

CAFR 16

comprehensive annual financial report

for the fiscal year ended december 31, 2016



City of Bothell™



City of Bothell™

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FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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For The Fiscal Year Ended December 31, 2016

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INTRODUCTORY SECTION



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, 2016 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, 2016 was conducted between May and August of 2017, 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 has received two audit findings since 2002.

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, 2016 cited 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 a Deputy City Manager.

At the end of 2016, 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 43,980. Located within the Seattle metropolitan area, the City straddles two counties (King and Snohomish) and comprises approximately 14.38 square miles. In 2016, 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 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 5,700

students, and Cascadia College is the newest community college in the State, serving more than 4,700 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 College, and private sector businesses. Major firms include: AT&T (the largest communications holding company in the world based on revenue generation), HaloSource (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), Seattle Genetics (a leader in advanced antibody-drug conjugate technology) 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 2016, the completion of the Horse Creek Improvement Project and the Multi-Way Phase I Project played a large role bringing Bothell's historical downtown revitalization to fruition.

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 2015 levels by 13%. Regular retail sales tax receipts for 2016 were up \$1,032,073 (9%) over 2015. Construction sales tax was up 4% over 2015. Building permit revenues increased \$427,141 (43%) compared to 2015. Property tax rose \$242,248 (2%), while utility tax revenue declined slightly (\$8,886) in 2016.

The State Economic and Revenue Forecast Council's March 2017 forecast predicts the state economy continuing to expand higher than the national rate. Washington employment is expected to grow by 2.3% in 2017, and personal income is expected to grow by 5%.

The region's unemployment rate at the end of 2016 was 3.7%. By the end of March 2017, the Seattle-Bellevue-Everett unemployment rate was 3.2%.

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 2015-2016 budget anticipated \$600,000 in excess revenues both years to help reinstate the General Fund operating and Asset Replacement Fund reserves. Both funds were spent down to maintain service levels during the aftermath of the Great Recession. The 2015-2016 biennium ended with a General Fund deficit of \$489,726 due to a significant number of unanticipated expenditures that occurred in both 2015 and 2016. Reestablishing these reserves is a primary focus for City management.

Bothell continues to invest in its ambitious Capital Facilities Plan (CFP). The \$237 million 2017-2023 CFP is anticipated to fund 58 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. Thirty-eight cents (\$0.38) of every dollar (\$1) invested in the 2017-2023 CFP infrastructure projects are funded by non-city resources.

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: (1) \$18,355,000 in revenue bonds to finance capital projects for Water, Sewer, and Storm and Surface Water utilities. The bonds, payable from utility user fee revenues, were rated AA- by Standard and Poor's; (2) \$30 million in Local Infrastructure Financing Tool (LIFT) bonds, under which the State contributes up to \$1 million annually for a maximum of 25 years toward debt service, essentially a sales tax rebate for incremental growth in state sales tax collections resulting from economic development within the City; and (3) \$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 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 December 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 wealthy socioeconomic profile with a substantial tax base, and a mid-ranged pension burden with a low debt liability. It also takes into account a sufficient financial position. 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, 2015. This was the fifteenth 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 2016 CAFR to the GFOA to determine this report's eligibility for a certificate. Staff believes the City's 2016 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 2016 Comprehensive Annual Financial Report could not have been accomplished without the dedicated efforts of the Finance staff, City management, and all other employees and agencies who contributed to the development of this expansive financial report. Further appreciation is extended to the Mayor and City Council for their steadfast encouragement in conducting the Bothell's fiscal operations in a sound and prudent manner. The support and assistance from the State Auditor's Office is also appreciated.

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

Respectfully submitted,



Tami Schackman
Finance Director



Maureen Werts
Deputy Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to
**City of Bothell
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

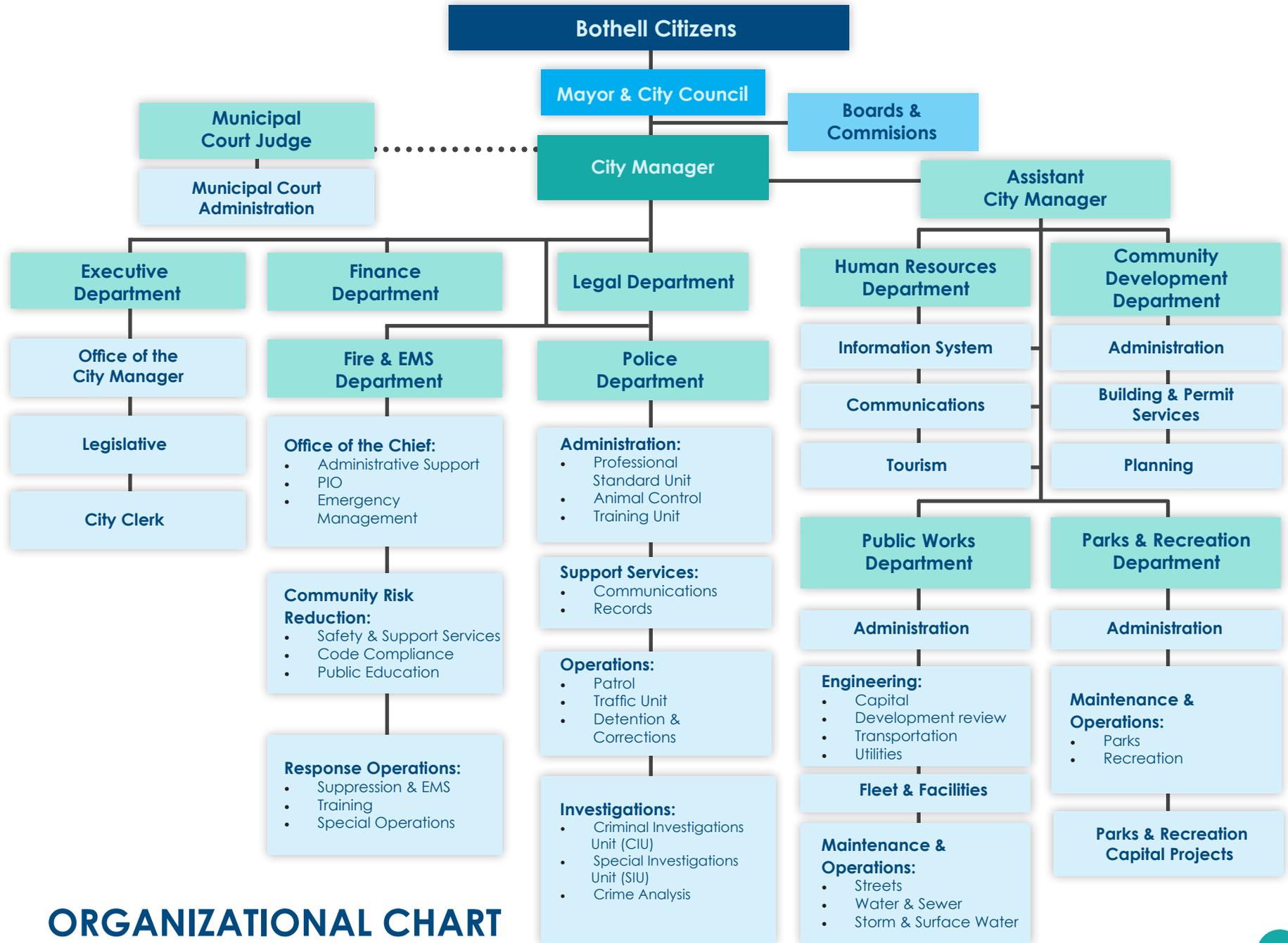
Jeffrey R. Egan
Executive Director/CEO

**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.



ORGANIZATIONAL CHART

Elected Officials



Andy Rheume
Mayor



Davina Duerr
Deputy Mayor

Executive Staff
(Officials as of December 31, 2016)

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

Bob Jean
Peter Troedsson
Tami Schackman
Dean Perez
Paul Byrne
Tom Burdett
Bob Van Horne
Carol Cummings
Erin Leonhart
John Keates



Del Spivey
Council Member



Joshua Freed
Council Member



James McNeal
Council Member



Tris Samberg
Council Member



Tom Agnew
Council Member



City of Bothell™

AUDITOR'S LETTER



Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

August 31, 2017

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, 2016, 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, 2016, 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.

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, pension plan information on pages C3 through C12 and information on postemployment benefits other than pensions on page C15, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements on pages D1 through D14 and supplementary information on pages E1 through E17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information

is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, we will also issue our report dated August 31, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy
State Auditor
Olympia, WA



City of Bothell™

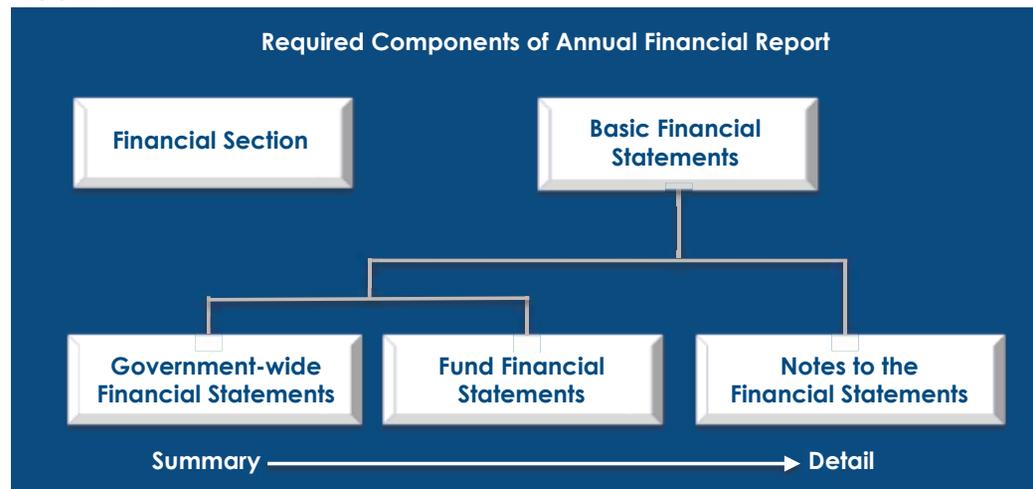
MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis section of the City of Bothell's Comprehensive Annual Financial Report (CAFR) is prepared by City management to provide CAFR users an overview of the City's financial activity and performance for the fiscal year ended December 31, 2016. 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).

2016 Financial Highlights

- Net position equaled \$717,179,518 at the end of 2016.
- Net position decreased by (\$19,808,065), or 2.69%.
- Unrestricted net position amounted to \$923,584 including (\$9,553,063) for governmental activities and \$10,476,648 for business-type activities.
- Long-term debt decreased by (\$867,256).
- Total governmental fund balances at year-end totaled \$25,384,433.
- Total governmental fund revenues increased \$6,988,300, or 12.42%.
- Total governmental fund expenditures decreased \$38,550,200, or 36.3%.
- Governmental fund expenditures, excluding transfers, exceeded governmental fund revenue by (\$4,411,189).
- Fund balance for the General Fund at year-end totaled \$3,298,850.
- Total General Fund revenues increased \$2,456,419, or 5.8%.
- Total General Fund expenditures increased \$2,308,220, or 5.53%.
- General Fund revenues, excluding transfers, exceeded General Fund expenditures by \$744,446.

FIGURE 1



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

Management's Discussion and Analysis

City of Bothell

the City's progress in funding its obligation to provide pension and OPEB benefits to its employees and a schedule of revenues, expenditures, and changes in fund balance for the City's general fund.

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

Government-Wide 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, 2016, the City's assets exceeded liabilities by \$717,179,518. Net investments in capital assets (e.g. land, buildings, machinery, and equipment) are by far the largest portion of the City's net position (96%), 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 2016 compared to 2015. The City's (\$9,553,063) 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 \$12,906,024 for governmental activities.

City of Bothell's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$41,388,558	\$40,108,627	\$16,594,795	\$18,464,402	\$57,983,353	\$58,573,028
Capital assets	741,778,040	776,498,243	59,967,594	52,456,550	801,745,634	828,954,793
Total assets	<u>783,166,598</u>	<u>816,606,870</u>	<u>76,562,389</u>	<u>70,920,951</u>	<u>859,728,988</u>	<u>887,527,821</u>
Deferred outflows of resources	<u>3,831,125</u>	<u>2,033,742</u>	<u>348,810</u>	<u>232,945</u>	<u>4,179,935</u>	<u>2,266,687</u>
Long-term debt	114,491,900	114,858,663	20,778,427	21,278,922	135,270,328	136,137,585
Other liabilities	10,148,117	11,840,100	1,045,499	1,547,422	11,193,615	13,387,522
Total liabilities	<u>124,640,018</u>	<u>126,698,763</u>	<u>21,823,926</u>	<u>22,826,344</u>	<u>146,463,944</u>	<u>149,525,107</u>
Deferred inflows of resources	<u>220,732</u>	<u>2,988,623</u>	<u>44,728</u>	<u>293,196</u>	<u>265,460</u>	<u>3,281,819</u>
Net position						
Net investment in capital assets	645,750,647	677,138,001	43,249,528	39,266,084	689,000,175	716,404,086
Restricted	25,939,390	22,620,765	1,316,369	1,316,369	27,255,758	23,937,134
Unrestricted	(9,553,063)	(10,805,540)	10,476,648	7,451,903	923,584	(3,353,637)
Total net position	<u>\$662,136,973</u>	<u>\$688,953,226</u>	<u>\$55,042,545</u>	<u>\$48,034,356</u>	<u>\$717,179,518</u>	<u>\$736,987,583</u>

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 2016 and 2015. Bothell's net position from operations decreased citywide by \$19,808,065 during 2016.

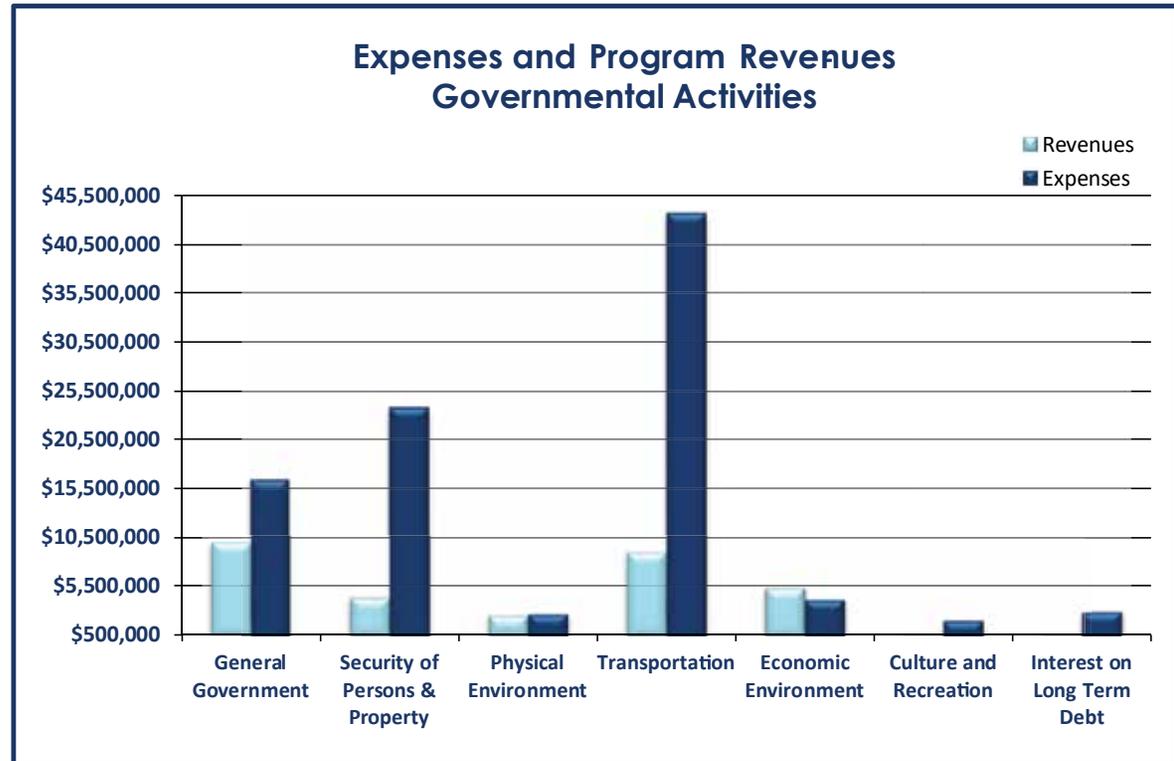
Changes in Net Position

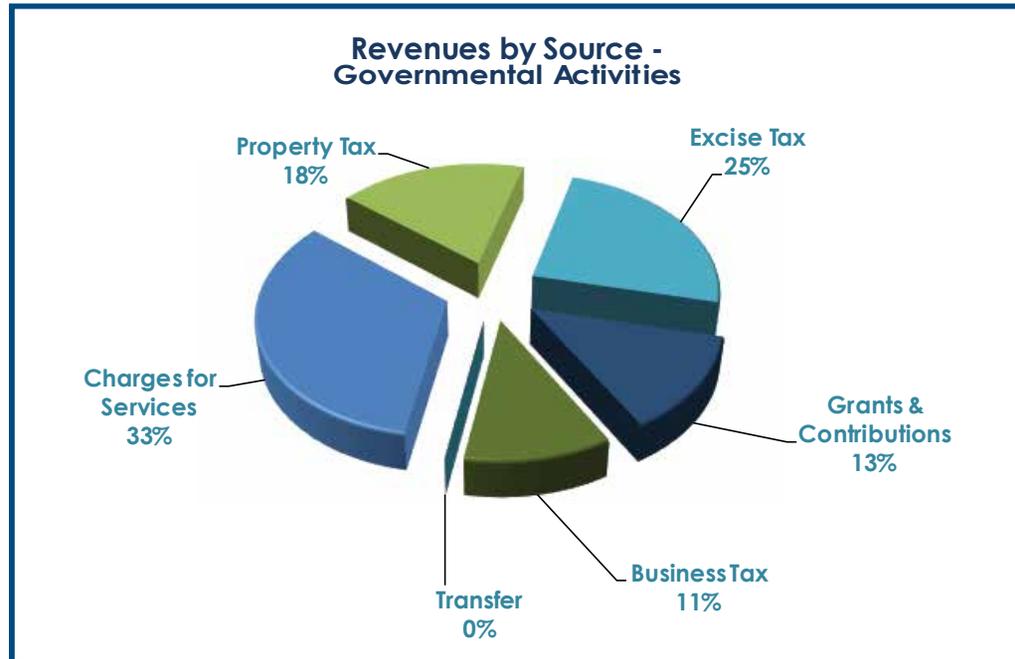
	2016			2015		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues						
Charges for services	\$22,920,278	\$20,003,210	\$42,923,487	\$18,127,759	\$19,071,965	\$37,199,724
Operating grants and contributions	334,328	151,803	486,131	364,737		364,737
Capital grants and contributions	8,684,810	1,923,454	10,608,264	4,451,573	1,105,654	5,557,227
General revenues						
Property tax	12,644,299		12,644,299	12,402,051		12,402,051
Excise tax	16,804,847		16,804,847	17,053,937		17,053,937
Business tax	7,659,567		7,659,567	7,686,370		7,686,370
Interest and investment earnings	229,685	35,244	264,929	441,188	20,233	461,420
Special item			0			
Miscellaneous	439,287		439,287	438,912		438,912
Total revenues	<u>69,717,100</u>	<u>22,113,711</u>	<u>91,830,811</u>	<u>60,966,527</u>	<u>20,197,851</u>	<u>81,164,378</u>
Program expenses including indirect expenses						
General government	16,501,329		16,501,329	12,868,567		12,868,567
Security of persons and property	23,953,206		23,953,206	23,376,244		23,376,244
Physical environment	2,757,415		2,757,415	2,548,539		2,548,539
Transportation	43,696,700		43,696,700	42,686,251		42,686,251
Economic environment	4,318,103		4,318,103	4,067,230		4,067,230
Culture and recreation	2,243,434		2,243,434	2,205,709		2,205,709
Interest and fiscal charges	3,063,168		3,063,168	2,756,555		2,756,555
Water		4,312,430	4,312,430		4,471,061	4,471,061
Sewer		6,331,025	6,331,025		6,045,555	6,045,555
Storm & surface water		4,462,068	4,462,068		4,099,932	4,099,932
Total expenses	<u>96,533,353</u>	<u>15,105,523</u>	<u>111,638,876</u>	<u>90,509,095</u>	<u>14,616,548</u>	<u>105,125,643</u>
Excess (deficiency)	(26,816,252)	7,008,189	(19,808,065)	(29,542,568)	5,581,303	(23,961,265)
Transfers				37,103	(37,103)	
Change in net position	<u>(\$26,816,252)</u>	<u>\$7,008,189)</u>	<u>(\$19,808,065)</u>	<u>(\$29,505,465)</u>	<u>\$5,544,200)</u>	<u>(\$23,961,265)</u>
Net position beginning	\$688,953,226	\$48,034,356	\$736,987,583	\$726,229,202	\$43,669,728	\$769,898,930
Changes in Accounting Principles - GASB 68				(7,770,511)	(1,179,572)	(8,950,083)
Net position ending	<u>\$662,136,974</u>	<u>\$55,042,545</u>	<u>\$717,179,519</u>	<u>\$688,953,226</u>	<u>\$48,034,356</u>	<u>\$736,987,583</u>

Governmental Activities. Governmental activities decreased the City's net position by \$26,816,253. Governmental activities account for 92.3% of the City's net position.

The key factors impacting the decrease in 2016 net position are described below:

- \$4,617,251 increase in fund balance.
- \$15,878,284 increase in capital assets.
- \$1,009,513 increase in donated assets, which will be depreciated over their useful life.
- \$19,333 adjusted unavailable revenue as Deferred Inflows of Resources in Governmental Fund Statements recognized in Government-Wide Financial Statements.
- \$1,343,975 increase in capital asset adjustments.
- \$3,172,123 increase attributable to bond principal payments and other long term loan payments that reduce long-term liabilities on the Statement of Net Position.
- \$43,075,141 decrease related to the depreciation of infrastructure assets.
- \$10,673,507 decrease in capital assets due to a property sale.
- \$160,726 increase in amortization of LIFT & 2013 GO Bonds premiums.
- \$135,626 increase in compensated absences liability.
- \$278,052 increase in long-term liabilities for other post-employment benefits.
- \$341,906 increase in pollution remediation liability.
- \$1,233,616 increase in internal service funds fund balance. 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.
- \$253,157 decrease in pension liability as a result of GASB 68.





Bothell's ongoing emphasis on downtown revitalization continued throughout 2016. The City invested \$15,550,532 in capital infrastructure during 2016. At year-end, \$17,273,974 remained in construction in progress.

