

**City of Maple Valley
Washington**

**2010
Comprehensive Annual Financial Report**

For Fiscal Year Ended

December 31, 2010

Prepared by the:
Finance Department

L. A. (Tony) McCarthy
Finance Director

Sandy Nesper
Accountant

INTRODUCTORY SECTION

City of Maple Valley
2010 Comprehensive Annual Financial Report
Table of Contents

INTRODUCTORY SECTION

Table of Contents3
 Letter of Transmittal5
 Certificate of Achievement for Excellence in Financial Reporting16
 Organization Chart17
 Principal Officials18

FINANCIAL SECTION

Independent Auditor’s Report23
 Management’s Discussion and Analysis27

Basic Financial Statements

Government-wide Financial Statements
 Statement of Net Assets49
 Statement of Activities50
 Fund Financial Statements
 Balance Sheet – Governmental Funds54
 Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds56
 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities58
 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual –
 General Fund59
 Street Fund62
 Transportation Impact Fee Fund63
 Park Development Fund64
 Real Estate Excise Tax Fund65
 Statement of Net Assets – Proprietary Funds66
 Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds68
 Statement of Cash Flows – Proprietary Funds70
 Notes to the Financial Statements67

Combining Statements and Schedules

Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
 Capital Improvement Plan Fund109
 Surface Water Management Fund112
 Lake Wilderness Golf Course Fund113
 Vehicle Rental Fund114
 Central Service Fund115
 Unemployment Trust Fund116
 Internal Service Funds
 Combining Statement of Net Assets119
 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets120
 Combining Statement of Cash Flows121

City of Maple Valley
2010 Comprehensive Annual Financial Report
Table of Contents, continued

Capital Assets Used in Operation of Governmental Funds
 Comparative Schedules By Source 125
 Schedule of Changes in By Function and Activity 126

STATISTICAL SECTION

Financial Trends
 Net Assets by Component Unit..... 132
 Changes in Net Assets..... 134
 Changes in Fund Balances – Governmental Funds..... 138

Revenue Capacity
 Property Tax Data 140
 Sales Tax Data 142
 Private Development Activity 144
 Principal Property Taxpayers & Employers 146

Debt Capacity
 Computation of Legal Debt Margin..... 147
 Computation of Direct and Overlapping Debt with Bonded Debt Ratios 148

Demographic and Economic Data
 Comparative Regional Statistics 149
 Maple Valley Statistics and Ratios 150

Operating Information
 Full Time Equivalent Employee History 152
 Operating Indicators by Function..... 153
 Capital Asset Statistics by Function..... 154



P.O. Box 320 • 22017 SE Wax Road, Suite 200 • Maple Valley, WA 98038

Phone: (425) 413-8800 • Fax: (425) 413-4282

June 27, 2011

Honorable Mayor, City Councilors, and Citizens of the City of Maple Valley

Transmitted herewith is the City of Maple Valley's Comprehensive Annual Financial Report (CAFR) for fiscal year ended December 31, 2010. The CAFR provides financial disclosure of all activities considered part of the City. It has been prepared by the City's Finance Department, which assumes responsibility for the completeness and reliability of the information based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

In addition to a set of internal controls, it has been prepared to comply with the latest standards of governmental accounting as promulgated by the Governmental Accounting Standards Board (GASB). Since fiscal year 2000, three years before required to do so, the City has prepared its CAFR in conformance with GASB's most far-reaching pronouncement: GASB Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This implementation was made to meet the City's established financial policy that states: "the City will continue to make improvements in its financial reporting, so that information available to the public, the City Council, and the department managers is clear and the best available for sound financial decisions." In addition the City has kept pace with the GASB and has implemented all applicable standards through GASB Statement No. 58.

The Washington State Auditor has issued an unqualified ("clean") opinion on the City of Maple Valley's financial statements for the year ended December 31, 2010. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

COMMUNITY PROFILE

In 1863, the Homestead Act brought the first settlers to Maple Valley. The area flourished because of the abundance of natural resources. Mining and logging spurred growth, and in 1887 Maple Valley was platted and registered by C.O. Russell. Not until 1997, however, did the community incorporate its business and residential areas into the State of Washington's 272nd city.

The City is located along a portion of the Cedar River that the Duwamish Indians previously used as a trading route. State Route 169 connects the two major commercial areas of Maple Valley and allows for direct access to Black Diamond and Enumclaw to the southeast and Renton to the northwest. State Route 18 is also easily accessible for travel to Covington, Auburn, and Federal Way to the southwest, and Issaquah and North Bend to the northeast.

Along with the country charm of an agrarian past, Maple Valley offers almost unlimited activities. Boating, fishing, swimming, hiking, and golfing are available within the city limits, and the City is in close proximity to camping, skiing, and other recreational opportunities. Maple Valley businesses provide most of the daily shopping needs for the residential community and nearby rural areas. The City's 2010 official population as of April 1st as provided by the Washington State Office of Financial Management (OFM) was 23,130 up 2,290 persons or 11% from 2009. The 2010 population includes the Maple Ridge Highlands annexation that took effect on July 26, 2009. That annexation provided a population increase of 1,954.

The City operates under the Revised Code of Washington (RCW) applicable to an Optional Municipal Code City (RCW 35A). It has a Council-Manager form of government. The non-partisan City Council is composed of seven members elected at large to four-year staggered terms. The Council elects the Mayor and Deputy Mayor from among its members. The Council serves as the policy-making branch of government. The Council appoints the City Manager, who serves as the chief executive officer of the City and coordinates its daily activities.

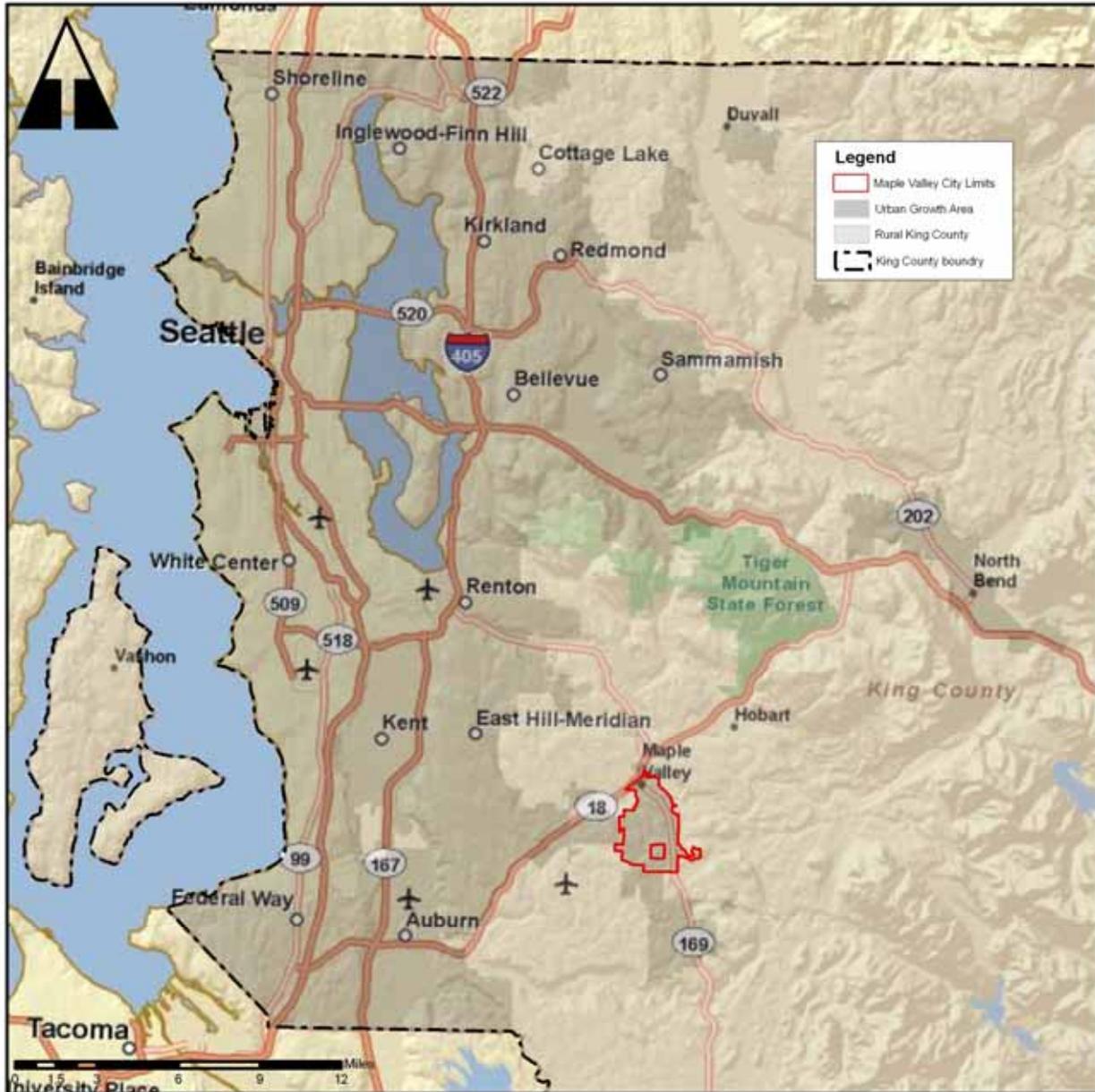
The City of Maple Valley is a general-purpose government. It directly provides certain services and contracts with public and private entities for other services. Directly provided services include: general administration; land use planning and development permitting; parks and recreation services; and public works development, maintenance, and surface water management services. The park and recreation services include the operation of Lake Wilderness Park and Lodge acquired on January 1, 2003 from King County through a no-cost deed transfer. The park is a 111-acre facility that borders Lake Wilderness in the geographic center of the City. On November 30, 2006 the City acquired the Lake Wilderness Golf Course a 100 acre parcel bordering the park. The acquisition was made from available cash reserves to prevent the threatened residential development of the course property.

The City contracts with King County for police services, but has directly hired its own Police Civilian Assistant to staff the Police storefront office in the City Hall. Primary jail services are provided via contract with the City of Enumclaw, with back-up jail services provided via contracts with the City of Issaquah, and with King and Okanogan counties. Municipal court services are provided by contract with the City of Enumclaw, but the City contracts separately for its own judge.

Other separate government entities provide services in Maple Valley. Maple Valley Fire and Life Safety (King County Fire District 43) provides fire protection, emergency medical, and fire inspection services. The King County Library System provides library services. The Tahoma School District provides K-12 educational services. Three special districts provide water and sanitary sewer services to City residents and businesses. Per franchise agreement, a private hauler provides solid waste collection services.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Maple Valley operates. To understand that environment, a map of the City's location is shown below.



As the map notes, the City of Maple Valley is at the center of the “X” formed by the intersection of State Routes 18 and 169. Residents have a 26-mile commute to either downtown Seattle to the northwest or to downtown Tacoma to the southwest. The City's circumstances -- surrounded by a rural environment but offering convenient State highway access to both Seattle and Tacoma via State highways -- makes the City an excellent location for moderate and higher-end residential development.

Annexation

On July 26, 2009 the City completed the annexation of Maple Ridge. See appendage on east side of Maple Valley on map on preceding page. The annexation had been planned since the City incorporated in 1997. At that time King County had permitted a planned unit development where 575 homes would be built and the surrounding areas would be left rural and in the County. The first home was permitted in the County in 2002 with the remaining homes built over the next six year as the developer decided to do all the permitting under the County's jurisdiction. At the time of the annexation the project was essentially built out with relatively new high-end homes. The development includes 9.5 lane miles of roads that were added to the City financial statements.

In addition to this annexation there is another eventual annexation referred to by the City as the "Donut Hole" and by King County as "Summit Place". On the map on the preceding page the "Donut Hole" is completed surrounded by City. The County has been in the process of selling this 150 acre site to a developer. The City has intervened in the process to negotiate an annexation agreement. Sticking points relate to the density of the development and the extent of the improvements. This has been a top City priority since early 2008. Current economic conditions have slowed the sale of the property and the final agreements. The current status is that the developer has back out of the deal with the County, but the project will remain on the horizon for eventual annexation.

Local Economy

The City of Maple Valley's local economy is based on this locational advantage and its designation as an "urban growth area" under the State's Growth Management Act (GMA). The GMA, which in the early 1990's restricted development to the area that is now the City of Maple Valley, led to the City's incorporation on August 31, 1997.

At the time of incorporation in 1997, 1,010 single-family residential lots had been approved by King County and were vested for development. Also at that time, the City established a moratorium on the approval of new plats, but the building on plats approved by King County continued. On January 1, 2000 following the adoption of the City of Maple Valley's comprehensive plan and the associated development regulations, the moratorium was lifted. In the last ten years 2,490 single-family residential lots have been approved for development and at December 31, 2010 an additional 597 lots were in inventory with at least preliminary approval for development. A listing of private development activity showing remaining preliminary plat lots is shown in the Statistical Section of this report on pages 144 and 145.

In addition to the 597 approved lots, there remained at December 31, 2010 an additional 805 potentially available un-platted lots. This potential for single-family residential development, a total of 1,402 lots, is in addition to a number of undeveloped non-residential sites, which in combination should provide significant development activity within the six-year financial forecast described below.

Six-year Financial Forecast

The City uses the projection of its development activity as a major component of its six-year financial forecast. The reason for this is that the issuance of a building permit puts into motion the following cycle that generates:

- At the time of the permit, building permit revenue and transportation and park impact fees;
- Within six months, the construction activity generates sales tax revenue;
- When construction is complete, the increase in assessed valuation leads to an increase in property tax revenue;
- When the property is sold, real estate excise taxes are generated (real estate excise taxes also apply to the sale of existing properties);
- As new occupants connect to utility and cable television services, utility tax revenue and cable TV franchise fees are generated;
- As the new residents move in, the City's population is increased upon which the distribution of State-shared revenue is based; and
- As the new residents begin shopping locally, additional sales tax revenue is generated, eventually leading to the construction of new commercial facilities.

