

CITY OF BONNEY LAKE

Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2008



...WHERE DREAMS CAN SOAR...

CITY OF BONNEY LAKE

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For the Fiscal Year Ended December 31, 2008

Prepared by the Finance Department

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"The City of Bonney Lake's mission is to protect the community's livable identity and scenic beauty through responsible growth planning and by providing accountable, accessible and efficient local government services"

August 18, 2010

**To the Honorable Neil Johnson, Mayor
Members of the City Council
Citizens of the City of Bonney Lake**

State law requires cities to publish financial statements, either in conformity with generally accepted accounting principles (GAAP) or on a cash basis, and audited in accordance with generally accepted auditing standards by the Washington State Auditor's Office under the *Revised Code of Washington* (RCW) 43.09.020. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the City of Bonney Lake for the fiscal year ended December 31, 2008. The City has elected to report its financial condition in conformity with generally accepted accounting principles (GAAP).

The report consists of management's representations concerning the finances of the City of Bonney Lake (City). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Bonney Lake's financial statements have been audited by the Washington State Auditor's Office. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2008, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon their audit, the independent auditor concluded that the City of Bonney Lake's financial statements for the fiscal year ended December 31, 2008 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Bonney Lake was part of a broader State mandate that requires the Washington State Auditor's Office to perform additional tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the City complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office. The City's State compliance report is also available separately upon request.

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

immediately following the report of the independent auditors.

Profile of the City

Incorporated on February 28, 1949, the City of Bonney Lake is nestled off State Highway Route 410 between Mount Rainier and the Puget Sound, along the southern shores of Lake Tapps. The City is located in the southern part of Pierce County, considered to be one of the top growth areas in both the state and county. The City of Bonney Lake is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

With a 2008 population of 16,220, Bonney Lake is the fifth largest city in Pierce County and the fifty-ninth largest city in the state. The 2009 population is estimated by the State Department of Financial Management to be 16,500. The City's boundaries now encompass approximately nine square miles.

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 biennial 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 City Administrator, department heads may make transfers of appropriations within a department between major categories of services and supplies. The City Administrator may authorize transfers within a fund. All transfers between funds must be approved by the City Council.

Services Provided

The City provides a range of municipal services normally associated with a municipality including police, street construction and maintenance, planning and zoning, building inspection, municipal court, senior center, and general administration services. The City also operates as enterprise funds the following business-type activities: Water utility, wastewater utility, and storm and surface water utility. Fire, library, animal control, and recreation are made available via contracts with other providers.

Cities and counties of the State of Washington must comply with the Budgeting, Accounting, and Reporting System (BARS) prescribed by the Office of the State Auditor as authorized under *Revised Code of Washington* (RCW) 43.09.200 and RCW 43.09.230. State law also provides for annual independent audits by the Office of the State Auditor and requires timely submission of annual financial reports to the state for review. The financial system of the City of Bonney Lake incorporates a system of financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. Consequently they are designed to provide reasonable assurance that transactions are processed in accordance with management authorization, recorded in conformity with generally accepted accounting principles (GAAP), that accountability of control over assets and obligations exists, and that sufficient reporting and review exists to provide adequate information for analysis and comparability of data. Internal control is an area of audit by the State Auditor as well, and City management receives and takes action upon recommendations made during the audit engagement.

The City of Bonney Lake prepares budgets in accordance with RCW 35.34. As background to the process, the City prepares a biennial financial forecast of general operations. Biennial budgets are adopted by the City Council for funds providing customary government services. Long-term project oriented budgets are adopted as required and amended as additional appropriations are needed. An increase or decrease in total budgeted appropriations of a fund

must be authorized by the City Council. Transfers of appropriations within a fund may be authorized by the City Administrator. All budgets are accounted for on a line-item basis with control at the object summary total level. Estimated purchase order amounts are encumbered prior to the release of the order to the vendor. Such encumbrances also serve to provide budgetary control. Open encumbrances lapse at year-end and must be re-appropriated or absorbed in the next year's operating budget.

Local Economy

Throughout the past decade most Washington cities and towns have stretched revenues to meet basic critical community services. During 2008 however, Bonney Lake, as well as other cities, has felt the effects of an unprecedented economic downturn as resources have become much leaner. Throughout the year dwindling resources have produced an imbalance where costs of essential services are escalating faster than revenues. Rising to the challenge we have opened the door to more creativity in our already conservative thinking and addressed the changing culture by instructing department directors to "hold the line" in their spending, only allowing essential discretionary purchases. However difficult, unfilled positions were mandated to remain in that state until further analysis could be performed and the short term effect could be balanced with our long term vision.

Championing reformation, the city opened a door to creativity by expanding dialogue with department directors and various stakeholder groups identifying crucial strengths and developing consensus on ways to share hardships while continuing to protect community value. As the city developed its 2009/2010 biennial budget we found that we were dealing with crucial budget reductions in areas such as infrastructure, capital improvements, workforce, and analyzing operations with a more narrowed scope of service in order to compile a realistic and balanced planning tool.

The city continues to utilize a five year financial planning model that incorporates very conservative revenue and expenditure projections. Updated analysis is performed on a monthly basis in order that we remain abreast of conditions as they occur and are strategically accounted for within our varying systems. Real time projections are providing city officials the tools to ensure that our short term planning is congruent with our long term vision for operations, maintenance, and capital investment.

Staff continues to pursue alternative sources of revenue to supplement our fading short term streams of sales taxes and permitting revenues that are tied to the construction industry. Within the past two years staff has been extremely successful in securing grant opportunities to supplement a number of street, sidewalk, public safety and community service projects. We fully anticipate that the city will continue this trend into the next biennium.

The geographical area of the city designated as "East Town" is located along and around the eastern most region of SR 410 as the highway proceeds to the eastern most boundary of the city. East Town is the city's last major commercial development zone. Dialogue continues with property owners and interested developers in reference to the most strategic opportunity to provide water and sewer to the area. Once fully outlined, this initiative will sustain development activity well into the next decade.

Management expects a slow but steady transition and renovation of the downtown core area. The city has adopted unprecedented incentives to encourage downtown redevelopment and we expect to explore additional processes to influence future redevelopment in this region.

Residential

Many factors contribute to Bonney Lake's exceptional quality of life; the availability of local goods and services, excellent schools, a local library, desirable residential neighborhoods, exceptional local government services, and excellent recreational opportunities.

The City's residential real estate marketplace has gained popularity in the past decade as a result of burgeoning real estate markets in the King County and Pierce County areas. As available buildable residential capacity diminishes in

the Seattle and Tacoma areas, Bonney Lake's close proximity to these metropolitan areas has become more and more attractive to many prospective buyers. Adding to the attractiveness of our physical location is the availability of multiple commuter routes into the larger metropolitan areas mentioned.

Although residential building permit activity has declined considerably throughout the year, our planning and building department administrators are optimistic that this trend will recover somewhat faster than the predicted national average due to the aforementioned positive characteristics in our real estate marketplace.

Retail

A key indicator of a city's economic health and vitality is local sales tax collections. The city has enjoyed steadily increasing sales tax collections each of the past several years as the city has become the retail center of the east county plateau region. Although our 2007 sales tax revenue stream continued in a robust fashion, the fourth quarter did reflect the emergence of a downturn in the economy as was articulated within the national news media. Accordingly our 2008 budget for sales tax revenue reflected a conservative approach as we reduced this revenue source by 5.76%. At the conclusion of fiscal year 2008 our actual experience of sales tax collections reflected 99.97% of budget. Administration continued this conservative approach as the city compiled the 2009/2010 biennial budget, forecasting sales tax revenues at below 2007 levels.

It is anticipated, however, that with the planned growth and future development of our East Town area that our sales tax revenues may rebound from the slowing tendency experienced in the later months of fiscal 2008. With a focus on encouraging renovation and expansion within the city, administration revised a number of its zoning codes and enacted new incentive ordinances that will contribute to sales tax sustainability.

Other Economic Indicators

The labor force of the Bonney Lake area is divided between those who work within the City and those who commute to work outside the area, in the nearby cities of Puyallup, Tacoma, Seattle, Renton, Kent, Auburn and Olympia. Therefore, the Bonney Lake area functions as a suburban-residential community as well as a center for trade and commerce based primarily on residential and commercial Real Estate Development and Retail sales within its boundaries.

The top four retail sales tax categories or classes of collections within the City have historically been Retail Trade at 63% of total collections; Construction at 10% of total collections; Food Services at 14% of total collections; and Other miscellaneous categories at 13% of total collections.

Capital Projects

During the next budgetary biennium the city will continue its capital project program based on a revised prioritization strategy. During the period the city will finalize facilities and infrastructure projects that have been planned and budgeted in prior years. The City also plans to pursue significant construction projects during years hence, as illustrated in the six-year capital improvement plan, a sampling of which follows:

- Police 800 MHZ System;
- Design of the Public Works Maintenance Facility;
- Fennel Creek Trail link through the Safe Routes grant;
- Continuation of the stream team program;
- Replacement project for Leaky Water Mains;
- Sumner Old Buckley Highway and SR 410 Improvements;

Long-Term Financial Planning

The City will continue to use its business planning model and budgetary process to review funding priorities for the

long-term operating and capital needs of the City. During the coming year, we are faced with the challenge to accommodate growth while ensuring that the City develops as a place where people want to live, work, and play. Due to current economic uncertainty at the national level City management recognizes the need to assure reserves for future revenue shortfalls in the event of a continued economic downturn and is proceeding conservatively in daily operations. We are committed to working with citizens, businesses, and other governmental agencies in delivering efficient services to our community in a cost effective means.

Cash Management Policies and Practices

It is the policy of the City of Bonney Lake to invest public funds to (1) preserve principal while maintaining liquidity to meet the City's cash-flow needs; (2) conform to all state and local statutes governing the investment of public funds; and (3) maximize investment return within the framework of the provisions of its' investment policy. Idle cash may be invested in obligations of the U.S. Treasury, Federal Agencies, corporate bonds, repurchase agreements and the State investment pool. Increases or decreases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity. The City of Bonney Lake primarily invests its idle funds in the Local Government Investment Pool (LGIP) managed by the Washington State Office of the State Treasurer.

The overall strategy of holding deposits and investing excess cash is to expose the City to a minimum amount of credit and market risk. All bank balances of deposit as of the balance sheet date are entirely insured or collateralized with securities held by the City or by its agent in the City's name.

Risk Management

Liability and property coverage is provided through the Washington Cities Insurance Authority (WCIA), of which the City of Bonney Lake subscribes as a member. Pursuant to 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. Currently WCIA has a total of 126 Members.

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 agreement, WCIA retains the right to additionally assess the membership for any funding shortfall.

Pension and Other Postemployment Benefits

The City of Bonney Lake provides pension benefits for its other employees through the Public Employees Retirement System (PERS) or the Law Enforcement Officer's and Fire Fighter (LEOFF) Retirement System.

These plans are administered by the State of Washington Department of Retirement Systems (DRS), a department within the primary government of the State of Washington under a cost-sharing multiple-employer public employee retirement system. The City of Bonney Lake has no obligation in connection with employee benefits offered through

these plans beyond its annual contractual payments to DRS.

The City provides postretirement health care benefits in accordance with statute to retired police employees who are eligible under the Law Enforcement Officers and Firefighters Retirement System (Chapter 41.26 RCW).

Additional information on the City of Bonney Lake's pension plans and post employment benefits can be found in the notes to financial statements, "Note 6 – Pension Plans", pages 56-61; and "Note 7C – Other Post Employment Benefits," page 63.

Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated staff of the Finance Department; specifically the Accounting and Budgeting division. I would also like to express my appreciation to the employees and the citizens whose continued cooperation, support and assistance have contributed greatly to the financial stability of the City of Bonney Lake.

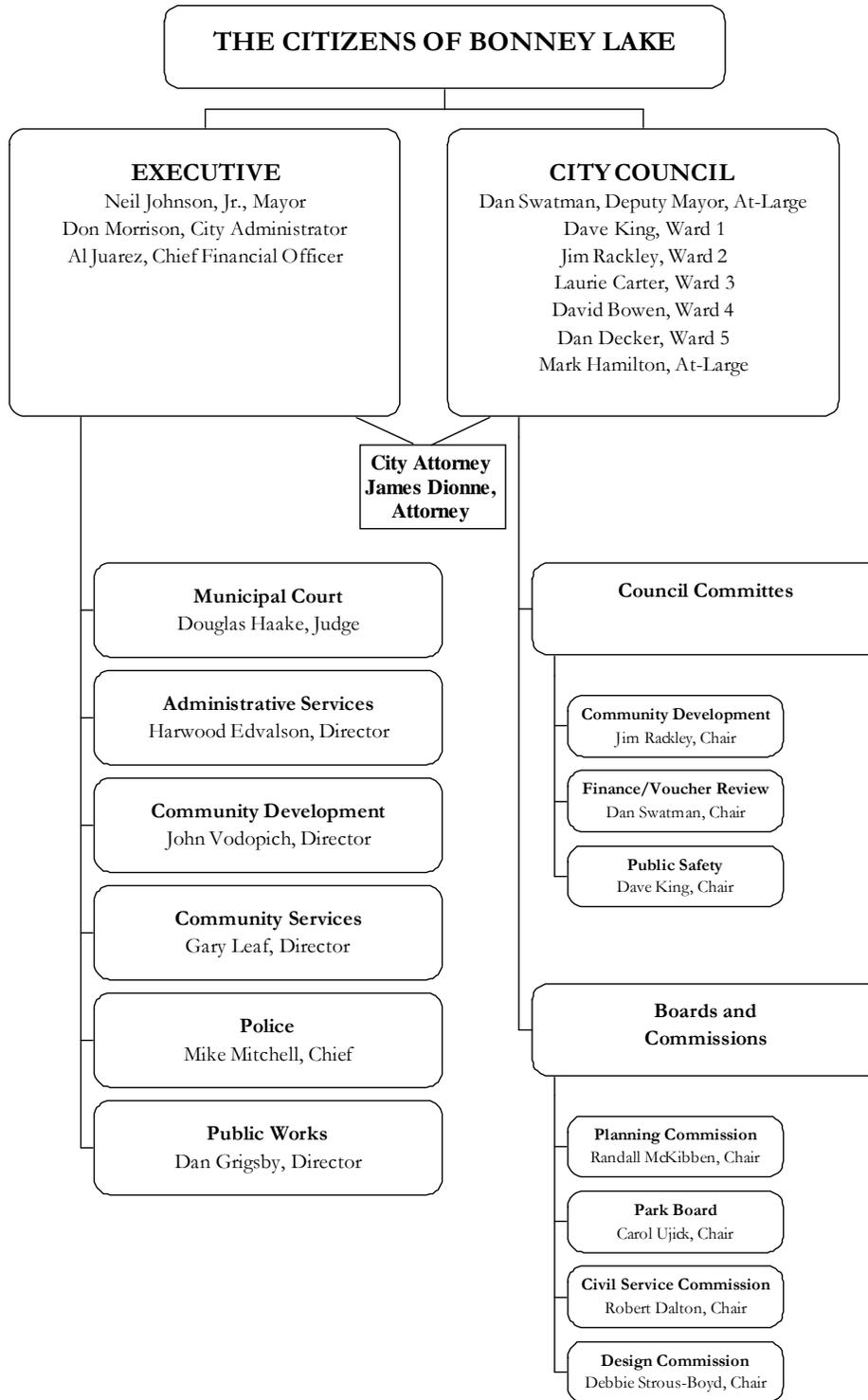
Further appreciation is extended to the City's management team, Mayor and members of the City Council for their encouragement, interest and support in conducting the financial operations of the city in a sound and progressive manner and for maintaining the highest standards of professionalism in the financial management of the City of Bonney Lake.

Respectfully submitted,



Al Juarez, MBA
Chief Financial Officer

City of Bonney Lake Organization Chart



City of Bonney Lake
Elected and Appointed Officials
December 31, 2008

Elected Officials

<u>Councilmember</u>	<u>District</u>	<u>Term(s) Commenced</u>	<u>Term Expiries</u>
Neil Johnson, Mayor		January 3, 2006	December 31, 2009
		<i>Mayor Johnson was Councilmember January 8, 2002 – December 2005</i>	
Dan Swatman, Deputy Mayor	At-Large	October 27, 1998	December 31, 2009
Mark Hamilton	At-Large	November 25, 2003	December 31, 2011
Dave King	Ward 1	November 27, 2001	December 31, 2009
James Rackley	Ward 2	December 28, 1999	December 31, 2011
Laurie Carter	Ward 3	January 1, 2008	December 31, 2011
David Bowen	Ward 4	December 13, 2005	December 31, 2009
Dan Decker	Ward 5	January 1, 2008	December 31, 2011

Appointed Officials

<u>Title</u>	<u>Name</u>	<u>Date of Appointment</u>
Administrative Services Director/City Clerk	Harwood Edvalson	March 28, 2006
Chief Financial Officer	Al Juarez	October 16, 2007
City Administrator	Don Morrison	March 28, 2006
City Attorney	James Dionne	March 22, 1994
Community Services Director	Gary Leaf	March 28, 2006
Municipal Court Judge	Doug Haake	January 8, 2008
Planning and Community Development Director	John Vodopich	June 26, 2007
Police Chief	Mike Mitchell	September 26, 2006
Public Works Director	Dan Grigsby	July 27, 2004



Washington State Auditor Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

August 18, 2010

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, 2008, 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, 2008, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 6, during the year ended December 31, 2008, the City has implemented the Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

The management's discussion and analysis on pages 11 through 22 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 66 through 76 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 Section 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 fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

**City of Bonney Lake
Management's Discussion and Analysis
For the Year Ending December 31, 2008**

As management of the City of Bonney Lake (the City), we offer this narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Financial Highlights

- As of December 31, 2008 total assets of the City exceeded its liabilities by approximately \$125.7 million. Of this amount, \$33.1 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 \$2.5 million.
- Capital assets increased approximately \$4.3 million, largely due to the acquisition of an emergency preparedness system and additions to and completion of a number of construction projects.
- The City's governmental funds reported combined ending fund balances of \$22.6 million.
- The General Fund reported an unreserved fund balance of \$5.2 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements 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's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the 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. The City's utilities include the water distribution system, the sewer collection and treatment system and the stormwater collection system.

