

## City of Issaquah, Washington

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



State of Washington

**FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2003**

**PREPARED BY THE FINANCE DEPARTMENT**  
**James R. Blake, Director**  
**Patrisha S. Niedziela, Deputy Director**

## ***VISION STATEMENT***

The City of Issaquah is committed to quality living through preservation and enhancement of the community's unique human and natural resources.

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## ***GUIDING PRINCIPLES AND GOALS***

### **1) Environmental Excellence**

- ▶ Establish and implement measures to preserve Issaquah's unique natural beauty.
- ▶ Prevent degradation of the environment while promoting responsible utilization of Issaquah's natural resources.
- ▶ Acknowledge the fact of development and work to ensure that impacts are properly mitigated.

### **2) Innovative and Integrated Planning**

- ▶ Utilize a regional approach.
- ▶ Encourage coordination of short- and long-range planning efforts.
- ▶ Incorporate financial implications into the planning and decision making process.

### **3) Community Involvement**

- ▶ Actively pursue opportunities for public involvement.
- ▶ Emphasize and promote two-way communication and understanding between the City and community.

### **4) A People Place**

- ▶ Work toward preserving the hometown feeling of Issaquah.
- ▶ Promote pedestrian-oriented facilities.
- ▶ Acknowledge the importance of cultural activities.
- ▶ Actively promote a sense of community pride.
- ▶ Support a wide variety of recreational opportunities consistent with Issaquah's natural setting.

### **5) A Balanced Community**

- ▶ Preserve and encourage viable neighborhoods.
- ▶ Preserve the historical aspects of Issaquah.
- ▶ Pursue a balanced mix of land uses that provides for a full-service community (single and multi-family residential, commercial, recreational, and open space).
- ▶ Balance environmental concerns with developmental pressures.

### **6) Excellence in Governmental Services**

- ▶ Commit to a level of service that is responsive to community needs.
- ▶ Maintain a concept of government that respects the individual and works toward the good of the community.
- ▶ Develop and maintain unified, high-quality employees devoted to serving the public.
- ▶ Promote and maintain high ethical standards among employees.

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# INTRODUCTORY SECTION





FINANCE DEPARTMENT  
PO BOX 1307, ISSAQUAH, WA 98027  
(425) 837-3050 FAX (425) 837-3029

May 30, 2003

Honorable Mayor and City Council Members

City of Issaquah

Issaquah, WA 98027

The City of Issaquah Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2003 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and agencies of the City. All disclosures necessary to enable the reader to gain an understanding of Issaquah's financial activities have been included.

This Comprehensive Annual Financial Report is presented for the first time in conformity with Governmental Accounting Standards Board (GASB) Statements 34 through 39. These Statements dramatically modified the presentation of financial information for the City of Issaquah effective with financial statements ending December 31, 2003. The format and purpose of these changes are addressed in greater detail in the Management's Discussion and Analysis. Additionally, the notes to the financial statements are designed to discuss the change and explain the effects and results of these changes. Since this is the first year of reporting in this format, there will be limited discussions concerning changes in financial condition. The full advantage of this new format will not be realized until the publication of the December 31, 2004 statements. We believe this new presentation will provide better information to the users of the CAFR.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organization chart, and a list of principal officials. The financial section includes the State Auditor's report on the financial statements and schedules, Management's Discussion and Analysis, Government-wide Financial Statements, Fund Financial Statements, Notes to the Financial Statements and Other Required Supplemental Information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This report includes all funds and agencies of the City.

As an aid to the reader, the major sections of this report have been segregated by divider pages, which provide introductions for the sections. Similarly, divider pages have been used to separate the various components of the financial section. Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion

and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **CITY OF ISSAQUAH AND SERVICES PROVIDED**

The City of Issaquah was incorporated in 1892 and operates as a Non-Charter Optional Code City with a Mayor-Council form of government. The Council is comprised of seven members, elected at large by the citizens of Issaquah, each serving a four-year term. They are part-time elected officials who exercise the legislative powers of the City and determine matters of policy. The Mayor, an elected official, is the Chief Executive Officer of the City. The Mayor is assisted by a full-time City Administrator. The City Administrator and other officers and department directors are appointed by the Mayor with Council confirmation.

The City of Issaquah provides a full range of municipal services, including parks and recreation facilities/activities, streets, planning, zoning, and general administrative services. The City also operates water, sewer, and stormwater utility systems. The City of Issaquah is experiencing intense growth and development.

### **FINANCIAL MANAGEMENT AND CONTROLS**

City of Issaquah management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of the relative costs and benefits of the control system requires estimates and judgments by management.

### **CASH MANAGEMENT**

It is the City's policy to invest all temporary cash surpluses with maturities planned to coincide with cash needs. Cash was invested in demand deposits, time deposits, banker's acceptances, and with the State Treasurer's Investment Pool. Investment earnings for the year was \$470,401. There were investments as of December 31, 2003: \$1,000,000 in the General Fund, \$1,000,000 in the Capital Improvements Fund, and \$500,000 in the Agency Fund.

### **INDEPENDENT AUDIT**

Washington State law requires an annual audit by the State Auditor, an independently elected state official. The State Auditor has broad legal authority to inquire into all financial and legal compliance matters. The audits are made in conformance with generally accepted auditing standards, cover the financial statements of all City funds, and account groups. The City was given an unqualified opinion for 2002.

### **ACKNOWLEDGEMENTS**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. The advice and support of the examiners from the Office of the State Auditor was very helpful. I would also like to express

my appreciation to the Mayor and City Council for their interest and support in planning and conducting the financial operations for the City in a responsible and progressive manner.

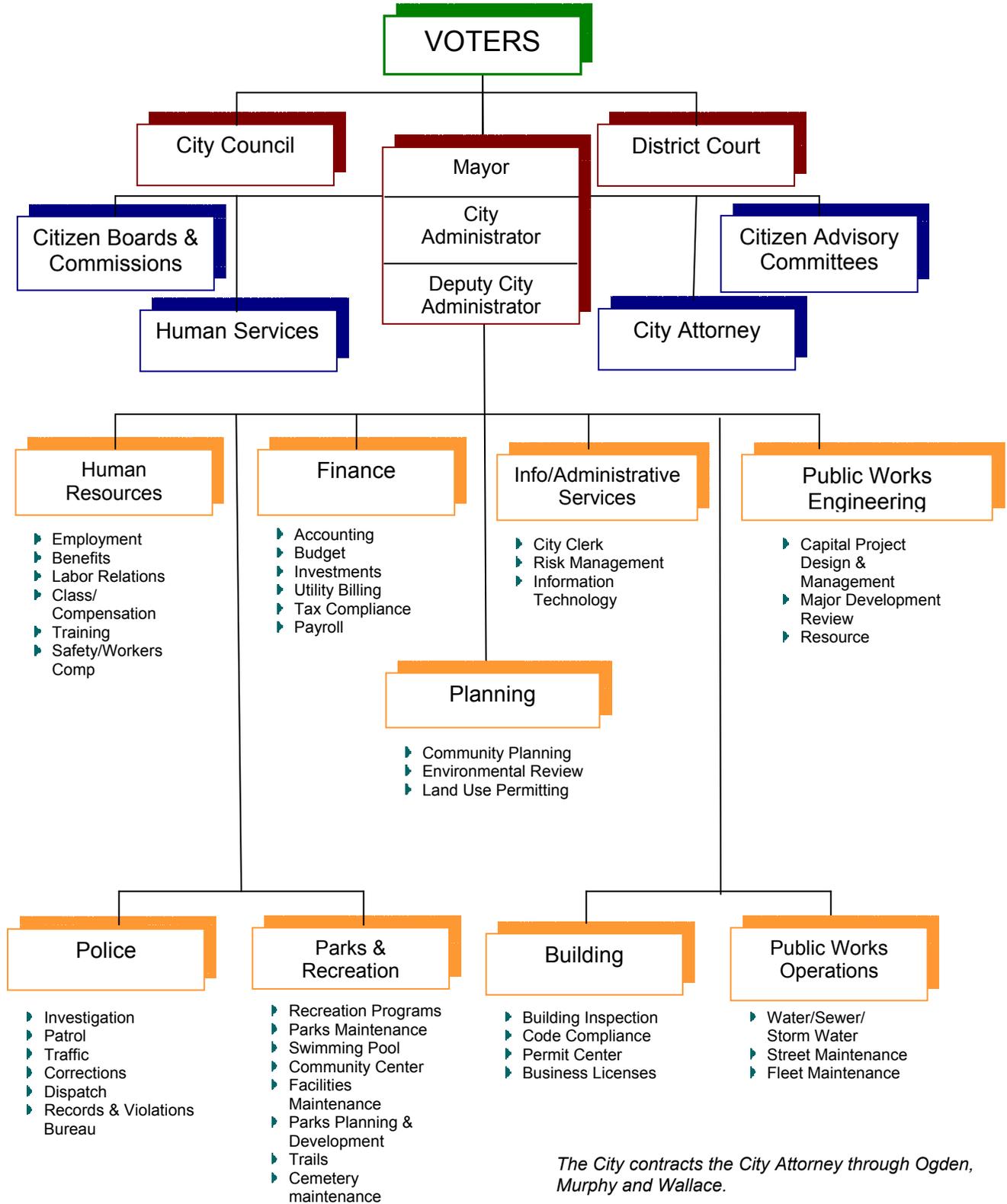
Respectfully submitted,

James R Blake

Finance Director

JB:ikk

**CITY OF ISSAQUAH ORGANIZATIONAL STRUCTURE**



*The City contracts the City Attorney through Ogden, Murphy and Wallace.*

*Eastside Fire and Rescue provides fire services.*

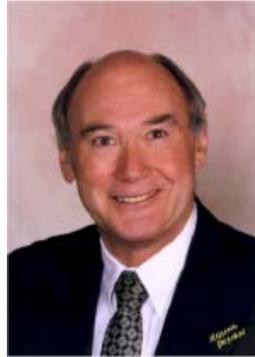
**ELECTED OFFICIALS**



**Ava Frisinger,**  
Mayor



**Joe Forkner,**  
Position #1



**Fred Butler,**  
Council President  
Position #2



**Bill Conley,**  
Position #3



**Russell Joe,**  
Position #4



**Hank Thomas,**  
Position #5



**David Kapler,**  
Position #6



**Nancy Davidson,**  
Position #7

Photos © Hilling Design - used with permission

Photo 1 City Council Members

**EXECUTIVE STAFF**

City Administrator.....	Leon Kos
Deputy City Administrator .....	Joe Meneghini
Chief of Police.....	Dave Draveling
Director of Information and Administrative Services .....	William J. McGill
Finance Director.....	James R. Blake
Parks & Recreation Director .....	Anne McGill
Planning Director .....	Mark Hinthorne
Building Official .....	John Minato
Human Resources Director.....	Ruben Nieto
Public Works Engineering Director .....	Bob Brock
Public Works Operations Director.....	Bret Heath



# FINANCIAL SECTION



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management discussion and analysis section of the City of Issaquah's annual financial report provides a narrative overview of the city's financial activities for and financial position at the end of December 31, 2003. This information should be read in conjunction with the preceding letter of transmittal and the financial statements and notes to the financial statements that follow. Previous year (2002) comparable data is not available for the 2003 report due to a change in reporting format. Comparable data will be provided in the 2004 annual financial report.

## FINANCIAL HIGHLIGHTS

Overall, at the end of 2003 the city is in better shape than it was at the beginning of the year.

Net assets, the amount by which total assets exceeded total liabilities, equal \$106,129,777. A total of 82%, or \$88,895,977, of total net assets is invested in capital such as land and buildings. Of the remaining net assets, \$6,557,018 is restricted for debt service, capital projects, etc. \$10,676,782 is available to meet the government's ongoing activities and obligations.

Governmental fund balances at year end were \$38,238,335. Of this amount, a total of \$6,390,657 or 17% of the governmental fund balance is unreserved and available to fund ongoing activities with \$5,734,065 being earmarked for capital project activities.

Unreserved fund balance in the general fund was \$5,146,943, an increase of \$652,456 from the prior year.

Total City debt, increased by \$10,736,300. \$7,000,000 new debt relates to the King County North Spar Interlocal Agreement. \$6,755,496 of debt was paid down. Total debt at year end was \$54,643,527.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The city's basic financial statements 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. This section of the management's discussion and analysis is intended to introduce and explain the basic financial statements.

### Government-wide financial statements

The government-wide financial statements are designed to give the reader a picture of the financial condition and activities of the city as a whole. This broad overview is similar to the financial reporting of private-sector businesses. The government-wide financial statements have separate columns for governmental activities and business-type activities. Governmental activities of the city include general government (finance, executive, and human resources), security (police and fire), physical environment, economic environment, transportation, mental/physical health, and culture and recreation. The City's business-type activities are limited to water, wastewater and stormwater utilities. Governmental activities are primarily supported by taxes, charges for services, and grants while business-type activities are primarily self-supporting through user fees and charges.

The **statement of net assets** presents information on all of the City of Issaquah's assets and liabilities, highlighting the difference between the two as net assets. This statement is similar to the balance sheet of a private sector business. Over time, increases or decreases in net assets may be one indicator of improvement or deterioration in the City's overall financial health.

The **statement of activities** presents information designed to show how the City's net assets changed during the year. This statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show how much each function either supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed. Items such as uncollected taxes, unpaid vendor invoices for goods or services received during the year, and earned but unused vacation leave are included in the statement of activities as revenue and expenses even though no cash has changed hands.

### **Fund Financial Statements**

The annual financial report includes fund financial statements in addition to the government-wide financial statements. While the government-wide statements present the City's finances based on the type of activity, general government versus business-type, the fund financial statements are presented by fund type such as the general fund, special revenue funds, and proprietary funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. Funds are often set up in accordance with special regulations, restrictions or limitations. The City of Issaquah, like other state and local governments, uses fund accounting to ensure and show compliance with finance-related legal requirements. The City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions as are reported as governmental activities in the government-wide financial statements. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental fund statements focus on near term revenues/financial resources and expenditures while the government-wide financial statements include both near term and long term revenues/financial resources and expenses. The information in the governmental fund statements can be used to evaluate the City's near term financial requirements and immediate fiscal health. Comparing the governmental fund statements with the government-wide statements can help the reader better understand the long-term impact of the City's current year financing decisions. To assist in this comparison, reconciliations between the governmental fund statements and the government-wide financial statements are included with the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

The City of Issaquah maintains nineteen individual governmental funds. The City's three major governmental funds, the general fund, street fund, and the capital improvements fund are presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are combined into a single column labeled other governmental funds.

Individual fund data for each of the other governmental funds can be found in combining statements later in this report.

The City maintains budgetary control over its operating funds through the adoption of an annual budget. Budgets are adopted at the fund level and according to state law. A budgetary comparison statement is presented for the General Fund as a basic financial statement. Other budgetary comparison schedules are included following the other governmental funds' combining statements in 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. There is a direct relationship between the fees paid and the services received.

The City of Issaquah has two types of proprietary funds, enterprise funds and internal service 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 separate information for the City's water, wastewater and stormwater utilities.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and City equipment, unemployment insurance, insurance premiums and claims, and Public Works Engineering operations fund. 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 assets.

**Fiduciary funds** account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City of Issaquah's activities.

At year end the City has an agency/deposits fund.

The *agency/deposits fund* is a clearing mechanism for cash resources which are collected by the City, held for a brief period, and then disbursed to authorized recipients.

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

The notes to the financial statements provide additional information that is important to a full understanding of the data in the government-wide and fund financial statements. The notes are located immediately following the basic financial statements.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain **required supplementary information (RSI)** located immediately following the notes to the financial statements.

The combining statements for other governmental funds, internal service funds, and agency-type fiduciary funds are presented immediately following the required supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Assets**

The statement of net assets can serve as a useful indicator of the City’s financial position. The City of Issaquah’s net assets at December 31, 2003 total \$106,249,482 excluding existing transportation infrastructure assets that are not reported in this financial report. Following is a condensed version of the government-wide statement of net assets. Since this is the first period in which the City of Issaquah is reporting on the new government-wide basis, no previous year comparable data, as required by GASB 34 reporting requirements, is available. Comparable data will be provided in the 2004 annual financial report.

	<b>Governmental Activities 12/31/2003</b>	<b>Business-type Activities 12/31/2003</b>	<b>Total 12/31/2003</b>
Current and other assets	\$ 21,870,936	\$ 5,366,945	\$ 27,237,881
Capital Assets (net of accumulated depreciation):	61,572,467	78,330,698	139,903,165
<b>Total Assets</b>	<b>83,443,403</b>	<b>83,697,643</b>	<b>167,141,046</b>
Current Liabilities:	6,148,442	121,996	6,270,438
Noncurrent Liabilities:	39,056,626	15,684,205	54,740,831
<b>Total Liabilities</b>	<b>45,205,068</b>	<b>15,806,201</b>	<b>61,011,269</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	25,290,680	63,605,297	88,895,977
Restricted	6,676,723	811,273	7,487,996
Unrestricted	6,270,932	4,286,145	9,745,804
<b>Total Net Assets</b>	<b>\$ 38,238,335</b>	<b>\$ 67,891,442</b>	<b>\$ 106,129,777</b>

Table 1 City of Issaquah’s Net Assets

The largest component of the City’s net assets, 84% or \$88,895,977 is its investment in capital assets. These capital assets such as streets, trails, parks, and police vehicles are used to provide services to the citizens. Consequently, these assets are not available to sell and convert to cash for future spending. The City has not yet elected the GASB 34 reporting option to include all general infrastructure of the City acquired or substantially renovated since 1980. An analysis and valuation of general infrastructure acquired or substantially renovated since 1980 is underway.

At the end of the fiscal year, the City of Issaquah reported positive balances in all three categories of net assets, for the government as a whole, as well as for the separate governmental and business-type activities.

**Changes in Net Assets**

The changes in net assets table illustrates the increases or decreases in net assets of the City resulting from its operating activities. The City of Issaquah’s net assets increased approximately \$ 4,982,716 in 2003. The increase was \$1,644,214 (33%) in the governmental activities and \$3,338,502 (69%) in the business-type activities. Since this is the first period of the City of Issaquah reporting on the new government-wide basis, no previous year comparable data, as required by GASB 34 reporting requirements, is available. Comparable data will be provided in the 2004 annual financial report.

Following is a condensed version of the City’s changes in net assets. The table shows the revenues, expenses and related changes in net assets in tabular form for the governmental activities separate from the business-type activities. The graphs that follow compare program revenues to program expenses and illustrate the revenues by source separately for the governmental and business-type activities.

	<b>Governmental Activities 2003</b>	<b>Business-Type Activities 2003</b>	<b>Total 2003</b>
Revenues:			
Program Revenues			
Charges for services	\$ 5,417,544	\$ 10,223,638	\$ 15,641,182
Operating grants & contributions	248,882	(48,769)	200,113
Capital grants & contributions	4,356,998	1,666,019	6,023,017
General revenues:			
Property taxes	4,044,066		4,044,066
Sales taxes	9,250,608		9,250,608
Business taxes	3,761,120		3,761,120
Other taxes	1,911,006		1,911,006
Investment earnings	442,400	38,300	480,700
Miscellaneous	18,331		18,331
Total revenues	29,450,955	11,879,188	41,330,143

Table 2 City of Issaquah’s Changes in Net Assets - Revenues

**CITY OF ISSAQUAH**

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Expenses:			
General government	5,957,499		5,957,499
Public safety	7,736,486		7,736,486
Physical environment	480,186		480,186
Transportation	5,306,036		5,306,036
Economic environment	2,501,909		2,501,909
Culture and recreation	4,096,617		4,096,617
Interest on long term debt	1,649,808		1,649,808
Water		3,422,486	3,422,486
Sewer		3,217,292	3,217,292
Storm Water		1,979,108	1,979,108
Total expenses	27,728,541	8,618,886	36,347,427
Increase (decrease) in net assets before transfers	1,722,414	3,260,302	4,982,716
Transfers, net	(78,200)	78,200	-
Increase (decrease) in net assets	1,644,214	3,338,502	4,982,716
Net Assets - beginning	43,306,859	64,552,940	107,859,799
Prior period adjustment GASB 34 depreciation	(6,712,738)		(6,712,738)
Net Assets - ending	\$ 38,238,335	\$ 67,891,442	\$ 106,129,777

Table 3 Changes in Net Assets – Expenses

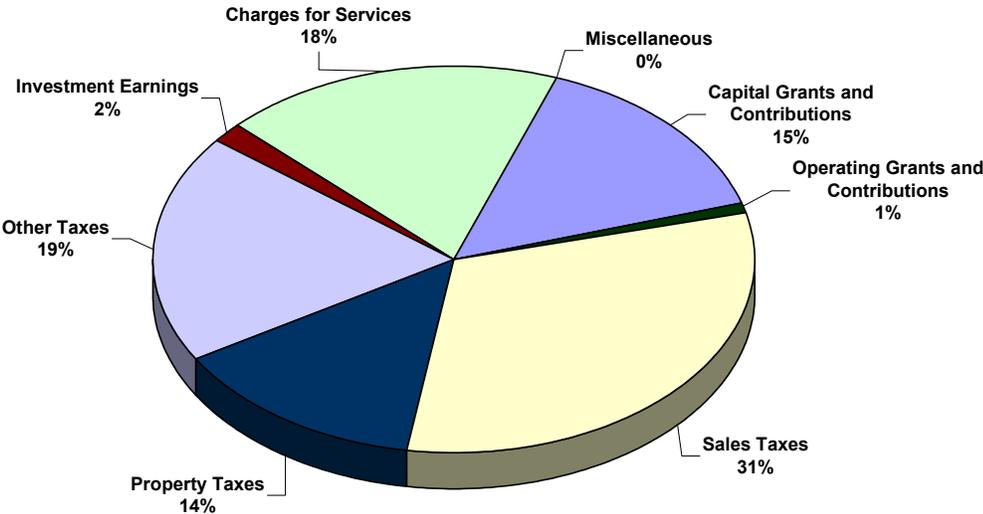
**Governmental activities** contributed \$1.5 million of the total change in net assets of \$4.9 million. Key elements of the increase are as follows:

Construction in progress (2.65 Highland’s Fire Station and 1.8 Sunset Interchange) accounted for \$6.36 million of the increase in governmental activities net assets. Additionally, the City received \$ 2.58 million in transportation grants to support improvements to the City’s transportation system. Grants and donations are recorded as program revenues in the statement of activities.

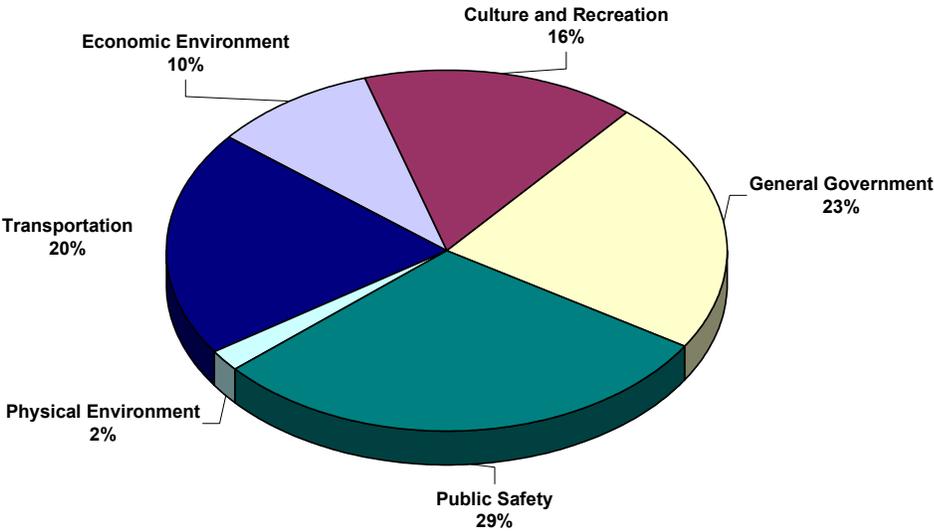
Governmental revenues increased only slightly, \$353,108. Tax Revenue increased \$649,796. Licenses and Permits increased \$958,400 resulting primarily from construction in the two villages, Talus and The Highlands.

The City aggressively monitored hiring, reduced expenditures, and evaluated programs, thereby limiting its operating expenses for 2003 when faced with these revenues for governmental activities. The net result was that the City was able to maintain adequate reserves and meet contingencies.

