City of Bothell, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2014

City of Bothell

City of Bothell™

City Of Bothell, Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2014

PREPARED BY THE FINANCE DEPARTMENT

Tami Schackman
Finance Director

Maureen Werts
Deputy Finance Director

Linli Moat
Senior Financial Analyst

Ted Reijonen
Senior Financial Analyst

Gretchen Zundel
Senior Financial Analyst

Ricky Leung
Accounting Specialist

Laura Moon
Financial Information Specialist

City of Bothell, Washington
Comprehensive Annual Financial Report
For The Fiscal Year Ended December 31, 2014

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City of Bothell™

Introductory Section

June 30, 2015

City of Bothell™

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, 2014 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, 2014 was conducted between April and June of 2015, 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). Bothell received zero audit findings from 2002-2013.

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.

18305 101st Ave. NE
Bothell, WA 98011
425.486.3256
www.ci.bothell.wa.us

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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, 2014 found zero 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 Coucil. The City Manager appoints seven department heads and an Assistant City Manager.

At the end of 2014, the City of Bothell had 319 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, fire, emergency medical services, planning and zoning, street maintenance, and parks and recreation.

Bothell's proprietary operations consist of water, sewer, and storm and surface water 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. In accordance with state law, budget status reports are provided quarterly to 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 41,630. Located within the Seattle metropolitan

area, the City straddles two counties (King and Snohomish) and comprises approximately 14.38 square miles. In 2014, Bothell ranked number 26 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. The University of Washington Bothell campus recently constructed a $68 million, 74,000 square foot Science and Academic Building, which added capacity to serve more than 1,000 additional students.

Bothell's three business parks, dubbed "The Technology Corridor", provide an appealing location for advanced biotechnology firms, wireless communications, medical device manufacturing and medical research. The corridor includes a state-designated innovation partnership zone facilitated by University of Washington-Bothell, Cascadia Community College, and private sector businesses. Major firms include: AT&T (the largest communications holding company in the world based on revenue generation), 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). The City does not levy a business and occupation tax, unlike some neighboring communities, thereby offering Bothell a competitive advantage with employers.

Beginning in 2005, the City initiated the largest municipally-led downtown revitalization project in Washington State. To date, the City has invested over $98 million in vital capital projects as part of a $212 million program of planned infrastructure improvements intended to leverage private investment. McMenamins, a Northwest company that operates brewpubs, movie houses, restaurants and hotels in Washington and Oregon acquired the historic Anderson Building and is currently renovating to convert the building into a 73-room hotel, with associated buildings to include a restaurant, brewpub, movie theater and live music entertainment venue. A unique element of the agreement with McMenamins provides free use of the former Northshore Pool for Bothell citizens for a period of 15 years. Completion is anticipated in 2015. Adjacent to the Anderson Building property are other City-owned parcels designated as surplus property and available for sale to private parties for redevelopment.

Economic Condition

Bothell relies on three major revenue streams to fund City services: sales tax, property tax, and utility tax.

Bothell's largest revenue stream, sales tax, exceeded 2013 levels by 8.7% overall. Retail sales tax increased by 11.7% in 2014, while construction sales tax fell 6.8%. Building

permit revenues declined 19.2% from 2013 levels. Utility tax revenue increased 2.3% compared to 2013. Property tax continues to remain a stable revenue source.

The state economy continues to expand moderately and is expected to continue to outpace the national economy. Seattle-area inflation is slightly higher than the national rate due to rapidly rising shelter costs. Bothell continues to see noteworthy recovery in the local housing market. Economists are predicting the combined King and Snohomish County housing starts figure to grow 16% in 2015 and 7% in 2016. Bothell's housing starts are expected to exceed projections.

The region's unemployment rate at the end of 2014 was 4.6%. By the end of March 2015, the Seattle-Bellevue-Everett unemployment rate was at 4.5%.

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 optimally budgets a General Fund operating reserve equal to or greater than 15% of 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. When spending down operating reserves is necessary, City Management develops and implements a well-defined fiscal plan to replenish reserves.

Major Initiatives

In 2007, the City instituted a $7.3 million (20%) General Fund operating reserve to provide adequate interim funding to sustain City services for two biennia in the event of a significant economic downturn. This reserve was used to maintain City services during the economic downturn that resulted from the Great Recession. The City's General Fund at the end of the biennium was 8.0% or 3.05 million of operating expenditures. The 2015-

2016 budget projects a 4.8 million operating reserve which includes $1.2 million that is anticipated to be added to the reserve during the 2015-2016 biennium. Based on actual 2013-2014 operations, an excess of $1.5 million in one-time revenues is needed to close the gap and reinstate the General Fund 15% operating reserve goal.

As stated earlier, Bothell continues to invest in its ambitious Capital Program. To date the City has invested over $98 million in vital capital projects as part of a $212 million program of planned infrastructure improvements. Major funding sources for these projects come from Real Estate Excise Tax (REET), Local Infrastructure Financing Tool (LIFT) bond proceeds, grants, transportation and park mitigation and impact fees, utility user and facility fees, and proceeds from the sale of surplus property. Grant funding accounts for more than 32 percent of CFP project funding.

In February 2014, Bothell annexed nine areas totaling over 1,000 acres in unincorporated King County. The annexation squares off Bothell's boundaries and eliminates numerous irregularities, thereby supporting more efficient delivery of urban services. The annexed area included 6,790 residents and is expected to add $813 million to the City's assessed valuation for 2015.

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

The City issues bonds for capital improvements. The City provides continuing note disclosures, in compliance with the Securities and Exchange Commission (SEC) requirements. City Council approval is required prior to issuance of debt.

In 2014, the City issued $18,355,000 in revenue bonds to finance capital projects for Water, Sewer, and Storm and Surface Water utilities. The bonds, payable from utility revenues, were rated AA- by Standard and Poor's.

In 2014, the City issued $30 million in Local Infrastructure Financing Tool (LIFT) bonds, under which the State is expected to contribute up to $1 million annually toward debt service, essentially a sales tax rebate for incremental growth in state sales tax collections resulting from economic development within the City.

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

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, 2013. This was the thirteenth 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 2014 CAFR to the GFOA to determine this report's eligibility for a certificate. Staff believes the City's 2014 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 2013-2014 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 2014 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 the Mayor and 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

Government Finance Officers Association

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, 2013

Executive Director/CEO

City of Bothell Organizational Chart

City of Bothell
Elected Officials

Deputy Mayor
Del Spivey

Andy Rheaume

Mark Lamb

MAYOR
Joshua Freed

Bill Evans

Tom Agnew

Tris Samberg

Executive Staff
(Officials as of December 31, 2014)

City Manager	Robert S. Stowe
Assistant City Manager	Peter Troedsson
Finance Director	Tami Schackman
Human Resources Director	Jamie Marsden
City Attorney	Joe Beck
Community Development Director	Bill Wiselogle
Fire Chief	Bob Van Horne
Police Chief	Carol Cummings
Public Works Director	Erin Leonhart

Financial Section

Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

August 12, 2015

Council
City of Bothell
Bothell, Washington

REPORT ON THE FINANCIAL STATEMENTS

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 and Snohomish Counties, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bothell, King County, Washington, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2014, the City has implemented the Governmental Accounting Standards Board *Statement No. 69, Government Combinations and Disposals of Government Operations*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 through A15 and budgetary comparison information on page C1 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements on pages D1 through D17 and supplementary information on pages E1 through E15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in

the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated August 12, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

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, 2014. Users are encouraged to consider Management's Discussion and Analysis in conjunction with additional information furnished in the letter of transmittal (Introductory Section) and the City's financial statements (Financial Section).

2014 Financial Highlights

- Net position equaled $769,898,930 at the end of 2014.
- Net position decreased by $5,927,030, or 0.76% compared to 2013.
- Unrestricted net position amounted to $6,165,305 ($1,729,590 for governmental activities and $4,435,715 for business-type activities).
- Long-term debt increased by $18,191,211.
- Total governmental fund balances at year-end totaled $18,565,368.
- Total governmental fund revenues increased $2,863,694, or 5.13%.
- Total governmental fund expenditures increased $22,287,481, or 33.59%.
- Governmental fund expenditures, excluding transfers, exceeded governmental fund revenue by $29,968,458.
- Fund balance for the General Fund at year-end totaled $3,788,557.
- Total General Fund revenues increased $878,460 or 2.25%.
- Total General Fund expenditures increased $1,176,624, or 3.12%.
- General Fund, revenues excluding transfers, exceeded General Fund expenditures by $1,004,982.

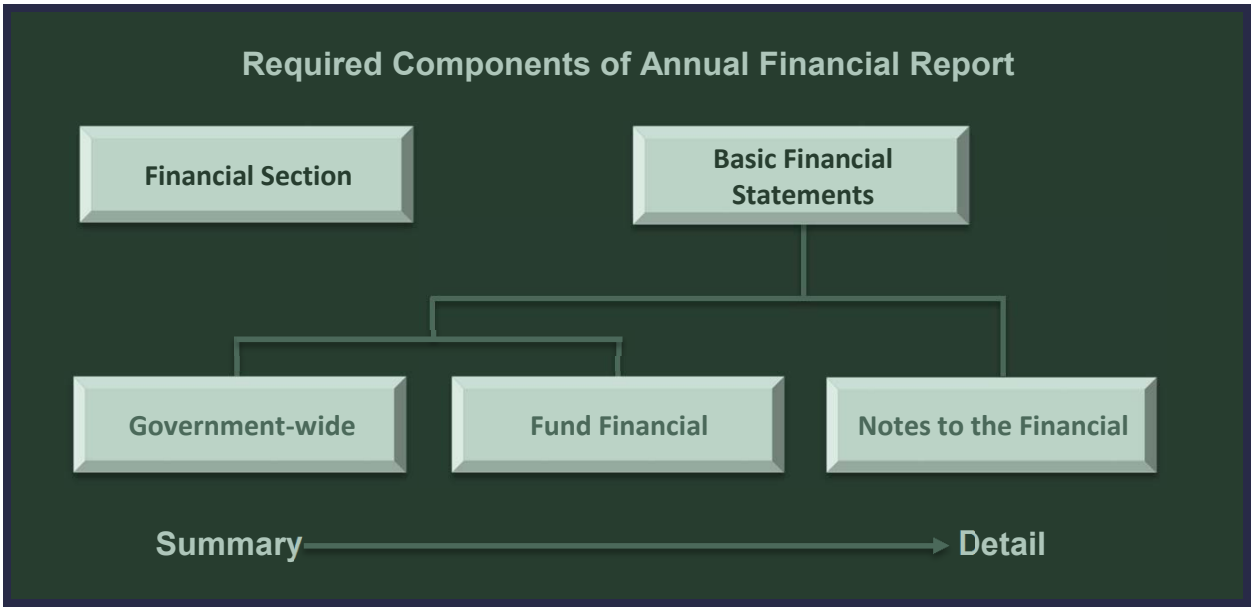
Overview of the Financial Statements

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 Position** presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. This statement is similar to the balance sheet of a private-sector business, and increases and decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 & surface water.

Government-wide financial statements are located in Financial Section IIB.

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. In 2011, the City implemented Statement No. 54 of the Governmental Accounting Standards Board (GASB): Fund Balance Reporting and Governmental Fund Type Definitions. In previous financial reports, fund balance for governmental funds focused on whether resources were available for appropriations and presentation distinguished unrestricted fund balance (available for appropriation) from reserved fund balance (not available for appropriation). The new fund balance components focus on the extent to which the government is bound to honor constraints on the specific purpose for which amounts in the fund can be spent. 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 10 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 and Capital Improvements, which are considered the City's major governmental funds. Data for the other 8 governmental funds is combined into a single aggregated presentation. Individual fund data for each 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 the Financial Section IIC 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 and surface water 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 the Financial Section IIB 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 the Financial Section IIB 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 the Financial Section IIB 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 Fund; 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 Federal, 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 Position

The statement of net position serves as a useful indicator of the City's financial position. As of December 31, 2014, the City's assets exceeded liabilities by $769,898,930. Net investments in capital assets (e.g. land, buildings, machinery, and equipment) are by far the largest portion of the City's net position (97.03%), 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 position for 2014 compared to 2013.

City of Bothell's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	$25,940,408	$25,225,735	$21,727,010	$6,850,962	$47,667,418	$32,076,697
Capital assets	755,832,646	768,778,034	44,757,539	35,455,568	800,590,185	804,233,602
Total assets	781,773,053	794,003,769	66,484,549	42,306,530	848,257,603	836,310,299
Long-term debt	50,887,648	51,259,355	20,002,446	2,190,404	70,890,094	53,449,759
Other liabilities	4,656,203	6,342,675	2,812,375	691,903	7,468,577	7,034,578
Total liabilities	55,543,851	57,602,030	22,814,822	2,882,307	78,358,673	60,484,337
Net position						
Net investment in capital assets	709,089,935	720,584,679	37,917,645	34,892,575	747,007,579	755,477,254
Restricted	15,409,677	12,554,203	1,316,369		16,726,046	12,554,203
Unrestricted	1,729,590	3,262,857	4,435,715	4,531,648	6,165,305	7,794,505
Total net position	**$726,229,202**	**$736,401,739**	**$43,669,728**	**$39,424,223**	**$769,898,930**	**$775,825,962**

The City's $1,729,590 in unrestricted governmental net position is available for appropriation in order to meet the needs of its citizens and to satisfy its creditors.

At the end of the 2014 fiscal year, all three categories of net position for governmental activities business-type activities reported positive balances.

Changes in Net Position

The following table reflects increases or decreases in net position resulting from the City's operating activities. The table shows revenues, expenses, and related changes in net position for the governmental activities separate from the business-type activities for 2014 and 2013. Bothell's net position from operations decreased citywide by $5,704,856 during 2014.

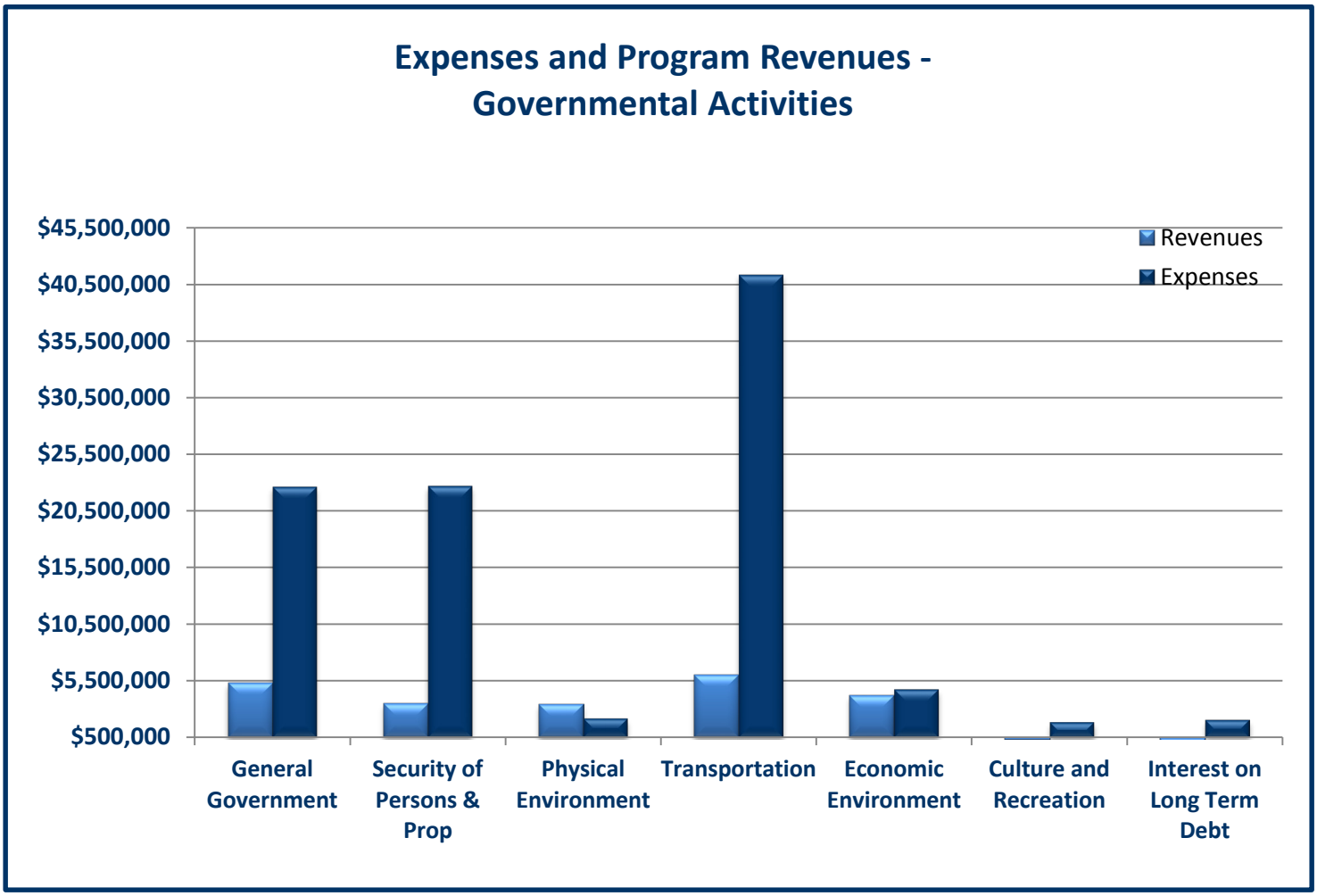
Changes in Net Position

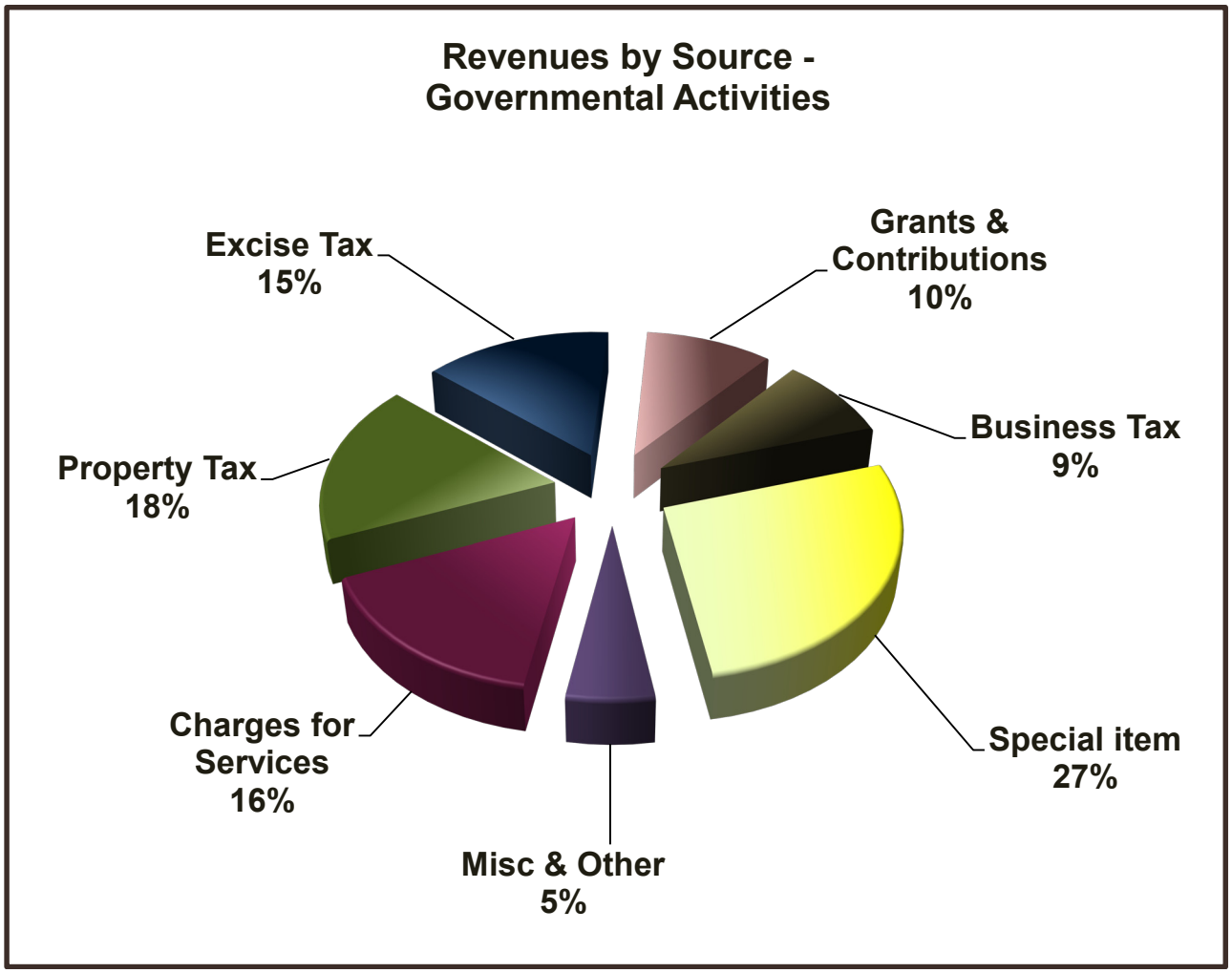
	2014			2013		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues						
Charges for services	$13,988,934	$15,996,535	$29,985,469	$15,227,026	$14,715,797	$29,942,823
Operating grants and contributions	541,291		541,291	1,566,336		1,566,336
Capital grants and contributions	8,153,286	1,951,300	10,104,586	11,102,307	501,000	11,603,307
General revenues						
Property tax	15,501,155		15,501,155	12,506,112		12,506,112
Excise tax	12,889,402		12,889,402	11,071,149		11,071,149
Business tax	7,945,069		7,945,069	6,759,484		6,759,484
Interest and investment earnings	116,931		116,931	164,714		164,714
Special item	23,858,356		23,858,356			
Transfers				(17,422)	17,422	
Miscellaneous	4,682,318	1,928	4,684,247	1,033,726		1,033,726
Total revenues	87,676,744	17,949,763	105,626,507	59,413,433	15,234,219	74,647,652
Program expenses including indirect expenses						
General government	22,655,176		22,655,176	10,073,570		10,073,570
Security of persons and property	22,723,613		22,723,613	23,098,903		23,098,903
Physical environment	2,196,908		2,196,908	5,972,811		5,972,811
Transportation	41,362,523		41,362,523	35,896,052		35,896,052
Economic environment	4,770,995		4,770,995	2,882,941		2,882,941
Culture and recreation	1,852,966		1,852,966	2,005,064		2,005,064
Interest and fiscal charges	2,064,923		2,064,923	686,700		686,700
Water		4,045,439	4,045,439		3,947,670	3,947,670
Sewer		5,865,582	5,865,582		5,136,854	5,136,854
Storm & surface water		3,793,237	3,793,237		2,985,040	2,985,040
Total expenses	97,627,105	13,704,258	111,331,363	80,616,038	12,069,564	92,685,603
Excess (deficiency)	(9,950,361)	4,245,506	(5,704,856)	(21,202,606)	3,164,654	(18,037,953)
Change in net position	**($9,950,361)**	**$4,245,506**	**($5,704,856)**	**($21,202,606)**	**$3,164,654**	**($18,037,953)**
Net position beginning	$736,401,738	$39,424,223	$775,825,960	$757,417,631	$36,259,569	$793,677,200
Prior year adjustment	(222,175)		(222,175)	186,714		186,714
Net position ending	**$726,229,202**	**$43,669,728**	**$769,898,930**	**$736,401,739**	**$39,424,223**	**$775,825,962**

Governmental Activities. Governmental activities decreased the City's net position by $9,950,361. Governmental activities account for 94.32% of the City's net position.

The key factors impacting the decrease in 2014 net position are described below:

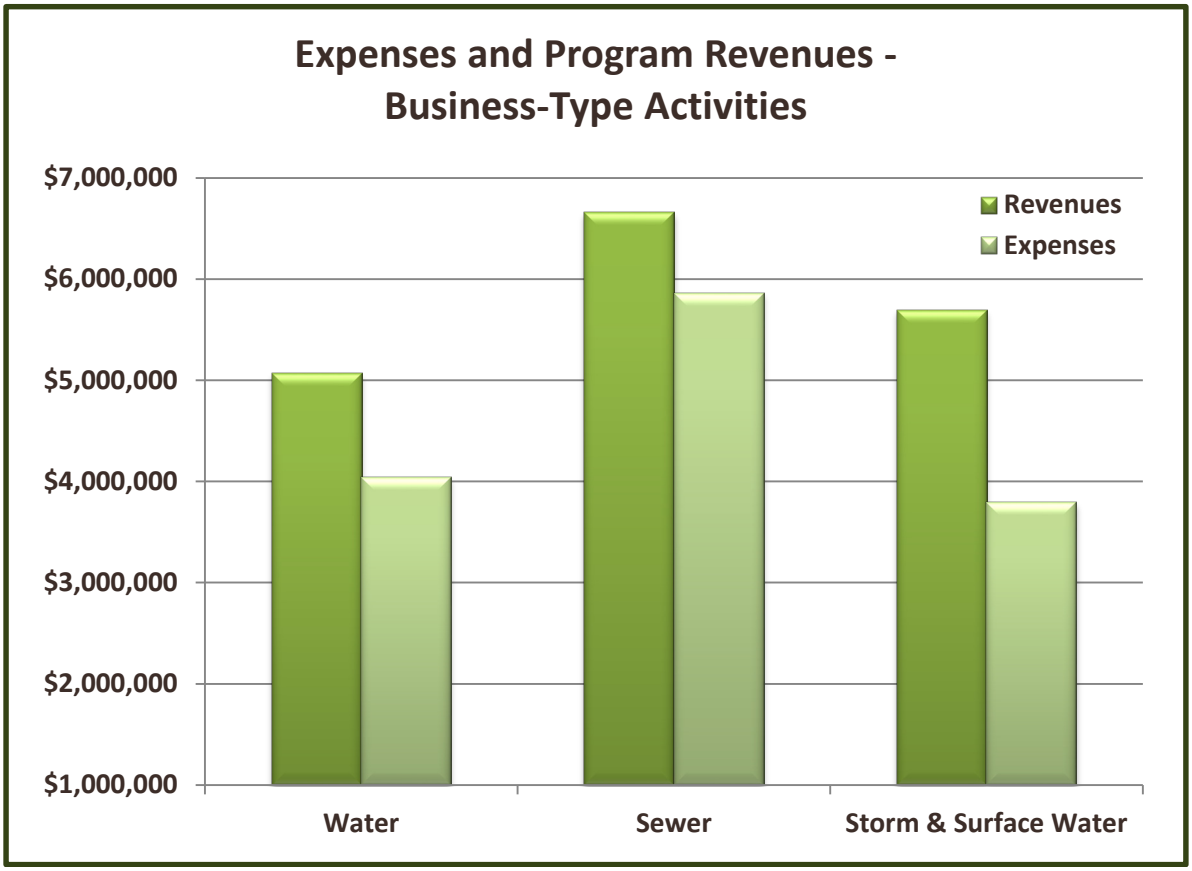
- ($47,351,071) decrease related to the depreciation of infrastructure assets.
- $13,477,686 increase in capital assets, which will be depreciated over their useful life.
- $3,008,495 increase in fund balance.
- $831,200 increase in donated assets, which will be depreciated over their useful life.
- $23,858,356 increase in capital assets as a result of King County Annexation.
- ($2,500,000) decrease in capital assets due to a property sale.
- ($2,048,483) decrease because of a capital project write off.
- $31,479,922 increase attributable to bond principal payments and other long term loan payment that reduce long-term liabilities on the Statement of Net Position.
- ($28,210,000) increase in bonds proceeds liability related to the issuance of a 2014 Local Infrastructure Financing Tool (LIFT) bond.
- ($1,819,279) increase in Public Works Trust Fund (PWTF) loan proceeds liability.
- ($383,147) increase in compensated absences liability.
- ($342,606) increase in long-term liabilities for other post-employment benefits.
- ($379,000) increase in pollution remediation liability.
- $427,566 increase in internal service funds. Internal service funds track and distribute (bill) the actual costs incurred in providing specified services to other City funds. The net expense of the City's internal service funds is reported with governmental activities.

