

# Bothell High School 1908



**CITY OF BOTHELL, WASHINGTON**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the fiscal year ended December 31, 2005

# 2005



**CITY OF BOTHELL, WASHINGTON**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended December 31, 2005**

PREPARED BY THE FINANCE DEPARTMENT

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Senior Administrative Assistant

**All Photos Courtesy of Bothell Historical Museum**

# Comprehensive Annual Financial Report of the City of Bothell, Washington For The Year Ending December 31, 2005

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# Introductory Section



# City of Bothell

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Date: June 30, 2006

## To the Residents of Bothell, Washington

The City of Bothell's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2005 is hereby submitted. This report was prepared by the City's Finance Department in conformance with the State statute RCW 43.09.230, and with the standards promulgated by the Government Finance Officers Association (GFOA) of the United States and Canada and the GFOA's National Council on Governmental Accounting. These standards require statements to present the financial position of the City and the results of financial operations fairly, in accordance with generally accepted accounting principles (GAAP).

The CAFR is intended to provide sufficient information to permit the assessment of stewardship and accountability, demonstrate legal compliance, and provide management control.

City management believes this report is presented accurately in all material aspects and conforms to the above required standards. City management is responsible for the accuracy, the completeness, and the fair presentation of the data in the report, along with all its related disclosures.

The report has three main sections: Introductory, Financial, and Statistical.

➤ The Introductory Section includes the Chief Financial Officer's formal transmittal of the CAFR, along with the City's organizational structure and a listing of officials, a profile of the government, assessment of the City's economic condition, awards and acknowledgments, and a copy of the City's 2004 Certificate of Achievement for Excellence in Financial Reporting.

➤ The Financial Section includes the Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information (RSI), the combining and individual fund financial statements, and the State Auditor's report on the financial statements and schedules.

➤ The Statistical Section includes selected supplementary, financial, and demographic information, which is generally presented on a multi-year basis.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany its financial statements. The narrative is titled Management's Discussion and Analysis (MD&A).

**Professionalism • Respect • Innovation • Dependability • Employee Accountability**

**City Administration**

18305 101<sup>st</sup> Avenue NE  
Bothell, WA 98011  
(425) 486-3256  
Fax: 486-2434  
[www.ci.bothell.wa.us](http://www.ci.bothell.wa.us)

**Community Dev. & Public Works**

9654 NE 182<sup>nd</sup> Street  
Bothell, WA 98011  
(425) 486-8152  
Fax: 486-2489

**Fire and E.M.S.**

10726 Beardslee Boulevard  
Bothell, WA 98011  
(425) 486-1678  
Fax: 486-4556

**Police**

18410 101<sup>st</sup> Avenue NE  
Bothell, WA 98011  
(425) 486-1254  
Fax: 487-0650

**Municipal Court**

10116 NE 183<sup>rd</sup> Street  
Bothell, WA 98011  
(425) 487-5587  
Fax: 488-3052

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is positioned in the CAFR immediately following the State Auditor's report. (See section II.)

The City's 2005 CAFR is presented in compliance with Government Accounting Standards Board (GASB) Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". This recent financial reporting format requirement is described in the MD&A. Additionally, the notes to the financial statements further discuss GASB Statement 34, reflecting on the changes it required and the effects and results of those changes. City management supports GASB's reporting changes, and believes the new presentation format provides better information to the users of our City's CAFR.



**On the Slough**

### **Community Profile**

Bothell was settled in the early 1870's, and quickly became a logging village.

In a little over a century, Bothell has evolved from an isolated logging village to a multi-faceted, full-service city, with a resident population of 31,000 and an employment population of over 20,000.



**City Drug Store 1893**

Bothell is situated within the Seattle metropolitan area, northeast of Lake Washington. It comprises 12.6 square miles, half in King County and half in Snohomish County.

The City is draped over six moderately steep-sided hills and is drained by two main waterways. This topography contributes to Bothell's image as a community of extensive green spaces.

Bothell is unique and highly desirable because it is central to an Interstate and three major state highways. For this reason, Bothell experienced substantial growth in recent years as businesses sought locations with access to new markets, with attractive surroundings for both their employees and customers.



**Hannan Store 1895**

Homebuyers and renters also came to Bothell seeking residential areas with direct access to the interstate and major highways, as well as amenities, security, esteemed schools, and a strong sense of community.

The City has proven to be a particularly appealing location for technology firms. Among Bothell's resident businesses are several international biotechnology firms. Bothell is recognized as one of our nation's leading biotechnology centers. Numerous computer hardware and software development corporations and the nation's largest wireless telecommunication company reside in Bothell as well.

Bothell is also home to a relatively rare higher-education partnership, between the University of Washington-Bothell and Cascadia Community College.

Their shared campus includes one of our nation's largest wetlands restoration projects.

Despite its rapid growth, Bothell has managed to retain a "hometown" feeling that extends to its residential neighborhoods, its historic downtown, and even its more recently developed business parks and commercial centers.

Bothell was incorporated in 1909. The City is an Optional Municipal Code City operating under a Council-City Manager form of government. The City's seven Council members are elected at-large to 4-year terms.

The Council contracts with a professional City Manager to direct day-to-day operations. The City Manager appoints seven department heads and an Assistant City Manager.



**Downtown Bothell 1900**

In the 2005-2006 biennium, the City of Bothell had 265 authorized positions.

Bothell's full and part-time employees provide a full range of municipal services, including general government, public safety (including police dispatch for neighboring Lake Forest Park), community development, public works, and parks and recreation for our 31,000 residents. Fire protection is also provided for a bordering fire district.

The City operates enterprise funds for its storm drain, water, and sewer utilities. The City and adjacent water districts provide water and sewer services. Garbage service is provided through an independent contractor. Library services are provided through the King County Library System.

**Community Statistical Information is located in the Statistical Section.**

**Summary of Accounting Policies**

The City's Governmental funds are maintained on a modified accrual basis. This means expenditures are recognized when they are incurred and revenues are recognized when they are earned. Enterprise and Internal Service Funds are maintained on a full accrual basis.

The City maintains a system of internal controls which provide reasonable assurance that the City's assets are safeguarded, transactions are properly recorded, and financial reports meet the requirements of generally accepted accounting principles.

The concept of reasonable assurance in accounting controls recognizes that the cost of implementing and maintaining internal controls over accounting systems should not exceed the benefits expected to be derived.

City management believes the City of Bothell accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In addition to GAAP compliance, cities and counties of the State of Washington must utilize the Budgeting, Accounting and Reporting System (BARS) prescribed by the Office of the State Auditor. State law also calls for an annual independent audit by the Office of the State Auditor, and requires timely submission of annual financial reports to the State for review.

As a recipient of more than \$500,000 in federal financial assistance in 2005, the City of Bothell was required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Budget Circular A-133, *Audits of State and Local Governments*. This audit was conducted by the State Auditor's Office, in conjunction with the City's annual independent audit.

The City's independent audit covering 2005 was conducted between March and May of 2006, and is now complete. The results of the audit for the year ended December 31, 2005 found the City's financial statements to be presented fairly and free of any material misstatements or significant violations of applicable laws and regulations. The City was given an unqualified opinion, as stated in the Independent Auditor's Report (located at the beginning of the Financial Section).

The City's biennial operating and capital budget planning process commences in March of even years. The City's Finance Department prepares the calendar for the budget process, while the City Manager and Finance Director establish and convey comprehensive budget

preparation guidelines to department directors. Each department prepares its budget based on Council focus areas and desired budget outcomes, as well as City Manager directives.

The City Manager recommends a balanced preliminary budget to the City Council. At the same time, this proposed budget is made available to the public. Per Washington State law, public hearings are held to provide for public input, and (if deemed necessary) the budget is revised before adoption by the Council.

Property tax levies are approved biennially, along with the City's fee schedule. Budgets are adopted and accounted for at the fund level. As a budgetary control measure, a complete revenue and expenditure analysis is prepared quarterly and presented to the City Council.

After formal adoption of the City's biennial budget, the Council can make modifications (as they deem necessary) to the original budget. A public hearing is required before a budget modification can be adopted. During the first year of this biennial budget period (2005), the City of Bothell amended its budget on only one occasion.

The City's cash management practice allows the City to invest any cash not needed for immediate purposes in government agency securities or other legally approved securities, as well as the State Treasurer's Investment Pool.

Investment revenues are credited to the funds that earn them.

The City's investment policy was certified by the Municipal Treasurer's Association.

The City of Bothell utilizes a self-insurance fund for its risk management program. The City is a member of an insurance investment pool, administered by the Washington Cities Insurance Authority (WCIA). The insurance investment pool is discussed further in the notes to the financial statements.

The majority of City staff participates in one of the following mandatory state pension systems:

- Law Enforcement Officers and Firefighters Retirement System (LEOFF), for uniformed police officers and firefighters; and
- Public Employees Retirement System (PERS), for all other employees.

Both systems are administered by the Washington State Department of Retirement Systems (DRS) under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Plan descriptions and funding policies are presented and explained in the notes to the financial statements.

## **Assessment of Economic Condition and Summary of Financial Operations**

### **Revenues Summary**

In 2005, general government revenues (general, special revenue, debt service, capital projects, and LID Control revenues excluding operating transfers) totaled \$37,140,487 - a 9.5% increase over 2004. This change is largely attributable to increased tax receipts and interest earning revenues.

In 2004, revenue collections increased nearly 11%. The increases in 2004 and 2005 are in part re-establishment of revenue gains lost during the two previous years. In 2002, revenue collections decreased 5%, and in 2003 they decreased another 8%. These losses in revenue receipts were mainly the result of the nation's unstable economy following 9/11, and legislation which limited annual property tax growth to 1%.

#### **Taxes**

The City's general government tax revenues grew over 9.5% in 2005.

Property tax collections increased 4%, or \$417,764, due to a 1% levy increase and new construction being added to the City's property tax rolls. 89% of new construction tax collections were the result of an increase in value in state-assessed property. State-assessed property is property belonging to inter-county utilities (transportation and telephone companies), and is considered to be new construction for the purpose of calculating the City's levy limits.

Retail sales and use tax revenues (retail, construction, criminal justice, and hotel/motel) rose nearly 19%, or over \$1,600,000, in 2005 and close to 5%, or \$370,000, in 2004. These

strong increases in sales tax were again in part re-establishment of revenues lost during the two previous years. In 2002, revenue collections decreased 1%, and in 2003 they decreased another 4%. These declines in sales tax were for the most part the result of the unstable economy following 9/11.

Real Estate Excise Tax (REET) revenues decreased approximately 4% in 2005, but they had increased 52% in 2004 and an additional 29% in 2003. This dramatic spike in REET revenue is attributable to double-digit increases in housing prices, along with a 40-year low in interest rates. Bothell has a predominantly residential makeup. Homeowners have been able to take advantage of lower interest rates to upgrade into more expensive housing, while previous renters were able to become first-time homeowners. REET revenues are legally restricted to capital spending and are not available for general operating appropriation.

Other taxes remained unvarying, or showed growth in line with inflation.

The Bothell City Council is actively looking at various alternatives to generate increased sales tax revenues through rezoning and revitalization of the City's downtown.

#### **Licenses & Permits**

In 2005, license and permit fee revenue rose nearly 39%, or \$300,000, due to low interest rates and an increase in single and multi-family home permits. Current permit tracking data indicates this upward trend in new construction is expected to continue through 2007.

**Intergovernmental**

Intergovernmental revenues decreased nearly 6%, or \$230,000, in 2005. They had increased over 57%, or \$1,500,000, in 2004. These large annual fluctuations in inter-governmental receipts are for the most part attributable to varying federal and state grant funding availability.

**Charges for Services**

In 2005, revenue receipts related to charges for City services saw an increase of 4%, or \$133,000.

Along with its biennial budget, the City Council adopts a fee schedule, which provides for annual inflation and emphasizes 100% cost recovery for nearly all City services.

**Fines & Forfeitures**

In 2005, revenue receipts from fines and forfeitures dropped approximately \$125,000, or 28%, mainly due to a decrease in filings.

These revenues often fluctuate from year to year in response to changes in legislation, the police department's current focus areas, and police activity. Fine and forfeiture revenues increased 9% in 2004 and 22% in 2003, but declined 24% in 2002.

**Miscellaneous**

Miscellaneous revenues increased by 95%, or over \$810,000, in 2005. The lion's share of the increase is directly attributable to favorable interest rates.

**Expenditure Summary**

In 2005, the City's total governmental fund expenditures (General, Special Revenue, Debt Service, Capital Improvement, and LID Control, excluding operating transfers) totaled \$33,786,178. This equated to a spending increase of near 8%, or \$2,375,000. The increase was largely due to early payment of bonded debt.

General government expenditures rose less than 3% in 2005 – in line with the Consumer Price Index (CPI).

Security of persons and property, transportation, and capital outlay spending remained constant in 2005.

The City's physical and economic environment spending increased nearly 7% (\$267,500) in 2005, and 12% (approximately \$410,000) in 2004.

This rise in spending resulted from increased staffing and operating costs associated with the City's community planning and engineering functions. These functions are development driven, and therefore increases in their expenditures also result in increases in related revenues.

In 2005, debt service expenditures increased more than 137%, or nearly \$1,942,000. This was entirely due to the early payoff of the City's 1995 Park Acquisition and Transportation Improvement GO Bond, which resulted in over \$300,000 in interest savings.

Changes in fund balances as a result of 2005 operations for individual Major Governmental Funds and the combined "Other" Non-Major Governmental Funds are as follows:

Fund	2004	2005	Increase (Decrease)
General Fund	22,220,732	25,003,652	2,782,920
Arterial Street	2,078,978	2,088,971	9,993
Capital Improvements	5,826,040	5,478,620	(347,420)
LID Control	202,737	74,157	(128,580)
Other Governmental Funds	1,592,284	1,991,059	398,775

**Results of Operations - Proprietary Funds**

The City operates three utilities - water, sewer, and storm drain. Water is purchased on a wholesale basis from the City of Seattle. The City does not operate a sewage disposal system, but instead contracts with King County for this service. The Citywide storm and surface water drainage utility was established in 1995 to promote public health, safety, and welfare with a comprehensive approach to surface and storm water problems - including basin planning, land use regulation, facility

construction, maintenance, and public education. The water and sewer distribution and collection systems in South Bothell are maintained and operated locally. A separate Public Utility District serves the northern portion of the City, which is located in Snohomish County.

In 2005, the City operated three internal service funds - Equipment Rental (Fleet), Self Insurance, and Asset Replacement.

Two additional internal service funds, Computer Services and Facilities Management, were absorbed into the General Fund at the end of 2003.

Comparative data for the City's internal service funds is presented below:

Fund	Operating Revenues		Net Assets	
	2004	2005	2004	2005
Water	3,259,509	3,004,837	9,450,031	10,131,952
Sewer	3,564,534	4,092,654	8,544,038	9,227,906
Storm Drain	1,733,226	1,806,901	8,947,300	9,494,453
Equipment Rental*	0	0	686,925	727,498
Self Insurance*	0	0	19,999	60,775
Asset Replacement*	0	0	4,732,145	4,530,146

\*Internal Service Funds are reimbursed for their operating costs through operating transfers.

In 2005, Water, Sewer and Storm Drain operating revenues increased 4%, or \$347,000. The increase in utility revenues was substantially due to pass-through rate increases on wholesale water and contracted sewage disposal.

### Debt Administration

The City has three types of bond debt issues outstanding - general obligation (GO), revenue, and special assessment. Other general government long-term debt includes \$1,599,232 in Public Works Administration loans. Total long-term debt, including GO bonds outstanding at December 31, 2005, is \$8,854,233. The City's debt capacity is outlined in note 12, located in section IIB of this document under the Basic Financial Statements section, page 38.

### Economic Condition

City management had the foresight to plan ahead for uncertain economic times. Management's conservative pay-as-you-go approach to spending and planning ahead for a "rainy day" paid off for the citizens of Bothell in the early 2000's when the national economy slowed after 9/11, creating a recession in the business sector. High unemployment and low consumer confidence followed, which resulted in a significant reduction in spending.

The unemployment rate in Washington State peaked in June 2003 at 7.8%. The economy slowly recovered over the next two years, and by the end of 2005 it had recovered fully. The State's unemployment rate has fallen to 5.3%. This is still 0.4% above the national average, but local economists are predicting that the Snohomish County area will expand considerably faster than the rest of the Puget Sound region over the next five to six years. The two major drivers behind this projected growth are a significant rise in aerospace jobs (Boeing) and an increase in population/households brought about by a higher volume of Seattle-area employees wanting to live outside Seattle (in suburbs such as Bothell) while commuting to work. In 2005, and even more so in the first half of 2006, the City has seen a considerable climb in both single and multi-family home permit applications.

City management consistently monitors economic indicators, and works conscientiously to ensure the City's fiscal stability is maintained through comprehensive fiscal strategic planning. In 2002, the City conducted a review of its Comprehensive Plan and zoning requirements to investigate changes conducive to stimulating the City's

economic base. In 2003, this review resulted in the City Council passing an ordinance increasing building heights in certain areas of the City.

Bothell's economic base is also enhanced by its location within the area known as the "technology corridor", which extends from Bellevue in King County to southern Everett in Snohomish County. Based on a private sector marketing concept, the corridor includes approximately 20 million square feet of commercial and light industrial space housed in campus-style business parks along the ten-mile corridor. Due to annexations over the past ten years, four of the original six business parks in the corridor now lie within Bothell's city limits.

The Schnitzer North Creek and Quadrant business parks are well established. Together they cover 315 acres and provide facility space for over 180 businesses. Types of businesses currently operating in the parks include computer hardware and software developers, environmental engineering researchers, and manufacturers. There are also hotel facilities, insurance corporate headquarters, a Home Depot outlet, a Staples outlet, and the regional newspaper printing and distribution plant for The Seattle Times.

The Canyon Park Business Center is located in Snohomish County. This business park houses Food and Drug Administration (FDA) offices and biopharmaceutical manufacturing facilities.

Other companies located in the Canyon Park area are Philips Ultrasound, Eldec Corporation, which produces aerospace electronics, and Immunex, which is a major biotech company.

The eight-acre Quadrant Monte Villa Center began to develop in 1995. The first park occupant was Quinton Instruments, a pharmaceuticals manufacturer with a 30,000 square foot facility. Today, other park occupants include Cingular Wireless, which currently is the park's largest resident, as well as many insurance, scientific, and service industry businesses.

Growth within the technology corridor should continue to add diversity and strength to Bothell's economic base.

In coming years, future downtown redevelopment is also expected to add to the City's economic base, along with significant growth in admission capacity being planned for the shared University of Washington-Bothell and Cascadia Community College campus.

#### **Awards**

City management was delighted to receive the following Government Finance Officers Association (GFOA) awards in 2005:

- **GFOA Certificate of Achievement for Excellence in Financial Reporting** for the City's 2004 Comprehensive Annual Financial Report (CAFR).

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting.

Our City's CAFR was judged to adhere to the high standards of the certificate program, including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users to read the document.

- **GFOA Distinguished Budget Presentation Award** for the City's 2005 – 2006 biennial budget document.

The GFOA presents this award to governments whose budget documents meet the GFOA's criteria as an effective policy document, a financial plan, an operations guide, and a communication device.

I'd like to express my appreciation to the Finance staff for their efforts in preparing this report. Appreciation is also extended to City Council and City management for their encouragement and support.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Tami Schackman', with a long horizontal flourish extending to the right.

Tami Schackman  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bothell,  
Washington

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

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.



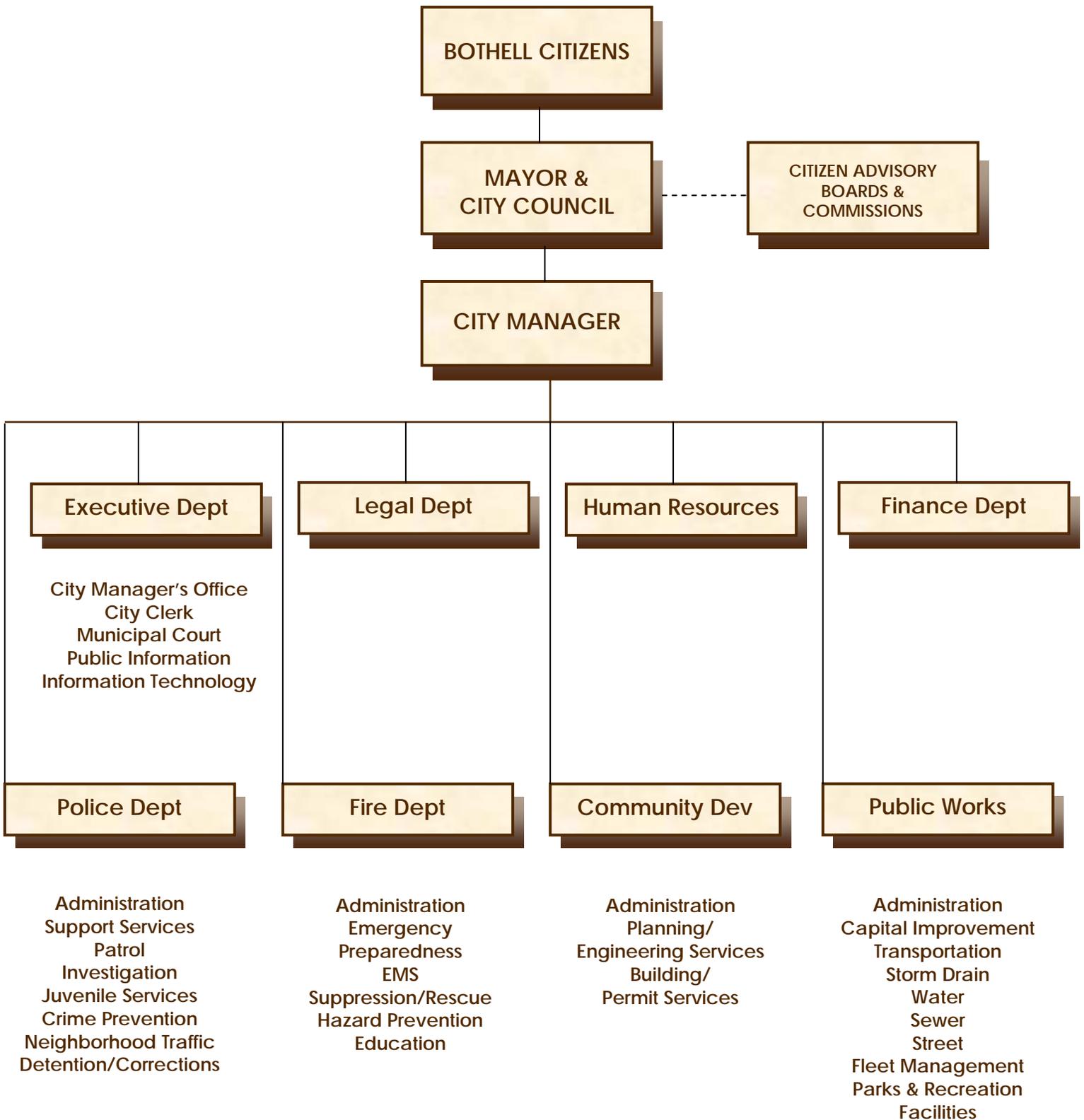
*Carla E. Perry*

President

*Jeffrey R. Emmer*

Executive Director

# City of Bothell 2007-2008



# City of Bothell Elected Officials

(Officials at Time of Report Submission)



**MAYOR**  
**Mark Lamb**



**Joshua Freed**



**Sandy Guinn**  
Deputy Mayor



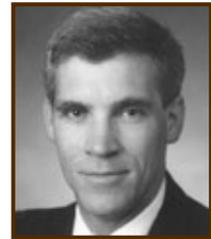
**Tim Tobin**



**Del Spivey**



**Andrea Perry**



**Patrick Ewing**

## EXECUTIVE STAFF

**City Manager**  
**Assistant City Manager**  
**Finance Director**  
**Human Resources Director**  
**City Attorney**  
**Community Development Director**  
**Interim Fire Chief**  
**Police Chief**  
**Public Works Director**

**Robert S. Stowe**  
**Manny Ocampo**  
**Tami Schackman**  
**Jamie Marsden**  
**Michael Weight**  
**Bill Wiselogle**  
**Ron Zsigmondovics**  
**Forrest Conover**  
**Doug Jacobsen**

# Management Discussion & Analysis





**Washington State Auditor  
Brian Sonntag**

**INDEPENDENT AUDITOR'S REPORT**

May 16, 2006

Council  
City of Bothell  
Bothell, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bothell, King County, Washington, as of and for the year ended December 31, 2005, 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bothell, King County, Washington, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof, 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 A-1 through A-13 and budgetary comparison information on pages C-1 through C-2 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 on pages D-1 through D-19 and supplemental information on pages E-1 through E-15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Sincerely,

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

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

## Management's Discussion and Analysis

The discussion and analysis section of Bothell's Comprehensive Annual Financial Report (CAFR) is prepared by City management to provide CAFR users with an overview of the City's financial activity and performance for the fiscal year ended December 31, 2005.\*

*\* Users are encouraged to read the information within this section in conjunction with the data furnished in the Chief Financial Officer's transmittal letter (section I, pages i - xi) and the City's financial statements (section IIB, pages 1 - 40).*

### Financial Highlights

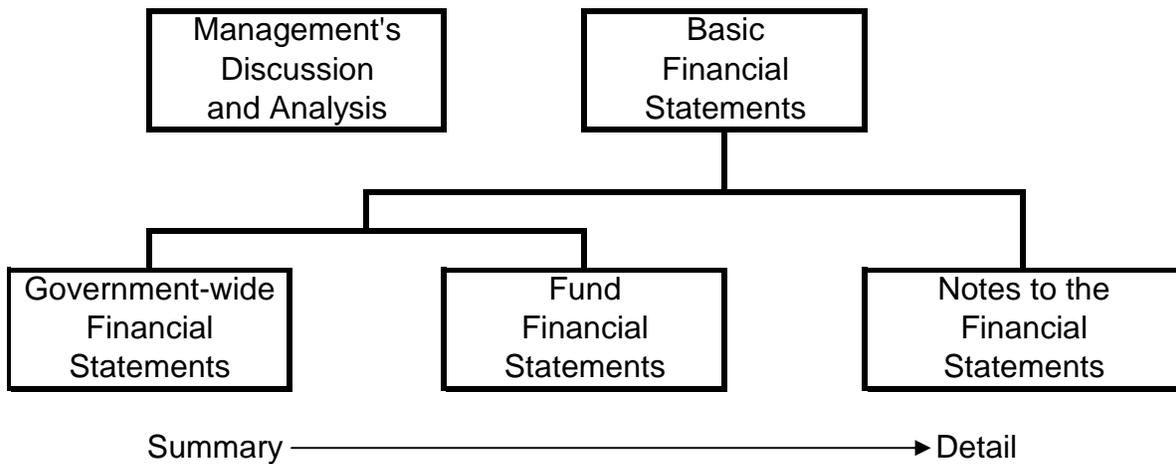
- Fund balance for the General Fund as of 12/31/05 was \$25,003,652, or 81% of total 2005 budgeted expenditures. Total fund balance for all governmental funds was \$34,636,459 as of 12/31/05.
- Total net change in fund balance for governmental funds in 2005 was \$2,782,920.
- City debt decreased by \$3,071,461 in 2005.
- Total net assets for governmental activities decreased by \$15,066,771 in 2005, due significantly to depreciation of infrastructure assets.
- Total cost of General Fund activities in the first year of the City's 2005-2006 biennial budget was \$27,019,193, compared to \$26,791,865 in 2004.
- In 2005, revenues exceeded expenditures in the General Fund by \$3,824,358.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City.

