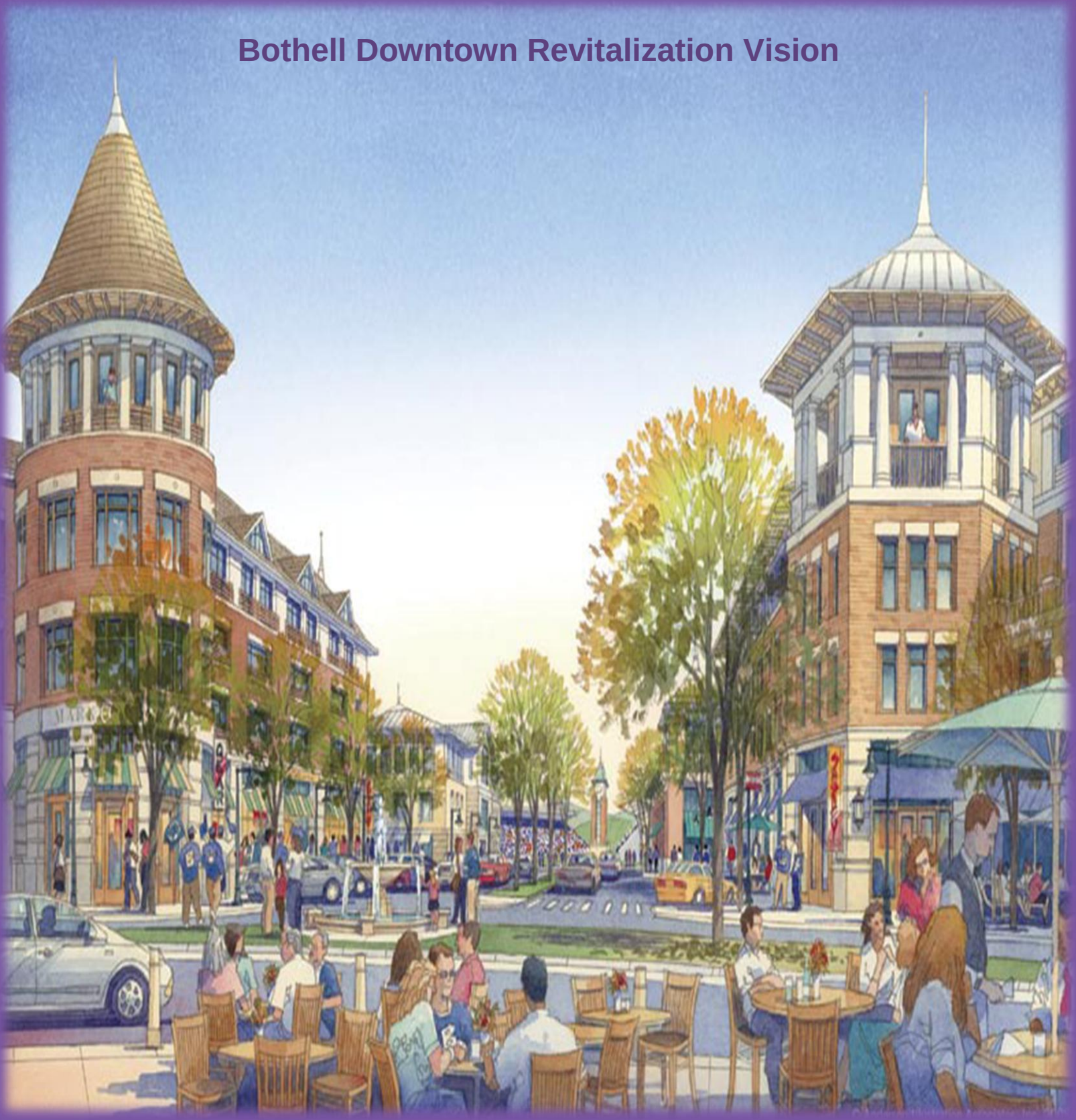


City of Bothell™

# City of Bothell, Washington
# Comprehensive Annual Financial Report
## For the fiscal year ended December 31, 2007

City of Bothell™

## CITY OF BOTHELL, WASHINGTON

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## For the Fiscal Year Ended December 31, 2007

PREPARED BY THE FINANCE DEPARTMENT


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# City of Bothell, Washington
# Comprehensive Annual Financial Report
# For The Fiscal Year Ended December 31, 2007

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# Introductory Section

City of Bothell™

Date: June 30, 2008

## To the Residents of Bothell, Washington

The City of Bothell's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2007 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 for readers to assess stewardship and accountability, and demonstrate legal compliance and competent 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.

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

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 2007 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. The notes to the financial statements further describe the changes along with the effects of these changes. City management believes the new format provides better financial data for the users of our City's CAFR.

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Printed on recycled paper using vegetable-based inks

## 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 32,400 and an employment population of over 20,000.

Bothell is situated within the Seattle metropolitan area, northeast of Lake Washington. It comprises 12.09 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.

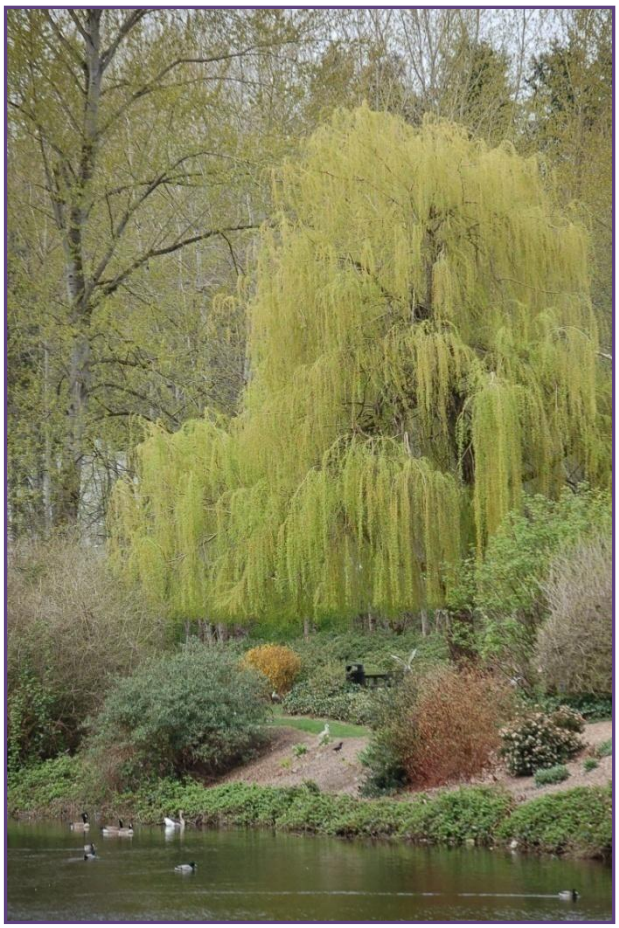
Bothell's is a unique and highly desirable community. The City is central to an Interstate and three major State highways. For this reason, Bothell experienced substantial growth in recent years as businesses sought locations with access to vital new markets, with attractive surroundings for both their employees and customers.

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 (Northshore School District is ranked as one of the Nation's top 10 districts), and a strong sense of community.

The City has proven to be a particularly appealing location for technology firms.

Bothell is recognized nationally as a leading biotechnology center. Among Bothell's resident businesses are several international biotechnology firms along with numerous computer hardware and software development corporations. The largest wireless telecommunication company resides in Bothell as well.

In addition, Bothell is 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 wetland 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.

At the end of 2007, the City of Bothell had 292 authorized positions. Bothell's full and part-time employees provide a full range of municipal services for our 32,400 residents, including general government administration, public safety (police and fire services), community development, public works, and parks and recreation.

The City operates Enterprise Funds for its Water, Sewer, and Storm Drain Utilities. The City and adjacent water districts provide water and sewer services. Garbage service is provided through an independent contractor, and 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 is confident that the City's accounting controls adequately safeguard assets and provide reasonable assurance for the 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 requires timely submission of the City's annual financial reports, as well as an independent audit performed annually by the State Auditor's Office.

As a recipient of more than $500,000 in federal financial assistance in 2007, the City of Bothell is further 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 the year ended December 31, 2007 was conducted between March and May of 2007, and is now complete. The City's financial statements were found 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 the first half of even years. The City's Finance Department prepares the calendar for the budget process, while the City Manager and the Finance Director establish budget preparation guidelines for department directors. Each department prepares its budget based on the Council's Budget Focus Areas and Desired Budget Outcomes, as well as the City Manager's directives.

The City Manager then recommends a balanced budget to the City Council while simultaneously making the proposed budget available to the public. Per Washington State law, public hearings are held to provide adequate opportunity for public input, and (if the Council deems it is necessary) the budget is revised prior to adoption.

The City's property tax levy is approved annually, while its fee schedule is normally approved biennially along with the budget. 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 to the original budget. A public hearing is required before a budget modification can be adopted. The 2007-2008 budget was amended once at the end of 2007.

The City's cash management practice encourages investment of all cash (not

needed for immediate expenditure) 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.

Bothell utilizes a self-insurance fund for its risk management program and is a member of an insurance investment pool, which is 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 participate in one of the following mandatory state pension systems:

- Law Enforcement Officers and Firefighters Retirement System (LEOFF), for uniformed police officers and firefighters; and the
- 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 benefits 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

General government revenues (general, special revenue, capital projects, debt service, as well as other governmental fund revenues) excluding operating transfers totaled $59,424,538 in 2007. Compared with 2006, revenue receipts increased in all major categories, but the primary drivers behind the $12,532,327 or near 27% increase in revenue was real estate excise tax (REET) and inter-governmental grants.

#### Taxes

The City's general government tax revenues grew almost 8% or $2,398,472 in 2007. Over 7% of the increase was wholly due to elevated REET revenues.

Regular property tax collections rose 4% or $298,095. The City did not increase its property tax levy in 2007. The rise in property tax receipts was solely due to new construction that was added to the City's property tax rolls.

51% of new construction tax collections were the result of an increase in state-assessed property. State-assessed property is property belonging to inter-county utilities (transportation and telephone companies). State assessed property is considered new construction for the purpose of calculating the City's levy limit.

In 2007, retail sales and use tax revenues (retail, construction, criminal justice, and hotel/motel) fell close to ($240,000) or 2%. This was the first decline in sales tax the City has experienced since 2002 (following 9/11). Retail sales and use tax revenue

rose 13% in 2006, 19% in 2005, and 4% in 2004.

Real Estate Excise Tax (REET) revenues surged another 56% in 2007 following a 50% increase in 2006. REET receipts decreased nearly 4% in 2005 after showing a 2% increase in 2004, and a 29% increase in 2003.

The multi-year spike in REET revenues had several contributing factors – The City's predominantly residential makeup, double-digit increases in housing prices coupled with low interest rates, and ownership transferring on significant buildings in the City's business parks.

REET revenues are legally restricted to capital spending.

In 2007, excluding Waste Management street preservation fees (in lieu of tax), utility tax increased $438,894 or near 7% when compared to 2006 receipts.

In general, other City tax streams showed growth in line with inflation as predicted and budgeted.

### Licenses & Permits

In 2007, license and permit fees decreased 12% or ($218,566). In 2006, this revenue stream rose 68% or $732,870. The lion's share of the 2006 spike resulted from low interest and unemployment rates that drove up much higher than normal single and multi-family home starts throughout the 2005-2006 biennium. This upward trend began to stabilize in 2007, and is expected to continue to shift toward a more normal trend.

### Intergovernmental

Intergovernmental revenues increased 113% or $8,243,779 in 2007, but had decreased 27% or ($650,000) in 2006, and 6% or ($230,000) in 2005. These large annual fluctuations in inter-governmental receipts are for the most part attributable to the availability of federal and state grant funding.

### Charges for Services

In 2007, revenue receipts associated with charges for City services spiked 35% or $1,514,534. Development and arterial street impact fees were the main drivers behind this upsurge.

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 2007, fine and forfeiture revenue rose by 29% or $99,521. The majority of the growth was linked to traffic fines.

These revenues often fluctuate from year-to-year in response to changes in legislation, police focus areas, and criminal activity.

### Miscellaneous

Miscellaneous revenues increased by 20% or $494,585 in 2007. Nearly all of the increase was associated with investment earnings.

## Expenditure Summary

General governmental expenditures (general, special revenue, capital projects, debt service, and other governmental funds) excluding operating transfers totaled $48,420,557 in 2007. The 27% increase in spending equated to $10,591,526. $8,382,722 or 79% of the spending surge was associated with capital expenditures.

2007 general government expenditures rose almost 10% or $612,780.

Security of persons and property costs increased $1,492,414 or nearly 10%. The largest component of this increase was public safety personnel costs.

Transportation (street maintenance and operating) expenditures were reduced ($176,074) or 11% by lowering signal maintenance costs.

In 2007, the City's physical and economic environment spending increased close to 11% or $581,034. This rise in spending resulted from increased staffing and operating costs that were associated with the City's community planning and engineering functions.

These activities are directly related to development, so increases in expenditures also result in an increase to a correlating revenue stream.

In 2007, the City's debt service expenditures decreased by 28% or ($319,614). Bothell has very little debt, and has not incurred any additional debt liability since 1999. For this reason, the City's annual debt service payments continue to lessen each year.

Changes in fund balances as a result of 2007 operations for individual major governmental funds and the combined "other" non-major governmental funds are as follows:

| Fund | 2006 | 2007 | Increase (Decrease) |
|---|---|---|---|
| General Fund | $14,911,218 | $15,014,982 | $103,764 |
| Arterial Street | 1,924,838 | 2,512,297 | 587,459 |
| Capital Improvements | 23,179,317 | 31,767,467 | 8,588,150 |
| LID Control | 115,116 | 322,508 | 207,391 |
| Other Governmental Funds | 2,076,235 | 2,333,362 | 257,128 |

### 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 drain 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 2007, the City operated three internal service funds - Equipment Rental (Fleet), Self Insurance, and Asset Replacement.

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

| | Operating Revenues | | Net Assets | |
|---|---|---|---|---|
| Fund | 2006 | 2007 | 2006 | 2007 |
| Water | $3,995,496 | $3,794,100 | $11,369,810 | $12,186,991 |
| Sewer | 4,257,167 | 5,116,942 | 10,101,400 | 11,025,934 |
| Storm Drain | 1,837,048 | 1,804,538 | 10,381,119 | 10,762,147 |
| Equipment Rental* | | | 737,999 | 755,298 |
| Self Insurance* | | | 83,495 | 233,952 |
| Asset Replacement* | | | 4,578,831 | 7,638,603 |

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

In 2007, Water, Sewer, and Storm Drain operating revenues increased 8% or $625,869. The increase in utility revenues is attributable to new development/utility accounts, pass-through rate increases on wholesale water, and contracted sewage disposal.

## Debt Administration

Bothell has very little debt. The City has one "voted" general obligation (GO) bond outstanding ($5,955,000). Other general government long-term debt includes $1,306,310 in Public Works Trust loans. The City's debt, including GO bonds at December 31, 2007 amounted to $7,261,310. The City's debt capacity is outlined in Note 12, located in section IIB of this document under the Basic Financial Statements section, page 39.

The City has an Aa3 credit rating. Only 5 cities in the State of Washington have a higher credit rating than Bothell.

## Economic Condition

City management consistently monitors economic indicators, and works conscientiously to ensure that the City's long-term fiscal stability is sustained. The City maintains a comprehensive six-year fiscal strategic planning document called "The Roadmap – Setting the Course document," along with a seven-year Capital Facilities Plan, which prioritizes the Community's capital investment needs, as well as identifies and designates the resources available to meet those needs.

Bothell's management recognizes the importance of strategic, long-term fiscal planning. For this reason, the City maintains a conservative pay-as-you-go approach to spending, and upholds sound fiscal policies – including utilizing one-time revenues for one-time (generally capital) expenditures.

Bothell experienced a significant jump in single and multi-family home permit applications throughout 2005 and 2006. This development produced property tax, utility tax, and sales tax revenues for the City.

By 2007, the Puget Sound economy had slowed considerably, but local economists continue to point out that the Snohomish County area will expand considerably faster than the rest of the region over the next five to six years.

The two major drivers supporting economist's growth projections are a

significant rise in aerospace jobs (Boeing) and an increase in both population and households brought about by a higher number of Seattle-area employees wanting to live outside of the Seattle Metropolitan Area.

Bothell's economic base is further enhanced by its location within an area known as the "technology corridor", which extends from Bellevue in King County to South 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 10 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, Home Depot and Staples outlets, and the regional newspaper printing and distribution plant for the Seattle Times.

The Canyon Park Business Center is located in Snohomish County. This park houses Food and Drug Administration offices, as well as bio-pharmaceutical manufacturing facilities.

Other companies located in the Canyon Park area are Philips Ultrasound (aerospace electronics) and Immunex (biotech).

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.

Current park occupants include AT&T, as well as many insurance, scientific, and service industry businesses.

Twenty percent of the State's life science industry resides in Bothell's technology corridor – including four of the 50 fastest growing tech companies. Growth within this corridor is expected to continue to add diversity and strength to Bothell's economy.

In 2006, City management engaged the Council, boards and commissions, citizens, business owners, and staff in an inclusive brainstorming exercise to develop a comprehensive revitalization plan for the City's historic downtown. The plan that emerged was a vibrant mixed-use development that provides a variety of housing options, retail and services, essential public facilities, as well as significantly improved traffic and pedestrian mobility.

An independent third-party economic study was performed based on implementation of the conceptual downtown redevelopment plan.

The study found that Bothell has a higher than average household income compared to King and Snohomish Counties, but the City's taxable retail sales per capita figure is significantly below average – indicating a substantial amount of retail "leakage" is taking place, and that Bothell residents must drive elsewhere to purchase the goods and services they desire.

Finally, the study clearly demonstrated that redevelopment of the City's downtown would provide a tremendous opportunity for reducing retail leakage, while considerably enhancing the City's long-term fiscal picture.

In 2007, the City made multiple significant land acquisitions that were necessary to bring Bothell's downtown revitalization to fruition.

The City's Capital Facilities Plan (CFP) identifies and allocates funding and staffing resources to realize the essence of the downtown vision by 2015.

**Awards**

City management was delighted to receive the following Government Finance Officers Association (GFOA) awards in 2007:

- ***GFOA Certificate of Achievement for Excellence in Financial Reporting*** for the City's 2006 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 2007 – 2008 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 the City's Council, management, and staff for their steadfast encouragement and support.

Respectfully submitted,

Tami Schackman
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Bothell Washington

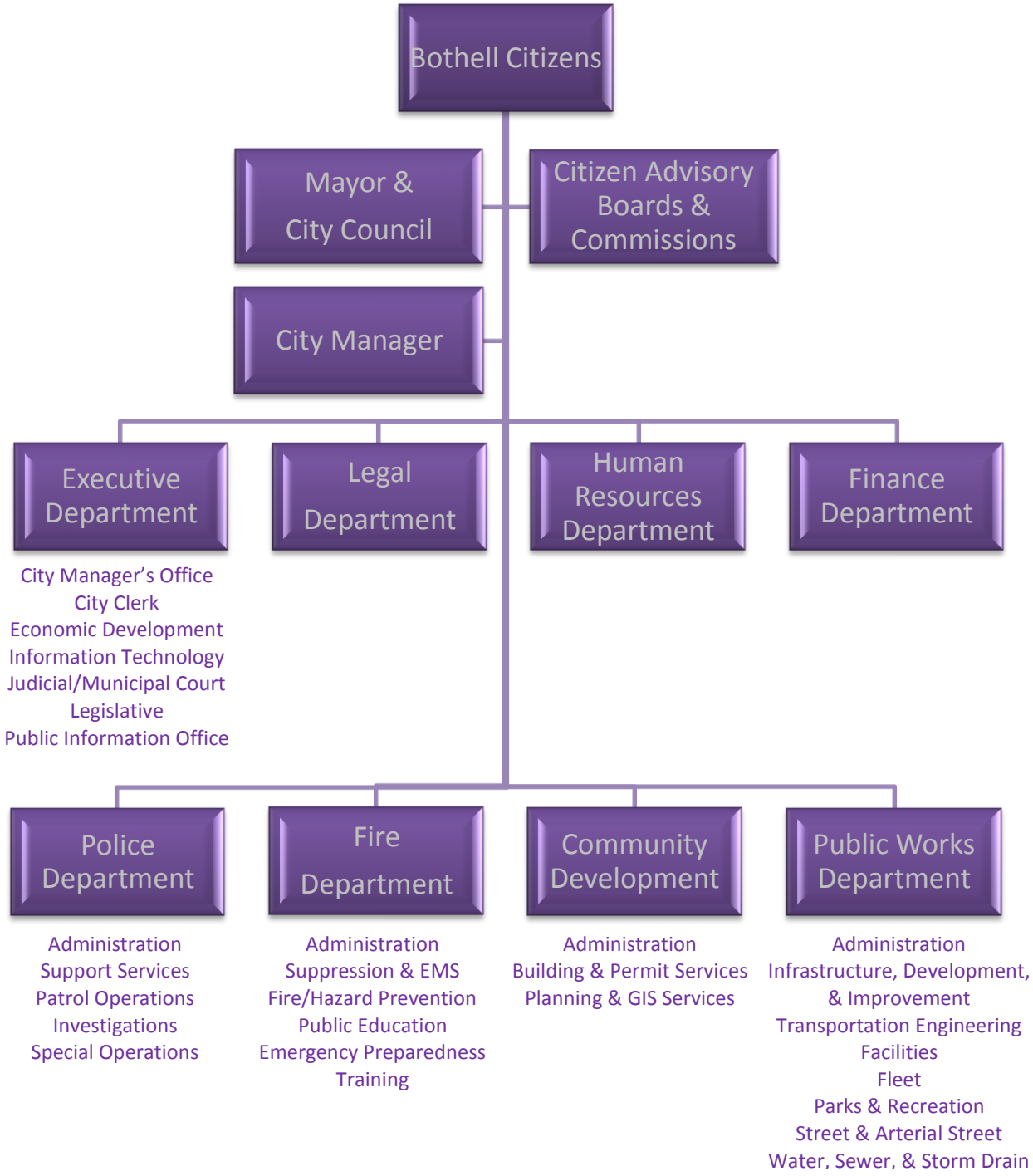
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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.

President

Executive Director

# City of Bothell
# Organizational Chart



# City of Bothell
## Elected Officials

Joshua Freed

Deputy Mayor
Sandy Guinn

Del Spivey

MAYOR
Mark Lamb

Tim Tobin

Andrea Perry

Patrick Ewing

### EXECUTIVE STAFF
(Officials as of December 31, 2007)

| | |
|---|---|
| City Manager | Robert S. Stowe |
| Assistant City Manager | Manny Ocampo |
| Finance Director | Tami Schackman |
| Human Resources Director | Jamie Marsden |
| City Attorney | Michael Weight |
| Community Development Director | Bill Wiselogle |
| Fire Chief | Warren Burns |
| Police Chief | Forrest Conover |
| Public Works Director | Doug Jacobsen |

# Management's Discussion & Analysis

**Washington State Auditor**
**Brian Sonntag**

**INDEPENDENT AUDITOR'S REPORT**

June 6, 2008

Council
City of Bothell
Bothell, Washington

We have audited the accompanying financial statements of the 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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bothell, King County, Washington, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows 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 A1 through A16 and budgetary comparison information on pages C1 through C2 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-15 and supplemental information on pages E-1 through E-14 through 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,

**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, 2007.*

** Users are encouraged to read the information within this section in conjunction with the data furnished in the Finance Director's transmittal letter (section I, pages i - x) and the City's financial statements (section IIB, pages 1 - 43).*

## 2007 Financial Highlights

- Fund balance for the General Fund as of 12/31/07 was $15,014,982, or 50% of total expenditures (excluding operating transfers). At 12/31/07, fund balance for all governmental funds was $51,950,616.
- Net change in fund balance for governmental funds in 2007 was $9,649,404.
- City debt decreased by $596,461.
- Net assets for governmental activities decreased $10,474,107 primarily resulting from asset depreciation.
- General Fund activities in the first year of the City's 2007-2008 biennial budget was $30,127,633, compared to $26,444,622 in 2006 (excluding operating transfers).
- Revenues exceeded expenditures in the General Fund by $5,306,432 (excluding operating transfers).

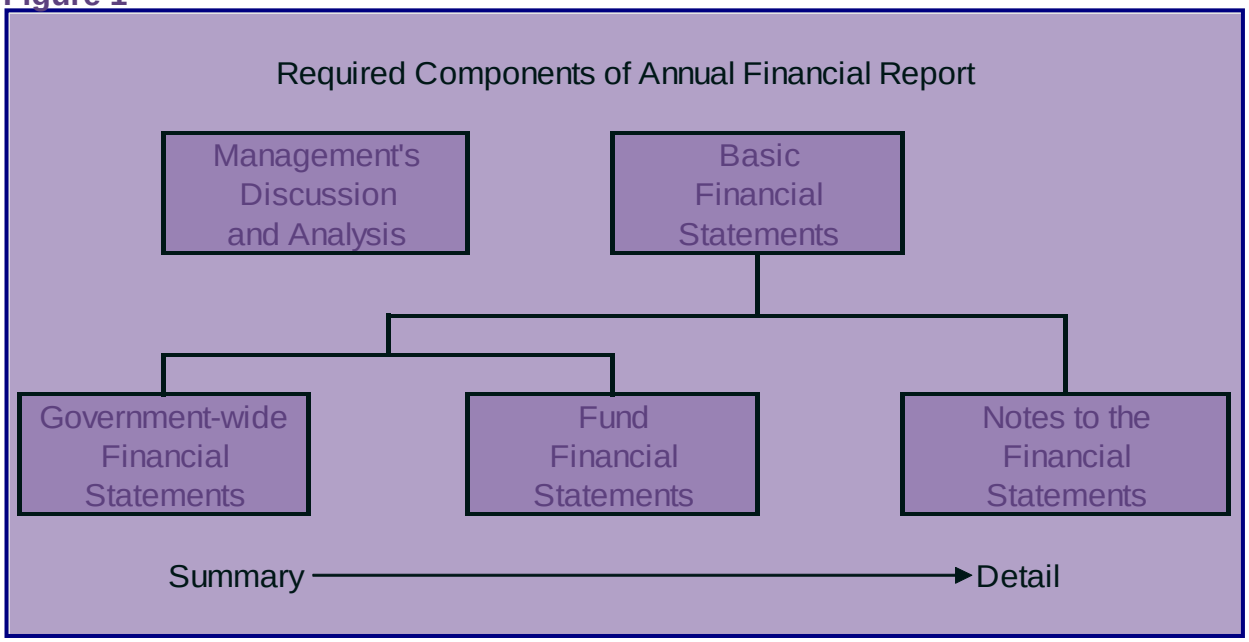
## Overview of the Financial Statements

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.

**Figure 1**




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

The subsequent 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.

Governmental activities include most of the City's basic services such as general administration, public safety, parks and recreation, and development services. Sales, business, and property taxes finance most of these activities. Business-type activities on the other hand are services the City provides for a fee. Customers pay based on their actual usage. Business-type activities include Water, Sewer, and Storm Drain.

Government-wide financial statements are located in section IIB, on pages 1-3.

### 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 14 governmental funds. Information is presented separately in the governmental fund balance sheet, and in the governmental fund statements pertaining to revenues, expenditures, and changes in fund balances for the General, Arterial, Capital Improvements, and LID Control funds, which are considered the City's major

governmental funds. Data for the other 10 governmental funds are 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 fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statement are presented in section IIB, on pages 13-43 of this report.

**Other Information**. In addition to the basic financial statements and accompanying notes, this report also includes certain required supplementary information concerning the City's progress in funding its obligation to 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.

## 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 accounts, without any type of consolidated statement to 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 (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. Bothell was required to implement these changes for the fiscal year ended June 30, 2004.

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. Since 2002, "net assets" has come to be a strong indicator of a government's financial condition.

As of December 31, 2007, the City's assets exceeded liabilities by $942,710,039. Investments in capital assets (e.g. land, buildings, machinery, and equipment) are by far the largest portion of the City's net assets (93%), less any debt used to acquire those assets that is still outstanding. The City uses 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.