The six-year revenue forecast assumes that 50 single-family residential (sfr) permits will be issued in 2011, 100 in 2012, and 150 in each year from 2013 to 2016. In the last 10 years the City has permitted 2,490 single family residential homes, an average of 249 per year and has seen its population increase 8,585 from 14,590 in 2001 to 23,130 in 2010. Through March 31, 2010, 54 sfr permits had been issued, (already above the entire 2011 budget), but since sales activity has not kept pace, the City forecast needs to continue to remain conservative. If the finances don't improve to the level of the forecast, the following have previously been considered by the City Council and remain possibilities:

- Additional deferral of the capital improvement program;
- Elimination of the transfer of 25% of General Fund sales tax to help fund the capital program;
- Reviewing expenditure programs.

The budgeted level of development produces a revenue forecast that in conjunction with an operating expenditure forecast produces a fund balance at the end of the six-year forecast that exceeds the policy requirement of 10% of operating expenditures. The operating expenditure forecast includes inflation, the maintenance and operational cost of the six-year capital improvement program, and an annual amount of potential program expansion inflated over the six-year forecast period. Dedicated capital revenue plus the City policy directive to use at least 25% of General Fund sales tax revenue funds the six-year capital improvement program. As a part of the 2011 budget, this transfer was suspended for 2011 only.

The six-year forecast begins with the prior year ending fund balance amount that equals the restricted and unrestricted net assets at December 31, 2010, summarized below from pages 57, 66 and 67 of this report. Amounts below are in thousands of dollars.

	<u>2009</u>	<u>2010</u>
Ending Fund Balance		
Governmental Funds	\$ 13,090	\$ 11,984
Ending Working Capital		
Enterprise Funds	1926	2,387
Internal Service Funds	461	516
	<u>15,477</u>	<u>14,887</u>

The combined ending fund balance and working capital is equal to the budgeted beginning fund balance in the 2011 Final Budget as shown below. The entire six-year forecast is summarized below. The resources portion of the forecast includes anticipated capital grants and planned non-voted general obligation bond issues. The expenditure portion of the forecast shows that over the six-year period the City plans to spend 57% of its expenditures for operating purposes, 40% for capital purposes, and 3% for debt purposes. Amounts below are in thousands of dollars.

City Wide Forecast - All Funds
(Amounts in thousands)

		2009	2010	2011	2012	2013	2014	2015	2016
		Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
Total All Funds									
Beginning Fund Balance		16,444	15,477	14,887	11,140	10,176	10,519	11,003	10,190
Revenue		12,466	14,032	16,051	14,509	21,212	16,921	17,277	24,494
Bond & Loan Proceeds			-	-	7,400	500	7,900	2,200	4,200
Operating Expenditures	57%	(9,806)	(10,422)	(11,980)	(12,255)	(12,679)	(13,371)	(14,499)	(15,504)
Capital Expenditures	40%	(2,825)	(3,439)	(7,586)	(10,394)	(8,491)	(10,795)	(5,673)	(12,708)
Debt Expenditures	3%	(802)	(761)	(757)	(761)	(754)	(757)	(754)	(751)
Total Expenditures		(13,433)	(14,621)	(20,323)	(23,410)	(21,924)	(24,923)	(20,926)	(28,963)
Ending Fund Balance		15,477	14,887	10,615	9,639	9,964	10,418	9,553	9,920

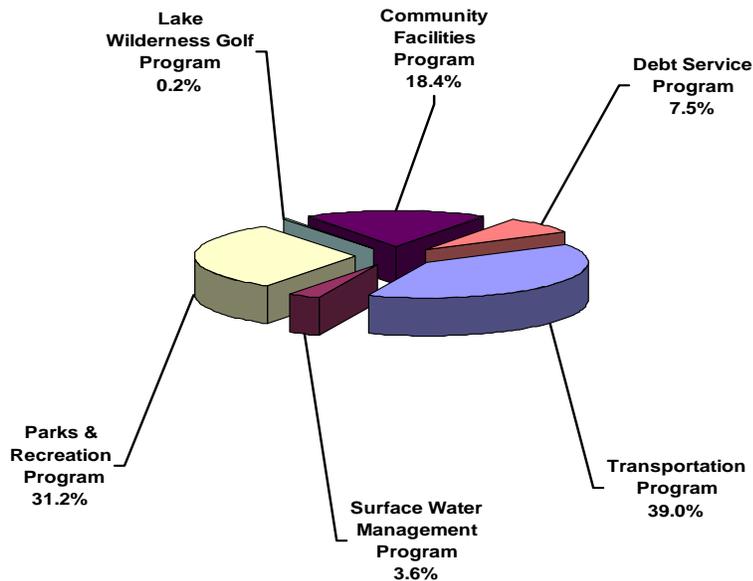
The forecast also notes that forecasted beginning fund balances in year 2011 through 2016 are greater than prior year ending fund balances due to the forecasted over-collection of revenue and under-expenditure of budget. The City has an average five year over-collection of revenue rate of 1% and an under-expenditure of budget rate of 11%, but assumes in the forecast an over-collection rate of 0% and an under-expenditure rate of 5%. The overall purpose of the forecast is to not over commit the operating expenditure budget within a conservative revenue forecast based on the real inventory of developable land.

Capital Improvement Program

Included in the forecast above is the City's six-year capital improvement program. Including debt service the capital improvement plan totals \$60,181,762. The plan is updated annually as part of the budget process. The following chart shows the capital improvement plan expenditures by program for the six-year period 2011 – 2016.

**City of Maple Valley
Capital Improvement Plan
Expenditure Summary**

**2011 - 2016
\$60,181,762**



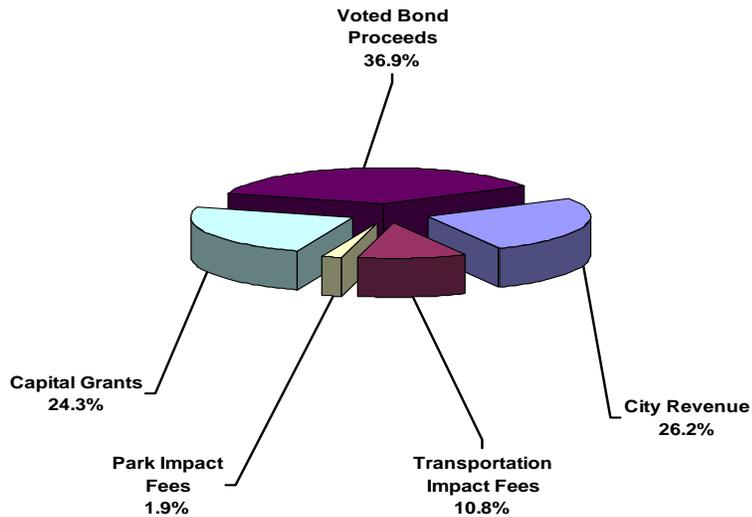
As noted in the chart, nearly 40% of the funds are allocated to the transportation program. This allocation is made because transportation has been a top City priority from incorporation. To ensure the best quality transportation network, the City has, as part of the City's Comprehensive Plan, a 20-year transportation program. Each year projects from the earliest six years of the 20-year transportation program are incorporated into the City's six-year capital improvement plan and adopted as part of the annual budget process. The six-year transportation program is used to establish transportation impact fees that are designed to fund 50% of the transportation program costs net of anticipated grants. The City uses other City funds, primarily its Real Estate Excise Tax Fund, to match the transportation impact fee funding.

In addition to planned expenditures for transportation, the City six-year plan includes: developing ball fields, making improvements to the park system, developing plans for the 54 acre Maple Valley Legacy Place site, and enhancing the interim youth center site with a new youth, community, and senior center.

The six-year capital improvement program is funded with a combination of sources as identified below.

**City of Maple Valley
Capital Improvement Program
Funding Summary**

**2011 - 2016
\$60,181,762**



CITY PRIORITIES

To assist with the funding and to keep up with the demand for enhanced services, the City is looking to insure its future prosperity with an *economic development* program. In early 2009 the City Council adopted an ordinance related to large commercial users. Prior to adoption, the City's maximum size for a single commercial user in the City's main commercial zone was 60,000 square feet. The adoption of the ordinance increased the square footage for a single commercial user to 100,000 square feet and in certain areas and with certain restrictions to 200,000 square feet. The following are the City Council's economic development priorities for 2011.

- ***Economic Development***
 - Initiate an assessment of the technology needs facing the community.
 - Created a new economic development committee with wider representation and more focused approach.
 - Work with the Chamber of Commerce to host a small business expo.
 - Develop stronger working relationships with development partners in the Puget Sound region.
 - Finish the North and Four Corners sub-area plans.
 - Continue to work with neighboring cities to address transit issues in the area.
 - Work with the Fred Meyer/TRM and Kite developers on its projects.

Improving *traffic* congestion has and will continue to be a top City priority. Much of the effort and funding will be in working with the State of Washington as the City's main two roads are SR 169 and SR 516. The City's 2011 -2016 capital improvement program includes over \$23,000,000 in transportation improvements. The six-year program includes over \$11,000,000 of grant funding. The following are the City Council traffic related priorities for 2011.

- ***Traffic***

- Continue participation in the SR 516 corridor study with Covington, Black Diamond and Kent.
- Continue processes with the two SR 169 projects.
- Finish the Witte Rd. roundabout project.
- Complete the ROW acquisition for the T7 project (SR 169 from Witte to 240th)
- Complete the ROW acquisition and design for the T31 project (SR 169 from 258th to 264th)
- Finalize the transportation impact fee and element to the Comp Plan projects.
- Initiate the process to update the City's non-motorized transportation plan.
- Continue to work with Black Diamond on commercial vehicle enforcement efforts.

The expanding population will also demand more services and plans are well underway to provide improved the *parks, recreation, cultural, and human services*. In early 2010 City finished the Lake Wilderness Lodge remodel project substantially funded by a State grant and did an extensive planning effort toward the development for the Summit Ball Fields site. The City's 2011 -2016 capital improvement program includes over \$18,000,000 in park and recreation program improvements. The though is dependent on over \$16,000,000 of grant and voted debt funding. With the larger projects on hold, the following are the City Council's parks, recreation, cultural, and human service priorities for 2011.

- ***Parks, Recreation, Cultural and Human Services***

- Park and Recreation Commission established.
- Finish the Lake Wilderness pier assessment.
- Continue working with Covington, Black Diamond and Kent on the regional trail connection project.
- Complete 2011 capital projects for Lake Wilderness Golf Course.
- Review/update park code, as necessary.

Community facilities will need to be provided as the City continues to go. The big effort in late 2009 and early 2010 was the City Hall move to new leased office space. The City will be leasing that space for 10 years, but has been directed by the Council, in the signing that lease, that a new City Hall is built on the City's 54 acre Legacy site. The City's 2011 -2016 capital improvement program includes over \$11,000,000 in community facility improvements. The six-year program includes over \$9,000,000 of grant and debt funding, primarily for an enhanced community center. One option includes public private partnerships. The following are the City Council's community facility priorities for 2011.

- ***Community Facilities***

- Restart the Legacy site planning process.
- Start the update on the non-motorized transportation plan.
- Work with King County to finish the extension of the Lake Wilderness Trail south of SR 516.

- Manage the Lake Wilderness Golf Course RFQ process.
- Finish Lake Lucerne Outlet project.
- Continue implementation of the NPDES Phase 2 permit requirements.
- Manage process to construct Public Works maintenance facility as part of the City's NPDES compliance efforts.
- Begin mapping and inspecting private and commercial surface water management facilities for state and federal compliance.
- Continue to conduct Lake Wilderness CAC meetings.
- Continue to work collaboratively with colleagues from Covington and Black Diamond on sharing maintenance resources and possibly on joint contracting opportunities.

To secure the City's economic base and to insure proper zoning and mitigation is obtained, **annexation** will continue to be a priority of the City. The "Donut Hole" / Summit Place property is a 160 acre undeveloped rural property completely surrounded by the City. The property is owned by King County. The City, County, and a potential buyer of the property have been involved in a joint planning process. With the economy stalled the process has been terminated but the City will continue to monitor as the property will eventually be part of the City. The following is the City Council's annexation priority for 2011.

- **Annexation**
 - Summit Place annexation remains goal of both City and County.

Other Council priorities are grouped as providing **quality City services**. Most of these priorities will be accomplished within the 2011 operating budget. The following are the City Council's quality City service priorities for 2011.

- **Quality City Services**
 - Continue to implement the City IT Plan
 - Continue to enhance communication venues with the wider community.
 - Host residential and business recycling collection events.
 - Coordinate a number of Eagle Scout projects.
 - Conduct annual Citizen's Academy, Kid's Safety Fair, Bike Safety Rodeo and Bike Challenge.
 - Coordinate annual National Night Out program locally.
 - Coordinate with Parks Department summer parks patrol program.
 - Participate and support Fishing Derby, Maple Valley Days and Fourth of July events.
 - Participate in annual Emergency Fair.
 - Continue quarterly program meetings with area recreation service providers.
 - Manage the marketing and use of Lake Wilderness Lodge.
 - Implement tree management program within Lake Wilderness Park.
 - Successfully finish the transition with the new financial management software program.
 - Restart the sign code review process.
 - Manage the Police Services evaluation project.
 - Manage the process to update the emergency management plan to NIMS standards.
 - Reconcile the Community Development building records for archives.
 - Partner with community groups to address youth drug concerns.
 - Direct police services assessment project.
 - Direct emergency management plan update project.
 - Implement on-line registration abilities for park and recreation programs.

