rail best practices, and support the development of significant other regional projects, such as the SR 520 Bridge replacement and the I-90 two-way transit/HOV project.

FINANCIAL MANAGEMENT AND CONTROLS

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

Budgetary Controls

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

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

Cash Management

Cash temporarily idle during the year was invested in interest bearing bank deposits, U.S. agency issues, and the Washington State Local Government Investment Pool. The average yield on investments was 4.60%, which produced earnings of \$5.2 million on all investments for the year ended December 31, 2006.

Bellevue's investment policy objectives are to minimize credit and interest rate risks, provide sufficient liquidity to meet cash flow needs while maintaining reasonable yields on its portfolio. In addition, the City's cash and interest bearing bank deposits are insured by federal depository insurance. In accordance with the requirements set by State law, the State Public Deposit Protection Commission also insures deposits with in-state banks.

OTHER INFORMATION

Independent Audit

State law requires an annual audit of all City financial records and transactions by the State Auditor, an independent elected State official. The 2006 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 2005. 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, 2005. The City has earned this prestigious award for 26 out of 30 CAFR submissions. This was the 24th 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 2005-2006 biennial budget document for the 15th consecutive year/biennium. The GFOA gives this award to those governments whose budget document meets the GFOA's criteria as an effective policy document, operations guide, financial plan, and communication device.

ACKNOWLEDGMENTS

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of Finance Department staff and other employees throughout the City who assisted in and contributed to its preparation. A special note of thanks is given to Diane Ijiomah, Assistant Division Manager, and Jennifer Dilley, Senior Financial Analyst, and Jonathan Vrablik, Senior Financial Analyst, who served as the main CAFR preparers and coordinators; and Word Processing staff for their cooperation and professional efforts in publishing this document. Further appreciation is extended to the City Council and City management for their encouragement, interest, and support in conducting the financial operations of the City in a sound and progressive manner. The professional assistance of auditors from the State Auditor's Office is also worthy of mention.

Respectfully submitted,



Jan Hawn
Finance Director

CITY OFFICIALS

ELECTED CITY COUNCIL

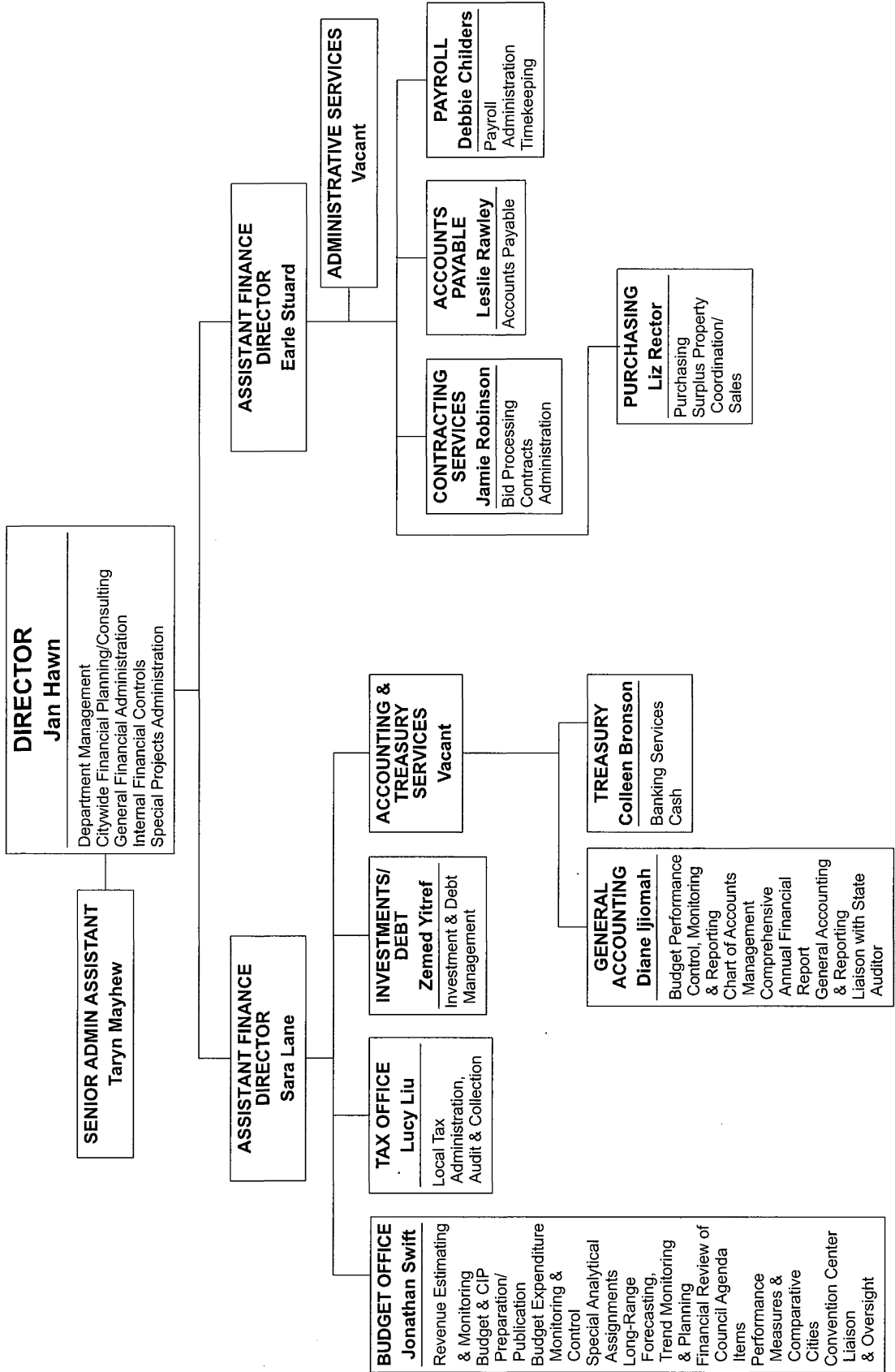
Mayor..... Grant Degginger
Deputy Mayor John Chelminiak
Council Claudia Balducci
Don Davidson
Conrad Lee
Connie Marshall
Phil Noble

APPOINTED ADMINISTRATIVE STAFF

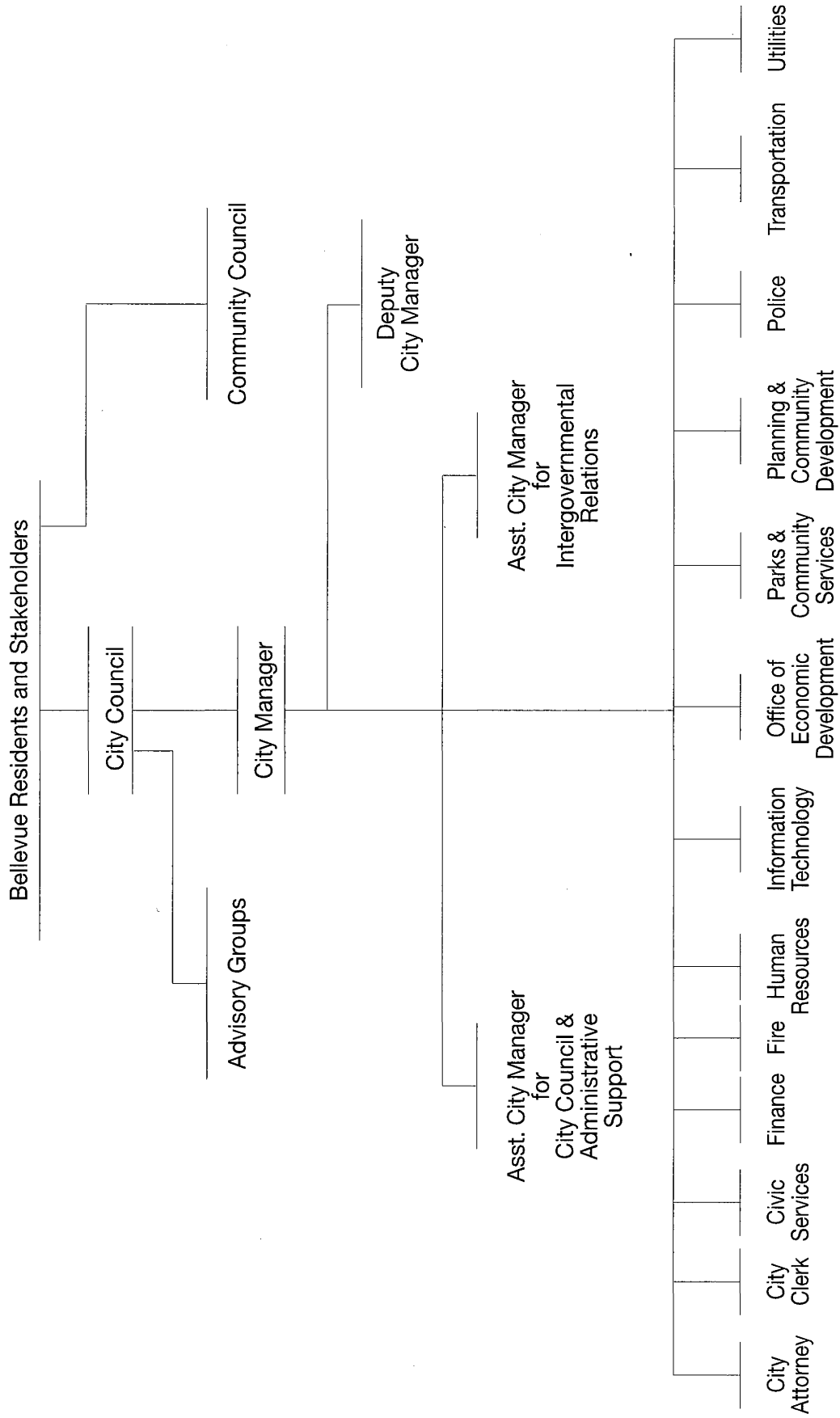
City Manager Steven Sarkozy
Deputy City Manager..... Brad Miyake
Director of Intergovernmental Relations..... Diane Carlson
Assistant City Manager for City Council and Myrna Basich
Administrative Support/City Clerk
City Attorney Lori Riordan
Finance Director Jan Hawn
Fire Chief..... Mario Treviño
Human Resources Director Yvonne Tate
Chief Information Officer, Information Technology..... Toni Cramer
Parks & Community Services Director Patrick Foran
Planning & Community Development Director Matthew Terry
Police Chief Jim Montgomery
Transportation Director..... Goran Sparrman
Utilities Director Denny Vidmar

CITY OF BELLEVUE

FINANCE



**FIGURE 6-1
CITY OF BELLEVUE
HIERARCHICAL ORGANIZATION CHART**







Washington State Auditor
Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

June 15, 2007

The Honorable Mayor and City Council
City of Bellevue
Bellevue, Washington

We have audited the accompanying financial statements of the the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bellevue, King County, Washington, as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bellevue, King County, Washington, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and LEOFF I Medical Reserve Fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages BF-1 through BF-12, The Schedule of Funding Progress – Fireman's Pension Fund on page BF 97, and the Schedule of Modified Approach for Reporting Infrastructure Assets on page BF 98 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation

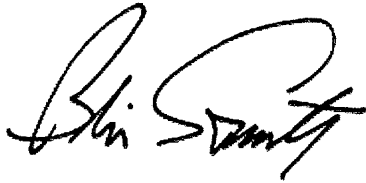


of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplemental information on pages GF-1 through SS-31 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is written in a cursive, flowing style with a large initial "B" and "S".

BRIAN SONNTAG, CGFM
STATE AUDITOR

**Basic
Financial Statements**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative provides an overview and analysis of the City of Bellevue's financial activities for the fiscal year ended December 31, 2006. The purpose is to highlight significant financial issues, major financial activities and resulting changes in financial position, as well as economic factors affecting the City. Readers are encouraged to consider the information presented here in conjunction with the information furnished in the letter of transmittal in the introductory section and the City's financial statements and accompanying notes following the narrative.

FINANCIAL HIGHLIGHTS

- The City completed construction and move to a new City Hall in 2006. This project began in 2003 and was significantly completed in late 2006. The completion of this project resulted in:
 - A \$13.1 million increase in capital assets and invested in capital assets net of related debt.
 - A \$7 million decrease in net assets restricted for construction.
 - A decrease of \$13.2 million in other liabilities for payments to contractors.
 - Transfers from the new City Hall Bond Fund as well as the Operating Grants and Donations Fund to cover construction costs, accounting for \$19.0 million of the reduction in governmental funds balances.
 - Issuance of \$6.0 million limited tax general obligation bonds.
 - Settlement of \$10 million received by the City from contractors for new city hall construction cost over-runs in excess of the guaranteed maximum price.
- Transportation capital grants increased by \$7.3 million due to receipt of grant funding for the NE 10th St bridge.
- Economic environment charges for services increased \$4.8 million due to a surge in inspection and permit fees associated with the increased development activity.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Government-wide Financial Statements distinguish Governmental Activities that are principally supported by taxes and revenues from other agencies, from Business-type Activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities of the City include general government, public safety, physical and economic environment, transportation, mental/physical health, and culture and recreation. The City's business-type activities

consist of marina operations and water, sewer, and storm and surface water utilities. The component unit consists of the Bellevue Convention Center Authority (BCCA), which operates the Meydenbauer Convention Center.

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

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

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

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* (RSI) concerning the City's progress in maintaining its transportation infrastructure accounted for using the modified approach and the funding progress for the Firemen's Pension Trust fund.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets of the City as of December 31, 2006 and December 31, 2005 are summarized and analyzed below.

	Governmental Activities		Business Type Activities		Total	
	2006	2005	2006	2005	2006	2005
			(in thousands)			
Current and other assets	\$171,898	\$162,607	\$82,542	\$62,252	254,440	\$224,859
Capital assets, net of accumulated depreciation	1,638,702	1,605,466	210,722	209,100	1,849,424	1,814,566
Total assets	1,810,600	1,768,073	293,264	271,352	2,103,864	2,039,425
Long-term liabilities	176,389	167,095	9,520	11,073	185,909	178,168
Other liabilities	16,281	26,086	3,336	3,571	19,617	29,657
Total liabilities	192,670	193,181	12,856	14,644	205,526	207,825
Net Assets:						
Invested in capital assets, net of related debt	1,477,820	1,454,592	202,227	199,195	1,680,047	1,653,787
Restricted	4,193	12,959	45,917	28,250	50,110	41,209
Unrestricted	135,917	107,341	32,264	29,262	168,181	136,603
Total net assets	\$1,617,930	\$1,574,892	\$280,408	\$256,707	\$1,898,338	\$1,831,599

Governmental activities. Total net assets for the City increased by \$66.7 million, \$43 million or 64% of this increase was the result of governmental activity. Of total net assets, \$4.2 million is restricted for debt service and is accounted for in capital assets net of related debt. Unrestricted net assets of \$135.9 million are available to meet ongoing obligations to citizens and creditors. Factors contributing to the changes in net assets include:

- Construction in progress decreased by \$82.6 million. Significant activity contributing to this change include a \$92.7 million decrease due to the completion and capitalization of the new city hall in late 2006 and a \$9.5 million increase related to roadway infrastructure projects.
- An \$3.0 million decrease in net assets restricted for construction.
- An increase of \$6.0 million in business and occupation taxes receivable related to the City's tax audit initiative.
- A \$7.3 million increase in other receivables due largely to capital grants.
- A decrease of \$13.2 million in accounts payable related to new city hall.

Business-type activities. Business-type activities of the City's utilities and marina increased the City of Bellevue's net assets by \$23.7 million in 2006, accounting for 36% of the total growth in the government's net assets. Of total net assets, \$44.7 million is restricted for utility capital projects.

Changes in net assets

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

Governmental activities contributed \$43 million of the total increase in net assets of \$66.7 million in 2006, thereby accounting for 64% percent of the total increase in net assets. The increase in net assets in 2006 was lower than the increase in net assets in 2005 by \$1.6 million. Key elements of this change are:

- General Government capital grants and contributions increased by \$4.1 million due to a \$5.2 million construction settlement received in 2006 on the New City Hall Project. This was offset by \$1.0 million due to a pipeline settlement received in the prior year, then transferred to Utilities in 2006.
- Public Safety charges for services decreased by \$2.1 million due to 2006 revenues posted in 2005. Public Safety operating grants and contributions decreased by \$1.2 million due to one time grants received the prior year and other grants with decreasing amounts available to the city.
- Transportation expenses increased \$4.3 million. This was primarily due to increased CIP activity for street overlays (\$3.0 million), Lake Hills Blvd work (\$0.6 million), and Bel-Red Corridor work (\$0.4 million).
- Transportation charges for services increased by \$2.1 million. This was primarily due to increases to the impact fee grant bank and impact fees received for the 150th Ave-SE 36St/Newport Way project. Also, 2005 charges for services were reduced due to several charges against the fund.
- Transportation capital grants increased by \$7.2 million due to receipt of grant funding for the NE 10th St bridge.
- Economic environment expenses increased by \$2.3 million due to increased development activity. Economic environment charges for services increased \$4.8 million due to a surge in inspection and permit fees associated with the increased development activity.
- Health and human services capital grants increased by \$0.7 million due to a developer contribution to the housing fund.
- Culture and recreation expenses increased by \$3.6 million. This was due to higher parks utility and fuel costs, operating expenses for a newly opened community center, and increased parks contract costs to support new facilities.
- Culture and recreation capital grants decreased by \$19.3 million. This was due to \$18.5 million worth of land (Coal Creek Recreation and Surrey Downs) donated in the prior year by King County, planned 2006 reductions in contributions for the second gym at the South Bellevue Community Center (\$0.6 million), and a state grant for the Crossroads Center expansion received in the prior year (\$0.5 million).
- Utility tax revenues increased by \$5.0 million primarily due to a telephone utility tax assessment. B&O Tax revenues increased by \$7.2 million due to extraordinary audit activity and detection of unregistered tax payers resulting from a new detection system. Hotel/Motel tax revenues increased by \$1.5 million due to completion of two major new hotels.
- Investment interest earnings increased by \$1.0 million due a higher yield earned on investments resulting from the Federal Reserve raising the short-term interest rates by .75% in 2006.

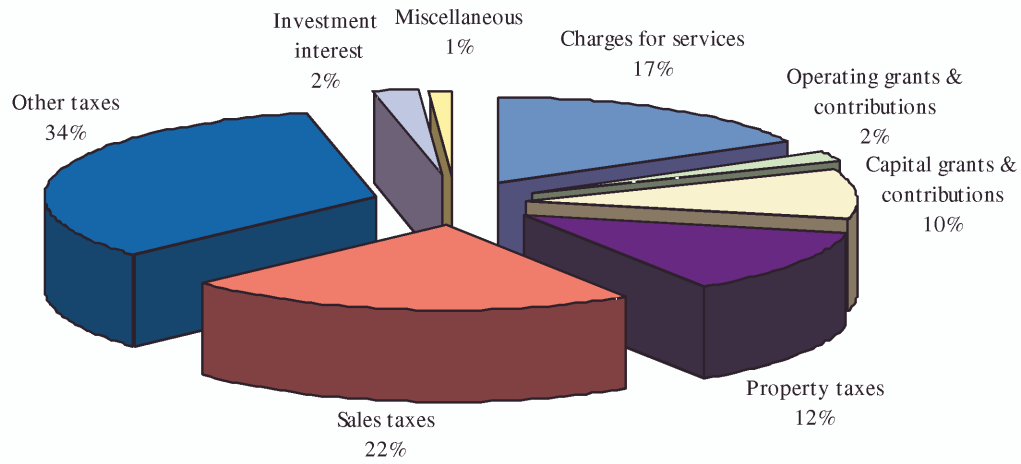
- Gains on sale of capital assets decreased by \$1.4 million primarily due to the one time sale of the Ashwood Plaza property in 2005.

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:	(in thousands)					
Program revenues:						
Charges for services	\$37,391	\$31,927	\$78,557	\$69,985	\$ 115,948	\$ 101,912
Operating grants & contributions	4,798	5,101	-	-	4,798	5,101
Capital grants & contributions	21,250	29,266	4,307	3,649	25,557	32,915
General revenues:						
Property taxes	27,637	27,062	-	-	27,637	27,062
Sales taxes	48,946	45,300	-	-	48,946	45,300
Other taxes	74,916	61,837	-	-	74,916	61,837
Investment interest	5,188	4,147	2,578	1,211	7,766	5,359
Miscellaneous	2,221	4,284	1,593	647	3,814	4,931
Total revenues	222,347	208,924	87,035	75,492	309,382	284,416

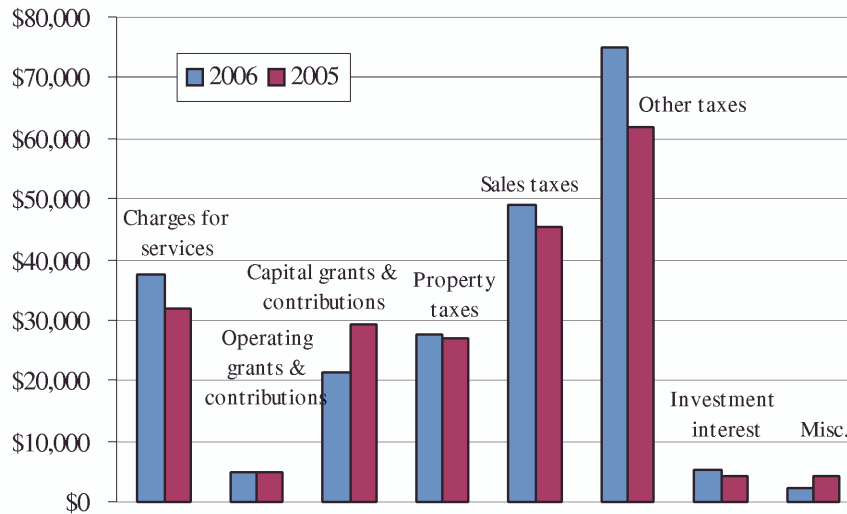
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Expenses:						
General government	\$15,471	\$15,900	\$ -	\$ -	\$15,471	\$15,900
Judicial	378	430	-	-	378	430
Public safety	68,781	64,269	-	-	68,781	64,269
Physical environment	1,564	1,851	-	-	1,564	1,851
Transportation	31,769	27,480	-	-	31,769	27,480
Economic environment	17,207	14,875	-	-	17,207	14,875
Health and human services	4,841	5,320	-	-	4,841	5,320
Culture and recreation	31,395	27,826	-	-	31,395	27,826
Unallocated interest on long-term debt	7,734	7,034	-	-	7,734	7,034
Water	-	-	26,604	25,928	26,604	25,928
Sewer	-	-	27,868	27,925	27,868	27,925
Storm Drainage	-	-	8,717	8,326	8,717	8,326
Marina	-	-	314	406	314	406
Total Expenses	179,140	164,985	63,503	62,586	242,643	227,571

The following charts illustrate the major revenue sources as percentages of total revenues for governmental funds and in comparison from 2005 to 2006.

Governmental Activities - Revenues

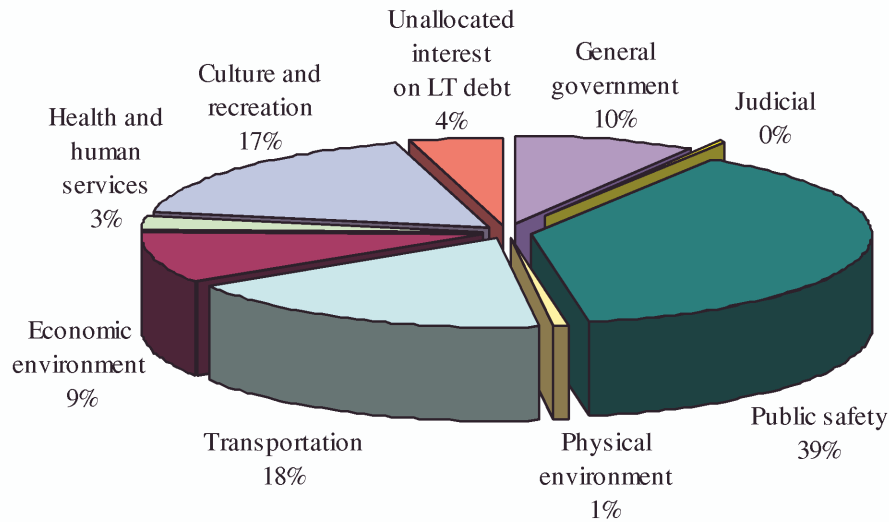


Governmental Activities - Revenues Comparison

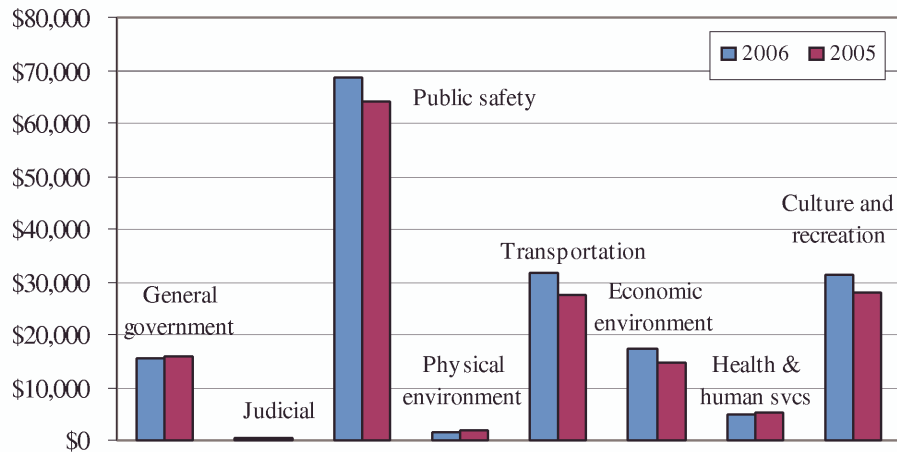


Expenses for governmental activities are shown in the following charts by function, both as a percentage of total expenses and as compared to 2005.

Governmental Activities - Expenses



Governmental Activities - Expenses Comparison



Business-type activities of the City’s utilities and marina increased the City of Bellevue’s net assets by \$23.7 million in 2006, accounting for 36% of the total growth in the government’s net assets. The increase in net assets in 2006 was higher than the increase in net assets in 2005 by \$11.5 million. Key elements of this change are:

- Charges for services increased \$8.5 million due to higher water, sewer and storm drainage consumption and sales.
- Investment interest earnings increased by \$1.4 million due to higher reserve amounts earning correspondingly higher interest on investments during the year and generally higher interest rates in 2006.
- Miscellaneous revenues increased by \$0.7 million, largely due to a pipeline settlement.

- Capital grants and contributions increased by and \$0.7 million due to unusually high development activity in downtown Bellevue.
- Transfers increased by \$0.8 million due to reduced reimbursement to the General Fund for printing services and collection of special connection fees.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds. The governmental fund statements report on a near-term revenues/financial resources and expenditures basis. This information helps determine the City's financial requirements in the near future. In particular, unreserved fund balance is a good indicator of the City's resources available for spending at the end of the year.

At the end of 2006, fund balance for the General Fund rose \$2.7 million to \$19.9 million. A contributing factor (as stated earlier) included a \$7.2 million increase in capital grant for Transportation related activities and, as such, there was an offsetting this increase was a \$4.3 million increase transportation due to street maintenance, overlays and bridge inventory and maintenance.

The Operating Grants & Donations Fund ending fund balance was \$1.9 million, a decrease of \$5.7 million resulting from the transfer of amounts set aside in earlier years for debt payments on the new city building for the 2006 debt.