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 |
| Current and other assets | $50,923,859 | $60,660,699 | $10,374,951 | $12,320,931 | $61,298,810 | $72,981,630 |
| Capital assets | 879,026,842 | 857,925,471 | 23,663,348 | 23,387,579 | 902,690,190 | 881,313,050 |
| Total assets | 929,950,702 | 918,586,170 | 34,038,299 | 35,708,509 | 963,989,001 | 954,294,680 |
| Long-term debt | 7,527,018 | 7,006,842 | 1,436,223 | 1,320,077 | 8,963,241 | 8,326,919 |
| Other liabilities | 3,309,097 | 2,844,362 | 750,746 | 413,359 | 4,059,844 | 3,257,721 |
| Total liabilities | 10,836,116 | 9,851,204 | 2,186,969 | 1,733,436 | 13,023,085 | 11,584,640 |
| Net assets: | | | | | | |
| Invested in capital, net of debt | 872,520,256 | 851,902,746 | 22,312,164 | 22,148,994 | 894,832,420 | 874,051,740 |
| Restricted | | | 45,950 | 45,960 | 45,950 | 45,960 |
| Unrestricted | 46,594,330 | 56,832,220 | 9,493,206 | 11,780,119 | 56,087,536 | 68,612,339 |
| **Total net assets** | **$919,114,586** | **$908,734,966** | **$31,851,320** | **$33,975,073** | **$950,965,905** | **$942,710,039** |

The City's $56,832,220 in unrestricted governmental net assets is available for appropriation in order to meet the needs of its citizens and to satisfy its creditors.

At the end of the 2007 fiscal year, the City is once again able to report positive balances in all three categories of net assets - the government as a whole, as well as for its separate governmental and business-type activities.

Bothell's net assets from operations decreased citywide by $8,350,365 during 2007.

**Governmental Activities**. Governmental activities decreased the City's net assets by ($10,474,107). The key factors influencing the decrease to net assets are described below:

- ($38,441,760) decrease related to the depreciation of infrastructure assets;
- $9,649,404 increase in fund balance is due to the region's expanding aerospace employment and subsequent increase in construction, as well as higher than anticipated interest earning and real estate excise tax receipts;
- $16,441,760 increase resulting from capital asset expenditures, which will be depreciated over their useful life;
- $217,790 increase in donated assets, which will be depreciated over their useful life;
- $1,006,534 increase in internal service funds. Internal service funds track and distribute (bill) the actual costs incurred in providing specified services to other City

funds. The net (expense) of the City's internal service funds are reported with governmental activities; and

- $483,862 increase attributable to bond principal payments that reduced long-term liabilities on the Statement of Net Assets;

- $29,046 increase resulting from a reduction in compensated absences liability.

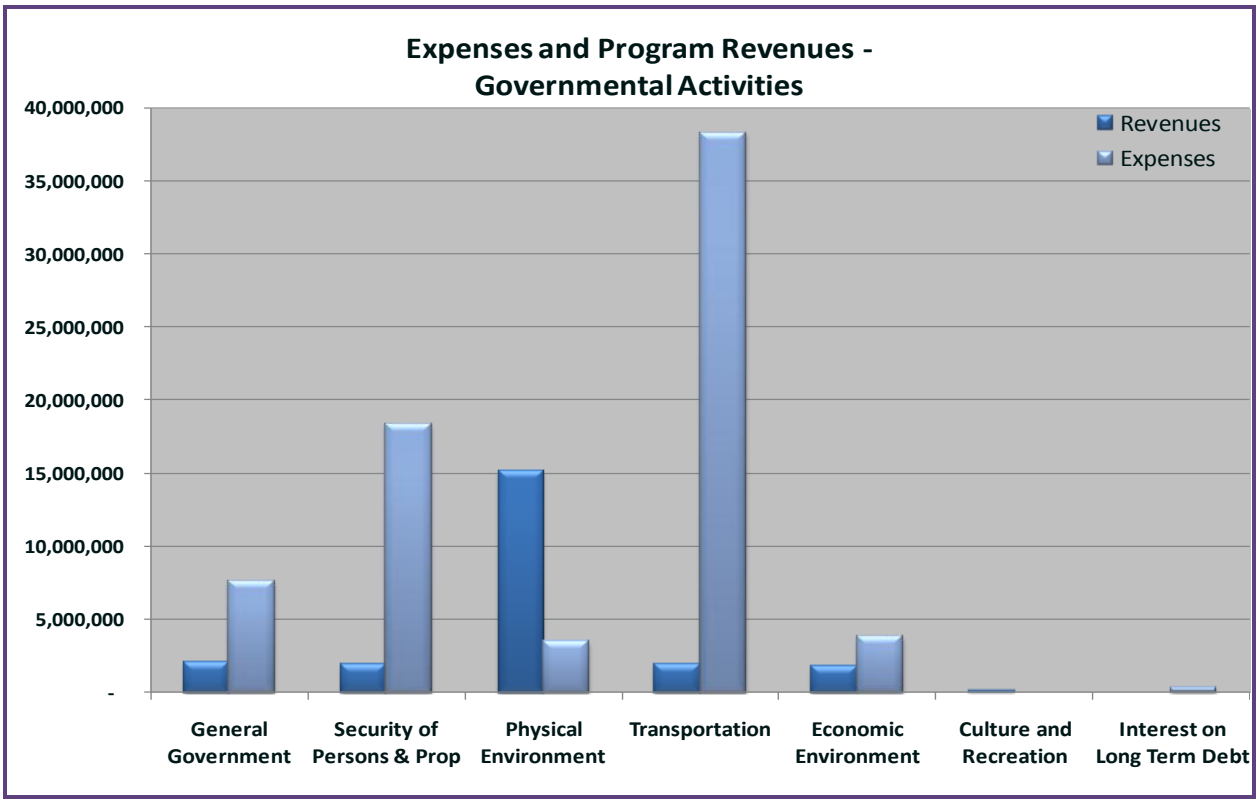
**Business-type Activities**. Business-type activities increased the City's net assets by $2,123,743. The key components of this increase were bond principal payments that reduced long-term liabilities, investment interest, capital contributions from developers, and expenditures for construction in progress.

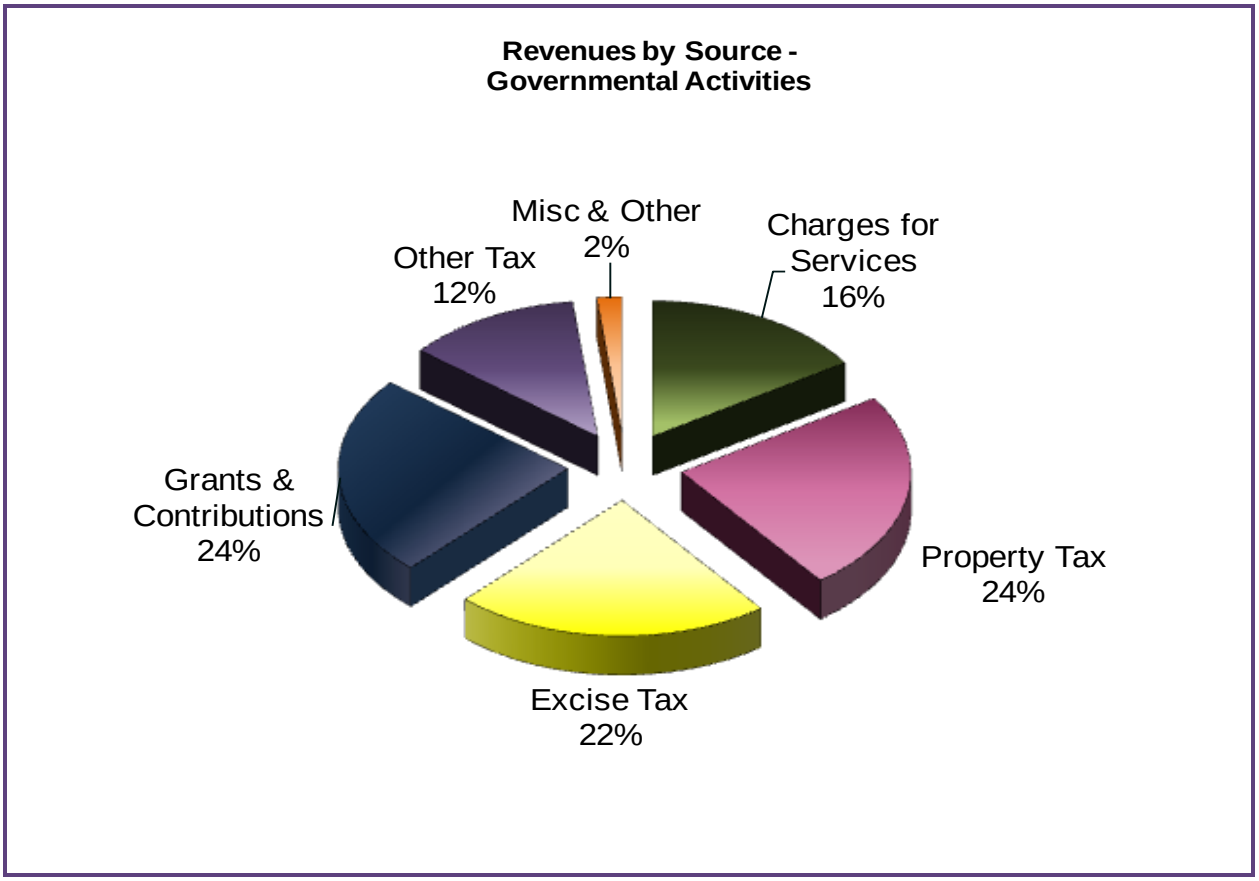
**In 2007, the overall financial position of the City did not materially change.**

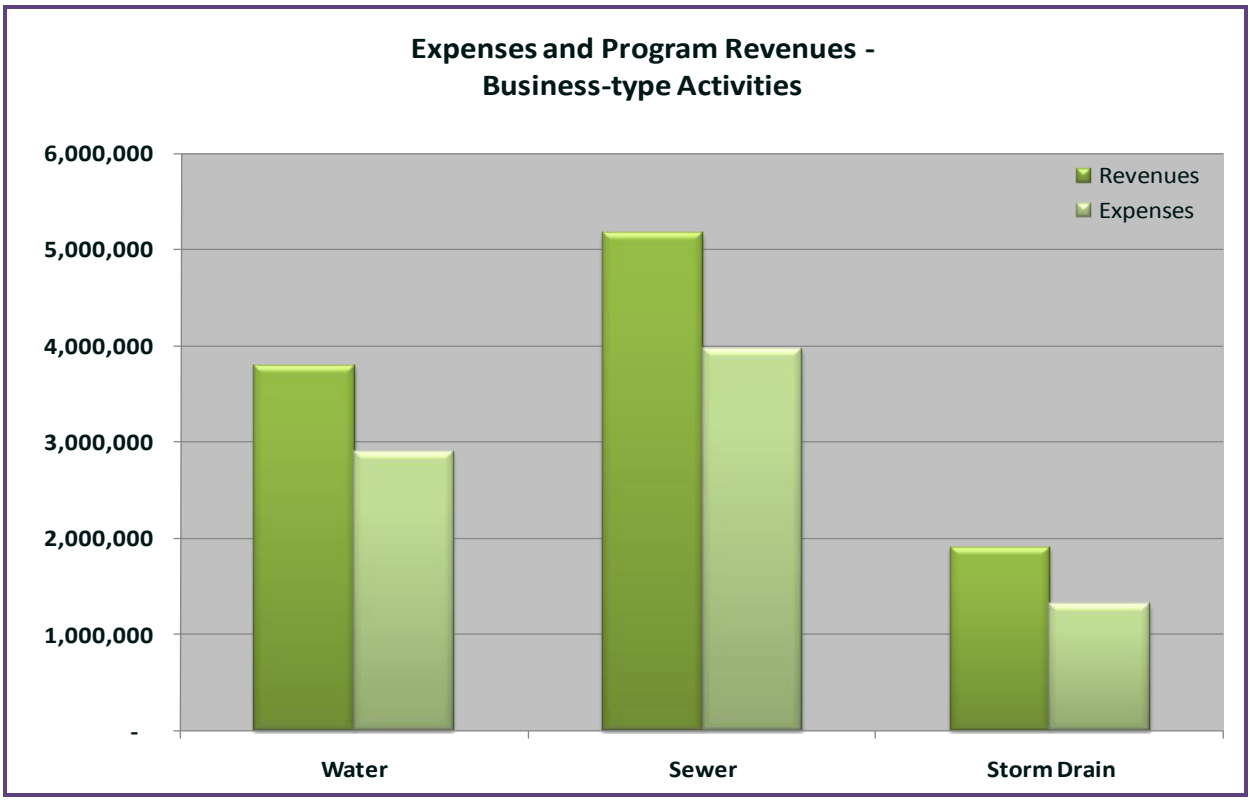
# City of Bothell

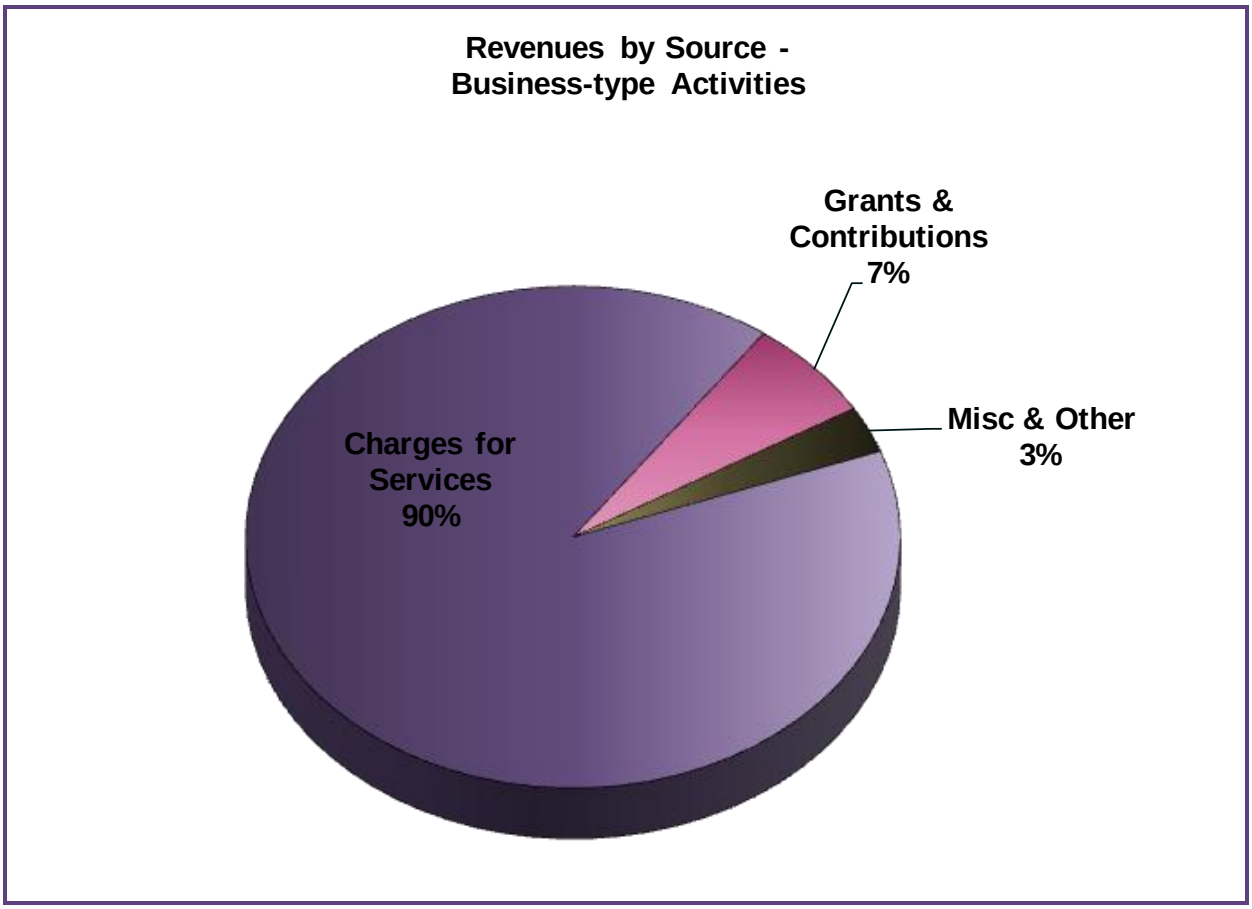
## Changes in Net Assets
## As of December 31, 2007

| | 2006 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total Primary Government | Governmental Activities | Business-type Activities | Total Primary Government |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | $7,768,222 | $10,089,712 | $17,857,933 | $9,142,279 | $10,124,557 | $19,266,836 |
| Operating grants and contributions | 402,018 | | 402,018 | 846,560 | | 846,560 |
| Capital grants and contributions | 5,642,460 | | 5,642,460 | 12,983,232 | 729,022 | 13,712,254 |
| General revenues | | | | | | |
| Property tax | 11,294,149 | | 11,294,149 | 13,745,959 | | 13,745,959 |
| Excise tax | 13,035,096 | | 13,035,096 | 12,875,394 | | 12,875,394 |
| Business tax | 6,971,731 | | 6,971,731 | 7,105,751 | | 7,105,751 |
| Interest and investment earnings | 2,340,709 | 256,904 | 2,597,612 | 2,766,765 | 337,341 | 3,104,106 |
| Miscellaneous | 737,447 | | 737,447 | 1,010,077 | | 1,010,077 |
| Total revenues | 48,191,830 | 10,346,616 | 58,538,446 | 60,476,017 | 11,190,920 | 71,666,937 |
| Program expenses including indirect expenses | | | | | | |
| General government | 7,286,832 | | 7,286,832 | 7,590,440 | | 7,590,440 |
| Security of persons and property | 16,716,844 | | 16,716,844 | 18,356,633 | | 18,356,633 |
| Physical environment | 5,680,934 | | 5,680,934 | 3,466,656 | | 3,466,656 |
| Transportation | 34,309,036 | | 34,309,036 | 38,300,146 | | 38,300,146 |
| Economic environment | 2,583,146 | | 2,583,146 | 3,808,101 | | 3,808,101 |
| Interest on long-term debt | 362,317 | | 362,317 | 327,703 | | 327,703 |
| Water | | 2,944,338 | 2,944,338 | | 2,878,560 | 2,878,560 |
| Sewer | | 3,318,782 | 3,318,782 | | 3,965,202 | 3,965,202 |
| Storm Drain | | 1,229,997 | 1,229,997 | | 1,323,861 | 1,323,861 |
| Total expenses | 66,939,109 | 7,493,116 | 74,432,227 | 71,849,679 | 8,167,623 | 80,017,302 |
| Excess (deficiency) | (18,747,279) | 2,853,499 | (15,893,782) | (11,373,662) | 3,023,297 | (8,350,365) |
| Transfers | 797,483 | (797,483) | | 899,556 | (899,556) | |
| Contributions from developers | | 649,239 | 649,239 | | | |
| **Change in net assets** | **($17,949,797)** | **$2,705,255** | **($15,244,543)** | **($10,474,107)** | **$2,123,743** | **($8,350,365)** |
| Net assets beginning | $947,957,967 | $28,854,311 | $976,812,278 | $919,114,586 | $31,851,330 | $950,965,916 |
| Prior year adjustment | (10,893,584) | 291,764 | (10,601,820) | 94,488 | | 94,488 |
| **Net assets ending** | **$919,114,586** | **$31,851,330** | **$950,965,916** | **$908,734,966** | **$33,975,073** | **$942,710,039** |


Expenses and Program Revenues - Governmental Activities
40,000,000
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
Revenues
Expenses
General Government
Security of Persons & Prop
Physical Environment
Transportation
Economic Environment
Culture and Recreation
Interest on Long Term Debt


Revenues by Source - Governmental Activities
Misc & Other 2%
Charges for Services 16%
Other Tax 12%
Grants & Contributions 24%
Property Tax 24%
Excise Tax 22%


Expenses and Program Revenues -
Business-type Activities
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
Revenues
Expenses
Water
Sewer
Storm Drain


Revenues by Source -
Business-type Activities
Grants &
Contributions
7%
Misc & Other
3%
Charges for
Services
90%

**Governmental Funds**. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of accessible 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 appropriation 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 $15,014,982. (See Basic Financial Statements Page 4.)

At December 31, 2007, the City's governmental funds reported a combined fund balance of $51,950,616. Fund balance for Governmental funds increased by $9,649,404 (23%). In 2007, all the City's major governmental funds increased their fund balance (General, Arterial Street, Capital Improvements, and LID Control Fund). Fund balance for the City's combined Other Governmental Funds also increased.

The insignificant increase in fund balance for the General Fund ($9,276) is the result of transferring nearly $3.4 million in designated capital project funding to the City's Capital Improvements Fund for future capital investment.

Fund balance for the City's General Fund increased $103,764 (0.7%) in 2007 compared to a $10,092,434 (40%) decrease in 2006. The key factors influencing the deviation in fund balance between 2006 and 2007 was Council's adoption of the City's first Capital Facilities Plan (CFP) in 2006, which approved transferring nearly $17 million in fund balance to the Capital Improvements Fund for investment in future infrastructure needs.

Excluding operating transfers and prior period adjustments, fund balance in the General Fund actually increased $5.3 million in 2007. The main drivers were a prior period adjustment to liquor sales tax (Note 13), along with increases in utility taxes, Emergency Medical Services (EMS) levy proceeds, development fees, and interest earnings.

**General Fund Budgetary Highlights:** During the 2007 fiscal year, the Council revised the City's adopted budget on only one occasion.

Generally, budget amendments fall into one of four categories:

1) amendments made to adjust original estimates once more precise data is available;
2) amendments made to recognize new funding sources;
3) allocation of operating transfers in accordance with fiscal policy; and
4) increases in appropriations necessary to maintain services.

The City modified the General Fund budget once during 2007. The budget amendment was adopted by ordinance on December 8, 2007, and increased the original adopted 2007-2008 General Fund spending plan by only half of a percent. One hundred percent of the increased expenditure appropriation was one-time in nature and does not impact future budget periods. The net effect of the amendment was a $531,000 reduction in fund balance.

The General Fund budget was amended as follows:

- $275,500 increase in "one-time" expenditures – comprehensive duct cleaning in the Public Safety Building ($21,500), a generator for the Public Works building ($70,000), the City bought out a long-term portable lease with the Northshore School District and now maintains ownership of the building ($20,000), funding was needed for an environmental impact statement ($150,000), and the Fire department required additional tuition reimbursement budget per their latest bargaining agreement ($14,000);

- $94,600 increase in both revenues and expenditures associated with grants – School Zone Safety ($69,000), Citizen's Corp ($7,500), Emergency Management Performance Grants (EMPG) ($2,800), and Traffic Safety Commission ($15,300);

- $13,600 increase in both revenues and expenditures associated with donated funds – the Fire Department purchased a fire extinguisher prop for public education ($6,500), the Police Department purchased display cabinets for the Public Safety Building lobby to house awards and memorabilia ($6,600), and the Public Works Department purchased flags for the Armed Forces Memorial in the Park at Bothell Landing ($500);

- $51,100 increase in tourism attraction expenditures associated with restricted hotel/motel tax dollars;

- $204,500 net decrease in General Fund revenue projections.

| Revenue Decreases | $1,786,000 | Revenue Increases | $1,581,500 |
|---|---|---|---|
| Sales tax | 1,500,000 | Utility tax | 365,000 |
| Development | 200,000 | EMS levy | 602,000 |
| Fire Services | 50,000 | Liquor profits | 94,500 |
| Sport Field Fees | 36,000 | Interest earnings | 450,000 |
| Fines | 70,000 | | |

**Significant differences between the General Fund's final amended budget and actual inflows and outflows are as follows:**

General Fund inflows (including operating transfers) outpaced outflows by only $9,276 during 2007. As stated previously, the insignificant difference between General Fund

inflows and outflows is the direct result of City management transferring nearly $3.4 million to the City's Capital Improvements Fund for future capital investment.

2007 General Fund inflows (including operating transfers) ended the year $1.75 million, or approximately 5% below projection. The following areas saw the highest negative variances between actual receipts and budget projections:

- Sales and use tax revenues ($833,000)
- License and permit fees ($482,000)
- Development fees ($110,000)
- State assessed new construction property tax ($155,000)

The lion's share of the inflow variances are associated with a slump in consumer confidence resulting from national media reports sensationalizing the United States housing market woes. The real estate market in the Seattle area (King and Snohomish Counties) has slowed considerably, but housing prices were up 8.4% in 2007, are expected to drop 1.9% in 2008, and then pick back up in 2009 and beyond. While people are not spending money, the region continues to maintain strong employment and personal income figures – 8.4% increase in 2007, and 5%-6% thereafter.

City policy calls for construction sales tax and building permit fee revenue spikes (amounts exceeding a predetermined "norm" level) to be treated as one-time in nature. These one-time revenues are transferred to the Capital Improvement Fund to help finance the City's growing infrastructure needs.

Total General Fund outflows for 2007 (including operating transfers) were $7.25 million or 17% below projections

- **Salary & Benefit Expenditures** ended 2007 $610,065 (2.5%) behind their projection. In 2007, the City continued to experience difficulty in recruiting skilled staff to fill vacant positions - subsequently, salary costs fell well below expectations. High turnover and position vacancies were for the most part a result of the region's high employment rate.

- **Maintenance & Operating Expenditures** finished 2007 approximately $1.4 million (18%) below expectations. Considerable staffing turnover and position vacancies (particularly in the public safety departments) impacted City programs along with their associated maintenance and operation costs.

- **Capital Expenditures** were $170,248 (27%) lower than anticipated for 2007 because two major facility improvement projects were carried forward in to 2008.

- **Operating Transfers Out and Inter-Fund Loans** ended 2007 nearly $5 million under projection. Two interfund loans amounting to $4.9 million were not necessary in 2007, but will likely happen during the second year of the biennium (2008).

**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 $3,902,876; Sewer $4,455,809; and Storm Drain $3,421,434.

The total growth in net assets for each proprietary fund is as follows: Water increased $817,181; Sewer increased $924,534; and Storm Drain increased $382,028. 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, 2007, totaled $881,313,050 (net of accumulated depreciation). These assets include bridges, right-of-ways, buildings, streets and sidewalks, land, machinery and equipment, and vehicles.

### City of Bothell
**Capital Assets**
**(Net of Depreciation)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 |
| Land and land improvements | $11,280,563 | $11,280,939 | $285,302 | $285,302 | $11,565,865 | $11,566,241 |
| Infrastructure right-of-ways | 66,050,120 | 66,050,120 | | | 66,050,120 | 66,050,120 |
| Buildings | 16,268,398 | 15,905,172 | 111,146 | 108,794 | 16,379,544 | 16,013,966 |
| Improvements | 13,483,960 | 13,213,220 | 20,469,403 | 21,250,220 | 33,953,363 | 34,463,441 |
| Infrastructure | 759,102,353 | 722,459,467 | | | 759,102,353 | 722,459,467 |
| Vehicles | 1,891,977 | 2,303,904 | 37,550 | 5,959 | 1,929,527 | 2,309,863 |
| Machinery & equipment | 769,816 | 696,494 | 35,077 | 29,992 | 804,893 | 726,486 |
| Construction in progress | 10,179,655 | 26,016,155 | 2,724,871 | 1,707,312 | 12,904,526 | 27,723,468 |
| **Total** | **$879,026,843** | **$857,925,471** | **$23,663,348** | **$23,387,579** | **$902,690,191** | **$881,313,050** |

Additional information on the City's capital assets can be found in section IIB, Note 5, on pages 27-28 of the Basic Financial Statements.

**Long-Term Debt**. As of December 31, 2007, the City had total debt outstanding of $7,261,310.

## Outstanding Debt

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 |
| General obligation debt | $6,405,000 | $5,955,000 | | | $6,405,000 | $5,955,000 |
| Other debt | 101,588 | 67,726 | 1,351,183 | 1,238,584 | 1,452,771 | 1,306,310 |
| **Total** | **$6,506,588** | **$6,022,726** | **$1,351,183** | **$1,238,584** | **$7,857,771** | **$7,261,310** |

Washington State Statutes limit the amount of general obligation debt issued by a unit of government to 7.5% of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for the City of Bothell is $425,801,511.

The City has $5,955,000 in outstanding voter approved bonds outstanding at December 31, 2007. Additional information regarding the City's long-term debt is located in section IIB, Note 12, on pages 39-41.

### Economic Factors and Next Year's Budget/Rates

- Throughout 2007 and the first quarter of 2008, municipalities in the Puget Sound Region have continued to experience an expanding job market. Personal incomes and population figures are growing in stride with the region's robust aerospace industry. This expansion trend is expected to continue over the next five years.

  Contrary to the rest of the nation, which is experiencing a sharp decline in housing prices, the Washington real estate market has certainly slowed to a creep, but local economists predict only a one-time 1.9% decline in Seattle-area housing values (2008).