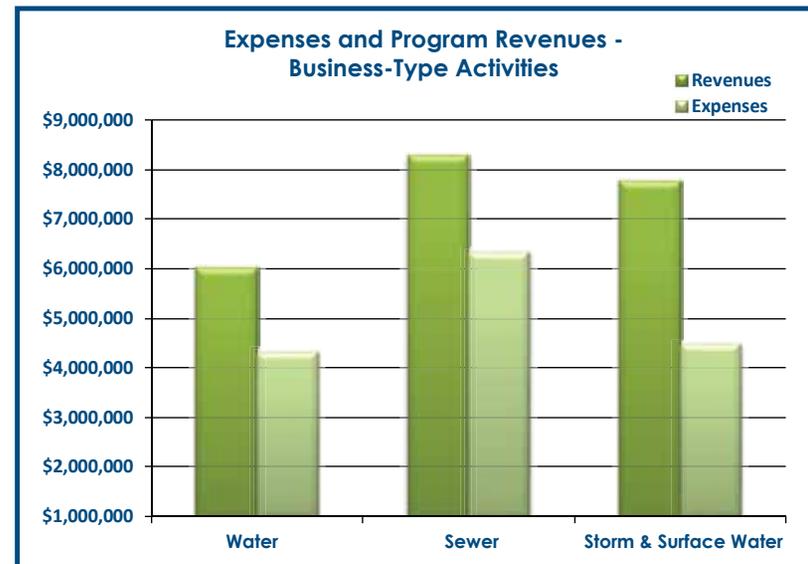
At December 31, 2016, the City's governmental funds reported a combined fund balance of \$25,384,433. Fund balance for Governmental funds increased by \$4,617,251, or 22.23%. The City's major governmental funds (General, Arterial Street and Capital Improvements) experienced a combination of the following: General Fund decreased (\$683,754) and Arterial Street Fund increased \$655,873 while Capital Improvements increased \$4,576,351 due to the sale of property. Other Governmental Funds increased by \$68,780 as a result of the increase of Park's impact revenue in Park Cumulative Reserve Fund.

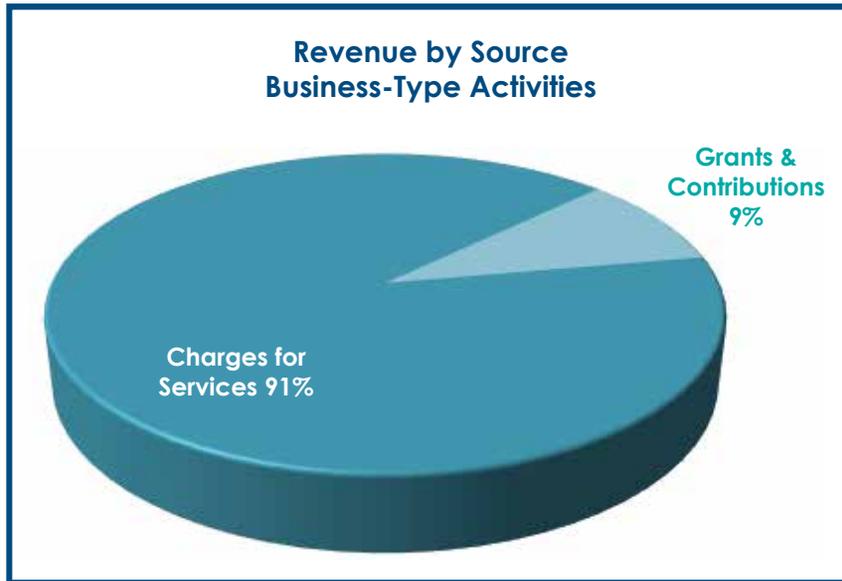
Business-Type Activities. Business-type activities increased the City's net position by \$7,008,188 due to the increased program revenues. Business-type activities account for 7.67% of the City's net position.

In 2016, the overall net position of the City decreased (2.69%).

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 \$2,335,068. This figure includes approximately \$1.7 million assigned for future capital investment. (See Basic Financial Statements)

In 2016, the General Fund revenues, excluding transfers, exceeded expenditures by \$744,446. The following table reflects fund balance variances for the General Fund between 2015 and 2016:

	2016	2015	Variance Increase/ (Decrease)	% Variance
Revenue & Other Financing Sources	\$44,830,329	\$42,373,910	\$2,456,419	5.80%
Expenditures & Other Financing Uses	45,514,083	42,179,862	3,334,220	7.90%
Revenue Over (Under) Expenditures	(683,753)	194,048	5,790,639	
Beginning Fund Balance	3,982,604	3,788,557	(194,047)	
Ending Fund Balance	\$3,298,851	\$3,982,604	\$683,753	

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 2016 fiscal year, the Council modified the City's adopted budget on one occasion. The 2016 budget amendment was adopted by ordinance on December 6, 2016. The net impact on the General Fund was a decrease in restricted fund balance of \$5,000.

For 2016, General Fund inflows were less outflows by \$683,754. Total General Fund outflows for 2016 were \$45,514,083.

Significant differences between the General Fund's authorized 2016 budget and actual inflows and outflows were required as follows:

- Retail sales tax finished \$177,495 less than projected.
- Construction sales tax receipts were \$266,725 more than projected.
- Utility taxes were \$454,047 below projections.
- Salary and benefit expenditures were under projection by \$526,731.
- Maintenance and operating expenditures were over projections by \$687,778.
- Capital expenditures were \$327,753 more than projected.

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 \$3,786,246; Sewer \$5,123,364; and Storm & Surface Water \$1,567,038.

The overall change in net position for each proprietary fund is as follows: Water increased \$1,723,619; Sewer increased \$1,959,960; and Storm & Surface Water increased \$3,324,609. 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	
	2016	2015	2016	2015	2016	2015
Land and land improvements	\$60,389,127	\$65,301,598	\$285,302	\$285,302	\$60,674,429	\$65,586,900
Infrastructure rights-of-way	81,149,249	80,404,957	1,935,081	1,875,208	83,084,329	82,280,165
Buildings	13,157,139	14,538,351	7,350,292	7,523,096	20,507,431	22,061,447
Capital lease - City Hall	49,931,170	50,960,679			49,931,170	50,960,679
Improvements	49,929,782	49,210,718	44,200,097	25,245,100	94,129,878	74,455,818
Infrastructure	460,944,670	494,913,420			460,944,670	494,913,420
Vehicles	3,439,026	3,393,731	23,312	32,637	3,462,338	3,426,367
Machinery & equipment	1,213,378	829,362	437,723	530,465	1,651,101	1,359,826
Construction in progress	17,274,500	12,402,095	5,735,788	16,964,742	23,010,289	29,366,837
Work of art	120,000				120,000	
Intangible asset	4,230,000	4,543,333			4,230,000	4,543,333
Total	\$741,778,040	\$776,498,243	\$59,967,594	\$52,456,550	\$801,745,634	\$828,954,793

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, 2016 totaled \$801,745,643 (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, 2016, the City had total liabilities outstanding of \$135,270,328.

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 \$622,204,383 as of January 1, 2017. The City had \$695,000 in voter approved bonds outstanding at December 31, 2016. Additional information regarding the City's long-term debt is located in the Financial Section, Note 13.

City of Bothell's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation debt	\$36,630,000	\$38,355,000			\$36,630,000	\$38,355,000
Capital lease	48,625,000	49,625,000			\$48,625,000	49,625,000
Capital lease premium	1,797,952	1,850,433			\$1,797,952	1,850,433
GO bond premium	2,267,595	2,375,840			\$2,267,595	2,375,840
Loans	6,706,846	7,153,969	953,791	686,922	\$7,660,637	7,840,891
Utility revenue bonds			17,200,000	17,835,000	17,200,000	17,835,000
Utility revenue bonds premium			1,123,246	1,186,527	1,123,246	1,186,527
Other liabilities	18,464,508	15,498,420	1,501,391	1,570,473	19,965,898	17,068,893
Total	\$114,491,900	\$114,858,662	\$20,778,427	\$21,278,922	\$135,270,328	\$136,137,584

Economic Factors and Next Year's Budget and Rates

- The state economy continues to expand moderately and employment growth is expected to increase by 2.3% in 2017. Personal income is expected to grow by 5%.
- Regional home prices rose 1.7% in January 2017 following a 1.4% increase in December and an 11.2% increase since January 2016.
- City fees are increased annually on January 1 of each year, in line with the previous year's June-to-June Consumer Price Index (CPI), which is 2% in 2016 published by the Bureau of Labor.

- Statistics. Based upon the 2016 CPI, City fees increased 2% for 2017.
- City Council approved a 1% property tax increase for 2017.
- In November 2016, Bothell residents passed the Safe Streets and Sidewalks levy. The nine-year levy will provide dedicated funding for street maintenance and safety improvements for neighborhood streets and arterials, including resurfacing, school walk routes, sidewalks and crosswalks. The levy tax rate is \$0.50 per \$1,000 of assessed valuation.

All these factors were considered in preparing the City's biennial budget for the fiscal years 2017-2018.

Biennial Budget Highlights for the Period Ending December 31, 2016.

Governmental Activities:

General Fund unrestricted fund balance was \$2,335,068 at the end of 2016, a decrease of \$779,987 from 2015. The General Fund's final biennial operating deficit for the 2015-2016 biennium totaled \$489,706. The deficit was due to a significant number of unanticipated expenditures related to both staffing and operating a new city hall.

In 2016, the Capital Improvement Fund balance increased \$6,538,538 as a result of property sales and real estate excise tax receipts.

Total capital outlay expenditures in governmental funds during 2016 amounted to \$15,878,284. The biennial budget included \$58,222,000 in Capital Facilities Plan (CFP) investments.

Business-Type Activities:

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

In 2016, 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 January 1, 2016.

In 2016, the City completed a major utility improvement project - Horse Creek Pipe Replacement. The system was designed to convey flows exceeding the 100 year storm event and meet the fish passage criteria established by the State Department of Fish and Wildlife. The project (\$19.7 million) commenced July 2014 and was funded by utility revenue bonds, PWTF loan and utility user fees.

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
18415 101st Avenue NE
Bothell, WA 98011



City of Bothell™

BASIC FINANCIAL STATEMENTS

Statement of Net Position December 31, 2016			
	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$2,328,655	\$1,020,761	\$3,349,416
Investments	24,978,174	10,468,704	35,446,878
Receivables (net)	8,874,136	2,546,359	11,420,494
Taxes receivable	281,272		281,272
Reserved assets:			
Deposit held in trust	1,968,604		1,968,604
Investment		2,558,970	2,558,970
Capital assets:			
Non-depreciable	158,932,876	7,956,171	166,889,047
Depreciable, net	582,845,164	52,011,424	634,856,588
Net pension asset	2,957,717		2,957,717
Total assets	<u>783,166,598</u>	<u>76,562,389</u>	<u>859,728,987</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	3,831,125	348,810	4,179,935
Total deferred outflows of resources	<u>3,831,125</u>	<u>348,810</u>	<u>4,179,935</u>
LIABILITIES			
Accounts payable	8,179,513	1,045,499	9,225,012
Unearned revenue	1,968,604		1,968,604
Long-term liabilities (see Note 13)			
Due within one year	6,376,617	1,032,863	7,409,480
Due in more than one year	95,209,259	18,390,640	113,599,899
Net pension liability	12,906,024	1,354,924	14,260,948
Total liabilities	<u>124,640,018</u>	<u>21,823,926</u>	<u>146,463,944</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	220,732	44,728	265,460
Total deferred inflows of resources	<u>220,732</u>	<u>44,728</u>	<u>265,460</u>
NET POSITION			
Net investment in capital assets	645,750,647	43,249,528	689,000,175
Restricted for:			
Net pension asset	2,957,717		2,957,717
Transportation	5,462,221		5,462,221
Parks & Recreation	2,558,226		2,558,226
Capital projects	13,883,596		13,883,596
Street maintenance	68,758		68,758
Drug forfeitures	40,732		40,732
Debt service	(928)	1,316,369	1,315,440
Cemetery (permanently restricted)	16,321		16,321
Other purpose	952,747		952,747
Unrestricted (deficit)	(9,553,063)	10,476,648	923,584
Total net position	<u>\$662,136,973</u>	<u>\$55,042,545</u>	<u>\$717,179,518</u>

**Statement of Activities
For the Year Ended December 31, 2016**

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	\$16,501,329	\$9,956,908	\$126,237		\$(6,418,184)		\$(6,418,184)
Security of persons and property	23,953,206	4,392,999	111,419		(19,448,787)		(19,448,787)
Physical environment	2,757,415	986,097	66,149	1,617,169	(88,000)		(88,000)
Transportation	43,696,700	1,896,846		7,067,641	(34,732,213)		(34,732,213)
Economic environment	4,318,103	5,406,921			1,088,819		1,088,819
Culture and recreation	2,243,434	280,506	30,523		(1,932,405)		(1,932,405)
Interest and fiscal charges	3,063,168				(3,063,168)		(3,063,168)
Total governmental activities	96,533,353	22,920,278	334,328	8,684,810	(64,593,938)		(64,593,938)
Business-type activities:							
Water	4,312,430	5,722,568	1,140	300,992		1,712,270	1,712,270
Sewer	6,331,025	7,998,203	1,643	290,414		1,959,235	1,959,235
Storm & surface water	4,462,068	6,284,605	146,854	1,332,048		3,301,439	3,301,439
Total business-type activities	15,105,523	20,005,376	149,637	1,923,454		6,972,944	6,972,944
Total primary government	\$111,638,876	\$42,925,653	\$483,965	\$10,608,264	\$ (64,593,938)	\$6,972,944	\$(57,620,994)
General Revenues:							
Property tax					12,644,299		12,644,299
Excise tax					16,804,847		16,804,847
Business tax					7,659,567		7,659,567
Interest and investment earnings					229,685	35,244	264,929
Miscellaneous					439,287		439,287
Total general revenues					37,777,685	35,244	37,812,929
Change in net position					(26,816,253)	7,008,188	(19,808,065)
Net position - beginning					688,953,226	48,034,356	736,987,583
Net position - ending					\$662,136,973	\$55,042,545	\$717,179,518

Balance Sheet Government Funds December 31, 2016					
	General	Special Revenue Fund Arterial Street	Capital Projects Fund Capital Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS					
Current cash & cash equivalents	\$624,755		\$655,712	\$633,344	\$1,913,810
Investments	2,098,408	5,559,360	12,843,135	2,500,000	23,000,903
Receivables (net of allowances)					
Taxes	156,187			9,950	166,137
Accounts receivable	1,636,194			10,053	1,646,246
Due from other governmental units	3,515,189		3,556,858	153,552	7,225,598
TOTAL ASSETS	8,030,733	5,559,360	17,055,705	3,306,899	33,952,696
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	902,253		3,172,109	509,831	4,584,193
Deposits payable	1,580,050				1,580,050
Payroll payable	1,602,371			47,352	1,649,723
Total liabilities	4,084,674		3,172,109	557,183	7,813,966
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	647,208	97,139		9,950	754,297
Total deferred inflows of resources	647,208	97,139		9,950	754,297
Fund balances					
Restricted	963,782	5,462,221	13,883,596	2,672,073	22,981,673
Committed	22,250			67,692	89,942
Assigned	1,711,130				1,711,130
Unassigned	601,688				601,688
Total fund balances	3,298,850	5,462,221	13,883,596	2,739,765	25,384,433
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$8,030,733	\$5,559,360	\$17,055,705	\$3,306,899	\$33,952,696

**Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
December 31, 2016**

Total fund balances for the governmental funds \$25,384,433

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	158,932,876	
Depreciable assets (net)	582,845,164	741,778,040

Deferred inflows of resources in the governmental funds are unavailable revenue in the governmental activities in the statement of net position.

Unavailable revenue		754,297
---------------------	--	---------

Pension fund used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.

Pension assets		2,957,717
Deferred outflows - pension		3,831,125

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

2,143,994

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

Compensated absences	(2,024,299)	
Other post-employment benefits payable	(2,428,407)	
Pollution remediation liability	(1,105,778)	
Pension liability	(12,906,024)	
Bonds and loan payable	(96,027,393)	(114,491,900)

Pension fund used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.

Deferred inflows - pension		(220,732)
----------------------------	--	-----------

Total net position of governmental activities

\$662,136,973

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016**

	Special Revenue Fund		Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
	General	Arterial Street	Capital Improvements		
REVENUES					
Taxes	\$31,743,552		\$3,118,386	\$1,811,937	\$36,673,875
Licenses and permits	3,415,922		442,393	196,696	4,055,011
Intergovernmental revenues	1,298,005		7,675,297	1,022,848	9,996,150
Charges for services	7,373,548	2,990,702		507,860	10,872,110
Fines and forfeitures	391,381			14,702	406,083
Interest earnings	210,311	18,325	17,118		245,754
Contributions	36,928		567,960		604,887
Other revenue	360,683		21,556	11,003	393,242
Total revenue	<u>44,830,329</u>	<u>3,009,027</u>	<u>11,842,710</u>	<u>3,565,045</u>	<u>63,247,111</u>
EXPENDITURES					
Current					
General government	10,318,936				10,318,936
Security of persons and property	23,462,398			12,176	23,474,573
Transportation	4,423,957		72	2,512,027	6,936,056
Physical environment	21,341		26,684		48,026
Economic environment	3,922,245		74,909		3,997,153
Culture and recreation	1,609,254				1,609,254
Other expenditures				1,200	1,200
Debt service					
Debt service - principal			447,123	1,725,000	2,172,123
Debt service - interest			1,538,725	1,683,969	3,222,695
Capital outlay	327,752		15,550,532		15,878,284
Total expenditures	<u>44,085,883</u>	<u></u>	<u>17,638,046</u>	<u>5,934,372</u>	<u>67,658,300</u>
Excess (deficiency) of revenue over expenditures	<u>744,446</u>	<u>3,009,027</u>	<u>(5,795,336)</u>	<u>(2,369,327)</u>	<u>(4,411,189)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sales of capital assets			9,337,640		9,337,640
Capital lease					
Loan					
Transfer in			3,130,173	2,710,126	5,840,299
Transfer out	(1,428,200)	(2,353,154)	(2,096,126)	(272,019)	(6,149,499)
Total other financing sources	<u>(1,428,200)</u>	<u>(2,353,154)</u>	<u>10,371,687</u>	<u>2,438,107</u>	<u>9,028,440</u>
Net change in fund balances	(683,754)	655,873	4,576,351	68,780	4,617,251
FUND BALANCES - JANUARY 1, 2016	3,982,604	4,806,348	9,307,244	2,670,985	20,767,182
FUND BALANCES - DECEMBER 31, 2016	<u>\$3,298,850</u>	<u>\$5,462,221</u>	<u>\$13,883,596</u>	<u>\$2,739,765</u>	<u>\$25,384,433</u>

**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, 2016**

Net change in fund balances - total governmental funds \$4,617,251

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.

Changes in unavailable revenue	19,333
Donated capital assets	1,009,513
Expenditures for capital assets	15,878,284
Capital asset adjustments	1,343,975
Sales of capital assets	(10,673,507)
Depreciation	(43,075,141)

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

Debt principal payments	3,172,123
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Premium amortization on the bonds decreases long-term liabilities result in a increase in the net position

Capital lease premium	52,481
LIFT bonds premium	85,484
2013 GO bonds premium	22,762

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

Change in compensated absences payable	(135,626)
Change in other post-employment benefits payable	(278,052)
Change in pollution remediation liability	(341,906)

Pension liabilities	253,157
---------------------	---------

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.

1,233,616

Change in net position of governmental activities

(\$26,816,253)

**Statement of Net Position
Proprietary Funds
December 31, 2016**

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Sewer	Storm & Surface Water	Total	
ASSETS					
Current assets					
Cash and cash equivalents	\$321,985	\$343,581	\$355,195	\$1,020,761	\$414,845
Investments	3,651,364	4,281,892	2,535,448	10,468,704	1,977,271
Accounts receivable	661,665	1,464,267	53,587	2,179,518	115,135
Due from other governments			366,840	366,840	2,291
Reserved assets:					
Deposit held in trust					1,968,604
Investments-revenue bonds	728,532	404,109	109,961	1,242,602	
Investment-revenue bond reserve	109,785	292,497	914,086	1,316,369	
Total current assets	<u>5,473,331</u>	<u>6,786,346</u>	<u>4,335,117</u>	<u>16,594,795</u>	<u>4,478,145</u>
Non-current assets					
Capital assets, net of depreciation					
Land	122,175	163,126		285,302	
Right of way			1,935,081	1,935,081	
Buildings	2,322,168	3,022,575	2,005,549	7,350,292	
Improvements other than buildings	11,693,980	8,048,922	24,457,195	44,200,097	850,187
Equipment	6,524	394,438	36,760	437,723	514,219
Vehicles			23,312	23,312	3,346,142
Construction in progress	3,124,277	1,341,289	1,270,222	5,735,788	527
Total non-current assets	<u>17,269,125</u>	<u>12,970,351</u>	<u>29,728,118</u>	<u>59,967,594</u>	<u>4,711,075</u>
Total assets	<u>22,742,456</u>	<u>19,756,697</u>	<u>34,063,236</u>	<u>76,562,389</u>	<u>9,189,220</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pension	84,050	83,163	181,597	348,810	43,808
Total deferred outflows of resources	<u>84,050</u>	<u>83,163</u>	<u>181,597</u>	<u>348,810</u>	<u>43,808</u>
LIABILITIES					
Current liabilities					
Accounts payable	397,515	341,566	116,273	855,355	151,416
Payroll payable	50,415	44,416	95,313	190,144	20,333
Compensated absences	36,667	37,522	72,278	146,467	27,616
Due to other governments					115
Advance payable-HEDC					33,637
Interest payable					160,046
Current portion of loans payable	112,599		45,516	158,115	
Current portion of revenue bonds payable	153,345	71,047	503,890	728,281	
Total current liabilities	<u>750,540</u>	<u>494,551</u>	<u>833,270</u>	<u>2,078,362</u>	<u>393,163</u>
Non-current liabilities					
Loans payable	112,598		683,078	795,676	
Revenue Bonds Payable, net-unspent	838,317	696,606	1,024,047	2,558,970	
Revenue Bonds Payable-spent	2,870,210	969,674	11,196,110	15,035,994	
Unearned revenue					1,968,604
Pension Liabilities	327,621	322,878	704,425	1,354,924	169,844
Total non-current liabilities	<u>4,148,746</u>	<u>1,989,158</u>	<u>13,607,660</u>	<u>19,745,564</u>	<u>2,138,448</u>
Total liabilities	<u>4,899,287</u>	<u>2,483,709</u>	<u>14,440,930</u>	<u>21,823,926</u>	<u>2,531,611</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension	10,815	10,659	23,254	44,728	5,607
Total deferred inflows of resources	<u>10,815</u>	<u>10,659</u>	<u>23,254</u>	<u>44,728</u>	<u>5,607</u>
Net investment in capital assets	14,020,374	11,929,630	17,299,524	43,249,528	4,711,075
Restricted for debt service	109,785	292,497	914,086	1,316,369	
Unrestricted	3,786,246	5,123,364	1,567,038	10,476,648	1,984,735
Total net position	<u>\$17,916,405</u>	<u>\$17,345,492</u>	<u>\$19,780,648</u>	<u>\$55,042,545</u>	<u>\$6,695,810</u>