The City has no separately identified component units and none are included in these financial statements.

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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Construction Fund, the General Government Construction Fund, and the Civic Center Construction Fund which are all considered major funds. Data from the other 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 a biennial appropriated budget for all of its funds. The basic financial statements include budgetary comparison statements for the General Fund to demonstrate compliance with this budget.

Proprietary funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, and Stormwater Funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City 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, Sewer, and Stormwater Funds. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in 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.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's financial results. Combining and individual fund statements and schedules for the non-major governmental funds and the internal service funds can be found under this section.

The City as a Whole

The table below summarizes the City's Statement of Net Assets for the years 2008 and 2007.

CONDENSED STATEMENT OF NET ASSETS						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 27,207,898	\$ 28,836,607	\$ 26,057,526	\$ 25,745,468	\$ 53,265,424	\$ 54,582,075
Capital assets, net of accum dep	35,070,567	30,258,328	82,348,716	82,624,314	117,419,283	112,882,642
TOTAL ASSETS	62,278,465	59,094,935	108,406,242	108,369,782	170,684,707	167,464,717
Long-term liabilities	13,021,736	11,703,416	23,150,952	25,303,737	36,172,688	37,007,153
Other liabilities	3,419,034	3,062,895	5,389,290	4,148,891	8,808,324	7,211,786
TOTAL LIABILITIES	16,440,770	14,766,311	28,540,242	29,452,628	44,981,012	44,218,939
NET ASSETS:						
Invested in capital assets, net of related debt	27,160,718	27,911,635	58,230,541	56,241,711	85,391,259	84,153,346
Restricted	5,412,972	10,107,072	1,819,074	998,000	7,232,046	11,105,072
Unrestricted	13,264,005	6,309,917	19,816,385	21,677,443	33,080,390	27,987,360
TOTAL NET ASSETS	\$ 45,837,695	\$ 44,328,624	\$ 79,866,000	\$ 78,917,154	\$ 125,703,695	\$ 123,245,778

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At year end 2008 assets exceeded liabilities by \$125.7 million.

The largest portion of the City's net assets of \$85.4 million or 67.8% 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 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.

Restricted net assets of \$7.2 million or 5.7% represent resources that are subject to external restrictions on how they may be used.

Unrestricted net assets of \$33.1 million or 26.5% may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the 2008 and 2007 fiscal years, the City reports 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 table below summarizes the City's Statement of Activities for the years 2008 and 2007.

Condensed Statement of Activities

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	\$ 2,590,036	\$ 6,693,578	\$ 12,611,540	\$ 13,506,859	\$ 15,201,576	\$ 20,200,437
Operating grants and contributions	254,464	1,159,180	76,089	54,938	330,553	1,214,118
Capital grants and contributions	492,166	200,267	-	-	492,166	200,267
General revenues:						
Property taxes	2,790,263	2,509,267	-	-	2,790,263	2,509,267
Sales taxes	3,828,634	3,117,359	-	-	3,828,634	3,117,359
B&O taxes	1,787,840	1,978,886	-	-	1,787,840	1,978,886
Excise taxes	1,063,770	1,637,878	-	-	1,063,770	1,637,878
Utility	796,441	675,217	-	-	796,441	675,217
Other taxes	46,985	43,413	-	-	46,985	43,413
Investment earnings	1,185,115	753,128	404,205	1,386,495	1,589,320	2,139,623
Miscellaneous revenues	78,550	22,374	31,369	30,564	109,919	52,938
Total revenues	14,914,264	18,790,547	13,123,203	14,978,856	28,037,467	33,769,403
Expenses						
General government	4,838,041	5,247,534	-	-	4,838,041	5,247,534
Public safety	4,748,254	4,131,158	-	-	4,748,254	4,131,158
Physical environment	653,118	573,151	-	-	653,118	573,151
Transportation	1,345,714	1,433,858	-	-	1,345,714	1,433,858
Health and human services	23,345	23,256	-	-	23,345	23,256
Economic environment	1,739,229	1,626,345	-	-	1,739,229	1,626,345
Culture and recreation	484,968	725,910	-	-	484,968	725,910
Interest on long term debt	1,124,779	177,652	-	-	1,124,779	177,652
Water	-	-	6,199,320	5,329,548	6,199,320	5,329,548
Sewer	-	-	4,253,390	3,756,329	4,253,390	3,756,329
Stormwater	-	-	595,159	486,495	595,159	486,495
Total expenses	14,957,448	13,938,864	11,047,869	9,572,372	26,005,317	23,511,236
Change in net assets before transfers	(43,184)	4,851,683	2,075,334	5,406,484	2,032,150	10,258,167
Transfers	1,552,255	1,791,026	(1,552,255)	(1,791,026)	-	-
Change in net assets	1,509,071	6,642,709	523,079	3,615,458	2,032,150	10,258,167
Net assets as of January 1	44,328,624	29,417,494	78,917,154	65,600,523	123,245,778	95,018,017
Prior period adjustments	-	8,268,421	425,767	9,701,173	425,767	17,969,594
Net assets as of December 31	\$ 45,837,695	\$ 44,328,624	\$ 79,866,000	\$ 78,917,154	\$ 125,703,695	\$ 123,245,778

Prior period adjustments were made to business-type activities to restate inventory and debt balances. Additional information on prior period adjustments can be found at Note 5H.

In comparing the line item above titled "Change in net assets", the City reports significant reductions from fiscal 2007 to 2008 in Governmental Activities as well as Business Activities. Impacting both categories has been a decrease in revenues resulting from a nationwide economic slowdown in construction related activity. This decreased revenue stream is reflected in the revenue line item titled "Charges for services," which is down 61% in Governmental Activities and 7% in Business Type Activities.

Additionally within Governmental Activities, revenues in the category "Operating grants and contributions" were down 56% in fiscal 2008 from the fiscal year prior. The economic slowdown in the construction industry also impacted the State of WA and other governmental entities, which are sources of grant funding for the City.

Significant Transactions and Changes in Individual Funds

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

Governmental funds

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

The following table provides a summary of Revenues, Expenditures and Changes in Fund Balances for the General Fund.

General Fund

	<u>2008</u>	<u>2007</u>	<u>Variance</u>	<u>% Change</u>
Total revenues	\$ 11,804,046	\$ 12,583,350	\$ (779,304)	-6.2%
Total expenditures	(11,221,853)	(10,981,394)	(240,459)	2.2%
Total other financing sources and uses	186,271	(5,511,252)	5,697,523	-103.4%
Net changes in fund balance	<u>768,464</u>	<u>(3,909,296)</u>	<u>4,677,760</u>	<u>-119.7%</u>
Fund balances, beginning of year	4,431,868	6,873,754	(2,441,886)	-35.5%
Prior period adjustment	-	1,467,410	(1,467,410)	-100.0%
Fund balances, end of year	<u>5,200,332</u>	<u>4,431,868</u>	<u>768,464</u>	<u>17.3%</u>

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$5.2 million.

As noted with the Statement of Activities on the prior page, a slowdown in construction related permitting activity contributed to a substantial reduction in total revenues, which is also illustrated in the above table. City leadership recognized this downturn early in the fiscal year and implemented strategic steps with expenditure reductions in order to keep pace with the slowing revenue stream. As a result of the City's resource/expenditure leveling efforts we have continued to recognize positive outcomes in fund balance, although not as robust as prior years.

The following table provides a summary of Revenues, Expenditures and Changes in Fund Balances for the Street Construction Fund.

Street Construction Fund

	<u>2008</u>	<u>2007</u>	<u>Variance</u>	<u>% Change</u>
Total revenues	\$ 1,506,918	\$ 3,021,977	\$ (1,515,059)	-50.1%
Total expenditures	(1,905,228)	(1,765,728)	(139,500)	7.9%
Total other financing sources and uses	766,694	897,947	(131,253)	-14.6%
Net changes in fund balance	<u>368,384</u>	<u>2,154,196</u>	<u>(1,785,812)</u>	<u>-82.9%</u>
Fund balances, beginning of year	6,959,471	4,805,275	2,154,196	44.8%
Fund balances, end of year	<u>7,327,855</u>	<u>6,959,471</u>	<u>368,384</u>	<u>5.3%</u>

As is the case in any Capital Improvement Fund, activity from year to year is based upon an entity's capacity to sustain funding for future projects. Dedicated revenue sources in this particular fund flow into the City as a result of Real Estate Excise Taxes; and although robust through prior years, this source is slowing and continues to lag significantly compared to prior experience.

The category "other financing sources and uses" illustrates an aggregate summary of both uses and sources. Significant other sources result in the form of grants, loans, etc. that may have been received from other governmental agencies in support of the City's Street Construction activities.

The following table provides a summary of Revenues, Expenditures and Changes in Fund Balances for the General Government Construction Fund.

General Government Construction Fund

	<u>2008</u>	<u>2007</u>	<u>Variance</u>	<u>% Change</u>
Total revenues	\$ 128,915	\$ 231,450	\$ (102,535)	-44.3%
Total expenditures	(2,736,199)	(4,158,199)	1,422,000	-34.2%
Total other financing sources and uses	5,904,674	2,925,000	2,979,674	101.9%
Net changes in fund balance	<u>3,297,390</u>	<u>(1,001,749)</u>	<u>4,299,139</u>	<u>-429.2%</u>
Fund balances, beginning of year	(433,265)	568,484	(1,001,749)	-176.2%
Fund balances, end of year	<u>2,864,125</u>	<u>(433,265)</u>	<u>3,297,390</u>	<u>-761.1%</u>

As is the case in any Capital Improvement Fund, activity from year to year is based upon an entity's capacity to sustain funding for future projects. Dedicated revenue sources in this particular fund continue their inflow although not as robust as prior years. Conversely, expenditure experience is closely associated with the inflow of resources and therefore is also not as robust as prior years.

The category "other financing sources and uses" illustrates an aggregate summary of both uses and sources. Significant other sources result in the form of grants, loans, etc. that may have been received from other governmental agencies in support of the City's General Government Construction Fund.

The following table provides a summary of Revenues, Expenditures and Changes in Fund Balances for the Civic Center Construction Fund.

Civic Center Construction Fund

	<u>2008</u>	<u>2007</u>	<u>Variance</u>	<u>% Change</u>
Total revenues	\$ 276,138	\$ -	\$ 276,138	100.0%
Total expenditures	(1,871,774)	-	(1,871,774)	100.0%
Total other financing sources and uses	<u>(3,762,666)</u>	<u>9,955,734</u>	<u>(13,718,400)</u>	<u>-137.8%</u>
Net changes in fund balance	<u>(5,358,302)</u>	<u>9,955,734</u>	<u>(15,314,036)</u>	<u>-153.8%</u>
Fund balances, beginning of year	<u>9,955,734</u>	<u>-</u>	<u>9,955,734</u>	<u>100.0%</u>
Fund balances, end of year	<u><u>4,597,432</u></u>	<u><u>9,955,734</u></u>	<u><u>(5,358,302)</u></u>	<u><u>-53.8%</u></u>

The Civic Center Construction Fund was a new fund in 2007, and was initially funded through a new debt issue of \$10.1 million.

After years of strategic planning, the city began development of the Downtown Civic Center project during 2007. Continuing into 2008, several key parcels of land were acquired to establish the contiguous footprint of the future campus. To facilitate this transaction, Council enacted a reimbursement resolution at the time the bond sale was initiated through the City’s bond underwriter to recover specific costs related to the Civic Campus development. The Civic Center Construction Fund reimbursed the General Government Capital Improvement Fund in early 2008 for prior period land acquisition costs in the amount of \$3.8 million.

The Justice Center is the first structure constructed within the Civic Center Campus. As the first structure, a great deal of planning and design by City Council, the Design Commission, and staff went into the project to set the tone for the City’s future Civic Center.

General Fund Budgetary Highlights

The City utilizes a biennial budget module as allowed in RCW 35A.34. For the 2007/2008 biennium, the City adopted an original budget for revenues and transfers in of \$24.4 million and for expenditures and transfers out of \$28.4 million. The City’s final budget for revenues and transfers in was \$25.3 million; the City’s final budget for expenditures and transfers out was \$28.0 million. The overall increase between original and final budgets was \$858,474 for revenues and transfers in. The overall decrease for expenditures and transfers out was (\$393,693). In the adopted budget ordinance, the City appropriates total expenditures, other financing uses, and use of undesignated fund balance as one expenditure total.

Capital Assets

The following table summarizes the City's capital asset balances at December 31, 2008 and 2007.

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 14,500,636	\$ 13,502,488	\$ 490,813	\$ 490,813	\$ 14,991,449	\$ 13,993,301
Construction in progress	1,906,368	211,742	2,885,445	4,729,154	4,791,813	4,940,896
Buildings	1,415,545	1,559,408	4,440,902	4,550,490	5,856,447	6,109,898
Improvements other than buildings	3,089,907	674,888	39,096,955	35,777,798	42,186,862	36,452,686
Infrastructure	10,999,415	11,267,552	-	-	10,999,415	11,267,552
Machinery and equipment	355,125	532,577	190,669	200,560	545,794	733,137
Rolling stock	2,803,572	2,509,673	-	-	2,803,572	2,509,673
Leasehold Improvements	-	-	16,751,475	17,237,025	16,751,475	17,237,025
Intangible Assets	-	-	18,492,457	19,638,473	18,492,457	19,638,473
Total	<u>\$ 35,070,568</u>	<u>\$ 30,258,328</u>	<u>\$ 82,348,716</u>	<u>\$ 82,624,313</u>	<u>\$ 117,419,284</u>	<u>\$ 112,882,641</u>

Significant increases occurred in governmental activities in construction in progress and improvements other than buildings. The City has many construction projects underway, including construction for the Civic Center and road construction projects. Increases in governmental activities in improvements other than building occurred due to the acquisition of an emergency preparedness system for \$2.1 million.

Increases occurred in business-type activities in improvements other than building as a result of construction projects in progress in 2007 reaching completion in 2008 and reclassified from construction in progress to improvements other than building.

Additional information on the City's capital assets can be found in Note 5 C.

Debt

The following table summarizes the City's debt balances at December 31, 2008 and 2007.

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 10,652,505	\$ 11,215,734	\$ -	\$ -	\$10,652,505	\$11,215,734
Public Works Trust Fund	760,733	750,000	17,087,781	18,289,843	17,848,514	19,039,843
Revenue bonds	-	-	4,793,500	5,195,182	4,793,500	5,195,182
Other debt - Motorola capital lease	1,767,391	-	-	-	1,767,391	-
Other debt - City of Tacoma	-	-	3,234,895	3,697,023	3,234,895	3,697,023
Compensated absences	553,492	488,031	85,742	86,719	639,234	574,750
Other post employment benefits	248,932	-	-	-	248,932	-
Judgment	-	-	821,073	-	821,073	-
Total	<u>\$ 13,983,053</u>	<u>\$ 12,453,765</u>	<u>\$26,022,991</u>	<u>\$27,268,767</u>	<u>\$40,006,044</u>	<u>\$39,722,532</u>

The City's debt liabilities increased \$1.5 million for governmental activities, largely due to the acquisition of an emergency preparedness system, financed by a capital lease. The City implemented GASB 43 for 2008, which requires the valuation and recording of a liability for other post employment benefits.

Additional information on the City's long-term debt can be found in Notes 5 D and E and on other post employment benefits in Note 6.

Economic Factors and Other Information

The City of Bonney Lake is considered a balanced community with a residential character that conserves natural amenities while supporting a diverse mix of economic activities. The City promotes a safe, attractive and healthful living environment for residents various physical, educational, economic and social activities while maintaining an adequate tax base to provide a high level of accountable, accessible and efficient local government services. The City is an active participant in interlocal and regional services and planning organizations¹.

Regional

Strategically located in the easterly region of Pierce County, the City of Bonney Lake provides unparalleled opportunities generally associated with a more rural setting. Bonney Lake is a scant 20 minute commute to the City of Tacoma, which is the second largest city within the state. Seattle, the largest city in our state, is located within an approximate 40 minute commute northbound. This attractive proximity allows our residents the affordability and density of a suburb yet the relative close amenities such as arts and entertainment as well as job opportunities more frequently associated with a major City.

The City enjoys close proximity to major employment centers, including Joint Base Lewis-McChord, Multi-Care Health System (including Good Samaritan Hospital), Franciscan Health Center, the Port of Tacoma, and the Seattle-Tacoma International Airport. Further information on these centers can be

¹ City of Bonney Lake 2009/2010 Biennial Budget. City Council Goals & Objectives: Overall Vision.

found at the Tacoma-Pierce County Chamber of Commerce website at www.tacomachamber.org.

Local

Throughout the past decade most Washington cities and towns have stretched revenues to meet basic critical community services. Beginning in 2007 and continuing through 2008, many cities, including Bonney Lake, felt the effects of the current economic recession. As resources and revenue streams became leaner, cities found themselves making crucial budget reductions in areas such as infrastructure, capital improvements, and scope of services. Although early indications indicate the nation *may* be emerging from this recession, we must acknowledge that the economy will not rebound to the pre-recession levels quickly, and continued financial vigilance is imperative to future successes.

As part of its overall review of fiscal policies and processes, City leadership recommitted to nurture economic growth in order to sustain the health of the community, including overhauling selected zoning codes to encourage economic development and enacting new ordinances to encourage renovation and expansion in various areas of the City.

The City is also continually reviewing opportunities for partnerships with neighboring jurisdictions (including cities and school districts) to maximize resources while minimizing expenditures.

The City utilizes a biennial budget and, pursuant to state statute, adopted a 2007/2008 biennial budget in December 2006. A mid biennial budget amendment was subsequently adopted in December 2007 in order to provide an updated realistic budget or road map for fiscal 2008. Conservative management practices continue to guide city leadership. Revenue and expenditure activity is monitored frequently in order to anticipate and respond to near and long term economic conditions.

The top five categories of revenue collected within the general fund, in order of dollars received is: (1) sales tax; (2) property tax; (3) building permits; (4) utility tax; and, (5) fines and forfeitures. Sales tax is a predominant economic indicator for the City of Bonney Lake. The retail marketplace serves as a benchmark to evaluate how an entity is performing compared to market average and identify problem areas at an early stage. Likewise it may be used as an indicator to the potential of a retail climate recovery. Sales tax collections grew at a rate of 4% from fiscal 2007 through 2008, which is a marked change from prior years experience that saw robust increases. For example, the city experienced a double digit increase of 18% between fiscal year 2005 through 2006.