## Required Components of Annual Financial Report

Figure 1



The first two statements in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the City's financial status.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The final section of the basic financial statements is the notes. The notes to the financial statements further detail some of the data contained in those statements. Following the notes, supplemental information provides details about the City's individual funds and contains budgetary information required by the General Statutes.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets should serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

For the City of Bothell, both of the government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities.

The governmental activities include most of the City's basic services such as general administration, public safety, parks and recreation, and public services. Sales and property taxes (along with state and federal grant funds) finance most of these activities. The business-type activities are those that the City charges customers to provide. These include Water, Sewer, and Storm Drain management.

The government-wide financial statements can be found in section IIB, on pages 1-3 of this report.

### **Fund Financial Statements**

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bothell, like all other governmental entities in Washington State, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as State Statutes and the City's budget ordinance. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are more or less financial resources available to finance the City's programs. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison to governmental activities in the government-wide financial statements.

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General, Arterial, Capital Improvements, and LID Control funds, which are considered major funds. Data for the other ten governmental funds is combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

In 2003, the City adopted its first biennial budget for its General Fund. Budgetary comparison data is provided for the General Fund to demonstrate compliance with the City's adopted biennial budget. "Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual" schedules begin in section IIC, on page 1 of the Required Supplemental Information section.

**Proprietary Funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, and Storm Drain activities. Internal service funds are an accounting method used to accumulate and allocate costs internally among the City's various funds and programs. The City uses internal service funds to account for its Equipment Rental, Self Insurance, and Asset Replacement functions. The internal service funds predominately benefit governmental rather than business-type activities, and therefore have been included with governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found in section IIB, on pages 8-10 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements are located in section IIB, on pages 11-12 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement are presented in section IIB, on pages 13-40 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's progress in funding its obligation to provide employee pension benefits. Required supplementary information can be found in section IIC. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules are located in sections D and E of this report.

## **Government-Wide Financial Analysis**

The government-wide financial statements for the fiscal year ended December 31, 2002 were the beginning of a new era in financial reporting for the City of Bothell and many other government entities across the United States. Prior to 2002, the City maintained its governmental and proprietary fund groups as two separate and very distinct types of accounting, without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only.

No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the City. These statements were basically the equivalent of the fund financial statements that appear in this report - with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model were mandated by Governmental Accounting Standards Board Statement 34. While the City was required to implement these changes for the fiscal year ended June 30, 2004, smaller entities were not required to implement until 2005.

Due to the implementation of the new reporting model, comparative data for all facets of the City's report were not available in 2002, although comparative numbers were included when they were accessible. Beginning with the City's 2003 report, comparative data has been available for all facets and therefore provides additional opportunity for comparative analysis. As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition.

The assets of the City exceeded liabilities by \$976,812,268 as of December 31, 2005. Investments in capital assets (e.g. land, buildings, machinery, and equipment) are by far the largest portion of the City's net assets (95 percent), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens - consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**  
**City of Bothell's Net Assets**  
**As of December 31, 2005**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 46,217,994	\$ 40,798,941	\$ 9,110,040	\$ 7,803,668	\$ 55,328,034	\$ 48,602,609
Capital assets	916,224,844	936,683,699	21,738,950	21,311,650	937,963,794	957,995,349
<b>Total assets</b>	<b>\$ 962,442,838</b>	<b>\$ 977,482,640</b>	<b>\$ 30,848,989</b>	<b>\$ 29,115,318</b>	<b>\$ 993,291,828</b>	<b>\$ 1,006,597,958</b>
Long-term debt	\$ 6,267,911	\$ 10,119,311	\$ 1,578,782	\$ 1,806,381	\$ 7,846,693	\$ 11,925,692
Other liabilities	8,216,960	4,338,590	415,897	367,568	8,632,857	4,706,158
<b>Total liabilities</b>	<b>\$ 14,484,871</b>	<b>\$ 14,457,901</b>	<b>\$ 1,994,679</b>	<b>\$ 2,173,949</b>	<b>\$ 16,479,550</b>	<b>\$ 16,631,850</b>
Net assets:						
Invested in capital, net of debt	\$ 908,007,883	\$ 926,564,388	\$ 20,160,168	\$ 19,505,269	\$ 928,168,051	\$ 946,069,657
Restricted		5,475,649	45,960	45,950	45,960	5,521,599
Unrestricted	39,950,084	30,984,702	8,648,183	7,390,151	48,598,267	38,374,853
<b>Total net assets</b>	<b>\$ 947,957,967</b>	<b>\$ 963,024,739</b>	<b>\$ 28,854,311</b>	<b>\$ 26,941,370</b>	<b>\$ 976,812,278</b>	<b>\$ 989,966,108</b>

The City's \$39,950,084 in unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the 2005 fiscal year, the City is able to report positive balances in all three categories of net assets - both for the government as a whole and for its separate governmental and business-type activities.

Bothell's net assets from operations decreased citywide by \$13,153,830 during 2005.

**Governmental Activities.** Governmental activities decreased the City's net assets by \$15,066,771. The key factors influencing the decrease to net assets are described below:

- \$25,185,022 decrease due to the depreciation of infrastructure assets;
- \$4,736,194 increase resulting from capital asset expenditures, which will be depreciated over their useful life;
- \$120,651 decrease due to internal service funds used by management to charge for costs of certain activities to individual funds. The net (expense) of the internal service funds and the internal balances are reported with the governmental activities; and
- \$2,843,862 increase attributable to bond principal payments that reduced long-term liabilities on the statement of assets.

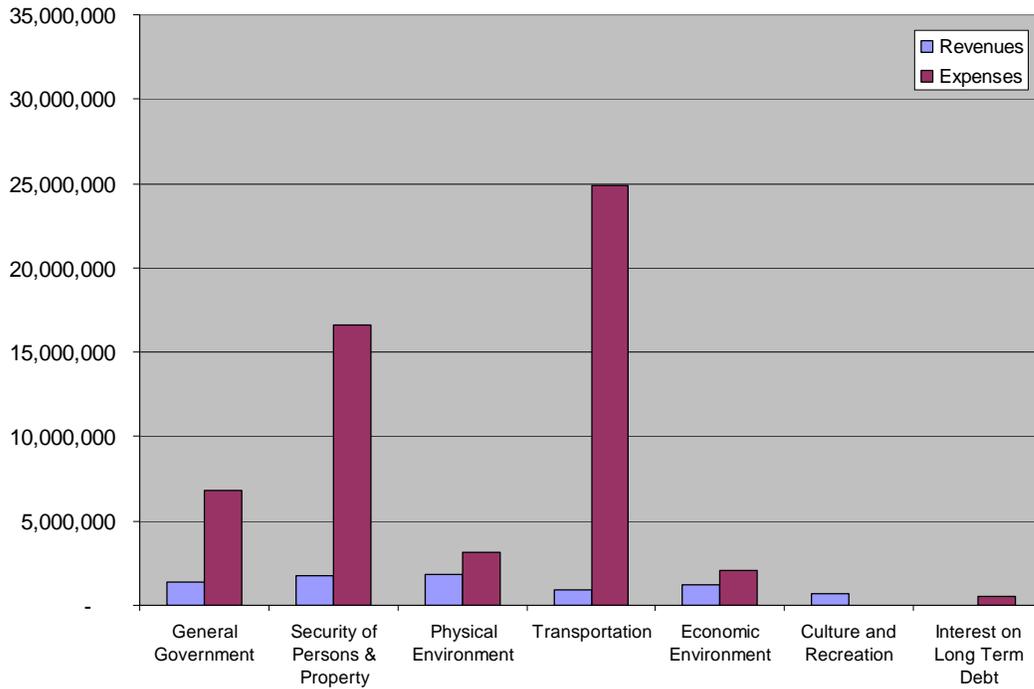
**Business-type Activities.** Business-type activities increased the City's net assets by \$1,912,941. The key components of this increase were bond principal payments that reduced long-term liabilities, investment interest, capital contributions from developers, and expenditures for construction in progress.

In 2005, the overall financial position of the City did not materially change.

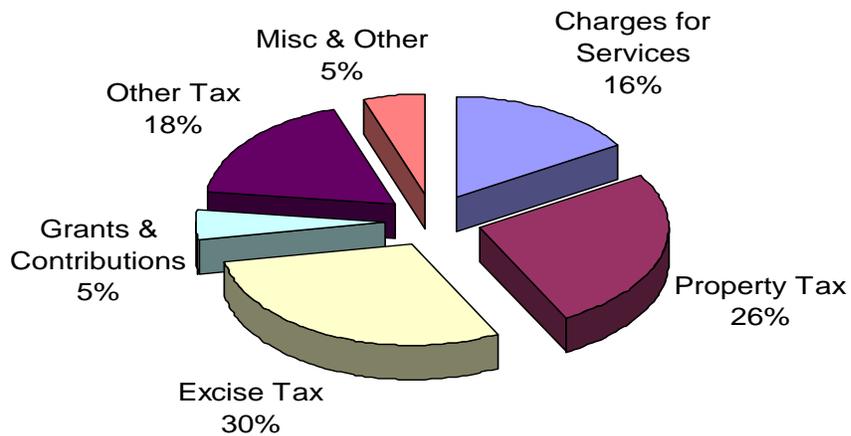
Table 2  
Changes in Net Assets  
As of December 31, 2005

	2005			2004		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Revenues						
Program revenues						
Charges for services	\$ 6,063,741	\$ 8,904,392	\$ 14,968,133	\$ 6,405,611	\$ 8,557,269	\$ 14,962,880
Operating grants and contributions	1,106,751		1,106,751	872,463		872,463
Capital grants and contributions	652,446	306,945	959,391	333,556		333,556
General revenues						
Property tax	9,792,823		9,792,823	9,363,115		9,363,115
Excise tax	11,040,881		11,040,881	9,355,346		9,355,346
Business tax	6,689,465		6,689,465	6,433,375		6,433,375
Interest and investment earnings	1,103,359	155,914	1,259,273	391,823	53,708	445,531
Miscellaneous	1,953,704		1,953,704	1,414,231		1,414,231
<b>Total revenue</b>	<b>\$ 38,403,169</b>	<b>\$ 9,367,251</b>	<b>\$ 47,770,420</b>	<b>\$ 34,569,520</b>	<b>\$ 8,610,977</b>	<b>\$ 43,180,497</b>
Program expenses including indirect expenses						
General government	6,795,788		6,795,788	6,459,084		6,459,084
Security of persons and property	16,624,606		16,624,606	16,513,236		16,513,236
Physical environment	3,127,375		3,127,375	4,706,457		4,706,457
Transportation	24,857,528		24,857,528	34,035,627		34,035,627
Economic environment	2,100,999		2,100,999	2,184,275		2,184,275
Interest on long-term debt	511,467		511,467	551,882		551,882
Water		2,291,688	2,291,688		3,031,706	3,031,706
Sewer		3,473,410	3,473,410		3,179,756	3,179,756
Storm Drain		1,141,388	1,141,388		1,181,700	1,181,700
<b>Total expenses</b>	<b>\$ 54,017,763</b>	<b>\$ 6,906,486</b>	<b>\$ 60,924,250</b>	<b>\$ 64,450,560</b>	<b>\$ 7,393,161</b>	<b>\$ 71,843,723</b>
Excess (deficiency)	(15,614,594)	2,460,765	(13,153,830)	(29,881,040)	1,217,816	(28,663,226)
Transfers	547,823	(547,823)		521,153	(521,153)	
<b>Change in net assets</b>	<b>\$ (15,066,771)</b>	<b>\$ 1,912,941</b>	<b>\$ (13,153,830)</b>	<b>\$ (29,359,888)</b>	<b>\$ 696,662</b>	<b>\$ (28,663,226)</b>
Net assets beginning	963,024,739	26,941,370	989,966,108	992,384,627	26,214,748	1,018,629,334
Net assets ending	947,957,967	28,854,311	976,812,278	963,024,739	26,941,370	989,966,108

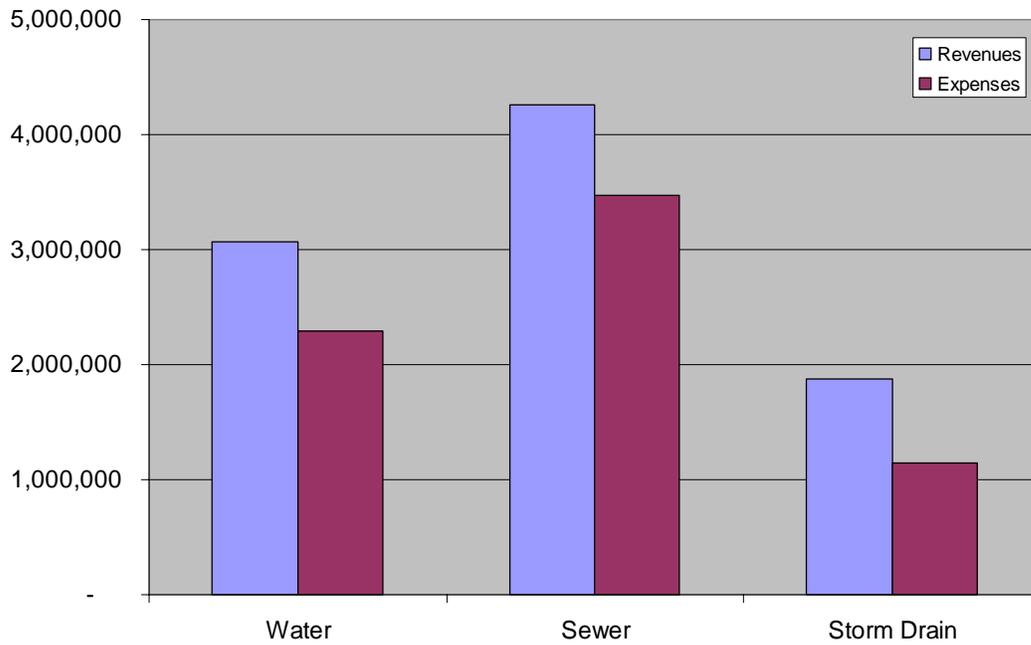
### Expenses and Program Revenues - Governmental Activities



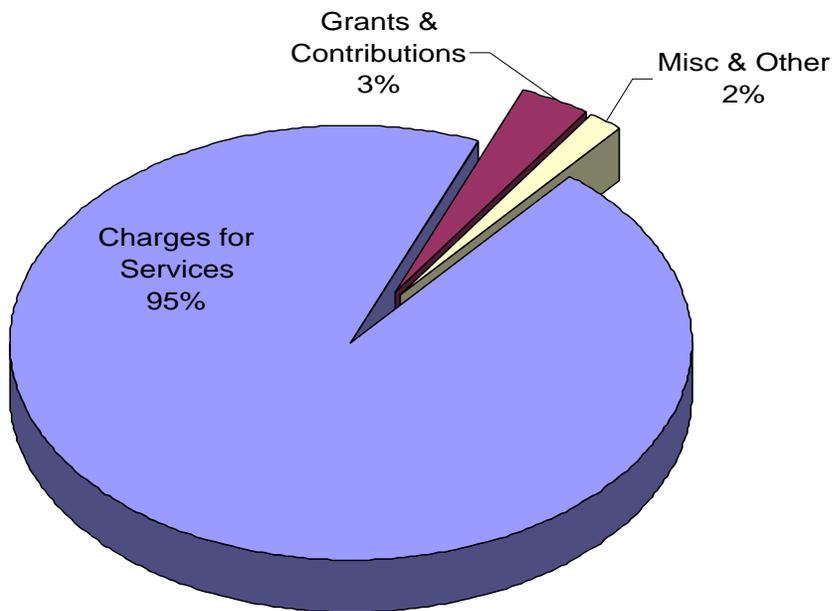
### 2005 Governmental Activities Revenue



### Expenses and Program Revenues - Business-type Activities



### 2005 Business-type Program Revenue



**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$25,003,652. (See Basic Financial Statements Page 4.)

At December 31, 2005, the total governmental funds of the City reported a combined fund balance of \$34,636,459, nearly a 9% increase from 2004. Included in this change in fund balance are increases in the General, Arterial Street and other governmental funds, along with decreases in the Capital Improvements and LID Control Funds.

Fund balance for the City's General Fund increased 13% in 2005 (\$2,782,920), compared to 1% (\$337,497) in 2004. The key factor influencing the deviation in fund balance growth between 2004 and 2005 was the same as the City experienced in 2003 and 2004 – with the implementation of biennial budgeting in 2003, department directors now have the opportunity to carry over projects and acquisitions from the first year of the biennium into the second year. Therefore, expenditures for the first year of the biennium are not wholly tied to the annual revenue receipts of the same period.

**General Fund Budgetary Highlights:** During the fiscal year, the City revised the budget on only one occasion. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that were used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services.

The City's only General Fund budget amendment in the first year of its 2005-2006 biennial budget was adopted on November 21, 2005, and was made to appropriate the following:

- \$754,150 net in various grant and contribution/donation revenues, along with \$766,650 in associated program/capital expenditures;
- \$144,500 for park improvement expenditures, which were budgeted in 2004 but were not expensed until 2005;
- \$100,000 for unanticipated comprehensive plan studies;
- \$958,000 in investment earnings due to higher than expected interest rates; and
- (\$680,000) in Emergency Medical Service (EMS) Utility fee revenues. The City stopped collecting this fee and began issuing refunds in April 2005 after a similar fee in a nearby city was invalidated by the Washington State Supreme Court.

The budget amendment's net effect was a \$21,000 increase in the General Fund's estimated 2005 ending fund balance.

Significant differences between the General Fund final amended budget and actual spending are as follows:

- General Fund revenues ended the year 6% (approximately \$1,780,000) ahead of 2005 projections. Retail and construction sales tax receipts (+\$1,520,000), building permit fees (+\$289,000), plan check fees (+\$315,000), and EMS Utility fees (-\$680,000) were the primary drivers.
- General Fund expenditures ended 2005 at 7% (approximately \$2,160,000) below their biennial target. Salary and benefit expenditures came in \$978,000 under their 2005 budget due to salary savings resulting from a number of key position vacancies, as well as pension costs that were \$300,000 lower than anticipated. Maintenance and operating expenditures finished the year approximately \$1,180,000 less than expected. Most of this variance was due to expenditures that simply did not occur before year-end 2005, but were instead pushed into 2006. Examples include information technology equipment replacement (-\$344,000), the Downtown Master Plan project (-\$100,000), staff development such as tuition reimbursement and training (-\$99,000), and tourism promotional funds (-\$72,000).

**Proprietary Funds.** The City's proprietary fund statements provide the same type of information found in the government-wide statement, but in more detail. Unrestricted net assets are as follows: Water \$2,049,446; Sewer \$3,221,661; Storm Drain \$3,377,077.

The total growth in net assets for each proprietary fund is as follows: Water increased \$681,970; Sewer increased \$683,686; and Storm Drain increased \$547,153. Other factors concerning the finances of these funds were addressed in the discussion of the City's business-type activities.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2005, totaled \$937,963,794 (net of accumulated depreciation). These assets include bridges, right-of-way, buildings, streets and sidewalks, land, machinery and equipment, and vehicles.

Table 3  
Capital Assets at Year End  
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land and land improvements	\$ 10,935,002	\$ 10,935,002	\$ 285,302	\$ 285,302	\$ 11,220,304	\$ 11,220,304
Infrastructure right-of-way	66,050,120	66,050,120			66,050,120	66,050,120
Buildings	16,712,047	16,600,046	118,434	123,914	16,830,481	16,723,960
Improvements	12,507,680	9,661,377	20,212,507	20,077,966	32,720,186	29,739,343
Infrastructure	803,762,127	827,165,048			803,762,127	827,165,048
Vehicles	1,711,687	1,774,933	112,317	220,311	1,824,004	1,995,244
Machinery & equipment	589,872	656,129	55,050	57,248	644,922	713,378
Construction in progress	3,956,309	3,841,044	955,341	546,909	4,911,651	4,387,953
<b>Total</b>	<b><u>\$ 916,224,844</u></b>	<b><u>\$ 936,683,699</u></b>	<b><u>\$ 21,738,950</u></b>	<b><u>\$ 21,311,651</u></b>	<b><u>\$ 937,963,794</u></b>	<b><u>\$ 957,995,350</u></b>

Additional information on the City's capital assets can be found in section IIB, note 5, on pages 26-27 of the Basic Financial Statements.

**Long-Term Debt.** As of December 31, 2005, the City had total debt outstanding of \$8,854,232.

Table 4  
Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2004	2005	2004	2005	2004	2005
General obligation debt	\$ 9,305,000	\$ 6,835,000	\$	\$	\$ 9,305,000	\$ 6,835,000
Revenue debt			230,000	115,000	230,000	115,000
Assessment debt	645,000	305,000			645,000	305,000
Other debt	169,312	135,450	1,576,381	1,463,782	1,745,693	1,599,232
<b>Total</b>	<b><u>\$ 10,119,312</u></b>	<b><u>\$ 7,275,450</u></b>	<b><u>\$ 1,806,381</u></b>	<b><u>\$ 1,578,782</u></b>	<b><u>\$ 11,925,693</u></b>	<b><u>\$ 8,854,232</u></b>

Washington State statutes limit the amount of general obligation debt issued by a unit of government to 7.5 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Bothell is \$395,455,399. The City has \$6,835,000 in outstanding bonds at December 31, 2005. Additional information regarding the City's long-term debt is located in section IIB, note 12, on pages 38-40.

### **Economic Factors and Next Year's Budgets/Rates**

- Following years of battling revenue shortfalls, municipalities throughout the Puget Sound Region are experiencing an expanding economy – jobs, personal incomes and population figures are all growing.
- In 2005, Washington State's unemployment rate fell 0.5 percent - ending the year at 5.3 percent. Washington's unemployment rate remains 0.4 percent higher than the 4.9 percent National average.
- City fees increase annually in line with the Consumer Price Index (CPI).

### **Biennial Budget Highlights for the Period Ending December 31, 2006**

**Governmental Activities:** In late 2004, the City Council, in conformity with Initiative 747, adopted the City's property tax levy for 2006 at 1 percent over its 2005 levy, plus an additional 2% for new construction. The actual new construction figure for 2006 is on track to top the budget figure by an additional 5%, or approximately \$350,000. Sales tax revenues are also expected to surpass biennial budget projections by nearly 16%, due to an escalation in the construction of single and multi-family residences and an overall increase in spending.

**Business-Type Activities:** In 2006, City Council increased City-run utility rates as follows: Water 0%, Sewer 0% and Storm Drain 3.1%.

