

# 2012



## Comprehensive Annual Financial Report



For the fiscal year ended December 31, 2012

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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**CITY OF SAMMAMISH  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Fiscal Year Ended December 31, 2012**

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## INTRODUCTORY SECTION



Back row: John Curley, Tom Vance, Tom Odell, Ramiro Valderrama. Front row: John James, Nancy Whitten, Don Gerend

## **2012 CITY OFFICIALS**

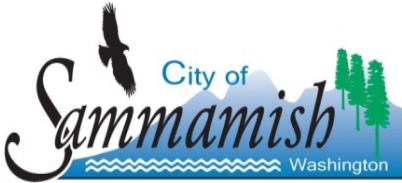
### **MAYOR AND CITY COUNCIL**

Tom Odell	Mayor
Ramiro Valderrama	Deputy Mayor
John Curley	Council Member
Don Gerend	Council Member
John James	Council Member
Tom Vance	Council Member
Nancy Whitten	Council Member

### **ADMINISTRATIVE OFFICIALS**

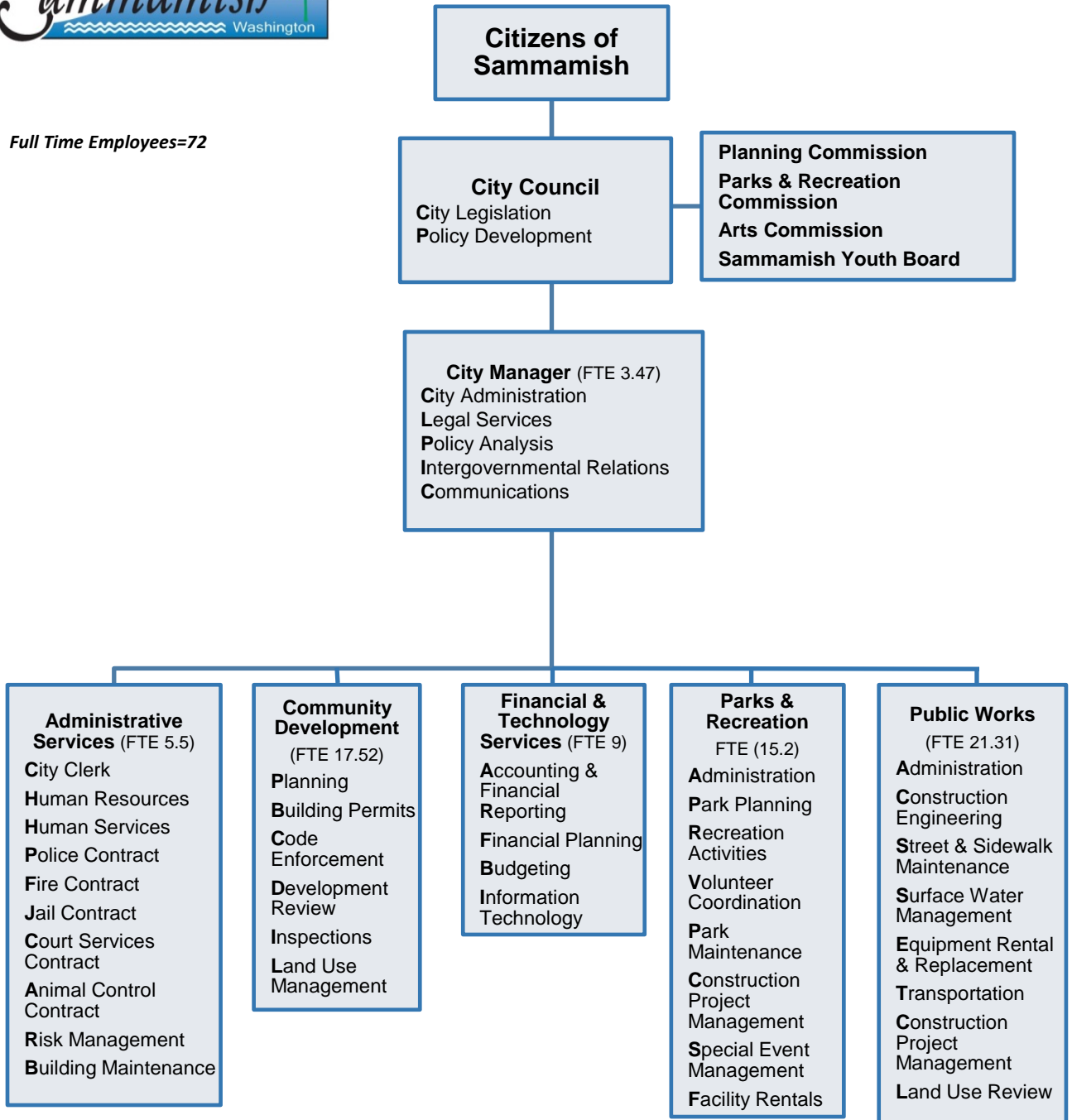
Ben Yazici	City Manager
Lyman Howard	Deputy City Manager
Joseph Guinasso	Director of Finance
Laura Philpot	Director of Public Works
Kamuron Gurol	Director of Community Development
Mike Sauerwein	Director of Administrative Services
Bruce Disend	City Attorney
Nate Elledge	Police Chief
Melonie Anderson	City Clerk





# ORGANIZATION CHART

Full Time Employees=72



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sammamish  
Washington

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Morrell*

President

*Jeffrey R. Enev*

Executive Director





801 – 228<sup>th</sup> Avenue SE • Sammamish, WA 98075 • Phone: 425-295-0500 • Fax: 425-295-0600 • web:  
www.ci.sammamish.wa.us

June 10, 2013

Mayor Tom Odell, Sammamish City Council, and Citizens of Sammamish,

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Sammamish, Washington for the fiscal year ended December 31, 2012.

The CAFR is published annually as the City's official annual financial report and complies with state law revised code of Washington (RCW) 43.09.230 requiring annual reports for Washington municipal governments to be certified and filed with the state auditor's office in a timely fashion.

This report provides the City Council, city staff, our citizens, and other readers with detailed information about the financial position and activities of the City. City management is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures.

As required by state law, the City uses the Budgeting, Accounting, and Reporting System (BARS) manual developed and prescribed by the Office of the State Auditor. Statewide reporting of similar revenues and expenses for all cities and counties is made possible through the use of the BARS manual. The City's accounting system provides reliable financial records for preparing financial statements that follow Generally Accepted Accounting Principles (GAAP) for governments in the United States of America.

The City's internal control structure is designed to help safeguard the City's assets against loss, theft, or misuse. This structure provides reasonable, but not absolute, assurance that the City's assets are safeguarded. The concept of reasonable assurance first recognizes that the cost of control should not exceed the benefits likely to be derived. Secondly, the evaluation of costs and benefits requires estimates and judgments by management.

State law provides for an annual independent audit by the Office of the State Auditor. Additionally, as a recipient of federal financial assistance, the City may be required to have an annual single audit that meets the requirements of the federal Office of Management and Budget Circular A-133 and its supplements. The federal audit is conducted by the state auditor's office in conjunction with the annual independent audit. The City was not required to have such an audit in 2012.

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

## **City Profile**

The City of Sammamish was incorporated on August 31, 1999, with 63.22% voter approval, and operates as a non-charter optional code city with a Council–Manager form of government. Optional code city status increases the City’s operating authority by extending to it the powers of all four city classifications that exist in Washington law.

The Council is comprised of seven members, elected at large by the citizens of Sammamish. They are part-time officials who exercise the legislative powers of the City and determine matters of policy. The Mayor is a council member selected by the Council to chair meetings, authenticate documents and serves as the ceremonial head of the City. The Council is supported by several advisory boards and commissions. The Council appoints a full-time City Manager who is the head of the executive branch and serves as the professional administrator of the organization, coordinating day-to-day activities.

Sammamish, covering about 22 square miles, is situated between Issaquah to the south, Redmond to the north, and is east of Lake Sammamish. This suburban community—which back in 1970 was home to only 6,000 people—still retains its rural look and feel, even though the population has grown to 46,940. The City is conveniently located within easy commuting and shopping distance of many larger cities including Bellevue, Renton and Seattle.

Sammamish provides a full range of municipal services including:

- Police protection (contracted from the King County Sheriff)
- Fire protection (Eastside Fire and Rescue joint venture)
- Parks, recreation, and cultural services
- Street maintenance and construction
- Planning, zoning and community development
- Support services/legislative/administrative: facilities, financial, fleet, human resources, technology, risk management, emergency management
- Surface water utility: operations and capital infrastructure

The city prepares budgets in accordance with RCW section 35A.33. Biennial budgets are adopted by the City Council for funds providing customary government services. Each biennium begins with an odd numbered year. Reviews are conducted at mid-biennium and any changes are adopted by the City Council. A budget increase or decrease to a fund must be authorized by the City Council. Budgetary control is at the fund level. All budgets are further monitored on a departmental basis.

## **Local Economy**

The City is primarily a “bedroom” community to Seattle and Bellevue, with approximately 90% of its working residents employed outside the City. The local economy is based on businesses which provide goods and services to local residents. There is no significant industry within the City.

Sammamish has two main commercial complexes. Sammamish Highlands Center features a Safeway supermarket with 175 employees and several smaller shops and businesses. Pine Lake Village is another commercial center which is anchored by a QFC supermarket with 110 employees. There are 11 schools inside the city limits, including three high schools within one mile of one another.

Several upscale residential communities are within the city limits. Sahalee is a private residential/golf community located around a 27-hole course. The Sahalee Country Club hosted the PGA tournament in 1998 and is scheduled to do so again in 2012. In August of 2010, it hosted the U.S. Senior Open. Plateau Golf and Country Club is a newer 18-hole golf course/clubhouse with condominiums, townhouses, and single family homes.

The City is dependent upon property taxes as a major source of revenue to the general fund, providing about 70% of the fund's revenue. Annual property tax increases are limited to 1% of the prior year's collections plus a new construction factor unless approved via referendum. The City did not increase property taxes by the allowable 1% in 2012 but may use the "banked" 2012 increase in future years.

During the period between 2006-2010 charges for services revenue decreased \$1.5 million, mostly due to reduced development activity. However, construction activity over 2011 - 2012 increased markedly and charges for services went up by \$2.7 million over that two-year period. The City, considering the increasing development activity has added 4.5 full time equivalent positions to the 2013-2014 biennial budget. That still remains lower than the number of positions that existed in the 2009-2010 budget.

Real estate excise taxes derived from the sale of real property along with transportation and park impact fees are major sources of funding for capital expenditures. These two real estate dependent sources of revenue have begun to rebound since 2010, but still remain considerably below the revenues seen at the height of the housing boom. Significant infrastructure funding is also provided by transfers of general fund resources to the capital improvement funds. The city has no utility or business taxes.

### **Long-Term Financial Planning**

Encompassed in the long term financial plan is continued infrastructure investment. Parks, transportation, storm drainage, green space, and pathways are top council priorities as are trails and other non-motorized transportation improvements. However, none of these goals are being pursued at the expense of financial stability.

The City maintains a six-year financial planning horizon and balances requirements to resources over the life of the six-year forecast. As part of this process, one-time excesses of revenues over expenses are identified and allocated to one-time expenses. Ongoing costs are funded only by ongoing revenue sources. In 2008 the City received national recognition for its prudent financial modeling and forecasting strategies when Standard and Poors upgraded the City's bond rating from AA to AAA, making Sammamish the youngest city in the state to ever get the top rating.

Since the City's incorporation in 1999, an average of \$13 million per year has been invested in capital assets including roads, parks, and buildings. This new infrastructure brings with it increased operating costs. Public safety expenditures for police and fire contracted services accounted for 39% of General Fund expenditures in 2012, down from a high of 49% in 2010. While ending fund balances remain healthy, the City Council and management are discussing revenue source alternatives in anticipation of expenditures exceeding current revenue sources in the next five to ten years.

Sammamish operates using a combination of city staff and contracted services to ensure flexibility in operations and maintain a sustainable level of service to the citizens. As Sammamish moves forward, economic indicators will continue to be monitored, and adjustments

to city spending and service levels made to maintain the City's financial health. The City uses a long-term financial forecasting model to assist with future planning. This model's projections are shared with the City Council on a regular basis.

### **Major Initiatives**

Capital improvements remain a significant focus as the City continues to improve its transportation system, neighborhood sidewalks, and to offer varied recreational opportunities. Major projects in 2012 included:

- The City largely completed renovation of the Eastlake High School (ELHS) baseball field. The project will upgrade the varsity baseball field to a synthetic turf multi-use (baseball/softball, soccer, lacrosse and football) sports field available for year-round play.
- Construction has begun on the NE Inglewood Hill Road Non-Motorized Project, which constructs 2,000-feet of sidewalk and widened sidewalk for bicycles on the south side of the road. To accommodate the widening, retaining walls, safety fencing, and storm drain improvements will also be included.
- Non-motorized improvements to 244<sup>th</sup> Avenue were started during 2012. These improvements include sidewalks, bike lanes, and planter strips. Retaining walls, safety fencing, and storm drain improvements will also be included in the design.
- The City accepted the transfer of a 30-acre portion of Soaring Eagle Park from King County. The property is to be used for open space, park, and/or recreational purposes per the transfer agreement. The property has been valued at approximately \$3.2 million.

Sammamish Commons was the site of the City's fifth 4<sup>th</sup> of July fireworks celebration. Activities included clowns and balloons in the children's play area, food booths, a family fun zone, and of course fireworks. The popular Farmer's Market returned for the fourth year in May and ran every Wednesday throughout the summer offering home grown fruits and vegetables, flowers, bakery items, and crafts. Residents of all ages and interests find enjoyment at Sammamish Commons, whether taking a peaceful walk around the lower commons trail or watching the pyrotechnics on the 4<sup>th</sup> of July.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sammamish for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded the City of Sammamish its Distinguished Budget Presentation Award for its biennial budgets since the 2005/2006 biennium.

The International City Managers' Association (ICMA) awarded the City its Certificate of Achievement for its "performance measurement" approach to management. This approach gathers data in a variety of service areas, identifies management practices that contribute to high performance, and shares the results to help other jurisdictions in a process of continuous improvement.

The preparation of the Comprehensive Annual Financial Report on a timely and accurate basis could not have been accomplished without the efforts and dedication of the staff of the City's Finance Department. I would like to express my appreciation to my staff and to personnel from other departments and agencies that assisted in its preparation. Also, I would like to thank the City Manager and City Council for their continued interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joseph Guinasso", with a long horizontal flourish extending to the right.

Joseph Guinasso  
Finance Director/Assistant City Manager

## FINANCIAL SECTION



**Washington State Auditor  
Troy Kelley**

**INDEPENDENT AUDITOR'S REPORT**

June 10, 2013

Mayor and City Council  
City of Sammamish  
Sammamish, Washington

***REPORT ON FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sammamish, King County, Washington, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.



Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sammamish, King County, Washington, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Matters of Emphasis***

As described in Note 1, during the year ended December 31, 2012, the City has implemented the Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 25 and budgetary comparison information on pages 68 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The accompanying information listed as Required Supplementary Information and Combining and Individual Fund Statements and Schedules on pages 65 through 67 and pages 71 through 82 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial

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

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

### ***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we will also issue our report dated June 10, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley". The signature is written in black ink and is positioned above the printed name of the signatory.

**TROY KELLEY**  
STATE AUDITOR



MANAGEMENT'S DISCUSSION

AND

ANALYSIS

## 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, 2012. 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 information furnished in the letter of transmittal in the introductory section and 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 exceeding total liabilities by \$466.5 million, an increase of \$13.1 million over the 2011 ending net position. Of this increase, \$5.7 million is due to the acquisition of capital assets, including land, buildings, equipment, and developer contributions.
- Despite the continuing economic hardships, the City saw an increase in tax revenues of \$1.1 million, an increase in development related permits and fees of \$378,000, and a \$1.4 million increase in impact fees collected.

### Overview of the Financial Statements

This discussion and analysis serves 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, liabilities, and deferred inflows of resources, showing the difference between assets 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 of the 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), physical 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, 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. Data from the G.O. Debt Service Fund is shown in a column labeled Non-major Fund.

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 Fund 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 storm 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.

## **Other information**

The combining statements for other governmental funds and internal service funds are presented immediately following the notes section.

## Government-wide Financial Analysis

### Statement of net position

The City's financial condition remained good despite the continuing slow economic conditions in 2012. 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, 2012 total \$466.5 million, an increase of \$13.1 million over 2011. Net position of the City as of December 31, 2012 are summarized and analyzed below.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
	(in thousands)					
Current and other assets	\$ 63,768	\$ 59,758	\$ 3,407	\$ 2,307	\$ 67,175	\$ 62,065
Capital assets, net of accumulated depreciation	377,202	372,396	31,358	30,477	408,560	402,873
<b>Total assets</b>	<b>440,970</b>	<b>432,154</b>	<b>34,765</b>	<b>32,784</b>	<b>475,735</b>	<b>464,938</b>
Long-term liabilities	5,318	7,708	465	536	5,782	8,244
Other liabilities	3,116	3,157	246	52	3,362	3,208
<b>Total liabilities</b>	<b>8,433</b>	<b>10,865</b>	<b>711</b>	<b>588</b>	<b>9,144</b>	<b>11,452</b>
Deferred inflows	107	115	-	-	107	115
<b>Total deferred inflows</b>	<b>107</b>	<b>115</b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>115</b>
<b>Net assets</b>						
Net investment in capital assets	372,402	365,172	31,358	30,477	403,760	395,649
Restricted	802	1,765	-	-	802	1,765
Unrestricted	59,226	54,238	2,697	1,720	61,923	55,958
<b>Total net position</b>	<b>\$ 432,430</b>	<b>\$ 421,175</b>	<b>\$ 34,054</b>	<b>\$ 32,196</b>	<b>\$ 466,484</b>	<b>\$ 453,371</b>

**Governmental Activities:** Net position from governmental activities increased by \$11.2 million in 2012, for a total of \$432.4 million. Of total governmental activities net position, \$0.8 million is restricted for capital projects. Unrestricted net position of \$59.2 million are available to meet ongoing obligations to citizens and creditors. Factors contributing to the changes are as follows:

- Of the increase in governmental activities, \$4.0 million was in cash and cash equivalents, including cash held in the local government investment pool. This is largely related to an increase in tax and developer revenues of \$2.9 million.
- Developer and private contributions of land and infrastructure totaled \$5.8 million and transportation and parks improvements totaled \$3.6 million, offset by depreciation of current assets and the completion of several major capital projects led to an overall increase in capital asset values of \$4.8 million.
- Total liabilities and deferred inflows decreased by \$2.4 million, primarily consisting of a reduction in long-term debt of \$2.1 million, of which \$1.9 million is due to the retirement of outstanding general obligation bonds.



