

# 2023



## Annual Comprehensive Financial Report



For the fiscal year ended December 31, 2023

# ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

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CITY OF SAMMAMISH  
ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended December 31, 2023

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative provides an overview and analysis of the City of Sammamish's financial activities for the fiscal year ended December 31, 2023. The purpose is to highlight significant financial issues, major financial activities, and resulting changes in financial position, as well as economic factors affecting the City. Readers are encouraged to consider the information presented here in conjunction with the City's financial statements and accompanying notes following the narrative.

### Financial Highlights

- The City ended the year in a strong financial position, with total assets and deferred outflows exceeding total liabilities and deferred inflows by \$783.6 million, an increase of \$19.6 million over the 2022 ending net position. Increases in non-capital assets added \$14.3 million to the financial position. Capital assets decreased by \$2.3 million and deferred inflows related to pensions decreased by \$2.2 million. Liabilities at the end of 2023 decreased by \$6.0 million and deferred outflows decreased by \$564 thousand.
- During 2023, the City saw an overall decrease in revenues of \$4.0 million, or approximately 4.4% compared to the prior year. Capital grants and contributions saw the largest decrease of \$12.1 million (92.9%). This was the result of a large donation of land by a private citizen in the prior year. Operating grants and contributions saw an increase of \$2.3 million, which is largely due to use of ARPA funds. Investment earnings also increased significantly, mainly the result of high interest rates during the year. Charges for services declined by \$361 thousand and real estate excise taxes declined by \$1.7 million. Total expenses increased \$3.2 million, or 5.0% over 2022.

### Overview of the Financial Statements

This discussion and analysis will serve as an introduction to the City's basic financial statements, which are presented in three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Other supplementary information, in addition to the basic financial statements, is also contained in this report.

### Government-wide financial statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar to the financial reporting of private-sector businesses.

The ***Statement of Net Position*** presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, showing the difference between assets and deferred outflows, and liabilities and deferred inflows of resources as net position. Over time, increases or decreases in net position may be one indicator of whether the financial health of the City is improving or deteriorating.

The ***Statement of Activities*** presents information showing how the City's net position changed during the year. The net cost of each governmental and business-type activity is reported separately from taxes and other sources of revenue not related to a specific function. Activity on this statement is reported on the accrual basis of accounting, meaning that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, unpaid vendor invoices, and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). Governmental activities include general government (finance and administrative services), security (police and fire), natural and economic environment, transportation, mental/physical health, and culture and recreation. The City has one business-type activity, a surface water management utility.

### 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 to meet certain objectives. The City, like other state and local governments, uses fund accounting to demonstrate

compliance with finance-related and legal requirements. The City's funds are divided into two categories: governmental funds and proprietary 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, the governmental fund statements focus on near term inflows and outflows of spendable resources as well as balances of spendable resources available at year end. Such information can be useful in evaluating the City's near-term financing requirements and immediate fiscal health.

Because the focus of the governmental funds is narrower than that of the government-wide statements, it is useful to compare similar information in the governmental fund statements and the government-wide statements. In doing so, the reader may better understand the long-term impact of the City's current year financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds 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 five governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Street Fund, the General Capital Improvement Fund, the Parks Capital Improvement Fund and the Transportation Capital Improvement Fund, all of which are considered to be major funds.

The City maintains budgetary control over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level and according to state law. A budgetary comparison statement is presented for the General and Street Funds as required supplementary information. Other budgetary comparison schedules are included in the Fund Financial Statements and Schedules sections of this report.

**Proprietary funds** are used by governments to account for their business-type activities. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers.

The City has two types of proprietary funds. Enterprise funds are used to account for goods and services provided to citizens. Internal service funds are used to account for goods and services provided internally to various city departments.

Enterprise funds of the City are used to report the same functions presented as business-type activities in the government-wide statements with the fund statements providing more detail than is reported in the government-wide statements. The enterprise fund statements provide information for the City's surface water utility operating and capital activities.

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 accumulate funds for vehicle replacement, account for vehicle maintenance, to account for insurance premiums and claims, and to account for information technology activities. Internal service funds benefit both governmental and business-type activities and are allocated accordingly in the government-wide statement of activities. Internal service fund assets and liabilities are predominantly governmental and have been included in the governmental activities column of the government-wide statement of net position.

### **Notes to the financial statements**

The notes to the financial statements provide additional information that is important to a full understanding of the data in the government-wide and fund financial statements. The notes are located immediately following the basic financial statements. Note 1 discusses the financial policies of the City which have impacts on the financial statements.

### **Other information**

The City does not have non-major governmental or fiduciary funds to report.

## Government-Wide Financial Analysis

### Statement of Net Position

The City's financial condition remained positive during 2023, despite a cool real estate market and below average development. As noted earlier, net position may serve as a useful indicator of the City's financial situation. The City's net position at December 31, 2023, totaled \$783.6 million, an increase of \$19.6 million (2.6%) over 2022. Net position of the City as of December 31, 2023, is summarized and analyzed below.

#### CITY OF SAMMAMISH'S NET POSITION

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$137,967	\$129,353	\$21,549	\$15,864	\$159,516	\$145,217
Capital assets, net of accumulated depreciation	555,718	556,973	82,865	83,898	638,583	640,871
Total assets	693,685	686,326	104,414	99,761	798,099	786,088
Deferred Outflows of Resources	3,001	3,519	371	417	3,372	3,936
Long-term liabilities outstanding	1,283	1,254	175	127	1,458	1,381
Other liabilities	6,147	12,391	815	635	6,962	13,026
Total liabilities	7,431	13,645	990	762	8,421	14,407
Deferred Inflows of Resources	9,235	11,300	260	406	9,495	11,706
Net position						
Net investment in capital assets	555,028	556,482	82,774	83,823	637,802	640,305
Restricted	45,491	40,392	573	401	46,063	40,793
Unrestricted	79,502	68,027	20,189	14,787	99,691	82,813
Total net position	\$680,021	\$664,901	\$103,535	\$99,010	\$783,556	\$763,911

**Governmental Activities:** Net position from governmental activities increased by \$15.1 million in 2023, for a total of \$680.0 million. By far, the largest portion of the City's net position (\$555.0 million) reflects its investment in capital assets (ex. land, buildings, machinery, equipment, infrastructure); less any related outstanding debt, of which the City has none. The City uses these capital assets to provide a variety of services to its citizens. An additional portion of the City's net position (\$45.5 million) represents resources that are subject to external restrictions on how they may be used. Of this restricted net position, \$40.9 million is restricted for capital projects and \$4.6 million is restricted for pensions. Unrestricted net position of \$79.5 million is available to meet ongoing obligations to citizens and creditors. Factors contributing to the changes are as follows:

- Current and other assets increased by \$8.6 million, primarily the result of higher cash balances.
- Other liabilities decreased by \$6.2 million, driven primarily by the reductions in balances of accounts payable and grants received in advance compared to the prior year end.

**Business-type Activities:** Business-type activities of the City's surface water fund increased the City's net position by \$4.5 million in 2023. Of total net position of \$103.5 million, of which \$20.2 million is unrestricted and available to meet ongoing operating needs. Factors contributing to the increase were:

- Current and other assets increased by \$5.7 million, primarily the result of higher cash balances. The growth in cash balances is due to a variety of factors, including an increase in investment maturities and related interest earnings, a significant decrease in expenses on capital improvement projects, and an increase in stormwater fee revenue for 2023.
- Total liabilities and deferred inflows saw a slight increase of \$81 thousand. Total liabilities increased by \$227 thousand which was partly offset by a decrease in deferred inflows related to pensions of \$146 thousand.

## Changes in net position

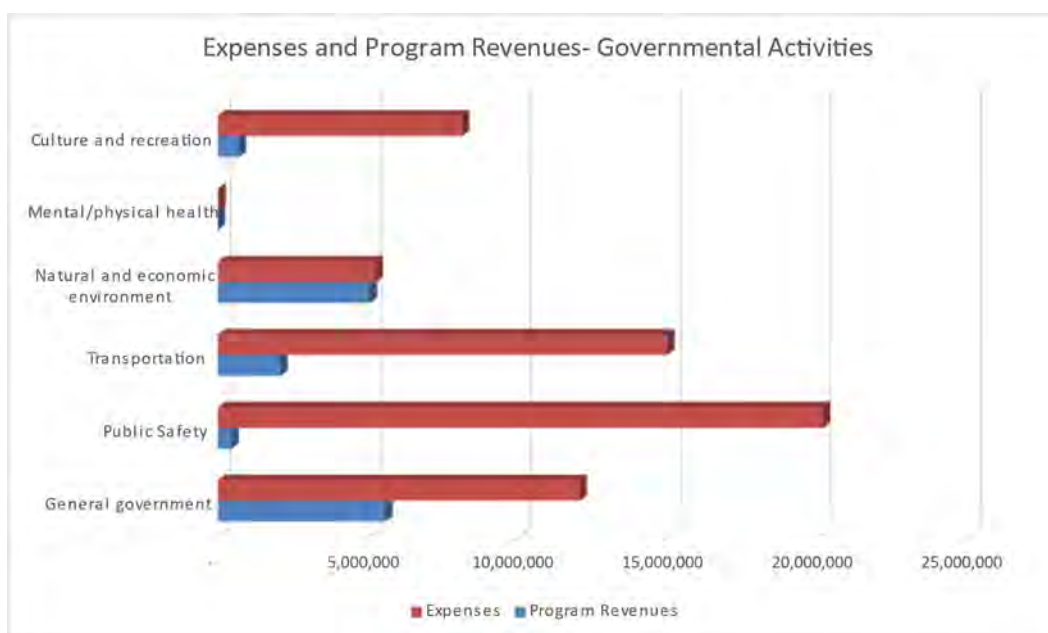
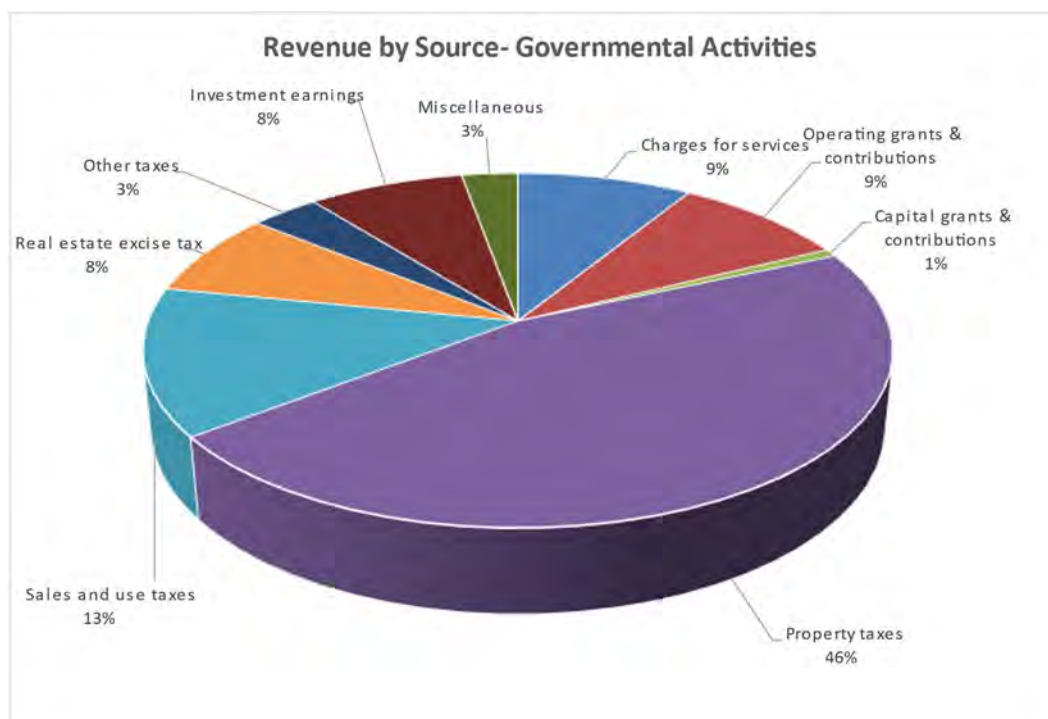
As illustrated in the following table, the City's net position increased approximately \$19.6 million in 2023. The increase was split between the governmental activities (\$15.1 million) and the business-type activities (\$4.5 million).

