



City of Bothell™

City of Bothell

comprehensive annual financial report
for the fiscal year ended December 31, 2019

How We Make a Difference

ETHICS

SERVICE

SAFETY

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TEAMWORK



City of Bothell™

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For the
Fiscal Year Ended
December 31, 2019

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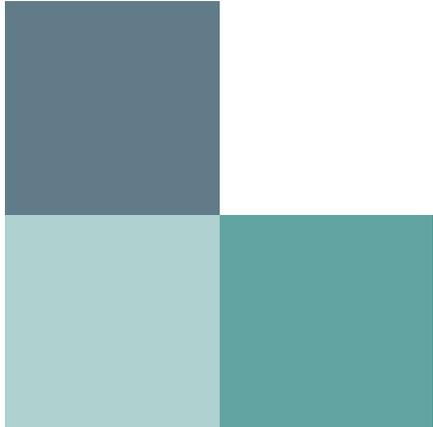
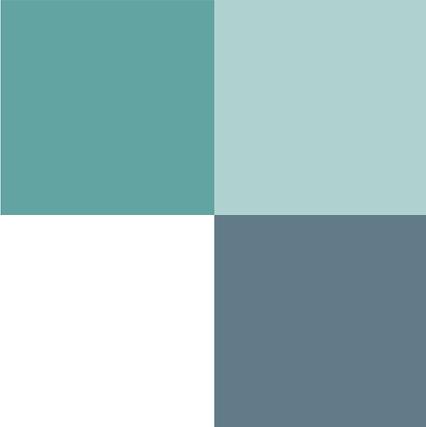
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**INTRODUCTORY
SECTION**

Introductory Section

August 31, 2020

HONORABLE MAYOR, MEMBERS OF THE CITY COUNCIL, AND CITIZENS OF THE CITY OF BOTHELL:

It is my pleasure to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Bothell for the fiscal year ended December 31, 2019. This report is published annually as the official annual financial report, and complies with State law ([RCW 43.09.230](#)) requiring annual reports for Washington municipal governments to be certified and filed timely with the [State Auditor's Office](#).

The management of the City 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. The definition of accounting control assumes reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived.

Cities and counties of the State of Washington use the [Budgeting, Accounting and Reporting System \(BARS\)](#) developed and prescribed by the Office of the State Auditor. State law provides for an annual independent audit to be conducted by the Office of the State Auditor. This report includes the auditor's opinion with respect to the City's financial statements.

The City is a recipient of more than \$750,000 in federal assistance, and is therefore required to undergo an annual independent single audit in accordance with generally accepted auditing standards. The standards applicable to financial audits are contained in [Government Auditing Standards](#), issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The State Auditor's Office conducted Bothell's single audit in conjunction with the City's annual independent audit. The City's single audit for the fiscal year ended December 31, 2019 cited zero deficiencies in the design or operation of internal controls over major federal programs.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Bothell's MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE GOVERNMENT

Originally populated by the Native American Sammamish people, the City of Bothell was incorporated in 1909, and for many years was a center for the logging industry, then a farming community, and then a bedroom suburb for people working in the greater Puget Sound area. Today, the municipality with a population of 46,750 straddles both King and Snohomish Counties, encompasses



City of Bothell™



14.38 square miles, and is ranked number 26 among the largest cities in the State of Washington.

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 members of the City Council are elected by voters and serve four-year terms. The Council elects the Mayor and Deputy Mayor from within its ranks, and contracts with a professional City Manager to carry out their established goals, policies and directives. The City Manager appoints eight department heads and an Assistant City Manager.

At the end of 2019, the City of Bothell had 387.6 authorized full-time equivalent positions. Bothell's full and part-time employees provide a full range of municipal services, including general government administration, police, fire, emergency medical services, planning and zoning, street maintenance and construction, and parks and recreation.

Bothell's proprietary operations consist of water, sewer, and storm and surface water utilities. The City also operates three internal service funds – Equipment Rental (Fleet), Self-Insurance, and Asset Replacement. The City has one blended component unit, COB Properties, which accounts for the City Hall lease. Garbage service is provided by an independent contractor, while library services are provided by the King County Library System.

The City prepares a biennial budget based upon established Council goals, and in accordance with the Revised Code of Washington (RCW 35A.34). The budget also includes the first two years of the adopted seven-year [Capital Facilities Plan \(CFP\)](#). The City Council adopts Bothell's biennial budget appropriation at the fund level prior to the first day of each odd-numbered calendar year. Reviews are conducted at the mid-biennium, and any changes for the second half of the biennium are adopted by City Council. In accordance with state law, budget status reports are provided to the Council and City management for each fiscal quarter. The adopted budget serves as a financial planning and policy document for use by the community, City Council and staff.

LOCAL ECONOMY

Bothell is an affluent community with a healthy economy and tax base. The median family income is 57.5% above the US median income (Moody's Issuer Comment March 2019). Bothell is home to University of Washington-Bothell and Cascadia College, which share a common campus within Bothell's historic downtown. In addition, the Northshore School District, the school district that serves Bothell, is consistently recognized among the state's top school districts.

Bothell is home to three business parks; key industries within Bothell's the business parks include biotech and biomedical firms, wireless communications, medical device manufacturing, medical research and a state-designated innovation partnership zone facilitated by University of Washington-Bothell, Cascadia College, and private sector businesses. Major firms include: AT&T (the largest communications holding company in the world based on revenue generation), 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 many Puget Sound communities, thereby giving Bothell a competitive advantage with employers.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

In March 2019, Moody's Annual Issuer Comment Report reaffirmed Bothell's Aa2 rating, stating that Bothell's credit position is very good, exceeding the median rating of Aa3 for US cities. In October of the same year, however, Moody's reevaluated the City's credit rating in conjunction with a new bond issue to rebuild two aging fire stations. At the conclusion of the reevaluation, Moody's upgraded the City's credit rating to Aa1 for the new bond issue and all of the City's outstanding general obligation debt. Notable credit factors leading to the upgrade include a large tax base with strong wealth and income, improving financial position, manageable debt and pension burdens, and location and socioeconomic factors.



While Bothell's financial position is solid, fund balance as a percent of operating revenues (17.6%) is materially lower than the US median. Since 2006, the City has utilized unreserved fund balance to invest in the revitalization of its historic downtown, which included environmental cleanup of properties acquired by the City as part of the revitalization efforts. Environmental cleanup has proven to be a costly endeavor and is required prior to the sale of the surplus properties. The City Council and staff are dedicated to replenishing reserves with the eventual proceeds of sale of the surplus properties.

Major accomplishments in 2019 included: implementation of Safe and Secure Bothell, an operating levy and bond sale, increasing public safety resources within the City and rebuilding two aging fire stations; the groundbreaking of an interagency project to widen State Route 522 to accommodate bus rapid transit, plus measurable progress on other transportation projects; and, the final environmental cleanup and marketing for sale of city owned properties in the City's revitalized downtown.

Bothell voters approved a nine-year Safe Streets & Sidewalks Levy in November 2016. In 2019, the City received \$4.7 million in levy revenue for the City's transportation network. Funding priorities include improving condition of major streets and payment, constructing sidewalks and crosswalks around schools, patching local streets, repairing and replacing sidewalks, and fully funding the street operations division.

In 2019, voters approved Proposition 1 (a levy lid lift to fund public safety operations and equipment) and Proposition 2 (a bond measure to rebuild two aging fire stations). The passage of both propositions will enhance the City's public safety services, mental health support for those in need, and proactive policing to better protect the community. In 2019, the City received \$4.7 million in public safety levy revenue.

The City's utility funds remain financially stable due to sound operational and project management, coupled with Council's continued adoption of annual rate increases that keep pace with inflation and capital demands. Collected impact fees are being used to fund planned infrastructure projects.

RELEVANT FINANCIAL POLICIES

The City recently completed an update to its comprehensive financial management policies. The following is a summary of the noteworthy financial policies. A review of the policies and consideration of updates is required at least every two years.

Fund Balance. The City strives to maintain sufficient fund balance to ensure funding for continuity of operations and to provide a buffer for revenue fluctuations. Fund balance targets are established for all funds that support operations and are based on fund specific factors. Fund balance targets range from thirty-days of operating expenditures to ninety-days of operating expenditures. If fund balance targets are not met in any given year, then staff must communicate a plan to replenish the fund balance within four years.

Budget Development and Monitoring. Policy dictates that prudent and conservative revenue and expenditures assumptions should be used in the development of a balanced budget. Budget monitoring is noted as a responsibility of department heads.

One-Time Revenues. One-time revenues should be used to fund one-time expenditures and not ongoing operations.

Order of Funding. Policy states that restricted funding should be utilized first to fund qualifying expenditures before unrestricted resources are considered.

Long Range Financial Planning. A six-year financial forecast shall be drafted and periodically updated as the City's long-range financial planning tool.

User Fees-Full Cost Recovery. Policy describes how and when user fees are established including an acknowledgement that certain fees are set at a rate that recovers the full cost of providing the services.

Capital Facilities Plan. A Capital Facilities Plan (CFP) is required. The CFP shall plan major infrastructure projects for a seven-year period and shall account for the maintenance and operating costs associated with projects. The first two years of the CFP are to be incorporated into the biennial budget.



AWARDS AND ACKNOWLEDGMENTS

The [Government Finance Officers Association of the United States and Canada \(GFOA\)](#) awarded a [Certificate of Achievement for Excellence in Financial Reporting to the City of Bothell for its CAFR for the fiscal year ended December 31, 2018](#). This was the 18th consecutive year Bothell has received this prestigious award. To receive a Certificate of Achievement award, a government must publish an easily readable and efficiently organized CAFR that satisfies all generally accepted accounting principles and adheres to all applicable legal requirements.

A Certificate of Achievement represents the highest standards in government accounting and financial reporting. Bothell is submitting the City's 2019 CAFR to the GFOA to determine this report's eligibility for a certificate. Staff believes the City's 2019 CAFR again meets the requirements of the GFOA Certificate of Achievement for Excellence in Financial Reporting Program.

The City was also pleased to receive the GFOA Distinguished Budget Presentation Award for the City's 2019-2020 biennial budget document. GFOA presents this award to governments whose budget document meets the GFOA's criteria as an effective policy document, a financial plan, an operations guide, and a communication device.

Successful preparation of Bothell's 2019 CAFR could not have been accomplished without the technical expertise and dedication of the City's Finance staff. Appreciation is also extended to the Mayor, Council, and City management for their steadfast encouragement in conducting 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,



Chris Bothwell
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

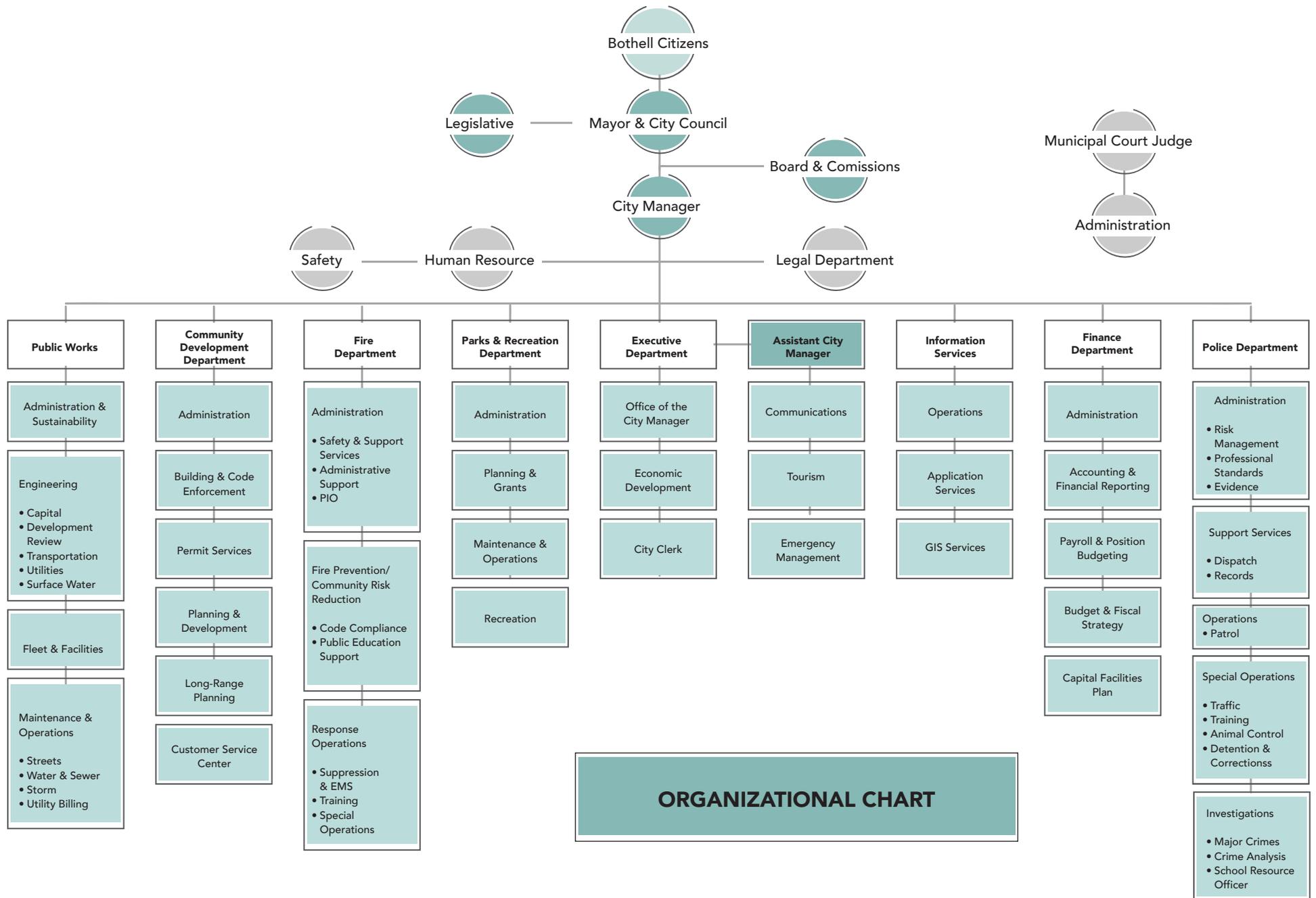
**City of Bothell
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO



ORGANIZATIONAL CHART

COUNCIL MEMBERS



L to R back row, Jeanne Zornes, Mason Thompson, James McNeal, Tom Agnew, Liam Olsen, Rosemary McAuliffe, Davina Duerr

COUNCIL MEMBER

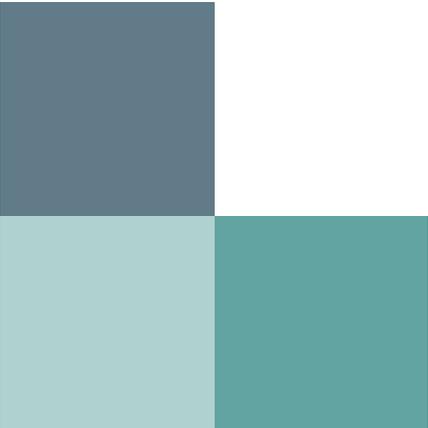
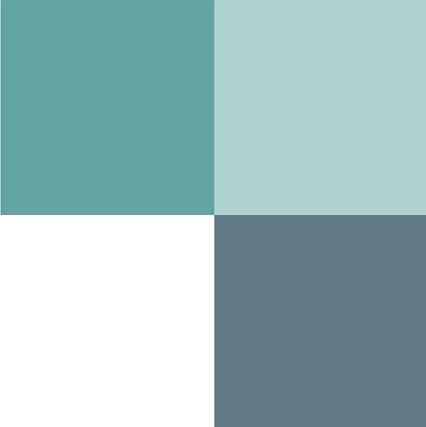
- Liam Olsen, Mayor
- Jeanne Zornes, Deputy Mayor
- Mason Thompson, Council Member
- Rosemary McAuliffe, Council Member
- James McNeal, Council member
- Davina Duerr, Council Memner
- Tom Agnew, Council Member

EXECUTIVE STAFF (OFFICIALS AS OF DECEMBER 31, 2019)

- Jennifer Phillips, City Manager
- Kellye Mazzoli, Assistant City Manager
- Chris Bothwell, Finance Director
- Mathew Pruitt, Human Resources Director
- Paul Byrne, City Attorney
- Michael Kattermann, Community Development Director
- Bruce Kroon, Fire Chief
- Kenneth Seuberlich, Police Chief
- Erin Leonhart, Public Works Director
- Nik Stroup, Parks & Recreation Director



City of Bothell™



AUDITOR'S LETTER



**Office of the Washington State Auditor
Pat McCarthy**

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

August 31, 2020

Mayor and City 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, as of and for the year ended December 31, 2019, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bothell, as of December 31, 2019, 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 discussed in Note 23 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Management's plans in response to this matter are also described in Note 23. 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 and required supplementary information listed in the table of contents 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 as a whole. The combining financial statements and supplemental information are presented for the purposes of additional analysis and are 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and are 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 31, 2020, 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.

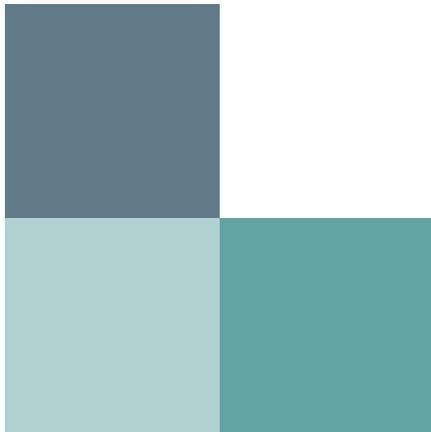
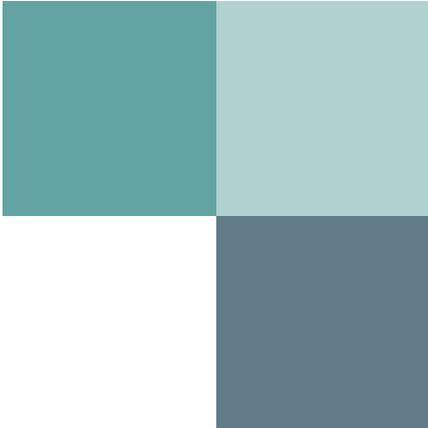
Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA



**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, 2019. 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).

2019 FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of year by \$660,354,740 (net position). Of this amount, \$9,893,181 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased \$16,101,536 mainly because of the substantial depreciation generated in governmental capital assets.
- At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$55,063,553 an increase of \$28,273,859 compared to the prior year as result of the issuance of \$25,754,362 in public safety bonds. Approximately 13% of this amount (\$7,281,206) is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$9,009,086, or approximately 16.7% of total general fund expenditures.
- The City's total outstanding long-term debt increased by \$21,885,240 due to the issuance of public safety bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may 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 City'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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

For the City of Bothell, both of the government-wide statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include most of the City's basic services such as general government, public safety, highways and streets, 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.

The government-wide financial statements include not only the City of Bothell itself, but also its blended component unit COB Properties, a nonprofit corporation, which accounts for the activities of the city hall lease revenue bond issuance, debt services, and maintenance.

Government-wide financial statements are located in Financial Section of this report.

FUND FINANCIAL STATEMENTS

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. The City of Bothell, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvements Fund, Public Safety Capital Fund, and the Arterial Street Fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single aggregated presentation. Individual fund data for each of these governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic governmental fund financial statements can be found in the Financial Section of this report.

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 functions. 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 functions, and therefore they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining

and individual fund statements and schedules section of this report.

The fiduciary fund financial statements are eliminated in 2019, due to the implementation of GASB 84 Fiduciary Activities (Refer to Note 22).

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement are presented in the Financial Section of this report immediately following the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees, and a schedule of revenues, expenditures, and changes in fund balance for the City's general fund.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds, and a statistical section containing ten years of economic condition reporting are presented immediately following the required supplementary information.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

STATEMENT OF NET POSITION

The statement of net position serves as a useful indicator of the City's financial position.

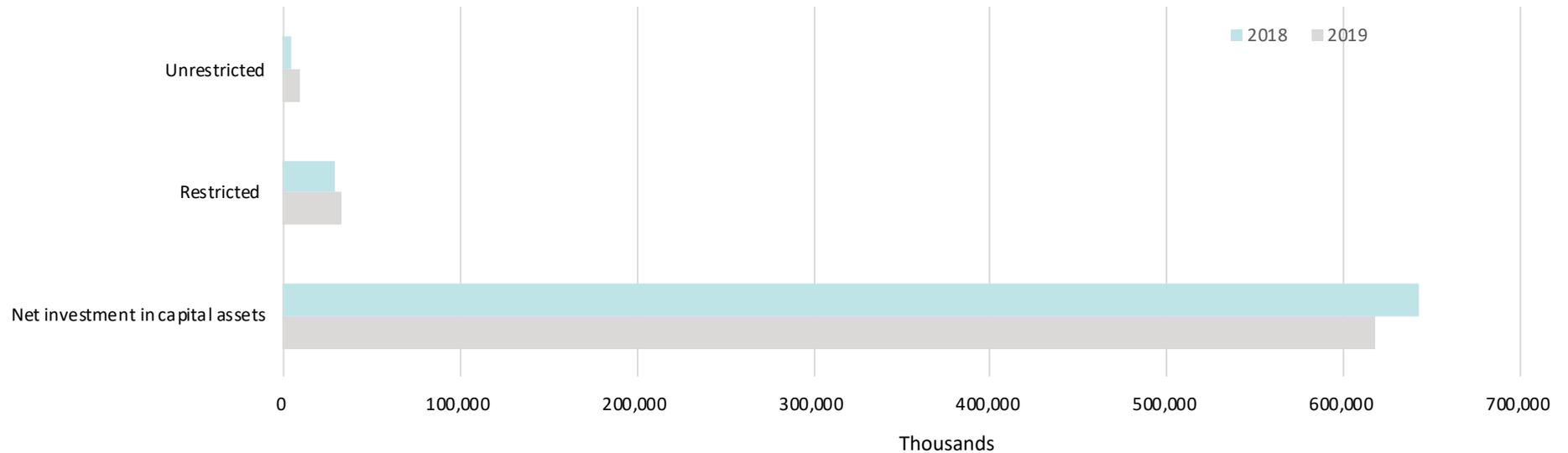
As of December 31, 2019, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$660,354,740 Net investments in capital assets (e.g. land, buildings, machinery, and equipment) are by far the largest portion of the City's net position (93%), less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens - consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following is a condensed version of the government-wide statement of net position for 2019 compared to 2018. The City's (\$9,884,774) in unrestricted governmental net position is the result of net OPEB liabilities of \$6,092,981.

City of Bothell's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$75,456,736	\$44,475,183	\$22,391,565	\$22,367,914	\$97,848,301	\$66,843,097
Capital assets	658,597,128	688,410,322	62,327,861	61,252,267	720,924,989	749,662,589
Total assets	734,053,864	732,885,505	84,719,426	83,620,181	818,773,292	816,505,686
Deferred outflows of resources	3,845,701	2,813,571	300,548	264,555	4,146,249	3,078,126
Long-term liabilities	129,921,951	110,878,573	17,102,691	18,136,171	147,024,643	129,014,744
Other liabilities	6,247,725	5,620,566	581,188	826,717	6,828,912	6,447,283
Total liabilities	136,169,676	116,499,139	17,683,880	18,962,888	153,853,555	135,462,028
Deferred inflows of resources	8,141,888	7,116,288	569,356	549,322	8,711,244	7,665,610
Net position						
Net investment in capital assets	571,700,385	598,724,468	45,672,414	43,768,023	617,372,799	642,492,492
Restricted	31,772,391	28,308,719	1,316,369	1,316,369	33,088,760	29,625,088
Unrestricted	(9,884,774)	(14,949,438)	19,777,955	19,288,134	9,893,181	4,338,696
Total net position	\$593,588,002	\$612,083,749	\$66,766,738	\$64,372,526	\$660,354,740	\$676,456,275

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Bothell Net Position



The City's overall net position decreased \$16,101,536 from the prior fiscal year including the change in net position for operational reasons and for the implementation of GASB 73 and GASB 84. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

An additional portion of the City's net position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,893,181 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

CHANGES IN NET POSITION

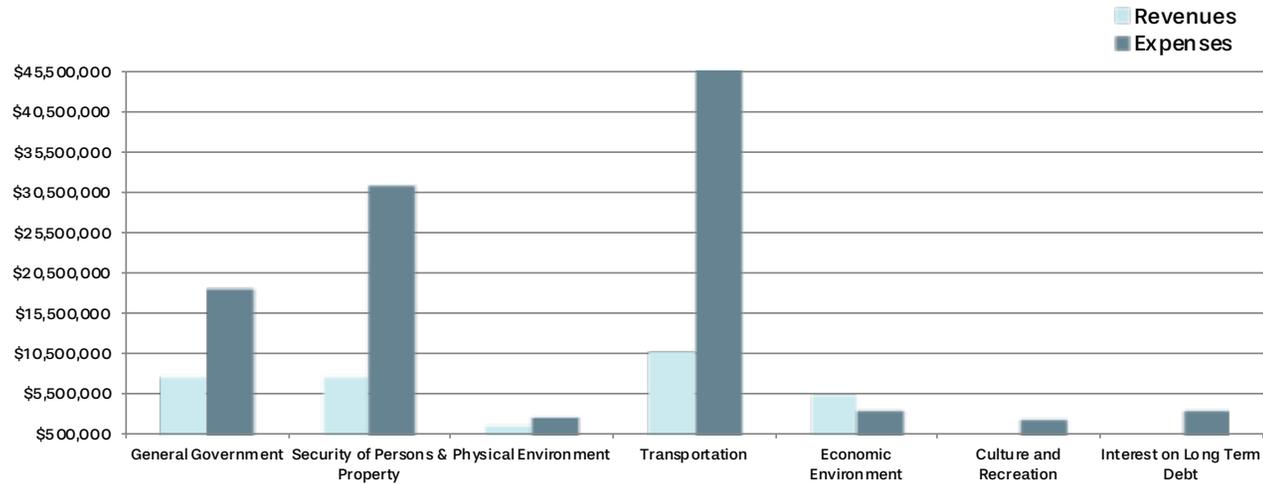
The following table reflects increases or decreases in net position resulting from the City's operating activities. The table shows revenues, expenses, and related changes in net position for the governmental activities separate from the business-type activities for 2019 and 2018. Bothell's net position from operations decreased citywide by \$16,445,947 during 2019. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. Governmental activities from operations decreased the City's net position by \$18,840,160. The ending net position was increased by \$344,413 due to the implementation of GASB 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and 84 Fiduciary Activities (Refer to Note 22). Governmental activities account for 90.5% of the City's net position. The decrease in the overall net position of governmental activities is the result of depreciation (Refer to Note 6), and increased public safety personnel costs.

Changes in Net Position

	2019			2018		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues						
Charges for services	\$22,052,440	\$21,577,950	\$43,630,390	\$26,171,701	\$21,739,505	\$47,911,206
Operating grants and contributions	1,427,294	113,714	1,541,008	466,712	114,516	581,228
Capital grants and contributions	10,305,181	426,278	10,731,460	7,261,623	738,591	8,000,214
General revenues						
Property tax	23,179,428		23,179,428	17,500,847		17,500,847
Excise tax	23,107,676		23,107,676	21,868,524		21,868,524
Business tax	7,570,286		7,570,286	7,560,793		7,560,793
Interest and investment earnings	1,448,679	7,998	1,456,677	740,880	80,482	821,362
Miscellaneous	785,683		785,683	793,665		793,665
Transfers	412,566		412,566			
Total revenues	90,289,234	22,125,940	112,415,174	82,364,747	22,673,094	105,037,840
Program expenses including indirect expenses						
General government	18,481,329		18,481,329	15,736,695		15,736,695
Security of persons and property	31,280,308		31,280,308	27,382,168		27,382,168
Physical environment	2,656,681		2,656,681	2,750,098		2,750,098
Transportation	47,442,708		47,442,708	46,463,697		46,463,697
Economic environment	3,493,273		3,493,273	8,577,058		8,577,058
Culture and recreation	2,238,693		2,238,693	2,616,511		2,616,511
Interest and fiscal charges	3,536,401		3,536,401	2,948,818		2,948,818
Transfers		412,566	412,566			
Water		5,445,506	5,445,506		4,862,936	4,862,936
Sewer		8,084,249	8,084,249		7,088,546	7,088,546
Storm & surface water		5,789,406	5,789,406		5,696,172	5,696,172
Total expenses	109,129,394	19,731,727	128,861,122	106,475,044	17,647,653	124,122,697
Excess (deficiency)	(18,840,160)	2,394,213	(16,445,947)	(24,110,297)	5,025,441	(19,084,857)
Transfers						
Change in net position	(\$18,840,160)	\$2,394,213	(\$16,445,947)	(\$24,110,297)	\$5,025,441	(\$19,084,858)
Net position beginning	\$612,083,749	\$64,372,526	\$676,456,275	\$640,217,064	\$59,347,085	\$699,564,150
Restatement per GASB 75 implementation (see note 9)			\$344,413	(4,023,017)		(\$4,023,017)
Restatement per GASB 73 & 84 implementation (see note 22)	344,413		\$344,413			
Net position ending	\$593,588,002	\$66,766,738	\$660,354,740	\$612,083,750	\$64,372,526	\$676,456,275

Expenses and Program Revenues - Governmental Activities



Business-Type Activities. For the City’s business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$66,766,738. The total increase in net position for business-type activities was \$2,394,213 or 3.72% higher than the prior fiscal year. The growth, in large part, is attributable to an average 3% rate increase throughout all three utility funds - Water, Sewer, and Storm and Surface Water.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

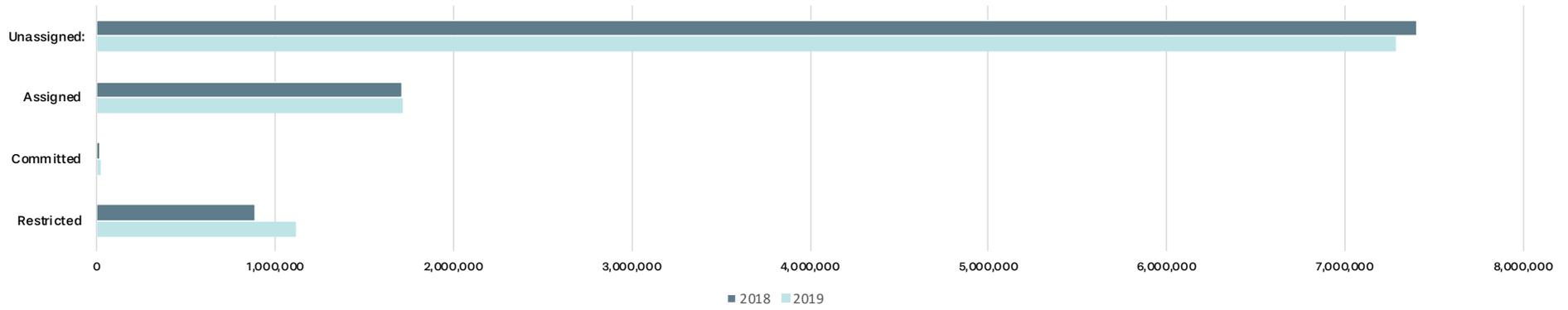
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use, as they represent the portion of fund balance which has not yet been limited for use for particular purposes by the City Council.