Governmental Activities - Revenues

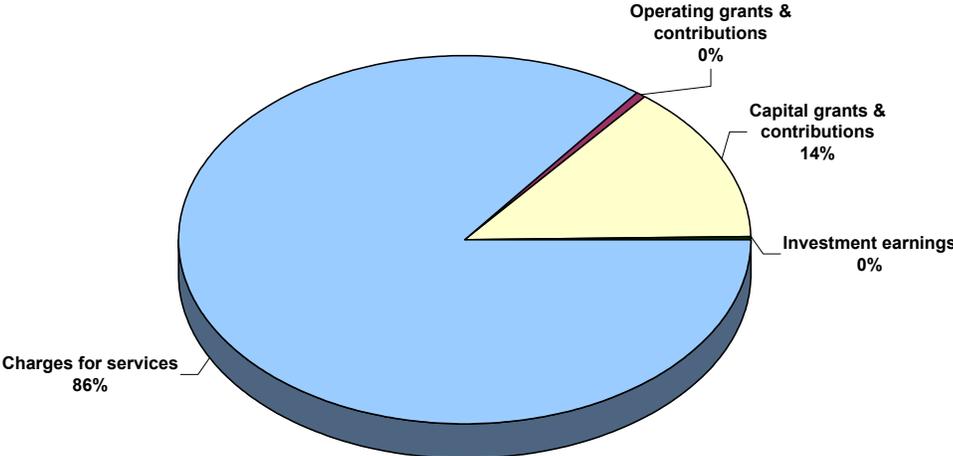


Governmental Activities - Expenditures

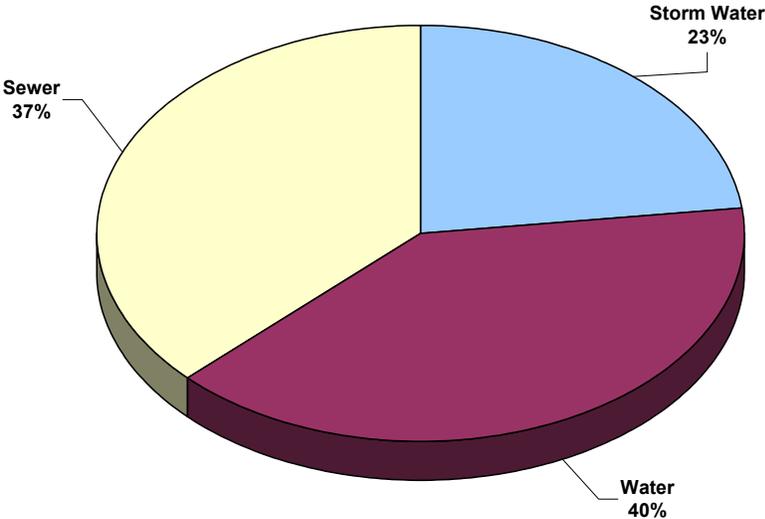


**Business-type activities** of the City's utilities increased the City of Issaquah's net assets by \$3,104,601. The two villages, The Highlands and Talus represent the major growth in utilities during 2003.

**Business Type Activities - Revenues**



**Business Type Activities - Expenses**



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

### Governmental funds

The purpose of the City's governmental funds is to report on near term revenues/financial resources and expenditures. This information helps determine the City's financial requirements in the near future. In particular, unreserved fund balance is a good indicator of the City's resources available for spending at the end of the year.

At the end of the current year the City's combined ending governmental fund balance was \$13.07 million. Of the total ending fund balance, \$942,658 is reserved for debt service. Of the remaining fund balance, \$5.7 million is earmarked for capital construction projects and \$1.2 million resides with special revenue funds. Additionally, Internal Service Funds have \$6 million Net Assets with \$2.2 invested in capital assets.

The general fund is the primary operating fund of the City through which all receipts and payments of ordinary City operations are processed, unless they are required to be accounted for in another fund. Taxes are the major revenue source. At the end of 2003 the fund balance of the general fund was \$ 5.1 million. As a measure of the fund's liquidity, the ending fund balance is 29% of the fund's 2003 expenditures.

The general fund balance increased \$652,555 from the prior year. Revenues increased by \$2,140,685, while expenditures increased by \$840,746. Revenues exceeded expenditures in the general fund by \$2,097,655 in 2003. Net transfers out of the general fund totaled \$1,445,100, primarily to the street fund.

The street special revenue fund has a fund balance of \$313,261 a decrease of \$407,817 from 2002. The purpose of this fund is to provide street maintenance from designated state-shared fuel taxes and tax revenues transferred from the General Fund.

The capital improvements fund was created to account for major city capital improvement projects not budgeted under specific funds. Primary revenue sources are the one-quarter percent excise tax on real estate sales and the portion of sales tax (30%) dedicated to capital improvements by Council policy. Excise tax proceeds are to be used solely for financing capital projects specified in a Capital Improvement Plan and such funds are intended to be in addition to other funds that may be reasonably available for such capital projects. Currently excise taxes are dedicated to paying off the debt incurred for the Community Center and Pickering Barn. The general capital improvements fund ending fund balance was \$1,964,835 a decrease of \$1,589,650 from 2002. In 2003, \$2.68 million was transferred for debt service. Capital construction in progress additions for 2003 was \$6.4 million, primarily for transportation, of which \$1.8 million was for the Sunset Interchange and public safety, of which \$2.6 million was for the Fire Station in the Highlands.

### Proprietary funds

The City of Issaquah's proprietary fund statements 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.

**BUDGETARY HIGHLIGHTS**

The City of Issaquah budgets on an annual basis. A comparison of the actual performance of the general fund on a budgetary basis to the final budget indicates that total revenues were below budgeted by \$492,097 or 2.4%. Taxes reflect \$819,169 or 5.7% below budgeted revenues. Total expenditures were below budgeted by \$1,365,744 or 7%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City of Issaquah's investment in capital assets for its governmental and business-type activities as of December 31, 2003 amounts to \$139,903,165 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery and equipment, construction in progress, and utility transmission/distribution systems.

Major capital assets changes during 2003 included the following:

Water, sewer and storm drainage infrastructure improvement projects totaling \$15,621,728 were in progress during 2003. Developers donated \$1,368,149 utility infrastructure during 2003.

General capital improvement projects for improvement and expansion general governmental activities including City streets and traffic corridors, and parks land acquisitions totaling \$9,800,885 were under way.

**City of Issaquah's Capital Assets (net of depreciation)**

	<b>Governmental Activities 2003</b>	<b>Business-Type Activities 2003</b>	<b>Total 2003</b>
Land and other non depreciables	\$ 20,619,532	\$ 10,828,510	\$ 31,448,042
Buildings and improvements	28,145,794	51,671,324	79,817,118
Machinery and equipment	3,006,256	209,136	3,215,392
Construction in progress	9,800,885	15,621,728	25,422,613
<b>Total</b>	<b>\$ 61,572,467</b>	<b>\$ 78,330,698</b>	<b>\$ 139,903,165</b>

Table 4 Capital Assets (Net of Depreciation)

GASB 34 permits an optional four-year delay in full reporting of the city's infrastructure. The city has elected to implement financial reporting under GASB 34, without full infrastructure, for the fiscal year ended December 31, 2003. As allowed by GASB, the City has elected not to report its transportation infrastructure in 2003.

Additional information on the City of Issaquah's capital assets can be found in Note 7 and the required supplemental information (RSI) at the end of the notes.

**Long-term debt**

At the end of 2003, the City of Issaquah had total bonded debt outstanding of \$45.345 million and other long-term debt of \$7.66 million. The total debt is distributed as follows.

**City of Issaquah's Long-Term Debt**

	<b>Governmental Activities 2003</b>	<b>Business-Type Activities 2003</b>	<b>Total 2003</b>
General Obligation Bonds	\$ 30,190,000	\$ -	\$ 30,190,000
Revenue Bonds	-	14,520,000	14,520,000
LID Assessment Bonds & Notes	635,000	155,811	790,811
Interlocal Agreement	6,650,000	0	6,650,000
Installment Contracts	92,337	919,371	1,011,708
<b>Total</b>	<b>\$ 37,567,337</b>	<b>\$ 15,595,182</b>	<b>\$ 53,162,519</b>

Table 5 City of Issaquah's Long-Term Debt

The City of Issaquah maintains an A1 rating from Moody's for its voter approved general obligation debt, an A1 rating for its councilmanic general obligation debt, and an A3 rating for its revenue bonds.

Washington State statutes limit the amount of debt a governmental entity may issue to 7.5% of its total assessed valuation, subject to a 60% majority vote of qualified electors. Of the 7.5% limit, 2.5% is for general purposes, 2.5% for open space/park facilities, and 2.5% for utilities. Non-voted general purpose indebtedness is limited to 1.5% of assessed valuation and the combination of voted and non-voted general purpose indebtedness cannot exceed 2.5% of assessed valuation.

The City's assessed valuation for 2003 was \$ 3,027,362,027 and the total amount of debt the City may issue is \$227,052,150. Remaining debt capacity is as follows:

**CITY OF ISSAQUAH**

	<b>General Capacity</b>		<b>Special Purpose Capacity</b>		<b>TOTAL CAPACITY</b>
	<b>Councilmanic (Non-Voted)</b>	<b>Excess Levy (Voted-in)</b>	<b>Parks &amp; Open Space (Voted-in)</b>	<b>Utility Purposes (Voted-in)</b>	
<b>December 31, 2003, Assessed Value: \$3,027,362,027</b>					
2.50% of Assessed Value	\$0	\$75,684,050	\$75,684,050	\$75,684,050	\$227,052,150
1.50% of Assessed Value	<u>45,410,430</u>	<u>(45,41,430)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Statutory Debt Limit</b>	<b>\$45,410,430</b>	<b>\$30,273,620</b>	<b>\$75,684,050</b>	<b>\$75,684,050</b>	<b>\$227,052,150</b>
Less Debt Outstanding (General Obligation Bonds)	(23,415,000)	(6,542,317)	(232,683)	0	(30,190,000)
Add amount available in Debt Service Fund	<u>60,305</u>	<u>540,673</u>	<u>0</u>	<u>0</u>	<u>600,978</u>
<b>Debt Capacity</b>	<b><u>\$22,055,735</u></b>	<b><u>\$24,271,976</u></b>	<b><u>\$75,451,367</u></b>	<b><u>\$75,684,050</u></b>	<b><u>\$197,463,128</u></b>

Table 6 Legal Debt Margin

Additional information on the City of Issaquah's long-term debt can be found in Note 11 and in the Statistical Section of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

**Governmental activities:**

As population increases faster than revenues over the next several years, it is imperative to continue to control expenditures while recognizing the potential effects on staff workloads and customer service levels. In support of maintaining service levels in 2004, a 1% increase in property tax collected is included in 2004 budget. This is less than the Consumer Price Index for our area (1.84%). While the one-year effect is relatively small (\$31,731), it is fiscally prudent to minimally attempt to keep up with inflation, which is continually driving up our operating costs. This 1% increase is less than 2 cents per thousand and is offset by an estimated 8 cent per thousand decrease in tax rates for debt service.

In 2004, General Fund budgeted expenditures total \$21,777,585, which represents a 4.0% increase over year 2003 operating levels. 30% of the 4% overall 2004 increase results from an increase in the City's contribution to Eastside Fire and Rescue. The majority of the remaining increase results from implementation of updated salary/contract plans, and increased medical premiums. A larger than budgeted beginning balance in the general fund offsets increased expenditures in the general fund.

In 2003, the voted-in excess property tax rate was \$0.45 per \$1,000 of assessed valuation. Due to the growth in the overall City assessed valuation, the excess property tax rate will decrease to at least \$0.37 per \$1,000 of assessed valuation in 2004. This represents a decrease of 18%.

A large share of capital expenditures in the capital projects fund are prior commitments, including debt payments of \$2,582,227 for eight councilmanic bonds.

Major non-bond funded capital projects budgeted include:

- ▶ \$1,000,000 to meet City commitment to Sound Transit for a Fire Station site at the Issaquah Park and Ride Lot;
- ▶ \$314,144 for the Road Overlay Program;
- ▶ \$45,000 for the Sidewalk Improvement Plan;

Road projects budgeted in the capital funds include:

- ▶ \$550,000 for Rainier Boulevard Bridge Replacement;
- ▶ \$375,000 for North Spar Contribution (second of 20 payments);
- ▶ \$345,000 for improvements to SE 56<sup>th</sup> Street/East Lake Sammamish Parkway Intersection;
- ▶ \$300,000 for Issaquah SE Bypass Project;
- ▶ \$245,000 to repair earthquake damaged NW Sammamish Bridge;
- ▶ \$230,000 for I-90 Crossing Improvements
- ▶ \$85,000 for Centralized ITS Traffic Signal System
- ▶ \$35,000 for Rainier Boulevard North improvements;
- ▶ \$65,000 for Traffic Signal upgrades;
- ▶ \$60,000 for Intersection improvements at Front Street and NW Gilman Boulevard;
- ▶ \$111,000 for NW Juniper Bridge Replacement;
- ▶ \$30,000 for Neighborhood Traffic Calming Program;
- ▶ \$15,000 for a Providence Point Needs Assessment Study

**Business type activities:**

An increase in water rates of 9.5% (approximately \$3.69 per month for an average household) is included in the Budget to support the operational costs required to ensure water quality, an efficient operation, and protection of the environment.

Water capital projects budgeted in 2004 include:

- ▶ \$100,000 for the City-wide Watermain Replacement Program

A 6.5% increase in sewer rates (amounting to \$2.29 per month) is included in the 2004 Annual Budget. This increase will address operational needs including projects that rehabilitate old mains. Currently, there are no outstanding sewer revenue bonds, and none are expected to be issued in 2004.

Sewer capital projects budgeted in 2004 include:

- ▶ \$200,000 for Citywide Sewer Main Rehab Program;
- ▶ \$130,000 for Lewis Lane Neighborhood Extension.

No increase in stormwater rates is included in the 2004 Annual Budget.

Major Stormwater projects budgeted are:

- ▶ \$1,300,000 for Squak Valley Park Stream Restoration; Federal Funding will cover \$1,100,000 of the project cost;
- ▶ \$190,000 for the Tibbetts Greenway Project;
- ▶ \$100,000 for Citywide Storm Drainage Rehab Program;
- ▶ \$65,000 for Sycamore Area Stream Restoration;
- ▶ \$40,000 for pre-construction work prior to replacement of the Dogwood Bridge in 2005.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Issaquah's finances for readers with an interest in the government's finances. Questions concerning any of the information provided in this report, or request for additional information, may be addressed to the Finance Director, City of Issaquah, P.O. Box 1307, Issaquah, WA 98027-1307.

**CITY OF ISSAQUAH**

**STATEMENT OF NET ASSETS**  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Primary Government		
	Governmental Activities 12/31/2003	Business-type Activities 12/31/2003	Total 12/31/2003
<b>ASSETS</b>			
<i>Current Assets:</i>			
Cash & cash equivalents	\$ 12,731,697	\$ 5,718,484	\$ 18,450,181
Restricted cash	2,769,976	-	2,769,976
Investments	2,000,000	-	2,000,000
Receivables (net)	3,127,095	284,818	3,411,913
Interest Receivable	19,908		19,908
Internal Balances	1,122,299	(1,122,299)	-
Inventories	99,961	485,942	585,903
<i>Capital Assets (net of accumulated depreciation):</i>			
Land	20,533,715	10,828,510	31,362,225
Other assets	85,817	-	85,817
Buldings	23,882,622	-	23,882,622
Improvements other than buildings	4,263,172	-	4,263,172
Plant and service	-	51,671,324	51,671,324
Machinery and equipment	3,006,256	209,136	3,215,392
Construction in progress	9,800,885	15,621,728	25,422,613
<b>Total Assets</b>	<b>83,443,403</b>	<b>83,697,643</b>	<b>167,141,046</b>
<b>LIABILITIES</b>			
<i>Current Liabilities:</i>			
Accounts payable and accrued exp.	1,749,679	121,996	1,871,675
Unearned revenue	1,279,575	-	1,279,575
Current liabilities	3,119,188	-	3,119,188
<i>Noncurrent Liabilities:</i>			
Debt due within one year	2,797,560	751,291	3,548,851
Due in more than one year	36,259,066	14,932,914	51,191,980
<b>Total Liabilities</b>	<b>45,205,068</b>	<b>15,806,201</b>	<b>61,011,269</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	25,290,680	63,605,297	88,895,977
Restricted for:			
Debt service	942,658	811,273	1,753,931
Capital projects	5,734,065		5,734,065
Other	-		-
Unrestricted	6,270,932	3,474,872	9,745,804
<b>Total Net Assets</b>	<b>\$ 38,238,335</b>	<b>\$ 67,891,442</b>	<b>\$ 106,129,777</b>

Table 7 Statement of Net Assets

**CITY OF ISSAQUAH**

**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED DECEMBER 31, 2003

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<i>Governmental Activities:</i>							
Judicial	\$ -	\$ 119,489	\$ -	\$ -	\$ 119,489		\$ 119,489
General Government	5,957,499	1,070,438	22,964	17,993	(4,846,104)		(4,846,104)
Public Safety	7,736,486	1,774,204	64,095	44,385	(5,853,802)		(5,853,802)
Physical Environment	480,186	180,395	89,246	403,543	192,998		192,998
Transportation	5,306,036	43,204	-	3,583,599	(1,679,233)		(1,679,233)
Economic Environment	2,501,909	849,986	12,363	-	(1,639,560)		(1,639,560)
Culture & Recreation	4,096,617	1,379,828	60,214	307,478	(2,349,097)		(2,349,097)
Interest on long-term debt	1,649,808	-	-	-	(1,649,808)		(1,649,808)
<i>Total Governmental Activities:</i>	27,728,541	5,417,544	248,882	4,356,998	(17,705,117)	-	(17,705,117)
<i>Business-type Activities:</i>							
Water	3,422,486	4,680,296	(48,769)	969,891		2,178,932	2,178,932
Sewer	3,217,292	3,204,729	-	423,606		411,043	411,043
Storm Water	1,979,108	2,338,613	-	272,522		632,027	632,027
<i>Total Business-type Activities:</i>	8,618,886	10,223,638	(48,769)	1,666,019	-	3,222,002	3,222,002
<b>Total Primary Government</b>	<b>\$ 36,347,427</b>	<b>\$ 15,641,182</b>	<b>\$ 200,113</b>	<b>\$ 6,023,017</b>	<b>\$ (17,705,117)</b>	<b>\$ 3,222,002</b>	<b>\$ (14,483,115)</b>
<b>GENERAL REVENUES:</b>							
				Property Taxes	\$ 4,044,066	\$ -	\$ 4,044,066
				Sales Taxes	9,250,608		9,250,608
				B&O Taxes	3,761,120		3,761,120
				Other Taxes	1,911,006		1,911,006
				Investment Earnings	442,400	38,300	480,700
				Disposition of capital assets	18,331		18,331
				<b>Transfers</b>	<b>(78,200)</b>	<b>78,200</b>	<b>-</b>
				<b>Total General Revenues &amp; Transfers</b>	<b>19,349,331</b>	<b>116,500</b>	<b>19,465,831</b>
				<b>Change in Net Assets</b>	<b>1,644,214</b>	<b>3,338,502</b>	<b>4,982,716</b>
				<b>Net Assets - Beginning</b>	<b>43,306,859</b>	<b>64,552,940</b>	<b>107,859,799</b>
				<b>Prior period adjustment GASB 34 Depreciation</b>	<b>(6,712,738)</b>		<b>(6,712,738)</b>
				<b>Net Assets - Ending</b>	<b>\$ 38,238,335</b>	<b>\$ 67,891,442</b>	<b>\$ 106,129,777</b>

Table 8 Statement of Activities

**CITY OF ISSAQUAH**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2003**

	<b>General Fund</b>	<b>Street</b>	<b>Capital Improvements</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 2,318,008	\$ 410,653	\$ 274,618	\$ 8,109,589	\$ 11,112,868
Investments	1,000,000	-	1,000,000	-	2,000,000
Receivables (net)	2,021,709	-	739,300	209,220	2,970,229
Interest Receivable	8,991	-	10,917	-	19,908
Due from other funds	-	-	500,000	-	500,000
<i>Noncurrent Assets:</i>					
Customer deposits	-	-	-	2,769,976	2,769,976
<b>Total assets</b>	<b>\$ 5,348,708</b>	<b>\$ 410,653</b>	<b>\$ 2,524,835</b>	<b>\$ 11,088,785</b>	<b>\$ 19,372,981</b>
<b>LIABILITIES</b>					
<i>Current Liabilities:</i>					
Accounts payable and accrued exp.	201,765	97,392	-	231,451	530,608
Payable to other governments	-	-	560,000	-	560,000
Due to other funds	-	-	-	1,600,000	1,600,000
Matured bond & interest payable	-	-	-	497,406	497,406
Accrued interest payable	-	-	-	592	592
Deposits payable	-	-	-	3,269,976	3,269,976
Other current liabilities	-	-	-	(150,788)	(150,788)
<b>Total liabilities</b>	<b>201,765</b>	<b>97,392</b>	<b>560,000</b>	<b>5,448,637</b>	<b>6,307,794</b>
<b>FUND BALANCE</b>					
<i>Reserved for:</i>					
Debt service	-	-	-	942,658	942,658
<i>Unreserved, reported in</i>					
General Fund	5,146,943	-	-	-	5,146,943
Special revenue funds	-	313,261	-	928,260	1,241,521
Capital project funds	-	-	1,964,835	3,769,230	5,734,065
<b>Total fund balance</b>	<b>5,146,943</b>	<b>313,261</b>	<b>1,964,835</b>	<b>5,640,148</b>	<b>13,065,187</b>
<b>Total liabilities and fund balance</b>	<b>\$ 5,348,708</b>	<b>\$ 410,653</b>	<b>\$ 2,524,835</b>	<b>\$ 11,088,785</b>	<b>\$ 19,372,981</b>

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 59,346,870
The focus of governmental funds is on short-term financing; unearned revenue is deferred in the funds.	(1,279,575)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(38,972,594)
Internal service funds are used by management to charge the costs of certain activities to individual funds.	
These assets and liabilities are included in governmental activities in the statement of net assets.	<u>6,078,447</u>
<b>Net assets of governmental activities</b>	<b>\$ <u>38,238,335</u></b>

Table 9 Governmental Funds Balance Sheet

**CITY OF ISSAQUAH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>General Fund</b>	<b>Street</b>	<b>Capital Improvements</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
<i>Taxes:</i>					
Property	\$ 3,163,256	\$ -	\$ -	\$ 880,810	\$ 4,044,066
Sales	6,552,310	-	2,663,264	35,034	9,250,608
B&O	3,608,719	-	-	152,401	3,761,120
Other	454,112	-	716,392	740,502	1,911,006
Licenses & Permits	2,129,149	43,204	-	110,409	2,282,762
Intergovernmental	1,345,638	2,119,704	1,112,762	1,723,540	6,301,644
Charges for Services	1,706,324	25,438	-	162,817	1,894,579
Fines & Forfeitures	119,587	-	-	-	119,587
Investment Earnings	248,187	1,933	45,250	118,184	413,554
Rents & Leases	426,724	-	191,268	-	617,992
Miscellaneous Revenues	190,570	2,024	-	37,841	230,435
<b>Total revenues</b>	<b>19,944,576</b>	<b>2,192,303</b>	<b>4,728,936</b>	<b>3,961,538</b>	<b>30,827,353</b>
<b>EXPENDITURES</b>					
General Government	4,717,097	-	895,650	133,308	5,746,055
Public Safety	7,089,428	-	10,768	123,646	7,223,842
Physical Environ	709	-	-	452,465	453,174
Transportation	1,373	4,036,220	-	1,091,493	5,129,086
Economic Environment	2,390,871	-	-	-	2,390,871
Culture & Recreation	3,625,112	-	-	153,275	3,778,387
<i>Debt Service:</i>					
Principal	-	-	-	2,335,120	2,335,120
Interest	-	-	-	1,466,638	1,466,638
Other	-	-	-	63,465	63,465
<i>Capital Outlay:</i>					
General government	16,215	-	265,274	357,664	639,153
Public safety	6,215	-	33,340	2,655,036	2,694,591
Physical environment	-	-	-	11,910	11,910
Transportation	-	3,900	2,418,473	-	2,422,373
Culture & recreation	-	-	15,116	930,604	945,720
<b>Total expenditures</b>	<b>17,847,020</b>	<b>4,040,120</b>	<b>3,638,621</b>	<b>9,774,624</b>	<b>35,300,385</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,097,556</b>	<b>(1,847,817)</b>	<b>1,090,315</b>	<b>(5,813,086)</b>	<b>(4,473,032)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	96,100	1,440,000	-	2,702,965	4,239,065
Transfers out	(1,541,200)	-	(2,679,965)	(96,100)	(4,317,265)
<b>Total other financing sources (uses)</b>	<b>(1,445,100)</b>	<b>1,440,000</b>	<b>(2,679,965)</b>	<b>2,606,865</b>	<b>(78,200)</b>
<b>Net change in fund balances</b>	<b>652,456</b>	<b>(407,817)</b>	<b>(1,589,650)</b>	<b>(3,206,221)</b>	<b>(4,551,232)</b>
<b>Fund balances--beginning</b>	<b>4,494,487</b>	<b>721,078</b>	<b>3,554,485</b>	<b>8,846,369</b>	<b>17,616,419</b>
<b>Fund balances--ending</b>	<b>\$ 5,146,943</b>	<b>\$ 313,261</b>	<b>\$ 1,964,835</b>	<b>\$ 5,640,148</b>	<b>\$ 13,065,187</b>

Table 10 Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds

**CITY OF ISSAQUAH**

**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, 2003

Net changes in fund balances for governmental funds \$ (4,551,232)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

This is comprised of:

	Capital outlays	6,713,747	
	Depreciation	<u>(819,649)</u>	
			5,894,098

The issuance of long-term debt (e.g., bonds, leases) is a resource and the repayment of bond principal is an expenditure in governmental funds, but those transactions increase or reduce long-term liabilities in the statement of net assets.

	Debt Retired	<u>2,335,120</u>	
			2,335,120

Some revenues reported in the statement of activities are not yet available and, therefore, are not reported as revenues in the governmental funds.

	Permit center collected for services not yet performed	<u>(1,279,575)</u>	
			(1,279,575)

Some revenues reported in the statement of activities are from other funds and not reported in the government wide statements

	Rental revenue from Business Funds	(74,000)	
	Professional services	<u>(70,000)</u>	
			(144,000)

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 the governmental funds.

	Compensated absences	(214,176)	
	Debt interest accrual	<u>(119,705)</u>	
			(333,881)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of most of these activities is reported with governmental activities .