**Business-type Activities:** Business-type activities of the City’s surface water fund increased the City’s net position by \$1.9 million in 2012. Of total net position, \$2.7 million is available to meet ongoing operating needs. Contributing factors of the increase were:

- The largest component of the increase was the result of capital assets contributed by developers of \$1.2 million, offset by current depreciation expense for a net increase of \$881,000.
- Cash and investments increased by \$793,000 and receivables increased by \$331,000, a majority of the receivable balance are grant funds due from the county and federal governments.
- Total liabilities increased by \$123,000, including an increase in accounts payable of \$194,000 largely due to late receipt of several 2012 invoices. This amount is offset by an overall decrease in outstanding debt of \$71,000, due to scheduled payments on that debt.

## Changes in position

As illustrated in the following table, the City’s net position increased approximately \$13.1 million in 2012. The increase was split between the governmental activities (\$11.2 million) and the business-type activities (\$1.9 million).

The table below provides condensed information on revenues, expenses, and changes in net position with governmental and business-type activities shown separately.

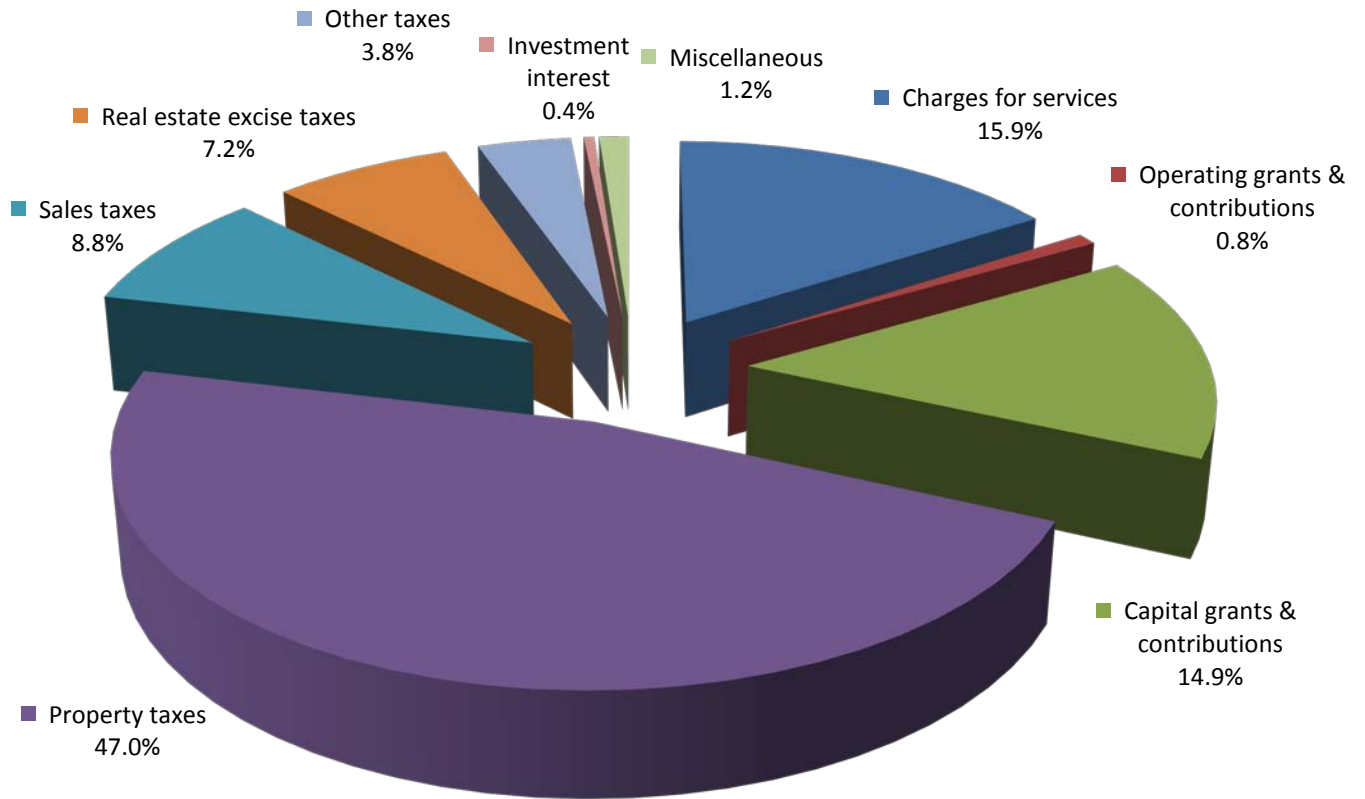
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
	(in thousands)					
Revenues:						
Program revenues:						
Charges for services	\$ 7,273	\$ 5,959	\$ 2,499	\$ 2,443	9,772	\$ 8,402
Operating grants & contributions	383	342	302	-	685	342
Capital grants & contributions	6,846	8,440	1,814	3,311	8,660	11,751
General revenues:						
Property taxes	21,516	21,526	-	-	21,516	21,526
Sales taxes	4,011	3,580	-	-	4,011	3,580
Real estate excise taxes	3,308	2,723	-	-	3,308	2,723
Other taxes	1,729	1,636	-	-	1,729	1,636
Investment interest	193	261	10	12	203	273
Miscellaneous	543	242	-	-	543	242
Total revenues	45,802	44,709	4,625	5,765	50,428	50,474

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(in thousands)					
Expenses:						
General government	5,500	5,002	-	-	5,500	5,002
Security	10,761	10,393	-	-	10,761	10,393
Physical environment	912	942	-	-	912	942
Economic environment	2,377	2,269	-	-	2,377	2,269
Transportation	10,271	8,678	-	-	10,271	8,678
Mental/physical health	12	11	-	-	12	11
Culture and recreation	4,597	4,316	-	-	4,597	4,316
Interest on long-term debt	118	123	-	-	118	123
Stormwater	-	-	2,767	2,844	2,767	2,844
Total expenses	<u>34,548</u>	<u>31,735</u>	<u>2,767</u>	<u>2,844</u>	<u>37,315</u>	<u>34,579</u>
Increase in net position before transfers and special items	11,255	12,974	1,858	2,921	13,113	15,895
Transfers	-	8	-	(8)	-	-
Increase in net position	11,255	12,982	1,858	2,913	13,113	15,895
Net position - beginning	421,175	408,193	32,196	29,417	453,371	437,610
Prior period adjustment	-	-	-	(134)	-	(134)
Net position - ending	<u>\$ 432,430</u>	<u>\$ 421,175</u>	<u>\$ 34,054</u>	<u>\$ 32,196</u>	<u>\$ 466,484</u>	<u>\$ 453,371</u>

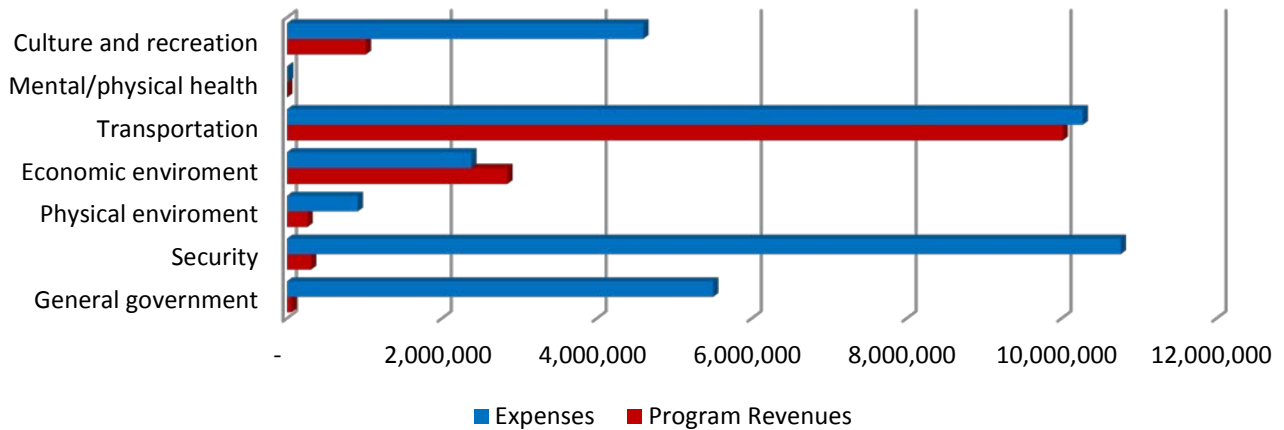
**Governmental activities** increased the City's net position by \$11.2 million in 2012, which accounts for 85.8% of the total increase in net position of the City. Most of the increase in net position can be attributed to capital assets. Total revenues increased by approximately 2.4%, while total expenses were about 8.9% higher than in 2011. Key elements of the changes in governmental activities net position are:

- Charges for services increased by \$1.3 million, which is attributable to an increase in revenues from development related activity, including reviews, inspections, and impact fees collected.
- Tax revenues increased by \$1.1 million, the largest portions of this increase are attributable to local real estate excise tax (\$584,000) and local sales tax (\$432,000).
- Total general government expenses increased by \$2.8 million, the chief component being for transportation activities, which accounted for \$1.6 million of the increase. This is associated with increased activity in the intersection improvements and sidewalk programs, as well as construction on two major road projects.

## Revenue by Source - Governmental Activities



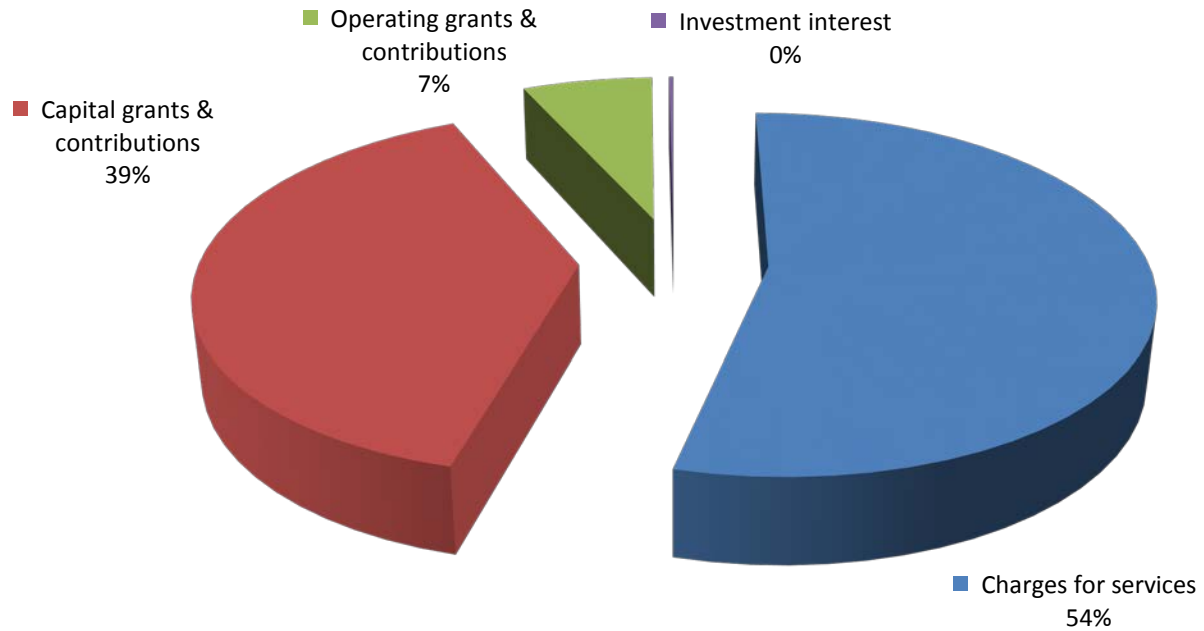
## Expenses and Program Revenues - Governmental Activities



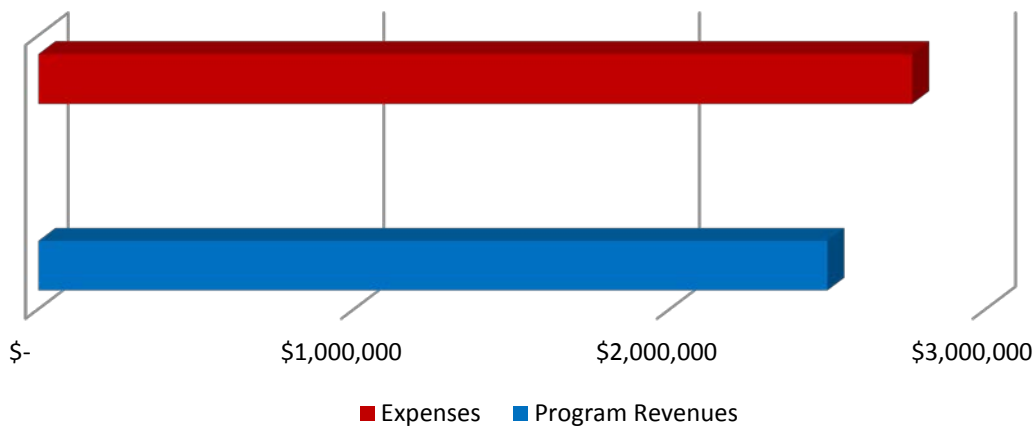
**Business-type activities** increased the City's net position by \$1.9 million, accounting for 14.2% of the total growth in the City's net position.

- Revenues fell by \$1.1 million from 2011, of which \$1.5 million is due to a decrease in stormwater facilities contributed by developers, offset by increases in stormwater service fees and operating grant funds of \$359,000.
- Expenses decreased by \$77,000, in large part due to one-time maintenance costs incurred in 2011.

### Revenue by Source - Business Type Activities



### Expenses and Program Revenues - Business Type Activities



## **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 in 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 \$56.5 million. This was an increase of \$4.3 million or 8.2% over the ending fund balances of the prior year. Of the ending fund balances, \$2.9 million has been set aside for a strategic reserve, and the remaining \$53.6 million is available for ongoing City operations and initiatives.

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 2012 the fund balance of the General fund was \$21.7 million.

The general fund balance decreased \$500,000 from the prior year. Revenues increased 4.6% while expenditures increased 9.1% and transfers-out increased 125.0%. Revenues exceeded expenditures in the general fund by \$5.1 million in 2012. Net transfers out of the general fund to capital projects funds totaled \$5.6 million.

General fund revenues were \$1.4 million higher in 2012 than in 2011. Property taxes, which increased approximately \$425,000, are the primary source of revenue in the General Fund, at 66.8% of the fund's 2012 revenues. An uptick in development activity and use of park facilities of \$1.8 million partially fueled an increase in charges for services.

General Fund expenditures were up \$2.3 million in 2012. Transportation expenditures increased by \$1.4 million in 2012, a majority of which was related to an increase in the road overlay program. Expenditures for security increased by \$372,000, this was due to increases in both the police and fire contracts. General government expenditures increased by \$319,000, largely attributable to a rise in the cost of in salaries and benefits during 2012. The remaining functions had a combined increase in expenditures of \$263,000.

General Fund expenditures are closely monitored with all departments working together to limit their expenditures with minimal impact on currently provided public services. With this in mind, the City's staffing level remained unchanged from 2011 at 67.5 budgeted positions. City staff received a cost of living increase of 1.25% in 2012.

Ending fund balance in the General Capital Improvement Fund increased \$2.7 million. This increase is in line with the City's capital construction policies, as \$3.1 million was transferred into the fund in 2012 to fund current and future capital outlays.

Ending fund balance in the Park Capital Improvement Fund increased \$572,000. Revenues exceeded expenditures \$54,000 and were supplemented with net transfers in of \$518,000. Total park capital expenditures for the year were \$2.4 million which included \$1.7 million for ball field renovations and \$191,000 on construction of a waterfront park. The remaining \$500,000 paid for several smaller restoration and renovation projects.

The Transportation Capital Improvement Fund ending fund balance was \$13.9 million, an increase of \$1.6 million from 2011. Expenditures of \$3.4 million were spent largely on non-motorized improvements to 244<sup>th</sup> Avenue, improvements to Inglewood Hill Road, intersection improvements, and the sidewalk program. Traffic impact fees of \$2.8 million and real estate excise taxes of \$1.7 million made up a majority of the \$5.5 million in fund revenues for 2011.

## 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 difference between the original 2011-2012 general fund budget adopted at the end of 2010 and the 2011-2012 biennial general fund budget at December 31, 2012 amounts to an increase of \$5,499,718.

Revenues increased/ (decreased) in the following categories:

- Beginning Fund Balance \$ 5,464,718

A higher than expected actual ending fund balance in 2010 allowed for an increase to the General Fund budget beginning balance for 2011.

