

2022



Annual Financial Report



For the fiscal year ended December 31, 2022

**CITY OF SAMMAMISH
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2022**

TABLE OF CONTENTS

FINANCIAL SECTION

Management’s Discussion and Analysis..... 3

Basic Financial Statements

Government-Wide Financial Statements
 Statement of Net Position 17
 Statement of Activities 18

Governmental Fund Financial Statements
 Balance Sheet – Governmental Funds 19
 Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities 21
 Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 22
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
 Balances of Governmental Funds to the Statement of Activities 24

Proprietary Fund Financial Statements
 Statement of Net Position – Proprietary Funds..... 25
 Statement of Revenues, Expenses, and Changes on Fund Net Position – Proprietary Funds..... 26
 Statement of Cash Flows – Proprietary Funds..... 27

Notes to the Financial Statements..... 29

Required Supplementary Information

Schedule of the City's Proportionate Share of the Net Pension Liability..... 55
Schedule of City's Contributions 56
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –
 General Fund..... 57
Notes to Required Supplementary Information 58

Combining and Individual Fund Statements and Schedules

Governmental Funds..... 60
 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
 Street Fund 67
 General Government CIP Fund 68
 Parks CIP Fund..... 69
 Transportation CIP Fund 70

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

PREPARED BY THE DEPARTMENT OF FINANCE:

AARON ANTIN
ASSISTANT CITY MANAGER/DIRECTOR OF FINANCE

CHRIS GIANINI
DEPUTY DIRECTOR OF FINANCE

JENNIFER DILLEY
COMPTROLLER

BRANDI HIGGINS
ACCOUNTANT

LORI WILE
BUDGET ANALYST

ERIC ARDALAN
PAYROLL ANALYST

TRACEY CARTMEL
FINANCE SPECIALIST I

FINANCIAL SECTION

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, 2022. 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 \$763.9 million, an increase of \$26.6 million over the 2021 ending net position. Increases in non-capital assets added \$25.6 million to financial position. Capital assets added another \$6.6 million and deferred inflows related to pensions went up by \$2.4 million. Liabilities at the end of 2022 increased by just under \$6.0 million and deferred outflows increased by \$2.0 million.
- During 2022, the City saw an overall increase in revenues of \$9.7 million, or approximately 11.8%. Capital grants and contributions saw the biggest increase of \$5.7 million, which is largely due to a donation of land by a private citizen. Charges for services rose \$2.5 million and property taxes increased by \$1.7 million, offset by a reduction of \$2.6 million in the collection of real estate excise taxes. Expenses increased \$5.7 million, or 9.8% over 2021.

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 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, Street Fund, the General Capital Improvement Fund, the Parks Capital Improvement Fund and the Transportation Capital Improvement Fund, all of which are considered to be major funds.

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

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

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

Enterprise funds of the City are used to report the same functions presented as business-type activities in the government-wide statements with the fund statements providing more detail than is reported in the government-wide statements. The enterprise fund statements provide information for the City's 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. Note 1 discusses the financial policies of the City which have impacts on the financial statements.

Other information

The combining statements for internal service funds are presented immediately following the notes section. The City does not have non-major governmental or fiduciary funds to report.

Government-wide Financial Analysis

Statement of Net Position

The City's financial condition remained positive during 2022, despite a cooling real estate market and below average development. As noted earlier, net position may serve as a useful indicator of the City's financial situation. The City's net position at December 31, 2022, totaled \$763.9 million, an increase of \$26.6 million over 2021. Net position of the City as of December 31, 2022, is summarized and analyzed below.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
	(in thousands)					
Current and other assets	\$ 118,190	\$ 99,751	\$ 15,482	\$ 10,683	\$ 133,672	\$ 110,434
Net pension asset	3,218	8,241	382	977	3,599	9,218
Leases receivable - noncurrent	7,945	-	-	-	7,945	-
Capital assets, net of accumulated depreciation	556,973	550,745	83,898	83,537	640,871	634,282
Total assets	686,326	658,738	99,761	95,196	786,088	753,934
Deferred outflows:						
Pensions	3,519	1,349	417	160	3,936	1,509
Total deferred outflows	3,519	1,349	417	160	3,936	1,509
Long-term liabilities	1,104	1,011	115	112	1,218	1,123
Net pension liability	1,852	787	220	93	2,072	880
Other liabilities	10,689	6,114	428	306	11,117	6,420
Total liabilities	13,645	7,911	762	511	14,407	8,422
Deferred inflows:						
Leases	7,874	-	-	-	7,874	-
Pensions	3,426	8,716	406	1,033	3,832	9,749
Total deferred inflows	11,300	8,716	406	1,033	11,706	9,749
Net position						
Net investment in capital assets	556,482	549,585	83,823	83,404	640,305	632,989
Restricted	40,392	27,956	401	184	40,793	28,140
Unrestricted	68,027	65,919	14,787	10,224	82,813	76,144
Total net position	\$ 664,901	\$ 643,460	\$ 99,010	\$ 93,812	\$ 763,911	\$ 737,272

Governmental Activities: Net position from governmental activities increased by \$21.4 million in 2022, for a total of \$664.9 million. Of total governmental activities net position, \$37.0 million is restricted for capital projects and \$3.4 million is restricted for pensions. Unrestricted net position of \$68.0 million is available to meet ongoing obligations to citizens and creditors. Factors contributing to the changes are as follows:

- Of the growth in governmental activities, \$18.4 million was from an increase in cash and cash equivalents. The increase in cash is largely due to decreases in investments (\$4.2 million), accounts receivable (\$1.9 million), and due from other governments (\$3.2 million). The decrease in investments is due to the City investing less of its cash for ongoing operational needs. Large receivables related to a construction project and a sizable grant reimbursement were also collected after the 2021 year-end, adding to the City's cash balances.
- The acquisition of capital assets, net of depreciation added another \$6.2 million to net position.
- Additionally contributing to the increase in net position, \$8.3 million in leases receivable were added to the financial statements, due the implementation of a new accounting standard in 2022.
- Total liabilities increased by \$5.7 million. The largest components of this increase are due to an accounts payable balance \$2.2 million higher than 2021 and an increase in unavailable revenues of \$2.2 million. Several large invoices paid after the end of the fiscal year and a deferral of unspent American Rescue Plan Act (ARPA) grant funds, respectively, explain these increases. Rounding out the increases is a rise in the City's net pension liability of \$1.2 million.
- Deferred inflows also increased, ending the year \$2.2 million higher. The adoption of GASB 87, *Leases*, led to an increase of \$7.8 million in deferred lease income. That large increase is offset by a decrease in deferred inflows related to pensions of \$5.3 million.

Business-type Activities: Business-type activities of the City's surface water fund increased the City's net position by \$5.2 million in 2022. Of total net position of \$99.0 million, \$14.8 million is available to meet ongoing operating needs. Factors contributing to the increase were:

- Growth in the cash and cash equivalents balance of \$4.8 million accounted for a majority of the increase in net position. These increases are partially offset by depreciation expense of \$1.8 million. The growth in cash balances is due to a variety of factors, including an increase in investment maturities and related interest earnings, a significant decrease in expenses on capital improvement projects, and an increase in stormwater fee revenue for 2022.
- Total liabilities and deferred inflows saw a slight decrease of \$376,000. Increases in accounts payable at year-end of \$121,000 and the net pension liability of \$126,000 were entirely offset by a decrease in deferred inflows related to pensions of \$627,000.

Changes in position

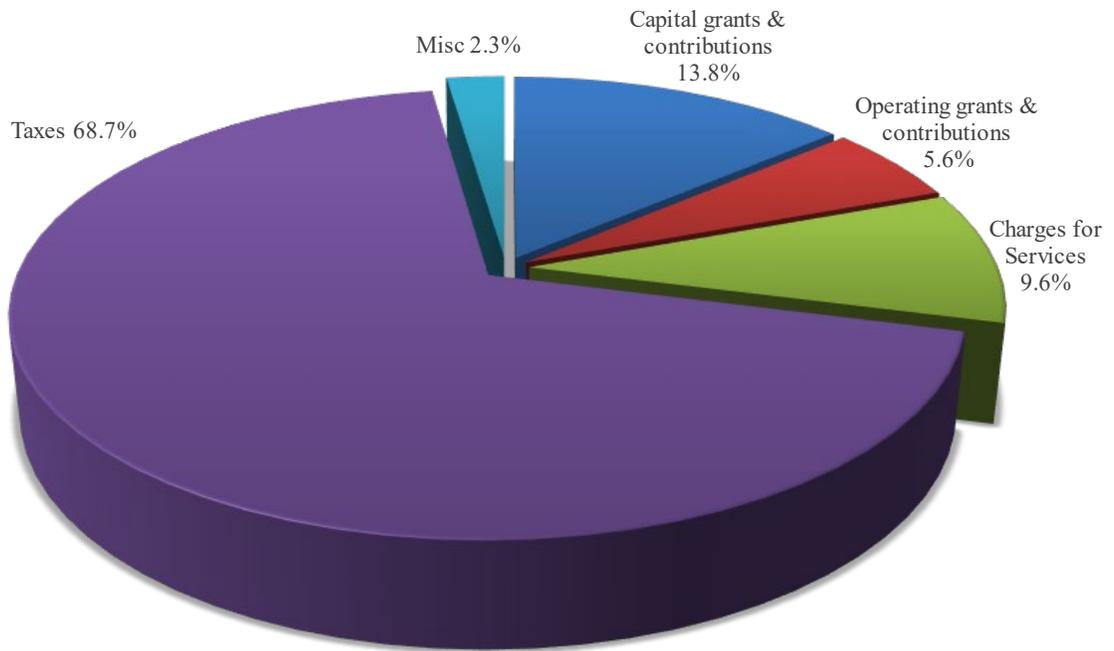
As illustrated in the following table, the City's net position increased approximately \$26.6 million in 2022. The increase was split between the governmental activities (\$21.4 million) and the business-type activities (\$5.2 million).

