

# 2017



## Comprehensive Annual Financial Report



For the fiscal year ended December 31, 2017

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

PREPARED BY THE DEPARTMENT OF FINANCE:

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**CITY OF SAMMAMISH  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Fiscal Year Ended December 31, 2017**

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## INTRODUCTORY SECTION



Back row: Tom Odell, Don Gerend, Ramiro Valderrama, Tom Hornish,. Front row: Kathleen Huckabay, Christie Malchow, Bob Keller

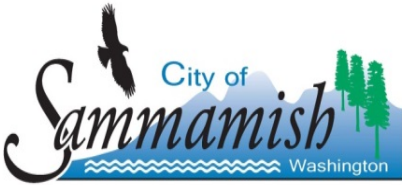
## **2016 CITY OFFICIALS**

### **MAYOR AND CITY COUNCIL**

Don Gerend	Mayor
Bob Keller	Deputy Mayor
Tom Hornish	Council Member
Kathleen Huckabay	Council Member
Christie Malchow	Council Member
Tom Odell	Council Member
Ramiro Valderrama	Council Member

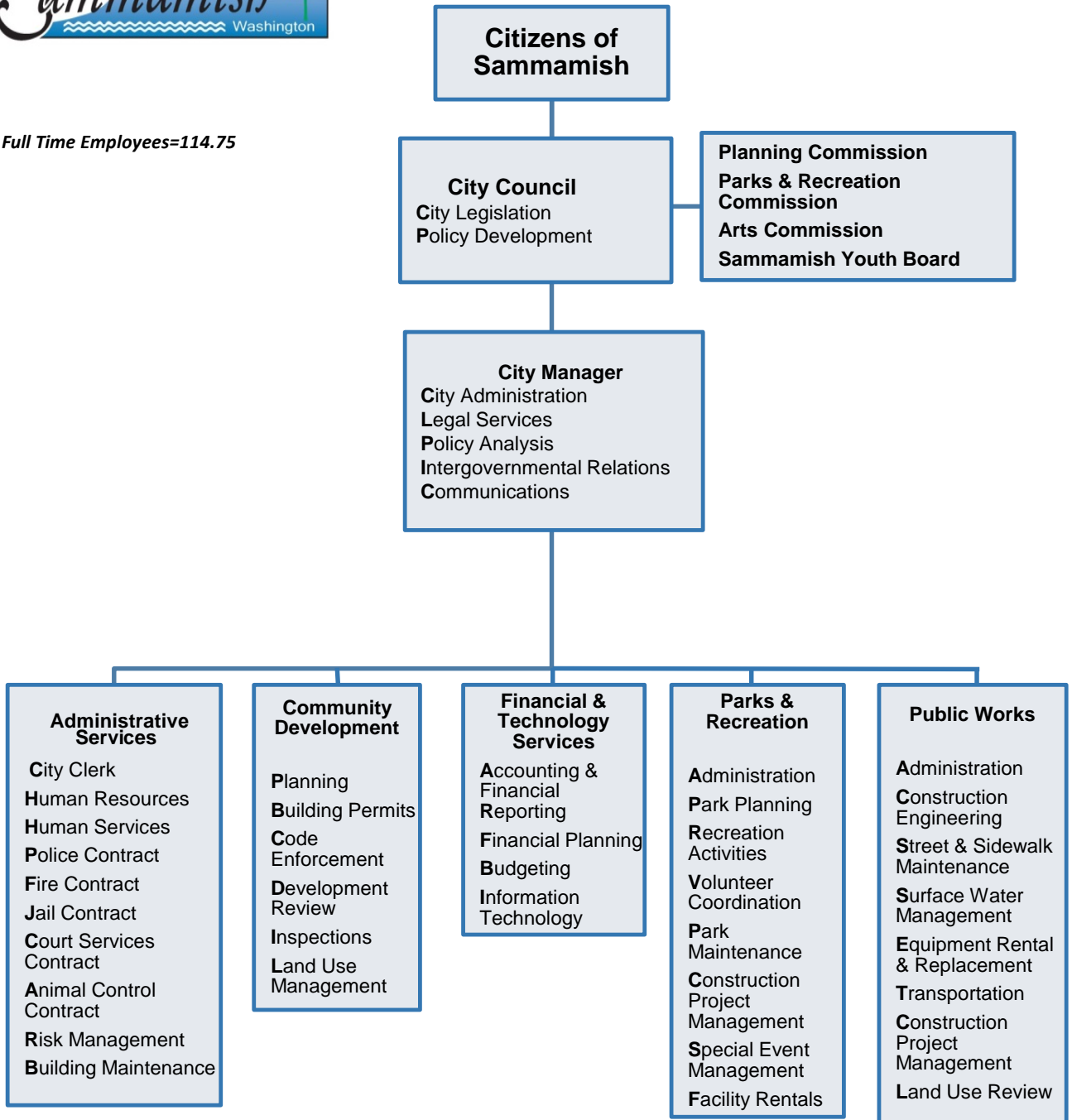
### **ADMINISTRATIVE OFFICIALS**

Lyman Howard	City Manager
Jessi Bon	Deputy City Manager
Aaron Antin	Director of Finance
Steve Leniszewski	Director of Public Works
Angie Fesser	Director of Parks and Recreation
Jeffery Thomas	Director of Community Development
Beth Goldberg	Director of Administrative Services
Mike Kenyon	City Attorney
Michelle Bennett	Police Chief
Melonie Anderson	City Clerk



# ORGANIZATION CHART

Full Time Employees=114.75







Government Finance Officers Association

**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, 2016**

*Christopher P. Morill*

Executive Director/CEO





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

June 28, 2018

Mayor Christie Malchow, 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, 2017.

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 2017.

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 26 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 61,250. 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 four main commercial complexes. Three of the complexes are supermarkets with several smaller shops and businesses. The fourth is Town Center, a mixed-use development that includes the Metropolitan Market, restaurants, general retail, office and medical, as well as apartment homes and townhouses. 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 US Senior Open Championship in 2010 and the LPGA championship tournament in 2016. 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 2017 but may use the "banked" 2017 increase in future years.

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 continued to grow each year, since 2009. Real estate excise tax receipts in 2017 were 75% higher than 2009 levels and impact fee collection has gone from a low in 2008 of \$602,700 to \$5.7 million in 2017. 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. As of 2017, the City no longer holds a bond rating, as all outstanding bonds have been paid.

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 35% of General Fund expenditures in 2017, 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 2017 included:

- On January 1, 2017, the City took possession of a 20-acre parcel of land, donated by a citizen. Planned improvements include vehicular and pedestrian circulation, construction of a new parking lot, a new restroom building, and possible renovations to an existing tree house.
- The City completed major improvements to Sammamish Landing Park. Improvements consist of a parking lot, designated crosswalk, and a public restroom.
- In 2017, the first tenants moved into Town Center. Town Center is envisioned to be a vibrant, family-friendly, urban gathering place to live, work and play in a healthy, natural setting. The first phase of construction included a commercial section with a grocery store, several shops, restaurants, and medical offices, and a live/work townhome development. Currently under construction, is an apartment building that will consist of 159 units, 24 of which are affordable housing, and 13,000 square feet of retail space.

Sammamish Commons was the site of the City's seventh 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 sixth 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, 2016. 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 2003/2004 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,

Aaron Antin  
Finance Director

## FINANCIAL SECTION



**Office of the Washington State Auditor  
Pat McCarthy**

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

June 28, 2018

Mayor and City Council  
City of Sammamish  
Sammamish, Washington

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sammamish, King County, Washington, as of and for the year ended December 31, 2017, 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, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements

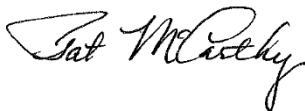
and schedules are presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial 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.

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are 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 28, 2018, 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 "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA



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, 2017. 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 and deferred outflows exceeding total liabilities and deferred inflows by \$628.6 million, an increase of \$21.8 million over the 2016 ending net position. Approximately 70% of this increase is attributable to the acquisition of capital assets.
- During 2017, the City saw an increase in tax revenues of \$1.9 million, of which the biggest increase was from real estate excise taxes at \$718,000. Investment interest earnings increased \$692,000, more than doubling 2016 earnings. Total expenses grew a modest \$2.8 million since the prior year.

### 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, deferred outflows of resources, liabilities, and deferred inflows of resources, showing the difference between assets and deferred outflows, and liabilities and deferred inflows of resources as net position. Over time, increases or decreases in net position may be one indicator of whether the financial health of the City is improving or deteriorating.

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

Both 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 during 2017, despite only moderate economic expansion. 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, 2017 totaled \$606.8 million, an increase of \$92.0 million over 2016. Net position of the City as of December 31, 2017 is summarized and analyzed below.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
	(in thousands)					
Current and other assets	\$ 90,162	\$ 82,827	\$ 6,597	\$ 6,768	\$ 96,759	\$ 89,595
Capital assets, net of accumulated depreciation	492,767	480,839	54,508	51,441	547,275	532,280
Total assets	582,929	563,666	61,105	58,209	644,035	621,875
Deferred outflows	983	1,194	143	171	1,125	1,365
Total deferred outflows	983	1,194	143	171	1,125	1,365
Long-term liabilities	7,386	9,041	918	1,105	8,304	10,146
Other liabilities	6,591	5,455	608	556	7,200	6,011
Total liabilities	13,978	14,496	1,526	1,661	15,504	16,157
Deferred inflows	941	224	135	29	1,076	253
Total deferred inflows	941	224	135	29	1,076	253
Net position						
Net investment in capital assets	490,634	478,172	54,508	51,441	545,142	529,613
Restricted	17,617	14,865	-	-	17,617	14,865
Unrestricted	60,742	57,101	5,079	5,250	65,821	62,351
Total net position	\$ 568,993	\$ 550,139	\$ 59,587	\$ 56,691	\$ 628,580	\$ 606,830

**Governmental Activities:** Net position from governmental activities increased by \$21.2 million in 2017, for a total of \$569.0 million. Of total governmental activities net position, \$17.6 million is restricted for capital projects. Unrestricted net position of \$60.7 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, \$12.0 million was from the acquisition of capital assets. On January 1, 2017, the City accepted title of a donated parcel of land valued at \$4.0 million. Construction in progress added an additional \$9.5 million, with half of that amount related to the redesign and construction of Snake Hill Road. \$3.1 million was spent on parks projects, \$2.6 million of which was the construction of the Sammamish Landing Park. Developer contributions added \$1.7 million in land and infrastructure improvements and the City purchased \$928,000 of new vehicles in 2017. These additions were partially offset by depreciation expense of \$8.0 million.
- Total liabilities and deferred inflows increased by \$198,000. The increase consists of a rise in the City's payable and customer deposit accounts of \$1.1 million and a \$717,000 increase in deferred inflows related to pensions. These increases are offset by a decrease in debt and pension obligations of \$1.7 million.



**Business-type Activities:** Business-type activities of the City’s surface water fund increased the City’s net position by \$2.9 million in 2017. Of total net position of \$59.6 million, \$5.1 million is available to meet ongoing operating needs. Factors contributing to the increase were:

- The largest component of the increase was the result of capital assets contributed by developers of \$1.3 million and construction in progress of \$2.9 million, offset by current depreciation expense for a net increase of \$1.3 million.
- Total liabilities and deferred inflows saw a slight decrease of \$29,000. The decrease consists of \$187,000 in long-term debt and pension liabilities, offset by an increase in deferred inflows related to pensions of \$106,000 and an increase in accounts payable of \$52,000

## Changes in position

As illustrated in the following table, the City’s net position increased approximately \$21.8 million in 2017. The increase was split between the governmental activities (\$18.9 million) and the business-type activities (\$2.9 million).

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

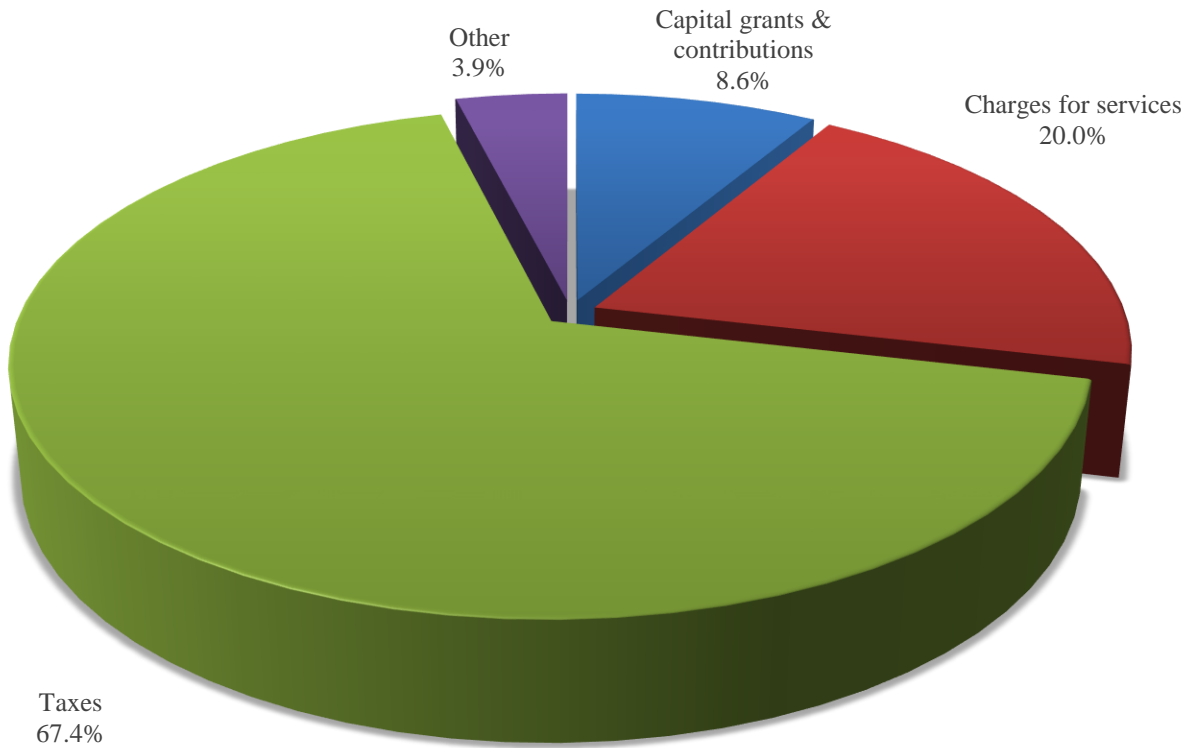
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
			(in thousands)			
Revenues:						
Program revenues:						
Charges for services	\$ 13,419	\$ 13,332	\$ 5,075	\$ 4,706	18,494	\$ 18,038
Operating grants & contributions	734	197	291	1,116	1,025	1,312
Capital grants & contributions	5,732	70,419	2,098	7,697	7,830	78,115
General revenues:						
Property taxes	27,899	27,393	-	-	27,899	27,393
Sales taxes	7,540	6,949	-	-	7,540	6,949
Real estate excise taxes	7,304	6,586	-	-	7,304	6,586
Other taxes	2,400	2,323	-	-	2,400	2,323
Investment interest	1,168	504	73	46	1,242	550
Miscellaneous	740	613	(76)	25	664	638
Total revenues	66,936	128,317	7,462	13,588	74,397	141,905