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

- Ending Fund Balance \$ 5,429,718
- Physical Environment 30,000
- Culture and Recreation 5,000

All except \$35,000 of the increased beginning fund balance was budgeted to remain at the end of the biennium as increased ending fund balance. The increase in budgeted expenditures in physical environment was due to a carry forward of unspent 2010 budget for the shoreline master program. The increase in culture and recreation was due to a skate park project budget carry forward from 2010.

## Capital Asset and Debt Administration

### Capital assets

The City of Sammamish's investment in capital assets for its governmental and business-type activities as of December 31, 2012 was \$408.6 million (net of accumulated depreciation). 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 2012 included the following:

- Developer and private contributions of \$4.2 million in land, streets, and surface water facilities.
- A 30-acre portion of Soaring Eagle Park, valued at \$3.2 million was transferred to the City from King County.
- \$3.3 million was invested in transportation infrastructure projects, with a large majority expended on non-motorized improvements to 244<sup>th</sup> Avenue NE.
- The City invested \$251,000 in a new permit tracking system, \$406,000 in improvements to existing general government and stormwater utility assets, and \$123,000 on the purchase of new vehicles and equipment.

## City of Sammamish's capital assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
	(in thousands)					
Land	\$ 250,928	\$ 246,780	\$ 8,912	\$ 8,506	\$ 259,840	\$ 255,286
Buildings/building improvements	15,613	15,614	1,617	1,681	17,230	17,295
Improvements other than buildings	17,635	18,922	20,820	20,280	38,455	39,202
Machinery & equipment	2,098	2,278	8	10	2,106	2,288
Construction in progress	3,456	1,925	-	-	3,456	1,925
Art	91	91	-	-	91	91
Software	209	26	-	-	209	26
Infrastructure	87,174	86,759	-	-	87,174	86,759
<b>Total</b>	<b>\$ 377,202</b>	<b>\$ 372,395</b>	<b>\$ 31,358</b>	<b>\$ 30,477</b>	<b>\$ 408,560</b>	<b>\$ 402,872</b>

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

## Long-term debt

At the end of the current fiscal year, the City had debt outstanding of \$5.2 million. Of this amount, \$4.8 million is a State of Washington Public Works Trust Fund Loan and \$406,183 is revenue debt, which was inherited from King County at incorporation in 1999.

## General obligation and revenue debt

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
	(in thousands)					
General obligation debt	\$ 4,800	\$ 7,233	\$ -	\$ -	\$ 4,800	\$ 7,233
Revenue debt	-	-	406	477	406	477
<b>Total</b>	<b>\$ 4,800</b>	<b>\$ 7,233</b>	<b>\$ 406</b>	<b>\$ 477</b>	<b>\$ 5,206</b>	<b>\$ 7,710</b>

The City's retained its AAA bond rating by Standard & Poors following a thorough review of the City's financial status during 2012.

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 2012 was \$8,405,421,485 and remaining debt capacity is as follows:

General	\$ 205,335,537
Open Space/Park Facilities	<u>210,135,537</u>
<b>Total</b>	<b><u>\$ 415,471,074</u></b>

The total amount of unlimited tax and limited tax general obligation debt the City may issue is \$420,271,074. Additional information on the City of Sammamish's long-term debt can be found in Note 12 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. To minimize the impact of tax increases on its citizens, the City chose not to exercise that option for 2012, but instead banked (reserved) this taxing capacity for future years. 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 shown continued growth since the low point in 2009, and are expected to continue to do so. Transportation impact fee revenues in the 2013-2014 budget period are expected to more than double from 2011-2012 levels, and parks impact fees are expected to increase by 73%. Real estate excise tax revenues are anticipated to rise by 5%.

Sammamish has a history of excellent financial management and prudent fiscal policies. The 2013-2014 biennial budget maintains the City's strong financial position, with a projected ending fund balance of nearly \$45.8 million at the end of 2014. 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 Finance Director, City of Sammamish, 801 228<sup>th</sup> Ave SE, Sammamish, WA 98075.



**BASIC FINANCIAL  
STATEMENTS**



# CITY OF SAMMAMISH

## STATEMENT OF NET POSITION

December 31, 2012

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 37,095,668	\$ 1,983,250	\$ 39,078,918
Cash with outside agencies	84,526	-	84,526
Investments (Note 4)	22,674,005	1,195,731	23,869,736
Receivables:			
Taxes	1,230,548	-	1,230,548
Accounts	729,271	41,987	771,258
Interest	17,601	930	18,531
Contracts (Note 6)	894,403	-	894,403
Due from other governments	412,886	302,492	715,378
Internal balances	116,951	(116,951)	-
Other assets			-
Restricted assets:			
Deposit cash	511,648	-	511,648
Capital assets (Note 7):			
Land, artwork, construction in progress	254,474,465	8,912,489	263,386,954
Depreciable capital assets, net	<u>122,727,744</u>	<u>22,445,123</u>	<u>145,172,867</u>
Total assets	<u>440,969,716</u>	<u>34,765,050</u>	<u>475,734,766</u>
<b>LIABILITIES</b>			
Accounts/claims payable	2,408,894	246,017	2,654,911
Employee wages payable	178,670	-	178,670
Accrued interest payable	12,000	-	12,000
Due to other governments	4,487	-	4,487
Customer deposits	511,648	-	511,648
Noncurrent liabilities (Note 12):			
Due within one year	585,090	80,955	666,045
Due in more than one year	4,732,485	383,714	5,116,199
Total liabilities	<u>8,433,275</u>	<u>710,685</u>	<u>9,143,960</u>
<b>DEFERRED INFLOWS</b>			
Unearned revenues	<u>106,649</u>	-	<u>106,649</u>
Total deferred inflows	<u>106,649</u>	-	<u>106,649</u>
<b>NET POSITION</b>			
Net investment in capital assets	372,402,209	31,357,612	403,759,821
Restricted for:			
Capital projects	801,525	-	801,525
Unrestricted	<u>59,226,058</u>	<u>2,696,753</u>	<u>61,922,811</u>
Total net position	<u>\$ 432,429,792</u>	<u>\$ 34,054,365</u>	<u>\$ 466,484,157</u>

See accompanying notes to the financial statements

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2012

Function/Program	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 5,500,271	\$ 23,623	\$ -	\$ 35,266	\$ (5,441,382)	\$ -	\$ (5,441,382)
Security	10,760,835	249,603	59,307	-	(10,451,925)	-	(10,451,925)
Physical environment	911,803	166,031	97,085	-	(648,687)	-	(648,687)
Economic environment	2,376,696	2,842,651	-	-	465,955	-	465,955
Transportation	10,270,526	3,034,927	166,341	6,810,828	(258,430)	-	(258,430)
Mental/physical health	11,717	-	-	-	(11,717)	-	(11,717)
Culture and recreation	4,597,333	956,631	59,853	-	(3,580,849)	-	(3,580,849)
Interest on long-term debt	118,383	-	-	-	(118,383)	-	(118,383)
Total governmental activities	34,547,564	7,273,466	382,586	6,846,094	(20,045,418)	-	(20,045,418)
<b>Business-type activities:</b>							
Surface water management	2,767,246	2,498,951	302,492	1,813,728	-	1,847,925	1,847,925
Total business-type activities	2,767,246	2,498,951	302,492	1,813,728	-	1,847,925	1,847,925
Total government	\$ 37,314,810	\$ 9,772,417	\$ 685,078	\$ 8,659,822	(20,045,418)	1,847,925	(18,197,493)
<b>General revenues</b>							
<b>Taxes</b>							
Property					21,516,331	-	21,516,331
Sales					4,011,247	-	4,011,247
Real estate excise					3,307,522	-	3,307,522
Other					1,728,777	-	1,728,777
Unrestricted investment interest					192,958	10,093	203,051
Gain on sale of capital assets					70,101	-	70,101
Miscellaneous					473,290	58	473,348
Transfers, internal activities					-	-	-
Total general revenues and transfers					31,300,226	10,151	31,310,377
Change in net position					11,254,808	1,858,076	13,112,884
Net position - beginning					421,174,984	32,196,289	453,371,273
Net position - ending					432,429,792	34,054,365	466,484,157

See accompanying notes to the financial statements.

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2012

	Major Funds	
	General	General CIP
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,037,080	\$ 5,460,835
Cash with outside agencies	84,526	-
Investments	8,771,643	3,292,418
Receivables:		
Taxes	932,984	-
Accounts	260,529	-
Interest	6,791	2,560
Contracts	894,403	-
Due from other governments	24,558	-
Restricted assets:		
Deposit cash	511,648	-
Total assets	\$ 25,524,162	\$ 8,755,813
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		
Liabilities:		
Accounts/claims payable	\$ 1,825,135	\$ -
Employee wages payable	178,670	-
Due to other governments	4,487	-
Payable from restricted assets:		
Customer deposits	511,648	-
Total liabilities	2,519,940	-
Deferred inflows:		
Deferred revenues	1,305,170	1,221
Total deferred inflows	1,305,170	1,221
Fund balances:		
Nonspendable	894,403	-
Restricted	83,750	203,372
Committed	-	-
Assigned	3,358,155	8,551,220
Unassigned	17,362,744	-
Total fund balances	21,699,052	8,754,592
Total liabilities, deferred inflows and fund balances	\$ 25,524,162	\$ 8,755,813

See accompanying notes to the financial statements.

Major Funds		Non-Major Fund	Total Governmental Funds
Parks CIP	Transportation CIP	G.O. Debt Service Fund	
\$ 7,629,708	\$ 8,732,810	\$ -	\$ 35,860,433
-	-	-	84,526
4,600,063	5,265,140	-	21,929,264
148,782	148,782	-	1,230,548
93,810	365,048	-	719,387
3,577	4,094	-	17,022
-	-	-	894,403
4,618	383,710	-	412,886
-	-	-	511,648
<u>\$ 12,480,558</u>	<u>\$ 14,899,584</u>	<u>\$ -</u>	<u>\$ 61,660,117</u>
\$ 209,446	\$ 329,263	\$ -	\$ 2,363,844
-	-	-	178,670
-	-	-	4,487
-	-	-	511,648
<u>209,446</u>	<u>329,263</u>	<u>-</u>	<u>3,058,649</u>
82,487	693,204	-	2,082,082
<u>82,487</u>	<u>693,204</u>	<u>-</u>	<u>2,082,082</u>
-	-	-	894,403
514,403	-	-	801,525
-	-	-	-
11,674,222	13,877,117	-	37,460,714
-	-	-	17,362,744
<u>12,188,625</u>	<u>13,877,117</u>	<u>-</u>	<u>56,519,386</u>
<u>\$ 12,480,558</u>	<u>\$ 14,899,584</u>	<u>\$ -</u>	<u>\$ 61,660,117</u>



RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
For the Year Ended December 31, 2012

Total governmental fund balances		\$ 56,519,386
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.		376,559,179
These assets consist of:		
Land	250,927,881	
Construction in progress	3,455,542	
Art	91,041	
Buildings	20,269,058	
Improvements other than buildings	29,592,367	
Machinery and equipment	4,259,353	
Depreciable infrastructure	144,716,024	
Software	469,096	
Less: accumulated depreciation	(77,221,185)	
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.		(5,309,537)
These long-term liabilities consist of:		
Bonds payable	-	
Unamortized discount of bonds	-	
Other long-term debt payable	(4,800,000)	
Accrued debt interest payable	(2,116)	
Compensated absences	(507,421)	
Unearned revenues are not available to pay for current period expenditures.		1,975,433
Due from Business type activities - charges by internal service funds were less than actual expenses.		116,951
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>2,568,380</u>
Net position of governmental activities		<u><u>\$ 432,429,792</u></u>

See accompanying notes to the financial statements.



STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2012

	Major Funds	
	General Fund	General CIP
<b>REVENUES</b>		
Taxes	\$ 25,417,456	\$ -
Licenses and Permits	1,788,519	-
Intergovernmental	2,280,397	-
Charges for Services	1,947,985	-
Fines and Forfeitures	109,836	-
Investment Income	71,585	26,607
Contributions	144,293	-
Miscellaneous	437,970	-
Total Revenues	<u>32,198,041</u>	<u>26,607</u>
<b>EXPENDITURES</b>		
Current		
General Government	4,383,967	-
Security of Persons and Property	10,452,442	-
Physical Environment	914,357	-
Transportation	5,720,593	-
Economic Environment	2,357,657	-
Mental/Physical Health	11,717	-
Culture and Recreation	3,014,476	-
Capital Outlay	269,688	453,811
Debt Service		
Principal	-	-
Interest and Debt Issue Costs	-	-
Total Expenditures	<u>27,124,897</u>	<u>453,811</u>
Excess (deficiency) of revenues over (under) expenditures	5,073,144	(427,204)
<b>OTHER FINANCING SOURCES (USES)</b>		
Insurance Recovery	10,375	-
Disposition of Capital Assets	-	-
Transfers In	-	3,119,948
Transfers Out	(5,619,948)	-
Total other financing sources and uses	<u>(5,609,573)</u>	<u>3,119,948</u>
Net change in fund balances	(536,429)	2,692,744
Fund balances - beginning, as restated	22,235,481	6,061,848
Fund balances - ending	<u>\$ 21,699,052</u>	<u>\$ 8,754,592</u>

See accompanying notes to the financial statements.

Major Funds		Non-Major Fund	Total Governmental Funds
Parks CIP Fund	Transportation CIP Fund	G.O. Debt Service Fund	
\$ 1,767,818	\$ 1,653,761	\$ -	\$ 28,839,035
-	-	-	1,788,519
-	768,218	-	3,048,615
604,026	2,889,701	-	5,441,712
-	-	-	109,836
44,719	49,241	-	192,152
-	-	-	144,293
1,424	89,976	-	529,370
<u>2,417,987</u>	<u>5,450,897</u>	<u>-</u>	<u>40,093,532</u>
-	-	-	4,383,967
-	-	-	10,452,442
-	-	-	914,357
-	-	-	5,720,593
-	-	-	2,357,657
-	-	-	11,717
-	-	-	3,014,476
2,364,085	3,398,488	-	6,486,072
-	-	2,433,333	2,433,333
-	-	109,128	109,128
<u>2,364,085</u>	<u>3,398,488</u>	<u>2,542,461</u>	<u>35,883,742</u>
53,902	2,052,409	(2,542,461)	4,209,790
-	-	-	10,375
-	57,391	-	57,391
2,500,000	-	2,542,461	8,162,409
(1,982,461)	(560,000)	-	(8,162,409)
<u>517,539</u>	<u>(502,609)</u>	<u>2,542,461</u>	<u>67,766</u>
571,441	1,549,800	-	4,277,556
11,617,186	12,327,317	-	52,241,832
<u>\$ 12,188,627</u>	<u>\$ 13,877,117</u>	<u>\$ -</u>	<u>\$ 56,519,388</u>

RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds \$ 4,277,556

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. (967,303)

This amount is comprised of:

Capital outlays	6,486,072
Current year depreciation	(7,453,375)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 5,581,799

This amount is comprised of:

Deferred inflows of tax revenues	(3,935)
Deferred inflows of grants and contracts revenue	(162,453)
Developer and private contributions	5,752,972
Interest Income	(4,785)
Cost of Impairment	-

Repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net position. 2,433,333

This amount is comprised of:

Long-term debt repayments	2,433,333
---------------------------	-----------

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. (42,703)

This amount is comprised of:

Accrued interest expense	(655)
Amortization of debt issue costs	(8,600)
Accrued compensated absences expense	(33,448)

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 net revenue (expense) of certain internal service funds is reported with governmental activities. (27,874)

Change in net position of governmental activities. \$ 11,254,808

See accompanying notes to the financial statements.

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 December 31, 2012

	Business-type Activities Enterprise Fund	Governmental Activities
	Surface Water Fund	Internal Service Funds
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,983,250	\$ 1,235,235
Investments	1,195,731	744,741
Receivables		
Accounts	41,987	-
Due from other governments	302,492	-
Interest	930	579
Total current assets	<u>3,524,390</u>	<u>1,980,555</u>
Capital assets:		
Land	8,912,489	-
Buildings	1,744,111	-
Improvements other than buildings	28,825,768	-
Equipment	11,614	2,253,250
Construction in progress	-	-
Software	10,469	54,644
Less accumulated depreciation and amortization	<u>(8,146,839)</u>	<u>(1,664,865)</u>
Total capital assets (net of depreciation and amortization)	<u>31,357,612</u>	<u>643,029</u>
Total assets	<u>\$ 34,882,002</u>	<u>\$ 2,623,584</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 246,017	\$ 45,050
Compensated absences	5,849	1,015
Contract payable	75,106	-
Total current liabilities	<u>326,972</u>	<u>46,065</u>
Noncurrent Liabilities:		
Compensated absences	52,637	9,139
Contracts payable	331,077	-
Total noncurrent liabilities	<u>383,714</u>	<u>9,139</u>
Total liabilities	<u>710,686</u>	<u>55,204</u>
<b>NET POSITION</b>		
Net investment in capital assets	31,357,612	643,029
Unrestricted	2,813,704	1,925,351
Total net position	<u>\$ 34,171,316</u>	<u>\$ 2,568,380</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund.	<u>(116,951)</u>	
Net position of business-type activities	<u>\$ 34,054,365</u>	

See accompanying notes to the financial statements.

