



# Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2015



City of Bothell™

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2015

PREPARED BY THE FINANCE DEPARTMENT

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# Introductory Section



July 28, 2016



City of Bothell™

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

The Comprehensive Annual Financial Report (CAFR) of the City of Bothell for the fiscal year ended December 31, 2015 is hereby submitted. This report is prepared by the City's Finance Department as the official annual financial report, in conformance with State statute RCW 43.09.230 requiring annual reports for Washington municipal governments to be certified and filed timely with the State Auditor's Office. This report also complies with the standards promulgated by the Governmental Accounting Standards Board (GASB), and by the National Council on Governmental Accounting. These standards require statements to present the financial position of the City and the results of financial operations fairly, in accordance with Generally Accepted Accounting Principles (GAAP).

The CAFR is intended to provide sufficient information for readers to assess stewardship and accountability, and to demonstrate legal compliance and competent management control. City management is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all related disclosures. The City operates under a system of accounting internal controls that are concerned with the safeguarding of assets and the reliability of financial records. City management believes this report is presented accurately in all material aspects and that it conforms to the above required standards.

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

Bothell's independent audit covering the year ended December 31, 2015 was conducted between May and July of 2016, and is now complete. The City's financial statements were found to be presented fairly and the City was given an unqualified opinion, as stated in the Independent Auditor's Report (see section II). Bothell received zero audit findings from 2002 to 2013, and one finding in 2014.

As a recipient of more than \$750,000 in federal, state, and county financial assistance, the City is required to undergo an independent annual single audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). This audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. The City's annual single audit for the fiscal year ended December 31, 2015 found zero deficiencies in the design or operation of internal control over major federal programs.

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

**Profile of the Government**

The City of Bothell is a non-charter optional code City operating under Section 35A of the Revised Code of Washington. It has a

Council-City Manager form of government. The seven-member City Council is elected by the voters of the City for four-year terms and is responsible for establishing the general guidelines and policies for the City. The Council elects the Mayor and Deputy Mayor from within its ranks. The Council contracts with a professional City Manager to carry out the policies and direction set by the Council. The City Manager appoints seven department heads and an Assistant City Manager.

At the end of 2015, the City of Bothell had 324 authorized full-time equivalent positions. Bothell's full and part-time employees provide a full range of municipal services. City services include: general government administration, police, fire, emergency medical services, planning and zoning, street maintenance, and parks and recreation.

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

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

Bothell's biennial budgets are adopted at the fund level by the City Council prior to the first day of each odd-numbered calendar year. Mid-biennial reviews are conducted not less than eight

months after the beginning of a biennium, and any increase or decrease in a fund's budget appropriation is adopted by the City Council. In accordance with state law, budget status reports are provided quarterly to Council and City management.

### **Local Economy**

Incorporated in 1909, Bothell has evolved from an isolated logging village to a multifaceted full-service city with a population of 42,640. Located within the Seattle metropolitan area, the City straddles two counties (King and Snohomish) and comprises approximately 14.38 square miles. In 2015, Bothell ranked number 26 among the largest cities in the State of Washington.

Due to Bothell's central proximity to two interstate highways and three major state highways, the City has become increasingly desirable to homebuyers and renters, as well as to an extensive amount of commercial development. Bothell is also esteemed for its education opportunities. The University of Washington and Cascadia Community College share a common campus within Bothell's historic downtown and the Northshore School District has consistently been recognized among the State's top school districts. The University of Washington Bothell campus is the fastest growing university in the State, serving more than 5,000 students, and Cascadia Community College is the newest community college in the State, serving more than 4,500 students.

Bothell's three business parks, dubbed "The Technology Corridor", provide an appealing location for advanced biotechnology firms, wireless communications, medical device manufacturing and medical research. The corridor includes a state-designated innovation partnership zone facilitated by University of Washington-Bothell, Cascadia Community College, and private sector businesses. Major firms include: AT&T (the largest communications holding company in the world based on revenue generation), Halo Source (a clean

water and antimicrobial technology company), Philips Medical Systems (a global leader in diagnostic imaging systems, patient monitoring and cardiac devices), Sonosite Inc. (a world leader and specialist in hand-carried and mounted ultrasound), and T-Mobile (a national provider of wireless voice, messaging, and data services). The City does not levy a business and occupation tax, unlike some neighboring communities, thereby offering Bothell a competitive advantage with employers.

Beginning in 2005, the City initiated the largest municipally-led downtown revitalization project in Washington State. To date, the City has invested more than \$150 million in public infrastructure investments stimulating more than \$250 million in private capital as part of a projected \$650 million in private investment over a 25 year period. In 2015, the completion of a new city hall and civic center campus played a large role in Bothell's revitalization, along with Six Oaks, a mixed-use development with apartments and retail; McMenamins, a Northwest company operating a brewery, restaurants, movie house, and hotel in the historic Anderson Building; and The Village at Beardslee Crossing, the City's largest apartment development with 450 units offering dining and shopping options.

### **Economic Condition**

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

Bothell's largest revenue stream, sales tax, exceeded 2014 levels by 8.2% overall. Retail sales tax increased by 0.5% in 2015 (2014 revenue included a one-time Department of Revenue allocation of \$323,500), while construction sales tax was up 7.7% over 2014. Building permit revenues declined 1.9% compared to 2014 levels. Utility tax revenue increased 8.9% from 2014. Property tax rose 9.0% in 2015. The increase in utility tax and property tax revenue was in part due to the 2014 King County annexation.

Economic indicators show the Puget Sound economy growing at a healthy pace. Growth is expected to moderate as the recovery matures, but underlying trends remain positive. Consumer price inflation in the Seattle area remains moderate due to declining energy costs. Bothell's housing market remains strong.

The region's unemployment rate at the end of 2015 was 4.6%. By the end of March 2016, the Seattle-Bellevue-Everett unemployment rate was 4.9%.

### **Long-term Financial Planning and Management Measures**

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

- Managing future fiscal risks by utilizing a 7-year budget modeling system that assimilates a constant state of revision based on the latest, most likely economic assumptions. Budget modeling provides City management an opportunity to analyze revenue inflows and expenditure outflows, as well as the long-term impacts of present-day decision making.
- Adhering to a 2-year Capital Facilities Plan (CFP) process that produces a Council- adopted 7-year Capital Facilities Plan. The CFP process identifies all future capital needs, including future maintenance costs, and allocates capital funding sources to best meet the community's infrastructure needs.
- Identifying one-time revenue inflows and designating these monies specifically for one-time expenditure outflows.
- Continuing to rebalance operating inflows and outflows to maintain a pre-designated fiscal position throughout a budget period.
- Managing future fiscal liabilities by systematically setting monies aside in an Asset Replacement Fund. Monies are

set aside to procure new assets in the future when assets reach the end of their useful lives.

- Maintaining adequate reserves. City management optimally budgets a General Fund operating reserve equal to or greater than 15% of operating expenditures. Adequate reserves help ensure that a municipality's immediate operating and capital obligations can be met without compromising the City's fiscal stability or impacting citizen services should unanticipated revenue shortfalls or expenditure outflows arise. When spending down operating reserves is necessary, City management develops and implements a well-defined fiscal plan to replenish reserves to their optimal levels.

### **Major Initiatives**

In 2007, the City instituted a \$7.3 million (20%) General Fund operating reserve to provide adequate interim funding to sustain City services for two biennia in the event of a significant economic downturn such as the Great Recession. The City's operating reserve reinstatement strategy designates one-time revenues toward reserves until reserve goals are achieved. When optimal reserve levels are met, one-time funds are designated toward capital needs. The 2013-2014 Budget included a 9 percent General Fund operating reserve, which amounted to approximately \$3.2 million. The 2015-2016 Budget projects a 13 percent General Fund operating reserve that amounts to approximately \$4.8 million. This figure includes \$1.2 million that is anticipated to be added to the reserve during the 2015-2016 biennium. An additional \$960,000 in one-time monies will be needed to reinstate the 15 percent post-Great Recession reserve goal.

Bothell continues to invest in its ambitious Capital Facilities Plan (CFP). The \$226 million 2015-2021 CFP is anticipated to fund 55 projects over the seven-year planning period. Major funding sources for these projects come from Real Estate Excise Tax (REET), Local Infrastructure Financing Tool (LIFT)

bond proceeds, grants, transportation and park mitigation and impact fees, utility user and facility fees, and proceeds from the sale of surplus property. Grant funding for capital parks and transportation projects account for more than 40 percent of CFP project funding.

## **RELEVANT FINANCIAL POLICIES**

### **Risk Management**

Bothell utilizes a Self-Insurance Fund for its Risk Management program and is a member of an insurance investment pool, which is administered by the Washington Cities Insurance Authority (WCIA). The insurance investment pool is discussed in detail in the Notes to the Basic Financial Statements.

### **Debt Administration**

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

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

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

In 2014, COB Properties, a component unit of the City, issued \$49,625,000 in lease revenue bonds. The bonds were issued by COB Properties on behalf of the City pursuant to IRS Revenue Ruling 63-20 and 82-26. Proceeds of the bonds were used

## **Introductory Section**

## **City of Bothell**

for construction of the City Hall and parking garage. Lease payments made by the City to COB Properties pay the debt service on the bonds.

In April 2016, Moody's Local Government Issuer Comment Report noted Bothell's "very strong" credit position, and reaffirmed the City's Aa2 rating which reflects a positive socioeconomic profile with an ample tax base, and a small debt burden with a moderate pension liability. The City's legal debt capacity and future debt service liability are outlined in Note 13 of the Basic Financial Statements.

### **Cash Management and Investment Policy**

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

### **Awards and Acknowledgments**

The GFOA of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bothell for its CAFR for the fiscal year ended December 31, 2014. This was the fourteenth consecutive year Bothell has received this prestigious award. To earn a Certificate of Achievement award, a government must publish an easily readable and efficiently organized CAFR that satisfies generally accepted accounting principles and adheres to all applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Bothell is submitting the City's 2015 CAFR to the GFOA to determine this report's eligibility for a certificate. Staff believes the City's 2015 CAFR again meets the requirements of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting certification program.

The City was also pleased to receive the GFOA Distinguished Budget Presentation Award for the City's 2015-2016 biennial budget document. GFOA presents this award to governments whose budget documents meet the GFOA's criteria as an effective policy document, a financial plan, an operations guide, and a communication device.

Successful preparation of Bothell's 2015 Comprehensive Annual Financial Report could not have been accomplished without the dedicated efforts of the Finance staff, City management, and all other employees and agencies who contributed to the development of this expansive financial report. Further appreciation is extended to the Mayor and City Council for their steadfast encouragement in conducting the Bothell's fiscal operations in a sound and prudent manner. The support and assistance from the State Auditor's Office is also appreciated.

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

Respectfully submitted,

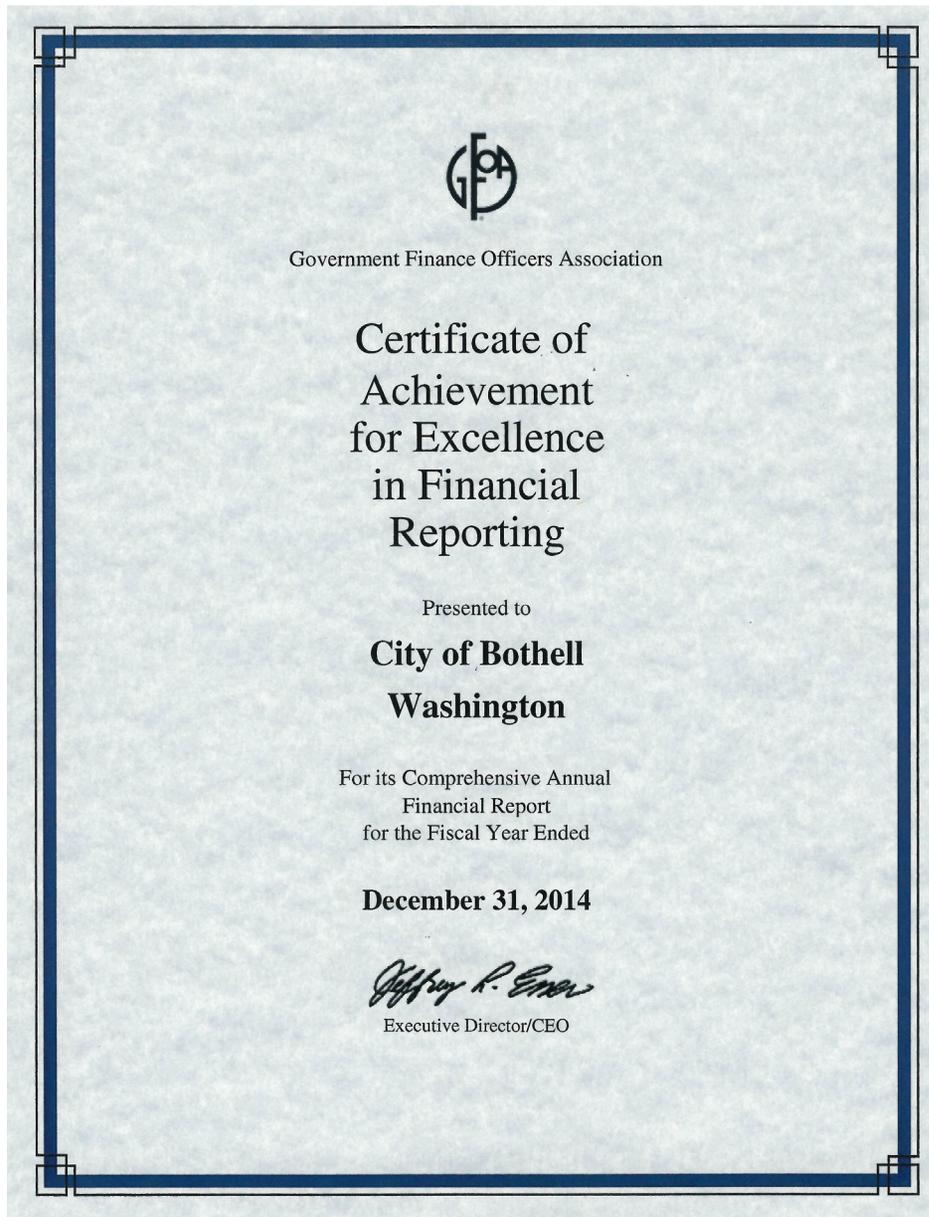


Tami Schackman  
Finance Director



Maureen Werts  
Deputy Finance Director

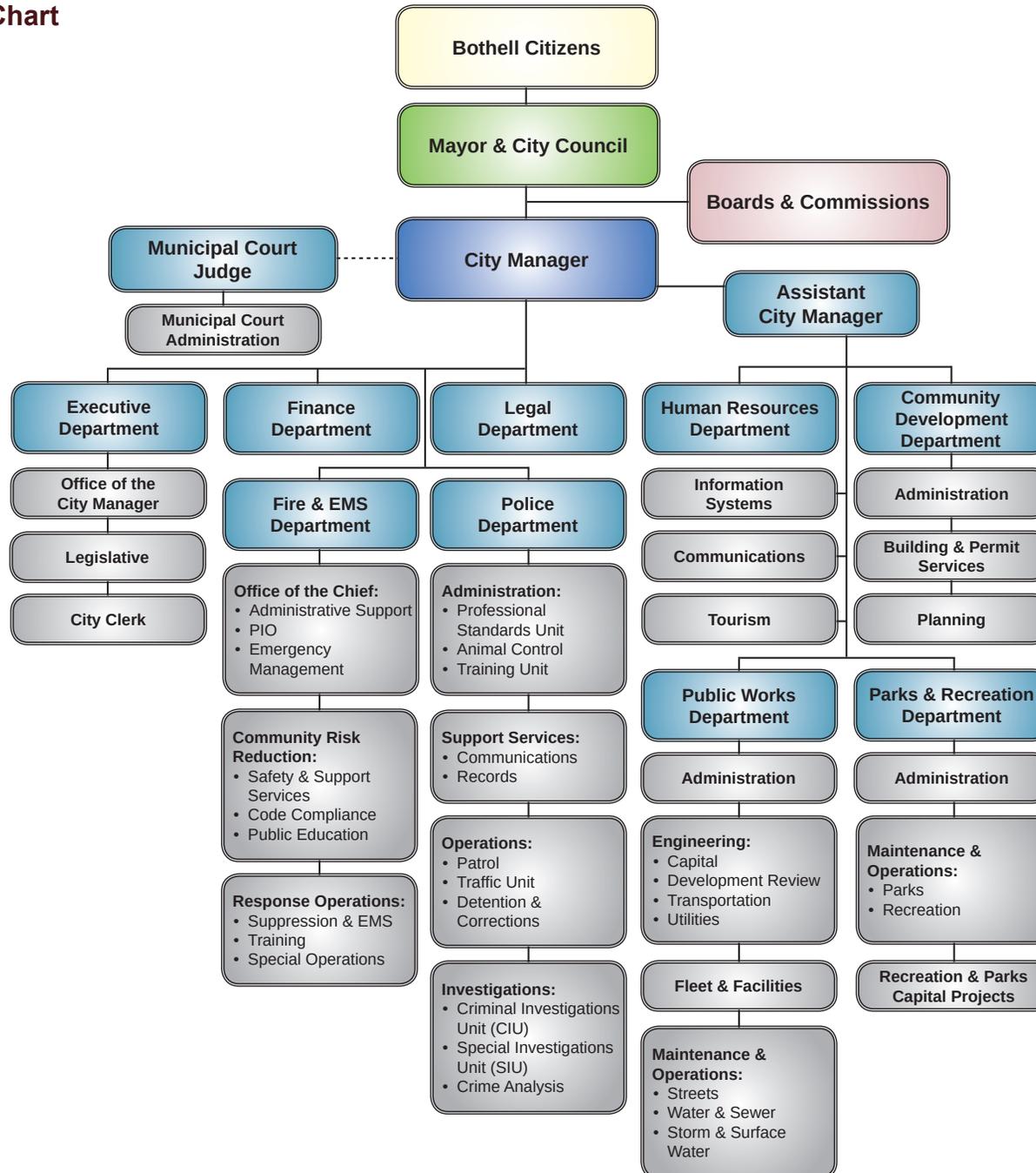
Certificate of Achievement for Excellence in Financial Reporting



The Certificate of Achievement for Excellence in Financial Reporting has been awarded to City of Bothell by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

An Award of Financial Reporting Achievement has been awarded to the individual(s), department or agency designated by the government as primarily responsible for preparing the award-winning CAFR.

The CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.





**Andy Rheaume**  
Mayor



**Davina Duerr**  
Deputy Mayor



**Del Spivey**  
Council Member



**Joshua Freed**  
Council Member



**James McNeal**  
Council Member



**Tris Samberg**  
Council Member



**Tom Agnew**  
Council Member

**Executive Staff**  
*(Officials as of December 31, 2015)*

---

- City Manager
- Assistant City Manager
- Finance Director
- Human Resources Director
- City Attorney
- Community Development Director
- Fire Chief
- Police Chief
- Public Works Director
- Parks & Recreation

- Robert S. Stowe
- Peter Troedsson
- Tami Schackman
- Dean Perez
- Joe Beck
- Tom Burdett
- Bob Van Horne
- Carol Cummings
- Erin Leonhart
- John Keates



City of Bothell™

# Financial Section





## Washington State Auditor’s Office

### INDEPENDENT AUDITOR’S REPORT ON FINANCIAL STATEMENTS

July 28, 2016

Mayor and City Council City of Bothell  
Bothell, Washington

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business- type activities, each major fund and the aggregate remaining fund information of the City of Bothell, King and Snohomish Counties, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

#### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with

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

#### Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained

in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bothell, King and Snohomish Counties, Washington, as of December 31, 2015, and the respective

changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Matters of Emphasis**

As described in Note 1, during the year ended December 31, 2015, the City has implemented the Governmental Accounting Standards Board No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 through A11, budgetary comparison information on pages C1 through C2 and pension plan information on pages C3 through C12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the

basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The accompanying information listed as combining financial statements on pages D2 through D16 and supplementary information on pages E1 through E18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes

of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we will also issue our report dated July 28, 2016, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City’s Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Sincerely,



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

# Management's Discussion & Analysis

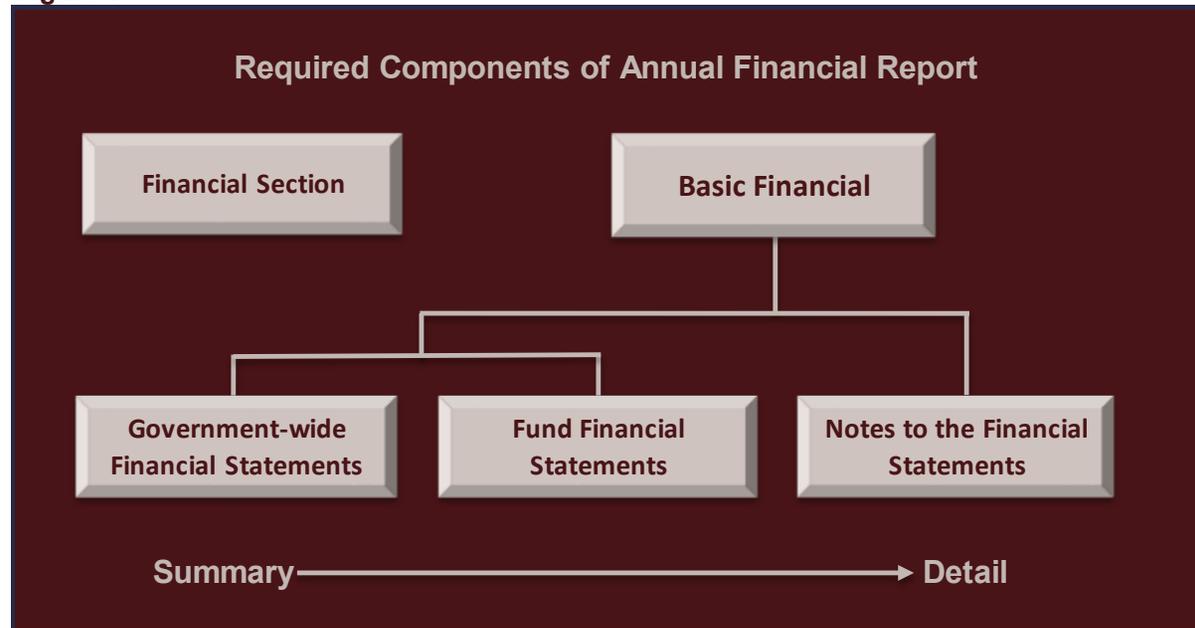


The discussion and analysis section of the City of Bothell’s Comprehensive Annual Financial Report (CAFR) is prepared by City management to provide CAFR users an overview of the City’s financial activity and performance for the fiscal year ended December 31, 2015. Users are encouraged to consider Management’s Discussion and Analysis in conjunction with additional information furnished in the letter of transmittal (Introductory Section) and the City’s financial statements (Financial Section).

**2015 Financial Highlights**

- Net position equaled \$736,987,583 at the end of 2015.
- Net position decreased by \$32,911,347 or 4.47%, which included a GASB 68 pension adjustment of \$8,950,083.
- Unrestricted net position amounted to (\$3,353,637) including (\$10,805,540) for governmental activities and \$7,451,903 for business-type activities.
- Long-term debt increased by \$64,496,916.
- Total governmental fund balances at year-end totaled \$20,767,182.
- Total governmental fund revenues decreased \$2,420,653, or 4.3%.
- Total governmental fund expenditures increased \$17,560,577, or 16.53%.
- Governmental fund expenditures, excluding transfers, exceeded governmental fund revenue by (\$49,949,688).
- Fund balance for the General Fund at year-end totaled \$3,982,604.

Figure 1



- Total General Fund revenues increased \$2,512,826, or 5.93%.
- Total General Fund expenditures increased \$2,921,560, or 6.99%.
- General Fund, revenues excluding transfers, exceeded General Fund expenditures by \$596,248.

**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) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-Wide Financial Statements**

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

The Statement of Net Position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

For the City of Bothell, both of the government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. Governmental activities include most of the City's basic services such as general administration, public safety, parks and recreation, and development services. Sales, business, and property taxes finance most of these activities. Business-type activities, on the other hand, are services the City provides for a fee. Customers pay based on their actual usage. Business-type activities include water, sewer, and storm & surface water.

The government-wide financial statements include not only the City of Bothell itself, but also its blended component unit COB Properties, a nonprofit corporation, which accounts for

the activities of the city hall lease revenue bond issuance, debt services, and maintenance.

Government-wide financial statements are located in Financial Section.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bothell, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvements Fund, and the Arterial Street Fund, which are considered the City's major governmental funds. Data from the other seven 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 in the combining and individual fund statements and schedules section of this report.

The City adopts a biennial appropriated budget for its general fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the City's adopted biennial budget.

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

Proprietary Funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and storm and surface water activities. Internal service funds are an accounting method used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Equipment Rental, Self Insurance, and Asset Replacement functions. The internal service funds predominately benefit governmental rather than business-type functions, and therefore they have been included within governmental activities in the government-wide financial statements.

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported 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 City maintains two difference types of fiduciary funds, the Firemen's Pension Reserve Fund and the Agency Trust Fund.

The fiduciary fund financial statements are located in the Financial Section of this report.

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

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

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

City of Bothell's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$25,940,408	\$40,108,627	\$21,727,010	\$18,464,402	\$47,667,418	\$58,573,028
Capital assets	755,832,646	776,498,243	44,757,539	52,456,550	800,590,185	828,954,793
Total assets	<u>781,773,053</u>	<u>816,606,870</u>	<u>66,484,549</u>	<u>70,920,951</u>	<u>848,257,603</u>	<u>887,527,821</u>
Deferred outflows of resources		2,033,742		232,945		2,266,687
Long-term debt	50,887,648	114,858,663	20,002,446	21,278,922	70,890,094	136,137,585
Other liabilities	4,656,203	11,840,100	2,812,375	1,547,422	7,468,577	13,387,522
Total liabilities	<u>55,543,851</u>	<u>126,698,763</u>	<u>22,814,822</u>	<u>22,826,344</u>	<u>78,358,673</u>	<u>149,525,107</u>
Deferred inflows of resources		2,988,623		293,196		3,281,819
Net position						
Net investment in capital assets	709,089,935	677,138,001	37,917,645	39,266,084	747,007,579	716,404,086
Restricted	15,409,677	22,620,765	1,316,369	1,316,369	16,726,046	23,937,134
Unrestricted	1,729,590	(10,805,540)	4,435,715	7,451,903	6,165,305	(3,353,637)
<b>Total net position</b>	<b><u>\$726,229,202</u></b>	<b><u>\$688,953,226</u></b>	<b><u>\$43,669,728</u></b>	<b><u>\$48,034,356</u></b>	<b><u>\$769,898,930</u></b>	<b><u>\$736,987,583</u></b>

Government-Wide Financial Analysis

Statement of Net Position

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

As of December 31, 2015, the City's assets exceeded liabilities by \$736,987,583. Net investments in capital assets (e.g. land, buildings, machinery, and equipment) are by far the largest

portion of the City's net position (97.2%), less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens - consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following is a condensed version of the government-wide statement of net position for 2015 compared to 2014.

**Management's Discussion and Analysis**

**City of Bothell**

The City's (\$10,805,540) in unrestricted governmental net position is due to the implementation of GASB 68, Accounting and Financial Reporting for Pensions. The City recorded net pension liabilities of \$10,690,040 for governmental activities.

**Changes in Net Position**

The following table reflects increases or decreases in net position resulting from the City's operating activities. The table shows revenues, expenses, and related changes in net position for the governmental activities separate from the business-type activities for 2014 and 2015. Bothell's net position from operations decreased citywide by \$23,961,265 during 2015.