### **Requests for Information**

The CAFR is designed to provide a general overview of the City of Bothell's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial data should be addressed to:

The City of Bothell  
Finance Director  
18305 101<sup>st</sup> Avenue NE  
Bothell, WA 98011

# Basic Financial Statements



**City of Bothell**  
**Statement of Net Assets**  
**December 31, 2005**

	2005		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	3,034,205	1,863,766	4,897,971
Investments	37,837,948	5,560,776	43,398,724
Receivables (net)	5,180,477	1,685,497	6,865,974
Taxes receivable	165,365		165,365
Capital assets:			
Non-depreciable	80,941,431	1,240,643	82,182,074
Depreciable, net	<u>835,283,413</u>	<u>20,498,307</u>	<u>855,781,720</u>
<b>Total assets</b>	<u><b>962,442,838</b></u>	<u><b>30,848,990</b></u>	<u><b>993,291,828</b></u>
<b>Liabilities</b>			
Accounts payable	5,539,436	415,897	5,955,332
Unearned revenue	728,475		728,475
Long-term liabilities (see note 12)			
Due within one year	1,460,374	227,599	1,687,973
Due in more than one year	<u>6,756,587</u>	<u>1,351,184</u>	<u>8,107,770</u>
<b>Total liabilities</b>	<u><b>14,484,871</b></u>	<u><b>1,994,679</b></u>	<u><b>16,479,550</b></u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	908,007,883	20,160,168	928,168,051
Restricted for:			
Debt service		45,960	45,960
Unrestricted (deficit)	<u>39,950,084</u>	<u>8,648,183</u>	<u>48,598,267</u>
<b>Total net assets</b>	<u><b>947,957,967</b></u>	<u><b>28,854,311</b></u>	<u><b>976,812,278</b></u>

The accompanying notes are an integral part of this statement  
Basic Financial Statements 1

**City of Bothell**  
**Statement of Activities**  
**For the Year Ended December 31, 2005**

Functions/program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Government activities:				
General government	6,795,788	1,369,104	3,500	
Security of persons and property	16,624,606	1,301,166	464,648	
Physical environment	3,127,375	1,132,053	56,936	652,446
Transportation	24,857,528	923,975	28,810	
Economic environment	2,100,999	1,193,016		
Culture and recreation		144,427	552,856	
Interest on long-term debt	511,467			
<b>Total governmental activities</b>	<b>54,017,763</b>	<b>6,063,741</b>	<b>1,106,751</b>	<b>652,446</b>
Business-type activities:				
Water	2,291,688	3,004,837		65,590
Sewer	3,473,410	4,092,654		166,428
Storm drain	1,141,388	1,806,901		74,927
<b>Total business-type activities</b>	<b>6,906,486</b>	<b>8,904,392</b>	<b>-</b>	<b>306,945</b>
<b>Total primary government</b>	<b>60,924,250</b>	<b>14,968,133</b>	<b>1,106,751</b>	<b>959,391</b>

General Revenues:  
Property tax  
Excise tax  
Business tax  
Interest and investment earnings  
Miscellaneous  
Transfers

Total general revenues, special items and transfers

Change in net assets

Net assets - beginning

Net assets - ending

**City of Bothell**  
**Statement of Activities**  
**For the Year Ended December 31, 2005**

Assets Governmental Activities	Net(expense)Revenues and Changes in Net Primary Government Business-type Activities	Total
(5,423,184)		(5,423,184)
(14,858,791)		(14,858,791)
(1,285,940)		(1,285,940)
(23,904,743)		(23,904,743)
(907,983)		(907,983)
697,283		697,283
(511,467)		(511,467)
<u>(46,194,826)</u>		
	778,739	778,739
	785,672	785,672
	740,440	740,440
	<u>2,304,851</u>	
<u>(46,194,826)</u>	<u>2,304,851</u>	<u>(43,889,975)</u>
9,792,823		9,792,823
11,040,881		11,040,881
6,689,465		6,689,465
1,103,359	155,914	1,259,273
1,953,704		1,953,704
547,823	(547,823)	
<u>31,128,054</u>	<u>(391,910)</u>	<u>30,736,145</u>
(15,066,771)	1,912,941	(13,153,830)
<u>963,024,739</u>	<u>26,941,370</u>	<u>989,966,108</u>
<u>947,957,968</u>	<u>28,854,311</u>	<u>976,812,277</u>

The accompanying notes are an integral part of this statement  
Basic Financial Statements 3

**City of Bothell**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2005**

	General	Special Revenue Fund Arterial Street	Capital Projects Fund Capital Improvements	Debt Service Fund LID Control	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Current cash & cash equivalents	584,621	132,233	923,381	72,734	666,234	2,379,201
Investments	22,781,174	1,657,955	4,246,746		4,460,701	33,146,575
Receivables (net of allowances)						
Taxes	146,749				18,617	165,365
Accounts receivable	729,524			555,401	93,904	1,378,829
Due from other governmental units	2,920,763	304,671	308,493		175,232	3,709,160
Due from employees	91,488					91,488
<b>TOTAL ASSETS</b>	<b><u>27,254,319</u></b>	<b><u>2,094,859</u></b>	<b><u>5,478,620</u></b>	<b><u>628,134</u></b>	<b><u>5,414,687</u></b>	<b><u>40,870,619</u></b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts payable	1,099,761	5,888			3,358,119	4,463,768
Unearned revenue	155,882			553,977	18,617	728,475
Deposits payable	13,050					13,050
Payroll payable	982,723				46,893	1,029,616
Due to other governmental units	(749)					(749)
<b>Total liabilities</b>	<b><u>2,250,667</u></b>	<b><u>5,888</u></b>	<b><u>-</u></b>	<b><u>553,977</u></b>	<b><u>3,423,628</u></b>	<b><u>6,234,160</u></b>
<b>Fund balances</b>						
Unreserved, report in:						
General funds	25,003,652					25,003,652
Special revenue funds		2,088,971			1,628,555	3,717,526
Debt service funds				74,157	362,504	436,662
Capital projects			5,478,620			5,478,620
<b>Total fund balances</b>	<b><u>25,003,652</u></b>	<b><u>2,088,971</u></b>	<b><u>5,478,620</u></b>	<b><u>74,157</u></b>	<b><u>1,991,059</u></b>	<b><u>34,636,459</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>27,254,319</u></b>	<b><u>2,094,859</u></b>	<b><u>5,478,620</u></b>	<b><u>628,134</u></b>	<b><u>5,414,687</u></b>	<b><u>40,870,619</u></b>

The accompanying notes are an integral part of this statement  
Basic Financial Statements 4

**City of Bothell**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**December 31, 2005**

Total fund balances for the governmental funds		34,636,459
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.

Non-depreciable assets	80,941,431	
Depreciable assets (net)	<u>835,283,413</u>	916,224,844

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:

5,313,625

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly are not reported as fund liabilities.

Compensated absences	(941,512)	
Bonds and notes payable	<u>(7,275,449)</u>	<u>(8,216,960)</u>

Total net assets of governmental activities		<u><u>947,957,967</u></u>
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**City of Bothell**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2005**

	General	Special Revenue Fund Arterial Street	Capital Projects Fund Capital Improvements	Debt Service Fund LID Control	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	23,918,354		2,144,708		790,510	26,853,571
Licenses and permits	1,010,503				75,862	1,086,365
Intergovernmental revenues	2,403,812	652,446			726,533	3,782,791
Charges for services	1,959,055	923,805			549,834	3,432,694
Fines and forfeitures	322,144					322,144
Interest earnings	763,013	55,653	101,162	38,716	34,637	993,181
Proceeds from the sale of capital assets	47,289					47,289
Other revenue	419,383	325		202,745		622,453
<b>Total revenue</b>	<b>30,843,551</b>	<b>1,632,229</b>	<b>2,245,870</b>	<b>241,460</b>	<b>2,177,377</b>	<b>37,140,487</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government	6,075,203					6,075,203
Security of persons and property	14,918,150				20,988	14,939,138
Transportation					1,371,919	1,371,919
Physical environment	2,243,369				2,100	2,245,469
Economic environment	1,942,086					1,942,086
<b>Debt service</b>						
Debt service - principal		33,862	1,760,000	340,000	710,000	2,843,862
Debt service - interest		1,693		29,775	479,999	511,467
Other expenditures				265	304	569
<b>Capital outlay</b>						
Capital outlay	1,840,386	1,586,681	423,790		5,609	3,856,465
<b>Total expenditures</b>	<b>27,019,193</b>	<b>1,622,236</b>	<b>2,183,790</b>	<b>370,040</b>	<b>2,590,920</b>	<b>33,786,178</b>
Excess of revenue over (under) expenditures	3,824,358	9,993	62,080	(128,580)	(413,542)	3,354,309
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	553,824				1,090,130	1,643,955
Transfer out	(1,595,263)		(409,500)		(277,812)	(2,282,575)
<b>Total other financing sources</b>	<b>(1,041,439)</b>	<b>-</b>	<b>(409,500)</b>	<b>-</b>	<b>812,318</b>	<b>(638,621)</b>
Net change in fund balances	2,782,920	9,993	(347,420)	(128,580)	398,776	2,715,689
FUND BALANCES - JANUARY 1, 2005	22,220,732	2,078,978	5,826,040	202,737	1,592,284	31,920,771
FUND BALANCES - DECEMBER 31, 2005	<u>25,003,652</u>	<u>2,088,971</u>	<u>5,478,620</u>	<u>74,157</u>	<u>1,991,060</u>	<u>34,636,459</u>

The accompanying notes are an integral part of this statement  
Basic Financial Statements 6

**City of Bothell**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2005**

Net change in fund balances - total governmental funds \$ 2,715,689

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.

Expenditures for capital assets	4,736,194
Depreciation	(25,185,022)

Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of assets.

Principal payments	2,843,862
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Increases in compensated absences is an expense in governmental funds, but the payment increases long-term liabilities in the statement of assets.	(56,843)
--	----------

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net (expense) of the internal service funds and internal balances are reported with governmental activities.	(120,651)
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Change in net assets of governmental activities	\$ (15,066,771)
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**City of Bothell**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**December 31, 2005**

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds	
	Water	Sewer	Storm Drain		Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	451,258	710,267	702,241	1,863,766	655,004
Investments	1,401,894	1,767,490	2,391,393	5,560,776	4,691,372
Accounts receivable	469,189	767,497		1,236,686	1,000
Due from other governments			413,401	413,401	
Special assessments receivable		35,410		35,410	
Total current assets	<u>2,322,341</u>	<u>3,280,665</u>	<u>3,507,034</u>	<u>9,110,040</u>	<u>5,347,376</u>
Non-current assets:					
Capital assets, net of depreciation					
Land	122,175	163,126		285,301	
Buildings	79,541	38,893		118,434	
Improvements other than buildings	9,301,608	5,584,970	5,325,928	20,212,507	
Equipment	0	4,050	51,000	55,050	1,178
Vehicles	17,025	19,014	76,278	112,317	18,238
Construction in progress	94,979	196,192	664,170	955,341	
Total non-current assets	<u>9,615,328</u>	<u>6,006,245</u>	<u>6,117,376</u>	<u>21,738,950</u>	<u>19,415</u>
Total assets	<u>11,937,669</u>	<u>9,286,910</u>	<u>9,624,411</u>	<u>30,848,990</u>	<u>5,366,791</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	173,769	7,593	64,644	246,005	21,384
Payroll payable	22,790	23,796	39,118	85,704	12,367
Compensated absences	30,376	27,615	26,196	84,187	14,622
Current portion of loans payable	112,599			112,599	
Current portion of revenue bonds	115,000			115,000	
Total current liabilities	<u>454,534</u>	<u>59,004</u>	<u>129,957</u>	<u>643,496</u>	<u>48,373</u>
Non-current liabilities					
Loans payable	1,351,184			1,351,184	
Total non-current liabilities	<u>1,351,184</u>	<u>-</u>	<u>-</u>	<u>1,351,184</u>	<u>-</u>
Total liabilities	<u>1,805,717</u>	<u>59,004</u>	<u>129,957</u>	<u>1,994,679</u>	<u>48,373</u>
<b>NET ASSETS</b>					
Investment in capital assets, net of related debt	8,036,546	6,006,245	6,117,376	20,160,168	19,415
Restricted for debt service	45,960			45,960	
Unrestricted	<u>2,049,446</u>	<u>3,221,661</u>	<u>3,377,077</u>	<u>8,648,183</u>	<u>5,299,003</u>
Total net assets	<u>10,131,952</u>	<u>9,227,906</u>	<u>9,494,453</u>	<u>28,854,311</u>	<u>5,318,418</u>

The accompanying notes are an integral part of this statement  
Basic Financial Statements 8

**City of Bothell**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2005**

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds	
	Water	Sewer	Storm Drain		Total
<b>OPERATING REVENUES</b>					
Charges for services	3,004,837	4,092,654	1,806,901	8,904,392	704,269
Total operating revenue	<u>3,004,837</u>	<u>4,092,654</u>	<u>1,806,901</u>	<u>8,904,392</u>	<u>704,269</u>
<b>OPERATING EXPENSES</b>					
Administrative and general	201,452	338,387	439,844	979,684	1,162,263
Purchased water	1,041,744			1,041,744	
Metro service		2,296,550		2,296,550	
Maintenance and operations	415,505	390,918	423,502	1,229,924	439,381
Customer accounts	56,032	56,384		112,416	
Taxes	289,319	230,540	81,746	601,606	
Capital outlay					557,595
Depreciation and amortization	259,566	160,631	196,296	616,493	10,027
Total operating expenses	<u>2,263,619</u>	<u>3,473,410</u>	<u>1,141,388</u>	<u>6,878,418</u>	<u>2,169,267</u>
<b>OPERATING INCOME (LOSS)</b>	<u>741,218</u>	<u>619,244</u>	<u>665,513</u>	<u>2,025,974</u>	<u>(1,464,997)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	42,013	48,213	65,688	155,914	110,178
Capital contributions from developers	65,590	166,428	74,927	306,945	
Gain (loss) on disposition of capital assets					32,725
Debt service					
Interest expense	(28,069)			(28,069)	
Total non-operating revenue (expense)	<u>79,535</u>	<u>214,641</u>	<u>140,615</u>	<u>434,790</u>	<u>142,903</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	820,752	833,884	806,128	2,460,765	(1,322,095)
Transfers in					1,561,266
Transfers out	(138,832)	(150,016)	(258,975)	(547,823)	(359,822)
<b>CHANGES IN NET ASSETS</b>	681,920	683,868	547,153	1,912,941	(120,651)
<b>NET ASSETS - BEGINNING</b>	9,450,031	8,544,038	8,947,300	26,941,370	5,439,069
<b>NET ASSETS - ENDING</b>	<u>10,131,952</u>	<u>9,227,906</u>	<u>9,494,453</u>	<u>28,854,311</u>	<u>5,318,418</u>

The accompanying notes are an integral part of this statement  
Basic Financial Statements 9

**City of Bothell**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2005**

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Water	Sewer	Storm Drain		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash received from customers	3,004,837	4,092,652	1,806,901	8,904,390	704,269
Cash paid to employees	(516,353)	(537,695)	(746,737)	(1,800,784)	(268,288)
Cash paid to suppliers for goods and services	(1,536,157)	(2,960,757)	(151,138)	(4,648,051)	(1,945,395)
Cash paid for taxes	(289,319)	(230,540)	(81,746)	(601,606)	
Net cash provided by operating activities	<u>663,009</u>	<u>363,660</u>	<u>827,279</u>	<u>1,853,948</u>	<u>(1,509,414)</u>
<b>CASH FLOW FROM NON-CAPITAL ACTIVITIES</b>					
Transfers in					1,561,266
Transfers out	(138,832)	(150,016)	(258,975)	(547,823)	(359,822)
Net cash provided from non-capital activities	<u>(138,832)</u>	<u>(150,016)</u>	<u>(258,975)</u>	<u>(547,823)</u>	<u>1,201,444</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	(408,602)	(35,970)	(292,275)	(736,848)	
Interest paid on capital debt	(28,069)			(28,069)	
Proceeds from the sale of capital assets					32,725
Net cash (used) by capital and related activities	<u>(436,671)</u>	<u>(35,970)</u>	<u>(292,275)</u>	<u>(764,916)</u>	<u>32,725</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investments	(129,694)	420,422	262,103	552,831	(86,882)
Interest and dividends	42,013	48,213	65,688	155,914	110,178
Net cash provided by investing activities	<u>(87,680)</u>	<u>468,635</u>	<u>327,791</u>	<u>708,745</u>	<u>23,296</u>
Net increase (decrease) in cash and cash equivalents	<u>(175)</u>	<u>646,309</u>	<u>603,820</u>	<u>1,249,954</u>	<u>(251,950)</u>
Balances - beginning of the year	451,433	63,959	98,421	613,813	906,953
Balances - end of year	<u>451,258</u>	<u>710,267</u>	<u>702,241</u>	<u>1,863,766</u>	<u>655,004</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	741,218	619,244	665,513	2,025,974	(1,464,997)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	259,566	160,631	196,296	616,493	10,027
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(96,453)	(416,374)		(512,827)	19,775
Decrease (increase) in due from other governments			(102,858)	(102,858)	
Decrease (increase) in special assessments deferred		6,436		6,436	
Increase (decrease) in non-capital accounts payable	(11,456)	(22,479)	60,595	26,660	(74,337)
Increase (decrease) in revenue bonds payable	(115,000)			(115,000)	
Increase (decrease) in compensated absences payable	(3,056)	6,785	2,602	6,332	(860)
Increase (decrease) in payroll payable	788	9,417	5,132	15,337	977
Increase (decrease) in contracts payable	(112,599)			(112,599)	
Net cash provided by operating activities	<u>663,009</u>	<u>363,660</u>	<u>827,279</u>	<u>1,853,948</u>	<u>(1,509,414)</u>
Noncash investing, capital and financing activities					
Increase (decrease) in fair value of investments	(2,950)	-	(10,737)	(13,687)	(25,000)

The accompanying notes are an integral part of this statement  
Basic Financial Statements 10

**City of Bothell**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2005**

	PENSION TRUST FIREMEN'S PENSION RES
<b>ASSETS</b>	
Cash and cash equivalents	12,671
Total receivables	12,671
Investments, at fair value	
U.S. agency	28,098
State investment pool	119,078
Total investments	147,176
Total assets	159,847
<b>LIABILITIES</b>	
Refunds payable and others	
Accounts payable	4,275
Total liabilities	4,275
<b>NET ASSETS</b>	
Held in trust for pension benefits and other purposes	155,571

The accompanying notes are an integral part of this statement  
Basic Financial Statements 11

**City of Bothell**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2005**

	PENSION TRUST
	FIREMEN'S PENSION RES
<b>ADDITIONS</b>	
Revenue/contributions:	
Fire insurance premium tax	32,787
Total revenue/contributions	32,787
Investment earnings:	
Interest	4,434
Total investment earnings	4,434
Total additions	37,221
<b>DEDUCTIONS</b>	
Benefits	17,463
Transfer out	15,000
Total deductions	32,463
Change in net assets	4,757
Net assets - beginning of year	150,814
Net assets - end of year	155,571

The accompanying notes are an integral part of this statement  
Basic Financial Statements 12

**Notes to Financial Statements  
December 31, 2005**

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## **Notes to Financial Statements January 1, 2005 through December 31, 2005**

The accompanying notes are an integral part of the enclosed financial statement.

### **NOTE 1**

#### **Summary of Significant Accounting Policies**

The City of Bothell was incorporated on April 14, 1909. The City operates under a Council-Manager form of government. The City's major operations, as authorized under the laws of the State of Washington applicable to a non-charter code city, include planning & zoning, public safety, public works, recreation & culture, and utilities.

The accounting and reporting policies of the City relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) when applicable, and pronouncements from the American Institute of Certified Public Accountants (AICPA) that have been made applicable by GASB Statements or Interpretations.

The City has elected not to apply FASB Statements and Interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989 to its proprietary activities.

In June 1999, GASB unanimously approved Statement 34, titled "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." Significant

changes resulting from Statement 34 include the following:

- The Management's Discussion and Analysis (MD&A) section, which analyzes the City's overall position and results of operation.
- Financial statements prepared using full accrual accounting for all City activities, including infrastructure (roads, bridges, etc.).
- Changes in the fund financial statements, focusing on major funds.

These and other changes (GASB 36 – 38) are reflected in the accompanying financial statements (including notes to the financial statements). The City has implemented the general provisions of Statement 34.

#### **A. REPORTING ENTITY**

As required by GAAP, the City's financial statements present the City of Bothell – the primary government. There are no component units included in these statements.

#### **B. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses.

The various funds are reported by generic classifications within the financial statements.

The City uses the following fund types:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. The General Fund is the City's general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- d. Capital project funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

2. Proprietary Funds:

Proprietary fund measurement is focused on determining operating income, changes in net assets, financial position, and cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and from producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the City's Water, Sewer and Storm Drain Funds are charges to customers for sales and services.

The Water, Sewer and Storm Drain Funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The applicable generally accepted accounting principles are similar to those used by businesses in the private sector. The following is a description of the proprietary funds of the City:

- a. Enterprise funds are required to be used to account for operations where a fee is charged to external users for goods or services and where the activity (a) is financed with debt that is solely secured by a pledge of the revenues; (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

b. Internal service funds are used to account for the financing of goods or services provided to other funds of the City on a cost-reimbursement basis.

### 3. Fiduciary Funds:

Fiduciary funds are used to report assets held in an agency capacity for others, and therefore are not available to support City programs.

The reporting focus is on net assets, using accounting principles similar to proprietary funds.

## **C. BASIC FINANCIAL STATEMENTS –GOVERNMENT-WIDE STATEMENTS**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). The government-wide financial statements categorize primary activities as either governmental or business type.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities. Fiduciary funds are excluded from government-wide statements.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities - general

government, security of persons & property, physical environment, transportation, economic environment, mental & physical health, culture & recreation, water, sewer (wastewater), and storm drain (storm water).

General government revenues (property taxes, retail sales & use taxes, business taxes, excise taxes, and other taxes) also support these functions. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the functions or a business-type activity. Program revenues are reported in three categories:

- a. Charges for services;
- b. Program-specific operating grants and contributions; and
- c. Program-specific capital grants and contributions.

Taxes and other items not properly included among program revenues are reported as general revenues.

Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Internal activity is eliminated from the government-wide statement of activities.

The net costs (by function or business-type activity) are normally covered by general revenue. Indirect costs are included in the program expense reported for individual functions and activities.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

The following describes each fund as presented in the fund financial statements:

## **MAJOR FUNDS**

### **Governmental Activities**

#### **a. General Fund**

The City of Bothell's General Fund accounts for all receipt and disbursement transactions of operations that are not accounted for in another fund. The General Fund includes police, health and social services, parks and recreation, finance and administration, planning, building inspection, community development, parks maintenance, public works and engineering management, and services contracted to other agencies.

#### **b. Arterial Street**

The Arterial Street Fund provides funding for street construction and transportation improvement projects. Work accomplished includes right-of-way acquisition, design, and construction of roadways, sidewalks, street lighting, traffic signals, and landscaping.

#### **c. Capital Improvement Fund**

The Capital Improvement Fund accounts for special revenue dedicated to capital and capital equipment purchases that are required for general operation purposes. Utility and Real Estate Excise Taxes are the main sources of revenue.

#### **d. Local Improvement District (LID) Funds Control**

LID Funds Control accounts for Special Assessment Bonds. These are not a direct responsibility of the City, but are funded from a collection of special assessment payments to finance public improvements or services deemed to benefit the properties against which the special assessments are levied.

### **Business-Type Activities**

#### **a. Water**

This fund is used to account for the provision of water service to a portion of the City. The City does not have its own water supply, but purchases water from the City of Seattle. All activities necessary to provide such service are accounted for in this fund, including administration, maintenance and operations, financing and debt service, and billing and collection. Funding for these activities is provided by charges to residential and commercial water customers, permit fees, interest earnings, and rental fees. System construction was originally financed by revenue bonds and contributed capital.

#### **b. Sewer**

This fund is used to account for the provision of sanitary sewer service to a portion of the City. The City of Bothell does not operate a sewage treatment plant, but is connected to the Metro system for service on a contract basis. All activities necessary to provide service are accounted for in this fund, including administration, maintenance, financing and related debt service, and billing and collection.

Funding for these activities is provided by charges to residential and commercial customers, permit fees, interest earnings, and rentals. System construction was financed originally by a local improvement district, contributed capital, and revenue bonds.

c. Storm and Surface Water Drainage  
This fund is used to account for the provision of storm and surface water drainage services throughout the City. This utility was established to promote public health, safety, and welfare with a comprehensive approach to surface and storm water problems.

This comprehensive approach includes basin planning, land use regulation, facility construction, maintenance, and public education. Because the most cost-effective and beneficial approach to surface and storm water management is through preventative actions and protection of the natural drainage system, the utility gives priority to methods which provide protection or enhancement of the natural surface water drainage system over means primarily involving construction of new drainage facilities or systems.

Funding for these activities comes from charges to real property within the service area. The amount of each charge is based on the degree to which the property contributes to an increase in surface and storm water runoff.

### **NON-MAJOR FUNDS**

#### **Other Governmental Funds**

a. Street Fund  
The Public Works Street Division is responsible for evaluating, maintaining, and repairing all roadways, traffic control devices, drainage systems, sidewalks, and roadsides.

The division is also responsible for street cleaning, snow and ice removal, and removing road debris from traffic lanes.

b. Cable TV Fund  
The Cable TV Fund is responsible for televising Council meetings for the citizens of Bothell. Funding came from a franchise agreement.

c. Park Cumulative Reserve Fund  
The Park Cumulative Reserve Fund is used for the acquisition and development of parks. Funding comes from a voluntary park fee (in lieu of land dedication) paid by developers.

d. Drug Forfeiture Fund  
Accounts for monies received from drug policing activities.

e. Nuisance Abatement Fund  
This fund is used for removal of abandoned property, such as old cars.

f. Cemetery Endowment Fund  
This permanent trust fund was established in 1993 to account for Bothell Pioneer Cemetery plot sales, donations, investments, and earnings.

g. General Obligation Bond Funds - 1990, 1995, 1997  
The General Obligation (GO) Bond Funds were created to provide for the retirement of general purpose bonds issued for City facilities or equipment. When capital expenditures are funded by debt authorized by voter approval, the revenues generated to retire these debts come from property taxes.