**CITY OF SAMMAMISH**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2012

	Business-type Activities Enterprise Fund	Governmental Activities
	Surface Water Fund	Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for services	\$ 2,498,951	\$ 813,719
Charges for replacement	-	131,333
Charges for insurance	-	208,000
Total operating revenues	<u>2,498,951</u>	<u>1,153,052</u>
<b>OPERATING EXPENSES</b>		
Administrative and general	927,237	302,949
Supplies	75,487	51,913
Maintenance and operations	834,443	733,594
Taxes	47,007	-
Depreciation	834,708	175,943
Total operating expenses	<u>2,718,882</u>	<u>1,264,399</u>
Operating loss	<u>(219,931)</u>	<u>(111,347)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment income	10,093	5,593
Grants	302,492	35,266
Sale of capital assets	-	12,710
Interest expense	(23,673)	-
Miscellaneous	58	5,710
Total non-operating revenues(expenses)	<u>288,970</u>	<u>59,279</u>
Income (loss) before contributions and transfers	69,039	(52,068)
Capital contributions	1,813,728	18,690
Change in net position	1,882,767	(33,378)
Total net position - beginning	<u>32,288,549</u>	<u>2,601,758</u>
Total net position - ending	34,171,316	<u>\$ 2,568,380</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund.	<u>(24,691)</u>	
Change in net position of business-type activities	<u>\$ 1,858,076</u>	

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2012

	Business-type Activities Enterprise Fund	Governmental Activities
	Surface Water Fund	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 2,468,340	\$ 1,021,719
Cash Received for Replacement	-	131,333
Cash Payments to Suppliers	(75,466)	(65,077)
Cash Payments to Employees	(827,144)	(192,401)
Cash Payments to Other Governments	(191,638)	(81,941)
Cash Payments for Other Operating Expenses	(645,061)	(760,301)
Net Cash Provided (Used) By Operating Activities	729,031	53,332
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers In	-	-
Grants	-	-
Principal Paid on Contracts	(71,310)	-
Interest Paid on Contracts	(23,673)	-
Transfers Out to Other Funds	-	-
Net Cash Provided By Noncapital Financing Activities	(94,983)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and Construction of Capital Assets	(23,916)	(112,308)
Proceeds from Sale/Transfer of Capital Assets	-	12,710
Proceeds from Sale of Other Assets	58	-
Capital Contributions	172,219	-
Net Cash Used for Capital and Related Financing Activities	148,361	(99,598)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Purchases	(1,195,707)	(744,742)
Investment Sales/Maturities	933,642	790,364
Interest on Investments	11,064	6,623
Net Cash Provided by Investing Activities	(251,001)	52,246
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	531,408	5,980
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	1,451,842	1,229,256
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 1,983,250	\$ 1,235,236
 Cash at the End of the Year Consists of:		
Operating Fund Cash	1,983,250	1,235,235
Total Cash at End of Year	\$ 1,983,250	\$ 1,235,235

See accompanying notes to the financial statements.





**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

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**CITY OF SAMMAMISH  
NOTES TO THE  
FINANCIAL STATEMENTS  
FOR YEAR ENDED DECEMBER 31, 2012**

**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 Comprehensive Annual Financial Report (CAFR) includes all funds, agencies and boards controlled by or dependent on the City. Control by or dependence on the City was determined on the basis of 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 of the activities of the primary government and its component units. 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. Program revenues include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 **General Government, Parks and Transportation Capital Improvement Program (CIP) Funds** 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 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.

As a general rule the effect of interfund activity has been 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. Likewise, 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.

## **Assets, Liabilities 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 (2a7- like). In accordance with GASB 31, investments in external 2a7-like pools, 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.

#### **Contracts Receivable**

The contract receivable is the result of an Asset Transfer Agreement between King County Fire Protection District No. 10 and the city, entered into when the city withdrew from District 10 and joined Eastside Fire and Rescue. The amount receivable is being collected over a twenty year period beginning in 2003. See Note 6.

### **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.

## **Inventories and Prepaid Items**

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time of purchase. Prepaid items consist of annual maintenance contracts that span years and are recorded as expenditures at the time of purchase. Year-end balances of inventory and 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.

## **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 estimated fair market 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

## **Compensated Absences**

It is the City's policy to allow employees to accumulate earned but unused vacation, up to 80 hours of compensatory time in lieu of overtime, and up to 720 hours of sick leave benefits. A maximum of 240 hours of accumulated vacation 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 is 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, as a result of employee resignations or retirements.

## **Long-Term Debt**

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.

### **Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, not susceptible to accrual on the modified accrual basis. When the receivable amounts are collected in future periods, the liability account is reduced and corresponding revenue is recorded. Deferred revenues include uncollected property taxes, grants, and accounts receivable invoices not paid within 60 days of year end. Unearned revenues are those revenues received in advance of their due date. Unearned revenues consist of lease payments received in December for the following year.

### **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: nonspendable, 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 13 provides a disaggregation of governmental fund balances between nonspendable, 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.

### **New Accounting Standards**

For the year ended December 31, 2012, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position.

The City also chose to adopt GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, earlier than required. This statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.

Neither of these new accounting standards have had a material impact on the City’s financial statements.

## **NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Fund Deficits and Overexpenditures**

During 2012, 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:  
BUDGET TO GAAP RECONCILIATION**

	<b>General Fund</b>
<b>REVENUES:</b>	
Budget and Actual Statement 2011-2012 Biennium	\$ 62,995,819
Less: 2011 Revenues	30,797,778
Statement of Revenues and Expenditures	\$ 32,198,041
<b>EXPENDITURES:</b>	
Budget and Actual Statement 2011-2012 Biennium	\$ 51,983,813
Less: 2011 Expenditures	24,858,916
Statement of Revenues and Expenditures	\$ 27,124,897
<b>OTHER FINANCING SOURCES (USES):</b>	
Budget and Actual Statement 2011-2012 Biennium	\$ (8,094,970)
Less: 2011 Other Financing Sources (Uses)	(2,485,397)
Statement of Revenues and Expenditures	\$ (5,609,573)

**NOTE 4:  
DEPOSITS AND INVESTMENTS**

**Deposits**

As of December 31, 2012 the carrying amount of the City's cash demand deposits with the City's Official Depository, Bank of America was \$149,131 and the bank balance was \$416,456. The outstanding checks totaled \$267,325. Petty cash funds totaled \$500. \$84,526 retained from contractors pending acceptance of City construction projects was held in escrow. The FDIC insures the first \$250,000 of the City's deposits. The Washington Public Deposit Protection Commission (WPDPC) insures the deposit balances over \$250,000. The WPDPC is a multiple financial institution collateral pool. State statute permits additional amounts to be assessed on a pro rata basis to members of the pool in the event the pool's collateral should be insufficient to cover a loss.

**Deposit Custodial Credit Risk.** Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits. The City does not have a formal policy for deposit custodial credit risk beyond the requirements of State statute. State law restricts deposit of funds to financial institutions physically located in Washington unless otherwise expressly permitted by statute and authorized by the WPDPC.

**Investments**

As of December 31, 2012, the City had the following investments and maturities (in years):

Investment Type	Fair Value	Less than 1	1 to 3
Federal Home Loan Bank	\$ 4,012,393	\$ 1,011,655	\$ 3,000,738
Federal Home Loan Mortgage Corporation	9,224,986	3,018,259	6,206,727
Federal Farm Credit Bank	8,007,910	2,002,438	6,005,472
Municipal Bonds	2,624,444	2,045,895	578,549
Local Government Investment Pool	39,440,935	39,440,935	-
Total	\$ 63,310,668	\$ 47,519,182	\$ 15,791,486



The City participates in the Washington State Treasurer’s Local Government Investment Pool (LGIP), an unrated 2a7-like pool, as defined by GASB 31. The fair value of the City’s pool investments is determined by the pool’s share price. The City has no regulatory oversight responsibility for the LGIP which is governed by the Washington State Finance Committee and is administered by the State Treasurer. The Office of the State Auditor, an independently elected public official, audits the LGIP annually.

**Interest Rate Risk.** As a means of minimizing risk of loss from interest rate fluctuations the City’s official policy is to generally limit its investment maturities to one year. The City’s informal policy is to target weighted average maturity of its investment portfolio to not exceed 24 months. The LGIP investment policy limits the purchase of investments in securities so the weighted average maturity of the portfolio doesn’t exceed 90 days.

**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. City investments must have one of the three highest rating grades as defined by a nationally recognized rating agency. The City has no security lending arrangements or reverse repurchase agreements.

**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. The City’s informal investment management policy limits its investments in any one issuer to a maximum of 20%. As of 12/31/2012 there was no concentration of credit risk exceeding the policy guidelines.

The following table displays the City’s credit ratings and investments in any one issuer (other than the LGIP) that represents 5% or more of the total portfolio.

<u>Issuer</u>	<u>Credit Rating</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Bank	AAA	6.34%
Federal Home Loan Mortgage Corporation	AAA	14.56%
Federal Farm Credit Bank	AAA	12.65%

## **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 on a daily basis.

### **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.

During the year, property tax revenues are recognized when cash is received. At year-end, uncollected property taxes are recognized as receivables and revenue. Amounts collected more than 60 days after year-end are reported as unavailable revenues in governmental funds. Under Washington State law a city may levy property taxes up to \$3.60 per \$1,000 of assessed valuation.

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 2012 the City levied \$2.56 per \$1,000 of assessed value for general governmental services, and had no voter approved excess levy.

**NOTE 6:  
CONTRACT RECEIVABLE**

**King County Fire Protection District 10:** In 2001 the City entered into an Asset Transfer Agreement with King County Fire Protection District 10 when the City withdrew from District 10 and joined Eastside Fire and Rescue. The transfer agreement requires District 10 to pay \$1,788,803 to Eastside Fire and Rescue on behalf of the City of Sammamish over a twenty year period, with no interest, beginning in 2003, in lieu of paying this entire amount to the City upon the City's withdrawal from District 10.

	<u>Contract Amount</u>	<u>Collected to Date</u>	<u>Balance as of 12/31/2012</u>
District 10	\$ 1,788,803	\$ 894,400	\$ 894,403
Annual contract payments receivable to maturity:			
	<u>Year</u>	<u>Principal</u>	
	2013	\$ 89,440	
	2014	89,440	
	2015	89,440	
	2016	89,440	
	2017	89,440	
	2018-2022	<u>447,203</u>	
	Total	<u>\$ 894,403</u>	

**NOTE 7:  
CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012 was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 246,780,465	\$ 4,147,416	\$ -	\$ 250,927,881
Construction in Progress	1,925,147	4,776,502	(3,246,106)	3,455,542
Art	<u>91,041</u>	<u>-</u>	<u>-</u>	<u>91,041</u>
Total capital assets, not being depreciated	<u>248,796,653</u>	<u>8,923,918</u>	<u>(3,246,106)</u>	<u>254,474,465</u>

Capital assets, being depreciated or amortized:				
Buildings & Building Improvements	19,533,466	735,592	-	20,269,058
Improvements other than Buildings	28,936,562	655,806	-	29,592,368
Machinery & Equipment	6,547,193	233,868	(268,458)	6,512,602
Infrastructure	139,815,979	4,900,046	-	144,716,025
Software	272,641	251,100	-	523,741
	<u>195,105,841</u>	<u>6,776,411</u>	<u>(268,458)</u>	<u>201,613,794</u>
Total capital assets, being depreciated or amortized				
Less accumulated depreciation and amortization for:				
Buildings & Building Improvements	3,919,159	737,146	-	4,656,305
Improvements other than Buildings	10,014,076	1,943,601	-	11,957,677
Machinery & Equipment	4,269,045	395,626	(249,768)	4,414,902
Infrastructure	53,057,252	4,484,892	-	57,542,144
Software	246,468	68,553	-	315,021
	<u>71,506,000</u>	<u>7,629,818</u>	<u>(249,768)</u>	<u>78,886,050</u>
Total accumulated depreciation and amortization				
Total capital assets, being depreciated or amortized, net	<u>123,599,840</u>	<u>(853,407)</u>	<u>(18,690)</u>	<u>122,727,744</u>
Governmental Activities Capital Assets, net	<u>\$ 372,396,494</u>	<u>\$ 8,070,511</u>	<u>\$ (3,264,796)</u>	<u>\$ 377,202,209</u>

**Business-Type Activities:**

Capital Assets, not being depreciated:				
Land	\$ 8,506,221	\$ 406,268	\$ -	\$ 8,912,489
Construction in Progress	-	-	-	-
	<u>8,506,221</u>	<u>406,268</u>	<u>-</u>	<u>8,912,489</u>
Total capital assets, not being depreciated				
Capital Assets, being depreciated or amortized:				
Buildings & Building Improvements	1,744,111	-	-	1,744,111
Improvements other than Buildings	27,516,318	1,309,449	-	28,825,768
Machinery & Equipment	11,614	-	-	11,614
Software	10,469	-	-	10,469
	<u>29,282,512</u>	<u>1,309,449</u>	<u>-</u>	<u>30,591,962</u>
Total capital assets, being depreciated or amortized				
Less Accumulated Depreciation or amortization for:				
Buildings & Building Improvements	63,422	63,422	-	126,844
Improvements other than Buildings	7,236,327	769,627	-	8,005,953
Machinery & Equipment	1,913	1,659	-	3,572
Software	10,469	-	-	10,469
	<u>7,312,131</u>	<u>834,708</u>	<u>-</u>	<u>8,146,839</u>
Total accumulated depreciation and amortization				
Total capital assets, being depreciated or amortized, net	<u>21,970,381</u>	<u>474,742</u>	<u>-</u>	<u>22,445,123</u>
Business-Type Activities Capital Assets, net	<u>\$ 30,476,602</u>	<u>\$ 881,010</u>	<u>\$ -</u>	<u>\$ 31,357,612</u>

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

General Government	\$ 562,739
Security	306,591
Physical Environment	1,964
Transportation, including depreciation of General Government Infrastructure assets	4,556,283
Culture and Recreation	2,026,298

Capital assets held by the City's internal service funds are charged to the various functions based on their usage of those assets	<u>175,943</u>
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Total depreciation and amortization expense - Governmental Activities	<u><u>\$ 7,629,818</u></u>
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**Business-Type Activities:**

Surface Water Management	<u>\$ 834,708</u>
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Total depreciation and amortization expense - Business-Type Activities	<u><u>\$ 834,708</u></u>
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**NOTE 8:  
OPERATING LEASES**

**Youth Eastside Services**

Effective March 1, 2010, the City entered into a ten-year lease with Youth Eastside Services (YES), a non-profit corporation providing services to citizens of Sammamish. YES leases the main floor of a two-story building (Sween House), an attached garage, and adjacent parking area. The downstairs of the building is used by the city. The building and adjacent parking are reported on the city's Statement of Net Position as part of depreciable assets.

In consideration of the value of YES's contribution to the human service needs of residents of the city and the maintenance and operation of the premises, YES pays no rent during the term of the lease agreement. The City is responsible for maintaining the structural and exterior components of the building; mechanical, electrical and plumbing systems; and the parking area, sidewalks, paths and grounds around the premises. YES is responsible for paying utilities; taxes; and for routine interior maintenance and repair.

**The Boys and Girls Club of King County**

Effective November 2, 2010, the City entered into a ten-year lease with The Boys and Girls Club of King County (the Club), a non-profit corporation providing services to citizens of Sammamish. The Club leases a former library and the adjacent parking area that was purchased by the city from the King County Library System in 2010. The building and adjacent parking are reported on the city's Statement of Net Position as part of depreciable assets. The Club remodeled and will operate the premises as a learning and recreation center for teens.

In consideration of the value of the Club's contribution to the recreation needs of the residents of the City, the tenant improvements to the premises, and the maintenance and operation of the premises, the Club shall pay to the city an annual rent of \$1.00. The City is responsible for maintaining the structural and exterior components of the building such as the roof and exterior cladding; major repairs to the mechanical, electrical and plumbing systems; and major repairs to the parking area, sidewalks, paths and grounds around the premises. The Club is responsible for routine maintenance and repair of the interior and exterior premises including landscape and janitorial services; utilities; and taxes.

## King County Sheriff's Office

On April 26, 2011, the City entered into a lease with the King County Sheriff's Office (KCSO) for office space located in City Hall. The lease term is ten-years, with an effective date commencing upon substantial completion of the KCSO's tenant improvements, subsequently determined to be March 1, 2012.

Annual lease payments to the City are \$104,000, to be adjusted annually based on the cumulative increase in the Consumer Price Index for All Urban Customers- All Items- Seattle- Tacoma- Bremerton published by the United States Department of Labor, Bureau of Statistics for the preceding twelve consecutive month period. The KCSO is also responsible for their proportionate share of electrical, janitorial, and other shared overhead costs. The city is responsible for maintaining the structural and exterior components of the building; mechanical, electrical and plumbing systems; and the parking area, sidewalks, paths and grounds around the premises.

## Sammamish Heritage Society

On December 1, 2011, the City entered into a 15-year lease with the Sammamish Heritage Society (the Society), a Washington nonprofit corporation. The Society will move a historic structure (the Reard-Freed House) from its current location, to private property, for which the City obtained an easement. The Society will also undertake a complete renovation of the House. Both the move and renovation are at the sole cost of the Society.

In consideration of the value of the Society's contribution to the recreation needs of the City, the tenant improvements to the premises, and the maintenance and operation of the premises, the Society shall pay to the city an annual rent of \$1.00. The Society is responsible for maintaining the structural and exterior components of the building such as the roof and exterior cladding; major repairs to the mechanical, electrical and plumbing systems; and major repairs to the parking area, sidewalks, paths and grounds around the premises. The Society is also responsible for routine maintenance and repair of the interior and exterior premises including landscape and janitorial services; utilities; and taxes.

## Schedule of Leased Property

<u>Asset</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Sween House	\$ 268,925	\$ 29,337	\$ 239,588
Library	1,682,086	183,501	1,498,585
KCSO Office Space	580,355	21,104	559,251
Total Leased Property	<u>\$ 2,531,366</u>	<u>\$ 233,942</u>	<u>\$ 2,297,424</u>

2012 Depreciation Expense \$ 92,050

## **NOTE 9: 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 retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov). The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

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

**Plan Description.** The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in the Judicial Retirement System); employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multi-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members, unless they exercise an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is two percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is two percent of the AFC for each year of service reduced by two percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment

based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is two percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

PERS Plan 2 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 reduced benefit. The benefit is reduced by an early retirement factor (EFR) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3 percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is one percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

PERS Plan 3 defined contributions retirement benefits are solely dependent upon contributions and the results of investment activities.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member’s retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member’s covered employment, if found eligible by the Department of Labor and Industries.