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
	(in thousands)					
Expenses:						
General government	9,533	8,130	-	-	9,533	8,130
Security	14,743	14,276	-	-	14,743	14,276
Physical environment	1,490	1,192	-	-	1,490	1,192
Economic environment	3,854	3,305	-	-	3,854	3,305
Transportation	10,587	10,731	-	-	10,587	10,731
Mental/physical health	16	12	-	-	16	12
Culture and recreation	7,846	7,522	-	-	7,846	7,522
Interest on long-term debt	12	15	-	-	12	15
Stormwater	-	-	4,566	4,701	4,566	4,701
Total expenses	<u>48,081</u>	<u>45,182</u>	<u>4,566</u>	<u>4,701</u>	<u>52,647</u>	<u>49,882</u>
Increase in net position before transfers and special items	<u>18,855</u>	<u>83,135</u>	<u>2,896</u>	<u>8,887</u>	<u>21,751</u>	<u>92,022</u>
Transfers	<u>107</u>	<u>-</u>	<u>(107)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net position	18,962	83,135	2,789	8,887	21,751	92,022
Net position - beginning	<u>550,139</u>	<u>467,004</u>	<u>56,691</u>	<u>47,803</u>	<u>606,830</u>	<u>514,807</u>
Net position - ending	<u>\$ 569,101</u>	<u>\$ 550,139</u>	<u>\$ 59,479</u>	<u>\$ 56,691</u>	<u>\$ 628,580</u>	<u>\$ 606,830</u>

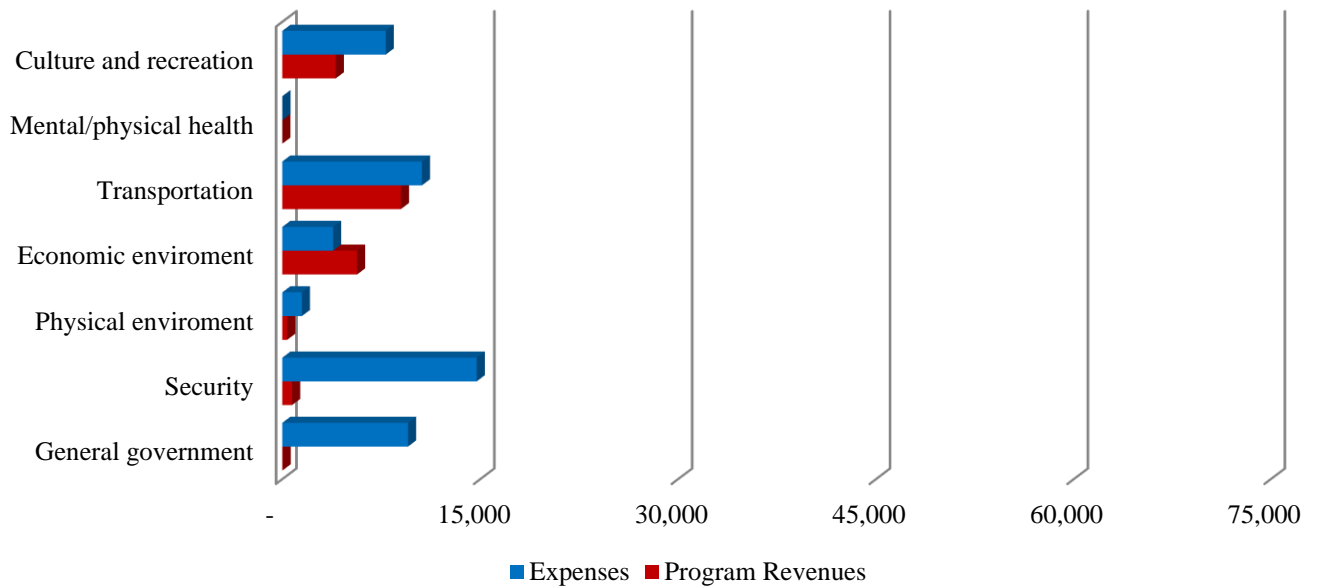
**Governmental activities** increased the City's net position by \$18.9 million in 2017, which accounts for 86.7% of the total increase in net position of the City. Most of the increase in net position is attributable to the addition of capital assets. Total revenues decreased by approximately 47.8%, while total expenses were 6.4% higher than in 2016. Key elements of the changes in governmental activities net position are:

- Capital contributions fell from the prior year by \$64.7 million. This is due to the one-time revenue associated with the Klahanie neighborhood annexation in 2016.
- Tax revenues saw a modest increase of \$1.9 million, with the largest portion attributable to real estate excise taxes, equal to \$718,000.
- Total expenses for governmental activities grew by \$2.9 million in 2017. The largest component was from general government activities, which grew by \$1.4 million. This is mainly the result of an increase in general government staffing necessary to keep pace with the growth of the City from both development and the annexed Klahanie neighborhood. The next largest increase was in expenditures related to economic environment, at \$549,000 over 2016. This increase is tied to the development and implementation of an in-house electrical inspection program, as well as contracted plan review and building inspection services to keep pace with development, including a new, large-scale commercial area.

## Revenue by Source - Governmental Activities



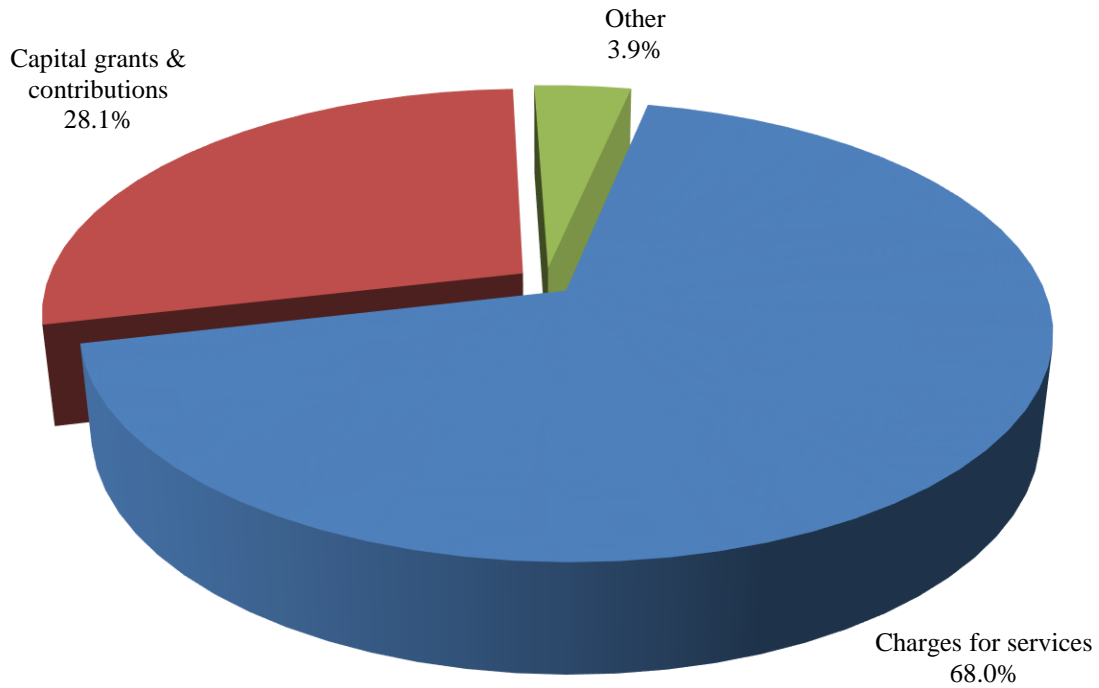
## Expenses and Program Revenues - Governmental Activities (in thousands)



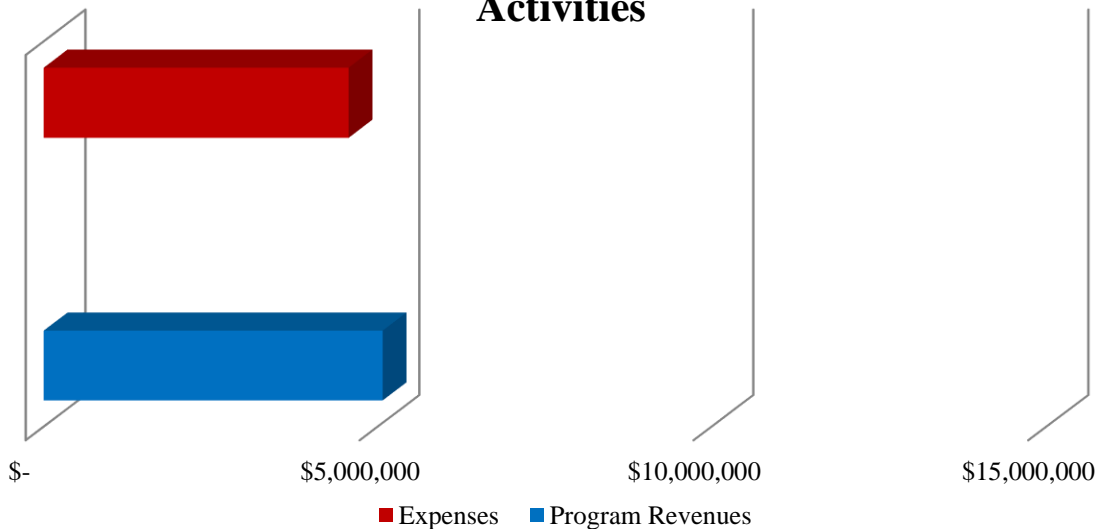
**Business-type activities** increased the City’s net position by \$2.9 million, accounting for 13.3% of the total growth. Total revenues decreased by approximately 45.1%, while total expenses were about 3.0% lower than in 2016. Key elements of the changes in business-type activities net position are:

- Revenues in 2017 fell by \$6.1 million over the prior year. This decrease is due to a one-time capital contribution in 2016, which was a result of annexing the Klahanie neighborhood to the City.
- Expenses were also lower in 2017, by \$135,000. Which is largely due to expenses related to the stormwater comprehensive plan update, which took place during 2016.

### 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 \$81.5 million. This was an increase of \$6.4 million or 8.54% over the ending fund balances of the prior year. Of the ending fund balances, \$4.2 million has been set aside for a strategic reserve, and the remaining \$77.3 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 2017, the fund balance of the General fund was \$33.0 million.

The general fund balance increased \$3.9 million from the prior year. Revenues increased 4.61% while expenditures increased 15.82% and transfers-out doubled from 2016. Revenues exceeded expenditures in the general fund by \$5.4 million in 2017. Net transfers out of the general fund to capital projects funds totaled \$1.55 million.

General fund revenues were \$2.0 million higher in 2017 than in 2016. Property taxes, which increased approximately \$531,000 million, are the primary source of revenue in the General Fund, at 59.8% of the fund's 2017 revenues. An increase in local sales and use tax of \$485,000 and an increase in real estate excise tax of \$718,000, in addition to the increase in property tax collections, accounts for a majority of the growth in tax revenues.

General Fund expenditures were up \$5.6 million in 2017. Transportation expenditures increased by \$2.0 million in 2017. The increase is attributable to increasing maintenance and overlay costs, particularly related to the area annexed by the City in the prior year. Expenditures for general government increased by \$2.0 million, this was largely due to increases in legal expenditures, repair and maintenance of facilities, and general administrative activities. Economic environment expenditures increased by \$498,000, associated costs related to development activity. The remaining functions had a combined increase in expenditures of \$884,000.

General Fund expenditures are closely monitored with all departments working together to limit their expenditures with minimal impact on currently provided public services. The City's total budgeted positions increased by 24.75 full-time equivalents, to a total of 114.75. City staff received a cost of living increase of 2.44% in 2017.

Ending fund balance in the General Capital Improvement Fund increased \$364,000. There are currently no active or planned construction projects in this fund.

Ending fund balance in the Parks Capital Improvement Fund increased \$5.2 million. Total park capital expenditures for the year were \$2.3 million, a majority of which paid for the completion of a waterfront park, and the replacement of artificial turf on several City owned fields.

The Transportation Capital Improvement Fund ending fund balance was \$26.9 million, a decrease of \$3.0 million from 2016. Expenditures of \$10.8 million were spent largely on several road improvement designs and construction. Traffic impact fees of \$2.8 million and real estate excise taxes of \$3.7 million made up a majority of the \$7.1 million in fund revenues for 2017.

### **Proprietary funds**

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

## General Fund Budgetary Highlights

The City of Sammamish budgets on a biennial basis with each budget beginning in an odd numbered year in compliance with state law. The differences between the original 2017-2018 general fund budget adopted at the end of 2016 and the 2017-2018 biennial general fund budget at December 31, 2017 are as follows:

Revenues increased/ (decreased) in the following categories:

- Beginning Fund Balance \$ 7,905,326
- Taxes \$ 50,000
- Intergovernmental \$ 35,000
- Charges for Goods & Services \$ (64,300)

A higher than expected actual ending fund balance in 2016 allowed for an increase to the General Fund budget beginning balance for 2017.

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

- Ending Fund Balance \$ 4,043,528
- General Government \$ 812,450
- Security \$ 363,300
- Economic Development \$ 336,650
- Culture & Recreation \$ 14,770
- Physical Environment \$ (128,300)

The increase in budget across nearly all functions is a result of the general expansion of government services offered. Beginning and ending fund balances were adjusted upwards due to revenues being higher than forecasted, while realizing savings on expenditures on 2017.

## 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, 2017 was \$547.3 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 2017 included the following:

- \$15.3 million in added assets consist of construction in progress, of which \$10.4 million is transportation related activity, including \$5.0 million for the redesign of Snake Hill Road. Another \$2.9 million is construction of stormwater facilities.
- Developer and private contributions of \$6.8 million in land, streets, and surface water facilities.
- \$2.9 million dollars was closed out of construction in progress due to the completion of Sammamish Landing Park, and the City purchased \$835,000 of new vehicles (net of depreciation) during 2017.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
	(in thousands)					
Land	\$ 301,395	\$ 296,269	\$ 13,582	\$ 13,391	\$ 314,977	\$ 309,661
Buildings/building improvements	43,411	45,345	1,300	1,364	44,712	46,709
Improvements other than buildings	17,340	16,815	33,957	34,031	51,297	50,846
Machinery & equipment	2,573	2,049	116	19	2,688	2,068
Construction in progress	15,803	6,311	5,553	2,636	21,357	8,947
Art	91	91	-	-	91	91
Software	71	74	-	-	71	74
Infrastructure	112,083	113,884	-	-	112,083	113,884
<b>Total</b>	<b>\$ 492,767</b>	<b>\$ 480,839</b>	<b>\$ 54,508</b>	<b>\$ 51,441</b>	<b>\$ 547,275</b>	<b>\$ 532,280</b>

Additional information on the City of Sammamish's capital assets can be found in Note 6 of this report.

## Long-term debt

At the end of the current fiscal year, the City had debt outstanding of \$2.2 million. Of this amount, \$2.2 million is a State of Washington Public Works Trust Fund Loan and \$109,000 is revenue debt, which was inherited from King County at incorporation in 1999.