The City continues to pursue grant opportunities to enhance our infrastructure, major programs and capital improvement plans. Key programs or projects either constructed or underway include:

- Continuation of the stream team program;
- Continuation of the sidewalk, street lighting and chip seal programs;
- Regional (downtown) storm pond;
- Sumner Old Buckley Highway and SR 410 Improvements;
- Replacement project for leaky water mains;
- Design of the Public Works Maintenance Center Facility;
- Fennel Creek Trail link through the Safe Routes grant;
- Police 800 MHZ System.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's financial accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, City of Bonney Lake, 19306 Bonney Lake Blvd., P.O. Box 7380, Bonney Lake, WA 98391-0944. Direct inquiries may be addressed to Ms. Cassandra Raymond, Accounting Manager, 253/447-4316, RaymondK@ci.bonney-lake.wa.us; or Mr. Al Juarez, Chief Financial Officer, 253/447-4314, Juarez@ci.bonney-lake.wa.us.

City of Bonney Lake
Statement of Net Assets
December 31, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 24,534,814	17,559,615	\$ 42,094,429
Investments	1,010,313	6,067,492	7,077,805
Receivables (net)	2,180,649	142,502	2,323,151
Due from other governments	732,159	-	732,159
Internal balances	(1,401,018)	1,401,018	-
Inventories	-	404,022	404,022
Prepaid items	2,444	-	2,444
Restricted assets:			
Cash and cash equivalents	148,537	482,877	631,414
Capital Assets:			
Non-depreciable	16,407,003	3,376,258	19,783,261
Depreciable (net)	18,663,564	78,972,458	97,636,022
Total assets	<u>62,278,465</u>	<u>108,406,242</u>	<u>170,684,707</u>
LIABILITIES			
Accounts payable and accrued expenses	1,080,349	1,546,921	2,627,270
Deposits	680,670	248,908	929,578
Accrued interest	545,304	721,422	1,266,726
Deferred revenue	151,394	-	151,394
Noncurrent liabilities:			
Due in one year	961,317	2,872,039	3,833,356
Due in more than one year	13,021,736	23,150,952	36,172,688
Total liabilities	<u>16,440,770</u>	<u>28,540,242</u>	<u>44,981,012</u>
NET ASSETS			
Invested in capital assets, net of related debt	27,160,718	58,230,541	85,391,259
Restricted for:			
Debt service	5,412,972	998,001	6,410,973
Judgment payable	-	821,073	821,073
Unrestricted	13,264,005	19,816,385	33,080,390
Total net assets	<u>\$ 45,837,695</u>	<u>79,866,000</u>	<u>\$ 125,703,695</u>

The notes are an integral part of the financial statements.

City of Bonney Lake
Statement of Activities

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For the Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 4,838,041	\$ 628,512	\$ 12,280	\$ -
Public safety	4,748,254	888,312	149,409	-
Physical environment	653,118	45,152	10,000	-
Transportation	1,345,714	516,210	334,556	492,166
Health and human services	23,345	31,949	-	-
Economic environment	1,739,229	431,898	(255,037)	-
Culture and recreation	484,968	48,003	3,256	-
Interest and other fiscal charges	1,124,779	-	-	-
Total Governmental Activities	<u>14,957,448</u>	<u>2,590,036</u>	<u>254,464</u>	<u>492,166</u>
Business-type Activities:				
Water	6,199,320	7,750,447	-	-
Wastewater	4,253,390	3,955,592	1,089	-
Storm and surface water	595,159	905,501	75,000	-
Total Business-type Activities	<u>11,047,869</u>	<u>12,611,540</u>	<u>76,089</u>	<u>-</u>
Total Function/Program Activities	<u>\$ 26,005,317</u>	<u>\$ 15,201,576</u>	<u>\$ 330,553</u>	<u>\$ 492,166</u>

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, 2008

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	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
Functions/Programs			
Governmental Activities:			
General government	\$ (4,197,249)	\$ -	\$ (4,197,249)
Public safety	(3,710,533)	-	(3,710,533)
Physical environment	(597,966)	-	(597,966)
Transportation	(2,782)	-	(2,782)
Economic environment	(1,562,368)	-	(1,562,368)
Culture and recreation	(433,709)	-	(433,709)
Health and human services	8,604	-	8,604
Interest and other fiscal charges	(1,124,779)	-	(1,124,779)
Total Governmental Activities	<u>(11,620,782)</u>	<u>-</u>	<u>(11,620,782)</u>
Business-type Activities:			
Water	-	1,551,127	1,551,127
Wastewater	-	(296,709)	(296,709)
Storm and surface water	-	385,342	385,342
Total Business-type Activities	<u>-</u>	<u>1,639,760</u>	<u>1,639,760</u>
Total Function/Program Activities	<u>\$ (11,620,782)</u>	<u>\$ 1,639,760</u>	<u>\$ (9,981,022)</u>
General Revenues			
Taxes:			
Property	\$ 2,790,263	\$ -	\$ 2,790,263
Sales and Use	3,828,634	-	3,828,634
Business and Occupation	1,787,840	-	1,787,840
Excise	1,063,770	-	1,063,770
Utility	796,441	-	796,441
Other Taxes	46,985	-	46,985
Investment earnings	1,185,115	404,205	1,589,320
Gain on sale of capital assets	-	-	-
Miscellaneous	78,550	31,369	109,919
Transfers	1,552,255	(1,552,255)	-
Total general revenues and transfers	<u>13,129,853</u>	<u>(1,116,681)</u>	<u>12,013,172</u>
Change in net assets	1,509,071	523,079	2,032,150
Net assets - beginning	44,328,624	78,917,154	123,245,778
Prior Period Adjustments	-	425,767	425,767
Net assets - ending	<u>\$ 45,837,695</u>	<u>\$ 79,866,000</u>	<u>\$ 125,703,695</u>

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

City of Bonney Lake
 Balance Sheet
 Governmental Funds
 December 31, 2008

page 1 of 2

	GENERAL FUND	STREET CONSTRUCTION FUND	GENERAL GOVT CONSTRUCTION
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 5,136,512	\$ 6,814,100	\$ 2,860,886
Investments	-	-	-
Receivables (net)	982,354	585,047	3,990
Due from other funds	-	-	-
Due from other governmental units	680,095	52,065	-
Prepaid items	2,444	-	-
Restricted assets:			
Cash and cash equivalents	148,537	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>6,949,942</u>	<u>7,451,212</u>	<u>2,864,876</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	456,519	78,871	26
Due to other governments	312,390	-	-
Due to other funds	-	-	-
Deposits payable	680,680	(200)	-
Interfund loan payable	-	-	-
Deferred revenues	269,991	44,686	725
Other liabilities	30,030	-	-
Total liabilities	<u>1,749,610</u>	<u>123,357</u>	<u>751</u>
Fund balances:			
Reserved for:			
Debt service	-		
Pledged revenues	-		
Construction of capital projects			
Unreserved, undesignated reported in:			
General fund	5,200,332	-	-
Special Revenue funds	-	-	-
Debt Service funds	-	-	-
Capital Projects funds	-	7,327,855	2,864,125
Total fund balances	<u>5,200,332</u>	<u>7,327,855</u>	<u>2,864,125</u>
Total liabilities and fund balances	<u>\$ 6,949,942</u>	<u>\$ 7,451,212</u>	<u>\$ 2,864,876</u>

The notes are an integral part of the financial statements.

City of Bonney Lake
 Balance Sheet
 Governmental Funds
 December 31, 2008

page 2 of 2

	CIVIC CENTER CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 3,674,457	\$ 4,004,280	\$ 22,490,235
Investments	1,010,313	-	1,010,313
Receivables (net)	-	-	1,571,391
Due from other funds	-	-	-
Due from other governmental units	-	-	732,160
Prepaid items	-	-	2,444
Restricted assets:			
Cash and cash equivalents	-	-	148,537
Total assets	4,684,770	4,004,280	25,955,080
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	84,045	24,145	643,606
Due to other governments	3,293	(560)	315,123
Due to other funds	-	-	-
Deposits payable	-	-	680,480
Interfund loan payable	-	1,401,018	1,401,018
Deferred revenues	-	-	315,402
Other liabilities	-	-	30,030
Total liabilities	87,338	1,424,603	3,385,659
Fund balances:			
Reserved for:			
Debt service			-
Pledged revenues			-
Construction of capital projects			
Unreserved, undesignated reported in:			
General fund	-	-	5,200,332
Special Revenue funds	-	1,700,520	1,700,520
Debt Service funds	-	107,419	107,419
Capital Projects funds	4,597,432	771,738	15,561,150
Total fund balances	4,597,432	2,579,677	22,569,421
Total liabilities and fund balances	\$ 4,684,770	\$ 4,004,280	\$ 25,955,080

The notes are an integral part of the financial statements.

City of Bonney Lake
 Reconciliation of Governmental Fund Balances
 To Net Assets of Governmental Activities
 For the Year Ended December 31, 2008

Total Governmental Fund Balances	\$	22,569,421
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Amounts reported for governmental activities in the statement of net assets are different because:

Receivables for fines and forfeitures and the related allowance for uncollectible accounts are not current financial resources and, therefore not reported in the funds.	607,464
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	32,266,995
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Long-term liabilities applicable to the City's activities are not due and payable in the current period and are not reported as fund liabilities:

Debt and notes payable	(13,429,561)
Compensated absences	(550,262)
Interest payable	(545,304)
Deferred revenue	164,008

Internal service funds are used by management to charge the costs of insurance and equipment rental and replacement services to individual funds.

Total assets and liabilities of the internal service funds that are reported with governmental activities, net of amounts reported above.	4,754,934
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Net assets of governmental activities	\$	45,837,695
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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 Balances
Governmental Funds
For the Year Ended December 31, 2008

	GENERAL FUND	STREET CONSTRUCTION FUND	GENERAL GOVT CONSTRUCTION	CIVIC CENTER CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Taxes						
Property	\$ 2,303,393	\$ -	\$ -	\$ -	\$ 322,862	\$ 2,626,255
Sales	3,828,634	-	-	-	-	3,828,634
B&O	1,787,840	-	-	-	-	1,787,840
Excise	875	288,162	86,449	-	201,714	577,200
Special assessments	-	-	-	-	3,356	3,356
Other	843,426	-	-	-	-	843,426
Licenses and permits	687,204	-	-	-	-	687,204
Intergovernmental	360,089	717,197	-	-	-	1,077,286
Charges for goods and services	294,294	501,559	40,392	-	232,218	1,068,463
Fines and forfeitures	662,526	-	-	-	-	662,526
Miscellaneous:						
Interest	916,852	-	-	267,750	290	1,184,892
Other	118,913	-	2,074	8,388	19,169	148,544
Total revenues	11,804,046	1,506,918	128,915	276,138	779,609	14,495,626
EXPENDITURES						
Current:						
General government	3,435,949	-	2,180,007	-	2,556	5,618,512
Public safety	4,066,646	-	-	-	3,453	4,070,099
Utilities and environment	535,896	-	-	-	-	535,896
Transportation	766,730	14,548	-	-	-	781,278
Economic environment	1,909,769	-	-	-	-	1,909,769
Culture and recreation	421,561	-	-	-	-	421,561
Health and human services	3,667	-	-	-	4,430	8,097
Capital outlay	81,635	1,699,431	125,492	1,213,015	377,735	3,497,308
Debt service:						
Principal retirement	-	187,500	374,270	275,000	290,000	1,126,770
Interest	-	3,749	56,430	383,759	133,715	577,653
Premium on bond issue	-	-	-	-	-	-
Debt issue costs	-	-	-	-	-	-
Total expenditures	11,221,853	1,905,228	2,736,199	1,871,774	811,889	18,546,943
Excess (deficiency) of revenues over expenditures	582,193	(398,310)	(2,607,284)	(1,595,636)	(32,280)	(4,051,317)
OTHER FINANCING SOURCES (USES)						
Developer contributions	(255,037)	500,873	-	-	-	245,836
Contributions from property owners	-	(8,708)	-	-	-	(8,708)
Transfers in	1,108,611	76,296	3,762,666	-	-	4,947,573
Transfers out	(667,303)	-	-	(3,762,666)	(84,296)	(4,514,265)
Debt proceeds	-	198,233	-	-	-	198,233
Capital leases	-	-	2,142,008	-	-	2,142,008
Total other financing sources and uses	186,271	766,694	5,904,674	(3,762,666)	(84,296)	3,010,677
Net Change in fund balances	768,464	368,384	3,297,390	(5,358,302)	(116,576)	(1,040,640)
Fund balances, beginning of year	\$ 4,431,868	\$ 6,959,471	\$ (433,265)	\$ 9,955,734	\$ 2,696,253	\$ 23,610,061
Prior period adjustment	-	-	-	-	-	-
Fund balances, end of year	\$ 5,200,332	\$ 7,327,855	\$ 2,864,125	\$ 4,597,432	\$ 2,579,677	\$ 22,569,421

The notes are an integral part of the financial statements.

City of Bonney Lake
 Reconciliation of The Statement of Revenue, Expenditures,
 And Changes In Fund Balances of Governmental Funds
 To the Statement of Activities
 For The Year Ended December 31, 2008

Net changes in fund balances - total governmental funds \$ (1,040,640)

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

Increases to Court receivables and related allowance for doubtful accounts do not require the use of current financial resources and therefore are not reported as revenues or expenditures in the funds. 12,699

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 164,008

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives as depreciation expense. Amounts related to capital assets are:

Capital asset purchases capitalized	3,383,635	
Depreciation expense	(1,007,304)	2,376,331

Expenses for compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (65,795)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This is the amount of the net effect of these differences in the treatment of long-term debt and related items.

Debt issues	(198,233)	
Principal and other debt service costs retired	1,126,770	
Other post employment benefits	(248,933)	
Interest expense	(547,129)	132,475

Internal service funds are used by management to charge the costs of insurance and information services to individual funds. The net revenue of the internal service funds is reported with the governmental activities.

Change in net assets		(70,007)
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Change in net assets of governmental activities	\$ 1,509,071
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The notes to the financial statements are an integral part of this statement.

City of Bonney Lake
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2008

	Budget Amounts			Variance with Final Budget Over (Under)
	Approved Original Budget 2007-2008 Biennium	Approved Final Budget 2007-2008 Biennium	Actual Biennium	
REVENUES				
Taxes				
Property	\$ 4,485,643	\$ 4,516,664	\$ 4,446,716	\$ (69,948)
Sales	7,617,685	6,945,189	6,945,993	804
Business & Occupation	2,618,432	3,729,044	3,766,726	37,682
Other	1,553,780	1,495,947	1,562,932	66,985
Licenses and permits	3,030,083	2,211,209	2,043,775	(167,434)
Intergovernmental	320,639	667,443	789,236	121,793
Charges for services	276,707	838,490	1,781,893	943,403
Fines and forfeitures	1,883,829	2,104,786	1,620,023	(484,763)
Miscellaneous				
Interest Earnings	304,149	532,334	1,177,304	644,970
Other	310,583	218,898	252,798	33,900
Total revenues	<u>22,401,530</u>	<u>23,260,004</u>	<u>24,387,396</u>	<u>1,127,392</u>
EXPENDITURES				
Current:				
General government	6,426,785	6,103,868	7,551,603	1,447,735
Public safety	8,690,083	8,563,914	7,797,631	(766,283)
Utilities and environment	859,323	878,188	947,245	69,057
Transportation	1,521,284	1,521,327	1,379,548	(141,779)
Economic environment	3,741,968	3,896,510	3,549,722	(346,788)
Culture and recreation	878,023	860,023	771,946	(88,077)
Health and human services	10,000	8,562	8,187	(375)
Capital Outlay	358,400	288,461	197,365	(91,096)
Total expenditures	<u>22,485,866</u>	<u>22,120,853</u>	<u>22,203,247</u>	<u>82,394</u>
Excess (deficiency) of revenues over expenditures	(84,336)	1,139,151	2,184,149	1,044,998
OTHER FINANCING SOURCES (USES)				
Transfers in	2,018,717	2,018,717	2,164,429	145,712
Transfers out	(5,933,976)	(5,905,296)	(7,286,199)	(1,380,903)
Total other financing sources (uses)	<u>(3,915,259)</u>	<u>(3,886,579)</u>	<u>(5,121,770)</u>	<u>(1,235,191)</u>
Net change in fund balances	(3,999,595)	(2,747,428)	(2,937,621)	(190,193)
FUND BALANCES, BEGINNING	6,873,753	6,873,753	6,873,753	-
PRIOR PERIOD ADJUSTMENTS	1,519,236	1,519,236	1,519,236	-
FUND BALANCES, ENDING	<u>\$ 4,393,394</u>	<u>\$ 5,645,561</u>	<u>\$ 5,455,368</u>	<u>\$ (190,193)</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, 2008

Business-type Activities - Enterprise Funds

	Water	Sewer	Stormwater	Total Proprietary Funds	Gov. Activities Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 8,100,811	\$ 9,128,423	\$ 330,382	\$ 17,559,616	\$ 2,044,578
Investments	6,067,492	-	-	6,067,492	-
Receivables (net of allowance for uncollectible accounts)	17,471	124,797	234	142,502	1,799
Due from other governmental units	-	-	-	-	-
Interfund loan receivable - current	-	200,145	-	200,145	-
Inventories	80,465	323,557	-	404,022	-
Restricted assets:					
Cash and cash equivalents	48,125	434,147	605	482,877	-
Total current assets:	14,314,364	10,211,069	331,221	24,856,654	2,046,377
Noncurrent assets:					
Interfund loan receivable	-	1,200,873	-	1,200,873	-
Capital assets:					
Land	255,950	234,863	-	490,813	-
Construction in progress	2,046,942	334,484	504,019	2,885,445	-
Buildings	2,342,761	3,136,673	-	5,479,434	-
Leasehold improvements	-	19,422,000	-	19,422,000	-
Improvements other than buildings	41,631,834	591,487	6,527,916	48,751,237	-
Machinery and equipment	42,067	814,364	-	856,431	4,973,824
Intangible asset	9,244,346	15,496,192	137,297	24,877,835	-
Accumulated depreciation	(10,272,228)	(8,631,678)	(1,510,573)	(20,414,479)	(2,170,252)
Total noncurrent assets:	45,291,672	32,599,258	5,658,659	83,549,589	2,803,572
Total assets	59,606,036	42,810,327	5,989,880	108,406,243	4,849,949
LIABILITIES AND FUND BALANCES					
Current liabilities:					
Accounts payable and accrued expenses	442,295	800,880	168,006	1,411,181	91,786
Due to other governments	86	135,654	-	135,740	-
Deposits	(89,616)	337,989	535	248,908	-
Accrued interest	600,260	121,162	-	721,422	-
Current portion of long-term debt	1,476,459	574,507	-	2,050,966	-
Judgment	821,073	-	-	821,073	-
Total current liabilities:	3,250,557	1,970,192	168,541	5,389,290	91,786
Non current liabilities:					
Compensated absences	54,251	31,491	-	85,742	3,229
Revenue bonds payable	3,612,993	793,825	-	4,406,818	-
Public Works Trust Fund payable	9,006,986	6,878,639	-	15,885,625	-
Contract payable for purchase of water rights	2,772,767	-	-	2,772,767	-
Total Non current liabilities:	15,446,997	7,703,955	-	23,150,952	3,229
Total liabilities	18,697,554	9,674,147	168,541	28,540,242	95,015
NET ASSETS					
Invested in capital assets, net of related debt	29,420,468	23,151,414	5,658,659	58,230,541	2,803,572
Restricted for debt service	998,001	-	-	998,001	-
Judgment payable	821,073	-	-	821,073	-
Unrestricted	9,668,940	9,984,766	162,680	19,816,386	1,951,362
Total net assets	\$ 40,908,482	\$ 33,136,180	\$ 5,821,339	\$ 79,866,001	\$ 4,754,934

The notes are an integral part of the financial statements.

