



City of Bothell

CITY OF BOTHELL, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010



City of Bothell™

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2010

PREPARED BY THE FINANCE DEPARTMENT

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**City of Bothell, Washington
Comprehensive Annual Financial Report
For The Fiscal Year Ended December 31, 2010**

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Introductory Section



City of Bothell™

June 30, 2011

Honorable Mayor, Members of the City Council, and Citizens of the City of Bothell:

The Comprehensive Annual Financial Report (CAFR) of the City of Bothell for the fiscal year ended December 31, 2010 is hereby submitted. This report is prepared by the City's Finance Department as the official annual financial report, in conformance with State statute RCW 43.09.230 requiring annual reports for Washington municipal governments to be certified and filed timely with the State Auditor's Office. This report also complies with the standards promulgated by the Government Finance Officers Association (GFOA) of the United States and Canada, and by 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 to demonstrate legal compliance and competent management control. City management is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all related disclosures. The City operates under a system of accounting internal controls that are concerned with the safeguarding of assets and the reliability of financial records. City management believes this report is presented accurately in all material aspects and that it conforms to the above required standards.

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

Bothell's independent audit covering the year ended December 31, 2010 was conducted between March and June of 2011, and is now complete. The City's financial statements were found to be presented fairly and the City was given an unqualified opinion, as stated in the Independent Auditor's Report (see section II). Over the past decade, Bothell has not received any audit findings.

As a recipient of more than \$500,000 in federal, state, and county financial assistance, the City is required to undergo an independent annual single audit in conformity with the provisions of the Single Audit Act of 1996, the Budget Circular A-133 (Audits of State and Local Governments), and the March 2006 Compliance Supplement.

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This audit is conducted by the State Auditor’s Office in conjunction with the City’s annual independent audit. The City’s annual single audit for the fiscal year ended December 31, 2010 found no deficiencies in the design or operation of internal control over major federal programs.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the State Auditor’s report.

Profile of the Government

The City of Bothell is a non-charter optional code City operating under Section 35A of the Revised Code of Washington. It has a Council-City Manager form of government. The seven-member City Council is elected by the voters of the City for four-year terms and is responsible for establishing the general guidelines and policies for the City. The Council elects the Mayor and Deputy Mayor from within its ranks. The Council contracts with a professional City Manager to carry out the policies and direction set by the Council. The City Manager appoints seven department heads, a Deputy City Manager, and an Assistant City Manager.

At the end of 2010, the City of Bothell had 303 authorized full-time equivalent positions. Bothell’s full and part-time employees provide a full range of municipal services. City services include: general government administration, police and fire, emergency medical services, planning and zoning, street maintenance, and parks and recreation.

Bothell’s proprietary operations consist of water, sewer, and storm drain utilities. The City also operates three internal services funds – Equipment Rental (Fleet), Self-Insurance, and Asset Replacement. Garbage service is provided by an independent contractor, while library services are provided by the King County Library System.

In conjunction with the Capital Facilities Plan (CFP), the City’s biennial budget serves as a major driver in bringing Bothell’s short and long-term fiscal plans to fruition. The City prepares its biennial budget based on Council’s “budget focus areas” and “desired budget outcomes”, and in accordance with the Revised Code of Washington (RCW 35A.34). Council’s “budget focus areas” and “desired budget outcomes” are described in detail in the City’s budget document, which is available on the City’s website.

Bothell’s biennial budgets are adopted at the fund level by the City Council prior to the first day of each odd-numbered calendar year. Mid-biennial reviews are conducted not less than eight months after the beginning of a biennium, and any increase or decrease in a fund’s budget appropriation is adopted by the City Council. Quarterly budget status reports are provided to the Council and City management.

Local Economy

Incorporated in 1909, Bothell has evolved from an isolated logging village to a multi-faceted full-service city with a population of 33,430. Located within the Seattle metropolitan area, the City straddles two counties (King and Snohomish) and comprises

12.6 square miles. In 2010, Bothell ranked number 30 among the largest cities in the State of Washington.

Due to Bothell's central proximity to two interstate highways and three major state highways, the City has become increasingly desirable to homebuyers and renters, as well as to an extensive amount of commercial development. Bothell is also esteemed for its education opportunities. The University of Washington and Cascadia Community College share a common campus within Bothell's historic downtown and the Northshore School District has consistently been recognized among the State's top school districts.

Dubbed "The Technology Corridor", Bothell's three business parks have proven to be a particularly appealing location for technology firms, wireless communications, medical device manufacturing, and ultrasound research. In 2007, the State of Washington named Bothell a Biomedical Device Innovation Zone. Major firms located in "The Technology Corridor" include: AT&T (the largest communications holding company in the world based on revenue generation), Ekos Corporation (pioneers of the development and clinical application of ultrasound accelerated thrombolysis), Halo Source (a clean water and antimicrobial technology company), Philips Medical Systems (a global leader in diagnostic imaging systems, patient monitoring and cardiac devices), Sonosite Inc. (a world leader and specialist in hand-carried and mounted ultrasound), and T-Mobile (a national provider of wireless voice, messaging, and data services).

Economic Condition

Bothell relies on three major revenue streams to fund City services: sales tax, property tax, and utility tax. Since the "Great Recession" began in 2008, the City of Bothell, like most municipalities, has experienced significant revenue shortfalls.

Sales tax, Bothell's largest revenue stream, has been most impacted by the recession. Property tax, on the other hand, remained stable - although new construction additions to the City's property tax roll continued to lay dormant. This trend is expected to turn around some in 2011 as planned public and private redevelopment begins to take shape in Bothell's downtown. Utility tax revenue was negatively impacted in late 2010 when utility providers stopped applying municipal utility tax to broadband usage. During the 2009-2010 biennium, City management cut or deferred approximately \$3 million in the General Fund's spending appropriation to help offset these revenue shortfalls.

Local economists have projected Puget Sound retail sales to increase 5.2% in 2011, and housing starts to grow 18%.

The region's unemployment rate rose significantly during the 2009-2010 biennium. At the end of 2010, the unemployment rate was 9.1%.

While Bothell's local economy is expected to follow the national and regional forecast for economic recovery, the City should fare somewhat better due to the significant public and private infrastructure investments that are described on the next page in the Major Initiatives section.

Long-term Financial Planning and Management Measures

Bothell assesses plans for future revenue inflows and expenditure outflows through a variety of fiscal management measures such as:

- Managing future fiscal risks by utilizing a 7-year budget modeling system that assimilates a constant state of revision based on the latest, most-likely economic assumptions. Budget modeling provides City management an opportunity to analyze revenue inflows and expenditure outflows, as well as the long-term impacts of present-day decision making.
- Adhering to a 2-year Capital Facilities Plan (CFP) process that produces a Council-adopted 7-year Capital Facilities Plan. The CFP process identifies all future capital needs and allocates capital funding sources to best meet the community's infrastructure needs.
- Identifying one-time revenue inflows and designating these monies specifically for one-time expenditure outflows.
- Continuing to rebalance operating inflows and outflows to maintain a pre-designated fiscal position throughout a budget period.
- Managing future fiscal liabilities by systematically setting monies aside in an Asset Replacement Fund. Monies are set aside to procure new assets in the future when assets reach the end of their useful lives.
- Maintaining adequate reserves. City management budgets a General Fund operating reserve equal to 15% of annual operating expenditures. Adequate reserves help ensure that a municipality's immediate operating and capital obligations can be met without compromising the City's fiscal stability or impacting citizen services should unanticipated revenue shortfalls or expenditure outflows arise.

Major Initiatives

During the 2009-2010 biennium, Bothell constructed a new public works building. The 15,000 square foot facility includes a two-story, LEED silver certified administration building and a 21,500 square foot, single-story shop/storage/parking structure with a 7,100 square foot mezzanine level.

In 2010, the Bothell City Council made exploring annexation of all Bothell's designated potential annexation areas one of the Council's top goals, and endorsed a comprehensive 2-year program for this purpose. Up to date information on Bothell's potential annexations is available at www.ci.bothell.wa.us/Annexation.ashx.

Bothell continues to invest in its ambitious 2011-2017 Capital Facilities Plan (CFP). The 2011-2012 biennial budget includes \$93,462,000 in Council-adopted CFP projects. Major funding sources for these projects come from real estate excise tax, utility user fees, mitigation/impact fees, grants, bonds and proceeds from the sale of City-owned surplus property. Much of the City's 7-year CFP spending plan centers on the revitalization of Bothell's historic downtown. This revitalization includes major transportation improvements, redevelopment with a focus on mixed-use retail, and development of surplus City-owned parcels. The result will be a pedestrian-friendly downtown that reconnects Bothell to its riverfront roots.

In 2012, Oregon-based McMenamins is opening a destination hotel and entertainment complex in the City's historic downtown Anderson Building. The development will include a hotel, restaurant, pub, movie theater, live music venue, public garden, and pool. McMenamins will renovate the former Northshore swimming pool and allow Bothell residents to use the facility free of charge for fifteen years.

In addition, Bothell is partnering with Vulcan Real Estate to design a new City Hall/City Center. This sustainable development will include a 60,000 square foot City Hall, a 300-plus parking stall facility, a civic plaza, and mixed-use buildings that could include retail and office space. Further information on Bothell's future downtown is available at FutureofBothell.com.

RELEVANT FINANCIAL POLICIES

Risk Management

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 in detail in the Notes to the Basic Financial Statements.

Debt Administration

In 2010, Moody's Investors Service (Moody's) recalibrated its municipal rating scale and assigned Global Scale Ratings (GSR) to all local governments in Washington State. The City of Bothell was upgraded from Aa3 to Aa2. According to the GSR listing, only five Washington cities had a higher Moody's credit rating than Bothell at that time.

The City's general government long-term debt currently consists of one voted General Obligation (GO) bond with an outstanding balance of \$4,365,000, and a Public Works Trust Fund loan with \$900,787 outstanding as of December 31, 2010.

In 2010, Bothell purchased eighteen acres in the City's historic downtown from the Northshore School District. This property was vital to the community's downtown revitalization plan. Outstanding debt related to this property acquisition is \$18,750,000 and is due and payable in August 2012. In 2010, the City also secured \$20,000,000 in a bond anticipation note.

The City's legal debt capacity and future debt service liability is outlined in Note 13 of the Basic Financial Statements section on page 44.

Cash Management and Investment Policy

The City's cash management practice encourages investment of all cash not needed for immediate expenditures. It is the policy of the City to invest public funds in a manner that provides the highest investment return with the maximum security while complying with all Washington statutes governing the investment of public funds. The City's investment policy was certified by the Municipal Treasurer's Association.

Awards and Acknowledgments

The GFOA of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bothell for its CAFR for the fiscal year ended December 31, 2009. This was the ninth consecutive year Bothell has received this prestigious award. To earn a Certificate of Achievement award, a government must publish an easily readable and efficiently organized CAFR that satisfies generally accepted accounting principles and adheres to all applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Bothell is submitting the City's 2010 CAFR to the GFOA to determine this report's eligibility for a certificate. Staff believes the City's 2010 CAFR again meets the requirements of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting certification program.

The City was also pleased to receive the GFOA Distinguished Budget Presentation Award for the City's 2009-2010 biennial budget document. 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.

Successful preparation of Bothell's 2010 Comprehensive Annual Financial Report could not have been accomplished without the dedicated efforts of the Finance staff, City management, and all other employees and agencies who contributed to the development of this expansive financial report. Further appreciation is extended to Mayor Lamb and the City Council for their steadfast encouragement in conducting the Bothell's fiscal operations in a sound and prudent manner. The support and assistance from the State Auditor's Office is also appreciated.

We would be happy to respond to any questions or comments about the information contained in this report.

Respectfully submitted,



Tami Schackman
Finance Director



Maureen Werts
Deputy 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, 2009

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



**Deputy Mayor
Joshua Freed**



Tom Agnew



Del Spivey



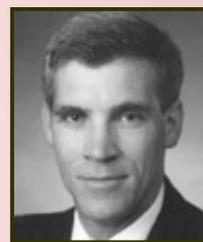
**MAYOR
Mark Lamb**



Tris Samberg



Bill Evans



Patrick Ewing

EXECUTIVE STAFF

(Officials as of December 31, 2010)

City Manager
Deputy City Manager
Assistant City Manager/Econ Dev Mgr
Finance Director
Human Resources Director
City Attorney
Community Development Director
Fire Chief
Police Chief
Public Works Director

Robert S. Stowe
Steve Anderson
Terrie Battuello
Tami Schackman
Jamie Marsden
Joe Beck
Bill Wiselogle
Bob VanHorne
Forrest Conover
Erin Leonhart



City of Bothell™

Financial Section



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

June 20, 2011

Council
City of Bothell
Bothell, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bothell, King County, Washington, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bothell, King County, Washington, as of December 31, 2010, 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.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 20, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and

should be considered in assessing the results of our audit.

The management's discussion and analysis on pages A1 through A14, budgetary comparison on pages C1 through C3 and information on postemployment benefits other than pensions on pages C4] 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 D2 through D16 and supplemental information on pages E1 through E14 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 Section and the Statistical Section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

Management's Discussion & Analysis

Management's Discussion and Analysis

The discussion and analysis section of the City of Bothell's Comprehensive Annual Financial Report (CAFR) is prepared by City management to provide CAFR users an overview of the City's financial activity and performance for the fiscal year ended December 31, 2010. Users are encouraged to consider Management's Discussion and Analysis in conjunction with additional information furnished in the letter of transmittal (section I, pages i - vi) and the City's financial statements (section IIB, pages 1 - 48).

2010 Financial Highlights

- Net assets equaled \$846,968,458 at the end of 2010.
- Net assets decreased by \$32,268,790, or 3.67% compared to 2009.
- Unrestricted net assets amounted to \$17,299,731 (\$14,641,546 for governmental activities and \$2,658,185 for business-type activities).
- Change in long-term debt amounted to \$30,834,010.
- Total governmental fund balances at year-end totaled \$11,730,433.
- Total governmental fund revenues increased \$6,622,046, or 17%.
- Total governmental fund expenditures increased \$8,737,376, or 13%.
- Governmental fund expenditures, excluding operating transfers, exceeded governmental fund revenue by \$30,622,154.
- Fund balance for the General Fund at year-end totaled \$4,052,528.
- Total General Fund revenues increased \$1,047,317, or 3%.
- Total General Fund expenditures increased \$2,107,289, or 6%.
- General Fund expenditures, excluding operating transfers, exceeded General Fund revenues by \$2,088,659.

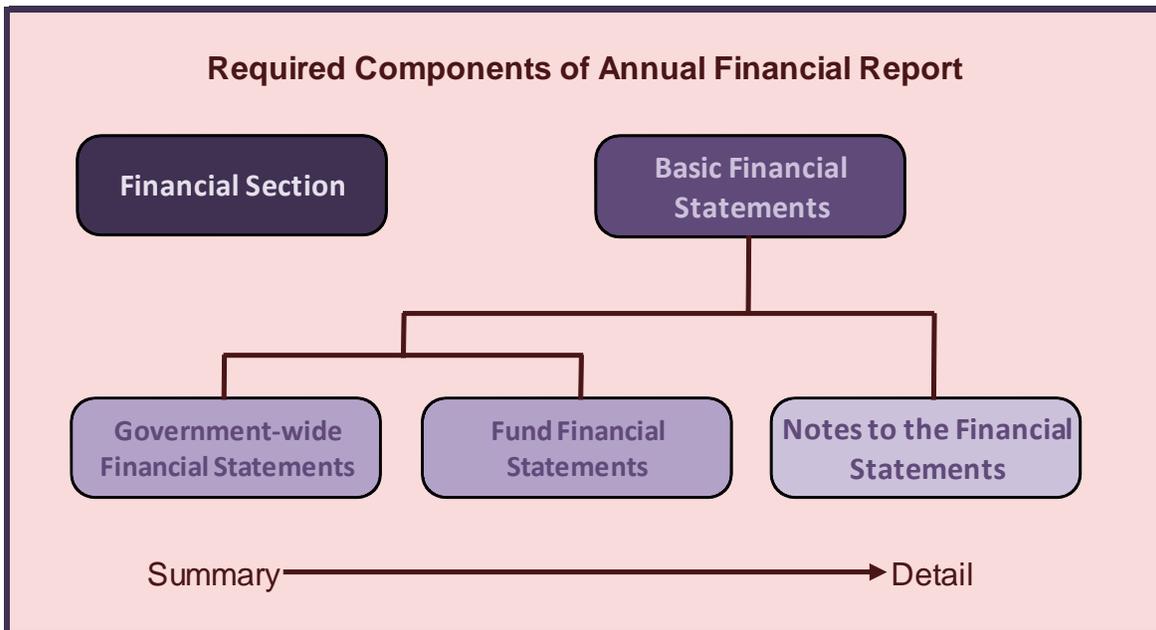
Overview of the Financial Statements

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.
- 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. This statement is similar to the balance sheet of a private-sector business, and increases and decreases in net assets over time 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, or 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 the governmental fund statements pertaining to revenues, expenditures, and changes in fund balances for the General, Arterial Street, Capital Improvements, and Park Cumulative Reserve, 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.

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 13-48 of this report immediately following the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also includes a "Required Supplementary Information" (RSI) section that provides a Schedule of Revenues, Expenditures, and Changes in Fund Balance for the City's General, Arterial Street, and Park Cumulative Reserve Funds; a section for "Combining Financial Statements" that was referred to earlier in connection with non-major governmental funds and internal service funds; a section for other "Supplemental Information" including the City's Schedule of State and Local Financial Assistance; and a "Statistical Section" that contains 10 years of economic condition reporting that is presented in an easy to read statistical and graph format.

Government-Wide Financial Analysis

Statement of Net Assets

The statement of net assets serves as a useful indicator of the City's financial position. As of December 31, 2010, the City's assets exceeded liabilities by \$846,968,458. Investments in capital assets (e.g. land, buildings, machinery, and equipment) are by far the largest portion of the City's net assets (98%), 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. The following is a condensed version of the government-wide statement of net assets for 2010 compared to 2009.

City of Bothell's Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$23,050,678	\$24,345,778	\$5,614,732	\$9,893,837	\$28,665,410	\$34,239,615
Capital assets	833,116,641	834,905,724	33,309,485	26,697,673	866,426,126	861,603,397
Total assets	856,167,320	859,251,502	38,924,217	36,591,510	895,091,536	895,843,012
Long-term debt	38,017,092	6,794,397	3,286,403	1,127,672	41,303,495	7,922,069
Other liabilities	6,248,651	7,824,672	570,932	859,023	6,819,583	8,683,695
Total liabilities	44,265,743	14,619,069	3,857,335	1,986,695	48,123,078	16,605,764
Net assets:						
Invested in capital, net of debt	797,260,030	829,995,723	32,408,696	25,684,286	829,668,726	855,680,009
Unrestricted	14,641,546	14,636,710	2,658,185	8,920,530	17,299,731	23,557,239
Total net assets	\$811,901,576	\$844,632,433	\$35,066,881	\$34,604,815	\$846,968,458	\$879,237,248

The City's \$14,641,546 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 2010 fiscal year, all three categories of net assets for governmental activities reported positive balances. Business-type activities reported positive balances in all categories for water and sewer. Storm drain activities reported a positive balance in investment in capital assets, net of related debt, and a negative balance in unrestricted net assets of \$281,484.

Changes in Net Assets

The following table reflects increases or decreases in net assets resulting from the City's operating activities. The table shows revenues, expenses, and related changes in net assets for the governmental activities separate from the business-type activities for 2009 and 2010. Bothell's net assets from operations decreased citywide by \$32,268,791 during 2010.

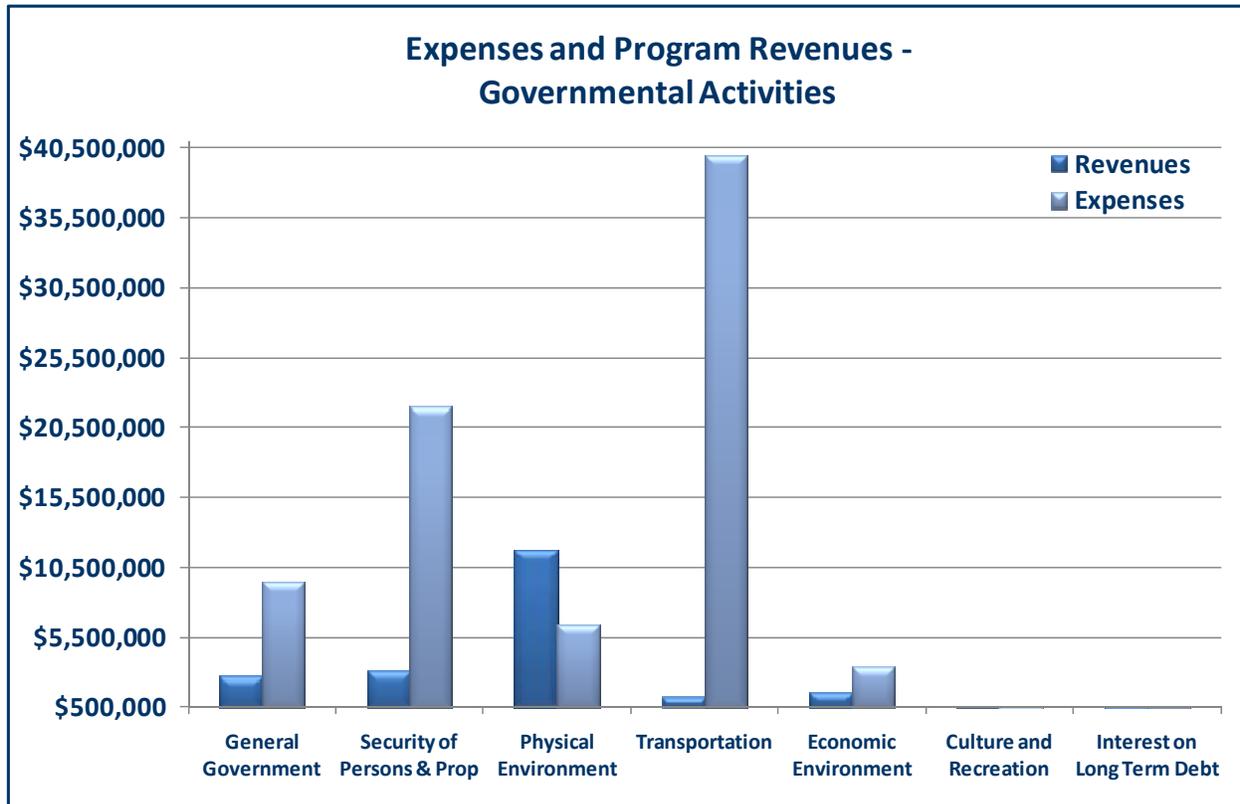
Changes in Net Assets

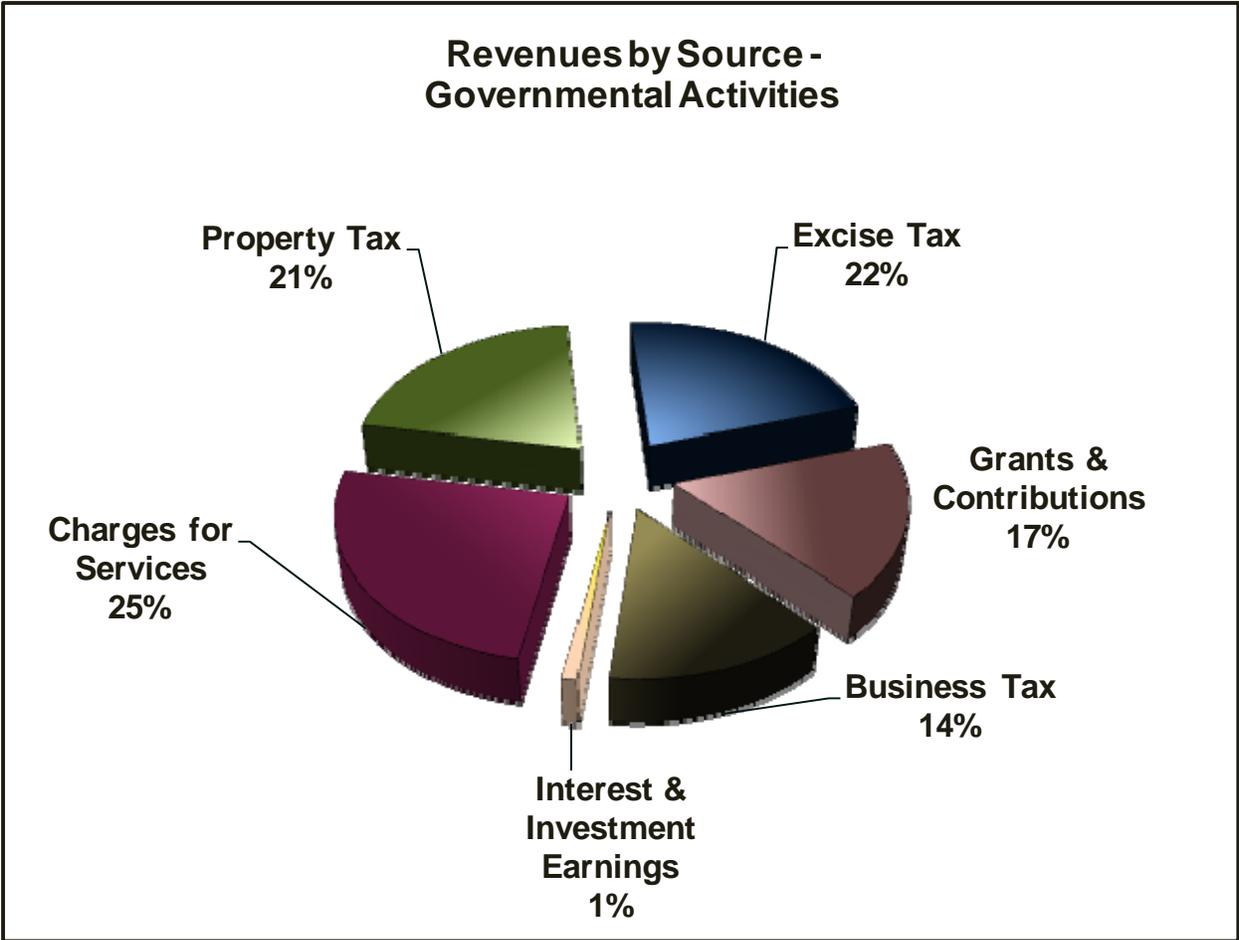
	2010			2009		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues						
Charges for services	\$12,106,018	\$10,125,717	\$22,231,735	\$7,787,841	\$11,122,900	\$18,910,741
Operating grants and contributions	383,325		383,325	357,367		357,367
Capital grants and contributions	8,068,251	757,700	8,825,951	3,064,379	411,475	3,475,854
General revenues						
Property tax	10,190,952		10,190,952	9,480,272		9,480,272
Excise tax	10,482,416		10,482,416	9,842,288		9,842,288
Business tax	6,832,556		6,832,556	7,312,792		7,312,792
Interest and investment earnings	123,457	4,259	127,716	1,055,739	62,247	1,117,986
Miscellaneous	454,842		454,842	915,788	21,650	937,438
Total revenues	<u>48,641,817</u>	<u>10,887,676</u>	<u>59,529,493</u>	<u>39,816,468</u>	<u>11,618,272</u>	<u>51,434,740</u>
Program expenses including indirect expenses						
General government	9,442,611		9,442,611	9,413,427		9,413,427
Security of persons and property	22,005,979		22,005,979	20,646,387		20,646,387
Physical environment	6,354,100		6,354,100	6,262,903		6,262,903
Transportation	39,919,102		39,919,102	42,394,908		42,394,908
Economic environment	3,347,504		3,347,504	3,026,618		3,026,618
Interest and fiscal charges	303,378		303,378	213,348		213,348
Water		3,234,985	3,234,985		3,188,527	3,188,527
Sewer		4,809,616	4,809,616		4,436,576	4,436,576
Storm drain		2,381,009	2,381,009		2,094,509	2,094,509
Total expenses	<u>81,372,673</u>	<u>10,425,610</u>	<u>91,798,284</u>	<u>81,957,592</u>	<u>9,719,612</u>	<u>91,677,204</u>
Excess (deficiency)	(32,730,856)	462,066	(32,268,791)	(42,141,124)	1,898,660	(40,242,465)
Transfers				1,118,550	(1,118,550)	
Change in net assets	<u>(\$32,730,857)</u>	<u>\$462,065</u>	<u>(\$32,268,791)</u>	<u>(\$41,022,574)</u>	<u>\$780,109</u>	<u>(\$40,242,465)</u>
Net assets beginning	\$844,632,433	\$34,604,815	\$879,237,248	\$885,655,008	\$33,824,706	\$919,479,714
Net assets ending	<u>\$811,901,576</u>	<u>\$35,066,881</u>	<u>\$846,968,458</u>	<u>\$844,632,433</u>	<u>\$34,604,815</u>	<u>\$879,237,248</u>

Governmental Activities. Governmental activities decreased the City's net assets by \$32,730,857. Governmental activities account for 96% of the City's net assets.