  Bothell home values increased 10.1% in 2004, 15.4% in 2005, 13.4% in 2006, and 8.2% in 2007. Economists are predicting area home values to decline 1.9% in 2008, but then to rebound back 1.7% in 2009 and 2.6% in 2010.

- At the end of 2007, Washington's unemployment rate was .2% lower than the 5% national average. The Seattle-Bellevue-Everett unemployment rate, which includes the City of Bothell, closed the year at 3.9%.

- City fees are increased annually in line with the Consumer Price Index (CPI).

## Biennial Budget Highlights for the Period Ending December 31, 2007

**Governmental Activities:** At the end of the 2005-2006 biennium, the region's strong aerospace industry, and subsequent escalation in construction of single and multi-family residences, along with an unprecedented spike in sales tax revenues, provided the City with fiscal resources adequate enough to cut its water and sewer utility taxes from 6% to 5%, as well as eliminate the City's storm drainage utility tax entirely for the 2007-2008 biennium. The 2007-2008 budget also did not enact any increase in property tax levy.

**Business-Type Activities:** In 2007, City Council increased City-run utility rates as follows: Water 6.5%, Sewer 11.5%, and Storm Drain 9.5%.

## 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 101st Avenue NE
Bothell, WA 98011

# Basic Financial Statements

# City of Bothell
## Statement of Net Assets
## December 31, 2007

| | 2007 Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **ASSETS** | | | |
| Cash and cash equivalents | $9,469,054 | $2,906,010 | $12,375,064 |
| Investments | 44,117,357 | 7,561,279 | 51,678,636 |
| Receivables (net) | 6,896,605 | 1,853,641 | 8,750,246 |
| Taxes receivable | 177,683 | | 177,683 |
| Capital assets: | | | |
| Non-depreciable | 103,347,214 | 1,992,614 | 105,339,828 |
| Depreciable, net | 754,578,257 | 21,394,965 | 775,973,222 |
| Total assets | 918,586,170 | 35,708,509 | 954,294,679 |
| **LIABILITIES** | | | |
| Accounts payable | 2,456,243 | 413,359 | 2,869,602 |
| Unearned revenue | 365,565 | | 365,565 |
| Long-term liabilities (see Note 12) | | | |
| Due within one year | 1,515,535 | 194,091 | 1,709,626 |
| Due in more than one year | 5,513,862 | 1,125,986 | 6,639,849 |
| Total liabilities | 9,851,205 | 1,733,436 | 11,584,641 |
| **NET ASSETS** | | | |
| Invested in capital assets, net of related debt | 851,902,746 | 22,148,994 | 874,051,741 |
| Restricted for: | | | |
| Debt service | | 45,960 | 45,960 |
| Unrestricted (deficit) | 56,832,219 | 11,780,119 | 68,612,338 |
| **Total net assets** | **$908,734,966** | **$33,975,073** | **$942,710,038** |

The accompanying notes are an integral part of this statement

# City of Bothell
## Statement of Activities
## For the Year Ended December 31, 2007



| Functions/program | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| Primary government: | | | | |
| Government activities: | | | | |
| General government | $7,590,440 | $2,063,843 | | |
| Security of persons and property | 18,356,633 | 1,652,887 | 227,046 | |
| Physical environment | 3,466,656 | 1,544,277 | 619,514 | 12,983,232 |
| Transportation | 38,300,146 | 1,932,005 | | |
| Economic environment | 3,808,101 | 1,806,077 | | |
| Culture and recreation | | 143,191 | | |
| Interest on long-term debt | 327,703 | | | |
| **Total governmental activities** | **71,849,679** | **9,142,279** | **846,560** | **12,983,232** |
| Business-type activities: | | | | |
| Water | 2,878,560 | 3,786,422 | | 7,677 |
| Sewer | 3,965,202 | 4,607,172 | | 557,771 |
| Storm drain | 1,323,861 | 1,730,963 | | 163,574 |
| **Total business-type activities** | **8,167,623** | **10,124,557** | **-** | **729,022** |
| **Total primary government** | **$80,017,302** | **$19,266,836** | **$846,560** | **$13,712,255** |

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
- Prior year adjustment

Net assets - ending

The accompanying notes are an integral part of this statement

# City of Bothell
## Statement of Activities
## For the Year Ended December 31, 2007



| | Net (Expense) Revenues and Changes in Net Assets | |
|---|---|---|
| Assets Governmental Activities | Primary Government Business-type Activities | Total |
| ($5,526,598) | | ($5,526,598) |
| (16,476,700) | | (16,476,700) |
| 11,680,367 | | 11,680,367 |
| (36,368,141) | | (36,368,141) |
| (2,002,023) | | (2,002,023) |
| 143,191 | | 143,191 |
| (327,703) | | (327,703) |
| (48,877,608) | | |
| | 915,540 | 915,540 |
| | 1,199,740 | 1,199,740 |
| | 570,677 | 570,677 |
| | **2,685,957** | |
| **($48,877,608)** | **$2,685,957** | **($46,191,651)** |
| $13,745,959 | | $13,745,959 |
| 12,875,394 | | 12,875,394 |
| 7,105,751 | | 7,105,751 |
| 2,766,765 | 337,341 | 3,104,106 |
| 1,010,077 | | 1,010,077 |
| 899,556 | (899,556) | |
| 38,403,500 | (562,214) | 37,841,286 |
| (10,474,107) | 2,123,743 | (8,350,365) |
| 919,114,586 | 31,851,330 | 950,965,916 |
| 94,488 | | 94,488 |
| **$908,734,966** | **$33,975,073** | **$942,710,039** |

The accompanying notes are an integral part of this statement

# City of Bothell
## Balance Sheet
## Governmental Funds
## December 31, 2007

| | General | Special Revenue Fund<br>Arterial Street | Capital Projects Fund<br>Capital Improvements | Debt Service Fund<br>LID Control | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Current cash & cash equivalents | $2,105,013 | $2,882,368 | $207,194 | $318,598 | $1,006,102 | $6,519,275 |
| Investments | 10,588,675 | | 29,436,170 | | 1,148,903 | 41,173,747 |
| Receivables (net of allowances) | | | | | | |
| Taxes | 160,741 | | | | 16,942 | 177,683 |
| Accounts receivable | 774,654 | 550 | | 191,236 | 55,097 | 1,021,537 |
| Due from other governmental units | 2,951,243 | 414,545 | 2,193,828 | | 201,104 | 5,760,720 |
| Due from employees | 76,120 | | | | | 76,120 |
| **TOTAL ASSETS** | **$16,656,446** | **$3,297,463** | **$31,837,192** | **$509,834** | **$2,428,147** | **$54,729,082** |
| **LIABILITIES AND FUND BALANCE** | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | $296,425 | $785,167 | $69,725 | | $32,615 | $1,183,932 |
| Unearned revenue | 161,297 | | | 187,326 | 16,942 | 365,565 |
| Deposits payable | 19,402 | | | | | 19,402 |
| Compensated absences | | | | | 22,555 | 22,555 |
| Payroll payable | 1,164,341 | | | | 22,673 | 1,187,014 |
| Total liabilities | 1,641,464 | 785,167 | 69,725 | 187,326 | 94,785 | 2,778,467 |
| Fund balances | | | | | | |
| Unreserved, report in: | | | | | | |
| General funds | 15,014,982 | | | | | 15,014,982 |
| Special revenue funds | | 2,512,297 | | | 2,181,303 | 4,693,599 |
| Debt service funds | | | | 322,508 | 152,060 | 474,567 |
| Capital projects | | | 31,767,467 | | | 31,767,467 |
| Total fund balances | 15,014,982 | 2,512,297 | 31,767,467 | 322,508 | 2,333,362 | 51,950,616 |
| **TOTAL LIABILITIES AND FUND BALANCES** | **$16,656,446** | **$3,297,463** | **$31,837,192** | **$509,834** | **$2,428,148** | **$54,729,083** |

The accompanying notes are an integral part of this statement

# City of Bothell
## Reconciliation of the Governmental Funds Balance Sheet
## To the Statement of Net Assets
## December 31, 2007

| | | |
|---|---|---|
| Total fund balances for the governmental funds | | $51,950,616 |
| 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 | 103,347,214 | |
| Depreciable assets (net) | 754,578,257 | 857,925,471 |
| 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: | | 5,865,722 |
| Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly are not reported as fund liabilities. | | |
| Compensated absences | (984,118) | |
| Bonds and notes payable | (6,022,724) | (7,006,842) |
| **Total net assets of governmental activities** | | **$908,734,966** |

The accompanying notes are an integral part of this statement

# City of Bothell
## Statement of Revenues, Expenditures, and Changes in Fund Balances
## Governmental Funds
## For the Year Ended December 31, 2007

| | General | Special Revenue Fund<br>Arterial Street | Capital Projects Fund<br>Capital Improvements | Debt Service Fund<br>LID Control | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Taxes | $26,818,822 | | $5,359,491 | | $792,285 | $32,970,598 |
| Licenses and permits | 1,501,866 | | | | 98,803 | 1,600,669 |
| Intergovernmental revenues | 1,846,333 | 8,583,221 | 4,181,682 | | 914,327 | 15,525,563 |
| Charges for services | 3,357,265 | 1,932,005 | | | 588,147 | 5,877,417 |
| Fines and forfeitures | 443,007 | | | | | 443,007 |
| Interest earnings | 1,257,436 | 290 | 1,263,864 | 1,332 | 67,117 | 2,590,040 |
| Proceeds from the sale of capital assets | 750 | | | | | 750 |
| Other revenue | 208,584 | 1,850 | | 206,059 | | 416,493 |
| Total revenue | 35,434,064 | 10,517,366 | 10,805,038 | 207,391 | 2,460,679 | 59,424,538 |
| **EXPENDITURES** | | | | | | |
| Current | | | | | | |
| General government | 6,919,113 | | | | | 6,919,113 |
| Security of persons and property | 16,830,798 | | | | 6,566 | 16,837,363 |
| Transportation | | | | | 1,463,468 | 1,463,468 |
| Physical environment | 3,179,940 | | | | | 3,179,940 |
| Economic environment | 2,749,084 | | | | | 2,749,084 |
| Other expenditures | | | | | 18,264 | 18,264 |
| Debt service | | | | | | |
| Debt service - principal | | 33,862 | | | 450,000 | 483,862 |
| Debt service - interest | | 1,016 | | | 326,688 | 327,703 |
| Capital outlay | | | | | | |
| Capital outlay | 448,699 | 10,366,305 | 5,613,755 | | 13,001 | 16,441,760 |
| Total expenditures | 30,127,633 | 10,401,183 | 5,613,755 | - | 2,277,986 | 48,420,557 |
| Excess of revenue over (under) expenditures | 5,306,432 | 116,183 | 5,191,282 | 207,391 | 182,693 | 11,003,981 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Transfer in | 405,703 | | 3,396,868 | | 265,000 | 4,067,571 |
| Transfer out | (5,702,859) | | | | (190,565) | (5,893,424) |
| Contributions | | 471,276 | | | | 471,276 |
| Total other financing sources | (5,297,156) | 471,276 | 3,396,868 | - | 74,435 | (1,354,577) |
| Net change in fund balances | 9,276 | 587,459 | 8,588,150 | 207,391 | 257,128 | 9,649,404 |
| FUND BALANCES - JANUARY 1, 2007 | 14,911,218 | 1,924,838 | 23,179,317 | 115,116 | 2,076,235 | 42,206,724 |
| Prior year adjustment | 94,488 | | | | | 94,488 |
| **FUND BALANCES - DECEMBER 31, 2007** | **$15,014,982** | **$2,512,297** | **$31,767,467** | **$322,508** | **$2,333,362** | **$51,950,616** |

The accompanying notes are an integral part of this statement

# 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, 2007

| | |
|---|---|
| Net change in fund balances - total governmental funds | $9,649,404 |
| 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. | |
| Donated capital assets | 217,790 |
| Expenditures for capital assets | 16,441,760 |
| Depreciation | (38,302,505) |
| Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of assets. | |
| Principal payments | 483,862 |
| Increases in compensated absences is an expense in governmental funds, but the payment increases long-term liabilities in the statement of assets. | 29,047 |
| 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. | 1,006,534 |
| **Change in net assets of governmental activities** | **($10,474,107)** |

The accompanying notes are an integral part of this statement

# City of Bothell
## Statement of Net Assets
## Proprietary Funds
## December 31, 2007

| | Business-type Activities Enterprise Funds | | | | Governmental Activities Internal Service Funds |
|---|---|---|---|---|---|
| | Water | Sewer | Storm Drain | Total | |
| **ASSETS** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $1,012,376 | $869,426 | $1,024,209 | $2,906,010 | $2,949,779 |
| Investments | 2,608,408 | 2,754,395 | 2,198,476 | 7,561,279 | 2,943,610 |
| Accounts receivable | 593,186 | 873,141 | 565 | 1,466,892 | 38,229 |
| Due from other governments | | 1,627 | 363,519 | 365,147 | |
| Special assessments receivable | | 21,602 | | 21,602 | |
| Total current assets | 4,213,970 | 4,520,190 | 3,586,769 | 12,320,930 | 5,931,617 |
| Non-current assets: | | | | | |
| Capital assets, net of depreciation | | | | | |
| Land | 122,175 | 163,126 | | 285,301 | |
| Buildings | 78,203 | 30,591 | | 108,794 | |
| Improvements other than buildings | 8,918,820 | 6,153,173 | 6,178,227 | 21,250,220 | 298,801 |
| Equipment | | 1,007 | 28,985 | 29,992 | 259,299 |
| Vehicles | 1,986 | 1,986 | 1,986 | 5,959 | 2,216,395 |
| Construction in progress | 355,555 | 220,242 | 1,131,515 | 1,707,312 | 1,791 |
| Total non-current assets | 9,476,740 | 6,570,125 | 7,340,713 | 23,387,579 | 2,776,286 |
| Total assets | 13,690,710 | 11,090,316 | 10,927,483 | 35,708,509 | 8,707,904 |
| **LIABILITIES** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 208,416 | 13,829 | 95,584 | 317,828 | 53,732 |
| Payroll payable | 28,084 | 25,500 | 41,947 | 95,531 | 12,163 |
| Compensated absences | 28,635 | 25,053 | 27,805 | 81,492 | 7,558 |
| Current portion of loans payable | 112,599 | | | 112,599 | |
| Total current liabilities | 377,733 | 64,381 | 165,335 | 607,450 | 73,453 |
| Non-current liabilities | | | | | |
| Loans payable | 1,125,986 | | | 1,125,986 | |
| Total non-current liabilities | 1,125,986 | - | - | 1,125,986 | - |
| Total liabilities | 1,503,720 | 64,381 | 165,335 | 1,733,436 | 73,453 |
| **NET ASSETS** | | | | | |
| Investment in capital assets, net of related debt | 8,238,155 | 6,570,125 | 7,340,713 | 22,148,994 | 2,776,286 |
| Restricted for debt service | 45,960 | | | 45,960 | |
| Unrestricted | 3,902,876 | 4,455,809 | 3,421,434 | 11,780,119 | 5,858,164 |
| **Total net assets** | **$12,186,991** | **$11,025,934** | **$10,762,147** | **$33,975,073** | **$8,634,450** |

The accompanying notes are an integral part of this statement

# City of Bothell
## Statement of Revenues, Expenses, and Changes in Fund Net Assets
## Proprietary Funds
## For the Year Ended December 31, 2007

| | Business-type Activities Enterprise Funds | | | | Governmental Activities Internal Service Funds |
|---|---|---|---|---|---|
| | Water | Sewer | Storm Drain | Total | |
| **OPERATING REVENUES** | | | | | |
| Charges for services | $3,786,422 | $4,607,172 | $1,730,963 | $10,124,557 | $81,357 |
| Intergovernmental revenues | 7,677 | 509,771 | 73,574 | 591,022 | 540 |
| Total operating revenue | 3,794,100 | 5,116,942 | 1,804,538 | 10,715,580 | 81,897 |
| **OPERATING EXPENSES** | | | | | |
| Administrative and general | 287,140 | 193,540 | 498,013 | 978,693 | 985,753 |
| Purchased water | 1,384,581 | | | 1,384,581 | |
| Metro service | | 2,779,592 | | 2,779,592 | |
| Maintenance and operations | 428,941 | 420,302 | 557,263 | 1,406,505 | 582,597 |
| Customer accounts | 69,302 | 68,363 | | 137,664 | |
| Taxes | 358,770 | 300,336 | 22,956 | 682,062 | |
| Depreciation and amortization | 349,827 | 203,069 | 232,116 | 785,013 | 462,998 |
| Total operating expenses | 2,878,560 | 3,965,202 | 1,310,349 | 8,154,111 | 2,031,348 |
| OPERATING INCOME (LOSS) | 915,540 | 1,151,740 | 494,189 | 2,561,469 | (1,949,451) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | |
| Investment income | 104,235 | 113,847 | 119,258 | 337,341 | 167,140 |
| Gain (loss) on disposition of capital assets | | | | | 63,436 |
| Interest expense | (13,512) | | | (13,512) | |
| Total non-operating revenue (expense) | 90,724 | 113,847 | 119,258 | 323,829 | 230,576 |
| **INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS** | 1,006,263 | 1,265,588 | 613,447 | 2,885,298 | (1,718,875) |
| Transfers in | | | | | 3,587,917 |
| Transfers out | (189,083) | (389,054) | (321,420) | (899,556) | (862,508) |
| Capital contributions from developers | | 48,000 | 90,000 | 138,000 | |
| CHANGES IN NET ASSETS | 817,181 | 924,534 | 382,028 | 2,123,743 | 1,006,534 |
| NET ASSETS - BEGINNING | 11,369,810 | 10,101,400 | 10,380,119 | 31,851,330 | 5,400,325 |
| Prior year adjustment | | | | | 2,227,592 |
| **NET ASSETS - ENDING** | **$12,186,991** | **$11,025,934** | **$10,762,147** | **$33,975,073** | **$8,634,450** |

The accompanying notes are an integral part of this statement

# City of Bothell
## Statement of Cash Flows
## Proprietary Funds
## For the Year Ended December 31, 2007

| | Business-type Activities Enterprise Funds | | | | Governmental Activities Internal Service Funds |
|---|---|---|---|---|---|
| | Water | Sewer | Storm Drain | Total | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| Cash received from customers | $3,794,100 | $5,116,942 | $1,804,538 | $10,715,580 | |
| Cash paid to employees | (460,865) | (441,561) | (619,789) | (1,522,215) | (218,999) |
| Cash paid to suppliers for goods and services | (2,009,334) | (3,202,325) | (631,549) | (5,843,208) | (1,772,020) |
| Cash paid for taxes | (358,770) | (300,336) | (22,956) | (682,062) | |
| Net cash provided by operating activities | 965,131 | 1,172,720 | 530,244 | 2,668,095 | (1,991,019) |
| **CASH FLOW FROM NON-CAPITAL ACTIVITIES** | | | | | |
| Transfers in | | | | | 3,587,917 |
| Transfers out | (189,083) | (389,054) | (321,420) | (899,556) | (862,508) |
| Net cash provided from non-capital activities | (189,083) | (389,054) | (321,420) | (899,556) | 2,725,409 |
| **CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | | |
| Purchases of capital assets | (149,369) | (154,873) | (205,001) | (509,244) | (1,004,581) |
| Interest paid on capital debt | (13,512) | | | (13,512) | |
| Proceeds from the sale of capital assets | | | | | 63,436 |
| Capital contributions | | 48,000 | 90,000 | 138,000 | |
| Net cash (used) by capital and related activities | (162,881) | (106,873) | (115,001) | (384,756) | (941,144) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | | | |
| Proceeds from sales and maturities of investments | (1,096,387) | (1,104,311) | (119,258) | (2,319,956) | 2,403,072 |
| Interest and dividends | 104,235 | 113,847 | 119,258 | 337,341 | 167,140 |
| Net cash provided by investing activities | (992,151) | (990,463) | - | (1,982,615) | 2,570,212 |
| Net increase (decrease) in cash and cash equivalents | (378,983) | (313,670) | 93,823 | (598,831) | 2,363,458 |
| Balances - beginning of the year | 1,391,359 | 1,183,096 | 930,387 | 3,504,842 | 586,321 |
| **Balances - end of year** | **$1,012,376** | **$869,426** | **$1,024,209** | **$2,906,010** | **$2,949,779** |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | 915,540 | 1,151,740 | 494,189 | 2,561,469 | (1,949,451) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | | |
| Depreciation expense | 349,827 | 203,069 | 232,116 | 785,013 | 462,998 |
| Change in assets and liabilities: | | | | | |
| Decrease (increase) in accounts receivable | (111,155) | (131,402) | (565) | (243,122) | (38,229) |
| Decrease (increase) in due from other governments | (28,783) | (1,627) | 43,858 | 13,448 | |
| Decrease (increase) in special assessments deferred | | 4,821 | | 4,821 | |
| Increase (decrease) in non-capital accounts payable | (45,030) | (53,826) | (238,894) | (337,751) | (457,823) |
| Increase (decrease) in compensated absences payable | (3,400) | 852 | (998) | (3,547) | (7,267) |
| Increase (decrease) in payroll payable | 733 | (906) | 537 | 363 | (1,246) |
| Increase (decrease) in contracts payable | (112,599) | | | (112,599) | |
| **Net cash provided by operating activities** | **$965,131** | **$1,172,720** | **$530,244** | **$2,668,095** | **($1,991,019)** |
| Noncash investing, capital and financing activities | | | | | |
| Increase (decrease) in fair value of investments | 9,436 | 9,436 | | | |

The accompanying notes are an integral part of this statement

# City of Bothell
## Statement of Fiduciary Net Assets
## Fiduciary Funds
## December 31, 2007

| | Pension Trust | Agency |
|---|---|---|
| | Firemen's Pension Reserve | Trust |
| **ASSETS** | | |
| Cash and cash equivalents | $511 | $6,901 |
| Total receivables | 511 | 6,901 |
| Investments, at fair value | | |
| Commercial paper | | 603,647 |
| State investment pool | 208,055 | 2,979,953 |
| Total investments | 208,055 | 3,583,600 |
| Total assets | $208,566 | $3,590,501 |
| **LIABILITIES** | | |
| Refunds payable and others | | 3,537,239 |
| Accounts payable | | 53,263 |
| Total liabilities | - | $3,590,501 |
| **NET ASSETS** | | |
| Held in trust for pension benefits and other purposes | **$208,566** | **-** |

The accompanying notes are an integral part of this statement

# City of Bothell
## Statement of Changes in Fiduciary Net Assets
## Fiduciary Funds
## For the Year Ended December 31, 2007

| | Pension Trust<br>Firemen's Pension Reserve |
|---|---|
| **ADDITIONS** | |
| Revenue | |
| Fire insurance premium tax | $39,321 |
| Total contributions | 39,321 |
| Investment earnings: | |
| Interest | 10,618 |
| Total investment earnings | 10,618 |
| Total additions | 49,939 |
| **DEDUCTIONS** | |
| Benefits | 22,105 |
| Total deductions | 22,105 |
| Change in net assets | 27,833 |
| Net assets - beginning of year | 180,732 |
| **Net assets - end of year** | **$208,566** |

The accompanying notes are an integral part of this statement

# Notes to Financial Statements
# December 31, 2007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# City of Bothell

## Notes to Financial Statements
## January 1, 2007 through December 31, 2007

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 and 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 enterprise 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 are comprised of 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 other funds.

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 focuses 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 operation. The principal operating revenues of the City's Water, Sewer, and Storm Drain Funds are derived from charges to customers for sales and services.

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

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overhead, and depreciation of 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/or charges; or (c) establishes fees and/or 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 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. Water 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. Sewer system construction was financed originally by a local improvement district, contributed capital, and revenue bonds.

c. Storm and Surface Water Drain
This fund is used to account for the provision of storm and surface water drain 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 comes 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
This 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
The General Obligation (GO) Bond Funds are 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 that is not guaranteed by property tax revenue depends on other

sources of general City revenue in order to retire debt.

h. Construction and Acquisition
The Construction and Acquisition Fund is used to account for significant building projects or equipment acquisitions that are typically 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 Washington Law Enforcement Officers and Fire Fighters Retirement System (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. This 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 60 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 for unperformed goods or service contracts. Encumbrance accounting, (under which purchase orders, contracts, and other commitments for expenditure of resources are recorded to reserve the proper appropriation), is utilized in the governmental funds.

Encumbrances outstanding at year-end lapse, except for the 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 billings that have not yet 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
Most governmental fund revenues are accrued. Property taxes are billed and collected within the same period the taxes are levied.

Subsidies and grants made to proprietary funds, for 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 and 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 and restricted revenues, lapsed 20 days following the end of the biennium. Unexpended resources must be re-appropriated in a subsequent period.

## Final Budget
## Inflows and Outflows

**Budget Information as follows:**

| Fund | Original Inflows | Original Outflows | Final Inflows | Final Outflows |
|---|---|---|---|---|
| General Fund | $76,128,622 | $81,091,782 | $76,032,322 | $81,526,582 |
| Street Fund | 3,198,030 | 3,659,181 | 3,221,530 | 3,682,681 |
| Arterial Street Fund | 35,376,000 | 36,787,419 | 34,996,000 | 37,907,419 |
| Cable TV Fund | 2,400 | 26,747 | 2,400 | 26,747 |
| Park Cumulative Reserve Fund | 779,200 | 490,000 | 779,200 | 490,000 |
| Drug Seizure Fund | 38,000 | 59,281 | 38,000 | 59,281 |
| Nuisance Abatement Fund | 5,400 | 50,000 | 5,400 | 50,000 |
| 1997 GO Bond Redemption Fund | 1,600,000 | 1,601,000 | 1,600,000 | 1,601,000 |
| Capital Improvements Fund | 20,151,835 | 23,080,000 | 27,131,835 | 39,342,500 |
| Construction & Acquisition Fund | - | - | - | - |
| Water Fund | 9,943,184 | 10,724,662 | 10,063,184 | 10,485,662 |
| Sewer Fund | 12,549,751 | 12,887,264 | 12,348,597 | 12,936,110 |
| Storm Drain Fund | 6,601,200 | 8,354,666 | 6,676,200 | 8,429,666 |
| Equipment Rental Fund | 3,062,518 | 3,013,397 | 3,062,518 | 3,013,397 |
| Self Insurance Fund | 2,015,701 | 1,965,179 | 2,015,701 | 2,010,179 |
| Asset Replacement Fund | 2,612,818 | 4,643,946 | 2,612,818 | 4,743,946 |
| Cemetery Endowment Fund | 8,200 | 4,000 | 8,200 | 4,000 |
| Firemen's Pension Reserve Fund | 94,000 | 50,000 | 94,000 | 50,000 |
| **Total** | **$174,166,859** | **$188,488,524** | **$180,687,905** | **$206,359,170** |

## 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.

### B. INVESTMENTS

As required by state law, all investments of the City's funds (except as noted below) are obligations of the United States (US). Government, US 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.

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.

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, 2007, the city had the following investments and maturities.

| | | Investment Maturities (In Years) | | |
|---|---|---|---|---|
| Investment Type | Fair Value | Less Than 1 | 1-2 | More Than 2 |
| State Investment Pool | $46,853,688 | $46,853,688 | | |
| US Agencies | 219,243 | 219,243 | | |
| Commercial Paper | 8,397,360 | 8,397,360 | | |
| Total | $55,470,292 | $55,470,292 | - | - |
| | Percent of Total | 100% | 0% | 0% |

**Interest Rate Risk:** Interest rate risk is the risk that changes in the interest rates of debt instruments that 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 may 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, 2007, 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 US 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 US 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 | 84% | $46,853,688 |
| FHLB | 0% | 219,243 |
| Commercial Paper | 15% | 8,397,360 |
| **Total Investments** | **100%** | **$55,470,292** |

## C. DEPOSIT AND INVESTMENT RECONCILIATION

**Amounts reported in the fund statements are as follows:**

| Government Funds | Amount |
|---|---|
| Cash | $9,469,054 |
| Investments | 44,117,357 |
| **Proprietary Funds** | **Amount** |
| Cash & cash equivalents | $2,906,010 |
| Investments | 7,561,279 |
| **Fiduciary Funds** | **Amount** |
| Cash & cash equivalents | $7,412 |
| Investments | 3,791,655 |
| **Total** | **$67,852,767** |

**Cash, deposits, and investments are as follows:**

| | |
|---|---|
| Cash on hand | $23,366 |
| Checking accounts | 12,359,110 |
| US agencies | 219,243 |
| Commercial paper | 8,397,360 |
| State investment pool | 46,853,688 |
| **Total** | **$67,852,767** |

## 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% 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 1% per year, after adjustments for new construction. If the assessed valuation increases by more than 1% due to revaluation, the levy rate will be decreased.

b. The Washington State Constitution limits total regular property taxes to 1% 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 1% 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 2007, the City's General Tax Levy was $1.35 per $1,000, and the Special Tax Levy was $0.14 per $1,000. The total assessed valuation was $5,677,353,475.