The 2006 City Hall Bond Fund accounts for the proceeds of the 2006 limited tax general obligation bond issue for financing the renovation of the new City Hall building. Interfund transfers of \$13.2 million, offset by a new bond issue of \$6.0 million, were used to cover the additional construction costs incurred during the year, resulting in a net fund balance decrease of \$7.1 million.

The General Capital Investment Program Fund ending fund balance was \$25.7 million, reflecting a net increase of \$24.2 million from 2006. The following significant activity contributed to this decrease:

- Transportation capital grants increased by \$7.2 million due to receipt of grant funding for the NE 10th St bridge.
- Line of credit borrowing to meet short term cash flow needs increased by \$7.9 million.
- Transportation charges for services increased by \$2.2 million. This was primarily due to impact fee increases.
- Capital outlay expenditures for the City saw an increase in transportation by \$2.2 million for street overlay activity.
- Capital outlay expenditures decreased overall due to the completion of several major construction projects, including:
 - General government by \$63.5 million due to the completion of new city hall early in 2006,
 - Culture and recreation by \$8.6 million due to the completion at the end of 2005 of a new community center and park, and
 - Public safety by \$2.0 million due to the completion of crime lab improvements.

BUDGETARY HIGHLIGHTS

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

The supplemental increase of \$2.4 million between the original budget for fiscal year 2006 and the final budget are explained as follows:

- State law sets a reserve requirement to cover a portion of the outstanding local improvement district (LID) debt. Excess reserves of \$1.1 million were transferred from the LID Guaranty Fund to the General Fund.
- Parks revenue was increased \$90,000 to recognize additional received from a fee-based climbing wall at the South Bellevue Community Center.
- Intergovernmental revenue increased by \$85,000.
- The mid-biennium reauthorization was \$1.1 million.

A comparison of the actual performance of the general fund on a budgetary basis to the final budget indicates that total revenues came in \$4.1 million over budget due to higher than projected tax collections and increased development services activity while expenditures were \$0.8 million below budget due to funds set aside for contingency which were not required.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The City of Bellevue's investment in capital assets for the end of 2006, was \$1.85 billion, net of depreciation, which is an increase of \$34.8 million from the previous year. The following table shows the increases by category for governmental activities, business activities, and the City as a whole. A reclassification of \$204 thousand is reflected in the 2005 balances in Governmental activities from Infrastructure asset to Building asset. This reclassification has no affect on total net assets, and represents adjustment made to existing balances.

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
	(in thousands)					
Land	\$681,542	\$675,684	\$20,705	\$20,281	\$702,247	\$695,965
Buildings	169,351	62,527	7,030	8,147	176,381	70,674
Improvements other than	20,515	21,361	7	7	20,522	21,368
Machinery and equipment	21,522	19,864	2,209	2,146	23,731	22,010
Infrastructure	674,250	671,657	170,243	169,025	844,493	840,682
Intangible assets	1,850	2,082	103	115	1,953	2,197
Construction in progress	69,669	152,289	10,427	9,379	80,096	161,668
Total	\$ 1,638,700	\$1,605,464	\$210,723	\$ 209,101	\$1,849,423	\$1,814,565

Governmental Activities. Capital assets from governmental activities increased \$33.2 million. New City Hall contributed \$13.1 million to this increase, which was completed during the year. In addition, several major transportation projects contributed another \$19 million, including 150th Ave

SE to SE 36th, NE 10th construction, and 130th from NE 24th to Northrup Way. Another \$4.0 million was a Parks land acquisition.

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 2006 was rated at an 83, up one point from 2005. The remaining condition ratings stayed constant compared to 2005. Of the total arterial lane miles, 88 percent were rated above satisfactory. Residential roadways show an average condition rating of 80. Of the total residential lane miles, 96% were rated above satisfactory.

Business-type Activities. Business-type capital activities assets saw little fluctuation with slight increases in construction in progress and infrastructure offset by depreciation in other areas. The City is cycling through, over many years, the replacement of its infrastructure to stabilize costs over the long run.

For more detailed information about the City's capital assets please refer to the notes to the financial statements.

DEBT OUTSTANDING:

At year-end, the City had \$169.4 million in debt outstanding compared to \$160.8 million last year. The City issued \$6.0 million limited tax general obligation bonds for the new city hall. Of the debt outstanding at December 31, 2006, \$5.1 million is due within one year.

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
	(in thousands)					
General obligation bonds	\$130,960	\$127,198	\$3,950	\$4,025	\$134,910	\$131,223
Special assessment debt	2,641	3,481	-	-	2,641	3,481
Revenue bonds	-	-	3,846	5,025	3,846	5,025
Line of credit	26,118	18,218	-	-	26,118	18,218
Installment and public works	1,161	1,976	698	853	1,859	2,829
Total	\$160,881	\$150,873	\$8,494	\$9,903	\$169,375	\$160,776

Governmental Activities. The City drew \$7.9 million in 2006 from the line of credit of \$35.0 million. This line of credit will finance projects included in the City's Capital Investment Program and will be repaid from future revenues generated by the completed projects.

Business-type Activities. Business-type activities did not issue any new debt. During the fiscal year all scheduled debt service payments were met. Principal reductions amounted to \$1.2 million.

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 2006 was \$26.6 billion and the total amount of debt the City may issue is \$2.0 billion. Remaining debt capacity is as follows:

General debt	\$479,381
Open space/Parks facilities	664,380
Utilities	665,291
Total	<u>\$1,809,052</u>

Additional information on the City of Bellevue's long-term debt can be found in Note 14 and in the Statistical Section of this report.

BOND RATINGS

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

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

Key factors that affect the economic climate in Bellevue were considered when preparing the City's 2007-2008 biennial budget. The outlook for the nation, state, and region were weighed in relation to its expected impact on Bellevue. The character of the City, including its current and future business activity and its attraction as a place to live, was evaluated. Current financial position and the ability of the City to thrive under its adopted fiscal policies were also given due consideration. Based on the budget analysis, Bellevue's future is promising amid some impending challenges.

The regional economy grew at a strong pace in 2006. Employment grew at 3.6% which was more than double the national growth rate. Local economists anticipate that the strong employment and population growth in the region will temper the slowing housing market.

Office vacancy rates in Bellevue's Central Business District fell from just over 9 % at the end of 2005 to 5.5% at the end of 2006. Downtown office vacancy rates are expected to remain low due to the projected employment growth in the region. A variety of office and mixed use projects are currently under construction or are in the permitting process. Several of the new buildings under construction have already been pre-leased.

Sales tax collections increased 8.3% over 2005 and are expected to remain healthy into 2007 due to anticipated increases in employment and personal income.

The utility rates for the City of Bellevue were increased for the 2007-2008 budget cycle. For 2007, the following increases were included in the budget: water, 5.0%, wastewater (sewer) 9.5%, and storm & surface water, 5.5%. These increases were largely due to increases in wholesale rates from Cascade Water Alliance and METRO/King County Sewer. Additional reasoning includes, increasing State pension, technology, insurance, and fuel costs; inflationary increases in salaries, maintenance and operations costs; and additional capital needs.

The City of Bellevue's Capital Investment Program (CIP) recognizes a strong stakeholder desire to address the City's rapid commercial and residential growth and the accompanying impact on an already strained transportation system. Community forums, Council hearings and citizen surveys all identified transportation issues as a high priority for the City of Bellevue. As a result, 39% of the CIP plan for the period 2007-2013 is devoted to transportation.

The 2007-2013 CIP includes funding for the following enhancements: 1) \$5.0 million to fund phased design and implementation of improvements for West Lake Sammamish Parkway; 2) \$5.8 million to build the Mercer Slough Environmental Education Center, a place for interpretation, education, and research of wetland ecology and the environment; 3) \$4.5 million investment in the cultural arts, funding in coordination with proposals from the Bellevue Arts Museum (BAM), Performing Arts Center Eastside (PACE), and Kids Quest; 4) \$2.1 million to create gateways at key locations and implement "urban boulevard" landscaping and corridor treatments as part of the Urban Boulevards/Great Streets program. Additionally, the Utilities CIP includes projects added to increase system capacity and rehabilitate aging infrastructure.

In 2006 the City Council approved a 2.0% property tax increase for 2007, which increases funding available to the CIP by \$525,000 per year or \$3.7 million for the 2007-2013 CIP timeframe. Pending an additional property tax increase in 2008, these funds will be used to finance other high priority projects not included in the 2007-2013 CIP.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

Statement of Net Assets
December 31, 2006
(in thousands)

Page 1 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Assets:				
Cash & equity in pooled investments	\$ 114,963	\$ 23,335	\$ 138,298	\$ 1,879
Receivables (net of allowances for uncollectibles):				
Taxes	28,496	-	28,496	-
Accounts	237	11,517	11,754	546
Assessments	4,209	461	4,670	-
Interest	615	308	923	-
Other	9,813	25	9,838	1,972
Internal balances	(413)	413	-	-
Inventory	412	208	620	319
Prepaid expenses	167	-	167	198
Restricted cash & equity in pooled investments:				
For debt service	2,214	1,276	3,490	1,049
For customer deposits	-	110	110	-
For capital projects	-	44,641	44,641	473
Deferred charges	-	63	63	625
Noncurrent receivables	11,185	185	11,370	-
Capital assets:				
Land	681,542	20,705	702,247	-
Depreciable capital assets (net)	213,240	9,348	222,588	33,795
Depreciable infrastructure (net)	45,502	170,243	215,745	-
Nondepreciable infrastructure	628,749	-	628,749	-
Construction in progress	69,669	10,426	80,095	2,919
Total assets	1,810,600	293,264	2,103,864	43,775

Statement of Net Assets
December 31, 2006
(in thousands)

Page 2 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Liabilities:				
Accounts payable	4,375	2,307	6,682	1,114
Retainage payable	143	-	143	48
Accrued interest payable	4	7	11	1,400
Accrued payroll	4,488	629	5,117	134
Other accrued liabilities	3,190	232	3,422	115
Deposits payable	504	111	615	-
Unearned revenue	2,927	-	2,927	560
Accrued bond interest payable	650	50	700	33,103
Noncurrent liabilities:				
Due within one year	9,981	1,693	11,674	860
Due in more than one year	166,408	7,827	174,235	20,235
Total liabilities	192,670	12,856	205,526	57,569
Net assets:				
Invested in capital asset net of related debt	1,477,820	202,227	1,680,047	15,698
Restricted for:				
Debt service	4,179	1,276	5,455	1,658
Capital projects	14	44,641	44,655	184
Unrestricted (deficit)	135,917	32,264	168,181	(31,334)
Total net assets	\$ 1,617,930	\$ 280,408	\$ 1,898,338	\$ (13,794)

Statement of Activities
For the fiscal year ended December 31, 2006
(in thousands)

Page 1 of 2

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Primary government:				
Government activities:				
General government	\$ 15,471	\$ 968	\$ 169	\$ 4,740
Judicial	378	175	-	-
Public safety	68,781	12,031	891	256
Physical environment	1,564	1,084	562	-
Transportation	31,769	2,937	1,425	14,050
Economic environment	17,207	14,716	91	-
Health and human services	4,841	45	1,604	680
Culture and recreation	31,395	5,435	56	1,524
Interest on long-term debt	7,734	-	-	-
Total governmental activities	<u>179,140</u>	<u>37,391</u>	<u>4,798</u>	<u>21,250</u>
Business-type activities:				
Water utility	26,604	31,570	-	1,439
Sewer utility	27,868	33,267	-	1,791
Storm drainage utility	8,717	13,270	-	1,077
Marina	314	450	-	-
Total business-type activities	<u>63,503</u>	<u>78,557</u>	<u>-</u>	<u>4,307</u>
Total primary government	<u>\$ 242,643</u>	<u>\$ 115,948</u>	<u>\$ 4,798</u>	<u>\$ 25,557</u>
Component unit:				
Bellevue Convention Center Authority	<u>13,385</u>	<u>11,914</u>	<u>-</u>	<u>1,109</u>
Total component unit	<u>\$ 13,385</u>	<u>\$ 11,914</u>	<u>\$ -</u>	<u>\$ 1,109</u>

General revenues:

Property tax
Retail sales and use tax
Utility tax
Business and occupation tax
Excise taxes
Hotel/Motel tax
Other taxes
Payments from Component Unit / City
Grants & contributions - unrestricted
Unrestricted investment interest
Gain (loss) in change of fair value
Miscellaneous
Gain on sale of capital assets
Transfers
Total general revenues and transfers
Change in net assets
Net assets at beginning of year
Net assets at end of year

Statement of Activities
For the fiscal year ended December 31, 2006
(in thousands)

Page 2 of 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
\$ (9,594)	\$ -	\$ (9,594)	\$ -
(203)	-	(203)	-
(55,603)	-	(55,603)	-
82	-	82	-
(13,357)	-	(13,357)	-
(2,400)	-	(2,400)	-
(2,512)	-	(2,512)	-
(24,380)	-	(24,380)	-
(7,734)	-	(7,734)	-
<u>(115,701)</u>	<u>-</u>	<u>(115,701)</u>	<u>-</u>
-	6,405	6,405	-
-	7,190	7,190	-
-	5,630	5,630	-
-	136	136	-
<u>-</u>	<u>19,361</u>	<u>19,361</u>	<u>-</u>
<u>\$ (115,701)</u>	<u>\$ 19,361</u>	<u>\$ (96,340)</u>	<u>\$ -</u>
-	-	-	(362)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (362)</u>
27,637	-	27,637	-
48,946	-	48,946	-
24,324	-	24,324	-
31,528	-	31,528	-
12,933	-	12,933	-
5,839	-	5,839	-
292	-	292	-
16	-	16	-
1,264	-	1,264	-
5,188	2,578	7,766	148
556	282	838	-
328	1,278	1,606	-
57	33	90	-
(170)	170	-	-
<u>158,738</u>	<u>4,341</u>	<u>163,079</u>	<u>148</u>
43,037	23,702	66,739	(214)
1,574,892	256,708	1,831,600	(13,581)
<u>\$ 1,617,929</u>	<u>\$ 280,410</u>	<u>\$ 1,898,339</u>	<u>\$ (13,795)</u>

Balance Sheet
Governmental Funds
As of December 31, 2006
(in thousands)

Page 1 of 3

	<u>General Fund</u>	<u>LEOFF I Reserve</u>	<u>Operating Grants & Donations</u>
Assets:			
Cash & equity in pooled investments	\$ 9,723	\$ 16,772	\$ 1,618
Receivables (net of allowances):			
Taxes	16,975	-	5
Accounts	53	-	-
Current assessments	-	-	-
Interest & penalties on assessments	-	-	-
Interest	92	87	26
Interfund loans - current portion	-	-	-
Due from other funds	105	-	1
Due from other governments	-	-	661
Prepaid Expenses	167	-	-
Interfund loans receivable - noncurrent portion	-	-	-
Notes/contracts receivable - noncurrent portion	-	-	780
Housing rehabilitation loans receivable	-	-	2,037
Other deferred charges	-	-	-
Total assets	<u>27,115</u>	<u>16,859</u>	<u>5,128</u>
Liabilities:			
Accounts payable	775	-	259
Retainage payable	143	-	-
Interfund loans	-	-	-
Due to other funds	603	-	35
Due to component unit	10	-	-
Due to other governments	545	-	65
Accrued payroll	3,583	-	12
Accrued taxes	16	-	-
Deposits payable	152	-	-
Other current liabilities	10	-	-
Deferred revenues	1,372	-	2,818
Interfund loans payable - noncurrent portion	-	-	-
Total liabilities	<u>7,209</u>	<u>-</u>	<u>3,189</u>
Fund balance:			
Reserved for:			
Debt Service	-	-	-
Capital Projects	-	-	-
Unreserved, reported in:			
General Fund	19,906	-	-
Special Revenue	-	16,859	1,939
Capital Projects	-	-	-
Total fund balance	<u>19,906</u>	<u>16,859</u>	<u>1,939</u>
Total liabilities and fund balance	<u>\$ 27,115</u>	<u>\$ 16,859</u>	<u>\$ 5,128</u>

Balance Sheet
Governmental Funds
As of December 31, 2006
(in thousands)

Page 2 of 3

	<u>Housing</u>	<u>LID Control</u>	<u>2004 City Hall Bond Fund</u>
Assets:			
Cash & equity in pooled investments	\$ 4,182	\$ 511	\$ 3
Receivables (net of allowances):			
Taxes	17	-	-
Accounts	-	-	-
Current assessments	-	4,147	-
Interest & penalties on assessments	-	62	-
Interest	24	2	11
Interfund loans - current portion	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid Expenses	-	-	-
Interfund loans receivable - noncurrent portion	-	-	-
Notes/contracts receivable - noncurrent portion	7,463	-	-
Housing rehabilitation loans receivable	-	-	-
Other deferred charges	-	-	-
Total assets	<u>11,686</u>	<u>4,722</u>	<u>14</u>
Liabilities:			
Accounts payable	1	2	-
Retainage payable	-	-	-
Interfund loans	-	-	-
Due to other funds	-	-	-
Due to component unit	-	-	-
Due to other governments	-	-	-
Accrued payroll	11	-	-
Accrued taxes	-	-	-
Deposits payable	-	-	-
Other current liabilities	-	-	-
Deferred revenues	7,463	3,950	-
Interfund loans payable - noncurrent portion	-	-	-
Total liabilities	<u>7,475</u>	<u>3,952</u>	<u>-</u>
Fund balance:			
Reserved for:			
Debt Service	-	770	-
Capital Projects	-	-	14
Unreserved, reported in:			
General Fund	-	-	-
Special Revenue	4,211	-	-
Capital Projects	-	-	-
Total fund balance	<u>4,211</u>	<u>770</u>	<u>14</u>
Total liabilities and fund balance	<u>\$ 11,686</u>	<u>\$ 4,722</u>	<u>\$ 14</u>

Balance Sheet
Governmental Funds
As of December 31, 2006
(in thousands)

Page 3 of 3

	<u>General CIP</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash & equity in pooled investments	\$ 11,560	\$ 32,145	\$ 76,514
Receivables (net of allowances):			
Taxes	7,266	720	24,983
Accounts	19	165	237
Current assessments	-	-	4,147
Interest & penalties on assessments	-	-	62
Interest	37	140	419
Interfund loans - current portion	55	-	55
Due from other funds	-	98	204
Due from other governments	9,028	3	9,692
Prepaid Expenses	-	-	167
Interfund loans receivable - noncurrent portion	611	-	611
Notes/contracts receivable - noncurrent portion	-	84	8,327
Housing rehabilitation loans receivable	-	-	2,037
Other deferred charges	-	250	250
Total assets	<u>28,576</u>	<u>33,605</u>	<u>127,705</u>
Liabilities:			
Accounts payable	2,121	456	3,614
Retainage payable	-	-	143
Interfund loans	-	55	55
Due to other funds	6	101	745
Due to component unit	-	1,908	1,918
Due to other governments	308	231	1,149
Accrued payroll	19	477	4,102
Accrued taxes	-	-	16
Deposits payable	-	352	504
Other current liabilities	-	-	10
Deferred revenues	424	905	16,932
Interfund loans payable - noncurrent portion	-	611	611
Total liabilities	<u>2,878</u>	<u>5,096</u>	<u>29,799</u>
Fund balance:			
Reserved for:			
Debt Service	-	3,409	4,179
Capital Projects	-	-	14
Unreserved, reported in:			
General Fund	-	-	19,906
Special Revenue	-	25,100	48,109
Capital Projects	25,698	-	25,698
Total fund balance	<u>25,698</u>	<u>28,509</u>	<u>97,906</u>
Total liabilities and fund balance	<u>\$ 28,576</u>	<u>\$ 33,605</u>	<u>\$ 127,705</u>

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities**

December 31, 2006

(in thousands)

Total governmental fund balances		\$ 97,906
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		1,617,234
<p>These assets consist of:</p>		
Land	681,546	
Non-depreciable infrastructure	628,748	
Construction in progress	69,669	
Buildings	187,749	
Improvements other than buildings	37,013	
Machinery and equipment - general government	14,206	
Intangible assets	2,688	
Depreciable infrastructure	102,285	
Less: accumulated depreciation	(106,670)	
Net pension obligation paid in over required		821
<p>Long term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.</p>		(152,813)
<p>These long-term liabilities consist of:</p>		
Bonds and notes payable	(160,885)	
Accrued bond interest	(650)	
Compensated absences	(8,543)	
Deferred revenue	17,269	
Other accrued interest payable	(4)	
<p>Internal service funds are used by management to charge the costs of certain activities, such as equipment rental, self-insurance, information technology and facility services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.</p>		54,780
Net assets of governmental activities		\$ 1,617,928

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 1 of 3

	General Fund	LEOFF I Reserve	Operating Grants & Donations
Revenues:			
Taxes and special assessments	\$ 104,781	\$ -	\$ 1,110
Licenses and permits	372	-	-
Intergovernmental	14,344	63	2,520
Service charges and fees	11,075	-	10
Fines and forfeitures	151	-	-
Interest and assessment interest/penalties	699	727	229
Net change in fair value of investments	66	81	27
Rent	950	-	-
Judgments and settlements	3	-	-
Premiums/contributions	11	-	195
Other	37	-	239
Total revenues	132,489	871	4,330
Expenditures:			
Current:			
General government	16,418	-	242
Public safety	63,251	1,338	598
Physical environment	91	-	264
Transportation	20,403	-	9
Economic environment	341	-	18
Health and human services	3,191	-	994
Culture and recreation	21,198	-	286
Debt service:			
Principal	-	-	-
Interest and fiscal charges	2	-	-
Capital outlay:			
General government	-	-	-
Public safety	80	-	120
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	11	-	-
Total expenditures	124,986	1,338	2,531
Excess (deficiency) of revenues over (under) expenditures	7,503	(467)	1,799
Other financing sources (uses):			
Transfers in	2,758	89	-
Transfers out	(7,528)	-	(7,518)
Sale of capital assets	-	-	-
Long-term debt issued	-	-	-
Total other financing sources and uses	(4,770)	89	(7,518)
Net change in fund balance	2,733	(378)	(5,719)
Fund balance at beginning of year	17,173	17,237	7,658
Fund balance at end of year	\$ 19,906	\$ 16,859	\$ 1,939

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 2 of 3

	<u>Housing</u>	<u>LID Control</u>	<u>2004 City Hall Bond Fund</u>
Revenues:			
Taxes and special assessments	\$ 100	\$ 784	\$ -
Licenses and permits	-	-	-
Intergovernmental	234	-	-
Service charges and fees	-	-	-
Fines and forfeitures	-	-	-
Interest and assessment interest/penalties	170	302	24
Net change in fair value of investments	18	3	9
Rent	-	-	-
Judgments and settlements	-	-	-
Premiums/contributions	680	-	-
Other	26	-	-
Total revenues	<u>1,228</u>	<u>1,089</u>	<u>33</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	14	-
Economic environment	-	-	-
Health and human services	331	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	-	840	-
Interest and fiscal charges	-	231	47
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	-	-
Total expenditures	<u>331</u>	<u>1,085</u>	<u>47</u>
Excess (deficiency) of revenues over (under) expenditures	897	4	(14)
Other financing sources (uses):			
Transfers in	312	-	-
Transfers out	-	-	(13,228)
Sale of capital assets	-	-	-
Long-term debt issued	-	-	6,083
Total other financing sources and uses	<u>312</u>	<u>-</u>	<u>(7,145)</u>
Net change in fund balance	1,209	4	(7,159)
Fund balance at beginning of year	3,003	766	7,173
Fund balance at end of year	<u>\$ 4,212</u>	<u>\$ 770</u>	<u>\$ 14</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 3 of 3

	General CIP	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes and special assessments	\$ 33,746	\$ 8,907	\$ 149,428
Licenses and permits	-	6,768	7,140
Intergovernmental	15,278	-	32,439
Service charges and fees	2,297	11,437	24,819
Fines and forfeitures	-	23	174
Interest and assessment interest/penalties	189	1,160	3,500
Net change in fair value of investments	17	129	350
Rent	29	1,304	2,283
Judgments and settlements	4,763	-	4,766
Premiums/contributions	757	-	1,643
Other	42	50	394
Total revenues	57,118	29,778	226,936
Expenditures:			
Current:			
General government	2,115	6,554	25,329
Public safety	514	-	65,701
Physical environment	-	1,200	1,555
Transportation	9,193	187	29,806
Economic environment	223	16,681	17,263
Health and human services	22	307	4,845
Culture and recreation	2,922	3,913	28,319
Debt service:			
Principal	851	2,294	3,985
Interest and fiscal charges	80	7,474	7,834
Capital outlay:			
General government	14,905	1,703	16,608
Public safety	461	-	661
Transportation	19,887	50	19,937
Economic environment	-	29	29
Culture and recreation	5,217	-	5,228
Total expenditures	56,390	40,392	227,100
Excess (deficiency) of revenues over (under) expenditures	728	(10,614)	(164)
Other financing sources (uses):			
Transfers in	17,201	14,634	34,994
Transfers out	(1,673)	(4,510)	(34,457)
Sale of capital assets	-	157	157
Long-term debt issued	7,900	-	13,983
Total other financing sources and uses	23,428	10,281	14,677
Net change in fund balance	24,156	(333)	14,513
Fund balance at beginning of year	1,549	28,838	83,397
Fund balance at end of year	\$ 25,705	\$ 28,505	\$ 97,910

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, 2006**
(in thousands)

Net change in fund balances - total governmental funds \$ 14,513

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the difference between capital outlays and adjustments in the current period. 32,721

This is comprised of:

Capital outlays	42,462
Current year depreciation	(9,741)

In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset net of depreciation. (157)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,294

This is comprised of:

Deferred tax and assessment revenues	2,072
Deferred grants and contracts revenues	222

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, yet, the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds. (10,035)

This amount is comprised of:

Proceeds from issuance of long term debt	(13,983)
Long-term debt repayments	3,948

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. 879

This amount is comprised of:

Accrued interest expense	92
Accrued compensating absence expense	787

Capital assets contributed from governmental funds to internal service funds are treated as a non-operating revenue in the internal service funds and do not provide current financial resources in governmental funds. (2,318)

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. 5,142

Change in net assets of governmental activities \$ 43,039

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006
(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	\$ 97,701	\$ 98,817	\$ 102,239	\$ 3,422
Licenses and permits	130	229	369	140
Intergovernmental	14,602	15,199	15,681	482
Service charges and fees	11,339	11,095	11,067	(28)
Fines and forfeitures	438	320	146	(174)
Miscellaneous:				
Interest and assessment interest/penalties	329	328	653	325
Rent	916	996	3	(993)
Judgments and settlements	-	-	3	3
Premiums/contributions	20	20	11	(9)
Other	26	25	31	6
Total revenues	<u>125,501</u>	<u>127,029</u>	<u>130,203</u>	<u>3,174</u>
Expenditures:				
Current:				
General government	17,187	17,058	16,309	749
Security of persons/property	62,242	63,134	63,073	61
Physical environment	97	97	91	6
Transportation	20,363	20,334	20,296	38
Economic environment	276	502	340	162
Mental/physical health	2,972	2,945	2,950	(5)
Culture and recreation	20,350	20,970	21,014	(44)
Debt service:				
Interest and fiscal charges	-	-	2	(2)
Capital outlay:				
Security of persons/property	-	-	80	(80)
Culture and recreation	-	-	11	(11)
Total expenditures	<u>123,487</u>	<u>125,040</u>	<u>124,166</u>	<u>(874)</u>
Excess (deficiency) of revenues over (under) expenditures	2,014	1,989	6,037	4,048
Other financing sources (uses):				
Transfers in	965	2,350	2,758	(408)
Transfers out	(6,556)	(7,413)	(7,563)	150
Total other financing sources (uses)	<u>(5,591)</u>	<u>(5,063)</u>	<u>(4,805)</u>	<u>(258)</u>
Net change in fund balances	(3,577)	(3,074)	1,232	3,790
Fund balance at beginning of year	3,852	3,352	3,651	299
Fund balance at end of year	<u>\$ 275</u>	<u>\$ 278</u>	<u>\$ 4,883</u>	<u>\$ 4,089</u>

