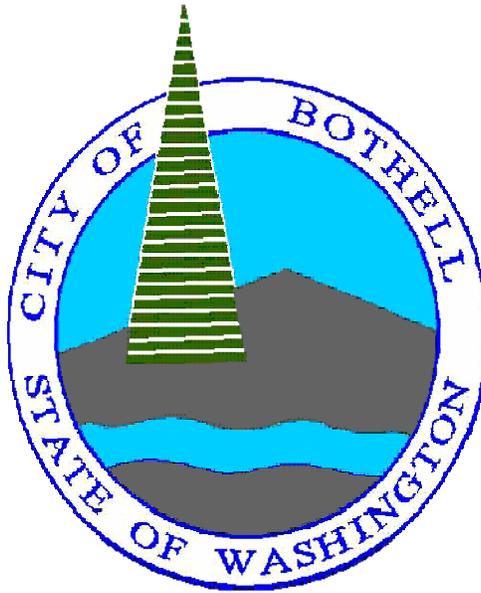




**CITY OF BOTHELL, WASHINGTON**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the fiscal year ended December 31, 2006



**CITY OF BOTHELL, WASHINGTON**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended December 31, 2006**

PREPARED BY THE FINANCE DEPARTMENT

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Finance Director

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Finance Manager

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Financial Analyst

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Financial Analyst

**Joe Kinney**  
Financial Analyst

**Laura Princic**  
Senior Administrative Assistant

**City of Bothell, Washington  
Comprehensive Annual Financial Report  
For The Fiscal Year Ended December 31, 2006**

**Table of Contents**

<b>I. Introductory Section</b>	<b>Page</b>
Letter of Transmittal .....	i-x
Certificate of Achievement for Excellence in Financial Reporting .....	xi
City of Bothell Organization Chart .....	xii
City of Bothell Elected Officials .....	xiii
<b>II. Financial Section</b>	
Independent Auditor’s Report .....	i-ii
<b>A. Management’s Discussion and Analysis .....</b>	<b>1-14</b>
<b>B. Basic Financial Statements</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Assets .....	1
Statement of Activities .....	2-3
<b>Governmental Fund Statements</b>	
Balance Sheet.....	4
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Assets .....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ....	7
<b>Proprietary Fund Financial Statements</b>	
Statement of Net Assets .....	8
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	9
Statement of Cash Flows .....	10
<b>Fiduciary Fund Statements</b>	
Statement of Fiduciary Net Assets.....	11
Statement of Changes in Fiduciary Net Assets.....	12
<b>Notes to Financial Statements.....</b>	<b>13-43</b>

**C. Required Supplemental Information other than MD&A**

**Schedules of Revenues, Expenditures, and Changes in Fund Balances  
– Budget to Actual**

General Fund ..... 1  
Arterial Street Fund..... 2

**D. Combining Financial Statements**

**Non-Major Funds – Other Governmental Funds**

Combining Balance Sheet ..... 1-2  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances . 3-4

**Budget to Actual Comparisons Non-Major – Other Governmental Funds**

**Schedules of Revenues, Expenditures, and Changes in  
Fund Balances – Budget to Actual**

Street Fund ..... 5  
Cable TV Fund..... 6  
Park Cumulative Reserve Fund ..... 7  
Drug Forfeitures Fund..... 8  
Nuisance Abatement Fund ..... 9  
Cemetery Endowment Fund ..... 10  
Property Assessment Redemption Fund ..... 11  
1990 General Obligation Bond Fund ..... 12  
1995 General Obligation Bond Fund ..... 13  
1997 General Obligation Bond Fund ..... 14  
LID Guaranty Fund ..... 15

**Internal Service Funds**

Combining Statement of Net Assets ..... 16  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets..... 17  
Combining Statement of Cash Flows..... 18

**E. Supplemental Information**

**Budget to Actual Comparisons for the Operating Accounts of the  
Enterprise and Internal Service Funds of the Primary Government**

Schedule of Operations – Water Fund..... 1  
Schedule of Operations – Sewer Fund ..... 2  
Schedule of Operations – Storm Drain Fund ..... 3  
Schedule of Operations – Equipment Rental Fund..... 4  
Schedule of Operations – Self Insurance Fund ..... 5  
Schedule of Operations – Asset Replacement Fund ..... 6

## Schedules

Schedule of Federal Financial Assistance .....	7
Schedule of State and Local Financial Assistance .....	8
General Obligation Bonds 1997 .....	9
Public Works Trust Fund Loan PW-5-89-962-0046 .....	10
Public Works Trust Fund Loan PW-98-791-007 .....	11
Fiduciary Funds .....	12
Capital Improvements Fund .....	13
LID Control .....	14

## III. Statistical Section

Introduction .....	i
Net Assets by Component .....	1
Change in Net Assets .....	2
Fund Balances of Governmental Funds .....	3
Changes in Fund Balances of Governmental Funds .....	4
Assessed Value and Actual Value of Taxable Property .....	5
Direct and Overlapping Property Tax Rates .....	6
Principal Property Tax Payers .....	7
Property Tax Levies and Collections .....	8
Taxable Sales by Category .....	9
Direct and Overlapping Sales Tax Rates .....	10
Ratios of Outstanding Debt by Type .....	11-12
Ratios of General Bonded Debt Outstanding (GO) .....	13
Computation of Direct and Overlapping Debt .....	14
Legal Debt Margin Information .....	15
Pledged-Revenue Coverage .....	16-17
Demographic and Economic Statistics .....	18
Principal Employers .....	19
Full-time Equivalent City Government Employees by Function/Program .....	20
Operating Indicators by Function/Program .....	21
Capital Asset Statistics by Function/Program .....	22

Introductory Section



# City of Bothell

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Date: June 30, 2007

## To the Residents of Bothell, Washington

The City of Bothell's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2006 is hereby submitted. This report was prepared by the City's Finance Department in conformance with the State statute RCW 43.09.230, and with the standards promulgated by the Government Finance Officers Association (GFOA) of the United States and Canada, and the GFOA's National Council on Governmental Accounting. These standards require statements to present the financial position of the City and the results of financial operations fairly, in accordance with generally accepted accounting principles (GAAP).

The CAFR is intended to provide sufficient information for readers to assess stewardship and accountability, and demonstrate legal compliance and competent management control.

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

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

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

The City's 2006 CAFR is presented in compliance with Government Accounting Standards Board (GASB) Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments".

This recent financial reporting format requirement is described in the MD&A. The notes to the financial statements further describe the changes along with the effects of these changes. City management believes the new format provides better financial data for the users of our City's CAFR.

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## Professionalism • Respect • Innovation • Dependability • Employee Accountability

### City Administration

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

### Community Dev. & Public Works

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

### Fire and E.M.S.

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

### Police

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

### Municipal Court

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



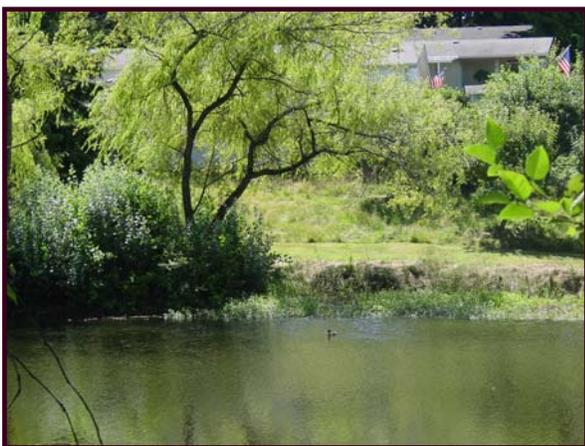
### **Community Profile**

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

In a little over a century, Bothell has evolved from an isolated logging village to a multi-faceted, full-service city - with a resident population of 31,690 and an employment population of over 20,000.

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

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



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

Homebuyers and renters also came to Bothell seeking residential areas with direct access to the interstate and major highways, as well as amenities, security, esteemed schools (Northshore School District is ranked as one of the Nation's top 10 districts), and a strong sense of community.



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

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

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

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

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

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

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

In 2005-2006, the City of Bothell had 267 authorized positions. Bothell's full and part-time employees provide a full range of municipal services for our 31,690 residents, including general government administration, public

safety (police and fire services), community development, public works, and parks and recreation.

The City operates Enterprise Funds for its Water, Sewer, and Storm Drain Utilities. The City and adjacent water districts provide water and sewer services. Garbage service is provided through an independent contractor, and Library services are provided through the King County Library System.

**Community statistical information is located in the Statistical section.**

### **Summary of Accounting Policies**

The City's governmental funds are maintained on a modified accrual basis. This means expenditures are recognized when they are incurred and revenues are recognized when they are earned. Enterprise and internal service funds are maintained on a full accrual basis.

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



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

City management is confident that the City's accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

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

As a recipient of more than \$500,000 in federal financial assistance in 2006, the City of Bothell is further required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Budget Circular A-133, *Audits of State and Local Governments*. This audit was conducted by the State Auditor's Office, in conjunction with the City's annual independent audit.

The City's independent audit covering 2006 was conducted between March and June of 2007, and is now complete. The results of the audit for the year ended December 31, 2006 found the City's financial statements to be presented fairly and free of any material misstatements or significant violations of applicable laws and regulations. The City was given an unqualified opinion, as stated in the Independent Auditor's Report (located at the beginning of the Financial Section).

The City's biennial operating and capital budget planning process normally commences in third month of even years. The City's Finance Department prepares the calendar for the budget process, while the City Manager and the Finance Director establish and convey comprehensive budget preparation guidelines to department directors. Each department prepares its budget based on the Council's focus areas and desired budget outcomes, as well as the City Manager's directives.

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

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

After formal adoption of the City's biennial budget, the Council can make modifications to the original budget. A public hearing is required before a budget modification can be adopted. The 2005-2006 budget was amended twice – once at the end of each year of the biennium.

The City's cash management practice encourages investment of all cash (not needed for immediate expenditure) in government agency securities or other legally approved securities, as well as the State Treasurer's Investment Pool.

Investment revenues are credited to the funds that earn them.

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

Bothell utilizes a self-insurance fund for its risk management program and is a member of an insurance investment pool, which is administered by the Washington Cities Insurance Authority (WCIA).

The insurance investment pool is discussed further in the notes to the financial statements.

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

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

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

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

### **Revenues Summary**

In 2006, general government revenues (general, special revenue, debt service, capital projects, and LID Control revenues excluding operating transfers) totaled \$46,892,211 - a 26% increase over 2005. Revenue receipts increased in nearly all categories as a result of the region's strong economy.

#### **Taxes**

The City's general government tax revenues grew almost 14% in 2006.

Regular property tax collections increased over 6%, or \$438,483, due to a 1% levy increase and new construction that was added to the City's property tax rolls. Eighty four percent of new construction tax collections were the result of an increase in value in state-assessed property. State-assessed property is property belonging to inter-county

utilities (transportation and telephone companies), and is considered new construction for the purpose of calculating the City's levy limits.

Retail sales and use tax revenues (retail, construction, criminal justice, and hotel/motel) rose in excess of 13%, or nearly \$1,400,000, in 2006 and 19%, or \$1,600,000, in 2005.

Real Estate Excise Tax (REET) revenues increased 50% in 2006 following a near 4% decrease in 2005. REET receipts increased 52% in 2004 and 29% in 2003. The spike in REET revenues is the result of Bothell's predominantly residential makeup, and double-digit increases in housing prices coupled with extraordinarily low interest rates. REET revenues are legally restricted to capital spending.

Utility tax revenues increased \$291,460 or over 4% as compared to 2005. Other taxes remained unvarying, or showed growth in line with inflation.

### **Licenses & Permits**

In 2006, license and permit fee revenue rose 68% or over \$732,870. In 2005, this revenue stream rose nearly 39% or \$300,000. Low interest and unemployment rates have resulted in higher than normal single and multi-family home starts throughout the 2005-2006 biennium. This upward trend is expected to continue in 2007.

### **Intergovernmental**

Intergovernmental revenues decreased nearly 27% or (\$650,000) in 2006, and 6% or (\$230,000) in 2005, but increased over 57% or \$1,500,000 in 2004. These large annual fluctuations in inter-governmental receipts are for the most part attributable to varying federal and state grant funding availability.

### **Charges for Services**

In 2006, revenue receipts associated with charges for City services saw a

43% spike, which amounted to \$843,200. The lion's share of this increase was due to permitting fees.

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

### **Fines & Forfeitures**

In 2006, revenue receipts from fines and forfeitures rose 6.6% or (\$21,500), as a result of an increase in case filings. Revenues had decreased 28% in the previous year.

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

### **Miscellaneous**

Miscellaneous revenues increased by 55% or nearly \$675,000 in 2006. The lion's share of this increase is directly attributable to favorable interest rates.

**Expenditure Summary**

In 2006, the City's total governmental fund expenditures (General, Special Revenue, Debt Service, Capital Improvement, and LID Control, excluding operating transfers) totaled \$37,829,031. This equated to a spending increase of near 11.9%, or \$4,042,853. The increase was largely due to early payment of bonded debt.

General government expenditures rose less than 3.8% in 2006 – in line with the Consumer Price Index (CPI).

Security of persons and property, transportation, and capital outlay spending increased 24% in 2006.

The City's physical and economic environment spending increased nearly 28%, or \$1,160,000 in 2006.

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

In 2006, debt service expenditures decreased 66%, or over \$2,224,000. This was entirely due to the early payoff of the City's 1995 Park Acquisition and Transportation Improvement GO Bond in 2005.

Changes in fund balances as a result of 2006 operations for individual major governmental funds and the combined "other" non-major governmental funds are as follows:

<b>Fund</b>	<b>2006</b>	<b>2005</b>	<b>Increase (Decrease)</b>
General Fund	\$14,911,218	\$25,003,652	(\$10,092,433)
Arterial Street	1,924,838	2,088,971	(164,133)
Capital Improvements	23,179,317	5,478,620	17,700,697
LID Control	115,116	74,157	40,959
Other Governmental Funds	2,076,235	1,991,059	85,176

**Results of Operations - Proprietary Funds**

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

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

In 2006, the City operated three internal service funds - Equipment Rental (Fleet), Self Insurance, and Asset Replacement.

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

Fund	Operating Revenues		Net Assets	
	2006	2005	2006	2005
Water	\$3,995,496	\$3,004,837	\$11,369,810	\$10,131,952
Sewer	4,257,167	4,092,654	10,101,400	9,227,906
Storm Drain	1,837,048	1,806,901	10,381,119	9,494,453
Equipment Rental*			737,999	727,498
Self Insurance*			83,495	60,775
Asset Replacement*			4,578,831	4,530,146

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

In 2006, Water, Sewer and Storm Drain operating revenues increased 13%, or \$1,185,300. The increase in utility revenues was substantially due to pass-through rate increases on wholesale water and contracted sewage disposal.

### Debt Administration

The City has three types of bond debt issues outstanding - general obligation (GO), revenue, and special assessment. Other general government long-term debt includes \$1,452,771 in Public Works Administration loans. Total long-term debt, including GO bonds outstanding at December 31, 2006, is \$7,857,771. The City's debt capacity is outlined in Note 12, located in section IIB of this document under the Basic Financial Statements section, page 42.

### Economic Condition

City management consistently monitors economic indicators, and works conscientiously to ensure that the City's long-term fiscal stability is sustained.

The City maintains a comprehensive six-year fiscal strategic planning document called "The Roadmap – Setting the Course document," along with a seven-year Capital Facilities Plan, which prioritizes the Community's capital investment needs, as well as identifies and designates the resources available to meet those needs.

City management has had the foresight to plan ahead for uncertain economic times. Management's conservative pay-as-you-go approach to spending along with its policy to utilize one-time revenues for one-time (generally capital) expenditures paid off for Bothell citizens in the early 2000's when the national economy slowed (following 9/11) creating a recession. High unemployment and low consumer confidence followed, which resulted in a significant reduction in spending.

The unemployment rate in Washington State peaked in June of 2003 at 7.8%. The economy recovered slowly over the next two years. In 2006, the State's unemployment rate fell to 5.0% - still 0.5% above the national average, but local economists are predicting that the Snohomish County area will expand considerably faster than the rest of the Puget Sound region over the next five to six years. The two major drivers behind this projected growth are a significant rise in aerospace jobs (Boeing) and an increase in population/households brought about by a higher volume of Seattle-area employees wanting to live outside of the Seattle Metropolitan Area.

As economists predicted, Bothell did experience a significant jump in single and multi-family home permit applications throughout 2005 and 2006.

Bothell's economic base is further enhanced by its location within an area known as the "technology corridor", which extends from Bellevue in King County to South Everett in Snohomish County. Based on a private sector marketing concept, the corridor includes approximately 20 million square feet of commercial and light industrial space housed in campus-style business parks along the ten-mile corridor. Due to annexations over the past 10 years, four of the original six business parks in the corridor now lie within Bothell's city limits.

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

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

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

The eight-acre Quadrant Monte Villa Center began to develop in 1995. The first park occupant was Quinton Instruments, a pharmaceuticals manufacturer with a 30,000 square foot facility.

Current park occupants include Cingular Wireless, as well as many insurance, scientific, and service industry businesses.

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

Additionally in 2006, City management engaged the Council, boards and commissions, citizens, business owners, and staff in an inclusive strategy to develop a comprehensive revitalization-plan for its historic downtown. The plan that emerged is a vibrant mixed-use development that provides for housing, retail and services, essential public facilities, as well as improved traffic and pedestrian mobility.

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

The study found that while Bothell does have a higher than average household income compared to King and Snohomish Counties, the City's taxable retail sales per capita figure is significantly lower than average – revealing that a substantial amount of retail "leakage" is taking place. Substantial leakage indicates that Bothell residents have to drive elsewhere to purchase the goods and services they desire.

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

## **Awards**

City management was delighted to receive the following Government Finance Officers Association (GFOA) awards in 2006:

- **GFOA Certificate of Achievement for Excellence in Financial Reporting** for the City's 2005 Comprehensive Annual Financial Report (CAFR).

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

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

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

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

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

Respectfully submitted,

Tami Schackman  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Bothell Washington

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

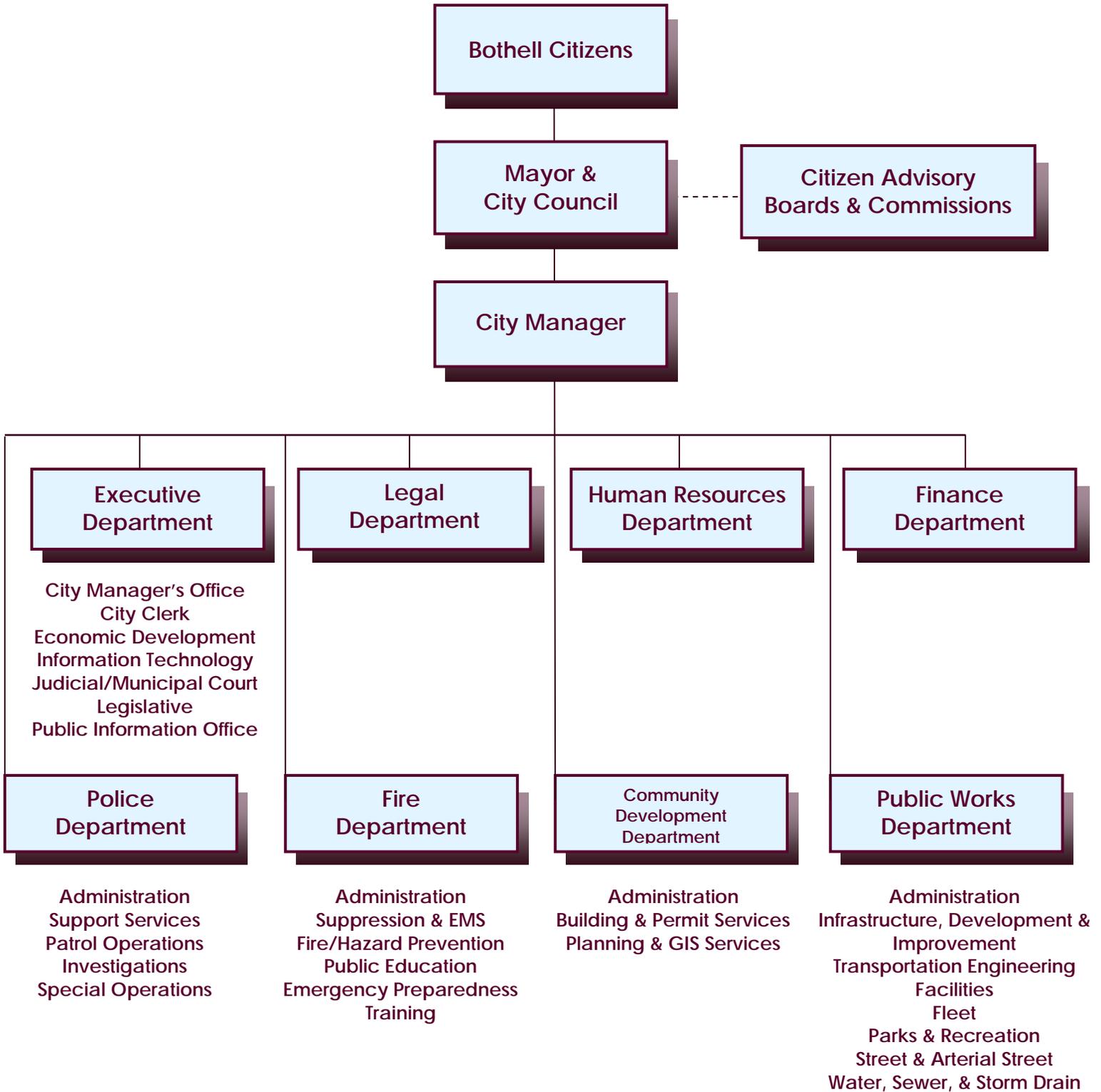
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# City of Bothell Organizational Chart



# City of Bothell

## Elected Officials

(Officials at Time of Report Submission)



**MAYOR**  
**Mark Lamb**



**Joshua Freed**



**Sandy Guinn**  
**Deputy Mayor**



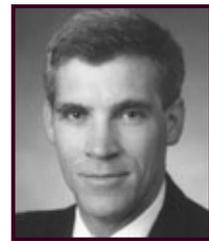
**Tim Tobin**



**Del Spivey**



**Andrea Perry**



**Patrick Ewing**

### EXECUTIVE STAFF

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

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

Management Discussion & Analysis





**Washington State Auditor  
Brian Sonntag**

**INDEPENDENT AUDITOR'S REPORT**

June 15, 2007

Council  
City of Bothell  
Bothell, Washington

We have audited the accompanying financial statements of the the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bothell, King County, Washington, as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bothell, King County, Washington, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages A-1 through A-14 and budgetary comparison information on pages C-1 through C-2 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplemental information on pages D-1 through D-18 and E-1 through E-14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is written in a cursive, flowing style.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

## Management's Discussion and Analysis

The discussion and analysis section of Bothell's Comprehensive Annual Financial Report (CAFR) is prepared by City management to provide CAFR users with an overview of the City's financial activity and performance for the fiscal year ended December 31, 2006.\*

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

### 2006 Financial Highlights

- Fund balance for the General Fund as of 12/31/06 was \$14,911,218, or 56% of total expenditures (excluding operating transfers). At 12/31/06, fund balance for all governmental funds was \$42,206,724.
- Net change in fund balance for governmental funds in 2006 was (\$7,570,265).
- City debt decreased by \$996,462.
- Net assets for governmental activities decreased \$17,949,797 as a result of asset depreciation.
- General Fund activities in the second year of the City's 2005-2006 biennial budget was \$26,444,622, compared to \$27,019,193 the first year (excluding operating transfers).
- Revenues exceeded expenditures in the General Fund by \$8,626,600.

### Overview of the Financial Statements

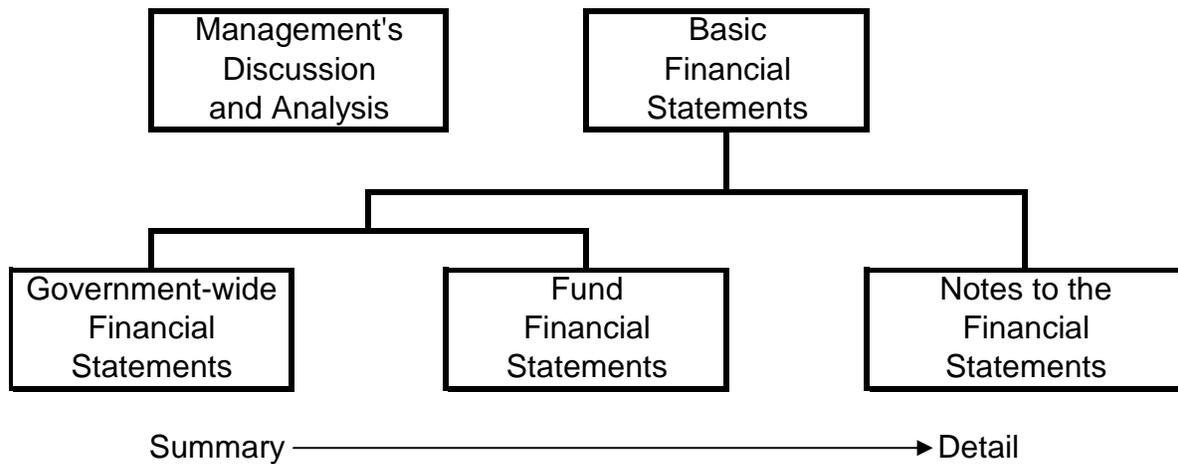
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components:

- 1) government-wide financial statements;
- 2) fund financial statements; and
- 3) notes to the financial statements (see Figure 1).