**CITY OF SAMMAMISH'S CHANGES IN NET POSITION**  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues						
Charges for services	\$6,671	\$7,621	\$10,180	\$9,590	\$16,851	\$17,212
Operating grants and contributions	6,675	4,454	148	29	6,823	4,483
Capital grants and contributions	530	10,905	397	2,102	927	13,008
General revenues						
Property taxes	34,878	34,162	-	-	34,878	34,162
Sales and use taxes	10,144	10,187	-	-	10,144	10,187
Real estate excise taxes	5,813	7,497	-	-	5,813	7,497
Other taxes	2,624	2,609	-	-	2,624	2,609
Investment earnings	5,961	122	821	-	6,782	122
Miscellaneous	2,142	1,726	49	43	2,191	1,770
Total revenues	75,437	79,284	11,595	11,765	87,032	91,048
Expenses:						
General government	12,051	17,799	-	-	12,051	17,799
Public safety	20,158	16,503	-	-	20,158	16,503
Physical environment	-	2,533	-	-	-	2,533
Transportation	14,977	9,406	-	-	14,977	9,406
Natural and economic environment	5,259	4,672	-	-	5,259	4,672
Mental/physical health	25	10	-	-	25	10
Culture and recreation	8,130	6,919	-	-	8,130	6,919
Interest on long-term debt	0	-	-	-	0	-
Stormwater	-	-	7,033	6,566	7,033	6,566
Total expenses	60,601	57,842	7,033	6,566	67,634	64,409
Change in net position	14,836	21,441	4,563	5,198	19,398	26,640
Net position-beginning of period	664,901	643,460	98,973	93,812	763,874	737,272
Prior Period Adjustment	284	-	-	-	284	-
Net position-beginning balance, as restated	665,185	643,460	98,973	93,812	764,158	737,272
Net position-end of period	\$680,021	\$664,901	\$103,535	\$99,010	\$783,556	\$763,911

**Governmental activities** increased the City's net position by \$15.1 million in 2023, which accounts for approximately 77% of the total increase in net position of the City. While total revenues were \$3.8 million less than 2022 and total expenses exceeded 2022 by \$2.8 million, total revenues outpaced the increase in expenses, adding to 2023 net position. The primary changes for governmental activities are:

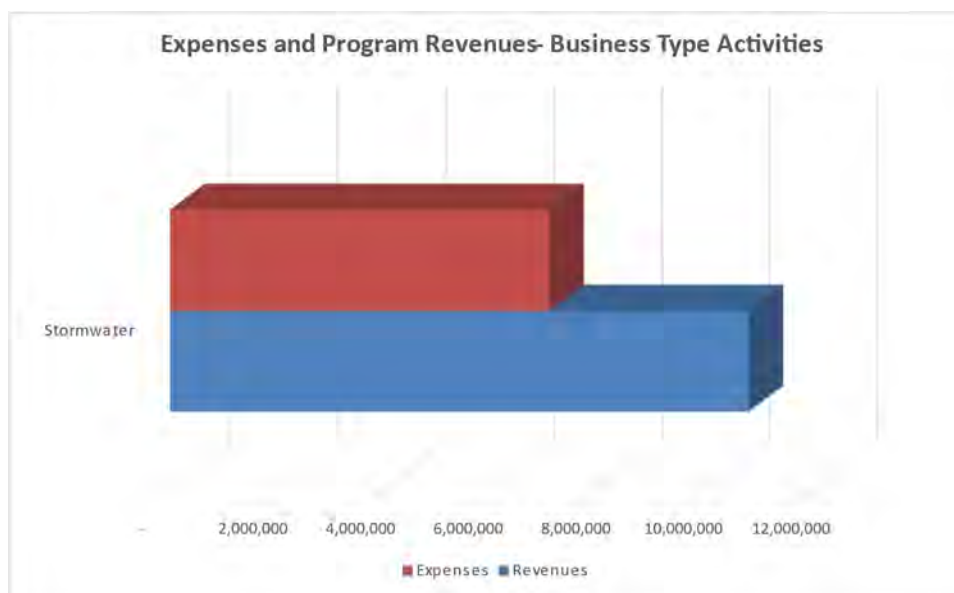
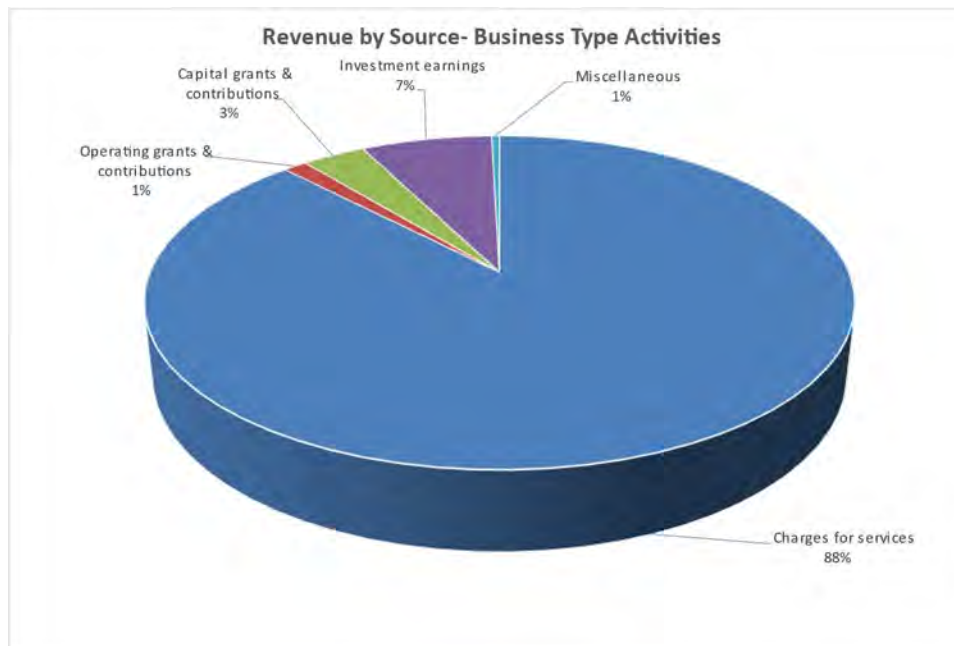
- Tax revenues fell overall by \$1.0 million. Property tax collections rose by \$716 thousand, or 2.1%, a combination of increased assessed values and a rate increase, offsetting the decrease of \$1.7 million in real estate excise tax. Other taxes remained relatively flat in 2023.
- Capital grants and contributions decreased by \$10.4 million, this is primarily related to private contributions of capital assets to the City in the prior year. Charges for services decreased by \$950 thousand, largely due to a decline in development related services. Finally, operating grants and contributions grew by \$2.2 million over 2023 revenues, largely due to the use of the remaining ARPA funds.
- Overall, total expenses for governmental activities grew by \$2.8 million, or 4.8% in 2023. The key increases were in public safety (\$3.7 million), transportation activities (\$5.8 million), and culture & recreation (\$1.2 million). A rise in personnel costs and professional service contracts are the primary drivers of these increases. Decreases in the remaining functions offset some of the increases.





**Business-type activities** increased the City's net position by \$4.6 million, accounting for approximately 23% of the total growth. This is despite total expenses growing by 7.1%, or \$466 thousand over 2022, while total revenues saw a 1.4% decrease over 2022, down \$169 thousand.

- Revenues in 2023 decreased by 1.4% over the previous year. Charges for services increased \$590 thousand while capital grants and contributions decreased by \$1.7 million. Investment earnings increased \$821 thousand in 2023 and operating grants & contributions increased by \$119 thousand.
- Expenses were \$466 thousand higher than in 2022. This is due to higher personnel costs as well as an increase in the number of professional service contracts during the year.



## Financial Analysis of the Government's Funds

As discussed 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 spendable resources. This information helps determine the City's financial requirements for the near future. In particular, fund balance is a good indicator of the City's resources available at the end of the year.

At the end of the current year, the City's governmental funds reported combined ending fund balances of \$118.7 million. This was an increase of \$15.3 million or 14.8% over the ending fund balances of the prior year. Of the ending fund balances, \$14.4 million has been set aside for a strategic reserve, which is the equivalent of 25% of the ongoing annual budget for operating expenditures in the General fund.

The General fund is the primary operating fund of the City. Receipts and payments of ordinary city operations are processed through the General fund unless they are required to be accounted for in another fund. Taxes are the major revenue source. At the end of 2023, the fund balance of the General fund was \$54.4 million.

The General fund's fund balance increased by \$5.2 million (or 10.6%) when compared to the prior year. Revenues increased by \$8.5 million, or 15.7%, and expenditures increased by \$5.0 million, or 10.5%. Revenues exceeded expenditures in the general fund by \$10.0 million in the current year and had net transfers out of \$4.8 million.

General fund revenues totaled \$62.4 million, which was \$8.5 million higher compared to the prior year. Tax revenues increased by \$417 thousand, driven mainly by an increase in property taxes of \$459 thousand, which offset the slight reduction of \$62 thousand in sales tax revenue. Interest income saw an increase of \$2.8 million, mainly due to higher interest rates. The other notable increase in general fund revenue was \$6.0 million in intergovernmental revenue; \$4.6 million in American Rescue Plan Act (ARPA) and \$1.5 million from a federal grant. These increases offset reductions in state shared revenues and building permits.

General Fund expenditures grew by \$5.0 million in 2023. The largest portion of the increase was public safety expenditures followed by an increase in transportation related expenditures. Public safety increased mainly due to increased costs related to the contracts for police and fire services while transportation increased for costs related to the City's overlay program.

General Fund expenditures are closely monitored with all departments working together to limit their expenditures with minimal impact on currently provided public services. The City's total budgeted positions increased a total of 7 positions from 2022 to 146.5 FTEs. For 2023, union represented staff received a 4.7% cost of living adjustment, while non-represented staff received a 4.7% adjustment.

The Street Fund accounts for the City's fuel tax receipts, which are collected and passed on to the General fund. Accordingly, the fund shows no expenditures and a transfer out equal to revenues. The fuel tax revenues in 2023 totaled \$1.3 million, a \$290 thousand increase from 2022.

Ending fund balance in the General Capital Improvement Fund increased \$2.8 million due to a net increase in transfers in above expenditures. Significant 2023 expenditures consisted of \$1.5 million for property acquisition for the storage yard and \$1.6 million for improvements to fire station 82.

Ending fund balance in the Parks Capital Improvement Fund for 2023 was \$2.8 million higher over the previous year. Total parks capital expenditures for the year were \$2.3 million, approximately \$1.6 million more than 2022. The largest expenditures consisted of \$1.5 million for turf replacement at Eastlake Field, \$200 thousand for artificial turf at Inglewood Middle School, \$194 thousand for land acquisition & development costs, and \$166 thousand for improvements to the Community Center.

The Transportation Capital Improvement Fund ending fund balance was \$21.6 million, a \$4.5 million increase from 2022. Total revenue of \$5.3 million was collected with the largest amount coming from real estate excise taxes totaling \$2.9 million

and interest earnings totaling \$886 thousand while expenditures were minimal in 2023. Revenue collected in 2023 will be spent in future years.

**Proprietary funds**

The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of the City’s proprietary funds have already been addressed in the discussion of the City’s business-type activities.

**General Fund Budgetary Highlights**

The City of Sammamish budgets on a biennial basis with each budget beginning in an odd numbered year in compliance with state law. The differences between the original 2023-2024 general fund budget adopted at the end of 2022 and the 2023-2024 biennial general fund budget at December 31, 2023, are as follows:

Revenues increased (decreased) in the following categories:

- Beginning fund balance                      \$ 4,719,967
- Intergovernmental                              211,666
- Investment Income                              3,350,000
- Net remaining revenues                        (413,026)

Expenditure increases (decreases) occurred in various functional areas and were as follows:

- Ending fund balance                      \$ 10,025,626
- General government                              (641,112)
- Public Safety                                      (737,300)
- Transportation                                    (534,557)
- Natural & economic environment              (162,900)
- Culture and recreation                        (184,250)
- Capital equipment                              103,100

The decrease in budget across nearly all functions is a result of adjusting the budget to reflect the true cost of government services offered and removing budget related to unknown, unplanned events that did not occur. Ending fund balance was adjusted up to account for the decrease in budgeted expenditures and higher than anticipated revenues.

**Capital Asset and Debt Administration**

**Capital assets**

The City of Sammamish’s investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of December 31, 2023, was \$638.6 million, a decrease of \$2.3 million from 2022. This investment in capital assets includes land, buildings, improvements, machinery and equipment, art, construction in progress, utility transmission/distribution systems, roads, and bridges.

Major capital assets changes during 2023 included the following:

- Land acquisition of \$1.6 million, including 1.67 acres of land that will provide access to East Lake Sammamish Parkway. This will preserve open space resources that had been previously leased. The property is being used as a storage yard for maintenance equipment for snow & ice removal.
- The City closed out \$37.0 million in construction in progress. The largest project was \$32.5 million was for the Issaquah Fall City road project which doubled the existing two-lane section to a four-lane section and includes bike lanes, sidewalks, land scaping, and a student crossing at Pacific Cascade Middle School.

- Approximately \$3 million for a building expansion for the maintenance and operations division.
- Four vehicles were purchased totaling \$293 thousand. Two Nissan Leaf vehicles totaling \$72 thousand, a Ford F-150 for \$61 thousand, and a Ford F-550 for \$159 thousand.
- Government activities added \$5.1 million to construction in process including \$1.6 million for improvements to fire station 82 and \$1.46 million for turf replacement at Eastlake Field 3.
- The City's depreciation expense totaled \$10.6 million in 2023.

Additional information on the City of Sammamish's capital assets can be found in Note 7 of this report.