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

LEOFF I Medical Reserve
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006
(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	\$ 63	\$ 63	\$ 63	\$ -
Miscellaneous:				
Interest and assessment interest/penalties	538	538	744	206
Total revenues	<u>601</u>	<u>601</u>	<u>807</u>	<u>206</u>
Expenditures:				
Security of persons/property	1,381	1,381	1,338	43
Total expenditures	<u>1,381</u>	<u>1,381</u>	<u>1,338</u>	<u>43</u>
Excess (deficiency) of revenues over (under) expenditures	(780)	(780)	(531)	249
Other financing sources (uses):				
Transfers in	89	89	89	-
Total other financing sources (uses)	<u>89</u>	<u>89</u>	<u>89</u>	<u>-</u>
Net change in fund balances	(691)	(691)	(442)	249
Fund balance at beginning of year	17,709	17,709	17,179	(530)
Fund balance at end of year	<u>\$ 17,018</u>	<u>\$ 17,018</u>	<u>\$ 16,737</u>	<u>\$ (281)</u>

Statement of Fund Net Assets
Proprietary Funds
As of December 31, 2006
(in thousands)

Page 1 of 4

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Storm & Surface Water Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 4,276	\$ 13,267	\$ 5,251
Receivables (net of allowances):			
Accounts	1,780	4,261	5,411
Deferred assessments	-	369	92
Interest	72	127	106
Other	-	-	-
Notes/contracts receivable - current portion	-	5	20
Due from other funds	401	284	17
Due from other governments	-	-	-
Inventory	-	202	6
Restricted cash & equity in pooled investments:			
For revenue bonds	1,109	67	-
For construction	9,460	15,367	19,815
For customer deposits	2	102	6
Total current assets	<u>17,100</u>	<u>34,051</u>	<u>30,724</u>
Noncurrent assets:			
Deferred charges and other assets:			
Notes/contracts receivable - noncurrent portion	-	25	159
Other deferred charges	45	18	-
Capital Assets:			
Property, plant and equipment (net)	<u>54,999</u>	<u>85,434</u>	<u>59,187</u>
Total noncurrent assets	<u>55,044</u>	<u>85,477</u>	<u>59,346</u>
Total assets	<u>72,144</u>	<u>119,528</u>	<u>90,070</u>

Statement of Fund Net Assets
Proprietary Funds
As of December 31, 2006
(in thousands)

Page 2 of 4

	<u>Business-type Activities-Enterprise Funds</u>		Governmental Activities- Internal Service Funds
	<u>Marina</u>	<u>Total</u>	
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 541	\$ 23,335	\$ 40,663
Receivables (net of allowances):			
Accounts	65	11,517	-
Deferred assessments	-	461	-
Interest	3	308	195
Other	-	-	9
Notes/contracts receivable - current portion	-	25	
Due from other funds	-	702	134
Due from other governments	-	-	113
Inventory	-	208	412
Restricted cash & equity in pooled investments:			
For revenue bonds	100	1,276	-
For construction	-	44,642	-
For customer deposits	-	110	-
Total current assets	<u>709</u>	<u>82,584</u>	<u>41,526</u>
Noncurrent assets:			
Deferred charges and other assets:			
Notes/contracts receivable - noncurrent portion	-	184	-
Other deferred charges	-	63	-
Capital Assets:			
Property, plant and equipment (net)	<u>11,103</u>	<u>210,723</u>	<u>21,469</u>
Total noncurrent assets	<u>11,103</u>	<u>210,970</u>	<u>21,469</u>
Total assets	<u>11,812</u>	<u>293,554</u>	<u>62,995</u>

Statement of Fund Net Assets
Proprietary Funds
As of December 31, 2006
(in thousands)

Page 3 of 4

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Storm & Surface</u>		
	<u>Water Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Liabilities:			
Current liabilities:			
Accounts payable	183	1,862	247
Estimated claims	-	-	-
Due to other funds	72	23	193
Due to other governments	16	146	47
Accrued interest payable	6	1	-
Accrued payroll	197	240	192
Accrued compensated absences	103	119	86
Notes/contracts payable - current portion	126	30	-
Revenue bonds payable - current portion	812	318	-
Total current liabilities	<u>1,515</u>	<u>2,739</u>	<u>765</u>
Noncurrent liabilities:			
Accrued bond interest payable	25	9	-
Customer deposits	2	102	6
Accrued compensated absences	239	278	200
Estimated claims payable	-	-	-
Bonds payable (net)	1,949	765	-
Notes/contracts payable - noncurrent portion	339	207	-
Total noncurrent liabilities	<u>2,554</u>	<u>1,361</u>	<u>206</u>
Total liabilities	<u>4,069</u>	<u>4,100</u>	<u>971</u>
Net assets:			
Invested in capital assets net of related debt	51,773	84,114	59,187
Restricted for:			
Debt Service	1,109	67	-
Capital projects	9,460	15,367	19,815
Unrestricted (deficit)	5,733	15,880	10,097
Total net assets	<u>\$ 68,075</u>	<u>\$ 115,428</u>	<u>\$ 89,099</u>

Statement of Fund Net Assets
Proprietary Funds
As of December 31, 2006
(in thousands)

Page 4 of 4

	<u>Business-type Activities-Enterprise Funds</u>		<u>Governmental</u>
	<u>Marina</u>	<u>Total</u>	<u>Activities- Internal Service Funds</u>
Liabilities:			
Current liabilities:			
Accounts payable	15	2,307	760
Estimated claims	-	-	3,291
Due to other funds	1	289	12
Due to other governments	24	233	96
Accrued interest payable	-	7	-
Accrued payroll	-	629	385
Accrued compensated absences	-	308	236
Notes/contracts payable - current portion	-	156	-
Revenue bonds payable - current portion	100	1,230	-
Total current liabilities	<u>140</u>	<u>5,159</u>	<u>4,780</u>
Noncurrent liabilities:			
Accrued bond interest payable	15	49	-
Customer deposits	-	110	-
Accrued compensated absences	-	717	555
Estimated claims payable	-	-	2,879
Bonds payable (net)	3,850	6,564	-
Notes/contracts payable - noncurrent portion	-	546	-
Total noncurrent liabilities	<u>3,865</u>	<u>7,986</u>	<u>3,435</u>
Total liabilities	<u>4,005</u>	<u>13,145</u>	<u>8,215</u>
Net assets:			
Invested in capital assets net of related debt	7,153	202,227	21,469
Restricted for:			
Debt Service	100	1,276	-
Capital projects	-	44,642	-
Unrestricted (deficit)	554	32,264	33,311
Total net assets	<u>\$ 7,807</u>	<u>\$ 280,409</u>	<u>\$ 54,780</u>

Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Proprietary Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 1 of 2

	Business-type Activities-Enterprise Funds		
	Storm & Surface Water Utility	Water Utility	Sewer Utility
Operating revenues:			
Service charges and fees	\$ 12,839	\$ 29,990	\$ 33,613
Rent	-	-	-
Insurance recovery	-	-	-
Premiums/contributions	-	-	-
Other	429	2,231	79
Total operating revenues	13,268	32,221	33,692
Operating expenses:			
Administrative and general	3,174	7,722	3,861
Maintenance and operations	3,698	16,720	22,601
Depreciation	1,629	2,789	2,241
Insurance costs	-	-	-
Benefits and claims payments	-	-	-
Total operating expenses	8,501	27,231	28,703
Operating income	4,767	4,990	4,989
Nonoperating revenues (expenses):			
Interest income	589	1,013	945
Net change in fair value of investments	65	110	103
Interest expense	(216)	(82)	-
Rental income	15	232	413
Gain on disposal of capital assets	21	12	-
Other nonoperating revenues	398	586	105
Total nonoperating revenue (expenses)	872	1,871	1,566
Income before contributions and transfers	5,639	6,861	6,555
Special items, contributions and transfers:			
Transfers in	42	39	38
Transfers out	(50)	(52)	(50)
Capital contributed from external sources	1,077	1,642	1,791
Change in net assets	6,708	8,490	8,334
Net assets beginning of year	61,370	106,933	80,765
Net assets end of year	\$ 68,078	\$ 115,423	\$ 89,099

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

Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Proprietary Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 2 of 2

	<u>Business-type Activities-Enterprise Funds</u>		Governmental Activities - Internal Service Funds
	<u>Marina</u>	<u>Total</u>	
Operating revenues:			
Service charges and fees	\$ -	\$ 76,442	\$ 22,162
Rent	450	450	-
Insurance recovery	-	-	1,742
Premiums/contributions	-	-	16,590
Other	-	2,739	124
Total operating revenues	<u>450</u>	<u>79,631</u>	<u>40,619</u>
Operating expenses:			
Administrative and general	15	14,772	5,403
Maintenance and operations	77	43,096	19,851
Depreciation	45	6,704	3,140
Insurance costs	-	-	1,871
Benefits and claims payments	-	-	8,889
Total operating expenses	<u>137</u>	<u>64,572</u>	<u>39,153</u>
Operating income	313	15,059	1,465
Nonoperating revenues (expenses):			
Interest income	31	2,578	1,698
Net change in fair value of investments	3	281	206
Interest expense	(178)	(476)	-
Rental income	-	660	51
Gain on disposal of capital assets	-	33	59
Other nonoperating revenues	-	1,089	30
Total nonoperating revenue (expenses)	<u>(144)</u>	<u>4,165</u>	<u>2,043</u>
Income before contributions and transfers	169	19,224	3,509
Special items, contributions and transfers:			
Transfers in	-	119	488
Transfers out	-	(152)	(992)
Capital contributions	-	4,510	2,137
Change in net assets	<u>169</u>	<u>23,701</u>	<u>5,142</u>
Net assets beginning of year	7,639	256,707	49,635
Net assets end of year	<u>\$ 7,808</u>	<u>\$ 280,408</u>	<u>\$ 54,777</u>

Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2006
(in thousands)

Page 1 of 4

	Business Type Activities - Enterprise Funds		
	Storm & Surface Water Utility	Water Utility	Sewer Utility
Cash flows from operating activities:			
Cash received from customers and users	\$ 12,610	\$ 30,883	\$ 32,208
Contributions received - employer/employees	-	-	-
Cash received from insurance proceeds	-	-	-
Cash payments to suppliers for goods and services	(2,806)	(20,466)	(22,952)
Cash payments to employees for services	(3,927)	(4,657)	(3,319)
Cash payments to claimants	-	-	-
Cash received from contracts/rent	-	-	-
Cash payments for insurance	-	-	-
Other receipts	412	818	518
Net cash provided (used) by operating activities	<u>6,289</u>	<u>6,578</u>	<u>6,455</u>
Cash flows from noncapital financing activities:			
Cash received from contracts	-	8	16
Transfers in	42	39	38
Transfers out	(50)	(52)	(50)
Net cash provided (used) by noncapital financing activities	<u>(8)</u>	<u>(5)</u>	<u>4</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	(3,643)	(1,993)	(2,718)
Principal paid on revenue bonds and other debt	(1,041)	(388)	-
Interest paid on revenue bonds and other debt	(143)	(55)	-
Proceeds from sale of assets	21	12	-
Cash contributions in aid of construction	1,077	1,642	1,791
Contributed capital in aid of capital acquisitions	-	-	-
Net cash provided (used) by capital financing activities	<u>(3,729)</u>	<u>(782)</u>	<u>(927)</u>
Cash flows from investing activities:			
Interest on investments	681	1,150	1,070
Net cash provided (used) by investing activities	<u>681</u>	<u>1,150</u>	<u>1,070</u>
Net increase (decrease) in cash balance	3,233	6,941	6,602
Cash balance at beginning of year	11,614	21,862	18,470
Cash balance at end of year	<u>\$ 14,847</u>	<u>\$ 28,803</u>	<u>\$ 25,072</u>
Cash balance at end of year consist of:			
Unrestricted	4,276	13,267	5,251
Restricted	10,571	15,536	19,821
Total cash balance	<u>\$ 14,847</u>	<u>\$ 28,803</u>	<u>\$ 25,072</u>

Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2006
(in thousands)

Page 2 of 4

	Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Marina	Total	
Cash flows from operating activities:			
Cash received from customers and users	\$ 465	\$ 76,166	\$ 22,136
Contributions received - employer/employee	-	-	16,585
Cash received from insurance proceeds	-	-	1,742
Cash payments to suppliers for goods and services	(89)	(46,313)	(15,488)
Cash payments to employees for services	-	(11,903)	(9,718)
Cash payments to claimants	-	-	(8,797)
Cash received from contracts/rent	-	-	(4)
Cash payments for insurance	-	-	(1,871)
Other receipts	-	1,748	198
Net cash provided (used) by operating activities	<u>376</u>	<u>19,698</u>	<u>4,783</u>
Cash flows from noncapital financing activities:			
Cash received from contracts	-	24	-
Transfers in	-	119	488
Transfers out	-	(152)	(992)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(9)</u>	<u>(504)</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	-	(8,354)	(5,884)
Principal paid on revenue bonds and other debt	(75)	(1,504)	-
Interest paid on revenue bonds and other debt	(177)	(375)	-
Proceeds from sale of assets	-	33	140
Cash contributions in aid of construction	-	4,510	-
Contributed capital in aid of capital acquisitions	-	-	2,118
Net cash provided (used) by capital financing activities	<u>(252)</u>	<u>(5,690)</u>	<u>(3,625)</u>
Cash flows from investing activities:			
Interest on investments	36	2,937	1,976
Net cash provided (used) by investing activities	<u>36</u>	<u>2,937</u>	<u>1,976</u>
Net increase (decrease) in cash balance	160	16,936	2,630
Cash balance at beginning of year	481	52,427	38,032
Cash balance at end of year	<u>\$ 641</u>	<u>\$ 69,363</u>	<u>\$ 40,662</u>
Cash balance at end of year consist of:			
Unrestricted	541	23,335	40,662
Restricted	100	46,028	-
Total cash balance	<u>\$ 641</u>	<u>\$ 69,363</u>	<u>\$ 40,662</u>

Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2006
(in thousands)

Page 3 of 4

	Business Type Activities - Enterprise Funds		
	Storm & Surface Water Utility	Water Utility	Sewer Utility
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 4,767	\$ 4,990	\$ 4,989
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,629	2,789	2,241
Other receipts	412	818	518
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(259)	(1,102)	(1,466)
(Increase) decrease in due from other funds	(400)	(212)	(17)
(Increase) decrease in due from other governments	-	-	-
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable	132	(680)	87
Increase (decrease) in wages & benefits payable	41	45	61
Increase (decrease) in compensated absences	(38)	(85)	(19)
Increase (decrease) in due to other funds	1	(59)	52
Increase (decrease) in due to other governments	3	98	19
Increase (decrease) in customer deposits	1	(24)	(10)
Increase (decrease) in estimated claims payable	-	-	-
Total adjustments	<u>1,522</u>	<u>1,588</u>	<u>1,466</u>
Net cash provided (used) by operating activities	<u>\$ 6,289</u>	<u>\$ 6,578</u>	<u>\$ 6,455</u>

On December 31, 2006, the City recognized a gain as a result of the change in fair value of US Government Securities with a maturity of more than one year. The gain recognized by Storm and Surface Water of \$65, Sewer of \$110, and Water Utilities of \$103 is reflected on the financial statements as Net Change in Fair Value of Investments.

Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2006
(in thousands)

Page 4 of 4

	<u>Business Type Activities - Enterprise Funds</u>		<u>Governmental Activities - Internal Service Funds</u>
	<u>Marina</u>	<u>Total</u>	
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 313	\$ 15,059	\$ 1,466
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	45	6,704	3,140
Other receipts	-	1,748	50
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	15	(2,812)	23
(Increase) decrease in due from other funds	-	(629)	(27)
(Increase) decrease in due from other governments	-	-	(106)
(Increase) decrease in inventory	-	-	(93)
Increase (decrease) in accounts payable	2	(459)	141
Increase (decrease) in wages & benefits payable	-	147	21
Increase (decrease) in compensated absences	-	(142)	(81)
Increase (decrease) in due to other funds	-	(6)	11
Increase (decrease) in due to other governments	1	121	89
Increase (decrease) in customer deposits	-	(33)	(4)
Increase (decrease) in estimated claims payable	-	-	151
Total adjustments	<u>63</u>	<u>4,639</u>	<u>3,316</u>
Net cash provided (used) by operating activities	<u>\$ 376</u>	<u>\$ 19,698</u>	<u>\$ 4,782</u>

Statement of Fiduciary Net Assets
Trust and Agency Funds
December 31, 2006
(in thousands)

	Firemen's Pension	Agency Funds
Assets:		
Cash & equity in pooled investments	\$ 6,353	\$ 9,842
Interest	27	8
Due from other governments	6	410
Property, plant, and equipment (net)	-	86
Total assets	6,386	10,346
Liabilities:		
Warrants payable	-	7,829
Accounts payable	13	28
Due to other governments	-	2,041
Deposits payable	-	450
Total liabilities	13	10,347
Net assets:		
Held in trust for pension benefits and other purposes	6,372	-
Total net assets	\$ 6,386	\$ 10,347

Statement of Changes in Fiduciary Net Assets
Firemen's Pension Fund
For the fiscal year ended December 31, 2006
(in thousands)

	<u>2006</u>
Additions	
Investment income:	
Interest	\$ 268
Net change in fair value	41
Other contributions:	
Intergovernmental	147
Total additions	<u>457</u>
Deductions:	
Benefit payments	171
Total deductions	<u>171</u>
Change in net assets	286
Net assets beginning of year	6,087
Net assets end of year	<u>\$ 6,372</u>



NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

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

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

Discretely Presented Component Unit

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

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

BASIS OF ACCOUNTING, MEASUREMENT FOCUS AND PRESENTATION OF FINANCIAL STATEMENTS

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

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

Major Governmental Funds:

The General Fund is the general operating fund of the City and accounts for all activities not required to be accounted for in another fund.

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

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

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

The 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 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 2004 City Hall Bond Fund accounts for the renovation of the New City Building and pay the costs of the issuance of the 2004 Series General Obligation bonds issued to finance the renovation.

Major Proprietary Funds:

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

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

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

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

Internal Service and Fiduciary Funds:

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

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. These funds share characteristics with both the governmental and proprietary funds and therefore, as described below, use the measurement focus and basis of accounting most appropriate to their specific operations.

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted as they are needed.

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

NEW ACCOUNTING STANDARDS

In June 2005, the GASB issued Statement of Governmental Accounting Standards No. 47, "*Accounting for Termination Benefits*," effective for periods beginning after June 15, 2005 or simultaneously with GASB Statement No. 45. This Statement establishes standards for the measurement, and recognition of *voluntary* and *involuntary* termination benefits. The statement also requires entities to disclose the cost and description of the termination benefits, and the methodology used to determine the amount of the termination benefit liability. The City does not offer termination benefits to employees, and therefore has determined that this standard will not effect its financial position or results of operations.

BUDGETS AND BASIS OF BUDGETING

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

The City Council also adopts appropriation ordinances for all other funds, including the Operating Grants & Donations and Housing funds, on a project-length basis as needed. Appropriation ordinances are adopted for debt service funds only when debt is authorized for issue. These appropriations do not lapse, and are adjusted as part of the budget process.

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

The General Fund and all the major special revenue funds except the Operating Grants & Donations Fund and the Housing Fund are included in the City's biennial operating budget. The Statements of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual are presented as part of the fund financial statements to demonstrate legal budget compliance for those funds. A reconciliation of cash-basis revenues and expenditures to arrive at final GAAP-basis values is provided in Note 3.

Budgets for all capital projects and the two special revenue funds excluded from the biennial budget are adopted on a project-length basis. Because these non-operating budgets primarily serve a management control function and related appropriations are continuing in nature, no comparison between budgeted and actual amounts is provided in the statements and note disclosures.

The following are key procedural steps in the City's budget development process. Note that the processes and dates indicated below reflect the 2005-2006 process, and may be changed in the future.

- In March, the official "budget call" required by state law, was made to all department directors by the Budget Office as designees of the City Manager and Finance Director. Budget development instructions and other materials were provided to the departments at that time.
- In April, the City Council and City management staff discussed City goals and priorities and reaffirmed overall City priorities, vision, and mission. Additional policy guidance was provided throughout the year.
- From late March to mid-April, a Budget Survey was conducted. From March to May, several diversity outreach meetings were held to gather feedback from citizens who speak English as a second language.
- From late April to June, departments reviewed and updated their existing budget programs, including revenue and expenditure estimates, performance data, and financial and program delivery outcomes.
- Revenue and expenditure estimates were developed and updated by the Finance Department throughout the budget process. An initial Financial Forecast was provided to the Council in June.
- The initial public hearing was held in May, at which time public comment on recommended programs and/or ideas for new programs was received.
- Performance Measure outcomes and survey results were discussed with the Council in May and June.
- From May through June, departments reviewed their programs and budgets with Council in a series of Council Review Sessions.
- A second public hearing was held in September prior to the publication of the Preliminary Budget to gather additional citizen input and comments.
- During September, the Leadership Team met to review overall budget components (revenue estimates, personnel drivers, etc.) and department budget submittals.
- During October, preliminary budget documents were prepared, printed, and filed with the City Clerk. The proposed budget was presented to the City Council in late October, and copies were made available to the public immediately after the presentation.
- From late October to late November, the City Council met in a series of budget sessions to review and discuss the recommended budget.
- A third and final public hearing was held in early December prior to the adoption of the budget.
- In mid-December, the City Council, by a majority vote, adopted the budget by ordinance, establishing the budget appropriation for the next biennium.
- The budget is published and distributed during the first quarter of the following year. Copies are made available to the public.

- Quarterly budget monitoring reports are published by the Finance Department to report on actual performance compared to budget estimates and to identify any remedial actions that may be needed.
- As required by state law, a mid-biennium update will occur during the year following adoption of the biennial budget. This update is required by state law and allows for budget modifications and technical adjustments.

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Equity in Pooled Investments

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

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

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

Although state law also allows pension trust funds to be invested in certain public corporation debt instruments and equities, the City has taken a conservative approach in this area and invests related funds under the more restrictive policies, which govern its general investment operations. As further discussed in Note 5, City policy requires all investments, including repurchase agreements, to be in the lowest risk category, which is defined as insured investments in the City's name held by the City or the trust department of the City's depository bank.

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

Restricted Resources

Net assets are segregated into three categories on the government-wide statement of net assets: 1) investment in capital assets, net of related debt; 2) restricted; and 3) unrestricted. The flow assumption of

the City is to use restricted assets before unrestricted assets. Restricted assets are usually set aside in a separate fund, specifically used for the purpose of debt service or capital replacement.

Receivables

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

Property Taxes

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

Uncollected property taxes through December 31 are recorded as receivables at year-end. Historically, the City collects 98.8% of taxes levied in the levy year and the remaining delinquent amounts are collected within the next several years. Due to the property foreclosure provision in state law, no allowance for uncollectible taxes is made.

Special Assessments

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

Other Receivables

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

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

Due From Other Funds and Other Governments

Amounts due from other funds are reported in the financial statements, which are listed in Note 15 represent outstanding billings to other funds for services provided in the current year. These amounts are typically paid within 30 days following year-end. Amounts due from other governments represent outstanding balances due from granting agencies for cost-reimbursement grants and billings to other jurisdictions for intergovernmental services provided in the current year.

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

Interfund Loans Receivable

The Finance Director may authorize loans between funds for periods not exceeding three months. Longer term loans must be specifically authorized by Council resolution. Interfund loan activity for 2005 is presented in Note 13. In the fund financial statements, the year end balance of these loans to other funds are offset by a corresponding reservation of fund balance to indicate that the outstanding loan amounts do not constitute "available spendable resources" and are, therefore, not available for appropriation.

Notes and Contracts Receivable

The notes receivable in the governmental funds represent amounts provided by the City to various housing agencies in the form of loans which are evidenced by promissory notes. These notes are issued in connection with the acquisition and construction or renovation of apartment buildings as part of a City program that assists low- and moderate-income persons to obtain affordable housing. The notes do not become due for several years or until project cash flows exceed specified amounts. Because the timing of loan repayment is uncertain, the amount of the loans currently outstanding is offset in the governmental funds financial statements by deferred revenue and in the government-wide statement of net assets by unearned revenue.

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

Housing Rehabilitation Loans Receivable

These loans are issued to individuals meeting designated income criteria and are supported by the City's annual Community Development Block Grant Program. The loans are secured by property liens and are not required to be repaid until the property is sold or otherwise changes ownership. Because the timing of loan repayment is uncertain, the amount of loans currently outstanding is offset in the governmental funds financial statements by deferred revenue and in the government-wide statement of net assets by unearned revenue.

Inventories and prepaid expenses

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

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

Restricted Assets

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

Deferred Charges

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

Capital Assets

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

Capital assets include buildings and improvements with an original cost of \$100,000 or more, machinery; equipment, software and other improvements with an original cost of \$5,000 or more each; vehicles with an original cost of \$2,500 or more; electronic communication equipment with an original cost of \$1,500 or more and an estimated useful life of more than one year; and all transportation and utilities infrastructure, regardless of their initial cost.

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

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

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

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

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

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

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

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

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

Additional information on capital assets is provided in Note 7.

Capitalization of Interest Costs

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

Compensated Absences

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

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

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

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

Long-term Debt

Liabilities for long-term debt are recorded in the government-wide statement of net assets and in the proprietary funds balance sheet. The liabilities include bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges. Long-term debt outstanding at year-end is presented in Note 14.

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. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. The nature of debt in the governmental activity is specific to a program and, therefore; debt service costs are not an allocated expenditure.

Deferred Revenues

The deferred revenues account is used to offset receivables established in the governmental fund financial statements for certain revenues that are measurable but not considered available to finance payment of current obligations and, therefore, not susceptible to accrual on the modified accrual basis. When the receivable amounts are collected in future periods, this liability account is reduced and corresponding revenue is recorded. Deferred revenues presented in this manner on the accompanying financial statements are: a) uncollected property taxes levied; b) special assessment principal due in future years; c) repayment of low-income housing rehabilitation loans funded by the City's Block Grant Program which are not due until related properties are sold or otherwise change ownership; d) principal balance on long-term loans to housing agencies; and e) business & occupation tax assessments levied by City. For the Bellevue Convention Center Authority, deferred revenue consists of customer deposits for events scheduled to be held in future years.

Fund Equity--Reserves and Designations

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

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

INTERFUND TRANSACTIONS

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

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

NOTES TO THE FINANCIAL STATEMENTS**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY****FUND DEFICITS:**

As of December 31, 2006, total net assets for the Bellevue Convention Center Authority, a component unit of the City, reflects a unrestricted net assets deficit balance of \$31.3 million and a total net assets deficit of \$13.8 million. Due to the annual charge for depreciation on the building and equipment and accrued interest on the Series 1991B and Series 1994 bonds, the deficit unrestricted net assets and net assets balances are anticipated to grow over the foreseeable future. Cash flows as projected in the annual Finance Plan, however, are expected to meet all obligations as they come due.