The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City.

## Required Components of Annual Financial Report

Figure 1



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

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

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

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

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

The City maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General, Arterial, Capital Improvements, and LID Control funds, which are considered major funds. Data for the other 10 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

In 2003, the City adopted its first biennial budget for its General Fund. Budgetary comparison data is provided for the General Fund to demonstrate compliance with the

City's adopted biennial budget. "Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual" schedules begin in section IIC, on page 1 of the Required Supplemental Information section.

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

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to understand fully the data provided in the government-wide and fund financial statements. The notes to the financial statement are presented in section IIB, on pages 13-43 of this report.

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

## **Government-Wide Financial Analysis**

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

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

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

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

The assets of the City exceeded liabilities by \$950,965,905 as of December 31, 2006. Investments in capital assets (e.g. land, buildings, machinery, and equipment) are by far the largest portion of the City's net assets (94%), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens - consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Bothell

#### Net Assets

As of December 31, 2006

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2006	2005	2006	2005	2006
Current and other assets	\$46,217,994	\$50,923,859	\$9,110,040	\$10,374,951	\$55,328,034	\$61,298,810
Capital assets	916,224,844	879,026,842	21,738,950	23,663,348	937,963,794	902,690,190
<b>Total assets</b>	<b>962,442,838</b>	<b>929,950,702</b>	<b>30,848,989</b>	<b>34,038,299</b>	<b>993,291,828</b>	<b>963,989,001</b>
Long-term debt	6,267,911	7,527,018	1,578,782	1,436,223	7,846,693	8,963,241
Other liabilities	8,216,960	3,309,097	415,897	750,746	8,632,857	4,059,844
<b>Total liabilities</b>	<b>14,484,871</b>	<b>10,836,116</b>	<b>1,994,679</b>	<b>2,186,969</b>	<b>16,479,550</b>	<b>13,023,085</b>
Net assets:						
Invested in capital, net of debt	908,007,883	872,520,256	20,160,168	22,312,164	928,168,051	894,832,420
Restricted			45,960	45,950	45,960	45,950
Unrestricted	39,950,084	46,594,330	8,648,183	9,493,206	48,598,267	56,087,536
<b>Total net assets</b>	<b>\$947,957,967</b>	<b>\$919,114,586</b>	<b>\$28,854,311</b>	<b>\$31,851,320</b>	<b>\$976,812,278</b>	<b>\$950,965,905</b>

The City's \$46,594,330 in unrestricted governmental net assets is available for appropriation in order to meet the needs of its citizens and to satisfy its creditors.

At the end of the 2006 fiscal year, the City is able to report positive balances in all three categories of net assets - both for the government as a whole and for its separate governmental and business-type activities.

Bothell's net assets from operations decreased citywide by \$15,244,543 during 2006.

**Governmental Activities.** Governmental activities decreased the City's net assets by \$17,949,797. The key factors influencing the decrease to net assets are described below:

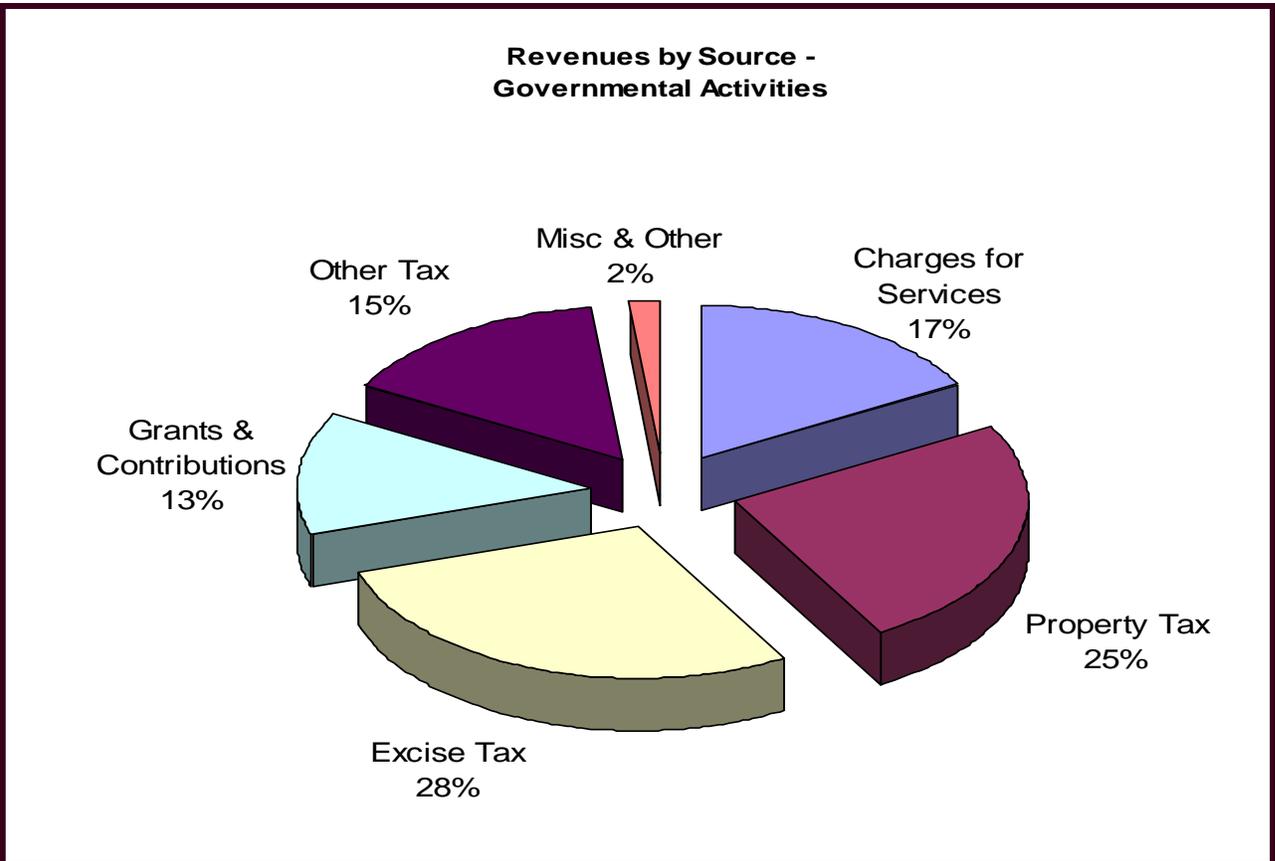
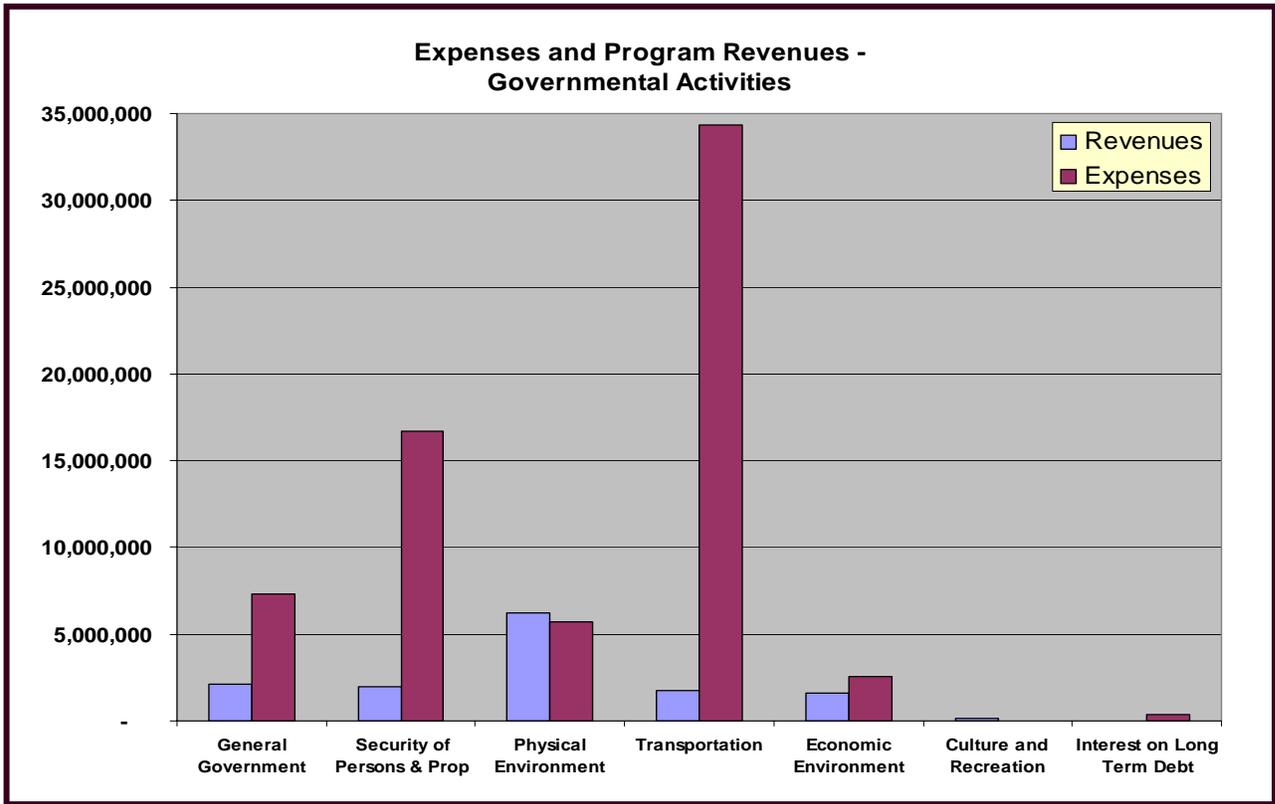
- \$36,239,885 decrease related to the depreciation of infrastructure assets;
- \$7,570,265 increase in fund balance due to the strong Puget Sound economy and subsequent higher than projected sales and real estate excise tax receipts;
- \$9,944,084 increase resulting from capital asset expenditures, which will be depreciated over their useful life;
- \$85,593 increase in internal service funds. Internal service funds track and distribute (bill) the actual costs incurred in providing specified services to other City funds. The net (expense) of the City's internal service funds are reported with governmental activities; and
- \$768,862 increase attributable to bond principal payments that reduced long-term liabilities on the Statement of Assets.
- \$78,717 decrease resulting from an increase in compensated absences liability.

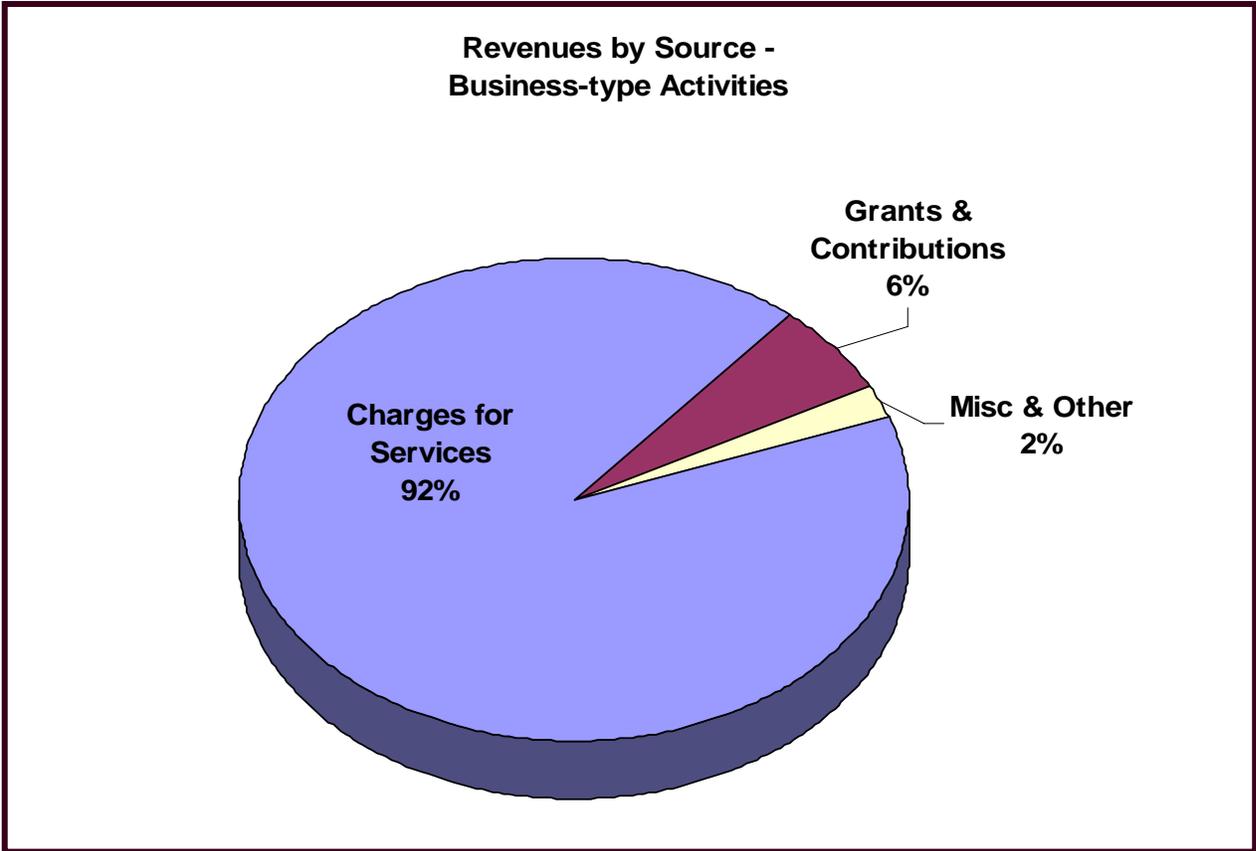
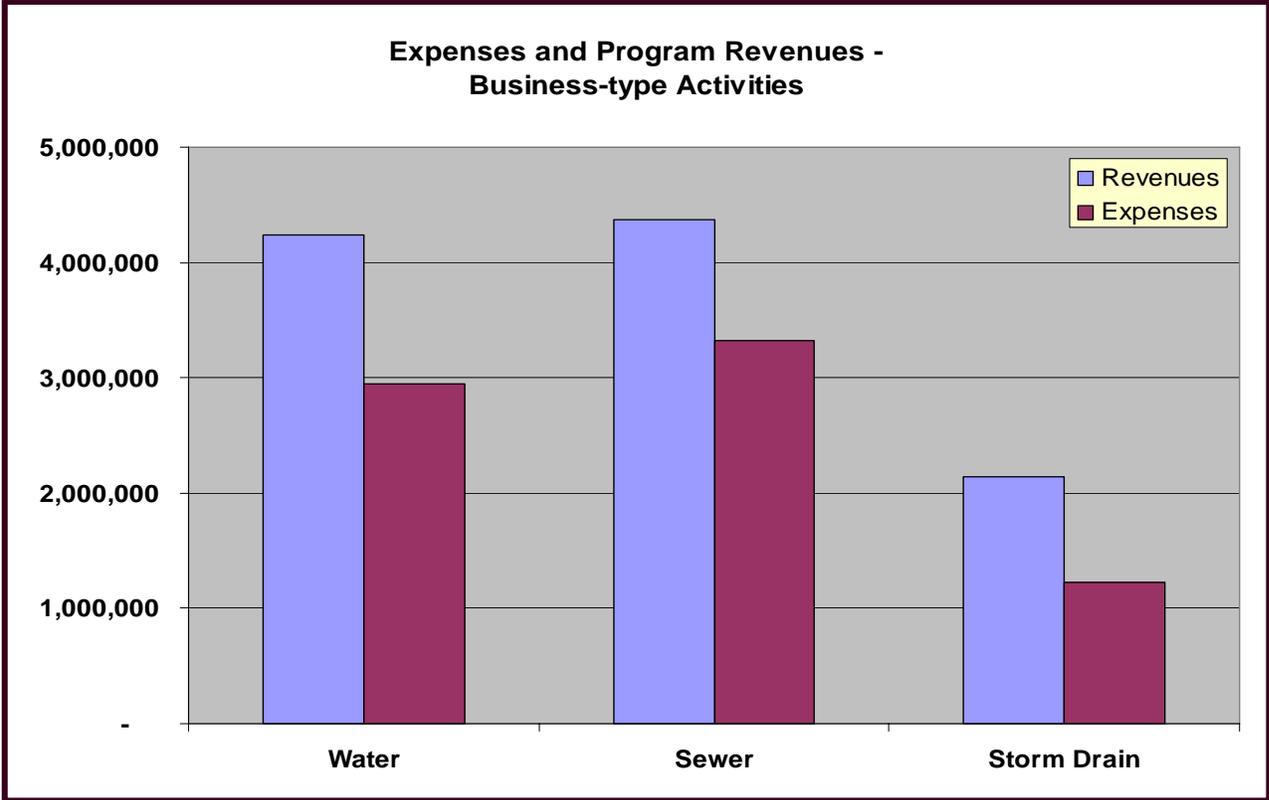
**Business-type Activities.** Business-type activities increased the City's net assets by \$2,705,255. The key components of this increase were bond principal payments that reduced long-term liabilities, investment interest, capital contributions from developers, and expenditures for construction in progress.

**In 2006, the overall financial position of the City did not materially change.**

**City of Bothell**  
**Changes in Net Assets**  
**As of December 31, 2006**

	2005			2006		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Revenues						
Program revenues						
Charges for services	\$6,063,741	\$8,904,392	\$14,968,133	\$7,768,222	\$10,089,712	\$17,857,933
Operating grants and contributions	1,106,751		1,106,751	402,018		402,018
Capital grants and contributions	652,446		652,446	5,642,460		5,642,460
General revenues						
Property tax	9,792,823		9,792,823	11,294,149		11,294,149
Excise tax	11,040,881		11,040,881	13,035,096		13,035,096
Business tax	6,689,465		6,689,465	6,971,731		6,971,731
Interest and investment earnings	1,103,359	155,914	1,259,273	2,340,709	256,904	2,597,612
Miscellaneous	1,953,704		1,953,704	737,447		737,447
<b>Total revenues</b>	<b>38,403,169</b>	<b>9,060,306</b>	<b>47,463,475</b>	<b>48,191,830</b>	<b>10,346,616</b>	<b>58,538,446</b>
Program expenses including indirect expenses						
General government	6,795,788		6,795,788	7,286,832		7,286,832
Security of persons and property	16,624,606		16,624,606	16,716,844		16,716,844
Physical environment	3,127,375		3,127,375	5,680,934		5,680,934
Transportation	24,857,528		24,857,528	34,309,036		34,309,036
Economic environment	2,100,999		2,100,999	2,583,146		2,583,146
Interest on long-term debt	511,467		511,467	362,317		362,317
Water		2,291,688	2,291,688		2,944,338	2,944,338
Sewer		3,473,410	3,473,410		3,318,782	3,318,782
Storm Drain		1,141,388	1,141,388		1,229,997	1,229,997
<b>Total expenses</b>	<b>54,017,763</b>	<b>6,906,486</b>	<b>60,924,250</b>	<b>66,939,109</b>	<b>7,493,116</b>	<b>74,432,227</b>
Excess (deficiency)	(15,614,594)	2,153,820	(13,460,775)	(18,747,279)	2,853,499	(15,893,782)
Transfers	547,823	(547,823)		797,483	(797,483)	
Contributions from developers		306,945	306,945		649,239	649,239
<b>Change in net assets</b>	<b><u>(\$15,066,771)</u></b>	<b><u>\$1,912,941</u></b>	<b><u>(\$13,153,830)</u></b>	<b><u>(\$17,949,797)</u></b>	<b><u>\$2,705,255</u></b>	<b><u>(\$15,244,543)</u></b>
Net assets beginning	\$963,024,739	\$26,941,370	\$989,966,108	\$947,957,967	\$28,854,311	\$976,812,278
Prior year adjustment				(10,893,584)	291,764	(10,601,820)
<b>Net assets ending</b>	<b><u>\$947,957,968</u></b>	<b><u>\$28,854,311</u></b>	<b><u>\$976,812,278</u></b>	<b><u>\$919,114,586</u></b>	<b><u>\$31,851,330</u></b>	<b><u>\$950,965,916</u></b>





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

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$14,911,218. (See Basic Financial Statements Page 4.)

At December 31, 2006, governmental funds of the City reported a combined fund balance of \$42,206,724, nearly a 22% increase from 2005. Included in this change are decreases in the General, and Arterial Street Funds, as well as increases in the Capital Improvements, LID Control Fund, and Other Governmental Funds.

The significant decrease in fund balance for the General Fund, and corresponding increase in the Capital Improvements Fund is the direct result of transferring nearly \$17 million in designated capital project funding to the Capital Improvements Fund in order to finance the City's Capital Facilities Plan.

Fund balance for the City's General Fund decreased \$10,092,434 (40%) in 2006 compared to a \$2,782,920 (13%) increase in 2005. The key factor influencing the deviation in fund balance between 2005 and 2006 was Council's adoption of the City's first Capital Facilities Plan (CFP).

As stated earlier, the CFP authorized a nearly \$17 million fund balance transfer from the City's General Fund to its Capital Improvement Fund for designated land acquisition and capital improvement projects.

Excluding operating transfers, fund balance in the General Fund actually increased nearly \$7 million in 2006. The main driver was an unexpected and unprecedented spike in sales tax receipts.

**General Fund Budgetary Highlights:** During the 2006 fiscal year, the Council revised the City's adopted budget on only one occasion.

Generally, budget amendments fall into one of four categories:

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

The City's General Fund budget was modified once in 2006. The amendment was adopted by ordinance on December 5, 2006, and was enacted to appropriate the following:

- \$55,762 transfer in as a result of closing the 1995 General Obligation (GO) Bond Redemption Fund;
- \$368,108 transfer out of restricted sanitation funds to the Asset Replacement Fund for future street-sweeping expenditures; and
- \$16,983,865 transfer to the Capital Improvements Fund per the City's adopted Capital Facilities Plan:

- \$540,000 interest earning restricted endowment funds for ball fields;
- \$500,000 restricted King County Metro Funds for ball fields;
- \$576,500 restricted Snohomish County Thrasher's Corner Park Funds;
- \$3,362,965 designated Facility Fund reserve monies; and
- \$10,000,000 from fund balance per the City's CFP.

The budget amendment's net effect was a \$17,296,211 decrease in the General Fund's estimated 2006 ending fund balance.

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

General Fund inflows (including operating transfers) fell short of outflows by \$7.31 million during the 2005-2006 biennium, due to the nearly \$17 million operating transfer out to the Capital Improvement Fund in December 2006.

General Fund inflows (including operating transfers) ended the biennium \$7.47 million (12.5%) ahead of budget. The following areas saw the largest positive variances between actual receipts and budget projections:

- Retail and construction sales tax revenues (+\$3.98 million)
- Building permit fees (+\$1.17 million)
- Plan check fees (+\$881,000)
- Investment interest (+\$552,000)
- Electric and gas utility taxes (+\$547,000)
- Development review fees (+\$368,000)

The lion's share of the inflow variances are associated with development that was anticipated in 2007-2008, but hit nearly two years earlier due to the region's strong economy.

City policy calls for Construction Sales Tax and building permit fee revenue spikes (amounts exceeding a predetermined "norm" level) to be treated as one-time in nature.

These one-time revenues are transferred to the Capital Improvement Fund to help finance the City's growing infrastructure needs.

Total General Fund outflows (including operating transfers) were \$3.99 million (5.1%) below biennial projections.

- **Salary & Benefit Expenditures** ended the biennium nearly \$1.58 million (3.7%) behind the 2005-2006 projected pace.

Salaries closed at \$668,000 (2.2%) below expectations, due to periodic position vacancies. As a result of the region's expanding development activity - and subsequent high employment rate - the City continued to experience difficulty in finding qualified staff to fill vacant positions. Pension (\$543,000) and insurance (\$270,000) costs were also consistently below budgeted levels throughout the biennium.

- **Maintenance & Operation Expenditures** finished approximately \$1.63 million (12.6%) less than projected for 2005-2006 – nearly a third of the savings was directly associated with staff initiated and implemented efficiency measures.
- **Capital Expenditures** were \$1.18 million (47.8%) lower than projected for 2005-2006. This variance resulted because the Thrasher's Corner Park and The Park at North Creek projects did not occur in 2005-2006, as originally planned. These projects were rescheduled to the 2007-2008 biennium.

**Proprietary Funds.** The City's proprietary fund statements provide the same type of information found in the government-wide statement, but in more detail. Unrestricted net assets are as follows: Water \$2,997,836; Sewer \$3,483,079; and Storm Drain \$3,012,291.

The total growth in net assets for each proprietary fund is as follows: Water increased \$1,190,804; Sewer increased \$772,934; and Storm Drain increased \$741,516. Other factors concerning the finances of these funds were addressed in the discussion of the City's business-type activities.