#### CITY OF SAMMAMISH'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 336,750,785	\$ 335,137,210	\$ 28,605,026	\$ 28,605,026	\$ 365,355,811	\$ 363,742,236
Buildings & Structures	35,107,675	34,085,177	919,625	983,047	36,027,300	35,068,225
Other Improvements	11,101,195	12,464,675	50,918,000	50,975,790	62,019,195	63,440,465
Machinery and Equipment	3,644,126	2,819,669	1,084	2,410	3,645,209	2,822,079
Leased Equipment	14,643	43,959	-	-	14,643	43,959
Subscription based IT Agreements	249,250	200,748	4,118	8,236	253,368	208,984
Artworks	169,399	163,894	-	-	169,399	163,894
Infrastructure	159,834,583	131,233,469	-	-	159,834,583	131,233,469
Construction in Progress	8,846,733	40,824,463	2,417,117	3,323,224	11,263,850	44,147,686
<b>Total</b>	<b>\$ 555,718,390</b>	<b>\$ 556,973,265</b>	<b>\$ 82,864,969</b>	<b>\$ 83,897,733</b>	<b>\$ 638,583,359</b>	<b>\$ 640,870,997</b>

### Long-term Debt and Debt Limitations

As of the end of the previous fiscal year, the City has no outstanding debt obligations. Accordingly, the City has no debt rating in 2023.

Washington State law limits the amount of general obligation debt the City may issue to 5.0% of its total assessed valuation, subject to a 60% majority vote of qualified electors. Of the 5.0% limit, 2.5% is for general purposes and 2.5% for open space/park facilities. Non-voted (limited tax) general obligation indebtedness is limited to 1.5% of assessed valuation. The combination of unlimited tax and limited tax general obligation debt for all purposes cannot exceed 5.0% of assessed valuation. The City's assessed valuation for 2023 was \$35,316,757,549 and remaining debt capacity is as follows:

General	\$ 882,918,939
Open Space/Park Facilities	882,918,939
<b>Total</b>	<b>\$ 1,765,837,877</b>

The total amount of unlimited tax and limited tax general obligation debt the City may issue is \$1,420,924,890. Additional information on the City of Sammamish's long-term debt and obligations can be found in Note 11 of this report.

### Economic Factors and Next Biennium's Budget

Sammamish's operations are primarily funded by property taxes with few volatile sources of revenue that fund operating activities. By state law, the City may raise property taxes 1% per year plus the property taxes on new construction. Increases not taken can instead be "banked" as taxing capacity for future years. For 2023, City Council chose to increase property taxes by the legally allowed 1%. This led to an increase of \$459 thousand in property tax revenues for 2023. To control fixed costs during economic ups and downs, the City operates with a lean staff, contracting out for many municipal services such as police, fire, and some development review. The combination of a stable operating revenue source and limited permanent staff insulates the City somewhat from future economic slowdowns.

Two revenue sources dedicated to capital projects, real estate excise taxes and impact fees, have seen some volatility for the past several years, this is expected since development in Sammamish had been artificially reduced since 2018. Revenue from transportation impact fees decreased in 2023 by \$248 thousand, or 35.5%, and park impacts fees decreased by \$128 thousand, or 35.9%. Real estate excise taxes decreased by \$1.7 million, due to a decline in the number of homes sold. These emerging trends were considered during the mid-biennium update of the 2023-2024 budget.

The City continued its on-going response to the coronavirus pandemic into 2023, however the main economic concern pivoted to the record levels of inflation being felt across the region. In consideration of this, the City's 2023-2024 budget ensures the long-term financial sustainability of the City by making use of fund balance to alleviate the pressures to maintain service and staffing levels. Additionally, in 2023 the City contracted to do a financial sustainability plan that was completed in the latter part of 2023.

Sammamish has a history of excellent financial management and prudent fiscal policies. The 2023-2024 biennial budget maintains the City's strong financial position, with a projected ending fund balance of approximately \$60.4 million at the end of 2023, across all funds. Adherence to good financial management practices and policies has served the City well and set the stage for a community that will thrive for many years to come.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Sammamish's finances for readers with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information, may be addressed to the Director of Finance, City of Sammamish, 801 228<sup>th</sup> Ave SE, Sammamish, WA 98075.

CITY OF SAMMAMISH, WASHINGTON  
**STATEMENT OF NET POSITION**  
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 93,511,349	\$ 15,680,827	\$ 109,192,176
Cash with outside agencies	137,584	-	137,584
Investments	27,768,196	4,598,974	32,367,170
Receivables:			
Taxes	2,272,038	-	2,272,038
Accounts	572,994	579,902	1,152,896
Interest	189,079	31,315	220,395
Leases	444,248	-	444,248
Due from other governments	712,001	202,228	914,229
Restricted assets:			
Deposit cash	1,168,594	-	1,168,594
Capital assets:			
Land, artwork, construction in progress	345,766,918	31,022,143	376,789,060
Depreciable capital assets, net	209,951,472	51,842,827	261,794,299
Noncurrent assets:			
Leases Receivable	7,501,073	-	7,501,073
Net pension asset	3,689,632	456,022	4,145,654
Total assets	<u>693,685,178</u>	<u>104,414,237</u>	<u>798,099,414</u>
<b>DEFERRED OUTFLOWS</b>			
Related to pensions	3,000,991	370,909	3,371,900
Total deferred outflows	<u>3,000,991</u>	<u>370,909</u>	<u>3,371,900</u>
<b>LIABILITIES</b>			
Accounts/claims payable	3,734,660	616,649	4,351,309
Employee wages payable	390,322	-	390,322
Due to other governments	264,331	1,387	265,718
Unavailable revenues	164,098	-	164,098
Noncurrent liabilities:			
Due within one year	182,165	17,478	199,643
Due in more than one year	1,101,271	157,299	1,258,571
Net pension liability	1,593,896	196,998	1,790,895
Total liabilities	<u>7,430,744</u>	<u>989,811</u>	<u>8,420,555</u>
<b>DEFERRED INFLOWS</b>			
Related to leases	7,130,636	-	7,130,636
Related to pensions	2,104,124	260,060	2,364,185
Total deferred inflows	<u>9,234,761</u>	<u>260,060</u>	<u>9,494,821</u>
<b>NET POSITION</b>			
Net investment in capital assets	555,027,907	82,774,011	637,801,918
Restricted for:			
Capital projects	40,858,520	-	40,858,520
Pensions	4,632,067	572,503	5,204,569
Unrestricted	79,502,171	20,188,761	99,690,931
Total net position	<u>\$ 680,020,664</u>	<u>\$ 103,535,274</u>	<u>\$ 783,555,939</u>

See accompanying notes to the financial statements

CITY OF SAMMAMISH, WASHINGTON  
**STATEMENT OF ACTIVITIES**  
 For the Year Ended December 31, 2023

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	
Governmental activities:							
General government	\$ 12,051,293	\$ 269,343	\$ 4,779,990	\$ 529,589	\$ (6,472,370)	\$ -	\$ (6,472,370)
Public safety	20,157,601	427,648	24,180	-	(19,705,773)	-	(19,705,773)
Transportation	14,977,207	458,600	1,623,954	-	(12,894,653)	-	(12,894,653)
Natural and economic environment	5,259,482	4,824,673	237,500	-	(197,308)	-	(197,308)
Mental/physical health	24,912	-	-	-	(24,912)	-	(24,912)
Culture and recreation	8,130,088	690,606	9,108	-	(7,430,374)	-	(7,430,374)
Interest on long-term debt	239	-	-	-	(239)	-	(239)
Total governmental activities	60,600,821	6,670,869	6,674,733	529,589	(46,725,629)	-	(46,725,629)
Business-type activities:							
Surface water management	7,032,790	10,179,979	147,992	397,005	-	3,692,186	3,692,186
Total business-type activities	7,032,790	10,179,979	147,992	397,005	-	3,692,186	3,692,186
Total government	67,633,611	16,850,848	6,822,725	926,594	(46,725,629)	3,692,186	(43,033,444)
General revenues							
Taxes							
Property					34,877,751	-	34,877,751
Sales					10,144,273	-	10,144,273
Real estate excise					5,813,128	-	5,813,128
Other					2,623,636	-	2,623,636
Unrestricted interest					5,960,668	821,156	6,781,824
Miscellaneous					2,141,956	49,284	2,191,240
Total general revenues and transfers					61,561,412	870,440	62,431,852
Change in net position					14,835,783	4,562,625	19,398,408
Net position - beginning					664,901,206	98,972,649	763,873,855
Prior Period Adjustment					283,675		283,675
Net position - beginning restated					665,184,881	98,972,649	764,157,530
Net position - ending					\$ 680,020,664	\$ 103,535,274	\$ 783,555,939

See accompanying notes to the financial statements.

CITY OF SAMMAMISH, WASHINGTON  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2023

	General Fund	Street Fund	General CIP Fund	Parks CIP Fund	Transportation CIP Fund	Total Governmental Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
Assets:						
Cash and cash equivalents	\$ 41,007,732	\$ -	\$ 7,051,856	\$ 26,045,159	\$ 16,484,496	\$ 90,589,243
Cash with outside agencies	137,584	-	-	-	-	137,584
Investments	12,369,598	-	2,068,214	7,638,692	4,834,679	26,911,182
Receivables:						
Taxes	2,272,038	-	-	-	-	2,272,038
Accounts	364,666	-	-	-	208,328	572,994
Interest	80,831	-	13,515	49,916	31,593	175,856
Leases receivable	7,945,321	-	-	-	-	7,945,321
Due from other governments	427,131	-	-	142,435	142,435	712,001
Restricted assets:						
Deposit cash	1,168,594	-	-	-	-	1,168,594
Total assets	<u>65,773,493</u>	<u>-</u>	<u>9,133,585</u>	<u>33,876,203</u>	<u>21,701,532</u>	<u>130,484,813</u>
Deferred outflows:						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts/claims payable	2,064,976	-	348,309	28,779	110,341	2,552,404
Employee wages payable	390,341	-	-	-	-	390,341
Due to other governments	264,331	-	-	-	-	264,331
Payable from restricted assets:						
Customer deposits	1,168,899	-	-	-	-	1,168,899
Total liabilities	<u>3,888,548</u>	<u>-</u>	<u>348,309</u>	<u>28,779</u>	<u>110,341</u>	<u>4,375,976</u>
Deferred inflows:						
Unavailable resources - taxes	310,463	-	-	-	-	310,463
Unavailable resources - leases	7,130,636	-	-	-	-	7,130,636
Total deferred inflows	<u>7,441,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,441,099</u>
Fund balances:						
Restricted	5,437	-	-	19,759,762	21,098,758	40,863,957
Assigned	137,584	-	8,785,276	14,087,663	492,433	23,502,955
Unassigned	54,300,826	-	-	-	-	54,300,826
Total fund balances	<u>54,443,846</u>	<u>-</u>	<u>8,785,276</u>	<u>33,847,424</u>	<u>21,591,191</u>	<u>118,667,738</u>
Total liabilities and fund balances	<u>\$ 65,773,493</u>	<u>\$ -</u>	<u>\$ 9,133,585</u>	<u>\$ 33,876,203</u>	<u>\$ 21,701,532</u>	<u>\$ 130,484,813</u>

See accompanying notes to the financial statements.



CITY OF SAMMAMISH, WASHINGTON  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
 December 31, 2023

Total governmental fund balances		\$ 118,667,738
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and thus not reported in the funds.		
Non-depreciable assets	345,766,918	
Depreciable assets (net)	207,666,589	
Internal service fund assets (net)	<u>2,284,883</u>	555,718,390
Net Pension assets are not available in the current period and therefore not reported in the funds.		3,689,632
Some liabilities, including bonds, loans and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds.		(2,759,884)
These long-term liabilities consist of:		
Pension Liability	(1,593,896)	
Accrued debt interest payable	(1,333)	
Compensated absences	(1,164,655)	
Unavailable revenues are not available to pay for current period expenditures.		201,324
Net Deferred Outflows/Inflows - Pension not available in current period.		896,867
Internal service funds are used by management to charge the costs of certain activities, such as insurance and information services, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position.		<u>3,606,599</u>
Net position of governmental activities		<u><u>\$ 680,020,664</u></u>

See accompanying notes to the financial statements.

CITY OF SAMMAMISH, WASHINGTON  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2023

	General Fund	Street Fund	General CIP Fund	Parks CIP Fund	Transportation CIP Fund	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 44,518,541	\$ -	\$ -	\$ 3,297,496	\$ 2,906,564	\$ 50,722,601
Licenses and Permits	2,698,317	-	-	-	-	2,698,317
Intergovernmental	7,913,877	1,349,311	-	-	-	9,263,188
Charges for Services	3,166,884	-	-	229,126	458,600	3,854,610
Fines and Forfeitures	117,945	-	-	-	-	117,945
Interest Income	2,922,505	-	386,133	1,570,481	885,839	5,764,958
Contributions	28,853	-	-	-	-	28,853
Miscellaneous	1,080,454	-	-	3,800	1,060,648	2,144,902
Total Revenues	<u>62,447,377</u>	<u>1,349,311</u>	<u>386,133</u>	<u>5,100,903</u>	<u>5,311,650</u>	<u>74,595,373</u>
<b>EXPENDITURES</b>						
Current						
General government	11,596,973	-	-	-	-	11,596,973
Public safety	20,134,296	-	-	-	-	20,134,296
Transportation	9,191,224	-	-	-	-	9,191,224
Economic Environment	5,537,199	-	-	-	-	5,537,199
Mental/Physical Health	24,912	-	-	-	-	24,912
Culture and Recreation	5,578,686	-	-	-	-	5,578,686
Capital Outlay	399,036	-	3,703,575	2,268,207	818,080	7,188,899
Total Expenditures	<u>52,462,326</u>	<u>-</u>	<u>3,703,575</u>	<u>2,268,207</u>	<u>818,080</u>	<u>59,252,189</u>
Excess (deficiency) of revenues over (under) expenditures	9,985,051	1,349,311	(3,317,442)	2,832,696	4,493,570	15,343,185
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	1,349,311	-	6,105,000	-	-	7,454,311
Transfers Out	(6,105,000)	(1,349,311)	-	-	-	(7,454,311)
Total other financing sources (uses )	<u>(4,755,689)</u>	<u>(1,349,311)</u>	<u>6,105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,229,361	-	2,787,558	2,832,696	4,493,570	15,343,185
Fund balances - beginning	49,214,485	-	5,997,718	31,014,728	17,097,621	103,324,553
Fund balances - ending	<u>\$ 54,443,846</u>	<u>\$ -</u>	<u>\$ 8,785,276</u>	<u>\$ 33,847,424</u>	<u>\$ 21,591,191</u>	<u>\$ 118,667,738</u>

See accompanying notes to the financial statements.