- Complete required update to the Shoreline Master Plan.
- Finish the Comp Plan update and impact fee code amendment regarding fire services.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Maple Valley for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2009. This was the eleventh consecutive year that the City of Maple Valley received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The City believes its current CAFR continues to meet the Certificate of Achievement's program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

From the latest GFOA statistics, 36 of Washington's 281 municipal governments received this certificate on their 2008 reports. In addition to receiving this certificate, the City has received, for the eighth consecutive year, the GFOA's Distinguished Budget Presentation Award for its 2008 Final Budget. Of the 36 cities with certificate winning CAFRs, 21 cities are current holders of both the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award.

The preparation of this Comprehensive Annual Financial Report would not have been possible without the dedicated services of a number of City departments. The Community Development Department helped with information about the local economy, and the Public Works Department provided mapping information and help value the City's infrastructure. Credit must also be given to the City Council for its unfailing support for maintaining high standards of financial accountability.

Sincerely yours,

L.A.(Tony) McCarthy
Finance Director

David W. Johnston
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Maple Valley
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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

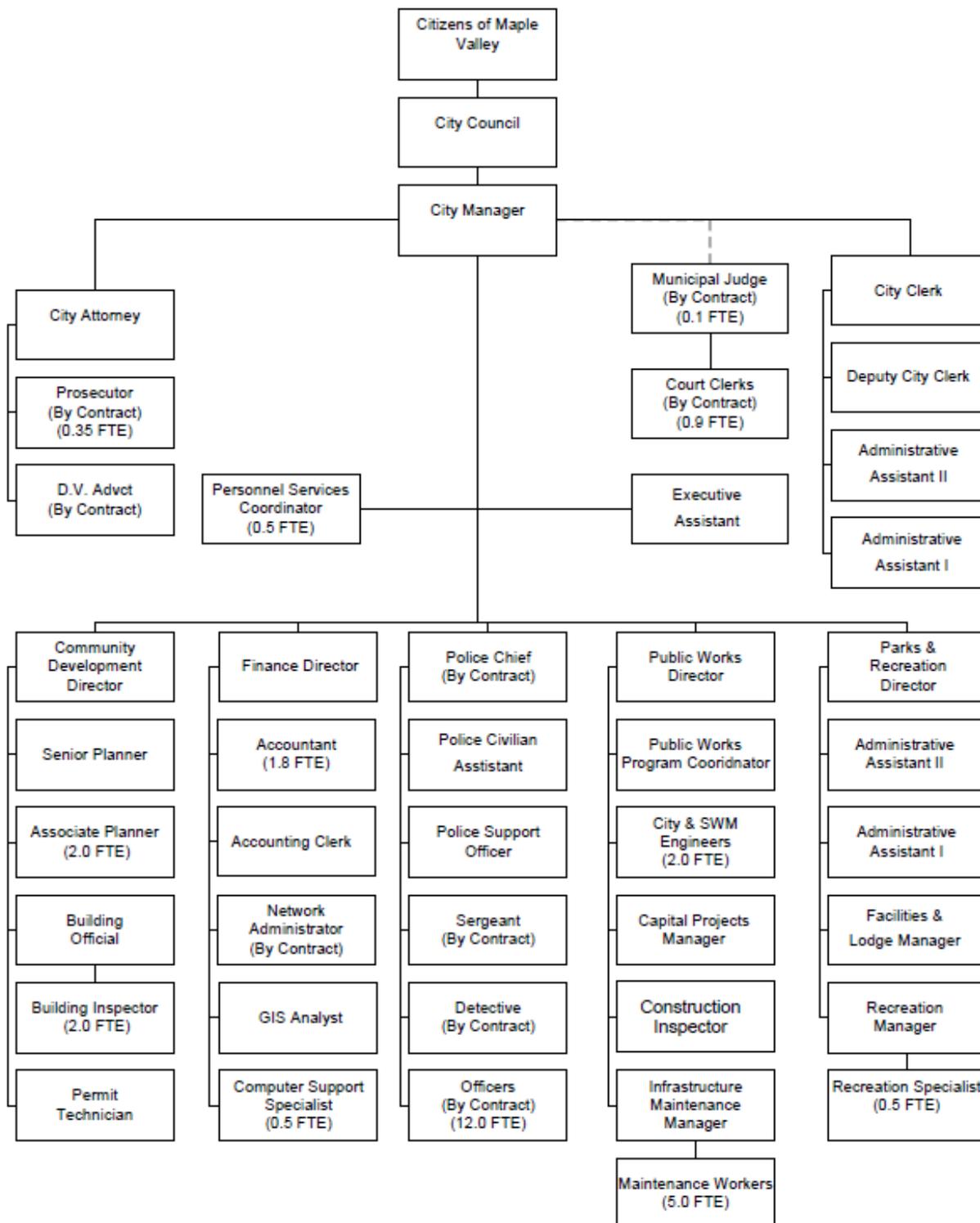


President

Executive Director

**City of Maple Valley
2010 Comprehensive Annual Financial Report
Organization Chart (2010 Budget)**

39.8 Direct City FTEs, 17.35 Contracted FTEs, 57.15 FTEs



CITY COUNCIL

	Position Number	Term Expires
Noel T. Gerken, Mayor	5	12/2011
Victoria Laise Jonas, Deputy Mayor	6	12/2013
Dana Parnello	1	12/2011
Bill Allison	2	12/2013
Layne Barnes	3	12/2011
Erin Weaver	4	12/2013
Linda Johnson	7	12/2011

CITY MANAGER

David W. Johnston

CITY ATTORNEY

Christy A. Todd

COMMUNITY DEVELOPMENT DIRECTOR

Ty Peterson

FINANCE DIRECTOR

L.A. (Tony) McCarthy

PARKS & RECREATION DIRECTOR

Greg Brown

POLICE CHIEF

Michelle Bennett, King County Sheriff's Office

PUBLIC WORKS DIRECTOR

Steve Clark

FINANCIAL SECTION

Independent Auditor's Report



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

June 27, 2011

Mayor and City Council
City of Maple Valley
Maple Valley, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Maple Valley, King County, Washington, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Maple Valley, King County, Washington, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Street, Transportation Impact Fee, Park Development, and Real Estate Excise Tax Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2010, the City has implemented the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we will also issue our financial report June 28, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 25 through 44 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and schedules on pages 103 through 116 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,



BRIAN SONNTAG, CGFM
STATE AUDITOR

Management's Discussion and Analysis

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

As the management of the City of Maple Valley, we offer readers of this report this narrative overview and analysis of the financial activities of the City of Maple Valley for fiscal year ended December 31, 2010. In addition to the information provided here, we encourage readers to consider the additional information furnished in the letter of transmittal and the notes to the financial statements.

Financial Highlights

- The assets of the City of Maple Valley exceeded its liabilities at December 31, 2010 by \$371,322,054 (*net assets*). Of this amount, \$1,937,129 (*unassigned net assets*) may be used to meet the city's ongoing obligations to citizens and creditors. Of the rest, \$12,803,091 is unrestricted and restricted for specific operating and capital purposes, and \$356,581,834 is invested in capital assets net of related debt.
- During 2010, the City's total net assets decreased a net \$4,226,255. Of this amount \$3,489,448 was in decreases in invested in capital assets, net of related debt as depreciation expense exceeded the additions of new capital assets. The additional decrease, \$736,807 is for other expenses greater than revenue.
- At December 31, 2010 the City of Maple Valley's governmental funds reported a combined ending fund balance of \$11,983,959 down \$1,106,161 from the prior year amount of \$13,090,120. While the City budgeted a \$6,370,608 decrease in governmental fund ending fund balance from \$13,090,122 to \$6,719,514, the governmental fund ending fund balance was \$5,264,445 better than expected. Revenues were below the estimate by \$2,146,767, but this was offset by operating expenditures being below the budget by \$486,889 and by capital and debt service expenditures net of related other sources being below budget by \$6,924,322.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,036,428 or 24% of total General Fund expenditures down from 34% in 2009. The main reason for the decrease was reduced development and sales tax revenue reflective of the economy.
- The City of Maple Valley's total liabilities decreased by \$1,557,900 from \$10,368,336 to \$8,810,436. The decrease was in deposits and deferred revenue, where a special assessment of \$766,537 and its associated deferred revenue was abandoned and in contracts, loans, and bonds payable, down \$544,621 as additional debt was paid off. The liabilities include \$4,515,000 in general obligation bonded debt down \$360,000 from \$4,875,000. On November 24, 2008 this debt received a Standard and Poor's Ratings Services underlying rating increase from "A+" to "AA+".

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Maple Valley's financial statements. The City of Maple Valley's financial statements include the government-wide financial statements, the fund financial statements, and the notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Maple Valley's finances, in a format similar to that provided for private-sector businesses. The statements segregate activity into two categories: governmental activities and business-type activities. The governmental activities of the City of Maple

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

Valley include: general government; community development; human services; parks and recreation; except the Lake Wilderness Golf Course, public safety; and public works, except the surface water management function. The governmental activities also include internal service funds as discussed below. The business-type activities include the surface water management function and the Lake Wilderness Golf Course.

The *statement of net assets* presents information on the City of Maple Valley's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Maple Valley is improving or deteriorating. The *statement of activities* presents information showing how the City's net assets changed during the year. The *statement of activities* identifies the City's activities and the program revenues that helped fund them. In the Statistical Section on pages 132 to 137 summary information on net assets and changes in net assets from 2001 through 2010 is provided.

Fund financial statements. The fund financial statements provide summary information by fund type. The City of Maple Valley, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A *fund* is a grouping of related accounts that are segregated to maintain control over resources that have been designated to finance specific activities. All of the funds of the City of Maple Valley can be divided into two categories: governmental funds and proprietary funds. The City does not have any fiduciary funds.

Governmental funds. *Governmental funds* are used to account for the governmental activities shown on the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of resources*, as well as on the *balances of resources* available. Governmental funds are concerned with having available resources (i.e. "working capital" - current assets less current liabilities) to meet the expenditure needs as identified in the budget. As part of the governmental funds presentation, a comparison of actual expenditures to both the original and final budget is shown for the General Fund and all Special Revenue Funds.

Proprietary funds. *Proprietary funds* are used to account for operations that are designed to generate revenues to cover the total cost of operation including depreciation. The City of Maple Valley has both types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for the activity of the City's surface water management function and Lake Wilderness Golf Course. The internal service funds are used to account for the operation of the City's vehicle rental, central services, and unemployment trust functions. These internal service functions accumulate costs and charge them to operating departments. They also charge replacement and reserve fees to insure future availability of funds to replace equipment or to fund unemployment claims. As mentioned above, internal service funds in the City of Maple Valley are categorized as governmental activities.

A complete reconciliation of the fund financial statements to the government-wide financial statements is included in the government-wide financial statements as shown on pages 54 and 55 and page 58. The reconciliation is required:

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

- To reclassify capital expenditures to assets and to record depreciation of governmental capital assets,
- To reclassify debt issuances and repayments from sources and uses of funds to increases or decreases in liabilities, and
- To record the assets, liabilities, and net revenues of internal service funds. By including only net revenues, the double counting of transactions between the internal service funds and the funds they provide services to is eliminated.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 75 - 101.

Required supplementary information. Generally accepted accounting principles (GAAP) require that certain unaudited information accompany the basic financial statements. The technical term for this additional information is *required supplementary information (RSI)*. In general, there are five types of RSI for state and local governments:

Management's Discussion and Analysis (MD&A),
Budgetary Comparisons,
Trend Data for Pension Funding,
Claims Development Data for Public Entity Risk Pools, and
Trend Data for Infrastructure Condition.

Because the *MD&A* is designed, in part, to introduce the basic financial statements, it is presented before the basic financial statements. The *budgetary comparisons* for the general and special revenue funds are shown in the fund financial statements. The *budgetary comparisons* for other funds are shown in the combining statements and schedules section of this report.

With respect to *trend data for pension funding*, information is not included because the City of Maple Valley does not sponsor a defined benefit plan. The City of Maple Valley participates in the Washington State Public Employees Retirement System (PERS) plan and in defined contribution plans sponsored by the International City/County Management Association Retirement Corporation (ICMA-RC). These plans are described in the notes to the financial statements beginning on page 93.

With respect to *claims development data for public entity risk pools*, the City is a member of the Washington Cities Insurance Authority (WCIA). Per GAAP, they, as a public entity risk pool, include in their financial statements, trend data on pool revenues as well as actual and estimated claims. A description of the pool is included in the notes to the financial statements beginning on page 99.

With respect to *trend data on infrastructure condition*, the City has chosen to record infrastructure assets on the face of the financial statements and therefore *trend data on infrastructure condition* is not required.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

Government-wide Financial Statement Analysis

Statement of net assets. The statement of net assets provides information on the City's assets, liabilities, and net assets, and compares the balances by major category to the previous year's balances. The table that follows summarizes the statement of net assets. The table shows the individual components of these amounts by major account group for governmental activities and business-type activities with totals and comparisons to the preceding year.