Debt issued (or bonds received) without guarantee to the City property tax revenues must depend on all sources of general City revenue to retire debt.

h. Construction & Acquisition

The Construction & Acquisition Fund is used to account for a significant building project or equipment acquisition that is usually funded by a bond sale.

i. Local Improvement District (LID) Guaranty Fund

The LID Guaranty Fund accounts for surplus from the LID Control Fund. This fund was established for the purpose of guaranteeing the payment of local improvement bonds.

j. Trust

This is an agency fund used to account for assets held by the City for other governmental units, individuals, and other funds. This includes deposits being held in lieu of performance and maintenance bonds.

**Internal Service Funds**

a. Equipment Rental Fund

The Equipment Rental Fund is an internal service fund created to provide for maintenance and replacement of City-owned vehicles and equipment. The Finance Department provides administrative and accounting services, while the Public Works Department performs maintenance and repairs.

b. Self Insurance Fund

The Self Insurance Fund accounts for the costs of administering the City's self-insurance liability, property insurance risks, and employee vision benefits.

c. Asset Replacement Fund

The Asset Replacement Fund accounts for monies set aside over the useful life of a major asset, to be used for future replacement of the asset.

**Fiduciary Funds**

Fiduciary Funds account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Such funds are classified as Private Purpose Trust, Pension Trust, Investment Trust, and Agency Funds. Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operations. Individual fund descriptions are as follows:

a. Firemen's Pension Reserve

This pension trust fund is used to account for monies accrued prior to the City's participation in the LEOFF pension system, and yearly receipts of the fire insurance premium tax. Transfers to the General Fund are made annually to cover medical premium expenses for retired firefighters.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made, regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

## 2. Modified Accrual:

The governmental funds financial statements are presented using the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period.

The City considers all revenue reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt (if any) is recognized when due.

## E. ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchases orders, contracts, and other commitments for expenditure of resources are recorded to reserve that portion of the applicable appropriations, is utilized in the governmental funds.

Encumbrances outstanding at year-end lapse, except for that portion related to encumbered amounts. Encumbrances outstanding at year-end are reported as reservation of fund balances, and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

## F. FINANCIAL STATEMENT ACCOUNTS

### 1. Cash and Cash Equivalents

The City has defined cash and cash equivalents as cash on hand, demand

deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. These amounts are classified on the balance sheet or in the statement of net assets within cash and cash equivalents or investments in the various funds. The interest on these investments is prorated to the applicable funds.

### 2. Investments – (Refer to Note 3 B).

### 3. Receivables

Taxes receivable consist of property taxes and related interest and penalties (Refer to Note 4). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared.

Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments consist of unbilled special assessments that are liens against the property benefited.

Receivables have been reported net of estimated uncollectible accounts. Because property taxes, special assessments, and utility billings are considered liens on property, no estimated uncollectible amounts are established.

### 4. Inventories

All City inventories are maintained on a consumption basis of accounting, where items are purchased for inventory and

charged to the budgetary accounts as the items are consumed. Any material inventories at year-end are included in the balance sheet of the appropriate fund. Inventories are carried at cost on the first in, first out (FIFO) basis.

5. Capital Assets and Depreciation – (Refer to Note 5).

#### 6. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied.

Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB Statement No. 33.

In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses (and the recipient recognizes receivables and revenue) when eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider (and deferred revenue by the recipient).

#### 7. Expenditures

Expenditures are recognized when the related fund liability is incurred.

#### 8. Deferred Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criterion has not been met.

#### 9. Custodial Accounts

This account reflects the liability for net monetary assets being held by the City in its agency capacity.

#### 10. Compensated Absences

The City accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee.

The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately, and represents a reconciling item between the fund and government-wide presentations.

11. Interfund Activity – (Refer to Note 10).

#### 12. Comparative Data

Comparative data is included in the statement of net assets and budget to actual statements and schedules.

**NOTE 2**  
**Compliance and Accountability**

There have been no material violations of finance-related legal or contractual provisions, and no expenditures have exceeded legal appropriations in any City funds. GAAP serves as the budgetary basis of accounting.

**A. PROCEDURES FOR ADOPTING THE ORIGINAL BUDGET**

The City's budget procedures are mandated by the Revised Code of Washington, Chapter 35A.33. Steps in the budget process are as follows:

- (1) Prior to October 1, the City Manager submits a proposed operating budget to the Council for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
- (2) A public hearing is conducted to obtain taxpayer comments.
- (3) During the month of December, the budget is legally enacted through passage of an ordinance.

- (4) Revisions that alter any fund's appropriation must be approved by the City Council.

**B. AMENDING THE BUDGET**

The budget, as adopted, constitutes the legal authority for expenditures. The City's budget is adopted at the fund level, so that expenditures may not legally exceed appropriations at that level of detail. Transfers or revisions within funds are allowed, but the City Council (following a hearing) must approve supplemental or additional appropriations. The City's budget was amended once during the fiscal year.

The accompanying supplementary information presents both the original and amended budgetary information as approved. All appropriations, except for capital projects, lapsed 20 days following the end of the biennium. Unexpended resources must be reappropriated in a subsequent period.

**Budget Information as follows:**

Fund	Original Inflows	Original Outflows	Final Inflows	Final Outflows
General Fund	\$58,548,608	\$60,038,339	\$59,580,758	\$61,049,489
Street Fund	3,302,460	3,467,435	3,302,460	3,467,435
Arterial Street Fund	25,101,700	25,836,790	25,503,700	26,238,790
Cable TV Fund	1,000	29,038	1,000	29,038
Park Cumulative Reserve Fund	270,400	364,000	270,400	364,000
Drug Seizure Fund	6,500	12,000	6,500	12,000
Nuisance Abatement Fund	2,550	50,000	2,550	50,000
Bothell Prop Assmt Redemption Fund				
1990 GO Bond Fund				
1995 GO Bond Redemption Fund	819,000	820,000	819,000	820,000
1997 GO Bond Redemption Fund	1,558,000	1,559,000	1,558,000	1,559,000
Capital Improvements Fund	2,912,200	3,211,000	3,826,400	6,706,750
Construction & Acquisition Fund	622,000	600,000	622,000	600,000
Water Fund	6,972,858	7,357,539	6,972,858	7,357,539
Sewer Fund	8,075,143	9,096,666	8,177,143	9,096,666
Storm Drain Fund	3,851,377	4,934,074	3,911,377	4,994,074
Equipment Rental Fund	1,800,288	1,783,796	1,800,288	1,783,796
Self Insurance Fund	2,108,211	2,108,211	2,108,211	2,108,211
Asset Replacement Fund	908,244	2,396,527	908,244	2,396,527
Cemetery Endowment Fund	5,650	2,500	5,650	2,500
Firemen's Pension Reserve Fund	74,950	50,000	74,950	50,000
<b>Total</b>	<b>\$116,941,139</b>	<b>\$123,716,915</b>	<b>\$119,451,489</b>	<b>\$128,685,815</b>

**NOTE 3**  
**Deposits and Investments**

**A. DEPOSITS**

The City's deposits and certificates of deposit are entirely covered by the Federal Depository Insurance Corporation (FDIC), or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The PDPC is a statutory authority established under Chapter 39.58 of the Revised Code of Washington.

A 2a7-like-pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will (and does) operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The LGIP, managed by the Washington State Treasurer's Office, is comparable to a Rule 2a7-pool recognized by the SEC.

**B. INVESTMENTS**

As required by state law, all investments of the City's funds (except as noted below) are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, the State Treasurer's Local Government Investment Pool (LGIP), or certificates of deposit with Washington State banks and savings and loan institutions.

Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices.

Investments are shown on the entity-wide Statement of Net Assets at fair market value, or at amortized cost for 2a7-like-pools.

As of December 31, 2005, the city had the following investments and maturities.

Invest Type	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1-2	More Than 2
State Investment Pool	\$ 16,296,936	\$ 16,296,936		
U.S. Agencies	22,862,040	13,734,150	\$ 8,780,900	\$ 346,990
Commercial Paper	4,386,923	4,386,923		
<b>Total</b>	<b>\$ 43,545,899</b>	<b>\$ 34,418,009</b>	<b>\$ 8,780,900</b>	<b>\$ 346,990</b>
	Percent of Total	79%	20%	1%

**Interest Rate Risk:** Interest rate risk is the risk that changes in the interest rates of debt instruments will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising

from increasing interest rates. It does have a policy whereby the City cannot invest in securities maturing more than five (5) years from date of purchase.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

As of December 31, 2005, the City's investments in the State Investment Pool were rated AAA by Standard & Poor's, and Aaa by Moody's Investors Service. The City's investments in commercial paper were rated F-1 by Fitch Ratings, A1 by Standard & Poor's, and P-1 by Moody's Investor Service.

The City's investments in U.S. Agencies were rated Aaa by Moody's Investors Service, and AAA by Standard & Poor's and Fitch ratings.

**Concentration of Credit Risk:** Concentration of risk is the risk of loss attributed to the magnitude of an investment in a single issuer.

The City diversifies its investments by security type and issuer. With the exception of U.S. Treasury securities and authorized state pools, no more than 50% of the City's total investment portfolio will be invested in any one security issuer.

Portfolio Diversification

Instrument Type	Percentage	Amount
State Investment Pool	37%	\$16,296,936
FMCDN	2%	907,725
FHLB	32%	13,921,499
HUD	3%	1,253,875
FNMA (Fannie Mae)	16%	6,778,940
Commercial Paper	10%	4,386,923
Total Investments	100%	\$43,545,899

### C. DEPOSIT AND INVESTMENT RECONCILIATION

Amounts reported in the fund statements are as follows:

Government Funds	Amount
Cash	\$3,034,205
Investments	37,837,948
Proprietary Funds	Amount
Cash & cash equivalents	\$1,863,766
Investments	5,560,776
Fiduciary Funds	Amount
Cash & cash equivalents	\$12,671
Investments	147,176
<b>Total</b>	<b>\$48,456,542</b>

Cash, deposits, and investments are as follows:

Cash on hand	\$19,362
Checking accounts	4,891,281
U.S. agencies	27,248,963
State investment pool	16,296,936
<b>Total</b>	<b>\$48,456,542</b>

**NOTE 4**  
**Property Taxes**

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior May 31. Assessed values are established by the county assessor at 100 percent of fair market value. A revaluation of all property is required every four years.

Taxes are due in two equal installments on April 30 and October 31. Tax liens are automatic at the point the taxes are levied. No allowance for uncollectible taxes is established, since delinquent taxes are considered fully collectible. The county treasurer remits collections monthly to the appropriate district.

The City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services, minus a library rate of \$0.50. This amount may be reduced for any of the following three reasons:

- a. Washington State law (RCW 84.55.010) limits the growth of regular property taxes to one percent per year, after adjustments for new construction. If the assessed valuation increases by more than one percent due to revaluation, the levy rate will be decreased.
- b. The Washington State Constitution limits total regular property taxes to one percent of assessed valuation, or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one-percent limit.
- c. The City may voluntarily levy taxes below the legal limit.

Special levies approved by the voters are not subject to the above limitations. For 2005, the City's General Tax Levy was \$1.51 per \$1,000, and the Special Tax Levy was \$0.17 per \$1,000. The total assessed valuation was \$4,560,988,322.

**NOTE 5**  
**Capital Assets and Depreciation**

**A. GENERAL POLICIES**

Major expenditures for capital assets (and major repairs that increase the asset's useful lives) are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenditures or expenses when incurred. The City adopted a policy to capitalize assets over \$5,000 with a useful life greater than 1 year. All assets under \$5,000 were written off.

All capital assets are valued at historical cost, or estimated cost where historical cost is not known, or estimated market value for donated assets, or the lower of cost or fair market value when transferred between proprietary and governmental funds.

The City has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets.

However, the City has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable statements.

**B. GOVERNMENTAL CAPITAL ASSETS**

Governmental long-lived assets of the City (purchased, leased, or constructed) are recorded as expenditures in the governmental funds and are capitalized, net of depreciation, in the government-wide statements. This includes current year purchases of governmental infrastructure assets.

**C. PROPRIETARY FUND CAPITAL ASSETS**

Fixed assets of proprietary funds are capitalized in their respective statement of net assets.

**D. DEPRECIATION**

Depreciation on all assets is provided on the straight-line basis over the following useful lives:

Building and structures	30 - 50 years
Other improvements	20 - 60 years
Machinery and equipment	5 - 20 years
Infrastructure	20 - 50 years

**Depreciation expense was charged to government and business-type activities as follows:**

Government activities	Amount
General government	\$274,791
Security of persons & property	736,593
Transportation	23,402,921
Physical environment	738,884
Culture & recreation	41,861
<b>Total governmental activities depreciation expense</b>	<b>\$25,195,049</b>
Business-type activities	Amount
Water	\$259,566
Sewer	160,631
Storm Drain	196,296
<b>Total business-type activities depreciation expense</b>	<b>\$616,493</b>

## Summary of Changes to Capital Assets

Description	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$10,935,002			\$10,935,002
Infrastructure right-of-way	66,050,120			66,050,120
Construction in progress	3,841,044	1,002,129	886,863	3,956,309
<b>Total capital not being depreciated</b>	<b>80,826,165</b>	<b>1,002,129</b>	<b>886,863</b>	<b>80,941,431</b>
<b>Other capital assets:</b>				
Buildings	17,689,575	480,004	8,265	18,161,314
Improvements	11,327,592	3,527,207		14,854,800
Infrastructure	1,527,104,522			1,527,104,522
Vehicles	5,618,662	470,600	644,134	5,445,127
Equipment	2,484,736	222,027	14,932	2,691,831
<b>Total other capital assets at historical cost</b>	<b>1,564,225,086</b>	<b>4,699,839</b>	<b>667,331</b>	<b>1,568,257,594</b>
<b>Less accumulated depreciation for:</b>				
Buildings	1,089,528	360,319	580	1,449,267
Improvements	1,666,215	680,905		2,347,120
Infrastructure	699,939,474	23,402,921		723,342,396
Vehicles	3,843,729	462,620	572,909	3,733,440
Machinery & equipment	1,828,606	288,284	14,932	2,101,958
<b>Total accumulated depreciation</b>	<b>708,367,553</b>	<b>25,195,049</b>	<b>588,421</b>	<b>732,974,181</b>
<b>Governmental activities capital assets, net</b>	<b>\$936,683,699</b>	<b>(\$19,493,082)</b>	<b>\$965,773</b>	<b>\$916,224,844</b>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$546,909	\$408,432		\$955,341
Land and improvements	285,302			285,302
<b>Total capital not being depreciated</b>	<b>832,211</b>	<b>408,432</b>	<b>-</b>	<b>1,240,643</b>
<b>Other capital assets:</b>				
Buildings	467,477			467,477
Intangible plant	411,179			411,179
Improvements	31,483,943	635,071		32,119,014
Vehicles	616,096			616,096
Machinery & equipment	379,066	290		379,356
<b>Total other capital assets at historical cost</b>	<b>33,357,762</b>	<b>635,361</b>	<b>-</b>	<b>33,993,122</b>
<b>Less accumulated depreciation for:</b>				
Buildings	343,563	5,480		349,043
Intangible plant	411,179			411,179
Improvements	11,405,977	500,530		11,906,507
Vehicles	395,785	107,994		503,779
Machinery & equipment	321,818	2,489		324,307
<b>Total accumulated depreciation</b>	<b>12,878,322</b>	<b>616,493</b>	<b>-</b>	<b>13,494,815</b>
<b>Business-type activities capital assets, net</b>	<b>\$21,311,650</b>	<b>\$427,300</b>	<b>-</b>	<b>\$21,738,950</b>

## **NOTE 6**

### **Pensions**

Substantially all full-time (and qualifying part-time) City's employees participate in one of the statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer, public employee defined benefit and defined contribution retirement plans.

DRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for each plan.

The DRS CAFR may be obtained from the Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380.

The following disclosures are made pursuant to GASB Statement 27, "Accounting for Pensions by State and Local Government Employers."

#### **A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - PLANS 1, 2, & 3**

##### **Plan Descriptions**

PERS is a cost sharing, multiple employer, defined benefit pension plan. Membership in the plan includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges in a judicial retirement system); employees of legislative committees; college and university employees (who are not in national higher education retirement programs); judges of district and municipal courts; non-certificated employees of school districts; and employees of local government. The PERS system includes three plans.

Participants who joined the system by September 30, 1977 are Plan 1 members. Those joining thereafter are enrolled in Plan 2 or in Plan 3. Retirement benefits are financed from employee and employer contributions and investment earnings. Retirement benefits are vested after completion of five years of eligible service in both Plan 1 and Plan 2. Vesting levels vary for Plan 3. Retirement benefit provisions are established in State statutes, and may be amended only by the State Legislature.

Plan 1 members are eligible for retirement at any age after 30 years of service, at age 60 with five years of service, or at age 55 with 25 years of service. The annual pension is two percent of the average final compensation (AFC) per year of service, and is capped at 60 percent.

The AFC is the monthly average of an employee's 24 consecutive highest-paid service credit months. If qualified, a cost-of-living allowance is granted at age 66. It is based on the number of service credit years, and is capped at three percent annually.

Plan 2 members may retire at age 65 with 5 years of service, or at age 55 with 20 years of service. The annual pension is two percent of the AFC per year of service. Plan 2 retirements prior to age 65 are actuarially reduced. There is no cap on service credit years. A cost-of-living allowance is granted, and is capped at three percent annually.

Plan 3 contains both a defined benefit component and a defined contribution component. Plan 3 members may retire at age 65 with 10 years of service, or

after 5 years of service if 12 service credit months are earned after reaching age 44. The defined benefit component is an allowance of one percent of the AFC per year of service. Plan 3 retirements prior to age 65 are actuarially reduced. There is no cap on years of service credit. A cost-of-living allowance is granted, and is capped at three percent annually.

The defined contribution component is based entirely on the members' contributions, the investment earnings on those contributions, and (if an annuity is taken) the age at which they take payment.

### Funding Policy

Each biennium the State's Pension Funding Council adopts Plan 1 employer contribution rates, as well as Plan 2 employer and employee contribution rates.

Employee contribution rates for Plan 1 are established by statute at six percent, and do not vary from year to year.

The employer and employee rates for Plan 2 are set by the director of the Department of Retirement Systems (DRS), based on a recommendation by the Office of the State Actuary.

Employee contribution rates for Plan 3 are set by statute. All employers are required to contribute at the level established by State law.

The methods used to determine the contribution requirements are established under State statute in accordance with RCW Chapters 41.40 and 41.45.

## B. LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF) - PLANS 1 AND 2

### Plan Descriptions

LEOFF is a cost-sharing, multiple-employer retirement plan. Membership in the system includes all full-time, fully compensated local law enforcement officers and fire fighters. LEOFF is comprised primarily of non-state employees. The LEOFF system includes two defined benefit pension plans. Participants who joined the system by September 30, 1977 are Plan 1 members. Those joining thereafter are enrolled in Plan 2.

Retirement benefits are financed from employee and employer contributions, investment earnings, and State contributions. Retirement benefits in both Plans 1 and 2 are vested after completion of 5 years of eligible service. Benefit provisions are established in State statute and may only be amended by the State Legislature.

Plan 1 members are eligible to retire with five years of service at age 50. The benefit is a percentage of the final average salary (FAS) and varies according to the term of service. (See chart below.) A cost-of-living allowance is granted, and is capped at three percent annually:

Term of Service	Percent of Final Avg Salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

Plan 2 members are eligible to retire at age 50 with 20 years of service, or at age 53 with 5 years of service. Retirement benefits prior to age 53 are actuarially reduced. The benefit is two percent of final average salary (FAS) per year of service. The FAS is based on the 60 highest-paid consecutive months. There is no cap on years of service credit. A cost-of-living allowance is granted, and is capped at three percent annually.

### **Funding Policy**

Plan 1 employer and employee contribution rates are established by statute, and the State is responsible for the balance of the funding (at rates set by the Pension Funding Council) to fully amortize the total costs of the plan.

Employer and employee rates for Plan 2 are set by the director of the Department of Retirement Systems (DRS), based on recommendations by the Office of the State Actuary. Plan 2 employers and employees are required to contribute at the level required by State law. The methods used to determine the contribution rates are established under State statute in accordance with RCW Chapters 41.26 and 41.45.

### **Other Retirement Systems – Volunteer Fire Fighters’ Relief and Pension Fund**

The Volunteer Fire Fighters’ Relief and Pension Fund System is a cost-sharing, multiple-employer retirement system.

It was created by the State Legislature in 1945 under RCW Chapter 41.16. It provides pension, disability and survivor benefits.

Membership in the system requires service with an electing municipality’s fire department, other than those covered by LEOFF. The system is funded through employee contributions of \$30 per year; employer contributions of \$30 per year, and 40 percent of the Fire Insurance Premium Tax. Members do not earn interest on contributions, but may elect to withdraw funds upon termination.

### **Fire Fighter’s Pension Fund**

The Fire Fighter’s Pension is a closed system operated by the City. Membership is limited to firefighters employed prior to March 1, 1970. The City’s liability under the system is composed of excess benefits over LEOFF for fire fighters retired after March 1, 1970, who are members of the system.

The most recent actuarial study to determine the funding requirements was made in 1969. The Finance Director and the State Auditor’s Office have concluded that a new actuarial study was not necessary, due to the limited number of employees still participating in the fund (three) and the fund’s relative immateriality. It is the City’s opinion that it will be able to meet any future funding requirements.

**PERS and LEOFF Information By System**

	PERS	LEOFF
City participating payroll		
Plan 1 City contribution rate @ 12/31/05	2.44%	0.19%
Plan 2 City contribution rate @ 12/31/05	2.44%	4.39%
Plan 3 City contribution rate @ 12/31/05	2.44%	N/A
City plan contribution:		
2005	\$ 157,080	\$ 325,008
2004	106,145	259,621
2003	96,744	229,291
2002	123,559	209,831
2001	215,779	255,292
2000	259,775	252,937
Plan 1 employee contribution rate @ 12/31/04	6.00%	0.00%
Plan 2 employee contribution rate @ 12/31/04	2.25%	6.99%
Plan 3 employee contribution rate @ 12/31/04	See below	N/A

All contributions were made as required to both systems, by the City and the employees.

**Plan 3 employee contribution varies with option and age as follows:**

Option	Rate	Age
A	5%	all ages
B	5%	up to age 35
	6%	age 35 to 44
	7.50%	age 45+
C	6%	up to age 35
	7.50%	age 35 to 44
	8.50%	age 45+
D	7%	all ages
E	10%	all ages
F	15%	all ages

**NOTE 7**

**Other Employee Benefits**

**A. COMPENSATED ABSENCES**

The City has vacation and sick leave policies. Vacation pay may accumulate up to 240 hours at December 31. It is payable upon resignation, retirement, or death. Sick leave may accumulate up to 960 hours, or as provided by contract. Sick leave does not vest until retirement.

**B. DEFERRED COMPENSATION**

The City offers its employees three deferred compensation plans, created in accordance with the Internal Revenue Code Section 457. The plans, with ICMA (International City Manager’s Association), Nationwide Retirement Solutions, and Hartford Life Insurance Retirement Solutions are available to all eligible employees, and permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**C. POST-RETIREMENT BENEFITS**

Post-retirement benefits are provided in accordance with the Washington Law Enforcement Officers and Fire Fighters Retirement System (LEOFF) Act (RCW 41.26). The City purchased long-term care insurance covering all its current and former LEOFF-1 employees. This coverage will pay the majority of the costs associated with at-home or facility long-term care, for up to four years.

In 2001, the City established a Retiree Health Savings (RHS) Plan for certain employees, per negotiated contracts. The City contributes 1% of an employee’s base wage to this account. Participants are eligible to receive benefits upon retirement, or at age 55. Payment of benefits is made for medical expenses eligible under Internal Revenue Code (IRC) Section 213.

**Compensated Absences**

<b>Accrued compensated absences</b>	<b>2004</b>	<b>2005</b>	<b>Change</b>
Governmental funds	\$ 870,046	\$ 926,889	\$ 56,843
Special funds	12,181	22,884	10,704
Enterprise funds	77,856	84,187	6,332
Internal service funds	15,482	14,622	(860)
<b>Total compensated absences</b>	<b>\$ 975,565</b>	<b>\$ 1,048,584</b>	<b>\$ 73,019</b>

## **NOTE 8**

### **Contingencies**

#### **Litigation**

The City has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved, but where (based on available information) management believes it is probable that the City will have to make payment.

In the opinion of management, the City's insurance policies and/or self-insurance reserves are adequate to pay all known or pending claims.

#### **Contingencies under Grant Provisions**

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors of their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management believes that such disallowances, if any, will be immaterial.

#### **Bond Indentures**

The City is in compliance with all significant bond indentures and restrictions.

#### **Rebate Arbitrage**

Arbitrage occurs when the City invests funds borrowed at tax-exempt rates of interest in higher yielding taxable securities. These interest earnings in excess of interest expense must be remitted to the federal government. At the fund level, the City recognizes this liability (arbitrage earnings payable) only when it is due and payable.

In the government-wide statements, arbitrage earnings liability is accrued as it is earned, and is expensed at year-end. The City had no arbitrage excess earnings liability in 2005.

## **NOTE 9**

### **Risk Management**

The City has been a member of the Washington Cities Insurance Authority (WCIA) since August 1977.

Utilizing RCW Chapter 48.62 (self-insurance regulation) and Chapter 39.34 (the Interlocal Cooperation Act), nine cities originally formed WCIA in 1981. WCIA was created to provide a pooling mechanism for jointly purchasing insurance, self-insuring, and contracting for risk management services. WCIA has a total of 100 members.

New members initially contract for a three-year term, and automatically renew on an annual basis thereafter. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police professional, public officials' errors and omissions, stopgap, and employee benefits liability.

