

CITY OF



**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

City of Bonney Lake,
Washington

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June 29, 2007

Honorable Mayor, Members of the City Council, and Citizens of the City of Bonney Lake:

The comprehensive annual financial report for the City of Bonney Lake, Washington (the City), for the year ended December 31, 2006, is hereby submitted. State statutes require that the City issue annually a report on its financial position and activity. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the City.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart, and a listing of City officials. The financial section includes the basic financial statements, required supplementary information, the Management's Discussion and Analysis, as well as the Washington State Auditor's Independent Auditor's Report, and the combining and individual fund financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

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

CITY OF BONNEY LAKE PROFILE

The City of Bonney Lake, incorporated in 1949, is nestled off State Highway Route 410 between Mt. Rainier and the Puget Sound, along the southern shores of Lake Tapps. The City is located in the southern part of Pierce County, which is considered to be one of the top growth areas in both the state and country. Its population is 15,740. The City of Bonney Lake is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Bonney Lake operates under the laws of the State of Washington applicable to a code city with a Mayor-Council form of government. The Mayor is elected and is Chief Executive Officer. The Mayor appoints the operating unit directors and hires all employees. The Council exercises confirmation authority on some positions. Policy-making and legislative authority are vested in a City Council consisting of the Mayor and seven other members, all elected on a non-partisan basis. Both the Mayor and Council members serve four-year terms, with three members plus the Mayor or four members selected

every two years. The Mayor and two Council members are elected at large; the remaining Council members are elected by ward.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Bonney Lake's financial planning and control. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police.) With the approval of the Mayor, department heads may make transfers of appropriations within a department between major categories of services and supplies. The Mayor may authorize transfers within a fund. All transfers between funds must be approved by the City Council.

FACTORS AFFECTING THE CITY'S FINANCIAL CONDITION

The information presented is perhaps best understood when viewed from the broader perspective of the specific environment within which the City operates.

Local Economy

The City's economy is doing relatively well. The City is located in close proximity of McCord Air Force Base, and Fort Lewis Army Base. In addition, the City is located on the fringe on the well-developed metropolitan areas of Seattle and Tacoma. The price of new residential houses is reasonable when compared to housing in those areas. The City's housing market continues to steam ahead. Following the housing growth, the City has a new downtown business core with extensive retail and office development. The receipt from the local retail sales and use tax outstrips the local property tax as a reliable, long term source of revenue. Further information on the history of the City revenues can be found in the Statistical section of this Comprehensive Annual Financial Report "CAFR" and in the MD&A of the financial statements.

Long-Term Financial Planning

During the coming year, we are faced with the challenge to accommodate growth while ensuring that the City develops as a place in which people want to live, work and play. increases in population, tax base, development fees, traffic impact fees, annexations, and commercial and retail activities continue to add revenue, which offsets these costs related to both continuing and expanding services and facilities. Because of the current economic uncertainty on the national level and local level, the City administration recognizes the need to assure reserves for future revenue shortfalls in case of economic downturns and has been fiscally conservative.

During the next two to three years, the City has an aggressive capital project program of approximately \$46 million. The City of Bonney Lake will finalize facilities and infrastructure that have been planned, programmed, and saved for over the past five years. Significant construction projects during 2006 include:

- Ball Park Off-Site Water Main Replacement Project – replaced approximately 7,050 LF of 2", 4" and 6" water main.
- Tacoma Point Water Main Replacement Project – upgraded mains in the City's north water service area.
- Peaking Storage Off-Site Water Main Replacement Project – installation of approximately 3,600 LF of 16" and 380 LF of 20" water main.
- Peaking Storage Water Tank – constructing a 15 million gallon water storage tank off 214th and 96th street.
- Driftwood and Driftwood North Water Main Replacement Project – replaced approximately 6,300 LF of 8" and 400 LF of 4" water main.

- East Lake Tapps Water Main Project – installation of approximately 20,100 LF of 16” water main making a water system connection around the east side of Lake Tapps.
- Emergency Sewer Line Replacement Project – replaced 7,300 ft of pipe in the valley and 835 ft on the hill. The road overlay was completed.
- 192nd Avenue East Corridor – 30% design was completed.
- SR 410 – Sumner Buckley Hwy Intersection – 30% design was completed.
- Lake Bonney Aquatic Vegetation study was completed.
- Senior Center Remodel – added interior food space and upstairs meeting space.
- Allan Yorke Park Boat Trailer Parking – construction of additional parking for boat trailers adjacent to Ballfield #4. The improvements nearly doubled the amount of parking available for boaters and ball players.

Utilizing Public Works Trust Fund loans from the State of Washington and various local impact fees, the City of Bonney Lake plans to complete construction projects as disclosed in Note 6 Capital Assets.

Cash Management

State statutes permit us to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP). The City of Bonney Lake primarily invests its idle funds in the State Treasurer’s LGIP.

Acknowledgements

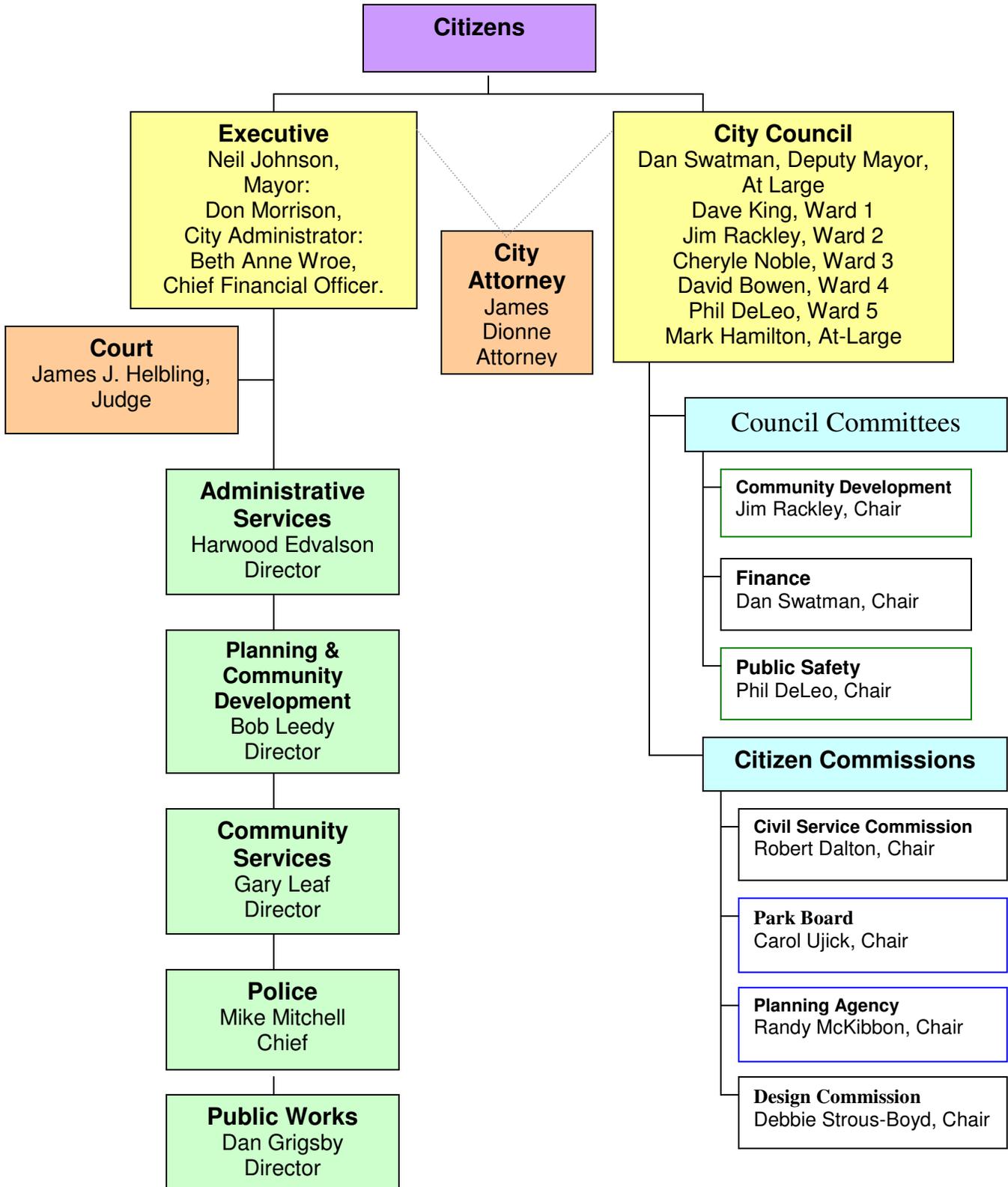
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Office of Financial Services. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. I would also like to give credit to the Mayor and the members of the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Bonney Lake’s finances.

Respectfully submitted,



Beth Anne Wroe
Chief Financial Officer

**CITY OF BONNEY LAKE
ORGANIZATIONAL CHART**



City of Bonney Lake
Elected and Appointed Officials
December 31, 2006

Elected Officials

| | |
|-------------------------------|---------------|
| Mayor | Neil Johnson |
| Council member – Deputy Mayor | Dan Swatman |
| Council member – Ward 1 | Dave King |
| Council member – Ward 2 | Jim Rackley |
| Council member – Ward 3 | Cheryle Noble |
| Council member – Ward 4 | David Bowen |
| Council member – Ward 5 | Phil DeLeo |
| Council member – At large | Mark Hamilton |

Appointed Officials

| | |
|---|-------------------|
| Administrative Services Director/City Clerk | Harwood Edvalson |
| City Administrator | Don Morrison |
| City Attorney | James Dionne |
| Chief Financial Officer | Beth Anne Wroe |
| Community Services Director | Gary Leaf |
| Court Judge | James J. Helbling |
| Planning and Community Development Director | Bob Leedy |
| Police Chief, appointed September 2006 | Mike Mitchell |
| Interim appointment ended September 2006 | Arthur McGehee |
| Public Works Director | Dan Grigsby |

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**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

February 28, 2008

Mayor and City Council
City of Bonney Lake
Bonney Lake, Washington

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 Bonney Lake, Pierce County, Washington, as of and for the year ended December 31, 2006 which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

The management's discussion and analysis on pages 9 through 17 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplemental information on pages 57 through 86 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is written in a cursive, flowing style with a large initial "B" and "S".

BRIAN SONNTAG, CGFM
STATE AUDITOR

Management's Discussion and Analysis

As management of the City of Bonney Lake, we offer readers of the City of Bonney Lake's financial statements this narrative overview and analysis of the financial activities of the City of Bonney Lake for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-3 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- As of December 31, 2006 total assets of the City of Bonney Lake exceeded its liabilities by \$95 Million. Of this amount, \$8 Million was reported as unrestricted net assets, amounts which are available for use to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$13.4 Million: Approximately 41% of this increase is due to public works projects for the water and sewer system.
- As of the close of the current fiscal year, the City of Bonney Lake's governmental funds reported combined ending fund balances of \$14.6 Million, an increase of \$6.3 Million from with the prior year. Primarily the increase was due to the collection of special revenues for Park Impact fees, Transportation Impact fees, and Traffic Mitigation fees. A significant portion of these ending fund balances, \$6.5 Million, is restricted for capital projects.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$6.9 Million, equal to 81 percent of total 2006 General Fund expenditures.
- Total debt increased by \$1,453 during the current fiscal year. The increase was attributable to the issuance of \$3,613 in new Public Works Trust Fund Loans; \$750 for governmental activities and \$2,863 for business-type activities.

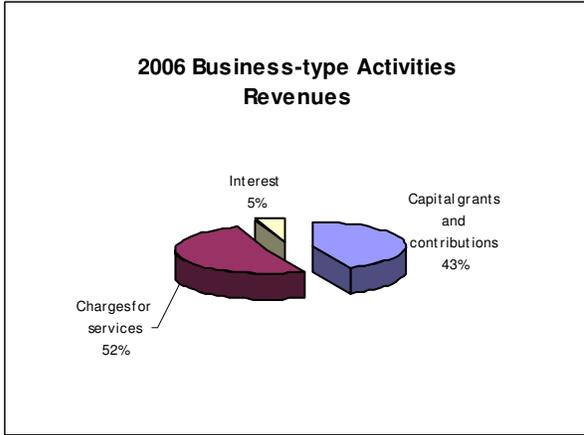
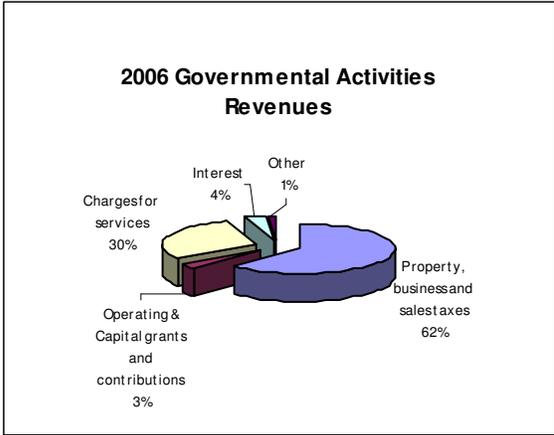
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Bonney Lake's basic financial statements. The City of Bonney Lake's basic financial statements comprise three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

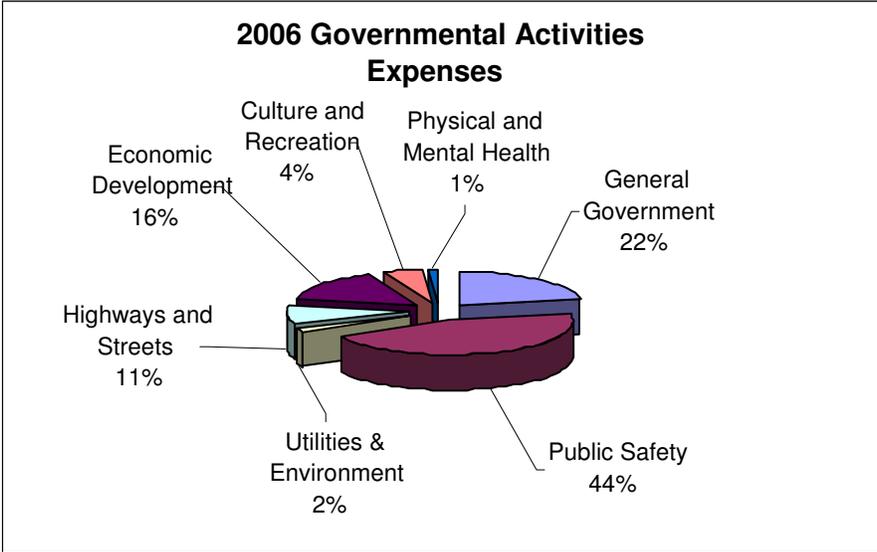
The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues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



Both the Statement of Net Assets and the Statement of Activities differentiate the functions of general government from the functions of business-type activities. Governmental activities reflect the City’s basic functions such as general government, public safety, highways and streets, economic development, and culture and recreation and are primarily supported by taxes and intergovernmental revenues. Business-type activities, primarily utilities, are intended to recover their costs through user fees and charges. City of Bonney Lake utilities include the water distribution system, the sewer collection and treatment system and the storm water collection system.

The City of Bonney Lake has no separately identified component units. Therefore, none are included in these financial statements.

The government-wide financial statements can be found on pages 19 and 20 of this report.



Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bonney Lake, 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 of Bonney Lake can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing 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 so doing, 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 of Bonney Lake maintains sixteen 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, Parks Impact Fund and the Municipal Capital Improvement Fund, both of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for all of its funds. The basic financial statements include budgetary comparison statements for the General Fund and the Parks Impact Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21-25 of this report.

Proprietary funds. The City of Bonney Lake 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 of Bonney Lake uses enterprise funds to account for its Water and Sewer Fund and for its Storm Water Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Bonney Lake's various functions. The City of Bonney Lake uses internal service funds to account for its fleet of vehicles and to provide insurance coverage for all funds and departments. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund which is considered to be major fund of the City of Bonney Lake. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Data from the other two proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of *combining statements* elsewhere in this report. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 29 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-56 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Bonney Lake's financial results. Combining and individual fund statements and schedules can be found on pages 50-86 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Bonney Lake, assets exceeded liabilities by \$95 Million at the close of the 2006 fiscal year.

The largest portion of the City of Bonney Lake's net assets (59 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, construction in progress, and intangible assets such as water rights and sewer capacity); less any related debt used to acquire those assets that are still outstanding. The City of Bonney Lake uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

| City of Bonney Lake's Net Assets | | | | | | |
|---|--------------|----------|---------------|----------|----------|----------|
| | Governmental | | Business-type | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Current and other assets | \$17,829 | \$12,010 | \$25,446 | \$23,123 | \$43,275 | \$35,133 |
| Capital assets, net of accumulated depreciation | 16,893 | 15,891 | 70,396 | 64,281 | 87,289 | 80,172 |
| Total assets | 34,722 | 27,901 | 95,842 | 87,404 | 130,564 | 115,305 |
| Long-term liabilities | 3,786 | 3,633 | 27,031 | 26,305 | 30,817 | 29,938 |
| Other liabilities | 1,519 | 967 | 3,210 | 2,788 | 4,729 | 3,755 |
| Total liabilities | 5,305 | 4,600 | 30,241 | 29,093 | 35,546 | 33,693 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 14,598 | 14,089 | 41,049 | 35,571 | 55,647 | 49,660 |
| Restricted | 8,527 | 1,826 | 22,798 | 21,525 | 31,325 | 23,351 |
| Unrestricted | 6,292 | 7,386 | 1,754 | 1,215 | 8,046 | 8,601 |
| Total net assets | \$29,417 | \$23,301 | \$65,601 | \$58,311 | \$95,018 | \$81,612 |

The remaining balance of *unrestricted net assets* (\$8,046) may be used to meet the government's ongoing obligations to citizens and creditors.

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

There was an increase of \$1,273 in restricted net assets reported in connection with the City's business-type activities. As a result of growth, the City collected development fees, which accounts for the majority of the restricted net assets.

| City of Bonney Lake | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Changes in Net Assets | | | | | | |
| For Year Ended 12/31/2006 | | | | | | |
| | Governmental | | Business-type | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Service | 4,369 | 4,122 | 9,087 | 6,950 | 13,456 | 11,072 |
| Operating Grants & Contributions | 112 | 201 | - | - | 112 | 201 |
| Capital Grant & Contributions | 90 | - | 7,702 | 7,806 | 7,792 | 7,806 |
| General Revenues | | | | | | |
| Property Taxes | 2,327 | 2,148 | - | - | 2,327 | 2,148 |
| Sales Taxes | 3,474 | 2,946 | - | - | 3,474 | 2,946 |
| Other Taxes | 3,430 | 3,358 | - | - | 3,430 | 3,358 |
| Unrestricted Grants & Contributions | 193 | 155 | - | - | 193 | 155 |
| Other General Revenues | 783 | 513 | 976 | 616 | 1,759 | 1,129 |
| Total Revenues | 14,778 | 13,443 | 17,765 | 15,372 | 32,543 | 28,815 |
| Expenses | | | | | | |
| General Government | 1,994 | 1,744 | - | - | 1,994 | 1,744 |
| Public Safety | 3,871 | 3,518 | - | - | 3,871 | 3,518 |
| Utilities & Environment | 213 | 165 | - | - | 213 | 165 |
| Highways & Streets | 997 | 675 | - | - | 997 | 675 |
| Economic Development | 1,456 | 1,201 | - | - | 1,456 | 1,201 |
| Culture & Recreation | 354 | 399 | - | - | 354 | 399 |
| Interest on Long-Term Debt | 268 | 106 | 786 | 614 | 1,054 | 720 |
| Water/Sewer | - | - | 8,661 | 7,998 | 8,661 | 7,998 |
| Other Enterprise Funds | - | - | 536 | 417 | 536 | 417 |
| Total Expenses | 9,153 | 7,808 | 9,983 | 9,029 | 19,136 | 16,837 |
| Increase in Net Assets Before Transfers | 5,625 | 5,635 | 7,782 | 6,343 | 13,407 | 11,978 |
| Transfers/Contributions | 491 | 876 | (492) | (81) | (1) | 795 |
| Increase in Net Assets | 6,116 | 6,511 | 7,290 | 6,262 | 13,406 | 12,773 |
| Net Assets - Beginning | 23,301 | 16,790 | 58,311 | 52,049 | 81,612 | 68,839 |
| Net Assets - Ending | 29,417 | 23,301 | 65,601 | 58,311 | 95,018 | 81,612 |

Governmental-type activities: Governmental-type activities increased by \$6,116, accounting for 46 percent of the total growth in the City's net assets. Public safety (law enforcement) and economic development (Building and Planning Departments) have been the first impacted due to the increased demands. Sales tax revenues have increased more than property tax revenue in the last two years, due to new construction and the impact of retail sales. As long as the interest rates remain reasonably low, the City expects the growth in new construction to continue. The City anticipates a leveling off of sales tax revenue in the near future.

Business-type activities. Business-type activities increased the City of Bonney Lake's net assets by \$7,290, accounting for 54 percent of the total growth in the City's net assets. The majority of this increase is due to capital contribution. Capital contributions emerged as a major revenue source for the Water and Sewer Fund during the current fiscal year and prior fiscal year, producing \$7,702 and \$7,806 in revenue, respectively. This increase is the result of legislation passed by the City Council establishing mandatory system development charges (tap fees) and the construction that is occurring within the City for residential housing and a new downtown business core. The system development charges for water increased substantially starting on January 1, 2005. Many developers took advantage and paid their system development charges for water during the last few days of 2004. The City expects a slightly lower total capital contribution in the future. Tap fees are set significantly in excess of actual connection costs and must use for capital purposes or debt service.

Charges for services for business-type activities increased significantly in 2006 compared to the prior year, while the expenses increased by 9 percent. With the additional operations demands because of growth and the additional debt service demands because Public Work Trust Fund Loans will be providing additional funding for the water and sewer projects, the City Council raised the water and sewer rates in 2005 and 2006. Water rates will be increased by an additional 15% in 2007. Sewer rates were increased by the cost of projected inflation each year over the next two years.

Financial Analysis of the Government's Funds

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

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

As of the end of the 2006 fiscal year, the City of Bonney Lake's governmental funds reported combined ending fund balances of \$14,650, an increase of \$6,266 compared with a decrease of \$8,405 in the prior year. Approximately 46 percent of the ending fund balance total (\$6,710) constitutes *reserved fund balance* to indicate that it is not available for new current operations as it has been committed for capital improvements, debt service or other reserve requirements. The remaining 54 percent of this total amount (\$7,940) constitutes unreserved fund balance.