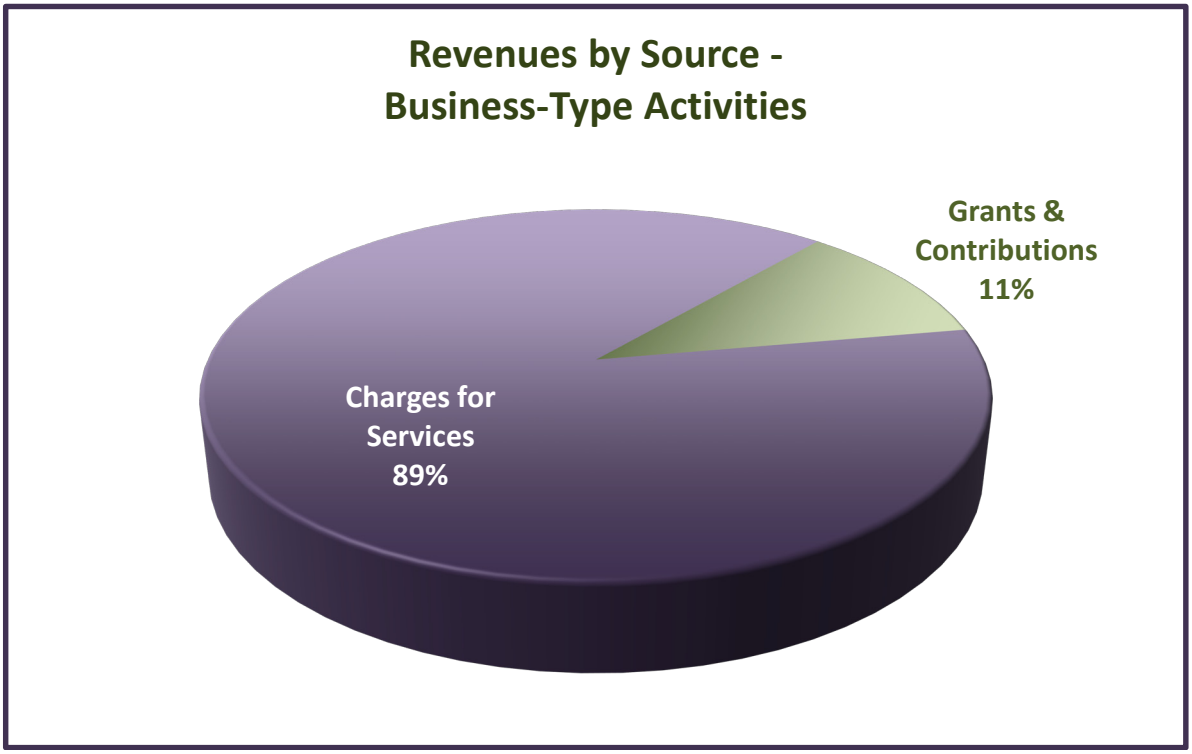

Expenses and Program Revenues - Governmental Activities
$45,500,000
$40,500,000
$35,500,000
$30,500,000
$25,500,000
$20,500,000
$15,500,000
$10,500,000
$5,500,000
$500,000
Revenues
Expenses
General Government
Security of Persons & Prop
Physical Environment
Transportation
Economic Environment
Culture and Recreation
Interest on Long Term Debt



Business-Type Activities. Business-type activities increased the City's net position by $4,245,505. Business-type activities account for 5.6% of the City's net position. The key components of this increase were reduced expenses and increased program revenues.

In 2014, the overall net position of the City did not materially change (0.6%).


Expenses and Program Revenues -
Business-Type Activities
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
Revenues
Expenses
Water
Sewer
Storm & Surface Water


Revenues by Source -
Business-Type Activities
Grants &
Contributions
11%
Charges for
Services
89%

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, unrestricted 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 2014. The City invested $13,477,686 in capital infrastructure during 2014. At year-end, $15,509,602 remained in construction in progress.

At December 31, 2014, the City's governmental funds reported a combined fund balance of $18,565,368. Fund balance for Governmental funds increased by $2,786,319, or 17.66%. The City's major governmental funds (General and Capital Improvements) experienced a combination of the following: General Fund increased $747 while Capital Improvements increased $427,100 due to the sale of property. Other Governmental Funds also increased at $2,358,473.

The General Fund is the chief operating fund of the City. In accordance with Statement No. 54 of the Governmental Accounting Standards Board, Fund Balance Reporting and Governmental Fund Type Definitions, at the end of the 2014 fiscal year, the unrestricted fund balance in the General Fund amounted to $3,049,862. This figure includes approximately $1.7 million assigned for future capital investment. (See Basic Financial Statements)

In 2014, the General Fund revenues, excluding transfers, exceeded expenditures by $1,004,982. The following table reflects fund balance variances for the General Fund between 2013 and 2014:

	2014	2013	Variance Increase/ (Decrease)	% Variance
Revenue & Other Financing Sources	$39,861,084	$38,982,600	$878,484	2.25%
Expenditures & Other Financing Uses	39,860,338	38,330,523	1,529,815	3.99%
Revenue Over (Under) Expenditures	**747**	**652,077**	**2,408,299**	
Beginning Fund Balance	3,787,810	3,124,698	663,112	
Prior Year Adjustment		11,035	11,035	
Ending Fund Balance	**$3,788,557**	**$3,787,810**	**($747)**	

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 transfers in accordance with fiscal policy; and 4) increases in appropriations necessary to maintain services.

During the 2014 fiscal year, the Council modified the City's adopted budget on one occasion. The 2014 budget amendment was adopted by ordinance on November 18, 2014. The amendment had no impact on the General Fund.

For the 2013-2014 biennium, General Fund inflows exceeded outflows by $652,824 and inflows fell short of projections by $1,093,788 or 1.4% of the overall biennial projections. Total General Fund outflows for the biennium were $78,190,860.

Significant differences between the General Fund's authorized 2013-2014 budget and actual inflows and outflows were required as follows:

- Retail sales tax finished $1,181,693 less than projected.
- Construction sales tax receipts were $1,087,521 more than projected.
- Utility taxes were $2 million below projections - mainly due to gas and telephone (broadband services) utility shortfalls.
- Interest earnings trailed behind projections by $293,796.
- Salary and benefit expenditures were under projection by $814,741.
- Maintenance and operating expenditures were behind projections by $381,160.
- Capital expenditures were $83,349 more than projected.
- Transfers-out ended $602,018 less than projected. Lower than projected costs in the City's street, fleet, and self-insurance funds reduced the need for transfers from the General Fund in 2013-2014.

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 positions are as follows: Water $1,764,823; Sewer $2,066,206; and Storm Drain $604,686. In 2014, the City issued $18,355,000 in utility revenue bonds to finance utility projects. The bonds are payable from revenues generated by user fees.

The overall change in net position for each proprietary fund is as follows: Water increased $1,026,094; Sewer increased $1,313,473; and Storm Drain increased $1,905,937. 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, 2014 totaled $800,590,185 (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	
	2014	2013	2014	2013	2014	2013
Land and land improvements	$61,636,704	$60,234,806	$285,302	$285,302	$61,922,006	$60,520,108
Infrastructure rights-of-way	80,168,617	71,324,510	1,801,787	140,987	81,970,404	71,465,497
Buildings	15,864,434	16,300,736	7,695,899	7,459,434	23,560,333	23,760,170
Improvements	48,369,978	43,348,570	25,254,649	22,945,194	73,624,626	66,293,763
Infrastructure	525,907,643	527,102,493			525,907,643	527,102,493
Vehicles	2,781,119	2,511,564	41,962		2,823,081	2,511,564
Machinery & equipment	894,547	875,404	561,766	191,786	1,456,314	1,067,190
Construction in progress	15,509,602	42,379,950	9,116,175	4,432,866	24,625,777	46,812,816
Intangible asset	4,700,000	4,700,000			4,700,000	4,700,000
Total	**$755,832,646**	**$768,778,033**	**$44,757,539**	**$35,455,568**	**$800,590,185**	**$804,233,601**

Additional information on the City's capital assets can be found in the Financial Section IIB, Note 5 of the Basic Financial Statements.

Long-Term Debt. As of December 31, 2014, the City had total debt outstanding of $71,640,668.

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation debt	$39,375,000	$12,285,000			$39,375,000	$12,285,000
Bond anticipation note		30,000,000				30,000,000
Utility revenue bonds			18,355,000		18,355,000	
Utility revenue bonds premium			1,265,629		1,265,629	
Other debt	11,512,648	8,974,055	1,132,391	2,190,403	12,645,039	11,164,458
Total	**$50,887,648**	**$51,259,055**	**$20,753,020**	**$2,190,403**	**$71,640,668**	**$53,449,458**

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 $459,674,732 as of January 1, 2015. The City had $2,000,000 in voter approved bonds outstanding at December 31, 2014. Additional information regarding the City's long-term debt is located in the Financial Section IIB, Note 13.

Economic Factors and Next Year's Budget and Rates

- Since the Great Recession, Puget Sound jobs have grown at a 2.4% annual rate, significantly faster than the 1.6% national rate. The Seattle-Bellevue-Everett unemployment rate at the end of 2014 was 4.6%. As of March 2015, the local unemployment rate had fallen further to 4.5%.
- Bothell continues to see noteworthy recovery in the local housing market. Economists are predicting the combined King and Snohomish County housing starts figure to grow 16% in 2015 and 7% in 2016. Bothell's housing starts are expected to exceed projections.
- City fees increase annually on January 1 of each year, in line with the previous year's June-to-June Consumer Price Index (CPI), which is published by the Bureau of Labor Statistics. Based on the 2014 CPI, City fees increased 2.2% for 2015.
- City Council approved a 1% property tax levy for 2014 and 2015. A 1% property tax increase amounts to approximately $91,000 per year for the City.

Biennial Budget Highlights for the Period Ending December 31, 2014

Governmental Activities:

In early 2013, City management implemented a Council approved $1.8 million budget sustainability initiative to correct the structural imbalance between General Fund operating revenues and expenditures. These measures included a new Motor Vehicle Accident (MVA) fee, increases in EMS Transport and business license fees, and personnel concessions from bargaining groups.

In 2014, the City received $1,777,795 in King County Road Tax in lieu of property taxes following the February 2014 King County annexations. The one-time revenue will be used to help fund 2015 street operations while a longer-term revenue strategy is developed.

Fund balance in the City's General Fund amounted to 8.7% of operating expenditures at December 31, 2014.

Total capital outlay expenditures in governmental funds amounted to $29,106,487 during the 2013-2014 biennium.

Business-Type Activities:

The City's three utility funds (Water, Sewer, and Storm & Surface Water) are fully supported through user fees.

In 2014, Council approved the following utility rate increases to pay for utility expenses and capital projects identified in the City's 2013-2019 Capital Facilities Plan: 5.0% increase in water, 3.4% increase in sewer and a 8.0% increase in storm & surface water. These rate adjustments took effect on January 1, 2014.

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™

City of Bothell
Statement of Net Position
December 31, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$7,292,811	$2,435,319	$9,728,130
Investments	11,243,740	3,243,327	14,487,067
Receivables (net)	7,264,198	2,541,694	9,805,893
Taxes receivable	139,658		139,658
Reserved assets:			
Cash and investment		13,506,671	13,506,671
Capital assets:			
Non-depreciable	162,014,924	11,203,263	173,218,187
Depreciable, net	593,817,722	33,554,275	627,371,997
Total assets	781,773,053	66,484,550	848,257,603
LIABILITIES			
Accounts payable	3,910,167	2,061,802	5,971,969
Unearned revenue	746,036		746,036
Long-term liabilities (see Note 13)			
Due within one year	3,498,386	750,573	4,248,960
Due in more than one year	47,389,262	20,002,446	67,391,708
Total liabilities	55,543,851	22,814,822	78,358,673
NET POSITION			
Net investment in capital assets	709,089,935	37,917,645	747,007,579
Restricted for:			
Transportation	4,068,281		4,068,281
Parks & Recreation	2,062,546		2,062,546
Capital projects	7,345,058		7,345,058
Street maintenance	1,115,997		1,115,997
Drug forfeitures	33,042		33,042
Debt service	29,739	1,316,369	1,346,108
Cemetery (permanently restricted)	16,321		16,321
Other purpose	738,694		738,694
Unrestricted (deficit)	1,729,590	4,435,715	6,165,305
Total net position	**$726,229,202**	**$43,669,728**	**$769,898,930**

The accompanying notes are an integral part of this statement

City of Bothell
Statement of Activities
For the Year Ended December 31, 2014

Functions/program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Government activities:				
General government	$22,655,176	$4,949,225	$367,127	
Security of persons and property	22,723,613	3,368,962	87,928	
Physical environment	2,196,908	937,303	78,187	2,410,940
Transportation	41,362,523	268,215		5,742,346
Economic environment	4,770,995	4,176,516		
Culture and recreation	1,852,966	288,713	8,048	
Interest and fiscal charges	2,064,923			
Total governmental activities	**97,627,105**	**13,988,934**	**541,291**	**8,153,286**
Business-type activities:				
Water	4,045,439	4,247,227		823,900
Sewer	5,865,582	6,601,973		576,900
Storm & surface water	3,793,237	5,147,336		550,500
Total business-type activities	**13,704,258**	**15,996,535**		**1,951,300**
Total primary government	**$111,331,362**	**$29,985,469**	**$541,291**	**$10,104,586**

The accompanying notes are an integral part of this statement

City of Bothell
Statement of Activities
For the Year Ended December 31, 2014

Functions/program	Net (Expense) Revenues and Changes in Net Position		
	Governmental Activities	Primary Government Business-Type Activities	Total
Primary government:			
Government activities:			
General government	($17,338,824)		($17,338,824)
Security of persons and property	(19,266,723)		(19,266,723)
Physical environment	1,229,522		1,229,522
Transportation	(35,351,962)		(35,351,962)
Economic environment	(594,479)		(594,479)
Culture and recreation	(1,556,205)		(1,556,205)
Interest and fiscal charges	(2,064,923)		(2,064,923)
Total governmental activities	**(74,943,593)**		
Business-type activities:			
Water		1,025,688	1,025,688
Sewer		1,313,290	1,313,290
Storm & surface water		1,904,599	1,904,599
Total business-type activities		**4,243,577**	
Total primary government	**($74,943,593)**	**$4,243,577**	**($70,700,016)**
General Revenues:			
Property tax	$15,501,155		$15,501,155
Excise tax	12,889,402		12,889,402
Business tax	7,945,069		7,945,069
Interest and investment earnings	116,931	1,928	118,859
Special item	23,858,356		23,858,356
Miscellaneous	4,682,318		4,682,318
Total general revenues	64,993,232	1,928	64,995,160
Change in net position	(9,950,361)	4,245,505	(5,704,856)
Net position - beginning	736,401,739	39,424,223	775,825,961
Prior year adjustment	(222,175)		(222,175)
Net position - ending	**$726,229,202**	**$43,669,728**	**$769,898,930**

The accompanying notes are an integral part of this statement

City of Bothell
Balance Sheet
Governmental Funds
December 31, 2014

	General	Capital Projects Fund Capital Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS				
Current cash & cash equivalents	$1,156,829	$1,279,054	$4,687,384	$7,123,267
Investments	1,067,115	4,556,897	2,911,447	8,535,458
Receivables (net of allowances)				
Taxes	129,659		9,999	139,658
Accounts receivable	1,248,327	750,000	(1,848)	1,996,480
Due from other governmental units	3,156,029	1,590,512	476,927	5,223,469
TOTAL ASSETS	**$6,757,959**	**$8,176,463**	**$8,083,910**	**$23,018,331**
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	$229,617	$831,405	$506,996	$1,568,018
Unearned revenue	638,898		107,138	746,036
Deposits payable	618,866			618,866
Compensated absences				
Payroll payable	1,482,020		38,022	1,520,042
Total liabilities	2,969,402	831,405	652,156	4,452,963
Fund balances				
Restricted	738,694	7,345,058	7,364,062	15,447,813
Committed	22,250		67,692	89,942
Assigned	1,711,130			1,711,130
Unassigned	1,316,482			1,316,482
Total fund balances	3,788,557	7,345,058	7,431,754	18,565,368
TOTAL LIABILITIES AND FUND BALANCES	**$6,757,959**	**$8,176,463**	**$8,083,910**	**$23,018,331**

The accompanying notes are an integral part of this statement

City of Bothell

Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
December 31, 2014

Total fund balances for the governmental funds		$18,565,368
Amounts reported for governmental activities in the statement of net position 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	162,014,924	
Depreciable assets (net)	593,817,722	755,832,646
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 position. Internal service fund net position are:		2,692,213
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	(1,830,618)	
Other post-employment benefits payable	(1,908,696)	
Pollution remediation liability	(379,000)	
Bonds and loan payable	(46,742,711)	(50,861,025)
Total net position of governmental activities		**$726,229,202**

The accompanying notes are an integral part of this statement

City of Bothell
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General	Capital Projects Fund: Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$28,267,179	$2,463,252	$3,712,979	$34,443,409
Licenses and permits	2,738,528		99,082	2,837,610
Intergovernmental revenues	994,644	6,942,093	879,889	8,816,626
Charges for services	7,060,236		2,077,552	9,137,788
Fines and forfeitures	341,186		29,825	371,011
Interest earnings	115,776			115,776
Contributions	17,028	379,994		397,021
Other revenue	326,507	2,227,573	6,143	2,560,223
Total revenue	39,861,084	12,012,911	6,805,470	58,679,465
EXPENDITURES				
Current				
General government	8,134,152			8,134,152
Security of persons and property	22,072,891			22,072,891
Transportation	3,431,295		2,018,470	5,449,765
Physical environment	20,409			20,409
Economic environment	3,552,887	839,108		4,391,995
Culture and recreation	1,535,044			1,535,044
Other expenditures			21,136	21,136
Debt service				
Debt service - principal		30,359,922	1,120,000	31,479,922
Debt Issue costs		311,422		311,422
Debt service - interest		10,831	1,742,670	1,753,501
Capital outlay				
Capital outlay	109,424	13,350,603	17,659	13,477,686
Total expenditures	38,856,102	44,871,886	4,919,935	88,647,923
Excess of revenue over (under) expenditures	1,004,982	(32,858,975)	1,885,535	(29,968,458)
OTHER FINANCING SOURCES (USES)				
Issuance of GO Bonds		28,210,000		28,210,000
GO Bond premiums		2,137,096		2,137,096
Loan		1,819,279		1,819,279
Transfer in		806,145	1,246,072	2,052,217
Transfer out	(1,004,235)	(1,236,572)	(800,831)	(3,041,638)
Total other financing sources	(1,004,235)	31,735,947	445,241	31,176,953
SPECIAL ITEMS				
Proceeds from sales of capital assets		1,800,000		1,800,000
Net change in fund balances	747	676,973	2,330,775	3,008,495
FUND BALANCES - JANUARY 1, 2014	3,787,810	6,917,958	5,073,281	15,779,049
Prior year adjustment		(249,873)	27,698	(222,175)
FUND BALANCES - DECEMBER 31, 2014	**$3,788,557**	**$7,345,058**	**$7,431,754**	**$18,565,368**

The accompanying notes are an integral part of this statement

City of Bothell

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Year Ended December 31, 2014

Net change in fund balances - total governmental funds	$3,008,495
The change in net position 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	831,200
Expenditures for capital assets	13,477,686
Sales of capital assets	(2,500,000)
King County annexed capital assets	23,858,356
Capital asset adjustments and CIP write off	(2,048,483)
Depreciation	(47,351,071)
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of position.	
Principal payments	31,479,922
Bond and loan proceeds are the other financing sources in governmental funds, but increase long-term liabilities in the statement of position.	
Bond proceeds	(28,210,000)
Loan proceeds	(1,819,279)
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	(383,147)
Change in other post-employment benefits payable	(342,606)
Change in pollution remediation liability	(379,000)
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.	427,566
Change in net position of governmental activities	**($9,950,361)**

The accompanying notes are an integral part of this statement

City of Bothell
Statement of Net Position
Proprietary Funds
December 31, 2014

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Sewer	Storm & Surface Water	Total	
ASSETS					
Current assets					
Cash and cash equivalents	$853,228	$614,517	$967,573	$2,435,319	$169,544
Investments	1,016,530	1,026,797	1,200,000	3,243,327	2,708,282
Accounts receivable	558,582	1,324,948		1,883,530	42,750
Due from other governments			657,765	657,765	1,500
Special assessments receivable		400		400	
Reserved assets:					
Cash	22,084	9,934	72,724	104,743	
Investments-revenue bonds	3,884,474	1,313,952	6,887,133	12,085,559	
Investment-revenue bond reserve	109,785	292,497	914,086	1,316,369	
Total current assets	6,444,684	4,583,046	10,699,281	21,727,011	2,922,077
Non-current assets					
Capital assets, net of depreciation					
Land	122,175	163,126		285,302	
Right of way			1,801,787	1,801,787	
Buildings	2,431,391	3,166,750	2,097,759	7,695,899	
Improvements other than buildings	9,985,570	6,957,319	8,311,759	25,254,649	1,275,682
Equipment	9,676	479,987	72,103	561,766	303,079
Vehicles			41,962	41,962	2,744,592
Construction in progress	423,656	976,233	7,716,286	9,116,175	
Total capital assets, net of depreciation	12,972,469	11,743,415	20,041,655	44,757,539	4,323,353
Total non-current assets	12,972,469	11,743,415	20,041,655	44,757,539	4,323,353
Total assets	19,417,153	16,326,462	30,740,935	66,484,550	7,245,430
LIABILITIES					
Current liabilities					
Accounts payable	424,591	510,668	958,285	1,893,544	182,070
Payroll payable	38,735	39,871	89,652	168,258	21,169
Compensated absences	29,581	30,060	58,334	117,975	26,624
Current portion of loans payable	112,599			112,599	
Current portion of revenue bonds payable	110,000	50,000	360,000	520,000	
Total current liabilities	715,506	630,599	1,466,271	2,812,375	229,863
Non-current liabilities					
Loans payable	337,795		564,022	901,817	
Revenue Bonds Payable, net-unspended	3,967,168	1,593,745	7,714,238	13,275,151	
Revenue Bonds Payable-spended	59,730	217,186	5,548,562	5,825,478	
Total non-current liabilities	4,364,693	1,810,931	13,826,822	20,002,446	-
Total liabilities	5,080,199	2,441,530	15,293,093	22,814,822	229,863
NET POSITION					
Net investment in capital assets	12,462,345	11,526,229	13,929,071	37,917,645	4,323,353
Restricted for debt service	109,785	292,497	914,086	1,316,369	
Unrestricted	1,764,824	2,066,206	604,686	4,435,715	2,692,213
Total net position	**$14,336,953**	**$13,884,932**	**$15,447,843**	**$43,669,728**	**$7,015,566**

The accompanying notes are an integral part of this statement

City of Bothell
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Sewer	Storm & Surface Water	Total	
OPERATING REVENUES					
Charges for services	$4,198,088	$6,600,027	$4,847,981	$15,646,096	$2,168,644
Intergovernmental revenues	3,909	1,946	299,354	305,209	829
Other	45,230			45,230	
Total operating revenue	4,247,227	6,601,973	5,147,336	15,996,535	2,169,473
OPERATING EXPENSES					
Administrative and general	516,077	494,631	1,644,199	2,654,907	1,532,732
Purchased water	1,559,322			1,559,322	
Metro service		3,685,390		3,685,390	
Maintenance and operations	814,517	771,274	1,377,775	2,963,567	446,022
Customer accounts	146,872	146,089		292,961	
Taxes	463,500	360,886	74,877	899,263	
Depreciation and amortization	462,949	372,680	441,747	1,277,377	759,147
Total operating expenses	3,963,237	5,830,950	3,538,598	13,332,786	2,737,900
OPERATING INCOME (LOSS)	283,989	771,022	1,608,737	2,663,749	(568,428)
NON-OPERATING REVENUES (EXPENSES)					
Investment income	407	183	1,339	1,928	1,155
Gain (loss) on disposition of capital assets					5,418
Revenue bonds issuance cost	(61,231)	(27,544)	(201,633)	(290,408)	
Interest expenses	(20,970)	(7,088)	(53,006)	(81,064)	
Total non-operating revenue (expense)	(81,795)	(34,449)	(253,300)	(369,544)	6,573
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	**202,195**	**736,573**	**1,355,437**	**2,294,205**	**(561,855)**
Transfers in					1,662,381
Transfers out					(672,960)
Capital contributions from developers	823,900	576,900	550,500	1,951,300	
CHANGE IN NET POSITION	1,026,095	1,313,473	1,905,937	4,245,505	427,566
NET POSITION - BEGINNING	13,310,859	12,571,458	13,541,906	39,424,223	6,588,001
NET POSITION - ENDING	**$14,336,953**	**$13,884,932**	**$15,447,843**	**$43,669,728**	**$7,015,566**

The accompanying notes are an integral part of this statement

City of Bothell
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Sewer	Storm & Surface Water	Total	
CASH FLOW FROM OPERATING ACTIVITIES					
Cash received from customers	$4,247,227	$6,601,973	$5,070,428	$15,919,628	$2,169,473
Cash paid to employees	(869,564)	(860,843)	(1,664,793)	(3,395,201)	(608,700)
Cash paid to suppliers for goods and services	(2,187,729)	(3,971,592)	(966,119)	(7,125,440)	(1,415,837)
Cash paid for taxes	(463,500)	(360,886)	(74,877)	(899,263)	
Net cash provided by operating activities	726,433	1,408,651	2,364,639	4,499,724	144,935
CASH FLOW FROM NON-CAPITAL ACTIVITIES					
Transfers out					(5,314)
Transfers in					994,735
Net cash provided from non-capital activities					989,421
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(343,731)	(1,626,785)	(6,657,532)	(8,628,048)	(1,556,140)
Interest paid on capital debt	(5,223)		(1,155)	(6,378)	
Proceeds from the sale of capital assets					10,452
Disposal of capital assets					5,034
Proceeds from revenue bonds	4,136,898	1,860,931	13,622,800	19,620,629	
Proceeds from PWTF loan			564,022	564,022	
Paid on interfund loan			(1,532,000)	(1,532,000)	
Paid on capital debt	(112,599)			(112,599)	
Debt interest payable	(407)			(407)	
Revenue bond issuance cost	(61,231)	(27,544)	(201,633)	(290,408)	
Net cash (used) by capital and related activities	3,613,708	206,603	5,794,502	9,614,812	(1,540,654)
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	89,360	(20,157)	333,076	402,280	(1,248,630)
Purchase investment (revenue bonds)	(3,994,259)	(1,606,450)	(7,801,220)	(13,401,928)	
Loan collection					1,532,000
Interest and dividends	407	183	1,339	1,928	1,155
Net cash provided by investing activities	(3,904,492)	(1,626,424)	(7,466,805)	(12,997,720)	284,524
Net increase (decrease) in cash and cash equivalents	435,649	(11,170)	692,337	1,116,816	(121,773)
Balances - January 1	439,664	635,622	347,960	1,423,246	291,317
Balances - December 31	**$875,313**	**$624,452**	**$1,040,297**	**$2,540,062**	**$169,544**
Operating fund cash	$853,228	$614,517	$967,573	$2,435,319	$169,544
Revenue bonds reserved cash	22,084	9,934	72,724	104,743	
Total balances - December 31	**$875,313**	**$624,452**	**$1,040,297**	**$2,540,062**	**$169,544**
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$283,989	$771,022	$1,608,737	$2,663,749	($568,428)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	462,949	372,680	441,747	1,277,377	759,147
Adjust beginning accumulated depreciation					
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(130,986)	(211,420)		(342,406)	(40,796)
Decrease (increase) in due from other governments	271	484	(417,935)	(417,179)	(1,500)
Increase (decrease) in non-capital accounts payable	111,539	472,805	699,195	1,283,539	(6,005)
Increase (decrease) in compensated absences payable	4,926	4,568	13,069	22,564	1,882
Increase (decrease) in payroll payable	(6,257)	(1,488)	19,825	12,080	636
Net cash provided by operating activities	**$726,433**	**$1,408,651**	**$2,364,639**	**$4,499,724**	**$144,935**
Noncash investing, capital and financing activities					
increase (decrease) in fair value of investments	-	-	-	-	-
Capital contributions from developers	823,900	576,900	550,500	1,951,300	-

The accompanying notes are an integral part of this statement

City of Bothell
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014

	Pension Trust	Agency
	Firemen's Pension Reserve	Trust
ASSETS		
Cash and cash equivalents	$317,444	$167,699
Total assets	317,444	167,699
LIABILITIES		
Accounts payable		167,699
Total liabilities	-	$167,699
NET POSITION		
Held in trust for pension benefits	**$317,444**	**-**

The accompanying notes are an integral part of this statement

City of Bothell
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2014

	Pension Trust
	Firemen's Pension Reserve
ADDITIONS	
Contributions	
Employer	$56,876
Total additions	56,876
DEDUCTIONS	
Benefits	42,545
Total deductions	42,545
Change in net position	14,330
Net position - beginning	303,114
Net position - ending	**$317,444**

The accompanying notes are an integral part of this statement

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December 31, 2014

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City of Bothell

Notes to Financial Statements
January 1, 2014 through December 31, 2014

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 conform to Generally Accepted Accounting Principles (GAAP) and are regulated by the Washington State Auditor's Office.

The City's Comprehensive Annual Financial Report (CAFR) is prepared in accordance with Governmental Accounting Standards Board (GASB) and the following notes detail the City's significant accounting policies.

The City of Bothell has implemented all applicable GASB statements through Statement 69.

In 2014, the City adopted GASB Statement 67, Financial Reporting for Pension Plans and 69 Government Combinations and Disposals of Government Operations.

Only GASB Statement 69 (transfer of operations) had a material impact on the City's financial statements. (See Note 5.)

GASB 68 Accounting and Financial Reporting for Pension is to be implemented in 2015.