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

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2006, totaled \$902,690,190 (net of accumulated depreciation). These assets include bridges, right-of-ways, buildings, streets and sidewalks, land, machinery and equipment, and vehicles.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Land and land improvements	\$10,935,002	\$11,280,563	\$285,302	\$285,302	\$11,220,304	\$11,565,865
Infrastructure right-of-ways	66,050,120	66,050,120			66,050,120	66,050,120
Buildings	16,712,047	16,268,398	118,434	111,146	16,830,481	16,379,544
Improvements	12,507,680	13,483,960	20,212,507	20,469,403	32,720,186	33,953,363
Infrastructure	803,762,127	759,102,353			803,762,127	759,102,353
Vehicles	1,711,687	1,891,977	112,317	37,550	1,824,004	1,929,527
Machinery & equipment	589,872	769,816	55,050	35,077	644,922	804,893
Construction in progress	3,956,309	10,179,655	955,341	2,724,871	4,911,651	12,904,526
<b>Total</b>	<b><u>\$916,224,844</u></b>	<b><u>\$879,026,843</u></b>	<b><u>\$21,738,950</u></b>	<b><u>\$23,663,348</u></b>	<b><u>\$937,963,794</u></b>	<b><u>\$902,690,191</u></b>

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

**Long-Term Debt.** As of December 31, 2006, the City had total debt outstanding of \$7,857,771.

**City of Bothell**  
**Outstanding Debt**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation debt	\$6,405,000	\$6,835,000			\$6,405,000	\$6,835,000
Revenue debt				115,000		115,000
Assessment debt		305,000				305,000
Other debt	101,588	135,450	1,351,183	1,463,782	1,452,771	1,599,232
<b>Total</b>	<b><u>\$6,506,588</u></b>	<b><u>\$7,275,450</u></b>	<b><u>\$1,351,183</u></b>	<b><u>\$1,578,782</u></b>	<b><u>\$7,857,771</u></b>	<b><u>\$8,854,232</u></b>

Washington State Statutes limit the amount of general obligation debt issued by a unit of government to 7.5% of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for the City of Bothell is \$397,059,358.

The City has \$6,405,000 in outstanding voter approved bonds outstanding at December 31, 2006. Additional information regarding the City's long-term debt is located in section IIB, Note 12, on pages 39-41.

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

- In 2006, following years of battling revenue shortfalls, municipalities throughout the Puget Sound Region are experiencing an expanding economy – jobs, personal incomes and population figures are all growing in stride with the region's robust aerospace industry. While most of the nation experienced a decline in housing prices, Washington's housing market merely slowed but maintained its value.
- At the end of 2006, economists were predicting slower nationwide economic activity in the first quarter of 2007, along with a possible cut in interest rates by mid-year. The unexpected increase in consumer spending that significantly boosted the United States economy throughout most of 2006 is not expected to continue far into 2007. Contrary to the rest of the nation, economists are predicting Bothell's economy will continue to expand over the next five years – although at a much slower rate than was experienced in 2006. Our region is also expected to maintain a healthy housing market. The positive outlook for the Puget Sound is attributable to a substantial escalation in aerospace jobs, along with additional population created by Seattle-area employees wishing to live in the suburbs.
- In 2006, Washington State's unemployment rate fell 0.3% - ending the year at 5.0%. Washington's unemployment rate is 0.5% higher than the 4.5% national average.
- City fees increase annually in line with the Consumer Price Index (CPI).

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

**Governmental Activities:** In late 2004, the City Council, in conformity with voter approved Initiative 747, adopted the City's Property Tax Levy for 2006 at 1% (\$68,411) over its 2005 levy, plus applicable new construction, which amounted to \$425,386. In 2006, the City's regular sales tax receipts surged 14%, or nearly \$1.3 million. This is again due to the region's strong aerospace industry, and subsequent escalation in construction of single and multi-family residences. The City's fiscal policy allocates spikes in one-time development revenues to be allocated towards future infrastructure needs.

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

## Requests for Information

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

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

Basic Financial Statements



**City of Bothell**  
**Statement of Net Assets**  
**December 31, 2006**

	2006		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$5,218,268	\$3,504,842	\$8,723,109
Investments	38,192,424	5,241,323	43,433,747
Receivables (net)	7,372,905	1,628,786	9,001,691
Taxes receivable	140,263		140,263
Capital assets:			
Non-depreciable	87,510,338	3,010,172	90,520,510
Depreciable, net	791,516,504	20,653,176	812,169,680
<b>Total assets</b>	<b>929,950,702</b>	<b>34,038,299</b>	<b>963,989,001</b>
<b>LIABILITIES</b>			
Accounts payable	2,731,448	750,746	3,482,194
Unearned revenue	553,913		553,913
Long-term liabilities (see Note 12)			
Due within one year	1,528,031	197,638	1,725,669
Due in more than one year	6,022,724	1,238,585	7,261,309
<b>Total liabilities</b>	<b>10,836,116</b>	<b>2,186,969</b>	<b>13,023,085</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	872,520,256	22,312,164	894,832,420
Restricted for:			
Debt service		45,960	45,960
Unrestricted (deficit)	46,594,330	9,493,206	56,087,536
<b>Total net assets</b>	<b>\$919,114,586</b>	<b>\$31,851,330</b>	<b>\$950,965,916</b>

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

**City of Bothell**  
**Statement of Activities**  
**For the Year Ended December 31, 2006**

Functions/program	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Government activities:				
General government	\$7,286,832	\$2,109,872		
Security of persons and property	16,716,844	1,634,128	223,733	129,709
Physical environment	5,680,934	1,425,625	178,285	4,627,752
Transportation	34,309,036	858,310		884,999
Economic environment	2,583,146	1,582,638		
Culture and recreation		157,648		
Interest on long-term debt	362,317			
<b>Total governmental activities</b>	<b>66,939,110</b>	<b>7,768,222</b>	<b>402,018</b>	<b>5,642,460</b>
Business-type activities:				
Water	2,944,338	3,995,496		237,781
Sewer	3,318,782	4,257,167		111,288
Storm drain	1,229,997	1,837,048		300,170
<b>Total business-type activities</b>	<b>7,493,117</b>	<b>10,089,712</b>	<b>-</b>	<b>649,239</b>
<b>Total primary government</b>	<b>\$74,432,227</b>	<b>\$17,857,933</b>	<b>\$402,018</b>	<b>\$6,291,699</b>

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

Total general revenues, special items, and transfers

Change in net assets

Net assets - beginning  
Prior year adjustment  
Net assets - ending

**City of Bothell**  
**Statement of Activities**  
**For the Year Ended December 31, 2006**

Page 2 of 2

Assets Governmental Activities	Net(expense)Revenues and Changes in Net Primary Government Business-type Activities	Total
(\$5,176,960)		(\$5,176,960)
(14,729,274)		(14,729,274)
550,727		550,727
(32,565,727)		(32,565,727)
(1,000,509)		(1,000,509)
157,648		157,648
(362,317)		(362,317)
(53,126,411)		
	1,288,939	1,288,939
	1,049,673	1,049,673
	907,221	907,221
	<b>3,245,833</b>	
<b>(\$53,126,411)</b>	<b>\$3,245,833</b>	<b>(\$49,880,577)</b>
\$11,294,149		\$11,294,149
13,035,096		13,035,096
6,971,731		6,971,731
2,340,709	256,904	2,597,612
737,447		737,447
797,483	(797,483)	
35,176,613	(540,579)	34,636,035
(17,949,797)	2,705,255	(15,244,543)
947,957,967	28,854,311	976,812,278
(10,893,584)	291,764	(10,601,820)
<b>\$919,114,586</b>	<b>\$31,851,330</b>	<b>\$950,965,916</b>

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

**City of Bothell**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2006**

	<u>General</u>	<u>Special Revenue Fund Arterial Street</u>	<u>Capital Projects Fund Capital Improvements</u>	<u>Debt Service Fund LID Control</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Current cash & cash equivalents	\$1,621,727	\$305,019	\$1,872,298	\$87,804	\$745,099	\$4,631,947
Investments	10,461,127		21,072,300		1,312,315	32,845,742
Receivables (net of allowances)						
Taxes	126,397				13,866	140,263
Accounts receivable	666,999	146,578		416,614	32,170	1,262,361
Due from other funds	600,000	(600,000)				
Due from other governmental units	3,030,752	2,622,310	234,719		140,510	6,028,291
Due from employees	82,253					82,253
<b>TOTAL ASSETS</b>	<b><u>\$16,589,254</u></b>	<b><u>\$2,473,907</u></b>	<b><u>\$23,179,317</u></b>	<b><u>\$504,418</u></b>	<b><u>\$2,243,960</u></b>	<b><u>\$44,990,857</u></b>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities						
Accounts payable	\$451,457	\$549,070			\$98,920	\$1,099,447
Unearned revenue	150,745			389,302	13,866	553,913
Deposits payable	31,710					31,710
Compensated absences					23,737	23,737
Payroll payable	1,044,124				31,202	1,075,327
Total liabilities	<u>1,678,036</u>	<u>549,070</u>	<u>-</u>	<u>389,302</u>	<u>167,725</u>	<u>2,784,133</u>
Fund balances						
Unreserved, report in:						
General funds	14,911,218					14,911,218
Special revenue funds		1,924,838			1,941,669	3,866,507
Debt service funds				115,116	134,566	249,682
Capital projects			23,179,317			23,179,317
Total fund balances	<u>14,911,218</u>	<u>1,924,838</u>	<u>23,179,317</u>	<u>115,116</u>	<u>2,076,235</u>	<u>42,206,724</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$16,589,254</u></b>	<b><u>\$2,473,907</u></b>	<b><u>\$23,179,317</u></b>	<b><u>\$504,418</u></b>	<b><u>\$2,243,960</u></b>	<b><u>\$44,990,857</u></b>

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

**City of Bothell**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**To the Statement of Net Assets**  
**December 31, 2006**

Total fund balances for the governmental funds \$42,206,724

Amounts reported for governmental activities in the statement of net assets are different because:

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

Non-depreciable assets	87,510,338	
Depreciable assets (net)	<u>791,516,504</u>	879,026,842

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are: 5,408,038

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

Compensated absences	(1,020,432)	
Bonds and notes payable	<u>(6,506,587)</u>	<u>(7,527,018)</u>

**Total net assets of governmental activities** **\$919,114,586**

**City of Bothell**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2006**

	<u>General</u>	<u>Special Revenue Fund Arterial Street</u>	<u>Capital Projects Fund Capital Improvements</u>	<u>Debt Service Fund LID Control</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes	\$26,574,066		\$3,216,796		\$781,264	\$30,572,126
Licenses and permits	1,693,255				125,980	1,819,235
Intergovernmental revenues	1,753,398	4,627,752	87,500		813,134	7,281,784
Charges for services	2,802,282	858,310			702,290	4,362,883
Fines and forfeitures	343,486					343,486
Interest earnings	1,708,982	83,476	244,616	6,966	63,717	2,107,757
Proceeds from the sale of capital assets	1,064					1,064
Other revenue	194,690			209,187		403,877
Total revenue	<u>35,071,222</u>	<u>5,569,538</u>	<u>3,548,912</u>	<u>216,153</u>	<u>2,486,385</u>	<u>46,892,211</u>
<b>EXPENDITURES</b>						
Current						
General government	6,306,333					6,306,333
Security of persons and property	15,338,227				6,722	15,344,949
Transportation					1,639,542	1,639,542
Physical environment	2,914,337					2,914,337
Economic environment	2,433,653					2,433,653
Debt service						
Debt service - principal		33,862		144,000	591,000	768,862
Debt service - interest		1,354		14,280	346,683	362,317
Capital outlay						
Capital outlay	(547,928)	5,739,729	2,832,080		35,157	8,059,038
Total expenditures	<u>26,444,622</u>	<u>5,774,946</u>	<u>2,832,080</u>	<u>158,280</u>	<u>2,619,103</u>	<u>37,829,031</u>
Excess of revenue over (under) expenditures	8,626,600	(205,407)	716,832	57,873	(132,718)	9,063,180
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	637,636	41,274	16,983,865		680,630	18,343,405
Transfer out	(19,356,669)			(16,914)	(462,736)	(19,836,319)
Total other financing sources	<u>(18,719,033)</u>	<u>41,274</u>	<u>16,983,865</u>	<u>(16,914)</u>	<u>217,894</u>	<u>(1,492,914)</u>
Net change in fund balances	(10,092,433)	(164,133)	17,700,697	40,959	85,176	7,570,265
FUND BALANCES - JANUARY 1, 2005	25,003,652	2,088,971	5,478,620	74,157	1,991,059	34,636,459
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<b><u>\$14,911,218</u></b>	<b><u>\$1,924,838</u></b>	<b><u>\$23,179,317</u></b>	<b><u>\$115,116</u></b>	<b><u>\$2,076,235</u></b>	<b><u>\$42,206,724</u></b>

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

**City of Bothell**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended December 31, 2006**

Net change in fund balances - total governmental funds \$7,570,265

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

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

Expenditures for capital assets	9,944,084
Depreciation	(36,239,885)

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

Principal payments	768,862
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Increases in compensated absences is an expense in governmental funds, but the payment increases long-term liabilities in the statement of assets.	(78,717)
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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.	85,593
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<b>Change in net assets of governmental activities</b>	<b><u><u>(\$17,949,797)</u></u></b>
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**City of Bothell**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2006**

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds	
	Water	Sewer	Storm Drain		Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$1,391,359	\$1,183,096	\$930,387	\$3,504,842	\$586,321
Investments	1,512,021	1,650,084	2,079,218	5,241,323	5,346,682
Accounts receivable	453,248	742,501		1,195,749	
Due from other governments			407,378	407,378	
Special assessments receivable		25,660		25,660	
Total current assets	<u>3,356,628</u>	<u>3,601,341</u>	<u>3,416,982</u>	<u>10,374,951</u>	<u>5,933,003</u>
Non-current assets:					
Capital assets, net of depreciation					
Land	122,175	163,126		285,301	
Buildings	87,494	35,096		122,591	
Improvements other than buildings	9,255,384	5,608,437	5,594,138	20,457,958	
Equipment	0	1,679	33,398	35,077	491
Vehicles	5,959	5,959	25,633	37,550	6,621
Construction in progress	206,186	804,025	1,714,660	2,724,871	
Total non-current assets	<u>9,677,198</u>	<u>6,618,321</u>	<u>7,367,828</u>	<u>23,663,348</u>	<u>7,112</u>
Total assets	<u>13,033,826</u>	<u>10,219,662</u>	<u>10,784,810</u>	<u>34,038,299</u>	<u>5,940,114</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	253,446	67,655	334,478	655,579	511,555
Payroll payable	27,351	26,406	41,410	95,168	13,410
Compensated absences	32,035	24,201	28,803	85,039	14,825
Current portion of loans payable	112,599			112,599	
Total current liabilities	<u>425,431</u>	<u>118,262</u>	<u>404,691</u>	<u>948,384</u>	<u>539,790</u>
Non-current liabilities					
Loans payable	1,238,585			1,238,585	
Total non-current liabilities	<u>1,238,585</u>	<u>-</u>	<u>-</u>	<u>1,238,585</u>	<u>-</u>
Total liabilities	<u>1,664,016</u>	<u>118,262</u>	<u>404,691</u>	<u>2,186,969</u>	<u>539,790</u>
<b>NET ASSETS</b>					
Investment in capital assets, net of related debt	8,326,015	6,618,321	7,367,828	22,312,164	7,112
Restricted for debt service	45,960			45,960	
Unrestricted	<u>2,997,836</u>	<u>3,483,079</u>	<u>3,012,291</u>	<u>9,493,206</u>	<u>5,393,213</u>
<b>Total net assets</b>	<u><b>\$11,369,810</b></u>	<u><b>\$10,101,400</b></u>	<u><b>\$10,380,119</b></u>	<u><b>\$31,851,330</b></u>	<u><b>\$5,400,325</b></u>

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

**City of Bothell**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2006**

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds	
	Water	Sewer	Storm Drain		Total
<b>OPERATING REVENUES</b>					
Charges for services	\$3,995,496	\$4,257,167	\$1,837,048	\$10,089,712	\$7,008
Total operating revenue	<u>3,995,496</u>	<u>4,257,167</u>	<u>1,837,048</u>	<u>10,089,712</u>	<u>7,008</u>
<b>OPERATING EXPENSES</b>					
Administrative and general	226,517	186,657	446,795	859,968	1,093,770
Purchased water	1,382,442			1,382,442	
Metro service		2,175,821		2,175,821	
Maintenance and operations	482,911	379,245	428,150	1,290,305	464,744
Customer accounts	82,008	80,422		162,430	
Taxes	403,997	290,949	111,597	806,542	
Capital outlay					878,516
Depreciation and amortization	345,616	205,689	243,455	794,761	8,617
Total operating expenses	<u>2,923,490</u>	<u>3,318,782</u>	<u>1,229,997</u>	<u>7,472,270</u>	<u>2,445,647</u>
OPERATING INCOME (LOSS)	<u>1,072,006</u>	<u>938,385</u>	<u>607,051</u>	<u>2,617,442</u>	<u>(2,438,639)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	72,165	79,643	105,096	256,904	232,951
Gain (loss) on disposition of capital assets					884
Interest expense	(20,848)			(20,848)	
Total non-operating revenue (expense)	<u>51,318</u>	<u>79,643</u>	<u>105,096</u>	<u>236,056</u>	<u>233,835</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>					
	1,123,323	1,018,028	712,147	2,853,498	(2,204,804)
Transfers in					2,651,705
Transfers out	(170,300)	(356,382)	(270,801)	(797,483)	(361,308)
Capital contributions from developers	237,781	111,288	300,170	649,239	
CHANGES IN NET ASSETS	1,190,804	772,934	741,516	2,705,255	85,593
NET ASSETS - BEGINNING	10,131,952	9,227,906	9,494,453	28,854,311	5,318,418
Prior year adjustment	47,054	100,560	144,150	291,764	(3,686)
<b>NET ASSETS - ENDING</b>	<u><u>\$11,369,810</u></u>	<u><u>\$10,101,400</u></u>	<u><u>\$10,380,119</u></u>	<u><u>\$31,851,330</u></u>	<u><u>\$5,400,325</u></u>

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

**City of Bothell**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2006**

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Water	Sewer	Storm Drain		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$3,944,635	\$4,251,194	\$1,837,048	\$10,032,878	\$7,008
Cash paid to employees	(411,767)	(394,572)	(562,437)	(1,368,776)	(220,517)
Cash paid to suppliers for goods and services	(1,837,009)	(2,327,595)	(115,053)	(4,279,657)	(1,724,096)
Cash paid for taxes	(403,997)	(290,949)	(28,296)	(723,242)	
Net cash provided by operating activities	<u>1,291,862</u>	<u>1,238,078</u>	<u>1,131,263</u>	<u>3,661,203</u>	<u>(1,937,605)</u>
<b>CASH FLOW FROM NON-CAPITAL ACTIVITIES</b>					
Transfers in					2,651,705
Transfers out	(170,300)	(356,382)	(270,801)	(797,483)	(361,308)
Net cash provided from non-capital activities	<u>(170,300)</u>	<u>(356,382)</u>	<u>(270,801)</u>	<u>(797,483)</u>	<u>2,290,397</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	(360,432)	(719,121)	(1,350,659)	(2,430,213)	
Interest paid on capital debt	(20,848)			(20,848)	
Proceeds from the sale of capital assets		1,916	903		884
Capital contributions	237,781	111,288	300,170		
Net cash (used) by capital and related activities	<u>(143,499)</u>	<u>(605,917)</u>	<u>(1,049,587)</u>	<u>(2,451,061)</u>	<u>884</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investments	(110,128)	117,406	312,175	319,453	(655,309)
Interest and dividends	72,165	79,643	105,096	256,904	232,951
Net cash provided by investing activities	<u>(37,963)</u>	<u>197,049</u>	<u>417,271</u>	<u>576,357</u>	<u>(422,358)</u>
Net increase (decrease) in cash and cash equivalents	<u>940,101</u>	<u>472,829</u>	<u>228,146</u>	<u>989,017</u>	<u>(68,683)</u>
Balances - beginning of the year	451,258	710,267	702,241	1,863,766	655,004
<b>Balances - end of year</b>	<b><u>\$1,391,359</u></b>	<b><u>\$1,183,096</u></b>	<b><u>\$930,387</u></b>	<b><u>\$2,852,784</u></b>	<b><u>\$586,321</u></b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$1,072,006	\$938,385	\$607,051	\$2,617,442	(\$2,438,639)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	345,616	205,689	243,455	794,761	8,617
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	15,942	25,197		41,138	1,000
Decrease (increase) in due from other governments			6,023	6,023	
Decrease (increase) in special assessments deferred		9,549		9,549	
Increase (decrease) in non-capital accounts payable	79,677	60,062	269,834	409,573	490,171
Increase (decrease) in revenue bonds payable	(115,000)			(115,000)	
Increase (decrease) in compensated absences payable	1,659	(3,414)	2,607	852	203
Increase (decrease) in payroll payable	4,562	2,610	2,292	9,464	1,042
Increase (decrease) in contracts payable	(112,599)			(112,599)	
<b>Net cash provided by operating activities</b>	<b><u>\$1,291,862</u></b>	<b><u>\$1,238,078</u></b>	<b><u>\$1,131,263</u></b>	<b><u>\$3,661,203</u></b>	<b><u>(\$1,937,605)</u></b>
Noncash investing, capital and financing activities					
Increase (decrease) in fair value of investments					50,500

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

**City of Bothell**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2006**

	<b>Fiduciary Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$572,957
Total receivables	572,957
Investments, at fair value	
State investment pool	3,301,021
Total investments	3,301,021
Total assets	\$3,873,978
<b>LIABILITIES</b>	
Refunds payable and others	
Accounts payable	3,693,246
Total liabilities	\$3,693,246
<b>NET ASSETS</b>	
Held in trust for pension benefits and other purposes	\$180,732

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

**City of Bothell**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2006**

	<b>PENSION TRUST</b>
	<b>FIREMEN'S PENSION RESERVE</b>
<b>ADDITIONS</b>	
Contributions:	
Fire insurance premium tax	\$36,316
Total contributions	36,316
Investment earnings:	
Interest	7,751
Total investment earnings	7,751
Total additions	44,067
<b>DEDUCTIONS</b>	
Benefits	18,906
Total deductions	18,906
Change in net assets	25,161
Net assets - beginning of year	155,571
<b>Net assets - end of year</b>	<b>\$180,732</b>

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

**Notes to Financial Statements  
December 31, 2006**

<b>1) Summary of Significant Accounting Policies</b> .....	<b>14</b>
Reporting Entity .....	14
Basic Financial Statements – Fund Financial Statements .....	14-16
Basic Financial Statements – Government–Wide Statements .....	16-19
Basis of Accounting .....	19-20
Encumbrances .....	20
Financial Statement Accounts .....	20-21
<b>2) Compliance and Accountability</b> .....	<b>22</b>
Procedures for Adopting the Original Budget.....	22
Amending the Budget .....	22
Final Budget.....	23
<b>3) Deposits and Investments</b> .....	<b>24</b>
Deposits.....	24
Investments .....	24-25
Deposit and Investment Reconciliation .....	25
<b>4) Property Taxes</b> .....	<b>26</b>
<b>5) Capital Assets and Depreciation</b> .....	<b>27</b>
General Policies.....	27
Governmental Capital Assets .....	27
Proprietary Fund Capital Assets .....	27
Depreciation.....	27
Summary of Changes to Capital Assets .....	28
<b>6) Pensions</b> .....	<b>29</b>
Public Employees’ Retirement System (PERS) - Plans 1, 2, and 3 .....	29-30
Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) - Plans 1 and 2.....	30-31
Public Safety Employees Retirement System.....	31-32
PERS, PSERS, and LEOFF Information by System .....	32
<b>7) Other Employee Benefits</b> .....	<b>33</b>
Compensated Absences.....	33
Deferred Compensation.....	33
Post-Retirement Benefits .....	33
Compensated Absences.....	33
<b>8) Contingencies</b> .....	<b>34</b>
<b>9) Risk Management</b> .....	<b>35</b>
<b>10) Interfund Transactions</b> .....	<b>37</b>
<b>11) Net Assets</b> .....	<b>38</b>
<b>12) Long Term Debt and Capital Leases</b> .....	<b>39</b>
Schedule of Long Term Debt .....	40
Debt Capacity .....	41
<b>13) Fund Closures and Restatements</b> .....	<b>42</b>
<b>14) Park Impact Fees</b> .....	<b>43</b>

# City of Bothell

## Notes to Financial Statements January 1, 2006 through December 31, 2006

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

### NOTE 1

#### Summary of Significant Accounting Policies

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

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

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

In June 1999, GASB unanimously approved Statement 34, titled "Basic

Financial Statements and Management Discussion and Analysis for State and Local Governments." Significant changes resulting from Statement 34 include the following:

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

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

#### A. REPORTING ENTITY

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

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

The financial transactions of the City are reported in individual funds in the fund

financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that are comprised of its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses.

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

The City uses the following fund types:

1. Governmental Funds:

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

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

2. Proprietary Funds:

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

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

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

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

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

- a. Enterprise funds are required to be used (to account for operations) where a fee is charged to external users for goods or services and where the activity (a) is financed with debt that is solely secured by a pledge of the revenues; (b) has third party requirements that the cost of providing services, including capital

costs, be recovered with fees and/or charges; or (c) establishes fees and/or charges based on a pricing policy designed to recover similar costs.

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

### 3. Fiduciary Funds:

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

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

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

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

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

activities. Fiduciary funds are excluded from government-wide statements.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities - general government, security of persons & property, physical environment, transportation, economic environment, mental & physical health, culture & recreation, water, sewer (wastewater), and storm drain (storm water).

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

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

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

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

Internal activity is eliminated from the government-wide Statement of Activities.

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

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

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

### **MAJOR FUNDS Governmental Activities**

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

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

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

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

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

The Capital Improvement Fund accounts for special revenue dedicated to capital and capital equipment

purchases that are required for general operation purposes. Utility and Real Estate Excise Taxes are the main sources of revenue.

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

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

### **Business-Type Activities**

#### **a. Water**

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

#### **b. Sewer**

This fund is used to account for the provision of sanitary sewer service to a portion of the City. The City of Bothell does not operate a sewage treatment plant, but is connected to the Metro system for service on a contract basis.

All activities necessary to provide service are accounted for in this fund, including administration, maintenance,

financing and related debt service, and billing and collection.