	Remove internal service revenues	(3,486,270)	
	Remove internal service expenditures	3,926,329	
	Net internal services	(42,415)	
	Business funds interest	(34,267)	
	Interfund transfers	(316,200)	
	Internal service fund allocation of profits and losses	<u>(323,493)</u>	
			(276,316)

Change in net assets of governmental activities \$ 1,644,214

Table 11 Reconciliation of Statements – Governmental Funds

**CITY OF ISSAQUAH**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>GENERAL FUND</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Taxes:				
Property	\$ 3,179,940	\$ 3,179,940	\$ 3,159,713	\$ (20,227)
Sales	7,070,000	7,070,000	6,392,364	(677,636)
Business Taxes	4,020,000	4,020,000	3,836,913	(183,087)
Other Taxes	125,000	125,000	186,781	61,781
Licenses and Permits	2,011,000	2,011,000	2,129,149	118,149
Intergovernmental	1,480,798	1,480,798	1,398,500	(82,298)
Charges for Services	1,810,382	1,810,382	1,705,569	(104,813)
Fines and Forfeits	110,000	110,000	119,589	9,589
Investment Income	273,000	273,000	246,805	(26,195)
Contributions and Donations	20,000	20,000	31,810	11,810
Miscellaneous	217,217	217,217	618,047	400,830
<b>TOTAL REVENUES</b>	<b>20,317,337</b>	<b>20,317,337</b>	<b>19,825,240</b>	<b>(492,097)</b>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Council	65,450	65,450	63,478	(1,972)
Court	37,600	37,600	42,191	4,591
Executive	492,865	492,865	468,841	(24,024)
Human Resources	431,330	431,330	427,612	(3,718)
Information and Admin Services	1,038,839	1,038,839	919,667	(119,172)
Finance	498,166	498,166	479,161	(19,005)
Legal	280,000	280,000	327,241	47,241
Community Services	323,905	323,905	192,650	(131,255)
Facility Services	1,473,589	1,473,589	1,351,077	(122,512)
Other General Government Services	445,919	445,919	437,398	(8,521)
General Government Services	<u>5,087,663</u>	<u>5,087,663</u>	<u>4,709,316</u>	<u>(378,347)</u>
Securities of Persons and Property	7,896,438	7,896,438	7,294,291	(602,147)
Economic environment	2,496,744	2,496,744	2,388,688	(108,056)
Culture and Recreation	3,906,292	3,906,292	3,629,098	(277,194)
Total Expenditures	<u>19,387,137</u>	<u>19,387,137</u>	<u>18,021,393</u>	<u>(1,365,744)</u>
Excess(deficiency) of revenues over (under) expenditures	<u>930,200</u>	<u>930,200</u>	<u>1,803,847</u>	<u>873,647</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	346,000	346,000	96,100	(249,900)
Transfers Out	(1,551,200)	(1,551,200)	(1,541,200)	10,000
Total Other financing sources and uses	<u>(1,205,200)</u>	<u>(1,205,200)</u>	<u>(1,445,100)</u>	<u>(239,900)</u>
Net change in fund balances	(275,000)	(275,000)	358,747	633,747
Fund Balances-beginning	2,655,491	2,655,491	3,018,254	362,763
Fund balances-ending	<u>\$ 2,380,491</u>	<u>\$ 2,380,491</u>	<u>\$ 3,377,001</u>	<u>\$ 996,510</u>

Note: Budget is Cash Basis

Table 12 General Fund Statement of Revenues, Expenditures & Changes in Fund Balance – Budget & Actual

**CITY OF ISSAQUAH**

**STREET FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>STREET FUND</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Licenses and Permits	\$ 116,000	\$ 116,000	\$ 43,204	\$ (72,796)
Intergovernmental	310,000	310,000	407,424	97,424
Charges for Services	60,000	60,000	25,438	(34,562)
Investment Income	11,000	11,000	2,056	(8,944)
Contributions and Donations	3,289,500	3,289,500	2,006,651	(1,282,849)
Miscellaneous			2,024	2,024
<b>TOTAL REVENUES</b>	<b>3,786,500</b>	<b>3,786,500</b>	<b>2,486,797</b>	<b>(1,299,703)</b>
<b>EXPENDITURES</b>				
Transportation (Highways and Streets)	5,332,529	5,332,529	4,013,594	1,318,935
Capital outlay:				
Transportation (Highways and Streets)	25,000	25,000	4,881	20,119
<b>Total Expenditures</b>	<b>5,357,529</b>	<b>5,357,529</b>	<b>4,018,475</b>	<b>1,339,054</b>
Excess(deficiency) of revenues over (under) expenditures	(1,571,029)	(1,571,029)	(1,531,678)	39,351
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,440,000	1,440,000	1,440,000	-
<b>Total Other financing sources and uses</b>	<b>1,440,000</b>	<b>1,440,000</b>	<b>1,440,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(131,029)</b>	<b>(131,029)</b>	<b>(91,678)</b>	<b>39,351</b>
Fund Balances-beginning	149,522	149,522	502,332	352,810
Fund balances-ending	\$ 18,493	\$ 18,493	\$ 410,654	\$ 392,161

Note: Budget is Cash Basis

Table 13 Street Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget & Actual

**CITY OF ISSAQUAH**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Business Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Svc Funds</b>
	<b>Water</b>	<b>Sewer</b>	<b>Storm</b>	<b>Total</b>	
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash & cash equivalents	\$ 3,409,496	\$ 1,147,445	\$ 1,161,543	\$ 5,718,484	\$ 1,618,829
Receivables (net)	137,960	47,961	98,897	284,818	156,866
Due from other funds	-	-	-	-	2,140,000
Inventories	402,610	27,177	56,155	485,942	99,961
<i>Capital assets net:</i>					
Land	8,958,052	-	1,870,458	10,828,510	-
Plant and service	28,487,642	9,392,415	13,791,267	51,671,324	-
Machinery and equipment	192,972	16,164	-	209,136	2,225,597
Construction in progress	12,564,428	1,448,312	1,608,988	15,621,728	-
<b>Total assets</b>	<b>\$ 54,153,160</b>	<b>\$ 12,079,474</b>	<b>\$ 18,587,308</b>	<b>\$ 84,819,942</b>	<b>\$ 6,241,253</b>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable & accrued exp.	108,900	2,054	11,042	121,996	41,368
Due to other funds	420,000	-	620,000	1,040,000	-
Matured bond & interest payable	597,003	-	214,270	811,273	-
Compensated absences	49,478	32,397	12,751	94,626	183,033
<i>Current liabilities payable from restricted assets:</i>					
Liabilities payable fr restricted assets	-	-	-	-	-
<i>Noncurrent liabilities:</i>					
Compensated absences	27,663	18,113	7,129	52,905	20,704
Bonds, notes, loans payable	10,748,430	-	3,821,161	14,569,591	-
Special assesment debt with governmental commitment	-	155,810	-	155,810	-
<b>Total liabilities</b>	<b>\$ 11,951,474</b>	<b>\$ 208,374</b>	<b>\$ 4,686,353</b>	<b>\$ 16,846,201</b>	<b>\$ 245,105</b>
<b>NET ASSETS</b>					
Invested in cap. assets, net of related debt	39,454,664	10,701,081	13,449,552	63,605,297	2,225,597
Restricted for debt service	597,003	-	214,270	811,273	-
Unrestricted	2,150,019	1,170,019	237,133	3,557,171	3,770,551
<b>TOTAL net assets</b>	<b>\$ 42,201,686</b>	<b>\$ 11,871,100</b>	<b>\$ 13,900,955</b>	<b>\$ 67,973,741</b>	<b>\$ 5,996,148</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:				(82,299)	
<b>Net assets of business-type activities</b>				<b>\$ 67,891,442</b>	

Table 14 Proprietary Funds Statement of Net Assets

**CITY OF ISSAQUAH**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>Business Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Water</b>	<b>Sewer</b>	<b>Stormwater</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 4,590,263	\$ 3,204,729	\$ 2,342,235	\$ 10,137,227	\$ 3,486,270
<b>Total operating revenues</b>	<u>4,590,263</u>	<u>3,204,729</u>	<u>2,342,235</u>	<u>10,137,227</u>	<u>3,486,270</u>
<b>OPERATING EXPENSES</b>					
Maintenance & operations	1,853,802	2,918,597	1,447,721	6,220,120	2,531,071
Administrative & general	118,163	-	-	118,163	604,121
Depreciation	859,275	261,144	332,953	1,453,372	791,137
<b>Total operating expenses</b>	<u>2,831,240</u>	<u>3,179,741</u>	<u>1,780,674</u>	<u>7,791,655</u>	<u>3,926,329</u>
<b>Operating income (loss)</b>	<u>1,759,023</u>	<u>24,988</u>	<u>561,561</u>	<u>2,345,572</u>	<u>(440,059)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental	(48,769)	-	-	(48,769)	-
Investment earnings	16,425	9,755	12,120	38,300	28,846
Interest expense	(572,615)	-	(180,089)	(752,704)	-
Debt issuance costs	7,173	-	599	7,772	-
Gain (loss) on disposition of assets	-	-	-	-	18,331
Other nonoperating revenues (expenses)	90,033	-	(3,622)	86,411	34,958
<b>Total non-operating income (expense)</b>	<u>(507,753)</u>	<u>9,755</u>	<u>(170,992)</u>	<u>(668,990)</u>	<u>82,135</u>
<b>Income before contributions &amp; transfers</b>	<u>1,251,270</u>	<u>34,743</u>	<u>390,569</u>	<u>1,676,582</u>	<u>(357,924)</u>
Capital contributions	969,891	423,606	272,522	1,666,019	-
<i>Transfers</i>					
Transfers in	1,286,485	-	576,316	1,862,801	316,200
(Transfers out)	(1,429,485)	-	(671,316)	(2,100,801)	-
<b>Change in net assets</b>	<u>2,078,161</u>	<u>458,349</u>	<u>568,091</u>	<u>3,104,601</u>	<u>(41,724)</u>
<b>Net assets--beginning</b>	<u>40,123,525</u>	<u>11,412,751</u>	<u>13,638,234</u>	<u>65,174,510</u>	<u>5,857,872</u>
<b>Restate</b>			(305,370)	(305,370)	180,000
<b>Net assets--ending</b>	<u>\$ 42,201,686</u>	<u>\$ 11,871,100</u>	<u>\$ 13,900,955</u>	<u>\$ 67,973,741</u>	<u>\$ 5,996,148</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:				(82,299)	
<b>Change in net assets of business-type activities</b>				<u>\$ 3,022,302</u>	

Table 15 Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Assets

**CITY OF ISSAQUAH**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 1 of 2

	Business Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Storm	Totals	Activities
					Internal
					Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received From Customers	\$ 3,874,676	\$ 3,215,618	2,402,741	\$ 9,493,035	\$ -
Cash Received From Interfund Services	720,000	-	-	720,000	3,486,269
Other Cash Received	-	-	-	-	-
Cash Payments to Suppliers	(460,043)	(112,258)	(177,497)	(749,798)	(958,148)
Cash Payments to Employees	(659,673)	(176,470)	(516,092)	(1,352,235)	(2,097,091)
Cash (Payments) Receipts to Other Gvmts	(118,163)	(1,996,021)	-	(2,114,184)	(114,335)
Cash for Other Operating	(787,084)	(624,884)	(827,368)	(2,239,336)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,569,713</b>	<b>305,985</b>	<b>881,784</b>	<b>3,757,482</b>	<b>316,695</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Operating Transfers In	1,286,485	-	-	1,286,485	-
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>1,286,485</b>	<b>-</b>	<b>-</b>	<b>1,286,485</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital Cash Contributions from Developers	105,750	128,221	63,888	297,859	-
Investments	-	-	-	-	(34,857)
Revenue Bond Proceeds	17,987	34,855	-	52,842	-
Revenue Bond Interest	2,081	-	-	2,081	-
Interfund Loans-Principle	420,000	-	500,000	920,000	(2,020,000)
Interfund Loans-Principle (Paid)	-	-	(60,000)	(60,000)	-
Interfund Loan Interest	-	-	-	-	33,576
Interfund Loan Interest (Expense)	(6,751)	-	(7,255)	(14,006)	-
Capital Expenditures Paid	(2,215,245)	(360,016)	(730,572)	(3,305,833)	(548,407)
Principal Repaid	(510,000)	-	(196,291)	(706,291)	60,000
Interest and Other Debt Service	(571,485)	-	(175,742)	(747,227)	-
Other	(17,733)	-	-	(17,733)	25,934
Capital Transfer In	-	-	576,316	576,316	316,200
Capital Transfer Out	(1,429,485)	-	(671,316)	(2,100,801)	-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(4,204,881)</b>	<b>(196,940)</b>	<b>(700,972)</b>	<b>(5,102,793)</b>	<b>(2,167,554)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>					
Rental Fees on Investments	104,380	-	-	104,380	-
Interest Received on Investment	17,541	10,230	12,442	40,213	30,531
<b>NET CASH PROVIDED BY INVESTMENT ACTIVITIES</b>	<b>121,921</b>	<b>10,230</b>	<b>12,442</b>	<b>144,593</b>	<b>30,531</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(226,762)</b>	<b>119,275</b>	<b>193,254</b>	<b>85,767</b>	<b>(1,820,328)</b>
CASH AT BEGINNING OF YEAR	3,636,258	1,028,170	968,289	5,632,717	3,439,157
<b>CASH AT END OF YEAR</b>	<b>\$ 3,409,496</b>	<b>\$ 1,147,445</b>	<b>\$ 1,161,543</b>	<b>\$ 5,718,484</b>	<b>\$ 1,618,829</b>

Table 16 Proprietary Funds Statement of Cash Flows, page 1

**CITY OF ISSAQUAH**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

Page 2 of 2

	Business Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Storm	Totals	Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 1,759,023	\$ 24,988	\$ 561,561	\$ 2,345,572	\$ (440,059)
Adjustment to Reconcile Operating Income to Net Cash Provided by Oper. Activities:					-
Depreciation	859,275	261,144	332,953	\$ 1,453,372	\$ 791,137
Decrease (Increase) in Accts Receivable	4,413	10,889	60,506	75,808	-
Decrease (Increase) in Inventory	(139,435)	(10,623)	(27,096)	(177,154)	(5,367)
Increase (Decrease) in Accts Payable	59,555	(7,876)	(36,818)	14,861	(34,472)
Increase (Decrease) in Employee Benefits	26,882	27,463	(9,322)	45,023	5,456
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 2,569,713</b>	<b>\$ 305,985</b>	<b>\$ 881,784</b>	<b>\$ 3,757,482</b>	<b>\$ 316,695</b>

Table 17 Proprietary Funds Statement of Cash Flows, page 2

CITY OF ISSAQUAH

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**STATEMENT AGENCY FUNDS NET ASSETS**  
**STATEMENT OF AGENCY FUNDS NET ASSETS**  
DECEMBER 31, 2003

	<b>Fiduciary Fund Total</b>
<b>ASSETS</b>	
<i>Current Assets:</i>	
Cash & cash equivalents	\$ 3,769,976
Investments	-
<b>Total Assets</b>	<b>\$ 3,769,976</b>
<b>LIABILITIES</b>	
<b>Total Liabilities</b>	<b>\$ 3,769,976</b>
<b>NET ASSETS</b>	
<i>Unreserved/unrestricted Equity</i>	
Permanent/Fiduciary funds	-
<b>Total Net Assets</b>	<b>\$ -</b>

Table 18 Trust & Agency Funds – Statement of Fiduciary Net Assets

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ending December 31, 2003

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

The City of Issaquah incorporated on April 27, 1892, and operates under the laws of the State of Washington as a non-charter Mayor/Council form of government. The City provides a full range of municipal services and operates water and sewer utilities.

The accounting policies of the City of Issaquah, which conform to generally accepted accounting principles for governments, are regulated by the Washington State Auditor's Office, Division of Municipal Corporations.

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. This statement includes significant financial reporting changes and allows for a phased implementation based on the size of the government. One of the most significant reporting changes is the inclusion of the government's general infrastructure (roads, bridges, traffic signals, etc.) as governmental assets in the financial statements. GASB 34 permits an optional four year delay in full reporting of the city's infrastructure. The city has elected to implement financial reporting under GASB 34, without full infrastructure, for the fiscal year ended December 31, 2003. Other significant changes in the city's financial reports as a result of GASB 34 are:

- ▶ A Management Discussion and Analysis (MD&A) section providing an analysis of the city's overall position and results of operations.
- ▶ Financial statements prepared for the city as a whole under the full accrual basis of accounting.
- ▶ A change in the fund financial statements to focus on major funds.

The city has also implemented GASB statements 36, 37, and 38 related to revenue recognition, Management Discussion and Analysis and note disclosures. The City's significant accounting policies are described in the following notes.

**REPORTING ENTITY**

This report includes all funds, agencies and boards controlled by or dependent on the City. Control by or dependence on the City was determined on the basis of financial accountability, budget adoption, taxing authority, outstanding debt service secured by revenues, or general obligations of the City, obligation of the City to finance any deficits which may occur, or receipt of significant subsidies from the City.

Based on the GASB Statement I, the following organizations, although operating within the City's boundaries, are excluded from the accompanying financial statements:

- ▶ Issaquah School District
- ▶ Eastside Fire and Rescue
- ▶ King County Metropolitan Services
- ▶ Issaquah District Court

The City has contractual arrangements with some of these organizations, but all are separate entities and financially independent from the City.

## GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units (if any). For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major combined enterprise funds are reported as separate columns in the fund financial statements.

## MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current 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 and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, 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 fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

- ▶ The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- ▶ The *street fund* accounts for street maintenance.
- ▶ The *capital improvement fund* accounts for major City Capital Improvement Projects not budgeted under specific funds.
- ▶ The government reports the following major proprietary funds:
  - ▶ The *water funds* account for the operations, capital improvement and debt service activity of the government's water department.
  - ▶ The *sewer funds* account for the operations, capital improvement and debt service activity of the government's sewer department.
  - ▶ The *storm water funds* account for the operations, capital improvement and debt service activity of the government's storm water department.
- ▶ Additionally, the government reports the following fund types:
  - ▶ *Internal service funds* account for operations which provide services to other departments or funds of the government on a cost reimbursement basis.
  - ▶ *Expendable trust funds* are used to account for trusts where both principal and earnings on principal may be spent for the trust's intended purpose. The government has two expendable trust funds.
  - ▶ *Agency/Deposits fund* is a clearing mechanism for cash resources which are collected by the government, held a brief period, and then disbursed to authorized recipients. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations.

As a general rule the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, sewer and storm function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's utility funds and internal service funds are charges to customers for sales and services, vehicle replacement, and insurance. The government also recognizes as operating revenue the portion of utility connection fees intended to recover the cost of connecting new customers to the water and sewer system. 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The City complies with all applicable GASB pronouncements. The City also complies with all applicable pronouncements of the Financial Accounting Standards Board (FASB), opinions of the Accounting Principles Board (APB), and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

In December 1998 GASB issued Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Subsequently, in April 2000 GASB issued Statement No. 36, Recipient Reporting for Certain Shared Non-exchange Revenues, an Amendment of GASB Statement No. 33. The Statements establish accounting and financial reporting standards for state and local governments to report the results of non-exchange transactions involving cash and other financial and capital resources. It requires the reporting of all non-exchange transactions in the financial statements as revenues effective for periods beginning after June 15, 2000. Capital fees, contributions and grants were reported by the proprietary funds as a component of equity as contributions in aid of construction prior to implementation of GASB Statements No. 33 and No. 36. Effective January 1, 2001, these capital fees, contributions, and grants are reported in the Statement of Revenues, Expenses and Changes in Fund Equity as a result of the adoption of the Statements. Additionally, the City's past practice has been to record as receivables all material applicable exchange and non-exchange transactions as defined by GASB Statements No. 33 and No. 36.

In June 1999 GASB issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments. Subsequently, in June 2001 GASB issued Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments, an amendment of GASB Statements No. 21 and No. 34 and Statement No. 38, Certain Financial Note Disclosures. The objectives of the Statements is to enhance the understandability and usefulness of the general-purpose financial reports of state, local and special-purpose governments to the citizenry, legislative and oversight bodies, investors, and creditors. The City has implemented these statements with the 2003 CAFR.

## **BUDGETS AND BUDGETARY ACCOUNTING**

The City budgets all funds in accordance with the Revised Code of Washington 35A.33. In compliance with the code, budgets for all funds are established with the exception of the L.I.D. Debt Service Funds, and the L.I.D. Guaranty Debt Service Funds, and agency funds. Budgets established for Proprietary Funds are "management budgets" and, as such, are not required to be reported. The budget as adopted constitutes the legal authority for expenditures. It is adopted at the fund level so that expenditures may not legally exceed appropriations at that level of detail.

Budgetary accounts are integrated in fund ledgers for all budgeted funds.

Appropriations for general and special revenue funds lapse at year-end. The City of Issaquah's budget procedures are in compliance with the Revised Code of Washington, Chapter 35A.33. The City follows the procedure outlined below to establish its annual budget.

1. By the second Monday in September, the Mayor requests all Department Heads to prepare detailed estimates of revenues and expenditures for next fiscal year.
2. By the fourth Monday in September, budget estimates are filed with the Finance Director.
3. By the first business day in October, estimates are presented to the Mayor.
4. At least 60 days before the ensuing fiscal year, the Mayor prepares preliminary budget and budget message and files with the City Clerk.
5. No later than the first two weeks in November, the City Clerk publishes notice of filing of preliminary budget with city clerk and publishes notice of public hearing on final budget once a week for two consecutive weeks.
6. No later than six weeks before January 1, copies of proposed (preliminary) budget is made available to the public.
7. On or before the first Monday of December, and may be continued from day-to-day but no later than the 25<sup>th</sup> day prior to next fiscal year, final hearings are commenced.
8. Following the public hearing and prior to beginning of the ensuing fiscal year, the City Council adopts the final budget.

The City budget is adopted at the fund level. Amendments to the final budget must be adopted by the Council through an Ordinance, which is usually done mid-year and year-end.

The budgetary basis is substantially the same as the basis of accounting in all governmental fund types.

Transfers or revisions within budgeted funds are allowed; however, any revision which alters the total expenditures of a fund, or which affect the number of authorized employee positions or salary ranges must be approved by Ordinance of the City Council following public hearings. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

## **ASSETS, LIABILITIES, AND EQUITIES**

### **CASH AND INVESTMENTS**

The City pools cash resources of its various funds with the State Investment Pool in order to facilitate the management of cash. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and at the day of purchase, they have a maturity date no longer than three months.

It is the City's policy to invest all temporary cash surpluses. At December 31, 2003, the treasurer was holding \$20,975,971 in short-term deposits with the State Investment Pool. The interest on this deposit is prorated to the various funds. Also see Note 5.

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 Depository Protection Commission (PDPC).

Investments are reported at fair market value in accordance with GASB Statement 21 and are held separately by each fund with interest earned directly for benefit of each fund.

## RECEIVABLES

The government recognized receivables in its financial statements based on the accounting requirements for that statement. Receivables are as follows:

- ▶ **Property Taxes** - Uncollected property taxes levied for the current year are reported as receivable at year-end. 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 uncollectible taxes is recorded. (See note 6)
- ▶ **Sales Taxes** - Taxes collected for November and December but not remitted by the state to the government until January and February of the following year are reported as receivables at year-end. There is no allowance for uncollectible 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.
- ▶ **Investment Interest** - Interest receivable consists of interest earned on investments at the end of the year, accrued interest on investments purchased between interest dates, and accrued interest and penalties on special assessments receivable. In proprietary funds and the government-wide statement of net assets investment interest is recorded as receivable, regardless of its payment date. In the governmental fund statements and schedules investment interest is recorded as receivable if it will be paid to the government within 60 days of year end.
- ▶ **Due From Other Funds and Other governments** - Amounts due from other funds reported in the financial statements, represent outstanding billings to other funds for services provided in the current year. None existed at year end in 2003. Amounts due from other governments represent outstanding balances due from granting agencies for cost-reimbursement grants and billings to other jurisdictions for intergovernmental services provided in the current year. In the entity-wide Statement of Net Assets due from other funds is not reported, but is eliminated in internal balances. Internal balances represent quasi-external transactions between governmental and business activities.
- ▶ **Interfund Loans Receivable** – The Finance Director may authorize loans between funds. Interfund loans outstanding at 12/31 are reported in Note 13.
- ▶ **Special Assessments** – Special assessments are levied against certain property owners and become liens against the property benefited by the improvement. All special assessments are current at 12/31/2003; therefore there are no receivables.
- ▶ **Accounts Receivable** – Customer accounts receivable consist of amounts owed by private individuals or organizations for goods and services provided. Uncollectible amounts are considered immaterial and the direct write-off method is used.

### **INVENTORIES AND PREPAID ITEMS**

Inventory amounts in governmental funds are not recorded because inventory amounts are immaterial. Inventories in Proprietary Funds are valued at the FIFO (first in, first out) method, which approximates the market value.

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### **RESTRICTED ASSETS AND LIABILITIES**

Net assets are segregated into three categories on the government-wide statement of net assets: 1) investment in capital assets, net of related debt; 2) restricted; and 3) unrestricted. The flow assumption of the City is to use restricted assets before unrestricted assets. Restricted assets are usually set aside in a separate fund, specifically used for the purpose of debt service or capital replacement.