The accompanying notes are an integral part of this statement 7

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016**

	Business-Type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Water	Sewer	Storm & Surface Water		
OPERATING REVENUES					
Charges for services	\$5,656,334	\$7,998,203	\$6,283,535	\$19,938,071	\$5,402,735
Other	66,234		1,070	67,304	28,913
Total operating revenue	<u>5,722,568</u>	<u>7,998,203</u>	<u>6,284,605</u>	<u>20,005,376</u>	<u>5,431,648</u>
OPERATING EXPENSES					
Administrative and general	510,296	466,110	1,729,270	2,705,676	1,800,946
Purchased water	1,441,509			1,441,509	
Metro service		3,993,565		3,993,565	
Maintenance and operations	895,210	759,026	1,384,836	3,039,071	2,519,027
Customer accounts	161,079	158,672		319,752	
Taxes	619,236	441,132	83,695	1,144,063	
Depreciation	553,429	454,530	836,293	1,844,252	832,235
Total operating expenses	<u>4,180,760</u>	<u>6,273,035</u>	<u>4,034,093</u>	<u>14,487,888</u>	<u>5,152,208</u>
OPERATING INCOME (LOSS)	<u>1,541,807</u>	<u>1,725,168</u>	<u>2,250,512</u>	<u>5,517,487</u>	<u>279,440</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	11,349	725	23,170	35,244	1,941,004
Intergovernmental revenue	1,140	1,643	847,596	850,379	8,499
Gain (loss) on disposition of capital assets					(196,754)
Revenue bonds issuance cost	(63)	(29)	(208)	(300)	
Interest Expense	(131,606)	(57,961)	(427,767)	(617,334)	(1,940,008)
Total non-operating revenue (expense)	<u>(119,180)</u>	<u>(55,622)</u>	<u>442,791</u>	<u>267,989</u>	<u>(187,259)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS					
	1,422,627	1,669,546	2,693,303	5,785,476	92,181
Transfers in					1,266,972
Transfers out					(957,772)
Capital contributions from developers	<u>300,992</u>	<u>290,414</u>	<u>631,306</u>	<u>1,222,712</u>	
CHANGE IN NET POSITION	<u>1,723,619</u>	<u>1,959,960</u>	<u>3,324,609</u>	<u>7,008,188</u>	<u>401,381</u>
NET POSITION - BEGINNING	16,192,786	15,385,531	16,456,039	48,034,356	6,294,429
NET POSITION - ENDING	<u>\$17,916,405</u>	<u>\$17,345,492</u>	<u>\$19,780,648</u>	<u>\$55,042,545</u>	<u>\$6,695,810</u>

The accompanying notes are an integral part of this statement 8

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016**

	Business-Type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Water	Sewer	Storm & Surface Water		
CASH FLOW FROM OPERATING ACTIVITIES					
Cash received from customers	\$5,868,638	\$8,008,318	\$6,086,509	\$19,963,465	\$5,363,513
Cash paid to employees	(874,228)	(861,064)	(1,869,976)	(3,605,268)	(594,488)
Cash paid to suppliers for goods and services	(2,070,892)	(4,570,426)	(1,740,047)	(8,381,365)	(4,029,427)
Cash paid for taxes	(619,236)	(441,132)	(83,695)	(1,144,063)	
Net cash provided by operating activities	<u>2,304,282</u>	<u>2,135,697</u>	<u>2,392,790</u>	<u>6,832,769</u>	<u>739,598</u>
CASH FLOW FROM NON-CAPITAL ACTIVITIES					
Transfers out					(957,772)
Transfers in					1,266,972
Intergovernmental revenue	1,140	1,643	146,854	149,637	8,499
Pension	(12,080)	(27,679)	(67,951)	(107,710)	(17,519)
Net cash provided from non-capital activities	<u>(10,940)</u>	<u>(26,036)</u>	<u>78,903</u>	<u>41,927</u>	<u>300,180</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(3,296,989)	(1,197,625)	(3,637,971)	(8,132,584)	(796,672)
Net capital lease					(2,833,786)
Construction payable					(852,096)
Interest paid on capital debt	(131,606)	(57,961)	(427,767)	(617,334)	(143,477)
Intergovernmental revenue			700,742	700,742	
Deposit held in trust					4,304,537
Disposal of capital assets					(196,754)
Proceeds from PWTF loan			41,672	41,672	
Paid on revenue bond	(135,000)	(60,000)	(440,000)	(635,000)	(1,000,000)
Paid on capital debt	(112,599)			(112,599)	
Debt interest payable	(1,109)	(198)	(1,467)	(2,773)	(3,334)
Revenue bond issuance cost	(63)	(29)	(208)	(300)	
Net cash (used) by capital and related activities	<u>(3,677,365)</u>	<u>(1,315,813)</u>	<u>(3,764,999)</u>	<u>(8,758,177)</u>	<u>(1,521,582)</u>
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	1,356,024	(1,000,707)	1,546,157	1,901,474	522,729
Interest and dividends	11,349	725	23,170	\$35,244	764
Net cash provided by investing activities	<u>1,367,373</u>	<u>(999,981)</u>	<u>1,569,327</u>	<u>1,936,719</u>	<u>523,493</u>
Net increase (decrease) in cash and cash equivalents	(16,650)	(206,133)	276,022	53,238	41,689
Balances - January 1	338,635	549,715	79,174	967,524	373,155
Balances - December 31	<u>321,985</u>	<u>343,581</u>	<u>355,195</u>	<u>1,020,761</u>	<u>414,845</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	1,541,807	1,725,168	2,250,512	5,517,487	279,440
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	553,429	454,530	836,293	1,844,252	832,235
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	107,604	(17,345)	24,710	114,969	(65,845)
Decrease (increase) in due from other governments	38,466	27,460	(222,806)	(156,880)	(2,291)
Increase (decrease) in non-capital accounts payable	51,454	(60,419)	(491,341)	(500,306)	(296,809)
Increase (decrease) in compensated absences payable	4,842	6,257	992	12,091	(5,480)
Increase (decrease) in payroll payable	6,679	45	(5,568)	1,156	(1,651)
Net cash provided by operating activities	<u>\$2,304,282</u>	<u>\$2,135,697</u>	<u>\$2,392,790</u>	<u>\$6,832,769</u>	<u>\$739,598</u>
Noncash investing, capital and financing activities increase (decrease) in fair value of investments					
Capital contributions from developers	300,992	290,414	631,306	1,222,712	

Statement of Changes in Net Position Fiduciary Funds For the Year Ended December 31, 2016		
	Pension Trust	Agency
	Firemen's Pension Reserve	Trust
ASSETS		
Cash and cash equivalents	\$343,619	\$291,275
Investment		
Total assets	343,619	291,275
LIABILITIES		
Accounts payable		291,275
Total liabilities		291,275
NET POSITION		
Held in trust for pension benefits	\$343,619	-

Statement of Changes in Net Position
 Fiduciary Funds
 For the Year Ended December 31, 2016

	Pension Trust
	Firemen's Pension Reserve
ADDITIONS	
Contributions	
Employer	\$56,151
Total additions	56,151
DEDUCTIONS	
Benefits	40,946
Total deductions	40,946
Change in net position	15,205
Net position - beginning	328,414
Net position - ending	\$343,619

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JANUARY 1, 2016 THROUGH DECEMBER 31, 2016

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

NOTE 1

Summary of Significant Accounting Policies

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 has implemented all applicable GASB statements through Statement 79.

In 2016, the City adopted GASB Statement 72, Fair Value Measurement and Application. The City categorizes its fair value measurements within the fair value hierarchy established by this statement. The hierarchy is based on the valuation inputs used to measure the fair value of the investments (Refer to Note 3).

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).

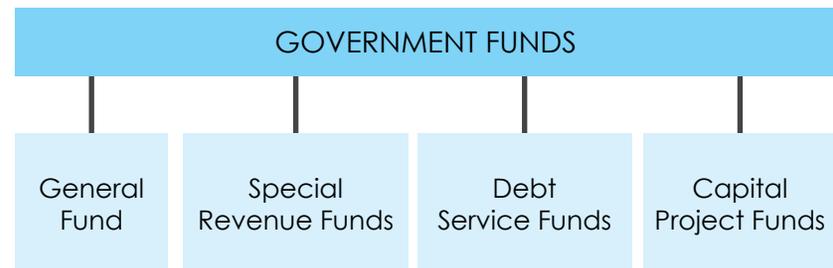
BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separated 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.

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.



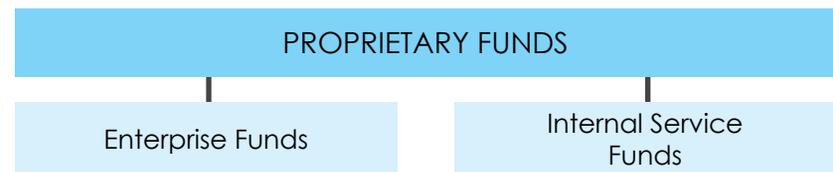
The following is a description of the governmental funds of the City:

- **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.
- **Debt service funds** are used to account for financial resources that are restricted, committed, or assigned to expenditures for principle and interest for debt.
- **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).

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.

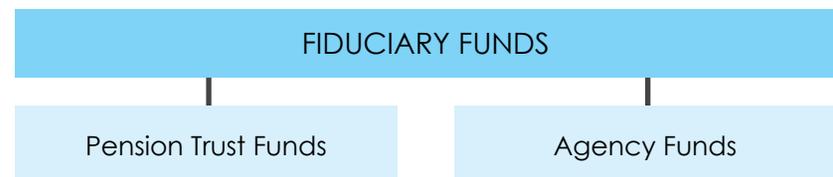


The applicable, generally accepted accounting principles are similar to those used by businesses in the private sector. The following is a description of the proprietary funds of the City:

- **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. The City has the following fiduciary fund types:



**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.

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

In compliance of GAAP, investments are required to be measured at fair value. An investment is defined as a security or other asset that:

- Government holds primarily for the purpose of income.
- Has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

Investments not measured at fair value include money market investment, 2a7-like external investment pools and other various investments (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 employees. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained as long term liabilities and represents a reconciling item between the balance sheet of the governmental funds and the governmental activities in the statement of net position.

Other Post-Employment Benefits

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; only positive amounts are reported 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.

State Legislative Budget Development Requirements		
September RCW 35A.34.050.060 Budget Estimates - Submittal Official Budget Call On or before the second Monday in September	November RCW 35A.34.080.090 Preliminary Budget City Manager Recommended Budget Submitted to City Clerk, Council & Public On or before November 1 st	December RCW 35A.34.110 Budget Hearing Commencement of Public Hearings on the City Manager Recommended Budget On or before the first Monday in December
October RCW 35A.34.070 Proposed Preliminary Budget Dept Preliminary Budget Submitted to City Manager On or before the first Business Day of October	November RCW 35A.34.080.100 Notice of Hearing Published Once per Week For Two Weeks Prior to Hearing	December RCW 35A.34.120 Budget - Adoption Public Hearing Continuation & Conclusion On or before December 31 st
October RCW 35A.33.135 Ensuing Biennium Revenue Estimates Provided to Council On or before the first Monday in October		

2015-2016 Final Budget Inflows and Outflows

Fund	Original Inflows	Original Outflows	Final Inflows	Final Outflows
General Fund	\$87,364,923	\$87,481,520	\$87,998,323	\$88,194,520
Street Fund	3,581,576	5,335,194	3,581,576	5,342,844
Arterial Street Fund	7,389,199	3,475,700	7,396,849	3,483,350
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	38,590,424	39,078,366
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	15,694,505	16,635,696
Storm & Surface Water Fund	23,338,065	22,371,630	23,786,065	22,838,230
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
Total	\$202,976,794	\$219,519,285	\$207,887,414	\$224,504,505

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 39.59 and 35.39.

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

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

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 manages a portfolio of securities that meet the maturity, quality, diversification and liquidity requirements set forth by the GASB 79 for external investment pools that elect to measure at amortized cost for financial reporting purposes,

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

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

As of December 31, 2016, the City’s investments, excluding the Local Government Investment Pool (LGIP) are classified as Level 2.

As of December 31, 2016, the City-wide’s cash and investments are as following:

	Governmental Funds	Internal Service Funds	Enterprise Funds	Fiduciary Funds	Total
Cash on hand	\$7,250				\$7,250
Deposits with financial institutions	1,906,560	414,845	1,020,761	634,894	3,977,061
Deposits in trust		1,968,604			1,968,604
Local Government Investment Pool	1,402,495		7,527,674		8,930,170
All other investments	21,598,408	1,977,271	5,500,000		29,075,679
Total cash and investments	\$24,914,714	\$4,360,720	\$14,048,436	\$634,894	\$43,958,763

	Enterprise Funds				Total
	General Fund	Special Revenue Fund Arterial Street	Capital Project Fund Capital Improvements	Other Governmental Funds	
GOVERNMENTAL FUNDS					
Cash on hand	\$7,250				\$7,250
Deposits with financial institutions	617,505		655,712	633,344	1,906,560
Investments	2,098,408	5,559,360	12,843,135	2,500,000	23,000,903
Total cash and investments	\$2,723,163	\$5,559,360	\$13,498,847	\$3,133,344	\$24,914,714

	Enterprise Funds				Internal Service Funds
	Water	Sewer	Storm & Surface Water	Total	
PROPRIETARY FUNDS					
Deposits with financial institutions	\$321,985	\$343,581	\$355,195	\$1,020,761	\$414,845
Deposits held in trust					1,968,604
Investments	3,651,364	4,281,892	2,535,448	10,468,704	1,977,271
Investments-reserved	838,317	696,606	1,024,047	2,558,970	
Total cash and investments	\$4,811,666	\$5,322,080	\$3,914,690	\$14,048,436	\$4,360,720

	Equipment Rental	Self Insurance	Asset Replacement	COB Properties	Total
INTERNAL SERVICE FUNDS					
Deposits with financial institutions	\$148,931	\$124,425	\$141,488		\$414,845
Investments			1,977,271		1,977,271
Deposits held in trust				1,968,604	1,968,604
Total cash and investments	\$148,931	\$124,425	\$2,118,759	\$1,968,604	\$4,360,720

FIDUCIARY FUNDS	Pension Trust	Agency	Total
Deposits with financial institutions	\$343,619	\$291,275	\$634,894
Deposits held in trust			
Investments			
Investments-reserved			
Total cash and investments	\$343,619	\$291,275	\$634,894

PRIMARY GOVERNMENT	Governmental Activities			Business-Type Activities	Primary Government
	Governmental Funds	Internal Service Funds	Total	Enterprise Funds	Total
Deposits with financial institutions	\$1,913,810	\$414,845	\$2,328,655	\$1,020,761	\$3,349,416
Deposits held in trust		1,968,604	1,968,604		1,968,604
Investments	23,000,903	1,977,271	24,978,174	10,468,704	35,446,878
Investments-reserved				2,558,970	2,558,970
Total cash and investments	\$24,914,714	\$4,360,720	\$29,275,433	\$14,048,436	\$43,323,869

	Fair Value Measurements Using				Not Measured at
					Fair Value
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Amortized Cost
	Total	Level 1	Level 2	Level 3	
U.S. Agencies	\$2,850,807		\$2,850,807		
Supranational Agency	2,983,362		2,983,362		
Municipal Bonds	9,036,841		9,036,841		
Corporate Bonds	14,204,669		14,204,669		
Local Government Investment Pool	8,930,170				8,930,170
Total investments	\$38,005,849	-	\$29,075,679		\$8,930,170

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.

	Book Value	Fair Market Value	Fair Value Investment Maturity (Year)				Portfolio Allocation
			Less Than 1	Less Than 2	3-5	Weighted Avg. Maturity in Year	
U.S. Agencies	\$2,866,392	\$2,850,807		\$1,991,170	\$859,637	2.900	7.50%
Supranational Agency	3,006,910	2,983,362		1,000,728	1,982,634	2.660	7.85%
Municipal Bonds	9,070,734	9,036,841	2,685,595	2,091,478	4,259,768	2.400	23.78%
Corporate Bonds	14,442,848	14,204,669	6,643,007	4,823,018	2,738,644	1.730	37.37%
Local Government Investment Pool	8,930,170	8,930,170	8,930,170			0.003	23.50%
Total investments	\$38,317,054	\$38,005,849	\$18,258,772	\$9,906,394	\$9,840,684	1.647	100.00%

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment may not fulfill its obligations. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: Concentration of risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City diversifies its investments by security type and issuer. With the exception of US Treasury securities and authorized state pools, no more than 50% of the City's total investment portfolio will be invested in any one security issue. As of December 31, 2016, the City's investment portfolio are as following.

Investment Type	Fair Market Value	% of Investment Portfolio	Credit Rating
Corporate Bonds:			
JPM	\$3,054,021	8.04%	A1/A-, Aa3/A+
Bank of America	2,701,664	7.11%	A1/A
Wells Fargo Bank	2,578,913	6.79%	Aa3/A
PNC Bank NA	2,008,418	5.28%	A2/A
US Bank NA Cincinnati	1,763,877	4.64%	A1/AA-
Wells Fargo Bank	1,054,972	2.78%	Aa2/AA-
MUFG Union Bank NA	1,042,804	2.74%	A2/A+
Municipal Bonds:			
Connecticut State TXBL SER B	1,635,136	4.30%	Aa3/AA-
Georgia State GO	1,395,732	3.67%	Aaa/AAA/AAA
Seattle WA TXBL GO Bonds	1,128,488	2.97%	Aa1/AAA
Oregon State 2016 TANS-SER A	1,005,340	2.65%	MIG1/SP-1+/F1+
City of Portland OR TANS	1,005,140	2.64%	MIG1
Washington State GO	661,961	1.74%	Aa1/AA+/AA+
Monroe WA TXBL	640,173	1.68%	AA-
The Commonwealth of Massachusetts GO Bonds	545,147	1.43%	Aa1/AA+
Rhode Island State & Providence TXBL Capital Dev. Loan	456,342	1.20%	Aa2/AA
Baltimore MD TXBL Bonds	385,950	1.02%	Aa2/AA
Texas State TXBL Bonds	177,433	0.47%	Aaa/AAA/AAA
US Agency Securities			
Freddie Mac	1,991,170	5.24%	Aaa/AA+/AAA
FNMA GEN STRI	859,637	2.26%	Aaa/AA+/AAA
Supranational Agency:			
International Bank for Reconstruction and Development (IBRD)	2,983,362	7.85%	Aaa/AAA/AAA
Local Government Investment Pool			
	8,930,170	23.50%	Not Rated
GRAND TOTAL	\$38,005,849	100.00%	

**NOTE 4
Property Taxes**

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

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

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

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 2016, the City's General Tax Levy was \$1.33 per \$1,000, and the Special Tax Levy for the City's Public Safety building was \$0.10 per \$1,000. Bothell's total assessed valuation including annexation was \$8,296,058,437.

2016 ASSESSED VALUATION	
Snohomish County	\$3,466,434,992
King County	4,829,623,445
Total	\$8,296,058,437

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

NOTE 5
Deferred Inflows and Outflows of Resources

Deferred Outflows of Resources at December 31, 2016 are as follows:

Deferred Inflows and Outflows of Resources

Description	Governmental Activities	Business-Type Activities
Deferred Outflows of Resources - Government-Wide Statement of Net Position		
Pension	\$3,831,125	\$348,810
Total	\$3,831,125	\$348,810

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

Pension	\$220,732	\$44,728
Total	\$220,732	\$44,728

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
Deferred Inflows of Resources - Governmental Funds Balance Sheet	
Court services	\$372,217
Deferred EMS services	118,804
Deferred property tax	156,187
Deferred revenue-impact fees	97,139
Deferred GO Bond property tax	9,950
Total	\$754,297

NOTE 6
Capital Assets and Depreciation

GENERAL POLICIES

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

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

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

GOVERNMENTAL CAPITAL ASSETS

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

PROPRIETARY FUND CAPITAL ASSETS

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

DEPRECIATION

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

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

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

Government Activities	Amount
General government	\$2,308,013
Security of persons & property	620,202
Transportation	36,794,846
Physical environment	2,709,389
Culture & recreation	642,691
Total Governmental Activities Depreciation Expense	\$43,075,141

Business-Type Activities	Amount
Water	\$553,429
Sewer	454,530
Storm & Surface Water	836,293
Total Business-Type Activities Depreciation Expense	\$1,844,252

In 2016, the City completed the major utility improvement project – Horse Creek pipe replacement which increase capital asset by \$16,886,360. The capitalization as follows:

Horse Creek Pipe Replacement

Description	Increases
Business-type activities:	
Improvements - Water	\$450,972
Improvements - Sewer	806,455
Improvements - Storm & Surface Water	15,628,933
Total Horse Creek Costs	\$16,886,360
Less accumulated depreciation for:	
Improvements - Water	\$9,019
Improvements - Sewer	13,695
Improvements - Storm & Surface Water	339,433
Total Accumulated Depreciation	\$362,148
Business-Type Activities Capital Assets, net	\$16,524,212

Construction Commitments as of December 31, 2016

Government Activities	Construction in Progress	Remaining Commitment	Business-Type Activities	Construction in Progress	Remaining Commitment
Canyon Park Radio Project	\$39,242		Morningside Booster Station Retrofit	\$46,475	
1st Lt Nicholas Memorial Park	103,598	34,625	Penn Park Reservoir	2,932,267	557,781
228th St Corridor Safety		15,571	Water Main Replacement	145,535	34,246
228th St SE & 29th Dr SE Traffic Safety	213,024	10,528	Lift Station #2 Phase 2		77,121
Adaptive Signal Control System Phase 1	3,643		Lift Station #3	557,113	536,269
Annual Arterial Overlay Program	344,432	402,583	Promontory Hillside Sewer Replacement	145,169	3,035
Blyth Park Improvements	65,656		Sewer Main Replace - Multiway Blvd Ph 2	431,998	
Bridge Rehab & Seismic Retrofit	322,095	95,100	Sewer Main Replacement	207,009	2,379
City Hall Tenant Improvements	17,531	9,867	Annual Stormwater Capital Projects	25,000	13
Citywide Transportation Safety		20,495	Blyth Creek Erosion Control	28,718	
Downtown Soil/Ground Cleanup	4,197,630	861,366	Downtown Revitalization Utility - Storm	209,499	7,253
East Norway Hill Improvements	26,796	16,453	Horse Creek Improvements	(52,981)	517,348
General Park Improvements	30,831		North Creek TMDL Plan	7,040	
Horse Creek Plaza	102,665	144,139	Parr Creek Flood Mitigation	3,795	
Main Street Enhancement	1,491,231	7,952	Sammamish River Side Channel	1,049,151	211,138
Main Street Extension	269,813	29,515			
NE 185th Improvements	233,606		Total Business-Type Activities	\$5,735,788	\$1,946,582
NE 195th Bridge Seismic Retrofit		7,473			
NE 200th St Sidewalk		56,110			
Neighborhood Traffic Calming	23,229				
North Creek Field 3	74,950				
North Creek Trail Section 3		5,666			
North Creek Trail Section 4	76,313	475,698			
Park at Bothell Landing	143,117				
Park at Bothell Landing Pedestrian Bridge	213,043	94,254			
Park Master Planning	35,573				
Pop Keeney Road	225,449				
Purchase of Northshore SD Property		387,070			
Replacement Equipment - Parks	527				
Sammamish River Bridge Retrofit	2,927				
Sidewalk/Walkway Program	304,970	50,339			
SR 522 Bothell Crossroads		1,218,480			
SR 522 Stage 2B Improvements	102,672				
SR 522 Stage 3 Improvements Phase 1	2,522,622	890,354			
SR 522 Surplus Property (not a project)		3,891			
SR 527 and 228th Intersection		150,550			
SR 527 Multiway Boulevard Phase 1		159,079			
SR 527 Multiway Boulevard Phase 2	6,087,318	4,262,261			
SR 527 Widening: 240th St SE to 228th St SE		231,491			
Total Governmental Activities	\$17,274,500	\$9,640,910			

Summary of Changes to Capital Assets

Description	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$65,301,598	\$3,282,031	\$8,194,502	\$60,389,127
Infrastructure right-of-way	80,404,957	751,796	7,504	81,149,249
Work of art		120,000		120,000
Construction in progress	12,402,095	6,243,697	1,371,291	17,274,500
Total capital not being depreciated	\$158,108,650	\$10,397,524	\$9,573,298	\$158,932,876
Other capital assets:				
Buildings	19,820,684		1,667,970	18,152,714
Capital lease - City Hall	51,475,433			51,475,433
Improvements	73,629,410	5,089,885	828,090	77,891,204
Infrastructure	1,593,085,763	2,512,197	11,700	1,595,586,260
Intangible Asset	4,700,000			4,700,000
Vehicles	8,166,919	773,603	504,293	8,436,229
Equipment	3,338,320	570,114	486,034	3,422,400
Total other capital assets at historical cost	\$1,754,216,529	\$8,945,799	\$3,498,088	\$1,759,664,240
Less accumulated depreciation for:				
Buildings	5,282,332	362,642	649,399	4,995,575
Capital lease - City Hall	514,754	1,029,509		1,544,263
Improvements	24,418,692	4,070,156	527,426	27,961,422
Infrastructure	1,098,172,343	36,469,247		1,134,641,590
Intangible Asset	156,667	313,333		470,000
Vehicles	4,773,188	653,079	429,064	4,997,203
Machinery & equipment	2,508,958	177,175	477,111	2,209,022
Total accumulated depreciation	\$1,135,826,935	\$43,075,141	\$2,083,001	\$1,176,819,075
Governmental activities capital assets, net	\$776,498,243	(\$23,731,818)	\$10,988,386	\$741,778,040
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$16,964,742	\$9,621,242	\$20,850,196	\$5,735,788
Infrastructure right-of-way	1,875,208	59,872		1,935,081
Land and improvements	285,302			285,302
Total capital not being depreciated	\$19,125,253	\$9,681,114	\$20,850,196	\$7,956,171
Other capital assets:				
Buildings	8,847,826			8,847,826
Intangible plant	411,179			411,179
Improvements	45,998,050	20,524,378		66,522,428
Vehicles	221,353			221,353
Machinery & equipment	1,017,996			1,017,996
Total other capital assets at historical cost	\$56,496,403	\$20,524,378		\$77,020,782
Less accumulated depreciation for:				
Buildings	\$1,324,730	172,803		1,497,534
Intangible plant	411,179			411,179
Improvements	20,752,950	1,569,382		22,322,331
Vehicles	188,716	9,325		198,041
Machinery & equipment	487,531	92,742		580,273
Total accumulated depreciation	\$23,165,106	\$1,844,252		\$25,009,358
Business-type activities capital assets, net	\$52,456,550	\$28,361,241	\$20,850,196	\$59,967,594

**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 2016:

Aggregate Pension Amounts - All Plans	
Pension liabilities	(\$14,260,947)
Pension assets	2,957,717
Deferred outflows of resources	4,179,935
Deferred inflows of resources	(265,460)
Pension expense/expenditures	2,334,772

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.