At end of 2019, the City’s governmental funds reported combined fund balances of \$55,063,553 an increase of \$28,273,859 compared to the prior year. This increase is due mainly to the issuance of Public Safety Bonds (25,754,362) and property tax revenue, which was up 32% (\$5,678,581) over 2018.

Approximately 13% of fund balance (\$7,281,206) constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of the fund balance is either restricted, committed, or assigned to indicate that it is 1) restricted for particular purposes (\$45,986,774), 2) committed for particular purposes (\$84,442), or 3) assigned for particular purposes (\$1,711,130).

General Fund Components of Fund Balance



The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,281,206, while total fund balance increased by \$104,276 due to the merge of Firefighter’s Pension Fund previously reported in Fiduciary Fund (Refer Note 22). As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 89% of total General Fund balance and 16.7% of total General Fund expenditures.

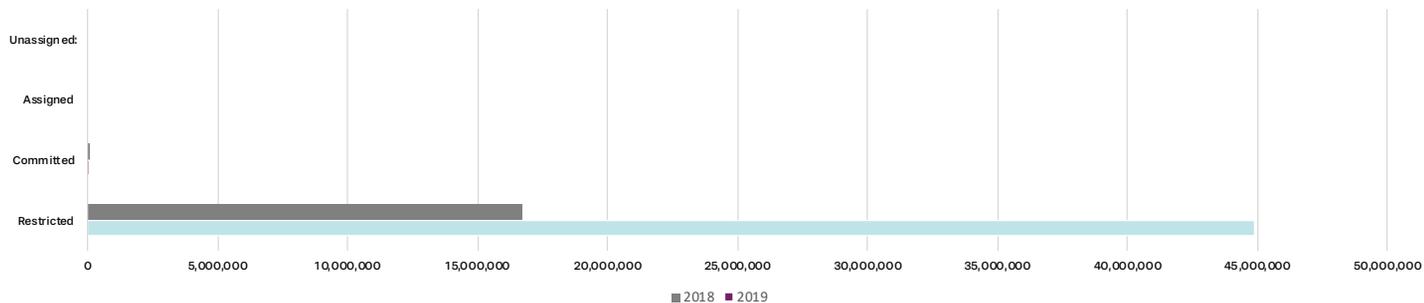
The Capital Improvements Fund, a major fund, decreased \$10,110 in fund balance as a result of the decline in real estate sales. In comparison with 2018, real estate excise tax revenue dropped by 4,068,086 or 41.6%.

The Public Safety Capital Fund, created in 2019 as the result of a voter-approved bond measure to fund construction of two new fire stations, ended the year with a fund balance of \$25,281,015. The project is currently under the design phase, and scheduled to be completed in 2024.

The Arterial Street Fund, the remaining major governmental fund, decreased fund balance by \$252,582 during the current year, bringing the year-end fund balance to \$5,357,161. This decrease was a result of reduced impact and mitigation fee revenues.

All other governmental funds experienced an increase in fund balance of \$3,151,260. The increase was due mainly to the creation of the Public Safety Levy Fund, which was the result of a voter-approved 2018 levy to increase financial resources for public safety operations

Other Governmental Funds Components of Fund Balance



Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water Fund at the end of the year was \$4,667,211 the Sewer Fund was \$7,729,912 and the Storm & Surface Water Fund was \$7,380,832. The total growth in net position for all three funds was \$465,079, \$223,305 and \$1,705,829, respectively. As noted earlier in the discussion of business-type activities, the increase for water, sewer, and storm & surface water rates resulted in the growth of the unrestricted net position.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Bothell adopts a biennial budget for its General Fund. During the 2019 fiscal year, the Council modified the City's adopted general fund budget on two occasions, as a recipient of grant funding, resulting in a net increase of \$12,000 to the General Fund.

Despite sales tax collections lagging behind budgeted amounts, sales tax revenue ended the year 6% higher than 2018. Utility taxes were 2.5% lower than 2018, and building permits were 27.4% lower in 2019. The City is estimating an \$800,000 shortfall in utility tax revenues for the biennium.

In 2019, the City received unbudgeted revenue of \$723,000 as the result of a new program, Ground Emergency Medical Transport (GEMT), and is expected to receive a total of \$1,250,000 by the end of the biennium.

General Fund expenditures ended the year less than projected (1.9%) mainly due to unfilled vacant positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$720,976,753 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, utility structures and construction in progress. The total decrease in capital assets for 2019 was 3.82%.

City of Bothell's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and land improvements	\$71,978,308	\$67,456,592	\$285,302	\$285,302	\$72,263,609	\$67,741,894
Infrastructure right-of-way	81,888,608	81,833,639	1,935,868	1,935,868	83,824,476	83,769,507
Buildings	12,087,383	12,464,987	6,895,825	6,712,218	18,983,207	19,177,206
Capital lease - City Hall	46,842,644	47,872,153			46,842,644	47,872,153
Improvements	48,818,682	51,609,783	49,926,835	49,813,452	98,745,517	101,423,235
Infrastructure	364,486,722	400,691,624			364,486,722	400,691,624
Vehicles	4,132,761	4,505,192	88,466	79,137	4,221,227	4,584,328
Machinery & equipment	1,698,296	1,696,334	1,061,620	1,186,827	2,759,917	2,883,162
Construction in progress	23,252,205	16,549,318	2,133,946	1,239,464	25,386,151	17,788,782
Work of art	121,519	127,366			121,519	127,366
Intangible asset	3,290,000	3,603,333			3,290,000	3,603,333
Total	\$658,597,128	\$688,410,322	\$62,327,861	\$61,252,267	\$720,924,989	\$749,662,589

Major capitalization and additional information on the City's capital assets can be found in the Financial Section, Note 6 of the Basic Financial Statements.

Long-term Debt. In 2019, the City's total debt increased by \$21,885,240 (20.4%). The City paid debt principal of \$3,673,810 in accordance with debt schedules, and amortized bond premiums of \$249,699 using the straight-line method. In addition, the City had a major new debt issuance of \$25,754,362 for Public Safety Bonds approved by voters in 2018.

Washington State statute limits 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. As of January 1, 2019, the City's outstanding net debt was \$112,399,891.

At the end of 2019, the City's total long-term debt was \$129,055,338, including bonded debt outstanding of \$76,370,621 (general obligation bonds and utility revenue bonds). Of this amount, \$60,307,219 of the debt is backed by the full faith and credit of the government. The remainder of the City's long-term obligations is comprised of public trust fund loans, capital leases, and utility revenue bonds. Additional information regarding the City's long-term debt is located in the Financial Section, Note 13.

City of Bothell's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation debt	\$60,307,219	\$35,801,104			\$60,307,219	\$35,801,104
Capital lease	46,623,437	48,016,609			\$46,623,437	48,016,609
Loans	5,469,235	5,868,142	592,046	637,562	\$6,061,281	6,505,704
Utility revenue bonds			16,063,401	16,846,683	\$16,063,401	16,846,683
Total	\$112,399,891	\$89,685,854	\$16,655,447	\$17,484,245	\$129,055,338	\$107,170,098

Looking Forward to 2020 and Beyond

In December 2019, City Council approved a 1% property tax increase for 2020. State law (Initiative 747) limits the increase of property tax from the actual amount collected in the previous year to 1%.

Effective January 1, 2020, fees increased by 1.7%. City fees increase annually on January 1 of each year. Fees are increased based upon the June-to-June Consumer Price Index (CPI-W), or by the amount required to continue to ensure full cost recovery.

For 2020, City Council approved a 3% utility rate increase in each of the City's utility funds to pay for utility expenses and capital projects identified in the City's 2019-2025 Capital Facilities Plan. The City's utility funds remain financially stable due to sound operational and project management, coupled with continued adoption of annual rate increases that keep pace with inflation and capital demands.

Fiscal priorities for the upcoming year will include: addressing the structural General Fund deficit during the 2021-2022 budget development; proceeding with the construction of two new fire stations; and continued focus on selling the remaining five City-owned downtown parcels.

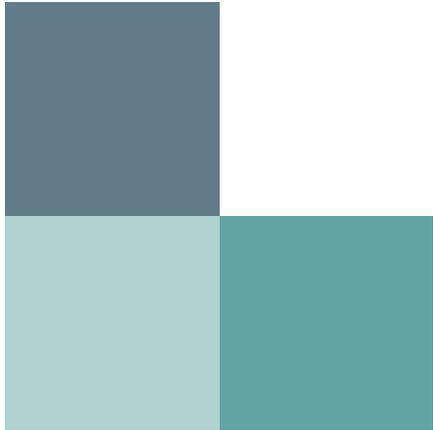
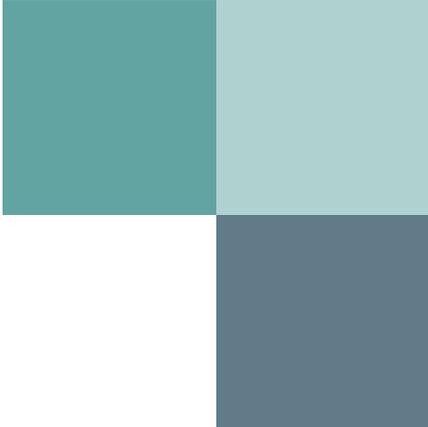
The effect of the coronavirus pandemic on the City's operations will also be a top priority in evaluating the impact and taking steps to mitigate effect of lost revenues.

Requests for Information

This financial report is designed to provide a general overview of the City of Bothell's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: **City of Bothell Finance Director, 18415 101st Avenue NE, Bothell, WA 98011.**



City of Bothell™



**BASIC
FINANCIAL
STATEMENTS**

Statement of Net Position
December 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,652,904	\$ 3,291,940	\$ 10,944,844
Investments	44,773,693	14,712,038	59,485,730
Receivables (net)	11,185,655	3,071,218	14,256,873
Taxes receivable	277,882		277,882
Reserved assets:			
Deposit held in trust	277,837		277,837
Investment		1,316,369	1,316,369
Capital assets:			
Non-depreciable	177,119,121	4,355,115	181,474,236
Depreciable, net	481,478,007	57,972,746	539,450,753
Net pension asset	11,288,765		11,288,765
Total assets	<u>734,053,864</u>	<u>84,719,426</u>	<u>818,773,291</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	3,769,366	300,548	4,069,914
Deferred outflows - other postemployment benefits (OPEB)	76,335		76,335
Total deferred outflows of resources	<u>3,845,701</u>	<u>300,548</u>	<u>4,146,249</u>
LIABILITIES			
Accounts payable	5,969,888	581,188	6,551,076
Unearned revenue	277,837		277,837
Long-term liabilities (see Note 13)			
Due within one year	8,745,371	1,048,825	9,794,196
Due in more than one year	108,693,413	15,796,649	124,490,062
Other postemployment benefits (OPEB)			
Due within one year	197,584		197,584
Due in more than one year	5,895,397		5,895,397
Net pension liability - due in more than one year	6,390,187	257,217	6,647,404
Total liabilities	<u>136,169,676</u>	<u>17,683,880</u>	<u>153,853,555</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	7,447,890	569,356	8,017,246
Deferred inflows - advanced grant	693,998		693,998
Total deferred inflows of resources	<u>8,141,888</u>	<u>569,356</u>	<u>8,711,244</u>
NET POSITION			
Net investment in capital assets	571,700,385	45,672,414	617,372,799
Restricted for:			
Net pension asset	11,288,765		11,288,765
Transportation	5,357,161		5,357,161
Parks & Recreation	3,373,942		3,373,942
Capital projects	6,375,688		6,375,688
Street maintenance	1,521,086		1,521,086
Drug forfeitures	119,549		119,549
Fire impact fees	272,264		272,264
Public safety levy	2,343,353		2,343,353
Debt service		1,316,369	1,316,369
Firefighter's Pension	350,154		350,154
Cemetery (permanently restricted)	16,321		16,321
Other purpose	754,108		754,108
Unrestricted (deficit)	(9,884,774)	19,777,955	9,893,181
Total net position	<u>\$ 593,588,002</u>	<u>\$ 66,766,738</u>	<u>\$ 660,354,740</u>

Statement of Activities
For the Year Ended December 31, 2019

Functions/program	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary government:							
Government activities:							
General government	\$ 19,081,399	\$ 7,453,082	\$ 227,611		\$ (11,400,706)		\$ (11,400,706)
Security of persons and property	29,488,233	6,584,362	1,027,112		(21,876,759)		(21,876,759)
Physical environment	2,657,249	1,866,979	298		(789,971)		(789,971)
Transportation	48,597,440	439,050	150,323	10,121,403	(37,886,665)		(37,886,665)
Economic environment	3,503,314	5,421,780			1,918,465		1,918,465
Culture and recreation	2,265,358	287,188	21,950	183,778	(1,772,442)		(1,772,442)
Interest	3,536,401				(3,536,401)		(3,536,401)
Total governmental activities	109,129,394	22,052,440	1,427,294	10,305,181	(75,344,479)		(75,344,479)
Business-type activities:							
Water	5,445,506	5,873,078	257	118,028		545,857	545,857
Sewer	8,084,249	8,338,855	278	44,314		299,198	299,198
Storm & surface water	5,789,406	7,366,017	113,179	263,936		1,953,726	1,953,726
Total business-type activities	19,319,161	21,577,950	113,714	426,278		2,798,781	2,798,781
Total primary government	128,448,556	43,630,390	1,541,008	10,731,460	(75,344,479)	2,798,781	(72,545,697)
General Revenues:							
Property tax					23,179,428		23,179,428
Excise tax					23,107,676		23,107,676
Business tax					7,570,286		7,570,286
Interest and investment earnings					1,448,679	7,998	1,456,677
Miscellaneous					785,683		785,683
Transfers					412,566	(412,566)	
Total general revenues and transfers					56,504,319	(404,568)	56,099,750
Change in net position					(18,840,160)	2,394,213	(16,445,947)
Net position - beginning					612,083,749	64,372,526	676,456,275
Restatement per GASB 73 & 84 implementation (see note 22)					344,413		344,413
Net position - ending					\$ 593,588,002	\$ 66,766,738	\$ 660,354,740

Balance Sheet
Governmental Funds
December 31, 2019

	Special Revenue Fund		Capital Projects Fund		Other Governmental Funds	Total Governmental Funds
	General	Arterial Street	Capital Improvements	Public Safety Capital		
ASSETS						
Current cash & cash equivalents	\$ 3,245,683	\$ 576,694	\$ 1,940,561	\$ 285,504	\$ 1,121,929	\$ 7,170,372
Investments	5,572,735	4,800,000	1,600,000	25,026,778	6,674,179	43,673,693
Receivables (net of allowances)						
Taxes	277,882					277,882
Accounts receivable	1,874,205		95,041		1,170	1,970,416
Due from other governmental units	3,381,875		5,533,221		150,602	9,065,697
Total assets	\$ 14,352,381	\$ 5,376,694	\$ 9,168,823	\$ 25,312,282	\$ 7,947,880	\$ 62,158,059
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	775,186.62		1,846,418.39	31,266.27	59,767.04	2,712,638.32
Deposits payable	591,906					591,906
Due to other governmental units	140,079		30,586			170,665
Payroll payable	2,039,977				184,941	2,224,918
Total liabilities	3,547,148		1,877,005	31,266	244,708	5,700,127
Deferred Inflows of Resources						
Unavailable revenue-property tax, service fees & impact fees	680,849	19,533				700,382
Unavailable revenue-advanced grant			693,998			693,998
Total deferred inflows of resources	680,849	19,533	693,998			1,394,379
Fund balances:						
Restricted	1,115,298	5,357,161	6,597,820	25,281,015	7,635,479	45,986,774
Committed	16,750				67,692	84,442
Assigned	1,711,130					1,711,130
Unassigned	7,281,206					7,281,206
Total fund balances	10,124,384	5,357,161	6,597,820	25,281,015	7,703,172	55,063,553
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,352,381	\$ 5,376,694	\$ 9,168,823	\$ 25,312,282	\$ 7,947,880	\$ 62,158,059

Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position
December 31, 2019

Total fund balances for the governmental funds		\$ 55,063,553
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	177,119,121	
Depreciable assets (net)	<u>481,478,007</u>	658,597,128
Deferred inflows of resources in the governmental funds are unavailable revenue in the governmental activities in the statement of net position.		
Unavailable revenue-property tax & impact fees		700,382
Pension fund used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.		
Pension assets		11,288,765
Deferred outflows - pension		3,769,366
Deferred outflows - OPEB		76,335
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:		
		1,462,315
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	(2,942,892)	
Other post-employment benefits payable	(6,092,981)	
Pollution remediation liability	(2,096,000)	
Pension liability	(6,390,187)	
Bonds and loan payable	<u>(112,399,891)</u>	(129,921,951)
Pension fund used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.		
Deferred inflows - pension		(7,447,890)
Total net position of governmental activities		\$ 593,588,002

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue Fund		Capital Projects Fund		Other Governmental Funds	Total Governmental Funds
	General	Arterial Street	Capital Improvements	Public Safety Capital		
REVENUES						
Taxes	\$ 36,146,359		\$ 5,707,008		\$ 10,589,939	\$ 52,443,307
Licenses and permits	3,765,483		496,552		60,518	4,322,553
Intergovernmental revenues	1,896,589		8,606,845		1,052,510	11,555,943
Charges for services	10,581,044	2,171,233			714,764	13,467,041
Fines and forfeitures	200,325				17,050	217,375
Interest earnings	1,421,901			26,778		1,448,679
Contributions	32,841		130,137			162,978
Other revenue	566,419		5,000		3,804	575,223
Total revenue	54,610,961	2,171,233	14,945,542	26,778	12,438,586	84,193,100
EXPENDITURES						
Current						
General government	12,986,607				725,112	13,711,719
Security of persons and property	28,578,492				1,741,052	30,319,544
Transportation	5,176,935		1,571,336		3,103,324	9,851,596
Physical environment	19,313					19,313
Economic environment	4,679,029					4,679,029
Culture and recreation	2,406,418					2,406,418
Debt service						-
Debt issue cost				247,466	1,200	248,666
Debt service - principal			1,772,461		1,140,000	2,912,461
Debt service - interest			1,918,440	1,445	1,554,269	3,474,153
Capital outlay	22,019		13,545,330	251,214	5,349	13,823,912
Total expenditures	53,868,814		18,807,567	500,124	8,270,306	81,446,811
Excess (deficiency) of revenue over expenditures	742,147	2,171,233	(3,862,025)	(473,346)	4,168,280	2,746,289
OTHER FINANCING SOURCES (USES)						
Loan			54,388			54,388
Proceeds from public safety bonds				23,235,000		23,235,000
Proceeds from public safety bond premium				2,519,362		2,519,362
Transfer in	55,873		5,548,313		1,694,913	7,299,099
Transfer out	(1,038,158)	(2,423,815)	(1,750,786)		(2,711,932)	(7,924,691)
Total other financing sources	(982,285)	(2,423,815)	3,851,915	25,754,362	(1,017,020)	25,183,157
Net change in fund balances	(240,137)	(252,582)	(10,110)	25,281,015	3,151,260	27,929,446
FUND BALANCES - JANUARY 1, 2019	10,020,108	5,609,743	6,607,931		4,551,912	26,789,694
Restatement per GASB 73 & 84 implementation (see note 22)	344,413					344,413
FUND BALANCES - DECEMBER 31, 2019	\$ 10,124,384	\$ 5,357,161	\$ 6,597,820	\$ 25,281,015	\$ 7,703,172	\$ 55,063,553

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, 2019

Net change in fund balances - total governmental funds	\$ 27,929,446
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p>	
<p>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.</p>	
Changes in unavailable revenue	(118,810)
Donated capital assets	1,570,670
Expenditures for capital assets	13,823,912
Capital asset adjustments	(1,785,553)
Depreciation	(44,248,972)
<p>Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities, resulting in an increase in the net position.</p>	
Debt principal payments	2,908,294
Debt issued	(25,808,749)
<p>Premium amortization on the bonds decreases long-term liabilities, resulting in an increase in the net position</p>	
Capital lease premium	78,172
LIFT bonds premium	85,484
2013 GO bonds premium	22,762
<p>Long-term expenses reported in the statement of activities do not require the use of resources and therefore are not reported as expenditures in governmental funds:</p>	
Change in compensated absences payable	138,292
Change in other post-employment benefits payable	403,362
Change in pollution remediation liability	1,554,000
Pension liabilities	2,654,009
<p>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.</p>	
	1,953,521
Change in net position of governmental activities	\$ (18,840,160)

Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities Enterprise Funds				Governmental Activities	
	Water	Sewer	Storm & Surface Water	Total	Internal	Service Funds
ASSETS						
Current assets						
Cash and cash equivalents	\$ 588,851	\$ 537,559	\$ 2,165,531	\$ 3,291,940	\$	482,533
Investments	3,790,215	5,707,503	5,214,320	14,712,038		1,100,000
Accounts receivable	786,413	1,729,730	364,585	2,880,728		149,542
Due from other governments	257	278	189,955	190,490		
Reserved assets:						
Deposit held in trust						277,837
Investment-revenue bond reserve	109,785	292,497	914,086	1,316,369		
Total current assets	<u>5,275,520</u>	<u>8,267,568</u>	<u>8,848,477</u>	<u>22,391,565</u>		<u>2,009,912</u>
Non-current assets						
Capital assets not being depreciated:						
Land	122,175	163,126		285,302		
Right of way			1,935,868	1,935,868		
Construction in progress	161,869	880,475	1,091,601	2,133,946		
Capital assets being depreciated:						
Intangible assets	141,538	122,978	146,663	411,179		
Buildings	2,729,301	4,108,586	2,304,125	9,142,012		35,285
Improvements other than buildings	27,582,462	15,798,968	35,339,506	78,720,936		1,566,847
Equipment	10,464	1,812,988	275,951	2,099,404		2,202,841
Vehicles	30,457	30,457	250,920	311,834		9,642,360
Less accumulated depreciation	(11,599,579)	(9,472,753)	(11,640,287)	(32,712,619)		(7,647,147)
Total non-current assets	<u>19,178,687</u>	<u>13,444,826</u>	<u>29,704,348</u>	<u>62,327,861</u>		<u>5,800,187</u>
Total assets	<u>24,454,207</u>	<u>21,712,394</u>	<u>38,552,825</u>	<u>84,719,426</u>		<u>7,810,099</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows - pension	74,601	67,810	158,137	300,548		54,357
Total deferred outflows of resources	<u>74,601</u>	<u>67,810</u>	<u>158,137</u>	<u>300,548</u>		<u>54,357</u>
LIABILITIES						
Current liabilities						
Accounts payable	259,033	23,019	54,642	336,693		64,680
Payroll payable	58,124	57,145	129,226	244,495		48,270
Compensated absences	50,030	48,048	91,950	190,028		32,831
Due to other governments						
Interest payable						156,810
Current portion of loans payable			45,516	45,516		
Current portion of revenue bonds payable, net	173,345	76,047	563,890	813,281		
Total current liabilities	<u>540,531</u>	<u>204,258</u>	<u>885,224</u>	<u>1,630,013</u>		<u>302,592</u>
Non-current liabilities						
Loans payable			546,530	546,530		
Revenue Bonds Payable, net	3,213,492	1,443,140	10,593,487	15,250,120		
Unearned revenue						277,837
Pension Liabilities	64,047	57,128	136,042	257,217		52,369
Total non-current liabilities	<u>3,277,539</u>	<u>1,500,268</u>	<u>11,276,059</u>	<u>16,053,866</u>		<u>330,206</u>
Total liabilities	<u>3,818,071</u>	<u>1,704,527</u>	<u>12,161,282</u>	<u>17,683,880</u>		<u>632,798</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pension	141,891	127,629	299,836	569,356		112,487
Total deferred inflows of resources	<u>141,891</u>	<u>127,629</u>	<u>299,836</u>	<u>569,356</u>		<u>112,487</u>
NET POSITION						
Net investment in capital assets	15,791,850	11,925,639	17,954,925	45,672,414		5,800,187
Restricted for debt service	109,785	292,497	914,086	1,316,369		
Unrestricted	4,667,211	7,729,912	7,380,832	19,777,955		1,318,984
Total net position	<u>\$ 20,568,847</u>	<u>\$ 19,948,048</u>	<u>\$ 26,249,844</u>	<u>\$ 66,766,738</u>	<u>\$</u>	<u>7,119,171</u>

The accompanying notes are an integral part of this statement 7

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water	Sewer	Storm & Surface Water	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 5,800,406	\$ 8,302,201	\$ 6,620,617	\$ 20,723,225	\$ 4,009,788
Other	72,672	36,654	745,400	854,726	193,273
Total operating revenue	<u>5,873,078</u>	<u>8,338,855</u>	<u>7,366,017</u>	<u>21,577,950</u>	<u>4,203,061</u>
OPERATING EXPENSES					
Administrative and general	892,691	1,316,497	2,564,502	4,773,690	2,844,939
Purchased water	1,727,957			1,727,957	
Metro service		4,552,004		4,552,004	
Maintenance and operations	872,235	735,281	1,229,368	2,836,885	566,486
Customer accounts	254,762	254,755		509,517	
Taxes	774,039	577,580	334,464	1,686,083	
Depreciation	812,736	598,221	1,293,237	2,704,194	1,146,549
Total operating expenses	<u>5,334,420</u>	<u>8,034,340</u>	<u>5,421,571</u>	<u>18,790,331</u>	<u>4,557,974</u>
OPERATING INCOME (LOSS)	<u>538,658</u>	<u>304,515</u>	<u>1,944,446</u>	<u>2,787,619</u>	<u>(354,913)</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	556	1,445	5,997	7,998	1,818,352
Intergovernmental revenue	257	278	113,179	113,714	(473)
Gain (loss) on disposition of capital assets					95,079
Revenue bonds interest	(111,086)	(49,910)	(367,834)	(528,830)	(1,789,231)
Total non-operating revenue (expense)	<u>(110,273)</u>	<u>(48,187)</u>	<u>(248,659)</u>	<u>(407,119)</u>	<u>123,727</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	428,385	256,329	1,695,787	2,380,501	(231,186)
Transfers in					2,120,932
Transfers out	(81,334)	(77,338)	(253,894)	(412,566)	(1,082,774)
Capital contributions	118,028	44,314	263,936	426,278	
CHANGE IN NET POSITION	465,079	223,305	1,705,829	2,394,213	806,972
NET POSITION - BEGINNING	20,103,768	19,724,744	24,544,014	64,372,526	6,312,199
NET POSITION - ENDING	<u>\$ 20,568,847</u>	<u>\$ 19,948,048</u>	<u>\$ 26,249,844</u>	<u>\$ 66,766,738</u>	<u>\$ 7,119,171</u>

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended December 31, 2019

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water	Sewer	Storm & Surface Water	Total	Internal Service Funds
CASH FLOW FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 5,762,862	\$ 8,155,460	\$ 7,073,243	\$ 20,991,566	\$ 4,099,977
Cash paid to employees	(1,065,196)	(1,075,964)	(2,255,258)	(4,396,419)	(1,044,168)
Cash paid to suppliers for goods and services	(2,789,512)	(5,846,707)	(1,833,586)	(10,469,806)	(3,755,978)
Cash paid for taxes	(774,039)	(577,580)	(334,464)	(1,686,083)	
Net cash provided by operating activities	<u>1,134,115</u>	<u>655,209</u>	<u>2,649,935</u>	<u>4,439,259</u>	<u>(700,169)</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers out	(81,334)	(77,338)	(253,894)	(412,566)	(1,082,774)
Transfers in					2,120,932
Operating grants	257	278	113,179	113,714	4,233
Net cash provided from non-capital activities	<u>(81,077)</u>	<u>(77,060)</u>	<u>(140,715)</u>	<u>(298,852)</u>	<u>1,042,391</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(1,791,374)	(815,781)	(1,172,634)	(3,779,788)	(845,446)
Net capital lease					3,267,622
Construction cost payable					
Interest paid on capital debt	(124,431)	(55,956)	(411,724)	(592,112)	(1,926,718)
Capital contributions	118,028	44,314	263,936	426,278	
Deposit held in trust					3,217
Proceeds from the sale of capital assets					113,777
Paid on revenue bond	(150,000)	(70,000)	(500,000)	(720,000)	(1,315,000)
Paid on capital debt			(45,516)	(45,516)	
Debt interest payable	-				(4,383)
Net cash (used) by capital and related activities	<u>(1,947,777)</u>	<u>(897,423)</u>	<u>(1,865,938)</u>	<u>(4,711,138)</u>	<u>(706,931)</u>
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase investments	600,000		371,593	971,593	400,000
Interest and dividends	556	1,445	5,997	7,998	
Net cash provided by investing activities	<u>600,556</u>	<u>1,445</u>	<u>377,590</u>	<u>979,591</u>	<u>400,000</u>
Net increase (decrease) in cash and cash equivalents	(294,183)	(317,830)	1,020,872	408,860	35,291
Balances - January 1	883,034	855,388	1,144,659	2,883,080	447,242
Balances - December 31	<u>588,851</u>	<u>537,559</u>	<u>2,165,531</u>	<u>3,291,940</u>	<u>482,533</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	538,658	304,515	1,944,446	2,787,619	(354,913)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	812,736	598,221	1,293,237	2,704,194	1,146,549
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(110,618)	(183,145)	(364,585)	(658,347)	(103,308)
Decrease (increase) in due from other governments	402	(250)	71,811	71,962	224
Increase (decrease) in non-capital accounts payable	11,350	(10,489)	(201,522)	(200,662)	(1,421,961)
Increase (decrease) in payroll payable	1,605	6,278	12,674	20,557	23,216
Increase (decrease) in due to other governments	(65,424)			(65,424)	9,315
Increase (decrease) in compensated absences payable	6,467	2,486	5,888	14,842	(18,748)
Increase (decrease) in GASB 68 pension adjustments	(61,061)	(62,408)	(112,014)	(235,483)	19,457
Net cash provided by operating activities	<u>\$ 1,134,115</u>	<u>\$ 655,209</u>	<u>\$ 2,649,935</u>	<u>\$ 4,439,259</u>	<u>\$ (700,169)</u>
Noncash investing, capital and financing activities					
increase (decrease) in fair value of investments					
Capital contributions from developers	70,130	25,500	227,088	322,718	-

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January 1, 2019 through December 31, 2019

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. REPORTING ENTITY

The City is a municipal corporation operating 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 has implemented all GASB statements applicable for implementation in 2019. (Refer to Note 22 Accounting and Reporting Changes). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

Blended Component Unit

The City has one blended component unit, COB Properties. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (Refer to Note 17).