CITY OF SAMMAMISH, WASHINGTON  
**RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds	\$	15,343,185
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Amounts reported for governmental funds in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between capital outlays and depreciation in the current period.		(2,487,657)
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This amount is comprised of:

Capital outlays	6,272,753	
Capital asset disposals	(41,544)	
Current year depreciation	(8,718,867)	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		163,712
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This amount is comprised of:

Unavailable tax revenues	118,880	
Misc. revenue	44,832	

Some expenses 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.		1,577,291
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This amount is comprised of:

Pension expense	1,533,760	
Accrued compensated absences expense	43,531	

Internal service funds are used by management to charge the costs of certain activities, such as insurance, information services, and fleet maintenance, to individual funds. The change in net position of internal service funds is reported with governmental activities.		239,253
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Change in net position of governmental activities.	\$	14,835,783
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See accompanying notes to the financial statements.

CITY OF SAMMAMISH, WASHINGTON  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2023

	Business-type Activities Enterprise Fund	Governmental Activities
	Surface Water Fund	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 15,680,827	\$ 2,922,106
Investments	4,598,974	857,014
Receivables		
Accounts	579,902	-
Due from other governments	202,228	-
Interest	31,315	5,836
Total current assets	<u>21,093,245</u>	<u>3,784,956</u>
Noncurrent assets:		
Net pension asset	456,022	368,963
Capital assets:		
Land, artwork, construction in progress	31,022,143	-
Depreciable capital assets, net	<u>51,842,827</u>	<u>2,284,883</u>
Total capital assets (net of depreciation and amortization)	<u>82,864,969</u>	<u>2,284,883</u>
Total noncurrent assets	<u>83,320,991</u>	<u>2,653,846</u>
Total assets	<u>104,414,237</u>	<u>6,438,802</u>
<b>DEFERRED OUTFLOWS</b>		
Related to pensions	<u>370,909</u>	<u>300,099</u>
Total deferred outflows	<u>370,909</u>	<u>300,099</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	616,649	59,575
Lease liability	-	14,749
SBITA liability	-	50,951
Due to other governments	1,387	-
Compensated absences	<u>17,478</u>	<u>13,333</u>
Total current liabilities	<u>635,513</u>	<u>138,608</u>
Noncurrent Liabilities:		
SBITA liability	-	53,082
Compensated absences	157,299	120,001
Net pension liability	<u>196,998</u>	<u>159,390</u>
Total noncurrent liabilities	<u>354,298</u>	<u>332,472</u>
Total liabilities	<u>989,811</u>	<u>471,080</u>
<b>DEFERRED INFLOWS</b>		
Related to pensions	<u>260,060</u>	<u>210,412</u>
Total deferred inflows	<u>260,060</u>	<u>210,412</u>
<b>NET POSITION</b>		
Net investment in capital assets	82,774,011	2,166,101
Restricted	572,503	463,207
Unrestricted	<u>20,188,761</u>	<u>3,428,100</u>
Total net position	<u>\$ 103,535,274</u>	<u>\$ 6,057,408</u>

See accompanying notes to the financial statements.

CITY OF SAMMAMISH, WASHINGTON  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**

For the Year Ended December 31, 2023

	Business-type Activities Enterprise Fund <u>Surface Water Fund</u>	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES:		
Charges for services	\$ 10,179,979	\$ 2,935,871
Charges for replacement	-	469,101
Charges for insurance	-	725,000
Total operating revenues	<u>10,179,979</u>	<u>4,129,972</u>
OPERATING EXPENSES:		
Administrative and general	2,494,224	1,652,462
Supplies	108,374	227,735
Maintenance and operations	2,374,447	1,946,710
Taxes	178,786	-
Depreciation	1,876,959	697,363
Total operating expenses	<u>7,032,790</u>	<u>4,524,270</u>
Operating income (loss)	<u>3,147,189</u>	<u>(394,298)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income (expense)	821,156	188,083
Grant income	425,318	-
Amortization (expense)	-	-
Sale of Capital Assets	-	9,000
Miscellaneous	49,284	1,151
Total non-operating revenues	<u>1,295,757</u>	<u>198,234</u>
Income (loss) before contributions and transfers	4,442,946	(196,064)
Capital contributions	<u>119,679</u>	<u>151,131</u>
Change in net position	4,562,625	(44,933)
Total net position - beginning	98,972,649	6,102,341
Total net position - ending	<u>\$ 103,535,274</u>	<u>\$ 6,057,408</u>

See accompanying notes to the financial statements.

CITY OF SAMMAMISH, WASHINGTON  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2023

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Surface Water Fund	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 9,792,501	\$ 3,660,871
Cash Received for Replacement	-	469,101
Cash Payments to Suppliers	(2,895,414)	(2,261,179)
Cash Payments to Employees	(2,207,243)	(1,746,634)
Net Cash Provided by Operating Activities	<u>4,689,844</u>	<u>122,159</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants	425,318	-
Net Cash (Used) by Noncapital Financing Activities	<u>425,318</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(844,196)	(434,707)
Proceeds from Sale of Capital Assets	-	9,000
Capital Contributions	119,679	151,131
Principal paid on capital debt	-	(84,653)
Interest paid on capital debt	-	(239)
Other	49,284	1,151
Net Cash (Used) by Capital and Related Financing Activities	<u>(675,233)</u>	<u>(358,317)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Purchases	(2,046,053)	(381,283)
Investment Sales/Maturities	1,935,690	678,278
Interest on Investments	705,854	150,203
Misc.	-	-
Net Cash Provided by Investing Activities	<u>595,491</u>	<u>447,198</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,035,420	211,040
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,645,407</u>	<u>2,711,066</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>15,680,827</u></u>	<u><u>2,922,106</u></u>
Cash at the End of the Year Consists of:		
Operating Fund Cash	15,680,827	2,922,106
Total Cash at End of Year	<u><u>\$ 15,680,827</u></u>	<u><u>\$ 2,922,106</u></u>

See accompanying notes to the financial statements.

CITY OF SAMMAMISH, WASHINGTON  
**STATEMENT OF CASH FLOWS (continued)**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2023

	Business-type Activities Enterprise Fund	Governmental Activities
	Surface Water Fund	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income (Loss)	\$ 3,147,189	\$ (394,298)
Adjustments to Reconcile Operating		
Income to Net Cash Provided by Operating Activities:		
Depreciation	1,876,959	697,363
Decrease (Increase) in Accounts Receivable	(387,478)	-
Increase (Decrease) in Accounts Payable	202,679	(60,305)
Deferred outflow of resources (increase) decrease	(28,140)	39,300
Deferred inflow of resources increase (decrease)	(168,760)	(185,169)
Increase in Compensated Absences Payable	47,395	25,268
Net Cash Provided by Operating Activities	<u>4,689,844</u>	<u>122,159</u>
Noncash Investing, Capital and Financing Activities:		
Fair value of investments (decreased) by	(83,986)	(32,284)
Contributed/Transferred Capital	119,679	151,131
Net Noncash Activities	<u>\$ 35,693</u>	<u>\$ 118,847</u>

See accompanying notes to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sammamish was incorporated on August 31, 1999, and operates under the laws of the State of Washington applicable to a Council/Manager form of government. The voters elect at-large a seven-member City Council to four-year terms. The Council in turn elects a mayor and a deputy mayor from its members.

The City provides what are considered general government services including public safety, arterials and streets, parks and recreation, planning and zoning, permits and inspections, general administrative, and surface water management services. The City contracts for police and fire services.

The accounting and reporting policies of the City of Sammamish, which conform to generally accepted accounting principles for local governments, are regulated by the Washington State Auditor's Office.

#### Reporting Entity

The City's Annual Financial Report (AFR) includes all funds, agencies and boards controlled by or dependent on the City. Control by or dependence on the City was determined based on financial accountability, budget adoption, taxing authority, outstanding debt service secured by revenues or general obligations of the City, obligations of the City to finance any deficits that may occur, or receipt of significant subsidies from the City.

#### Basic Financial Statements

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

The government-wide financial statements report information on all the activities of the primary 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, which 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Separate 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 fund financial statements.

#### Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within sixty days after the end of the fiscal period. 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, are recorded only when payment is due.



Under the modified accrual basis of accounting, property taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period.

### Financial Statement Presentation

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City. It accounts for all financial resources and transactions except those required to be accounted for in another fund.

The **Street Fund** accounts for the receipt of the State-shared motor vehicle fuel tax. These funds are restricted and must be used to pay for streets and roads.

The **General Government Capital Improvement Program (CIP) Fund** accounts for the financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of general government capital facilities other than those financed by proprietary funds.

The **Parks Capital Improvement Program (CIP) Fund** accounts for the financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of park capital facilities.

The **Transportation Capital Improvement Program (CIP) Fund** accounts for the financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of transportation capital facilities.

The City reports the following major proprietary fund:

The **Surface Water Fund** accounts for utility operations and capital projects. The fund is self-supported by revenues that include user fees, system development charges, intergovernmental grants and loans, and developer contributions. The utility is financed and operated like a private business enterprise, which requires periodic determination of revenues earned, expenses incurred, and net income for capital maintenance, public policy, management control, and accountability.

Additionally, the City reports the following fund type:

**Internal service funds** account for equipment rental and replacement, information technology and insurance services provided to other departments of the City on a cost reimbursement basis.

Generally, the effect of interfund activity is eliminated from the government-wide financial statements. Direct expenses of the functional categories are included in the government-wide statement of activities while indirect expense allocations are eliminated. Indirect expenses are primarily charged to the various functions through the use of internal service funds for equipment rental and maintenance, information technology and risk management. Elimination of payments to internal service funds are treated as expense reductions. No other indirect expenses are allocated to the various governmental functions.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes.

The proprietary fund statements 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. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, taxes, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### Budgets and Budgetary Accounting

The City of Sammamish budgets its funds in accordance with the Revised Code of Washington (RCW) 35A.34. In compliance with the code, all funds have budgets. Budgets established for proprietary funds are "management budgets" and as such are not required to be reported in the financial statements.

The budget is proposed by the City Manager and adopted by the City Council with legal budgetary control at the fund level, i.e., the total of expenditures, other financing uses, and the ending fund balance may not exceed the total of beginning balances and budgeted receipts at the fund level. The City Manager may authorize transfers within funds; however, the City Council must approve by ordinance any additional appropriations, which increase the total for the fund. Any unexpended appropriation balances lapse at the end of the biennium.

In addition to authorizing the budget the City Council biennially approves the Capital Improvement Program. This is a six-year plan for capital project expenditures and anticipated revenue sources. Expenditures and revenues for these projects are budgeted in the Capital Improvements Program Funds.

The City prepares its budgets on the modified accrual basis, which conforms to generally accepted accounting principles. The AFR includes budgetary comparisons for those governmental funds with legally adopted budgets. Budget amounts include the adopted budget appropriations and any revisions made during the biennium.

State law establishes the budget process and the time limits under which a budget must be developed. The City adopts its biennial budget in December of the year preceding the first year of the biennial budget. Step one involves the identification by the City Council of the mission and objectives for the following biennium. The second step involves forecasting revenue and the establishment of a baseline budget to carry the existing programs into the next biennium. The third step involves the development by each department director of their departmental budget requests. The City Manager develops a preliminary budget that is presented to the Council for review and public hearings. The Council approves an ordinance to adopt the budget. Supplemental appropriations that modify total fund expenditures require an ordinance amending the budget.

## **Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equities**

### **Cash and Investments**

It is the City's policy to invest all temporary cash surpluses. These investments are reported on the Statement of Net Position and the governmental funds balance sheets as cash and cash equivalents or investments. Included in cash and cash equivalents are currency on hand, demand deposits with banks or other financial institutions, and investments with the Local Government Investment Pool. Interest is allocated to each fund on the basis of investments owned.

The City, by State law, is authorized to purchase Certificates of Deposit with financial institutions qualified by the Washington Public Deposit Protection Commission; U.S. Treasury and Agency Securities; bankers' acceptances and repurchase agreements, and to invest in the Washington State Treasurer's Local Government Investment Pool. In accordance with GASB 31 and GASB 79, investments in money market investments, and participating interest-earning investment contracts with remaining maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value.