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 Plan1 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 1

Actual Contribution Rates	Employer	Employee*
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	6.00%
Administrative Fee	0.18%	
Total	11.18%	6.00%

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

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

who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 2/3

Actual Contribution Rates	Employer 2/3	Employee 2*
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	11.18%	

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

The City actual contributions were \$701,167 to PERS Plan 1 and \$883,523 to PERS Plan 2/3 for the year ended December 31, 2016.

Public Safety Employees' Retirement System (PSERS)

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

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

PSERS membership includes:

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

PSERS covered employers include:

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

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60

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

Contributions

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

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2016 were as follows:

PSERS Plan 2/3

Actual Contribution Rates	Employer 2/3	Employee 2*
PSERS Plan 2	6.59%	6.59%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Total	11.54%	

The City actual contributions were \$12,814 to PSERS Plan 2 and \$9,275 to PERS Plan 1 for the year ended December 31, 2016.

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 2016. 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 2016 were as follows:

LEOFF Plan 2

Actual Contribution Rates	Employer	Employee
State and Local Governments	5.05%	8.41%
Administrative Fee	0.18%	
Total	5.23%	8.41%

The City actual contributions to the plan were \$674,658 for the year ended December 31, 2016.

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, 2016, the state contributed \$60,375,158 to LEOFF Plan 2. The amount recognized by the City as its proportionated share of this amount is \$440,998.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30, 2015. 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 2015 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, 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.

- For all systems, except LEOFF Plan 2, the assumed valuation interest rate was lowered from 7.5% to 7.7%. Assumed administrative factors were updated.
- Valuation software was corrected on how the nonduty disability benefits for LEOFF Plan 2 active members is calculated.

- New LEOFF Plan 2 benefit definitions were added within the OSA valuation software to model legislation signed into law during the 2015 legislative session.

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

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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, 2016, 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%
Total	100%	

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.

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

At June 30, 2016, the City reported a total pension liability of \$14,260,947 for its proportionate share of the net pension liabilities and a total pension asset of \$2,957,717 for its proportionate share of the net pension assets as follows:

Pension Plan	Liability (or Asset)
PERS 1	\$6,588,494
PERS 2/3	7,650,613
PSERS 2	21,841
LEOFF 1	(385,935)
LEOFF 2	(2,571,782)

Pension Plan	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (6.5%)
PERS 1	\$7,945,061	\$6,588,494	\$5,421,084
PERS 2/3	14,086,154	7,650,613	(3,982,586)
PSERS 2	94,835	21,841	(30,154)
LEOFF 1	(229,261)	(385,935)	(519,856)
LEOFF 2	7,211,986	(2,571,782)	(9,945,901)

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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:

Pension Plan	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	(\$385,935)	(\$2,571,782)
State's proportionate share of the net pension asset associated with the employer	(2,610,453)	(1,676,615)
Total	(\$2,996,388)	(\$4,248,397)

At June 30, 2016, the City proportionate share of the collective net pension liabilities was as follows:

Pension Plan	Proportionate Share 6/30/2016	Proportionate Share 6/30/2015	Change in Proportion
PERS 1	0.122680%	0.121450%	0.001230%
PERS 2/3	0.151951%	0.151904%	0.000047%
PSERS 2	0.051392%	0.042517%	0.008875%
LEOFF 1	0.037459%	0.037398%	0.000061%
LEOFF 2	0.442168%	0.446157%	-0.003989%

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 2016. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2016, 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 2016, 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, 2016, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2016, the City recognized pension expense as follows:

Pension Plan	Pension Expense
PERS 1	\$423,129
PERS 2/3	1,109,328
PSERS 2	15,881
LEOFF 1	(50,528)
LEOFF 2	836,961
Total	\$2,334,772

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2016, 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	\$165,888	
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	349,933	
Total	\$515,821	

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$407,390	(\$252,559)
Net difference between projected and actual investment earnings on pension plan investments	936,214	
Changes of assumptions	79,075	
Changes in proportion and differences between contributions and proportionate share of contributions	88,406	
Contributions subsequent to the measurement date	440,908	
Total	\$1,951,993	(\$252,559)

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PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$7,440	
Net difference between projected and actual investment earnings on pension plan investments	4,505	
Changes of assumptions	85	
Changes in proportion and differences between contributions and proportionate share of contributions	764	(90)
Contributions subsequent to the measurement date	6,378	
Total	\$19,172	(\$90)

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	\$39,230	
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date		
Total	\$39,230	

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$352,403	
Net difference between projected and actual investment earnings on pension plan investments	924,144	
Changes of assumptions	9,697	
Changes in proportion and differences between contributions and proportionate share of contributions	26,896	(12,814)
Contributions subsequent to the measurement date	340,580	
Total	\$1,653,720	(\$12,814)

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Total of All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$767,233	(\$252,559)
Net difference between projected and actual investment earnings on pension plan investments	2,069,981	
Changes of assumptions	88,857	
Changes in proportion and differences between contributions and proportionate share of contributions	116,065	(12,901)
Contributions subsequent to the measurement date	1,137,799	
Total	\$4,179,935	(\$265,460)

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
2017	(40,845)	41,966	1,582	(8,107)	(10,216)	(15,620)
2018	(40,845)	41,966	1,582	(8,107)	(10,216)	(15,620)
2019	152,350	730,792	4,358	33,976	765,948	1,687,424
2020	95,228	443,802	3,439	21,468	528,075	1,092,012
2021			1,614		26,736	28,350
2022			126			126
Thereafter	\$165,888	\$1,258,526	\$12,701	\$39,230	\$1,300,327	\$2,776,674

Fire Fighter’s Pension Fund

The Fire Fighter’s Pension is a closed single-employer defined benefit pension plan system operated by the City in accordance with Revised Code of Washington Chapter 41.18. Membership is limited to firefighters employed prior to March 1, 1970. The City’s obligation under the system is composed of excess benefits over LEOFF for fire fighters retired after March 1, 1970, who are members of the system. Benefits and refunds of the Plan are recognized when due and payable in accordance with the terms of the Plan. There are three inactive plan members currently receiving benefits, and there are no active plan members.

Under State law, the Plan is provided an allocation of 25% of all moneys received by the State from taxes on fire insurance premiums, interest earnings, member contributions made prior to the inception of LEOFF, and the City contributions required to meet projected future pension obligations. In 2016, the fire insurance premium receipts amounted to \$56,151, which was sufficient to cover the 2016 expenses of \$40,946. It is the City’s opinion that it will be able to meet any future funding requirements.

The financial activity of the Plan is presented in the Statement of Net Position – Fiduciary Funds, and the Statement of Changes in Net Position – Fiduciary Funds. The City administers the pension plan, but it is funded 100% by a percentage of the tax on fire insurance premiums received annually from the state. Future fire insurance premium tax revenues are assumed to increase at the rate of 2.5% per year.

The City performed a non-standard study for the purpose of determining net pension liability of the Plan. The study assumed post-retirement benefit salary increase of 3.0% and mortality rates using the 2013 Social Security Life Table. As of December 31, 2016, the City had a net pension asset of \$12,844 as shown below:

Firefighter Pension Trust (LEOFF)

Name	Age at	Life Expectancy 2013	City’s Portion	Annual	Total	Total	Current	Net Pension
	1/1/2017	Social Security Life Table	Annual Payments	Increase Rate	At Expectancy	Present Value	Assets	Asset (Liabilities)
Retiree A	71	14	\$16,010.92	3%	\$297,769	(\$180,850)		
Retiree B	93	3	16,250.00	3%	67,984	(45,965)		
Retiree C	73	12	10,445.00	3%	163,128	(103,960)		
Total			\$42,705.12		\$528,881	(\$330,775)	\$343,619	\$12,844

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 2016, the City's contributions totaled \$142,062 and employee contributions totaled \$253,385.

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	1/1/2016	Increases	Decreases	12/31/2016
Governmental funds	\$1,894,153	\$2,760,532	\$2,630,386	\$2,024,299
Total Compensated Absences	\$1,894,153	\$2,760,532	\$2,630,386	\$2,024,299

Estimate of amount due within one year \$2 million.

Business-Type Activities	1/1/2016	Increases	Decreases	12/31/2016
Enterprise funds	\$134,376	\$148,058	\$135,967	\$146,467
Total Compensated Absences	\$134,376	\$148,058	\$135,967	\$146,467

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.

The net OPEB obligation of \$2,428,407 is included as a noncurrent liability on the Statement of Net Position.

Determination of Annual Required Contribution	Fiscal Year Ending 12/31/2016
Normal Cost at Year End	\$ -
Amortization of UAAL*	548,648
Annual Required Contribution	548,648
*Unfunded Actuarial Accrued Liability (UAAL)	
Determination of Net OPEB Obligation	Fiscal Year Ending 12/31/2016
Annual Required Contribution	\$548,648
Interest on Prior Year Net OPEB Obligation	86,014
Adjustment to ARC	(193,405)
Annual OPEB Cost	441,257
Contributions Made	163,204
Increase in Net OPEB Obligation	278,053
Net OPEB Obligation-Beginning of Year	\$2,150,355
Net OPEB Obligation-Ending of Year	\$2,428,407

Funded Status and Funding Progress

As of January 1, 2017 the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$6,100,079 and the actuarial value of the assets was \$0 resulting in a UAAL of \$6,100,079.

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.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial	Unfunded Actuarial	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
		Accrued Liability Entry Age	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%
12/31/2016	-	6,100,079	6,100,079	0%	548,648	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.

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).

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

¹ Annual rate, compounded annually

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

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

Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF I medical study that was performed in 2013. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit. The AAL and NOO are amortized on an open basis as a level dollar over 15 years.

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

Actuarial Assumptions

The City's OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding years, provide multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Fiscal Year Ended	Annual OPEB Cost	Contribution as a Percentage of OPEB Cost	Net OPEB Obligation
12/31/2008	\$595,101	43%	\$337,543
12/31/2009	541,279	53%	591,109
12/31/2010	510,140	61%	774,598
12/31/2011	480,813	42%	1,053,927
12/31/2012	453,671	35%	1,348,792
12/31/2013	379,177	42%	1,566,090
12/31/2014	487,340	30%	1,908,696
12/31/2015	423,474	34%	2,150,355
12/31/2016	441,254	37%	2,428,407

NOTE 10
Contingencies

In the government-wide statements, arbitrage earnings liability is accrued as it is earned, and is expensed at year-end. In 2016, the City had no arbitrage excess earnings liability.

Litigation

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

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

Contingencies under Grant Provisions

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

Bond Indentures

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

Rebate Arbitrage

Arbitrage occurs when the City invests funds borrowed

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

NOTE 11
Risk Management

The City of Bothell 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 168 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, and employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sub-limits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$570,000, and insured above that to \$300 million per occurrence subject to aggregates and sublimits.

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

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside independent actuary. The assessment covers loss, loss adjustment, 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 of WCIA.

NOTE 12 Interfund Activities

In the past 11 years insurance settlements have not exceeded insurance coverage.

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	Self Insurance Fund	Asset Replacement Fund	Total Transferred Out
General Fund		\$614,000					\$505,000	\$162,200	\$147,000	\$1,428,200
Street Fund										
Arterial Street Fund							2,353,154			2,353,154
Park Cumulative Reserve Fund							272,019			272,019
Capital Improvement Fund		403,440			994,217	698,469				2,096,126
Combined Utility Fund										
Water Fund										
Sewer Fund										
Storm Water Fund										
Equipment Rental Fund			\$ -	\$ -					957,772	957,772
Total Transferred In	\$ -	\$1,017,440			\$994,217	\$698,469	\$3,130,173	\$162,200	\$1,104,772	\$7,107,271

	Net Transferred In	Net Transferred Out
Governmental Activities	\$ -	\$ -
Business Activities	\$ -	\$ -

**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 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 outstanding balance at the end of 2016 was \$6,706,846.

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 \$225,197. 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 2016 was \$728,594.

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

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City of Bothell

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 2016 was \$17,200,000.

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	
Governmental Activities											
2017	\$695,000	\$27,800	\$385,000	\$313,515	\$695,000	\$1,301,225	\$447,123	\$16,767	\$1,000,000	\$2,063,486	\$6,944,916
2018			390,000	307,163	715,000	1,280,075	447,123	15,649	1,250,000	1,997,027	6,402,037
2019			400,000	295,463	740,000	1,258,250	447,123	14,532	1,315,000	1,934,102	6,404,470
2020			415,000	283,463	765,000	1,231,850	447,123	13,414	1,365,000	1,888,115	6,408,964
2021			425,000	271,013	795,000	1,200,650	447,123	12,296	1,510,000	1,813,844	6,474,926
2022-2026			2,360,000	1,127,313	4,610,000	5,370,000	1,788,492	44,712	8,775,000	7,854,781	31,930,298
2027-2031			2,855,000	690,513	5,920,000	4,060,500	2,682,738	16,767	10,990,000	5,639,116	32,854,634
2032-2036			1,300,000	117,000	5,925,000	2,421,125			13,190,000	3,439,995	26,393,120
2037-2040					7,240,000	905,000			9,230,000	471,183	17,846,183
Subtotal	\$695,000	\$27,800	\$8,530,000	\$3,405,443	\$27,405,000	\$19,028,675	\$6,706,846	\$134,137	\$48,625,000	\$27,101,649	\$141,659,548

Year	2014 Revenue Bond		PWA Loan		PWTF Loan		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
Business-Type Activities							
2017	\$665,000	\$651,369	\$112,599	\$2,252	\$45,516	\$1,795	\$1,478,531
2018	685,000	624,769	112,599	1,126	45,516	1,707	1,470,716
2019	720,000	590,519			45,516	1,593	1,357,628
2020	750,000	561,719			45,516	1,479	1,358,714
2021	780,000	531,719			45,516	1,365	1,358,600
2022-2026	4,510,000	2,035,095			227,581	5,122	6,777,798
2027-2031	5,415,000	1,137,706			227,581	2,276	6,782,563
2032-2035	3,675,000	254,025			45,516	113	3,974,654
Subtotal	\$17,200,000	\$6,386,921	\$225,197	\$3,378	\$728,258	\$15,450	\$24,559,204

Total **\$166,218,752**

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 \$8,296,058,437.

Debt Capacity as of January 1, 2017					
Regular levy assessed value less annexations		\$8,296,058,437			
Item	Without a Vote		With a Vote of the People		Total Capacity
	1.5%	1.0%	2.5%	2.5%	7.5%
Legal limit	\$124,440,877	\$82,960,584	\$207,401,461	\$207,401,461	\$622,204,383
Outstanding net debt	95,332,393	695,000			96,027,393
Margin available	\$29,108,484	\$82,265,584	\$207,401,461	\$207,401,461	\$526,176,990

Changes in Long-Term Liabilities

Description	Beginning Balance 1/01/2016	Additions	Reductions	Ending Balance 12/31/2016	Due Within One Year
Governmental Activities					
GO Refund Bond	\$1,360,000		\$665,000	\$695,000	\$695,000
GO 2013A	765,000		380,000	385,000	385,000
GO 2013B	8,145,000			8,145,000	
GO 2013 A&B Bond Premium	409,713		22,762	386,951	22,762
LIFT Bond	28,085,000		680,000	27,405,000	695,000
LIFT Bond Premium	1,966,128		85,484	1,880,644	85,484
PTWF Loan PC12-951-022	7,153,969		447,123	6,706,846	447,123
COB Lease Revenue Bonds	49,625,000		1,000,000	48,625,000	1,000,000
COB Lease Revenue Bonds Premium	1,850,433		52,481	1,797,952	78,172
OPEB/LEOFF	2,150,355	278,052		2,428,407	
Compensated Absences	1,894,153	2,760,532	2,630,386	2,024,299	2,024,299
Pension	10,690,040	12,906,024	10,690,040	12,906,024	
Pollution Remediation	763,872	341,906		1,105,778	943,778
Subtotal	\$114,858,663	\$16,286,514	\$16,653,276	\$114,491,900	\$6,376,617
Business-Type Activities					
PWA Loan 98-791-007	\$337,795		\$112,599	\$225,197	\$112,599
Construction Loan pc13-961-060	686,922	82,079	40,407	728,594	45,516
Utility Revenue Bonds	17,835,000		635,000	17,200,000	665,000
Revenue Bond Premium	1,186,527		63,281	1,123,246	63,281
Pension	1,098,301	1,354,924	1,098,301	1,354,924	
Compensated Absences	134,376	148,058	135,967	146,467	146,467
Subtotal	\$21,278,922	\$1,585,061	\$2,085,555	\$20,778,427	\$1,032,863
Total	\$136,137,584	\$17,871,574	\$18,738,831	\$135,270,328	\$7,409,480

Description	Date of Issue	Date of Final Maturity	Interest Rates	Amount of Original Issue	Balance 1/1/2016	Issued	Redeemed	Balance 12/31/2016	Due Within One Year
Governmental Activities									
GO Refund Bond	5/20/2008	12/1/2017	3.5-4.0%	\$6,070,000	\$1,360,000		\$665,000	\$695,000	\$695,000
GO 2013A	6/25/2013	12/1/2017	0.60-1.65%	1,520,000	765,000		380,000	385,000	385,000
GO 2013B	6/25/2013	12/1/2033	3.0-4.5%	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		680,000	27,405,000	695,000
PWTW Loan PC12-951-22	6/1/2012	6/1/2031	0.25%	8,000,000	7,153,969		447,123	6,706,846	447,123
COB City Hall Lease Revenue Bonds	7/1/2014	12/31/2039	3.6-5.0%	49,625,000	49,625,000		1,000,000	48,625,000	1,000,000
Subtotal				\$101,570,000	\$95,133,969		\$3,172,123	\$91,961,846	\$3,222,123
Business-Type Activities									
PWA Loan 98-791-007	10/15/1998	10/13/2018	1.00%	\$1,890,000	\$337,795		\$112,599	\$225,197	\$112,599
Combined Utility Revenue Bonds 2014	10/8/2014	10/8/2034	2.63-5.0%	18,355,000	17,835,000		635,000	17,200,000	665,000
Construction Loan PC13-961-060	6/1/2013	6/1/2032	0.25%	800,000	686,922	82,079	40,407	728,594	45,516
Subtotal				\$21,045,000	\$18,859,718	\$82,079	\$788,006	\$18,153,791	\$823,115
Total				\$122,615,000	\$113,993,687	\$82,079	\$3,960,129	\$110,115,637	\$4,045,238

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, 2016, park impact fee fund balance totaled \$2,558,226.

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, 2016, traffic impact fund balance totaled \$5,462,221.

NOTE 15
Pollution Remediation Obligations

In 2010, the City implemented GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. This statement requires disclosure of “obligations to address current or potential detrimental effects of existing pollution by participating in pollution remediation activities”, and identifies five distinct “obligating events” that require the City to disclose the potential future outlays associated with remediation of contaminated sites.

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

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

Beginning in 2010, the City purchased properties for a downtown revitalization plan. As of December 31, 2016, the City has seven sites that constitute pollution remediation obligations. All sites are subject to capitalization, and all expenditures have been recorded according to GASB Statement No. 49.

The sites that constitute pollution remediation obligations are:

- 1) Bothell Landing* – Contaminated with petroleum in soil and groundwater.
- 2) Bothell Riverside* – Contaminated with petroleum in soil and groundwater, as well as chlorinated solvents in groundwater.
- 3) Bothell Paint & Decorating* – Contaminated with petroleum in soil and groundwater, as well as heavy metals in soil.
- 4) Former Hertz* – Contaminated with petroleum in soil and groundwater.
- 5) Bothell Ultra Custom Cleaners (aka Case) – Contaminated with chlorinated solvents in soil and groundwater.
- 6) Northshore School District – Contaminated with petroleum in soil and groundwater. The City is enrolled in Department of Ecology's Voluntary 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.
- 7) Bothell Service Center (aka BSC)** – Contaminated with chlorinated solvents in soil and groundwater.

*Four of these sites lie in the pathway of the recently completed Crossroads realignment project and were acquired with known or suspected pollution that was expected to be remediated. These four parcels are enrolled in Agreed Orders (AO) under the Department of Ecology's remedial oversight program. **One of the sites lies in the pathway of the Main Street extension and was required with known or suspected pollution that was expected to be remediated. This parcel is enrolled in the Voluntary Clean-Up Program and is anticipated to be enrolled in a consent decree for clean-up.