C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial 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.

D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The following is a description of the governmental funds of the City:

Governmental Funds

- General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- 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 fund accounts 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

In 2019, the City adopted GASB Statement 84, Fiduciary Activities. The objective to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities: (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Fiduciary activities should be based on the requirements of GASB 84 paragraphs 15-18. After conducting a thorough analysis, the City concluded that no current activity met the fiduciary criteria, and therefore, fiduciary fund reporting has been eliminated (Refer to Note 22 Accounting and Reporting Changes).

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, fire, 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. The Firefighters Pension Fund is now reported in the General Fund, as referenced in Note 22 – Accounting and Reporting Changes.

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.

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.

Public Safety Capital Fund

In 2019, the City created the Public Safety Capital Fund to account for the proceeds of the 2019 Unlimited Tax General Obligation Bonds to construct, reconstruct, renovate and equip two fire stations, and to pay the costs of issuance and sale of the bonds.

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.

Other Governmental Funds**Street Fund**

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

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.

Drug Forfeiture Fund

This fund accounts for monies seized from drug policing activities.

Fire Impact Fees Fund

Funds collected from developers used solely for the purpose of making capital improvements to accommodate new growth.

Public Safety Levy Fund

In 2019, the City created Public Safety Levy Fund to account exclusively for the public safety levy lid lift passed in November 2018 to improve and enhance various public safety resources.

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 and various capital projects. 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.

In 2019, the City created the Public Safety GO Bond Fund to collect revenue from the Public Safety Levy passed in November 2018, providing funding to pay the bond debt.

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.

COB Properties Fund

The COB Properties Fund accounts for the activities of the City Hall lease revenue bond issuance, debt services, and maintenance. COB Properties is a blended component unit of the City.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or vents for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. BUDGETARY INFORMATION

Budgetary basis of accounting

Washington State law requires governments to adopt a balanced budget. Biennial appropriations are limited to total estimated revenues for the upcoming biennium, plus any unencumbered fund balance estimated to be available at the close of the current fiscal biennium. The City Council's adopted biennial budget constitutes legal authority for expenditure at the fund level. Three of these are internal service funds, whose costs are allocated (based on usage) to the funds that utilize their services.

Budget transfers or revisions within funds are allowed, however, other budget modifications must be by ordinance, and approved in the same manner as other ordinances of the city - including making the proposed amendments available to the public and providing time for public input.

G. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition.

Investments

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP manages a portfolio of securities that meet the maturity, quality, diversification and liquidity and market value calculation requirements set forth by the Governmental Accounting Standard Board (GASB) for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. Investments are reported on trade date basis in accordance with generally accepted accounting principles (GAAP). (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 receivables 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 6).

Compensated Absences

The City accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employees. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained as long term liabilities and represents a reconciling item between the balance sheet of the governmental funds and the governmental activities in the statement of net position.

Other Post-Employment Benefits

The City provides post-retirement health care benefits for members of the Law Enforcement Officers and Fire Fighters (LEOFF) retirement system hired prior to October 1, 1977 under a defined benefit healthcare plan administered by the City. As a single employer defined benefit plan, the City is required to recognize a liability equal to the net OPEB liability measured as of a date no earlier than the employer's prior fiscal year and no later than the end of the current fiscal year (the measurement date). (Refer to Note 9).

Interfund Activity

Interfund activities include reciprocal activities or interfund services provided and used; and, nonreciprocal activities or interfund transfers (Refer to Note 12).

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category in the Statement of Net Position. It is the amount related to pensions.

In addition to liabilities, the Statement of Net Position/Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one item that qualifies for reporting in this category in the Statement of Net Position. It is the amount related to pensions. Unavailable revenues in the Balance Sheet, such as property taxes, are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligation

In government-wide financial statements and proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Flow Assumptions

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. However, prior to the commencement of any project, the flow assumption is reviewed to ensure that the proper resources are being used.

Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). Fund balance classifications from the most restrictive to no restrictions are as follows:

- Nonspendable – Fund resources that are not in a spendable form (such as inventory), or that are required to be maintained intact (such as the corpus of an endowment fund).
- Restricted – Fund resources that are subject to restrictions legally enforceable by outside parties (such as grantors, bondholders, or higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – Fund resources that are legally limited by the government’s highest level of decision-making authority (City Council). These resources cannot be used for any other purpose unless the government takes the same highest-level action (Resolution by City Council) to modify or eliminate those limitations.
- Assigned – Fund resources that are limited by a government for its intended use. Intent can be expressed by the governing body (Council, City Manager, or Directors) to which the governing body delegates the authority. Little or no formal action is required to modify or eliminate those limitations.
- Unassigned – Unrestricted fund resources that are not committed or assigned in the General Fund. Only positive unassigned fund balances are reported in the General Fund. Negative fund balances in any other governmental fund are considered unassigned.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

The City of Bothell budgets its funds in accordance with the Revised Code of Washington (RCW) 35A.34. 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.

AMENDING THE BUDGET

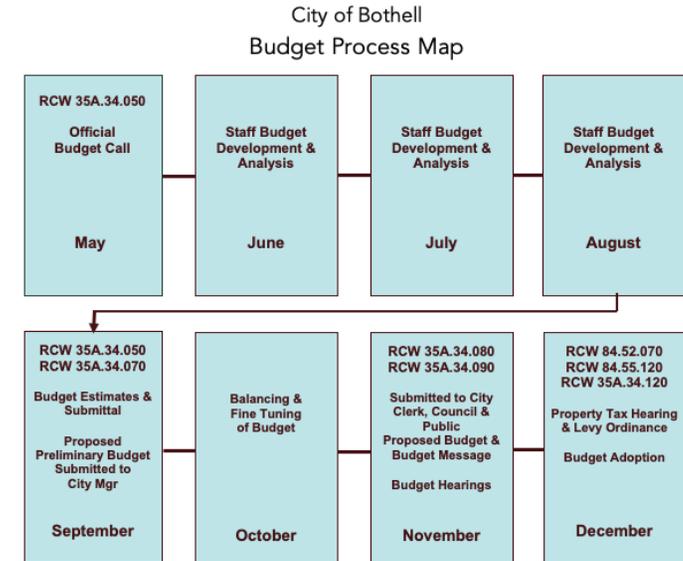
The budget, as adopted, constitutes the legal authority for expenditures. The City’s budget is adopted at the fund level, so that expenditures may not legally exceed appropriations at that level of detail. Transfers or revisions within funds are allowed, but the City Council (following a hearing) must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

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

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 or 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.



2019-2020 Final Budget Inflows and Outflows

Fund	Original Inflows	Original Outflows	Final Inflows	Final Outflows
General Fund	110,830,580	111,262,007	111,375,580	111,795,007
Street Fund	12,061,100	12,264,880	12,061,100	12,264,880
Arterial Street Fund	7,404,438	5,105,192	7,404,438	5,105,192
Park Cumulative Reserve Fund	2,184,000	153,000	2,184,000	153,000
Drug Seizure Fund	115,000	28,800	115,000	28,800
Fire Impact Fee Fund	360,000		360,000	
Public Safety Levy Fund			10,847,000	8,811,314
LIFT General Obligation Bond	3,995,100	3,995,100	3,995,100	3,995,100
2013 GO Bond	1,393,926	1,393,926	1,393,926	1,393,926
Public Safety GO Bond			25,500,000	25,500,000
Capital Improvements Fund	65,486,124	70,695,623	69,535,124	75,830,623
Public Safety Capital Fund			26,500,000	25,500,000
Water Fund	11,934,398	14,937,192	11,934,398	15,937,192
Sewer Fund	16,605,575	20,603,686	16,605,575	21,603,686
Storm & Surface Water Fund	14,140,451	19,199,295	14,140,451	20,314,295
Equipment Rental Fund	4,697,604	4,697,598	4,697,604	4,697,598
Self Insurance Fund	3,640,054	3,640,055	3,640,054	3,640,055
Asset Replacement Fund	3,606,165	6,356,941	3,606,165	6,356,941
Firemen's Pension Reserve Fund	128,950	128,950	128,950	128,950
Total	258,583,465	274,462,245	326,024,465	343,056,559

NOTE 3 - DEPOSITS AND INVESTMENT**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

The City's policy is to invest in a manner that provides maximum security, while meeting daily cash flow demands, conforming to all state and local statutes governing the investment of public funds, while providing a market rate of return through budgetary and economic cycles. All municipal corporations in Washington State are empowered to invest in securities authorized by the Revised Code of Washington Chapter 39.59 and 35.39.

As required by state law, authorized investments of the City's funds are:

- obligations of the United States or its agency, or any corporation wholly owned by the government of the United States;
- obligations of the State of Washington, general obligations of Washington State municipalities;
- the State Treasurer's Local Government Investment Pool (LGIP);
- certificates of deposit with Washington State banks and savings and loan institutions;
- banker's acceptances, commercial paper and corporate notes purchased on the secondary market. Investing in corporate notes, the City must adhere to the investment policies and procedures adopted by Washington State Investment Board.

The LGIP manages a portfolio of securities that meet the maturity, quality, diversification and liquidity and market value calculation requirements set forth by the Governmental Accounting Standard Board (GASB) for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The funds are limited to high quality obligations with regulated maximum and average maturities to minimize both market and credit risk. Investments are reported on trade date basis in accordance with generally accepted accounting principles (GAAP).

The City measures and records its investments except for LGIP within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The guidelines in GASB 72 recognize a three-tiered fair value hierarchy as follows:

- **Level 1:** Quoted prices in active markets for identical assets or liabilities that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.
- **Level 2:** These are inputs other than quoted prices included within Level 1 that are observable for the asset or liability (such as interest rates, yield curves, volatilities, credit spreads). Inputs are derived from or corroborated by observable market data through correlation including quoted prices for similar assets or liabilities in active markets or inactive markets.
- **Level 3:** Unobservable inputs for an asset or liability. Only should be used when relevant Level 1 and 2 inputs are unavailable.

As of December 31, 2019, the City's investments, excluding the Local Government Investment Pool (LGIP) are classified as Level 2.

As of December 31, 2019, the City-wide's cash and investments are as follows:

	Governmental Funds	Internal Service Funds	Enterprise Funds	Total
Cash on hand	\$1,750			\$1,750
Deposits with financial institutions	7,168,622	482,533	3,291,940	10,943,094
Deposits in trust		277,837		277,837
Local Government Investment Pool	35,973,693			35,973,693
All other investments	7,700,000	1,100,000	16,028,407	24,828,407
Total cash and investments	\$50,844,064	\$1,860,370	\$19,320,347	\$72,024,781

Cash and investments listed by fund type:

Governmental Funds	General Fund	Special Revenue Fund	Capital Project Fund	Capital Project Fund	Other Governmental Funds	Total
		Arterial Street	Capital Improvement	Public Safety Capital		
Cash on hand	\$1,750					\$1,750
Deposits with financial institutions	3,243,933	576,694	1,940,561	285,504	1,121,929	7,168,622
Investments	5,572,735	4,800,000	1,600,000	25,026,778	6,674,179	43,673,693
Total cash and investments	\$8,818,419	\$5,376,694	\$3,540,561	\$25,312,282	\$7,796,109	\$50,844,064

Proprietary Funds	Enterprise Funds				Internal Service Funds
	Water	Sewer	Storm & Surface Water	Total	
Deposits with financial institutions	\$588,851	\$537,559	\$2,165,531	\$3,291,940	\$482,533
Deposits held in trust					277,837
Investments	3,790,215	5,707,503	5,214,320	14,712,038	1,100,000
Investments-reserved	109,785	292,497	914,086	1,316,369	
Total cash and investments	\$4,488,851	\$6,537,559	\$8,293,937	\$19,320,347	\$1,860,370

Internal Service Funds	Equipment Rental	Self Insurance	Asset Replacement	COB Properties	Total
Deposits with financial institutions	\$142,287	\$119,198	\$221,048		\$482,533
Investments			1,100,000		\$1,100,000
Deposits held in trust				277,837	\$277,837
Total cash and investments	\$142,287	\$119,198	\$1,321,048	\$277,837	\$1,860,370

Primary Government	Governmental Activities			Business-Type Activities	Primary Government
	Governmental Funds	Internal Service Funds	Total	Enterprise Funds	Total
Cash on hand	\$1,750		\$1,750	\$ -	\$1,750
Deposits with financial institutions	7,168,622	482,533	\$7,651,154	3,291,940	10,943,094
Deposits held in trust		277,837	277,837		277,837
Investments	43,673,693	1,100,000	44,773,693	14,712,038	59,485,730
Investments-reserved				1,316,369	1,316,369
Total Cash, Deposit and Investments	\$50,844,064	\$ 1,860,370	\$52,704,434	\$ 19,320,347	72,024,781

**Investment Fair Value Measurement
As of December 31, 2019**

	Total	Fair Value Measurements Using			Not Measured at Fair Value
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Amortized Cost
		Level 1	Level 2	Level 3	
U.S. Agencies	\$4,277,790	\$ -	\$4,277,790	\$ -	\$ -
Supranational Agency	7,961,405		7,961,405		
Municipal Bonds	6,062,730		6,062,730		
Corporate Bonds	6,526,482		6,526,482		
Local Government Investment Pool	35,973,693				35,973,693
Total investments	\$60,802,099	\$ -	\$24,828,407	\$ -	\$35,973,693

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.

**Investment Portfolio and Maturity
As of December 31, 2019**

	Book Value	Fair Market Value	Fair Value Investment Maturity (Year)					Weighted Avg. Maturity in Years	Portfolio Allocation
			Year 1	Year 2	Year 3	Year 4	Year 5		
Supranational Agency	\$7,712,996	\$7,961,405	\$2,008,516	\$2,842,771			\$3,110,118	2.53	13.09%
Municipal Bonds	5,974,321	6,062,730	3,018,820	1,003,470	2,040,440			1.84	9.97%
Corporate Bonds	6,420,888	6,526,482	3,999,057	1,007,012	1,520,412			2.13	10.73%
U.S. Agencies	4,194,381	4,277,790	1,350,918	923,137			2,003,734	2.62	7.04%
Local Government Investment Pool	35,973,693	35,973,693	35,973,693					1.00	59.17%
Total investments	\$60,276,279	\$60,802,099	\$46,351,005	\$5,776,391	\$3,560,852	\$5,113,852	-	1.46	100.00%

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.

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 issue. As of December 31, 2019, the City's investment portfolio is as follows:

Investment List by Issuer:	Investment Type	Fair Market Value	% of Investment Portfolio	Credit Rating
Corporate Bonds:				
	Apple	1,999,224	3.29%	Aa1/AA+/AA+
	Costco	1,999,834	3.29%	A1/A+/A+
	Wells Fargo Bank Notes	1,007,012	1.66%	Aa2/A+
	Microsoft	1,520,412	2.50%	Aaa/AAA
	Total Corporate Bonds	6,526,482	10.73%	
Municipal Bonds:				
	Seattle WA Txbi Ref-Ser B	1,000,000	1.64%	Aa1/AAA
	Washing St GO Bonds	1,000,450	1.65%	Aa1/AA+
	Monroe WA Txbi-Ref	640,115	1.05%	AA-
	Baltimore MD Txbi-Consol Pub Impt-Ser B	378,255	0.62%	Aa2/AA
	Washing St GO Bonds	1,003,470	1.65%	Aa1/AA+
	Connecticut St Txbi - Ser A	2,040,440	3.36%	A+
	Total Municipal Bonds	6,062,730	9.97%	
US Agency Securities				
	FANNIE MAE	1,350,918	2.22%	AAA
	FNMA GEN STRI	923,137	1.52%	NR
	FFCB	2,003,734	3.30%	AAA
	Total Agency Securities	4,277,790	7.04%	
Supranational Agency:				
	Intl-American Dev Bk	999,424	1.64%	Aaa/AAA/AAA
	Intl Fin. Corp.	1,009,092	1.66%	Aaa/AAA/AAA
	European Bk Recon & Dev	2,842,771	4.68%	Aaa/AAA/AAA
	Intl-American Dev Bk	1,023,801	1.68%	Aaa/AAA/AAA
	Intl Fin. Corp.	1,039,421	1.71%	Aaa/AAA/AAA
	Intl Bk Recon & Dev. (IBRD/World Bk)	1,046,896	1.72%	Aaa/AAA/AAA
	Total Supranational Agency Securities	7,961,405	13.09%	
	Local Government Investment Pool	35,973,693	59.17%	
	GRAND TOTAL	60,802,099	100.00%	

NOTE 4 - PROPERTY TAXES

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

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

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

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

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

In 2019, the City’s levy rate was \$1.91 per \$1,000, which included a \$0.46 per \$1,000 for Safe Streets and Sidewalks levy, and \$0.43 per \$1,000 for Public Safety levy. Bothell’s total assessed valuation was \$11,415,273,674.

2019 Assessed Valuation	
Snohomish County	\$4,686,873,729
King County	6,728,399,945
Total	\$11,415,273,674

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 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred Outflows of Resources at December 31, 2019 are as follows:

Deferred Inflows and Outflows of Resources

Description	Governmental Activities	Business-Type Activities
Deferred Outflows of Resources - Government-Wide Statement of Net Position		
Pension	\$3,769,366	\$300,548
Other Postemployment Benefits (OPEB)	76,335	
Total	\$3,845,701	\$300,548

Deferred Inflows of Resources - Government-wide Statement of Net Position

Pension	\$7,447,890	\$569,356
Advanced Grant	693,998	
Total	\$8,141,888	\$569,356

Deferred inflows of resources in the governmental funds balance sheet were recognized as revenue sources except for advanced grants, as consolidating into government-wide statements based upon accrual basis of accounting.

Description	Governmental Funds
Deferred Inflows of Resources - Governmental Funds Balance Sheet	
Court services	\$319,706
Deferred EMS services	142,354
Deferred property tax	218,788
Deferred revenue-impact fees	19,533
Advanced grant	693,998
Total	\$1,394,379

NOTE 6 - 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 acquisition value for donated assets, or the lower of cost or fair market value when transferred between proprietary and governmental funds.

The City has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the City has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable statements.

GOVERNMENTAL CAPITAL ASSETS

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

PROPRIETARY FUND CAPITAL ASSETS

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	\$2,681,556
Security of persons & property	846,143
Transportation	37,466,507
Physical environment	2,637,936
Culture & recreation	616,830
Total Governmental Activities Depreciation Expense	\$44,248,972
Business-Type Activities	Amount
Water	\$812,736
Sewer	598,221
Storm & Surface Water	1,293,237
Total Business-Type Activities Depreciation Expense	\$2,704,194

In 2019, the City completed major projects and capital acquisitions which increased capital assets over \$3 million. The capitalization is as follows:

Major Project:	
Crosswalk Projects & 228th St SE Pavement Project	
Governmental Fund	\$209,994
Total Crosswalk Projects & 228th St SE Pavement Project	\$209,994
2019 Curb Ramps	
Governmental Fund	\$581,547
Total 2019 Curb Ramps	\$581,547
Water Main Replacement Project	
Water Fund	1,902,800
Total Water Main Replacement Project	\$1,902,800
Storm & Surface Water Projects	
Storm & Surface Water Fund	523,462
Total Storm & Surface Water Main Projects	\$523,462
Total Governmental and Enterprise Capital Costs	\$3,217,802

Construction Commitments as of December 31, 2019

Government Activities	Construction in Progress	Remaining Commitment	Business-Type Activities	Construction in Progress	Remaining Commitment
1st Lt Nicholas Memorial Park	\$193,936	\$8,320	Bloomberg Reservoir Painting	\$13,131	
7th Ave SE/88th Ave NE Non-Motorized Imp	401,969	370,317	Downtown Revitalization Utility - Water	1,698	
19th Ave NE & 232nd St SE Ped & Bike Imp	2,622,534	231,900	Morningside Booster Station Retrofit	111,460	
130th Pl NE & 132nd Ave NE Sidewalk	199		Water Main Replacement	35,581	
228th St SE Pavement Preservation	2,000		Sewer Main Replacement Program	872,463	167,453
228th St SE Widening (from 35th to 39th)	3,407		Lift Station #4	8,012	
Adaptive Signal Control Phase 1	23,633		236th St & 35th Ave Culvert Replace	43,848	
Annual Arterial Overlay Program	112,660	503,167	Annual Stormwater Capital Projects	119,777	
Beardslee Widening Campus to I405	3,182		Blyth Creek Erosion Control	55,332	
Bicycle Program	36,429	12,431	Downtown Revitalization Utility - Storm	866	17,664
Blyth Park Improvements	66,825		Monte Villa Drainage Improvements	95,097	
Bothell Way Widening	1,314		Parr Creek Flood Mitigation	474,816	16,941
Bridge Rehab & Seismic retrofit		105,843	Perry Creek & 228th St SE Culverts	301,865	16,029
Canyon Park Subarea Update	36,017	43,983	Total Business-Type Activities	\$2,133,946	\$218,087
Citywide Child Ped School & Park Zone Safety	10,992				
Crosswalk Program	54,000				
Downtown Soil/Ground Cleanup	7,871,183	1,846,928			
East Norway Hill Improvements	44,274	394			
Fire Station 42 - Downtown	124,108	109,482			
Fire Station 45 - Canyon Park	127,106	109,482			
Horse Creek Plaza	196,817	85,349			
Joint Fire Services	1,779				
Juanita-Woodinville Way/NE 160th Overlay	45,160				
Main Street Extension	270,035				
NE 185th Improvements	233,606				
NE 188th St Non-Motorized Imp	421,005	56,372			
North Creek Field 3	74,950				
North Creek Trail Section 4	671,107	228,489			
Park at Bothell Landing	143,117				
Park at Bothell Landing Bridge Replacement	566,643	1,765,148			
Park Master Planning	32,687				
Pop Keeney Road	225,449				
Safety Upgrade & Replacement Program	9,750				
Sammamish River Bridge Retrofit	235,952	41,243			
SR 522 Stage 2B Improvements	102,672				
SR 522 Stage 3 Improvements Phase 1	8,263,773	18,321,187			
Stream Rockery Repair	21,935	46,956			
Total Governmental Activities	\$23,252,205	\$23,886,991			

Summary of Changes to Capital Assets

Description	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$67,456,592	\$4,521,716		\$71,978,308
Infrastructure right-of-way	81,833,639	54,969		81,888,608
Construction in progress	16,549,318	9,403,967	2,701,081	23,252,205
Total capital not being depreciated	\$165,839,550	\$13,980,652	\$2,701,081	\$177,119,121
Other capital assets:				
Buildings	\$18,187,999		\$20,910	\$18,167,089
Capital lease - City Hall	51,475,433			51,475,433
Improvements	88,251,663	1,814,373	204,731	89,861,305
Infrastructure	1,608,771,963	564,665		1,609,336,628
Intangible Asset	4,700,000			4,700,000
Work of art	140,936			140,936
Vehicles	10,422,129	579,269	661,260	10,340,138
Equipment	4,406,775	412,242	469,635	4,349,382
Total other capital assets at historical cost	\$1,786,356,898	\$3,370,549	\$1,356,537	\$1,788,370,910
Less accumulated depreciation for:				
Buildings	\$5,723,011	\$364,013	\$7,319	\$6,079,706
Capital lease - City Hall	3,603,280	1,029,509		4,632,789
Improvements	36,641,880	4,527,437	126,695	41,042,623
Infrastructure	1,208,080,339	36,769,567		1,244,849,906
Intangible Asset	1,096,667	313,333		1,410,000
Work of art	13,570	5,847		19,417
Vehicles	5,916,938	940,680	650,241	6,207,377
Machinery & equipment	2,710,441	298,585	357,940	2,651,086
Total accumulated depreciation	\$1,263,786,126	\$44,248,972	\$1,142,194	\$1,306,892,904
Governmental activities capital assets, net	\$688,410,322	(\$26,897,771)	\$2,915,423	\$658,597,128
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$1,239,464	\$3,815,749	\$2,921,267	\$2,133,946
Infrastructure right-of-way	1,935,868			1,935,868
Land and improvements	285,302			285,302
Total capital not being depreciated	\$3,460,633	\$3,815,749	\$2,921,267	\$4,355,115
Other capital assets:				
Buildings	\$8,109,199	\$437,313		\$8,546,512
Intangible plant	411,179			411,179
Improvements	76,924,656	2,829,093	437,313	79,316,436
Vehicles	290,437	21,396		311,834
Machinery & equipment	2,092,738	35,509	28,842	2,099,404
Total other capital assets at historical cost	\$87,828,209	\$3,323,311	\$466,155	\$90,685,365
Less accumulated depreciation for:				
Buildings	\$1,396,980	\$253,707		\$1,650,687
Intangible plant	411,179			411,179
Improvements	27,111,204	2,278,397		29,389,601
Vehicles	211,301	12,067		223,368
Machinery & equipment	905,910	160,024	28,150	1,037,784
Total accumulated depreciation	\$30,036,574	\$2,704,194	\$28,150	\$32,712,619
Business-type activities capital assets, net	\$61,252,267	\$4,434,866	\$3,359,272	\$62,327,861

NOTE 7 - PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions, for the year 2019:

Aggregate Pension Amounts – All Plans	
Pension liabilities	(\$6,592,168)
Pension assets	\$11,288,765
Deferred outflows of resources	\$4,069,914
Deferred inflows of resources	(\$8,017,246)
Pension expense/expenditures	\$946,091

State Sponsored Pension Plans

Substantially, the City’s full-time and qualifying part-time employees participate in one of the following 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 state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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 by writing to:

Department of Retirement Systems Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

The DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov/.

PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the average of the member’s 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 1

Actual Contribution Rates	Employer	Employee*
January - June 2019:		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%
June - December 2019:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%

*For employees participating in JBM, the contribution rate was 12.26%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest- paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other

PERS Plan 2/3 benefits include duty and non- duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 2/3

Actual Contribution Rates	Employer 2/3	Employee 2*
January - June 2019:		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.83%	7.41%
June - December 2019:		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.86%	7.90%

*For employees participating in JBM, the contribution rate was 18.53% to 19.75%.

The City actual contributions were \$948,008 to PERS Plan 1 and \$1,448,655 to PERS Plan 2/3 for the year ended December 31, 2019.

PUBLIC SAFETY EMPLOYEES’ RETIREMENT SYSTEM (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full-time basis and:

- 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
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member’s 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member’s age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on year of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2019 were as follows:

PSERS Plan 2

Actual Contribution Rates	Employer 2/3	Employee 2*
January - June 2019:		
PSERS Plan 2	7.07%	7.07%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.38%	7.07%
June - December 2019:		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.14%	7.20%

The City actual contributions were \$17,786 to PSERS Plan 2 and \$12,246 to PERS Plan 1 for the year ended December 31, 2019.

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2019. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

LEOFF Plan 2

Actual Contribution Rates	Employer	Employee
January - June 2019:		
State and Local Governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%
July - December 2019:		
State and Local Governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%

The City actual contributions to the plan were \$863,232 for the year ended December 31, 2019.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2019, the state contributed \$72,959,897 to LEOFF Plan 2. The amount recognized by the City as its proportionated share of this amount is \$551,855.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) 2007-2012 Experience Study and 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018 to June 30, 2019, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were based on the RP-2000 report’s Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building- block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
Total	100%	

Sensitivity of the Net Pension Liability / (Asset)

The table below presents the City proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the City proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

Pension Plan	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$6,256,006	\$4,995,539	\$3,901,918
PERS 2/3	12,245,521	1,596,630	(7,141,488)
PSERS 2	58,718	(5,688)	(56,283)
LEOFF 1	(567,962)	(694,285)	(803,352)
LEOFF 2	(1,968,903)	(10,588,793)	(17,624,596)

Pension Plan Fiduciary Net Position

Detailed information about the State’s pension plans’ fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City reported a total pension liability of \$6,592,168 for its proportionate share of the net pension liabilities and a total pension asset of \$11,288,765 for its proportionate share of the net pension assets as follows:

Pension Plan	Liability (or Asset)
PERS 1	\$4,995,537
PERS 2/3	1,596,630
PSERS 2	(5,688)
LEOFF 1	(694,285)
LEOFF 2	(10,588,793)

The amount of the liability / (asset) reported above for LEOFF Plan 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows:

Pension Plan	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	(694,285)	(10,588,793)
State's proportionate share of the net pension asset associated with the employer	(4,696,124)	(6,934,241)
Total	(\$5,390,408)	(\$17,523,033)

At June 30, 2019, the City proportionate share of the collective net pension liabilities was as follows:

Pension Plan	Proportionate Share 6/30/2019	Proportionate Share 6/30/2018	Change in Proportion
PERS 1	0.129911%	0.127456%	0.002455%
PERS 2/3	0.164374%	0.158377%	0.005997%
PSERS 2	0.043737%	0.054126%	-0.010389%
LEOFF 1	0.035125%	0.036077%	-0.000952%
LEOFF 2	0.457065%	0.495674%	-0.038609%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Non-employer Allocations for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, the State of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the state of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.43 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2019, the City recognized pension expense as follows:

Pension Plan	Pension Expense
PERS 1	\$345,588
PERS 2/3	419,702
PSERS 2	9,349
LEOFF 1	(20,504)
LEOFF 2	191,956
Total	\$946,091

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PERS 1		
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		(\$333,744)
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	466,854	
Total	\$466,854	(\$333,744)

	Deferred Outflows of Resources	Deferred Inflows of Resources
PERS 2/3		
Differences between expected and actual experience	\$457,438	(\$343,267)
Net difference between projected and actual investment earnings on pension plan investments		(2,324,044)
Changes of assumptions	40,885	(669,893)
Changes in proportion and differences between contributions and proportionate share of contributions	548,829	(157,363)
Contributions subsequent to the measurement date	758,172	
Total	\$1,805,324	(\$3,494,566)

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSERS 2		
Differences between expected and actual experience	\$4,803	(503)
Net difference between projected and actual investment earnings on pension plan investments		(9,877)
Changes of assumptions	46	(3,057)
Changes in proportion share	882	(1,868)
Contributions subsequent to the measurement date	10,220	
Total	\$15,951	(\$15,305)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		(71,976)
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date		
Total	\$0	(\$71,976)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$761,958	(190,415)
Net difference between projected and actual investment earnings on pension plan investments		(2,171,034)
Changes of assumptions	17,444	(1,191,578)
Changes in proportion and differences between contributions and proportionate share of contributions	568,587	(548,630)
Contributions subsequent to the measurement date	433,795	
Total	\$1,781,784	(4,101,656)

Total of All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$1,224,201	(\$534,184)
Net difference between projected and actual investment earnings on pension plan investments		(4,910,674)
Changes of assumptions	58,376	(1,864,528)
Changes in proportion and differences between contributions and proportionate share of contributions	1,118,297	(707,861)
Contributions subsequent to the measurement date	1,669,042	
Total	\$4,069,914	(\$8,017,246)

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	PERS 1	PERS 2/3	PSERS 2	LEOFF 1	LEOFF 2	Total
2020	(\$73,676)	(\$648,730)	(\$1,639)	(\$16,718)	(\$572,948)	(\$1,313,711)
2021	(174,517)	(1,128,808)	(3,192)	(36,848)	(1,091,260)	(\$2,434,626)
2022	(62,278)	(465,012)	(1,993)	(13,371)	(498,713)	(\$1,041,367)
2023	(23,273)	(219,136)	(1,168)	(5,039)	(268,474)	(\$517,090)
2024		(41,798)	(255)		(94,517)	(\$136,570)
Thereafter		56,069	(1,326)		(227,756)	(\$173,013)
Total	(\$333,744)	(\$2,447,415)	(\$9,574)	(\$71,976)	(\$2,753,667)	(\$5,616,377)

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. Benefits and refunds of the Plan are recognized when due and payable in accordance with the terms of the Plan. There are three inactive plan members currently receiving benefits, and there are no active plan members.