There are 2,278 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and beneficiaries receiving benefits – 79,363  
 Terminated plan members entitled to but not yet receiving benefits – 29,925  
 Active plan members vested – 105,578  
 Active plan members nonvested – 46,839  
 Total – 261,705

**Funding Policy.** Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee’s age. As a result of the implementation of the Judicial Benefit Multiplier Program (JBM) in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2012 are as follows:

Members not participating in JBM:

	PERS PLAN 1	PERS PLAN 2	PERS PLAN 3
Employer*:	7.21%**	7.21%**	7.21%**
Employee:	6.00%****	4.64%****	*****

\* The employer rates include the employer administrative fee currently set at 0.16%.

\*\* The employer rate for state elected officials is 10.74% for Plan 1 and 7.21% for Plan 2 and Plan 3.

\*\*\* Plan 3 defined benefit portion only.

\*\*\*\* The employee rate for state elected officials is 7.50% for Plan 1 and 4.64% for Plan 2.

\*\*\*\*\* Variable from 5.0% minimum to 15.0% maximum based on rate selected by PERS 3 member.



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

	<u>PERS PLAN 1</u>	<u>PERS PLAN 2</u>	<u>PERS PLAN 3</u>
2012	\$ 0	\$ 222,788	\$ 94,608
2011	\$ 0	\$ 291,588	\$ 66,261
2010	\$ 11,519	\$ 239,707	\$ 71,468

**401(a) Plan**

Permanent City employees participate in a 401(a) Plan that is a replacement for the Social Security System. Permanent employees working 1040 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 1.65% to Medicare. The City contributes 6.2% for permanent employees. Employee contributions during 2012 were \$358,017. City contributions were \$357,221. The Medicare portion of social security contributed by employees was \$94,881.

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. Coverage is provided at 67% of the employee's monthly salary. It is capped at a maximum payout of \$6,000 per month.

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

The City offers its employees a voluntary 457 deferred compensation plan. ICMA Retirement Corporation administers this plan. The monies deposited to this plan are not considered resources available to the City. Employees may contribute up to \$17,000 of wages to this plan per year.

**NOTE 10:  
CONSTRUCTION COMMITMENTS**

The City has active construction projects as of December 31, 2012. The projects include widening and construction of existing streets, sidewalks, and bridges; and building improvements.

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Street and Bridge Construction	\$ 568,416	\$ 139,297
Building Improvements	851,790	-
Total	<u>\$ 1,420,206</u>	<u>\$ 139,297</u>

**NOTE 11:  
INTERFUND TRANSFERS**

Fund	Transfers In	Transfers Out
General Fund	-	5,619,948
G.O. Debt Service Fund	2,542,461	-
General CIP Fund	3,119,948	-
Parks CIP Fund	2,500,000	1,982,461
Transportation CIP Fund	-	560,000
Total Transfers	<u>\$ 8,162,409</u>	<u>\$ 8,162,409</u>

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, to move receipts for debt service from the funds collecting the receipts to a debt service fund as payments become due, to use unrestricted revenues in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations, and to transfer funds to the Fleet Maintenance Internal Service Fund for future replacement of city vehicles.

**NOTE 12:  
LONG-TERM OBLIGATIONS**

**General Obligation Bonds**

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Councilmanic bonds are general obligation bonds issued by the City without voter approval which must be paid from City revenues. General obligation bonds approved by the voters are paid through an annual property tax levy authorized for this purpose. Debt service is paid from the debt service fund. The city's general obligation bonds outstanding are as follows:

**2002 Limited Tax General Obligation (LTGO) Bonds:** In 2002 the City issued \$4,060,000 in councilmanic bonds. The bonds were sold with bond insurance, raising the rating to AAA from the underlying Standard & Poors rating of AA-. In 2008, Standard & Poors revised their rating to AAA. The proceeds were used for the purchase of land and subsequent development of the property referred to as Sammamish Commons. In December 2012, the City called all outstanding bonds.

	Issue Date	Maturity Date	Interest Rate	Amount Issued	Redemptions to Date	Outstanding 12/31/2012
2002 LTGO Bonds	07/01/02	12/01/17	3.00% - 4.625%	\$ 4,060,000	\$ 4,060,000	\$ -
Less: Unamortized Bond Discount						-
Total General Obligation Bonds, Net of Unamortized Discount						<u>\$ -</u>

**Public Works Trust Fund Loan**

**2001 GO Public Works Trust Fund Loan:** In May of 2001, the City transacted a General Obligation Public Works Trust Fund Loan for transportation infrastructure improvements in the amount of \$10,000,000 at a rate of 0.5%. This loan has a term of 20 years.

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Issued</u>	<u>Redemptions to Date</u>	<u>Outstanding 12/31/2012</u>
2001 PWTFL	05/11/01	05/18/21	0.5%	\$ 10,000,000	\$ 5,200,000	\$ 4,800,000
Total Public Works Trust Fund Loans				<u>\$ 10,000,000</u>	<u>\$ 5,200,000</u>	<u>\$ 4,800,000</u>

Annual debt service requirements to maturity for the loans are as follows:

<u>Governmental Activities</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 533,333	\$ 24,000
2014	533,333	21,333
2015	533,333	18,667
2016	533,333	16,000
2017	533,333	13,333
2017-2021	2,666,667	40,000
	<u>\$ 5,333,333</u>	<u>\$ 133,333</u>

**Surface Water LTGO Revenue Bonds**

Prior to incorporation in 1999, the area which is currently the City of Sammamish was part of King County. In 1996 and 1999 King County issued Limited General Obligation (LTGO) bonds payable from revenues generated by King County Surface Water fees to fund capital projects. As part of the City’s incorporation process a share of each bond issue, based on assessed valuation of the City, became an obligation of the City although none of the projects financed by the bonds were built within the City limits. Therefore, this debt is not used in the calculation of Net Investment in Capital Assets on the Statement of Net Position. In 2009, the city annexed property from King County, increasing the city’s share of the 1996 bond issue by \$5,911 and the 1999 bond issue by \$3,530. The City recognizes this debt obligation on its financial statements (per RCW 36.89.120) as a contract payable based on an interlocal contract with King County.

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Issued</u>	<u>Redemptions to Date</u>	<u>Outstanding 12/31/2012</u>
1996 LTGO Bond	02/10/96	01/01/16	5.0% - 5.25%	\$ 733,552	\$ 498,282	\$ 235,270
1999 LTGO Bond	05/01/99	12/01/19	4.0% - 5.25%	368,338	197,425	170,913
Total LTGO Bonds				<u>\$ 1,101,890</u>	<u>\$ 695,707</u>	<u>\$ 406,183</u>

Annual debt service requirements to maturity for the loans are as follows:

<u>Governmental Activities</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 75,106	\$ 19,878
2014	79,144	15,840
2015	83,365	11,619
2016	87,816	7,168
2017	25,545	4,244
2017-2019	80,752	8,615
	<u>\$ 431,728</u>	<u>\$ 67,364</u>

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable					
General obligation bonds	\$ 1,900,000	\$ -	\$ (1,900,000)	\$ -	\$ -
Less: issuance discount	(8,860)	-	8,860	-	-
Total bonds payable	1,891,140	-	(1,891,140)	-	-
PWTFL	5,333,333	-	(533,333)	4,800,000	533,333
Compensated absences	483,560	(528,667)	562,682	517,575	51,758
Total Governmental Activities	<u>\$ 7,708,033</u>	<u>\$ (528,667)</u>	<u>\$ (1,861,791)</u>	<u>\$ 5,317,575</u>	<u>\$ 585,091</u>
<b>Business-Type Activities:</b>					
Surface Water Revenue Bonds	\$ 477,493	\$ -	\$ (71,310)	\$ 406,183	\$ 75,106
Compensated absences	58,304	(62,338)	62,520	58,486	5,849
Total Business-Type Activities	<u>\$ 535,797</u>	<u>\$ (62,338)</u>	<u>\$ (8,790)</u>	<u>\$ 464,669</u>	<u>\$ 80,955</u>

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 \$10,155 of internal service funds compensated absences are included in the above amounts. Compensated absences for governmental activities are liquidated from the general fund.

**NOTE 13:  
GOVERNMENTAL FUND BALANCES**

**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.

A summary of governmental fund balances at December 31, 2012 are as follows:

	Major Funds				Nonmajor Fund	Total
	General	General CIP	Parks CIP	Transportation CIP	G.O. Debt Service Fund	
Nonspendable:						
Long-term receivable	\$ 894,403	\$ -	\$ -	\$ -	\$ -	\$ 894,403
Restricted for:						
Law enforcement	-	203,372	-	-	-	203,372
Transportation	83,750	-	-	-	-	83,750
Parks and recreation	-	-	514,403	-	-	514,403
Committed:						
	-	-	-	-	-	-
Assigned for:						
General Government	-	8,551,220	-	-	-	8,551,220
Transportation	3,358,155	-	-	13,877,117	-	17,235,272
Parks and recreation	-	-	11,674,222	-	-	11,674,222
Unassigned:						
	17,362,743	-	-	-	-	17,362,743
<b>Total Fund Balances</b>	<b>\$21,699,052</b>	<b>\$8,754,592</b>	<b>\$12,188,625</b>	<b>\$ 13,877,117</b>	<b>\$ -</b>	<b>\$56,519,385</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 ten percent of the annual budgeted revenues of the General Fund, which is \$2,858,184 for 2012 and \$3,024,884 for 2013. 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 14:  
OTHER POST EMPLOYMENT BENEFITS**

**Association of Washington Cities Employee Benefit Trust**

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

**Funding Policy.** The Trust provides that contribution requirements of Participating Employers and of participating employees, retirees and other beneficiaries, if any, are established and may be amended by the Board of Trustees of the Trust. Retirees of the City receiving medical benefits from the Trust contribute monthly as follows: \$365 in 2010, \$410 in 2011, and \$422 in 2012 for Medicare enrolled retiree-only coverage; \$668 in 2010, \$752 in 2011, and \$789 in 2012 for non-Medicare enrolled retiree-only coverage; \$1,339 in 2010, \$1,508 in 2011, and \$1,578 in 2012 for non-Medicare enrolled retiree and spouse coverage; \$1,036 in 2010, \$1,166 in 2011, and \$1,218 in 2012 for Medicare enrolled retiree and non-Medicare enrolled spouse (or non-Medical enrolled retiree and Medicare-enrolled spouse); and \$732 in 2010, \$825 in 2011, and \$855 in 2012 for Medicare-enrolled retiree and spouse coverage.

Participating Employers are contractually required to contribute at rates assessed each year by the Trust for all active covered employees. The City requires employees hired after January 1, 2006 to contribute 10% of their dependent's premium costs. The City's contribution to the Trust for the years ended in December 31<sup>st</sup> were \$1,022,443 in 2010, \$1,106,977 in 2011, and \$1,120,178 in 2012, and the employee's dependent premium contributions were \$23,571 in 2010, \$26,028 in 2011, and \$31,918 in 2012 which equaled the required contributions for the year. The Trust pays benefits for both active employees and retirees from the same pool of assets.

**NOTE 15:  
CONTINGENCIES AND LITIGATION**

As of December 31, 2012, there were a number of 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 16:  
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 150 Members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-

insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

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

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

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

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

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

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

## **NOTE 17: 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 Beverly Ni, City of Bellevue, Information Technology Department, P.O. Box 90012, Bellevue, WA 98009-9012.

Expenditures consist of capital and operations costs, per the budget adopted by the E-Gov Alliance Executive Board, and Bellevue's administrative costs associated with performing duties as the Alliance's fiscal agent. Expenditures in 2012 were \$1,111,016, and revenues were \$1,259,081. Partner fee and voting are based on relative population, equity balances are as follows:

	<u>Population</u>	<u>Percentage</u>	<u>Equity</u>
Bellevue	123,400	26.11%	\$ 75,259
Renton	92,590	19.59%	56,469
Kirkland	80,836	17.11%	49,300
Sammamish	46,940	9.93%	28,628
Bothell	32,720	6.92%	19,955
Issaquah	30,690	6.49%	18,717
Mercer Island	22,710	4.81%	13,850
Kenmore	20,780	4.40%	12,673
Snoqualmie	10,950	2.32%	6,678
Woodinville	10,940	2.32%	6,672
<b>Members Total</b>	<b><u>472,556</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 288,201</u></b>

### 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 seven-year period ending December 31, 2014. Any party may withdraw at the end of any seven-year term by filing with the other parties a notice of withdrawal in January of the seventh year.

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 joint venture partnership. The entities retain an equity interest in EF&R based on their support of EF&R operations. As of December 31, 2012 the equity percentage was as follows:

<u>Entity</u>	<u>Share</u>
Fire District 10	43.50%
Fire District 38	6.09%
City of Issaquah	20.52%
City of North Bend	4.42%
City of Sammamish	25.47%

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 a funding model established in 2004. 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 each partner's share of the total cost of operation. The EF&R Board then establishes a monthly billing schedule which the partners are obligated to pay in a timely fashion. The funding model



formula allocated 28.36% of the cost of operations to Sammamish. 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>
2008	5,318,112
2009	5,556,424
2010	5,618,622
2011	5,661,427
2012	5,855,427

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 assets among the members based on the percentage of the total annual contributions during the period of the Agreement paid by each member. The City’s remaining share of net position is deemed immaterial and thus is not reflected in its financial statements.

Audited financial information can be obtained from Scott Faires, 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>
2008	462,911	43,167	9.32%
2009	498,193	46,188	9.27%
2010	498,231	46,188	9.27%
2011	499,875	46,188	9.24%
2012	521,167	46,188	8.90%

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, c/o Art Sullivan, 16225 NE 87<sup>th</sup> Street, Redmond, WA 98052.

**NOTE 18:**  
**ARBITRAGE STATEMENT**

The City of Sammamish had no arbitrage liability at the end of 2012. The Public Works Trust Loan proceeds were spent within twelve months of receipt. The Long-Term General Obligation Bonds issued in 2002 were under the \$5 million threshold.



REQUIRED SUPPLEMENTARY  
INFORMATION

**CITY OF SAMMAMISH**

COMBINING SCHEDULE FOR GENERAL FUND ACCOUNTS

BALANCE SHEET

December 31, 2012

	General Fund Basic Accounts	Street Fund Accounts	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,853,155	\$ 2,183,925	\$ 14,037,080
Investments	7,454,922	1,316,721	8,771,643
Receivables:			
Taxes	932,984	-	932,984
Accounts	258,986	1,543	260,529
Interest	5,767	1,024	6,791
Contracts	894,403	-	894,403
Due from other governments	(464)	25,022	24,558
Restricted assets:			
Cash with outside agencies	84,526	-	84,526
Deposit cash	511,648	-	511,648
Total assets	<u>\$ 21,995,927</u>	<u>\$ 3,528,235</u>	<u>\$ 25,524,162</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts/claims payable	1,655,543	169,592	1,825,135
Employee wages payable	178,670	-	178,670
Due to other governments	4,487	-	4,487
Payable from restricted assets:			
Deposits payable	511,648	-	511,648
Total liabilities	<u>2,350,348</u>	<u>169,592</u>	<u>2,519,940</u>
<b>Deferred inflows:</b>			
Deferred Revenues	1,304,682	488	1,305,170
Total deferred inflows	<u>1,304,682</u>	<u>488</u>	<u>1,305,170</u>
<b>Fund balances:</b>			
Nonspendable	894,403	-	894,403
Restricted	83,750	-	83,750
Committed	-	-	-
Assigned	-	3,358,155	3,358,155
Unassigned	17,362,744	-	17,362,744
Total fund balances	<u>18,340,897</u>	<u>3,358,155</u>	<u>21,699,052</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 21,995,927</u>	<u>\$ 3,528,235</u>	<u>\$ 25,524,162</u>

COMBINING SCHEDULE FOR GENERAL FUND ACCOUNTS  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For the Year Ended December 31, 2012

	General Fund Basic Account	Street Fund Accounts	Total
<b>REVENUES</b>			
Taxes	\$ 25,417,456	\$ -	\$ 25,417,456
Licenses and Permits	1,788,519	-	1,788,519
Intergovernmental	1,009,789	1,270,608	2,280,397
Charges for Services	1,947,985	-	1,947,985
Fines and Forfeitures	109,836	-	109,836
Investment Income	59,458	12,127	71,585
Contributions	144,293	-	144,293
Miscellaneous	400,130	37,840	437,970
Total Revenues	<u>30,877,466</u>	<u>1,320,575</u>	<u>32,198,041</u>
<b>EXPENDITURES</b>			
Current			
General Government	4,383,967	-	4,383,967
Security of Persons and Property	10,452,442	-	10,452,442
Physical Environment	914,357	-	914,357
Transportation	-	5,720,593	5,720,593
Economic Environment	2,357,657	-	2,357,657
Mental/Physical Health	11,717	-	11,717
Culture and Recreation	3,014,476	-	3,014,476
Capital Outlay	264,516	5,172	269,688
Total Expenditures	<u>21,399,132</u>	<u>5,725,765</u>	<u>27,124,897</u>
Excess (deficiency) of revenues over (under) expenditures	9,478,334	(4,405,190)	5,073,144
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance Recovery	4,166	6,209	10,375
Disposition of Capital Assets	-	-	-
Transfers In*	-	5,250,000	5,250,000
Transfers Out*	(10,869,948)	-	(10,869,948)
Total other financing sources and uses	<u>(10,865,782)</u>	<u>5,256,209</u>	<u>(5,609,573)</u>
Net change in fund balances	(1,387,448)	851,019	(536,429)
Fund balances - beginning	19,728,345	2,507,136	22,235,481
Fund balances - ending	<u>\$ 18,340,897</u>	<u>\$ 3,358,155</u>	<u>\$ 21,699,052</u>