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

c. Storm and Surface Water Drain

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

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

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

**NON-MAJOR FUNDS**  
**Other Governmental Funds**

a. Street Fund

The Public Works Street Division is responsible for evaluating, maintaining,

and repairing all roadways, traffic control devices, drainage systems, sidewalks, and roadsides.

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

b. Cable TV Fund

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

c. Park Cumulative Reserve Fund

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

d. Drug Forfeiture Fund

This fund accounts for monies received from drug policing activities.

e. Nuisance Abatement Fund

This fund is used for removal of abandoned property, such as old cars.

f. Cemetery Endowment Fund

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

g. General Obligation Bond Funds - 1997

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

Debt issued that is not guaranteed by property tax revenue depends on other sources of general City revenue in order to retire debt.

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

i. Local Improvement District (LID) Guaranty Fund  
The LID Guaranty Fund accounts for surplus from the LID Control Fund. This fund was established for the purpose of guaranteeing the payment of local improvement bonds.

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

### **Internal Service Funds**

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

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

c. Asset Replacement Fund  
The Asset Replacement Fund accounts for monies set aside over the useful life

of a major asset, to be used for future replacement of the asset.

### **Fiduciary Funds**

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

a. Firemen's Pension Reserve  
This pension trust fund is used to account for monies accrued prior to the City's participation in the Washington Law Enforcement Officers and Fire Fighters Retirement System (LEOFF) pension system, and yearly receipts of the fire insurance premium tax. Transfers to the General Fund are made annually to cover medical premium expenses for retired firefighters.

### **D. BASIS OF ACCOUNTING**

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

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

## 2. Modified Accrual:

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

The City considers all revenue reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt (if any) is recognized when due.

## **E. ENCUMBRANCES**

Encumbrances represent commitments for unperformed goods or service contracts. Encumbrance accounting, (under which purchase orders, contracts, and other commitments for expenditure of resources are recorded to reserve the proper appropriation), is utilized in the governmental funds.

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

## **F. FINANCIAL STATEMENT ACCOUNTS**

### 1. Cash and Cash Equivalents

The City has defined cash and cash equivalents as cash on hand, demand deposits, and all highly liquid

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

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

### 3. Receivables

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

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

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

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

### 4. Inventories

All City inventories are maintained on a consumption basis of accounting, where items are purchased for inventory and charged to the budgetary accounts as

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

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

#### 6. Revenues

Most governmental fund revenues are accrued. Property taxes are billed and collected within the same period the taxes are levied.

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

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

#### 7. Expenditures

Expenditures are recognized when the related fund liability is incurred.

#### 8. Deferred Revenues

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

#### 9. Custodial Accounts

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

#### 10. Compensated Absences

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

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

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

#### 12. Comparative Data

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

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

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

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

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

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

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

**B. AMENDING THE BUDGET**

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

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

**Budget Information as follows:**

<b>Fund</b>	<b>Original Inflows</b>	<b>Original Outflows</b>	<b>Final Inflows</b>	<b>Final Outflows</b>
General Fund	\$58,548,608	\$60,038,339	\$59,636,520	\$78,401,462
Street Fund	3,302,460	3,467,435	3,302,460	3,508,709
Arterial Street Fund	25,101,700	25,836,790	25,544,974	26,238,790
Cable TV Fund	1,000	29,038	1,000	29,038
Park Cumulative Reserve Fund	270,400	364,000	270,400	364,000
Drug Seizure Fund	6,500	12,000	6,500	32,000
Nuisance Abatement Fund	2,550	50,000	2,550	50,000
Bothell Prop Assmt Redemption Fund				
1990 GO Bond Fund				
1995 GO Bond Redemption Fund	819,000	820,000	819,000	875,762
1997 GO Bond Redemption Fund	1,558,000	1,559,000	1,558,000	1,559,000
Capital Improvements Fund	2,912,200	3,211,000	20,810,265	6,706,750
Construction & Acquisition Fund	622,000	600,000	622,000	600,000
Water Fund	6,972,858	7,357,539	6,972,858	7,357,539
Sewer Fund	8,075,143	9,096,666	8,177,143	9,096,666
Storm Drain Fund	3,851,377	4,934,074	3,911,377	4,994,074
Equipment Rental Fund	1,800,288	1,783,796	1,800,288	1,783,796
Self Insurance Fund	2,108,211	2,108,211	2,108,211	2,108,211
Asset Replacement Fund	908,244	2,396,527	1,276,352	2,396,527
Cemetery Endowment Fund	5,650	2,500	5,650	2,500
Firemen's Pension Reserve Fund	74,950	50,000	74,950	50,000
<b>Total</b>	<b>\$116,941,139</b>	<b>\$123,716,915</b>	<b>\$136,900,498</b>	<b>\$146,154,824</b>

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

**A. DEPOSITS**

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

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

**B. INVESTMENTS**

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

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

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

As of December 31, 2006, the city had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1-2	More Than 2
State Investment Pool	\$22,170,138	\$22,170,138		
US Agencies	10,718,018	10,371,203	346,815	
Commercial Paper	13,846,612	13,846,612		
<b>Total</b>	<b>\$46,734,768</b>	<b>\$46,387,953</b>	<b>\$346,815</b>	<b>-</b>
	<b>Percent of Total</b>	<b>99%</b>	<b>1%</b>	<b>0%</b>

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

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

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

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

As of December 31, 2006, the City's investments in the State Investment Pool were rated AAA by Standard & Poor's, and Aaa by Moody's Investors Service. The City's investments in commercial paper were rated F-1 by Fitch Ratings, A1 by Standard & Poor's, and P-1 by Moody's Investor Service.

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

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

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

**Portfolio Diversification**

<b>Instrument Type</b>	<b>Percentage</b>	<b>Amount</b>
State Investment Pool	47%	\$22,170,138
FHLB	22%	10,371,003
FNMA (Fannie Mae)	6%	2,944,067
Commercial Paper	24%	11,249,561
<b>Total Investments</b>	<b>100%</b>	<b>\$46,734,768</b>

**C. DEPOSIT AND INVESTMENT RECONCILIATION**

Amounts reported in the fund statements are as follows:

<b>Government Funds</b>	<b>Amount</b>
Cash	\$5,218,268
Investments	38,192,424
<b>Proprietary Funds</b>	<b>Amount</b>
Cash & cash equivalents	\$3,504,842
Investments	5,241,323
<b>Fiduciary Funds</b>	<b>Amount</b>
Cash & cash equivalents	\$572,957
Investments	3,301,021
<b>Total</b>	<b>\$56,030,835</b>

Cash, deposits, and investments are as follows:

Cash on hand	\$26,977
Checking accounts	9,269,090
US agencies	10,718,018
Commercial paper	13,846,612
State investment pool	22,170,138
<b>Total</b>	<b>\$56,030,835</b>

## **NOTE 4**

### **Property Taxes**

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

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

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

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

Special levies approved by the voters are not subject to the above limitations. For 2006, the City's General Tax Levy was \$1.39 per \$1,000, and the Special Tax Levy was \$0.15 per \$1,000. The total assessed valuation was \$5,294,124,779.

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

**A. GENERAL POLICIES**

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

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

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

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

**B. GOVERNMENTAL CAPITAL ASSETS**

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

**C. PROPRIETARY FUND CAPITAL ASSETS**

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

**D. DEPRECIATION**

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

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

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

<b>Government activities</b>	<b>Amount</b>
General government	\$514,663
Security of persons & property	528,985
Transportation	32,580,307
Physical environment	2,607,439
Culture & recreation	17,108
<b>Total governmental activities depreciation expense</b>	<b>\$36,248,502</b>

<b>Business-type activities</b>	<b>Amount</b>
Water	\$345,616
Sewer	205,689
Storm Drain	243,455
<b>Total business-type activities depreciation expense</b>	<b>\$794,761</b>

## Summary of Changes to Capital Assets

Description	Beginning Balance	Prior year	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land and improvements	\$10,935,002		\$345,561		\$11,280,563
Infrastructure right-of-way	66,050,120				66,050,120
Construction in progress	3,956,309		6,223,346		10,179,655
<b>Total capital not being depreciated</b>	<b>\$80,941,431</b>	<b>-</b>	<b>\$6,568,907</b>	<b>-</b>	<b>\$87,510,338</b>
<b>Other capital assets:</b>					
Buildings	\$18,161,314				\$18,161,314
Improvements	14,854,800		1,858,552		16,713,352
Infrastructure	1,527,104,522		304,879		1,527,409,401
Vehicles	5,445,127		721,642	29,430	6,137,339
Equipment	2,691,831		498,283	178,290	3,011,824
<b>Total other capital assets at historical cost</b>	<b>\$1,568,257,594</b>	<b>-</b>	<b>\$3,383,355</b>	<b>\$207,720</b>	<b>\$1,571,433,229</b>
<b>Less accumulated depreciation for:</b>					
Buildings	\$1,449,267	\$80,422	\$363,226		\$1,892,916
Improvements	2,347,120	(9,036)	891,307		3,229,391
Infrastructure	723,342,396	10,766,214	34,198,439		768,307,049
Vehicles	3,733,440	75,403	465,948	29,430	4,245,361
Machinery & equipment	2,101,958	(19,420)	329,582	170,112	2,242,008
<b>Total accumulated depreciation</b>	<b>\$732,974,181</b>	<b>\$10,893,584</b>	<b>\$36,248,502</b>	<b>\$199,542</b>	<b>\$779,916,725</b>
<b>Governmental activities capital assets, net</b>	<b>\$916,224,844</b>	<b>(\$10,893,584)</b>	<b>(\$26,296,240)</b>	<b>\$8,177</b>	<b>\$879,026,843</b>
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Construction in progress	\$955,341		\$1,780,974	\$11,444	\$2,724,871
Land and improvements	285,302				285,302
<b>Total capital not being depreciated</b>	<b>\$1,240,643</b>	<b>-</b>	<b>\$1,780,974</b>	<b>\$11,444</b>	<b>\$3,010,172</b>
<b>Other capital assets:</b>					
Buildings	\$467,477				\$467,477
Intangible plant	411,179				411,179
Improvements	32,119,014		660,683		32,779,697
Vehicles	616,096				616,096
Machinery & equipment	379,356		14,871	331,645	62,583
<b>Total other capital assets at historical cost</b>	<b>\$33,993,122</b>	<b>-</b>	<b>\$675,554</b>	<b>\$331,645</b>	<b>\$34,337,032</b>
<b>Less accumulated depreciation for:</b>					
Buildings	\$349,043	(\$917)	\$8,205		\$356,331
Intangible plant	411,179				411,179
Improvements	11,906,507	(289,727)	693,514		12,310,294
Vehicles	503,779	(13,429)	88,196		578,546
Machinery & equipment	324,307	12,308	4,846	313,955	27,506
<b>Total accumulated depreciation</b>	<b>\$13,494,815</b>	<b>(\$291,764)</b>	<b>\$794,761</b>	<b>\$313,955</b>	<b>\$13,683,856</b>
<b>Business-type activities capital assets, net</b>	<b>\$21,738,950</b>	<b>\$291,764</b>	<b>\$1,661,767</b>	<b>\$29,134</b>	<b>\$23,663,348</b>

See Note 13 for prior year depreciation adjustment.

## **NOTE 6**

### **Pensions**

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

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

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

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

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

##### **Plan Descriptions**

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

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

Plan 1 members are eligible for retirement at any age after 30 years of service, at age 60 with five years of service, or at age 55 with 25 years of service. The annual pension is 2% of the average final compensation (AFC) per year of service, and is capped at 60%.

The AFC is the monthly average of an employee's 24-consecutive highest-paid service credit months. If qualified, a cost-of-living allowance is granted at age 66. It is based on the number of service credit years, and is capped at 3% annually.

Plan 2 members may retire at age 65 with five years of service, or at age 55 with 20 years of service. The annual pension is 2% of the AFC per year of service. Plan 2 retirements prior to age 65 are actuarially reduced. There is no cap on service credit years. A cost-of-living allowance is granted, and is capped at 3% annually.

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

after five years of service if 12 service credit months are earned after reaching age 44. The defined benefit component is an allowance of 1% of the AFC per year of service. Plan 3 retirements prior to age 65 are actuarially reduced. There is no cap on years of service credit. A cost-of-living allowance is granted, and is capped at 3% annually.

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

### Funding Policy

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

Employee contribution rates for Plan 1 are established by statute at 6%, and do not vary from year to year.

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

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

The methods used to determine the contribution requirements are established under state statute in

accordance with RCW Chapters 41.40 and 41.45.

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

### Plan Descriptions

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

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

Plan 1 members are eligible to retire with five years of service at age 50. The benefit is a percentage of the final average salary (FAS) and varies according to the term of service. (See chart below.) A cost-of-living allowance is granted, and is capped at 3% annually:

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

Plan 2 members are eligible to retire at age 50 with 20 years of service, or at age 53 with five years of service. Retirement benefits prior to age 53 are actuarially reduced. The benefit is 2% of final average salary (FAS) per year of service. The FAS is based on the 60 highest-paid consecutive months. There is no cap on years of service credit. A cost-of-living allowance is granted, and is capped at 3% annually.

**C. PUBLIC SAFETY EMPLOYEES RETIREMENT SYSTEM**

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

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

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

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

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

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

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

**Funding Policy**

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

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

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

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

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

Membership in the system requires service with an electing municipality's fire department, other than those covered by LEOFF. The system is funded through employee contributions of \$30 per year; employer contributions of \$30 per year, and 25% of the Fire Insurance Premium Tax. Members do not earn interest on contributions, but may elect to withdraw funds upon termination.

### Fire Fighter's Pension Fund

The Fire Fighter's Pension is a closed system operated by the City. Membership is limited to firefighters employed prior to March 1, 1970.

The City's liability under the system is composed of excess benefits over LEOFF for fire fighters retired after March 1, 1970, who are members of the system.

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

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

	PERS	PSERS	LEOFF
<b>City participating payroll:</b>			
Plan 1 City contribution rate @ 12/31/06	3.69%	NA	0.18%
Plan 2 City contribution rate @ 12/31/06	3.69%	6.76%	4.90%
Plan 3 City contribution rate @ 12/31/06	3.69%	NA	NA
<b>City plan contribution:</b>			
2006	\$269,540	\$4,121	\$402,784
2005	157,080		325,008
2004	106,145		259,621
2003	96,744		229,291
2002	123,559		209,831
2001	215,779		255,292
Plan 1 employee contribution rate @ 12/31/04	6.00%	NA	0.00%
Plan 2 employee contribution rate @ 12/31/04	3.50%	6.57%	7.85%
Plan 3 employee contribution rate @ 12/31/04	See below	NA	NA

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

NA = Not Available

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

Option	Rate	Age
A	5%	all ages
B	5%	up to age 35
	6%	age 35 to 44
	7.5%	age 45+
C	6%	up to age 35
	7.5%	age 35 to 44
	8.5%	age 45+
D	7%	all ages
E	10%	all ages
F	15%	all ages

**NOTE 7**  
**Other Employee Benefits**

**A. COMPENSATED ABSENCES**

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

**B. DEFERRED COMPENSATION**

The City offers its employees three deferred compensation plans, created in accordance with the Internal Revenue Code Section 457.

The plans, with International City Manager's Association (ICMA), Nationwide Retirement Solutions, and Hartford Life Insurance Retirement Solutions are available to all eligible employees.

These plans permit them to defer a portion of their salary until future years.

The deferred compensation is not available to employees until termination, retirement, death, or in the event of an unforeseeable emergency.

**C. POST-RETIREMENT BENEFITS**

Post-retirement benefits are provided in accordance with the LEOFF Act (RCW 41.26). The City purchased long-term care insurance which covers all of its current and former LEOFF-1 employees. This coverage pays the majority of costs associated with at-home or facility long-term care, for up to four years.

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

**Compensated Absences**

<b>Accrued compensated absences</b>	<b>2006</b>	<b>2005</b>	<b>Change</b>
Governmental funds	\$1,005,607	\$926,889	\$78,717
Special funds	23,737	22,884	852
Enterprise funds	85,039	84,187	852
Internal service funds	14,825	14,622	203
<b>Total compensated absences</b>	<b>\$1,129,208</b>	<b>\$1,048,584</b>	<b>\$80,624</b>

## **NOTE 8**

### **Contingencies**

#### **Litigation**

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

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

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

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

#### **Bond Indentures**

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

#### **Rebate Arbitrage**

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

In the government-wide statements, arbitrage earnings liability is accrued as it is earned, and is expensed at year-end. The City had no arbitrage excess earnings liability in 2006.

## **NOTE 9**

### **Risk Management**

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

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

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

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

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

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

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

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

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

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

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

A Board of Directors governs WCIA and is comprised of one designated representative from each member city. The Board elects an Executive

Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee, and is responsible for conducting day-to-day WCIA operations.

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

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

Transactions to support the operations of other funds are recorded as “operating transfers” and are classified as “other financing sources or uses” in the fund statements.

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

	General Fund	Street Fund	Arterial Street	Capital Improvements Fund	Equipment Rental Fund	Self Insurance Fund	Asset Replacement Fund	Total Transferred Out
General Fund		\$680,630		\$16,983,865	\$601,233	\$722,833	\$368,108	\$19,356,669
Street Fund			41,274		95,812	61,753		198,839
Park Cumulative Reserve Fund	182,000							182,000
Bothell Property Assmt Redemption Fund	525							525
1990 GO Bond Redemption Fund	25,057							25,057
1995 GO Bond Redemption Fund	56,315							56,315
LID 87-1 Fund	16,914							16,914
Water Fund	102,702				36,130	31,468		170,300
Sewer Fund	99,664				50,353	206,365		356,382
Storm Drain Fund	154,459				104,516	11,826		270,801
Equipment Rental Fund						1,486	359,822	361,308
<b>Total Transferred In</b>	<b>\$637,636</b>	<b>\$680,630</b>	<b>\$41,274</b>	<b>\$16,983,865</b>	<b>\$888,044</b>	<b>\$1,035,731</b>	<b>\$727,930</b>	<b>\$20,995,110</b>

**Transfers are used to:**

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

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

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

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

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

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

## **NOTE 12**

### **Long-Term Debt and Capital Leases**

#### **Capital Leases**

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

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

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

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

#### **Long-Term Debt**

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

A voter-approved general obligation bond was issued in 1997 to fund the City's Public Safety Building. The debt is being repaid with the associated excess levy receipts. In 2006, Water Fund revenues were used to redeem the last of its 1997 revenue bonds.

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

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

## Schedule of Long Term Debt

### Debt Service requirements to maturity

Year	GO Bonds		Other Debt		Totals
	Principal	Interest	Principal	Interest	
<b>Governmental Activities</b>					
2007	\$450,000	\$326,688	\$33,862	\$1,016	\$811,566
2008	475,000	305,313	33,863	677	814,853
2009	495,000	282,513	33,863	338	811,714
2010	520,000	258,258			778,258
2011	545,000	232,258			777,258
2012	575,000	204,735			779,735
2013	605,000	175,410			780,410
2014	635,000	144,253			779,253
2015	665,000	111,233			776,233
2016	700,000	76,320			776,320
2017	740,000	39,220			779,220
<b>Subtotal</b>	<b>\$6,405,000</b>	<b>\$2,156,201</b>	<b>\$101,588</b>	<b>\$2,031</b>	<b>\$8,664,820</b>
<b>Business-Type Activities</b>					
2007			\$112,599	\$13,512	\$126,111
2008			112,599	12,386	124,985
2009			112,599	11,260	123,859
2010			112,599	10,134	122,733
2011			112,599	9,008	121,607
2012			112,599	7,882	120,481
2013			112,599	6,756	119,355
2014			112,599	5,630	118,229
2015			112,599	4,504	117,103
2016			112,599	3,378	115,977
2017			112,599	2,252	114,851
2018			112,599	1,126	113,725
<b>Subtotal</b>			<b>\$1,351,183</b>	<b>\$87,827</b>	<b>\$1,439,011</b>
<b>Total</b>	<b>\$6,405,000</b>	<b>\$2,156,201</b>	<b>\$1,452,771</b>	<b>\$89,858</b>	<b>\$10,103,831</b>

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

### Other Long-Term Debt

Other long-term general obligation debt is as follows:

- 1) The City owes Snohomish County \$101,588 under an agreement

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

- 2) The City owes Snohomish County \$1,351,183 under an agreement made in 1998. The City makes an annual payment to the County, who then makes payment on PWA loan 98-791-007, which was used for water improvements partially located within the City.

Description	Date of Issue	Date of Final Maturity	Interest Rates	Amount of Original Issue	Balance 1/1/06	Issued	Redeemed	Balance 12/31/06	Due Within One Year
<b>Governmental activities</b>									
GO bond (voted)	11/1/1997	12/1/2017	4.625-5.3%	\$9,700,000	\$6,835,000		\$430,000	\$6,405,000	\$450,000
PWA loan 5-89-962-0046		12/31/2009	1.00%	585,526	135,450		33,862	101,588	33,862
LID bonds (I-405/NE 195th overpass)	2/4/1999	On Call	3.25 - 4.7%	2,469,000	305,000		305,000		
<b>Subtotal</b>				<b>\$12,754,526</b>	<b>\$7,275,450</b>	<b>-</b>	<b>\$768,862</b>	<b>\$6,506,588</b>	<b>\$483,862</b>
<b>Business-type activities</b>									
Revenue bond	2/15/1997	9/1/2006	4.1 - 5.4%	\$930,000	\$115,000		\$115,000		
PWA loan 98-791-007	10/15/1998	10/13/2003	1.00%	1,890,000	1,463,782		112,599	1,351,183	112,599
<b>Subtotal</b>				<b>\$2,820,000</b>	<b>\$1,578,782</b>	<b>-</b>	<b>\$227,599</b>	<b>\$1,351,183</b>	<b>\$112,599</b>
<b>Total</b>				<b>\$15,574,526</b>	<b>\$8,854,232</b>	<b>-</b>	<b>\$996,461</b>	<b>\$7,857,771</b>	<b>\$596,461</b>

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

### Debt Limit Capacities

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

7.5% with a vote of the people provided the indebtedness in excess of 2.5% is for utilities, parks, or open space development. As of December 31, 2006, City debt limits were based on assessed property totaling \$5,294,124,779.

### Debt Capacity as of January 1, 2007

Regular levy assessed value less annexations	\$5,294,124,779			
	<b>Without a Vote</b>	<b>With a Vote of the People</b>		
	1.5%	2.5%	5.0%	7.5%
Legal limit	\$79,411,872	\$132,353,119	\$264,706,239	\$397,059,358
Outstanding net debt		6,405,000	6,405,000	6,405,000
<b>Margin available</b>	<b>\$79,411,872</b>	<b>\$125,948,119</b>	<b>\$258,301,239</b>	<b>\$390,654,358</b>

**NOTE 13**  
**Fund Closures and Restatements**

**Fund Closures**

In 2006, the City closed the following three Debt Service Funds into its General Fund:

- 1) Property Assessment Redemption
- 2) 1990 GO Bond
- 3) 1995 GO Bond

**Fund Restatements (Prior Period Adjustments)**

In 2005, a year-end fixed asset software update miscalculated the depreciation expense for various City assets.

The erroneous data was corrected resulting in a net understatement of depreciation expense.

The corresponding prior period adjustment is as follows:

Water Fund	(\$47,054)
Sewer Fund	(\$100,560)
Storm Drain Fund	(\$144,150)
Equipment Rental Fund	\$3,686
General Fixed Assets	\$10,889,898
<b>Total Adjustment</b>	<b>\$10,601,820</b>

See also chart in Note 5.

**NOTE 14**  
**Park Impact Fees**

Since 1997, per the City's Municipal Code, Park impact fees have been accounted for separately in a Special Revenue Fund titled Park Cumulative Reserve.

The monies remain in the Special Revenue Fund until they are transferred to the City's Capital Improvements Fund for appropriation towards Park capital projects.