### **CAPITAL ASSETS AND DEPRECIATION**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. The capital assets purchased or constructed by a governmental fund are recorded as expenditures in the fund at the time the related purchases are made. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds. Capital assets are defined by the government as land, buildings, and capital improvements with an original cost of \$5,000 or more each, machinery, equipment, software and other improvements with an original cost of \$1,000 or more each and an estimated useful life of more than one year; and all vehicles, artwork, transportation and utility infrastructure, regardless of their initial cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The City elected to not capitalize retro-active "infrastructure" and art capital assets owned prior to 2002, such as roads, bridges, curbs and gutters, streets and sidewalks, bridges, and lighting systems. It is anticipated that the City will capitalize the above retroactive "infrastructure" and art capital assets by 2007. The City is currently conducting an inventory and valuation of these capital assets.

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

Contributed assets are reported at donor cost or appraised value at the date of acquisition. The donor cost or appraised value of contributed fixed assets is included in contributed capital.

Land, construction in progress, and works of art are not depreciated. Property, plant, and equipment of the city is depreciated using the straight line method over the following estimated useful lives:

	<b>Estimated Service Life</b>
Buildings	30-50 years
Improvements Other Than Buildings	20-50 years
Equipment	5-20 years

Table 19 Depreciation Rates

**OTHER ASSETS AND DEBITS**

This account contains resources held in the Equipment Replacement Fund for future equipment purchases for the Enterprise Funds.

**ACCUMULATED COMPENSATED ABSENCES**

Eligible employees accumulate 10 to 23 days of vacation for each anniversary year, depending upon the employee’s length of service, but they do not accumulate more than two-year’s vacation. All outstanding vacation leave is payable upon resignation, retirement, or death. In accordance with NCGA Statement 4, the City accrues vacation pay. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

In 1985, the City required all departments to record compensatory time in the payroll system as part of the Fair Labor Standards Act implementation. This includes compensatory time in lieu of overtime pay, earned by police other City employees under law or union contracts.

Sick leave accumulates at the rate of 8 hours per month for all employees. The maximum number of sick hours employees are allowed to accrue is 960. However, starting in 1994, some contracts allow employees to convert a portion of unused sick leave earned in a calendar year to pay. The City accrues the maximum dollar amount payable, when incurred, in the government-wide and proprietary fund financial statements.

**LONG-TERM DEBT**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***DEFERRED REVENUE***

Deferred revenues are receivables which are measurable but not yet available. The balance sheet records the receivables with deferred revenue as its offset.

***FUND EQUITY***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

There have been no material violations of Finance-related legal or contractual provisions, and there have been no expenditures exceeding legal appropriations in any of the funds of the City.

**NOTE 3: BUDGET TO GAAP RECONCILIATION**

The City's budget is prepared primarily on the cash basis of accounting; therefore, the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund and Major Special Revenue Funds report revenues when received and expenditures when paid for governmental funds budgeted on an annual basis, instead of revenue and expenditure amounts as defined under the modified accrual basis of accounting required by GAAP. For the General Fund and the Major Special Revenue funds, the following schedule outlines adjustments made to revenues and expenditures on the budgetary basis to arrive at revenues and expenditures on the GAAP basis as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

	<b>General Fund</b>	<b>Street Improvement Fund</b>
Revenue on the Budgetary Basis	\$ 19,825,240	\$ 2,486,797
Increase (Decrease) due to accruals	119,336	(294,494)
Revenue on the GAAP Basis	19,944,576	2,192,303
Expenditures on the Budgetary Basis	18,021,393	4,018,475
Increase (Decrease) due to accruals	(174,373)	21,645
Expenditures on the GAAP Basis	17,847,020	4,040,120
Other Financing Sources (Uses)		
On the Budgetary Basis	(1,445,100)	1,440,000
Increase (Decrease) due to accruals	-	-
Other Sources (Uses) on the GAAP Basis	(1,445,100)	1,440,000
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses		
On the Budgetary Basis	358,747	(91,678)
Increase (Decrease) due to accruals	293,709	(316,139)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses On the GAAP Basis	652,456	(407,817)
Beginning Fund Balance on the Budgetary Basis	3,018,254	502,332
Increase (Decrease) due to accruals	1,476,233	218,746
Beginning Fund Balance on the GAAP Basis	4,494,487	721,078
Ending Fund Balance on the Budgetary Basis	3,377,001	410,654
Increase (Decrease) due to accruals	1,769,942	(97,393)
Ending Fund Balance on the GAAP Basis	\$ 5,146,943	\$ 313,261

Table 20 Budget to GAAP Reconciliation

**NOTE 4: SUPPLEMENTAL APPROPRIATIONS**

The City Council annually adopts a budget by Ordinance establishing appropriations for City funds, and during the year, may authorize supplemental appropriations. Amounts shown in the accompanying financial statements represent the original budgeted amounts plus all supplemental appropriations.

Revisions made to the original budget are presented here:

	2003 ORIGINAL BUDGET	2003 REVISIONS	AMENDED FINAL BUDGET
<b>General Fund</b>	\$20,938,337		\$20,938,337
<b>Special Revenue Funds:</b>			
Street	5,357,529		5,357,529
Arterial Street	21,754		21,754
Cemetery	25,700	12,257	37,957
Municipal Art	193,982		193,982
Resource Conservation	649,690		649,690
Communications	176,220		176,220
Lodging Tax	57,580		57,580
SUBTOTAL	6,482,455	12,257	6,494,712
<b>Debt Service Funds:</b>			
Voted G.O. Debt	872,043		872,043
Non-Voted G.O. Debt	2,504,965		2,504,965
L.I.D.s	838,000		838,000
L.I.D. Guaranty	250,000		250,000
SUBTOTAL	4,465,008		4,465,008
<b>Capital Projects Funds:</b>			
Capital Improvements	7,550,064		7,550,064
Mitigation	495,000		495,000
Street Improvement	2,746,000		2,746,000
Senior Center	1,097,324		1,097,324
Highlands Fire Station	2,820,000		2,820,000
Highlands Park	4,086,000		4,086,000
SUBTOTAL	18,794,388		18,794,388
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$50,680,188</b>	<b>\$12,257</b>	<b>\$50,692,445</b>

Table 21 Supplemental Appropriations

**NOTE 5: CASH AND INVESTMENTS**

The City maintains a cash and investment pool available for use by all funds. Investments are also held separately by several funds, with interest earned directly for the benefit of each fund.

As of December 31, 2003, the carrying amount of the City's cash/cash equivalents was \$17,950,181 (including the State Investment Pool) and the bank balance was \$244,186. This includes petty cash on hand totaling \$2,875 and \$10,000 being held by the City of Bellevue for use by the Eastside Narcotics force. The FDIC insures the first \$100,000 of the City's demand deposits and separately insures the first \$100,000, in the aggregate, of the City's time deposits and savings deposits. The remaining deposit balances are insured by the Washington Public Deposit Protection Commission (WPDPC). The WPDPC is a multiple financial institution collateral pool. State statute permits additional amounts to be assessed on a pro rata basis to members of the pool in the event the pool's collateral should be insufficient to cover a loss.

City investments were categorized as risk Category 1 or 2, as described in GASB Statement 3. Category 1 is defined to include those investments that are either insured, registered or held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which these securities are held by the counterparty's trust department or agent in the City's name. All of the City's investments at year-end were held by the City's depository bank Trust Department, as the City's agent, or held by the City. Investments purchased through the City's depository bank investment division and held by the same bank's trust department are in Category 2. All other investments held by the trust department are Category 1.

	<b>CARRYING AMOUNTS</b>
<hr/>	
From Balance Sheet:	
Cash and Cash Equivalents	\$ 18,450,181
Customer Deposits	2,769,976
Investments	2,000,000
Total All Cash, Deposits, and Investments from Balance Sheet	\$ 23,220,157
Summary by Type:	
Cash and Cash Equivalents:	
Cash in Bank (bank balance)	231,311
Cash on Hand	2,875
Cash with Other Government	10,000
Cash with State Investment Pool	20,975,971
Total Cash	21,220,157
Investments at Market	2,000,000
Total All Cash, Deposits, and Investments	\$ 23,220,157

Table 22 Reconciliation of All Cash, Deposits, and Investments

**NOTE 6: RECEIVABLES**

**PROPERTY TAXES**

The County Treasurer acts as agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed after the end of the month.

<b>PROPERTY TAX CALENDAR</b>	
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.

Table 23 Property Tax Calendar

Property taxes are recorded as a receivable when levied, offset by deferred revenue. During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are recognized for collections to be distributed by the County treasurer in January. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

The City may levy up to \$3.10 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

Washington State law in RCW 84.55.010 limits the growth of regular property taxes to six percent per year, after adjustments for new construction. If the assessed valuation increases by more than six percent due to revaluation, the levy rate will be decreased.

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.

Special levies approved by the voters are not subject to the above limitations.

The City's regular levy for 2003 was \$1.26 per \$1,000 of assessed valuation of \$2,531,753,104 for a total regular levy of \$3,192,143. Additionally, special levies for voter-approved General Obligation Bonds were \$0.45 per \$1,000 for an excess levy of \$886,000.

**CITY OF ISSAQUAH**

**NOTE 7: PROPERTY, PLANT, AND EQUIPMENT**

Capital Asset activity for the year ended December 31, 2003 was as follows:

	Primary Government				
	Beginning Balance	Prior Period Adjustment and Reclass	Increases	Decrease	Ending Balance
<b>Governmental Activities:</b>					
Capital assets not being depreciated					
Land	\$ 20,183,480		\$ 351,035	\$ (800)	\$ 20,533,715
Other Assets		85,817			85,817
Construction in Progress	3,514,664		6,358,326	(72,105)	9,800,885
Total capital assets not being depreciated	23,698,144	85,817	6,709,361	(72,905)	30,420,417
Capital Assets, being depreciated:					
Buildings	28,296,268	571,469	10,678	(400)	28,878,015
Improvements	5,198,341	(538,711)	7,210		4,666,840
Improvements EQR		63,866			63,866
Machinery and Equipment	3,010,094	(117,478)	40,119	(18,750)	2,913,985
Machinery and Equipment EQR	5,009,369	(63,866)	548,407		5,493,910
Total capital assets being depreciated	41,514,072	(84,720)	606,414	(19,150)	42,016,616
Less accumulated depreciation for:					
Building		(4,420,322)	(575,071)		(4,995,393)
Improvements		(310,403)	(93,265)		(403,668)
Improvements EQR		(12,773)	(2,044)		(14,817)
Machinery and Equipment		(1,982,012)	(151,314)		(2,133,326)
Machinery and Equipment EQR	(2,541,043)	12,773	(789,093)		(3,317,363)
Total capital assets, being depreciated, net	(2,541,043)	(6,712,737)	(1,610,787)	0	(10,864,567)
Governmental activities capital assets, net	\$ 62,671,173	\$ (6,711,640)	\$ 5,704,988	\$ (92,055)	\$ 61,572,466

Table 24 Property, Plant and Equipment

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

<b>Governmental activities:</b>	
General government	\$ 182,124
Security of persons and property	356,933
Utilities and environment	13,193
Transportation	814,918
Economic environment	9,946
Culture & recreation	233,673
Total depreciation expense-governmental activities	<u>\$ 1,610,787</u>

**CITY OF ISSAQUAH**

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	<b>Primary Government</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decrease</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 10,828,510	\$ -	\$ -	\$ 10,828,510
Construction in Progress	12,345,654	3,276,075	-	15,621,728
Total capital assets not being depreciated	<u>23,174,164</u>	<u>3,276,075</u>	<u>-</u>	<u>26,450,238</u>
Capital assets, being depreciated:				
Plant and service	59,896,920	1,376,184	-	61,273,104
Equipment	507,430	21,723	-	529,154
Total capital assets, being depreciated	<u>60,404,350</u>	<u>1,397,907</u>	<u>-</u>	<u>61,802,258</u>
Less accumulated depreciation for:				
Plant and service	(8,165,436)	(1,436,344)	-	(9,601,780)
Equipment	(302,990)	(17,028)	-	(320,018)
Total accumulated depreciation	<u>(8,468,425)</u>	<u>(1,453,372)</u>	<u>-</u>	<u>(9,921,798)</u>
Total capital assets, being depreciated, net	<u>51,935,925</u>	<u>(55,465)</u>	<u>-</u>	<u>51,880,460</u>
Business-type activities capital assets, net	<u>\$ 75,110,089</u>	<u>\$ 3,220,610</u>	<u>\$ -</u>	<u>\$ 78,330,698</u>

Table 25 Depreciation Expense charged to primary government functions/programs

Depreciation expense was charged to various functions based on their usage of the assets as illustrated below:

<b>Business-type activities:</b>	
Water	\$ 859,275
Sewer	261,144
Storm	332,953
Total depreciation expense-business-type activities	<u>\$ 1,453,372</u>

Table 26 Internal Service Fund Assets

**NOTE 8: JOINT VENTURES**

The Eastside Public Safety Communication Agency (EPSCA) was established in May 1992 by Interlocal Agreement (Agreement 1), pursuant to the Interlocal Cooperation Act, Chapter 39.34 RCW, among the cities of Bellevue, Redmond, Kirkland, and Mercer Island (Principals), municipal corporations organized under the laws of the State of Washington. Agreement 1 was amended June 10, 1993, to include the City of Issaquah as an additional Principal in EPSCA's governance. The duration of this agreement is 10 years.

EPSCA is governed by an Executive Board (Board), which is composed of the Chief Executive Officers of the Principals. The Executive Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters.

An Operations Committee (Committee) reports to the Board. The Committee oversees budget preparation, rates, revenues, expenditures, policies, and other operational issues. The Committee consists of the Chief of Police and the Fire Chief of each Principal.

EPSCA'S purpose is to develop, own, operate, and manage an Eastside radio communications system to be integrated with a regional radio communications network. Its capital funding derives from a September 15, 1992, voter-approved King County excise property tax levy of \$57,016,764. EPSCA has developed an Eastside radio communication system which is integrated with a regional radio communications network. Its capital funding derives from a September 15, 1992 voter-approved King County excess property tax levy of \$57,016,764. EPSCA's portion of the levy was \$10,004,469.

Agreement 1 provides for a weighted vote according to the proportion of each Principal's system radios in relation to the total number of system radios used by all Principals.

As of December 31, 2003, the weighted vote was as follows:

As of December 31, 2003, the weighted vote was as follows:

<b>Weighted Vote</b>	
Bellevue	53.69%
Kirkland	17.79%
Redmond	16.88%
Mercer Island	6.28%
Issaquah	5.36%
<b>TOTAL</b>	<b>100.00%</b>

Table 27 Weighted Vote

These percentages are reviewed and adjusted annually at January 1 based on the number of radios on the system in use by current principals as of December 31 of the preceding year.

Operating revenues derive from fees charges to the User Agencies for communications services. The City of Issaquah's General Fund remitted its pro rata share of EPSCA's total budget assessment of \$518,722 as follows: 2003 – \$27,804.

A complete audited financial statement for EPSCA can be obtained from EPSCA, c/o Alan Komenski, 16100 N.E. 8th Street, Bellevue, Washington 98008.

Upon dissolution, Agreement 1 provides for distribution of net assets among the Principals based on the weighted voting percentages in force at the time of dissolution. Any property contributed without charge would revert to the contributing Principal.

In August 1993, EPSCA entered into an Interlocal Cooperation Agreement (Agreement 2), pursuant to Chapter 39.34 RCW, with the sub-regions of King County, Seattle, and Valley Communications. Agreement 2 governs the development, acquisition and installation of the emergency radio communication system (System), funded by the \$57 million King County levy.

Agreement 2 provides that upon voluntary termination of any sub-region's participation in the System, it surrenders its radio frequencies, relinquishes its equipment and transfers any unexpended levy proceeds and equipment replacement reserves to another sub-region or a consortium of sub-regions.

Thus, in accordance with Agreement 2, the Principals of EPSCA have no equity interest in EPSCA's contributed capital (King County Levy proceeds) of \$5,969,116, as of December 31, 2003.

While Agreement 1 provides that EPSCA's net assets of \$604,106 as of December 31, 2003, are to be apportioned among the Principals, Issaquah's pro rata share (\$32,380) is deemed immaterial and thus is not reflected in its financial statements in the Capital Assets.

**NOTE 9: PENSION PLANS**

Substantially, all City full-time and qualifying part-time employees participate in one of the following statewide local government retirement systems administered by the Department of Retirement Systems, under cost-sharing, multiple-employee public employee retirement systems.

Historical trend information showing each system's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Washington's June 30, 2002, comprehensive annual financial report. Please refer to said report for a detailed 10-year trend information summary.

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)**

The State legislature established PERS in 1947 under Chapter 41.40 RCW. PERS is a cost-sharing, multiple-employer system. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges); employees of legislative committees; college and university employees not in national higher education retirement programs; judges of district and municipal courts; non-certificated employees of school districts; and, employees of local government. Approximately 52 percent of PERS members are state employees.

PERS contains three plans. Participants who joined the system by September 30, 1977, are Plan 1 members. Those joining thereafter are enrolled in Plan 2.

Retirement benefits are financed from employee and employer contributions and investment earnings. Retirement benefits in both Plan 1 and Plan 2 are vested after completion of five years of eligible service.

Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with 5 years of service, or at the age of 55 with 25 years of service. The annual pension is two percent per year of service of the average of the last two years' salary.

Plan 2 members may retire at age of 65 with 5 years of service, or at the age of 55 with 20 years of service, with an allowance of two percent per year of service of the final average salary of the member's last five years of service. Plan 2 retirements prior to age 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at three percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including 12 months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise, an actuarial reduction will apply. There is no cap on years of service credit; and Plane 3 provides the same cost-of-living allowance as Plan 2.

**CITY OF ISSAQUAH**

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The City's total current-year payroll for all participating PERS employees was \$9,245,342.

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plane 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent and do not vary from year to year. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from five- to fifteen-percent; two of the options are graduated rates dependent on the employee's age.

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

Required contribution rates (expressed as a percentage of current year covered payroll) at the close of Fiscal Year 2003 were as follows:

	PLAN 1		PLAN 2		PLAN 3	
	Required	Actual	Required	Actual	Required	Actual
Employer	1.32%	1.38%	1.32%	1.37%	1.32% *	1.37%
Employee	6.00%	10.56%	0.65%	0.91%	**	7.74%
Total	7.32%	11.94%	1.97%	2.28%	1.32%	9.12%

Table 28 PERS Contribution Rates as a Percentage Covered Payroll

The City's actuarially determined contribution requirement and actual contribution for the year ended December 31, 2003, were:

	PLAN 1		PLAN 2		PLAN 3	
	Required	Actual	Required	Actual	Required	Actual
Employer	\$ 9,779	\$ 10,237	\$ 113,294	\$ 117,279	11,056 *	11,485
Employee	44,449	42,120	55,789	78,239	**	64,868
Total	\$ 54,228	\$ 52,357	\$ 169,083	\$ 195,518	\$ 11,056	\$ 76,353

\*Plan 3 defined benefit portion only.

\*\* Variable from 5% to 15% based on rate selected by the Employee

Table 29 PERS Contribution Actual

**LAW ENFORCEMENT OFFICERS AND FIRE FIGHTERS RETIREMENT SYSTEM (LEOFF)**

LEOFF was established in 1970 by the legislature under Chapter 41.26 RCW. LEOFF is a cost-sharing, multiple-employer retirement system. Membership includes all full-time, fully compensated, local law enforcement officers and firefighters. Retirement benefits are financed by employee and employer contributions, investment earnings, and legislative appropriation. LEOFF is comprised solely of non-state employees.

**CITY OF ISSAQUAH**

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LEOFF system contains two plans. Participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined thereafter are enrolled in Plan 2. Retirement benefits are vested after completion of five years of eligible service. Plan 1 participants are eligible to retire with five years of service at age 50.

The benefits per years of service is as shown:

<b>Benefits Per Years of Service</b>	
Term of Service	% of Final Average
20+ Years	2.0%
10-19 Years	1.5%
5-9 Years	1.0%

Table 30 LEOFF Benefits Per Years of Service

The final average salary is based on salary received during the last two years of service. Substantial disability and death benefits are provided by the Plan. Retirement benefits are indexed to the Seattle area consumer price index.

Plan 2 participants are eligible to retire at the age of 50 with 20 years of service or at 55 with 5 years of service. Retirement benefits prior to age 55 are actuarially reduced. The benefit is two percent of average salary per year of service. The average salary is based on the highest five-year period. Retirement benefits are indexed to the consumer price index with a cap of three percent annually. Death and disability benefits are also provided. These benefit provisions were established under the authority of legislative statute.

Employer and employee contribution rates for Plan 2 are developed by the Office of State Actuary to fully fund the system. Plan 2 employers and employees are required to pay at the level established by the legislature.

Plan 1 employers and employees are required to contribute at a rate of six percent and the state is responsible for the balance of the funding. The methods used to determine the contribution requirements were established under the authority of legislative statute.

The City's total current-year payroll for all participating LEOFF employees was \$1,808,284.

The City's contribution rates expressed as a percentage-covered payroll for the year ended December 31, 2002, were:

	<b>PLAN 1</b>		<b>PLAN 2</b>	
	<b>Required</b>	<b>Actual</b>	<b>Required</b>	<b>Actual</b>
Employer	0.22%	0.22%	2.86%	3.06%
Employee	0.00%	0.00%	4.39%	4.72%
<b>Total</b>	<b>0.22%</b>	<b>0.22%</b>	<b>7.25%</b>	<b>7.78%</b>

Table 31 LEOFF Contribution Rates Expressed as a Percentage

The City's actuarially determined contribution requirement and actual contributions for the year ended December 31, 2001, were:

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**CITY OF ISSAQUAH**

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	<b>PLAN 1</b>		<b>PLAN 2</b>	
	<b>Required</b>	<b>Actual</b>	<b>Required</b>	<b>Actual</b>
Employer	\$ 32	\$ 32	\$ 53,729	\$ 57,429
Employee	-	-	82,471	88,734
Total	<u>\$ 32</u>	<u>\$ 32</u>	<u>\$ 136,200</u>	<u>\$ 146,162</u>

Table 32 LEOFF Actuarially-Determined Contributions

**VOLUNTEER FIRE FIGHTERS' RELIEF AND PENSION FUND**

The Volunteer Firefighter's Relief and Pension Fund System is a cost-sharing, multiple-employer retirement system that was created by the legislature in 1945 under Chapter 41.16 RCW. It provides pension, disability, and survivor benefits.

Membership in the system requires service with a fire department of an electing municipality of Washington State, except those covered by LEOFF. The system is funded through member contributions of \$30 per year, employee contributions of \$30 per year, and 40 percent of the Fire Insurance Premium Tax. Members do not earn interest on their contributions; however, they may elect to withdraw their contribution upon termination.

**NOTE 10: RISK MANAGEMENT**

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

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. To date, WCIA has a total of 108 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 professional, public officials' errors or omissions, stopgap, and employee benefits liability. Limits are \$3 million per occurrence self-insured layer, and \$11 million per occurrence in the re-insured excess layer with no annual aggregate except \$10 million per member for public officials' errors and omissions. The excess layer is insured by the purchase of reinsurance and insurance. Total limits are \$14 million per occurrence. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$250,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of reinsurance.

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

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

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments that 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 designate representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day-to-day operations of WCIA.

**NOTE 11: LONG-TERM DEBT**

The City's bonded long-term debt consists of General Obligation Bonds (voted-in) and six limited G.O. Bonds (non-voted), Revenue Bonds and Special Assessment Bonds.

**GENERAL OBLIGATION BONDS**

General Obligation Bonds outstanding at December 31, 2003, totaled \$30,190,000. Debt service is paid from the General Obligation Debt Service Fund with special property tax levies for the voter-approved bond issues.

Debt Service for City Council-authorized issues is funded from regular property taxes. Previous to 1981, the City's bond issues were not rated. Bonds issued subsequent to 1981 carry a Moody's A-1 rating.

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount Outstanding
1994 Fire Equipment	5.28%	\$ 610,000
1996 Police Station Constr	5.11%	3,555,000
1998 Refunding Bond	4.24%	1,210,000
2001 Senior Center Construction	5.25%	1,400,000
1991 Park/Land/Shop (lmtd)	6.33%	250,000
1994 Kerola Property (lmtd)	5.05%	185,000
1995 Community Center (lmtd)	5.17%	1,910,000
1997 Pickering Barn (lmtd)	5.16%	2,215,000
1999 Police Stn & Cap. Proj. (lmtd)	5.30%	6,925,000
2000 Police Stn & Cap. Proj. (lmtd)	5.55%	2,500,000
2001 Fire Station Construction (lmtd)	5.50%	9,430,000
<b>Total outstanding General Obligation Bonds</b>		<b>\$ 30,190,000</b>

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2004	\$ 1,890,000	\$ 4,504,022
2005	1,785,000	1,402,465
2006	1,870,000	1,320,874
2007	1,875,000	1,232,165
2008	1,950,000	1,144,046
2009-2113	20,820,000	3,863,362
<b>Total</b>	<b>\$ 30,190,000</b>	<b>\$ 13,466,934</b>

Table 33 Outstanding General Obligation Bonds

**REVENUE BONDS**

Revenue Bonds are payable from pledged revenues generated by the respective Enterprise Funds. As of December 31, 2003, the Water Fund's outstanding bond totaled \$11,410,000. The Stormwater Fund outstanding bond total is \$3,110,000. The City's revenue bonds are rated A3.

The City issued \$2,205,000 of Revenue Refunding Bonds on November 15, 2003. The use of those funds paid interest on the Refunded Bonds when due on December 1, 2003 and to call, pay and redeem all of the then-outstanding Refunded Bonds at a price of par. The bonds refunded were the 1994 Water Bonds. At December 31, 2003 the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The purpose of the Refunding was to accomplish an interest cost savings to the City of \$260,742.44 with a net present value of \$221,502.69 over the next 10 years.