## 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 | $273,458 |
| Security of persons & property | 660,265 |
| Transportation | 36,763,036 |
| Physical environment | 1,033,274 |
| Culture & recreation | 17,108 |
| **Total governmental activities depreciation expense** | **$38,747,141** |

| Business-type activities | Amount |
|---|---|
| Water | $349,827 |
| Sewer | 203,069 |
| Storm Drain | 232,116 |
| **Total business-type activities depreciation expense** | **$785,012** |

## Summary of Changes to Capital Assets

| Description | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Capital assets not being depreciated: | | | | |
| Land and improvements | $11,280,563 | $376 | | $11,280,939 |
| Infrastructure right-of-way | 66,050,120 | | | 66,050,120 |
| Construction in progress | 10,179,655 | 15,837,514 | 1,014 | 26,016,155 |
| **Total capital not being depreciated** | **$87,510,338** | **$15,837,890** | **$1,014** | **$103,347,214** |
| **Other capital assets:** | | | | |
| Buildings | $18,161,314 | | | $18,161,314 |
| Improvements | 16,713,352 | 594,207 | | 17,307,559 |
| Infrastructure | 1,527,409,401 | 123,000 | | 1,527,532,401 |
| Vehicles | 6,137,339 | 229,840 | 490,196 | 5,876,982 |
| Equipment | 3,011,824 | 178,735 | | 3,190,559 |
| **Total other capital assets at historical cost** | **$1,571,433,229** | **$1,125,782** | **$490,196** | **$1,572,068,816** |
| **Less accumulated depreciation for:** | | | | |
| Buildings | $1,892,916 | $363,226 | | $2,256,142 |
| Improvements | 3,229,391 | 864,947 | | 4,094,338 |
| Infrastructure | 768,307,049 | 36,765,886 | | 805,072,935 |
| Vehicles | 4,245,361 | 501,024 | 1,173,307 | 3,573,078 |
| Machinery & equipment | 2,242,008 | 252,057 | | 2,494,065 |
| **Total accumulated depreciation** | **$779,916,725** | **$38,747,141** | **$1,173,307** | **$817,490,559** |
| **Governmental activities capital assets, net** | **$879,026,842** | **($21,783,469)** | **($682,097)** | **$857,925,471** |
| **Business-type activities:** | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | $2,724,871 | $371,244 | $1,388,802 | $1,707,312 |
| Land and improvements | 285,302 | | | 285,302 |
| **Total capital not being depreciated** | **$3,010,172** | **$371,244** | **$1,388,802** | **$1,992,614** |
| **Other capital assets:** | | | | |
| Buildings | $467,477 | $11,444 | | $478,921 |
| Intangible plant | 411,179 | | | 411,179 |
| Improvements | 32,779,697 | 1,526,802 | 11,444 | 34,295,055 |
| Vehicles | 616,096 | | | 616,096 |
| Machinery & equipment | 62,583 | | | 62,583 |
| **Total other capital assets at historical cost** | **$34,337,032** | **$1,538,246** | **$11,444** | **$35,863,834** |
| **Less accumulated depreciation for:** | | | | |
| Buildings | $356,331 | $13,796 | | $370,127 |
| Intangible plant | 411,179 | | | 411,179 |
| Improvements | 12,310,294 | 734,540 | | 13,044,835 |
| Vehicles | 578,546 | 31,591 | | 610,138 |
| Machinery & equipment | 27,506 | 5,085 | | 32,590 |
| **Total accumulated depreciation** | **$13,683,856** | **$785,013** | **-** | **$14,468,868** |
| **Business-type activities capital assets, net** | **$23,663,348** | **$1,124,477** | **$1,400,246** | **$23,387,579** |

## NOTE 6
## Pensions

Nearly all full-time (and qualifying part-time) City 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 supplemental information for each plan.

The DRS CAFR may be obtained from the Department of Retirement Systems, Communications Unit, PO Box 48380, Olympia, WA 98504-8380 or via their website at www.drs.wa.gov.

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, AND 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 either Plan 2 or 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 2% of the average final compensation (AFC) per year of service, and is capped at 60%.

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 3% annually.

Plan 2 members may retire at age 65 with five years of service, or at age 55 with 20 years of service. The annual pension is 2% 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 3% 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 five years of service if 12 service credit months are earned after reaching age 44. The defined benefit component is an allowance of 1% 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 3% 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 can 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 6%, 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 five 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 3% 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 five years of service. Retirement benefits prior to age 53 are actuarially reduced. The benefit is 2% 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 3% annually.

## C. PUBLIC SAFETY EMPLOYEES RETIREMENT SYSTEM

PSERS is a cost sharing, multiple employer, defined benefit pension plan. This is a new plan for public employees whose jobs contain a high degree of physical risk to their own personal safety, but who are not eligible for LEOFF.

To be eligible for PSERS, employees must work on a full-time basis and:

1) Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or 2) have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or 3) function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or 4) have primary responsibility to supervise eligible members who meet the above criteria.

Members may retire at age 65 with at least five years of service credit, or at age 60 with 10 years of PSERS service credit, or take early retirement at age 53 with at least 20 years of service credit.

A benefit reduction of 3% per year from age 60 would apply.

| Age at Retirement | 3% Reduction Factor |
|---|---|
| 53 | 79% |
| 54 | 82% |
| 55 | 85% |
| 56 | 88% |
| 57 | 91% |
| 58 | 94% |
| 59 | 97% |
| 60 | 100% |

The benefit reduction is set at 3% for each year you are under age 60.

### 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 cost 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 25% of the Fire Insurance Premium Tax. Members do not earn interest on contributions, but may elect to withdraw funds upon termination. Bothell received $39,321 insurance premium tax in 2007. The City made no payments to volunteer firefighters in 2007.

### 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, PSERS, and LEOFF Information By System**

| | PERS | PSERS | LEOFF |
|---|---|---|---|
| **City participating payroll:** | | | |
| Plan 1 City contribution rate @ 12/31/07 | 6.13% | NA | 0.16% |
| Plan 2 City contribution rate @ 12/31/07 | 6.13% | 8.55% | 5.35% |
| Plan 3 City contribution rate @ 12/31/07 | 6.13% | NA | NA |
| **City plan contribution:** | | | |
| 2007 | $559,432 | $8,601 | $495,437 |
| 2006 | 269,540 | 4,121 | 402,784 |
| 2005 | 157,080 | | 325,008 |
| 2004 | 106,145 | | 259,621 |
| 2003 | 96,744 | | 229,291 |
| 2002 | 123,559 | | 209,831 |
| Plan 1 employee contribution rate @ 12/31/07 | 6.00% | NA | 0.00% |
| Plan 2 employee contribution rate @ 12/31/07 | 4.15% | 6.57% | 8.64% |
| Plan 3 employee contribution rate @ 12/31/07 | See below | NA | NA |

All contributions were made as required to both systems, by the City and the employees.
**NA = Not Available**

**PERS 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 |
| | 7.5% | age 45+ |
| C | 6% | up to age 35 |
| | 7.5% | age 35 to 44 |
| | 8.5% | 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 two deferred compensation plans, created in accordance with the Internal Revenue Code Section 457.

The International City Manager's Association (ICMA) plan is available to all eligible employees. The Nationwide Retirement Solutions plan is available to all eligible International Association of Firefighters (IAFF).

These plans 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 in the event of an unforeseeable emergency.

### C. POST-RETIREMENT BENEFITS

Post-retirement benefits are provided in accordance with the LEOFF Act (RCW 41.26). The City purchased long-term care insurance which covers all of its current and former LEOFF-1 employees. This coverage pays the majority of 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 age 55. Payment of benefits is made for medical expenses eligible under Internal Revenue Code (IRC) Section 213.

**Compensated Absences**

| Accrued compensated absences | 1/1/2007 | Increases | Decreases | 12/31/2007 |
|---|---|---|---|---|
| Governmental funds | $1,005,607 | $2,671,065 | $2,700,111 | $976,560 |
| Special funds | 23,737 | 47,912 | 49,095 | 22,555 |
| Enterprise funds | 85,039 | 153,202 | 156,749 | 81,492 |
| Internal service funds | 14,825 | 21,380 | 28,648 | 7,558 |
| **Total compensated absences** | **$1,129,208** | **$2,893,560** | **$2,934,603** | **$1,088,165** |

**Estimate of amount due within one year $1 million.**

## NOTE 8
## Contingencies

### Litigation

The City presented (in its financial statements) all material liabilities, including an estimate for any unresolved situations where (based on available information) management believes it is probable that the City will incur the expense.

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 2007.

## NOTE 9
## Risk Management

The City has been a member of the Washington Cities Insurance Authority (WCIA) since August 1997.

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 approximately 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 (utilizing 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 WCIA 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 are classified as "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 | Capital Improvements Fund | Equipment Rental Fund | Self Insurance Fund | Asset Replacement Fund | Total Transferred Out |
|---|---|---|---|---|---|---|---|
| General Fund | | $265,000 | $3,396,868 | $1,107,798 | $683,194 | $250,000 | $5,702,859 |
| Street Fund | | | | 111,516 | 79,049 | | 190,565 |
| Park Cumulative Reserve Fund | | | | | | | |
| Water Fund | 124,760 | | | 41,363 | 22,960 | | 189,083 |
| Sewer Fund | 121,456 | | | 83,386 | 184,212 | | 389,054 |
| Storm Drain Fund | 159,488 | | | 152,196 | 9,736 | | 321,420 |
| Equipment Rental Fund | | | | | 1,349 | 861,159 | 862,508 |
| Total Transferred In | $405,703 | $265,000 | $3,396,868 | $1,496,259 | $980,499 | $1,111,159 | $7,655,487 |

### 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 debt proceeds 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 investments 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 use to a future project or replacement equipment acquisition.

c. Unrestricted assets represent un-appropriated, unrestricted liquid assets that City management may designate to expend for specified purposes in future periods. Council action is required to appropriate 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 with general long-term debt, and the cost of the asset is recorded with general fixed assets. 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 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 typically issues general obligation and revenue bonds to finance land acquisitions, and construction of major capital infrastructure projects.

A voter-approved general obligation bond was issued in 1997 to fund the City's Public Safety Building. The debt is being repaid with the associated excess levy receipts. In 2007, Water Fund revenues were used to redeem the last of its 1997 revenue bonds.

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

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

## Schedule of Long Term Debt

**Debt Service requirements to maturity**

| Year | GO Bonds | | Other Debt | | Totals |
|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | |
| **Governmental Activities** | | | | | |
| 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 |
| **Subtotal** | **$5,955,000** | **$1,829,513** | **$67,726** | **$1,015** | **$7,853,254** |
| **Business-Type Activities** | | | | | |
| 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 |
| **Subtotal** | | | **$1,238,585** | **$74,315** | **$1,312,901** |
| **Total** | **$5,955,000** | **$1,829,513** | **$1,306,311** | **$75,330** | **$9,166,155** |

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 discounts.

### Other Long-Term Debt

Other long-term general obligation debt is as follows:

1) The City owes Snohomish County $67,726 under an agreement entered into during the Canyon Park annexation. The City makes an annual payment to the County, who then makes payment on PWA loan 5-89-962-0046, which was used for street improvements partially located within the City.

2) The City owes Snohomish County $1,238,584 under an agreement made in 1998. The City makes an annual payment to the County, who then makes payment 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 1/1/07 | Issued | Redeemed | Balance 12/31/07 | Due Within One Year |
|---|---|---|---|---|---|---|---|---|---|
| Governmental activities | | | | | | | | | |
| GO bond (voted) | 11/1/1997 | 12/1/2017 | 4.625-5.3% | $9,700,000 | $6,405,000 | | $450,000 | $5,955,000 | $475,000 |
| PWA loan 5-89-962-0046 | | 12/31/2009 | 1.00% | 585,526 | 101,588 | | 33,862 | 67,726 | 33,862 |
| Subtotal | | | | $10,285,526 | $6,506,588 | - | $483,862 | $6,022,726 | $508,862 |
| Business-type activities | | | | | | | | | |
| PWA loan 98-791-007 | 10/15/1998 | 10/13/2003 | 1.00% | $1,890,000 | $1,351,183 | | $112,599 | $1,238,584 | $112,599 |
| Subtotal | | | | $1,890,000 | $1,351,183 | - | $112,599 | $1,238,584 | $112,599 |
| Total | | | | $12,175,526 | $7,857,771 | - | $596,461 | $7,261,310 | $621,461 |

Chart does not include compensated absences liability – see Note 7.

### Debt Limit Capacities

State law dictates that City debt cannot be incurred in excess of the following taxable percentages: 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, 2007, City debt limits were based on assessed property totaling $5,677,353,475.

**Debt Capacity as of January 1, 2008**

Regular levy assessed value less annexations $5,677,353,475

| Item | Without a Vote | With a Vote of the People | | |
|---|---|---|---|---|
| | 1.5% | 2.5% | 5.0% | 7.5% |
| Legal limit | $85,160,302 | $141,933,837 | $283,867,674 | $425,801,511 |
| Outstanding net debt | | 5,955,000 | 5,955,000 | 5,955,000 |
| **Margin available** | **$85,160,302** | **$135,978,837** | **$277,912,674** | **$419,846,511** |

## NOTE 13
## Fund Restatements

In 2006, City management contacted Department of Revenue because taxes from liquor sales seemed to be under reported by the State of Washington for the City of Bothell. The Department of Revenue investigated the City's concern. The Department of Revenue's investigation revealed that the City, which resides in two counties, did not receive the tax in 2006 for sales in Snohomish County until 2007 ($94,488).

In 2007, the City transferred assets from General Fixed Assets to the Asset Replacement Fund. In past years, the City capitalized assets purchased in the Asset Replacement Fund, and left the expense as Capital Outlay rather than capitalizing and depreciating them in the Asset Replacement Fund.

| | |
|---|---|
| General Fund | $94,488 |
| Asset Replacement | 2,227,592 |
| General Fixed Assets | (2,227,592) |
| **Total Adjustment** | **$94,488** |

## NOTE 14
## Impact Fees

### Park Impact Fees

Since 1997, per the City's Municipal Code, Park Impact fees have been accounted for separately in a Special Revenue Fund titled Park Cumulative Reserve. The monies remain in the Special Revenue Fund until they are transferred to the City's Capital Improvements Fund for appropriation towards Park Capital projects.

Any Park Impact fees not spent on park projects within six-years of receipt become refundable.

### Traffic Impact Fees

Per the City's Municipal Code, Traffic Impact fees are held in the City's Fiduciary Trust Fund until the City Council appropriates the monies toward approved Capital Improvement projects.

Traffic Impact fees not expended within six-years of receipt become refundable.

# 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, 2007

| | Budgeted Amounts 2007-2008 | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **REVENUES** | | | | | | |
| Taxes | $57,880,705 | $57,347,705 | $26,818,822 | | $26,818,822 | ($30,528,883) |
| Licenses and permits | 3,309,000 | 3,309,000 | 1,501,866 | | 1,501,866 | (1,807,134) |
| Intergovernmental revenues | 3,697,900 | 3,837,000 | 1,846,333 | | 1,846,333 | (1,990,667) |
| Charges for services | 7,235,411 | 7,035,411 | 3,357,265 | | 3,357,265 | (3,678,146) |
| Fines and forfeitures | 732,500 | 802,500 | 443,007 | | 443,007 | (359,493) |
| Interest earnings | 1,710,000 | 2,160,000 | 1,257,436 | | 1,257,436 | (902,564) |
| Proceeds from sale of capital assets | | | 750 | | 750 | 750 |
| Other revenue | 751,700 | 729,300 | 208,584 | | 208,584 | (520,716) |
| Total revenues | 75,317,216 | 75,220,916 | 35,434,064 | - | 35,434,064 | (39,786,852) |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| General government | 15,136,101 | 15,157,601 | 6,919,113 | | 6,919,113 | 8,238,488 |
| Security of persons and property | 35,063,961 | 35,116,661 | 16,830,798 | | 16,830,798 | 18,285,863 |
| Physical environment | 7,527,759 | 7,597,259 | 3,179,940 | | 3,179,940 | 4,417,319 |
| Economic environment | 6,123,396 | 6,324,496 | 2,749,084 | | 2,749,084 | 3,575,412 |
| Capital outlay | 650,947 | 740,947 | 448,699 | | 448,699 | 292,248 |
| Total expenditures | 64,502,164 | 64,936,964 | 30,127,633 | - | 30,127,633 | 34,809,331 |
| Excess of revenue over(under) expenditures | 10,815,052 | 10,283,952 | 5,306,432 | | 5,306,432 | (4,977,520) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Transfers in | 811,406 | 811,406 | 405,703 | | 405,703 | (405,703) |
| Transfers out | (16,589,618) | (16,589,618) | (5,702,859) | | (5,702,859) | 10,886,759 |
| Total other financing sources | (15,778,212) | (15,778,212) | (5,297,156) | - | (5,297,156) | 10,481,056 |
| Net change in fund balances | (4,963,160) | (5,494,260) | 9,276 | | 9,276 | 5,503,536 |
| FUND BALANCES - JANUARY 1, 2007 | 15,842,492 | 15,842,492 | 14,911,218 | | 14,911,218 | (931,274) |
| Prior year adjustment | | | 94,488 | | 94,488 | 94,488 |
| **FUND BALANCES - DECEMBER 31, 2007** | **$10,879,332** | **$10,348,232** | **$15,014,982** | **-** | **$15,014,982** | **$4,666,750** |

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, 2007

| | Budgeted Amounts 2007-2008 | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **REVENUES** | | | | | | |
| Intergovernmental revenues | $31,226,000 | $30,846,000 | $8,583,221 | | $8,583,221 | ($22,262,779) |
| Charges for services | 4,100,000 | 4,100,000 | 1,932,005 | | 1,932,005 | (2,167,995) |
| Interest earnings | 50,000 | 50,000 | 290 | | 290 | (49,710) |
| Other revenue | | | 1,850 | | 1,850 | 1,850 |
| Total revenues | 35,376,000 | 34,996,000 | 10,517,366 | - | 10,517,366 | (24,478,634) |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| Construction projects | 36,718,000 | 37,838,000 | 10,366,305 | | 10,366,305 | 27,471,695 |
| Debt Service - principal | 67,726 | 67,726 | 33,862 | | 33,862 | 33,864 |
| Debt Service - interest | 1,693 | 1,693 | 1,016 | | 1,016 | 677 |
| Total expenditures | 36,787,419 | 37,907,419 | 10,401,183 | - | 10,401,183 | 27,506,236 |
| Excess of revenue over(under) expenditures | (1,411,419) | (2,911,419) | 116,183 | | 116,183 | 3,027,602 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Contributions | | | 471,276 | | 471,276 | 471,276 |
| Total other financing sources | - | - | 471,276 | - | 471,276 | 471,276 |
| Net change in fund balances | (1,411,419) | (2,911,419) | 587,459 | | 587,459 | 3,498,878 |
| FUND BALANCES - JANUARY 1, 2007 | 1,969,594 | 1,969,594 | 1,924,838 | | 1,924,838 | (44,756) |
| **FUND BALANCES - DECEMBER 31, 2007** | **$558,175** | **($941,825)** | **$2,512,297** | **-** | **$2,512,297** | **3,454,122** |

GAAP serves as the budgetary basis of accounting

# Combining Financial Statements

# City of Bothell
## Combining Balance Sheet
## Other Governmental Funds
## December 31, 2007



| | Special Revenue Funds | | | | |
|---|---|---|---|---|---|
| | Street | Cable TV | Park Cum Reserve | Drug Forfeitures | Nuisance Abatement |
| **ASSETS** | | | | | |
| Current cash & cash equivalents | $483,637 | | $400,706 | $13,120 | $508 |
| Investments | 307,878 | | 629,205 | 43,028 | 43,836 |
| Receivables (net of allowances) | | | | | |
| Taxes | | | | | |
| Accounts receivable | 55,097 | | | | |
| Due from other governmental units | 174,974 | | | 26,130 | |
| **TOTAL ASSETS** | **$1,021,585** | **-** | **$1,029,910** | **$82,277** | **$44,344** |
| **LIABILITIES AND FUND BALANCE** | | | | | |
| Liabilities | | | | | |
| Accounts payable | $22,825 | | | $2,613 | $6,874 |
| Compensated absences | 22,555 | | | | |
| Payroll payable | 22,673 | | | | |
| Unearned revenue | | | | | |
| Total liabilities | 68,052 | - | - | 2,613 | 6,874 |
| Fund balances | | | | | |
| Unreserved, report in: | | | | | |
| Special revenue funds | 953,533 | | 1,029,910 | 79,664 | 37,470 |
| Debt service funds | | | | | |
| Total fund balances | 953,533 | - | 1,029,910 | 79,664 | 37,470 |
| **TOTAL LIABILITIES AND FUND BALANCES** | **$1,021,585** | **-** | **$1,029,910** | **$82,277** | **$44,344** |

# City of Bothell
## Combining Balance Sheet
## Other Governmental Funds
## December 31, 2007



| Special Service Funds Continued | Debt Service Funds | | |
|---|---|---|---|
| Cemetery Endowment | 1997 GO Bond | LID Guaranty | Total Other Governmental Funds |
| $1,434 | $104,488 | $2,209 | $1,006,102 |
| 79,291 | | 45,666 | 1,148,903 |
| | 16,942 | | 16,942 |
| | | | 55,097 |
| | | | 201,104 |
| **$80,725** | **$121,430** | **$47,875** | **$2,428,147** |
| | $304 | | $32,615 |
| | | | 22,555 |
| | | | 22,673 |
| | 16,942 | | 16,942 |
| - | 17,245 | - | 94,784 |
| 80,725 | | | 2,181,303 |
| | 104,185 | 47,875 | 152,060 |
| 80,725 | 104,185 | 47,875 | 2,333,362 |
| **$80,725** | **$121,430** | **$47,875** | **$2,428,147** |

# City of Bothell
## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
## Other Governmental Funds
## For the Year Ended December 31, 2007



| | Special Revenue Funds | | | | |
|---|---|---|---|---|---|
| | Street | Cable TV | Park Cum Reserve | Drug Forfeitures | Nuisance Abatement |
| **REVENUES** | | | | | |
| Taxes | | | | | |
| Licenses and permits | $98,803 | | | | |
| Intergovernmental revenue | 914,327 | | | | |
| Interest earnings | 20,501 | 830 | 34,127 | 2,028 | 2,836 |
| Charges for services | 279,577 | | 282,440 | 26,130 | |
| Total revenues | 1,313,208 | 830 | 316,568 | 28,158 | 2,836 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| Security of persons and property | | | | 6,566 | |
| Transportation | 1,463,468 | | | | |
| Capital outlay | | 13,001 | | | |
| Other expenditures | | | | | 17,657 |
| Debt service: | | | | | |
| Principal retirement | | | | | |
| Interest | | | | | |
| Total expenditures | 1,463,468 | 13,001 | - | 6,566 | 17,657 |
| Excess of revenue over (under) expenditures | (150,259) | (12,172) | 316,568 | 21,592 | (14,821) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfers in | 265,000 | | | | |
| Transfers out | (190,565) | | | | |
| Total other financing sources | 74,435 | - | - | - | - |
| Net change in fund balances | (75,824) | (12,172) | 316,568 | 21,592 | (14,821) |
| FUND BALANCES - JANUARY 1, 2007 | 1,029,357 | 12,172 | 713,343 | 58,072 | 52,292 |
| **FUND BALANCES - DECEMBER 31, 2007** | **$953,533** | **-** | **$1,029,910** | **$79,664** | **$37,470** |

# City of Bothell
## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
## Other Governmental Funds
## For the Year Ended December 31, 2007



| Special Revenue Funds Continued | | | |
|---|---|---|---|
| Cemetery Endowment | 1997 GO Bond | LID Guaranty | Total Other Governmental Funds |
| | $792,285 | | $792,285 |
| | | | 98,803 |
| | | | 914,327 |
| 4,291 | | 2,504 | 67,117 |
| | | | 588,147 |
| 4,291 | 792,285 | 2,504 | 2,460,679 |
| | | | 6,566 |
| | | | 1,463,468 |
| | | | 13,001 |
| | 607 | | 18,264 |
| | 450,000 | | 450,000 |
| | 326,688 | | 326,688 |
| - | 777,295 | - | 2,277,986 |
| 4,291 | 14,990 | 2,504 | 182,693 |
| | | | 265,000 |
| | | | (190,565) |
| - | - | - | 74,435 |
| 4,291 | 14,990 | 2,504 | 257,128 |
| 76,434 | 89,195 | 45,371 | 2,076,235 |
| **$80,725** | **$104,185** | **$47,875** | **$2,333,362** |

# City of Bothell
## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
## Street Fund
## For the Year Ended December 31, 2007

| | Budgeted Amounts 2007-2008 | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **REVENUES** | | | | | | |
| Licenses and permits | $212,000 | $212,000 | $98,803 | | $98,803 | ($113,197) |
| Charges for services | 560,200 | 560,200 | 279,577 | | 279,577 | (280,623) |
| Intergovernmental revenue | 1,831,830 | 1,855,330 | 914,327 | | 914,327 | (941,003) |
| Interest earnings | 64,000 | 64,000 | 20,501 | | 20,501 | (43,499) |
| Total revenues | 2,668,030 | 2,691,530 | 1,313,208 | - | 1,313,208 | (1,378,322) |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| Personnel services | 1,289,613 | 1,289,613 | 614,519 | | 614,519 | 675,094 |
| Operating supplies | 196,418 | 196,418 | 87,742 | | 87,742 | 108,676 |
| Taxes | 900 | 900 | 192 | | 192 | 709 |
| Other services and charges | 1,791,120 | 1,814,620 | 761,015 | | 761,015 | 1,053,605 |
| Total expenditures | 3,278,051 | 3,301,551 | 1,463,468 | - | 1,463,468 | 1,838,083 |
| Excess of revenue over (under) expenditures | (610,021) | (610,021) | (150,259) | | (150,259) | 459,762 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Transfers in | 530,000 | 530,000 | 265,000 | | 265,000 | (265,000) |
| Transfers out | (381,130) | (381,130) | (190,565) | | (190,565) | 190,565 |
| Total other financing sources | 148,870 | 148,870 | 74,435 | - | 74,435 | (74,435) |
| Net change in fund balances | (461,151) | (461,151) | (75,824) | | (75,824) | 385,327 |
| FUND BALANCES - JANUARY 1, 2007 | 640,880 | 640,880 | 1,029,357 | | 1,029,357 | 388,477 |
| **FUND BALANCES - DECEMBER 31, 2007** | **$179,729** | **$179,729** | **$953,533** | **-** | **$953,533** | **$773,804** |

# City of Bothell
## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
## Cable TV Fund
## For the Year Ended December 31, 2007

| | Budgeted Amounts 2007-2008 | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **REVENUES** | | | | | | |
| Interest earnings | $2,400 | $2,400 | $830 | | $830 | ($1,570) |
| Total revenues | 2,400 | 2,400 | 830 | - | 830 | (1,570) |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| Capital outlays | 26,747 | 26,747 | 13,001 | | 13,001 | 13,746 |
| Total expenditures | 26,747 | 26,747 | 13,001 | - | 13,001 | 13,746 |
| Excess of revenue over (under) expenditures | (24,347) | (24,347) | (12,172) | | (12,172) | 12,175 |
| Net change in fund balances | (24,347) | (24,347) | (12,172) | | (12,172) | 12,175 |
| FUND BALANCES - JANUARY 1, 2007 | 24,347 | 24,347 | 12,172 | | 12,172 | (12,175) |
| **FUND BALANCES - DECEMBER 31, 2007** | - | - | - | - | - | - |

# City of Bothell

## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
## Park Cumulative Reserve Fund
## For the Year Ended December 31, 2007

| | Budgeted Amounts 2007-2008 | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **REVENUES** | | | | | | |
| Charges for service | $650,000 | $650,000 | $282,440 | | $282,440 | ($367,560) |
| Investment interest | 129,200 | 129,200 | 34,127 | | 34,127 | (95,073) |
| Total revenues | 779,200 | 779,200 | 316,568 | - | 316,568 | (462,633) |
| Excess of revenues over (under) expenditures | 779,200 | 779,200 | 316,568 | | 316,568 | (462,633) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Operating transfers out | (490,000) | (490,000) | | | | 490,000 |
| Total other financing sources | (490,000) | (490,000) | - | - | - | 490,000 |
| Net change in fund balances | 289,200 | 289,200 | 316,568 | | 316,568 | 27,368 |
| FUND BALANCES - JANUARY 1, 2007 | 702,674 | 702,674 | 713,343 | | 713,343 | 10,669 |
| **FUND BALANCES - DECEMBER 31, 2007** | **$991,874** | **$991,874** | **$1,029,910** | **-** | **$1,029,910** | **$38,036** |