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

Required Supplemental Information



**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**General Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts 2005-2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005-2006 Actuals	Final Budget Positive(Negative)
<b>REVENUES</b>						
Taxes	\$45,069,000	\$45,069,000	\$23,918,354	\$26,574,066	\$50,492,419	\$5,423,419
Licenses and permits	1,385,400	1,385,400	1,010,503	1,693,255	2,703,758	1,318,358
Intergovernmental revenues	3,846,900	4,383,200	2,403,812	1,753,398	4,157,210	(225,990)
Charges for services	4,889,659	4,209,659	1,959,055	2,802,282	4,761,337	551,678
Fines and forfeitures	688,500	688,500	322,144	343,486	665,630	(22,870)
Interest earnings	897,200	1,855,200	763,013	1,708,982	2,471,994	616,794
Proceeds from sale of capital assets	50,000	50,000	47,289	1,064	48,352	(1,648)
Other revenue	614,300	832,150	419,383	194,690	614,073	(218,077)
<b>Total revenues</b>	<b>57,440,959</b>	<b>58,473,109</b>	<b>30,843,551</b>	<b>35,071,222</b>	<b>65,914,773</b>	<b>7,441,664</b>
<b>EXPENDITURES</b>						
Current:						
General government	14,316,724	14,316,724	6,075,203	6,306,333	12,381,536	1,935,188
Security of persons and property	31,060,522	31,093,472	14,918,150	15,338,227	30,256,377	837,095
Physical environment	5,608,201	5,608,201	2,243,369	2,914,337	5,157,706	450,495
Economic environment	4,346,521	4,446,521	1,942,086	2,433,653	4,375,739	70,782
Capital outlay	1,515,845	2,394,045	1,840,386	(547,928)	1,292,458	1,101,587
<b>Total expenditures</b>	<b>56,847,813</b>	<b>57,858,963</b>	<b>27,019,193</b>	<b>26,444,622</b>	<b>53,463,815</b>	<b>4,395,148</b>
Excess of revenue over(under) expenditures	593,146	614,146	3,824,358	8,626,600	12,450,958	11,836,812
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,107,649	1,163,411	553,824	637,636	1,191,460	28,049
Transfers out	(3,190,526)	(20,542,499)	(1,595,263)	(19,356,669)	(20,951,932)	(409,433)
<b>Total other financing sources</b>	<b>(2,082,877)</b>	<b>(19,379,088)</b>	<b>(1,041,439)</b>	<b>(18,719,033)</b>	<b>(19,760,472)</b>	<b>(381,384)</b>
Net change in fund balances	(1,489,731)	(18,764,942)	2,782,920	(10,092,433)	(7,309,514)	11,455,428
FUND BALANCES - JANUARY 1, 2005	20,551,954	20,551,954	22,220,732		22,220,732	1,668,778
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<b><u>\$19,062,223</u></b>	<b><u>\$1,787,012</u></b>	<b><u>\$25,003,652</u></b>	<b><u>(\$10,092,433)</u></b>	<b><u>\$14,911,218</u></b>	<b><u>\$13,124,206</u></b>

GAAP serves as the budgetary basis of accounting

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Arterial Street Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005-2006 Actuals	Variance with Final Budget Positive(Negative)
	2005-2006					
	Original	Final				
<b>REVENUES</b>						
Intergovernmental revenues	\$20,765,000	\$21,167,000	\$652,446	\$4,627,752	\$5,280,197	(\$15,886,803)
Charges for services	3,565,000	3,565,000	923,805	858,310	1,782,115	(1,782,885)
Interest earnings	71,700	71,700	55,653	83,476	139,130	67,430
Other revenue	700,000	700,000	325		325	(699,675)
Total revenues	<u>25,101,700</u>	<u>25,503,700</u>	<u>1,632,229</u>	<u>5,569,538</u>	<u>7,201,767</u>	<u>(18,301,933)</u>
<b>EXPENDITURES</b>						
Current:						
Construction projects	25,765,000	26,167,000	1,586,681	5,739,729	7,326,410	18,840,590
Debt Service - principal	67,726	67,726	33,862	33,862	67,724	2
Debt Service - interest	4,064	4,064	1,693	1,354	3,048	1,016
Total expenditures	<u>25,836,790</u>	<u>26,238,790</u>	<u>1,622,236</u>	<u>5,774,946</u>	<u>7,397,182</u>	<u>18,841,608</u>
Excess of revenue over(under) expenditures	(735,090)	(735,090)	9,993	(205,407)	(195,414)	539,676
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in		41,274		41,274	41,274	
Transfers out						
Total other financing sources	<u>-</u>	<u>41,274</u>	<u>-</u>	<u>41,274</u>	<u>41,274</u>	<u>-</u>
Net change in fund balances	(735,090)	(693,816)	9,993	(164,133)	(154,140)	539,676
FUND BALANCES - JANUARY 1, 2005	735,750	735,750	2,078,978		2,078,978	1,343,228
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<u><b>\$660</b></u>	<u><b>\$41,934</b></u>	<u><b>\$2,088,971</b></u>	<u><b>(\$164,133)</b></u>	<u><b>\$1,924,838</b></u>	<u><b>\$1,882,904</b></u>

GAAP serves as the budgetary basis of accounting

# Combining Financial Statements



**City of Bothell**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**December 31, 2006**

	<u>Special Revenue Funds</u>				
	<u>Street</u>	<u>Cable TV</u>	<u>Park Cum Reserve</u>	<u>Drug Forfeitures</u>	<u>Nuisance Abatement</u>
<b>ASSETS</b>					
Current cash & cash equivalents	\$509,029	\$426	\$118,266	\$25,152	\$2,292
Investments	489,927	24,150	595,077	35,000	50,000
Receivables (net of allowances)					
Taxes					
Accounts receivable	32,170				
Due from other governmental units	137,608				
<b>TOTAL ASSETS</b>	<b><u>\$1,168,732</u></b>	<b><u>\$24,575</u></b>	<b><u>\$713,343</u></b>	<b><u>\$60,152</u></b>	<b><u>\$52,292</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities					
Accounts payable	\$84,436	\$12,404		\$2,080	
Compensated absences	23,737				
Payroll payable	31,202				
Unearned revenue					
Total liabilities	<u>139,375</u>	<u>12,404</u>	<u>-</u>	<u>2,080</u>	<u>-</u>
Fund balances					
Unreserved, report in:					
Special revenue funds	1,029,357	12,172	713,343	58,072	52,292
Debt service funds					
Total fund balances	<u>1,029,357</u>	<u>12,172</u>	<u>713,343</u>	<u>58,072</u>	<u>52,292</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$1,168,732</u></b>	<b><u>\$24,575</u></b>	<b><u>\$713,343</u></b>	<b><u>\$60,152</u></b>	<b><u>\$52,292</u></b>

**City of Bothell**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**December 31, 2006**

<u>Cemetery Endowment</u>	<u>Debt Service Funds</u>					<u>Total Other Governmental Funds</u>
	<u>Property Assessment Redemption</u>	<u>1990 GO Bond</u>	<u>1995 GO Bond</u>	<u>1997 GO Bond</u>	<u>LID Guaranty</u>	
\$1,434				\$86,292	\$2,209	\$745,099
75,000					43,161	1,312,315
				13,866		13,866
				2,903		32,170
						140,510
<b><u>\$76,434</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>\$103,061</u></b>	<b><u>\$45,371</u></b>	<b><u>\$2,243,960</u></b>
						\$98,920
						23,737
						31,202
				13,866		13,866
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,866</u>	<u>-</u>	<u>167,725</u>
76,434				89,195	45,371	1,941,669
						134,566
<u>76,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,195</u>	<u>45,371</u>	<u>2,076,235</u>
<b><u>\$76,434</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>\$103,061</u></b>	<b><u>\$45,371</u></b>	<b><u>\$2,243,960</u></b>

**City of Bothell**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended December 31, 2006**

Page 1 of 2

	<b>Special Revenue Funds</b>				
	<b>Street</b>	<b>Cable TV</b>	<b>Park Cum Reserve</b>	<b>Drug Forfeitures</b>	<b>Nuisance Abatement</b>
<b>REVENUES</b>					
Taxes					
Licenses and permits	125,980				
Intergovernmental revenue	813,134				
Interest earnings	23,947	1,228	22,635	868	1,462
Charges for services	276,854		404,634	20,803	
Other revenue					
Total revenues	<u>1,239,915</u>	<u>1,228</u>	<u>427,269</u>	<u>21,671</u>	<u>1,462</u>
<b>EXPENDITURES</b>					
Current:					
Security of persons and property				6,722	
Transportation	1,639,542				
Physical environment					
Capital outlay	22,754	12,404			
Other expenditures					
Debt service:					
Principal retirement					
Interest					
Total expenditures	<u>1,662,295</u>	<u>12,404</u>	<u>-</u>	<u>6,722</u>	<u>-</u>
Excess of revenue over (under) expenditures	(422,380)	(11,175)	427,269	14,949	1,462
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	680,630				
Transfers out	(198,839)		(182,000)		
Total other financing sources	<u>481,791</u>	<u>-</u>	<u>(182,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	59,411	(11,175)	245,269	14,949	1,462
FUND BALANCES - JANUARY 1, 2006	969,947	23,347	468,074	43,123	50,829
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<b><u>\$1,029,357</u></b>	<b><u>\$12,172</u></b>	<b><u>\$713,343</u></b>	<b><u>\$58,072</u></b>	<b><u>\$52,292</u></b>

**City of Bothell**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended December 31, 2006**

Special Revenue Funds Continued	Debt Service Funds					Page 2 of 2
Cemetery Endowment	Property Assessment Redemption	1990 GO Bond	1995 GO Bond	1997 GO Bond	LID Guaranty	Total Other Governmental Funds
				\$781,264		\$781,264
			554		9,823	125,980
3,199						813,134
						63,717
						702,290
3,199	-	-	554	781,264	9,823	2,486,385
						6,722
						1,639,542
						35,157
				430,000	161,000	591,000
				346,683		346,683
-	-	-	-	776,683	161,000	2,619,103
3,199			554	4,582	(151,177)	(132,718)
						680,630
	(525)	(25,057)	(56,315)			(462,736)
-	(525)	(25,057)	(56,315)	-	-	217,894
3,199	(525)	(25,057)	(55,762)	4,582	(151,177)	85,176
73,235	525	25,057	55,762	84,613	196,547	1,991,059
<b>\$76,434</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$89,195</b>	<b>\$45,371</b>	<b>\$2,076,235</b>

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Street Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts 2005-2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005-2006 Actuals	Final Budget Positive(Negative)
<b>REVENUES</b>						
Taxes						
Licenses and permits	\$125,000	\$125,000	\$75,862	\$125,980	\$201,842	\$76,842
Charges for services	540,200	540,200	292,522	276,854	569,376	29,176
Intergovernmental revenue	1,276,000	1,276,000	726,533	813,134	1,539,668	263,668
Interest earnings			11,817	23,947	35,765	35,765
Total revenues	1,941,200	1,941,200	1,106,735	1,239,915	2,346,650	405,450
<b>EXPENDITURES</b>						
Current:						
Personnel services	1,254,247	1,254,247	582,993	608,357	1,191,350	62,897
Operating supplies	140,070	140,070	52,950	96,673	149,622	(9,552)
Capital outlay				22,754		
Other services and charges	1,881,494	1,881,494	735,977	934,512	1,670,489	211,005
Total expenditures	3,275,811	3,275,811	1,371,920	1,662,295	3,011,462	264,349
Excess of revenue over (under) expenditures	(1,334,611)	(1,334,611)	(265,185)	(422,380)	(664,812)	669,799
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,361,260	1,402,534	680,630	680,630	1,361,260	(41,274)
Transfers out	(191,624)	(232,898)	(95,812)	(198,839)	(294,651)	(61,753)
Total other financing sources	1,169,636	1,169,636	584,818	481,791	1,066,609	(103,027)
Net change in fund balances	(164,975)	(164,975)	319,633	59,411	379,044	566,772
FUND BALANCES - JANUARY 1, 2005	246,466	246,466	650,314		650,314	403,848
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<b>\$81,491</b>	<b>\$81,491</b>	<b>\$969,947</b>	<b>\$59,411</b>	<b>\$1,029,357</b>	<b>\$970,620</b>

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Cable TV Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts 2005-2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005-2006 Actuals	Final Budget Positive(Negative)
<b>REVENUES</b>						
Interest earnings	\$1,000	\$1,000	\$766	\$1,228	\$1,994	\$994
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>766</u>	<u>1,228</u>	<u>1,994</u>	<u>994</u>
<b>EXPENDITURES</b>						
Current:						
Capital outlays	29,038	29,038	5,610	12,404	18,013	11,025
Total expenditures	<u>29,038</u>	<u>29,038</u>	<u>5,610</u>	<u>12,404</u>	<u>18,013</u>	<u>11,025</u>
Excess of revenue over (under) expenditures	(28,038)	(28,038)	(4,844)	(11,175)	(16,019)	12,019
Net change in fund balances	(28,038)	(28,038)	(4,844)	(11,175)	(16,019)	12,019
FUND BALANCES - JANUARY 1, 2005	28,038	28,038	28,191		28,191	153
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>\$23,347</u></u>	<u><u>(\$11,175)</u></u>	<u><u>\$12,172</u></u>	<u><u>\$12,172</u></u>

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Park Cumulative Reserve Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts 2005-2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005-2006 Actuals	Final Budget Positive(Negative)
<b>REVENUES</b>						
Charges for service	\$251,000	\$251,000	\$214,803	\$404,634	\$619,437	\$368,437
Investment interest	19,400	19,400	13,326	22,635	35,960	16,560
Total revenues	<u>270,400</u>	<u>270,400</u>	<u>228,128</u>	<u>427,269</u>	<u>655,397</u>	<u>384,997</u>
Excess of revenues over (under) expenditures	270,400	270,400	228,128	427,269	655,397	384,997
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers out	(364,000)	(364,000)	(182,000)	(182,000)	(364,000)	
Total other financing sources	<u>(364,000)</u>	<u>(364,000)</u>	<u>(182,000)</u>	<u>(182,000)</u>	<u>(364,000)</u>	<u>-</u>
Net change in fund balances	(93,600)	(93,600)	46,128	245,269	291,397	384,997
FUND BALANCES - JANUARY 1, 2005	432,944	432,944	421,946		421,946	(10,998)
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<b><u>\$339,344</u></b>	<b><u>\$339,344</u></b>	<b><u>\$468,074</u></b>	<b><u>\$245,269</u></b>	<b><u>\$713,343</u></b>	<b><u>\$373,999</u></b>

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Drug Forfeitures Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts 2005-2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005-2006 Actuals	Final Budget Positive(Negative)
<b>REVENUES</b>						
Charges for services	\$5,000	\$25,000	\$42,509	\$20,803	\$63,312	\$38,312
Interest earnings	1,500	1,500	429	868	1,298	(202)
Total revenues	<u>6,500</u>	<u>26,500</u>	<u>42,939</u>	<u>21,671</u>	<u>64,610</u>	<u>38,110</u>
<b>EXPENDITURES</b>						
Current:						
Personnel services	5,000	5,000	2,325		2,325	2,675
Operating supplies	2,000	22,000	3,521		3,521	18,479
Other services and charges	5,000	5,000	15,142	6,722	21,864	(16,864)
Total expenditures	<u>12,000</u>	<u>32,000</u>	<u>20,988</u>	<u>6,722</u>	<u>27,710</u>	<u>4,290</u>
Excess of revenue over (under) expenditures	(5,500)	(5,500)	21,950	14,949	36,899	42,399
Net change in fund balances	(5,500)	(5,500)	21,950	14,949	36,899	42,399
FUND BALANCES - JANUARY 1, 2005	23,308	23,308	21,173		21,173	(2,135)
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<b><u><u>\$17,808</u></u></b>	<b><u><u>\$17,808</u></u></b>	<b><u><u>\$43,123</u></u></b>	<b><u><u>\$14,949</u></u></b>	<b><u><u>\$58,072</u></u></b>	<b><u><u>\$40,264</u></u></b>

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Nuisance Abatement Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts 2005-2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005-2006 Actuals	Final Budget Positive(Negative)
<b>REVENUES</b>						
Interest earnings	\$2,550	\$2,550	\$723	\$1,462	\$2,185	(\$365)
Total revenues	<u>2,550</u>	<u>2,550</u>	<u>723</u>	<u>1,462</u>	<u>2,185</u>	<u>(365)</u>
<b>EXPENDITURES</b>						
Other services and charges	50,000	50,000				50,000
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Excess of revenue over (under) expenditures	(47,450)	(47,450)	723	1,462	2,185	49,635
Net change in fund balances	(47,450)	(47,450)	723	1,462	2,185	49,635
FUND BALANCES - JANUARY 1, 2005	49,837	49,837	50,106		50,106	269
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<b><u><u>\$2,387</u></u></b>	<b><u><u>\$2,387</u></u></b>	<b><u><u>\$50,829</u></u></b>	<b><u><u>\$1,462</u></u></b>	<b><u><u>\$52,292</u></u></b>	<b><u><u>\$49,905</u></u></b>

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Cemetery Endowment Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts 2005-2006		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005-2006 Actuals	Variance with Final Budget Positive(Negative)
	Original	Final				
<b>REVENUES</b>						
Interest earnings	\$5,650	\$5,650	\$1,582	\$3,199	\$4,780	(\$870)
Total revenues	<u>5,650</u>	<u>5,650</u>	<u>1,582</u>	<u>3,199</u>	<u>4,780</u>	<u>(870)</u>
<b>EXPENDITURES</b>						
Other services and charges	2,500	2,500	2,100		2,100	400
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>2,100</u>	<u>-</u>	<u>2,100</u>	<u>400</u>
Excess of revenue over (under) expenditures	3,150	3,150	(518)	3,199	2,680	(470)
Net change in fund balances	3,150	3,150	(518)	3,199	2,680	(470)
FUND BALANCES - JANUARY 1, 2005	74,849	74,849	73,753		73,753	(1,096)
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<b><u>\$77,999</u></b>	<b><u>\$77,999</u></b>	<b><u>\$73,235</u></b>	<b><u>\$3,199</u></b>	<b><u>\$76,434</u></b>	<b><u>(\$1,565)</u></b>

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Property Assessment Redemption Fund**  
**For the Year Ended December 31, 2006**

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

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**1990 General Obligation Bond Fund**  
**For the Year Ended December 31, 2006**

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

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**1995 General Obligation Bond Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		2005 Actual Amounts	2006 Actual Amounts	Total 2005-2006 Actuals	Variance with Final Budget Positive(Negative)
	2005-2006					
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	
<b>REVENUES</b>						
Interest earnings			\$211	\$554	\$765	\$765
Total revenues	-	-	211	554	765	765
<b>EXPENDITURES</b>						
Current:						
Principal retirement	605,000	605,000	295,000		295,000	310,000
Interest	214,000	214,000	114,123		114,123	99,878
Other expenditures	1,000	1,000				1,000
Total expenditures	820,000	820,000	409,123	-	409,123	410,878
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	819,000	819,000	409,500		409,500	(409,500)
Transfers out		(56,762)		(56,315)	(56,315)	
Total other financing sources	819,000	763,238	409,500	(56,315)	353,185	(409,500)
Excess of revenue over (under) expenditures	(1,000)	(56,762)	589	(55,762)	(55,173)	2,142
Net change in fund balances	(1,000)	(56,762)	589	(55,762)	(55,173)	2,142
FUND BALANCES - JANUARY 1, 2005	53,952	53,952	55,173		55,173	1,221
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<b><u>\$52,952</u></b>	<b><u>(\$2,810)</u></b>	<b><u>\$55,762</u></b>	<b><u>(\$55,762)</u></b>	<b><u>-</u></b>	<b><u>\$3,363</u></b>

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**1997 General Obligation Bond Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts 2005-2006		2005	2006	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2005-2006 Actuals	Final Budget Positive(Negative)
<b>REVENUES</b>						
Taxes	\$1,558,000	\$1,558,000	\$790,510	\$781,264	\$1,571,774	\$13,774
Total revenues	<u>1,558,000</u>	<u>1,558,000</u>	<u>790,510</u>	<u>781,264</u>	<u>1,571,774</u>	<u>13,774</u>
<b>EXPENDITURES</b>						
Current:						
Principal retirement	845,000	845,000	415,000	430,000	845,000	
Interest	713,000	713,000	365,876	346,683	712,559	441
Other expenditures	1,000	1,000	304		304	697
Total expenditures	<u>1,559,000</u>	<u>1,559,000</u>	<u>781,180</u>	<u>776,683</u>	<u>1,557,862</u>	<u>1,138</u>
Excess of revenue over (under) expenditures	(1,000)	(1,000)	9,330	4,582	13,912	14,912
Net change in fund balances	(1,000)	(1,000)	9,330	4,582	13,912	14,912
FUND BALANCES - JANUARY 1, 2005	36,887	36,887	75,283		75,283	38,396
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<u><b>\$35,887</b></u>	<u><b>\$35,887</b></u>	<u><b>\$84,613</b></u>	<u><b>\$4,582</b></u>	<u><b>\$89,195</b></u>	<u><b>\$53,308</b></u>

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**LID Guaranty Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts 2005-2006		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005-2006 Actuals	Variance with Final Budget Positive(Negative)
	Original	Final				
<b>REVENUES</b>						
Investment interest			\$5,783	\$9,823	\$15,607	\$15,607
Total revenues	-	-	5,783	9,823	15,607	15,607
<b>EXPENDITURES</b>						
Current:						
Principal retirement				161,000	161,000	(161,000)
Total expenditures	-	-	-	161,000	161,000	(161,000)
Net change in fund balances			5,783	(151,177)	(145,393)	(145,393)
FUND BALANCES - JANUARY 1, 2005			190,764		190,764	190,764
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<b>-</b>	<b>-</b>	<b>\$196,547</b>	<b>(\$151,177)</b>	<b>\$45,371</b>	<b>\$45,371</b>

**City of Bothell**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**December 31, 2006**

**Governmental Activities**  
**Internal Service Funds**

	<u>Equipment Rental</u>	<u>Self Insurance</u>	<u>Asset Replacement</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$105,620	\$97,312	\$383,388	\$586,321
Investments	662,268		4,684,414	5,346,682
Total current assets	<u>767,888</u>	<u>97,312</u>	<u>5,067,802</u>	<u>5,933,003</u>
Non-current assets:				
Restricted				
Capital assets, net of depreciation:				
Equipment - shop	491			491
Equipment - vehicles	6,621			6,621
Total non-current assets	<u>7,112</u>	<u>-</u>	<u>-</u>	<u>7,112</u>
Total assets	<u>775,000</u>	<u>97,312</u>	<u>5,067,802</u>	<u>5,940,114</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	15,551	7,033	488,971	511,555
Payroll payable	9,557	3,853		13,410
Compensated absences	11,894	2,932		14,825
Total liabilities	37,001	13,818	488,971	539,790
<b>NET ASSETS</b>				
Investment in capital assets, net of retained debt	7,112			7,112
Unrestricted	730,887	83,495	4,578,831	5,393,213
<b>Total net assets</b>	<u><u>\$737,999</u></u>	<u><u>\$83,495</u></u>	<u><u>\$4,578,831</u></u>	<u><u>\$5,400,325</u></u>

**City of Bothell**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended December 31, 2006**

	Governmental Activities Internal Service Funds			Total
	Equipment Rental	Self Insurance	Asset Replacement	
Operating revenues:				
Charges for services		\$7,008		\$7,008
Total operating revenues	-	7,008	-	7,008
Operating expenses:				
Maintenance and operations	464,744			464,744
Capital outlay			878,516	878,516
Administration	73,752	1,020,019		1,093,770
Depreciation & amortization	8,617			8,617
Total operating expenses	547,113	1,020,019	878,516	2,445,647
Operating income (loss)	(547,113)	(1,013,011)	(878,516)	(2,438,639)
Non-operating revenue (expense)				
Gain (loss) on disposition of capital assets	884			884
Interest earnings	33,680		199,271	232,951
Total non-operating revenues (expenses)	34,564	-	199,271	233,835
Income (loss) before contributions and transfers	(512,549)	(1,013,011)	(679,244)	(2,204,804)
Contributed capital				
Transfers in	888,044	1,035,731	727,930	2,651,705
Transfers out	(361,308)			(361,308)
Change in net assets	14,187	22,720	48,685	85,593
Net assets - beginning	727,498	60,775	4,530,146	5,318,418
Prior year adjustment	(3,686)			(3,686)
<b>Net assets - ending</b>	<b>\$737,999</b>	<b>\$83,495</b>	<b>\$4,578,831</b>	<b>\$5,400,325</b>

**City of Bothell**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2006**

	Governmental Activities Internal Service Funds			Total
	Equipment Rental	Self Insurance	Asset Replacement	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers		\$7,008		\$7,008
Cash paid to employees for services	(156,599)	(63,918)		(220,517)
Cash paid to suppliers for goods and services	(376,937)	(948,705)	(398,454)	(1,724,096)
Net cash provided (used) by operating activities	(533,536)	(1,005,615)	(398,454)	(1,937,605)
<b>CASH FLOWS FROM NON-OPERATING ACTIVITIES</b>				
Transfers out	(361,308)			(361,308)
Transfers in	888,044	1,035,731	727,930	2,651,705
Net cash provided (used) by non-operating activities	526,736	1,035,731	727,930	2,290,397
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sales of capital assets	884			884
Net cash provided (used) by capital and related financing activities	884	-	-	884
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	(33,680)	42,000	(663,629)	(655,309)
Interest and dividends	33,680		199,271	232,951
Net cash provided by investing activities	-	42,000	(464,358)	(422,358)
Net increase (decrease) in cash and cash equivalents	(5,916)	72,116	(134,882)	(69,566)
Balances - beginning of the year	111,537	196	518,271	630,004
<b>Balances - end of the year</b>	<b><u>\$105,620</u></b>	<b><u>\$72,312</u></b>	<b><u>\$383,388</u></b>	<b><u>\$560,437</u></b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	(\$547,113)	(\$1,013,011)	(\$878,516)	(\$2,438,639)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	8,617			8,617
Change in assets and liabilities:				
Decrease (increase) in accounts receivable		1,000		1,000
Increase (decrease) in accounts payable	5,227	4,883	480,061	490,171
Increase (decrease) in compensated absences payable	(1,056)	1,259		203
Increase (decrease) in payroll payable	789	253		1,042
<b>Net cash provided by operating activities</b>	<b><u>(\$533,536)</u></b>	<b><u>(\$1,005,615)</u></b>	<b><u>(\$398,454)</u></b>	<b><u>(\$1,937,605)</u></b>
<b>Noncash investing, capital, and financing activities:</b>				
Increase (decrease) in fair value of investments			50,500	50,500