Revenue Bonds currently outstanding are as follows:

<b>Purpose</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
Revenue Bonds		
2003 Water	3.50%	\$ 2,205,000
1998 Water	5.38%	610,000
2001 Water	5.38%	8,595,000
1998 Storm Water	5.38%	1,615,000
2001 Storm Water	5.38%	1,495,000
<b>Total outstanding Revenue Bonds</b>		<b>\$ 14,520,000</b>

The annual debt service requirements to maturity for revenue bonds are as follows:

<b>Year Ending December 31</b>	<b>Business - Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2004	\$ 690,000	\$ 664,618
2005	715,000	638,625
2006	735,000	614,552
2007	765,000	588,314
2008	800,000	559,245
2009-2113	10,815,000	3,727,980
<b>Total</b>	<b>\$ 14,520,000</b>	<b>\$ 6,793,334</b>

Table 34 Outstanding Revenue Bonds

**SPECIAL ASSESSMENT BONDS**

LID Special Assessment Bonds were transferred in 1987 to a debt service fund. They are not a direct responsibility of the City, but are paid through the collection of assessments levied against property owners. ULID was issued October 2003 and is paid through the collection of assessments levied against the NW Goode Place property owners. At December 31, 2003, outstanding assessments totaled \$790,811. The assessments are liens against the property and are subject to foreclosure.

**Special Assessment Bonds currently outstanding are as follows:**

<b>Purpose</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
LID #20	5.90%	\$ 405,000
LID #21	5.13%	230,000
ULID #22	5.00%	155,811
<b>Total outstanding Special Assessment Bonds</b>		<b>790,811</b>

**The annual debt service requirements to maturity for special assessment bonds are as follows:**

<b>Year Ending December 31</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2004	\$ 650,581	\$ 44,251
2005	15,581	7,012
2006	15,531	6,232
2007	15,581	5,453
2008	15,581	4,673
2009-2013	77,956	11,685
<b>Total</b>	<b>\$ 790,811</b>	<b>\$ 79,306</b>

Table 35 Outstanding Special Assessment Bonds

**INSTALLMENT CONTRACTS**

During 1988, the City was awarded a Public Works Trust Fund Loan not to exceed \$121,937. Of this authorized amount, \$91,453 was received as loan proceeds in 1987. The City received the balance of \$30,484 in 1989. During 1989, the City was awarded another Public Works Trust Fund Loan not to exceed \$210,000. The City received \$157,500 in 1989, and the balance of \$52,500 was received in 1990. During 1998, the City was awarded a third Public Works Trust Fund Loan not to exceed \$1,143,103. In 1998, the City received \$171,465, in 1999 received \$857,327, and in 2002 received \$114,311. The balance owing on these loans is \$1,011,708.

During 2002 the City began an Interlocal Agreement with King County for funds for the North Spar. No interest accrues and the outstanding amount at December 31, 2003 was

**CITY OF ISSAQUAH**

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\$6,650,000The following is a summary of all long-term debt transactions for the year ended December 31, 2003:

**CHANGES IN LONG-TERM LIABILITIES**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
General obligation bonds	\$ 32,000,000		\$ 1,810,000	\$ 30,190,000	\$ 1,890,000
Special assessment	1,045,000		410,000	635,000	540,000
Installment contracts	109,897		17,560	92,337	17,560
Interlocal agreement		7,000,000	350,000	6,650,000	350,000
Compensated absences-gov	1,071,375	1,203,163	988,987	1,285,551	
Compensated absences-isf	198,281	188,489	183,033	203,737	
Long-term liabilities	<b>\$ 34,424,553</b>	<b>\$ 8,391,652</b>	<b>\$ 3,759,580</b>	<b>\$ 39,056,625</b>	<b>\$ 2,797,560</b>
<b>Business -type activities:</b>					
Revenue bonds	\$ 15,155,000	\$ 2,205,000	\$ 2,840,000	\$ 14,520,000	\$ 690,000
Special assessment	-	155,811		155,811	
Installment contracts	980,662		61,291	919,371	61,291
Compensated absences-bus	102,508	139,648	94,625	147,531	
Long-term liabilities	<b>\$ 16,238,170</b>	<b>\$ 2,500,459</b>	<b>\$ 2,995,916</b>	<b>\$ 15,742,713</b>	<b>\$ 751,291</b>

Table 36 General Long-Term Debt

***NOTE 12: CLAIMS, CONTINGENCIES, AND LITIGATION***

As of December 31, 2003, there were several damage claims and lawsuits pending against the City. It is the opinion of management and the City Attorney that the disposition of these claims is not presently expected to have a material adverse effect on the City's financial statements.

**NOTE 13: INTERFUND TRANSACTIONS**

**INTERFUND LOANS**

Amount of Loan	Purpose	From	To	Term
\$1,600,000	Construction of Highland Park Facilities and Equipment Acquisition – to be paid back through issuance of Councilmanic Bonds	Equipment Rental Fund	Highland Park Facilities Fund	12/31/04
\$500,000	Tibbetts Greenway Improvements – to be paid back through issuance of Revenue Bonds	Capital Improvement Fund	Stormwater Capital Fund	12/31/04
\$200,000	Forest Rim Reservoir and 480 Zone Reservoir design	Equipment Rental Fund	Reservoir Construction/Improvement Fund	12/31/04
\$220,000	Water Disinfection System Design and Watermain Replacement	Equipment Rental Fund	Water Capital Fund	12/31/04
\$180,000	Stormwater’s share of Hillery Property Acquisition	Equipment Rental Fund	Stormwater Capital Fund	12/31/05 \$60,000/yr

Table 37 Interfund Loan Schedule

**INTERFUND TRANSFERS**

Transfers are legally authorized transfers of resources from funds receiving the resources to the funds through which the resources are to be expended. Such transfers are classified as “Other Financing Sources or Uses.”

The following transfers were recorded in 2003:

Fund	Transfers In	Transfers Out
General	\$ 96,100	\$ 1,541,200
Street	1,440,000	-
Cemetery		18,000
Municipal Art		10,100
Resource Conservation	198,000	
Communications		68,000
Limited Debt Service	2,504,965	
Capital Improvement		2,679,965
Water	1,286,485	1,429,485
Storm Water	576,316	671,316
Unemployment Insurance	31,200	
Equipment Rental	285,000	
	<u>\$ 6,418,066</u>	<u>\$ 6,418,066</u>

Table 38 Interfund Transactions

**NOTE 14 - SIGNIFICANT CONSTRUCTION COMMITMENTS**

**SIGNIFICANT CONSTRUCTION COMMITMENTS**

**At December 31, 2003 the City had the following significant contractual obligations on construction projects:**

Transportation projects	2,933,810
Parks projects	146,423
Water projects	225,000
Storm projects	200,000
	<u>\$ 3,505,233</u>

Table 39 Significant Construction Commitments

## **GOVERNMENTAL FUNDS**

**Descriptions of the non-major Special Revenue funds included in the City's Comprehensive Annual Financial Report are provided below:**

### **ARTERIAL STREET FUND**

This fund accounts for the construction and improvement of arterial streets from earmarked fuel taxes and other miscellaneous income, primarily grants.

### **CEMETERY FUND**

This fund accounts for the care, improvement and use of the cemetery property.

### **MUNICIPAL ART FUND**

This fund was established to account for the revenue and expenditures for the fine and performing arts.

### **RESOURCE CONSERVATION FUND**

This fund was developed to account for the recycling program and make sure the program generates enough fees and grants to cover the expenditures.

### **COMMUNICATIONS FUND**

This fund was set up to separately account for transactions associated with the City's government communications channel, Cable TV franchise-related activities, and the Cable TV commission.

### **LODGING TAX FUND**

This fund was created in 1999 to account for transactions associated with the City's share of the hotel/motel tax. The City of Issaquah's 1% tax is currently collected by two motels and one bed and breakfast inn. Per State law, proceeds from this tax

can only be used to pay all or any part of the cost of tourism promotion, acquisition of tourism-related facilities, or the operation of tourism-related facilities.

### **KEROLA TRUST FUND**

This fund was created in 1997 to account for funds received from the Kerola family to make park improvements at Tibbetts Valley Park.

### **ROWLEY TRUST FUND**

This fund was created in 1998 to make improvements at the Issaquah Community Center.

**Descriptions of the non-major Debt Service funds included in the City's Comprehensive Annual Financial Report are provided below:**

### **UNLIMITED DEBT SERVICE AND LIMITED DEBT SERVICE FUNDS**

This fund provides payment on both Councilmanic and voted bond issues. The voter-approved general obligation bonds are supported by special levies.

### **LIMITED DEBT SERVICE FUND**

This fund provides payment on non-voted bonds

### **L.I.D. DEBT SERVICE FUND**

This fund receives assessment payments to redeem outstanding Local Improvement District (L.I.D.) bonds.

### **L.I.D. GUARANTY FUND**

This fund was established to guarantee the payment of L.I.D. bonds, notes, and warrants. The money comes from

completed L.I.D. bond funds, and excess general property tax levies.

**Descriptions of the non-major Capital Improvements funds included in the City's Comprehensive Annual Financial Report are provided below:**

**MITIGATION FUND**

This fund accounts for revenue received from outside sources (e.g., developers for the express purpose of expending on a specific capital item / project in the Police, Fire Control, Parks, and General Services Area).

**NEWPORT WAY CONSTRUCTION FUND**

This fund was created in 2001 to account for Street Impact Fees and Bond Proceeds used for the purpose of improving Newport Way between Maple Street and West Sunset Way. Improvements include: reconstructing two travel lanes with a center turn lane, a sidewalk on one side with a multi-use trail on the other side, a pedestrian signal, landscaping, lighting, and stormwater facilities for water drainage.

**STREET IMPROVEMENT FUND**

This fund was established in 1991 to account for revenues received from the

additional 0.25% Real Estate Excise Tax. Proceeds are to be used solely for financing capital projects related to streets.

**SENIOR CENTER CONSTRUCTION FUND**

This fund was established in 2001 to account for bond proceeds issued to cover costs associated with modifications to the old Memorial Field Library Building into a Senior Center.

**FIRE STATION FUND**

This fund was established in 2001 to account for bond proceeds issued to cover costs associated with construction of Fire Station #73 in the Issaquah Highlands and acquisition of an Medical Aid car.

**HIGHLANDS PARK FACILITIES FUND**

This fund was established in 2002 to account for bond proceeds issued to cover costs associated with constructing park facilities including Tot Lots, Ballfields, Tennis Courts, Picnic Areas, Basketball Courts, and Soccer Fields in the Issaquah Highlands.

**CITY OF ISSAQUAH**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 1 of 5

	<b>Special Revenue Funds</b>			
	<b>Arterial Street</b>	<b>Cemetery</b>	<b>Municipal Art</b>	<b>RCO</b>
<b>ASSETS</b>				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 331,073	\$ 232,455	\$ 128,040	\$ 111,084
Investments	-	-	-	-
Receivables (net)	-	-	-	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 331,073</b>	<b>\$ 232,455</b>	<b>\$ 128,040</b>	<b>\$ 111,084</b>
<b>LIABILITIES</b>				
<i>Current Liabilities:</i>				
Accounts payable and accrued exp.	-	-	425	33,384
Payable to other governments	-	-	-	-
Due to other funds	-	-	-	-
Matured bond & interest payable	17,561	-	-	-
Accrued interest payable	592	-	-	-
Other current liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>18,153</b>	<b>-</b>	<b>425</b>	<b>33,384</b>
<b>NET ASSETS</b>				
<i>Reserved/restricted for:</i>				
Debt service	-	-	-	-
<i>Unreserved/unrestricted Equity</i>				
Special revenue funds	312,920	232,455	127,615	77,700
Capital project funds	-	-	-	-
<b>Total Fund Balances</b>	<b>312,920</b>	<b>232,455</b>	<b>127,615</b>	<b>77,700</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 331,073</b>	<b>\$ 232,455</b>	<b>\$ 128,040</b>	<b>\$ 111,084</b>

Table 40 Non-major Governmental Funds - Combining Balance Sheet, Page 1

**CITY OF ISSAQUAH**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 2 of 5

**Special Revenue Funds**

	<b>Commun- ications</b>	<b>Lodging</b>	<b>Kerola Trust</b>	<b>Rowley Trust</b>	<b>Total Special Revenue Funds</b>
<b>ASSETS</b>					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 79,533	\$ 20,585	\$ 20,097	\$ 58,610	\$ 981,477
Investments	-	-	-	-	-
Receivables (net)	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 79,533</b>	<b>\$ 20,585</b>	<b>\$ 20,097</b>	<b>\$ 58,610</b>	<b>\$ 981,477</b>
<b>LIABILITIES</b>					
<i>Current Liabilities:</i>					
Accounts payable and accrued exp.	1,255	-	-	-	35,064
Payable to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Matured bond & interest payable	-	-	-	-	17,561
Accrued interest payable	-	-	-	-	592
Other current liabilities	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,217</b>
<b>NET ASSETS</b>					
<i>Reserved/restricted for:</i>					
Debt service	-	-	-	-	-
<i>Unreserved/unrestricted Equity</i>					
Special revenue funds	78,278	20,585	20,097	58,610	928,260
Capital project funds	-	-	-	-	-
<b>Total Fund Balances</b>	<b>78,278</b>	<b>20,585</b>	<b>20,097</b>	<b>58,610</b>	<b>928,260</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 79,533</b>	<b>\$ 20,585</b>	<b>\$ 20,097</b>	<b>\$ 58,610</b>	<b>\$ 981,477</b>

Table 41 Non-Major Governmental Funds Combining Balance Sheet, Page 2

**CITY OF ISSAQUAH**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 3 of 5

<b>Debt Service Funds</b>				
<b>Unlimited Debt Service</b>	<b>Limited Debt Service</b>	<b>LID Debt Service</b>	<b>LID Guarantee</b>	<b>Total Debt Service Funds</b>
\$ 554,354	\$ 60,305	\$ 36,463	\$ 616,600	\$ 1,267,722
-	-	-	-	-
3,993	-	-	-	3,993
-	-	-	-	-
<b>\$ 558,347</b>	<b>\$ 60,305</b>	<b>\$ 36,463</b>	<b>\$ 616,600</b>	<b>\$ 1,271,715</b>
-	-	-	-	-
-	-	-	-	-
91,164	267,348	121,333	-	479,845
-	-	-	-	-
(23,422)	(127,366)	-	-	(150,788)
67,742	139,982	121,333	-	329,057
490,605	(79,677)	(84,870)	616,600	942,658
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
490,605	(79,677)	(84,870)	616,600	942,658
<b>\$ 558,347</b>	<b>\$ 60,305</b>	<b>\$ 36,463</b>	<b>\$ 616,600</b>	<b>\$ 1,271,715</b>

Table 42 Non-major Governmental Funds - Combining Balance Sheet, Page 3

**CITY OF ISSAQUAH**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 4 of 5

	<b>Capital Improvement Funds</b>			
	<b>Mitigation</b>	<b>Newport Way Const.</b>	<b>Street Improvement</b>	<b>Senior Center</b>
<b>ASSETS</b>				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 2,819,924	\$ 392,150	\$ 839,436	\$ 267,180
Investments	-	-	-	-
Receivables (net)	-	-	205,227	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,819,924</b>	<b>\$ 392,150</b>	<b>\$ 1,044,663</b>	<b>\$ 267,180</b>
<b>LIABILITIES</b>				
<i>Current Liabilities:</i>				
Accounts payable and accrued exp.	-	-	196,387	-
Payable to other governments	-	-	-	-
Due to other funds	-	-	-	-
Matured bond & interest payable	-	-	-	-
Accrued interest payable	-	-	-	-
Other current liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>196,387</b>	<b>-</b>
<b>NET ASSETS</b>				
<i>Reserved/restricted for:</i>				
Debt service	-	-	-	-
<i>Unreserved/unrestricted Equity</i>				
Special revenue funds	-	-	-	-
Capital project funds	2,819,924	392,150	848,276	267,180
<b>Total Fund Balances</b>	<b>2,819,924</b>	<b>392,150</b>	<b>848,276</b>	<b>267,180</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,819,924</b>	<b>\$ 392,150</b>	<b>\$ 1,044,663</b>	<b>\$ 267,180</b>

Table 43 Non-Major Governmental Funds Combining Balance Sheet, Page 4

**CITY OF ISSAQUAH**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 5 of 5

<b>Capital Improvement Funds</b>			
<b>Fire Station</b>	<b>Highland Park Facilities</b>	<b>Total Capital Improvement Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 199,304	\$ 842,396	\$ 5,360,390	\$ 7,609,589
-	-	-	-
-	-	205,227	209,220
-	-	-	-
<u>\$ 199,304</u>	<u>\$ 842,396</u>	<u>\$ 5,565,617</u>	<u>\$ 7,818,809</u>
-	-	-	-
-	-	-	-
-	-	196,387	231,451
-	-	-	-
-	1,600,000	1,600,000	1,600,000
-	-	-	497,406
-	-	-	592
-	-	-	(150,788)
-	1,600,000	1,796,387	2,178,661
-	-	-	-
-	-	-	-
-	-	-	942,658
-	-	-	-
-	-	-	928,260
199,304	(757,604)	3,769,230	3,769,230
199,304	(757,604)	3,769,230	5,640,148
<u>\$ 199,304</u>	<u>\$ 842,396</u>	<u>\$ 5,565,617</u>	<u>\$ 7,818,809</u>

Table 44 Non-major Governmental Funds - Combining Balance Sheet, Page 5



**CITY OF ISSAQUAH**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**NON-MAJOR GOVERNMENTAL FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2003

Page 1 of 5

**Special Revenue Funds**

	<b>Arterial Streets</b>	<b>Cemetery</b>	<b>Municipal Art</b>	<b>Resource Conservation</b>
<b>DETAIL REVENUES</b>	-	-	-	-
<i>Taxes:</i>	-	-	-	-
Property	-	-	-	-
Sales	-	-	-	-
B&O	-	-	147,063	5,338
Other	-	-	-	-
<i>Licenses &amp; Permits:</i>	-	-	-	-
<i>Intergovernmental:</i>				
Other Taxes	100,331	-	-	-
Op Grants & Contrib - Other Phys Environ	-	-	-	89,246
Op Grants & Contrib - Culture & Rec	-	-	5,000	-
Cap Grants & Contrib - Gen Govt	-	-	-	-
Cap Grants & Contrib - Public Safety	-	-	-	-
Cap Grants & Contrib - Other Phys Environ	-	-	-	-
Cap Grants & Contrib - Transport	-	-	-	-
Cap Grants & Contrib - Culture & Rec	-	-	-	-
<i>Charges for Services:</i>				
Phys Env	-	25,900	-	136,917
<i>Miscellaneous:</i>				
Investm Earnings	-	2,224	1,112	744
Insur Premiums & Recoveries	-	-	-	-
<b>Total Revenues</b>	<b>100,331</b>	<b>28,124</b>	<b>153,175</b>	<b>232,245</b>
<b>DETAIL EXPENDITURES</b>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Physical Environ	-	9,409	-	443,056
Transportation	-	-	-	-
Culture & Recreation	-	-	129,696	-
<i>Debt Service:</i>				
Principal	35,120	-	-	-
Interest	4,786	-	-	-
Other	-	-	-	-
<i>Capital Outlay:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Physical Environ	-	5,230	-	6,680
Culture & Recreation	-	-	-	-
<b>Total Expenditures</b>	<b>39,906</b>	<b>14,639</b>	<b>129,696</b>	<b>449,736</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	198,000
(Transfers out)	-	(18,000)	(10,100)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(18,000)</b>	<b>(10,100)</b>	<b>198,000</b>
<b>Net Change in Fund Equity</b>	<b>60,425</b>	<b>(4,515)</b>	<b>13,379</b>	<b>(19,491)</b>
<b>Fund Balance at the Beginning of year</b>	<b>252,495</b>	<b>236,970</b>	<b>114,236</b>	<b>97,191</b>
<b>Fund Balance at the End of year</b>	<b>\$ 312,920</b>	<b>\$ 232,455</b>	<b>\$ 127,615</b>	<b>\$ 77,700</b>

Table 45 Non-Major Governmental Funds - Combining Statement of Revenues, Expenditures & Changes in Fund Balance, Page 1

**CITY OF ISSAQUAH**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 2 of 5

	Special Revenue Funds				
	Communi- cations	Lodging Tax	Kerola Expendable Trust	Rowley Expendable Trust	Total Special Revenue Funds
<b>DETAIL REVENUES</b>	-	-	-	-	-
<i>Taxes:</i>	-	-	-	-	-
Property	-	-	-	-	-
Sales	-	35,034	-	-	35,034
B&O	-	-	-	-	152,401
Other	-	-	-	-	-
<i>Licenses &amp; Permits:</i>	110,409	-	-	-	110,409
<i>Intergovernmental:</i>	-	-	-	-	-
Other Taxes	-	-	-	-	100,331
Op Grants & Contrib - Other Phys Environ	-	-	-	-	89,246
Op Grants & Contrib - Culture & Rec	-	-	-	-	5,000
Cap Grants & Contrib - Gen Govt	-	-	-	-	-
Cap Grants & Contrib - Public Safety	-	-	-	-	-
Cap Grants & Contrib - Other Phys Environ	-	-	-	-	-
Cap Grants & Contrib - Transport	-	-	-	-	-
Cap Grants & Contrib - Culture & Rec	-	-	-	-	-
<i>Charges for Services:</i>	-	-	-	-	-
Phys Env	-	-	-	-	162,817
<i>Miscellaneous:</i>	-	-	-	-	-
Investm Earnings	-	-	490	590	5,160
Insur Premiums & Recoveries	-	-	-	-	-
<b>Total Revenues</b>	<b>110,409</b>	<b>35,034</b>	<b>490</b>	<b>590</b>	<b>660,398</b>
<b>DETAIL EXPENDITURES</b>	-	-	-	-	-
<i>Current:</i>	-	-	-	-	-
General Government	-	39,579	-	-	39,579
Public Safety	90,333	-	-	-	90,333
Physical Environ	-	-	-	-	452,465
Transportation	-	-	-	-	-
Culture & Recreation	-	-	23,579	-	153,275
<i>Debt Service:</i>	-	-	-	-	-
Principal	-	-	-	-	35,120
Interest	-	-	-	-	4,786
Other	-	-	-	-	-
<i>Capital Outlay:</i>	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	9,090	-	-	-	9,090
Physical Environ	-	-	-	-	11,910
Culture & Recreation	-	-	-	-	-
<b>Total Expenditures</b>	<b>99,423</b>	<b>39,579</b>	<b>23,579</b>	<b>-</b>	<b>796,558</b>
<b>OTHER FINANCING SOURCES (USES)</b>	-	-	-	-	-
Transfers in	-	-	-	-	198,000
(Transfers out)	(68,000)	-	-	-	(96,100)
<b>Total Other Financing Sources (Uses)</b>	<b>(68,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,900</b>
<b>Net Change in Fund Equity</b>	<b>(57,014)</b>	<b>(4,545)</b>	<b>(23,089)</b>	<b>590</b>	<b>(34,260)</b>
<b>Fund Balance at the Beginning of year</b>	<b>135,292</b>	<b>25,130</b>	<b>43,186</b>	<b>58,020</b>	<b>962,520</b>
<b>Fund Balance at the End of year</b>	<b>\$ 78,278</b>	<b>\$ 20,585</b>	<b>\$ 20,097</b>	<b>\$ 58,610</b>	<b>\$ 928,260</b>

Table 46 Non-Major Governmental Funds - Combining Statement of Revenues, Expenditures & Changes in Fund Balance, Page 2

**CITY OF ISSAQUAH**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 3 of 5

Debt Service Funds				
Debt Service	Limited Debt Service	LID Debt Service	LID Guarantee	Total Debt Service Funds
880,810	-	-	-	880,810
-	-	-	-	-
-	-	-	-	-
24,740	-	-	-	24,740
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	403,543	-	403,543
-	-	-	-	-
-	-	-	-	-
637	409	83,628	-	84,674
-	-	-	-	-
<b>906,187</b>	<b>409</b>	<b>487,171</b>	<b>-</b>	<b>1,393,767</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
515,000	1,027,499	407,501	-	1,950,000
375,537	1,040,454	45,861	-	1,461,852
1,301	62,164	-	-	63,465
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>891,838</b>	<b>2,130,117</b>	<b>453,362</b>	<b>-</b>	<b>3,475,317</b>
-	2,504,965	-	-	2,504,965
-	-	-	-	-
-	2,504,965	-	-	2,504,965
14,349	375,257	33,809	-	423,415
476,256	(454,934)	(118,679)	616,600	519,243
<b>\$ 490,605</b>	<b>\$ (79,677)</b>	<b>\$ (84,870)</b>	<b>\$ 616,600</b>	<b>\$ 942,658</b>

Table 47 Non-Major Governmental Funds - Combining Statement of Revenues, Expenditures & Changes in Fund Balance, Page 3