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Site	1/1/2016 Beginning Balance	2016 Costs	Future Petroleum	Future Solvents	Total
*Bothell Landing	\$1,176,153	\$24,151	\$352,000		\$1,552,304
*Bothell Riverside	623,385	165,363	115,500	605,478	1,509,726
*Bothell Paint & Decorating	846,754	21,776	13,500		882,030
*Former Hertz	808,276	12,120	19,300		839,696
McDonalds (Clean)	8,338	2,778			11,116
Northshore School District	2,557,529	2,090			2,559,619
Bothell Ultra Custom Cleaners (Case)	983,128	277,705		997,010	2,257,843
**Bothell Service Center (Up-gradient Solvent Sources)	269,828	679,352		3,900,000	4,849,180
Other Sites	483,930	47,134			531,064
116th Partners Group (Clean)	33,713				33,713
Total	\$7,791,034	\$1,232,469	\$500,300	\$5,502,488	\$15,026,291

Site	2016 Capitalized Costs	2016 Future Costs (Liabilities)
*Bothell Landing	\$24,151	\$352,000
*Bothell Riverside	165,363	720,978
*Bothell Paint & Decorating	21,776	13,500
*Former Hertz	12,120	19,300
City Hall (Clean)	392	
McDonald's (Clean)	2,778	
Northshore School District	288,847	
Safeway (Clean)	4,838	
Total	\$520,265	\$1,105,778

**NOTE 16
Leases**

Operating Leases

As of December 31, 2016, 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 2015, in compliance with GAAP, the City recorded capital lease asset at the present value of future minimum lease payments as of the inception date. The depreciation and book value at end of 2016 as following:

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	(1,544,263)
Total	\$49,931,170

The present value of the future minimum lease obligations:

Years Ending December 31	Capital Lease
2017	\$3,063,486
2018	3,247,027
2019	3,249,102
2020	3,253,115
Thereafter	62,913,919
Total	\$75,726,649

**NOTE 17
Blended Components Unit**

COB is a non-profit corporation created in 2014 pursuant to Internal Revenue Service Ruling 63-20, and issued \$49,625,000 Lease Revenue Bonds for the City Hall Project. Its sole purpose is to finance, construct and lease the city hall and parking garage to the City under a capital lease arrangement. Capital lease payments from the City are the single source to pay debt service on the Bonds. As required by GAAP, COB as a blended component unit is consolidated into City's fund financial statements and schedules.

As part of the capital lease agreement the City pays monthly maintenance and asset management fees to COB. The financial statements of COB are reported as an Internal Service Fund.

The audited 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, 2016, 258 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 Cooperative/Group Health Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2016, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life

Map, and 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.

NOTE 19
Joint Ventures & Operations

A Regional Coalition for Housing (ARCH)

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

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

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

Each member city provides operating funding and contributes operating revenues as specified in the annual budget for ARCH. Contributions from the member cities are based on each member's population. Contributions by member agencies are held in the ARCH Housing Trust Fund Account and dispersed by the Administering Agency for approved projects. Members may withdraw from the ARCH agreement by giving one year's written notice to the Executive Board, by December 31st of any year, of its intention to terminate, effective December 31st of the following year. Members remain legally and financially responsible for any obligation incurred while a member of ARCH. Upon dissolution, the agreement provides for distribution of all property and assets among the members based on the percentage of the total annual contributions during the period of the agreement paid by each member. The City's share of assets is deemed immaterial and thus is not reflected in the financial statements. In 2016, the City's contributions totaled \$54,323.

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

eCityGov Alliance

On March 25, 2002, the City of Bellevue City Council unanimously adopted a resolution establishing the eCityGov Alliance between the City of Bellevue and the Cities of Bothell, Issaquah, Kenmore, Kirkland, Mercer Island,

Sammamish and Snoqualmie. Since then, additional cities and agencies have joined. The Alliance establishes on-line services through a jointly operated internet portal. In 2014 eCityGov Alliance became a non-profit corporation. Expenditures consist of capital and operations costs as specified in the budget adopted by the eCityGovAlliance Executive Board, and Bellevue's administrative costs associated with performing duties as the Alliance's fiscal agent. Revenues consist of annual membership fees from the members of the eCityGov Alliance. In 2016, the City of Bothell paid dues totaling \$66,492. The interlocal agreement may be terminated if Principals holding at least 66% of the weighted vote of all of the Principals are in concurrence. Upon termination, all property acquired shall be disposed of as follows: (1) property contributed without charge by any member shall revert to the contributor; (2) all property purchased after the effective date of the interlocal agreement shall be distributed to the Principals based upon each Principal's proportional ownership interest at the time of the sale of the property. The City's share of assets is deemed immaterial and thus not reflected in the financial statements.

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

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

In November 2007, the City of Bothell, with the Cities of Bellevue, Kirkland, Clyde Hill, Medina, Mercer Island, and Snoqualmie, along with Eastside Fire and Rescue, King County Fire Protection Districts 27 and 45, King and Kittitas County Fire Protection District 51, Northshore Fire Department, Shoreline Fire Department, and Woodinville Fire and Life Safety District entered into an interlocal

agreement to establish and maintain a consolidated emergency service communications center to the public for emergency medical services, fire and law enforcement. Prior to the interlocal agreement, the formation efforts were carried out under a Joint Powers Agreement originally approved in 2005 and amended in 2006 and 2007. On July 1st, 2009, the separate dispatch operations of the Cities of Bellevue and Kirkland were combined and began operating as the North East King County Regional Public Safety Communications Agency (or NORCOM).

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

NORCOM includes 911 telephone answering, computer aided dispatch of fire, police and EMS resources, public safety field technology and a records management system. Operating revenues are provided by user fees charged to each member based on average call volume. In 2016, the City of Bothell paid \$386,638 for NORCOM services.

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



City of Bothell™

**REQUIRED
SUPPLEMENTAL INFORMATION**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual						
General Fund						
December 31, 2016						
	Budgeted Amounts 2015-2016		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Taxes	\$62,796,926	\$62,796,926	\$30,215,808	\$31,743,552	\$61,959,360	(\$837,566)
Licenses and permits	5,868,479	5,868,479	2,864,382	3,415,922	6,280,304	411,825
Intergovernmental revenues	2,094,900	2,728,300	1,434,984	1,298,005	2,732,989	4,689
Charges for services	14,949,118	14,949,118	7,028,601	7,373,548	14,402,149	(546,969)
Fines and forfeitures	749,300	749,300	349,365	391,381	740,746	(8,554)
Interest earnings	315,600	315,600	108,599	210,311	318,909	3,309
Contributions	72,000	72,000	35,367	36,928	72,295	295
Other revenue	518,600	518,600	336,803	360,683	697,485	178,885
Total revenues	<u>87,364,923</u>	<u>87,998,323</u>	<u>42,373,910</u>	<u>44,830,329</u>	<u>87,204,239</u>	<u>(794,084)</u>
EXPENDITURES						
Current						
General government	18,447,897	18,537,897	9,024,948	10,318,936	19,343,883	(805,986)
Security of persons and property	47,114,101	47,642,101	23,678,130	23,462,398	47,140,528	501,573
Transportation	7,976,699	7,976,699	3,593,440	4,423,957	8,017,397	(40,698)
Physical environment	51,600	51,600	20,455	21,341	41,796	9,804
Economic environment	8,322,223	8,322,223	3,696,718	3,922,245	7,618,962	703,261
Culture and recreation	3,709,600	3,709,600	1,720,662	1,609,254	3,329,917	379,684
Debt service						
Debt service - interest						
Capital outlay		90,000	43,310	327,752	371,062	(281,062)
Total expenditures	<u>85,622,120</u>	<u>86,330,120</u>	<u>41,777,662</u>	<u>44,085,883</u>	<u>85,863,545</u>	<u>466,575</u>
Excess of revenue over (under) expenditures	1,742,803	1,668,203	596,247	744,446	1,340,694	(327,509)
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,859,400)	(1,864,400)	(402,200)	(1,428,200)	(1,830,400)	34,000
Total other financing sources	<u>(1,859,400)</u>	<u>(1,864,400)</u>	<u>(402,200)</u>	<u>(1,428,200)</u>	<u>(1,830,400)</u>	<u>34,000</u>
Net change in fund balances	(116,597)	(196,197)	194,047	(683,754)	(489,706)	(293,509)
FUND BALANCES - JANUARY 1, 2016	4,335,733	4,335,733	3,788,557		3,788,557	(547,176)
FUND BALANCES - DECEMBER 31, 2016	<u>\$4,219,136</u>	<u>\$4,139,536</u>	<u>\$3,982,604</u>	<u>(\$683,754)</u>	<u>\$3,298,850</u>	<u>(\$840,686)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual						
Arterial Street Fund						
For the Year Ended December 31, 2016						
	Budgeted Amounts 2015-2016		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Intergovernmental revenues						
Charges for services	\$7,389,199	\$7,389,199	\$1,851,238	\$2,990,702	\$4,841,940	(\$2,547,259)
Interest earnings			3,014	18,325	21,339	21,339
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>3,009,027</u>	<u>4,869,669</u>	<u>(2,519,530)</u>
EXPENDITURES						
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	3,009,027	4,869,669	(2,519,530)
OTHER FINANCING SOURCES (USES)						
Transfers in		7,650	7,621		7,621	(29)
Transfers out	(3,475,700)	(3,483,350)	(1,130,196)	(2,353,154)	(3,483,350)	
Total other financing sources	<u>(3,475,700)</u>	<u>(3,475,700)</u>	<u>(1,122,575)</u>	<u>(2,353,154)</u>	<u>(3,475,729)</u>	<u>(29)</u>
Net change in fund balances	3,913,499	3,913,499	738,067	655,873	1,393,940	(2,519,559)
FUND BALANCES - JANUARY 1, 2016	2,672,329	2,253,527	4,068,281		4,068,281	1,814,754
FUND BALANCES - DECEMBER 31, 2016	<u>\$6,585,828</u>	<u>\$6,167,026</u>	<u>\$4,806,348</u>	<u>\$655,873</u>	<u>\$5,462,221</u>	<u>(\$704,805)</u>

Schedule of Proportionate Share of the Net Pension Liability PERS 1 As of June 30, 2016 Last 10 Fiscal Years*		
	2015	2016
Employer's Proportion of the Net Pension Liability (Asset)	0.121450%	0.122680%
Employer's Proportionate Share of the Net Pension Liability	\$6,352,964	\$6,588,494
TOTAL	\$6,352,964	\$6,588,494
Employer's Covered Employee Payroll	\$13,786,742	\$14,498,305
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	46.08%	45.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.10%	57.03%

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

Schedule of Proportionate Share of the Net Pension Liability
 PERS 2/3
 As of June 30, 2016
 Last 10 Fiscal Years*

	2015	2016
Employer's Proportion of the Net Pension Liability (Asset)	0.151904%	0.150951%
Employer's Proportionate Share of the Net Pension Liability	\$5,427,617	\$7,650,613
TOTAL	\$5,427,617	\$7,650,613
Employer's Covered Employee Payroll	\$13,515,966	\$14,191,416
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	40.16%	53.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.20%	85.82%

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

Schedule of Proportionate Share of the Net Pension Liability PSERS 2 As of June 30, 2016 Last 10 Fiscal Years*		
	2015	2016
Employer's Proportion of the Net Pension Liability (Asset)	0.042517%	0.051392%
Employer's Proportionate Share of the Net Pension Liability	\$7,760	\$21,841
TOTAL	\$7,760	\$21,841
Employer's Covered Employee Payroll	\$129,922	\$166,553
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	5.97%	13.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.08%	90.41%

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

Schedule of Proportionate Share of the Net Pension Liability LEOFF 1 As of June 30, 2016 Last 10 Fiscal Years*		
	2015	2016
Employer's Proportion of the Net Pension Liability (Asset)	0.037398%	0.037459%
Employer's Proportionate Share of the Net Pension Liability	(\$450,729)	(\$385,935)
State's Proportionated Share of the Net Pension Liability (Asset) Associated with the Employer	(\$3,067,869)	(\$2,610,454)
TOTAL	(\$3,518,598)	(\$2,996,389)
Employer's Covered Employee Payroll	-	-
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.36%	123.74%

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

Schedule of Proportionate Share of the Net Pension Liability LEOFF 2 As of June 30, 2016 Last 10 Fiscal Years*		
	2015	2016
Employer's Proportion of the Net Pension Liability (Asset)	0.446157%	0.442168%
Employer's Proportionate Share of the Net Pension Liability	(\$4,585,602)	(\$2,571,782)
LEOFF 2 Employers Only - State's Proportionate Share of the Net Pension Liability (Asset) Associated with the Employer	(\$3,032,006)	(\$1,676,615)
TOTAL	(\$7,617,608)	(\$4,248,397)
Employer's Covered Employee Payroll	\$13,047,275	\$13,395,080
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	-58.38%	-31.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	111.67%	106.04%

*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
 For the Year Ended December 31, 2016
 Last 10 Fiscal Years*

	2015	2016
Statutorily or Contractually Required Contributions	\$630,678	\$701,167
Contributions in Relation to the Statutorily or Contractually Required Contributions	<u>(\$630,678)</u>	<u>(\$701,167)</u>
Contribution Deficiency (Excess)	<u> -</u>	<u> -</u>
Covered Employer Payroll	\$14,176,738	\$14,322,135
Contributions as a Percentage of Covered Employee Payroll	4.45%	4.90%

*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, 2016
 Last 10 Fiscal Years*

	2015	2016
Statutorily or Contractually Required Contributions	\$784,160	\$883,523
Contributions in Relation to the Statutorily or Contractually Required Contributions	<u>(\$784,160)</u>	<u>(\$883,523)</u>
Contribution Deficiency (Excess)	<u> -</u>	<u> -</u>
Covered Employer Payroll	\$13,898,168	14,181,934
Contributions as a Percentage of Covered Employee Payroll	5.64%	6.23%

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

Schedule of Employer Contributions
 PSERS 2
 As of December 31, 2016
 Last 10 Fiscal Years*

	2015	2016
Statutorily or Contractually Required Contributions	\$8,910	\$12,814
Contributions in Relation to the Statutorily or Contractually Required Contributions	<u>(\$8,910)</u>	<u>(\$12,814)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>
Covered Employer Payroll	\$137,513	\$194,445
Contributions as a Percentage of Covered Employee Payroll	6.48%	6.59%

*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, 2016
Last 10 Fiscal Years*

	2015	2016
Statutorily or Contractually Required Contributions	-	-
Contributions in Relation to the Statutorily or Contractually Required Contributions	-	-
Contribution Deficiency (Excess)	-	-
Covered Employer Payroll	-	-
Contributions as a Percentage of Covered Employee Payroll	NA	NA

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

Schedule of Employer Contributions
LEOFF 2
As of December 31, 2016
Last 10 Fiscal Years*

	2015	2016
Statutorily or Contractually Required Contributions	\$689,895	\$674,658
Contributions in Relation to the Statutorily or Contractually Required Contributions	<u>(\$689,895)</u>	<u>(\$674,658)</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>	<u><u>-</u></u>
Covered Employer Payroll	\$13,175,218	\$13,364,894
Contributions as a Percentage of Covered Employee Payroll	5.24%	5.05%

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

Schedule of Employer Contributions
 Firefighters' Pension Fund
 As of December 31, 2016
 Last 10 Fiscal Years*

	2016
Statutorily or Contractually Required Contributions	\$42,705
Contributions in Relation to the Statutorily or Contractually Required Contributions	<u>(\$40,946)</u>
Contribution Deficiency (Excess)	<u><u>\$1,759</u></u>
Covered Employer Payroll	-
Contributions as a Percentage of Covered Employee Payroll	N/A

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

Schedule of Changes in Net Pension Liability
 Firefighters' Pension Fund
 As of December 31, 2016
 Last 10 Fiscal Years*

2016

Total Pension Liability	
Employer's total pension liability	\$330,775
TOTAL	<u>\$330,775</u>
Plan Fiduciary Net Position	
Employer's contribution	56,151
Benefit payments	(40,946)
Net change in plan fiduciary net position	<u>15,205</u>
Plan fiduciary net position - beginning	<u>\$328,414</u>
Plan fiduciary net position - ending	<u>\$343,619</u>
Net pension liability (asset) ending	(\$12,844)
Plan fiduciary net position as a percentage of the total pension liability	103.88%
Employer's covered employee payroll	-
Net pension liability as a % of covered employee payroll	N/A

LEOFF 1 Medical Benefits
 Schedule of Funding Progress
 As of December 31, 2016
 Last 10 Fiscal Years*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	-	\$6,280,456	\$6,280,456	0%	\$584,797	1073.95%
12/31/2009	-	5,987,508	5,987,508	0%	557,520	1073.96%
12/31/2010	-	5,784,108	5,784,108	0%	538,580	1073.95%
12/31/2011	-	5,563,967	5,563,967	0%	518,082	1073.95%
12/31/2012	-	5,416,802	5,416,802	0%	504,379	1073.95%
12/31/2013	-	4,769,138	4,769,138	0%	444,073	1073.95%
12/31/2014	-	6,288,031	6,288,031	0%	565,552	1111.84%
12/31/2015	-	5,768,184	5,768,184	0%	518,797	1111.84%
12/31/2016	-	6,100,079	6,100,079	0%	548,648	1111.84%



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, 2016										
	Special Revenue Funds				Permanent Fund	Debt Service Fund				Total Other Governmental Funds
	Street	Park Cumulative Reserve	Drug Forfeitures	Total Special Revenue Funds	Cemetery Endowment	2008 GO Refunding Bond	2013 GO Bond	Lift GO Bond	Total Debt Service Funds	
ASSETS										
Current cash & cash equivalents	\$382	\$58,226	\$25,991	\$84,599	\$84,013	\$1,388	\$26,126	\$437,217	\$464,731	\$633,344
Investments		2,500,000		2,500,000						2,500,000
Receivables (net of allowances)										
Taxes						9,950			9,950	9,950
Accounts receivable	5,180		4,872	10,053						10,053
Due from other governmental units	153,552			153,552						153,552
TOTAL ASSETS	159,114	2,558,226	30,864	2,748,204	84,013	11,338	26,126	437,217	474,681	3,306,899
LIABILITIES AND FUND BALANCE										
Liabilities										
Accounts payable	43,005		1,167	44,172		2,317	26,126	437,217	465,660	509,831
Payroll payable	47,352			47,352						47,352
Total liabilities	90,357		1,167	91,524		2,317	26,126	437,217	465,660	557,183
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue						9,950			9,950	9,950
Total deferred inflows of resources						9,950			9,950	9,950
Fund balances										
Restricted	68,758	2,558,226	29,697	2,656,680	16,321	(928)			(928)	2,672,073
Committed					67,692					67,692
Total fund balances	68,758	2,558,226	29,697	2,656,680	84,013	(928)			(928)	2,739,765
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$159,114	\$2,558,226	\$30,864	\$2,748,204	\$84,013	\$11,338	\$26,126	\$437,217	\$474,681	\$3,306,899

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended December 31, 2016**

	Special Revenue Funds			Permanent Fund	Debt Service Funds			Total Other Governmental Funds	
	Street	Park Cumulative Reserve	Drug Forfeitures		Total Special Revenue Funds	2008 GO Refunding Bond	2013 GO Bond		Lift GO Bond
REVENUES									
Taxes	\$33,264	\$62,514		\$95,778	\$716,159		\$1,000,000	\$1,716,159	\$1,811,937
Licenses and permits	196,696			196,696					196,696
Intergovernmental revenue	1,022,848			1,022,848					1,022,848
Charges for services	16,271	491,589		507,860					507,860
Fine and forfeitures			14,702	14,702					14,702
Other revenue	11,003			11,003					11,003
Total revenues	1,280,081	554,103	14,702	1,848,886	716,159		1,000,000	1,716,159	3,565,045
EXPENDITURES									
Current									
Security			12,176	12,176					12,176
Transportation	2,512,027			2,512,027					2,512,027
Capital Outlay									
Other expenditures					300	600	300	1,200	1,200
Debt service									
Principal retirement					665,000	380,000	680,000	1,725,000	1,725,000
Interest					52,183	317,869	1,313,917	1,683,969	1,683,969
Total expenditures	2,512,027		12,176	2,524,203	717,483	698,469	1,994,217	3,410,169	5,934,372
Excess of revenue over (under) expenditures	(1,231,946)	554,103	2,527	(675,316)	(1,325)	(698,469)	(994,217)	(1,694,010)	(2,369,327)
OTHER FINANCING SOURCES (USES)									
Transfers in	1,017,440			1,017,440		698,469	994,217	1,692,686	2,710,126
Transfers out		(272,019)		(272,019)					(272,019)
Total other financing sources	1,017,440	(272,019)		745,421		698,469	994,217	1,692,686	2,438,107
Net change in fund balances	(214,506)	282,084	2,527	70,105	(1,325)			(1,325)	68,780
FUND BALANCES - JANUARY 1, 2016	283,264	2,276,142	27,170	2,586,576	84,013	396		396	2,670,985
FUND BALANCES - DECEMBER 31, 2016	\$68,758	\$2,558,226	\$29,697	\$2,656,680	\$84,013	(\$928)	-	(\$928)	\$2,739,765

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Street Fund
For the Year Ended December 31, 2016

	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)
REVENUES						
Taxes	\$60,000	\$60,000	\$46,228	\$33,264	\$79,492	\$19,492
Licenses and permits	142,000	142,000	93,199	196,696	289,895	147,895
Charges for services	18,000	18,000	24,444	16,271	40,715	22,715
Intergovernmental revenue	1,838,136	1,838,136	953,355	1,022,848	1,976,204	138,068
Miscellaneous			1,185	11,003	12,188	12,188
Total revenues	<u>2,058,136</u>	<u>2,058,136</u>	<u>1,118,412</u>	<u>1,280,081</u>	<u>2,398,493</u>	<u>340,357</u>
EXPENDITURES						
Current						
Personnel services	2,137,535	2,137,535	948,752	1,021,434.24	1,970,186	167,349
Operating supplies	1,236,594	1,236,594	484,966	137,199	622,165	614,429
Taxes	5,000	5,000	292	286	578	4,422
Other services and charges	1,956,065	1,956,065	932,650	1,353,108	2,285,758	(329,693)
Total expenditures	<u>5,335,194</u>	<u>5,335,194</u>	<u>2,366,660</u>	<u>2,512,027</u>	<u>4,878,687</u>	<u>456,507</u>
Excess of revenue over (under) expenditures	(3,277,058)	(3,277,058)	(1,248,248)	(1,231,946)	(2,480,194)	796,864
OTHER FINANCING SOURCES (USES)						
Transfers in	1,523,440	1,523,440	385,000	1,017,440	1,402,440	(121,000)
Transfers out		(7,650)	(7,621)		(7,621)	29
Total other financing sources	<u>1,523,440</u>	<u>1,515,790</u>	<u>377,379</u>	<u>1,017,440</u>	<u>1,394,819</u>	<u>(120,971)</u>
Net change in fund balances	(1,753,618)	(1,761,268)	(870,869)	(214,506)	(1,085,375)	675,893
FUND BALANCES - JANUARY 1, 2016	1,755,754	1,755,754	1,154,133		1,154,133	(601,621)
FUND BALANCES - DECEMBER 31, 2016	\$2,136	(\$5,514)	\$283,264	(\$214,506)	\$68,758	\$74,272