**City of Bothell**  
**Schedule of Operations – Budget to Actual**  
**Water Fund**  
**For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>		<u>2005 Actual Amounts Budgetary Basis</u>	<u>2006 Actual Amounts Budgetary Basis</u>	<u>Total 2005-2006 Actuals</u>	<u>Variance with Final Budget Positive(Negative)</u>
	<u>2005-2006</u>					
	<u>Original</u>	<u>Final</u>				
<b>OPERATING REVENUES</b>						
Charges for services	\$6,936,158	\$6,936,158	\$3,004,837	\$3,995,496	\$7,000,333	\$64,175
Total operating revenues	<u>6,936,158</u>	<u>6,936,158</u>	<u>3,004,837</u>	<u>3,995,496</u>	<u>7,000,333</u>	<u>64,175</u>
<b>OPERATING EXPENSES</b>						
Administrative and general	586,596	586,596	201,452	226,517	427,969	158,627
Purchase water	2,575,000	2,575,000	1,041,744	1,382,442	2,424,186	150,814
Maintenance and operation	970,960	970,960	415,505	482,911	898,415	72,545
Customer accounts	126,261	126,261	56,032	82,008	138,040	(11,779)
Taxes	604,000	604,000	289,319	403,997	693,317	(89,317)
Capital outlay	985,000	985,000				985,000
Depreciation and amortization	1,192,200	1,192,200	259,566	345,616	605,183	587,017
Total operating expenses	<u>7,040,017</u>	<u>7,040,017</u>	<u>2,263,619</u>	<u>2,923,490</u>	<u>5,187,110</u>	<u>1,852,907</u>
OPERATING INCOME (LOSS)	<u>(103,859)</u>	<u>(103,859)</u>	<u>741,218</u>	<u>1,072,006</u>	<u>1,813,223</u>	<u>1,917,082</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment earnings	36,700	36,700	42,013	72,165	114,179	77,479
Interest expense	(39,858)	(39,858)	(28,069)	(20,848)	(48,917)	(9,059)
Total non-operating revenue (expense)	<u>(3,158)</u>	<u>(3,158)</u>	<u>13,945</u>	<u>51,318</u>	<u>65,262</u>	<u>68,420</u>
Income (loss) before contributions and transfers	(107,017)	(107,017)	755,162	1,123,323	1,878,486	1,985,503
Transfers out	(277,664)	(277,664)	(138,832)	(170,300)	(309,132)	(31,468)
Contributions			65,590	237,781	303,371	303,371
Net assets - beginning, January 1, 2005	673,982	673,982	9,450,031		9,450,031	8,776,049
Prior year adjustment				47,054	47,054	47,054
<b>Net assets - ending, December 31, 2006</b>	<u><b>\$289,301</b></u>	<u><b>\$289,301</b></u>	<u><b>\$10,131,952</b></u>	<u><b>\$1,237,858</b></u>	<u><b>\$11,369,810</b></u>	<u><b>\$11,080,509</b></u>

This schedule is presented as supplemental information  
Supplemental Information 1

**City of Bothell**  
**Schedule of Operations – Budget to Actual**  
**Sewer Fund**  
**For the Year Ended December 31, 2006**

	2005-2006		2005	2006	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2005-2006	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive(Negative)
<b>OPERATING REVENUES</b>						
Charges for services	\$7,987,443	\$8,089,443	\$4,092,654	\$4,257,167	\$8,349,821	\$260,378
Total operating revenues	<u>7,987,443</u>	<u>8,089,443</u>	<u>4,092,654</u>	<u>4,257,167</u>	<u>8,349,821</u>	<u>260,378</u>
<b>OPERATING EXPENSES</b>						
Administrative and general	1,012,350	1,012,350	338,387	186,657	525,044	487,306
Metro service	4,800,000	4,800,000	2,296,550	2,175,821	4,472,371	327,629
Maintenance and operation	809,422	809,422	390,918	379,245	770,163	39,259
Customer accounts	124,861	124,861	56,384	80,422	136,806	(11,945)
Taxes	337,000	337,000	230,540	290,949	521,489	(184,489)
Capital outlay	1,200,000	1,200,000				1,200,000
Depreciation and amortization	513,000	513,000	160,631	205,689	366,320	146,681
Total operating expenses	<u>8,796,633</u>	<u>8,796,633</u>	<u>3,473,410</u>	<u>3,318,782</u>	<u>6,792,192</u>	<u>2,004,441</u>
OPERATING INCOME (LOSS)	<u>(809,190)</u>	<u>(707,190)</u>	<u>619,244</u>	<u>938,385</u>	<u>1,557,629</u>	<u>2,264,819</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Investment earnings	87,700	87,700	48,213	79,643	127,855	40,155
Total non-operating revenue (expense)	<u>87,700</u>	<u>87,700</u>	<u>48,213</u>	<u>79,643</u>	<u>127,855</u>	<u>40,155</u>
Income (loss) before contributions and transfers	(721,490)	(619,490)	667,456	1,018,028	1,685,484	2,304,974
Operating transfers out	(300,033)	(300,033)	(150,016)	(356,382)	(506,398)	(206,365)
Contributions			166,428	111,288	277,716	277,716
Net assets - beginning, January 1, 2005	1,381,158	1,381,158	8,544,038		8,544,038	7,162,880
Prior year adjustment				100,560	100,560	100,560
<b>Net assets - ending, December 31, 2006</b>	<u><b>\$359,635</b></u>	<u><b>\$461,635</b></u>	<u><b>\$9,227,906</b></u>	<u><b>\$873,494</b></u>	<u><b>\$10,101,400</b></u>	<u><b>\$9,639,765</b></u>

This schedule is presented as supplemental information  
Supplemental Information 2

**City of Bothell**  
**Schedule of Operations – Budget to Actual**  
**Storm Drain Fund**  
**For the Year Ended December 31, 2006**

	2005-2006		2005	2006	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2005-2006	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive(Negative)
<b>OPERATING REVENUES</b>						
Charges for services	\$3,766,977	\$3,766,977	\$1,806,901	\$1,837,048	\$3,643,949	(\$123,028)
Total operating revenues	3,766,977	3,766,977	1,806,901	1,837,048	3,643,949	(123,028)
<b>OPERATING EXPENSES</b>						
Administrative and general	1,097,462	1,097,462	442,477	446,795	889,271	208,191
Maintenance and operation	846,162	846,162	420,869	428,150	849,019	(2,857)
Taxes	217,000	217,000	81,746	111,597	193,343	23,657
Capital outlay	1,618,500	1,678,500				1,678,500
Depreciation and amortization	637,000	637,000	196,296	243,455	439,751	197,249
Total operating expenses	4,416,124	4,476,124	1,141,388	1,229,997	2,371,385	2,104,739
OPERATING INCOME (LOSS)	(649,147)	(709,147)	665,513	607,051	1,272,564	1,981,711
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Investment earnings	84,400	144,400	65,688	105,096	170,784	26,384
Total non-operating revenue (expense)	84,400	144,400	65,688	105,096	170,784	26,384
Income (loss) before contributions and transfers	(564,747)	(564,747)	731,201	712,147	1,443,348	2,008,095
Operating transfers out	(517,950)	(517,950)	(258,975)	(270,801)	(529,776)	(11,826)
Contributions			74,927	300,170	375,097	375,097
Net assets - beginning, January 1, 2005	1,913,324	1,913,324	8,947,300		8,947,300	7,033,976
Prior year adjustment				144,150	144,150	144,150
<b>Net assets - ending, December 31, 2006</b>	<b>\$830,627</b>	<b>\$830,627</b>	<b>\$9,494,453</b>	<b>\$885,666</b>	<b>\$10,380,119</b>	<b>\$9,549,492</b>

This schedule is presented as supplemental information  
Supplemental Information 3

**City of Bothell**  
**Schedule of Operations – Budget to Actual**  
**Equipment Rental Fund**  
**For the Year Ended December 31, 2006**

	2005-2006 Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005-2006 Actuals	Variance with Final Budget Positive(Negative)
	Original	Final				
<b>OPERATING EXPENSES</b>						
Administrative and general	\$148,912	\$148,912	\$60,994	\$73,752	\$134,745	\$14,167
Maintenance and operation	862,983	862,983	439,381	464,744	904,125	(41,142)
Capital outlay	9,257	9,257				9,257
Depreciation	43,000	43,000	10,027	8,617	18,644	24,356
Total operating expenses	<u>1,064,152</u>	<u>1,064,152</u>	<u>510,402</u>	<u>547,113</u>	<u>1,057,515</u>	<u>6,637</u>
OPERATING INCOME (LOSS)	<u>(1,064,152)</u>	<u>(1,064,152)</u>	<u>(510,402)</u>	<u>(547,113)</u>	<u>(1,057,515)</u>	<u>6,637</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment earnings	24,200	24,200	19,828	33,680	53,508	29,308
Gain (loss) on disposition of capital assets			2,925	884	3,809	3,809
Total non-operating revenue (expense)	<u>24,200</u>	<u>24,200</u>	<u>22,753</u>	<u>34,564</u>	<u>57,317</u>	<u>33,117</u>
Income (loss) before contributions and transfers	(1,039,952)	(1,039,952)	(487,649)	(512,549)	(1,000,198)	39,754
Transfers out	(719,644)	(719,644)	(359,822)	(361,308)	(721,130)	(1,486)
Transfers in	1,776,088	1,776,088	888,044	888,044	1,776,088	
Net assets - beginning, January 1, 2005	748,341	748,341	686,925		686,925	(61,416)
Prior year adjustment				(3,686)	(3,686)	(3,686)
<b>Net assets - ending, December 31, 2006</b>	<u><b>\$764,833</b></u>	<u><b>\$764,833</b></u>	<u><b>\$727,498</b></u>	<u><b>\$10,501</b></u>	<u><b>\$737,999</b></u>	<u><b>(\$26,834)</b></u>

This schedule is presented as supplemental information  
Supplemental Information 4

**City of Bothell**  
**Schedule of Operations – Budget to Actual**  
**Self Insurance Fund**  
**For the Year Ended December 31, 2006**

	2005-2006		2005	2006	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2005-2006	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive(Negative)
<b>OPERATING REVENUES</b>						
Charges for services	\$1,481,411	\$1,481,411	\$704,269	\$7,008	\$711,277	(\$770,134)
Total operating revenues	1,481,411	1,481,411	704,269	7,008	711,277	(770,134)
<b>OPERATING EXPENSES</b>						
Administrative and general	2,108,211	2,108,211	976,881	1,020,019	1,996,900	111,311
Total operating expenses	2,108,211	2,108,211	976,881	1,020,019	1,996,900	111,311
OPERATING INCOME (LOSS)	(626,800)	(626,800)	(272,612)	(1,013,011)	(1,285,622)	(658,822)
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment earnings			(13)		(13)	(13)
Total non-operating revenue (expense)			(13)		(13)	(13)
Income (loss) before contributions and transfers	(626,800)	(626,800)	(272,624)	(1,013,011)	(1,285,635)	(658,835)
Transfers in	626,800	626,800	313,400	1,035,731	1,349,131	722,331
Net assets - beginning, January 1, 2005			19,999		19,999	19,999
<b>Net assets - ending, December 31, 2006</b>	<b>-</b>	<b>-</b>	<b>\$60,775</b>	<b>\$22,720</b>	<b>\$83,495</b>	<b>\$83,495</b>

**City of Bothell**  
**Schedule of Operations – Budget to Actual**  
**Asset Replacement Fund**  
**For the Year Ended December 31, 2006**

	2005-2006 Budgeted Amounts		2005 Actual Amounts Budgetary Basis	2006 Actual Amounts Budgetary Basis	Total 2005-2006 Actuals	Variance with Final Budget Positive(Negative)
	Original	Final				
<b>OPERATING EXPENSES</b>						
Capital outlay	\$2,396,527	\$2,396,527	\$557,595	\$878,516	\$1,436,111	\$960,416
Administrative and general			124,389		124,389	(124,389)
Total operating expenses	<u>2,396,527</u>	<u>2,396,527</u>	<u>681,984</u>	<u>878,516</u>	<u>1,560,499</u>	<u>836,028</u>
OPERATING INCOME (LOSS)	<u>(2,396,527)</u>	<u>(2,396,527)</u>	<u>(681,984)</u>	<u>(878,516)</u>	<u>(1,560,499)</u>	<u>836,028</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest earnings	188,600	188,600	90,362	199,271	289,633	101,033
Proceeds from the sale of capital assets			29,800		29,800	29,800
Total non-operating revenue (expense)	<u>188,600</u>	<u>188,600</u>	<u>120,162</u>	<u>199,271</u>	<u>319,433</u>	<u>130,833</u>
Income (loss) before contributions and transfers	(2,207,927)	(2,207,927)	(561,822)	(679,244)	(1,241,066)	966,861
Transfers in	719,644	1,087,752	359,822	727,930	1,087,752	
Net assets - beginning, January 1, 2005	4,376,432	4,376,432	4,732,145		4,732,145	355,713
<b>Net assets - ending, December 31, 2006</b>	<b><u>\$2,888,149</u></b>	<b><u>\$3,256,257</u></b>	<b><u>\$4,530,146</u></b>	<b><u>\$48,685</u></b>	<b><u>\$4,578,831</u></b>	<b><u>\$1,322,574</u></b>

This schedule is presented as supplemental information  
Supplemental Information 6

**City of Bothell**  
**Schedule 16**  
**Schedule of Federal Financial Assistance**  
**For the Year Ended December 31, 2006**

Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Other Identification Number	Current Year Expenditures
Department of Homeland Security/Washington State Military Department			
<u>Emergency Management Performance Grant (97.042)</u>			
Emergency Management Performance Grant	97.042	2006-EM-E6-0005	\$31,981
<u>Homeland Security Grant Program (97.067)</u>			
Citizen Corps Council	97.067	FFY05-CC7-201	5,232
Community Emergency Response Team (CERT)	97.067	FFY05-CC7-202	10,491
<b>Dept of Homeland Security Total:</b>			<b>47,704</b>
Department of Transportation/Washington State DOT			
<u>Highway Planning &amp; Construction (20.205)</u>			
196th St SW/Filbert Road (SR524) - Phase 1A	20.205	STPF-STPUL-0524 (009)	2,329,596
SR522 - I/S Widening & Realignment @ Wayne Curve	20.205	STPF-0522(032)	244,724
102nd Ave NE Bridge Rehabilitation	20.205	BHM-2452 (003)	1,677,891
SR527 Signal System	20.205	STPUL-0527(003)	158,359
2005-2006 Annual Overlay - 88th Avenue NE	20.205	STPUL-2433 (001)	1,730
North Creek Trail - Stage 1	20.205	STPUL-CM-0110 (005)	68,874
<b>Dept of Transportation Total:</b>			<b>4,481,174</b>
<b>Total Federal Assistance for 2006:</b>			<b>\$4,528,878</b>

**Note 1 - Basis of Accounting**

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

**Note 2 - Program Costs**

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

**City of Bothell**  
**Schedule 16**  
**Schedule of State and Local Financial Assistance**  
**For the Year Ended December 31, 2006**

Grantor/Pass Through Grantor Program Title	BARS Account Number	Other Identification Number	Current Year Expenditures
Cultural Development Authority of King County (4Culture)			
Heritage Special Projects	337.07.04	103301	\$1,000
Heritage Facilities	337.07.04	105368H	6,500
<b>Cultural Development Authority Total:</b>			<b>7,500</b>
Department of Ecology			
Coordinated Prevention Grant	334.03.10	G0600225	16,271
North Creek TMDL Action Plan	334.03.05	G0300107	101,557
<b>Dept of Ecology Total:</b>			<b>117,828</b>
Department of Transportation (WSDOT)			
Commute Trip Reduction	334.03.20	GCA-4574	30,166
<b>Dept of Transportation (WSDOT) Total:</b>			<b>30,166</b>
King County			
Waste Reduction & Recycling	337.07.00	D36020D	33,562
Hazardous Waste Management Program	337.07.00	D36159D	9,360
Conservation Futures Levy	337.09.00	NA	87,500
<b>King County Total:</b>			<b>130,422</b>
Sound Transit			
SR522 - I/S Widening & Realignment @ Wayne Curve	337.07.00	NA	146,578
<b>Sound Transit Total:</b>			<b>146,578</b>
Washington Traffic Safety Commission			
Traffic Safety Grant	334.03.50	NA	11,432
Snohomish County Speed Pilot Project	334.03.50	NA	7,598
<b>Washington Traffic Safety Commission Total:</b>			<b>19,030</b>
<b>Total State &amp; Local Financial Assistance for 2006:</b>			<b>\$451,524</b>

**Note 1 - Basis of Accounting**

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

**Note 2 - Program Costs**

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

**NA = Not Available**

**City of Bothell**  
**General Obligation Bonds 1997**  
**December 31, 2006**

<u>Year Ended December 31, 2006</u>	<u>Interest Rate Range</u>	<u>Interest Jun 1</u>	<u>Interest Dec 1</u>	<u>Principal Dec 1</u>	<u>Total Debt Service</u>
2007	4.75 to 5.3%	\$163,344	\$163,344	\$450,000	\$776,688
2008	4.8 to 5.3%	152,657	152,656	475,000	780,313
2009	4.9 to 5.3%	141,257	141,256	495,000	777,513
2010	5.0 to 5.3%	129,129	129,129	520,000	778,258
2011	5.05 to 5.3%	116,129	116,129	545,000	777,258
2012	5.1 to 5.3%	102,367	102,368	575,000	779,735
2013	5.15 to 5.3%	87,705	87,705	605,000	780,410
2014	5.2 to 5.3%	72,126	72,127	635,000	779,253
2015	5.25 To 5.3%	55,616	55,617	665,000	776,233
2016	5.3%	38,160	38,160	700,000	776,320
2017	5.3%	19,610	19,610	740,000	779,220
	<b>Total</b>	<b>\$1,078,100</b>	<b>\$1,078,101</b>	<b>\$6,405,000</b>	<b>\$8,561,201</b>

**City of Bothell**  
**Public Works Trust Fund Loan**  
**PW-5-89-962-0046**  
**December 31, 2006**

<u>Year Ended</u> <u>December 31, 2006</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u> <u>July 1</u>	<u>Principal</u> <u>July 1</u>	<u>Total Debt</u> <u>Service</u>
2007	1.00%	\$1,016	\$33,862	\$34,878
2008	1.00%	677	33,863	34,540
2009	1.00%	338	33,863	34,201
	<b>Total</b>	<b>\$2,031</b>	<b>\$101,588</b>	<b>\$103,619</b>

**City of Bothell**  
**Public Works Trust Fund Loan**  
**PW-98-791-007**  
**December 31, 2006**

<u>Year Ended</u> <u>December 31, 2006</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u> <u>July 1</u>	<u>Principal</u> <u>July 1</u>	<u>Total Debt</u> <u>Service</u>
2007	1.00%	\$13,512	\$112,599	\$126,111
2008	1.00%	12,386	112,599	124,985
2009	1.00%	11,260	112,599	123,859
2010	1.00%	10,134	112,599	122,733
2011	1.00%	9,008	112,599	121,607
2012	1.00%	7,882	112,599	120,481
2013	1.00%	6,756	112,599	119,355
2014	1.00%	5,630	112,599	118,229
2015	1.00%	4,504	112,599	117,103
2016	1.00%	3,378	112,599	115,977
2017	1.00%	2,252	112,599	114,851
2018	1.00%	1,126	112,599	113,725
	<b>Total</b>	<b>\$87,827</b>	<b>\$1,351,184</b>	<b>\$1,439,011</b>

**City of Bothell**  
**Summary Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2006**

	<u>Pension Trust</u> <u>Firemen's Pension Reserve</u>	<u>Agency Trust</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$9,778</u>	<u>\$563,179</u>	<u>\$572,957</u>
Total receivables	9,778	563,179	572,957
Investments, at fair value			
State Investment Pool	<u>175,458</u>	<u>3,125,563</u>	<u>3,301,021</u>
Total investments	175,458	3,125,563	3,301,021
Total assets	<u><u>\$185,236</u></u>	<u><u>\$3,688,742</u></u>	<u><u>\$3,873,978</u></u>
<b>LIABILITIES</b>			
Refunds payable and other Accounts payable	<u>\$4,503</u>	<u>\$3,688,742</u>	<u>\$3,693,246</u>
Total liabilities	<u><u>\$4,503</u></u>	<u><u>\$3,688,742</u></u>	<u><u>\$3,693,246</u></u>
<b>NET ASSETS</b>			
Held in trust for pension benefits and other purposes	<u><u>\$180,732</u></u>	<u><u>-</u></u>	<u><u>\$180,732</u></u>

This schedule is presented as supplemental information  
Supplemental Information 12

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**Capital Improvements Fund**  
**For the Year Ended December 31, 2006**

	2005-2006		2005	2006	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2005-2006	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive(Negative)
<b>REVENUES</b>						
Taxes	\$2,800,000	\$3,600,000	\$2,144,708	\$3,216,796	\$5,361,504	\$1,761,504
Intergovernmental revenues				87,500	87,500	87,500
Investment interest	112,200	226,400	101,162	244,616	345,778	119,378
Total revenues	<u>2,912,200</u>	<u>3,826,400</u>	<u>2,245,870</u>	<u>3,548,912</u>	<u>5,794,782</u>	<u>1,968,382</u>
<b>EXPENDITURES</b>						
Current:						
Debt service - principal		2,120,000	1,760,000		1,760,000	360,000
Capital outlay	2,392,000	3,767,750	423,790	2,832,080	3,255,870	511,880
Total expenditures	<u>2,392,000</u>	<u>5,887,750</u>	<u>2,183,790</u>	<u>2,832,080</u>	<u>5,015,870</u>	<u>871,880</u>
Excess of revenue over (under) expenditures	520,200	(2,061,350)	62,080	716,832	778,912	2,840,262
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in		16,983,865		16,983,865	16,983,865	
Transfers out	(819,000)	(819,000)	(409,500)		(409,500)	409,500
Total other financing sources	<u>(819,000)</u>	<u>16,164,865</u>	<u>(409,500)</u>	<u>16,983,865</u>	<u>16,574,365</u>	<u>409,500</u>
Net change in fund balances	(298,800)	14,103,515	(347,420)	17,700,697	17,353,277	3,249,762
FUND BALANCES - JANUARY 1, 2005	4,666,748	4,666,748	5,826,040		5,826,040	1,159,292
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<b><u>\$4,367,948</u></b>	<b><u>\$18,770,263</u></b>	<b><u>\$5,478,620</u></b>	<b><u>\$17,700,697</u></b>	<b><u>\$23,179,317</u></b>	<b><u>\$4,409,054</u></b>

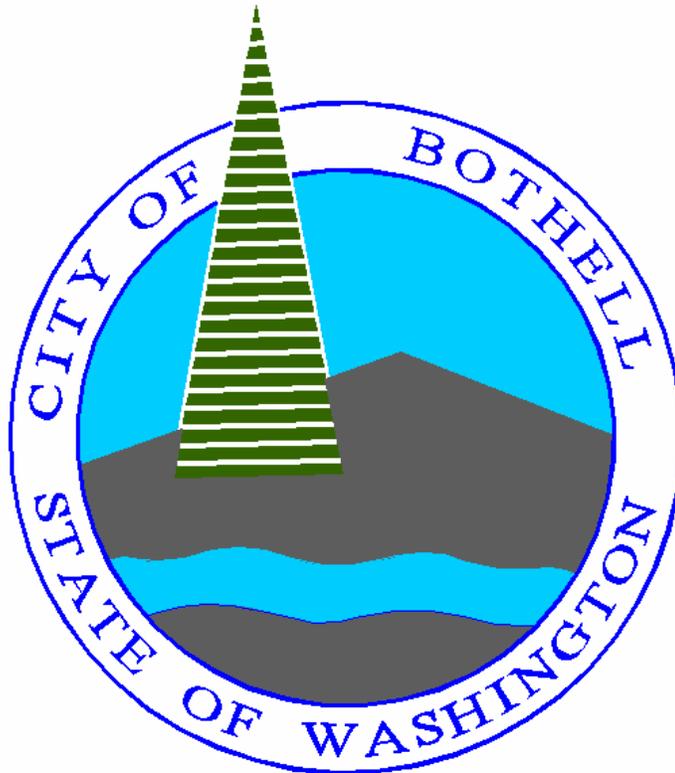
This schedule is presented as supplemental information  
Supplemental Information 13

**City of Bothell**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget to Actual**  
**LID Control**  
**For the Year Ended December 31, 2006**

	2005-2006		2005	2006	Total	Variance with
	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Actual Amounts	2005-2006	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive(Negative)
<b>REVENUES</b>						
Interest earnings			\$38,716	\$6,966	\$45,682	\$45,682
Other revenue			202,745	209,187	411,931	411,931
Total revenues	-	-	241,460	216,153	457,613	457,613
<b>EXPENDITURES</b>						
Debt service - interest			29,775	14,280	44,055	(44,055)
Debt service - principal			340,000	144,000	484,000	(484,000)
Other expenditures			265		265	(265)
Total expenditures	-	-	370,040	158,280	528,320	(528,320)
Excess of revenue over (under) expenditures			(128,580)	57,873	(70,707)	(70,707)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out				(16,914)	(16,914)	(16,914)
Total other financing sources	-	-	-	(16,914)	(16,914)	(16,914)
Net change in fund balances			(128,580)	40,959	(87,621)	(87,621)
FUND BALANCES - JANUARY 1, 2005			202,737		202,737	202,737
<b>FUND BALANCES - DECEMBER 31, 2006</b>	<b>-</b>	<b>-</b>	<b>\$74,157</b>	<b>\$40,959</b>	<b>\$115,116</b>	<b>\$115,116</b>

This schedule is presented as supplemental information  
Supplemental Information 14





GASB Statement No. 44,  
(Economic Condition Reporting: The Statistical Section),  
encourages governments to implement the schedules  
containing government-wide information retroactively back to  
the year they implemented Statement No. 34.