**Changes in Net Position**

	2014			2015		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program revenues						
Charges for services	\$13,988,934	\$15,996,535	\$29,985,469	\$18,127,759	\$19,071,965	\$37,199,724
Operating grants and contributions	541,291		541,291	364,737		364,737
Capital grants and contributions	8,153,286	1,951,300	10,104,586	4,451,573	1,105,654	5,557,227
General revenues						
Property tax	15,501,155		15,501,155	12,402,051		12,402,051
Excise tax	12,889,402		12,889,402	17,053,937		17,053,937
Business tax	7,945,069		7,945,069	7,686,370		7,686,370
Interest and investment earnings	116,931		116,931	441,188	20,233	461,420
Special item	23,858,356		23,858,356			
Transfers				37,103	(37,103)	
Miscellaneous	4,682,318	1,928	4,684,247	438,912		438,912
Total revenues	<u>87,676,744</u>	<u>17,949,763</u>	<u>105,626,507</u>	<u>61,003,630</u>	<u>20,160,749</u>	<u>81,164,379</u>
<b>Program expenses including indirect expenses</b>						
General government	22,655,176		22,655,176	12,868,567		12,868,567
Security of persons and property	22,723,613		22,723,613	23,376,244		23,376,244
Physical environment	2,196,908		2,196,908	2,548,539		2,548,539
Transportation	41,362,523		41,362,523	42,686,251		42,686,251
Economic environment	4,770,995		4,770,995	4,067,230		4,067,230
Culture and recreation	1,852,966		1,852,966	2,205,709		2,205,709
Interest and fiscal charges	2,064,923		2,064,923	2,756,555		2,756,555
Water		4,045,439	4,045,439		4,471,061	4,471,061
Sewer		5,865,582	5,865,582		6,045,555	6,045,555
Storm & surface water		3,793,237	3,793,237		4,099,932	4,099,932
Total expenses	<u>97,627,105</u>	<u>13,704,258</u>	<u>111,331,363</u>	<u>90,509,095</u>	<u>14,616,548</u>	<u>105,125,643</u>
Excess (deficiency)	(9,950,361)	4,245,506	(5,704,856)	(29,505,465)	5,544,200	(23,961,265)
<b>Change in net position</b>	<b><u>(\$9,950,361)</u></b>	<b><u>\$4,245,506</u></b>	<b><u>(\$5,704,856)</u></b>	<b><u>(\$29,505,465)</u></b>	<b><u>\$5,544,200</u></b>	<b><u>(\$23,961,265)</u></b>
Net position beginning	\$736,401,738	\$39,424,223	\$775,825,960	\$726,229,202	\$43,669,728	\$769,898,930
Changes in Accounting Principles - GASB 68	(222,175)		(222,175)	(7,770,511)	(1,179,572)	(8,950,083)
<b>Net position ending</b>	<b><u>\$726,229,202</u></b>	<b><u>\$43,669,728</u></b>	<b><u>\$769,898,930</u></b>	<b><u>\$688,953,226</u></b>	<b><u>\$48,034,356</u></b>	<b><u>\$736,987,583</u></b>

## Management's Discussion and Analysis

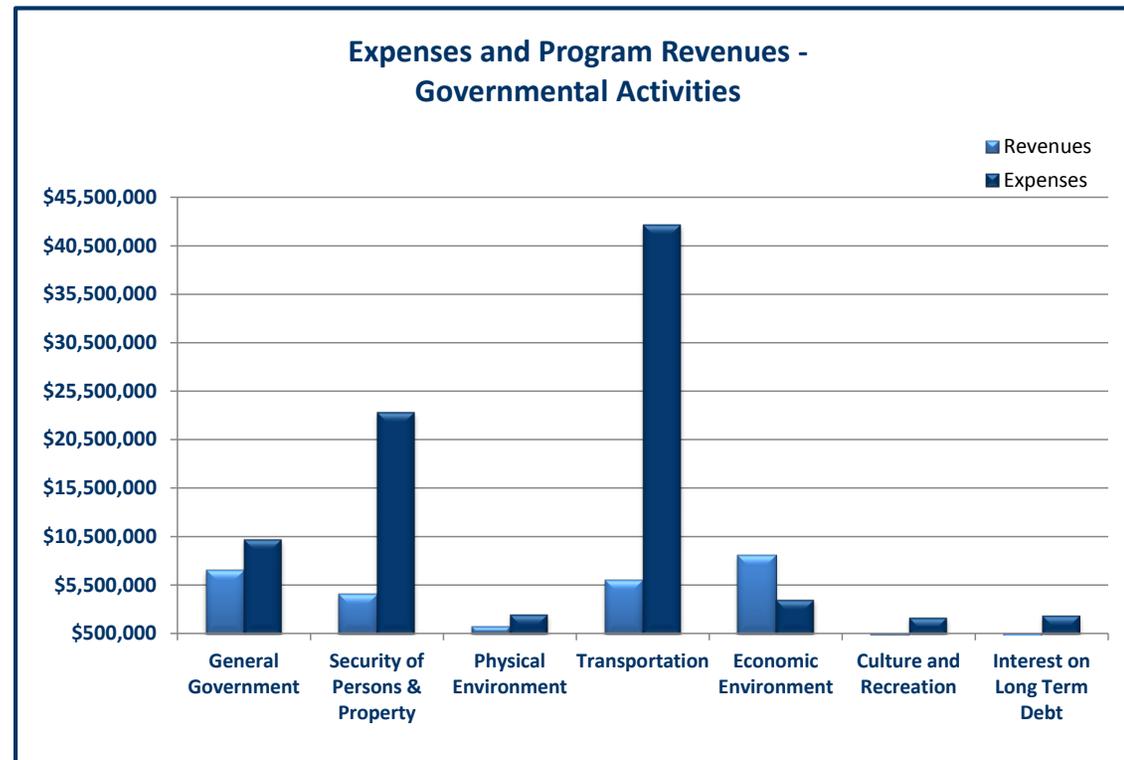
## City of Bothell

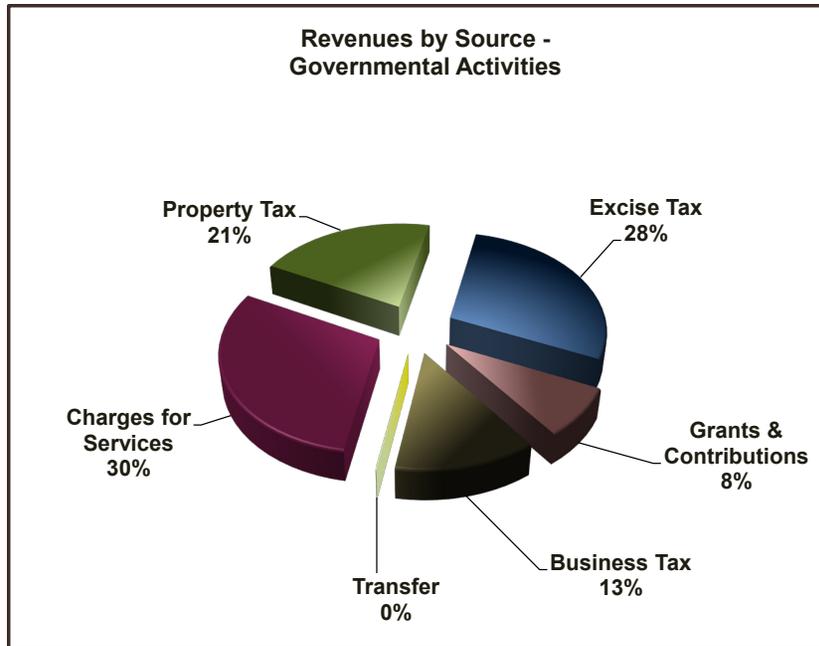
Governmental Activities. Governmental activities decreased the City's net position by \$29,505,465. Governmental activities account for 93.5% of the City's net position.

### The key factors impacting the decrease in 2015 net position are described below:

- \$58,798,225 increase in capital assets including the City Hall capital lease, which will be depreciated over the facility's useful life.
- \$2,201,813 increase in fund balance.
- \$613,500 increase in donated assets, which will be depreciated over their useful life.
- \$734,964 unavailable revenue as Deferred Inflows of Resources in Governmental Fund Statements recognized in Government-Wide Financial Statements.
- \$3,054,215 increase in capital asset adjustments.
- \$1,460,527 increase attributable to bond principal payments and other long term loan payments that reduce long-term liabilities on the Statement of Net Position.
- (\$41,242,716) decrease related to the depreciation of infrastructure assets.
- (\$1,041,046) decrease in capital assets due to a property sale.
- (\$51,475,433) increase in capital lease from COB Properties for the City Hall Building.
- (\$2,375,840) decrease in adjustment of LIFT & 2013 GO Bonds premiums.
- (\$226,786) increase in Public Works Trust Fund (PWTF) loan proceeds liability.

- (\$30,439) increase in compensated absences liability.
- (\$241,659) increase in long-term liabilities for other post-employment benefits.
- (\$384,872) increase in pollution remediation liability.
- (\$569,268) decrease in internal service funds. Internal service funds track and distribute (bill) the actual costs incurred in providing specified services to other City funds. The net expense of the City's internal service funds is reported with governmental activities.
- (\$1,159,214) increase in pension liability as result of implementation of GASB 68.





Bothell's ongoing emphasis on downtown revitalization continued throughout 2015. The City invested \$58,798,225 in capital infrastructure during 2015. At year-end, \$12,402,094 remained in construction in progress.

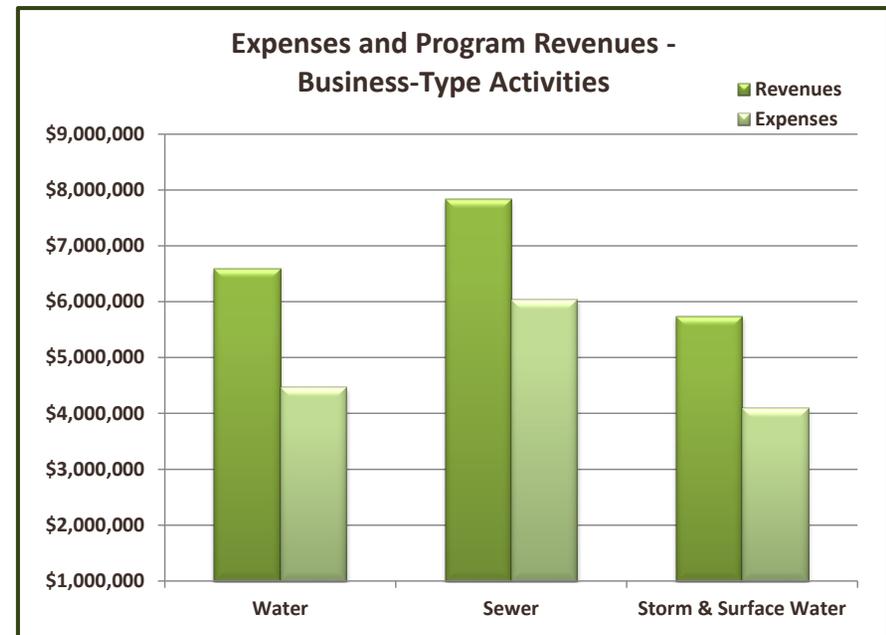
At December 31, 2015, the City's governmental funds reported a combined fund balance of \$20,767,182. Fund balance for Governmental funds increased by \$2,201,813, or 10.6%. The City's major governmental funds (General, Arterial Street and Capital Improvements) experienced a combination of the following: General Fund increased \$194,047 and Arterial Street Fund increased \$738,067 while Capital Improvements increased \$1,962,187 due to the sale of property. Other Governmental Funds decreased by \$692,488 as a result of the lack of dedicated revenue streams in the Street Fund.

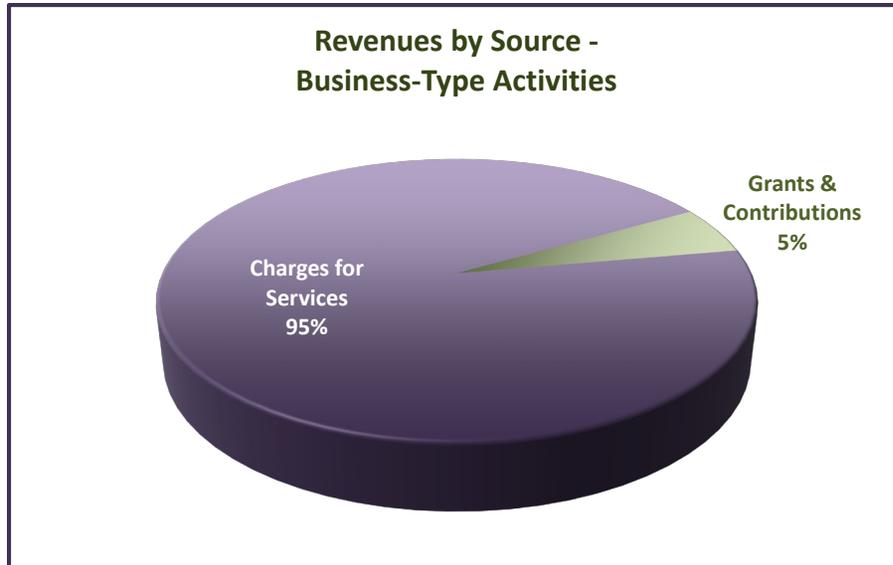
Business-Type Activities. Business-type activities increased the City's net position by \$5,544,200. Business-type activities account for 6.5% of the City's net position. The key components of this increase were reduced expenses and increased program revenues.

In 2015, the overall net position of the City decreased (4.3%).

**Financial Analysis of the Governmental Funds**

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





The General Fund is the chief operating fund of the City. The unrestricted fund balance in the General Fund amounted to \$3,092,805. This figure includes approximately \$1.7 million assigned for future capital investment. (See Basic Financial Statements)

In 2015, the General Fund revenues, excluding transfers, exceeded expenditures by \$596,247. The following table reflects fund balance variances for the General Fund between 2015 and 2014:

	2014	2015	Variance Increase/ (Decrease)	% Variance
Revenue & Other Financing Sources	\$39,861,084	\$42,373,910	\$2,512,826	5.93%
Expenditures & Other Financing Uses	39,860,338	42,179,862	2,319,525	5.50%
<b>Revenue Over (Under) Expenditures</b>	<b>747</b>	<b>194,048</b>	<b>4,832,351</b>	
Beginning Fund Balance	3,787,810	3,788,557	747	
Prior Year Adjustment				
<b>Ending Fund Balance</b>	<b>\$3,788,557</b>	<b>\$3,982,604</b>	<b>\$194,047</b>	

**General Fund Budgetary Highlights:** Generally, budget amendments fall into one of four categories: 1) amendments made to adjust original estimates once more precise data is available; 2) amendments made to recognize new funding sources; 3) allocation of transfers in accordance with fiscal policy; and 4) increases in appropriations necessary to maintain services.

During the 2015 fiscal year, the Council modified the City’s adopted budget on one occasion. The 2015 budget amendment was adopted by ordinance on December 1, 2015. The net impact on the General Fund was an increase in unrestricted fund balance of \$15,400.

## Management's Discussion and Analysis

## City of Bothell

For 2015, General Fund inflows exceeded outflows by \$596,247. Total General Fund outflows for 2015 were \$42,179,862.

### Significant differences between the General Fund's authorized 2015 budget and actual inflows and outflows were required as follows:

- Retail sales tax finished \$697,847 less than projected.
- Construction sales tax receipts were \$155,117 more than projected.
- Utility taxes were \$111,892 below projections.
- State-shared marijuana revenue added \$43,360. Monies are restricted for enforcement purposes.
- Salary and benefit expenditures were under projection by \$140,147.
- Maintenance and operating expenditures were behind projections by \$187,502.

- Capital expenditures were \$43,310 more than projected.
- Transfers out increased \$90,000 to cover a GO bond shortfall. The shortfall is being recouped from 2016-2017 property tax receipts.

Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net positions are as follows: Water \$2,483,239; Sewer \$3,536,054; and Storm Drain \$1,432,609.

The overall change in net position for each proprietary fund is as follows: Water increased \$2,127,134; Sewer increased \$1,783,697; and Storm Drain increased \$1,633,369. Other factors concerning the finances of these funds were addressed in the discussion of the City's business-type activities.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land and land improvements	\$61,636,704	\$65,301,598	\$285,302	\$285,302	\$61,922,006	\$65,586,900
Infrastructure rights-of-way	80,168,617	80,404,957	1,801,787	1,875,208	81,970,404	82,280,165
Buildings	15,864,434	14,538,351	7,695,899	7,523,096	23,560,333	22,061,447
Capital lease - City Hall		50,960,679				50,960,679
Improvements	48,369,978	49,210,718	25,254,649	25,245,100	73,624,626	74,455,818
Infrastructure	525,907,643	494,913,420			525,907,643	494,913,420
Vehicles	2,781,119	3,393,731	41,962	32,637	2,823,081	3,426,367
Machinery & equipment	894,547	829,362	561,766	530,465	1,456,314	1,359,826
Construction in progress	15,509,602	12,402,095	9,116,175	16,964,742	24,625,777	29,366,837
Intangible asset	4,700,000	4,543,333			4,700,000	4,543,333
<b>Total</b>	<b>\$755,832,646</b>	<b>\$776,498,243</b>	<b>\$44,757,539</b>	<b>\$52,456,550</b>	<b>\$800,590,185</b>	<b>\$828,954,793</b>

**City of Bothell’s Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
General obligation debt	\$39,375,000	\$38,355,000			\$39,375,000	\$38,355,000
Capital lease		51,475,433				51,475,433
LIFT & 2013 GO bond premium		2,375,840				2,375,840
Utility revenue bonds			18,355,000	17,835,000	18,355,000	17,835,000
Utility revenue bonds premium			1,265,629	1,186,527	1,265,629	1,186,527
Other liabilities	11,512,648	22,652,389	1,132,391	2,257,395	12,645,039	24,909,784
<b>Total</b>	<b>\$50,887,648</b>	<b>\$114,858,662</b>	<b>\$20,753,020</b>	<b>\$21,278,922</b>	<b>\$71,640,668</b>	<b>\$136,137,584</b>

**Capital Assets and Debt Administration**

Capital Assets. The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2015 totaled \$828,954,793 (net of accumulated depreciation). These assets include bridges, rights-of-way, buildings, streets and sidewalks, land, machinery and equipment, vehicles, construction in progress and intangible assets.

Additional information on the City’s capital assets can be found in the Financial Section Note 6 of the Basic Financial Statements.

Long-Term Debt. As of December 31, 2015, the City had total liabilities outstanding of \$136,137,584.

Washington State statutes limit the amount of general obligation debt issued by a unit of government to 7.5% of the total assessed value of taxable property located within that government’s boundaries. The legal debt capacity for the City of Bothell is \$573,840,301 as of January 1, 2016. The City had \$1,360,000 in voter approved bonds outstanding at December 31, 2015. Additional information regarding the City’s long-term debt is located in the Financial Section, Note 13.

**Economic Factors and Next Year’s Budget and Rates**

- Puget Sound employment growth accelerated to a 5.0% annual rate between December 2015 and March 2016. Except for aerospace, which lost 1,700 jobs, the expansion was broad-based.
- Bothell’s housing market remains strong as demand is greater than inventory.
- City fees increase annually on January 1 of each year, in line with the previous year’s June-to-June Consumer Price Index (CPI), which is published by the Bureau of Labor
- Statistics. Based on the 2015 CPI, City fees increased 1.1% for 2016.
- City Council approved a 1% property tax increase for 2015. A 1% property tax increase amounts to approximately \$100,000 per year for the City.

**Biennial Budget Highlights for the Period Ending December 31, 2015**

**Governmental Activities:**

The 2015-2016 budget includes \$1.2 million that is anticipated to be added to the City’s operating reserve during the biennium.

An additional \$960,000 in one-time monies would also be needed to reinstate the 15% post-Great Recession reserve goal. Fund balance in the City's General Fund amounted to 9.5% of expenditures at December 31, 2015.

Total capital outlay expenditures in governmental funds amounted to \$7,382,928 during 2015. The biennial budget includes \$58,222,000 in adopted Capital Facilities Plan (CFP) investments.

The 2015-2016 Street Fund budget was sufficiently funded by utilizing King County road taxes that Bothell received in 2014 in lieu of property tax, as well as a subsidy from the General Fund. The King County monies are one-time funds and therefore are not available to help balance any future budgets. In 2016, the City is seeking a sustainable solution for the Street Fund in the ensuing 2017-2018 biennium.

**Business-Type Activities:**

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

In 2015, Council approved the following utility rate increases to pay for utility expenses and capital projects identified in the City's 2015-2021 Capital Facilities Plan: 4.0% increase in water, 3.0% increase in sewer and a 6.5-11.5% increase in storm & surface water. These rate adjustments took effect on January 1, 2015.

**Requests for Information**

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

The City of Bothell  
Finance Director  
18305 101st Avenue NE  
Bothell, WA 98011

# Basic Financial Statements



**Basic Financial Statements**

**City of Bothell**

Statement of Net Position  
December 31, 2015

	<b>Governmental Activities</b>	<b>Primary Government Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$2,596,841	\$967,524	\$3,564,365
Investments	18,789,842	7,501,650	26,291,493
Receivables (net)	7,238,779	2,504,448	9,743,226
Taxes receivable	173,693		173,693
Reserved assets:			
Deposit held in trust	6,273,141		6,273,141
Investment		7,490,780	7,490,780
Capital assets:			
Non-depreciable	158,108,650	19,125,253	177,233,902
Depreciable, net	618,389,594	33,331,297	651,720,891
Net pension asset	5,036,331		5,036,331
<b>Total assets</b>	<b>816,606,870</b>	<b>70,920,951</b>	<b>887,527,821</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension	2,033,742	232,945	2,266,687
<b>Total deferred outflows of resources</b>	<b>2,033,742</b>	<b>232,945</b>	<b>2,266,687</b>
<b>LIABILITIES</b>			
Accounts payable	5,894,233	1,547,422	7,441,655
Unearned revenue	5,945,867		5,945,867
Long-term liabilities (see Note 13)			
Due within one year	5,532,140	984,831	6,516,971
Due in more than one year	98,636,482	19,195,790	117,832,272
Net pension liability	10,690,040	1,098,301	11,788,341
<b>Total liabilities</b>	<b>126,698,763</b>	<b>22,826,344</b>	<b>149,525,107</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension	2,988,623	293,196	3,281,819
<b>Total deferred inflows of resources</b>	<b>2,988,623</b>	<b>293,196</b>	<b>3,281,819</b>
<b>NET POSITION</b>			
Net investment in capital assets	677,138,001	39,266,084	716,404,086
Restricted for:			
Net pension asset	5,036,331		5,036,331
Transportation	4,806,348		4,806,348
Parks & Recreation	2,276,142		2,276,142
Capital projects	9,307,244		9,307,244
Street maintenance	283,264		283,264
Drug forfeitures	27,170		27,170
Debt service	396	1,316,369	1,316,765
Cemetery (permanently restricted)	16,321		16,321
Other purpose	867,549		867,549
Unrestricted (deficit)	(10,805,540)	7,451,903	(3,353,637)
<b>Total net position</b>	<b>\$688,953,226</b>	<b>\$48,034,356</b>	<b>\$736,987,583</b>

The accompanying notes are an integral part of this statement 1

Statement of Activities  
For the Year Ended December 31, 2015

Functions/program	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary government:							
Government activities:							
General government	\$12,868,567	\$7,083,683	\$169,659		(\$5,615,225)		(\$5,615,225)
Security of persons and property	23,376,244	4,456,563	90,912		(18,828,769)		(18,828,769)
Physical environment	2,548,539	933,754	74,896	240,429	(1,299,460)		(1,299,460)
Transportation	42,686,251	1,375,389		4,211,143	(37,099,719)		(37,099,719)
Economic environment	4,067,230	3,924,331			(142,898)		(142,898)
Culture and recreation	2,205,709	354,039	29,270		(1,822,400)		(1,822,400)
Interest and fiscal charges	2,756,555				(2,756,555)		(2,756,555)
<b>Total governmental activities</b>	<b>90,509,095</b>	<b>18,127,759</b>	<b>364,737</b>	<b>4,451,573</b>	<b>(67,565,026)</b>		<b>(67,565,026)</b>
Business-type activities:							
Water	4,471,061	6,053,287		536,145		2,118,371	2,118,371
Sewer	6,045,555	7,556,241		288,065		1,798,751	1,798,751
Storm & surface water	4,099,932	5,462,436		281,444		1,643,948	1,643,947.79
<b>Total business-type activities</b>	<b>14,616,548</b>	<b>19,071,965</b>		<b>1,105,654</b>		<b>5,561,070</b>	<b>5,561,070</b>
<b>Total primary government</b>	<b>\$105,125,643</b>	<b>\$37,199,724</b>	<b>\$364,737</b>	<b>\$5,557,227</b>	<b>(67,565,026)</b>	<b>\$5,561,070</b>	<b>(62,003,955)</b>
General Revenues:							
Property tax					\$12,402,051		\$12,402,051
Excise tax					17,053,937		17,053,937
Business tax					7,686,370		7,686,370
Interest and investment earnings					441,188	20,233	461,420
Miscellaneous					438,912		438,912
Transfers					37,103	(37,103)	
Total general revenues and transfers					38,059,561	(16,870)	38,042,691
Change in net position					(29,505,465)	5,544,200	(23,961,265)
Net position - beginning					726,229,202	43,669,728	769,898,930
Changes in Accounting Principles-GASB 68					(7,770,511)	(1,179,572)	(8,950,083)
<b>Net position - ending</b>					<b>\$688,953,226</b>	<b>\$48,034,356</b>	<b>\$736,987,583</b>

The accompanying notes are an integral part of this statement 2

**Basic Financial Statements**

**City of Bothell**

Balance Sheet  
 Governmental Funds  
 For the Year Ended December 31, 2015

	<u>General</u>	<u>Special Revenue Fund Arterial Street</u>	<u>Capital Projects Fund Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Current cash & cash equivalents	\$352,135	\$7,905	\$792,782	\$1,070,864	\$2,223,686
Investments	2,215,895	4,895,582	7,178,365	2,000,000	16,289,842
Receivables (net of allowances)					
Taxes	163,693			9,999	173,693
Accounts receivable	1,583,401		1,006,855	3,030	2,593,286
Due from other governmental units	3,023,594		1,410,860	161,981	4,596,434
<b>TOTAL ASSETS</b>	<b><u>\$7,338,719</u></b>	<b><u>\$4,903,487</u></b>	<b><u>\$10,388,861</u></b>	<b><u>\$3,245,874</u></b>	<b><u>\$25,876,941</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities					
Accounts payable	\$418,334		\$1,081,617	\$521,380	\$2,021,332
Deposits payable	724,454				724,454
Payroll payable	1,585,501			43,509	1,629,010
Total liabilities	<u>2,728,289</u>		<u>1,081,617</u>	<u>564,889</u>	<u>4,374,795</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	627,826	97,139		9,999	734,964
Total deferred inflows of resources	<u>627,826</u>	<u>97,139</u>		<u>9,999</u>	<u>734,964</u>
Fund balances					
Restricted	867,549		9,307,244	2,603,293	12,778,087
Committed	22,250	4,806,348		67,692	4,896,290
Assigned	1,711,130				1,711,130
Unassigned	1,381,675				1,381,675
Total fund balances	<u>3,982,604</u>	<u>4,806,348</u>	<u>9,307,244</u>	<u>2,670,985</u>	<u>20,767,182</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$7,338,719</u></b>	<b><u>\$4,903,487</u></b>	<b><u>\$10,388,861</u></b>	<b><u>\$3,245,874</u></b>	<b><u>\$25,876,941</u></b>

The accompanying notes are an integral part of this statement 3

Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position  
December 31, 2015

Total fund balances for the governmental funds \$20,767,182

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

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

Non-depreciable assets	158,108,650	
Depreciable assets (net)	618,389,594	
Unavailable revenue	734,964	
Pension assets	5,036,331	
Deferred outflows - pension	<u>2,033,742</u>	784,303,281

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position are: 1,730,050

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

Compensated absences	(1,894,153)	
Other post-employment benefits payable	(2,150,355)	
Pollution remediation liability	(763,872)	
Pension liability	(10,690,040)	
Bonds and loan payable	(99,360,242)	
Deferred inflows - pension	<u>(2,988,623)</u>	(117,847,286)

**Total net position of governmental activities \$688,953,226**

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended December 31, 2015

	General	Special Revenue Fund Arterial Street	Capital Projects Fund Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$30,215,808		\$4,512,064	\$1,793,577	\$36,521,449
Licenses and permits	2,864,382		447,216	93,199	3,404,797
Intergovernmental revenues	1,434,984		3,838,073	953,355	6,226,412
Charges for services	7,028,601	1,851,238		242,158	9,121,997
Fines and forfeitures	349,365			28,598	377,964
Interest earnings	108,599	3,014	1,955		113,568
Contributions	35,367		13,903		49,271
Other revenue	336,803	6,390	98,976	1,185	443,354
Total revenue	<u>42,373,910</u>	<u>1,860,641</u>	<u>8,912,188</u>	<u>3,112,073</u>	<u>56,258,812</u>
<b>EXPENDITURES</b>					
Current					
General government	9,024,948				9,024,948
Security of persons and property	23,678,130			17,644	23,695,773
Transportation	3,593,440			2,366,660	5,960,100
Physical environment	20,455				20,455
Economic environment	3,696,718				3,696,718
Culture and recreation	1,720,662				1,720,662
Other expenditures				1,959	1,959
Debt service:					
Debt service - principal			440,527	1,020,000	1,460,527
Debt Issue costs			1,577		1,577
Debt service - interest			44,021	1,723,398	1,767,419
Capital outlay	43,310		58,798,225	16,826	58,858,361
Total expenditures	<u>41,777,662</u>	<u>1,860,641</u>	<u>59,284,351</u>	<u>5,146,486</u>	<u>106,208,500</u>
Excess (deficiency) of revenue over expenditures	<u>596,247</u>	<u>1,860,641</u>	<u>(50,372,163)</u>	<u>(2,034,413)</u>	<u>(49,949,688)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sales of capital assets			761,483		761,483
Capital lease			51,475,433		51,475,433
Loan			226,786		226,786
Transfer in		7,621	1,191,018	1,410,369	2,609,009
Transfer out	(402,200)	(1,130,196)	(1,320,369)	(68,443)	(2,921,209)
Total other financing sources	<u>(402,200)</u>	<u>(1,122,575)</u>	<u>52,334,350</u>	<u>1,341,926</u>	<u>52,151,501</u>
Net change in fund balances	194,047	738,067	1,962,187	(692,488)	2,201,813
FUND BALANCES - JANUARY 1, 2015	3,788,557	4,068,281	7,345,058	3,363,473	18,565,368
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<b><u>\$3,982,604</u></b>	<b><u>\$4,806,348</u></b>	<b><u>\$9,307,244</u></b>	<b><u>\$2,670,985</u></b>	<b><u>\$20,767,182</u></b>

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, 2015

Net change in fund balances - total governmental funds \$2,201,813

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

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

Unavailable revenue	734,964
Donated capital assets	613,500
Expenditures for capital assets	58,858,361
Capital asset adjustments	3,054,215
Sales of capital assets	(1,041,046)
Depreciation	(41,242,716)

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

Principal payments	1,460,527
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Bond and loan proceeds are the other financing sources in governmental funds, but increase long-term liabilities in the statement of position.