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Park Cumulative Reserve Fund
For the Year Ended December 31, 2016**

	Budgeted Amounts 2015-2016		2015 Actual Amounts	2016 Actual Amounts	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Basis	Budgetary Basis		
REVENUES						
Taxes	\$86,000	\$86,000	\$56,704	\$62,514	\$119,218	\$33,218
Charges for services			217,714	491,589	709,303	709,303
Interest earnings						
Contributions						
Total revenues	<u>86,000</u>	<u>86,000</u>	<u>274,418</u>	<u>554,103</u>	<u>828,521</u>	<u>742,521</u>
EXPENDITURES						
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	554,103	828,521	742,521
OTHER FINANCING SOURCES (USES)						
Transfers out	<u>(363,000)</u>	<u>(363,000)</u>	<u>(60,822)</u>	<u>(272,019)</u>	<u>(332,841)</u>	<u>30,159</u>
Total other financing sources	<u>(363,000)</u>	<u>(363,000)</u>	<u>(60,822)</u>	<u>(272,019)</u>	<u>(332,841)</u>	<u>30,159</u>
Net change in fund balances	(277,000)	(277,000)	213,596	282,084	495,680	772,680
FUND BALANCES - JANUARY 1, 2016	1,883,880	1,883,880	2,062,546		2,062,546	178,666
FUND BALANCES - DECEMBER 31, 2016	<u>\$1,606,880</u>	<u>\$1,606,880</u>	<u>\$2,276,142</u>	<u>\$282,084</u>	<u>\$2,558,226</u>	<u>\$951,346</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Drug Forfeitures Fund
For the Year Ended December 31, 2016

	Budgeted Amounts 2015-2016		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Charges for services	\$50,000	\$50,000	\$28,598	\$14,702	\$43,300	(\$6,700)
Interest earnings						
Total revenues	50,000	50,000	28,598	14,702	43,300	(6,700)
EXPENDITURES						
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	12,176	25,991	8,009
Capital outlay	10,200	10,200	16,826		16,826	(6,626)
Total expenditures	73,200	73,200	34,470	12,176	46,645	26,555
Excess of revenue over (under) expenditures	(23,200)	(23,200)	(5,871)	2,527	(3,345)	19,855
OTHER FINANCING SOURCES (USES)						
Transfers out						
Total other financing sources						
Net change in fund balances	(23,200)	(23,200)	(5,871)	2,527	(3,345)	19,855
FUND BALANCES - JANUARY 1, 2016	36,571	36,571	33,042		33,042	(3,529)
FUND BALANCES - DECEMBER 31, 2016	\$13,371	\$13,371	\$27,170	\$2,527	\$29,697	\$16,326

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Cemetery Endowment Fund
 For the Year Ended December 31, 2016

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

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
2008 General Obligation Refund Bond Fund
For the Year Ended December 31, 2016**

	Budgeted Amounts 2015-2016		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Taxes	\$1,638,827	\$1,638,827	\$597,741	\$716,159	\$1,313,900	(\$324,927)
Total revenues	1,638,827	1,638,827	597,741	716,159	1,313,900	(324,927)
EXPENDITURES						
Current						
Principal retirement	1,305,000	1,305,000	640,000	665,000	1,305,000	
Interest	132,800	132,800	76,400	52,183	128,583	4,217
Miscellaneous	25,000	25,000	684	300	984	24,016
Total expenditures	1,462,800	1,462,800	717,084	717,483	1,434,567	28,233
Excess of revenue over (under) expenditures	176,027	176,027	(119,343)	(1,325)	(120,667)	(296,694)
OTHER FINANCING SOURCES (USES)						
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)	(1,325)	(30,667)	(206,694)
FUND BALANCES - JANUARY 1, 2016	149,811	149,811	29,739		29,739	(120,072)
FUND BALANCES - DECEMBER 31, 2016	\$325,838	\$325,838	\$396	(\$1,325)	(\$928)	(\$326,766)

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Lift GO Bond Redemption Fund
For the Year Ended December 31, 2016**

	Budgeted Amounts 2015-2016		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Taxes	\$2,000,000	\$2,000,000	\$1,092,904	\$1,000,000	\$2,092,904	\$92,904
Total revenues	2,000,000	2,000,000	1,092,904	1,000,000	2,092,904	92,904
EXPENDITURES						
Current						
Principal retirement	680,000	680,000		680,000		680,000
Interest	2,643,700	2,643,700	1,325,250	1,313,917	2,639,167	4,533
Miscellaneous			425	300	725	(725)
Total expenditures	3,323,700	3,323,700	1,325,675	1,994,217	2,639,892	683,808
Excess of revenue over (under) expenditures	(1,323,700)	(1,323,700)	(232,771)	(994,217)	(1,226,988)	776,712
OTHER FINANCING SOURCES (USES)						
Transfers in	1,323,700	1,323,700	232,771	994,217	1,226,988	(96,712)
Total other financing sources	1,323,700	1,323,700	232,771	994,217	1,226,988	(96,712)
Net change in fund balances						
FUND BALANCES - JANUARY 1, 2016						
FUND BALANCES - DECEMBER 31, 2016	-	-	-	-	-	-

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
2013 GO Obligation Bond Fund
For the Year Ended December 31, 2016**

	Budgeted Amounts 2015-2016		2015 Actual Amounts Budgetary Basis	2016 Actual Amounts Budgetary Basis	Total 2015-2016 Actuals	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Total revenues						
EXPENDITURES						
Current						
Principal retirement	\$760,000	\$760,000	\$380,000	\$380,000	\$760,000	
Interest	640,330	640,330	321,748	317,869	639,618	713
Bond costs	20,000	20,000	850	600	1,450	18,550
Other expenditures						
Total expenditures	1,420,330	1,420,330	702,598	698,469	1,401,068	19,263
Excess of revenue over (under) expenditures	(1,420,330)	(1,420,330)	(702,598)	(698,469)	(1,401,068)	19,263
OTHER FINANCING SOURCES (USES)						
Transfers in	1,420,330	1,420,330	702,598	698,469	1,401,068	(19,263)
Total other financing sources	1,420,330	1,420,330	702,598	698,469	1,401,068	(19,263)
Net change in fund balances						
FUND BALANCES - JANUARY 1, 2016						
FUND BALANCES - DECEMBER 31, 2016	-	-	-	-	-	-

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Capital Improvement Fund
For the Year Ended December 31, 2016

	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				
REVENUES						
Taxes	\$6,000,000	\$6,000,000	\$4,512,064	\$3,118,386	\$7,630,450	\$1,630,450
Intergovernmental revenues	19,694,000	23,006,720	3,838,073	7,675,297	11,513,369	(11,493,351)
Licenses and permits	727,750	727,750	447,216	442,393	889,610	161,860
Investment interest	600,000	600,000	1,955	17,118	19,073	(580,927)
Rents	2,400,000	2,400,000	96,500	21,556	118,056	(2,281,944)
Miscellaneous revenue			2,476		2,476	2,476
Contributions	776,000	776,000	13,903	567,960	581,863	(194,137)
Total revenues	<u>30,197,750</u>	<u>33,510,470</u>	<u>8,912,188</u>	<u>11,842,710</u>	<u>20,754,897</u>	<u>(12,755,573)</u>
EXPENDITURES						
Current:						
Economic environment						
Capital outlay	27,765,994	31,078,714	58,798,225	15,550,532	74,348,757	(43,270,043)
Capital expenditures				101,665	101,665	(101,665)
Debt issue costs			1,577		1,577	(1,577)
Debt principle	4,300,000	4,300,000	440,527	447,123	887,650	3,412,350
Interest expense	167,182	167,182	44,021	1,538,725	1,582,747	(1,415,565)
Total expenditures	<u>32,233,176</u>	<u>35,545,896</u>	<u>59,284,351</u>	<u>17,638,046</u>	<u>76,922,397</u>	<u>(41,376,501)</u>
Excess of revenue over (under) expenditures	<u>(2,035,426)</u>	<u>(2,035,426)</u>	<u>(50,372,163)</u>	<u>(5,795,336)</u>	<u>(56,167,500)</u>	<u>(54,132,074)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sales of capital assets	228,604	228,604	761,483	9,337,640	10,099,123	9,870,519
Capital lease			51,475,433		51,475,433	51,475,433
Loan			226,786		226,786	226,786
Transfers in	4,838,700	4,851,350	1,191,018	3,130,173	4,321,191	(530,159)
Transfers out	(3,532,470)	(3,532,470)	(1,320,369)	(2,096,126)	(3,416,495)	115,975
Total other financing sources	<u>1,534,834</u>	<u>1,547,484</u>	<u>52,334,350</u>	<u>10,371,687</u>	<u>62,706,038</u>	<u>61,158,554</u>
Net change in fund balances	<u>(500,592)</u>	<u>(487,942)</u>	<u>1,962,187</u>	<u>4,576,351</u>	<u>6,538,538</u>	<u>7,026,480</u>
FUND BALANCES - JANUARY 1, 2016	2,813,515	2,813,515	7,345,058		7,345,058	4,531,543
FUND BALANCES - DECEMBER 31, 2016	<u>\$2,312,923</u>	<u>\$2,325,573</u>	<u>\$9,307,244</u>	<u>\$4,576,351</u>	<u>\$13,883,596</u>	<u>\$11,558,023</u>

Combining Statement of Net Position Internal Service Funds December 31, 2016					
	Governmental Activities Internal Service Funds				
	Equipment Rental	Self Insurance	Asset Replacement	COB Properties	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$148,931	\$124,425	\$141,488		\$414,845
Investments			1,977,271		1,977,271
Accounts receivable				115,135	115,135
Due from other governments			2,291		2,291
Restricted assets:					
Deposit held in trust				1,968,604	1,968,604
Total current assets	<u>148,931</u>	<u>124,425</u>	<u>2,121,050</u>	<u>2,083,739</u>	<u>4,478,145</u>
Non-current assets					
Capital assets, net of depreciation:					
Equipment - shop	27,078		487,141		514,219
Equipment - vehicles			3,346,142		3,346,142
Improvements	4,714		845,473		850,187
Construction in progress			527		527
Total non-current assets	<u>31,792</u>		<u>4,679,282</u>		<u>4,711,075</u>
Total assets	<u>180,724</u>	<u>124,425</u>	<u>6,800,332</u>	<u>2,083,739</u>	<u>9,189,220</u>
DEFERRED OUTFLOWS					
Deferred outflows - pension	<u>27,885</u>	<u>15,923</u>			<u>43,808</u>
LIABILITIES					
Current liabilities					
Accounts payable	57,665	15,874	17,647	60,230	151,416
Payroll payable	13,705	6,628			20,333
Advance payable-HEDC				33,637	33,637
Interest Payable				160,046	160,046
Due to other governments			115		115
Compensated absences	13,311	14,305			27,616
Total current liabilities	<u>84,682</u>	<u>36,807</u>	<u>17,762</u>	<u>253,913</u>	<u>393,163</u>
Non current liabilities					
Pension liability	108,734	61,110			169,844
Unearned revenue				1,968,604	1,968,604
Total non-current liabilities	<u>108,734</u>	<u>61,110</u>		<u>1,968,604</u>	<u>2,138,448</u>
Total liabilities	<u>193,416</u>	<u>97,917</u>	<u>17,762</u>	<u>2,222,517</u>	<u>2,531,611</u>
DEFERRED INFLOWS					
Deferred inflows - pension	<u>3,590</u>	<u>2,017</u>			<u>5,607</u>
NET POSITION					
Net investment in capital assets	31,792		4,679,282		4,711,075
Unrestricted	(20,190)	40,415	2,103,288	(138,778)	1,984,735
Total net position	<u>\$11,603</u>	<u>\$40,415</u>	<u>\$6,782,571</u>	<u>(\$138,778)</u>	<u>\$6,695,810</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2016

	Governmental Activities Internal Service Funds				Total
	Equipment Rental	Self Insurance	Asset Replacement	COB Properties	
Operating revenues					
Charges for services	\$1,668,796	\$997,328		\$2,736,611	\$5,402,735
Other revenues		26,213	2,700		28,913
Total operating revenues	<u>1,668,796</u>	<u>1,023,541</u>	<u>2,700</u>	<u>2,736,611</u>	<u>5,431,648</u>
Operating expenses					
Maintenance and operations	184,357		295,927	2,038,743	2,519,027
Administration	522,158	1,145,213		133,575	1,800,946
Depreciation and amortization	3,960		828,275		832,235
Total operating expenses	<u>710,475</u>	<u>1,145,213</u>	<u>1,124,202</u>	<u>2,172,318</u>	<u>5,152,208</u>
Operating income (loss)	<u>958,321</u>	<u>(121,672)</u>	<u>(1,121,502)</u>	<u>564,293</u>	<u>279,440</u>
Non-operating revenue (expense)					
Gain (loss) on disposition of capital assets	7,184		(203,938)		(196,754)
Intergovernmental revenue	68		8,432		8,499
Interest earnings				1,941,004	1,941,004
Interest expense				(1,940,008)	(1,940,008)
Total non-operating revenues (expenses)	<u>7,251</u>		<u>(195,506)</u>	<u>996</u>	<u>(187,259)</u>
Income (loss) before transfers	965,572	(121,672)	(1,317,008)	565,289	92,181
Transfers in		162,200	1,104,772		1,266,972
Transfers out	(957,772)				(957,772)
Change in net position	<u>7,800</u>	<u>40,528</u>	<u>(212,236)</u>	<u>565,289</u>	<u>401,381</u>
Net position - beginning	3,802	(113)	6,994,807	(704,067)	6,294,429
Net position - ending	<u>\$11,603</u>	<u>\$40,415</u>	<u>\$6,782,571</u>	<u>(\$138,778)</u>	<u>\$6,695,810</u>

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016**

	Governmental Activities Internal Service Funds				Total
	Equipment Rental	Self Insurance	Asset Replacement	COB Properties	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$1,668,796	\$1,072,495	\$409	\$2,621,812	\$5,363,513
Cash paid to employees for services	(288,134)	(306,354)			(594,488)
Cash paid to suppliers for goods and services	(403,907)	(846,585)	(666,846)	(2,112,088)	(4,029,427)
Net cash provided (used) by operating activities	<u>976,755</u>	<u>(80,444)</u>	<u>(666,437)</u>	<u>509,724</u>	<u>739,598</u>
CASH FLOWS FROM NON-OPERATING ACTIVITIES					
Transfers out	(957,772)				(957,772)
Transfers in		162,200	1,104,772		1,266,972
Intergovernmental revenue	68		8,432		8,499
Pension	(3,566)	(13,953)			(17,519)
Net cash provided (used) by non-operating activities	<u>(961,270)</u>	<u>148,247</u>	<u>1,113,204</u>		<u>300,180</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets			(796,672)		(796,672)
Capital lease				(2,833,786)	(2,833,786)
Gain (loss) on disposition of capital assets	7,184		(203,938)		(196,754)
Construction cost payable				(852,096)	(852,096)
Bond principal paid				(1,000,000)	(1,000,000)
Deposit held in trust				4,304,537	4,304,537
Bond interest expenses				(143,477)	(143,477)
Bond interest payable				(3,334)	(3,334)
Net cash provided (used) by capital and related financing activities	<u>7,184</u>		<u>(1,000,610)</u>	<u>(528,156)</u>	<u>(1,521,582)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments			522,729		522,729
Interest and dividends				764	764
Net cash provided by investing activities			<u>522,729</u>	<u>764</u>	<u>523,493</u>
Net increase (decrease) in cash and cash equivalents	22,668	67,803	(31,114)	(17,668)	41,689
Balances - beginning	<u>126,263</u>	<u>56,622</u>	<u>172,602</u>	<u>17,668</u>	<u>373,155</u>
Balances - ending	<u>\$148,931</u>	<u>\$124,425</u>	<u>\$141,488</u>	<u>-</u>	<u>\$414,845</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$958,321	(\$121,672)	(\$1,121,502)	\$564,293	\$279,440
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	3,960		828,275		832,235
Change in assets and liabilities:					
Decrease (increase) in accounts receivable		48,954		(114,799)	(65,845)
Decrease (increase) in due from other governments			(2,291)		(2,291)
Increase (decrease) in accounts payable	17,524	(3,644)	(370,919)	60,230	(296,809)
Increase (decrease) in compensated absences payable	(3,332)	(2,148)			(5,480)
Increase (decrease) in payroll payable	283	(1,934)			(1,651)
Net cash provided by operating activities	<u>\$976,755</u>	<u>(\$80,444)</u>	<u>(\$666,437)</u>	<u>\$509,724</u>	<u>\$739,598</u>

Statement of Changes in Assets and Liabilities Agency Trust Fund For the Year Ended December 31, 2016				
	Balance 1/1/2016	Additions	Deductions	Balance 12/31/2016
ASSETS				
Cash	\$65,553	\$832,096	\$606,373	\$291,275
Investment	200,000		200,000	
Total Assets	\$265,553	\$832,096	\$806,373	\$291,275
LIABILITIES				
Accounts payable	\$26,661	\$585,597	\$583,863	\$28,395
Deposits payable	238,892	597,441	621,429	262,880
Other liabilities				
Total Liabilities	\$265,553	\$1,183,039	\$1,205,292	\$291,275



City of Bothell™

SUPPLEMENTAL INFORMATION

Schedule of Operations - Budget to Actual
 Combined Utility System Fund
 December 31, 2016

	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				
OPERATING REVENUES						
Intergovernmental revenues						
Charges for services						
Other						
Total operating revenues						
OPERATING EXPENSES						
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
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings			20,232	31,292	51,524	51,524
Issuance cost			(1,175)	(300)	(1,475)	(1,475)
Interest expense	(1,471,069)	(1,471,069)	(696,910)	(611,371)	(1,308,281)	162,788
Total non-operating revenue (expense)	(1,471,069)	(1,471,069)	(677,853)	(580,378)	(1,258,232)	212,837
Income (loss) before contributions and transfers	(2,626,069)	(2,626,069)	(677,853)	(580,378)	(1,258,232)	1,367,837
Transfers in	2,626,072	2,626,072	1,587,031	1,278,360	2,865,391	239,319
Transfers out	(12,876,000)	(12,876,000)	(546,013)	(697,981)	(1,243,994)	11,632,006
Net position - beginning, January 1, 2016	14,278,681	14,278,681	(363,166)		(363,166)	(14,641,847)
Net position - ending, December 31, 2016	\$1,402,684	\$1,402,684	-	-	-	(\$1,402,684)

Schedule of Operations - Budget to Actual
Water Fund
For the Year Ended December 31, 2016

	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				
OPERATING REVENUES						
Charges for services	\$9,096,456	\$9,096,456	\$5,977,666	\$5,656,334	\$11,634,000	\$2,537,544
Other	90,166	90,166	73,529	66,234	139,763	49,597
Total operating revenues	<u>9,186,622</u>	<u>9,186,622</u>	<u>6,051,196</u>	<u>5,722,568</u>	<u>11,773,763</u>	<u>2,587,141</u>
OPERATING EXPENSES						
Administrative and general	2,201,798	2,201,798	474,468	510,296	984,764	1,217,034
Purchase water	2,838,876	2,838,876	1,641,659	1,441,509	3,083,168	(244,292)
Maintenance and operation	1,115,766	1,115,766	910,920	895,210	1,806,130	(690,364)
Customer accounts	287,637	287,637	149,889	161,079	310,968	(23,331)
Taxes	1,079,256	1,079,256	640,662	619,236	1,259,898	(180,642)
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	553,429	1,056,021	(187,967)
Total operating expenses	<u>14,558,469</u>	<u>14,558,469</u>	<u>4,320,189</u>	<u>4,180,760</u>	<u>8,500,949</u>	<u>6,057,520</u>
OPERATING INCOME (LOSS)	<u>(5,371,847)</u>	<u>(5,371,847)</u>	<u>1,731,0070</u>	<u>1,541,807</u>	<u>3,272,814</u>	<u>8,644,661</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings				1,993	1,993	1,993
Intergovernmental revenues			2,092	1,140	3,231	3,231
Bond proceeds						
Loan paid						
Interest expense			(3,691)	(2,721)	(6,412)	(6,412)
Total non-operating revenue (expense)			<u>(1,599)</u>	<u>412</u>	<u>(1,187)</u>	<u>(1,187)</u>
Income (loss) before contributions and transfers	(5,371,847)	(5,371,847)	1,729,408	1,542,219	3,271,627	8,643,474
Transfers in	4,000,000	4,000,000	116,495	148,282	264,777	(3,735,223)
Transfers out	(555,155)	(555,155)	(331,485)	(267,874)	(599,359)	(44,204)
Contributions			536,145	300,992	837,137	837,137
Net position - beginning, January 1, 2016	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)
Net position - ending, December 31, 2016	<u>\$10,727,772</u>	<u>\$10,727,772</u>	<u>\$16,192,786</u>	<u>\$1,723,619</u>	<u>\$17,916,405</u>	<u>\$7,188,633</u>

Schedule of Operations - Budget to Actual Sewer Fund For the Year Ended December 31, 2016						
	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				
OPERATING REVENUES						
Charges for services	\$13,735,505	\$14,194,505	\$7,527,314	\$7,998,203	\$15,525,517	\$1,331,012
Other			27,460		27,460	27,460
Total operating revenues	<u>13,735,505</u>	<u>14,194,505</u>	<u>7,554,774</u>	<u>7,998,203</u>	<u>15,552,977</u>	<u>1,358,472</u>
OPERATING EXPENSES						
Administrative and general	829,893	829,893	424,053	466,110	890,162	(60,269)
Metro service	7,865,944	7,865,944	3,765,300	3,993,565	7,758,865	107,079
Maintenance and operation	2,224,778	2,224,778	802,464	759,026	1,561,489	663,289
Customer accounts	288,461	288,461	148,499	158,672	307,171	(18,710)
Taxes	1,144,133	1,144,133	412,178	441,132	853,309	290,824
Capital outlay	2,889,000	3,348,000				3,348,000
Depreciation and amortization	666,300	666,300	426,861	454,530	881,391	(215,091)
Total operating expenses	<u>15,908,509</u>	<u>16,367,509</u>	<u>5,979,353</u>	<u>6,273,035</u>	<u>12,252,388</u>	<u>4,115,121</u>
OPERATING INCOME (LOSS)	<u>(2,173,004)</u>	<u>(2,173,004)</u>	<u>1,575,421</u>	<u>1,725,168</u>	<u>3,300,589</u>	<u>5,473,593</u>
NON-OPERATING REVENUE (EXPENSE)						
Investment earnings				707	707	706.78
Intergovernmental revenues			1,467	1,643	3,110	3,110
interest expense						
Bond issuance cost						
Debt						
Bond proceeds						
Total non-operating revenue (expense)			<u>1,467</u>	<u>2,350</u>	<u>3,817</u>	<u>3,817</u>
Income (loss) before contributions and transfers	(2,173,004)	(2,173,004)	1,576,888	1,727,518	3,304,406	5,477,410
Transfers in	1,500,000	1,500,000	52,863	66,018	118,881	(1,381,119)
Transfers out	(249,587)	(268,187)	(168,568)	(123,989)	(292,557)	(24,370)
Contributions			288,065	290,414	578,479	578,479
Net position - beginning, January 1, 2016	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)
Net position - ending, December 31, 2016	<u>\$10,420,346</u>	<u>\$10,401,746</u>	<u>\$15,385,531</u>	<u>\$1,959,960</u>	<u>\$17,345,492</u>	<u>\$6,943,746</u>