### **Receivables**

The City of Sammamish recognizes receivables in its various funds based on the accounting basis required for the fund. These receivables are as follows:

**Property Taxes:** Uncollected property taxes levied for current and prior years are reported as receivable at year-end. The City's property tax collection records show that approximately 98% of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years. When property taxes become three years delinquent, the County is required by State statute to foreclose on the property. Historically, all taxes have been collected; therefore, no allowance for uncollectable taxes is recorded.

**Sales Taxes:** Sales taxes collected for November and December but not remitted by the state to the City until January and February of the following year are reported as receivables at year-end. There is no allowance for uncollectable sales taxes because all sales taxes are required by law to be collected by businesses at the time of sale and remitted to the state.

**Accrued Interest Receivable:** Accrued interest receivable consists of interest earned on investments at the end of the year and interest on investments purchased between interest dates.

**Accounts Receivable:** Accounts receivable consist of amounts owed by private individuals or organizations for goods and services provided.

### Grants and Other Intergovernmental Revenues

Grants and entitlements from the Federal and State governments are recorded as intergovernmental revenues and receivables when earned and considered to be available. State shared revenues are recorded when received.

### Prepaid Items

Prepaid items consist of annual maintenance contracts that span years and are recorded as expenditures at the time of purchase. Year-end balances of prepaid items are insignificant and accordingly no reservation of fund balance is reported in governmental funds for these items.

Proprietary funds of the city have no inventories. Payments to vendors for expenses related to future periods are recorded as prepaid expenses in the proprietary funds.

### Deferred Outflows of Resources

Deferred outflow of resources represent a consumption of net assets that applies to future periods. A deferred outflow of resources involved no consumption of resources that results in either a net decrease in assets or a net increase in liabilities. It also represents access to present service capability that is under the government's control. The City has two items that meet this categorization, pension-related amounts and lease-related amounts.

### Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in both the enterprise fund and internal service fund columns of the statement of net position, proprietary funds. Capital assets include land, buildings, machinery, equipment, software, other improvements, vehicles, artwork and infrastructure. Capital assets, other than infrastructure, are defined by the City as assets with an original cost of \$5,000 or more each and an estimated life of more than one year. The City reports infrastructure on a network basis. Accordingly, the amounts spent for construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. Where historical cost is not known, assets are recorded at estimated historical cost. Donated assets are valued at acquisition value at the time of acquisition.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and works of art are not depreciated. Property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings/Building Improvements	27.5
Other Improvements	15
Vehicles	10
Machinery & Equipment	3 – 20
Surface Water Improvements	40
Infrastructure	50

**Leases (Lessee)**

The City determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statement of net position.

Lease assets represent the City's control of the right to use an underlying asset for the lease term, as specified in the contract. In an exchange or exchange-like transaction, lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term. Lease assets are amortized in a systemic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the City's obligation to make lease payments as specified in the contract. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term. Interest expense is recognized ratably over the lease term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the City will exercise that option.

The City recognizes payments for short-term leases (leases with a term of 12 months or less) as expenses as incurred, and these leases are not included as lease liabilities or right to assets on the statement of net position.

Individual lease contracts do not typically provide information about the discount rate implicit in the lease. Therefore, the City has elected to use its incremental borrowing rate to calculate the present value of expected lease payments.

**Leases (Lessor)**

The City determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the City's right to receive revenue over the lease term, as specified in the contract. In an exchange or exchange-like transaction, lease receivables are recognized at the commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectable amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The City recognizes payments received for short-term leases (leases with a term of 12 months or less) as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows of resources on the statement of net position and fund statements.

Individual lease contracts do not typically provide information about the discount rate implicit in the lease. Therefore, the City has elected to use its incremental borrowing rate to calculate the present value of expected lease payments.

**Subscription-Based Information Technology Arrangements (SBITAs)**

The City determines if an arrangement is a SBITA at inception. SBITAs are included in intangible assets and SBITA liabilities in the statement of net position.

A SBITA is a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with a tangible capital asset, as specified in the contract, for a period of time in an exchange or exchange-like transaction.

The City records a liability and intangible right-to-use asset at the beginning of the SBITA term. The SBITA liability reported represents the present value of the future SBITA payments due to the SBITA vendor. The intangible right-to-use asset reported represents the value of the SBITA liability. The liability is decreased, using the effective interest rate method, as SBITA payments are made, and the intangible assets is amortized using a straight-line method over the term of the SBITA.

### **Compensated Absences**

It is the City's policy to allow employees to accumulate sick leave, earned but unused vacation, and up to 80 hours of compensatory time in lieu of overtime. A maximum of 240 hours of accumulated vacation and 720 hours of sick leave may be carried over at year end. All outstanding vacation leave is payable upon resignation, retirement, or death, to all employees having completed six months of service. Unused compensatory time and 25% of unused sick leave is payable at termination of employment or death. Outstanding sick leave at year-end is accrued at 25% of the balance available. All vacation and compensatory time are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, because of employee resignations or retirements.

### **Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year in which they are spent.

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

### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net pension assets are considered restricted funds and are calculated by adding deferred outflows related to pensions and subtracting deferred inflows related to pensions from the net pension asset.

### **Deferred Inflows of Resources**

Deferred inflow of resources represent the acquisition of net assets that applies to future periods. A deferred inflow of resources involved no acquisition of resources resulting in either a net increase in assets or a net decrease in liabilities. It represents a present obligation to sacrifice resources that the government has little or no discretion to avoid. The City has three items that qualify for this categorization: unavailable revenue, pension-related amounts, and lease-related amounts.

Unavailable revenue, which arises only under the modified accrual basis of accounting, is recognized as an inflow of resources in the period that the related amounts become available.

## Net Position and Fund Balance

In governmental fund types, fund equity is called “fund balance”. Fund Balance is reported in the following classifications which reflect the extent to which the City is bound to honor constraints on the purposes for which the amounts can be spent: non-spendable, restricted, committed, assigned, and unassigned.

The City’s policy is to spend restricted amounts first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the assumed order of spending is first committed, assigned, and then unassigned.

Note 12 provides a disaggregation of governmental fund balances between non-spendable, restricted, committed, and unassigned.

In proprietary funds, fund equity is called “net position”. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

## NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Fund Deficits and Over expenditures

During 2023, no City funds exceeded total authorized appropriations at the fund level and there were no material violations of finance-related legal or contractual provisions.

## NOTE 3: ACCOUNTING CHANGES AND RESTATEMENTS

### New Accounting Standards

In May 2020, the GASB issued Statement of Governmental Accounting Standards No. 96, “*Subscription-Based Information Technology Arrangements*” (SBITAs), effective for periods beginning after May 15, 2022.

This statement provides guidance on the accounting and financial reporting for SBITAs. The statement establishes that a SBITA results in a right-to-use subscription asset and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures. The city’s obligation for the SBITA contract is discussed in Note 11.

### Prior Period Adjustment

The city, in partnership with four other government agencies, obtains its fire and emergency medical services through Eastside Fire and Rescue (EF&R), a non-profit corporation. The corporation’s capital equipment is operated, maintained, and replaced by EF&R however ownership of the equipment is retained by the five member agencies. In 2017 EF&R purchased two new fire trucks to be owned by the city which had not been added to the city’s asset records or reported in the financial statements.

Correction of this error resulted in a prior period adjustment reported on the entity-wide Statement of Activities in the Governmental Activities column as an adjustment to Beginning Fund Balance. The cost of these two fire trucks was \$1,330,455 and the 2017 through 2022 accumulated depreciation is \$399,132 for a net adjustment of \$931,318. The net book value of this equipment is included in depreciable capital assets, net on the entity-wide Statement of Net Position in the Governmental Activities column. There is no effect on the fund level statements which do not report capital assets.

An additional error correction was made to the entity wide statement of activities related to unavailable revenues on the Statement of Net Position for Governmental Activities. During the preparation of the annual financial report, it was discovered that two year-end revenue accrual journal entries, one from 2019 and one from 2020, were not reversed in the following year. Both journal entries that were missed would have increased unavailable revenue and decreased revenues. The net effect of reversing these two journal entries increases unavailable revenue by \$647,643 and reduces beginning Net Position. There is no effect on the fund level statements since these journal entries being reversed were for the entity wide presentation.

**NOTE 4: DEPOSITS AND INVESTMENTS**

As of December 31, 2023, the City's cash, cash equivalents, and investments were as follows:

Cash on hand and in the bank	\$ 2,383,558
Cash held by outside agencies	137,584
Non-pooled investments, measured at fair value	32,367,170
Pooled investments, measured at amortized cost	107,977,212
<b>Total cash, cash equivalents, and investments</b>	<b>\$ 142,865,524</b>

*Pooled investments are considered cash equivalents.*

*Custodial Credit Risk*

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. The City does not have a formal policy for deposit custodial credit risk beyond the requirements of State statute. The City's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC).

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Safekeeping of the City's investments is managed through the Washington State Treasurer's Office Separately Managed Accounts (SMA) agreement.

Cash held with outside agencies represent the City's share of funding to A Regional Coalition for Housing (ARCH) that has been remitted to the agency, but not yet authorized for use by the City Council.

**Investments***Investments Measured at Fair Value*

The City measures and reports investments at a fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

- Level 1: Quoted prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, broker markets, and principal-to-principal markets.
- Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the asset, either directly or indirectly. These inputs are sourced from pricing vendors using models that are market-based and corroborated by observable market data, including quoted prices, nominal yield spreads, benchmark yield curves, and other corroborated inputs.
- Level 3: Unobservable inputs for the asset and should only be used when relevant Level 1 or Level 2 inputs are not available.

In 2020, the City entered an interlocal agreement with the State of Washington's Office of the State Treasurer, authorizing the State Treasurer's Office to invest the City's core funds in a separately managed investment portfolio, as provided for in RCW 43.250. In August of 2020, a deposit of \$40 million was made to the State of Washington. The State Treasurer's Office invests these funds in accordance with the State's investment policies and procedures and provides monthly reporting to the City. The City's separately managed account is intended for long-term investment funds not required to meet short-term cash needs. Cash deposits and withdrawals are made by transfers in and out of the City's Local Government Investment Pool (LGIP) account. Monies invested in the separately managed account are held separately and are not co-mingled with other State funds.

At December 31, 2023, the City had the following investments measured at fair value:

	12/31/23	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. government agency securities	\$ 16,306,848	\$ 16,306,848	\$ -	\$ -
U.S. government-sponsored securities	7,505,687	-	7,505,687	-
Supranational securities	8,554,635	-	8,554,635	-
Total investments by fair value	\$ 32,367,170	\$ 16,306,848	\$ 16,060,322	\$ -

#### *Investments Measured at Amortized Cost*

As of December 31, 2023, the City reported \$100,393,181 of funds held with the Washington State Treasurer's Local Government Investment Pool (LGIP) and \$7,584,030 held in the city's SMA LGIP deposit account.

The City participates in the LGIP, an unrated investment pool, authorized by Chapter 294, Laws of 1986. The State Finance Committee is the administrator of the statute that created the pool and adopts its rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually; proposed changes are reviewed by the LGIP Advisory Committee.

The LGIP is an unrated external investment pool and does not have any legally binding guarantees of share values. The LGIP manages a portfolio of securities that meet the maturity, quality, diversification, liquidity, and market value calculation requirements set forth by the Governmental Standards Accounting Board (GASB) for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. These funds are limited to high quality obligations, with regulated maximum and average maturities to minimize both market and credit risk. Investments are reported on a trade date basis in accordance with generally accepted accounting principles (GAAP).

The LGIP transacts with participants at a stable net asset value per share of \$1.00, the same method used for reporting. Participants may contribute or withdraw funds daily. Participants must inform the Office of the State Treasurer (OST) of any transaction amounts exceeding one million dollars no later than 9 a.m. on the same day of the transaction. Transactions for one million dollars or less can be requested at any time prior to 10 a.m. at the sole discretion of the OST. All pool participants are required to file with the State Treasurer documentation containing the names and titles of the officials authorized to transact with the pool. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

**Interest Rate Risk.** Interest rate risk is the risk the City may face should interest rate variances affect the fair value of investments. As a means of minimizing risk of loss from interest rate fluctuations the City's informal policy is to generally diversify its investments by security type and institution, and limits holdings in any one type of investment with any one issuer.

At December 31, 2023, the City had the following investment types and maturities:

Investment Type	Reported Value	Less than 1 Year	1 to 5 Years
Separately Managed Portfolio (SMA):			
U.S. government agency securities	\$ 16,306,848	\$ -	\$ 16,306,848
U.S. government-sponsored securities	7,505,687	-	7,505,687
Supranational securities	8,554,635	-	8,554,635
Investments Reported at Amortized Cost			
Local Government Investment Pool (LGIP)	100,393,181	100,393,181	-
SMA LGIP Deposit Account	7,584,030	7,584,030	-
Total	\$ 140,344,382	\$ 107,977,212	\$ 32,367,170

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City, by State law, is limited to investments in obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker's acceptances,



interest bearing bank accounts, commercial papers, certificates of deposit, repurchase agreements, and in the LGIP. The LGIP is limited to obligations of the U.S. government, government sponsored enterprises, or insured demand deposits and certificates of deposit. The City has no security lending arrangements or reverse repurchase agreements.