The key factors impacting the decrease in 2010 net assets are described below:

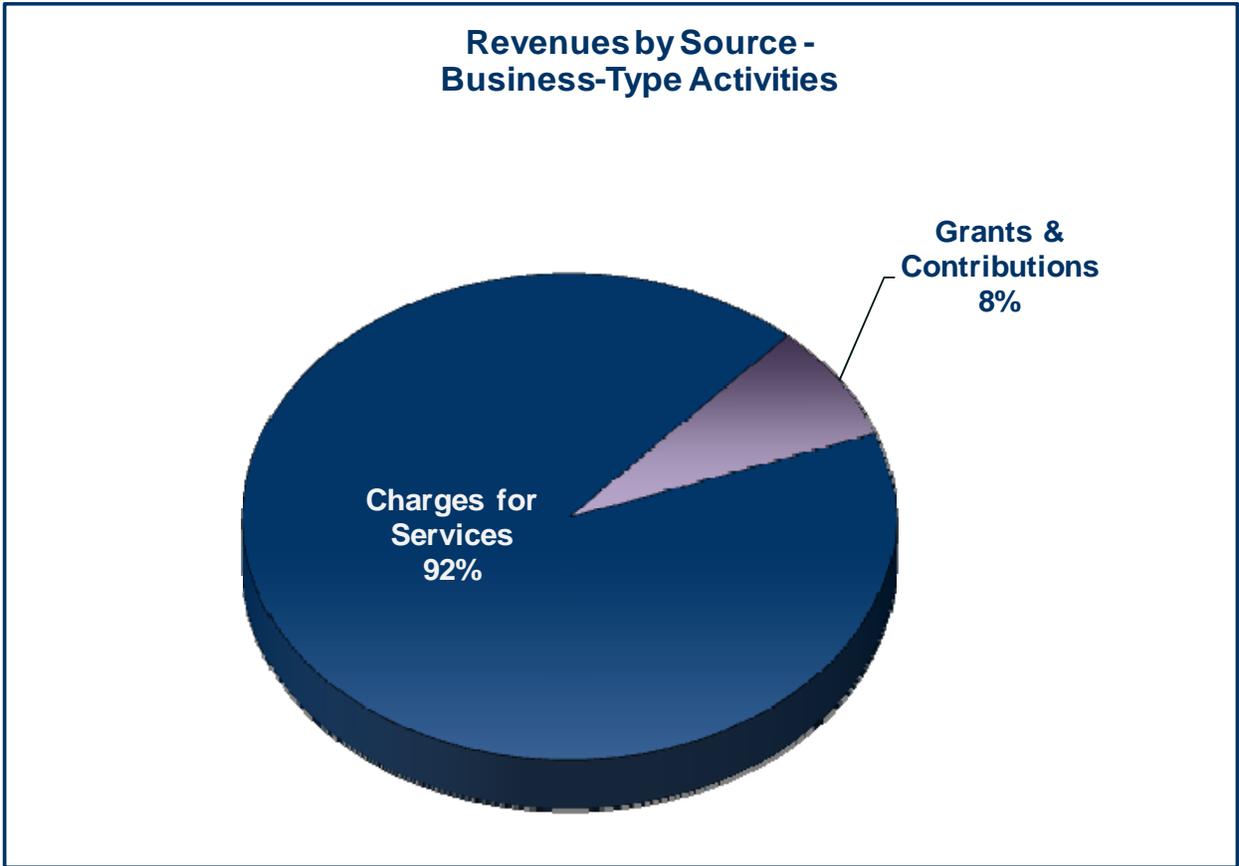
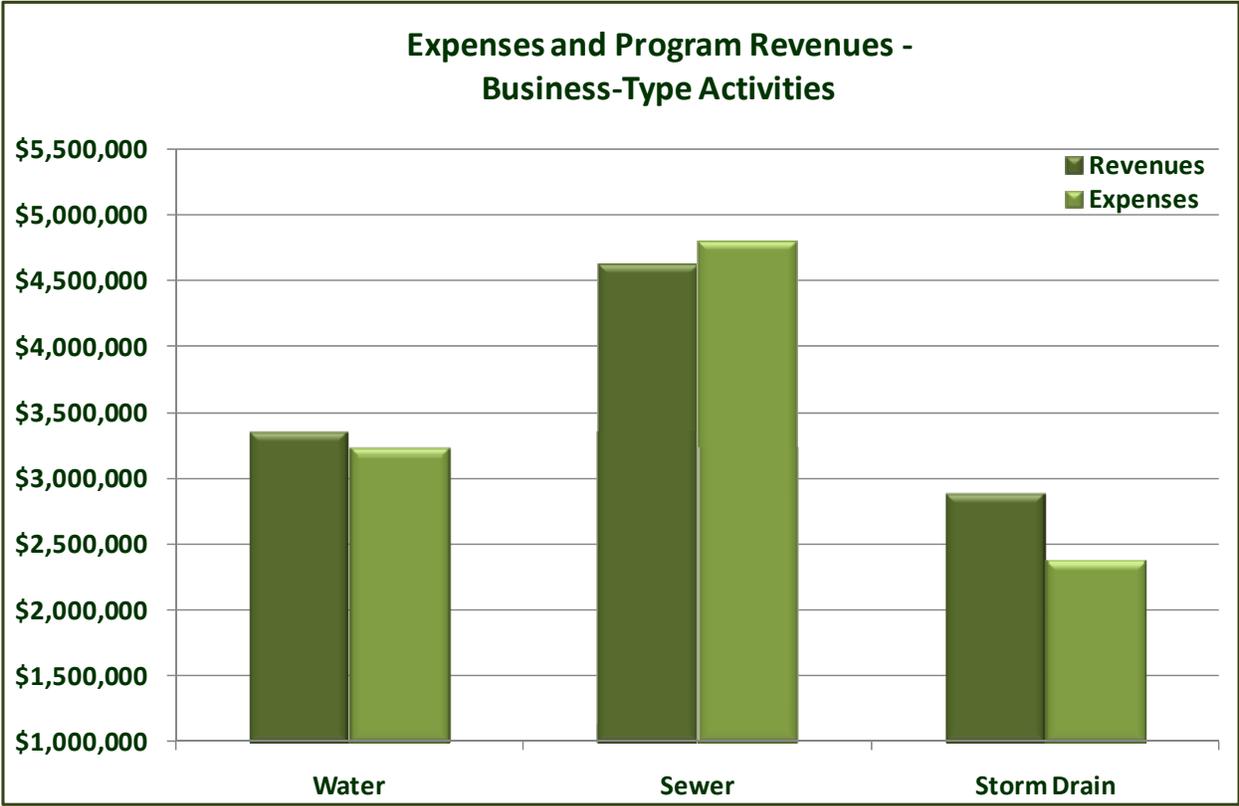
- (\$40,811,862) decrease related to the depreciation of infrastructure assets.
- \$38,541,728 increase for capital asset expenditures, which will be depreciated over their useful life.
- \$531,776 increase in fund balance.
- \$585,400 increase in donated assets, which will be depreciated over their useful life.
- \$545,000 increase attributable to bond principal payments that reduce long-term liabilities on the Statement of Net Assets.
- (\$12,741,611) increase in loan proceeds liability related to the issuance of a bond anticipation note (BAN).
- (\$18,750,000) increase in liabilities associated with an outstanding note relating to property acquisition.
- (\$97,843) increase in compensated absences liability.
- (\$183,489) increase in long-term liabilities for other post-employment benefits.
- (\$349,957) decrease 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 is reported with governmental activities.





Business-Type Activities. Business-type activities increased the City's net assets by \$462,065. Business-type activities account for 4% of the City's net assets. The key components of this increase were bond principal payments that reduced long-term liabilities and capital contributions from developers.

In 2010, the overall financial position of the City did not materially change. Following the City's Capital Facilities Plan (CFP), unrestricted net assets were exchanged for investments in capital assets.



Financial Analysis of the Governmental Funds

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.

Bothell’s ongoing emphasis on downtown revitalization continued throughout 2010. The City invested another \$38,541,728 in capital infrastructure during 2010. At year-end, \$25,853,697 remained in construction in progress.

At December 31, 2010, the City’s governmental funds reported a combined fund balance of \$11,730,433. Fund balance for Governmental funds increased by \$531,776, or 4.5%. The City’s major governmental funds (General, Arterial Street, Park Cumulative Reserve, and Capital Improvements) experienced a combination of the following: General Fund decreased \$2,941,645 while Capital Improvements increased \$3,189,074 due to delays in major capital projects. The Arterial Street and Park Cumulative Reserve Funds showed moderate increases of \$396,543 and \$57,094, respectively, both due to increases in mitigation and impact fees. Other Governmental Funds declined slightly at \$169,290.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance in the General Fund was \$4,052,527. (See Basic Financial Statements Page 4.)

In 2010, the General Fund expenditures, excluding operating transfers, exceeded revenues by \$2,088,659. The following table reflects fund balance variances for the General Fund between 2009 and 2010:

	2009	2010	Variance Increase/ (Decrease)	% Variance
Revenue & Other Financing Sources	\$33,184,519	\$33,694,028	\$509,509	1.5%
Expenditures & Other Financing Uses	39,145,422	36,635,672	(2,509,750)	(6.4%)
Revenue Over (Under) Expenditures	(5,960,903)	(2,941,645)	(2,000,241)	
Beginning Fund Balance	12,955,076	6,994,173	(5,960,903)	
Ending Fund Balance	\$6,994,173	\$4,052,528	(\$2,941,645)	(42.1%)

General Fund Budgetary Highlights: 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.

During the 2010 fiscal year, the Council modified the City's adopted budget on one occasion. The 2010 budget amendment was adopted by ordinance on December 7, 2010. The impact on the General Fund was a net decrease of \$350,000 in fund balance.

The General Fund 2010 amended budgetary highlights are as follows:

- \$300,000 operating transfer to the Street Fund to subsidize lost revenue associated with elimination of the City's street light fee.
- \$20,000 operating transfer to the Nuisance Abatement Fund to pay for legal fees relating to an ongoing nuisance abatement issue. These monies are anticipated to be recovered in 2011.
- \$30,000 transfer to the 2008 General Obligation Refund Bond Debt Service Fund to satisfy the City's debt service requirement at year-end. The entire \$30,000 transfer was not required. The actual amount transferred at year-end was \$5,000.

For the 2009-2010 biennium, General Fund outflows (excluding a \$4 million capital transfer), exceeded inflows by \$4,902,548. General Fund inflows fell short of projections by \$6,062,450, or 8% of the overall biennial projection. Total General Fund outflows for the biennium were \$75,781,095.

Significant differences between the General Fund's final amended 2009-2010 budget and actual inflows and outflows are as follows:

- Retail sales tax finished \$2.1 million less than projected.
- Construction sales tax receipts were \$1.3 million below biennial projections.
- Utility taxes finished \$1.85 million below biennial projections. The primary declines came from gas and telephone (broadband services) utilities.
- Interest earnings trailed behind projections by \$362,004.
- Approximately \$3 million in operating expenditures were cut or deferred to offset revenue shortfalls.
- Salary and benefit expenditures ended 2009-2010 \$313,596, or 0.6% below the biennial budget projection.
- Maintenance and operating expenditures finished well under biennium projections by \$1,075,608, or 8.5%.
- Capital expenditures were \$465,083 (38%) lower than anticipated.
- Interfund and operating transfers-out ended the biennium \$249,927, or 3.2% below projections.

Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net assets are as follows: Water \$1,482,101; Sewer \$1,427,568; and Storm Drain (\$251,484). The deficit in the City's Storm Drain is the result of an interfund loan from the Asset Replacement Fund that is not included as investment in capital assets, net of related debt.

The overall change in net assets for each proprietary fund is as follows: Water increased \$124,344; Sewer decreased \$177,552; and Storm Drain increased \$515,275. 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, 2010 totaled \$866,426,126 (net of accumulated depreciation). These assets include bridges, rights-of-way, buildings, streets and sidewalks, land, machinery and equipment, and vehicles.

Capital Asset and Debt Administration

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land and land improvements	\$65,567,526	\$43,775,634	\$285,302	\$285,302	\$65,852,828	\$44,060,936
Infrastructure rights-of-way	69,700,628	68,287,919	15,006	15,006	69,715,634	68,302,924
Buildings	17,345,913	16,193,854	7,593,851	509,994	24,939,765	16,703,848
Improvements	31,190,753	24,617,951	23,867,696	23,585,297	55,058,449	48,203,247
Infrastructure	620,080,835	657,937,560			620,080,835	657,937,560
Vehicles	2,329,039	2,439,406	50,174	69,466	2,379,213	2,508,872
Machinery & equipment	1,048,249	638,861	337,330	405,554	1,385,579	1,044,415
Construction in progress	25,853,697	21,014,539	1,160,126	1,827,055	27,013,824	22,841,594
Total	\$833,116,641	\$834,905,723	\$33,309,485	\$26,697,674	\$866,426,126	\$861,603,397

Additional information on the City's capital assets can be found in section IIB, Note 5, on pages 27-29 of the Basic Financial Statements.

Long-Term Debt. As of December 31, 2010, the City had total debt outstanding of \$36,757,400.

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation debt	\$4,365,000	\$4,910,000			\$4,365,000	\$4,910,000
Bond anticipation note	12,741,611				12,741,611	
Other debt	18,750,000		900,789	1,013,388	19,650,789	1,013,388
Total	\$35,856,611	\$4,910,000	\$900,789	\$1,013,388	\$36,757,400	\$5,923,388

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 capacity for the City of Bothell is \$493,758,179 as of January 1, 2011. The City had \$4,365,000 in voter approved bonds outstanding at December 31, 2010. Additional information regarding the City's long-term debt is located in section IIB, Note 13, on pages 43-45.

Economic Factors and Next Year's Budget and Rates

- Local economic forecasters project taxable retail sales in the City's area to increase 5.2% in 2011 and 8.3% in 2012. Bothell's conservative projections are 75% and 85%, respectively, of those projections.
- High vacancies are pushing down Washington home prices, and new home construction is in competition with increasing foreclosures and is likely to remain weak for some time.
- The region's unemployment rate rose significantly during the 2009-2010 biennium. The unemployment rate was 9.1% at the end of 2010. Economists anticipate that unemployment rates will remain high throughout 2011. As of March 2011, the Puget Sound unemployment rate dropped to 8.6%.
- The City increases its fees annually on January 1 of each year, in line with the previous year's June-to-June Consumer Price Index (CPI), published by the Bureau of Labor Statistics. As a result of a less than 1% CPI, the City did not increase fees in 2010 or 2011. CPI for the region as of February 2011 was 2.1%.

Biennial Budget Highlights for the Period Ending December 31, 2010

Governmental Activities:

During the 2009-2010 biennium, City management cut or deferred the General Fund spending appropriation by approximately \$3 million to help offset revenue shortfalls.

City Council authorized the use of \$594,500 in unreserved fund balance and spending down of approximately \$1,230,000 of the General Fund's operating reserve while still budgeting a 15% operating reserve for the ensuing 2011-2012 biennium. The actual General Fund operating reserve at December 31, 2010 amounted to 12%.

As in the past biennium, the 2009-2010 biennium did not see an increase in property tax. The City is legally limited to a 1% annual property tax levy increase, which in 2011 dollars equates to approximately \$90,000 per year.

Total capital outlay expenditures in governmental funds amounted to \$70,400,966 during the 2009-2010 biennium.

Business-Type Activities:

The City's three utility funds (Water, Sewer, and Storm Drain) are fully supported through user fees. In 2009, Council approved a 5% increase in sewer rates, 42% increase in storm drain, and 0% in water. There were no rate increases in 2010.

In late 2010, Council approved a 4.5% rate increase in water to offset cost increases attributable primarily to Seattle water supply costs, and a 9.5% rate increase in sewer to offset cost increases attributable to King County treatment costs. These rate increases took effect on January 1, 2011. There was no rate increase in storm drain for 2011.

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, 2010

	2010		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$10,392,922	\$3,607,816	\$14,000,738
Investments	4,278,937	484,465	4,763,402
Receivables (net)	8,061,708	1,522,451	9,584,158
Taxes receivable	317,111		317,111
Capital assets:			
Non-depreciable	161,121,852	1,460,434	162,582,285
Depreciable, net	671,994,790	31,849,051	703,843,841
Total assets	856,167,320	38,924,217	895,091,536
LIABILITIES			
Accounts payable	3,865,786	570,932	4,436,718
Unearned revenue	2,382,865		2,382,865
Long-term liabilities (see Note 13)			
Due within one year	1,945,882	466,213	2,412,096
Due in more than one year	36,071,209	2,820,190	38,891,399
Total liabilities	44,265,743	3,857,335	48,123,078
NET ASSETS			
Invested in capital assets, net of related debt	797,260,030	32,408,696	829,668,726
Unrestricted (deficit)	14,641,546	2,658,185	17,299,731
Total net assets	\$811,901,576	\$35,066,881	\$846,968,458

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

City of Bothell
Statement of Activities
For the Year Ended December 31, 2010

Functions/program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Government activities:				
General government	\$9,442,611	\$2,687,935		
Security of persons and property	22,005,979	2,743,162	297,764	
Physical environment	6,354,100	3,566,661	85,560	8,047,059
Transportation	39,919,102	1,185,102		21,192
Economic environment	3,347,504	1,594,278		
Culture and recreation		328,879		
Interest and fiscal charges	303,378			
Total governmental activities	81,372,674	12,106,018	383,325	8,068,251
Business-type activities:				
Water	3,234,985	3,098,581		259,600
Sewer	4,809,616	4,421,861		208,700
Storm drain	2,381,009	2,605,276		289,400
Total business-type activities	10,425,610	10,125,717	-	757,700
Total primary government	\$91,798,284	\$22,231,735	\$383,325	\$8,825,951

City of Bothell
Statement of Activities
For the Year Ended December 31, 2010

Functions/program	Net (Expense) Revenues and Changes in Net Assets		
	Assets	Primary Government	Total
	Governmental Activities	Business-Type Activities	
Primary government:			
Government activities:			
General government	(\$6,754,676)		(\$6,754,676)
Security of persons and property	(18,965,053)		(18,965,053)
Physical environment	5,345,180		5,345,180
Transportation	(38,712,808)		(38,712,808)
Economic environment	(1,753,225)		(1,753,225)
Culture and recreation	328,879		328,879
Interest and fiscal charges	(303,378)		(303,378)
Total governmental activities	(60,815,081)		
Business-type activities:			
Water		123,196	123,196
Sewer		(179,055)	(179,055)
Storm drain		513,666	513,666
Total business-type activities		457,807	
Total primary government	(\$60,815,081)	\$457,807	(\$60,357,274)
General Revenues:			
Property tax	\$10,190,952		\$10,190,952
Excise tax	10,482,416		10,482,416
Business tax	6,832,556		6,832,556
Interest and investment earnings	123,457	4,259	127,716
Miscellaneous	454,842		454,842
Total general revenues, special items, and transfers	28,084,224	4,259	28,088,483
Change in net assets	(32,730,857)	462,066	(32,268,791)
Net assets - beginning	844,632,434	34,604,815	879,237,249
Net assets - ending	\$811,901,576	\$35,066,881	\$846,968,458

City of Bothell
Balance Sheet
Governmental Funds
December 31, 2010

	<u>General</u>	<u>Special Revenue Fund Arterial Street</u>	<u>Special Revenue Fund Park Cum Reserve</u>	<u>Capital Projects Fund Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Current cash & cash equivalents	\$541,673	\$1,972,937	\$1,207,505	\$3,863,028	\$64,384	\$7,649,527
Investments	2,081,607	419,386	188,553	1,327,290	85,649	4,102,484
Receivables (net of allowances)						
Taxes	292,434				24,677	317,111
Accounts receivable	1,219,415	15,086		95,748	6,647	1,336,895
Due from other governmental units	2,478,027			1,723,818	174,763	4,376,608
Due from employees	63,525					63,525
TOTAL ASSETS	<u>\$6,676,681</u>	<u>\$2,407,409</u>	<u>\$1,396,058</u>	<u>\$7,009,884</u>	<u>\$356,119</u>	<u>\$17,846,152</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$343,078	\$6,645		\$1,743,083	\$93,572	\$2,186,379
Unearned revenue	797,441	837,204	723,544		24,677	2,382,865
Deposits payable	109,024					109,024
Compensated absences					32,497	32,497
Payroll payable	1,374,611				30,342	1,404,953
Total liabilities	<u>2,624,154</u>	<u>843,849</u>	<u>723,544</u>	<u>1,743,083</u>	<u>181,088</u>	<u>6,115,718</u>
Fund balances						
Unreserved, report in:						
General funds	4,052,527					4,052,527
Special revenue funds		1,563,560	672,514		174,362	2,410,436
Debt service funds					669	669
Capital projects				5,266,801		5,266,801
Total fund balances	<u>4,052,527</u>	<u>1,563,560</u>	<u>672,514</u>	<u>5,266,801</u>	<u>175,031</u>	<u>11,730,433</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$6,676,681</u>	<u>\$2,407,409</u>	<u>\$1,396,058</u>	<u>\$7,009,884</u>	<u>\$356,119</u>	<u>\$17,846,152</u>

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

City of Bothell
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
December 31, 2010

Total fund balances for the governmental funds \$11,730,433

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	161,121,852	
Depreciable assets (net)	<u>671,994,790</u>	833,116,641

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: 5,039,096

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	(1,353,385)	
Other post-employment benefits payable	(774,598)	
Bonds and notes payable	<u>(35,856,611)</u>	<u>(37,984,594)</u>

Total net assets of governmental activities **\$811,901,576**

City of Bothell
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Special Revenue Fund Arterial Street	Special Revenue Fund Park Cum Reserve	Capital Projects Fund Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$25,425,809		\$40,417	\$1,319,814	\$719,926	\$27,505,967
Licenses and permits	1,069,257				59,036	1,128,293
Intergovernmental revenues	2,475,227			7,461,659	811,620	10,748,505
Charges for services	3,819,899	1,185,102	548,983		33,120	5,587,104
Fines and forfeitures	431,188					431,188
Interest earnings	114,356	2,431	1,754	1,284	437	120,261
Contributions	68,260					68,260
Other revenue	290,031			56,433	874	347,338
Total revenue	33,694,028	1,187,533	591,154	8,839,190	1,625,012	45,936,917
EXPENDITURES						
Current						
General government	8,248,773					8,248,773
Security of persons and property	20,223,188					20,223,188
Transportation					1,567,865	1,567,865
Physical environment	3,984,208					3,984,208
Economic environment	3,129,153					3,129,153
Other expenditures					15,777	15,777
Debt service						
Debt service - principal					545,000	545,000
Debt issue costs				79,488		79,488
Debt service - interest	(2,000)			45,704	180,186	223,890
Capital outlay						
Capital outlay	199,363	13,016		38,329,348		38,541,728
Total expenditures	35,782,686	13,016	-	38,454,540	2,308,829	76,559,071
Excess of revenue over (under) expenditures	(2,088,659)	1,174,517	591,154	(29,615,350)	(683,816)	(30,622,154)
OTHER FINANCING SOURCES (USES)						
Bond anticipation note				12,741,611		12,741,611
Loan proceeds				18,750,000		18,750,000
Transfer in			779	1,312,813	567,006	1,880,598
Transfer out	(852,986)	(777,973)	(534,840)		(52,479)	(2,218,278)
Total other financing sources	(852,986)	(777,973)	(534,061)	32,804,424	514,527	31,153,931
Net change in fund balances	(2,941,645)	396,543	57,094	3,189,074	(169,290)	531,776
FUND BALANCES - JANUARY 1, 2010	6,994,173	1,167,017	615,420	2,077,727	344,320	11,198,657
FUND BALANCES - DECEMBER 31, 2010	<u>\$4,052,528</u>	<u>\$1,563,560</u>	<u>\$672,514</u>	<u>\$5,266,801</u>	<u>\$175,031</u>	<u>\$11,730,434</u>

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

City of Bothell
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2010

Net change in fund balances - total governmental funds \$531,776

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	585,400
Expenditures for capital assets	38,541,728
Capital construction in progress written off	(41,669)
Depreciation	(40,770,193)

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

Principal payments	545,000
--------------------	---------

Bond anticipation note and loan proceeds are the other financing sources in governmental funds, but increase long-term liabilities in the statement of asset.

Bond anticipation note proceed	(12,741,611)
Loan proceed	(18,750,000)

Some expenses reported in the statement of activities do not require the use of resources and therefore are not reported as expenditures in governmental funds:

Change in compensated absences payable	(97,843)
Change in other post-employment benefits payable	(183,489)

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.