**Condensed Statement of Net Assets
(Dollars expressed in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
Assets						
Current Assets	13,914	15,953	2,537	2,092	16,451	18,045
Capital Assets	351,308	355,392	12,373	12,479	363,682	367,871
Total Assets	365,223	371,345	14,910	14,572	380,132	385,917
Liabilities						
Current Liabilities	1,415	2,402	149	166	1,564	2,568
Long-term Liabilities	7,246	7,800	-	-	7,246	7,800
Total Liabilities	8,661	10,202	149	166	8,810	10,368
Net assets						
Invested in Capital Assets, net of related Debt	344,209	347,748	12,373	12,479	356,582	360,227
Restricted	9,900	10,901	-	-	9,900	10,901
Unrestricted	2,453	2,494	2,387	1,926	4,840	4,421
Total Net Assets	356,562	361,143	14,760	14,405	371,322	375,548

Current assets at December 31, 2010 totaled \$16,450,963 down \$1,594,388 or 9% from the December 31, 2009 amount of \$18,045,351. \$8,650,752 or 53% of current assets was in cash and cash equivalents. Cash and cash equivalents include: petty cash and other imprest funds totaling \$10,960, the checking account balance of \$187,967, and \$8,454,825 invested overnight with the State of Washington Local Government Investment Pool (LGIP). In addition to the LGIP investments, at year end the City had \$6,325,780 or 38% of current assets invested in one certificate of deposit for \$1,000,000 maturing in 2011 and five individual U.S. government agency securities with maturities in 2012 through 2015. At year-end the LGIP was earning 0.23%. The other investments were earning an average 2.34%. At December 31, 2010 the City also had \$83,486 in cash with fiscal agents primarily for construction retainage on one project.

The remaining current asset balance at December 31, 2010 was \$1,390,945 or 9%. Of this amount: \$572,734 was for taxes receivable, \$101,421 was for accounts receivable, \$35,055 was for accrued interest receivable, \$579,784 was for due from other governments, \$54,640 was for inventory, and \$47,311 was for prepaid items. The prior year balance had included an assessment receivable of \$760,101. That total amount was offset by deferred revenue. In early 2011, the City Council determined that the assessment had not been calculated properly and was invalid and directed the staff to refund the previously collected amount of \$435,579 and pay with interest at the rate the City earned it totaling \$19,704. The refunds will be handled as a 2011 transaction.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

Of the taxes receivable amount of \$572,734 all was collected by February 28, 2011 except property taxes receivable. Of the year end property tax receivable amount of \$100,099, \$25,252 was collected by February 28, 2011. The remainder is collected in the normal course of business within seven years or the property is sold.

Of the accounts receivable amount of \$101,421, \$44,948 was for receivables from developers and \$55,431 was in surface water management fee receivables. The receivables from developers are for billings of 4th quarter City staff time on various developer projects. The amounts were not billed until mid April 2011 as the Finance Department was working on implementing a new finance system. Amounts are considered very collectible in the normal course of business as project approvals are not provided until all unpaid receivables are paid. The majority of the surface water management fee receivables, \$30,755 is due from Fire District #43 for surface water management fees from 2002 through 2010. The district has not paid these fees claiming that the City owes them an at least equivalent amount in payments in lieu of taxes for City owned facilities. The issue remains unresolved. The remainder is collected by King County with delinquent property taxes in the normal course of business.

Of the due from other government's amount of \$580,033, \$459,167 is due from the State of Washington grant. The grant wasn't billed until later in 2011 as the Finance staff concentrated its efforts on implementing a new finance system. \$89,772 was collected in the normal course of business early in January 2011. \$30,000 due from King County as a reconciliation of 2010 King County police services costs will be offset against the first 2011 billing which the City will pay in May 2011.

Inventory is for food, beverages, and merchandise at the Lake Wilderness Golf Course. The prepaid amount is for January rental of City Hall office space. More detailed information on receivables and other short-term assets is provided in the notes to the financial statements beginning on page 76.

Capital assets, net of accumulated depreciation, totaled \$363,681,527 down \$4,189,767 from the prior year amount of \$367,871,294. The capital assets include infrastructure assets and related depreciation as the City has chosen not to use the modified approach which in lieu of depreciation of infrastructure assets, evaluates condition and maintenance level. The table that follows shows, by capital asset type, the capital asset year-end balances.

**City of Maple Valley's Capital Assets
(net of accumulated depreciation)
(Dollars expressed in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
Land	\$ 195,076	\$ 195,076	\$ 9,750	\$ 9,750	\$ 204,826	\$ 204,826
Buildings	7,903	5,298	942	968	8,844	6,266
Improvements other than Bldgs	125,118	131,960	1,563	1,629	126,682	133,589
Machinery & Equipment	213	226	118	133	332	359
Construction in Progress	22,998	22,831	-	-	22,998	22,831
Total Capital Assets	\$ 351,308	\$ 355,392	\$ 12,373	\$ 12,479	\$ 363,682	\$ 367,871

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

The net decrease is made up of capital asset additions and contributions of \$3,180,580 offset by the increase in accumulated depreciation of \$7,370,344. The retirements of \$222,791 were for fully depreciated items with an equal offset to accumulated depreciation.

Of the additions were primarily in construction in progress where \$2,931,589 was added, of which \$2,704,003 was the Witte Road and 248th Street roundabout project that is due to be completed in the summer of 2011. The additions were leasehold improvements to the new City Hall space, \$76,681 and \$172,310 in machinery and equipment which included a new truck and some technology upgrades. Additional capital asset information is discussed in the notes to the financial statements beginning on page 89.

Long-term liabilities at December 31, 2010 totaled \$7,246,303 down \$553,709 from the December 31, 2009 amount of \$7,800,012. The following table summarizes the long-term portion of the City's liabilities.

**City of Maple Valley's Long-term Debt (non-current portion)
(Dollars expressed in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
Accrued Interest Payable	\$ 22	\$ 24	\$ -	\$ -	\$ 22	\$ 24
Compensated Absences	125	132	-	-	125	132
Contracts & Loans - Current	185	185	-	-	185	185
General Obligation Bonds - Current	375	360	-	-	375	360
Contracts & Loans Payable	2,400	2,585	-	-	2,400	2,585
GO Bonds Payable	4,140	4,515	-	-	4,140	4,515
Total Long-term Debt	\$ 7,246	\$ 7,800	\$ -	\$ -	\$ 7,246	\$ 7,800

Accrued interest payable reflects unpaid interest at December 31, 2010 contracts, loans, and bonds. The compensated absences amount reflects the amount due employees for unpaid vacation and compensatory time, and for an estimated payment for unused sick leave which per policy is paid at 25% for those that retire from the State PERS program. The amount is decreased as for the first time in a number of years as the City had a long time employee with a substantial sick balance retire in 2010.

No contract and loan borrowing was done in 2010. During the year \$184,621 in infrastructure loan debt was retired. The infrastructure loan amounts are for two road improvement projects. The loans are for 20 years with final maturity in 2024. Both loans have interest rates of 0.5%.

No general obligation bonded debt was issued in 2010. During the year \$360,000 of general obligation bonded debt was retired. The general obligation bonds outstanding reflect a 2005 refunding of the callable portion of the 2000 general obligation bond issue. The remainder of the 2000 general obligation bonds was paid off on December 31, 2010. The 2005 general obligation bonds outstanding at December 31, 2010 was \$4,515,000, including the current portion of \$375,000. The bonds approximately equal annual debt service with payoff on December 1, 2020. The bonds have interest rates of 4.00% to 4.25%. More detailed information on long-term debt including issuance and redemption information and debt service to maturity can be found in the notes to the financial statements beginning on page 89.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

Net assets at December 31, 2010 totaled \$371,322,054, down \$4,226,255 from the December 31, 2009 amount of \$375,548,309. The largest portion of the December 31, 2010 total, \$356,581,834 or 96%, is invested in capital assets net of related debt. Most of this is for infrastructure assets from annexation or developer contributions either directly or through King County at various times since the City incorporation. The second largest portion of total net assets, \$12,287,433, is restricted, primarily for capital purposes. The assigned and unrestricted net assets at December 31, 2010, totaled \$2,452,787 down \$658,021 from the December 31, 2009 amount of \$3,110,808. The change in net assets is explained in the discussion of the statement of activities, which follows.

Statement of Activities. The statement of activities provides an overview of the changes in net assets from December 31, 2009 to December 31, 2010. The condensed Statement of Activities shown in the table below identifies the changes in net assets.

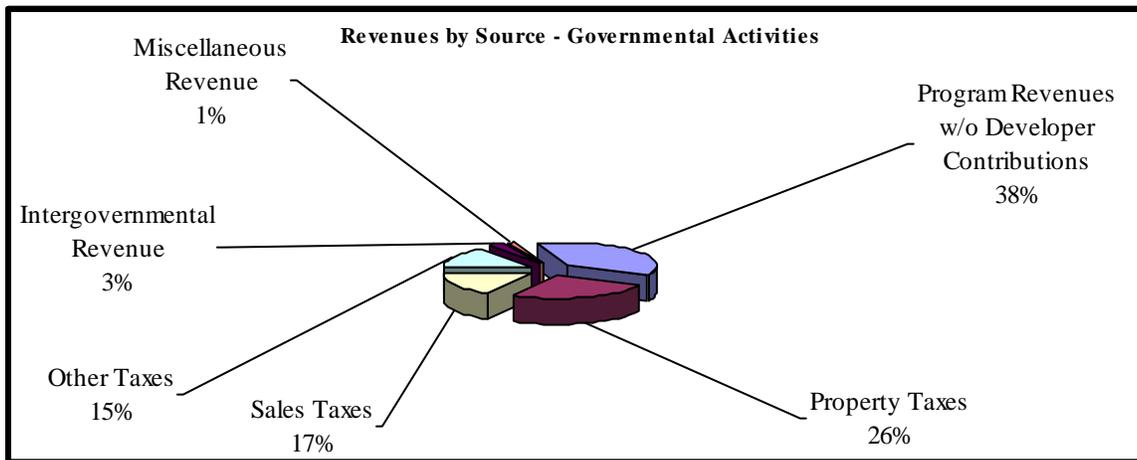
**Condensed Statement of Activities
(Dollars expressed in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
Revenues by Major Source						
Program Revenues						
Charges for Services	\$ 2,307	\$ 1,922	\$ 2,271	\$ 2,208	\$ 4,578	\$ 4,130
Operating Grants & Contributions	620	591	110	70	730	661
Capital Grants & Contributions	1,443	44,319	-	588	1,443	44,908
General Revenues						
Property Taxes	3,050	2,971	-	-	3,050	2,971
Sales Taxes	1,943	1,865	-	-	1,943	1,865
Other Taxes	1,758	1,427	-	-	1,758	1,427
Intergovernmental Revenue	373	321	-	-	373	321
Miscellaneous Revenue	118	83	38	22	156	105
Total Revenues	11,612	53,500	2,420	2,889	14,032	56,389
Expenses by Function						
General Government	1,922	2,015	-	-	1,922	2,015
Community Development	910	988	-	-	910	988
Human Services	273	220	-	-	273	220
Parks & Recreation	1,787	1,560	1,630	1,668	3,417	3,228
Public Safety	2,719	2,381	-	-	2,719	2,381
Public Works	8,190	7,720	613	658	8,803	8,378
Interest on Long-term Debt	215	283	-	-	215	283
Total Expenses	16,015	15,166	2,243	2,326	18,258	17,492
Transfers	178	83	(178)	(83)	-	-
Total Expenses and Transfers	16,193	15,249	2,065	2,243	18,258	17,492
Increase (Decrease) in Net Assets	(4,581)	38,251	355	646	(4,226)	38,897
Net Assets - January 1	361,143	322,892	14,405	13,760	375,548	336,652
Net Assets - December 31	\$ 356,562	\$ 361,143	\$ 14,760	\$ 14,405	\$ 371,322	\$ 375,548

The table shows net assets decreasing \$4,226,255 but the decrease is primarily attributable to depreciation exceeding the addition of new capital assets. Without depreciation expenses of \$7,147,553, net assets would have increased \$2,921,298.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

Governmental activities. Governmental activity revenues decreased by \$41,888,235 as contributions decreased substantially from \$43,334,580 to zero, because of the 2009 Maple Ridge annexation that added 575 single family residents to the City with their 9.5 lane miles of City streets. Without the contribution decrease, there would have been a governmental activity revenues increase of \$1,446,345. The chart below shows the distribution of the City revenues from governmental activities.



Governmental activity program revenues, exclusive of developer contributions, are up \$872,396 from \$3,497,357 to \$4,369,753 primarily with capital grant revenue increasing \$458,326 with a grant received on the Witte Road and SE 248th Street roundabout project and with impact fee revenue increasing \$268,609 with park impact fees being collected for the first time in 2010. In 2010 transportation impact fees collected with building permits for each new pm peak hour trip on both residential and commercial development decreased from \$6,039 to \$2,859 per pm peak hour trip and park impact fees which apply only to residential development were established for the first time at \$2,754 per new sfr. In 2010 the City permitted 125 single family residences (sfr's) up from 93 in 2009, but commercial permit processing continued to be essentially non-existent.

Governmental activity general revenues are up \$573,949 from \$6,667,991 to \$7,241,940. The increases are in all the major categories. When the other taxes category is split into its component parts the tax revenue increases are as identified below.

- Property taxes, which provided 45% of the tax base, increased \$78,865 or 3%.
- Sales taxes, which provided 29% of the tax base, increased \$77,439 or 4%.
- Utility taxes, which provided 11% of the tax base, increased \$136,256 or 22%.
- Real estate excise taxes, which provided 10% of the tax base, increased \$158,542 or 30%.
- Gambling taxes, which provided 1% of the tax base, increased \$5,046 or 13%.
- Franchise fees (taxes), which provided 4% of the tax base, increased \$31,495 or 13%.

The property tax increase includes two components: an annual levy limit increase of 1% and a new construction levy at the prior year's levy rate that provided an increase of 2%.

**City of Maple Valley
Management’s Discussion and Analysis
December 31, 2010**

Sales tax revenue also includes two components: locally generated revenue, \$1,506,140 and county wide revenue distributed to cities based on population, \$436,786. The locally generated revenue is from two main sources construction and non construction related sales. In 2010 construction sales provided 17% of the locally generated sales tax revenue, up from 16% in 2009.