## General obligation and revenue debt

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
	(in thousands)					
General obligation debt	\$ 2,133	\$ 2,667	\$ -	\$ -	\$ 2,133	\$ 2,667
Revenue debt	-	-	109	151	109	151
<b>Total</b>	<b>\$ 2,133</b>	<b>\$ 2,667</b>	<b>\$ 109</b>	<b>\$ 151</b>	<b>\$ 2,243</b>	<b>\$ 2,818</b>

The City was not rated by Standard & Poors in 2017 due to the fact the City has no outstanding bond obligations.

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 2017 was \$14,514,101,138 and remaining debt capacity is as follows:

General	\$ 360,719,195
Open Space/Park Facilities	<u>362,852,528</u>
<b>Total</b>	<b><u>\$ 723,571,724</u></b>

The total amount of unlimited tax and limited tax general obligation debt the City may issue is \$725,705,057. Additional information on the City of Sammamish's long-term debt can be found in Note 11 of this report.



## **Economic Factors and Next Biennium's Budget**

Sammamish's operations are primarily funded by property taxes with few volatile sources of revenue that fund operating activities. By state law, the City may raise property taxes 1% per year plus the property taxes on new construction. To minimize the impact of tax increases on its citizens, the City chose not to exercise that option for 2017, 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. Revenue from transportation impact fees in the 2017-2018 budget period is expected to rise by 60% compared to 2015-2016 levels, and it is anticipated that parks impact fees will more than double. Real estate excise tax revenues are forecasted to increase by 40%.

Sammamish has a history of excellent financial management and prudent fiscal policies. The 2017-2018 biennial budget maintains the City's strong financial position, with a projected ending fund balance of nearly \$24.0 million at the end of 2018. 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, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 62,994,889	\$ 4,615,659	\$ 67,610,548
Cash with outside agencies	217,567	-	217,567
Investments	21,875,258	1,563,471	23,438,729
Receivables:			
Taxes	2,107,268	-	2,107,268
Accounts	372,715	518,552	891,267
Interest	318,600	22,771	341,371
Contracts	447,203	-	447,203
Due from other governments	113,000	7,281	120,281
Internal balances	130,572	(130,572)	-
Restricted assets:			
Deposit cash	1,584,950	-	1,584,950
Capital assets:			
Land, artwork, construction in progress	317,289,358	19,135,377	336,424,735
Depreciable capital assets, net	175,478,052	35,372,657	210,850,709
Total assets	<u>582,929,432</u>	<u>61,105,196</u>	<u>644,034,628</u>
<b>DEFERRED OUTFLOWS</b>			
Related to pensions	982,539	142,705	1,125,244
Total deferred outflows	<u>982,539</u>	<u>142,705</u>	<u>1,125,244</u>
<b>LIABILITIES</b>			
Accounts/claims payable	4,093,749	554,907	4,648,656
Employee wages payable	264,619	-	264,619
Accrued interest payable	51,113	-	51,113
Customer deposits	1,584,950	-	1,584,950
Noncurrent liabilities:			
Due within one year	596,919	53,294	650,213
Due in more than one year	2,172,266	148,945	2,321,211
Net pension liability	5,214,081	769,031	5,983,112
Total liabilities	<u>13,977,697</u>	<u>1,526,177</u>	<u>15,503,874</u>
<b>DEFERRED INFLOWS</b>			
Unavailable Revenues	24,051	-	24,051
Related to pensions	916,796	135,015	1,051,811
Total deferred inflows	<u>940,847</u>	<u>135,015</u>	<u>1,075,862</u>
<b>NET POSITION</b>			
Net investment in capital assets	490,634,077	54,508,034	545,142,111
Restricted for:			
Capital projects	17,617,041	-	17,617,041
Unrestricted	60,742,309	5,078,675	65,820,984
Total net position	<u>\$ 568,993,427</u>	<u>\$ 59,586,709</u>	<u>\$ 628,580,136</u>

See accompanying notes to the financial statements

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2017

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	\$ 9,533,450	\$ 34,465	\$ 368	\$ 962,403	\$ (8,536,214)	\$ -	\$ (8,536,214)
Security	14,743,020	736,721	12,224		(13,994,075)	-	(13,994,075)
Physical environment	1,489,512	271,321	102,936		(1,115,255)	-	(1,115,255)
Economic environment	3,853,982	5,673,776			1,819,794	-	1,819,794
Transportation	10,586,802	3,214,967	96,699	720,081	(6,555,055)	-	(6,555,055)
Mental/physical health	16,407				(16,407)	-	(16,407)
Culture and recreation	7,845,884	3,487,345	521,347	4,050,000	212,808	-	212,808
Interest on long-term debt	12,001				(12,001)	-	(12,001)
Total governmental activities	48,081,058	13,418,595	733,574	5,732,484	(28,196,405)	-	(28,196,405)
<b>Business-type activities:</b>							
Surface water management	4,565,776	5,075,454	291,338	2,097,893	-	2,898,909	2,898,909
Total business-type activities	4,565,776	5,075,454	291,338	2,097,893	-	2,898,909	2,898,909
Total government	\$ 52,646,834	\$ 18,494,049	\$ 1,024,912	\$ 7,830,377	(28,196,405)	2,898,909	(25,297,496)
<b>General revenues</b>							
Taxes							
Property					27,898,518		27,898,518
Sales					7,539,939		7,539,939
Real estate excise					7,304,029		7,304,029
Other					2,400,236		2,400,236
Unrestricted investment interest					1,168,494	73,286	1,241,780
Miscellaneous					632,444	31,182	663,626
Transfers					107,435	(107,435)	-
Total general revenues and transfers					47,051,095	(2,967)	47,048,128
Change in net position					18,854,690	2,895,942	21,750,632
Net position - beginning					550,138,737	56,690,767	606,829,504
Net position - ending					\$ 568,993,427	\$ 59,586,709	\$ 628,580,136

See accompanying notes to the financial statements.

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2017

	Major Funds	
	General	General CIP
<b>ASSETS</b>		
Cash and cash equivalents	\$ 25,372,730	\$ 3,144,054
Cash with outside agencies	217,567	
Investments	9,131,428	1,064,992
Receivables:	-	
Taxes	1,398,547	
Accounts	250,661	
Interest	132,994	15,511
Contracts	447,203	
Due from other governments	5,000	
Restricted assets:		
Deposit cash	1,584,950	
Total assets	\$ 38,541,080	\$ 4,224,557
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts/claims payable	\$ 2,837,094	\$
Employee wages payable	264,619	
Due to other governments	45,780	
Payable from restricted assets:		
Customer deposits	1,584,950	
Total liabilities	4,732,443	-
Deferred inflows:		
Unavailable revenues	830,838	15,511
Total deferred inflows	830,838	15,511
Fund balances:		
Nonspendable	447,203	-
Restricted	83,750	153,372
Committed	-	-
Assigned	4,660,783	4,055,674
Unassigned	27,786,063	-
Total fund balances	32,977,799	4,209,046
Total liabilities and fund balances	\$ 38,541,080	\$ 4,224,557

See accompanying notes to the financial statements.



**CITY OF SAMMAMISH**

Page 2 of 3

<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
<u>Parks CIP</u>	<u>Transportation CIP</u>	<u>G.O. Debt Service Fund</u>	
\$ 12,710,271	\$ 20,581,347	\$ -	\$ 61,808,402
		-	217,567
4,305,376	6,971,561	-	21,473,357
354,361	354,360	-	2,107,268
52,453	69,601	-	372,715
62,705	101,537	-	312,747
			447,203
40,000	68,000		113,000
			1,584,950
<u>\$ 17,525,166</u>	<u>\$ 28,146,406</u>	<u>\$ -</u>	<u>\$ 88,437,209</u>
\$ 87,355	\$ 1,088,318	\$ -	\$ 4,012,767
			264,619
			45,780
			1,584,950
<u>87,355</u>	<u>1,088,318</u>	<u>-</u>	<u>5,908,116</u>
<u>69,444</u>	<u>111,480</u>	<u>-</u>	<u>1,027,273</u>
<u>69,444</u>	<u>111,480</u>	<u>-</u>	<u>1,027,273</u>
-	-		447,203
5,557,478	11,822,441		17,617,041
-	-		-
11,810,889	15,124,167		35,651,513
			27,786,063
<u>17,368,367</u>	<u>26,946,608</u>	<u>-</u>	<u>81,501,820</u>
<u>\$ 17,525,166</u>	<u>\$ 28,146,406</u>	<u>\$ -</u>	<u>\$ 88,437,209</u>

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
For the Year Ended December 31, 2017

Total governmental fund balances \$ 81,501,820

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. 490,962,487

These assets consist of:

Land	301,395,049
Construction in progress	15,803,268
Art	91,041
Buildings	53,799,068
Improvements other than buildings	40,996,196
Machinery and equipment	3,388,667
Depreciable infrastructure	191,184,976
Software	421,139
Less: accumulated depreciation	(116,116,917)

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. (7,720,981)

These long-term liabilities consist of:

Bonds payable	(2,133,333)
Pension liabilities	(4,962,259)
Accrued debt interest payable	(5,333)
Compensated absences	(620,056)

Unavailable revenues are not available to pay for current period expenditures. 1,003,222

Net Deferred Outflows/Inflows - Pension not available in current period. 62,502

Due from Business type activities - charges by internal service funds were less than actual expenses. 130,572

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.

3,053,805

Net position of governmental activities \$ 568,993,427

See accompanying notes to the financial statements.



STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2017

	Major Funds	
	General Fund	General CIP Fund
<b>REVENUES</b>		
Taxes	\$ 35,296,144	\$
Licenses and Permits	3,301,229	
Intergovernmental	2,658,136	
Charges for Services	3,635,320	
Fines and Forfeitures	243,266	
Investment Income	466,583	38,647
Contributions	124,494	
Miscellaneous	660,238	
Total Revenues	<u>46,385,410</u>	<u>38,647</u>
<b>EXPENDITURES</b>		
Current		
General Government	8,813,452	
Security of Persons and Property	14,490,040	
Physical Environment	1,496,388	
Transportation	7,813,667	
Economic Environment	3,881,847	
Mental/Physical Health	16,407	
Culture and Recreation	4,042,948	
Capital Outlay	439,360	
Debt Service		
Principal		
Interest and Debt Issue Costs		
Total Expenditures	<u>40,994,109</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	5,391,301	38,647
<b>OTHER FINANCING SOURCES (USES)</b>		
Insurance Recovery	5,765	
Transfers In	25,000	350,000
Transfers Out	(1,550,000)	(25,000)
Total other financing sources (uses)	<u>(1,519,235)</u>	<u>325,000</u>
Net change in fund balances	3,872,066	363,647
Fund balances - beginning	<u>29,105,733</u>	<u>3,845,399</u>
Fund balances - ending	<u>\$ 32,977,799</u>	<u>\$ 4,209,046</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	
\$ 3,816,360	\$ 3,652,014	\$ -	\$ 42,764,518
490,000		-	3,301,229
3,014,629	3,180,889	-	3,148,136
		-	9,830,838
140,699	293,742	-	243,266
		-	939,671
	18,141	-	124,494
<u>7,461,688</u>	<u>7,144,786</u>	<u>-</u>	<u>61,030,531</u>
		-	8,813,452
		-	14,490,040
		-	1,496,388
		-	7,813,667
		-	3,881,847
		-	16,407
		-	4,042,948
2,264,267	10,817,129	-	13,520,756
		533,333	533,333
		13,334	13,334
<u>2,264,267</u>	<u>10,817,129</u>	<u>546,667</u>	<u>54,622,172</u>
5,197,421	(3,672,343)	(546,667)	6,408,359
	1,200,000	-	5,765
	(546,667)	546,667	2,121,667
<u>-</u>	<u>653,333</u>	<u>-</u>	<u>(2,121,667)</u>
		546,667	5,765
5,197,421	(3,019,010)	-	6,414,124
12,170,946	29,965,618	-	75,087,696
<u>\$ 17,368,367</u>	<u>\$ 26,946,608</u>	<u>\$ -</u>	<u>\$ 81,501,820</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, 2017

Net change in fund balances - total governmental funds		\$ 6,414,124
<p>Amounts reported for governmental funds in the statement of activities are different because:</p>		
<p>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.</p>		
		5,919,017
<p>This amount is comprised of:</p>		
Capital outlays	13,520,756	
Current year depreciation	(7,601,739)	
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		5,766,647
<p>This amount is comprised of:</p>		
Unavailable tax revenues	(21,412)	
Unavailable grants and contracts revenue	(85,162)	
Developer and private contributions	5,664,343	
Interest Income	208,878	
<p>Repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net position.</p>		
		533,333
<p>This amount is comprised of:</p>		
Long-term debt repayments	533,333	
<p>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.</p>		
		215,288
<p>This amount is comprised of:</p>		
Accrued interest expense	1,333	
Pension Expense	207,512	
Accrued compensated absences expense	6,443	
<p>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.</p>		
		6,281
Change in net position of governmental activities.		\$ 18,854,690

See accompanying notes to the financial statements.

**CITY OF SAMMAMISH**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 December 31, 2017

	Business-type Activities Enterprise Fund	Governmental Activities
	Surface Water Fund	Internal Service Funds
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 4,615,659	\$ 1,186,487
Investments	1,563,471	401,901
Receivables		
Accounts	518,552	-
Due from other governments	7,281	
Interest	22,771	5,853
Total current assets	6,727,734	1,594,241
Capital assets:		
Land	13,582,129	-
Buildings	1,744,111	-
Improvements other than buildings	47,107,362	-
Equipment	158,101	3,937,073
Construction in progress	5,553,248	-
Software	13,740	218,059
Less accumulated depreciation and amortization	(13,650,657)	(2,350,209)
Total capital assets (net of depreciation and amortization)	54,508,034	1,804,923
Total assets	61,235,768	3,399,164
DEFERRED OUTFLOWS		
Related to pensions	142,705	47,294
Total deferred outflows	142,705	47,294
LIABILITIES		
Current liabilities		
Accounts payable	\$ 554,907	\$ 80,982
Compensated absences	9,290	1,580
Contract payable	44,004	-
Total current liabilities	608,201	82,562
Noncurrent Liabilities:		
Compensated absences	83,606	14,216
Contracts payable	65,339	
Net Pension Liability	769,031	251,822
Total noncurrent liabilities	917,976	266,038
Total liabilities	1,526,177	348,600
DEFERRED INFLOWS		
Related to pensions	135,015	44,053
Total deferred inflows	135,015	44,053
NET POSITION		
Net investment in capital assets	54,508,034	1,804,923
Unrestricted	5,209,247	1,248,882
Total net position	\$ 59,717,281	\$ 3,053,805
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund.	(130,572)	
Net position of business-type activities	\$ 59,586,709	

See accompanying notes to the financial statements.









**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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**CITY OF SAMMAMISH  
NOTES TO THE  
FINANCIAL STATEMENTS  
FOR YEAR ENDED DECEMBER 31, 2017**

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

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

## **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.

## **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.

**Deferred Outflows of Resources**

Deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred outflow of resources involved no consumption of resources that results in either a net decrease in assets or a net increase in liabilities. It also represents access to present service capability that is under the government's controls.