City of Bonney Lake
 Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended December 31, 2008

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Stormwater	Total Proprietary Funds	Gov. Activities Internal Service Funds
Operating revenues:					
Charges for goods and services	\$ 6,005,034	\$ 3,171,940	\$ 904,765	\$ 10,081,739	\$ -
Total operating revenues	6,005,034	3,171,940	904,765	10,081,739	-
Operating expenses:					
Cost of sales and services	1,852,236	935,894	287,984	3,076,114	555,615
Administration	659,478	527,414	74,081	1,260,973	55,487
Insurance	-	-	-	-	306,554
External and interfund taxes	801,769	1,387,044	80,785	2,269,598	-
Depreciation	1,310,906	1,262,940	152,308	2,726,154	389,775
Total operating expenses	4,624,389	4,113,292	595,158	9,332,839	1,307,431
Operating income (loss)	1,380,645	(941,352)	309,607	748,900	(1,307,431)
Nonoperating revenues (expenses):					
Loss on retirement of assets	-	-	-	-	(30,797)
Investment earnings	355,648	69,387	-	425,035	7,596
Miscellaneous revenue	12,513	404	736	13,653	28,005
Interest and other debt service cost	(753,859)	(140,098)	-	(893,957)	-
Debt proceeds	-	-	-	-	-
Principal retirement	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total non operating revenue	(385,698)	(70,307)	736	(455,269)	4,804
Income (loss) before contributions and transfers	994,947	(1,011,659)	310,343	293,631	(1,302,627)
System development fees	1,743,437	754,422	28,829	2,526,688	-
Capital contributions	-	1,089	-	1,089	113,673
FEMA grant	-	-	75,000	75,000	-
Transfers in	-	-	-	-	1,197,083
Transfers out	(841,295)	(469,017)	(241,943)	(1,552,255)	(78,136)
Judgement	(821,073)	-	-	(821,073)	-
Change in net assets	1,076,016	(725,165)	172,229	523,080	(70,007)
Net assets at beginning of year	39,832,466	33,435,578	5,649,110	78,917,154	4,824,941
Prior period adjustments	-	425,767	-	425,767	-
Net assets at end of year	\$ 40,908,482	\$ 33,136,180	\$ 5,821,339	\$ 79,866,001	\$ 4,754,934

The notes are an integral part of the financial statements.

City of Bonney Lake
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

	Business-type Activities - Enterprise Funds				Gov. Activities Internal Service Funds
	WATER	SEWER	STORM	TOTAL	
Cash flows from operating activities:					
Receipts from customers and users	\$ 5,954,417	\$ 3,179,228	\$ 905,435	\$ 10,039,080	\$ -
Payments for external and interfund taxes	(801,769)	(1,387,044)	(80,785)	(2,269,598)	-
Payments to employees	(1,656,526)	(985,022)	(312,026)	(2,953,574)	(165,850)
Payments for goods and services	(875,676)	(316,130)	112,912	(1,078,894)	(746,383)
Net cash provided by operating activities	<u>2,620,446</u>	<u>491,032</u>	<u>625,536</u>	<u>3,737,014</u>	<u>(912,233)</u>
Cash flows from noncapital financing activities:					
Grants and contributions	-	-	75,000	75,000	-
Interfund loans	-	200,145	-	200,145	-
Transfers from other funds	-	-	-	-	1,197,083
Transfers to other funds	(841,295)	(469,017)	(241,943)	(1,552,255)	(78,136)
Nonoperating system development fees	1,743,437	754,422	28,829	2,526,688	-
Nonoperating miscellaneous revenue	33,345	405	736	34,486	(1,617)
Net cash (used) by Noncapital financing	<u>935,487</u>	<u>485,955</u>	<u>(137,378)</u>	<u>1,284,064</u>	<u>1,117,330</u>
Cash flows from capital and related financing activities:					
Debt transfer	(98,100)	98,100	-	-	-
Debt principal payments	(1,483,277)	(575,913)	-	(2,059,190)	-
Interest paid on debt	(620,714)	(126,659)	-	(747,373)	-
Payment for capital acquisitions	(1,561,117)	(385,421)	(504,019)	(2,450,557)	(600,799)
Capital contributions	-	1,089	-	1,089	-
Insurance recoveries	-	-	-	-	27,824
Net cash (used) by capital and related financing activities	<u>(3,763,208)</u>	<u>(988,804)</u>	<u>(504,019)</u>	<u>(5,256,031)</u>	<u>(572,975)</u>
Cash flows from investing activities:					
Purchase of investments	(4,088,322)	-	-	(4,088,322)	-
Investment redemptions	3,980,662	-	-	3,980,662	-
Interest income	355,648	69,387	-	425,035	7,596
Other	30,116	-	(68)	30,048	-
Net cash provided by investing activities	<u>278,104</u>	<u>69,387</u>	<u>(68)</u>	<u>347,423</u>	<u>7,596</u>
Net Increase (decrease) in cash and cash equivalents	70,829	57,570	(15,929)	112,470	(360,282)
Cash and cash equivalents, beginning of year	<u>8,078,107</u>	<u>9,505,000</u>	<u>346,916</u>	<u>17,930,023</u>	<u>2,404,860</u>
Cash and cash equivalents, end of the year	<u>\$ 8,148,936</u>	<u>\$ 9,562,570</u>	<u>\$ 330,987</u>	<u>\$ 18,042,493</u>	<u>\$ 2,044,578</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,380,645	\$ (941,352)	\$ 309,607	\$ 748,900	\$ (1,307,431)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	1,310,906	1,262,940	152,308	2,726,154	389,775
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	21,447	3,675	65	25,187	-
(Increase) decrease in inventory	(60,128)	-	-	(60,128)	-
Increase (decrease) in accounts payable	45,466	34,862	162,951	243,279	5,758
Increase (decrease) in deposits	(72,064)	10,964	605	(60,495)	-
Increase (decrease) in compensated absences	(5,892)	4,915	-	(977)	(335)
Increase (decrease) in due to other governments	86	115,028	-	115,114	-
Net cash provided by operating activities	<u>2,620,466</u>	<u>491,032</u>	<u>625,536</u>	<u>3,737,034</u>	<u>\$ (912,233)</u>

CITY OF BONNEY LAKE
Notes to the Financial Statements
December 31, 2008

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 and proprietary funds. 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 (susceptible to accrual) 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 Street Construction Fund is used for capital purposes such as roads, streets, sidewalks and street lights.
- The General Government Construction Fund is used for capital purposes.
- The Civic Center Construction Fund is used for capital purposes.

The City has three proprietary funds and considers them all to be major.

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

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.

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

The City of Bonney Lake's budget procedures are mandated by Chapter 35A.34 of the Revised Code of Washington. Biennial 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. For administrative purposes, the biennial budget allocates budgets separately for each year of the biennium; however, legally, the combined allocations for the biennium constitute the officially adopted budget. Appropriations lapse at biennial end.

The City presents required budgetary comparisons for the General Fund as a basic governmental fund financial statement. The budgetary comparison statement is presented using generally accepted accounting principles.

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.

(See additional information at Note 4.)

E. Assets, Liabilities and Equities

1. Cash and Cash Equivalents

The City considers all highly liquid investments including restricted assets with a maturity of three months or less when purchased to be a cash equivalent.

It is the City's policy to invest all temporary cash surpluses. At December 31, 2008, the treasurer was holding \$42,725,843 in cash and cash equivalents.

The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered.

2. Investments

Investments are valued at fair market value.

(See additional information at Note 5A.)

3. Receivables

Taxes receivable consists of property taxes and related interest and penalties.

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.

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.

(See additional information at Note 5B.)

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."

(See additional information at Note 5F.)

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.

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

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual purchase price of \$5,000 or greater and an estimated useful life in excess of two years, or, for infrastructure assets, with an initial purchase price of \$50,000 or more and a useful life of greater than 20 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated 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
Buildings and structures	45 - 50
Infrastructure	30 - 60

For assets acquired in and subsequent to 2007, no depreciation is taken in the acquisition year; rather, a full year of depreciation is taken in the year subsequent to acquisition and each year thereafter. Upon disposition, a full year of depreciation is taken in the year of disposition.

For assets acquired in the year 2006 and prior, depreciation is calculated according to the month of acquisition. For example, assets acquired in April xx were calculated with eight months of depreciation in the first year. Subsequent years are calculated with a full twelve months of depreciation. Similarly, upon disposition, depreciation is calculated based on the month of disposition.

(See additional information at Note 5C.)

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 240 hours or 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. 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.

(See additional information at Note 5E.)

9. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in all statements other than those statements prepared on the modified accrual basis of accounting (the governmental fund statements). Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period as other financing sources or uses; the face amount of debt issued is reported as other financing sources.

(See additional information at Note 5D and E.)

10. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net assets reported as restricted for debt service represent unspent debt proceeds.

(See additional information at Note 5G.)

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 – PROPERTY TAXES

The County Assessor-Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are on approximately the 10th of each month for the prior month collections.

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.
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, subject to two limitations:

1. Washington State (RCW 84.55.010) limits the growth of regular property taxes to one percent per year unless approved by a majority of the voters at an election as provided in RCW 84.55.050. Under this statute, local governments are free to place measures on the ballot seeking approval of property tax increases for: Specific dollar amounts, specific periods of time, which can exceed one year, and/or general or limited purposes;
2. The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.

The City levy 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 property tax levies approved by the voters are not subject to the limitations listed above.

The City's regular tax levy for the tax year 2008 was \$1.01 on an assessed valuation of \$2.3 billion for a total regular levy of \$2,328,747. Additionally, a special levy for debt service on the Public Safety Building was \$.1546 per \$1,000 for a total additional levy of \$354,802. The total City property tax levies for tax year 2008 was \$1.17 per \$1,000 of assessed value yielding \$2,683,550.

NOTE 5 – DETAILED NOTES ON FINANCIAL STATEMENT BALANCES

A. Deposits and Investments

At year end, the City's cash and cash equivalents amounted to \$42,725,843. The book values of deposits do not differ materially from the bank balances of deposits.

Deposit custodial credit risk is the risk that in the event of a bank failure, the city's deposits may not be recovered. The Federal Deposit Insurance Commission (FDIC) insures the City's deposits up to \$100,000. The Washington Public Deposit Protection Commission (WPDPC) insures amounts over \$100,000. The WPDPC is a multiple financial institution collateral pool established by state statute, to protect public funds against loss. At year end 2008, the bank balances of deposits were entirely insured through the FDIC and the WPDPC. The City had no custodial credit risk for deposits for the year ended 2008.

Investments for the City are reported at fair value. The City's investment policy allows for authorized investments up to 36 months to maturity. The City's investment policy is to apply the prudent-person rule: In acquiring, retaining, managing, and disposing of investments, there shall be exercised the

judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of the funds, considering the probable income as well as the probable safety of the capital.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Using the specific identification method, the City had the following investments as of December 31, 2008:

Investment Type	Maturity (Days)	Fair Value
Federal Natl Mort Assn	15	\$ 1,993,731
Freddie Mac	27	1,999,584
Federal Home Loan Bank	345	2,074,177
Federal Natl Mort Assn	520	1,010,312
		\$ 7,077,804

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *Concentration of credit risk* is the risk of loss attributed to the magnitude of an investment in a single issuer. The ratings and concentration of debt securities as of December 31, 2008 are:

Credit Quality Distribution of Securities
With Credit Exposure as a Percentage of Total Investments

Investment Type	% Invested	S&P Rating
Federal Natl Mort Assn	42%	AAA
Freddie Mac	28%	AAA
Federal Home Loan Bank	29%	AAA

Investment 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 2008, 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.

B. Receivables

A summary of accounts receivable balances for the year ended December 31, 2008 is as follows:

	Governmental Activities	Business-type Activities
Taxes receivable	\$ 128,180	\$ -
Taxes receivable, delinquent	92,330	-
Accounts receivable	1,123,045	142,502
Accounts receivable, Court; net af allowance for doubtful accounts of \$2,028,807	607,458	-
Special assessment receivable, current	(12,946)	-
Special assessment receivable, long-term	-	-
Special assessment receivable, deferred	40,217	-
Interest receivable, special assessments	4,132	-
Debt proceeds receivable	198,233	-
Total Accounts Receivable	<u>\$ 2,180,649</u>	<u>\$ 142,502</u>

As of December 31, 2008, no special assessments receivable were delinquent.

C. Capital Assets

A summary of capital assets activity for the year ended December 31, 2008 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 13,502,488	\$ 998,147	\$ -	\$ 14,500,635
Construction in progress	211,742	1,853,698	(159,072)	1,906,368
Total capital assets, not being depreciated:	<u>13,714,230</u>	<u>2,851,845</u>	<u>(159,072)</u>	<u>16,407,003</u>
Capital assets, being depreciated:				
Building	4,557,515	8,921	-	4,566,436
Improvements other than buildings	1,111,703	2,479,251	-	3,590,954
Machinery and equipment	1,851,534	70,788	-	1,922,322
Rolling Stock	4,323,960	714,471	(64,607)	4,973,824
Infrastructure	16,610,621	273,911	-	16,884,532
Total capital assets being depreciated	<u>28,455,333</u>	<u>3,547,342</u>	<u>(64,607)</u>	<u>31,938,068</u>
Less accumulated depreciation for:				
Building	(2,998,107)	(152,784.00)	-	(3,150,891)
Improvements other than buildings	(436,815)	(64,232.00)	-	(501,047)
Machinery and equipment	(1,318,957)	(248,240.00)	-	(1,567,197)
Rolling Stock	(1,814,287)	(389,775.00)	33,810	(2,170,252)
Infrastructure	(5,343,069)	(542,048.00)	-	(5,885,117)
Total Accumulated depreciation	<u>(11,911,235)</u>	<u>(1,397,079.00)</u>	<u>33,810</u>	<u>(13,274,504)</u>
Total capital assets, being depreciated, net	<u>16,544,098</u>	<u>2,150,263</u>	<u>(30,797)</u>	<u>18,663,564</u>
Governmental activities capital assets, net	<u>\$ 30,258,328</u>	<u>\$ 5,002,108</u>	<u>\$ (189,869)</u>	<u>\$ 35,070,567</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 490,813	\$ -	\$ -	\$ 490,813
Construction in progress	4,729,154	2,358,549	(4,202,258)	2,885,445
Total capital assets, not being depreciated:	<u>5,219,967</u>	<u>2,358,549</u>	<u>(4,202,258)</u>	<u>3,376,258</u>
Capital assets, being depreciated:				
Building	5,479,434	-	-	5,479,434
Leasehold improvements	19,422,000	-	-	19,422,000
Improvements other than buildings	44,487,299	4,263,938	-	48,751,237
Machinery and equipment	832,903	23,528	-	856,431
Intangible assets	24,871,035	6,800	-	24,877,835
Total capital assets being depreciated	<u>95,092,671</u>	<u>4,294,266</u>	<u>-</u>	<u>99,386,937</u>
Less accumulated depreciation for:				
Building	(928,944)	(109,588.00)	-	(1,038,532)
Leasehold improvements	(2,184,975)	(485,550.00)	-	(2,670,525)
Improvements other than buildings	(8,709,501)	(944,781.00)	-	(9,654,282)
Machinery and equipment	(632,343)	(33,419.00)	-	(665,762)
Intangible assets	(5,232,562)	(1,152,816.00)	-	(6,385,378)
Total Accumulated depreciation	<u>(17,688,325)</u>	<u>(2,726,154.00)</u>	<u>-</u>	<u>(20,414,479)</u>
Total capital assets, being depreciated, net	<u>77,404,346</u>	<u>1,568,112</u>	<u>-</u>	<u>78,972,458</u>
Business-type activities capital assets, net	<u>\$ 82,624,313</u>	<u>\$ 3,926,661</u>	<u>\$ (4,202,258)</u>	<u>\$ 82,348,716</u>

Depreciation expense, including Internal Service funds' depreciation of \$389,775 was charged to functions/programs of the primary government as follows:

General government	\$ 275,516
Public safety	269,508
Physical environment	210,821
Transportation	558,450
Health and human services	19,678
Economic environment	4,129
Culture and recreation	58,977
	<u>\$ 1,397,079</u>

At year end the city's commitments are as follows:

Governmental Activities

Project	Spent-to-Date	Remaining Commitment
Parks Capital Projects (302)		
Fennel Creek Trail Construction	\$ 45,178	\$ 799,822
Subtotal Parks Capital Improvement Fund	<u>45,178</u>	<u>799,822</u>
Streets Capital Projects (301)		
192nd Avenue East Design Project (Safe Routes to School)	45,491	245,499
75th Street East Improvements	339,054	29,090
Signal Upgrade SR410 (Design - Corridor Study/Intersection Work)	57,971	68,050
184th Corridor Improvements	81,421	-
Bonney Lake Blvd/183rd Avenue (multiple aspects)	807,130	-
City of Bonney Lake Downtown Improvements	<u>95,398</u>	<u>2,148,906</u>
Subtotal Street Capital Improvement Fund	<u>1,426,464</u>	<u>2,491,545</u>
Civic Center Capital Projects (325)		
Downtown Civic Center Improvements: IJC Design	<u>354,889</u>	<u>130,151</u>
Subtotal General Government Capital Improvement Fund	<u>354,889</u>	<u>130,151</u>
Total Governmental Funds	<u>1,826,532</u>	<u>3,421,518</u>

*Business-Type Activities***Water Fund Projects (401)**

Peaking Storage Reservoir (at-grade tank)/Pump Station	105,539	24,820
Bonney Lake Blvd/183rd Avenue (multiple aspects)	76,544	180,089
184th Corridor Waterline	14,663	78,034
188th Ave Cedar View Water Main (Leaky Watermain Replacement Project II)	81,928	596,689
192nd Ave Corridor Water Improvements	25,519	2,432
75th Street East Improvements	96,059	10,167
95th Loop & 181st Waterline	546,684	-
Deer Island Water Main Replacement	172,213	708,737
Lakeridge Tank Recoating Project	286,676	12,113
Public Works Modular Building	16,003	108,671
Public Works Maintenance Center Complex (Design)	5,734	587,266
Tacoma Water Intertie Project	35,811	278,306
Subtotal Water Fund Projects	<u>1,463,373</u>	<u>2,587,325</u>

Sewer Fund Projects (402)

Septic System Reduction Program	13,514	36,402
192nd Ave Corridor Water Improvements	25,519	2,431
Angeline Road Sewer Force Main Replacement (Design)	33,802	159,308
SR410 Sanitary Sewer Interceptor Repair (BNSF Undercrossing)	<u>295,450</u>	<u>79,951</u>
Subtotal Sewer Fund Projects	<u>368,285</u>	<u>278,092</u>

Stormwater Fund Projects (415)

Downtown Regional Storm Pond	465,968	450,279
184th Corridor Waterline	<u>8,260</u>	<u>16,740</u>
Subtotal Stormwater Fund Projects	<u>474,227</u>	<u>467,019</u>

Total Business-Type Activities

<u>2,305,886</u>	<u>3,332,435</u>
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Total All Funds

<u><u>\$ 4,132,417</u></u>	<u><u>\$ 6,753,953</u></u>
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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. Upgrades to the City of Sumner's wastewater treatment plant are funded by Public Works Trust Fund Loans, which are secured by sewer revenues.

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

D. Long-Term DebtGeneral Obligation Bonds

At December 31, 2008, the general obligation bonds payable consist of the following issues for governmental activities:

2007 General Obligation Bonds, dated December 11, 2007, due in annual installments through December 1, 2022, bearing interest rates of 3.15% to 4.5% \$9,725,000

1997 General Obligation Bonds, due in annual installments through December 1, 2011, bearing interest rates of 4.1% to 5.25%. The City used this bond issue to refund its 1992 General Obligation Bonds in the authorized amount of \$2,865,000. 970,000

Total General Obligation Bonds Payable \$10,695,000

Public Works Trust Fund Loans

At December 31, 2008, the Public Works Trust Fund loans payable consist of the following issues:

Governmental Activities

<u>Loan Number</u>	<u>Purpose</u>	<u>Annual Installment</u>	<u>End of Year Balance</u>
PW-06-962-PRE-101	192nd Ave E. Connection	\$ 253,578	\$ 760,733

Business-Type Activity

<u>Loan Number</u>	<u>Purpose</u>	<u>Annual Installment</u>	<u>End of Year Balance</u>
PW-02-691-006	Sumner Treatment Plant	373,047	5,222,658
PW-04-691-009	Leak Reduction Program	232,404	3,718,437
PW-04-691-008	Ballpark Well Treatment	178,677	2,858,823
PW-03-691-003	Spring Sources Water Quality Facilities	63,715	955,733
PW-04-691-007	Sewer Treatment Plant Upgrade	105,450	1,687,200
PW-5-96-791-004	Church Lake Main Replacement	66,057	528,456
PW-06-962-ELP-302	Reconstruct Sewer to Sumner WWTP	26,316	473,684
PW-00-691-008	McGhee Drive Water Main	38,306	459,677
PW-97-791-017	Ponderosa Construction	50,468	454,213
PW-98-78898-08	Lakeridge Booster Pump Station	37,657	414,230
PW-98-78898-07	Corrosion Control Facility	14,974	164,717
PW-98-791-006	Ponderosa Overflow	14,995	149,953
		<u>1,202,066</u>	<u>17,087,781</u>
	Total	<u>\$ 1,455,644</u>	<u>\$ 17,848,514</u>

Revenue Bonds

At December 31, 2008, the revenue bond debt consists of the following issues for business-type activities:

2007 Revenue refunding bonds, dated December, 2007, due in annual installments through December, 2019, bearing interest rates of 3.5% - 3.93%.	\$4,440,000
1999 Revenue bonds, partially refunded with the 2007 Revenue Refunding Bonds; Due in annual installments through 2009.	<u>280,000</u>
Total Revenue Bond Debt	<u><u>\$4,720,000</u></u>

Other Debt

At December 31, 2008, the other debt balances of the following issues:

Business activity loan payable to City of Tacoma for payment of system development charges so that the City of Bonney Lake may purchase water during peak capacity. The note, issued January 2005, is due in annual installments through January, 2015, bearing interest rate of prime plus 2%.	\$3,234,895
Governmental activity capital lease payable to Motorola Financing for payment of emergency preparedness system. The lease, issued in March 2008, is due in annual installments through 2018, bearing interest at 4.54%.	<u>1,764,259</u>
Total Other Debt	<u><u>\$4,999,154</u></u>

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each debt type for the years subsequent to December 31, 2008 are as follows:

<u>General Obligation Bonds</u>		<u>Governmental Activities</u>		
Year Ending December 31,	Principal	Interest	Total	
2009	550,000	\$ 464,130	1,014,130	
2010	580,000	439,388	1,019,388	
2011	605,000	414,200	1,019,200	
2012	275,000	386,413	661,413	
2013	285,000	376,100	661,100	
2014 - 2018	1,595,000	1,700,900	3,295,900	
2019 - 2023	1,985,000	1,316,025	3,301,025	
2024 - 2028	2,450,000	846,250	3,296,250	
2029 - 2033	2,370,000	266,199	2,636,199	
Total	\$ 10,695,000	\$ 6,209,605	\$ 16,904,605	

<u>Revenue Bonds</u>		<u>Business Activities</u>		
Year Ending December 31,	Principal	Interest	Total	
2009	\$ 380,000	\$ 399,303	\$ 779,303	
2010	380,000	172,120	552,120	
2011	395,000	158,820	553,820	
2012	415,000	143,020	558,020	
2013	430,000	126,420	556,420	
2014 - 2018	2,295,000	361,300	2,656,300	
2019 - 2023	425,000	17,213	442,213	
Total	\$ 4,720,000	\$ 1,378,196	\$ 6,098,196	

Public Works Trust Fund Loans

Year Ending December 31,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 253,578	\$ 3,188	\$ 256,766	\$ 1,202,065	\$ 138,101	\$ 1,340,166
2010	253,578	2,125	255,703	1,202,065	127,236	1,329,301
2011	253,577	1,063	254,640	1,202,065	116,371	1,318,436
2012	-	-	-	1,202,065	105,507	1,307,572
2013	-	-	-	1,202,065	94,642	1,296,707
2014 - 2018	-	-	-	5,827,744	312,218	6,139,962
2019 - 2023	-	-	-	4,654,233	102,208	4,756,441
2024 - 2028	-	-	-	595,479	7,319	602,798
2029 - 2033	-	-	-	-	-	-
Total	\$ 760,733	\$ 6,376	\$ 767,109	\$ 17,087,781	\$ 1,003,602	\$ 18,091,383

Other Debt

Year Ending December 31,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 152,310	\$ 78,388	\$ 230,698	\$ 462,128	\$ 190,179	\$ 652,307
2010	159,303	71,395	230,698	462,128	163,011	625,139
2011	166,618	64,080	230,698	462,128	135,842	597,970
2012	174,268	56,430	230,698	462,128	108,674	570,802
2013	182,270	48,428	230,698	462,128	81,506	543,634
2014 - 2018	929,490	108,651	1,038,141	924,255	81,505	1,005,760
2019 - 2023	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-
Total	\$ 1,764,259	\$ 427,372	\$ 2,191,631	\$ 3,234,895	\$ 760,717	\$ 3,995,612

E. Changes in Long-Term Liabilities

During the year ended December 31, 2008, the following changes occurred in long-term liabilities:

<u>Governmental Activities</u>	<u>Interest Rates</u>	<u>Beginning of Year Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of Year Balance</u>	<u>Due in One Year</u>
Bonds and loans payable						
General Obligation Bonds						
2007 General obligation bonds	3.15 - 4.1%	\$ 10,000,000	\$ -	(275,000)	\$ 9,725,000	\$ 245,000
2007 General obligation bond premium	n/a	107,072	-	(4,283)	102,789	4,283
2007 General obligation debt issue costs	n/a	(151,338)	-	6,054	(145,284)	(6,054)
1997 General obligation refunding bonds	4.1 - 5.25%	1,260,000	-	(290,000)	970,000	305,000
Subtotal general obligation bonds		11,215,734	-	(563,229)	10,652,505	548,229
Public Works Trust Fund Loans						
PW-06-962-PRE-101	0.05%	750,000	198,233	(187,500)	760,733	253,578
Subtotal PWTF loans		750,000	198,233	(187,500)	760,733	253,578
Other Debt						
Motorola emergency system capital lease	4.54%	-	2,138,528	(374,269)	1,764,259	152,310
Motorola capital lease unamortized debt issue costs			3,480	(348)	3,132	348
Compensated absences	n/a	488,031	65,461	-	553,492	-
Other post employment benefits	n/a	-	248,932	-	248,932	6,852
Subtotal Other Debt		488,031	2,456,401	(374,617)	2,569,815	159,510
Governmental activity long-term liabilities		\$ 12,453,765	\$ 2,654,634	\$ (1,125,346)	\$ 13,983,053	\$ 961,317
Business-type Activities						
Revenue and Revenue Refunding Bonds						
2007 Revenue Refunding bonds	2.9 - 4.1%	\$ 4,570,000	\$ -	(130,000)	\$ 4,440,000	\$ 100,000
2007 Revenue Refunding bond premium	n/a	37,541	-	(3,128)	34,413	3,128
2007 Revenue Refunding unamortized debt issue costs	n/a	42,641	-	(3,554)	39,087	3,554
1999 Revenue bonds	4.0 - 5.75%	545,000	-	(265,000)	280,000	280,000
Subtotal revenue and revenue refunding bonds		5,195,182	-	(401,682)	4,793,500	386,682
Public Works Trust Fund Loans						
Public Works Trust Fund loans	various	18,289,843	-	(1,202,062)	17,087,781	1,202,156
Other Debt						
City of Tacoma note	Prime minus 2%	3,697,023	-	(462,128)	3,234,895	462,128
Compensated absences	n/a	86,719	-	(977)	85,742	-
Judgment	n/a	-	821,073	-	821,073	821,073
Subtotal other debt		3,783,742	821,073	(463,105)	4,141,710	1,283,201
Business-type activity long-term liabilities		\$ 27,268,767	\$ 821,073	\$ (2,066,849)	\$ 26,022,991	\$ 2,872,039

During the year ended December 31, 2008, the following changes occurred in long-term liabilities for Public Works Trust Fund loans:

Governmental Activities

Loan Number	Purpose	Interest	Beginning of Year	Prior Period	Restated Beginning	Additions	Reductions	End of Year Balance	Due in One Year
			Balance	Adjustment	of Year Balance				
PW-06-962-PRE-101	192nd Ave E. Connection	0.50%	\$ 750,000	\$ -	\$ 750,000	\$198,233	\$ (187,500)	\$ 760,733	\$ 253,578

Business-Type Activity

Loan Number	Purpose	Interest	Beginning of Year	Prior Period	Restated Beginning	Additions	Reductions	End of Year Balance	Due in One Year
			Balance	Adjustment	of Year Balance				
PW-04-691-009	Leak Reduction Program	0.50%	3,950,839	-	3,950,839	-	(232,402)	3,718,437	232,404
PW-04-691-008	Ballpark Well Treatment	0.50%	3,037,500	-	3,037,500	-	(178,677)	2,858,823	178,677
PW-03-691-003	Spring Sources Water Quality Facilities	0.50%	1,019,448	-	1,019,448	-	(63,715)	955,733	63,715
PW-5-96-791-004	Church Lake Main Replacement	3.00%	594,513	-	594,513	-	(66,057)	528,456	66,057
PW-97-791-017	Ponderosa Construction	1.00%	504,680	-	504,680	-	(50,467)	454,213	50,468
PW-00-691-008	McGhee Drive Water Main	1.00%	497,982	-	497,982	-	(38,305)	459,677	38,306
PW-98-78898-08	Lakeridge Booster Pump Station	4.35%	451,887	-	451,887	-	(37,657)	414,230	37,657
PW-98-78898-07	Corrosion Control Facility	4.35%	179,691	-	179,691	-	(14,974)	164,717	14,974
PW-98-791-006	Ponderosa Overflow	1.00%	164,948	-	164,948	-	(14,995)	149,953	14,995
			10,401,488	-	10,401,488	-	(697,249)	9,704,239	697,253
PW-02-691-006	Sumner Treatment Plant	0.50%	5,595,705	-	5,595,705	-	(373,047)	5,222,658	373,047
PW-04-691-007	Sewer Treatment Plant Upgrade	0.50%	1,898,100	(105,450)	1,792,650	-	(105,450)	1,687,200	105,450
PW-06-962-ELP-302	Reconstruct Sewer to Sumner WWTP	3.00%	500,000	-	500,000	-	(26,316)	473,684	26,316
			7,993,805	(105,450)	7,888,355	-	(504,813)	7,383,542	504,813
			\$ 18,395,293	\$ (105,450)	\$ 18,289,843	\$ -	\$ (1,202,062)	\$ 17,087,781	\$ 1,202,066

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year end \$3,229 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.

F. Interfund Balances and Transfers

Loans between funds are classified as interfund loans receivable or payable. Within the City, one fund may borrow from another when specifically authorized by City Council resolution. The activity and balances of interfund loans at December 31, 2008 are as follows:

	Interfund Loans Receivable	Interfund Loans Payable
Governmental Activities		
Park Construction Fund		\$ 1,401,018
Business-Type Activities		
Sewer Fund	\$ 1,401,018	
Total Government-Wide	<u>\$ 1,401,018</u>	<u>\$ 1,401,018</u>

Interfund transfers during 2008 were as follows:

	Transfers In	Transfers Out	Net Governmental Activities	Net Business Activities
Governmental Activities				
General Fund	\$ 1,108,611	\$ 667,303	\$ 441,308	\$ -
Street Construction Fund	76,296	-	76,296	-
General Govt Construction Fund	3,762,666	-	3,762,666	-
Civic Center Construction Fund	-	3,762,666	(3,762,666)	-
Nonmajor Governmental Activities	-	84,296	(84,296)	-
Internal Service Funds	1,197,083	78,136	1,118,947	-
Business-Type Activities				
Water Fund	-	841,295	-	841,295
Sewer Fund	-	469,017	-	469,017
Stormwater Fund	-	241,943	-	241,943
	<u>\$ 6,144,656</u>	<u>\$ 6,144,656</u>	<u>\$ 1,552,255</u>	<u>\$ 1,552,255</u>

G. Restricted Net Assets

The government-wide Statement of Net Assets reports \$5,310,184 and \$998,001 for amounts restricted for debt service. These amounts represent unspent debt proceeds for governmental activities and business-type activities, respectively. An amount for business activities has also been restricted for a judgment payable in the amount of \$821,073.

H. Prior Period Adjustments

The government-wide Statement of Activities reports prior period adjustments for business-type activities of \$425,767. The following schedule provides detailed information on those prior period adjustments.

	<u>Sewer Fund</u>
Inventory adjustment	\$ 320,317
Restate debt balance for PWTF loan	105,450
	\$ 425,767

NOTE 6 – POST EMPLOYMENT BENEFITS

A. Pension Plans

All City of Bonney Lake 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 Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

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 defined benefit plan with a defined contribution component.

Membership in 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 participating 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. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

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.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement 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 benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire 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 three 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 a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three 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 AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after 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 they may retire at age 55 with 10 years of service. Plan 3 members who retire 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 three 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 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Nonvested	52,575
Total	255,849

Judicial Benefit Multiplier

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM). Justices and judges in PERS Plan 1 and 2 were able to make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5% multiplier. The benefit would be capped at 75% of AFC. The City of Bonney Lake has one employee enrolled in this program. Judges in PERS Plan 3 could elect a 1.6% of pay per year of service benefit, capped at 37.5% of average compensation.

Members who chose to participate in JBM would: accrue service credit at the higher multiplier beginning with the date of their election, be subject to the benefit cap of 75% of AFC, pay higher contributions, stop contributing to the Judicial Retirement Account (JRA), and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

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 six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. 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. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. 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 payroll, as of December 31, 2008, were as follows:

Members Not Participating in JBM			
	<u>PERS - Plan 1</u>	<u>PERS - Plan 2</u>	<u>PERS - Plan 3</u>
Employer *	8.31%	8.31%	8.31%
Employee	6.00%	5.45%	**
* The employer rates include the employer administrative expense fee currently set at 0.16%.			
** Variable from 5% to 15% based on rate selected by the member			

Members Participating in JBM			
	<u>PERS - Plan 1</u>	<u>PERS - Plan 2</u>	<u>PERS - Plan 3</u>
Employer *	8.31%	8.31%	8.31%
Employee	12.26%	13.63%	7.5% **
* The employer rates include the employer administrative expense fee currently set at 0.16%.			
** Minimum rate			

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

	<u>PERS - Plan 1</u>	<u>PERS - Plan 2</u>	<u>PERS - Plan 3</u>
2008	\$ 19,323	\$ 303,982	\$ 37,531
2007	\$ 19,701	\$ 217,524	\$ 19,924
2006	\$ 12,597	\$ 104,618	\$ 8,646

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, firefighters and, as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 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 benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended by the State Legislature.