Schedule of Operations - Budget to Actual
Storm & Surface Water Fund
For the Year Ended December 31, 2016

	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				
OPERATING REVENUES						
Charges for services	\$14,083,487	\$14,531,487	\$5,251,499	\$6,283,535	\$11,535,034	(\$2,996,453)
Other			1,190	1,070	2,261	2,261
Total operating revenues	<u>14,083,487</u>	<u>14,531,487</u>	<u>5,252,690</u>	<u>6,284,605</u>	<u>11,537,295</u>	<u>(2,994,192)</u>
OPERATING EXPENSES						
Administrative and general	2,742,295	2,742,295	1,699,648	1,729,270	3,428,918	(686,623)
Maintenance and operation	3,954,843	3,954,843	1,389,482	1,384,836	2,774,317	1,180,526
Taxes	211,162	211,162	63,916	83,695	147,611	63,551
Capital outlay	12,696,000	13,144,000				13,144,000
Debt service	80,000	80,000				80,000
Depreciation and amortization	859,000	859,000	461,142	836,293	1,297,435	(438,435)
Total operating expenses	<u>20,543,300</u>	<u>20,991,300</u>	<u>3,614,189</u>	<u>4,034,093</u>	<u>7,648,282</u>	<u>13,343,018</u>
OPERATING INCOME (LOSS)	<u>(6,459,813)</u>	<u>(6,459,813)</u>	<u>1,638,501</u>	<u>2,250,512</u>	<u>3,889,013</u>	<u>10,348,826</u>
NON-OPERATING REVENUE (EXPENSE)						
Loan						
Intergovernmental revenues	1,878,578	1,878,578	209,746	847,596	1,057,343	(821,235)
Investment earnings				1,252	1,252	1,252
Bond issuance cost						
Interest expense	(7,000)	(7,000)	(1,042)	(3,243)	(4,284)	2,716
Total non-operating revenue (expense)	<u>1,871,578</u>	<u>1,871,578</u>	<u>208,705</u>	<u>845,606</u>	<u>1,054,311</u>	<u>(817,267)</u>
Income (loss) before contributions and transfers	(4,588,235)	(4,588,235)	1,847,206	3,096,118	4,943,324	9,531,559
Transfers in	7,376,000	7,376,000	376,655	483,682	860,337	(6,515,663)
Transfers out	(1,821,330)	(1,839,930)	(1,124,081)	(886,497)	(2,010,577)	(170,647)
Contributions			281,444	631,306	912,750	912,750
Net position - beginning, January 1, 2016	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)
Net position - ending, December 31, 2016	<u>\$17,086,844</u>	<u>\$17,068,244</u>	<u>\$16,456,039</u>	<u>\$3,324,609</u>	<u>\$19,780,648</u>	<u>\$2,712,404</u>

Schedule of Operations - Budget to Actual Equipment Rental Fund For the Year Ended December 31, 2016						
	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				
OPERATING REVENUES						
Charges for services	\$3,654,526	\$3,654,526	\$1,827,263	\$1,668,796	\$3,496,059	(\$158,467)
Total operating revenues	<u>3,654,526</u>	<u>3,654,526</u>	<u>1,827,420</u>	<u>1,668,796</u>	<u>3,496,059</u>	<u>(158,467)</u>
OPERATING EXPENSES						
Administrative and general	1,358,988	1,358,988	593,170	522,158	1,115,328	243,660
Maintenance and operation	386,223	386,223	187,677	184,357	372,035	14,189
Depreciation	6,751	6,751	5,456	3,960	9,416	(2,665)
Total operating expenses	<u>1,751,962</u>	<u>1,751,962</u>	<u>786,303</u>	<u>710,475</u>	<u>1,496,778</u>	<u>255,184</u>
OPERATING INCOME (LOSS)	<u>1,902,564</u>	<u>1,902,564</u>	<u>1,041,117</u>	<u>958,321</u>	<u>1,999,281</u>	<u>96,717</u>
NON-OPERATING REVENUES (EXPENSES)						
Intergovernmental revenue			157	68	224	224
Gain (loss) on disposition of capital assets				7,184	7,184	7,184
Investment earnings						
Total non-operating revenue (expense)			<u>157</u>	<u>7,251</u>	<u>7,408</u>	<u>7,408</u>
Income (loss) before contributions and transfers	1,902,564	1,902,564	1,041,117	965,572	2,006,689	104,125
Transfers out	(1,915,544)	(1,915,544)	(957,772)	(957,772)	(1,915,544)	
Transfers in						
Net position - beginning, January 1, 2016	95,493	95,493	10,061	3,802	10,061	(85,432)
Changes in accounting principles - GASB 68			(89,603)		(89,603)	(89,603)
Net position - ending, December 31, 2016	<u>\$82,513</u>	<u>\$82,513</u>	<u>\$3,802</u>	<u>\$11,603</u>	<u>\$11,603</u>	<u>(\$70,910)</u>

Schedule of Operations - Budget to Actual Self Insurance Fund For the Year Ended December 31, 2016						
	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				
OPERATING REVENUES						
Insurance recovery	\$100,000	\$100,000	\$56,488	\$26,213	\$82,701	(\$17,299)
Charges for insurance premiums	1,904,627	1,904,627	929,913	997,328	1,927,241	22,614
Total operating revenues	<u>2,004,627</u>	<u>2,004,627</u>	<u>986,401</u>	<u>1,023,541</u>	<u>2,009,942</u>	<u>5,315</u>
OPERATING EXPENSES						
Administrative and general	1,895,007	1,895,007	931,279	982,009	1,913,287	(18,280)
Health insurance services	459,400	459,400	181,816	163,204	345,020	114,380
Total operating expenses	<u>2,354,407</u>	<u>2,354,407</u>	<u>1,113,095</u>	<u>1,145,213</u>	<u>2,258,308</u>	<u>96,099</u>
OPERATING INCOME (LOSS)	<u>(349,780)</u>	<u>(349,780)</u>	<u>(126,694)</u>	<u>(121,672)</u>	<u>(248,366)</u>	<u>101,414</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings						
Total non-operating revenue (expense)						
Income (loss) before contributions and transfers	(349,780)	(349,780)	(126,694)	(121,672)	(248,366)	101,414
Transfers in	324,400	324,400	162,200	162,200	324,400	
Net position - beginning, January 1, 2016	266,393	266,393	26,646		26,646	(239,747)
Changes in accounting principles - GASB 68			(62,266)		(62,266)	(62,266)
Net position - ending, December 31, 2016	<u>\$241,013</u>	<u>\$241,013</u>	<u>(\$113)</u>	<u>\$40,528</u>	<u>\$40,415</u>	<u>(\$200,598)</u>

Schedule of Operations - Budget to Actual Asset Replacement Fund For the Year Ended December 31, 2016						
	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				
OPERATING REVENUES						
Other				\$2,700	\$2,700	\$2,700
Total operating revenues				2,700	2,700	2,700
OPERATING EXPENSES						
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	295,927	499,506	71,257
Depreciation	1,366,000	1,366,000	792,156	828,275	1,620,431	(254,431)
Total operating expenses	5,055,863	5,055,863	995,735	1,124,202	2,119,937	2,935,926
OPERATING INCOME (LOSS)	(5,055,863)	(5,055,863)	(995,735)	(1,121,502)	(2,117,237)	2,938,626
NON-OPERATING REVENUES (EXPENSES)						
Interest earnings	40,524	40,524				(40,524)
Intergovernmental revenues				8,432	8,432	8,432
Loan						
Gain (loss) on disposition of capital assets						
Depreciation of disposition of capital assets			(248,510)	(281,732)	(530,243)	(530,243)
Proceeds from the sale of capital assets	109,300	109,300	115,318	77,794	193,113	83,813
Total non-operating revenue (expense)	149,824	149,824	(133,192)	(195,506)	(328,698)	(478,522)
Income (loss) before contributions and transfers	(4,906,039)	(4,906,039)	(1,128,927)	(1,317,008)	(2,445,936)	2,460,103
Transfers in	2,215,544	2,252,744	1,144,875	1,104,772	2,249,647	(3,097)
Transfers out	(500,000)	(500,000)				500,000
Net position - beginning, January 1, 2016	5,448,908	5,448,908	6,978,859		6,978,859	1,529,951
Net position - ending, December 31, 2016	\$2,258,413	\$2,295,613	\$6,994,807	(\$212,236)	\$6,782,570	\$4,486,957

**Schedule 16
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016**

Grantor/Pass Through Grantor Program Title	CFDA Number	Other Identification Number	Current Year Expenditures			Pass Through to Subrecipients	Note
			Direct	Pass-Through	Total		
Department of Homeland Security/Pierce County Emergency Management/Washington State Task Force National Urban Search & Rescue (US&R) Response System Structural Collapse & Heavy Rescue Training	97.025	15-032		\$1,943	\$1,943		1,2,3
Department of Homeland Security/Washington State Military Department Emergency Management Performance Grants Emergency Management Performance Grant (2015-16) Emergency Management Performance Grant (2016-17)	97.042 97.042	E16-130 E17-123 Subtotal		11,585 2,160 13,745	11,585 2,160 13,745		1,2,3 1,2,3
Department of Homeland Security/City of Seattle Fire Department Homeland Security Grant Program Structural Collapse & Heavy Rescue Training	97.067	EMW-2014-SS-00016-S01		7,689	7,689		1,2,3
Dept of Homeland Security Total				23,377	23,377		
Department of Justice Bulletproof Vest Partnership Program Bulletproof Vest Partnership Program	16.607	1121-0235	2,291		2,291		1,2,3
Dept of Justice Total			2,291		2,291		
Department of Transportation/Washington State DOT Highway Planning & Construction 228th St SE & 29th Dr SE Traffic Signal & Intersection 228th St SE & Bothell-Everett Hwy (SR527) Intersection Safety Improvements 228th St SE - Bothell-Everett Hwy (SR527) to 19th Ave SE Corridor Improvements 4th Ave W/9th Ave SE & Fitzgerald Rd/240th St Pavement Citywide Safety Improvements Main Street Enhancement, Phase 1 Non-Motorized Bridge over Sammamish River in the Park at Bothell Landing North Creek Trail - Section 3 North Creek Trail - Section 4 SR522 Multi-Modal Corridor - Stage 3	20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205 20.205	STPUL-2570 (010) HSIP-2570 (008) HSIP-2570 (009) STPUL-9917 (024) HSIP-000S (346) STPUL-2458 (002) CM-0110 (013) CM-STPE-0110 (011) CM-0110 (014) STPUL-0522 (057) Subtotal		24,600 680,871 377,458 365,135 247,049 246,259 112,794 14,774 56,579 796,419 2,921,936	24,600 680,871 377,458 365,135 247,049 246,259 112,794 14,774 56,579 796,419 2,921,936		1,2,3 1,2,3 1,2,3 1,2,3 1,2,3 1,2,3 1,2,3 1,2,3 1,2,3 1,2,3
Department of Transportation/Washington Traffic Safety Commission State & Community Highway Safety Distracted Driving Emphasis Patrols Target Zero Emphasis Program	20.600 20.600	NA NA Subtotal		1,246 6,463 7,709	1,246 6,463 7,709		1,2,3 1,2,3
National Priority Safety Programs Click It or Ticket Program	20.616	NA		2,481	2,481		1,2,3
Dept of Transportation Total				2,932,127	2,932,127		
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	C1600106		94,733	94,733		1,2,3
Environmental Protection Agency Total				94,733	94,733		
Total Federal Assistance for 2016			\$2,291	\$3,050,237	\$3,052,527		-

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, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

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

The accompanying notes are an integral part of this schedule.

Schedule 15
Schedule of State and Local Financial Assistance
For the Year Ended December 31, 2016

Grantor/Pass Through Grantor Program Title	BARS Account Number	Other Identification Number	Current Year Expenditures
4Culture (Cultural Development Authority of King County)			
Preservation Sustained Support	337.07.04	116358P	<u>\$2,500</u>
4Culture Total			2,500
King Conservation District			
Sammamish River Side Channel Restoration, Phase 3	337.07.00	NA	<u>40,000</u>
King Conservation District Total			40,000
King County			
Fall Safety Prevention Program	337.09.01	EMS3295	932
Local Hazardous Waste Management Program	337.07.00	EHS3670	15,158
North Creek Forest Acquisition Project	337.07.00	NA	720,561
Sammamish River Side Channel Restoration, Phase 3	337.07.00	4.8.15.003	125,319
Waste Reduction & Recycling	337.07.00	5728387	<u>36,769</u>
King County Total			898,738
Snohomish County			
North Creek Forest Planning Project	337.09.00	191-5167005204	<u>10,000</u>
Snohomish County Total			10,000
Washington State Department of Ecology			
Coordinated Prevention Grant	334.03.10	W2RCPG-1517-BothPW-00056	21,748
Drain Rangers - Statewide Youth Education Curriculum Implementation	334.03.10	WQSWGRS-2016-BothPW-00011	47,468
Toxics Cleanup Remedial Action Grant - Bothell Landing	334.03.10	TCpra-2015-BothPW-00002	8,959
Toxics Cleanup Remedial Action Grant - Bothell Point	334.03.10	TCpra-2015-BothPW-00029	4,267
Toxics Cleanup Remedial Action Grant - Hertz	334.03.10	TCpra-2015-BothPW-00038	1,193
Toxics Cleanup Remedial Action Grant - Riverside	334.03.10	TCpra-2015-BothPW-00037	121,035
Toxics Cleanup Remedial Action Grant - Ultra	334.03.10	TCpra-2015-BothPW-00039	<u>133,919</u>
Washington State Dept of Ecology Total			338,588
Washington State Department of Health			
EMS Prehospital Participation Grant	334.04.90	SFY16	<u>1,290</u>
Washington State Dept of Health Total			1,290
Washington State - Salmon Recovery Funding Board (SRFB) & Recreation & Conservation Office (RCO)			
North Creek Forest Acquisition, Phase 2	334.02.70	12-1230A	729,556
Sammamish River Side Channel Restoration, Phase 3	334.02.70	15-1054R	<u>535,424</u>
Washington State SRFB & RCO Total			1,264,980
Washington State Transportation Improvement Board			
Bothell Way NE, SR522 to NE 88th Street	334.03.80	8-1-114 (007) - 1	<u>2,800,496</u>
Washington State Transportation Improvement Board Total			2,800,496
Total State & Local Financial Assistance for 2016			<u>\$5,356,592</u>

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 For the Year Ended December 31, 2016					
Year Ended December 31, 2016	Interest Rate Range	Interest June 1	Interest December 1	Principal December 1	Total Debt Service
2017	3.5-4.0%	\$13,900	\$13,900	\$695,000	\$722,800
Total		\$13,900	\$13,900	\$695,000	\$722,800

General Obligation LIFT Bond 2014 December 31, 2016				
Year Ended December 31, 2016	Interest Rate	Interest	Principal	Total Debt Service
2017		\$1,301,225	\$695,000	\$1,996,225
2018		1,280,075	715,000	1,995,075
2019		1,258,250	740,000	1,998,250
2020		1,231,850	765,000	1,996,850
2021		1,200,650	795,000	1,995,650
2022-2026		5,370,000	4,610,000	9,980,000
2027-2031		4,060,500	5,920,000	9,980,500
2032-2036		2,421,125	5,925,000	8,346,125
2037-2039		905,000	7,240,000	8,145,000
Total	2.0-5.0%	\$19,028,675	\$27,405,000	\$46,433,675

Supplemental Information

City of Bothell

General Obligation Bonds 2013 A & B For the Year Ended December 31, 2016				
Year Ended December 31, 2016	Interest Rate Range	Interest	Principal	Total Debt Service
2017		\$313,515	\$385,000	\$698,515
2018		307,163	390,000	697,163
2019		295,463	400,000	695,463
2020		283,463	415,000	698,463
2021		271,013	425,000	696,013
2022-2026		1,127,313	2,360,000	3,487,313
2027-2031		690,513	2,855,000	3,545,513
2032-2033		117,000	1,300,000	1,417,000
Total	0.60-4.5%	\$3,405,443	\$8,530,000	\$11,935,443

Supplemental Information

City of Bothell

Utility Revenue Bond 2014 For the Year Ended December 31, 2016				
Year Ended December 31, 2016	Interest Rate	Interest	Principal	Total Debt Service
2017		\$651,369	\$665,000	\$1,316,369
2018		624,769	685,000	1,309,769
2019		590,519	720,000	1,310,519
2020		561,719	750,000	1,311,719
2021		531,719	780,000	1,311,719
2022-2026		2,035,095	4,510,000	6,545,095
2027-2031		1,137,706	5,415,000	6,552,706
2032-2034		254,025	3,675,000	3,929,025
Total	2.63-5.0%	\$6,386,921	\$17,200,000	\$23,586,921

Supplemental Information

City of Bothell

Public Works Trust Fund Loan PC12-951-022 For the Year Ended December 31, 2016				
Year Ended December 31, 2016	Interest Rate	Interest	Principal	Total Debt Service
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	0.25%	12,296	447,123	459,419
2022-2026	0.25%	44,712	1,788,492	1,833,204
2027-2031	0.25%	16,767	2,682,738	2,699,505
Total		\$134,137	\$6,706,846	\$6,840,983

Supplemental Information

City of Bothell

Public Works Trust Fund Loan
 PW98-791-007
 For the Year Ended December 31, 2016

Year Ended December 31, 2016	Interest Rate	Interest	Principal	Total Debt Service
2017	1.00%	\$2,252	\$112,599	\$114,851
2018	1.00%	1,126	112,599	113,725
Total		\$3,378	\$225,197	\$228,575

Supplemental Information

City of Bothell

Public Works Trust Fund Loan Horse Creek PC13-961-060 For the Year Ended December 31, 2016				
Year Ended December 31, 2016	Interest Rate	Interest	Principal	Total Service Debt
2017	0.25%	\$1,795	\$45,516	\$47,311
2018	0.25%	1,707	45,516	47,223
2019	0.25%	1,593	45,516	47,109
2020	0.25%	1,479	45,516	46,995
2021	0.25%	1,365	45,516	46,881
2022-2026	0.25%	5,122	227,581	232,703
2027-2031	0.25%	2,276	227,581	229,857
2032	0.25%	113	45,516	45,629
Total		\$15,450	\$728,258	\$743,708

City Hall Lease Revenue Bonds For the Year Ended December 31, 2016				
Year Ended December 31, 2016	Interest Rate Range	Interest	Principal	Total Service Debt
2017	5.0%	\$2,063,486	\$1,000,000	\$3,063,486
2018	5.0%	1,997,027	1,250,000	3,247,027
2019	4.0%	1,934,102	1,315,000	3,249,102
2020	5.0%	1,888,115	1,365,000	3,253,115
2021	5.0%	1,813,844	1,510,000	3,323,844
2022-2026	5.0%	7,854,781	8,775,000	16,629,781
2027-2031	3.6-5%	5,639,116	10,990,000	16,629,116
2032-2036	3.6-3.9%	3,439,995	13,190,000	16,629,995
2037-2039	4.0%	471,183	9,230,000	9,701,183
Total		\$27,101,648	\$48,625,000	\$75,726,648



City of Bothell™

STATISTICAL INFORMATION

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

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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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$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	\$645,750,647
Restricted				7,754,246	9,780,831	7,578,092	12,554,203	15,409,677	17,584,435	25,939,390
Unrestricted	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)	(9,553,063)
Total governmental activities net position	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	662,136,973
Business-type activities										
Net investment in capital assets	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	43,249,528
Restricted	45,960	45,960						1,316,369	1,316,369	1,316,369
Unrestricted	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	10,476,648
Total business-type activities net position	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	55,042,545
Primary government										
Net investment in capital assets	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	689,000,175
Restricted	45,960	45,960		7,754,246	9,780,831	7,578,092	12,554,203	16,726,046	18,900,804	27,255,759
Unrestricted	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	923,584
Total primary government net position	\$942,710,039	\$919,479,714	\$879,237,248	\$846,968,458	\$821,937,596	\$793,677,200	\$775,825,961	\$769,898,931	\$736,987,582	\$717,179,518