Under State law, the Plan is provided an allocation of 25% of all moneys received by the State from taxes on fire insurance premiums, interest earnings, member contributions made prior to the inception of LEOFF, and the City contributions required to meet projected future pension obligations. In 2019, the fire insurance premium receipts amounted to \$66,452, which was sufficient to cover the 2019 expenses of \$60,711. It is the City’s opinion that it will be able to meet any future funding requirements. Beginning in 2019 the financial activity of the Firefighters’ Pension Plan is reported in the City’s general fund in governmental statements, as a result of GASB Statement No. 73 and No 84 (Refer Note 22). The City administers the pension plan, but it is funded 100% by a percentage of the tax on fire insurance premiums received annually from the state. Future fire insurance premium tax revenues are assumed to increase at the rate of 2.5% per year.

The City performed a non-standard study for the purpose of determining net pension liability of the Plan. The study assumed post-retirement benefit salary increase of 3.0% and mortality rates using the 2015 Social Security Life Table. As of December 31, 2019, the City had a net pension liability of \$55,236 as shown below which is included in the net pension liability of \$6,390,187 for governmental activities:

**Firefighter Pension Trust (LEOFF)
As of 12/31/2019**

Name	Age at 12/31/19	Life Expectancy 2016 Social Security Life Table	City’s Portion Annual Payments	Annual Increase Rate	Total Payments At Expectancy	Total Payments Present Value	Current Assets	Net Pension Asset (Liabilities)
Retiree A	74	11.8	\$21,099	2.5%	(\$285,487)	(\$213,327)		
Retiree B	96	2.66	23,680	2.5%	(64,304)	(60,216)		
Retiree C	76	10.58	14,337	2.5%	(171,211)	(131,848)		
Total			\$59,117		(\$521,002)	(\$405,390)	\$350,154	(\$55,236)

NOTE 8 - 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.

Government Activities	1/1/19	Increases	Decreases	12/31/19
Governmental funds	3,071,869	4,080,506	4,209,483	2,942,892
Total Compensated Absences	\$3,071,869	\$4,080,506	\$4,209,483	\$2,942,892

Business-Type Activities	1/1/19	Increases	Decreases	12/31/19
Enterprise funds	175,186	312,051	297,210	190,028
Total Compensated Absences	\$175,186	\$312,051	\$297,210	\$190,028

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 allow participants 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.

The City contributes a 3% match to the Police Officer’s Guild and Police Captain’s Union. Starting 2019, the City matches the contribution to Non-Represented employees based on a schedule of completed years of service. In 2019, the City’s contributions totaled \$334,744, and employee contributions totaled \$1,871,186.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

In 2019, the City continued to comply GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the second year. This statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment 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 single-employer defined benefit healthcare plan administered by the City, as required by the Revised Code of Washington (RCW Chapter 41.26).

Most medical coverage for eligible retirees is provided by one of the City’s medical insurance programs (AWC Benefits Trust and Northwest Firefighters Benefits Trust). Life insurance is provided by Unum Life Insurance. Under the authorization of the LEOFF Disability Board, reimbursements are made for other retiree medical expenses not covered by standard medical plan benefit provisions.

Membership

As of December 31, 2019, there were 15 LEOFF I retirees receiving these benefits. This is considered a closed group with no new eligible members.

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
Total	15

Funding Policy

Funding for LEOFF I 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. It is not administered through a qualifying trust, and therefore, no assets are accumulated. An internal service fund (Self-Insurance) accounts for the contributions and payments related to OPEB.

In 2019, the amount of benefit payment related to the participating retirees totaled \$143,953.

In implementing GASB Statement No. 75, the following changes since the prior valuation were implemented:

The City employed the Alternative Measurement Method (AMM) developed by the Office of the State Actuary (OSA) to measure the total OPEB liability. The AMM Tool was designed for local government entities in Washington State and covered members must be active in or retired from LEOFF 1. Employers must have less than 100 total LEOFF 1 members. The federal Patient Protection and Affordable Care Act levies a 40% excise tax on employers for the value of health plan costs that exceed certain thresholds. The excise tax impacts the medical inflation trend for these plans. The AWC actuarial study projects reaching the excise tax threshold in 2028. Under AMM, only the OPEB liability is calculated. There are no deferred outflows and inflows other than the deferred outflow for payments subsequent to the measurement date. The following table represents the OPEB amounts subject to the requirements of GASB Statement 75 for the year 2019:

OPEB Amounts – Single Plan	
Total OPEB liabilities	(\$6,092,981)
Deferred outflows of resources	76,335
OPEB expense/expenditures	(271,783)

The total OPEB liabilities are allocated between current and non-current liabilities in the Statement of Net Position of the basic financial statements. The amount of \$197,584, expected to be due within one year, is a current liability.

Actuarial Methods and Assumptions

Specific assumptions using the AMM Tool:

- Assumed any remaining active members will retire immediately following the measurement date. This assumption considered that over 99 percent of LEOFF 1 members are already retired and the remaining members are eligible to retire. This approach assumes that all liabilities are fully earned and the Service Cost equals zero. In other words, the Entry Age Normal Total OPEB Liability is by definition equal to the Present Value of Future Benefits, and therefore, there is no need to make an assumption with respect to Projected Salary Changes.
- Each cohort is assumed to be 100 percent male. As of the measurement date, over 98 percent of the eligible LEOFF 1 population is male. This assumption will be monitored in future versions of the AMM Tool.
- Selected four age-based cohorts for the AMM Tool based upon the overall distribution of the LEOFF 1 eligible population.
- Medical and long-term care costs were projected from June 30, 2018 to the measurement date of June 30, 2019 using the healthcare trend rates detailed in the 2018 LEOFF 1 Medical Benefits Actuarial Valuation Report.

Methodology	
Actuarial Valuation Date	6/30/19
Actuarial Measurement Date	6/30/19
Actuarial Cost Method	Entry Age
Amortization Method	Recognized Immediately
Asset Valuation Method	N/A
Assumptions	
<i>Discount Rate</i>	
Beginning of Measurement Year	3.87%
End of Measurement Year	3.50%
Inflation (Based on the CPI: Urban Wage Earners & Clerical Workers, Seattle-Tacoma-Bremerton, WA - All Items.)	
	2.75%
<i>Healthcare Trend Rates:</i>	
Medical Cost	Initial rate is about 6% trends down to about 5% in 2020's
Long-Term Care	4.50%
Medicare Part B Premiums	Approximately 5%, varies by year.
<i>Mortality Rates (assume 100% male population)</i>	
Bsdr Mottslity Table	PP-2000 Mortality Table +1 year Healthy/-2 years Disabled Blended 50%/50% Healthy/Disabled 100% Scale BB Generational
Age Setback	
Mortality Improvements	
Projection Period	
<i>Medicare Participation Rate</i>	100%

Changes of assumptions

For OPEB plans without trust, GASB 75 requires the discount rate to be based on a yield for 20-year tax-exempt, high-quality municipal bond rate with an average rating of AA/Aa or higher. This resulted in a 3.87 percent discount rate as of June 30, 2018 and 3.5 percent measured June 30, 2019.

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare trend

The following table represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage-point higher than the current discount rate.

Total OPEB Liability	1% Decrease (2.5%)	Current Rate (3.5%)	1% Increase (4.5%)
Discount Rate	\$6,769,291	\$6,092,981	\$5,517,112

The following table represents the total OPEB liability of the City for healthcare is based upon assumptions in the 2018 LEOFF 1 Medical Benefits Actuarial Valuation Report.

Total OPEB Liability	1% Decrease	Current Rate	1% Increase
Healthcare Trend	\$5,541,302	\$6,092,981	\$6,726,023

Change in Total OPEB Liability

Plan Name	A Single-Employer Defined Benefit - No Qualifying Trust
Net adjustment to OPEB Expense at 12/31/2019	
Beginning OPEB liability (GASB 75)	(6,508,717)
Deferred outflows - reverse 2018 subsequent to the measurement date 7/1/18-12/31/18	88,709
Total OPEB liability at 6/30/2019	6,092,981
Deferred outflows - 2018 subsequent to the measurement date 7/1/18-12/31/18	(76,335)
Net adjustment to OPEB expense at 12/31/2019	(403,362)

At December 31, 2019, the City reported deferred outflows of resources related to OPEB from the following source:

Deferred Outflows of Resources	
Payments subsequent to the measurement date	\$76,335
Total	\$76,335

The deferred outflows of resources amount of \$76,335 will be recognized as an expense in the period ending December 31, 2020.

OPEB Expense for Fiscal Year Ending

Net adjustment to OPEB expense at 12/31/2019	(403,362)
Deferred outflows - reverse 2018 subsequent to the measurement date 7/1/18-12/31/18	(88,709)
Deferred outflows - 2019 subsequent to the measurement date 7/1/19-12/31/19	76,335
Benefit payments for year 2019	143,953
OPEB expense	(271,783)

NOTE 10 - CONTINGENCIES

In the government-wide statements, arbitrage earnings liability is accrued as it is earned, and is expensed at year-end. In 2019, the City had no arbitrage excess earnings liability.

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.

NOTE 11 - RISK MANAGEMENT

The City of Bothell is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 160 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, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually. Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims

investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, 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. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, 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 Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

In the past 13 years insurance settlements have not exceeded insurance coverage.

NOTE 12 - 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.

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.

In 2019, the City did not authorize budgetary transfer between governmental activities and business activities.

Interfund Transfers

Description	General Fund	Street Fund	Arterial Street Fund	LIFT GO Bond Fund	2013 GO Bond Fund	Capital Improvements Fund	Self Insurance Fund	Asset Replacement Fund	Total Transferred Out
General Fund							143,953	894,205	1,038,158
Street Fund						2,683,508			2,683,508
Arterial Street Fund						2,423,815			2,423,815
Park Cumulative Reserve Fund						2,001			2,001
Public Safety Levy Fund						26,424			26,424
Capital Improvement Fund	55,873			998,850	696,063				1,750,786
Water Fund						81,334			81,334
Sewer Fund						77,338			77,338
Storm & Surface Water Fund						253,894			253,894
Equipment Rental Fund								1,082,774	1,082,774
Total Transferred In	\$55,873	\$0	\$0	\$998,850	\$696,063	\$5,548,313	\$143,953	\$1,976,979	\$9,420,031

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.

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 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. Bond 2013A was paid off in 2017. The 2013B’s outstanding balance at the end of 2019 is \$7,355,000.

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.

2019 Unlimited Tax GO Bonds (Public Safety Bonds)

In December 2019, the City issued 20-year Unlimited Tax General Obligation Bonds for principal of \$23,235,000 and premium of \$2,519,316. The Bonds are for the purpose of paying the costs of constructing, reconstructing, renovating and equipping two fire stations and related capital improvements.

2014 Lease Revenue Bonds

In 2014, COB Properties (COB), a Washington nonprofit corporation, issued \$49,625,000 COB Properties Lease Revenue Bonds for the City of Bothell City Hall

Project. The bonds were issued by COB on behalf of City of Bothell pursuant to IRS Revenue Ruling 63-20 and 82-26. The City leased land to COB for construction of the new City Hall and the COB leases the premises to the City. Proceeds of the bonds were used for construction of the City Hall and parking garage. Bond principal and interest payments are the responsibility of COB. Lease payments made by the City will pay debt service of the Bonds. COB is a single purpose entity and not a governmental unit. It has no taxing power and no source of funds to pay debt service on the bonds other than the lease payments from the City of Bothell.

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 with an annual principal payment of \$447,123.

Public Works Assistance (PWA) Loan

Bothell has a PWA loan 98-791-007 \$1,890,000 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. 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. In 2019, the 20-year loan was paid off.

Public Works Trust Fund (PWTF) Construction Loan

In 2012, the City was awarded an \$800,000 construction loan (PC13-961-060) with 20-year maturity for Horse Creek enhancement project. The City finalized the project in 2016. This loan is a revenue obligation of the Storm & Surface Water Fund. The City began spending down the monies in 2014 and annual principal payment is \$45,516.

Public Works Assistance (PWA) Loan

In 2017, the City was received a loan of \$125,000 from Snohomish County to fund installation of crosswalks with rectangular rapid flashing beacons within the City’s various locations. The outstanding balance at the end of 2019 was \$103,758.

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. The outstanding balance at the end of 2019 was \$15,130,000.

Interfund Loans

In November 2018, voters approved two proposition measures, Public Safety Levy and Public Safety Capital Bond, to increase public safety service levels and replace two aging fire stations.

In February 2019, City Council authorized an interfund loan in the amount of \$2,000,000 to provide interim financing until property tax levy and bond proceeds could be collected. The Water and Sewer Funds provided the short-term financing.

The interfund loans bore interest at the Washington State Local Government Investment Pool (LGIP) rate until repaid. The loans were redeemed by end of 2019.

Interfund Loan

Borrower Fund	Lender Fund	Principal Amount	Interest
Public Safety Levy Fund	Water Fund	95,506	556
Public Safety Capital Fund	Sewer Fund	194,310	1,445

Debt Service requirements to maturity

Year	GO Bond 2013 B		GO 2014 LIFT Bond		PWTF Loan		Public Safety Bonds		Snohomish County PWF		CH Lease Revenue Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
Governmental Activities													
2020	415,000	283,463	765,000	1,231,850	447,123	13,414	740,000	879,139	12,970	1,158	1,365,000	1,888,115	8,042,230
2021	425,000	271,013	795,000	1,200,650	447,123	12,296	780,000	847,050	12,970	1,362	1,510,000	1,813,844	8,116,308
2022	440,000	258,263	835,000	1,163,875	447,123	11,178	820,000	808,050	12,970	1,167	1,590,000	1,737,594	8,125,219
2023	450,000	245,063	875,000	1,121,125	447,123	10,060	860,000	767,050	12,970	973	1,665,000	1,658,468	8,112,831
2024	470,000	227,063	920,000	1,076,250	447,123	8,942	905,000	724,050	12,970	778	1,750,000	1,575,427	8,117,603
2025-2029	2,080,000	837,313	5,355,000	4,623,875	2,235,615	27,945	5,245,000	2,895,250	38,909	1,167	10,125,000	6,506,403	39,971,478
2030-2034	3,075,000	367,125	6,875,000	3,102,625	894,246	3,353	6,430,000	1,708,650			12,245,000	4,380,721	39,081,720
2035-2039			8,835,000	1,668,875			7,455,000	684,150			14,810,000	1,546,463	34,999,488
Subtotal	\$7,355,000	\$2,489,301	\$25,255,000	\$15,189,125	\$5,365,477	\$87,190	\$23,235,000	\$9,313,389	\$103,758	\$6,606	\$45,060,000	\$21,107,034	\$154,566,877

Year	2014 Revenue Bond		PWTF Loan		Totals
	Principal	Interest	Principal	Interest	
Business-Type Activities					
2020	750,000	561,719	45,516	1,479	1,358,714
2021	780,000	531,719	45,516	1,365	1,358,600
2022	815,000	492,719	45,516	1,252	1,354,487
2023	855,000	451,969	45,516	1,138	1,353,623
2024	900,000	409,219	45,516	1,024	1,355,759
2025-2029	5,090,000	1,461,038	227,581	3,415	6,782,034
2030-2034	5,940,000	611,881	136,885	683	6,689,449
Subtotal	\$15,130,000	\$4,520,265	\$592,046	\$10,355	\$20,252,666

Total **\$174,819,543**

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 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 \$11,415,273,674.

Item	Total				Total Capacity
	Without a Vote		With a Vote of the People		
	1.5%	2.5%	1.0%	2.5%	
Regular levy assessed value less annexations	\$11,415,273,674				
Legal limit	\$171,229,105	\$114,152,737	\$285,381,842	\$285,381,842	\$856,145,526
Outstanding net debt	86,645,530	25,754,362			112,399,891
Margin available	\$84,583,576	\$88,398,375	\$285,381,842	\$285,381,842	\$743,745,634

Changes in Long-Term Liabilities

Description	Beginning Balance 1/01/2019	Additions	Reductions	Ending Balance 12/31/2019	Due Within One Year
Governmental Activities					
GO 2013 B Bond	\$7,755,000		\$400,000	\$7,355,000	\$415,000
GO 2013 A&B Bond Premium	341,427		22,762	318,665	22,762
GO 2014 LIFT Bond	25,995,000		740,000	25,255,000	765,000
GO 2014 LIFT Bond Premium	1,709,676		85,484	1,624,193	85,484
GO Public Safety Bonds		23,235,000		23,235,000	740,000
GO Public Safety Bonds Premium		2,519,362		2,519,362	125,968
PWTF Loan PC12-951-022	5,812,600		447,123	5,365,477	447,123
Sno. County Safe School Crossing Loan	55,542	54,388	6,171	103,758	12,970
COB Lease Revenue Bonds	46,375,000		1,315,000	45,060,000	1,365,000
COB Lease Revenue Bonds Premium	1,641,609		78,172	1,563,437	78,172
OPEB/LEOFF	6,508,717		415,736	6,092,981	197,584
Compensated Absences	3,071,869	4,080,506	4,209,483	2,942,892	2,942,892
Pension	7,962,133	6,348,358	7,920,304	6,390,187	
Pollution Remediation	3,650,000		1,554,000	2,096,000	1,745,000
Subtotal	\$110,878,573	\$36,237,613	\$17,194,234	\$129,921,951	\$8,942,955
Business-Type Activities					
PWTF Loan PC 13-961-060	\$637,562		\$45,516	\$592,046	\$45,516
Combined Utility Revenue Bonds 2014	15,850,000		720,000	15,130,000	750,000
Combined Utility Revenue Bonds 2014 Premium	996,683		63,281	933,401	63,281
Pension	476,741	257,217	476,741	257,217	
Compensated Absences	175,186	312,051	297,210	190,028	190,028
Subtotal	\$18,136,171	\$569,268	\$1,602,748	\$17,102,691	\$1,048,825
Total	\$129,014,744	\$36,806,881	\$18,796,983	\$147,024,643	\$9,991,779

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$32,831 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund and internal service funds respectfully and pollution remediation paid by capital project fund.

Capital Related Long-Term Liability

Description	Date of Issue	Date of Final Maturity	Interest Rates	Amount of Original Issue	Balance 1/1/2019	Issued	Redeemed	Balance 12/31/2019	Due Within One Year
Governmental Activities									
GO 2013 B Bond	6/25/13	12/1/33	3.0-4.5%	\$8,145,000	\$7,755,000		\$400,000	\$7,355,000	\$415,000
GO 2013 A&B Bond Premium	6/25/13	12/1/33	3.0-4.5%	455,236	341,427		22,762	318,665	22,762
GO 2014 LIFT Bond	1/3/14	3/1/39	2.0-5.0%	28,210,000	25,995,000		740,000	25,255,000	765,000
GO 2014 LIFT Bond Premium	1/3/14	3/1/39	2.0-5.0%	2,137,096	1,709,676		85,484	1,624,193	85,484
GO 2019 Public Safety Bonds	12/3/19	12/1/39	3.0-5.0%	23,235,000		23,235,000		23,235,000	740,000
GO 2019 Public Safety Bonds Premium	12/3/19	12/1/39	3.0-5.0%	2,519,362		2,519,362		2,519,362	125,968
PWTF Loan PC12-951-22	6/1/12	6/1/31	0.25%	8,000,000	5,812,600		447,123	5,365,477	447,123
COB City Hall Lease Revenue Bonds	7/1/14	12/31/39	3.6-5.0%	49,625,000	46,375,000		1,315,000	45,060,000	1,365,000
COB City Hall Lease Revenue Bonds Premium	7/1/14	12/31/39	3.6-5.0%	1,954,296	1,641,609		78,172	1,563,437	78,172
Sno. County Safe School Crossing Loan	2/27/17	2/26/27	1.50%	125,000	55,542	54,388	6,171	103,758	12,970
Subtotal				\$124,405,989	\$89,685,854	\$25,808,749	\$3,094,712	\$112,399,891	\$4,057,478
Business-Type Activities									
Combined Utility Revenue Bonds 2014	10/8/14	10/8/34	2.63-5.0%	18,355,000	15,850,000		720,000	15,130,000	750,000
Combined Utility Revenue Bonds 2014 Premium	10/8/14	10/8/34	2.63-5.0%	1,265,629	996,683		63,281	933,401	63,281
PWTF Loan PC13-961-060	6/1/13	6/1/32	0.25%	800,000	637,562		45,516	592,046	45,516
Subtotal				\$20,420,629	\$17,484,245		\$828,798	\$16,655,447	\$858,797
Total				\$144,826,618	\$107,170,098	\$25,808,749	\$3,923,509	\$129,055,338	\$4,916,276

NOTE 14 - IMPACT FEES**Park Impact Fees**

Since 1997, per the City's Municipal Code, Park impact fees have been accounted for separately in a Special Revenue Fund titled Park Cumulative Reserve. The monies remain in the Special Revenue Fund until they are transferred to the City's Capital Improvements Fund for appropriation towards park capital projects. Park impact fees are recognized as revenue when the development commences. As of December 31, 2019, park impact fee fund balance totaled \$3,373,942.

Traffic Impact Fees

Traffic impact fees are recognized as 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 until the City Council appropriates the monies toward approved capital improvement projects. As of December 31, 2019, traffic impact fund balance totaled \$5,357,161.

Fire Impact Fees

In 2017, fire impact fees were enacted to ensure new development bears a share of the cost of capital facilities to accommodate new growth. Funds are used solely for capital improvements within the fire impact fee service areas. Funds are expended on a "first in/first out" accounting basis. At end of 2019, the City has cumulated fire impact fees \$272,264 to support capital project needs.

NOTE 15 - 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 No. 49 and records those expenditures accordingly.

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

Beginning in 2010, the City purchased properties for a downtown revitalization plan. As of December 31, 2019, the City has seven sites that constitute pollution remediation obligations. All sites are subject to capitalization, and all expenditures have been recorded according to GASB Statement No. 49.

The 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.
- 5) Bothell Ultra Custom Cleaners (aka Case) – Contaminated with chlorinated solvents in soil and groundwater.
- 6) Northshore School District – Contaminated with petroleum in soil and groundwater. The City is enrolled in Department of Ecology’s Voluntary Clean-up Program. 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. Additional cleanup may be pursued under The Pollution Liability Insurance Agency (PLIA), as directed by the City manager.
- 7) Bothell Service Center (aka BSC)** – Contaminated with chlorinated solvents in soil and groundwater.
- 8) Schuck’s/O’Reilly (aka Wexler) – Contaminated with petroleum in soil+ groundwater and chlorinated solvents groundwater (comingled BSC plume).

*Four of these sites lie in the pathway of the 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.

**One of the sites lies in the pathway of the Main Street extension and was acquired with known or suspected pollution that was expected to be remediated. This parcel was initially enrolled in the Voluntary Clean-Up Program and was consequently enrolled in a consent decree for clean-up. The Wexler site is commingled with BSC site, and was thus incorporated into the BSD CD via an amendment

Site	Beginning Balance	2019 Costs	FuturePetroleum	FutureSolvents	Total
*Bothell Landing	1,289,784	27,049	112,000		1,428,833
*Bothell Riverside	1,335,130	96,931		385,000	1,817,061
*Bothell Paint & Decorating	943,537	32,124	192,000		1,167,662
*Former Hertz	885,877	46,686	224,000		1,156,563
McDonald's	11,116	52,531			63,647
Northshore School District	2,708,824	2,477,064	258,000		5,443,887
Bothell Ultra Custom Cleaners (Case)	1,471,691	109,197		650,000	2,230,888
**Bothell Service Center(Up-gradient Solvent Sources)	4,483,868	1,429,345		1,368,000	7,281,213
Other Sites	263,204	16,956			280,160
116th Partners Group	35,659	1,934			37,593
Schuck’s/O’Reilley (Wexler)	260,527	206,208	1,310,000		1,776,735
Unassigned (overall program review)	218,062	13,543			231,605
Total	13,907,278	4,509,568	2,096,000	2,403,000	22,915,847

In accordance with GASB Statement 49, future petroleum costs are presented as long-term liabilities. Future solvents, which require longer cleanup time, do not meet the criteria of pollution and remediation obligation under GASB Statement 49, and therefore, are not considered long-term liabilities. (See Note 13.)

Site	2019 Capitalized Costs	2019 Future Costs (Liabilities)
*Bothell Landing	27,049	112,000
*Bothell Riverside	96,931	
*Bothell Paint & Decorating	32,124	192,000
*Former Hertz	46,686	224,000
116th Partners Group (Clean)	1,934	
McDonald's	52,531	
Northshore School District	4,213,909	258,000
Safeway	16,956	
Schuck's/O'Reilly (Wexler)		1,310,000
Total	4,488,121	2,096,000

NOTE 16 - LEASES

Operating Leases

The City has one operating lease, the 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. As of December 2019, the monthly lease payment was \$6,799.

Capital Lease

The City leases Bothell City Hall from COB Properties (COB) under a capital lease arrangement. In 2015, in compliance with GAAP, the City recorded capital lease asset at the present value of future minimum lease payments as of the inception date.

The asset (City Hall) acquired through capital lease is as follows

Asset	Governmental Activities
City Hall Building	\$51,475,433
Less: Accumulated depreciation	(4,632,789)
Total	\$46,842,644

The present value of the future minimum lease obligations:

Years Ending December 31	Capital Lease
2020	3,253,115
2021	3,323,844
2022	3,327,594
2023	3,323,615
2024	3,325,427
Thereafter	49,613,440
Total	\$66,167,035

NOTE 17 - BLENDED COMPONENT UNIT

COB is a non-profit corporation created in 2014 pursuant to Internal Revenue Service Ruling 63-20, and issued \$49,625,000 lease revenue bonds for the City Hall Project. Its sole purpose was to finance, construct and lease the city hall and parking garage to the City under a capital lease arrangement. Capital lease payments from the City are the single source to pay debt service on the bonds. As part of the capital lease agreement, the City pays monthly maintenance and asset management fees to COB.

In accordance with GAAP, the audited financial statements of this blended component unit are reported as an internal service fund in the City's combining financial statements.

NOTE 18 - 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, 2019, 257 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, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and 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. In 2019, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. 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 two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns.

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"). In 2019, the retiree medical plan subsidy was eliminated, and is noted as such in this report. 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.

NOTE 19 - JOINT VENTURES AND OPERATIONS

A Regional Coalition for Housing (ARCH)

In November 1992, the City of Bothell joined the Cities of Kirkland, Bellevue, Redmond, and King County to establish A Regional Coalition for Housing (ARCH). The agreement was recently amended in 2010. Since its inception, King County, the Cities of Redmond, Bellevue, Kirkland, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Mercer Island, Newcastle, Sammamish, Woodinville, Yarrow Point, and Beaux Arts Village joined ARCH.

ARCH's purpose is to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing for low and moderate-income households by combining public funding with private sector resources. ARCH assists member governments in developing housing policies, strategies, programs, and development regulations; identifies and prioritizes projects which the member cities fund directly through their own grants, Community Development Block Grants and US Department of Housing and Urban Development's (HUD) grants.

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

Each member city provides operating funding and contributes operating revenues as specified in the annual budget for ARCH. Contributions from the member cities are based on each member's population. Contributions by member agencies are held in the ARCH Housing Trust Fund Account and dispersed by the Administering Agency for approved projects. Members may withdraw from the ARCH agreement by giving one year's written notice to the Executive Board, by December 31st of any year, of its intention to terminate, effective December 31st of the following year. Members remain legally and financially responsible for any obligation incurred while a member of ARCH. Upon dissolution, the agreement provides for distribution of all property and assets among the members based on the percentage of the total annual contributions during the period of the agreement paid by each member. The City's share of assets is deemed immaterial and thus is not reflected in the financial statements.

In 2019, the City's contributions totaled \$136,811.

Budget monitoring information can be obtained from ARCH, c/o Art Sullivan, 16225 NE 87th Street, A-3, Redmond, WA 98052. 0911, Bellevue. WA 98015-0911.

eCityGov Alliance

On March 25, 2002, the City of Bellevue City Council unanimously adopted a resolution establishing the eCityGov Alliance between the City of Bellevue and the Cities of Bothell, Issaquah, Kenmore, Kirkland, Mercer Island, Sammamish and Snoqualmie. Since then, additional cities and agencies have joined. The Alliance establishes on-line services through a jointly operated internet portal. In 2014 eCityGov Alliance became a non-profit corporation. Expenditures consist of

capital and operations costs as specified in the budget adopted by the eCityGov Alliance Executive Board, and Bellevue's administrative costs associated with performing duties as the Alliance's fiscal agent. Revenues consist of annual membership fees from the members of the eCityGov Alliance. In 2019, the City of Bothell paid dues totaling \$42,654. The interlocal agreement may be terminated if Principals holding at least 66% of the weighted vote of all of the Principals are in concurrence. Upon termination, all property acquired shall be disposed of as follows: (1) property contributed without charge by any member shall revert to the contributor; (2) all property purchased after the effective date of the interlocal agreement shall be distributed to the Principals based upon each Principal's proportional ownership interest at the time of the sale of the property. The City's share of assets is deemed immaterial and thus not reflected in the financial statements.

Budget monitoring information may be obtained from City of Bellevue, Information Technology Department, c/o Tarik Rahmani, P.O. Box 90012, Bellevue, WA 98009.

North East King County Regional Public Safety Communications Agency (NORCOM)

In November 2007, the City of Bothell, with the Cities of Bellevue, Kirkland, Clyde Hill, Medina, Mercer Island, and Snoqualmie, along with Eastside Fire and Rescue, King County Fire Protection Districts 27 and 45, King and Kittitas County Fire Protection District 51, Northshore Fire Department, Shoreline Fire Department, and Woodinville Fire and Life Safety District entered into an interlocal agreement to establish and maintain a consolidated emergency service communications center to the public for emergency medical services, fire and law enforcement. Prior to the interlocal agreement, the formation efforts were carried out under a Joint Powers Agreement originally approved in 2005 and amended in 2006 and 2007. On July 1st, 2009, the separate dispatch operations of the Cities of Bellevue and Kirkland were combined and began operating as the North East King County Regional Public Safety Communications Agency (or NORCOM).