Capital lease	(51,475,433)
Loan proceeds	(226,786)
LIFT bonds premium	(1,966,128)
2013 GO bonds premium	(409,713)

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

Change in compensated absences payable	(30,439)
Change in other post-employment benefits payable	(241,659)
Change in pollution remediation liability	(384,872)

Pension liabilities	1,159,214
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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.

	(569,268)
<b>Change in net position of governmental activities</b>	<b><u><u>(\$29,505,465)</u></u></b>

Statement of Net Position  
 Proprietary Funds  
 December 31, 2015

	Business-Type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Water	Sewer	Storm & Surface Water		
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$338,635	\$549,715	\$79,174	\$967,524	\$373,155
Investments	2,000,850	2,500,327	3,000,474	7,501,650	2,500,000
Accounts receivable	769,269	1,446,922	78,297	2,294,488	49,058
Due from other governments	38,466	27,460	144,034	209,960	
Reserved assets:					
Deposit held in trust					6,273,141
Investments-revenue bonds	3,748,414	1,191,014	1,234,982	6,174,411	
Investment-revenue bond reserve	109,785	292,497	914,086	1,316,369	
Total current assets	<u>7,005,420</u>	<u>6,007,935</u>	<u>5,451,047</u>	<u>18,464,402</u>	<u>9,195,355</u>
Non-current assets					
Capital assets, net of depreciation					
Land	122,175	163,126		285,302	
Right of way			1,875,208	1,875,208	
Buildings	2,376,780	3,094,662	2,051,654	7,523,096	
Improvements other than buildings	10,075,311	6,964,628	8,205,162	25,245,100	1,093,124
Equipment	8,100	467,933	54,431	530,465	286,905
Vehicles			32,637	32,637	3,366,609
Construction in progress	1,642,208	1,246,492	14,076,042	16,964,742	
Total non-current assets	<u>14,224,574</u>	<u>11,936,842</u>	<u>26,295,134</u>	<u>52,456,550</u>	<u>4,746,638</u>
Total assets	<u>21,229,993</u>	<u>17,944,777</u>	<u>31,746,181</u>	<u>70,920,951</u>	<u>13,941,992</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows - pension	53,578	55,906	123,461	232,945	29,991
Total deferred outflows of resources	<u>53,578</u>	<u>55,906</u>	<u>123,461</u>	<u>232,945</u>	<u>29,991</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	347,170	402,183	609,082	1,358,435	1,333,073
Payroll payable	43,736	44,371	100,881	188,988	21,985
Compensated absences	31,824	31,265	71,286	134,376	33,096
Advance payable-HEDC					1,000
Interest payable					163,380
Current portion of loans payable	112,599		40,407	153,006	
Current portion of revenue bonds payable	135,000	60,000	440,000	635,000	
Total current liabilities	<u>670,328</u>	<u>537,819</u>	<u>1,261,656</u>	<u>2,469,804</u>	<u>1,552,534</u>
Non-current liabilities					
Loans payable	225,197		646,515	871,712	
Revenue Bonds Payable, net-unspent	3,723,200	1,423,511	1,709,069	6,855,780	
Revenue Bonds Payable-spent	152,017	319,862	11,058,868	11,530,747	
Unearned revenue					5,945,867
Pension Liabilities	252,609	263,592	582,100	1,098,301	141,405
Total non-current liabilities	<u>4,353,023</u>	<u>2,006,965</u>	<u>13,996,552</u>	<u>20,356,540</u>	<u>6,087,272</u>
Total liabilities	<u>5,023,351</u>	<u>2,544,784</u>	<u>15,258,209</u>	<u>22,826,344</u>	<u>7,639,806</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows - pension	67,435	70,367	155,394	293,196	37,748
Total deferred inflows of resources	<u>67,435</u>	<u>70,367</u>	<u>155,394</u>	<u>293,196</u>	<u>37,748</u>
Net investment in capital assets	13,599,761	11,556,980	14,109,344	39,266,084	4,746,638
Restricted for debt service	109,785	292,497	914,086	1,316,369	
Unrestricted	2,483,239	3,536,054	1,432,609	7,451,903	1,547,791
<b>Total net position</b>	<b><u>\$16,192,786</u></b>	<b><u>\$15,385,531</u></b>	<b><u>\$16,456,039</u></b>	<b><u>\$48,034,356</u></b>	<b><u>\$6,294,429</u></b>

Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 For the Year Ended December 31, 2015

	Business-Type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Water	Sewer	Storm & Surface Water		
<b>OPERATING REVENUES</b>					
Charges for services	\$5,977,666	\$7,527,314	\$5,251,499	\$18,756,480	\$2,974,987
Intergovernmental revenues	2,092	1,467	210,082	213,641	
Other	73,529	27,460	854	101,844	56,645
Total operating revenue	<u>6,053,287</u>	<u>7,556,241</u>	<u>5,462,436</u>	<u>19,071,965</u>	<u>3,031,632</u>
<b>OPERATING EXPENSES</b>					
Administrative and general	474,468	424,053	1,699,648	2,598,169	1,727,989
Purchased water	1,641,659			1,641,659	
Metro service		3,765,300		3,765,300	
Maintenance and operations	910,920	802,464	1,389,482	3,102,865	414,981
Customer accounts	149,889	148,499		298,388	
Taxes	640,662	412,178	63,916	1,116,756	
Depreciation	502,592	426,861	461,142	1,390,595	797,612
Total operating expenses	<u>4,320,189</u>	<u>5,979,353</u>	<u>3,614,189</u>	<u>13,913,731</u>	<u>2,940,582</u>
OPERATING INCOME (LOSS)	<u>1,733,099</u>	<u>1,576,888</u>	<u>1,848,247</u>	<u>5,158,234</u>	<u>91,050</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	8,763	3,497	7,973	20,233	327,620
Gain (loss) on disposition of capital assets					(133,192)
Revenue bonds issuance cost	(247)	(117)	(811)	(1,175)	(463,898)
Revenue bonds interest	(150,626)	(66,084)	(484,933)	(701,643)	(740,151)
Revenue bonds principal					
Total non-operating revenue (expense)	<u>(142,109)</u>	<u>(62,705)</u>	<u>(477,770)</u>	<u>(682,585)</u>	<u>(1,009,621)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>1,590,989</b>	<b>1,514,183</b>	<b>1,370,477</b>	<b>4,475,649</b>	<b>(918,571)</b>
Transfers in					1,307,075
Transfers out		(18,551)	(18,551)	(37,103)	(957,772)
Capital contributions from developers	536,145	288,065	281,444	1,105,654	
CHANGE IN NET POSITION	<u>2,127,134</u>	<u>1,783,697</u>	<u>1,633,369</u>	<u>5,544,200</u>	<u>(569,268)</u>
NET POSITION - BEGINNING	14,336,953	13,884,932	15,447,843	43,669,728	7,015,566
Restatement per GASB 68 implementation	<u>(271,302)</u>	<u>(283,097)</u>	<u>(625,173)</u>	<u>(1,179,572)</u>	<u>(151,869)</u>
<b>NET POSITION - ENDING</b>	<b><u>\$16,192,786</u></b>	<b><u>\$15,385,531</u></b>	<b><u>\$16,456,039</u></b>	<b><u>\$48,034,356</u></b>	<b><u>\$6,294,429</u></b>

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2015

	Business-Type Activities Enterprise Funds			Governmental Activities	
	Water	Sewer	Storm & Surface Water	Internal Service Funds	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$5,804,134	\$7,407,207	\$5,897,870	\$19,109,211	\$3,026,927
Cash paid to employees	(890,546)	(919,691)	(1,999,585)	(3,809,821)	(650,889)
Cash paid to suppliers for goods and services	(2,352,272)	(4,321,666)	(1,401,873)	(8,075,811)	(1,218,523)
Cash paid for taxes	(640,662)	(412,178)	(63,916)	(1,116,756)	
Net cash provided by operating activities	<u>1,920,655</u>	<u>1,753,672</u>	<u>2,432,496</u>	<u>6,106,823</u>	<u>1,157,516</u>
<b>CASH FLOW FROM NON-CAPITAL ACTIVITIES</b>					
Transfers out		(18,551)	(18,551)	(37,103)	(957,772)
Transfers in				-	1,307,075
Pension	(4,836)	(5,044)	(11,140)	(21,020)	(2,707)
Net cash provided from non-capital activities	<u>(4,836)</u>	<u>(23,595)</u>	<u>(29,691)</u>	<u>(58,123)</u>	<u>346,596</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	(1,218,552)	(332,222)	(6,433,178)	(7,983,952)	(1,220,896)
Construction in progress					723,159
Construction retainage payable					(81,176)
Interest paid on capital debt	(150,626)	(66,084)	(484,933)	(701,643)	
Advances payable					1,000
Disposal of capital assets					(133,192)
Proceeds from PWTF loan			154,235	154,235	
Paid on revenue bond	(110,000)	(50,000)	(360,000)	(520,000)	
Paid on capital debt	(112,599)		(31,335)	(143,933)	
Debt interest payable	(20,976)	(9,295)	(67,557)	(97,829)	(671,658)
Revenue bond issuance cost	(247)	(117)	(811)	(1,175)	(126,261)
Net cash (used) by capital and related activities	<u>(1,612,999)</u>	<u>(457,719)</u>	<u>(7,223,578)</u>	<u>(9,294,296)</u>	<u>(1,509,025)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investments	(848,261)	(1,350,591)	3,851,677	1,652,825	208,282
Interest and dividends	8,763	3,497	7,973	20,233	242
Net cash provided by investing activities	<u>(839,498)</u>	<u>(1,347,095)</u>	<u>3,859,650</u>	<u>1,673,058</u>	<u>208,524</u>
Net increase (decrease) in cash and cash equivalents	<u>(536,678)</u>	<u>(74,737)</u>	<u>(961,123)</u>	<u>(1,572,538)</u>	<u>203,611</u>
Balances - January 1	875,313	624,452	1,040,297	2,540,062	169,544
<b>Balances - December 31</b>	<u><b>\$338,635</b></u>	<u><b>\$549,715</b></u>	<u><b>\$79,174</b></u>	<u><b>\$967,524</b></u>	<u><b>\$373,155</b></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$1,733,099	\$1,576,888	\$1,848,247	\$5,158,234	\$91,050
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	502,592	426,861	461,142	1,390,595	797,612
Adjust beginning accumulated depreciation					
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(210,687)	(121,574)	(78,297)	(410,558)	(6,204)
Decrease (increase) in due from other governments	(38,466)	(27,460)	513,730	447,804	1,500
Increase (decrease) in non-capital accounts payable	(73,127)	(106,747)	(336,509)	(516,383)	266,270
Increase (decrease) in compensated absences payable	2,243	1,205	12,952	16,401	6,473
Increase (decrease) in payroll payable	5,001	4,500	11,229	20,730	815
<b>Net cash provided by operating activities</b>	<u><b>\$1,920,655</b></u>	<u><b>\$1,753,672</b></u>	<u><b>\$2,432,496</b></u>	<u><b>\$6,106,823</b></u>	<u><b>\$1,157,516</b></u>
Noncash investing, capital and financing activities increase (decrease) in fair value of investments					
Capital contributions from developers	536,145	288,065	281,444	1,105,654	

**Basic Financial Statements**

City of Bothell

Statement of Net Position  
Fiduciary Funds  
December 31, 2015

	<u>Pension Trust</u>	<u>Agency</u>
	<u>Firemen's Pension</u>	
	<u>Reserve</u>	<u>Trust</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$28,414	\$65,553
Investment	300,000	200,000
Total assets	<u>328,414</u>	<u>265,553</u>
<b>LIABILITIES</b>		
Accounts payable		265,553
Total liabilities		<u>265,553</u>
<b>NET POSITION</b>		
Held in trust for pension benefits	<u><u>\$328,414</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of this statement 10

**Basic Financial Statements**

City of Bothell

Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2015

	<u>Pension Trust</u> <u>Firemen's Pension</u> <u>Reserve</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$56,524
Total additions	<u>56,524</u>
<b>DEDUCTIONS</b>	
Benefits	45,554
Total deductions	<u>45,554</u>
Change in net position	10,970
Net position - beginning	<u>317,444</u>
<b>Net position - ending</b>	<b><u><u>\$328,414</u></u></b>

The accompanying notes are an integral part of this statement 11

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**January 1, 2015 through December 31, 2015**

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

**NOTE 1  
Summary of Significant Accounting Policies**

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

The accounting and reporting policies of the City conform to Generally Accepted Accounting Principles (GAAP) and are regulated by the Washington State Auditor’s Office.

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

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

In 2015, the City adopted GASB Statement 68, Accounting and Financial Reporting for Pension Plans, for the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans’ fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are

recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. (Refer to Note 7)

**REPORTING ENTITY**

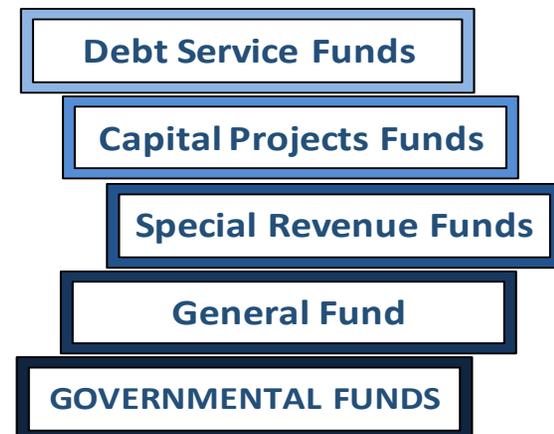
As required by GAAP, the City’s financial statements present the City of Bothell, the primary government, and its component unit, for which the City is considered to be financially accountable. The City has one blended component unit, COB Properties. Although a legally separate entity, the blended component unit is, in substance, part of the City’s operations. (Refer to Note 17)

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that are comprised of its assets, liabilities, reserves, net position, revenues, and expenditures/expenses.

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

The City uses the following fund types:

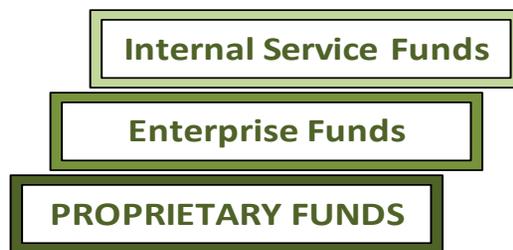


**Governmental Funds:**

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

The following is a description of the governmental funds of the City:

- The General Fund is the City’s general operating fund. It is used to account for all financial resources except those required to be accounted for in other funds.
- Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.
- Capital project funds are used to account for financial resources that are restricted, committed, or assigned for capital outlays (other than those financed by business-type/proprietary funds).
- Debt service funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for principle and interest for debt.



**Proprietary Funds:**

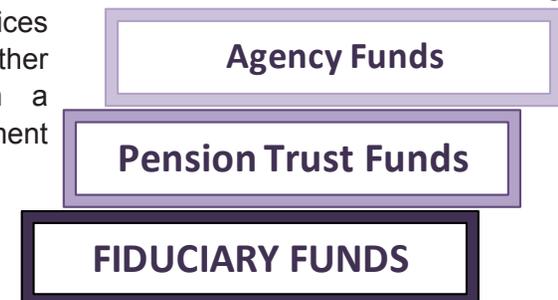
Proprietary fund measurement focuses on determining operating income, changes in net position, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses

generally result from providing services, and from producing and delivering goods in connection with a proprietary fund’s principle ongoing operation. The principal operating revenues of the City’s Water, Sewer, and Storm & Surface Water Funds are derived from charges to customers for sales and services.

The Water, Sewer, and Storm & Surface Water Funds also recognize fees (operating revenue) intended to recover the cost of connecting new customers to the City’s utility systems. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overhead, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

- Enterprise funds are required to be used (to account for operations) where a fee is charged to external users for goods or services and where the activity (a) is financed with debt that is solely secured by a pledge of the revenues; (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and/ or charges; or (c) establishes fees and/ or charges based on a pricing policy designed to recover similar costs.
- Internal service funds are used to account for the financing of goods or services provided to other City funds on a cost-reimbursement basis.



**Fiduciary Funds:**

Fiduciary funds are used to report assets held in an agency capacity for others, and therefore are not available to support City programs. The reporting focus is on net position, using accounting principles similar to proprietary funds.

**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

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

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The components of the City's net position are: net investment in capital assets, restricted net position, and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities. Fiduciary funds are excluded from government-wide statements.

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

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

Program revenues are reported in three categories:

- 1) Charges for services;
- 2) program-specific operating grants and contributions; and
- 3) program-specific capital grants and contributions.

Taxes and other items not included among program revenues are reported as general revenues. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Internal service funds are presented as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements for internal service funds are consolidated into the governmental column when presented at the governmental level.

These services are reflected in the appropriate functional activity. Internal service funds account for services provided to other departments on a cost reimbursement basis. Internal fund activity is eliminated from the government-wide financial statements.

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

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities. Classification of major and non-major funds is determined annually based on the criteria prescribed in GASB Statement 34.

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

## **MAJOR FUNDS**

### **Governmental Activities**

#### **General Fund**

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

#### **Arterial Street Fund**

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

#### **Capital Improvement Fund**

The Capital Improvement Fund accounts for special revenue dedicated to capital projects. The main sources of revenue are real estate excise taxes, mitigation fees, and grants.

## **Business-Type Activities**

### **Water Fund**

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

### **Sewer Fund**

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

All activities necessary to provide service are accounted for in this fund, including administration, maintenance, financing and related debt service, and billing and collection. Funding for these activities is provided for by charges to residential and commercial customers, permit fees, interest earnings, and rentals. Sewer system construction was financed originally by a local improvement district, contributed capital, and revenue bonds.

### **Storm & Surface Water Fund**

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

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

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

## **NON-MAJOR FUNDS**

### **Other Governmental Funds**

#### **Street Fund**

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

#### **Park Cumulative Reserve Fund**

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

#### **Drug Forfeiture Fund**

This fund accounts for monies seized from drug policing activities.

#### **Cemetery Endowment Fund**

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

### **General Obligation (GO) Bond Funds**

GO Bond Funds are created to provide for the retirement of general purpose bonds issued for City facilities and various capital projects. When capital expenditures are funded by debt authorized by voter approval, the revenues generated to retire these debts come from property taxes. Debt issued that is not guaranteed by property tax revenue depends on other sources of general City revenue in order to retire debt.

### **Internal Service Funds**

#### **Equipment Rental Fund**

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

#### **Self Insurance Fund**

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

#### **Asset Replacement Fund**

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

#### **COB Properties Fund**

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

#### **Fiduciary Funds**

Fiduciary funds account for assets held by a government in a trustee capacity or as an agent for individuals, private

organizations, other governments, and/ or other funds. Such funds are classified as Private Purpose Trust, Pension Trust, Investment Trust, and Agency Funds. Trust funds use economic resources as their measurement focus. Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operations. Individual fund descriptions are as follows:

### **Firemen's Pension Reserve Fund**

This pension trust fund is used to account for monies accrued prior to the City's participation in the Washington Law Enforcement Officers and Fire Fighters Retirement System (LEOFF) pension system, and yearly receipts of the fire insurance premium tax.

Reserve resources are utilized to supplement annuity benefit payments for LEOFF I retirees (Refer to Note 7).

### **Agency Fund**

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

### **BASIS OF ACCOUNTING**

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

### **Accrual**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented using the

accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

### **Modified Accrual**

The governmental funds financial statements are presented using the modified accrual basis of accounting.

Revenues are recorded when susceptible to accrual, both measurable and available. "Available" means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period.

The City considers all revenue reported in the governmental funds to be available if the revenues are collected within 60 days after year-end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt (if any) is recognized when due.

### **ENCUMBRANCES**

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

Encumbrances outstanding at year-end lapse, except for the portion related to encumbered amounts. Encumbrances outstanding at year-end are reported as reservation of fund balances, and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year (Refer to Note 6).

**FINANCIAL STATEMENT ACCOUNTS****Cash and Cash Equivalents**

The City has defined cash and cash equivalents as cash on hand, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

These amounts are classified on the balance sheet or in the statement of net position within cash and cash equivalents or investments in the various funds. The interest on these investments is prorated to the applicable funds.

**Investments**

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

The reported value of the pool is the same as the fair value of the pool shares (Refer to Note 3).

**Receivables**

Taxes receivable consist of property taxes and related interest and penalties (Refer to Note 4). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year. Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for billings that have not yet been prepared.

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

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

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

**Inventories**

All City inventories are maintained on a consumption basis of accounting, where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Any material inventories at year-end are included in the balance sheet of the appropriate fund. Inventories are carried at cost on the first in, first out (FIFO) basis.

**Capital Assets and Depreciation**

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

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

### **Expenditures**

Expenditures are recognized when the related fund liability is incurred.

### **Custodial Accounts**

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

### **Compensated Absences**

The City accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately, and represents a reconciling item between the fund and government-wide presentations.

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

### **Other Post-Employment Benefits**

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

### **Interfund Activity**

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

### **Deferred Outflows/Inflows of Resources**

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

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

### **Long-Term Obligation**

In government-wide financial statements and proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

### Net Position Flow Assumption

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

### Flow Assumptions

When the option is available to use restricted or unrestricted resources for any purpose, the City expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the City expends committed resources before assigned resources, and assigned resources before unassigned resources. However, prior to the commencement of any project, the flow assumption is reviewed to ensure that the proper resources are being used.

### Fund Balance

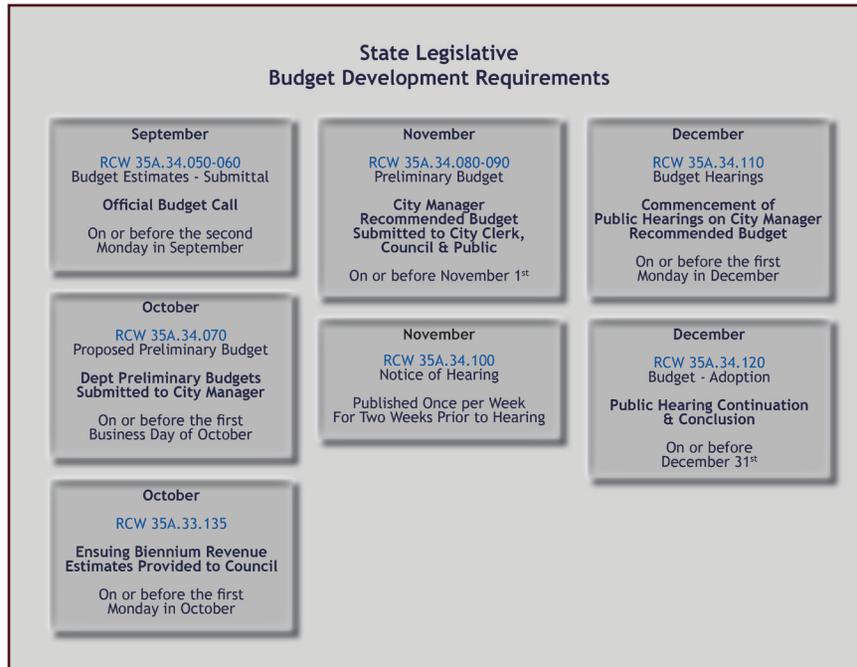
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either

a commitment (committed fund balance) or an assignment (assigned fund balance). Fund balance classifications from the most restrictive to no restrictions are as follows:

- **Nonspendable** - Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- **Restricted** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** - Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action (Resolution by City Council) to remove or change the constraint.
- **Assigned** - Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; the expression of intent does not have to be made prior to year-end.
- **Unassigned** - Amounts that are available for any purpose; these amounts are reported only in the General Fund.

### NOTE 2 Compliance and Accountability

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



**PROCEDURES FOR ADOPTING THE ORIGINAL BUDGET**

The City’s biennial budget procedures are mandated by the Revised Code of Washington, Chapter 35A.34. Steps in the budget process are as follows:

- 1) Prior to October 1, the City Manager submits a proposed operating budget to the Council or the fiscal year commencing the following January 1. The operating budget includes proposed expenditures/ expenses and the means of financing them.
- 2) A public hearing is conducted to obtain taxpayer comments.
- 3) During the month of December, the budget is legally enacted through the passage of an ordinance.
- 4) Revisions that alter any fund’s appropriation must be approved by the City Council.

**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.

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

**DEPOSITS**

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

**INVESTMENTS**

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

## 2015-2016 Final Budget Inflows and Outflows

Fund	Original Inflows	Original Outflows	Final Inflows	Final Outflows
General Fund	\$87,364,923	\$87,481,520	\$87,498,323	\$87,689,520
Street Fund	3,581,576	5,335,194	3,581,576	5,335,194
Arterial Street Fund	7,389,199	3,475,700	7,389,199	3,475,700
Park Cumulative Reserve Fund	86,000	363,000	86,000	363,000
Drug Seizure Fund	50,000	73,200	50,000	73,200
2008 GO Bond Redemption Fund	1,638,827	1,462,800	1,638,827	1,462,800
LIFT General Obligation Bond	3,323,700	3,323,700	3,323,700	3,323,700
2013 GO	1,420,330	1,420,330	1,420,330	1,420,330
Capital Improvements Fund	35,265,054	35,765,646	35,265,054	35,765,646
Combined Utility Systems	2,626,072	15,502,069	2,626,072	15,502,069
Water Fund	13,186,622	15,113,624	13,186,622	15,113,624
Sewer Fund	15,235,505	16,158,096	15,235,505	16,176,696
Storm & Surface Water Fund	23,338,065	22,371,630	23,338,065	22,390,230
Equipment Rental Fund	3,654,526	3,667,506	3,654,526	3,667,506
Self Insurance Fund	2,329,027	2,354,407	2,329,027	2,354,407
Asset Replacement Fund	2,365,368	5,555,863	2,402,568	5,555,863
Firemen's Pension Reserve Fund	122,000	95,000	122,000	95,000
<b>Total</b>	<b>\$202,976,794</b>	<b>\$219,519,285</b>	<b>\$203,147,394</b>	<b>\$219,764,485</b>

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

A 2a7-like-pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy

that it will (and does) operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The LGIP, managed by the Washington State Treasurer's Office, is comparable to a Rule 2a7-pool recognized by the SEC.

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

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

**Deposit and Investment Reconciliation**

Amounts reported in the fund statements are as follows:

<b>Government Funds</b>	<b>Amount</b>
Cash	\$2,223,686
Investments	16,289,842
<b>Proprietary Funds</b>	<b>Amount</b>
Cash & cash equivalents	\$1,323,011
Investments	17,492,430
<b>Fiduciary Funds</b>	<b>Amount</b>
Cash & cash equivalents	\$93,967
Investments	500,000
<b>Total</b>	<b>\$37,922,936</b>

Cash, deposits, and investments are as follows:

Cash on hand	\$7,250
Checking accounts	3,633,414
State or local government	\$15,839,247
State investment pool	18,443,025
<b>Total</b>	<b>\$37,922,936</b>

**In Proprietary Funds, COB Cash balance \$17,668 is excluded.**

**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.

**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.

As of December 31, 2015, The City had the following investments and maturities.

## City of Bothell Investments Portfolio as of December 31, 2015

Cash and Investment Type	Fair Value	0-1 year	1-2 years	2-3 years	3+ years	Credit Ratings
BNY Mellon Bank bond	\$1,010,616	\$1,010,616				Aa3/A
WA St Ref-Var Purp-Ser R-A bond	283,150	283,150				Aa2/AA
Fanniemae Strips	293,192	293,192				Aaa/AA+
Wells Fargo bond	2,033,600	2,033,600				Aa3/A
JP Morgan bond	2,402,498	2,402,498				A1/A-
Honolulu City & County HI SER A bond	254,378	254,378				Aa1/AA
Monroe WA bond	641,933	641,933				AA-
Union Bank NA bond	1,002,446	1,002,446				A2/A+
Bank of America bond	998,084	998,084				A1/A
Fanniemae Strips	264,196	264,196				Aaa/AA+
Bank of America bond	999,064		999,064			Aaa/AA+
Bank of America bond	999,064		999,064			Aaa/AA+
City of Seattle Ltd Tax Gen Obl. bond	129,420		129,420			Aa1/AAA
Massachusetts bond	542,602		542,602			Aa1/AA+
US Bank NA Cincinnati bond	996,582			996,582		A1/AA-
PNC Bank NA bond	998,045			998,045		A2/A
Rhode Island St Providence bond	455,560			455,560		Aa2/AA
Union Bank NA bond	374,319				374,319	A2/A+
Texas bond	175,539				175,539	Aaa/AAA
Seattle Go bond	984,960				984,960	Aa1/AAA
<b>Total Investments</b>	<b>\$15,839,247</b>	<b>\$9,184,092</b>	<b>\$2,670,150</b>	<b>\$2,450,187</b>	<b>\$1,534,818</b>	
<b>State Pool</b>	<b>\$18,443,025</b>	<b>\$18,443,025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
<b>Total Investments</b>	<b>\$34,282,272</b>	<b>\$27,627,117</b>	<b>\$2,670,150</b>	<b>\$2,450,187</b>	<b>\$1,534,818</b>	
<b>Percentage Total</b>	<b>100%</b>	<b>80.59%</b>	<b>7.79%</b>	<b>7.15%</b>	<b>4.48%</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:

Washington State law (RCW 84.55.010) limits the growth of regular property taxes to 1% per year, after adjustments for new construction. If the assessed valuation increases by more than 1% due to revaluation, the levy rate will be decreased.