Limits are \$1 million per occurrence in the primary layer, \$2 million per occurrence (subject to a \$12 million annual aggregate) in the excess layer, and \$11 million per occurrence in the second excess layer - with no annual aggregate, except \$10 million per member for public officials' errors and omissions.

The second excess layer is insured by the purchase of reinsurance. Total limits are \$14 million per occurrence.

The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles may apply by type of coverage. Property insurance and auto physical damage are self-funded up to \$50,000, and insured above that amount by the purchase of reinsurance.

WCIA's in-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analysis. WCIA contracts with claims investigation consultants for personnel issues, and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside independent actuary. Assessments cover loss, loss adjustment, and administrative expenses. As outlined in the interlocal agreement, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investing WCIA's assets in financial instruments which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment.

A Board of Directors governs WCIA and is comprised of one designated representative from each member city. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive

Committee, and is responsible for conducting day-to-day operations.

Insurance settlements have not exceeded insurance coverage in any of the past three years.

**NOTE 10**  
**Interfund Transactions**

Transactions to support the operations of other funds are recorded as “Operating Transfers” and classified with “Other Financing Sources or Uses” in the fund statements.

Transfers between governmental or proprietary funds are netted as part of the reconciliation to the Government-wide financial statements.

	General Fund	Street Fund	1995 GO Bond Fund	Equipment Rental Fund	Self Insurance Fund	Asset Replacement Fund	Total Transferred Out
General Fund		680,630		601,233	313,400		1,595,263
Street Fund				95,812			95,812
Park Cumulative Reserve Fund	182,000						182,000
Capital Improvements Fund			409,500				409,500
Water Fund	102,702			36,130			138,832
Sewer Fund	99,663			50,353			150,016
Storm Drain Fund	154,459			104,516			258,975
Equipment Rental Fund						359,822	359,822
Fireman's Pension Reserve Fund	15,000						15,000
Total Transferred In	553,824	680,630	409,500	888,044	313,400	359,822	3,205,221

**Transfers are used to:**

- 1) Move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due;
- 2) Move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts; and
- 3) Move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**NOTE 11**  
**Net Assets**

The government-wide and business-type fund financial statements utilize a net asset presentation. Net assets are categorized as investment in capital assets (net of related debt), restricted and unrestricted.

- a. Investment in capital assets (net of related debt) is intended to reflect the portion of net assets associated with non-liquid capital assets, less outstanding related debt.

The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Additionally, until all infrastructure assets are reported, infrastructure-related debt would reduce the investment in other non-infrastructure capital assets.

- b. Restricted Assets are liquid assets generated from revenues and not bond proceeds, which have third party (statutory, bond covenant, or granting agency) limitations on their use. The City would typically use restricted assets first as appropriate opportunities arise, but reserves the right to selectively defer their use for a future project or replacement equipment acquisition.
- c. Unrestricted assets represent unrestricted liquid assets which City management may have plans (or tentative commitments) to expend for certain purposes in future periods. Further legal action is required to authorize the actual expenses or expenditures.

**NOTE 12**  
**Long-Term Debt and Capital Leases**

**Capital Leases**

To account for financing leases, lease purchases, and installment purchase contracts in governmental funds, the City charges payments made or due during the fiscal period as debt service. In the year that the asset is received, the City records the present value of future lease payments as a capital outlay expenditure and as an offsetting other financing source.

The present value of payments due in future periods is shown as a liability in the general long-term debt, and the cost of the asset is recorded in the general fixed asset. There are currently no capital leases or installment purchases in the governmental funds.

In proprietary funds, capital leases are recorded as assets (and as long-term liabilities) at the present value of the future lease payments when the asset is received. The fund records lease payments as reductions of the long-term liability, and as interest expense over the life of the lease. The fund also records depreciation expense to

amortize the assets over the lease term, or over the life of the asset. There are currently no capital leases or installment purchases in the proprietary funds.

**Long-Term Debt**

The City issues general obligation and revenue bonds to finance capital purchases and construction. Bonded indebtedness has also been entered into to advance refund general obligation and revenue bonds. General obligation bonds have been issued for general government activities and are being repaid from applicable resources. Proprietary fund revenues are repaying the revenue bonds.

The City is also paying off two Public Works Assistance Loans. These notes and other obligations are considered obligations of the general government and are being repaid with general governmental revenue sources.

The annual requirements to maturity (including interest) are presented on the following page.

## Schedule of Long Term Debt

### Debt Service requirements to maturity

Year	GO Bonds		Special Assessments		Revenue Bonds		Other Debt		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
<b>Governmental Activities</b>									
2006	430,000	346,683	55,000	14,280			33,862	1,354	881,179
2007	450,000	326,688	250,000	11,750			33,862	1,016	1,073,316
2008	475,000	305,313					33,863	677	814,853
2009	495,000	282,513					33,863	338	811,714
2010	520,000	258,258							778,258
2011	545,000	232,258							777,258
2012	575,000	204,735							779,735
2013	605,000	175,410							780,410
2014	635,000	144,253							779,253
2015	665,000	111,233							776,233
2016	700,000	76,320							776,320
2017	740,000	39,220							779,220
<b>Subtotal</b>	<b>6,835,000</b>	<b>2,502,884</b>	<b>305,000</b>	<b>26,030</b>			<b>135,450</b>	<b>3,385</b>	<b>9,807,749</b>
<b>Business-type Activities</b>									
2006					115,000	6,210	112,599	14,638	248,447
2007							112,599	13,512	126,111
2008							112,599	12,386	124,985
2009							112,599	11,260	123,859
2010							112,599	10,134	122,733
2011							112,599	9,008	121,607
2012							112,599	7,882	120,481
2013							112,599	6,756	119,355
2014							112,599	5,630	118,229
2015							112,599	4,504	117,103
2016							112,599	3,378	115,977
2017							112,599	2,252	114,851
2018							112,599	1,126	113,725
<b>Subtotal</b>					<b>115,000</b>	<b>6,210</b>	<b>1,463,783</b>	<b>102,465</b>	<b>1,687,458</b>
<b>Total</b>	<b>6,835,000</b>	<b>2,502,884</b>	<b>305,000</b>	<b>26,030</b>	<b>115,000</b>	<b>6,210</b>	<b>1,599,233</b>	<b>105,850</b>	<b>11,495,207</b>

In proprietary (and similar trust) funds, unamortized debt issue costs are recorded as deferred charges, and bonds are displayed net of premium or discount. Annual interest expense is decreased by amortization of debt premium, and is increased by the amortization of debt issue costs and discount.

**Other Long-Term Debt**

Other long-term general obligation debt is as follows:

- 1) The City owes Snohomish County \$135,450 under an agreement

entered into during the Canyon Park annexation. The City makes annual payments to the County. The County then makes payments on PWA loan 5-89-962-0046, which was used for street improvements partially located within the City.

- 2) The City owes Snohomish County \$1,463,782 under an agreement made in 1998. The City makes annual payments to the County. The County then makes payments on PWA loan 98-791-007, which was used for water improvements partially located within the City.

Description	Date of Issue	Date of Final Maturity	Interest Rates	Amount of Original Issue	Balance 1/1/05	Issued	Redeemed	Balance 12/31/05
<b>Governmental activities</b>								
GO bond (voted)	11/1/1997	12/1/2017	4.625-5.3%	\$9,700,000	\$7,250,000		\$415,000	\$6,835,000
GO bond (non-voted)	3/1/1995	12/1/2010	5.3 -5.7%	4,200,000	2,055,000		2,055,000	
PWA loan 5-89-962-0046		12/31/2009	1.00%	585,526	169,312		33,862	135,450
LID bonds (I-405/NE 195th overpass)	2/4/1999	On Call	3.25 - 4.7%	2,469,000	645,000		340,000	305,000
<b>Subtotal</b>				<b>16,954,526</b>	<b>10,119,312</b>	<b>-</b>	<b>2,843,862</b>	<b>7,275,450</b>
<b>Business-type activities</b>								
Revenue bond	2/15/1997	9/1/2006	4.1 - 5.4%	930,000	230,000		115,000	115,000
PWA loan 98-791-007	10/15/1998	10/13/2003	1.00%	1,890,000	1,576,382		112,599	1,463,783
<b>Subtotal</b>				<b>2,820,000</b>	<b>1,806,382</b>	<b>-</b>	<b>227,599</b>	<b>1,578,783</b>
<b>Total</b>				<b>\$19,774,526</b>	<b>\$11,925,694</b>	<b>-</b>	<b>\$3,071,461</b>	<b>\$8,854,233</b>

**Debt Limit Capacities**

State statutes provides that debt cannot be incurred in excess of the following taxable percentages in the City: 1.5% without a vote of the people; 2.5% with a vote of the people, provided the indebtedness in excess of 2.5% is for

utilities; and 7.5% with a vote of the people provided the indebtedness in excess of 2.5% is for utilities, parks, or open space development. As of December 31, 2005, City debt limits were based on assessed property totaling \$4,560,988,322.

**Debt Capacity as of January 1, 2006**

Regular levy assessed value less annexations	4,560,988,322			
	Without a Vote		With a Vote of the People	
	1.5%	2.5%	5.0%	7.5%
Legal limit	68,414,825	114,024,708	228,049,416	342,074,124
Outstanding net debt		6,835,000	6,835,000	6,835,000
Margin available	<u>68,414,825</u>	<u>107,189,708</u>	<u>221,214,416</u>	<u>335,239,124</u>

**Required Supplemental Information**



**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**General Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005/2006 Actuals	Variance with Final Budget Positive(Negative)
	2005/2006					
	Original	Final				
<b>REVENUES</b>						
Taxes	45,069,000	45,069,000	23,918,354		23,918,354	(21,150,647)
Licenses and permits	1,385,400	1,385,400	1,010,503		1,010,503	(374,897)
Intergovernmental revenues	3,846,900	4,383,200	2,403,812		2,403,812	(1,979,388)
Charges for services	4,889,659	4,209,659	1,959,055		1,959,055	(2,250,604)
Fines and forfeitures	688,500	688,500	322,144		322,144	(366,356)
Interest earnings	897,200	1,855,200	763,013		763,013	(1,092,187)
Proceeds from sale of capital assets	50,000	50,000	47,289		47,289	(2,711)
Other revenue	614,300	832,150	419,383		419,383	(412,767)
<b>Total revenues</b>	<b>57,440,959</b>	<b>58,473,109</b>	<b>30,843,551</b>	<b>-</b>	<b>30,843,551</b>	<b>(27,629,558)</b>
<b>EXPENDITURES</b>						
Current:						
General government	14,316,724	14,316,724	6,075,203		6,075,203	8,241,521
Security of persons and property	31,060,522	31,093,472	14,918,150		14,918,150	16,175,322
Physical environment	5,608,201	5,608,201	2,243,369		2,243,369	3,364,832
Economic environment	4,346,521	4,446,521	1,942,086		1,942,086	2,504,435
Capital outlay	1,515,845	2,394,045	1,840,386		1,840,386	553,659
<b>Total expenditures</b>	<b>56,847,813</b>	<b>57,858,963</b>	<b>27,019,193</b>	<b>-</b>	<b>27,019,193</b>	<b>30,839,770</b>
Excess of revenue over(under) expenditures	593,146	614,146	3,824,358		3,824,358	3,210,212
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,107,649	1,107,649	553,824		553,824	(553,825)
Transfers out	(3,190,526)	(3,190,526)	(1,595,263)		(1,595,263)	1,595,263
<b>Total other financing sources</b>	<b>(2,082,877)</b>	<b>(2,082,877)</b>	<b>(1,041,439)</b>	<b>-</b>	<b>(1,041,439)</b>	<b>1,041,438</b>
Net change in fund balances	(1,489,731)	(1,468,731)	2,782,920		2,782,920	4,251,651
<b>FUND BALANCES - JANUARY 1, 2005</b>	<b>20,551,954</b>	<b>20,551,954</b>	<b>22,220,732</b>		<b>22,220,732</b>	<b>1,668,778</b>
<b>FUND BALANCES - DECEMBER 31, 2005</b>	<b>19,062,223</b>	<b>19,083,223</b>	<b>25,003,652</b>	<b>-</b>	<b>25,003,652</b>	<b>5,920,429</b>

GAAP serves as the budgetary basis of accounting

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Arterial Street Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts 2005/2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005/2006 Actuals	Final Budget Positive(Negative)
<b>REVENUES</b>						
Intergovernmental revenues	20,765,000	21,167,000	652,446		652,446	(20,514,554)
Charges for services	3,565,000	3,565,000	923,805		923,805	(2,641,195)
Interest earnings	71,700	71,700	55,653		55,653	(16,047)
Other revenue	700,000	700,000	325		325	(699,675)
Total revenues	<u>25,101,700</u>	<u>25,503,700</u>	<u>1,632,229</u>	<u>-</u>	<u>1,632,229</u>	<u>(23,871,471)</u>
<b>EXPENDITURES</b>						
Current:						
Construction projects	25,765,000	26,167,000	1,586,681		1,586,681	24,580,319
Debt Service - principal	67,726	67,726	33,862		33,862	33,864
Debt Service - interest	4,064	4,064	1,693		1,693	2,371
Total expenditures	<u>25,836,790</u>	<u>26,238,790</u>	<u>1,622,236</u>	<u>-</u>	<u>1,622,236</u>	<u>24,616,554</u>
Excess of revenue over(under) expenditures	(735,090)	(735,090)	9,993		9,993	745,083
Net change in fund balances	(735,090)	(735,090)	9,993		9,993	745,083
FUND BALANCES - JANUARY 1, 2005	735,750	735,750	2,078,978		2,078,978	1,343,228
FUND BALANCES - DECEMBER 31, 2005	<u>660</u>	<u>660</u>	<u>2,088,971</u>	<u>-</u>	<u>2,088,971</u>	<u>2,088,311</u>

GAAP serves as the budgetary basis of accounting

**Combining Financial  
Statements**



**City of Bothell**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**December 31, 2005**

	Special Revenue Funds				
	Street	Cable TV	Park Cum Reserve	Drug Forfeitures	Nuisance Abatement
<b>ASSETS</b>					
Current cash & cash equivalents	300,515	426	45,631	21,477	20,858
Investments	471,079	22,922	422,443	17,795	29,971
Receivables (net of allowances)					
Taxes					
Accounts receivable	93,857				
Due from other governmental units	165,713			3,851	
<b>TOTAL ASSETS</b>	<u>1,031,164</u>	<u>23,347</u>	<u>468,074</u>	<u>43,123</u>	<u>50,829</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts payable	14,324				
Payroll payable	46,893				
Unearned revenue					
<b>Total liabilities</b>	<u>61,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>					
Unreserved, report in:					
Special revenue funds	969,947	23,347	468,074	43,123	50,829
Debt service funds					
<b>Total fund balances</b>	<u>969,947</u>	<u>23,347</u>	<u>468,074</u>	<u>43,123</u>	<u>50,829</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>1,031,164</u>	<u>23,347</u>	<u>468,074</u>	<u>43,123</u>	<u>50,829</u>

**City of Bothell**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**December 31, 2005**

		Debt Service Funds					
Cemetery Endowment	Agency Trust	Property Assessment Redemption	1990 GO Bond	1995 GO Bond	1997 GO Bond	LID Guaranty	Total Other Governmental Funds
7,673	96,204	525	25,057	55,715	78,944	13,209	666,234
65,562	3,247,591					183,338	4,460,701
			1,163		17,454		18,617
				47			93,904
					5,669		175,232
<u>73,235</u>	<u>3,343,794</u>	<u>525</u>	<u>26,219</u>	<u>55,762</u>	<u>102,067</u>	<u>196,547</u>	<u>5,414,687</u>
	3,343,794						3,358,119
			1,163		17,454		46,893
-	3,343,794	-	1,163	-	17,454	-	18,617
							3,423,628
73,235		525	25,057	55,762	84,613	196,547	1,628,555
73,235	-	525	25,057	55,762	84,613	196,547	362,504
<u>73,235</u>	<u>3,343,794</u>	<u>525</u>	<u>26,219</u>	<u>55,762</u>	<u>102,067</u>	<u>196,547</u>	<u>1,991,059</u>
<u>73,235</u>	<u>3,343,794</u>	<u>525</u>	<u>26,219</u>	<u>55,762</u>	<u>102,067</u>	<u>196,547</u>	<u>5,414,687</u>

**City of Bothell**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended December 31, 2005**

	Special Revenue Funds				
	Street	Cable TV	Park Cum Reserve	Drug Forfeitures	Nuisance Abatement
<b>REVENUES</b>					
Taxes					
Licenses and permits	75,862				
Intergovernmental revenue	726,533				
Interest earnings	11,817	766	13,326	429	723
Charges for services	292,522		214,803	42,509	
Other revenue					
<b>Total revenues</b>	<b>1,106,735</b>	<b>766</b>	<b>228,128</b>	<b>42,939</b>	<b>723</b>
<b>EXPENDITURES</b>					
Current:					
Security of persons and property				20,988	
Transportation	1,371,919				
Physical environment					
Capital outlay		5,610			
Other expenditures					
Debt service:					
Principal retirement					
Interest					
<b>Total expenditures</b>	<b>1,371,919</b>	<b>5,610</b>	<b>-</b>	<b>20,988</b>	<b>-</b>
Excess of revenue over (under) expenditures	(265,184)	(4,844)	228,128	21,950	723
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	680,630				
Transfers out	(95,812)		(182,000)		
<b>Total other financing sources</b>	<b>584,818</b>	<b>-</b>	<b>(182,000)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	319,634	(4,844)	46,128	21,950	723
FUND BALANCES - JANUARY 1, 2005	650,314	28,191	421,946	21,173	50,106
<b>FUND BALANCES - DECEMBER 31, 2005</b>	<b>969,947</b>	<b>23,347</b>	<b>468,074</b>	<b>43,123</b>	<b>50,829</b>

**City of Bothell**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended December 31, 2005**

Cemetery Endowment	Agency Trust	Debt Service Funds		Debt Service Funds Continued			Total Other Governmental Funds
		Property Assessment Redemption	1990 GO Bond	1995 GO Bond	1997 GO Bond	LID Guaranty	
					790,510		790,510
							75,862
							726,533
1,582				211		5,783	34,637
							549,834
<u>1,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211</u>	<u>790,510</u>	<u>5,783</u>	<u>2,177,377</u>
							20,988
							1,371,919
2,100							2,100
							5,610
					304		304
				295,000	415,000		710,000
				114,123	365,876		479,999
<u>2,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>409,123</u>	<u>781,180</u>	<u>-</u>	<u>2,590,920</u>
(518)				(408,911)	9,330	5,783	(413,542)
				409,500			1,090,130
							(277,812)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>409,500</u>	<u>-</u>	<u>-</u>	<u>812,318</u>
(518)				589	9,330	5,783	398,776
73,753		525	25,057	55,173	75,283	190,764	1,592,284
<u>73,235</u>	<u>-</u>	<u>525</u>	<u>25,057</u>	<u>55,762</u>	<u>84,613</u>	<u>196,547</u>	<u>1,991,060</u>

**City of Bothell**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Street Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005/2006 Actuals	Variance with Final Budget Positive(Negative)
	2005/2006					
	Original	Final				
<b>REVENUES</b>						
Taxes						
Licenses and permits	125,000	125,000	75,862		75,862	(49,138)
Charges for services	540,200	540,200	292,522		292,522	(247,678)
Intergovernmental revenue	1,276,000	1,276,000	726,533		726,533	(549,467)
Interest earnings			11,817		11,817	11,817
Total revenues	1,941,200	1,941,200	1,106,735	-	1,106,735	(834,465)
<b>EXPENDITURES</b>						
Current:						
Personnel services	1,254,247	1,254,247	582,993		582,993	671,254
Operating supplies	140,070	140,070	52,950		52,950	87,120
Other services and charges	1,881,494	1,881,494	735,977		735,977	1,145,517
Total expenditures	3,275,811	3,275,811	1,371,920	-	1,371,920	1,903,891
Excess of revenue over (under) expenditures	(1,334,611)	(1,334,611)	(265,185)		(265,185)	1,069,426
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,361,260	1,361,260	680,630		680,630	(680,630)
Transfers out	(191,624)	(191,624)	(95,812)		(95,812)	95,812
Total other financing sources	1,169,636	1,169,636	584,818	-	584,818	(584,818)
Net change in fund balances	(164,975)	(164,975)	319,633		319,633	484,608
FUND BALANCES - JANUARY 1, 2005	246,466	246,466	650,314		650,314	403,848
FUND BALANCES - DECEMBER 31, 2005	81,491	81,491	969,947	-	969,947	888,456

**City of Bothell**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Cable TV Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts 2005/2006		2005	2005	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005/2006 Actuals	Final Budget Positive(Negative)
<b>REVENUES</b>						
Interest earnings	1,000	1,000	766		766	(234)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>766</u>	<u>-</u>	<u>766</u>	<u>(234)</u>
<b>EXPENDITURES</b>						
Current:						
Capital outlays	29,038	29,038	5,610		5,610	23,428
Total expenditures	<u>29,038</u>	<u>29,038</u>	<u>5,610</u>	<u>-</u>	<u>5,610</u>	<u>23,428</u>
Excess of revenue over (under) expenditures	(28,038)	(28,038)	(4,844)		(4,844)	23,194
Net change in fund balances	(28,038)	(28,038)	(4,844)		(4,844)	23,194
FUND BALANCES - JANUARY 1, 2005	28,038	28,038	28,191		28,191	153
FUND BALANCES - DECEMBER 31, 2005	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>23,347</u></u>	<u><u>-</u></u>	<u><u>23,347</u></u>	<u><u>23,347</u></u>

**City of Bothell**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Park Cumulative Reserve Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts 2005/2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005/2006 Actuals	Final Budget Positive(Negative)
REVENUES						
Charges for service	251,000	251,000	214,803		214,803	(36,197)
Investment interest	19,400	19,400	13,326		13,326	(6,074)
Total revenues	<u>270,400</u>	<u>270,400</u>	<u>228,128</u>	<u>-</u>	<u>228,128</u>	<u>(42,272)</u>
Excess of revenues over (under) expenditures	270,400	270,400	228,128		228,128	(42,272)
OTHER FINANCING SOURCES (USES)						
Operating transfers out	(364,000)	(364,000)	(182,000)		(182,000)	182,000
Total other financing sources	<u>(364,000)</u>	<u>(364,000)</u>	<u>(182,000)</u>	<u>-</u>	<u>(182,000)</u>	<u>182,000</u>
Net change in fund balances	(93,600)	(93,600)	46,128		46,128	139,728
FUND BALANCES - JANUARY 1, 2005	432,944	432,944	421,946		421,946	(10,998)
FUND BALANCES - DECEMBER 31, 2005	<u><u>339,344</u></u>	<u><u>339,344</u></u>	<u><u>468,074</u></u>	<u><u>-</u></u>	<u><u>468,074</u></u>	<u><u>128,730</u></u>

**City of Bothell**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Drug Forfeitures Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts 2005/2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005/2006 Actuals	Final Budget Positive(Negative)
<b>REVENUES</b>						
Charges for services	5,000	5,000	42,509		42,509	37,509
Interest earnings	1,500	1,500	429		429	(1,071)
Total revenues	<u>6,500</u>	<u>6,500</u>	<u>42,939</u>	<u>-</u>	<u>42,939</u>	<u>36,439</u>
<b>EXPENDITURES</b>						
Current:						
Personnel services	5,000	5,000	2,325		2,325	2,675
Operating supplies	2,000	2,000	3,521		3,521	(1,521)
Other services and charges	5,000	5,000	15,142		15,142	(10,142)
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>20,988</u>	<u>-</u>	<u>20,988</u>	<u>(8,988)</u>
Excess of revenue over (under) expenditures	(5,500)	(5,500)	21,950		21,950	27,450
Net change in fund balances	(5,500)	(5,500)	21,950		21,950	27,450
FUND BALANCES - JANUARY 1, 2005	23,308	23,308	21,173		21,173	(2,135)
FUND BALANCES - DECEMBER 31, 2005	<u><u>17,808</u></u>	<u><u>17,808</u></u>	<u><u>43,123</u></u>	<u><u>-</u></u>	<u><u>43,123</u></u>	<u><u>25,315</u></u>

**City of Bothell**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Nuisance Abatement Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts 2005/2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005/2006 Actuals	Final Budget Positive(Negative)
Revenues						
Interest earnings	2,550	2,550	723		723	(1,827)
Total revenues	<u>2,550</u>	<u>2,550</u>	<u>723</u>	<u>-</u>	<u>723</u>	<u>(1,827)</u>
EXPENDITURES						
Other services and charges	50,000	50,000				50,000
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Excess of revenue over (under) expenditures	(47,450)	(47,450)	723		723	48,173
Net change in fund balances	(47,450)	(47,450)	723		723	48,173
FUND BALANCES - JANUARY 1, 2005	49,837	49,837	50,106		50,106	269
FUND BALANCES - DECEMBER 31, 2005	<u><u>2,387</u></u>	<u><u>2,387</u></u>	<u><u>50,829</u></u>	<u><u>-</u></u>	<u><u>50,829</u></u>	<u><u>48,442</u></u>