(349,957)

Change in net assets of governmental activities

(\$32,730,857)

City of Bothell
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Business-Type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Water	Sewer	Storm Drain		
ASSETS					
Current assets:					
Cash and cash equivalents	\$1,284,739	\$483,155	\$1,839,922	\$3,607,816	\$2,743,395
Investments	125,613	126,359	232,493	484,465	176,453
Accounts receivable	467,175	924,080		1,391,254	2,679
Due from other governments	500		124,631	125,131	
Advances receivable					250,000
Special assessments receivable		6,065		6,065	
Total current assets	<u>1,878,026</u>	<u>1,539,659</u>	<u>2,197,046</u>	<u>5,614,732</u>	<u>3,172,527</u>
Non-current assets:					
Advances receivable					2,032,000
Capital assets, net of depreciation					
Land	122,175	163,126		285,302	
Right of way			15,006	15,006	
Buildings	2,525,752	2,895,332	2,172,768	7,593,851	
Improvements other than buildings	9,460,067	6,172,946	8,234,683	23,867,696	887,864
Equipment		195,750	141,580	337,330	224,687
Vehicles			50,174	50,174	2,305,625
Construction in progress	301,951	265,616	592,559	1,160,126	
Total capital assets, net of depreciation	<u>12,409,945</u>	<u>9,692,771</u>	<u>11,206,769</u>	<u>33,309,485</u>	<u>3,418,176</u>
Total non-current assets	<u>12,409,945</u>	<u>9,692,771</u>	<u>11,206,769</u>	<u>33,309,485</u>	<u>5,450,176</u>
Total assets	<u>14,287,972</u>	<u>11,232,430</u>	<u>13,403,815</u>	<u>38,924,216</u>	<u>8,622,703</u>
LIABILITIES					
Current liabilities:					
Accounts payable	323,595	45,051	59,469	428,115	150,201
Payroll payable	39,015	38,162	65,640	142,817	15,230
Compensated absences	33,315	28,879	41,420	103,615	20,794
Current portion of loans payable	112,599			112,599	
Current portion of advances payable			250,000	250,000	
Total current liabilities	<u>508,524</u>	<u>112,092</u>	<u>416,530</u>	<u>1,037,145</u>	<u>186,225</u>
Non-current liabilities					
Loans payable	788,190			788,190	
Advances payable			2,032,000	2,032,000	
Total non-current liabilities	<u>788,190</u>	<u>-</u>	<u>2,032,000</u>	<u>2,820,190</u>	<u>-</u>
Total liabilities	<u>1,296,714</u>	<u>112,092</u>	<u>2,448,530</u>	<u>3,857,335</u>	<u>186,225</u>
NET ASSETS					
Investment in capital assets, net of related debt	11,509,156	9,692,771	11,206,769	32,408,696	3,418,176
Unrestricted	<u>1,482,101</u>	<u>1,427,568</u>	<u>(251,484)</u>	<u>2,658,185</u>	<u>5,018,302</u>
Total net assets	<u>\$12,991,258</u>	<u>\$11,120,338</u>	<u>\$10,955,285</u>	<u>\$35,066,881</u>	<u>\$8,436,478</u>

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

City of Bothell
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Water	Sewer	Storm Drain		
OPERATING REVENUES					
Charges for services	\$3,093,581	\$4,421,861	\$2,524,611	\$10,040,052	\$2,055,912
Intergovernmental revenues	5,000		80,665	85,665	21,192
Total operating revenue	<u>3,098,581</u>	<u>4,421,861</u>	<u>2,605,276</u>	<u>10,125,717</u>	<u>2,077,104</u>
OPERATING EXPENSES					
Administrative and general	416,302	522,535	863,168	1,802,005	1,297,988
Purchased water	1,253,587			1,253,587	
Metro service		2,965,696		2,965,696	
Maintenance and operations	754,649	667,371	1,075,530	2,497,550	643,752
Customer accounts	103,520	104,797		208,317	
Taxes	280,216	265,037	44,131	589,384	
Depreciation and amortization	417,703	284,180	397,015	1,098,898	865,398
Total operating expenses	<u>3,225,977</u>	<u>4,809,616</u>	<u>2,379,844</u>	<u>10,415,437</u>	<u>2,807,138</u>
OPERATING INCOME (LOSS)	<u>(127,396)</u>	<u>(387,755)</u>	<u>225,432</u>	<u>(289,720)</u>	<u>(730,034)</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	1,148	1,503	1,608	4,259	3,153
Gain (loss) on disposition of capital assets					39,243
Interest expense	(9,008)		(1,166)	(10,174)	
Total non-operating revenue (expense)	<u>(7,860)</u>	<u>1,503</u>	<u>443</u>	<u>(5,915)</u>	<u>42,396</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS					
	(135,256)	(386,252)	225,875	(295,634)	(687,637)
Transfers in					1,245,718
Transfers out					(908,038)
Capital contributions from developers	259,600	208,700	289,400	757,700	
CHANGES IN NET ASSETS	124,344	(177,552)	515,275	462,066	(349,957)
NET ASSETS - BEGINNING	12,866,914	11,297,891	10,440,011	34,604,815	8,786,434
NET ASSETS - ENDING	<u>\$12,991,258</u>	<u>\$11,120,338</u>	<u>\$10,955,285</u>	<u>\$35,066,881</u>	<u>\$8,436,478</u>

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

City of Bothell
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Sewer	Storm Drain	Total	
CASH FLOW FROM OPERATING ACTIVITIES					
Cash received from customers	\$3,098,581	\$4,421,861	\$2,605,276	\$10,125,717	\$2,077,104
Cash paid to employees	(569,948)	(556,606)	(907,534)	(2,034,089)	(258,314)
Cash paid to suppliers for goods and services	(2,051,910)	(3,588,665)	(1,200,153)	(6,840,728)	(1,597,477)
Cash paid for taxes	(280,216)	(265,037)	(44,131)	(589,384)	
Net cash provided by operating activities	196,506	11,552	453,458	661,516	221,313
CASH FLOW FROM NON-CAPITAL ACTIVITIES					
Advances payable			2,282,000	2,282,000	
Advances receivable					(2,282,000)
Transfers in					1,245,718
Transfers out					(908,038)
Net cash provided from non-capital activities	-	-	2,282,000	2,282,000	(1,944,320)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(2,767,435)	(2,474,811)	(2,468,463)	(7,710,709)	(761,050)
Interest paid on capital debt	(9,008)		(1,166)	(10,174)	
Proceeds from the sale of capital assets					39,243
Capital contributions	259,600	208,700	289,400	757,700	
Net cash (used) by capital and related activities	(2,516,843)	(2,266,111)	(2,180,229)	(6,963,183)	(721,807)
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	2,467,140	189,102	248,392	2,904,633	4,648,013
Interest and dividends	1,148	1,503	1,608	4,259	3,153
Net cash provided by investing activities	2,468,287	190,604	250,000	2,908,892	4,651,166
Net increase (decrease) in cash and cash equivalents	147,950	(2,063,954)	805,230	(1,110,775)	2,206,352
Balances - January 1	1,136,789	2,547,110	1,034,692	4,718,591	537,042
Balances - December 31	\$1,284,739	\$483,155	\$1,839,922	\$3,607,816	\$2,743,395
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(\$127,396)	(\$387,755)	\$225,432	(\$289,720)	(\$730,034)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	417,703	284,180	397,015	1,098,898	865,398
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	54,883	(20,917)	66,860	100,826	(2,679)
Decrease (increase) in due from other governments	(63)	209,284	(49,241)	159,980	11,138
Decrease (increase) in special assessments deferred		2,891		2,891	
Increase (decrease) in non-capital accounts payable	(38,880)	(79,091)	(183,159)	(301,130)	86,270
Increase (decrease) in interest payable	(1,126)			(1,126)	
Increase (decrease) in compensated absences payable	(1,156)	(2,481)	(7,033)	(10,669)	(5,056)
Increase (decrease) in payroll payable	5,139	5,441	3,584	14,164	(3,723)
Increase (decrease) in contracts payable	(112,599)			(112,599)	
Net cash provided by operating activities	\$196,506	\$11,552	\$453,458	\$661,516	\$221,313
Noncash investing, capital and financing activities increase (decrease) in fair value of investments	-	-	-	-	-

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

City of Bothell
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

	<u>Pension Trust</u>	<u>Agency</u>
	<u>Firemen's Pension Reserve</u>	<u>Trust</u>
ASSETS		
Cash and cash equivalents	\$55,253	\$1,214,464
Total receivables	<u>55,253</u>	<u>1,214,464</u>
Investments, at fair value		
State investment pool	217,276	168,092
Total investments	<u>217,276</u>	<u>168,092</u>
Total assets	<u><u>\$272,529</u></u>	<u><u>\$1,382,556</u></u>
LIABILITIES		
Refunds payable and others		\$1,345,128
Accounts payable		37,428
Total liabilities	<u>-</u>	<u><u>\$1,382,556</u></u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u><u>\$272,529</u></u>	<u><u>-</u></u>

City of Bothell
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2010

	Pension Trust
	Firemen's Pension Reserve
ADDITIONS	
Contributions:	
Employer	\$47,447
Total contributions	47,447
Investment earnings:	
Interest	1,108
Total investment earnings	1,108
Total additions	48,555
DEDUCTIONS	
Benefits	32,454
Total deductions	32,454
Change in net assets	16,101
Net assets - beginning	256,428
Net assets - ending	\$272,529

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

**Notes to Financial Statements
December 31, 2010**

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City of Bothell

Notes to Financial Statements January 1, 2010 through December 31, 2010

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

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.

The City has implemented all applicable GASB statements through Statement 53.

REPORTING ENTITY

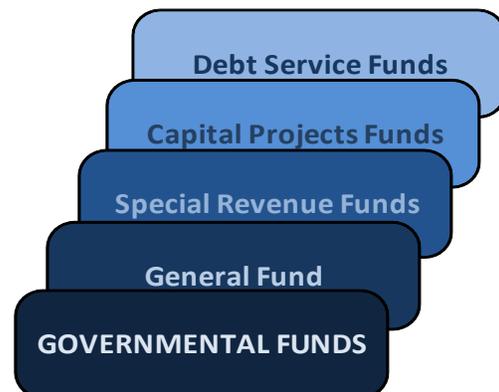
As required by GAAP, the City's financial statements present the City of Bothell, the primary government. There are no component units included in these statements.

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:

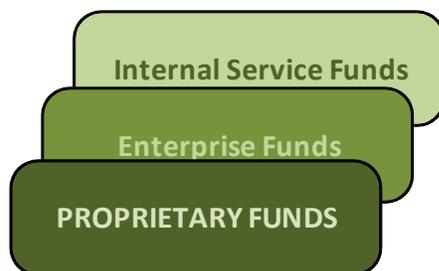


Governmental Funds:

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:

- 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.
- Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- Capital project funds are used to account for financial resources for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).
- 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.



Proprietary Funds:

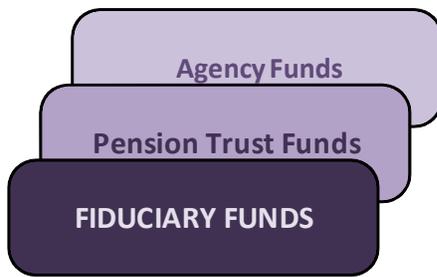
Proprietary fund measurement focuses on determining operating income, changes in net assets, financial position, and cash flows. Proprietary funds distinguish operating revenues and

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:

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



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.

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 and property, physical environment, transportation, economic environment, mental and physical health, culture and 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:

- 1) Charges for services;
- 2) program-specific operating grants and contributions; and
- 3) 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 service funds are presented as part of the proprietary fund financial statements. Since the principal users of the internal services are the City’s governmental activities, financial statements for internal service funds are consolidated into the governmental column when presented at the governmental level.

These services are reflected in the appropriate functional activity. Internal service funds account for services provided to other departments on a cost

reimbursement basis. Internal fund activity is eliminated from the government-wide financial statements.

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**

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.

Arterial Street Fund

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.

Capital Improvement Fund

The Capital Improvement Fund accounts for special revenue dedicated to capital projects. The main sources of

revenue are real estate excise taxes, mitigation fees, and grants.

Park Cumulative Reserve Fund

The Park Cumulative Reserve Fund is used for the acquisition and development of parks. Funding is derived from park fees paid by developers.

Business-Type Activities

Water Fund

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 for 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.

Sewer Fund

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 King County Wastewater Treatment 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 for 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.

Storm and Surface Water Drain Fund

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

Street Fund

The Public Works Street Division is responsible for evaluating, maintaining, and repairing all roadways, traffic control devices, drainage systems, sidewalks, and roadsides. This division is also responsible for street cleaning, snow and ice removal, and the removal of road debris from traffic lanes.

Cable TV Fund

The Cable TV Fund is responsible for televising Council meetings for the citizens of Bothell. Funding comes from franchise agreements.

Local Improvement District (LID) Control Funds

LID Control Funds 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.

Drug Forfeiture Fund

This fund accounts for monies seized from drug policing activities.

Nuisance Abatement Fund

This fund is used for removal of abandoned property.

Cemetery Endowment Fund

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

General Obligation (GO) Bond Funds

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.

Construction and Acquisition Fund

The Construction and Acquisition Fund is used to account for significant building projects or equipment acquisitions that are typically funded by a bond sale.

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.

Internal Service Funds

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.

Self Insurance Fund

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

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:

Firemen's Pension Reserve Fund

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. Reserve resources are utilized to supplement annuity benefit payments for LEOFF I retirees (Refer to Note 6).

Agency Fund

The Agency Trust Fund is used to account for deposits held by the City for other governmental units or individuals in lieu of performance and maintenance bonds. Release of deposits are made when all obligations and requirements have been met.

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.

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.

Modified Accrual

The governmental funds financial statements are presented using the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, 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.

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.

FINANCIAL STATEMENT ACCOUNTS

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.

Investments

Investments for the government are reported at fair value. The state's local Government Investment Pool (LGIP) investment pool operates in accordance

with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares (Refer to Note 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.

Court receivables consist of transactions handled by the Court in a fiduciary capacity such as a restitution, bail and state portion of certain fines and penalties and is reported as an asset, net of estimated uncollectible amounts with an offsetting liability.

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.

Capital Assets and Depreciation

Capital assets include land and land improvements, easements, building and building improvements, vehicles, and equipment. The straight-line method is used for depreciating assets (Refer to Note 5).

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).

Court revenue is recognized when a fine or penalty is legally enforceable. This would occur when the party pays the fine or when the fine is adjudicated by the court. When adjudicated, revenue is recognized net of estimated adjustments that could result from appeals.

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Deferred Revenues

This account recognizes receivables, but not as revenues in governmental funds because the revenue recognition criterion has not been met.

Custodial Accounts

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

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.

Other Post Employment Benefits

Uniform police and fire personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF 1) retirement system prior to October 1, 1977 are provided lifetime full medical coverage. A liability for the accumulated unfunded actuarially required contribution is reported in the Statement of Net Assets. The actual medical costs are reported as expenditures in the year they are incurred. (Refer to Note 8).

Interfund Activity

Interfund activities include reciprocal activities or interfund services provided and used; and, nonreciprocal activities or interfund transfers (Refer to Note 11).

Comparative Data

Comparative data is included in the Statement of Net Assets and budget to actual statements and schedules.

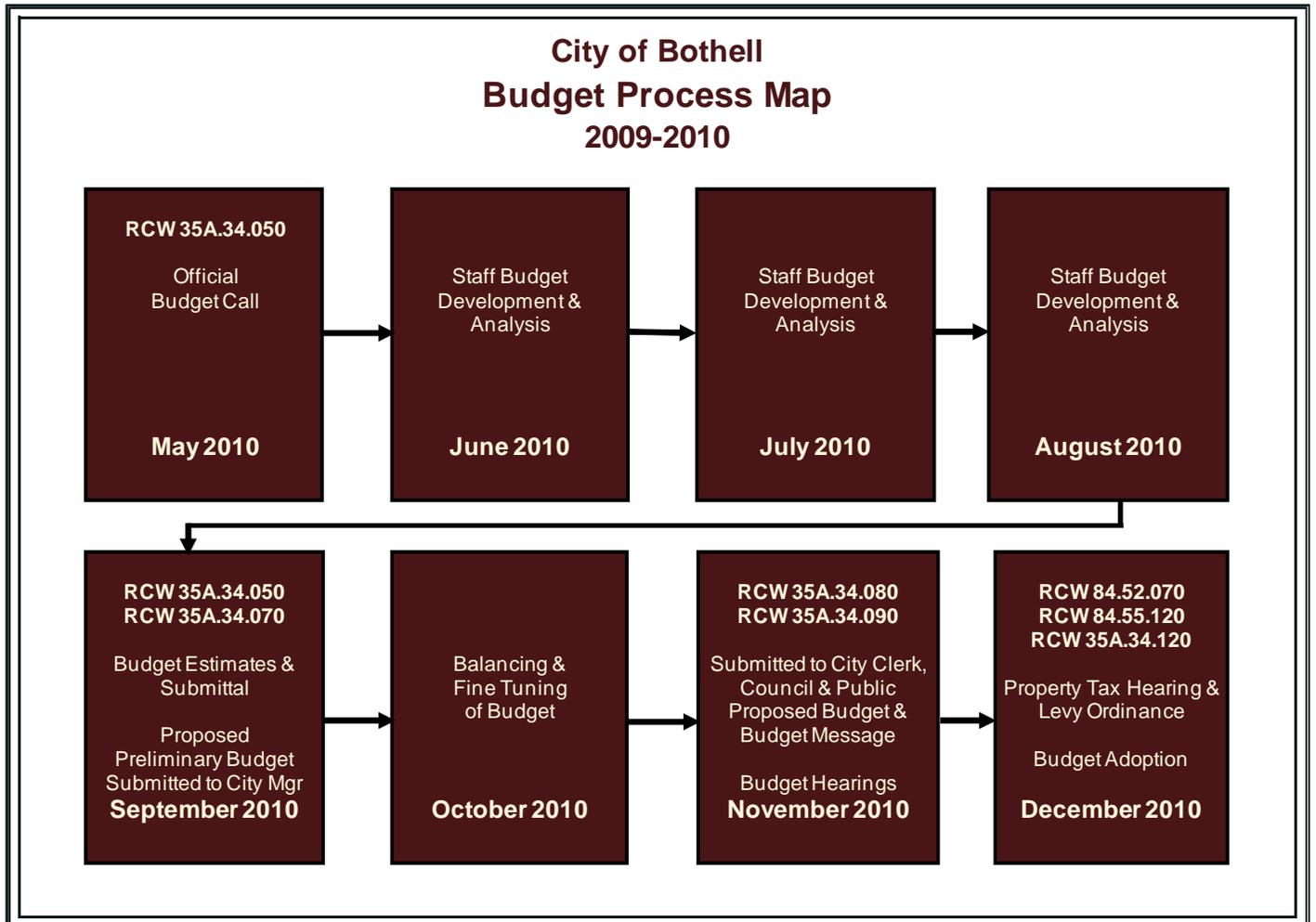
NOTE 2
Compliance and Accountability

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.

PROCEDURES FOR ADOPTING THE ORIGINAL BUDGET

The City's biennial budget procedures are mandated by the Revised Code of Washington, Chapter 35A.34. 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 the passage of an ordinance.
- 4) Revisions that alter any fund's appropriation must be approved by the City Council.



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.

2009-2010 Final Budget Inflows and Outflows

Fund	Original Inflows	Original Outflows	Final Inflows	Final Outflows
General Fund	\$75,776,146	\$75,775,958	\$72,940,996	\$77,885,308
Street Fund	3,195,336	4,063,290	3,320,386	3,996,690
Arterial Street Fund	27,062,000	28,210,600	3,762,800	2,644,500
Cable TV Fund	20,000	20,000	2,000	11,000
Park Cumulative Reserve Fund	400,000	500,000	967,213	881,900
Drug Seizure Fund	20,000	70,000	71,700	71,700
Nuisance Abatement Fund			35,000	35,000
2008 GO Bond Redemption Fund	1,325,000	1,455,000	1,355,000	1,455,000
Capital Improvements Fund	47,535,000	46,756,840	70,678,900	93,495,900
Water Fund	7,313,123	10,885,790	7,316,309	11,816,490
Sewer Fund	10,313,559	14,702,646	10,246,046	13,984,646
Storm Drain Fund	6,452,316	10,121,012	7,884,892	9,828,212
Equipment Rental Fund	2,689,928	3,342,832	2,689,928	3,342,832
Self Insurance Fund	1,851,436	2,059,737	1,851,436	2,059,737
Asset Replacement Fund	2,206,576	6,000,322	2,144,776	6,117,322
Cemetery Endowment Fund	4,500	4,000	4,500	4,000
Firemen's Pension Reserve Fund	91,700	60,000	91,700	60,000
Total	\$186,256,620	\$204,028,027	\$185,363,582	\$227,690,237

NOTE 3
Deposits and Investments

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.

INVESTMENTS

All municipal corporations in Washington State are empowered to invest in securities authorized by the Revised Code of Washington Chapter 39.58.080 and 36.29.020.

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 value, or at amortized cost for 2a7-like-pools.

As of December 31, 2010, the City had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1-2	More Than 2
State Investment Pool	\$2,711,437	\$2,711,437		
Bonds of State or Local Government	2,437,334	589,470	569,184	1,278,680
Total	\$5,148,771	\$3,300,907	\$569,184	\$1,278,680
	Percent of Total	64%	11%	25%

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, 2010, 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. The City's

investments in local governments were rated M1G1 by Moody's Investors Service and SP-1 by Standard & Poor's.

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	53%	\$2,711,437
Bonds of State or Local Government	47%	2,437,334
Total Investments	100%	\$5,148,771

Deposit and Investment Reconciliation

Amounts reported in the fund statements are as follows:

Government Funds	Amount
Cash	\$10,392,922
Investments	4,278,937
Proprietary Funds	Amount
Cash & cash equivalents	\$3,607,816
Investments	484,465
Fiduciary Funds	Amount
Cash & cash equivalents	\$1,269,717
Investments	385,368
Total	\$20,419,225

Cash, deposits, and investments are as follows:

Cash on hand	\$32,359
Checking accounts	15,213,096
Deposits	25,000
State or local government	2,437,334
State investment pool	2,711,437
Total	\$20,419,225

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:

- 1) 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.
- 2) 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.
- 3) The City may voluntarily levy taxes below the legal limit.

Special levies approved by the voters are not subject to the above limitations. For 2010, the City's General Tax Levy was \$1.29 per \$1,000, and the Special Tax Levy was \$0.11 per \$1,000. The total assessed valuation was \$6,583,442,392.

2010 Assessed Valuation	
Snohomish County	\$3,259,610,183
King County	3,323,832,209
Total	\$6,583,442,392

Property Tax Calendar	
January 01	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100% of market value.
October 31	Second installment is due.

NOTE 5
Capital Assets and Depreciation

GENERAL POLICIES

Major expenditures for property including land, buildings, or equipment having an initial value of more than \$5,000 are capitalized. Assets may be acquired through donation, gift, purchase, capital lease, or self-construction work in progress with a life expectancy of more than one year.

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.

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.

PROPRIETARY FUND CAPITAL ASSETS

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

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 and vehicles	5 - 20 years
Infrastructure	20 - 50 years

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

Government Activities	Amount
General government	\$464,983
Security of persons & property	726,314
Transportation	38,227,661
Physical environment	2,161,753
Culture & recreation	54,881
Total Governmental Activities Depreciation Expense	\$41,635,591

Business-Type Activities	Amount
Water	\$417,703
Sewer	284,180
Storm drain	397,015
Total Business-Type Activities Depreciation Expense	\$1,098,898

Construction Commitments as of December 31, 2010

Government Activities	Construction in Progress	Remaining Commitment
Canyon Park Radio Project	\$5,567	
SR 522 MCP Ph 1	908,923	
SR 522 Ph 1 - Wayne Curve	6,588,000	5,702,628
Ross Road Realignment	91,001	
Beardslee Blvd/Ross Road Interconnect	73,120	10,108
SR 527 ITS	357,101	32,703
SR 522 Bothell Downtown Gateway	7,408,452	1,400,231
SR 527 Country Village	1,008,148	351,808
Guard Rail Improvements	4,700	
SR 527 Boulevard	2,845,470	62,051
Traffic Calming Program	1,693	
Citywide Trans System	438,877	902,425
240th Bridge Replacement	251,354	343,318
Bridge Rehab & Seismic Retrofit 240th	171,477	60,662
NC Trail	21,355	247
SR 522 Ph 2 St 2	902,540	125,836
SR 522 Stage 2B	99,624	535,366
Main Street Extension	158,247	29,918
NE 185th Imp	65,548	178,629
Collector Corridor Traffic Safety Program	45,367	427
Main Street Enhancement	253,615	45,496
2009 Residential Overlay	70	
Pop Keeney Road	44,471	141,053
North Creek Trail Section 3	7,764	224,913
Downtown Soil/Ground Cleanup	3,664,262	917,720
City Hall/Dawson Replacement	229,489	198,497
North Creek Field 3	74,950	153,112
Bothell Landing	132,513	44,543
Total Governmental Activities	\$25,853,697	\$11,461,690
Business-Type Activities		
Water Main Replacement SR 522	\$236,633	
Water Replacement Program	21,004	
Comprehensive Plan Update	44,314	
Sewer Replacement Program	459	
Sewer Main Replacement SR 522	109,970	
Infiltration & Inflow Program	66,340	
Lift Station #2 Phase 2	88,847	385,552
Stormwater Replacement Program	844	
North Creek TMDL Plan	7,040	
North Creek Habitat Improvement	39,636	
Flood Mit: 15th Ave Se	2,331	
Flood Mit: 225th St & 20th Ave SE	9,174	
Flood Mit: 238th/25th	292,644	11,261
Flood Mit: Filbert Ck & N Ck	5,295	
Downtown Storm Pipe Project	235,596	10,467
Total Business-Type Activities	\$1,160,126	\$407,280

Summary of Changes to Capital Assets

Description	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$43,775,634	\$21,791,892		\$65,567,526
Infrastructure right-of-way	68,287,919	1,412,710		69,700,628
Construction in progress	21,014,539	38,541,728	33,702,570	25,853,697
Total capital not being depreciated	\$133,078,092	\$61,746,330	\$33,702,570	\$161,121,852
Other capital assets:				
Buildings	\$19,222,929	\$1,572,262		\$20,795,191
Improvements	31,386,720	8,539,454		39,926,174
Infrastructure	1,538,066,066	378,705		1,538,444,771
Vehicles	6,294,389	528,391	198,908	6,623,872
Equipment	3,680,214	783,938	15,049	4,449,103
Total other capital assets at historical cost	\$1,598,650,318	\$11,802,749	\$213,957	\$1,610,239,111
Less accumulated depreciation for:				
Buildings	\$3,029,075	\$420,202		\$3,449,277
Improvements	6,768,770	1,966,650		8,735,420
Infrastructure	880,128,506	38,235,431		918,363,937
Vehicles	3,854,983	638,758	198,908	4,294,833
Machinery & equipment	3,041,352	374,550	15,049	3,400,854
Total accumulated depreciation	\$896,822,687	\$41,635,591	\$213,957	\$938,244,321
Governmental activities capital assets, net	\$834,905,723	\$31,913,488	\$33,702,570	\$833,116,641

Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$1,827,055	\$6,953,009	\$7,619,938	\$1,160,126
Infrastructure right-of-way	15,006			15,006
Land and improvements	285,302			285,302
Total capital not being depreciated	\$2,127,363	\$6,953,009	\$7,619,938	\$1,460,434
Other capital assets:				
Buildings	\$913,330	\$7,169,599		\$8,082,930
Intangible plant	411,179			411,179
Improvements	38,262,382	1,216,770		39,479,152
Vehicles	715,585	781		716,366
Machinery & equipment	529,424		9,513	519,911
Total other capital assets at historical cost	\$40,831,900	\$8,387,151	\$9,513	\$49,209,538
Less accumulated depreciation for:				
Buildings	\$403,336	\$85,742		\$489,079
Intangible plant	411,179			411,179
Improvements	14,677,085	934,372		15,611,457
Vehicles	646,118	20,073		666,192
Machinery & equipment	123,870	58,711		182,580
Total accumulated depreciation	\$16,261,589	\$1,098,898	-	\$17,360,487
Business-type activities capital assets, net	\$26,697,674	\$14,241,262	\$7,629,451	\$33,309,485

NOTE 6 Pensions

Substantially 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, under cost-sharing, multiple-employer, public employee defined benefit and defined contribution retirement plans.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for each plan.

The DRS CAFR may be obtained from the Department of Retirement Systems, Communications Unit, 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 and No. 50 Pension Disclosures, an Amendment of GASB Statements No. 25 and No.27.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - PLANS 1, 2, AND 3

Plan Description

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.

Judicial Benefit Multiplier (JBM) program was created to provide judicial members of PERS an increased retirement benefit multiplier. Newly elected or appointed justices on or after January 1, 2007 are mandated into Plan 2. Members may retire at age 65 with 5 years of service, or at age 55 with 20 years of service. The annual pension is

3.5% of the AFC per year of service. JMB 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.

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.