REPORTING ENTITY

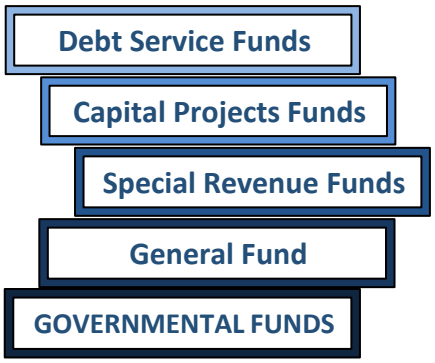
As required by GAAP, the City's financial statements present the City of Bothell, the primary government. There are no component units included in these statements.

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, net position, revenues, and expenditures/expenses.

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

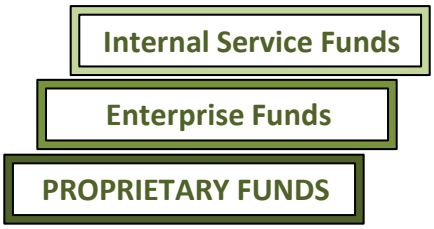
The City uses the following fund types:



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 or committed to expenditures for specified purposes other than debt service or capital projects.
- Capital project funds are used to account for financial resources that are restricted, committed, or assigned for capital outlays (other than those financed by business-type/proprietary funds).
- Debt service funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for principle and interest for debt.



Proprietary Funds:
Proprietary fund measurement focuses on determining operating income, changes in net position, 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 & Surface Water Funds are derived from charges to customers for sales and services.

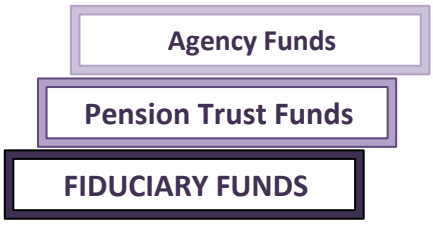
The Water, Sewer, and Storm & Surface Water Funds also recognize fees (operating revenue) intended to recover the cost of connecting new customers to the City's utility systems. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overhead, and depreciation 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 position, 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 Position, 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 components of the City's net position are: net investment in capital assets, restricted net position, and unrestricted net position. 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 (surface 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 position resulting from the current year's activities. Classification of major and non-major funds is determined annually based on the criteria prescribed in GASB Statement 34.

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.

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.

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 & Surface Water Fund

This fund is used to account for the provision of storm drain and surface water 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

Arterial Street Fund

The Arterial Street Fund is a special revenue fund used to account for proceeds of restricted revenues dedicated to street construction and transportation improvement projects. The main source of revenue is impact fees. Impact fees are transferred to the Capital Improvement Fund in a reimbursement manner for right-of-way acquisition, design and construction of roadways, sidewalks, street lighting, traffic signals, and landscaping.

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.

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.

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.

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. Trust funds use economic resources as their measurement focus. 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 (Refer to Note 5).

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 position 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.

Unearned 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.

Compensated absences are reported in governmental funds only if they have matured.

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 Position. 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).

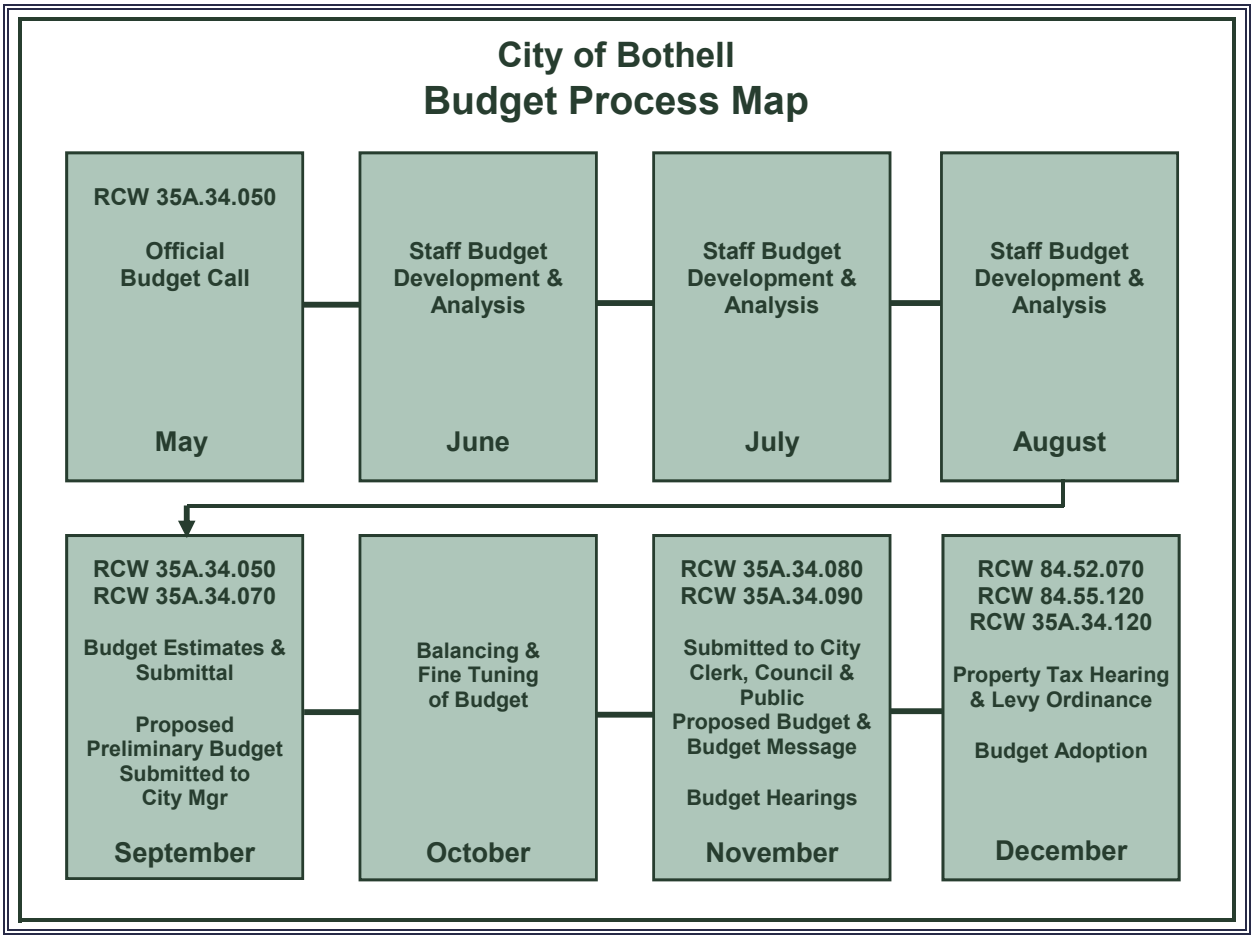
NOTE 2
Compliance and Accountability

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 lion's share of the budget amendment pertained to an annexation that increased the City's assessed value by approximately 16%.

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.

2013-2014
Final Budget Inflows and Outflows

Budget Information as follows:

Fund	Original Inflows	Original Outflows	Final Inflows	Final Outflows
General Fund	$78,150,611	$78,150,611	$79,937,472	$79,905,430
Street Fund	4,123,008	4,123,008	5,210,307	4,358,536
Arterial Street Fund	6,132,320	6,937,054	6,132,320	6,937,054
Park Cumulative Reserve Fund	480,000	100,000	480,000	100,000
Drug Seizure Fund	44,000	23,000	44,000	70,500
2008 GO Bond Redemption Fund	1,435,000	1,475,000	1,435,000	1,475,000
LIFT General Obligation Bond	2,000,000	2,000,000	2,000,000	2,000,000
2013 GO			840,000	840,000
Capital Improvements Fund	78,568,887	78,354,340	80,974,637	81,600,090
Water Fund	10,624,378	11,680,279	10,624,378	11,680,279
Sewer Fund	15,120,910	15,754,663	15,120,910	15,754,663
Storm & Surface Water Fund	22,155,369	21,674,038	22,549,091	22,067,760
Equipment Rental Fund	3,082,272	3,077,111	3,082,272	3,099,486
Self Insurance Fund	2,182,524	2,130,813	2,211,524	2,130,813
Asset Replacement Fund	2,949,558	6,326,272	3,035,058	6,326,272
Cemetery Endowment Fund	400	18,000	400	18,000
Firemen's Pension Reserve Fund	90,000	90,000	90,000	90,000
Total	**$227,139,237**	**$231,914,189**	**$233,767,369**	**$238,453,883**

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 position to compute share prices.

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

As of December 31, 2014, The City had the following investments and maturities.

		Investment Maturities (In Years)		
Investment Type	Fair Value	Less Than 1	1-2	More Than 2
State Investment Pool	$19,558,825	$19,558,825		
Bonds of State or Local Government	8,330,170	2,418,136	5,461,469	451,565
Total	**$27,888,995**	**$21,976,961**	**$5,461,469**	**$451,565**
	Percent of Total	**79%**	**20%**	**2%**

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, 2014, the City's investments in US Agencies were rated AA+, A+, AA, A, AA-, A1, A2, Aa1, Aa2, Aa3.

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	70%	$19,558,825
Bonds of State or Local Government	30%	8,330,170
Total Investments	**100%**	**$27,888,996**

Deposit and Investment Reconciliation

Amounts reported in the fund statements are as follows:

Government Funds	Amount
Cash	$7,292,811
Investments	11,243,740
Proprietary Funds	**Amount**
Cash & cash equivalents	$2,540,062
Investments	16,645,255
Fiduciary Funds	**Amount**
Cash & cash equivalents	$485,143
Investments	
Total	**$38,207,011**

Cash, deposits, and investments are as follows:

Cash on hand	$7,250
Checking accounts	10,310,766
State or local government	8,330,170
State investment pool	19,558,825
Total	**$38,207,011**

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:

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.

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

Special levies approved by the voters are not subject to the above limitations.

In 2014, the City's General Tax Levy was $1.49 per $1,000, and the Special Tax Levy for the City's Public Safety building was $0.11 per $1,000. Bothell's total assessed valuation was $6,128,996,433 (pre-annexation).

A city may levy taxes during the current year for receipt during the next year for any annexation that is implemented by March 1. Upon annexation, a city does receive the levied but uncollected county road district taxes (RCW 35.3.270, 35A.14.801). The road district tax revenues must be placed in the City's street fund. In 2014, Bothell received from King County $1,777,795 in road tax revenue.

2014 Assessed Valuation	
Snohomish County	$3,013,833,447
King County	3,115,162,986
Total	**$6,128,996,433**

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, annexation, 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.

In February 2014, the City annexed nine King County Potential Annexation Areas (PAA's), and subsequently property value of $23,858,356 was added to Bothell's capital assets. As a result of this addition of assets, the City's net position in governmental activities increased by $15,412,555.

According to GASB 69 (Government Combinations and Disposals of Government Operations), annexation is a transfer of operations. As the transferee, the City recognizes the carrying value of the assets of the transferor government and reports the value as a Special Item in the Statement of Activities. Depreciation of the assets ($8,445,801) was classified into the General Government Expenses in the Statement of Activities.

Capital Assets from King County Annexation

Asset Type	Value
Right of Way	$8,573,132
Infrastructure Roads/Bridges	15,285,224
Total	**$23,858,356**
Depreciation on Infrastructure	(8,445,801)
Net Assets	**$15,412,555**

PROPRIETARY FUND CAPITAL ASSETS

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

DEPRECIATION

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

- ➔ Building and structures 30-50 years
- ➔ Other improvements 20-60 years
- ➔ Machinery and equipment 5-20 years
- ➔ 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	$9,052,317
Security of persons & property	650,722
Transportation	35,912,757
Physical environment	2,176,500
Culture & recreation	317,923
Total Governmental Activities Depreciation Expense	**$48,110,218**

Business-Type Activities	Amount
Water	$462,949
Sewer	372,680
Storm & Surface Water	441,747
Total Business-Type Activities Depreciation Expense	**$1,277,377**

Construction Commitments as of December 31, 2014

Government Activities	Construction In Progress	Remaining Commitment
Canyon Park Radio Project	$39,242	
1st Lt Nicholas Memorial Park	7,683	
228th St Corridor Safety	84,934	2,113
228th St SE & 29th Dr SE Traffic Safety	2,673	
228th St SE/15th Ave SE Safety Imp	15,348	11,185
240th St SE Bridge Replacement		
Annual Arterial Overlay Program	892,215	163,795
Bridge Rehab & seismic retrofit 240th	302,354	105,535
Citywide Transportation Safety	93,342	(482)
Downtown Soil/Ground Cleanup	2,652,028	1,020,663
General Park Improvements	21,811	
Half Acre Open Space	98,680	24,285
Main St (101st-104th Ave) Safety Imp	6,596	
Main Street Enhancement	297,731	986,452
Main Street Extension	264,840	64,786
NE 185th Improvements	233,606	
NE 195th Bridge Seismic Retrofit	36,655	14,068
NE 200th St Sidewalk		241,409
Neighborhood Traffic Calming	2,531	
North Creek Field 3	74,950	
North Creek Forest		4,120
North Creek School House		364
North Creek Trail Section 3	1,366,979	50,955
Park at Bothell Landing	37,040	4,510
Park Master Planning: Bothell Landing	171,734	
Pop Keeney Road	225,449	
Purchase of Northshore SD Property		118,478
Sidewalk/Walkway Program	93,268	
SR 522 Bothell Crossroads		2,871,077
SR 522 Ph 1, Stage 3 Improvements	288,229	2,665,713
SR 522 Stage 2A Improvements		881,197
SR 522 Stage 2B Improvements	100,364	
SR 522 Surplus Property (not a project)		67,082
SR 527 (220th-211th St) Corridor Safety	39,353	
SR 527 and 228th Intersection	421,492	32,410
SR 527 Multiway Boulevard Phase 1		418,622
SR 527 Multiway Boulevard Phase 2	149,121	393,736
SR 527 Widening: 240th St SE to 228th St SE	7,489,353	323,783
Total Governmental Activities	**$15,509,602**	**$10,465,856**
Business -Type Activities		
Reclaimed Water System		$5,648
Water Main Replacement Horse Creek	82,698	
Water Main Replacement	85,359	
Penn Park Reservoir	244,160	17,727
Morningside Booster Station Retrofit	647	
Downtown Revitalization Utility - Water	10,792	
Sewer Main Replacement Horse Creek	675,318	
Sewer Replacement Program	200,383	5
Lift Station #2 Phase 2		108,096
Promontory Hillside Sewer Replacement	90,189	
Downtown Revitalization Utility - Sewer	10,342	
Annual Stormwater Capital Projects	202,696	5,238
North Creek TMDL Plan	7,040	
Blyth Park Hill Slope Stream Restoration	209	
Horse Creek Improvements	7,313,600	6,845,700
Sammamish River Side Channel	192,742	88,332
Total Business-Type Activities	**$9,116,174**	**$7,070,746**

Summary of Changes to Capital Assets

Description	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	$60,234,806	$6,625,622	$5,223,724	$61,636,704
Infrastructure right-of-way	71,324,510	9,154,349	310,243	80,168,617
Intangible Asset	4,700,000			4,700,000
Construction in progress	42,379,950	3,591,063	30,461,410	15,509,602
Total capital not being depreciated	**$178,639,267**	**$19,371,034**	**$35,995,377**	**$162,014,924**
Other capital assets:				
Buildings	$21,072,305	$48,481	$47,821	$21,072,966
Improvements	60,802,782	8,721,393	147,532	69,376,643
Infrastructure	1,545,609,324	42,328,111	161,804	1,587,775,631
Vehicles	7,166,943	815,614	214,168	7,768,389
Equipment	4,018,340	219,588	447,490	3,790,438
Total other capital assets at historical cost	**$1,638,669,694**	**$52,133,187**	**$1,018,815**	**$1,689,784,066**
Less accumulated depreciation for:				
Buildings	$4,771,569	$436,963		$5,208,531
Improvements	17,454,212	3,578,824	26,371	21,006,665
Infrastructure	1,018,506,831	43,361,157		1,061,867,988
Vehicles	4,655,379	546,058	214,168	4,987,270
Machinery & equipment	3,142,936	187,216	434,261	2,895,891
Total accumulated depreciation	**$1,048,530,927**	**$48,110,218**	**$674,800**	**$1,095,966,345**
Governmental activities capital assets, net	**$768,778,033**	**$23,394,004**	**$36,339,391**	**$755,832,646**
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	$4,432,866	$10,951,096	$6,267,787	$9,116,175
Infrastructure right-of-way	140,987	1,660,800		1,801,787
Land and improvements	285,302			285,302
Total capital not being depreciated	**$4,859,155**	**$12,611,895**	**$6,267,787**	**$11,203,263**
Other capital assets:				
Buildings	$8,442,610	$405,216		$8,847,826
Intangible plant	411,179			411,179
Improvements	41,545,120	3,346,754		44,891,873
Vehicles	387,734	46,624	178,607	255,752
Machinery & equipment	519,911	436,645		956,556
Total other capital assets at historical cost	**$51,306,553**	**$4,235,239**	**$178,607**	**$55,363,185**
Less accumulated depreciation for:				
Buildings	$983,177	$168,751		$1,151,928
Intangible plant	411,179			411,179
Improvements	18,599,926	1,037,299		19,637,225
Vehicles	387,734	4,662	178,607	213,790
Machinery & equipment	328,125	66,664		394,789
Total accumulated depreciation	**$20,710,141**	**$1,277,377**	**$178,607**	**$21,808,911**
Business-type activities capital assets, net	**$35,455,567**	**$15,569,758**	**$6,267,787**	**$44,757,538**

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 provided pursuant to GASB Statement 27 (Accounting for Pensions by State and Local Government Employers), Statement 50 (Pension Disclosures, an Amendment of GASB Statements 25 and 27), and GASB Statement 67 (Financial Reporting for Pension Plans).

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, 2014 are as follows:

PERS	Plan 1	Plan 2	Plan 3
Employer*	9.21%	9.21%	9.21%
Employee - Not JBM	6.00%	4.92%	***
Employee - JBM	-	12.30%	-

*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
2014	12,918	1,112,233	88,820
2013	17,402	938,066	82,819
2012	15,216	808,992	70,244
2011	18,905	704,490	53,546

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, 2014 are as follows:

LEOFF	Plan 1	Plan 2
Employer*	0.16%	5.23%
Employee	-	8.41%

*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
2014	-	668,579
2013	-	633,014
2012	-	605,411
2011	-	578,304

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 statue 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, 2014 are as follows:

PSERS Plan 2	
Employer*	10.54%
Employee	6.36%

*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
2014	12,438
2013	11,574
2012	10,140
2011	9,426

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.

In 2014, the fire insurance premium receipts amounted to $56,876, which was sufficient to cover 2014 Firemen's Pension Fund expenses ($42,545).

GASB Statement 67, (Financial Reporting for Pension Plans), pension standards apply only to pension plans that are administered through irrevocable trusts, or equivalent arrangements. The Fire Fighter's Pension Fund is not considered an irrevocable trust fund under the new standards, thereby the City reports under GASB Statement 27.

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-EMPLOYMENT BENEFITS

Post-employment 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.

In 2014, the City contributed a 3% match ($20,045) to the Police Captain's Union.

Compensated Absences

Government Activities	1/1/2014	Increases	Decreases	12/31/2014
Governmental funds	$1,499,911	$2,612,612	$2,255,281	$1,857,241
Total Compensated Absences	**$1,499,911**	**$2,612,612**	**$2,255,281**	**$1,857,241**

Estimate of amount due within one year $1.8 million.

Business-Type Activities	1/1/2014	Increases	Decreases	12/31/2014
Enterprise funds	$95,411	$149,991	$127,427	$117,975
Total Compensated Absences	**$95,411**	**$149,991**	**$127,427**	**$117,975**

Estimate of amount due within one year $117 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 2013 there were 19 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 fifteen years as of January 1, 2009.

The following table presents the components of the City's annual OPEB cost for the reporting year, the amount actually contributed to the plan and changes in the City's net OPEB.

The net OPEB obligation of $1,908,695 is included as a noncurrent liability on the Statement of Net Position.

Determination of Annual Required Contribution	Fiscal Year Ending 12/31/2014
Normal Cost at Year End	-
Amortization of UAAL*	565,552
Annual Required Contribution	565,552

***Unfunded Actuarial Accrued Liability (UAAL)**

Determination of Net OPEB Obligation	Fiscal Year Ending 12/31/2014
Annual Required Contribution	$565,552
Interest on Prior Year Net OPEB Obligation	62,644
Adjustment to ARC	(140,856)
Annual OPEB Cost	487,340
Contributions Made	144,735
Increase in Net OPEB Obligation	342,605
Net OPEB Obligation-Beginning of Year	$1,566,090
Net OPEB Obligation-Ending of Year	$1,908,695

Funded Status and Funding Progress

As of January 1, 2015 the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was $6,288,031 and the actuarial value of the assets was $0 resulting in a UAAL of $6,288,031.

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 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%
12/31/2011	-	5,563,967	5,563,967	0%	518,082	1073.95%
12/31/2012	-	5,416,802	5,416,802	0%	504,379	1073.95%
12/31/2013	-	4,769,138	4,769,138	0%	444,073	1073.95%
12/31/2014	-	6,288,031	6,288,031	0%	565,552	1111.84%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the alternative measurement method permitted under GASB Statement No. 45. The City has 17 inactive members and no active members. Retirement, disablement, termination and mortality rates were assumed to follow the LEOFF I rates used in the June 30, 2011 actuarial valuation report, which is prepared 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 that was performed in 2013. The results were based on grouped data with 4 active groupings and 4 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 methods and assumptions used are in line with the LEOFF I 2013 medical report, which was prepared by OSA.

Actuarial Assumptions	
Annual Growth in Membership	0.00%
Return on Investment Earnings[1]	4.00%
Inflation[2]	3.00%
General Salary Increases (due to inflation)[3]	3.75%
Medical Trend	7.50%
Long-Term Care Inflation Rate	4.75%

[1] Annual rate, compounded annually.

[2] Based on the CPI: Urban Wage Earners & Clerical Workers, Seattle-Tacoma-Bremerton, WA - All Items.

[3] Excludes longevity, merit, or step increases that usually apply to members in the early part of their careers.

The City's OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding years, provide multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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
12/31/2011	480,813	42%	1,053,927
12/31/2012	453,671	35%	1,348,792
12/31/2013	379,177	42%	1,566,090
12/31/2014	487,340	30%	1,908,696

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 inherently result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management does not anticipate any such allowances, but should a disallowance occur management believes a reimbursement would 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. In 2014, the City had no arbitrage excess earnings liability.

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 162 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 $750,000, 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 analyses. 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 investment of WCIA's assets in financial instruments which comply with all State guidelines.

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 Treasure 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 9 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.

Interfund Transfers

Description	General Fund	Street Fund	LIFT Go Bond Fund	2014 GO Bond Fund	Capital Improvement Fund	Water Fund	Sewer Fund	Storm & Surface Water Fund	Self Insurance Fund	Asset Replacement Fund	Total Transferred Out
General Fund		$9,500							$144,735	$850,000	$1,004,235
Arterial Street Fund					722,061						722,061
Park Cumulative Reserve Fund					78,770						78,770
Capital Improvement Fund			537,444	699,128							1,236,572
Equipment Rental Fund										667,646	667,646
Asset Replacement Fund					5,314						5,314
Total Transferred In	-	$9,500	$537,444	$699,128	$806,145	-	-	-	$144,735	$1,517,646	$3,714,598

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 position.

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). Repayment terms are 3 years from date of fund transfer.

In 2014, an interfund loan balance of $1,532,000 between the Asset Replacement Fund and the Storm & Surface Water Fund was paid off.

NOTE 12
Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is displayed in three components: net investment in capital assets, restricted (distinguished between major categories of restrictions), and unrestricted.

- The net investment in capital assets component is intended to reflect the portion of net position 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 investments in capital assets.
- The restricted component consists of 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.
- The unrestricted component represents un-appropriated, unrestricted liquid assets that City management may designate to expend for specified purposes in future periods. Council action is required to appropriate the actual expenses. Unrestricted net position 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.

NOTE 13
Long-Term Debt

General Long Term Debt

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

General obligation bonds pledge the full faith and credit of the City. The City issues two types of general obligation bonds: limited tax general obligation (LTGO) bonds and unlimited tax general obligation (UTGO) bonds.

2008 Refunding GO Bond

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. In 2008, the City refinanced the bonds providing citizens with a net savings of approximately $530,000. These bonds mature on December 1, 2017.

Bond Anticipation Note (BAN)

In 2010 the Bothell City Council authorized a $20,000,000 BAN to provide interim financing for the City's Local Infrastructure Financing Tool (LIFT) award projects.

In 2011, the Bothell City Council authorized a $30,000,000 BAN that retired the $20,000,000

In 2014, the Bothell City Council authorized the issuance of $30,000,000 LIFT bonds.

2013 A (Taxable) & B Limited Tax GO Bonds

In 2012 the Bothell City Council authorized a $7,000,000 short-term Limited Tax General Obligation Bond Anticipation Note (2012 BAN) to pay the final balance owed to the Northshore School District for property purchased and to carry out public improvements related to the downtown revitalization. In 2013, Council authorized extension of the BAN maturity date through May 31, 2013. The BAN extension provided time for staff to identify longer-term financing to accommodate the timetable necessary to sell surplus City properties. Staff determined that 20-year, bank qualified (BQ), General Obligation (GO) Bonds would provide the most advantageous financing option, given the current unprecedentedly low interest rates and the City's capital strategy. In June 2013, the City issued Limited Tax GO Bond without a vote 2013A (taxable) $1,520,000, and GO Bond 2013B $8,145,000 to retire the 2012 BAN.

2014 Limited Tax GO Bonds (LIFT) Bonds

In 2006, the City was awarded LIFT funding for downtown revitalization. The program funding consists of future rebates of state property and sales taxes up to $1,000,000 per year for a maximum of 25 years and is allocated by the Department of Revenue (DOR) based on the State's portion of tax collected from within the City's designated Revenue Development Area (RDA). These rebated tax monies are restricted for debt service associated with the LIFT Bond.

Public Works Trust Fund (PWTF) Construction Loan

In 2011, the City was awarded an $8,000,000 PC12-951-022 construction

loan and is allocated to the Bothell Crossroads SR-522 realignment construction project. This loan is considered the general government obligation and is being paid from Capital Improvement Fund. The balance at the end of 2014 was $7,367,710.

Public Works Assistance (PWA) Loan

Bothell has a PWA loan 98-791-007 that is an obligation of the City's Water Fund. The loan stems from water improvement projects located within Snohomish County and the City of Bothell.

The City's current principle balance amounts to $450,394. Under an agreement made in 1998, the City makes an annual payment to Snohomish County, who then makes payment to the State of Washington for PWA loan 98-791-007.

Public Works Trust Fund (PWTF) Construction Loan

In 2011, the City was awarded an $8,000,000 construction loan (PC12-951-022). This loan is allocated to the Bothell Crossroads SR-522 realignment construction project. The balance at the end of 2014 was $7,367,711.

In 2012, the City was awarded an $800,000 construction loan (PC13-961-060) with 20 year maturity for Horse Creek enhancement project. This loan is a revenue obligation of the Storm & Surface Water Fund. The City began spending down the monies in 2014. The outstanding balance at the end of 2014 was $564,022.

Revenue Bonds

In 2014, the City issued $18,355,000 in revenue bonds to finance Water, Sewer and Storm & Surface Water utility projects. The bonds are payable from revenues generated by user fees. A cash reserve is maintained in an amount equal to the lesser of (i) maximum annual debt service, (ii) 125% of average annual debt service, or (iii) 10% of the original proceeds of the bonds.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Revenue bonds issued and maximum debt service allocations:

Utility Revenue Bonds

Bond Issued	Water	Sewer	Storm & Surface Water	Total
Par Amount	$3,870,000	$1,740,000	$12,745,000	$18,355,000
Premium	266,898	120,931	877,800	1,265,629
Total	**$4,136,898**	**$1,860,931**	**$13,622,800**	**$19,620,629**
Debt Service Reserve	$109,785	$292,497	$914,086	$1,316,369
Debt Service Reserve Percentage Allocation	**8.34%**	**22.22%**	**69.44%**	**100.00%**

Schedule of Long-Term Debt

Debt Service requirements to maturity

Year	GO Refund Bond		GO Bond 2013 A&B		GO 2014 LIFT Bond		PWTF Loan		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
Governmental Activities									
2015	$640,000	$78,400	$380,000	$322,065		$1,325,250	$433,395	$33,570	$3,212,679
2016	665,000	54,400	380,000	318,266	680,000	1,318,450	433,395	34,672	3,884,182
2017	695,000	27,800	385,000	313,515	695,000	1,301,225	433,395	32,505	3,883,439
2018			390,000	307,163	715,000	1,280,075	433,395	30,338	3,155,970
2019			400,000	295,462	740,000	1,258,250	433,395	28,171	3,155,277
2020-2024			2,200,000	1,284,863	4,190,000	5,793,750	2,166,974	108,349	15,743,935
2025-2029			2,650,000	837,312	5,355,000	4,623,875	2,166,974	54,174	15,687,335
2030-2034			2,505,000	367,126	6,875,000	3,102,625	866,789	6,501	13,723,041
2035-2039					8,835,000	1,668,875			10,503,875
Subtotal	**$2,000,000**	**$160,600**	**$9,290,000**	**$4,045,772**	**$28,085,000**	**$21,672,375**	**$7,367,711**	**$328,278**	**$72,949,736**

Year	2014 Revenue Bond		PWA Loan		PWTF Loan			Totals
	Principal	Interest	Principal	Interest	Principal	Interest		
Business-Type Activities								
2015	$520,000	$794,301	$112,599	$4,129				$1,431,029
2016	635,000	676,769	112,599	3,378				1,427,745
2017	665,000	651,369	112,599	2,252				1,431,219
2018	685,000	624,769	112,599	1,126		9,502		1,432,995
2019	720,000	590,519			37,601	2,820		1,350,940
2020-2024	4,100,000	2,447,345			188,007	11,280		6,746,633
2025-2029	5,090,000	1,461,038			188,007	6,580		6,745,626
2030-2034	5,940,000	611,881			150,406	1,880		6,704,167
Subtotal	**$18,355,000**	**$7,857,990**	**$450,392**	**$10,885**	**$564,022**	**$32,063**		**$27,270,354**
Total								**$100,220,090**

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. Debt limits were based on assessed property totaling $6,128,996,433.