# City of Bothell

## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
## Drug Forfeitures Fund
## For the Year Ended December 31, 2007

| | Budgeted Amounts 2007-2008 | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **REVENUES** | | | | | | |
| Charges for services | $36,000 | $36,000 | $26,130 | | $26,130 | ($9,870) |
| Interest earnings | 2,000 | 2,000 | 2,028 | | 2,028 | 28 |
| Total revenues | 38,000 | 38,000 | 28,158 | - | 28,158 | (9,843) |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| Personnel services | 10,000 | 10,000 | | | | 10,000 |
| Operating supplies | 19,281 | 19,281 | 1,172 | | 1,172 | 18,109 |
| Other services and charges | 30,000 | 30,000 | 5,394 | | 5,394 | 24,606 |
| Total expenditures | 59,281 | 59,281 | 6,566 | - | 6,566 | 52,715 |
| Excess of revenue over (under) expenditures | (21,281) | (21,281) | 21,592 | | 21,592 | 42,873 |
| Net change in fund balances | (21,281) | (21,281) | 21,592 | | 21,592 | 42,873 |
| FUND BALANCES - JANUARY 1, 2007 | 41,281 | 41,281 | 58,072 | | 58,072 | 16,791 |
| **FUND BALANCES - DECEMBER 31, 2007** | **$20,000** | **$20,000** | **$79,664** | **-** | **$79,664** | **$59,664** |

# City of Bothell

## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
## Nuisance Abatement Fund
## For the Year Ended December 31, 2007

| | Budgeted Amounts 2007-2008 | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **REVENUES** | | | | | | |
| Interest earnings | $5,400 | $5,400 | $2,836 | | $2,836 | ($2,564) |
| Total revenues | 5,400 | 5,400 | 2,836 | - | 2,836 | (2,564) |
| **EXPENDITURES** | | | | | | |
| Other services and charges | 50,000 | 50,000 | 17,657 | | 17,657 | 32,343 |
| Total expenditures | 50,000 | 50,000 | 17,657 | - | 17,657 | 32,343 |
| Excess of revenue over (under) expenditures | (44,600) | (44,600) | (14,821) | | (14,821) | 29,779 |
| Net change in fund balances | (44,600) | (44,600) | (14,821) | | (14,821) | 29,779 |
| FUND BALANCES - JANUARY 1, 2007 | 55,029 | 55,029 | 52,292 | | 52,292 | (2,737) |
| **FUND BALANCES - DECEMBER 31, 2007** | **$10,429** | **$10,429** | **$37,470** | **-** | **$37,470** | **$27,041** |

# City of Bothell

## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
## Cemetery Endowment Fund
## For the Year Ended December 31, 2007

| | Budgeted Amounts 2007-2008 | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **REVENUES** | | | | | | |
| Interest earnings | $8,200 | $8,200 | $4,291 | | $4,291 | ($3,909) |
| Total revenues | 8,200 | 8,200 | 4,291 | - | 4,291 | (3,909) |
| **EXPENDITURES** | | | | | | |
| Other services and charges | 4,000 | 4,000 | | | | 4,000 |
| Total expenditures | 4,000 | 4,000 | - | - | - | 4,000 |
| Excess of revenue over (under) expenditures | 4,200 | 4,200 | 4,291 | | 4,291 | 91 |
| Net change in fund balances | 4,200 | 4,200 | 4,291 | | 4,291 | 91 |
| FUND BALANCES - JANUARY 1, 2007 | 81,835 | 81,835 | 76,434 | | 76,434 | (5,401) |
| **FUND BALANCES - DECEMBER 31, 2007** | **$86,035** | **$86,035** | **$80,725** | **-** | **$80,725** | **($5,310)** |

# City of Bothell

## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
## 1997 General Obligation Bond Fund
## For the Year Ended December 31, 2007

| | Budgeted Amounts 2007-2008 | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **REVENUES** | | | | | | |
| Taxes | $1,600,000 | $1,600,000 | $792,285 | | $792,285 | ($807,715) |
| Total revenues | 1,600,000 | 1,600,000 | 792,285 | - | 792,285 | (807,715) |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| Principal retirement | 925,000 | 925,000 | 450,000 | | 450,000 | 475,000 |
| Interest | 675,000 | 675,000 | 326,688 | | 326,688 | 348,313 |
| Other expenditures | 1,000 | 1,000 | 607 | | 607 | 393 |
| Total expenditures | 1,601,000 | 1,601,000 | 777,295 | - | 777,295 | 823,706 |
| Excess of revenue over (under) expenditures | (1,000) | (1,000) | 14,990 | | 14,990 | 15,990 |
| Net change in fund balances | (1,000) | (1,000) | 14,990 | | 14,990 | 15,990 |
| FUND BALANCES - JANUARY 1, 2007 | 94,893 | 94,893 | 89,195 | | 89,195 | (5,698) |
| **FUND BALANCES - DECEMBER 31, 2007** | **$93,893** | **$93,893** | **$104,185** | **-** | **$104,185** | **$10,292** |

# City of Bothell
## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
## LID Guaranty Fund
## For the Year Ended December 31, 2007

| | Budgeted Amounts 2007-2008 | | 2007 Actual Amounts Budgetary Basis | 2008 Actual Amounts Budgetary Basis | Total 2007-2008 Actuals | Variance with Final Budget Positive(Negative) |
|---|---|---|---|---|---|---|
| | Original | Final | | | | |
| **REVENUES** | | | | | | |
| Investment interest | | | $2,504 | | $2,504 | $2,504 |
| Total revenues | - | - | 2,504 | - | 2,504 | 2,504 |
| Net change in fund balances | | | 2,504 | | 2,504 | 2,504 |
| FUND BALANCES - JANUARY 1, 2007 | | | 45,371 | | 45,371 | 45,371 |
| **FUND BALANCES - DECEMBER 31, 2007** | **-** | **-** | **$47,875** | **-** | **$47,875** | **$47,875** |

# City of Bothell
## Combining Statement of Net Assets
## Internal Service Funds
## For the Year Ended December 31, 2007

| | Governmental Activities Internal Service Funds | | | |
|---|---|---|---|---|
| | Equipment Rental | Self Insurance | Asset Replacement | Total |
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $73,650 | $202,660 | $2,673,469 | $2,949,779 |
| Investments | 700,278 | | 2,243,331 | 2,943,610 |
| Receivables | 91 | 38,138 | | 38,229 |
| Total current assets | 774,018 | 240,798 | 4,916,800 | 5,931,617 |
| Non-current assets: | | | | |
| Restricted | | | | |
| Capital assets, net of depreciation: | | | | |
| Equipment - shop | | | 259,299 | 259,299 |
| Equipment - vehicles | | | 2,216,395 | 2,216,395 |
| Improvements | | | 298,801 | 298,801 |
| Construction in progress | | | 1,791 | 1,791 |
| Total non-current assets | - | - | 2,776,286 | 2,776,286 |
| Total assets | 774,018 | 240,798 | 7,693,087 | 8,707,904 |
| **LIABILITIES** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 3,176 | 2,670 | 47,886 | 53,732 |
| Payroll payable | 9,580 | 2,583 | | 12,163 |
| Compensated absences | 5,964 | 1,594 | | 7,558 |
| Total liabilities | 18,720 | 6,847 | 47,886 | 73,453 |
| **NET ASSETS** | | | | |
| Investment in capital assets, net of retained debt | | | 2,774,496 | 2,776,286 |
| Unrestricted | 755,298 | 233,952 | 4,870,705 | 5,858,164 |
| **Total net assets** | **$755,298** | **$233,952** | **$7,645,200** | **$8,634,450** |

# City of Bothell
## Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
## Internal Service Funds
## For the Year Ended December 31, 2007

| | Governmental Activities Internal Service Funds | | | |
|---|---|---|---|---|
| | Equipment Rental | Self Insurance | Asset Replacement | Total |
| Operating revenues: | | | | |
| Charges for services | | $81,357 | | $81,357 |
| Intergovernmental revenues | 540 | | | 540 |
| Total operating revenues | 540 | 81,357 | - | 81,897 |
| Operating expenses: | | | | |
| Maintenance and operations | 582,597 | | | 582,597 |
| Administration | 65,293 | 911,399 | 9,061 | 985,753 |
| Depreciation & amortization | 7,112 | | 455,886 | 462,998 |
| Total operating expenses | 655,002 | 911,399 | 464,947 | 2,031,348 |
| Operating income (loss) | (654,462) | (830,042) | (464,947) | (1,949,451) |
| Non-operating revenue (expense) | | | | |
| Gain (loss) on disposition of capital assets | | | 63,436 | 63,436 |
| Interest earnings | 38,011 | | 129,130 | 167,140 |
| Total non-operating revenues (expenses) | 38,011 | - | 192,566 | 230,576 |
| Income (loss) before contributions and transfers | (616,452) | (830,042) | (272,381) | (1,718,875) |
| Contributed capital | | | | |
| Transfers in | 1,496,259 | 980,499 | 1,111,159 | 3,587,917 |
| Transfers out | (862,508) | | | (862,508) |
| Change in net assets | 17,300 | 150,457 | 838,778 | 1,006,534 |
| Net assets - beginning | 737,999 | 83,495 | 4,578,831 | 5,400,325 |
| Prior year adjustment | | | 2,227,592 | 2,227,592 |
| **Net assets - ending** | **$755,298** | **$233,952** | **$7,645,200** | **$8,634,450** |

# City of Bothell
## Combining Statement of Cash Flows
## Internal Service Funds
## For the Year Ended December 31, 2007

| | Governmental Activities Internal Service Funds | | | |
|---|---|---|---|---|
| | Equipment Rental | Self Insurance | Asset Replacement | Total |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Cash paid to employees for services | ($154,912) | ($64,087) | | ($218,999) |
| Cash paid to suppliers for goods and services | (510,810) | (811,064) | (450,146) | (1,772,020) |
| Net cash provided (used) by operating activities | (665,722) | (875,151) | (450,146) | (1,991,019) |
| **CASH FLOWS FROM NON-OPERATING ACTIVITIES** | | | | |
| Transfers out | (862,508) | | | (862,508) |
| Transfers in | 1,496,259 | 980,499 | 1,111,159 | 3,587,917 |
| Net cash provided (used) by non-operating activities | 633,752 | 980,499 | 1,111,159 | 2,725,409 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Purchases of capital assets | | | (1,004,581) | (1,004,581) |
| Proceeds from sales of capital assets | | | 63,436 | 63,436 |
| Net cash provided (used) by capital and related financing activities | - | - | (941,144) | (941,144) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Proceeds from sales and maturities of investments | (38,011) | | 2,441,083 | 2,403,072 |
| Interest and dividends | 38,011 | | 129,130 | 167,140 |
| Net cash provided by investing activities | - | - | 2,570,212 | 2,570,212 |
| Net increase (decrease) in cash and cash equivalents | (31,971) | 105,348 | 2,290,081 | 2,363,458 |
| Balances - beginning of the year | 105,620 | 97,312 | 383,388 | 586,321 |
| **Balances - end of the year** | **$73,650** | **$202,660** | **$2,673,469** | **$2,949,779** |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | | | |
| Operating income (loss) | ($654,462) | ($830,042) | ($464,947) | ($1,949,451) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 7,112 | | 455,886 | 462,998 |
| Change in assets and liabilities: | | | | |
| Decrease (increase) in accounts receivable | (91) | (38,138) | | (38,229) |
| Increase (decrease) in accounts payable | (12,375) | (4,363) | (441,085) | (457,823) |
| Increase (decrease) in compensated absences payable | (5,930) | (1,338) | | (7,267) |
| Increase (decrease) in payroll payable | 23 | (1,269) | | (1,246) |
| **Net cash provided by operating activities** | **($665,722)** | **($875,151)** | **($450,146)** | **($1,991,019)** |
| **Noncash investing, capital, and financing activities:** | | | | |
| Increase (decrease) in fair value of investments | | | | - |

# Supplemental Information

# City of Bothell
## Schedule of Operations – Budget to Actual
## Water Fund
## For the Year Ended December 31, 2007

| | Budgeted Amounts 2007-2008 | | 2007 | 2008 | Total | Variance with |
|---|---|---|---|---|---|---|
| | Original | Final | Actual Amounts Budgetary Basis | Actual Amounts Budgetary Basis | 2007-2008 Actuals | Final Budget Positive(Negative) |
| **OPERATING REVENUES** | | | | | | |
| Intergovernmental revenues | | | $7,677 | | $7,677 | $7,677 |
| Charges for services | 9,813,184 | 9,933,184 | 3,786,422 | | 3,786,422 | (6,146,762) |
| Total operating revenues | 9,813,184 | 9,933,184 | 3,794,100 | - | 3,794,100 | (6,139,084) |
| **OPERATING EXPENSES** | | | | | | |
| Administrative and general | 763,208 | 763,208 | 287,140 | | 287,140 | 476,068 |
| Purchase water | 2,756,000 | 2,756,000 | 1,384,581 | | 1,384,581 | 1,371,419 |
| Maintenance and operation | 1,054,027 | 1,054,027 | 428,941 | | 428,941 | 625,086 |
| Customer accounts | 135,078 | 135,078 | 69,302 | | 69,302 | 65,776 |
| Taxes | 660,084 | 660,084 | 358,770 | | 358,770 | 301,314 |
| Capital outlay | 3,939,000 | 3,700,000 | | | | 3,700,000 |
| Depreciation and amortization | 889,100 | 889,100 | 349,827 | | 349,827 | 539,273 |
| Total operating expenses | 10,196,497 | 9,957,497 | 2,878,560 | - | 2,878,560 | 7,078,937 |
| OPERATING INCOME (LOSS) | (383,313) | (24,313) | 915,540 | - | 915,540 | 939,853 |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | | |
| Investment earnings | 130,000 | 130,000 | 104,235 | | 104,235 | (25,765) |
| Interest expense | (150,000) | (150,000) | (13,512) | | (13,512) | 136,488 |
| Total non-operating revenue (expense) | (20,000) | (20,000) | 90,724 | - | 90,724 | 110,724 |
| Income (loss) before contributions and transfers | (403,313) | (44,313) | 1,006,263 | | 1,006,263 | 1,050,576 |
| Transfers out | (378,165) | (378,165) | (189,083) | | (189,083) | 189,083 |
| Contributions | | | | | | |
| Net assets - beginning, January 1, 2007 | 2,831,037 | 2,831,037 | 11,369,810 | | 11,369,810 | 8,538,773 |
| Prior year adjustment | | | | | | |
| **Net assets - ending, December 31, 2007** | **$2,049,559** | **$2,408,559** | **$12,186,991** | **-** | **$12,186,991** | **$9,778,432** |

This schedule is presented as supplemental information

# City of Bothell
## Schedule of Operations – Budget to Actual
## Sewer Fund
## For the Year Ended December 31, 2007

| | 2007-2008 Budgeted Amounts | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **OPERATING REVENUES** | | | | | | |
| Intergovernmental revenues | | | $509,771 | | $509,771 | ($509,771) |
| Charges for services | 12,129,251 | 11,928,097 | 4,607,172 | | 4,607,172 | (7,320,925) |
| Total operating revenues | 12,129,251 | 11,928,097 | 5,116,942 | - | 5,116,942 | (7,830,696) |
| **OPERATING EXPENSES** | | | | | | |
| Administrative and general | 575,576 | 575,576 | 193,540 | | 193,540 | 382,036 |
| Metro service | 5,634,048 | 5,432,894 | 2,779,592 | | 2,779,592 | 2,653,302 |
| Maintenance and operation | 974,808 | 974,808 | 420,302 | | 420,302 | 554,506 |
| Customer accounts | 138,874 | 138,874 | 68,363 | | 68,363 | 70,511 |
| Taxes | 609,851 | 609,851 | 300,336 | | 300,336 | 309,515 |
| Capital outlay | 3,488,000 | 3,738,000 | | | | 3,738,000 |
| Depreciation and amortization | 563,900 | 563,900 | 203,069 | | 203,069 | 360,831 |
| Total operating expenses | 11,985,057 | 12,033,903 | 3,965,202 | - | 3,965,202 | 8,068,701 |
| OPERATING INCOME (LOSS) | 144,194 | (105,806) | 1,151,740 | - | 1,151,740 | 238,005 |
| **NON-OPERATING REVENUE (EXPENSE)** | | | | | | |
| Investment earnings | 420,500 | 420,500 | 113,847 | | 113,847 | (306,653) |
| Interest Expense | (124,100) | (124,100) | | | | 124,100 |
| Total non-operating revenue (expense) | 296,400 | 296,400 | 113,847 | - | 113,847 | (182,553) |
| Income (loss) before contributions and transfers | 440,594 | 190,594 | 1,265,588 | | 1,265,588 | 55,452 |
| Operating transfers out | (778,107) | (778,107) | (389,054) | | (389,054) | 389,054 |
| Contributions | | | 48,000 | | 48,000 | 48,000 |
| Net assets - beginning, January 1, 2007 | 3,429,488 | 3,429,488 | 10,101,400 | | 10,101,400 | 6,671,912 |
| Prior year adjustment | | | | | | |
| **Net assets - ending, December 31, 2007** | **$3,091,975** | **$2,841,975** | **$11,025,934** | **-** | **$11,025,934** | **$7,164,418** |

This schedule is presented as supplemental information

# City of Bothell
## Schedule of Operations – Budget to Actual
## Storm Drain Fund
## For the Year Ended December 31, 2007

| | 2007-2008 Budgeted Amounts | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **OPERATING REVENUES** | | | | | | |
| Intergovernmental revenues | | | $73,574 | | $73,574 | ($73,574) |
| Charges for services | 6,501,100 | 6,576,100 | 1,730,963 | | 1,730,963 | (4,845,137) |
| Total operating revenues | 6,501,100 | 6,576,100 | 1,804,538 | - | 1,804,538 | (4,918,711) |
| **OPERATING EXPENSES** | | | | | | |
| Administrative and general | 1,301,804 | 1,376,804 | 498,013 | | 498,013 | 878,791 |
| Maintenance and operation | 1,194,923 | 1,194,923 | 557,263 | | 557,263 | 637,660 |
| Taxes | 76,100 | 76,100 | 22,956 | | 22,956 | 53,144 |
| Capital outlay | 4,372,000 | 4,372,000 | | | | 4,372,000 |
| Depreciation and amortization | 657,500 | 657,500 | 232,116 | | 232,116 | 425,384 |
| Total operating expenses | 7,602,327 | 7,677,327 | 1,310,349 | - | 1,310,349 | 6,366,978 |
| OPERATING INCOME (LOSS) | (1,101,227) | (1,101,227) | 494,189 | - | 494,189 | 1,448,267 |
| **NON-OPERATING REVENUE (EXPENSE)** | | | | | | |
| Investment earnings | 100,100 | 100,100 | 119,258 | | 119,258 | 19,158 |
| Interest expense | (109,500) | (109,500) | | | | 109,500 |
| Total non-operating revenue (expense) | (9,400) | (9,400) | 119,258 | - | 119,258 | 128,658 |
| Income (loss) before contributions and transfers | (1,110,627) | (1,110,627) | 613,447 | | 613,447 | 1,576,926 |
| Operating transfers out | (642,839) | (642,839) | (321,420) | | (321,420) | 321,420 |
| Contributions | | | 90,000 | | 90,000 | 90,000 |
| Net assets - beginning, January 1, 2007 | 3,329,435 | 3,329,435 | 10,380,119 | | 10,380,119 | 7,050,684 |
| Prior year adjustment | | | | | | |
| **Net assets - ending, December 31, 2007** | **$1,575,969** | **$1,575,969** | **$10,762,147** | **-** | **$10,762,147** | **$9,039,030** |

This schedule is presented as supplemental information

# City of Bothell
## Schedule of Operations – Budget to Actual
## Equipment Rental Fund
## For the Year Ended December 31, 2007

| | 2007-2008 Budgeted Amounts | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **OPERATING REVENUES** | | | | | | |
| Intergovernmental revenue | | | $540 | | $540 | $540 |
| Total operating revenues | - | - | 540 | - | 540 | 540 |
| **OPERATING EXPENSES** | | | | | | |
| Administrative and general | 177,419 | 177,419 | 65,293 | | 65,293 | 112,126 |
| Maintenance and operation | 1,080,963 | 1,080,963 | 582,597 | | 582,597 | 498,366 |
| Depreciation | 30,000 | 30,000 | 7,112 | | 7,112 | 22,888 |
| Total operating expenses | 1,288,382 | 1,288,382 | 655,002 | - | 655,002 | 633,380 |
| OPERATING INCOME (LOSS) | (1,288,382) | (1,288,382) | (654,462) | - | (654,462) | 633,920 |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | | |
| Investment earnings | 70,000 | 70,000 | 38,011 | | 38,011 | (31,989) |
| Total non-operating revenue (expense) | 70,000 | 70,000 | 38,011 | - | 38,011 | (31,989) |
| Income (loss) before contributions and transfers | (1,218,382) | (1,218,382) | (616,452) | | (616,452) | 601,930 |
| Transfers out | (1,725,015) | (1,725,015) | (862,508) | | (862,508) | 862,508 |
| Transfers in | 2,992,518 | 2,992,518 | 1,496,259 | | 1,496,259 | (1,496,259) |
| Net assets - beginning, January 1, 2007 | 695,984 | 695,984 | 737,999 | | 737,999 | 42,015 |
| **Net assets - ending, December 31, 2007** | **$745,105** | **$745,105** | **$755,298** | **-** | **$755,298** | **$10,193** |

This schedule is presented as supplemental information

# City of Bothell
## Schedule of Operations – Budget to Actual
## Self Insurance Fund
## For the Year Ended December 31, 2007

| | 2007-2008 Budgeted Amounts | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **OPERATING REVENUES** | | | | | | |
| Charges for services | $24,304 | $24,304 | $81,357 | | $81,357 | $57,053 |
| Total operating revenues | 24,304 | 24,304 | 81,357 | - | 81,357 | 57,053 |
| **OPERATING EXPENSES** | | | | | | |
| Administrative and general | 1,965,179 | 2,010,179 | 911,399 | | 911,399 | 1,098,780 |
| Total operating expenses | 1,965,179 | 2,010,179 | 911,399 | - | 911,399 | 1,098,780 |
| OPERATING INCOME (LOSS) | (1,940,875) | (1,985,875) | (830,042) | - | (830,042) | 1,155,833 |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | | |
| Investment earnings | 30,400 | 30,400 | | | | (30,400) |
| Total non-operating revenue (expense) | 30,400 | 30,400 | - | - | - | (30,400) |
| Income (loss) before contributions and transfers | (1,910,475) | (1,955,475) | (830,042) | | (830,042) | 1,125,433 |
| Transfers in | 1,960,997 | 1,960,997 | 980,499 | | 980,499 | (980,499) |
| Net assets - beginning, January 1, 2007 | 180,200 | 180,200 | 83,495 | | 83,495 | (96,705) |
| **Net assets - ending, December 31, 2007** | **$230,722** | **$185,722** | **$233,952** | **-** | **$233,952** | **$48,230** |

This schedule is presented as supplemental information

# City of Bothell
## Schedule of Operations – Budget to Actual
## Asset Replacement Fund
## For the Year Ended December 31, 2007

| | 2007-2008 Budgeted Amounts | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **OPERATING EXPENSES** | | | | | | |
| Capital outlay | $4,419,681 | $4,419,681 | | | | $4,419,681 |
| Administrative and general | 390,470 | 390,470 | 9,061 | | 9,061 | 381,409 |
| Depreciation | | | 462,483 | | 462,483 | (462,483) |
| Total operating expenses | 4,810,151 | 4,810,151 | 471,544 | - | 471,544 | 4,338,607 |
| OPERATING INCOME (LOSS) | (4,810,151) | (4,810,151) | (471,544) | - | (471,544) | 4,338,607 |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | | |
| Interest earnings | 333,000 | 333,000 | 129,130 | | 129,130 | (203,870) |
| Proceeds from the sale of capital assets | | | 63,436 | | 63,436 | 63,436 |
| Total non-operating revenue (expense) | 333,000 | 333,000 | 192,566 | - | 192,566 | (140,434) |
| Income (loss) before contributions and transfers | (4,477,151) | (4,477,151) | (278,979) | | (278,979) | 4,198,172 |
| Transfers in | 2,279,818 | 2,279,818 | 1,111,159 | | 1,111,159 | (1,168,659) |
| Transfers out | (2,190,000) | (2,190,000) | | | | 2,190,000 |
| Net assets - beginning, January 1, 2007 | 4,387,333 | 4,387,333 | 4,578,831 | | 4,578,831 | 191,498 |
| Prior year adjustment | | | 2,227,592 | | 2,227,592 | 2,227,592 |
| **Net assets - ending, December 31, 2007** | - | - | **$7,638,603** | - | **$7,638,603** | **$7,638,603** |

This schedule is presented as supplemental information

# City of Bothell
## Schedule 16
## Schedule of Expenditures of Federal Awards
## For the Year Ended December 31, 2007

| Grantor/Pass Through Grantor Program Title | CFDA Number | Other Identification Number | Current Year Expenditures Direct | Pass-Through | Total |
|---|---|---|---|---|---|
| Department of Homeland Security/King County Emergency Management/City of Bellevue | | | | | |
| Hazardous Materials Assistance Program (97.021) | | | | | |
| Hazardous Materials Exercise | 97.021 | FFY05-SHSP-015 | | $1,191 | $1,191 |
| Department of Homeland Security/Washington State Military Department | | | | | |
| Disaster Grants - Public Assistance (97.036) | | | | | |
| Public Assistance Grant for Dec 2006 Windstorm | 97.036 | E07-906 | | 66,075 | 66,075 |
| Department of Homeland Security/Washington State Military Department | | | | | |
| Emergency Management Performance Grant (97.042) | | | | | |
| Emergency Management Performance Grant | 97.042 | E06-332 | | 2,807 | 2,807 |
| Emergency Management Performance Grant | 97.042 | E07-337 | | 10,947 | 10,947 |
| Department of Homeland Security/Washington State Military Dept/ King County Emergency Management | | | | | |
| Homeland Security Grant Program (97.067) | | | | | |
| Citizen Corps Activities | 97.067 | FFY06-SHSP-CC-006 | | 1,221 | 1,221 |
| Department of Homeland Security/King County Emergency Management | | | | | |
| Homeland Security Grant Program (97.067) | | | | | |
| Neighborhood Block Watch | 97.067 | FFY05-CC7-237 | | 7,475 | 7,475 |
| **Dept of Homeland Security Total:** | | | **-** | **89,716** | **89,716** |
| Department of Transportation/Washington State DOT | | | | | |
| Highway Planning & Construction (20.205) | | | | | |
| 196th St SW/Filbert Road (SR524) - Phase 1A | 20.205 | STPF-STPUL-0524 (009) | | 4,553,104 | 4,553,104 |
| SR522 - Widening & Realign @ Wayne Curve | 20.205 | STPF-0522(032) | | 152,282 | 152,282 |
| 102nd Ave NE Bridge Rehabilitation | 20.205 | BHM-2452 (003) | | 573,845 | 573,845 |
| SR527 Signal System | 20.205 | STPUL-0527 (003) | | 17,328 | 17,328 |
| SR527 Widening - 240th St SE to 228th St SE | 20.205 | STPUL-0527 (005) | | 297,200 | 297,200 |
| North Creek Trail - Stage 1 | 20.205 | STPUL-CM-0110 (005) | | 235,771 | 235,771 |
| **Dept of Transportation Total:** | | | **-** | **5,829,530** | **5,829,530** |
| **Total Federal Assistance for 2007:** | | | **-** | **$5,919,246** | **$5,919,246** |