Utility taxes were up substantially in 2010 as the City increased its utility tax rate from 2.25% to 3.00%. The increase was approved in December 14, 2009, but didn’t go into effect for 60 days. The rate was increased again from 3.00% to 6.00% on October 25, 2010 with an effective date of December 24, 2010. Both rate increases funded additional police officers. The first rate increase funded a new sergeant position. The second rate increase funded three officers and a detective and provided some funding for an emergency operations center.

Real estate excise tax increased with increased home sales partly due to the federal stimulus package. In 2010, 397 single family residential units were sold in Maple Valley compared to 358 in 2009. These numbers are down from the peak in 2005 when 1,013 single family residential homes were sold.

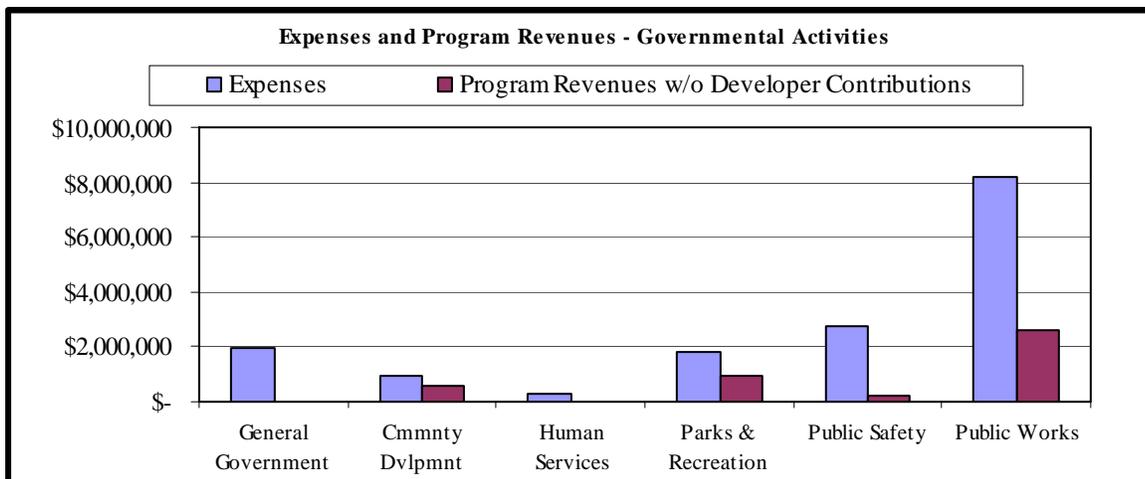
Besides the tax category changes, the other governmental activity revenues changed as follows:

- Intergovernmental revenue, increased \$51,411 or 16%.
- Miscellaneous revenue decreased \$34,895 or 42%.

Intergovernmental revenue is up with increased state shared revenue related to population increases, due to the effect 2009 Maple Ridge annexation being included in the distribution formula for the first time.

Miscellaneous revenue is up with miscellaneous one time only revenue and improved investment earnings with unrealized gains in the City’s investment portfolio even though the average portfolio investment rate at December 31, 2010 was 1.13%, down from the prior year end average portfolio investment rate of 1.40%.

The chart below compares program expenses to program revenue.



**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

In all programs, program expenses exceeded program revenues. In community development, program revenue was 62% of program expenses up from 48% as single family residential permits ending the year at 125 and commercial development was for the most part non-existent. The City needs about 250 single family residential permits and a moderate amount of commercial development to break even which the City hasn't had since 2006. In parks and recreation, program revenue was 53% of program expenses up from 49% as park impact fees were collected for the first time. In public works, program revenue was 32% of program expenses up from 26%.

Governmental activity expenses increased \$848,959 or 6% from \$15,166,083 to \$16,015,042. The categories included are: general government, community development, human services, parks and recreation, public safety, public works, and interest on long term debt.

General government expenses including: the city council, city manager, city clerk, city attorney, and finance; decreased \$93,114 or 5%. The decrease reflects some partial year vacancies, the reduction of compensated absences with a retirement payoff, and the improved position of the internal service funds.

Community development expenses including: the City's planning and building operations, decreased \$77,580 or 8%. The decrease reflects the allocation of building inspector salary and benefits to the surface water management function for survey work during slow inspection times.

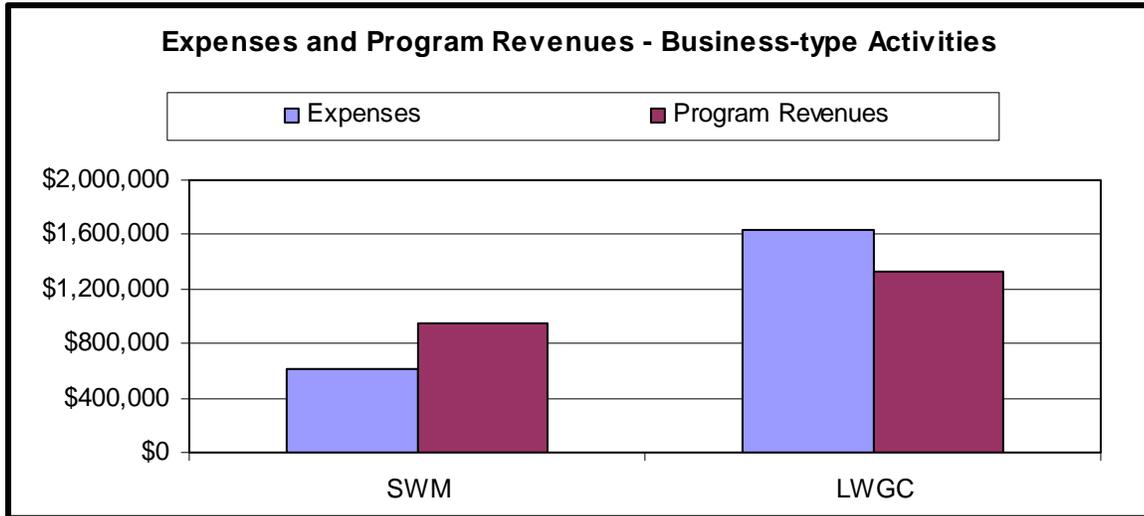
Human service expenses increased \$52,739 or 24%. The increase provided additional funding for the Maple Valley Community Center primarily for a grant to improve the facility.

Parks and recreation expenses including: parks maintenance, the Lake Wilderness Lodge, recreation programs, community events, and funding for community service agencies, increased \$226,742 or 15%. The increase is primarily in parks maintenance where additional staff time was allocated from the Public Works Department and a larger than normal amount of funds was spent on tree removal.

Public safety expenses including: police, jail, and court costs, increased \$338,170 or 14%. For police services, the City contracts with King County for eleven police officers (including sergeant added in 2010), vehicles, equipment, and support cost. The City directly employs police civilian assistant to handle certain police administrative duties. The police contract gives the City 24-hour coverage, seven days a week, with two specifically identified police officers wearing City uniforms and driving police cars that bear the City of Maple Valley insignia. In 2010, the police contract expenditures increased \$324,132 from \$2,045,378 to \$2,369,510. About half of the increase was for the new sergeant position. Other police increases are a combination of workload and inflationary increases. Jail cost decreased \$5,398 from \$70,355 to \$64,957. Court costs decreased \$17,105 from \$116,239 to \$99,134.

Public works expenses including: development, transportation planning, street maintenance, waste reduction & recycling, and lake management, increased by \$470,087 or 6%. Operating expenses, less depreciation, decreased \$14,418 or 1% from \$1,328,019 to \$1,313,601. A decrease of \$82,822 in the asphalt overlay program was offset by \$57,108 of expenditures for the transportation plan update. Depreciation, primarily for street and related infrastructure, increased \$492,401 from \$6,383,720 to \$6,876,121.

Business-type activities. As of December 31, 2010 the City of Maple Valley's operated two business-type activities, the Surface Water Management operations and the Lake Wilderness Golf Course operations. The chart below compares program expenses to program revenue.



In the surface water management operation program revenue increased \$187,669 or 25% from \$760,361 to \$948,030. The increase is associated with increased customers attributable to new development and a full year of revenue associated with the Maple Ridge Highlands annexation that occurred on July 25, 2009. A component of the revenue increase is associated with the first rate increase since incorporation in 1997, with the single family residential rate increasing in 2010 from \$85.02 to \$91.02 per year. Expenses of the surface water management operation decreased \$39,387 or 6% from \$652,365 to \$612,978. The decrease is associated with fewer large maintenance projects in 2010 from those completed in 2009.

In the Lake Wilderness Golf Course operation including: an 18 hole golf course and a full service restaurant with banquet facilities, program revenue decreased \$124,564 or 9% from \$1,447,843 to \$1,323,279 as the golf course experienced a very wet year and restaurant operation felt the affects of a sluggish economy. Expenses of the Lake Wilderness Golf Course decreased \$40,043 or 6% from \$1,667,791 to \$1,629,806 as management reduced staff with reduced restaurant revenue. Including non operating revenue (expenses), the Lake Wilderness Golf Course Fund had a loss before contributions and transfers of \$306,487. The loss excluding depreciation was funded by a transfer from other City funds of \$227,045. The golf operations generated revenue of \$690,149 that exceeded expenses excluding depreciation, of \$631,513. The restaurant operations generated revenue of \$631,316 that was less than expenses excluding depreciation, of \$857,945. The continuing inability of the restaurant operation to breakeven led to the formation of a Lake Wilderness Golf Course Task Force in 2010. The recommendation of that task force was to increase golf fees to fund capital and to reduce the restaurant operations from a full service restaurant to one that caters only to the golfer.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

Financial Analysis of Government's Funds

As noted earlier, the City of Maple Valley uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the City of Maple Valley's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Maple Valley's financing requirements. In particular, *unassigned fund balances* serves as a useful measure of the City's net resources available for spending at the end of the fiscal year. The General Fund is the only governmental fund with *unassigned fund balance* as other governmental funds have their fund balances reserved for particular purposes mainly to fund the capital improvement program. The following table shows the governmental fund balance changes.

**Governmental Funds
Fund Balances**

	<u>Beginning</u>	<u>Ending</u>	<u>Increase (Decrease)</u>
General Fund	\$ 2,650,149	\$ 2,083,739	\$ (566,410)
Street Fund	739,698	625,005	(114,693)
Transportation Impact Fee Fund	5,731,080	5,371,749	(359,331)
Park Development Fund	453,302	837,234	383,932
Real Estate Excise Tax Fund	3,515,891	3,066,232	(449,659)
	<u>\$ 13,090,120</u>	<u>\$ 11,983,959</u>	<u>\$ (1,106,161)</u>

As noted above in total the governmental fund balances decreased \$566,410. Of the General Fund balance of \$2,083,739, \$2,036,428 is unassigned. This amount is 24% of General Fund expenditures. The City's financial policies state that the fund balance of operating funds will be budgeted at at least 10% of anticipated operating expenditures. The City interrupts this policy to apply in all years in its six year forecast as discussed in the transmittal letter in the Introductory Section. As discussed below in the General Fund budget highlights, even though the General Fund fund balance in total decreased \$566,410, the 2010 Final Budget as amended anticipated a decrease of \$1,450,013 so the City's General Fund ended 2010 \$883,601 better than budgeted.

Other governmental funds accumulate reserved fund balances for designated purposes.

The Street Fund accumulates state shared motor vehicle fuel tax for street purposes. In 2010 accumulated funds were transferred to the General Fund for street maintenance and to the Capital Improvement Plan Fund for the annual asphalt overlay program.

The Transportation Impact Fee Fund accumulates transportation impact fees and other transportation development contributions to pay for the non City share of transportation improvement projects. Impact fees collected must be spent within six years. In 2010 transfers for transportation improvement project expenditures exceeded impact fees and other revenue as previously collected funds were applied to projects.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

The Park Development Fund accumulates park impact fees, other park development contributions, and shared County revenue for open space and trails. Impact fees collected must be spent within six years. In 2010 park impact fees were collected for the first time with minimal transfers to park capital projects.

The Real Estate Excise Tax Fund accumulates taxes on the sale of both new and existing real property for both transportation and non-transportation capital improvement projects. The Real Estate Excise Tax Fund provides the City match for funds accumulated in the Transportation Impact Fee Fund and the Park Development Fund. It is also the primary funding source for non transportation and non park projects. In 2010 with the continued sluggish house market, transfers for capital project expenditures exceeded the reduced revenue stream as previously collected funds were applied to projects.

Proprietary Funds. The City of Maple Valley's *proprietary funds* are two Enterprise Funds, the Surface Water Management Fund and the Lake Wilderness Golf Course Fund, and three Internal Service Funds: the Vehicle Rental Fund, the Central Service Fund, and the Unemployment Trust Fund. The following table identifies the *net restricted assets* of the *proprietary funds*.

	Proprietary Funds Unrestricted Net Assets		
	Beginning	Ending	Increase (Decrease)
Surface Water Management Fund	\$ 1,926,248	\$ 2,387,213	\$ 460,965
Vehicle Rental Fund	109,416	150,431	41,015
Central Services Fund	267,668	288,021	20,353
Unemployment Trust Fund	83,575	77,206	(6,369)
	\$ 2,386,907	\$ 2,902,871	\$ 515,964

The increase in net assets of the Surface Water Management Fund is a result of revenues exceeding expenses related to a previously discussed fee increase and expenditures less than the budget. Funds are being accumulated to implement new operating programs and capital projects. Funds were spent in 2006 through 2008 to update the surface water management comprehensive plan. Part of the update involved a review of the City's maintenance and capital plans to ensure compliance with federal and state regulations. Implementation of these plans was begun in 2009 with new management and maintenance emphasis.