- 1) The Washington State Constitution limits total regular property taxes to 1% of assessed valuation, or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit.
- 2) The City may voluntarily levy taxes below the legal limit.

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

In 2015, the City's General Tax Levy was \$1.41 per \$1,000, and the Special Tax Levy for the City's Public Safety building was \$0.09 per \$1,000. Bothell's total assessed valuation including annexation was \$7,651,204,010.

2015 Assessed Valuation	
Snohomish County	\$3,262,136,801
King County	4,389,067,209
<b>Total</b>	<b>\$7,651,204,010</b>

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

**NOTE 5**  
**Deferred Inflows and Outflows of Resources**

Deferred Outflows of Resources at December 31, 2015 are as follows:

**Deferred Inflows and Outflows of Resources**

Description	Governmental Activities	Business-Type Activities
<b>Deferred Outflows of Resources - Government-Wide Statement of Net Position</b>		
Pension	\$2,033,742	\$232,945
<b>Total</b>	<b>\$2,033,742</b>	<b>\$232,945</b>

<b>Deferred Inflows of Resources - Government-wide Statement of Net Position</b>		
Description	Governmental Activities	Business-Type Activities
Pension	\$2,988,623	\$293,196
<b>Total</b>	<b>\$2,988,623</b>	<b>\$293,196</b>

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

**Deferred Inflows and Outflows of Resources**

Description	Governmental Funds
<b>Deferred Inflows of Resources - Governmental Funds Balance Sheet</b>	
Court services	\$365,213
Deferred EMS services	98,919
Deferred property tax	163,693
Deferred revenue-impact fees	97,139
Deferred GO Bond property tax	9,999
<b>Total</b>	<b>\$734,964</b>

**Note 6**  
**Capital Assets and Depreciation**

**GENERAL POLICIES**

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

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

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

**GOVERNMENTAL CAPITAL ASSETS**

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

In 2015, governmental capital assets increased significantly due to the capital lease of a new City Hall. In accordance with GASB Statement No. 62 and GAAP regarding capital leases, the City, as a lessee, recorded the capital lease as an asset and obligation equal to the present value at the beginning of the lease term of minimum lease payments. The City recognized the capital lease asset at \$51,475,433.

**PROPRIETARY FUND CAPITAL ASSETS**

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

**DEPRECIATION**

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

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

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

<b>Government Activities</b>	<b>Amount</b>
General government	\$1,648,768
Security of persons & property	623,173
Transportation	36,749,328
Physical environment	2,528,085
Culture & recreation	490,975
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$42,040,328</b>
<b>Business-Type Activities</b>	<b>Amount</b>
Water	\$502,592
Sewer	426,861
Storm & Surface Water	461,142
<b>Total Business-Type Activities Depreciation Expense</b>	<b>\$1,390,595</b>

Construction Commitments as of December 31, 2015

Government Activities	Construction in Progress	Remaining Commitment
Canyon Park Radio Project	\$39,242	-
1st Lt Nicholas Memorial Park	54,425	47,069
228th St Corridor Safety	107,960	16,005
228th St SE & 29th Dr SE Traffic Safety	92,881	52,524
228th St SE/15th Ave SE Safety Imp	15,348	-
Annual Arterial Overlay Program	1,539,733	678,893
Bridge at Park at Bothell Landing	35,488	221,443
Bridge Rehab & seismic retrofit 240th	310,956	99,131
Citywide Transportation Safety	124,470	13,098
Downtown Soil/Ground Cleanup	3,485,427	1,168,477
East Norway Hill Improvements	218	-
General Park Improvements	30,831	-
Half Acre Open Space	98,680	24,285
Main St (101st-104th Ave) Safety Imp	6,596	-
Main Street Enhancement	1,131,425	198,838
Main Street Extension	268,652	35,009
NE 185th Improvements	233,606	-
NE 195th Bridge Seismic Retrofit	161,408	\$7,473
NE 200th St Sidewalk	-	236,013
Neighborhood Traffic Calming	2,531	-
North Creek Field 3	74,950	-
North Creek School House	-	364
North Creek Trail Section 3	-	13,170
North Creek Trail Section 4	2,817	-
Park at Bothell Landing	37,040	-
Park Master Planning: Bothell Landing	180,974	31,262
Pop Keeney Road	225,449	-
Purchase of Northshore SD Property	-	159,880
Sammamish River Bridge Retrofit	2,927	-
Sidewalk/Walkway Program	244,249	50,339
SR 522 Bothell Crossroads	-	2,632,049
SR 522 Ph 1, Stage 3 Improvements	1,504,766	1,464,520
SR 522 Stage 2A Improvements	-	786,688
SR 522 Stage 2B Improvements	102,672	-
SR 522 Surplus Property (not a project)	-	31,741
SR 527 (220th-211th St) Corridor Safety	39,353	-
SR 527 and 228th Intersection	1,558,893	819,787
SR 527 Multiway Boulevard Phase 1	-	264,637
SR 527 Multiway Boulevard Phase 2	688,127	22,725
SR 527 Widening: 240th St SE to 228th St SE	-	230,830
<b>Total Governmental Activities</b>	<b>\$12,402,095</b>	<b>\$9,306,249</b>

Business-Type Activities	Construction in Progress	Remaining Commitment
Water Main Replacement Horse Creek	\$430,675	-
Water Main Replacement	746,989	35,937
Penn Park Reservoir	438,475	-
Morningside Booster Station Retrofit	7,304	-
Downtown Revitalization Utility - Water	18,765	-
Sewer Main Replacement Horse Creek	825,657	-
Sewer Replacement Program	229,069	141
Lift Station #2 Phase 2	-	77,121
Lift Station #3	66,006	133,409
Promontory Hillside Sewer Replacement	110,099	21,880
Downtown Revitalization Utility - Sewer	15,662	-
Annual Stormwater Capital Projects	217,310	13
North Creek TMDL Plan	7,040	-
Blyth Park Hill Slope Stream Restoration	209	-
Downtown Revitalization Utility - Storm	155,760	23,677
Horse Creek Improvements	13,390,936	1,815,790
Sammamish River Side Channel	304,788	29,029
<b>Total Business-Type Activities</b>	<b>\$16,964,742</b>	<b>\$2,136,997</b>

## Summary of Changes to Capital Assets

Description	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$61,636,704	\$8,267,493	\$4,602,599	\$65,301,598
Infrastructure right-of-way	80,168,617	236,340		80,404,957
Construction in progress	15,509,602	1,519,071	4,626,578	12,402,095
<b>Total capital not being depreciated</b>	<b>\$157,314,924</b>	<b>\$10,022,904</b>	<b>\$9,229,178</b>	<b>\$158,108,650</b>
<b>Other capital assets:</b>				
Buildings	\$21,072,966		\$1,252,282	\$19,820,684
Capital lease - City Hall		\$51,475,433		\$51,475,433
Improvements	69,376,643	5,047,182	794,414	73,629,410
Infrastructure	1,587,775,631	5,310,133		1,593,085,763
Intangible Asset	4,700,000			4,700,000
Vehicles	7,768,389	1,360,712	962,182	8,166,919
Equipment	3,790,438	106,560	558,678	3,338,320
<b>Total other capital assets at historical cost</b>	<b>\$1,694,484,066</b>	<b>\$63,300,019</b>	<b>\$3,567,556</b>	<b>\$1,754,216,529</b>
<b>Less accumulated depreciation for:</b>				
Buildings	\$5,208,531	\$411,917	\$338,116	\$5,282,332
Capital lease - City Hall		\$514,754		
Improvements	21,006,665	3,895,268	483,240	24,418,692
Infrastructure	1,061,867,988	36,304,355		1,098,172,343
Intangible Asset		156,667		156,667
Vehicles	5,063,502	594,092	884,405	4,773,188
Machinery & equipment	2,819,658	163,275	473,976	2,508,958
<b>Total accumulated depreciation</b>	<b>\$1,095,966,345</b>	<b>\$42,040,328</b>	<b>\$2,179,738</b>	<b>\$1,135,826,935</b>
<b>Governmental activities capital assets, net</b>	<b>\$755,832,645</b>	<b>\$31,282,594</b>	<b>\$10,616,996</b>	<b>\$776,498,243</b>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$9,116,175	\$9,089,606	\$1,241,038	\$16,964,742
Infrastructure right-of-way	1,801,787	73,421		1,875,208
Land and improvements	285,302			285,302
<b>Total capital not being depreciated</b>	<b>\$11,203,263</b>	<b>\$9,163,027</b>	<b>\$1,241,038</b>	<b>\$19,125,253</b>
<b>Other capital assets:</b>				
Buildings	\$8,847,826			\$8,847,826
Intangible plant	411,179			411,179
Improvements	44,891,873	2,535,994	1,429,818	45,998,050
Vehicles	255,752		34,399	221,353
Machinery & equipment	956,556	61,440		1,017,996
<b>Total other capital assets at historical cost</b>	<b>\$55,363,185</b>	<b>\$2,597,434</b>	<b>\$1,464,216</b>	<b>\$56,496,403</b>
<b>Less accumulated depreciation for:</b>				
Buildings	\$1,151,927	\$172,803		\$1,324,730
Intangible plant	411,179			411,179
Improvements	19,637,225	1,115,725		20,752,950
Vehicles	213,790	9,325	34,399	188,716
Machinery & equipment	394,789	92,742		487,531
<b>Total accumulated depreciation</b>	<b>\$21,808,910</b>	<b>\$1,390,595</b>	<b>\$34,399</b>	<b>\$23,165,106</b>
<b>Business-type activities capital assets, net</b>	<b>\$44,757,539</b>	<b>\$10,369,866</b>	<b>\$2,670,856</b>	<b>\$52,456,550</b>

**NOTE 7  
Pension Plans**

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions for the year 2015:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$11,788,341
Pension assets	5,036,331
Deferred outflows of resources	2,266,687
Deferred inflows of resources	3,281,819
Pension expense/expenditures	1,391,502

**State Sponsored Pension Plans**

Substantially, the City’s full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

**Public Employees’ Retirement System (PERS)**

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

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

PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

**Contributions**

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

**PERS Plan 1**

<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

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

The City actual contributions to the plan were \$14,380 for the year ended December 31, 2015.

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a

benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

**Contributions**

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

**PERS Plan 2/3**

Actual Contribution Rates	Employer 2/3	Employee 2*
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		varies

\*For employees participating in JBM, the contribution rate was 15.30%

The City actual contributions to the plan were \$1,407,641 for the year ended December 31, 2015.

**Public Safety Employees' Retirement System (PSERS)**

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

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or

- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

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

PSERS covered employers include:

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

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years

of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

**Contributions**

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

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2015 were as follows:

**PSERS Plan 2**

<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January through June 2015	10.54%	6.36%
July through December 2015	11.54%	6.59%

The City actual contributions to the plan were \$20,022 for the year ended December 31, 2015.

**Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)**

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

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

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

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

**Contributions**

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or

employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

**Contributions**

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

**LEOFF Plan 2**

<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
State and Local Governments	5.23%	8.41%
Port and Universities	8.59%	8.41%

The City actual contributions to the plan were \$689,895 for the year ended December 31, 2015.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2015, the state contributed \$58,339,032 to LEOFF Plan 2.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) 2007-2012 Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

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

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

- The OSA updated demographic assumptions, consistent with the changes from the 2007-2012 Experience Study Report, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

### Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements.

(All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

### Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

### Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
<b>Total</b>	<b>100%</b>	

**Sensitivity of NPL**

The table below presents the City proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

**Pension Plan Fiduciary Net Position**

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

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

At June 30, 2015, the City reported a total pension liability of \$11,788,341 for its proportionate share of the net pension liabilities and a total pension asset of \$5,036,311 for its proportionate share of the net pension assets as follows:

Pension Plan	Liability (or Asset)
PERS 1	\$6,352,964
PERS 2/3	5,427,617
PSERS 2	7,760
LEOFF 1	(450,729)
LEOFF 2	(4,585,602)

Pension Plan	Current		
	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (6.5%)
PERS 1	\$7,734,751	\$6,352,964	\$5,164,755
PERS 2/3	15,870,632	5,427,617	(2,568,209)
PSERS 2	58,967	7,760	(28,665)
LEOFF 1	(288,355)	(450,729)	(589,122)
LEOFF 2	4,592,182	(4,585,602)	(11,492,232)

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

<b>Pension Plan</b>	<b>Liability (or Asset)</b>
LEOFF 2 - Employer's proportionate share	(4,585,602)
LEOFF 2 - State's proportionate share of the net pension liability/(asset) associated with the employer	(3,032,006)
<b>Total</b>	<b>(\$7,617,608)</b>

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

<b>Pension Plan</b>	<b>Proportionate Share 6/30/2014</b>	<b>Proportionate Share 6/30/2015</b>	<b>Change in Proportion</b>
PERS 1	0.120%	0.121%	(0.002078%)
PERS 2/3	0.145%	0.152%	(0.006827%)
PSERS 2	0.044%	0.043%	0.002%
LEOFF 1	0.037%	0.037%	(0.00305%)
LEOFF 2	0.443%	0.446%	(0.00302%)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the

Schedules of Employer and Nonemployer Allocations for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015.

Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended December 31, 2015, the City recognized pension expense as follows:

Pension Plan	Pension Expense
PERS 1	(138,619)
PERS 2/3	1,198,030
PSERS 2	20,312
LEOFF 1	24,395
LEOFF 2	287,385
<b>Total</b>	<b>\$1,391,503</b>

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		347,577
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	349,831	
<b>Total</b>	<b>\$349,831</b>	<b>\$347,577</b>

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$576,957	
Net difference between projected and actual investment earnings on pension plan investments		1,448,917
Changes of assumptions	8,745	
Changes in proportion and differences between contributions and proportionate share of contributions	123,139	
Contributions subsequent to the measurement date	442,316	
<b>Total</b>	<b>\$1,151,157</b>	<b>\$1,448,917</b>

PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$7,270	
Net difference between projected and actual investment earnings on pension plan investments		3,849
Changes of assumptions	48	
Changes in proportion and differences between contributions and proportionate share of contributions		106
Contributions subsequent to the measurement date	4,706	
<b>Total</b>	<b>\$12,024</b>	<b>\$3,955</b>

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		76,092
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date		
<b>Total</b>	-	<b>\$76,092</b>

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$401,546	
Net difference between projected and actual investment earnings on pension plan investments		1,389,413
Changes of assumptions	12,095	
Changes in proportion and differences between contributions and proportionate share of contributions		15,864
Contributions subsequent to the measurement date	340,028	
<b>Total</b>	<b>\$753,669</b>	<b>\$1,405,277</b>

Total of All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$985,773	
Net difference between projected and actual investment earnings on pension plan investments		3,265,848
Changes of assumptions	20,888	
Changes in proportion and differences between contributions and proportionate share of contributions	123,139	15,970
Contributions subsequent to the measurement date	1,136,881	
<b>Total</b>	<b>\$2,266,681</b>	<b>\$3,281,818</b>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability

in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	PERS 1	PERS 2/3	PSERS 2	LEOFF 1	LEOFF 2	Total
2016	(134,709)	(357,170)	(334)	(29,527)	(466,648)	(988,388)
2017	(134,709)	(357,170)	(334)	(29,527)	(466,648)	(988,388)
2018	(134,709)	(357,170)	(334)	(29,527)	(466,648)	(988,388)
2019	56,550	331,435	1,961	12,488	316,509	718,943
2020			1,202		76,494	77,696
2021			1,203		15,304	16,507
<b>Thereafter</b>	<b>(\$347,577)</b>	<b>(\$740,075)</b>	<b>\$3,364</b>	<b>(\$76,093)</b>	<b>(\$991,637)</b>	<b>(\$2,152,018)</b>

**Fire Fighter's Pension Fund**

The Fire Fighter's Pension is a closed single-employer defined benefit pension plan system operated by the City in accordance with Revised Code of Washington Chapter 41.18. Membership is limited to firefighters employed prior to March 1, 1970. The City's obligation under the system is composed of excess benefits over LEOFF for fire fighters retired after March 1, 1970, who are members of the system. An actuarial study was done in 1969 to determine the funding requirements. The Finance Director and the State Auditor's Office concluded that a new actuarial study was not necessary due to the limited number of employees participating in the fund (three) and the fund's relative immateriality. It is the City's opinion that it will be able to meet any future funding requirements.

In 2015, the fire insurance premium receipts amounted to \$56,524, which was sufficient to cover 2015 Firemen's Pension Fund expenses (\$45,554).

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

**NOTE 8****Other Employee Benefits****COMPENSATED ABSENCES**

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

absences in prior years has been used by the General Fund and enterprise funds.

**DEFERRED COMPENSATION**

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

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

These plans permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or in the event of an unforeseeable emergency.

The City contributes a 3% match to the Police Officer's Guild and Police Captain's Union. In 2015, the City's contributions totaled \$136,396.

**POST-EMPLOYMENT BENEFITS**

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

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

Government Activities	1/1/2015	Increases	Decreases	12/31/2015
Governmental funds	\$1,857,241	\$2,462,903	\$2,425,991	\$1,894,153
<b>Total Compensated Absences</b>	<b>\$1,857,241</b>	<b>\$2,462,903</b>	<b>\$2,425,991</b>	<b>\$1,894,153</b>

Estimate of amount due within one year \$1.9 million.

Business-Type Activities	1/1/2015	Increases	Decreases	12/31/2015
Enterprise funds	\$117,975	\$112,338	\$95,937	\$134,376
<b>Total Compensated Absences</b>	<b>\$117,975</b>	<b>\$112,338</b>	<b>\$95,937</b>	<b>\$134,376</b>

Estimate of amount due within one year \$134 thousand.

**NOTE 9**

**Post-Employment Benefits Other than Pensions**

**Plan Description**

The City provides post-retirement health care benefits for members of the Law Enforcement Officers and Firefighters (LEOFF) retirement system hired before October 1, 1977 under a defined benefit healthcare plan administered by the City, as required by the Revised Code of Washington (RCW Chapter 41.26). At the end of 2013 there were 19 LEOFF I retirees receiving these benefits.

Most medical coverage for eligible retirees is provided by one of the City’s employee medical insurance programs. Under the authorization of the LEOFF Disability Board, direct payment is made for other retiree medical expenses not covered by standard medical plan benefit provisions.

Financial reporting for the LEOFF retiree healthcare plan is included in the City’s Comprehensive Annual Financial Report.

**Funding Policy**

Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW. The City’s funding policy is based upon pay-as-you-go financing requirements.

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

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

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

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

Determination of Annual Required Contribution	Fiscal Year Ending 12/31/2015
Normal Cost at Year End	-
Amortization of UAAL*	518,797
Annual Required Contribution	518,797

The net OPEB obligation of \$2,150,355 is included as a noncurrent liability on the Statement of Net Position.

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

**Funded Status and Funding Progress**

As of January 1, 2016 the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$5,768,184 and the actuarial value of the assets was \$0 resulting in a UAAL of \$5,768,184.

Determination of Net OPEB Obligation	Fiscal Year Ending 12/31/2015
Annual Required Contribution	\$518,797
Interest on Prior Year Net OPEB Obligation	76,348
Adjustment to ARC	(171,670)
Annual OPEB Cost	423,475
Contributions Made	181,816
Increase in Net OPEB Obligation	241,659

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Net OPEB Obligation-Beginning of Year	\$1,908,696
Net OPEB Obligation-Ending of Year	\$2,150,355

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded Actuarial		Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
			Accrued Liability	Accrued Liability (UAAL)			
12/31/2008	-	\$6,280,456	\$6,280,456		0%	\$584,797	1073.95%
12/31/2009	-	5,987,508	5,987,508		0%	557,520	1073.96%
12/31/2010	-	5,784,108	5,784,108		0%	538,580	1073.95%
12/31/2011	-	5,563,967	5,563,967		0%	518,082	1073.95%
12/31/2012	-	5,416,802	5,416,802		0%	504,379	1073.95%
12/31/2013	-	4,769,138	4,769,138		0%	444,073	1073.95%
12/31/2014	-	6,288,031	6,288,031		0%	565,552	1111.84%
12/31/2015	-	5,768,184	5,768,184		0%	518,797	1111.84%

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF I medical study that was performed in 2013. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the alternative measurement method permitted under GASB Statement No. 45. The City has 17 inactive members and no active members. Retirement, disablement, termination and mortality rates were assumed to follow the LEOFF I rates used in the June 30, 2011 actuarial valuation report, which is prepared by the Office of the State Actuary (OSA).

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

<sup>1</sup> Annual rate, compounded annually.

<sup>2</sup> Based on the CPI: Urban Wage Earners & Clerical Workers, Seattle-Tacoma-Bremerton, WA - All Items.

<sup>3</sup> Excludes longevity, merit, or step increases that usually apply to members in the early part of their careers.

The AAL and NOO are amortized on an open basis as a level dollar over 15 years.

These assumptions are individually and collectively reasonable for the purposes of this valuation. The methods and assumptions used are in line with the LEOFF I 2013 medical report, which was prepared by OSA.

**Actuarial Assumptions**

The City’s OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding years, provide multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Contribution as a Percentage of OPEB Cost</b>	<b>Net OPEB Obligation</b>
12/31/2008	\$595,101	43%	\$337,543
12/31/2009	541,279	53%	591,109
12/31/2010	510,140	61%	774,598
12/31/2011	480,813	42%	1,053,927
12/31/2012	453,671	35%	1,348,792
12/31/2013	379,177	42%	1,566,090
12/31/2014	487,340	30%	1,908,696
12/31/2015	423,474	34%	2,150,355

**Note 10**  
**Contingencies****Litigation**

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

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

**Contingencies under Grant Provisions**

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors of their representatives. Such audits could inherently result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management does not anticipate any such allowances, but should a disallowance occur management believes a reimbursement would be immaterial.

**Bond Indentures**

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

**Rebate Arbitrage**

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

In the government-wide statements, arbitrage earnings liability is accrued as it is earned, and is expensed at year-end. In 2015, the City had no arbitrage excess earnings liability.

**NOTE 11**  
**Risk Management**

The City of Bothell has been a member of the Washington Cities Insurance Authority (WCIA) since August 1997. Utilizing RCW Chapter 48.62 (self-insurance regulation) and Chapter 39.34 (Interlocal Cooperation Act), nine cities originally formed WCIA in 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or contracting for risk management services. WCIA has a total of 179 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sub-limits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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

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

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee, and is responsible for conducting the daily operations.

In the past 10 years insurance settlements have not exceeded insurance coverage.

## **NOTE 12**

### **Interfund Activities**

Interfund Transfers are recorded transactions that support the operations of other funds and are classified as "other financing sources or uses" in the fund statements. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

#### **Transfers are used to:**

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

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

Interfund Loans provide a mechanism for one fund to borrow from another and must be approved by the legislative body. Reciprocal in activity, interfund loans are reported as interfund receivables by the lender fund and interfund payables by the borrower fund. Interfund loans are not treated as capital-related for purposes of classifying net position.

Interfund Transfers

Description	General Fund	Street Fund	Arterial Street Fund	1997 GO Bond Fund	LIFT GO Bond Fund	2014 GO Bond Fund	Capital Improvement Fund	Combined Utility Fund	Water Fund	Sewer Fund	Storm & Surface	Self Insurance	Asset Replacement	Total Transferred
											Water Fund	Fund	Fund	Out
General Fund				\$90,000								\$162,200	\$150,000	\$402,200
Street Fund			\$7,621											\$7,621
Arterial Street Fund							1,130,196							1,130,196
Park Cumulative Reserve Fund							60,822							60,822
Capital Improvement Fund		385,000			232,771	702,598								1,320,369
Combined Utility Fund									116,495	52,863	376,655			546,013
Water Fund									331,485					331,485
Sewer Fund									150,017				18,551	168,568
Storm Water Fund									1,105,529				18,551	1,124,081
Equipment Rental Fund													957,772	957,772
<b>Total Transferred In</b>	<b>-</b>	<b>\$385,000</b>	<b>\$7,621</b>	<b>\$90,000</b>	<b>\$232,771</b>	<b>\$702,598</b>	<b>\$1,191,018</b>	<b>\$1,587,031</b>	<b>\$116,495</b>	<b>\$52,863</b>	<b>\$376,655</b>	<b>\$162,200</b>	<b>\$1,144,875</b>	<b>\$6,049,127</b>

	Net Transferred In	Net Transferred Out
Governmental Activities	37,103	37,103
Business Activities	(37,103)	(37,103)

Governmental funds report the issuance of a long-term interfund loan as a balance sheet item (advances payable) rather than in the operating statement (other financing sources). Repayment terms are 3 years from date of fund transfer. No loans were issued in 2015.

**Note 13  
Long Term Debt**

**General Long Term Debt**

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

General obligation bonds pledge the full faith and credit of the City. The City issues two types of general obligation bonds:

limited tax general obligation (LTGO) bonds and unlimited tax general obligation (UTGO) bonds.

**2008 Refunding GO Bond**

In 1997 the City issued voter-approved general obligation bonds to fund construction of the City’s Public Safety Building. The debt service is being repaid with excess levy receipts. In 2008, the City refinanced the bonds providing citizens with a net savings of approximately \$530,000. These bonds mature on December 1, 2017.

**2013 A (Taxable) & B Limited Tax GO Bonds**

In 2012 the Bothell City Council authorized a \$7,000,000 short-term Limited Tax General Obligation Bond Anticipation Note (2012 BAN) to pay the final balance owed to the Northshore School District for property purchased and to carry out public improvements related to the downtown revitalization. In 2013, Council authorized extension of the BAN maturity date through May 31, 2013. The BAN extension provided time for staff to

identify longer-term financing to accommodate the timetable necessary to sell surplus City properties. Staff determined that 20-year, bank qualified (BQ), General Obligation (GO) Bonds would provide the most advantageous financing option, given the current unprecedentedly low interest rates and the City's capital strategy. In June 2013, the City issued Limited Tax GO Bond without a vote 2013A (taxable) \$1,520,000, and GO Bond 2013B \$8,145,000 to retire the 2012 BAN.

### **2014 Limited Tax GO Bonds (LIFT) Bonds**

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

### **2014 Lease Revenue Bonds**

In 2014, COB Properties (COB), a Washington nonprofit corporation, issued \$49,625,000 COB Properties Lease Revenue Bonds for the City of Bothell City Hall Project. The bonds were issued by COB on behalf of City of Bothell pursuant to IRS Revenue Ruling 63-20 and 82-26. The City leased land to COB for construction of the new City Hall and the COB leases the premises to the City. Proceeds of the bonds were used for construction of the City Hall and parking garage. Bond principal and interest payments are the responsibility of COB. Lease payments made by the City will pay debt service of the Bonds. COB is a single purpose entity and not a governmental unit. It has no taxing power and no source of funds to pay debt service on the bonds other than the lease payments from the City of Bothell.

### **Public Works Trust Fund (PWTF) Construction Loan**

In 2011, the City was awarded an \$8,000,000 PC12-951-022 construction loan and is allocated to the Bothell Crossroads SR-522 realignment construction project. This loan is considered the general government obligation and is being paid from Capital Improvement Fund. The balance at the end of 2015 was \$7,153,969.

### **Public Works Assistance (PWA) Loan**

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

The City's current principle balance amounts to \$337,795. Under an agreement made in 1998, the City makes an annual payment to Snohomish County, who then makes payment to the State of Washington for PWA loan 98-791-007.

### **Public Works Trust Fund (PWTF) Construction Loan**

In 2012, the City was awarded an \$800,000 construction loan (PC13-961-060) with 20 year maturity for Horse Creek enhancement project. This loan is a revenue obligation of the Storm & Surface Water Fund. The City began spending down the monies in 2014. The outstanding balance at the end of 2015 was \$686,922.

### **Revenue Bonds**

In 2014, the City issued \$18,355,000 in revenue bonds to finance Water, Sewer and Storm & Surface Water utility projects. The bonds are payable from revenues generated by user fees. A cash reserve is maintained in an amount equal to the lesser of (i) maximum annual debt service, (ii) 125% of average annual debt service, or (iii) 10% of the original proceeds of the bonds. The outstanding balance at the end of 2015 was \$17,835,000.