LEGAL BUDGETARY COMPLIANCE:

During 2006, no City funds exceeded total authorized appropriations at the fund level. Fund balance is included in authorized expenditure appropriations, but not necessarily appropriated at the program level and identifiable in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual. Appropriated final fund balance for the General Fund was \$276,634 and the LEOFF I Medical Reserve Fund was \$17.0 million.

Original budgets and supplementary appropriation adjustments adopted during the year are presented in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGET TO GAAP RECONCILIATION

The City's budget is prepared primarily on the cash basis of accounting; therefore, the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – for the General Fund and LEOFF 1 Reserve Fund report revenues when received and expenditures when paid, instead of revenue and expenditure amounts as defined under the modified accrual basis of accounting. The following schedule reconciles revenues and expenditures on the budgetary basis to revenues and expenditures on the modified accrual basis as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

	General Fund	LEOFF I Reserve
	(in thousands)	
Revenues on the Budgetary Basis	\$ 130,203	\$ 807
Increase (Decrease) due to accruals	2,286	64
Revenues on the GAAP Basis	132,489	871
Expenditures on the Budgetary Basis	124,166	1,338
Increase (Decrease) due to accruals	820	-
Expenditures on the GAAP Basis	124,986	1,338
Other Financing Sources (Uses)		
On the Budgetary Basis	(4,805)	89
Increase (Decrease) due to accruals	35	-
Other Sources (Uses) on the GAAP Basis	(4,770)	89
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses		
On the Budgetary Basis	1,232	(442)
Increase (Decrease) due to accruals	1,501	64
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses		
On the GAAP Basis	2,733	(378)
Beginning Fund Balance on the Budgetary Basis	3,651	17,179
Increase (Decrease) due to accruals	13,522	58
Beginning Fund Balance on the GAAP Basis	17,173	17,237
Ending Fund Balance on the Budgetary Basis	4,883	16,737
Increase (Decrease) due to accruals	15,023	122
Ending Fund Balance on the GAAP Basis	<u>\$ 19,906</u>	<u>\$ 16,859</u>

NOTES TO THE FINANCIAL STATEMENTS

4. SUPPLEMENTAL APPROPRIATIONS

OPERATING BUDGET FUNDS:

During 2005, the City Council amended the 2006 appropriations to reflect previously unanticipated needs in the 2006 portion of the 2005-2006 biennial budget for the General Fund and LEOFF 1 Reserve Fund. Those revised amounts are displayed below as supplemental appropriations. The amounts reported under the supplemental appropriations column also include changes in appropriations made as part of the mid-biennial budget update. As explained in Note 1, both original and supplemental appropriations are adopted by City Council ordinance.

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

	2006 Original Budget	Supplemental Appropriations	2006 Final Budget
	<u> </u>	<u> </u>	<u> </u>
	(in thousands)		
General Fund	\$ 130,320	\$ 2,410	\$ 132,730
LEOFF I Reserve	18,399	-	18,399
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 148,719</u>	<u>\$ 2,410</u>	<u>\$ 151,129</u>

NOTES TO THE FINANCIAL STATEMENTS

5. DEPOSITS AND INVESTMENTS

PRIMARY GOVERNMENT:

Cash and equity in pooled investments are comprised of government and business-type activities. The balance as of December 31, 2006 are as follows:

	(in thousands)
Cash on hand and in bank	\$ 2,017
Equity in Pooled Investments	<u>184,522</u>
Total Cash and Equity in Pooled Investments	<u><u>\$ 186,540</u></u>

In addition, the City holds in trust for fiduciary funds \$16.2 million in cash and equity in pooled investments.

Deposits:

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of outside party. As of December 31, 2006, the City had a bank balance of \$1.7 million and an investment carrying amount of \$1.8 million. The City's bank balance is insured by the FDIC up to \$100,000 and by the Washington Public Deposit Protection Commission (WPDPC) for amounts over \$100,000. Under State statute, members of WPDPC, a multiple-financial institution collateral pool, may be assessed on a prorated basis if the pool's collateral is insufficient to cover a loss.

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

Investments:

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

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

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

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Debt Obligations	5.5 years	100%	100%
U.S. Agency Coupon Securities	3 years	100%	25%
U.S. Agency Discount Notes	1 year	100%	25%
Repurchase Agreements	30 days	50%	25%
Certificates of Deposit	1 year	50%	10%
Interest Bearing Bank Deposits	1 year	50%	10%
Bankers Acceptances	6 months	50%	10%

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 maturity of the portfolio not to exceed 36 months. One of the other ways the City manages the exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing as necessary to provide the cash flow and liquidity needed for operations.

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

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	
U.S. Agency Bonds	\$ 143,813	\$ 22,942	\$ 63,792	\$ 44,109	\$ 12,970	AAA
U.S. Agency Discount Notes	39,510	39,510	-	-	-	Unrated
State of Washington Local Governmental Investment Pool (LGIP)	16,856	16,856	-	-	-	Unrated
Total	\$ 200,179	\$ 79,308	\$ 63,792	\$ 44,109	\$ 12,970	

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 certificates of deposits, banker's acceptances and commercial paper in its portfolio. The City's investments in the obligations of U.S. agencies were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy limits the amount that may be invested in any one issuer. As of 12/31/2006, there was no concentration of credit risk exceeding the policy guidelines described above.

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank (FHLB)	Fixed Rate Agency	\$ 47,826
Federal National Mortgage Association (FNMA)	Fixed Rate Agency	38,982
Federal Home Loan Mortgage Corporation (FHLMC)	Fixed Rate Agency	34,943
Federal Farm Credit Bank (FFCB)	Fixed Rate Agency	22,062
Venture Bank - Public Funds Investor Account (PFIA)	Money Market	19,800
Cascade Bank - Public Funds Investors Account (PFIA)	Money Market	19,710

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City's investment policy require that all investments be held by the City's third party safekeeping agent in the City's name. As of 12/31/06, all of the \$144 million investments in U.S. agency debt obligations were registered, and held by its safekeeping agent in the City's name. Therefore, the City has no outstanding investments that were exposed to custodial credit risk.

DISCRETELY PRESENTED COMPONENT UNIT:

Cash and equity in pooled investments of the Bellevue Convention Center Activities are comprised of business-type activities only. The balance as of December 31, 2006 are as follows:

	(in thousands)
Cash on hand and in bank	\$ 1,276
Equity in Pooled Investments	<u>2,125</u>
Total Cash and Equity in Pooled Investments	<u>\$ 3,401</u>

NOTES TO THE FINANCIAL STATEMENTS

6. RECEIVABLES

PROPERTY TAXES:

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

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

Under State law, the City may levy up to \$3.10 per \$1,000 of assessed valuation, subject to the following limitations:

- 1) Chapter 84.55 of the State RCW as amended most recently by Initiative No. 747 (which was passed by voters on November 6, 2001), limits the total dollar amount of regular property taxes levied by the City to the amount of such taxes levied in the three most recent years multiplied by a limit factor, plus an adjustment to account for taxes on new construction, improvements and State-assessed property at the previous year's rate. As amended by Initiative No. 747, the limit factor is the lesser of 101% or 100% plus the percent change in the Implicit Price Deflator, unless a greater amount is approved by a simple majority of the voters; and

The City of Bellevue has not assessed a property tax increase for the past seven years or for the year 2006 as well. Instead, the City has "banked" this capacity for potential future use. As of December 31, 2006 the City has \$9.1 million in unused levy capacity.

- 2) The state constitution limits total regular property taxes to 1% of assessed valuation, or \$10 for each \$1,000 of assessed value. If the combined taxes of all districts exceed this amount, each levy is proportionately reduced until the total is at or below the 1% limit.

On May 17, 1988, Bellevue voters approved a property tax lid lift proposition to create a revenue stream to pay for anticipated maintenance and operating expenses resulting from a \$16.5 million Park bond issue. The City Council subsequently imposed this property tax increase as part of the property tax levy ordinance adopted on December 5, 1988. The property tax revenue from the levy lid lift amounted to \$991,000 in 2006.

The City's regular property tax levy rate for 2006 was \$1.10 per \$1,000 of assessed property value, which yielded a total regular levy of \$26,609,813. The voted tax levy rate of \$.06 per \$1,000, which supports debt service on voter-approved bond issues, yielded an excess levy amount of \$1,457,674. Voted tax levies are not subject to the limitations discussed above.

DEFERRED REVENUES:

Deferred revenue reported on the governmental funds balance sheet is presented in the schedule below. Grant reimbursements, taxes, and rent are receivable within one year of the end of the fiscal period. Affordable housing contracts, special assessments, and housing rehabilitation loans are longer term receivables.

(in thousands)

	General	Operating Grants & Donations	ARCH Housing	LID Control	Capital Projects	Non-Major and Other Funds	Total
Taxes:							
Business & occupation	\$ 1,119	\$ -	\$ -	\$ -	\$ 424	\$ -	\$ 1,543
Property	252	-	-	-	-	-	252
Special assessments	-	-	-	3,950	-	-	3,950
Affordable housing contracts	-	780	7,463	-	-	-	8,243
Housing rehabilitation loans	-	2,037	-	-	-	-	2,037
Other	1	-	-	-	-	905	906
Total deferred revenue	\$ 1,372	\$ 2,817	\$ 7,463	\$ 3,950	\$ 424	\$ 905	\$ 16,931

RECEIVABLES:

The receivables for the fiscal year ended December 31, 2006 on the governmental fund balance sheets are presented on the following schedule. Of the property taxes receivable amount, \$398,883 is delinquent and the amount of delinquent special assessments receivable is \$103,711.

RECEIVABLES

(in thousands)

	General	Medical	LEOFF I Grants & Donations	Operating Housing	LID Control	2004 City Hall Bond	Capital Projects	Storm Utility	Water Utility	Sewer Utility	Marina	Non-Major and Other Funds	Total
Taxes:													
Sales/excise	\$ 7,027	\$ -	\$ -	\$ 17	\$ -	\$ -	\$ 2,742	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,786
Business & occupation and miscellaneous taxes	10,175	-	5	-	-	-	3,198	-	-	-	-	712	14,090
Property	440	-	-	-	-	-	1,580	-	-	-	-	8	2,029
Utility Customers	-	-	-	-	-	-	-	1,780	4,261	5,411	-	-	11,452
Special Assessments:													
Assessments	-	-	-	-	4,147	-	-	-	368	92	-	-	4,607
Interest/penalties	-	-	-	-	62	-	-	-	-	-	-	-	62
Interest	92	87	26	24	2	11	37	72	127	106	3	336	923
Other:													
Miscellaneous	53	-	-	-	-	-	19	-	-	-	65	174	311
Due from other governments	-	-	661	-	-	-	9,028	-	-	-	-	117	9,806
Less:													
Allowance for uncollectibles	(667)	-	-	-	-	-	(255)	-	-	-	-	-	(922)
Total receivables	\$ 17,120	\$ 87	\$ 692	\$ 41	\$ 4,211	\$ 11	\$ 16,350	\$ 1,852	\$ 4,756	\$ 5,609	\$ 68	\$ 1,347	\$ 52,144

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

NOTES TO THE FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the primary government for the year ended December 31, 2006 was as follows (in thousands):

Governmental activities:	(1) Beginning Balance	2006 Increases	2006 Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 675,684	\$ 6,221	\$ (362)	\$ 681,542
Construction in Progress	152,289	40,470	(123,090)	69,669
Infrastructure	626,653	2,095	-	628,748
Total capital assets, not being depreciated:	<u>1,454,626</u>	<u>48,786</u>	<u>(123,453)</u>	<u>1,379,959</u>
Capital assets, being depreciated:				
Building	78,843	109,586	-	188,429
Improvements other than buildings	36,184	1,123	-	37,307
Intangible Assets	2,687	24	-	2,711
Machinery and Equipment	56,575	6,544	(4,358)	58,761
Infrastructure	97,828	4,458	(231)	102,055
Total capital assets being depreciated:	<u>272,117</u>	<u>121,735</u>	<u>(4,589)</u>	<u>389,263</u>
Less accumulated depreciation for:				
Buildings	(16,316)	(2,761)	-	(19,077)
Improvements other than buildings	(14,823)	(1,969)	-	(16,792)
Machinery and Equipment	(36,711)	(4,165)	3,637	(37,239)
Intangible Assets	(605)	(256)	-	(861)
Infrastructure	(52,824)	(3,729)	-	(56,553)
Total accumulated depreciation:	<u>(121,279)</u>	<u>(12,881)</u>	<u>3,637</u>	<u>(130,523)</u>
Total capital assets, being depreciated, net:	<u>150,838</u>	<u>108,854</u>	<u>(952)</u>	<u>258,741</u>
Governmental activities capital assets, net:	<u>\$ 1,605,464</u>	<u>\$ 157,640</u>	<u>\$ (124,404)</u>	<u>\$ 1,638,700</u>

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

Governmental activities:	
General government	1,666
Public safety	855
Culture and recreation	3,067
Public works	<u>4,153</u>
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	3,140
Total depreciation expense - governmental activities	<u>\$ 12,881</u>

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

(1) Beginning balances have been restated to reflect a reclassification of \$204 Thousand in Governmental activities from Infrastructure asset to Building asset. This reclassification has no effect on total net assets, and represents adjustment made to existing balances.

Business-type activities:	(2) <u>Beginning Balance</u>	<u>2006 Increases</u>	<u>2006 Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 20,281	\$ 423	\$ -	\$ 20,705
Construction in Progress	9,379	7,599	(6,552)	10,427
Total capital assets, not being depreciated:	<u>29,660</u>	<u>8,023</u>	<u>(6,552)</u>	<u>31,132</u>
Capital assets, being depreciated:				
Building	29,872	-	(204)	29,668
Improvements other than buildings	9	-	-	9
Machinery and Equipment	6,280	511	(80)	6,711
Infrastructure	243,043	6,551	-	249,594
Intangible Assets	349	-	-	349
Total capital assets being depreciated:	<u>279,553</u>	<u>7,062</u>	<u>(284)</u>	<u>286,331</u>
Less accumulated depreciation for:				
Buildings	(21,725)	(913)	-	(22,638)
Improvements other than buildings	(2)	-	-	(2)
Machinery and Equipment	(4,134)	(446)	78	(4,502)
Infrastructure	(74,018)	(5,333)	-	(79,351)
Intangible Assets	(234)	(12)	-	(246)
Total accumulated depreciation:	<u>(100,113)</u>	<u>(6,703)</u>	<u>78</u>	<u>(106,739)</u>
Total capital assets, being depreciated, net:	<u>179,440</u>	<u>358</u>	<u>(207)</u>	<u>179,592</u>
Business activities capital assets, net:	<u>\$ 209,101</u>	<u>\$ 8,381</u>	<u>\$ (6,758)</u>	<u>\$ 210,723</u>

Business-type activities:

Parks Enterprise	\$ 44
Water	2,789
Drainage	1,629
Sewer	<u>2,241</u>

Total depreciation expense - business-type activities \$ 6,703

(2) Beginning balances have been restated to reflect a reclassification of \$11.7 Million in accumulated depreciation in Business-type activities from Infrastructure asset to Building asset. This reclassification has no affect on total net assets, and represents adjustment made to existing balances.

DISCRETELY PRESENTED COMPONENT UNIT:**BELLEVUE CONVENTION CENTER AUTHORITY**

(in thousands):

	Beginning Balance	2006 Increases	2006 Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in Progress	\$ 2,908	\$ 11	\$ -	\$ 2,919
Total capital assets, not being depreciated:	<u>2,908</u>	<u>11</u>	<u>-</u>	<u>2,919</u>
Capital assets, being depreciated:				
Building	46,381	1,307	-	47,688
Machinery and Equipment	3,803	124	(39)	3,888
Total capital assets being depreciated:	<u>50,185</u>	<u>1,431</u>	<u>(39)</u>	<u>51,577</u>
Less accumulated depreciation for:				
Buildings and Equipment	(16,432)	(1,363)	12	(17,783)
Total accumulated depreciation:	<u>(16,432)</u>	<u>(1,363)</u>	<u>12</u>	<u>(17,783)</u>
Total capital assets, being depreciated, net:	<u>33,753</u>	<u>68</u>	<u>(27)</u>	<u>33,794</u>
Component unit activities capital assets, net:	<u>\$ 36,661</u>	<u>\$ 79</u>	<u>\$ (27)</u>	<u>\$ 36,713</u>

NOTES TO THE FINANCIAL STATEMENTS

8. PENSION PLANS

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

WASHINGTON STATE DEPARTMENT OF RETIREMENT SYSTEMS

Substantially all of the City's full-time and qualifying part-time employees participate in one of the following statewide public employee retirement plans administered by the Washington State Department of Retirement Systems. The Public Employees Retirement System is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes. Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. 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, 2004. Please refer to this report for detailed pension information for the Public Employees Retirement System and the Law Enforcement Officers and Fire Fighters Retirement System. A copy of this report may be obtained from the State of Washington, Office of Financial Management, P.O. Box 43123, Olympia, WA 98504-3123.

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

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

PERS consists of three plans. Participants who joined the system by September 30, 1977 are Plan 1 members. Those joining the system after that date are enrolled in Plan 2. Existing Plan 2 members were given the option to transfer their membership to Plan 3 by May 31, 2003. Employees hired after May 31, 2003 have the option of choosing either PERS Plan 2 or PERS Plan 3. Retirement benefits are financed by employee and employer contributions and investment earnings. Retirement benefits in both plans are vested after completion of five years of eligible service. All plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under PERS 1 the cost of living allowance, if qualified, after age 66, is granted based on years of service credit and is capped at 3% annually. PERS Plans 2 and 3 are indexed to the Seattle Consumer Price Index to a maximum of 3% annually.

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

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

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

	<u>PERS Plan I</u>	<u>PERS Plan II</u>	<u>PERS Plan III</u>
2006 \$	120,443	\$ 1,456,596	\$ 232,927
2005	77,247	855,192	139,420
2004	61,410	608,151	97,944
2003	73,042	585,812	58,060
2002	83,981	657,382	453

Effective beginning in the year 2004 the contribution rates for PERS were impacted as noted in the table below:

	<u>Rate Effective</u> <u>9/1/2004</u>	<u>Rate Effective</u> <u>7/1/2005</u>	<u>Rate Effective</u> <u>7/1/2006</u>
PERS I Employer	1.38%	2.44%	3.69%
PERS I Employee	6.00%	6.00%	6.00%
PERS II Employer	1.38%	2.44%	3.69%
PERS II Employee	1.18%	2.25%	3.50%
PERS III Employer	1.38%	2.44%	3.69%
PERS III Employee	5.% - 15% variable in .5% increments		

The employer rates above include an administrative expense fee of .19% for 2006.

LAW ENFORCEMENT OFFICERS AND FIRE FIGHTERS (LEOFF) RETIREMENT SYSTEM

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

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

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

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

	<u>LEOFF Plan I</u>	<u>LEOFF Plan II</u>
2006 \$	4,229	\$ 1,278,503
2005	4,616	992,604
2004	5,282	811,500
2003	6,275	733,281
2002	6,629	662,208

Effective beginning in the year 2006 contribution rates for LEOFF were impacted as noted in the table below:

	<u>Rate Effective</u> <u>9/1/2005</u>	<u>Rate Effective</u> <u>7/1/2006</u>	<u>Rate Effective</u> <u>9/1/2006</u>
LEOFF I Employer	0.19%	0.19%	0.18%
LEOFF I Employee	0.00%	0.00%	0.00%
LEOFF II Employer	4.39%	4.87%	4.90%
LEOFF II Employee	6.99%	7.79%	7.85%

The employer rates above include an administrative fee of .19% for 2006.

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 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. Accordingly, the schedule of funding progress is under the required supplemental information section of this report. All other disclosure information is included in this note.

Funding Policy. Under state law, the Firemen's Pension Plan is provided an allocation of 25% of all monies received by the state from taxes on fire insurance premiums; interest earnings; member contributions made prior to the inception of LEOFF; and City contributions required to meet projected future pension obligations. Neither member nor employer contributions were made to the plan during the year. As of the last actuarial study dated April 7, 2006, 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 January 1, 2007:

Retirees and beneficiaries receiving benefits, prior to March 1, 1970	-
Retirees after March 1, 1970 currently receiving full retirement benefits through the Law Enforcement Officers and Fire Fighters (LEOFF) Retirement Plan and also receiving an adjustment from the Firemen's Pension Plan	27
Retirees after March 1, 1970 receiving LEOFF I pensions exceeding the Firemen's Pension Fund and, therefore; not qualifying for excess benefit payment from the Firemen's Pension Plan	10
Active plan members	<u>1</u>
	<u>38</u>

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

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

Annual Required Contribution (ARC)	<u>2004</u>	<u>2005</u>	<u>2006</u>
Annual Normal Cost - Beginning of Year	\$ 2,139	\$ 2,139	\$ 1,198
Amortization of Unfunded Actuarial Liability (UAL)			
- Beginning of Year	(16,478)	(16,478)	(43,366)
Investment Return to End of Year	(789)	(789)	(2,108)
ARC at End of Year, not less than zero	-	-	-
Investment Return on Net Pension Obligation (NPO)	(24,899)	(31,466)	(34,562)
Adjustment to ARC	32,628	42,119	52,069
Annual Pension Cost (APC)	<u>7,729</u>	<u>10,653</u>	<u>17,507</u>
Employer Contributions	127,118	129,780	147,488
Change in NPO	<u>(119,389)</u>	<u>(119,127)</u>	<u>(129,981)</u>
NPO at Beginning of Year	<u>(452,717)</u>	<u>(572,106)</u>	<u>(691,233)</u>
NPO at End of Year	<u><u>\$(572,106)</u></u>	<u><u>\$(691,233)</u></u>	<u><u>\$(821,214)</u></u>

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

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended 12/31	Fire Insurance Premium Taxes	Interest Earned on Net Fund Balance	Annual Required Contribution*	Percentage Contributed
2002	92,883	117,805	34,205	3.00%
2003	108,751	114,301	34,205	3.00%
2004	127,118	102,687	-	N/A
2005	129,780	193,446	-	N/A
2006	147,488	268,200	-	N/A

THREE YEAR TREND INFORMATION (in dollars)

Fiscal Year Ending	Contributions		
	Annual Pension Cost (APC)	as a Percentage of APC	Net Pension Obligation (NPO)
12/31/04	7,729	1644.7%	(572,106)
12/31/05	10,653	1218.2%	(691,233)
12/31/06	17,507	842.5%	(821,214)

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

	01/01/03	01/01/05	01/01/06
Actuarial Economic assumptions:			
Investment rate of return (through internal investment pool)	5.50%	5.50%	5.00%
Projected salary increases ⁽²⁾	4.50%	4.50%	4.50%
Consumer Price Index	3.50%	3.50%	3.50%
Projected annual growth in fire insurance premium tax revenues	3.50%	3.50%	3.50%
Noneconomic assumptions:			
Mortality rates based on:			
Group Annuity Mortality Tables	X	X	X
Turnover rates per year	0.30%	0.30%	0.30%

- (1) The Entry Age Cost Normal method was used to comply with GASB 25 and 27 reporting requirements. Under this method the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age. The amount allocated to each year is called the Normal Cost and the portion of the Actuarial Present Value of all benefits not provided for by future Normal Cost payments is called the Actuarial Liability. Since nearly all members have already retired, the amount of the annual Normal Cost is small. The Unfunded Actuarial Accrued Liability (UAAL) is the Actuarial Liability minus the actuarial value of the Fund's assets.
- (2) Projected salary increases are for future inflation only. Since the members have at least 20 years of service, no merit increases are assumed.

MUNICIPAL EMPLOYEES' BENEFIT TRUST

Plan Description. The Municipal Employees' Benefit Trust (MEBT) is multiple-employer defined-contribution pension plan which was established as an alternative to the federal Social Security System when City employees, by majority vote, approved the City's withdrawal from that system effective September 30, 1972, pursuant to USCA, Section 418(g). The plan is administered by the Municipal Employees' Benefit Trust Committee, a five-member committee appointed by the Bellevue City Manager. MEBT includes seven participating cities and 4,562 participants (Bellevue has 1,710 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. All regular employees of the City of Bellevue are eligible to participate as of their hire date in MEBT. Participation in MEBT is voluntary. Hourly employees participate as of their hire date in MEBT II. Participation in MEBT II is mandatory.

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

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.

Hourly employees are required to make mandatory contributions equal to 100% of the FICA tax rate, currently 6.20% of compensation.

The City contributes 100% of the FICA tax rate on all eligible regular employee compensation up to the Social Security Wage Base plus 100% of the Medicare tax rate on all compensation for eligible regular 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 2006 were:

Participants	\$7,383,496
City	\$5,782,476

MEYDENBAUER CENTER RETIREMENT PLAN AND TRUST

Plan Description. The Bellevue Convention Center Authority's (discreetly 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, 2006, there were 90 active participants in the Plan. The Plan is established as a retirement plan and contains no provision for withdrawing money prior to the termination of employment. Upon termination of employment or retirement, employees receive the account balance of employee contributions and the vested portion of the employer account credited with investment earnings. In the event of employee death or disability, the employee account becomes immediately vested and the full value of the account may be paid out. The plan document defines disability according to specific Federal guidelines. Each regular employee having completed one year of employment and 1,000 hours of service is eligible to participate in the plan. Participation in the Plan is mandatory for all regular employees hired after May 1, 1995.

Contributions. The Authority and employees each contribute 5% of compensation to the Plan. Additionally each participant may contribute on his own behalf at least 1% but not more than 10% of his /her compensation on a post tax basis. The Center's contributions to the Plan were 5% of covered payroll. Actual contributions to the plan for 2006 were:

Participants	\$127,027
Authority	\$104,702

NOTES TO THE FINANCIAL STATEMENTS

9. OTHER PERSONNEL BENEFITS

DEFERRED COMPENSATION:

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

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

POST-EMPLOYMENT BENEFITS:

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

Costs of providing these post-employment health care benefits in 2006 were as follows:

Bellevue Health Plan - claims, administrative costs, stop loss coverage and incurred reserves	\$ 1,034,826
Group Health - medical insurance premiums	149,002
Medicare Part B insurance premiums	26,341
Total Costs	\$ 1,210,169

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 last actuarial study conducted, determined the City's Expected Postretirement Benefit Obligation (EPBO) to be \$30.1 million. The City has funded a significant portion of the EPBO as reflected by the \$16.9 million balance in the LEOFF I Medical Reserve fund as of December 31, 2006.

There are a total of 31 active plan participants and 119 retirees currently receiving benefits.

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

I. Economic Assumptions:	A. Discount Rate	5.0%
	B. Medical Inflation Rate	5.0%
II. City of Bellevue per-person claim cost experience rates:	A. Retirees under 65	\$ 811
	B. Retirees over 65	489

The Plan Assets 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.

NOTES TO THE FINANCIAL STATEMENTS**10. COMPENSATED ABSENCES**

The City's liability for accrued compensated absences is recorded in the schedule below. The governmental activities category includes a liability of \$791 from internal service funds which are predominantly associated with governmental funds. The funds that incur a liability for compensated absences are responsible for liquidating them in future periods. The governmental funds which typically liquidate compensated absences include the General, Solid Waste Recycling, Cable, Development Services, Park Fees, Operating Grants & Donations, and Housing Funds.