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
	(in thousands)					
Revenues:						
Program revenues:						
Charges for services	\$ 7,621	\$ 5,587	\$ 9,590	\$ 9,103	17,212	\$ 14,689
Operating grants & contributions	4,454	3,065	29	544	4,483	3,610
Capital grants & contributions	10,905	5,487	2,102	1,849	13,008	7,336
General revenues:						
Property taxes	34,162	32,460	-	-	34,162	32,460
Sales taxes	10,187	9,527	-	-	10,187	9,527
Real estate excise taxes	7,497	10,100	-	-	7,497	10,100
Other taxes	2,609	2,859	-	-	2,609	2,859
Investment interest	122	-	-	-	122	-
Miscellaneous	1,726	439	43	361	1,770	800
Total revenues	79,284	69,523	11,765	11,857	91,048	81,380
Expenses:						
General government	17,799	14,800	-	-	17,799	14,800
Security	16,503	16,150	-	-	16,503	16,150
Physical environment	2,533	2,224	-	-	2,533	2,224
Economic environment	4,672	5,141	-	-	4,672	5,141
Transportation	9,406	7,035	-	-	9,406	7,035
Mental/physical health	10	20	-	-	10	20
Culture and recreation	6,919	6,903	-	-	6,919	6,903
Interest on long-term debt	-	3	-	-	-	3
Stormwater	-	-	6,566	6,394	6,566	6,394
Total expenses	57,842	52,276	6,566	6,394	64,409	58,670
Increase in net position	21,441	17,247	5,198	5,463	26,640	22,710
Net position - beginning	643,460	626,213	93,812	88,349	737,272	714,562
Prior period adjustment	-	-	-	-	-	-
Net position - ending	<u>\$664,901</u>	<u>\$643,460</u>	<u>\$ 99,010</u>	<u>\$ 93,812</u>	<u>\$763,911</u>	<u>\$737,272</u>

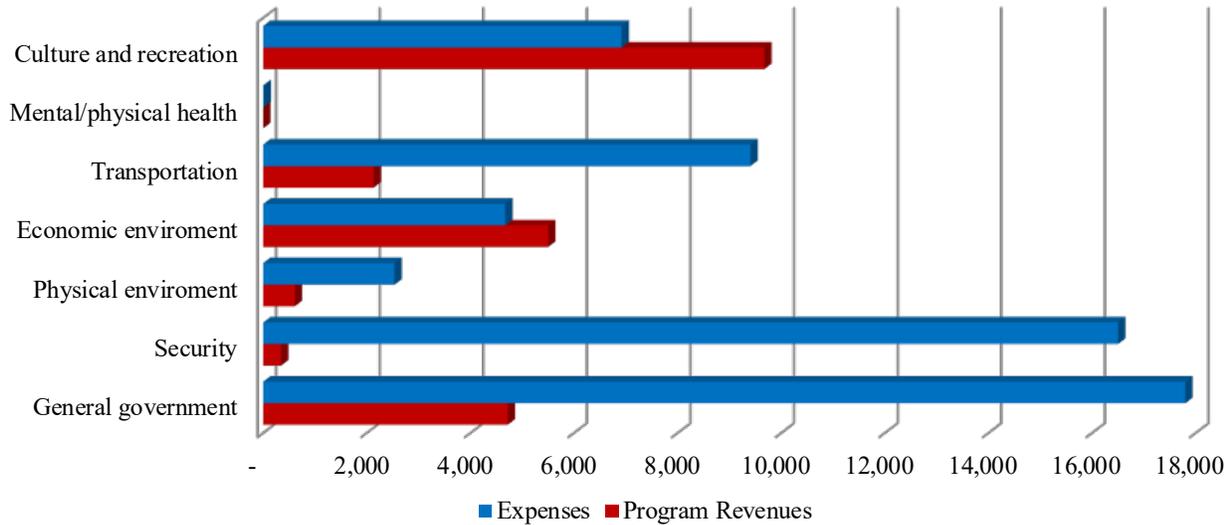
Governmental activities increased the City’s net position by \$21.4 million in 2022, which accounts for approximately 80% of the total increase in net position of the City. Both revenues and expenses saw an increase over 2021 amounts, but the increase in revenues outpaced the increase in expenses, adding to 2022 net position. Key elements of the increase are due to:

- Tax revenues fell overall by \$490,000. Property tax collections rose by \$1.7 million, or 5.2%, a combination of increased assessed values and a 4.8% rate increase. Sales taxes increased by a modest \$660,000. These tax increases were more than offset by a reduction in real estate excise tax collections of \$2.6 million, or 25.8%, caused by a stagnant real estate market. Additionally, other taxes decreased by \$249,000.
- The City noted an increase in capital grants and contribution of \$5.4 million, this is a result of an increase in developer and private contributions of capital assets to the City. Charges for services were up by \$2.0 million, largely due to a marked increase in development related services. Finally, operating grants and contributions grew by \$1.4 million over 2021 revenues, largely due to increased transfers to the City’s internal service funds for operating activities.
- Overall, total expenses for governmental activities grew by \$5.6 million, or 10.8% in 2022. The key increases were in general government activities (\$3.0 million) and transportation activities (\$2.4 million). A rise in personnel costs and professional service contracts are the primary drivers of these increases. The remaining functions saw an overall increase of \$197,000.
- Additionally, the City recorded an increase in Miscellaneous revenue of \$1.3 million due to the implementation of GASB Statement No. 87, *Leases*

Revenue by Source - Governmental Activities



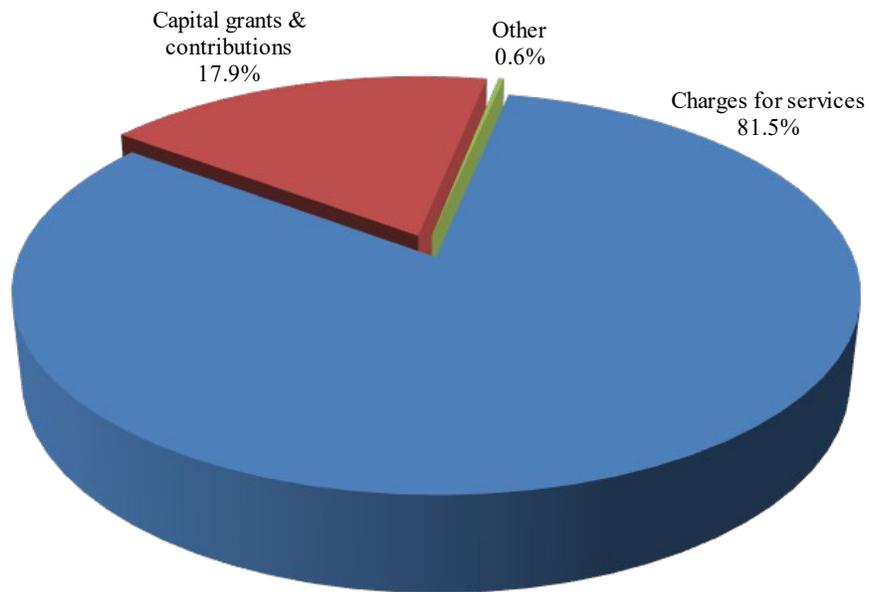
Expenses and Program Revenues - Governmental Activities (in thousands)



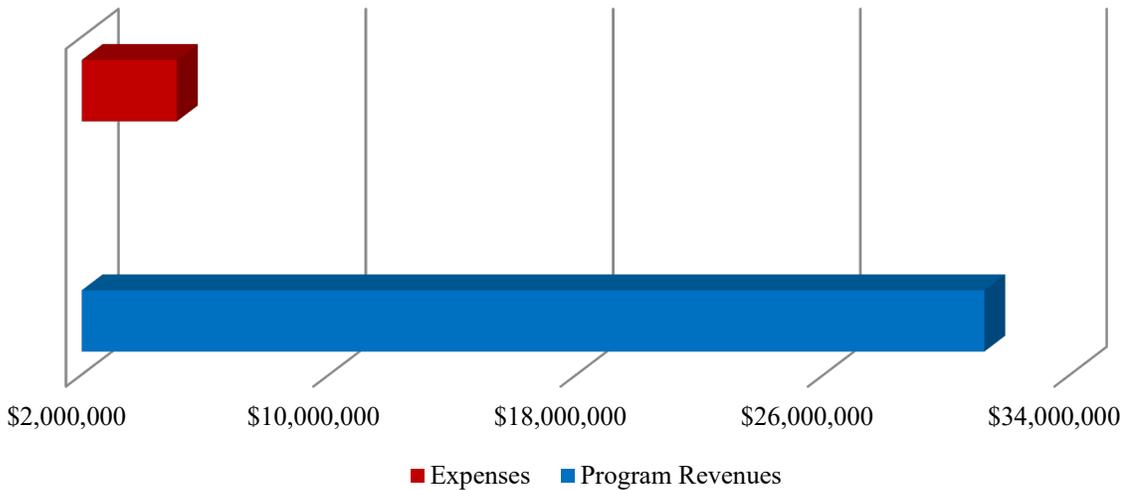
Business-type activities increased the City’s net position by \$5.2 million, accounting for approximately 20% of the total growth. This is despite total expenses growing by 2.7%, or \$172,000, while total revenues saw a decrease over 2021, down \$92,000.