The General Fund is the chief operating fund of the City of Bonney Lake. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$6,874. No amounts reserved or designated in the General Fund fund balance at year end. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 81 percent of total General Fund expenditures.

During the current fiscal year, the fund balance of the City of Bonney Lake's General Fund increased by \$2,152. Key factor in this growth was an increase in the local tax collection due to the growth the City is experiencing.

Proprietary funds. The City of Bonney Lake's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$1,580. The total growth in net assets for 2006 was \$7,315. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Bonney Lake's business-type activities.

General Fund Budgetary Highlights

During the year, there was an increase of \$1,551 in revenue and a decrease in expenditure appropriations of \$2,497 between amended budget of 2005 to 2006. In the adopted budget ordinance, the City appropriates total expenditures, other financing uses, and ending fund balance as one expenditure total.

Capital Asset and Debt Administration

Capital assets. The City of Bonney Lake's investment in capital assets for its governmental and business-type activities as of December 31, 2006, amounts to \$87,308 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges, and intangible assets such as sewer capacity and water rights. The total investment in capital assets for the current fiscal year increased by \$8,911 or 11 percent (an increase of 6 percent for governmental activities and a 13 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- The City added street infrastructure of \$1,148.
- Water and sewer system improvements were added in the amount of \$9,631.
- The City increased its investment in intangible sewer capacity by \$835.

| City of Bonney Lake | | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Changes in Net Assets | | | | | | |
| (net of depreciation) | | | | | | |
| | Governmental | | Business-Type | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land | 8,451 | 8,397 | 491 | 491 | 8,942 | 8,888 |
| Building | 1,693 | 2,153 | 166 | 169 | 1,859 | 2,322 |
| Improvements Other Than Building | 509 | 362 | 48,726 | 31,602 | 49,235 | 31,964 |
| Machinery & Equipment | 3,098 | 2,530 | 234 | 268 | 3,332 | 2,798 |
| Infrastructure | 3,142 | 2,443 | - | - | 3,142 | 2,443 |
| Intangible Assets | - | - | 20,739 | 17,481 | 20,739 | 17,481 |
| Construction in Progress | - | - | - | 12,502 | - | 12,502 |
| Total | 16,893 | 15,885 | 70,356 | 62,513 | 87,249 | 78,398 |

Additional information on the City of Bonney Lake's capital assets can be found in Note 6 on pages 41-44 of this report.

Long-term debt. At the end of the current fiscal year, the City of Bonney Lake had a total bonded debt outstanding of \$32,891. All special assessment debt was paid in full by the end of the current year. Of this amount, \$1,826 comprises debt backed by the full faith and credit of the government. The remainder of the City of Bonney Lake's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

| City of Bonney Lake | | | | | | |
|--|--------------|--------------|---------------|---------------|---------------|---------------|
| Outstanding Debt | | | | | | |
| General Obligation, Revenue Bonds, Public Works Trust Fund Loans, and Other Debt | | | | | | |
| | Governmental | | Business-Type | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| General Obligation Bonds | 1,545 | 1,815 | - | - | 1,545 | 1,815 |
| Public Works Trust Fund Loans | 755 | 11 | 19,350 | 17,546 | 20,105 | 17,557 |
| Interfund Loan Payable | 1,637 | 1,965 | - | - | 1,637 | 1,965 |
| Installment Note - Tacoma Public Utilities | - | - | 4,159 | 4,621 | 4,159 | 4,621 |
| Special Assessment Debt | - | 5 | - | - | - | 5 |
| Revenue Bonds | - | - | 5,445 | 5,745 | 5,445 | 5,745 |
| Total | 3,937 | 3,796 | 28,954 | 27,912 | 32,891 | 31,708 |

During the current fiscal year, the City of Bonney Lake's total debt increased by \$1,183 (4 percent). This increase was due to issuance of Public Works Trust Fund Loans in the amount of \$3,613.

The City of Bonney Lake and its Water and Sewer Fund both maintain an "A -" underlying rating with "AAA" due to Ambac Insurance from Standard & Poor's Ratings for Water and Sewer Revenue debt.

The 1997 General Obligation Bond was approved with a 3/5 vote of the people. State statutes limit the amount of general obligation debt a governmental entity may issue to 2 1/2 percent of its total assessed valuation with a 60% majority vote of the people. The current debt limitation for the City of Bonney Lake is \$35,884, which is significantly in excess of the City of Bonney Lake's outstanding general obligation debt.

Additional information on the City of Bonney Lake's long-term debt can be found in notes 9 and 10 on pages 48-52 of this report.

Economic Factors and Next Year's Budgets and Rates 2006 was another good year for the Puget Sound economy as well as the State of Washington. The region's job growth rate continues at a steady pace. As of April 2007 Pierce County's unemployment rate stood at 4.7%. This compares to the state at 4.4% and the national unemployment rate of 4.5%.

Despite the strong economy, the City still faces challenges related to area growth especially with respect to infrastructure needs of the area in expansion of streets, water and sewer systems.

The Water and Sewer Fund's rates were increased for the 2006 and 2007 budget year. The water rates were increased by an average of 15 percent for all customers, while the average increase in the sewer rates was 1.5 percent. These rates increase this same percentage for each of the next three years. The water and sewer rates affected both residential and industrial consumers by approximately the same percentage. These increases were necessary to finance debt service on the new debt issued during the current fiscal year by the Water and Sewer Fund. In addition, the Washington State Public Works Board has awarded the City of Bonney Lake additional Public Works Trust Fund Loans adding another \$1,500 in debt which may be subsequently issued by the water and sewer operation in the next few years.

Requests for Information

This financial report is designed to provide a general overview of the City of Bonney Lake's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 19306 Bonney Lake Blvd., Bonney Lake, Washington, 98391-0944.

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City of Bonney Lake
Statement of Net Assets
December 31, 2006
(amounts expressed in dollars)

| | Primary Government | | |
|--|----------------------------|---------------------------------|---------------|
| | Governmental Activities | Business- Type Activities | Total |
| ASSETS | | | |
| Cash & cash equivalents | \$ 16,146,457 | \$ 11,577,093 | \$ 27,723,550 |
| Investments | | 9,977,639 | 9,977,639 |
| Restricted assets: | | | |
| Temporarily restricted: | | | |
| Cash and cash equivalents | 185,519 | 56,147 | 241,666 |
| Receivables (net of allowance for uncollectibles) | 1,050,632 | 1,990,338 | 3,040,970 |
| Internal balances | | | |
| Interfund loan receivable | | 164,067 | 164,067 |
| Special assessment receivable current | 5,441 | | 5,441 |
| Fines and forfeitures receivable | 2,041,887 | | 2,041,887 |
| Less allowance for uncollectible accounts | -1,601,000 | | -1,601,000 |
| Inventories | | 23,578 | 23,578 |
| Prepayments | 500 | | 500 |
| Non-current assets: | | | |
| Internal balances | | | |
| Interfund loan receivable | | 1,637,242 | 1,637,242 |
| Land | 8,451,446 | 490,815 | 8,942,261 |
| Capital assets net of accumulated depreciation: | | | |
| Buildings and system | 1,692,398 | 165,552 | 1,857,950 |
| Improvements other than buildings | 508,478 | 48,725,842 | 49,234,320 |
| Machinery and equipment | 3,098,357 | 233,979 | 3,332,336 |
| Infrastructure | 3,142,332 | | 3,142,332 |
| Intangible assets | | 20,799,630 | 20,799,630 |
| Total assets | 34,722,447 | 95,841,922 | 130,564,369 |
| LIABILITIES | | | |
| Accounts payable and other current liabilities | 728,772 | 727,005 | 1,455,777 |
| Accrued interest payable | | 448,172 | 448,172 |
| Payable from restricted assets: | | | |
| Deposits payable | 185,519 | 56,147 | 241,666 |
| Due within one year | | | |
| Internal balances | | | |
| Interfund loan payable | 164,067 | | 164,067 |
| Bonds, public works trust fund loans, and compensated absences payable | 440,400 | 1,979,270 | 2,419,670 |
| Noncurrent liabilities: | | | |
| Internal balances | | | |
| Interfund loan payable | 1,637,242 | | 1,637,242 |
| Bonds, public works trust fund loans, and compensated absences payable | 2,148,953 | 27,030,806 | 29,179,759 |
| Total liabilities | 5,304,953 | 30,241,400 | 35,546,353 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 14,598,011 | 41,048,881 | 55,646,892 |
| Restricted | 8,527,472 | 22,797,672 | 31,325,144 |
| Unrestricted | 6,292,011 | 1,753,970 | 8,045,981 |
| Total net assets | \$ 29,417,494 | \$ 65,600,523 | \$ 95,018,017 |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Statement of Activities
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets Primary Government | | |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 1,993,973 | \$ 954,096 | \$ 18,847 | \$ | \$ -1,021,030 | \$ | \$ -1,021,030 |
| Public safety | 3,870,953 | | 15,158 | | -3,855,795 | | -3,855,795 |
| Utilities and environment | 212,661 | | | | -212,661 | | -212,661 |
| Highways and streets | 996,757 | 1,255,536 | 46,687 | | 305,466 | | 305,466 |
| Economic development | 1,455,993 | 1,498,156 | 31,500 | | 73,663 | | 73,663 |
| Physical and mental health | 3,081 | | | | -3,081 | | -3,081 |
| Culture and recreation | 350,970 | 661,450 | | 89,800 | 400,280 | | 400,280 |
| Total governmental activities | 8,884,388 | 4,369,238 | 112,192 | 89,800 | -4,313,158 | 0 | -4,313,158 |
| Business-type activities: | | | | | | | |
| Water and sewer | 8,661,169 | 8,628,976 | | 7,628,608 | | 7,596,415 | 7,596,415 |
| Other enterprise fund | 536,285 | 457,291 | | 73,760 | | -5,234 | -5,234 |
| Total business-type activities | 9,197,454 | 9,086,267 | 0 | 7,702,368 | 0 | 7,591,181 | 7,591,181 |
| Total primary government | \$ 18,081,842 | \$ 13,455,505 | \$ 112,192 | \$ 7,792,168 | -4,313,158 | 7,591,181 | 3,278,023 |
| General revenues: | | | | | | | |
| Sales taxes | | | | | 3,473,570 | | 3,473,570 |
| Property taxes | | | | | 2,326,829 | | 2,326,829 |
| Private utility taxes | | | | | 1,264,400 | | 1,264,400 |
| Real estate excise taxes | | | | | 1,164,885 | | 1,164,885 |
| Interfund utility taxes | | | | | 612,630 | | 612,630 |
| Motor fuel excise taxes | | | | | 341,183 | | 341,183 |
| State entitlements - not restricted to specific programs | | | | | 192,966 | | 192,966 |
| Gaming taxes | | | | | 43,585 | | 43,585 |
| Intergovernmental service revenue | | | | | 2,028 | | 2,028 |
| Forest excise tax - private timber | | | | | 248 | | 248 |
| Other revenues: | | | | | | | |
| Unrestricted investment earnings | | | | | 581,532 | 942,969 | 1,524,501 |
| Other income | | | | | 196,029 | 31,727 | 227,756 |
| Proceeds from sale of asset | | | | | 5,746 | 1,325 | 7,071 |
| Transfers for expansion of fleet and cost greater than funding | | | | | 653,968 | -653,968 | 0 |
| Interfund investment earnings | | | | | -162,144 | 162,144 | 0 |
| General expenses: | | | | | | | |
| Interest on long-term debt | | | | | -267,976 | -785,032 | -1,053,008 |
| Amortization of bond discount | | | | | | -1,021 | -1,021 |
| Total general revenues and transfers | | | | | 10,429,479 | -301,856 | 10,127,623 |
| Change in net assets | | | | | 6,116,321 | 7,289,325 | 13,405,646 |
| Total net assets - beginning | | | | | 23,301,173 | 58,311,198 | 81,612,371 |
| Total net assets - ending | | | | | \$ 29,417,494 | \$ 65,600,523 | \$ 95,018,017 |

The notes to the financial statements are an integral part of this statement.

**City of Bonney Lake
Balance Sheet
Governmental Funds
December 31, 2006**
(amounts expressed in dollars)

| | General Fund | Park Impact Fund | Street Construction Fund | Other Governmental Funds | Total |
|--|-------------------------|---------------------------------|---|---|-------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 6,572,385 | \$ | \$ 4,773,495 | \$ 2,895,693 | \$ 14,241,573 |
| Receivables: | | | | | |
| Taxes - delinquent | 92,330 | | | | 92,330 |
| Customer accounts | 72,970 | | | | 72,970 |
| Due from other governments | 700,352 | | 101,092 | 83,888 | 885,332 |
| Prepayments | 500 | | | | 500 |
| Restricted assets: | | | | | |
| Restricted cash deposits | 185,519 | | | | 185,519 |
| Total assets | 7,624,056 | 0 | 4,874,587 | 2,979,581 | 15,478,224 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 399,483 | | 69,312 | 8,195 | 476,990 |
| Due to other governmental units - restricted | 12,196 | | | | 12,196 |
| Deposits payable - restricted | 173,323 | | | | 173,323 |
| Deferred revenue - property taxes | 92,330 | | | | 92,330 |
| Deferred revenue - other | 72,970 | | | | 72,970 |
| Total liabilities | 750,302 | 0 | 69,312 | 8,195 | 827,809 |
| Fund balances: | | | | | |
| Reserved for: | | | | | |
| Debt service | | | | 196,349 | 196,349 |
| Pledged revenues | | | 3,788,829 | 899,786 | 4,688,615 |
| Construction of capital projects | | | 1,016,446 | 808,885 | 1,825,331 |
| Unreserved, undesignated reported in: | | | | | |
| General fund | 6,873,754 | | | | 6,873,754 |
| Special revenue funds | | | | 1,066,366 | 1,066,366 |
| Total fund balances | 6,873,754 | 0 | 4,805,275 | 2,971,386 | 14,650,415 |
| Total liabilities and fund balances | \$ 7,624,056 | \$ 0 | \$ 4,874,587 | \$ 2,979,581 | |

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

| | |
|--|----------------------|
| Special assessment receivable are not current financial resources and, therefore not reported in the fund | 5,441 |
| Fines and forfeitures receivable and allowance for uncollectible accounts are not current financial resources and, therefore not reported in the fund | 440,887 |
| Capital assets used in governmental activities are not financial resources and, therefore not reported in the fund | 14,454,685 |
| Internal service funds are used by management to charge the cost of equipment repairs, maintenance and insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. | 4,255,503 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds. | -2,300,400 |
| Compensated absences are not due and payable in the current period and therefore not reported in the funds. | -287,728 |
| Interfund loan payable to Business-type activities are not due and payable in the current period and therefore not reported in the funds. | -1,801,309 |
| Net assets of governmental activities | \$ 29,417,494 |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | <u>General Fund</u> | <u>Park Impact Fund</u> | <u>Street Construction Fund</u> | <u>Other Governmental Fund</u> | <u>Total</u> |
|--|---------------------|-------------------------|---------------------------------|--------------------------------|----------------------|
| REVENUES | | | | | |
| Taxes: | | | | | |
| Property | \$ 2,027,754 | \$ | \$ | \$ 299,075 | \$ 2,326,829 |
| Retail sales & use taxes | 3,473,570 | | | | 3,473,570 |
| Real estate excise tax | | | 582,443 | 582,442 | 1,164,885 |
| Other taxes | 1,923,863 | | | | 1,923,863 |
| Licenses and permits | 1,498,156 | | | | 1,498,156 |
| Intergovernmental | 307,186 | | 341,183 | 89,800 | 738,169 |
| Charges for services | 164,022 | | 1,255,536 | 661,450 | 2,081,008 |
| Fines and forfeitures | 615,332 | | | 174,742 | 790,074 |
| Special assessments | | | | 11,782 | 11,782 |
| Miscellaneous: | | | | | |
| Interest | 309,756 | | 189,311 | 132,835 | 631,902 |
| Other | 249,761 | | | 7,200 | 256,961 |
| Total revenues | <u>10,569,400</u> | <u>0</u> | <u>2,368,473</u> | <u>1,959,326</u> | <u>14,897,199</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government services | 2,522,379 | | | | 2,522,379 |
| Public safety | 3,396,441 | | | 104,724 | 3,501,165 |
| Utilities and environment | 242,945 | | | | 242,945 |
| Highway and streets | 586,552 | | 70,871 | | 657,423 |
| Economic environment | 1,417,072 | | | | 1,417,072 |
| Physical and mental health | 3,081 | | | | 3,081 |
| Culture and recreation | 287,294 | | | | 287,294 |
| Debt service: | | | | | |
| Principal | 5,400 | | | 545,287 | 550,687 |
| Interest | | | | 389,523 | 389,523 |
| Other | 196 | | | | 196 |
| Capital Outlay: | | | | | |
| Highways and streets | | | 1,148,139 | | 1,148,139 |
| Other | | | | 510,412 | 510,412 |
| Total expenditures | <u>8,461,360</u> | <u>0</u> | <u>1,219,010</u> | <u>1,549,946</u> | <u>11,230,316</u> |
| Excess(deficiency) of revenues over (under) expenditures | <u>2,108,040</u> | <u>0</u> | <u>1,149,463</u> | <u>409,380</u> | <u>3,666,883</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in: | 1,037,630 | 3,595,833 | 2,905,811 | 1,656,236 | 9,195,510 |
| Proceeds of long term debt | | | 750,000 | | 750,000 |
| Loan repayment received | 111,220 | | | | 111,220 |
| Other financing sources | 23,763 | | | | 23,763 |
| Sale of capital assets | 5,745 | | | | 5,745 |
| Transfers out: | -1,134,298 | -469,743 | | -4,252,695 | -5,856,736 |
| Total other financing sources and (uses) | <u>44,060</u> | <u>3,126,090</u> | <u>3,655,811</u> | <u>-2,596,459</u> | <u>4,229,502</u> |
| Net change in fund balances | <u>2,152,100</u> | <u>3,126,090</u> | <u>4,805,274</u> | <u>-2,187,079</u> | <u>7,896,385</u> |
| Fund balances - beginning | 4,721,653 | -3,126,090 | | 5,158,463 | 6,754,026 |
| Fund balances - ending | <u>\$ 6,873,753</u> | <u>\$ 0</u> | <u>\$ 4,805,274</u> | <u>\$ 2,971,384</u> | <u>\$ 14,650,411</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2006
(amounts expressed in dollars)

Amounts reported for governmental activities in the statement of activities (page 24) are different because:

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds (page 26) | \$ 7,896,385 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 1,658,551 |
| Receipt of proceeds of long term debt increases the current financial resources of government funds but has no effect on net assets. | -750,000 |
| The repayment of principal on long-term debt consumes the current financial resources of government funds but has no effect on net assets. | 275,400 |
| The repayment of principal on interfund loans consumes the current financial resources of government funds but has no effect on net assets. | 269,887 |
| In addition, the internal transfer between the general fund and parks construction fund has been eliminated | -111,220 |
| Futhermore, the interest income from the interfund loan between the governmental funds has been eliminated. | 121,547 |
| Transfer of interfund loans payable over nine years from the governmental funds to statement of net assets increases the current financial resources of government funds but has no effect on net assets. | -3,595,832 |
| Internal service funds are used by management to charge cost of equipment repair, maintenance and insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. | 42,541 |
| In addition, the internal transfer between the internal service funds has been eliminated. | -6,272 |
| The transfer between the governmental funds and the internal service funds for equipment rental and insurance has been eliminated | 1,202,672 |
| The City elected to use a full-cost allocation approach among functions, for "centralized" expenses, which include an administrative overhead. The statement of activities has been modified by the duplication reported in the combining statements. | -945,614 |
| In addition the transfer between the internal services funds and the general fund has been eliminated. | 58,276 |
| Change in net assets of governmental activities (page 24) | <u>\$ 6,116,321</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | <u>Budgeted Amounts</u> | | <u>General Fund</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|---------------------|---------------------|-----------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 1,942,503 | \$ 1,942,503 | \$ 2,027,754 | \$ 85,251 |
| Retail sales & use taxes | 3,232,203 | 3,232,203 | 3,473,570 | 241,367 |
| Other taxes | 1,840,861 | 1,840,861 | 1,923,863 | 83,002 |
| Licenses and permits | 1,178,329 | 1,178,329 | 1,498,156 | 319,827 |
| Intergovernmental | 284,886 | 284,886 | 307,186 | 22,300 |
| Charges for services | 108,460 | 108,460 | 164,022 | 55,562 |
| Fines and forfeitures | 424,923 | 424,923 | 615,332 | 190,409 |
| Miscellaneous: | | | | |
| Interest | 184,300 | 184,300 | 309,756 | 125,456 |
| Other | 218,778 | 218,778 | 249,761 | 30,983 |
| Total revenues | <u>9,415,243</u> | <u>9,415,243</u> | <u>10,569,400</u> | <u>1,154,157</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government services | 2,949,232 | 2,949,232 | 2,522,379 | 426,853 |
| Public safety | 3,428,935 | 3,428,935 | 3,396,441 | 32,494 |
| Utilities and environment | 256,865 | 256,865 | 242,945 | 13,920 |
| Highway and streets | 627,703 | 627,703 | 586,552 | 41,151 |
| Economic environment | 1,704,725 | 1,704,725 | 1,417,072 | 287,653 |
| Physical and mental health | 5,000 | 5,000 | 3,081 | 1,919 |
| Culture and recreation | 355,876 | 355,876 | 287,294 | 68,582 |
| Debt Service | | | | |
| Principal | | | 5,400 | -5,400 |
| Other | | | 196 | -196 |
| Capital Outlay | | | | |
| Total expenditures | <u>9,328,336</u> | <u>9,328,336</u> | <u>8,461,360</u> | <u>866,976</u> |
| Excess(deficiency) of revenues over (under) expenditures | <u>86,907</u> | <u>86,907</u> | <u>2,108,040</u> | <u>2,021,133</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in: | 978,830 | 978,830 | 1,037,630 | 58,800 |
| Loan repayment received | | | 111,220 | 111,220 |
| Other financing sources | | | 23,763 | 23,763 |
| Sale of capital assets | | | 5,745 | 5,745 |
| Transfers out: | -1,169,315 | -1,169,315 | -1,134,298 | 35,017 |
| Total other financing sources and (uses) | <u>-190,485</u> | <u>-190,485</u> | <u>44,060</u> | <u>234,545</u> |
| Net change in fund balances | <u>-103,578</u> | <u>-103,578</u> | <u>2,152,100</u> | <u>2,255,678</u> |
| Fund balances - beginning | 4,196,617 | 4,196,617 | 4,721,653 | 525,036 |
| Fund balances - ending | <u>\$ 4,093,039</u> | <u>\$ 4,093,039</u> | <u>\$ 6,873,753</u> | <u>\$ 2,780,714</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Parks Impact Fund
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | <u>Budgeted Amounts</u> | | <u>Parks Impact Fund</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-----------------|----------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Charges for services | \$ | \$ | \$ | \$ 0 |
| Miscellaneous: | | | | |
| Interest | | | | 0 |
| Total revenues | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | | | | 0 |
| Interest | | | | 0 |
| Capital Outlay: | | | | |
| Highways and streets | | | | 0 |
| Other | | | | 0 |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess(deficiency) of revenues over (under) expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in: | | | 3,595,833 | 3,595,833 |
| Transfers out: | -471,585 | -471,585 | -469,743 | 1,842 |
| Total other financing sources and (uses) | <u>-471,585</u> | <u>-471,585</u> | <u>3,126,090</u> | <u>3,597,675</u> |
| Net change in fund balances | <u>-471,585</u> | <u>-471,585</u> | <u>3,126,090</u> | <u>3,597,675</u> |
| Fund balances - beginning | 471,585 | 471,585 | -3,126,090 | -3,597,675 |
| Fund balances - ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