Debt Capacity as of January 1, 2015

Regular levy assessed value less annexations $6,128,996,433

Item	Without a Vote	With a Vote of the People			Total Capacity
	1.5%	1.0%	2.5%	2.5%	7.5%
Legal limit	$91,934,946	$61,289,964	$153,224,911	$153,224,911	$459,674,732
Outstanding net debt	44,742,711	2,000,000			46,742,711
Margin available	**$47,192,236**	**$59,289,964**	**$153,224,911**	**$153,224,911**	**$412,932,022**

Changes in Long-Term Liabilities

Long-Term Liability

Description	Beginning Balance 01/01/2014	Additions	Reductions	Ending Balance 12/31/2014	Due Within One Year
Governmental Activities					
GO Refund Bond	$2,620,000		$620,000	$2,000,000	$640,000
GO 2013A	1,520,000		375,000	1,145,000	380,000
GO 2013B	8,145,000			8,145,000	
Bond Anticipation Note 2011	30,000,000		30,000,000		
LIFT Bond		28,210,000	125,000	28,085,000	
PTWF Loan PC12-951-022	5,908,354	1,819,279	359,922	7,367,711	433,395
OPEB/LEOFF	1,566,090	342,606		1,908,696	
Compensated Absences	1,499,911	2,612,612	2,255,281	1,857,241	1,857,241
Pollution Remediation		379,000		379,000	187,750
Subtotal	**$51,259,355**	**$33,363,496**	**$33,735,203**	**$50,887,648**	**$3,498,386**
Business-Type Activities					
PWA Loan 98-791-007	$562,993		$112,599	$450,394	$112,599
Interfund Loan	1,532,000		1,532,000		
Construction Loan pc13-961-060		564,022		564,022	
Utility Revenue Bonds		18,355,000		18,355,000	520,000
Revenue Bond Premium		1,265,629		1,265,629	
Compensated Absences	95,411	149,991	127,427	117,975	117,975
Subtotal	**$2,190,404**	**$20,334,642**	**$1,772,026**	**$20,753,020**	**$750,574**
Total	**$53,449,759**	**$53,698,138**	**$35,507,229**	**$71,640,668**	**$4,248,960**

Capital Related Long-Term Liability

Description	Date of Issue	Date of Final Maturity	Interest Rates	Amount of Original Issue	Balance 1/1/14	Issued	Redeemed	Balance 12/31/14	Due Within One Year
Governmental Activities									
GO Refund Bond	5/20/2008	12/1/2017	3.5-4.0%	$6,070,000	$2,620,000		$620,000	$2,000,000	$640,000
GO 2013A	6/25/2013	12/1/2015	.6-1.65%	1,520,000	1,520,000		375,000	1,145,000	380,000
GO 2013B	6/25/2013	12/1/2033	3-4.5%	8,145,000	8,145,000			8,145,000	
Bond Anticipation Note 2011	9/28/2011	1/28/2014	1.18%	30,000,000	30,000,000		30,000,000		
GO 2014 LIFT Bond	1/3/2014	3/1/2039	2.0-5.0%	28,210,000		28,210,000	125,000	28,085,000	
PWTW Loan PC12-951-22	6/1/2012	6/1/2031	0.50%	8,000,000	5,908,354	1,819,279	359,922	7,367,710	433,395
Subtotal				**$81,945,000**	**$48,193,354**	**$30,029,279**	**$31,479,922**	**$46,742,710**	**$1,453,395**
Business-Type Activities									
PWA Loan 98-791-007	10/15/1998	10/13/2018	1.00%	$1,890,000	$562,993		$112,599	$450,394	$112,599
Interfund Loan*	4/30/2010	9/30/2014		1,532,000	1,532,000		1,532,000		
Combined Utility Revenue Bonds 2014	10/8/2014	10/8/2034	2.99%	18,355,000		18,355,000		18,355,000	520,000
Construction Loan PC13-961-060	12/1/2014	12/1/2019	0.50%	800,000		564,022		564,022	
Subtotal				**$22,577,000**	**$2,094,993**	**$18,919,022**	**$1,644,599**	**$19,369,416**	**$632,599**
Total				**$104,522,000**	**$50,288,347**	**$48,948,301**	**$33,124,521**	**$66,112,126**	**$2,085,994**

NOTE 14
Fund Restatements

The Capital Improvement Fund required two prior period adjustments for 2014.

The Transportation Improvement Board (TIB) authorized prior year construction phases of the Bothell Crossroads project to be eligible for cost reimbursement. Eligible project costs resulted in prior year adjustments totaling $219,548 between 2010 and 2011.

King County notified the City of a prior period Real Estate Excise Tax (REET) overpayment in the amount of $469,421 which was the result a valid tax exemption claim.

The following chart reflects fund restatements:

Capital Project Fund	
Prior year TIB grant billing	$219,548
Prior year REET refund	(469,421)
Total Adjustments	**($249,873)**

In 2014, the City reclassified the Street Fund compensated absences to the General Long-Term Debt Fund. As a result of this change, ($27,698) was reported as a prior year adjustment in the Street Fund.

NOTE 15
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 revenue when the development commences.

As of December 31, 2014, park impact fees totaled $2,062,546.

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 revenue recognition, local governments have been directed to recognize impact fee revenue when an enforceable legal claim to the fee exists. The enforceable claim has been defined as when the local government receives the fee and development commences.

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.

As of December 31, 2014, traffic impact fees totaled $4,068,281.

NOTE 16
Pollution Remediation Obligations

In 2010, the City implemented GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. This statement 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 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.

Beginning in 2010, the City purchased properties for a downtown revitalization plan. As of December 31, 2014, the City has six sites that constitute pollution remediation obligations. All six sites are subject to capitalization and expenditures have been recorded according to GASB Statement 49.

The six sites that constitute pollution remediation obligations are:

1) Bothell Landing – Contaminated with petroleum in soil and groundwater.
2) Bothell Riverside – Contaminated with petroleum in soil and groundwater, as well as chlorinated solvents in groundwater.
3) Bothell Paint & Decorating – Contaminated with petroleum in soil and groundwater, as well as heavy metals in soil.
4) Former Hertz – Contaminated with petroleum in soil and groundwater, as well as chlorinated solvents in groundwater.
5) Bothell Ultra Custom Cleaners (aka Case) – Contaminated with chlorinated solvents in soil and ground water.
6) Northshore School District – Contaminated with petroleum in soil and groundwater. The City is enrolled in Department of Ecology's Voluntary Cleanup Program, and anticipates receiving a No Further Action letter for the site in 2016. The City performed petroleum remediation in 2010 and partnered with the Northshore School District in 2014 to clean up the off-site contamination that was found on adjacent private property.

Four of these sites lie in the pathway of the recently completed Crossroads realignment project and were acquired with known or suspected pollution that was expected to be remediated. These four parcels are enrolled in Agreed Orders (AO) under the Department of Ecology's remedial oversight program.

Current Costs and Anticipated Future Remediation Costs

Site	As of 12/31/2014	Future Petroleum	Future Solvents	Total
Bothell Landing	$1,065,565	$15,000		$1,080,565
Bothell Riverside	556,097	33,000	200,000	789,097
Bothell Paint & Decorating	819,188	23,000		842,188
Former Hertz	782,283	34,000		816,283
116th Partners Group - (Clean)	33,713			33,713
McDonalds - (Clean)	8,070			8,070
Northshore School District	1,992,727	74,000		2,066,727
Bothell Ultra Custom Cleaners (Case)	774,044		1,052,500	1,826,544
Other Sites	290,884	40,000		330,884
Bothell Service Center Up-gradient Solvent Sources	73,266		4,320,000	4,393,266
Total Costs	**$6,395,837**	**$219,000**	**$5,572,500**	**$12,187,337**

In 2014, the pollution remediation costs listed below were capitalized since these assets are necessary into their intended condition for use according to GASB 49.

Site	As of 12/31/2014
Bothell Landing	$1,065,565
Bothell Riverside	556,097
Bothell Paint & Decorating	819,188
Former Hertz	782,283
Northshore School District	242,019
Capitalized Pollution Remediation Costs	**$3,465,152**

The estimated future costs $379,000 were recorded as pollution remediation liabilities.

Site	Future Costs
Bothell Landing	$15,000
Bothell Riverside	233,000
Bothell Paint & Decorating	23,000
Former Hertz	34,000
Northshore School District	74,000
Pollution Remediation Obligation	**$379,000**

NOTE 17
Leases

Operating Leases

As of December 31, 2014, 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 are $4,000 per month.

NOTE 18
Fund Balance Reporting

In 2011 the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions. This statement defines and limits the number of funds to be used by a governmental entity.

Generally Accepted Accounting Principles (GAAP) emphasizes that the number of funds used by a governmental entity should be kept to a minimum to avoid the creation of an inefficient financial system. In general, the number of funds established must be just sufficient to meet operational needs and legal restrictions imposed on the organization.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that meet the definition of GASB 54: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash and include inventories and prepaid amounts.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Fund balance is reported as assigned when resources are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the City Council approves which resources should be assigned to expenditures of particular purposes during the adoption of the biennial budget.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned.

When the option is available to use restricted or unrestricted resources for any purpose, the City expends restricted resources first.

When the option is available to use committed, assigned, or unassigned resources for any purpose, the City

expends committed resources before assigned resources, and assigned resources before unassigned resources.

The highest level of decision-making authority to commit fund balances is the City Council. The City establishes minimum fund balance targets based on cash flow requirements. Minimum fund balances are attained and maintained through the management of revenues and expenditures and/or contributions from the General Fund. Spending reserve balances requires Council authorization.

The City strives to maintain an operating reserve equal to or greater than 15% of annual General Fund operating expenditures. Adequate reserves help ensure that a municipality's immediate operating fund obligations can be met without compromising the City's fiscal stability or impacting citizen services should unanticipated revenue shortfalls or expenditure outflows arise.

When extraordinary economic times require spending down operating reserves, City Management promptly develops and implements a well-defined fiscal plan to replenish reserve levels.

Fund balance classifications from the most restrictive to no restrictions are as follows:

Nonspendable → Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).

Restricted → Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed → Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action (Resolution by City Council) to remove or change the constraint.

Assigned → Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; the expression of intent does not have to be made prior to year end.

Unassigned → Amounts that are available for any purpose; these amounts are reported only in the general fund.

2014 Governmental Funds Ending Balance

	General	Capital Projects Fund Capital Improvements	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
***Restricted for:**				
Parks donations	$10,060			$10,060
Police donations	49,690			49,690
Fire donations	33,602			33,602
Comm. Dev. donations	2,469			2,469
Tourism	421,589			421,589
Tourism capital	210,249			210,249
Forfeited Proceeds	11,035			11,035
Transportation			4,068,281	4,068,281
Parks and recreation			2,062,546	2,062,546
Capital projects		7,345,058		7,345,058
Street maintenance			1,154,133	1,154,133
Drug forfeitures			33,042	33,042
Debt service			29,739	29,739
Cemetery services			16,321	16,321
***Committed to:**				
Advance travel	15,000			15,000
Cemetery services			67,692	67,692
Imprest funds	1,750			1,750
EMS deposit	5,500			5,500
***Assigned to:**				
Capital projects	1,711,130			1,711,130
***Unassigned:**	1,316,482			1,316,482
	$3,788,557	**$7,345,058**	**$7,431,754**	**$18,565,368**

***New fund balance classifications**

NOTE 19
Health & Welfare

The City of Bothell is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2014, 263 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of $1.5 million through Life Map, and Group Health ISL at $750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date.

When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating

a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and the AWC Board of Directors President and Vice President. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

Required Supplementary Information

City of Bothell
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts 2013-2014		2013 Actual Amounts Budgetary Basis	2014 Actual Amounts Budgetary Basis	Total 2013-2014 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Taxes	$56,110,165	$56,550,895	$26,481,734	$28,267,179	$54,748,912	($1,801,983)
Licenses and permits	4,687,080	4,810,290	2,876,067	2,738,528	5,614,595	804,305
Intergovernmental revenues	1,525,200	2,599,006	1,602,896	994,644	2,597,540	(1,466)
Charges for services	13,919,291	14,026,756	7,034,443	7,060,236	14,094,680	67,924
Fines and forfeitures	812,400	854,050	381,258	341,186	722,444	(131,606)
Interest earnings	572,000	572,000	162,427	115,776	278,204	(293,796)
Proceeds from sale of capital assets			(24)		(24)	(24)
Contributions	58,400	58,400	135,392	17,028	152,420	94,020
Other revenue	466,075	466,075	308,407	326,507	634,915	168,840
Total revenues	78,150,611	79,937,472	38,982,600	39,861,084	78,843,684	(1,093,788)
EXPENDITURES						
Current						
General government	17,358,075	18,133,878	8,651,252	8,134,152	16,785,404	(1,348,474)
Security of persons and property	41,606,235	42,569,151	20,829,840	22,072,891	42,902,731	333,580
Transportation	6,830,889	6,830,389		3,431,295	3,431,295	(3,399,094)
Physical environment	47,100	47,100	4,785,520	20,409	4,805,929	4,758,829
Economic environment	6,524,229	6,652,412	2,882,941	3,552,887	6,435,828	(216,584)
Culture and recreation	2,828,038	3,009,360		1,535,044	1,535,044	(1,474,316)
Debt service						
Debt service - interest						
Capital outlay	101,000	556,000	529,925	109,424	639,349	83,349
Total expenditures	75,295,566	77,798,290	37,679,478	38,856,102	76,535,580	(1,262,710)
Excess of revenue over (under) expenditures	2,855,045	2,139,182	1,303,122	1,004,982	2,308,104	168,922
OTHER FINANCING SOURCES (USES)						
Transfers out	(2,855,045)	(2,107,140)	(651,045)	(1,004,235)	(1,655,280)	451,860
Total other financing sources	(2,855,045)	(2,107,140)	(651,045)	(1,004,235)	(1,655,280)	451,860
Net change in fund balances		32,042	652,077	747	652,824	620,782
FUND BALANCES - JANUARY 1, 2013	3,750,357	3,750,357	3,124,698		3,124,698	(625,659)
Prior year adjustment			11,035		11,035	11,035
FUND BALANCES - DECEMBER 31, 2014	**$3,750,357**	**$3,782,399**	**$3,787,810**	**$747**	**$3,788,557**	**$6,158**

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.

Arterial Street Fund - The Arterial Street Fund is a special revenue fund used to account for proceeds of restricted revenues dedicated to street construction and transportation improvement projects.

Park Cumulative Reserve Fund - The Park Cumulative Reserve Fund is used for the acquisition and development of parks.

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

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.

City of Bothell
Combining Balance Sheet
Other Governmental Funds
December 31, 2014

	Special Revenue Funds					Permanent Fund	Debt Service Fund				
	Street	Arterial Street	Park Cumulative Reserve	Drug Forfeitures	Total Special Revenue Funds	Cemetery Endowment	2008 GO Refunding Bond	2013 GO Bond	Lift GO Bond	Total Debt Service Funds	Total Other Governmental Funds
ASSETS											
Current cash & cash equivalents	$1,058,228	$2,565,420	$751,100	$33,910	$4,408,657	$84,013	$36,326	$131,549	$26,839	$194,714	$4,687,384
Investments		1,600,000	1,311,447		2,911,447						2,911,447
Receivables (net of allowances)											
Taxes							9,999			9,999	9,999
Accounts receivable	(1,848)				(1,848)						(1,848)
Due from other governmental units	166,727				166,727			310,201		310,201	476,927
TOTAL ASSETS	**$1,223,107**	**$4,165,420**	**$2,062,546**	**$33,910**	**$7,484,983**	**$84,013**	**$46,325**	**$441,750**	**$26,839**	**$514,914**	**$8,083,910**
LIABILITIES AND FUND BALANCE											
Liabilities											
Accounts payable	$30,952			$868	$31,820		$6,587	$441,750	$26,839	$475,176	$506,996
Payroll payable	38,022				38,022						38,022
Unearned revenue		97,139			97,139		9,999			9,999	107,138
Total liabilities	68,974	97,139		868	166,981		16,586	441,750	26,839	485,175	652,156
Fund balances											
Restricted	1,154,133	4,068,281	2,062,546	33,042	7,318,002	16,321	29,739			29,739	7,364,062
Committed						67,692					67,692
Total fund balances	1,154,133	4,068,281	2,062,546	33,042	7,318,002	84,013	29,739			29,739	7,431,754
TOTAL LIABILITIES AND FUND BALANCES	**$1,223,107**	**$4,165,420**	**$2,062,546**	**$33,910**	**$7,484,983**	**$84,013**	**$46,325**	**$441,750**	**$26,839**	**$514,914**	**$8,083,910**

City of Bothell
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended December 31, 2014

	Special Revenue Funds					Permanent Fund	Debt Service Funds				
	Street	Arterial Street	Park Cumulative Reserve	Drug Forfeitures	Total Special Revenue Funds	Cemetery Endowment	2008 GO Refunding Bond	2013 GO Bond	Lift GO Bond	Total Debt Service Funds	Total Other Governmental Funds
REVENUES											
Taxes	$2,101,808		$58,787		$2,160,594		$645,289	$907,096		$1,552,384	$3,712,979
Licenses and permits	99,082				99,082						99,082
Intergovernmental revenue	879,889				879,889						879,889
Charges for services	23,381	1,917,050	137,121		2,077,552						2,077,552
Fine and forfeitures				29,825	29,825						29,825
Other revenue	6,143				6,143						6,143
Total revenues	3,110,302	1,917,050	195,908	29,825	5,253,085		645,289	907,096		1,552,384	6,805,470
EXPENDITURES											
Current											
Transportation	2,012,081	6,390			2,018,470						2,018,470
Capital Outlay	991	1		16,667	17,659						17,659
Other expenditures				20,780	20,780		355			355	21,136
Debt service											
Principal retirement							620,000	125,000	375,000	1,120,000	1,120,000
Interest							99,002	1,319,540	324,128	1,742,670	1,742,670
Total expenditures	2,013,071	6,391		37,447	2,056,910		719,357	1,444,540	699,128	2,863,025	4,919,935
Excess of revenue over (under) expenditures	1,097,231	1,910,659	195,908	(7,622)	3,196,175		(74,069)	(537,444)	(699,128)	(1,310,641)	1,885,535
OTHER FINANCING SOURCES (USES)											
Transfers in	9,500				9,500			537,444	699,128	1,236,572	1,246,072
Transfers out		(722,061)	(78,770)		(800,831)						(800,831)
Total other financing sources	9,500	(722,061)	(78,770)		(791,331)			537,444	699,128	1,236,572	445,241
Net change in fund balances	1,106,731	1,188,597	117,138	(7,622)	2,404,844		(74,069)			(74,069)	2,330,775
FUND BALANCES - JANUARY 1, 2014	19,704	2,879,684	1,945,408	40,664	4,885,460	84,013	103,808			103,808	5,073,281
Prior year adjustment	27,698				27,698						27,698
FUND BALANCES - DECEMBER 31, 2014	**$1,154,133**	**$4,068,281**	**$2,062,546**	**$33,042**	**$7,318,002**	**$84,013**	**$29,739**	**-**	**-**	**$29,739**	**$7,431,754**

City of Bothell
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Street Fund
For the Year Ended December 31, 2014

	Budgeted Amounts 2013-2014		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
REVENUES						
Taxes	$752,001	$2,552,001	$1,086,943	$2,101,808	$3,188,751	$636,750
Licenses and permits	125,000	125,000	77,445	99,082	176,528	51,528
Charges for services	25,000	25,000	11,077	23,381	34,457	9,457
Intergovernmental revenue	1,589,362	1,704,066	47,668	879,889	927,556	(776,510)
Miscellaneous			18,158	6,143	24,301	24,301
Total revenues	2,491,363	4,406,067	1,241,291	3,110,302	4,351,593	(54,474)
EXPENDITURES						
Current						
Personnel services	1,774,868	1,908,096	735,695	853,416	1,589,111	(318,985)
Operating supplies	452,500	471,300	169,753	239,779	409,532	(61,768)
Taxes	2,000	2,000	173	1,133	1,306	(694)
Capital outlay		22,000	60,307	991	61,298	39,298
Other services and charges	1,893,640	1,955,140	783,253	917,753	1,701,007	(254,133)
Total expenditures	4,123,008	4,358,536	1,749,182	2,013,071	3,762,253	(596,283)
Excess of revenue over (under) expenditures	(1,631,645)	47,531	(507,891)	1,097,231	589,340	541,809
OTHER FINANCING SOURCES (USES)						
Transfers in	1,631,645	804,240	527,337	9,500	536,837	(267,403)
Total other financing sources	1,631,645	804,240	527,337	9,500	536,837	(267,403)
Net change in fund balances		851,771	19,446	1,106,731	1,126,177	274,406
FUND BALANCES - JANUARY 1, 2013	271	271	258		258	(13)
Prior year adjustment				27,698	27,698	27,698
FUND BALANCES - DECEMBER 31, 2014	**$271**	**$852,042**	**$19,704**	**$1,106,731**	**$1,154,133**	**$302,091**

City of Bothell
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Arterial Street Fund
For the Year Ended December 31, 2014

	Budgeted Amounts 2013-2014		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
REVENUES						
Intergovernmental revenues						
Charges for services	$6,082,207	$6,082,207	$1,750,974	$1,917,050	$3,668,024	($2,414,183)
Interest earnings	50,113	50,113				(50,113)
Contributions						
Total revenues	6,132,320	6,132,320	1,750,974	1,917,050	3,668,024	(2,464,296)
EXPENDITURES						
Current						
Construction projects				6,390	6,390	6,390
Capital Outlay				1	1	1
Debt Service - principal						
Debt Service - interest			10,466		10,466	10,466
Total expenditures			10,466	6,391	16,857	16,857
Excess of revenue over (under) expenditures	6,132,320	6,132,320	1,740,508	1,910,659	3,651,167	(2,447,440)
OTHER FINANCING SOURCES (USES)						
Transfers out	(6,937,054)	(6,937,054)	(1,244,930)	(722,061)	(1,966,991)	4,970,063
Total other financing sources	(6,937,054)	(6,937,054)	(1,244,930)	(722,061)	(1,966,991)	4,970,063
Net change in fund balances	(804,734)	(804,734)	495,578	1,188,597	1,684,176	2,488,910
FUND BALANCES - JANUARY 1, 2013	2,253,527	2,253,527	2,208,426		2,208,426	(45,101)
Prior year adjustment			175,679		175,679	175,679
FUND BALANCES - DECEMBER 31, 2014	**$1,448,793**	**$1,448,793**	**$2,879,684**	**$1,188,597**	**$4,068,281**	**$2,619,488**

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, 2014

	Budgeted Amounts 2013-2014		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
REVENUES						
Taxes	$80,000	$80,000	$27,473	$58,787	$86,259	$6,259
Charges for services	400,000	400,000	210,139	137,121	347,260	(52,740)
Interest earnings						
Contributions						
Total revenues	480,000	480,000	237,612	195,908	433,519	(46,481)
EXPENDITURES						
Current						
Construction projects						
Debt Service - principal						
Debt Service - interest						
Total expenditures						
Excess of revenue over (under) expenditures	480,000	480,000	237,612	195,908	433,519	(46,481)
OTHER FINANCING SOURCES (USES)						
Transfers out	(100,000)	(100,000)		(78,770)	(78,770)	21,230
Total other financing sources	(100,000)	(100,000)		(78,770)	(78,770)	21,230
Net change in fund balances	380,000	380,000	237,612	117,138	354,749	(25,251)
FUND BALANCES - JANUARY 1, 2013	1,726,510	1,726,510	1,707,797		1,707,797	(18,713)
Prior year adjustment						
FUND BALANCES - DECEMBER 31, 2014	**$2,106,510**	**$2,106,510**	**$1,945,408**	**$117,138**	**$2,062,546**	**($43,964)**

GAAP serves as the budgetary basis of accounting

City of Bothell
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Drug Forfeitures Fund
For the Year Ended December 31, 2014

	Budgeted Amounts 2013-2014		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
REVENUES						
Charges for services	$44,000	$44,000	$30,501	$29,825	$60,326	$16,326
Interest earnings						
Total revenues	44,000	44,000	30,501	29,825	60,326	16,326
EXPENDITURES						
Current						
Personnel services						
Operating supplies	8,000	14,000	7,232	6,778	14,010	10
Other services and charges	15,000	25,000	2,941	14,002	16,943	(8,057)
Capital outlay		26,000		16,667	16,667	(9,333)
Total expenditures	23,000	65,000	10,173	37,447	47,620	(17,380)
Excess of revenue over (under) expenditures	21,000	(21,000)	20,328	(7,622)	12,706	33,706
OTHER FINANCING SOURCES (USES)						
Transfers out		(5,500)	(5,237)		(5,237)	263
Total other financing sources		(5,500)	(5,237)		(5,237)	263
Net change in fund balances	21,000	(26,500)	15,091	(7,622)	7,469	33,969
FUND BALANCES - JANUARY 1, 2013	29,537	29,537	25,573		25,573	(3,964)
FUND BALANCES - DECEMBER 31, 2014	**$50,537**	**$3,037**	**$40,664**	**($7,622)**	**$33,042**	**$30,005**

City of Bothell
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Cemetery Endowment Fund
For the Year Ended December 31, 2014

	Budgeted Amounts 2013-2014		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
REVENUES						
Interest earnings	$400	$400				($400)
Total revenues	400	400				(400)
EXPENDITURES						
Other services and charges	18,000	18,000				(18,000)
Total expenditures	18,000	18,000				(18,000)
Excess of revenue over (under) expenditures	(17,600)	(17,600)				17,600
Net change in fund balances	(17,600)	(17,600)				17,600
FUND BALANCES - JANUARY 1, 2013	83,474	84,192	84,013		84,013	(179)
FUND BALANCES - DECEMBER 31, 2014	**$65,874**	**$66,592**	**$84,013**		**$84,013**	**$17,421**

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, 2014

	Budgeted Amounts 2013-2014		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
REVENUES						
Taxes	$1,435,000	$1,435,000	$729,314	$645,289	$1,374,603	($60,397)
Total revenues	1,435,000	1,435,000	729,314	645,289	1,374,603	(60,397)
EXPENDITURES						
Current						
Principal retirement	1,225,000	1,225,000	605,000	620,000	1,225,000	
Interest	222,925	222,925	120,286	99,002	219,288	(3,638)
Miscellaneous	27,075	27,075	301	355	656	(26,419)
Total expenditures	1,475,000	1,475,000	725,586	719,357	1,444,944	(30,056)
Excess of revenue over (under) expenditures	(40,000)	(40,000)	3,728	(74,069)	(70,341)	(30,341)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Total other financing sources						
Net change in fund balances	(40,000)	(40,000)	3,728	(74,069)	(70,341)	(30,341)
FUND BALANCES - JANUARY 1, 2013	82,645	82,645	100,080		100,080	17,435
FUND BALANCES - DECEMBER 31, 2014	**$42,645**	**$42,645**	**$103,808**	**($74,069)**	**$29,739**	**($12,906)**

City of Bothell

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
LIFT General Obligation Bond Redemption Fund
For the Year Ended December 31, 2014

	Budgeted Amounts 2013-2014		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
REVENUES						
Taxes		$1,000,000				($1,000,000)
Total revenues		1,000,000				(1,000,000)
EXPENDITURES						
Current						
Principal retirement	650,000	650,000		375,000	375,000	(275,000)
Interest	1,350,000	1,350,000		324,128	324,128	(1,025,872)
Miscellaneous						
Total expenditures	2,000,000	2,000,000		699,128	699,128	(1,300,872)
Excess of revenue over (under) expenditures	(2,000,000)	(1,000,000)		(699,128)	(699,128)	300,872
OTHER FINANCING SOURCES (USES)						
Transfers in	2,000,000	1,000,000		699,128	699,128	(300,872)
Total other financing sources	2,000,000	1,000,000		699,128	699,128	(300,872)
Net change in fund balances						
FUND BALANCES - JANUARY 1, 2013						
FUND BALANCES - DECEMBER 31, 2014	-	-	-	-	-	-