The Bothell Police Department provides emergency service communications and dispatching services for its law enforcement personnel. Bothell and NORCOM are each Public Safety Answering Points (PSAP) for the purposes of the E9-1-1 system, which requires that each PSAP have a backup agency to provide emergency communications and dispatch services in the event of a disruption in the PSAP's abilities to provide those services at its own primary facility. NORCOM serves as backup facilities for the Bothell Police Department.

NORCOM includes 911 telephone answering, computer aided dispatch of fire, police and EMS resources, public safety field technology and a records management system. Operating revenues are provided by user fees charged to each member based on average call volume. In 2019, the City of Bothell paid \$367,660 for NORCOM services.

Additional financial information can be obtained from NORCOM, c/o Gwen Pilo, Finance Manager, P.O. Box 50911, Bellevue. WA 98015-0911.

Hazardous Materials Unit and Response Team (HazMat)

In January 1984, the City of Bothell joined the cities of Bellevue, Kirkland, Redmond, and King County Fire Protection Districts 16 and 36 to form a Hazardous Materials Unit and Response Team (HazMat). In December 1991, the agreement was modified to designate the City of Bellevue as the lead agency. Current members are the cities of Bellevue, Kirkland, Redmond, Bothell, Snoqualmie, and Duvall along with Eastside Fire & Rescue, Woodinville Fire & Life Safety, and King County Fire District 27.

The HazMat unit provides equipment and personnel for the management of hazardous material incidents as a normal function of fire protection services. The HazMat team is governed by a Joint Board comprised of the Fire Chiefs of the member agencies plus one member from the HazMat team. The Joint Board is responsible for formulating policy, establishing annual budgets, and acquiring, holding, and disposing of real and personal property. With the exception of the member from the HazMat team, each representative on the Joint Board has a vote on all matters.

The City of Bellevue has the administrative authority for operations conducted pursuant to the agreement and provides administrative and secretarial support to the Joint Board. Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the agreement provides for distribution of assets among the members based on the percentage of the total annual charges paid by each member over the life of the agreement. The City's share of assets is deemed immaterial and thus is not reflected in the financial statements. Operating revenues are provided by an annual charge assessed each member's property values and number of emergency incidents. The City of Bothell's assessment was \$10,210 in 2019.

Budget monitoring information can be obtained from Eastside Hazardous Materials Joint Board, c/o Babette Bechtold, Bellevue Fire Department, 450 110th Ave NE, Bellevue, WA 98004.

Sound Cities Association (SCA)

In 1970, Sound Cities Association (SCA) was formed to help cities act locally and partner regionally to create vital, livable communities through advocacy, education, leadership, mutual support and networking. The City of Bothell is among 38 cities represented by SCA having a population less than 150,000. The SCA Board of Directors oversees the general activities of the Association, and governs the organization by establishing broad policies and objectives for SCA. Operating revenues are provided by membership dues based on population. Upon dissolution of SCA, any funds or assets shall be distributed to member cities and towns pursuant to the same formula used to determine membership dues. The City's share of assets is deemed immaterial and thus is not reflected in the financial statements. The City of Bothell's dues were \$17,979 in 2019.

For additional information contact Deanna Dawson, Executive Director, deanna@soundcities.org.

North Sound Metro SWAT

In 2013, City of Bothell joined the North Sound Metro Special Weapons and Tactics (SWAT) Crisis Negotiating Team, which is a regional team made up of the following cities: Edmonds, Kirkland, Lake Forest Park, Lynnwood, Mill Creek, Monroe, Mountlake Terrace, Redmond, and Mukilteo. The Executive Board is comprised of the Police Chiefs of all participating cities. The Board reviews and approves changes and updates to the SWAT Policy and Procedures Manual and gives approval and direction on operational matters. Operating revenues are provided by contributions from the participating cities based on population. Upon termination of the SWAT team, any funds or jointly purchased assets will be distributed to the participating cities. The City's share of assets is deemed immaterial and thus is not reflected in the financial statements. The City of Bothell's dues were \$4,868 for 2019.

Budget monitoring information can be obtained from Assistant Chief Jim Lawless, City of Edmonds, 250 5th Ave North, Edmonds, WA 98020.

NOTE 20 - GOVERNMENTAL FUND BALANCES AND RECONCILIATION TO THE NET POSITION

Governmental fund balances are classified as either spendable or non-spendable. Spendable fund balances are further categorized as restricted, committed, assigned, and unassigned. Restricted amounts are constrained to specific purposes by higher levels of government (such as Federal or State), grantors, bondholders, constitutional provisions or enabling legislation. Committed amounts are amounts specified by the government itself (City Council), and cannot be used for any other purpose than specified by the City Council through resolution. Assigned amounts reflect an intent by the local government (City Council), to use for a specific purpose and delegates the authority to an official or body of the government. Unassigned amounts are available for any purpose of the government with only positive amounts that should be reported in the General Fund.

An itemization of designated fund balance categories from the Governmental Funds Balance Sheet is shown below:

**Fund Balance for Governmental Funds
December 31, 2019**

	General	Special Revenue Fund	Major Capital Projects Fund		Nonmajor	Total
		Arterial Street	Capital Improvements	Public Safety Capital	Governmental Funds	Governmental Funds
Fund Balances:						
Restricted for:						
Parks donations	\$10,772					\$10,772
Police donations	53,707					53,707
Fire donations	55,701					55,701
Tourism	361,458					361,458
Tourism capital	272,471					272,471
Fire Pension (from Fund 604)	350,154					350,154
Transportation		5,357,161				5,357,161
Parks and recreation					3,373,942	3,373,942
Capital projects			6,597,820	25,281,015		31,878,836
Street maintenance					1,521,086	1,521,086
Drug forfeitures	11,035				108,514	119,549
Fire impact fees					272,264	272,264
Public safety levy					2,343,353	2,343,353
Cemetery services					16,321	16,321
Committed to:						
Advance travel	15,000					15,000
Imprest funds	1,750					1,750
Cemetery services					67,692	67,692
Assigned to:						
Capital projects	1,711,130					1,711,130
Unassigned:	7,281,206					7,281,206
Total	\$10,124,384	\$5,357,161	\$6,597,820	\$25,281,015	\$7,703,172	\$55,063,553

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The elements of the reconciliation consist of all the noncurrent financial resources and therefore are not reported in the governmental funds as below:

- Capital assets
- Long-term outstanding debts
- Pension/OPEB assets/liabilities/deferred outflows/inflows
- Pollution remediation liabilities
- Compensated absences liabilities
- The assets and liabilities of internal service funds include in governmental activities in the statement of net position

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Gov fund bal convert to Gov wide net position	Fund Balance for Governmental funds					Governmental Funds	Net Position of Governmental Activities								Net Position	
	General	Arterial Street	Capital Improvements	Public Safety Capital	Other Governmental		Capital Assets	GO bond	PWTF Loan	Comp absences	OPEB	Pollution Liability	Pension Assets/Liabilities	Deferred Outflows/ Inflows - Pension		Internal Service Funds
Invest in capital net of debt							658,597,128.04	(81,427,508.30)	(5,469,234.86)							571,700,384.88
Restricted																
Net pension assets												11,288,765.00				11,288,765.00
General	754,108.28					754,108.28										754,108.28
Pension	350,154.38					350,154.38										350,154.38
Transportation		5,357,161.42				5,357,161.42										5,357,161.42
Parks and recreation					3,373,942.08	3,373,942.08										3,373,942.08
Capital projects			6,597,820.46	25,281,015.35		31,878,835.81		(25,503,147.98)								6,375,687.83
Street maintenance					1,521,086.49	1,521,086.49										1,521,086.49
Drug Forfeitures	11,035.00				108,513.81	119,548.81										119,548.81
Fire impact fees					272,263.52	272,263.52										272,263.52
Public safety levy					2,343,352.53	2,343,352.53										2,343,352.53
Cemetery services					16,321.00	16,321.00										16,321.00
Unrestricted	9,009,086.31				67,692.33	9,076,778.64				(2,942,892.41)	(6,092,981.00)	(2,096,000.00)	(6,390,186.62)	(2,901,807.60)	1,462,314.84	(9,884,774.15)
Total	10,124,383.97	5,357,161.42	6,597,820.46	25,281,015.35	7,703,171.76	55,063,552.96	658,597,128.04	(106,930,656.28)	(5,469,234.86)	(2,942,892.41)	(6,092,981.00)	(2,096,000.00)	4,898,578.38	(2,901,807.60)	1,462,314.84	593,588,002.07

NOTE 21 - TAX ABATEMENT

Tax abatement is a reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which: a) one or more governments promise to forgo tax revenues to which they are otherwise entitled, and b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City of Bothell, itself, does not have any tax abatement agreements with other entities or individuals. However, the State of Washington provides various tax abatement programs that reduce the amount of tax revenues that flow through to the local jurisdictions. In 2019, the Department of Revenue provided tax abatement programs to biotechnology and high-technology entities within the city limits which reduced the City's sales tax revenues by \$151,840 and \$327,508 respectively. The Department of Revenue's reported figures are estimates based upon calendar year 2017 as a proxy for fiscal year 2019.

Additional information regarding the state tax abatement programs can be found on the Department of Revenue's website: <https://dor.wa.gov/doing-business/information-local-governments/governmental-accounting-standards-board-gasb-statement-no-77>

NOTE 22 - ACCOUNTING AND REPORTING CHANGES

Change in accounting principle

Beginning in 2019, the Firefighter's Pension Fund is reported in the City's general fund in governmental statements as a result of GASB Statement No. 73. It was previously reported in the fiduciary fund statements under GASB Statement No. 68. The pension standards in GASB Statement No. 68 are applicable only to pension plans that are administered through trusts or equivalent arrangements in which:

- a. Contributions from employers to the pension plan and earnings on those contributions are irrevocable.
- b. Pension plan assets are dedicated to providing pensions to plan members in accordance with benefit terms.
- c. Pension plan assets are legally protected from the creditors of employers, the plan administrator and plan members.

In re-evaluation of the Firefighter's Pension Plan, the Plan does not meet the requirement "a" that the contributions and earning on the contributions are irrevocable and "c" that assets be legally protected from the creditors of employers, the plan administrator and plan members. Therefore, the assets are not accumulated in a qualifying trust or equivalent arrangement as required for GASB 68 reporting purposes.

In 2019, complying with GASB 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68, the financial activities are merged within the General Fund. As result of the change, the Statement of Activities reflects a restatement of \$344,413 for the Firemen's Pension Reserve.

GASB implementation

Effective for fiscal year 2019 reporting, the City adopted GASB Statement No. 84 Fiduciary Activities. The primary objective of this Statement is to enhance the consistency and comparability for fiduciary activity reporting by state and local governments. Also, it is intended to improve the usefulness of information for assessing the accountability of governments in their roles as fiduciaries.

Activities that should be reported in fiduciary funds consist of the following (GASB 84 paragraph 15-18):

- Pension/OPEB
- Investment trust funds
- Private-purpose trust funds
- Custodial funds

The City conducted a thorough research and concluded that no activity meets the fiduciary fund reporting. The pension trust and agency fund that were previously reported as fiduciary funds are now combined in the General Fund.

NOTE 23 - SUBSEQUENT EVENT

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new strain of coronavirus (COVID-19). In the weeks following the declaration, precautionary measures to slow the spread of the virus had been ordered. These measures included closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they were leaving for an essential function.

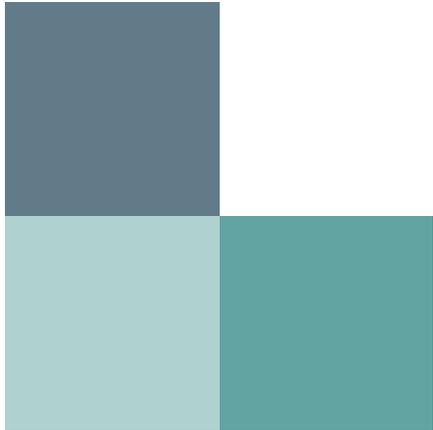
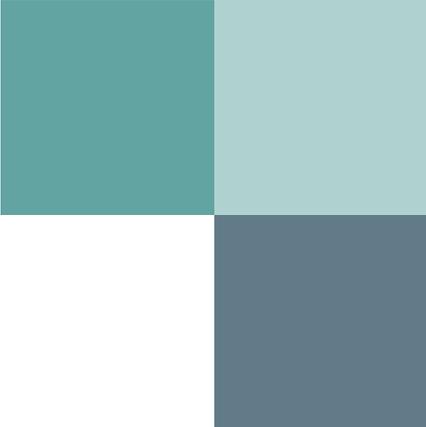
The City is currently evaluating the impact and taking steps to mitigate the effects of lost revenues, including:

- Pausing all hiring and overtime, with specific position exceptions
- Scrutinizing operational budget to cut spending and look for efficiencies
- Freezing all travel and training
- 10% furlough for management, non-union and AFSCME union employees
- Laying off 14 positions as of June 1, 2020
- Cancelling various public events

While it is reasonably possible that the virus will have a negative effect on the City's operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements therefore, do not include any adjustments that might result from the outcome of this uncertainty.



City of Bothell™



**REQUIRED
SUPPLEMENTAL
INFORMATION**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 General Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts		2019 Actual	2020 Actual	Total	Variance with
	2019-2020		Amounts	Amounts		
	Original	Final	Budgetary	Budgetary	2019-2020	Final Budget
			Basis	Basis	Actuals	Positive
						(Negative)
REVENUES						
Taxes	\$ 77,577,768	\$ 77,577,768	\$ 36,146,359		\$ 36,146,359	\$ (41,431,409)
Licenses and permits	7,805,000	7,805,000	3,765,483		3,765,483	(4,039,517)
Intergovernmental revenues	2,223,700	2,768,700	1,896,589		1,896,589	(872,111)
Charges for services	18,392,362	18,392,362	10,581,044		10,581,044	(7,811,318)
Fines and forfeitures	830,100	830,100	200,325		200,325	(629,775)
Interest earnings	1,325,400	1,325,400	1,421,901		1,421,901	96,501
Contributions	112,000	112,000	32,841		32,841	(79,159)
Other revenue	1,166,250	1,166,250	566,419		566,419	(599,831)
Total revenues	109,432,580	109,977,580	54,610,961		54,610,961	(55,366,619)
EXPENDITURES						
Current						
General government	26,822,984	26,822,984	12,986,607		12,986,607	13,836,377
Security of persons and property	56,026,229	56,026,229	28,578,492		28,578,492	27,447,737
Transportation	11,278,436	11,278,436	5,176,935		5,176,935	6,101,501
Physical environment	47,500	47,500	19,313		19,313	28,187
Economic environment	10,151,374	10,684,374	4,679,029		4,679,029	6,005,345
Culture and recreation	5,069,036	5,069,036	2,406,418		2,406,418	2,662,618
Debt service						
Debt service - interest						
Capital outlay	150,000	150,000	22,019		22,019	127,981
Total expenditures	109,545,559	110,078,559	53,868,814		53,868,814	56,209,745
Excess of revenues over (under) expenditures	(112,979)	(100,979)	742,147		742,147	843,126
OTHER FINANCING SOURCES (USES)						
Transfers in	1,398,000	1,398,000	55,873		55,873	(1,342,127)
Transfers out	(1,716,448)	(1,716,448)	(1,038,158)		(1,038,158)	678,290
Total other financing sources	(318,448)	(318,448)	(982,285)		(982,285)	(663,837)
Net change in fund balances	\$ (431,427)	\$ (419,427)	\$ (240,137)		\$ (240,137)	\$ 179,290
FUND BALANCES - JANUARY 1, 2019	10,529,222	10,529,222	10,020,108		10,020,108	(509,114)
Restatement per GASB 73 & 84 implementation (see note 22)			344,413		344,413	344,413
FUND BALANCES - DECEMBER 31, 2019	\$ 10,097,795	\$ 10,109,795	\$ 10,124,384		\$ 10,124,384	\$ 14,589

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Arterial Street Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts 2019-2020		2019 Actual Amounts	2020 Actual Amounts	Total	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	2019-2020 Actuals	Positive (Negative)
REVENUES						
Intergovernmental revenues						
Charges for services	\$ 7,404,438	\$ 7,404,438	\$ 2,171,233		\$ 2,171,233	\$ (5,233,205)
Interest earnings						
Other revenue						
Total revenues	<u>7,404,438</u>	<u>7,404,438</u>	<u>2,171,233</u>		<u>2,171,233</u>	<u>(5,233,205)</u>
EXPENDITURES						
Current						
Construction projects						
Capital outlay						
Debt service - principal						
Debt service - interest						
Total expenditures						
Excess of revenues over (under) expenditures	7,404,438	7,404,438	2,171,233		2,171,233	(5,233,205)
OTHER FINANCING SOURCES (USES)						
Transfers in						-
Transfers out	(5,105,192)	(5,105,192)	(2,423,815)		(2,423,815)	2,681,377
Total other financing sources	<u>(5,105,192)</u>	<u>(5,105,192)</u>	<u>(2,423,815)</u>		<u>(2,423,815)</u>	<u>2,681,377</u>
Net change in fund balances	\$ 2,299,246	\$ 2,299,246	\$ (252,582)		\$ (252,582)	\$ (2,551,828)
FUND BALANCES - JANUARY 1, 2019	6,725,859	6,725,859	5,609,743		5,609,743	(1,116,116)
FUND BALANCES - DECEMBER 31, 2019	<u>\$ 9,025,105</u>	<u>\$ 9,025,105</u>	<u>\$ 5,357,161</u>		<u>\$ 5,357,161</u>	<u>\$ (3,667,944)</u>

Schedule of Proportionate Share of the Net Pension Liability
 PERS 1
 As of June 30, 2019
 Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.121450%	0.122680%	0.117383%	0.127456%	0.129991%
Employer's Proportionate Share of the Net Pension Liability	\$6,352,964	\$6,588,494	\$5,569,915	\$5,692,228	\$4,995,537
TOTAL	\$6,352,964	\$6,588,494	\$5,569,915	\$5,692,228	\$4,995,537
Covered Payroll	\$13,786,742	\$14,498,305	\$14,618,695	\$16,801,936	\$18,137,865
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	46.08%	45.44%	38.10%	33.88%	27.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.10%	57.03%	61.24%	63.22%	67.12%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

Schedule of Proportionate Share of the Net Pension Liability
 PERS 2/3
 As of June 30, 2019
 Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.151904%	0.150951%	0.145687%	0.158377%	0.164374%
Employer's Proportionate Share of the Net Pension Liability	\$5,427,617	\$7,650,613	\$5,061,927	\$2,704,146	\$1,596,630
TOTAL	\$5,427,617	\$7,650,613	\$5,061,927	\$2,704,146	\$1,596,630
Covered Payroll	\$13,515,966	\$14,191,416	\$14,283,210	\$16,465,729	\$17,933,897
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	40.16%	53.91%	35.44%	16.42%	8.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.20%	85.82%	90.97%	95.77%	97.77%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

Schedule of Proportionate Share of the Net Pension Liability
 PSERS 2
 As of June 30, 2019
 Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.042517%	0.051392%	0.054591%	0.054126%	0.043737%
Employer's Proportionate Share of the Net Pension Liability	\$7,760	\$21,841	\$10,767	\$671	(\$5,688)
TOTAL	\$7,760	\$21,841	\$10,767	\$671	(\$5,688)
Covered Payroll	\$129,922	\$166,553	\$194,556	\$212,416	\$203,968
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	5.97%	13.11%	5.53%	0.32%	-2.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.08%	90.41%	96.26%	99.79%	101.85%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

Schedule of Proportionate Share of the Net Pension Liability
 LEOFF 1
 As of June 30, 2019
 Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.037398%	0.037459%	0.036842%	0.036077%	0.035125%
Employer's Proportionate Share of the Net Pension Liability	(\$450,729)	(\$385,935)	(\$558,974)	(\$654,979)	(\$694,285)
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer	(\$3,067,869)	(\$2,610,454)	(\$3,780,888)	(\$4,430,259)	(\$4,696,124)
TOTAL	(\$3,518,598)	(\$2,996,389)	(\$4,339,862)	(\$5,085,238)	(\$5,390,408)
Covered Payroll					
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll					
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.36%	123.74%	135.96%	144.42%	148.78%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

Schedule of Proportionate Share of the Net Pension Liability
 LEOFF 2
 As of June 30, 2019
 Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.446157%	0.442168%	0.433695%	0.495674%	0.457065%
Employer's Proportionate Share of the Net Pension Liability	(\$4,585,602)	(\$2,571,782)	(\$6,018,281)	(\$10,063,263)	(\$10,588,793)
LEOFF 2 Employers Only - State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer	(\$3,032,006)	(\$1,676,615)	(\$3,903,947)	(\$6,515,773)	(\$6,934,241)
TOTAL	(\$7,617,608)	(\$4,248,397)	(\$9,922,228)	(\$16,579,036)	(\$17,523,034)
Covered Payroll	\$13,047,275	\$13,395,080	\$13,567,101	\$16,202,202	\$16,015,195
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	-58.38%	-31.72%	-73.13%	-102.33%	-109.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	111.67%	106.04%	113.36%	118.50%	119.43%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

Schedule of Employer Contributions
 PERS 1
 As of December 31, 2019
 Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
Statutorily or Contractually Required Contributions	\$630,678	\$701,167	\$769,301	\$892,390	\$948,008
Contributions in Relation to the Statutorily or Contractually Required Contributions	(\$630,678)	(\$701,167)	(\$769,301)	(\$892,390)	(\$948,008)
Contribution Deficiency (Excess)					
Covered Payroll	\$14,176,738	\$14,322,135	\$15,527,021	\$17,521,949	\$19,075,356
Contributions as a Percentage of Covered Payroll	4.45%	4.90%	4.95%	5.09%	4.97%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

Schedule of Employer Contributions
 PERS 2/3
 As of December 31, 2019
 Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
Statutorily or Contractually Required Contributions	\$784,160	\$883,523	\$1,035,078	\$1,292,595	\$1,448,655
Contributions in Relation to the Statutorily or Contractually Required Contributions	(\$784,160)	(\$883,523)	(\$1,035,078)	(\$1,292,595)	(\$1,448,655)
Contribution Deficiency (Excess)					
Covered Payroll	\$13,898,168	\$14,181,934	\$15,178,196	\$17,242,855	\$18,755,650
Contributions as a Percentage of Covered Payroll	5.64%	6.23%	6.82%	7.50%	7.72%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

Schedule of Employer Contributions
 PSERS 2
 As of December 31, 2019
 Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
Statorily or Contractually Required Contributions	\$8,910	\$12,814	\$13,654	\$13,646	\$17,786
Contributions in Relation to the Statorily or Contractually Required Contributions	(\$8,910)	(\$12,814)	(\$13,654)	(\$13,646)	(\$17,786)
Contribution Deficiency (Excess)					
Covered Payroll	\$137,513	\$194,445	\$205,096	\$199,465	\$248,953
Contributions as a Percentage of Covered Payroll	6.48%	6.59%	6.66%	6.84%	7.14%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

Schedule of Employer Contributions
LEOFF 1
As of December 31, 2019
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
Statorily or Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Statorily or Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution Deficiency (Excess)					
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	NA	NA	NA	NA	NA

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

Schedule of Employer Contributions
LEOFF 2
As of December 31, 2019
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
Statorily or Contractually Required Contributions	\$689,895	\$674,658	\$769,582	\$851,004	\$863,232
Contributions in Relation to the Statorily or Contractually Required Contributions	(\$689,895)	(\$674,658)	(\$769,582)	(\$851,004)	(\$863,232)
Contribution Deficiency (Excess)					
Covered Payroll	\$13,175,218	\$13,364,894	\$14,792,634	\$16,079,675	\$16,514,920
Contributions as a Percentage of Covered Payroll	5.24%	5.05%	5.20%	5.29%	5.23%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

Schedule of Employer Contributions
 Firefighters' Pension Fund
 As of December 31, 2019
 Last 10 Fiscal Years*

	2016	2017	2018	2019
Statorily or Contractually Required Contributions	\$42,705	\$57,336	\$64,902	\$66,452
Contributions in Relation to the Statorily or Contractually Required Contributions	(\$40,946)	(\$67,108)	(\$54,257)	(\$60,711)
Contribution Deficiency (Excess)	\$1,759	(\$9,772)	\$10,645	\$5,742
Covered Payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

Schedule of Changes in Total Pension Liability and Related Ratios
 Firefighters' Pension Fund
 As of December 31, 2019
 Last 10 Fiscal Years*

	2016	2017	2018	2019
Total Pension Liability				
Employer's total pension liability	\$330,775	\$452,534	\$386,242	\$405,390
TOTAL	\$330,775	\$452,534	\$386,242	\$405,390
Plan Fiduciary Net Position				
Employer's contribution	\$56,151	\$57,257	\$64,902	\$66,452
Benefit payments	(\$40,946)	(\$67,108)	(\$54,257)	(\$60,711)
Net change in plan fiduciary net position	\$15,205	(\$9,851)	\$10,645	\$5,742
Plan fiduciary net position - beginning	\$328,414	\$343,619	\$333,768	\$344,413
Plan fiduciary net position - ending	\$343,619	\$333,768	\$344,413	\$350,154
Net pension liability (asset) ending	(\$12,844)	\$118,766	\$41,829	\$55,236
Plan fiduciary net position as a percentage of the total pension liability	103.88%	73.76%	89.17%	86.37%
Covered payroll	\$ -	\$ -	\$ -	\$ -
Net pension liability as a % of covered payroll	N/A	N/A	N/A	N/A

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

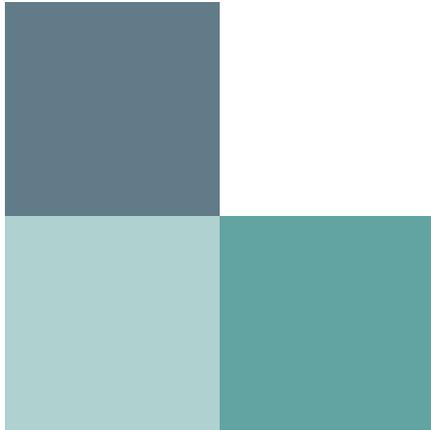
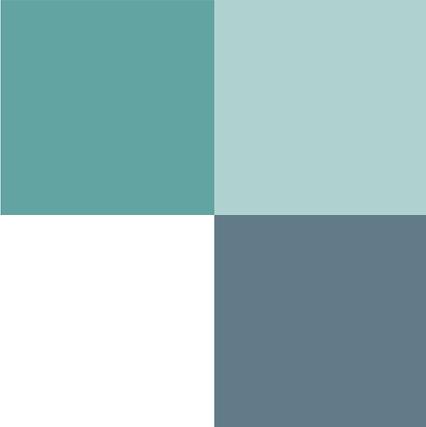
Schedule of Changes in Total OPEB Liability and Related Ratios
 Single Employer OPEB Plan
 For the year ended June 30, 2019
 Last 10 Fiscal Years*

	2018	2019
Total OPEB liability - beginning	\$6,768,799	\$6,508,717
Service cost		
Interest	237,014	245,480
Changes in benefit terms		
Differences between expected and actual experience	(197,865)	(326,896)
Changes of assumptions		
Benefit payments	(299,231)	(334,320)
Other changes		
Total OPEB liability - ending	<u>\$6,508,717</u>	<u>\$6,092,981</u>
Covered-employee payroll	\$ -	\$ -
Total OPEB liability as a % of covered payroll	N/A	N/A

Until a full 10-year trend is compiled, information is presented only for those years for which information is available.
 No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.



City of Bothell™



COMBINING FINANCIAL STATEMENTS

NON-MAJOR OTHER GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- Street Funds - This fund is used to account for all maintenance & operation functions for the City's transportation system.
- Park Cumulative Reserve Fund - This fund is used for the acquisition & development of parks.
- Drug Forfeiture Fund - This fund is used to account for monies seized during drug policing activities.
- Fire Impact Fees Fund - This fund is used for capital improvements to accommodate new growth.
- Public Safety Levy Fund – This fund is used to account for public safety operational functions for the public safety levy lid lift.

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 account for cemetery plot sales, donations, and investment earnings.

Debt Service Funds funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- 2013 General Obligation Bond Fund - This fund accounts for the retirement of general purpose bonds issued for public improvements related to the Downtown Revitalization.
- 2014 Local Infrastructure Financing Tool (LIFT) Bond Fund – This fund accounts for the retirement of general purpose bonds issued for public improvements related to LIFT funding for the City's designated Revenue Development Area (RDA).