- Revenues in 2022 decreased by less than 1% over the previous year. Charges for services increased \$488,000 and capital grants and contributions increased by \$253,000. These increases were offset by a decrease in both operating grants and contributions of \$515,000 and miscellaneous revenues of \$318,000. One-time revenues in 2021 for grants and interest on outstanding receivables, explain the decreases.
- Expenses were \$172,000 higher than in 2021. This is due to higher personnel costs as well as an increase in the number of professional service contracts during the year.

Revenue by Source - Business Type Activities



Expenses and Program Revenues - Business Type Activities



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

Governmental funds

The focus of the City’s governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. This information helps determine the City’s financial requirements for the near future. In particular, fund balance is a good indicator of the City’s resources available at the end of the year.

At the end of the current year, the City’s governmental funds reported combined ending fund balances of \$103.3 million. This was an increase of \$14.1 million or 15.8% over the ending fund balances of the prior year. Of the ending fund balances, \$5.4 million has been set aside for a strategic reserve, and the remaining \$99.6 million is available for ongoing City operations and initiatives.

The General fund is the primary operating fund of the City. Receipts and payments of ordinary city operations are processed through the General fund unless they are required to be accounted for in another fund. Taxes are the major revenue source. At the end of 2022, the fund balance of the General fund was \$49.2 million.

The General Fund balance increased \$4.4 million from the prior year. Revenues increased by \$5.3 million, or 10.9% since 2021. Expenditures increased 5.7% and transfers out were \$4.4 million less 2021 amounts. Revenues exceeded expenditures in the general fund by \$6.5 million in the current year.

General fund revenues were \$5.3 million higher in 2022. Overall, tax revenues increased by \$2.6 million, driven mainly by property taxes, due to an overall rate increase of 4.8%. Revenues from licenses and permits increased by \$1.2 million as a result in an uptick in development related permits and charges for services saw a \$770,000 increase, again as a result of development related services.

General Fund expenditures grew by \$2.6 million in 2022. The largest portion of the increase was general government expenditures, with a \$2.4 million increase, due mainly to increased personnel costs and increases to the use of professional services, including facility maintenance, consultants, and software licenses.

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 6.5 full-time equivalent positions for a total of 139.5 FTEs. For 2022, union represented staff received a 2.0% cost of living adjustment, while non-represented staff received a 3.0% adjustment.

The Street Fund accounts for the City's fuel tax receipts, which are collected as passed on to the General fund. Accordingly, the fund shows no expenditures and a transfer out equal to revenues. The fuel tax revenues in 2022 totaled \$1.3 million, a \$19,000 decrease from 2021.

Ending fund balance in the General Capital Improvement Fund increased \$30,000 and expenditures fell by \$900,000. 2022 expenditures consisted of three improvement projects, two fire station remodels and an upgrade to the maintenance and operations center.

Ending fund balance in the Parks Capital Improvement Fund ended 2022 \$4.2 million higher over the previous year. Total park capital expenditures for the year were \$707,000, an approximate 80% decrease from 2021. Expenditures consisted of a master plan for donated land and several capital replacement projects.

The Transportation Capital Improvement Fund ending fund balance was \$17.1 million, a \$3.4 million increase from 2021. Expenditures of \$1.3 million were spent largely on closing out two major road improvement and expansion construction projects, in addition to the kick-off of a project to improve accessibility to Sammamish public facilities and programs. Revenues, mirroring expenditures, have fallen since 2021 by \$2.9 million. The decrease in revenues resulted from a drop in real estate excise tax collections due to a stagnant housing market and one-time grant revenues received in 2021.

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 2021-2022 general fund budget adopted at the end of 2020 and the 2021-2022 biennial general fund budget at December 31, 2021, are as follows:

Revenues increased in the following categories:

- Beginning fund balance \$ 8,683,878
- Taxes \$ 2,028,125
- Intergovernmental \$ 1,530,000
- Net remaining revenues \$ 109,218

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

- Ending fund balance \$ 2,078,667
- General government \$ 5,583,214
- Security \$ 254,600
- Physical environment \$ 1,274,100
- Transportation \$ 586,300
- Economic development \$ 609,500
- Culture and recreation \$ (1,299,500)

The increase in budget across nearly all functions is a result of the general expansion of government services offered. Ending fund balance was adjusted down to account for the increase of expenditures higher than the increase in revenues.

Capital Asset and Debt Administration

Capital assets

The City of Sammamish’s investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of December 31, 2022, was \$640.9 million, an addition of \$6.6 million over 2021. 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 2022 included the following:

- \$9.9 million in land was added to the books, including a near 15-acre parcel donated by a private citizen, valued at \$9.0 million. This land will be incorporated to the adjacent 36-acre Big Rock Park which features a nature playground, dense forest cover, open meadows, a stream in the north, and over 1.5 miles of meandering trails that navigate through the property.
- The City closed out \$16.3 million in construction in progress. The \$13.0 million SE 4th Street Improvements project was a multi-year design and construction project to expand a two-lane road with minimal shoulder, open ditches and no pedestrian amenities into an urban three lane cross section with usable space for both pedestrians, bicyclists and automobile drivers, added to the City’s infrastructure assets. An additional \$2.0 million was closed out to infrastructure due to the completion of the Intelligent Transportation System project, which furnished and installed fiber optic communications throughout project limits and installed Adaptive Signal Control Technology at high volume intersections.
- \$1.6 million in stormwater system improvements was added during 2022, this includes \$1.3 million in improvements contributed to the City by developers.
- The City’s depreciation expense totaled \$9.7 million in 2022.

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

City of Sammamish’s capital assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
	(in thousands)					
Land	\$ 335,137	\$ 325,501	\$ 28,605	\$ 28,369	\$ 363,742	\$ 353,870
Buildings/building improvements	34,085	36,033	983	1,046	35,068	37,080
Improvements other than buildings	12,465	13,894	50,976	51,196	63,441	65,090
Machinery & equipment	2,820	2,834	2	4	2,822	2,837
Construction in progress	40,824	54,363	3,323	2,921	44,148	57,284
Art	164	164	-	-	164	164
Software	201	235	8	-	209	235
Right to use asset	44	-	-	-	44	-
Infrastructure	131,233	117,722	-	-	131,233	117,722
Total	<u>\$ 556,973</u>	<u>\$ 550,745</u>	<u>\$ 83,898</u>	<u>\$ 83,537</u>	<u>\$ 640,871</u>	<u>\$ 634,282</u>

Long-term Debt and Debt Limitations

As of the end of the previous fiscal year, the City has no outstanding debt obligations. Accordingly, the City was not rated by Standard & Poors in 2022.

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 2020 was \$19,900,870,078 and remaining debt capacity is as follows:

General	\$ 600,175,257
Open Space/Park Facilities	<u>600,175,257</u>
Total	<u>\$ 1,200,350,515</u>

The total amount of unlimited tax and limited tax general obligation debt the City may issue is \$1,200,350,515. 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. Increases not taken can instead be "banked" as taxing capacity for future years. For 2022, City Council chose to increase property taxes by the legally allowed 1%, plus an additional 3.8% of banked capacity from previous years, for a total of 4.8%. This led to an increase of \$1.7 million in property tax revenues for 2022. To control fixed costs during economic ups and downs, the City operates with a lean staff, contracting out for many municipal services such as police, fire, and some development review. The combination of a stable operating revenue source and limited permanent staff insulates the City somewhat from future economic slowdowns.

Two revenue sources dedicated to capital projects, real estate excise taxes and impact fees, have seen some volatility for the past several years, this is expected since development in Sammamish had been artificially reduced since 2018. Revenue from transportation impact fees rose in 2022 by \$276,000, or 65%, while park impacts fees increased by \$54,000, or 18%. Another positive sign in the development sector is the increase in building permit revenues of \$1.0 million, suggesting development is increasing.

Real estate excise taxes decreased by \$6.4 million, after 2022 saw an end to the boom in the prior year's housing market with significant increases in both median home prices and the number of homes sold. These emerging trends were considered during the mid-biennium update of the 2021-2022 budget.

The City continued its on-going response to the coronavirus pandemic into 2022, however the main economic concern pivoted to the record levels of inflation being felt across the region. In consideration of this, the City's 2023-2024 budget ensures the long-term financial sustainability of the City by making use of fund balance to alleviate the pressures to maintain service and staffing levels.

Sammamish has a history of excellent financial management and prudent fiscal policies. The 2021-2022 biennial budget maintains the City's strong financial position, with a projected ending fund balance of approximately \$60.4 million at the end of 2022, across all funds. Adherence to good financial management practices and policies has served the City well and set the stage for a community that will thrive for many years to come.