\* Activity between the General and Street Accounts are presented net on the financial statements



SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 GENERAL FUND ACCOUNTS  
 For the Biennium Ended December 31, 2012

	General Fund Basic Accounts			Variance with Final Budget Positive (Negative)
	Original Budget 2011-2012	Final Budget 2011-2012	Actual Through 2011-2012	
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 49,800,000	\$ 49,600,000	\$ 50,409,595	\$ 809,595
Licenses and permits	2,341,100	2,391,100	3,318,116	927,016
Intergovernmental	1,188,533	1,424,933	1,918,847	493,914
Charges for services	2,586,000	2,686,000	3,728,057	1,042,057
Fines and forfeitures	226,500	226,500	225,063	(1,437)
Investment income	175,000	161,250	172,579	11,329
Contributions	178,880	178,880	286,593	107,713
Miscellaneous	373,200	373,200	644,530	271,330
Total revenues	<u>56,869,213</u>	<u>57,041,863</u>	<u>60,703,380</u>	<u>3,661,517</u>
<b>EXPENDITURES</b>				
Current				
General government	12,507,366	12,525,178	8,448,749	4,076,429
Security of persons and property	20,551,100	20,853,730	20,532,929	320,801
Physical environment	1,339,619	1,365,973	1,864,556	(498,583)
Economic development	5,030,870	5,318,042	4,652,816	665,226
Mental/physical health	18,000	18,000	22,778	(4,778)
Cultural and recreation	5,930,840	6,003,360	5,793,674	209,686
Transportation	-	-	-	-
Capital outlay	<u>3,584,500</u>	<u>3,584,500</u>	<u>282,207</u>	<u>3,302,293</u>
Total expenditures	<u>48,962,295</u>	<u>49,668,783</u>	<u>41,597,709</u>	<u>8,071,074</u>
Excess (deficiency) of revenues over (under) expenditures	7,906,918	7,373,080	19,105,671	11,732,591
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recovery	-	-	4,166	-
Transfers in*	-	-	-	-
Transfers out*	<u>(15,500,000)</u>	<u>(18,500,000)</u>	<u>(18,619,948)</u>	<u>(119,948)</u>
Total other financing sources and uses	<u>(15,500,000)</u>	<u>(18,500,000)</u>	<u>(18,615,782)</u>	<u>(119,948)</u>
Net change in fund balance	(7,593,082)	(11,126,920)	489,889	11,612,643
Fund balance - beginning	<u>12,386,289</u>	<u>17,851,007</u>	<u>17,851,007</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,793,207</u>	<u>\$ 6,724,087</u>	<u>\$ 18,340,896</u>	<u>\$ 11,612,643</u>

\* Activity between the General and Street Accounts are presented net on the financial statements



Street Accounts in the General Fund				
Original Budget 2011-2012	Final Budget 2011-2012	Actual Through 2011-2012	Variance with Final Budget Positive (Negative)	Combined Actuals per Financial Statements
\$ -	\$ -	\$ -	\$ -	\$ 50,409,595
-	-	-	-	3,318,116
1,770,000	1,770,000	2,233,979	463,979	4,152,826
-	-	-	-	3,728,057
-	-	-	-	225,063
120,000	109,000	20,620	(88,380)	193,199
-	-	-	-	286,593
-	-	37,840	37,840	682,370
<u>1,890,000</u>	<u>1,879,000</u>	<u>2,292,439</u>	<u>413,439</u>	<u>62,995,819</u>
-	-	-	-	8,448,749
-	-	-	-	20,532,929
-	-	-	-	1,864,556
-	-	-	-	4,652,816
-	-	-	-	22,778
-	-	-	-	5,793,674
10,235,511	10,493,226	10,039,287	453,939	10,039,287
11,500	327,500	346,817	(19,317)	629,024
<u>10,247,011</u>	<u>10,820,726</u>	<u>10,386,104</u>	<u>434,622</u>	<u>51,983,813</u>
(8,357,011)	(8,941,726)	(8,093,665)	848,061	11,012,006
-	-	20,812	20,812	24,978
10,500,000	10,500,000	10,500,000	-	10,500,000
-	-	-	-	(18,619,948)
<u>10,500,000</u>	<u>10,500,000</u>	<u>10,520,812</u>	<u>20,812</u>	<u>(8,094,970)</u>
2,142,989	1,558,274	2,427,147	868,873	2,917,036
473,700	931,009	931,009	-	18,782,016
<u>\$ 2,616,689</u>	<u>\$ 2,489,283</u>	<u>\$ 3,358,156</u>	<u>\$ 868,873</u>	<u>\$ 21,699,052</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 CAFR 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.

FUND FINANCIAL  
STATEMENTS  
AND  
SCHEDULES

## NON-MAJOR GOVERNMENTAL FUNDS

### Debt Service Funds

The **G.O. Debt Service Fund** accounts for the financial resources restricted, committed, or assigned to expenditures for principal and interest general obligation debt.

## MAJOR FUNDS BUDGET TO ACTUAL SCHEDULES

### 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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 G.O. DEBT SERVICE FUND  
 For the Biennium Ended December 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
Debt principal	\$ 3,241,667	\$ 3,241,667	\$ 3,241,666	\$ 1
Debt interest	231,923	231,923	231,923	-
Total expenditures	<u>3,473,590</u>	<u>3,473,590</u>	<u>3,473,589</u>	<u>1</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,473,590	3,473,590	3,473,589	(1)
Total other financing sources and uses	<u>3,473,590</u>	<u>3,473,590</u>	<u>3,473,589</u>	<u>(1)</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 GENERAL GOVERNMENT CIP FUND  
 For the Biennium Ended December 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012	Variance with Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Interest	\$ 14,000	\$ 12,717	\$ 63,260	\$ 50,543
Total revenues	<u>\$ 14,000</u>	<u>\$ 12,717</u>	<u>\$ 63,260</u>	<u>\$ 50,543</u>
<b>EXPENDITURES</b>				
Current				
Capital outlay	-	3,460,000	929,971	2,530,029
Total expenditures	<u>-</u>	<u>3,460,000</u>	<u>929,971</u>	<u>2,530,029</u>
Excess (deficiency) of revenues over (under) expenditures	14,000	(3,447,283)	(866,711)	2,580,572
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	3,000,000	3,119,948	119,948
Total other financing sources and uses	<u>-</u>	<u>3,000,000</u>	<u>3,119,948</u>	<u>119,948</u>
Net change in fund balance	14,000	(447,283)	2,253,237	2,700,520
Fund balance - beginning	313,495	6,501,355	6,501,355	-
Fund balance - ending	<u>\$ 327,495</u>	<u>\$ 6,054,072</u>	<u>\$ 8,754,592</u>	<u>\$ 2,700,520</u>

See accompanying notes to the financial statements.

**CITY OF SAMMAMISH**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 PARKS CIP FUND  
 For the Biennium Ended December 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012	Variance with Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 2,190,000	\$ 2,290,000	\$ 3,234,134	\$ 944,134
Charges for services	300,000	375,000	929,754	554,754
Interest	130,000	118,083	104,244	(13,839)
Miscellaneous	-	-	1,424	1,424
Total revenues	<u>2,620,000</u>	<u>2,783,083</u>	<u>4,269,556</u>	<u>1,486,473</u>
<b>EXPENDITURES</b>				
Capital outlay	12,820,000	13,436,000	4,996,828	8,439,172
Total expenditures	<u>12,820,000</u>	<u>13,436,000</u>	<u>4,996,828</u>	<u>8,439,172</u>
Excess (deficiency) of revenues over (under) expenditures	(10,200,000)	(10,652,917)	(727,272)	9,925,645
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,000,000	5,000,000	5,000,000	-
Transfers out	(2,350,923)	(2,350,922)	(2,350,922)	-
Total other financing sources and uses	<u>2,649,077</u>	<u>2,649,078</u>	<u>2,649,078</u>	<u>-</u>
Net change in fund balance	(7,550,923)	(8,003,839)	1,921,806	9,925,645
Fund balance - beginning	11,534,450	10,266,821	10,266,821	-
Fund balance - ending	<u>\$ 3,983,527</u>	<u>\$ 2,262,982</u>	<u>\$ 12,188,627</u>	<u>\$ 9,925,645</u>

See accompanying notes to the financial statements.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 TRANSPORTATION CIP FUND  
 For the Biennium Ended December 31, 2012

	Original Budget 2011-2012	Final Budget 2011-2012	Actual 2011-2012	Variance with Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 2,000,000	\$ 2,100,000	\$ 3,015,493	\$ 915,493
Intergovernmental	-	156,000	869,022	713,022
Charges for services	900,000	1,150,000	4,545,973	3,395,973
Interest	90,000	81,750	113,636	31,886
Miscellaneous	-	-	184,520	184,520
Total revenues	<u>2,990,000</u>	<u>3,487,750</u>	<u>8,728,644</u>	<u>5,240,894</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>5,655,000</u>	<u>6,598,000</u>	<u>5,106,537</u>	<u>1,491,463</u>
Total expenditures	<u>5,655,000</u>	<u>6,598,000</u>	<u>5,106,537</u>	<u>1,491,463</u>
Excess (deficiency) of revenues over (under) expenditures	(2,665,000)	(3,110,250)	3,622,107	6,732,357
<b>OTHER FINANCING SOURCES (USES)</b>				
Disposition of capital assets	-	-	57,391	57,391
Transfers out	<u>(1,122,667)</u>	<u>(1,122,667)</u>	<u>(1,122,667)</u>	<u>-</u>
Total other financing sources and uses	<u>(1,122,667)</u>	<u>(1,122,667)</u>	<u>(1,065,276)</u>	<u>57,391</u>
Net change in fund balance	(3,787,667)	(4,232,917)	2,556,831	6,789,748
Fund balance - beginning	<u>5,519,260</u>	<u>11,320,286</u>	<u>11,320,286</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,731,593</u>	<u>\$ 7,087,369</u>	<u>\$ 13,877,117</u>	<u>\$ 6,789,748</u>

See accompanying notes to the financial statements.





## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency of the City.

The **Equipment Rental & Replacement Fund** accounts for the cost of maintaining and replacing City vehicles and equipment for all City departments. The fund accumulates the resources for vehicle and equipment replacements in the future. The Funds or Departments using the vehicle or equipment pay the scheduled replacement fees.

Information Technology is accounted for in the **Technology Replacement Fund**. Its staff is responsible for maintaining the City's computerized information system; strategic information technology planning, user and application support, local, wide area network, system administration, web and e-gov systems, geographic information systems administration, and telecommunication systems.

The **Risk Management Fund** is established to account for and expend monies for the procurement of insurance, claims settlement, and administration of a risk management and safety program. This fund also accounts for the funding of self-insured unemployment claims through the State of Washington.

**CITY OF SAMMAMISH**

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
December 31, 2012

	Equipment Rental & Replacement	Technology Replacement	Risk Management	Total
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 556,337	\$ 422,646	\$ 256,252	\$ 1,235,235
Investments	335,424	254,819	154,498	744,741
Interest	261	198	120	579
Total current assets	<u>892,022</u>	<u>677,663</u>	<u>410,870</u>	<u>1,980,555</u>
Noncurrent assets:				
Capital Assets:				
Equipment	1,759,788	493,462	-	2,253,250
Software	-	54,644	-	54,644
Less accumulated depreciation	(1,181,826)	(483,039)	-	(1,664,865)
Total capital assets (net of depreciation)	<u>577,962</u>	<u>65,067</u>	<u>-</u>	<u>643,029</u>
Total assets	<u>1,469,984</u>	<u>742,730</u>	<u>410,870</u>	<u>2,623,584</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	20,843	11,162	13,045	45,050
Compensated absences	-	1,015	-	1,015
Total current liabilities	<u>20,843</u>	<u>12,177</u>	<u>13,045</u>	<u>46,065</u>
Noncurrent liabilities				
Compensated absences	-	9,139	-	9,139
Total noncurrent liabilities	<u>-</u>	<u>9,139</u>	<u>-</u>	<u>9,139</u>
Total liabilities	<u>20,843</u>	<u>21,316</u>	<u>13,045</u>	<u>55,204</u>
<b>NET POSITION</b>				
Net investment in capital assets	577,962	65,067	-	643,029
Unrestricted	871,179	656,347	397,825	1,925,351
Total net position	<u>\$ 1,449,141</u>	<u>\$ 721,414</u>	<u>\$ 397,825</u>	<u>\$ 2,568,380</u>

See accompanying notes to the financial statements.

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2012

	<u>Equipment Rental &amp; Replacement</u>	<u>Technology Replacement</u>	<u>Risk Management</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 85,319	\$ 728,400	\$ -	\$ 813,719
Charges for replacement	131,333	-	-	131,333
Charges for insurance	-	-	208,000	208,000
Total operating revenues	<u>216,652</u>	<u>728,400</u>	<u>208,000</u>	<u>1,153,052</u>
<b>OPERATING EXPENSES</b>				
Administrative and general	-	264,234	38,715	302,949
Supplies	13,504	38,409	-	51,913
Maintenance and operations	130,441	268,704	334,449	733,594
Depreciation and amortization	105,044	70,899	-	175,943
Total operating expenses	<u>248,989</u>	<u>642,246</u>	<u>373,164</u>	<u>1,264,399</u>
Operating income (loss)	(32,337)	86,154	(165,164)	(111,347)
<b>NON-OPERATING REVENUES</b>				
Investment income	2,827	1,875	891	5,593
Grant Income	35,266	-	-	35,266
Gain on sale of capital assets	12,710	-	-	12,710
Miscellaneous	5,710	-	-	5,710
Total non-operating revenues(expenses)	<u>56,513</u>	<u>1,875</u>	<u>891</u>	<u>59,279</u>
Loss before contributions and transfers	24,176	88,029	(164,273)	(52,068)
Capital contributions	18,690	-	-	18,690
Change in net position	42,866	88,029	(164,273)	(33,378)
Total net position - beginning	1,406,275	633,385	562,098	2,601,758
Total net position - ending	<u>\$ 1,449,141</u>	<u>\$ 721,414</u>	<u>\$ 397,825</u>	<u>\$ 2,568,380</u>

See accompanying notes to the financial statements.

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICES FUNDS  
For the Year Ended December 31, 2012

	Equipment Rental & Replacement Fund	Technology Replacement Fund	Risk Management Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 85,319	\$ 728,400	\$ 208,000	\$ 1,021,719
Cash Received for Replacement	131,333	-	-	131,333
Cash Payments to Suppliers	(15,560)	(48,747)	(770)	(65,077)
Cash Payments to Employees	-	(192,401)	-	(192,401)
Cash Payments to Other Governments	-	(81,941)	-	(81,941)
Cash Payments for Other Operating Expenses	(141,316)	(258,866)	(360,119)	(760,301)
Net Cash Provided (Used) By Operating Activities	<u>59,776</u>	<u>146,445</u>	<u>(152,889)</u>	<u>53,332</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	-	-	-	-
Net Cash Provided By Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(101,853)	(10,455)	-	(112,308)
Proceeds from Sale of Fixed Assets	12,710	-	-	12,710
Proceeds from Sale of Other Assets	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(89,143)</u>	<u>(10,455)</u>	<u>-</u>	<u>(99,598)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Purchases	(335,424)	(254,820)	(154,498)	(744,742)
Investment Sales/Maturities	359,186	211,079	220,099	790,364
Interest on Investments	3,298	2,106	1,219	6,623
Net Cash Provided (Used) by Investing Activities	<u>27,060</u>	<u>(41,635)</u>	<u>66,820</u>	<u>52,245</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,307)</b>	<b>94,355</b>	<b>(86,069)</b>	<b>5,979</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>558,644</b>	<b>328,291</b>	<b>342,321</b>	<b>1,229,256</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ <u>556,337</u></b>	<b>\$ <u>422,646</u></b>	<b>\$ <u>256,252</u></b>	<b>\$ <u>1,235,235</u></b>
Cash at the End of the Year Consists of:				
Operating Fund Cash	556,337	422,646	256,252	1,235,235
Total Cash at End of Year	<u>\$ 556,337</u>	<u>\$ 422,646</u>	<u>\$ 256,252</u>	<u>\$ 1,235,235</u>

See accompanying notes to the financial statements.

	Equipment Rental & Replacement Fund	Technology Replacement Fund	Risk Management Fund	Total
Reconciliation of operating income to net cash provided by (used) operating activities:				
Operating Loss	\$ (32,337)	\$ 86,154	\$ (165,164)	\$ (111,347)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				-
Depreciation	105,044	70,899	-	175,943
Decrease (Increase) in Accounts Receivable	-	-	-	-
Increase (Decrease) in Accounts Payable	(12,931)	(11,179)	12,275	(11,835)
Increase in Compensated Absences Payable	-	571	-	571
Net Cash Provided (Used) by Operating Activities	<u>\$ 59,776</u>	<u>\$ 146,445</u>	<u>\$ (152,889)</u>	<u>\$ 53,332</u>
Noncash Investing, Capital and Financing Activities:				
The fair value of investments increased by Contributed/Transferred Capital	\$ 55	\$ 64	\$ 5	\$ 124
	<u>18,690</u>	<u>-</u>	<u>-</u>	<u>18,690</u>
	<u>\$ 18,745</u>	<u>\$ 64</u>	<u>\$ 5</u>	<u>\$ 18,814</u>

See accompanying notes to the financial statements.