**City of Bonney Lake
Statement of Net Assets
Proprietary Funds
December 31, 2006**
(amounts expressed in dollars)

| | Business Type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|---|--|-------------------------------------|----------------------|---|
| | Water and Sewer | Nonmajor Enterprise Fund | Total | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash & cash equivalents | \$ 11,436,072 | \$ 141,021 | \$ 11,577,093 | \$ 1,904,884 |
| Investments | 9,977,639 | | 9,977,639 | |
| Restricted cash, cash equivalents and investments: | | | | |
| Deposits | 56,147 | | 56,147 | |
| Accounts receivable (net of allowance for uncollectibles) | 1,340,969 | 43,919 | 1,384,888 | |
| Due from other governmental units | 605,450 | | 605,450 | |
| Interfund loan receivable - current | 164,067 | | 164,067 | |
| Inventories | 23,578 | | 23,578 | |
| Total current assets | <u>23,603,922</u> | <u>184,940</u> | <u>23,788,862</u> | <u>1,904,884</u> |
| Noncurrent assets: | | | | |
| Interfund loan receivable | 1,637,242 | | 1,637,242 | |
| Capital assets: | | | | |
| Capital assets not being depreciated | | | | |
| Land | 490,815 | | 490,815 | |
| Capital assets net of accumulated depreciation | | | | |
| Buildings and system | 165,552 | | 165,552 | |
| Improvements other than buildings | 47,385,219 | 1,340,623 | 48,725,842 | |
| Machinery and equipment | 233,979 | | 233,979 | 2,438,326 |
| Intangible asset | 20,705,858 | 93,772 | 20,799,630 | |
| Total capital assets (net of accumulated depreciation) | <u>68,981,423</u> | <u>1,434,395</u> | <u>70,415,818</u> | <u>2,438,326</u> |
| Total noncurrent assets | <u>70,618,665</u> | <u>1,434,395</u> | <u>72,053,060</u> | <u>2,438,326</u> |
| Total assets | <u>94,222,587</u> | <u>1,619,335</u> | <u>95,841,922</u> | <u>4,343,210</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and other current liabilities | 716,386 | 10,619 | 727,005 | 86,482 |
| Payable from restricted assets - deposits payable | 56,147 | | 56,147 | |
| Accrued interest payable | 448,172 | | 448,172 | |
| Current portion of principal payments | 1,979,269 | | 1,979,269 | |
| Total current liabilities | <u>3,199,974</u> | <u>10,619</u> | <u>3,210,593</u> | <u>86,482</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences | 70,807 | | 70,807 | 1,225 |
| Revenue bonds payable (net on unamortized discounts and deferred amount on refunding) | 5,110,876 | | 5,110,876 | |
| Public works trust fund loans payable | 18,152,101 | | 18,152,101 | |
| Contract payable for purchase of water rights | 3,697,022 | | 3,697,022 | |
| Total noncurrent liabilities | <u>27,030,806</u> | <u>-</u> | <u>27,030,806</u> | <u>1,225</u> |
| Total liabilities | <u>30,230,780</u> | <u>10,619</u> | <u>30,241,399</u> | <u>87,707</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 39,614,486 | 1,434,395 | 41,048,881 | 2,438,326 |
| Restricted for capital assets acquisition or debt service | 20,996,363 | | 20,996,363 | 1,817,177 |
| Restricted for interfund loan receivable | 1,801,309 | | 1,801,309 | |
| Unrestricted | 1,579,649 | 174,321 | 1,753,970 | |
| Total net assets | <u>\$ 63,991,807</u> | <u>\$ 1,608,716</u> | <u>\$ 65,600,523</u> | <u>\$ 4,255,503</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | Business Type Activities - | | | Governmental |
|---|-----------------------------------|------------------------|----------------------|-------------------------|
| | Enterprise Funds | | | |
| | Water and | Nonmajor | Total | Internal Service |
| | Sewer | Enterprise Fund | | Funds |
| Operating revenues: | | | | |
| Charges for sales and services: | | | | |
| Water sales | \$ 5,237,916 | \$ | \$ 5,237,916 | \$ |
| Sewer sales | 2,654,995 | | 2,654,995 | |
| Water sales pledges as security for revenue bonds | 622,870 | | 622,870 | |
| Sewer charges pledged as security for revenue bonds | 113,195 | | 113,195 | |
| Other sales and services | | 457,291 | 457,291 | |
| Total operating revenues | <u>8,628,976</u> | <u>457,291</u> | <u>9,086,267</u> | <u>0</u> |
| Operating expenses: | | | | |
| Cost of sales and services | 2,828,030 | 184,674 | 3,012,704 | 387,348 |
| Administration | 992,762 | 67,448 | 1,060,210 | 27,720 |
| Insurance premium | | | 0 | 240,886 |
| External and interfund taxes | 1,013,545 | 37,766 | 1,051,311 | |
| Depreciation expense | 2,653,922 | 55,758 | 2,709,680 | 357,345 |
| Total operating expenses | <u>7,488,259</u> | <u>345,646</u> | <u>7,833,905</u> | <u>1,013,299</u> |
| Operating Income (Loss) | <u>1,140,717</u> | <u>111,645</u> | <u>1,252,362</u> | <u>-1,013,299</u> |
| Nonoperating revenues (expenses): | | | | |
| Other income | 30,865 | 862 | 31,727 | 6,860 |
| Investment earnings | 932,576 | 10,393 | 942,969 | 71,382 |
| Interfund investment earnings | 162,144 | | 162,144 | |
| Interest expense and other debt service costs | -785,032 | | -785,032 | |
| Amortization of bond discount | -1,021 | | -1,021 | |
| Gain on sale of capital assets | 1,325 | | 1,325 | |
| Total nonoperating revenue (expenses) | <u>340,857</u> | <u>11,255</u> | <u>352,112</u> | <u>78,242</u> |
| Income before contributions and transfers | 1,481,574 | 122,900 | 1,604,474 | -935,057 |
| Capital contributions | | | | |
| System development fees -water | 4,585,121 | | 4,585,121 | |
| System development fees -sewer | 3,024,807 | | 3,024,807 | |
| System development fees - stormwater | | 73,760 | 73,760 | |
| Developer capital contributions - water | 18,680 | | 18,680 | |
| Removal of drug seizure car | | | | -35,701 |
| Transfers from other funds | | | | 2,345,095 |
| Transfers to other funds | -1,794,787 | -222,730 | -2,017,517 | -70,520 |
| Change in net assets | 7,315,395 | -26,070 | 7,289,325 | 1,303,817 |
| Total net assets - beginning | <u>56,676,412</u> | <u>1,634,786</u> | <u>58,311,198</u> | <u>2,951,686</u> |
| Total net assets - ending | <u>\$ 63,991,807</u> | <u>\$ 1,608,716</u> | <u>\$ 65,600,523</u> | <u>\$ 4,255,503</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|--|--|-------------------------------------|----------------------|---|
| | Water and Sewer | Nonmajor Enterprise Fund | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 8,225,612 | \$ 455,391 | \$ 8,681,003 | \$ 726,475 |
| Payments for external and interfund taxes | -1,013,545 | -37,766 | -1,051,311 | -70,520 |
| Payments to employees | -1,944,894 | -228,500 | -2,173,394 | |
| Payments to suppliers | -1,921,621 | -17,292 | -1,938,913 | -463,992 |
| Transfer to other funds for services rendered | -1,794,787 | -222,730 | -2,017,517 | -115,362 |
| Net cash provided by operating activities | <u>1,550,765</u> | <u>-50,897</u> | <u>1,499,868</u> | <u>76,601</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Other non-operating revenues | 74,808 | 863 | 75,671 | |
| Transfers to other funds | | -14,173 | -14,173 | |
| Net cash provided by noncapital and related financing activities | <u>74,808</u> | <u>-13,310</u> | <u>61,498</u> | <u>0</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Receipt of public works trust fund loans | 2,199,265 | | 2,199,265 | |
| Transfers from other funds | | | 0 | 1,618,620 |
| Proceeds from system development charges (tap fees) | 7,609,928 | 73,760 | 7,683,688 | |
| Sale of capital assets | 1,325 | | 1,325 | |
| Purchases or construction of capital assets | -9,631,056 | -112,526 | -9,743,582 | -1,057,520 |
| Purchase of sewer capacity - intangible | -835,820 | | -835,820 | |
| Principal paid on capital debt | -1,820,856 | | -1,820,856 | |
| Insurance recoveries | | | 0 | 6,860 |
| Interest paid on capital debt | -642,159 | | -642,159 | |
| Net cash provided by capital and related financing activities | <u>-3,119,373</u> | <u>-38,766</u> | <u>-3,158,139</u> | <u>567,960</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Sale of investment | | | | |
| Interfund loan repayment received | 164,067 | | 164,067 | |
| Interest earned from interfund loan | 162,144 | | 162,144 | |
| Interest and dividends received | 959,440 | 10,656 | 970,096 | 72,683 |
| Purchase of investments | -9,977,639 | | -9,977,639 | |
| Net cash from investing activities | <u>-8,691,988</u> | <u>10,656</u> | <u>-8,681,332</u> | <u>72,683</u> |
| Net increase in cash and cash equivalents | -10,185,788 | -92,317 | -10,278,105 | 717,244 |
| Cash and cash equivalents - January 1 | 21,621,860 | 233,338 | 21,855,198 | 1,187,640 |
| Cash and cash equivalents - December 31 | <u>\$ 11,436,072</u> | <u>\$ 141,021</u> | <u>\$ 11,577,093</u> | <u>\$ 1,904,884</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | 1,140,717 | 111,645 | 1,252,362 | -1,013,299 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 2,655,149 | 55,758 | 2,710,907 | |
| Amortization expense | 1,020 | | 1,020 | |
| Transfer from other funds for operations and maintenance | | | | 726,475 |
| Transfer from other funds for replacement (depreciation) | | | | 357,345 |
| Transfer to other funds for service rendered | -1,794,787 | -222,730 | -2,017,517 | -70,520 |
| Decrease (Increase) in accounts receivable | -470,013 | -627 | -470,640 | |
| (Increase) in interest receivable | -55,497 | 263 | -55,234 | |
| Decrease in inventory | 50,243 | | 50,243 | |
| Increase (decrease) in accounts payable | 23,676 | 6,330 | 30,006 | 76,600 |
| Increase (decrease) in benefits payable | 257 | -1,536 | -1,279 | |
| Total adjustments | <u>410,048</u> | <u>-162,542</u> | <u>247,506</u> | <u>1,089,900</u> |
| Net cash provided by operating activities | <u>\$ 1,550,765</u> | <u>\$ -50,897</u> | <u>\$ 1,499,868</u> | <u>\$ 76,601</u> |
| Noncash investing, capital, and financing activities: | | | | |
| Capital assets donated by developers | | | | |
| Water distribution improvements | | | | |
| Sewer collection improvements | | | | |
| Stormwater collection improvements | | | | |

The notes to the financial statements are an integral part of this statement.

Agency Funds
December 31, 2006
(amounts expressed in dollars)

| | <u>Agency Total</u> |
|---------------------------|--------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,347,270 |
| Accounts receivable | 390,703 |
| Total assets | <u><u>1,737,973</u></u> |
| LIABILITIES | |
| Accounts payable | 49,056 |
| Interest payable | 35,812 |
| Fiduciary payable | <u>1,653,105</u> |
| Total liabilities | <u><u>1,737,973</u></u> |
| NET ASSETS | <u><u>\$ 0</u></u> |

The notes to the financial statements are an integral part of this statement.

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CITY OF BONNEY LAKE
Notes to the Financial Statements
December 31, 2006

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CITY OF BONNEY LAKE
Notes to the Financial Statements
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bonney Lake have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The City of Bonney Lake, organized as a non-chartered code city, was incorporated in 1949 utilizing the Mayor/Council form of government. The City's legislative authority, the City Council, consists of a Mayor and seven Council members who are elected to overlapping four-year terms of office. The Council is responsible for assuring citizen representation through policy direction and adoption of local codes and legislation.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities. Business-type activities are those that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City's policy is to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds' financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The city considers property taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is accrued as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The General Fund is the City's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Parks Impact Fund uses funds collected to provide urban park development and infrastructure.
- The Street Capital Improvement Fund is used for capital purposes such as roads, streets, sidewalks and street lights.

The City reports the following major proprietary fund:

- The Water and Sewer Fund accounts for the activities of water distribution and sewer collection for the City. The City operates a water distribution system. In addition, the City has capacity agreement with the City of Sumner, who operates the sewer treatment plant. The City operates its sewage pumping stations and collection systems.

Additionally, the City reports the following fund types:

Internal Service Funds account for fleet management services and insurance provided to other departments of the government on a cost-reimbursement basis.

Agency Funds account for retainage that the City holds for City contractors on the City's own projects and funds on deposit by private developers for improvements when the infrastructure will be donated to the City at a later date.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of the interfund activity has been eliminated for the government-wide

financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are water distribution and sewage collection. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

D. Budgetary Information

1. Scope of Budget

Annual budgets are adopted for all governmental funds on a basis consistent with generally accepted accounting principles. Budgets are adopted at the level of the fund, and the budgets constitute the legal authority for expenditures at that level. Appropriations lapse at year-end.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the year.

During 2006, the budget for 2006 was adopted by Ordinance No. 1169, and subsequently amended by Ordinances No. 1178 and 1215. In addition, both Ordinance 1169 (original budget) and Ordinance 1215 (final amended budget) include total revenues/sources (including beginning fund balances) under "Revenues", and expenditures/uses (including ending fund balances) under "Expenditures."

| CHART FOR SUPPLEMENTAL BUDGETS | | | | |
|---|-----------------|---------------|-----------------|---------------|
| Fund | Ordinance #1169 | | Ordinance #1215 | |
| | Revenues | Expenditures | Revenues | Expenditures |
| General | \$ 14,590,690 | \$ 14,590,690 | \$ 14,590,690 | \$ 14,590,690 |
| Street | 38,015 | 38,015 | 88,662 | 88,662 |
| Drug Investigation | 702,116 | 702,116 | 702,116 | 702,116 |
| Cumulative Reserve | 231,609 | 231,609 | 231,609 | 231,609 |
| Contingency | 337,147 | 337,147 | 337,147 | 337,147 |
| Eden Upgrade | 2,976 | 2,976 | 2,976 | 2,976 |
| Traffic Mitigation | 473,993 | 473,993 | 473,993 | 473,993 |
| Parks Impact Fees | 471,585 | 471,585 | 471,585 | 471,585 |
| Transportation Impact Fees | 1,600,798 | 1,600,798 | 1,600,798 | 1,600,798 |
| 1997 GO Refunded Bond | 473,347 | 473,347 | 473,347 | 473,347 |
| LID #11 | 52,430 | 52,430 | 52,430 | 52,430 |
| LID #12 | 68,698 | 68,698 | 68,698 | 68,698 |
| LID #13 | 34,000 | 34,000 | 34,000 | 34,000 |
| LID Guarantee | 70,586 | 70,586 | 70,586 | 70,586 |
| Streets Capital Improveemnt | 7,436,089 | 7,436,089 | 7,436,089 | 7,436,089 |
| Parks Capital Improvement | 2,322,898 | 2,322,898 | 2,322,898 | 2,322,898 |
| Municipal Capital Improvement | 1,542,241 | 1,542,241 | 1,671,276 | 1,671,276 |
| Public Safety Maintenance and Capital Improvement | 57,720 | 57,720 | 58,216 | 58,216 |
| General Government Capital | 501,575 | 501,575 | 501,575 | 501,575 |
| Water | 25,031,606 | 25,031,606 | 25,031,606 | 25,031,606 |
| Sewer | 11,416,942 | 11,416,942 | 11,916,942 | 11,916,942 |
| Stormwater | 815,059 | 815,059 | 815,059 | 815,059 |
| Equipment Rental and Replacement | 3,132,177 | 3,132,177 | 3,132,177 | 3,132,177 |
| Insurance | 540,097 | 540,097 | 540,097 | 540,097 |
| Total: All Funds | \$ 71,944,394 | \$ 71,944,394 | \$ 72,624,572 | \$ 72,624,572 |

E. Assets, Liabilities and Equities

1. Cash and Cash Equivalents

It is the City's policy to invest all temporary cash surpluses. At December 31, 2006, the treasurer was holding \$26,702,543 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds.

The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balances maintained during 2006 were approximately \$1,115,921.

For purposes of the statement of cash flows, the City considers all highly liquid investments including restricted assets with a maturity of three months or less when purchased to be cash equivalents.

2. Investments See Deposit and Investments Note No. 4.

3. Receivables

Taxes receivable consists of property taxes and related interest and penalties (See Property Taxes Note No 5.).

Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments on the fund financial statements consist of unbilled special assessments that are liens against the property benefited. As of December 31, 2006, no delinquent special assessments receivable were delinquent.

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

4. Amounts Due to and from Other Funds, Governments, and Interfund Loans

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “interfund loans receivable/payable”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” A separate schedule of interfund loans receivable and payable is furnished in Note 11.

Interfund loans between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

5. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. A comparison to market value is not considered necessary.

Inventories in proprietary funds are valued by the LIFO method (which approximates the market value).

6. Restricted Assets and Liabilities

These accounts contain deposits for services to be rendered. The current portion of related liabilities is shown as *Payables from Restricted Assets*.

The restricted assets are composed of the following:

| | |
|---------------------------------|-----------|
| Cash and Investments - Deposits | \$241,666 |
|---------------------------------|-----------|

7. Capital Assets See Capital Assets Note No 6.

Capital assets are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets include, but not limited to property, plant, equipment, infrastructure, and intangible assets. Examples of common types of infrastructure include roads, bridges, sidewalks, and similar items. Examples of common types of intangible assets include water rights and sewer capacity. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or

constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, including governmental infrastructure constructed or acquired during the current year.

Under the requirements of GASB 34, the City has until 2008 to record the remainder of its infrastructure assets. Interest incurred during the construction phase of the capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using a combination of group depreciation and straight line method over the following estimated useful lives:

| Useful Lives | |
|-------------------------|--------------|
| <u>Asset Type</u> | <u>Years</u> |
| Office Furniture | 10 |
| Computer Equipment | 4-5 |
| Machinery and Equipment | 5-50 |
| Other Improvements | 30-40 |
| Building and Structures | 45-50 |
| Infrastructure | 30-60 |

8. Compensated Absences

Compensated absences, such as vacation and sick leave are absences for which employees will be paid. All vacation and sick pay is accrued when incurred in the government-wide, and proprietary fund financial statements.

Vacation pay may be accumulated up to a maximum of 45 days. A maximum payable upon resignation, retirement or death is 30 days.

In accordance with the provisions of GASB No. 16, Accounting for “Compensated Absences,” no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as “terminal leave” prior to retirement. A maximum of 30 days is payable upon resignation, retirement, or death. Sick leave may accumulate up to a maximum of 960 hours. After 5 years employment, 25% of accumulated sick leave up to a maximum of 720 hours is payable upon resignation or layoff. Upon retirement, or death, 100% of accumulated sick leave up to a maximum of 720 hours is payable.

9. Long-Term Debt See Long Term Debt Note 9

10. Fund Reserves and Designations

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets

The governmental funds' balance sheet includes reconciliation between fund balance (total governmental funds and net assets) governmental activities as reported in the government-wide statement of net assets.

B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds' statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances (total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities).

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 4 - DEPOSITS AND INVESTMENTS

DEPOSITS

The City's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

As of December 31, 2006, the City had the following investment:

| Investment Type | Fair Value | Weighted Average Maturity Days) |
|----------------------------------|-------------|---------------------------------|
| US Government Sponsored Agencies | \$9,977,639 | 386 days |
| Total | \$9,977,639 | 386 days |

Investments for the government are reported at fair value.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. During 2006, the city did not have any custodial credit risk because all investments were held by the State Treasurer in the Local Government Investment Pool, or held by the City in its own trust account.

GASB 40 General Disclosure and Disclosure relating to interest rate risk/segmented time distribution method

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City of Bonney Lake Investment Policy allows for authorized investments up to 36 months to maturity.