LEOFF Plan 1 members are vested after the completion of 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 (FAS) 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 FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 2 members are vested after the completion of 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 two percent of the FAS per year of service. The FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	9,085
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	633
Active Plan Members Vested	12,904
Active Plan Members Nonvested	3,708
Total	26,330

Starting on July 1, 2000, LEOFF Plan 1 employers and employees 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. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. 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 LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. 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 payroll, as of December 31, 2008, were as follows:

	<u>LEOFF - Plan 1</u>	<u>LEOFF - Plan 2</u>
Employer *	0.16%	5.46%
Employee	0.00%	8.83%
* The employer rates include the employer administrative expense fee currently set at 0.16%.		

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

	<u>LEOFF - Plan 1</u>	<u>LEOFF - Plan 2</u>
2008	\$ -	\$ 120,560
2007	\$ -	\$ 99,767
2006	\$ -	\$ 81,016

B. Other Post-Employment Benefits

1. Association of Washington Cities Employee Benefit Trust (“Trust”)

Trust Description: In addition to the pension benefits described in Note 6, the City of Bonney Lake is a participating employer in the Association of Washington Cities (AWC) Employee Benefit Trust, a cost-sharing multiple-employer welfare benefit plan administered by the Association of Washington Cities. The Trust provides medical benefits to certain eligible retired employees of participating employers and their eligible family members. Under Article VII of the Trust document, the Trustees have the authority and power to amend the amount and the nature of the medical and other benefits provided by the trust. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. That report, along with a copy of the Trust document, may be obtained by writing to the Association of Washington Cities Employee Benefit Trust at 1076 Franklin Street, Olympia, WA 98501-1346 or calling 1-800-562-8981.

Funding Policy: The plan is administered by a trust or equivalent arrangement in which employer contributions to the trust are irrevocable; plan assets are dedicated to providing OPEB to retirees and their beneficiaries in accordance with the terms of the plan, and plan assets are legally protected from creditors of the employers or plan administrator.

In 2008, there were 236 employers enrolled in the AWC Employee Benefit Trust Membership. All the risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members, and the same contribution rate(s) apply to each employer.

The Trust provides that contribution requirements of participating employers and of participating employees, retirees, and other beneficiaries, if any, are established and may be amended by the Board of Trustees of the Trust. Retirees of the City receiving medical benefits from the Trust contribute as follows:

<u>Coverage Type</u>	<u>Monthly Cost</u>
Non-Medicare enrolled retiree only	\$644.35
Non-Medicare enrolled retiree + spouse	\$1,288.70
Medicare enrolled retiree + Non-Medicare enrolled spouse	\$987.25
Non-Medicare enrolled retiree + Medicare enrolled spouse	\$987.25
Medicare enrolled retiree + Medicare enrolled spouse	\$685.80

Participating employers are contractually required to contribute at a rate assessed each year by the Trust. The City’s contributions to the Trust for the year ended December 31, 2008 were \$1,106,339.

GASB reporting standards are required for Post-Employment Benefits Plans Other than Pension Plans, or OPEB. The AWC has chosen to adopt the reporting standards. All costs, liabilities, interest rates, and other factors have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account experience and reasonable expectations); and which, in combinations, offer the best estimate of anticipated experience.

2. Law Enforcement Officers and Firefighters (LEOFF)

Plan Description: As required by the Revised Code of Washington (RCW) Chapter 41.26, the City provides lifetime medical care for members of the Law Enforcement Officers and Firefighters (LEOFF) retirement system hired before October 1, 1977, under a defined benefit plan administered by the City. This plan is commonly referred to as LEOFF 1. The City provides LEOFF 1 post employment benefits for one retired law enforcement employee.

Under the LEOFF 1 healthcare reimbursements, the plan member has no required contributions. The City is required to pay all healthcare expenses incurred by LEOFF 1 retirees. The City’s cost is reduced by any amounts retirees receive from Medicare or any other health plans. LEOFF 1 retirees may request reimbursement for healthcare expenses that are not paid by their primary healthcare plan.

Amendments to the plan may be made through State statute.

Membership: Membership in LEOFF 1 includes participants who joined the system by September 30, 1977. As of December 31, 2008, one City employee meets this requirement. This is considered a closed group. No new members are permitted.

Funding Policy: Funding for LEOFF 1 retiree healthcare costs is provided entirely by the City as required by RCW. The City’s funding policy is based upon pay-as-you-go financing requirements. Retirees are not required to contribute any portion of the cost coverage.

Annual OPEB Cost and Net OPEB Obligation: The City’s annual other post-employment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of fifteen years as of January 1, 2008.

The City was required to contribute \$23,179 (Annual Required Contribution, or ARC), but only contributed \$6,852 at December 31, 2008. For the City’s single retired LEOFF 1 member, the City purchased health insurance from the United Benefit Trust. The retired law enforcement employee received a benefit contribution of \$571 per month, or \$6,852 per year, for retiree-only coverage. This differs from the Annual Required Contribution (ARC) because the plan is financed on a pay-as-you-go basis. The difference between the OPEB Costs and the required contribution is called the Net OPEB Obligation (NOO).

	Fiscal Year Ending 12/31/2008
Determination of Required Annual Contribution	
Normal Cost	\$ -
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	23,179
Annual Required Contribution (ARC)	23,179
 Determination of Net OPEB Obligation	
Annual Required Contribution (ARC)	23,179
Interest on Net OPEB Obligation	-
Adjustment to ARC	-
Annual OPEB Cost	23,179
Contributions Made	(6,852)
Increase in Net OPEB Obligation	16,327
 NET OPEB OBLIGATION - January 1, 2008	 \$ -
NET OPEB OBLIGATION - December 31, 2008	\$ 16,327

The City’s annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2008 is as follows:

	Annual OPEB Cost	Employer Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 23,179	\$ 6,852	29.56%	\$ 16,327

As of January 1, 2008, the plan was 0% funded. The accrued liability for benefits was \$248,933 and the actuarial valuation of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$248,933, which is reflected on the government-wide statement of net assets, governmental activities.

Methodology and Actuarial Assumptions: The City used the alternative measurement method permitted under GASB Statement No. 45. A single retirement age of 56.24 was assumed for all active members for the purpose of determining the AAL and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow the LEOFF 1 rates used in the June 30, 2007 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2007. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial cost method used to determine the AAL was Projected Unit Credit. The AAL and NOO are amortized on an open basis as a level dollar over 15 years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

NOTE 7 – OTHER DISCLOSURES**A. 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 126 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.

B Contingencies and Commitments

The city's financial statements include all material liabilities.

In September 2008, the City received a claim for damages arising from a marine vessel accident occurring in 2006. Although the outcome of this claim is not presently determinable, in the opinion of the City's management, the resolution of this matter will not have a material adverse effect on the financial condition of the government.

There are no material contingent liabilities to record.

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.

The City is committed to spending the remaining unspent proceeds of the 2008 LTGO Civic Center Bond (\$5,310,184) and the 1999 Water and Sewer Revenue bond (\$998,001).

C. Subsequent Events

In 2008, the City was approved for a loan from the Public Works Trust Fund up to \$5,352,000 for a Leak Reduction Phase II program; in 2009 the City drew \$2,408,000 against the authorized amount.

In 2008, the City was approved for a loan from the Public Works Trust Fund up to \$4,648,000 to reconstruct the trunk sewer to the City of Sumner's wastewater treatment plant; in 2009 the City drew \$2,091,600 against this loan.

In 2009, a court ordered judgment was issued against the City in the amount of \$821,073. The liability is recorded in the 2008 financial statements; the liability was fully paid in 2009.

In December 2009, the City Council approved a development agreement involving the City of Bonney Lake, Weyerhaeuser, Quadrant Homes, and the Washington State University (WSU) for the development of the WSU demonstration forest. As part of this agreement, approximately 56 acres, including area for stormwater facilities, will be dedicated to the City of Bonney Lake. The net usable land, excluding stormwater facilities, is approximately 47 acres.

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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.

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.

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

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 12 Debt Service Funds - This fund was established to account for local improvement districts. LID 12 was closed in 2008 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.

City of Bonney Lake
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2008

	Drug Investigation Fund	Contingency Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 668,109	\$ 1,032,085	\$ 1,700,194
Investments	-	-	-
Receivables, net	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>668,109</u>	<u>1,032,085</u>	<u>1,700,194</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and accrued expenses	234	-	234
Due to other governmental units	(560)	-	(560)
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>(326)</u>	<u>-</u>	<u>(326)</u>
Fund balances:			
Unreserved undesignated	668,435	1,032,085	1,700,520
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>668,435</u>	<u>1,032,085</u>	<u>1,700,520</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 668,109</u>	<u>\$ 1,032,085</u>	<u>\$ 1,700,194</u>

City of Bonney Lake
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Drug Investigation Fund	Contingency Fund	TOTAL
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for Service	-	-	-
Miscellaneous			
Interest Earnings	-	-	-
Other	19,169	-	19,169
Total revenues	<u>19,169</u>	<u>-</u>	<u>19,169</u>
EXPENDITURES			
Current:			
Public safety	3,453	-	3,453
Utilities	-	-	-
Economic environment	-	-	-
Health and human services	-	-	-
Capital outlay	113,672	-	113,672
Total expenditures	<u>117,125</u>	<u>-</u>	<u>117,125</u>
Excess (deficiency) of revenues over expenditures	<u>(97,956)</u>	<u>-</u>	<u>(97,956)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(8,000)	-	(8,000)
Total other financing sources (uses)	<u>(8,000)</u>	<u>-</u>	<u>(8,000)</u>
Net change in fund balances	(105,956)	-	(105,956)
FUND BALANCES, BEGINNING	<u>774,391</u>	<u>1,032,085</u>	<u>1,806,476</u>
FUND BALANCES, ENDING	<u>\$ 668,435</u>	<u>\$ 1,032,085</u>	<u>\$ 1,700,520</u>

City of Bonney Lake
 Combining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2008

	1997 G.O. Public Safety Bldg	LID 12 Debt Redemption	LID Guaranty Fund	Total
ASSETS				
Cash and cash equivalents	\$ 27,265	\$ -	\$ 80,459	\$ 107,724
Receivables (net)	-	-	-	-
TOTAL ASSETS	27,265	-	80,459	107,724
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and accrued expenses	305	-	-	305
Deferred revenue	-	-	-	-
Total liabilities	305	-	-	305
Fund balances				
Reserved for:				
Debt service	26,960	-	80,459	107,419
Total fund balances	26,960	-	80,459	107,419
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,265	\$ -	\$ 80,459	\$ 107,724

City of Bonney Lake
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2008

	1997 G.O. Public Safety Bldg	LID 12 Debt Redemption	LID Guaranty Fund	Total
REVENUES				
Taxes	\$ 322,862	\$ -	\$ -	\$ 322,862
Special assessments	-	3,356	-	3,356
Investment earnings	-	290	-	290
Total revenues	<u>322,862</u>	<u>3,646</u>	<u>-</u>	<u>326,508</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Debt service:				
Principal retirement	290,000	-	-	290,000
Interest and fiscal charges	65,413	-	-	65,413
Total expenditures	<u>355,413</u>	<u>-</u>	<u>-</u>	<u>355,413</u>
Excess (deficiency) of revenues over expenditures	(32,551)	3,646	-	(28,905)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(76,296)	-	(76,296)
Total other financing sources (uses)	<u>-</u>	<u>(76,296)</u>	<u>-</u>	<u>(76,296)</u>
Net change in fund balances	(32,551)	(72,650)	-	(105,201)
FUND BALANCES, BEGINNING	<u>59,511</u>	<u>72,650</u>	<u>80,459</u>	<u>212,620</u>
FUND BALANCES, ENDING	<u>\$ 26,960</u>	<u>\$ -</u>	<u>\$ 80,459</u>	<u>\$ 107,419</u>

City of Bonney Lake
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 For the Year Ended December 31, 2008

	Park Construction Fund	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 2,196,362	\$ 2,196,362
Receivables (net)	-	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>2,196,362</u>	<u>2,196,362</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable and accrued expenses	23,606	23,606
Due to other funds	-	-
Interfund loan payable	1,401,018	1,401,018
Deferred revenue	-	-
	<u> </u>	<u> </u>
Total liabilities	<u>1,424,624</u>	<u>1,424,624</u>
 Fund balances		
Unreserved designated for:		
Future capital expenditures	771,738	771,738
	<u> </u>	<u> </u>
Total fund balances	<u>771,738</u>	<u>771,738</u>
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,196,362</u>	<u>\$ 2,196,362</u>

City of Bonney Lake
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008

	Park Construction Fund	Total
	<u>Fund</u>	<u>Total</u>
REVENUES		
Taxes	\$ 201,714	\$ 201,714
Charges for goods and services	232,218	232,218
Investment earnings	-	-
	<u>433,932</u>	<u>433,932</u>
Total revenues	<u>433,932</u>	<u>433,932</u>
EXPENDITURES		
Current:		
General Government	2,556	2,556
Culture & Recreation	4,430	4,430
Debt Service		
Principal	-	-
Interest	68,302	68,302
Capital Outlay	264,063	264,063
	<u>339,351</u>	<u>339,351</u>
Total expenditures	<u>339,351</u>	<u>339,351</u>
Excess (deficiency) of revenues over expenditures	<u>94,581</u>	<u>94,581</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers out	-	-
	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	94,581	94,581
FUND BALANCES, BEGINNING	<u>677,157</u>	<u>677,157</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 771,738</u>	<u>\$ 771,738</u>

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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
 Combining Statement of Net Assets
 Internal Service Funds
 December 31, 2008

	Equipment Rental & Repair	Insurance	Gov t. Activities Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,821,513	\$ 223,065	\$ 2,044,578
Receivables (net of allowance for uncollectible accounts)	1,799	-	1,799
Total current assets:	<u>1,823,312</u>	<u>223,065</u>	<u>2,046,377</u>
Noncurrent assets:			
Machinery and equipment	4,973,824	-	4,973,824
Accumulated depreciation	(2,170,252)	-	(2,170,252)
Total noncurrent assets:	<u>2,803,572</u>	<u>-</u>	<u>2,803,572</u>
Total assets	<u>4,626,884</u>	<u>223,065</u>	<u>4,849,949</u>
LIABILITIES AND FUND BALANCES			
Current liabilities:			
Accounts payable and accrued expenses	91,786	-	91,786
Total current liabilities:	<u>91,786</u>	<u>-</u>	<u>91,786</u>
Non current liabilities:			
Compensated absences	3,229	-	3,229
Total Non current liabilities:	<u>3,229</u>	<u>-</u>	<u>3,229</u>
Total liabilities	<u>95,015</u>	<u>-</u>	<u>95,015</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,803,572	-	2,803,572
Restricted for debt service	-	-	-
Unrestricted	1,728,297	223,065	1,951,362
Total net assets	<u>\$ 4,531,869</u>	<u>\$ 223,065</u>	<u>\$ 4,754,934</u>

The notes are an integral part of the financial statements.

City of Bonney Lake
 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Internal Service Funds
 For the Year Ended December 31, 2008

	Equipment Rental & Repair	Insurance	Govt. Activities Total Internal Service Funds
Operating expenses:			
Cost of sales and services	\$ 555,615	\$ -	\$ 555,615
Administration	55,487	-	55,487
Insurance	-	306,554	306,554
Depreciation	389,775	-	389,775
Total operating expenses	<u>1,000,877</u>	<u>306,554</u>	<u>1,307,431</u>
Operating income (loss)	<u>(1,000,877)</u>	<u>(306,554)</u>	<u>(1,307,431)</u>
Nonoperating revenues (expenses):			
Loss on retirement of assets	(30,797)	-	(30,797)
Investment earnings	-	7,596	7,596
Miscellaneous revenue	28,005	-	28,005
Total non operating revenue	<u>(2,792)</u>	<u>7,596</u>	<u>4,804</u>
Income (loss) before contributions and transfers	(1,003,669)	(298,958)	(1,302,627)
System development fees			
Capital contribution	113,673	-	113,673
Transfers in	957,313	239,770	1,197,083
Transfers out	<u>(78,136)</u>	<u>-</u>	<u>(78,136)</u>
Change in net assets	(10,819)	(59,188)	(70,007)
Net assets at beginning of year	<u>4,542,688</u>	<u>282,253</u>	<u>4,824,941</u>
Net assets at end of year	<u>\$ 4,531,869</u>	<u>\$ 223,065</u>	<u>\$ 4,754,934</u>

The notes are an integral part of the financial statements.

City of Bonney Lake
 Combining Statement of Cash Flows
 Internal Service Funds
 For the Year Ended December 31, 2008

	Govt. Activities		
	EQUIPMENT RENTAL & REPLACEMENT	INSURANCE	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users			
Payments for external and interfund taxes			
Payments to employees	\$ (165,850)	\$ -	\$ (165,850)
Payments for goods and services	(439,829)	(306,554)	(746,383)
Net cash provided by operating activities	<u>(605,679)</u>	<u>(306,554)</u>	<u>(912,233)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	957,313	239,770	1,197,083
Transfers to other funds	(78,136)	-	(78,136)
Nonoperating miscellaneous revenue	(1,617)	-	(1,617)
Net cash (used) by Noncapital financing	<u>877,560</u>	<u>239,770</u>	<u>1,117,330</u>
Cash flows from capital and related financing activities:			
Insurance recoveries	27,824	-	27,824
Payment for capital acquisitions	(600,799)	-	(600,799)
Net cash (used) by capital and related financing activities	<u>(572,975)</u>	<u>-</u>	<u>(572,975)</u>
Cash flows from investing activities:			
Interest income	-	7,596	7,596
Net cash provided by investing activities	<u>-</u>	<u>7,596</u>	<u>7,596</u>
Net Increase (decrease) in cash and cash equivalents	(301,094)	(59,188)	(360,282)
Cash and cash equivalents, beginning of year	<u>2,122,607</u>	<u>282,253</u>	<u>2,404,860</u>
Cash and cash equivalents, end of the year	<u>\$ 1,821,513</u>	<u>\$ 223,065</u>	<u>\$ 2,044,578</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,000,877)	\$ (306,554)	\$ (1,307,431)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	389,775	-	389,775
Changes in assets and liabilities:			
Increase (decrease) in accounts payable	5,758	-	5,758
Increase (decrease) in compensated absences	(335)	-	(335)
Net cash provided by operating activities	<u>\$ (605,679)</u>	<u>\$ (306,554)</u>	<u>\$ (912,233)</u>
Non-cash capital asset additions were:			
Capital contribution	\$ 113,673	\$ -	\$ 113,673

The notes are an integral part of the financial statements.