**CITY OF ISSAQUAH**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

Page 4 of 5

	Capital Improvement Projects			
	Mitigation	Newport Way Const.	Street Improve- ment	Senior Center Const.
<b>DETAIL REVENUES</b>				
<i>Taxes:</i>				
Property	-	-	-	-
Sales	-	-	-	-
B&O	-	-	-	-
Other	-	-	715,762	-
<i>Licenses &amp; Permits:</i>				
<i>Intergovernmental:</i>				
Other Taxes	-	-	-	-
Op Grants & Contrib - Other Phys Environ	-	-	-	-
Op Grants & Contrib - Culture & Rec	-	-	-	-
Cap Grants & Contrib - Gen Govt	17,993	-	-	-
Cap Grants & Contrib - Public Safety	44,385	-	-	-
Cap Grants & Contrib - Other Phys Environ	-	-	-	-
Cap Grants & Contrib - Transport	104,580	-	650,984	-
Cap Grants & Contrib - Culture & Rec	302,478	-	-	-
<i>Charges for Services:</i>				
Phys Env	-	-	-	-
<i>Miscellaneous:</i>				
Investm Earnings	16,916	-	6,013	535
Insur Premiums & Recoveries	-	-	37,841	-
<b>Total Revenues</b>	<b>486,352</b>	<b>-</b>	<b>1,410,600</b>	<b>535</b>
<b>DETAIL EXPENDITURES</b>				
<i>Current:</i>				
General Government	93,729	-	-	-
Public Safety	33,313	-	-	-
Physical Environ	-	-	-	-
Transportation	-	-	1,091,493	-
Culture & Recreation	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	350,000	-
Interest	-	-	-	-
Other	-	-	-	-
<i>Capital Outlay:</i>				
General Government	6,629	-	351,035	-
Public Safety	-	-	-	-
Physical Environ	-	-	-	-
Culture & Recreation	-	-	-	65,730
<b>Total Expenditures/Expenses</b>	<b>133,671</b>	<b>-</b>	<b>1,792,528</b>	<b>65,730</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
(Transfers out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Equity</b>	<b>352,681</b>	<b>-</b>	<b>(381,928)</b>	<b>(65,195)</b>
<b>Fund Balance at the Beginning of year</b>	<b>2,467,243</b>	<b>392,150</b>	<b>1,230,204</b>	<b>332,375</b>
<b>Fund Balance at the End of year</b>	<b>\$ 2,819,924</b>	<b>\$ 392,150</b>	<b>\$ 848,276</b>	<b>\$ 267,180</b>

Table 48 Non-Major Governmental Funds - Combining Statement of Revenues, Expenditures & Changes in Fund Balance, Page 4

**CITY OF ISSAQUAH**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 5 of 5

Capital Improvement Projects			Total Nonmajor Governmental Funds
Fire Station	Highland Park Facilities	Total Capital Improvement Funds	
-	-	-	880,810
-	-	-	35,034
-	-	-	152,401
-	-	715,762	740,502
-	-	-	110,409
-	-	-	100,331
-	-	-	89,246
-	-	-	5,000
-	-	17,993	17,993
-	-	44,385	44,385
-	-	-	403,543
-	-	755,564	755,564
-	5,000	307,478	307,478
-	-	-	162,817
4,127	759	28,350	118,184
-	-	37,841	37,841
<u>4,127</u>	<u>5,759</u>	<u>1,907,373</u>	<u>3,961,538</u>
-	-	93,729	133,308
-	-	33,313	123,646
-	-	-	452,465
-	-	1,091,493	1,091,493
-	-	-	153,275
-	-	350,000	2,335,120
-	-	-	1,466,638
-	-	-	63,465
-	-	357,664	357,664
2,645,946	-	2,645,946	2,655,036
-	-	-	11,910
-	864,874	930,604	930,604
<u>2,645,946</u>	<u>864,874</u>	<u>5,502,749</u>	<u>9,774,624</u>
-	-	-	2,702,965
-	-	-	(96,100)
-	-	-	2,606,865
(2,641,819)	(859,115)	(3,595,376)	(3,206,221)
<u>2,841,123</u>	<u>101,511</u>	<u>7,364,606</u>	<u>8,846,369</u>
<u>\$ 199,304</u>	<u>\$ (757,604)</u>	<u>\$ 3,769,230</u>	<u>\$ 5,640,148</u>

Table 49 Non-Major Governmental Funds - Combining Statement of Revenues, Expenditures & Changes in Fund Balance, Page 5

**CITY OF ISSAQUAH**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
ARTERIAL STREET FUND**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

	ARTERIAL STREET FUND			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 98,000	\$ 98,000	\$ 100,331	\$ 2,331
Charges for Services				-
Fines and Forfeits				-
Investment Income	1,500	1,500		(1,500)
Contributions and Donations				-
Miscellaneous				-
<b>TOTAL REVENUES</b>	<b>99,500</b>	<b>99,500</b>	<b>100,331</b>	<b>831</b>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	17,560	17,560	17,560	-
Interest	4,194	4,194	4,194	-
<b>Total Expenditures</b>	<b>21,754</b>	<b>21,754</b>	<b>21,754</b>	<b>-</b>
Excess(deficiency) of revenues over (under) expenditures	<b>77,746</b>	<b>77,746</b>	<b>78,577</b>	<b>831</b>
<b>Net change in fund balances</b>	<b>77,746</b>	<b>77,746</b>	<b>78,577</b>	<b>831</b>
Fund Balances-beginning	251,376	251,376	252,496	1,120
Fund balances-ending	<b>\$ 329,122</b>	<b>\$ 329,122</b>	<b>\$ 331,073</b>	<b>\$ 1,951</b>

Note: Budget is Cash Basis

Table 50 Arterial Street Fund of Revenues, Expenditures, & Changes in Fund Balances – Budget and Actual

**CITY OF ISSAQUAH**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
CEMETERY FUND**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

	<b>CEMETERY FUND</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Charges for Services	\$ 25,000	\$ 25,000	\$ 25,900	\$ 900
Investment Income	5,000	5,000	2,471	(2,529)
<b>TOTAL REVENUES</b>	<b>30,000</b>	<b>30,000</b>	<b>28,371</b>	<b>(1,629)</b>
<b>EXPENDITURES</b>				
Utilities and environment	5,700	11,447	9,534	1,913
Capital outlay:				
Economic and physical development	2,000	8,510	5,230	3,280
<b>Total Expenditures</b>	<b>7,700</b>	<b>19,957</b>	<b>14,764</b>	<b>5,193</b>
Excess(deficiency) of revenues over (under) expenditures	22,300	10,043	13,607	3,564
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				-
Transfers Out	(18,000)	(18,000)	(18,000)	-
<b>Total Other financing sources and uses</b>	<b>(18,000)</b>	<b>(18,000)</b>	<b>(18,000)</b>	<b>-</b>
Net change in fund balances	4,300	(7,957)	(4,393)	3,564
Fund Balances-beginning	219,295	219,295	236,848	17,553
Fund balances-ending	<b>\$ 223,595</b>	<b>\$ 211,338</b>	<b>\$ 232,455</b>	<b>\$ 21,117</b>

Note: Budget is Cash Basis

Table 51 Cemetery Fund of Revenues, Expenditures, & Changes in Fund Balances – Budget and Actual

**CITY OF ISSAQUAH**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
MUNICIPAL ART FUND**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

	<b>MUNICIPAL ART FUND</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Taxes:				
Business Taxes	\$ 145,000	\$ 145,000	\$ 151,060	\$ 6,060
Intergovernmental	12,000	12,000	5,000	(7,000)
Investment Income	2,000	2,000	1,235	(765)
<b>TOTAL REVENUES</b>	<b>159,000</b>	<b>159,000</b>	<b>157,295</b>	<b>(1,705)</b>
<b>EXPENDITURES</b>				
Culture and Recreation	183,882	183,882	134,272	49,610
Total Expenditures	183,882	183,882	134,272	49,610
Excess(deficiency) of revenues over (under) expenditures	(24,882)	(24,882)	23,023	47,905
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	10,000	10,000		(10,000)
Transfers Out	(10,100)	(10,100)	(10,100)	-
Total Other financing sources and uses	(100)	(100)	(10,100)	(10,000)
Net change in fund balances	(24,982)	(24,982)	12,923	37,905
Fund Balances-beginning	98,946	98,946	115,116	16,170
Fund balances-ending	\$ 73,964	\$ 73,964	\$ 128,039	\$ 54,075

Note: Budget is Cash Basis

Table 52 Municipal Art Fund Schedule of Revenues, Expenditures, & Changes in Fund Balances – Budget and Actual

**CITY OF ISSAQUAH**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
RESOURCE CONSERVATION FUND**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

<b>RESOURCE CONSERVATION FUND</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Taxes:				
Business Taxes	\$ 6,500	\$ 6,500	\$ 5,819	\$ (681)
Intergovernmental	113,333	113,333	96,201	(17,132)
Charges for Services	160,000	160,000	136,915	(23,085)
Investment Income	2,000	2,000	806	(1,194)
Contributions and Donations	92,760	92,760	4,939	(87,821)
<b>TOTAL REVENUES</b>	<b>374,593</b>	<b>374,593</b>	<b>244,680</b>	<b>(129,913)</b>
<b>EXPENDITURES</b>				
Utilities and environment	649,690	649,690	417,100	232,590
Total Expenditures	649,690	649,690	417,100	232,590
Excess(deficiency) of revenues over (under) expenditures	(275,097)	(275,097)	(172,420)	102,677
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	198,000	198,000	198,000	-
Total Other financing sources and uses	198,000	198,000	198,000	-
Net change in fund balances	(77,097)	(77,097)	25,580	102,677
Fund Balances-beginning	91,748	91,748	85,504	(6,244)
Fund balances-ending	\$ 14,651	\$ 14,651	\$ 111,084	\$ 96,433

Note: Budget is Cash Basis

Table 53 Resource Conservation Fund Schedule of Revenues, Expenditures, & Changes in Fund Balances – Budget and Actual

**CITY OF ISSAQUAH**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
COMMUNICATIONS FUND**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

	<b>COMMUNICATIONS</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Licenses and Permits	\$ 140,000	\$ 140,000	\$ 118,704	\$ (21,296)
<b>TOTAL REVENUES</b>	<b>140,000</b>	<b>140,000</b>	<b>118,704</b>	<b>(21,296)</b>
<b>EXPENDITURES</b>				
Current:				
Securities of Persons and Property	108,220	108,220	100,731	7,489
Total Expenditures	108,220	108,220	100,731	7,489
Excess(deficiency) of revenues over (under) expenditures	31,780	31,780	17,973	(13,807)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(68,000)	(68,000)	(68,000)	-
Total Other financing sources and uses	(68,000)	(68,000)	(68,000)	-
Net change in fund balances	(36,220)	(36,220)	(50,027)	(13,807)
Fund Balances-beginning	139,616	139,616	129,560	(10,056)
Fund balances-ending	\$ 103,396	\$ 103,396	\$ 79,533	\$ (23,863)

Note: Budget is Cash Basis

Table 54 Communications Fund Schedule of Revenues, Expenditures, & Changes in Fund Balances – Budget and Actual

**CITY OF ISSAQUAH**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
LODGING TAX FUND**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

	<b>LODGING TAX FUND</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Taxes:				
Sales	\$ 34,000	\$ 34,000	\$ 40,496	\$ 6,496
<b>TOTAL REVENUES</b>	<b>34,000</b>	<b>34,000</b>	<b>40,496</b>	<b>6,496</b>
<b>EXPENDITURES</b>				
Current:				
Other General Government Services	47,580	47,580	39,579	8,001
Total Expenditures	47,580	47,580	39,579	8,001
Excess(deficiency) of revenues over (under) expenditures	(13,580)	(13,580)	917	14,497
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	10,000	10,000		(10,000)
Transfers Out	(10,000)	(10,000)		10,000
Total Other financing sources and uses	-	-	-	-
Net change in fund balances	(13,580)	(13,580)	917	14,497
Fund Balances-beginning	14,236	14,236	19,667	5,431
Fund balances-ending	\$ 656	\$ 656	\$ 20,584	\$ 19,928

Note: Budget is Cash Basis

Table 55 Lodging Tax Fund Schedule of Revenues, Expenditures, & Changes in Fund Balances – Budget and Actual

**CITY OF ISSAQUAH**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
KEROLA EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**

<b>KEROLA TRUST FUND</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Taxes:				
Property				\$ -
Other Taxes				-
Investment Income	500	500	490	(10)
<b>TOTAL REVENUES</b>	<b>500</b>	<b>500</b>	<b>490</b>	<b>(10)</b>
<b>EXPENDITURES</b>				
Current:				
Capital outlay:				
Culture and Recreation	47,451	47,451	23,579	23,872
Total Expenditures	47,451	47,451	23,579	23,872
Excess(deficiency) of revenues over (under) expenditures	(46,951)	(46,951)	(23,089)	23,862
Net change in fund balances	(46,951)	(46,951)	(23,089)	23,862
Fund Balances-beginning	46,951	46,951	43,185	(3,766)
Fund balances-ending	\$ -	\$ -	\$ 20,096	\$ 20,096

Note: Budget is Cash Basis

Table 56 Kerola Trust Fund Schedule of Revenues, Expenditures, & Changes in Fund Balances – Budget and Actual

**CITY OF ISSAQUAH**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
ROWLEY EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**

	<b>ROWLEY TRUST FUND</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Taxes:				
Property				\$ -
Other Taxes				-
Investment Income	600	600	713	113
<b>TOTAL REVENUES</b>	<b>600</b>	<b>600</b>	<b>713</b>	<b>113</b>
<b>EXPENDITURES</b>				
Capital outlay:				-
Culture and Recreation	58,591	58,591	-	58,591
Total Expenditures	58,591	58,591	-	58,591
Excess(deficiency) of revenues over (under) expenditures	(57,991)	(57,991)	713	58,704
Net change in fund balances	(57,991)	(57,991)	713	58,704
Fund Balances-beginning	57,897	57,897	57,897	-
Fund balances-ending	\$ (94)	\$ (94)	\$ 58,610	\$ 58,704

Note: Budget is Cash Basis

Table 57 Rowley Trust Fund Schedule of Revenues, Expenditures, & Changes in Fund Balances – Budget and Actual



## **INTERNAL SERVICE FUNDS**

Descriptions of the **Internal Service funds** included in the City's Comprehensive Annual Financial Report are provided below:

### **UNEMPLOYMENT INSURANCE FUND**

All local governments were brought under the State employment tax coverage in 1978. The City chose to self-insure and created this fund to administer the program. The City reimburses claims processed through the Employment Security Department from revenue that is derived from the transfer made from operating funds.

### **INSURANCE FUND**

This purpose of this fund is to segregate out the insurance transactions of the City into a single fund. This fund will charge other funds for their appropriate share of insurance premiums and uncovered claims. Over the years, it is hoped that this fund will be able to build up an adequate reserve to serve as a buffer against any unanticipated insurance claims.

### **EQUIPMENT RENTAL FUND**

This fund handles the maintenance, repair, and replacement of equipment necessary to serve the needs of the City Street Department. In addition, this fund accounts for all City vehicles and City equipment that has been prioritized to build up replacement reserves.

### **PUBLIC WORKS ENGINEERING OPERATIONS FUND**

This fund was set up in 1999 to consolidate engineering activities in the various utility and capital project funds. Engineering costs are charged to the Street, Water, Sewer, and Stormwater funds on a percentage allocation and to capital projects, in the appropriate funds, based on actual hours worked on those projects.

**CITY OF ISSAQUAH**

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	INTERNAL SERVICE FUNDS				
	Unemployment	Insurance	Equipment Rental	PW Engineering	Total
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 65,549	\$ 99,064	\$ 1,350,136	\$ 104,080	\$ 1,618,829
Receivable	-	-	155,811	-	155,811
Interest Receivable	64	82	909	-	1,055
Due from other funds	-	-	2,140,000	-	2,140,000
Inventories	-	-	99,961	-	99,961
Total current assets	65,613	99,146	3,746,817	104,080	4,015,656
Capital assets:					
Buildings and equipment, net	-	-	2,219,376	6,221	2,225,597
Total Assets	\$ 65,613	\$ 99,146	\$ 5,966,193	\$ 110,301	\$ 6,241,253
<b>LIABILITIES</b>					
Current liabilities					
Accounts Payable	-	-	33,419	7,949	41,368
Due to other funds	-	-	-	-	-
Compensated absences	-	-	34,364	169,373	203,737
Bonds, notes, and loans payable	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Total current liabilities	-	-	67,783	177,322	245,105
Non current liabilities					
Miscellaneous noncurrent	-	-	-	-	-
Total Liabilities	-	-	67,783	177,322	245,105
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	-	-	-	-	-
Unrestricted	65,613	99,146	5,899,101	(67,712)	5,996,148
Total net assets	\$ 65,613	\$ 99,146	\$ 5,899,101	\$ (67,712)	\$ 5,996,148

Table 58 Internal Service Funds – Combining Statement of Net Assets

**CITY OF ISSAQUAH**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

	INTERNAL SERVICE FUNDS				
	Unemployment	Insurance	Equipment Rental	PW Engineering	Total
<b>OPERATING REVENUES</b>					
Charges for services - internal	\$ -	\$ 343,500	\$ 1,433,339	\$ 1,709,147	\$ 3,485,986
Charges for services - external	-	284	-	-	284
Miscellaneous	-	-	-	-	-
Total operating revenues	-	343,784	1,433,339	1,709,147	3,486,270
<b>OPERATING EXPENSES</b>					
Personal services	67,441	368,901	15,534	1,676,965	2,128,841
Contractual services	-	-	-	-	-
Utilities	-	-	-	-	-
Repairs and maintenance	-	-	837,881	-	837,881
Other supplies and expenses	-	-	-	168,470	168,470
Insurance claims and expenses	-	-	-	-	-
Depreciation	-	-	790,446	691	791,137
Total operating expenses	67,441	368,901	1,643,861	1,846,126	3,926,329
Operating income (loss)	(67,441)	(25,117)	(210,522)	(136,979)	(440,059)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Earnings on investments	900	956	26,990	-	28,846
Earnings on investments-Internal	-	-	33,576	-	33,576
Miscellaneous revenue	-	-	19,022	-	19,022
Interest expense	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-
Total nonoperating revenues (expenses)	900	956	79,588	-	81,444
Income (loss) before transfers	(66,541)	(24,161)	(130,934)	(136,979)	(358,615)
Transfers in	31,200	-	285,000	-	316,200
Transfers out	-	-	-	-	-
Change in net assets	(35,341)	(24,161)	154,066	(136,979)	(42,415)
Net assets - beginning	100,954	123,307	5,565,035	69,267	5,858,563
Restate	-	-	180,000	-	180,000
Net assets - ending	\$ 65,613	\$ 99,146	\$ 5,899,101	\$ (67,712)	\$ 5,996,148

Table 59 Internal Service Funds – Statement of Revenues, Expenses, & Changes in Fund Net Assets

**CITY OF ISSAQUAH**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 1 of 2

	GOVERNMENTAL ACTIVITIES				Governmental
	INTERNAL SERVICE FUNDS				Activities
	Unemployment	Insurance	Equipment	Engineering	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received From Customers				\$	-
Cash Received From Interfund Services		343,784	1,433,338	1,709,147	3,486,269
Other Cash Received					-
Cash Payments to Suppliers		(368,901)	(413,865)	(175,382)	(958,148)
Cash Payments to Employees	(67,441)		(342,450)	(1,687,200)	(2,097,091)
Cash (Payments) Receipts to Other Gvmts			(114,335)		(114,335)
Cash for Other Operating					-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(67,441)</b>	<b>(25,117)</b>	<b>562,688</b>	<b>(153,435)</b>	<b>316,695</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Operating Transfers In					-
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital Cash Contributions from Developers					-
Proceeds from Capital Grants			(34,857)		(34,857)
Revenue Bond Proceeds					-
Revenue Bond Interest					-
Interfund Loans-Principal			(2,020,000)		(2,020,000)
Interfund Loans-Principal					-
Interfund Loan Interest			33,576		33,576
Interfund Loan Interest (Expense)					-
Capital Expenditures Paid			(541,495)	(6,912)	(548,407)
Principal Repaid			60,000		60,000
Interest and Other Debt Service					-
Interest and Other Debt Service			18,331	7,603	25,934
Capital Transfer In	31,200		285,000		316,200
Capital Transfer Out					-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>31,200</b>	<b>-</b>	<b>(2,199,445)</b>	<b>691</b>	<b>(2,167,554)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>					
Rental Fees on Investments					-
Interest Received on Investment	960	1,022	28,549		30,531
<b>NET CASH PROVIDED BY INVESTMENT ACTIVITIES</b>	<b>960</b>	<b>1,022</b>	<b>28,549</b>	<b>-</b>	<b>30,531</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(35,281)</b>	<b>(24,095)</b>	<b>(1,608,208)</b>	<b>(152,744)</b>	<b>(1,820,328)</b>
CASH AT BEGINNING OF YEAR	100,830	123,159	2,958,344	256,824	3,439,157
<b>CASH AT END OF YEAR</b>	<b>\$ 65,549</b>	<b>\$ 99,064</b>	<b>\$ 1,350,136</b>	<b>\$ 104,080</b>	<b>\$ 1,618,829</b>

Table 60 Internal Service Funds – Combining Statement of Cash Flows, Page 1

**CITY OF ISSAQUAH**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 2 of 2

	<b>GOVERNMENTAL ACTIVITIES</b>				<b>Governmental Activities</b>
	<b>INTERNAL SERVICE FUNDS</b>				<b>Internal</b>
	<b>Unemployment</b>	<b>Insurance</b>	<b>Equipment</b>	<b>Engineering</b>	<b>Service Funds</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	(67,441)	(25,117)	(210,522)	(136,979)	\$ (440,059)
Adjustment to Reconcile Operating Income to Net Cash Provided by Oper. Activities:					
Depreciation			790,446	691	\$ 791,137
Decrease (Increase) in Accts Receivable	-	-	-	-	-
Decrease (Increase) in Inventory	-	-	(5,367)	-	(5,367)
Increase (Decrease) in Accts Payable	-	-	(27,403)	(7,069)	(34,472)
Increase (Decrease) in Employee Benefits	-	-	15,534	(10,078)	5,456
<b>Net Cash Provided by Operating Activities</b>	<b>\$ (67,441)</b>	<b>\$ (25,117)</b>	<b>\$ 562,688</b>	<b>\$ (153,435)</b>	<b>\$ 316,695</b>

Table 61 internal Service Funds – Combining Statement of Cash Flows, Page 2



## **AGENCY FUNDS**

Fiduciary Funds account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not measure the results of operations.

**Descriptions of the Agency Funds included as supplementary information in the City's Comprehensive Annual Financial Report are provided below:**

### **AGENCY/DEPOSITS FUND**

This is a clearing mechanism for cash resources which are collected by the City, held a brief period, and then disbursed to authorized recipients.

### **CLAIMS CLEARING FUND**

The amounts necessary to support disbursements are transferred into this fund from the funds which record the expenditures. Claim Warrants are also redeemed through this fund.

### **PAYROLL CLEARING FUND**

The amounts necessary to support disbursements are transferred into this fund from the funds which record the payroll expenditures. Payroll Warrants are also redeemed through this fund.