(in thousands)

Governmental activities	\$ 9,337
Enterprise activities	<u>1,025</u>
Total compensated absences	<u>\$ 10,362</u>

NOTES TO THE FINANCIAL STATEMENTS

11. 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, 2006, the City had available cash and equity in pooled investments in the self-insurance funds of \$11.8 million to provide against risk of catastrophic losses. The claims liability of \$6.2 million reported in the self-insurance funds as of December 31, 2006, 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, 2005 to December 31, 2006:

	(in thousands)			
	Workers' Compensation	Unemployment Compensation	General Self-Insurance	Health Benefits
December 31, 2005:				
Unpaid claims, beginning of fiscal year	\$ 721	\$ 17	\$ 3,407	\$ 1,553
Incurred claims (including IBNRs)	1,369	98	1,134	9,201
Claim payments	(913)	(86)	(1,189)	(9,297)
Unpaid claims, December 31, 2005	<u>\$ 1,177</u>	<u>\$ 29</u>	<u>\$ 3,352</u>	<u>\$ 1,457</u>
December 31, 2006:				
Unpaid claims, beginning of fiscal year	\$ 1,177	\$ 29	\$ 3,352	\$ 1,457
Incurred claims (including IBNRs)	743	122	1,503	7,809
Claim payments	(1,010)	(128)	(709)	(8,175)
Unpaid claims, December 31, 2006	<u>\$ 910</u>	<u>\$ 23</u>	<u>\$ 4,146</u>	<u>\$ 1,091</u>
Due within one year	837	23	1,348	1,083
Due in more than one year	73	-	2,798	8

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

<u>Policy Type</u>	<u>Deductible</u>	<u>Coverage Limits</u>	<u>Description</u>
Excess Workers' Comp Employer's Liability	\$ 350,000	\$ 1,000,000	Protects the City from unanticipated levels of workers' compensation claims.
Boiler & Machinery	\$ 10,000	\$ 50,000,000	Protects the City from loss due to damage to buildings and contents from boilers and machinery.
Real & Personal Property	\$ 100,000	\$ 100,000,000	^(A) Protects the City from loss by fire and other extended coverages.
Inland Marine Earthquake & Flood	\$ 100,000	\$ 75,000,000	^(A) Protects the City from loss by fire and other extended coverages.
Medical Stop Loss	\$ 200,000	\$ 1,000,000	^(B) Stop-loss coverage protects the City from excessive individual claims.
Excess Liability Coverage	\$2,000,000	\$ 10,000,000	^(A) Protects the City from excessive individual losses.
Fiduciary Liability	\$ 10,000	\$ 5,000,000	^(A) Protects the City's retirement plans from wrong doing by board members.
Professional & Pollution Liability - New City Hall Building (expired 3/31/06)	\$ 100,000	\$ 5,000,000	^(A) Protects the City from loss during construction of the New City Hall building.

^(A) per occurrence
^(B) per individual

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

DISCRETELY PRESENTED COMPONENT UNIT

The Bellevue Convention Center Authority utilizes Marsh & McLennan for marketing and placement of its commercial policies. The Authority insures against most normal hazards.

NOTES TO THE FINANCIAL STATEMENTS

12. LEASES AND OTHER CONTRACTUAL COMMITMENTS

OPERATING LEASES:

Burlington Northern and Santa Fe Railway Company

The City has an on-going lease agreement with Burlington Northern and Santa Fe Railway Company (BNSF) for storage/fire lane access at the Bellevue Service Center (BSC). The City leases a portion of the BNSF property for the BSC parking lot area and for railroad crossing access from the BSC to the lower parking lot. In 2006, the City paid for lease payments. The annual lease payments are \$22,915, payable in May of each year. Either party to the lease may cancel the lease at will on a 30-day advance notice.

Terranomics Crossroads Associates

Effective September 25, 2000, the City entered into a five-year non-cancelable lease agreement with Terranomics Crossroads Associates to provide a Community Police substation in the Crossroads area. The lease expired on September 30, 2005 and was extended for an additional three year period. Total lease payments for 2006 totaled \$26,520.

Future minimum lease payments are summarized as follows:

2007	\$	23,701
2008		17,776
Total	\$	<u>41,477</u>

Delta Business Park

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

The lease is cancelable by providing the landlord with 90-day prior written notice. Total lease payments for 2006 were \$23,138.

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

2007	\$	22,152
2008		22,546
2009		22,939
2010		23,328
2011		11,858
Total	\$	<u>102,823</u>

Effective January 1, 2005, the City entered into a another five-year lease agreement with Delta Business Park for a storage facility for use by the Police Department. The lease is cancelable by providing the landlord with 90-day prior written notice. Total lease payments for 2006 were \$10,956.

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

2007	\$	11,354
2008		11,354
2009		11,753
Total	\$	<u>34,461</u>

Sound Transit

Effective June 13, 2006 the City entered into a five-year non-cancelable lease agreement with Sound Transit to provide a Community Police substation at the Bellevue Transit Center. Total annual lease payments are \$50,000, payable in December of each year. In July 2006, the City made a prorated lease payment of \$27,500.

OB City Hall Properties

Effective January 1, 2004, the City entered into a 27 month lease agreement with OB City Hall Properties for the leaseback of the old City Hall campus. Monthly payments were \$154,322. In 2006, the City's rent expense totaled \$462,966. The lease expired on March 31, 2006 and was not extended.

CONSTRUCTION/OTHER CONTRACTUAL COMMITMENTS:

The City's other outstanding contractual commitments by fund type as of December 31, 2006, are summarized below:

	(in thousands)
Governmental activities	\$ 8,450
Enterprise activities	2,269
Total contractual commitments	<u>\$ 10,719</u>

NOTES TO THE FINANCIAL STATEMENTS

13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following provides the total interfund transfers for 2006 and transfers between the City and its component unit. Year-end balances are provided for interfund payables and receivables and amounts due between City funds and component unit.

Due to/from other funds:

	<u>Receivable</u>	<u>Payable</u>
	(in thousands)	
Governmental funds:		
General Fund	\$ 105	\$ 603
Operating Grants & Donations	1	35
Nonmajor governmental funds	98	101
Proprietary funds:		
Storm Drainage Utility	401	71
Water Utility	284	23
Sewer Utility	17	193
Marina	-	1
Internal Service Funds	134	12
Total due other funds	<u>\$ 1,040</u>	<u>\$ 1,040</u>

Due to/from primary government and component unit:

General Fund	\$ -	\$ 10
Hotel/Motel Tax	-	1,908
Bellevue Convention Center Authority	1,918	-
Total due City/Component Unit	<u>\$ 1,918</u>	<u>\$ 1,918</u>

Interfund Transfers

	<u>In</u>	<u>Out</u>
	(in thousands)	
Governmental funds:		
General Fund	\$ 2,758	\$ 7,528
LEOFF 1 Reserve	89	-
Operating Grants & Donations	-	7,518
ARCH Housing	312	-
LID Control	-	-
New City Hall Building Fund	-	13,228
General Capital Investment Program	17,201	1,673
Nonmajor governmental funds	14,634	4,510
Proprietary funds:		
Storm Drainage Utility	42	50
Water Utility	39	52
Sewer Utility	38	50
Marina	-	-
Internal Service Funds	489	992
Total transfers	<u>\$ 35,602</u>	<u>\$ 35,602</u>

Total interfund loan of \$.5 million was to supplement a negative cash balance in the general fund for the month of March.

Interfund loans for the year ended December 31, 2006, were as follows (in thousands):

	Beginning				Ending
	Balance	Additions	Deletions		Balance
Receivable:					
General CIP - short term portion	\$ 55	\$ -	\$ -		\$ 55
General CIP - long term portion	611	-	-		611
General Self-Insurance	-	500	(500)		-
Total receivable	<u>\$ 666</u>	<u>\$ 500</u>	<u>\$ (500)</u>		<u>\$ 666</u>
Payable:					
Park Fees - short term portion	\$ 55	\$ -	\$ -		\$ 55
Park Fees - long term portion	611	-	-		611
General Fund	-	500	(500)		-
Total payable	<u>\$ 666</u>	<u>\$ 500</u>	<u>\$ (500)</u>		<u>\$ 666</u>

Interfund receivables and payables consist of charges for services and direct overhead charges. The City incurs transfers for subsidies, indirect overhead, reserves for capital improvements, capital purchases and debt service.

The following describes the significant amounts during 2006:

- Transfer of \$6 million from the General Fund to the Development Services Fund to support permitting activity for unusually high construction volumes in Bellevue.
- Transfer bond proceeds of \$13 million to cover costs for New City Hall construction in the General CIP Fund from the New City Hall Bond Fund.
- Transfer of \$5.8 million from council reserves in the Operating Grants and Donations Fund to the Debt Service Fund for New City Hall debt service payments.

NOTES TO THE FINANCIAL STATEMENTS

14. LONG-TERM DEBT

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

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

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

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

Other long-term debt incurred by the enterprise and governmental funds includes conditional sales contracts issued for the purchase of land and facilities, capital lease agreements, and State Department of Community Development Public Works Trust Fund loans, which have been made to finance designated capital project construction costs. Also included under other long-term debt for governmental activities is a non-revolving line of credit obtained for a period of five years to finance projects included in the City's Capital Investment Program. Currently, the interest rate has been fixed for one year based on the London inter-bank offered rate (LIBOR) and is payable semi-annually.

New Bonds Issued:

On August 7, 2006 the City Council approved the issuance and sale of Limited Tax General Obligation bonds in the amount of \$6,060,000. The proceeds from this bond issue were used to pay a portion of the cost of renovating the New City Building.

The following schedules detail the long term debt activity and balances of the City:

LONG TERM DEBT - GOVERNMENTAL ACTIVITIES
For The Year Ended December 31, 2006
 (in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued		Debt Outstanding 1/1/2006	Debt Issued in 2006	Debt Redemption in 2006	Debt Outstanding 12/31/2006
					Debt Issued	Debt Outstanding				
GENERAL OBLIGATION BONDS-COUNCILMANIC										
1995 Limited G.O.	5.15-5.80%	Hotel/Motel Tax	12/27/95	12/01/25	\$ 5,140	\$ 5,140	\$ -	\$ -	439	\$ 4,701
2002 Limited G.O.	4.65-5.125%	Hotel/Motel Tax	06/01/02	12/01/32	10,450	10,450	-	-	200	10,250
2003 Limited G.O. Refunding, Series B	2.00-4.50%	General CIP	10/29/03	07/01/14	4,635	3,855	-	-	380	3,475
2004 Limited G.O. (City Building)	5.00-5.50%	General CIP	07/01/04	12/01/43	102,710	102,710	-	-	-	102,710
Add: Unamortized bond premium						1,013	-	-	27	986
2006 Limited G.O.	3.80-4.25%	General CIP	11/01/06	12/01/26	6,060	-	6,060	-	-	6,060
Add: Unamortized bond premium						-	23	-	-	23
GENERAL OBLIGATION BONDS - VOTER APPROVED										
2003 Unlimited G.O. Refunding, Series A	3.00-4.00%	Special Levy	10/29/03	01/01/08	8,550	4,030	-	-	1,275	2,755
CONDITIONAL SALES CONTRACTS										
Bellevue School District	4.30%	General CIP	06/01/04	06/01/10	2,800	1,793	-	-	754	1,039
OTHER LONG TERM DEBT										
Bank of America Line of Credit (1)	3.16%	General CIP	11/21/03	11/21/08	13,818	18,218	7,900	-	-	26,118
DCTED Public Works Trust Fund Loan	1.00%	General CIP	07/01/88	07/01/08	1,000	183	-	-	61	122
TOTAL					\$ 155,163	\$ 147,392	\$ 13,983	\$ 3,135	\$ -	\$ 158,240

(1) The total authorized amount of the line of credit (LOC) is \$35 million, of which \$26.1 million was drawn as of 12/31/2006. The weighted average interest rate (based on 65% of LIBOR plus 1.31%) on the \$26.1 million LOC balance as of 12/31/06 was 4.80%.

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT
For The Year Ended December 31, 2006
 (in thousands)

Local Improvement District	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2006	Debt Issued in 2006	Debt Redemption in 2006	Debt Outstanding 12/31/2006
NE 4th Street	7.40-7.50%	LID Control	09/01/90	09/01/12	\$ 5,140	\$ 330	\$ -	\$ 330	\$ -
NE 4th Street	7.40-7.50%	LID Control	03/26/01	05/01/23	120	76	-	5	71
NE 10th St/Bellevue Way to 112th Ave NE	5.10-6.75%	LID Control	05/15/95	12/01/16	7,830	2,500	-	430	2,070
NE 10th St/Bellevue Way to 112th Ave NE	4.00-6.00%	LID Control	12/01/96	12/01/18	775	250	-	40	210
NE 8th St & 156th Ave NE	6.50-6.65%	LID Control	06/01/94	07/01/16	563	325	-	35	290
TOTAL					\$ 14,428	\$ 3,481	\$ -	\$ 840	\$ 2,641

LONG TERM DEBT - BUSINESS-TYPE ACTIVITIES
For The Year Ended December 31, 2006
 (in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2006	Debt Issued in 2006	Debt Redemption in 2006	Debt Outstanding 12/31/2006
GENERAL OBLIGATION BONDS-COUNCILMANIC									
1998 Limited G.O.	4.00-4.70%	Marina	12/01/98	12/01/18	\$ 4,310	\$ 4,025	\$ -	\$ 75	\$ 3,950
REVENUE BONDS									
2004 Waterworks Utility Refunding	2.00-3.63%	Water/Storm Utility	08/01/04	10/01/10	6,825	5,490	-	1,275	4,215
Add: Unamortized bond premium						88	-	18	70
Deduct: Unamortized loss on advance refunding						(553)	-	(115)	(439)
OTHER LONG TERM DEBT									
DCTED P/W Trust Fund Loan #87-006	1.00%	Storm Utility	07/01/87	07/01/07	401	44	-	21	23
DCTED P/W Trust Fund Loan #89-012	3.00%	Storm Utility	02/07/89	02/07/09	273	57	-	15	42
DCTED P/W Trust Fund Loan #90-013	(1) 3.00%	Storm Utility	07/17/90	07/17/10	1,123	312	-	63	249
DCTED P/W Trust Fund Loan #91-011	(2) 3.00%	Storm Utility	08/06/91	08/06/11	377	120	-	20	100
DCTED P/W Trust Fund Loan #93-005	(3) 2.00%	Storm Utility	07/01/93	07/01/13	126	56	-	7	49
DCTED P/W Trust Fund Loan #94-002	1.00%	Water Utility	06/23/94	07/01/14	560	264	-	30	235
TOTAL					\$ 13,995	\$ 9,903	\$ -	\$ 1,408	\$ 8,494

(1) A total loan of \$1,166,040 was approved in 1990. Funds received through the end of the fiscal year represent 96% of the approved loan amount.
 (2) A total loan of \$434,480 was approved in 1993. Funds received through the end of the fiscal year represent 29% of the approved loan amount.
 (3) A total loan of \$856,000 was approved in 1994. Funds received through the end of the fiscal year represent 65% of the approved loan amount.

AMORTIZATION OF LOSS ON ADVANCE REFUNDING

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

Total	Amortized In 2006	Amortized In Prior Years	Unamortized At December 31, 2006
\$716	\$115	\$163	\$437

At December 31, 2006, the City's annual debt service requirements for general obligation, revenue and special assessment bonds, revenue and special assessment bonds were:

ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
(in thousands)

Year	General Obligation		Revenue Bonds		Special Assessment		Governmental Activities		Business-Type Activities		Total Annual Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$ 2,627	\$ 6,828	\$ 1,130	\$ 140	\$ 484	\$ 170	\$ 880	\$ 31	\$ 155	\$ 15	\$ 12,460
2008	2,874	6,739	980	106	514	140	281	2	134	11	11,781
2009	1,464	6,696	1,025	74	546	108			134	8	10,055
2010	2,713	6,675	1,080	38	562	72			119	5	11,265
2011	2,813	6,590	-	-	380	35			56	2	9,877
2012-2016	14,528	31,404	-	-	148	22			103	2	46,206
2017-2021	14,486	28,567	-	-	7	-			-	-	43,059
2022-2026	16,505	24,743	-	-	-	-			-	-	41,248
2027-2031	18,025	18,070	-	-	-	-			-	-	36,095
2033-2036	20,245	13,174	-	-	-	-			-	-	33,419
2037-2041	25,420	7,281	-	-	-	-			-	-	32,701
2042-2043	12,200	946	-	-	-	-			-	-	13,146
Total	\$ 133,900	\$ 157,713	\$ 4,215	\$ 358	\$ 2,641	\$ 546	\$ 1,162	\$ 33	\$ 700	\$ 43	\$ 301,312

LONG TERM DEBT - DISCRETELY PRESENTED COMPONENT UNIT
BELLEVUE CONVENTION CENTER AUTHORITY
 For The Year Ended December 31, 2006
 (in thousands)

Description	Interest Rate	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/2006	Debt Issued in 2006	Debt Redemption in 2006	Debt Outstanding 12/31/2006
1991 Bellevue Convention Center Authority Series B	6.15-7.20%	08/01/91	12/01/19	\$ 21,120	\$ 9,178	\$ -	\$ 590	\$ 8,588
1994 Bellevue Convention Center Authority Refunding	5.60-6.60%	11/05/93	12/05/25	13,749	12,575	-	200	12,375
Total Revenue Bonds				<u>\$ 34,869</u>	<u>\$ 21,753</u>	<u>\$ -</u>	<u>\$ 790</u>	<u>\$ 20,963</u>
Add:								
Unamortized gain on advance refunding								53
TOTAL								<u>\$ 21,016</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, 2006 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	
2007	\$ 781	\$ 1,499	\$ 2,280
2008	928	1,897	2,825
2009	1,037	2,328	3,365
2010	1,155	2,860	4,015
2011	1,162	3,208	4,370
2012-2016	5,754	21,326	27,080
2017-2021	5,389	29,096	34,485
2022-2026	4,757	34,493	39,250
Total	\$ 20,963	\$ 96,707	\$ 117,670

CHANGES IN LONG-TERM LIABILITIES
(in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 126,185	\$ 6,060	\$ (2,294)	\$ 129,951	\$ 2,527
Add: for issuance premium	1,013	23	(27)	1,009	-
Special assessment debt	3,481	-	(840)	2,641	484
Compensated absences	10,205	5,056	(5,924)	9,337	2,801
Estimated claims payable	6,016	10,177	(10,022)	6,171	3,291
Line of credit	18,218	7,900	-	26,118	-
Other long-term debt	1,976	-	(815)	1,161	880
Total	\$ 167,094	\$ 29,216	\$ (19,921)	\$ 176,389	\$ 9,984
Business Activities:					
General obligation bonds	\$ 4,025	-	\$ (75)	\$ 3,950	\$ 100
Revenue bonds	5,490	-	(1,275)	4,215	1,130
Less deferred amounts:					
for issuance premiums	88	-	(18)	70	-
for refunding	(553)	-	115	(439)	-
Compensated absences	1,167	628	(770)	1,025	308
Other long-term debt	853	-	(155)	698	155
Total	\$ 11,088	\$ 628	\$ (2,178)	\$ 9,519	\$ 1,693
Bellevue Convention Center Authority:					
Revenue bonds	\$ 21,753	\$ -	\$ (790)	\$ 20,963	\$ 781
Add deferred amounts:					
for refunding	\$ 59	-	(6)	53	-
Compensated absences	77	34	(32)	79	79
Total	\$ 21,889	\$ 34	\$ (828)	\$ 21,095	\$ 860

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

NOTES TO THE FINANCIAL STATEMENTS**15. RELATED PARTY TRANSACTIONS**

The City acts as a conduit for hotel/motel taxes which are collected by the City and transmitted to the Bellevue Convention Center Authority for debt service (a component unit of the City). These taxes totaled \$4.4 million in 2006.

NOTES TO THE FINANCIAL STATEMENTS

16. CONTINGENCIES AND LITIGATION

As of December 31, 2006 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.

The agreement provides for a weighted vote proportionate to each Principal's system radios in relation to the total number of system radios used by all Principals. As of December 31, 2006, the weighted vote was as follows:

Bellevue	51.93%
Redmond	18.14%
Kirkland	17.79%
Mercer Island	6.51%
Issaquah	5.64%
Total	100.00%

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

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

<u>Year</u>	<u>Service Fees</u>
2002	\$ 292,847
2003	291,868
2004	301,200
2005	301,871
2006	304,072

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

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

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

While Agreement 1 provides that EPSCA's retained earnings of \$501,728 as of December 31, 2006 are, upon dissolution, to be apportioned among the Principals, the City's share in 2006 of \$260,547 is deemed immaterial and thus is not reflected in the financial statements. Compiled financial statements for EPSCA can be obtained from EPSCA, c/o Alan Komenski, 16100 NE 8th Street, Bellevue, WA 98008.

Hazardous Materials Unit and Response Team:

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

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

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

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

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

<u>Year</u>	<u>Budget</u>	<u>Bellevue's Share</u>	<u>Percentage</u>
2002	\$ 43,878	\$ 16,002	36.47%
2003	44,858	15,232	33.96%
2004	64,658	20,851	32.25%
2005	65,615	21,357	32.55%
2006	67,615	21,357	31.59%

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

ARCH - Housing Coalition:

In November 1992, the City of Bellevue joined the cities of Redmond and Kirkland and King County to establish A Regional Coalition for Housing (ARCH). The agreement was amended in January 1993 to add clarifying language regarding responsibility and dissolution. Subsequently, the Cities of Bothell, Issaquah, Mercer Island, and Woodinville 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 prioritize projects which the member cities fund directly through their own grants, Community Development Block Grants, and HUD grants.

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

Each member city is responsible for contributing operating revenues as determined from the ARCH annual budget. Contributions from the member cities are based on each member's population. The City's contributions for the last five years were as follows:

<u>Year</u>	<u>Budget</u>	<u>Bellevue's Share</u>	<u>Percentage</u>
2002	\$ 351,902	\$ 95,737	27.21%
2003	365,411	103,789	28.40%
2004	378,024	106,108	28.07%
2005	398,508	111,371	27.95%
2006	417,984	116,618	27.90%

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

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

Water Storage & Pumping Facility:

In February 1990, the City of Bellevue joined with the City of Redmond to construct, operate, and maintain a joint-use water storage and pumping facility located on the common boundary of the two cities. The City of Bellevue has an undivided interest in the land, reservoir, and pumping facility of 56%, and the City of Redmond has an undivided interest of 44%.

The City's share of the land, reservoir, and pumping facility is reported on the enterprise financial statements as property, plant, and equipment and has a net book value of \$1,650,063 (cost: \$2,635,041, net of accumulated depreciation of \$984,978) as of December 31, 2006. Total 2006 operating costs for the reservoir and pumping facility, excluding depreciation of \$65,876, were \$42,842, of which the City of Redmond reimbursed \$18,850.

Cable Production Facility:

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

A joint administrative committee was created to set policy, oversee operations, and develop annual operating budgets. The City of Bellevue is responsible for contributing to the Maintenance Account, providing compensation to student video production assistants and upgrading studio facilities, production equipment, and editing equipment to accommodate joint use. The City's contributions for 2006 were:

<u>Maintenance</u>	<u>Student Assistants</u>	<u>Facilities</u>
\$ 5,000	\$ 20,358	\$ -

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

Eastside Narcotics Task Force:

In August 1998, the cities of Bellevue, Redmond, Kirkland, Mercer Island, and Issaquah (Principals) restructured the Eastside Narcotics Task Force. The purpose of the task force is to provide for the collaborative efforts of participants' detective staffs and to equitably benefit from asset forfeitures.

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

Upon termination of the Task Force, equipment and proceeds will be divided equitably as determined by the board.

Member agencies share in the costs and proceeds of the operation of the Task Force on a percentage basis. The member agencies shares are:

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

Total revenues for 2006 were \$418,438 of which \$213,408 was the City of Bellevue's share. Total expenditures for 2006 were \$263,497 of which \$134,383 was the City of Bellevue's share. The total increase in revenue for 2006 was \$154,316 of which \$78,701 was the City of Bellevue's share. The City's share of the net assets is deemed immaterial and thus is not reflected in the financial statements.

Budget monitoring information can be obtained from Eastside Narcotics Task Force, c/o Carl Krikorian, Police Finance Manager, Bellevue Police Department, 11511 Main Street, Bellevue, WA 98004

Cascade Water Alliance

In April 1999, the City of Bellevue entered into an interlocal agreement with eight other water providers in the region to create the Cascade Water Alliance.

The purpose of the Alliance is to provide water supply to meet current and future needs of the Alliance's Members in a cost-effective and environmentally responsible manner.

The Alliance is governed by a Board of Directors consisting of one individual representative appointed by resolution of the Member's legislative authority. Each Member entity must pay annual dues based on the number of residential units served by the water system within their jurisdiction. The Alliance collected 2006 membership dues totaling \$715,781, of which Bellevue's share was \$274,769. Bellevue also paid the Alliance \$1,879,476 in 2006 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.

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

Washington City and County Pipeline Safety Consortium

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

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

The Consortium is governed by a joint Executive Board composed of representatives of the twelve Consortium members, appointed by their jurisdictions. The Executive Board is responsible for recommending periodic budgets, and establishing policies to carry out the work approved by the members. Each representative on the Joint Board has a vote on all matters. The City of Bellevue, as the lead agency, has the administrative authority for operations conducted pursuant to the agreement. The City provides administrative and secretarial support to the Joint Board.

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

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

Budget monitoring information can be obtained from Washington City and County Pipeline Safety Consortium, c/o Jonathan Swift, Budget Manager, Finance Department, 11511 Main Street, Bellevue, Washington, 98004.

E-Gov Alliance

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

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

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

Expenditures consist of capital and operations costs, per the budget adopted by the E-Gov Alliance Executive Board, and Bellevue's administrative costs associated with performing duties as the Alliance's fiscal agent. Expenditures in 2006 were \$389,679. Revenues consist of annual membership fees from the member jurisdictions of the E-Gov Alliance and are as follows.

Bellevue	132,609	24.2%
Snohomish County	77,000	14.1%
Kirkland	52,515	9.6%
Sammamish	44,364	8.1%
Bothell	35,592	6.5%
Burien	25,000	4.6%
Mercer Island	24,926	4.6%
Kenmore	22,010	4.0%
Issaquah	19,587	3.6%
Shoreline	17,500	3.2%
Kent	13,600	2.5%
Mill Creek	13,000	2.4%
Woodinville	11,384	2.1%
Duvall	11,000	2.0%
Lynwood	9,750	1.8%
Auburn	8,700	1.6%
Snoqualmie	8,500	1.6%
Redmond	7,700	1.4%
Des Moines	4,900	0.9%
Sea Tac	4,900	0.9%
Renton	3,100	0.6%
Total	<u>\$ 547,637</u>	<u>100%</u>

NOTES TO THE FINANCIAL STATEMENTS**18. SUBSEQUENT EVENTS**

1. A Presidential Declaration was issued by FEMA on February 14, 2007, in response to a severe wind storm that struck the Puget Sound region on December 14-15, 2006. This declaration will allow the City to seek partial reimbursement from the federal government for some storm-related costs. The City's commercial property insurance, reimbursement from FEMA, and potential reimbursement from the State will cover a large portion of the costs. An additional \$1.5 million in damage to trees in City parks is not covered by FEMA, but is eligible for minimal reimbursement from the City's property insurance.



REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress
Firemen's Pension Fund
(in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities Entry Age	Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 1998	\$4,785	\$ N/A ⁽¹⁾	\$ N/A ⁽¹⁾	0.0%	\$344	0.00%
January 1, 1999	5,204	3,946	(1,258)	131.88	231	(544.59)
January 1, 2000	5,518	5,814	296	94.91	253	117.00
January 1, 2001	5,691	5,814	123	97.88	212	58.02
January 1, 2002	5,878	6,309	431	93.17	213	202.35
January 1, 2003	5,878	6,309	431	93.17	152	283.55
January 1, 2004	5,921	5,693	(228)	104.00	156	(146.15)
January 1, 2005	5,974	5,693	(281)	104.94	76	(369.74)
January 1, 2006	6,084	4,615	(1,469)	131.83	78	(1,883.33)
January 1, 2007	6,084	5,508	(576)	110.46	78	(738.46)

(1) Computed using aggregate actuarial cost method prior to 1998.