Debt Service requirements to maturity

Year	GO Refund Bond		GO Bond 2013 A&B		GO 2014 LIFT Bond		PWTF Loan		CH Lease Revenue Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
<b>Governmental Activities</b>											
2016	665,000	54,400	380,000	318,265	680,000	1,318,450	447,123	17,824	1,000,000	2,086,818	6,967,880
2017	695,000	27,800	385,000	313,515	695,000	1,301,225	447,123	16,767	1,000,000	2,046,818	6,928,248
2018			390,000	307,163	715,000	1,280,075	447,123	15,649	1,250,000	1,996,818	6,401,828
2019			400,000	295,462	740,000	1,258,250	447,123	14,532	1,315,000	1,934,318	6,404,685
2020			415,000	283,463	765,000	1,231,850	447,123	13,414	1,365,000	1,881,718	6,402,567
2021-2025			2,275,000	1,209,663	4,390,000	5,591,025	2,235,615	50,301	8,355,000	8,272,840	32,379,444
2026-2030			1,590,000	754,113	5,630,000	4,349,250	2,235,615	22,356	10,560,000	6,068,066	31,209,400
2031-2035			3,075,000	242,063	7,230,000	2,750,000	447,123	1,118	12,705,000	3,923,761	30,374,064
2036-2040					7,240,000	1,267,000			12,075,000	1,231,200	21,813,200
<b>Subtotal</b>	<b>\$1,360,000</b>	<b>\$82,200</b>	<b>\$8,910,000</b>	<b>\$3,723,705</b>	<b>\$28,085,000</b>	<b>\$20,347,125</b>	<b>\$7,153,969</b>	<b>\$151,961</b>	<b>\$49,625,000</b>	<b>\$29,442,357</b>	<b>\$148,881,317</b>
<b>Business-Type Activities</b>											
Year	2014 Revenue Bond		PWA Loan		PWTF Loan						Totals
	Principal	Interest	Principal	Interest	Principal	Interest					
2016	635,000	676,769	112,599	3,378	40,407	3,243					1,471,395
2017	665,000	651,369	112,599	2,252	40,407	3,233					1,474,859
2018	685,000	624,769	112,599	1,126	40,407	3,031					1,466,931
2019	720,000	590,519			40,407	2,829					1,353,754
2020	750,000	561,719			40,407	2,626					1,354,752
2021-2025	4,295,000	2,249,845			202,036	10,102					6,756,983
2026-2030	5,260,000	1,293,169			202,036	5,051					6,760,256
2031-2035	4,825,000	415,531			80,814	606					5,321,952
<b>Subtotal</b>	<b>\$17,835,000</b>	<b>\$7,063,689</b>	<b>\$337,796</b>	<b>\$6,756</b>	<b>\$686,922</b>	<b>\$30,719</b>					<b>\$25,960,883</b>
<b>Total</b>											<b>\$174,842,200</b>

Debt Limit Capacities

State law dictates that City debt cannot be incurred in excess of the following taxable percentages: 1.5% without a vote of the people; 2.5% with a vote of 2.5% is for utilities; and 7.5% with a vote of the people provided the indebtedness in excess of 2.5% is for utilities, parks, or open space development. Debt limits were based on assessed property totaling \$7,651,204,010.

Regular levy assessed value less annexations		\$7,651,204,010			
Item	Without a Vote	With a Vote of the People		Total Capacity	
	1.5%	1.0%	2.5%	2.5%	7.5%
Legal limit	\$114,768,060	\$76,512,040	\$191,280,100	\$191,280,100	\$573,840,301
Outstanding net debt	98,000,243	1,360,000			99,360,243
<b>Margin available</b>	<b>\$16,767,817</b>	<b>\$75,152,040</b>	<b>\$191,280,100</b>	<b>\$191,280,100</b>	<b>\$474,480,058</b>

## Changes in Long-Term Liabilities

Description	Beginning Balance 1/01/2015	Additions	Reductions	Ending Balance 12/31/2015	Due Within One Year
<b>Governmental Activities</b>					
GO Refund Bond	\$2,000,000		\$640,000	\$1,360,000	\$665,000
GO 2013A	1,145,000		380,000	765,000	380,000
GO 2013B	8,145,000			8,145,000	
GO 2013 A&B Bond Premium		455,236	45,524	409,713	22,762
LIFT Bond	28,085,000			28,085,000	680,000
LIFT Bond Premium		2,137,096	170,968	1,966,128	85,484
PTWF Loan PC12-951-022	7,367,711	226,786	440,527	7,153,969	447,123
COB Lease Revenue Bonds		49,625,000		49,625,000	1,000,000
COB Lease Revenue Bonds Premium		1,850,433		1,850,433	77,101
OPEB/LEOFF	1,908,696	241,659		2,150,355	
Compensated Absences	1,857,241	2,462,903	2,425,991	1,894,153	1,894,153
Pension		10,690,040		10,690,040	
Pollution Remediation	379,000	384,872		763,872	280,517
<b>Subtotal</b>	<b>\$50,887,648</b>	<b>\$68,074,024</b>	<b>\$4,103,010</b>	<b>\$114,858,663</b>	<b>\$5,532,140</b>
<b>Business-Type Activities</b>					
PWA Loan 98-791-007	\$450,394		\$112,599	\$337,795	\$112,600
Construction Loan pc13-961-060	564,022	154,235	31,335	686,922	40,407
Utility Revenue Bonds	18,355,000		520,000	17,835,000	635,000
Revenue Bond Premium	1,265,629		79,102	1,186,527	62,449
Pension		1,098,301		1,098,301	
Compensated Absences	117,975	112,338	95,937	134,376	134,376
<b>Subtotal</b>	<b>\$20,753,020</b>	<b>\$1,364,874</b>	<b>\$838,972</b>	<b>\$21,278,922</b>	<b>\$984,831</b>
<b>Total</b>	<b>\$71,640,668</b>	<b>\$69,438,898</b>	<b>\$4,941,982</b>	<b>\$136,137,584</b>	<b>\$6,516,972</b>

**Capital Related Long-Term Liability**

Description	Date of Issue	Date of		Amount of Original Issue	Balance			Balance 12/31/2015	Due Within One Year
		Final Maturity	Interest Rates		Issued	Redeemed			
<b>Governmental Activities</b>									
GO Refund Bond	5/20/2008	12/1/2017	3.5-4.0%	\$6,070,000	\$2,000,000		\$640,000	\$1,360,000	\$665,000
GO 2013A	6/25/2013	12/1/2017	.6-1.65%	1,520,000	1,145,000		380,000	765,000	380,000
GO 2013B	6/25/2013	12/1/2033	3-4.5%	8,145,000	8,145,000			8,145,000	
GO 2014 LIFT Bond	1/3/2014	3/1/2039	2.0-5.0%	28,210,000	28,085,000			28,085,000	680,000
PWTW Loan PC12-951-22	6/1/2012	6/1/2031	0.50%	8,000,000	7,367,711	226,786	440,527	7,153,969	447,123
COB City Hall Lease Revenue Bonds	7/1/2014	12/31/2039		49,625,000		49,625,000		49,625,000	1,000,000
<b>Subtotal</b>				<b>\$101,570,000</b>	<b>\$46,742,711</b>	<b>\$49,851,786</b>	<b>\$1,460,527</b>	<b>\$95,133,969</b>	<b>\$3,172,123</b>
<b>Business-Type Activities</b>									
PWA Loan 98-791-007	10/15/1998	10/13/2018	1.00%	\$1,890,000	\$450,394		\$112,599	\$337,795	\$112,599
Combined Utility Revenue Bonds 2014	10/8/2014	10/8/2034	2.99%	18,355,000	18,355,000		520,000	17,835,000	635,000
Construction Loan PC13-961-060	12/1/2014	12/1/2033	0.50%	800,000	564,022	154,235	31,335	686,923	40,407
<b>Subtotal</b>				<b>\$21,045,000</b>	<b>\$19,369,416</b>	<b>\$154,235</b>	<b>\$663,933</b>	<b>\$18,859,718</b>	<b>\$788,006</b>
<b>Total</b>				<b>\$122,615,000</b>	<b>\$66,112,127</b>	<b>\$50,006,021</b>	<b>\$2,124,461</b>	<b>\$113,993,687</b>	<b>\$3,960,129</b>

\*See Note 11 for Interfund Activities

**Note 14  
Impact Fees**

**Park Impact Fees**

Since 1997, per the City’s Municipal Code, Park impact fees have been accounted for separately in a Special Revenue Fund titled Park Cumulative Reserve. The monies remain in the Special Revenue Fund until they are transferred to the City’s Capital Improvements Fund for appropriation towards park capital projects. Park impact fees are recognized as revenue when the development commences.

As of December 31, 2015, park impact fund balance fees totaled \$2,276,142.

**Traffic Impact Fees**

Traffic impact fees are recognized as revenue when an enforceable legal claim to the fee exists. The enforceable claim

has been defined as when the local government receives the fee and development commences.

Traffic impact fees are held in the Arterial Street Fund until the City Council appropriates the monies toward approved capital improvement projects.

As of December 31, 2015, traffic impact fund balance totaled \$4,806,348.

**NOTE 15  
Pollution Remediation Obligations**

In 2010, the City implemented GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. This statement requires disclosure of “obligations to address current or potential detrimental effects of existing pollution by participating in pollution remediation activities”, and

identifies five distinct “obligating events” that require the City to disclose the potential future outlays associated with remediation of contaminated sites.

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

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

Beginning in 2010, the City purchased properties for a downtown revitalization plan. As of December 31, 2015, the City has six sites that constitute pollution remediation obligations. All sites are subject to capitalization, and all expenditures have been recorded according to GASB Statement No. 49.

The sites that constitute pollution remediation obligations are:

- 1) Bothell Landing\* – Contaminated with petroleum in soil and groundwater.
- 2) Bothell Riverside\* – Contaminated with petroleum in soil and groundwater, as well as chlorinated solvents in groundwater.
- 3) Bothell Paint & Decorating\* – Contaminated with petroleum in soil and groundwater, as well as heavy metals in soil.

Site	1/1/15				
	Beginning Balance	2015 Costs	Future Petroleum	Future Solvents	Total
*Bothell Landing	\$1,065,565	\$110,588	\$173,693		\$1,349,846
*Bothell Riverside	556,097	67,288		395,656	1,019,041
*Bothell Paint & Decorating	819,188	27,567	67,093		913,847
*Former Hertz	782,283	25,994	72,430		880,706
McDonald’s (Clean)	8,070	268			8,338
Northshore School District	1,992,727	553,344	55,000		2,601,071
Bothell Ultra Custom Cleaners (Case)	774,044	359,916		988,704	2,122,664
Bothell Service Center (Up-gradient Solvent Sources)	73,266	196,561		4,720,000	4,989,828
Other Sites	290,884	42,213			333,097
116th Partners Group (Clean)	33,713				33,713
<b>Total</b>	<b>\$6,395,837</b>	<b>\$1,383,739</b>	<b>\$368,216</b>	<b>\$6,104,360</b>	<b>\$14,252,152</b>

- 4) Former Hertz\* – Contaminated with petroleum in soil and groundwater.
- 5) Bothell Ultra Custom Cleaners (aka Case) – Contaminated with chlorinated solvents in soil and groundwater.
- 6) Northshore School District – Contaminated

with petroleum in soil and groundwater. The City is enrolled in Department of Ecology’s Voluntary Cleanup Program. The City performed petroleum remediation in 2010 and partnered with the Northshore School District in 2014 to clean up the off-site contamination that was found on adjacent private property.

\*These sites lie in the pathway of the recently completed Crossroads SR522 realignment project and were acquired with known or suspected pollution that was expected to be remediated. These four parcels are enrolled in Agreed Orders (AO) under the Department of Ecology’s remedial oversight program.

Site	2015	2015
	Capitalized Costs	Future Costs (Liabilities)
*Bothell Landing	\$110,588	\$173,693
*Bothell Riverside	67,288	395,656
*Bothell Paint & Decorating	27,567	67,093
*Former Hertz	25,994	72,430
McDonald’s (Clean)	268	
Northshore School District	280,695	55,000
<b>Total</b>	<b>\$512,400</b>	<b>\$763,872</b>

**Note 16  
Leases**

**Operating Leases**

As of December 31, 2015, the City has one operating lease, the Northshore School District Operational Facility Lease. The City leases bay area from the Northshore School District's Operational Facility for the purpose of maintenance and repair of city-owned vehicles and equipment. The lease agreement is \$6,667 per month for the first 60-months, and adjusted by CPI thereafter.

**Capital Lease**

The City leases Bothell City Hall from COB Properties (COB) under a capital lease arrangement. In accordance with GASB Statement 62, the capital lease asset is recorded at the present value of future minimum lease payments as of the inception date.

The asset of the City Hall acquired through capital lease is as follows:

Asset	Governmental Activities
City Hall Building	\$51,475,433
Less: Accumulated depreciation	(514,754)
<b>Total</b>	<b>\$50,960,679</b>

The present value of the future minimum lease obligations:

Years Ending December 31	Capital Lease
2016	\$3,083,485
2017	3,063,486
2018	3,247,027
2019	3,249,102
2020	3,253,115
Thereafter	62,913,919
<b>Total</b>	<b>\$78,810,134</b>
Less: Unearned interest	(\$27,334,701)
<b>Present value of minimum lease payments</b>	<b>\$51,475,433</b>

**Note 17  
Blended Component Unit**

In accordance with GASB Statement 61, a blended component unit provides services entirely, or almost entirely, to the primary government. Usually the services provided by a blended component unit are financing services provided solely to the primary government. COB Properties (COB) is a blended component unit of the City and is included in the reporting of the City's financial statements.

The unaudited financial statements of COB are reported as an Internal Service Fund in the City's combining financial statements.

**NOTE 18  
Health & Welfare**

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

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal

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

As of December 31, 2015, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

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

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

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over

250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

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

The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

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



Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual  
 General Fund  
 For the Year Ended December 31, 2015

	Budgeted Amounts		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Taxes	\$62,796,926	\$62,796,926	\$30,215,808		\$30,215,808	(\$32,581,118)
Licenses and permits	5,868,479	5,868,479	2,864,382		2,864,382	(3,004,097)
Intergovernmental revenues	2,094,900	2,228,300	1,434,984		1,434,984	(793,316)
Charges for services	14,949,118	14,949,118	7,028,601		7,028,601	(7,920,517)
Fines and forfeitures	749,300	749,300	349,365		349,365	(399,935)
Interest earnings	315,600	315,600	108,599		108,599	(207,001)
Contributions	72,000	72,000	35,367		35,367	(36,633)
Other revenue	518,600	518,600	336,803		336,803	(181,797)
Total revenues	<u>87,364,923</u>	<u>87,498,323</u>	<u>42,373,910</u>		<u>42,373,910</u>	<u>(45,124,413)</u>
<b>EXPENDITURES</b>						
Current						
General government	18,447,897	18,537,897	9,024,948		9,024,948	9,512,949
Security of persons and property	47,114,101	47,142,101	23,678,130		23,678,130	23,463,971
Transportation	7,976,699	7,976,699	3,593,440		3,593,440	4,383,259
Physical environment	51,600	51,600	20,455		20,455	31,145
Economic environment	8,322,223	8,322,223	3,696,718		3,696,718	4,625,505
Culture and recreation	3,709,600	3,709,600	1,720,662		1,720,662	1,988,938
Debt service						
Debt service - interest						
Capital outlay		90,000	43,310		43,310	46,690
Total expenditures	<u>85,622,120</u>	<u>85,830,120</u>	<u>41,777,662</u>		<u>41,777,662</u>	<u>44,052,458</u>
Excess of revenue over (under) expenditures	1,742,803	1,668,203	596,247		596,247	(1,071,956)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(1,859,400)	(1,859,400)	(402,200)		(402,200)	1,457,200
Total other financing sources	<u>(1,859,400)</u>	<u>(1,859,400)</u>	<u>(402,200)</u>		<u>(402,200)</u>	<u>1,457,200</u>
Net change in fund balances	(116,597)	(191,197)	194,047		194,047	385,244
FUND BALANCES - JANUARY 1, 2015	4,335,733	4,335,733	3,788,557		3,788,557	(547,176)
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<u><b>\$4,219,136</b></u>	<u><b>\$4,144,536</b></u>	<u><b>\$3,982,604</b></u>	<u><b>-</b></u>	<u><b>\$3,982,604</b></u>	<u><b>(\$161,932)</b></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual  
 Arterial Street Fund  
 For the Year Ended December 31, 2015

	Budgeted Amounts 2015-2016		2015 Actual Amounts	2016 Actual Amounts	Total	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	2015-2016 Actuals	Positive (Negative)
<b>REVENUES</b>						
Intergovernmental revenues						
Charges for services	\$7,389,199	\$7,389,199	\$1,851,238		\$1,851,238	(\$5,537,961)
Interest earnings			3,014		3,014	3,014
Other revenue			6,390		6,390	6,390
Total revenues	<u>7,389,199</u>	<u>7,389,199</u>	<u>1,860,641</u>		<u>1,860,641</u>	<u>(5,528,558)</u>
<b>EXPENDITURES</b>						
Current						
Construction projects						
Capital Outlay						
Debt Service - principal						
Debt Service - interest						
Total expenditures						
Excess of revenue over (under) expenditures	7,389,199	7,389,199	1,860,641		1,860,641	(5,528,558)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in			7,621		7,621	7,621
Transfers out	(3,475,700)	(3,475,700)	(1,130,196)		(1,130,196)	2,345,504
Total other financing sources	<u>(3,475,700)</u>	<u>(3,475,700)</u>	<u>(1,122,575)</u>		<u>(1,122,575)</u>	<u>2,345,504</u>
Net change in fund balances	3,913,499	3,913,499	738,067		738,067	(3,175,432)
FUND BALANCES - JANUARY 1, 2015	2,672,329	2,253,527	4,068,281		4,068,281	1,814,754
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<u><b>\$6,585,828</b></u>	<u><b>\$6,167,026</b></u>	<u><b>\$4,806,348</b></u>	<u><b>-</b></u>	<u><b>\$4,806,348</b></u>	<u><b>(\$1,360,678)</b></u>

Schedule of Proportionate Share of the Net Pension Liability  
 PERS 1  
 As of December 31, 2015  
 Last 10 Fiscal Years\*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.121450%
Employer's Proportionate Share of the Net Pension Liability	\$6,352,964
TOTAL	\$6,352,964
Employer's Covered Employee Payroll	\$141,056
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	44.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.10%

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

Schedule of Proportionate Share of the Net Pension Liability  
 PERS 2/3  
 As of December 31, 2015  
 Last 10 Fiscal Years\*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.151904%
Employer's Proportionate Share of the Net Pension Liability	\$5,427,617
TOTAL	\$5,427,617
Employer's Covered Employee Payroll	\$13,778,058
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	39.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.20%

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

Schedule of Proportionate Share of the Net Pension Liability  
 PSERS 2  
 As of December 31, 2015  
 Last 10 Fiscal Years\*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.042517%
Employer's Proportionate Share of the Net Pension Liability	\$7,760
TOTAL	\$7,760
Employer's Covered Employee Payroll	\$229,557
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	3.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.08%

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

Schedule of Proportionate Share of the Net Pension Liability  
 LEOFF 1  
 As of December 31, 2015  
 Last 10 Fiscal Years\*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.037398%
Employer's Proportionate Share of the Net Pension Liability	(\$450,729)
TOTAL	(\$450,729)
Employer's Covered Employee Payroll	-
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.36%

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

Schedule of Proportionate Share of the Net Pension Liability  
 LEOFF 2  
 As of December 31, 2015  
 Last 10 Fiscal Years\*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.446157%
Employer's Proportionate Share of the Net Pension Liability	(\$4,585,602)
LEOFF 2 Employers Only - State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer	(\$3,032,006)
TOTAL	(\$7,617,608)
Employer's Covered Employee Payroll	\$13,175,218
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	(704.25%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	111.67%

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

Schedule of Employer Contributions  
 PERS 1  
 As of December 31, 2015  
 Last 10 Fiscal Years\*

	<u>2015</u>
Statutorily or Contractually Required Contributions	\$14,381
Contributions in Relation to the Statutorily or Contractually Required Contributions	<u>(\$14,381)</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>
Covered Employer Payroll	\$141,056
Contributions as a Percentage of Covered Employee Payroll	10.19%

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

Schedule of Employer Contributions  
 PERS 2/3  
 As of December 31, 2015  
 Last 10 Fiscal Years\*

	<u>2015</u>
Statutorily or Contractually Required Contributions	\$1,407,641
Contributions in Relation to the Statutorily or Contractually Required Contributions	<u>(\$1,407,641)</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>
Covered Employer Payroll	\$13,778,058
Contributions as a Percentage of Covered Employee Payroll	10.22%

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

Schedule of Employer Contributions  
 PSERS 2  
 As of December 31, 2015  
 Last 10 Fiscal Years\*

	<u>2015</u>
Statutorily or Contractually Required Contributions	\$20,022
Contributions in Relation to the Statutorily or Contractually Required Contributions	<u>(\$20,022)</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>
Covered Employer Payroll	\$229,557
Contributions as a Percentage of Covered Employee Payroll	8.72%

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

Schedule of Employer Contributions  
 LEOFF 1  
 As of December 31, 2015  
 Last 10 Fiscal Years\*

	<u>2015</u>
Statutorily or Contractually Required Contributions	-
Contributions in Relation to the Statutorily or Contractually Required Contributions	<u>-</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>
Covered Employer Payroll	-
Contributions as a Percentage of Covered Employee Payroll	NA

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

Schedule of Employer Contributions  
 LEOFF 2  
 As of December 31, 2015  
 Last 10 Fiscal Years\*

	<u>2015</u>
Statutorily or Contractually Required Contributions	\$689,895
Contributions in Relation to the Statutorily or Contractually Required Contributions	<u>(\$689,895)</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>
Covered Employer Payroll	\$13,175,218
Contributions as a Percentage of Covered Employee Payroll	5.24%

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



City of Bothell™

# Combining Financial Statements



## Non-Major Other Governmental Funds

### Special Revenue Funds

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

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

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

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

### Permanent Funds

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

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

### Debt Service Funds

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

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

**2013 General Obligation Bond Fund** – This fund accounts for the retirement of general purpose bonds issued for public improvements related to the Downtown Revitalization.

**2014 Local Infrastructure Financing Tool (LIFT) Bond Fund** – This fund accounts for the retirement of general purpose bonds issued for public improvements related to LIFT funding for the City’s designated Revenue Development Area (RDA).

Combining Balance Sheet  
 Other Governmental Funds  
 December 31, 2015

	Special Revenue Funds			Total Special Revenue Funds	Permanent Fund Cemetery Endowment	Debt Service Fund 2008 GO Refunding Bond	2013 GO Bond	Lift GO Bond	Total Debt Service Funds	Total Other Governmental Funds
	Park		Drug Forfeitures							
	Street	Cumulative Reserve								
<b>ASSETS</b>										
Current cash & cash equivalents	\$204,932	\$276,142	\$32,575	\$513,649	\$84,013	\$4,930	\$26,522	\$441,750	\$473,202	\$1,070,864
Investments		2,000,000		2,000,000						2,000,000
Receivables (net of allowances)										
Taxes						9,999			9,999	9,999
Accounts receivable	1,500		1,530	3,030						3,030
Due from other governmental units	161,981			161,981						161,981
<b>TOTAL ASSETS</b>	<b>\$368,412</b>	<b>\$2,276,142</b>	<b>\$34,105</b>	<b>\$2,678,659</b>	<b>\$84,013</b>	<b>\$14,929</b>	<b>\$26,522</b>	<b>\$441,750</b>	<b>\$483,201</b>	<b>\$3,245,874</b>
<b>LIABILITIES AND FUND BALANCE</b>										
Liabilities										
Accounts payable	41,640		6,935	48,575		4,533	26,522	441,750	472,805	521,380
Payroll payable	43,509			43,509						43,509
Total liabilities	85,149		6,935	92,084		4,533	26,522	441,750	472,805	564,889
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue						9,999			9,999	9,999
Total deferred inflows of resources						9,999			9,999	9,999
Fund balances										
Restricted	283,264	2,276,142	27,170	2,586,576	16,321	396			396	2,603,293
Committed					67,692					67,692
Total fund balances	283,264	2,276,142	27,170	2,586,576	84,013	396			396	2,670,985
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$368,412</b>	<b>\$2,276,142</b>	<b>\$34,105</b>	<b>\$2,678,659</b>	<b>\$84,013</b>	<b>\$14,929</b>	<b>\$26,522</b>	<b>\$441,750</b>	<b>\$483,201</b>	<b>\$3,245,874</b>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Other Governmental Funds  
 For the Year Ended December 31, 2015

	Special Revenue Funds			Permanent Fund	Debt Service Funds			Total Other Governmental Funds	
	Park	Drug Forfeitures	Total Special		2008 GO Refunding Bond	2013 GO Bond	Lift GO Bond		Total Debt Service Funds
	Street		Cumulative Reserve						
<b>REVENUES</b>									
Taxes	\$46,228	\$56,704	\$102,932		\$597,741		\$1,092,904	\$1,690,645	\$1,793,577
Licenses and permits	93,199		93,199						93,199
Intergovernmental revenue	953,355		953,355						953,355
Charges for services	24,444	217,714	242,158						242,158
Fine and forfeitures			28,598						28,598
Other revenue	1,185		1,185						1,185
Total revenues	<u>1,118,412</u>	<u>274,418</u>	<u>1,421,428</u>		<u>597,741</u>		<u>1,092,904</u>	<u>1,690,645</u>	<u>3,112,073</u>
<b>EXPENDITURES</b>									
Current									
Security			17,644	17,644					17,644
Transportation	2,366,660		2,366,660						2,366,660
Capital Outlay			16,826	16,826					16,826
Other expenditures					684	850	425	1,959	1,959
Debt service									
Principal retirement					640,000	380,000		1,020,000	1,020,000
Interest					76,400	321,748	1,325,250	1,723,398	1,723,398
Total expenditures	<u>2,366,660</u>		<u>34,470</u>	<u>2,401,129</u>	<u>717,084</u>	<u>702,598</u>	<u>1,325,675</u>	<u>2,745,357</u>	<u>5,146,486</u>
Excess of revenue over (under) expenditures	(1,248,248)	274,418	(5,871)	(979,702)	(119,343)	(702,598)	(232,771)	(1,054,712)	(2,034,413)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	385,000		385,000		90,000	702,598	232,771	1,025,369	1,410,369
Transfers out	(7,621)	(60,822)	(68,443)						(68,443)
Total other financing sources	<u>377,379</u>	<u>(60,822)</u>	<u>316,557</u>		<u>90,000</u>	<u>702,598</u>	<u>232,771</u>	<u>1,025,369</u>	<u>1,341,926</u>
Net change in fund balances	(870,869)	213,596	(5,871)	(663,145)	(29,343)			(29,343)	(692,488)
FUND BALANCES - JANUARY 1, 2015	1,154,133	2,062,546	33,042	3,249,721	84,013	29,739		29,739	3,363,473
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<u><b>\$283,264</b></u>	<u><b>\$2,276,142</b></u>	<u><b>\$27,170</b></u>	<u><b>\$2,586,576</b></u>	<u><b>\$84,013</b></u>	<u><b>\$396</b></u>	<u><b>-</b></u>	<u><b>\$396</b></u>	<u><b>\$2,670,985</b></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual  
 Street Fund  
 For the Year Ended December 31, 2015

	Budgeted Amounts		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	2015-2016					
	Original	Final				
<b>REVENUES</b>						
Taxes	\$60,000	\$60,000	\$46,228		\$46,228	(\$13,772)
Licenses and permits	142,000	142,000	93,199		93,199	(48,801)
Charges for services	18,000	18,000	24,444		24,444	6,444
Intergovernmental revenue	1,838,136	1,838,136	953,355		953,355	(884,781)
Miscellaneous			1,185		1,185	1,185
Total revenues	<u>2,058,136</u>	<u>2,058,136</u>	<u>1,118,412</u>		<u>1,118,412</u>	<u>(939,724)</u>
<b>EXPENDITURES</b>						
Current						
Personnel services	2,137,535	2,137,535	948,752		948,752	1,188,783
Operating supplies	1,236,594	1,236,594	484,966		484,966	751,628
Taxes	5,000	5,000	292		292	4,708
Other services and charges	1,956,065	1,956,065	932,650		932,650	1,023,415
Total expenditures	<u>5,335,194</u>	<u>5,335,194</u>	<u>2,366,660</u>		<u>2,366,660</u>	<u>2,968,534</u>
Excess of revenue over (under) expenditures	(3,277,058)	(3,277,058)	(1,248,248)		(1,248,248)	2,028,810
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,523,440	1,523,440	385,000		385,000	(1,138,440)
Transfers out			(7,621)		(7,621)	(7,621)
Total other financing sources	<u>1,523,440</u>	<u>1,523,440</u>	<u>377,379</u>		<u>385,000</u>	<u>(1,138,440)</u>
Net change in fund balances	(1,753,618)	(1,753,618)	(870,869)		(870,869)	890,370
FUND BALANCES - JANUARY 1, 2015	1,755,754	1,755,754	1,154,133		1,154,133	(601,621)
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<u><b>\$2,136</b></u>	<u><b>\$2,136</b></u>	<u><b>\$283,264</b></u>	<u><b>-</b></u>	<u><b>\$283,264</b></u>	<u><b>\$281,128</b></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual  
 Park Cumulative Reserve Fund  
 For the Year Ended December 31, 2015

	Budgeted Amounts 2015-2016		2015	2016	Total	Variance with
	Original	Final	Actual Amounts Budgetary Basis	Actual Amounts Budgetary Basis	2015-2016 Actuals	Final Budget Positive (Negative)
<b>REVENUES</b>						
Taxes	\$86,000	\$86,000	\$56,704		\$56,704	(\$29,296)
Charges for services			217,714		217,714	217,714
Interest earnings						
Contributions						
Total revenues	<u>86,000</u>	<u>86,000</u>	<u>274,418</u>	<u></u>	<u>274,418</u>	<u>188,418</u>
<b>EXPENDITURES</b>						
Current						
Construction projects						
Debt Service - principal						
Debt Service - interest						
Total expenditures	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Excess of revenue over (under) expenditures	86,000	86,000	274,418		274,418	188,418
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(363,000)	(363,000)	(60,822)		(60,822)	302,178
Total other financing sources	<u>(363,000)</u>	<u>(363,000)</u>	<u>(60,822)</u>	<u></u>	<u>(60,822)</u>	<u>302,178</u>
Net change in fund balances	(277,000)	(277,000)	213,596		213,596	490,596
FUND BALANCES - JANUARY 1, 2015	1,883,880	1,883,880	2,062,546		2,062,546	178,666
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<b><u>\$1,606,880</u></b>	<b><u>\$1,606,880</u></b>	<b><u>\$2,276,142</u></b>	<b><u>-</u></b>	<b><u>\$2,276,142</u></b>	<b><u>\$669,262</u></b>