City of Bothell

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
2013 General Obligation Bond Fund
For the Year Ended December 31, 2014

	Budgeted Amounts 2013-2014		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
REVENUES						
Total revenues		-	-	-	-	-
EXPENDITURES						
Current						
Principal retirement		$375,000		$375,000	$375,000	-
Interest		465,000	167,563	324,128	491,691	26,691
Total expenditures		840,000	167,563	699,128	866,691	26,691
Excess of revenue over (under) expenditures		(840,000)	(167,563)	(699,128)	(866,691)	(26,691)
OTHER FINANCING SOURCES (USES)						
Transfers in		840,000	167,563	699,128	866,691	26,691
Total other financing sources		840,000	167,563	699,128	866,691	26,691
Net change in fund balances						
FUND BALANCES - JANUARY 1, 2013						
FUND BALANCES - DECEMBER 31, 2014	-	-	-	-	-	-

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 Position
Internal Service Funds
December 31, 2014

	Governmental Activities Internal Service Funds			
	Equipment Rental	Self Insurance	Asset Replacement	Total
ASSETS				
Current assets				
Cash and cash equivalents	$1,396	$10,661	$157,487	$169,544
Investments			2,708,282	2,708,282
Accounts receivable		42,750		42,750
Due from other governments	1,500			1,500
Total current assets	2,896	53,411	2,865,769	2,922,077
Non-current assets				
Capital assets, net of depreciation:				
Equipment - shop	35,795		267,284	303,079
Equipment - vehicles			2,744,592	2,744,592
Improvements	5,413		1,270,270	1,275,682
Total capital assets, net of depreciation	41,208		4,282,145	4,323,353
Total non-current assets	41,208	-	4,282,145	4,323,353
Total assets	44,104	53,411	7,147,914	7,245,430
LIABILITIES				
Current liabilities				
Accounts payable	6,480	6,535	169,055	182,070
Payroll payable	12,948	8,221		21,169
Compensated absences	14,615	12,009		26,624
Total liabilities	34,043	26,765	169,055	229,863
NET POSITION				
Net investment in capital assets	41,208		4,282,145	4,323,353
Unrestricted	(31,147)	26,646	2,696,714	2,692,213
Total net position	**$10,061**	**$26,646**	**$6,978,859**	**$7,015,566**

City of Bothell

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2014

	Governmental Activities			
	Internal Service Funds			
	Equipment Rental	Self Insurance	Asset Replacement	Total
Operating revenues				
Charges for services	$1,378,569	$790,075		$2,168,644
Intergovernmental revenues	829			829
Total operating revenues	1,379,398	790,075	-	2,169,473
Operating expenses				
Maintenance and operations	182,906		263,116	446,022
Administration	595,345	937,387		1,532,732
Depreciation & amortization	5,147		754,000	759,147
Total operating expenses	783,398	937,387	1,017,116	2,737,900
Operating income (loss)	596,000	(147,312)	(1,017,116)	(568,428)
Non-operating revenue (expense)				
Gain (loss) on disposition of capital assets			10,452	10,452
Depreciation of disposition of capital assets			(5,034)	(5,034)
Interest earnings			1,155	1,155
Total non-operating revenues (expenses)	-	-	6,573	6,573
Income (loss) before transfers	596,000	(147,312)	(1,010,543)	(561,855)
Transfers in		144,735	1,517,646	1,662,381
Transfers out	(667,646)		(5,314)	(672,960)
Change in net position	(71,646)	(2,577)	501,789	427,566
Net position - beginning	81,707	29,223	6,477,070	6,588,001
Net position - ending	**$10,061**	**$26,646**	**$6,978,859**	**$7,015,566**

City of Bothell
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2014

	Governmental Activities Internal Service Funds			
	Equipment Rental	Self Insurance	Asset Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$1,379,398	$790,075		$2,169,473
Cash paid to employees for services	(288,509)	(320,191)		(608,700)
Cash paid to suppliers for goods and services	(535,744)	(672,109)	(207,985)	(1,415,837)
Net cash provided (used) by operating activities	555,145	(202,225)	(207,985)	144,935
CASH FLOWS FROM NON-OPERATING ACTIVITIES				
Transfers out	(667,646)		(5,314)	(672,960)
Transfers in		144,735	1,517,646	1,662,381
Net cash provided (used) by non-operating activities	(667,646)	144,735	1,512,332	989,421
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(36,104)		(1,520,035)	(1,556,140)
Proceeds from sales of capital assets			10,452	10,452
Disposal of capital assets			5,034	5,034
Net cash provided (used) by capital and related financing activities	(36,104)		(1,504,549)	(1,540,654)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	21,472		(1,270,102)	(1,248,630)
Loan collection			1,532,000	1,532,000
Interest and dividends			1,155	1,155
Net cash provided by investing activities	21,472		263,052	284,524
Net increase (decrease) in cash and cash equivalents	(127,133)	(57,491)	62,851	(121,773)
Balances - beginning	128,529	68,152	94,636	291,317
Balances - ending	**$1,396**	**$10,661**	**$157,487**	**$169,544**
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$596,000	($147,312)	($1,017,116)	($568,428)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	5,147		754,000	759,147
Change in assets and liabilities:				
Decrease (increase) in accounts receivable		(40,796)		(40,796)
Decrease (increase) in due from other governments	(1,500)			(1,500)
Increase (decrease) in accounts payable	(46,281)	(14,855)	55,131	(6,005)
Increase (decrease) in compensated absences payable	1,342	539		1,882
Increase (decrease) in payroll payable	438	198		636
Net cash provided by operating activities	**$555,145**	**($202,225)**	**($207,985)**	**$144,935**
Noncash investing, capital, and financing activities:				
Increase (decrease) in fair value of investments				

Agency Fund

Agency funds are used to account for resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to the individuals, private organizations, or other governments.

Agency Trust Fund – This fund is used to account for deposits held by the City in a custodial capacity. Releases of fiduciary resources are made when all obligations and requirements have been met.

City of Bothell
Statement of Changes in Assets and Liabilities
Agency Trust Fund
For the Year Ended December 31, 2014

	Balance 1/1/2014	Additions	Deductions	Balance 12/31/2014
ASSETS				
Cash	$169,322	$729,095	$730,718	$167,699
Total Assets	**$169,322**	**$729,095**	**$730,718**	**$167,699**
LIABILITIES				
Accounts payable	$1,000	$359,029	$358,029	
Deposits payable	168,322	364,258	363,635	167,699
Other liabilities				
Total Liabilities	**$169,322**	**$723,286**	**$721,664**	**$167,699**

Supplemental Information

City of Bothell
Schedule of Operations - Budget to Actual
Water Fund
For the Year Ended December 31, 2014

	2013-2014 Budgeted Amounts		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Intergovernmental revenues			$4,146	$3,909	$8,055	$8,055
Other				45,230	45,230	45,230
Charges for services	8,624,378	8,624,378	4,367,235	4,198,088	8,565,322	(59,056)
Total operating revenues	8,624,378	8,624,378	4,371,380	4,247,227	8,618,607	(5,771)
OPERATING EXPENSES						
Administrative and general	1,302,701	1,302,701	585,250	516,077	1,101,326	201,375
Purchase water	2,775,349	2,775,349	1,504,942	1,559,322	3,064,264	(288,915)
Maintenance and operation	2,036,692	2,036,692	944,977	814,517	1,759,494	277,198
Customer accounts	265,292	265,292	141,400	146,872	288,271	(22,979)
Taxes	712,879	712,879	313,641	463,500	777,141	(64,262)
Capital outlay	3,142,280	3,142,280				3,142,280
Debt	325,200	325,200				325,200
Depreciation and amortization	971,000	971,000	451,268	462,949	914,218	56,782
Total operating expenses	11,531,393	11,531,393	3,941,477	3,963,237	7,904,715	3,626,678
OPERATING INCOME (LOSS)	(2,907,015)	(2,907,015)	429,903	283,989	713,892	3,620,907
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings				407	407	407
Bond proceeds	2,000,000	2,000,000				(2,000,000)
Bond issuance cost				(61,231)	(61,231)	(61,231)
Interest expense	(148,886)	(148,886)	(6,193)	(20,970)	(27,163)	121,723
Total non-operating revenue (expense)	1,851,114	1,851,114	(6,193)	(81,795)	(87,988)	(1,939,102)
Income (loss) before contributions and transfers	(1,055,901)	(1,055,901)	423,710	202,195	625,905	1,681,806
Transfers in						
Transfers out						
Contributions			83,000	823,900	906,900	906,900
Net position - beginning, January 1, 2013	12,181,743	12,181,743	12,804,148		12,804,148	622,405
Net position - ending, December 31, 2014	**$11,125,842**	**$11,125,842**	**$13,310,859**	**$1,026,095**	**$14,336,953**	**$3,211,111**

This schedule is presented as supplemental information

City of Bothell
Schedule of Operations - Budget to Actual
Sewer Fund
For the Year Ended December 31, 2014

	2013-2014 Budgeted Amounts		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Intergovernmental revenues			$2,588	$1,946	$4,534	$4,534
Charges for services	13,120,910	13,120,910	6,086,026	6,600,027	12,686,053	(434,857)
Total operating revenues	13,120,910	13,120,910	6,088,614	6,601,973	12,690,587	(430,323)
OPERATING EXPENSES						
Administrative and general	1,232,457	1,232,457	416,470	494,631	911,101	321,356
Metro service	8,245,045	8,245,045	3,167,714	3,685,390	6,853,104	1,391,941
Maintenance and operation	1,711,381	1,711,381	734,132	771,274	1,505,406	205,975
Customer accounts	264,355	264,355	141,614	146,089	287,703	(23,348)
Taxes	724,325	724,325	349,644	360,886	710,530	13,795
Capital outlay	2,694,000	2,694,000				2,694,000
Depreciation and amortization	646,600	646,600	327,280	372,680	699,960	(53,360)
Total operating expenses	15,518,163	15,518,163	5,136,854	5,830,950	10,967,804	4,550,359
OPERATING INCOME (LOSS)	(2,397,253)	(2,397,253)	951,760	771,023	1,722,782	4,120,035
NON-OPERATING REVENUE (EXPENSE)						
Investment earnings				183	183	183
interest expense	(136,500)	(136,500)		(7,088)	(7,088)	129,412
Bond issuance cost				(27,544)	(27,544)	(27,544)
Debt	(100,000)	(100,000)				100,000
Bond proceeds	2,000,000	2,000,000				(2,000,000)
Total non-operating revenue (expense)	1,763,500	1,763,500	-	(34,449)	(34,449)	(1,797,949)
Income (loss) before contributions and transfers	(633,753)	(633,753)	951,760	736,574	1,688,334	2,322,087
Transfers in						
Transfers out						
Contributions			180,000	576,900	756,900	756,900
Net position - beginning, January 1, 2013	10,718,461	10,718,461	11,439,699		11,439,699	721,238
Net position - ending, December 31, 2014	**$10,084,708**	**$10,084,708**	**$12,571,458**	**$1,313,474**	**$13,884,932**	**$3,800,224**

This schedule is presented as supplemental information

City of Bothell
Schedule of Operations - Budget to Actual
Storm & Surface Water Fund
For the Year Ended December 31, 2014

	2013-2014 Budgeted Amounts		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Intergovernmental revenues	$243,901	$356,401	$152,043	$299,354	$451,397	$94,996
Charges for services	8,611,468	8,892,690	4,086,198	4,847,981	8,934,180	41,490
Other			17,561		17,561	17,561
Total operating revenues	8,855,369	9,249,091	4,255,802	5,147,336	9,403,138	154,047
OPERATING EXPENSES						
Administrative and general	2,884,100	3,164,601	1,359,665	1,644,199	3,003,864	160,737
Maintenance and operation	3,041,830	3,125,051	1,140,193	1,377,775	2,517,968	607,083
Taxes	54,600	54,600	48,726	74,877	123,603	(69,003)
Capital outlay	13,274,168	13,304,168				13,304,168
Depreciation and amortization	900,200	900,200	434,169	441,747	875,916	24,284
Total operating expenses	20,154,898	20,548,620	2,982,754	3,538,598	6,521,352	14,027,268
OPERATING INCOME (LOSS)	(11,299,529)	(11,299,529)	1,273,049	1,608,737	2,881,786	14,181,315
NON-OPERATING REVENUE (EXPENSE)						
Loan	9,300,000	9,300,000				(9,300,000)
Loan payment	(500,000)	(500,000)				500,000
Revenue bond proceeds	4,000,000	4,000,000				(4,000,000)
Debt service	(705,000)	(705,000)				705,000
Transfers in			17,422		17,422	17,422
Investment earnings				1,339	1,339	1,339
Bond issuance cost				(201,633)	(201,633)	(201,633)
Interest expense	(314,140)	(314,140)	(2,287)	(53,006)	(55,293)	258,847
Total non-operating revenue (expense)	11,780,860	11,780,860	15,135	(253,300)	(238,165)	(12,019,025)
Income (loss) before contributions and transfers	481,331	481,331	1,288,184	1,355,437	2,643,621	2,162,290
Transfers in						
Transfers out						
Contributions			238,000	550,500	788,500	788,500
Net position - beginning, January 1, 2013	11,888,558	11,888,558	12,015,722		12,015,722	127,164
Net position - ending, December 31, 2014	**$12,369,889**	**$12,369,889**	**$13,541,906**	**$1,905,937**	**$15,447,843**	**$3,077,954**

This schedule is presented as supplemental information

City of Bothell
Schedule of Operations - Budget to Actual
Equipment Rental Fund
For the Year Ended December 31, 2014

	2013-2014 Budgeted Amounts		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Intergovernmental revenues			$4,146	$3,909	$8,055	$8,055
Other				45,230	45,230	45,230
Charges for services	8,624,378	8,624,378	4,367,235	4,198,088	8,565,322	(59,056)
Total operating revenues	8,624,378	8,624,378	4,371,380	4,247,227	8,618,607	(5,771)
OPERATING EXPENSES						
Administrative and general	1,302,701	1,302,701	585,250	516,077	1,101,326	201,375
Purchase water	2,775,349	2,775,349	1,504,942	1,559,322	3,064,264	(288,915)
Maintenance and operation	2,036,692	2,036,692	944,977	814,517	1,759,494	277,198
Customer accounts	265,292	265,292	141,400	146,872	288,271	(22,979)
Taxes	712,879	712,879	313,641	463,500	777,141	(64,262)
Capital outlay	3,142,280	3,142,280				3,142,280
Debt	325,200	325,200				325,200
Depreciation and amortization	971,000	971,000	451,268	462,949	914,218	56,782
Total operating expenses	11,531,393	11,531,393	3,941,477	3,963,237	7,904,715	3,626,678
OPERATING INCOME (LOSS)	(2,907,015)	(2,907,015)	429,903	283,989	713,892	3,620,907
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings						
Bond proceeds	2,000,000	2,000,000				(2,000,000)
Interest expense	(148,886)	(148,886)	(6,193)	(5,223)	(11,416)	137,470
Total non-operating revenue (expense)	1,851,114	1,851,114	(6,193)	(5,223)	(11,416)	(1,862,530)
Income (loss) before contributions and transfers	(1,055,901)	(1,055,901)	423,710	278,766	702,476	1,758,377
Transfers in						
Transfers out						
Contributions			83,000	823,900	906,900	906,900
Net position - beginning, January 1, 2013	12,181,743	12,181,743	12,804,148		12,804,148	622,405
Net position - ending, December 31, 2014	**$11,125,842**	**$11,125,842**	**$13,310,859**	**$1,102,666**	**$14,413,525**	**$3,287,683**

This schedule is presented as supplemental information

City of Bothell
Schedule of Operations - Budget to Actual
Self Insurance Fund
For the Year Ended December 31, 2014

	2013-2014 Budgeted Amounts		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Insurance recovery	$50,000	$50,000	$56,542	$28,904	$85,446	$35,446
Intergovernmental revenues						
Charges for insurance premiums	1,679,124	1,708,124	820,515	761,171	1,581,686	(126,438)
Total operating revenues	1,729,124	1,758,124	877,057	790,075	1,667,131	(90,993)
OPERATING EXPENSES						
Administrative and general	1,677,413	1,677,413	843,162	791,393	1,634,555	42,858
Health insurance services	453,400	453,400	161,878	145,993	307,871	145,529
Total operating expenses	2,130,813	2,130,813	1,005,040	937,386	1,942,426	188,387
OPERATING INCOME (LOSS)	(401,689)	(372,689)	(127,983)	(147,312)	(275,295)	97,394
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings						
Total non-operating revenue (expense)	-	-	-	-	-	-
Income (loss) before contributions and transfers	(401,689)	(372,689)	(127,983)	(147,312)	(275,295)	97,394
Transfers in	453,400	453,400	156,805	144,735	301,540	(151,860)
Net position - beginning, January 1, 2014	41,126	41,126	402		402	(40,724)
Net position - ending, December 31, 2014	**$92,837**	**$121,837**	**$29,223**	**($2,577)**	**$26,646**	**($95,190)**

This schedule is presented as supplemental information

City of Bothell
Schedule of Operations - Budget to Actual
Asset Replacement Fund
For the Year Ended December 31, 2014

	2013-2014 Budgeted Amounts		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Intergovernmental revenue						
Total operating revenues	-	-	-	-	-	-
OPERATING EXPENSES						
Capital outlay	4,481,556	4,481,556				4,481,556
Maintenance and operations	30,554	30,554	8,378	8,848	17,226	13,328
Administrative and general	414,162	414,162	120,403	254,267	374,670	39,492
Depreciation	1,400,000	1,400,000	733,903	754,000	1,487,903	(87,903)
Total operating expenses	6,326,272	6,326,272	862,684	1,017,116	1,879,799	4,446,473
OPERATING INCOME (LOSS)	(6,326,272)	(6,326,272)	(862,684)	(1,017,116)	(1,879,799)	4,446,473
NON-OPERATING REVENUES (EXPENSES)						
Interest earnings	58,936	58,936	2,287	1,155	3,441	(55,495)
Loan	500,000	500,000				(500,000)
Gain (loss) on disposition of capital assets				10,452	10,452	10,452
Depreciation of disposition of capital assets				(5,034)	(5,034)	(5,034)
Proceeds from the sale of capital assets	285,330	285,330	97,603		97,603	(187,727)
Total non-operating revenue (expense)	844,266	844,266	99,890	6,573	106,463	(737,803)
Income (loss) before contributions and transfers	(5,482,006)	(5,482,006)	(762,794)	(1,010,543)	(1,773,337)	3,708,669
Transfers in	2,105,292	2,190,792	672,883	1,517,646	2,190,529	(263)
Transfers out				(5,314)	(5,314)	(5,314)
Net position - beginning, January 1, 2014	4,577,978	4,577,978	6,566,981		6,566,981	1,989,003
Net position - ending, December 31, 2014	**$1,201,264**	**$1,286,764**	**$6,477,070**	**$501,789**	**$6,978,859**	**$5,692,095**

This schedule is presented as supplemental information

City of Bothell
Schedule 16
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

Grantor/Pass Through Grantor Program Title	CFDA Number	Other Identification Number	Current Year Expenditures Direct	Pass-Through	Total
Department of Homeland Security/Pierce County Emergency Management					
National Urban Search and Rescue (US&R) Response System (97.025)					
WATF-1 Water Operations Drill	97.025	13-063		$358	$358
Department of Homeland Security/Washington State Military Department					
Emergency Management Peformance Grant (97.042)					
Emergency Management Performance Grant	97.042	E14-087		440	440
Emergency Management Performance Grant	97.042	E15-129		4,293	4,293
		Subtotal	-	4,733	4,733
Department of Homeland Security/Washington State Military Department/City of Seattle					
Homeland Security Grant Program (97.067)					
Fire/EMS/HazMat Training & Exercise	97.067	E12-253		3,027	3,027
SHSP 2012 Fire/EMS/HazMat Training	97.067	E13-220		2,186	2,186
WMD/Structrual Collapse & Heavy Rescue	97.067	E14-144		5,450	5,450
		Subtotal	-	10,663	10,663
		Dept of Homeland Security Total	**-**	**15,753**	**15,753**
Department of Transportation/Washington State DOT					
Highway Planning & Construction (20.205)					
228th Street SE & SR527 Improvements	20.205	HSIP-2570 (008)		129,097	129,097
228th Street SE Corridor Improvements	20.205	HSIP-2570 (009)		9,880	9,880
Citywide Safety Improvements	20.205	HSIP-000S (346)		6,545	6,545
Main Street Enhancement, Phase 1	20.205	STPUL-2458 (002)		28,782	28,782
NE 195th Street Bridge Seismic Retrofit	20.205	BHM-2458 (001)		23,786	23,786
North Creek Trail Section 3	20.205	CM-STPE-0110 (011)		718,285	718,285
SR522 Multi-Modal Corridor - Stage 2	20.205	STPF-STPUL-0522 (051)		130,355	130,355
SR522 Multi-Modal Corridor - Stage 3	20.205	STPUL-0522 (057)		232,111	232,111
SR527 Improvements, 240th St - 228th St SE	20.205	HPP-STPUL-0527 (006)		3,193,496	3,193,496
		Subtotal	-	4,472,335	4,472,335
Department of Transportation/Washington Traffic Safety Commission					
State & Community Highway Safety (20.600)					
Distracted Driving Emphasis Patrols	20.600	NA		741	741
Department of Transportation/Washington Traffic Safety Commission					
Safety Belt Performance Grants (20.609)					
Target Zero Emphasis Patrols	20.609	NA		511	511
		Dept of Transportation Total	**-**	**4,473,587**	**4,473,587**
Environmental Protection Agency					
Brownfields Assessment & Cleanup Cooperative Agreements (66.818)					
Brownfields Cleanup: Bothell LandingCommercial Center Site	66.818	BF-00J02601	41,117		41,117
Environmental Protection Agency/Washington State Department of Ecology					
Puget Sound Action Agenda: Tech Investigations/Implementation Assistance Program (66.123)					
Nearshore Estuary Program Watershed Protection/Restoration	66.123	C1200179		84,513	84,513
		Environmental Protection Agency Total	**41,117**	**84,513**	**125,630**
		Total Federal Assistance for 2014	**$41,117**	**$4,573,853**	**$4,614,970**

Note 1 - Basis of Accounting
This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the modified accrual basis of accounting.

Note 2 - Program Costs
The amounts shown as current year expenditures represent only the grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

This schedule is presented as supplemental information

City of Bothell
Schedule 15
Schedule of State and Local Financial Assistance
For the Year Ended December 31, 2014

Grantor/Pass Through Grantor Program Title	BARS Account Number	Other Identification Number	Current Year Expenditures
4Culture (Cultural Development Authority of King County)			
Preservation Sustained Support	337.07.04	114330P	$2,500
4Culture Total			**2,500**
King County			
Fall Safety Prevention Program	337.09.01	EMS3295	542
Local Hazardous Waste Management Program	337.07.00	EHS3376	12,801
Waste Reduction & Recycling	337.07.00	5637566	36,547
King County Total			**49,890**
Snohomish County			
North Creek Schoolhouse Interior Restoration	337.09.00	NA	10,000
Snohmish County Total			**10,000**
Washington State Department of Commerce			
Innovation Partnership Zone Grant - Mercury Incubator	334.04.20	S13-97205-008	37,679
Washington State Dept of Commerce Total			**37,679**
Washington State Department of Ecology			
Bothell Crossroads Contamination	334.03.10	G1400464	772,757
Coordinated Prevention Grant	334.03.10	G1400143	40,704
Municipal Stormwater Capacity Grant	334.03.10	G1400320	122,885
Washington State Dept of Ecology Total			**936,346**
Washington State Department of Health			
EMS Prehospital Participation Grant	334.04.90	SFY14	1,473
Washington State Dept of Health Total			**1,473**
Washington State Patrol			
Firefighter Training Reimbursement	334.01.30	K10196	45
Washington State - Recreation & Conservation Office Total			**45**
Washington State - Salmon Recovery Funding Board (SRFB) & Recreation & Conservation Office (RCO)			
Sammamish RiverSide Channel Restoration (Design Phase)	334.02.70	13-1133P	88,700
Washington State Traffic SRFB & RCO Total			**88,700**
Washington State Transportation Improvement Board			
Bothell-Everett Hwy - 228th St SE to 240th St SE	334.03.80	9-P-114 (006)-1	565,908
SR 522 - Hall Rd to 102nd St NE (Crossroads)	334.03.80	9-P-114 (005)-1	1,064,903
SR 522 - West City Limits to Wayne Curve	334.03.80	9-P-114 (004)-2	15,074
Washington State Transportation Improvement Board Total			**1,645,885**
Total State & Local Financial Assistance for 2014			**$2,772,518**

Note 1 - Basis of Accounting
This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the modified accrual basis of accounting.