Schedule of Modified Approach for Reporting Infrastructure Assets
For the Fiscal Year Ended December 31, 2006
(in thousands)

ROADWAYS

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

STANDARD PERFORMANCE RATING LEVELS

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

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

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

CONDITION RATING OF THE CITY'S STREET SYSTEM

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Arterial:			
Percent above satisfactory	88%	88%	82%
Overall performance rating:	83	82	82
Residential:			
Percent above satisfactory	96%	96%	93%
Overall performance rating:	80	80	80

COMPARISON OF NEEDED-TO-ACTUAL EXPENDITURES

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Arterial:					
Needed:	\$ 3,346	\$ 4,279	\$ 1,582	\$ 1,468	\$ 892
Actual:	\$ 1,876	\$ 3,599	\$ 1,397	\$ 1,536	\$ 1,073
Residential:					
Needed:	\$ 2,289	\$ -	\$ 2,519	\$ 2,526	\$ 3,008
Actual:	\$ 1,471	\$ -	\$ 2,223	\$ 2,643	\$ 3,619

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



**Nonmajor Governmental
Funds**

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

The **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 received to the General Fund. Any proceeds in excess of current maintenance and operation needs are subsequently transferred to this special revenue fund to be held for future authorization.

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

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

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

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

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

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

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

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

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

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

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



Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2006
(in thousands)

Page 1 of 5

	Special Revenue		
	Park M & O Reserve	Solid Waste Recycling	Rainy Day Reserve
Assets:			
Cash & equity in pooled investments	\$ 2,663	\$ 988	\$ 4,372
Receivables (net of allowances):			
Taxes	-	-	-
Accounts	-	-	-
Assessments			
Interest	13	6	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Notes/contracts receivable - noncurrent portion	-	-	-
Other deferred charges	-	-	-
Total assets	<u>2,676</u>	<u>994</u>	<u>4,372</u>
Liabilities:			
Accounts payable	-	72	-
Interfund loans	-	-	-
Due to other funds	-	-	-
Due to component unit	-	-	-
Due to other governments	-	-	-
Accrued payroll	-	5	-
Deposits payable	-	-	-
Deferred revenues	-	-	-
Interfund loans payable - noncurrent portion	-	-	-
Total liabilities	<u>-</u>	<u>77</u>	<u>-</u>
Fund balance:			
Reserved for:			
Debt Service	-	-	-
Unreserved, reported in:			
General Fund	-	-	-
Special Revenue	2,676	917	4,372
Capital Projects	-	-	-
Total fund balance	<u>2,676</u>	<u>917</u>	<u>4,372</u>
Total liabilities and fund balance	<u>\$ 2,676</u>	<u>\$ 994</u>	<u>\$ 4,372</u>

Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2006
(in thousands)

Page 2 of 5

	<u>Special Revenue</u>		
	<u>Land Purchase Revolving</u>	<u>Cable/ Franchise</u>	<u>Hotel/Motel Tax</u>
Assets:			
Cash & equity in pooled investments	\$ 3,720	\$ 10	\$ 5,139
Receivables (net of allowances):			
Taxes	-	712	-
Accounts	49	-	-
Assessments			
Interest	17	2	31
Due from other funds	-	-	-
Due from other governments	-	-	-
Notes/contracts receivable - noncurrent portion	-	-	-
Other deferred charges	-	-	250
Total assets	<u>3,786</u>	<u>724</u>	<u>5,420</u>
Liabilities:			
Accounts payable	4	6	-
Interfund loans	-	-	-
Due to other funds	-	-	-
Due to component unit	-	-	1,908
Due to other governments	164	-	-
Accrued payroll	-	8	-
Deposits payable	3	25	-
Deferred revenues	-	-	-
Interfund loans payable - noncurrent portion	-	-	-
Total liabilities	<u>171</u>	<u>39</u>	<u>1,908</u>
Fund balance:			
Reserved for:			
Debt Service	-	-	-
Unreserved, reported in:			
General Fund	-	-	-
Special Revenue	3,615	685	3,512
Capital Projects	-	-	-
Total fund balance	<u>3,615</u>	<u>685</u>	<u>3,512</u>
Total liabilities and fund balance	<u>\$ 3,786</u>	<u>\$ 724</u>	<u>\$ 5,420</u>

Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2006
(in thousands)

Page 3 of 5

	Special Revenue		
	Development Services	Park Fees	Total
Assets:			
Cash & equity in pooled investments	\$ 11,262	\$ 689	\$ 28,843
Receivables (net of allowances):			
Taxes	-	-	712
Accounts	-	116	165
Assessments	-		
Interest	53	4	126
Due from other funds	-	98	98
Due from other governments	-	3	3
Notes/contracts receivable - noncurrent portion	-	-	-
Other deferred charges	-	-	250
Total assets	<u>11,315</u>	<u>910</u>	<u>30,197</u>
Liabilities:			
Accounts payable	310	64	456
Interfund loans	-	55	55
Due to other funds	17	83	100
Due to component unit	-	-	1,908
Due to other governments	62	5	231
Accrued payroll	391	73	477
Deposits payable	311	13	352
Deferred revenues	730	175	905
Interfund loans payable - noncurrent portion	-	611	611
Total liabilities	<u>1,821</u>	<u>1,079</u>	<u>5,095</u>
Fund balance:			
Reserved for:			
Debt Service	-	-	-
Unreserved, reported in:			
General Fund	-	-	-
Special Revenue	9,494	(169)	25,102
Capital Projects	-	-	-
Total fund balance	<u>9,494</u>	<u>(169)</u>	<u>25,102</u>
Total liabilities and fund balance	<u>\$ 11,315</u>	<u>\$ 910</u>	<u>\$ 30,197</u>

Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2006
(in thousands)

Page 4 of 5

	Debt Service		
	I & D Redemption- Regular	I & D Redemption- Special	LID Guaranty
Assets:			
Cash & equity in pooled investments	\$ 118	\$ 1,480	\$ 1,704
Receivables (net of allowances):			
Taxes	-	8	-
Accounts	-	-	-
Assessments			
Interest	-	4	10
Due from other funds	-	-	-
Due from other governments	-	-	-
Notes/contracts receivable - noncurrent portion	-	-	84
Other deferred charges	-	-	-
Total assets	<u>118</u>	<u>1,492</u>	<u>1,798</u>
Liabilities:			
Accounts payable	-	-	-
Interfund loans	-	-	-
Due to other funds	-	-	-
Due to component unit	-	-	-
Due to other governments	-	-	-
Accrued payroll	-	-	-
Deposits payable	-	-	-
Deferred revenues	-	-	-
Interfund loans payable - noncurrent portion	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:			
Reserved for:			
Debt Service	118	1,492	1,798
Unreserved, reported in:			
General Fund	-	-	-
Special Revenue	-	-	-
Capital Projects	-	-	-
Total fund balance	<u>118</u>	<u>1,492</u>	<u>1,798</u>
Total liabilities and fund balance	<u>\$ 118</u>	<u>\$ 1,492</u>	<u>\$ 1,798</u>

Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2006
(in thousands)

Page 5 of 5

	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Total</u>	<u>Funds</u>
Assets:		
Cash & equity in pooled investments	\$ 3,302	\$ 32,145
Receivables (net of allowances):		
Taxes	8	720
Accounts	-	165
Assessments		
Interest	14	140
Due from other funds	-	98
Due from other governments	-	3
Notes/contracts receivable - noncurrent portion	84	84
Other deferred charges	-	250
Total assets	<u>3,408</u>	<u>33,605</u>
Liabilities:		
Accounts payable	-	456
Interfund loans	-	55
Due to other funds	-	100
Due to component unit	-	1,908
Due to other governments	-	231
Accrued payroll	-	477
Deposits payable	-	352
Deferred revenues	-	905
Interfund loans payable - noncurrent portion	-	611
Total liabilities	<u>-</u>	<u>5,095</u>
Fund balance:		
Reserved for:		
Debt Service	3,408	3,408
Unreserved, reported in:		
General Fund	-	-
Special Revenue	-	25,102
Capital Projects	-	-
Total fund balance	<u>3,408</u>	<u>28,510</u>
Total liabilities and fund balance	<u>\$ 3,408</u>	<u>\$ 33,605</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 1 of 5

	Special Revenue		
	Park M & O Reserve	Solid Waste Recycling	Rainy Day Reserve
Revenues:			
Taxes and special assessments	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Service charges and fees	-	1,083	-
Fines and forfeitures	-	-	-
Interest and assessment interest/penalties	114	42	-
Net change in fair value of investments	13	5	-
Rent	-	-	-
Premiums/contributions	-	-	-
Other	-	-	-
Total revenues	<u>127</u>	<u>1,130</u>	<u>-</u>
Expenditures:			
Current:			
General government	-	-	-
Physical environment	-	1,200	-
Transportation	-	-	-
Economic environment	-	-	-
Health and human services	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay:			
General government	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Total expenditures	<u>-</u>	<u>1,200</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	127	(70)	-
Other financing sources (uses):			
Transfers in	-	247	-
Transfers out	(93)	(2)	-
Sale of capital assets	-	-	-
Total other financing sources and uses	<u>(93)</u>	<u>245</u>	<u>-</u>
Net change in fund balance	34	175	-
Fund balance at beginning of year	2,643	739	4,372
Fund balance at end of year	<u>\$ 2,677</u>	<u>\$ 914</u>	<u>\$ 4,372</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 2 of 5

	<u>Special Revenue</u>		
	<u>Land Purchase Revolving</u>	<u>Cable/ Franchise</u>	<u>Hotel/Motel Tax</u>
Revenues:			
Taxes and special assessments	\$ 200	\$ 1,408	\$ 5,839
Licenses and permits	-	5	-
Service charges and fees	-	-	-
Fines and forfeitures	-	-	-
Interest and assessment interest/penalties	161	21	252
Net change in fair value of investments	18	2	29
Rent	336	-	-
Premiums/contributions	-	-	-
Other	37	-	-
Total revenues	<u>752</u>	<u>1,436</u>	<u>6,120</u>
Expenditures:			
Current:			
General government	196	-	6,357
Physical environment	-	-	-
Transportation	12	176	-
Economic environment	-	364	-
Health and human services	-	-	-
Culture and recreation	234	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay:			
General government	-	-	1,703
Transportation	50	-	-
Economic environment	-	12	-
Total expenditures	<u>492</u>	<u>552</u>	<u>8,060</u>
Excess (deficiency) of revenues over (under) expenditures	260	884	(1,940)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(717)	(541)	(1,470)
Sale of capital assets	157	-	-
Total other financing sources and uses	<u>(560)</u>	<u>(541)</u>	<u>(1,470)</u>
Net change in fund balance	(300)	343	(3,410)
Fund balance at beginning of year	3,914	341	6,919
Fund balance at end of year	<u>\$ 3,614</u>	<u>\$ 684</u>	<u>\$ 3,509</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 3 of 5

	<u>Special Revenue</u>		
	<u>Development Services</u>	<u>Park Fees</u>	<u>Total</u>
Revenues:			
Taxes and special assessments	\$ -	\$ -	\$ 7,447
Licenses and permits	6,763	-	6,768
Service charges and fees	7,776	2,578	11,437
Fines and forfeitures	23	-	23
Interest and assessment interest/penalties	394	26	1,010
Net change in fair value of investments	43	3	113
Rent	-	968	1,304
Premiums/contributions	-	-	-
Other	10	2	49
Total revenues	<u>15,009</u>	<u>3,577</u>	<u>28,151</u>
Expenditures:			
Current:			
General government	-	-	6,553
Physical environment	-	-	1,200
Transportation	-	-	188
Economic environment	16,317	-	16,681
Health and human services	307	-	307
Culture and recreation	-	3,679	3,913
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay:			
General government	-	-	1,703
Transportation	-	-	50
Economic environment	17	-	29
Total expenditures	<u>16,641</u>	<u>3,679</u>	<u>30,624</u>
Excess (deficiency) of revenues over (under) expenditures	(1,632)	(102)	(2,473)
Other financing sources (uses):			
Transfers in	5,879	193	6,319
Transfers out	(527)	(60)	(3,410)
Sale of capital assets	-	-	157
Total other financing sources and uses	<u>5,352</u>	<u>133</u>	<u>3,066</u>
Net change in fund balance	3,720	31	593
Fund balance at beginning of year	5,776	(198)	24,506
Fund balance at end of year	<u>\$ 9,496</u>	<u>\$ (167)</u>	<u>\$ 25,099</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 4 of 5

	Debt Service		
	I & D Redemption - Regular	I & D Redemption - - Special	LID Guaranty
Revenues:			
Taxes and special assessments	\$ -	\$ 1,455	\$ 5
Licenses and permits	-	-	-
Service charges and fees	-	-	-
Fines and forfeitures	-	-	-
Interest and assessment interest/penalties	17	28	105
Net change in fair value of investments	2	3	12
Rent	-	-	-
Premiums/contributions	-	-	-
Other	-	-	-
Total revenues	<u>19</u>	<u>1,486</u>	<u>122</u>
Expenditures:			
Current:			
General government	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Health and human services	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	1,019	1,275	-
Interest and fiscal charges	7,319	156	-
Capital outlay:			
General government	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Total expenditures	<u>8,338</u>	<u>1,431</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(8,319)	55	122
Other financing sources (uses):			
Transfers in	8,315	-	-
Transfers out	-	-	(1,100)
Sale of capital assets	-	-	-
Total other financing sources and uses	<u>8,315</u>	<u>-</u>	<u>(1,100)</u>
Net change in fund balance	(4)	55	(978)
Fund balance at beginning of year	121	1,438	2,777
Fund balance at end of year	<u>\$ 117</u>	<u>\$ 1,493</u>	<u>\$ 1,799</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 5 of 5

	<u>Debt Service</u>	
	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:		
Taxes and special assessments	\$ 1,460	\$ 8,907
Licenses and permits	-	6,768
Service charges and fees	-	11,437
Fines and forfeitures	-	23
Interest and assessment interest/penalties	150	1,160
Net change in fair value of investments	17	130
Rent	-	1,304
Premiums/contributions	-	-
Other	-	49
Total revenues	<u>1,627</u>	<u>29,778</u>
Expenditures:		
Current:		
General government	-	6,553
Physical environment	-	1,200
Transportation	-	188
Economic environment	-	16,681
Health and human services	-	307
Culture and recreation	-	3,913
Debt service:		
Principal	2,294	2,294
Interest and fiscal charges	7,475	7,475
Capital outlay:		
General government	-	1,703
Transportation	-	50
Economic environment	-	29
Total expenditures	<u>9,769</u>	<u>40,393</u>
Excess (deficiency) of revenues over (under) expenditures	(8,142)	(10,615)
Other financing sources (uses):		
Transfers in	8,315	14,634
Transfers out	(1,100)	(4,510)
Sale of capital assets	-	157
Total other financing sources and uses	<u>7,215</u>	<u>10,281</u>
Net change in fund balance	(927)	(334)
Fund balance at beginning of year	4,336	28,842
Fund balance at end of year	<u>\$ 3,409</u>	<u>\$ 28,508</u>

Park M&O Reserve
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006
(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:				
Miscellaneous:				
Interest and assessment interest/penalties	\$ 93	\$ 93	\$ 116	\$ 23
Total revenues	<u>93</u>	<u>93</u>	<u>116</u>	<u>23</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	93	93	116	23
Other financing sources (uses):				
Transfers out	<u>(93)</u>	<u>(93)</u>	<u>(93)</u>	<u>-</u>
Total other financing sources (uses)	<u>(93)</u>	<u>(93)</u>	<u>(93)</u>	<u>-</u>
Net change in fund balances	-	-	23	23
Fund balance at beginning of year	<u>2,653</u>	<u>2,653</u>	<u>2,636</u>	<u>(17)</u>
Fund balance at end of year	<u>\$ 2,653</u>	<u>\$ 2,653</u>	<u>\$ 2,659</u>	<u>\$ 6</u>

Solid Waste Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Service charges and fees	\$ 1,009	\$ 1,009	\$ 1,084	\$ 75
Miscellaneous:				
Interest and assessment interest/penalties	12	12	43	31
Total revenues	<u>1,021</u>	<u>1,021</u>	<u>1,127</u>	<u>106</u>
Expenditures:				
Current:				
Physical environment	1,326	1,296	1,170	126
Total expenditures	<u>1,326</u>	<u>1,296</u>	<u>1,170</u>	<u>126</u>
Excess (deficiency) of revenues over (under) expenditures	(305)	(275)	(43)	232
Other financing sources (uses):				
Transfers in	268	283	246	(37)
Transfers out	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>-</u>
Total other financing sources (uses)	<u>266</u>	<u>281</u>	<u>244</u>	<u>(37)</u>
Net change in fund balances	(39)	6	201	195
Fund balance at beginning of year	489	457	767	310
Fund balance at end of year	<u>\$ 450</u>	<u>\$ 463</u>	<u>\$ 968</u>	<u>\$ 505</u>

Rainy Day Reserve
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006
(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:				
Total revenues	-	-	-	-
Expenditures:				
Total expenditures	-	-	-	-
Other financing sources (uses):				
Fund balance at beginning of year	4,372	4,372	4,372	-
Equity transactions:				
Fund balance at end of year	\$ 4,372	\$ 4,372	\$ 4,372	\$ -

Land Purchase Revolving
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006
(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	\$ -	\$ -	\$ 200	\$ 200
Miscellaneous:				
Interest and assessment interest/penalties	52	52	171	119
Rent	246	246	333	87
Other	-	-	37	37
Total revenues	<u>298</u>	<u>298</u>	<u>741</u>	<u>443</u>
Expenditures:				
Current:				
General government	-	-	46	(46)
Transportation	3	3	12	(9)
Culture and recreation	248	248	233	15
Capital outlay:				
Transportation	1	1	50	(49)
Total expenditures	<u>252</u>	<u>252</u>	<u>341</u>	<u>(89)</u>
Excess (deficiency) of revenues over (under) expenditures	46	46	400	354
Other financing sources (uses):				
Transfers out	-	(717)	(717)	-
Sale of fixed assets	-	-	157	(157)
Total other financing sources (uses)	<u>-</u>	<u>(717)</u>	<u>(560)</u>	<u>(157)</u>
Net change in fund balances	46	(671)	(160)	197
Fund balance at beginning of year	2,972	2,972	3,836	864
Fund balance at end of year	<u>\$ 3,018</u>	<u>\$ 2,301</u>	<u>\$ 3,676</u>	<u>\$ 1,375</u>

Cable/Franchise Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006
(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	\$ 1,175	\$ 1,281	\$ 1,017	\$ (264)
Licenses and permits	-	-	5	5
Miscellaneous:				
Interest and assessment interest/penalties	10	7	23	16
Total revenues	<u>1,185</u>	<u>1,288</u>	<u>1,045</u>	<u>(243)</u>
Expenditures:				
Current:				
Transportation	207	210	175	35
Economic environment	386	384	353	31
Capital outlay:				
Economic environment	-	-	12	(12)
Total expenditures	<u>593</u>	<u>594</u>	<u>540</u>	<u>54</u>
Excess (deficiency) of revenues over (under) expenditures	592	694	505	(189)
Other financing sources (uses):				
Transfers out	(591)	(694)	(541)	153
Total other financing sources (uses)	<u>(591)</u>	<u>(694)</u>	<u>(541)</u>	<u>153</u>
Net change in fund balances	1	-	(36)	(36)
Fund balance at beginning of year	1	-	13	13
Fund balance at end of year	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (23)</u>	<u>\$ (23)</u>

Hotel/Motel Taxes
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006
(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	\$ 5,443	\$ 5,443	\$ 5,839	\$ 396
Miscellaneous:				
Interest and assessment interest/penalties	193	193	271	78
Total revenues	<u>5,636</u>	<u>5,636</u>	<u>6,110</u>	<u>474</u>
Expenditures:				
Current:				
General government	3,973	3,973	4,449	(476)
Capital outlay:				
General government	-	-	1,703	(1,703)
Total expenditures	<u>3,973</u>	<u>3,973</u>	<u>6,152</u>	<u>(476)</u>
Excess (deficiency) of revenues over (under) expenditures	1,663	1,663	(42)	(1,705)
Other financing sources (uses):				
Transfers out	(1,470)	(1,470)	(1,470)	-
Total other financing sources (uses)	<u>(1,470)</u>	<u>(1,470)</u>	<u>(1,470)</u>	<u>-</u>
Net change in fund balances	193	193	(1,512)	(1,705)
Fund balance at beginning of year	6,923	6,923	6,648	(275)
Fund balance at end of year	<u>\$ 7,116</u>	<u>\$ 7,116</u>	<u>\$ 5,136</u>	<u>\$ (1,980)</u>

Development Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006
(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	\$ 4,359	\$ 4,641	\$ 7,002	\$ 2,361
Service charges and fees	4,494	4,455	7,787	3,332
Fines and forfeitures	50	50	23	(27)
Miscellaneous:				
Interest and assessment interest/penalties	125	125	383	258
Other	-	-	10	10
Total revenues	<u>9,028</u>	<u>9,271</u>	<u>15,205</u>	<u>5,934</u>
Expenditures:				
Current:				
Economic environment	15,129	14,970	16,078	(1,108)
Mental/physical health	311	307	307	-
Capital outlay:				
Economic environment	-	-	16	(16)
Total expenditures	<u>15,440</u>	<u>15,277</u>	<u>16,401</u>	<u>(1,124)</u>
Excess (deficiency) of revenues over (under) expenditures	(6,412)	(6,006)	(1,196)	4,810
Other financing sources (uses):				
Transfers in	6,100	5,857	5,879	22
Transfers out	(324)	(428)	(513)	(85)
Total other financing sources (uses)	<u>5,776</u>	<u>5,429</u>	<u>5,366</u>	<u>(63)</u>
Net change in fund balances	(636)	(577)	4,170	4,747
Fund balance at beginning of year	6,040	6,142	6,314	172
Fund balance at end of year	<u>\$ 5,404</u>	<u>\$ 5,565</u>	<u>\$ 10,484</u>	<u>\$ 4,919</u>

Parks Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Service charges and fees	\$ 2,751	\$ 2,751	\$ 2,592	\$ (159)
Miscellaneous:				
Interest and assessment interest/penalties	21	21	29	8
Rent	1,011	1,011	919	(92)
Other	20	20	2	(18)
Total revenues	<u>3,803</u>	<u>3,803</u>	<u>3,542</u>	<u>(261)</u>
Expenditures:				
Current:				
Culture and recreation	3,640	3,642	3,639	3
Total expenditures	<u>3,640</u>	<u>3,642</u>	<u>3,639</u>	<u>3</u>
Excess (deficiency) of revenues over (under) expenditures	163	161	(97)	(258)
Other financing sources (uses):				
Transfers in	187	187	193	6
Transfers out	(300)	(300)	(60)	240
Total other financing sources (uses)	<u>(113)</u>	<u>(113)</u>	<u>133</u>	<u>246</u>
Net change in fund balances	50	48	36	(12)
Fund balance at beginning of year	610	626	489	(137)
Fund balance at end of year	<u>\$ 660</u>	<u>\$ 674</u>	<u>\$ 525</u>	<u>\$ (149)</u>

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.