At December 31, 2023, the credit rating for each investment type in the city's SMA account was as follows:

Investment Type	Fair Value	Ratings	
		S&P	Moody's
Agency			
Federal Farm Credit Bank	\$ 1,905,715	AA+	Aaa
Federal Home Loan Bank	3,731,346	AA+	Aaa
Federal Home Loan Mortgage Corporation	933,523	AA+	Aaa
Federal National Mortgage Association	935,103	AA+	Aaa
Subtotal	7,505,687		
US Treasury Securities			
US Treasury Notes	16,306,848	AA+	Aaa
Supranational			
Asian Development Bank	3,355,802	AAA	Aaa
International Finance Corporation	1,464,714	AAA	Aaa
Inter-American Development Bank	483,904	AAA	Aaa
Inter-American Investment Co/IDB Invest	1,026,012	AAA	Aa1
International Bank for Reconstruction & Development	2,224,203	AAA	Aaa
Subtotal	8,554,635		
Total Investments at Fair Value	32,367,170		
SMA LGIP Deposit Account	7,584,030		
Total SMA	\$ 39,951,201		

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. By formal City policy, investments in any one institution, other than the LGIP, are limited to 25% of the institution's net worth as established by the WPDPC, as well as being limited to a maximum of 40% in any one issuer.

Investments in any one investment type that represent 5% or more of total investments at December 31, 2023, were as follows:

U.S. government agency securities	11.62%
U.S. government-sponsored securities	5.35%
Supranational securities	6.10%
Local Government Investment Pool (LGIP)	71.53%
SMA LGIP Deposit Account	5.40%

## NOTE 5: PROPERTY TAXES

The King County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed daily.

### Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

Property tax is recorded as receivable and revenue when levied. Any property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue of the period to which it applies. No allowance for

uncollectible tax is established because delinquent taxes are considered fully collectible. Prior year tax levies are recorded using the same principal, and delinquent taxes are evaluated annually.

The City's levy rate was also subject to the following:

Washington State law in RCW 84.55.010 limits the growth of regular property taxes to one percent per year, after adjustments for new construction and annexations, unless an increase greater than this limit is approved by the voters. If the assessed valuation increases by more than one percent, or decreases, due to revaluation, the levy rate will be adjusted to levy the amount of property taxes approved by the City Council.

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 one percent limit.

Accordingly, for 2023, the City levied \$0.98 per \$1,000 of assessed value for general governmental services, for a total levy of \$34,486,867. The City had no voter approved excess levy.

## NOTE 6: LEASES RECEIVABLE

### Lease Receivables

The City, acting as a lessor, leases both real property and rights of way under long-term, non-cancelable lease agreements. The leases expire at various dates through 2042, if all renewal options are exercised. During the year-ended December 31, 2023, the City recognized \$363,852 and \$133,797 in lease revenue and interest, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

	Governmental Activities		
	Principal	Interest	Total
2024	\$ 444,248	\$ 127,606	\$ 571,853
2025	526,989	120,121	647,110
2026	612,393	111,307	723,699
2027	485,745	102,457	588,202
2028	556,169	93,929	650,098
2029-2033	3,787,915	302,107	4,090,023
2034-2038	1,359,981	41,280	1,401,261
2039-2042	171,881	7,813	179,695
Total	<u>\$ 7,945,321</u>	<u>\$ 906,621</u>	<u>\$ 8,851,941</u>

The City has deferred inflows of resources related to leases that will be recognized as revenue over the remaining lease terms. As of December 31, 2023, the balance of the deferred inflows of resources equaled \$7,130,636.

**NOTE 7: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023, was as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	<b>BEGINNING BALANCE 1/1/2023</b>	<b>PRIOR PERIOD ADJUSTMENT</b>	<b>BEGINNING BALANCE RESTATE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE 12/31/2023</b>
Governmental Activities						
Capital assets, not being depreciated						
Land	\$ 335,137,210		\$ 335,137,210	\$ 1,613,575	\$ -	\$ 336,750,785
Construction in progress	40,824,463		40,824,463	5,058,432	(37,036,162)	8,846,733
Artwork	163,894		163,894	5,505	-	169,399
Total capital assets not being depreciated	376,125,567	-	376,125,567	6,677,512	(37,036,162)	345,766,918
Capital assets, being depreciated						
Buildings & building improvements	54,200,404		54,200,404	3,080,831	-	57,281,236
Other Improvements	48,242,967		48,242,967	289,709	-	48,532,676
Machinery and equipment	8,619,736	1,330,455	9,950,191	691,392	(132,878)	10,508,705
Infrastructure	226,157,394		226,157,394	32,709,977	-	258,867,371
Subscription based IT agreements	985,806		985,806	169,958	-	1,155,764
Leased assets	73,275		73,275	-	-	73,275
Total capital assets being depreciated	338,279,583	1,330,455	339,610,038	36,941,867	(132,878)	376,419,027
Less accumulated Depreciation for:						
Buildings & building improvements	(20,115,227)		(20,115,227)	(2,058,334)	-	(22,173,561)
Other Improvements	(35,778,292)		(35,778,292)	(1,653,189)	-	(37,431,481)
Machinery and equipment	(5,800,067)	(399,136)	(6,199,204)	(747,710)	82,334	(6,864,580)
Infrastructure	(94,923,926)		(94,923,926)	(4,108,862)	-	(99,032,788)
Subscription based IT agreements	(785,058)		(785,058)	(121,456)	-	(906,514)
Leased assets	(29,316)		(29,316)	(29,316)	-	(58,632)
Total accumulated depreciation	(157,431,886)	(399,136)	(157,831,022)	(8,718,867)	82,334	(166,467,555)
Total capital assets being depreciated, net	180,847,697	931,318	181,779,015	28,223,000	(50,544)	209,951,472
Governmental activity capital assets, net	\$ 556,973,265	\$ 931,318	\$ 557,904,583	\$ 34,900,512	\$ (37,086,705)	\$ 555,718,390

<b>BUSINESS TYPE ACTIVITIES</b>	<b>BEGINNING BALANCE 1/1/2023</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE 12/31/2023</b>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 28,605,026	\$ -	\$ -	\$ 28,605,026
Construction in progress	3,323,224	785,729	(1,691,835)	2,417,117
Total capital assets not being depreciated	31,928,249	785,729	(1,691,835)	31,022,143
Capital assets, being depreciated				
Buildings & building improvements	1,744,111	-	-	1,744,111
Other Improvements	72,392,478	1,750,303	-	74,142,780
Machinery and equipment	30,312	-	-	30,312
Software	26,094	-	-	26,094
Total capital assets being depreciated	74,192,995	1,750,303	-	75,943,297
Less accumulated Depreciation for:				
Buildings & building improvements	(761,064)	(63,422)	-	(824,486)
Other Improvements	(21,416,687)	(1,808,093)	-	(23,224,780)
Machinery and equipment	(27,902)	(1,326)	-	(29,229)
Software	(17,858)	(4,118)	-	(21,976)
Total accumulated depreciation	(22,223,512)	(1,876,959)	-	(24,100,471)
Total capital assets being depreciated, net	51,969,483	(126,656)	-	51,842,827
Business-type activity capital assets, net	\$ 83,897,733	\$ 659,072	\$ (1,691,835)	\$ 82,864,969

**DEPRECIATION****Depreciation expense for 2023 was charged to functions/programs as follows:****Governmental Activities**

General Government	\$ 850,087
Public Safety	155,088
Transportation	4,211,306
Natural & Economic Environment	9,442
Culture and Recreation	2,795,580
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of those assets	697,363

**Total Depreciation and Amortization - governmental activities** **\$ 8,718,867****Business-type activities:**

Surface Water Management	\$ 1,876,959
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**Total Depreciation and Amortization - business-type activities** **\$ 1,876,959****NOTE 8: PENSION PLANS**

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB 68 for the year 2023:

Aggregate Pension Amounts - All Plans		
Pension assets	\$	4,145,654
Pension liabilities		(1,790,895)
Deferred outflows of resources		3,371,900
Deferred inflows of resources		(2,364,185)
Pension expense/expenditures		(391,684)

**State Sponsored Pension Plans**

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

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

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

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in

the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

*Contributions* - The **PERS Plan 1** member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council, and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 are listed below.

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

#### Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 defined benefit required contribution rates (expressed as a percentage of covered payroll) for 2023 are listed on the following page:

<b>PERS 1</b>	<b><u>Employer</u></b>	<b><u>Employee</u></b>
January - June 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	-
Administrative Fee	0.18%	-
Total	<u>10.39%</u>	<u>6.00%</u>
July - August 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	-
Administrative Fee	0.18%	-
Total	<u>9.39%</u>	<u>6.00%</u>
September - December 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	-
Administrative Fee	0.20%	-
Total	<u>9.53%</u>	<u>6.00%</u>
	<b><u>Employer</u></b>	<b><u>Employee</u></b>
<b>PERS 2/3</b>	<b><u>Plan 2/3</u></b>	<b><u>Plan 2</u></b>
January - June 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	-
Administrative Fee	0.18%	-
Employee PERS Plan 3		varies
Total	<u>10.39%</u>	<u>6.36%</u>
July - August 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.85%	-
Administrative Fee	0.18%	-
Employee PERS Plan 3		varies
Total	<u>9.39%</u>	<u>6.36%</u>
September - December 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.97%	-
Administrative Fee	0.20%	-
Employee PERS Plan 3		varies
Total	<u>9.53%</u>	<u>6.36%</u>

The City's actual contributions to the plan were \$481,044 to PERS 1 and \$905,054 to PERS 2/3 for the year ended December 31, 2023.

### Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust TRS Plan 1 assets, LEOFF Plan 1/2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022 measurement date.

### Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0%..

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

### Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0% was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns over various times.

### Estimated Rates of Return by Asset Class

The following table summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
		Arithmetic
Fixed Income	20.0%	1.5%
Tangible Assets	7.0%	4.7%
Real Estate	18.0%	5.4%
Global Equity	32.0%	5.9%
Private Equity	23.0%	8.9%
Total	100.0%	

### Sensitivity of the Net Pension Asset (Liability)

The table below presents the City's proportionate share of the net pension asset and liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension asset and liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate.

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
PERS 1	\$ (2,502,015)	\$ (1,790,895)	\$ (1,170,254)
PERS 2/3	(4,508,895)	4,145,654	11,255,913

### Pension Plan Fiduciary Net Position

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

### Pension Assets and Liabilities

At December 31, 2023, the City reported its proportionate share of the net pension asset and liabilities as follows:

	Pension Asset (Liability)
PERS 1	\$ (1,790,895)
PERS 2/3	4,145,654

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

	Proportionate Share 12/31/22	Proportionate Share 12/31/23	Change in Proportion
PERS 1	0.074411%	0.078454%	0.004043%
PERS 2/3	0.097051%	0.101146%	0.004095%

Employer contribution transmittals received and processed by DRS for the fiscal year ended June 30, 2023 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans the City participates in.

### Pension Expense

For the year ended December 31, 2023, the City recognized pension expense as follows:



	<u>Pension Expense</u>
PERS 1	\$ 92,456
PERS 2/3	(484,140)

Pension liabilities are typically liquidated through the General, Stormwater, Technology Replacement, and Equipment Rental and Replacement Funds.

### Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS 1</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	202,021
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	212,826	-
<b>TOTAL</b>	<u>\$ 212,826</u>	<u>\$ 202,021</u>
<b>PERS 2/3</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 844,465	\$ 46,320
Net difference between projected and actual investment earnings on pension plan investments	-	1,562,333
Changes of assumptions	1,740,489	379,358
Changes in proportion and differences between contributions and proportionate share of contributions	112,148	174,153
Contributions subsequent to the measurement date	461,972	-
<b>TOTAL</b>	<u>\$ 3,159,074</u>	<u>\$ 2,162,164</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date, but prior to June 30, 2023, will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year-ended 12/31</u>	<u>PERS 1</u>	<u>PERS 2/3</u>
2024	(137,446)	(721,048)
2025	(172,855)	(911,068)
2026	106,580	1,285,678
2027	1,701	447,599
2028	-	432,986
Thereafter	-	791
	<u>(202,021)</u>	<u>534,938</u>

#### 401(a) Plan

Permanent City employees participate in a 401(a) Plan that is a replacement for the Social Security System. Permanent employees working 1,040 or more hours per year are required to participate in the plan. ICMA Retirement Corporation administers the plan.

The 401(a) Plan is a defined contribution plan with participants contributing an amount equal to the current Social Security rate (7.65%) of their salary. Employees contribute 6.2% to the 401(a) Plan and 1.45% to Medicare. The City contributes 6.2% for permanent employees. Employee contributions during 2023 were \$1,098,327. City contributions were \$1,097,521. The Medicare portion of social security contributed by employees was \$265,011, and the City contributed \$265,011. There is no vesting period for City contributions.

Plan assets are not the property of the City and are not subject to the claims of the City's general creditors.

#### Other Employee Benefits

Employees are covered by a long-term disability plan that takes effect after 90 days and for which the City pays the premiums. Coverage is provided at 67% of the employee's monthly salary. It is capped at a maximum payout of \$8,000 per month. There are no on-going liabilities for long-term disability for which the City is responsible.