The required contribution rates expressed as a percentage of current year covered payroll as of December 31, 2010 are as follows:

PERS	Plan 1	Plan 2	Plan 3
Employer*	5.31%	5.31%	5.31%**
Employee - Not JBM	6.00%	3.90%	***
Employee - JBM	-	9.75%	-

*Employer rates include an administrative expense rate of 0.16%.

**Plan 3 defined benefit portion only.

***Variable from 5% to 15% based on rate selected by the member.

Both the City of Bothell and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

PERS	Plan 1	Plan 2	Plan 3
2010	\$15,410	\$577,958	\$39,678
2009	19,485	713,296	58,371
2008	19,856	685,606	53,025
2007	15,139	505,197	38,963
2006	8,345	241,739	19,422
2005	5,918	139,000	10,355

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

Plan Description

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.

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 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.

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute 0% as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the

level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by State law. The Legislature, by means of a special funding arrangement, appropriated money from the State General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding is not mandated by the State Constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current year covered payroll as of December 31, 2010 are as follows:

LEOFF	Plan 1	Plan 2
Employer*	0.16%	5.24%
Employee	-	8.46%

*Employer rates include an administrative expense rate of 0.16%.

Both the City of Bothell and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

LEOFF	Plan 1	Plan 2
2010	-	\$583,707
2009	152	579,580
2008	166	537,036
2007	-	495,569
2006	-	402,784
2005	-	325,008

PUBLIC SAFETY EMPLOYEES RETIREMENT SYSTEM (PSERS) Plan 2

Plan Description

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan.

PSERS Plan 2 was created by the 2004 State Legislature and became effective July 1, 2006. 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.

PSERS Plan 2 members are vested after five years of eligible service and may retire at the age of 65 with 5 years of service, or at the age of 60 with at least 10 years of service credit, with an allowance of 2% of the AFC per year of service.

The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. If retirement is at age 53 or older with at least 20 years of service, a 3% per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit, and a cost-of-living allowance is granted and capped at 3%.

Funding Policy

PSERS Plan 2 employer and employee contribution rates are adopted each biennium by the State Pension Funding Council. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under State statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll as of December 31, 2010 are as follows:

PSERS Plan 2	
Employer*	7.85%
Employee	6.55%

*Employer rates include an administrative expense rate of 0.16%.

Both the City of Bothell and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

PSERS	Plan 2
2010	\$8,966
2009	9,796
2008	9,575
2007	8,601
2006	4,121
2005	1,807

OTHER RETIREMENT SYSTEMS

Fire Fighter's Pension Fund

The Fire Fighter's Pension is a closed single-employer defined benefit pension plan system operated by the City in accordance with Revised Code of Washington Chapter 41.18. Membership is limited to firefighters employed prior to March 1, 1970.

The City's obligation under the system is composed of excess benefits over LEOFF for fire fighters retired after March 1, 1970, who are members of the system. An actuarial study was done in 1969 to determine the funding requirements. The Finance Director and the State Auditor's Office concluded that a new actuarial study was not necessary due to the limited number of employees 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.

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. The City's volunteer fire fighter program which served the community since 1913, dissolved in 2009.

Firefighters' Pension Fund Employer Contributions December 31, 2010

Fiscal Year Ending	Employer Contributions	Fire Insurance Premiums	Total Employer Contributions
December 31, 2005	(\$17,463)	\$32,787	\$15,323
December 31, 2006	(18,906)	36,316	17,410
December 31, 2007	(22,105)	39,321	17,216
December 31, 2008	(23,789)	44,226	20,437
December 31, 2009	(25,247)	44,559	19,312
December 31, 2010	(32,454)	47,447	14,993

NOTE 7
Other Employee Benefits

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. Liquidation of the liability for compensated absences in prior years has been used by the General Fund and enterprise funds.

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.

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

Government Activities	1/1/2010	Increases	Decreases	12/31/2010
Governmental funds	\$1,293,288	\$2,262,972	\$2,170,377	\$1,385,882
Total Compensated Absences	\$1,293,288	\$2,262,972	\$2,170,377	\$1,385,882

Estimate of amount due within one year \$2.2 million.

Business-Type Activities	1/1/2010	Increases	Decreases	12/31/2010
Enterprise funds	\$114,284	\$116,813	\$127,482	\$103,615
Total Compensated Absences	\$114,284	\$116,813	\$127,482	\$103,615

Estimate of amount due within one year \$130 thousand.

NOTE 8
Post Employment Benefits Other than Pensions

Plan Description

The City provides post-retirement health care benefits for members of the Law Enforcement Officers and Firefighters (LEOFF) retirement system hired before October 1, 1977 under a defined benefit healthcare plan administered by the City, as required by the Revised Code of Washington (RCW Chapter 41.26). At the end of 2010 there were 22 LEOFF I retirees receiving these benefits.

Most medical coverage for eligible retirees is provided by one of the City's employee medical insurance programs. Under the authorization of the LEOFF Disability Board, direct payment is made for other retiree medical expenses not covered by standard medical plan benefit provisions. Financial reporting for the LEOFF retiree healthcare plan is included in the City's Comprehensive Annual Financial Report.

Funding Policy

Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW.

The City's funding policy is based upon pay-as-you-go financing requirements.

Annual Other Postemployment Benefit (OPEB) Cost and Net OPEB Obligation (NOO)

The City's annual OPEB cost is calculated based upon the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2009.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB. The net OPEB obligation of \$774,598 is included as a noncurrent liability on the Statement of Net Assets.

Determination of Annual Required Contribution	Fiscal Year Ending 12/31/2010
Normal Cost at Year End	-
Amortization of UAAL*	538,580
Annual Required Contribution	538,580

*Unfunded Actuarial Accrued Liability (UAAL)

Determination of Net OPEB Obligation	Fiscal Year Ending 12/31/2010
Annual Required Contribution	\$538,580
Interest on Prior Year Net OPEB Obligation	26,600
Adjustment to ARC	(55,041)
Annual OPEB Cost	510,140
Contributions Made	326,652
Increase in Net OPEB Obligation	183,488
Net OPEB Obligation-Beginning of Year	\$591,110
Net OPEB Obligation-Ending of Year	774,598

Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$5,784,108 and the actuarial value of the assets was \$0 resulting in a UAAL of \$5,784,108.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the alternative measurement method

permitted under GASB Statement No. 45. A single retirement age of 56.24 was assumed for all active members for the purpose of determining the actuarial accrued liability (AAL) and normal cost. Retirement, disablement, termination and mortality rates were assumed to follow the LEOFF I rates used in the June 30, 2007 actuarial valuation report issued by the Office of the State Actuary (OSA).

Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF I medical study performed in 2007. The results were based on grouped data with four active groupings and four inactive groupings. The actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit. The AAL and NOO are amortized on an open basis as a level dollar over 15 years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

The City's OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution as a Percentage of OPEB Cost	Net OPEB Obligation
12/31/2008	\$595,101	43%	\$337,543
12/31/2009	541,279	53%	591,109
12/31/2010	510,140	61%	774,598

NOTE 9

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 2010.

NOTE 10

Risk Management

The City of Bothell 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 (Interlocal Cooperation Act), nine cities originally formed WCIA in 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or contracting for risk management services. WCIA has a total of 145 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. 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, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence in the self insured layer, and \$16 million per occurrence in the re-insured excess layer.

The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sub-limits in the excess layers. 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 apply by type of

coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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, 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 adjustment, loss, and administrative expenses. As outlined in the interlocal agreement, WCIA retains the right to additionally assess the membership for any funding shortfall. An investment committee, using investment brokers, produces additional revenue by investing WCIA's assets in financial instruments which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. 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 the daily operations.

In the past five years insurance settlements have not exceeded insurance coverage.

NOTE 11
Interfund Activities

Interfund Transfers are recorded transactions that support the operations of other funds 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. There were no interfund transfers between governmental activities and business activities in 2010.

Interfund Transfers

Description	Street Fund	Park Cumulative Fund	Nuisance Abatement Fund	2008 GO Refund Bond Fund	Capital Improvements Fund	Self Insurance Fund	Asset Replacement Fund	Total Transferred Out
General Fund	\$542,006		\$20,000	\$5,000		\$285,980		\$852,986
Arterial Street Fund					777,973			777,973
Park Cumulative Reserve Fund					534,840			534,840
Drug Forfeitures							51,700	51,700
Equipment Rental Fund							908,038	908,038
Guaranty Fund		779						779
Total Transferred In	\$542,006	\$779	\$20,000	\$5,000	\$1,312,813	\$285,980	\$959,738	\$3,126,316

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.
- 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.

Interfund Services are services provided by one fund to other and are considered as reciprocal interfund activities because payment is made for services received. The City records and reports these transactions as “charges for service revenues and expenditures” in the appropriate funds.

Interfund Loans provide a mechanism for one fund to borrow from another and must be approved by the legislative body. Reciprocal in activity, interfund loans are reported as interfund receivables by the lender fund and

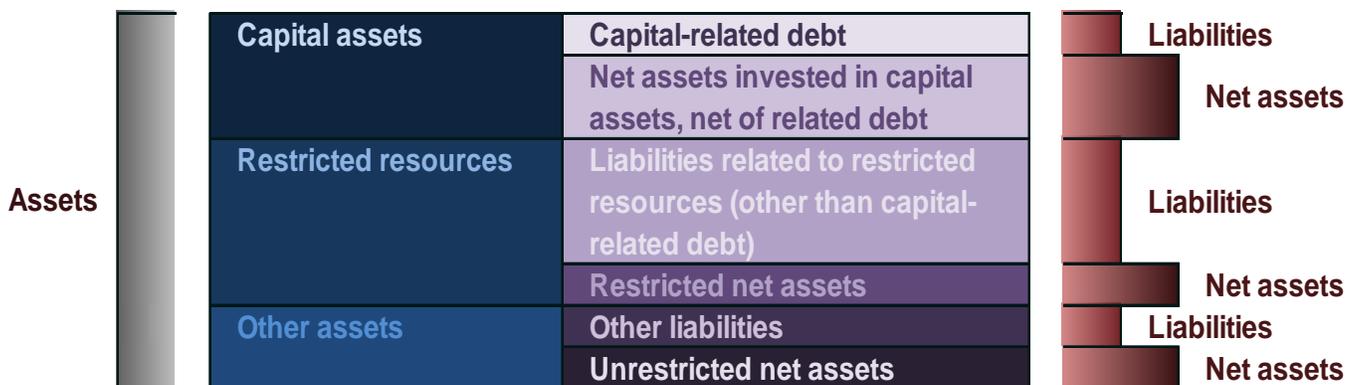
interfund payables by the borrower fund. Interfund loans are not treated as capital-related for purposes of classifying net assets. Governmental funds report the issuance of a long-term interfund loan as a balance sheet item (advances payable) rather than in the operating statement (other financing sources). In 2010 the Asset Replacement Fund loaned the Storm Drain Fund \$2,282,000 to be utilized to inexpensively finance utility capital projects. \$250,000 is scheduled to be collected in the subsequent year.

NOTE 12
Net Assets

The government-wide and business-type fund financial statements utilize a net asset presentation. Net assets are categorized into three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

- 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. Liabilities to other funds of the government, such as interfund loans, are not treated as debt for the purpose of calculating net assets invested in capital asset net of related debt.
- 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.
- Unrestricted assets represent unappropriated, 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. Unrestricted net assets amount may be a deficit to the extent that a government has elected to fund certain long-term liabilities as they come due rather than when they are incurred.

Calculation of Net Asset Components



NOTE 13 Long-Term Debt

Long-Term Debt

The City typically issues general obligation and revenue bonds to finance land acquisitions, and construction of major capital infrastructure projects.

GO Bond (Refunding) - In 1997 the City issued voter-approved general obligation bonds to fund construction of the City's Public Safety Building. The debt service is being repaid with excess levy receipts. These bonds became callable in December 2007. In consideration of the significant drop in interest rates, along with the City's improved fiscal position with credit rating agencies (Moody's Investors Service), the City refinanced the bonds in 2008 providing citizens with a net savings of approximately \$530,000.

Northshore School District Loan – The City entered into a purchase and sale agreement with the Northshore School District in 2009 to purchase 18 acres of downtown property. This property is essential for the development of the downtown revitalization plan. Under the agreement, the loan of \$18,750,000 becomes due and payable in August, 2012.

Bond Anticipation Note (BAN) - In 2010 the Bothell City Council authorized the issuance of limited tax general obligation bonds for general City purposes to provide funds with which to pay part of the cost of financing the City's Local Infrastructure Financing Tool projects, and authorizing the issuance of a BAN pending the issuance of those bonds. The City may borrow

money on the non-revolving line of credit in an aggregate principal amount not to exceed \$20,000,000. Issued to serve as an interim financing tool, the BAN is planned to be paid off in 2012, or retired by the issuance of general obligation bonds.

BAN debt service payments are allocated from the City's existing capital monies and therefore are not dependent on revenue anticipated from new development.

Public Works Assistance (PWA) Loan

- The City is also paying off one PWA Loan which is considered an obligation of the general government and is being repaid with general government revenue sources. The City owes Snohomish County \$900,787 under an agreement made in 1998. The City makes an annual payment to the County, who then makes payment on the PWA loan 98-791-007, which was used for water improvements partially located within the City.

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.

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					
2011	\$560,000	\$161,950		\$452,842	\$1,174,792
2012	580,000	142,350	18,750,000	452,842	19,925,192
2013	605,000	122,050	12,741,611	14,299	13,482,960
2014	620,000	100,875			720,875
2015	640,000	78,400			718,400
2016	665,000	54,400			719,400
2017	695,000	27,800			722,800
Subtotal	\$4,365,000	\$687,825	\$31,491,611	\$919,983	\$37,464,419
Business-Type Activities					
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			\$900,790	\$40,536	\$941,325
Total	\$4,365,000	\$687,825	\$32,392,401	\$960,519	\$38,405,744

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, 2010, City debt limits were based on assessed property totaling \$6,583,442,392.

Debt Capacity as of January 1, 2011

Regular levy assessed value less annexations

\$6,583,442,392

Item	Without a Vote		With a Vote of the People		
	1.5%	2.5%	5.0%	7.5%	
Legal limit	\$98,751,636	\$164,586,060	\$329,172,120	\$493,758,179	
Outstanding net debt	18,750,000	17,106,611	17,106,611	17,106,611	
Margin available	\$80,001,636	\$147,479,449	\$312,065,509	\$476,651,568	

Changes in Long-Term Liabilities

Description	Date of Issue	Date of Final Maturity	Interest Rates	Amount of Original Issue	Balance 1/1/10	Issued	Redeemed	Balance 12/31/10	Due Within One Year
Governmental Activities									
GO Bond (Refunding)	5/20/2008	12/1/2017	3.5-4.0%	\$6,070,000	\$4,910,000		\$545,000	\$4,365,000	\$560,000
Northshore Loan	8/1/2010	8/1/2012		18,750,000		18,750,000		18,750,000	
Bond Anticipation Note	1/25/2010	1/25/2013	1.25 - 1.75%	20,000,000		12,741,611		12,741,611	
Subtotal				\$44,820,000	\$4,910,000	\$31,491,611	\$545,000	\$35,856,611	\$560,000
Business-Type Activities									
PWA Loan 98-791-007	10/15/1998	10/13/2018	1.00%	\$1,890,000	\$1,013,386		\$112,599	\$900,787	\$112,599
Subtotal				\$1,890,000	\$1,013,386	-	\$112,599	\$900,787	\$112,599
Total				\$46,710,000	\$5,923,386	\$31,491,611	\$657,599	\$36,757,398	\$672,599

Chart does not include compensated absences liability – (see Note 7) or Post Employment Benefits Other than Pensions - (see Note 8)

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. Park impact fees are recognized as deferred revenue until the project commences. Any park impact fees not spent on park projects within 6-years of receipt become refundable.

Park impact fees held for reserve in the Park Cumulative Reserve Fund totaled \$723,544 as of December 31, 2010.

Traffic Impact Fees

Traffic impact fees are now recognized as revenue when the fee payments are received and no longer treated as deferred revenue. Due to a change in the revenue recognition, local governments have been directed to recognize the revenue when an enforceable legal claim to the fee exists. The enforceable claim has been defined as when the local government receives the fee payment. Traffic impact fees are held in the Arterial Street Fund. Traffic impact fees are held in the impact fee fund until the City Council appropriates the monies toward approved capital improvement projects.

Traffic impact fees held for reserve in the Arterial Street Fund totaled \$837,204 as of December 31, 2010.

NOTE 15
Pollution Remediation Obligations

GASB Statement No. 49 requires disclosure of “obligations to address current or potential detrimental effects of existing pollution by participating in pollution remediation activities”, and identifies five distinct “obligating events” that require the City to disclose the potential future outlays associated with remediation of contaminated sites.

Once any of the five events occurs, the City documents the components of expected pollution remediation outlays that are reasonably estimable. The City then determines if some or all of the future outlays are subject to capitalization under GASB Statement No. 49 and records those expenditures accordingly.

Pollution remediation outlays should be capitalized when goods and services are acquired to prepare property in anticipation of a sale, or to prepare property for use when the property was acquired with known or suspected pollution that was expected to be remediated.

At this time, the City has determined that future investigation and clean up costs associated with eight sites constitute the City’s pollution remediation obligations. The eight sites are: Bothell Landing, Bothell Riverside, Bothell Paint, Hertz Rentals, 116th

Partners Group, McDonalds, Northshore School District, and Bothell City Hall.

Six of these parcels lie in the pathway of the new Crossroads roadway alignment and were acquired with known or suspected pollution that was expected to be remediated. The City is capitalizing those petroleum pollution remediation outlays expected to be necessary to place the asset into its intended location and condition for use.

The Northshore School District property was acquired in anticipation of a sale. The City is capitalizing the costs of petroleum remediation at the bus barn and central shops. Costs will not exceed its estimated fair value upon completion of remediation. Central shops remediation is 98% complete and the bus barn is 50% complete.

The environmental site assessment on City Hall for pollution remediation was negative. No further action is anticipated.

Ground water monitoring is indicating solvents in the Crossroads roadway alignment. The source of the solvents is from dry cleaners. No determination has been made at this time to determine if this is the City’s responsibility.

Costs and Anticipated Future Remediation Costs

Crossroads Alignment	As of 12/31/2010	Future Petroleum	Future Solvents	Total
Bothell Landing	\$608,880	\$1,107,604	\$630,000	\$2,346,484
Bothell Riverside	398,913	50,000	450,000	898,913
Bothell Paint	706,838	1,027,810	570,000	2,304,648
Hertz Rentals	668,694	150,000	630,000	1,448,694
116th Partners Group - (Clean)	60,032			60,032
McDonalds - (Clean)	11,691			11,691
Northshore School District	1,246,934	807,794		2,054,728
Bothell City Hall - (Clean)	38,857			38,857

NOTE 16

Leases

Operating Leases

As of December 31, 2010, the City has two operating lease agreements:

- 1) Northshore School District Operational Facility Lease. The City leases bay area from the Northshore School District's Operational Facility for the purpose of maintenance and repair of city-owned vehicles and equipment. The lease agreement is \$6,667 per month for the first 60-months, and adjusted by CPI thereafter.
- 2) Public Works Office Space Lease – Dawson Subdivision Lots 13 and 14.

The City leases additional office space from Sockeye Investment to house capital project staff. Monthly lease terms were \$4,000 per month in 2010, and \$4,300 per month in 2011-2012.

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.

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.

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, 2010

	Budgeted Amounts		2009 Actual Amounts Budgetary Basis	2010 Actual Amounts Budgetary Basis	Total 2009-2010 Actuals	Variance with Final Budget Positive (Negative)
	2009-2010					
	Original	Final				
REVENUES						
Taxes	\$58,358,600	\$56,150,900	\$24,925,132	\$25,425,809	\$50,350,941	(\$5,799,959)
Licenses and permits	2,354,200	2,209,200	932,221	1,069,257	2,001,478	(207,722)
Intergovernmental revenues	4,228,400	4,292,750	2,235,131	2,475,227	4,710,358	417,608
Charges for services	7,220,800	7,075,238	2,953,573	3,819,899	6,773,472	(301,766)
Fines and forfeitures	887,200	920,800	436,520	431,188	867,708	(53,092)
Interest earnings	1,211,000	1,275,500	799,140	114,356	913,496	(362,004)
Proceeds from sale of capital assets		500	501		501	1
Contributions	30,000	92,900	13,601	68,260	81,861	(11,039)
Other revenue	382,900	385,400	350,892	290,031	640,923	255,523
Total revenues	74,673,100	72,403,188	32,646,711	33,694,028	66,340,738	(6,062,450)
EXPENDITURES						
Current:						
General government	17,011,242	16,853,445	8,074,767	8,248,773	16,323,540	529,905
Security of persons and property	39,796,536	38,471,288	18,984,021	20,223,188	39,207,209	(735,921)
Physical environment	8,990,131	8,286,208	3,675,595	3,984,208	7,659,803	626,405
Economic environment	5,865,616	5,766,634	2,853,133	3,129,153	5,982,286	(215,652)
Debt service						
Debt service - interest			2,000	(2,000)		
Capital outlay	574,830	629,130	85,882	199,363	285,245	343,885
Total expenditures	72,238,355	70,006,705	33,675,397	35,782,686	69,458,083	548,622
Excess of revenue over (under) expenditures	2,434,745	2,396,483	(1,028,686)	(2,088,659)	(3,117,345)	(5,513,828)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,103,046	537,808	537,808		537,808	
Transfers out	(3,537,603)	(7,878,603)	(5,470,025)	(852,986)	(6,323,011)	1,555,592
Total other financing sources	(2,434,557)	(7,340,795)	(4,932,217)	(852,986)	(5,785,203)	1,555,592
Net change in fund balances	188	(4,944,312)	(5,960,903)	(2,941,645)	(8,902,548)	(3,958,236)
FUND BALANCES - JANUARY 1, 2010	14,514,341	14,514,341	12,955,076		12,955,076	(1,559,265)
FUND BALANCES - DECEMBER 31, 2010	\$14,514,529	\$9,570,029	\$6,994,173	(\$2,941,645)	\$4,052,528	(\$5,517,501)

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, 2010

	Budgeted Amounts		2009 Actual Amounts Budgetary Basis	2010 Actual Amounts Budgetary Basis	Total 2009-2010 Actuals	Variance with Final Budget Positive (Negative)
	2009-2010 Original	Final				
REVENUES						
Intergovernmental revenues	\$20,868,000	\$1,000	(\$33,745)		(\$33,745)	(\$34,745)
Charges for services	4,320,000	3,701,800	79,707	1,185,102	1,264,809	(2,436,991)
Interest earnings		60,000	488	2,431	2,920	(57,080)
Contributions	300,000					
Total revenues	<u>25,488,000</u>	<u>3,762,800</u>	<u>46,450</u>	<u>1,187,533</u>	<u>1,233,983</u>	<u>(2,528,817)</u>
EXPENDITURES						
Current:						
Construction projects	25,891,000	304,000	59,876	13,016	72,892	231,108
Debt Service - principal	67,800	33,161	33,862		33,862	(701)
Debt Service - interest	800	339	339		339	
Total expenditures	<u>25,959,600</u>	<u>337,500</u>	<u>94,077</u>	<u>13,016</u>	<u>107,093</u>	<u>230,407</u>
Excess of revenue over (under) expenditures	(471,600)	3,425,300	(47,627)	1,174,517	1,126,890	(2,298,411)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,574,000		91,435		91,435	91,435
Transfers out	(2,251,000)	(2,307,000)	(379,275)	(777,973)	(1,157,248)	1,149,752
Total other financing sources	<u>(677,000)</u>	<u>(2,307,000)</u>	<u>(287,840)</u>	<u>(777,973)</u>	<u>(1,065,813)</u>	<u>1,241,187</u>
Net change in fund balances	(1,148,600)	1,118,300	(335,467)	396,543	61,076	(1,057,224)
FUND BALANCES - JANUARY 1, 2010	3,498,297	3,498,297	1,502,484		1,502,484	(1,995,814)
FUND BALANCES - DECEMBER 31, 2010	<u>\$2,349,697</u>	<u>\$4,616,597</u>	<u>\$1,167,017</u>	<u>\$396,543</u>	<u>\$1,563,560</u>	<u>(\$3,053,037)</u>

GAAP serves as the budgetary basis of accounting

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, 2010

	Budgeted Amounts		2009 Actual Amounts Budgetary Basis	2010 Actual Amounts Budgetary Basis	Total 2009-2010 Actuals	Variance with Final Budget Positive (Negative)
	2009-2010 Original	Final				
REVENUES						
Charges for service	\$349,000	\$349,000	\$136,853	\$548,983	\$685,836	\$336,836
Taxes			39,075	40,417	79,492	79,492
Investment interest	51,000	51,000	5,860	1,754	7,614	(43,386)
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>181,788</u>	<u>591,154</u>	<u>772,942</u>	<u>372,942</u>
Excess of revenues over (under) expenditures	400,000	400,000	181,788	591,154	772,942	372,942
OTHER FINANCING SOURCES (USES)						
Transfers in		567,213	567,213	779	567,992	779
Transfers out	(500,000)	(881,900)	(187,689)	(534,840)	(722,529)	159,371
Total other financing sources	<u>(500,000)</u>	<u>(314,687)</u>	<u>379,524</u>	<u>(534,061)</u>	<u>(154,537)</u>	<u>160,151</u>
Net change in fund balances	(100,000)	85,313	561,312	57,094	618,406	533,093
FUND BALANCES - JANUARY 1, 2010	1,716,600	1,716,600	54,108		54,108	(1,662,492)
FUND BALANCES - DECEMBER 31, 2010	<u>\$1,616,600</u>	<u>\$1,801,913</u>	<u>\$615,420</u>	<u>\$57,094</u>	<u>\$672,514</u>	<u>(\$1,129,399)</u>

GAAP serves as the budgetary basis of accounting

City of Bothell
LEOFF 1 Retiree Medical Benefits
Schedule of Funding Progress
For the Year Ended December 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	-	\$6,280,456	\$6,280,456	0%	\$584,797	1073.95%
12/31/2009	-	5,987,508	5,987,508	0%	557,520	1073.96%
12/31/2010	-	5,784,108	5,784,108	0%	538,580	1073.95%

Combining Financial Statements

Non-major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Street Fund – This fund is used to account for all maintenance and operation functions for the City’s transportation system.

Cable TV Fund – This fund is used to account for the local television cable channel provided for city residents.

Drug Forfeiture Fund – This fund is used to account for monies seized during drug policing activities.

Nuisance Abatement Fund – This fund is used to account for nuisance abatement code provisions such as removal of abandoned property.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government’s programs.

Cemetery Endowment Fund – This fund accounts for cemetery plot sales, donations, and investment earnings.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

General Obligation Bond Fund – This fund accounts for the retirement of general purpose bonds issued for city facilities or equipment.

Local Improvement District (LID) Guaranty Fund – This fund is used to account for surplus from the LID control fund for the purpose of guaranteeing the payment of local improvement bonds.