Internal Service Funds
Combining Statement of Net Assets
As of December 31, 2006
(in thousands)

Page 1 of 3

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 21,423	\$ 957	\$ 373
Receivables (net of allowances):			
Interest	104	4	2
Other	9	-	-
Due from other funds	134	-	-
Due from other governments	-	-	-
Inventory	412	-	-
Capital assets:			
Property, plant and equipment (net)	17,003	-	-
Total assets	<u>39,084</u>	<u>962</u>	<u>374</u>
Liabilities:			
Current liabilities:			
Accounts payable	161	45	-
Estimated claims	-	837	23
Due to other funds	-	-	-
Due to other governments	2	38	23
Accrued payroll	90	-	-
Accrued compensated absences	39	-	-
Noncurrent liabilities:			
Accrued compensated absences	96	-	-
Estimated claims	-	73	-
Total liabilities	<u>387</u>	<u>992</u>	<u>46</u>
Net assets:			
Invested in capital assets net of related debt	17,003	-	-
Unrestricted (deficit)	21,694	(31)	328
Total net assets	<u>\$ 38,697</u>	<u>\$ (31)</u>	<u>\$ 328</u>

Internal Service Funds
Combining Statement of Net Assets
As of December 31, 2006
(in thousands)

Page 2 of 3

	<u>General Self- Insurance</u>	<u>Health Benefits</u>	<u>Information Technology</u>
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 5,342	\$ 5,115	\$ 5,181
Receivables (net of allowances):			
Interest	28	23	24
Other	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	106
Inventory	-	-	-
Capital assets:			
Property, plant and equipment (net)	-	-	2,635
Total assets	<u>5,370</u>	<u>5,138</u>	<u>7,946</u>
Liabilities:			
Current liabilities:			
Accounts payable	42	58	255
Estimated claims	1,348	1,083	-
Due to other funds	-	-	-
Due to other governments	-	-	34
Accrued payroll	21	-	210
Accrued compensated absences	15	-	133
Noncurrent liabilities:			
Accrued compensated absences	34	-	311
Estimated claims	2,798	8	-
Total liabilities	<u>4,258</u>	<u>1,149</u>	<u>944</u>
Net assets:			
Invested in capital assets net of related debt	-	-	2,635
Unrestricted (deficit)	1,112	3,989	4,367
Total net assets	<u>\$ 1,112</u>	<u>\$ 3,989</u>	<u>\$ 7,002</u>

Internal Service Funds
Combining Statement of Net Assets
As of December 31, 2006
(in thousands)

Page 3 of 3

	Facility Services	Total
Assets:		
Current assets:		
Cash & equity in pooled investments	\$ 2,272	\$ 40,663
Receivables (net of allowances):		
Interest	11	195
Other	-	9
Due from other funds	-	134
Due from other governments	7	113
Inventory	-	412
Capital assets:		
Property, plant and equipment (net)	1,831	21,469
Total assets	4,122	62,995
Liabilities:		
Current liabilities:		
Accounts payable	199	760
Estimated claims	-	3,291
Due to other funds	12	12
Due to other governments	-	96
Accrued payroll	64	385
Accrued compensated absences	49	236
Noncurrent liabilities:		
Accrued compensated absences	115	555
Estimated claims	-	2,879
Total liabilities	438	8,215
Net assets:		
Invested in capital assets net of related debt	1,831	21,469
Unrestricted (deficit)	1,852	33,311
Total net assets	\$ 3,683	\$ 54,780

Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Internal Service Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 1 of 3

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>
Operating revenues:			
Service charges and fees	\$ 7,713	\$ -	\$ -
Insurance recovery	-	-	-
Premiums/contributions	-	1,220	131
Other	36	1	-
Total operating revenues	<u>7,748</u>	<u>1,221</u>	<u>131</u>
Operating expenses:			
Administrative and general	709	269	-
Maintenance and operations	4,149	894	157
Depreciation	2,408	-	-
Insurance costs	-	-	-
Benefits and claims payments	-	(267)	(6)
Total operating expenses	<u>7,266</u>	<u>896</u>	<u>152</u>
Operating income	482	324	(21)
Nonoperating revenues (expenses):			
Interest income	887	42	16
Net change in fair value of investments	98	5	2
Rental income	-	-	-
Gain on disposal of capital assets	59	-	-
Other nonoperating revenues	30	-	-
Total nonoperating revenue (expenses)	<u>1,074</u>	<u>47</u>	<u>17</u>
Income before contributions and transfers	1,556	371	(3)
Contributions and transfers:			
Transfers in	242	-	-
Transfers out	(318)	(145)	(6)
Capital contributions	2,137	-	-
Change in net assets	<u>3,618</u>	<u>226</u>	<u>(9)</u>
Net assets beginning of year	35,077	(257)	337
Net assets end of year	<u>\$ 38,695</u>	<u>\$ (31)</u>	<u>\$ 328</u>

Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Internal Service Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 2 of 3

	General Self- Insurance	Health Benefits	Information Technology
Operating revenues:			
Service charges and fees	\$ -	\$ -	\$ 9,795
Insurance recovery	134	1,609	-
Premiums/contributions	1,946	13,294	-
Other	-	46	42
Total operating revenues	<u>2,079</u>	<u>14,949</u>	<u>9,837</u>
Operating expenses:			
Administrative and general	1,416	1,580	766
Maintenance and operations	829	-	9,423
Depreciation	-	-	689
Insurance costs	5	1,865	-
Benefits and claims payments	794	8,369	-
Total operating expenses	<u>3,044</u>	<u>11,814</u>	<u>10,877</u>
Operating income	(965)	3,135	(1,041)
Nonoperating revenues (expenses):			
Interest income	231	172	250
Net change in fair value of investments	26	19	28
Rental income	-	-	-
Gain on disposal of capital assets	-	-	-
Other nonoperating revenues	-	-	-
Total nonoperating revenue (expenses)	<u>256</u>	<u>191</u>	<u>278</u>
Income before contributions and transfers	(708)	3,326	(763)
Contributions and transfers:			
Transfers in	152	-	29
Transfers out	(200)	-	(323)
Capital contributions	-	-	-
Change in net assets	<u>(756)</u>	<u>3,326</u>	<u>(1,057)</u>
Net assets beginning of year	<u>1,867</u>	<u>663</u>	<u>8,058</u>
Net assets end of year	<u>\$ 1,111</u>	<u>\$ 3,989</u>	<u>\$ 7,001</u>

Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Internal Service Funds
For the Twelve Months Ending December 31, 2006
(in thousands)

Page 3 of 3

	<u>Facility Services</u>	<u>Total</u>
Operating revenues:		
Service charges and fees	\$ 4,654	\$ 22,162
Insurance recovery	-	1,742
Premiums/contributions	-	16,590
Other	-	124
Total operating revenues	<u>4,654</u>	<u>40,619</u>
Operating expenses:		
Administrative and general	663	5,403
Maintenance and operations	4,398	19,851
Depreciation	43	3,140
Insurance costs	-	1,871
Benefits and claims payments	-	8,889
Total operating expenses	<u>5,105</u>	<u>39,153</u>
Operating income	(450)	1,465
Nonoperating revenues (expenses):		
Interest income	101	1,698
Net change in fair value of investments	30	206
Rental income	51	51
Gain on disposal of capital assets	-	59
Other nonoperating revenues	-	30
Total nonoperating revenue (expenses)	<u>181</u>	<u>2,043</u>
Income before contributions and transfers	(270)	3,509
Contributions and transfers:		
Transfers in	65	488
Transfers out	-	(992)
Capital contributions	-	2,137
Change in net assets	<u>(205)</u>	<u>5,142</u>
Net assets beginning of year	3,890	49,635
Net assets end of year	<u>\$ 3,685</u>	<u>\$ 54,777</u>

Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2006
(in thousands)

Page 1 of 4

	<u>Equipment Rental</u>	<u>Worker's Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Cash flows from operating activities:				
Cash received from customers and users	\$ 7,687	\$ -	\$ -	\$ -
Contributions received - employer/employees	-	1,220	125	1,946
Cash received from insurance proceeds	-	-	-	134
Cash payments to suppliers for goods and services	(3,234)	(252)	-	(1,783)
Cash payments to employees for services	(1,649)	(884)	(135)	(469)
Cash payments to claimants	-	-	6	-
Cash received from contracts/rent	-	-	-	-
Cash payments for insurance	-	-	-	(5)
Other receipts	31	1	-	-
Net cash provided (used) by operating activities	<u>2,834</u>	<u>85</u>	<u>(4)</u>	<u>(178)</u>
Cash flows from noncapital financing activities:				
Transfers in	242	-	-	152
Transfers out	(318)	(145)	(6)	(200)
Net cash provided (used) by noncapital financing activities:	<u>(76)</u>	<u>(145)</u>	<u>(6)</u>	<u>(48)</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	(4,734)	-	-	-
Proceeds from sale of assets	140	-	-	-
Contributed capital in aid of capital acquisitions financing activities	<u>2,118</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(2,475)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	<u>1,000</u>	<u>50</u>	<u>19</u>	<u>275</u>
Net cash provided (used) by investing activities	<u>1,000</u>	<u>50</u>	<u>19</u>	<u>275</u>
Net increase (decrease) in cash balance	1,283	(10)	9	49
	-	-	-	-
Cash balance at beginning of year	<u>20,140</u>	<u>967</u>	<u>364</u>	<u>5,293</u>
Cash balance at end of year	<u>\$ 21,423</u>	<u>\$ 957</u>	<u>\$ 373</u>	<u>\$ 5,342</u>

Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2006
(in thousands)

Page 2 of 4

	Health Benefits	Information Technology	Facilities Services	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ -	\$ 9,795	\$ 4,654	\$ 22,136
Contributions received - employer/employees	13,294	-	-	16,585
Cash received from insurance proceeds	1,609	-	-	1,742
Cash payments to suppliers for goods and services	(1,548)	(5,110)	(3,560)	(15,488)
Cash payments to employees for services	(31)	(5,018)	(1,531)	(9,718)
Cash payments to claimants	(8,803)	-	-	(8,797)
Cash received from contracts/rent	-	-	(4)	(4)
Cash payments for insurance	(1,865)	-	-	(1,871)
Other receipts	46	65	54	198
Net cash provided (used) by operating activities	<u>2,700</u>	<u>(268)</u>	<u>(386)</u>	<u>4,783</u>
Cash flows from noncapital financing activities:				
Transfers in	-	29	65	488
Transfers out	-	(323)	-	(992)
Net cash provided (used) by noncapital financing activities:	<u>-</u>	<u>(295)</u>	<u>65</u>	<u>(504)</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(674)	(475)	(5,884)
Proceeds from sale of assets	-	-	-	140
Contributed capital in aid of capital acquisitions financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,118</u>
	<u>-</u>	<u>(674)</u>	<u>(475)</u>	<u>(3,625)</u>
Cash flows from investing activities:				
Interest on investments	<u>185</u>	<u>301</u>	<u>146</u>	<u>1,976</u>
Net cash provided (used) by investing activities	<u>185</u>	<u>301</u>	<u>146</u>	<u>1,976</u>
Net increase (decrease) in cash balance	2,886	(935)	(651)	2,630
Cash balance at beginning of year	<u>2,229</u>	<u>6,116</u>	<u>2,923</u>	<u>38,032</u>
Cash balance at end of year	<u>\$ 5,115</u>	<u>\$ 5,181</u>	<u>\$ 2,272</u>	<u>\$ 40,662</u>

Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2006
(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)	\$ 482	\$ 324	\$ (21)	\$ (963)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	2,408	-	-	-
Other receipts	(4)		-	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	-	-	-
(Increase) decrease in due from other funds	(27)	-	-	-
(Increase) decrease in due from other governments	1	-	-	-
(Increase) decrease in inventory	(93)	-	-	-
Increase (decrease) in accounts payable	90	(9)	-	(10)
Increase (decrease) in wages & benefits payable	16	-	-	2
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in due to other governments	-	38	22	-
Increase (decrease) in compensated absences	(38)			1
Increase (decrease) in customer deposits	-	-	-	-
Increase (decrease) in estimated claims payable	-	(268)	(6)	792
Total adjustments	<u>2,352</u>	<u>(239)</u>	<u>16</u>	<u>785</u>
Net cash provided (used) by operating activities	<u>\$ 2,834</u>	<u>\$ 85</u>	<u>\$ (5)</u>	<u>\$ (178)</u>

During 2006, the City's other funds contributed equipment costing \$2.1 Million to the Equipment Rental Fund.

Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2006
(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)	\$ 3,135	\$ (1,041)	\$ (450)	1,466
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	689	43	3,140
Other receipts	-	-	54	50
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	23	-	23
(Increase) decrease in due from other funds	-	-	-	(27)
(Increase) decrease in due from other governments	-	(99)	(7)	(106)
(Increase) decrease in inventory	-	-	-	(93)
Increase (decrease) in accounts payable	(69)	158	(19)	141
Increase (decrease) in wages & benefits payable	-	(2)	6	21
Increase (decrease) in due to other funds	-	(0)	11	11
Increase (decrease) in due to other governments	-	29	-	89
Increase (decrease) in compensated absences	-	(25)	(20)	(81)
Increase (decrease) in customer deposits	-	-	(4)	(4)
Increase (decrease) in estimated claims payable	(366)	-	-	151
Total adjustments	<u>(435)</u>	<u>773</u>	<u>64</u>	<u>3,316</u>
Net cash provided (used) by operating activities	<u>\$ 2,700</u>	<u>\$ (268)</u>	<u>\$ (386)</u>	<u>\$ 4,782</u>

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

Agency Funds

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

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

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

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

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

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

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



Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2006
(in thousands)

Page 1 of 3

	<u>E-Government Alliance</u>	<u>Eastside NARC Task Force</u>	<u>Hazardous Materials</u>
Assets:			
Cash & equity in pooled investments	\$ 300	\$ 989	\$ 273
Interest	2	4	1
Due from other governments	410	-	-
Property, plant, and equipment (net)	28	16	43
Total assets	<u>740</u>	<u>1,009</u>	<u>316</u>
Liabilities:			
Warrants payable	-	-	-
Accounts payable	15	7	5
Due to other governments	725	573	312
Deposits payable	-	430	-
Total liabilities	<u>740</u>	<u>1,009</u>	<u>316</u>
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2006
(in thousands)

Page 2 of 3

	<u>Pipeline Safety Consortium</u>	<u>ARCH Housing Coalition</u>
Assets:		
Cash & equity in pooled investments	\$ 5	\$ 239
Interest	-	2
Due from other governments	-	-
Property, plant, and equipment (net)	-	-
Total assets	<u>5</u>	<u>241</u>
Liabilities:		
Warrants payable	-	-
Accounts payable	-	2
Due to other governments	5	239
Deposits payable	-	-
Total liabilities	<u>5</u>	<u>241</u>
Total net assets	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2006
(in thousands)

Page 3 of 3

	<u>Payroll Clearing</u>	<u>Claims Clearing</u>	<u>Total</u>
Assets:			
Cash & equity in pooled investments	\$ 316	\$ 7,720	\$ 9,842
Interest	-	-	8
Due from other governments	-	-	410
Property, plant, and equipment (net)	-	-	86
Total assets	<u>316</u>	<u>7,720</u>	<u>10,346</u>
Liabilities:			
Warrants payable	109	7,720	7,829
Accounts payable	-	-	28
Due to other governments	187	-	2,041
Deposits payable	20	-	450
Total liabilities	<u>316</u>	<u>7,720</u>	<u>10,347</u>
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

All Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2006
(in thousands)

Page 1 of 3

	<u>Balance</u> <u>1/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2006</u>
E-Government Alliance:				
Assets:				
Cash and equity in pooled investments	\$ 263	\$ 415	\$ 377	\$ 301
Interest receivable	2	7	7	2
Due from other governments	259	1,684	1,533	410
Property, plant and equipment(net)	30	-	2	28
Total assets	<u>\$ 554</u>	<u>\$ 2,106</u>	<u>\$ 1,919</u>	<u>\$ 741</u>
Liabilities:				
Accounts payable	-	15	-	15
Due to other governments	554	968	797	725
Total liabilities	<u>\$ 554</u>	<u>\$ 983</u>	<u>\$ 797</u>	<u>\$ 740</u>
Eastside NARC Task Force:				
Assets:				
Cash and equity in pooled investments	\$ 508	\$ 838	\$ 356	\$ 989
Interest receivable	3	14	13	4
Due from other governments	-	515	515	-
Property, plant and equipment(net)	7	9	-	16
Total assets	<u>\$ 518</u>	<u>\$ 1,375</u>	<u>\$ 884</u>	<u>\$ 1,009</u>
Liabilities:				
Accounts payable	6	7	6	7
Due to other governments	411	791	630	573
Deposits payable	100	425	96	430
Total liabilities	<u>\$ 518</u>	<u>\$ 1,224</u>	<u>\$ 732</u>	<u>\$ 1,009</u>
Hazardous Materials:				
Assets:				
Cash and equity in pooled investments	\$ 210	\$ 114	\$ 51	\$ 273
Interest receivable	1	5	5	1
Due from other governments	5	174	179	-
Property, plant and equipment(net)	49	-	6	43
Total assets	<u>\$ 265</u>	<u>\$ 293</u>	<u>\$ 241</u>	<u>\$ 316</u>
Liabilities:				
Accounts payable	-	5	-	5
Due to other governments	265	173	127	311
Total liabilities	<u>\$ 265</u>	<u>\$ 178</u>	<u>\$ 127</u>	<u>\$ 316</u>

All Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2006
(in thousands)

Page 2 of 3

	<u>Balance</u> <u>1/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2006</u>
Pipeline Safety Consortium				
Assets:				
Cash and equity in pooled investments	\$ 5	\$ 1	\$ 1	\$ 5
Total assets	<u>\$ 5</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 5</u>
Liabilities:				
Due to other governments	5	1	1	5
Total liabilities	<u>\$ 5</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 5</u>
ARCH - Housing Coalition:				
Assets:				
Cash and equity in pooled investments	\$ 354	\$ 427	\$ 543	\$ 239
Interest receivable	3	6	7	2
Due from other governments	25	4	29	-
Total assets	<u>\$ 382</u>	<u>\$ 438</u>	<u>\$ 578</u>	<u>\$ 241</u>
Liabilities:				
Accounts payable	-	2	-	2
Due to other governments	382	22	165	239
Total liabilities	<u>\$ 382</u>	<u>\$ 24</u>	<u>\$ 165</u>	<u>\$ 241</u>
Payroll Clearing Fund:				
Assets:				
Cash and equity in pooled investments	\$ 281	\$ 81,719	\$ 81,685	\$ 316
Total assets	<u>\$ 431</u>	<u>\$ 81,719</u>	<u>\$ 81,685</u>	<u>\$ 316</u>
Liabilities:				
Warrants payable	126	96,223	96,240	109
Due to other governments	135	2,010	1,958	187
Deposits payable	20	-	-	20
Total liabilities	<u>\$ 281</u>	<u>\$ 98,234</u>	<u>\$ 98,198</u>	<u>\$ 316</u>

All Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2006
(in thousands)

Page 3 of 3

	<u>Balance</u> <u>1/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2006</u>
Claims Clearing Fund:				
Assets:				
Cash and equity in pooled investments	\$ 7,083	\$ -	\$ -	\$ 7,083
Total assets	<u>\$ 7,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,083</u>
Liabilities:				
Warrants payable	7,080	-	-	7,080
Accounts payable	3	-	-	3
Total liabilities	<u>\$ 7,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,083</u>
Total - all agency funds				
Assets:				
Cash and equity in pooled investments	\$ 8,704	\$ 83,513	\$ 83,012	\$ 9,205
Interest receivable	9	31	32	9
Due from other governments	289	1,862	1,741	410
Property, plant and equipment(net)	86	9	8	86
Total assets	<u>\$ 9,087</u>	<u>\$ 85,415</u>	<u>\$ 84,793</u>	<u>\$ 9,709</u>
Liabilities:				
Warrants payable	7,206	96,223	96,240	7,189
Accounts payable	9	14	6	16
Due to other governments	1,752	3,966	3,678	2,040
Deposits payable	120	425	96	450
Total liabilities	<u>\$ 9,087</u>	<u>\$ 100,629</u>	<u>\$ 100,020</u>	<u>\$ 9,695</u>

STATISTICAL SECTION

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

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

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

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

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

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

Table 1

NET ASSETS BY COMPONENT ^(A)

Last Five Fiscal Years ^(B)

(dollars in thousands)

Year	Governmental activities			Business-type activities			Primary Government			
	Invested in related debt	Restricted	Unrestricted	Invested in capital assets, net of related debt	Restricted	Unrestricted	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total
2002	\$424,049	\$10,929	\$126,425	\$172,682	\$22,909	\$16,229	\$596,731	\$33,838	\$142,654	\$773,223
2003	449,949	35,385	106,827	190,971	17,578	23,183	640,920	52,963	130,010	823,893
2004	1,331,493	87,154	111,635	196,128	20,865	27,482	1,527,621	108,019	139,117	1,774,757
2005	1,454,592	12,959	107,341	199,195	28,251	29,262	1,653,787	41,210	136,603	1,831,600
2006	1,477,820	4,193	135,917	202,227	45,917	32,264	1,680,047	50,110	168,181	1,898,338

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

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

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

Table 2
Page 1 of 3

CHANGES IN NET ASSETS ^(A)

Last Five Fiscal Years ^(B)

(dollars in thousands)

	2002 ^(C)	2003	2004	2005	2006
Expenses					
Governmental activities					
General Government	\$21,327	\$12,157	\$10,808	\$15,900	\$15,471
Judicial	407	404	509	430	378
Public Safety	54,407	57,673	59,979	64,269	68,781
Physical environment	1,939	1,454	1,589	1,852	1,564
Transportation	25,263	26,910	27,569	27,480	31,769
Economic environment	12,864	12,027	13,390	14,875	17,207
Health and human services	3,710	2,901	1,907	5,320	4,841
Culture and recreation	21,974	25,459	25,114	27,826	31,395
Interest on long-term debt	-	2,399	5,534	7,034	7,734
Total governmental activities	141,891	141,384	146,399	164,986	179,140
Business-type activities					
Water	\$19,615	\$21,856	\$23,194	\$25,928	\$26,604
Sewer	24,845	24,668	26,024	27,925	27,868
Storm drainage utility	7,585	7,730	8,920	8,327	8,717
Marina	533	446	310	406	314
Total business-type activities	52,578	54,700	58,448	62,586	63,503
Total primary government expenses	\$194,469	\$196,084	\$204,847	\$227,572	\$242,643
Program Revenues					
Governmental activities					
Charges for services					
General Government	\$1,996	\$2,015	\$2,412	\$794	\$968
Public Safety	10,431	13,492	12,155	14,118	12,031
Economic Environment	3,314	4,512	6,476	9,912	14,716
Transportation	880	2,386	1,745	812	2,937

Table 2
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	2002 (C)	2003	2004	2005	2006
Culture and recreation	4,411	4,679	4,681	4,940	5,435
Other Activities	1,586	1,430	1,360	1,351	1,304
Operating grants and contributions	5,607	5,611	2,749	5,100	4,798
Capital grants and contributions	17,389	5,253	13,062	29,266	21,250
Total governmental activities program revenues	45,614	39,378	44,640	66,293	63,439
Business-type activities					
Charges for services					
Water	\$21,833	\$25,288	\$29,183	\$28,497	\$31,570
Sewer	25,208	26,604	26,595	30,085	33,267
Storm drainage utility	9,434	9,981	12,186	10,947	13,270
Marina	476	351	447	457	450
Operating grants and contributions	100	-	-	-	-
Capital grants and contributions	2,423	13,159	3,008	3,649	4,307
Total business-type activities program revenues	59,474	75,383	71,419	73,635	82,864
Total primary government program revenues	\$105,088	\$114,761	\$116,059	\$141,933	\$146,303
Net (expense)/revenue					
Governmental activities	(\$96,277)	(\$102,006)	(\$101,759)	(\$98,693)	(\$115,701)
Business-type activities:	6,896	20,683	12,971	11,049	19,361
Total primary government net expense	(\$89,381)	(\$81,323)	(\$88,788)	(\$87,644)	(\$96,340)
General Revenues and Other Changes in Net Assets					
Governmental activities					
Taxes					
Property tax	\$27,577	\$27,509	\$27,443	\$27,062	\$27,637
Retail sales and use tax	36,737	36,683	40,218	45,300	48,946
Utility tax	18,069	18,108	17,996	19,333	24,324
Business and occupation tax	17,219	19,626	22,798	24,322	31,528
Excise tax	6,221	7,461	10,300	13,620	12,933
Hotel/Motel Tax	3,762	3,848	3,916	4,299	5,839
Other tax	33	210	258	261	292
Payments from Component Unit/City	295	16	15	23	16
Grants and contributions - unrestricted	599	1,161	1,301	1,357	1,264

Table 2
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	2002 ^(C)	2003	2004	2005	2006
Unrestricted investment interest	4,249	2,364	4,183	4,147	5,188
Gain (loss) in change of fair value of investments	302	(296)	(899)	285	556
Miscellaneous	1,599	473	443	1,201	328
Gain(loss) on sale of capital assets	(38)	16,455	160	1,418	57
Transfers	(1,294)	557	580	672	(170)
Total governmental activities	115,330	134,175	128,712	143,300	158,738
Business-type activities					
Unrestricted investment interest	\$674	\$746	\$565	\$1,211	\$2,578
Gain (loss) in change of fair value of investments	85	(99)	(215)	95	282
Miscellaneous	1,248	(2,301)	-	552	1,278
Gain on sale of capital assets	23	31	-	-	33
Transfers	1,294	(557)	(580)	(672)	170
Total business-type activities	3,324	(2,180)	(230)	1,186	4,341
Total primary government	\$118,654	\$131,995	\$128,482	\$146,491	\$163,079
Change in Net Assets					
Governmental activities	\$19,053	\$32,169	\$26,953	\$44,607	\$43,037
Business-type activities	10,220	18,503	12,741	12,235	23,702
Total primary government	\$29,273	\$50,672	\$39,694	\$56,842	\$66,739

(A) All amounts are reported on the accrual basis

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

(C) Interest on long term debt was previously classified as "general government" expense in 2002.

Table 3

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

Last Five Fiscal Years

(dollars in thousands)

Fiscal Year	Total Taxes	General		Utility Taxes	Business and Occupation Taxes		Excise Taxes	Other Taxes and Assessments (A)	Memo Only Hotel/Motel Tax (B)
		Property Taxes	Sales Taxes		General Taxes	Occupation Taxes			
2002	\$105,856	\$27,577	\$36,737	\$18,069	\$17,219	\$6,221	\$33	\$3,762	
2003	109,597	27,509	36,683	18,108	19,626	7,461	210	3,848	
2004	119,013	27,443	40,218	17,996	22,798	10,300	258	3,916	
2005	129,898	27,062	45,300	19,333	24,322	13,620	261	4,299	
2006	145,660	27,637	48,946	24,324	31,528	12,933	292	5,839	

(A) Includes miscellaneous tax revenues and special assessments.

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

Table 4

FUND BALANCES OF GOVERNMENTAL FUNDS (A)

Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	General Fund		All other Governmental Funds				Total
	Reserved	Unreserved	Total	Reserved	Unreserved, reported in special revenue funds	Unreserved, reported in capital projects funds	
1997	\$322	\$15,739	\$16,061	\$8,135	\$22,954	\$24,990	\$56,079
1998	332	12,862	13,194	7,644	34,028	26,387	68,059
1999	332	13,650	13,982	8,150	39,181	37,203	84,534
2000	402	19,905	20,307	8,174	47,622	35,041	90,837
2001	335	15,181	15,516	6,352	62,228	32,785	101,365
2002	-	11,028	11,028	6,794	62,533	14,743	84,070
2003	-	13,428	13,428	27,887	38,289	26,342	92,518
2004	-	14,596	14,596	86,582	55,241	4,090	145,913
2005	-	17,173	17,173	12,274	52,401	1,549	66,224
2006	-	19,906	19,906	4,193	48,109	25,698	78,000

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

Table 5
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CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (A)

Last Ten Fiscal Years

(dollars in thousands)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes and special assessments	\$95,105	\$99,551	\$108,514	\$116,709	\$110,638	\$112,190	\$115,469	\$123,958	\$134,369	\$149,428
Licenses and permits	5,369	6,437	6,743	7,303	5,843	4,678	2,969	4,470	4,439	7,140
Intergovernmental	23,047	22,338	20,462	21,788	21,951	22,270	24,689	23,266	28,213	32,439
Service charges and fees	10,311	12,377	22,385	22,057	25,830	12,565	15,501	18,677	19,715	24,819
Fines and forfeitures	1,513	1,561	1,728	1,232	995	709	656	545	329	174
Interest and assessment interest/penalties	4,253	4,869	5,475	6,444	5,552	3,471	1,515	3,488	3,113	3,500
Net change in fair value of investments	-	-	(609)	521	53	207	(206)	(684)	199	350
Rent	1,229	1,718	1,900	1,744	2,038	1,929	3,192	1,788	2,285	2,283
Judgements and settlements	1	40	68	-	-	1	150	18	534	4,766
Premiums/contributions	-	2,991	1,271	1,051	1,100	739	739	1,320	1,446	1,643
Other	3,160	605	442	1,813	216	702	586	325	1,202	394
Total Revenues	143,988	152,487	168,379	180,662	174,216	159,461	165,260	177,171	195,844	226,936
Expenditures										
General government	15,031	14,837	21,334	22,499	24,622	18,899	19,143	22,720	24,211	25,329
Public safety	38,731	41,262	45,700	47,208	51,433	53,512	57,333	58,221	61,294	65,701
Physical environment	1,781	1,840	1,307	1,493	1,535	1,749	1,157	1,068	1,436	1,555
Transportation	11,239	12,264	13,396	14,986	29,255	17,545	25,725	20,385	24,886	29,806
Economic environment	10,888	13,018	16,700	16,641	17,837	12,423	12,854	15,755	15,248	17,263
Health and human services	103	103	114	38	93	3,700	3,080	2,286	4,932	4,845

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	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Culture and recreation	11,678	12,907	13,880	14,785	24,678	20,068	24,992	24,700	24,729	28,319
Capital outlay	33,926	42,929	27,615	42,176	13,642	79,700	41,314	48,580	112,692	42,463
Debt service										
Principal	5,326	5,977	8,656	4,936	4,290	11,744	3,536	33,157	7,463	3,985
Interest and fiscal charges	3,051	2,986	2,753	2,348	2,020	2,153	2,424	5,240	7,136	7,834
Total expenditures	131,754	148,123	151,455	167,110	169,405	221,493	191,558	232,112	284,027	227,100
Other financing sources (uses)										
Transfers in	15,884	23,737	18,271	13,689	23,064	12,332	15,189	44,309	89,078	34,994
Transfers out	(15,390)	(23,602)	(18,805)	(14,175)	(21,507)	(15,005)	(11,313)	(42,435)	(88,052)	(34,457)
Operating transfers out to component unit	-	22	-	-	-	-	-	-	-	-
Proceeds from long term debt	172	4,793	209	84	120	39,550	10,018	107,567	6,700	13,983
Refunding bonds issued	-	-	-	-	-	-	13,185	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(13,065)	-	-	-
Sale of capital assets	924	604	1,065	509	182	620	24,545	63	3,349	157
Total other financing sources (uses)	1,590	5,554	740	107	1,859	37,497	38,559	109,504	11,075	14,677
Residual equity transfers	(670)	(807)	(400)	(1,030)	(939)	-	-	-	-	-
Net change in fund balance	13,154	9,111	17,264	12,629	5,731	(24,535)	12,261	54,563	(77,108)	14,513
Debt service as a percentage of noncapital expenditures	8.56%	8.52%	9.21%	5.83%	4.05%	9.80%	3.97%	20.92%	8.52%	6.40%

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

Table 6

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE ^(A)

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Total Taxes	General Property Taxes		General Sales Taxes	Utility Taxes	Business and Occupation Taxes	Other Taxes and Assessment ^(B)	Memo Only Hotel/Motel Tax ^(C)
		General Property Taxes	General Sales Taxes					
1997	\$93,532	\$24,111	\$34,008	\$13,106	\$14,229	\$8,078	\$3,456	
1998	99,360	24,270	37,822	12,825	15,572	8,871	3,984	
1999	108,231	24,822	41,000	15,236	17,006	10,167	4,340	
2000	116,769	25,674	44,532	16,661	20,392	9,510	4,640	
2001	111,387	26,599	40,313	18,135	19,132	7,208	4,226	
2002	108,209	27,164	38,874	18,069	17,190	6,912	3,762	
2003	111,426	27,481	39,051	17,287	18,750	8,857	3,850	
2004	120,041	27,914	40,218	18,364	21,612	11,933	3,916	
2005	129,231	27,157	45,300	19,452	23,427	13,895	4,299	
2006	142,800	27,672	48,946	21,356	31,606	13,220	5,839	

^(A) All amounts are reported on the modified - accrual basis^(B) Includes miscellaneous tax revenues and special assessments.^(C) Source: Bellevue Convention Center Authority. Hotel/Motel tax receipts are reported in BCCA Financial Statements and included here as a memo item. City of Bellevue collects the tax on behalf of the BCCA and passes it directly through.