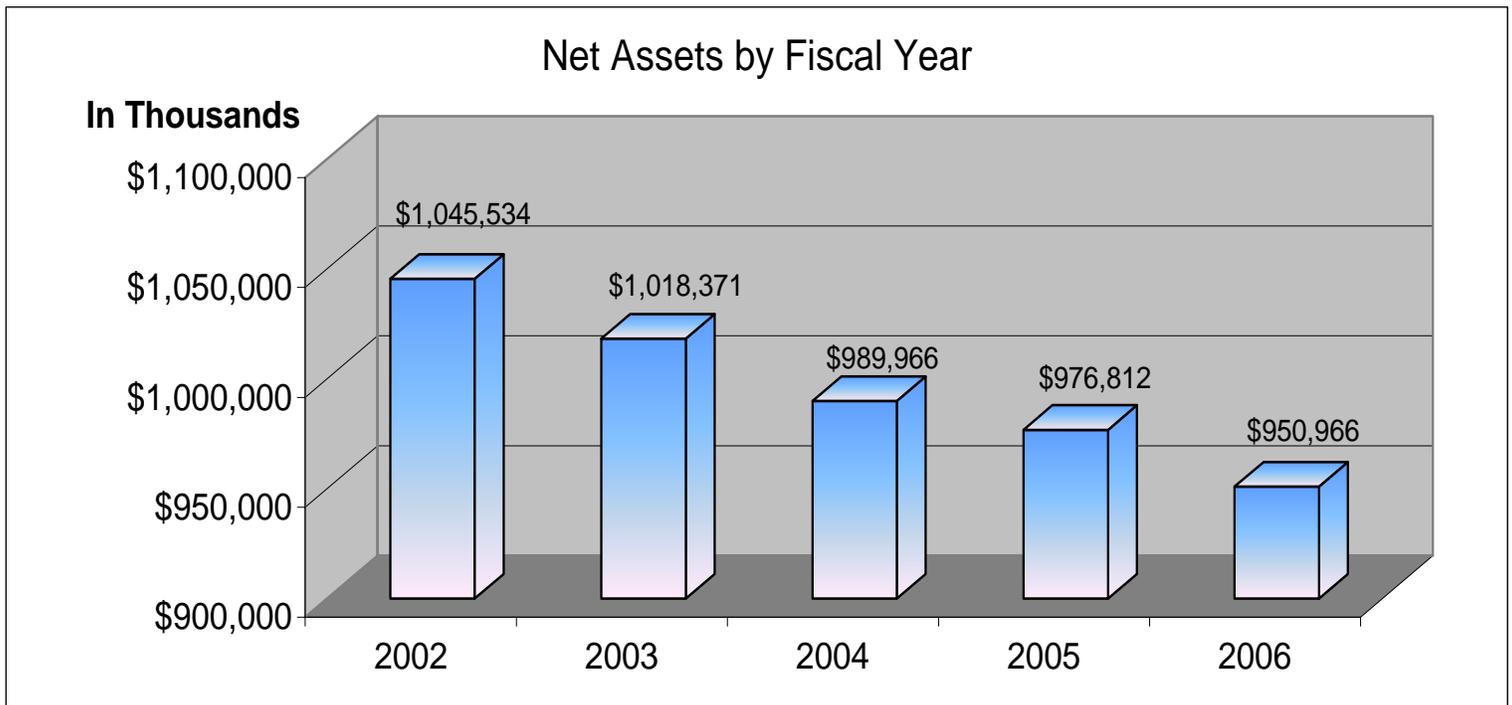
The City of Bothell implemented GASB 34 in 2002. All  
schedules comply with either implementation of GASB 34 or  
10 years where information was available.

# City of Bothell

## Net Assets by Component

### Last Five Fiscal Years – From GASB 34 Implementation (accrual basis of accounting)

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



# City of Bothell

## Change in Net Assets

### Last Five Fiscal Years – From GASB 34 Implementation (accrual basis of accounting)

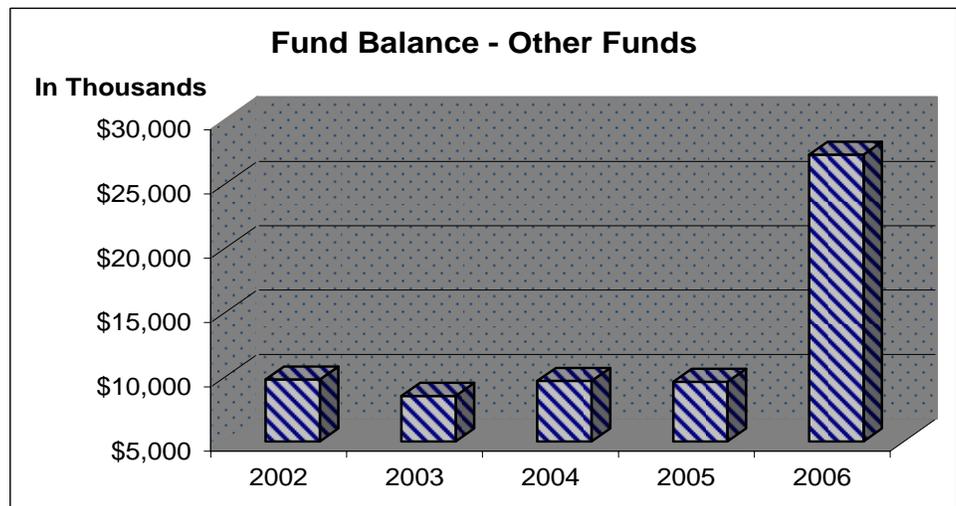
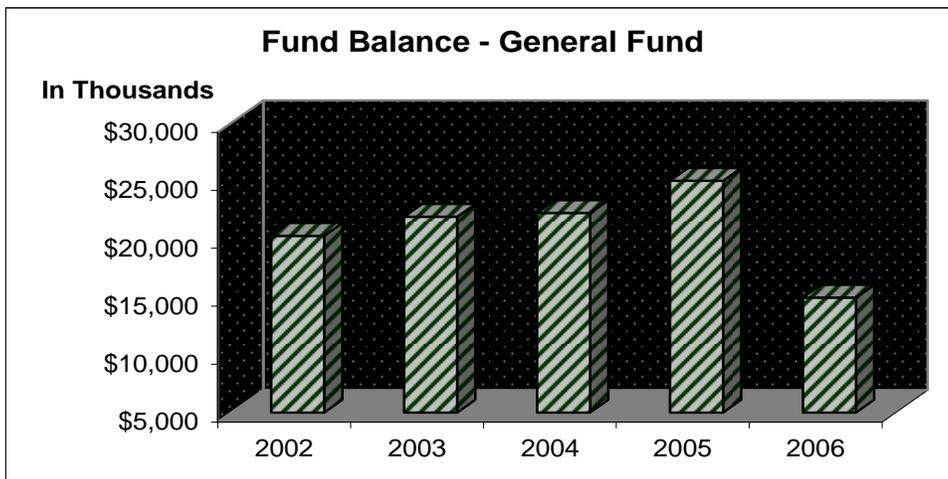
	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Expenses - Governmental activities</b>					
General government	\$5,443,786	\$6,194,411	\$6,459,084	\$6,795,788	\$7,286,832
Security of persons and property	13,179,554	14,205,576	16,513,236	16,624,606	16,716,844
Physical environment	2,250,105	2,053,136	4,706,457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

# City of Bothell

## Fund Balances of Governmental Funds

### Last Five Fiscal Years – From GASB 34 Implementation (modified accrual basis of accounting)

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



**City of Bothell**  
**Changes in Fund Balances of Governmental Funds**  
**Last Five Fiscal Years – From GASB 34 Implementation**  
**(modified accrual basis of accounting)**

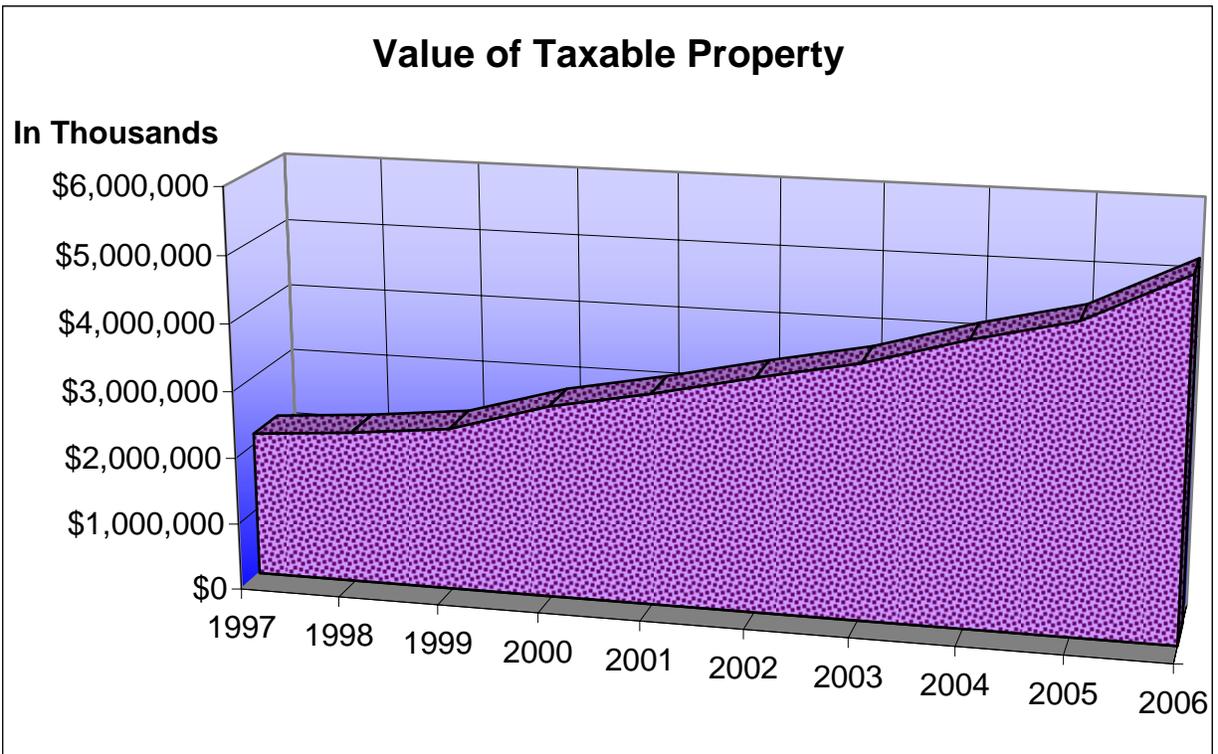
	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Revenues</b>					
Taxes	\$ 22,829,721	\$ 23,048,527	\$ 24,512,757	\$ 26,853,571	\$ 30,572,126
Licenses and permits	772,333	873,403	784,012	1,086,365	1,819,235
Intergovernmental	5,204,379	2,553,753	4,011,325	3,782,791	7,281,784
Charges for services	2,698,161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

# City of Bothell

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

Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
1997	\$1,937,667,247	\$222,602,547	\$2,160,269,794	2.04
1998	2,003,486,545	272,799,144	2,276,285,689	2.34
1999	2,188,410,681	242,520,855	2,430,931,536	2.29
2000	2,552,472,171	313,234,015	2,865,706,186	2.05
2001	2,813,337,817	337,480,399	3,150,818,216	1.96
2002	3,112,934,976	365,860,429	3,478,795,405	1.87
2003	3,232,972,513	546,921,112	3,779,893,625	1.86
2004	3,623,707,550	583,801,150	4,207,508,700	1.71
2005	3,800,921,130	760,067,192	4,560,988,322	1.68
2006	4,115,479,688	1,178,645,091	5,294,124,779	1.54

Source: King and Snohomish County Assessors Office



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

**King County**

Year	City of Bothell	WA State	King County	School District	County Port	Hospital District	Library District	Emergency Medical Services	Park/ Rec District	Total King County
1997	2.04	3.52	2.13	5.85	0.28	0.44	0.62	0.25	0.06	15.19
1998	2.34	3.51	1.85	5.86	0.26	0.43	0.60		0.06	14.91
1999	2.29	3.36	1.77	5.89	0.24	0.41	0.59	0.29	0.04	14.88
2000	2.05	3.30	1.69	5.46	0.22	0.41	0.59	0.27	0.03	14.02
2001	1.96	3.14	1.55	5.39	0.19	0.39	0.56	0.25	0.03	13.46
2002	1.87	3.29	1.45	5.02	0.19	0.36	0.53	0.25	0.06	13.02
2003	1.86	2.90	1.35	4.88	0.25	0.34	0.54	0.24	0.05	12.41
2004	1.71	2.76	1.43	4.69	0.25	0.34	0.54	0.24	0.05	12.01
2005	1.68	2.69	1.38	4.34	0.25	0.59	0.53	0.23	0.04	11.73
2006	1.54	2.50	1.33	4.07	0.23	0.54	0.53	0.25	0.04	11.03

**Snohomish County**

Year	City of Bothell	WA State	Snohomish County	School District	County Port	Stevens Hospital	Library District	Emergency Medical Services	Park/ Rec District	Total Snohomish County
1997	2.04	3.62	1.44	5.85		0.24	0.62		0.06	13.87
1998	2.34	3.58	1.49	5.86		0.38	0.60		0.06	14.31
1999	2.29	3.52	1.53	5.89		0.39	0.59		0.04	14.25
2000	1.78	3.50	1.48	5.46		0.34	0.59		0.03	13.18
2001	1.96	3.40	1.48	5.39		0.35	0.55		0.03	13.16
2002	1.87	3.29	1.42	5.02		0.33	0.53		0.05	12.51
2003	1.86	3.18	1.37	4.88		0.36	0.55		0.05	12.25
2004	1.71	3.16	1.26	4.69		0.27	0.54		0.05	11.68
2005	1.68	2.79	1.10	4.34		0.24	0.53		0.04	10.72
2006	1.54	2.53	1.00	4.07		0.22	0.53	0.25	0.04	10.18

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

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

# City of Bothell

## Principal Property Tax Payers

### Current and Seven Years Ago\*

#### Snohomish County Taxpayers

Taxpayer	2006			2000		
	Taxable Assessed		Percentage of	Taxable Assessed		Percentage of
	Value	Rank	Total Assessed Valuation	Value	Rank	Total Assessed Valuation
Teachers Insurance & Annuity Assn	\$85,830,700	1	3.74%	\$72,342,200	1	4.94%
Philips Ultrasound	70,848,762	2	3.09%			
Carr America Realty	63,981,400	3	2.79%	14,739,000	10	1.01%
Cingular Wireless	32,215,521	4	1.40%			
Verizon Northwest	31,765,554	5	1.38%			
RREEF	30,276,300	6	1.32%			
Riggs & Company Trustee	28,292,800	7	1.23%			
Immunex Mfg Corp	27,916,488	8	1.22%			
BRE Properties	27,182,200	9	1.18%			
Benaroya Capital Co LLC	23,936,400	10	1.04%			
Advanced Technologies Laboratories				64,141,320	2	4.38%
Carr America				46,910,700	3	3.21%
GTE Telephone Operations				36,523,214	4	2.50%
Palmer Groth & Pietka, Inc				21,000,000	5	1.43%
Hibbs/Woodinville Association				18,072,600	6	1.23%
Ameriton Properties				17,612,000	7	1.20%
Wood Phil				16,563,800	8	1.13%
Riggs Bank				15,360,000	9	1.05%
Total Assessed Valuation - Largest Taxpayers	422,246,125		18.39%	323,264,834		22.09%
Total Assessed Valuation - All Other	1,873,447,904		81.61%	1,140,343,501		77.91%
<b>Total Assessed Value</b>	<b>\$2,295,694,029</b>		<b>100.00%</b>	<b>\$1,463,608,335</b>		<b>100.00%</b>

Source: Snohomish County Assessor

#### King County Taxpayers

Taxpayer	2006			2000		
	Taxable Assessed		Percentage of	Taxable Assessed		Percentage of
	Value	Rank	Total Assessed Valuation	Value	Rank	Total Assessed Valuation
Schnitzer Northwest	\$106,162,000	1	3.54%	\$83,013,500	2	5.90%
Seattle Times	89,094,324	2	2.97%	91,345,616	1	6.49%
Archstone Communities Trust	46,524,000	3	1.55%			
RREEF	25,815,300	4	0.86%			
Allstate Insurance	24,468,340	5	0.82%	24,053,256	3	1.71%
Puget Sound Energy	21,225,722	6	0.71%	16,579,734	4	1.18%
Essex Property Trust	21,185,000	7	0.71%			
Home Depot USA	15,545,588	8	0.52%	10,326,424	7	0.73%
S/I North Creek VII LLC	14,232,706	9	0.47%			
Verizon Northwest	6,122,853	10	0.20%			
Security Capitol Corp				15,980,400	5	1.14%
Spieker Properties				10,679,104	6	0.76%
GTE Northwest				7,863,949	8	0.56%
Total Assessed Valuation - Largest Taxpayers	370,375,833		12.35%	259,841,983		18.46%
Total Assessed Valuation - All Other	2,628,054,917		87.65%	1,147,916,157		81.54%
<b>Total Assessed Value</b>	<b>\$2,998,430,750</b>		<b>100.00%</b>	<b>\$1,407,758,140</b>		<b>100.00%</b>

Source: King County Levy Administration

\*Information not available prior to 2000.

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

**City of Bothell**  
**Property Tax Levies and Collections**  
**Last Five Fiscal Years – From GASB 34 Implementation**

**Snohomish County**

Year	Taxes Levied for the Year	Collected Within the Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2002	\$3,065,951	\$2,999,709	97.84%	\$65,527	\$3,065,236	99.98%
2003	3,085,208	3,026,664	98.10%	55,962	3,082,626	99.92%
2004	3,405,007	3,341,998	98.15%	56,938	3,398,936	99.82%
2005	3,510,873	3,461,610	98.60%	31,992	3,493,602	99.51%
2006	4,102,892	4,048,230	98.67%		4,048,230	98.67%

**King County**

Year	Taxes Levied for the Year	Collected Within the Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2002	\$3,611,247	\$3,539,595	98.02%	\$55,960	\$3,595,554	99.57%
2003	4,149,066	4,066,127	98.00%	61,401	4,127,528	99.48%
2004	4,018,105	3,937,236	97.99%	55,991	3,993,227	99.38%
2005	4,371,465	4,294,086	98.23%	46,500	4,340,586	99.29%
2006	4,870,776	4,799,153	98.53%		4,799,153	98.53%

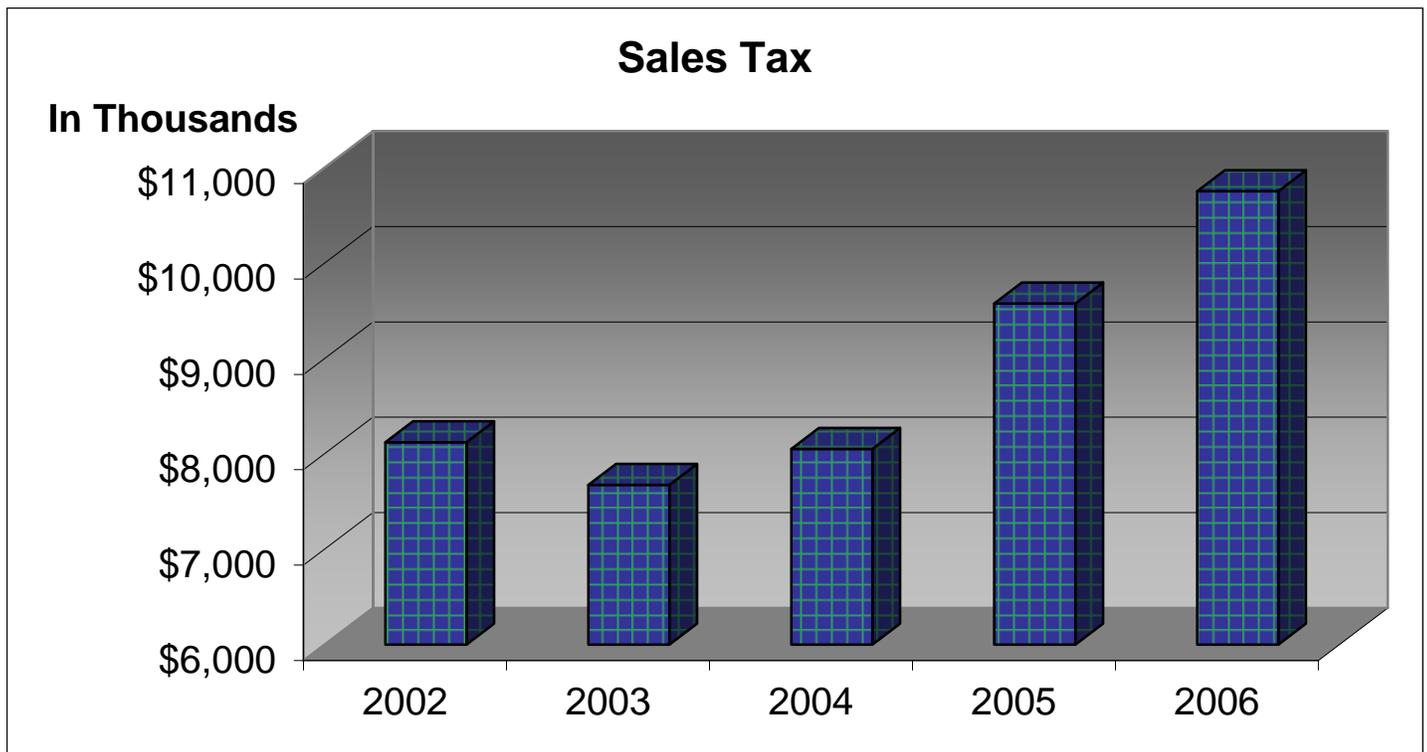
# City of Bothell

## Taxable Sales by Category

### Last Five Fiscal Years – From GASB 34 Implementation

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

Source: Washington State Department of Revenue



**City of Bothell**  
**Direct and Overlapping Sales Tax Rates**  
**Last Six Fiscal Years\***

**King County**

<b>Year</b>	<b>Local</b>	<b>State</b>	<b>Rapid Transit</b>	<b>Total Sales Tax</b>
2000	1.70%	6.50%	.40%	8.60%
2001	1.90%	6.50%	.40%	8.80%
2002	1.90%	6.50%	.40%	8.80%
2003	1.90%	6.50%	.40%	8.80%
2004	1.90%	6.50%	.40%	8.80%
2005	1.90%	6.50%	.40%	8.80%
2006	1.90%	6.50%	.40%	8.80%

**Snohomish County**

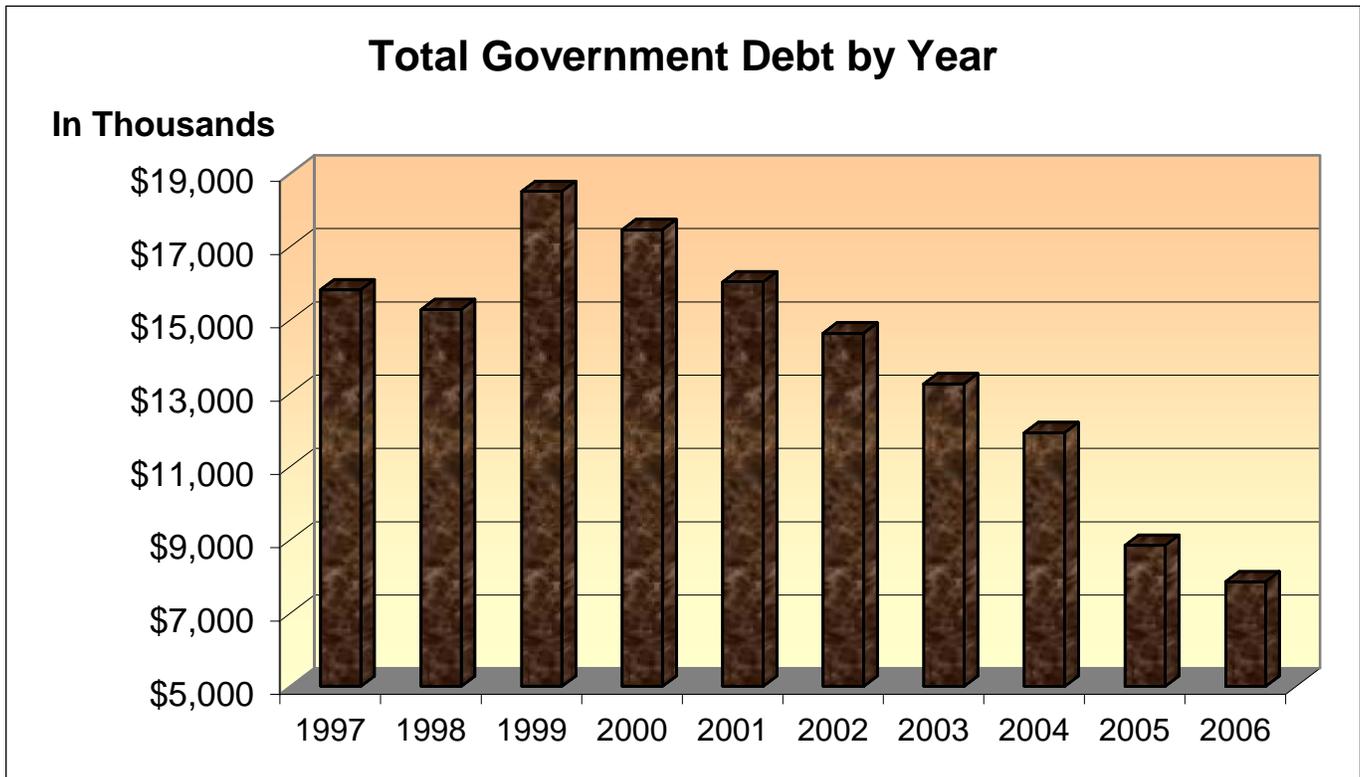
<b>Year</b>	<b>Local</b>	<b>State</b>	<b>Rapid Transit</b>	<b>Total Sales Tax</b>
2000	1.70%	6.50%	.40%	8.60%
2001	2.00%	6.50%	.40%	8.90%
2002	2.00%	6.50%	.40%	8.90%
2003	2.00%	6.50%	.40%	8.90%
2004	2.00%	6.50%	.40%	8.90%
2005	2.00%	6.50%	.40%	8.90%
2006	2.00%	6.50%	.40%	8.90%