**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

# City of Bothell
## Schedule 16
## Schedule of State and Local Financial Assistance
## For the Year Ended December 31, 2007

| Grantor/Pass Through Grantor Program Title | BARS Account Number | Other Identification Number | Current Year Expenditures |
|---|---|---|---|
| Department of Community, Trade, & Economic Development | | | |
| Bothell Crossroads - Land Acquisition & Preconstruction | 334.04.21 | 08-96105-012 | $689,820 |
| **Dept of Community, Trade, & Econ Dev Total** | | | **689,820** |
| Department of Ecology | | | |
| Coordinated Prevention Grant | 334.03.10 | G0600225 | 16,857 |
| North Creek TMDL Action Plan | 334.03.05 | G0300107 | 15,876 |
| Sammamish Education Kiosks | 334.03.05 | G0400337 | 46,778 |
| **Dept of Ecology Total:** | | | **79,511** |
| Department of Health | | | |
| EMS Prehospital Participation Grant | 334.04.90 | FY07-17M04 | 1,439 |
| **Dept of Health Total:** | | | **1,439** |
| Department of Transportation (WSDOT) | | | |
| Commute Trip Reduction (2005-07) | 334.03.20 | GCA-4574 | 36,730 |
| Commute Trip Reduction (2005-09) | 334.03.20 | GCA-5395 | 12,886 |
| **Dept of Transportation (WSDOT) Total:** | | | **49,616** |
| King County | | | |
| Waste Reduction & Recycling | 337.07.00 | D36020D | 33,580 |
| Hazardous Waste Management Program | 337.07.00 | D36159D | 10,451 |
| **King County Total:** | | | **44,031** |
| Sound Transit | | | |
| SR522 - I/S Widening & Realignment @ Wayne Curve | 337.07.00 | NA | 1,497,267 |
| **Sound Transit Total:** | | | **1,497,267** |
| State Military Department | | | |
| Public Assistance Grant - Dec 2006 Windstorm | 334.01.80 | E07-906 | 10,589 |
| **State Military Department Total:** | | | **10,589** |
| State Patrol | | | |
| Firefighter Training Reimbursement | 334.01.30 | C070112GSC | 345 |
| **State Patrol Total:** | | | **345** |
| Transportation Improvement Board | | | |
| 240th AT Sidewalk Project | 334.03.80 | P-P-114 (P03)-1 | 13,639 |
| SR522 -NE 180th St to Western City Limits | 334.03.80 | 9-P-114 (004)-1 | 458,170 |
| **Transportation Improvement Board Total:** | | | **471,809** |
| Washington Traffic Safety Commission | | | |
| Snohomish County Speed Pilot Project | 334.03.50 | NA | 15,279 |
| **Washington Traffic Safety Commission Total:** | | | **15,279** |
| **Total State & Local Financial Assistance for 2007:** | | | **$2,859,706** |

**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.

**NA = Not Available**

This schedule is presented as supplemental information

# City of Bothell
## General Obligation Bonds 1997
## December 31, 2007

| Year Ended December 31, 2007 | Interest Rate Range | Interest Jun 1 | Interest Dec 1 | Principal Dec 1 | Total Debt Service |
|---|---|---|---|---|---|
| 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 | 5.3% | 38,160 | 38,160 | 700,000 | 776,320 |
| 2017 | 5.3% | 19,610 | 19,610 | 740,000 | 779,220 |
| | **Total** | **$914,756** | **$914,757** | **$5,955,000** | **$7,784,513** |

This schedule is presented as supplemental information

# City of Bothell
## Public Works Trust Fund Loan
## PW-5-89-962-0046
## December 31, 2007

| Year Ended December 31, 2007 | Interest Rate | Interest July 1 | Principal July 1 | Total Debt Service |
|---|---|---|---|---|
| 2008 | 1.00% | $677 | $33,863 | $34,540 |
| 2009 | 1.00% | 338 | 33,863 | 34,201 |
| | **Total** | **$1,015** | **$67,726** | **$68,741** |

This schedule is presented as supplemental information

# City of Bothell
## Public Works Trust Fund Loan
## PW-98-791-007
## December 31, 2007

| Year Ended December 31, 2007 | Interest Rate | Interest July 1 | Principal July 1 | Total Debt Service |
|---|---|---|---|---|
| 2008 | 1.00% | $12,386 | $112,599 | $124,985 |
| 2009 | 1.00% | 11,260 | 112,599 | 123,859 |
| 2010 | 1.00% | 10,134 | 112,599 | 122,733 |
| 2011 | 1.00% | 9,008 | 112,599 | 121,607 |
| 2012 | 1.00% | 7,882 | 112,599 | 120,481 |
| 2013 | 1.00% | 6,756 | 112,599 | 119,355 |
| 2014 | 1.00% | 5,630 | 112,599 | 118,229 |
| 2015 | 1.00% | 4,504 | 112,599 | 117,103 |
| 2016 | 1.00% | 3,378 | 112,599 | 115,977 |
| 2017 | 1.00% | 2,252 | 112,599 | 114,851 |
| 2018 | 1.00% | 1,126 | 112,599 | 113,725 |
| | **Total** | **$74,315** | **$1,238,585** | **$1,312,901** |

This schedule is presented as supplemental information

# City of Bothell
## Summary of Changes in Assets and Liabilities
## Agency Trust Fund
## December 31, 2007

| | Balance 1/1/2007 | Additions | Deductions | Balance 12/31/2007 |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash | $563,179 | $7,786,276 | $8,342,554 | $6,901 |
| Investments | 3,125,563 | 5,135,782 | 4,677,745 | 3,583,600 |
| **Total Assets** | **$3,688,742** | **$12,922,059** | **$13,020,300** | **$3,590,501** |
| **Liabilities:** | | | | |
| Accounts Payable | $20,063 | $706,798 | $739,998 | $53,263 |
| Funds held in trust | 3,272,810 | 2,103,112 | 1,792,282 | 2,961,979 |
| Other liabilities | 395,870 | 52,913 | 232,303 | 575,260 |
| **Total Liabilities** | **$3,688,742** | **$2,862,823** | **$2,764,583** | **$3,590,501** |

This schedule is presented as supplemental information

# City of Bothell

## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
## Capital Improvements Fund
## For the Year Ended December 31, 2007

| | 2007-2008 Budgeted Amounts | | 2007 Actual Amounts | 2008 Actual Amounts | Total 2007-2008 | Variance with Final Budget |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Budgetary Basis | Actuals | Positive(Negative) |
| **REVENUES** | | | | | | |
| Taxes | $6,700,000 | $6,700,000 | $5,359,491 | | $5,359,491 | ($1,340,509) |
| Intergovernmental revenues | 4,220,000 | 11,200,000 | 4,181,682 | | 4,181,682 | (7,018,318) |
| Investment interest | 1,043,200 | 1,043,200 | 1,263,864 | | 1,263,864 | 220,664 |
| Proceeds from sale of capital assets | 200,000 | 200,000 | | | | (200,000) |
| Total revenues | 12,163,200 | 19,143,200 | 10,805,038 | - | 10,805,038 | (8,338,162) |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| Capital outlay | 23,080,000 | 39,342,500 | 5,613,755 | | 5,613,755 | 33,728,745 |
| Total expenditures | 23,080,000 | 39,342,500 | 5,613,755 | - | 5,613,755 | 33,728,745 |
| Excess of revenue over (under) expenditures | (10,916,800) | (20,199,300) | 5,191,282 | | 5,191,282 | 25,390,582 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Transfers in | 7,503,635 | 7,503,635 | 3,396,868 | | 3,396,868 | (4,106,768) |
| Contributions | 485,000 | 485,000 | | | | (485,000) |
| Total other financing sources | 7,988,635 | 7,988,635 | 3,396,868 | - | 3,396,868 | (4,591,768) |
| Net change in fund balances | (2,928,165) | (12,210,665) | 8,588,150 | | 8,588,150 | 20,798,815 |
| FUND BALANCES - JANUARY 1, 2007 | 22,207,108 | 22,207,108 | 23,179,317 | | 23,179,317 | 972,209 |
| **FUND BALANCES - DECEMBER 31, 2007** | **$19,278,943** | **$9,996,443** | **$31,767,467** | **-** | **$31,767,467** | **$21,771,024** |

This schedule is presented as supplemental information

# City of Bothell
## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
## LID Control
## For the Year Ended December 31, 2007

| | 2007-2008 Budgeted Amounts | | 2007 Actual Amounts Budgetary Basis | 2008 Actual Amounts Budgetary Basis | Total 2007-2008 Actuals | Variance with Final Budget Positive(Negative) |
|---|---|---|---|---|---|---|
| | Original | Final | | | | |
| **REVENUES** | | | | | | |
| Interest earnings | | | $1,332 | | $1,332 | $1,332 |
| Other revenue | | | 206,059 | | 206,059 | 206,059 |
| Total revenues | - | - | 207,391 | - | 207,391 | 207,391 |
| Excess of revenue over (under) expenditures | | | 207,391 | | 207,391 | 207,391 |
| Net change in fund balances | | | 207,391 | | 207,391 | 207,391 |
| FUND BALANCES - JANUARY 1, 2007 | | | 115,116 | | 115,116 | 115,116 |
| **FUND BALANCES - DECEMBER 31, 2007** | - | - | $322,508 | - | $322,508 | $322,508 |

This schedule is presented as supplemental information

# Statistical Section

City of Bothell

GASB Statement No. 44,
(Economic Condition Reporting: The Statistical Section)

Encourages governments to implement the schedules containing government-wide information retroactively back to the year they implemented Statement No. 34.

The City of Bothell implemented GASB 34 in 2002.
All schedules comply with either implementation of GASB 34 or 10 years where information was available.

# Statistical Section

This part of the City of Bothell's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, and required supplementary information says about the City's overall financial health.

**Contents** **Page**


**Financial Trends** **1**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**Revenue Capacity** **5**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

**Debt Capacity** **11**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

**Demographic and Economic Information** **18**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

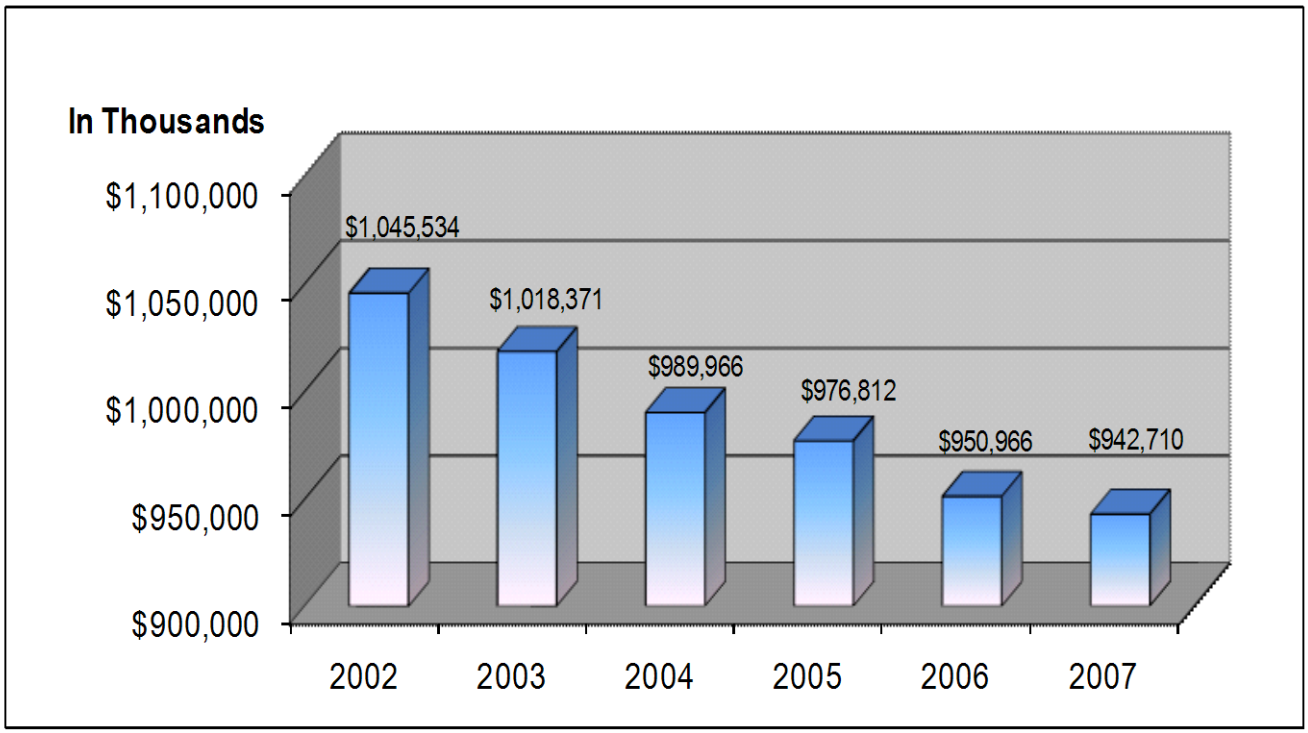
**Operating Information** **20**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.


**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

# City of Bothell
## Net Assets by Component
## Last Six Fiscal Years
## (accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| Governmental activities | | | | | | |
| Invested in capital assets, net of related debt | $986,435,737 | $957,239,957 | $926,564,388 | $908,007,883 | $872,520,256 | $851,902,746 |
| Restricted | 367,399 | 358,713 | 536,635 | 515,178 | | |
| Unrestricted | 33,517,097 | 34,527,209 | 35,923,716 | 39,434,906 | 46,594,330 | 56,832,220 |
| Total governmental activities net assets | 1,020,320,233 | 992,125,879 | 963,024,739 | 947,957,967 | 919,114,586 | 908,734,966 |
| Business-type activities | | | | | | |
| Invested in capital assets, net of related debt | 19,105,935 | 19,344,446 | 19,505,269 | 20,160,168 | 22,312,164 | 22,148,994 |
| Restricted | 45,950 | 45,950 | 45,950 | 45,960 | 45,960 | 45,960 |
| Unrestricted | 6,062,075 | 6,854,312 | 7,390,151 | 8,648,183 | 9,493,206 | 11,780,119 |
| Total business-type activities net assets | 25,213,960 | 26,244,708 | 26,941,370 | 28,854,311 | 31,851,330 | 33,975,073 |
| Primary government | | | | | | |
| Invested in capital assets, net of related debt | 1,005,541,672 | 976,584,403 | 946,069,657 | 928,168,051 | 894,832,420 | 874,051,740 |
| Restricted | 413,349 | 404,663 | 582,585 | 561,138 | 45,960 | 45,960 |
| Unrestricted | 39,579,172 | 41,381,521 | 43,313,867 | 48,083,089 | 56,087,536 | 68,612,339 |
| Total primary government net assets | $1,045,534,193 | $1,018,370,587 | $989,966,109 | $976,812,278 | $950,965,916 | $942,710,039 |

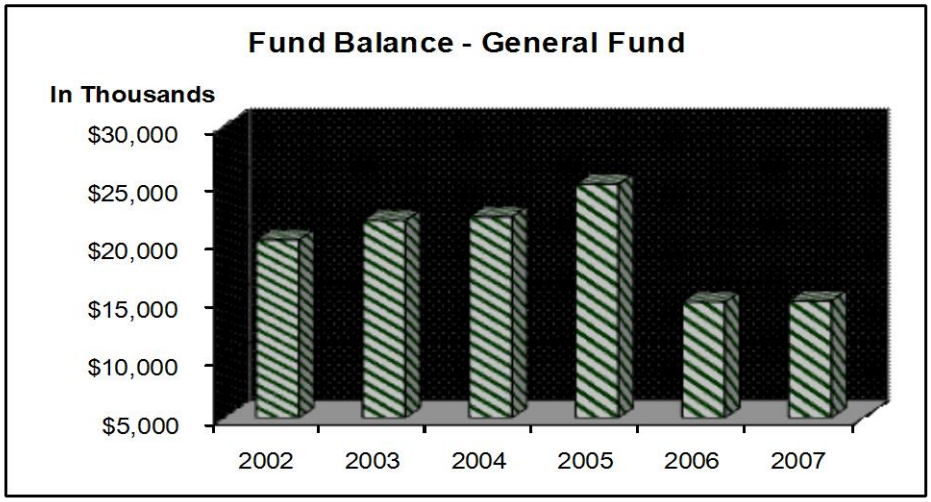


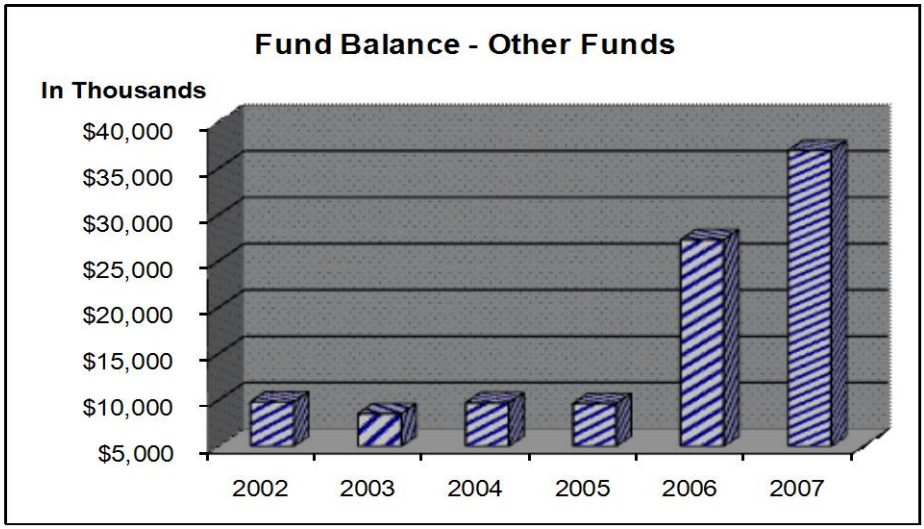
# City of Bothell
## Change in Net Assets
## Last Six Fiscal Years
## (accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| **Expenses** - Governmental activities | | | | | | |
| General government | $5,443,786 | $6,194,411 | $6,459,084 | $6,795,788 | $7,286,832 | $7,590,440 |
| Security of persons and property | 13,179,554 | 14,205,576 | 16,513,236 | 16,624,606 | 16,716,844 | 18,356,633 |
| Physical environment | 2,250,105 | 2,053,136 | 4,706,457 | 3,127,375 | 5,680,934 | 3,466,656 |
| Transportation | 3,258,334 | 35,842,309 | 34,035,627 | 24,857,528 | 34,309,036 | 38,300,146 |
| Economic environment | 2,799,741 | 1,880,106 | 2,184,275 | 2,100,999 | 2,583,146 | 3,808,101 |
| Culture and recreation | | | | | | |
| Interest on long-term debt | 827,705 | 489,954 | 551,882 | 511,467 | 362,317 | 327,703 |
| Total governmental activities | 27,759,225 | 60,665,492 | 64,450,561 | 54,017,763 | 66,939,110 | 71,849,679 |
| Business-type activities | | | | | | |
| Water | 2,797,684 | 2,653,301 | 3,031,706 | 2,291,688 | 2,944,338 | 2,878,560 |
| Sewer | 3,042,798 | 3,052,256 | 3,179,756 | 3,473,410 | 3,318,782 | 3,965,202 |
| Storm Drain | 1,100,330 | 976,137 | 1,181,700 | 1,141,388 | 1,229,997 | 1,323,861 |
| Total business-type activities | 6,940,812 | 6,681,694 | 7,393,162 | 6,906,486 | 7,493,117 | 8,167,623 |
| **Total primary government expenses** | **$34,700,037** | **$67,347,186** | **$71,843,723** | **$60,924,249** | **$74,432,227** | **$80,017,302** |
| **Program Revenues** - Governmental activities | | | | | | |
| Charges for services | | | | | | |
| General government | $1,092,590 | $1,276,148 | $1,255,310 | $1,369,104 | $2,109,872 | $2,063,843 |
| Security of persons and property | 1,486,127 | 1,693,054 | 2,637,365 | 1,301,166 | 1,634,128 | 1,652,887 |
| Physical environment | 887,101 | 746,039 | 834,657 | 1,132,053 | 1,425,625 | 1,544,277 |
| Transportation | 423,687 | 241,270 | 630,191 | 923,975 | 858,310 | 1,932,005 |
| Economic environment | 599,624 | 722,659 | 925,573 | 1,193,016 | 1,582,638 | 1,806,077 |
| Culture and recreation | 212,067 | 174,553 | 122,515 | 144,427 | 157,648 | 143,191 |
| Operating grants and contributions | 3,300,874 | 575,740 | 872,463 | 1,106,751 | 402,018 | 846,560 |
| Capital grants and contributions | 462,331 | 571,787 | 333,556 | 652,446 | 5,642,460 | 12,983,232 |
| Total governmental activities program revenues | 8,464,401 | 6,001,250 | 7,611,630 | 7,822,938 | 13,812,699 | 22,972,072 |
| Business-type activities | | | | | | |
| Charges for services | | | | | | |
| Water | 3,074,326 | 3,202,248 | 3,259,509 | 3,004,837 | 3,995,496 | 3,786,422 |
| Sewer | 3,406,227 | 3,514,127 | 3,564,534 | 4,092,654 | 4,257,167 | 4,607,172 |
| Storm Drain | 1,642,076 | 1,461,784 | 1,733,226 | 1,806,901 | 1,837,048 | 1,730,963 |
| Operating grants and contributions | | | | | | |
| Capital grants and contributions | 29,007 | | | 306,945 | 649,239 | 729,022 |
| Total business-type activities program revenue | 8,151,636 | 8,178,159 | 8,557,269 | 9,211,337 | 10,738,950 | 10,853,579 |
| **Total primary government program revenues** | **$16,616,037** | **$14,179,409** | **$16,168,899** | **$17,034,275** | **$24,551,649** | **$33,825,651** |
| **Net (Expense)/Revenue** | | | | | | |
| Government activities | ($19,294,824) | ($54,664,242) | ($56,838,931) | ($46,194,825) | ($53,126,411) | ($48,877,607) |
| Business-type activities | 1,210,824 | 1,496,465 | 1,164,107 | 2,304,851 | 3,245,833 | 2,685,956 |
| Total primary government net expense | (18,084,000) | (53,167,777) | (55,674,824) | (43,889,974) | (49,880,577) | (46,191,650) |
| **General Revenue and Other Changes in Net Assets** | | | | | | |
| Governmental activities | | | | | | |
| Taxes | | | | | | |
| Property tax | 7,610,308 | 8,468,939 | 9,363,115 | 9,792,823 | 11,294,149 | 13,745,959 |
| Excise tax | 9,481,312 | 8,795,760 | 9,355,346 | 11,040,881 | 13,035,096 | 12,875,394 |
| Business tax | 5,957,591 | 5,783,829 | 6,433,375 | 6,689,465 | 6,971,731 | 7,105,751 |
| Unrestricted grants and contributions | 138,334 | | | | | |
| Investment earnings | 815,546 | 476,394 | 391,823 | 1,103,359 | 2,340,709 | 2,766,765 |
| Miscellaneous | 775,392 | 1,677,683 | 1,414,231 | 1,953,704 | 737,447 | 1,010,077 |
| Transfers | 794,916 | 518,903 | 521,153 | 547,823 | 797,483 | 899,556 |
| Total governmental activities | 25,573,399 | 25,721,508 | 27,479,043 | 31,128,055 | 35,176,613 | 38,403,500 |
| Business-type activities | | | | | | |
| Investment earnings | 64,546 | 47,456 | 53,708 | 155,914 | 256,904 | 337,341 |
| Miscellaneous | 2,732 | 5,731 | | | | |
| Transfers | (794,916) | (518,903) | (521,153) | (547,823) | (797,483) | (899,556) |
| Total business-type activities | (727,638) | (465,716) | (467,445) | (391,909) | (540,579) | (562,215) |
| **Total primary government** | **$24,845,761** | **$25,255,792** | **$27,011,598** | **$30,736,146** | **$34,636,035** | **$37,841,286** |
| **Change in Net Assets** | | | | | | |
| Government activities | $6,278,575 | ($28,942,734) | ($29,359,888) | ($15,066,770) | ($17,949,797) | ($10,474,106) |
| Business-type activities | 483,186 | 1,030,749 | 696,662 | 1,912,942 | 2,705,255 | 2,123,742 |
| **Total primary government** | **$6,761,761** | **($27,911,985)** | **($28,663,226)** | **($13,153,828)** | **($15,244,543)** | **($8,350,365)** |

# City of Bothell
## Fund Balances of Governmental Funds
## Last Six Fiscal Years
## (modified accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| General Fund | | | | | | |
| Reserved | $367,399 | $358,713 | $536,635 | $515,178 | | |
| Unreserved | 19,883,978 | 21,524,521 | 21,684,097 | 24,488,474 | 14,911,218 | 15,014,982 |
| **Total general fund** | **$20,251,377** | **$21,883,234** | **$22,220,732** | **$25,003,652** | **$14,911,218** | **$15,014,982** |
| All Other Governmental Funds | | | | | | |
| Unreserved | | | | | | |
| Special revenue funds | $4,554,530 | $3,198,861 | $3,324,460 | $3,717,526 | $3,866,507 | $4,693,599 |
| Debt service funds | 905,552 | 486,126 | 549,539 | 436,662 | 249,682 | 474,567 |
| Capital projects funds | 4,351,293 | 4,852,793 | 5,826,040 | 5,478,620 | 23,179,317 | 31,767,467 |
| **Total all other governmental funds** | **$9,811,375** | **$8,537,780** | **$9,700,039** | **$9,632,808** | **$27,295,506** | **$36,935,634** |



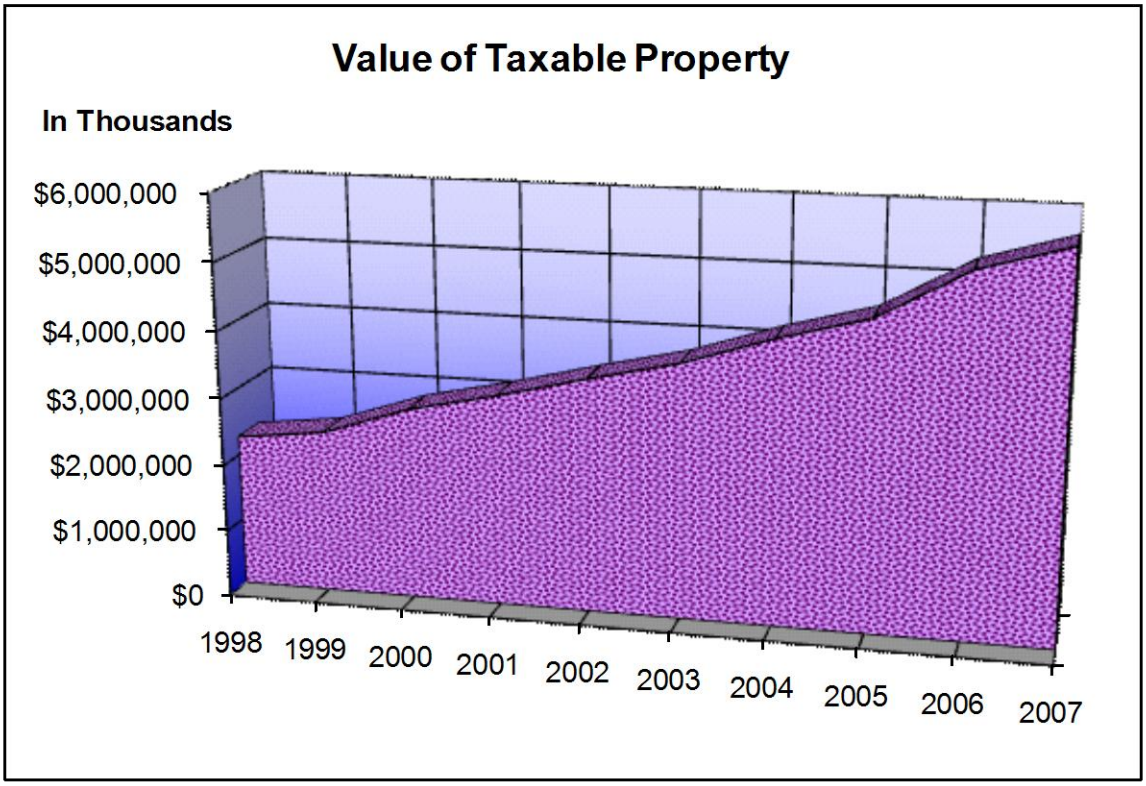
# City of Bothell
## Changes in Fund Balances of Governmental Funds
## Last Six Fiscal Years
## (modified accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| **Revenues** | | | | | | |
| Taxes | $22,829,721 | $23,048,527 | $24,512,757 | $26,853,571 | $30,572,126 | $32,970,598 |
| Licenses and permits | 772,333 | 873,403 | 784,012 | 1,086,365 | 1,819,235 | 1,600,669 |
| Intergovernmental | 5,204,379 | 2,553,753 | 4,011,325 | 3,782,791 | 7,281,784 | 15,525,563 |
| Charges for services | 2,698,161 | 2,465,055 | 3,299,441 | 3,432,694 | 4,362,883 | 5,877,417 |
| Fines and forfeitures | 319,550 | 409,791 | 447,781 | 322,144 | 343,486 | 443,007 |
| Interest earnings | 768,248 | 436,419 | 398,759 | 993,181 | 2,107,757 | 2,590,040 |
| Proceeds from the sale of capital assets | 22,357 | 27,435 | 12,420 | 47,289 | 1,064 | 750 |
| Other revenue | 561,819 | 739,835 | 441,708 | 622,453 | 403,877 | 416,493 |
| Total revenues | 33,176,568 | 30,554,218 | 33,908,203 | 37,140,488 | 46,892,211 | 59,424,538 |
| **Expenditures** | | | | | | |
| General government | 5,202,863 | 5,321,164 | 5,913,630 | 6,075,203 | 6,306,333 | 6,919,113 |
| Security of persons and property | 12,599,524 | 13,176,418 | 14,923,213 | 14,939,138 | 15,344,949 | 16,837,363 |
| Transportation | 3,114,858 | 1,068,423 | 1,379,542 | 1,371,919 | 1,639,542 | 1,463,468 |
| Physical environment | 2,151,025 | 1,715,425 | 1,880,697 | 2,245,469 | 2,914,337 | 3,179,940 |
| Economic environment | 2,676,459 | 1,794,739 | 2,039,339 | 1,942,086 | 2,433,653 | 2,749,084 |
| Debt service | | | | | | |
| Interest | 827,705 | 489,954 | 551,882 | 511,467 | 362,317 | 327,703 |
| Principal | 666,429 | 1,457,879 | 860,871 | 2,843,862 | 768,862 | 483,862 |
| Other expenditures | 1,270 | 225,572 | 1,453 | 569 | | 18,264 |
| Capital outlay | 3,536,845 | 3,250,992 | 3,864,122 | 3,856,465 | 8,059,038 | 16,441,760 |
| Total expenditures | 30,776,978 | 28,500,566 | 31,414,749 | 33,786,178 | 37,829,031 | 48,420,557 |
| Excess of revenue over (under) expenditures | 2,399,590 | 2,053,652 | 2,493,454 | 3,354,310 | 9,063,180 | 11,003,981 |
| **Other Financing Sources (Uses)** | | | | | | |
| Contributions | | | | | | 471,276 |
| Transfers in | 1,768,956 | 1,561,846 | 1,927,746 | 1,643,955 | 18,343,405 | 4,067,571 |
| Transfers out | (2,845,584) | (2,846,141) | (3,180,191) | (2,282,575) | (19,836,319) | (5,893,424) |
| Total other financing sources uses | (1,076,628) | (1,284,295) | (1,252,445) | (638,620) | (1,492,914) | (1,354,577) |
| **Net change in fund balances** | **$1,322,962** | **$769,357** | **$1,241,009** | **$2,715,690** | **$7,570,266** | **$9,649,404** |
| Debt service as a percentage of noncapital expenditures | 5.5% | 7.7% | 5.1% | 11.2% | 3.8% | 2.5% |