Table 7

TAXABLE SALES BY CATEGORY
Last Ten Fiscal Years

(dollars in thousands)

	Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005 (B)	2006
Contracting	\$339,385	\$458,836	\$612,256	\$729,870	\$528,938	\$452,654	\$419,611	\$525,419	\$729,303	\$860,690
Manufacturing	45,144	51,089	57,632	64,294	66,712	56,223	47,115	53,312	62,885	64,765
Transp / Communication / Utilities	142,971	133,881	178,412	200,952	202,648	203,069	177,246	167,333	194,851	199,868
Finance/Insurance/ Real Estate	93,235	111,517	119,523	124,102	132,147	147,971	107,422	97,437	160,305	176,983
Wholesale Trade	440,462	397,151	420,219	387,493	330,119	296,915	267,431	307,256	342,940	331,433
Retail - Building Materials	81,862	106,469	121,668	126,049	123,614	121,370	118,540	129,355	125,398	134,002
Retail - General Merchandise	177,619	177,398	172,976	174,533	171,822	157,805	172,575	181,597	196,058	206,931
Retail - Food	115,244	119,163	116,215	119,386	120,665	123,013	97,775	94,982	62,765	71,979
Retail - Automotive	536,901	605,957	646,465	735,329	677,707	695,179	817,745	783,160	861,607	920,511
Retail - Apparel	285,936	280,433	278,547	276,693	259,129	265,228	295,520	322,956	402,790	443,022
Retail - Furniture & Accessories	398,327	443,302	531,180	549,796	419,119	383,703	415,293	437,142	430,400	445,270
Retail - Restaurants	155,031	157,134	172,781	188,691	190,099	212,697	222,758	235,850	251,313	291,529
Retail - Miscellaneous	293,288	312,807	338,546	351,238	342,339	337,706	333,306	345,375	327,865	383,313
Services - Hotels	92,618	103,691	106,820	116,160	101,516	92,230	93,888	93,049	95,563	101,144
Services - Business	217,801	241,796	258,360	256,659	220,840	198,863	200,553	165,596	300,434	321,741
Services - Other	203,131	222,456	243,488	284,368	293,049	295,172	260,714	270,128	204,934	223,293
All Other Categories	23,656	28,192	32,197	38,680	37,030	34,703	37,684	42,157	1,036	1,660
Total sales	\$3,642,612	\$3,951,271	\$4,407,286	\$4,724,293	\$4,217,494	\$4,074,500	\$4,085,175	\$4,252,106	\$4,750,445	\$5,178,133

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

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

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

Table 8

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(A) Effective 4/1/01, King County Metro increased transit portion of sales tax by two tenths of a percent.

(B) Criminal justice tax is one tenth of one percent (0.10%) of the gross sale. Ten percent (10%) of this is paid directly to King County, and the remaining 90% is shared between cities within the county. King County retains the portion for unincorporated areas within the county,

In 2006, the City's population was **117,000**, and the County's population was **1,835,300**. Bellevue represented 6.47% of the total population of King county and as such would receive .006 percent of this tax.

(C) Under Bellevue City Code 4.12.025 and RCW 82.14.030, the City may, at the discretion of the city council, impose an additional sales tax up to one half of one percent (0.5%). The City collects the maximum amount allowed of this tax.

SOURCE:

King County / Bellevue Population Data - WA State Office of Financial Management

Tax rates - WA St. Dept of Revenue and City of Bellevue City Code

Table 9

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

(dollars in thousands, except tax rate)

Fiscal Year	Assessed and Estimated Actual Value						Grand Total	Total Direct Tax Rate
	Real Property	Personal Property	State Public Service Property	Exemptions	Non-Taxable	Total		
1997	\$11,060,879	\$776,867	\$317,958	\$117,174	\$792,330	\$11,246,200	\$2.20	
1998	12,536,824	847,575	325,149	90,972	762,820	12,855,756	2.07	
1999	13,821,754	785,771	438,788	101,062	835,717	14,109,534	1.83	
2000	16,279,942	904,616	482,035	100,780	954,578	16,611,235	1.71	
2001	18,431,872	912,648	420,238	102,479	1,126,643	18,535,636	1.48	
2002	19,191,297	1,122,574	437,046	108,794	1,152,622	19,489,501	1.39	
2003	19,947,485	957,967	367,378	110,834	1,236,002	19,925,994	1.35	
2004	20,794,647	1,082,560	414,532	119,487	1,315,220	20,857,032	1.34	
2005	22,643,266	1,034,980	383,509	116,021	1,421,898	22,523,836	1.23	
2006	25,197,266	988,691	496,028	123,540	1,628,843	24,929,602	1.16	

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

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

Source: King County Assessor

Table 10

**PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
PER \$1000 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						
1997	\$1.86	\$0.34	\$3.46	\$2.13	\$3.52	\$0.28	\$0.87	\$12.46
1998	1.75	0.32	3.28	1.85	3.51	0.26	0.60	11.57
1999	1.59	0.24	2.99	1.77	3.36	0.24	0.88	11.07
2000	1.50	0.21	2.72	1.69	3.30	0.22	0.86	10.50
2001	1.34	0.14	2.32	1.55	3.15	0.19	0.81	9.50
2002	1.26	0.13	2.14	1.45	2.99	0.19	0.78	8.94
2003	1.22	0.13	2.23	1.35	2.90	0.26	0.79	8.88
2004	1.21	0.13	2.16	1.43	2.76	0.25	0.78	8.72
2005	1.16	0.07	1.89	1.38	2.70	0.25	0.76	8.21
2006	1.10	0.06	2.09	1.33	2.50	0.23	0.75	8.06

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

Source: King County Assessor

Table 11

PRINCIPAL PROPERTY TAXPAYERS

Current year and nine years ago

Rank	Taxpayer	Type of Business	2006		1997	
			2006 Assessed Valuation (In Millions)	Percentage of Total Assessed Valuation ^(A)	1997 Assessed Valuation (In Millions)	Percentage of Total Assessed Valuation
1	The Boeing Company	Aerospace	\$309.01	1.16%	\$150.57	1.24%
2	Bellevue Square Managers Inc	Land management	288.13	1.08%	188.21	0.00%
3	formerly North Coast Mortgage Bellevue Place	Property management	187.84	0.71%	106.98	1.55%
4	Puget Sound Energy	Utility services	183.32	0.69%	25.41	0.88%
5	Property Tax Department	Property management	119.63	0.45%	98.24	0.21%
6	Three Bellevue Center LLC	Property management	115.29	0.43%	-	0.81%
7	Verizon Wireless	Cellular Telecommunications	102.48	0.39%	-	0.00%
8	Spieker Properties	Property Management	102.20	0.38%	-	0.00%
9	T-Mobile	Cellular Telecommunications	91.11	0.34%	-	0.00%
10	Rainier Plaza LLC	Property management	90.27	0.34%	-	0.00%
(B)	Wright Runstad & Company	Property management	-	0.00%	102.36	0.84%
(B)	Northwestern Mutual Life Insurance	Insurance	-	0.00%	71.67	0.59%
(B)	Bellevue Associates	Property management	-	0.00%	77.35	0.64%
(B)	Safeway Stores, Inc.	Regional food distribution	-	0.00%	70.36	0.58%
(B)	Qwest	Telecommunications	-	0.00%	138.29	1.14%
(B)	Private Estate		-	0.00%	1.39	0.01%
			\$1,589.27	5.97%	\$1,030.83	9.12%

(A) 2006 assessed valuations for 2007 tax collection. Total 2006 assessed valuation, in millions, is \$26,612

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

Source: King County Assessor's office

Table 12

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Total Tax		Collected within the Fiscal Year of the levy		Collected in subsequent year	Total Collections to date	
	Levy		Amount	Percentage		Amount	Taxes
1997	\$24,607		\$24,340	98.91%	\$267	\$24,607	100.00%
1998	25,180		24,527	97.41	652	25,178	99.99
1999	24,913		24,445	98.12	468	24,913	100.00
2000	25,691		25,350	98.67	341	25,691	100.00
2001	26,817		26,295	98.05	519	26,814	99.99
2002	27,428		26,798	97.70	445	27,243	99.33
2003	27,815		27,223	97.87	438	27,661	99.45
2004	28,034		27,577	98.37	348	27,925	99.61
2005	27,354		26,885	98.29	290	27,175	99.35
2006	27,733		27,401	98.80	-	27,401	98.80

Sources/notes:

- A) The total tax levy is the certified tax levy adopted by City ordinance.
- B) Other data has been derived from the Annual Tax Receivable Summary prepared by the King County Finance Department.
- C) Collection amounts were unavailable for 1997- 2001. The amounts presented on this table include omits and levy changes in addition to collections.

Table 13

RATIO OF OUSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Dollars in thousands, except per capita)

Fiscal Year	Governmental Activities				Business Type Activities				Total primary government	Percentage of personal income	Per capita		
	General obligation bonds	Special assessments	Conditional sales contracts	Leases	PWTF loans	Line of credit	obligation bonds	General bonds				Revenue bonds	PWTF loans
1997	\$37,490	\$12,370	\$5,364	-	\$672	-	-	-	\$18,290	\$2,096	\$76,282	2.13%	\$728
1998	33,925	10,305	5,615	-	610	-	4,310	4,310	16,545	1,939	73,249	1.81%	693
1999	28,280	9,654	4,249	-	549	-	4,295	4,295	15,205	1,785	64,017	1.43%	603
2000	25,590	8,140	3,517	82	488	-	4,275	4,275	13,770	1,630	57,492	1.18%	523
2001	22,770	7,275	3,216	248	427	-	4,245	4,245	12,235	1,477	51,893	1.06%	465
2002	30,995	6,134	1,195	102	366	-	4,205	4,205	9,933	1,321	54,251	1.05%	464
2003	28,775	5,197	1,018	21	305	-	4,155	4,155	8,751	1,165	49,387	0.95%	424
2004	129,853	4,404	3,319	-	244	13,818	4,095	4,095	6,163	1,009	162,905	2.85%	1,398
2005	127,198	3,481	1,793	-	183	18,218	4,025	4,025	5,025	853	160,776	2.89%	1,392
2006	130,960	2,641	1,039	-	122	26,118	3,950	3,950	3,846	698	169,374	N/A	1,448

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

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

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

Table 14

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Percentage of estimated actual taxable value of property(B)	Net Bonded Debt per Capita (A)
1997	\$37,490	\$2,900	\$34,590	0.31%	\$330
1998	38,235	3,030	35,205	0.27	\$333
1999	32,575	3,097	29,478	0.21	\$278
2000	29,865	3,102	26,763	0.16	\$244
2001	27,015	2,412	24,603	0.13	\$221
2002	35,200	2,699	32,501	0.17	\$278
2003	32,930	2,401	30,529	0.15	\$262
2004	132,895	2,505	130,390	0.63	\$1,119
2005	130,210	1,560	128,650	0.57	\$1,114
2006	133,901	1,610	132,291	0.53	\$1,131

^(A) See table 18 for population statistics.

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

Table 15

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2006

(dollars in thousands)

Jurisdiction	Gross General Obligation Debt Outstanding ^(A)	Percentage Applicable to Bellevue ^(B)	Amount Applicable to Bellevue
City of Bellevue	\$133,800	100.00%	\$133,800
School District #405	238,795	75.36%	179,956
King County	882,225	8.93%	78,783
Port of Seattle	416,645	8.93%	37,206
School District #403	241,735	2.68%	6,478
School District #414	231,355		#VALUE!
School District #411	228,085	11.78%	26,868
Hospital District #2	180,540	0.05%	90
Library District	81,255	14.60%	11,863
Issaquah Library Capital Facility Area	6,435	0.51%	32
Fire District #10	1,430	1.58%	23
Fire District #34-2	370	0.23%	1
Total other jurisdictions	2,508,870	#VALUE!	#VALUE!
Total Direct and Overlapping Debt	\$ 2,642,670	#VALUE!	#VALUE!

(A) Total general obligation bonds outstanding on December 31, 2006 exclusive of refunded bonds. Source: King County Department of Finance.

(B) Determined by ratio of 2007 assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

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LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(dollars in thousands)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$911,679	\$1,023,888	\$1,123,512	\$1,320,371	\$1,477,840	\$1,552,227	\$1,590,930	\$1,666,024	\$1,796,739	\$1,995,872
Total net debt applicable to limit	73,831	74,697	65,281	60,408	56,417	60,598	120,530	192,005	184,880	186,820
Legal debt margin	\$837,848	\$949,191	\$1,058,231	\$1,259,963	\$1,421,423	\$1,491,629	\$1,470,400	\$1,474,019	\$1,611,858	\$1,809,052
Total net debt applicable to the limit as a percentage of debt limit	8.10%	7.30%	5.81%	4.58%	3.82%	3.90%	7.58%	11.52%	10.29%	9.36%

Legal Debt Margin Calculation for fiscal year 2006

Description	Councilmanic Debt		Voted Debt	General Purpose		Excess Levy Open Space and Park	Excess Levy Utility		Total Debt Capacity
	(Non-Voted)	Debt		Purpose	Indebtedness ^(B)		Purposes		
Assessed Value (A)	26,611,627	26,611,627	26,611,627	26,611,627	26,611,627	26,611,627	26,611,627	26,611,627	26,611,627
Statutory debt limit percentages:	1.50%	1.00%	1.00%	2.50%	2.50%	2.50%	2.50%	2.50%	7.50%
Debt limit	\$399,174	\$266,116	\$266,116	\$665,291	\$665,291	\$665,291	\$665,291	\$665,291	\$1,995,872
Debt applicable to limit									
Bonds outstanding	131,146		307	131,453		2,448	-	-	133,901
Capital Lease BCCA -1991	8,587			8,587					8,587
Capital Lease BCCA -1994	12,376			12,376					12,376
Installment Sales Contracts	1,039			1,039					1,039
Line of Credit	32,700			32,700					32,700
Less:									
Cash on hand for debt redemption ^(C)	-		239	239		1,483	-	-	1,722
Delinquent taxes ^(D)	-		7	7		54	-	-	61
Total Net Debt applicable to limit	185,848		61	185,909		911	-	-	186,820
Remaining Debt Capacity	\$213,326		\$266,055	\$479,381		\$664,380	\$665,291		\$1,809,052

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- (A) This figure represents the City's final assessed valuation for 2006 which will be used to determine the 2007 property tax levy.
- (B) The principal portion of the Bellevue Convention Center Authority's (BCCA) capital lease is included in the City's debt calculation because the BCCA qualifies as a component unit under Section 2100 of the Governmental Accounting Standards Board (GASB) 1994 Codification.
- (C) Includes year-end balances available in the Regular and Special Levy Redemption funds designated for future redemption of the associated bonds less bond interest payments due through 3-31-07.
- (D) Delinquent property taxes receivable. Since State law provides for the sale of property to satisfy delinquent tax liens, no allowance has been made for uncollectible amounts.

Source: Materials prepared for State Schedule 10 – Summary of Limitation of Indebtedness for year ending 12/31/05.

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

Table 17

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Utility Revenue Bonds				Special Assessment Bonds							
	Gross Revenue (A)	Expenses (B)	Debt Service Requirements (C)		Special Assessment Collections	Debt Service		Coverage (D)				
			Net Revenue available for debt service	Principal		Interest	Total		Principal	Interest		
1997	\$50,923	\$36,394	\$14,529	\$3,522	\$5,146	\$8,668	\$1,488	-	\$892	\$892	1.68	1.67
1998	54,049	41,527	12,522	3,845	5,259	9,104	1,138	-	892	892	1.38	1.28
1999	56,359	42,711	13,648	3,442	5,277	8,719	1,104	125	892	1,017	1.57	1.09
2000	62,346	43,467	18,879	3,908	5,472	9,380	1,121	810	901	1,711	2.01	0.66
2001	60,919	46,129	14,790	3,412	5,647	9,059	796	905	848	1,753	1.63	0.45
2002	68,971	49,622	19,349	3,179	6,163	9,342	1,069	201	48	249	2.11	4.29
2003	73,169	54,181	18,988	3,104	5,919	9,023	973	205	36	241	2.10	4.04
2004	75,666	54,038	21,628	3,475	6,048	9,523	718	727	354	1,081	2.27	0.66
2005	81,465	57,256	24,209	3,022	6,257	9,279	870	706	302	1,008	2.61	0.86
2006	96,165	60,748	35,417	3,074	6,475	9,549	625	720	238	958	3.71	0.65

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

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

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

(D) Net revenue available for debt service divided by total debt service requirements. The coverage factors for the individual enterprises in 2006 are: Water, 23.62, Storm 7.46, Marina 0.91 and Bellevue Convention Center Authority, 0.53.

Table 18

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Per Capita		Personal Income	Median Age	Number of Households	Public School Enrollment	Number of Jobs	Unemployment Rate	CPI-U%
	Population	Personal Income							
1997	104,800	\$34,253	\$3,589,714	37	44,858	15,479	95,000	2.4%	3.5%
1998	105,700	38,241	4,042,074	38	46,000	15,391	121,000 ^A	2.2%	2.9%
1999	106,200	42,218	4,483,552	38	46,441	15,070	125,000	2.3%	3.0%
2000	109,827	44,429 ^B	4,879,504	38	46,990	15,260	131,000	2.6%	3.7%
2001	111,500	43,800	4,883,700	38	51,000	15,264	125,000	3.8%	3.6%
2002	117,000	44,250	5,177,250	38	51,956	15,362	130,000	4.7%	1.9%
2003	116,400	44,821	5,217,164	39	49,027 ^D	15,396	125,000	6.8%	1.6%
2004	116,500	49,118	5,722,247	39	49,119	15,718	125,000	5.4%	1.2%
2005	115,500	48,216	5,568,948	39	48,413	16,215	131,000	4.7%	2.8%
2006	117,000	^C	^C	39	49,426	16,461	132,000	4.2%	3.7%

Sources: Population and Number of Households data was provided by Bellevue Community Development Department and the Washington State Office of Financial Management.

Per Capita Personal Income data was provided by US Bureau of Economic Analysis. Estimates are for King County, in which Bellevue is located. Bellevue data is not available. Personal Income data provided by Bellevue Community Development Department and is presented in thousands.

Median Age and Number of Jobs were provided by the City of Bellevue—Department of Planning and Community Development Public School Enrollment was provided by the Bellevue School District.

Unemployment Rate was provided by the Washington State—Employment Security Department. It is an estimate of King County Unemployment in which Bellevue is located.

^A The Number of Jobs figures for 1998 and thereafter is based on a revised methodology that provides for more accuracy. Prior years figures were not restated.

^B Population is based on the year 2000 Census figure released in March 2001. Year 2000 calculations of Per Capita Income, Median Age, Number of Households, and Education Level in Years, were based on a year 2000 population estimate of 106,400.

^C Data not available at time of publication

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

Table 19

PRINCIPAL EMPLOYERS

Current Year and nine years ago

Rank	Employer	Type of Business	2006			1997 (B)		
			Employees	Percentage of		Rank	Employees	Percentage of
				Total City	Employment			
1.	T-Mobile USA	Cellular telephones	3,400	2.58%			0.00%	
2.	Boeing Shared Services Group	Aviation	2,900	2.20%			0.00%	
3.	Overtlake Hospital Medical Center	Medical hospital	2,200	1.67%			0.00%	
4.	Bellevue School District	Education K-12	2,000	1.52%	1,839		1.94%	
5.	Verizon Wireless	Cellular telephones	1,600	1.21%			0.00%	
6.	City of Bellevue	Government	1,500	1.14%	1,536		1.62%	
7.	Bellevue Community College	Higher Education	1,300	0.98%	935		0.98%	
8.	Safeway	Grocery Distribution	1,200	0.91%			0.00%	
9.	Nordstrom	Clothing	1,000	0.76%			0.00%	
10.	Puget Sound Energy	Utility services	900	0.68%			0.00%	
		Financial Services	900	0.68%			0.00%	
			18,900	14.32%	4,310		4.54%	

Source: Planning and Community Development office

(A) Number of jobs data was provided by City of Bellevue Department of Planning and Community Development
 Number of jobs for 2006 and 1997 (B) were 132000 and 95000 respectively.

(B) Data for 1997 was primarily unavailable and as a result, no ranking is applied. For those employers where data was available, employee counts were provided.

Table 20

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	266	280	309	313	319	319	321	327	322	327
Public Safety										
Police										
Officers	166	166	166	166	174	173	176	174	170	173
Civilians	93	93	94	94	102	103	100	97	100	93
Fire										
Firefighters and officers	174	173	172	177	178	185	194	198	198	198
Civilians	18	18	21	21	20	21	26	21	21	24
Transportation	146	148	130	135	136	136	132	130	127	129
Culture and recreation	128	129	148	174	177	178	176	173	172	180
Water	58	58	59	60	60	60	58	63	63	61
Sewer	35	35	35	35	35	36	37	39	38	41
Storm drainage	44	44	44	44	45	45	44	44	44	45
Total	1,127	1,143	1,177	1,218	1,245	1,255	1,263	1,265	1,254	1,269

Source: City of Bellevue Budget Office

General government FTEs increased due to increases in Information Technology and Development services staffing

Table 21
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OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Function:										
Public Safety/Judicial:										
Police:										
Offenses:										
Rape	19	30	15	17	21	26	28	38	29	42
Robbery	65	62	42	60	59	48	66	75	49	71
Homicide	9	1	-	-	-	-	-	-	2	3
Assault	784	773	787	756	830	758	850	693	420	570
Auto Theft	449	356	440	502	539	545	588	608	567	476
Burglary	625	490	504	470	535	605	518	680	595	591
Larceny	4,110	3,562	3,579	3,397	3,431	3,348	3,213	3,570	3,503	3,178
Citations										
Traffic	24,333	28,928	29,717	32,399	28,760	28,070	30,314	23,129	24,370	22,088
Criminal	3,672	3,631	3,002	2,661	2,919	2,687	2,863	2,335	2,033	2,383
Judicial System:										
Handled by District Court	28,005	32,559	32,719	35,060	31,679	30,757	33,177	25,464	26,403	24,471
Fire:										
First Response:										
Buildings	106	115	184	171	177	175	182	162	135	123
Non-Buildings	332	345	330	325	305	272	533	242	257	300
Service	534	544	543	346	549	460	519	503	418	506
False Alarm	1,315	1,549	1,069	980	1,863	1,567	1,420	1,476	1,466	1,682
Other	877	964	823	818	1,075	1,011	2,629	1,053	892	1,671
Medic 1 Responses:										
First Aid	11,153	11,728	7,212	7,571	12,357	11,668	11,797	12,218	12,381	14,002
Runs/Week	214	226	139	146	238	224	227	235	238	269

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Function:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Transportation:										
Area of roadway repaired (sq. ft)	26,500	24,508	28,251	21,314	27,087	28,196	4,008	8,295	7,461	10,631
Miles of streets swept	6,241	7,616	6,613	4,992	5,988	5,599	5,214	5,532	4,746	4,685
Area of sidewalk repaired (sq ft)	9,732	10,901	6,744	6,806	8,209	10,708	7,280	10,225	5,821	4,497
Physical/Economic environment:										
Building permits issued	9,454	9,771	10,619	10,639	9,610	10,047	10,404	11,472	12,395	13,673
Estimated value (In Millions \$)	287	350	466	330	427	193	190	255	346	761
Culture and recreation										
Number of rounds of golf played	93,265	87,532	80,001	83,904	83,415	81,444	76,237	73,059	69,625	61,043
Visits to recreation centers for youth programs	434,881	431,870	396,904	390,196	550,270	664,404	605,312	N/A	N/A	N/A
Water utility:										
Water Consumption (in CCF)	6,410	6,800	6,844	6,859	6,545	6,581	6,962	7,242	6,814	7,293
Number of customers:										
Residential	29,129	29,459	29,790	30,065	30,237	30,332	30,460	33,912	34,210	34,286
Multi-Residential	530	542	545	545	554	558	561	658	657	659
Commercial	1,970	1,992	2,001	2,014	2,012	2,025	2,029	2,264	2,191	2,110
Total Number of customers	31,629	31,993	32,336	32,624	32,803	32,915	33,050	36,834	37,058	37,055
Water consumption peak in a day (millions of gallons)	31	33	28	30	24	27	34	35	31	33
Water consumption peak in a month (millions of gallons)	779	808	687	768	632	741	888	860	811	830
Sewer Utility:										
Sewer Consumption (in CCF)	5,208	5,332	5,530	5,311	5,253	5,062	5,030	5,256	5,272	5,362
Number of customers:										
Residential	28,764	29,067	29,389	29,726	29,954	30,069	30,242	32,764	32,874	33,710
Multi-Residential	551	562	564	566	576	578	582	660	655	653
Commercial	1,676	1,691	1,698	1,684	1,693	1,693	1,690	1,795	1,806	1,721
Total Number of customers	30,991	31,320	31,651	31,976	32,223	32,340	32,514	35,219	35,335	36,084

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Function:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Storm Drainage utility:										
Number of customers:										
Residential	26,242	26,256	26,462	26,742	27,753	27,838	27,875	27,903	27,931	28,000
Multi-Residential	468	475	476	479	497	498	503	535	530	531
Commercial	1,805	1,827	1,835	1,831	1,855	1,867	1,864	1,975	1,984	1,974
Total Number of customers	28,515	28,558	28,773	29,052	30,105	30,203	30,242	30,413	30,445	30,505

* No operating indicators are available for general government & Marina

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	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Golf Courses	5	2	2	2	2	2	2	2	2	2
Marinas/Boat launches	-	-	-	2	2	2	2	2	2	2
Water:										
Water mains (miles)	579	583	588	555	560	563	616	617	618	617
Vehicles	15	19	22	27	31	32	42	42	43	43
Sewer:										
Sanitary sewers (miles)	478	482	487	485	486	488	520	520	520	520
Vehicles	19	24	24	27	32	33	36	40	43	35
Storm Drainage										
Vehicles	10	13	13	15	20	22	24	25	26	27

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