**Capital Assets**

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

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

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

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

## **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.

## **Pensions**

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

## **Deferred Inflows of Resources**

Deferred inflow of resources is the acquisition of net position that is applicable to a future reporting period. A deferred inflow of resources involved no acquisition of resources resulting in either a net increase in assets or a net decrease in liabilities. It represents a present obligation to sacrifice resources that the government has little or no discretion to avoid.

## **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 12 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.



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

**Fund Deficits and Overexpenditures**

During 2017, 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:  
DEPOSITS AND INVESTMENTS**

As of December 31, 2017, the City's cash, cash equivalents, and investments were as follows:

Cash and cash equivalents	\$ 2,624,717
Cash held by outside agencies	217,567
Non-pooled investments, measured at fair value	23,438,729
Pooled investments, measured at amortized cost	<u>66,570,781</u>
Total cash, cash equivalents, and investments	<u>\$92,851,794</u>

*Custodial Credit Risk*

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

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

At December 31, 2017, the City's individual investments in U.S. Treasuries, U.S. government-sponsored securities, and federal agencies were held in the City's name either by the City's safekeeping agency.

**Investments**

*Investments Measured at Fair Value*

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

- Level 1: Quoted prices in active markets for identical assets;
- Level 2: These are quoted market prices for similar assets, quoted prices for identical or similar assets in markets that are not active, or other than quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset.

The estimated fair values of the City's U.S. Treasury obligations and U.S. government-sponsored securities (excluding U.S. Agency securities) are based on quoted market prices provided by recognized broker dealers (Level 1 inputs). The estimated fair value of its U.S. Agency securities is based on a matrix pricing model that maximizes the use of observable inputs for similar securities as provided by recognized broker dealers (Level 2 inputs). The estimated fair value of the City's Local Government Investment Pool investment is based on the City's proportionate share of the value of the pooled investments (Level 3 inputs).

At December 31, 2017, the City had the following investments measured at fair value:

	12/31/17	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury securities	\$ 2,022,742	\$ 2,022,742	\$ -	\$ -
U.S. government agency securities	13,562,372	-	13,562,372	-
U.S. government-sponsored securities	2,967,609	2,967,609	-	-
Municipal bonds	4,886,006	-	66,570,781	-
Total investments by fair value	<u>\$23,438,729</u>	<u>\$ 4,990,351</u>	<u>\$80,133,153</u>	<u>\$ -</u>

*Investments Measured at Amortized Cost*

As of December 31, 2017, the City reported \$61,561,895 of funds held with the Washington State Treasurer's Local Government Investment Pool (LGIP).

The City participates in the LGIP, is comparable to a 2a7-like pool, as defined by GASB 31. The LGIP manages a portfolio of securities that meet the maturity, quality, diversification, liquidity, and market value calculation requirements set forth by the Governmental Standards Accounting Board (GASB) for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. These funds are limited to high quality obligations, with regulated maximum and average maturities to minimize both market and credit risk. Investments are reported on a trade date basis in accordance with generally accepted accounting principles (GAAP).

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

At December 31, 2017, the City had the following investment types and maturities:

Investment Type	Reported Value	Less than 1	1 to 3
U.S. Treasury securities	\$ 2,022,742	\$ 2,022,742	\$ -
U.S. government agency securities	13,562,372	1,457,873	12,104,499
U.S. government-sponsored securities	2,967,609	2,967,609	-
Municipal bonds	4,886,006	3,476,974	1,409,032
Local Government Investment Pool	66,570,781	66,570,781	-
Total	<u>\$90,009,510</u>	<u>\$76,495,979</u>	<u>\$13,513,531</u>

**Interest Rate Risk.** As a means of minimizing risk of loss from interest rate fluctuations the City's informal policy is to generally target weighted average maturity of its investment portfolio to not exceed 24 months.

At December 31, 2017, the credit rating for each investment type was as follows:

Investment Type	Total	Ratings at 12/31/2017			
		Aaa	Aa2	Aa3	Not Rated
U.S. Treasury securities	\$ 2,022,742	\$ 2,022,742	\$ -	\$ -	\$ -
U.S. government agency securities	13,562,372	13,562,372	-	-	-
U.S. government-sponsored securities	2,967,609	2,967,609	-	-	-
Municipal bonds	4,886,006	3,278,855	689,332	619,173	298,646
Local government investment pool	66,570,781	66,570,781	-	-	-
<b>Total Investments</b>	<b>\$90,009,510</b>	<b>\$88,402,359</b>	<b>\$ 689,332</b>	<b>\$619,173</b>	<b>\$298,646</b>

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City, by State law, is limited to investments in obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker's acceptances, interest bearing bank accounts, commercial papers, certificates of deposit, repurchase agreements, and in the LGIP. The LGIP is limited to obligations of the U.S. government, government sponsored enterprises, or insured demand deposits and certificates of deposit. The City has no security lending arrangements or reverse repurchase agreements.

Investments in any one investment type that represent 5% or more of total investments at December 31, 2017, were as follows:

Municipal bonds	5.43%
U.S. government agency securities	15.07%
Local government investment pool	73.96%

**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.

#### **NOTE 4: 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 the City may levy property taxes for 2017 up to \$2.80 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 2017, the City levied \$1.97 per \$1,000 of assessed value for general governmental services, and had no voter approved excess levy.

**NOTE 5:  
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.

	Contract Amount	Collected to Date	Balance as of 12/31/2017
District 10	\$1,788,803	\$1,341,600	\$ 447,203
Annual contract payments receivable to maturity:		Year	Principal
		2018	\$ 89,440
		2019	89,440
		2020	89,440
		2021	89,440
		2022	89,440
		Total	\$ 447,203

**NOTE 6:  
CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017 was as follows (in thousands):

**Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 296,269	\$ 5,126	\$ -	\$ 301,395
Construction in Progress	6,311	12,425	(2,933)	15,803
Art	91	-	-	91
Total capital assets, not being depreciated	302,672	17,550	(2,933)	317,289

Capital assets, being depreciated or amortized:				
Buildings & Building Improvements	53,799	-	-	53,799
Improvements other than Buildings	37,771	3,225	-	40,996
Machinery & Equipment	7,469	1,052	(1,195)	7,326
Infrastructure	190,230	955	-	191,185
Software	595	44	-	639
Total capital assets, being depreciated or amortized	<u>289,865</u>	<u>5,276</u>	<u>(1,195)</u>	<u>293,945</u>
Less accumulated depreciation and amortization for:				
Buildings & Building Improvements	8,454	1,934	-	10,388
Improvements other than Buildings	20,956	2,700	-	23,656
Machinery & Equipment	5,421	519	(1,187)	4,753
Infrastructure	76,346	2,755	-	79,102
Software	520	48	-	568
Total accumulated depreciation and amortization	<u>111,697</u>	<u>7,956</u>	<u>(1,187)</u>	<u>118,467</u>
Total capital assets, being depreciated or amortized, net	<u>178,167</u>	<u>(2,681)</u>	<u>(8)</u>	<u>175,478</u>
Governmental Activities Capital Assets, net	<u>\$480,839</u>	<u>\$14,870</u>	<u>\$ (2,941)</u>	<u>\$ 492,767</u>

**Business-Type Activities:**

Capital Assets, not being depreciated:				
Land	\$ 13,391	\$ 191	\$ -	\$ 13,582
Construction in Progress	2,636	2,917	-	5,553
Total capital assets, not being depreciated	<u>16,027</u>	<u>3,108</u>	<u>-</u>	<u>19,135</u>
Capital Assets, being depreciated or amortized:				
Buildings & Building Improvements	1,744	-	-	1,744
Improvements other than Buildings	45,980	1,127	-	47,107
Machinery & Equipment	39	119	-	158
Software	14	-	-	14
Total capital assets, being depreciated or amortized	<u>47,777</u>	<u>1,246</u>	<u>-</u>	<u>49,023</u>
Less Accumulated Depreciation or amortization for:				
Buildings & Building Improvements	381	63	-	444
Improvements other than Buildings	11,950	1,201	-	13,150
Machinery & Equipment	20	22	-	42
Software	14	-	-	14
Total accumulated depreciation and amortization	<u>12,364</u>	<u>1,287</u>	<u>-</u>	<u>13,651</u>
Total capital assets, being depreciated or amortized, net	<u>35,413</u>	<u>(41)</u>	<u>-</u>	<u>35,373</u>
Business-Type Activities Capital Assets, net	<u>\$ 51,441</u>	<u>\$ 3,067</u>	<u>\$ -</u>	<u>\$ 54,508</u>

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

General Government	\$ 631
Security	268
Physical Environment	-
Transportation, including depreciation of General Government Infrastructure assets	2,837
Culture and Recreation	3,865
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of those assets	<u>355</u>
Total depreciation and amortization expense - Governmental Activities	<u>\$ 7,956</u>
<b>Business-Type Activities:</b>	
Surface Water Management	<u>\$ 1,287</u>
Total depreciation and amortization expense - Business-Type Activities	<u>\$ 1,287</u>

**NOTE 7:  
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.

Current annual lease payments to the City are \$107,880, and are 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.

## **Central Washington University**

On March 21, 2017, the City entered into a three-year lease with Central Washington University (CWU) for use of office space at a City owned property know as Mars Hill, an approximately 30,000 square foot former church purchased by the City in 2015. The facility will be used as a higher education center, providing programming and coursework that leads to a certificate, or a baccalaureate or master's degree. After the initial three-year lease term, CWU may exercise the option to extend the term by not more than 15 total years, exercisable in one or more five-year increments. Annual rent is \$60,000.

CWU is responsible for tenant improvements to the premises as well as the security, routine repair and maintenance and daily operation of the premises. The City is responsible for the maintenance of the parking lot and landscaping, as well as custodial services. Major capital replacement and repair, including the roof, structural elements, heating, air-conditioning, fire suppression system, and plumbing/electrical, is also the responsibility of the City.

The lease includes a purchase option, that CWU may exercise at any time during the lease term. The purchase price is set at \$8,000,000 for the first year of the lease, and increases 2% annually for the remainder of the initial lease term. After the initial lease term, the increase is set at 2% or the cumulative increase in the Consumer Price Index for All Urban Areas – All Items – Seattle-Tacoma-Bremerton, for the preceding 12-month period.

## Schedule of Leased Property

Asset	Cost	Accumulated Depreciation	Carrying Value
Sween House	\$ 268,925	\$ 78,232	\$ 190,693
Library	1,682,086	489,336	1,192,750
KCSO Office Space	580,355	105,520	474,835
CWU Office Space	4,449,897	476,775	3,973,122
<b>Total Leased Property</b>	<b>\$ 6,981,263</b>	<b>\$ 1,149,863</b>	<b>\$ 5,831,400</b>

2017 Depreciation Expense \$ 250,975

### NOTE 8: PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB 68 for the year 2017:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension Liabilities	5,983,112
Pension Assets	-
Deferred Outflows of Resources	1,125,244
Deferred Inflows of Resources	(1,051,811)
Pension Expense	805,754

### State Sponsored Pension Plans

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

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

### Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the



member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

*Contributions* - The PERS Plan 1 member contribution rate is established by State statute at six percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows: The City's actual contributions to the plan were \$423,632 for the year ended December 31, 2017.

<b>PERS 1</b>	<b><u>Employer</u></b>	<b><u>Employee</u></b>
January - June 2017		
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	-
Administrative Fee	0.18%	-
Total	<u>11.18%</u>	<u>6.00%</u>
July - December 2017		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	-
Administrative Fee	0.18%	-
Total	<u>12.70%</u>	<u>6.00%</u>

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

*Contributions* - The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the

state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

<b>PERS 2/3</b>	<b>Employer Plan 2/3</b>	<b>Employee Plan 2</b>
January - June 2017		
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	-
Administrative Fee	0.18%	-
Employee PERS Plan 3		varies
Total	<u>11.18%</u>	<u>6.12%</u>
July - December 2017		
PERS Plan 1	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	-
Administrative Fee	0.18%	-
Employee PERS Plan 3		varies
Total	<u>12.70%</u>	<u>7.38%</u>

The City's actual contributions to the plan were \$595,864 for the year ended December 31, 2017.

### Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2015 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2017. Plan liabilities were rolled forward from June 30, 2016, to June 30, 2017, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3.0% total economic inflation; 3.75% salary inflation.
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- For all plans, how terminated and vested benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- For all plans, the average expected remaining services lives calculation was revised.

### Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5%.

To determine that rate, an asset sufficiency test included an assumed 7.7% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.5% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3 employers, whose rates include a component for the PERS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position

was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5% was used to determine the total liability.

### Long-Term Expected Rate of Return

The long-term expected rate of return on DRS pension plan investments of 7.5% was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

### Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the table below. The inflation component used to create the table is 2.2% and represents WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	Long-term Expected
		Real Rate of Return Arithmetic
Fixed Income	20.0%	1.7%
Tangible Assets	5.0%	4.9%
Real Estate	15.0%	5.8%
Global Equity	37.0%	6.3%
Private Equity	23.0%	9.3%
Total	100.0%	

### Sensitivity of the Net Pension Liability

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
PERS 1	\$ 3,753,395	\$ 3,081,121	\$ 2,498,789
PERS 2/3	7,818,266	2,901,990	(1,126,168)

### Pension Plan Fiduciary Net Position

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

### Pension Liabilities

At June 30, 2017, the City reported a total pension liability of \$5,983,112 for its proportionate share of the net pension liabilities as follows:

	Pension Liability	
PERS 1	\$	3,081,122
PERS 2/3		2,901,990

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

	<u>Proportionate Share 12/31/16</u>	<u>Proportionate Share 12/31/17</u>	<u>Change in Proportion</u>
PERS 1	0.061417%	0.064933%	0.003516%
PERS 2/3	0.078799%	0.083522%	0.004723%

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

The collective net pension liability was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

### Pension Expense

For the year ended December 31, 2017, the City recognized pension expense as follows:

	<u>Pension Expense</u>	
PERS 1	\$	369,030
PERS 2/3		436,724

### Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS 1</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	114,980
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>227,211</u>	<u>-</u>
<b>TOTAL</b>	<u>\$ 227,211</u>	<u>\$ 114,980</u>
<b>PERS 2/3</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 294,040	\$ 95,441
Net difference between projected and actual investment earnings on pension plan investments	-	773,601
Changes of assumptions	30,825	-
Changes in proportion and differences between contributions and proportionate share of contributions	234,835	67,789
Contributions subsequent to the measurement date	<u>338,333</u>	<u>-</u>
<b>TOTAL</b>	<u>\$ 898,033</u>	<u>\$ 936,831</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year-ended 12/31</u>	<u>PERS 2/3</u>
2018	\$ (267,889)
2019	96,536
2020	(45,824)
2021	(283,551)
2022	53,738
Thereafter	69,859
	<u>\$ (377,131)</u>

There is no long-term amortization of deferred outflows or deferred inflows for the PERS 1 plan.