**City of Bothell**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Cemetery Endowment Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts 2005/2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005/2006 Actuals	Final Budget Positive(Negative)
Revenues						
Interest earnings	5,650	5,650	1,582		1,582	(4,068)
Total revenues	<u>5,650</u>	<u>5,650</u>	<u>1,582</u>	<u>-</u>	<u>1,582</u>	<u>(4,068)</u>
EXPENDITURES						
Other services and charges	2,500	2,500	2,100		2,100	400
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>2,100</u>	<u>-</u>	<u>2,100</u>	<u>400</u>
Excess of revenue over (under) expenditures	3,150	3,150	(518)		(518)	(3,668)
Net change in fund balances	3,150	3,150	(518)		(518)	(3,668)
FUND BALANCES - JANUARY 1, 2005	74,849	74,849	73,753		73,753	(1,096)
FUND BALANCES - DECEMBER 31, 2005	<u><u>77,999</u></u>	<u><u>77,999</u></u>	<u><u>73,235</u></u>	<u><u>-</u></u>	<u><u>73,235</u></u>	<u><u>(4,764)</u></u>

**City of Bothell**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Agency Trust Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005/2006 Actuals	Variance with Final Budget Positive(Negative)
	2005/2006					
	Original	Final				
Revenues						
Interest earnings						
Total revenues	-	-	-	-	-	-
Net change in fund balances						
FUND BALANCES - JANUARY 1, 2005						
FUND BALANCES - DECEMBER 31, 2005	-	-	-	-	-	-

**City of Bothell**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Property Assessment Redemption Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005/2006 Actuals	Variance with Final Budget Positive(Negative)
	2005/2006					
	Original	Final				
REVENUES						
Taxes						
Total revenues	-	-	-	-	-	-
EXPENDITURES						
Current:						
Principal retirement						
Interest						
Total expenditures	-	-	-	-	-	-
Excess of revenue over (under) expenditures						
OTHER FINANCING SOURCES (USES)						
Operating transfers in						
Total other financing sources	-	-	-	-	-	-
Net change in fund balances						
FUND BALANCES - JANUARY 1, 2005	1,052	1,052	525		525	(527)
FUND BALANCES - DECEMBER 31, 2005	<u>1,052</u>	<u>1,052</u>	<u>525</u>	<u>-</u>	<u>525</u>	<u>(527)</u>

**City of Bothell**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**1990 General Obligation Bond Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts 2005/2006		2005	2006	Total	Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Actual Amounts Budgetary Basis</u>	<u>2005/2006 Actuals</u>	<u>Final Budget Positive(Negative)</u>
REVENUES						
Taxes						
Interest						
Total revenues	-	-	-	-	-	-
Excess of revenue over (under) expenditures						
Net change in fund balances						
FUND BALANCES - JANUARY 1, 2005	25,057	13,056	25,057		25,057	12,001
FUND BALANCES - DECEMBER 31, 2005	<u>25,057</u>	<u>13,056</u>	<u>25,057</u>	<u>-</u>	<u>25,057</u>	<u>12,001</u>

**City of Bothell**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**1995 General Obligation Bond Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts 2005/2006		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005/2006 Actuals	Variance with Final Budget Positive(Negative)
	Original	Final				
<b>REVENUES</b>						
Interest earnings			211		211	211
Total revenues	-	-	211	-	211	211
<b>EXPENDITURES</b>						
Current:						
Principal retirement	605,000	605,000	295,000		295,000	310,000
Interest	214,000	214,000	114,123		114,123	99,878
Other expenditures	1,000	1,000				1,000
Total expenditures	820,000	820,000	409,123	-	409,123	410,878
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	819,000	819,000	409,500		409,500	(409,500)
Total other financing sources	819,000	819,000	409,500	-	409,500	(409,500)
Excess of revenue over (under) expenditures	(1,000)	(1,000)	589		589	1,589
Net change in fund balances	(1,000)	(1,000)	589		589	1,589
FUND BALANCES - JANUARY 1, 2005	53,952	53,952	55,173		55,173	1,221
FUND BALANCES - DECEMBER 31, 2005	52,952	52,952	55,762	-	55,762	2,810

**City of Bothell**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**1997 General Obligation Bond Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts 2005/2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005/2006 Actuals	Final Budget Positive(Negative)
<b>REVENUES</b>						
Taxes	1,558,000	1,558,000	790,510		790,510	(767,490)
Total revenues	<u>1,558,000</u>	<u>1,558,000</u>	<u>790,510</u>	<u>-</u>	<u>790,510</u>	<u>(767,490)</u>
<b>EXPENDITURES</b>						
Current:						
Principal retirement	845,000	845,000	415,000		415,000	430,000
Interest	713,000	713,000	365,876		365,876	347,124
Other expenditures	1,000	1,000	304		304	697
Total expenditures	<u>1,559,000</u>	<u>1,559,000</u>	<u>781,180</u>	<u>-</u>	<u>781,180</u>	<u>777,820</u>
Excess of revenue over (under) expenditures	(1,000)	(1,000)	9,330		9,330	10,330
Net change in fund balances	(1,000)	(1,000)	9,330		9,330	10,330
FUND BALANCES - JANUARY 1, 2005	36,887	36,887	75,283		75,283	38,396
FUND BALANCES - DECEMBER 31, 2005	<u><u>35,887</u></u>	<u><u>35,887</u></u>	<u><u>84,613</u></u>	<u><u>-</u></u>	<u><u>84,613</u></u>	<u><u>48,726</u></u>

**City of Bothell**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**LID Guaranty Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005/2006 Actuals	Variance with Final Budget Positive(Negative)
	2005/2006					
	Original	Final				
REVENUES						
Investment interest			5,783		5,783	5,783
Total revenues	-	-	5,783	-	5,783	5,783
Net change in fund balances			5,783		5,783	5,783
FUND BALANCES - JANUARY 1, 2005			190,764		190,764	190,764
FUND BALANCES - DECEMBER 31, 2005	-	-	196,547	-	196,547	196,547

**City of Bothell**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**December 31, 2005**

	Governmental Activities Internal Service Funds			Total
	Equipment Rental	Self Insurance	Asset Replacement	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	111,537	25,196	518,271	655,004
Investments	628,587	42,000	4,020,785	4,691,372
Accounts receivable		1,000		1,000
Total current assets:	<u>740,124</u>	<u>68,196</u>	<u>4,539,055</u>	<u>5,347,376</u>
Non-current assets:				
Restricted:				
Capital assets, net of depreciation:				
Equipment - shop	1,178			1,178
Equipment - vehicles	<u>18,238</u>			<u>18,238</u>
Total non-current assets	<u>19,415</u>	-	-	<u>19,415</u>
Total assets	<u>759,540</u>	<u>68,196</u>	<u>4,539,055</u>	<u>5,366,791</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	10,324	2,150	8,910	21,384
Payroll payable	8,768	3,599		12,367
Compensated absences	<u>12,950</u>	<u>1,673</u>		<u>14,622</u>
Total liabilities	32,042	7,422	8,910	48,373
<b>NET ASSETS</b>				
Investment in capital assets, net of retained debt	19,415			19,415
Unrestricted	<u>708,083</u>	<u>60,775</u>	<u>4,530,146</u>	<u>5,299,003</u>
Total net assets	<u>727,498</u>	<u>60,775</u>	<u>4,530,146</u>	<u>5,318,418</u>

**City of Bothell**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended December 31, 2005**

	Governmental Activities Internal Service Funds			Total
	Equipment Rental	Self Insurance	Asset Replacement	
Operating revenues:				
Charges for services		704,269		704,269
Total operating revenues	-	704,269	-	704,269
Operating expenses:				
Maintenance and operation	439,381			439,381
Capital outlay			557,595	557,595
Administration and general	60,994	976,881	124,389	1,162,263
Depreciation & amortization	10,027			10,027
Total operating expense	510,402	976,881	681,984	2,169,267
Operating income (loss)	(510,402)	(272,612)	(681,984)	(1,464,997)
Non-operating revenue (expense)				
Gain (loss) on disposition of capital assets	2,925		29,800	32,725
Interest earnings	19,828	(13)	90,362	110,178
Total non-operating revenues (expenses)	22,753	(13)	120,162	142,903
Income (loss) before contributions and transfers	(487,649)	(272,624)	(561,822)	(1,322,095)
Contributed capital				
Transfers in	888,044	313,400	359,822	1,561,266
Transfers out	(359,822)			(359,822)
Change in net assets	40,573	40,776	(202,000)	(120,651)
Net assets - beginning	686,925	19,999	4,732,145	5,439,069
Net assets - ending	727,498	60,775	4,530,146	5,318,418

**City of Bothell**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2005**

	Governmental Activities Internal Service Funds			Total
	Equipment Rental	Self Insurance	Asset Replacement	
Cash flows from operating activities				
Cash received from customers		704,269		704,269
Cash paid to employees for services	(195,016)	(73,272)		(268,288)
Cash paid to suppliers for goods and services	(310,125)	(913,088)	(722,182)	(1,945,395)
Net cash provided (used) by operating activities	(505,141)	(282,091)	(722,182)	(1,509,414)
Cash flows from non-operating activities				
Transfers out	(359,822)			(359,822)
Transfers in	888,044	313,400	359,822	1,561,266
Net cash provided (used) by non-operating activities	528,222	313,400	359,822	1,201,444
Cash flows from capital and related financing activities				
Proceeds from sales of capital assets	2,925		29,800	32,725
Net cash provided (used) by capital and related financing activities	2,925		29,800	32,725
Cash flows from investing activities				
Proceeds from sales and maturities of investments	(19,828)	(42,000)	(25,054)	(86,882)
Interest and dividends	19,828	(13)	90,362	110,178
Net cash provided by investing activities	-	(42,013)	65,308	23,296
Net increase (decrease) in cash and cash equivalents	26,005	(10,703)	(267,252)	(251,950)
Balances - beginning of the year	85,531	35,900	785,522	906,953
Balances - end of the year	<u>111,537</u>	<u>25,196</u>	<u>518,271</u>	<u>655,004</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(510,402)	(272,612)	(681,984)	(1,464,997)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	10,027			10,027
Change in assets and liabilities:				
Decrease (increase) in accounts receivable		(1,000)	20,775	19,775
Increase (decrease) in accounts payable	(6,314)	(7,050)	(60,973)	(74,337)
Increase (decrease) in compensated absences payable	1,012	(1,871)		(860)
Increase (decrease) in payroll payable	536	442		977
Net cash provided by operating activities	<u>(505,141)</u>	<u>(282,091)</u>	<u>(722,182)</u>	<u>(1,509,414)</u>
Noncash investing, capital and financing activities				
Increase (decrease) in fair value of investments			(25,000)	(25,000)

# Supplemental Information



**City of Bothell**  
**Schedule of Operations – Budget to Actual**  
**Water Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005/2006 Actuals	Variance with Final Budget Positive(Negative)
	2005/2006					
	Original	Final				
<b>OPERATING REVENUES</b>						
Charges for services	6,936,158	6,936,158	3,004,837		3,004,837	(3,931,321)
Total operating revenues	<u>6,936,158</u>	<u>6,936,158</u>	<u>3,004,837</u>	<u>-</u>	<u>3,004,837</u>	<u>(3,931,321)</u>
<b>OPERATING EXPENSES</b>						
Administrative and general	586,596	586,596	201,452		201,452	385,144
Purchase water	2,575,000	2,575,000	1,041,744		1,041,744	1,533,256
Maintenance and operation	970,960	970,960	415,505		415,505	555,455
Customer accounts	126,261	126,261	56,032		56,032	70,229
Taxes	604,000	604,000	289,319		289,319	314,681
Capital outlay	985,000	985,000				985,000
Depreciation and amortization	1,192,200	1,192,200	259,566		259,566	932,634
Total operating expenses	<u>7,040,017</u>	<u>7,040,017</u>	<u>2,263,619</u>	<u>-</u>	<u>2,263,619</u>	<u>4,776,398</u>
OPERATING INCOME (LOSS)	<u>(103,859)</u>	<u>(103,859)</u>	<u>741,218</u>	<u>-</u>	<u>741,218</u>	<u>845,077</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment earnings	36,700	36,700	42,013		42,013	5,313
Interest expense	(39,858)	(39,858)	(28,069)		(28,069)	11,789
Other revenue (expense)			65,590		65,590	65,590
Total non-operating revenue (expense)	<u>(3,158)</u>	<u>(3,158)</u>	<u>79,535</u>	<u>-</u>	<u>79,535</u>	<u>82,693</u>
Income (loss) before contributions and transfers	(107,017)	(107,017)	820,752		820,752	927,769
Transfers out	(277,664)	(277,664)	(138,832)		(138,832)	138,832
Net assets - beginning, January 1, 2005	673,982	673,982	9,450,031		9,450,031	8,776,049
Net assets - ending, December 31, 2005	<u><u>289,301</u></u>	<u><u>289,301</u></u>	<u><u>10,131,952</u></u>	<u><u>-</u></u>	<u><u>10,131,952</u></u>	<u><u>9,842,651</u></u>

This schedule is presented as supplemental information  
Supplemental Information 1

**City of Bothell**  
**Schedule of Operations – Budget to Actual**  
**Sewer Fund**  
**For the Year Ended December 31, 2005**

	2005/2006 Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005/2006 Actuals	Variance with Final Budget Positive(Negative)
	Original	Final				
<b>OPERATING REVENUES</b>						
Charges for services	7,987,443	8,089,443	4,092,654		4,092,654	(3,996,789)
Total operating revenues	<u>7,987,443</u>	<u>8,089,443</u>	<u>4,092,654</u>	<u>-</u>	<u>4,092,654</u>	<u>(3,996,789)</u>
<b>OPERATING EXPENSES</b>						
Administrative and general	1,012,350	1,012,350	338,387		338,387	673,963
Metro service	4,800,000	4,800,000	2,296,550		2,296,550	2,503,450
Maintenance and operation	809,422	809,422	390,918		390,918	418,504
Customer accounts	124,861	124,861	56,384		56,384	68,477
Taxes	337,000	337,000	230,540		230,540	106,460
Capital outlay	1,200,000	1,200,000				1,200,000
Depreciation and amortization	<u>513,000</u>	<u>513,000</u>	<u>160,631</u>	<u>-</u>	<u>160,631</u>	<u>352,369</u>
Total operating expenses	<u>8,796,633</u>	<u>8,796,633</u>	<u>3,473,410</u>	<u>-</u>	<u>3,473,410</u>	<u>5,323,223</u>
OPERATING INCOME (LOSS)	<u>(809,190)</u>	<u>(707,190)</u>	<u>619,244</u>	<u>-</u>	<u>619,244</u>	<u>1,326,434</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Investment earnings	87,700	87,700	48,213		48,213	(39,487)
Other revenue (expense)			166,428		166,428	166,428
Total non-operating revenue (expense)	<u>87,700</u>	<u>87,700</u>	<u>214,641</u>	<u>-</u>	<u>214,641</u>	<u>126,941</u>
Income (loss) before contributions and transfers	(721,490)	(619,490)	833,884		833,884	1,453,374
Operating transfers out	(300,033)	(300,033)	(150,016)		(150,016)	150,017
Net assets - beginning, January 1, 2005	1,381,158	1,381,158	8,544,038		8,544,038	7,162,880
Net assets - ending, December 31, 2005	<u>359,635</u>	<u>461,635</u>	<u>9,227,906</u>	<u>-</u>	<u>9,227,906</u>	<u>8,766,271</u>

This schedule is presented as supplemental information  
Supplemental Information 2

**City of Bothell**  
**Schedule of Operations – Budget to Actual**  
**Storm Drain Fund**  
**For the Year Ended December 31, 2005**

	2005/2006		2005	2006	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2005/2006	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive(Negative)
<b>OPERATING REVENUES</b>						
Charges for services	3,766,977	3,766,977	1,806,901		1,806,901	(1,960,076)
Total operating revenues	3,766,977	3,766,977	1,806,901	-	1,806,901	(1,960,076)
<b>OPERATING EXPENSES</b>						
Administrative and general	1,097,462	1,097,462	442,477		442,477	654,985
Maintenance and operation	846,162	846,162	420,869		420,869	425,293
Taxes	217,000	217,000	81,746		81,746	135,254
Capital outlay	1,618,500	1,678,500			-	1,678,500
Depreciation and amortization	637,000	637,000	196,296		196,296	440,704
Total operating expenses	4,416,124	4,476,124	1,141,388	-	1,141,388	3,334,736
OPERATING INCOME (LOSS)	(649,147)	(709,147)	665,513	-	665,513	1,374,660
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Investment earnings	84,400	144,400	65,688		65,688	(78,712)
Other revenue (expense)			74,927		74,927	74,927
Total non-operating revenue (expense)	84,400	144,400	140,615	-	140,615	(3,785)
Income (loss) before contributions and transfers	(564,747)	(564,747)	806,128		806,128	1,370,875
Operating transfers out	(517,950)	(517,950)	(258,975)		(258,975)	258,975
Net assets - beginning, January 1, 2005	1,913,324	1,913,324	8,947,300		8,947,300	7,033,976
Net assets - ending, December 31, 2005	830,627	830,627	9,494,453	-	9,494,453	8,663,826

This schedule is presented as supplemental information  
Supplemental Information 3

**City of Bothell**  
**Schedule of Operations – Budget to Actual**  
**Equipment Rental Fund**  
**For the Year Ended December 31, 2005**

	2005/2006 Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005/2006 Actuals	Variance with Final Budget Positive(Negative)
	Original	Final				
<b>OPERATING EXPENSES</b>						
Administrative and general	148,912	148,912	60,994		60,994	87,918
Maintenance and operation	862,983	862,983	439,381		439,381	423,602
Capital outlay	9,257	9,257				9,257
Depreciation	43,000	43,000	10,027		10,027	32,973
Total operating expenses	<u>1,064,152</u>	<u>1,064,152</u>	<u>510,402</u>	<u>-</u>	<u>510,402</u>	<u>553,750</u>
OPERATING INCOME (LOSS)	<u>(1,064,152)</u>	<u>(1,064,152)</u>	<u>(510,402)</u>	<u>-</u>	<u>(510,402)</u>	<u>553,750</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment earnings	24,200	24,200	19,828		19,828	(4,372)
Gain (loss) on disposition of capital assets			2,925		2,925	2,925
Total non-operating revenue (expense)	<u>24,200</u>	<u>24,200</u>	<u>22,753</u>	<u>-</u>	<u>22,753</u>	<u>(1,447)</u>
Income (loss) before contributions and transfers	<u>(1,039,952)</u>	<u>(1,039,952)</u>	<u>(487,649)</u>		<u>(487,649)</u>	<u>552,303</u>
Transfers out	(719,644)	(719,644)	(359,822)		(359,822)	359,822
Transfers in	1,776,088	1,776,088	888,044		888,044	(888,044)
Net assets - beginning, January 1, 2005	748,341	748,341	686,925		686,925	(61,416)
Net assets - ending, December 31, 2005	<u><u>764,833</u></u>	<u><u>764,833</u></u>	<u><u>727,498</u></u>	<u><u>-</u></u>	<u><u>727,498</u></u>	<u><u>(37,335)</u></u>

This schedule is presented as supplemental information  
Supplemental Information 4

**City of Bothell**  
**Schedule of Operations – Budget to Actual**  
**Self Insurance Fund**  
**For the Year Ended December 31, 2005**

	2005/2006 Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005/2006 Actuals	Variance with Final Budget Positive(Negative)
	Original	Final				
<b>OPERATING REVENUES</b>						
Charges for services	1,481,411	1,481,411	704,269		704,269	(777,142)
Total operating revenues	1,481,411	1,481,411	704,269	-	704,269	(777,142)
<b>OPERATING EXPENSES</b>						
Administrative and general	2,108,211	2,108,211	976,881		976,881	1,131,330
Total operating expenses	2,108,211	2,108,211	976,881	-	976,881	1,131,330
OPERATING INCOME (LOSS)	(626,800)	(626,800)	(272,612)	-	(272,612)	354,188
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment earnings			(13)		(13)	(13)
Total non-operating revenue (expense)	-	-	(13)	-	(13)	(13)
Income (loss) before contributions and transfers	(626,800)	(626,800)	(272,624)		(272,624)	354,176
Transfers in	626,800	626,800	313,400		313,400	(313,400)
Net assets - beginning, January 1, 2005			19,999		19,999	19,999
Net assets - ending, December 31, 2005	-	-	60,775	-	60,775	60,775

This schedule is presented as supplemental information  
Supplemental Information 5

**City of Bothell**  
**Schedule of Operations – Budget to Actual**  
**Asset Replacement Fund**  
**For the Year Ended December 31, 2005**

	2005/2006 Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005/2006 Actuals	Variance with Final Budget Positive(Negative)
	Original	Final				
<b>OPERATING EXPENSES</b>						
Capital outlay	2,396,527	2,396,527	557,595		557,595	1,838,932
Administrative and general			124,389		124,389	(124,389)
Total operating expenses	<u>2,396,527</u>	<u>2,396,527</u>	<u>681,984</u>	<u>-</u>	<u>681,984</u>	<u>1,714,543</u>
OPERATING INCOME (LOSS)	<u>(2,396,527)</u>	<u>(2,396,527)</u>	<u>(681,984)</u>	<u>-</u>	<u>(681,984)</u>	<u>1,714,543</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest earnings	188,600	188,600	90,362		90,362	(98,238)
Proceeds from the sale of capital assets			29,800		29,800	29,800
Total non-operating revenue (expense)	<u>188,600</u>	<u>188,600</u>	<u>120,162</u>	<u>-</u>	<u>120,162</u>	<u>(68,438)</u>
Income (loss) before contributions and transfers	(2,207,927)	(2,207,927)	(561,822)		(561,822)	1,646,105
Transfers in	719,644	719,644	359,822		359,822	(359,822)
Net assets - beginning, January 1, 2005	4,376,432	4,376,432	4,732,145		4,732,145	355,713
Net assets - ending, December 31, 2005	<u>2,888,149</u>	<u>2,888,149</u>	<u>4,530,146</u>	<u>-</u>	<u>4,530,146</u>	<u>1,641,997</u>

This schedule is presented as supplemental information  
Supplemental Information 6

**City of Bothell**  
**Schedule 16**  
**Schedule of Federal Financial Assistance**  
**For the Year Ended December 31, 2005**

Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Other Identification Number	Current Year Expenditures
Department of Housing & Urban Development/King County Housing & Community Development Program			
<u>Community Development Block Grant (14.218)</u>			
Bothell Senior Transportation Support	14.218	D34845A	28,810
<b>Dept of Housing &amp; Urban Development Total:</b>			<b>\$ 28,810</b>
Department of Justice			
<u>Bulletproof Vest Partnership Program (16.607)</u>			
	16.607	05028898	\$ 11,200
<b>Dept of Justice Total:</b>			<b>\$ 11,200</b>
Department of Transportation/Washington State DOT			
<u>Highway Planning &amp; Construction (20.205)</u>			
102nd Ave NE Bridge Rehabilitation	20.205	BHM-2452(003)	\$ 175,400
2005/2006 Annual Overlay	20.205	STPUL-2433(001)	333,070
North Creek Trail	20.205	STPUL-CM-0110(05)	121,102
SR522 - I/S Widening & Realignment @ Wayne Curve	20.205	STPF-0522(032)	8,983
SR527 Signal System	20.205	STPUL-0527(003)	1,570
<b>Dept of Transportation Total:</b>			<b>\$ 640,125</b>
Federal Emergency Management Agency			
<u>Assistance to Firefighters - SCBA (97.044)</u>			
	97.044	EMW-2003-FG-13027	\$ 20,891
<b>Federal Emergency Management Agency Total:</b>			<b>\$ 20,891</b>
Office of Homeland Security/King County Office of Emergency Management			
<u>State Domestic Preparedness Equipment Support Program (97.004)</u>			
Emergency Preparedness Outreach	97.004	FFY-05-HMGP	\$ 1,000
Homeland Security Equipment	97.004	FFY03S-SHSP-032	17,094
<b>Office of Homeland Security Total:</b>			<b>\$ 18,094</b>
<b>Total Federal Assistance for 2005:</b>			<b>\$ 719,120</b>

**Note 1 - Basis of Accounting**

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the modified accrual basis of accounting.

**Note 2 - Program Costs**

The amounts shown as current year expenditures represent only the grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

**City of Bothell**  
**Schedule 16**  
**Schedule of State and Local Financial Assistance**  
**For the Year Ended December 31, 2005**

Grantor/Pass Through Grantor Program Title	BARS Account Number	Other Identification Number	Current Year Expenditures
Cultural Development Authority of King County Historic Update	334.04.20	103301	\$ 1,000
<b>Cultural Development Authority Total:</b>			<b>\$ 1,000</b>
Department of Ecology Coordinated Prevention Grant	334.03.10	G0400153	\$ 10,452
North Creek TMDL Action Plan	334.03.05	G0300107	143,610
<b>Dept of Ecology Total:</b>			<b>\$ 154,062</b>
Department of Social & Health Services (DSHS) Juvenile Accountability Incentive Block Grant	334.04.60	0464-62816	\$ 5,500
<b>Dept of Social &amp; Health Svcs (DSHS) Total:</b>			<b>\$ 5,500</b>
Department of Transportation (WSDOT) Commute Trip Reduction	334.03.20	GCA-3652 & GCA-4574	\$ 35,110
<b>Dept of Transportation (WSDOT) Total:</b>			<b>\$ 35,110</b>
Interagency Committee for Outdoor Recreation Cedar Grove Park Development - Phase 1	337.09.01	02-1304D	\$ 52,856
<b>Interagency Committee for Outdoor Recreation Total:</b>			<b>\$ 52,856</b>
King County Hazardous Waste Outreach	337.07.00	D33804D	18,490
Waste Reduction & Recycling	337.07.00	D33511D	27,777
<b>King County Total:</b>			<b>\$ 46,267</b>
Washington State Patrol Firefighter Training Reimbursement	334.01.30	C050171GSC	\$ 10,299
<b>Washington State Patrol Total:</b>			<b>\$ 10,299</b>
<b>Total State &amp; Local Financial Assistance for 2005:</b>			<b>\$ 305,094</b>

**Note 1 - Basis of Accounting**

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the modified accrual basis of accounting.