One way the City manages its exposure to interest rate risk is by timing cash flows from maturities so that portions of the portfolio are maturing over time to provide cash flow and liquidity needed for operations. In addition to the \$4,010,000 maturing in 12 months or less, the City has for immediate use deposits of \$26,702,500 with the State Treasurer's Local Government Investment Pool.

| Investment Type | Par | Maturing 12 Months or Less | Maturing 13-24 Months | Maturing 25-36 Months |
|---|---------------------|---|--------------------------------------|--------------------------------------|
| Fixed Rate Non-Callable Agency Securities | \$10,025,000 | \$4,010,000 | \$4,015,000 | \$2,000,000 |
| Total | \$10,025,000 | \$4,010,000 | \$4,015,000 | \$2,000,000 |
| | | 40% | 40% | 20% |

GASB 40 Disclosures Relating to Credit Risk

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by state statute, which is the same in the City Investment policy and the actual rating as of the end of the year 2006 for each type of investment. AAA is the highest rating for bonds.

| Investment Type | Par | Minimum Legal Requirement | Current Credit Rating AAA |
|--|---------------------|--|--|
| Fixed Rate Non-Callable Agency Securities | \$7,025,000 | AAA | \$7,025,000 |
| Variable Rate Non-Callable Agency Securities | 3,000,000 | AAA | 3,000,000 |
| Total | \$10,025,000 | AAA | \$10,025,000 |

GASB 40 Disclosure relating to credit risk

Concentration Risk disclosure is required for all investments in any one issuer that is 5% or more of the total of the City's investments. The following issuers are all Government Sponsored Agencies and they all have an AAA rating.

| Issuer | Investment Type | Reported Amount | Percentage |
|--|------------------------|----------------------------|-------------------|
| Federal Home Loan Bank | Agency Securities | \$6,983,147 | 70% |
| Federal Home Loan Mortgage Corporation | Agency Securities | 995,284 | 10% |
| Federal National Mortgage Association | Agency Securities | 1,999,208 | 20% |
| Total | | \$9,977,639 | 100% |

NOTE 5 - PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities.

| Property Tax Calendar | |
|------------------------------|--|
| January 1 | 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. |

Property taxes are recorded as a receivable and revenue when levied. Property taxes collected in advance of the fiscal year to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The city may levy up to \$3.6 per \$1,000 of assessed valuation for general governmental services. This amount does not include voter approved special levy for payment of debt on the Public Safety Building. Because the city belongs to the local fire district and library district, according to law the local fire district's levy and the library district's levy must be subtracted from the City's levy. Since these districts are currently levying their maximum amounts, the local levy can be no higher than \$1.60 per \$1,000. (\$3.60 less \$1.50 for the fire district less \$.50 for the library district = \$1.60.)

Special levies approved by the voters are not subject to the limitations listed above. In 2006, the City levied an additional \$.3056 per \$1,000 for debt service on the Public Safety Building for a total additional levy of \$362,563.

For 2006, the city levied the following property taxes on an assessed value of \$2.447 billion. The special levy identified in the table below was approved by the voters and is not subject to the limitations listed above.

| Purpose of Levy | Levy Rate per \$1,000 | Total Levy Amount |
|---|------------------------------|--------------------------|
| General Government | 1.5400 | \$1,942,503 |
| Debt service for Public Safety Building | .3056 | 362,563 |
| Total | 1.8456 | \$2,305,066 |

Washington State Constitution and Washington State law RCW 84.55.010 limits the rate.

NOTE 6 – CAPITAL ASSETS

A. Capital Assets

Capital assets activity for the year ended December 31, 2006 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|--------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 8,396,946 | \$ 54,500 | \$ - | \$ 8,451,446 |
| Construction in progress | - | - | - | - |
| Total capital assets, not being depreciated | <u>8,396,946</u> | <u>54,500</u> | <u>-</u> | <u>8,451,446</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 4,307,432 | 231,232 | - | 4,538,664 |
| Improvements other than buildings | 693,161 | 224,681 | - | 917,842 |
| Machinery and equipment | 1,551,622 | 200,023 | - | 1,751,645 |
| Rolling Stock | 2,892,028 | 1,057,520 | (53,290) | 3,896,258 |
| Infrastructure | 2,598,837 | 786,646 | - | 3,385,483 |
| Total capital assets being depreciated | <u>12,043,080</u> | <u>2,500,102</u> | <u>(53,290)</u> | <u>14,489,892</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 2,153,716 | 692,550 | - | 2,846,266 |
| Improvements other than buildings | 331,124 | 78,240 | - | 409,364 |
| Machinery and equipment | 795,699 | 295,915 | - | 1,091,614 |
| Rolling Stock | 1,118,170 | 357,345 | (17,589) | 1,457,926 |
| Infrastructure | 156,282 | 86,869 | - | 243,151 |
| Total accumulated depreciation | <u>4,554,991</u> | <u>1,510,919</u> | <u>(17,589)</u> | <u>6,048,321</u> |
| Total capital assets, being depreciated, net | <u>7,488,089</u> | <u>989,183</u> | <u>(35,701)</u> | <u>8,441,571</u> |
| Governmental activities capital assets, net | <u>\$ 15,885,035</u> | <u>\$ 1,043,683</u> | <u>\$ (35,701)</u> | <u>\$ 16,893,017</u> |

| | Beginning Balance | Increases | Transfers | Decreases | Ending Balance |
|--|----------------------|--------------|--------------|-------------|-------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 490,815 | \$ - | \$ - | \$ - | \$ 490,815 |
| Construction in progress | 12,501,773 | - | (12,501,773) | - | - |
| Total capital assets, not being depreciated | 12,992,588 | - | (12,501,773) | - | 490,815 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 296,618 | 6,109 | - | - | 302,727 |
| Improvements other than buildings | 45,815,797 | 9,625,038 | 8,979,894 | - | 64,420,729 |
| Machinery and equipment | 832,903 | - | - | - | 832,903 |
| Intangible Assets | 20,456,377 | 948,347 | 3,521,879 | (73,539) | 24,853,064 |
| Total capital assets being depreciated | 67,401,695 | 10,579,494 | 12,501,773 | (73,539) | 90,409,423 |
| Less accumulated depreciation for: | | | | | |
| Buildings and system | 127,565 | 9,610 | - | - | 137,175 |
| Improvements other than buildings | 14,182,546 | 1,512,341 | - | - | 15,694,887 |
| Machinery and equipment | 564,700 | 34,224 | - | - | 598,924 |
| Intangible Assets | 2,975,397 | 1,149,827 | - | (11,031) | 4,114,193 |
| Total accumulated depreciation | 17,850,208 | 2,706,002 | - | (11,031) | 20,545,179 |
| Total capital assets, being depreciated, net | 49,551,487 | 7,873,492 | 12,501,773 | (62,508) | 69,864,244 |
| Business-type activities capital assets, net | \$ 62,544,075 | \$ 7,873,492 | \$ - | \$ (62,508) | \$ 70,355,059 |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|---|--------------|
| Governmental activities: | |
| General government | \$ 1,519 |
| Public safety | 157,286 |
| Utilities and Environment | 149,345 |
| Highway and Streets | 23,672 |
| Economic environment | 11,102 |
| Culture & recreation | 10,086 |
| Equipment Rental | 4,335 |
| Government-wide | 1,153,574 |
| Total depreciation expense - governmental activities | \$ 1,510,919 |
| Business-type activities: | |
| Water/Sewer | \$ 2,682,327 |
| Stormwater | 23,675 |
| Total depreciation expense - business type activities | \$ 2,706,002 |

Table 4c-b

The city has active construction projects as of December 31, 2006. The projects include at grade storage tank, replacement of oldest and key water mains, water treatment facility, and replacing the main sewer line from the City to the Wastewater Treatment Plant in the City of Sumner. During 2004, the City

received authorization for \$10,000,000 in additional Public Works Trust Fund loans of which it has received draws of \$9,500,000 through December 31, 2006. During 2006, the City received authorization for \$1,500,000 in additional Public Works Trust Fund loans of which it has received draws of \$1,250,000. The City has commitments to spend these funds as well for improvements to water and sewer systems, and design the 192nd Avenue East Corridor under existing contracts. At year end the city's commitments are as follows:

| Project | Spent-to-Date | Remaining Commitment |
|--|----------------------|-------------------------|
| Parks Capital Projects | | |
| Fennel Creek Trail Construction | \$ 73,242 | \$ 3,896,090 |
| Subtotal Parks Capital Improvement Fund | 73,242 | 3,896,090 |
| Streets Capital Projects | | |
| South Prairie Road East | 281,247 | 2,750,753 |
| South Tapps Overlay | - | 416,545 |
| 192nd Avenue East Connection | 256,365 | 1,503,635 |
| 184th to 182nd | - | 1,170,000 |
| Old Buckley Highway and SR 410 with signal | 221,911 | 1,690,000 |
| Chipseal Program | - | 185,000 |
| Maintenance Overlay Program | - | 165,000 |
| Street Reconstruction Program | - | 198,000 |
| Sidewalk Reconstruction Program | - | 146,595 |
| Angeline Road Drainage | - | 100,000 |
| Old Buckley Highway Overlay | - | 350,000 |
| Subtotal Street Capital Improvement Fund | 759,523 | 8,675,528 |
| Total Governmental Funds | \$ 832,765 | \$ 12,571,618 |
| Water Fund Projects | | |
| Peaking Storage Reservoir (at-grade tank) | 6,208,267 | 3,755,204 |
| Capital Replacement and other projects | - | 109,300 |
| Replacement of oldest and key water mains | 3,343,155 | 3,264,096 |
| Ballpark Well Treatment Facility/Mains | 4,171,533 | 150,000 |
| Water Rights Banking Program | 12,072 | 237,928 |
| Public Works Facility (partial) | 9,147 | 1,173,223 |
| Lakeridge 748 Zone Tank Cleaning and Recoating | 3,469 | 260,000 |
| Eastown Waterline | - | 850,000 |
| Tacoma Water District Intertie, BPS, and main | - | 1,692,958 |
| Subtotal Water Fund Projects | 13,747,643 | 11,492,709 |
| Sewer Fund Projects | | |
| Public Works Facility (partial) | 1,833 | 406,667 |
| Sewer Trunk Line Replacement (Meyers WWTP) | 2,308,839 | 1,891,160 |
| Purchase of Sewer Capacity (Upgrade Sumner WWTP) | 15,442,062 | 1,500,000 |
| Sewer link repairs | - | 100,000 |
| Subtotal Sewer Fund Projects | 17,752,734 | 3,897,827 |
| Total Business-Type Activities | \$ 31,500,377 | \$ 15,390,536 |
| Total All Funds | \$ 32,333,142 | \$ 27,962,154 |

The improvements to the water system are being funded by Public Works Trust Fund Loans, notes from the City of Tacoma, system development fees, and its own funds. The notes from the City of Tacoma are secured by water revenues. The upgrade to the City of Sumner's wastewater treatment plant is being funded by a Public Works Trust Fund Loan, which is secured by sewer revenues. The Street CIP was awarded a \$1 million dollar Public Works Trust Fund Loan in 2006.

For Street Projects and Park Projects the main source of revenue is Real Estate Excise Taxes, impact fees, and its own revenue.

NOTE 7 - PENSION PLANS

All City 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 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 98504-8380. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

Public Employees' Retirement System (PERS) Plans 1, 2 and 3

Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes. Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Members of the system includes, elected officials, state employees, employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system), employees of legislative committees, community and technical colleges, college and university employees (not in national higher education retirement programs), judges of district and municipal courts, and employees of local governments. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching the age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. Retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,181 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2005:

| | |
|--|---------|
| Retirees and Beneficiaries Receiving Benefits | 68,609 |
| Terminated Plan Members Entitled to But Not Yet Receiving Benefits | 22,567 |
| Active Plan Members Vested | 104,574 |
| Active Plan Members Nonvested | 51,004 |
| Total | 246,754 |

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected officers. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payrolls, as of December 31, 2006, were as follows:

| | PERS Plan 1 | PERS Plan 2 | PERS Plan 3 |
|-----------|--------------------|--------------------|--------------------|
| Employer* | 3.69%** | 3.69% | 3.69%**** |
| Employee | 6.00%*** | 3.50% | ***** |

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for state elected officials is 5.44%.

*** The employee rate for state elected officials is 7.50%

**** Plan 3 defined benefit portion only

***** Variable from 5.0% minimum to 15% maximum based on rate selected by the PERS 3 member.

Both city and the employees made the required contributions. The city's required contributions for the years ended December 31 were as follows:

| Year | PERS Plan 1 | PERS Plan 2 | PERS Plan 3 |
|-------------|--------------------|--------------------|--------------------|
| 2006 | \$12,597 | \$104,618 | \$8,646 |
| 2005 | \$7,946 | \$53,769 | \$4,307 |
| 2004 | \$ 4,551 | \$ 35,029 | \$ 2,486 |

Law Enforcement Officers' And Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF membership is comprised primarily of non-state employees, with the exception of the Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. In addition, effective July 24, 2005, current members of PERS who are emergency medical technicians can elect to become members of LEOFF Plan 2. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF defined benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays the remainder through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary is as follows:

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

The final average salary 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 10 years of service. If membership

was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

There are 376 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006:

| | |
|--|---------------|
| Retirees and Beneficiaries Receiving Benefits | 8,723 |
| Terminated Plan Members Entitled To But Not Yet Receiving Benefits | 577 |
| Active Plan Members Vested | 12,348 |
| Active Plan Members Nonvested | 3,543 |
| Total | 25,191 |

Funding Policy

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the Department of Retirement Systems in accordance with Chapter 41.45 RCW. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state

General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payrolls, as of December 31, 2006, were as follows:

| | LEOFF Plan 1 | LEOFF Plan 2 |
|-----------|---------------------|---------------------|
| Employer* | 0.18% | 4.90%** |
| Employee | 0.00% | 7.85% |
| State | n/a | 3.13% |

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for ports and universities is 8.03%.

Both City and the employees made the required contributions. The City’s required contributions for the years ending December 31 were as follows:

| | LEOFF Plan 1 | LEOFF Plan 2 |
|------|---------------------|---------------------|
| 2006 | \$0 | \$ 81,016 |
| 2005 | \$0 | \$ 55,349 |
| 2004 | \$0 | \$ 46,394 |

NOTE 8 - RISK MANAGEMENT

The City of Bonney Lake is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 121 Members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$3 million per occurrence self insured layer, and \$12 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$15 million per occurrence subject to aggregate sub limits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of reinsurance.

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

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

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

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

NOTE 9 - LONG-TERM DEBT

A. Long-Term Debt

Bonded indebtedness has also been entered into (currently and in prior years) to advance refund several general obligation bonds. General obligation bonds have been issued for general government activities and are being repaid from the applicable resources. In 1997, the City refunded its 1992 General

Obligation Bonds in the authorized amount of \$2,865,000. The 1992 General Obligation Bonds were originally issued to construct the Public Safety Building.

The general obligation refunding bonds currently outstanding are as follows:

| Purpose | Interest Rate | Amount |
|---------------------------------------|----------------------|--------------------|
| 1997 Public Safety Facility Refunding | 4.1 – 5.25% | \$1,545,000 |
| Total | | \$1,545,000 |

General obligation refunding bond debt service requirements to maturity are as follows:

| Year Ending December 31 | Principal | Interest |
|--------------------------------|--------------------|------------------|
| 2007 | \$285,000 | \$79,197 |
| 2008 | 290,000 | 64,805 |
| 2009 | 305,000 | 50,305 |
| 2010 | 325,000 | 34,750 |
| 2011 | 340,000 | 17,850 |
| Total | \$1,545,000 | \$246,907 |

The city received a Public Works Trust Fund loan used for the Streets transportation plan. In 2006, the city received another loan for the designed of the 192nd Avenue East connection. The Public Works Trust Fund Loans currently outstanding are as follows:

| Purpose | Interest Rate | Amount |
|-------------------|----------------------|------------------|
| PW-01-691-PWP-201 | 0% | \$5,400 |
| PW-06-962-PRE-101 | | 750,000 |
| Total | | \$755,400 |

Public Works Trust Fund Loans bond debt service requirements to maturity are as follows:

| Year Ending December 31 | Principal | Interest |
|--------------------------------|------------------|-----------------|
| 2007 | \$155,400 | \$3,750 |
| 2008 | 150,000 | 3,000 |
| 2009 | 150,000 | 2,250 |
| 2010 | 150,000 | 1,500 |
| 2011 | 150,000 | 750 |
| Total | \$755,400 | \$11,250 |

In 1998, the City refunded its 1988 revenue bonds issued to construct various projects for the sewer system in the authorized amount of \$1,335,000. In 1999, the City issued revenue bonds to finance the construction of various projects for the water and sewer systems in the authorized amount of \$6,035,000. The City's 1999 Water/Sewer Revenue Bond paid for and is paying for capital improvements consisting of (a) construction of a public works building, (b) various water mains, and (c) and match for the purchase of capacity in the wastewater treatment plant. This bond is subject to arbitrage requirements and the bonds are being repaid by proprietary fund revenues. The bonds currently outstanding are as follows:

| Purpose | Interest Rate | Amount |
|--------------------------------|----------------------|--------------------|
| 1998 Revenue Refunding Bonds | 4.1 – 5.2% | \$890,000 |
| 1999 Water/Sewer Revenue Bonds | 4.0 – 5.75% | 4,555,000 |
| Total | | \$5,445,000 |

Revenue bond debt service requirements to maturity are as follows:

| Year Ending December | 1998 Principal | 1998 Interest | 1999 Principal | 1999 Interest |
|----------------------|----------------|---------------|----------------|---------------|
| 2007 | \$65,000 | \$46,082 | \$255,000 | \$249,555 |
| 2008 | 65,000 | 42,962 | 265,000 | 236,933 |
| 2009 | 70,000 | 39,810 | 280,000 | 223,683 |
| 2010 | 75,000 | 36,345 | 290,000 | 209,403 |
| 2011 | 75,000 | 32,595 | 310,000 | 194,468 |
| 2012 to 2016 | 445,000 | 98,855 | 1,805,000 | 704,373 |
| 2017 to 2019 | 95,000 | 5,083 | 1,350,000 | 158,126 |
| Total | \$890,000 | \$301,732 | \$4,555,000 | \$1,976,541 |

The City received low interest note from the City of Tacoma's Water Department payment of system development charges in order that the City may purchase water during peak capacity. The note currently outstanding is as follows:

| Purpose | Interest | Amount |
|-----------------------|----------------|-------------|
| City of Tacoma - SDCs | Prime minus 2% | \$4,159,150 |
| Total | | \$4,159,150 |

The various proprietary note service requirements to maturity are as follows:

| Year Ending December 31 | Principal | Interest |
|-------------------------|-------------|-----------|
| 2007 | \$462,128 | \$244,500 |
| 2008 | 462,128 | 217,350 |
| 2009 | 462,128 | 190,200 |
| 2010 | 462,128 | 163,000 |
| 2011 | 462,128 | 135,850 |
| 2012 to 2015 | 1,848,510 | 271,700 |
| Total | \$4,159,150 | 1,222,600 |

The City received low interest loans from the Washington State Public Works Board primarily for the improvement to the local water system. In addition, loans were received to purchase capacity in the City of Sumner's expansion of its wastewater treatment plant and to repair the break in the main sewer line to the wastewater treatment plant. The loans currently outstanding are as follows:

| Purpose | Interest | Amount |
|-------------------|----------|--------------|
| PW-5-87-962-030 | 1% | \$ 17,444 |
| PW-5-96-791-004 | 3% | 660,570 |
| PW-97-791-017 | 1% | 555,149 |
| PW-98-791-006 | 1% | 179,943 |
| PW-98-78898-07 | 4.35% | 194,668 |
| PW-98-78898-08 | 4.35% | 489,545 |
| PW-00-691-008 | 1% | 536,291 |
| PW-02-691-006 | .5% | 5,909,200 |
| PW-03-691-006 | .5% | 1,083,163 |
| PW-04-691-007 | .5% | 2,003,550 |
| PW-04-691-008 | .5% | 3,037,500 |
| PW-04-691-009 | .5% | 4,183,242 |
| PW-06-962-ELP-302 | 3% | 500,000 |
| Total | | \$19,350,265 |

The various proprietary loan service requirements to maturity are as follows:

| Year Ending December 31 | Principal | Interest |
|------------------------------------|---------------------|--------------------|
| 2007 | \$1,198,162 | \$145,052 |
| 2008 | 1,180,718 | 134,827 |
| 2009 | 1,180,718 | 124,777 |
| 2010 | 1,180,718 | 114,727 |
| 2011 | 1,180,718 | 104,677 |
| 2012 to 2016 | 5,903,591 | 372,630 |
| 2017 to 2021 | 5,182,880 | 146,960 |
| 2022 to 2026 | 2,342,760 | 23,340 |
| Total | \$19,350,265 | \$1,166,990 |

In proprietary funds, unamortized debt issue costs are recorded as deferred charges and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount. At December 31, 2006, the City has \$50,336 available in debt service funds to service the general bonded refunding debt. Restricted retained earnings in proprietary funds contain \$1,662,001 in sinking funds and reserves as required by bond indentures.

NOTE 10 CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2006, the following changes occurred in long-term liabilities:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds and loans payable: | | | | | |
| General obligation refunding bonds | \$ 1,815,000 | \$ - | \$ (270,000) | \$ 1,545,000 | \$ 285,000 |
| PWTF Loan (PW-01-691-PWP-201) | 10,800 | - | (5,400) | 5,400 | 5,400 |
| PWTF Loan (PW-06-962-PRE-101) | - | 750,000 | - | 750,000 | 150,000 |
| Other long-term debt | - | - | - | - | - |
| Compensated absences | 313,882 | - | (24,929) | 288,953 | - |
| Governmental activity long-term liabilities | <u>\$ 2,139,682</u> | <u>\$ 750,000</u> | <u>\$ (300,329)</u> | <u>\$ 2,589,353</u> | <u>\$ 440,400</u> |
| Business-type activities: | | | | | |
| Bonds and loans payable: | | | | | |
| Refunding Bonds | \$ 950,000 | \$ - | \$ (60,000) | \$ 890,000 | \$ 65,000 |
| Unamortized Discount on refunding bonds | (16,165) | - | 1,021 | (15,144) | (1,020) |
| Revenue Bonds | 4,795,000 | - | (240,000) | 4,555,000 | 255,000 |
| Total bonds and loans payable | 5,728,835 | - | (298,979) | 5,429,856 | 318,980 |
| Public Works Trust Fund Notes | 17,545,630 | 2,863,450 | (1,058,817) | 19,350,263 | 1,198,162 |
| City of Tacoma Note | 4,621,278 | - | (462,128) | 4,159,150 | 462,128 |
| Compensated absences | 110,679 | - | (39,872) | 70,807 | - |
| Business-type activity long-term liabilities | <u>\$ 28,006,422</u> | <u>\$ 2,863,450</u> | <u>\$ (1,859,796)</u> | <u>\$ 29,010,076</u> | <u>\$ 1,979,270</u> |
| TOTALS | <u>\$ 30,146,104</u> | <u>\$ 3,613,450</u> | <u>\$ (2,160,125)</u> | <u>\$ 31,599,429</u> | <u>\$ 2,419,670</u> |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$1,225 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

NOTE 11 - CONTINGENCIES AND LITIGATIONS

The city’s financial statements include all material liabilities. There are no material contingent liabilities to record.

As discussed in Note 9 (Long-Term Debt and Lease Note No.9), the City is contingently liable for repayment of refunded debt.

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

Finally, the City is committed to spending the remaining unspent proceeds (\$998 Thousand) of the 1999 Water and Sewer Revenue bond.

NOTE 12 – RESTRICTED NET ASSETS

The government-wide statement of net assets reports \$31,325,144 of restricted net assets, all of which are restricted by enabling legislation.