The Lake Wilderness Golf Course Fund had no unrestricted net assets at year end as a transfer from the General Fund and the Real Estate Excise Tax Fund were required to bring the net assets to a zero balance.

The internal service funds accumulate funds for vehicle and computer replacement and to pay unemployment claims. In 2009 both the Vehicle Rental Fund (\$300,000) and the Unemployment Trust Fund (\$50,000) transferred funds to the General Fund. At that time it was felt that the reserves were in excess of the amount needed and the funds could be used to stabilize the General Fund during the economic slowdown. In 2010 both the Vehicle Rental Fund and the Central Services Fund increased net assets. The Vehicle Rental Fund assets are continuing to out live their replacement rate as the City has only six plus square miles and excellent roads. The Central Services Fund is continuing extensive

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

computer replacement that was begun with the completion of an information technology strategic plan funded in 2006. The Unemployment Trust Fund though reducing net assets in 2010 appears to be adequately funded particularly since the City with its conservative budgeting policies has never had to make any layoffs.

General Fund Budgetary Highlights

Per State law, budgetary control is at the fund level. Though budgetary control is required at the fund level, it is maintained at the project, organization and object code level. The following table compares the total General Fund's original and final budgets to the actual results for the year ended December 31, 2010.

General Fund Budget Amendments					
	Original Budget	Budget Amendment	Final Budget	Actual	% of Budget
General Fund	\$ 8,913,386	\$ 308,276	\$ 9,221,662	\$ 8,416,366	91%
City Clerk - Reorganization	4/26/2010	(22,296)			
City Attorney					
City of Black Diamond developments	6/21/2010	70,000			
City of Black Diamond developments	10/4/2010	124,000			
Finance - Reorganization	4/26/2010	24,072			
Community Development - Mitigation program for Fire District	3/8/2010	22,500			
Public Works					
City of Black Diamond developments	4/12/2010	90,000			
		\$ 308,276			

The budget amendment for the City Clerk reorganization was initiated with the retirement of the City's first City Clerk. The reorganization involved moving the information technology function to the Finance Department and the personnel function to the City Manager's Office with the remaining city clerk function moving from department status to a division of the City Manager's Office.

The budget amendments for the City Attorney and Public Works relate to the City's litigation against the City of Black Diamond in an effort to mitigate the impact of two master planned developments in Black Diamond. The City of Black Diamond was proposing to allow (and did adopt ordinances to approve) these two projects with a combined build out of 6,050 single and multi-family homes. These developments were determined by Maple Valley's consultants to have a serious impact on traffic in the City of Maple Valley. The results of Maple Valley's litigation effort produced a mitigation agreement requiring developer payments to the City of Maple Valley for fifteen transportation projects over the course of a 20-year build out.

The budget amendment for the Finance reorganization was initiated with the retirement of a 0.5 FTE Accounting Clerk. With the future retirement within the next few years of the both the Finance Director and the Accountant that have been with the City almost from its inception, a reorganization was approved to add a 0.8 FTE Accountant position in lieu of the 0.5 FTE Accounting Clerk position.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

The budget amendment for the Community Development fire mitigation program was made to fund the City's share of a study to develop impact fees for Fire District # 43. The study is on going into 2011. If an impact fee is adopted, the City would collect the fee along with its own fees and the fees for the Tahoma School District and remit them to the Fire District.

The following summarizes the General Fund budget and actual comparison.

**General Fund
Budget to Actual Comparison**

	Final Budget	Actual	Variance from Final Budget	Percent
Revenue				
Taxes	\$ 5,891,616	\$ 5,781,442	\$ (110,174)	98%
Licenses & Permits	555,444	637,548	82,104	115%
Intergovernmental Revenue	473,870	499,088	25,218	105%
Charges for Services	591,835	642,448	50,613	109%
Fines and Forfeitures	107,258	106,404	(854)	99%
Miscellaneous Revenue	350,610	325,851	(24,759)	93%
	\$ 7,970,633	\$ 7,992,781	\$ 22,148	100%
Expenditures				
Current				
General Government	\$ 2,137,009	\$ 1,895,080	\$ 241,929	89%
Community Development	1,136,328	910,052	226,276	80%
Human Services	301,267	273,033	28,234	91%
Park & Recreation	1,499,546	1,564,345	(64,799)	104%
Public Safety	2,864,783	2,714,104	150,679	95%
Public Works	1,282,729	1,040,596	242,133	81%
Capital Outlay	-	19,156	(19,156)	
	\$ 9,221,662	\$ 8,416,366	\$ 805,296	91%

Actual revenues were slightly ahead of budget with some positive and negative variances almost completely offsetting each other. The reduction in taxes is almost totally attributable to utility taxes being below budget by \$125,440. As mentioned earlier the City increased the utility taxes from 2.25% to 3.00% with the assumption that the new rate would be in effect for the entire 2010 calendar year, but because of a sixty day implementation grace period, the rate did not go into effect until mid February 2010. The City not only lost a month and a half of electric, natural gas, and telephone utility tax revenue, but also missed out on the electric and natural gas increase from the cold winter months.

Licenses and permits and charges for service are both ahead of budget as the only budgeted to permit 50 single family residential units, but permitted 125. The increase above budget would have been much higher if commercial development had occurred as planned, but that development got deferred to 2011.

Intergovernmental revenue was above budget as State shared revenue based on population was higher than anticipated with the first full year effect of the Maple Ridge annexation. Fines and forfeitures are only slightly below budget. Miscellaneous revenue is below budget with lower than budgeted usage of the Lake Wilderness Lodge for weddings and other events and with continue low interest rates and reduced General Fund fund balances.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

The primary reason for actual expenditures being 91% of the final budget is the conservative nature of the City's budgeting process and the fact that the staff made a conscious effort to hold the line on expenditures to avoid budget reductions. The conservative nature of the City's budgeting process is a result of City policy whereby all new positions are budgeted for a full year and existing positions are budgeted at full benefits even though actual benefit expenditures may be less than budgeted. Also, no lapse factor is calculated for potentially vacant positions. Having vacant positions during the year in addition to benefit savings from budgeting at full benefits provide most of the budget savings, but other savings accrued as the City under spent its professional services contracts by \$237,615 and its intergovernmental services contracts by \$174,813.

Though not required, the City of Maple Valley prepares annual budgets for all funds. In the City of Maple Valley, Special Revenue Funds have no expenditure budgets because accumulated restricted funds are budgeted and transferred to other funds as reimbursements. If the funds are used for operating purposes, they are budgeted and transferred to the General Fund where budget control is maintained. If the funds are to be used for capital purposes, they are transferred to the Capital Improvement Plan Fund where budget control is maintained. The budget and actual information for non-General and non-Special Revenue Funds are included beginning on page 109. Capital Improvement Plan Fund budgets can be maintained on a project basis, but the City of Maple Valley establishes annual budgets by re-appropriating appropriate unspent prior year amounts. Detailed schedule of project life to date budget and actual information is shown with the annual budget information.

Economic Factors Affecting the 2011 Budget and the Six-Year Financial Forecast

The City's six-year financial forecast as of December 31, 2010 is included in the 2011 Final Budget and summarized in the Introduction Section of this Comprehensive Annual Financial Report. As stated there, the overall purpose of the forecast is to not over commit the operating expenditure budget within a conservative revenue forecast based on the real inventory of developable land. The forecast is based on the historically successful model of residential development that concludes with the statement that as the new residents begin shopping locally, additional sales tax revenue is generated, eventually leading to the construction of new commercial facilities.

With the last step in the single family residential permitting cycle being to increase the demand for commercial development, that happened in a big way on April 14, 2011 when ground was broken for a 250,000 square foot shopping center. The complete center will be built over a number of years, but it is anticipated that the anchor tenant, Fred Meyers will open in the Spring of 2012. In addition to this development, the City has a number of other large parcels that are prime for development. To assist in this effort the City is working on revamping its Economic Development Committee to bring to in a greater level of commercial expertise.

In addition to new development and the Maple Ridge Highlands annexation which saw its full affect in 2010, the City is desirous of annexing a 160 acre property, referred to as the Summit Place aka "donut hole" because it is entirely surrounded by the City. The property is owned by King County, but the City, County, and the former potential buyer of the property had been involved in an extensive joint planning process. With the economy stalled the process has been terminated, but the City is continuing to monitor it as a top priority so that proper annexation, zoning, and mitigation can be provided.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

2010 was the fourth year of operation of the Lake Wilderness Golf Course, but the third full year with the City hired management company. The management contract expired on December 31, 2010, but was extended for one year. The course and restaurant operation were purchased to save the property from development. It was hoped that the facility would breakeven, but that has never happened and 2010 was its worse year when a combination of the economy and a very wet year required an increased contribution from the City. In an effort to address this, a task force was established in mid 2010 to review operations and make recommendations. The task force has recommended some rate increases and a downsizing of the restaurant operation to cater to golfer rather than trying to be a full service restaurant. The City has implemented the recommendations and will be looking to solicit proposals for a new contract in 2011.

With revenue opportunities identified above related to single family residential and commercial development and future annexation combined with the City's conservative budgeting policies and practices and a six-year financial forecast, funding should be available to meet the needs of a growing residential community, but the City must proceed cautiously.

In producing the 2011 budget, the city was not forced to layoff any personnel like many entities, but did take the following actions.

2011 Budget Saving Actions

Eliminating employee cost of living and merit increases	\$ 86,272
Implementing a reduced cost health care plan	42,992
Implementing an increased dependent contribution to health care costs	23,574
Eliminating the City's 25% of sales tax transfer to capital for 2011 only	448,240
Eliminating General Fund subsidy to LWGC	173,506
Assuming completion of 120,000 sq ft of commercial development in 2011	290,265
Eliminate printing of the Maple Valley Leaves	25,177
Eliminate the Volunteer Recognition Dinner	5,000
Eliminate deficit in Adult Sports program	35,656
Reduce the funding for Community Service Agencies	51,200
	<u>\$ 1,181,882</u>

In addition to these actions as mentioned before the City raised the utility tax from 3.00% to 6.00% for electric, natural gas, and telephone to fund three police officers and a detective. The tax also provided funds for equipping an emergency operations center. Those one time only funds are planned to be used in 2012 to fund an additional police officer.

Though the General Fund seems to be financially sound with a diversity of revenue sources and potential for growth, the Capital Improvement Plan Fund is somewhat restricted. Fewer building permits have provided less transportation and park impact fee revenue and the sluggish housing market has produced a lower level of real estate excise taxes than provided in previous years. These combined revenue sources including investment earnings produced \$1,707,810 in 2010 from which \$761,179 in debt service was paid leaving on an annual basis only less than \$1,000,000 for capital improvements, not very much for a young and growing City. Surely the economic condition will improve in the years to come. In the meantime we may need to settle for a little less capital improvements and explore new public / private partnerships.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2010**

Though 2011 budget was developed without tremendous difficulty and the six year forecast does not expect significant economic growth, some modest growth in both the residential and commercial sector is forecasted. As in the past the City will monitor the finances with monthly financial reporting and quarterly presentations to the City Council. This effort should allow the City meet the needs of the community without undue strain on City staff or the community.

Basic Financial Statements

Government-wide Financial Statements

City of Maple Valley
Statement of Net Assets
December 31, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,249,159	\$ 1,401,593	\$ 8,650,752
Cash with Fiscal Agents	83,486	-	83,486
Investments	5,300,879	1,024,901	6,325,780
Receivables (net of uncollectibles)			
Taxes	572,734		572,734
Accounts	45,990	55,431	101,421
Accrued Interest	35,055		35,055
Due from Other Governments	579,784	-	579,784
Inventory		54,640	54,640
Prepaid Items	47,311	-	47,311
Capital Assets			
Land	195,076,121	9,749,891	204,826,012
Construction in Progress	22,998,219		22,998,219
Other Capital Assets (net of accumulated depreciation)	133,234,090	2,623,206	135,857,296
Total Assets	365,222,828	14,909,662	380,132,490
LIABILITIES			
Accounts Payable	649,818	75,962	725,780
Payroll Payable	127,119		127,119
Due to Other Governments	255,792	10,110	265,902
Deposits and Deferred Revenue	382,052	63,280	445,332
Noncurrent Liabilities:			
Accrued Interest Payable	21,841		21,841
Compensated Absences Payable	124,769		124,769
Contracts & Loans - Due within one year	184,621	-	184,621
General Obligation Bonds - Due within one year	375,000		375,000
Contracts & Loans - Due after one year	2,400,072	-	2,400,072
General Obligation Bonds - Due after one year	4,140,000		4,140,000
Total Liabilities	8,661,084	149,352	8,810,436
NET ASSETS			
Invested in Capital Assets, net of related Debt	344,208,737	12,373,097	356,581,834
Restricted for:			
Street Purposes	625,005		625,005
Street Capital Projects	5,371,749		5,371,749
Park Capital Projects	837,234		837,234
General Capital Projects	3,066,232		3,066,232
Unrestricted	2,452,787	2,387,213	4,840,000
Total Net Assets	\$ 356,561,744	\$ 14,760,310	\$ 371,322,054

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
Statement of Activities
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Service (1)	Grants and Contributions Operating	Capital
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,921,807	\$ 20,116		
Community Development	910,348	560,737		
Human Services	273,033			
Parks and Recreation	1,786,842	900,532		48,681
Public Safety	2,718,707	149,392	72,861	
Public Works	8,189,722	675,950	547,227	1,394,257
Interest on Long-term Debt	214,583			
Total Governmental Activities	16,015,042	2,306,727	620,088	1,442,938
BUSINESS-TYPE ACTIVITIES				
Surface Water Management	612,978	948,030	110,354	-
Golf Course Operations	1,629,806	1,323,279		
Total Business-type Activities	2,242,784	2,271,309	110,354	-
Total Primary Government	18,257,826	4,578,036	730,442	1,442,938
General Revenues				
Taxes				
Property Taxes				
Sales Taxes				
Utility Taxes				
Real Estate Excise Taxes				
Gambling Taxes				
Franchise Fees (Taxes)				
Intergovernmental Revenue not restricted to specific programs				
State Shared Revenue				
Miscellaneous Revenue				
Investment Earnings				
Other Miscellaneous Revenue and (Expenses)				
Transfers				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning				
Net Assets - Ending				