## STATISTICAL SECTION



## STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> <i>These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	<b>82</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	<b>86</b>
<b>Debt Capacity</b> <i>These tables present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	<b>91</b>
<b>Demographic and Economic Information</b> <i>These tables offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	<b>95</b>
<b>Operating Information</b> <i>These tables contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</i>	<b>97</b>

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

Table 1

City of Sammamish  
Net Assets by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 261,496,189	\$ 263,307,927	\$ 272,750,547	\$ 293,259,846	\$ 296,894,729	\$ 301,549,025	\$ 324,418,285	\$ 358,080,903	\$ 365,172,019	\$ 372,402,209
Restricted	30,192,496	38,718,597	40,606,111	936,600	937,609	205,936	1,075,257	504,058	1,765,066	801,525
Unrestricted	15,129,638	13,582,520	13,840,325	48,899,128	54,770,519	60,501,350	53,870,932	49,608,109	54,237,899	59,226,058
Total governmental activities net assets	\$ 306,818,323	\$ 315,609,044	\$ 327,196,983	\$ 343,095,574	\$ 352,602,857	\$ 362,256,311	\$ 379,364,474	\$ 408,193,070	\$ 421,174,984	\$ 432,429,792
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 16,178,110	\$ 15,677,225	\$ 15,480,168	\$ 16,697,511	\$ 16,235,295	\$ 15,673,714	\$ 24,243,602	\$ 27,679,907	\$ 30,476,598	\$ 31,357,612
Unrestricted	1,484,010	2,145,718	2,263,484	903,938	1,999,139	3,618,403	2,974,633	1,736,593	1,719,691	2,696,753
Total business-type activities net assets	\$ 17,662,120	\$ 17,822,943	\$ 17,743,652	\$ 17,601,449	\$ 18,234,434	\$ 19,292,117	\$ 27,218,235	\$ 29,416,500	\$ 32,196,289	\$ 34,054,365
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 277,674,299	\$ 278,985,152	\$ 288,230,715	\$ 309,957,357	\$ 313,130,024	\$ 317,222,739	\$ 348,661,887	\$ 385,760,810	\$ 395,648,617	\$ 403,759,821
Restricted	30,192,496	38,718,597	40,606,111	936,600	937,609	205,936	1,075,257	504,058	1,765,066	801,525
Unrestricted	16,613,648	15,728,238	16,103,809	49,803,066	56,769,658	64,119,753	56,845,565	51,344,702	55,957,590	61,922,811
Total primary government net assets	\$ 324,480,443	\$ 333,431,987	\$ 344,940,635	\$ 360,697,023	\$ 370,837,291	\$ 381,548,428	\$ 406,582,709	\$ 437,609,570	\$ 453,371,273	\$ 466,484,157

\* Definition of Restricted limited to external restraints not internal

City of Sammamish  
Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 2,462,515	\$ 2,922,543	\$ 3,130,836	\$ 4,088,930	\$ 5,590,482	\$ 4,649,758	\$ 4,925,713	\$ 4,746,498	\$ 5,002,347	\$ 5,500,271
Security	7,757,499	8,626,633	9,153,382	9,416,687	8,909,576	9,632,165	10,080,206	10,447,739	10,392,738	10,760,835
Physical environment	944,099	956,158	1,000,177	961,529	684,745	890,371	938,244	975,651	942,125	911,803
Economic environment	1,946,915	2,080,310	2,066,026	2,529,240	3,023,010	2,751,431	2,650,808	2,650,808	2,269,383	2,376,696
Transportation	6,126,498	5,746,855	6,092,317	5,886,313	7,873,170	5,524,321	6,672,855	7,787,020	8,678,256	10,270,526
Mental/physical health	53,984	50,759	124,389	116,345	9,340	11,633	9,600	10,704	11,061	11,717
Culture and recreation	1,072,947	1,281,331	1,677,485	2,309,076	2,319,021	3,904,831	3,990,057	4,440,059	4,315,611	4,597,333
Interest on long-term debt	205,136	196,336	187,386	178,136	201,140	161,032	149,655	136,754	123,455	118,383
Total governmental activities expenses	20,569,593	21,860,925	23,431,998	25,486,256	28,610,484	27,525,542	29,521,918	31,195,233	31,734,976	34,547,564
<b>Business-type activities</b>										
Stormwater	1,694,606	1,760,376	1,881,265	2,138,560	2,108,476	2,060,032	2,549,384	2,529,589	2,844,007	2,767,246
Total business-type activities expenses	1,694,606	1,760,376	1,881,265	2,138,560	2,108,476	2,060,032	2,549,384	2,529,589	2,844,007	2,767,246
<b>Total primary government expenses</b>	\$ 22,264,199	\$ 23,621,301	\$ 25,313,263	\$ 27,624,816	\$ 30,718,960	\$ 29,585,574	\$ 32,071,302	\$ 33,724,822	\$ 34,578,983	\$ 37,314,810
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 414,957	\$ 417,149	\$ 501,999	\$ 484,378	\$ 540,076	\$ 678,620	\$ 22,747	\$ 23,137	\$ 21,170	\$ 23,623
Security	58,158	53,213	27,363	10,733	136,232	217,006	155,305	336,220	246,467	249,603
Physical environment	40,999	42,383	42,558	39,643	43,728	49,701	49,638	119,382	197,197	166,031
Economic environment	3,159,858	3,189,117	2,072,085	2,538,873	2,525,094	2,118,642	2,965,301	3,601,259	3,193,869	2,842,651
Transportation	3,705	23,445	1,172,198	2,436,643	1,955,921	519,911	534,203	102,848	1,656,272	3,034,927
Culture and recreation	56,219	39,374	160,482	121,563	388,451	417,116	265,480	329,764	643,819	956,631
Operating grants and contributions	3,205,060	1,829,046	1,839,612	166,918	413,320	220,375	208,078	259,187	342,148	382,586
Capital grants and contributions	17,300,800	756,736	654,939	148,146	822,591	2,701,704	14,419,009	26,776,827	8,440,125	6,846,094
Total governmental activities program revenues	24,239,756	6,350,463	6,471,236	5,946,897	6,825,413	6,923,075	18,619,761	31,548,624	14,741,067	14,502,146
<b>Business-type activities:</b>										
Charges for services:										
Stormwater	1,796,664	1,956,480	2,408,854	2,543,786	2,289,914	2,341,796	2,435,144	2,435,128	2,443,010	2,498,951
Operating grants and contributions	-	-	-	-	60,000	5,014	259,329	70,832	-	302,492
Capital grants and contributions	1,487,250	-	-	-	246,274	611,634	7,736,769	2,298,749	3,310,540	1,813,728
Total business-type activities program revenues	3,283,914	1,956,480	2,408,854	2,543,786	2,596,188	2,958,444	10,431,242	4,804,709	5,753,550	4,615,171
<b>Total primary government program revenues</b>	\$ 27,523,670	\$ 8,306,943	\$ 8,880,090	\$ 8,490,683	\$ 9,421,601	\$ 9,881,519	\$ 29,051,003	\$ 36,353,333	\$ 20,494,617	\$ 19,117,317

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expense)/revenue										
Governmental activities	\$ 3,670,163	\$ (15,510,462)	\$ (16,960,762)	\$ (19,539,359)	\$ (21,785,071)	\$ (20,602,467)	\$ (10,902,157)	\$ 353,391	\$ (16,993,909)	\$ (20,045,418)
Business-type activities	1,589,308	196,104	527,589	405,226	487,712	898,412	7,881,858	2,275,120	2,909,543	1,847,925
Total primary government net (expense) revenue	\$ 5,259,471	\$ (15,314,358)	\$ (16,433,173)	\$ (19,134,133)	\$ (21,297,359)	\$ (19,704,055)	\$ (3,020,299)	\$ 2,628,511	\$ (14,084,366)	\$ (18,197,493)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property tax	\$ 14,411,357	\$ 15,497,534	\$ 16,790,240	\$ 18,408,625	\$ 18,996,300	\$ 19,575,197	\$ 20,115,481	\$ 20,430,422	\$ 21,526,141	\$ 21,516,331
Sales tax	2,114,602	2,274,117	2,495,144	3,542,656	3,970,185	3,940,496	3,490,110	3,419,205	2,579,700	4,011,247
Real estate excise tax	4,140,416	4,354,889	4,999,663	4,505,156	3,455,007	2,393,100	1,845,412	2,458,558	2,723,464	3,307,522
Other taxes	660,381	705,984	771,375	1,598,876	1,534,755	1,491,083	1,475,981	1,540,236	1,636,020	1,728,777
Unrestricted investment interest	906,939	778,640	1,569,445	2,623,767	3,006,620	2,708,441	818,535	271,922	261,092	192,958
Miscellaneous	22,166	29,423	47,031	100,253	319,487	178,016	254,801	245,002	241,554	473,290
Special items	-	(337,404)	12,372	-	-	-	-	18,950	-	70,101
Transfers	3,248,000	998,000	48,000	48,000	10,000	(30,412)	10,000	90,910	7,852	-
Total governmental activities	25,503,861	24,301,183	26,733,270	30,827,333	31,292,354	30,255,921	28,010,320	28,475,205	28,975,823	31,300,226
Business-type activities:										
Unrestricted investment interest	28,409	24,532	65,563	123,552	144,898	128,629	54,260	13,940	11,677	10,093
Miscellaneous	53	173	68,947	2,131	10,375	230	-	115	374	58
Special items	-	(12,163)	(5,237)	-	-	-	-	-	-	-
Transfers	(48,000)	(48,000)	(48,000)	(48,000)	(10,000)	30,412	(10,000)	(90,910)	(7,852)	-
Total business-type activities	(19,538)	(35,458)	81,273	77,683	145,273	159,271	44,260	(76,855)	4,199	10,151
Total primary government	\$ 25,484,323	\$ 24,265,725	\$ 26,814,543	\$ 30,905,016	\$ 31,437,627	\$ 30,415,192	\$ 28,054,580	\$ 28,398,350	\$ 28,980,022	\$ 31,310,377
Change in Net Assets										
Governmental activities	\$ 29,174,024	\$ 8,790,721	\$ 9,772,508	\$ 11,287,974	\$ 9,507,283	\$ 9,653,454	\$ 17,108,163	\$ 28,828,596	\$ 12,981,914	\$ 11,254,808
Business-type activities	1,569,770	160,646	608,862	482,909	632,985	1,057,683	7,926,118	2,198,265	2,913,742	1,858,076
Total primary government	\$ 30,743,794	\$ 8,951,367	\$ 10,381,370	\$ 11,770,883	\$ 10,140,268	\$ 10,711,137	\$ 25,034,281	\$ 31,026,861	\$ 15,895,656	\$ 13,112,884

City of Sammamish  
Fund Balances of Governmental Funds\*\*  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011**	2012
<b>General Fund</b>										
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1,073,283	\$ 983,843	\$ 894,403
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 83,750	\$ 83,750	\$ 83,750
Committed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 931,009	\$ 2,507,136	\$ 3,358,155
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 16,693,974	\$ 18,660,752	\$ 17,362,744
Unreserved	\$ 13,914,316	\$ 12,007,591	\$ 14,328,123	\$ 13,501,081	\$ 15,792,382	\$ 15,448,317	\$ 17,610,023	N/A	N/A	N/A
Total general fund	\$ 13,914,316	\$ 12,007,591	\$ 14,328,123	\$ 13,501,081	\$ 15,792,382	\$ 15,448,317	\$ 17,610,023	\$ 18,782,016	\$ 22,235,481	\$ 21,699,052
<b>All other governmental funds</b>										
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 499,059	\$ 1,968,439	\$ 717,775
Committed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 27,589,403	\$ 28,037,913	\$ 34,102,559
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-
Unreserved, reported in:										
Special revenue funds	\$ 1,577,181	\$ 1,657,740	\$ 2,679,045	\$ 2,899,046	\$ 3,075,040	\$ 2,898,504	\$ 3,117,552	N/A	N/A	N/A
Capital projects funds	28,614,815	37,060,358	35,608,879	29,301,614	32,695,405	37,741,813	30,093,218	N/A	N/A	N/A
Total all other governmental funds	\$ 30,191,996	\$ 38,718,098	\$ 38,287,924	\$ 32,200,660	\$ 35,770,445	\$ 40,640,317	\$ 33,210,770	\$ 28,088,462	\$ 30,006,352	\$ 34,820,334
Total governmental fund balances	\$ 44,106,312	\$ 50,725,689	\$ 52,616,047	\$ 45,701,741	\$ 51,562,827	\$ 56,088,634	\$ 50,820,793	\$ 46,870,478	\$ 52,241,833	\$ 56,519,386

N/A indicates data not available

\* Beginning in 2011, fund balance categories were reclassified as a result of implementing GASB No. 54. Fund Balance was not restated to the new categories for 2003 through 2009.

\*\*Beginning in 2011 the General Fund and the Street Fund are reported together as the General Fund

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
<b>Revenues</b>										
Taxes	\$ 21,326,756	\$ 22,832,524	\$ 25,056,422	\$ 26,457,853	\$ 26,404,991	\$ 25,880,385	\$ 25,404,720	\$ 26,339,093	\$ 27,820,187	
Licenses and permits	1,863,097	1,861,315	1,380,750	1,391,854	1,544,415	1,307,177	1,114,453	1,341,583	1,529,597	
Intergovernmental	3,205,060	2,515,294	2,439,354	1,823,420	2,259,938	2,238,630	3,468,816	6,895,687	1,973,233	
Charges for services	1,807,115	1,855,463	1,330,211	4,228,740	3,579,233	2,412,479	2,861,266	2,779,297	3,762,072	
Fines and forfeitures	55,358	44,463	31,255	11,237	132,030	108,656	114,911	114,373	115,227	
Investment income	877,860	425,552	1,534,782	2,523,208	2,823,975	1,885,925	924,706	256,741	282,187	
Contributions	-	70,489	1,179,620	-	-	-	142,382	141,278	142,300	
Miscellaneous	35,192	36,562	164,189	113,020	440,437	454,245	252,162	238,990	338,944	
<b>Total revenues</b>	<b>29,170,438</b>	<b>29,641,662</b>	<b>33,116,583</b>	<b>36,549,332</b>	<b>37,185,019</b>	<b>34,287,497</b>	<b>34,283,416</b>	<b>38,107,042</b>	<b>35,963,747</b>	
<b>Expenditures</b>										
General government	1,783,424	2,179,694	2,788,683	3,208,916	3,667,453	4,049,111	4,316,294	4,037,452	4,064,782	
Security of persons and property	7,678,718	8,545,031	9,049,150	8,849,919	8,573,760	9,321,234	9,776,703	10,151,941	10,080,487	
Physical environment	435,615	441,040	485,671	447,606	625,188	871,089	952,736	959,898	950,199	
Transportation	1,415,623	1,312,361	1,638,388	1,321,147	2,506,566	2,085,166	3,100,089	3,631,794	4,318,694	
Economic environment	1,899,680	2,036,114	2,046,896	2,505,820	3,033,764	2,729,931	2,713,581	2,658,468	2,295,159	
Mental/physical health	53,984	50,759	124,389	116,345	9,340	11,633	9,600	10,704	11,061	
Culture and recreation	887,102	1,204,144	1,370,199	1,831,984	2,163,876	2,301,155	2,281,835	2,582,888	2,779,198	
Capital outlay	6,574,190	6,691,804	14,430,895	24,273,764	11,010,324	6,515,121	15,444,285	17,810,060	5,176,288	
Debt service										
Principal	710,000	715,000	725,000	730,000	773,333	778,333	788,333	798,333	808,333	
Interest and debt issue costs	205,136	196,336	187,386	178,136	169,327	162,234	148,928	136,061	122,795	
<b>Total expenditures</b>	<b>21,643,472</b>	<b>23,372,283</b>	<b>32,846,657</b>	<b>43,463,637</b>	<b>32,532,931</b>	<b>28,825,007</b>	<b>39,532,384</b>	<b>42,777,599</b>	<b>30,606,996</b>	
Excess of revenues over (under) expenditures	7,526,966	6,269,379	269,926	(6,914,305)	4,652,088	5,462,490	(5,248,968)	(4,670,557)	5,356,751	

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
<b>Other financing sources (uses)</b>										
Transfers in	10,415,136	12,231,336	8,730,642	13,598,136	11,392,660	14,037,999	6,337,261	10,951,034	8,681,128	
Transfers out	(7,815,136)	(11,881,336)	(8,925,642)	(13,598,136)	(11,477,660)	(15,002,182)	(6,422,261)	(11,036,034)	(8,681,128)	
Bond/loan proceeds	-	-	-	-	500,000	-	-	-	-	
Insurance recovery	-	-	-	-	-	-	54,123	19,746	14,603	
Disposition of capital assets	-	-	-	-	-	27,500	12,004	785,496	-	
Total other financing sources (uses)	2,600,000	350,000	(195,000)	-	415,000	(936,683)	(18,873)	720,242	14,603	
Net change in fund balances	\$ 10,126,966	\$ 6,619,379	\$ 74,926	\$ (6,914,305)	\$ 5,067,088	\$ 4,525,807	\$ (5,267,841)	\$ (3,950,315)	\$ 5,371,354	
Debt service as a percentage of noncapital expenditures	6.07%	5.46%	4.95%	4.73%	4.38%	4.22%	3.89%	3.74%	3.66%	

Table 4

Page 1 of 2

	2012
\$	28,839,035
	1,788,519
	3,048,615
	5,441,712
	109,836
	192,152
	144,293
	529,370
	40,093,532
	4,383,967
	10,452,442
	914,357
	5,720,593
	2,357,657
	11,717
	3,014,476
	6,486,072
	2,433,333
	109,128
	35,883,742
	4,209,790



<u>2012</u>
8,162,409
(8,162,409)
-
10,375
57,391
<u>67,766</u>
<u>\$ 4,277,556</u>

8.65%

City of Sammamish  
Assessed and Actual Value of Taxable Property  
Last Ten Fiscal Years

Table 5

Fiscal Year	Real Property	Personal Property	State Public Service Property	Total Taxable Assessed Value	Total Direct Tax Rate
2003	\$ 5,546,318,364	\$ 12,766,456	\$ 47,533,853	\$ 5,606,618,673	2.60
2004	5,848,922,960	14,846,812	54,793,173	5,918,562,945	2.61
2005	6,387,181,647	16,585,232	57,572,949	6,461,339,828	2.61
2006	7,083,323,160	17,203,090	51,775,183	7,152,301,433	2.58
2007	7,643,552,274	21,465,963	49,975,733	7,714,993,970	2.47
2008	8,663,218,275	21,965,672	53,959,302	8,739,143,249	2.24
2009	9,736,033,863	22,368,481	67,518,210	9,825,920,554	2.04
2010	8,314,338,299	18,592,049	66,427,066	8,399,357,414	2.43
2011	8,514,671,523	18,215,005	72,312,621	8,605,199,149	2.47
2012	8,341,401,422	12,045,684	51,974,379	8,405,421,485	2.56

Source: King County Assessor

Note: Real, personal, and state public service property have been assessed at 100% of the estimated value. Tax rates are per \$1,000 of assessed value.