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.

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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>
Governmental Activities			
Invested in capital assets, net of related debt	\$ 4,137	\$ 6,394	\$ 14,089
Restricted	5,018	5,962	1,826
Unrestricted	4,360	4,219	7,386
Total Government activities net assets	<u>\$ 13,515</u>	<u>\$ 16,575</u>	<u>\$ 23,301</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 29,682	\$ 29,515	\$ 35,571
Restricted	8,333	14,740	21,525
Unrestricted	5,808	7,794	1,215
Total business-type activities net assets	<u>\$ 43,823</u>	<u>\$ 52,049</u>	<u>\$ 58,311</u>
Primary Government			
Invested in capital assets, net of related debt	\$ 33,819	\$ 35,909	\$ 49,660
Restricted	13,351	20,702	23,351
Unrestricted	10,168	12,013	8,601
Total Primary government activities net assets	<u>\$ 57,338</u>	<u>\$ 68,624</u>	<u>\$ 81,612</u>
	Fiscal Year		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities			
Invested in capital assets, net of related debt	\$ 14,598	\$ 27,912	\$ 27,161
Restricted	8,527	10,107	5,413
Unrestricted	6,292	6,310	13,264
Total Government activities net assets	<u>\$ 29,417</u>	<u>\$ 44,329</u>	<u>\$ 45,838</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 41,049	\$ 56,242	\$ 58,231
Restricted	22,798	998	1,819
Unrestricted	1,754	21,677	19,816
Total business-type activities net assets	<u>\$ 65,601</u>	<u>\$ 78,917</u>	<u>\$ 79,866</u>
Primary Government			
Invested in capital assets, net of related debt	\$ 55,647	\$ 84,154	\$ 85,392
Restricted	31,325	11,105	7,232
Unrestricted	8,046	27,987	33,080
Total Primary government activities net assets	<u>\$ 95,018</u>	<u>\$ 123,246</u>	<u>\$ 125,704</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)

	<u>2003</u>	<u>2004</u>	<u>Fiscal Year</u> <u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses (2)						
Governmental Activities						
General Government	\$ 1,703	\$ 1,920	\$ 1,744	\$ 1,994	\$ 5,248	\$ 4,838
Public Safety	3,032	3,556	3,518	3,871	4,131	4,748
Utilities and Environment	506	210	165	213	573	653
Highways and Streets	478	433	675	997	1,434	1,346
Economic Development	508	1,029	1,201	1,456	1,626	1,739
Physical and Mental Health	-	-	3	3	23	23
Culture and Recreation	350	486	397	351	726	485
Interest & Other Fiscal Charges	138	127	106	430	178	1,125
Total Governmental activities expenses	<u>6,715</u>	<u>7,761</u>	<u>7,809</u>	<u>9,315</u>	<u>13,939</u>	<u>14,957</u>
Business-type activities (3)						
Water Fund	5,587	6,200	7,998	4,058	5,329	6,199
Sewer Fund	-	-	-	3,494	3,756	4,253
Stormwater Fund	1,451	1,147	417	536	487	595
Interest on Long-Term Debt	-	399	614	785	-	-
Transfers Out	155	252	81	-	-	-
Total business-type activities expenses	<u>7,193</u>	<u>7,998</u>	<u>9,110</u>	<u>8,873</u>	<u>9,572</u>	<u>11,047</u>
Total Primary government expenses	<u>\$ 13,908</u>	<u>\$ 15,759</u>	<u>\$ 16,919</u>	<u>\$ 18,188</u>	<u>\$ 23,511</u>	<u>\$ 26,004</u>
Program Revenues (See Schedule 3) (4)						
Governmental Activities						
Charges for Services	\$ 2,657	\$ 3,065	\$ 4,120	\$ 4,369	\$ 6,694	\$ 2,590
Operating Grants and Contributions	362	245	201	112	1,159	254
Capital Grants and Contributions	384	27	-	90	200	492
Total Governmental activities revenues	<u>3,403</u>	<u>3,337</u>	<u>4,321</u>	<u>4,571</u>	<u>8,053</u>	<u>3,336</u>
Business-type activities						
Charges for Services	7,260	7,268	6,950	9,086	13,507	12,611
Operating Grants and Contributions	-	-	-	-	55	76
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>	<u>13,562</u>	<u>12,687</u>
Total Primary government program revenues	<u>\$ 16,143</u>	<u>\$ 19,334</u>	<u>\$ 19,077</u>	<u>\$ 21,359</u>	<u>\$ 21,615</u>	<u>\$ 16,023</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) In 2006, the City began reporting the three business-type funds separately.
- (4) 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)

	<u>2003</u>	<u>2004</u>	<u>Fiscal Year</u> <u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net (Expense)/Revenue						
Governmental Activities	\$ (3,312)	\$ (4,424)	\$ (3,488)	\$ (4,744)	\$ (5,886)	\$ (11,621)
Business-Type Activities	5,547	7,999	5,646	7,915	3,990	1,640
Total primary government net expense	<u>\$ 2,235</u>	<u>\$ 3,575</u>	<u>\$ 2,158</u>	<u>\$ 3,171</u>	<u>\$ (1,896)</u>	<u>\$ (9,981)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities						
Taxes						
Property Taxes	\$ 1,830	\$ 2,017	\$ 2,148	\$ 2,327	\$ 2,509	\$ 2,790
Sales and Use Taxes	2,108	2,704	2,946	3,474	3,117	3,828
Utility Taxes - Private	891	957	1,085	1,264	1,979	1,788
Excise Tax - Real Estate	710	890	1,384	1,165	1,638	1,064
Utility Taxes - Interfund	513	477	540	613	675	796
Motor Fuel Taxes	262	292	300	341	-	-
Gambling Taxes	7	36	49	44	-	-
Other Taxes	180	-	155	195	43	47
Unrestricted Grants and Contributions	-	209	130	196	-	-
Contributions	-	-	796	-	-	-
Investment Earnings	112	164	383	582	753	1,186
Miscellaneous	57	324	-	6	22	78
Transfers	155	252	81	653	1,791	1,552
Total Government activities revenues	<u>6,825</u>	<u>8,322</u>	<u>9,997</u>	<u>10,860</u>	<u>12,527</u>	<u>13,129</u>
Business-type activities						
Investment Earnings	196	310	606	943	1,386	404
Miscellaneous	15	9	10	33	31	31
Transfers	-	-	-	-	(1,791)	(1,552)
Total business-type activities revenues	<u>211</u>	<u>319</u>	<u>616</u>	<u>976</u>	<u>(374)</u>	<u>(1,117)</u>
Total primary government	<u>\$ 7,036</u>	<u>\$ 8,641</u>	<u>\$ 10,613</u>	<u>\$ 11,836</u>	<u>\$ 12,153</u>	<u>\$ 12,012</u>
Change in Net Assets (5)						
Governmental activities	\$ 3,513	\$ 3,898	\$ 6,509	\$ 6,116	\$ 6,641	\$ 1,508
Business-type activities	5,758	8,318	6,262	8,891	3,616	523
Total primary government	<u>\$ 9,271</u>	<u>\$ 12,216</u>	<u>\$ 12,771</u>	<u>\$ 15,007</u>	<u>\$ 10,257</u>	<u>\$ 2,031</u>

(5) 2007 Change in Net Asset does not include impact of prior period adjustment(s).

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>

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

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

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

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		
	<u>2007</u>		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities			
General Government	\$ 3,018	\$ 47	\$ 200
Public Safety	1,024	134	-
Physical Environment (2)	89	-	-
Transportation (3)	1,856	930	-
Economic Environment (4)	661	-	-
Culture and Recreation	38	12	-
Health and Human Services (5)	8	36	-
Interest and Other Fiscal Charges (5)	-	-	-
Subtotal Governmental Activities	<u>6,694</u>	<u>1,159</u>	<u>200</u>
Business-Type Activities (6)			
Water	7,922	18	-
Wastewater	4,977	30	-
Storm and Surface Water	607	7	-
Subtotal Business-type Activities	<u>13,506</u>	<u>55</u>	<u>-</u>
Total Function/Program Activities	<u>\$ 20,200</u>	<u>\$ 1,214</u>	<u>\$ 200</u>

Function/Program	Program Revenues		
	<u>2008</u>		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities			
General Government	\$ 629	\$ 12	\$ -
Public Safety	888	149	-
Physical Environment (2)	45	10	-
Transportation (3)	516	335	492
Economic Environment (4)	432	(255)	-
Culture and Recreation	48	3	-
Health and Human Services (5)	32	-	-
Interest and Other Fiscal Charges (5)	-	-	-
Subtotal Governmental Activities	<u>2,590</u>	<u>254</u>	<u>492</u>
Business-Type Activities (6)			
Water	7,750	-	-
Wastewater	3,956	1	-
Storm and Surface Water	905	75	-
Subtotal Business-type Activities	<u>12,611</u>	<u>76</u>	<u>-</u>
Total Function/Program Activities	<u>\$ 15,201</u>	<u>\$ 330</u>	<u>\$ 492</u>

- (1) The City converted to GASB Statement No. 34 during 2003; historical information prior to 2003 is not available.
- (2) In 2007, the City revised title from "Utilities and Environment" to "Physical Environment"
- (3) In 2007, the City revised title from "Highways and Streets" to "Transportation"
- (4) In 2007, the City revised title from "Economic Development" to "Economic Environment"
- (5) In 2007, the City split "Other Services" to: "Health and Human Services" and "Interest and Other Fiscal Charges"
- (6) In 2007, the City began reporting the three business-type activity funds separately.

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

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

	<u>2006</u>	Fiscal Year <u>2007</u>	<u>2008</u>
General Fund			
Reserved	\$ -	\$ -	\$ -
Unreserved	6,874	4,432	5,200
Total general fund	<u>6,874</u>	<u>4,432</u>	<u>5,200</u>
All Other Governmental Funds			
Reserved	4,885	-	-
Unreserved, reported in:			
Debt Service Funds	-	213	107
Special Revenues Funds	1,066	1,806	1,701
Capital Project Funds	1,825	17,159	15,561
Total all other governmental funds	<u>7,776</u>	<u>19,178</u>	<u>17,369</u>
Total Governmental Funds	<u>\$ 14,650</u>	<u>\$ 23,610</u>	<u>\$ 22,569</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**

Page 1 of 2

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

(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**

Page 2 of 2

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**LAST TEN FISCAL YEARS (1)***(accrual basis of accounting)**(amounts expressed in thousands/dollars)*

	Fiscal Year		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues			
Taxes (see Schedule 2)	\$ 8,889	\$ 9,890	\$ 9,663
Licenses and permits	1,498	1,357	687
Intergovernmental	738	429	1,077
Charges for Services	2,081	3,966	1,068
Fines and Forfeitures	790	957	663
Special Assessments	12	3	3
Interest	632	670	1,185
Miscellaneous	257	180	149
Total revenues	<u>14,897</u>	<u>17,452</u>	<u>14,495</u>
Expenditures			
General Government	2,522	4,119	5,619
Public Safety	3,501	3,749	4,070
Utilities and Environment	243	411	536
Highways and Streets	657	1,186	781
Economic Development	1,417	1,640	1,910
Physical and Mental Health	3	4	8
Culture & Recreation	287	427	421
Debt Service			-
Principal	551	290	1,127
Interest and Fiscal Charges	390	178	578
Capital Outlay		5,670	-
Highways and Streets	1,148	-	-
Other	511	-	3,497
Total expenditures	<u>11,230</u>	<u>17,674</u>	<u>18,547</u>
Excess (deficiency) of revenues over expenditures	<u>3,667</u>	<u>(222)</u>	<u>(4,052)</u>
Other Financing Sources (Uses)			
Transfers In	9,196	6,750	4,948
Transfers Out	(5,857)	(6,619)	(4,514)
Debt Proceeds	750	9,956	198
Capital Lease	-	-	2,142
Loan Repayment Received	111	-	-
Contributions	24	898	237
Sale of Capital Assets	6	-	-
Total other financing sources (uses)	<u>4,230</u>	<u>10,985</u>	<u>3,011</u>
Prior Period Adjustment	<u>-</u>	<u>(1,801)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 7,897</u>	<u>\$ 8,962</u>	<u>\$ (1,041)</u>
Debt Service as a percentage of non-capital expenditures	9.8%	3.9%	11.3%

(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

LAST TEN FISCAL YEARS (1)

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)
2008	\$ 1,962,532,796	\$ 548,314,154	\$ 2,077,100	\$ 119,167,386	\$ 2,393,756,664.00	\$ 1.17	\$ 2,393,756,664
2007	1,947,099,736	453,099,533	3,946,900	102,277,403	2,301,868,766	1.30	2,301,868,766
2006	1,636,186,406	380,439,015	3,229,200	82,332,561	1,937,522,060	1.61	1,937,522,060
2005	1,182,881,458	318,111,573	2,921,300	68,561,153	1,435,353,178	1.84	1,435,353,178
2004	950,791,046	265,863,274	2,336,500	54,230,817	1,164,760,003	1.94	1,164,760,003
2003	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-

(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

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
2008	\$ 1.17	\$ 2.07	\$ 1.08	\$ 0.19	\$ 3.78	\$ 0.50	\$ 0.44	\$ -	\$ 1.50	\$ 10.73
2007	1.30	2.29	1.18	0.19	4.11	0.40	0.48	-	1.13	11.07
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	2.19	3.00	1.75	0.18	6.79	0.50	0.50	-	1.48	16.37
2001	2.19	3.18	1.76	0.19	7.07	0.48	0.56	-	-	15.42
2000	2.95	3.18	1.76	0.19	7.07	0.48	0.56	-	-	16.18
1999	2.84	3.32	1.72	0.19	7.25	0.50	0.56	-	-	16.38

(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	2004 (1)			2008		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
Wal-Mart Stores Inc. #2403	\$ 17,478,360	1	1.7%	\$ 28,752,076	1	1.2%
Buffalo - Bonney Lake Associates LLC	15,917,900	2	1.5%	22,690,100	2	1.0%
Panorama West LLC				20,601,100	3	0.9%
Home Depot USA Inc.				16,334,400	4	0.7%
Bonney Lake Village Association	8,523,000	4	0.8%	16,173,400	5	0.7%
Lake Tapps Equities LLC	7,631,846	5	0.7%	16,069,150	6	0.7%
Target Stores #349				13,427,900	7	0.6%
Safeway Stores #1844	7,300,543	6	0.7%	12,710,810	8	0.6%
New Albertsons Inc.	6,010,200	7	0.6%	11,058,200	9	0.5%
Northwest Heritage Group Inc				9,457,700	10	0.4%
Quest Corporation, Inc.	13,464,562	3	1.3%			
Puget Sound Energy	5,998,114	8	0.6%			
Regal Cinemas #480355	4,344,900	9	0.4%			
Performance Properties of WA	3,681,800	10	0.4%			
TOTAL PRINCIPAL TAXPAYERS	<u>72,872,865</u>		<u>7.09%</u>	<u>138,522,760</u>		<u>6.02%</u>
TOTAL ASSESSED VALUE	<u>\$ 1,027,930,705</u>		<u>100.00%</u>	<u>\$ 2,301,868,766</u>		<u>100.00%</u>

(1) 1998 data is unavailable; therefore, the earliest available data (tax year 2004) will be used until such time the data becomes available for the nine year prior to the reported period.

SOURCE: Pierce County Assessor/Treasurer's Office; 2007 Values for Tax Year 2008

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
2008	\$ 2,683	\$ 2,558	95.34%	\$ 68	\$ 2,626	\$ 2,626	97.88%
2007	2,517	2,462	97.81%	46	2,508	2,508	99.64%
2006	2,305	2,131	92.45%	74	2,205	2,205	95.66%
2005	2,143	2,059	96.08%	78	2,137	2,137	99.72%
2004	1,992	1,923	96.54%	-	1,923	1,923	96.54%
2003	1,870	1,749	93.53%	-	1,749	1,749	93.53%
2002	1,497	1,730	115.56%	-	1,730	1,730	115.56%
2001	1,355	1,257	92.77%	-	1,257	1,257	92.77%
2000	1,889	1,914	101.32%	-	1,914	1,914	101.32%
1999	1,654	-	0.00%	-	-	-	0.00%

(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 11

CITY OF BONNEY LAKE

DIRECT AND OVERLAPPING SALES TAX RATES

LAST TEN FISCAL YEARS

FISCAL YEAR	CITY DIRECT RATE	PIERCE COUNTY (1)
2008 (4)	9.3%	9.3%
2007	8.8%	8.8%
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%

(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 8.8% to 9.3% July 1, 2009

SOURCE: Department of Revenue

Schedule 12

CITY OF BONNEY LAKE

SALES TAX COLLECTIONS BY SECTOR (1)
CURRENT YEAR AND TEN YEARS AGO

Major Industry Sector	1998 (2)			2008		
	TAX RECEIPTS	RANK	PERCENTAGE OF TOTAL	TAX RECEIPTS	RANK	PERCENTAGE OF TOTAL
Warehouse Clubs, Supercenters				\$ 89,179	1	2.9%
Warehouse Clubs, Supercenters	71,864	1	16.4%	58,162	2	1.9%
Discount Department Stores				49,790	3	1.6%
Home Centers				27,466	4	0.9%
Home Centers				18,032	5	0.6%
Discount Department Stores				10,522	6	0.3%
Supermarkets and Other Grocery	12,830	2	2.9%	10,951	7	0.4%
Tire Dealers				7,948	8	0.3%
Construction of Buildings				7,662	9	0.2%
General Merchandise Store	7,107	3	1.6%	7,110	10	0.2%
Limited-Service Restaurants	2,515	9	0.6%			
Pharmacies and Drug Stores	3,190	6	0.7%			
Commercial and Institutional - Mach	3,571	5	0.8%			
Commercial and Institutional	4,574	4	1.0%			
Full-Service Restaurants	2,824	7	0.6%			
Supermarkets and Other Grocery	2,583	8	0.6%			
Misc Comm Area Reg, Lic, Ins	1,780	10	0.4%			
All Other	326,160		74.3%	2,812,116		90.7%
TOTAL RETAIL SALES TAX RECEIPTS	\$ 438,998		100.00%	\$ 3,098,938		100.00%

Source: City of Bonney Lake Sales Tax Data

(1) By State law, the City of Bonney Lake is prohibited from reporting individual sales tax payers.