Life Insurance is provided equal to two times an employee's annual salary.

The City offers its employees two voluntary 457 deferred compensation plans, to which the City does not contribute. The administrators of the two plans are Mission Square Retirement Corporation and the State of Washington Department of Retirement Systems. Employees may contribute up to \$22,500 of wages to this plan per year.

Plan assets are not the property of the City and are not subject to the claims of the City's general creditors.

#### NOTE 9: CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2023. The on-going projects include widening and construction of existing streets, sidewalks, and bridges and are the responsibility of the City's general CIP fund.

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Building Construction-Fire Station Remodel	\$ 1,523,646	\$ 3,574,474
Street and Stormwater Construction	1,060,121	359,285
Total	<u>\$ 2,583,767</u>	<u>\$ 3,933,759</u>

**NOTE 10: INTERFUND TRANSFERS**

Interfund transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Interfund transfers at December 31, 2023, are as follows:

		Transfer From		
		General Fund	Street Fund	Total
Transfer To	General Fund	\$ -	\$ 1,349,311	\$ 1,349,311
	General CIP Fund	6,105,000	-	6,105,000
		<u>\$ 6,105,000</u>	<u>\$ 1,349,311</u>	<u>\$ 7,454,311</u>

**NOTE 11: LONG-TERM OBLIGATIONS****Lease Liability**

The City leases office equipment under a long-term non-cancelable lease agreement. The lease term is for 60 months and will expire in May 2024. The total of the City's lease assets is recorded at \$73,275, less accumulated depreciation of \$58,632.

As of December 31, 2023 the total future minimum lease payments under the lease agreement are as follows:

As of December 31, 2023, total future minimum lease payments under the lease agreement are as follows:

Governmental Activities				
	Principal	Interest	Total	
2024	\$ 14,749	\$ 34	\$ 14,783	
Total	<u>\$ 14,749</u>	<u>\$ 34</u>	<u>\$ 14,783</u>	

**SBITA Liability**

The City entered into a Subscription-Based Information Technology Agreement (SBITA) for the right to use Geographic Information System (GIS) software and online services for a non-cancelable period of 3 years. The agreement ends on January 11, 2026. There are no other payments related to this agreement. The total of the SBITA agreement is recorded at \$159,333, less accumulated amortization of \$53,111.

As of December 31, 2023 the total future minimum lease payments under the SBITA agreement are as follows:

Governmental Activities			
	Principal	Interest	Total
2024	\$ 50,951	\$ 4,349	\$ 55,300
2025	53,082	2,219	55,301
Total	<u>\$ 104,033</u>	<u>\$ 6,568</u>	<u>\$ 110,601</u>

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Leases	\$ 44,102	\$ -	\$ (29,353)	\$ 14,749	\$ 14,749
SBITA	-	159,333	(55,300)	104,033	50,951
Compensated absences	1,208,186	1,164,655	(1,208,186)	1,164,655	116,465
Net Pension Liability	1,852,256	1,593,896	(1,852,256)	1,593,896	-
<b>Total Governmental Activities</b>	<b>\$ 3,104,544</b>	<b>\$ 2,917,884</b>	<b>\$ (3,145,095)</b>	<b>\$ 2,877,333</b>	<b>\$ 182,165</b>
<b>Business-Type Activities:</b>					
Compensated absences	127,382	174,777	(127,382)	174,777	17,478
Net Pension Liability	219,619	196,998	(219,619)	196,998	-
<b>Total Business-Type Activities</b>	<b>\$ 347,001</b>	<b>\$ 371,776</b>	<b>\$ (347,001)</b>	<b>\$ 371,776</b>	<b>\$ 17,478</b>

Internal service funds predominately serve the governmental funds. Accordingly, long term liabilities for them are included as part of the above totals for governmental activities. At year end \$133,335 of internal service funds' compensated absences are included in the above amounts. Compensated absences for governmental activities are liquidated from the general fund.

**NOTE 12: GOVERNMENTAL FUND BALANCES**

In the governmental fund financial statements, fund balances are classified based primarily on the extent to which the City is bound to observe certain constraints imposed upon the resources in the fund as follows:

- Nonspendable represents the portion of fund balance that is not in spendable form such as inventories, prepaid items, and long-term receivables.
- Restricted signifies those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through enabling legislation.
- Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Commitments are established, modified, or rescinded only by adoption of an ordinance.
- Assigned fund balance is identified by the City's intent to use the funds for a specific purpose. Fund balance amounts may be assigned by the City Manager or Finance Director based on Council direction.
- Unassigned fund balance is the residual amount of the General Fund not reported in any of the above four categories. These amounts are technically available for any purpose. Additionally, negative fund balance in any other governmental fund is unassigned. The city only has positive unassigned fund balance in the general fund.

**A summary of governmental fund balances at December 31, 2023 are as follows:**  
(in thousands)

	General	General CIP	Parks CIP	Transportation CIP	Total
<b>Restricted for:</b>					
Health & welfare	\$ 5	\$ -	\$ -	\$ -	\$ 5
Transportation	-	-	-	21,099	21,099
Parks and recreation	-	-	19,760	-	19,760
<b>Assigned for:</b>					
Affordable housing	138	-	-	-	138
Capital projects	-	8,785	14,088	492	23,365
<b>Unassigned:</b>	54,301	-	-	-	54,301
<b>Total fund balances</b>	<b>\$ 54,444</b>	<b>\$ 8,785</b>	<b>\$ 33,847</b>	<b>\$ 21,591</b>	<b>\$ 118,668</b>

### **Strategic Reserve Allocation**

The City has adopted a strategic reserve policy that is categorized as unassigned under GASB No. 54. The amount of the reserve is set at 25% of the annual budgeted operating expenditures of the General Fund, which is \$14,373,097 for 2023. The strategic reserve may be spent to provide sufficient working capital for City programs, to maintain City services at an appropriate level, to fund unanticipated one-time expenditures, or in the event of an emergency declared by the City Manager.

## **NOTE 13: HEALTH AND WELFARE**

### **Association of Washington Cities Employee Benefit Trust**

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

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014, when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2023, 264 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-city entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2023, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31.

Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

#### **NOTE 14: CONTINGENCIES AND LITIGATION**

As of December 31, 2023, there were several damage claims and lawsuits pending against the City. However, in our opinion, with which the City Attorney concurs, neither the potential liability from any single claim or lawsuit, nor the aggregate potential liability resulting from all pending claims or lawsuits, would affect materially the financial condition of the City.

#### **NOTE 15: RISK MANAGEMENT**

The City of Sammamish is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance) 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 169 Members.

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

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

All members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and a \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1 million, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

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

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.

For the past three years, the insurance settlements did not exceed the coverage that the City had obtained.

**NOTE 16: JOINT VENTURES**

**E-Gov Alliance**

On March 25, 2002, the City of Bellevue and principal cities adopted a resolution establishing the E-Gov Alliance between the City of Bellevue and the cities of Bothell, Burien, Issaquah, Kenmore, Kirkland, Mercer Island, Sammamish, and Woodinville. Since then, additional cities have joined the Alliance as subscribers. The Alliance establishes on-line services through a jointly operated internet portal. Additionally, the Alliance has established a partnership with Microsoft to help define the E-Gov architecture, provide consulting services, offer training, and receive donated software.

The interlocal agreement may be terminated if the principals holding at least sixty percent of the weighted vote of all the principals are in concurrence. Upon termination, all property acquired shall be disposed of as follows: (1) property contributed without charge by any member shall revert to the contributor; (2) all property purchased after the effective date of the interlocal agreement shall be distributed to the principals based upon the principal’s proportional ownership interest at the time of the sale of the property. The City’s share of the net position is deemed immaterial and thus not reflected in the financial statements.

Financial information may be obtained from City of Bellevue, IT Department, P.O. Box 90012, Bellevue, WA 98009-9012.

**Eastside Fire and Rescue**

In 1999, through an interlocal agreement as provided by RCW 39.34, the consolidation of several agencies created a new Fire and Emergency Medical Services agency called Eastside Fire and Rescue (EF&R). The agencies (principals) joining in this consolidation included King County Washington Fire Protection Districts 10 and 38, and the Cities of Issaquah and North Bend, with the City of Sammamish joining in January 2001. The current Interlocal Agreement is for a ten-year period ending December 31, 2026. Any party may withdraw at the end of any ten-year term by filing with the other parties a notice of withdrawal in January of 2024 or in January of the eighth year of any succeeding term, as applicable.

At inception the principals provided real property and equipment for use by EF&R. Title and ownership of these capital assets, and their replacements, remains with the principals.

EF&R is a non-profit corporation under the provisions of the Washington Nonprofit Corporation Act, Chapter 24.03 RCW and pursuant to the Washington Interlocal Cooperation Act, Chapter 39.34 RCW. The entities retain an equity interest in EF&R based on their support of EF&R operations. As of December 31, 2023, the equity percentage was as follows:

<u>Entity</u>	<u>Share</u>
Fire District 10	28.55%
Fire District 38	6.44%
City of Issaquah	28.17%
City of North Bend	5.12%
City of Sammamish	31.72%

EF&R is governed by a Joint Board of Directors, which meets on the second Tuesday of each month. The Board consists of eight Directors appointed from each of the principal's elected officials in the following ratios:

<u>Entity</u>	<u>Directors</u>
Fire District 10	2
Fire District 38	1
City of Issaquah	2
City of North Bend	1
City of Sammamish	2

The Districts levy regular real property and emergency medical services taxes at the maximum rate allowed by law. The Directors deposit taxes, as agreed upon and approved by the Directors, with the Board of Directors in June and December.

The amount of annual contribution for the Cities, and the amount of additional services contribution, if any, is determined by the respective legislative bodies, after recommendation by the Board of Directors. Annually, Cities contribute financially according to an updated funding model established in 2014. Updates to the funding formula occur before May 30<sup>th</sup> of every second year, beginning in 2022. The model utilizes calls for service to establish a first due area of response for each fire station and then applies the surrounding assessed value by jurisdiction to derive each jurisdiction's portion of cost for that station. The total of all stations establishes 85% of each partner's share of the total cost of operation, the remaining costs are determined based on calls for service by jurisdiction. The EF&R Board then establishes a monthly billing schedule which the partners are obligated to pay in a timely fashion. The Equipment Replacement funding uses the same contribution percentages against the total need established by the EF&R Board in concert with the operating budget.

The City's contributions for the last five years are as follows:

<u>Year</u>	<u>Contributions</u>
2019	\$8,183,136
2020	\$7,913,072
2021	\$7,940,952
2022	\$8,357,694
2023	\$9,227,890

All real and personal property acquired prior to the agreement remains the property of the acquiring member, with exclusive access and control over the property by EF&R. All property acquired pursuant to the Agreement shall be identified by the Board upon acquisition as joint or separate property. Upon termination of the Agreement, all separate property shall be returned to the owner; the net value of all jointly owned property shall be calculated, and each party shall receive or pay, as applicable, the total net amount to the other, in cash or jointly owned property. The city records the capital assets in the Governmental Activities column of its Statement of Net Position.

Upon dissolution, the agreement provides for distribution of net position among the members based on the percentage of the total annual contributions during the period of the Agreement paid by each member. The City's remaining share of net position is deemed immaterial and thus is not reflected in its financial statements.

Financial information can be obtained from Eastside Fire and Rescue, 175 NW Newport Way, Issaquah, WA 98027.

### **ARCH-Housing Coalition**

In November 1992, the City of Bellevue joined the cities of Redmond and Kirkland and King County to establish A Regional Coalition for Housing (ARCH). The agreement was amended in January 1993 and November 1999 to add clarifying language



regarding responsibility and dissolution. Since its inception, the Cities of Beau Arts Village, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Mercer Island, Newcastle, Sammamish, Woodinville, and Yarrow Point have joined ARCH.

The purpose of ARCH is to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing by combining public funding with private-sector resources. Operating funding is provided by the member cities. ARCH identifies and prioritizes projects which the member cities fund directly through their own grants, Community Development Block Grants, and HUD grants.

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

Each member city is responsible for contributing operating revenues as determined from the ARCH annual budget. Contributions from the member cities are based on each member's population. The City's contributions for the last five years were as follows:

<u>Year</u>	<u>Budget</u>	<u>Sammamish's Share</u>	<u>Percentage</u>
2019	\$724,400	\$80,784	11.1%
2020	\$1,110,097	\$127,494	11.5%
2021	\$1,155,261	\$127,494	11.0%
2022	\$1,490,462	\$134,651	9.0%
2023	\$1,874,248	\$171,231	9.0%

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution the agreement, as amended, provides for distribution of net position among members based on the percentage of the total annual contributions during the period of the Agreement paid by each member. The City's share of net position is deemed immaterial and thus is not reflected in the financial statements.

Budget monitoring information can be obtained from ARCH, 16225 NE 87<sup>th</sup> Street, Redmond, WA 98052.