Combining Balance Sheet
Other Governmental Funds
December 31, 2019

	Special Revenue Funds						Permanent Fund			Total Other Governmental Funds
	Street	Park Cumulative Reserve	Drug Forfeitures	Fire Impact Fees	Public Safety Levy	Total Special Revenue Funds	Cemetery Endowment	2013 GO Bond	Lift GO Bond	
ASSETS										
Current cash & cash equivalents	\$ 180,505	\$ 374,274	\$ 108,067	\$ 272,264	\$ 102,807	\$ 1,037,916	\$ 84,013			\$ 1,121,929
Investments	1,300,000	3,000,000			2,374,179	6,674,179				6,674,179
Receivables (net of allowances):										
Taxes										
Accounts receivable	1,170					1,170				1,170
Due from other governmental units	149,803		799			150,602				150,602
TOTAL ASSETS	\$ 1,631,477	\$ 3,374,274	\$ 108,866	\$ 272,264	\$ 2,476,987	\$ 7,863,866	\$ 84,013			\$ 7,947,880
LIABILITIES										
Accounts payable	47,080	331	352		12,004	59,767				59,767
Payroll payable	63,310				121,631	184,941				184,941
Total liabilities	110,391	331	352		133,634	244,708				244,708
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue										
Total deferred inflows of resources										
FUND BALANCES										
Restricted	1,521,086	3,373,942	108,514	272,264	2,343,353	7,619,158	16,321			7,635,479
Committed							67,692			67,692
Total fund balances	1,521,086	3,373,942	108,514	272,264	2,343,353	7,619,158	84,013			7,703,172
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,631,477	\$ 3,374,274	\$ 108,866	\$ 272,264	\$ 2,476,987	\$ 7,863,866	\$ 84,013			\$ 7,947,880

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Other Governmental Funds
 For the Year Ended December 31, 2019

	Special Revenue Funds					Total Special Revenue Funds	Permanent Fund			Total Other Governmental Funds
	Street	Park Cumulative Reserve	Drug Forfeitures	Fire Impact Fees	Public Safety Levy		Cemetery Endowment	2013 GO Bond	Lift GO Bond	
REVENUES										
Taxes	\$ 4,723,479	\$ 72,787			\$ 4,793,673	\$ 9,589,939		\$ 1,000,000	\$ 1,000,000	\$ 10,589,939
Licenses and permits	60,518					60,518				60,518
Intergovernmental revenue	1,026,128				26,382	1,052,510				1,052,510
Charges for services	21,438	643,938		49,388		714,764				714,764
Fine and forfeitures			17,050			17,050				17,050
Other revenue	3,804					3,804				3,804
Total revenues	5,835,368	716,725	17,050	49,388	4,820,055	11,438,586		1,000,000	1,000,000	12,438,586
EXPENDITURES										
Current										
General government					725,112	725,112				725,112
Security			16,442		1,724,610	1,741,052				1,741,052
Transportation	3,103,324					3,103,324				3,103,324
Capital Outlay	5,349					5,349				5,349
Other expenditures							600	600	1,200	1,200
Debt service										
Principal retirement							400,000	740,000	1,140,000	1,140,000
Interest					556	556	295,463	1,258,250	1,553,713	1,554,269
Total expenditures	3,108,674		16,442		2,450,278	5,575,394	696,063	1,998,850	2,694,913	8,270,306
Excess of revenues over (under) expenditures	2,726,694	716,725	609	49,388	2,369,777	5,863,192	(696,063)	(998,850)	(1,694,913)	4,168,280
OTHER FINANCING SOURCES (USES)										
Transfers in							696,063	998,850	1,694,913	1,694,913
Transfers out	(2,683,508)	(2,001)			(26,424)	(2,711,932)				(2,711,932)
Total other financing sources	(2,683,508)	(2,001)			(26,424)	(2,685,508)	696,063	998,850	1,694,913	(1,017,020)
Net change in fund balances	43,187	714,724	609	49,388	2,343,353	3,151,260				3,151,260
Fund balance - beginning	1,477,900	2,659,218	107,905	222,875		4,467,899	84,013			4,551,912
Fund balance - ending	\$ 1,521,086	\$ 3,373,942	\$ 108,514	\$ 272,264	\$ 2,343,353	\$ 7,619,158	\$ 84,013			\$ 7,703,172

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Street Fund

For the Year Ended December 31, 2019

	Budgeted Amounts 2019-2020		2019	2020	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2019-2020 Actuals	Final Budget Positive (Negative)
REVENUES						
Taxes	\$ 9,679,068	\$ 9,679,068	\$ 4,723,479		\$ 4,723,479	\$ (4,955,589)
Licenses and permits	250,000	250,000	60,518		60,518	(189,482)
Charges for services			21,438		21,438	21,438
Intergovernmental revenue	2,132,032	2,132,032	1,026,128		1,026,128	(1,105,904)
Miscellaneous			3,804		3,804	3,804
Total revenues	<u>12,061,100</u>	<u>12,061,100</u>	<u>5,835,368</u>		<u>5,835,368</u>	<u>(6,225,732)</u>
EXPENDITURES						
Current						
Personnel services	3,275,793	3,275,793	1,521,665		1,521,665	1,754,128
Operating supplies	558,250	558,250	180,811		180,811	377,439
Taxes	1,000	1,000	775		775	225
Other services and charges	3,182,237	3,182,237	1,400,074		1,400,074	1,782,163
Capital outlay	5,600	5,600	5,349		5,349	251
Total expenditures	<u>7,022,880</u>	<u>7,022,880</u>	<u>3,108,674</u>		<u>3,108,674</u>	<u>3,914,206</u>
Excess of revenues over (under) expenditures	5,038,220	5,038,220	2,726,694		2,726,694	(2,311,526)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(5,242,000)	(5,242,000)	(2,683,508)		(2,683,508)	2,558,492
Total other financing sources	<u>(5,242,000)</u>	<u>(5,242,000)</u>	<u>(2,683,508)</u>			<u>2,558,492</u>
Net change in fund balances	(203,780)	(203,780)	43,187		43,187	246,967
Fund balance - beginning	2,347,559	2,347,559	1,477,900		1,477,900	(869,659)
Fund balance - ending	<u>\$ 2,143,779</u>	<u>\$ 2,143,779</u>	<u>\$ 1,521,086</u>		<u>\$ 1,521,086</u>	<u>\$ (622,693)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
 Park Cumulative Reserve Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts 2019-2020		2019	2020	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2019-2020 Actuals	Final Budget Positive (Negative)
REVENUES						
Taxes	\$ 64,000	\$ 64,000	\$ 72,787		\$ 72,787	\$ 8,787
Charges for services	2,120,000	2,120,000	643,938		643,938	(1,476,062)
Total revenues	2,184,000	2,184,000	716,725		716,725	(1,467,275)
EXPENDITURES						
Current						
Construction projects						
Total expenditures						
Excess of revenues over (under) expenditures	2,184,000	2,184,000	716,725		716,725	(1,467,275)
OTHER FINANCING SOURCES (USES)						
Transfers out	(153,000)	(153,000)	(2,001)		(2,001)	150,999
Total other financing sources	(153,000)	(153,000)	(2,001)		(2,001)	150,999
Net change in fund balances	2,031,000	2,031,000	714,724		714,724	(1,316,276)
Fund balance - beginning	2,036,340	2,036,340	2,659,218		2,659,218	622,878
Fund balance - ending	\$ 4,067,340	\$ 4,067,340	\$ 3,373,942		\$ 3,373,942	\$ (693,398)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
 Drug Forfeitures Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts 2019-2020		2019	2020	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2019-2020 Actuals	Final Budget Positive (Negative)
REVENUES						
Charges for services	\$ 115,000	\$ 115,000	\$ 17,050		\$ 17,050	\$ (97,950)
Total revenues	115,000	115,000	17,050		17,050	(97,950)
EXPENDITURES						
Current						
Personnel services	3,000	3,000				3,000
Operating supplies	7,000	7,000	3,748		3,748	3,252
Other services and charges	12,800	12,800	12,694		12,694	106
Capital outlay	6,000	6,000				6,000
Total expenditures	28,800	28,800	16,442		16,442	12,358
Excess of revenues over (under) expenditures	86,200	86,200	609		609	(85,591)
OTHER FINANCING SOURCES (USES)						
Total other financing sources						
Net change in fund balances	86,200	86,200	609		609	(85,591)
Fund balance - beginning	120,027	120,027	107,905		107,905	(12,122)
Fund balance - ending	\$ 206,227	\$ 206,227	\$ 108,514		\$ 108,514	\$ (97,713)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
 Fire Impact Fees Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts 2019-2020		2019	2020	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2019-2020 Actuals	Final Budget Positive (Negative)
REVENUES						
Charges for services	\$ 360,000	\$ 360,000	\$ 49,388		\$ 49,388	\$ (310,612)
Total revenues	360,000	360,000	49,388		49,388	(310,612)
EXPENDITURES						
Total expenditures						
Excess of revenues over (under) expenditures	360,000	360,000	49,388		49,388	(310,612)
OTHER FINANCING SOURCES (USES)						
Total other financing sources						
Net change in fund balances	360,000	360,000	49,388		49,388	(310,612)
Fund balance - beginning	192,858	192,858	222,875		222,875	30,017
Fund balance - ending	\$ 552,858	\$ 552,858	\$ 272,264		\$ 272,264	\$ (280,594)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
 Public Safety Levy Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts 2019-2020		2019	2020	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2019-2020 Actuals	Final Budget Positive (Negative)
REVENUES						
Taxes		\$ 9,847,000	\$ 4,793,673		\$ 4,793,673	\$ (5,053,327)
Intergovernmental revenue			\$ 26,382		\$ 26,382	\$ 26,382
Total revenues	-	9,847,000	4,820,055		4,820,055	(5,026,945)
EXPENDITURES						
General government		958,251	725,112		725,112	233,139
Security		7,853,063	1,724,610		1,724,610	6,128,453
Interest			556		556	(556)
Total expenditures		8,811,314	2,450,278		2,450,278	6,361,036
Excess of revenues over (under) expenditures	-	1,035,686	2,369,777		2,369,777	1,334,091
OTHER FINANCING SOURCES (USES)						
Interfund loan		1,000,000				(1,000,000)
Transfer out			(26,424)		(26,424)	(26,424)
Total other financing sources		1,000,000	(26,424)		(26,424)	(1,026,424)
Net change in fund balances	-	2,035,686	2,343,353		2,343,353	307,667
Fund balance - beginning					-	-
Fund balance - ending	\$ -	\$ 2,035,686	\$ 2,343,353		\$ 2,343,353	\$ 307,667

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
 Cemetery Endowment Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts 2019-2020		2019	2020	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2019-2020 Actuals	Final Budget Positive (Negative)
REVENUES						
Total revenues						
EXPENDITURES						
Total expenditures						
Excess of revenues over (under) expenditures						
Net change in fund balances						
Fund balance - beginning	84,013	84,013	84,013		84,013	
Fund balance - ending	\$ 84,013	\$ 84,013	\$ 84,013		\$ 84,013	

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
 General Obligation Public Safety Bond Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts 2019-2020		2019 Actual Amounts Budgetary Basis	2020 Actual Amounts Budgetary Basis	Total 2019-2020 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Bond Proceeds		\$ 25,500,000				\$ (25,500,000)
Total revenues		25,500,000				(25,500,000)
EXPENDITURES						
Current						
Principal retirement						
Interest						
Miscellaneous						
Total expenditures						
Excess of revenues over (under) expenditures		25,500,000				(25,500,000)
OTHER FINANCING SOURCES (USES)						
Transfer out		(25,500,000)				25,500,000
Total other financing sources		(25,500,000)				25,500,000
Net change in fund balances						
Fund balance - beginning						
Fund balance - ending						

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
 Lift GO Bond Redemption Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts 2019-2020		2019	2020	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2019-2020 Actuals	Final Budget Positive (Negative)
REVENUES						
Taxes	\$ 2,000,000	\$ 2,000,000	\$ 1,000,000		\$ 1,000,000	\$ (1,000,000)
Total revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,000,000</u>		<u>1,000,000</u>	<u>(1,000,000)</u>
EXPENDITURES						
Current						
Principal retirement	1,505,000	1,505,000	740,000		740,000	765,000
Interest	2,490,100	2,490,100	1,258,250		1,258,250	1,231,850
Miscellaneous			600		600	(600)
Total expenditures	<u>3,995,100</u>	<u>3,995,100</u>	<u>1,998,850</u>		<u>1,998,850</u>	<u>1,996,250</u>
Excess of revenue over (under) expenditures	(1,995,100)	(1,995,100)	(998,850)		(998,850)	996,250
OTHER FINANCING SOURCES (USES)						
Transfers in	1,995,100	1,995,100	998,850		998,850	(996,250)
Total other financing sources	<u>1,995,100</u>	<u>1,995,100</u>	<u>998,850</u>		<u>998,850</u>	<u>(996,250)</u>
Net change in fund balances						
Fund balance - beginning						
Fund balance - ending	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual

2013 GO Bond Fund

For the Year Ended December 31, 2019

	Budgeted Amounts 2019-2020		2019	2020	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2019-2020 Actuals	Final Budget Positive (Negative)
REVENUES						
Total revenues						
EXPENDITURES						
Current						
Principal retirement	\$ 815,000	\$ 815,000	\$ 400,000		\$ 400,000	\$ 415,000
Interest	578,926	578,926	295,463		295,463	283,464
Miscellaneous			600		600	(600)
Total expenditures	1,393,926	1,393,926	696,063		696,063	697,864
Excess of revenue over (under) expenditures	(1,393,926)	(1,393,926)	(696,063)		(696,063)	697,864
OTHER FINANCING SOURCES (USES)						
Transfers in	1,393,926	1,393,926	696,063		696,063	(697,864)
Total other financing sources	1,393,926	1,393,926	696,063		696,063	(697,864)
Net change in fund balances						
Fund balance - beginning						
Fund balance - ending						

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
 Capital Improvements Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts 2019-2020		2019	2020	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2019-2020 Actuals	Final Budget Positive (Negative)
REVENUES						
Taxes	\$ 11,114,000	\$ 11,114,000	\$ 5,707,008		\$ 5,707,008	\$ (5,406,992)
Licenses and permits	826,846	826,846	496,552		496,552	(330,294)
Intergovernmental revenues	39,817,895	42,751,895	8,606,845		8,606,845	(34,145,050)
Contributions	552,121	552,121	130,137		130,137	(421,984)
Miscellaneous revenue	308,000	308,000	5,000		5,000	(303,000)
Total revenues	52,618,862	55,552,862	14,945,542		14,945,542	(40,607,320)
EXPENDITURES						
Current:						
Transportation			1,571,336		1,571,336	(1,571,336)
Capital outlay	58,463,256	63,598,256	13,545,330		13,545,330	50,052,926
Debt principal	3,599,246	3,599,246	1,772,461		1,772,461	1,826,785
Interest expense	3,846,095	3,846,095	1,918,440		1,918,440	1,927,655
Total expenditures	65,908,597	71,043,597	18,807,567		18,807,567	52,236,030
Excess of revenue over (under) expenditures	(13,289,735)	(15,490,735)	(3,862,025)		(3,862,025)	11,628,710
OTHER FINANCING SOURCES (USES)						
Proceeds from sales of capital assets	2,281,520	2,281,520			-	(2,281,520)
Loans	85,550	1,200,550	54,388		54,388	(1,146,162)
Transfers in	10,500,192	10,500,192	5,548,313		5,548,313	(4,951,879)
Transfers out	(4,787,026)	(4,787,026)	(1,750,786)		(1,750,786)	3,036,240
Total other financing sources	8,080,236	9,195,236	3,851,915		3,851,915	(5,343,321)
Net change in fund balances	(5,209,499)	(6,295,499)	(10,110)		(10,110)	6,285,389
Fund balance - beginning	6,001,439	6,001,439	6,607,931		6,607,931	606,492
Fund balance - ending	\$ 791,940	\$ (294,060)	\$ 6,597,820		\$ 6,597,820	\$ 6,891,880

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
 Public Safety Capital Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts 2019-2020		2019	2020	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2019-2020 Actuals	Final Budget Positive (Negative)
REVENUES						
Taxes						
Intergovernmental revenues						
Licenses and permits						
Investment interest			\$ 26,778		\$ 26,778	\$ 26,778
Miscellaneous revenue						
Contributions						
Total revenues			26,778		26,778	26,778
EXPENDITURES						
Current:						
Economic environment						
Culture and recreation						
Capital outlay		25,500,000	251,214		251,214	25,248,786
Debt issuance costs			247,466		247,466	(247,466)
Debt principal						
Interest expense			1,445		1,445	(1,445)
Total expenditures		25,500,000	500,124		500,124	24,999,876
Excess of revenue over (under) expenditures		(25,500,000)	(473,346)		(473,346)	25,026,654
OTHER FINANCING SOURCES (USES)						
Proceeds from sales of capital assets						
Safety bond proceeds			23,235,000		23,235,000	23,235,000
Safety bond premium			2,519,362		2,519,362	2,519,362
Loans		1,000,000				(1,000,000)
Transfers in		25,500,000				(25,500,000)
Transfers out						
Total other financing sources		26,500,000	25,754,362		25,754,362	(745,638)
Net change in fund balances		1,000,000	25,281,015		25,281,015	24,281,015
Fund balance - beginning						
Fund balance - ending		\$ 1,000,000	\$ 25,281,015		\$ 25,281,015	\$ 24,281,015

Combining Statement of Net Position
Internal Service Funds
December 31, 2019

	Governmental Activities Internal Service Funds				Total
	Equipment Rental	Self Insurance	Asset Replacement	COB Properties	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 142,287	\$ 119,198	\$ 221,048		\$ 482,533
Investments			1,100,000		1,100,000
Accounts receivable	166	98,989		50,387	149,542
Due from other governments					
Restricted assets:					
Deposit held in trust				277,837	277,837
Total current assets	<u>142,453</u>	<u>218,187</u>	<u>1,321,048</u>	<u>328,224</u>	<u>2,009,912</u>
Non-current assets					
Capital assets:					
Building			35,285		35,285
Equipment - shop	114,990		2,087,851		2,202,841
Equipment - vehicles		32,138	9,610,222		9,642,360
Improvements	6,984		1,559,863		1,566,847
Less accumulated depreciation	(63,542)	(4,017)	(7,579,588)		(7,647,147)
Total non-current assets	<u>58,432</u>	<u>28,121</u>	<u>5,713,634</u>		<u>5,800,187</u>
Total assets	<u>200,885</u>	<u>246,308</u>	<u>7,034,682</u>	<u>328,224</u>	<u>7,810,099</u>
DEFERRED OUTFLOWS					
Deferred outflows - pension	<u>31,750</u>	<u>22,607</u>			<u>54,357</u>
LIABILITIES					
Current liabilities					
Accounts payable	50,609	8,669	1,822	3,580	64,680
Payroll payable	32,953	15,317			48,270
Interest payable				156,810	156,810
Due to other governments					
Compensated absences	13,900	18,931			32,831
Total current liabilities	<u>97,462</u>	<u>42,918</u>	<u>1,822</u>	<u>160,390</u>	<u>302,592</u>
Non current liabilities					
Pension liability	30,191	22,178			52,369
Unearned revenue				277,837	277,837
Total non-current liabilities	<u>30,191</u>	<u>22,178</u>		<u>277,837</u>	<u>330,206</u>
Total liabilities	<u>127,653</u>	<u>65,096</u>	<u>1,822</u>	<u>438,227</u>	<u>632,798</u>
DEFERRED INFLOWS					
Deferred inflows - pension	<u>65,223</u>	<u>47,264</u>			<u>112,487</u>
NET POSITION					
Net investment in capital assets	58,432	28,121	5,713,634		5,800,187
Unrestricted	(18,673)	128,434	1,319,226	(110,003)	1,318,984
Total net position	<u>\$ 39,759</u>	<u>\$ 156,555</u>	<u>\$ 7,032,860</u>	<u>\$ (110,003)</u>	<u>\$ 7,119,171</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
 Internal Service Funds
 For the Year Ended December 31, 2019

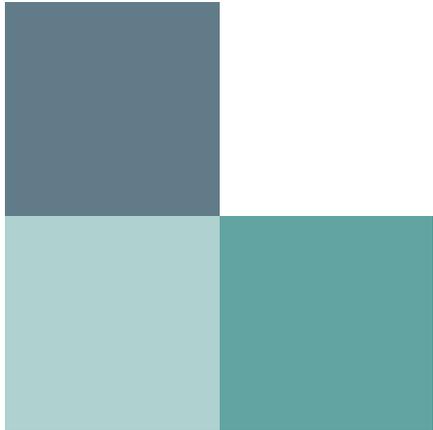
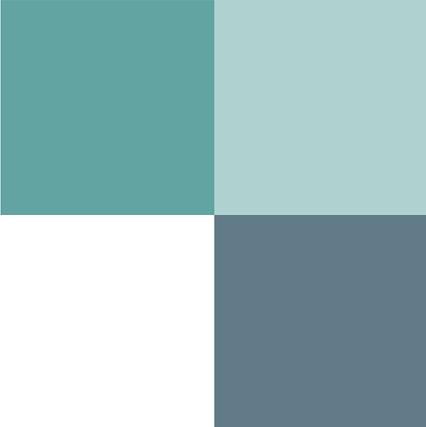
	Governmental Activities				
	Internal Service Funds				
	Equipment Rental	Self Insurance	Asset Replacement	COB Properties	Total
Operating revenues					
Charges for services	\$ 2,301,353	\$ 1,640,025		\$ 68,410	\$ 4,009,788
Other revenues	1,467	154,149	37,657		193,273
Total operating revenues	<u>2,302,820</u>	<u>1,794,174</u>	<u>37,657</u>	<u>68,410</u>	<u>4,203,061</u>
Operating expenses					
Maintenance and operations	240,976		325,510		566,486
Administration	938,740	1,837,786		68,412	2,844,939
Depreciation and amortization	5,987	2,678	1,137,884		1,146,549
Total operating expenses	<u>1,185,703</u>	<u>1,840,464</u>	<u>1,463,394</u>	<u>68,412</u>	<u>4,557,974</u>
Operating income (loss)	<u>1,117,117</u>	<u>(46,291)</u>	<u>(1,425,737)</u>	<u>(2)</u>	<u>(354,913)</u>
Non-operating revenue (expense)					
Gain (loss) on disposition of capital assets			95,079		95,079
Intergovernmental revenue			(473)		(473)
Interest earnings				1,818,352	1,818,352
Interest expense				(1,789,231)	(1,789,231)
Total non-operating revenues (expenses)			<u>94,606</u>	<u>29,121</u>	<u>123,727</u>
Income (loss) before transfers	1,117,117	(46,291)	(1,331,131)	29,119	(231,186)
Transfers in		143,953	1,976,979		2,120,932
Transfers out	(1,082,774)				(1,082,774)
Change in net position	<u>34,343</u>	<u>97,662</u>	<u>645,848</u>	<u>29,119</u>	<u>806,972</u>
Net position - beginning	5,416	58,893	6,387,012	(139,122)	6,312,199
Net position - ending	\$ <u>39,759</u>	\$ <u>156,555</u>	\$ <u>7,032,860</u>	\$ <u>(110,003)</u>	\$ <u>7,119,171</u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2019

	Governmental Activities Internal Service Funds				
	Equipment Rental	Self Insurance	Asset Replacement	COB Properties	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 2,303,044	\$ 1,716,476	\$ 37,657	\$ 42,800	\$ 4,099,977
Cash paid to employees for services	(540,892)	(503,276)			(1,044,168)
Cash paid to suppliers for goods and services	(616,951)	(1,324,552)	(1,746,937)	(67,538)	(3,755,978)
Net cash provided (used) by operating activities	1,145,202	(111,352)	(1,709,280)	(24,738)	(700,169)
CASH FLOWS FROM NON-OPERATING ACTIVITIES					
Transfers out	(1,082,774)				(1,082,774)
Transfers in		143,953	1,976,979		2,120,932
Intergovernmental revenue			4,233		4,233
Net cash provided (used) by non-operating activities	(1,082,774)	143,953	1,981,212		1,042,391
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(40,546)		(804,900)		(845,446)
Capital lease				3,267,622	3,267,622
Proceeds from sale of capital assets			113,777		113,777
Bond principal paid				(1,315,000)	(1,315,000)
Deposit held in trust				3,217	3,217
Bond interest expenses				(1,926,718)	(1,926,718)
Bond interest payable				(4,383)	(4,383)
Net cash provided (used) by capital and related financing activities	(40,546)		(691,123)	24,738	(706,931)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments			400,000		400,000
Net cash provided by investing activities			400,000		400,000
Net increase (decrease) in cash and cash equivalents	21,882	32,600	(19,191)		35,291
Balances - beginning	120,405	86,598	240,238		447,242
Balances - ending	142,287	119,198	221,048		482,533
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	1,117,117	(46,291)	(1,425,737)	(2)	(354,913)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	5,987	2,678	1,137,884		1,146,549
Change in assets and liabilities:					
Decrease (increase) in accounts receivable		(77,698)		(25,610)	(103,308)
Decrease (increase) in due from other governments	224				224
Increase (decrease) in accounts payable	12,045	(13,453)	(1,421,427)	874	(1,421,961)
Increase (decrease) in payroll payable	16,182	7,033			23,216
Increase (decrease) in compensated absences payable	6,525	2,790			9,315
Increase (decrease) in due from other governments	(18,748)				(18,748)
Increase (decrease) in GASB 68 pension adjustments	5,870	13,587			19,457
Net cash provided by operating activities	\$ 1,145,202	\$ (111,352)	\$ (1,709,280)	\$ (24,738)	\$ (700,169)
Noncash investing, capital, and financing activities:					
Increase (decrease) in fair value of investments					



City of Bothell™



**SUPPLEMENTAL
INFORMATION**

Schedule of Operations - Budget to Actual
 Combined Utility Statement
 For the Year Ended December 31, 2019

	2019-2020		2019	2020	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2019-2020	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Intergovernmental revenues						
Other						
Charges for services						
Total operating revenues						
OPERATING EXPENSES						
Administrative and general						
Purchase water						
Maintenance and operation						
Customer accounts						
Taxes						
Capital outlay						
Debt						
Depreciation and amortization						
Total operating expenses						
OPERATING INCOME (LOSS)						
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings						
Issuance cost						
Interest expense						
Total non-operating revenue (expense)						
Income (loss) before contributions and transfers						
Transfers in						
Transfers out						
Net position - beginning, January 1, 2019						
Net position - ending, December 31, 2019						

Schedule of Operations - Budget to Actual
Water Fund

For the Year Ended December 31, 2019

	2019-2020		2019	2020	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2019-2020	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Charges for services	\$ 11,864,398	\$ 11,864,398	\$ 5,800,406		\$ 5,800,406	\$ (6,063,992)
Other	70,000	70,000	72,672		72,672	2,672
Total operating revenues	<u>11,934,398</u>	<u>11,934,398</u>	<u>5,873,078</u>		<u>5,873,078</u>	<u>(6,061,320)</u>
OPERATING EXPENSES						
Administrative and general	1,885,682	1,885,682	892,691		892,691	992,991
Purchase water	3,544,971	3,544,971	1,727,957		1,727,957	1,817,014
Maintenance and operation	2,086,775	2,086,775	872,235		872,235	1,214,540
Customer accounts	479,287	479,287	254,762		254,762	224,525
Taxes	1,444,867	1,444,867	774,039		774,039	670,828
Capital outlay	3,376,200	3,376,200				3,376,200
Debt	310,000	310,000				310,000
Depreciation and amortization	1,566,548	1,566,548	812,736		812,736	753,812
Total operating expenses	<u>14,694,330</u>	<u>14,694,330</u>	<u>5,334,420</u>		<u>5,334,420</u>	<u>9,359,910</u>
OPERATING INCOME (LOSS)	<u>(2,759,932)</u>	<u>(2,759,932)</u>	<u>538,658</u>		<u>538,658</u>	<u>3,298,590</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings			556		556	556
Intergovernmental revenues			257		257	257
Interfund loan		(1,000,000)				1,000,000
Interest expense	<u>(242,862)</u>	<u>(242,862)</u>	<u>(111,086)</u>		<u>(111,086)</u>	<u>131,776</u>
Total non-operating revenue (expense)	<u>(242,862)</u>	<u>(1,242,862)</u>	<u>(110,273)</u>		<u>(110,273)</u>	<u>1,132,589</u>
Income (loss) before contributions and transfers	(3,002,794)	(4,002,794)	428,385		428,385	4,431,179
Transfers in						
Transfers out			(81,334)		(81,334)	(81,334)
Contributions			118,028		118,028	118,028
Net position - beginning, January 1, 2019	18,533,498	18,533,498	20,103,768		20,103,768	1,570,270
Net position - ending, December 31, 2019	\$ 15,530,704	\$ 14,530,704	\$ 20,568,847		\$ 20,568,847	\$ 6,038,143

This schedule is presented as supplemental information 2

Schedule of Operations - Budget to Actual

Sewer Fund

For the Year Ended December 31, 2019

	2019-2020		2019	2020	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2019-2020	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Charges for services	\$ 16,605,575	\$ 16,605,575	\$ 8,302,201		\$ 8,302,201	\$ (8,303,374)
Other			36,654		36,654	36,654
Total operating revenues	16,605,575	16,605,575	8,338,855		8,338,855	(8,266,720)
OPERATING EXPENSES						
Administrative and general	2,665,921	2,665,921	1,316,497		1,316,497	1,349,424
Metro service	9,015,494	9,015,494	4,552,004		4,552,004	4,463,490
Maintenance and operation	1,424,698	1,424,698	735,281		735,281	689,417
Customer accounts	462,287	462,287	254,755		254,755	207,532
Taxes	1,116,011	1,116,011	577,580		577,580	538,431
Capital outlay	4,429,200	4,429,200				4,429,200
Debt	140,000	140,000				140,000
Depreciation and amortization	1,240,963	1,240,963	598,221		598,221	642,742
Total operating expenses	20,494,574	20,494,574	8,034,340		8,034,340	12,460,234
OPERATING INCOME (LOSS)	(3,888,999)	(3,888,999)	304,515		304,515	4,193,514
NON-OPERATING REVENUE (EXPENSE)						
Investment earnings			1,445		1,445	1,445
Intergovernmental revenues			278		278	278
Interfund loan		(1,000,000)				1,000,000
Interest expense	(109,112)	(109,112)	(49,910)		(49,910)	59,202
Total non-operating revenue (expense)	(109,112)	(1,109,112)	(48,187)		(48,187)	1,060,925
Income (loss) before contributions and transfers	(3,998,111)	(4,998,111)	256,328		256,328	5,254,439
Transfers in						
Transfers out			(77,338)		(77,338)	(77,338)
Contributions			44,314		44,314	44,314
Net position - beginning, January 1, 2019	7,416,987	7,416,987	19,724,744		19,724,744	12,307,757
Net position - ending, December 31, 2019	\$ 3,418,876	\$ 2,418,876	\$ 19,948,048		\$ 19,948,048	\$ 17,529,172

Schedule of Operations - Budget to Actual
Storm & Surface Water Fund
For the Year Ended December 31, 2019

	2019-2020		2019	2020	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2019-2020	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Charges for services	\$ 13,745,451	\$ 13,745,451	\$ 6,620,617		\$ 6,620,617	\$ (7,124,834)
Other			745,400		745,400	745,400
Total operating revenues	<u>13,745,451</u>	<u>13,745,451</u>	<u>7,366,017</u>		<u>7,366,017</u>	<u>(6,379,434)</u>
OPERATING EXPENSES						
Administrative and general	5,221,827	5,221,827	2,564,502		2,564,502	2,657,325
Maintenance and operation	3,676,685	3,676,685	1,229,368		1,229,368	2,447,317
Taxes	156,764	156,764	334,464		334,464	(177,700)
Capital outlay	8,229,653	8,229,653				8,229,653
Debt service	1,111,032	1,111,032				1,111,032
Depreciation and amortization		-	1,293,237		1,293,237	(1,293,237)
Total operating expenses	<u>18,395,961</u>	<u>18,395,961</u>	<u>5,421,571</u>		<u>5,421,571</u>	<u>12,974,390</u>
OPERATING INCOME (LOSS)	<u>(4,650,510)</u>	<u>(4,650,510)</u>	<u>1,944,446</u>		<u>1,944,446</u>	<u>6,594,956</u>
NON-OPERATING REVENUE (EXPENSE)						
Intergovernmental revenues	395,000	395,000	113,179		113,179	(281,821)
Interfund loan		(1,115,000)				1,115,000
Investment earnings			5,997		5,997	5,997
Interest expense	(803,334)	(803,334)	(367,834)		(367,834)	435,500
Total non-operating revenue (expense)	<u>(408,334)</u>	<u>(1,523,334)</u>	<u>(248,659)</u>		<u>(248,659)</u>	<u>1,274,675</u>
Income (loss) before contributions and transfers	(5,058,844)	(6,173,844)	1,695,787		1,695,787	7,869,631
Transfers out			(253,894)		(253,894)	(253,894)
Contributions			263,936		263,936	263,936
Net position - beginning, January 1, 2019	5,834,284	5,834,284	24,544,014		24,544,014	18,709,730
Net position - ending, December 31, 2019	\$ 775,440	\$ (339,560)	\$ 26,249,844		\$ 26,249,844	\$ 26,589,404