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses - Governmental activities										
General government	\$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	\$16,501,329
Security of persons and property	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	23,953,206
Physical environment	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	2,757,415
Transportation	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	43,696,700
Economic environment	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	4,318,103
Culture and recreation						1,613,519	2,005,064	1,852,966	2,205,709	2,243,434
Interest on long-term debt	327,703	229,262	213,348	303,378	581,295	517,471	686,700	2,064,923	2,756,555	3,063,168
Total governmental activities	<u>71,849,679</u>	<u>76,021,008</u>	<u>81,957,592</u>	<u>81,372,674</u>	<u>75,775,571</u>	<u>79,788,440</u>	<u>80,616,039</u>	<u>97,627,104</u>	<u>90,509,095</u>	<u>96,533,353</u>
Business-type activities										
Water	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	4,312,430
Sewer	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	6,331,025
Storm & Surface Water	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	4,462,068
Total business-type activities	<u>8,167,623</u>	<u>8,895,680</u>	<u>9,719,612</u>	<u>10,425,610</u>	<u>12,027,360</u>	<u>11,284,035</u>	<u>12,069,565</u>	<u>13,704,258</u>	<u>14,616,548</u>	<u>15,105,523</u>
Total primary government expenses	<u>\$80,017,302</u>	<u>\$84,916,688</u>	<u>\$91,677,203</u>	<u>\$91,798,284</u>	<u>\$87,802,932</u>	<u>\$91,072,475</u>	<u>\$92,685,604</u>	<u>\$111,331,362</u>	<u>\$105,125,643</u>	<u>\$111,638,876</u>
Program Revenues - Governmental activities										
Charges for services										
General government	\$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	\$9,956,908
Security of persons and property	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	4,392,999
Physical environment	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	986,097
Transportation	1,932,005	1,764,671	79,707	1,185,102	607,870	1,818,764	349,447	268,215	1,375,389	1,896,846
Economic environment	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	5,406,921
Culture and recreation	143,191	149,021	225,350	328,879	457,981	268,711	266,648	288,713	354,039	280,506
Operating grants and contributions	846,560	525,398	357,367	383,325	360,152	969,659	1,566,336	541,291	364,737	334,328
Capital grants and contributions	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	8,684,810
Total governmental activities program revenues	<u>22,972,072</u>	<u>21,574,175</u>	<u>11,209,588</u>	<u>20,557,594</u>	<u>21,876,297</u>	<u>18,926,210</u>	<u>27,895,669</u>	<u>22,683,511</u>	<u>22,944,069</u>	<u>31,939,415</u>
Business-type activities										
Charges for services										
Water	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	5,722,568
Sewer	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	7,998,203
Storm & Surface Water	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	6,284,605
Operating grants and contributions										149,637
Capital grants and contributions	729,022	787,526	411,475	757,700	241,500	164,800	501,000	1,951,300	1,105,654	1,923,454
Total business-type activities program revenue	<u>10,853,579</u>	<u>10,367,401</u>	<u>11,534,375</u>	<u>10,883,418</u>	<u>11,391,383</u>	<u>13,106,664</u>	<u>15,216,797</u>	<u>17,947,836</u>	<u>20,177,618</u>	<u>22,078,467</u>
Total primary government program revenues	<u>\$33,825,651</u>	<u>\$31,941,576</u>	<u>\$22,743,963</u>	<u>\$31,441,012</u>	<u>\$33,267,680</u>	<u>\$32,032,874</u>	<u>\$43,112,466</u>	<u>\$40,631,347</u>	<u>\$43,121,687</u>	<u>\$54,017,882</u>
Net (Expense)/Revenue										
Government activities	(\$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)	(\$64,593,938)
Business-type activities	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	6,972,944
Total primary government net expense	<u>(46,191,650)</u>	<u>(52,975,113)</u>	<u>(68,933,241)</u>	<u>(60,357,272)</u>	<u>(54,535,251)</u>	<u>(59,039,600)</u>	<u>(49,573,138)</u>	<u>(70,700,015)</u>	<u>(62,003,956)</u>	<u>(57,620,994)</u>
General Revenue and Other Changes in Net Position										
Governmental activities										
Taxes										
Property tax	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	12,644,299
Excise tax	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	16,804,847
Business tax	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	7,659,567
Unrestricted grants and contributions										
Investment earnings	2,766,765	1,627,957	1,055,739	123,457	310,195	512,991	164,714	116,931	441,188	229,685
Special item								23,858,356		
Miscellaneous	1,010,077	1,020,245	915,788	454,842	516,090	540,813	1,033,726	4,682,318	438,912	439,287
Transfers	899,556	959,111	1,118,550				(17,422)		37,103	
Total governmental activities	<u>38,403,500</u>	<u>32,403,383</u>	<u>29,725,430</u>	<u>28,084,224</u>	<u>28,545,636</u>	<u>29,496,058</u>	<u>31,517,764</u>	<u>64,993,231</u>	<u>38,059,561</u>	<u>37,777,685</u>
Business-type activities										
Investment earnings	337,341	180,799	62,247	4,259	1,350	4,685		1,928	20,233	35,244
Miscellaneous			21,650							
Transfers	(899,556)	(959,111)	(1,118,550)				17,422		(37,103)	0
Total business-type activities	<u>(562,215)</u>	<u>(778,311)</u>	<u>(1,034,652)</u>	<u>4,260</u>	<u>1,350</u>	<u>4,685</u>	<u>17,422</u>	<u>1,928</u>	<u>(16,870)</u>	<u>35,244</u>
Total primary government	<u>\$37,841,286</u>	<u>\$31,625,072</u>	<u>\$28,690,778</u>	<u>\$28,088,483</u>	<u>\$28,546,986</u>	<u>\$29,500,743</u>	<u>\$31,535,186</u>	<u>\$64,995,159</u>	<u>\$38,042,691</u>	<u>\$37,812,929</u>
Change in Net Position										
Government activities	(\$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)	(\$26,816,253)
Business-type activities	2,123,742	693,410	780,109	462,066	(634,627)	1,827,315	3,164,654	4,245,507	5,544,200	7,008,188
Total primary government	<u>(\$8,350,365)</u>	<u>(\$21,350,042)</u>	<u>(\$40,242,465)</u>	<u>(\$32,268,791)</u>	<u>(\$25,988,265)</u>	<u>(\$29,538,856)</u>	<u>(\$18,037,952)</u>	<u>(\$5,704,855)</u>	<u>(\$23,961,265)</u>	<u>(\$19,808,065)</u>

Fund Balances of Government Funds Last Ten Fiscal Years (modified accrual basis of accounting)										
	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved										
Unreserved	\$15,014,982	\$12,955,076	\$6,994,173	\$4,052,527						
Committed					16,750	16,750	16,750	22,250	22,250	22,250
Restricted					391,930	526,522	602,871	738,694	867,549	963,782
Assigned					1,711,130	1,711,130	1,711,130	1,711,130	1,711,130	1,711,130
Unassigned					1,587,189	870,296	1,446,023	1,316,482	1,381,675	601,688
Prior Period Adjustment							11,035			
Total general fund	\$15,014,982	\$12,955,076	\$6,994,173	\$4,052,527	\$3,706,999	\$3,124,698	\$3,787,810	\$3,788,556	\$3,982,604	\$3,298,850
All Other Governmental Funds										
Unreserved										
Special revenue funds	\$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	\$8,118,902
Debt service funds	474,567	690,991	2,012	669	55,295	142,231	120,129	29,739	396	(928)
Capital projects funds	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	13,883,596
Permanent funds								16,321	16,321	16,321
Restricted					9,388,902	7,034,819	11,747,868	14,914,974	16,700,564	22,001,569
Committed					68,153	67,692	67,692	67,692	67,692	67,692
Prior Period Adjustment							175,679	(222,175)		
Total all other governmental funds	\$36,935,634	\$27,698,218	\$4,204,485	\$7,677,906	\$9,457,055	\$7,102,511	\$11,991,239	\$14,776,812	\$16,784,577	\$22,085,583

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$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	\$36,673,875
Licenses and permits	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	4,055,011
Intergovernmental	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	9,996,150
Charges for services	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	10,872,110
Fines and forfeitures	443,007	396,602	436,520	431,188	387,550	421,304	381,258	371,011	377,964	406,083
Interest earnings	2,590,040	1,555,854	1,033,628	120,261	306,511	509,634	162,427	115,776	113,568	245,754
Proceeds from the sale of capital assets	750	12,399	501							
Contributions	471,276	132,230	30,706	68,260	50,930	45,605	890,862	397,021	49,271	604,887
Other revenue	416,493	802,892	805,466	347,338	445,398	435,486	330,305	2,560,223	443,354	393,242
Total revenues	59,895,814	51,950,883	39,314,871	45,936,917	48,394,423	46,098,016	55,815,771	58,679,464	56,258,812	63,247,111
Expenditures										
General government	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	10,318,936
Security of persons and property	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	23,474,573
Transportation	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	6,936,056
Physical environment	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	48,026
Cultural Environment							1,334,713	1,535,044	1,720,662	1,609,254
Economic environment	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	3,997,153
Bond issue costs		73,595		79,488	41,603	170,753	125,039	311,422	1,577	
Debt service										
Interest	327,703	117,539	213,348	223,890	539,692	517,471	686,700	1,753,501	1,767,419	3,222,695
Principal	483,862	668,862	558,862	545,000	23,301,611	11,272,161	5,258,421	31,479,922	1,460,527	2,172,123
Other expenditures	18,264	80,743	27,872	15,777	28,645	2,436	10,474	21,136	1,959	1,200
Capital outlay	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	15,878,284
Total expenditures	48,420,557	60,556,958	67,821,695	76,559,071	78,335,307	61,398,630	66,360,442	88,647,923	106,208,500	67,658,300
Excess of revenue over (under) expenditures	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)	(4,411,189)
Other Financing Sources (Uses)										
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	9,337,640
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	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	5,840,299
Transfers out	(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)	(6,149,499)
Total other financing sources uses	(1,825,853)	(1,651,337)	(947,812)	31,153,931	30,417,100	11,085,311	15,909,796	32,976,954	52,151,501	9,028,440
Net change in fund balances	\$9,649,404	(\$10,257,412)	(\$29,454,636)	\$531,776	\$476,216	(\$4,215,304)	\$5,365,125	\$3,008,495	\$2,201,813	\$4,617,251
Debt service as a percentage of noncapital expenditures	2.5%	2.2%	2.1%	2.0%	38.9%	23.9%	13.2%	44.2%	6.8%	10.4%

Assessed Value of Taxable Property Last Ten Fiscal Years				
Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate*
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
2016	7,223,612,278	1,072,446,159	8,296,058,437	1.43

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										
Year	Regular Levy	GO Bond	Total Direct Rate	WA State	King County	School District	County Port	Hospital District	Library District	Emergency Medical Services	Park/Rec District	Flood District	Ferry District	Total Direct & Overlapping Rate
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
2016	1.33	0.10	1.43	2.17	1.48	4.22	.17	.38	.48	.28	.01	.13		10.75

City Direct Rates				Overlapping Tax Rates - Snohomish County										
Year	Regular Levy	GO Bond	Total Direct Rate	WA State	Snohomish County	School District	County Port	Hospital District	Library District	Emergency Medical Services	Park/Rec District	Flood District	Ferry District	Total Direct & Overlapping Rate
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
2016	1.33	0.10	1.43	2.12	0.93	4.22		.09	.48	.26	.01			9.55

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			2016		2007	
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
BRE WA Office Owner LLC	\$133,622,000	1	3.85%			
Steelwave Bothell LLC	119,499,685	2	3.45%			
Philips Ultrasound Inc	83,542,939	3	2.41%	67,537,748	4	2.36%
T-Mobile USA Inc	73,144,966	4	2.11%			
BRE Properties Inc	50,920,000	5	1.47%	39,771,900	5	1.39%
Monte Villa Farms LLC	38,622,190	6	1.11%	31,369,400	9	1.10%
Stonemeadow Farm Apartments Inc	36,086,094	7	1.04%			
Seattle Genetics Inc	35,772,122	8	1.03%			
TCR MM LLC	34,895,000	9	1.01%			
IVC Highlands LL LLC	32,317,500	10	0.93%			
Teachers Insurance & Annuity Assn				97,666,800	1	3.41%
AT&T Mobility LLC				92,594,009	2	3.24%
Arden Realty Inc/Thompson Prop Tax Svc				86,695,700	3	3.03%
Riggs & Company Trustee				37,810,200	6	1.32%
RREEF				31,459,000	7	1.10%
Verizon Northwest Inc.				31,391,233	8	1.10%
Immunex Mfg Corp				26,146,300	10	0.91%
Total Assessed Valuation - Largest Taxpayers	638,422,496		18.42%	542,442,290		18.96%
Total Assessed Valuation - All Other	2,828,012,496		81.58%	2,318,360,459		81.04%
Total Assessed Value	\$3,466,434,992		100.00%	\$2,860,802,749		100.00%

King County Taxpayers			2016		2007	
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
AT&T Mobility LLC	\$244,221,735	1	5.06%			
Grosvenor International Ltd (formerly Schnitzer West)	127,202,700	2	2.63%	114,387,300	3	4.06%
Greystar (formerly BRE Silver MF 522)	104,412,000	3	2.16%			
Gateway Apartments LC	75,966,890	4	1.57%			
MSPT VII LLC	48,944,000	5	1.01%			
North Creek Facility LLC	45,518,800	6	0.94%	30,021,359	7	1.07%
Pugest Sound Energy/Electric	42,702,085	7	0.88%	21,477,989	10	0.76%
Essex Property Trust	36,287,000	8	0.75%	22,369,000	9	0.79%
Bre WA Office Owner LLD (formerly Arden Realty Inc.)	34,061,800	9	0.71%			
EQR-RE Tax Dept	33,915,700	10	0.70%			
T-Mobile				282,455,881	1	10.03%
Cingular Wireless				219,644,918	2	7.80%
Seattle Times				77,866,908	4	2.76%
Archstone Communities Trust				53,345,000	5	1.89%
Arden Realty Inc. (formerly Allstate Ins.)				34,047,900	6	1.21%
RREEF				28,196,400	8	1.00%
						0.00%
						0.00%
						0.00%
Total Assessed Valuation - Largest Taxpayers	793,232,710		16.42%	883,812,655		31.38%
Total Assessed Valuation - All Other	4,036,390,735		83.58%	1,932,738,071		68.62%
Total Assessed Value	\$4,829,623,445		100.00%	\$2,816,550,726		100.00%

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

Property Tax Levies and Collections
Last Ten Fiscal Years

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
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%	40,298	5,753,663	99.62%
2016	5,862,819	5,806,545	99.04%		5,806,545	99.04%

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
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%	43,787	6,417,312	99.09%
2016	6,791,598	6,710,643	98.81%		6,710,643	98.81%

Sales Tax Revenue by Category Last Ten Fiscal Years										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Retail trade	\$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	\$3,515,580
Wholesale trade	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	1,003,675
Construction	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	2,265,917
Information	1,254,407	554,324	492,863	403,623	344,136	545,752	704,458	655,963	589,189	627,239
Professional, scientific, technical services	635,885	432,359	326,240	561,669	534,827	533,135	302,826	371,777	463,557	606,318
Accommodation and food services	685,535	678,197	647,083	697,014	724,495	779,264	820,289	904,148	1,058,599	1,416,027
Real estate, rental, leasing	228,520	230,538	188,787	179,855	171,944	166,304	199,154	491,200	570,635	599,020
Manufacturing	424,598	377,019	211,566	149,227	187,089	267,381	260,679	318,465	490,391	461,910
Admin, supp, remed services	266,664	253,074	200,105	233,155	233,104	228,612	240,316	250,973	282,831	317,043
Other services	150,918	133,389	148,760	223,163	278,395	413,643	459,074	495,436	162,927	189,596
Other	633,155	733,565	512,235	558,650	630,764	230,837	668,765	730,573	364,861	446,420
Total	\$10,877,543	\$9,483,992	\$8,158,935	\$8,762,132	\$8,132,242	\$8,266,060	\$9,251,513	\$9,932,337	\$10,126,372	\$11,448,745

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
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%
2016	2.5%	6.5%	.5%	9.5%

Snohomish County

Year	Local	State	Rapid Transit	Total Sales Tax
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%
2016	2.8%	6.5%	.5%	9.8%

Source: Washington State Department of Revenue

Ratios of Outstanding Debt by Type Last Ten Fiscal Years												
Year	Government Activities			Business-Type Activities				Total Primary Government	Per Capita Income*	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation	Special Assessment	Term Loan Payable	Water Bonds	Sewer Bonds	Combined Utility Bonds	Term Loan Payable					
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	58,402	2.72	41,630	1,588
2015	92,206,274		7,153,969			19,021,527	1,024,715	119,406,485	61,021	4.59	42,640	2,800
2016	89,320,547		6,706,846			18,323,246	953,791	115,304,430			43,980	2,622

Note: General Obligation includes COB Lease Revenue bonds of \$50,422,952

*Bureau of Economic Analysis

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years					
Year	General Obligation Bonds	Total Taxable Assessed Value	Percentage of Actual Taxable Value of Property	Population	Per Capita
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
2016	89,320,547	8,296,058,437	1.08	43,980	2,031

Note: General Obligation includes COB Lease Revenue bonds of \$50,422,952

Computation of Direct and Overlapping Debt
December 31, 2016

OVERLAPPING DEBT

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
King County	\$764,587,000	1.95%	\$14,878,087
Snohomish County	395,500,000	8.63%	34,149,541
Northshore School District	385,381,785	51.32%	197,788,188
Port of Seattle	283,620,000	1.95%	5,518,958
Northshore Parks & Rec	1,174,094	51.38%	603,246
King County Library System	97,581,556	3.19%	3,109,342
Total overlapping debt	\$1,927,844,435		\$256,047,363

DIRECT DEBT

City of Bothell	\$96,027,393	100.00%	\$96,027,393
Total direct and overlapping debt	\$2,023,871,828		\$352,074,756

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										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed value	\$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	\$8,296,058,437
Debt limit (7.5% of assessed value)	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	622,204,383
Debt applicable to limit										
General obligation bonds	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	96,027,393
Less: amount set aside for repayment	104,488	124,082	16,204	669	55,295	100,080	103,808	29,738	396	(928)
Total net debt applicable to limit	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	96,028,321
Legal debt margin	\$419,950,999	\$512,129,700	\$514,181,529	\$476,652,237	\$441,592,376	\$405,340,490	\$387,258,151	\$412,961,760	\$474,480,454	\$526,176,061
Total net debt applicable to the limit as a percentage of debt limit	1.37%	1.03%	0.94%	3.46%	7.10%	8.52%	11.05%	10.16%	17.31%	15.43%

Pledged-Revenue Coverage Last Ten Fiscal Years						
Combined Utility System Bonds						
Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$15,996,535	\$13,332,786	\$2,663,749	\$520,000	\$794,301	2.03
2015	19,071,965	13,913,731	5,158,234	635,000	676,769	3.93
2016	20,005,376	14,487,888	5,517,488	665,000	651,369	4.19
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						
2016						

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		
2015	\$6,053,287	\$4,320,189	\$1,733,098	\$277,473	6.25
2016	\$5,722,568	\$4,180,760	\$1,541,808	\$277,681	5.55

Total Volume						
Year	Residential Volume (CCF) ¹	Commercial Volume (CCF)	Irrigation Volume (CCF)	Residential Revenue	Commercial Revenue	Irrigation Revenue
2014	449,900	153,098	101,396	\$2,068,377	\$766,624	\$767,292
2015	431,743	159,648	136,363	\$2,842,981	\$891,066	\$1,027,296
2016	443,516	175,473	121,815	\$2,407,187	\$956,181	\$920,974

¹ 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
2016	3,656	519	4,175

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
2016	753,195	4,175	371.04

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			2014
\$7,556,241	\$5,979,353	\$1,576,888	\$125,380	12.58	2015
\$7,998,203	\$6,273,035	\$1,725,168	\$124,206	13.89	2016

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	
443,516	175,473	\$5,732,613	\$1,363,537	2016	

Utility Customers				
Residential	Commercial/Nonresidential	Total	Year	
4,764	333	5,097	2014	
4,795	333	5,128	2015	
4,867	333	5,200	2016	

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		1.77
2015	\$5,462,436	\$3,614,189	\$1,848,247	\$911,448	2.03
2016	\$6,284,605	\$4,034,093	\$2,250,512	\$909,881	2.47

Utility Customers					
Year	Residential	Condominiums	Seniors	Commercial/ Nonresidential	Total
2014	9,528	1,613	491	805	12,437
2015	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A

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							
Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
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	2,683,704	61,021	40	13.7	30,995	5.00%
2016	43,980	NA	NA	40	13.7	31,984	3.70%

Sources:

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

Principal Employers Current Year and Ten Years Ago							
Employer	Product or Service	2016			2007		
		Rank	Employees	Percentage of Total City Employment	Rank	Employees	Percentage of Total City Employment
Northshore School District	Education	1	3,432	12.20%	2	2,500	7.92%
AT&T Mobile	Telecommunications	2	2,044	7.27%	1	2,866	9.07%
Phillips Ultrasound	Diagnostic imaging manufacturer	3	1,740	6.19%	3	1,284	4.07%
Seattle Genetics Inc	Genetic research	4	780	2.77%			
University of Washington-Bothell	Education	5	659	2.34%	5	486	1.54%
T-Mobile	Telecommunications	6	550	1.96%	10	318	1.01%
Sonosite	Ultrasound manufacturer	7	498	1.77%	8	365	1.16%
Molina Healthcare of WA Inc	Insurance	8	481	1.71%			
Panasonic (Matsushita) Avionics	Aviation manufacturer	9	479	1.70%	4	497	1.57%
Vertafore Inc	Insurance software systems	10	472	1.68%			
Puget Sound Energy	Utility services - electric/gas				9	360	1.14%
Phillips Electric No American Corp	Electric manufacturer				6	389	1.23%
Seattle Times					7	370	1.17%
Total			11,135	39.59%		9,435	29.88%

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				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Executive										
Legislative	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Judicial	4.00	4.00	4.00	4.00	4.50	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	6.00	6.00	6.00
City Clerk	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	3.00
Information Technology	7.00	7.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Non-Dept/Tourism	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	7.80	7.80	8.25	8.25	8.25	8.25	8.65	8.65	8.85	9.20
Legal	2.56	2.56	3.56	3.56	3.56	3.56	4.15	4.15	4.15	4.15
Human Resources	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Police										
Officers	57.00	57.00	58.00	58.00	58.00	58.00	58.00	58.00	57.00	57.00
Civilians	26.75	26.75	25.75	25.75	25.75	25.75	26.75	32.00	32.00	32.00
Fire										
Firefighters and officers	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00
Civilians	6.75	6.75	7.75	7.75	7.75	7.75	7.75	9.75	9.75	9.75
Community Development	24.00	24.00	22.50	22.50	21.00	21.00	21.00	22.00	23.50	23.50
Parks & Recreation	10.79	10.79	10.42	10.42	10.42	10.42	9.45	11.45	11.50	11.50
Public Works										
Facilities	1.33	1.33	4.71	4.71	4.71	4.71	4.55	5.30	5.30	5.30
Engineering	23.80	23.80	26.27	26.27	26.27	26.27	25.20	25.20	25.71	25.71
Street	7.54	7.54	7.80	7.80	7.80	7.80	7.30	8.60	10.71	10.71
Water	8.78	8.78	8.83	8.83	8.83	8.83	8.81	8.83	8.94	8.94
Sewer	8.38	8.38	8.41	8.41	8.41	8.41	8.43	9.43	9.54	9.54
Storm & Surface Water	12.82	12.82	13.31	13.31	13.31	13.31	15.06	17.24	18.35	18.35
Fleet	2.33	2.33	2.72	2.72	2.72	2.72	2.55	2.80	2.80	2.80
Self-Insurance/Risk Mgmt	.70	.70	.70	.70	.70	.70	1.35	1.35	1.35	1.35
Totals	291.58	292.08	303.73	303.73	302.73	302.73	304.25	319.00	323.70	324.30

Source: Human Resources Department

Operating Indicators by Function/Program Last Ten Fiscal Years										
Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Calls for service	23,214	25,650	25,678	26,909	25,071	26,417	25,188	26,891	25,865	29,758
Physical arrests	2,203	2,298	1,969	1,975	1,568	1,565	NA	NA	NA	682
Traffic violations	5,081	3,928	4,272	5,188	3,828	3,625	2,472	2,388	2,512	2,791
Fire										
Emergency alarms	4,432	4,261	4,378	4,788	4,975	4,946	5,300	5,870	6,196	6,253
Inspections	1,523	1,133	1,043	1,231	1,193	1,422	1,324	2,210	1,174	1,799
Community Development										
Building permits issued	1,472	1,142	408	392	464	529	633	519	607	709
Building inspections	7,254	4,342	2,922	3,772	3,132	3,177	4,223	5,428	5,241	6,089
Parks and Recreation										
Field & shelter bookings	1,471	1,644	2,288	2,437	2,332	2,444	2,703	2,394	2,808	2,764
Water										
Units served	3,803	3,868	3,874	3,945	3,950	3,944	3,950	3,996	4,083	4,175
Water main breaks	3	3	3	5	2				2	0
Average daily consumption (thousands of gallons)	2,010	1,538	1,591	1,376	1,287	1,324	1,360	1,470	1,499	1,496

Sources: City Departments

NA = Not Available

Capital Asset Statistics by Function/Program Last Ten Fiscal Years										
Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	3	3	3	3	3	3	3	3	3	3
Public Works - Streets										
Streets (miles)	322	325	326	326	326	326	262.7*	302	303.4	303.9
Street lights	1,907	1,907	1,957	1,957	1,957	1,957	2,100	2,100	2,100	2,100
Parks and Recreation										
Acreage	200.84	200.84	201.02	201.02	237.23	237.23	247.62	262.7	262.7	297.07
Parks	25	25	23	23	23	23	23	24	24	27
Water										
Water mains (miles)	71.5	71.5	72.5	72.5	72.5	79.5	94.9	96.9	97.8	115.3
Sewer/Storm & Surface Water										
Sanitary sewers (miles)	57.4	57.4	58.2	58.2	58.6	62.4	62.8	63.9	65.00	69.20
Storm sewers (miles)	109.7	109.7	110	110	110	119.9	119.9	139.7	143.0	145.7

Sources: City Departments

NA = Not Available



City of Bothell™