NOTE 13 INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Interfund Balances at December 31, 2006 were as follows:

| | | DUE FROM | | |
|--------|-------------------|-------------------------|-----------------------------|--------------|
| | | Parks Construction Fund | Government Wide Elimination | Total |
| DUE TO | General Fund | \$ 1,467,411 | \$ (1,467,411) | \$ - |
| | Water/Sewer Funds | 1,801,309 | - | \$ 1,801,309 |
| | Total | \$ 3,268,720 | \$ (1,467,411) | \$ 1,801,309 |

Interfund Transfers

Interfund transfers in thousands during 2006 were as follows:

| | | TRANSFER OUT (FROM) | | | | | |
|------------------|--------------------------------|---------------------|------------------|--------------------------|----------------------|------------------------|-----------|
| | | General Fund | Park Impact Fund | Street Construction Fund | All Other Govt Funds | All Internal Svc Funds | Total |
| TRANSFER IN (TO) | General Fund | \$ - | \$ - | \$ - | \$ 10 | \$ 1,124 | \$ 1,134 |
| | Parks Impact Fund | - | - | - | 470 | - | \$ 470 |
| | All Other - Governmental Funds | 92 | - | 2,906 | 1,176 | 78 | \$ 4,252 |
| | Water/Sewer Funds | 778 | - | - | - | 1,016 | \$ 1,794 |
| | Other Proprietary Funds | 103 | - | - | - | 120 | \$ 223 |
| | Internal Services Fund | 64 | - | - | - | 7 | \$ 71 |
| | GASB 34 Conversion Fund | - | 3,596 | - | - | - | \$ 3,596 |
| | Total | \$ 1,037 | \$ 3,596 | \$ 2,906 | \$ 1,656 | \$ 2,345 | \$ 11,540 |

The eliminations for the government-wide statement for 2006 (in thousands) were as follows:

| Transfer Out (From) | | | | |
|--------------------------------|----------|--------------|-----------------|--|
| | Total | Eliminations | Government-wide | |
| General Fund | \$1,134 | \$(1,134) | \$0 | |
| Park Impact fund | 470 | (470) | 0 | |
| All Other – Governmental funds | 4,252 | (4,252) | 0 | |
| Water/Sewer fund | 1,794 | (1,172) | 622 | |
| Other proprietary fund | 223 | (191) | 32 | |
| Internal Service funds | 71 | (71) | 0 | |
| GASB 34 Conversion fund | 3,596 | (3,596) | 0 | |
| Total | \$11,540 | \$(10,886) | \$654 | |
| Transfer In (To) | | | | |
| General Fund | \$1,037 | \$(1,037) | \$0 | |
| Park Impact fund | 3,596 | (3,596) | 0 | |
| Street Construction Fund | 2,906 | (2,906) | 0 | |
| All Other Governmental Funds | 1,656 | (1,656) | 0 | |
| Internal Service funds | 2,345 | (1,691) | 654 | |
| Total | \$11,540 | \$(10,886) | \$654 | |

Transfers were used to 1) transfer for interfund loan payable from Park Impact fund to GASB 34 conversion fund since loan is not a current liability for a governmental fund, and 2) transfers remaining cash in funds which were closed in 2006 to the successor funds, 3) expansion the fleet and 4) operating transfers.

NOTE 14 – RECEIVABLE AND PAYABLE BALANCES

A. Receivables - Receivables at December 31, 2006 were as follows:

| Receivables as of 12/31/2006 | | | | |
|---|---------------------|-----------|----------------------|------------------|
| | Accounts Receivable | Taxes | Due from Other Gov't | Total Receivable |
| General Fund | \$ 72,920 | \$ 92,330 | \$ 700,352 | \$ 865,602 |
| Street Construction Fund | \$ - | \$ - | \$ 101,092 | \$ 101,092 |
| All Other Funds | \$ - | \$ - | \$ 83,888 | \$ 83,888 |
| Equipment Rental | \$ - | \$ - | \$ - | \$ - |
| Total Governmental Activities | \$ 72,920 | \$ 92,330 | \$ 885,332 | \$ 1,050,582 |
| Amounts Not Scheduled For Collection During the Subsequent Year | | | | \$ - |
| Water and Sewer Funds | \$ 1,340,969 | \$ - | \$ 605,450 | \$ 1,946,419 |
| Other Fund | \$ 43,919 | \$ - | \$ - | \$ 43,919 |
| Total Business-Type Activities | \$ 1,384,888 | \$ - | \$ 605,450 | \$ 1,990,338 |
| Amounts Not Scheduled For Collection During the Subsequent Year | | | | \$ - |
| Total Receivables | \$ 1,457,808 | \$ 92,330 | \$ 1,490,782 | \$ 3,040,920 |

B. Payables - Payables at December 31, 2006 were as follows:

| Payables as of 12/31/2006 | | | | | |
|--|---------------------|----------------------|------------------|---------------------|--|
| Payables as of 12/31/2006 | Accounts Payable | Deferred Rev - Taxes | Deferred A/R | Total Payable | |
| General Fund | \$ 399,483 | \$ 92,330 | \$ 72,970 | \$ 564,783 | |
| Street Construction Fund | \$ 69,312 | \$ - | \$ - | \$ 69,312 | |
| All Other Funds | \$ 8,195 | \$ - | \$ - | \$ 8,195 | |
| Equipment Rental | \$ 86,482 | \$ - | \$ - | \$ 86,482 | |
| Total Governmental Activities | \$ 563,472 | \$ 92,330 | \$ 72,970 | \$ 728,772 | |
| Amounts Not Scheduled For Payment During the Subsequent Year | | | | \$ - | |
| Water and Sewer Funds | \$ 716,386 | \$ - | \$ - | \$ 716,386 | |
| Other Fund | \$ 10,619 | \$ - | \$ - | \$ 10,619 | |
| Total Business-Type Activities | \$ 727,005 | \$ - | \$ - | \$ 727,005 | |
| Amounts Not Scheduled For Payment During the Subsequent Year | | | | \$ - | |
| Total Payables | <u>\$ 1,290,477</u> | <u>\$ 92,330</u> | <u>\$ 72,970</u> | <u>\$ 1,455,777</u> | |

NOTE 15 – SEGMENT INFORMATION

The City has obtained 15 Public Works Trust Fund Loans. Ten (10) and three (3) of the fifteen (15) loans are payable out of water/sewer revenue or system development charges. The remaining two loans are payable out of the city's own revenue for capital projects. In addition, the City has issued one revenue bond to finance its sewer system, which should be paid out of sewer revenue. Finally, the City has issued one revenue bond which may be paid for with either water or sewer revenue. Both the water and sewer are accounted for in a single fund. However, since revenue bonds rely solely on the revenue generated by the individual activities for repayment, the City has chosen to present segment information for those investors. Summary financial information for the water and the sewer department is presented below.

City of Bonney Lake
Statement of Net Assets
December 31, 2006

| | Condensed Statement of Net Assets | | |
|---|--|----------------------|----------------------|
| | Water | Sewer | Total |
| ASSETS | | | |
| Current Assets | \$ 15,503,078 | \$ 8,100,844 | \$ 23,603,922 |
| Interfund Loan Receivable - Long Term | - | 1,637,242 | 1,637,242 |
| Capital Assets | 39,673,175 | 29,308,248 | 68,981,423 |
| TOTAL ASSETS | 55,176,253 | 39,046,334 | 94,222,587 |
| LIABILITIES | | | |
| Current Liabilities | 2,262,501 | 937,473 | 3,199,974 |
| Non-Current Liabilities | 17,566,452 | 9,464,264 | 27,030,716 |
| TOTAL LIABILITIES | 19,828,953 | 10,401,737 | 30,230,690 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 20,384,933 | 19,229,553 | 39,614,486 |
| Restricted for: | 12,901,344 | 9,896,328 | |
| Unrestricted | 2,061,023 | (481,284) | 1,579,739 |
| TOTAL NET ASSETS | \$ 35,347,300 | \$ 28,644,597 | \$ 63,991,897 |
| | | | |
| | Condensed Statement of Revenues, Expenses, and Changes in Net Assets | | |
| | Water | Sewer | Total |
| Charges for Sales and Service | \$ 5,860,786 | \$ 2,768,190 | \$ 8,628,976 |
| Depreciation Expense | (1,272,973) | (1,380,949) | (2,653,922) |
| Other Operating Expense | (2,720,991) | (2,113,346) | (4,834,337) |
| Operating Income | 1,866,822 | (726,105) | 1,140,717 |
| Non-Operating Revenues (Expenses) | | | |
| Investment Earnings and Other Income | 610,099 | 516,811 | |
| Interest Expense and Other Debt Service Costs | (615,678) | (170,285) | (785,963) |
| Capital Contributions | 4,603,801 | 3,024,807 | |
| Transfers Out | (1,259,777) | (535,010) | (1,794,787) |
| CHANGE IN NET ASSETS | 5,205,267 | 2,110,218 | (2,580,750) |
| BEGINNING NET ASSETS | 30,142,033 | 26,534,379 | 56,676,412 |
| ENDING NET ASSETS | 35,347,300 | 28,644,597 | 63,991,897 |
| | | | |
| | Condensed Statement of Cash Flows | | |
| | Water | Sewer | Total |
| Net Cash Provided by (Used by) | | | |
| Operating Activities | \$ 1,434,608 | \$ 116,157 | \$ 1,550,765 |
| Noncapital Financing | 30,865 | 43,943 | 74,808 |
| Capital and Related Financing Activities | (2,052,345) | (1,067,028) | 1,625,573 |
| Investing Activities | -934,933 | 657,335 | |
| Net (decrease) in cash and cash equivalents | (9,936,195) | (249,593) | 3,251,146 |
| BEGINNING CASH AND CASH EQUIVALENTS | 14,312,957 | 7,308,903 | 21,621,860 |
| ENDING CASH AND CASH EQUIVALENTS | 4,376,762 | 7,059,310 | 11,436,072 |

NOTE 16 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

The City provides other post employment benefits (OPEB) for one retired law enforcement employee. This is the only current or former employee that is entitled to post employment benefits now or in the future. The City provides health benefits to an eligible retired police employee. The City purchased the health insurance from the United Benefit Trust. The retired law enforcement employee received a benefit contribute of \$2,136 per month, or \$25,632 a year, for retiree-only coverage. The City is required to contribute the premium established by the United Benefit Trust. This OPEB has not been advance funded, and is being paid with current year's revenue.

NOTE 17 – SUBSEQUENT EVENTS

On December 3, 2007, the City of Bonney Lake issued refunding bonds to advance refund the callable portion of the City's outstanding Water and Sewer Revenue Bonds, 1999 (maturities 2010 through 2019), outstanding in the principal amount of \$3,755,000 (the "1999 Refunded Bonds") and to refund, on a current basis, all of the City's outstanding Water and Sewer Revenue Refunding Bonds, 1998 (the "1998 Refunded Bonds"), outstanding in the principal amount of \$825,000. The refunding issue (the "2007 Water and Sewer Revenue Refunding Bonds"), in the principal amount of \$4,570,000, will mature through September 2017 and bears interest rates ranging from 3.5% to 3.93%. *Please note – this disclosure for subsequent events was prepared and incorporated into these statements by current City staff in February 2008. The remainder of the financial statements, including all associated notes and other supplemental information for the period ending 12/31/2006 was prepared by former City staff.*

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for proceeds of revenue sources (other than special assessment, agency, or capital projects) that are legally restricted to expenditure for particular purposes.

Street Fund - This fund accounts for State-levied unrestricted motor vehicle fuel taxes and funds are expended for street-oriented engineering, construction and maintenance purposes. This fund was closed in 2006. The maintenance and operations portion of the Street Fund are now accounted for under the Street Department in the General Fund. The motor vehicle fuel tax and the engineering and construction are now accounted for in the Street Construction Fund.

Drug Investigation Fund - This fund accounts for monies received by court ordered restitution and seized property related to drug cases. Proceeds are used for law enforcement purposes.

Cumulative Reserve Fund - This fund accounts for General Fund revenues placed in reserve to provide for future economic downturn or any other unforeseen expenditure for general City programs. This fund was closed in 2006. The remaining funds were transferred to the Contingency Fund.

Contingency Fund - This fund sets aside monies for specific purposes based upon projected events or anticipated revenues or expenses.

Eden Upgrade Fund - This fund was established to fund the upgrade of the City's computerized accounting and information systems. This fund was closed in 2006. The remaining funds were transferred to the General Fund.

Traffic Mitigation Fund - This fund was established in 2002 to account for funds received primarily from contractors for new developments and set aside for traffic improvements.

Transportation Impact Fund - This fund was established in 2003 to account for funds collected on each building permit for new construction. The fees are to be used for specific projects delineated in the Capital Facility Plan and the current six (6) year Transportation Improvement Program.

Both the Traffic Mitigation Fund and the Transportation Impact Fund were closed in 2006. The remaining funds were transferred into the newly created Street Construction Fund.

Debt Service Funds

Debt service funds account for the accumulation of resources for and the payment of general obligation and special assessment bond principal, interest and related costs.

1997 GO Public Safety Debt Service Fund - This fund accounts for the property taxes received and payments of debt on bonds issued for the building of the City's public safety building.

LID 11, LID 12, and LID 13 Debt Service Funds - These funds were established to account for local improvement districts. LID 11 was closed in 2006 and the remaining funds were transferred to the LID Guarantee Fund.

LID Guarantee Fund - This fund is required by state statute as a guarantee fund for the repayment of debt for the above mentioned local improvement districts.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. The major sources of revenue are real estate excise tax, motor vehicle excise tax, transportation impact fees, and park impact fees.

Park Construction Fund – This fund was established in 2006 to collect taxes, park impact fees, and other contributions to be used for the upgrade and improvements for the city's parks.

Municipal Capital Improvement Fund – This fund was established for construction of capital projects specified in the City's capital facility plan. This fund was closed in 2006. Portions of the remaining funds were transferred to the Street Construction Fund, the Park Construction Fund, and the General Government Construction Fund.

Public Safety Maintenance and Construction Capital Improvement Funds - These funds were established to collect taxes and other contributions to be used for the upgrade and major improvements on the public safety facilities. This fund was closed in 2006. The remaining funds were transferred to the General Government Construction Fund.

General Government Construction Fund – This fund was established in 2006. This fund is responsible for all governmental construction not covered by the Street Construction Fund and the Park Construction Fund.

| | Special Revenue Funds | | | | | | |
|--|------------------------------|-------------------------|-------------------------|-------------------|--------------------------|-------------------------|----------------------------|
| | Street Fund | Drug Investigation Fund | Cumulative Reserve Fund | Contingency Fund | Eden System Upgrade Fund | Traffic Mitigation Fund | Transportation Impact Fund |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 719,807 | \$ - | \$ 350,254 | \$ - | \$ - | \$ - |
| Due from other governmental units | - | - | - | - | - | - | - |
| TOTAL ASSETS | - | 719,807 | - | 350,254 | - | - | - |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable | - | 3,695 | - | - | - | - | - |
| Total liabilities | - | 3,695 | - | - | - | - | - |
| Fund balances | | | | | | | |
| Reserved fund balances | - | - | - | - | - | - | - |
| Unreserved undesignated | - | 716,112 | - | 350,254 | - | - | - |
| Total fund balances | - | 716,112 | - | 350,254 | - | - | - |
| TOTAL LIABILITIES AND FUND BALANCES | \$ - | \$ 719,807 | \$ - | \$ 350,254 | \$ - | \$ - | \$ - |

| | Debt Service Funds | | | | |
|--|---------------------------------|---------------------------|---------------------------|---------------------------|------------------|
| | 1997 G.O. Public Safety Bldg | LID 11 Debt Redemption | LID 12 Debt Redemption | LID 13 Debt Redemption | LID Guarantee |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 50,336 | \$ - | \$ 68,865 | \$ 1,171 | \$ 74,744 |
| Due from other governmental units | 1,233 | - | - | - | - |
| TOTAL ASSETS | 51,569 | - | 68,865 | 1,171 | 74,744 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | - | - | - | - | - |
| Total liabilities | - | - | - | - | - |
| Fund balances | | | | | |
| Reserved fund balances | - | - | - | - | - |
| Unreserved undesignated | 51,569 | - | 68,865 | 1,171 | 74,744 |
| Total fund balances | 51,569 | - | 68,865 | 1,171 | 74,744 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 51,569 | \$ - | \$ 68,865 | \$ 1,171 | \$ 74,744 |

| Capital Projects Funds | | | | | |
|--|---------------------------|----------------------------------|---|--|---|
| | Park Construction Fund | Municipal Capital Improvement | Public Safety Maint and Const in Progress | General Government Const in Progress | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,111,208 | \$ - | \$ - | \$ 519,308 | \$ 2,895,693 |
| Due from other governmental units | 28,979 | - | - | 53,676 | 83,888 |
| TOTAL ASSETS | 1,140,187 | - | - | 572,984 | 2,979,581 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | - | - | - | 4,500 | 8,195 |
| Total liabilities | - | - | - | 4,500 | 8,195 |
| Fund balances | | | | | |
| Reserved fund balances | 359,583 | - | - | 540,203 | 899,786 |
| Unreserved undesignated | 780,604 | - | - | 28,281 | 2,071,600 |
| Total fund balances | 1,140,187 | - | - | 568,484 | 2,971,386 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,140,187 | \$ - | \$ - | \$ 572,984 | \$ 2,979,581 |

| | Special Revenue Funds | | | | | | |
|---|------------------------------|-------------------------|-------------------------|------------------|--------------------------|-------------------------|----------------------------|
| | Street Fund | Drug Investigation Fund | Cumulative Reserve Fund | Contingency Fund | Eden System Upgrade Fund | Traffic Mitigation Fund | Transportation Impact Fund |
| REVENUES | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Property Taxes | | | | | | | |
| Real estate excise tax | | | | | | | |
| Intergovernmental | | | | | | | |
| Charges for services | | | | | | | |
| Fines and Forfeitures | | | | | | | |
| Special assessments | | 174,742 | | | | | |
| Miscellaneous | | | | | | | |
| Interest | | 31,870 | | 14,271 | | | |
| Other | | | | | | | |
| Total revenues | - | 206,612 | - | 14,271 | - | - | - |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Public Safety | | 104,724 | | | | | |
| Debt service: | | | | | | | |
| Principal retirement | | | | | | | |
| Interest and fiscal charges | | | | | | | |
| Capital Outlay | | | - | - | - | - | - |
| Other | | | | | | | |
| Total expenditures | - | 104,724 | - | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | 101,888 | - | 14,271 | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | | | | 230,445 | | | |
| Transfers out | (88,662) | (78,666) | (230,823) | | (2,976) | (472,141) | (1,598,557) |
| Total other financing sources (uses) | (88,662) | (78,666) | (230,823) | 230,445 | (2,976) | (472,141) | (1,598,557) |
| Net change in fund balances | (88,662) | 23,222 | (230,823) | 244,716 | (2,976) | (472,141) | (1,598,557) |
| FUND BALANCES, BEGINNING | 88,662 | 692,891 | 230,823 | 105,537 | 2,976 | 472,141 | 1,598,557 |
| FUND BALANCES, ENDING | \$ - | \$ 716,113 | \$ - | \$ 350,253 | \$ - | \$ - | \$ - |

| | Debt Service Funds | | | | |
|---|---------------------------------|---------------------------|---------------------------|---------------------------|------------------|
| | 1997 G.O. Public Safety Bldg | LID 11 Debt Redemption | LID 12 Debt Redemption | LID 13 Debt Redemption | LID Guarantee |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Property Taxes | 299,075 | | | | |
| Real estate excise tax | | | | | |
| Intergovernmental | | | | | |
| Charges for services | | | | | |
| Fines and Forfeitures | | | | | |
| Special assessments | | | 4,269 | 1,171 | 6,342 |
| Miscellaneous | | | | | |
| Interest | 8,924 | | 998 | | |
| Other | | | | | |
| Total revenues | 307,999 | - | 5,267 | 1,171 | 6,342 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public Safety | | | | | |
| Debt service: | | | | | |
| Principal retirement | 270,000 | | | | |
| Interest and fiscal charges | 92,866 | | | | |
| Capital Outlay | | | | | |
| Other | | | | | |
| Total expenditures | 362,866 | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | (54,867) | - | 5,267 | 1,171 | 6,342 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | | | | | 52,429 |
| Transfers out | | (52,429) | | | |
| Total other financing sources (uses) | - | (52,429) | - | - | 52,429 |
| Net change in fund balances | (54,867) | (52,429) | 5,267 | 1,171 | 58,771 |
| FUND BALANCES, BEGINNING | 106,436 | 52,429 | 63,598 | - | 15,972 |
| FUND BALANCES, ENDING | \$ 51,569 | \$ - | \$ 68,865 | \$ 1,171 | \$ 74,743 |

| | Capital Projects Funds | | | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|---|-------------------------------|----------------------------------|---|--|--|
| | Park Construction Fund | Municipal Capital Improvement | Public Safety Maint and Const in Progress | General Government Const in Progress | |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Property Taxes | | | | | 299,075 |
| Real estate excise tax | 403,523 | | | 178,919 | 582,442 |
| Intergovernmental | | | | 89,800 | 89,800 |
| Charges for services | 661,450 | | | | 661,450 |
| Fines and Forfeitures | | | | | - |
| Special assessments | | | | | 186,524 |
| Miscellaneous | | | | | - |
| Interest | 56,007 | | | 20,765 | 132,835 |
| Other | 7,200 | | | | 7,200 |
| Total revenues | <u>1,128,180</u> | <u>-</u> | <u>-</u> | <u>289,484</u> | <u>1,959,326</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | - |
| Public Safety | | | | | 104,724 |
| Debt service: | | | | | - |
| Principal retirement | 275,287 | | | | 545,287 |
| Interest and fiscal charges | 296,657 | | | | 389,523 |
| Capital Outlay | | | | | - |
| Other | 192,540 | | | 317,872 | 510,412 |
| Total expenditures | <u>764,484</u> | <u>-</u> | <u>-</u> | <u>317,872</u> | <u>1,549,946</u> |
| Excess (deficiency) of revenues over expenditures | 363,696 | - | - | (28,388) | 409,380 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 776,490 | | | 596,872 | 1,656,236 |
| Transfers out | | (1,670,225) | (58,216) | | (4,252,695) |
| Total other financing sources (uses) | <u>776,490</u> | <u>(1,670,225)</u> | <u>(58,216)</u> | <u>596,872</u> | <u>(2,596,459)</u> |
| Net change in fund balances | 1,140,186 | (1,670,225) | (58,216) | 568,484 | (2,187,079) |
| FUND BALANCES, BEGINNING | <u>-</u> | <u>1,670,225</u> | <u>58,216</u> | <u>-</u> | <u>5,158,463</u> |
| FUND BALANCES, ENDING | <u>\$ 1,140,186</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 568,484</u> | <u>\$ 2,971,384</u> |

City of Bonney Lake
Street Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Intergovernmental | \$ | \$ | \$ 0 |
| Charges for services | | | 0 |
| Miscellaneous: | | | |
| Interest | | | 0 |
| Other | | | 0 |
| Total revenues | <u>0</u> | <u>0</u> | <u>0</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Highways and streets | | | 0 |
| Debt service: | | | |
| Principal | | | 0 |
| Capital outlay: | | | |
| Highways and streets | | | 0 |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess(deficiency) of revenues over (under) expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | | | 0 |
| Transfers out: | <u>(88,662)</u> | <u>(88,662)</u> | <u>0</u> |
| Total other financing sources and (uses) | <u>(88,662)</u> | <u>(88,662)</u> | <u>0</u> |
| Net change in fund balances | (88,662) | (88,662) | 0 |
| Fund balances - beginning | <u>88,662</u> | <u>88,662</u> | <u>0</u> |
| Fund balances - ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

**City of Bonney Lake
Drug Investigation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in dollars)**

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Fines and forfeitures | \$ 0 | \$ 174,742 | \$ 174,742 |
| Miscellaneous: | | | |
| Interest | <u>10,000</u> | <u>31,870</u> | <u>21,870</u> |
| Total revenues | <u>10,000</u> | <u>206,612</u> | <u>196,612</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | 174,500 | 104,724 | 69,776 |
| Capital outlay: | | | |
| Other | <u>3,000</u> | <u></u> | <u>3,000</u> |
| Total expenditures | <u>177,500</u> | <u>104,724</u> | <u>72,776</u> |
| Excess(deficiency) of revenues over (under) expenditures | <u>(167,500)</u> | <u>101,888</u> | <u>269,388</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | | | |
| Transfers out: | <u>(85,000)</u> | <u>(78,666)</u> | <u>(6,334)</u> |
| Total other financing sources and (uses) | <u>(85,000)</u> | <u>(78,666)</u> | <u>(6,334)</u> |
| Net change in fund balances | (252,500) | 23,222 | 275,722 |
| Fund balances - beginning | <u>692,116</u> | <u>692,891</u> | <u>775</u> |
| Fund balances - ending | <u>\$ 439,616</u> | <u>\$ 716,113</u> | <u>\$ 276,497</u> |

The notes to the financial statements are an integral part of this statement.