City of Bothell
Combining Balance Sheet
Other Governmental Funds
December 31, 2010

	<u>Special Revenue Funds</u>			
	<u>Street</u>	<u>Cable TV</u>	<u>Drug Forfeitures</u>	<u>Nuisance Abatement</u>
ASSETS				
Current cash & cash equivalents	\$8,402	\$11,334	\$16,872	\$12,178
Investments			2,843	
Receivables (net of allowances)				
Taxes				
Accounts receivable	1,500		5,147	
Due from other governmental units	168,969		5,794	
TOTAL ASSETS	<u>\$178,871</u>	<u>\$11,334</u>	<u>\$30,656</u>	<u>\$12,178</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$71,892		\$5,795	\$2,390
Compensated absences	32,497			
Payroll payable	30,342			
Unearned revenue				
Total liabilities	<u>134,731</u>	<u>-</u>	<u>5,795</u>	<u>2,390</u>
Fund balances				
Unreserved, report in:				
Special revenue funds	44,140	11,334	24,861	9,788
Debt service funds				
Total fund balances	<u>44,140</u>	<u>11,334</u>	<u>24,861</u>	<u>9,788</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$178,871</u>	<u>\$11,334</u>	<u>\$30,656</u>	<u>\$12,178</u>

City of Bothell
Combining Balance Sheet
Other Governmental Funds
December 31, 2010

	Special Service Funds Continued	Debt Service Funds		Total Other Governmental Funds
	Cemetery Endowment	1997 GO Bond	LID Guaranty	
ASSETS				
Current cash & cash equivalents	\$1,434	\$14,165		\$64,384
Investments	82,805			85,649
Receivables (net of allowances)				
Taxes		24,677		24,677
Accounts receivable				6,647
Due from other governmental units				174,763
TOTAL ASSETS	\$84,239	\$38,842	-	\$356,119
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable		\$13,496		\$93,572
Compensated absences				32,497
Payroll payable				30,342
Unearned revenue		24,677		24,677
Total liabilities	-	38,173	-	181,088
Fund balances				
Unreserved, report in:				
Special revenue funds	84,239			174,362
Debt service funds		669		669
Total fund balances	84,239	669	-	175,031
TOTAL LIABILITIES AND FUND BALANCES	\$84,239	\$38,842	-	\$356,119

City of Bothell
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Other Governmental Funds
For the Year Ended December 31, 2010

Special Revenue Funds

	<u>Street</u>	<u>Cable TV</u>	<u>Drug Forfeitures</u>	<u>Nuisance Abatement</u>	<u>Cemetery Endowment</u>
REVENUES					
Taxes					
Licenses and permits	59,036				
Intergovernmental revenue	811,620				
Interest earnings			15		422
Charges for services	(35,766)		68,886		
Other revenue	874				
Total revenues	<u>835,763</u>	<u>-</u>	<u>68,901</u>	<u>-</u>	<u>422</u>
EXPENDITURES					
Current:					
Transportation	1,567,865				
Other expenditures			767	14,706	
Debt service:					
Principal retirement					
Interest					
Total expenditures	<u>1,567,865</u>	<u>-</u>	<u>767</u>	<u>14,706</u>	<u>-</u>
Excess of revenue over (under) expenditures	(732,103)		68,134	(14,706)	422
OTHER FINANCING SOURCES (USES)					
Transfers in	542,006			20,000	
Transfers out			(51,700)		
Total other financing sources	<u>542,006</u>	<u>-</u>	<u>(51,700)</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	(190,097)		16,434	5,294	422
FUND BALANCES - JANUARY 1, 2010	234,236	11,334	8,428	4,494	83,817
FUND BALANCES - DECEMBER 31, 2010	<u>\$44,140</u>	<u>\$11,334</u>	<u>\$24,861</u>	<u>\$9,788</u>	<u>\$84,239</u>

City of Bothell
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Other Governmental Funds
For the Year Ended December 31, 2010

Page 2 of 2

	Debt service Funds		Total Other Governmental Funds
	1997 GO Bond	LID Guaranty	
REVENUES			
Taxes	\$719,926		\$719,926
Licenses and permits			59,036
Intergovernmental revenue			811,620
Interest earnings			437
Charges for services			33,120
Other revenue			874
Total revenues	719,926	-	1,625,012
EXPENDITURES			
Current:			
Transportation			1,567,865
Other expenditures	304		15,777
Debt service:			
Principal retirement	545,000		545,000
Interest	180,186		180,186
Total expenditures	725,490	-	2,308,829
Excess of revenue over (under) expenditures	(5,563)		(683,816)
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000		567,006
Transfers out		(779)	(52,479)
Total other financing sources	5,000	(779)	514,527
Net change in fund balances	(563)	(779)	(169,290)
FUND BALANCES - JANUARY 1, 2010	1,232	779	344,320
FUND BALANCES - DECEMBER 31, 2010	\$669	-	\$175,031

City of Bothell
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget to Actual
Street Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		2009 Actual Amounts Budgetary Basis	2010 Actual Amounts Budgetary Basis	Total 2009-2010 Actuals	Variance with Final Budget Positive (Negative)
	2009-2010					
	Original	Final				
REVENUES						
Licenses and permits	\$185,000	\$83,000	\$57,435	\$59,036	\$116,471	\$33,471
Charges for services	616,900	616,900	278,950	(35,766)	243,184	(373,716)
Intergovernmental revenue	1,880,706	1,831,756	811,620	811,620	1,623,240	(208,516)
Miscellaneous			8,473	874	9,347	9,347
Interest earnings			1,691		1,691	1,691
Total revenues	2,682,606	2,531,656	1,158,169	835,763	1,993,932	(537,724)
EXPENDITURES						
Current:						
Personnel services	1,494,635	1,494,635	691,887	668,714	1,360,601	134,034
Operating supplies	251,568	252,568	50,757	60,824	111,581	140,987
Taxes	900	900	959	159	1,118	(218)
Capital outlay	58,000	58,000				58,000
Other services and charges	1,991,170	2,057,651	831,256	838,168	1,669,425	388,226
Total expenditures	3,796,273	3,863,754	1,574,859	1,567,865	3,142,725	721,029
Excess of revenue over (under) expenditures	(1,113,667)	(1,332,098)	(416,690)	(732,103)	(1,148,793)	183,305
OTHER FINANCING SOURCES (USES)						
Transfers in	512,730	788,730	102,341	542,006	644,347	(144,383)
Transfers out	(267,017)	(132,936)	(132,936)		(132,936)	
Total other financing sources	245,713	655,794	(30,595)	542,006	511,411	(144,383)
Net change in fund balances	(867,954)	(676,304)	(447,285)	(190,097)	(637,382)	38,922
FUND BALANCES - JANUARY 1, 2010	1,198,691	1,198,691	649,390		649,390	(549,301)
FUND BALANCES - DECEMBER 31, 2010	\$330,737	\$522,387	\$202,105	(\$190,097)	\$12,008	(\$510,379)

City of Bothell
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget to Actual
Cable TV Fund
For the Year Ended December 31, 2010

	Budgeted Amounts 2009-2010		2009 Actual Amounts Budgetary Basis	2010 Actual Amounts Budgetary Basis	Total 2009-2010 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Interest earnings	\$20,000	\$2,000				(\$2,000)
Total revenues	20,000	2,000	-	-	-	(2,000)
EXPENDITURES						
Current:						
Capital outlays	20,000	11,000				11,000
Total expenditures	20,000	11,000	-	-	-	11,000
Excess of revenue over (under) expenditures		(9,000)				9,000
Net change in fund balances		(9,000)				9,000
FUND BALANCES - JANUARY 1, 2010	11,000	11,000	11,334		11,334	334
FUND BALANCES - DECEMBER 31, 2010	\$11,000	\$2,000	\$11,334	-	\$11,334	\$9,334

City of Bothell
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget to Actual
Drug Forfeitures Fund
For the Year Ended December 31, 2010

	Budgeted Amounts 2009-2010		2009	2010	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2009-2010 Actuals	Final Budget Positive (Negative)
REVENUES						
Charges for services	\$18,200	\$69,900	\$5,165	\$68,886	\$74,051	\$4,151
Interest earnings	1,800	1,800	73	15	87	(1,713)
Total revenues	20,000	71,700	5,238	68,901	74,138	2,438
EXPENDITURES						
Current:						
Personnel services	10,000					
Operating supplies	20,000	14,500	6,028	(6,028)		14,500
Other services and charges	40,000	5,500	2,921	6,795	9,715	(4,215)
Total expenditures	70,000	20,000	8,948	767	9,715	10,285
Excess of revenue over (under) expenditures	(50,000)	51,700	(3,710)	68,134	64,423	12,723
OTHER FINANCING SOURCES (USES)						
Transfers out		(51,700)		(51,700)	(51,700)	
Total other financing sources	-	(51,700)	-	(51,700)	(51,700)	-
Net change in fund balances	(50,000)		(3,710)	16,434	12,723	12,723
FUND BALANCES - JANUARY 1, 2010	50,600	50,600	12,138		12,138	(38,462)
FUND BALANCES - DECEMBER 31, 2010	\$600	\$50,600	\$8,428	\$16,434	\$24,861	(\$25,739)

City of Bothell
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget to Actual
Nuisance Abatement Fund
For the Year Ended December 31, 2010

	Budgeted Amounts 2009-2010		2009	2010	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2009-2010 Actuals	Final Budget Positive (Negative)
EXPENDITURES						
Other services and charges		\$35,000	\$18,924	\$14,706	\$33,630	\$1,370
Total expenditures	-	35,000	18,924	14,706	33,630	1,370
Excess of revenue over (under) expenditures		(35,000)	(18,924)	(14,706)	(33,630)	1,370
OTHER FINANCING SOURCES (USES)						
Transfers in		35,000	15,000	20,000	35,000	
Total other financing sources	-	35,000	15,000	20,000	35,000	-
Net change in fund balances			(3,924)	5,294	1,370	1,370
FUND BALANCES - JANUARY 1, 2010	10,000	10,000	8,418		8,418	(1,582)
FUND BALANCES - DECEMBER 31, 2010	\$10,000	\$10,000	\$4,494	\$5,294	\$9,788	(\$212)

City of Bothell
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget to Actual
Cemetery Endowment Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		2009 Actual Amounts Budgetary Basis	2010 Actual Amounts Budgetary Basis	Total 2009-2010 Actuals	Variance with Final Budget Positive (Negative)
	2009-2010					
	Original	Final				
REVENUES						
Interest earnings	\$4,500	\$4,500	\$761	\$422	\$1,183	(\$3,317)
Total revenues	4,500	4,500	761	422	1,183	(3,317)
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	500	500	761	422	1,183	683
Net change in fund balances	500	500	761	422	1,183	683
FUND BALANCES - JANUARY 1, 2010	83,000	83,000	83,056		83,056	56
FUND BALANCES - DECEMBER 31, 2010	\$83,500	\$83,500	\$83,817	\$422	\$84,239	\$739

City of Bothell
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget to Actual
2008 General Obligation Refund Bond Fund
For the Year Ended December 31, 2010

	Budgeted Amounts 2009-2010		2009	2010	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2009-2010 Actuals	Final Budget Positive (Negative)
REVENUES						
Taxes	\$1,325,000	\$1,325,000	\$613,463	\$719,926	\$1,333,390	\$8,390
Total revenues	1,325,000	1,325,000	613,463	719,926	1,333,390	8,390
EXPENDITURES						
Current:						
Principal retirement	1,070,000	1,070,000	525,000	545,000	1,070,000	
Interest	385,000	385,000	211,009	180,186	391,196	(6,196)
Miscellaneous				304	304	(304)
Total expenditures	1,455,000	1,455,000	736,009	725,490	1,461,499	(6,499)
Excess of revenue over (under) expenditures	(130,000)	(130,000)	(122,546)	(5,563)	(128,109)	1,891
OTHER FINANCING SOURCES (USES)						
Transfers in		30,000		5,000	5,000	(25,000)
Total other financing sources	-	30,000	-	5,000	5,000	(25,000)
Net change in fund balances	(130,000)	(100,000)	(122,546)	(563)	(123,109)	(23,109)
FUND BALANCES - JANUARY 1, 2010	132,300	132,300	123,778		123,778	(8,522)
FUND BALANCES - DECEMBER 31, 2010	\$2,300	\$32,300	\$1,232	(\$563)	\$669	(\$31,631)

City of Bothell
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget to Actual
LID Guaranty Fund
For the Year Ended December 31, 2010

	Budgeted Amounts 2009-2010		2009	2010	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2009-2010 Actuals	Final Budget Positive (Negative)
REVENUES						
Investment interest			\$779		\$779	\$779
Total revenues	-	-	779	-	779	779
Excess of revenues over (under) expenditures			779		779	779
OTHER FINANCING SOURCES (USES)						
Transfers out		(567,213)	(567,213)	(779)	(567,992)	(779)
Total other financing sources	-	(567,213)	(567,213)	(779)	(567,992)	(779)
Net change in fund balances		(567,213)	(566,434)		(567,213)	
FUND BALANCES - JANUARY 1, 2010			567,213		567,213	567,213
FUND BALANCES - DECEMBER 31, 2010	-	(\$567,213)	\$779	-	-	\$567,213

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Equipment Rental Fund – This fund is used to account for maintenance and replacement costs of city owned vehicles provided to other departments.

Self Insurance Fund – This fund is used to account for administrative costs of the city's self-insurance liability, property insurance risks, and employee benefits.

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

City of Bothell
Combining Statement of Net Assets
Internal Service Funds
December 31, 2010

	Governmental Activities Internal Service Funds			Total
	Equipment Rental	Self Insurance	Asset Replacement	
ASSETS				
Current assets:				
Cash and cash equivalents	\$138,593	\$32,312	\$2,572,490	\$2,743,395
Investments	38,461		137,992	176,453
Account receivable		1,979	700	2,679
Advances receivable			250,000	250,000
Total current assets	177,053	34,291	2,961,182	3,172,527
Non-current assets:				
Advances receivable			2,032,000	2,032,000
Capital assets, net of depreciation:				
Equipment - shop	14,964		209,723	224,687
Equipment - vehicles			2,305,625	2,305,625
Improvements	5,313		882,551	887,864
Total capital assets, net of depreciation	20,276	-	3,397,899	3,418,176
Total non-current assets	20,276	-	5,429,899	5,450,176
Total assets	197,330	34,291	8,391,081	8,622,703
LIABILITIES				
Current liabilities:				
Accounts payable	37,826	22,093	90,282	150,201
Payroll payable	10,504	4,726		15,230
Compensated absences	18,313	2,481		20,794
Total liabilities	66,643	29,300	90,282	186,225
NET ASSETS				
Investment in capital assets, net of related debt	20,276		3,397,899	3,418,176
Unrestricted	110,411	4,991	4,902,900	5,018,302
Total net assets	\$130,687	\$4,991	\$8,300,799	\$8,436,478

City of Bothell
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2010

	Governmental Activities Internal Service Funds			Total
	Equipment Rental	Self Insurance	Asset Replacement	
Operating revenues:				
Charges for services	\$1,331,464	\$724,448		\$2,055,912
Intergovernmental revenues			21,192	21,192
Total operating revenues	<u>1,331,464</u>	<u>724,448</u>	<u>21,192</u>	<u>2,077,104</u>
Operating expenses:				
Maintenance and operations	582,583		61,168	643,752
Administration	200,635	1,092,973	4,379	1,297,988
Depreciation & amortization	1,671		863,727	865,398
Total operating expenses	<u>784,890</u>	<u>1,092,973</u>	<u>929,274</u>	<u>2,807,138</u>
Operating income (loss)	<u>546,574</u>	<u>(368,525)</u>	<u>(908,082)</u>	<u>(730,034)</u>
Non-operating revenue (expense)				
Gain (loss) on disposition of capital assets			39,243	39,243
Interest earnings	1,360		1,794	3,153
Total non-operating revenues (expenses)	<u>1,360</u>	<u>-</u>	<u>41,037</u>	<u>42,396</u>
Income (loss) before contributions and transfers	547,934	(368,525)	(867,046)	(687,637)
Contributed capital				
Transfers in		285,980	959,738	1,245,718
Transfers out	(908,038)			(908,038)
Change in net assets	(360,104)	(82,545)	92,692	(349,957)
Net assets - beginning	490,791	87,536	8,208,107	8,786,434
Net assets - ending	<u>\$130,687</u>	<u>\$4,991</u>	<u>\$8,300,799</u>	<u>\$8,436,478</u>

City of Bothell
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2010

	Governmental Activities Internal Service Funds			Total
	Equipment Rental	Self Insurance	Asset Replacement	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$1,331,464	\$724,448	\$21,192	\$2,077,104
Cash paid to employees for services	(187,573)	(70,741)		(258,314)
Cash paid to suppliers for goods and services	(587,112)	(1,005,515)	(4,850)	(1,597,477)
Net cash provided (used) by operating activities	<u>556,779</u>	<u>(351,808)</u>	<u>16,342</u>	<u>221,313</u>
CASH FLOWS FROM NON-OPERATING ACTIVITIES				
Advances receivable			(2,282,000)	(2,282,000)
Transfers out	(908,038)			(908,038)
Transfers in		285,980	959,738	1,245,718
Net cash provided (used) by non-operating activities	<u>(908,038)</u>	<u>285,980</u>	<u>(1,322,262)</u>	<u>(1,944,320)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(21,947)		(739,103)	(761,050)
Proceeds from sales of capital assets			39,243	39,243
Net cash provided (used) by capital and related financing activities	<u>(21,947)</u>	<u>-</u>	<u>(699,860)</u>	<u>(721,807)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	498,641		4,149,372	4,648,013
Interest and dividends	1,360		1,794	3,153
Net cash provided by investing activities	<u>500,000</u>	<u>-</u>	<u>4,151,166</u>	<u>4,651,166</u>
Net increase (decrease) in cash and cash equivalents	<u>126,794</u>	<u>(65,828)</u>	<u>2,145,386</u>	<u>2,206,352</u>
Balances - beginning	11,799	98,140	427,104	537,042
Balances - ending	<u>\$138,593</u>	<u>\$32,312</u>	<u>\$2,572,490</u>	<u>\$2,743,395</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$546,574	(\$368,525)	(\$908,082)	(\$730,034)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,671		863,727	865,398
Change in assets and liabilities:				
Decrease (increase) in accounts receivable		(1,979)	(700)	(2,679)
Decrease (increase) in due from other governments	1,556	5,581	4,000	11,138
Increase (decrease) in accounts payable	14,105	14,768	57,398	86,270
Increase (decrease) in compensated absences payable	(3,217)	(1,840)		(5,056)
Increase (decrease) in payroll payable	(3,911)	187		(3,723)
Net cash provided by operating activities	<u>\$556,779</u>	<u>(\$351,808)</u>	<u>\$16,342</u>	<u>\$221,313</u>
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, 2010

	Budgeted Amounts		2009 Actual Amounts Budgetary Basis	2010 Actual Amounts Budgetary Basis	Total 2009-2010 Actuals	Variance with Final Budget Positive (Negative)
	2009-2010					
	Original	Final				
OPERATING REVENUES						
Intergovernmental revenues		\$7,969	\$9,371	\$5,000	\$14,371	\$6,402
Charges for services	7,202,840	7,177,340	3,731,390	3,093,581	6,824,971	(352,369)
Total operating revenues	7,202,840	7,185,309	3,740,761	3,098,581	6,839,342	(345,967)
OPERATING EXPENSES						
Administrative and general	906,048	1,131,406	396,760	416,302	813,062	318,344
Purchase water	2,735,808	2,735,808	1,330,641	1,253,587	2,584,228	151,580
Maintenance and operation	1,464,773	1,484,301	634,687	754,649	1,389,335	94,966
Customer accounts	210,784	210,784	102,777	103,520	206,297	4,487
Taxes	660,084	660,084	335,977	280,216	616,193	43,891
Capital outlay	3,692,100	4,622,500				4,622,500
Depreciation and amortization	713,000	713,000	370,796	417,703	788,499	(75,499)
Total operating expenses	10,382,597	11,557,883	3,171,637	3,225,977	6,397,614	5,160,269
OPERATING INCOME (LOSS)	(3,179,757)	(4,372,574)	569,124	(127,396)	441,728	4,814,302
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings	110,283	131,000	24,259	1,148	25,407	(105,593)
Interest expense	(23,500)	(24,000)	(16,890)	(9,008)	(25,898)	(1,898)
Total non-operating revenue (expense)	86,783	107,000	7,369	(7,860)	(491)	(107,491)
Income (loss) before contributions and transfers	(3,092,974)	(4,265,574)	576,494	(135,256)	441,237	4,706,811
Transfers out	(479,693)	(234,607)	(234,607)		(234,607)	
Contributions			25,000	259,600	284,600	284,600
Net assets - beginning, January 1, 2010	4,649,352	4,649,352	12,500,027		12,500,027	7,850,675
Net assets - ending, December 31, 2010	\$1,076,685	\$149,171	\$12,866,914	\$124,344	\$12,991,258	\$12,842,087

This schedule is presented as supplemental information
Supplemental Information 1

City of Bothell
Schedule of Operations – Budget to Actual
Sewer Fund
For the Year Ended December 31, 2010

	2009-2010 Budgeted Amounts		2009 Actual Amounts	2010 Actual Amounts	Total 2009-2010	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Intergovernmental revenues			\$4,716		\$4,716	\$4,716
Charges for services	10,203,046	10,113,046	4,913,071	4,421,861	9,334,932	(778,114)
Total operating revenues	10,203,046	10,113,046	4,917,787	4,421,861	9,339,648	(773,398)
OPERATING EXPENSES						
Administrative and general	625,545	1,008,649	265,823	522,535	788,358	220,291
Metro service	6,339,797	6,339,797	3,014,741	2,965,696	5,980,438	359,359
Maintenance and operation	1,219,451	1,238,979	532,388	667,371	1,199,759	39,220
Customer accounts	211,799	211,799	100,717	104,797	205,514	6,285
Taxes	609,851	609,851	268,389	265,037	533,426	76,425
Capital outlay	4,432,000	3,714,000				3,714,000
Depreciation and amortization	468,000	468,000	254,518	284,180	538,698	(70,698)
Total operating expenses	13,906,443	13,591,075	4,436,576	4,809,616	9,246,192	4,344,883
OPERATING INCOME (LOSS)	(3,703,397)	(3,478,029)	481,212	(387,755)	93,456	3,571,485
NON-OPERATING REVENUE (EXPENSE)						
Investment earnings	110,513	133,000	20,208	1,503	21,710	(111,290)
Total non-operating revenue (expense)	110,513	133,000	20,208	1,503	21,710	(111,290)
Income (loss) before contributions and transfers	(3,592,884)	(3,345,029)	501,419	(386,252)	115,167	3,460,196
Operating transfers out	(796,203)	(393,571)	(393,571)		(393,571)	
Contributions			32,000	208,700	240,700	240,700
Net assets - beginning, January 1, 2010	5,031,475	5,031,475	11,158,043		11,158,043	6,126,568
Net assets - ending, December 31, 2010	\$642,388	\$1,292,875	\$11,297,891	(\$177,552)	\$11,120,338	\$9,827,464

This schedule is presented as supplemental information
Supplemental Information 2

City of Bothell
Schedule of Operations – Budget to Actual
Storm Drain Fund
For the Year Ended December 31, 2010

	2009-2010		2009	2010	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2009-2010	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Intergovernmental revenues	\$48,000	\$335,242	\$183,187	\$80,665	\$263,852	(\$71,390)
Charges for services	3,918,100	5,164,000	2,478,439	2,524,611	5,003,049	(160,951)
Other		21,650	21,650		21,650	
Total operating revenues	3,966,100	5,520,892	2,683,276	2,605,276	5,288,551	(232,341)
OPERATING EXPENSES						
Administrative and general	1,459,434	1,961,537	973,216	863,168	1,836,384	125,153
Maintenance and operation	1,820,303	1,870,303	775,158	1,075,530	1,850,688	19,615
Taxes	50,000	50,000	26,077	44,131	70,208	(20,208)
Capital outlay	5,098,000	4,890,000				4,890,000
Depreciation and amortization	555,000	555,000	320,058	397,015	717,073	(162,073)
Total operating expenses	8,982,737	9,326,840	2,094,509	2,379,844	4,474,353	4,852,487
OPERATING INCOME (LOSS)	(5,016,637)	(3,805,948)	588,767	225,432	814,199	4,620,147
NON-OPERATING REVENUE (EXPENSE)						
Loan	2,428,000	2,282,000				
Investment earnings	58,216	82,000	17,780	1,608	19,388	(62,612)
Interest expense	(145,800)	(11,000)		(1,166)		11,000
Total non-operating revenue (expense)	2,340,416	2,353,000	17,780	443	18,223	(51,612)
Income (loss) before contributions and transfers	(2,676,221)	(1,452,948)	606,547	225,875	832,421	4,568,535
Operating transfers out	(992,475)	(490,372)	(490,372)		(490,372)	
Contributions			157,200	289,400	446,600	446,600
Net assets - beginning, January 1, 2010	4,764,374	4,764,374	10,166,636		10,166,636	5,402,262
Net assets - ending, December 31, 2010	\$1,095,678	\$2,821,054	\$10,440,011	\$515,275	\$10,955,285	\$10,417,397

This schedule is presented as supplemental information
Supplemental Information 3

City of Bothell
Schedule of Operations – Budget to Actual
Equipment Rental Fund
For the Year Ended December 31, 2010

	2009-2010 Budgeted Amounts		2009 Actual Amounts Budgetary Basis	2010 Actual Amounts Budgetary Basis	Total 2009-2010 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
OPERATING REVENUES						
Charges for services			\$2,890	\$1,331,464	\$1,334,354	\$1,334,354
Intergovernmental revenue			210		210	210
Total operating revenues	-	-	3,099	1,331,464	1,334,563	1,334,563
OPERATING EXPENSES						
Administrative and general	218,589	219,826	149,238	200,635	349,873	(130,047)
Maintenance and operation	1,275,722	1,275,722	556,605	582,583	1,139,189	136,533
Depreciation	30,000	30,000		1,671	1,671	28,329
Total operating expenses	1,524,311	1,525,548	705,843	784,890	1,490,733	34,815
OPERATING INCOME (LOSS)	(1,524,311)	(1,525,548)	(702,744)	546,574	(156,169)	1,369,379
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings	27,000	27,000	6,237	1,360	7,597	(19,403)
Total non-operating revenue (expense)	27,000	27,000	6,237	1,360	7,597	(19,403)
Income (loss) before contributions and transfers	(1,497,311)	(1,498,548)	(696,506)	547,934	(148,572)	1,349,976
Transfers out	(1,818,521)	(1,817,284)	(909,246)	(908,038)	(1,817,284)	
Transfers in	2,662,928	2,662,928	1,331,464		1,331,464	(1,331,464)
Net assets - beginning, January 1, 2010	1,420,010	1,420,010	765,080		765,080	(654,930)
Net assets - ending, December 31, 2010	\$767,106	\$767,106	\$490,791	(\$360,104)	\$130,687	(\$636,419)

City of Bothell
Schedule of Operations – Budget to Actual
Self Insurance Fund
For the Year Ended December 31, 2010

	2009-2010 Budgeted Amounts		2009 Actual Amounts Budgetary Basis	2010 Actual Amounts Budgetary Basis	Total 2009-2010 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
OPERATING REVENUES						
Insurance Recovery	\$24,304	\$24,304	\$20,071	\$30,346	\$50,417	\$26,113
Charges for insurance premiums		694,102		694,102	694,102	
Total operating revenues	24,304	718,406	20,071	724,448	744,519	26,113
OPERATING EXPENSES						
Administrative and general	1,364,937	1,364,937	630,710	766,322	1,397,031	(32,094)
Health insurance services	694,800	694,800	287,830	326,652	614,482	80,318
Total operating expenses	2,059,737	2,059,737	918,540	1,092,973	2,011,513	48,224
OPERATING INCOME (LOSS)	(2,035,433)	(1,341,331)	(898,469)	(368,525)	(1,266,994)	74,337
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	(2,005,033)	(1,310,931)	(898,469)	(368,525)	(1,266,994)	43,937
Transfers in	1,796,732	1,102,630	736,106	285,980	1,022,086	(80,544)
Net assets - beginning, January 1, 2010	365,342	365,342	249,899		249,899	(115,443)
Net assets - ending, December 31, 2010	\$157,041	\$157,041	\$87,536	(\$82,545)	\$4,991	(\$152,049)