# City of Bothell
## Assessed Value and Actual Value of Taxable Property
## Last Ten Fiscal Years

| Year | Real Property | Personal Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|---|---|---|---|---|
| 1998 | 2,003,486,545 | 272,799,144 | 2,276,285,689 | 2.34 |
| 1999 | 2,188,410,681 | 242,520,855 | 2,430,931,536 | 2.29 |
| 2000 | 2,552,472,171 | 313,234,015 | 2,865,706,186 | 2.05 |
| 2001 | 2,813,337,817 | 337,480,399 | 3,150,818,216 | 1.96 |
| 2002 | 3,112,934,976 | 365,860,429 | 3,478,795,405 | 1.87 |
| 2003 | 3,232,972,513 | 546,921,112 | 3,779,893,625 | 1.86 |
| 2004 | 3,623,707,550 | 583,801,150 | 4,207,508,700 | 1.71 |
| 2005 | 3,800,921,130 | 760,067,192 | 4,560,988,322 | 1.68 |
| 2006 | 4,115,479,688 | 1,178,645,091 | 5,294,124,779 | 1.54 |
| 2007 | 4,762,031,697 | 915,321,778 | 5,677,353,475 | 1.49 |

**Source: King and Snohomish County Assessors Office**



# City of Bothell
## Direct and Overlapping Property Tax Rates
## Last Ten Fiscal Years
## (rate per $1,000 of assessed value)

### King County

| Year | City of Bothell | WA State | King County | School District | County Port | Hospital District | Library District | Emergency Medical Services | Park/ Rec District | Total King County |
|---|---|---|---|---|---|---|---|---|---|---|
| 1998 | 2.34 | 3.51 | 1.85 | 5.86 | .26 | .43 | .60 | | .06 | 14.91 |
| 1999 | 2.29 | 3.36 | 1.77 | 5.89 | .24 | .41 | .59 | .29 | .04 | 14.88 |
| 2000 | 2.05 | 3.30 | 1.69 | 5.46 | .22 | .41 | .59 | .27 | .03 | 14.02 |
| 2001 | 1.96 | 3.14 | 1.55 | 5.39 | .19 | .39 | .56 | .25 | .03 | 13.46 |
| 2002 | 1.87 | 3.29 | 1.45 | 5.02 | .19 | .36 | .53 | .25 | .06 | 13.02 |
| 2003 | 1.86 | 2.90 | 1.35 | 4.88 | .25 | .34 | .54 | .24 | .05 | 12.41 |
| 2004 | 1.71 | 2.76 | 1.43 | 4.69 | .25 | .34 | .54 | .24 | .05 | 12.01 |
| 2005 | 1.68 | 2.69 | 1.38 | 4.34 | .25 | .59 | .53 | .23 | .04 | 11.73 |
| 2006 | 1.54 | 2.50 | 1.33 | 4.07 | .23 | .54 | .53 | .25 | .04 | 11.03 |
| 2007 | 1.49 | 2.33 | 1.29 | 3.88 | .23 | .50 | .50 | .21 | .04 | 10.47 |

### Snohomish County

| Year | City of Bothell | WA State | Snohomish County | School District | County Port | Stevens Hospital | Library District | Emergency Medical Services | Park/ Rec District | Total Snohomish County |
|---|---|---|---|---|---|---|---|---|---|---|
| 1998 | 2.34 | 3.58 | 1.49 | 5.86 | | .38 | .60 | | .06 | 14.31 |
| 1999 | 2.29 | 3.52 | 1.53 | 5.89 | | .39 | .59 | | .04 | 14.25 |
| 2000 | 1.78 | 3.50 | 1.48 | 5.46 | | .34 | .59 | | .03 | 13.18 |
| 2001 | 1.96 | 3.40 | 1.48 | 5.39 | | .35 | .55 | | .03 | 13.16 |
| 2002 | 1.87 | 3.29 | 1.42 | 5.02 | | .33 | .53 | | .05 | 12.51 |
| 2003 | 1.86 | 3.18 | 1.37 | 4.88 | | .36 | .55 | | .05 | 12.25 |
| 2004 | 1.71 | 3.16 | 1.26 | 4.69 | | .27 | .54 | | .05 | 11.68 |
| 2005 | 1.68 | 2.79 | 1.10 | 4.34 | | .24 | .53 | | .04 | 10.72 |
| 2006 | 1.54 | 2.53 | 1.00 | 4.07 | | .22 | .53 | .25 | .04 | 10.18 |
| 2007 | 1.49 | 2.16 | 0.84 | 3.88 | | .18 | .50 | .21 | .04 | 9.30 |

**The combined property tax rate (excluding excess levies) cannot exceed $10 per $1,000 of Assessed Value.**
**The rates presented above include excess levies.**

**Note: The City of Bothell is split equally between King and Snohomish Counties.**

# City of Bothell
## Principal Property Tax Payers
## Current and Eight Years Ago*

### Snohomish County Taxpayers

| | 2007 | | | 2000 | | |
|---|---|---|---|---|---|---|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Assessed Valuation | Taxable Assessed Value | Rank | Percentage of Total Assessed Valuation |
| Teachers Insurance & Annuity Assn | $97,666,800 | 1 | 3.41% | $72,342,200 | 1 | 4.94% |
| AT&T Mobility LLC | 92,594,009 | 2 | 3.24% | | | |
| Arden Realty Inc/Thompson Prop Tax Svc | 86,695,700 | 3 | 3.03% | | | |
| Phillips Ultrasound Inc | 67,537,748 | 4 | 2.36% | | | |
| BRE Properties | 39,771,900 | 5 | 1.39% | | | |
| Riggs & Company Trustee | 37,810,200 | 6 | 1.32% | | | |
| RREEF | 31,459,000 | 7 | 1.10% | | | |
| Verizon Northwest Inc | 31,391,233 | 8 | 1.10% | | | |
| Monte Villa Farms LLC | 31,369,400 | 9 | 1.10% | | | |
| Immunex Mfg Corp | 26,146,300 | 10 | 0.91% | | | |
| Advanced Technology Laboratories | | | | 64,141,320 | 2 | 4.38% |
| Carr America | | | | 46,910,700 | 3 | 3.21% |
| GTE Telephone Operations | | | | 36,523,214 | 4 | 2.50% |
| Palmer Groth & Pietka, Inc | | | | 21,000,000 | 5 | 1.43% |
| Hibbs/Woodinville Association | | | | 18,072,600 | 6 | 1.23% |
| Ameriton Properties | | | | 17,612,000 | 7 | 1.20% |
| Wood Phil | | | | 16,563,800 | 8 | 1.13% |
| Riggs Bank | | | | 15,360,000 | 9 | 1.05% |
| Carr America Realty | | | | 14,739,000 | 10 | 1.01% |
| Total Assessed Valuation - Largest Taxpayers | 542,442,290 | | 18.96% | 323,264,834 | | 22.09% |
| Total Assessed Valuation - All Other | 2,318,360,459 | | 81.04% | 1,140,343,501 | | 77.91% |
| **Total Assessed Value** | **$2,860,802,749** | | **100.00%** | **$1,463,608,335** | | **100.00%** |

Source: Snohomish County Assessor

### King County Taxpayers

| | 2007 | | | 2000 | | |
|---|---|---|---|---|---|---|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Assessed Valuation | Taxable Assessed Value | Rank | Percentage of Total Assessed Valuation |
| T-Mobile | $282,455,881 | 1 | 10.03% | | | |
| Cingular Wireless | 219,644,918 | 2 | | | | |
| Schnitzer Northwest | 114,387,300 | 3 | 4.06% | 83,013,500 | 2 | 5.90% |
| Seattle Times | 77,866,908 | 4 | 2.76% | 91,345,616 | 1 | 6.49% |
| Archstone Communities Trust | 53,345,000 | 5 | 1.89% | | | |
| Arden Realty Inc (formerly Allstate Ins) | 34,047,900 | 6 | 1.21% | 24,053,256 | 3 | 1.71% |
| S/I North Creek VII LLC | 30,021,359 | 7 | 1.07% | | | |
| RREEF | 28,196,400 | 8 | 1.00% | | | |
| Essex Property Trust | 22,369,000 | 9 | 0.79% | | | |
| Puget Sound Energy | 21,477,989 | 10 | 0.76% | 16,579,734 | 4 | 1.18% |
| Home Depot USA | | | | 10,326,424 | 7 | 0.73% |
| Security Capitol Corp | | | | 15,980,400 | 5 | 1.14% |
| Spieker Properties | | | | 10,679,104 | 6 | 0.76% |
| GTE Northwest | | | | 7,863,949 | 8 | 0.56% |
| Total Assessed Valuation - Largest Taxpayers | 883,812,655 | | 31.38% | 259,841,983 | | 18.46% |
| Total Assessed Valuation - All Other | 2,628,054,917 | | 93.31% | 1,147,916,157 | | 81.54% |
| **Total Assessed Value** | **$2,816,550,726** | | **124.69%** | **$1,407,758,140** | | **100.00%** |

Source: King County Levy Administration

*Information not available prior to 2000.
Note: City of Bothell is split between Snohomish and King Counties.

# City of Bothell
## Property Tax Levies and Collections
## Last Six Fiscal Years

### Snohomish County

| Year | Taxes Levied for the Year | Collected Within the Year of Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount | % of Levy | | Amount | % of Levy |
| 2002 | $3,065,951 | $2,999,709 | 97.84% | $66,036 | $3,065,745 | 99.99% |
| 2003 | 3,085,208 | 3,026,664 | 98.10% | 57,184 | 3,083,847 | 99.96% |
| 2004 | 3,405,007 | 3,341,998 | 98.15% | 61,818 | 3,403,816 | 99.97% |
| 2005 | 3,510,873 | 3,461,610 | 98.60% | 41,883 | 3,503,493 | 99.79% |
| 2006 | 4,102,892 | 4,048,230 | 98.67% | 30,819 | 4,079,049 | 99.42% |
| 2007 | 4,224,254 | 4,158,655 | 98.45% | | 4,158,655 | 98.45% |

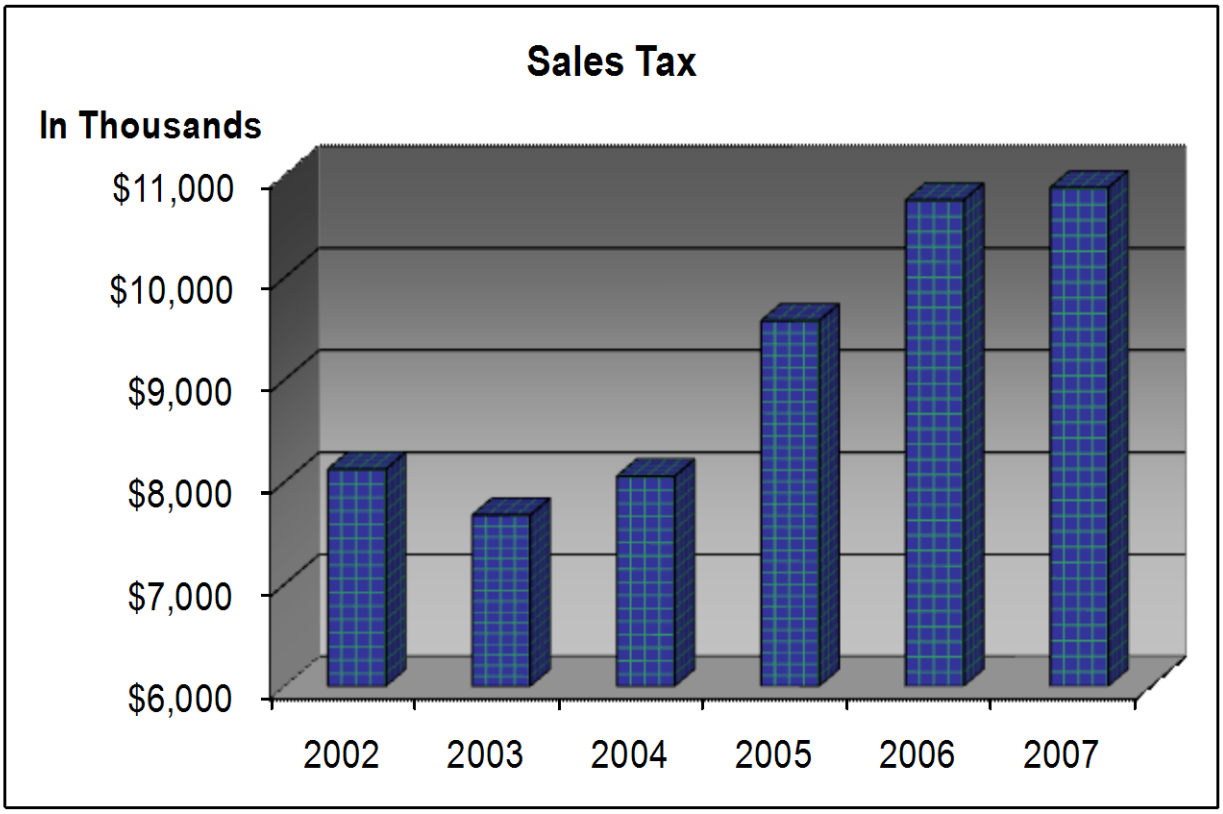
### King County

| Year | Taxes Levied for the Year | Collected Within the Year of Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount | % of Levy | | Amount | % of Levy |
| 2002 | $3,611,247 | $3,539,595 | 98.02% | $71,548 | $3,611,143 | 100.00% |
| 2003 | 4,149,066 | 4,066,127 | 98.00% | 82,583 | 4,148,710 | 99.99% |
| 2004 | 4,018,105 | 3,937,236 | 97.99% | 80,640 | 4,017,876 | 99.99% |
| 2005 | 4,371,465 | 4,294,086 | 98.23% | 71,763 | 4,365,849 | 99.87% |
| 2006 | 4,870,776 | 4,799,153 | 98.53% | 60,447 | 4,859,600 | 99.77% |
| 2007 | 4,222,252 | 4,160,404 | 98.54% | | 4,160,404 | 98.54% |

# City of Bothell
## Taxable Sales by Category
## Last Six Fiscal Years

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|
| Retail trade | $2,616,158 | $2,986,742 | $2,847,436 | $2,412,099 | $2,508,233 | $2,693,069 |
| Wholesale trade | 1,312,469 | 998,213 | 1,404,602 | 2,038,824 | 1,916,152 | 1,372,642 |
| Construction | 1,237,221 | 1,001,491 | 1,207,882 | 1,442,939 | 1,775,214 | 2,532,150 |
| Information | 722,322 | 1,075,821 | 997,429 | 1,073,011 | 1,885,562 | 1,254,407 |
| Professional, scientific, technical services | | | | 957,186 | 953,927 | 635,885 |
| Accommodation and food services | 1,609,541 | 829,253 | 1,157,533 | 576,178 | 626,006 | 685,535 |
| Real estate, rental, leasing | 110,993 | 212,961 | 112,232 | 202,931 | 209,753 | 228,520 |
| Manufacturing | 405,606 | 464,892 | 210,371 | 378,300 | 339,856 | 424,598 |
| Admin, supp, remed services | | | | 187,007 | 220,482 | 266,664 |
| Other services | | | | 129,175 | 134,319 | 150,918 |
| Other | 108,533 | 105,115 | 116,669 | 178,357 | 186,182 | 633,155 |
| **Total** | **$8,122,843** | **$7,674,488** | **$8,054,154** | **$9,576,007** | **$10,755,686** | **$10,877,543** |
| | | | | | | |
| City direct sales tax | | | | | | |
| King County | 1.90% | 1.90% | 1.90% | 1.90% | 1.90% | 2.00% |
| Snohomish County | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |

**Source: Washington State Department of Revenue**



# City of Bothell
## Direct and Overlapping Sales Tax Rates
## Last Eight Fiscal Years*

### King County

| Year | Local | State | Rapid Transit | Total Sales Tax |
|---|---|---|---|---|
| 2000 | 1.70% | 6.50% | .40% | 8.60% |
| 2001 | 1.90% | 6.50% | .40% | 8.80% |
| 2002 | 1.90% | 6.50% | .40% | 8.80% |
| 2003 | 1.90% | 6.50% | .40% | 8.80% |
| 2004 | 1.90% | 6.50% | .40% | 8.80% |
| 2005 | 1.90% | 6.50% | .40% | 8.80% |
| 2006 | 1.90% | 6.50% | .40% | 8.80% |
| 2007 | 2.00% | 6.50% | .40% | 8.90% |

### Snohomish County

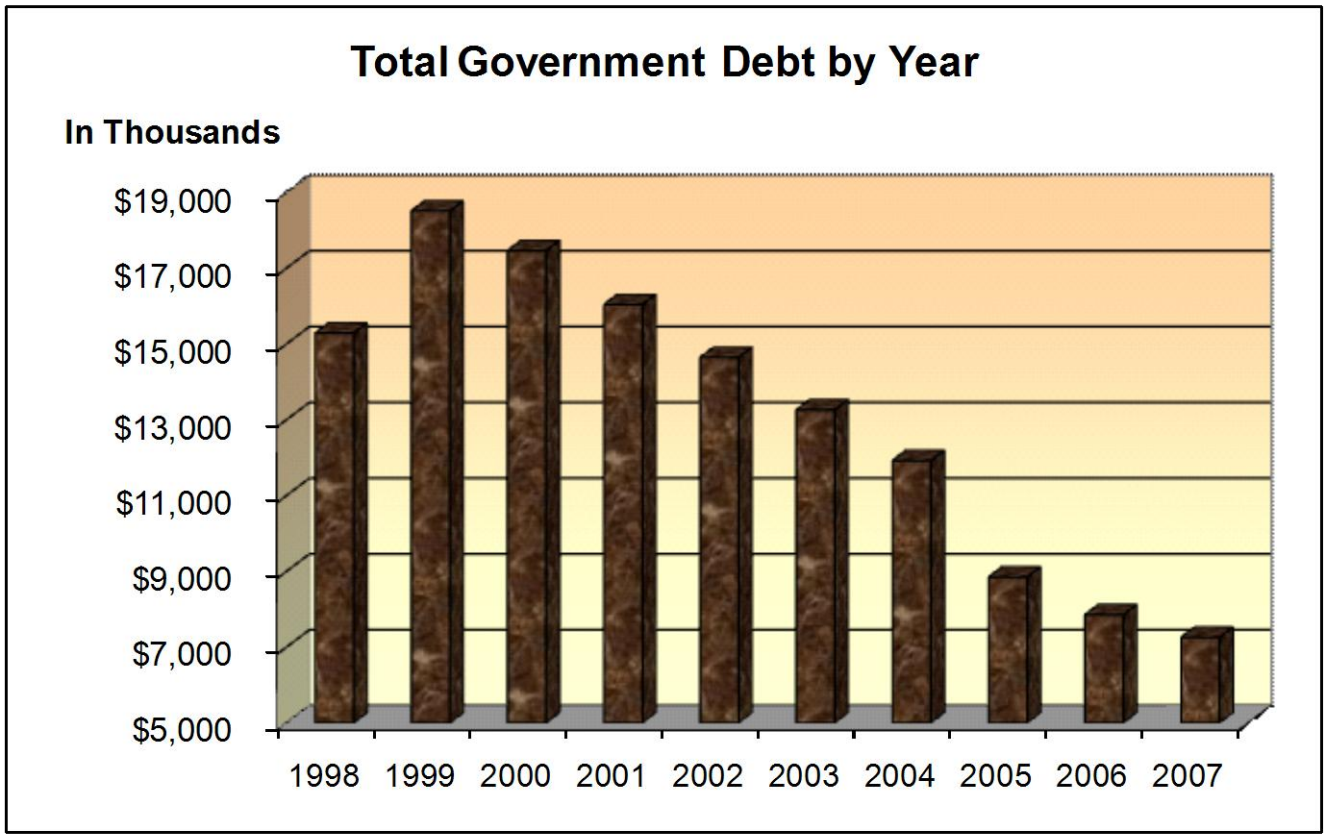
| Year | Local | State | Rapid Transit | Total Sales Tax |
|---|---|---|---|---|
| 2000 | 1.70% | 6.50% | .40% | 8.60% |
| 2001 | 2.00% | 6.50% | .40% | 8.90% |
| 2002 | 2.00% | 6.50% | .40% | 8.90% |
| 2003 | 2.00% | 6.50% | .40% | 8.90% |
| 2004 | 2.00% | 6.50% | .40% | 8.90% |
| 2005 | 2.00% | 6.50% | .40% | 8.90% |
| 2006 | 2.00% | 6.50% | .40% | 8.90% |
| 2007 | 2.00% | 6.50% | .40% | 8.90% |

***Information not available prior to 2000.**

# City of Bothell
## Ratios of Outstanding Debt by Type
## Last Ten Fiscal Years



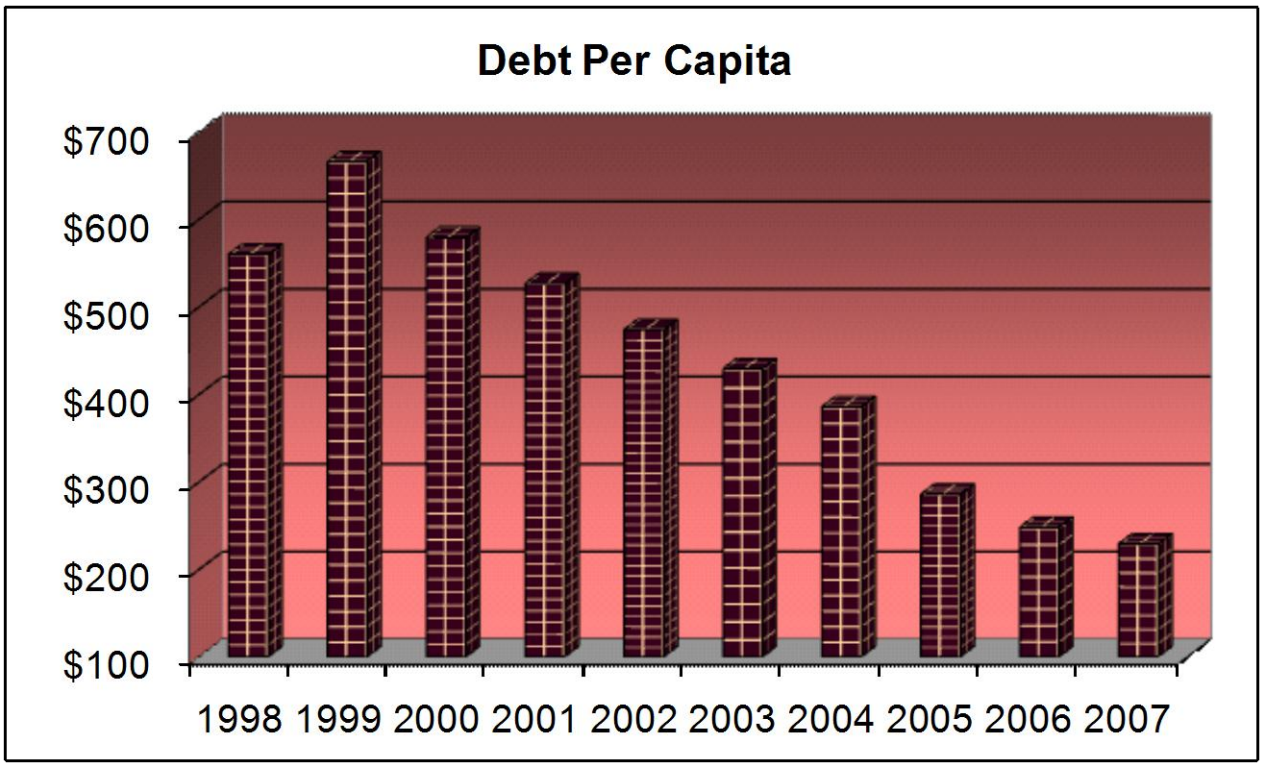
| | Government Activities | | | Business-Type Activities | | |
|---|---|---|---|---|---|---|
| Year | General Obligation | Special Assessment | Term Loan Payable | Water Bonds | Sewer Bonds | Term Loan Payable |
| 1998 | $12,985,000 | $126,139 | $1,104,614 | $800,000 | $270,000 | |
| 1999 | 12,410,000 | 2,233,831 | 993,856 | 715,000 | 270,000 | 1,890,000 |
| 2000 | 11,805,000 | 2,091,528 | 922,295 | 625,000 | 230,000 | 1,790,526 |
| 2001 | 11,220,000 | 1,588,033 | 775,905 | 535,000 | 230,000 | 1,691,052 |
| 2002 | 10,615,000 | 1,586,025 | 237,036 | 435,000 | 180,000 | 1,591,578 |
| 2003 | 9,975,000 | 882,008 | 203,174 | 335,000 | 180,000 | 1,688,979 |
| 2004 | 9,305,000 | 645,000 | 169,312 | 230,000 | | 1,576,380 |
| 2005 | 6,835,000 | 305,000 | 135,450 | 115,000 | | 1,463,781 |
| 2006 | 6,405,000 | | 101,588 | | | 1,351,183 |
| 2007 | 5,955,000 | | 67,726 | | | 1,238,584 |