(1) Includes other program revenue except grants and contributions
The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (1,901,691)		\$ (1,901,691)
(349,611)		(349,611)
(273,033)		(273,033)
(837,629)		(837,629)
(2,496,454)		(2,496,454)
(5,572,288)		(5,572,288)
(214,583)		(214,583)
(11,645,289)	-	(11,645,289)
	445,406	445,406
	(306,527)	(306,527)
-	138,879	138,879
(11,645,289)	138,879	(11,506,410)
3,049,990		3,049,990
1,942,926		1,942,926
745,107		745,107
686,659		686,659
43,419		43,419
283,261		283,261
372,712		372,712
107,909	36,269	144,178
9,957	1,946	11,903
(177,783)	177,783	-
7,064,157	215,998	7,280,155
(4,581,132)	354,877	(4,226,255)
361,142,876	14,405,433	375,548,309
\$ 356,561,744	\$ 14,760,310	\$ 371,322,054

Fund Financial Statements

City of Maple Valley
 Balance Sheet
 Governmental Funds
 December 31, 2010

	<u>Special Revenue</u>		
	<u>General</u>	<u>Street</u>	<u>Transportation Impact Fee</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,142,231	\$ 361,016	\$ 3,215,015
Cash with Fiscal Agents			
Investments	835,245	263,989	2,350,949
Receivables (net of uncollectibles)			
Taxes	572,734		
Accounts	45,990		
Accrued Interest	35,055		
Due from Other Governments	58,372		
Prepaid Items	47,311		
Total Assets	\$ 2,736,938	\$ 625,005	\$ 5,565,964
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 109,798		
Payroll Payable	127,119		
Due to Other Governments	228,445		
Deposits and Deferred Revenue	187,837		194,215
Total Liabilities	\$ 653,199	-	194,215
Fund Balances			
Fund Balances:			
Nonspendable:			
Prepaid Items	\$ 47,311		
Restricted:			
Street Purposes		625,005	
Street Capital Projects			5,371,749
Park Capital Projects			
1st .25% Capital Purposes			
2nd .25% Capital Purposes			
Unassigned	2,036,428		
Total Fund Balances	\$ 2,083,739	625,005	5,371,749
Total Liabilities and Fund Balances	\$ 2,736,938	\$ 625,005	\$ 5,565,964

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, therefore, are not reported in the funds. (Note 6)
- Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 8)
- Accrued Interest on General Obligation Bonds Payable
- Compensated Absences
- Contracts, Loans, and Bonds Payable
- Restricted net assets of internal service funds are included in governmental activities in the Statement of Net Assets

Net assets of Governmental activities

The notes to the financial statements are an integral part of this statement.

Special Revenue		Capital Projects		Total
Park Development	Real Estate Excise Tax	Capital Improvement Plan	Capital Improvement Plan	
\$ 483,603	\$ 1,735,164	\$ 6,316	\$ 6,943,345	
		83,486	83,486	
353,631	1,268,823	4,618	5,077,255	
			572,734	
			45,990	
			35,055	
	62,245	459,167	579,784	
			47,311	
\$ 837,234	\$ 3,066,232	\$ 553,587	\$ 13,384,960	

		\$ 526,240	\$ 636,038
			127,119
		27,347	255,792
			382,052
-	-	553,587	1,401,001

			47,311
			625,005
			5,371,749
837,234			837,234
	1,336,445		1,336,445
	1,729,787		1,729,787
			2,036,428
837,234	3,066,232	-	11,983,959
\$ 837,234	\$ 3,066,232	\$ 553,587	

351,308,430

(21,841)
(124,769)
(7,099,693)
515,658
\$ 356,561,744

City of Maple Valley
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	<u>Special Revenue</u>		
	<u>General</u>	<u>Street</u>	<u>Transportation Impact Fee</u>
REVENUES			
Taxes			
Property	\$ 3,049,990		
Sales	1,942,926		
Utility	745,107		
Real Estate Excise			
Gambling	43,419		
Licenses & Permits	637,548		
Intergovernmental Revenue	499,088	493,712	
Charges for Service	642,448		420,590
Fines & Forfeits	106,404		
Miscellaneous Revenue	325,851	10,872	101,677
Total Revenues	7,992,781	504,584	522,267
EXPENDITURES			
Current			
General Government	1,895,080		
Community Development	910,052		
Human Services	273,033		
Parks and Recreation	1,564,345		
Public Safety	2,714,104		
Public Works	1,040,596		
Capital Outlay	19,156		
Debt Service			
Principal			
Interest on Long-term Debt			
Total Expenditures	8,416,366	-	-
Excess (deficiency) of revenues over (under) expenditures	(423,585)	504,584	522,267
Other Financing Sources (Uses)			
Transfers In	520,871	-	
Transfer (Out)	(663,696)	(619,277)	(881,598)
Total Other Financing Sources (Uses)	(142,825)	(619,277)	(881,598)
Net Change in Fund Balances	(566,410)	(114,693)	(359,331)
Fund Balance, January 1	2,650,149	739,698	5,731,080
Fund Balance, December 31	\$ 2,083,739	\$ 625,005	\$ 5,371,749

The notes to the financial statements are an integral part of this statement.

Special Revenue		Capital Projects		Total
Park Development	Real Estate Excise Tax	Capital Improvement Plan		
				\$ 3,049,990
				1,942,926
				745,107
	686,659			686,659
				43,419
				637,548
39,284		1,394,257		2,426,341
390,864		-		1,453,902
				106,404
11,199	57,536	(4,122)		503,013
441,347	744,195	1,390,135		11,595,309
		41,380		1,936,460
				910,052
				273,033
		20,043		1,584,388
				2,714,104
		273,005		1,313,601
		3,011,714		3,030,870
		544,621		544,621
		216,558		216,558
-	-	4,107,321		12,523,687
441,347	744,195	(2,717,186)		(928,378)
		2,717,186		3,238,057
(57,415)	(1,193,854)	-		(3,415,840)
(57,415)	(1,193,854)	2,717,186		(177,783)
383,932	(449,659)	-		(1,106,161)
453,302	3,515,891	-		13,090,120
\$ 837,234	\$ 3,066,232	\$ -		\$ 11,983,959

City of Maple Valley

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, 2010

Amounts reported for governmental activities in the Statement of Activities (pages 50 and 51) are different because:

Net Change in Fund Balances - total Governmental Funds (page 57) \$ (1,106,161)

In the Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds report capital outlays as expenditures. In the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay			
City Expenditures			3,030,870
	<u>Depreciation</u>	<u>Retirement</u>	
General Government	\$ (187,580)	\$ 198,679	
Community Development	296	-	
Parks & Recreation	202,454	-	
Public Safety	3,497	1,106	
Public Works	6,876,121	-	
	<u>\$ 6,894,788</u>	<u>\$ 199,785</u>	(7,094,573)

In the Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds recognize that the issuance of long-term debt provides current financial resources, while the repayment of principal of long-term debt consumes current financial resources. In the Statement of Activities these changes in long-term liabilities do not have any effect on net assets.

Reduction in Accrued Interest on Long-term Debt	1,975	
Increase in Compensated Absences	7,113	
Repayment of Long-term Debt	<u>544,621</u>	
		553,709

Internal service funds are used by the City to charge the costs of vehicle rental, central services, and unemployment insurance to individual funds. The net revenue of certain activities in internal service funds is reported with governmental activities.

Internal Service Funds - Operating Income	18,639	
Internal Service Funds - Non-operating Income		
Investment Earnings	8,494	
Gain on Retirement of Capital Assets	7,890	
		<u>35,023</u>

Change in Net Assets of Governmental Activities (page 51) \$ (4,581,132)

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Property Taxes	\$ 3,059,594	\$ 3,059,594	\$ 3,049,990	\$ (9,604)
Sales Taxes				
Locally Generated	1,492,308	1,492,308	1,506,140	13,832
.1% Criminal Justice	430,935	430,935	436,786	5,851
Utility Taxes	870,547	870,547	745,107	(125,440)
Gambling Taxes	38,232	38,232	43,419	5,187
Total Taxes	5,891,616	5,891,616	5,781,442	(110,174)
Licenses & Permits				
Special Licenses	960	960	1,060	100
Franchise Fees	297,284	297,284	304,548	7,264
Development Permits	257,200	257,200	331,940	74,740
Total Licenses & Permits	555,444	555,444	637,548	82,104
Intergovernmental Revenue				
State and County Grants	59,955	59,955	64,524	4,569
Local Government Assistance	87,205	87,205	77,433	(9,772)
State Shared Revenue	326,710	326,710	357,131	30,421
Total Intergovernmental Revenue	473,870	473,870	499,088	25,218
Charges for Service				
Development Charges	324,609	324,609	358,018	33,409
Miscellaneous Charges	267,226	267,226	284,430	17,204
Total Charges for Service	591,835	591,835	642,448	50,613
Fines & Forfeits	107,258	107,258	106,404	(854)
Miscellaneous Revenue				
Investment Earnings	47,081	47,081	42,094	(4,987)
Rents, Leases, and Concessions	295,903	295,903	243,696	(52,207)
Other Miscellaneous Revenue	7,626	7,626	40,061	32,435
Total Miscellaneous Revenue	350,610	350,610	325,851	(24,759)
Total Revenues	\$ 7,970,633	\$ 7,970,633	\$ 7,992,781	\$ 22,148

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
General Government				
City Council	\$ 117,149	\$ 117,149	\$ 107,441	\$ 9,708
City Manager	427,676	427,676	384,934	42,742
City Clerk	602,969	580,673	539,403	41,270
City Attorney	313,975	507,975	431,180	76,795
Finance	479,464	503,536	432,122	71,414
Total General Government	1,941,233	2,137,009	1,895,080	241,929
Community Development				
Community Development	1,113,828	1,136,328	910,052	226,276
Total Community Development	1,113,828	1,136,328	910,052	226,276
Human Services	301,267	301,267	273,033	28,234
Parks and Recreation				
Administration	124,387	124,387	113,454	10,933
Parks Maintenance	285,382	285,382	348,407	(63,025)
Capital		-	3,135	(3,135)
Lake Wilderness Lodge	396,646	396,646	403,688	(7,042)
Recreation and Events	611,473	611,473	627,605	(16,132)
Community Service Agencies	81,658	81,658	71,191	10,467
Total Parks	1,499,546	1,499,546	1,567,480	(67,934)
Public Safety				
Police	2,653,533	2,653,533	2,550,012	103,521
Capital		-	3,820	(3,820)
Jail	79,250	79,250	64,958	14,292
Court	132,000	132,000	99,134	32,866
Total Public Safety	2,864,783	2,864,783	2,717,924	146,859
Public Works				
Administration	245,478	245,478	162,453	83,025
Transportation Planning	69,353	159,353	170,332	(10,979)
Maintenance Division		-	(12,201)	12,201
Capital		-	12,201	(12,201)
Street Maintenance	726,107	726,107	596,891	129,216
Waste Reduction & Recycling	82,861	82,861	73,343	9,518
Lake Management	68,930	68,930	49,778	19,152
Total Public Works	1,192,729	1,282,729	1,052,797	229,932
Total Expenditures	\$ 8,913,386	\$ 9,221,662	\$ 8,416,366	\$ 805,296

The notes to the financial statements are an integral part of this statement.