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

# City of Bothell

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

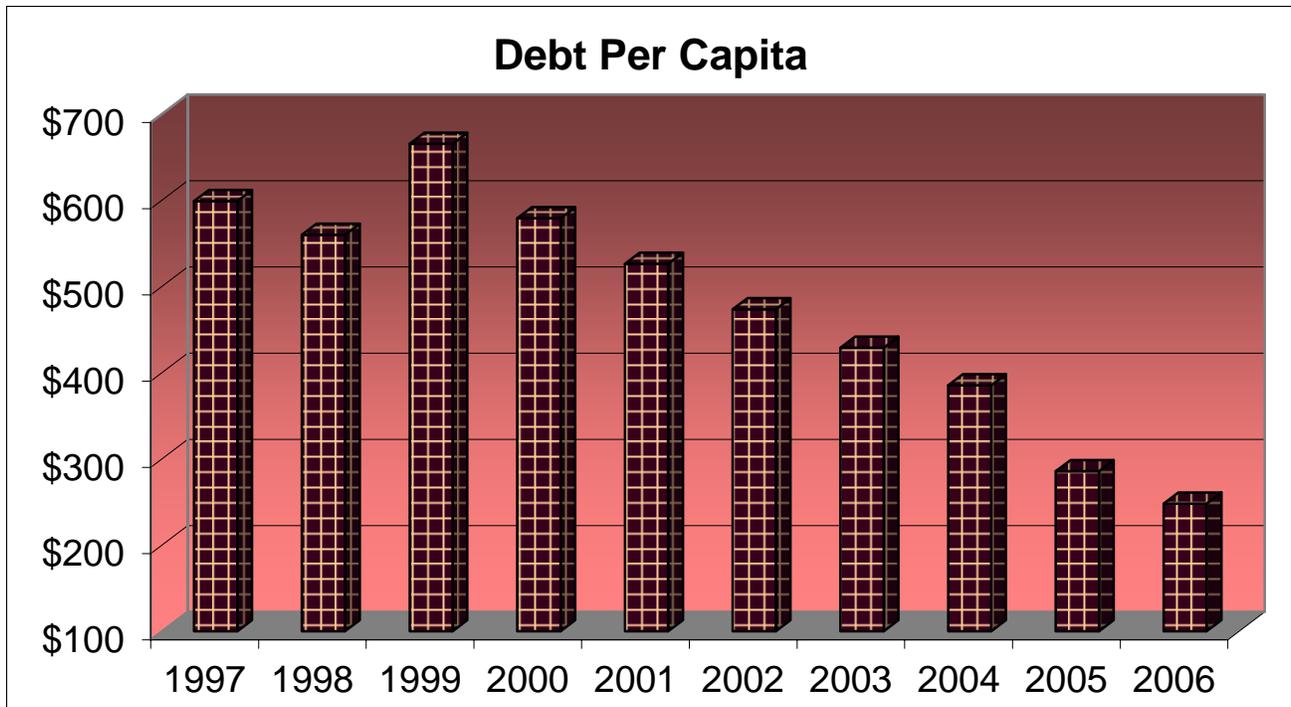
Year	Government Activities			Business-Type Activities		
	General Obligation	Special Assessment	Term Loan Payable	Water Bonds	Sewer Bonds	Term Loan Payable
1997	\$13,540,000	\$153,445	\$1,206,492	\$930,000		
1998	12,985,000	126,139	1,104,614	800,000	270,000	
1999	12,410,000	2,233,831	993,856	715,000	270,000	1,890,000
2000	11,805,000	2,091,528	922,295	625,000	230,000	1,790,526
2001	11,220,000	1,588,033	775,905	535,000	230,000	1,691,052
2002	10,615,000	1,586,025	237,036	435,000	180,000	1,591,578
2003	9,975,000	882,008	203,174	335,000	180,000	1,688,979
2004	9,305,000	645,000	169,312	230,000		1,576,380
2005	6,835,000	305,000	135,450	115,000		1,463,781
2006	6,405,000		101,588			1,351,183



# City of Bothell

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

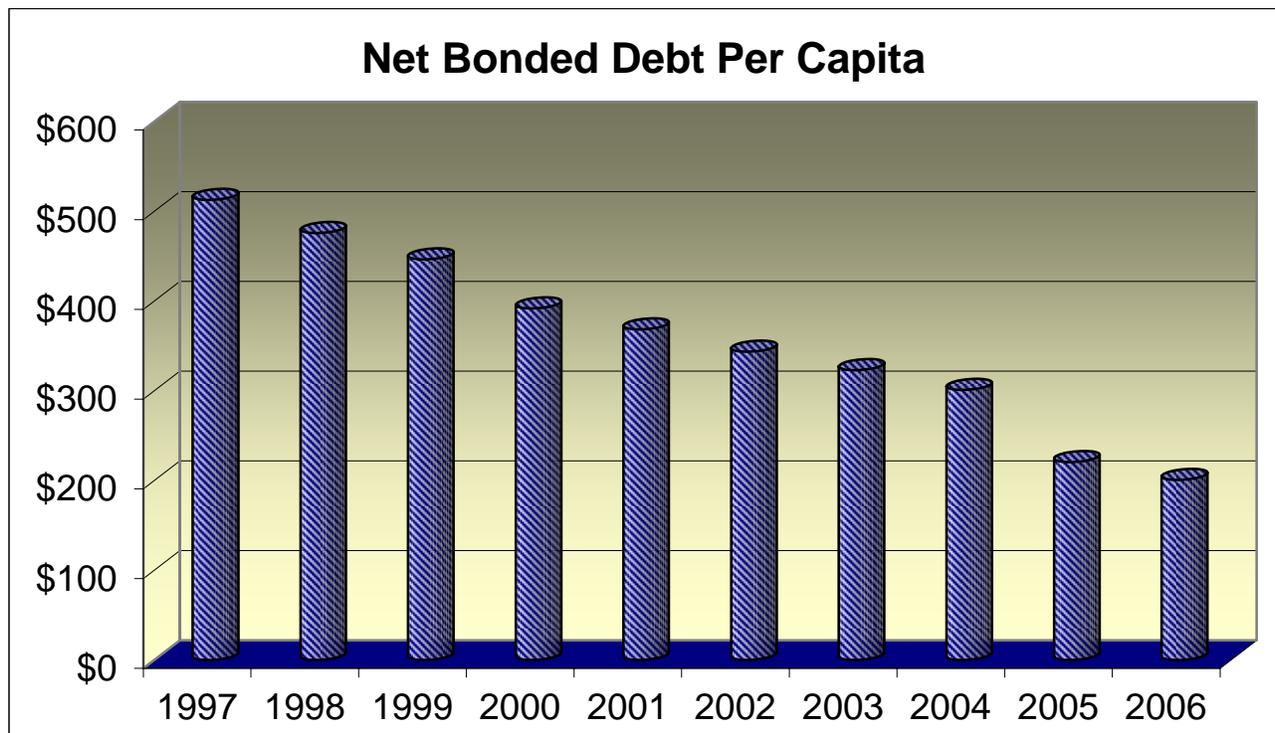
Total Primary Government	Per Capita Income	Percentage of Personal Income	Population	Per Capita
\$15,829,937	\$23,596	2.54	26,418	\$599
15,285,753	24,800	2.26	27,300	560
18,512,687	24,800	2.68	27,810	666
17,464,349	26,483	2.19	30,150	579
16,039,990	26,483	1.99	30,470	526
14,644,639	26,483	1.79	30,910	474
13,264,161	26,483	1.62	30,910	429
11,925,692	26,483	1.46	30,930	386
8,854,231	26,483	1.08	31,000	286
7,857,771	26,483	0.94	31,690	248



# City of Bothell

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

Year	General Obligation Bonds	Total Taxable Assessed Value	Percentage of Actual Taxable Value of Property	Population	Per Capita
1997	\$13,540,000	\$2,160,269,794	0.63	26,418	\$513
1998	12,985,000	2,276,285,689	0.57	27,300	476
1999	12,410,000	2,430,931,536	0.51	27,810	446
2000	11,805,000	2,865,706,186	0.41	30,150	392
2001	11,220,000	3,150,818,216	0.36	30,470	368
2002	10,615,000	3,478,795,405	0.31	30,910	343
2003	9,975,000	3,779,893,625	0.26	30,910	323
2004	9,305,000	4,207,508,700	0.22	30,930	301
2005	6,835,000	4,560,988,322	0.15	31,000	220
2006	6,405,000	5,294,124,779	0.12	31,960	200



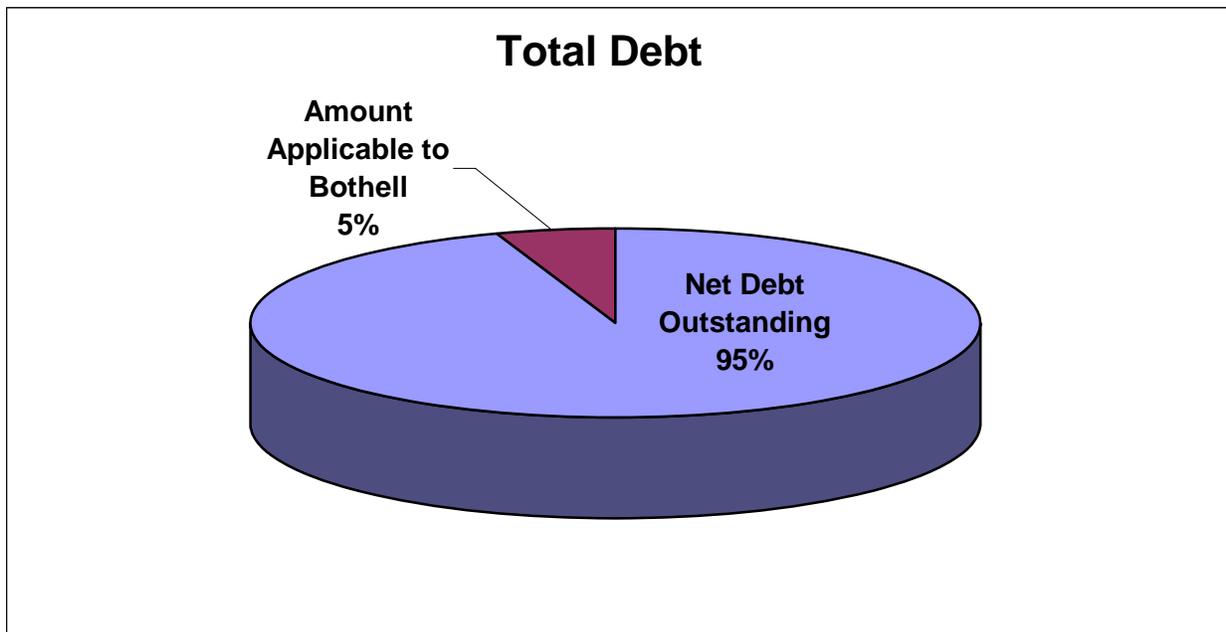
# City of Bothell

## Computation of Direct and Overlapping Debt December 31, 2006

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Bothell</u>	<u>Amount Applicable to Bothell</u>
City of Bothell	\$6,405,000	100.00%	\$6,405,000
King County	862,538,000	1.11	9,574,172
Snohomish County	387,953,415	2.35	12,996,439
North Shore School District	288,890,628	26.21	75,718,234
Evergreen Hospital	179,914,641	7.01	12,616,016
Port of Seattle	416,645,000	1.11	4,624,760
Northshore Parks	3,718,879	26.24	975,834
Library	80,429,703	1.81	1,455,778
<b>Total</b>	<b><u>\$2,226,495,266</u></b>		<b><u>\$124,366,233</u></b>

**NetDebt Source: King & Snohomish County Finance Departments**

**Percentage Source: King County Levy Administration, Snohomish County Assessor**

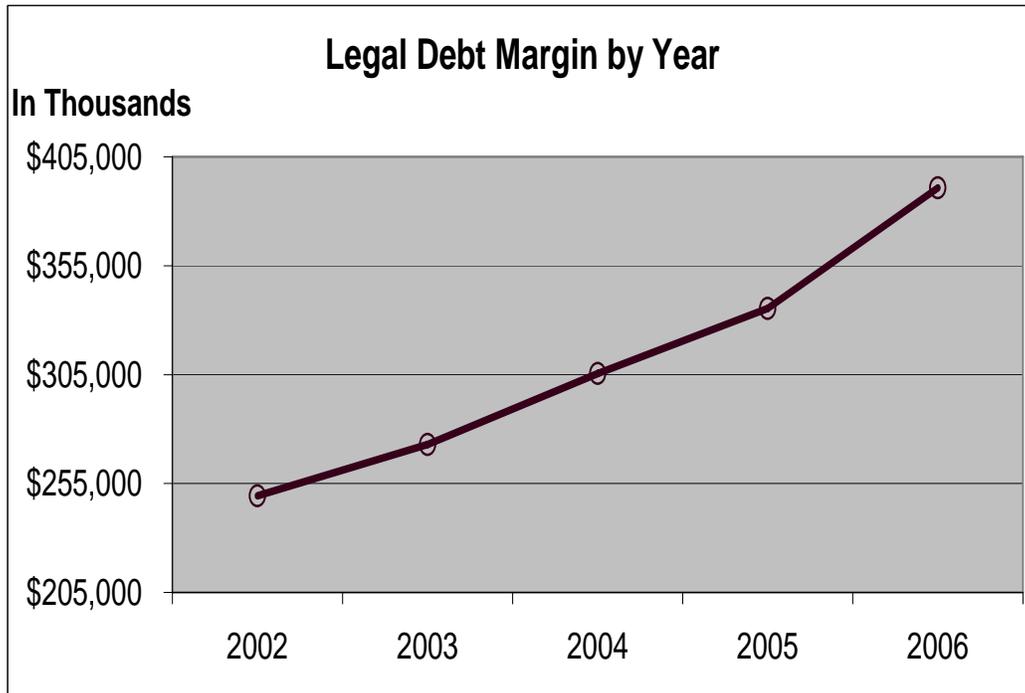


# City of Bothell

## Legal Debt Margin Information

### Last Five Fiscal Years – From GASB 34 Implementation

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



**City of Bothell**  
**Pledged-Revenue Coverage**  
**Last Five Fiscal Years – From GASB 34 Implementation**

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

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

Special Assessment bonds are callable.

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

**City of Bothell**  
**Pledged-Revenue Coverage**  
**Last Five Fiscal Years – From GASB 34 Implementation**

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

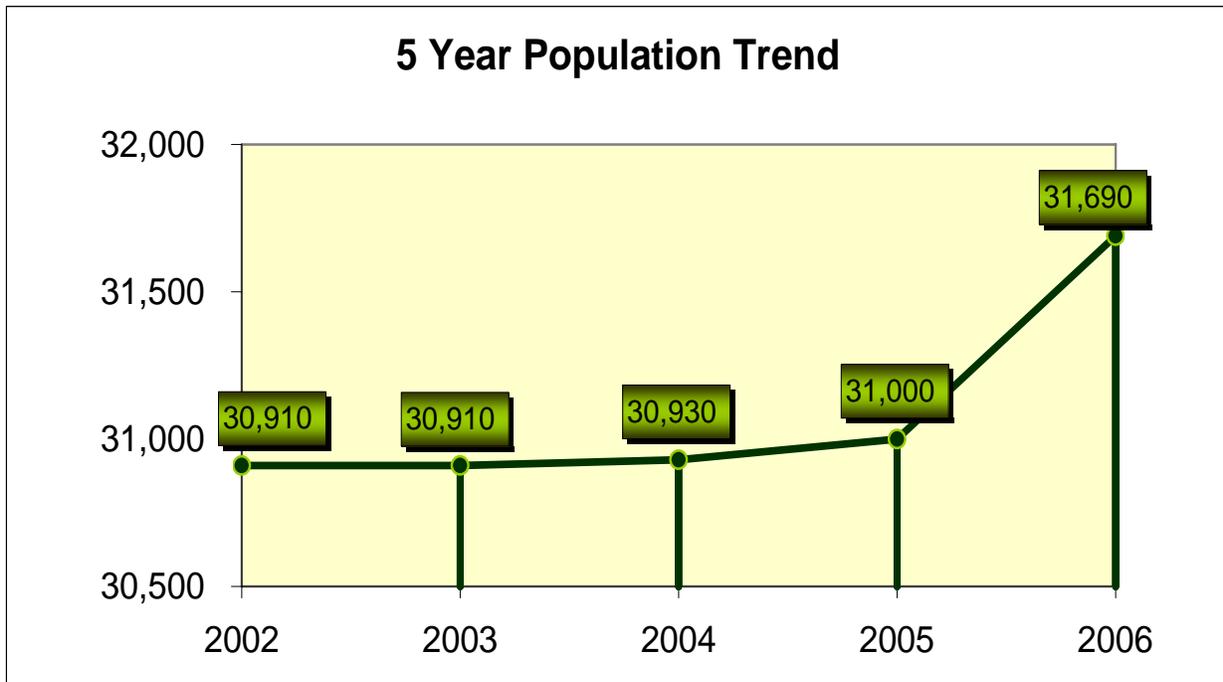
# City of Bothell

## Demographic and Economic Statistics

### Last Five Fiscal Years – From GASB 34 Implementation

<u>Year</u>	<u>Population</u>	<u>Personal Income</u> <small>(thousands of dollars)</small>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2002	30,910	\$818,589,530	\$26,483	36	13.1	23,472	2.80%
2003	30,910	\$818,589,530	26,483	36	13.1	23,314	7.30%
2004	30,930	\$819,119,190	26,483	36	13.1	24,244	5.70%
2005	31,000	\$820,973,000	26,483	36	13.1	23,430	4.70%
2006	31,690	\$839,246,270	26,483	36	13.1	23,912	4.30%

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



# City of Bothell

## Principal Employers

### Current Year and Ten Years Ago

Employer	1997			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Northshore School District	2,200	1	NA	2,300	2	7.63%
ATL / Philips Medical Systems	1,350	2	NA	1,756	3	5.83%
AT & T Wireless / Cingular Wireless	1,000	3	NA	3,441	1	11.42%
Eddie Bauer, Inc.	824	4	NA			
Seattle Times	567	5	NA	371	6	1.23%
Quinton Instruments Co.	504	6	NA			
Allstate Insurance	361	7	NA	337	8	1.12%
KAO Infosystems	350	8	NA			
Microsoft	338	9	NA			
Precor, Inc.	289	10	NA			
Panasonic Avionics				450	4	1.49%
ICOS				409	5	1.36%
Puget Sound Energy				367	7	1.22%
T-Mobile West Corporation				294	9	0.98%
SonoSite Ultrasound				271	10	0.90%
<b>Total</b>	<b>NA</b>		<b>NA</b>	<b>30,126</b>		<b>100.00%</b>

Source: City of Bothell Business License Data

NA = Not Available

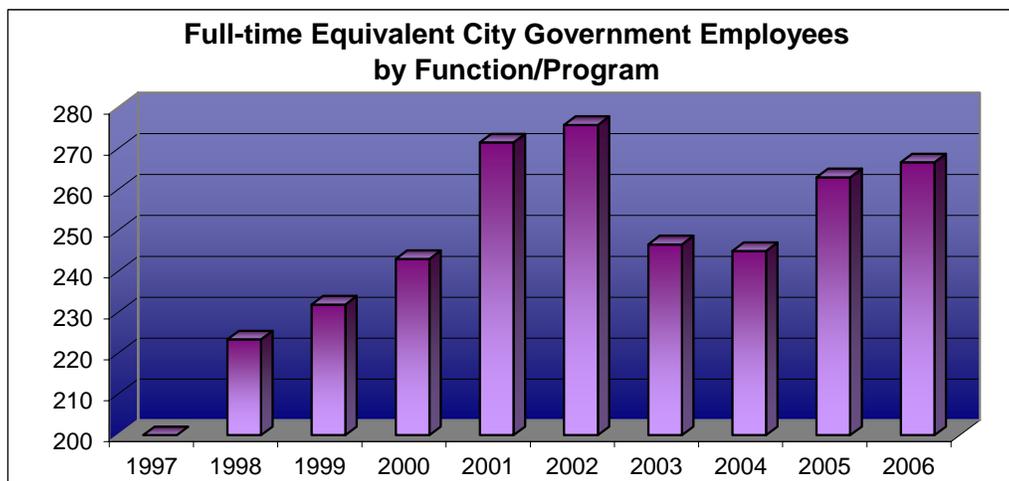
# City of Bothell

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

**Full-Time Equivalent Employees as of December 31**

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Executive</b>										
Legislative	NA	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Judicial	NA	2.20	2.40	2.70	2.50	3.50	3.00	3.00	3.00	3.50
City Manager	NA	3.00	3.00	5.00	5.00	6.00	5.00	5.00	6.00	7.00
City Clerk	NA	4.50	4.75	4.75	5.25	5.50	3.75	3.75	3.25	3.25
Information Technology	NA	2.50	3.00	4.00	7.00	7.00	6.91	6.91	6.50	6.00
Non-Dept / Tourism	NA									0.50
Finance	NA	6.00	6.00	7.00	9.00	10.00	7.91	7.91	6.80	6.80
Legal	NA				3.00	3.00	3.00	3.00	2.56	2.56
Human Resources	NA	2.40	2.90	3.40	4.00	4.00	4.93	4.93	5.50	5.00
<b>Police</b>										
Officers	39.00	43.00	46.00	46.00	50.00	53.00	53.00	54.00	54.00	54.00
Civilians	NA	22.25	25.00	30.50	31.75	27.75	26.25	25.25	26.75	26.75
<b>Fire</b>										
Firefighters and officers	45.00	51.00	52.00	52.00	52.00	55.00	55.00	54.00	54.00	54.00
Civilians	NA	5.50	4.50	5.50	7.50	5.50	4.50	5.50	5.50	6.50
Community Development	NA	25.90	25.90	25.70	36.75	32.75	21.75	21.75	20.00	20.00
<b>Public Works</b>										
Facilities	NA	9.90	9.90	8.70	3.40	1.40	1.00	1.00	1.33	1.33
Engineering	NA	25.00	25.00	24.00	9.00	12.00	11.00	11.00	16.75	17.75
Parks & Recreation	NA	13.23	14.54	14.47	14.52	15.43	9.63	8.00	9.53	10.19
Street	NA				7.88	8.88	6.33	6.33	8.05	8.05
Water	NA				5.29	5.89	5.81	5.81	6.86	6.86
Sewer	NA				4.43	3.83	3.76	3.76	6.66	6.66
Storm Drain	NA				3.58	4.58	4.69	4.69	9.79	9.79
Fleet	NA			2.35	2.70	3.80	2.41	2.41	2.48	2.48
Self-Insurance/Risk Mgmt	NA								0.70	0.70
<b>Totals</b>	<b>NA</b>	<b>223.38</b>	<b>231.89</b>	<b>243.07</b>	<b>271.55</b>	<b>275.81</b>	<b>246.63</b>	<b>245.00</b>	<b>263.01</b>	<b>266.67</b>

NA = Not Available



# City of Bothell

## Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Calls for service	NA	NA	NA	NA	22,060	20,503	20,886	20,575	26,984	27,628
Physical arrests	NA	NA	NA	NA	NA	NA	NA	NA	1,733	2,288
Traffic violations	NA	NA	NA	NA	NA	NA	NA	NA	4,212	4,584
Fire										
Emergency alarms	3,577	3,760	3,880	4,401	4,692	4,382	4,507	4,480	4,333	4,961
Inspections	1,272	1,318	1,493	1,487	1,668	1,673	1,725	1,698	1,465	1,413
Community Development										
Building permits issued	962	918	927	1,094	1,009	814	865	703	824	896
Building inspections	4,164	3,837	5,101	7,713	5,175	3,571	4,600	3,710	3,920	6,073
Parks and recreation										
Field & shelter bookings	NA	NA	NA	NA	NA	NA	NA	NA	NA	996
Water										
Units served	NA	NA	NA	NA	4,181	3,082	3,091	NA	NA	NA
Water main breaks										
Average daily consumption (thousands of gallons)	1,319	1,664	1,362	1,487	1,410	1,490	1,490	1,490	NA	1,488

Sources: Various city departments

NA = Not Available

# City of Bothell

## Capital Asset Statistics by Function/Program

### Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	3	3	3	3	3	3	3	3	3	3
Public Works - Streets										
Streets (miles)	91.02	91.12	124.00	105.00	104.00	322.00	322.00	322.00	322.00	322.00
Street lights	1,540	1,560	1,560	1,576	1,740	1,907	1,927	1,907	1,907	1,907
Parks and Recreation										
Acreage	190.00	193.00	194.97	193.00	190.00	196.00	201.00	201.64	200.84	200.84
Parks	15	21	22	21	23	23	23	26	25	25
Water										
Water mains (miles)	50.7	50.7	70.2	70.7	70.8	71.0	71.0	71.0	71.0	71.5
Sewer/Storm Drain										
Sanitary sewers (miles)	59.8	59.8	66.1	55.9	56.9	57.0	57.0	57.0	57.0	57.3
Storm sewers (miles)	57.6	57.7	94.6	106.2	108.0	108.0	108.0	108.0	108.0	109.4

Sources: Various city departments