**CITY OF ISSAQUAH**

**ALL AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	12/31/02 Balance	Additions	Deletions	12/31/2003 Balance
<b>AGENCY/DEPOSIT FUND</b>				
ASSETS				
Cash and equivalents	\$ 2,566,585	\$ 20,466,016	\$ 19,762,625	\$ 3,269,976
<b>TOTAL ASSETS</b>	<b>\$ 2,566,585</b>	<b>\$ 20,466,016</b>	<b>\$ 19,762,625</b>	<b>\$ 3,269,976</b>
LIABILITIES				
Deposits Payable	\$ 2,566,585	\$ 20,466,016	\$ 19,762,625	\$ 3,269,976
<b>TOTAL LIABILITIES</b>	<b>\$ 2,566,585</b>	<b>\$ 20,466,016</b>	<b>\$ 19,762,625</b>	<b>\$ 3,269,976</b>
<b>CLAIMS FUND</b>				
ASSETS				
Cash	546,744	\$ 25,253,843	\$ 24,811,540	\$ 989,047
<b>TOTAL ASSETS</b>	<b>\$ 546,744</b>	<b>\$ 25,253,843</b>	<b>\$ 24,811,540</b>	<b>\$ 989,047</b>
LIABILITIES				
Warrants Payable	\$ 546,744	\$ 25,253,843	\$ 24,811,540	\$ 989,047
<b>TOTAL LIABILITIES</b>	<b>\$ 546,744</b>	<b>\$ 25,253,843</b>	<b>\$ 24,811,540</b>	<b>\$ 989,047</b>
<b>PAYROLL FUND</b>				
ASSETS				
Cash	\$ 543,877	\$ 7,002,480	\$ 7,022,555	\$ 523,802
<b>TOTAL ASSETS</b>	<b>\$ 543,877</b>	<b>\$ 7,002,480</b>	<b>\$ 7,022,555</b>	<b>\$ 523,802</b>
LIABILITIES				
Warrants Payable	\$ 543,877	\$ 7,002,480	\$ 7,022,555	\$ 523,802
<b>TOTAL LIABILITIES</b>	<b>\$ 543,877</b>	<b>\$ 7,002,480</b>	<b>\$ 7,022,555</b>	<b>\$ 523,802</b>

Table 62 Agency Funds – Combining Statement of Fiduciary Net Assets

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**CITY OF ISSAQUAH**

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**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULE BY SOURCE**

FOR THE YEARS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
<b>Governmental Funds Capital Assets:</b>		
Land and Improvements	\$ 20,533,715	\$ 20,183,480
Art	85,817	
Construction in Progress	9,800,885	3,514,664
Building and Improvements	33,608,721	33,494,609
Machinery and Equipment	8,407,895	8,019,463
Total Governmental Funds Capital Assets	<u>\$ 72,437,033</u>	<u>\$ 65,212,216</u>

**Investments in Governmental Funds Capital Assets by Source:**

General fund	\$ 51,153,712	\$ 51,147,724
Special Revenue Funds	24,900	
Capital Project Funds	15,700,645	9,055,123
Internal Service Funds	5,557,776	5,009,369
Total Governmental Funds Capital Assets	<u>\$ 72,437,033</u>	<u>\$ 65,212,216</u>

Table 63 Governmental Funds Capital Assets Comparative Schedule by Source

**CITY OF ISSAQUAH**

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**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULE BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 1 of 2

**General government**

	<b>Land</b>	<b>Building</b>	<b>Art</b>	<b>Other Improvements</b>
Public safety		\$ 14,497,349		\$ 1,222
Transportation	2,664,737	116,904		2,450,462
Utilities & Environment				186,366
Culture & Recreation	3,910,150	9,000,803	85,817	1,667,888
Economic Environment				1,256
Physical Environment				1,980
<b>Total General Government Subtotal:</b>	<b>6,574,887</b>	<b>23,615,056</b>	<b>85,817</b>	<b>4,309,174</b>

**General Government**

Council				
Executive				
Financial				
IAS				
Other	13,958,828	5,262,959		357,666
Human Resources				
Internal Service				63,866
<b>Total Governmental Funds</b>				
<b>Capital Assets:</b>	<b>\$ 20,533,715</b>	<b>\$ 28,878,015</b>	<b>\$ 85,817</b>	<b>\$ 4,730,706</b>

Table 64 Governmental Funds Capital Assets Comparative Schedule by Source, Page 1

**CITY OF ISSAQUAH**

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**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULE BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Page 2 of 2

	<b>Machinery and Equipment</b>	<b>Construction in Progress</b>	<b>Total</b>
	\$ 1,814,859	\$ 3,565,726	\$ 19,879,156
	255,247	2,418,473	7,905,823
	63,439		249,805
	301,306	2,316,902	17,282,866
	56,880		58,136
	4,700		6,680
	<u>2,496,431</u>	<u>8,301,101</u>	<u>45,382,466</u>
			-
	6,040		6,040
	19,984		19,984
	114,593		114,593
	275,149	1,499,784	21,354,386
	1,788		1,788
	<u>5,493,910</u>		<u>5,557,776</u>
	<u>\$ 8,407,895</u>	<u>\$ 9,800,885</u>	<u>\$ 72,437,033</u>

Table 65 Governmental Funds Capital Assets Comparative Schedule by Source, Page 2

**CITY OF ISSAQUAH**

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**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULE BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Governmental Fund Capital Assets Adjusted 1/1/2003</b>	<b>Additions</b>	<b>Deletions</b>	<b>Governmental Fund Capital Assets 12/31/2003</b>
Public safety	17,184,565	\$ 2,694,591		\$ 19,879,156
Transportation	5,132,416	2,773,407		7,905,823
Utilities & Environment	244,575	5,230		249,805
Culture & Recreation	16,334,302	1,003,149	(54,585)	17,282,866
Economic Environment	58,136			58,136
Physical Environment	(0)	6,680		6,680
General Government Subtotal:	<u>38,953,993</u>	<u>6,483,058</u>	<u>(54,585)</u>	<u>45,382,466</u>
General Government				-
Executive	6,040			6,040
Financial	19,984			19,984
IAS	108,564	6,029		114,593
Other	21,113,574	278,282	(37,470)	21,354,386
Human Resources	1,788			1,788
Internal Service	5,009,369	548,407		5,557,776
Total governmental funds capital assets:	<u>\$ 65,213,313</u>	<u>\$ 7,315,775</u>	<u>\$ (92,055)</u>	<u>\$ 72,437,033</u>

Table 66 Governmental Funds Capital Assets Comparative Schedule Function and Activity

# STATISTICAL SECTION



**STATISTICAL SECTION**

**GENERAL REVENUES BY SOURCES\***  
LAST TEN FISCAL YEARS

Year	Taxes	Licenses & Permits	Inter- Governmental	Charges For Services	Fines & Forfeits	Misc	Total
2003	\$ 14,677,913	\$ 2,291,057	\$ 2,007,455	\$ 1,893,822	\$ 119,590	\$ 3,403,655	\$ 24,393,492
2002	14,253,971	1,202,891	1,564,109	1,729,061	122,907	4,066,156	22,939,095
2001	14,111,777	1,324,362	1,793,188	1,953,649	88,352	4,246,971	23,518,299
2000	12,203,972	1,051,949	1,481,398	2,312,330	167,139	2,856,103	20,072,891
1999	11,453,885	1,044,935	932,570	2,894,321	189,902	1,867,843	18,383,456
1998	9,766,418	1,229,202	993,618	2,673,819	173,220	1,519,137	16,355,414
1997	8,674,457	748,139	999,903	1,302,377	133,969	1,896,920	13,755,765
1996	7,660,164	792,124	940,665	1,173,829	123,862	1,644,799	12,335,443
1995	6,925,318	777,065	837,495	666,756	126,259	1,202,996	10,535,889
1994	5,619,891	967,715	1,158,436	761,436	153,275	948,774	9,609,527
1993	5,153,330	671,496	1,176,393	691,779	118,259	496,202	8,307,459
1992	4,710,161	387,290	954,817	574,855	93,614	614,402	7,335,139

\* Includes General, Special Revenue, and Debt Service Funds reported on budgetary (cash) basis of accounting.

Table 67 General Revenues by Sources – Last 10 Fiscal Years

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTIONS\*\***  
LAST TEN FISCAL YEARS

Year	General Government	Public Safety	Highway & Street	Physical & Economic Environment	Culture & Recreation	Debt Service **	Total
2003	\$ 4,694,705	\$ 7,399,321	\$ 4,013,594	\$ 2,931,821	\$ 3,696,762	\$ 3,868,309	\$ 26,604,512
2002	4,439,317	7,095,443	4,222,575	2,719,713	5,777,981	4,129,357	28,384,386
2001	3,897,894	6,393,709	3,741,567	2,741,422	3,324,229	2,984,326	23,083,147
2000	3,021,121	5,780,317	3,037,166	2,521,346	3,464,514	3,252,704	21,077,168
1999	2,554,635	4,861,340	2,123,506	2,134,729	3,069,202	2,653,710	17,397,122
1998	3,309,518	4,734,241	2,138,539	1,892,298	2,982,543	2,979,065	18,036,204
1997	2,612,302	3,928,949	1,898,910	1,474,248	2,690,396	3,808,237	16,413,042
1996	2,509,603	3,349,607	1,505,537	1,281,614	2,303,086	2,530,973	13,480,420
1995	1,976,699	3,091,344	1,045,482	1,282,355	1,728,254	1,495,015	10,619,149
1994	1,801,145	2,753,547	1,082,439	1,439,178	1,168,981	1,074,823	9,320,113
1993	1,640,548	2,491,080	400,741	2,063,077	840,045	961,663	8,397,154
1992	1,404,589	2,195,329	959,211	1,193,198	840,483	1,364,802	7,957,612

\* Includes General, Special Revenue, and Debt Service Funds reported on budgetary (cash) basis of accounting.

\*\* Excluding LID Guaranty Funds

Table 68 General Governmental Expenditures by Function

**CITY OF ISSAQUAH**

**TAX REVENUE BY SOURCE – ALL CITY FUNDS**  
LAST TEN FISCAL YEARS

Fiscal Year	Sales Tax	Property Tax	Utility Tax	B&O Tax	Real Estate		State	Total Taxes
					Excise Tax	Other Taxes*	Shared Taxes**	
2003	\$ 9,009,119	\$ 4,039,739	\$ 2,249,490	\$ 1,508,635	\$ 1,286,122	\$ 430,016	\$ 368,886	\$ 18,892,007
2002	9,004,352	3,790,959	2,208,817	1,455,867	1,085,113	402,793	436,155	18,384,056
2001	9,210,311	3,383,882	2,081,150	1,395,621	1,559,027	322,345	451,210	18,403,546
2000	7,960,550	2,849,026	1,697,056	1,156,307	1,204,763	377,603	385,114	15,630,419
1999	7,349,202	2,683,523	1,514,988	938,429	904,750	341,849	485,450	14,218,191
1998	6,121,280	2,581,686	1,378,260	904,212	665,803	251,152	454,939	12,357,332
1997	5,502,497	2,325,807	1,348,061	794,364	593,083	231,043	437,460	11,232,315
1996	4,925,948	2,256,276	1,352,765	742,261	439,849	219,492	431,740	10,368,331
1995	4,139,604	1,806,991	1,231,590	621,943	572,296	195,822	447,116	9,015,362
1994	2,777,905	1,618,820	1,080,364	497,177	582,637	221,454	438,909	7,217,266
1993	2,273,493	1,480,358	977,548	437,925	284,810	221,133	622,486	6,297,753

\* Includes Franchise and Gambling Taxes

\*\* Consists of the Motor Vehicle Excise Tax, Motor Vehicle Fuel Tax, Liquor Excise Tax, and the Mobile/Trailer/Camper Excise Tax; distribution of which are based on population figures.

\*\*\* Includes General, Special Revenue, and Debt Service Funds reported on budgetary (cash) basis of accounting.

Table 69 Tax Revenues by Source – All City Funds, Last 10 Fiscal Years

**PROPERTY TAX LEVIES AND COLLECTIONS**  
LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy	Current Tax Collection*	% of Levy Collected	Delinquent Tax Collections	Total Tax Collections	% of Total		% of Delinquent to Tax Levy
						Tax Collections to Tax Levy	Outstanding Delinquent Taxes	
2003	\$ 4,259,405	\$ 3,988,208	93.63%	\$ 86,725	\$ 4,074,933	95.67%	\$ 99,224	2.33%
2002	3,777,251	3,725,018	98.62	66,346	3,791,364	100.37	104,602	2.77
2001	3,442,516	3,347,483	97.24	43,890	3,391,373	98.51	118,715	3.45
2000	3,223,065	3,168,665	98.31	76,923	3,245,588	100.70	67,572	2.10
1999	2,705,531	2,629,442	97.19	57,916	2,687,358	99.33	90,097	3.33
1998	2,563,227	2,552,953	99.60	84,653	2,637,606	102.90	72,718	2.84
1997	2,361,411	2,307,453	97.72	63,810	2,371,263	100.42	102,677	4.35
1996	2,321,206	2,230,855	96.11	32,864	2,263,719	97.52	102,155	4.40
1995	1,817,522	1,758,249	96.74	53,602	1,811,851	99.69	50,021	2.75
1994	1,674,474	1,604,433	95.82	33,978	1,638,411	97.85	66,554	3.97
1993	1,496,591	1,436,336	95.97	44,422	1,480,358	98.92	68,028	4.55

\*Fiscal year 2000 includes property taxes - annexed streets (\$380,645)

Table 70 Property Tax Levies & Collection – Last Ten Fiscal Years

**CITY OF ISSAQUAH**

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Year	Tax Based			New Construction	Annexed Property	Property Tax Statutory Limit (3,375/1,000)	Regular Property Tax Levied With 101% Lid*
	Total Assessed Valuation	% Increase From Prior Year					
2003	\$ 2,531,753,104	7.1%	\$ 117,195,241	\$ 489,320	\$ 7,848,435	\$ 3,192,143	
2002	2,362,934,287	18.0%	246,774,701	-	7,325,096	2,994,880	
2001	2,001,756,127	42.3%	135,366,838	291,594,415	6,239,374	2,664,921	
2000	1,407,065,148	12.2%	74,342,491	-	4,361,902	2,078,361	
1999	1,254,126,426	11.0%	58,562,031	-	3,907,882	1,944,531	
1998	1,129,728,694	13.8%	38,630,482	30,407,600	3,502,924	1,753,227	
1997	992,726,833	7.9%	23,649,271	-	3,077,453	1,551,411	
1996	919,745,374	5.9%	72,249,544	590,700	2,851,211	1,417,137	
1995	868,228,274	13.2%	49,479,366	-	2,711,906	1,252,522	
1994	766,774,641	2.5%	24,990,400	-	2,407,672	1,100,474	
1993	747,968,399	24.6%	23,506,279	34,802,410	2,378,540	1,023,591	

\* Changed to 101% Lid in 2002

Year	Levied vs. Statutory Limit Variance	Regular Rate	Excess Property Tax (Voted)	Voted Rate	Total Rate	Population
		per \$1,000 Assessed Value		per \$1,000 Assessed Value	per \$1,000 Assessed Value	
2003	\$ (4,656,292)	1.257	\$ 886,000	0.446	1.703	15,110
2002	(4,330,216)	1.267	891,000	0.481	1.748	13,790
2001	(3,574,453)	1.331	761,000	0.461	1.792	12,950
2000	(2,283,541)	1.477	761,000	0.544	2.021	10,260
1999	(1,963,351)	1.532	761,000	0.607	2.139	10,130
1998	(1,749,697)	1.550	810,000	0.722	2.272	9,910
1997	(1,526,042)	1.555	810,000	0.816	2.371	9,610
1996	(1,434,074)	1.557	900,000	0.979	2.536	9,255
1995	(1,459,384)	1.442	565,000	0.657	2.099	9,025
1994	(1,307,198)	1.433	574,000	0.743	2.176	8,379
1993	(1,354,949)	1.339	473,000	0.632	1.971	8,326

Table 71 Assessed & Estimated Actual Value of Taxable Property

**CITY OF ISSAQUAH**

**PROPERTY TAX RATES FOR ALL OVERLAPPING GOVERNMENTS**  
 (PER \$1,000 OF ASSESSED VALUATION)  
 LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>City</b>	<b>WA State</b>	<b>King County</b>	<b>Port of Seattle</b>	<b>School District #411</b>	<b>Emergency Medical Services*</b>	<b>Library District</b>	<b>Total</b>
2003	\$ 1.70	\$ 2.90	\$ 1.35	\$ 0.26	\$ 3.75	\$ 0.24	\$ 0.63	\$ 10.83
2002	1.75	2.99	1.45	0.19	3.63	0.25	0.57	10.83
2001	1.79	3.15	1.55	0.19	4.18	0.25	0.61	11.72
2000	2.02	3.30	1.69	0.22	4.54	0.27	0.66	12.70
1999	2.14	3.36	1.77	0.24	4.53	0.29	0.71	13.04
1998	2.27	3.51	1.85	0.26	4.97	0.00	0.50	13.36
1997	2.39	3.50	2.13	0.28	5.16	0.25	0.50	14.21
1996	2.54	3.50	2.21	0.29	5.21	0.25	0.50	14.50
1995	2.10	3.42	2.25	0.29	4.93	0.25	0.49	13.73
1994	2.18	3.40	2.22	0.30	4.84	0.25	0.46	13.65
1993	2.01	3.30	2.14	0.31	4.87	0.24	0.41	13.28

Source: King County Assessor's Office

Table 72 Property Tax Rates for All Overlapping Governments

**SPECIAL ASSESSMENT COLLECTIONS**  
 LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Current Assessments Due</b>	<b>Assessments Collected*</b>	<b>Ratio of Collections to Amounts Due</b>	<b>Total Outstanding Assessments</b>
2003	\$ 361,457	\$ 346,457	95.9	945,520
2002	421,508	644,101	152.8	1,291,977
2001	435,049	467,531	107.5	1,936,078
2000	435,049	503,799	115.8	2,403,609
1999	864,878	969,829	112.1	2,907,408
1998	990,022	817,840	82.6	3,877,237
1997	881,169	1,034,175	117.4	4,695,077
1996	583,222	426,050	73.1	2,506,819
1995	102,862	156,803	152.4	304,610
1994	103,684	162,120	156.4	461,413
1993	112,418	144,241	128.3	623,533

\* Includes delinquent collections and assessments paid off in full.

Table 73 Special Assessment Collections

**CITY OF ISSAQUAH**

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population</b>	<b>Assessed Value*</b>	<b>Net Bonded Debt**</b>	<b>Bonded Debt to Assessed Value</b>	<b>Debt Per Capital</b>
2003	15,110	\$ 3,027,362,027	\$ 29,589,022	0.98%	\$ 1,958
2002	13,790	2,531,753,104	31,419,730	1.24%	2,278
2001	12,950	2,362,934,287	33,213,791	1.41%	2,565
2000	10,260	2,001,756,127	22,869,009	1.14%	2,229
1999	10,130	1,407,065,148	21,429,258	1.52%	2,115
1998	9,866	1,254,126,426	14,382,857	1.15%	1,458
1997	9,610	1,129,728,694	15,435,270	1.37%	1,606
1996	9,255	992,726,833	14,940,658	1.51%	1,614
1995	9,035	919,745,374	15,994,080	1.74%	1,770
1994	8,379	868,228,274	7,712,298	0.89%	920
1993	8,326	766,774,641	5,779,516	0.75%	694

\* Assessed value provided by King County, Washington, which is the City's tax collection and distribution agency. This is the assessed value used to determine the following year's taxes.  
 \*\* Gross bonded debt less amount available in debt service funds.

Table 74 Ratio of Net General Bonded Debt

**COMPUTATION OF LEGAL DEBT MARGIN  
AS OF DECEMBER 31, 2003**

	<b>General Capacity</b>		<b>Special Purpose Capacity</b>		<b>Total Capacity</b>
	<b>Councilmanic (Non-Voted)</b>	<b>Excess Levy (Voted-In)</b>	<b>Parks &amp; Open Space (Voted-In)</b>	<b>Utility Purpose (Voted-In)</b>	
December 31, 2003 Assessed Value:*	\$ 3,027,362,027				
2.50 % of Assessed Value	\$ -	\$ 75,684,050	\$ 75,684,050	\$ 75,684,050	\$ 227,052,150
1.50% of Assessed Value	45,410,430	(45,410,430)	-	-	-
<b>Statutory Debt Limit</b>	<b>\$ 45,410,430</b>	<b>\$ 30,273,620</b>	<b>\$ 75,684,050</b>	<b>\$ 75,684,050</b>	<b>\$ 227,052,150</b>
Less Debt Outstanding (General Obligation Bonds)	\$ (23,415,000)	\$ (6,542,317)	\$ (232,683)	\$ -	\$ (30,190,000)
Add Amount Available in Debt Service Fund	60,305	540,673	-	-	600,978
<b>Remaining Debt Capacity</b>	<b>\$ 22,055,735</b>	<b>\$ 24,271,976</b>	<b>\$ 75,451,367</b>	<b>\$ 75,684,050</b>	<b>\$ 197,463,128</b>

\* Property assessed at 100% of the estimated value.

Table 75 Computation of Legal Debt Margin



**CITY OF ISSAQUAH**

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**DEBT SERVICE REQUIREMENTS TO MATURITY FOR GENERAL BONDED DEBT**  
DECEMBER 31, 2003

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Expenditures*</b>	<b>Ratio of Debt Service to General Expenditures</b>
2003	\$ 1,810,000	\$ 1,567,007	\$ 3,377,007	\$ 36,079,135	9.4
2002	1,710,000	1,619,980	3,329,980	34,999,979	9.5
2001	1,210,000	1,107,095	2,317,095	25,167,923	9.2
2000	1,145,000	1,069,308	2,214,308	21,077,069	10.5
1999	850,000	732,566	1,582,566	17,216,697	9.2
1998	2,950,000	760,007	3,710,007	18,036,204	20.6
1997	1,875,000	839,033	2,714,033	16,413,042	16.5
1996	890,000	871,520	1,761,520	13,480,420	13.1
1995	760,000	526,955	1,286,955	10,619,149	12.1
1994	555,000	489,309	1,044,309	9,320,113	11.2
1993	480,000	478,853	958,853	7,363,231	13.0
1992	430,000	532,306	962,306	7,947,964	12.1

\* Includes General, Special Revenue, and Debt Service Funds.

Table 77 Debt Service Requirements to Maturity of General Bonded Debt

**CITY OF ISSAQUAH**

**REVENUE BOND SERVICE COVERAGE**  
LAST TEN FISCAL YEARS

	Fiscal Year	Net Available For Debt Service	Debt Service Requirements		Total	Coverage
			Principal	Interest		
<b>WATER REVENUE BONDS</b>	2003	\$ 2,734,827	\$ 510,000	\$ 571,485	\$ 1,081,485	2.53
	2002	2,019,320 *	480,000	573,897	1,053,897	1.92
	2001	701,985 *	175,000	176,200	351,200	2.00
	2000	443,870 *	170,000	183,593	353,593	1.26
	1999	520,052 *	165,000	190,863	355,863	1.46
	1998	795,034 *	140,000	168,257	308,257	2.58
	1997	552,613 *	130,000	161,365	291,365	1.90
	1996	451,593 *	125,000	165,740	290,740	1.55
	1995	435,824 *	120,000	169,640	289,640	1.50
	1994	555,991 *	135,000	159,092	294,092	1.89
1993	111,100	55,000	18,563	73,563	1.51	
	Fiscal Year	Net Available For Debt Service	Debt Service Requirements		Total	Coverage
			Principal	Interest		
<b>SEWER REVENUE BONDS</b>	2003	\$ 283,789	\$ -	\$ -	\$ -	n/a
	2002	260,779	-	-	-	n/a
	2001	597,833	-	-	-	n/a
	2000	444,813	-	-	-	n/a
	1999	225,351	25,000	6,480	31,480	7.16
	1998	254,453	25,000	7,955	32,955	7.72
	1997	350,619	25,000	9,380	34,380	10.20
	1996	194,023	25,000	10,743	35,743	5.43
	1995	259,027	20,000	11,905	31,905	8.12
	1994	170,093	20,000	12,855	32,855	5.18
1993	267,537	20,000	13,680	33,680	7.94	
	Fiscal Year	Net Available For Debt Service	Debt Service Requirements		Total	Coverage
			Principal	Interest		
<b>STORMWATER REVENUE BONDS</b>	2003	\$ 701,071	\$ 135,000	\$ 166,312	\$ 301,312	2.33
	2002	655,316	125,000	168,631	293,631	2.23
	2001	873,491	75,000	97,328	172,328	5.07
	2000	282,674	70,000	101,118	171,118	1.65
	1999	260,133	65,000	105,338	170,338	1.53
	1998	118,313	20,000	31,399	51,399	2.30

\*Includes rental income which has been dedicated toward debt service.

Table 78 Revenue Bond Service Coverage – Water, Sewer & Stormwater

**CITY OF ISSAQUAH**

**PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS**  
LAST TEN FISCAL YEARS

Fiscal Year	Commercial Construction		Residential Construction		Bank Deposits (in Thousands)	Total Property Value*
	Number of Permits	Value (in Thousands)	Number of Permits	Value (in Thousands)		
2003	108	\$ 8,893	604	\$ 124,880	\$ 47,770	\$ 2,531,753
2002	138	19,029	233	48,371	37,990	2,362,934
2001	131	27,677	166	67,247	60,718	2,001,756
2000	101	35,383	170	20,724	39,519	1,407,065
1999	113	22,141	213	48,169	45,741	1,407,065
1998	92	16,656	284	77,246	32,154	1,254,126
1997	124	13,765	166	26,548	30,787	1,129,729
1996	123	19,985	176	22,837	38,559	992,727
1995	156	50,075	131	28,795	45,786	919,745
1994	82	36,882	252	40,651	33,936	868,228
1993	64	18,531	149	34,031	21,981	766,775

\* King County Assessor's Office

Table 79 Property Value, Construction, and Bank Deposits

**PRINCIPAL TAXPAYERS WITHIN THE CITY**

Taxpayer Name	Business Type	Total Value
COSTCO	Headquarters and warehouse	\$ 157,900,143
Rowley Enterprises	Apartments	48,677,800
Madison Marquette Retail	Commercial property	42,536,100
Avalon Bay Communities, Inc.	Apartments	40,964,000
Puget Sound Enerty (Gas/Electric)	Gas & electric utilities	22,975,196
Pickering Square LLC	Retail mall	22,490,500
John Hancock Real Estate (Town & Country Square)	Commercial property Apartments	17,948,300
Lowe's HIW Inc.	Home & garden supplies	16,667,806
Meadows Investment	Commercial property Apartments	14,982,200
Target Corporation	Commercial property Apartments	10,888,796
Quest Corporation Inc.	Telecommunication	9,651,525

\*King County Department of Assessment and Division of Financial Management

Table 80 Principal Taxpayers Within the City

**CITY OF ISSAQUAH**

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**DEMOGRAPHIC STATISTICS**

	<u>1990</u>		<u>2000</u>	
Total population	7,786		11,212	
Average persons per household	2.40		2.27	
Population 25 years and over	5,333	69%	7,927	71%
High school graduate or higher	4,765	89%	7,622	97%
Bachelor's degree or higher	1,750	33%	3,826	48%
Foreign born		6%		12%
Median household income (dollars)	\$ 35,422		\$ 57,892	
Median family income (dollars)	46,367		77,274	
Per capita income (dollars)	18,055		34,222	
Families below poverty level		3.7%		3.4%

\*United States Census Bureau

Table 81 Demographic Statistics

# CITY OF ISSAQUAH

## **MISCELLANEOUS DATA** DECEMBER 31, 2003

<b>Date of Incorporation</b>	April 27, 1892	
<b>Form of Government</b>	Mayor-Council (part-time) Non Charter Code City Congressional District: 8th Legislative District: 41st and 5th	
<b>Area</b>	10.85 Square Miles	
<b>2000 Population (estimate)</b>	15,110	
<b>Parks and Playgrounds</b>	Tibbetts Valley Park - 20 Acres Gibson Park - 1.5 Acres Gilman Boulevard Parkway - 11 Acres Greenwood - 20 Acres Issaquah Creek - 18 Acres Lake Tradition - 463 Acres Memorial Park - 4 Acres Pedestrian Park - 7 Acres Pickering Park - 4 Acres Squak Valley Park - 10 Acres Tibbetts Creek Manor - 5.5 Acres Walden Hill Park - 2 Acres	Community Center Park - 4 Acres Cornick Park - 1/4 Acre Depot Park - 3 Acres Mine Hill Park - 5 Acres Centennial Park - 1/2 Acre Lake Sammamish State Park - 435 Acres (Located adjacent to the City limits) Open Space - 20,000 Acres Cougar Mountain Squak Mountain Tiger Mountain Grand Ridge
<b>Park/Recreation Indoors</b>	Julius Boehm Swimming Pool Community Center	Tibbetts Creek Manor Pickering Barn
<b>Library</b>	King County Library	
<b>Newspaper</b>	The Issaquah Press - Weekly Distribution	
<b>Issaquah School District</b>	13 Elementary Schools* 4 Middle Schools** 3 High Schools** Tiger Mountain Community High School*** Echo Glen Children's Center ****	* 2 in the City ** 1 in the City *** in the City **** not in the City
<b>Banks</b>	Issaquah Bank Key Bank King County Credit Union Bank of America Columbia Bank U.S. Bank Wells Fargo Bank	
<b>Savings and Loan Institutions</b>	Cascade Savings Bank First Mutual Bank Washington Mutual	

Table 82 Miscellaneous Data

**CITY OF ISSAQUAH**

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**MISCELLANEOUS STATISTICS – PUBLIC WORKS DEPARTMENT**  
DECEMBER 31, 2003

**WATER UTILITY**

Year	Number of Customers	Residential Rate Per Month					
		-Minimum- Up to 500 Cubic Feet Usage	Overage Charge Per 100 cf	Block I 0-8 ccf	Block II 9-15 ccf	Block III 16-30 ccf	Block IV > 30 ccf
<b>2003</b>	<b>3,961</b>	<b><i>The block rate structure for water was changed in 2002 -- current</i></b>					
2002	4,534	<b><i>year structure can be found on the following page</i></b>					
2001	4,144	\$7.51	*	\$0.85	\$1.57	\$2.56	\$3.63
2000	3,995	7.51	*	0.85	1.57	2.56	3.63
1999	3,221	7.08	*	0.81	1.48	2.42	3.43
1998	3,407	6.32	*	0.72	1.32	2.16	3.06
1997	3,052	5.89	*	0.64	1.18	1.93	2.73
1996	2,931	5.50	*	0.60	1.10	1.80	2.55
1995	2,817	4.50	1.85				
1994	2,747	4.50	1.85				
1993	2,533	4.50	1.85				

\* Inverted water block rates were adopted in January 1996 as a result of a consultant re-evaluation of the City's water rate structure.