**Note 2 - Program Costs**

The amounts shown as current year expenditures represent only the grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

This schedule is presented as supplemental information  
Supplemental Information 8

**City of Bothell**  
**General Obligation Bonds, 1997**  
**December 31, 2005**

<u>Year Ended December 31, 2005</u>	<u>Interest Rate Range</u>	<u>Interest Jun 1</u>	<u>Interest Dec 1</u>	<u>Principal Dec 1</u>	<u>Total Debt Service</u>
2006	4.65 to 5.3%	173,342	173,341	430,000	776,683
2007	4.75 to 5.3%	163,344	163,344	450,000	776,688
2008	4.8 to 5.3%	152,657	152,656	475,000	780,313
2009	4.9 to 5.3%	141,257	141,256	495,000	777,513
2010	5.0 to 5.3%	129,129	129,129	520,000	778,258
2011	5.05 to 5.3%	116,129	116,129	545,000	777,258
2012	5.1 to 5.3%	102,367	102,368	575,000	779,735
2013	5.15 to 5.3%	87,705	87,705	605,000	780,410
2014	5.2 to 5.3%	72,126	72,127	635,000	779,253
2015	5.25 To 5.3%	55,616	55,617	665,000	776,233
2016	5.300%	38,160	38,160	700,000	776,320
2017	5.300%	19,610	19,610	740,000	779,220
	Total	<u>\$1,251,442</u>	<u>\$1,251,442</u>	<u>\$6,835,000</u>	<u>\$9,337,884</u>

**City of Bothell**  
**Local Improvement District 95-2, 1997**  
**195<sup>th</sup> Overpass I-405**  
**December 31, 2005**

<u>Year Ended</u> <u>December 31, 2005</u>	<u>Interest</u> <u>Rate Range</u>	<u>Interest</u> <u>Dec 1</u>	<u>Principal</u> <u>Dec 1</u>	<u>Total Debt</u> <u>Service</u>
2006	4.6 TO 4.7%	14,280	55,000	69,280
2007	4.7%	11,750	250,000	261,750
	Total	<u>\$26,030</u>	<u>\$305,000</u>	<u>\$331,030</u>

**City of Bothell**  
**Public Works Trust Fund Loan**  
**PW-5-89-962-0046**  
**December 31, 2005**

<u>Year Ended</u> <u>December 31, 2005</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u> <u>July 1</u>	<u>Principal</u> <u>July 1</u>	<u>Total Debt</u> <u>Service</u>
2006	1.000%	1,354	33,862	35,216
2007	1.000%	1,016	33,862	34,878
2008	1.000%	677	33,863	34,540
2009	1.000%	338	33,863	34,201
	Total	<u>\$3,385</u>	<u>\$135,450</u>	<u>\$138,835</u>

**City of Bothell**  
**Public Works Trust Fund Loan**  
**PW-98-791-007**  
**December 31, 2005**

<u>Year Ended</u> <u>December 31, 2005</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u> <u>July 1</u>	<u>Principal</u> <u>July 1</u>	<u>Total Debt</u> <u>Service</u>
2006	1.000%	14,638	112,599	127,237
2007	1.000%	13,512	112,599	126,111
2008	1.000%	12,386	112,599	124,985
2009	1.000%	11,260	112,599	123,859
2010	1.000%	10,134	112,599	122,733
2011	1.000%	9,008	112,599	121,607
2012	1.000%	7,882	112,599	120,481
2013	1.000%	6,756	112,599	119,355
2014	1.000%	5,630	112,599	118,229
2015	1.000%	4,504	112,599	117,103
2016	1.000%	3,378	112,599	115,977
2017	1.000%	2,252	112,599	114,851
2018	1.000%	1,126	112,599	113,725
	Total	<u>\$102,465</u>	<u>\$1,463,783</u>	<u>\$1,566,248</u>

**City of Bothell**  
**Water Utility Revenue Bonds, 1997**  
**December 31, 2005**

<u>Year Ended December 31, 2005</u>	<u>Interest Mar 1</u>	<u>Interest Sep 1</u>	<u>Principal Sep 1</u>	<u>Total Debt Service</u>
2006	3,105	3,105	115,000	121,210
Total	<u>\$3,105</u>	<u>\$3,105</u>	<u>\$115,000</u>	<u>\$121,210</u>

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Capital Improvements Fund**  
**For the Year Ended December 31, 2005**

	2005/2006 Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005/2006 Actuals	Variance with Final Budget Positive(Negative)
	Original	Final				
<b>REVENUES</b>						
Taxes	2,800,000	3,600,000	2,144,708		2,144,708	(1,455,292)
Investment interest	112,200	226,400	101,162		101,162	(125,238)
<b>Total revenues</b>	<b>2,912,200</b>	<b>3,826,400</b>	<b>2,245,870</b>	<b>-</b>	<b>2,245,870</b>	<b>(1,580,530)</b>
<b>EXPENDITURES</b>						
Current:						
Debt service - principal		2,120,000	1,760,000		1,760,000	360,000
Capital outlay	2,392,000	3,767,750	423,790		423,790	3,343,960
<b>Total expenditures</b>	<b>2,392,000</b>	<b>5,887,750</b>	<b>2,183,790</b>	<b>-</b>	<b>2,183,790</b>	<b>3,703,960</b>
Excess of revenue over(under) expenditures	520,200	(2,061,350)	62,080		62,080	2,123,430
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(819,000)	(819,000)	(409,500)		(409,500)	409,500
<b>Total other financing sources</b>	<b>(819,000)</b>	<b>(819,000)</b>	<b>(409,500)</b>	<b>-</b>	<b>(409,500)</b>	<b>409,500</b>
Net change in fund balances	(298,800)	(2,880,350)	(347,420)		(347,420)	2,532,930
FUND BALANCES - JANUARY 1, 2005	4,666,748	4,666,748	5,826,040		5,826,040	1,159,292
<b>FUND BALANCES - DECEMBER 31, 2005</b>	<b>4,367,948</b>	<b>1,786,398</b>	<b>5,478,620</b>	<b>-</b>	<b>5,478,620</b>	<b>3,692,222</b>

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**LID Control**  
**For the Year Ended December 31, 2005**

	2005/2006		2005	2006	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2005/2006	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive(Negative)
<b>REVENUES</b>						
Interest earnings			38,716		38,716	38,716
Other revenue			202,745		202,745	202,745
Total revenues	-	-	241,460	-	241,460	241,460
<b>EXPENDITURES</b>						
Debt service - Interest			29,775		29,775	(29,775)
Debt service - Principal			340,000		340,000	(340,000)
Other expenditures			265		265	(265)
Total expenditures	-	-	370,040	-	370,040	(370,040)
Excess of revenue over(under) expenditures			(128,580)		(128,580)	(128,580)
Net change in fund balances			(128,580)		(128,580)	(128,580)
FUND BALANCES - JANUARY 1, 2005			202,737		202,737	202,737
FUND BALANCES - DECEMBER 31, 2005	-	-	74,157	-	74,157	74,157

# Statistical Section

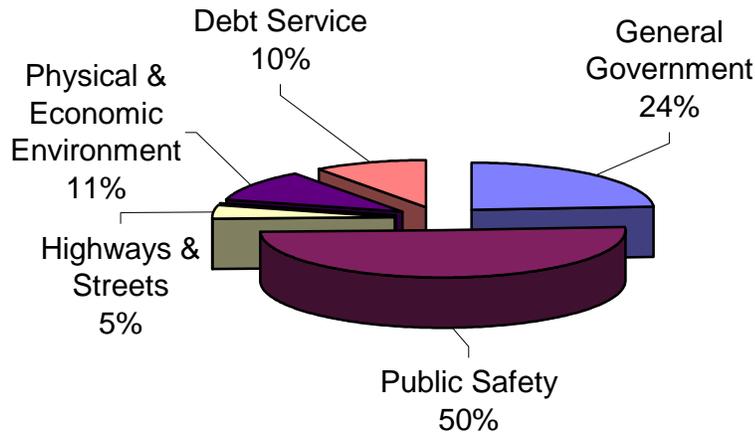


## General Government Expenditures by Function General, Special Revenue, and Debt Service Funds\* Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Highways & Streets	Health	Physical & Economic Environment	Debt Service	Total
1996	3,081,288	8,166,249	798,759	4,407	2,008,674	1,283,657	15,343,034
1997	3,015,996	9,179,794	862,952	4,350	2,167,932	755,298	15,986,322
1998	3,799,023	10,287,005	962,497	5,164	3,001,155	1,491,705	19,546,549
1999	3,961,103	11,140,907	989,952	4,982	2,925,098	1,342,496	20,364,538
2000	5,391,186	12,962,378	1,068,600	4,408	3,425,425	1,344,291	24,196,288
2001	7,472,533	13,381,963	1,100,556		4,313,593	1,296,169	25,872,169
2002	6,234,105	12,597,499	1,229,928		3,823,376	1,322,646	25,207,554
2003	6,144,389	13,189,914	1,068,423		2,687,912	1,120,628	24,211,266
2003	6,144,389	13,189,914	1,068,423		2,687,912	1,120,628	24,211,266
2004	6,826,126	14,911,792	1,379,542		3,134,043	1,185,159	27,436,662
2005	7,060,818	14,918,150	1,371,920		3,200,143	2,949,999	29,501,029

\*Includes Current, Street, Park, Debt Service (excluding LID funds) and Capital Improvement Funds.

### 2005 Expenditures by Function

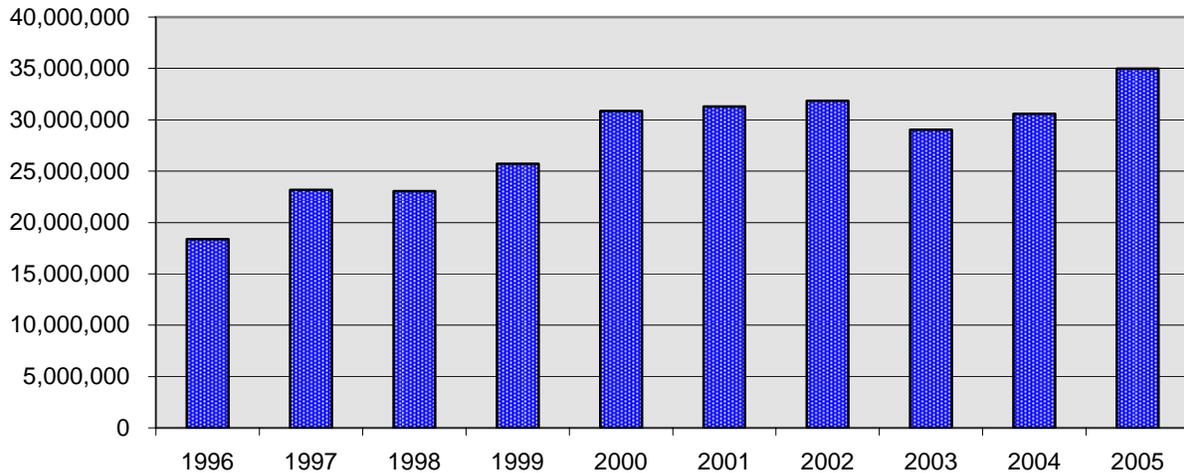


## General Revenues by Source General, Special Revenue, and Debt Service Funds\* Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses & Permits	Intergovernmental	Charges for Services	Fines & Forfeitures	Misc	Total
1996	12,368,252	780,803	3,109,184	1,121,847	222,260	764,198	18,366,544
1997	14,500,158	744,993	5,177,784	1,780,755	226,200	752,458	23,182,348
1998	16,468,280	1,033,096	2,053,138	2,296,459	251,091	960,644	23,062,708
1999	18,003,787	1,164,161	2,339,963	2,639,543	403,981	1,176,274	25,727,709
2000	22,028,094	1,212,924	2,921,519	2,337,157	389,978	1,970,767	30,860,439
2001	22,821,240	1,016,765	2,496,444	2,399,146	382,264	2,184,740	31,300,599
2002	22,496,075	769,685	5,267,979	2,143,051	321,246	866,804	31,864,840
2003	22,611,139	873,403	2,237,948	2,102,008	409,791	803,416	29,037,705
2004	22,443,388	782,300	3,703,905	2,640,955	447,781	551,845	30,570,174
2005	26,856,749	1,086,365	3,130,345	2,251,557	322,144	1,339,697	34,986,857

\*Includes Current, Street, Park, Debt Service (excluding LID funds) and Capital Improvement Funds (excluding construction funds).

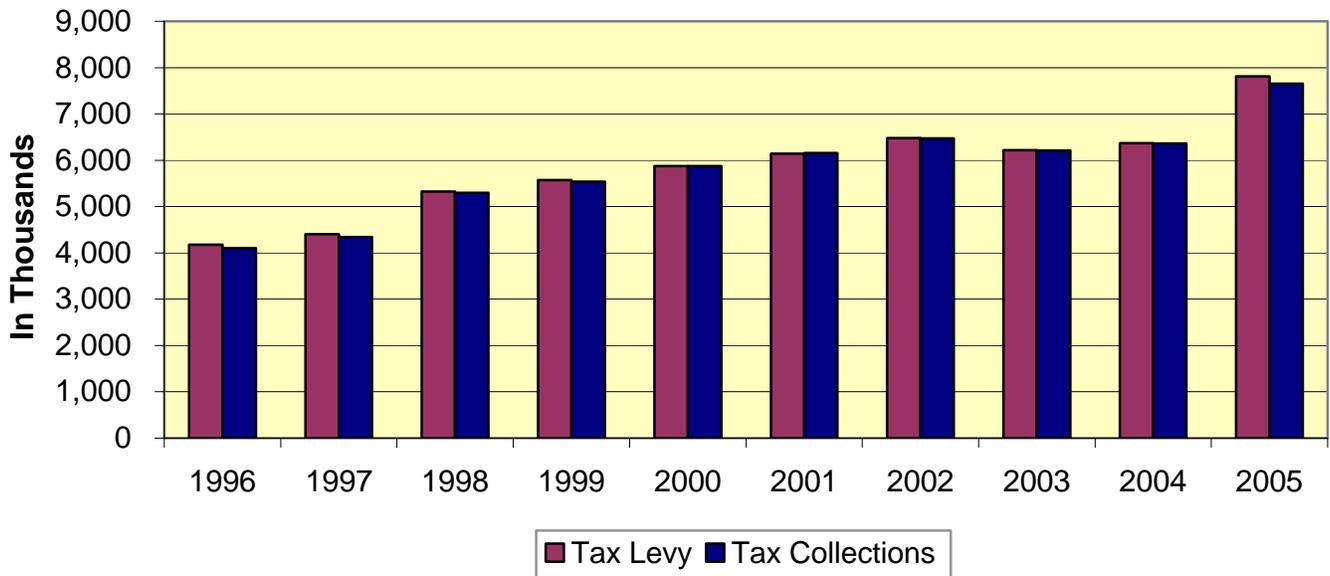
## Total General Revenue Trends



## Property Tax Levies and Collections (In Thousands) Last Ten Years

Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Delinquent Taxes to Total Tax Levy
1996	4,178	4,017	96.1%	83	4,099	98.1%	109	2.6%
1997	4,401	4,283	97.3%	60	4,343	98.7%	156	3.5%
1998	5,324	5,213	97.9%	85	5,297	99.5%	188	3.5%
1999	5,571	5,436	97.6%	104	5,540	99.5%	210	3.8%
2000	5,871	5,750	97.9%	125	5,875	100.1%	173	2.9%
2001	6,145	6,072	98.8%	81	6,153	100.1%	86	1.3%
2002	6,476	6,344	98.0%	129	6,473	99.9%	186	2.9%
2003	6,216	6,110	98.3%	112	6,209	99.9%	166	2.7%
2004	6,372	6,258	99.8%	107	6,365	99.9%	166	2.6%
2005	7,811	7,508	96.1%	147	7,655	98.0%	163	2.1%

## Property Tax Levies & Collections



**Property Tax Rates – Direct and Overlapping Governments  
(Per \$1,000 of Assessed Value)  
Last Ten Years**

**King County**

Year	City of Bothell	WA State	King County	School Dist	County Port	Hospital Dist	Library Dist	Emerg Medical Services	Park/Rec Dist	Total King County
1996	2.01	3.50	2.21	5.73	0.29	0.45	0.62	0.25	0.04	15.10
1997	2.04	3.52	2.13	5.85	0.28	0.44	0.62	0.25	0.06	15.19
1998	2.34	3.51	1.85	5.86	0.26	0.43	0.60	0.00	0.06	14.91
1999	2.29	3.36	1.77	5.89	0.24	0.41	0.59	0.29	0.04	14.88
2000	2.05	3.30	1.69	5.46	0.22	0.41	0.59	0.27	0.03	14.02
2001	1.96	3.14	1.55	5.39	0.19	0.39	0.56	0.25	0.03	13.46
2002	1.87	3.29	1.45	5.02	0.19	0.36	0.53	0.25	0.06	13.02
2003	1.86	2.90	1.35	4.88	0.25	0.34	0.54	0.24	0.05	12.41
2004	1.71	2.76	1.43	4.69	0.25	0.34	0.54	0.24	0.05	12.01
2005	1.68	2.69	1.38	4.34	0.25	0.59	0.53	0.23	0.04	11.73

**Snohomish County**

Year	City of Bothell	WA State	Snohomish County	School Dist	Library Dist	Stevens Hospital	Park/Rec Dist	Total Snohomish County
1996	2.00	3.38	1.39	5.73	0.62	0.25	0.04	13.41
1997	2.04	3.62	1.44	5.85	0.62	0.24	0.06	13.87
1998	2.34	3.58	1.49	5.86	0.60	0.38	0.06	14.31
1999	2.29	3.52	1.53	5.89	0.59	0.39	0.04	14.25
2000	1.78	3.50	1.48	5.46	0.59	0.34	0.03	13.18
2001	1.96	3.40	1.48	5.39	0.55	0.35	0.03	13.16
2002	1.87	3.29	1.42	5.02	0.53	0.33	0.05	12.51
2003	1.86	3.18	1.37	4.88	0.55	0.36	0.05	12.25
2004	1.71	3.16	1.26	4.69	0.54	0.27	0.05	11.68
2005	1.68	2.79	1.10	4.34	0.53	0.24	0.04	10.72

Note: The City of Bothell is split equally between King and Snohomish Counties.  
City of Bothell rate includes the Public Safety Bond.

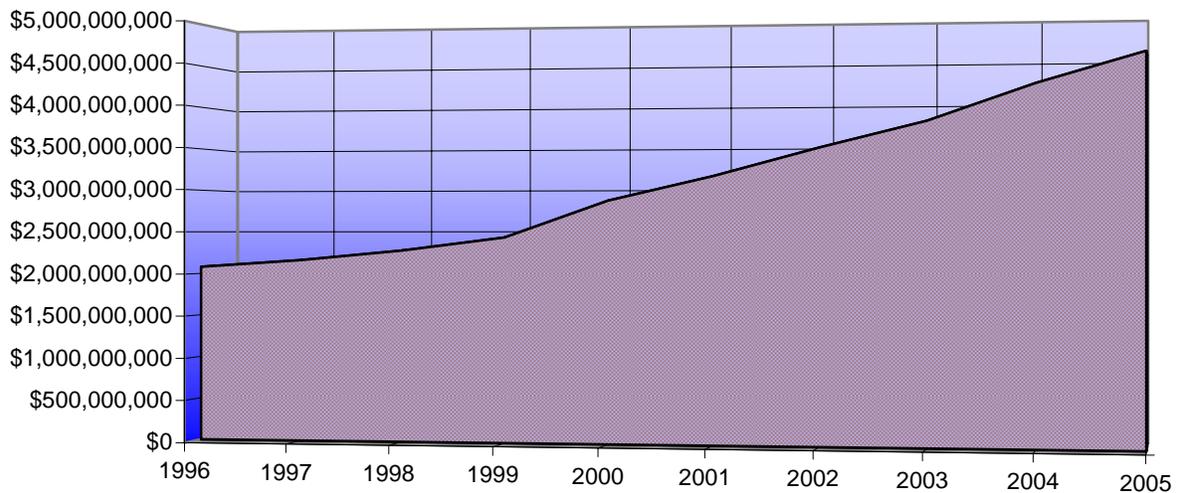
## Assessed and Estimated Actual Value of Taxable Property\* Last Ten Years

Year	Real Property	Personal Property	Total	Percent Increase (Decrease)
1996	1,815,816,074	262,503,612	2,078,319,686	6.41%
1997	1,937,667,247	222,602,547	2,160,269,794	3.79%
1998	2,003,486,545	272,799,144	2,276,285,689	5.10%
1999	2,188,410,681	242,520,855	2,430,931,536	6.36%
2000	2,552,472,171	313,234,015	2,865,706,186	15.17%
2001	2,813,337,817	337,480,399	3,150,818,216	9.05%
2002	3,112,934,976	365,860,429	3,478,795,405	9.43%
2003	3,232,972,513	546,921,112	3,779,893,625	7.97%
2004	3,623,707,550	583,801,150	4,207,508,700	10.16%
2005	3,800,921,130	760,067,192	4,560,988,322	7.75%

Source: King & Snohomish County Assessors Office

\*Real and personal property has been assessed at 100% of the estimated value.

## Value of Taxable Property



## Special Assessments, Billings, and Collections Last Ten Years

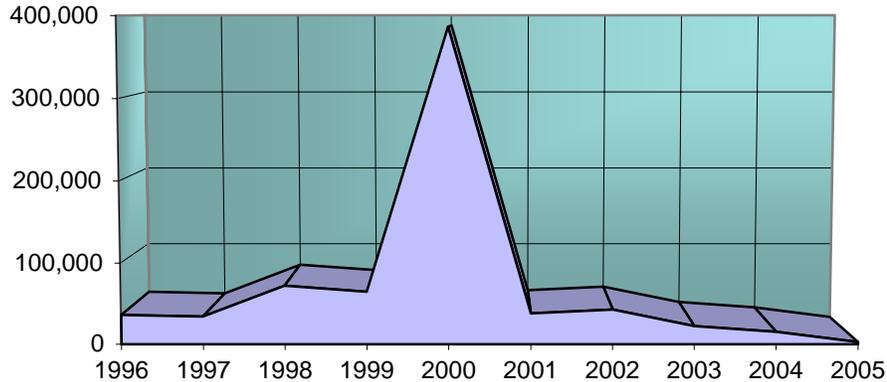
Year	Current Assessments Due	Current Assessments Collected (1)	Ratio of Collections to Amount Due	Total Outstanding Assessments
1996	36,902	42,616	1.15	36,000
1997	62,308	53,257	0.85	34,000
1998	231,590	49,157	0.21	72,029
1999	738,264	441,775	0.60	64,700
2000	344,592	783,369	2.27	386,555
2001	333,164	215,352	0.65	38,230
2002	308,497	362,967	1.18	42,716
2003	278,384*	338,945**	1.22	22,416
2004	265,967	263,634	0.99	15,101
2005	255,733	241,460	0.94	2,515

\*Current year billing includes principal and interest.

\*\*Taken from LID special assessment CAFR income statement.

Total Outstanding Assessments include principal and interest and penalties.