**City of Bonney Lake
Cumulative Reserve
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006**
(amounts expressed in dollars)

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|---|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Charges for services | \$ 0 | \$ | \$ |
| Miscellaneous: | | | |
| Interest | | | |
| Total revenues | 0 | 0 | 0 |
| EXPENDITURES | | | |
| Capital outlay: | | | |
| Other | | | |
| Total expenditures | 0 | 0 | 0 |
| Excess(deficiency) of revenues over (under) expenditures | 0 | 0 | 0 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | | | |
| Transfers out: | (231,609) | (230,823) | |
| Total other financing sources and (uses) | (231,609) | (230,823) | 0 |
| Net change in fund balances | (231,609) | (230,823) | 786 |
| Fund balances - beginning | 231,609 | 230,823 | (786) |
| Fund balances - ending | \$ 0 | \$ 0 | \$ 0 |

The notes to the financial statements are an integral part of this statement.

**City of Bonney Lake
Contingency Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in dollars)**

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|---------------------------------------|------------------------------|---|
| REVENUES | | | |
| Miscellaneous: | | | |
| Interest | \$ <u> </u> | \$ <u> 14,271</u> | \$ <u> 14,271</u> |
| Total revenues | <u> 0</u> | <u> 14,271</u> | <u> 14,271</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | | | |
| Highways and streets | | | |
| Capital outlay: | | | |
| Highways and streets | | | |
| Other | | | |
| Total expenditures | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u> 0</u> | <u> 14,271</u> | <u> 14,271</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | 231,609 | 230,445 | (1,164) |
| Transfers out: | | | |
| Total other financing sources and (uses) | <u> 231,609</u> | <u> 230,445</u> | <u> (1,164)</u> |
| Net change in fund balances | 231,609 | 244,716 | 13,107 |
| Fund balances - beginning | <u> 105,538</u> | <u> 105,537</u> | <u> (1)</u> |
| Fund balances - ending | <u>\$ <u> 337,147</u></u> | <u>\$ <u> 350,253</u></u> | <u>\$ <u> 13,106</u></u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Eden Systems Upgrade
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Miscellaneous: | \$ | \$ | \$ |
| Interest | | | |
| Total revenues | <u>0</u> | <u>0</u> | <u>0</u> |
| EXPENDITURES | | | |
| Capital outlay: | | | |
| Other | | | |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess(deficiency) of revenues over (under) expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | | | |
| Transfers out: | <u>(2,976)</u> | <u>(2,976)</u> | <u>0</u> |
| Total other financing sources and (uses) | <u>(2,976)</u> | <u>(2,976)</u> | <u>0</u> |
| Net change in fund balances | (2,976) | (2,976) | 0 |
| Fund balances - beginning | <u>2,976</u> | <u>2,976</u> | <u>0</u> |
| Fund balances - ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Traffic Mitigation
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005
(amounts expressed in dollars)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Charges for services | \$ | \$ | \$ 0 |
| Miscellaneous: | | | |
| Interest | | | 0 |
| Total revenues | <u>0</u> | <u>0</u> | <u>0</u> |
| EXPENDITURES | | | |
| Capital outlay: | | | |
| Highways and streets | | | |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess(deficiency) of revenues over (under) expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | | | |
| Transfers out: | (473,993) | (472,141) | 1,852 |
| Total other financing sources and (uses) | <u>(473,993)</u> | <u>(472,141)</u> | <u>1,852</u> |
| Net change in fund balances | (473,993) | (472,141) | 1,852 |
| Fund balances - beginning | <u>473,993</u> | <u>472,141</u> | <u>(1,852)</u> |
| Fund balances - ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

**City of Bonney Lake
Transportation Impact
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006**
(amounts expressed in dollars)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Charges for services | \$ | \$ | \$ 0 |
| Miscellaneous: | | | |
| Interest | | | 0 |
| Total revenues | <u>0</u> | <u>0</u> | <u>0</u> |
| EXPENDITURES | | | |
| Capital outlay: | | | |
| Highways and streets | | | |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess(deficiency) of revenues over (under) expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | | | 0 |
| Transfers out: | <u>(1,600,798)</u> | <u>(1,598,557)</u> | <u>2,241</u> |
| Total other financing sources and (uses) | <u>(1,600,798)</u> | <u>(1,598,557)</u> | <u>2,241</u> |
| Net change in fund balances | (1,600,798) | (1,598,557) | 2,241 |
| Fund balances - beginning | <u>1,600,798</u> | <u>1,598,557</u> | <u>(2,241)</u> |
| Fund balances - ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
1997 G.O. - Public Safety Building
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005
(amounts expressed in dollars)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Taxes: | | | |
| Property | \$ 362,563 | \$ 299,075 | \$ (63,488) |
| Miscellaneous: | | | |
| Interest | <u>4,200</u> | <u>8,924</u> | <u>4,724</u> |
| Total revenues | <u>366,763</u> | <u>307,999</u> | <u>(58,764)</u> |
| EXPENDITURES | | | |
| Debt service: | | | |
| Principal | 270,000 | 270,000 | 0 |
| Interest | <u>92,563</u> | <u>92,866</u> | <u>(303)</u> |
| Total expenditures | <u>362,563</u> | <u>362,866</u> | <u>(303)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,200</u> | <u>(54,867)</u> | <u>(59,067)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | | | |
| Transfers out: | | | |
| Total other financing sources and (uses) | <u>0</u> | <u>0</u> | <u>0</u> |
| Net change in fund balances | 4,200 | (54,867) | (59,067) |
| Fund balances - beginning | <u>106,584</u> | <u>106,436</u> | <u>(148)</u> |
| Fund balances - ending | <u>\$ 110,784</u> | <u>\$ 51,569</u> | <u>\$ (59,215)</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
LID 11 Debt Redemption
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Special assessments | \$ | \$ | \$ 0 |
| Miscellaneous: | | | |
| Interest | | | 0 |
| Total revenues | <u>0</u> | <u>0</u> | <u>0</u> |
| EXPENDITURES | | | |
| Debt service: | | | |
| Principal | | | 0 |
| Interest | | | 0 |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess(deficiency) of revenues over (under) expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | | | |
| Transfers out: | (52,430) | (52,429) | 1 |
| Total other financing sources and (uses) | <u>(52,430)</u> | <u>(52,429)</u> | <u>1</u> |
| Net change in fund balances | (52,430) | (52,429) | 1 |
| Fund balances - beginning | <u>52,430</u> | <u>52,429</u> | <u>(1)</u> |
| Fund balances - ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
LID 12 Debt Redemption
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Special assessments | \$ 4,000 | \$ 4,269 | \$ 269 |
| Miscellaneous: | | | |
| Interest | <u>1,100</u> | <u>998</u> | <u>(102)</u> |
| Total revenues | <u>5,100</u> | <u>5,267</u> | <u>167</u> |
| EXPENDITURES | | | |
| Debt service: | | | |
| Principal | | | |
| Interest | | | |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess(deficiency) of revenues over (under) expenditures | <u>5,100</u> | <u>5,267</u> | <u>167</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | | | |
| Transfers out: | | | |
| Total other financing sources and (uses) | <u>0</u> | <u>0</u> | <u>0</u> |
| Net change in fund balances | 5,100 | 5,267 | 167 |
| Fund balances - beginning | <u>63,598</u> | <u>63,598</u> | <u>0</u> |
| Fund balances - ending | <u>\$ 68,698</u> | <u>\$ 68,865</u> | <u>\$ 167</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
LID 13 Debt Redemption
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Special assessments | \$ 30,000 | \$ 1,171 | \$ (28,829) |
| Miscellaneous: | | | |
| Interest | <u>4,000</u> | | <u>(4,000)</u> |
| Total revenues | <u>34,000</u> | <u>1,171</u> | <u>(32,829)</u> |
| EXPENDITURES | | | |
| Debt service: | | | |
| Principal | 30,000 | | 30,000 |
| Interest | <u>3,000</u> | | <u>3,000</u> |
| Total expenditures | <u>33,000</u> | <u>0</u> | <u>33,000</u> |
| Excess(deficiency) of revenues over (under) expenditures | <u>1,000</u> | <u>1,171</u> | <u>171</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | | | |
| Transfers out: | | | |
| Total other financing sources and (uses) | <u>0</u> | <u>0</u> | <u>0</u> |
| Net change in fund balances | 1,000 | 1,171 | 171 |
| Fund balances - beginning | <u> </u> | <u> </u> | <u>0</u> |
| Fund balances - ending | <u>\$ 1,000</u> | <u>\$ 1,171</u> | <u>\$ 171</u> |

The notes to the financial statements are an integral part of this statement.

**City of Bonney Lake
LID Guarantee
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in dollars)**

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Special assessments | \$ | \$ | \$ 0 |
| Miscellaneous: | | | |
| Interest | <u>2,000</u> | <u>6,342</u> | <u>4,342</u> |
| Total revenues | <u>2,000</u> | <u>6,342</u> | <u>4,342</u> |
| EXPENDITURES | | | |
| Debt service: | | | |
| Principal | | | |
| Interest | | | |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess(deficiency) of revenues over (under) expenditures | <u>2,000</u> | <u>6,342</u> | <u>4,342</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | 52,430 | 52,429 | (1) |
| Transfers out: | | | |
| Total other financing sources and (uses) | <u>52,430</u> | <u>52,429</u> | <u>(1)</u> |
| Net change in fund balances | 54,430 | 58,771 | 4,341 |
| Fund balances - beginning | <u>16,156</u> | <u>15,972</u> | <u>(184)</u> |
| Fund balances - ending | <u>\$ 70,586</u> | <u>\$ 74,743</u> | <u>\$ 4,157</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Public Safety Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|---------------------------------------|------------------------------|---|
| REVENUES | | | |
| Taxes: | | | |
| Real estate excise tax | \$ 552,300 | \$ 403,523 | \$ (148,777) |
| Intergovernmental | 289,000 | | (289,000) |
| Charges for service | 480,000 | 661,450 | 181,450 |
| Miscellaneous: | | | |
| Interest | 20,000 | 56,007 | 36,007 |
| Other | | 7,200 | 7,200 |
| Total revenues | <u>1,341,300</u> | <u>1,128,180</u> | <u>(213,120)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety | | | 0 |
| Debt Service: | | | |
| Principal | | 275,287 | (275,287) |
| Interest | 260,698 | 296,657 | (35,959) |
| Capital outlay: | | | |
| Other | 1,066,000 | 192,540 | 873,460 |
| Total expenditures | <u>1,326,698</u> | <u>764,484</u> | <u>562,214</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>14,602</u> | <u>363,696</u> | <u>349,094</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | 981,598 | 776,490 | (205,108) |
| Transfers out: | | | |
| Total other financing sources and (uses) | <u>981,598</u> | <u>776,490</u> | <u>(205,108)</u> |
| Net change in fund balances | 996,200 | 1,140,186 | 143,986 |
| Fund balances - beginning | <u> </u> | <u> 0</u> | <u> 0</u> |
| Fund balances - ending | <u>\$ 996,200</u> | <u>\$ 1,140,186</u> | <u>\$ 143,986</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Municipal Capital Improvement
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Taxes: | | | |
| Real estate excise tax | \$ | \$ | \$ |
| Intergovernmental | | | 0 |
| Charges for service | | | |
| Miscellaneous: | | | |
| Interest | | | 0 |
| Other | | | |
| Total revenues | <u>0</u> | <u>0</u> | <u>0</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety | | | 0 |
| Debt Service: | | | |
| Principal | | | 0 |
| Interest | | | 0 |
| Capital outlay: | | | |
| Other | | | 0 |
| Total expenditures | <u>0</u> | <u>0</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | | | 0 |
| Transfers out: | (1,671,276) | (1,670,225) | 1,051 |
| Total other financing sources and (uses) | <u>(1,671,276)</u> | <u>(1,670,225)</u> | <u>1,051</u> |
| Net change in fund balances | (1,671,276) | (1,670,225) | 1,051 |
| Fund balances - beginning | <u>1,671,276</u> | <u>1,670,225</u> | <u>(1,051)</u> |
| Fund balances - ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Public Safety Maintenance & Construction In Progress
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005
(amounts expressed in dollars)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|---------------------------------------|---------------------------|---|
| REVENUES | | | |
| Intergovernmental | \$ | \$ | \$ 0 |
| Miscellaneous: | | | |
| Interest | | | 0 |
| Total revenues | <u>0</u> | <u>0</u> | <u>0</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety | | | 0 |
| Capital outlay: | | | |
| Other | | | 0 |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | | | 0 |
| Transfers out: | (58,216) | (58,216) | |
| Total other financing sources and (uses) | <u>(58,216)</u> | <u>(58,216)</u> | <u>0</u> |
| Net change in fund balances | (58,216) | (58,216) | 0 |
| Fund balances - beginning | <u>58,216</u> | <u>58,216</u> | <u>0</u> |
| Fund balances - ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
General Governmental Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|---------------------------------------|-----------------------------|---|
| REVENUES | | | |
| Taxes: | | | |
| Real estate excise tax | \$ 236,700 | \$ 178,919 | \$ (57,781) |
| Intergovernmental | 89,800 | 89,800 | 0 |
| Charges for service | | | |
| Miscellaneous: | | | |
| Interest | 5,000 | 20,765 | 15,765 |
| Other | | | 0 |
| Total revenues | <u>331,500</u> | <u>289,484</u> | <u>(42,016)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety | | | 0 |
| Debt Service: | | | |
| Principal | | | 0 |
| Interest | | | 0 |
| Capital outlay: | | | |
| Other | 420,000 | 317,872 | 102,128 |
| Total expenditures | <u>420,000</u> | <u>317,872</u> | <u>102,128</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(88,500)</u> | <u>(28,388)</u> | <u>60,112</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in: | 170,075 | 596,872 | 426,797 |
| Transfers out: | | | |
| Total other financing sources and (uses) | <u>170,075</u> | <u>596,872</u> | <u>426,797</u> |
| Net change in fund balances | 81,575 | 568,484 | 486,909 |
| Fund balances - beginning | <u> </u> | <u> </u> | <u> </u> |
| Fund balances - ending | <u>\$ 81,575</u> | <u>\$ 568,484</u> | <u>\$ 486,909</u> |

The notes to the financial statements are an integral part of this statement.

Nonmajor Proprietary Funds

Internal Service Funds

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

Equipment Rental and Replacement Fund - This fund was established to maintain and repair equipment administered by the Fund and to provide for equipment replacement through the establishment of equipment charges. Expenses of this fund are primarily financed through rental rate charges to user funds.

Insurance Fund - This fund was established to provide insurance coverage for all other funds and departments. Expenses of this fund are primarily financed through user charges of the appropriate funds.

**City of Bonney Lake
Internal Service Funds
Combining Statement of Net Assets
December 31, 2006**
(amounts expressed in dollars)

| | Equipment, Rental & Replacement | Insurance | Total |
|---|--|-------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,597,282 | \$ 307,602 | \$ 1,904,884 |
| Noncurrent assets: | | | |
| Capital assets net of accumulated depreciations | <u>2,438,326</u> | | <u>2,438,326</u> |
| Total assets: | <u>4,035,608</u> | <u>307,602</u> | <u>4,343,210</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 86,482 | | 86,482 |
| Noncurrent assets: | | | |
| Compensated absences | <u>1,225</u> | | <u>1,225</u> |
| Total liabilities | <u>87,707</u> | <u>0</u> | <u>87,707</u> |
| NET ASSETS | | | |
| Invested in capital assets | 2,438,326 | | 2,438,326 |
| Unrestricted | <u>1,509,575</u> | <u>307,602</u> | <u>1,817,177</u> |
| Total net assets | <u>\$ 3,947,901</u> | <u>\$ 307,602</u> | <u>\$ 4,255,503</u> |

The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2006
(amounts expressed in dollars)

| | <u>Equipment, Rental & Replacement</u> | <u>Insurance</u> | <u>Total</u> |
|---|--|-------------------|---------------------|
| Operating expenses: | | | |
| Cost of sales and services: | \$ 387,348 | \$ - | \$ 387,348 |
| Administration | 27,720 | - | 27,720 |
| Depreciation Expense | 357,345 | | 357,345 |
| Insurance premiums | <u>0</u> | <u>240,886</u> | <u>240,886</u> |
| Total operating expenses | <u>772,413</u> | <u>240,886</u> | <u>1,013,299</u> |
| Operating income (loss) | <u>-772,413</u> | <u>-240,886</u> | <u>-1,013,299</u> |
| Nonoperating revenues (expenses): | | | |
| Other income | 6,860 | | 6,860 |
| Investment earnings | <u>61,123</u> | <u>10,259</u> | <u>71,382</u> |
| Income before contributions and transfers | <u>67,983</u> | <u>10,259</u> | <u>78,242</u> |
| Capital contributions | -35,701 | | -35,701 |
| Transfers from other funds | 2,104,209 | 240,886 | 2,345,095 |
| Transfers to other funds | <u>-70,520</u> | | <u>-70,520</u> |
| Total Nonoperating revenues (expenses) | <u>2,065,971</u> | <u>251,145</u> | <u>2,317,116</u> |
| Change in net assets | 1,293,558 | 10,259 | 1,303,817 |
| Total net assets - beginning | <u>2,654,343</u> | <u>297,343</u> | <u>2,951,686</u> |
| Total net assets - ending | <u>\$ 3,947,901</u> | <u>\$ 307,602</u> | <u>\$ 4,255,503</u> |

The notes to the financial statements are an integral part of this statement.

**City of Bonney Lake
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006**
(amounts expressed in dollars)

| | Equipment, Rental & Replacement | Insurance | Total |
|--|--|-------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Transfer from other funds | \$ 485,589 | \$ 240,886 | \$ 726,475 |
| Payments to suppliers | (223,106) | (240,886) | (463,992) |
| Payments to employees | (115,362) | | (115,362) |
| Payments to other funds | <u>(70,520)</u> | | <u>(70,520)</u> |
| Net cash provided by operating activities | <u>76,601</u> | <u>-</u> | <u>76,601</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Net cash provided by noncapital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Transfers from other funds | 1,618,620 | | 1,618,620 |
| Insurance recoveries | 6,860 | | 6,860 |
| Purchase of equipment | <u>(1,057,520)</u> | | <u>(1,057,520)</u> |
| Net cash provided by capital and related financing activities | <u>567,960</u> | <u>-</u> | <u>567,960</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest and dividends received | <u>62,090</u> | <u>10,593</u> | <u>72,683</u> |
| Net cash used by investing activities | <u>62,090</u> | <u>10,593</u> | <u>72,683</u> |
| Net increase in cash and cash equivalents | 706,651 | 10,593 | 717,244 |
| Cash and cash equivalents - January 1 | <u>890,631</u> | <u>297,009</u> | <u>1,187,640</u> |
| Cash and cash equivalents - December 31 | <u>\$ 1,597,282</u> | <u>\$ 307,602</u> | <u>\$ 1,904,884</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | <u>(772,413)</u> | <u>(240,886)</u> | <u>(1,013,299)</u> |
| Transfer from other funds to cover operations and maintenance | 485,589 | 240,886 | 726,475 |
| Transfer from other funds to fund replacement (depreciation expense) | 357,345 | | 357,345 |
| Transfers to other funds for operations and maintenance | (70,520) | | (70,520) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Increase in accounts payable | <u>76,600</u> | | <u>76,600</u> |
| Total adjustments | <u>849,014</u> | <u>240,886</u> | <u>1,089,900</u> |
| Net cash provided by operating activities | <u>\$ 76,601</u> | <u>\$ -</u> | <u>\$ 76,601</u> |
| Noncash investing, capital, and financing activities: | | | |
| Removed vehicle obtained from drug seizure from equipment | 35,701 | | |
| Retired fully depreciated vehicle | 17,589 | | |

The notes to the financial statements are an integral part of this statement.

Fiduciary Net Assets

Agency Funds

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Retainage Fund – This fund accounts for the retainage the City pays to its contractors which is held in trust until the City accepts the project or upon completion of the project.

Project Development Fund – This fund accounts for deposits the City receives from developers that their project relating to utilities and infrastructure which will be donated to the City on completion complies with various City codes when built.