Note 2 - Program Costs
The amounts shown as current year expenditures represent only the grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

This schedule is presented as supplemental information

City of Bothell
General Obligation Bond
Refunding 2008
December 31, 2014

Year Ended December 31, 2014	Interest Rate Range	Interest June 1	Interest December 1	Principal December 1	Total Debt Service
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	**$80,300**	**$80,300**	**$2,000,000**	**$2,160,600**

This schedule is presented as supplemental information

City of Bothell
General Obligation Bond 2014
December 31, 2014

Year Ended December 31, 2014	March 1 Interest	September 1 Interest	Principal March 1	Total Debt Service
2015	$662,625	$662,625		$1,325,250
2016	662,625	655,825	680,000	1,998,450
2017	655,825	645,400	695,000	1,996,225
2018	645,400	634,675	715,000	1,995,075
2019	634,675	623,575	740,000	1,998,250
2020	623,575	608,275	765,000	1,996,850
2021	608,275	592,375	795,000	1,995,650
2022	592,375	571,500	835,000	1,998,875
2023	571,500	549,625	875,000	1,996,125
2024	549,625	526,625	920,000	1,996,250
2025	526,625	502,500	965,000	1,994,125
2026	502,500	477,125	1,015,000	1,994,625
2027	477,125	450,375	1,070,000	1,997,500
2028	450,375	422,250	1,125,000	1,997,625
2029	422,250	392,750	1,180,000	1,995,000
2030	392,750	361,750	1,240,000	1,994,500
2031	361,750	329,125	1,305,000	1,995,875
2032	329,125	294,875	1,370,000	1,994,000
2033	294,875	258,750	1,445,000	1,998,625
2034	258,750	220,875	1,515,000	1,994,625
2035	220,875	181,000	1,595,000	1,996,875
2036	181,000	181,000		362,000
2037	181,000	181,000		362,000
2038	181,000	181,000		362,000
2039	181,000		7,240,000	7,421,000
	$11,167,500	**$10,504,875**	**$28,085,000**	**$49,757,375**

This schedule is presented as supplemental information

City of Bothell
General Obligation Bonds 2013 A & B
December 31, 2014

	2013A				2013B				
Year Ended December 31, 2014	Interest Rate Range	Interest June 1	Interest December 1	Principal December 1	Interest Rate Range	Interest June 1	Interest December 1	Principal December 1	Total Debt Service
2015	.1 to 1.65%	$7,451	7,451	$380,000	3 to 4.5%	$153,581	$153,581		$702,065
2016	1.25 to 1.65%	5,551	5,551	380,000	3 to 4.5%	153,581	153,581		698,265
2017	1.65%	3,176	3,176	385,000	3 to 4.5%	153,581	153,581		698,515
2018					3 to 4.5%	153,581	153,581	390,000	697,163
2019					3 to 4.5%	147,731	147,731	400,000	695,463
2020					3 to 4.5%	141,731	141,731	415,000	698,463
2021					3 to 4.5%	135,506	135,506	425,000	696,013
2022					3 to 4.5%	129,131	129,131	440,000	698,263
2023					3.75 to 4.5%	122,531	122,531	450,000	695,063
2024					3.75 to 4.5%	113,531	113,531	470,000	697,063
2025					3.75 to 4.5%	104,131	104,131	490,000	698,263
2025					3.75 to 4.5%	94,331	94,331	510,000	698,663
2057					3.75 to 4.5%	84,131	84,131	530,000	698,263
2028					3.75 to 4.5%	73,531	73,531	550,000	697,063
2029					3.75 to 4.5%	62,531	62,531	570,000	695,063
2030					3.75 to 4.5%	62,531	62,531	590,000	715,063
2031					3.75 to 4.5%	62,531	62,531	615,000	740,063
2032					4.5%	29,250	29,250	635,000	693,500
2033					4.5%	29,250	29,250	665,000	723,500
Total		**$16,179**	**$16,179**	**$1,145,000**		**$2,006,706**	**$2,006,706**	**$8,145,000**	**$13,335,770**

This schedule is presented as supplemental information

City of Bothell
Utility Revenue Bond 2014
December 31, 2014

Year Ended December 31, 2014	June 1 Interest	December 1 Interest	Principal December 1	Total Debt Service
2015	$448,116	$346,184	$520,000	$1,314,301
2016	338,384	338,384	635,000	1,311,769
2017	325,684	325,684	665,000	1,316,369
2018	312,384	312,384	685,000	1,309,769
2019	295,259	295,259	720,000	1,310,519
2020	280,859	280,859	750,000	1,311,719
2021	265,859	265,859	780,000	1,311,719
2022	246,359	246,359	815,000	1,307,719
2023	225,984	225,984	855,000	1,306,969
2024	204,609	204,609	900,000	1,309,219
2025	182,109	182,109	945,000	1,309,219
2026	158,484	158,484	995,000	1,311,969
2027	145,425	145,425	1,020,000	1,310,850
2028	130,125	130,125	1,050,000	1,310,250
2029	114,375	114,375	1,080,000	1,308,750
2030	98,175	98,175	1,115,000	1,311,350
2031	80,753	80,753	1,150,000	1,311,506
2032	62,066	62,066	1,185,000	1,309,131
2033	42,809	42,809	1,225,000	1,310,619
2034	22,138	22,138	1,265,000	1,309,275
	$3,979,960	**$3,878,028**	**$18,355,000**	**$26,212,989**

This schedule is presented as supplemental information

City of Bothell
Public Works Trust Fund Loan
PC12-951-022
December 31, 2014

Year Ended December 31, 2013	Interest Rate	Interest June 1	Principal June 1	Total Debt Service
2015	0.5%	$33,570	$433,395	$466,964
2016	0.5%	34,672	433,395	468,066
2017	0.5%	32,505	433,395	465,899
2018	0.5%	30,338	433,395	463,732
2019	0.5%	28,171	433,395	461,565
2020	0.5%	26,004	433,395	459,398
2021	0.5%	23,837	433,395	457,231
2022	0.5%	21,670	433,395	455,064
2023	0.5%	19,503	433,395	452,898
2024	0.5%	17,336	433,395	450,731
2025	0.5%	15,169	433,395	448,564
2026	0.5%	13,002	433,395	446,397
2027	0.5%	10,835	433,395	444,230
2028	0.5%	8,668	433,395	442,063
2029	0.5%	6,501	433,395	439,896
2030	0.5%	4,334	433,395	437,729
2031	0.5%	2,167	433,395	435,562
	Total	**$328,278**	**$7,367,711**	**$7,695,989**

This schedule is presented as supplemental information

City of Bothell
Public Works Trust Fund Loan
PW98-791-007
December 31, 2014

Year Ended December 31, 2013	Interest Rate	Interest July 1	Principal July 1	Total Debt Service
2015	1%	$4,129	$112,599	$116,727
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	**$10,885**	**$450,395**	**$461,279**

This schedule is presented as supplemental information

City of Bothell

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget to Actual
Capital Improvements Fund
For the Year Ended December 31, 2014

	2013-2014 Budgeted Amounts		2013 Actual Amounts	2014 Actual Amounts	Total 2013-2014	Variance with Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
REVENUES						
Taxes	$4,900,000	$4,900,000	$2,794,919	$2,463,252	$5,258,172	$358,172
Intergovernmental revenues	21,489,000	23,894,750	9,289,326	6,942,093	16,231,419	(7,663,331)
Charges for services						
Investment interest	58,833	58,833				(58,833)
Proceeds from sale of capital assets	2,100,000	2,100,000	15,113		15,113	(2,084,887)
Rents	150,000	150,000	1,207		1,207	(148,793)
Miscellaneous revenue			2,533	2,227,573	2,230,106	2,230,106
Contributions	334,000	334,000	755,470	379,994	1,135,464	801,464
Total revenues	29,031,833	31,437,583	12,858,568	12,012,911	24,871,480	(6,566,103)
EXPENDITURES						
Current:						
Economic environment				839,108	839,108	839,108
Capital outlay	45,115,340	48,521,090	20,851,148	13,350,603	34,201,751	(14,319,339)
Debt Issue costs			125,039	311,422	436,461	436,461
Debt principle	30,625,000	30,625,000	4,653,421	30,359,922	35,013,343	4,388,343
Interest expense	614,000	614,000	388,387	10,831	399,218	(214,782)
Total expenditures	76,354,340	79,760,090	26,017,995	44,871,886	70,889,881	(8,870,209)
Excess of revenue over (under) expenditures	(47,322,507)	(48,322,507)	(13,159,427)	(32,858,975)	(46,018,401)	2,304,106
OTHER FINANCING SOURCES (USES)						
Bond anticipation note	30,000,000	30,000,000	9,665,000		9,665,000	(20,335,000)
Issuance of GO Bonds				28,210,000	28,210,000	28,210,000
GO Bond premiums			455,236	2,137,096	2,592,332	2,592,332
Loan	12,500,000	12,500,000	5,953,936	1,819,279	7,773,214	(4,726,786)
Transfers in	7,037,054	7,037,054	1,194,411	806,145	2,000,556	(5,036,498)
Transfers out	(2,000,000)	(1,840,000)	(167,563)	(1,236,572)	(1,404,135)	435,865
Total other financing sources	47,537,054	47,697,054	17,101,020	31,735,947	48,836,967	1,139,913
SPECIAL ITEMS						
Proceeds from sales of capital assets				1,800,000	1,800,000	1,800,000
Net change in fund balances	214,547	(625,453)	3,941,594	676,973	4,618,566	5,244,019
FUND BALANCES - JANUARY 1, 2014	2,167,673	2,167,673	2,976,365		2,976,365	808,692
Prior year adjustment				(249,873)	(249,873)	(249,873)
FUND BALANCES - DECEMBER 31, 2014	**$2,382,220**	**$1,542,220**	**$6,917,958**	**$427,099**	**$7,345,058**	**$5,802,838**

This schedule is presented as supplemental information

Statistical Section

City of Bothell™

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 **1**

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

Revenue Capacity **9**

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

Debt Capacity **17**

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

Demographic and Economic Information **29**

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

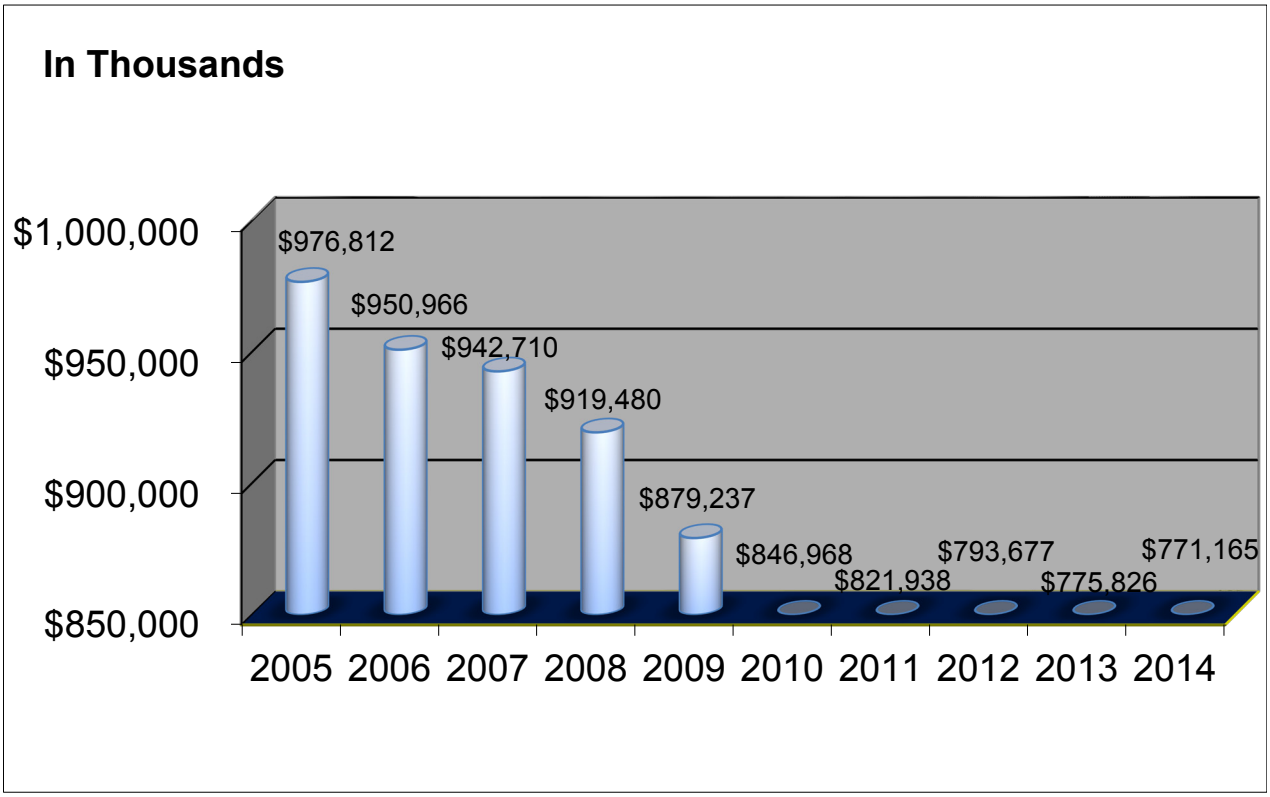
Operating Information **31**

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

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

City of Bothell
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities					
Invested in capital assets, net of related debt	$908,007,883	$872,520,256	$851,902,746	$841,148,841	$829,995,723
Restricted	515,178				
Unrestricted	39,434,906	46,594,330	56,832,220	44,506,169	14,636,710
Total governmental activities net position	947,957,967	919,114,586	908,734,966	885,655,008	844,632,433
Business-type activities					
Invested in capital assets, net of related debt	20,160,168	22,312,164	22,148,994	22,894,341	25,684,286
Restricted	45,960	45,960	45,960	45,960	
Unrestricted	8,648,183	9,493,206	11,780,119	10,884,406	8,920,530
Total business-type activities net position	28,854,311	31,851,330	33,975,073	33,824,706	34,604,816
Primary government					
Net investment in capital assets	928,168,051	894,832,420	874,051,740	864,043,182	855,680,009
Restricted	561,138	45,960	45,960	45,960	
Unrestricted	48,083,089	56,087,536	68,612,339	55,390,573	23,557,239
Total primary government net position	**$976,812,278**	**$950,965,916**	**$942,710,039**	**$919,479,714**	**$879,237,248**



City of Bothell
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2010	**2011**	**2012**	**2013**	**2014**
Governmental activities					
Invested in capital assets, net of related debt	$797,260,030	$772,845,492	$746,225,080	$720,584,679	$709,089,935
Restricted	7,754,246	9,780,831	7,578,092	12,554,203	15,409,677
Unrestricted	6,887,300	4,879,019	3,614,460	3,262,857	1,729,590
Total governmental activities net position	811,901,576	787,505,342	757,417,631	736,401,739	726,229,202
Business-type activities					
Invested in capital assets, net of related debt	32,408,696	32,660,784	33,185,063	34,892,575	37,917,645
Restricted					1,316,369
Unrestricted	2,658,185	1,771,470	3,074,506	4,531,648	4,435,715
Total business-type activities net position	35,066,881	34,432,254	36,259,569	39,424,223	43,669,729
Primary government					
Net investment in capital assets	829,668,726	805,506,276	779,410,143	755,477,254	747,007,580
Restricted	7,754,246	9,780,831	7,578,092	12,554,203	16,726,046
Unrestricted	9,545,485	6,650,489	6,688,966	7,794,505	6,165,305
Total primary government net position	**$846,968,458**	**$821,937,596**	**$793,677,200**	**$775,825,961**	**$769,898,931**

Schedules comply with GASB 34 implementation or 10 years

City of Bothell
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses - Governmental activities					
General government	$6,795,788	$7,286,832	$7,590,440	$9,462,780	$9,413,427
Security of persons and property	16,624,606	16,716,844	18,356,633	19,342,241	20,646,387
Physical environment	3,127,375	5,680,934	3,466,656	4,626,024	6,262,903
Transportation	24,857,528	34,309,036	38,300,146	38,946,938	42,394,908
Economic environment	2,100,999	2,583,146	3,808,101	3,413,764	3,026,618
Culture and recreation					
Interest on long-term debt	511,467	362,317	327,703	229,262	213,348
Total governmental activities	54,017,763	66,939,110	71,849,679	76,021,008	81,957,592
Business-type activities					
Water	2,291,688	2,944,338	2,878,560	3,150,986	3,188,527
Sewer	3,473,410	3,318,782	3,965,202	4,099,024	4,436,576
Storm & Surface Water	1,141,388	1,229,997	1,323,861	1,645,670	2,094,509
Total business-type activities	6,906,486	7,493,117	8,167,623	8,895,680	9,719,612
Total primary government expenses	**$60,924,249**	**$74,432,227**	**$80,017,302**	**$84,916,688**	**$91,677,203**
Program Revenues - Governmental activities					
Charges for services					
General government	$1,369,104	$2,109,872	$2,063,843	$1,686,890	$1,858,979
Security of persons and property	1,301,166	1,634,128	1,652,887	2,084,447	1,901,973
Physical environment	1,132,053	1,425,625	1,544,277	1,420,714	2,330,963
Transportation	923,975	858,310	1,932,005	1,764,671	79,707
Economic environment	1,193,016	1,582,638	1,806,077	1,713,091	1,390,869
Culture and recreation	144,427	157,648	143,191	149,021	225,350
Operating grants and contributions	1,106,751	402,018	846,560	525,398	357,367
Capital grants and contributions	652,446	5,642,460	12,983,232	12,229,943	3,064,379
Total governmental activities program revenues	7,822,938	13,812,699	22,972,072	21,574,175	11,209,588
Business-type activities					
Charges for services					
Water	3,004,837	3,995,496	3,786,422	3,377,642	3,731,390
Sewer	4,092,654	4,257,167	4,607,172	4,448,313	4,913,071
Storm & Surface Water	1,806,901	1,837,048	1,730,963	1,753,920	2,478,439
Operating grants and contributions					
Capital grants and contributions	306,945	649,239	729,022	787,526	411,475
Total business-type activities program revenue	9,211,337	10,738,950	10,853,579	10,367,401	11,534,375
Total primary government program revenues	**$17,034,275**	**$24,551,649**	**$33,825,651**	**$31,941,576**	**$22,743,963**
Net (Expense)/Revenue					
Government activities	($46,194,825)	($53,126,411)	($48,877,607)	($54,446,834)	($70,748,004)
Business-type activities	2,304,851	3,245,833	2,685,956	1,471,721	1,814,763
Total primary government net expense	(43,889,974)	(49,880,577)	(46,191,650)	(52,975,113)	(68,933,241)
General Revenue and Other Changes in Net Position					
Governmental activities					
Taxes					
Property tax	9,792,823	11,294,149	13,745,959	9,979,056	9,480,272
Excise tax	11,040,881	13,035,096	12,875,394	11,731,999	9,842,288
Business tax	6,689,465	6,971,731	7,105,751	7,085,015	7,312,792
Unrestricted grants and contributions					
Investment earnings	1,103,359	2,340,709	2,766,765	1,627,957	1,055,739
Special item					
Miscellaneous	1,953,704	737,447	1,010,077	1,020,245	915,788
Transfers	547,823	797,483	899,556	959,111	1,118,550
Total governmental activities	31,128,055	35,176,613	38,403,500	32,403,383	29,725,430
Business-type activities					
Investment earnings	155,914	256,904	337,341	180,799	62,247
Miscellaneous					21,650
Transfers	(547,823)	(797,483)	(899,556)	(959,111)	(1,118,550)
Total business-type activities	(391,909)	(540,579)	(562,215)	(778,311)	(1,034,652)
Total primary government	**$30,736,146**	**$34,636,035**	**$37,841,286**	**$31,625,072**	**$28,690,778**
Change in Net Position					
Government activities	($15,066,770)	($17,949,797)	($10,474,106)	($22,043,451)	($41,022,574)
Business-type activities	1,912,942	2,705,255	2,123,742	693,410	780,109
Total primary government	**($13,153,828)**	**($15,244,543)**	**($8,350,365)**	**($21,350,042)**	**($40,242,465)**

Schedules comply with GASB 34 implementation or 10 years

City of Bothell
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

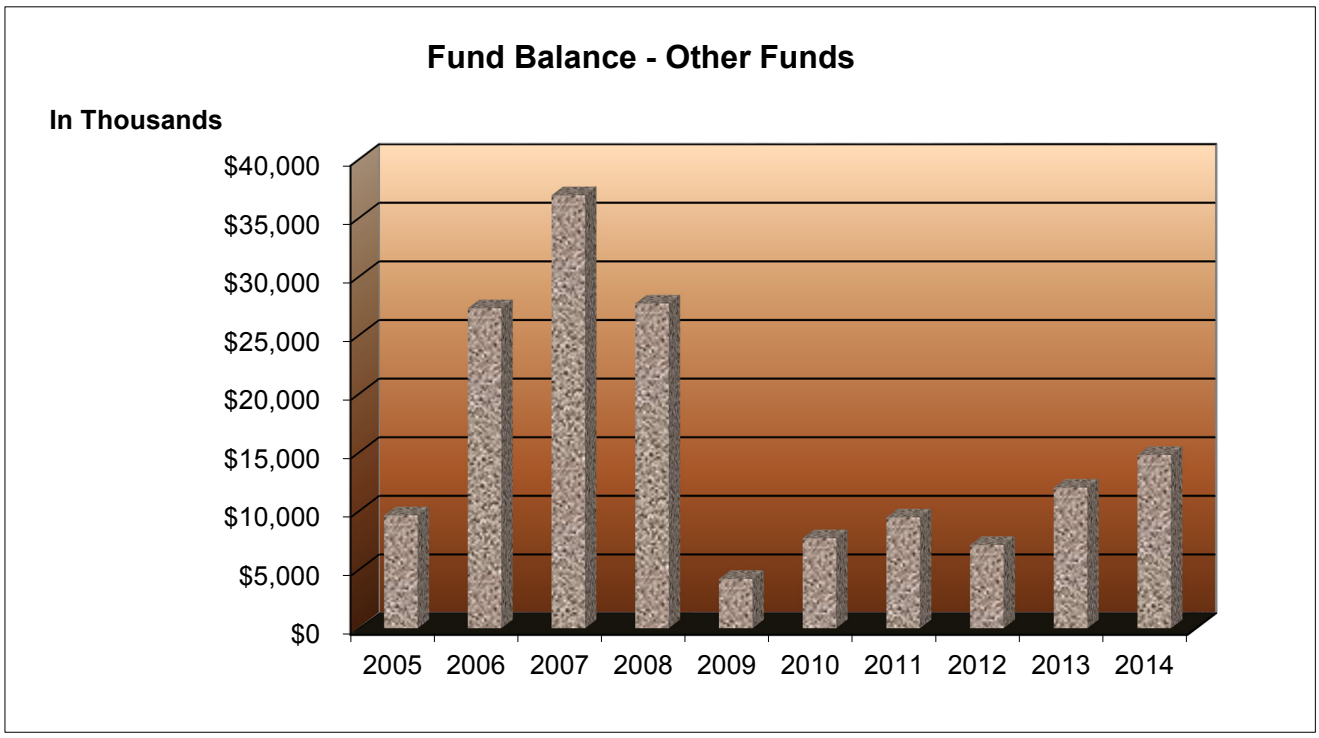
	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses - Governmental activities					
General government	$9,442,611	$9,877,418	$10,969,744	$10,073,570	$22,655,176
Security of persons and property	22,005,979	21,575,204	22,078,983	23,098,903	22,723,613
Physical environment	6,354,100	6,398,497	4,914,790	5,972,811	2,196,908
Transportation	39,919,102	34,044,668	36,833,751	35,896,052	41,362,523
Economic environment	3,347,504	3,298,490	2,860,182	2,882,941	4,770,995
Culture and recreation			1,613,519	2,005,064	1,852,966
Interest on long-term debt	303,378	581,295	517,471	686,700	2,064,923
Total governmental activities	81,372,674	75,775,571	79,788,440	80,616,039	97,627,104
Business-type activities					
Water	3,234,985	3,708,205	3,369,337	3,947,670	4,045,439
Sewer	4,809,616	5,454,241	4,976,045	5,136,854	5,865,582
Storm & Surface Water	2,381,009	2,864,914	2,938,653	2,985,040	3,793,237
Total business-type activities	10,425,610	12,027,360	11,284,035	12,069,565	13,704,258
Total primary government expenses	**$91,798,284**	**$87,802,932**	**$91,072,475**	**$92,685,604**	**$111,331,362**
Program Revenues - Governmental activities					
Charges for services					
General government	$2,687,935	$4,810,917	$4,841,692	$5,795,890	$4,949,225
Security of persons and property	2,743,162	2,273,740	2,663,755	3,243,837	3,368,962
Physical environment	3,566,661	1,376,855	2,078,244	1,352,480	937,303
Transportation	1,185,102	607,870	1,818,764	349,447	268,215
Economic environment	1,594,278	1,338,169	1,961,284	4,218,724	4,176,516
Culture and recreation	328,879	457,981	268,711	266,648	288,713
Operating grants and contributions	383,325	360,152	969,659	1,566,336	541,291
Capital grants and contributions	8,068,251	10,650,614	4,324,101	11,102,307	8,153,286
Total governmental activities program revenues	20,557,594	21,876,297	18,926,210	27,895,669	22,683,511
Business-type activities					
Charges for services					
Water	3,098,581	3,210,573	3,656,582	4,371,380	4,247,227
Sewer	4,421,861	5,012,251	5,639,707	6,088,614	6,601,973
Storm & Surface Water	2,605,276	2,927,059	3,645,575	4,255,802	5,147,336
Operating grants and contributions					
Capital grants and contributions	757,700	241,500	164,800	501,000	1,951,300
Total business-type activities program revenue	10,883,418	11,391,383	13,106,664	15,216,797	17,947,836
Total primary government program revenues	**$31,441,012**	**$33,267,680**	**$32,032,874**	**$43,112,466**	**$40,631,347**
Net (Expense)/Revenue					
Government activities	($60,815,080)	($53,899,274)	($60,862,229)	($52,720,370)	($74,943,593)
Business-type activities	457,808	(635,977)	1,822,629	3,147,232	4,243,578
Total primary government net expense	(60,357,272)	(54,535,251)	(59,039,600)	(49,573,138)	(70,700,015)
General Revenue and Other Changes in Net Position					
Governmental activities					
Taxes					
Property tax	10,190,952	10,963,812	11,128,474	12,506,112	15,501,155
Excise tax	10,482,416	9,960,281	10,341,621	11,071,149	12,889,402
Business tax	6,832,556	6,795,259	6,972,159	6,759,484	7,945,069
Unrestricted grants and contributions					
Investment earnings	123,457	310,195	512,991	164,714	116,931
					23,858,356
Miscellaneous	454,842	516,090	540,813	1,033,726	4,682,318
Transfers				(17,422)	
Total governmental activities	28,084,224	28,545,636	29,496,058	31,517,764	64,993,231
Business-type activities					
Investment earnings	4,259	1,350	4,685		1,928
Miscellaneous					
Transfers				17,422	
Total business-type activities	4,260	1,350	4,685	17,422	1,928
Total primary government	**$28,088,483**	**$28,546,986**	**$29,500,743**	**$31,535,186**	**$64,995,159**
Change in Net Position					
Government activities	($32,730,857)	($25,353,638)	($31,366,171)	($21,202,606)	($9,950,362)
Business-type activities	462,066	(634,627)	1,827,315	3,164,654	4,245,507
Total primary government	**($32,268,791)**	**($25,988,265)**	**($29,538,856)**	**($18,037,952)**	**($5,704,855)**

Schedules comply with GASB 34 implementation or 10 years

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

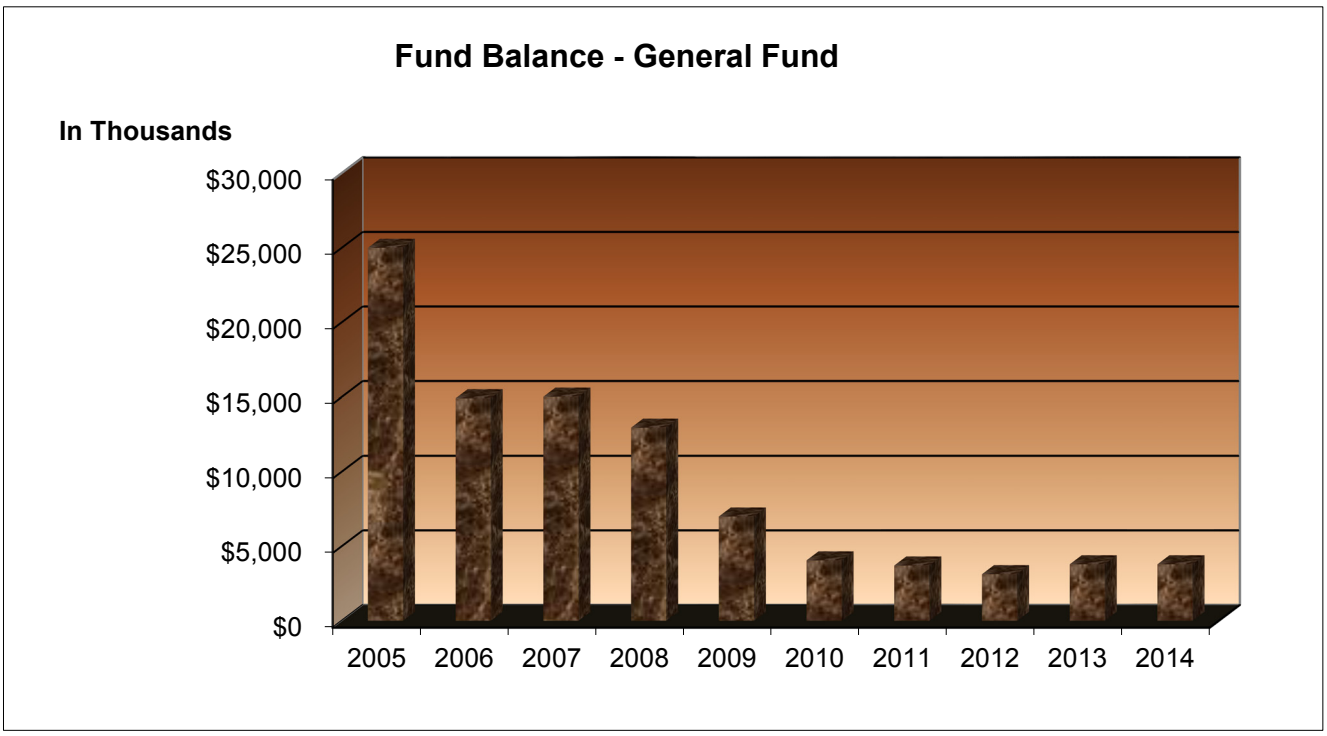
	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	$515,178				
Unreserved	24,488,474	14,911,218	15,014,982	12,955,076	6,994,173
Committed					
Restricted					
Assigned					
Unassigned					
Prior Period Adjustment					
Total general fund	**$25,003,652**	**$14,911,218**	**$15,014,982**	**$12,955,076**	**$6,994,173**
All Other Governmental Funds					
Unreserved					
Special revenue funds	$3,717,526	$3,866,507	$4,693,599	$2,320,927	$2,124,745
Debt service funds	436,662	249,682	474,567	690,991	2,012
Capital projects funds	5,478,620	23,179,317	31,767,467	24,686,299	2,077,727
Restricted					
Committed					
Prior Period Adjustment					
Total all other governmental funds	**$9,632,808**	**$27,295,506**	**$36,935,634**	**$27,698,218**	**$4,204,485**

Note: The change in the classification of fund balance amounts in 2011 is discussed in Management's Discussion and Analysis.
Prior year amounts have not been restated for the implementation of Statement 54.