#### **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 2017 were \$549,005. City contributions were \$547,018. The Medicare portion of social security contributed by employees was \$133,332. There is no vesting period for City contributions.

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

#### **Other Employee Benefits**

Employees are covered by a long-term disability plan that takes effect after 90 days. Coverage is provided at 67% of the employee's monthly salary. It is capped at a maximum payout of \$8,000 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 \$17,500 of wages to this plan per year.

### **NOTE 9: CONSTRUCTION COMMITMENTS**

The City has active construction projects as of December 31, 2017. 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	\$ 4,783,000	\$ 4,581,453
Total	<u>\$ 4,783,000</u>	<u>\$ 4,581,453</u>

**NOTE 10:  
INTERFUND TRANSFERS**

Fund	Transfers In	Transfers Out
General Fund	25,000	1,550,000
G.O. Debt Service Fund	546,667	-
General CIP Fund	350,000	25,000
Transportation CIP Fund	1,200,000	546,667
Surface Water Fund	-	107,435
Equipment Rental & Replacement Fund	107,435	-
Total Transfers	<u>\$ 2,229,102</u>	\$ 2,229,102

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, and to use unrestricted revenues in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

**NOTE 11:  
LONG-TERM OBLIGATIONS**

**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.

	Issue Date	Maturity Date	Interest Rate	Amount Issued	Redemptions to Date	Outstanding 12/31/2017
2001 PWTFL	05/11/01	05/18/21	0.5%	<u>\$ 10,000,000</u>	<u>\$ 7,866,667</u>	<u>\$ 2,133,333</u>
Total Public Works Trust Fund Loans				<u>\$ 10,000,000</u>	<u>\$ 7,866,667</u>	<u>\$ 2,133,333</u>

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

<u>Governmental Activities</u>		
Year	Principal	Interest
2018	\$ 533,333	\$ 8,000
2019	533,333	5,333
2020	533,333	2,667
2021	533,333	1,333
	<u>\$ 2,133,333</u>	<u>\$ 17,333</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 2016, the city annexed property from King County, increasing the city's share of the 1996 bond issue by \$20,477 and the 1999 bond issue by \$33817, and adding a share of King County's 2001 bond issue of \$53,432. 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 12/31/2017</u>
1999 LTGO Bond	05/01/99	12/01/19	4.0% - 5.25%	402,155	329,175	72,980
2001 LTGO Bond	11/01/01	12/01/21	3.0% - 5.0%	53,432	9,033	36,364
Total LTGO Bonds				<u>\$ 455,587</u>	<u>\$ 338,207</u>	<u>\$ 109,343</u>

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

Business Type Activities

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 44,004	\$ 5,630
2019	46,273	3,362
2020	9,299	957
2021	9,768	488
	<u>\$ 109,343</u>	<u>\$ 10,437</u>

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2017, 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>					
PWTFL	2,666,667	-	(533,333)	2,133,333	533,333
Compensated absences	625,165	729,928	(719,241)	635,852	63,585
Pensions	6,345,075	5,214,081	(6,345,075)	5,214,081	-
Total Governmental Activities	<u>\$9,636,907</u>	<u>\$5,944,009</u>	<u>\$(7,597,649)</u>	<u>\$7,983,266</u>	<u>\$ 596,919</u>
<b>Business-Type Activities:</b>					
Surface Water Revenue Bonds	\$ 151,148	\$ -	\$ (41,805)	\$ 109,343	\$ 44,004
Compensated absences	83,253	107,721	(98,078)	92,896	9,290
Pensions	920,775	769,031	(920,775)	769,031	-
Total Business-Type Activities	<u>\$1,155,176</u>	<u>\$ 876,752</u>	<u>\$(1,060,658)</u>	<u>\$ 971,270</u>	<u>\$ 53,294</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 \$15,796 of internal service funds' compensated absences are included in the above amounts. Compensated absences for governmental activities are liquidated from the general fund.

**NOTE 12:  
GOVERNMENTAL FUND BALANCES**

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

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

**A summary of governmental fund balances at December 31, 2017 are as follows (in thousands):**

	Major Funds				Non-Major Fund	Total
	General	General CIP	Parks CIP	Transportation CIP	G.O. Debt Service Fund	
<b>Nonspendable:</b>						
Long-term receivable	\$ 447	\$ -	\$ -	\$ -	\$ -	\$ 447
<b>Restricted for:</b>						
Law enforcement	-	153	-	-	-	153
Transportation	84	-	-	11,822	-	11,906
Parks and recreation	-	-	5,557	-	-	5,557
<b>Committed:</b>	-	-	-	-	-	-
<b>Assigned for:</b>						
General Government capital funding	-	4,056	-	-	-	4,056
Transportation capital funding	4,661	-	-	15,124	-	19,785
Parks and recreation capital funding	-	-	11,811	-	-	11,811
<b>Unassigned:</b>	<u>27,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,786</u>
Total Fund Balances	<u>\$ 32,978</u>	<u>\$ 4,209</u>	<u>\$ 17,368</u>	<u>\$ 26,947</u>	<u>\$ -</u>	<u>\$ 81,502</u>

**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 \$4,225,876 for 2018 and \$4,146,319 for 2017. The strategic reserve may be spent to provide sufficient working capital for City programs, to maintain City services at an appropriate level, to fund unanticipated one-time expenditures, or in the event of an emergency declared by the City Manager.



**NOTE 13:  
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 1-800-562-8981.

**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: For the AWC HealthFirst 1000 plan - \$734.37 for non-Medicare enrolled retiree coverage and \$740.78 for non-Medicare enrolled spouse coverage, and for the AWC HealthFirst 2500 plan - \$641.21 for non-Medicare enrolled retiree coverage and \$645.87 for non-Medicare enrolled 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 all employees 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 \$1,320,063 in 2015, \$1,600,628 in 2016, and \$2,150,895 in 2017 and the employee's dependent premium contributions were \$55,144 in 2015, \$63,826 in 2016, and 79,937 in 2017, 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 14:  
CONTINGENCIES AND LITIGATION**

As of December 31, 2017, 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 15:  
RISK MANAGEMENT**

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

Utilizing Chapter 48.62 RCW (self-insurance) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 161 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 \$21 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 \$25 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 \$750,000, for all perils, other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, claims and litigation administration, 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. For the past three years, the insurance settlements did not exceed the coverage that the City had obtained.

## **NOTE 16: JOINT VENTURES**

### **E-Gov Alliance**

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

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

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

### **Eastside Fire and Rescue**

In 1999, through an interlocal agreement as provided by RCW 39.34, the consolidation of several agencies created a new Fire and Emergency Medical Services agency called Eastside Fire and Rescue (EF&R). The agencies (principals) joining in this consolidation included King County Washington Fire Protection Districts 10 and 38, and the Cities of Issaquah and North Bend, with the City of Sammamish joining in January 2001. The current Interlocal Agreement is for a seven-year period ending December 31, 2021. 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, 2017 the equity percentage was as follows:

<u>Entity</u>	<u>Share</u>
Fire District 10	28.78%
Fire District 38	7.0%
City of Issaquah	28.05%
City of North Bend	4.57%
City of Sammamish	31.61%

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

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

The Districts levy regular real property and emergency medical services taxes at the maximum rate allowed by law. The Directors deposit taxes, as agreed upon and approved by the Directors, with the Board of Directors in June and December. The amount of annual contribution for the Cities, and the amount of additional services contribution, if any, is determined by the respective legislative bodies, after recommendation by the Board of Directors. Annually, Cities contribute financially according to an updated funding model established in 2014. The model utilizes calls for service to establish a first due area of response for each fire station and then applies the surrounding assessed value by jurisdiction to derive each jurisdiction's portion of cost for that station. The total of all stations establishes 85% of each partner's share of the total cost of operation, the remaining costs are determined based on calls for service by jurisdiction. The EF&R Board then establishes a monthly billing schedule which the partners are obligated to pay in a timely fashion. The Equipment Replacement funding uses the same contribution percentages against the total need established by the EF&R Board in concert with the operating budget.

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

<u>Year</u>	<u>Contributions</u>
2013	5,959,215
2014	6,308,277
2015	6,082,869
2016	7,254,232
2017	7,562,180

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

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

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 Pont, 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>
2013	543,948	49,167	9.04%
2014	601,989	53,420	8.87%
2015	633,805	60,644	9.57%
2016	652,930	62,474	9.57%
2017	675,806	69,346	10.3%

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 17:  
ARBITRAGE STATEMENT**

The City of Sammamish had no arbitrage liability at the end of 2017. The Public Works Trust Loan proceeds were spent with in twelve months of receipt.

REQUIRED SUPPLEMENTARY  
INFORMATION

# CITY OF SAMMAMISH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
For the Mid-Biennium Ended December 31, 2017

	Original Budget 2017-2018	Final Budget 2017-2018	Actual Through 12/31/17	Variance with Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 68,850,000	\$ 68,900,000	\$ 35,296,144	\$ (33,603,856)
Licenses and permits	5,106,000	5,106,000	3,301,229	(1,804,771)
Intergovernmental	2,201,400	2,236,400	1,170,544	(1,065,856)
Charges for services	5,705,000	5,640,700	3,601,242	(2,039,458)
Fines and forfeitures	558,900	558,900	243,266	(315,634)
Investment income	143,000	143,000	364,356	221,356
Contributions	268,880	268,880	124,494	(144,386)
Miscellaneous	714,700	714,700	523,242	(191,458)
Total revenues	<u>83,547,880</u>	<u>83,568,580</u>	<u>44,624,517</u>	<u>(38,944,063)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	21,064,358	21,876,808	8,813,452	13,063,356
Security of persons and property	29,723,751	30,087,051	14,490,040	15,597,011
Physical environment	3,386,600	3,258,300	1,496,388	1,761,912
Transportation	-	-	-	-
Economic development	8,242,800	8,579,450	3,881,847	4,697,603
Mental/physical health	32,000	32,000	16,407	15,593
Cultural and recreation	9,771,120	9,785,890	4,042,948	5,742,942
Capital outlay	3,302,500	3,302,500	350,245	2,952,255
Total expenditures	<u>75,523,129</u>	<u>76,921,999</u>	<u>33,091,327</u>	<u>43,830,672</u>
Excess (deficiency) of revenues over (under) expenditures	8,024,751	6,646,581	11,533,190	4,886,609
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,000	153,372	25,000	(128,372)
Transfers out	<u>(14,210,000)</u>	<u>(16,797,000)</u>	<u>(7,455,000)</u>	<u>9,342,000</u>
Total other financing sources (uses)	<u>(14,160,000)</u>	<u>(16,643,628)</u>	<u>(7,430,000)</u>	<u>9,213,628</u>
Net change in fund balance	(6,135,249)	(9,997,047)	4,103,190	14,100,237
Fund balance - beginning	<u>11,828,505</u>	<u>19,733,831</u>	<u>19,733,831</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,693,256</u>	<u>\$ 9,736,784</u>	<u>\$ 23,837,021</u>	<u>\$ 14,100,237</u>

## CITY OF SAMMAMISH

City of Sammamish  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Public Employee Retirement System Plan 1  
Last Three Years\*  
As of June 30

	Plan Year Ended			
	2014	2015	2016	2017
City's proportion of the net pension liability	0.060054%	0.063410%	0.061417%	0.064933%
City's proportionate share of the net pension liability	\$ 3,025,248	\$ 3,316,933	\$ 3,298,382	\$ 3,081,121
City's covered payroll	6,636,573	6,981,549	7,639,723	8,223,109
City's proportionate share of the net pension liability as a percentage of its covered payroll**	45.58%	47.51%	43.17%	37.47%
Plan fiduciary net position as a percentage of the total net pension liability	61.19%	59.10%	57.03%	61.24%

\*Only four years of information are available due to the implementation of GASB 68 in 2015. Up to ten years of data will be shown as the information becomes available.

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

City of Sammamish  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Public Employee Retirement System Plans 2 & 3  
Last Three Years\*  
As of June 30

	Plan Year Ended			
	2014	2015	2016	2017
City's proportion of the net pension liability	0.077320%	0.081924%	0.078799%	0.083522%
City's proportionate share of the net pension liability	\$ 1,562,916	\$ 2,927,191	\$ 3,967,467	\$ 2,901,990
City's covered payroll	6,636,573	6,981,549	7,639,723	8,223,109
City's proportionate share of the net pension liability as a percentage of its covered payroll	23.55%	41.93%	51.93%	35.29%
Plan fiduciary net position as a percentage of the total net pension liability	93.29%	89.20%	85.82%	90.97%

\*Only four years of information are available due to the implementation of GASB 68 in 2015. Up to ten years of data will be shown as the information becomes available.

**CITY OF SAMMAMISH**

City of Sammamish  
 Schedule of City's Contributions  
 Public Employee Retirement System Plan 1  
 Last Three Fiscal Years\*  
 As of December 31

	Plan Year Ended			
	2014	2015	2016	2017
Statutorily required contribution	272,445	314,284	379,852	423,632
Contributions in relation to the contractually required contribution	272,445	314,284	379,852	423,632
Contribution deficiency (excess)	-	-	-	-
City's covered payroll	\$ 6,774,726	\$ 7,235,007	\$ 7,983,931	\$ 8,706,572
Contributions as a percentage of covered payroll	4.02%	4.34%	4.76%	4.87%

\*Only four years of information are available due to the implementation of GASB 68 in 2015. Up to ten years of data will be shown as the information becomes available.

City of Sammamish  
 Schedule of City's Contributions  
 Public Employee Retirement System Plans 2 & 3  
 Last Three Fiscal Years\*  
 As of December 31

	Plan Year Ended			
	2014	2015	2016	2017
Statutorily required contribution	337,128	403,033	496,116	595,864
Contributions in relation to the contractually required contribution	337,128	403,033	496,116	595,864
Contribution deficiency (excess)	-	-	-	-
City's covered payroll	\$ 6,774,726	\$ 7,235,007	\$ 7,983,931	\$ 8,706,572
Contributions as a percentage of covered payroll	4.98%	5.57%	6.21%	6.84%

\*Only four years of information are available due to the implementation of GASB 68 in 2015. Up to ten years of data will be shown as the information becomes available.



## **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

## **SPECIAL REVENUE FUNDS**

The **Street Fund** is a special revenue fund. The street operating program was established to provide efficient and safe movement of both motorized and non-motorized vehicles as well as pedestrians within City limits and to coordinate and provide convenient interconnect to the regional transportation system.

The **Street Fund** does not meet the Governmental Accounting Standards Board (GASB) requirements allowing it to be individually presented, and is therefore, combined with the General Fund for reporting purposes. Its budget, however, is adopted legally as a separate fund.