GAAP serves as the budgetary basis of accounting

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual  
 Drug Forfeitures Fund  
 For the Year Ended December 31, 2015

	Budgeted Amounts		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	2015-2016					
	Original	Final				
<b>REVENUES</b>						
Charges for services	\$50,000	\$50,000	\$28,598		\$28,598	(\$21,402)
Interest earnings						
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>28,598</u>		<u>28,598</u>	<u>(21,402)</u>
<b>EXPENDITURES</b>						
Current						
Personnel services	6,000	6,000				6,000
Operating supplies	23,000	23,000	3,828		3,828	19,172
Other services and charges	34,000	34,000	13,816		13,816	20,184
Capital outlay	10,200	10,200	16,826		16,826	(6,626)
Total expenditures	<u>73,200</u>	<u>73,200</u>	<u>34,470</u>		<u>34,470</u>	<u>38,730</u>
Excess of revenue over (under) expenditures	(23,200)	(23,200)	(5,871)		(5,871)	17,329
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out						
Total other financing sources						
Net change in fund balances	(23,200)	(23,200)	(5,871)		(5,871)	17,329
FUND BALANCES - JANUARY 1, 2015	<u>36,571</u>	<u>36,571</u>	<u>33,042</u>		<u>33,042</u>	<u>(3,529)</u>
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<u><b>\$13,371</b></u>	<u><b>\$13,371</b></u>	<u><b>\$27,170</b></u>	<u><b>-</b></u>	<u><b>\$27,170</b></u>	<u><b>\$13,799</b></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual  
 Cemetery Endowment Fund  
 For the Year Ended December 31, 2015

	Budgeted Amounts		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	2015-2016 Original	Final				
<b>REVENUES</b>						
Interest earnings						
Total revenues						
<b>EXPENDITURES</b>						
Other services and charges						
Total expenditures						
Excess of revenue over (under) expenditures						
Net change in fund balances						
FUND BALANCES - JANUARY 1, 2015	84,013	84,013	84,013		84,013	
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<b>\$84,013</b>	<b>\$84,013</b>	<b>\$84,013</b>	-	<b>\$84,013</b>	-

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual  
 2008 General Obligation Refund Bond Fund  
 For the Year Ended December 31, 2015

	Budgeted Amounts		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	2015-2016					
	Original	Final				
<b>REVENUES</b>						
Taxes	\$1,638,827	\$1,638,827	\$597,741		\$597,741	(\$1,041,086)
Total revenues	1,638,827	1,638,827	597,741		597,741	(1,041,086)
<b>EXPENDITURES</b>						
Current						
Principal retirement	1,305,000	1,305,000	640,000		640,000	665,000
Interest	132,800	132,800	76,400		76,400	56,400
Miscellaneous	25,000	25,000	684		684	24,316
Total expenditures	1,462,800	1,462,800	717,084		717,084	745,716
Excess of revenue over (under) expenditures	176,027	176,027	(119,343)		(119,343)	(295,370)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in			90,000		90,000	90,000
Total other financing sources			90,000		90,000	90,000
Net change in fund balances	176,027	176,027	(29,343)		(29,343)	(205,370)
FUND BALANCES - JANUARY 1, 2015	149,811	149,811	29,739		29,739	(120,072)
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<b>\$325,838</b>	<b>\$325,838</b>	<b>\$396</b>	<b>-</b>	<b>\$396</b>	<b>(\$325,442)</b>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual  
 LIFT General Obligation Bond Redemption Fund  
 For the Year Ended December 31, 2015

	Budgeted Amounts		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	2015-2016					
	Original	Final				
<b>REVENUES</b>						
Taxes	\$2,000,000	\$2,000,000	\$1,092,904		\$1,092,904	(\$907,096)
Total revenues	2,000,000	2,000,000	1,092,904		1,092,904	(907,096)
<b>EXPENDITURES</b>						
Current						
Principal retirement	680,000	680,000				680,000
Interest	2,643,700	2,643,700	1,325,250		1,325,250	1,318,450
Miscellaneous			425		425	(425)
Total expenditures	3,323,700	3,323,700	1,325,675		1,325,675	1,998,025
Excess of revenue over (under) expenditures	(1,323,700)	(1,323,700)	(232,771)		(232,771)	1,090,929
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,323,700	1,323,700	232,771		232,771	(1,090,929)
Total other financing sources	1,323,700	1,323,700	232,771		232,771	(1,090,929)
Net change in fund balances						
FUND BALANCES - JANUARY 1, 2015						
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual  
 2013 General Obligation Bond Fund  
 For the Year Ended December 31, 2015

	Budgeted Amounts		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	2015-2016					
	Original	Final				
<b>REVENUES</b>						
Total revenues						
<b>EXPENDITURES</b>						
Current						
Principal retirement	\$760,000	\$760,000	\$380,000		\$380,000	\$380,000
Interest	640,330	640,330	321,748		321,748	318,582
Bond costs	20,000	20,000	850		850	19,150
Other expenditures						
Total expenditures	1,420,330	1,420,330	702,598		702,598	717,732
Excess of revenue over (under) expenditures	(1,420,330)	(1,420,330)	(702,598)		(702,598)	717,732
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,420,330	1,420,330	702,598		702,598	(717,732)
Total other financing sources	1,420,330	1,420,330	702,598		702,598	(717,732)
Net change in fund balances						
FUND BALANCES - JANUARY 1, 2015						
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Internal Service Funds**

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

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

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

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

**COB Properties Fund** – This fund accounts for the activities of the City Hall Lease Revenue Bond issuance, debt service, and maintenance. COB Properties is a blended component unit of the City.

Combining Statement of Net Position  
 Internal Service Funds  
 December 31, 2015

	Governmental Activities Internal Service Funds				Total
	Equipment Rental	Self Insurance	Asset Replacement	COB Properties	
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$126,263	\$56,622	\$172,602	\$17,668	\$373,155
Investments			2,500,000		2,500,000
Accounts receivable		48,954			48,954
Interest Receivable				104	104
Restrict assets:					
Deposit held in trust				6,273,141	6,273,141
Total current assets	<u>126,263</u>	<u>105,576</u>	<u>2,672,602</u>	<u>6,290,913</u>	<u>9,195,355</u>
Non-current assets					
Capital assets, net of depreciation:					
Equipment - shop	30,689		256,217		286,905
Equipment - vehicles			3,366,609		3,366,609
Improvements	5,063		1,088,060		1,093,124
Total non-current assets	<u>35,752</u>		<u>4,710,886</u>		<u>4,746,638</u>
Total assets	<u>162,015</u>	<u>105,576</u>	<u>7,383,488</u>	<u>6,290,913</u>	<u>13,941,992</u>
<b>DEFERRED OUTFLOWS</b>					
Deferred outflows - pension	<u>17,695</u>	<u>12,296</u>			<u>29,991</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	40,141	19,518	388,681	884,733	1,333,073
Payroll payable	13,423	8,562			21,985
Advance payable-HEDC				1,000	1,000
Interest Payable				163,380	163,380
Compensated absences	16,644	16,453			33,096
Total current liabilities	<u>70,208</u>	<u>44,533</u>	<u>388,681</u>	<u>1,049,113</u>	<u>1,552,534</u>
Non current liabilities					
Pension liability	83,429	57,976			141,405
Unearned revenue				5,945,867	5,945,867
Total non-current liabilities	<u>83,429</u>	<u>57,976</u>		<u>5,945,867</u>	<u>6,087,272</u>
Total liabilities	<u>153,637</u>	<u>102,509</u>	<u>388,681</u>	<u>6,994,980</u>	<u>7,639,806</u>
<b>DEFERRED INFLOWS</b>					
Deferred inflows - pension	<u>22,271</u>	<u>15,477</u>			<u>37,748</u>
<b>NET POSITION</b>					
Net investment in capital assets	35,752		4,710,886		4,746,638
Unrestricted	(31,950)	(113)	2,283,921	(704,067)	1,547,791
<b>Total net position</b>	<u><b>\$3,802</b></u>	<u><b>(\$113)</b></u>	<u><b>\$6,994,807</b></u>	<u><b>(\$704,067)</b></u>	<u><b>\$6,294,429</b></u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Internal Service Funds  
 For the Year Ended December 31, 2015

	Governmental Activities Internal Service Funds				Total
	Equipment Rental	Self Insurance	Asset Replacement	COB Properties	
Operating revenues					
Charges for services	\$1,827,263	\$929,913		\$217,811	\$2,974,987
Other revenues	157	56,488			56,645
Total operating revenues	<u>1,827,420</u>	<u>986,401</u>		<u>217,811</u>	<u>3,031,632</u>
Operating expenses					
Maintenance and operations	187,677		203,579	23,725	414,981
Administration	593,170	1,113,095		21,724	1,727,989
Depreciation and amortization	5,456		792,156		797,612
Total operating expenses	<u>786,303</u>	<u>1,113,095</u>	<u>995,735</u>	<u>45,449</u>	<u>2,940,582</u>
Operating income (loss)	<u>1,041,117</u>	<u>(126,694)</u>	<u>(995,735)</u>	<u>172,362</u>	<u>91,050</u>
Non-operating revenue (expense)					
Gain (loss) on disposition of capital assets			(133,192)		(133,192)
Bond issuance costs				(463,898)	(463,898)
Bond premium amortization				(79,566)	(79,566)
Interest earnings				327,620	327,620
Interest expense				(660,585)	(660,585)
Total non-operating revenues (expenses)			<u>(133,192)</u>	<u>(876,429)</u>	<u>(1,009,621)</u>
Income (loss) before transfers	1,041,117	(126,694)	(1,128,927)	(704,067)	(918,571)
Transfers in		162,200	1,144,875		1,307,075
Transfers out	(957,772)				(957,772)
Change in net position	<u>83,345</u>	<u>35,506</u>	<u>15,948</u>	<u>(704,067)</u>	<u>(569,268)</u>
Net position - beginning	10,061	26,646	6,978,859		7,015,566
Restatement per GASB 68 implementation	(89,603)	(62,266)			(151,869)
<b>Net position - ending</b>	<u><b>\$3,802</b></u>	<u><b>(\$113)</b></u>	<u><b>\$6,994,807</b></u>	<u><b>(\$704,067)</b></u>	<u><b>\$6,294,429</b></u>

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2015

	Governmental Activities Internal Service Funds				Total
	Equipment Rental	Self Insurance	Asset Replacement	COB Properties	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$1,828,920	\$980,197		\$217,811	\$3,026,927
Cash paid to employees for services	(290,208)	(360,681)			(650,889)
Cash paid to suppliers for goods and services	(454,475)	(734,646)	16,047	(45,449)	(1,218,523)
Net cash provided (used) by operating activities	<u>1,084,237</u>	<u>(115,130)</u>	<u>16,047</u>	<u>172,362</u>	<u>1,157,516</u>
<b>CASH FLOWS FROM NON-OPERATING ACTIVITIES</b>					
Transfers out	(957,772)				(957,772)
Transfers in		162,200	1,144,875		1,307,075
Pension	(1,598)	(1,109)			(2,707)
Net cash provided (used) by non-operating activities	<u>(959,370)</u>	<u>161,091</u>	<u>1,144,875</u>		<u>346,596</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets			(1,220,896)		(1,220,896)
Construction in progress				723,159	723,159
Gain (loss) on disposition of capital assets			(133,192)		(133,192)
Construction retainage payable				(81,176)	(81,176)
Advances payable - HEDC				1,000	1,000
Bond issuance costs				(11,073)	(11,073)
Bond interest expenses				(786,846)	(786,846)
Net cash provided (used) by capital and related financing activities			<u>(1,354,089)</u>	<u>(154,936)</u>	<u>(1,509,025)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investments			208,282		208,282
Interest and dividends				242	242
Net cash provided by investing activities			<u>208,282</u>	<u>242</u>	<u>208,524</u>
Net increase (decrease) in cash and cash equivalents	124,867	45,961	15,116	17,668	203,611
Balances - beginning	1,396	10,661	157,487		169,544
<b>Balances - ending</b>	<u><b>\$126,263</b></u>	<u><b>\$56,622</b></u>	<u><b>\$172,602</b></u>	<u><b>\$17,668</b></u>	<u><b>\$373,155</b></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$1,041,117	(\$126,694)	(\$995,735)	\$172,362	\$91,050
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	5,456		792,156		797,612
Change in assets and liabilities:					
Decrease (increase) in accounts receivable		(6,204)			(6,204)
Decrease (increase) in due from other governments	1,500				1,500
Increase (decrease) in accounts payable	33,661	12,983	219,626		266,270
Increase (decrease) in interest payable					-
Increase (decrease) in compensated absences payable	2,029	4,444			6,473
Increase (decrease) in payroll payable	474	341			815
<b>Net cash provided by operating activities</b>	<u><b>\$1,084,237</b></u>	<u><b>(\$115,130)</b></u>	<u><b>\$16,047</b></u>	<u><b>\$172,362</b></u>	<u><b>\$1,157,516</b></u>
<b>Noncash investing, capital, and financing activities:</b>					
Increase (decrease) in fair value of investments					

**Agency Fund**

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

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

Statement of Changes in Assets and Liabilities  
 Agency Trust Fund  
 For the Year Ended December 31, 2015

	<b>Balance</b> <b>1/1/2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>12/31/2015</b>
<b>ASSETS</b>				
Cash	\$167,699	\$753,381	\$855,527	\$65,553
Investment		200,000		200,000
<b>Total Assets</b>	<b>\$167,699</b>	<b>\$953,381</b>	<b>\$855,527</b>	<b>\$265,553</b>
<b>LIABILITIES</b>				
Accounts payable		311,958	338,618	26,661
Deposits payable	167,699	345,478	416,671	238,892
Other liabilities				
<b>Total Liabilities</b>	<b>\$167,699</b>	<b>\$657,436</b>	<b>\$755,289</b>	<b>\$265,553</b>



City of Bothell™

# Supplemental Information



Schedule of Operations - Budget to Actual  
 Combined Utility System Fund  
 For the Year Ended December 31, 2015

	2015-2016		2015	2016	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2015-2016	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
<b>OPERATING REVENUES</b>						
Intergovernmental revenues						
Other						
Charges for services						
Total operating revenues						
<b>OPERATING EXPENSES</b>						
Administrative and general						
Purchase water						
Maintenance and operation						
Customer accounts						
Taxes						
Capital outlay						
Debt	\$1,155,000	\$1,155,000				\$1,155,000
Depreciation and amortization						
Total operating expenses	1,155,000	1,155,000				1,155,000
OPERATING INCOME (LOSS)	(1,155,000)	(1,155,000)				1,155,000
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment earnings			20,232		20,232	20,232
Issuance cost			(1,175)		(1,175)	(1,175)
Interest expense	(1,471,069)	(1,471,069)	(696,910)		(696,910)	774,159
Total non-operating revenue (expense)	(1,471,069)	(1,471,069)	(677,853)		(677,853)	793,216
Income (loss) before contributions and transfers	(2,626,069)	(2,626,069)	(677,853)		(677,853)	1,948,216
Transfers in	2,626,072	2,626,072	1,587,031		1,587,031	(1,039,041)
Transfers out	(12,876,000)	(12,876,000)	(546,013)		(546,013)	12,329,987
Net position - beginning, January 1, 2015	14,278,681	14,278,681	(363,166)		(363,166)	(14,641,847)
<b>Net position - ending, December 31, 2015</b>	<b>\$1,402,684</b>	<b>\$1,402,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(\$1,402,684)</b>

Schedule of Operations - Budget to Actual  
Water Fund  
For the Year Ended December 31, 2015

	2015-2016		2015	2016	Total	Variance with
	Budgeted Amounts					
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
<b>OPERATING REVENUES</b>						
Intergovernmental revenues			\$2,092		\$2,092	\$2,092
Other	90,166	90,166	73,529		73,529	(16,637)
Charges for services	9,096,456	9,096,456	5,977,666		5,977,666	(3,118,790)
Total operating revenues	9,186,622	9,186,622	6,053,287		6,053,287	(3,133,335)
<b>OPERATING EXPENSES</b>						
Administrative and general	2,201,798	2,201,798	474,468		474,468	1,727,330
Purchase water	2,838,876	2,838,876	1,641,659		1,641,659	1,197,217
Maintenance and operation	1,115,766	1,115,766	910,920		910,920	204,846
Customer accounts	287,637	287,637	149,889		149,889	137,748
Taxes	1,079,256	1,079,256	640,662		640,662	438,594
Capital outlay	5,934,000	5,934,000				5,934,000
Debt	233,082	233,082				233,082
Depreciation and amortization	868,054	868,054	502,592		502,592	365,462
Total operating expenses	14,558,469	14,558,469	4,320,189		4,320,189	10,238,280
OPERATING INCOME (LOSS)	(5,371,847)	(5,371,847)	1,733,099		1,733,099	7,104,946
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment earnings						
Bond proceeds						
Loan paid						
Interest expense			(3,691)		(3,691)	(3,691)
Total non-operating revenue (expense)			(3,691)		(3,691)	(3,691)
Income (loss) before contributions and transfers	(5,371,847)	(5,371,847)	1,729,408		1,729,408	7,101,255
Transfers in	4,000,000	4,000,000	116,495		116,495	(3,883,505)
Transfers out	(555,155)	(555,155)	(331,485)		(331,485)	223,670
Contributions			536,145		536,145	536,145
Net position - beginning, January 1, 2015	12,654,774	12,654,774	14,413,525		14,413,525	1,758,751
Changes in accounting principles - GASB 68			(271,302)		(271,302)	(271,302)
<b>Net position - ending, December 31, 2015</b>	<b>\$10,727,772</b>	<b>\$10,727,772</b>	<b>\$16,192,786</b>	<b>-</b>	<b>\$16,192,786</b>	<b>\$5,465,014</b>

Schedule of Operations - Budget to Actual  
Sewer Fund  
For the Year Ended December 31, 2015

	2015-2016		2015	2016	Total	Variance with
	Budgeted Amounts		Actual Amounts	Actual Amounts	2015-2016	Final Budget
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
<b>OPERATING REVENUES</b>						
Charges for services	\$13,735,505	\$13,735,505	\$7,527,314		\$7,527,314	(\$6,208,191)
Intergovernmental revenues			1,467		1,467	1,467
Other			27,460		27,460	27,460
Total operating revenues	<u>13,735,505</u>	<u>13,735,505</u>	<u>7,556,241</u>		<u>7,556,241</u>	<u>(6,179,264)</u>
<b>OPERATING EXPENSES</b>						
Administrative and general	829,893	829,893	424,053		424,053	405,840
Metro service	7,865,944	7,865,944	3,765,300		3,765,300	4,100,644
Maintenance and operation	2,224,778	2,224,778	802,464		802,464	1,422,314
Customer accounts	288,461	288,461	148,499		148,499	139,962
Taxes	1,144,133	1,144,133	412,178		412,178	731,955
Capital outlay	2,889,000	2,889,000				2,889,000
Depreciation and amortization	666,300	666,300	426,861		426,861	239,439
Total operating expenses	<u>15,908,509</u>	<u>15,908,509</u>	<u>5,979,353</u>		<u>5,979,353</u>	<u>9,929,156</u>
OPERATING INCOME (LOSS)	<u>(2,173,004)</u>	<u>(2,173,004)</u>	<u>1,576,888</u>		<u>1,576,888</u>	<u>3,749,892</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Investment earnings						
interest expense						
Bond issuance cost						
Debt						
Bond proceeds						
Total non-operating revenue (expense)						
Income (loss) before contributions and transfers	(2,173,004)	(2,173,004)	1,576,888		1,576,888	3,749,892
Transfers in	1,500,000	1,500,000	52,863		52,863	(1,447,137)
Transfers out	(249,587)	(268,187)	(168,568)		(168,568)	99,619
Contributions			288,065		288,065	288,065
Net position - beginning, January 1, 2015	11,342,937	11,342,937	13,919,381		13,919,381	2,576,444
Changes in accounting principles - GASB 68			(283,097)		(283,097)	(283,097)
<b>Net position - ending, December 31, 2015</b>	<b><u>\$10,420,346</u></b>	<b><u>\$10,401,746</u></b>	<b><u>\$15,385,531</u></b>	<b><u>-</u></b>	<b><u>\$15,385,531</u></b>	<b><u>\$4,983,785</u></b>

Schedule of Operations - Budget to Actual  
 Storm Surface Water Fund  
 For the Year Ended December 31, 2015

	2015-2016 Budgeted Amounts		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>OPERATING REVENUES</b>						
Charges for services	\$14,083,487	\$14,083,487	\$5,251,499		\$5,251,499	(\$8,831,988)
Intergovernmental revenues	1,878,578	1,878,578	209,746		209,746	(1,668,832)
Other			1,190		1,190	1,190
Total operating revenues	<u>15,962,065</u>	<u>15,962,065</u>	<u>5,462,436</u>		<u>5,462,436</u>	<u>(10,499,629)</u>
<b>OPERATING EXPENSES</b>						
Administrative and general	2,742,295	2,742,295	1,699,648		1,699,648	1,042,647
Maintenance and operation	3,954,843	3,954,843	1,389,482		1,389,482	2,565,361
Taxes	211,162	211,162	63,916		63,916	147,246
Capital outlay	12,696,000	12,696,000				12,696,000
Debt service	80,000	80,000				80,000
Depreciation and amortization	859,000	859,000	461,142		461,142	397,858
Total operating expenses	<u>20,543,300</u>	<u>20,543,300</u>	<u>3,614,189</u>		<u>3,614,189</u>	<u>16,929,111</u>
OPERATING INCOME (LOSS)	<u>(4,581,235)</u>	<u>(4,581,235)</u>	<u>1,848,247</u>		<u>1,848,247</u>	<u>6,429,482</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Loan						
Loan payment						
Revenue bond proceeds						
Debt service						
Transfers in						
Investment earnings						
Bond issuance cost						
Interest expense	<u>(7,000)</u>	<u>(7,000)</u>	<u>(1,042)</u>		<u>(1,042)</u>	<u>5,958</u>
Total non-operating revenue (expense)	<u>(7,000)</u>	<u>(7,000)</u>	<u>(1,042)</u>		<u>(1,042)</u>	<u>5,958</u>
Income (loss) before contributions and transfers	(4,588,235)	(4,588,235)	1,847,206		1,847,206	6,435,441
Transfers in	7,376,000	7,376,000	376,655		376,655	(6,999,345)
Transfers out	(1,821,330)	(1,839,930)	(1,124,081)		(1,124,081)	715,849
Contributions			281,444		281,444	281,444
Net position - beginning, January 1, 2015	16,120,409	16,120,409	15,699,988		15,699,988	(420,421)
Changes in accounting principles - GASB 68			(625,173)		(625,173)	(625,173)
<b>Net position - ending, December 31, 2015</b>	<b><u>\$17,086,844</u></b>	<b><u>\$17,068,244</u></b>	<b><u>\$16,456,039</u></b>	<b><u>-</u></b>	<b><u>\$16,456,039</u></b>	<b><u>(\$612,205)</u></b>

Schedule of Operations - Budget to Actual  
Equipment Rental Fund  
For the Year Ended December 31, 2015

	2015-2016		2015	2016	Total	Variance with
	Budgeted Amounts					
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
<b>OPERATING REVENUES</b>						
Charges for services	\$3,654,526	\$3,654,526	\$1,827,263		\$1,827,263	(\$1,827,263)
Proceeds from sale of capital assets						
Intergovernmental revenue			157		157	157
Total operating revenues	<u>3,654,526</u>	<u>3,654,526</u>	<u>1,827,420</u>		<u>1,827,420</u>	<u>(1,827,106)</u>
<b>OPERATING EXPENSES</b>						
Administrative and general	1,358,988	1,358,988	593,170		593,170	765,818
Maintenance and operation	386,223	386,223	187,677		187,677	198,546
Depreciation	6,751	6,751	5,456		5,456	1,295
Total operating expenses	<u>1,751,962</u>	<u>1,751,962</u>	<u>786,303</u>		<u>786,303</u>	<u>965,659</u>
OPERATING INCOME (LOSS)	<u>1,902,564</u>	<u>1,902,564</u>	<u>1,041,117</u>		<u>1,041,117</u>	<u>(861,447)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment earnings						
Total non-operating revenue (expense)						
Income (loss) before contributions and transfers	1,902,564	1,902,564	1,041,117		1,041,117	(861,447)
Transfers out	(1,915,544)	(1,915,544)	(957,772)		(957,772)	957,772
Transfers in						
Net position - beginning, January 1, 2015	95,493	95,493	10,061		10,061	(85,432)
Changes in accounting principles - GASB 68			(89,603)		(89,603)	(89,603)
<b>Net position - ending, December 31, 2015</b>	<u><b>\$82,513</b></u>	<u><b>\$82,513</b></u>	<u><b>\$3,802</b></u>	<u><b>-</b></u>	<u><b>\$3,802</b></u>	<u><b>(\$78,711)</b></u>

Schedule of Operations - Budget to Actual  
Self Insurance Fund  
For the Year Ended December 31, 2015

	2015-2016 Budgeted Amounts		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>OPERATING REVENUES</b>						
Insurance recovery	\$100,000	\$100,000	\$56,488		\$56,488	(\$43,512)
Intergovernmental revenues						
Charges for insurance premiums	1,904,627	1,904,627	929,913		929,913	(974,714)
Total operating revenues	<u>2,004,627</u>	<u>2,004,627</u>	<u>986,401</u>		<u>986,401</u>	<u>(1,018,226)</u>
<b>OPERATING EXPENSES</b>						
Administrative and general	1,895,007	1,895,007	931,279		931,279	963,728
Health insurance services	459,400	459,400	181,816		181,816	277,584
Total operating expenses	<u>2,354,407</u>	<u>2,354,407</u>	<u>1,113,095</u>		<u>1,113,095</u>	<u>1,241,312</u>
OPERATING INCOME (LOSS)	<u>(349,780)</u>	<u>(349,780)</u>	<u>(126,694)</u>		<u>(126,694)</u>	<u>223,086</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment earnings						
Total non-operating revenue (expense)						
Income (loss) before contributions and transfers	(349,780)	(349,780)	(126,694)		(126,694)	223,086
Transfers in	324,400	324,400	162,200		162,200	(162,200)
Net position - beginning, January 1, 2015	266,393	266,393	26,646		26,646	(239,747)
Changes in accounting principles - GASB 68			(62,266)		(62,266)	(62,266)
<b>Net position - ending, December 31, 2015</b>	<b><u>\$241,013</u></b>	<b><u>\$241,013</u></b>	<b><u>(\$113)</u></b>	<b><u>-</u></b>	<b><u>(\$113)</u></b>	<b><u>(\$241,126)</u></b>

Schedule of Operations - Budget to Actual  
 Asset Replacement Fund  
 For the Year Ended December 31, 2015

	2015-2016		2015	2016	Total	Variance with
	Budgeted Amounts					
	Original	Final	Budgetary Basis	Budgetary Basis	Actuals	Positive (Negative)
<b>OPERATING REVENUES</b>						
Intergovernmental revenue						
Total operating revenues						
<b>OPERATING EXPENSES</b>						
Capital outlay	\$3,102,470	\$3,102,470				\$3,102,470
Maintenance and operations	16,630	16,630				16,630
Administrative and general	570,763	570,763	203,579		203,579	367,184
Depreciation	1,366,000	1,366,000	792,156		792,156	573,844
Total operating expenses	5,055,863	5,055,863	995,735		995,735	4,060,128
OPERATING INCOME (LOSS)	(5,055,863)	(5,055,863)	(995,735)		(995,735)	4,060,128
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest earnings	40,524	40,524				(40,524)
Loan						
Gain (loss) on disposition of capital assets						
Depreciation of disposition of capital assets			(248,510)		(248,510)	(248,510)
Proceeds from the sale of capital assets	109,300	109,300	115,318		115,318	6,018
Total non-operating revenue (expense)	149,824	149,824	(133,192)		(133,192)	(283,016)
Income (loss) before contributions and transfers	(4,906,039)	(4,906,039)	(1,128,927)		(1,128,927)	3,777,112
Transfers in	2,215,544	2,252,744	1,144,875		1,144,875	(1,107,869)
Transfers out	(500,000)	(500,000)				500,000
Net position - beginning, January 1, 2015	5,448,908	5,448,908	6,978,859		6,978,859	1,529,951
<b>Net position - ending, December 31, 2015</b>	<b>\$2,258,413</b>	<b>\$2,295,613</b>	<b>\$6,994,807</b>	<b>-</b>	<b>\$6,994,807</b>	<b>\$4,699,194</b>

Schedule 16  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2015

Grantor/Pass Through Grantor Program Title	CFDA Number	Other Identification Number	Current Year Expenditures			Passed Through to Subrecipients
			Direct	Pass-Through	Total	
Department of Homeland Security/Pierce County Emergency Management National Urban Search and Rescue (US&R) Response System WATF-1 Water Operations Drill	97.025	E429	-	\$1,097	\$1,097	-
Department of Homeland Security/Washington State Military Department Emergency Management Performance Grant	97.042	E15-129		11,395	11,395	
Emergency Management Performance Grant (2014-15)	97.042	E16-130		7,547	7,547	
Emergency Management Performance Grant (2015-16)						
		Subtotal	-	18,942	18,942	-
		<b>Dept of Homeland Security Total</b>		<b>20,038</b>	<b>20,038</b>	
Department of Transportation/Washington State DOT Highway Planning & Construction						
228th St SE & 29th Dr SE Traffic Signal & Intersection	20.205	STPUL-7570 (010)		60,400	60,400	
228th Street SE & Bothell-Everett Hwy (SR527) Intersection Improvements	20.205	HSIP-2570 (008)		1,098,834	1,098,834	
228th Street SE & Bothell-Everett Hwy (SR527) Corridor Improvements	20.205	HSIP-2570 (009)		522	522	
4th Ave W/9th SE & Fitzgerald Rd/240th St Pavement	20.205	STPUL-9917 (024)		305,865	305,865	
Citywide Safety Improvements	20.205	HSIP-000S (346)		462	462	
Main Street Enhancement, Phase 1	20.205	STPUL-2458 (002)		669,431	669,431	
NE 195th Street Bridge Seismic Retrofit	20.205	BHM-2458 (001)		106,733	106,733	
Non-Motorized Bridge over Sammamish River in the Park at Bothell Landing	20.205	CD-0110 (013)		20,206	20,206	
North Creek Trail Section 3	20.205	CM-STPE-0110 (011)		43,405	43,405	
SR522 Multi-Modal Corridor - Stage 2	20.205	STPF-STPUL-0522 (051)		6,886	6,886	
SR522 Multi-Modal Corridor - Stage 3	20.205	STPUL-0522 (057)		1,000,117	1,000,117	
SR527 Improvements, 240th St SE to 228th St SE	20.205	HPP-STPUL-0527 (006)		34,728	34,728	
		Subtotal	-	3,347,589	3,347,589	-
Department of Transportation/Washington Traffic Safety Commission State & Community Highway Safety						
Distracted Driving Emphasis Patrols	20.600	NA		1,413	1,413	
		<b>Dept of Transportation Total</b>	-	<b>3,349,001</b>	<b>3,349,001</b>	-
Environmental Protection Agency Brownfields Assessment & Cleanup Cooperative Agreements						
Brownfields Cleanup: Bothell Landing Commercial Center Site	66.818	BF-00J02601	2,550		2,550	
Environmental Protection Agency/Washington State Department of Ecology Puget Sound Action Agenda: Tech Investigations/Implementation Assistance Program						
Nearshore Estuary Program Watershed Protection/Restoration	66.123	C1200179		90,306	90,306	
		<b>Environmental Protection Agency Total</b>	<b>2,550</b>	<b>90,306</b>	<b>92,856</b>	
		<b>Total Federal Assistance for 2014</b>	<b>\$2,550</b>	<b>\$3,459,345</b>	<b>\$3,461,895</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 federal grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

The amounts expended include \$0 claimed as an indirect cost recovery using an approved indirect cost rate of 0 percent. The City has not elected to use the 10-percent de Minimis indirect cost rate allowed under the Uniform Guidance.