Requests for Information

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

**BASIC FINANCIAL
STATEMENTS**

CITY OF SAMMAMISH

STATEMENT OF NET POSITION December 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 75,007,068	\$ 10,645,407	\$ 85,652,475
Cash with outside agencies	272,113	-	272,113
Investments	33,493,344	4,404,625	37,897,969
Receivables:			
Taxes	2,771,934	-	2,771,934
Accounts	324,296	242,237	566,532
Leases	363,852	-	363,852
Due from other governments	50,787	152,415	203,202
Prepaid accounts	1,500	-	1,500
Internal balances	(37,447)	37,447	-
Restricted assets:			
Restricted cash - grants	4,574,965		4,574,965
Deposit cash	1,367,525	-	1,367,525
Capital assets:			
Land, artwork, construction in progress	376,125,567	31,928,249	408,053,817
Depreciable capital assets, net	180,847,697	51,969,483	232,817,180
Noncurrent assets:			
Leases Receivable	7,945,321		7,945,321
Net pension asset	3,217,872	381,537	3,599,409
Total assets	<u>686,326,395</u>	<u>99,761,400</u>	<u>786,087,795</u>
DEFERRED OUTFLOWS			
Related to pensions	<u>3,519,102</u>	<u>417,254</u>	<u>3,936,356</u>
Total deferred outflows	<u>3,519,102</u>	<u>417,254</u>	<u>3,936,356</u>
LIABILITIES			
Accounts/claims payable	4,827,342	413,970	5,241,312
Employee wages payable	401,287	-	401,287
Due to other governments	656	1,387	2,042
Customer deposits	1,382,146	-	1,382,146
Unavailable revenues	3,927,322	-	3,927,322
Noncurrent liabilities:			
Due within one year	150,101	12,467	162,568
Due in more than one year	1,103,520	114,915	1,218,435
Net pension liability	1,852,257	219,619	2,071,875
Total liabilities	<u>13,644,629</u>	<u>762,358</u>	<u>14,406,987</u>
DEFERRED INFLOWS			
Related to leases	7,873,790	-	7,873,790
Related to pensions	<u>3,425,874</u>	<u>406,200</u>	<u>3,832,074</u>
Total deferred inflows	<u>11,299,664</u>	<u>406,200</u>	<u>11,705,864</u>
NET POSITION			
Net investment in capital assets	556,482,172	83,822,561	640,304,733
Restricted for:			
Capital projects	37,012,447	-	37,012,447
Pensions	3,379,914	400,750	3,780,665
Unrestricted	68,026,670	14,786,785	82,813,455
Total net position	<u>\$ 664,901,203</u>	<u>\$ 99,010,096</u>	<u>\$ 763,911,300</u>

See accompanying notes to the financial statements

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental activities:							
General government	\$ 17,799,181	\$ 8,050	\$ 4,122,043	\$ 589,696	\$ (13,079,392)	\$ -	\$ (13,079,392)
Security	16,503,229	329,734	13,950	-	(16,159,546)	-	(16,159,546)
Physical environment	2,532,953	432,176	176,574	-	(1,924,203)	-	(1,924,203)
Economic environment	4,672,088	5,500,244	-	-	828,156	-	828,156
Transportation	9,405,578	700,271	119,650	1,315,645	(7,270,013)	-	(7,270,013)
Mental/physical health	10,390	-	-	-	(10,390)	-	(10,390)
Culture and recreation	6,918,917	650,888	21,858	9,000,000	2,753,830	-	2,753,830
Total governmental activities	<u>57,842,336</u>	<u>7,621,362</u>	<u>4,454,076</u>	<u>10,905,341</u>	<u>(34,861,558)</u>	<u>-</u>	<u>(34,861,558)</u>
Business-type activities:							
Surface water management	<u>6,566,473</u>	<u>9,590,400</u>	<u>28,857</u>	<u>2,102,176</u>	<u>-</u>	<u>5,154,960</u>	<u>5,154,960</u>
Total business-type activities	<u>6,566,473</u>	<u>9,590,400</u>	<u>28,857</u>	<u>2,102,176</u>	<u>-</u>	<u>5,154,960</u>	<u>5,154,960</u>
Total government	\$ <u>64,408,809</u>	\$ <u>17,211,762</u>	\$ <u>4,482,933</u>	\$ <u>13,007,516</u>	<u>(34,861,558)</u>	<u>5,154,960</u>	<u>(29,706,597)</u>
General revenues							
Taxes							
Property					34,161,775	-	34,161,775
Sales					10,186,936	-	10,186,936
Real estate excise					7,496,965	-	7,496,965
Other					2,609,143	-	2,609,143
Unrestricted interest					121,649	-	121,649
Miscellaneous					<u>1,726,265</u>	<u>43,389</u>	<u>1,769,655</u>
Total general revenues and transfers					<u>56,302,734</u>	<u>43,389</u>	<u>56,346,123</u>
Change in net position					21,441,176	5,198,350	26,639,526
Net position - beginning					<u>643,460,027</u>	<u>93,811,747</u>	<u>737,271,774</u>
Net position - ending					<u>\$ 664,901,203</u>	<u>\$ 99,010,097</u>	<u>\$ 763,911,300</u>

See accompanying notes to the financial statements.

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	General Fund	Street Fund	General CIP Fund
ASSETS AND DEFERRED OUTFLOWS			
Cash and cash equivalents	\$ 34,036,707	\$ -	\$ 4,276,567
Cash with outside agencies	272,113	-	-
Investments	16,541,518	-	1,769,465
Receivables:			
Taxes	2,616,899	-	-
Accounts	232,309	-	-
Leases receivable	8,309,172	-	-
Pre-paid expenditures	1,500	-	-
Due from other governments	41,014	-	-
Restricted assets:			
Restricted cash - grants	4,574,965	-	-
Deposit cash	1,367,525	-	-
Total assets	<u>\$ 67,993,723</u>	<u>\$ -</u>	<u>\$ 6,046,032</u>
Deferred outflows:			
Deferred outflows	-	-	-
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts/claims payable	\$ 4,471,339	\$ -	\$ 48,314
Employee wages payable	401,287	-	-
Due to other governments	656	-	-
Unearned revenues - grants	4,574,965	-	-
Payable from restricted assets:			
Customer deposits	1,382,146	-	-
Total liabilities	<u>10,830,392</u>	<u>-</u>	<u>48,314</u>
Deferred inflows:			
Unavailalbe resources - taxes	75,059	-	-
Unavailable resources - leases	7,873,790	-	-
Total deferred inflows	<u>7,948,849</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	-	-	153,372
Committed	-	-	-
Assigned	272,113	-	5,844,346
Unassigned	48,942,369	-	-
Total fund balances	<u>49,214,482</u>	<u>-</u>	<u>5,997,718</u>
Total liabilities and fund balances	<u>\$ 67,993,723</u>	<u>\$ -</u>	<u>\$ 6,046,032</u>

See accompanying notes to the financial statements.

CITY OF SAMMAMISH

<u>Parks CIP Fund</u>	<u>Transportation CIP Fund</u>	<u>Total Governmental Total</u>
\$ 21,942,286	\$ 12,040,443	\$ 72,296,003
-	-	272,113
9,078,803	4,981,833	32,371,619
77,518	77,518	2,771,934
-	91,986	324,296
-	-	8,309,172
-	-	1,500
-	9,773	50,787
-	-	4,574,965
<u>-</u>	<u>-</u>	<u>1,367,525</u>
\$ <u><u>31,098,607</u></u>	\$ <u><u>17,201,553</u></u>	\$ <u><u>122,339,915</u></u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
\$ 83,878	\$ 103,931	\$ 4,707,462
-	-	401,287
-	-	656
-	-	4,574,965
<u>-</u>	<u>-</u>	<u>1,382,146</u>
<u>83,878</u>	<u>103,931</u>	<u>11,066,516</u>
-	-	75,059
-	-	7,873,790
<u>-</u>	<u>-</u>	<u>7,948,849</u>
18,310,464	17,043,566	35,507,402
450,363	-	450,363
12,253,902	54,056	18,424,417
<u>-</u>	<u>-</u>	<u>48,942,369</u>
<u>31,014,729</u>	<u>17,097,622</u>	<u>103,324,551</u>
\$ <u><u>31,098,607</u></u>	\$ <u><u>17,201,553</u></u>	\$ <u><u>122,339,915</u></u>

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2022

Total governmental fund balances	\$ 103,324,551
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.	554,585,058
These assets consist of:	
Land	335,137,210
Construction in progress	40,824,463
Art	163,894
Buildings	54,200,404
Improvements other than buildings	48,242,967
Machinery and equipment	2,709,775
Depreciable infrastructure	226,157,394
Software	624,181
Less: accumulated depreciation	(153,475,230)
Net Pension asset used in governmental activities are not available in the current period and therefore not reported in the funds	2,879,527
Some liabilities, including bonds, loans and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,758,953)
These long-term liabilities consist of:	
Pension Liability	(1,657,500)
Accrued debt interest payable	(1,333)
Compensated absences	(1,100,120)
Net Deferred Outflows/Inflows - Pension not available in current period.	806,127
Due from Business type activities - charges by internal service funds were less than actual expenses.	(37,447)
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.	6,102,340
Net position of governmental activities	\$ 664,901,203

See accompanying notes to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	General Fund	Street Fund	General CIP Fund
REVENUES			
Taxes	\$ 44,101,641	\$ -	\$ -
Licenses and Permits	3,009,990	-	-
Intergovernmental	1,959,874	1,344,531	-
Charges for Services	3,413,385	-	-
Fines and Forfeitures	140,549	-	-
Interest Income	133,663	-	-
Contributions	111,298	-	-
Miscellaneous	1,090,300	-	-
Total Revenues	<u>53,960,701</u>	<u>1,344,531</u>	<u>-</u>
EXPENDITURES			
Current			
General Government	12,635,209	-	-
Security of Persons and Property	16,493,525	-	-
Physical Environment	2,622,009	-	-
Transportation	5,258,162	-	-
Economic Environment	4,980,399	-	-
Mental/Physical Health	10,390	-	-
Culture and Recreation	5,153,722	-	-
Capital Outlay	328,376	-	1,294,416
Total Expenditures	<u>47,481,791</u>	<u>-</u>	<u>1,294,416</u>
Excess (deficiency) of revenues over (under) expenditures	6,478,911	1,344,531	(1,294,416)
OTHER FINANCING SOURCES (USES)			
Insurance Recovery	2,759	-	-
Interest (expense)	-	-	(6,247)
Transfers In	1,344,531	-	3,350,000
Transfers Out	(3,387,409)	(1,344,531)	-
Total other financing sources (uses)	<u>(2,040,119)</u>	<u>(1,344,531)</u>	<u>3,343,753</u>
Net change in fund balances	4,438,792	-	2,049,338
Fund balances - beginning	44,775,689	-	3,948,381
Fund balances - ending	<u>\$ 49,214,482</u>	<u>\$ -</u>	<u>5,997,719</u>

See accompanying notes to the financial statements.