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

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund					
Reserved					
Unreserved	4,052,527				
Committed		16,750	16,750	16,750	22,250
Restricted		391,930	526,522	602,871	738,694
Assigned		1,711,130	1,711,130	1,711,130	1,711,130
Unassigned		1,587,189	870,296	1,446,023	1,316,482
Prior Period Adjustment				11,035	
Total general fund	**$4,052,527**	**$3,706,999**	**$3,124,698**	**$3,787,810**	**$3,788,556**
All Other Governmental Funds					
Unreserved					
Special revenue funds	$2,410,436	$2,268,368	$3,916,223	$4,709,781	$7,290,304
Debt service funds	669	55,295	142,231	120,129	29,739
Capital projects funds	5,266,801	7,065,239	2,976,365	6,917,958	7,594,931
Permanent funds					16,321
Restricted		9,388,902	7,034,819	11,747,868	14,931,295
Committed		68,153	67,692	67,692	67,692
Prior Period Adjustment				175,679	(222,175)
Total all other governmental funds	**$7,677,906**	**$9,457,054**	**$7,102,511**	**$11,991,239**	**$14,776,812**



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

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes	$26,853,571	$30,572,126	$32,970,598	$28,070,855	$26,635,353
Licenses and permits	1,086,365	1,819,235	1,600,669	1,280,479	989,656
Intergovernmental	3,782,791	7,281,784	15,525,563	14,260,853	5,766,032
Charges for services	3,432,694	4,362,883	5,877,417	5,438,718	3,617,008
Fines and forfeitures	322,144	343,486	443,007	396,602	436,520
Interest earnings	993,181	2,107,757	2,590,040	1,555,854	1,033,628
Proceeds from the sale of capital assets	47,289	1,064	750	12,399	501
Contributions			471,276	132,230	30,706
Other revenue	622,453	403,877	416,493	802,892	805,466
Total revenues	37,140,488	46,892,211	59,895,814	51,950,883	39,314,871
Expenditures					
General government	6,075,203	6,306,333	6,919,113	8,102,794	8,074,767
Security of persons and property	14,939,138	15,344,949	16,837,363	17,894,731	18,984,021
Transportation	1,371,919	1,639,542	1,463,468	1,601,855	1,574,859
Physical environment	2,245,469	2,914,337	3,179,940	3,614,666	3,675,595
Cultural Environment					
Economic environment	1,942,086	2,433,653	2,749,084	3,203,110	2,853,133
Bond issue costs				73,595	
Debt service					
Interest	511,467	362,317	327,703	117,539	213,348
Principal	2,843,862	768,862	483,862	668,862	558,862
Other expenditures	569		18,264	80,743	27,872
Capital outlay	3,856,465	8,059,038	16,441,760	25,199,063	31,859,238
Total expenditures	33,786,178	37,829,031	48,420,557	60,556,958	67,821,695
Excess of revenue over (under) expenditures	3,354,310	9,063,180	11,475,257	(8,606,075)	(28,506,824)
Other Financing Sources (Uses)					
Refunding bonds issued				6,070,000	
Premium on refunding bonds				123,226	
2013 GO bonds					
2013 GO bond premium					
LIFT GO bonds					
LIFT GO bond premium					
Proceeds from sales of capital assets					
Payment to refunded bond escrow agent				(6,116,354)	
Bond anticipation note					
Loan proceeds					
Transfers in	1,643,955	18,343,405	4,067,571	1,992,268	5,880,761
Transfers out	(2,282,575)	(19,836,319)	(5,893,424)	(3,720,477)	(6,828,573)
Total other financing sources uses	(638,620)	(1,492,914)	(1,825,853)	(1,651,337)	(947,812)
Net change in fund balances	**$2,715,690**	**$7,570,266**	**$9,649,404**	**($10,257,412)**	**($29,454,636)**
Debt service as a percentage of noncapital expenditures	11.2%	3.8%	2.5%	2.2%	2.1%

Schedules comply with GASB 34 implementation or 10 years

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

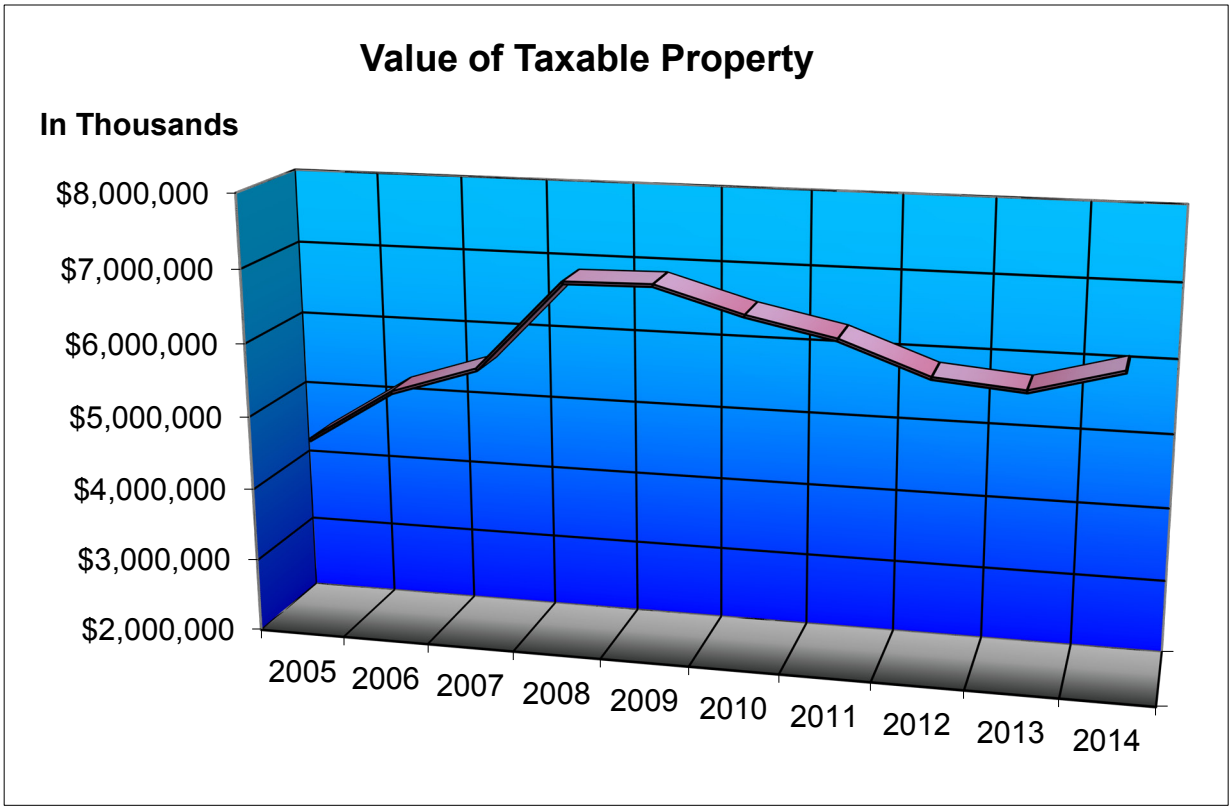
	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
Taxes	$27,505,967	$27,719,352	$28,442,253	$30,413,113	$34,443,409
Licenses and permits	1,128,293	1,081,549	1,761,220	2,953,512	2,837,610
Intergovernmental	10,748,505	13,700,129	8,015,234	11,647,160	8,816,626
Charges for services	5,587,104	4,703,004	6,467,279	9,037,134	9,137,788
Fines and forfeitures	431,188	387,550	421,304	381,258	371,011
Interest earnings	120,261	306,511	509,634	162,427	115,776
Proceeds from the sale of capital assets					
Contributions	68,260	50,930	45,605	890,862	397,021
Other revenue	347,338	445,398	435,486	330,305	2,560,223
Total revenues	45,936,917	48,394,423	46,098,016	55,815,771	58,679,464
Expenditures					
General government	8,248,773	8,702,807	8,248,283	8,651,252	8,134,152
Security of persons and property	20,223,188	19,958,652	20,292,352	20,829,840	22,072,891
Transportation	1,567,865	1,732,338	1,725,232	1,688,875	5,449,765
Physical environment	3,984,208	4,183,070	4,185,398	3,450,807	20,409
Cultural Environment				1,334,713	1,535,044
Economic environment	3,129,153	2,864,765	2,860,182	2,882,941	4,391,995
Bond issue costs	79,488	41,603	170,753	125,039	311,422
Debt service					
Interest	223,890	539,692	517,471	686,700	1,753,501
Principal	545,000	23,301,611	11,272,161	5,258,421	31,479,922
Other expenditures	15,777	28,645	2,436	10,474	21,136
Capital outlay	38,541,728	16,982,124	12,124,363	21,441,381	13,477,686
Total expenditures	76,559,071	78,335,307	61,398,630	66,360,442	88,647,923
Excess of revenue over (under) expenditures	(30,622,154)	(29,940,884)	(15,300,615)	(10,544,671)	(29,968,459)
Other Financing Sources (Uses)					
Refunding bonds issued					
Premium on bonds					
2013 GO bonds				9,665,000	
2013 GO bond premium				455,236	
LIFT GO bonds					28,210,000
LIFT GO bond premium					2,137,096
Proceeds from sales of capital assets			4,607,525	15,088	1,800,000
Payment to refunded bond escrow agent					
Bond anticipation note	12,741,611	30,000,000	6,550,000		
Loan proceeds	18,750,000			5,953,936	1,819,279
Transfers in	1,880,598	2,348,144	2,406,488	1,889,311	2,052,217
Transfers out	(2,218,278)	(1,931,044)	(2,478,701)	(2,068,775)	(3,041,638)
Total other financing sources uses	31,153,931	30,417,100	11,085,311	15,909,796	32,976,954
Net change in fund balances	**$531,776**	**$476,216**	**($4,215,304)**	**$5,365,125**	**$3,008,495**
Debt service as a percentage of noncapital expenditures	2.0%	38.9%	23.9%	13.2%	44.2%

Schedules comply with GASB 34 implementation or 10 years

City of Bothell
Assessed Value of Taxable Property
Last Ten Fiscal Years

Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate*
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
2011	5,170,948,110	1,166,946,298	6,337,894,408	1.49
2012	4,765,234,231	1,142,409,091	5,907,643,322	1.62
2013	4,788,399,900	1,016,236,063	5,804,635,963	1.67
2014	5,226,252,184	902,744,249	6,128,996,433	1.60

Source: King and Snohomish County Assessors Office
Note: *Tax rate is per $1,000 of assessed value
Real and personal property have been assessed at 100% of the estimated value.



City of Bothell

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

	City Direct Rates			Overlapping Tax Rates - King County										
Year	Regular Levy	GO Bond	Total Direct Rate	WA State	King County	School District	County Port	Hospital District	Library District	Emergency Medical Services	Park/ Rec District	Flood District	Ferry District	Total Direct & Overlapping Rate
2005	1.51	0.18	1.69	2.69	1.38	4.34	.25	.59	.53	.23	.04			11.74
2006	1.39	0.15	1.54	2.50	1.33	4.07	.23	.54	.53	.25	.04			11.03
2007	1.35	0.14	1.50	2.33	1.29	3.88	.23	.50	.50	.21	.04			10.48
2008	1.24	0.12	1.36	2.13	1.21	3.62	.22	.45	.45	.30	.03			9.76
2009	1.18	0.09	1.27	1.96	1.10	3.48	.20	.40	.42	.27	.01			9.11
2010	1.29	0.11	1.40	2.20	1.28	4.04	.22	.46	.49	.30	.02	.11	.010	10.53
2011	1.37	0.12	1.49	2.28	1.34	4.60	.22	.48	.57	.30	.15	.11	.004	11.55
2012	1.48	0.13	1.62	2.42	1.42	4.75	.23	.49	.57	.30	.02	.12	.004	11.94
2013	1.54	0.13	1.67	2.57	1.54	5.30	.23	.52	.57	.30	.02	.13	.004	12.85
2014	1.49	0.11	1.60	2.38	1.52	4.93	.22	.47	.56	.29	.02	.15	.003	12.13

	City Direct Rates			Overlapping Tax Rates - Snohomish County										
Year	Regular Levy	GO Bond	Total Direct Rate	WA State	Snohomish County	School District	County Port	Stevens Hospital	Library District	Emergency Medical Services	Park/ Rec District	Flood District	Ferry District	Total Direct & Overlapping Rate
2005	1.51	0.18	1.69	2.79	1.10	4.34		.24	.53		.04			10.73
2006	1.39	0.15	1.54	2.53	1.00	4.07		.22	.53	.25	.04			10.18
2007	1.35	0.14	1.50	2.16	0.84	3.88		.18	.50	.21	.04			9.31
2008	1.24	0.12	1.36	1.91	0.72	3.62		.16	.45	.19	.03			8.43
2009	1.18	0.09	1.27	1.91	0.72	3.48		.16	.42	.19	.01			8.16
2010	1.29	0.11	1.40	1.99	0.78	4.04		.18	.49	.20	.02			9.10
2011	1.37	0.12	1.49	2.21	0.87	4.60		.15	.57	.21	.02			10.11
2012	1.48	0.13	1.62	2.38	0.98	4.75		.11	.50	.30	.02			10.65
2013	1.54	0.13	1.67	2.43	1.08	5.30		.11	.57	.30	.02			11.47
2014	1.49	0.11	1.60	2.38	1.08	4.93			.56	.29	.02			10.85

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

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

Snohomish County Taxpayers	2014			2005		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
T-Mobile USA Inc	$175,123,942	1	5.81%			
Teachers Insurance & Annuity Assn	121,844,100	2	4.04%	76,800,600	1	3.66%
Arden Realty Inc	108,322,500	3	3.59%			0.00%
Philips Ultrasound Inc	82,510,128	4	2.74%	71,553,599	2	
BRE Properties Inc	39,128,000	5	1.30%	27,182,200	7	
Monte Villa Farms LLC	36,638,524	6	1.22%			
TRC Canyon Park Place LLC	33,156,500	7	1.10%			0.00%
IVC Highlands LL LLC	30,460,500	8	1.01%			0.00%
Microsoft Corp	30,423,549	9	1.01%			0.00%
Stonemeadow Farm Apartments Inc	30,136,651	10	1.00%			
Carr America				68,154,724	3	3.25%
Immunex Mfg Corp				41,636,065	4	
Verizon Northwest				35,337,589	5	1.68%
Essex Canyon Pointe, LP				32,394,700	6	1.54%
Riggs Bank				26,574,500	8	1.27%
Benaroya Capital Co LLC				26,293,000	9	1.25%
RREEF				23,892,000	10	1.14%
Total Assessed Valuation - Largest Taxpayers	687,744,394		22.82%	429,818,977		20.49%
Total Assessed Valuation - All Other	2,326,089,053		77.18%	1,668,107,446		79.51%
Total Assessed Value	**$3,013,833,447**		**100.00%**	**$2,097,926,423**		**100.00%**

King County Taxpayers	2014			2005		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
AT&T Mobility LLC	$336,386,217	1	10.80%			
Grosvenor International Ltd (formerly Schnitzer West)	114,400,200	2	3.67%	40,596,000	3	
GS Canyon Creek (Tishman Speyer Archstone-SM)	92,925,000	3	2.98%			0.00%
North Creek Facility LLC	55,604,700	4	1.78%			0.00%
T-Mobile USA Inc	32,405,658	5	1.04%			0.00%
Essex Property Trust	31,931,000	6	1.03%	17,848,900	7	0.72%
Puget Sound Energy	31,279,000	7	1.00%	21,154,648	6	
KBS Realty	30,685,172	8	0.99%			
Bel Cascadia Holdings LLC	30,295,100	9	0.97%			0.00%
Canyon Plaza Bothell LLC	17,670,000	10	0.57%			0.00%
Schnitzer Northwest			0.00%	105,831,200	1	
Seattle Times			0.00%	81,550,640	2	
RREEF			0.00%	29,331,800	4	1.19%
Allstate Insurance				27,937,494	5	
Home Depot USA				15,775,119	8	
S/I North Creek VII LLC				13,799,788	9	
Verizon Northwest				7,414,049	10	0.30%
Total Assessed Valuation - Largest Taxpayers	773,582,047		24.83%	361,239,638		14.67%
Total Assessed Valuation - All Other	2,341,580,939		75.17%	2,101,822,261		85.33%
Total Assessed Value	**$3,115,162,986**		**100.00%**	**$2,463,061,899**		**100.00%**

Sources: Snohomish County Assessor
King County Levy Administration

City of Bothell is split between Snohomish and King Counties

Schedules comply with GASB 34 implementation or 10 years

City of Bothell
Property Tax Levies and Collections
Last Ten 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
2005	3,510,873	3,461,610	98.60%	49,185	3,510,795	100.00%
2006	4,102,892	4,048,230	98.67%	54,804	4,103,034	100.00%
2007	4,224,254	4,158,655	98.45%	65,599	4,224,254	100.00%
2008	4,366,603	4,280,026	98.02%	86,076	4,366,102	99.99%
2009	4,942,927	4,816,176	97.44%	113,042	4,816,176	97.44%
2010	5,214,713	5,124,092	98.26%	56,137	5,180,229	99.34%
2011	5,234,385	5,159,574	98.57%	56,803	5,216,377	99.66%
2012	5,331,158	5,260,360	98.67%	69,928	5,330,288	99.98%
2013	5,470,860	5,416,398	99.00%	20,701	5,437,099	99.38%
2014	5,678,750	5,629,993	99.14%		5,629,993	99.14%

King County

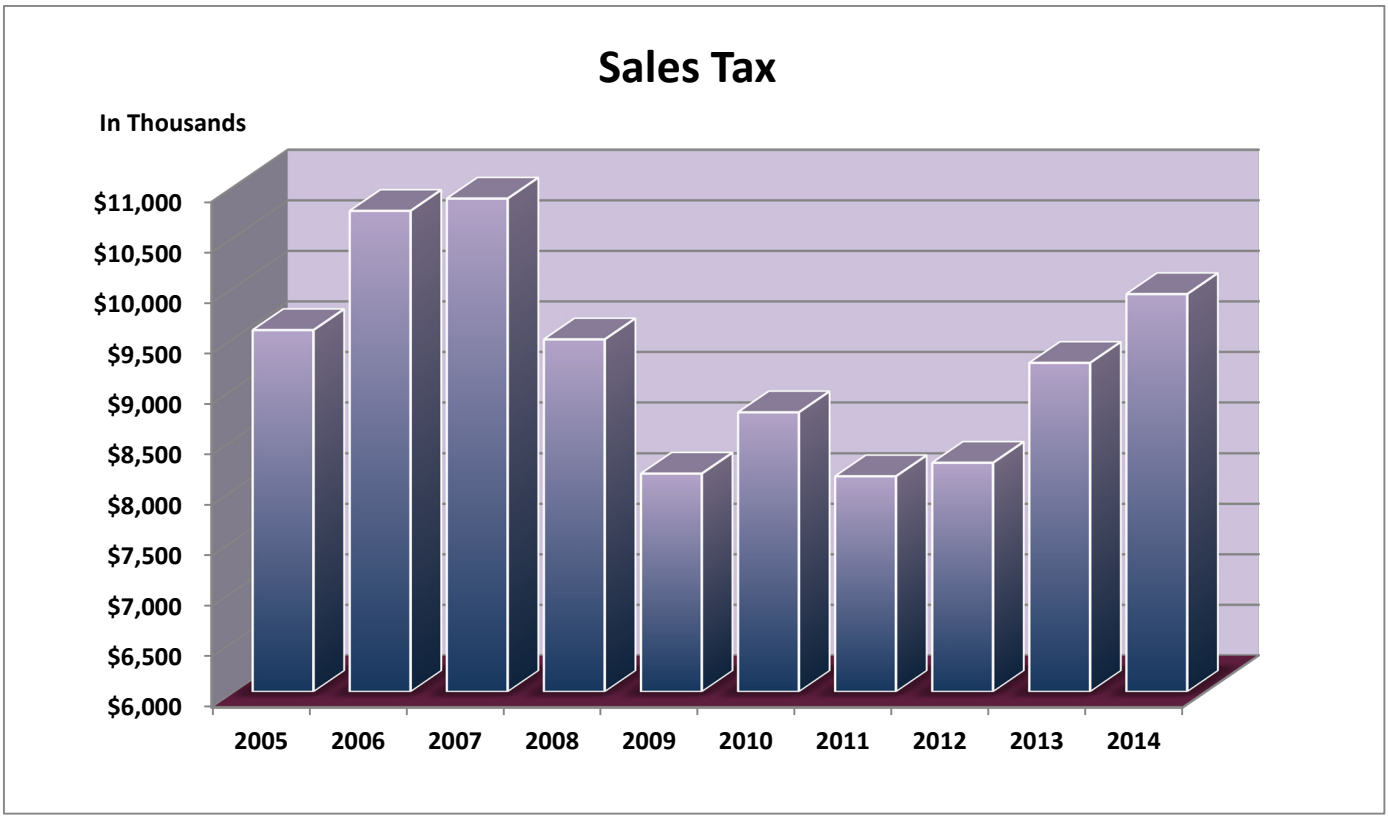
Year	Taxes Levied for the Year	Collected Within the Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2005	4,371,465	4,294,086	98.23%	77,230	4,371,316	100.00%
2006	4,870,776	4,799,153	98.53%	71,689	4,870,842	100.00%
2007	4,251,857	4,160,404	97.85%	91,508	4,251,912	100.00%
2008	4,414,782	4,323,657	97.94%	39,563	4,363,220	98.83%
2009	4,470,381	4,363,474	97.61%	147,170	4,363,474	97.61%
2010	4,639,863	4,498,804	96.96%	104,875	4,603,679	99.22%
2011	4,837,689	4,738,381	97.95%	54,796	4,793,177	99.08%
2012	5,015,207	4,850,830	96.72%	52,224	4,903,054	97.76%
2013	5,006,353	4,928,974	98.45%	34,990	4,963,964	99.15%
2014	4,950,243	4,861,991	98.22%		4,861,991	98.22%

Source: King and Snohomish County Assessors Office

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

	2005	2006	2007	2008	2009
Retail trade	$2,412,099	$2,508,233	$2,693,069	$2,862,393	$2,636,007
Wholesale trade	2,038,824	1,916,152	1,372,642	1,306,267	911,702
Construction	1,442,939	1,775,214	2,532,150	1,922,867	1,883,587
Information	1,073,011	1,885,562	1,254,407	554,324	492,863
Professional, scientific, technical services	957,186	953,927	635,885	432,359	326,240
Accommodation and food services	576,178	626,006	685,535	678,197	647,083
Real estate, rental, leasing	202,931	209,753	228,520	230,538	188,787
Manufacturing	378,300	339,856	424,598	377,019	211,566
Admin, supp, remed services	187,007	220,482	266,664	253,074	200,105
Other services	129,175	134,319	150,918	133,389	148,760
Other	178,357	186,182	633,155	733,565	512,235
Total	**$9,576,007**	**$10,755,686**	**$10,877,543**	**$9,483,992**	**$8,158,935**
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 Ten Fiscal Years

	2010	2011	2012	2013	2014
Retail trade	$2,660,629	$2,679,046	$2,483,071	$2,285,820	$2,459,483
Wholesale trade	1,057,129	914,654	1,247,453	1,133,400	1,231,411
Construction	2,038,018	1,433,788	1,370,608	2,176,732	2,022,908
Information	403,623	344,136	545,752	704,458	655,963
Professional, scientific, technical services	561,669	534,827	533,135	302,826	371,777
Accommodation and food services	697,014	724,495	779,264	820,289	904,148
Real estate, rental, leasing	179,855	171,944	166,304	199,154	491,200
Manufacturing	149,227	187,089	267,381	260,679	318,465
Admin, supp, remed services	233,155	233,104	228,612	240,316	250,973
Other services	223,163	278,395	413,643	459,074	495,436
Other	558,650	630,764	230,837	668,765	730,573
Total	**$8,762,132**	**$8,132,242**	**$8,266,060**	**$9,251,513**	**$9,932,337**
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%

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

King County

Year	Local	State	Rapid Transit	Total Sales Tax
2005	1.9%	6.5%	.4%	8.8%
2006	1.9%	6.5%	.4%	8.8%
2007	1.9%	6.5%	.4%	8.8%
2008	2.0%	6.5%	.4%	8.9%
2009	2.5%	6.5%	.4%	9.4%
2010	2.5%	6.5%	.5%	9.5%
2011	2.5%	6.5%	.5%	9.5%
2012	2.5%	6.5%	.5%	9.5%
2013	2.5%	6.5%	.5%	9.5%
2014	2.5%	6.5%	.5%	9.5%

Snohomish County

Year	Local	State	Rapid Transit	Total Sales Tax
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	2.0%	6.5%	.4%	8.9%
2009	2.4%	6.5%	.4%	9.3%
2010	2.5%	6.5%	.5%	9.5%
2011	2.5%	6.5%	.5%	9.5%
2012	2.5%	6.5%	.5%	9.5%
2013	2.5%	6.5%	.5%	9.5%
2014	2.5%	6.5%	.5%	9.5%

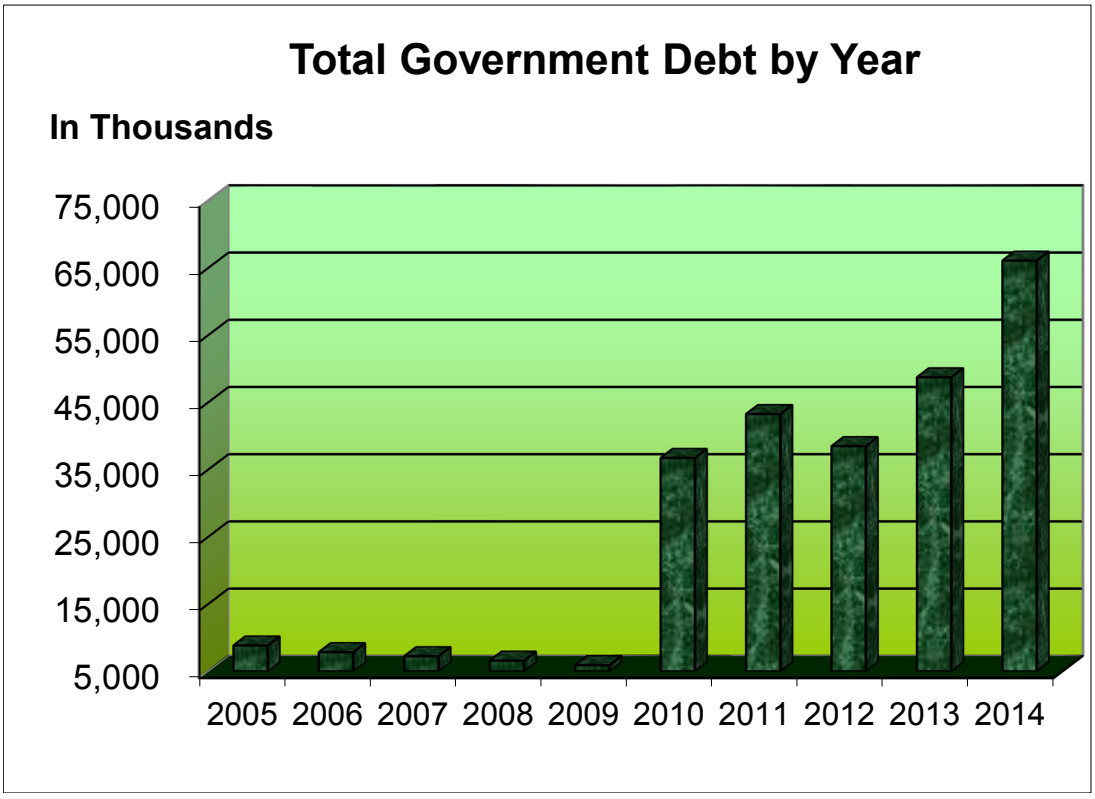
Source: Washington State Department of Revenue

City of Bothell™

Schedules comply with GASB 34 implementation or 10 years

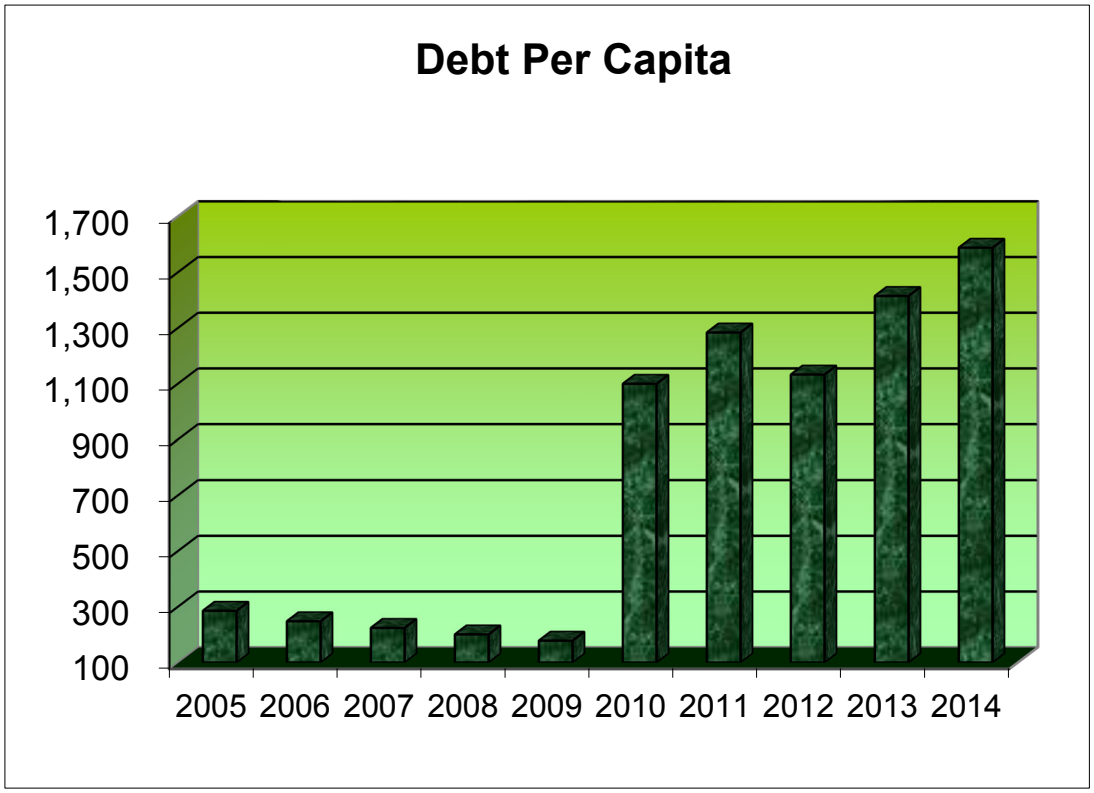
City of Bothell
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Government Activities			Business-Type Activities			
Year	General Obligation	Special Assessment	Term Loan Payable	Water Bonds	Sewer Bonds	Combined Utility Bonds	Term Loan Payable
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
2011	33,749,705		8,750,000				788,188
2012	37,832,839						675,589
2013	48,193,354						562,992
2014	39,375,000		7,367,710			18,355,000	1,014,416