City of Bothell
Schedule of Operations – Budget to Actual
Asset Replacement Fund
For the Year Ended December 31, 2010

	2009-2010		2009	2010	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2009-2010	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Intergovernmental revenue		\$21,300		\$21,192	\$21,192	(\$108)
Total operating revenues	-	21,300	-	21,192	21,192	(108)
OPERATING EXPENSES						
Capital outlay	2,398,898	2,661,898				2,661,898
Maintenance and operations			4,964	11,613	16,577	(16,577)
Administrative and general	158,424	158,424	11,917	53,934	65,851	92,573
Depreciation	1,015,000	1,015,000	914,394	863,727	1,778,121	(763,121)
Total operating expenses	3,572,322	3,835,322	931,275	929,274	1,860,549	1,974,773
OPERATING INCOME (LOSS)	(3,572,322)	(3,814,022)	(931,275)	(908,082)	(1,839,357)	1,974,665
NON-OPERATING REVENUES (EXPENSES)						
Interest earnings	369,300	234,500	13,877	1,794	15,671	(218,829)
Loan	(2,428,000)	(2,282,000)				2,282,000
Proceeds from the sale of capital assets	21,200	21,200	34,556	39,243	73,800	52,600
Total non-operating revenue (expense)	(2,037,500)	(2,026,300)	48,434	41,037	89,470	2,115,770
Income (loss) before contributions and transfers	(5,609,822)	(5,840,322)	(882,841)	(867,046)	(1,749,887)	4,090,435
Transfers in	1,816,076	1,867,776	908,038	959,738	1,867,776	
Transfers out						
Net assets - beginning, January 1, 2010	6,794,169	6,794,169	8,182,910		8,182,910	1,388,741
Net assets - ending, December 31, 2010	\$3,000,423	\$2,821,623	\$8,208,107	\$92,692	\$8,300,799	\$5,479,176

This schedule is presented as supplemental information
Supplemental Information 6

City of Bothell
Schedule 16
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Grantor/Pass Through Grantor Program Title	CFDA Number	Other Identification Number	Current Year Expenditures		
			Direct	Pass-Through	Total
Department of Agriculture/USDA Forest Service/Washington Department of Natural Resources					
<u>Cooperative Forestry Assistance (10.664)</u>					
Arbor Day Tree Grant	10.664	NA		\$200	\$200
Dept of Agriculture Total:			-	200	200
Department of Homeland Security /Washington State Military Department					
<u>Emergency Management Performance Grant (97.042)</u>					
Emergency Management Performance Grant	97.042	E09-255		20,177	20,177
Emergency Management Performance Grant	97.042	E10-245		14,183	14,183
Emergency Management Performance Grant	97.042	E11-058		2,380	2,380
Dept of Homeland Security Total:			-	36,740	36,740
American Recovery & Reinvestment Act (ARRA)/Department of Justice/City of Seattle					
<u>ARRA - Edward Byrne Memorial Justice Assistance Grant/JAG (16.804)</u>					
* ARRA - Justice Assistance Grant (JAG)	16.804	2009-SB-B9-0769		21,192	21,192
Dept of Justice Total:			-	21,192	21,192
Department of Transportation/Washington State DOT					
<u>Highway Planning & Construction (20.205)</u>					
240th Street Bridge Replacement	20.205	BRM-2459 (001)		156,142	156,142
Citywide ITS Improvements	20.205	CM-0110 (006)		230,938	230,938
North Creek Trail Section 1, Stage 1	20.205	CM-0110 (010)		217,097	217,097
North Creek Trail Section 1, Stage 2	20.205	CM-0110 (008)		93,192	93,192
North Creek Trail Section 2, Stage 2	20.205	CM-0110 (007)		676	676
SR522 - Widening & Realign @ Wayne Curve	20.205	STPF-STPUL-0522 (032)		900,263	900,263
SR522 Multi-Modal Corridor - Stage 2	20.205	STPUL-0522 (051)		34,857	34,857
SR524, Filbert Road	20.205	ER-0801 (133)		2,157	2,157
SR527 Improvements	20.205	HPP-0527 (006)		271,153	271,153
SR527 Improvements	20.205	STPUL-0527 (005)		52,202	52,202
SR527 Signal System Interconnect Project	20.205	STPUL-0527 (003)		19,792	19,792
Subtotal			-	1,978,469	1,978,469
American Recovery & Reinvestment Act (ARRA)/Department of Transportation/Washington State DOT					
<u>ARRA - Highway Planning & Construction (20.205)</u>					
* ARRA - Arterial Roadway Preservation	20.205	ARRA-2567 (001)		429,393	429,393
* ARRA - North Creek Trail Section 1, Stage 2	20.205	ARRA-CM-0110 (008)		500,000	500,000
* ARRA - North Creek Trail Section 2, Stage 2, Phase 2	20.205	ARRA-0110 (009)		431,245	431,245
Subtotal			-	1,360,637	1,360,637
Department of Transportation/Washington Association of Sheriffs & Police Chiefs					
<u>State & Community Highway Safety (20.600)</u>					
WASPC Traffic Safety Grant	20.600	NA		947	947
Department of Transportation/Washington Military Department/King County Office of Emergency Management					
<u>Hazardous Material Emergency Preparedness (20.703)</u>					
Local Emergency Planning Committee Exercise	20.703	FFY10-HMEP-001		4,802	4,802
Dept of Transportation Total:			-	3,344,855	3,344,855
Environmental Protection Agency					
<u>Brownsfield Assessment and Cleanup Cooperative Agreements (66.818)</u>					
Brownsfield Cleanup: Bothell Landing Commercial Center Site	66.818	BF-00J02601	147,947		147,947
Environmental Protection Agency Total:			147,947	-	147,947
Total Federal Assistance for 2010:			147,947	3,402,988	3,550,935

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.

Note 3 - American Recovery and Reinvestment Act (ARRA) of 2009

Expenditures for programs with "ARRA" indicated in the program title were funded by ARRA.

City of Bothell
Schedule 16
Schedule of State and Local Financial Assistance
For the Year Ended December 31, 2010

Grantor/Pass Through Grantor Program Title	BARS Account Number	Other Identification Number	Current Year Expenditures
King Conservation District			
Youth Water Education/Conservation	337.07.00	NA	\$5,000
King Conservation District Total:			5,000
King County			
Local Hazardous Waste Management Program	337.07.00	D37966D	9,447
SR 522 Phase 1 Improvement Project	337.07.01	NA	12,936
Waste Reduction & Recycling	337.07.00	D39891D	24,375
King County Total:			46,758
Sound Transit (Central Puget Sound Regional Transit Authority)			
SR 522 HOV Enhancements	337.07.00	NA	2,718,383
Sound Transit Total:			2,718,383
Washington State Department of Ecology			
Bothell Crossroads Contamination	334.03.10	G0900245	432,845
Comprehensive Shoreline Master Program Update	334.03.10	G1000013	59,265
Coordinated Prevention Grant (Regular Cycle)	334.03.10	G1000391	10,065
Coordinated Prevention Grant (Off Cycle)	334.03.10	G0900179	50,920
Phase II Stormwater Pass-through Grant Program	334.03.10	G1000212	46,732
Washington State Dept of Ecology Total:			599,828
Washington State Department of Health			
EMS Prehospital Participation Grant	334.04.90	SFY10	2,186
Washington State Dept of Health Total:			2,186
Washington State Department of Transportation (WSDOT)			
SR 522 Stage 2A Improvements	334.03.20	GCA-6509	32,192
Washington State Dept of Transportation Total:			32,192
Washington State Public Works Board			
SR 522 Stage 1 Improvements	334.04.20	UV09-951-093	245
Washington State Public Works Board Total:			245
Washington State Traffic Safety Commission			
Emphasis Patrols	334.03.50	NA	3,887
School Zone Enforcement	334.03.50	NA	4,563
Washington State Traffic Safety Commission Total:			8,450
Washington State Transportation Improvement Board			
240th St Sidewalk Project	334.03.80	P-P-114 (P03)-1	45,477
East Riverside Drive Sidewalk Project	334.03.80	P-P-114 (P04)-1	34,438
SR522 - NE 180th St to Western City Limits	334.03.80	9-P-114 (004)-1	633,538
Washington State Transportation Improvement Board Total:			713,453
Total State & Local Financial Assistance for 2010:			\$4,126,495

Note 1 - Basis of Accounting

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

Note 2 - Program Costs

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

City of Bothell
General Obligation Bonds
Refunding 2008
December 31, 2010

<u>Year Ended December 31, 2010</u>	<u>Interest Rate Range</u>	<u>Interest June 1</u>	<u>Interest December 1</u>	<u>Principal December 1</u>	<u>Total Debt Service</u>
2011	3.5 to 4%	\$80,975	\$80,975	\$560,000	\$721,950
2012	3.5 to 4%	71,175	71,175	580,000	722,350
2013	3.5 to 4%	61,025	61,025	605,000	727,050
2014	3.625 to 4%	50,438	50,438	620,000	720,875
2015	3.75 to 4%	39,200	39,200	640,000	718,400
2016	4%	27,200	27,200	665,000	719,400
2017	4%	13,900	13,900	695,000	722,800
	Total	\$343,913	\$343,913	\$4,365,000	\$5,052,825

City of Bothell
Bond Anticipation Note
December 31, 2010

<u>Year Ended</u> <u>December 31, 2010</u>	<u>Interest</u> <u>Rate Range</u>	<u>Interest</u>	<u>Principal</u> <u>December 31</u>	<u>Total Debt</u> <u>Service</u>
2011	1.25 to 1.75%	\$171,591		\$171,591
2012	1.25 to 1.75%	171,591		171,591
2013	1.25 to 1.75%	14,299	12,741,611	12,755,910
	Total	\$357,481	\$12,741,611	\$13,099,092

City of Bothell
Northshore School District Loan
December 31, 2010

<u>Year Ended December 31, 2010</u>	<u>Interest Rate Range</u>	<u>Interest</u>	<u>Principal December 31</u>	<u>Total Debt Service</u>
2011	3.0%	\$281,125		\$281,125
2012	3.0%	281,125	18,750,000	19,031,125
	Total	\$562,250	\$18,750,000	\$19,312,250

City of Bothell
Public Works Trust Fund Loan
PW-98-791-007
December 31, 2010

Year Ended December 31, 2010	Interest Rate	Interest July 1	Principal July 1	Total Debt Service
2011	1%	\$9,008	\$112,599	\$121,607
2012	1%	7,882	112,599	120,481
2013	1%	6,756	112,599	119,355
2014	1%	5,630	112,599	118,229
2015	1%	4,504	112,599	117,103
2016	1%	3,378	112,599	115,977
2017	1%	2,252	112,599	114,851
2018	1%	1,126	112,599	113,725
	Total	\$40,536	\$900,789	\$941,325

City of Bothell
Statement of Changes in Assets and Liabilities
Agency Trust Fund
For the Year Ended December 31, 2010

	<u>Balance 1/1/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/2010</u>
Assets:				
Cash	\$803,914	\$5,506,799	\$5,096,249	\$1,214,464
Investments	615,920	502,172	950,000	168,092
Total Assets	<u>\$1,419,834</u>	<u>\$6,008,971</u>	<u>\$6,046,249</u>	<u>\$1,382,556</u>
Liabilities:				
Accounts payable	\$32,824	\$738,659	\$743,263	\$37,428
Funds held in trust	887,041	2,747,701	3,205,788	1,345,128
Other liabilities	499,969	502,141	2,172	
Total Liabilities	<u>\$1,419,834</u>	<u>\$3,988,501</u>	<u>\$3,951,222</u>	<u>\$1,382,556</u>

City of Bothell
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget to Actual
Capital Improvements Fund
For the Year Ended December 31, 2010

	2009-2010		2009	2010	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2009-2010	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
REVENUES						
Taxes	\$4,680,000	\$3,252,000	\$1,057,683	\$1,319,814	\$2,377,497	(\$874,503)
Intergovernmental revenues	39,106,000	20,425,000	2,720,895	7,461,659	10,182,553	(10,242,447)
Charges for services			162,760		162,760	162,760
Investment interest	376,000	376,000	224,836	1,284	226,119	(149,881)
Proceeds from sale of capital assets	200,000	220,000				(220,000)
Rents		450,000	446,101	56,433	502,534	52,534
Contributions	422,000	17,000	17,105		17,105	105
Total revenues	44,784,000	24,740,000	4,629,380	8,839,190	13,468,570	(11,271,430)
EXPENDITURES						
Current:						
Capital outlay	45,182,840	93,145,900	31,713,481	38,329,348	70,042,829	23,103,071
Debt Issue costs				79,488	79,488	(79,488)
Interest expense		350,000		45,704	45,704	304,296
Total expenditures	45,182,840	93,495,900	31,713,481	38,454,540	70,168,020	23,327,880
Excess of revenue over (under) expenditures	(398,840)	(68,755,900)	(27,084,101)	(29,615,350)	(56,699,451)	12,056,449
OTHER FINANCING SOURCES (USES)						
Bond Anticipation Note		20,000,000		12,741,611	12,741,611	(7,258,389)
Loan		18,750,000		18,750,000	18,750,000	
Transfers in	2,751,000	7,188,900	4,566,964	1,312,813	5,879,777	(1,309,123)
Transfers out	(1,574,000)		(91,435)		(91,435)	(91,435)
Total other financing sources	1,177,000	45,938,900	4,475,529	32,804,424	37,279,953	(8,658,947)
Net change in fund balances	778,160	(22,817,000)	(22,608,572)	3,189,074	(19,419,498)	3,397,502
FUND BALANCES - JANUARY 1, 2010	23,173,232	23,173,232	24,686,299		24,686,299	1,513,067
FUND BALANCES - DECEMBER 31, 2010	\$23,951,392	\$356,232	\$2,077,727	\$3,189,074	\$5,266,801	\$4,910,569

This schedule is presented as supplemental information
Supplemental Information 14

Statistical Section

Statistical Section

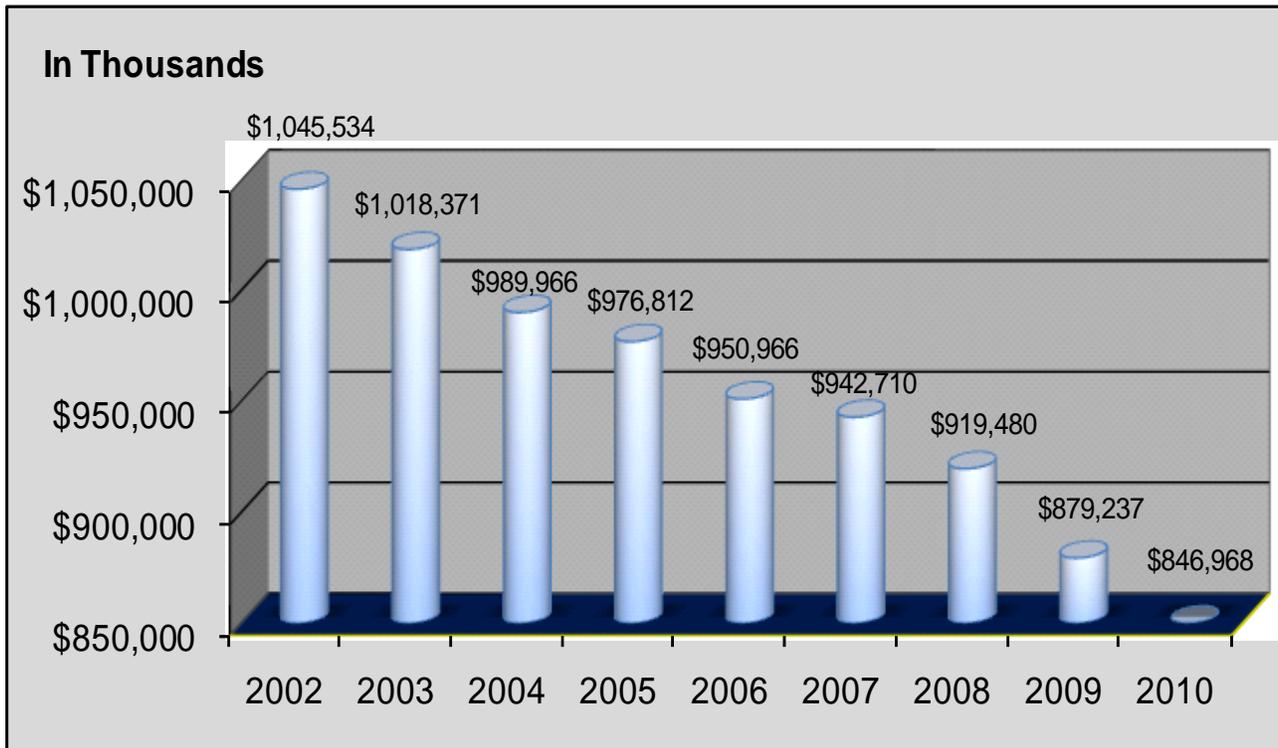
This part of the City of Bothell’s comprehensive annual financial report presents detailed data as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	1
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.	9
Debt Capacity 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.	17
Demographic and Economic Information 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.	25
Operating Information 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.	27

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year				
	2002	2003	2004	2005	2006
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
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
Total governmental activities net assets	1,020,320,233	992,125,879	963,024,739	947,957,967	919,114,586
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
Restricted	45,950	45,950	45,950	45,960	45,960
Unrestricted	6,062,075	6,854,312	7,390,151	8,648,183	9,493,206
Total business-type activities net assets	25,213,960	26,244,708	26,941,370	28,854,311	31,851,330
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
Restricted	413,349	404,663	582,585	561,138	45,960
Unrestricted	39,579,172	41,381,521	43,313,867	48,083,089	56,087,536
Total primary government net assets	\$1,045,534,193	\$1,018,370,587	\$989,966,109	\$976,812,278	\$950,965,916



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

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities				
Invested in capital assets, net of related debt	\$851,902,746	\$841,148,841	\$829,995,723	\$797,260,030
Restricted				
Unrestricted	56,832,220	44,506,169	14,636,710	14,641,546
Total governmental activities net assets	908,734,966	885,655,008	844,632,433	811,901,576
Business-type activities				
Invested in capital assets, net of related debt	22,148,994	22,894,341	25,684,286	32,408,696
Restricted	45,960	45,960		
Unrestricted	11,780,119	10,884,406	8,920,530	2,658,185
Total business-type activities net assets	33,975,073	33,824,706	34,604,816	35,066,881
Primary government				
Invested in capital assets, net of related debt	874,051,740	864,043,182	855,680,009	829,668,726
Restricted	45,960	45,960		
Unrestricted	68,612,339	55,390,573	23,557,239	17,299,731
Total primary government net assets	\$942,710,039	\$919,479,714	\$879,237,248	\$846,968,458

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

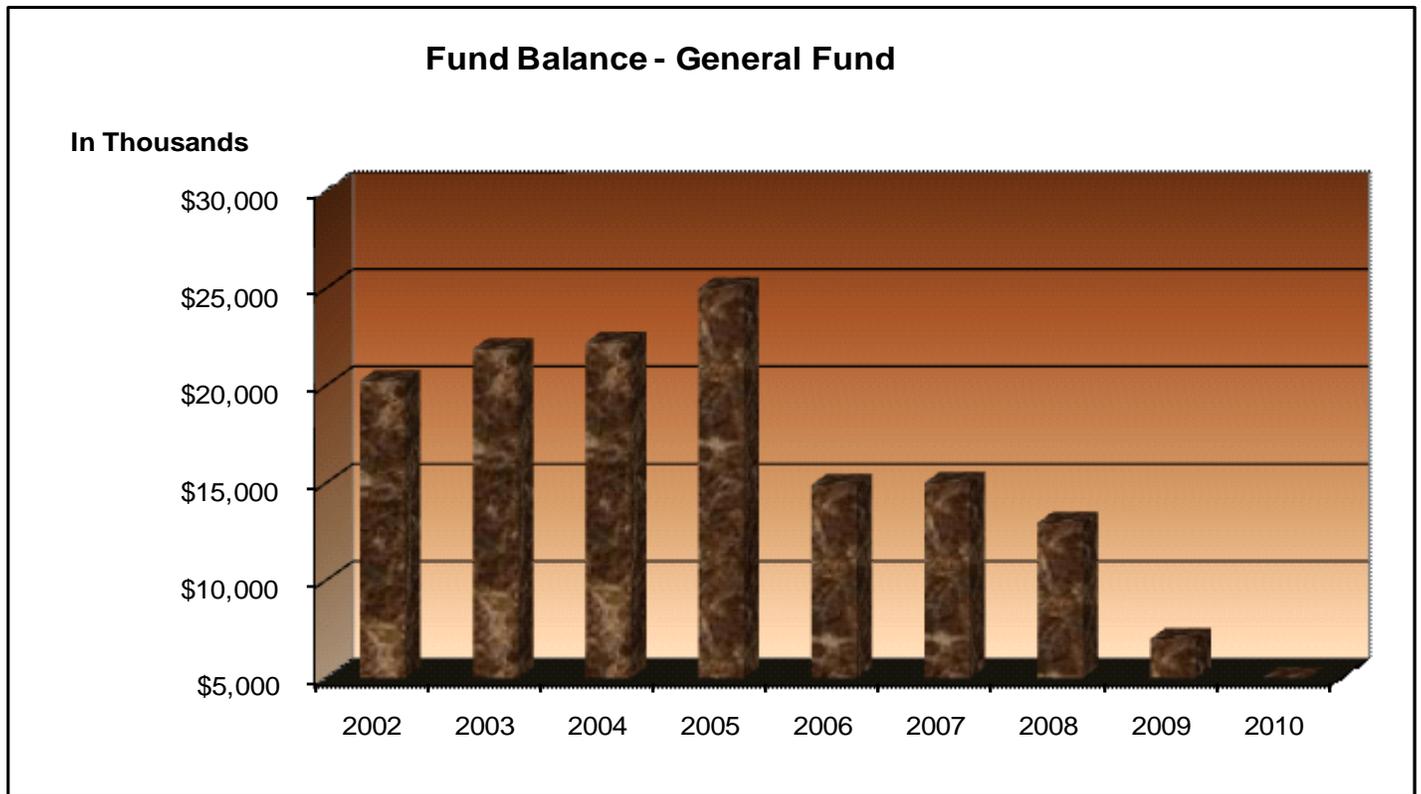
	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses - Governmental activities					
General government	\$5,443,786	\$6,194,411	\$6,459,084	\$6,795,788	\$7,286,832
Security of persons and property	13,179,554	14,205,576	16,513,236	16,624,606	16,716,844
Physical environment	2,250,105	2,053,136	4,706,457	3,127,375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

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses - Governmental activities				
General government	\$7,590,440	\$9,462,780	\$9,413,427	\$9,442,611
Security of persons and property	18,356,633	19,342,241	20,646,387	22,005,979
Physical environment	3,466,656	4,626,024	6,262,903	6,354,100
Transportation	38,300,146	38,946,938	42,394,908	39,919,102
Economic environment	3,808,101	3,413,764	3,026,618	3,347,504
Culture and recreation				
Interest on long-term debt	327,703	229,262	213,348	303,378
Total governmental activities	71,849,679	76,021,008	81,957,592	81,372,674
Business-type activities				
Water	2,878,560	3,150,986	3,188,527	3,234,985
Sewer	3,965,202	4,099,024	4,436,576	4,809,616
Storm Drain	1,323,861	1,645,670	2,094,509	2,381,009
Total business-type activities	8,167,623	8,895,680	9,719,612	10,425,610
Total primary government expenses	\$80,017,302	\$84,916,688	\$91,677,203	\$91,798,284
Program Revenues - Governmental activities				
Charges for services				
General government	\$2,063,843	\$1,686,890	\$1,858,979	\$2,687,935
Security of persons and property	1,652,887	2,084,447	1,901,973	2,743,162
Physical environment	1,544,277	1,420,714	2,330,963	3,566,661
Transportation	1,932,005	1,764,671	79,707	1,185,102
Economic environment	1,806,077	1,713,091	1,390,869	1,594,278
Culture and recreation	143,191	149,021	225,350	328,879
Operating grants and contributions	846,560	525,398	357,367	383,325
Capital grants and contributions	12,983,232	12,229,943	3,064,379	8,068,251
Total governmental activities program revenues	22,972,072	21,574,175	11,209,588	20,557,594
Business-type activities				
Charges for services				
Water	3,786,422	3,377,642	3,731,390	3,098,581
Sewer	4,607,172	4,448,313	4,913,071	4,421,861
Storm Drain	1,730,963	1,753,920	2,478,439	2,605,276
Operating grants and contributions				
Capital grants and contributions	729,022	787,526	411,475	757,700
Total business-type activities program revenue	10,853,579	10,367,401	11,534,375	10,883,418
Total primary government program revenues	\$33,825,651	\$31,941,576	\$22,743,963	\$31,441,012
Net (Expense)/Revenue				
Governmental activities	(\$48,877,607)	(\$54,446,834)	(\$70,748,004)	(\$60,815,080)
Business-type activities	2,685,956	1,471,721	1,814,763	457,808
Total primary government net expense	(46,191,650)	(52,975,113)	(68,933,241)	(60,357,272)
General Revenue and Other Changes in Net Assets				
Governmental activities				
Taxes				
Property tax	13,745,959	9,979,056	9,480,272	10,190,952
Excise tax	12,875,394	11,731,999	9,842,288	10,482,416
Business tax	7,105,751	7,085,015	7,312,792	6,832,556
Unrestricted grants and contributions				
Investment earnings	2,766,765	1,627,957	1,055,739	123,457
Miscellaneous	1,010,077	1,020,245	915,788	454,842
Transfers	899,556	959,111	1,118,550	
Total governmental activities	38,403,500	32,403,383	29,725,430	28,084,224
Business-type activities				
Investment earnings	337,341	180,799	62,247	4,259
Miscellaneous			21,650	
Transfers	(899,556)	(959,111)	(1,118,550)	
Total business-type activities	(562,215)	(778,311)	(1,034,652)	4,260
Total primary government	\$37,841,286	\$31,625,072	\$28,690,778	\$28,088,483
Change in Net Assets				
Government activities	(\$10,474,106)	(\$22,043,451)	(\$41,022,574)	(\$32,730,857)
Business-type activities	2,123,742	693,410	780,109	462,066
Total primary government	(\$8,350,365)	(\$21,350,042)	(\$40,242,465)	(\$32,268,791)