Schedule of Operations - Budget to Actual
Equipment Rental Fund
For the Year Ended December 31, 2019

	2019-2020		2019	2020	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2017-2020	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Charges for services	\$ 4,697,604	\$ 4,697,604	\$ 2,301,353		\$ 2,301,353	\$ (2,396,251)
Other revenues			1,467		1,467	1,467
Total operating revenues	<u>4,697,604</u>	<u>4,697,604</u>	<u>2,302,820</u>		<u>2,302,820</u>	<u>(2,394,784)</u>
OPERATING EXPENSES						
Administrative and general	2,059,841	2,059,841	938,740		938,740	1,121,101
Maintenance and operation	458,209	458,209	240,976		240,976	217,233
Depreciation	14,000	14,000	5,987		5,987	8,013
Total operating expenses	<u>2,532,050</u>	<u>2,532,050</u>	<u>1,185,703</u>		<u>1,185,703</u>	<u>1,346,347</u>
OPERATING INCOME (LOSS)	<u>2,165,554</u>	<u>2,165,554</u>	<u>1,117,117</u>		<u>1,117,117</u>	<u>(1,048,437)</u>
NON-OPERATING REVENUES (EXPENSES)						
Total non-operating revenue (expense)						
Income (loss) before contributions and transfers	2,165,554	2,165,554	1,117,117		1,117,117	(1,048,437)
Transfers out	(2,165,548)	(2,165,548)	(1,082,774)		(1,082,774)	1,082,774
Transfers in						
Net position - beginning, January 1, 2019	22,833	22,833	5,416		5,416	(17,417)
Net position - ending, December 31, 2019	\$ 22,839	\$ 22,839	\$ 39,759		\$ 39,759	\$ 16,920

Schedule of Operations - Budget to Actual
Self Insurance Fund

For the Year Ended December 31, 2019

	2019-2020		2019	2020	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2019-2020	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Insurance recovery	\$ 100,000	\$ 100,000	\$ 154,149		\$ 154,149	\$ 54,149
Charges for insurance premiums	3,154,323	3,154,323	1,640,025		1,640,025	(1,514,298)
Total operating revenues	3,254,323	3,254,323	1,794,174		1,794,174	(1,460,149)
OPERATING EXPENSES						
Health insurance services	385,731	385,731	143,953		143,953	241,778
Administrative and general	3,254,324	3,254,324	1,693,834		1,693,834	1,560,490
Depreciation			2,678		2,678	(2,678)
Total operating expenses	3,640,055	3,640,055	1,840,464		1,840,464	1,799,591
OPERATING INCOME (LOSS)	(385,732)	(385,732)	(46,291)		(46,291)	339,441
NON-OPERATING REVENUES (EXPENSES)						
Total non-operating revenue (expense)						
Income (loss) before contributions and transfers	(385,732)	(385,732)	(46,291)		(46,291)	339,441
Transfers in	385,731	385,731	143,953		143,953	(241,778)
Net position - beginning, January 1, 2019	30,860	30,860	58,893		58,893	28,033
Net position - ending, December 31, 2019	\$ 30,859	\$ 30,859	\$ 156,555		\$ 156,555	\$ 125,696

Schedule of Operations - Budget to Actual
Asset Replacement Fund
For the Year Ended December 31, 2019

	2019-2020		2019	2020	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2019-2020	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
OPERATING REVENUES						
Other			\$ 37,657		\$ 37,657	\$ 37,657
Total operating revenues			37,657		37,657	37,657
OPERATING EXPENSES						
Capital outlay	3,249,972	3,249,972				3,249,972
Maintenance and operations	67,055	67,055	325,510		325,510	(258,455)
Administrative and general	1,176,789	1,176,789				1,176,789
Depreciation	1,863,125	1,863,125	1,137,884		1,137,884	725,241
Total operating expenses	6,356,941	6,356,941	1,463,394		1,463,394	4,893,547
OPERATING INCOME (LOSS)	(6,356,941)	(6,356,941)	(1,425,737)		(1,425,737)	4,931,204
NON-OPERATING REVENUES (EXPENSES)						
Intergovernmental revenues					-	-
Gain (loss) on disposition of capital assets			95,079		95,079	95,079
Intergovernmental revenues			(473)		(473)	(473)
Proceeds from the sale of capital assets	109,900	109,900			-	(109,900)
Total non-operating revenue (expense)	109,900	109,900	94,606		94,606	(15,294)
Income (loss) before contributions and transfers	(6,247,041)	(6,247,041)	(1,331,131)		(1,331,131)	4,915,910
Transfers in	3,496,265	3,496,265	1,976,979		1,976,979	(1,519,286)
Net position - beginning, January 1, 2019	4,406,007	4,406,007	6,387,012		6,387,012	1,981,005
Net position - ending, December 31, 2019	\$ 1,655,231	\$ 1,655,231	\$ 7,032,860		\$ 7,032,860	\$ 5,377,629

Schedule 16
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2019

Grantor/Pass Through Grantor Program Title	CFDA Number	Other Identification Number	Current Year Expenditures			Pass Through to Subrecipients	Note
			Direct	Pass-Through	Total		
Department of Homeland Security/Pierce County Emergency Management/Washington State Task Force							
<u>National Urban Search & Rescue (US&R) Response System</u>							
Structural Collapse & Heavy Rescue Training	97.025	EMW-2018-CA-00034		5,324	5,324		1,2,4
Department of Homeland Security/Washington State Military Department							
<u>Emergency Management Performance Grants</u>							
Emergency Management Performance Grant	97.042	E19-065		24,898	24,898		1,2,4
Department of Homeland Security/Washington State Military Department/King County/City of Seattle							
<u>Homeland Security Grant Program</u>							
Structural Collapse & Heavy Rescue Training (via City of Seattle Fire Department)	97.067	EMW-2018-SS-00066-S01		1,904	1,904		1,2,4
State Homeland Security Program (via Washington State Military Department/King County/City of Seattle Police Department (Equipment valued at \$53,206 received in lieu of cash funding.))	97.067	EMW-2018-SS-00088-S01		53,206	53,206		1,2,3,4
		CFDA 97.067 Total		55,110	55,110		
Department of Homeland Security/King County							
<u>Preparing For Emerging Threats and Hazards</u>							
Complex Coordinated Terrorist Attack (CCTA) Training & Exercise Program	97.133	EMW-2016-GR-00145-S01		1,410	1,410		1,2,4
		Department of Homeland Security Total		\$86,741	\$86,741		
Department of Transportation							
Highway Planning and Construction Cluster							
<u>Department of Transportation/Washington State DOT</u>							
7th Ave SE/88th Ave NE Non-Motorized Improvements	20.205	HLP-SR17(013)		56,118	56,118		1,2,4
19th Ave SE/232nd St SE Non-Motorized Improvements	20.205	SRTS-2449(001)		647,200	647,200		1,2,4
228th Street, 35th to 39th	20.205	STPUL-2570(012)		1,355	1,355		1,2,4
Beardslee Blvd Widening	20.205	STPUL-2458(003)		2,139	2,139		1,2,4
Bothell Way Widening - 240th to Reder	20.205	STPUL-9999(045)		491	491		1,2,4
NE 188th St Non-Motorized Improvements	20.205	SRTS-0110(015)		2,115	2,115		1,2,4
Non-Motorized Bridge over Sammamish River	20.205	CM-0110(013)		54,139	54,139		1,2,4
North Creek Trail - Section 4	20.205	CM-0110(014)		107,324	107,324		1,2,4
Sammamish River Bridge Seismic Retrofit	20.205	BHM-2201(009)		103,758	103,758		1,2,4
SR522 Multi-Modal Corridor - Stage 3	20.205	STPUL-0522(057)		138,462	138,462		1,2,4
		Highway Planning & Construction Cluster Total		\$1,113,101	\$1,113,101		
Highway Safety Cluster							
<u>Department of Transportation/Washington Traffic Safety Commission</u>							
<u>State & Community Highway Safety</u>							
Distracted Driving Emphasis Patrols	20.600	NA		1,386	1,386		1,2,4
Target Zero Emphasis Program	20.600	NA		236	236		1,2,4
		CFDA 20.600 Total		1,623	1,623		
<u>National Priority Safety Programs</u>							
Click It or Ticket Program	20.616	NA		1,144	1,144		1,2,4
Motorcycle Safety Program	20.616	NA		1,851	1,851		1,2,4
		CFDA 20.616 Total		2,995	2,995		
		Highway Safety Cluster Total		\$4,618	\$4,618		
		Department of Transportation Totals		\$1,117,718	\$1,117,718		
Environmental Protection Agency/Washington State Department of Ecology							
<u>Puget Sound Action Agenda: Tech Investigations/Implementation Assistance Program</u>							
Local Source Control Partnership	66.123	C1800019		62,406	62,406		1,2,4
		Environmental Protection Agency Total		\$62,406	\$62,406		
		Total Federal Awards Expended		\$1,266,865	\$1,266,865		

Note 1 - Basis of Accounting

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses full accrual basis of accounting in government-wide financials and modified accrual basis in governmental fund financials.

Note 2 - Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Noncash Awards - Equipment

The City received equipment that was purchased with federal Homeland Security funds by the State of Washington. The amount reported on the Schedule is the value of the property on the date it was received by the City and priced by the State of Washington.

Note 4 - Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The accompanying notes are an integral part of this schedule.

Schedule 15
 Schedule of State and Local Financial Assistance
 For the Year Ended December 31, 2019

Grantor/Pass Through Grantor Program Title	BARS Account Number	Other Identification Number	Current Year Expenditures
4Culture (Cultural Development Authority of King County)			
2019 Creative Consultancies LAA	337.07.04	119573A	15,000
Arts Sustained Support	337.07.04	119196A	5,500
Bothell Summer Concerts	337.07.04	n/a	1,450
Preservation Special Projects - Downtown Bothell Landmark & Historic District Feasibility Study	337.07.04	118554P	6,200
Preservation Sustained Support	337.07.04	119024P	5,000
4Culture Total			33,150
King County			
Local Hazardous Waste Management Program	337.07.00	4004EHS	12,741
Parr Creek Flood Control	337.07.00	4.15.003	31,673
Response Awareness, De-Escalation, & Referral (RADAR) Program	337.07.00	n/a	48,559
Waste Reduction & Recycling	337.07.00	6059942	34,492
King County Total			127,465
Port of Seattle			
Economic Development Partnership Agreement	337.00.00	S-00319830	18,000
Port of Seattle Total			18,000
Sound Transit			
SR522 Multi-Modal Corridor	337.00.00	GA 0259-18	4,440,032
Sound Transit Total			4,440,032
Washington State Administrative Office of the Courts			
Legal Financial Obligation (LFO)	334.01.20	NA	5,090
Washington State Administrative Office of the Courts Total			5,090
Washington State Department of Ecology			
2017-2019 Biennial Stormwater Capacity Grant	334.03.10	WQSWCAP01719-BothPW-00059	28,154
Local Source Control Partnership	334.03.10	C2000012	24,898
Shorelands Shoreline Master Program	334.03.10	SEASMP-1719-BothPW-00056	20,000
Toxics Cleanup Remedial Action Grant - Bothell Landing	334.03.10	TCPRA-2015-BothPW-00002	11,876
Toxics Cleanup Remedial Action Grant - Bothell Paint	334.03.10	TCPRA-2015-BothPW-00029	10,015
Toxics Cleanup Remedial Action Grant - Bothell Service Center	334.03.10	TCPRA-1921-BothPW-00011	716,705
Toxics Cleanup Remedial Action Grant - Former Riverside	334.03.10	TCPRA-2015-BothPW-00025	28,732
Toxics Cleanup Remedial Action Grant - Ultra	334.03.10	TCPRA-2015-BothPW-00039	48,616
Waste 2 Resources Local Solid Waste Financial Assistance (LSWFA)	334.03.10	W2RLSWFA-1719-BothPW-00002	17,647
Waste 2 Resources Local Solid Waste Financial Assistance (LSWFA)	334.03.10	SWMLSWFA-2019-BothPW-00086	9,462
Washington State Dept of Ecology Total			916,105
Washington State Department of Health			
EMS Prehospital Participation Grant	334.04.90	SFY19	1,266
Washington State Dept of Health Total			1,266
Washington State Recreation & Conservation Office (RCO)			
Non-Motorized Bridge over Sammamish River	334.02.70	18-1355D	51,113
Washington State Patrol Total			51,113
Washington State Transportation Improvement Board			
TIB Complete Streets Award	334.03.80	C-P-114(002)-1	126,821
Washington State Transportation Improvement Board Total			126,821
Total State & Local Financial Assistance for 2019			\$5,719,043

Note 1 - Basis of Accounting

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses full accrual basis of accounting in government-wide financials and modified accrual basis in governmental fund financials.

Note 2 - Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The accompanying notes are an integral part of this schedule.

General Obligation LIFT Bond 2014
December 31, 2019

Year Ended December 31, 2019	Interest Rate	Interest	Principal	Total Debt Service
2020		1,231,850	765,000	1,996,850
2021		1,200,650	795,000	1,995,650
2022		1,163,875	835,000	1,998,875
2023		1,121,125	875,000	1,996,125
2024		1,076,250	920,000	1,996,250
2025-2029		4,623,875	5,355,000	9,978,875
2030-2034		3,102,625	6,875,000	9,977,625
2035-2039		1,668,875	8,835,000	10,503,875
Total	2.0-5.0%	\$ 15,189,125	\$ 25,255,000	\$ 40,444,125

General Obligation Bonds 2013 B
December 31, 2019

Year Ended December 31, 2019	Interest Rate Range	Interest	Principal	Total Debt Service
2020		283,463	415,000	698,463
2021		271,013	425,000	696,013
2022		258,263	440,000	698,263
2023		245,063	450,000	695,063
2024		227,063	470,000	697,063
2025-2029		837,313	2,080,000	2,917,313
2030-2033		367,125	3,075,000	3,442,125
Total	0.60-4.5%	\$ 2,489,301	\$ 7,355,000	\$ 9,844,302

Utility Revenue Bond 2014
December 31, 2019

Year Ended December 31, 2019	Interest Rate	Interest	Principal	Total Debt Service
2020		561,719	750,000	1,311,719
2021		531,719	780,000	1,311,719
2022		492,719	815,000	1,307,719
2023		451,969	855,000	1,306,969
2024		409,219	900,000	1,309,219
2025-2029		1,461,038	5,090,000	6,551,038
2030-2034		611,881	5,940,000	6,551,881
Total	2.63-5.0%	\$ 4,520,265	\$ 15,130,000	\$ 19,650,264

Public Works Trust Fund Loan
 PC12-951-022
 December 31, 2019

Year Ended December 31, 2019	Interest Rate	Interest	Principal	Total Debt Service
2020	0.25%	13,414	447,123	460,537
2021	0.25%	12,296	447,123	459,419
2022	0.25%	11,178	447,123	458,301
2023	0.25%	10,060	447,123	457,183
2024	0.25%	8,942	447,123	456,065
2025-2029	0.25%	27,945	2,235,615	2,263,560
2030-2031	0.25%	3,353	894,246	897,599
Total		\$ 87,190	\$ 5,365,477	\$ 5,452,667

Public Works Trust Fund Loan
Horse Creek PC13-961-060
December 31, 2019

Year Ended December 31, 2019	Interest Rate	Interest	Principal	Total Debt Service
2020	0.25%	1,479	45,516	46,995
2021	0.25%	1,365	45,516	46,881
2022	0.25%	1,252	45,516	46,768
2023	0.25%	1,138	45,516	46,654
2024	0.25%	1,024	45,516	46,540
2025-2029	0.25%	3,414	227,581	230,995
2030-2032	0.25%	683	136,885	137,568
Total		\$ 10,355	\$ 592,046	\$ 602,401

City Hall Lease Revenue Bonds
December 31, 2019

Year Ended December 31, 2019	Interest Rate Range	Interest	Principal	Total Debt Service
2020	5.0%	1,888,115	1,365,000	3,253,115
2021	5.0%	1,813,844	1,510,000	3,323,844
2022	5.0%	1,737,594	1,590,000	3,327,594
2023	5.0%	1,658,468	1,665,000	3,323,468
2024	3.6-5%	1,575,427	1,750,000	3,325,427
2025-2029	3.6-3.9%	6,506,403	10,125,000	16,631,403
2030-2034	4.0%	4,380,721	12,245,000	16,625,721
2035-2039	4.0%	1,546,463	14,810,000	16,356,463
Total		\$ 21,107,034	\$ 45,060,000	\$ 66,167,034

Snohomish County Public Works Assistance Loan
December 31, 2019

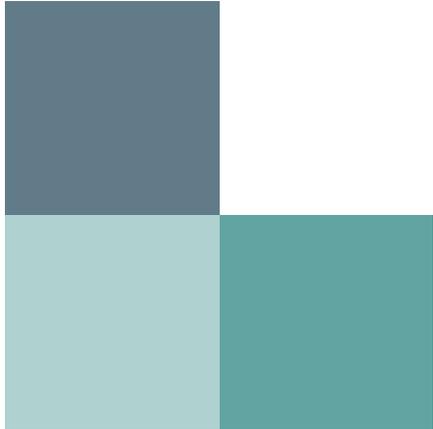
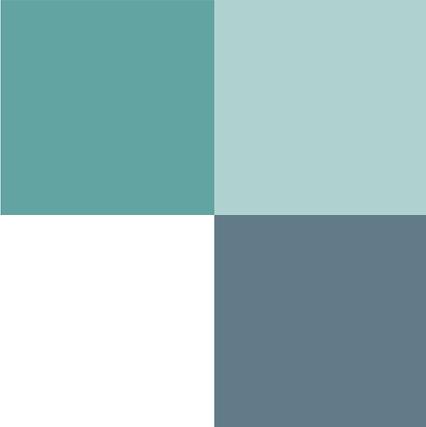
Year Ended December 31, 2019	Interest Rate Range	Interest	Principal	Total Debt Service
2020	1.50%	1,158	12,970	14,127
2021	1.50%	1,362	12,970	14,332
2022	1.50%	1,167	12,970	14,137
2023	1.50%	973	12,970	13,942
2024	1.50%	778	12,970	13,748
2025-2028	1.50%	1,167	38,909	40,077
Total		\$ 6,606	\$ 103,758	\$ 110,364

General Obligation Public Safety Bonds
December 31, 2019

Year Ended December 31, 2019	Interest Rate	Interest	Principal	Total Debt Service
2020		879,139	740,000	1,619,139
2021		847,050	780,000	1,627,050
2022		808,050	820,000	1,628,050
2023		767,050	860,000	1,627,050
2024		724,050	905,000	1,629,050
2025-2029		2,895,250	5,245,000	8,140,250
2030-2034		1,708,650	6,430,000	8,138,650
2035-2039		684,150	7,455,000	8,139,150
Total	3.0-5.0%	\$ 9,313,389	\$ 23,235,000	\$ 32,548,389



City of Bothell™



**STATISTICAL
INFORMATION**

TABLE OF CONTENTS

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.

1-4	Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-beng have changed over time.
5-10	Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.
11-16	Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.
17-18	Demographic & Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.
19-21	Operation Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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.

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$797,260,030	\$772,845,492	\$746,225,080	\$720,584,679	\$709,089,935	\$677,138,001	\$645,750,647	\$623,606,770	\$598,724,468	\$571,700,385
Restricted	7,754,246	9,780,831	7,578,092	12,554,203	15,409,677	17,584,435	25,939,390	22,700,029	28,308,719	31,772,391
Unrestricted	6,887,300	4,879,019	3,614,460	3,262,857	1,729,590	(5,769,209)	(9,553,063)	(6,089,735)	(14,949,438)	(9,884,774)
Total governmental activities net position	811,901,576	787,505,342	757,417,631	736,401,739	726,229,202	688,953,226	662,136,973	640,217,064	612,083,749	593,588,002
Business-type activities										
Net investment in capital assets	32,408,696	32,660,784	33,185,063	34,892,575	37,917,645	39,266,084	43,249,528	42,785,330	43,768,023	45,672,414
Restricted					1,316,369	1,316,369	1,316,369	1,316,369	1,316,369	1,316,369
Unrestricted	2,658,185	1,771,470	3,074,506	4,531,648	4,435,715	7,451,903	10,476,648	15,245,386	19,288,134	19,777,955
Total business-type activities net position	35,066,881	34,432,254	36,259,569	39,424,223	43,669,729	48,034,356	55,042,545	59,347,085	64,372,526	66,766,738
Primary government										
Net investment in capital assets	829,668,726	805,506,276	779,410,143	755,477,254	747,007,580	716,404,085	689,000,175	666,392,100	642,492,491	617,372,799
Restricted	7,754,246	9,780,831	7,578,092	12,554,203	16,726,046	18,900,804	27,255,759	24,016,398	29,625,088	33,088,760
Unrestricted	9,545,485	6,650,489	6,688,966	7,794,505	6,165,305	1,682,694	923,584	9,155,651	4,338,696	9,893,181
Total primary government net position	\$846,968,458	\$821,937,596	\$793,677,200	\$775,825,961	\$769,898,931	\$736,987,582	\$717,179,518	\$699,564,149	\$676,456,275	\$660,354,740

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses - Governmental activities										
General government	\$9,442,611	\$9,877,418	\$10,969,744	\$10,073,570	\$22,655,176	\$12,868,567	\$16,501,329	\$16,389,961	\$15,736,695	\$18,481,329
Security of persons and property	22,005,979	21,575,204	22,078,983	23,098,903	22,723,613	23,376,244	23,953,206	25,973,285	27,382,168	31,280,308
Physical environment	6,354,100	6,398,497	4,914,790	5,972,811	2,196,908	2,548,539	2,757,415	2,763,405	2,750,098	2,656,681
Transportation	39,919,102	34,044,668	36,833,751	35,896,052	41,362,523	42,686,251	43,696,700	43,851,764	46,643,697	47,442,708
Economic environment	3,347,504	3,298,490	2,860,182	2,882,941	4,770,995	4,067,230	4,318,103	4,028,902	8,577,058	3,493,273
Culture and recreation			1,613,519	2,005,064	1,852,966	2,205,709	2,243,434	2,459,788	2,616,511	2,238,693
Interest on long-term debt	303,378	581,295	517,471	686,700	2,064,923	2,756,555	3,063,168	3,502,614	2,948,818	3,536,401
Total governmental activities	81,372,674	75,775,571	79,788,440	80,616,039	97,627,104	90,509,095	96,533,353	98,969,719	106,475,044	109,129,394
Business-type activities										
Water	3,234,985	3,708,205	3,369,337	3,947,670	4,045,439	4,471,061	4,312,430	4,855,578	4,862,936	5,445,506
Sewer	4,809,616	5,454,241	4,976,045	5,136,854	5,865,582	6,045,555	6,331,025	6,986,948	7,088,546	8,084,249
Storm & Surface Water	2,381,009	2,864,914	2,938,653	2,985,040	3,793,237	4,099,932	4,462,068	5,418,301	5,696,172	5,789,406
Total business-type activities	10,425,610	12,027,360	11,284,035	12,069,565	13,704,258	14,616,548	15,105,523	17,260,827	17,647,653	19,319,161
Total primary government expenses	\$91,798,284	\$87,802,932	\$91,072,475	\$92,685,604	\$111,331,362	\$105,125,643	\$111,638,876	\$116,230,546	\$124,122,697	\$128,448,556
Program Revenues - Governmental activities										
Charges for services										
General government	\$2,687,935	\$4,810,917	\$4,841,692	\$5,795,890	\$4,949,225	\$7,083,683	\$9,956,908	\$6,978,338	\$8,099,979	\$7,453,082
Security of persons and property	2,743,162	2,273,740	2,663,755	3,243,837	3,368,962	4,456,563	4,392,999	5,317,863	5,720,408	6,584,362
Physical environment	3,566,661	1,376,855	2,078,244	1,352,480	937,303	986,097	933,754	986,097	1,393,217	1,345,692
Transportation	1,185,102	607,870	1,818,764	349,447	288,215	1,375,389	1,896,846	1,747,125	1,299,326	439,050
Economic environment	1,594,278	1,338,169	1,961,284	4,218,724	4,176,516	3,924,331	5,406,921	6,355,160	9,395,950	5,421,780
Culture and recreation	328,879	457,981	268,711	266,648	288,713	354,039	280,506	340,786	310,346	287,188
Operating grants and contributions	383,255	360,152	969,659	1,566,336	541,291	364,737	334,328	337,028	466,712	1,427,294
Capital grants and contributions	8,068,251	10,650,614	4,324,101	11,102,307	8,153,286	4,451,573	8,684,810	9,679,544	7,261,623	10,305,181
Total governmental activities program revenues	20,557,594	21,876,297	18,926,210	27,895,669	22,683,511	22,944,069	31,939,415	32,103,061	33,900,036	33,784,916
Business-type activities										
Charges for services										
Water	3,098,581	3,210,573	3,656,582	4,371,380	4,247,227	6,053,287	5,722,568	5,686,533	5,723,140	5,873,078
Sewer	4,421,861	5,012,251	5,639,707	6,088,614	6,601,973	7,556,241	7,998,203	7,879,956	8,284,176	8,338,855
Storm & Surface Water	2,605,276	2,927,059	3,645,575	4,255,802	5,147,336	5,462,436	6,284,605	6,269,635	7,732,189	7,366,017
Operating grants and contributions							149,637	568,848	114,516	113,714
Capital grants and contributions	757,700	241,500	164,800	501,000	1,951,300	1,105,654	1,923,454	1,093,277	738,591	426,278
Total business-type activities program revenue	10,883,418	11,391,383	13,106,664	15,216,797	17,947,836	20,177,618	22,078,467	21,498,249	22,592,612	22,117,943
Total primary government program revenues	\$31,441,012	\$33,267,680	\$32,032,874	\$43,112,466	\$40,631,347	\$43,121,687	\$54,017,882	\$53,601,310	\$56,492,648	\$55,902,858
Net (Expense)/Revenue										
Government activities	(\$60,815,080)	(\$53,899,274)	(\$60,862,229)	(\$52,720,370)	(\$74,943,593)	(\$67,565,026)	(\$64,593,938)	(\$66,866,658)	(\$72,575,008)	(\$75,344,479)
Business-type activities	457,808	(635,977)	1,822,629	3,147,232	4,243,578	5,561,070	6,972,944	4,237,421	4,944,958	2,798,781
Total primary government net expense	(60,357,272)	(54,535,251)	(59,039,600)	(49,573,138)	(70,700,015)	(62,003,956)	(57,620,994)	(62,629,237)	(67,630,049)	(72,545,697)
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	12,402,051	12,644,299	17,417,803	17,500,847	23,179,428
Excise tax	10,482,416	9,960,281	10,341,621	11,071,149	12,889,402	17,053,937	16,804,847	18,610,037	21,868,524	23,107,676
Business tax	6,832,556	6,795,259	6,972,159	6,759,484	7,945,069	7,686,370	7,659,567	7,315,916	7,560,793	7,570,286
Unrestricted grants and contributions										0
Investment earnings	123,457	310,195	512,991	164,714	116,931	441,188	229,685	504,584	740,880	1,448,679
Special item					23,858,356					0
Miscellaneous	454,842	516,090	540,813	1,033,726	4,682,318	438,912	439,287	1,098,410	793,665	785,683
Transfers				(17,422)		37,103				412,566
Total governmental activities	28,084,224	28,545,636	29,496,058	31,517,764	64,993,231	38,059,561	37,777,685	44,946,749	48,464,709	56,504,319
Business-type activities										
Investment earnings	4,259	1,350	4,685		1,928	20,233	35,244	67,119	80,482	7,998
Miscellaneous										
Transfers				17,422		(37,103)	0			(412,566)
Total business-type activities	4,260	1,350	4,685	17,422	1,928	(16,870)	35,244	67,119	80,482	(404,568)
Total primary government	\$28,088,483	\$28,546,986	\$29,500,743	\$31,535,186	\$64,995,159	\$38,042,691	\$37,812,929	\$45,013,868	\$48,545,191	\$56,099,750
Change in Net Position										
Government activities	(\$32,730,857)	(\$25,353,638)	(\$31,366,171)	(\$21,202,606)	(\$9,950,362)	(\$29,505,465)	(\$26,816,253)	(\$21,919,909)	(\$24,110,298)	(\$18,840,160)
Business-type activities	462,066	(634,627)	1,827,315	3,164,654	4,245,507	5,544,200	7,008,188	4,304,540	5,025,441	2,394,213
Total primary government	(\$32,268,791)	(\$25,988,265)	(\$29,538,856)	(\$18,037,952)	(\$5,704,855)	(\$23,961,265)	(\$19,808,065)	(\$17,615,369)	(\$19,084,858)	(\$16,445,947)

Fund Balances of Government Funds
Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved										
Unreserved	4,052,527									
Committed		16,750	16,750	16,750	22,250	22,250	22,250	16,750	16,750	16,750
Restricted		391,930	526,522	602,871	738,694	867,549	1,307,401	967,611	888,584	1,115,298
Assigned		1,711,130	1,711,130	1,711,130	1,711,130	1,711,130	1,711,130	1,711,130	1,711,130	1,711,130
Unassigned		1,587,189	870,296	1,446,023	1,316,482	1,381,675	258,069	6,336,136	7,403,645	7,281,206
Prior Period Adjustment				11,035						
Total general fund	\$4,052,527	\$3,706,999	\$3,124,698	\$3,787,810	\$3,788,556	\$3,982,604	\$3,298,850	\$9,031,627	\$10,020,108	\$10,124,384
All Other Governmental Funds										
Unreserved										
Special revenue funds	\$2,410,436	\$2,268,368	\$3,916,223	\$4,709,781	\$7,290,304	\$7,392,924	\$8,118,902	\$12,060,158	\$8,268,961	\$12,976,320
Debt service funds	669	55,295	142,231	120,129	29,739	396	(928)	88,030	0	0
Capital projects funds	5,266,801	7,065,239	2,976,365	6,917,958	7,594,931	9,307,244	13,883,596	2,990,654	6,607,931	31,878,836
Permanent funds					16,321	16,321	16,321	16,321	16,321	16,321
Restricted		9,388,902	7,034,819	11,747,868	14,914,974	16,700,564	22,001,569	15,138,842	1,808,681	0
Committed		68,153	67,692	67,692	67,692	67,692	67,692	67,692	67,692	67,692
Prior Period Adjustment				175,679	(222,175)					
Total all other governmental funds	\$7,677,906	\$9,457,055	\$7,102,511	\$11,991,239	\$14,776,812	\$16,784,577	\$22,085,583	\$15,222,856	\$16,769,586	\$44,939,169

Note: Prior year amounts have not been restated for the implementation of Statement 54.