Trust Account – This fund is the deposit placed with the City in lieu of a bond that the developer will provide the City with the infrastructure in accordance with the contract.

City of Bonney Lake
Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2006
(amounts expressed in dollars)

| | <u>Retainage</u> | <u>Project Development</u> | <u>Trust Account</u> | <u>Agency Total</u> |
|---------------------------|------------------|--------------------------------|--------------------------|-------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 462,282 | \$ 323,969 | \$ 561,019 | \$ 1,347,270 |
| Accounts receivable | | 390,703 | | 390,703 |
| Total assets | <u>462,282</u> | <u>714,672</u> | <u>561,019</u> | <u>1,737,973</u> |
| LIABILITIES | | | | |
| Accounts payable | | 49,056 | | 49,056 |
| Interest payable | | | 35,812 | 35,812 |
| Fiduciary payable | 462,282 | 665,616 | 525,207 | 1,653,105 |
| Total liabilities | <u>462,282</u> | <u>714,672</u> | <u>561,019</u> | <u>1,737,973</u> |
| NET ASSETS | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

Timing: *The City implemented Governmental Accounting Standards Board (GASB) Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

The City implemented GASB Statement No. 44 in 2005; where data is available for prior years, it is included. In many cases, data for years prior to 2005 is unavailable. In some cases, the required schedule is presented with no included data; these schedules will be fully implemented in subsequent reporting years.

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Schedule 1

CITY OF BONNEY LAKE

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

(amounts expressed in thousands/dollars)

| | Fiscal Year | | | |
|---|------------------|------------------|------------------|------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| Governmental Activities | | | | |
| Invested in capital assets, net of related debt | \$ 4,137 | \$ 6,394 | \$ 14,089 | \$ 14,598 |
| Restricted | 5,018 | 5,962 | 1,826 | 8,527 |
| Unrestricted | 4,360 | 4,219 | 7,386 | 6,292 |
| Total Government activities net assets | <u>\$ 13,515</u> | <u>\$ 16,575</u> | <u>\$ 23,301</u> | <u>\$ 29,417</u> |
| Business-type activities | | | | |
| Invested in capital assets, net of related debt | \$ 29,682 | \$ 29,515 | \$ 35,571 | \$ 41,049 |
| Restricted | 8,333 | 14,740 | 21,525 | 22,798 |
| Unrestricted | 5,808 | 7,794 | 1,215 | 1,754 |
| Total business-type activities net assets | <u>\$ 43,823</u> | <u>\$ 52,049</u> | <u>\$ 58,311</u> | <u>\$ 65,601</u> |
| Primary Government | | | | |
| Invested in capital assets, net of related debt | \$ 33,819 | \$ 35,909 | \$ 49,660 | \$ 55,647 |
| Restricted | 13,351 | 20,702 | 23,351 | 31,325 |
| Unrestricted | 10,168 | 12,013 | 8,601 | 8,046 |
| Total Primary government activities net assets | <u>\$ 57,338</u> | <u>\$ 68,624</u> | <u>\$ 81,612</u> | <u>\$ 95,018</u> |

(1) The City converted to GASB Statement No. 34 during 2003; historical information prior to 2003 is not available.

Schedule 2

CITY OF BONNEY LAKE
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

(amounts expressed in thousands/dollars)

| | Fiscal Year | | | |
|--|------------------|------------------|------------------|------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| Expenses (2) | | | | |
| Governmental Activities | | | | |
| General Government | \$ 1,703 | \$ 1,920 | \$ 1,744 | \$ 1,994 |
| Public Safety | 3,032 | 3,556 | 3,518 | 3,871 |
| Utilities and Environment | 506 | 210 | 165 | 213 |
| Highways and Streets | 478 | 433 | 675 | 997 |
| Economic Development | 508 | 1,029 | 1,201 | 1,456 |
| Physical and Mental Health | - | - | 3 | 3 |
| Culture and Recreation | 350 | 486 | 397 | 351 |
| Interest & Other Fiscal Charges | 138 | 127 | 106 | 268 |
| Total Governmental activities expenses | <u>6,715</u> | <u>7,761</u> | <u>7,809</u> | <u>9,153</u> |
| Business-type activities | | | | |
| Water and Sewer | 5,587 | 6,200 | 7,998 | 8,661 |
| Other Enterprise Funds | 1,451 | 1,147 | 417 | 536 |
| Interest on Long-Term Debt | - | 399 | 614 | 785 |
| Transfers Out | 155 | 252 | 81 | 654 |
| Total business-type activities expenses | <u>7,193</u> | <u>7,998</u> | <u>9,110</u> | <u>10,636</u> |
| Total Primary government expenses | <u>\$ 13,908</u> | <u>\$ 15,759</u> | <u>\$ 16,919</u> | <u>\$ 19,789</u> |
| Program Revenues (See Schedule 3) (3) | | | | |
| Governmental Activities | | | | |
| Charges for Services | \$ 2,657 | \$ 3,065 | \$ 4,120 | \$ 4,369 |
| Operating Grants and Contributions | 362 | 245 | 201 | 112 |
| Capital Grants and Contributions | 384 | 27 | - | 90 |
| Total Governmental activities revenues | <u>3,403</u> | <u>3,337</u> | <u>4,321</u> | <u>4,571</u> |
| Business-type activities | | | | |
| Charges for Services | 7,260 | 7,268 | 6,950 | 9,086 |
| Capital Grants and Contributions | 5,480 | 8,729 | 7,806 | 7,702 |
| Total business-type activities revenues | <u>12,740</u> | <u>15,997</u> | <u>14,756</u> | <u>16,788</u> |
| Total Primary government program revenues | <u>\$ 16,143</u> | <u>\$ 19,334</u> | <u>\$ 19,077</u> | <u>\$ 21,359</u> |

(1) The City converted to GASB Statement No. 34 during 2003; historical information prior to 2003 is not available.

(2) Government-wide expenses include expenses from the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Internal Service Funds, and Enterprise Funds.

(3) Government-wide revenues include revenues from the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Internal Service Funds, and Enterprise Funds.

Schedule 2

CITY OF BONNEY LAKE
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)
(amounts expressed in thousands/dollars)

| | Fiscal Year | | | |
|---|--------------------|------------------|------------------|------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | \$ (3,312) | \$ (4,424) | \$ (3,488) | \$ (4,582) |
| Business-Type Activities | 5,547 | 7,999 | 5,646 | 6,152 |
| Total primary government net expense | <u>\$ 2,235</u> | <u>\$ 3,575</u> | <u>\$ 2,158</u> | <u>\$ 1,570</u> |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental Activities | | | | |
| Taxes | | | | |
| Property Taxes | \$ 1,830 | \$ 2,017 | \$ 2,148 | \$ 2,327 |
| Sales and Use Taxes | 2,108 | 2,704 | 2,946 | 3,474 |
| Utility Taxes - Private | 891 | 957 | 1,085 | 1,264 |
| Excise Tax - Real Estate | 710 | 890 | 1,384 | 1,165 |
| Utility Taxes - Interfund | 513 | 477 | 540 | 613 |
| Motor Fuel Taxes | 262 | 292 | 300 | 341 |
| Gambling Taxes | 7 | 36 | 49 | 44 |
| Other Taxes | 180 | - | 155 | 195 |
| Unrestricted Grants and Contributions | - | 209 | 130 | 196 |
| Contributions | - | - | 796 | - |
| Investment Earnings | 112 | 164 | 383 | 582 |
| Miscellaneous | 57 | 324 | - | 6 |
| Transfers | 155 | 252 | 81 | 653 |
| Total Government activities revenues | <u>6,825</u> | <u>8,322</u> | <u>9,997</u> | <u>10,860</u> |
| Business-type activities | | | | |
| Investment Earnings | 196 | 310 | 606 | 943 |
| Miscellaneous | 15 | 9 | 10 | 33 |
| Transfers | - | - | - | - |
| Total business-type activities revenues | <u>211</u> | <u>319</u> | <u>616</u> | <u>976</u> |
| Total primary government | <u>\$ 7,036</u> | <u>\$ 8,641</u> | <u>\$ 10,613</u> | <u>\$ 11,836</u> |
| Change in Net Assets | | | | |
| Governmental activities | \$ 3,513 | \$ 3,898 | \$ 6,509 | \$ 6,278 |
| Business-type activities | 5,758 | 8,318 | 6,262 | 7,128 |
| Total primary government | <u>\$ 9,271</u> | <u>\$ 12,216</u> | <u>\$ 12,771</u> | <u>\$ 13,406</u> |

Schedule 3

CITY OF BONNEY LAKE

PROGRAM REVENUES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

(amounts expressed in thousands/dollars)

| Function/Program | Program Revenues | | |
|-----------------------------------|-----------------------------|---|---|
| | 2003 | | |
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities | | | |
| General Government | \$ 1,812 | \$ - | \$ - |
| Public Safety | 525 | - | - |
| Utilities and Environment | 88 | - | - |
| Highways and Streets | 83 | - | - |
| Economic Development | 88 | - | - |
| Culture and Recreation | 61 | - | - |
| Other Activities | - | 362 | 384 |
| Subtotal Governmental Activities | <u>2,657</u> | <u>362</u> | <u>384</u> |
| Business-Type Activities | | | |
| Water and Sewer | 5,733 | - | 5,480 |
| Other Enterprise Funds | 1,527 | - | - |
| Subtotal Business-type Activities | <u>7,260</u> | <u>-</u> | <u>5,480</u> |
| Total Function/Program Activities | <u>\$ 9,917</u> | <u>\$ 362</u> | <u>\$ 5,864</u> |

| Function/Program | Program Revenues | | |
|-----------------------------------|-----------------------------|---|---|
| | 2004 | | |
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities | | | |
| General Government | \$ 1,659 | \$ - | \$ - |
| Public Safety | 490 | - | - |
| Utilities and Environment | - | - | - |
| Highways and Streets | 756 | - | - |
| Economic Development | - | - | - |
| Culture and Recreation | 160 | - | - |
| Other Activities | - | 245 | 27 |
| Subtotal Governmental Activities | <u>3,065</u> | <u>245</u> | <u>27</u> |
| Business-Type Activities | | | |
| Water and Sewer | 6,136 | - | 8,729 |
| Other Enterprise Funds | 1,132 | - | - |
| Subtotal Business-type Activities | <u>7,268</u> | <u>-</u> | <u>8,729</u> |
| Total Function/Program Activities | <u>\$ 10,333</u> | <u>\$ 245</u> | <u>\$ 8,756</u> |

Schedule 3

CITY OF BONNEY LAKE

PROGRAM REVENUES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

(amounts expressed in thousands/dollars)

| Function/Program | Program Revenues | | |
|-----------------------------------|-----------------------------|---|---|
| | 2005 | | |
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities | | | |
| General Government | \$ 1,472 | \$ - | \$ - |
| Public Safety | - | - | - |
| Utilities and Environment | - | - | - |
| Highways and Streets | 1,077 | - | - |
| Economic Development | 1,285 | - | - |
| Culture and Recreation | 286 | - | - |
| Other Activities | - | 201 | - |
| Subtotal Governmental Activities | 4,120 | 201 | - |
| Business-Type Activities | | | |
| Water and Sewer | 6,595 | - | 7,806 |
| Other Enterprise Funds | 355 | - | - |
| Subtotal Business-type Activities | 6,950 | - | 7,806 |
| Total Function/Program Activities | \$ 11,070 | \$ 201 | \$ 7,806 |

| Function/Program | Program Revenues | | |
|-----------------------------------|-----------------------------|---|---|
| | 2006 | | |
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities | | | |
| General Government | \$ 954 | \$ - | \$ - |
| Public Safety | - | - | - |
| Utilities and Environment | - | - | - |
| Highways and Streets | 1,256 | - | - |
| Economic Development | 1,498 | - | - |
| Culture and Recreation | 661 | - | - |
| Other Activities | - | 112 | 90 |
| Subtotal Governmental Activities | 4,369 | 112 | 90 |
| Business-Type Activities | | | |
| Water and Sewer | 8,629 | - | 7,702 |
| Other Enterprise Funds | 457 | - | - |
| Subtotal Business-type Activities | 9,086 | - | 7,702 |
| Total Function/Program Activities | \$ 13,455 | \$ 112 | \$ 7,792 |

Schedule 4
CITY OF BONNEY LAKE
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (1)
(accrual basis of accounting)
(amounts expressed in thousands/dollars)

| | Fiscal Year | | | |
|-------------------------------------|--------------------|-----------------|-----------------|------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| General Fund | | | | |
| Reserved | \$ - | \$ - | \$ 1,630 | \$ - |
| Unreserved | <u>3,352</u> | <u>3,879</u> | <u>4,722</u> | <u>6,874</u> |
| Total general fund | <u>3,352</u> | <u>3,879</u> | <u>6,352</u> | <u>6,874</u> |
| All Other Governmental Funds | | | | |
| Reserved | 321 | 305 | 238 | 4,885 |
| Unreserved, reported in: | | | | |
| Special Revenues Funds | 1,637 | 2,611 | (409) | 1,066 |
| Capital Project Funds | <u>3,060</u> | <u>2,128</u> | <u>2,203</u> | <u>1,825</u> |
| Total all other governmental funds | <u>5,018</u> | <u>5,044</u> | <u>2,032</u> | <u>7,776</u> |
| Total Governmental Funds | <u>\$ 8,370</u> | <u>\$ 8,923</u> | <u>\$ 8,384</u> | <u>\$ 14,650</u> |

(1) The City converted to GASB Statement No. 34 during 2003; historical information prior to 2003 is not available.

Schedule 5

CITY OF BONNEY LAKE

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

(amounts expressed in thousands/dollars)

| | Fiscal Year | | | |
|--|-----------------|---------------|-----------------|-----------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| Revenues | | | | |
| Taxes (see Schedule 2) | \$ 6,321 | \$ 7,375 | \$ 8,153 | \$ 8,889 |
| Licenses and permits | 1,002 | 933 | 1,286 | 1,498 |
| Intergovernmental | 746 | 453 | 656 | 738 |
| Charges for Services | 1,140 | 1,643 | 1,633 | 2,081 |
| Fines and Forfeitures | 472 | 490 | 1,202 | 790 |
| Special Assessments | - | - | 20 | 12 |
| Interest | 104 | 152 | 345 | 632 |
| Miscellaneous | 52 | 150 | 122 | 257 |
| Total revenues | <u>9,837</u> | <u>11,196</u> | <u>13,417</u> | <u>14,897</u> |
| Expenditures | | | | |
| General Government | 1,511 | 1,921 | 2,255 | 2,522 |
| Public Safety | 3,026 | 3,556 | 3,065 | 3,501 |
| Utilities and Environment | 503 | 209 | 185 | 243 |
| Highways and Streets | 447 | 433 | 454 | 657 |
| Economic Development | 504 | 1,029 | 1,259 | 1,417 |
| Physical and Mental Health | - | - | 3 | 3 |
| Culture & Recreation | 329 | 486 | 397 | 287 |
| Debt Service | | | | |
| Principal | 312 | 311 | 255 | 551 |
| Interest and Fiscal Charges | 138 | 127 | 106 | 390 |
| Capital Outlay | | | | |
| Highways and Streets | 1,211 | 204 | 888 | 1,148 |
| Other | 953 | 2,789 | 5,269 | 511 |
| Total expenditures | <u>8,934</u> | <u>11,065</u> | <u>14,136</u> | <u>11,230</u> |
| Excess (deficiency) of revenues over expenditures | <u>903</u> | <u>131</u> | <u>(719)</u> | <u>3,667</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 2,303 | 2,420 | 5,591 | 9,196 |
| Transfers Out | (2,148) | (2,186) | (5,616) | (5,857) |
| Debt Proceeds | - | - | - | 750 |
| Loan Repayment Received | - | - | - | 111 |
| Contributions | - | - | - | 24 |
| Sale of Capital Assets | - | 165 | - | 6 |
| Total other financing sources (uses) | <u>155</u> | <u>399</u> | <u>(25)</u> | <u>4,230</u> |
| Net Change in Fund Balances | <u>\$ 1,058</u> | <u>\$ 530</u> | <u>\$ (744)</u> | <u>\$ 7,897</u> |
| Debt Service as a percentage of non-capital expenditures | 6.6% | 5.4% | 4.5% | 9.8% |

(1) The City converted to GASB Statement No. 34 during 2003; historical information prior to 2003 is not available.

Schedule 6

CITY OF BONNEY LAKE

ASSESSED AND ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY (1)

LAST TEN FISCAL YEARS

| FISCAL YEAR | RESIDENTIAL PROPERTY | COMMERCIAL PROPERTY | INDUSTRIAL PROPERTY | LESS: TAX-EXEMPT PROPERTY | TOTAL TAXABLE ASSESSED VALUE | TOTAL DIRECT TAX RATE | ESTIMATED ACTUAL TAXABLE VALUE (2) |
|-------------|----------------------|---------------------|---------------------|---------------------------|------------------------------|-----------------------|------------------------------------|
| 2006 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2005 | - | - | - | - | - | - | - |
| 2004 | - | - | - | - | - | - | - |
| 2003 | - | - | - | - | - | - | - |
| 2002 | - | - | - | - | - | - | - |
| 2001 | - | - | - | - | - | - | - |
| 2000 | - | - | - | - | - | - | - |
| 1999 | - | - | - | - | - | - | - |
| 1998 | - | - | - | - | - | - | - |
| 1997 | - | - | - | - | - | - | - |

(1) Categorization of property provided by Pierce County for 2004 tax year and forward; prior to 2004 categorization not available.

(2) Real and personal property is assumed to be assessed at 100% of the estimated value.

Note: Property taxes for each fiscal year are levied during the prior calendar year. For example, fiscal year 2005 collections are levied in 2004.

In some instances, total taxable A/V is not equal to figure shown elsewhere; the difference is due to adjustments to the A/V after the certification process.

SOURCE: Pierce County Assessor/Treasurer's Office

NOTE: This required schedule will be fully implemented beginning with the Comprehensive Annual Financial Report (CAFR) for the period ending 12/31/2007.

Schedule 7

CITY OF BONNEY LAKE

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(RATE PER \$1,000 OF ASSESSED VALUE)

| FISCAL YEAR | CITY OF BONNEY LAKE | STATE OF WASHINGTON | PIERCE COUNTY | PORT OF TACOMA | SCHOOL DISTRICT | EMS | RURAL LIBRARY | CONSERV FUTURES | FIRE DIST #22 | TOTAL RATE (2) |
|-------------|------------------------|------------------------|------------------|-------------------|--------------------|---------|------------------|--------------------|---------------|-------------------|
| 2006 | \$ 1.85 | \$ 2.64 | \$ 1.38 | \$ 0.19 | \$ 5.17 | \$ 0.50 | \$ 0.40 | \$ - | \$ 1.50 | \$ 13.62 |
| 2005 | 1.84 | 2.91 | 1.53 | 0.19 | 5.93 | 0.47 | 0.46 | 0.06 | 1.50 | 14.89 |
| 2004 | 1.94 | 3.03 | 1.61 | 0.19 | 6.18 | 0.49 | 0.48 | - | 1.38 | 15.30 |
| 2003 | 1.99 | 2.94 | 1.67 | 0.18 | 6.21 | 0.50 | 0.48 | - | 1.40 | 15.38 |
| 2002 | - | - | - | - | - | - | - | - | - | - |
| 2001 | - | - | - | - | - | - | - | - | - | - |
| 2000 | - | - | - | - | - | - | - | - | - | - |
| 1999 | - | - | - | - | - | - | - | - | - | - |
| 1998 | - | - | - | - | - | - | - | - | - | - |
| 1997 | - | - | - | - | - | - | - | - | - | - |

(1) Includes Both Regular And Voted Excess Tax Levies

SOURCE: Pierce County Assessor/Treasurer's Office

Schedule 8

CITY OF BONNEY LAKE

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

| TAXPAYER | 1997 (1) | | | 2006 | | |
|--------------------------------------|------------------------|------|------------------------|-------------------------|------|------------------------|
| | | | % OF TOTAL CITY | | | % OF TOTAL CITY |
| | TAXABLE ASSESSED VALUE | RANK | TAXABLE ASSESSED VALUE | TAXABLE ASSESSED VALUE | RANK | TAXABLE ASSESSED VALUE |
| Wal-Mart Stores Inc. #2403 | | | | \$ 23,709,254 | 1 | 1.2% |
| Buffalo - Bonney Lake Associates LLC | | | | 20,064,500 | 2 | 1.0% |
| Bonney Lake Village Association | | | | 14,760,400 | 3 | 0.8% |
| Home Depot USA Inc. | | | | 13,901,600 | 4 | 0.7% |
| Lake Tapps Equities LLC | | | | 12,564,124 | 5 | 0.6% |
| Target Stores #349 | | | | 11,863,000 | 6 | 0.6% |
| Safeway Stores #1844 | | | | 11,562,673 | 7 | 0.6% |
| New Albertsons Inc. | | | | 9,633,300 | 8 | 0.5% |
| Northwest Heritage Group Inc. | | | | 8,033,200 | 9 | 0.4% |
| Boardwalk Homes Inc. | | | | 6,812,400 | 10 | 0.4% |
| | | | | | | 0.0% |
| TOTAL PRINCIPAL TAXPAYERS | <u>-</u> | | <u>0.00%</u> | <u>109,195,197</u> | | <u>5.64%</u> |
| TOTAL ASSESSED VALUE | <u>\$ -</u> | | <u>100.00%</u> | <u>\$ 1,937,522,060</u> | | <u>100.00%</u> |

SOURCE: Pierce County Assessor/Treasurer's Office; 2006 Values for Tax Year 2007

(1) 1997 Data not available

Schedule 9

CITY OF BONNEY LAKE

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(amounts expressed in thousands/dollars)

| FISCAL YEAR | Taxes Levied for the Fiscal Year (1) | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total | Total Collections to Date | |
|-------------|--------------------------------------|--|--------------------|---------------------------------|----------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | | Amount | Percentage of Levy |
| 2006 | \$ 2,304 | \$ 2,131 | 92.49% | \$ 0 | \$ 2,131 | \$ 2,131 | 92.49% |
| 2005 | 2,143 | 2,059 | 96.08% | 64 | 2,123 | 2,123 | 99.07% |
| 2004 | 1,992 | 1,923 | 96.54% | 63 | 1,986 | 1,986 | 99.70% |
| 2003 | 1,870 | 1,749 | 93.53% | 120 | 1,869 | 1,869 | 99.95% |
| 2002 | - | - | #DIV/0! | - | - | - | #DIV/0! |
| 2001 | - | - | #DIV/0! | - | - | - | #DIV/0! |
| 2000 | - | - | #DIV/0! | - | - | - | #DIV/0! |
| 1999 | - | - | #DIV/0! | - | - | - | #DIV/0! |
| 1998 | - | - | #DIV/0! | - | - | - | #DIV/0! |
| 1997 | - | - | #DIV/0! | - | - | - | #DIV/0! |

(1) Original amount levied.