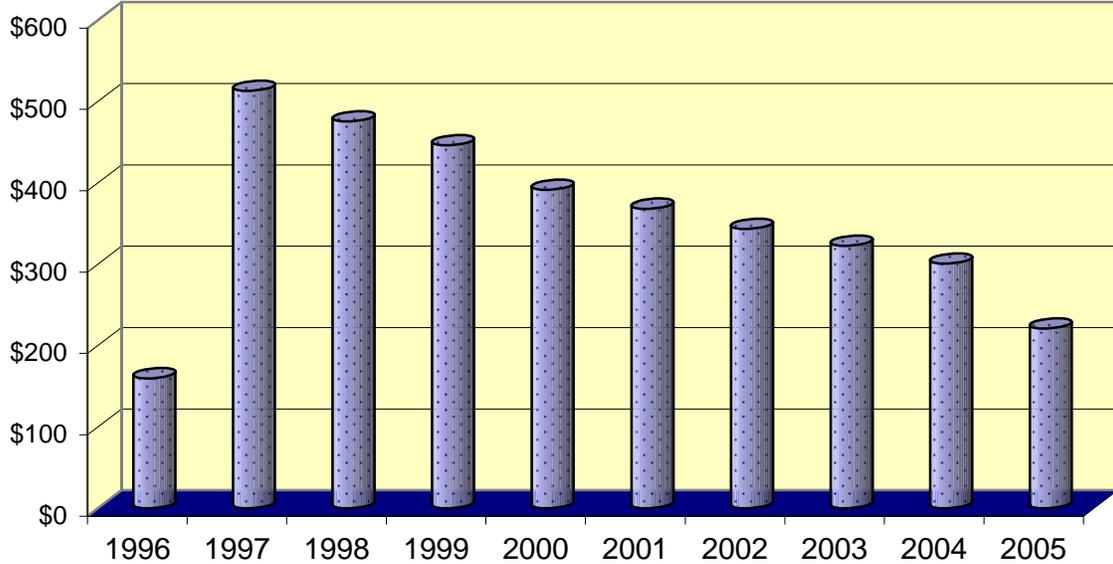
## Special Assessments, Billings, and Collections



## Ratio of Net General Bonded Debt to Assessed Value And Net Bonded Debt Per Capita Last Ten Years

Year	Population	A/V in 000's	Bonded Debt	Debt Srv Monies Available	Net Bonded Debt	Ratio-Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1996	25,990	2,075,947	4,154,000	162,498	3,991,502	0.20%	160
1997	26,418	2,160,324	13,559,000	156,642	13,402,358	0.63%	513
1998	27,300	2,275,842	12,985,000	135,740	12,849,260	0.57%	476
1999	27,810	2,418,661	12,410,000	197,130	12,212,870	0.51%	446
2000	30,150	2,871,366	11,805,000	191,411	11,613,589	0.41%	392
2001	30,470	3,150,818	11,220,000	85,703	11,135,297	0.35%	368
2002	30,910	3,463,959	10,615,000	76,112	10,538,888	0.30%	343
2003	30,910	3,769,106	9,975,000	165,183	10,449,817	0.25%	323
2004	30,930	4,195,825	9,305,000	156,038	9,148,962	0.22%	301
2005	30,930	4,560,988	6,835,000	165,957	6,669,043	0.12%	221

## Net Bonded Debt Per Capita



**Computation of Legal Debt Margin  
December 31, 2005**

Total assessed value		\$ 4,560,988,322
<hr/>		
Debt limit - 7.5 percent of total assessed value		342,074,124
Amount of debt applicable to debt limit:		
General obligation bonds (voted)	6,835,000	
General obligation bonds (non-voted)		
Total debt outstanding	<u>\$ 6,835,000</u>	
Less assets in debt service funds		
Available for payment of principal		
Less total amount of debt applicable to debt limit		<u>6,669,043</u>
Legal debt margin		<u><u>\$ 335,405,081</u></u>

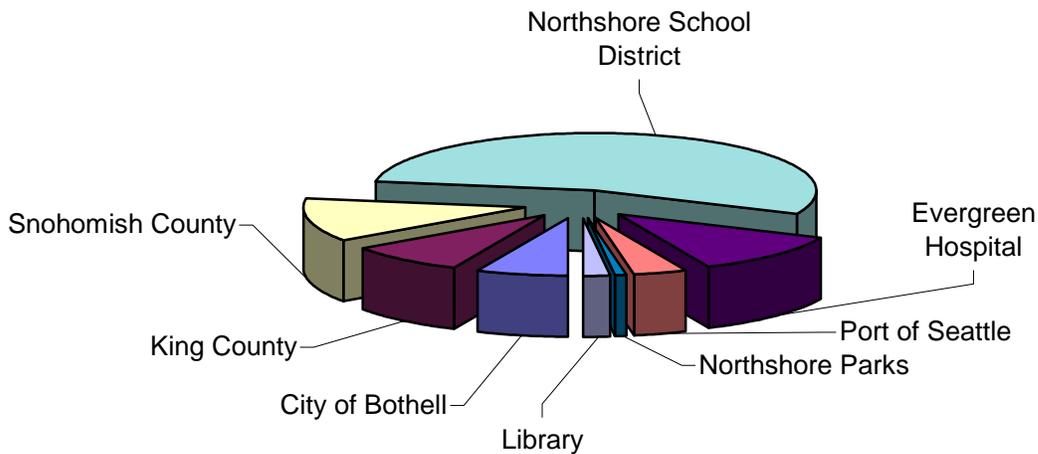
## Computation of Direct and Overlapping Debt December 31, 2005

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Bothell	Amount Applicable to Bothell
City of Bothell	\$ 6,835,000	100.00%	\$ 6,835,000
King County	883,058,000	0.99%	8,742,274
Snohomish County	359,466,242	3.45%	12,401,585
Northshore School District	230,891,044	23.94%	55,275,316
Evergreen Hospital	186,810,974	6.34%	11,843,816
Port of Seattle	380,225,000	0.99%	3,764,228
Northshore Parks	4,163,050	23.97%	997,883
Library	85,891,157	2.28%	1,958,318
<b>Total</b>	<b>\$ 2,137,340,467</b>		<b>\$ 101,818,420</b>

Net Debt Source: King & Snohomish County Finance Departments

Percentage Source: King County Levy Administration, Snohomish County Assessor

## Division of Outstanding Debt Applicable to Bothell

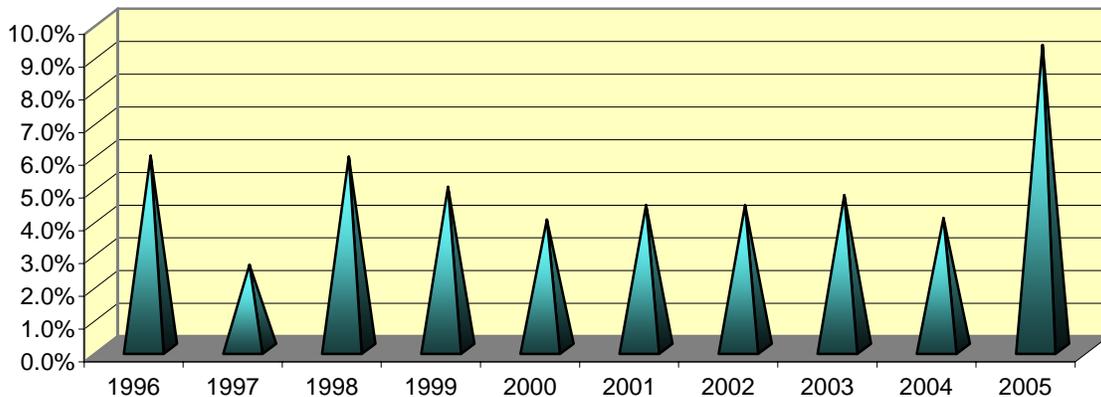


## Ratio of Annual Debt Service Expenditures For General Bonded Debt to Total General Expenditures Last Ten Years

Year	Principal	Interest	Total Debt Service	Total General Expense	Ratio of Debt Service to Gen Expense
1996	780,000	271,666	1,051,666	17,821,004	5.9%
1997	295,000	231,898	526,898	20,539,702	2.6%
1998	574,000	694,020	1,268,020	21,566,453	5.9%
1999	575,000	663,162	1,238,162	24,995,146	5.0%
2000	605,000	632,354	1,237,354	31,303,076	4.0%
2001	585,000	602,960	1,187,960	27,088,488	4.4%
2002	605,000	652,686	1,257,685	28,650,437	4.4%
2003	640,000	544,335	1,184,335	25,196,661	4.7%
2004	670,000	512,980	1,182,980	29,749,561	4.0%
2005	2,470,000	479,999	2,949,999	31,765,205	9.3%

Includes Current, Street, Park, Debt Service (excluding LID funds) and Capital Improvement Funds (excluding LID Capital Projects Fund).

## Ratio of Debt Service to General Expenditures



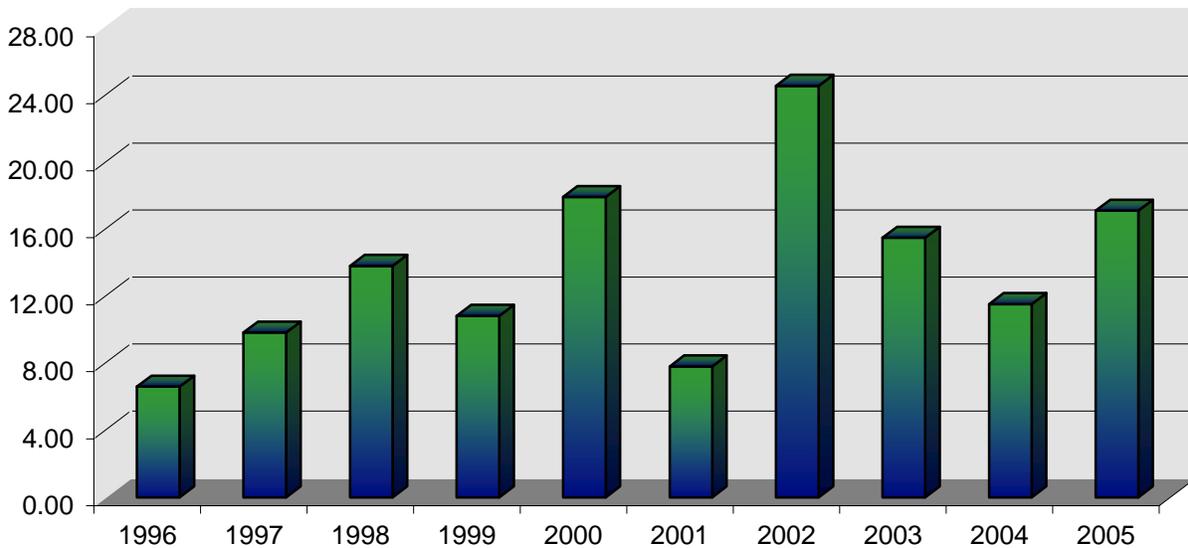
## Revenue Bond Coverage Water and Sewer Bonds Last Ten Years

Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
1996	4,745,200	3,844,050	901,150	20,000	116,391	136,391	6.61
1997	5,173,338	3,868,559	1,304,779	20,000	112,648	132,648	9.84
1998	6,392,532	4,679,045	1,713,487	80,000	44,025	124,025	13.82
1999	6,006,433	4,647,137	1,359,296	85,000	40,505	125,505	10.83
2000	7,330,415	5,059,966	2,270,449	90,000	36,595	126,595	17.93
2001	6,673,427	5,718,272	955,155	90,000	32,275	122,275	7.82
2002	8,189,907	5,048,963	3,140,944	100,000	27,865	127,865	24.57
2003	7,824,367	5,920,412	1,903,955	100,000	22,865	122,865	15.50
2004	6,855,297	5,438,140	1,417,157	105,000	17,765	122,765	11.54
2005	7,419,735	5,344,901	2,074,834	115,000	6,210	121,210	17.12

(1) Includes operating and non-operating revenues.

(2) Excludes Depreciation.

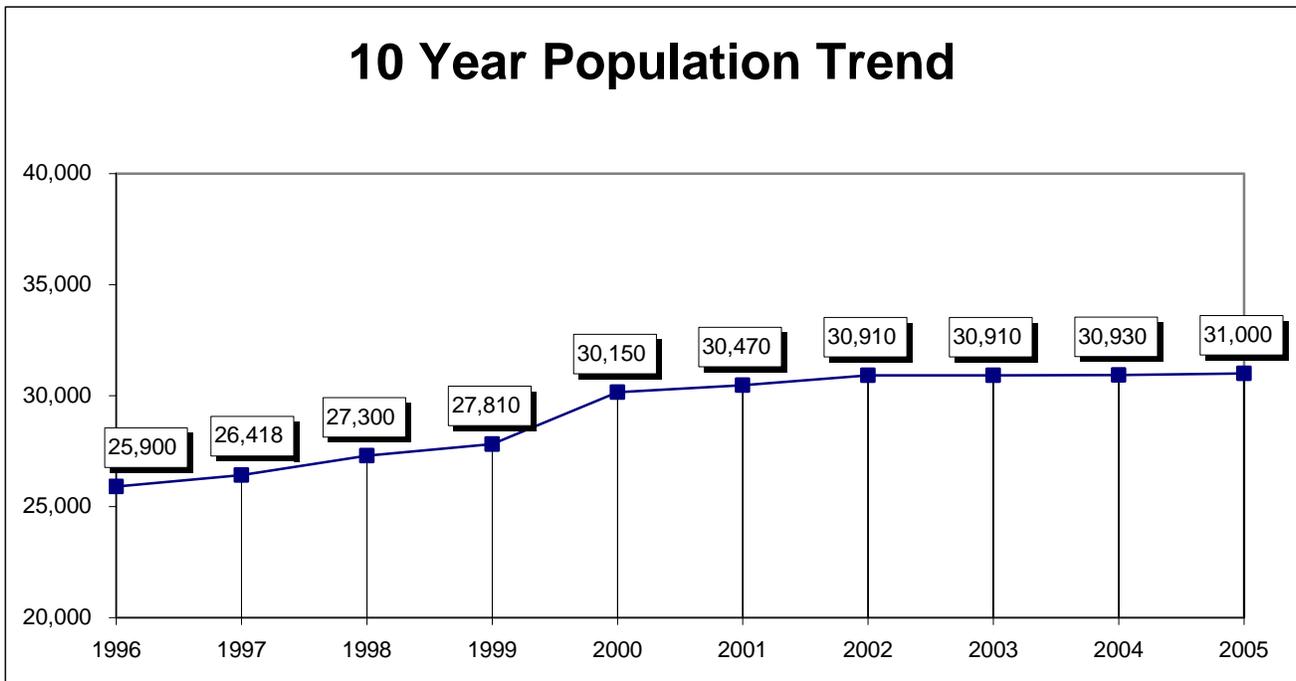
## Coverage Ratio



## Demographic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Income	Median Age	Education Level (years of formal schooling)	Unemployment Rate
1996	25,900	23,596	33.9	13.1	5.0%
1997	26,418	24,800	33.9	13.1	3.3%
1998	27,300	24,800	33.9	13.1	3.1%
1999	27,810	26,483	33.9	13.1	3.4%
2000	30,150	26,483	36.0	13.1	3.7%
2001	30,470	26,483	36.0	13.1	4.8%
2002	30,910	26,483	36.0	13.1	2.8%
2003	30,910	26,483	36.0	13.1	7.3%
2004	30,930	26,483	36.0	13.1	5.7%
2005	31,000	26,483	36.0	13.1	4.7%

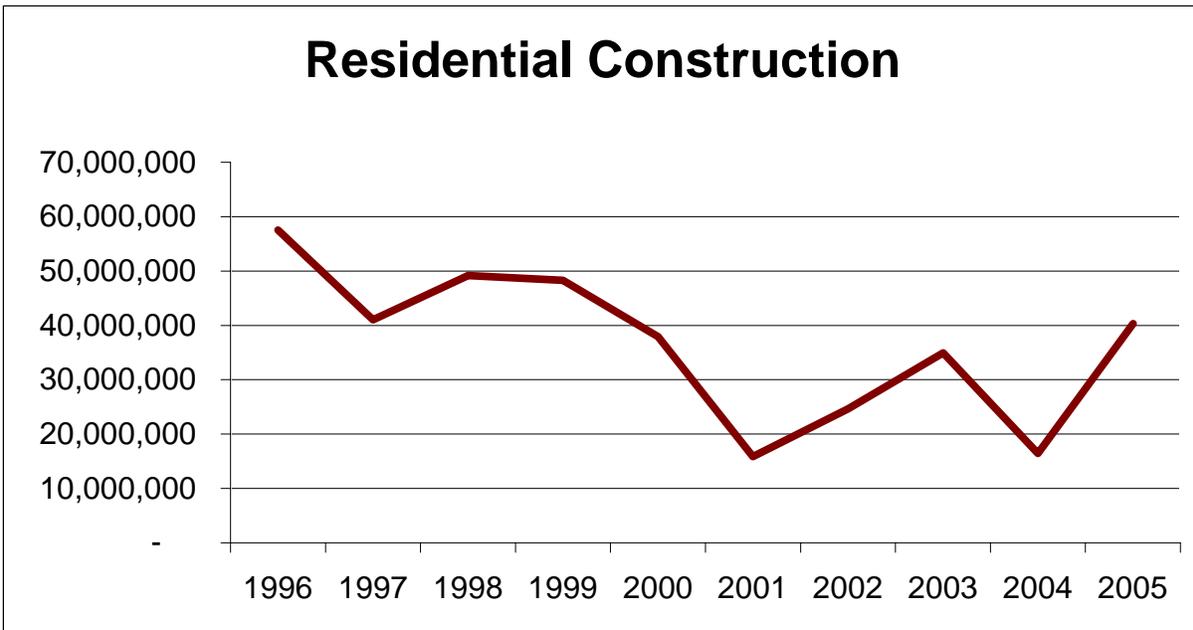
Source: 2000 US Census Bureau & 2005 Labor Force Data



## Property Value and Construction Last Ten Years

Year	<u>Commercial Construction*</u>		<u>Residential Construction*</u>		<u>Property Value</u>	
	Number of Buildings	Value	# of Units	Value	Commercial	Residential
1996	12	18,782,149	661	57,548,476	934,181,077	1,141,765,923
1997	14	32,084,552	471	41,044,606	972,150,927	1,188,173,073
1998	30	69,088,381	417	49,154,501	1,024,134,463	1,251,707,897
1999	20	22,003,384	354	48,309,967	1,088,403,119	1,330,257,723
2000	26	43,435,395	354	37,925,046	1,292,121,728	1,579,244,747
2001	15	26,370,644	67	15,838,566	1,417,868,197	1,732,950,019
2002	5	14,582,144	83	24,645,424	1,565,457,932	1,913,337,473
2003	7	6,895,963	119	34,963,564	1,700,952,131	2,078,941,494
2004	8	8,057,184	50	16,475,031	1,893,378,915	2,314,129,785
2005	7	1,973,398	142	40,339,400	2,052,444,745	2,508,543,577

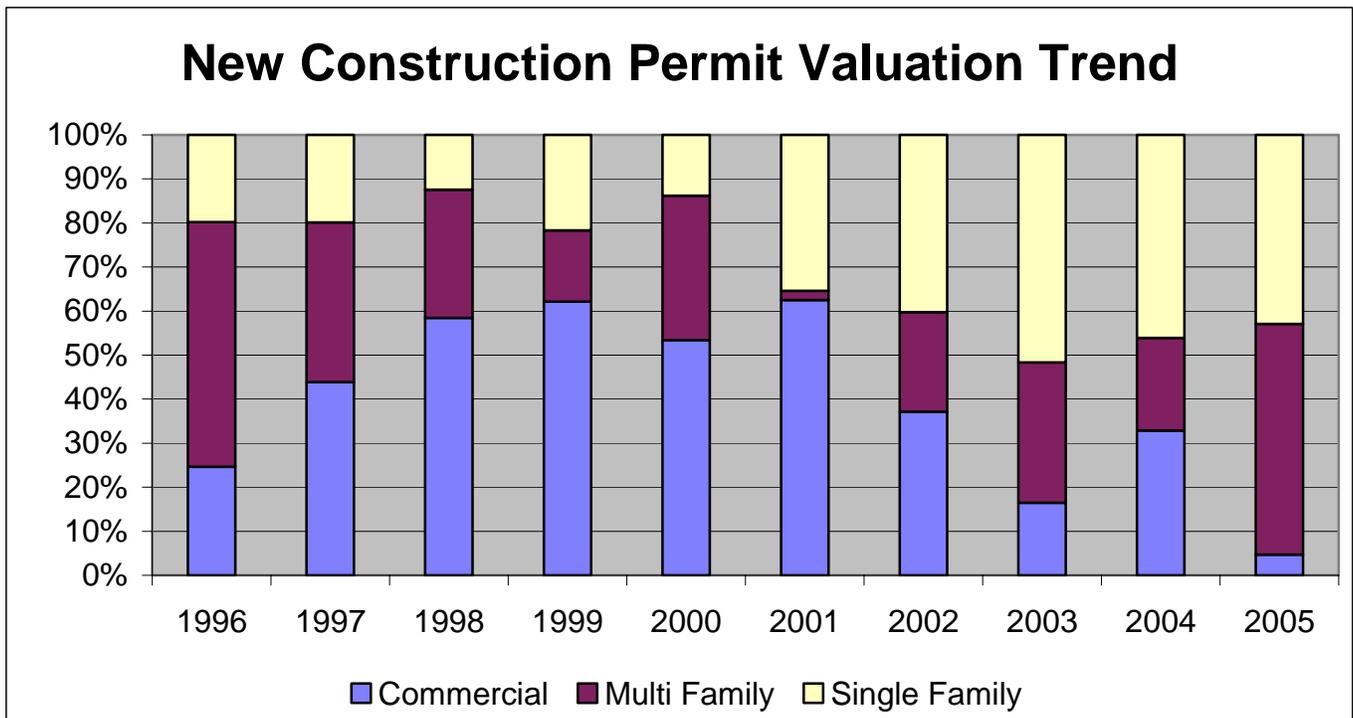
\*Source: Building Permit Applications



## Construction Permits Last Ten Years

Year	New Construction								All New Construction Permits	
	Building Permits						Other Permits*			
	Commercial		Multi Family		Single Family		Com/Multi/Single			
	# of Permits	Dollar Value	# of Permits	Dollar Value	# of Permits	Dollar Value	# of Permits	Dollar Value	# of Permits	Dollar Value
1996	12	18,782,149	64	42,434,322	69	15,114,154	210	10,754,017	145	76,330,625
1997	14	32,084,552	27	26,491,945	67	14,552,661	313	23,999,974	108	73,129,158
1998	30	69,088,381	68	34,495,207	65	14,659,294	245	19,642,204	163	118,242,882
1999	20	79,400,201	16	20,640,531	117	27,669,436	249	5,379,511	153	127,710,168
2000	26	43,435,395	18	26,721,077	43	11,203,969	363	5,415,151	87	81,360,441
2001	15	26,370,644	4	897,222	59	14,941,344	318	66,135,066	78	42,209,210
2002	5	14,582,144	28	8,860,660	55	15,784,764	338	25,733,558	88	39,227,568
2003	7	6,895,963	41	13,351,047	78	21,612,517	300	13,994,075	126	41,859,527
2004	8	8,057,184	12	5,164,803	38	11,310,228	331	31,713,751	58	24,532,215
2005	7	1,973,398	86	22,192,652	56	18,146,748	439	21,418,311	149	42,312,798

Source: City of Bothell Community Development Building Permits Division



## Principal Property Taxpayers December 31, 2005

### Snohomish County Taxpayers

Taxpayer	Type of Business	2005 Assessed Valuation	Percentage of Total Assessed Valuation
Teachers Insurance & Annuity Assn	Insurance	\$ 76,800,600	3.66%
Philips Ultrasound	Medical	71,553,599	3.41%
Carr America Realty	Property Mgmt	68,154,724	3.25%
Immunex Mfg Corp	Medical	41,636,065	1.98%
Verizon Northwest	Utility	35,337,589	1.68%
Essex Canyon Pointe, LP	Property Owner	32,394,700	1.54%
BRE Properties	Property Mgmt	27,182,200	1.30%
Riggs & Company Trustee	Property Owner	26,574,500	1.27%
Benaroya Capital Co LLC	Property Owner	26,293,000	1.25%
RREEF	Property Owner	23,892,000	1.14%
Total Assessed Valuation - Largest Taxpayers		429,818,977	20.49%
Total Assessed Valuation - All Other		1,668,107,446	79.51%
Total Assessed Value		<u>\$ 2,097,926,423</u>	<u>100.00%</u>

Source: Snohomish County Assessor

### King County Taxpayers

Taxpayer	Type of Business	2005 Assessed Valuation	Percentage of Total Assessed Valuation
Schnitzer Northwest	Property Mgmt	\$ 105,831,200	4.30%
Seattle Times	Publishing	81,550,640	3.31%
Archstone Communities Trust	Property Mgmt	40,596,000	1.65%
RREEF	Property Owner	29,331,800	1.19%
Allstate Insurance	Insurance	27,937,494	1.13%
Puget Sound Energy	Utility	21,154,648	0.86%
Essex Property Trust	Property Mgmt	17,848,900	0.72%
Home Depot USA	Retail	15,775,119	0.64%
S/I North Creek VII LLC	Property Mgmt	13,799,788	0.56%
Verizon Northwest	Utility	7,414,049	0.30%
Total Assessed Valuation - Largest Taxpayers		361,239,638	14.67%
Total Assessed Valuation - All Other		2,101,822,261	85.33%
Total Assessed Value		<u>\$ 2,463,061,899</u>	<u>100.00%</u>

Source: King County Levy Administration

Notes: City of Bothell is split between Snohomish and King Counties.

# 2005

## City of Bothell

### Miscellaneous Statistics

#### Government

Date of Incorporation	1909
Form	Non-Charter, Optional Municipal Code, Council-Manager
Population	31,000
Area	12.6 square miles
Number of City Employees	264.64
Number of Registered Voters	9,132 (King County) 8,882 (Snohomish County)
Business Licenses Issued	2,396

#### Property Tax

Regular Property Tax Rate	\$1.51 per \$1,000 of Assessed Value
Voted Property Tax Rate	\$.17 per \$1,000 of Assessed Value

#### Household

Median Household Income	\$65,166 (King County) \$70,423 (Snohomish County)
Median Home Assessed Value	\$310,000 (King County) \$267,400 (Snohomish County)
Median Rental	\$876

#### Transportation

Miles of Paved Roads	322
Street Lights Owned by the City	1,907

#### Fire Protection

Number of Stations	3
Number of Uniformed Personnel	53
Number of Emergency Alarms	4,333

#### Police Protection

Number of Stations	1
Number of Police Officers	54
Number of Calls for Service	26,984

# 2005

## City of Bothell

### Miscellaneous Statistics

#### Utility Services

##### Water:

Number of Customer Accounts	3,664
Miles of Water Mains	71

##### Sewer:

Number of Customer Accounts	4,441
Miles of Main	57
Miles of Storm Sewers	108

#### Parks, Recreation, & Culture

Number of Parks	25
Acres of Parks	200.84
Museum	1
Senior Center	1
County Library	1 (173,078 Volumes)

#### Public Schools

##### Northshore School District:

Attendance Centers	32
Number of Classrooms	997
Number of Employees	2,300
Number of Students	19,263

##### Cascadia Community College:

Number of Students	2,566 (Fall 2005)
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##### University of Washington - Bothell:

Number of Students	1,601 (Fall 2005)
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#### 2005 Top Ten Employers

Cingular Wireless	2,680
Philips Medical Systems	1,704
Washington Mutual	1,161
ICOS	409
Panasonic Avionics	392
Seattle Times	377
Puget Sound Energy	369
Allstate	305
Home Depot	282
SonoSite	262