(2) Effective March 2005, the Department of Revenue changed reporting retail sales tax industries from using the Standard Industrial Classification (SIC) code to use of the North American Industry Classification System (NAICS). Retail sales tax collections prior to the time of this change have not been adjusted.

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			
2008	\$ 10,695	\$ 761	\$ -	\$ 1,764	\$ 4,720	\$ 17,088	\$ 3,235	\$ 38,263	0.12%	\$ 20
2007	11,260	750	-	-	5,115	19,152	3,697	39,974	0.14%	22
2006	1,545	755	-	-	5,445	19,350	4,159	31,254	0.12%	18
2005	1,815	11	-	-	5,745	17,604	4,621	29,796	0.13%	19
2004	2,065	16	-	-	6,035	12,304	-	20,420	0.09%	12
2003	2,310	22	55	5	6,310	10,922	-	19,624	0.09%	11

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 18) 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 (1)

FISCAL YEAR	POPULATION	ASSESSED VALUE	GENERAL OBLIGATION BONDED DEBT	LESS DEBT SERVICES FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2008	16,220	\$ 2,393,756,664	\$ 10,695,000	\$ (1,013,564)	\$ 11,708,564	0.49%	\$ 722
2007	15,740	2,301,868,766	11,260,000	(364,198)	11,624,198	0.50%	739
2006	15,230	1,937,522,060	1,545,000	(362,563)	1,907,563	0.10%	125
2005	14,370	1,435,353,178	1,815,000	(360,000)	2,175,000	0.15%	151
2004	13,740	1,164,760,003	2,065,000	(361,325)	2,426,325	0.21%	177
2003	12,950	939,422,664	2,310,000	(367,485)	2,677,485	0.29%	207
2002	12,360	-	-	-	-	-	-
2001	9,980	-	-	-	-	-	-
2000	9,687	-	-	-	-	-	-
1999	9,490	-	-	-	-	-	-

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.

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

Schedule 15

CITY OF BONNEY LAKE

DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT

December 31, 2008

	NET DEBT OUTSTANDING	TO BONNEY LAKE (1)	CITY SHARE OF DEBT
DIRECT DEBT:			
City of Bonney Lake	\$ 11,260,000	100.00%	\$ 11,260,000
OVERLAPPING DEBT:			
Pierce County	118,581,000	0.44%	521,756
Port of Tacoma	205,565,000	0.44%	904,486
East Pierce Fire District #22	426,350	5.22%	22,255
Valley Regional Fire Authority	19,800,000	0.21%	41,580
Dieringer School District #343	36,600,000	0.06%	21,960
White River School District #416	42,638,000	0.71%	302,730
Sumner School District #320 (2)	92,420,000	16.77%	15,498,834
Total Overlapping Debt	\$ 516,030,350		\$ 17,313,602
Total Direct and Overlapping Debt	\$ 527,290,350		\$ 28,573,602
2008 Population			16,220
Direct Debt Per Capita			\$ 694
Overlapping Debt Per Capita			\$ 1,067
Direct and Overlapping Debt Per Capita			\$ 1,762

(1) Applicable percentage is determined by calculation of overlapping boundaries through the application of GIS (Geographic Information Systems).

(2) School Districts utilize a September - August fiscal year. For purposes of this schedule, data is as of August 31, 2008 for school districts.

Sources: Pierce County Assessor/Treasurer, Pierce County Office of Budget and Finance, Port of Tacoma, WA State Auditors Office, outside agencies.

Schedule 16

CITY OF BONNEY LAKE

COMPUTATION OF LEGAL DEBT MARGIN (1)

As of December 31, 2008

(amounts expressed in thousands/dollars)

TOTAL ASSESSED PROPERTY VALUE	\$ 2,393,756,664			
Debt Requirements	General Purpose Council Approved	General Purpose Voter Approved	Parks and Open Space Voter Approved	Utility Purposes Voter Approved
Legal limit (1.5%) of Assessed Property Values	\$ 35,906,350	\$ -	\$ -	\$ -
Legal Limit (1.0%) of Assessed Property Values		23,937,567		
Legal limit (2.5%) of Assessed Property Values	-	-	59,843,917	59,843,917
Outstanding Debt		-		
Council Approved General Obligation Debt	9,725,000	-	-	5,115,000
Voter Approved Outstanding Bonds	-	970,000	-	-
Total Outstanding Debt	9,725,000	970,000	-	5,115,000
Available Assets	-	-	-	-
Remaining Debt Capacity	\$ 26,181,350	\$ 22,967,567	\$ 59,843,917	\$ 54,728,917

(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.

Schedule 17

CITY OF BONNEY LAKE

REVENUE BOND COVERAGE FOR UTILITY BONDS

LAST TEN FISCAL YEARS (1)

FISCAL YEAR	INCOME AVAILABLE FOR DEBT SERVICE CALCULATION	ANNUAL DEBT		TOTAL DEBT SERVICE	REVENUE BOND COVERAGE (2)
		SERVICE REQUIRED			
		PRINCIPAL	INTEREST		
2008	\$ 523,080	\$ 395,000	\$ 371,059	\$ 766,059	0.68
2007	3,615,458	320,000	295,638	615,638	5.87
2006	7,315,395	300,000	310,128	610,128	11.99
2005	7,923,765	290,000	323,873	613,873	12.91
2004	10,237,049	275,000	336,660	611,660	16.74
2003	7,307,206	265,000	348,718	613,718	11.91
2002	-	-	-	-	-
2001	-	-	-	-	-
2000	-	-	-	-	-
1999	-	-	-	-	-

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

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)
2008	16,220	\$ 31,046,350	\$ 1,914	2,848	5.70%
2007	15,740	28,949,941	1,839	2,919	4.70%
2006	15,230	27,149,797	1,783	2,928	5.10%
2005	14,370	22,693,937	1,579	1,524	5.90%
2004	13,740	23,273,083	1,694	1,641	7.00%
2003	12,950	22,131,368	1,709	1,619	8.20%
2002	12,360	21,502,845	1,740	1,661	8.00%
2001	9,980	20,702,070	2,074	1,676	6.50%
2000	9,687	19,416,742	2,004	1,698	5.00%
1999	9,490	18,058,638	1,903	1,779	4.30%

(1) Pierce County average

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

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

Schedule 19

CITY OF BONNEY LAKE

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO (1)

EMPLOYER	1998			2008		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Wal-Mart Inc #5041			0.0%	300	1	21.2%
Fred Meyer Stores	224	1	32.8%	182	2	12.9%
Safeway Store #544	130	2	19.0%	170	3	12.0%
Home Depot Inc #8562			0.0%	150	4	10.6%
Lowe's			0.0%	125	5	8.9%
Target Store #1957			0.0%	125	6	8.9%
Albertson's #495			0.0%	120	7	8.5%
Prime Fitness			0.0%	100	8	7.1%
Applebbes Neighborhood Grill			0.0%	70	9	5.0%
John L. Scott Real Estate			0.0%	70	10	5.0%
Sharis' Restaurant	58	3	8.5%			0.0%
QFC Store #122 dba StockMarket	53	4	7.8%			0.0%
Bestworth-Rommel Inc	51	5	7.5%			0.0%
Ben Franklin aka Taycor of Bonney Lk	51	6	7.5%			0.0%
Burger King #6935	41	7	6.0%			0.0%
Regal Cinemas Inc dba Tall Firs 10	25	8	3.7%			0.0%
McDonald's of Bonney Lake	25	9	3.7%			0.0%
Wendy's International	25	10	3.7%			0.0%
			0.0%			0.0%
			0.0%			0.0%
			0.0%			0.0%
			0			
TOTAL	683		100%	1,412		100%

(1) Note: The City implemented GASB Statement No. 44 during 2005.

Sources: City of BONNEY LAKE Business Licenses; Reference, USA

Schedule 20
CITY OF BONNEY LAKE
 FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS (1)

FUNCTION/PROGRAM	Full-Time-Equivalent (FTE) Employees				
	1999	2000	2001	2002	2003
Governmental Activities					
General Government					
Judicial					
Public Safety					
Physical Environment/Transportation					
Economic Environment					
Culture and Recreation					
Health and Human Services					
Business-Type Activities					
Utilities, ER&R					
Total	-	-	-	-	-

FUNCTION/PROGRAM	Full-Time-Equivalent (FTE) Employees				
	2004	2005	2006	2007	2008
Governmental Activities					
General Government	24	24	25	26	27
Judicial	5	5	5	6	6
Public Safety	29	30	35	36	37
Physical Environment/Transportation	11	12	12	12	12
Economic Environment	12	12	13	13	15
Culture and Recreation	1	1	6	7	7
Health and Human Services	4	4	4	5	5
Business-Type Activities					
Utilities, ER&R	23	28	28	30	32
Total	<u>109</u>	<u>116</u>	<u>128</u>	<u>135</u>	<u>141</u>

(1) Note: The City implemented GASB Statement No. 44 during 2005. Historical data prior to 2004 is not readily available.

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

FUNCTION/PROGRAM	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Police</u>						
Calls for Service	-	16,310	16,837	19,641	19,761	20,934
Police Reports	-	3,131	3,198	3,601	3,256	3,475
Citations/Infractions	-	4,095	4,386	5,138	5,909	6,191
DUI	-	113	105	147	150	156
Uniform Crime Reporting (UCR) Crimes	-	718	787	775	649	624
<u>Public Works - Street Division</u>						
Chip Seal (miles)	2	3	6	6	5	5
Overlay (miles)	1	0	3	1	0	0
<u>Water/Sewer Utility</u>						
Water - New Installations	483	636	545	471	339	249
Waterlines-Miles	165	172	185	192	198	201
Water - Connections	9,671	10,307	10,852	11,323	11,621	11,865
Water - Pumped per year (billions of gallons)	1.13	1.15	1.16	1.30	1.22	1.28
Sewer - New Installations	-	219	300	299	456	146
Sewer - Connections	3,909	4,128	4,428	4,727	5,183	5,329
<u>Parks</u>						
Boat Launch Permits Issued	1,880	1,895	1,770	2,224	2,725	3,677

(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 FIVE FISCAL YEARS

FUNCTION/PROGRAM	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government						
Administrative Buildings						
Police						
Stations	1	1	1	1	1	1
Patrol Units	22	25	26	27	27	31
Public Works						
Paved Centerline Miles	60	60	62	67	73	74
Paved Lane Miles	120	120	125	133	148	157
Unpaved Centerline Miles	1	1	1	1	1	1
Street Identification Signs	291	291	307	411	455	447
Traffic Control Signs	691	691	814	977	1,266	1,406
Traffic Signals	1	2	3	4	4	4
Water/Sewer Utility						
Water Lines (miles)	165	172	185	192	198	201
PRV Stations	7	13	18	27	27	27
Booster Pump Stations	2	2	3	4	4	5
Reservoirs	4	4	4	4	5	5
Sewer Mains (miles)	61	61	71	72	72	75
Sewer Pump Stations	17	18	20	21	22	22
Sewer Grinder Pumps	90	90	90	90	87	87
Stormwater Utility						
Storm Sewers (miles)	17	17	19	23	30	32
Detention/Infiltration Ponds	25	25	31	38	44	46
Catch Basins/Inlets	928	929	1,053	1,241	1,423	1,522
Ditches (miles)	75	75	77	79	87	85
Park Facilities						
Acreage						
Allan Yorke Park (plus boat launch)	21.50	21.50	21.50	21.50	21.50	21.50
Ballfield #4 and parking area	5.00	5.00	5.00	5.00	5.00	5.00
Allan Yorke Park Expansion	0.00	12.50	12.50	12.50	12.50	12.50
Lake Bonney Park	1.30	1.30	1.30	1.30	1.30	1.30
Senior Center	1.20	1.20	1.20	1.20	1.20	1.20
Cedarview	4.60	4.60	4.60	4.60	4.60	4.60
Viking Park adjacent to Bonney Lake Elementary	0.00	2.75	2.75	2.75	2.75	2.75
Madrona Park - New					0.37	0.37
Total Acreage	33.60	48.85	48.85	48.85	49.22	49.22
# Parks	3	3	3	3	4	4
Docks - Boat Launch	4	4	4	4	4	4
Dock - Swimming	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1
Other Equipment	100	113	139	159	172	175

Schedule 23

CITY OF BONNEY LAKE

CONSTRUCTION AND PROPERTY VALUES

LAST TEN FISCAL YEARS (1)

FISCAL YEAR	COMMERCIAL CONSTRUCTION		RESIDENTIAL AND MULTIPLE DWELLING CONSTRUCTION		TOTAL CONSTRUCTION (2)	
	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE
2008	4	\$ 714,099	106	\$ 25,863,073	110	\$ 26,577,173
2007	10	17,649,342	233	53,636,574	243	71,285,916
2006	2	1,023,281	273	61,536,916	275	62,560,197
2005	9	11,753,326	205	43,881,895	214	55,635,221
2004	5	8,220,823	222	41,180,083	227	49,400,906
2003	5	945,446	321	56,196,741	326	57,142,187
2002	8	11,071,613	341	48,254,454	349	59,326,067
2001	3	1,105,880	303	37,080,884	306	38,186,764
2000	0	-	0	-	0	-
1999	0	-	0	-	0	-

(1) Data unavailable for 1999 - 2000

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

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

City of Bonney Lake
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

NOTE 1 BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the grant activity of the City of Bonney Lake and is presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred.

NOTE 2 PROGRAM COSTS

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

NOTE 3 NON-CASH AWARDS – EQUIPMENT

The amount of equipment reported on the schedule is the value of specialized law enforcement protective equipment distributed by the Seattle Police Department and Pierce County. The Department of Homeland Security is the originating funding agency.

Schedule 24

CITY OF BONNEY LAKE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For Year Ending December 31, 2008

GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLE	DIRECT/ INDIRECT	FEDERAL CFDA NUMBER	OTHER IDENTIFICATION NUMBER	EXPENDITURES			NOTE REFERENCE
				PASS-THROUGH AWARDS	DIRECT AWARDS	TOTAL	
U.S. DEPARTMENT OF AGRICULTURE							
WA State, Department of Natural Resources Community Forestry Assistance	INDIRECT	10.675		\$ 33,904	\$ -	\$ 33,904	
TOTAL U.S. DEPT. OF AGRICULTURE				33,904	-	33,904	
U.S. COAST GUARD							
WA State, Parks and Recreation Commission Boating Safety Program	INDIRECT	97-012		\$ 22,766	\$ -	\$ 22,766	
TOTAL U.S. COAST GUARD				22,766	-	22,766	
U.S. DEPT. OF HOMELAND SECURITY:							
WA State, Military Department Presidential Disaster Declaration #FEMA-1825-DR-WA	INDIRECT	97.036	D09-312	12,015	-	12,015	
WA State, Dept of Emergency Management Domestic Preparedness Equipment Support Program	INDIRECT	97.067	2006-GE-T6-0059	1,392	-	1,392	3
Domestic Preparedness Equipment Support Program	INDIRECT	97.067	UASI 07	9,993	-	9,993	3
TOTAL U.S. DEPT. OF HOMELAND SECURITY				23,400	-	23,400	
U.S. DEPT. OF JUSTICE:							
Pierce County Byrne Formula Grant Program (TNET)	INDIRECT	16.579		64,321	-	64,321	
Byrne Formula Grant Program (DEA)	INDIRECT	16.579		16,331	-	16,331	
Byrne Formula Grant Program (JAG)	INDIRECT	16.579		7,033	-	7,033	
Total CFDA Number 16.579				87,685	-	87,685	
City of Kent Auto Theft Task Force	INDIRECT	16.597		11,841	-	11,841	
TOTAL U.S. DEPT. OF JUSTICE				99,526	-	99,526	
U.S. DEPT. OF TRANSPORTATION:							
WA State, Dept of Transportation Sidewalk Extension and Safety Education Program (Safe Routes to Schools)			SRTS-PB-3161(002)	67,474	-	67,474	
WA State, Dept of Transportation Hazard Elimination Safety Grant	INDIRECT		STPH-0410(047)	70,220	-	70,220	
Total CFDA Number 20.205				137,693	-	137,693	
TOTAL U.S. DEPT. OF TRANSPORTATION				137,693	-	137,693	
TOTAL FEDERAL ASSISTANCE				\$ 317,289	\$ -	\$ 317,289	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

Schedule 25

CITY OF BONNEY LAKE

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE

For Year Ending December 31, 2008

GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLE	IDENTIFICATION NUMBER	CURRENT YEAR EXPENDITURES
SECRETARY OF STATE, ARCHIVES		
Local Records	07-PS048E	\$ 946
WA STATE, ADMINISTRATIVE OFFICE OF THE COURTS		
Interpreter Services Funding	LAP-BOM	836
WA STATE, MILITARY DEPARTMENT		
Disaster Assistance	D09-312	2,003
STATE DEPARTMENT OF ECOLOGY:		
Local Government Stormwater Grant	G0800264	75,611
TOTAL STATE ASSISTANCE		79,395
PIERCE COUNTY		
Pierce County Arts	59928	2,150
TOTAL LOCAL ASSISTANCE		2,150
TOTAL STATE AND LOCAL ASSISTANCE		\$ 81,545