Note: Property taxes for each fiscal year are levied during the prior calendar year. For example, fiscal year 2006 collections are levied in 2005.

SOURCE: Pierce County Assessor/Treasurer's Office

Schedule 10
CITY OF BONNEY LAKE
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS (1)
(amounts expressed in thousands/dollars)

| | Calendar Year | | |
|--------------------------|----------------------|-------------|-----------------|
| | <u>2001</u> | <u>2002</u> | <u>2003</u> |
| Retail and Wholesale | \$ - | \$ - | \$ 1,031 |
| Construction | - | - | 350 |
| Accommodation and Food | - | - | 200 |
| Services | - | - | 260 |
| Other | - | - | 31 |
| Total | \$ - | \$ - | \$ 1,872 |
| | | | |
| City Direct Tax Rate (2) | 8.5% | 8.8% | 8.8% |

| | Calendar Year | | |
|--------------------------|----------------------|-----------------|-----------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| Retail and Wholesale | \$ 1,194 | \$ 1,440 | \$ 1,768 |
| Construction | 489 | 597 | 723 |
| Accommodation and Food | 216 | 251 | 280 |
| Services | 218 | 295 | 334 |
| Other | 105 | 57 | 25 |
| Total | \$ 2,222 | \$ 2,640 | \$ 3,130 |
| | | | |
| City Direct Tax Rate (2) | 8.8% | 8.8% | 8.8% |

(1) The City converted to GASB Statement No. 44 during 2005; historical information prior to 2001 is not available.

(2) The tax rate changed 07/01/2002 from 8.5% to 8.8%

Schedule 11

CITY OF BONNEY LAKE

DIRECT AND OVERLAPPING SALES TAX RATES

LAST TEN FISCAL YEARS

| FISCAL YEAR | CITY DIRECT RATE | PIERCE COUNTY (1) |
|-------------|------------------|-------------------|
| 2006 | 8.8% | 8.8% |
| 2005 | 8.8% | 8.8% |
| 2004 | 8.8% | 8.8% |
| 2003 | 8.8% | 8.8% |
| 2002 (2) | 8.8% | 8.8% |
| 2001 | 8.5% | 8.5% |
| 2000 (3) | 8.5% | 8.5% |
| 1999 | 8.4% | 8.4% |
| 1998 | 8.4% | 8.4% |
| 1997 (4) | 8.4% | 8.4% |

(1) Pierce County rate is for unincorporated

P.T.B.A. (Public Transportation Benefit Area)

(2) Rate changed from 8.5% to 8.8% July 1, 2002.

(3) Rate changed from 8.4% to 8.5% January 1, 2000.

(4) Rate changed from 8.0% to 8.4% April 1, 1997

SOURCE: Department of Revenue

Schedule 12

CITY OF BONNEY LAKE

PRINCIPAL SALES TAX REMITTERS

CURRENT YEAR AND TEN YEARS AGO

| TAXPAYER | 1997 | | | 2006 | | |
|---------------------------|--------------|------|---------------------|--------------|------|---------------------|
| | TAX RECEIPTS | RANK | PERCENTAGE OF TOTAL | TAX RECEIPTS | RANK | PERCENTAGE OF TOTAL |
| | \$ - | | #DIV/0! | \$ - | 1 | #DIV/0! |
| | 0 | | | 0 | 2 | #DIV/0! |
| | 0 | | #DIV/0! | 0 | 3 | #DIV/0! |
| | 0 | | #DIV/0! | 0 | 4 | #DIV/0! |
| | 0 | | | 0 | 5 | #DIV/0! |
| | 0 | | #DIV/0! | 0 | 6 | #DIV/0! |
| | 0 | | #DIV/0! | 0 | 7 | #DIV/0! |
| | 0 | | #DIV/0! | 0 | 8 | #DIV/0! |
| | 0 | | #DIV/0! | 0 | 9 | #DIV/0! |
| | 0 | | #DIV/0! | 0 | 10 | #DIV/0! |
| TOTAL PRINCIPAL TAXPAYERS | <u>\$ -</u> | | <u>#DIV/0!</u> | <u>\$ -</u> | | <u>#DIV/0!</u> |

Source: City of Bonney Lake Sales Tax Data

NOTE: This required schedule will be fully implemented beginning with the Comprehensive Annual Financial Report (CAFR) for the period ending 12/31/2007.

Schedule 13

CITY OF BONNEY LAKE

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(amounts expressed in thousands/dollars)

| FISCAL YEAR ⁽²⁾ | Governmental Activities | | | | Business-type Activities | | | Total Primary Government | Percentage of Personal income ⁽¹⁾ | Per Capita ⁽¹⁾ |
|-------------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------|----------------------------------|-------------------------------------|----------------------------------|-----------------------------|---|---------------------------|
| | General Obligation Bonds | Public Works Trust Fund Loans | Special Assessment Bonds | Other Long Term Debt | Water and Sewer Revenue Bonds | Public Works Trust Fund Loans | City of Tacoma Long-Term Debt | | | |
| 2006 | \$ 1,545 | \$ 755 | \$ - | \$ - | \$ 5,445 | \$ 19,350 | \$ 4,159 | \$ 31,254 | 0.00% | #DIV/0! |
| 2005 | 1,815 | 11 | - | - | 5,745 | 17,604 | 4,621 | 29,796 | 0.00% | #DIV/0! |
| 2004 | 2,065 | 16 | - | - | 6,035 | 12,304 | - | 20,420 | 0.00% | #DIV/0! |
| 2003 | 2,310 | 22 | 55 | 5 | 6,310 | 10,922 | - | 19,624 | 0.00% | #DIV/0! |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics (Schedule 19) for personal income and population data.

(2) The City converted to GASB Statement No. 34 during 2003; historical information prior to 2003 is not available.

Schedule 14

CITY OF BONNEY LAKE

RATIO OF GENERAL BONDED DEBT OUTSTANDING

BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

(amounts expressed in thousands/dollars)

| <u>FISCAL YEAR</u> | <u>POPULATION</u> | <u>ASSESSED VALUE</u> | <u>GENERAL OBLIGATION BONDED DEBT</u> | <u>LESS DEBT SERVICES FUNDS</u> | <u>NET BONDED DEBT</u> | <u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u> | <u>NET BONDED DEBT PER CAPITA</u> |
|--------------------|-------------------|-----------------------|---------------------------------------|---------------------------------|------------------------|---|-----------------------------------|
| 2006 | 0 | \$ - | \$ - | \$ - | \$ - | #DIV/0! | #DIV/0! |
| 2005 | 0 | - | - | - | - | #DIV/0! | #DIV/0! |
| 2004 | 0 | - | - | - | - | #DIV/0! | #DIV/0! |
| 2003 | 0 | - | - | - | - | #DIV/0! | #DIV/0! |
| 2002 | 0 | - | - | - | - | #DIV/0! | #DIV/0! |
| 2001 | 0 | - | - | - | - | #DIV/0! | #DIV/0! |
| 2000 | 0 | - | - | - | - | #DIV/0! | #DIV/0! |
| 1999 | 0 | - | - | - | - | #DIV/0! | #DIV/0! |
| 1998 | 0 | - | - | - | - | #DIV/0! | #DIV/0! |
| 1997 | 0 | - | - | - | - | #DIV/0! | #DIV/0! |

SOURCES: Population estimates were furnished by the State of Washington Office of Financial Management as of April 1 of each year, and Assessed Value is furnished by the Pierce County Assessor/Treasurer as of December 31 of each year.

NOTE: This required schedule will be fully implemented beginning with the Comprehensive Annual Financial Report (CAFR) for the period ending 12/31/2007.

Schedule 15

CITY OF BONNEY LAKE

DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT

December 31, 2006

| | NET DEBT OUTSTANDING | TO BONNEY LAKE (1) | CITY SHARE OF DEBT |
|--|-------------------------|-----------------------|-----------------------|
| DIRECT DEBT: | | | |
| City of Bonney Lake | \$ 1,545 | 100.00% | \$ 1,545 |
| OVERLAPPING DEBT: | | | |
| Bonney Lake School District #3 | \$ - | 39.67% | \$ - |
| Pierce County | - | 5.81% | - |
| Port of Tacoma | - | 5.81% | - |
| Sumner School District #320 | - | 0.02% | - |
| Total Overlapping Debt | \$ - | | \$ - |
| Total Direct and Overlapping Debt | \$ 1,545 | | \$ 1,545 |
| 2006 Population | | | - |
| Direct Debt Per Capita | | | #DIV/0! |
| Overlapping Debt Per Capita | | | #DIV/0! |
| Direct and Overlapping Debt Per Capita | | | #DIV/0! |

(1) Applicable percentage is determined by the ratio of assessed valuation of taxable property in overlapping unit to valuation of property subject to taxation in the City of Bonney Lake.

Sources: Pierce County Assessor/Treasurer, Pierce County Office of Budget and Finance, Bonney Lake School District.

NOTE: This required schedule will be fully implemented beginning with the Comprehensive Annual Financial Report (CAFR) for the period ending 12/31/2007.

Schedule 16

CITY OF BONNEY LAKE

COMPUTATION OF LEGAL DEBT MARGIN (1)

December 31, 2006

(amounts expressed in thousands/dollars)

| <hr/> <hr/> | | | | |
|--|------------------|-----------------|----------------|------------------|
| TOTAL ASSESSED PROPERTY VALUE | \$ | - | | |
| | | | Parks and Open | Utility Purposes |
| Debt Requirements | General Purpose | General Purpose | Space Voter | Utility Purposes |
| | Council Approved | Voter Approved | Approved | Voter Approved |
| <hr/> | | | | |
| Legal limit (1.5%) of Assessed Property Values | \$ | - | \$ | - |
| Legal Limit (1.0%) of Assessed Property Values | | - | | - |
| Legal limit (2.5%) of Assessed Property Values | | - | | - |
| Outstanding Debt | | - | | - |
| Council Approved General Obligation Debt | | - | | - |
| Voter Approved Outstanding Bonds | | - | | - |
| Total Outstanding Debt | | - | | - |
| Available Assets | | - | | - |
| Remaining Debt Capacity | \$ | - | \$ | - |
| <hr/> <hr/> | | | | |

(1) Under state law, the City of Bonney Lake's total indebtedness for general purposes with or without a vote cannot exceed 2.5% percent of the value of taxable property. Indebtedness for utility or open space, park, and capital facilities associated with economic development purposes with a vote may exceed 2.5% of the value of taxable property (up to 5%). Any excess will proportionately reduce the margin still available for general purposes.

NOTE: This required schedule will be fully implemented beginning with the Comprehensive Annual Financial Report (CAFR) for the period ending 12/31/2007.

Schedule 17

CITY OF BONNEY LAKE

REVENUE BOND COVERAGE FOR UTILITY BONDS

LAST TEN FISCAL YEARS

(amounts expressed in thousands/dollars)

| FISCAL YEAR | INCOME AVAILABLE FOR DEBT SERVICE CALCULATION | ANNUAL DEBT SERVICE REQUIRED | | TOTAL DEBT SERVICE | REVENUE BOND COVERAGE (1) |
|----------------|---|---------------------------------|----------|--------------------------|---------------------------------|
| | | PRINCIPAL | INTEREST | | |
| 2006 | \$ 3,795 | \$ 300 | \$ 293 | \$ 593 | 6.40 |
| 2005 | 3,033 | 290 | 298 | 588 | 5.16 |
| 2004 | 1,908 | 275 | 335 | 610 | 3.13 |
| 2003 | 1,915 | 265 | 347 | 612 | 3.13 |
| 2002 | - | - | - | - | #DIV/0! |
| 2001 | - | - | - | - | #DIV/0! |
| 2000 | - | - | - | - | #DIV/0! |
| 1999 | - | - | - | - | #DIV/0! |
| 1998 | - | - | - | - | #DIV/0! |
| 1997 | - | - | - | - | #DIV/0! |

(1) Current Bond Coverage Requirement is 1.3.

Schedule 18

CITY OF BONNEY LAKE

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

| Calendar Year | Population | Personal Income (Thousands) (2) | Per Capita Personal Income (2) | School Enrollment | Unemployment Rate (1) |
|------------------|------------|---------------------------------------|--------------------------------------|----------------------|--------------------------|
| 2006 (3) | - | \$ 23,826,949 | #DIV/0! | - | 5.20% |
| 2005 | - | 22,693,937 | #DIV/0! | - | 6.10% |
| 2004 | - | 23,273,083 | #DIV/0! | - | 7.00% |
| 2003 | - | 22,131,368 | #DIV/0! | - | 7.60% |
| 2002 | - | 21,502,845 | #DIV/0! | - | 6.70% |
| 2001 | - | 20,702,070 | #DIV/0! | - | 6.70% |
| 2000 | - | 19,416,742 | #DIV/0! | - | 5.30% |
| 1999 | - | 18,058,638 | #DIV/0! | - | 4.50% |
| 1998 | - | 17,184,196 | #DIV/0! | - | 4.60% |
| 1997 | - | 16,055,812 | #DIV/0! | - | 4.50% |

(1) Pierce County average

(2) Personal Income and Per Capita Income based on data for Pierce County

(3) Personal Income for 2006 based on forecast; actual data not released at time of publication

Sources: Washington State Office of Financial Management, Sumner School District,
Washington State Employment Security, Puget Sound Economic Forecaster
U.S. Department of Commerce (Bureau of Economic Analysis)
2006-2007 Pierce County Economic Index Report, Tacoma-Pierce County Chamber

NOTE: This required schedule will be fully implemented beginning with the Comprehensive Annual Financial Report (CAFR) for the period ending 12/31/2007.

Schedule 19

CITY OF BONNEY LAKE

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO (1)

| EMPLOYER | 2005 | | | 2006 | | |
|----------|-----------|------|---|-----------|------|---|
| | EMPLOYEES | RANK | PERCENTAGE OF TOTAL CITY EMPLOYMENT | EMPLOYEES | RANK | PERCENTAGE OF TOTAL CITY EMPLOYMENT |
| | | | #DIV/0! | | | #DIV/0! |
| | | | #DIV/0! | | | #DIV/0! |
| | | | #DIV/0! | | | #DIV/0! |
| | | | #DIV/0! | | | #DIV/0! |
| | | | #DIV/0! | | | #DIV/0! |
| | | | #DIV/0! | | | #DIV/0! |
| | | | #DIV/0! | | | #DIV/0! |
| | | | #DIV/0! | | | #DIV/0! |
| | | | #DIV/0! | | | #DIV/0! |
| | | | #DIV/0! | | | #DIV/0! |
| | | | #DIV/0! | | | #DIV/0! |
| | | | #DIV/0! | | | #DIV/0! |
| | | | #DIV/0! | | | #DIV/0! |
| TOTAL | - | | #DIV/0! | - | | #DIV/0! |

(1) Note: The City implemented GASB Statement No. 44 during 2005.
 Data for years prior to 2005 is not available.
 Future publications will include 2005 as the base year until a ten-year history has been compiled.

Sources: City of BONNEY LAKE Business Licenses

NOTE: This required schedule will be fully implemented beginning with the Comprehensive Annual Financial Report (CAFR) for the period ending 12/31/2007.

Schedule 20
CITY OF BONNEY LAKE
 FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

| FUNCTION/PROGRAM | Full-Time-Equivalent (FTE) Employees | | | | |
|---------------------------|--------------------------------------|-------------|-------------|-------------|-------------|
| | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
| Governmental Activities | | | | | |
| General Government | | | | | |
| Judicial | | | | | |
| Public Safety | | | | | |
| Physical Environment | | | | | |
| Utilities | | | | | |
| Transportation | | | | | |
| Economic Environment | | | | | |
| Culture and Recreation | | | | | |
| Health and Human Services | | | | | |
| Business-Type Activities | | | | | |
| Water | | | | | |
| Wastewater | | | | | |
| Storm and Surface Water | | | | | |
| Total | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

| FUNCTION/PROGRAM | Full-Time-Equivalent (FTE) Employees | | | | |
|---------------------------|--------------------------------------|-------------|-------------|-------------|-------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| Governmental Activities | | | | | |
| General Government | | | | | |
| Judicial | | | | | |
| Public Safety | | | | | |
| Physical Environment | | | | | |
| Utilities | | | | | |
| Transportation | | | | | |
| Economic Environment | | | | | |
| Culture and Recreation | | | | | |
| Health and Human Services | | | | | |
| Business-Type Activities | | | | | |
| Water | | | | | |
| Wastewater | | | | | |
| Storm and Surface Water | | | | | |
| Total | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

NOTE: This required schedule will be fully implemented beginning with the Comprehensive Annual Financial Report (CAFR) for the period ending 12/31/2007.

Schedule 21
CITY OF BONNEY LAKE
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST FOUR FISCAL YEARS (1)

| FUNCTION/PROGRAM | Fiscal Year | | | |
|---|-------------|-------------|-------------|-------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| <u>Police</u> | | | | |
| Calls for Service | - | 16,310 | 16,837 | 19,641 |
| Police Reports | - | 3,131 | 3,198 | 3,601 |
| Citations/Infractions | - | 4,095 | 4,386 | 5,138 |
| DUI | - | 113 | 105 | 147 |
| Uniform Crime Reporting (UCR) Crimes | - | 718 | 787 | 775 |
| <u>Public Works - Street Division</u> | | | | |
| Chip Seal (miles) | 2 | 3 | 6 | 6 |
| Overlay (miles) | 1 | - | 3 | 1 |
| <u>Water/Sewer Utility</u> | | | | |
| Water - New Installations | 483 | 636 | 545 | 471 |
| Waterlines | 165 | 172 | 185 | 195 |
| Water - Connections | 9,671 | 10,307 | 10,852 | 11,323 |
| Water - Pumped per year (billions of gallons) | 1.13 | 1.15 | 1.16 | 1.30 |
| Sewer - New Installations | - | 219 | 300 | 299 |
| Sewer - Connections | 3,909 | 4,128 | 4,428 | 4,727 |
| <u>Parks</u> | | | | |
| Boat Launch Permits Issued | 1,880 | 1,895 | 1,770 | 2,224 |

(1) Data for prior years provided where available

Source(s): City Departments

Schedule 22
CITY OF BONNEY LAKE
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST FOUR FISCAL YEARS

| FUNCTION/PROGRAM | Fiscal Year | | | |
|---|-------------|-------------|-------------|-------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| General Government | | | | |
| Administrative Buildings | | | | |
| Police | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Patrol Units | 22 | 25 | 26 | 27 |
| Public Works | | | | |
| Paved Centerline Miles | 60 | 60 | 62 | 67 |
| Paved Lane Miles | 120 | 120 | 125 | 133 |
| Unpaved Centerline Miles | 1 | 1 | 1 | 1 |
| Street Identification Signs | 291 | 291 | 307 | 411 |
| Traffic Control Signs | 691 | 691 | 814 | 977 |
| Traffic Signals | 1 | 2 | 3 | 4 |
| Water/Sewer Utility | | | | |
| Water Lines (miles) | 165 | 172 | 185 | 192 |
| PRV Stations | 7 | 13 | 18 | 27 |
| Booster Pump Stations | 2 | 2 | 3 | 4 |
| Reservoirs | 4 | 4 | 4 | 4 |
| Sewer Mains | 61 | 61 | 72 | 72 |
| Sewer Pump Stations | 17 | 18 | 20 | 21 |
| Sewer Grinder Pumps | 90 | 90 | 90 | 90 |
| Stormwater Utility | | | | |
| Storm Sewers (miles) | 17 | 17 | 19 | 23 |
| Detention/Infiltration Ponds | 25 | 25 | 31 | 38 |
| Catch Basins/Inlets | 928 | 929 | 1,053 | 1,241 |
| Ditches | 75 | 75 | 77 | 79 |
| Park Facilities | | | | |
| Acreage | | | | |
| Allan Yorke Park (plus boat launch) | 21.50 | 21.50 | 21.50 | 21.50 |
| Ballfield #4 and parking area | 5.00 | 5.00 | 5.00 | 5.00 |
| Allan Yorke Park Expansion | 0.00 | 12.50 | 12.50 | 12.50 |
| Lake Bonney Park | 1.30 | 1.30 | 1.30 | 1.30 |
| Senior Center | 1.20 | 1.20 | 1.20 | 1.20 |
| Cedarview | 4.60 | 4.60 | 4.60 | 4.60 |
| Park adjacent to Bonney Lake Elementary | 0.00 | 2.75 | 2.75 | 2.75 |
| Total Acreage | 33.60 | 48.85 | 48.85 | 48.85 |
| # Parks | 3 | 3 | 3 | 3 |
| Docks - Boat Launch | 4 | 4 | 4 | 4 |
| Dock - Swimming | 1 | 1 | 1 | 1 |
| Senior Center | 1 | 1 | 1 | 1 |
| Other Equipment | 100 | 113 | 139 | 160 |

Schedule 23

CITY OF BONNEY LAKE

CONSTRUCTION AND PROPERTY VALUES

LAST TEN FISCAL YEARS

| FISCAL YEAR | COMMERCIAL CONSTRUCTION | | RESIDENTIAL AND MULTIPLE DWELLING CONSTRUCTION | | TOTAL CONSTRUCTION (1) | |
|-------------|-------------------------|-------|--|-------|------------------------|-------|
| | NUMBER OF PERMITS | VALUE | NUMBER OF PERMITS | VALUE | NUMBER OF PERMITS | VALUE |
| 2006 | 0 | \$ - | 0 | \$ - | 0 | \$ - |
| 2005 | 0 | - | 0 | - | 0 | - |
| 2004 | 0 | - | 0 | - | 0 | - |
| 2003 | 0 | - | 0 | - | 0 | - |
| 2002 | 0 | - | 0 | - | 0 | - |
| 2001 | 0 | - | 0 | - | 0 | - |
| 2000 | 0 | - | 0 | - | 0 | - |
| 1999 | 0 | - | 0 | - | 0 | - |
| 1998 | 0 | - | 0 | - | 0 | - |
| 1997 | 0 | - | 0 | - | 0 | - |

(1) Does not include alterations, garages, mechanical, or signs.

Source: City of Bonney Lake Development Services Department - Building Division

NOTE: This schedule will be fully implemented beginning with the Comprehensive Annual Financial Report (CAFR) for the period ending 12/31/2007.

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