CITY OF SAMMAMISH

<u>Parks CIP Fund</u>	<u>Transportation CIP Fund</u>	<u>Total Governmental Funds</u>
\$ 4,065,057	\$ 3,748,482	\$ 51,915,181
-	-	3,009,990
-	302,462	3,606,867
357,167	700,271	4,470,823
-	-	140,549
-	-	133,663
-	-	111,298
-	-	1,090,300
<u>4,422,224</u>	<u>4,751,215</u>	<u>64,478,672</u>
-	-	12,635,209
-	-	16,493,525
-	-	2,622,009
-	-	5,258,162
-	-	4,980,399
-	-	10,390
-	-	5,153,722
<u>706,949</u>	<u>1,343,252</u>	<u>3,672,993</u>
<u>706,949</u>	<u>1,343,252</u>	<u>50,826,407</u>
3,715,276	3,407,963	13,652,264
500,000	-	502,759
(3,083)	(33,847)	(43,177)
-	-	4,694,531
-	-	(4,731,939)
<u>496,917</u>	<u>(33,847)</u>	<u>422,174</u>
4,212,193	3,374,116	14,074,438
<u>26,802,536</u>	<u>13,723,505</u>	<u>89,250,112</u>
<u>\$ 31,014,729</u>	<u>\$ 17,097,621</u>	<u>\$ 103,324,550</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, 2022

Net change in fund balances - total governmental funds	\$ 14,074,438
<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>	
	(3,599,245)
<p>This amount is comprised of:</p>	
Capital outlays	3,667,624
Current year depreciation	(7,266,869)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	9,821,080
<p>This amount is comprised of:</p>	
Unavailable tax revenues	(63,910)
Unavailable grants and contracts revenue	(89,440)
Developer and private contributions	10,013,183
Misc revenue	(38,753)
<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>	
	1,190,424
<p>This amount is comprised of:</p>	
Accrued interest expense	
Pension expense	1,261,784
Accrued compensated absences expense	(71,360)
<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>	
	<u>(45,521)</u>
Change in net position of governmental activities.	<u><u>\$ 21,441,176</u></u>

See accompanying notes to the financial statements.

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2022

	Business-type Activities Enterprise Fund	Governmental Activities
	Surface Water Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,645,407	\$ 2,711,065
Investments	4,404,625	1,121,725
Receivables		
Accounts	242,237	-
Due from other governments	152,415	-
Total current assets	15,444,683	3,832,790
Noncurrent assets:		
Net pension asset	381,537	338,344
Capital assets:		
Land, artwork, construction in progress	31,928,249	-
Depreciable capital assets, net	51,969,483	2,388,207
Total capital assets (net of depreciation and amortization)	83,897,733	2,388,207
Total noncurrent assets	84,279,270	2,726,551
Total assets	99,723,953	6,559,341
DEFERRED OUTFLOWS		
Related to pensions	417,254	370,017
Total deferred outflows	417,254	370,017
LIABILITIES		
Current liabilities		
Accounts payable	\$ 413,970	\$ 119,880
Lease liability	-	29,353
Due to other governments	1,387	-
Compensated absences	12,467	9,403
Total current liabilities	427,824	158,635
Noncurrent Liabilities:		
Lease liability	-	14,749
Compensated absences	114,915	98,663
Net pension liability	219,619	194,756
Total noncurrent liabilities	334,534	308,168
Total liabilities	762,358	466,804
DEFERRED INFLOWS		
Related to pensions	406,200	360,215
Total deferred inflows	406,200	360,215
NET POSITION		
Net investment in capital assets	83,822,561	2,301,355
Restricted	400,750	355,382
Unrestricted	14,749,338	3,445,603
Total net position	\$ 98,972,649	\$ 6,102,340
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund.		
	37,447	
Net position of business-type activities	\$ 99,010,096	

See accompanying notes to the financial statements.

CITY OF SAMMAMISH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2022

	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Surface Water Fund</u>	<u>Internal Service Funds</u>
OPERATING REVENUES:		
Charges for services	\$ 9,590,400	\$ 3,269,469
Charges for replacement	-	468,886
Charges for insurance	-	553,000
Total operating revenues	<u>9,590,400</u>	<u>4,291,355</u>
OPERATING EXPENSES:		
Administrative and general	2,205,233	1,606,108
Supplies	76,457	266,296
Maintenance and operations	2,221,201	2,094,059
Taxes	175,200	-
Depreciation	1,842,886	585,871
Total operating expenses	<u>6,520,977</u>	<u>4,552,335</u>
Operating income (loss)	<u>3,069,424</u>	<u>(260,980)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income (expense)	(19,583)	4,728
Grant income	28,857	-
Amortization (expense)	-	(29,316)
Other financing source - leases	-	73,275
Compensation from Ins Recovery	-	7,761
Sale of Capital Assets	-	62,325
Miscellaneous	48,131	24,836
Total non-operating revenues	<u>57,405</u>	<u>143,609</u>
Income (loss) before contributions and transfers	3,126,829	(117,371)
Capital contributions	2,102,176	29,701
Transfers in	24,959	42,149
Transfers out	<u>(29,701)</u>	<u>-</u>
Change in net position	5,224,263	(45,521)
Total net position - beginning	<u>93,811,750</u>	<u>6,147,861</u>
Total net position - ending	<u><u>99,036,012</u></u>	<u><u>\$ 6,102,340</u></u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund.	<u>(25,916)</u>	
Change in net position of business-type activities	<u><u>\$ 5,198,347</u></u>	

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2022

	Business-type Activities Enterprise Fund	Governmental Activities
	Surface Water Fund	Internal Services Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 10,204,092	\$ 4,303,803
Cash Received for Replacement		-
Cash Payments to Suppliers	(17,768)	(301,112)
Cash Payments to Employees	(1,812,738)	(1,562,621)
Cash Payments to Other Governments	(233,528)	(49,995)
Cash Payments for Other Operating Expenses	(2,772,380)	(2,131,550)
Net Cash Provided by Operating Activities	<u>5,367,678</u>	<u>258,525</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants	28,857	-
Principal Paid on Contracts		
Interest Paid on Contracts		
Transfers Out to Other Funds	(782,037)	-
Net Cash (Used) by Noncapital Financing Activities	<u>(753,180)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(731,525)	(281,953)
Proceeds from Sale of Other Assets		54,120
Capital Contributions	152,858	-
Leased Asset Financing Debt Service Payments		(29,316)
Net Cash (Used) by Capital and Related Financing Activities	<u>(578,667)</u>	<u>(257,149)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Purchases		-
Investment Sales/Maturities	539,158	459,693
Interest on Investments	181,889	51,657
Misc	-	16,959
Net Cash Provided by Investing Activities	<u>721,047</u>	<u>528,309</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,756,878	529,685
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,888,529	2,181,380
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,645,407</u>	<u>\$ 2,711,065</u>
Cash at the End of the Year Consists of:		
Operating Fund Cash	10,645,407	2,711,065
Total Cash at End of Year	<u>\$ 10,645,407</u>	<u>\$ 2,711,065</u>

See accompanying notes to the financial statements.

	Business-type Activities Enterprise Fund	Governmental Activities
	Surface Water Fund	Internal Services Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income (Loss)	\$ 3,069,424	\$ (260,980)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,842,886	513,589
Pension Expense	158,280	(136,273)
Decrease (Increase) in Accounts Receivable	172,219	1,584
Decrease (Increase) in Prepaid Expenses		54,350
Increase (Decrease) in Accounts Payable	122,154	28,114
Increase in Lease Liability		44,102
Increase (Decrease) in Compensated Absences Payable	2,714	14,038
Net Cash Provided by Operating Activities	<u>\$ 5,367,677</u>	<u>\$ 258,524</u>
Noncash Investing, Capital and Financing Activities:		
Fair value of investments (decreased) by Contributed/Transferred Capital	\$ (243,458)	\$ (62,002)
Net Noncash Activities	<u>\$ (243,458)</u>	<u>\$ (62,002)</u>

See accompanying notes to the financial statements.

**CITY OF SAMMAMISH
NOTES TO THE
FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

**NOTE 1:
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

Reporting Entity

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

Basic Financial Statements

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

The government-wide financial statements report information on all the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

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

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

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

Financial Statement Presentation

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund type:

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

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

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

New Accounting Standard

Effective for fiscal year 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*.

This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an asset. This statement applies to contracts that convey a right to use a non-financial asset in an exchange or exchange-like transaction for a term which exceeds 12 months. Examples of non-financial assets include buildings, land, and equipment. Lessees are required to recognize a lease liability and an intangible right-to-use asset, and lessors are required to recognize and lease receivable and a deferred inflow of resources.

Budgets and Budgetary Accounting

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

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

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

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

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

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

Cash and Investments

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

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

Receivables

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

Property Taxes

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

Sales Taxes

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

Accrued Interest Receivable

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

Accounts Receivable

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

Grants and Other Intergovernmental Revenues

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

Prepaid Items

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

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

Deferred Outflows of Resources

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

Capital Assets

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

government-wide financial statements regardless of their amount. Where historical cost is not known, assets are recorded at estimated historical cost. Donated assets are valued at acquisition value at the time of acquisition.

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

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

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

Leases (Lessee)

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

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

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

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

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

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

Leases (Lessor)

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

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

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

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

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

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

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 are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, because of employee resignations or retirements.