## **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.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND ACCOUNTS  
For the Mid-Biennium Ended December 31, 2017

	General Fund Basic Accounts			Variance with Final Budget Positive (Negative)
	Original Budget 2017-2018	Final Budget 2017-2018	Actual Through 12/31/17	
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 68,850,000	\$ 68,900,000	\$ 35,296,144	\$ (33,603,856)
Licenses and permits	5,106,000	5,106,000	3,301,229	(1,804,771)
Intergovernmental	2,201,400	2,236,400	1,170,544	(1,065,856)
Charges for services	5,705,000	5,640,700	3,601,242	(2,039,458)
Fines and forfeitures	558,900	558,900	243,266	(315,634)
Investment income	143,000	143,000	364,356	221,356
Contributions	268,880	268,880	124,494	(144,386)
Miscellaneous	714,700	714,700	523,242	(191,458)
Total revenues	<u>83,547,880</u>	<u>83,568,580</u>	<u>44,624,517</u>	<u>(38,944,063)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	21,064,358	21,876,808	8,813,452	13,063,356
Security of persons and property	29,723,751	30,087,051	14,490,040	15,597,011
Physical environment	3,386,600	3,258,300	1,496,388	1,761,912
Transportation	-	-	-	-
Economic development	8,242,800	8,579,450	3,881,847	4,697,603
Mental/physical health	32,000	32,000	16,407	15,593
Cultural and recreation	9,771,120	9,785,890	4,042,948	5,742,942
Capital outlay	3,302,500	3,302,500	350,245	2,952,255
Total expenditures	<u>75,523,129</u>	<u>76,921,999</u>	<u>33,091,327</u>	<u>43,830,672</u>
Excess (deficiency) of revenues over (under) expenditures	8,024,751	6,646,581	11,533,190	4,886,609
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recovery	-	-	-	-
Transfers in*	50,000	153,372	25,000	(128,372)
Transfers out*	(14,210,000)	(16,797,000)	(7,455,000)	9,342,000
Total other financing sources (uses)	<u>(14,160,000)</u>	<u>(16,643,628)</u>	<u>(7,430,000)</u>	<u>9,213,628</u>
Net change in fund balance	(6,135,249)	(9,997,047)	4,103,190	14,100,237
Fund balance - beginning	11,828,505	19,733,831	19,733,831	-
Fund balance - ending	<u>\$ 5,693,256</u>	<u>\$ 9,736,784</u>	<u>\$ 23,837,021</u>	<u>\$ 14,100,237</u>

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

Street Accounts in the General Fund				
Original Budget 2017-2018	Final Budget 2017-2018	Actual Through 12/31/17	Variance with Final Budget Positive (Negative)	Combined Actuals per Financial Statements
\$ -	\$ -	\$ -	\$ -	\$ 35,296,144
-	-	-	-	3,301,229
2,812,300	2,812,300	1,487,592	(1,324,708)	2,658,136
60,000	60,000	34,078	(25,922)	3,635,320
-	-	-	-	243,266
15,000	15,000	102,227	87,227	466,583
-	-	-	-	124,494
-	-	136,996	136,996	660,238
<u>2,887,300</u>	<u>2,887,300</u>	<u>1,760,893</u>	<u>(1,126,407)</u>	<u>46,385,410</u>
-	-	-	-	8,813,452
-	-	-	-	14,490,040
-	-	-	-	1,496,388
15,466,214	16,935,365	7,813,667	9,121,698	7,813,667
-	-	-	-	3,881,847
-	-	-	-	16,407
-	-	-	-	4,042,948
<u>135,500</u>	<u>135,500</u>	<u>89,115</u>	<u>46,385</u>	<u>439,360</u>
<u>15,601,714</u>	<u>17,070,865</u>	<u>7,902,782</u>	<u>9,168,083</u>	<u>40,994,109</u>
(12,714,414)	(14,183,565)	(6,141,889)	8,041,676	5,391,301
-	-	5,765	5,765	5,765
11,810,000	11,810,000	5,905,000	(5,905,000)	25,000
-	-	-	-	(1,550,000)
<u>11,810,000</u>	<u>11,810,000</u>	<u>5,910,765</u>	<u>(5,899,235)</u>	<u>(1,519,235)</u>
(904,414)	(2,373,565)	(231,124)	2,142,441	3,872,066
<u>7,359,844</u>	<u>9,371,902</u>	<u>9,371,902</u>	<u>-</u>	<u>29,105,733</u>
<u>\$ 6,455,430</u>	<u>\$ 6,998,337</u>	<u>\$ 9,140,778</u>	<u>\$ 2,142,441</u>	<u>\$ 32,977,799</u>

**CITY OF SAMMAMISH**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 G.O. DEBT SERVICE FUND  
 For the Mid-Biennium Ended December 31, 2017

	Original Budget 2017-2018	Final Budget 2017-2018	Actual Through 12/31/17	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
Debt principal	\$ 1,066,666	\$ 1,066,666	\$ 533,333	\$ 533,333
Debt interest	24,000	24,000	13,334	10,666
Total expenditures	<u>1,090,666</u>	<u>1,090,666</u>	<u>546,667</u>	<u>543,999</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,090,666	1,090,666	546,667	(543,999)
Total other financing sources (uses)	<u>1,090,666</u>	<u>1,090,666</u>	<u>546,667</u>	<u>(543,999)</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 Mid-Biennium Ended December 31, 2017

	Original Budget 2017-2018	Final Budget 2017-2018	Actual Through 12/31/17	Variance with Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Interest	\$ 10,000	\$ 10,000	\$ 38,647	\$ 28,647
Total revenues	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 38,647</u>	<u>\$ 28,647</u>
<b>EXPENDITURES</b>				
Current				
Capital outlay	<u>4,000,000</u>	<u>4,287,000</u>	<u>-</u>	<u>4,287,000</u>
Total expenditures	<u>4,000,000</u>	<u>4,287,000</u>	<u>-</u>	<u>4,287,000</u>
Excess (deficiency) of revenues over (under) expenditures	(3,990,000)	(4,277,000)	38,647	4,315,647
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	637,000	350,000	(287,000)
Transfers Out	<u>(50,000)</u>	<u>(153,372)</u>	<u>(25,000)</u>	<u>128,372</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>483,628</u>	<u>325,000</u>	<u>(158,628)</u>
Net change in fund balance	(4,040,000)	(3,793,372)	363,647	4,157,019
Fund balance - beginning	4,651,508	3,845,399	3,845,399	-
Fund balance - ending	<u>\$ 611,508</u>	<u>\$ 52,027</u>	<u>\$ 4,209,046</u>	<u>\$ 4,157,019</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 Mid-Biennium Ended December 31, 2017

	Original Budget 2017-2018	Final Budget 2017-2018	Actual Through 12/31/17	Variance with Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 5,140,000	\$ 5,140,000	\$ 3,816,360	\$ (1,323,640)
Intergovernmental	-	-	-	-
Charges for services	3,970,000	3,970,000	3,014,629	(955,371)
Interest	10,000	10,000	140,699	130,699
Miscellaneous	-	-	-	-
Total revenues	<u>9,120,000</u>	<u>9,120,000</u>	<u>7,461,688</u>	<u>(1,658,312)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>17,686,500</u>	<u>18,398,500</u>	<u>2,264,267</u>	<u>16,134,233</u>
Total expenditures	<u>17,686,500</u>	<u>18,398,500</u>	<u>2,264,267</u>	<u>16,134,233</u>
Excess (deficiency) of revenues over (under) expenditures	(8,566,500)	(9,278,500)	5,197,421	14,475,921
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(8,566,500)	(9,278,500)	5,197,421	14,475,921
Fund balance - beginning	<u>8,900,000</u>	<u>12,170,946</u>	<u>12,170,946</u>	<u>-</u>
Fund balance - ending	<u>\$ 333,500</u>	<u>\$ 2,892,446</u>	<u>\$ 17,368,367</u>	<u>\$ 14,475,921</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 Mid-Biennium Ended December 31, 2017

	Original Budget 2017-2018	Final Budget 2017-2018	Actual Through 12/31/17	Variance with Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 4,900,000	\$ 4,900,000	\$ 3,652,014	\$ (1,247,986)
Intergovernmental	6,500,000	6,500,000	-	(6,500,000)
Charges for services	12,266,500	12,266,500	3,180,889	(9,085,611)
Interest	75,000	75,000	293,742	218,742
Miscellaneous	-	-	18,141	18,141
Total revenues	<u>23,741,500</u>	<u>23,741,500</u>	<u>7,144,786</u>	<u>(16,596,714)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>46,588,800</u>	<u>55,788,800</u>	<u>10,817,129</u>	<u>44,971,671</u>
Total expenditures	<u>46,588,800</u>	<u>55,788,800</u>	<u>10,817,129</u>	<u>44,971,671</u>
Excess (deficiency) of revenues over (under) expenditures	(22,847,300)	(32,047,300)	(3,672,343)	28,374,957
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,400,000	4,350,000	1,200,000	(3,150,000)
Transfers out	<u>(1,090,667)</u>	<u>(1,090,667)</u>	<u>(546,667)</u>	<u>544,000</u>
Total other financing sources (uses)	<u>1,309,333</u>	<u>3,259,333</u>	<u>653,333</u>	<u>(2,606,000)</u>
Net change in fund balance	(21,537,967)	(28,787,967)	(3,019,010)	25,768,957
Fund balance - beginning	<u>23,612,026</u>	<u>29,965,618</u>	<u>29,965,618</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,074,059</u>	<u>\$ 1,177,651</u>	<u>\$ 26,946,608</u>	<u>\$ 25,768,957</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, 2017

	<u>Equipment Rental &amp; Replacement</u>	<u>Technology Replacement</u>	<u>Risk Management</u>	<u>Total</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 723,883	\$ 184,761	\$ 277,843	\$ 1,186,487
Investments	245,202	62,585	94,114	401,901
Receivables	-	-	-	-
Interest	3,571	912	1,370	5,853
Total current assets	<u>972,656</u>	<u>248,258</u>	<u>373,327</u>	<u>1,594,241</u>
<b>Noncurrent assets:</b>				
<b>Capital Assets:</b>				
Equipment	3,347,013	590,060	-	3,937,073
Software	-	218,059	-	218,059
Less accumulated depreciation	<u>(1,797,151)</u>	<u>(553,058)</u>	<u>-</u>	<u>(2,350,209)</u>
Total capital assets (net of depreciation)	<u>1,549,862</u>	<u>255,061</u>	<u>-</u>	<u>1,804,923</u>
Total assets	<u>2,522,518</u>	<u>503,319</u>	<u>373,327</u>	<u>3,399,164</u>
<b>DEFERRED OUTFLOWS</b>				
Related to pensions	-	47,294	-	47,294
Total deferred outflows	<u>-</u>	<u>47,294</u>	<u>-</u>	<u>47,294</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	34,604	39,903	6,475	80,982
Compensated absences	-	1,580	-	1,580
Total current liabilities	<u>34,604</u>	<u>41,483</u>	<u>6,475</u>	<u>82,562</u>
<b>Noncurrent liabilities</b>				
Compensated absences	-	14,216	-	14,216
Net pension liability	-	251,822	-	251,822
Total noncurrent liabilities	<u>-</u>	<u>266,038</u>	<u>-</u>	<u>266,038</u>
Total liabilities	<u>34,604</u>	<u>307,521</u>	<u>6,475</u>	<u>348,600</u>
<b>DEFERRED INFLOWS</b>				
Related to pensions	-	44,053	-	44,053
Total deferred inflows	<u>-</u>	<u>44,053</u>	<u>-</u>	<u>44,053</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,549,862	255,061	-	1,804,923
Unrestricted	938,051	(56,022)	366,853	1,248,882
Total net position	<u>\$ 2,487,913</u>	<u>\$ 199,039</u>	<u>\$ 366,853</u>	<u>\$ 3,053,805</u>

See accompanying notes to the financial statements.

**CITY OF SAMMAMISH**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2017

	Equipment Rental & Replacement	Technology Replacement	Risk Management	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 150,000	\$ 1,200,000	\$ -	\$ 1,350,000
Charges for replacement	295,896	-	-	295,896
Charges for insurance	-	-	330,000	330,000
Total operating revenues	445,896	1,200,000	330,000	1,975,896
<b>OPERATING EXPENSES</b>				
Administrative and general	-	1,127,569	362,423	1,489,992
Supplies	20,349	175,892	-	196,241
Maintenance and operations	127,019	-	-	127,019
Depreciation and amortization	258,125	96,604	-	354,729
Total operating expenses	405,493	1,400,065	362,423	2,167,981
Operating income (loss)	40,403	(200,065)	(32,423)	(192,085)
<b>NON-OPERATING REVENUES</b>				
Investment income	12,244	4,366	3,335	19,945
Gain on sale of capital assets	5,426	-	-	5,426
Miscellaneous	-	-	-	-
Total non-operating revenues	17,670	4,366	3,335	25,371
Loss before contributions	58,073	(195,699)	(29,088)	(166,714)
Capital contributions	425,044	-	-	425,044
Transfers in	107,435	-	-	107,435
Change in net position	590,552	(195,699)	(29,088)	365,765
Total net position - beginning	1,897,361	394,738	395,941	2,688,040
Total net position - ending	\$ 2,487,913	\$ 199,039	\$ 366,853	\$ 3,053,805

See accompanying notes to the financial statements.

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICES FUNDS  
For the Year Ended December 31, 2017