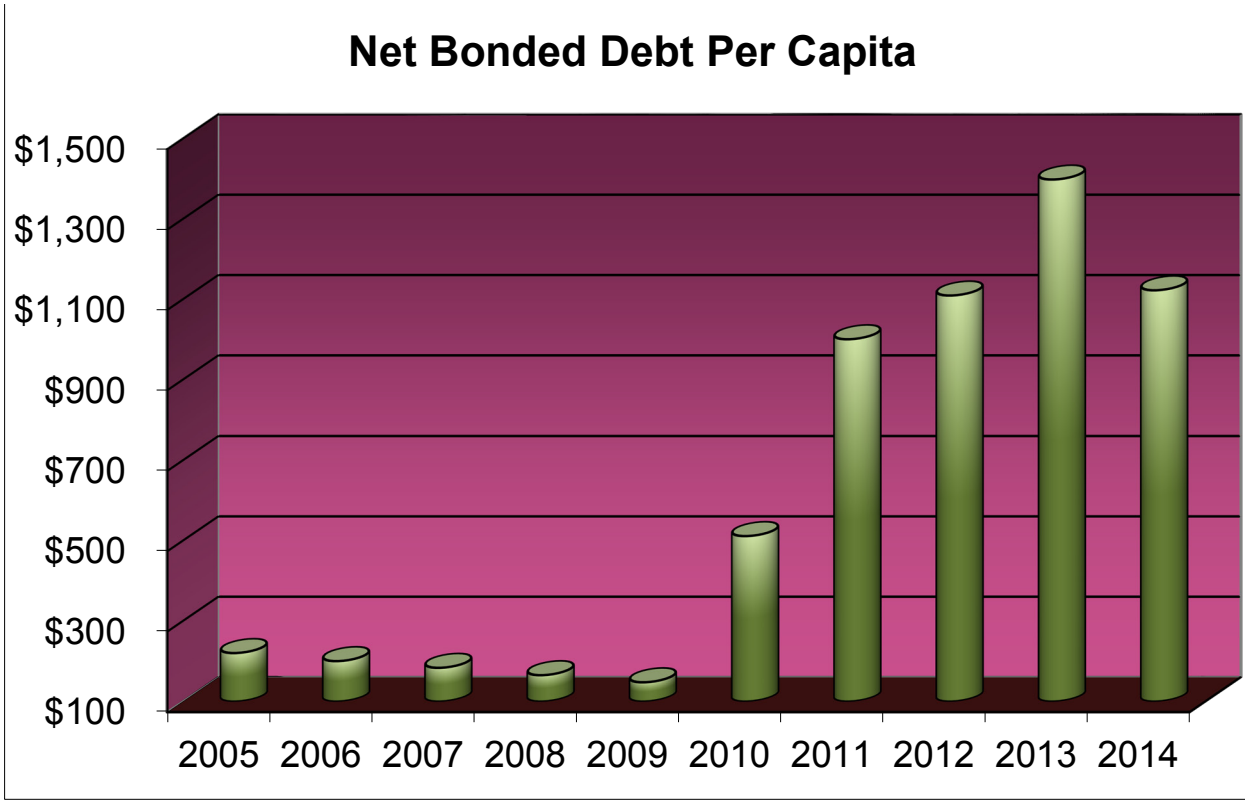
City of Bothell
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Total Primary Government	Per Capita Income	Percentage of Personal Income	Population	Debt Per Capita	Year
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
43,287,893	49,115	2.61	33,720	1,284	2011
38,508,428	50,559	2.24	34,000	1,133	2012
48,756,346	52,943	2.67	34,460	1,415	2013
66,112,126	68,486	2.32	41,630	1,588	2014



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
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
2011	33,749,705	6,337,894,408	0.53	33,720	1,001
2012	37,732,759	5,907,643,322	0.64	34,000	1,110
2013	48,193,354	5,804,635,963	0.83	34,460	1,399
2014	39,375,000	6,128,996,433	0.64	41,630	946



City of Bothell
Computation of Direct and Overlapping Debt
December 2014

Overlapping Debt

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
King County	$833,244,000	1.80%	$14,992,060
Snohomish County	435,584,775	7.71%	33,602,766
Northshore School District	348,387,026	47.50%	165,466,635
Port of Seattle	225,420,000	1.80%	4,055,847
Northshore Parks & Rec	1,641,086	47.50%	779,435
King County Library System	118,264,183	2.92%	3,449,343
Total overlapping debt	**$1,962,541,070**		**$222,346,086**

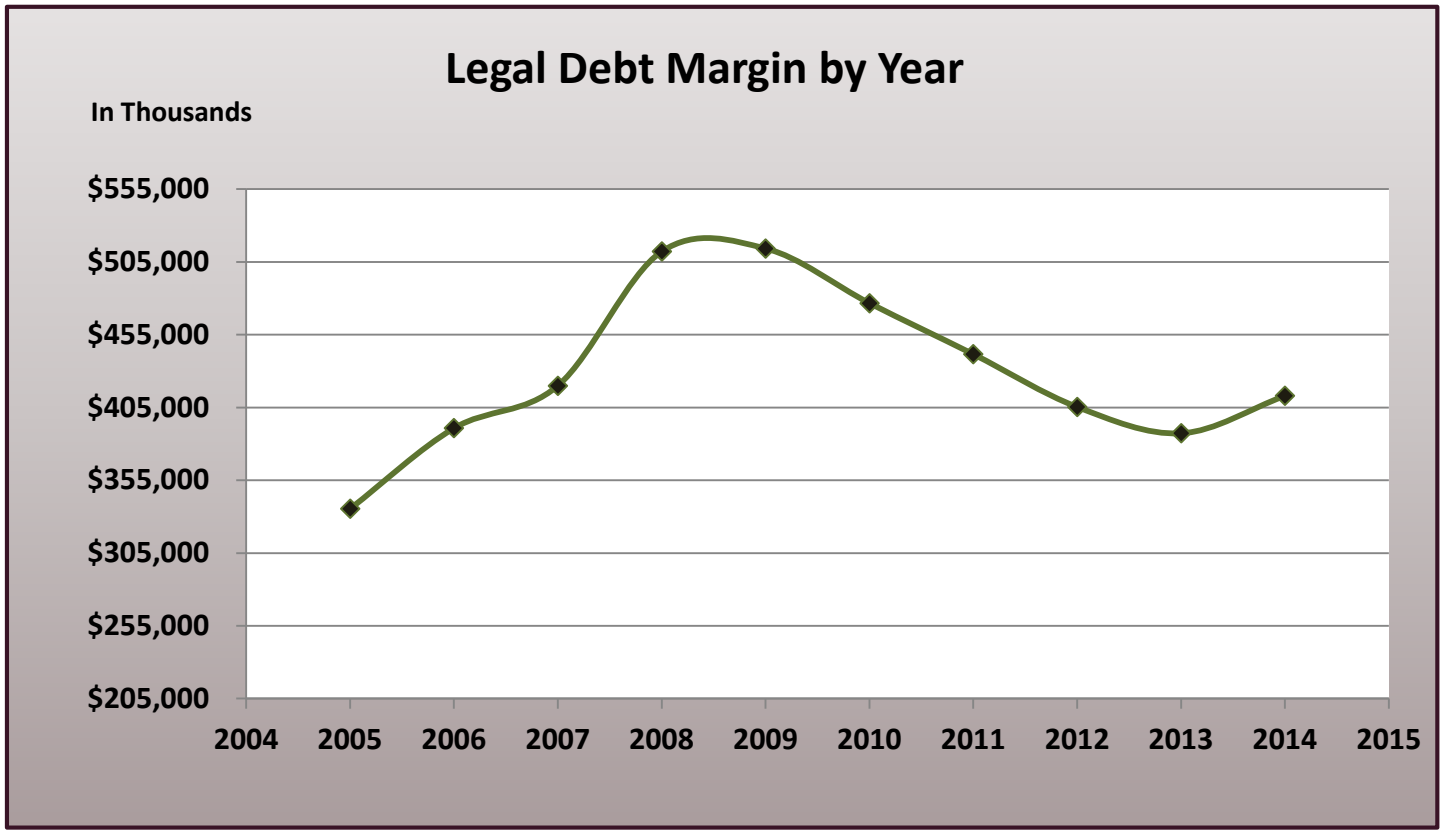
Direct Debt

City of Bothell	**$46,742,711**	100.00%	**$46,742,711**
Total direct and overlapping debt	**$2,009,283,781**		**$269,088,797**

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Bothell. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. The information shown above regarding outstanding debt of various governmental units and estimated percentage overlap has been provided by King County and Snohomish County and has not been independently verified by the City.

City of Bothell
Legal Debt Margin Information
Last Ten Fiscal Years

	2005	2006	2007	2008	2009
Assessed value	$4,560,988,322	$5,294,124,779	$5,677,353,475	$6,899,208,239	$6,921,004,324
Debt limit (7.5% of assessed value)	342,074,124	397,059,358	425,801,511	517,440,618	519,075,324
Debt applicable to limit					
General obligation bonds	6,835,000	6,405,000	5,955,000	5,435,000	4,910,000
Less: amount set aside for repayment	165,957	89,748	104,488	124,082	16,204
Total net debt applicable to limit	6,669,043	6,315,252	5,850,512	5,310,918	4,893,796
Legal debt margin	**$335,405,081**	**$390,744,106**	**$419,950,999**	**$512,129,700**	**$514,181,529**
Total net debt applicable to the limit as a percentage of debt limit	1.95%	1.59%	1.37%	1.03%	0.94%



City of Bothell
Legal Debt Margin Information
Last Ten Fiscal Years

	2010	2011	2012	2013	2014
Assessed value	$6,583,442,392	$6,337,894,408	$5,907,643,322	$5,804,635,963	$6,128,996,433
Debt limit (7.5% of assessed value)	493,758,179	475,342,081	443,073,249	435,347,697	459,674,732
Debt applicable to limit					
General obligation bonds	17,106,611	33,805,000	37,832,839	48,193,354	46,742,710
Less: amount set aside for repayment	669	55,295	100,080	103,808	29,738
Total net debt applicable to limit	17,105,942	33,749,705	37,732,759	48,089,546	46,712,972
Legal debt margin	**$476,652,237**	**$441,592,376**	**$405,340,490**	**$387,258,151**	**$412,961,760**
Total net debt applicable to the limit as a percentage of debt limit	3.46%	7.10%	8.52%	11.05%	10.16%

City of Bothell
Pledged-Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds

Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
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			
2011	3,196,598	3,233,750	(37,152)			
2012	3,636,582	2,888,416	748,166			
2013	4,367,235	3,490,209	877,026			
2014	The Water Revenue Bond was rolled into and broken out by the Combined Utility System Bonds					

Special Assessment Bonds

Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2005	241,460	265	241,195	340,000	29,775	0.65
2006	216,153		216,153	305,000	14,280	0.68
2007	207,391		207,391			
2008	195,375	517,883	(322,508)			
2009						
2010						
2011						
2012						

City of Bothell
Pledged-Revenue Coverage
Last Ten Fiscal Years

Combined Utility System Bonds						
Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Year
$15,996,535	$13,332,786	$2,663,749	$520,000	$794,301	2.03	2014

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

-There are no outstanding bonds for which revenue is pledged
Schedule is for historical purpose only to reflect coverage for the last ten years

-2014 Combined Utility Bonds debt service requirement is maximum annual debt service $1,316,369

City of Bothell
Utility Revenue Bond Statistics
Water

Debt Service Coverage Ratios

Year	Operating Revenue	Operating Expense	Operating Income	Debt Service	Coverage Ratio
2014	$4,247,227	$3,963,237	$283,990	$277,478	1.02

Total Volume

Year	Residential Volume (CCF)[1]	Commercial Volume (CCF)	Irrigation Volume (CCF)	Residential Revenue	Commercial Revenue	Irrigation Revenue
2014	449,900	153,098	101,396	$2,068,377	$1,533,916	$767,292

[1] Residential includes apartments and mobile home parks

Utility Customers

Year	Residential	Commercial/ Nonresidential	Total
2014	3,494	502	3,996

Approximately 88% of Water Utility customers are residential and the remainder are commercial or non-residential

Total Consumption

Year	Consumption (CCF)	Number of Accounts	Average GPD/Account
2014	715,943	4,031	363.98

Note:

-See the BMC Title 18 for utility rates on the City's Website

City of Bothell
Utility Revenue Bond Statistics
Sewer

Debt Service Coverage Ratios

Operating Revenue	Operating Expense	Operating Income	Debt Service	Coverage Ratio	Year
$6,601,973	$5,830,950	$771,023	$125,380	6.15	2014

Total Volume

Residential Volume (CCF)	Commercial Volume (CCF)	Residential Revenue (CCF)	Commercial Revenue (CCF)	Year
449,900	153,098	$5,140,586	$1,028,971	2014

Utility Customers

Residential	Commercial/ Nonresidential	Total	Year
4,785	1,641	6,426	2014

Approximately 94% of Sewer Utility customers are residential and the remainder are commercial or non-residential

City of Bothell
Utility Revenue Bond Statistics
Storm & Surface Water

Debt Service Coverage Ratios

Year	Operating Revenue	Operating Expense	Operating Income	Debt Service	Coverage Ratio
2014	$5,147,336	$3,538,598	$1,608,738	$911,448	1.77

Utility Customers

Year	Residential	Condominiums	Seniors	Commercial/ Nonresidential	Total
2014	9,528	1,613	491	805	12,437

Approximately 77% of Storm & Surface Water Utility customers are residential and the remainder are commercial or non-residential

Note:

-See the BMC Title 18 for utility rates on the City's Website

City of Bothell™

Schedules comply with GASB 34 implementation or 10 years

Statistical Information 28

City of Bothell
Demographic and Economic Statistics
Last Ten Fiscal Years

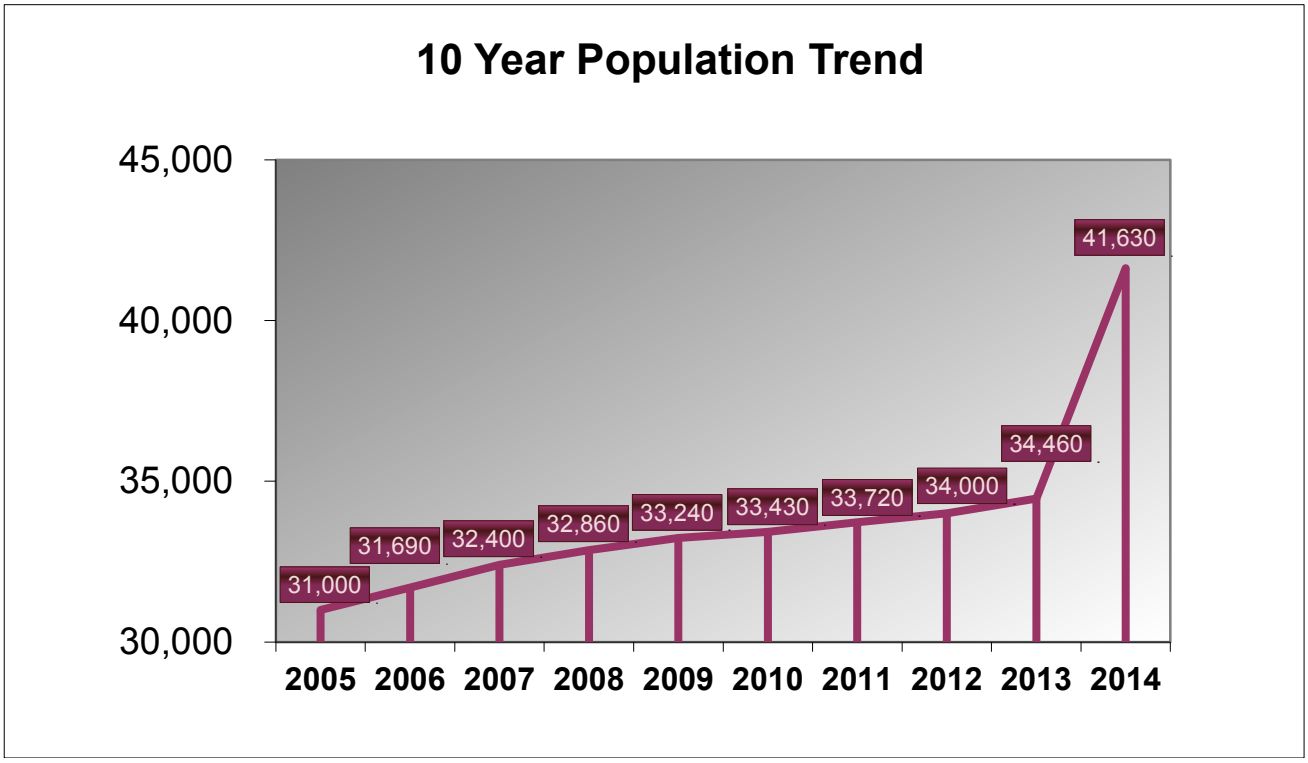
Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2005	31,000	1,512,459	48,789	36	13.1	23,430	4.70%
2006	31,690	1,668,637	52,655	36	13.1	23,912	4.30%
2007	32,400	1,869,804	57,710	36	13.1	24,112	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	1,641,914	49,115	38	13.7	27,521	9.10%
2011	33,720	1,704,849	50,559	38	13.7	27,598	7.90%
2012	34,000	1,800,062	52,943	38	13.7	28,390	6.50%
2013	34,460	1,890,053	65,131	38	13.7	25,548	5.30%
2014	41,630	NA	NA	39	13.7	29,140	4.60%

Sources:

-Washington State - Office of Financial Management (OFM)

-US Department of Labor - Bureau of Labor Statistics (BLS)
-(3)US Department of Commerce - Bureau of Economic Analysis (BEA)
-Northshore School District (NSSD), University of Washington-Bothell (UW-B), Cascadia Community College
-(4)US Census Bureau 2010 Demographic Profile Data

-(5)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

		2014			2005		
Employer	**Product or Service**	**Rank**	**Employees**	**Percentage of Total City Employment**	**Rank**	**Employees**	**Percentage of Total City Employment**
Northshore School District	Education	1	2,100	8.99%			
AT&T Mobile	Telecommunications	2	2,030	8.69%	1	2,475	NA
Phillips Ultrasound	Diagnostic imaging manufacturer	3	1,182	5.06%	2	1,745	**NA**
University of Washington-Bothell	Education	4	660	2.83%			
T-Mobile	Telecommunications	5	655	2.80%			
Vertafore Inc	Insurance software systems	6	450	1.93%			
Seattle Genetics Inc	Genetic research	7	441	1.89%			
Panasonic (Matsushita) Avionics	Aviation manufacturer	8	434	1.86%	4	564	NA
Puget Sound Energy	Utility services - electric/gas	9	433	1.85%	7	420	NA
Sonosite	Ultrasound manufacturer	10	422	1.81%	10	235	NA
Allstate	Insurance				5	450	NA
Washington Mutual	Banking				3	1,130	NA
Icos	Biotechnology research				6	420	NA
Allstate Insurance	Insurance				8	339	NA
Home Depot	Retail				9	290	NA
Total			**6,707**	**28.72%**		**8,068**	**NA**

Sources:

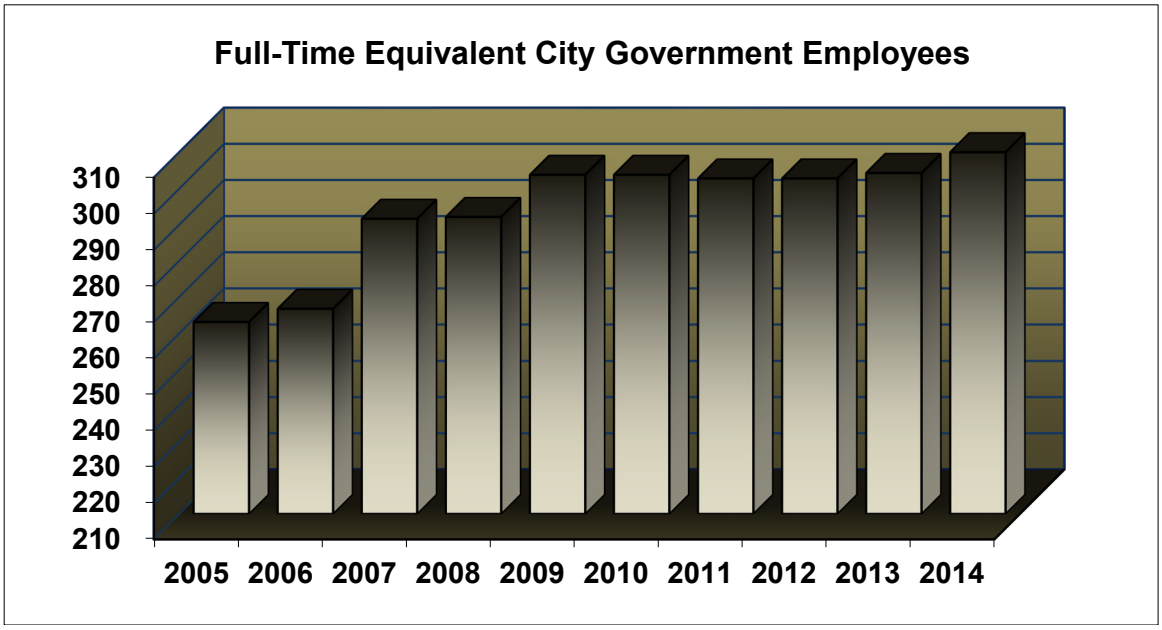
-City of Bothell Business License System
-City of Bothell Human Resources Department
-Northshore School District (NSSD)
-University of Washington-Bothell (UW-B)
NA = Not Available

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				
	2005	2006	2007	2008	2009
Executive					
Legislative	7.00	7.00	7.00	7.00	7.00
Judicial	3.00	3.50	4.00	4.00	4.00
City Manager	6.00	7.00	7.00	7.00	7.00
City Clerk	3.25	3.25	2.75	2.75	2.75
Information Technology	6.50	6.00	7.00	7.00	10.00
Non-Dept/Tourism		0.50	0.50	1.00	1.00
Finance	6.80	6.80	7.80	7.80	8.25
Legal	2.56	2.56	2.56	2.56	3.56
Human Resources	5.50	5.00	5.00	5.00	6.00
Police					
Officers	54.00	54.00	57.00	57.00	58.00
Civilians	26.75	26.75	26.75	26.75	25.75
Fire					
Firefighters and officers	54.00	54.00	57.00	57.00	57.00
Civilians	5.50	6.50	6.75	6.75	7.75
Community Development	20.00	20.00	24.00	24.00	22.50
Public Works					
Facilities	1.33	1.33	1.33	1.33	4.71
Engineering	16.75	17.75	23.80	23.80	26.27
Parks & Recreation	9.53	10.19	10.79	10.79	10.42
Street	8.05	8.05	7.54	7.54	7.80
Water	6.86	6.86	8.78	8.78	8.83
Sewer	6.66	6.66	8.38	8.38	8.41
Storm & Surface Water	9.79	9.79	12.82	12.82	13.31
Fleet	2.48	2.48	2.33	2.33	2.72
Self-Insurance/Risk Mgmt	.70	.70	.70	.70	.70
Totals	**263.01**	**266.67**	**291.58**	**292.08**	**303.73**

Source: Human Resources Department



City of Bothell

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

	Full-Time Equivalent Employees as of December 31				
Function/Program	**2010**	**2011**	**2012**	**2013**	**2014**
Executive					
Legislative	7.00	7.00	7.00	7.00	7.00
Judicial	4.00	4.50	4.50	4.50	4.50
City Manager	7.00	7.00	7.00	7.00	6.00
City Clerk	2.75	2.75	2.75	2.75	2.75
Information Technology	10.00	10.00	10.00	10.00	10.00
Non-Dept/Tourism	1.00	1.00	1.00	1.00	1.00
Finance	8.25	8.25	8.25	8.65	8.65
Legal	3.56	3.56	3.56	4.15	4.15
Human Resources	6.00	6.00	6.00	6.00	6.00
Police					
Officers	58.00	58.00	58.00	58.00	58
Civilians	25.75	25.75	25.75	26.75	32
Fire					
Firefighters and officers	57.00	57.00	57.00	57.00	57
Civilians	7.75	7.75	7.75	7.75	9.75
Community Development	22.50	21.00	21.00	21.00	22
Public Works					
Facilities	4.71	4.71	4.71	4.55	5.30
Engineering	26.27	26.27	26.27	25.20	25.20
Parks & Recreation	10.42	10.42	10.42	9.45	11.45
Street	7.80	7.80	7.80	7.30	8.60
Water	8.83	8.83	8.83	8.81	8.83
Sewer	8.41	8.41	8.41	8.43	9.43
Storm & Surface Water	13.31	13.31	13.31	15.06	17.24
Fleet	2.72	2.72	2.72	2.55	2.80
Self-Insurance/Risk Mgmt	.70	.70	.70	1.35	1.35
Totals	**303.73**	**302.73**	**302.73**	**304.25**	**319.00**

Schedules comply with GASB 34 implementation or 10 years

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

Function/Program	2005	2006	2007	2008	2009
Police					
Calls for service	26,984	27,628	23,214	25,650	25,678
Physical arrests	1,733	2,288	2,203	2,298	1,969
Traffic violations	4,212	4,584	5,081	3,928	4,272
Fire					
Emergency alarms	4,333	4,961	4,432	4,261	4,378
Inspections	1,465	1,413	1,523	1,133	1,043
Community Development					
Building permits issued	824	896	1,472	1,142	408
Building inspections	3,920	6,073	7,254	4,342	2,922
Parks and Recreation					
Field & shelter bookings	NA	996	1,471	1,644	2,288
Water					
Units served	NA	NA	3,803	3,868	3,874
Water main breaks			3	3	3
Average daily consumption (thousands of gallons)	NA	1,488	2,010	1,538	1,591

Sources: City Departments

NA = Not Available

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

Function/Program	2010	2011	2012	2013	2014
Police					
Calls for service	26,909	25,071	26,417	25,188	26,891
Physical arrests	1,975	1,568	1,565	NA	NA
Traffic violations	5,188	3,828	3,625	2,472	2,388
Fire					
Emergency alarms	4,788	4,975	4,946	5,300	5,870
Inspections	1,231	1,193	1,422	1,324	2,210
Community Development					
Building permits issued	392	464	529	633	519
Building inspections	3,772	3,132	3,177	4,223	5,428
Parks and Recreation					
Field & shelter bookings	2,437	2,332	2,444	2,703	2,394
Water					
Units served	3,945	3,950	3,944	3,950	3,996
Water main breaks	5	2			
Average daily consumption (thousands of gallons)	1,376	1,287	1,324	1,360	1,470

Sources: City Departments

NA = Not Available

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

Function/Program	2005	2006	2007	2008	2009
Public Safety					
Police stations	1	1	1	1	1
Fire stations	3	3	3	3	3
Public Works - Streets					
Streets (miles)	322	322	322	325	326
Street lights	1,907	1,907	1,907	1,907	1,957
Parks and Recreation					
Acreage	200.84	200.84	200.84	200.84	201.02
Parks	25	25	25	25	23
Water					
Water mains (miles)	71	71.5	71.5	71.5	72.5
Sewer/Storm & Surface Water					
Sanitary sewers (miles)	57	57.3	57.4	57.4	58.2
Storm sewers (miles)	108	109.4	109.7	109.7	110

Sources: City Departments

NA = Not Available

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

Function/Program	2010	2011	2012	2013	2014
Public Safety					
Police stations	1	1	1	1	1
Fire stations	3	3	3	3	3
Public Works - Streets					
Streets (miles)	326	326	326	262.7*	302
Street lights	1,957	1,957	1,957	2,100	2,100
Parks and Recreation					
Acreage	201.02	237.23	237.23	247.62	262.7
Parks	23	23	23	23	24
Water					
Water mains (miles)	72.5	72.5	79.5	94.9	96.9
Sewer/Storm & Surface Water					
Sanitary sewers (miles)	58.2	58.6	62.4	62.8	63.9
Storm sewers (miles)	110	110	119.9	119.9	139.7

Sources: City Departments

NA = Not Available

***Excludes private roads & I-405**

City of Bothell™

Schedules comply with GASB 34 implementation or 10 years

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