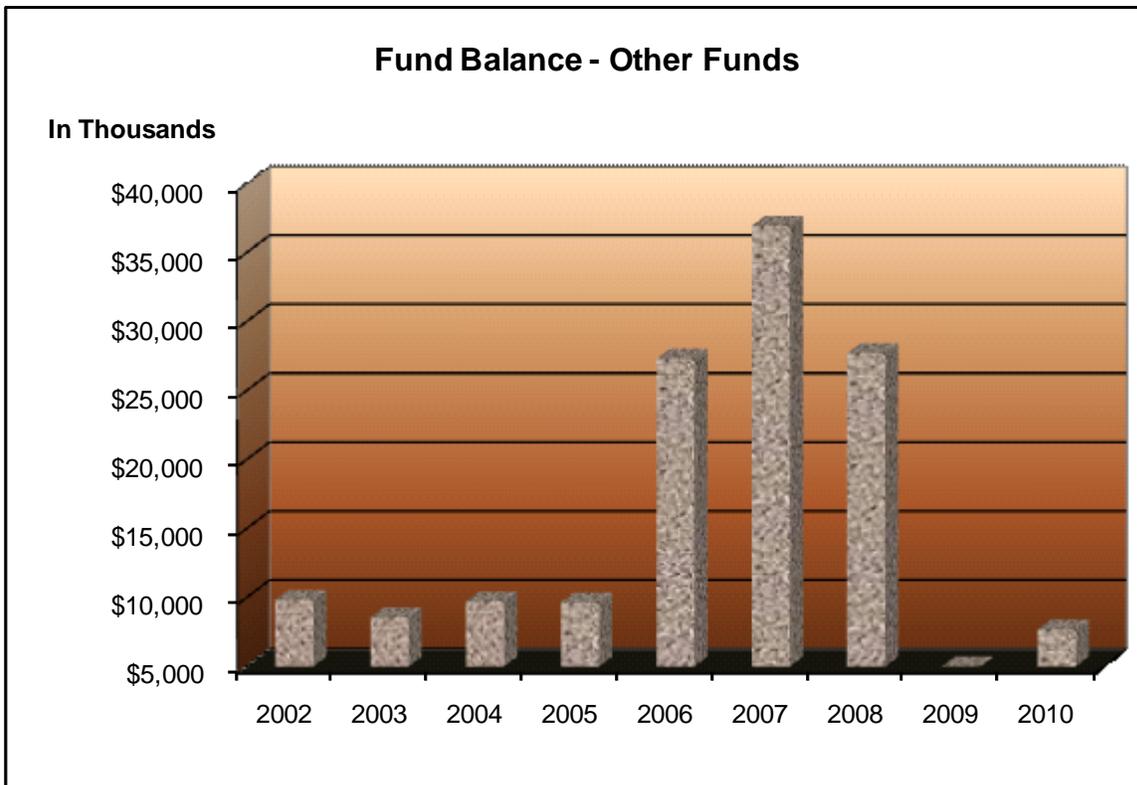
City of Bothell
Fund Balances of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
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
Total general fund	\$20,251,377	\$21,883,234	\$22,220,732	\$25,003,652	\$14,911,218
All Other Governmental Funds					
Unreserved					
Special revenue funds	\$4,554,530	\$3,198,861	\$3,324,460	\$3,717,526	\$3,866,507
Debt service funds	905,552	486,126	549,539	436,662	249,682
Capital projects funds	4,351,293	4,852,793	5,826,040	5,478,620	23,179,317
Total all other governmental funds	\$9,811,375	\$8,537,780	\$9,700,039	\$9,632,808	\$27,295,506



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

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Reserved				
Unreserved	15,014,982	12,955,076	6,994,173	4,052,527
Total general fund	\$15,014,982	\$12,955,076	\$6,994,173	\$4,052,527
All Other Governmental Funds				
Unreserved				
Special revenue funds	\$4,693,599	\$2,320,927	\$2,124,745	\$2,410,436
Debt service funds	474,567	690,991	2,012	669
Capital projects funds	31,767,467	24,686,299	2,077,727	5,266,801
Total all other governmental funds	\$36,935,634	\$27,698,218	\$4,204,485	\$7,677,906



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

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

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

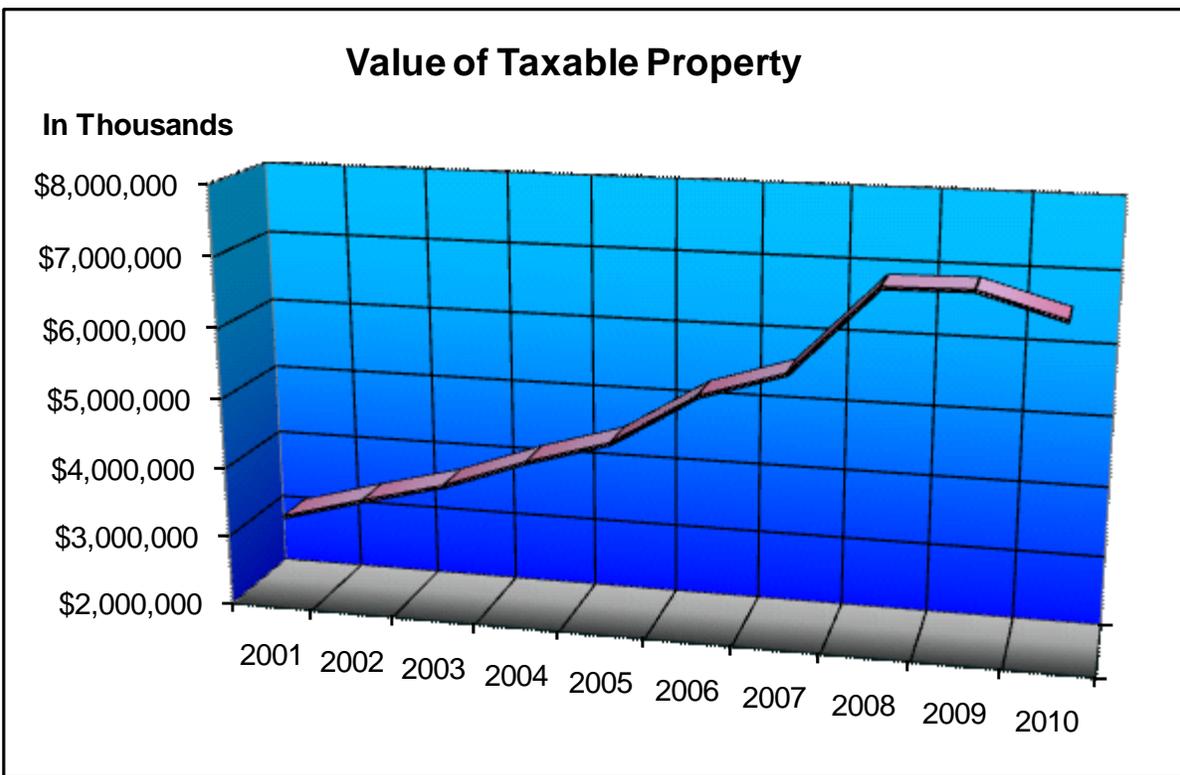
	Fiscal Year			
	2007	2008	2009	2010
Revenues				
Taxes	\$32,970,598	\$28,070,855	\$26,635,353	\$27,505,967
Licenses and permits	1,600,669	1,280,479	989,656	1,128,293
Intergovernmental	15,525,563	14,260,853	5,766,032	10,748,505
Charges for services	5,877,417	5,438,718	3,617,008	5,587,104
Fines and forfeitures	443,007	396,602	436,520	431,188
Interest earnings	2,590,040	1,555,854	1,033,628	120,261
Proceeds from the sale of capital assets	750	12,399	501	
Contributions	471,276	132,230	30,706	68,260
Other revenue	416,493	802,892	805,466	347,338
Total revenues	59,895,814	51,950,883	39,314,871	45,936,917
Expenditures				
General government	6,919,113	8,102,794	8,074,767	8,248,773
Security of persons and property	16,837,363	17,894,731	18,984,021	20,223,188
Transportation	1,463,468	1,601,855	1,574,859	1,567,865
Physical environment	3,179,940	3,614,666	3,675,595	3,984,208
Economic environment	2,749,084	3,203,110	2,853,133	3,129,153
Bond issue costs		73,595		79,488
Debt service				
Interest	327,703	117,539	213,348	223,890
Principal	483,862	668,862	558,862	545,000
Other expenditures	18,264	80,743	27,872	15,777
Capital outlay	16,441,760	25,199,063	31,859,238	38,541,728
Total expenditures	48,420,557	60,556,958	67,821,695	76,559,071
Excess of revenue over (under) expenditures	11,475,257	(8,606,075)	(28,506,824)	(30,622,154)
Other Financing Sources (Uses)				
Refunding bonds issued		6,070,000		
Premium on refunding bonds		123,226		
Payment to refunded bond escrow agent		(6,116,354)		
Bond Anticipation Note				12,741,611
Loan proceeds				18,750,000
Transfers in	4,067,571	1,992,268	5,880,761	1,880,598
Transfers out	(5,893,424)	(3,720,477)	(6,828,573)	(2,218,278)
Total other financing sources uses	(1,825,853)	(1,651,337)	(947,812)	31,153,931
Net change in fund balances	\$9,649,404	(\$10,257,412)	(\$29,454,636)	\$531,776
Debt service as a percentage of noncapital expenditures	2.5%	2.2%	2.1%	2.0%

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
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	1.69
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	1.50
2008	5,475,256,395	1,032,949,319	6,899,208,239	1.36
2009	6,068,825,132	852,179,192	6,921,004,324	1.27
2010	5,448,364,635	1,135,077,757	6,583,442,392	1.40

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	Flood District	Ferry District	Total King County
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	1.69	2.69	1.38	4.34	.25	.59	.53	.23	.04			11.74
2006	1.54	2.50	1.33	4.07	.23	.54	.53	.25	.04			11.03
2007	1.50	2.33	1.29	3.88	.23	.50	.50	.21	.04			10.48
2008	1.36	2.13	1.21	3.62	.22	.45	.45	.30	.03			9.76
2009	1.27	1.96	1.10	3.48	.20	.40	.42	.27	.01			9.11
2010	1.40	2.20	1.28	4.04	.22	.46	.49	.30	.02	.11	.01	10.53

Snohomish County

Year	City of Bothell	WA State	Snohomish County	School District	County Port	Stevens Hospital	Library District	Emergency Medical Services	Park/Rec District	Flood District	Ferry District	Total Snohomish County
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	1.69	2.79	1.10	4.34		.24	.53		.04			10.73
2006	1.54	2.53	1.00	4.07		.22	.53	.25	.04			10.18
2007	1.50	2.16	0.84	3.88		.18	.50	.21	.04			9.31
2008	1.36	1.91	0.72	3.62		.16	.45	.19	.03			8.43
2009	1.27	1.91	0.72	3.48		.16	.42	.19	.01			8.16
2010	1.40	1.99	0.78	4.04		.18	.49	.20	.02			9.10

The combined property tax rate excluding excess levies cannot exceed \$10 per \$1,000 of Assessed Value

The rates presented above include excess levies

Source: King and Snohomish County Assessors Office

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

City of Bothell
Principal Property Tax Payers
Current and Ten Years Ago

Snohomish County Taxpayers

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Arden Realty Inc/Thompson Prop Tax Svc	\$143,719,000	1	4.41%			
Teachers Insurance & Annuity Assn	140,188,000	2	4.30%	72,342,200	1	4.58%
Phillips Ultrasound Inc	86,840,309	3	2.66%			
AT&T Mobility LLC	75,077,397	4	2.30%			
BRE Properties	41,908,000	5	1.29%			
Monte Villa Farms LLC	40,507,635	6	1.24%			
Diamond Canyon Park LLC	37,000,000	7	1.14%			
Immunex Mfg Corp	35,560,800	8	1.09%	17,828,213	9	1.13%
LBA Realty/Thompson Prop Tax Serv	35,052,000	9	1.08%			
Stonemeadow Farm Apartments Inc	34,949,929	10	1.07%			
Carr America				62,524,600	2	3.96%
Advanced Technology Laboratories				61,895,373	3	3.92%
GTE Telephone Operations				41,613,512	4	2.64%
BRE Properties Inc				26,660,600	5	1.69%
Microsoft Corp				25,159,323	6	1.59%
Palmer Groth & Pietka Inc				21,000,000	7	1.33%
Hibbs/Woodinville Assoc				18,072,600	8	1.14%
Ameriton Properties				17,612,000	10	1.12%
Total Assessed Valuation - Largest Taxpayers	670,803,070		20.58%	364,708,421		23.11%
Total Assessed Valuation - All Other	2,588,807,113		79.42%	1,213,768,200		76.89%
Total Assessed Value	\$3,259,610,183		100.00%	\$1,578,476,621		100.00%

Source: Snohomish County Assessor

King County Taxpayers

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
T-Mobile	\$289,746,236	1	8.72%			
Schnitzer Northwest	166,548,100	2	5.01%	122,610,625	1	7.80%
Seattle Times	77,324,483	3		88,118,223	2	5.60%
Arden Realty Inc (formerly Allstate Ins)	42,936,300	4	1.29%	29,825,686	3	1.90%
Tishman Speyer Archstone-SM	42,015,000	5	1.26%			
KBS Realty	35,549,491	6	1.07%			
Archstone Communities Trust	27,661,000	7	0.60%			
Essex Property Trust	27,458,400	8	0.83%			
Puget Sound Energy	21,954,946	9	0.66%			
S/I North Creek VIII LLC	20,050,900	10		18,298,335	5	1.16%
Home Depot USA	16,800,363			15,324,475	7	0.97%
Spieker Properties				24,005,460	4	1.53%
Security Capitol Corp				16,717,000	6	
Verizon Northwest Inc				7,139,428	8	
Total Assessed Valuation - Largest Taxpayers	768,045,219		23.11%	322,039,232		20.48%
Total Assessed Valuation - All Other	2,555,786,990		76.89%	1,250,302,363		79.52%
Total Assessed Value	\$3,323,832,209		100.00%	\$1,572,341,595		100.00%

Source: King County Levy Administration

City of Bothell is split between Snohomish and King Counties

City of Bothell
Property Tax Levies and Collections
Last Nine 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%	\$66,242	\$3,065,951	100.00%
2003	3,085,208	3,026,664	98.10%	58,525	3,085,189	100.00%
2004	3,405,007	3,341,998	98.15%	62,896	3,404,894	100.00%
2005	3,510,873	3,461,610	98.60%	49,081	3,510,691	99.99%
2006	4,102,892	4,048,230	98.67%	54,580	4,102,810	100.00%
2007	4,224,254	4,158,655	98.45%	65,810	4,224,465	100.00%
2008	4,366,603	4,280,026	98.02%	55,819	4,335,845	99.30%
2009	4,942,927	4,816,176	97.44%	129,146	4,816,176	97.44%
2010	5,214,713	5,124,092	98.26%		5,124,092	98.26%

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%	\$71,621	\$3,611,216	100.00%
2003	4,149,066	4,066,127	98.00%	82,900	4,149,027	100.00%
2004	4,018,105	3,937,236	97.99%	80,945	4,018,181	100.00%
2005	4,371,465	4,294,086	98.23%	77,196	4,371,282	100.00%
2006	4,870,776	4,799,153	98.53%	70,821	4,869,974	99.98%
2007	4,251,857	4,160,404	97.85%	61,270	4,221,674	99.29%
2008	4,414,782	4,323,657	97.94%	118,028	4,441,685	100.60%
2009	4,470,381	4,363,474	97.61%	100,985	4,363,474	97.61%
2010	4,639,863	4,498,804	96.96%		4,498,804	96.96%

Source: King and Snohomish County Assessors Office

City of Bothell

Sales Tax Revenue by Category

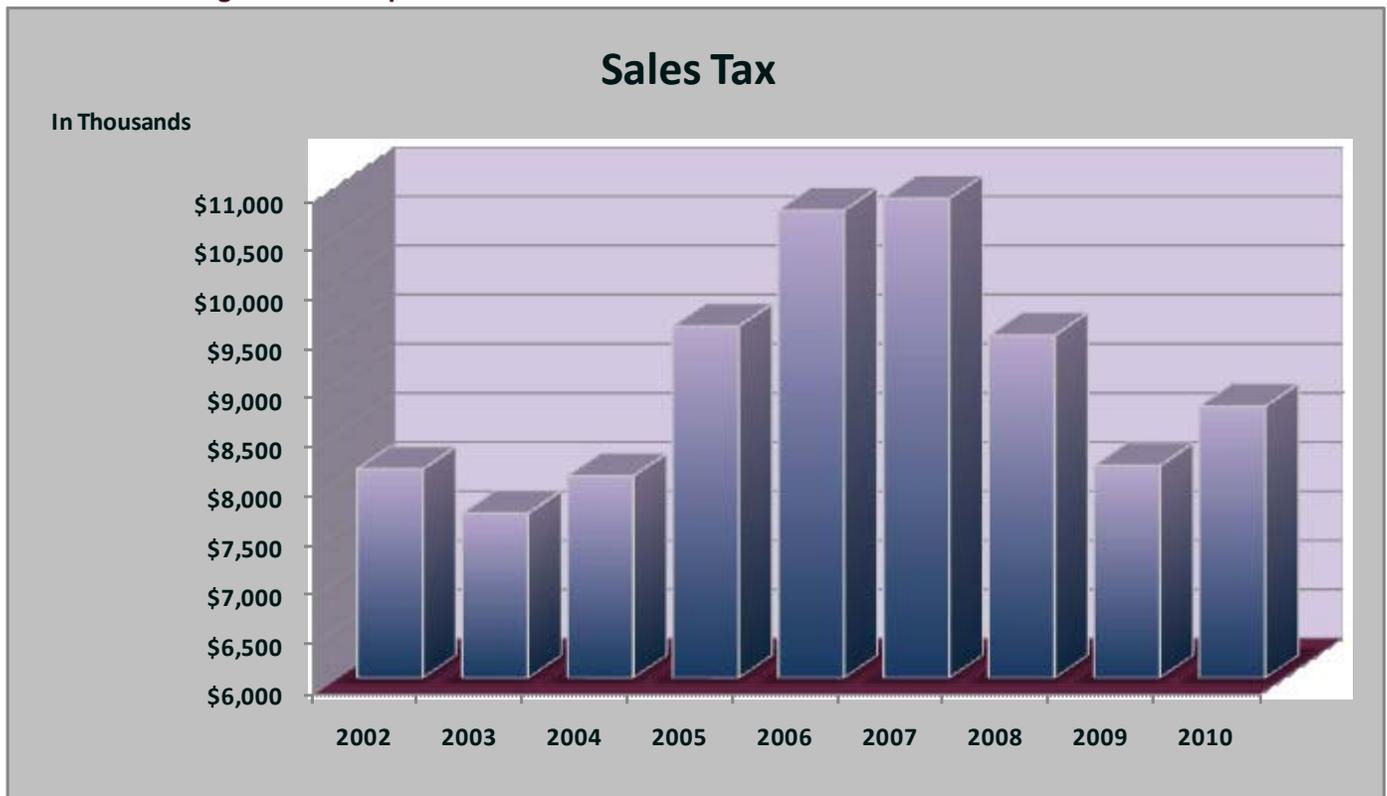
Last Nine Fiscal Years

	2002	2003	2004	2005	2006
Retail trade	\$2,616,158	\$2,986,742	\$2,847,436	\$2,412,099	\$2,508,233
Wholesale trade	1,312,469	998,213	1,404,602	2,038,824	1,916,152
Construction	1,237,221	1,001,491	1,207,882	1,442,939	1,775,214
Information	722,322	1,075,821	997,429	1,073,011	1,885,562
Professional, scientific, technical services				957,186	953,927
Accommodation and food services	1,609,541	829,253	1,157,533	576,178	626,006
Real estate, rental, leasing	110,993	212,961	112,232	202,931	209,753
Manufacturing	405,606	464,892	210,371	378,300	339,856
Admin, supp, remed services				187,007	220,482
Other services				129,175	134,319
Other	108,533	105,115	116,669	178,357	186,182
Total	\$8,122,843	\$7,674,488	\$8,054,154	\$9,576,007	\$10,755,686

City direct sales tax rate is 0.85%

King County	0.85%	0.85%	0.85%	0.85%	0.85%
Snohomish County	0.85%	0.85%	0.85%	0.85%	0.85%

Source: Washington State Department of Revenue



City of Bothell
Sales Tax Revenue by Category
Last Nine Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Retail trade	\$2,693,069	\$2,862,393	\$2,636,007	\$2,660,629
Wholesale trade	1,372,642	1,306,267	911,702	1,057,129
Construction	2,532,150	1,922,867	1,883,587	2,038,018
Information	1,254,407	554,324	492,863	403,623
Professional, scientific, technical services	635,885	432,359	326,240	561,669
Accommodation and food services	685,535	678,197	647,083	697,014
Real estate, rental, leasing	228,520	230,538	188,787	179,855
Manufacturing	424,598	377,019	211,566	149,227
Admin, supp, remed services	266,664	253,074	200,105	233,155
Other services	150,918	133,389	148,760	223,163
Other	633,155	733,565	512,235	558,650
Total	<u>\$10,877,543</u>	<u>\$9,483,992</u>	<u>\$8,158,935</u>	<u>\$8,762,132</u>

City direct sales tax rate is 0.85%

King County	0.85%	0.85%	0.85%	0.85%
Snohomish County	0.85%	0.85%	0.85%	0.85%

City of Bothell
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

King County

Year	Local	State	Rapid Transit	Total Sales Tax
2001	1.9%	6.5%	.4%	8.8%
2002	1.9%	6.5%	.4%	8.8%
2003	1.9%	6.5%	.4%	8.8%
2004	1.9%	6.5%	.4%	8.8%
2005	1.9%	6.5%	.4%	8.8%
2006	1.9%	6.5%	.4%	8.8%
2007	2.0%	6.5%	.4%	8.9%
2008	2.5%	6.5%	.4%	9.4%
2009	2.5%	6.5%	.5%	9.5%
2010	2.5%	6.5%	.5%	9.5%

Snohomish County

Year	Local	State	Rapid Transit	Total Sales Tax
2001	2.0%	6.5%	.4%	8.9%
2002	2.0%	6.5%	.4%	8.9%
2003	2.0%	6.5%	.4%	8.9%
2004	2.0%	6.5%	.4%	8.9%
2005	2.0%	6.5%	.4%	8.9%
2006	2.0%	6.5%	.4%	8.9%
2007	2.0%	6.5%	.4%	8.9%
2008	2.4%	6.5%	.4%	9.3%
2009	2.5%	6.5%	.5%	9.5%
2010	2.5%	6.5%	.5%	9.5%

Source: Washington State Department of Revenue

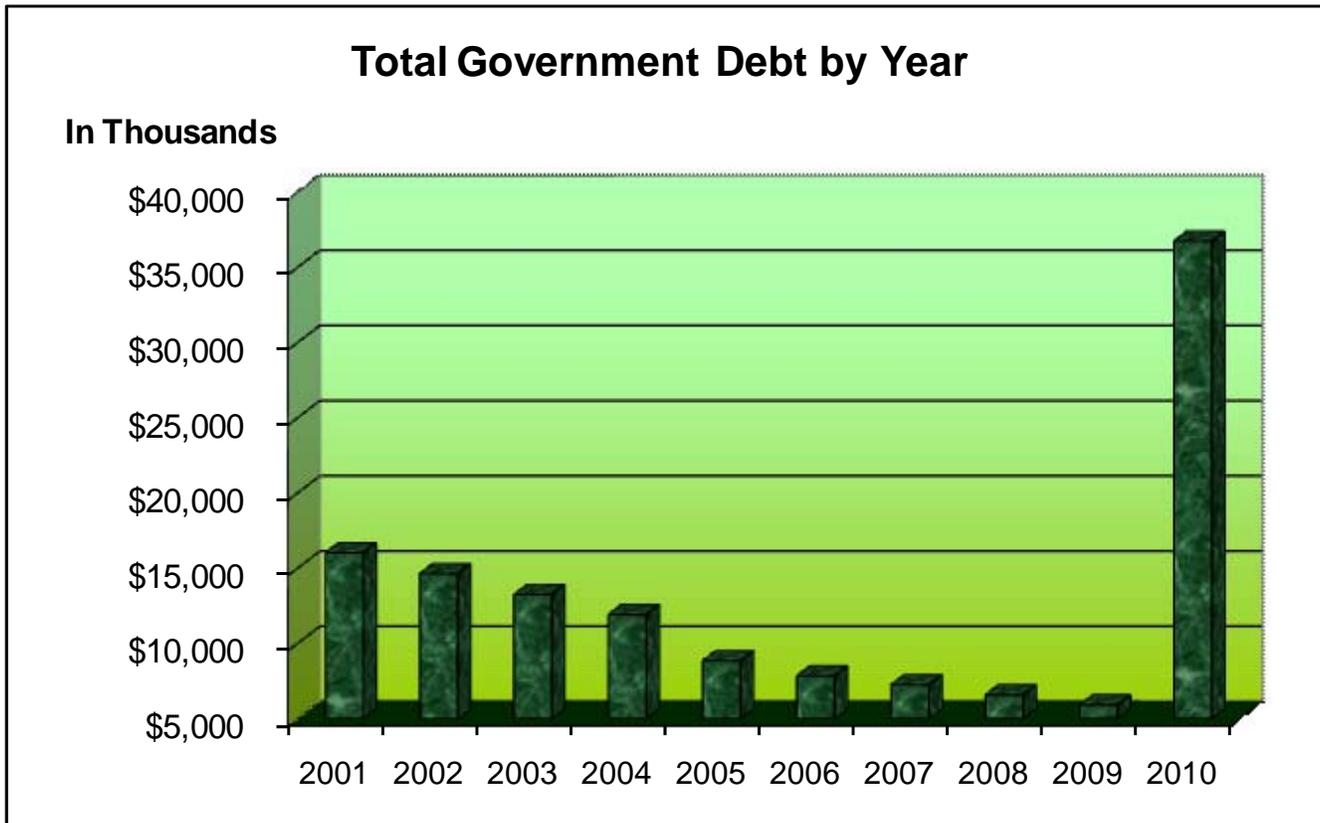


City of Bothell™

City of Bothell

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

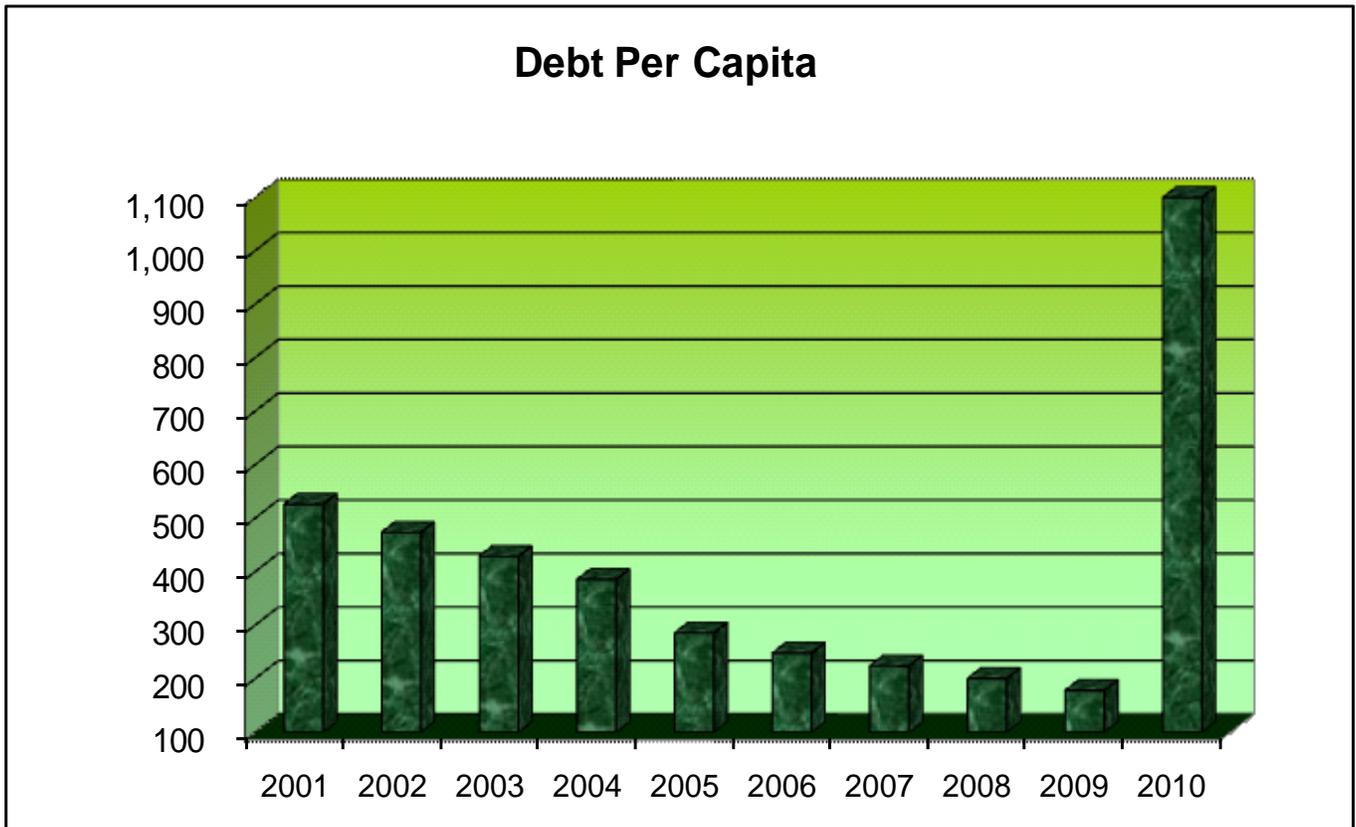
Year	Government Activities			Business-Type Activities		
	General Obligation	Special Assessment	Term Loan Payable	Water Bonds	Sewer Bonds	Term Loan Payable
2001	\$11,220,000	\$1,588,033	\$775,905	\$535,000	\$230,000	\$1,691,052
2002	10,615,000	1,586,025	237,036	435,000	180,000	1,591,578
2003	9,975,000	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
2008	5,435,000		33,864			1,125,985
2009	4,910,000					1,013,388
2010	17,106,611		18,750,000			900,787