Table 83 Miscellaneous Statistics – Water Utility 1987-2003

2003 WATER RATES

2003 WATER RATES

SINGLE FAMILY RESIDENTIAL						
Meter Size	Fixed Bimonthly	Block One 0-4 ccf	Block Two 5-14 ccf	Block Three 15-30 ccf	Block Four 31-50 ccf	Block Five >50 ccf
¾"	\$18.31	\$1.04	\$2.74	\$4.57	\$6.71	\$8.41
1"	\$42.12	\$1.04	\$2.74	\$4.57	\$6.71	\$8.41
1-½"	\$81.79	\$1.04	\$2.74	\$4.57	\$6.71	\$8.41
2"	\$129.39	\$1.04	\$2.74	\$4.57	\$6.71	\$8.41
DUPLEX <sup>1</sup>						
Meter Size	Fixed Bimonthly	Block One 0-8 ccf	Block Two 9-14 ccf	Block Three 15-40 ccf	Block Four >40 ccf	
¾"	\$17.08	\$1.65	\$2.74	\$4.27	\$6.83	
1"	\$39.03	\$1.65	\$2.74	\$4.27	\$6.83	
APARTMENTS / TRAILER COURTS <sup>2</sup>						
Meter Size	Fixed Bimonthly	Block One	Block Two	Thresholds		
¾"	\$20.13	\$2.14	\$3.36	Meter Size	Block One	Block Two
1"	\$46.66	\$2.14	\$3.36	¾"	0-8	>8
1-½"	\$90.89	\$2.14	\$3.36	1"	0-20	>20
2"	\$143.95	\$2.14	\$3.36	1-½"	0-40	>40
3"	\$285.46	\$2.14	\$3.36	2"	0-64	>64
4"	\$444.66	\$2.14	\$3.36	3"	0-128	>128
COMMERCIAL / PUBLIC AUTHORITY <sup>2</sup>				4"	0-200	>200
Meter Size	Fixed Bimonthly	Block One	Block Two	6"	0-400	>400
¾"	\$24.09	\$2.97	\$4.19	8"	0-640	>640
1"	\$56.57	\$2.97	\$4.19	Apartments/Trailer Courts/Commercial/Public Authority		
1-½"	\$110.69	\$2.97	\$4.19			
2"	\$175.64	\$2.97	\$4.19			
3"	\$348.84	\$2.97	\$4.19			
4"	\$543.69	\$2.97	\$4.19			
6"	\$1,084.94	\$2.97	\$4.19			

Table 84 - Miscellaneous Statistics – Water Rates 2003

<sup>1</sup> Fixed Charges are per dwelling unit for this classification. Rate structure shown assumes tenant billing. If duplex has a single meter and is owner billed, then the duplex would be billed as a single family residence.

<sup>2</sup> Usage thresholds are per meter equivalent for this classification.

**CITY OF ISSAQUAH**

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**SEWER UTILITY RATES**

Year	Number of Customers	Residential Rate Per Month		
		Metro	City	Total
		Charge	Charge	
<b>2003</b>	<b>3,464</b>	<b>\$ 23.40</b>	<b>\$ 14.00</b>	<b>\$ 37.40</b>
2002	3,129	23.40	11.72	35.12
2001	2,690	19.75	11.72	31.47
2000	2,860	19.50	11.72	31.22
1999	2,743	19.10	11.72	30.82
1998	2,674	19.10	10.46	29.56
1997	2,604	19.10	9.34	28.44
1996	2,408	19.10	8.73	27.83
1995	2,408	15.90	5.58	21.48
1994	2,366	15.90	5.58	21.48
1993	2,203	13.80	5.40	19.20

Table 85 Miscellaneous Statistics – Sewer Utility Rates

**STORMWATER UTILITY RATES**

Year	Number of Customers	Residential Rate Per Month
		City
		Charge
<b>2003</b>	<b>4,623</b>	<b>\$ 11.77</b>
2002	4,205	11.77
2001	3,668	10.95
2000	3,214	10.95
1999	3,183	9.95
1998	3,183	8.89
1997	n/a	7.94
1996	n/a	7.09
1995	n/a	7.09
1994	n/a	7.09
1993	n/a	7.09

Table 86 Miscellaneous Statistics - Stormwater Utility Rates

**STREET UTILITY INFORMATION**

Asphaltic Plant or Road Mix	174.95 Miles
Bituminous Surface Treatment	0.0 Miles
Gravel or Crushed Rock	0.45 Miles

Table 87 Miscellaneous Statistics - Streets

**CITY OF ISSAQUAH**

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**PUBLIC WORKS OPERATIONS LABOR HOURS**

**LABOR HOURS\*\***

Year	Street		Water		Sewer		Storm	
	Hours	Percent	Hours***	Percent	Hours	Percent	Hours	Percent
<b>2003</b>	<b>13,133</b>	<b>35.8%</b>	<b>12,614</b>	<b>34.4%</b>	<b>3,532</b>	<b>9.6%</b>	<b>7,429</b>	<b>20.2%</b>
2002	11,808	33.4%	12,924	36.6%	3,405	9.6%	7,205	20.4%
2001	10,473	31.9%	12,949	39.4%	2,958	9.0%	6,481	19.7%
2000	11,737	34.4%	13,325	39.0%	3,517	10.3%	5,574	16.3%
1999	8,841	30.1%	13,041	44.3%	2,841	9.7%	4,696	16.0%
1998	9,071	31.4%	11,772	40.7%	2,825	9.8%	5,251	18.2%
1997	8,615	31.2%	11,562	41.9%	2,532	9.2%	4,870	17.7%
1996	8,359	32.4%	10,086	39.0%	2,585	10.0%	4,804	18.6%
1995	8,133	32.6%	10,212	41.0%	2,571	10.3%	3,999	16.1%
1994	7,363	32.0%	10,189	44.2%	2,088	9.1%	3,396	14.7%
1993	7,484	33.3%	8,972	39.9%	2,293	10.2%	3,714	16.5%
1992	7,226	32.1%	9,694	43.1%	1,973	8.8%	3,611	16.0%

\*\* Labor hours of Public Works crews

\*\*\* Does not include standby hours

Table 88 Miscellaneous Statistics – Labor Hours



**SUPPLEMENTAL SCHEDULES**

**STATEMENT OF REAL AND PERSONAL PROPERTY TAXES**  
FOR THE YEAR ENDED DECEMBER 31, 2003

<b>Fund Number</b>	<b>Fund Name</b>	<b>1/1/2003</b>	<b>\$/100</b>	<b>Levied</b>	<b>Collected</b>	<b>Increases</b>	<b>Decreases</b>	<b>12/31/2003</b>
001	General	\$ 77,486	1.25700	\$ 3,372,372	\$ 3,375,637	\$19,835	\$ 17,966	\$ 76,089
200	G.O. Bonds	27,116	0.44600	885,879	889,146	3,619	4,334	23,135

Table 89 Statement of Real and Personal Property Taxes

**COMBINED STATEMENT OF DELINQUENT TAXES RECEIVABLE BY FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2003

<b>Year</b>	<b>General Fund</b>	<b>G.O. Bond Fund</b>	<b>Total</b>
2003	\$ 64,146	\$ 22,579	\$ 86,725
2002	59,347	20,798	80,145
2001	11,083	3,656	14,739
2000	5,614	2,071	7,685
1999	1,323	520	1,843
1997	27	14	41
1996	12	8	20
1994	41	22	63
1986	31	20	51
1983	8	7	15
	<b>\$ 141,632</b>	<b>\$ 49,695</b>	<b>\$ 191,327</b>

Table 90 Combined Statement of Deliquent Taxes Receivable By Funds

**CITY OF ISSAQUAH**

**COMBINED SCHEDULE OF LONG - TERM DEBT**  
FOR THE YEAR ENDED DECEMBER 31, 2003

Page 1 of 2

<b>Bond Date and Description</b>	<b>ID #</b>	<b>Purpose</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Average Coupon Interest Rate %</b>
<b>GENERAL OBLIGATION BONDS</b>					
1994 FIRE EQUIPMENT	251.12	522.20.64	01/01/1994	12/01/2013	5.283
1996 POLICE STATION CONSTRUCTION	251.12	521.20.62	01/01/1996	12/01/2015	5.109
1998 REFUNDING BOND	251.12	541.33.65	12/01/1998	12/01/2008	4.240
2001 SENIOR CENTER	251.12	571.50.62	12/15/2001	12/01/2021	5.250
1991 PARK/LAND/SHOP (lmtd.)	251.11	519.10.62	10/10/1991	12/01/2006	6.327
1994 KEROLA PROPERTY (TIBBETTS) (lmtd.)	251.11	576.20.62	07/01/1994	07/01/2004	5.053
1995 COMMUNITY CENTER (lmtd.)	251.11	576.20.62	12/01/1995	12/01/2010	5.168
1997 PICKERING BARN (lmtd.)	251.11	519.10.62	08/01/1997	08/01/2017	5.164
1999 POLICE STATION & JAIL (lmtd.)	251.11	521.20.62	07/15/1999	07/01/2019	5.300
2000 POLICE STATION & CAPITAL PROJECTS (lmtd.)	251.11	521.20.62	12/21/2000	01/01/2021	5.550
2001 FIRE STATION/POLICE STATION/CIF (lmtd.)	251.11	522.50.62	12/15/2001	12/01/2021	5.500
<b>TOTAL GENERAL OBLIGATION BONDS</b>					
<b>REVENUE BONDS</b>					
1994 WATER REVENUE BONDS	252.11	501.34.63	01/03/1994	12/01/2013	5.204
2003 WATER REVENUE BONDS	252.11	501.34.63	11/15/2003	12/01/2013	3.500
1998 WATER REVENUE BONDS	252.11	501.34.63	12/01/1998	12/01/2017	5.380
2001 WATER REVENUE BONDS	252.11	501.34.63	12/15/2001	12/01/2021	4.850
1998 STORM WATER REVENUE BONDS	252.11	538.30.64	12/01/1998	12/01/2017	5.380
2001 STORM WATER REVENUE BONDS	252.11	538.30.64	12/15/2001	12/01/2021	5.700
<b>TOTAL REVENUE BONDS</b>					
<b>LID ASSESSMENT BONDS &amp; NOTES</b>					
LID #20	253.11	595.30.65	08/02/1996	08/20/2006	5.900
LID #21	253.11	595.30.65	12/01/1995	12/01/2005	5.130
<b>TOTAL LID ASSESSMENT BONDS &amp; NOTES</b>					
<b>INTERLOCAL AGREEMENT</b>					
<b>KC NORTH SPAR INTERLOCAL AGREEMENT</b>			1/1/2003	12/31/2023	0
<b>TOTAL INTERLOCAL AGREEMENT</b>					
<b>INSTALLMENT CONTRACTS</b>					
PW TRUST FUND - FRONT STREET	263.81	595.30.65	07/01/1987	07/01/2007	1.000
PW TRUST FUND - WILDWOOD BLVD	263.81	595.30.65	09/08/1989	07/01/2009	5.000
PW TRUST FUND - NEWPORT WAY BRIDGE(1)	263.81	595.30.65	11/01/1998		
<b>TOTAL INSTALLMENT CONTRACTS</b>					

(1) The amount of debt outstanding on 1/1/2003 has been changed to \$980,662 from \$866,351 reported in the 2002 CAFR. Debt issued in 2002 was understated by \$114,311. See accompanying notes to financial statements.

Table 91 Combined Schedule of Long-Term Debt, page 1

**CITY OF ISSAQUAH**

**COMBINED SCHEDULE OF LONG - TERM DEBT**  
FOR THE YEAR ENDED DECEMBER 31, 2003

Page 2 of 2

<b>Amount Originally Issued</b>	<b>Debt Outstanding 1/1/2003</b>	<b>Debt Issued in 2003</b>	<b>Debt Retired in 2003</b>	<b>Debt Outstanding 12/31/03</b>
\$990,000	\$655,000	\$0	\$45,000	\$610,000
5,000,000	3,765,000	0	210,000	3,555,000
2,235,000	1,420,000	0	210,000	1,210,000
1,500,000	1,450,000	0	50,000	1,400,000
900,000	325,000	0	75,000	250,000
1,500,000	360,000	0	175,000	185,000
3,460,000	2,135,000	0	225,000	1,910,000
2,750,000	2,325,000	0	110,000	2,215,000
7,950,000	7,200,000	0	275,000	6,925,000
2,660,000	2,585,000	0	85,000	2,500,000
10,100,000	9,780,000	0	350,000	9,430,000
<b>\$39,045,000</b>	<b>\$32,000,000</b>	<b>\$0</b>	<b>\$1,810,000</b>	<b>\$30,190,000</b>
\$3,600,000	\$2,360,000	\$0	\$2,360,000	\$0
\$2,205,000	\$0	\$2,205,000	\$0	\$2,205,000
750,000	640,000	0	30,000	610,000
9,200,000	8,910,000	0	315,000	8,595,000
2,000,000	1,695,000	0	80,000	1,615,000
1,600,000	1,550,000	0	55,000	1,495,000
<b>\$19,355,000</b>	<b>\$15,155,000</b>	<b>\$2,205,000</b>	<b>\$2,840,000</b>	<b>\$14,520,000</b>
\$3,222,433	\$610,000	\$0	\$205,000	\$405,000
2,627,861	435,000	0	205,000	230,000
<b>\$5,850,294</b>	<b>\$1,045,000</b>	<b>\$0</b>	<b>\$410,000</b>	<b>\$635,000</b>
		\$7,000,000	\$350,000	6,650,000
		<b>\$7,000,000</b>	<b>\$350,000</b>	<b>\$6,650,000</b>
\$121,937	\$32,533	\$0	\$6,507	\$26,026
210,000	77,364	0	11,053	66,311
1,143,103	980,662	0	61,291	919,371
<b>\$1,475,040</b>	<b>\$1,090,559</b>	<b>\$0</b>	<b>\$78,851</b>	<b>\$1,011,708</b>

Table 92 Combined Schedule of Long-Term Debt, page 2

**CITY OF ISSAQUAH**

**DEBT SERVICE REQUIREMENTS TO MATURITY FOR GENERAL BONDED DEBT**  
DECEMBER 31, 2003

<b>Fiscal Year</b>	<b>Outstanding Principal</b>	<b>Voted Interest</b>	<b>Outstanding Principal</b>	<b>Councilmanic Interest</b>	<b>Total</b>
2004	\$ 545,000	\$ 335,196	\$ 1,345,000	\$ 1,152,226	\$ 3,377,422
2005	565,000	311,617	1,220,000	1,090,848	3,187,465
2006	600,000	286,348	1,270,000	1,034,526	3,190,874
2007	620,000	258,940	1,255,000	973,225	3,107,165
2008	655,000	229,945	1,295,000	914,101	3,094,046
2009	405,000	198,555	1,355,000	852,185	2,810,740
2010	430,000	178,245	1,420,000	786,338	2,814,583
2011	455,000	156,243	1,160,000	716,210	2,487,453
2012	475,000	132,705	1,215,000	660,243	2,482,948
2013	500,000	107,510	1,280,000	600,615	2,488,125
2014	450,000	80,760	1,335,000	536,591	2,402,351
2015	475,000	56,780	1,400,000	468,995	2,400,775
2016	90,000	31,275	1,485,000	397,063	2,003,338
2017	95,000	26,775	1,560,000	316,446	1,998,221
2018	95,000	21,787	1,420,000	231,258	1,768,045
2019	100,000	16,800	1,500,000	153,263	1,770,063
2020	105,000	11,550	925,000	91,655	1,133,205
2021	115,000	6,037	975,000	44,078	1,140,115
2022	0	0	0	0	0
	<b>\$ 6,775,000</b>	<b>\$ 2,447,068</b>	<b>\$ 23,415,000</b>	<b>\$ 11,019,866</b>	<b>\$ 43,656,934</b>

**VOTED G.O. BONDS - OUTSTANDING PRINCIPAL**

1994	Fire Equipment	\$ 610,000
1996	Police Station	3,555,000
1998	Refunding Bond	1,210,000
2001	Senior Center Construction	1,400,000
	<b>Total</b>	<b>6,775,000</b>

**COUNCILMANIC G.O. BONDS - OUTSTANDING PRINCIPAL**

1991	Park/Land/Shop	250,000
1994	Kerola Property (Tibbetts Valley)	185,000
1995	Community Center	1,910,000
1997	Pickering Barn	2,215,000
1999	Police Stn & Capital Projects	6,925,000
2000	Police Stn & Capital Projects	2,500,000
2001	Fire Station Construction	9,430,000
	<b>Total</b>	<b>23,415,000</b>

**TOTAL GENERAL OBLIGATION BONDS**

**\$ 30,190,000**

Table 93 Debt Service Requirements to Maturity for General Bonded Debt

**CITY OF ISSAQUAH**

**DEBT SERVICE REQUIREMENTS TO MATURITY FOR REVENUE BONDS**  
DECEMBER 31, 2003

<b>WATER REVENUE BONDS</b>				<b>STORM WATER REVENUE BONDS</b>		
<b>Fiscal Year</b>	<b>Outstanding Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Outstanding Principal</b>	<b>Interest</b>	<b>Total</b>
2004	\$ 555,000	\$ 504,035	\$ 1,059,035	\$ 135,000	\$ 160,583	\$ 295,583
2005	570,000	484,088	1,054,088	145,000	154,537	299,537
2006	585,000	466,642	1,051,642	150,000	147,910	297,910
2007	610,000	447,379	1,057,379	155,000	140,935	295,935
2008	635,000	425,800	1,060,800	165,000	133,445	298,445
2009	650,000	401,670	1,051,670	170,000	125,270	295,270
2010	675,000	376,631	1,051,631	180,000	116,998	296,998
2011	715,000	347,755	1,062,755	190,000	108,062	298,062
2012	735,000	316,680	1,051,680	200,000	98,482	298,482
2013	775,000	284,247	1,059,247	210,000	88,203	298,203
2014	540,000	249,517	789,517	220,000	77,248	297,248
2015	570,000	223,542	793,542	230,000	65,580	295,580
2016	590,000	195,825	785,825	245,000	53,180	298,180
2017	625,000	163,375	788,375	260,000	39,800	299,800
2018	600,000	129,000	729,000	105,000	25,500	130,500
2019	630,000	99,000	729,000	110,000	19,725	129,725
2020	660,000	67,500	727,500	115,000	13,565	128,565
2021	690,000	34,500	724,500	125,000	7,125	132,125
	<u>\$ 11,410,000</u>	<u>\$ 5,217,186</u>	<u>\$ 16,627,186</u>	<u>\$ 3,110,000</u>	<u>\$ 1,576,148</u>	<u>\$ 4,686,148</u>

2003 Water Revenue Bond	\$ 2,205,000
1998 Water Revenue Bond	610,000
2001 Water Revenue Bond	8,595,000
	<u>11,410,000</u>

1998 Storm Water Revenue Bond	1,615,000
2001 Storm Water Revenue Bond	1,495,000
	<u>3,110,000</u>

**TOTAL REVENUE BONDS** \$ 14,520,000

Table 94 Debt Service Requirements to Maturity for Revenue Bonds

**CITY OF ISSAQUAH**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – SCHEDULE 16**  
FOR THE YEAR ENDED DECEMBER 31, 2003

<b>Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Other Identification Number</b>	<b>Current Year Expenditures</b>
<b>KING COUNTY CDBG</b>			
Issaquah Valley Senior Van Driver Support	14.218	D31470D	\$ 11,035
COI CDBG Program Administration	14.218	D31470D	7,609
<b>NFWFoundation</b>			
Streamside Assistance	15-611	WA-2001-0402-003	2,686
<b>WA Department of National Resources</b>			
Community Forestry Assistance	10.664	FY02-212/K244.02-4	6,728
<b>WA Department of Transportation</b>			
Hazard Elimination Safety (HES)-LK Sammamish Pkwy.	20.205	LA-5611	12,980
N.W. Juniper Bridge #08547800	20.205	BHM-1374(001)	2,045
Rainier Bridge Replacement Proj. 9863	20.205	LA-4608	9,459
NW Sammamish Bridge	20.205	ER-0101(253)	130,469
<b>WA Traffic Safety Commission</b>			
DUI- Click It or Ticket	20.604	CIOT/OT	5,305
DUI- Drive Hammered, Get Nailed	20.604	DRIVE HAMMERED	7,587
<b>Federal Emergency Management Association - State of WA</b>			
FEMA Package #51 - Disaster No: 1361-DR-WA	83.544	EM 010481-021	6,322
FEMA Package #53 - Disaster No: 1361-DR-WA	83.544	EM 010481-021	881
FEMA Package #29 - Disaster No: 1361-DR-WA	83.544	EM 010481-021	689
FEMA Package #27 - Disaster No: 1361-DR-WA	83.544	EM 010481-021	596
FEMA Package #46 - Disaster No: 1361-DR-WA	83.544	EM 010481-021	36
<b>US Department of Justice</b>			
COPS Modified Universal Hiring Award	16.710	95CFWX4178	47,604
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 252,031</b>

The accompanying Notes to The Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1 - BASIS OF ACCOUNTING**

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the modified accrual basis.

**NOTE 2 - PROGRAM COSTS**

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

Table 95 Schedule of Expenditures of Federal Awards

**CITY OF ISSAQUAH**

**SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS – SCHEDULE 16**  
FOR THE YEAR ENDED DECEMBER 31, 2003

<b>Grantor/Program Title</b>	<b>Identification Number</b>	<b>Current Year Expenditures</b>
<b>King County</b>		
Concerts on the Green	D32713D	\$ 5,000
Enforce Possession Law	D31576D	7,976
Hazardous Waste	D22058D	4,717
Interlocal Agreement for SE By-Pass Road	D30649D	623,318
King County Conservation District		18,591
Local Hazardous Waste Management Program	D32777D	12,414
Waterworks		15,990
WW/R Comprehensive Solid Waste Management Plan	D30708D	20,767
<b>WA Congestion Mitigation and Air Quality Improvement (CMAQ)</b>		
Commute Trip Reduction Implementation Plans and Enhancement	GCA - 2910	5,205
<b>WA Department of Community, Trade &amp; Economic Development</b>		
Growth Management Services	s02-63000-015	22,363
<b>Federal Emergency Management Association - State Funds</b>		
FEMA Package #51	EM 010481-021	670
<b>WA Department of Ecology</b>		
Lake Sammamish Watershed Community Link	G0000276	3,363
Coordinated Prevention Grant	G0200220	10,791
Tibbetts Creek Restoration/Sediment Control	G0100154	146,000
<b>WA Department of Social and Health Services</b>		
Developmental Disabilities	D31033D	14,500
<b>WA Department of Transportation - TIA</b>		
I-90 Front Street I/C Front Street to Sunset I/C	9-P-108(004)-2	2,703,891
<b>Puget Sound Energy</b>		
Community Forestry Assistance - DNR	none	1,000
<b>TOTAL STATE AND LOCAL ASSISTANCE</b>		<b>\$ 3,616,556</b>

The accompanying Notes to The Schedule of Expenditures of State and Local Awards are an integral part of this schedule.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS**

**NOTE 1 - BASIS OF ACCOUNTING**

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the modified accrual basis.

**NOTE 2 - PROGRAM COSTS**

The amounts shown as current year expenditures represent only the state and local grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

Table 96 Schedule of Expenditures of State and Local Awards