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$27,505,967	\$27,719,352	\$28,442,253	\$30,413,113	\$34,443,409	\$36,521,449	\$36,673,875	\$43,325,131	\$47,036,991	\$52,443,307
Licenses and permits	1,128,293	1,081,549	1,761,220	2,953,512	2,837,610	3,404,797	4,055,011	4,008,628	5,060,444	4,322,553
Intergovernmental	10,748,505	13,700,129	8,015,234	11,647,160	8,816,626	6,226,412	9,996,150	11,516,083	8,706,558	11,555,943
Charges for services	5,587,104	4,703,004	6,467,279	9,037,134	9,137,788	9,121,997	10,872,110	11,826,883	15,231,494	13,467,041
Fines and forfeitures	431,188	387,550	421,304	381,258	371,011	377,964	406,083	356,979	323,931	217,375
Interest earnings	120,261	306,511	509,634	162,427	115,776	113,568	245,754	477,436	712,123	1,448,679
Proceeds from the sale of capital assets										
Contributions	68,260	50,930	45,605	890,862	397,021	49,271	604,887	540,930	103,840	162,978
Other revenue	347,338	445,398	435,486	330,305	2,560,223	443,354	393,242	943,349	705,094	575,223
Total revenues	45,936,917	48,394,423	46,098,016	55,815,771	58,679,464	56,258,812	63,247,111	72,995,419	77,880,476	84,193,100
Expenditures										
General government	8,248,773	8,702,807	8,248,283	8,651,252	8,134,152	9,024,948	10,318,936	11,528,616	12,204,936	13,111,650
Security of persons and property	20,223,188	19,958,652	20,292,352	20,829,840	22,072,891	23,695,773	23,474,573	26,548,790	28,132,684	32,111,619
Transportation	1,567,865	1,732,338	1,725,232	1,688,875	5,449,765	5,960,100	6,936,056	7,044,039	7,789,025	8,696,864
Physical environment	3,984,208	4,183,070	4,185,398	3,450,807	20,409	20,455	48,026	18,330	22,471	18,746
Cultural environment				1,334,713	1,535,044	1,720,662	1,609,254	1,886,405	6,197,131	2,379,754
Economic environment	3,129,153	2,864,765	2,860,182	2,882,941	4,391,995	3,696,718	3,997,153	4,257,381	2,081,195	4,668,988
Bond issue costs	79,488	41,603	170,753	125,039	311,422	1,577				248,666
Debt service										
Interest	223,890	539,692	517,471	686,700	1,753,501	1,767,419	3,222,695	2,222,123	2,057,011	2,912,461
Principal	545,000	23,301,611	11,272,161	5,258,421	31,479,922	1,460,527	2,172,123	3,688,178	3,135,235	3,474,153
Other expenditures	15,777	28,645	2,436	10,474	21,136	1,959	1,200	853		
Capital outlay	38,541,728	16,982,124	12,124,363	21,441,381	13,477,686	58,858,361	15,878,284	18,113,770	13,731,986	13,823,912
Total expenditures	76,559,071	78,335,307	61,398,630	66,360,442	88,647,923	106,208,500	67,658,300	75,308,485	75,351,672	81,446,811
Excess of revenue over (under) expenditures	(30,622,154)	(29,940,884)	(15,300,615)	(10,544,671)	(29,968,459)	(49,949,688)	(4,411,189)	(2,313,066)	2,528,804	2,746,289
Other Financing Sources (Uses)										
Refunding bonds issued										
Premium on refunding bonds										
Bond anticipation note	12,741,611	30,000,000	6,550,000							
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					
Capital lease						51,475,433				
Proceeds from sales of capital assets			4,607,525	15,088	1,800,000	761,483	9,337,640	1,431,042		
Public safety bonds										23,235,000
Public safety bond premium										2,519,362
Loan proceeds	18,750,000			5,953,936	1,819,279	226,786		39,450	16,092	54,388
Transfers in	1,880,598	2,348,144	2,406,488	1,889,311	2,052,217	2,609,009	5,840,299	13,632,421	8,742,180	7,299,099
Transfers out	(2,218,278)	(1,931,044)	(2,478,701)	(2,068,775)	(3,041,638)	(2,921,209)	(6,149,499)	(13,919,797)	(8,751,865)	(7,924,691)
Total other financing sources uses	31,153,931	30,417,100	11,085,311	15,909,796	32,976,954	52,151,501	9,028,440	1,183,115	6,408	25,183,157
Net change in fund balances	\$531,776	\$476,216	(\$4,215,304)	\$5,365,125	\$3,008,495	\$2,201,813	\$4,617,251	(\$1,129,950)	\$2,535,212	\$27,929,446
Debt service as a percentage of noncapital expenditures	2.0%	38.9%	23.9%	13.2%	44.2%	6.8%	10.4%	10.3%	8.4%	9.4%

Assessed Value of Taxable Property
Last Ten Fiscal Years

Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate*
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
2015	6,756,976,860	894,227,150	7,651,204,010	1.50
2016	7,223,612,278	1,072,446,159	8,296,058,437	1.43
2017	8,097,355,849	686,091,405	8,783,447,254	1.90
2018	9,214,882,284	686,001,760	9,900,884,044	1.64
2019	10,697,535,110	717,738,564	11,415,273,674	1.91

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.

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

City Direct Rates						Overlapping Tax Rates - King County											
Year	Regular Levy	Street Levy	GO Bond	Public Safety Levy	Total Direct Rate	WA State	King County	School District	County Port	Hospital District	Library	Emergency Medical Services	Park/Rec District	Flood District	Ferry District	RTA	Total Direct & Overlapping Rate
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
2015	1.41		0.09		1.50	2.29	1.35	4.44	.19	.40	.50	.30	.01	.14			11.12
2016	1.33		0.10		1.43	2.17	1.48	4.22	.17	.38	.48	.28	.01	.13			10.75
2017	1.29	0.50	0.11		1.90	2.03	1.39	4.01	.15	.36	.45	.26	.01	.12		.25	10.93
2018	1.18	0.46			1.64	2.92	1.33	3.66	.14	.33	.41	.24	.01	.11		.23	11.02
2019	1.02	0.46		0.43	1.91	2.63	1.22	3.49	.12	.29	.37	.22	.01	.10		.21	10.57

City Direct Rates						Overlapping Tax Rates - Snohomish County											
Year	Regular Levy	Street Levy	GO Bond	Public Safety Levy	Total Direct Rate	WA State	Snohomish County	School District	County Port	Hospital District	Library	Emergency Medical Services	Park/Rec District	Flood District	Ferry District	RTA	Total Direct & Overlapping Rate
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
2015	1.41		0.09		1.50	2.28	1.00	4.44			.50	.27	.01				10.00
2016	1.33		0.10		1.43	2.12	0.93	4.22		.09	.48	.26	.01				9.55
2017	1.29	0.50	0.11		1.90	2.03	0.88	4.01			.45	.25	.01			.25	9.78
2018	1.18	0.46			1.64	2.85	0.79	3.66			.42	.33	.01			.23	9.93
2019	1.02	0.46		0.43	1.91	2.57	0.72	3.49			.37	.30	.01			.21	9.58

The combined property tax rate excluding excess levies cannot exceed \$10 per \$1,000 of assessed value
The rates presented above include excess levies

Source: King and Snohomish County Assessors Office

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

Principal Property Tax Payers
Current and Ten Years Ago

Snohomish County Taxpayers				2019			2010		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation			
Seattle Genetics Inc	121,565,083	1	2.59%						
Canyon Park Owner	107,001,500	2	2.28%						
Philips Ultrasound Inc	85,575,310	3	1.83%	86,840,309	3	1.85%			
BRE Properties Inc	85,000,000	4	1.81%	41,908,000	5	0.89%			
LIPT 27th Ave SE LLC	63,000,000	5	1.34%						
Essex Portfolio LP	57,500,000	6	1.23%						
DS Canyon Park LP	50,873,100	7	1.09%						
EQR-Fanwell	48,000,000	8	0.95%						
BRE WA Office Owner LLC	44,717,000	9	0.88%						
Monte Villa Farms LLC	41,074,070	10	1.02%	40,507,635	6	0.86%			
Arden Realty Inc/Thompson Prop Tax Svc				143,719,000	1	3.07%			
Teachers Insurance & Annuity Assn				140,188,000	2	2.99%			
AT&T Mobility LLC				75,077,397	4	1.60%			
Diamond Canyon Park LLC				37,000,000	7	0.79%			
Immunex Mfg Corp				35,560,800	8	0.76%			
LBA Realty/Thompson Prop Tax Service				35,052,000	9	0.75%			
Stonemeadow Farm Apartments Inc				34,949,929	10	0.75%			
Total Assessed Valuation - Largest Taxpayers	704,306,063		15.03%	670,803,070		20.58%			
Total Assessed Valuation - All Other	3,982,567,666		84.97%	2,588,807,113		79.42%			
Total Assessed Value	\$4,686,873,729		100.00%	\$3,259,610,183		100.00%			

King County Taxpayers				2019			2010		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation			
AT&T Mobility LLC	\$259,605,155	1	3.86%						
Grosvenor International Ltd (formerly Schnitzer West)	150,781,621	2	2.24%						
Village at Beardslee (formerly Gateway Apartments LLC)	148,426,743	3	2.21%						
1DP Bothell TIC	147,044,000	4	2.19%						
Belcorp Holdings Inc.	72,287,000	5	1.07%						
Willina LLC	51,453,000	6	0.76%						
Essex Property Trust	50,646,000	7	0.75%	27,458,400	8	0.83%			
MSPT X LLC	48,646,000	8	0.72%						
North Creek Facility LLC	48,114,500	9	0.72%						
Puget Sound Energy	45,296,943	10	0.67%	21,954,946	9	0.66%			
T-Mobile				289,746,236	1	8.72%			
Schnitzer Northwest				166,548,100	2	5.01%			
Seattle Times				77,324,483	3	2.33%			
Arden Realty Inc. (formerly Allstate Ins.)				42,936,300	4	1.29%			
Tishman Speyer Archstone-SM				42,015,000	5	1.26%			
KPS Realty				35,549,491	6	1.07%			
Archstone Communities Trust				27,661,000	7	0.83%			
S/I North Creek VIII LLC				20,050,900	10	0.60%			
Total Assessed Valuation - Largest Taxpayers	1,022,300,962		15.19%	751,244,856		22.60%			
Total Assessed Valuation - All Other	5,706,098,983		84.81%	2,572,587,353		77.40%			
Total Assessed Value	\$6,728,399,945		100.00%	\$3,323,832,209		100.00%			

Sources: Snohomish County Assessor
King County Levy Administration
City of Bothell is split between Snohomish and King Counties

Property Tax Levies and Collections
Last Ten Fiscal Years

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
2010	4,639,863	4,603,679	99.22%	104,876	4,603,679	99.22%
2011	4,837,689	4,793,177	99.08%	54,797	4,793,177	99.08%
2012	5,015,207	4,903,054	97.76%	52,236	4,903,054	97.76%
2013	5,006,353	4,963,964	99.15%	35,007	4,963,964	99.15%
2014	4,950,243	4,885,315	98.69%	23,343	4,885,315	98.69%
2015	6,476,342	6,417,312	99.09%	48,388	6,417,319	99.09%
2016	6,791,598	6,754,809	99.46%	59,746	6,759,618	99.53%
2017	9,606,199	9,469,463	98.58%	74,539	9,475,686	98.64%
2018	9,380,133	9,236,077	98.46%	64,597	9,300,674	99.15%
2019	12,781,677	12,679,392	99.20%		12,679,392	99.20%

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
2010	5,214,713	5,124,092	98.26%	56,516	5,180,548	99.34%
2011	5,234,385	5,159,574	98.57%	57,068	5,216,583	99.66%
2012	5,331,158	5,260,360	98.67%	74,392	5,330,453	99.99%
2013	5,470,860	5,416,398	99.00%	20,901	5,437,241	99.39%
2014	5,678,750	5,629,993	99.14%	53,282	5,683,242	100.00%
2015	5,775,353	5,713,365	98.93%	42,486	5,753,749	99.63%
2016	5,862,819	5,806,545	99.04%	51,113	5,850,665	99.79%
2017	7,760,704	7,704,520	99.28%	87,808	7,711,125	99.36%
2018	8,183,374	8,089,388	98.85%	63,340	8,152,728	99.63%
2019	10,367,079	8,820,992	85.09%		10,236,238	98.74%

Sales Tax Revenue by Category
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail trade	\$2,660,629	\$2,679,046	\$2,483,071	\$2,285,820	\$2,459,483	\$2,813,968	\$3,515,580	\$3,253,940	\$3,276,788	\$3,817,433
Wholesale trade	1,057,129	914,654	1,247,453	1,133,400	1,231,411	1,152,732	1,003,675	1,012,938	1,072,780	1,108,085
Construction	2,038,018	1,433,788	1,370,608	2,176,732	2,022,908	2,176,682	2,265,917	2,801,526	2,951,610	3,424,461
Information	403,623	344,136	545,752	704,458	655,963	589,189	627,239	444,910	377,662	266,864
Professional, scientific, technical services	561,669	534,827	533,135	302,826	371,777	463,557	606,318	629,583	609,313	1,016,751
Accommodation and food services	697,014	724,495	779,264	820,289	904,148	1,058,599	1,416,027	1,246,141	1,206,461	1,364,542
Real estate, rental, leasing	179,855	171,944	166,304	199,154	491,200	570,635	599,020	723,113	605,407	621,072
Manufacturing	149,227	187,089	267,381	260,679	318,465	490,391	461,910	578,907	479,526	507,363
Admin, supp, remed services	233,155	233,104	228,612	240,316	250,973	282,831	317,043	460,863	439,480	640,006
Other services	223,163	278,395	413,643	459,074	495,436	162,927	189,596	175,003	159,424	195,535
Other	558,650	630,764	230,837	668,765	730,573	364,861	446,420	428,507	390,828	442,715
Total	\$8,762,132	\$8,132,242	\$8,266,060	\$9,251,513	\$9,932,337	\$10,126,372	\$11,448,745	\$11,755,431	\$11,569,279	\$13,404,827

City direct sales tax rate is 0.85%

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

Source: Washington State Department of Revenue

Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

King County				
Year	Local	State	Rapid Transit	Total Sales Tax
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%
2015	2.5%	6.5%	.5%	9.5%
2016	2.5%	6.5%	.5%	9.5%
2017	2.5%	6.5%	1.0%	10.0%
2018	2.5%	6.5%	1.0%	10.0%
2019	2.5%	6.5%	1.0%	10.0%

Snohomish County				
Year	Local	State	Rapid Transit	Total Sales Tax
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%
2015	2.5%	6.5%	.5%	9.5%
2016	2.8%	6.5%	.5%	9.8%
2017	2.8%	6.5%	1.0%	10.3%
2018	2.8%	6.5%	1.0%	10.3%
2019	2.9%	6.5%	1.0%	10.4%

Source: Washington State Department of Revenue

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year	Government Activities			Business-Type Activities				Total Primary Government	Per Capita Income*	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation	Capital Lease	Term Loan Payable	Water Bonds	Sewer Bonds	Combined Utility Bonds	Term Loan Payable					
2010	17,106,611		18,750,000				900,787	36,757,398	59,198	1.86	33,430	1,100
2011	33,749,705		8,750,000				788,188	43,287,893	49,115	2.61	33,720	1,284
2012	37,832,839						675,589	38,508,428	50,559	2.24	34,000	1,133
2013	48,193,354						562,992	48,756,346	52,943	2.67	34,460	1,415
2014	39,375,000		7,367,710			18,355,000	1,014,416	66,112,126	58,402	2.72	41,630	1,588
2015	40,730,841	51,475,433	7,153,969			19,021,527	1,024,715	119,406,485	61,021	4.59	42,640	2,800
2016	38,897,595	50,422,952	6,706,846			18,323,246	953,791	115,304,430	64,553	4.06	43,980	2,622
2017	37,014,349	49,344,780	6,299,173			17,594,964	795,676	111,048,942	69,214	3.62	44,370	2,503
2018	35,801,103	48,016,609	5,868,142			16,846,683	637,562	107,170,099	74,620	3.17	45,260	2,368
2019	60,307,219	46,623,437	5,469,235			16,063,401	592,046	129,055,338	NA	NA	46,750	2,761

*Bureau of Economic Analysis

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
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
2015	92,206,274	7,651,204,010	1.21	42,640	2,162
2016	89,320,547	8,296,058,437	1.08	43,980	2,031
2017	86,359,129	8,783,447,254	0.98	44,370	1,946
2018	83,817,712	9,900,884,044	0.85	45,260	1,852
2019	106,930,656	11,415,273,674	0.94	46,750	2,287

Computation of Direct and Overlapping Debt
December 2019

Overlapping Debt			
Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
King County	\$637,704,694	1.88%	\$12,000,147
Snohomish County	341,598,131	8.59%	29,357,177
Northshore School District	543,319,567	53.13%	288,651,431
King County Hospital #2	171,543,495	14.72%	25,251,010
Port of Seattle	335,470,000	1.88%	6,312,780
Northshore Parks & Rec	404,810	53.17%	215,233
King County Library System	66,743,220	3.18%	2,122,837
Total overlapping debt	<u><u>\$2,096,783,917</u></u>		<u><u>\$363,910,616</u></u>
Direct Debt			
City of Bothell	\$112,399,891	100.00%	\$112,399,891
Total direct and overlapping debt	<u><u>\$2,209,183,808</u></u>		<u><u>\$476,310,507</u></u>

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.

Legal Debt Margin Information
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed value	\$6,583,442,392	\$6,337,894,408	\$5,907,643,322	\$5,804,635,963	\$6,128,996,433	\$7,651,204,010	\$8,296,058,437	\$8,783,447,254	\$9,900,884,044	\$11,415,273,674
Debt limit (7.5% of assessed value)	493,758,179	475,342,081	443,073,249	435,347,697	459,674,732	573,840,301	622,204,383	658,758,544	742,566,303	856,145,526
Debt applicable to limit										
General obligation bonds	17,106,611	33,805,000	37,832,839	48,193,354	46,742,710	99,360,243	96,027,393	92,658,302	89,685,854	112,399,891
Less: amount set aside for repayment	669	55,295	100,080	103,808	29,738	396	(928)	88,030	0	0
Total net debt applicable to limit	17,105,942	33,749,705	37,732,759	48,089,546	46,712,972	99,359,847	96,028,321	92,570,272	89,685,854	112,399,891
Legal debt margin	476,652,237	441,592,376	405,340,490	387,258,151	412,961,760	474,480,454	526,176,061	566,188,272	652,880,449	743,745,634
Total net debt applicable to the limit as a percentage of debt limit	3.46%	7.10%	8.52%	11.05%	10.16%	17.31%	15.43%	14.05%	12.08%	13.13%

Pledged-Revenue Coverage
Last Ten Fiscal Years

Combined Utility System Bonds						
Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$15,996,535	\$13,332,786	\$2,663,749	\$520,000	\$794,301	2.03
2015	\$19,071,965	\$13,913,731	\$5,158,234	\$635,000	\$676,769	3.93
2016	\$20,005,376	\$14,487,888	\$5,517,488	\$665,000	\$651,369	4.19
2017	\$19,836,124	\$16,671,040	\$3,165,084	\$665,000	\$651,369	2.40
2018	\$21,739,505	\$17,136,580	\$4,602,924	\$685,000	\$624,769	3.51
2019	\$21,577,950	\$18,790,331	\$2,787,619	\$720,000	\$590,519	2.13

Utility Revenue Bond (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		
2015	\$6,053,287	\$4,320,189	\$1,733,098	\$277,473	6.25
2016	\$5,722,568	\$4,180,760	\$1,541,808	\$277,681	5.55
2017	\$5,686,533	\$4,730,981	\$955,552	\$277,281	3.45
2018	\$5,723,140	\$4,754,634	\$968,506	\$276,681	3.50
2019	\$5,873,078	\$5,334,420	\$538,658	\$274,431	1.96

Utility Revenue Bond (Sewer) Debt Service Coverage Ratios					
Year	Operating Revenue	Operating Expense	Operating Income	Debt Service	Coverage Ratio
2014	\$6,601,973	\$5,830,950	\$771,023		
2015	\$7,556,241	\$5,979,353	\$1,576,888	\$125,380	12.58
2016	\$7,998,203	\$6,273,035	\$1,725,168	\$124,206	13.89
2017	\$7,879,956	\$6,931,407	\$948,549	\$126,806	7.48
2018	\$8,284,176	\$7,040,320	\$1,243,856	\$124,206	10.01
2019	\$8,338,855	\$8,034,340	\$304,515	\$125,956	2.42

Utility Revenue Bond (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		1.77
2015	\$5,462,436	\$3,614,189	\$1,848,247	\$911,448	2.03
2016	\$6,284,605	\$4,034,093	\$2,250,512	\$909,881	2.47
2017	\$6,269,634	\$5,008,652	\$1,260,982	\$912,281	1.38
2018	\$7,732,189	\$5,341,626	\$2,390,563	\$908,881	2.63
2019	\$7,366,017	\$5,421,571	\$1,944,446	\$910,131	2.14

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

Utility Revenue Bond Statistics

Water Total Volume

Year	Residential Volume (CCF) ¹	Commercial Volume (CCF) ²	Irrigation Volume (CCF)	Residential Revenue	Commercial Revenue	Irrigation Revenue
2014	449,900	153,098	101,396	\$2,068,377	\$766,624	\$767,292
2015	431,743	159,648	136,363	\$2,842,981	\$891,066	\$1,027,296
2016	443,516	175,473	121,815	\$2,407,187	\$956,181	\$920,974
2017	456,067	153,945	121,580	\$2,657,446	\$909,992	\$1,036,958
2018	448,612	144,179	118,492	\$2,834,251	\$894,790	\$1,023,423
2019	462,326	146,177	106,199	\$2,971,814	\$977,465	\$893,613

¹ Residential includes apartments and mobile home parks

² Commercial volume includes government/education

Water Utility Customers

Year	Residential	Commercial/ Nonresidential	Total
2014	3,494	502	3,996
2015	3,580	505	4,085
2016	3,656	519	4,175
2017	4,079	580	4,659
2018	3,776	512	4,288
2019	3,786	506	4,292

Water Total Consumption

Year	Consumption (CCF)	Number of Accounts	Average GPD/Account
2014	715,943	4,031	363.98
2015	754,601	4,085	378.56
2016	753,195	4,175	371.04
2017	745,366	4,230	367.00
2018	711,283	4,288	339.94
2019	714,905	4,292	341.35

Sewer Total Consumption

Year	Residential Volume (CCF)	Commercial Volume (CCF)	Residential Revenue (CCF)	Commercial Revenue (CCF)
2014	449,900	153,098	\$5,140,586	\$1,028,971
2015	431,743	159,648	\$5,526,670	\$1,183,067
2016	443,516	175,473	\$5,732,613	\$1,363,537
2017	456,067	153,945	\$6,021,440	\$1,240,531
2018	249,216	144,179	\$6,259,635	\$1,194,226
2019	240,893	295,857	\$6,810,922	\$1,214,667

Storm & Surface Water Utility Customers

Year	Residential	Condominiums	Seniors	Commercial/ Nonresidential	Total
2014	9,528	1,613	491	805	12,437
2015	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A
2018	10,040	2,556	395	773	13,764
2019	11,008	2,845	295	916	15,064

Approximately 73% of Storm & Surface Water Utility customers are residential and the remainder are commercial or non-residential.

Sewer Utility Customers

Year	Residential	Commercial/ Nonresidential	Total
2014	4,764	333	5,097
2015	4,795	333	5,128
2016	4,867	333	5,200
2017	5,373	343	5,716
2018	4,977	309	5,286
2019	4,747	637	5,384

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

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

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
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	2,460,526	59,105	40	13.7	29,140	4.60%
2015	42,640	2,683,704	61,021	40	13.7	30,995	5.00%
2016	43,980	2,839,041	64,553	40	13.7	31,984	3.70%
2017	44,370	3,089,084	69,621	38	13.7	31,528	4.10%
2018	45,260	3,377,301	74,620	38	13.7	32,286	3.30%
2019	46,750	NA	NA	38	13.7	33,608	4.30%

Sources:

- Washington State - Office of Financial Management (OFM)
- US Department of Labor - Bureau of Labor Statistics (BLS)
- US Department of Commerce - Bureau of Economic Analysis (BEA)
- Northshore School District (NSSD), University of Washington-Bothell (UW-B), Cascadia College
- US Census Bureau 2010 Demographic Profile Data
- Northshore School District (NSSD), University of Washington-Bothell (UW-B), Cascadia College

NA = Not Available

Principal Employers
Current Year and Ten Years Ago

Employer	Product or Service	2019			2010		
		Rank	Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Northshore School District	Education	1	2,284	7.85%	2	1,793	22.86%
Phillips Ultrasound	Diagnostic imaging manufacturer	2	1,668	5.74%	3	1,187	15.13%
AT&T Mobile	Telecommunications	3	1,551	5.33%	1	2,079	26.50%
Seattle Genetics	Manufacturer	4	1,053	3.62%			
University of Washington-Bothell	Education	5	728	2.50%	8	367	4.68%
T-Mobile West LLC	Telecommunications	6	568	1.95%	4	466	5.94%
Puget Sound Energy	Utility services - electric/gas	7	554	1.90%	5	451	5.75%
Panasonic (Matsushita) Avionics	Aviation manufacturer	8	466	1.60%	6	423	5.39%
Molina Healthcare of WA Inc	Insurance	9	386	1.33%			
City of Bothell	Municipal government	10	357	1.23%			
Vertafore Inc	Insurance technology				7	402	5.12%
Phillips Electric No American Corp	Electric manufacturer				9	364	4.64%
Seattle Times	Newspaper				10	313	3.99%
Total			9,615	33.05%		7,845	39.00%

Sources:

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

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

Function/Program	Full-Time Equivalent Employees as of December 31									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Executive										
Legislative	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
City Manager	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00
City Clerk	2.75	2.75	2.75	2.75	2.75	2.75	3.00	3.00	3.00	3.00
Information Technology	10.00	10.00	10.00	10.00	10.00	10.00	10.00	14.00	15.00	17.50
Judicial	4.00	4.50	4.50	4.50	4.50	4.50	4.50	6.35	6.85	7.85
Non-Dept/Tourism	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.20	1.20	3.05
Finance	8.25	8.25	8.25	8.65	8.65	8.85	9.20	12.20	12.75	9.75
Legal	3.56	3.56	3.56	4.15	4.15	4.15	4.15	5.75	5.75	5.75
Human Resources	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	6.00	5.00
Police										
Officers	58.00	58.00	58.00	58.00	58.00	57.00	57.00	57.00	55.00	81.00
Civilians	25.75	25.75	25.75	26.75	32.00	32.00	32.00	32.00	39.00	31.00
Fire										
Firefighters and officers	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	62.00	68.00
Civilians	7.75	7.75	7.75	7.75	9.75	9.75	9.75	9.25	7.25	7.25
Community Development	22.50	21.00	21.00	21.00	22.00	23.50	23.50	24.00	24.00	25.00
Parks & Recreation	10.42	10.42	10.42	9.45	11.45	11.50	11.50	15.80	15.80	16.50
Public Works										
Facilities	4.71	4.71	4.71	4.55	5.30	5.30	5.30	7.60	7.60	8.65
Engineering	26.27	26.27	26.27	25.20	25.20	25.71	25.71	24.80	25.80	25.85
Street	7.80	7.80	7.80	7.30	8.60	10.71	10.71	13.30	13.30	13.75
Water	8.83	8.83	8.83	8.81	8.83	8.94	8.94	9.86	9.58	9.48
Sewer	8.41	8.41	8.41	8.43	9.43	9.54	9.54	9.46	9.18	8.98
Storm & Surface Water	13.31	13.31	13.31	15.06	17.24	18.35	18.35	20.49	20.49	20.15
Fleet	2.72	2.72	2.72	2.55	2.80	2.80	2.80	2.80	2.80	4.85
Self-Insurance/Risk Mgmt	.70	.70	.70	1.35	1.35	1.35	1.35	1.25	1.25	2.25
Totals	303.73	302.73	302.73	304.25	319.00	323.70	324.30	345.10	356.60	387.60

Source: Human Resources Department

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Calls for service	26,909	25,071	26,417	25,188	26,891	25,865	29,758	27,923	27,491	26,524
Physical arrests	1,975	1,568	1,565	NA	NA	NA	682	1,133	1,221	1,631
Traffic violations	5,188	3,828	3,625	2,472	2,388	2,512	2,791	2,914	2,237	2,369
Fire										
Emergency alarms	4,788	4,975	4,946	5,300	5,870	6,196	6,253	6,341	6,350	6,641
Inspections	1,231	1,193	1,422	1,324	2,210	1,174	1,799	569	885	1,342
Community Development										
Building permits issued	392	464	529	633	519	607	709	1,590	1,739	1,609
Building inspections	3,772	3,132	3,177	4,223	5,428	5,241	6,089	5,445	9,819	7,024
Parks and Recreation										
Field & shelter bookings	2,437	2,332	2,444	2,703	2,394	2,808	2,764	1181*	2,434	2,518
Water										
Units served	3,945	3,950	3,944	3,950	3,996	4,083	4,175	4,659	4,337	4,292
Water main breaks	5	2				2		3	3	1
Average daily consumption	1,376	1,287	1,324	1,360	1,470	1,499	1,496	1,552	1,478	1,575
(thousands of gallons)										

Sources: City Departments

NA = Not Available

* Incomplete data due to software conversion. Data from July-December 2017.

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	3	3	3	3	3	3	3	3	3	3
Public Works - Streets										
Streets (miles)	326	326	326	262.7	302	303.4	303.9	306.4	304.7	308.3
Street lights	1,957	1,957	1,957	2,100	2,100	2,100	2,100	NA	NA	NA
Parks and Recreation										
Acreage	201.02	237.23	237.23	247.62	262.7	262.7	297.07	400.54	405.54	403.09
Parks	23	23	23	23	24	24	27	28	28	26
Water										
Water mains (miles)	72.5	72.5	79.5	94.9	96.9	97.8	115.3	116.5	117.5	120
Sewer/Storm & Surface Water										
Sanitary sewers (miles)	58.2	58.6	62.4	62.8	63.9	65.00	69.20	69.60	70.1	70.5
Storm sewers (miles)	110	110	119.9	119.9	139.7	143.0	145.7	143.4	145.4	145.9

Sources: City Departments

N/A = Not Available



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