City of Bothell

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

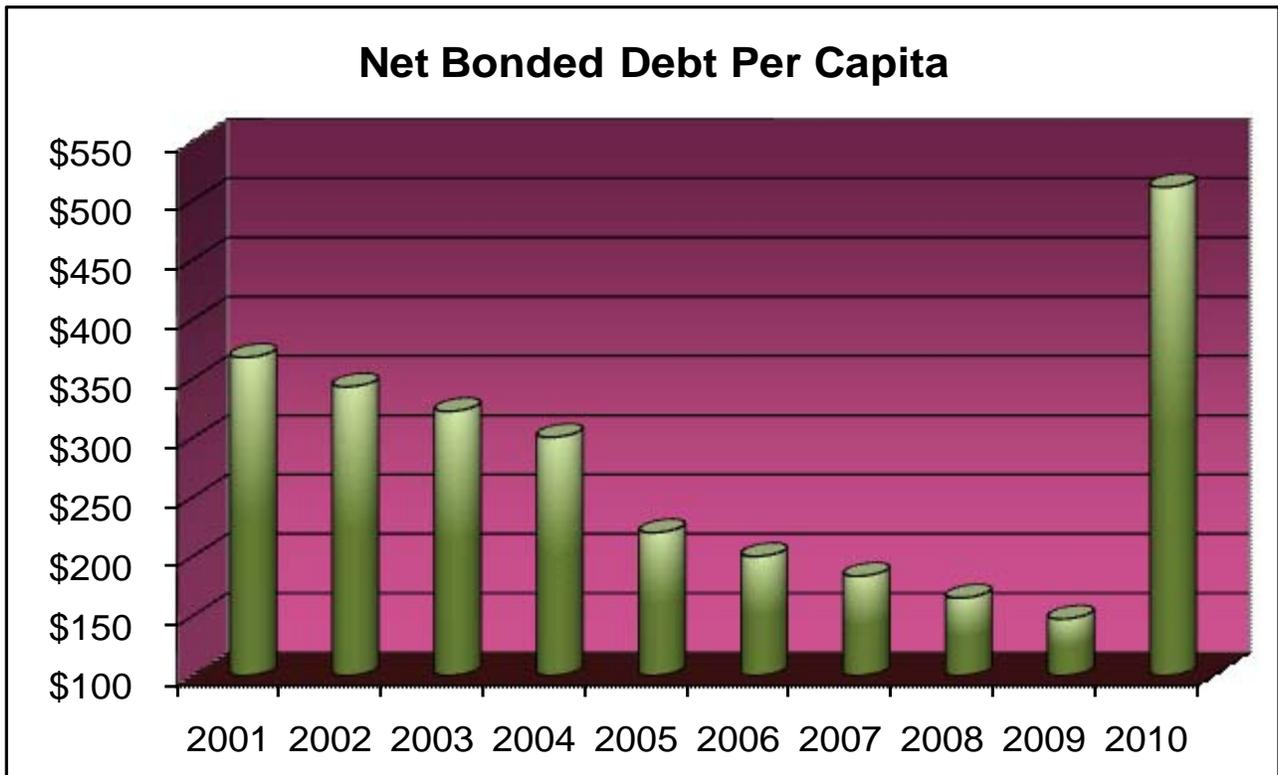
Total Primary Government	Per Capita Income	Percentage of Personal Income	Population	Debt Per Capita	Year
\$16,039,990	\$43,841	1.20	30,470	526	2001
14,644,639	44,313	1.07	30,910	474	2002
13,264,161	44,482	0.96	30,910	429	2003
11,925,692	49,286	0.78	30,930	386	2004
8,854,231	48,789	0.59	31,000	286	2005
7,857,771	52,655	0.47	31,690	248	2006
7,261,310	57,710	0.39	32,400	224	2007
6,594,849	58,141	0.35	32,860	201	2008
5,923,388	59,198	0.30	33,240	178	2009
36,757,398	59,198	1.86	33,430	1,100	2010



City of Bothell

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Year	General Obligation Bonds	Total Taxable Assessed Value	Percentage of Actual Taxable Value of Property	Population	Per Capita
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	32,400	184
2008	5,435,000	6,899,208,239	0.08	32,860	165
2009	4,910,000	6,921,004,324	0.07	33,240	148
2010	17,106,611	6,583,442,392	0.26	33,430	512

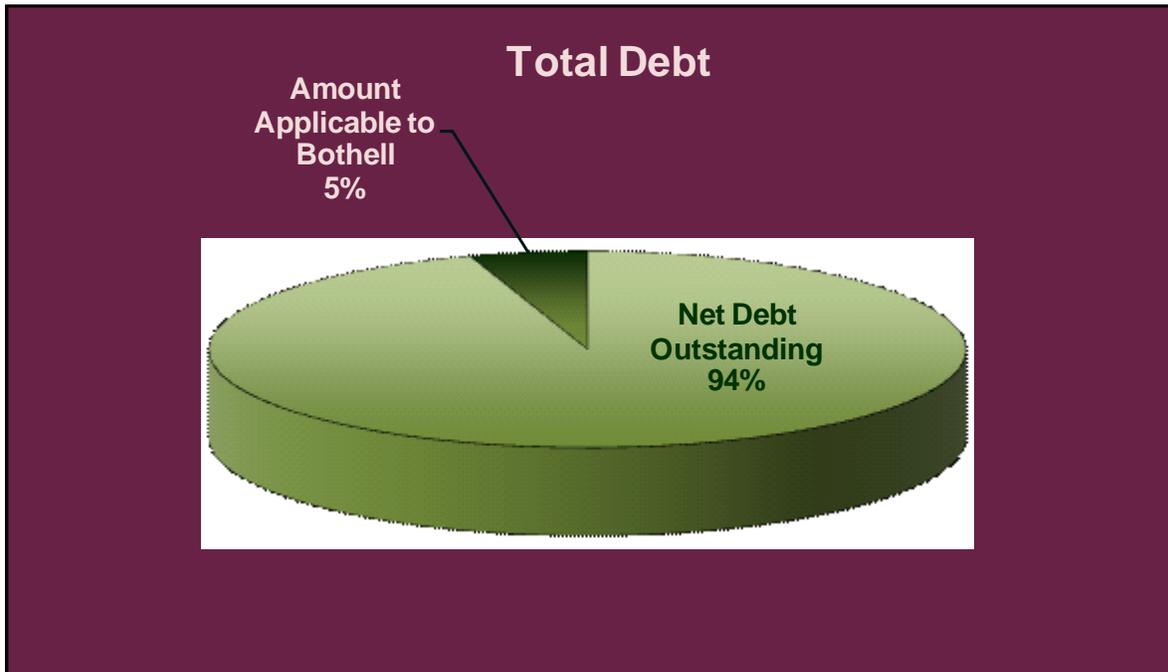


City of Bothell
Computation of Direct and Overlapping Debt
December 31, 2010

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Bothell	Amount Applicable to Bothell
City of Bothell	\$17,106,611	100.00%	\$17,106,611
King County	1,140,426,000	0.96	10,948,090
Snohomish County	283,353,890	0.03	85,006
Northshore School District	349,937,171	23.92	83,704,971
Evergreen Hospital	224,573,187	6.17	13,856,166
Port of Seattle	335,500,000	0.96	3,220,800
Northshore Parks & Rec	2,343,668	23.95	561,308
King County Library System	131,901,411	1.57	2,070,852
Total	<u>\$2,485,141,938</u>		<u>\$131,553,804</u>

Net Debt Source: King & Snohomish County Finance Departments

Percentage Source: King County Levy Administration, Snohomish County Assessor

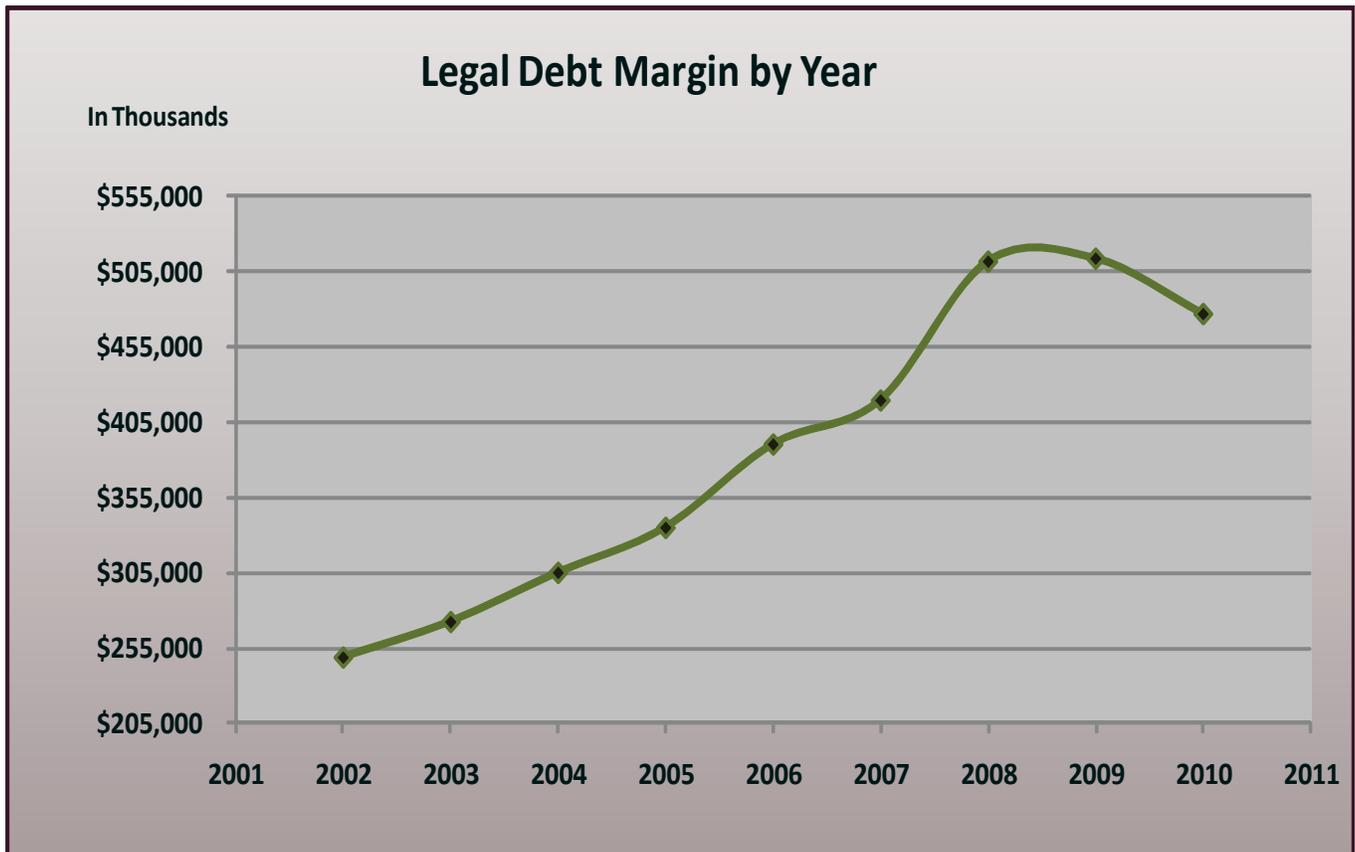


City of Bothell

Legal Debt Margin Information

Last Nine Fiscal Years

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



City of Bothell
Legal Debt Margin Information
Last Nine Fiscal Years

	2007	2008	2009	2010
Assessed value	\$5,677,353,475	\$6,899,208,239	\$6,921,004,324	\$6,583,442,392
Debt limit (7.5% of assessed value)	425,801,511	517,440,618	519,075,324	493,758,179
Debt applicable to limit				
General obligation bonds	5,955,000	5,435,000	4,910,000	17,106,611
Less: amount set aside for repayment of general obligation debt	104,488	124,082	16,204	719,926
Total net debt applicable to limit	5,850,512	5,310,918	4,893,796	16,386,685
Legal debt margin	\$419,950,999	\$512,129,700	\$514,181,529	\$477,371,494
Total net debt applicable to the limit as a percentage of debt limit	1.40%	1.05%	0.95%	3.46%

City of Bothell
Pledged-Revenue Coverage
Last Nine Fiscal Years

Year	Water Revenue Bonds					Coverage
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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			
2008	3,442,357	2,787,482	654,875			
2009	3,731,390	2,800,841	930,549			
2010	3,093,581	2,808,274	285,307			

Notes: 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 Nine Fiscal Years

Special Assessment Bonds						
Utility	Less	Net	Debt Service		Coverage	Year
Service	Operating	Available	Principal	Interest		
Charges	Expenses	Revenue				
\$362,967	\$27	\$362,940		\$78,108	4.65	2002
286,890	391	286,499	780,000	72,945	0.34	2003
262,299	435	261,864	155,000	36,700	1.37	2004
241,460	265	241,195	340,000	29,775	0.65	2005
216,153		216,153	305,000	14,280	0.68	2006
207,391		207,391				2007
195,375	517,883	(322,508)				2008
						2009
						2010

City of Bothell

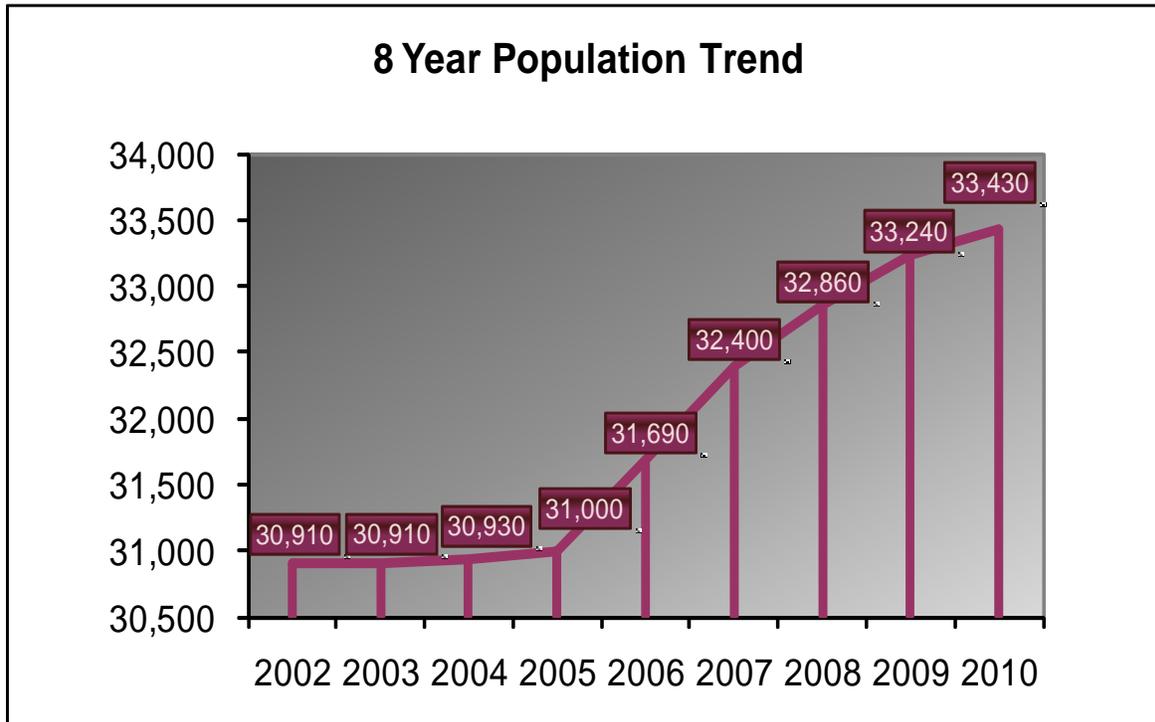
Demographic and Economic Statistics

Last Nine Fiscal Years

Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2002	30,910	1,369,715	\$44,313	36	13.1	23,472	2.80%
2003	30,910	1,374,939	44,482	36	13.1	23,314	7.30%
2004	30,930	1,524,416	49,286	36	13.1	24,244	5.70%
2005	31,000	1,512,459	48,789	36	13.1	23,430	4.70%
2006	31,690	1,668,637	52,655	36	13.1	23,912	4.30%
2007	32,400	1,869,804	57,710	36	13.1	24,112	4.00%
2008	32,860	1,910,513	58,141	36	13.7	22,846	6.30%
2009	33,240	1,967,742	59,198	37	13.7	23,730	8.90%
2010	33,430	NA	NA	38	13.7	27,521	9.10%

Sources: US Department of Labor - Bureau of Labor Statistics (BLS)
 US Department of Commerce - Bureau of Economic Analysis (BEA)
 Washington State - Office of Financial Management (OFM)
 Northshore School District (NSSD), University of Washington-Bothell (UW-B), Cascadia Community College

NA = Not Available



City of Bothell
Principal Employers
Current Year and Ten Years Ago

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
AT&T Mobile	2,079	1	26.50%	977	3	NA
Northshore School District	1,793	2	22.86%	2,160	1	NA
Phillips Ultrasound	1,187	3	15.13%			
T-Mobile	466	4	5.94%			
Puget Sound Energy	451	5	5.75%	346	8	NA
Panasonic (Matsushita) Avionics	423	6	5.39%			
Vertafore Inc	402	7	5.12%			
University of Washington-Bothell	367	8	4.68%			
Phillips Electric N American Corp	364	9	4.64%			
Seattle Times	313	10	3.99%	440	6	NA
ATL Ultrasound				1,498	2	NA
Speigel Group Teleservices				700	4	NA
Matsushita Avionics Systems				555	5	NA
Genie Industries				353	7	NA
Home Depot				268	9	NA
Onsite Commercial Staffing				250	10	NA
Total	7,845		39%	7,547		NA

Sources: City of Bothell Business License System
Northshore School District (NSSD) 2009-2010 Budget
City of Bothell Human Resources Department
University of Washington-Bothell (UW-B)

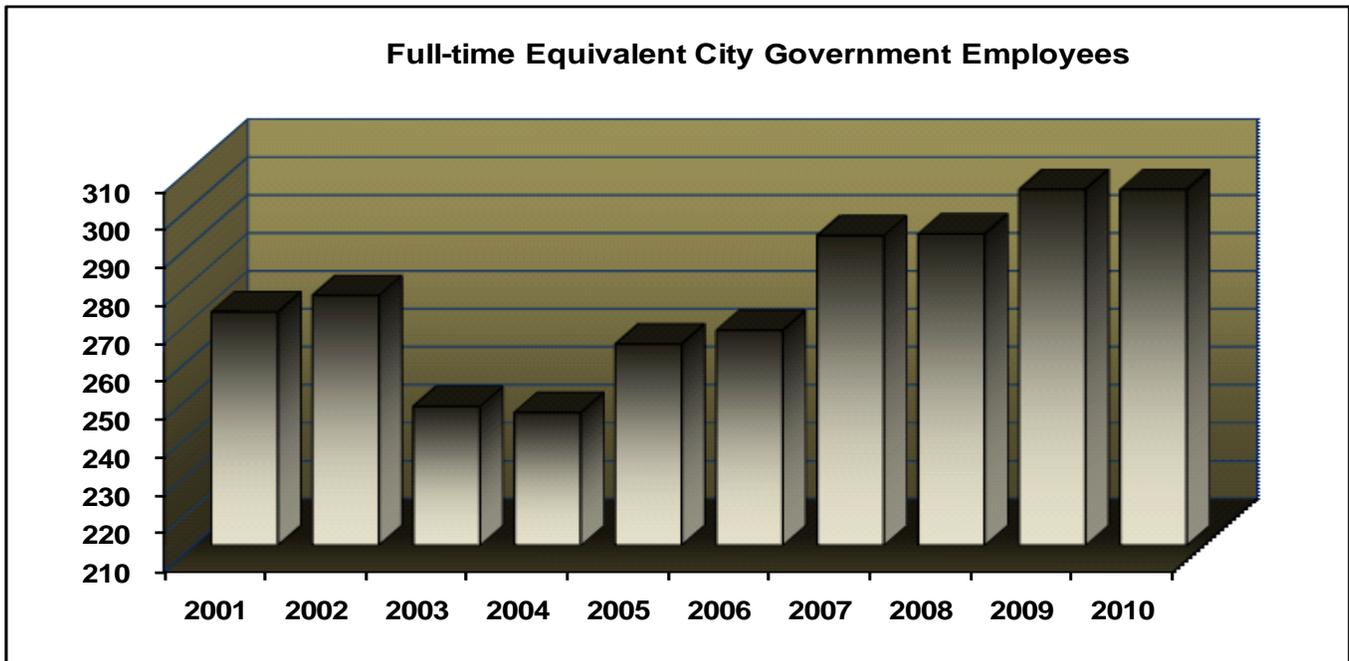
NA = Not Available

City of Bothell

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

Function/Program	Full-Time Equivalent Employees as of December 31				
	2001	2002	2003	2004	2005
Executive					
Legislative	7.00	7.00	7.00	7.00	7.00
Judicial	2.50	3.50	3.00	3.00	3.00
City Manager	5.00	6.00	5.00	5.00	6.00
City Clerk	5.25	5.50	3.75	3.75	3.25
Information Technology	7.00	7.00	6.91	6.91	6.50
Non-Dept/Tourism					
Finance	9.00	10.00	7.91	7.91	6.80
Legal	3.00	3.00	3.00	3.00	2.56
Human Resources	4.00	4.00	4.93	4.93	5.50
Police					
Officers	50.00	53.00	53.00	54.00	54.00
Civilians	31.75	27.75	26.25	25.25	26.75
Fire					
Firefighters and officers	52.00	55.00	55.00	54.00	54.00
Civilians	7.50	5.50	4.50	5.50	5.50
Community Development	36.75	32.75	21.75	21.75	20.00
Public Works					
Facilities	3.40	1.40	1.00	1.00	1.33
Engineering	9.00	12.00	11.00	11.00	16.75
Parks & Recreation	14.52	15.43	9.63	8.00	9.53
Street	7.88	8.88	6.33	6.33	8.05
Water	5.29	5.89	5.81	5.81	6.86
Sewer	4.43	3.83	3.76	3.76	6.66
Storm Drain	3.58	4.58	4.69	4.69	9.79
Fleet	2.70	3.80	2.41	2.41	2.48
Self-Insurance/Risk Mgmt					.70
Totals	271.55	275.81	246.63	245.00	263.01

Source: Human Resources Department



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

Function/Program	Full-Time Equivalent Employees as of December 31				
	2006	2007	2008	2009	2010
Executive					
Legislative	7.00	7.00	7.00	7.00	7.00
Judicial	3.50	4.00	4.00	4.00	4.00
City Manager	7.00	7.00	7.00	7.00	7.00
City Clerk	3.25	2.75	2.75	2.75	2.75
Information Technology	6.00	7.00	7.00	10.00	10.00
Non-Dept/Tourism	0.50	0.50	1.00	1.00	1.00
Finance	6.80	7.80	7.80	8.25	8.25
Legal	2.56	2.56	2.56	3.56	3.56
Human Resources	5.00	5.00	5.00	6.00	6.00
Police					
Officers	54.00	57.00	57.00	58.00	58.00
Civilians	26.75	26.75	26.75	25.75	25.75
Fire					
Firefighters and officers	54.00	57.00	57.00	57.00	57.00
Civilians	6.50	6.75	6.75	7.75	7.75
Community Development	20.00	24.00	24.00	22.50	22.50
Public Works					
Facilities	1.33	1.33	1.33	4.71	4.71
Engineering	17.75	23.80	23.80	26.27	26.27
Parks & Recreation	10.19	10.79	10.79	10.42	10.42
Street	8.05	7.54	7.54	7.80	7.80
Water	6.86	8.78	8.78	8.83	8.83
Sewer	6.66	8.38	8.38	8.41	8.41
Storm Drain	9.79	12.82	12.82	13.31	13.31
Fleet	2.48	2.33	2.33	2.72	2.72
Self-Insurance/Risk Mgmt	.70	.70	.70	.70	.70
Totals	266.67	291.58	292.08	303.73	303.73

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Calls for service	22,060	20,503	20,886	20,575	26,984	27,628	23,214	25,650	25,678	26,909
Physical arrests	NA	NA	NA	NA	1,733	2,288	2,203	2,298	1,969	1,975
Traffic violations	NA	NA	NA	NA	4,212	4,584	5,081	3,928	4,272	5,188
Fire										
Emergency alarms	4,692	4,382	4,507	4,480	4,333	4,961	4,432	4,261	4,378	4,788
Inspections	1,668	1,673	1,725	1,698	1,465	1,413	1,523	1,133	1,043	1,231
Community Development										
Building permits issued	1,009	814	865	703	824	896	1,472	1,142	408	392
Building inspections	5,175	3,571	4,600	3,710	3,920	6,073	7,254	4,342	2,922	3,772
Parks and Recreation										
Field & shelter bookings	NA	NA	NA	NA	NA	996	1,471	1,644	2,288	2,437
Water										
Units served	4,181	3,082	3,091	NA	NA	NA	3,803	3,868	3,874	3,945
Water main breaks							3	3	3	5
Average daily consumption (thousands of gallons)	1,410	1,490	1,490	1,490	NA	1,488	2,010	1,538	1,591	1,376

Sources: City Departments

NA = Not Available

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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)	104	322	322	322	322	322	322	325	326	326
Street lights	1,740	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,957	1,957
Parks and Recreation										
Acreage	190.00	196.00	201.00	201.64	200.84	200.84	200.84	200.84	201.02	201.02
Parks	23	23	23	26	25	25	25	25	23	23
Water										
Water mains (miles)	70.8	71.0	71.0	71.0	71.0	71.5	71.5	71.5	72.5	72.5
Sewer/Storm Drain										
Sanitary sewers (miles)	56.9	57.0	57.0	57.0	57.0	57.3	57.4	57.4	58.2	58.2
Storm sewers (miles)	108.0	108.0	108.0	108.0	108.0	109.4	109.7	109.7	110.0	110.0

Sources: City Departments



City of Bothell™