	Equipment Rental & Replacement Fund	Technology Replacement Fund	Risk Management Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 150,000	\$ 1,200,000	\$ 330,000	\$ 1,680,000
Cash Received for Replacement	295,896	-	-	295,896
Cash Payments to Suppliers	(17,462)	(170,205)	(42,039)	(229,706)
Cash Payments to Employees	-	(412,390)	-	(412,390)
Cash Payments to Other Governments	-	(81,619)	-	(81,619)
Cash Payments for Other Operating Expenses	(167,398)	(610,870)	(329,175)	(1,107,443)
Net Cash Provided (Used) By Operating Activities	<u>261,036</u>	<u>(75,083)</u>	<u>(41,214)</u>	<u>144,739</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(398,707)	(140,378)	-	(539,085)
Proceeds from Sale of Capital Assets	13,850	-	-	13,850
Proceeds from Sale of Other Assets	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(384,857)</u>	<u>(140,378)</u>	<u>-</u>	<u>(525,235)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Purchases	(245,202)	(62,585)	(94,114)	(401,901)
Investment Sales/Maturities	267,542	113,349	101,468	482,359
Interest on Investments	10,151	4,081	2,525	16,757
Net Cash Provided by Investing Activities	<u>32,491</u>	<u>54,845</u>	<u>9,879</u>	<u>97,215</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(91,330)	(160,617)	(31,335)	(283,282)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>815,213</u>	<u>345,378</u>	<u>309,178</u>	<u>1,469,769</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 723,883</u>	<u>\$ 184,761</u>	<u>\$ 277,843</u>	<u>\$ 1,186,487</u>
Cash at the End of the Year Consists of:				
Operating Fund Cash	<u>723,883</u>	<u>184,761</u>	<u>277,843</u>	<u>1,186,487</u>
Total Cash at End of Year	<u>\$ 723,883</u>	<u>\$ 184,761</u>	<u>\$ 277,843</u>	<u>\$ 1,186,487</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 Income (Loss)	\$ 40,403	\$ (200,065)	\$ (32,423)	\$ (192,085)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				-
Depreciation	258,125	96,604	-	354,729
Pension Expense	-	4,152	-	4,152
Decrease (Increase) in Accounts Receivable	-	3,264	-	3,264
Decrease (Increase) in Prepaid Expenses	-	-	-	-
Increase (Decrease) in Accounts Payable	(37,492)	16,720	(8,791)	(29,563)
Increase in Compensated Absences Payable	-	4,242	-	4,242
Net Cash Provided (Used) by Operating Activities	<u>\$ 261,036</u>	<u>\$ (75,083)</u>	<u>\$ (41,214)</u>	<u>\$ 144,739</u>
Noncash Investing, Capital and Financing Activities:				
The fair value of investments decreased by	\$ 1,484	\$ 655	\$ 562	\$ 2,701
	<u>\$ 1,484</u>	<u>\$ 655</u>	<u>\$ 562</u>	<u>\$ 2,701</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>84</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>90</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>94</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>98</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>100</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 Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013*	2014*	2015*	2016*	2017*
<b>Governmental activities</b>										
Invested in capital assets	\$ 301,549,025	\$ 324,418,285	\$ 358,080,903	\$ 365,172,019	\$ 372,402,209	\$ 375,067,384	\$ 386,000,481	\$ 409,511,901	\$ 478,172,293	\$ 490,634,077
Restricted	205,936	1,075,257	504,058	1,765,066	801,525	3,564,937	5,397,186	9,385,561	14,865,065	17,617,041
Unrestricted	60,501,350	53,870,932	49,608,109	54,237,899	59,226,058	67,213,161	66,593,476	48,106,300	57,101,379	60,742,309
Total governmental activities net position	\$ 362,256,311	\$ 379,364,474	\$ 408,193,070	\$ 421,174,984	\$ 432,429,792	\$ 445,845,482	\$ 457,991,143	\$ 467,003,762	\$ 550,138,737	\$ 568,993,427
<b>Business-type activities</b>										
Invested in capital assets	\$ 15,673,714	\$ 24,243,602	\$ 27,679,907	\$ 30,476,598	\$ 31,357,612	\$ 34,903,871	\$ 36,735,892	\$ 43,165,663	\$ 51,440,856	\$ 54,508,034
Unrestricted	3,618,403	2,974,633	1,736,593	1,719,691	2,696,753	3,256,039	4,117,102	4,637,609	5,249,911	5,078,675
Total business-type activities net position	\$ 19,292,117	\$ 27,218,235	\$ 29,416,500	\$ 32,196,289	\$ 34,054,365	\$ 38,159,910	\$ 40,852,994	\$ 47,803,272	\$ 56,690,767	\$ 59,586,709
<b>Primary government</b>										
Invested in capital assets	\$ 317,222,739	\$ 348,661,887	\$ 385,760,810	\$ 395,648,617	\$ 403,759,821	\$ 409,971,255	\$ 422,736,373	\$ 452,677,564	\$ 529,613,149	\$ 545,142,111
Restricted	205,936	1,075,257	504,058	1,765,066	801,525	3,564,937	5,397,186	9,385,561	14,865,065	17,617,041
Unrestricted	64,119,753	56,845,565	51,344,702	55,957,590	61,922,811	70,469,200	70,710,578	52,743,909	62,351,290	65,820,984
Total primary government net position	\$ 381,548,428	\$ 406,582,709	\$ 437,609,570	\$ 453,371,273	\$ 466,484,157	\$ 484,005,392	\$ 498,844,137	\$ 514,807,034	\$ 606,829,504	\$ 628,580,136

\* Definition of Restricted limited to external restraints not internal

City of Summamish  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government										
Security	\$ 4,649,758	\$ 4,925,713	\$ 4,746,498	\$ 5,002,347	\$ 5,500,271	\$ 5,672,187	\$ 5,958,904	\$ 7,083,298	\$ 8,130,475	\$ 9,533,450
Physical environment	9,632,165	10,080,206	10,447,739	10,392,738	10,760,835	11,210,290	11,603,010	11,722,676	14,275,640	14,743,020
Economic environment	890,371	938,244	975,651	942,125	911,803	769,418	744,288	1,186,820	1,192,203	1,489,512
Transportation	2,751,431	2,755,588	2,650,808	2,269,383	2,376,696	2,946,828	3,064,000	3,162,987	3,304,629	3,853,982
Mental/physical health	5,524,321	6,672,855	7,787,020	8,678,256	10,270,526	9,078,077	10,499,661	9,877,643	10,730,872	10,586,802
Culture and recreation	11,633	9,600	10,704	11,061	11,717	8,525	7,577	14,507	11,751	16,407
Interest on long-term debt	3,904,831	3,990,057	4,440,059	4,315,611	4,597,333	5,330,077	5,438,387	5,801,593	7,521,578	7,845,884
Business-type activities	161,032	149,655	136,754	123,455	118,383	22,667	20,000	17,334	14,667	12,001
Total governmental activities expenses	\$ 27,525,542	\$ 29,521,918	\$ 31,195,233	\$ 31,734,976	\$ 34,547,564	\$ 35,038,069	\$ 37,335,827	\$ 38,866,858	\$ 45,181,815	\$ 48,081,058
Business-type activities										
Stormwater	2,060,032	2,549,384	2,529,589	2,844,007	2,767,246	3,277,117	3,932,295	3,691,830	4,629,171	4,565,776
Total business-type activities expenses	2,060,032	2,549,384	2,529,589	2,844,007	2,767,246	3,277,117	3,932,295	3,691,830	4,629,171	4,565,776
Total primary government expenses	\$ 29,585,574	\$ 32,071,302	\$ 33,724,822	\$ 34,578,983	\$ 37,314,810	\$ 38,315,186	\$ 41,268,122	\$ 42,558,688	\$ 49,810,986	\$ 52,646,834
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 678,620	\$ 22,747	\$ 23,137	\$ 21,170	\$ 23,623	\$ 25,414	\$ 30,241	\$ 31,619	\$ 34,803	\$ 34,465
Security	217,006	155,305	336,220	246,467	249,603	322,876	314,552	441,409	562,817	736,721
Physical environment	49,701	49,638	119,382	197,197	166,031	248,890	261,652	203,478	247,833	271,321
Economic environment	2,118,642	2,965,301	3,601,259	3,193,869	2,842,651	3,621,426	3,733,623	4,189,181	5,388,893	5,673,776
Transportation	519,911	534,203	102,848	1,656,272	3,034,927	4,176,163	2,859,263	2,628,764	4,771,521	3,214,967
Culture and recreation	417,116	265,480	329,764	643,819	956,631	1,129,379	1,152,418	1,147,652	2,326,364	3,487,345
Operating grants and contributions	220,375	208,078	259,187	342,148	382,586	613,373	390,151	223,176	196,705	733,574
Capital grants and contributions	2,701,704	14,419,009	26,776,827	8,440,125	6,846,094	5,286,254	4,323,952	8,680,650	70,418,562	57,32,484
Total governmental activities program revenues	\$ 6,923,075	\$ 18,619,761	\$ 31,548,624	\$ 14,741,067	\$ 14,502,146	\$ 15,423,775	\$ 13,065,852	\$ 17,545,929	\$ 83,947,498	\$ 19,884,653
Business-type activities:										
Charges for services:										
Stormwater	2,341,796	2,435,144	2,435,128	2,443,951	2,498,951	3,103,573	3,604,009	3,713,183	4,705,654	5,075,454
Operating grants and contributions	5,014	259,329	70,852	302,492	302,492	-	50,000	22,295	1,115,714	291,338
Capital grants and contributions	611,634	7,736,769	2,298,749	3,310,540	1,813,728	4,356,180	2,963,631	7,537,292	7,696,638	2,097,893
Total business-type activities program revenues	\$ 2,958,444	\$ 10,431,242	\$ 4,804,709	\$ 5,753,550	\$ 4,615,171	\$ 7,459,753	\$ 6,617,640	\$ 11,272,770	\$ 13,518,006	\$ 7,464,685
Total primary government program revenues	\$ 9,881,519	\$ 29,051,003	\$ 36,353,333	\$ 20,494,617	\$ 19,117,317	\$ 22,883,528	\$ 19,683,492	\$ 28,818,699	\$ 97,465,504	\$ 27,349,338

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (expense)/revenue										
Governmental activities	\$ (20,602,497)	\$ (10,902,157)	\$ 353,391	\$ (16,993,909)	\$ (20,045,418)	\$ (19,614,294)	\$ (24,269,975)	\$ (21,320,929)	\$ 38,765,683	\$ (28,196,405)
Business-type activities	898,412	7,881,858	2,275,120	2,909,543	1,847,925	4,095,136	2,685,545	7,580,940	8,888,835	2,898,909
Total primary government net (expense) revenue	\$ (19,704,085)	\$ (3,020,299)	\$ 2,628,511	\$ (14,084,366)	\$ (18,197,493)	\$ (15,519,158)	\$ (21,584,630)	\$ (13,739,989)	\$ 47,654,518	\$ (25,297,496)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property tax	\$ 19,575,197	\$ 20,115,481	\$ 20,430,422	\$ 21,526,141	\$ 21,516,331	\$ 21,850,729	\$ 22,423,974	\$ 22,996,379	\$ 27,393,221	\$ 27,898,518
Sales tax	3,940,496	3,490,110	3,419,205	2,579,700	4,011,247	4,368,406	4,863,206	5,586,409	6,948,694	7,539,939
Real estate excise tax	2,393,100	1,845,412	2,458,558	2,723,464	3,307,522	4,640,298	4,686,138	5,194,396	6,586,468	7,304,029
Other taxes	1,491,083	1,475,981	1,540,236	1,636,020	1,728,777	1,573,747	1,650,189	1,756,323	2,323,474	2,400,236
Unrestricted investment interest	2,708,441	818,535	271,922	261,092	192,958	114,281	143,536	282,122	503,965	1,168,494
Miscellaneous	178,016	254,801	245,002	241,554	473,290	482,523	2,648,593	104,826	613,470	632,444
Special items	-	-	18,950	-	70,101	-	-	-	-	-
Transfers	(30,412)	10,000	90,910	7,852	-	-	-	-	-	107,435
Total governmental activities	\$ 30,255,921	\$ 28,010,320	\$ 28,475,205	\$ 28,975,823	\$ 31,300,226	\$ 33,029,984	\$ 36,415,636	\$ 35,920,455	\$ 44,369,292	\$ 47,051,095
Business-type activities:										
Unrestricted investment interest	128,629	54,260	13,940	11,677	10,093	10,377	7,515	18,360	45,536	73,286
Miscellaneous	230	-	115	374	58	32	224	76,961	24,535	31,182
Special items	-	-	-	-	-	-	-	-	-	-
Transfers	30,412	(10,000)	(90,910)	(7,852)	-	-	-	-	(71,411)	(107,435)
Total business-type activities	\$ 159,271	\$ 44,260	\$ (76,855)	\$ 4,199	\$ 10,151	\$ 10,409	\$ 7,739	\$ 95,321	\$ (1,340)	\$ (2,967)
Total primary government	\$ 30,415,192	\$ 28,054,580	\$ 28,398,350	\$ 28,980,022	\$ 31,310,377	\$ 33,040,393	\$ 36,423,375	\$ 36,015,776	\$ 44,367,952	\$ 47,048,128
Change in Net Position										
Governmental activities	\$ 9,653,454	\$ 17,108,163	\$ 28,828,596	\$ 12,981,914	\$ 11,254,808	\$ 13,415,690	\$ 12,145,661	\$ 14,599,526	\$ 83,134,975	\$ 18,854,690
Business-type activities	1,057,683	7,926,118	2,198,265	2,913,742	1,858,076	4,105,545	2,693,084	7,676,261	8,887,495	2,895,942
Total primary government	\$ 10,711,137	\$ 25,034,281	\$ 31,026,861	\$ 15,895,656	\$ 13,112,884	\$ 17,521,235	\$ 14,838,745	\$ 22,275,787	\$ 92,022,470	\$ 21,750,632

Table 3

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

	Fiscal Year									
	2008	2009	2010	2011**	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Nonspendable	N/A	N/A	\$ 1,073,283	\$ 983,843	\$ 894,403	\$ 804,963	\$ 715,523	\$ 626,083	\$ 536,643	\$ 447,203
Restricted	N/A	N/A	\$ 83,750	\$ 83,750	\$ 83,750	\$ 83,750	\$ 83,750	\$ 83,750	\$ 83,750	\$ 83,750
Committed	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	N/A	N/A	\$ 931,009	\$ 2,507,136	\$ 3,358,155	\$ 5,408,025	\$ 1,650,211	\$ 2,954,196	\$ 4,891,905	\$ 4,660,783
Unassigned	N/A	N/A	\$ 16,693,974	\$ 18,660,752	\$ 17,362,744	\$ 19,075,995	\$ 25,875,025	\$ 16,436,217	\$ 23,593,435	\$ 27,786,063
Unreserved	\$ 15,448,317	\$ 17,610,023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total general fund	\$ 15,448,317	\$ 17,610,023	\$ 18,782,016	\$ 22,235,481	\$ 21,699,052	\$ 25,372,733	\$ 28,324,509	\$ 20,100,246	\$ 29,105,733	\$ 32,977,799
<b>All other governmental funds</b>										
Nonspendable	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	N/A	N/A	\$ 499,059	\$ 1,968,439	\$ 717,775	\$ 3,481,187	\$ 5,313,436	\$ 9,301,811	\$ 14,781,315	\$ 17,533,291
Committed	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	N/A	N/A	\$ 27,589,403	\$ 28,037,913	\$ 34,102,559	\$ 39,430,557	\$ 38,693,471	\$ 31,481,335	\$ 31,200,648	\$ 30,990,730
Unassigned	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	\$ 2,898,504	\$ 3,117,552	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital projects funds	37,741,813	30,093,218	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total all other governmental funds	\$ 40,640,317	\$ 33,210,770	\$ 28,088,462	\$ 30,006,352	\$ 34,820,334	\$ 42,911,744	\$ 44,006,907	\$ 40,783,146	\$ 45,981,963	\$ 48,524,021
Total governmental fund balances	\$ 56,088,634	\$ 50,820,793	\$ 46,870,478	\$ 52,241,833	\$ 56,519,386	\$ 68,284,477	\$ 72,331,416	\$ 60,883,392	\$ 75,087,696	\$ 81,501,820