Long-Term Obligations

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

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

Pensions

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

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

Deferred Inflows of Resources

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

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

Net Position and Fund Balance

In governmental fund types, fund equity is called "fund balance". Fund Balance is reported in the following classifications which reflect the extent to which the City is bound to honor constraints on the purposes for which the amounts can be spent: 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 Over expenditures

During 2022, 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, 2022, the City’s cash, cash equivalents, and investments were as follows:

Cash and cash equivalents	\$ 3,398,321
Cash held by outside agencies	272,113
Non-pooled investments, measured at fair value	37,897,970
Pooled investments, measured at amortized cost	<u>88,196,642</u>
Total cash, cash equivalents, and investments	<u>\$ 129,765,046</u>

Custodial Credit Risk

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

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

At December 31, 2022, the City's individual investments in U.S. Treasuries, U.S. government-sponsored securities, and federal agencies were held in the City's name by the City's safekeeping agencies.

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

Investments

Investments Measured at Fair Value

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

Level 1: Quoted prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, broker markets, and principal-to-principal markets.

Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the asset, either directly or indirectly. These inputs are sourced from pricing vendors using models that are market-based and corroborated by observable market data, including quoted prices, nominal yield spreads, benchmark yield curves, and other corroborated inputs.

Level 3: Unobservable inputs for the asset and should only be used when relevant Level 1 or Level 2 inputs are not available.

In 2021, the City entered an interlocal agreement with the State of Washington’s Office of the State Treasurer, authorizing the State Treasurer’s Office to invest the City’s core funds in a separately managed investment portfolio, as provided for in RCW 43.250. In August of 2021, a deposit of \$40 million was made to the State of Washington. The State Treasurer’s Office invests these funds in accordance with the State’s investment policies and procedures and provides monthly reporting to the City. The City’s separately managed account is intended for long-term investment funds not required to meet short-term cash needs. Cash deposits and withdrawals are made by transfers in and out of the City’s Local Government Investment Pool (LGIP) account. Monies invested in the separately managed account are held separately and are not co-mingled with other State funds.

At December 31, 2022, the City had the following investments measured at fair value:

	12/31/22	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. government agency securities	\$ 7,320,478	\$ 7,320,478	\$ -	\$ -
U.S. government-sponsored securities	14,827,711		14,827,711	-
Supranational securities	15,749,779		15,749,779	-
Total investments by fair value	<u>\$ 37,897,969</u>	<u>\$ 7,320,478</u>	<u>\$ 30,577,490</u>	<u>\$ -</u>

Investments Measured at Amortized Cost

As of December 31, 2022, the City reported \$55,522,986 of funds held with the Washington State Treasurer’s Local Government Investment Pool (LGIP).

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

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

The LGIP transacts with participants at a stable net asset value of per share of \$1.00, the same method used for reporting. Participants may contribute or withdraw funds daily. Participants must inform the Office of the State Treasurer (OST) of

any transaction amounts exceeding one million dollars no later than 9 a.m. on the same day of the transaction. Transactions for one million dollars or less can be requested at any time prior to 10 a.m. at the sole discretion of the OST. All pool participants are required to file with the State Treasurer documentation containing the names and titles of the officials authorized to transact with the pool. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

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

At December 31, 2022, the City had the following investment types and maturities:

Investment Type	Reported Value	Less than 1 year	1 to 5 years
U.S. government agency securities	\$ 7,759,301	\$ -	\$ 7,759,301
U.S. government-sponsored securities	14,827,711	8,971,085	5,856,626
Supranational securities	15,310,956	6,762,120	8,548,836
Local Government Investment Pool	88,303,445	88,303,445	-
Total	<u>\$ 126,201,414</u>	<u>\$ 104,036,651</u>	<u>\$ 22,164,763</u>

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

At December 31, 2022, the credit rating for each investment type was as follows:

Investment Type	Total	Ratings at 12/31/22	
		AAA	AA+
U.S. government agency securities	\$ 7,759,301	438,823	\$ 7,320,478
U.S. government-sponsored securities	14,827,711	\$ -	14,827,711
Supranational securities	15,310,956	15,310,956	-
Local Government Investment Pool	88,303,445	88,303,445	-
Total Investments	<u>\$ 126,201,414</u>	<u>\$ 104,053,224</u>	<u>\$ 22,148,189</u>

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

Investments in any one investment type that represent 5% or more of total investments at December 31, 2022, were as follows:

U.S. government agency securities	5.7%
U.S. government-sponsored securities	11.8%
Supranational securities	12.5%
Local Government Investment Pool	70.0%

**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 daily.

Property Tax Calendar

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

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 unearned revenues in governmental funds. Under Washington State law the City may levy property taxes for 2022 up to \$3.28 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 2022, the City levied \$1.42 per \$1,000 of assessed value for general governmental services, for a total levy of \$33,909,110. This amount includes \$1,545,291 of banked capacity. The City had no voter approved excess levy.

**NOTE 5:
CONTRACT AND LEASES 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 required 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. During 2022, the District made its final payment of \$89,443 to the City.

Lease Receivables

The City, acting as a lessor, leases both real property and rights of way under long-term, non-cancelable lease agreements. The leases expire at various dates through 2042, if all renewal options are exercised. During the year-ended December 31, 2022, the City recognized \$743,154 and \$121,649 in lease revenue and interest, respectively, pursuant to these contracts.

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

Government Activities				
	Principal	Interest	Total	
2023	\$ 363,852	\$ 133,797	\$ 497,649	
2024	444,248	127,606	571,853	
2025	526,989	120,121	647,110	
2026	612,393	111,307	723,699	
2027	485,745	102,457	588,202	
2028-2032	3,455,546	361,426	3,816,972	
2033-2037	2,208,442	71,743	2,280,185	
2038-2042	211,958	11,961	223,919	
Total	<u>\$ 8,309,172</u>	<u>\$ 1,040,418</u>	<u>\$ 9,349,590</u>	

The City has deferred inflows of resources related to leases that will be recognized as revenue over the remaining lease terms. As of December 31, 2022, the balance of the deferred inflows of resources equaled \$7,873,926.

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows (in thousands):

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 325,501	\$ 9,636	\$ -	\$ 335,137
Construction in Progress	54,363	2,540	(16,078)	40,824
Art	164	-	-	164
Total capital assets, not being depreciated	<u>380,028</u>	<u>12,176</u>	<u>(16,078)</u>	<u>376,126</u>
Capital assets, being depreciated or amortized:				
Buildings & Building Improvements	54,200	-	-	54,200
Improvements other than Buildings	47,955	288	-	48,243
Machinery & Equipment	8,077	654	(112)	8,620
Infrastructure	209,191	16,966	-	226,157
Software	950	35	-	986
Intangible - Right-to-use	-	73	-	73
Total capital assets, being depreciated or amortized	<u>320,374</u>	<u>18,018</u>	<u>(112)</u>	<u>338,280</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation and amortization for:				
Buildings & Building Improvements	18,167	1,948	-	20,115
Improvements other than Buildings	34,061	1,718	-	35,778
Machinery & Equipment	5,244	663	(106)	5,800
Infrastructure	91,469	3,455	-	94,924
Software	716	69	-	785
Intangible - Right-to-use	-	29	-	29
Total accumulated depreciation and amortization	149,656	7,882	(106)	157,432
Total capital assets, being depreciated or amortized, net	170,718	10,136	(6)	180,847
Governmental Activities Capital Assets, net	<u>\$ 550,745</u>	<u>\$ 22,312</u>	<u>\$ (16,084)</u>	<u>\$ 556,972</u>
Business-Type Activities:				
Capital Assets, not being depreciated:				
Land	\$ 28,369	\$ 236	\$ -	\$ 28,605
Construction in Progress	2,921	609	(207)	3,323
Total capital assets, not being depreciated	31,290	845	(207)	31,928
Capital Assets, being depreciated or amortized:				
Buildings & Building Improvements	1,744	-	-	1,744
Improvements other than Buildings	70,839	1,553	-	72,392
Machinery & Equipment	30	-	-	30
Software	14	12	-	26
Total capital assets, being depreciated or amortized	72,627	1,566	-	74,193
Less Accumulated Depreciation or amortization for:				
Buildings & Building Improvements	698	63	-	761
Improvements other than Buildings	19,643	1,774	-	21,417
Machinery & Equipment	27	1	-	28
Software	14	4	-	18
Total accumulated depreciation and amortization	20,381	1,843	-	22,223
Total capital assets, being depreciated or amortized, net	52,247	(277)	-	51,970
Business-Type Activities Capital Assets, net	<u>\$ 83,537</u>	<u>\$ 568</u>	<u>\$ (207)</u>	<u>\$ 83,898</u>

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

General Government	\$ 778
Security	94
Economic Environment	9
Transportation, including depreciation of General Government Infrastructure assets	3,555
Culture and Recreation	2,829
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of those assets	<u>615</u>
Total depreciation and amortization expense - Governmental Activities	<u>\$ 7,882</u>
Business-Type Activities:	
Surface Water Management	<u>\$ 1,843</u>
Total depreciation and amortization expense - Business-Type Activities	<u>\$ 1,843</u>

NOTE 7: PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB 68 for the year 2022:

<u>Aggregate Pension Amounts - All Plans</u>	
Pension assets	\$ 3,599,409
Pension liabilities	(2,071,875)
Deferred outflows of resources	3,936,356
Deferred inflows of resources	(3,832,074)
Pension expense/expenditures	(249,781)

State Sponsored Pension Plans

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

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

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

Or the DRS ACFR may be downloaded from the DRS website at 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 6 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 2022 are listed below.