City of Sammamish  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Public Employee Retirement System Plan 1  
Last Ten Years  
As of June 30  
Plan Year Ended

	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023*
City's proportion of the net pension liability	0.060054%	0.063410%	0.061417%	0.064933%	0.068214%	0.066554%	0.069286%	0.072039%	0.074411%	0.078454%
City's proportionate share of the net pension liability	\$ 3,025,248	\$ 3,316,933	\$ 3,298,382	\$ 3,081,121	\$ 3,046,460	\$ 2,559,238	\$ 2,446,170	\$ 879,765	\$ 2,071,875	\$ 1,790,895
Covered payroll	6,636,573	6,981,549	7,639,723	8,223,109	9,100,940	8,951,228	10,937,881	11,135,392	12,183,777	13,448,264
City's proportionate share of the net pension liability as a percentage of its covered payroll**	45.58%	47.51%	43.17%	37.47%	33.47%	28.59%	22.36%	7.90%	17.01%	13.32%
Plan fiduciary net position as a percentage of the total net pension liability	61.19%	59.10%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%	76.56%	80.16%

\*The City does not currently employ any PERS Plan 1 members.

City of Sammamish  
Schedule of the City's Proportionate Share of the Net Pension Asset/(Liability)  
Public Employee Retirement System Plans 2 & 3  
Last Ten Years  
As of June 30  
Plan Year Ended

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability	0.077320%	0.081924%	0.078799%	0.083522%	0.087570%	0.085657%	0.090220%	0.092535%	0.097051%	0.101146%
City's proportionate share of the net pension asset/(liability)	\$ (1,562,916)	\$ (2,927,191)	\$ (3,967,467)	\$ (2,901,990)	\$ (1,495,180)	\$ (832,021)	\$ (1,153,862)	\$ 9,217,975	\$ 3,599,409	\$ 4,145,654
Covered payroll	6,636,573	6,981,549	7,639,723	8,223,109	9,100,940	8,951,228	10,937,881	11,135,392	12,183,777	13,448,264
City's proportionate share of the net pension liability as a percentage of its covered payroll	23.55%	41.93%	51.93%	35.29%	16.43%	9.30%	10.55%	82.78%	29.54%	30.83%
Plan fiduciary net position as a percentage of the total net pension liability	93.29%	89.20%	85.82%	90.97%	95.77%	97.77%	97.22%	120.29%	106.70%	107.02%

City of Sammamish Schedule of City's Contributions Public Employee Retirement System Plan 1 Last Ten Fiscal Years For the Year Ended December 31										
	Plan Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contribution	\$ 272,445	\$ 314,284	\$ 379,852	\$ 423,632	\$ 458,853	\$ 500,820	\$ 512,354	\$ 500,548	\$ 476,808	\$ 481,044
Contributions in relation to the contractually required contribution	272,445	314,284	379,852	423,632	458,853	500,820	512,354	500,548	476,808	481,044
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	6,774,726	7,235,007	7,983,931	8,706,572	9,064,427	10,140,489	10,679,189	11,702,075	12,687,478	14,230,408
Contributions as a percentage of covered payroll	4.02%	4.34%	4.76%	4.87%	5.06%	4.94%	4.80%	4.28%	3.76%	3.38%
City of Sammamish Schedule of City's Contributions Public Employee Retirement System Plans 2 & 3 Last Ten Fiscal Years For the Year Ended December 31										
	Plan Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contribution	\$ 337,128	\$ 403,033	\$ 496,116	\$ 595,864	\$ 679,801	\$ 783,524	\$ 845,792	\$ 833,550	\$ 806,923	\$ 905,054
Contributions in relation to the contractually required contribution	337,128	403,033	496,116	595,864	679,801	783,524	845,792	833,550	806,923	905,054
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	6,774,726	7,235,007	7,983,931	8,706,572	9,064,427	10,140,489	10,679,189	11,702,075	12,687,478	14,230,408
Contributions as a percentage of covered payroll	4.98%	5.57%	6.21%	6.84%	7.50%	7.73%	7.92%	7.12%	6.36%	6.36%

CITY OF SAMMAMISH, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Mid-Biennium Ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	Actual Through 12/31/23	Variance with Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 87,168,000	\$ 87,168,000	\$ 44,518,541	\$ (42,649,459)
Licenses and permits	5,396,000	5,079,500	2,698,317	(2,381,183)
Intergovernmental	9,179,100	9,390,766	7,913,877	(1,476,889)
Charges for services	7,316,168	7,215,842	3,166,884	(4,048,958)
Fines and forfeitures	820,000	825,000	117,945	(707,055)
Investment income	300,000	3,664,000	2,922,505	(741,495)
Contributions	80,000	48,000	28,853	(19,147)
Miscellaneous	1,396,400	1,413,200	1,080,454	(332,746)
Total revenues	<u>111,655,668</u>	<u>114,804,308</u>	<u>62,447,377</u>	<u>(52,356,931)</u>
<b>EXPENDITURES</b>				
Current				
General government	27,958,760	27,317,648	11,596,973	15,720,675
Public safety	44,305,710	43,568,410	20,134,296	23,434,114
Transportation	21,250,774	20,716,217	9,191,224	11,524,993
Natural and economic environment	12,712,072	12,549,172	5,537,199	7,011,973
Mental/physical health	42,000	42,000	24,912	17,088
Cultural and recreation	12,527,560	12,343,310	5,578,686	6,764,624
Capital outlay	1,295,100	1,398,200	399,036	999,164
Total expenditures	<u>120,091,976</u>	<u>117,934,957</u>	<u>52,462,326</u>	<u>65,472,631</u>
Excess (deficiency) of revenues over (under) expenditures	(8,436,308)	(3,130,649)	9,985,051	13,115,700
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,331,400	3,331,400	1,349,311	(1,982,089)
Transfers out	(7,755,000)	(7,755,000)	(6,105,000)	1,650,000
Total other financing sources (uses)	<u>(4,423,600)</u>	<u>(4,423,600)</u>	<u>(4,755,689)</u>	<u>(332,089)</u>
Net change in fund balance	(12,859,908)	(7,554,249)	5,229,361	12,783,610
Fund balance - beginning	44,775,689	49,495,656	49,214,485	(281,171)
Fund balance - ending	<u>\$ 31,915,781</u>	<u>\$ 41,941,407</u>	<u>\$ 54,443,846</u>	<u>\$ 12,502,439</u>

## **BUDGETARY INFORMATION**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

#### **Budgets and Budgetary Accounting**

The City of Sammamish budgets its funds in accordance with the Revised Code of Washington (RCW) 35A.34. In compliance with the code, all funds have budgets. Budgets established for proprietary funds are “management budgets” and as such are not required to be reported in the financial statements.

The budget is proposed by the City Manager and adopted by the City Council with legal budgetary control at the fund level, i.e., the total of expenditures, other financing uses, and the ending fund balance may not exceed the total of beginning balances and budgeted receipts at the fund level. The City Manager may authorize transfers within funds; however, the City Council must approve by ordinance any additional appropriations, which increase the total for the fund. Any unexpended appropriation balances lapse at the end of the biennium.

In addition to authorizing the budget the City Council biennially approves the Capital Improvement Program. This is a six-year plan for capital project expenditures and anticipated revenue sources. Expenditures and revenues for these projects are budgeted in the Capital Improvements Program Funds.

The City prepares its budgets on the modified accrual basis, which conforms to generally accepted accounting principles. The AFR includes budgetary comparisons for those governmental funds with legally adopted budgets. Budget amounts include the adopted budget appropriations and any revisions made during the biennium.

State law establishes the budget process and the time limits under which a budget must be developed. The City adopts its biennial budget in December of the year preceding the first year of the biennial budget. Step one involves the identification by the City Council of the mission and objectives for the following biennium. The second step involves forecasting revenue and the establishment of a baseline budget to carry the existing programs into the next biennium. The third step involves the development by each department director of their departmental budget requests. The City Manager develops a preliminary budget that is presented to the Council for review and public hearings. The Council approves an ordinance to adopt the budget. Supplemental appropriations that modify total fund expenditures require an ordinance amending the budget.

**MAJOR FUNDS BUDGET TO ACTUAL SCHEDULES****Special Revenue Fund**

The **Street Fund** accounts for receipt of the State-shared motor vehicle fuel tax. These funds are restricted and must be used to pay for streets and roads.

**Capital Projects Funds**

Capital projects funds are used to account for the financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of general government, park, and transportation capital facilities other than those financed by proprietary funds.

The **General Capital Improvements Program (CIP) Fund** accounts for revenues and expenditures of capital improvement projects not related to transportation or parks. Its primary sources of revenue are intergovernmental revenue and transfers from the General Fund.

The **Parks Capital Improvements Program (CIP) Fund** accounts for revenues and expenditures of capital improvement projects related to parks. Its primary sources of revenue are intergovernmental revenue and transfers from the General Fund.

The **Transportation Capital Improvements Program (CIP) Fund** accounts for revenues and expenditures of capital improvement projects related to transportation. Its primary sources of revenue are intergovernmental revenue and transfers from the General Fund.

CITY OF SAMMAMISH, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STREET FUND**

For the Mid-Biennium Ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	Actual Through 12/31/23	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,331,400	\$ 3,331,400	\$ 1,349,311	\$ (1,982,089)
Total revenues	<u>3,331,400</u>	<u>3,331,400</u>	<u>1,349,311</u>	<u>(1,982,089)</u>
OTHER FINANCING (USES)				
Transfers out	<u>3,331,400</u>	<u>3,331,400</u>	<u>1,349,311</u>	<u>(1,982,089)</u>
Total other financing (uses)	<u>3,331,400</u>	<u>3,331,400</u>	<u>1,349,311</u>	<u>(1,982,089)</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SAMMAMISH, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL GOVERNMENT CIP FUND**

For the Mid-Biennium Ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	Actual Through 12/31/23	Variance with Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Interest	\$ 10,000	\$ 205,000	\$ 386,133	\$ 181,133
Total revenues	<u>10,000</u>	<u>205,000</u>	<u>386,133</u>	<u>181,133</u>
<b>EXPENDITURES</b>				
Current				
Capital outlay	13,055,000	13,070,000	3,703,575	9,366,425
Total expenditures	<u>13,055,000</u>	<u>13,070,000</u>	<u>3,703,575</u>	<u>9,366,425</u>
Excess (deficiency) of revenues over (under) expenditures	(13,045,000)	(12,865,000)	(3,317,442)	9,547,558
<b>OTHER FINANCING SOURCES</b>				
Transfers in	7,755,000	7,755,000	6,105,000	(1,650,000)
Total other financing sources	<u>7,755,000</u>	<u>7,755,000</u>	<u>6,105,000</u>	<u>(1,650,000)</u>
Net change in fund balance	(5,290,000)	(5,110,000)	2,787,558	7,897,558
Fund balance - beginning	5,298,381	6,076,408	5,997,718	(78,690)
Fund balance - ending	<u>\$ 8,381</u>	<u>\$ 966,408</u>	<u>\$ 8,785,276</u>	<u>\$ 7,818,868</u>



CITY OF SAMMAMISH, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PARKS CIP FUND**

For the Mid-Biennium Ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	Actual Through 12/31/23	Variance with Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Taxes	\$ 7,640,000	\$ 6,740,000	\$ 3,297,496	\$ (3,442,504)
Charges for services	877,000	638,500	229,126	(409,374)
Interest	80,000	1,040,000	1,570,481	530,481
Miscellaneous	-	-	3,800	3,800
Total revenues	<u>8,597,000</u>	<u>8,418,500</u>	<u>5,100,903</u>	<u>(3,317,597)</u>
EXPENDITURES				
Capital outlay	28,143,774	28,427,139	2,268,207	26,158,932
Total expenditures	<u>28,143,774</u>	<u>28,427,139</u>	<u>2,268,207</u>	<u>26,158,932</u>
Net change in fund balance	(19,546,774)	(20,008,639)	2,832,696	22,841,335
Fund balance - beginning	30,428,961	31,412,424	31,014,728	(397,696)
Fund balance - ending	<u>\$ 10,882,187</u>	<u>\$ 11,403,785</u>	<u>\$ 33,847,424</u>	<u>\$ 22,443,639</u>

CITY OF SAMMAMISH, WASHINGTON  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**TRANSPORTATION CIP FUND**

For the Mid-Biennium Ended December 31, 2023

	Original Budget 2023-2024	Final Budget 2023-2024	Actual Through 12/31/23	Variance with Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 7,000,000	\$ 6,100,000	\$ 2,906,564	\$ (3,193,436)
Charges for services	1,866,000	1,333,000	458,600	(874,400)
Interest	40,000	770,000	885,839	115,839
Miscellaneous	-	-	1,060,648	1,060,648
Total revenues	<u>8,906,000</u>	<u>8,203,000</u>	<u>5,311,650</u>	<u>(2,891,350)</u>
<b>EXPENDITURES</b>				
Current				
Capital outlay	<u>11,705,900</u>	<u>8,945,061</u>	<u>818,080</u>	<u>(8,126,981)</u>
Total expenditures	<u>11,705,900</u>	<u>8,945,061</u>	<u>818,080</u>	<u>(8,126,981)</u>
Net change in fund balance	(2,799,900)	(742,061)	4,493,570	5,235,631
Fund balance - beginning	<u>17,214,469</u>	<u>17,331,219</u>	<u>17,097,621</u>	<u>(233,598)</u>
Fund balance - ending	<u>\$ 14,414,569</u>	<u>\$ 16,589,158</u>	<u>\$ 21,591,191</u>	<u>\$ 5,002,033</u>