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 2006 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 25,880,385	\$ 25,404,720	\$ 26,339,093	\$ 27,820,187	\$ 28,839,035	\$ 30,879,861	\$ 31,954,385	\$ 33,847,776	\$ 40,909,132	\$ 42,764,518
Licenses and permits	1,307,177	1,114,453	1,341,583	1,529,597	1,788,519	2,037,092	2,108,859	2,146,576	2,701,451	3,301,229
Intergovernmental	2,238,630	3,468,816	6,895,687	1,973,233	3,048,615	2,536,582	1,925,399	2,271,724	2,428,764	3,148,136
Charges for services	2,412,479	2,861,266	2,779,297	3,762,072	5,441,712	7,404,996	6,106,071	6,301,296	10,317,312	9,830,838
Fines and forfeitures	108,656	114,911	114,373	115,227	109,836	167,472	189,447	238,490	367,953	243,266
Investment income	1,885,925	924,706	256,741	282,187	192,152	112,907	140,759	237,571	490,609	939,671
Contributions	-	142,382	141,278	142,300	144,293	140,973	1,587,487	3,560,693	126,697	124,494
Miscellaneous	454,245	252,162	238,990	338,944	529,370	568,725	585,850	576,444	619,220	678,379
Total revenues	34,287,497	34,283,416	38,107,042	35,963,747	40,093,532	43,848,608	44,598,257	49,180,570	57,961,138	61,030,531
<b>Expenditures</b>										
General government	4,049,111	4,316,294	4,037,452	4,064,782	4,383,967	5,131,441	5,162,819	6,664,519	6,794,889	8,813,452
Security of persons and property	9,321,234	9,776,703	10,151,941	10,080,487	10,452,442	10,910,662	11,277,769	11,388,581	14,017,242	14,490,040
Physical environment	871,089	952,736	959,898	950,199	914,357	647,450	749,942	1,179,043	1,199,249	1,496,388
Transportation	2,085,166	3,100,089	3,631,794	4,318,694	5,720,593	4,443,236	5,786,602	5,086,877	5,776,735	7,813,667
Economic environment	2,729,931	2,713,581	2,658,468	2,295,159	2,357,657	2,929,710	3,076,043	3,151,848	3,384,037	3,881,847
Mental/physical health	11,633	9,600	10,704	11,061	11,717	8,525	7,577	14,507	11,751	16,407
Culture and recreation	2,301,155	2,281,835	2,582,888	2,779,198	3,014,476	3,097,055	3,173,620	3,499,711	3,932,953	4,042,948
Capital outlay	6,515,121	15,444,285	17,810,060	5,176,288	6,486,072	4,388,451	11,438,802	29,266,023	8,216,375	13,520,756
Debt service										
Principal	778,333	788,333	798,333	808,333	2,433,333	533,333	533,333	533,333	533,333	533,333
Interest and debt issue costs	162,234	148,928	136,061	122,795	109,128	24,000	21,334	18,667	16,000	13,334
Total expenditures	28,825,007	39,532,384	42,777,599	30,606,996	35,883,742	32,113,863	41,227,841	60,803,109	43,882,564	54,622,172
Excess of revenues over (under) expenditures	5,462,490	(5,248,968)	(4,670,557)	5,356,751	4,209,790	11,734,745	3,370,416	(11,622,539)	14,078,574	6,408,359

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Other financing sources (uses)</b>										
Transfers in	14,037,999	6,337,261	10,951,034	8,681,128	8,162,409	4,597,333	4,594,667	20,817,000	2,114,333	2,121,667
Transfers out	(15,002,182)	(6,422,261)	(11,036,034)	(8,681,128)	(8,162,409)	(4,597,333)	(4,594,667)	(20,817,000)	(2,114,333)	(2,121,667)
Bond/loan proceeds	-	-	-	-	-	-	-	-	-	-
Insurance recovery	-	54,123	19,746	14,603	10,375	30,346	21,521	4,515	125,730	5,765
Disposition of capital assets	27,500	12,004	785,496	-	57,391	-	655,000	170,000	-	-
Total other financing sources (uses)	(936,683)	(18,873)	720,242	14,603	67,766	30,346	676,521	174,515	125,730	5,765
Net change in fund balances	\$ 4,525,807	\$ (5,267,841)	\$ (3,950,315)	\$ 5,371,354	\$ 4,277,556	\$ 11,765,091	\$ 4,046,937	\$ (11,448,024)	\$ 14,204,304	\$ 6,414,124
Debt service as a percentage of noncapital expenditures	4.22%	3.89%	3.74%	3.66%	8.65%	2.01%	1.86%	1.75%	1.54%	1.33%



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
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
2013	8,359,886,282	17,048,592	49,500,064	8,426,434,938	2.59
2014	9,218,133,360	18,360,322	53,873,536	9,290,367,218	2.41
2015	11,120,030,590	17,421,857	58,971,861	11,196,424,308	2.05
2016	13,660,369,598	21,922,083	76,354,391	13,758,646,072	1.99
2017	14,413,401,398	25,627,586	74,774,154	14,513,803,138	1.93

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			
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		
2013	2.59	2.59	0.30	0.57	-	4.48	4.74	12.68		
2014	2.41	2.41	0.34	0.56	-	4.36	4.59	12.26		
2015	2.05	2.05	0.30	0.50	-	3.96	4.14	10.95		
2016	1.99	1.99	0.28	0.48	-	3.80	4.10	10.65		
2017	1.93	1.93	0.26	0.45	-	3.94	4.06	10.64		

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	2017			2008		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed
	Value		Value	Value		Value
UBS Realty	\$ 116,012,000	1	0.80%			
Sea Inglewood 2010 LLC	76,807,000	2	0.53%			
Boulder Creek South LLC	74,067,000	3	0.51%			
Madison VK LLC (formerly PPC Sammamish LLC)	67,916,000	4	0.47%			
Regency Centers LP	57,703,200	5	0.40%	\$ 32,627,200.00	1	0.37%
Puget Sound Energy	53,577,145	6	0.37%	\$ 24,536,036.00	2	0.28%
Toll WA LP	37,456,300	7	0.26%			
Saffron Partners LLC	28,827,000	8	0.20%			
Scott B Retzliff & Associates	23,449,800	9	0.16%			
Dodson Family Trust	20,534,000	10	0.14%			
Qwest Corporation				\$ 14,396,069.00	3	0.16%
Quadrant				\$ 13,290,000.00	4	0.15%
Sahalee Country Club				\$ 12,782,960.00	5	0.15%
Saxony LLC				\$ 11,925,000.00	6	0.14%
Trossachs Group				\$ 6,209,000.00	7	0.07%
CPTS (Safeway)				\$ 5,604,669.00	8	0.06%
Colina Pine Lake LLC				\$ 3,560,000.00	9	0.04%
	<u>\$ 556,349,445</u>		<u>3.83%</u>	<u>\$ 124,930,934.00</u>		<u>1.43%</u>

Source: King County Assessor

Note: 2017 total assessed valuation for the City of Sammamish is \$14,513,803,138.

2008 total assessed valuation for the City of Sammamish was \$8,727,485,801.

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
2008	\$ 19,493,505	19,200,624	98.50%	292,880	19,493,504	100.00%
2009	20,055,257	19,555,008	97.51%	499,737	20,054,745	100.00%
2010	20,667,756	20,380,906	98.61%	286,850	20,667,756	100.00%
2011	21,143,630	20,864,169	98.68%	280,284	21,144,453	100.00%
2012	21,435,195	21,163,924	98.73%	271,976	21,435,900	100.00%
2013	21,782,756	21,522,676	98.81%	259,312	21,781,988	100.00%
2014	22,297,488	22,014,170	98.73%	282,153	22,296,323	99.99%
2015	22,889,528	22,635,723	98.89%	234,267	22,869,990	99.91%
2016	27,275,122	27,002,636	99.00%	222,501	27,225,138	99.82%
2017	27,769,308	27,513,453	99.08%	-	27,513,453	99.08%

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			
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	0.30%	164
2012	-	4,800,000	406,183	5,206,183	0.19%	110
2013	-	4,266,667	331,077	4,597,744	0.16%	96
2014	-	3,733,333	251,933	3,985,266	0.13%	81
2015	-	3,200,000	168,568	3,368,568	0.10%	67
2016	-	2,666,667	151,148	2,817,815	0.06%	46
2017	-	2,133,333	109,343	2,242,676	0.05%	36

\*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
2008	2,695,000	0.03%	66.46
2009	2,440,000	0.02%	60.00
2010	2,175,000	0.03%	47.51
2011	1,900,000	0.02%	40.48
2012	-	0.00%	-
2013	-	0.00%	-
2014	-	0.00%	-
2015	-	0.00%	-
2016	-	0.00%	-
2017	-	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, 2017

Table 11

Governmental Unit	Gross General Obligation Debt Outstanding	*Percentage Applicable to Sammamish	Amount Applicable to Sammamish
Overlapping Debt:			
School District # 410	\$ 243,655,000	3.92%	\$ 9,558,044
School District # 411	583,025,000	30.30%	176,666,572
School District # 414	638,310,000	12.11%	77,311,778
Hospital District # 2	197,280,000	8.64%	17,043,087
Hospital District # 4	47,595,000	2.32%	1,105,109
Fire District #27-1	620,000	12.35%	76,579
Fire District # 10-2	3,880,000	29.40%	1,140,869
Issaquah Capital Facilities Library	765,000	0.30%	2,287
Regional Sound Transit	2,247,000	3.22%	72,405
Library District	89,230,000	5.39%	4,806,377
Port of Seattle	388,360,000	3.08%	11,955,926
King County	734,620,000	3.08%	22,615,774
Total Overlapping Debt	<u>2,929,587,000</u>		<u>322,354,807</u>
Direct Debt:			
City of Sammamish	<u>2,133,333</u>	100.00%	2,133,333
Total Direct and Overlapping Debt	<u>\$ 2,931,720,333</u>		<u>\$ 324,488,140</u>

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

\*Determined by the ratio of 2017 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit (in thousands)	\$ 436,957	\$ 491,296	\$ 419,968	\$ 430,260	\$ 420,271	\$ 421,322	\$ 464,518	\$ 559,821	\$ 687,934	\$ 725,705
Total net debt applicable to limit	9,629	8,840	8,042	7,233	4,800	4,267	3,733	3,200	2,667	2,133
Legal debt margin (in thousands)	\$ 427,328	\$ 482,456	\$ 411,926	\$ 423,027	\$ 415,471	\$ 417,055	\$ 460,785	\$ 556,621	\$ 685,267	\$ 723,572

Total net debt applicable to limit as a percentage of debt limit

2.20%	1.80%	1.91%	1.68%	1.14%	1.01%	0.80%	0.57%	0.39%	0.29%
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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 2017

	General Capacity		Special Purpose Capacity		Total Capacity
	Non-Voted Debt	Voted Debt	Parks and Open Space		
December 31, 2017 Assessed Value:					
\$14,514,101,138					
2.50% of Assessed Value	\$ -	\$ 362,852,528	\$ 362,852,528		\$ 725,705,057
1.5% of Assessed Value	217,711,517	(217,711,517)	-		-
Statutory Debt Limit	\$ 217,711,517	\$ 145,141,011	\$ 362,852,528		\$ 725,705,057
Debt Applicable to Limit					
Bonds outstanding	\$ -	-	-		\$ -
PWTF Loans	2,133,333	-	-		2,133,333
Accounts payable	4,006,394	-	87,355		4,093,749
Compensated absences payable	635,852	-	-		635,852
Due to other governments	45,780	-	-		45,780
Less:					
*Available cash and investments	(4,688,026)	-	(87,355)		(4,775,381)
Total net debt applicable to limit	2,133,333	-	-		2,133,333
Remaining debt capacity	\$ 215,578,184	\$ 145,141,011	\$ 362,852,528		\$ 723,571,724

\*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
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	15,736	8.20%
2012	47,420	57,837	2,742,630,540	37	16,148	6.00%
2013	48,060	60,090	2,887,925,400	37	16,490	5.20%
2014	49,260	62,770	3,092,050,200	37	16,490	4.20%
2015	49,980	68,877	3,442,472,460	37	16,490	4.60%
2016	61,250	72,530	4,442,462,500	37	19,800	3.90%
2017	62,240	77,213	4,805,737,120	37	21,310	3.60%

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 2010-2017.

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	675
Lake Washington School District	Education	2	483
YMCA	Fitness Club	3	360
QFC	Grocery Store	4	208
Safeway	Grocery Store	5	175
Sahalee Country Club	Country Club	6	150
Eastside Catholic School	Education	7	120
Metropolitan Market	Grocery Store	8	105
Starbucks	Coffee House	9	101
Columbia Athletic Club @ Pine Lake	Fitness Club	10	100
Plateau Club	Country Club	10	100

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.

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

Table 15

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Executive	4.5	4.5	3.5	3.5	3.5	3.5	3.5	3.5	4.5	6.22
Finance	6	6	6	6	6	6	6	6	6	6
Information Technology	2	3	3	3	3	3	3	4	4	4
Administrative Services	5	4	4	3	3	3.5	3.5	4	4	5.5
Community Development	21.5	21.5	20.5	17.5	17.5	18.5	20	21.5	22.75	26.03
Facilities	0	0	0	0	0	1	1	1	2	3
*Security										
Police	1	1	1	1	1	1	1	1	1	1
Culture and Recreation	13	14.2	14.2	14.2	15.2	15.2	15.2	15.2	16.45	23.5
Transportation	7.45	7.35	7.05	6.425	6.425	7.42	7.75	8.13	9.63	14.24
Public Works	5.4	5.4	6.7	4.7	4.7	3.7	4.04	5.3	7.3	9.81
Surface Water Management	8.15	8.05	9.05	8.175	8.175	10.18	10.51	10.88	12.38	15.45
Total	74	75	75	67.5	68.5	73	75.5	80.51	90.01	114.75

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Community Development</b>										
Single Family Resident Permits	54	68	155	180	210	277	249	184	280	360
Estimated Value (in thousands)	\$ 26,480	\$ 24,682	\$ 58,015	\$ 70,282	\$ 84,455	\$ 114,029	\$ 107,416	\$ 84,911	\$ 130,003	\$ 159,959
<b>Transportation</b>										
Road Resurfacing (in thousands)	\$ 68	\$ 1,064	\$ 1,708	\$ 2,206	\$ 3,400	\$ 2,487	\$ 3,485	\$ 2,725	\$ 2,819	\$ 4,021
Road Construction (in thousands)	\$ 3,078	\$ 12,072	\$ 12,141	\$ 1,708	\$ 3,300	\$ 2,144	\$ 1,404	\$ 701	\$ 735	\$ 10,701
<b>Police Responses</b>										
Arson	4	5	1	1	1	2	6	4	1	7
Assault	5	3	7	7	31	6	50	50	8	79
Burglary	183	70	95	94	38	89	134	79	84	91
Drugs	12	8	9	9	12	7	12	21	15	27
Homicide	0	0	0	0	0	0	1	0	0	3
Rape	3	7	6	8	3	4	3	5	11	8
Robbery	9	3	4	1	0	191	1	3	3	1
Traffic enforcement	607	555	132	1,987	150	95	2,347	2,945	3,106	3,052
<b>Fire Responses</b>										
Fires	92	80	44	90	69	63	66	227	207	248
Emergency Medical	1,058	1,068	787	1,072	1,067	1,024	1,028	1,142	1,477	1,445
Motor Vehicle	61	72	28	48	44	45	51	58	88	70
Service	517	541	319	480	261	501	451	310	402	415

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	172	176	176	204	204
Traffic signals	19	20	20	20	21	21	23	23	25	25
School Zone flashers	3	4	15	24	26	28	32	32	38	40
Culture and Recreation										
Acres of developed parks	173	179	255	442	442	445	445	525	589	589
Acres of undeveloped parks	254	252	187	48	48	48	48	48	23	23
Playgrounds	7	7	7	9	9	9	9	9	10	10
Tennis courts (includes public schools)	27	27	27	27	27	27	27	27	27	27
Athletic fields (football, baseball, soccer)	34	34	34	48	48	49	49	49	50	50

\*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.