# City of Bothell
## Ratios of Outstanding Debt by Type
## Last Ten Fiscal Years

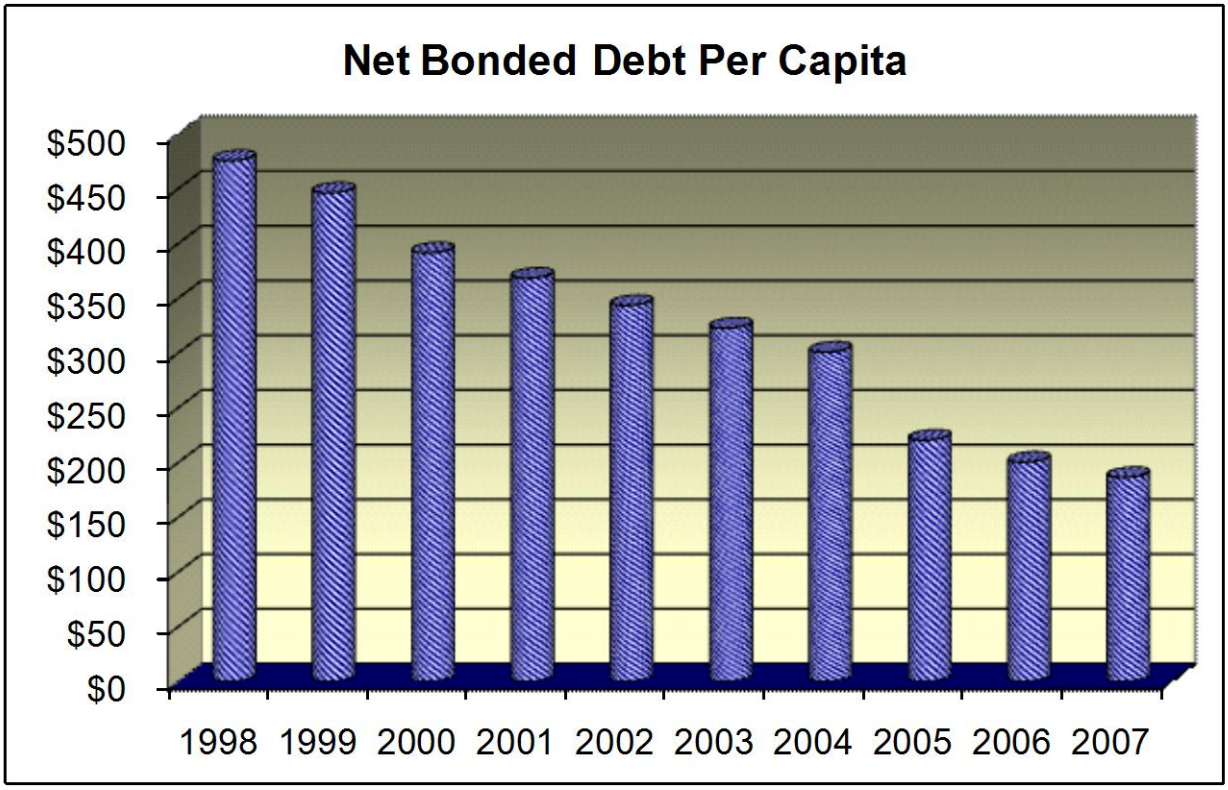


| Total Primary Government | Per Capita Income | Percentage of Personal Income | Population | Per Capita |
|---|---|---|---|---|
| $15,285,753 | 24,800 | 2.26 | 27,300 | $560 |
| 18,512,687 | 24,800 | 2.68 | 27,810 | 666 |
| 17,464,349 | 26,483 | 2.19 | 30,150 | 579 |
| 16,039,990 | 26,483 | 1.99 | 30,470 | 526 |
| 14,644,639 | 26,483 | 1.79 | 30,910 | 474 |
| 13,264,161 | 26,483 | 1.62 | 30,910 | 429 |
| 11,925,692 | 26,483 | 1.46 | 30,930 | 386 |
| 8,854,231 | 26,483 | 1.08 | 31,000 | 286 |
| 7,857,771 | 26,483 | 0.94 | 31,690 | 248 |
| 7,261,310 | 26,483 | 0.87 | 31,690 | 229 |



# City of Bothell
## Ratios of General Bonded Debt Outstanding (GO)
## Last Ten Fiscal Years

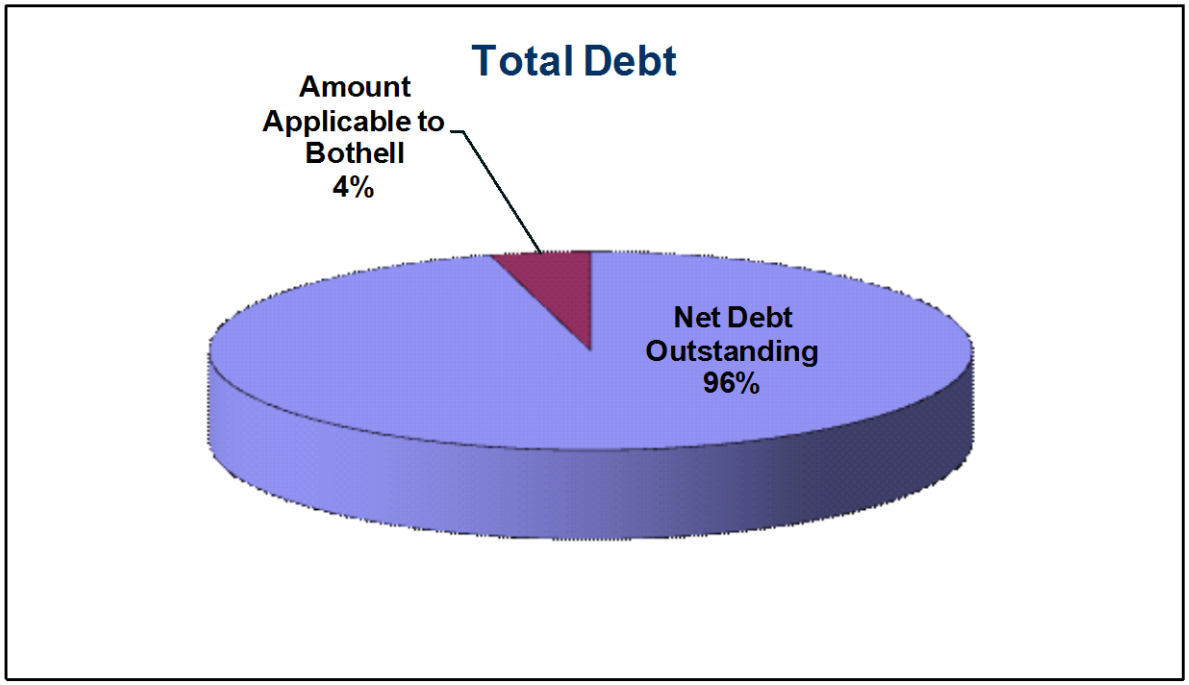
| Year | General Obligation Bonds | Total Taxable Assessed Value | Percentage of Actual Taxable Value of Property | Population | Per Capita |
|---|---|---|---|---|---|
| 1998 | $12,985,000 | $2,276,285,689 | 0.57 | 27,300 | 476 |
| 1999 | 12,410,000 | 2,430,931,536 | 0.51 | 27,810 | 446 |
| 2000 | 11,805,000 | 2,865,706,186 | 0.41 | 30,150 | 392 |
| 2001 | 11,220,000 | 3,150,818,216 | 0.36 | 30,470 | 368 |
| 2002 | 10,615,000 | 3,478,795,405 | 0.31 | 30,910 | 343 |
| 2003 | 9,975,000 | 3,779,893,625 | 0.26 | 30,910 | 323 |
| 2004 | 9,305,000 | 4,207,508,700 | 0.22 | 30,930 | 301 |
| 2005 | 6,835,000 | 4,560,988,322 | 0.15 | 31,000 | 220 |
| 2006 | 6,405,000 | 5,294,124,779 | 0.12 | 31,960 | 200 |
| 2007 | 5,955,000 | 5,677,353,475 | 0.10 | 31,960 | 186 |



# City of Bothell
## Computation of Direct and Overlapping Debt
## December 31, 2007

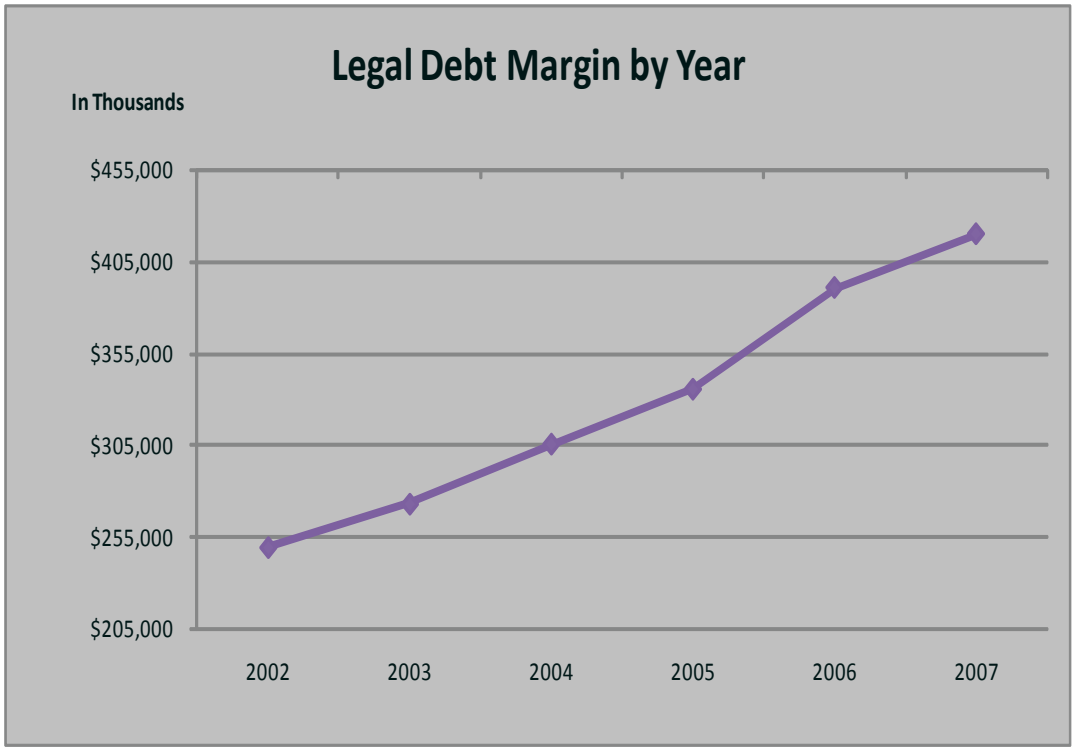
| Jurisdiction | Net Debt Outstanding | Percentage Applicable to Bothell | Amount Applicable to Bothell |
|---|---|---|---|
| City of Bothell | $5,955,000 | 100.00% | $5,955,000 |
| King County | 1,100,812,149 | 0.96 | 10,567,797 |
| Snohomish County | 369,772,430 | 0.03 | 123,802 |
| North Shore School District | 309,680,501 | 23.72 | 73,456,215 |
| Evergreen Hospital | 249,669,847 | 6.16 | 15,379,663 |
| Port of Seattle | 397,835,000 | 0.96 | 3,819,216 |
| Northshore Parks | 3,246,282 | 23.75 | 770,992 |
| Library | 73,607,300 | 1.57 | 1,155,635 |
| **Total** | **$2,510,578,509** | | **$111,228,319** |

**Net Debt Source: King & Snohomish County Finance Departments**
**Percentage Source: King County Levy Administration, Snohomish County Assessor**



# City of Bothell
## Legal Debt Margin Information
## Last Six Fiscal Years

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|
| Assessed value | $3,463,959,318 | $3,769,106,025 | $4,195,825,835 | $4,560,988,322 | $5,294,124,779 | $5,677,353,475 |
| Debt limit (7.5% of assessed value) | 259,796,949 | 282,682,952 | 314,686,938 | 342,074,124 | 397,059,358 | 425,801,511 |
| Debt applicable to limit | | | | | | |
| General obligation bonds | 10,615,000 | 9,975,000 | 9,305,000 | 6,835,000 | 6,405,000 | 5,955,000 |
| Less: amount set aside for repayment of general obligation debt | 76,112 | 165,183 | 156,038 | 165,957 | 89,748 | 104,488 |
| Total net debt applicable to limit | 10,538,888 | 9,809,817 | 9,148,962 | 6,669,043 | 6,315,252 | 5,850,512 |
| **Legal debt margin** | **$249,258,061** | **$272,873,134** | **$305,537,976** | **$335,405,081** | **$390,744,106** | **$419,950,999** |
| **Total net debt applicable to the limit** as a percentage of debt limit | 4.09% | 3.53% | 2.96% | 2.00% | 1.61% | 1.40% |



# City of Bothell
## Pledged-Revenue Coverage
## Last Six Fiscal Years



| | Water Revenue Bonds | | | | | |
|---|---|---|---|---|---|---|
| | | | | Debt Service | | |
| Year | Utility Service Charges | Less Operating Expenses | Net Available Revenue | Principal | Interest | Coverage |
| 2002 | $3,095,813 | $1,985,629 | $1,110,184 | $100,000 | $27,865 | 8.68 |
| 2003 | 3,217,421 | 2,318,462 | 898,959 | 100,000 | 22,865 | 7.32 |
| 2004 | 3,272,470 | 2,532,960 | 739,510 | 105,000 | 17,675 | 6.03 |
| 2005 | 3,046,850 | 2,004,053 | 1,042,797 | 115,000 | 6,210 | 8.60 |
| 2006 | 4,067,661 | 2,577,874 | 1,489,787 | | | |
| 2007 | 3,898,335 | 2,528,733 | 1,369,602 | | | |

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest and depreciation expenses.

Special Assessment bonds are callable.
No bonds were called in 2002 and all outstanding Special assessment bonds were called in 2006.

# City of Bothell
## Pledged-Revenue Coverage
## Last Six Fiscal Years

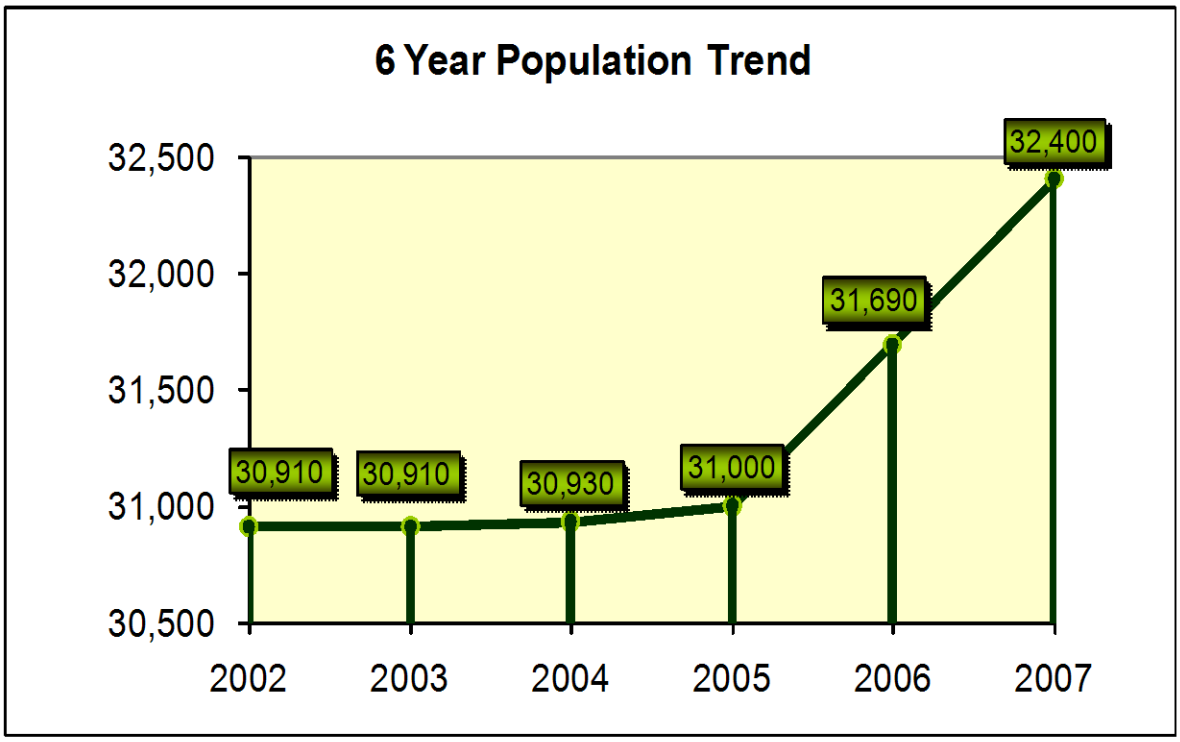


| Special Assessment Bonds | | | | | |
|---|---|---|---|---|---|
| Utility Service Charges | Less Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
| | | | Principal | Interest | |
| $362,967 | $27 | $362,940 | | $78,108 | 4.65 |
| 286,890 | 391 | 286,499 | 780,000 | 72,945 | 0.34 |
| 262,299 | 435 | 261,864 | 155,000 | 36,700 | 1.37 |
| 241,460 | 265 | 241,195 | 340,000 | 29,775 | 0.65 |
| 216,153 | | 216,153 | 305,000 | 14,280 | 0.68 |
| 207,391 | | 207,391 | | | |

# City of Bothell
## Demographic and Economic Statistics
## Last Six Fiscal Years

| Year | Population | Personal Income (thousands of dollars) | Per Capita Income | Median Age | Education Level in Years of Schooling | School Enrollment | Unemployment Rate |
|---|---|---|---|---|---|---|---|
| 2002 | 30,910 | $818,589,530 | $26,483 | 36 | 13.1 | 23,472 | 2.80% |
| 2003 | 30,910 | 818,589,530 | 26,483 | 36 | 13.1 | 23,314 | 7.30% |
| 2004 | 30,930 | 819,119,190 | 26,483 | 36 | 13.1 | 24,244 | 5.70% |
| 2005 | 31,000 | 820,973,000 | 26,483 | 36 | 13.1 | 23,430 | 4.70% |
| 2006 | 31,690 | 839,246,270 | 26,483 | 36 | 13.1 | 23,912 | 4.30% |
| 2007 | 32,400 | 858,049,200 | 26,483 | 36 | 13.1 | 24,112 | 4.00% |

**Source:** 2000 US Census Bureau, 2006 Labor Force Data
School enrollment data provided by Northshore School district, Cascadia Community College and University of Washington - Bothell



# City of Bothell
## Principal Employers
## Current Year and Ten Years Ago

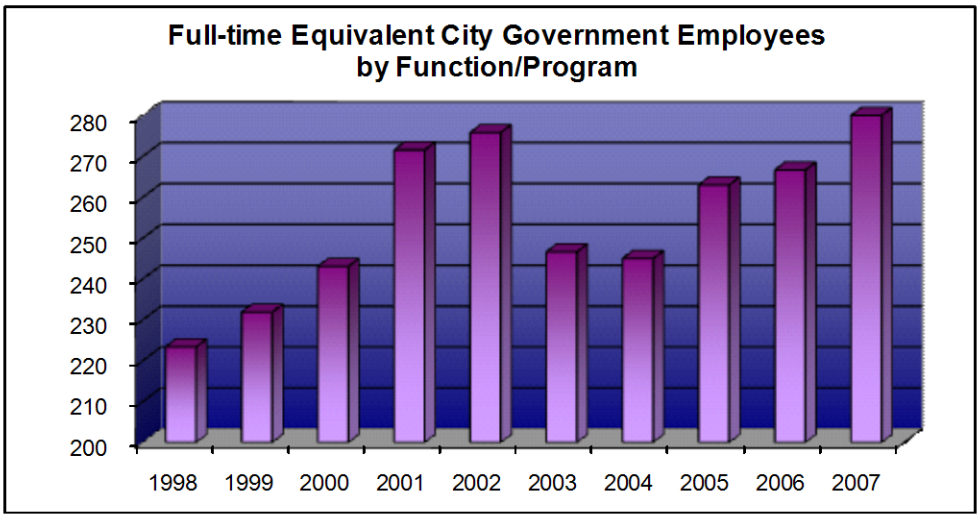
| | 2007 | | | 1998 | | |
|---|---|---|---|---|---|---|
| **Employer** | **Employees** | **Rank** | **Percentage of Total City Employment** | **Employees** | **Rank** | **Percentage of Total City Employment** |
| AT&T Mobile | 2,866 | 1 | 9.07% | 1,000 | 3 | NA |
| Northshore School District | 2,500 | 2 | 7.92% | 2,327 | 1 | NA |
| Phillips Ultrasound | 1,284 | 3 | 4.07% | | | |
| Panasonic (Matsushita) Avionics | 497 | 4 | 1.57% | 389 | 7 | NA |
| UW Bothell | 486 | 5 | 1.54% | | | |
| Phillips Electric N American Corp | 389 | 6 | 1.23% | | | |
| Seattle Times | 370 | 7 | 1.17% | | | |
| Sonosite Inc | 365 | 8 | 1.16% | | | |
| Puget Sound Energy | 360 | 9 | 1.14% | 567 | 6 | NA |
| T-Mobile | 318 | 10 | 1.01% | | | |
| Advanced Technology Laboratories | | | | 1,601 | 2 | NA |
| Eddie Bauer | | | | 824 | 4 | NA |
| Washington Mutual | | | | 800 | 5 | NA |
| Allstate Insurance | | | | 361 | 8 | NA |
| Microsoft | | | | 337 | 9 | NA |
| Humongous Entertainment | | | | 306 | 10 | NA |
| **Total** | **31,582** | | | **NA** | | |

# City of Bothell

## Full-time Equivalent City Government Employees by Function/Program
## Last Ten Fiscal Years

| | Full-Time Equivalent Employees as of December 31 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Function/Program** | **1998** | **1999** | **2000** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** |
| Executive | | | | | | | | | | |
| Legislative | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Judicial | 2.20 | 2.40 | 2.70 | 2.50 | 3.50 | 3.00 | 3.00 | 3.00 | 3.50 | 4.00 |
| City Manager | 3.00 | 3.00 | 5.00 | 5.00 | 6.00 | 5.00 | 5.00 | 6.00 | 7.00 | 7.00 |
| City Clerk | 4.50 | 4.75 | 4.75 | 5.25 | 5.50 | 3.75 | 3.75 | 3.25 | 3.25 | 2.75 |
| Information Technology | 2.50 | 3.00 | 4.00 | 7.00 | 7.00 | 6.91 | 6.91 | 6.50 | 6.00 | 7.00 |
| Non-Dept / Tourism | | | | | | | | | 0.50 | 0.50 |
| Finance | 6.00 | 6.00 | 7.00 | 9.00 | 10.00 | 7.91 | 7.91 | 6.80 | 6.80 | 7.80 |
| Legal | | | | 3.00 | 3.00 | 3.00 | 3.00 | 2.56 | 2.56 | 2.56 |
| Human Resources | 2.40 | 2.90 | 3.40 | 4.00 | 4.00 | 4.93 | 4.93 | 5.50 | 5.00 | 5.00 |
| Police | | | | | | | | | | |
| Officers | 43.00 | 46.00 | 46.00 | 50.00 | 53.00 | 53.00 | 54.00 | 54.00 | 54.00 | 57.00 |
| Civilians | 22.25 | 25.00 | 30.50 | 31.75 | 27.75 | 26.25 | 25.25 | 26.75 | 26.75 | 26.75 |
| Fire | | | | | | | | | | |
| Firefighters and officers | 51.00 | 52.00 | 52.00 | 52.00 | 55.00 | 55.00 | 54.00 | 54.00 | 54.00 | 57.00 |
| Civilians | 5.50 | 4.50 | 5.50 | 7.50 | 5.50 | 4.50 | 5.50 | 5.50 | 6.50 | 6.75 |
| Community Development | 25.90 | 25.90 | 25.70 | 36.75 | 32.75 | 21.75 | 21.75 | 20.00 | 20.00 | 24.00 |
| Public Works | | | | | | | | | | |
| Facilities | 9.90 | 9.90 | 8.70 | 3.40 | 1.40 | 1.00 | 1.00 | 1.33 | 1.33 | 1.33 |
| Engineering | 25.00 | 25.00 | 24.00 | 9.00 | 12.00 | 11.00 | 11.00 | 16.75 | 17.75 | 23.80 |
| Parks & Recreation | 13.23 | 14.54 | 14.47 | 14.52 | 15.43 | 9.63 | 8.00 | 9.53 | 10.19 | 10.79 |
| Street | | | | 7.88 | 8.88 | 6.33 | 6.33 | 8.05 | 8.05 | 7.54 |
| Water | | | | 5.29 | 5.89 | 5.81 | 5.81 | 6.86 | 6.86 | 8.78 |
| Sewer | | | | 4.43 | 3.83 | 3.76 | 3.76 | 6.66 | 6.66 | 8.38 |
| Storm Drain | | | | 3.58 | 4.58 | 4.69 | 4.69 | 9.79 | 9.79 | 12.82 |
| Fleet | | | 2.35 | 2.70 | 3.80 | 2.41 | 2.41 | 2.48 | 2.48 | 2.33 |
| Self-Insurance/Risk Mgmt | | | | | | | | .70 | .70 | .70 |
| **Totals** | **223.38** | **231.89** | **243.07** | **271.55** | **275.81** | **246.63** | **245.00** | **263.01** | **266.67** | **291.56** |

**NA = Not Available**



# City of Bothell
## Operating Indicators by Function/Program
## Last Ten Fiscal Years

| Function/Program | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| Police | | | | | | | | | | |
| Calls for service | NA | NA | NA | 22,060 | 20,503 | 20,886 | 20,575 | 26,984 | 27,628 | 23,214 |
| Physical arrests | NA | NA | NA | NA | NA | NA | NA | 1,733 | 2,288 | 2,203 |
| Traffic violations | NA | NA | NA | NA | NA | NA | NA | 4,212 | 4,584 | 5,081 |
| Fire | | | | | | | | | | |
| Emergency alarms | 3,760 | 3,880 | 4,401 | 4,692 | 4,382 | 4,507 | 4,480 | 4,333 | 4,961 | 4,432 |
| Inspections | 1,318 | 1,493 | 1,487 | 1,668 | 1,673 | 1,725 | 1,698 | 1,465 | 1,413 | 1,523 |
| Community Development | | | | | | | | | | |
| Building permits issued | 918 | 927 | 1,094 | 1,009 | 814 | 865 | 703 | 824 | 896 | 1,472 |
| Building inspections | 3,837 | 5,101 | 7,713 | 5,175 | 3,571 | 4,600 | 3,710 | 3,920 | 6,073 | 7,254 |
| Parks and recreation | | | | | | | | | | |
| Field & shelter bookings | NA | NA | NA | NA | NA | NA | NA | NA | 996 | 1,471 |
| Water | | | | | | | | | | |
| Units served | NA | NA | NA | 4,181 | 3,082 | 3,091 | NA | NA | NA | 3,803 |
| Water main breaks | | | | | | | | | | 3 |
| Average daily consumption (thousands of gallons) | 1,664 | 1,362 | 1,487 | 1,410 | 1,490 | 1,490 | 1,490 | NA | 1,488 | 2,010 |

**Sources: Various city departments**
**NA = Not Available**

# City of Bothell
## Capital Asset Statistics by Function/Program
## Last Ten Fiscal Years

| Function/Program | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| Public Safety | | | | | | | | | | |
| Police stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Public Works - Streets | | | | | | | | | | |
| Streets (miles) | 91.12 | 124.00 | 105.00 | 104.00 | 322.00 | 322.00 | 322.00 | 322.00 | 322.00 | 322.00 |
| Street lights | 1,560 | 1,560 | 1,576 | 1,740 | 1,907 | 1,927 | 1,907 | 1,907 | 1,907 | 1,907 |
| Parks and Recreation | | | | | | | | | | |
| Acreage | 193.00 | 194.97 | 193.00 | 190.00 | 196.00 | 201.00 | 201.64 | 200.84 | 200.84 | 200.84 |
| Parks | 21 | 22 | 21 | 23 | 23 | 23 | 26 | 25 | 25 | 25 |
| Water | | | | | | | | | | |
| Water mains (miles) | 50.7 | 70.2 | 70.7 | 70.8 | 71.0 | 71.0 | 71.0 | 71.0 | 71.5 | 71.5 |
| Sewer/Storm Drain | | | | | | | | | | |
| Sanitary sewers (miles) | 59.8 | 66.1 | 55.9 | 56.9 | 57.0 | 57.0 | 57.0 | 57.0 | 57.3 | 57.4 |
| Storm sewers (miles) | 57.7 | 94.6 | 106.2 | 108.0 | 108.0 | 108.0 | 108.0 | 108.0 | 109.4 | 109.7 |

**Sources: Various city departments**