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 2022 were as follows:

PERS 1	<u>Employer</u>	<u>Employee</u>
January - August 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	-
Administrative Fee	0.18%	-
Total	<u>10.25%</u>	<u>6.00%</u>
September - December 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	-
Administrative Fee	0.18%	-
Total	<u>10.39%</u>	<u>6.00%</u>
	<u>Employer</u>	<u>Employee</u>
PERS 2/3	<u>Plan 2/3</u>	<u>Plan 2</u>
January - August 2022		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	-
Administrative Fee	0.18%	-
Employee PERS Plan 3		varies
Total	<u>10.25%</u>	<u>6.36%</u>
September - December 2022		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	-
Administrative Fee	0.18%	-
Employee PERS Plan 3		varies
Total	<u>10.39%</u>	<u>6.36%</u>

The City's actual contributions to the plan were \$476,808 to PERS 1 and \$806,923 to PERS 2/3 for the year ended December 31, 2022.

Actuarial Assumptions

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

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2022 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at leg.wa.gov/osa.
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2022. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See leg.wa.gov/osa for more information on this method change.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent 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, 2022, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return Arithmetic
Fixed Income	20.0%	2.2%
Tangible Assets	7.0%	5.1%
Real Estate	18.0%	5.8%
Global Equity	32.0%	6.3%
Private Equity	23.0%	9.3%
Total	100.0%	

Sensitivity of the Net Pension Asset (Liability)

The table below presents the City's proportionate share of the net pension asset and liability calculated using the discount rate of 7.4%, as well as what the City's proportionate share of the net pension asset and liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4%) or 1-percentage point higher (8.4%) than the current rate.

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
PERS 1	\$ 2,767,997	\$ 2,071,875	\$ 1,464,324
PERS 2/3	4,238,775	(3,599,409)	(10,038,973)

Pension Plan Fiduciary Net Position

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

Pension Assets and Liabilities

At December 31, 2022, the City reported its proportionate share of the net pension asset and liabilities as follows:

	Pension Asset (Liability)
PERS 1	\$ (2,071,875)
PERS 2/3	3,599,409

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

	Proportionate Share 12/31/21	Proportionate Share 12/31/22	Change in Proportion
PERS 1	0.072039%	0.074411%	0.002372%
PERS 2/3	0.092535%	0.097051%	0.004516%

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, 2022, and the actuarial valuation date on which the total pension liability is based was as of June 30, 2021, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2022, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 991,426
PERS 2/3	(1,241,207)

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

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

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	343,371
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	266,397	-
TOTAL	\$ 266,397	\$ 343,371

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 891,849	\$ 81,481
Net difference between projected and actual investment earnings on pension plan investments	-	2,661,070
Changes of assumptions	2,006,174	525,288
Changes in proportion and differences between contributions and proportionate share of contributions	325,717	220,864
Contributions subsequent to the measurement date	446,219	-
TOTAL	\$ 3,669,959	\$ 3,488,703

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date, but prior to June 30, 2022, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended 12/31	PERS 1	PERS 2/3
2023	(145,307)	(838,830)
2024	(131,977)	(657,521)
2025	(165,561)	(844,000)
2026	99,474	1,234,935
2027	-	427,607
Thereafter	-	412,846
	(343,371)	(264,963)

401(a) Plan

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

The 401(a) Plan is a defined contribution plan with participants contributing an amount equal to the current Social Security rate (7.65%) of their salary. Employees contribute 6.2% to the 401(a) Plan and 1.45% to Medicare. The City contributes 6.2% for permanent employees. Employee contributions during 2022 were \$831,075. City contributions were \$830,156. The Medicare portion of social security contributed by employees was \$200,312, and the City contributed \$198,405. There is no vesting period for City contributions.

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

Other Employee Benefits

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

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

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

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

NOTE 8: CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2022. The on-going projects include widening and construction of existing streets, sidewalks, and bridges and are the responsibility of the City's general CIP fund.

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Street and Bridge Construction	2,404,261	1,827,690
Total	<u>\$ 2,404,261</u>	<u>\$ 1,827,690</u>

NOTE 9: INTERFUND TRANSFERS

Interfund transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 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.

Interfund transfers at December 31, 2022, are as follows:

		Transfer From			Total
		General Fund	Street Fund	Surface Water Fund	
Transfer To	General Fund		\$ 1,344,531		\$ 1,344,531
	General CIP Fund	\$ 3,350,000			3,350,000
	Surface Water Fund	24,960			24,960
	Equipment Rental & Replacement Fund	2,706		29,701	32,407
	Technology Replacement Fund	9,743			9,743
		<u>\$ 3,387,409</u>	<u>\$ 1,344,531</u>	<u>\$ 29,701</u>	<u>\$ 4,761,641</u>

NOTE 10: LONG-TERM OBLIGATIONS

Lease Liability

The City leases office equipment under a long-term non-cancelable lease agreement. The lease term is for 60 months and will expire in May 2024. The total of the City's lease assets is recorded at \$73,275, less accumulated depreciation of \$29,316.

Total future minimum lease payments under the lease agreement are as follows:

As of December 31, 2022, total future minimum lease payments under the lease agreement are as follows:

	Governmental Activities		
	Principal	Interest	Total
2023	\$ 29,353	\$ 239	\$ 29,592
2024	14,749	34	14,783
Total	<u>\$ 44,102</u>	<u>\$ 273</u>	<u>\$ 44,375</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Leases	\$ 73,275	\$ -	\$ (29,173)	\$ 44,102	\$ 29,353
Compensated absences	1,122,792	931,124	(845,730)	1,208,186	120,748
Net Pension Liability	786,510	1,852,256	(786,510)	1,852,256	-
Total Governmental Activities	<u>\$ 1,982,577</u>	<u>\$ 2,783,380</u>	<u>\$ (1,661,413)</u>	<u>\$ 3,104,544</u>	<u>\$ 150,101</u>
Business-Type Activities:					
Compensated absences	124,668	91,881	(89,167)	127,382	12,467
Net Pension Liability	93,255	219,619	(93,255)	219,619	-
Total Business-Type Activities	<u>\$ 217,923</u>	<u>\$ 311,500</u>	<u>\$ (182,422)</u>	<u>\$ 347,001</u>	<u>\$ 12,467</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 \$108,066 of internal service funds' compensated absences are included in the above amounts. Compensated absences for governmental activities are liquidated from the general fund.

**NOTE 11:
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, 2022 are as follows (in thousands):

	General	Street	General CIP	Parks CIP	Transportation CIP	Total
Restricted for:						
General government						-
Public safety	-	-	153	-	-	153
Transportation	-	-	-	-	17,044	17,044
Parks and recreation	-	-	-	18,310	-	18,310
Committed:	-	-	-	450	-	450
Assigned for:						
Affordable housing	272	-	-	-	-	272
Capital projects	-	-	5,844	12,254	54	18,152
Unassigned:	48,942	-	-	-	-	48,942
Total fund balances	<u>\$ 49,214</u>	<u>\$ -</u>	<u>\$ 5,998</u>	<u>\$ 31,015</u>	<u>\$ 17,098</u>	<u>\$ 103,325</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 \$5,379,266 for 202. 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 12: HEALTH AND WELFARE

Association of Washington Cities Employee Benefit Trust

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

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

As of December 31, 2022, 262 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP. The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2022, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$1.5 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

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

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

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

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

NOTE 13: CONTINGENCIES AND LITIGATION

As of December 31, 2022, there were several damage claims and lawsuits pending against the City. However, in our opinion, with which the City Attorney concurs, neither the potential liability from any single claim or lawsuit, nor the aggregate potential liability resulting from all pending claims or lawsuits, would affect materially the financial condition of the City.

NOTE 14: 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 166 Members.

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

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

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, claims and litigation administration, 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 15:
JOINT VENTURES**

E-Gov Alliance

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

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

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

Eastside Fire and Rescue

In 1999, through an interlocal agreement as provided by RCW 39.34, the consolidation of several agencies created a new Fire and Emergency Medical Services agency called Eastside Fire and Rescue (EF&R). The agencies (principals) joining in this consolidation included King County Washington Fire Protection Districts 10 and 38, and the Cities of Issaquah and North Bend, with the City of Sammamish joining in January 2001. The current Interlocal Agreement is for a seven-year period ending December 31, 2022. 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, 2022, the equity percentage was as follows:

<u>Entity</u>	<u>Share</u>
Fire District 10	36.52%
Fire District 38	6.59%
City of Issaquah	24.12%
City of North Bend	4.45%
City of Sammamish	28.32%

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>
2018	7,864,725
2019	8,183,136
2020	7,913,072
2021	7,940,952
2022	8,357,694

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

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

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

ARCH-Housing Coalition

In November 1992, the City of Bellevue joined the cities of Redmond and Kirkland and King County to establish A Regional Coalition for Housing (ARCH). The agreement was amended in January 1993 and November 1999 to add clarifying language regarding responsibility and dissolution. Since its inception, the Cities of Beau Arts Village, Bothell, Clyde Hill, Hunts 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>
2018	699,324	78,014	11.2%
2019	724,400	80,784	11.1%
2020	1,110,097	127,494	11.5%
2021	1,155,261	127,494	11.0%
2022	1,490,462	134,651	9.0%

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

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

REQUIRED SUPPLEMENTARY
INFORMATION

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 Nine Years*
As of June 30

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

*Only nine 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 Asset/(Liability)
Public Employee Retirement System Plans 2 & 3
Last Nine Years*
As of June 30

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

*Only nine 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.