Schedule 15  
 Schedule of State and Local Financial Assistance  
 For the Year Ended December 31, 2015

Grantor/Pass Through Grantor Program Title	BARS Account Number	Other Identification Number	Current Year Expenditures
<b>4Culture (Cultural Development Authority of King County)</b>			
Landmark Preservation Board - Fixed Assets Purchase	337.07.04	114661P	\$2,605
Preservation Sustained Support	337.07.04	115067P	\$2,500
<b>4Culture Total</b>			<b>5,105</b>
<b>King County</b>			
Fall Safety Prevention Program	337.09.01	EMS3295	1,352
Local Hazardous Waste Management Program	337.07.00	EHS3670	14,869
Sammamish River Side Channel Restoration, Phase III	337.07.00	4.8.15.003	9,820
Waste Reduction & Recycling	337.07.00	5728387	35,963
<b>King County Total</b>			<b>62,004</b>
<b>Washington State Department of Ecology</b>			
Bothell Crossroads Contamination	334.03.10	G1400464	237,880
Coordinated Prevention Grant (2013-15)	334.03.10	G1400143	28,731
Coordinated Prevention Grant (2015-17)	334.03.10	W2RCPG-1517-BothPW-00056	3,941
Municipal Stormwater Capacity Grant	334.03.10	G1400320	6,210
<b>Washington State Dept of Ecology Total</b>			<b>276,762</b>
<b>Washington State Department of Health</b>			
EMS Prehospital Participation Grant	334.04.90	SFY15	1,341
<b>Washington State Dept of Health Total</b>			<b>1,341</b>
<b>Washington State Patrol</b>			
Firefighter Training Reimbursement	334.01.30	K10671	153
<b>Washington State - Recreation &amp; Conservation Office Total</b>			<b>153</b>
<b>Washington State - Salmon Recovery Funding Board (SRFB) &amp; Recreation &amp; Conservation Office (RCO)</b>			
Sammamish River Side Channel Restoration (Design Phase)	334.02.70	13-1133P	87,952
<b>Washington State Traffic SRFB &amp; RCO Total</b>			<b>87,952</b>
<b>Washington State Transportation Improvement Board</b>			
Bothell-Everett Hwy - 228th St SE to 240th St SE	334.03.80	9-P-114 (006)-1	92,668
SR 522 - Hall Rd to 102nd St NE (Crossroads)	334.03.80	9-P-114 (005)-1	47,976
SR 522 - West City Limits to Wayne Curve	334.03.80	9-P-114 (004)-2	1,071
<b>Washington State Transportation Improvement Board Total</b>			<b>141,715</b>
<b>Total State &amp; Local Financial Assistance for 2015</b>			<b>\$575,033</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.

**Supplemental Information****City of Bothell**General Obligation Bond  
Refunding 2008  
December 31, 2015

<b>Year Ended December 31, 2015</b>	<b>Interest Rate Range</b>	<b>Interest June 1</b>	<b>Interest December 1</b>	<b>Principal December 1</b>	<b>Total Debt Service</b>
2016	4%	27,200	27,200	665,000	719,400
2017	4%	13,900	13,900	695,000	722,800
<b>Total</b>		<b>\$41,100</b>	<b>\$41,100</b>	<b>\$1,360,000</b>	<b>\$1,442,200</b>

**Supplemental Information**

**City of Bothell**

General Obligation LIFT Bond 2014  
December 31, 2015

<b>Year Ended December 31, 2015</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Principal Principal</b>	<b>Total Debt Service</b>
2016	2.0-5.0%	1,318,450	680,000	1,998,450
2017	2.0-5.0%	1,301,225	695,000	1,996,225
2018	2.0-5.0%	1,280,075	715,000	1,995,075
2019	2.0-5.0%	1,258,250	740,000	1,998,250
2020	2.0-5.0%	1,231,850	765,000	1,996,850
2021-2025	2.0-5.0%	5,591,025	4,390,000	9,981,025
2026-2030	2.0-5.0%	4,349,250	5,630,000	9,979,250
2031-2035	2.0-5.0%	2,750,000	7,230,000	9,980,000
2036-2040	2.0-5.0%	1,267,000	7,240,000	8,507,000
<b>Total</b>		<b>\$20,347,125</b>	<b>\$28,085,000</b>	<b>\$48,432,125</b>

**Supplemental Information****City of Bothell**General Obligation Bonds 2013 A & B  
December 31, 2015

<b>Year Ended December 31, 2015</b>	<b>Interest Rate Range</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Debt Service</b>
2016		318,265	380,000	698,265
2017		313,515	385,000	698,515
2018		307,163	390,000	697,163
2019		295,462	400,000	695,462
2020		283,463	415,000	698,463
2021-2025		1,209,663	2,275,000	3,484,663
2026-2030		754,113	1,590,000	2,344,113
2031-2035		242,063	3,075,000	3,317,063
<b>Total</b>	1.65-6.0%	<b>\$3,723,705</b>	<b>\$8,910,000</b>	<b>\$12,633,705</b>

Utility Revenue Bond 2014  
December 31, 2015

<b>Year Ended December 31, 2015</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Debt Service</b>
2016	3.0%	676,769	635,000	1,311,769
2017	3.0%	651,369	665,000	1,316,369
2018	3.0%	624,769	685,000	1,309,769
2019	3.0%	590,519	720,000	1,310,519
2020	3.0%	561,719	750,000	1,311,719
2021-2025	3.0%	2,249,845	4,295,000	6,544,845
2026-2030	3.0%	1,293,169	5,260,000	6,553,169
2031-2035	3.0%	415,531	4,825,000	5,240,531
<b>Total</b>		<b>\$7,063,689</b>	<b>\$17,835,000</b>	<b>\$24,898,690</b>

**Supplemental Information****City of Bothell**

Public Works Trust Fund Loan  
PC12-951-022  
December 31, 2015

<b>Year Ended December 31, 2015</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Debt Service</b>
2016	0.25%	17,824	447,123	464,947
2017	0.25%	16,767	447,123	463,890
2018	0.25%	15,649	447,123	462,772
2019	0.25%	14,532	447,123	461,655
2020	0.25%	13,414	447,123	460,537
2021-2025	0.25%	50,301	2,235,615	2,285,916
2026-2030	0.25%	22,356	2,235,615	2,257,971
2031-2035	0.25%	1,118	447,123	448,241
<b>Total</b>		<b>\$151,961</b>	<b>\$7,153,969</b>	<b>\$7,305,929</b>

**Supplemental Information****City of Bothell**

Public Works Trust Fund Loan  
PW98-791-007  
December 31, 2015

<b>Year Ended December 31, 2015</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Debt Service</b>
2016	1%	3,378	112,599	115,977
2017	1%	2,252	112,599	114,851
2018	1%	1,126	112,599	113,725
<b>Total</b>		<b>\$6,756</b>	<b>\$337,796</b>	<b>\$344,552</b>

**Supplemental Information**

City of Bothell

Public Works Trust Fund Loan  
Horse Creek PC13-961-060  
For the Year Ended December 31, 2015

<b>Year Ended December 31, 2015</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Service Debt</b>
2016	0.50%	3,243	40,407	43,650
2017	0.50%	3,233	40,407	43,640
2018	0.50%	3,031	40,407	43,438
2019	0.50%	2,829	40,407	43,236
2020	0.50%	2,626	40,407	43,034
2021-2025	0.50%	10,102	202,036	212,138
2026-2030	0.50%	5,051	202,036	207,087
2031-2035	0.50%	606	80,814	81,421
<b>Total</b>		<b>\$24,244</b>	<b>\$686,922</b>	<b>\$717,642</b>

City Hall Lease Revenue Bonds  
For the Year Ended December 31, 2015

<b>Year Ended December 31, 2015</b>	<b>Interest Rate Range</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Service Debt</b>
2016	4.0%	2,086,818	1,000,000	3,086,818
2017	5.0%	2,046,818	1,000,000	3,046,818
2018	5.0%	1,996,818	1,250,000	3,246,818
2019	4.0%	1,934,318	1,315,000	3,249,318
2020	5.0%	1,881,718	1,365,000	3,246,718
2021-2025	5.0%	8,272,840	8,355,000	16,627,840
2026-2030	3.6-5%	6,068,066	10,560,000	16,628,066
2031-2035	3.6-3.9%	3,923,761	12,705,000	16,628,761
2036-2040	4.0%	1,231,200	12,075,000	13,306,200
<b>Total</b>		<b>\$29,442,357</b>	<b>\$49,625,000</b>	<b>\$79,067,357</b>

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget to Actual  
 Capital Improvements Fund  
 For the Year Ended December 31, 2015

	2015-2016 Budgeted Amounts		2015 Actual Amounts	2016 Actual Amounts	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Basis	Budgetary Basis		
<b>REVENUES</b>						
Taxes	\$6,000,000	\$6,000,000	\$4,512,064		\$4,512,064	(\$1,487,936)
Intergovernmental revenues	19,694,000	19,694,000	3,838,073		3,838,073	(15,855,927)
Licenses and permits	727,750	727,750	447,216		447,216	(280,534)
Investment interest	600,000	600,000	1,955		1,955	(598,045)
Rents	2,400,000	2,400,000	96,500		96,500	(2,303,500)
Miscellaneous revenue			2,476		2,476	2,476
Contributions	776,000	776,000	13,903		13,903	(762,097)
Total revenues	<u>30,197,750</u>	<u>30,197,750</u>	<u>8,912,188</u>		<u>8,912,187</u>	<u>(21,285,563)</u>
<b>EXPENDITURES</b>						
Current:						
Economic environment						
Capital outlay	27,765,994	27,765,994	58,798,225		58,798,225	(31,032,231)
Debt Issue costs			1,577		1,577	(1,577)
Debt principle	4,300,000	4,300,000	440,527		440,527	3,859,473
Interest expense	167,182	167,182	44,021		44,021	123,161
Total expenditures	<u>32,233,176</u>	<u>32,233,176</u>	<u>59,284,351</u>		<u>59,284,351</u>	<u>(27,051,175)</u>
Excess of revenue over (under) expenditures	<u>(2,035,426)</u>	<u>(2,035,426)</u>	<u>(50,372,163)</u>		<u>(50,372,164)</u>	<u>(48,336,738)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sales of capital assets	228,604	228,604	761,483		761,483	532,879
Capital lease			51,475,433		51,475,433	51,475,433
Loan			226,786		226,786	226,786
Transfers in	4,838,700	4,838,700	1,191,018		1,191,018	(3,647,682)
Transfers out	(3,532,470)	(3,532,470)	(1,320,369)		(1,320,369)	2,212,101
Total other financing sources	<u>1,534,834</u>	<u>1,534,834</u>	<u>52,334,350</u>		<u>52,334,350</u>	<u>50,799,516</u>
Net change in fund balances	<u>(500,592)</u>	<u>(500,592)</u>	<u>1,962,187</u>		<u>1,962,186</u>	<u>2,462,778</u>
FUND BALANCES - JANUARY 1, 2015	<u>2,813,515</u>	<u>2,813,515</u>	<u>7,345,058</u>		<u>7,345,058</u>	<u>4,531,543</u>
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<b><u>\$2,312,923</u></b>	<b><u>\$2,312,923</u></b>	<b><u>\$9,307,244</u></b>	<b><u>-</u></b>	<b><u>\$9,307,244</u></b>	<b><u>\$6,994,321</u></b>



City of Bothell™



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

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	\$872,520,256	\$851,902,746	\$841,148,841	\$829,995,723	\$797,260,030	\$772,845,492	\$746,225,080	\$720,584,679	\$709,089,935	\$677,138,001
Restricted					7,754,246	9,780,831	7,578,092	12,554,203	15,409,677	17,584,435
Unrestricted	46,594,330	56,832,220	44,506,169	14,636,710	6,887,300	4,879,019	3,614,460	3,262,857	1,729,590	(5,769,209)
Total governmental activities net position	919,114,586	908,734,966	885,655,008	844,632,433	811,901,576	787,505,342	757,417,631	736,401,739	726,229,202	688,953,226
Business-type activities										
Invested in capital assets, net of related debt	22,312,164	22,148,994	22,894,341	25,684,286	32,408,696	32,660,784	33,185,063	34,892,575	37,917,645	39,266,084
Restricted	45,960	45,960	45,960						1,316,369	1,316,369
Unrestricted	9,493,206	11,780,119	10,884,406	8,920,530	2,658,185	1,771,470	3,074,506	4,531,648	4,435,715	7,451,903
Total business-type activities net position	31,851,330	33,975,073	33,824,706	34,604,816	35,066,881	34,432,254	36,259,569	39,424,223	43,669,729	48,034,356
Primary government										
Net investment in capital assets	894,832,420	874,051,740	864,043,182	855,680,009	829,668,726	805,506,276	779,410,143	755,477,254	747,007,580	716,404,085
Restricted	45,960	45,960	45,960		7,754,246	9,780,831	7,578,092	12,554,203	16,726,046	18,900,804
Unrestricted	56,087,536	68,612,339	55,390,573	23,557,239	9,545,485	6,650,489	6,688,966	7,794,505	6,165,305	1,682,694
<b>Total primary government net position</b>	<b>\$950,965,916</b>	<b>\$942,710,039</b>	<b>\$919,479,714</b>	<b>\$879,237,248</b>	<b>\$846,968,458</b>	<b>\$821,937,596</b>	<b>\$793,677,200</b>	<b>\$775,825,961</b>	<b>\$769,898,931</b>	<b>\$736,987,582</b>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses - Governmental activities</b>										
General government	\$7,286,832	\$7,590,440	\$9,462,780	\$9,413,427	\$9,442,611	\$9,877,418	\$10,969,744	\$10,073,570	\$22,655,176	\$12,868,567
Security of persons and property	16,716,844	18,356,633	19,342,241	20,646,387	22,005,979	21,575,204	22,078,983	23,098,903	22,723,613	23,376,244
Physical environment	5,680,934	3,466,656	4,626,024	6,262,903	6,354,100	6,398,497	4,914,790	5,972,811	2,196,908	2,548,539
Transportation	34,309,036	38,300,146	38,946,938	42,394,908	39,919,102	34,044,668	36,833,751	35,896,052	41,362,523	42,686,251
Economic environment	2,583,146	3,808,101	3,413,764	3,026,618	3,347,504	3,298,490	2,860,182	2,882,941	4,770,995	4,067,230
Culture and recreation							1,613,519	2,005,064	1,852,966	2,205,709
Interest on long-term debt	362,317	327,703	229,262	213,348	303,378	581,295	517,471	686,700	2,064,923	2,756,555
Total governmental activities	66,939,110	71,849,679	76,021,008	81,957,592	81,372,674	75,775,571	79,788,440	80,616,039	97,627,104	90,509,095
Business-type activities										
Water	2,944,338	2,878,560	3,150,986	3,188,527	3,234,985	3,708,205	3,369,337	3,947,670	4,045,439	4,471,061
Sewer	3,318,782	3,965,202	4,099,024	4,436,576	4,809,616	5,454,241	4,976,045	5,136,854	5,865,582	6,045,555
Storm & Surface Water	1,229,997	1,323,861	1,645,670	2,094,509	2,381,009	2,864,914	2,938,653	2,985,040	3,793,237	4,099,932
Total business-type activities	7,493,117	8,167,623	8,895,680	9,719,612	10,425,610	12,027,360	11,284,035	12,069,565	13,704,258	14,616,548
<b>Total primary government expenses</b>	<b>\$74,432,227</b>	<b>\$80,017,302</b>	<b>\$84,916,688</b>	<b>\$91,677,203</b>	<b>\$91,798,284</b>	<b>\$87,802,932</b>	<b>\$91,072,475</b>	<b>\$92,685,604</b>	<b>\$111,331,362</b>	<b>\$105,125,643</b>
<b>Program Revenues - Governmental activities</b>										
Charges for services										
General government	\$2,109,872	\$2,063,843	\$1,686,890	\$1,858,979	\$2,687,935	\$4,810,917	\$4,841,692	\$5,795,890	\$4,949,225	\$7,083,683
Security of persons and property	1,634,128	1,652,887	2,084,447	1,901,973	2,743,162	2,273,740	2,663,755	3,243,837	3,368,962	4,456,563
Physical environment	1,425,625	1,544,277	1,420,714	2,330,963	3,566,661	1,376,855	2,078,244	1,352,480	937,303	933,754
Transportation	858,310	1,932,005	1,764,671	79,707	1,185,102	607,870	1,818,764	349,447	268,215	1,375,389
Economic environment	1,582,638	1,806,077	1,713,091	1,390,869	1,594,278	1,338,169	1,961,284	4,218,724	4,176,516	3,924,331
Culture and recreation	157,648	143,191	149,021	225,350	328,879	457,981	268,711	266,648	288,713	354,039
Operating grants and contributions	402,018	846,560	525,398	357,367	383,325	360,152	969,659	1,566,336	541,291	364,737
Capital grants and contributions	5,642,460	12,983,232	12,229,943	3,064,379	8,068,251	10,650,614	4,324,101	11,102,307	8,153,286	4,451,573
Total governmental activities program revenues	13,812,699	22,972,072	21,574,175	11,209,588	20,557,594	21,876,297	18,926,210	27,895,669	22,683,511	22,944,069
Business-type activities										
Charges for services										
Water	3,995,496	3,786,422	3,377,642	3,731,390	3,098,581	3,210,573	3,656,582	4,371,380	4,247,227	6,053,287
Sewer	4,257,167	4,607,172	4,448,313	4,913,071	4,421,861	5,012,251	5,639,707	6,088,614	6,601,973	7,556,241
Storm & Surface Water	1,837,048	1,730,963	1,753,920	2,478,439	2,605,276	2,927,059	3,645,575	4,255,802	5,147,336	5,462,436
Operating grants and contributions										
Capital grants and contributions	649,239	729,022	787,526	411,475	757,700	241,500	164,800	501,000	1,951,300	1,105,654
Total business-type activities program revenue	10,738,950	10,853,579	10,367,401	11,534,375	10,883,418	11,391,383	13,106,664	15,216,797	17,947,836	20,177,618
<b>Total primary government program revenues</b>	<b>\$24,551,649</b>	<b>\$33,825,651</b>	<b>\$31,941,576</b>	<b>\$22,743,963</b>	<b>\$31,441,012</b>	<b>\$33,267,680</b>	<b>\$32,032,874</b>	<b>\$43,112,466</b>	<b>\$40,631,347</b>	<b>\$43,121,687</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(\$53,126,411)	(\$48,877,607)	(\$54,446,834)	(\$70,748,004)	(\$60,815,080)	(\$53,899,274)	(\$60,862,229)	(\$52,720,370)	(\$74,943,593)	(\$67,565,026)
Business-type activities	3,245,833	2,685,956	1,471,721	1,814,763	457,808	(635,977)	1,822,629	3,147,232	4,243,578	5,561,070
Total primary government net expense	(49,880,577)	(46,191,650)	(52,975,113)	(68,933,241)	(60,357,272)	(54,535,251)	(59,039,600)	(49,573,138)	(70,700,015)	(62,003,956)
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities										
Taxes										
Property tax	11,294,149	13,745,959	9,979,056	9,480,272	10,190,952	10,963,812	11,128,474	12,506,112	15,501,155	12,402,051
Excise tax	13,035,096	12,875,394	11,731,999	9,842,288	10,482,416	9,960,281	10,341,621	11,071,149	12,889,402	17,053,937
Business tax	6,971,731	7,105,751	7,085,015	7,312,792	6,832,556	6,795,259	6,972,159	6,759,484	7,945,069	7,686,370
Unrestricted grants and contributions										
Investment earnings	2,340,709	2,766,765	1,627,957	1,055,739	123,457	310,195	512,991	164,714	116,931	441,188
Special item									23,858,356	
Miscellaneous	737,447	1,010,077	1,020,245	915,788	454,842	516,090	540,813	1,033,726	4,682,318	438,912
Transfers	797,483	899,556	959,111	1,118,550				(17,422)		37,103
Total governmental activities	35,176,613	38,403,500	32,403,383	29,725,430	28,084,224	28,545,636	29,496,058	31,517,764	64,993,231	38,059,561
Business-type activities										
Investment earnings	256,904	337,341	180,799	62,247	4,259	1,350	4,685		1,928	20,233
Miscellaneous										
Transfers	(797,483)	(899,556)	(959,111)	(1,118,550)				17,422		(37,103)
Total business-type activities	(540,579)	(562,215)	(778,311)	(1,034,652)	4,260	1,350	4,685	17,422	1,928	(16,870)
<b>Total primary government</b>	<b>\$34,636,035</b>	<b>\$37,841,286</b>	<b>\$31,625,072</b>	<b>\$28,690,778</b>	<b>\$28,088,483</b>	<b>\$28,546,986</b>	<b>\$29,500,743</b>	<b>\$31,535,186</b>	<b>\$64,995,159</b>	<b>\$38,042,691</b>
<b>Change in Net Position</b>										
Governmental activities	(\$17,949,797)	(\$10,474,106)	(\$22,043,451)	(\$41,022,574)	(\$32,730,857)	(\$25,353,638)	(\$31,366,171)	(\$21,202,606)	(\$9,950,362)	(\$29,505,465)
Business-type activities	2,705,255	2,123,742	693,410	780,109	462,066	(634,627)	1,827,315	3,164,654	4,245,507	5,544,200
<b>Total primary government</b>	<b>(\$15,244,543)</b>	<b>(\$8,350,365)</b>	<b>(\$21,350,042)</b>	<b>(\$40,242,465)</b>	<b>(\$32,268,791)</b>	<b>(\$25,988,265)</b>	<b>(\$29,538,856)</b>	<b>(\$18,037,952)</b>	<b>(\$5,704,855)</b>	<b>(\$23,961,265)</b>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved										
Unreserved	14,911,218	15,014,982	12,955,076	6,994,173	4,052,527					
Committed						16,750	16,750	16,750	22,250	22,250
Restricted						391,930	526,522	602,871	738,694	867,549
Assigned						1,711,130	1,711,130	1,711,130	1,711,130	1,711,130
Unassigned						1,587,189	870,296	1,446,023	1,316,482	1,381,675
Prior Period Adjustment								11,035		
<b>Total general fund</b>	<b>\$14,911,218</b>	<b>\$15,014,982</b>	<b>\$12,955,076</b>	<b>\$6,994,173</b>	<b>\$4,052,527</b>	<b>\$3,706,999</b>	<b>\$3,124,698</b>	<b>\$3,787,810</b>	<b>\$3,788,556</b>	<b>\$3,982,604</b>
All Other Governmental Funds										
Unreserved										
Special revenue funds	\$3,866,507	\$4,693,599	\$2,320,927	\$2,124,745	\$2,410,436	\$2,268,368	\$3,916,223	\$4,709,781	\$7,290,304	\$7,392,924
Debt service funds	249,682	474,567	690,991	2,012	669	55,295	142,231	120,129	29,739	396
Capital projects funds	23,179,317	31,767,467	24,686,299	2,077,727	5,266,801	7,065,239	2,976,365	6,917,958	7,594,931	9,307,244
Permanent funds									16,321	16,321
Restricted						9,388,902	7,034,819	11,747,868	14,931,295	16,716,885
Committed						68,153	67,692	67,692	67,692	67,692
Prior Period Adjustment								175,679	(222,175)	
<b>Total all other governmental funds</b>	<b>\$27,295,506</b>	<b>\$36,935,634</b>	<b>\$27,698,218</b>	<b>\$4,204,485</b>	<b>\$7,677,906</b>	<b>\$9,457,054</b>	<b>\$7,102,511</b>	<b>\$11,991,239</b>	<b>\$31,561,389</b>	<b>\$16,784,578</b>

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$30,572,126	\$32,970,598	\$28,070,855	\$26,635,353	\$27,505,967	\$27,719,352	\$28,442,253	\$30,413,113	\$34,443,409	\$36,521,449
Licenses and permits	1,819,235	1,600,669	1,280,479	989,656	1,128,293	1,081,549	1,761,220	2,953,512	2,837,610	3,404,797
Intergovernmental	7,281,784	15,525,563	14,260,853	5,766,032	10,748,505	13,700,129	8,015,234	11,647,160	8,816,626	6,226,412
Charges for services	4,362,883	5,877,417	5,438,718	3,617,008	5,587,104	4,703,004	6,467,279	9,037,134	9,137,788	9,121,997
Fines and forfeitures	343,486	443,007	396,602	436,520	431,188	387,550	421,304	381,258	371,011	377,964
Interest earnings	2,107,757	2,590,040	1,555,854	1,033,628	120,261	306,511	509,634	162,427	115,776	113,568
Proceeds from the sale of capital assets	1,064	750	12,399	501						
Contributions		471,276	132,230	30,706	68,260	50,930	45,605	890,862	397,021	49,271
Other revenue	403,877	416,493	802,892	805,466	347,338	445,398	435,486	330,305	2,560,223	443,354
<b>Total revenues</b>	<b>46,892,211</b>	<b>59,895,814</b>	<b>51,950,883</b>	<b>39,314,871</b>	<b>45,936,917</b>	<b>48,394,423</b>	<b>46,098,016</b>	<b>55,815,771</b>	<b>58,679,464</b>	<b>56,258,812</b>
<b>Expenditures</b>										
General government	6,306,333	6,919,113	8,102,794	8,074,767	8,248,773	8,702,807	8,248,283	8,651,252	8,134,152	9,024,948
Security of persons and property	15,344,949	16,837,363	17,894,731	18,984,021	20,223,188	19,958,652	20,292,352	20,829,840	22,072,891	23,695,773
Transportation	1,639,542	1,463,468	1,601,855	1,574,859	1,567,865	1,732,338	1,725,232	1,688,875	5,449,765	5,960,100
Physical environment	2,914,337	3,179,940	3,614,666	3,675,595	3,984,208	4,183,070	4,185,398	3,450,807	20,409	20,455
Cultural Environment								1,334,713	1,535,044	1,720,662
Economic environment	2,433,653	2,749,084	3,203,110	2,853,133	3,129,153	2,864,765	2,860,182	2,882,941	4,391,995	3,696,718
Bond issue costs			73,595		79,488	41,603	170,753	125,039	311,422	1,577
Debt service										
Interest	362,317	327,703	117,539	213,348	223,890	539,692	517,471	686,700	1,753,501	1,767,419
Principal	768,862	483,862	668,862	558,862	545,000	23,301,611	11,272,161	5,258,421	31,479,922	1,460,527
Other expenditures		18,264	80,743	27,872	15,777	28,645	2,436	10,474	21,136	1,959
Capital outlay	8,059,038	16,441,760	25,199,063	31,859,238	38,541,728	16,982,124	12,124,363	21,441,381	13,477,686	58,858,361
<b>Total expenditures</b>	<b>37,829,031</b>	<b>48,420,557</b>	<b>60,556,958</b>	<b>67,821,695</b>	<b>76,559,071</b>	<b>78,335,307</b>	<b>61,398,630</b>	<b>66,360,442</b>	<b>88,647,923</b>	<b>106,208,500</b>
Excess of revenue over (under) expenditures	9,063,180	11,475,257	(8,606,075)	(28,506,824)	(30,622,154)	(29,940,884)	(15,300,615)	(10,544,671)	(29,968,459)	(49,949,688)
<b>Other Financing Sources (Uses)</b>										
Refunding bonds issued			6,070,000							
Premium on refunding bonds			123,226							
2013 GO bonds								9,665,000		
2013 GO bond premium								455,236		
LIFT GO bonds									28,210,000	
LIFT GO bond premium									2,137,096	
Capital lease										51,475,433
Proceeds from sales of capital assets							4,607,525	15,088	1,800,000	761,483
Payment to refunded bond escrow agent			(6,116,354)							
Bond anticipation note					12,741,611	30,000,000	6,550,000			
Loan proceeds					18,750,000			5,953,936	1,819,279	226,786
Transfers in	18,343,405	4,067,571	1,992,268	5,880,761	1,880,598	2,348,144	2,406,488	1,889,311	2,052,217	2,609,009
Transfers out	(19,836,319)	(5,893,424)	(3,720,477)	(6,828,573)	(2,218,278)	(1,931,044)	(2,478,701)	(2,068,775)	(3,041,638)	(2,921,209)
<b>Total other financing sources uses</b>	<b>(1,492,914)</b>	<b>(1,825,853)</b>	<b>(1,651,337)</b>	<b>(947,812)</b>	<b>31,153,931</b>	<b>30,417,100</b>	<b>11,085,311</b>	<b>15,909,796</b>	<b>32,976,954</b>	<b>52,151,501</b>
<b>Net change in fund balances</b>	<b>\$7,570,266</b>	<b>\$9,649,404</b>	<b>(\$10,257,412)</b>	<b>(\$29,454,636)</b>	<b>\$531,776</b>	<b>\$476,216</b>	<b>(\$4,215,304)</b>	<b>\$5,365,125</b>	<b>\$3,008,495</b>	<b>\$2,201,813</b>
Debt service as a percentage of noncapital expenditures	3.8%	2.5%	2.2%	2.1%	2.0%	38.9%	23.9%	13.2%	44.2%	6.8%