Table 6

City of Sammamish  
Property Tax Rates, Direct and Overlapping Governments  
Per One Thousand Dollars of Assessed Valuation  
Last Ten Fiscal Years

Fiscal Year	City Direct Rate		*Overlapping Rates							Total Direct and Overlapping Rate
	Operating	Total Direct	Emergency Medical Service	Library	Fire District Bond	Washington State/Other	**School District			
2003	\$ 2.60	\$ 2.60	0.24	0.55	0.08	4.50	\$ 3.75	\$ 11.72		
2004	2.61	2.61	0.24	0.54	0.08	4.44	3.49	11.40		
2005	2.61	2.61	0.23	0.53	0.07	4.33	3.42	11.19		
2006	2.58	2.58	0.22	0.53	0.06	4.06	3.78	11.23		
2007	2.47	2.47	0.21	0.50	0.04	3.85	3.80	10.87		
2008	2.24	2.24	0.30	0.45	0.03	3.72	3.71	10.45		
2009	2.04	2.04	0.27	0.42	-	3.40	3.72	9.85		
2010	2.43	2.43	0.30	0.49	-	3.83	4.81	11.86		
2011	2.47	2.47	0.30	0.57	-	3.84	4.85	12.03		
2012	2.56	2.56	0.30	0.50	-	3.55	5.00	11.91		

Source: King County Assessor

\* Overlapping rates are those of other governments that apply to property owners within the City of Sammamish.

\*\* These figures are for the Issaquah School District (levy code 2175) which serves the largest area of Sammamish. Other areas of Sammamish have a different taxing rate, depending on school district boundaries.

Note: Washington State law limits the growth of regular property taxes to one percent per year, after adjustments for new construction and annexations. An increase greater than one percent may be approved by the voters.

City of Sammamish  
Principal Property Taxpayers

Table 7

Taxpayer	2012			2002		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed
	Value		Value	Value		Value
Regency Centers LP	\$ 45,929,500	1	0.55%	\$ 34,465,570.00	1	0.62%
PPC Sammamish LLC	41,947,000	2	0.50%			
Boulder Creek South LLC	39,848,000	3	0.47%			
Puget Sound Energy	32,350,518	4	0.38%	\$ 19,672,526.00	2	0.35%
Sahalee Country Club	10,877,600	5	0.13%	\$ 7,611,610.00	6	0.14%
Oskoui Family Ltd Partnership	6,513,700	6	0.08%			
Colina Pine Lake LLC	6,223,000	7	0.07%	\$ 2,847,400.00	10	0.05%
CPTS (Safeway)	6,195,300	8	0.07%	\$ 4,723,617.00	9	0.08%
Qwest Corporation	2,761,716	9	0.03%			
Frontier Communications NW	2,727,927	10	0.03%			
Saxony LLC				\$ 10,484,000.00	3	0.19%
Trossachs Group				\$ 9,701,000.00	4	0.17%
U.S. West Communications				\$ 8,230,661.00	5	0.15%
Hedgewood LLC				\$ 5,313,000.00	7	0.09%
Sammamish Highlands Association				\$ 4,988,100.00	8	0.09%
	<u>\$ 195,374,261</u>		<u>2.32%</u>	<u>\$ 69,320,723.00</u>		<u>1.93%</u>

Source: King County Assessor

Note: 2012 total assessed valuation for the City of Sammamish is \$8,405,421,485.

2002 total assessed valuation for the City of Sammamish was \$5,598,556,490.

2003 Principal Property Tax Payer Information not available. 2002 information used for comparison.

Table 8

City of Sammamish  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Collected within the Fiscal Year of the Levy			Collected in Subsequent Years	Total Collections to Date	
	Total Tax Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 14,501,874	14,191,151	97.86%	310,723	14,501,874	100.00%
2004	15,460,833	15,216,489	98.42%	244,344	15,460,833	100.00%
2005	16,830,617	16,566,436	98.43%	264,181	16,830,617	100.00%
2006	18,359,410	18,103,966	98.61%	255,053	18,359,019	100.00%
2007	19,004,366	18,733,441	98.57%	270,000	19,003,441	100.00%
2008	19,494,095	19,200,624	98.49%	291,739	19,492,363	99.99%
2009	20,055,680	19,555,008	97.50%	495,830	20,050,838	99.98%
2010	20,669,236	20,380,906	98.61%	252,010	20,632,916	99.82%
2011	21,142,945	20,864,169	98.68%	222,016	21,086,185	99.73%
2012	21,433,785	21,163,924	98.74%	-	21,181,210	98.82%

Source: Annual Tax Receivable Summary Report prepared by the King County Finance Department.

City of Sammamish  
Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	*Percentage of Personal Income	*Per Capita
	General Obligation Bonds	PWTF Loans	LTGO Revenue Bonds			
2003	3,850,000	9,000,000	923,043	13,773,043	0.86%	383
2004	3,635,000	8,500,000	875,376	13,010,376	0.72%	356
2005	3,410,000	8,000,000	825,562	12,235,562	0.64%	317
2006	3,180,000	8,000,000	773,172	11,953,172	0.56%	301
2007	2,940,000	7,466,667	718,139	11,124,806	0.48%	276
2008	2,695,000	6,933,333	660,557	10,288,890	0.44%	254
2009	2,440,000	6,400,000	600,060	9,440,060	0.41%	232
2010	2,175,000	5,866,667	545,174	8,586,841	0.35%	188
2011	1,900,000	5,333,333	477,493	7,710,826	0.31%	168
2012	-	4,822,222	406,183	5,228,405	0.19%	110

\*See Table 13 for personal income and population data.

Note: Details about the city's outstanding debt can be found in the Notes to the Financial Statements.

City of Sammamish  
Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Table 10

Fiscal Year	General Obligation Bonds	*Percentage of Actual Taxable Value of Property	**Per Capita
2002	4,060,000	0.08%	117
2003	3,850,000	0.07%	107
2004	3,635,000	0.06%	99
2005	3,410,000	0.05%	88
2006	3,180,000	0.04%	80
2007	2,940,000	0.04%	73
2008	2,695,000	0.03%	66
2009	2,440,000	0.02%	60
2010	2,175,000	0.03%	48
2011	1,900,000	0.02%	40
2012	-	0.00%	-

\*See Table 5 for property value statistics.

\*\*See Table 13 for population statistics.

Note: Information about the city's outstanding debt can be found in the Notes to the Financial Statements.

City of Sammamish  
 Computation of Direct and Overlapping Debt  
 As of December 31, 2012

Table 11

Governmental Unit	Gross General Obligation Debt Outstanding	*Percentage Applicable to Sammamish	Amount Applicable to Sammamish
Overlapping Debt:			
School District # 410	\$ 83,240,000	4.29%	\$ 3,570,572
School District # 411	315,155,000	22.55%	71,079,372
School District # 414	491,780,000	13.07%	64,260,048
King County	894,303,000	2.62%	23,426,100
Hospital District # 2	206,495,000	9.06%	18,710,918
Library District	137,405,000	2.25%	3,087,416
Fire District #27-1	1,345,000	14.51%	195,149
Port of Seattle	312,005,000	2.62%	8,172,913
Total Overlapping Debt	<u>2,441,728,000</u>		<u>188,931,916</u>
Direct Debt:			
City of Sammamish	<u>4,822,222</u>	100.00%	<u>4,822,222</u>
Total Direct and Overlapping Debt	<u>\$ 2,446,550,222</u>		<u>\$ 193,754,138</u>

Source: King County Finance Office; King County Assessor; City of Sammamish

\*Determined by the ratio of 2011 assessed valuation of property subject to taxation in the overlapping unit to the valuation of property subject to taxation in the reporting unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of Sammamish. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for paying the debt, of each overlapping government.



City of Sammamish  
Legal Debt Margin Information  
Last ten Fiscal Years

Table 12

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit (in thousands)	\$ 280,331	\$ 295,928	\$ 323,067	\$ 357,615	\$ 385,750	\$ 436,957	\$ 491,296	\$ 419,968	\$ 430,260	\$ 420,271
Total net debt applicable to limit	12,850	12,135	11,410	10,680	10,407	9,629	8,840	8,042	7,233	4,800
Legal debt margin (in thousands)	\$ 267,481	\$ 283,793	\$ 311,657	\$ 346,935	\$ 375,343	\$ 427,328	\$ 482,456	\$ 411,926	\$ 423,027	\$ 415,471
Total net debt applicable to limit as a percentage of debt limit	4.58%	4.10%	3.53%	2.99%	2.70%	2.20%	1.80%	1.91%	1.68%	1.14%

Note:

Under state law Sammamish voters may approve general obligation debt of up to 5% of assessed valuation. This 5% limit is allocated equally between general government and parks/open space resulting in a 2.5% limit for each. Within the 2.5% limit, the City Council has the authority to issue bonds without voter approval for a combined total of up to 1.5% of the city's assessed valuation.

Legal Debt Margin Calculation for Fiscal Year 2012

	General Capacity		Special Purpose Capacity		Total Capacity
	Non-Voted Debt	Voted Debt	Parks and Open Space		
December 31, 2012 Assessed Value:					
\$8,405,421,485					
2.50% of Assessed Value	\$ -	\$ 210,135,537	\$ 210,135,537		\$ 420,271,074
1.5% of Assessed Value	126,081,322	(126,081,322)	-		-
Statutory Debt Limit	\$ 126,081,322	\$ 84,054,215	\$ 210,135,537		\$ 420,271,074
Debt Applicable to Limit					
Bonds outstanding	\$ -	-	-		\$ -
PWTF Loans	4,800,000	-	-	4,800,000	4,800,000
Accounts payable	2,199,448	-	209,446	2,408,894	2,408,894
Compensated absences payable	517,575	-	-	517,575	517,575
Due to other governments	4,487	-	-	4,487	4,487
Less:					
*Available cash and investments	(2,721,510)	-	(209,446)	(2,930,956)	(2,930,956)
Total net debt applicable to limit	4,800,000	-	-	4,800,000	4,800,000
Remaining debt capacity	\$ 121,281,322	\$ 84,054,215	\$ 210,135,537		\$ 415,471,074

\*Available cash and investments are defined as cash and investments that can be used to pay the city's current year general obligation debt.

City of Sammamish  
Demographic Statistics  
Last Ten Fiscal Years

Table 13

Fiscal Year	Population	Per Capita Personal Income	Personal Income	Median Age	Number of Households	Unemployment Rate
2002	34,660	44,217	1,532,561,220	35	11,131	4.70%
2003	35,930	44,800	1,609,664,000	35	11,131	6.80%
2004	36,560	49,670	1,815,935,200	35	11,131	5.40%
2005	38,640	49,488	1,912,216,320	35	11,131	4.70%
2006	39,730	53,488	2,125,078,240	35	11,131	4.20%
2007	40,260	57,710	2,323,404,600	35	11,131	3.90%
2008	40,550	58,141	2,357,617,550	35	11,131	4.30%
2009	40,670	56,904	2,314,285,680	35	11,131	8.30%
2010	45,780	53,559	2,451,931,020	37	15,154	8.40%
2011	46,940	55,136	2,588,083,840	37	16,148	8.20%
2012	47,420	57,837	2,742,630,540	37	15,736	6.00%

Sources:

Population figures are from the Puget Sound Regional Council.

Personal income figures are from the U.S. Bureau of Economic Analysis. Estimates are for King County in which Sammamish is located.

Median age and number of households are from the 2000 Census for years 2001-2009. The 2010 Census was used for 2010.

The unemployment rate is from the Washington State Employment Security Department. It is an estimate of the King County unemployment rate in which Sammamish is located.

City of Sammamish  
Principal Employers  
Current Year

Table 14

Employer	Type of Business	Rank	Number of Employees
Issaquah School District	Education	1	439
Lake Washington School District	Education	2	425
Safeway	Grocery Store	3	175
Sahalee Country Club	Country Club	4	150
QFC	Grocery Store	5	110
Columbia Fitness	Fitness Club	6	100
Plateau Club	Country Club	7	100
Starbucks	Coffee House	8	82
Eastside Catholic School	Education	9	80

Notes:

Sammamish is primarily a residential city with a small commercial base.

Data on the number of employees for each business is not collected by the city. These numbers are estimates from a business survey. Data on the total city employment is not collected.

Principal employer data for nine years ago is not available.

City of Sammamish  
Full-time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

Table 15

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Executive	3.5	5.5	5.5	5.5	6.5	4.5	4.5	3.5	3.5	3.5
Finance	4	4	4	4	4	6	6	6	6	6
Information Technology	1	2	2	2	2	2	3	3	3	3
Administrative Services	4	4	5	5	4	5	4	4	3	3
Community Development	19.5	19.5	21.5	22.5	23.5	21.5	21.5	20.5	17.5	17.5
*Security										
Police	1	1	1	1	1	1	1	1	1	1
Culture and Recreation	9	9	10	12	12	13	14.2	14.2	14.2	15.2
Transportation	6.95	6.3	6.3	7.45	7.45	7.45	7.35	7.05	6.425	6.425
Public Works	4.4	3.7	3.7	4.9	5.4	5.4	5.4	6.7	4.7	4.7
Surface Water Management	6.65	7	7	7.65	8.15	8.15	8.05	9.05	8.175	8.175
Total	60	62	66	72	74	74	75	75	67.5	68.5

Source: City budget office

\*The city contracts with King County for Police services and with Eastside Fire and Rescue for Fire services.

Police and Fire personnel are employees of the agencies the city contracts with for services.

The only employee of the city in the Security function is the Police Administrative Assistant.

City of Sammamish  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

Table 16

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Community Development										
Single Family Resident Permits	*	339	262	136	141	54	68	155	180	210
Estimated Value (in thousands)	*	\$ 105,965	\$ 82,500	\$ 55,923	\$ 59,594	\$ 26,480	\$ 24,682	\$ 58,015	\$ 70,282	\$ 84,455
Transportation										
Road Resurfacing (in thousands)	\$ 203	\$ 210	\$ 256	\$ 295	\$ 494	\$ 68	\$ 1,064	\$ 1,708	\$ 2,206	\$ 3,400
Road Construction (in thousands)	\$ 5,719	\$ 4,000	\$ 2,276	\$ 2,593	\$ 5,176	\$ 3,078	\$ 12,072	\$ 12,141	\$ 1,708	\$ 3,300
Police Responses										
Arson	6	13	5	15	0	4	5	1	1	1
Assault	8	7	68	50	57	5	3	7	7	31
Burglary	105	74	55	104	144	183	70	95	94	38
Drugs	16	20	18	20	18	12	8	9	9	12
Homicide	0	0	0	0	0	0	0	0	0	0
Rape	3	3	4	5	4	3	7	6	8	3
Robbery	38	27	25	29	8	9	3	4	1	0
Traffic enforcement	1,756	1,370	1,404	1,683	1,347	607	555	132	1,987	150
Fire Responses										
Fires	407	356	76	118	81	92	80	44	90	69
Emergency Medical	1,232	1,153	1,132	1,056	1,053	1,058	1,068	787	1,072	1,067
Motor Vehicle	99	89	54	84	48	61	72	28	48	44
Service	183	162	464	529	473	517	541	319	480	261

Sources: Various city departments. Fire response data provided by Eastside Fire & Rescue  
Police responses provided by King County Sheriff's Office  
\*Information not available

City of Sammamish  
Capital Assets Statistics by Function/Program  
Last Ten Fiscal Years

Table 17

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of fire engines	7	7	7	7	7	7	7	7	7	7
Number of aid cars	6	6	6	6	6	6	6	6	6	6
Transportation										
Center lane miles of streets	*	*	*	*	*	167	167	168	168	168
Traffic signals	*	*	*	*	*	19	20	20	20	21
School Zone flashers	*	*	*	*	*	3	4	15	24	26
Culture and Recreation										
Acres of developed parks	125	125	125	147	173	173	179	255	442	442
Acres of undeveloped parks	281	281	281	271	254	254	252	187	48	48
Playgrounds	4	4	5	5	7	7	7	7	9	9
Tennis courts (includes public schools)	28	26	26	26	27	27	27	27	27	27
Athletic fields (football, baseball, soccer)	29	30	32	34	34	34	34	34	48	48

\*Data not available

Note: Police vehicles are owned by King County from whom Sammamish contracts for Police services.

Fire stations and vehicles are owned by Sammamish and operated by Eastside Fire and Rescue.

Transportation data is provided by City Engineer. Culture & Recreation data is provided and tracked by the Parks department.