**In 2021, the Public Employee Retirement System Plans 2 & 3 did not report a net pension liability.

CITY OF SAMMAMISH

City of Sammamish
Schedule of City's Contributions
Public Employee Retirement System Plan 1
Last Nine Fiscal Years*
For the Year Ended December 31

	Plan Year Ended								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contribution	\$ 272,445	\$ 314,284	\$ 379,852	\$ 423,632	\$ 458,853	\$ 500,820	\$ 512,354	\$ 500,548	\$ 476,808
Contributions in relation to the contractually required contribution	272,445	314,284	379,852	423,632	458,853	500,820	512,354	500,548	476,808
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered payroll	6,774,726	7,235,007	7,983,931	8,706,572	9,064,427	10,140,489	10,679,189	11,702,075	12,687,478
Contributions as a percentage of covered payroll	4.02%	4.34%	4.76%	4.87%	5.06%	4.94%	4.80%	4.28%	3.76%

*Only nine 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 Nine Fiscal Years*
For the Year Ended December 31

	Plan Year Ended								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contribution	\$ 337,128	\$ 403,033	\$ 496,116	\$ 595,864	\$ 679,801	\$ 783,524	\$ 845,792	\$ 833,550	\$ 806,923
Contributions in relation to the contractually required contribution	337,128	403,033	496,116	595,864	679,801	783,524	845,792	833,550	806,923
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered payroll	6,774,726	7,235,007	7,983,931	8,706,572	9,064,427	10,140,489	10,679,189	11,702,075	12,687,478
Contributions as a percentage of covered payroll	4.98%	5.57%	6.21%	6.84%	7.50%	7.73%	7.92%	7.12%	6.36%

*Only nine 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 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 GENERAL FUND
 For the Biennium Ended December 31, 2022

	Original Budget 2021-2022	Final Budget 2021-2022	Actual Through 12/31/22	Variance with Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Taxes	\$ 78,399,000	\$ 80,427,125	\$ 85,578,135	\$ 5,151,010
Licenses and permits	3,249,000	3,219,000	4,841,205	1,622,205
Intergovernmental	2,796,500	4,326,500	3,670,813	(655,687)
Charges for services	5,513,318	5,627,536	6,057,126	429,590
Fines and forfeitures	779,000	779,000	238,896	(540,104)
Investment income	595,000	485,000	284,686	(200,314)
Contributions	238,880	238,880	202,033	(36,847)
Miscellaneous	802,000	937,000	1,762,624	825,624
Total revenues	<u>92,372,698</u>	<u>96,040,041</u>	<u>102,635,519</u>	<u>6,595,478</u>
EXPENDITURES				
Current				
General government	25,028,761	30,612,375	22,888,039	7,724,336
Security of persons and property	34,409,917	34,664,517	34,192,311	472,206
Physical environment	13,578,980	14,853,080	3,849,181	11,003,899
Transportation	3,710,090	4,296,390	10,620,180	(6,323,790)
Economic development	9,360,250	9,969,750	10,706,366	(736,616)
Mental/physical health	36,000	36,000	30,056	5,944
Cultural and recreation	12,299,500	11,000,000	9,470,100	1,529,900
Capital outlay	342,500	377,100	631,902	(254,802)
Total expenditures	<u>98,765,998</u>	<u>105,809,212</u>	<u>92,388,135</u>	<u>13,421,077</u>
Excess (deficiency) of revenues over (under) expenditures	(6,393,300)	(9,769,171)	10,247,384	20,016,555
OTHER FINANCING SOURCES (USES)				
Insurance recovery	-	-	13,466	13,466
Transfers in	12,036,990	12,470,316	12,452,277	(18,039)
Transfers out	(3,350,000)	(11,170,000)	(11,207,409)	(37,409)
Total other financing sources (uses)	<u>8,686,990</u>	<u>1,300,316</u>	<u>1,258,334</u>	<u>(41,982)</u>
Net change in fund balance	2,293,690	(8,468,855)	11,505,718	19,974,573
Fund balance - beginning	29,024,885	37,708,764	37,708,764	-
Fund balance - ending	<u>\$ 31,318,575</u>	<u>\$ 29,239,909</u>	<u>\$ 49,214,482</u>	<u>\$ 19,974,573</u>

BUDGETARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budgets and Budgetary Accounting

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

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

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

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

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

FUND FINANCIAL
STATEMENTS
AND
SCHEDULES

MAJOR FUNDS BUDGET TO ACTUAL SCHEDULES

Special Revenue Fund

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

Capital Projects Funds

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

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

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

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

CITY OF SAMMAMISH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 STREET FUND
 For the Biennium Ended December 31, 2022

	Original Budget 2021-2022	Final Budget 2021-2022	Actual Through 12/31/22	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,726,200	\$ 2,726,200	\$ 2,708,160	\$ 18,040
Total revenues	<u>2,726,200</u>	<u>2,726,200</u>	<u>2,708,160</u>	<u>18,040</u>
OTHER FINANCING (USES)				
Transfers OUT	(12,011,990)	(12,445,316)	(12,427,277)	18,039
Total other financing (uses)	<u>(12,011,990)</u>	<u>(12,445,316)</u>	<u>(12,427,277)</u>	<u>18,039</u>
Net change in fund balance	(9,285,790)	(9,719,116)	(9,719,117)	36,079
Fund balance - beginning	9,285,790	9,719,116	9,719,117	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,079</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 GENERAL GOVERNMENT CIP FUND
 For the Biennium Ended December 31, 2022

	Original Budget 2021-2022	Final Budget 2021-2022	Actual Through 12/31/22	Variance with Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Interest	\$ 31,000	\$ 15,000	\$ (36,090)	\$ (51,090)
Total revenues	<u>\$ 31,000</u>	<u>\$ 15,000</u>	<u>\$ (36,090)</u>	<u>\$ (51,090)</u>
EXPENDITURES				
Current				
Capital outlay	3,620,000	7,699,100	3,488,222	4,210,878
Total expenditures	<u>3,620,000</u>	<u>7,699,100</u>	<u>3,488,222</u>	<u>4,210,878</u>
Excess (deficiency) of revenues over (under) expenditures	(3,589,000)	(7,684,100)	(3,524,312)	4,159,788
OTHER FINANCING SOURCES				
Transfers in	-	5,850,000	5,850,000	-
Transfers Out	-	-	-	-
Total other financing sources	<u>-</u>	<u>5,850,000</u>	<u>5,850,000</u>	<u>-</u>
Net change in fund balance	(3,589,000)	(1,834,100)	2,325,688	4,159,788
Fund balance - beginning	8,533,000	3,672,030	3,672,030	-
Fund balance - ending	<u>\$ 4,944,000</u>	<u>\$ 1,837,930</u>	<u>\$ 5,997,718</u>	<u>\$ 4,159,788</u>

CITY OF SAMMAMISH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 PARKS CIP FUND
 For the Biennium Ended December 31, 2022

	Original Budget 2021-2022	Final Budget 2021-2022	Actual Through 12/31/22	Variance with Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Taxes	\$ 6,880,000	\$ 7,180,000	\$ 9,391,173	\$ 2,211,173
Intergovernmental	-	-	1,517,390	1,517,390
Charges for services	907,500	907,500	748,029	(159,471)
Interest	280,000	220,000	(182,929)	(402,929)
Miscellaneous	-	-	-	-
Total revenues	<u>8,067,500</u>	<u>8,307,500</u>	<u>11,473,663</u>	<u>3,166,163</u>
EXPENDITURES				
Capital outlay	<u>17,202,000</u>	<u>20,074,400</u>	<u>4,357,177</u>	<u>15,717,223</u>
Total expenditures	<u>17,202,000</u>	<u>20,074,400</u>	<u>4,357,177</u>	<u>15,717,223</u>
Excess (deficiency) of revenues over (under) expenditures	(9,134,500)	(11,766,900)	7,116,486	18,883,386
OTHER FINANCING SOURCES (USES)				
Compensation from Insurance Recovery	-	-	500,000	500,000
Transfers in	-	-	-	-
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>475,000</u>	<u>500,000</u>
Net change in fund balance	(9,159,500)	(11,791,900)	7,591,486	19,383,386
Fund balance - beginning	18,296,320	23,423,243	23,423,243	-
Fund balance - ending	<u>\$ 9,136,820</u>	<u>\$ 11,631,343</u>	<u>\$ 31,014,729</u>	<u>\$ 19,383,386</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 TRANSPORTATION CIP FUND
 For the Biennium Ended December 31, 2022

	Original Budget 2021-2022	Final Budget 2021-2022	Actual Through 12/31/22	Variance with Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Taxes	\$ 6,400,000	\$ 6,700,000	\$ 8,798,237	\$ 2,098,237
Intergovernmental	-	678,000	2,279,599	1,601,599
Charges for services	1,320,000	1,320,000	1,309,303	(10,697)
Interest	100,000	65,000	(70,671)	(135,671)
Miscellaneous	-	-	64,850	64,850
Total revenues	<u>7,820,000</u>	<u>8,763,000</u>	<u>12,381,318</u>	<u>3,618,318</u>
EXPENDITURES				
Capital outlay	7,525,200	13,879,200	8,046,006	(5,833,194)
Total expenditures	<u>7,525,200</u>	<u>13,879,200</u>	<u>8,046,006</u>	<u>(5,833,194)</u>
Excess (deficiency) of revenues over (under) expenditures	294,800	(5,116,200)	4,335,312	9,451,512
OTHER FINANCING SOURCES (USES)				
Interest (expense)	-	-	(33,847)	-
Transfers in	-	5,320,000	5,320,000	-
Transfers out	(536,000)	(536,000)	(536,002)	(2)
Total other financing sources (uses)	<u>(536,000)</u>	<u>4,784,000</u>	<u>4,750,151</u>	<u>(33,849)</u>
Net change in fund balance	(241,200)	(332,200)	9,085,463	9,417,663
Fund balance - beginning	4,691,018	8,012,160	8,012,160	-
Fund balance - ending	<u>\$ 4,449,818</u>	<u>\$ 7,679,960</u>	<u>\$ 17,097,623</u>	<u>\$ 9,417,663</u>