Assessed Value of Taxable Property  
Last Ten Fiscal Years

<b>Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate*</b>
2006	4,115,479,688	1,178,645,091	5,294,124,779	1.54
2007	4,762,031,697	915,321,778	5,677,353,475	1.50
2008	5,475,256,395	1,032,949,319	6,899,208,239	1.36
2009	6,068,825,132	852,179,192	6,921,004,324	1.27
2010	5,448,364,635	1,135,077,757	6,583,442,392	1.40
2011	5,170,948,110	1,166,946,298	6,337,894,408	1.49
2012	4,765,234,231	1,142,409,091	5,907,643,322	1.62
2013	4,788,399,900	1,016,236,063	5,804,635,963	1.67
2014	5,226,252,184	902,744,249	6,128,996,433	1.60
2015	6,756,976,860	894,227,150	7,651,204,010	1.50

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

**Note: \*Tax rate is per \$1,000 of assessed value Real and personal property have been assessed at 100% of the estimated value.**

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

City Direct Rates			Overlapping Tax Rates - King County											Total Direct & Overlapping Rate
Year	Regular Levy	GO Bond	Total Direct Rate	WA State	King County	School District	County Port	Hospital District	Library District	Emergency Medical Services	Park/Rec District	Flood District	Ferry District	
2006	1.39	0.15	1.54	2.50	1.33	4.07	.23	.54	.53	.25	.04			11.03
2007	1.35	0.14	1.50	2.33	1.29	3.88	.23	.50	.50	.21	.04			10.48
2008	1.24	0.12	1.36	2.13	1.21	3.62	.22	.45	.45	.30	.03			9.76
2009	1.18	0.09	1.27	1.96	1.10	3.48	.20	.40	.42	.27	.01			9.11
2010	1.29	0.11	1.40	2.20	1.28	4.04	.22	.46	.49	.30	.02	.11	.010	10.53
2011	1.37	0.12	1.49	2.28	1.34	4.60	.22	.48	.57	.30	.15	.11	.004	11.55
2012	1.48	0.13	1.62	2.42	1.42	4.75	.23	.49	.57	.30	.02	.12	.004	11.94
2013	1.54	0.13	1.67	2.57	1.54	5.30	.23	.52	.57	.30	.02	.13	.004	12.85
2014	1.49	0.11	1.60	2.38	1.52	4.93	.22	.47	.56	.29	.02	.15	.003	12.13
2015	1.41	0.09	1.50	2.29	1.35	4.44	.19	.40	.50	.30	.01	.14		11.12

City Direct Rates			Overlapping Tax Rates - Snohomish County											Total Direct & Overlapping Rate
Year	Regular Levy	GO Bond	Total Direct Rate	WA State	King County	School District	County Port	Hospital District	Library District	Emergency Medical Services	Park/Rec District	Flood District	Ferry District	
2006	1.39	0.15	1.54	2.53	1.00	4.07		.22	.53	.25	.04			10.18
2007	1.35	0.14	1.50	2.16	0.84	3.88		.18	.50	.21	.04			9.31
2008	1.24	0.12	1.36	1.91	0.72	3.62		.16	.45	.19	.03			8.43
2009	1.18	0.09	1.27	1.91	0.72	3.48		.16	.42	.19	.01			8.16
2010	1.29	0.11	1.40	1.99	0.78	4.04		.18	.49	.20	.02			9.10
2011	1.37	0.12	1.49	2.21	0.87	4.60		.15	.57	.21	.02			10.11
2012	1.48	0.13	1.62	2.38	0.98	4.75		.11	.50	.30	.02			10.65
2013	1.54	0.13	1.67	2.43	1.08	5.30		.11	.57	.30	.02			11.47
2014	1.49	0.11	1.60	2.38	1.08	4.93			.56	.29	.02			10.85
2015	1.41	0.09	1.50	2.28	1.00	4.44			.50	.27	.01			10.00

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

Source: King and Snohomish County Assessors Office

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

Principal Property Tax Payers  
Current and Ten Years Ago

Snohomish County Taxpayers		2015		2006		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
T-Mobile USA Inc	\$163,131,687	1	5.00%			
Teachers Insurance & Annuity Assn	125,401,700	2	3.84%	85,830,700	1	3.74%
Arden Realty Inc	112,136,000	3	3.44%			0.00%
Philips Ultrasound Inc	83,012,372	4	2.54%	70,848,762	2	
BRE Properties Inc	42,880,000	5	1.31%	27,182,200	9	
Monte Villa Farms LLC	37,415,767	6	1.15%			
Seattle Genetics Inc	35,464,799	7	1.09%			
Stonemeadow Farm Apartments Inc	33,220,357	8	1.02%			
TRC Canyon Park Place LLC	33,156,500	9	1.02%			0.00%
IVC Highlands LL LLC	31,307,500	10	0.96%			0.00%
Carr America				63,981,400	3	2.79%
Cingular Wireless				32,215,521	4	1.40%
Immunex Mfg Corp				27,916,488	8	
Verizon Northwest				31,765,554	5	1.38%
RREEF				30,276,300	6	1.32%
Riggs Bank				28,292,800	7	1.23%
Benaroya Capital Co LLC				23,936,400	10	1.04%
Total Assessed Valuation - Largest Taxpayers	697,126,682		21.37%	422,246,125		18.39%
Total Assessed Valuation - All Other	2,565,010,119		78.63%	1,873,447,904		81.61%
<b>Total Assessed Value</b>	<b>\$3,262,136,801</b>		<b>100.00%</b>	<b>\$2,295,694,029</b>		<b>100.00%</b>

King County Taxpayers		2015		2006		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
AT&T Mobility LLC	\$317,909,311	1	7.24%			
Grosvenor International Ltd (formerly Schnitzer West)	126,879,800	2	2.89%			
BRE Silver MF LLC (GS Canyon Creek)	98,892,000	3	2.25%			
North Creek Facility LLC	57,411,900	4	1.31%			
Puget Sound Energy	40,254,404	5	0.92%	21,225,722	6	0.71%
Essex Property Trust	34,254,000	6	0.78%	21,185,000	7	0.71%
KBS Realty	33,429,100	7	0.76%			
Arden Realty Inc.	32,887,200	8	0.75%			
T-Mobile USA Inc	30,252,336	9	0.69%			
Bel Cascadia Holdings LLC	18,493,000	10	0.42%			
Schnitzer Northwest				106,162,000	1	3.54%
Seattle Times				89,094,324	2	2.97%
Archstone Communities Trust				46,524,000	3	1.55%
RREEF				25,815,300	4	0.86%
Allstate Insurance				24,468,340	5	0.82%
Home Depot USA				15,545,588	8	0.52%
S/I North Creek VII LLC				14,232,706	9	0.47%
Verizon Northwest				6,122,853	10	0.20%
Total Assessed Valuation - Largest Taxpayers	790,663,051		18.01%	370,375,833		12.35%
Total Assessed Valuation - All Other	3,598,404,158		81.99%	2,628,054,917		87.65%
<b>Total Assessed Value</b>	<b>\$4,389,067,209</b>		<b>100.00%</b>	<b>\$2,998,430,750</b>		<b>100.00%</b>

Sources: Snohomish County Assessor  
King County Levy Administration

City of Bothell is split between Snohomish and King Counties

Property Tax Levies and Collections  
Last Ten Fiscal Years

**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
2006	4,102,892	4,048,230	98.67%	54,804	4,103,034	100.00%
2007	4,224,254	4,158,655	98.45%	65,599	4,224,254	100.00%
2008	4,366,603	4,280,026	98.02%	86,076	4,366,102	99.99%
2009	4,942,927	4,816,176	97.44%	113,042	4,816,176	97.44%
2010	5,214,713	5,124,092	98.26%	56,137	5,180,229	99.34%
2011	5,234,385	5,159,574	98.57%	56,803	5,216,377	99.66%
2012	5,331,158	5,260,360	98.67%	69,928	5,330,288	99.98%
2013	5,470,860	5,416,398	99.00%	20,701	5,437,099	99.38%
2014	5,678,750	5,629,993	99.14%	53,147	5,683,140	100.08%
2015	5,775,353	5,713,365	98.93%		5,713,365	98.93%

**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
2006	4,870,776	4,799,153	98.53%	71,689	4,870,842	100.00%
2007	4,251,857	4,160,404	97.85%	91,508	4,251,912	100.00%
2008	4,414,782	4,323,657	97.94%	39,563	4,363,220	98.83%
2009	4,470,381	4,363,474	97.61%	147,170	4,363,474	97.61%
2010	4,639,863	4,498,804	96.96%	104,875	4,603,679	99.22%
2011	4,837,689	4,738,381	97.95%	54,796	4,793,177	99.08%
2012	5,015,207	4,850,830	96.72%	52,224	4,903,054	97.76%
2013	5,006,353	4,928,974	98.45%	34,990	4,963,964	99.15%
2014	4,950,243	4,861,991	98.22%	23,324	4,885,315	98.69%
2015	6,476,342	6,373,525	98.41%		6,373,525	98.41%

Sales Tax Revenue by Category  
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Retail trade	\$2,508,233	\$2,693,069	\$2,862,393	\$2,636,007	\$2,660,629	\$2,679,046	\$2,483,071	\$2,285,820	\$2,459,483	\$2,813,968
Wholesale trade	1,916,152	1,372,642	1,306,267	911,702	1,057,129	914,654	1,247,453	1,133,400	1,231,411	1,152,732
Construction	1,775,214	2,532,150	1,922,867	1,883,587	2,038,018	1,433,788	1,370,608	2,176,732	2,022,908	2,176,682
Information	1,885,562	1,254,407	554,324	492,863	403,623	344,136	545,752	704,458	655,963	589,189
Professional, scientific, technical services	953,927	635,885	432,359	326,240	561,669	534,827	533,135	302,826	371,777	463,557
Accommodation and food services	626,006	685,535	678,197	647,083	697,014	724,495	779,264	820,289	904,148	1,058,599
Real estate, rental, leasing	209,753	228,520	230,538	188,787	179,855	171,944	166,304	199,154	491,200	570,635
Manufacturing	339,856	424,598	377,019	211,566	149,227	187,089	267,381	260,679	318,465	490,391
Admin, supp, remed services	220,482	266,664	253,074	200,105	233,155	233,104	228,612	240,316	250,973	282,831
Other services	134,319	150,918	133,389	148,760	223,163	278,395	413,643	459,074	495,436	162,927
Other	186,182	633,155	733,565	512,235	558,650	630,764	230,837	668,765	730,573	364,861
<b>Total</b>	<b>\$10,755,686</b>	<b>\$10,877,543</b>	<b>\$9,483,992</b>	<b>\$8,158,935</b>	<b>\$8,762,132</b>	<b>\$8,132,242</b>	<b>\$8,266,060</b>	<b>\$9,251,513</b>	<b>\$9,932,337</b>	<b>\$10,126,372</b>

City direct sales tax rate is 0.85%

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

Source: Washington State Department of Revenue

Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years

**King County**

Year	Local	State	Rapid Transit	Total Sales Tax
2006	1.9%	6.5%	.4%	8.8%
2007	1.9%	6.5%	.4%	8.8%
2008	2.0%	6.5%	.4%	8.9%
2009	2.5%	6.5%	.4%	9.4%
2010	2.5%	6.5%	.5%	9.5%
2011	2.5%	6.5%	.5%	9.5%
2012	2.5%	6.5%	.5%	9.5%
2013	2.5%	6.5%	.5%	9.5%
2014	2.5%	6.5%	.5%	9.5%
2015	2.5%	6.5%	.5%	9.5%

**Snohomish County**

Year	Local	State	Rapid Transit	Total Sales Tax
2006	2.0%	6.5%	.4%	8.9%
2007	2.0%	6.5%	.4%	8.9%
2008	2.0%	6.5%	.4%	8.9%
2009	2.4%	6.5%	.4%	9.3%
2010	2.5%	6.5%	.5%	9.5%
2011	2.5%	6.5%	.5%	9.5%
2012	2.5%	6.5%	.5%	9.5%
2013	2.5%	6.5%	.5%	9.5%
2014	2.5%	6.5%	.5%	9.5%
2015	2.5%	6.5%	.5%	9.5%

Source: Washington State Department of Revenue

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Year	Government Activities			Business-Type Activities				Total	Percentage			Debt
	General Obligation	Special Assessment	Term Loan Payable	Water Bonds	Sewer Bonds	Combined Utility Bonds	Term Loan Payable	Primary Government	Per Capita Income	of Personal Income	Population	Per Capita
2006	6,405,000		101,588				1,351,183	7,857,771	52,655	0.47	31,690	248
2007	5,955,000		67,726				1,238,584	7,261,310	57,710	0.39	32,400	224
2008	5,435,000		33,864				1,125,985	6,594,849	58,141	0.35	32,860	201
2009	4,910,000						1,013,388	5,923,388	59,198	0.30	33,240	178
2010	17,106,611		18,750,000				900,787	36,757,398	59,198	1.86	33,430	1,100
2011	33,749,705		8,750,000				788,188	43,287,893	49,115	2.61	33,720	1,284
2012	37,832,839						675,589	38,508,428	50,559	2.24	34,000	1,133
2013	48,193,354						562,992	48,756,346	52,943	2.67	34,460	1,415
2014	39,375,000		7,367,710			18,355,000	1,014,416	66,112,126	68,486	2.32	41,630	1,588
2015	92,206,274		7,153,969			19,021,527	1,024,715	119,406,485		0.00	42,640	2,800

Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

<b>Year</b>	<b>General Obligation Bonds</b>	<b>Total Taxable Assessed Value</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Population</b>	<b>Per Capita</b>
2006	6,405,000	5,294,124,779	0.12	31,960	200
2007	5,955,000	5,677,353,475	0.10	32,400	184
2008	5,435,000	6,899,208,239	0.08	32,860	165
2009	4,910,000	6,921,004,324	0.07	33,240	148
2010	17,106,611	6,583,442,392	0.26	33,430	512
2011	33,749,705	6,337,894,408	0.53	33,720	1,001
2012	37,732,759	5,907,643,322	0.64	34,000	1,110
2013	48,193,354	5,804,635,963	0.83	34,460	1,399
2014	39,375,000	6,128,996,433	0.64	41,630	946
2015	92,206,274	7,651,204,010	1.21	42,640	2,162

Computation of Direct and Overlapping Debt  
December 2014

**Overlapping Debt**

<b>Governmental Unit</b>	<b>Net Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
King County	\$825,939,000	1.97%	\$16,279,261
Snohomish County	410,279,775	8.67%	35,566,813
Northshore School District	409,371,555	51.28%	209,923,337
Port of Seattle	305,535,000	1.97%	6,022,096
Northshore Parks & Rec	1,410,105	51.34%	723,958
King County Library System	108,262,805	3.17%	3,435,597
<b>Total overlapping debt</b>	<b>\$2,060,798,240</b>		<b>\$271,951,063</b>

**Direct Debt**

City of Bothell	\$95,133,969	100.00%	\$95,133,969
<b>Total direct and overlapping debt</b>	<b>\$2,155,932,209</b>		<b>\$367,085,032</b>

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

Legal Debt Margin Information  
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed value	\$5,294,124,779	\$5,677,353,475	\$6,899,208,239	\$6,921,004,324	\$6,583,442,392	\$6,337,894,408	\$5,907,643,322	\$5,804,635,963	\$6,128,996,433	\$7,651,204,010
Debt limit (7.5% of assessed value)	397,059,358	425,801,511	517,440,618	519,075,324	493,758,179	475,342,081	443,073,249	435,347,697	459,674,732	573,840,301
Debt applicable to limit										
General obligation bonds	6,405,000	5,955,000	5,435,000	4,910,000	17,106,611	33,805,000	37,832,839	48,193,354	46,742,710	99,360,243
Less: amount set aside for repayment	89,748	104,488	124,082	16,204	669	55,295	100,080	103,808	29,738	396
Total net debt applicable to limit	6,315,252	5,850,512	5,310,918	4,893,796	17,105,942	33,749,705	37,732,759	48,089,546	46,712,972	99,359,847
<b>Legal debt margin</b>	<b>\$390,744,106</b>	<b>\$419,950,999</b>	<b>\$512,129,700</b>	<b>\$514,181,529</b>	<b>\$476,652,237</b>	<b>\$441,592,376</b>	<b>\$405,340,490</b>	<b>\$387,258,151</b>	<b>\$412,961,760</b>	<b>\$474,480,454</b>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	1.59%	1.37%	1.03%	0.94%	3.46%	7.10%	8.52%	11.05%	10.16%	17.31%

Pledged-Revenue Coverage  
Last Ten Fiscal Years

Combined Utility System Bonds

Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$15,996,535	\$13,332,786	\$2,663,749	\$520,000	\$794,301	2.03
2015	19,071,965	13,913,731	5,158,234	635,000	676,769	3.93

Special Assessment Bonds

Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$216,153		\$216,153	\$305,000	14,280	0.68
2007	207,391		207,391			
2008	195,375	517,883	(322,508)			
2009						
2010						
2011						
2012						
2013						
2014						
2015						

Notes:

- Details regarding the city's outstanding debt can be found in the notes to the financial statements
- Operating expenses do not include interest and depreciation expenses
- Special Assessment bonds are callable
- 2014 Combined Utility Bonds debt service requirement is maximum annual debt service \$1,316,369

Utility Revenue Bond Statistics  
Water

Debt Service Coverage Ratios

Year	Operating Revenue	Operating Expense	Operating Income	Debt Service	Coverage Ratio
2014	\$4,247,227	\$3,963,237	\$283,990	\$277,478	1.02
2015	\$6,053,287	\$4,320,189	\$1,733,098	\$277,681	6.24

Total Volume

Year	Residential Volume (CCF) <sup>1</sup>	Commercial Volume (CCF)	Irrigation Volume (CCF)	Residential Revenue	Commercial Revenue	Irrigation Revenue
2014	449,900	153,098	101,396	\$2,068,377	\$766,624	\$767,292
2015	431,743	159,648	136,363	\$2,842,981	\$891,066	\$1,027,296

<sup>1</sup> Residential includes apartments and mobile home parks

Utility Customers

Year	Residential	Commercial/ Nonresidential	Total
2014	3,494	502	3,996
2015	3,580	505	4,085

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

Total Consumption

Year	Consumption (CCF)	Number of Accounts	Average GPD/Account
2014	715,943	4,031	363.98
2015	754,601	4,085	378.56

Note:

-See the [BMC Title 18](#) for utility rates on the City's Website

Utility Revenue Bond Statistics  
Sewer

Debt Service Coverage Ratios

Operating Revenue	Operating Expense	Operating Income	Debt Service	Coverage Ratio	Year
\$6,601,973	\$5,830,950	\$771,023	\$125,380	6.15	2014
\$7,556,241	\$5,979,353	\$1,576,888	\$124,206	12.70	2015

Total Volume

Residential Volume (CCF)	Commercial Volume (CCF)	Residential Revenue (CCF)	Commercial Revenue (CCF)	Year
449,900	153,098	\$5,140,586	\$1,028,971	2014
431,743	159,648	\$5,526,670	\$1,183,067	2015

Utility Customers

Residential	Commercial/ Nonresidential	Total	Year
4,764	333	5,097	2014
4,795	333	5,128	2015

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

Utility Revenue Bond Statistics  
Storm & Surface Water

Debt Service Coverage Ratios

Year	Operating Revenue	Operating Expense	Operating Income	Debt Service	Coverage Ratio
2014	\$5,147,336	\$3,538,598	\$1,608,738	\$911,448	1.77
2015	\$5,462,436	\$3,614,189	\$1,848,247	\$909,881	2.03

Utility Customers

Year	Residential	Condominiums	Seniors	Commercial/ Nonresidential	Total
2014	9,528	1,613	491	805	12,437
2015	N/A	N/A	N/A	N/A	N/A

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

Note:

-See the [BMC Title 18](#) for utility rates on the City's Website

Demographic and Economic Statistics  
Last Ten Fiscal Years

<b>Year</b>	<b>Population</b>	<b>Personal Income</b> <small>(in thousands)</small>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Education Level in Years of Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2006	31,690	1,668,637	52,655	36	13.1	23,912	4.30%
2007	32,400	1,869,804	57,710	36	13.1	24,112	4.00%
2008	32,860	1,910,513	58,141	36	13.7	22,846	6.30%
2009	33,240	1,967,742	59,198	37	13.7	23,730	8.90%
2010	33,430	1,641,914	49,115	38	13.7	27,521	9.10%
2011	33,720	1,704,849	50,559	38	13.7	27,598	7.90%
2012	34,000	1,800,062	52,943	38	13.7	28,390	6.50%
2013	34,460	1,890,053	65,131	38	13.7	25,548	5.30%
2014	41,630	2,460,526	59,105	40	13.7	29,140	4.60%
2015	42,640	NA	NA	40	13.7	30,995	4.60%

**Sources:**

- Washington State - Office of Financial Management (OFM)
  - US Department of Labor - Bureau of Labor Statistics (BLS)
  - (3)US Department of Commerce - Bureau of Economic Analysis (BEA)
  - Northshore School District (NSSD), University of Washington-Bothell (UW-B), Cascadia Community College
  - (4)US Census Bureau 2010 Demographic Profile Data
  - (5)Northshore School District (NSSD), University of Washington-Bothell (UW-B), Cascadia Community College
- NA = Not Available

Principal Employers  
Current Year and Ten Years Ago

Employer	Product or Service	2015			2006		
		Rank	Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Northshore School District	Education	1	3,432	11.99%	1	2,300	7.63%
AT&T Mobile	Telecommunications	2	1,989	6.95%	3	3,441	11.42%
Phillips Ultrasound	Diagnostic imaging manufacturer	3	1,196	4.18%	2	1,756	5.83%
Panasonic (Matsushita) Avionics	Aviation manufacturer	4	837	2.92%	4	450	1.49%
Seattle Genetics Inc	Genetic research	5	675	2.36%			
University of Washington-Bothell	Education	6	659	2.30%			
Molina Healthcare of WA Inc	Insurance	7	574	2.01%			
T-Mobile	Telecommunications	8	499	1.74%	9	294	0.98%
Sonosite	Ultrasound manufacturer	9	498	1.74%	10	271	0.90%
Vertafore Inc	Insurance software systems	10	458	1.60%			
Puget Sound Energy	Utility services - electric/gas				7	367	1.22%
Allstate Insurance	Insurance				8	337	1.12%
Icos	Biotechnology research				5	409	1.36%
Seattle Times					6	371	1.23%
<b>Total</b>			<b>7,385</b>	<b>37.79%</b>		<b>7,696</b>	<b>33.18%</b>

Sources:

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

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

Function/Program	Full-Time Equivalent Employees as of December 31					Full-Time Equivalent Employees as of December 31				
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Executive										
Legislative	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Judicial	3.50	4.00	4.00	4.00	4.00	4.50	4.50	4.50	4.50	4.50
City Manager	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00
City Clerk	3.25	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Information Technology	6.00	7.00	7.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Non-Dept/Tourism	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	6.80	7.80	7.80	8.25	8.25	8.25	8.25	8.65	8.65	8.85
Legal	2.56	2.56	2.56	3.56	3.56	3.56	3.56	4.15	4.15	4.15
Human Resources	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Police										
Officers	54.00	57.00	57.00	58.00	58.00	58.00	58.00	58.00	58.00	57.00
Civilians	26.75	26.75	26.75	25.75	25.75	25.75	25.75	26.75	32.00	32.00
Fire										
Firefighters and officers	54.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00
Civilians	6.50	6.75	6.75	7.75	7.75	7.75	7.75	7.75	9.75	9.75
Community Development	20.00	24.00	24.00	22.50	22.50	21.00	21.00	21.00	22.00	23.50
Parks & Recreation	10.19	10.79	10.79	10.42	10.42	10.42	10.42	9.45	11.45	11.50
Public Works										
Facilities	1.33	1.33	1.33	4.71	4.71	4.71	4.71	4.55	5.30	5.30
Engineering	17.75	23.80	23.80	26.27	26.27	26.27	26.27	25.20	25.20	25.71
Street	8.05	7.54	7.54	7.80	7.80	7.80	7.80	7.30	8.60	10.71
Water	6.86	8.78	8.78	8.83	8.83	8.83	8.83	8.81	8.83	8.94
Sewer	6.66	8.38	8.38	8.41	8.41	8.41	8.41	8.43	9.43	9.54
Storm & Surface Water	9.79	12.82	12.82	13.31	13.31	13.31	13.31	15.06	17.24	18.35
Fleet	2.48	2.33	2.33	2.72	2.72	2.72	2.72	2.55	2.80	2.80
Self-Insurance/Risk Mgmt	.70	.70	.70	.70	.70	.70	.70	1.35	1.35	1.35
<b>Totals</b>	<b>266.67</b>	<b>291.58</b>	<b>292.08</b>	<b>303.73</b>	<b>303.73</b>	<b>302.73</b>	<b>302.73</b>	<b>304.25</b>	<b>319.00</b>	<b>323.70</b>

Source: Human Resources Department

Operating Indicators by Function/Program  
Last Ten Fiscal Years

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Police</b>										
Calls for service	27,628	23,214	25,650	25,678	26,909	25,071	26,417	25,188	26,891	25,865
Physical arrests	2,288	2,203	2,298	1,969	1,975	1,568	1,565	NA	NA	NA
Traffic violations	4,584	5,081	3,928	4,272	5,188	3,828	3,625	2,472	2,388	2,512
<b>Fire</b>										
Emergency alarms	4,961	4,432	4,261	4,378	4,788	4,975	4,946	5,300	5,870	6,196
Inspections	1,413	1,523	1,133	1,043	1,231	1,193	1,422	1,324	2,210	1,174
<b>Community Development</b>										
Building permits issued	896	1,472	1,142	408	392	464	529	633	519	607
Building inspections	6,073	7,254	4,342	2,922	3,772	3,132	3,177	4,223	5,428	5,241
<b>Parks and Recreation</b>										
Field & shelter bookings	996	1,471	1,644	2,288	2,437	2,332	2,444	2,703	2,394	2,808
<b>Water</b>										
Units served	NA	3,803	3,868	3,874	3,945	3,950	3,944	3,950	3,996	4,083
Water main breaks		3	3	3	5	2				2
Average daily consumption (thousands of gallons)	1,488	2,010	1,538	1,591	1,376	1,287	1,324	1,360	1,470	1,499

**Sources: City Departments**

**NA = Not Available**

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Public Safety</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	3	3	3	3	3	3	3	3	3	3
<b>Public Works - Streets</b>										
Streets (miles)	322	322	325	326	326	326	326	262.7*	302	303.4
Street lights	1,907	1,907	1,907	1,957	1,957	1,957	1,957	2,100	2,100	2,100
<b>Parks and Recreation</b>										
Acreage	200.84	200.84	200.84	201.02	201.02	237.23	237.23	247.62	262.7	262.7
Parks	25	25	25	23	23	23	23	23	24	24
<b>Water</b>										
Water mains (miles)	71.5	71.5	71.5	72.5	72.5	72.5	79.5	94.9	96.9	97.8
<b>Sewer/Storm &amp; Surface Water</b>										
Sanitary sewers (miles)	57.3	57.4	57.4	58.2	58.2	58.6	62.4	62.8	63.9	65.00
Storm sewers (miles)	109.4	109.7	109.7	110	110	110	119.9	119.9	139.7	143.0

**Sources: City Departments**

**NA = Not Available**



City of Bothell™