City of Maple Valley

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues over (under) Expenditures	\$ (942,753)	\$ (1,251,029)	\$ (423,585)	\$ 827,444
Other Financing Sources (Uses)				
Transfer in from Street Fund	471,609	471,609	471,609	-
Transfer in from Surface Water Management Fund	68,930	68,930	49,262	(19,668)
Transfer out to Capital Improvement Plan Fund	(585,667)	(585,667)	(485,453)	100,214
Transfer out to Lake Wilderness Golf Course	(83,856)	(153,856)	(178,243)	(24,387)
Total Other Financing Sources (Uses)	(128,984)	(198,984)	(142,825)	56,159
Net Change in Fund Balances	(1,071,737)	(1,450,013)	(566,410)	883,603
Fund Balance, January 1	2,658,551	2,650,151	2,650,149	(2)
Fund Balance, December 31	\$ 1,586,814	\$ 1,200,138	\$ 2,083,739	\$ 883,601

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
Street Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
State Shared Revenue				
Motor Vehicle Fuel Tax - Street General	471,609	471,609	493,712	22,103
Total Intergovernmental Revenue	471,609	471,609	493,712	22,103
Miscellaneous Revenue				
Investment Earnings	12,251	12,251	10,872	(1,379)
Total Miscellaneous Revenue	12,251	12,251	10,872	(1,379)
Total Revenues	483,860	483,860	504,584	20,724
Other Financing Sources (Uses)				
Transfer out to General Fund	(471,609)	(471,609)	(471,609)	-
Transfer out to Capital Improvement Plan Fund	(250,000)	(250,000)	(147,668)	102,332
Total Other Financing Sources (Uses)	(721,609)	(721,609)	(619,277)	102,332
Net Change in Fund Balances	(237,749)	(237,749)	(114,693)	123,056
Fund Balance, January 1	739,698	739,698	739,698	-
Fund Balance, December 31	\$ 501,949	\$ 501,949	\$ 625,005	\$ 123,056

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
 Transportation Impact Fee Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services				
Transportation Impact Fees	\$ 517,904	\$ 517,904	\$ 420,590	\$ (97,314)
Developer Contributions	519,758	519,758	-	(519,758)
Total Charges for Services	1,037,662	1,037,662	420,590	(617,072)
Miscellaneous Revenue				
Investment Earnings	101,359	101,359	101,677	318
Total Miscellaneous Revenue	101,359	101,359	101,677	318
Total Revenues	1,139,021	1,139,021	522,267	(616,754)
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(2,798,494)	(2,798,494)	(881,598)	1,916,896
Total Other Financing Sources (Uses)	(2,798,494)	(2,798,494)	(881,598)	1,916,896
Net Change in Fund Balances	(1,659,473)	(1,659,473)	(359,331)	1,300,142
Fund Balance, January 1	5,739,181	5,731,079	5,731,080	1
Fund Balance, December 31	\$ 4,079,708	\$ 4,071,606	\$ 5,371,749	\$ 1,300,143

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
 Park Development Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
King County Open Space & Trails Levy	\$ 41,986	\$ 41,986	\$ 39,284	\$ (2,702)
Total Intergovernmental Revenue	41,986	41,986	39,284	(2,702)
Charges for Services				
Park Impact Fees	137,700	137,700	342,183	204,483
Contribution in lieu of Parks		-	48,681	48,681
Total Charges for Services	137,700	137,700	390,864	253,164
Miscellaneous Revenue				
Investment Earnings	7,637	7,637	11,199	3,562
Total Miscellaneous Revenue	7,637	7,637	11,199	3,562
Total Revenues	187,323	187,323	441,347	254,024
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(456,198)	(456,198)	(57,415)	398,783
Total Other Financing Sources (Uses)	(456,198)	(456,198)	(57,415)	398,783
Net Change in Fund Balances	(268,875)	(268,875)	383,932	652,807
Fund Balance, January 1	453,302	453,302	453,302	-
Fund Balance, December 31	\$ 184,427	\$ 184,427	\$ 837,234	\$ 652,807

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
Real Estate Excise Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Real Estate Excise Tax	\$ 638,928	\$ 638,928	\$ 686,659	\$ 47,731
Total Taxes	638,928	638,928	686,659	47,731
Miscellaneous Revenue				
Investment Earnings	56,050	56,050	57,321	1,271
Other Miscellaneous Revenue	103	103	215	112
Total Miscellaneous Revenue	56,153	56,153	57,536	1,383
Total Revenues	695,081	695,081	744,195	49,114
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(3,395,956)	(3,395,956)	(1,145,052)	2,250,904
Transfer out to Lake Wilderness Golf Course Fund	(38,623)	(53,623)	(48,802)	4,821
Total Other Financing Sources (Uses)	(3,434,579)	(3,449,579)	(1,193,854)	2,255,725
Net Change in Fund Balances	(2,739,498)	(2,754,498)	(449,659)	2,304,839
Fund Balance, January 1	3,523,994	3,515,892	3,515,891	(1)
Fund Balance, December 31	\$ 784,496	\$ 761,394	\$ 3,066,232	\$ 2,304,838

The notes to the financial statements are an integral part of this statement.

City of Maple Valley
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Business-type Activities		
	Enterprise Funds		
	Surface Water Management	Lake Wilderness Golf Course	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,371,927	\$ 29,666	\$ 1,401,593
Investments	1,003,208	21,693	1,024,901
Receivables (net of uncollectibles)			-
Accounts	55,431		55,431
Inventory		54,640	54,640
Total Current Assets	2,430,566	105,999	2,536,565
Noncurrent Assets			
Capital Assets:			
Land	7,469,673	2,280,218	9,749,891
Other Capital Assets	943,361	2,343,669	3,287,030
Less: Accumulated Depreciation	(235,237)	(428,587)	(663,824)
Total Noncurrent Assets	8,177,797	4,195,300	12,373,097
Total Assets	10,608,363	4,301,299	14,909,662
LIABILITIES			
Current Liabilities			
Accounts Payable	28,471	47,491	75,962
Due to Other Governments	9,239	871	10,110
Deposits and Deferred Revenue	5,643	57,637	63,280
Total Current Liabilities	43,353	105,999	149,352
NET ASSETS			
Net Assets Invested in Capital Assets	8,177,797	4,195,300	12,373,097
Unrestricted	2,387,213	-	2,387,213
Total Net Assets	\$ 10,565,010	\$ 4,195,300	\$ 14,760,310

The notes to the financial statements are an integral part of this statement.

**Governmental-
type Activities
Internal
Service
Funds**

\$ 305,814
223,624

529,438

1,026,796
(853,134)

173,662

703,100

13,780

-

13,780

173,662
515,658

\$ 689,320

City of Maple Valley
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2010

	Business-type Activities		
	Enterprise Funds		
	Surface Water Management	Lake Wilderness Golf Course	Total
Operating Revenues			
Charges for Service			
Surface Water Management Fees	\$ 938,700		\$ 938,700
Golf Operations		690,149	690,149
Restaurant Operations		631,316	631,316
Other Services	9,330	1,814	11,144
Total Operating Revenues	948,030	1,323,279	2,271,309
Operating Expenses			
Cost of Services	580,651	1,512,757	2,093,408
Depreciation	32,327	117,049	149,376
Total Operating Expenses	612,978	1,629,806	2,242,784
Operating Income	335,052	(306,527)	28,525
Nonoperating Revenue (Expenses)			
Intergovernmental Revenue	110,354		110,354
Investment Earnings	36,229	40	36,269
Other Interest Earnings (Expense)	1,946		1,946
Total Nonoperating Revenue (Expenses)	148,529	40	148,569
Income before Contributions and Transfers	483,581	(306,487)	177,094
Contributions and Transfers			
Capital Contributions from General Fund			-
Transfers from (to) General Fund	(49,262)	178,243	128,981
Transfers from (to) Other Funds	-	48,802	48,802
Total Contributions and Transfers	(49,262)	227,045	177,783
Change in Net Assets	434,319	(79,442)	354,877
Total Net Assets - January 1	10,130,691	4,274,742	14,405,433
Total Net Assets - December 31	\$ 10,565,010	\$ 4,195,300	\$ 14,760,310

The notes to the financial statements are an integral part of this statement.

**Governmental-
type Activities
Internal
Service
Funds**

920,817

920,817

775,783

126,395

902,178

18,639

8,494

-

16,384

35,023

19,156

-

-

19,156

54,179

635,141

\$ 689,320

City of Maple Valley
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

	Business-type Activities		
	Enterprise Funds		
	Surface Water Management	Lake Wilderness Golf Course	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 950,861	\$ 1,333,000	\$ 2,283,861
Cash Paid to Suppliers for Goods and Services	(569,909)	(1,545,066)	(2,114,975)
Net Cash Flows from Operating Activities	380,952	(212,066)	168,886
Cash Flows from Non-Capital Financing Activities			
Intergovernmental Revenue	110,354		110,354
Transfers to (from) Other Funds	(49,262)	189,438	140,176
Net Cash Flows from Non-Capital Financing Activities	61,092	189,438	250,530
Cash Flows from Capital and Related Financing Activities			
Capital Assets Purchased for Own Use	(5,682)	(37,607)	(43,289)
Transfers to (from) Other Funds		37,607	37,607
Gain (Loss) on Retirement of Capital Assets			-
Net Cash Flows from Capital and Related Financing Activities	(5,682)	-	(5,682)
Cash Flows from Investing Activities			
Purchase of Investments	(239,281)		(239,281)
Proceeds from Investment Maturities		8,029	8,029
Interest on Investments	38,175	40	38,215
Net Cash Flows from Investing Activities	(201,106)	8,069	(193,037)
Net Change in Cash and Cash Equivalents	235,256	(14,559)	220,697
Cash and Cash Equivalents, January 1	1,136,671	44,225	1,180,896
Cash and Cash Equivalents, December 31	\$ 1,371,927	\$ 29,666	\$ 1,401,593
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 335,052	\$ (306,527)	\$ 28,525
Adjustments to Reconcile Operating Income to Net Cash Provided:			
Depreciation Expense	32,327	117,049	149,376
Change in Receivables (net of uncollectibles)	(7,952)	3,797	(4,155)
Change in Due from Other Governments	12,522	-	12,522
Change in Inventory		(494)	(494)
Change in Accounts Payable	1,686	(32,425)	(30,739)
Change in Due to Other Governments	9,056	116	9,172
Changes in Deposits and Deferred Revenue	(1,739)	6,418	4,679
Net Cash Flows from Operating Activities	\$ 380,952	\$ (212,066)	\$ 168,886
Non Cash Investing, Capital and Financing Activities			
Capital Contributions from General Fund	\$ -	\$ -	\$ -
Retirement of Internal Service Fund Capital Assets			-
Total Non Cash Investing, Capital and Financing	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

**Governmental-
type Activities
Internal
Service
Funds**

\$ 920,817
(798,135)
122,682

-

(106,421)

7,890
(98,531)

(27,130)
3,187
8,494
(15,449)

8,702

297,112

\$ 305,815

\$ 18,639

126,395

(15,419)
(6,933)

\$ 122,682

\$ 19,156

23,006

\$ 42,162

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Maple Valley is a municipal corporation that operates under the Council / Manager form of government. The City has a non-partisan elected seven-member council that chooses from among its members a Mayor and Deputy Mayor. The Council appoints a professional City Manager. The accompanying financial statements of the City of Maple Valley have been prepared in conformity with generally accepted accounting principals (GAAP). The significant accounting policies applicable to the City of Maple Valley are described below.

The City's comprehensive annual financial report (CAFR) includes all activity for which the City of Maple Valley is considered to be financially accountable. Financial accountability is determined based on budget adoption, spending authority, taxing authority, and outstanding debt secured by revenues or general obligations of the City. There are no non-reported activities meeting any of these criteria.

B. GENERAL ACCOUNTING STANDARDS

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. The statement included significant financial reporting changes and established new accounting and financial reporting standards for general purpose external financial reporting by governments. It established specific standards for basic financial statements, management's discussion and analysis, and other required supplementary information. The basic financial statements include government wide financial statements, fund financial statements, and notes to the financial statements.

GASB 34 also mandated the inclusion of the government's infrastructure assets (roads, bridges, traffic signals, etc.) as governmental assets in the financial statements. With information obtained from a pavement management survey conducted in 2001, the City had the data needed to value its infrastructure and record it in the financial statements.

Since the issuance of GASB 34, the GASB has issued other statements that amend, clarify or provide certain specific guidance on governmental financial reporting. The City has adopted all applicable statements through GASB Statement No. 58. The only new GASB statement that effects the City of maple Valley is GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The City implemented that statement last year in the 2009 Comprehensive Annual Financial Report.

Governments have the option of consistently implementing private-sector guidance issued after November 30, 1989, for both business-type activities and enterprise funds, provided the standards so adopted do not conflict with or contradict the GASB's own guidance. The City of Maple Valley does not believe any private-sector guidance is relevant to the City of Maple Valley's business-type and enterprise funds, so the option has not been selected.

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the City of Maple Valley. *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 effect of interfund activities has been removed from the government-wide financial statements. These statements also include certain adjustments to present the information with a measurement focus and basis of accounting applicable to business-type funds. See discussion below on measurement focus and basis of accounting. The adjustments are shown in reconciliations on pages 54 and 55 and page 58.

The government-wide financial statement's statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes are reported as *general revenues* along with other revenues not properly included as program revenues.

Separate financial statements are provided for governmental and proprietary funds. The City does not have any fiduciary funds. For governmental funds, the City does not distinguish between major and non-major funds, but reports each individual governmental fund in a separate column in the fund financial statements. For proprietary funds, the City reports in a separate column each enterprise fund, and in another column its combined internal service funds.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements and the business-type funds are reported using the economic resources measurement focus and the full accrual basis of accounting. With the economic resources measurement focus, the focus is on measuring net assets and changes in net assets. All assets and liabilities (both current and non-current) are included on the balance sheets and the net assets are segregated based on source and restrictions. Net assets are increased by revenues and decreased by expenses. With the full accrual basis of accounting, revenues are recognized as soon as they are earned and expenses are recognized as soon as the liability is incurred.

Business-type funds segregate revenue and expenses into operating and non-operating categories. Operating revenue is considered to be the revenue generated from the purpose of the fund, in other words, what is paid by those who receive the service. Non-operating revenue is revenue received by other means, primarily investment earnings, but also includes intergovernmental revenue that is not received related to services rendered.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With the current financial resources measurement focus, the focus is on current assets and current liabilities and changes in financial position rather than changes in net assets. Fund balance, current assets less current liabilities, measures increases (revenues and other financing sources) and decreases (expenditures and other financing uses) and is considered a measure of available spendable resources. With the modified accrual basis of accounting, revenues are recognized only to the extent they are available to finance expenditures of the current fiscal period with debt service expenditures not accounted for until due. Revenue received within two months of year-end, meeting the above criteria, is considered for accrual.

The following revenue accrual policies apply to primary revenue sources. Property taxes are recognized as revenues in the year for which they are levied. Sales and use taxes are recognized as revenues in the year they are collected from the consumer assuming they are paid to the collecting agent, the Washington State Department of Revenue (DOR), in time for distribution to the City by the end of February of the following year (DOR's normal practice). Utility taxes, real estate excise taxes, and gambling taxes are recognized as revenue in the year collected from the consumer assuming the collecting agent remits them to the City by the end of February. Non-tax revenue is recognized as earned.

E. ACCOUNTING SYSTEM

The City operates its accounting system on a fund structure as prescribed by generally accepted accounting principles applicable to governmental entities. Each fund is considered a separate accounting entity. Each is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, and revenues and expenditures or expenses, as appropriate. The City's resources are allocated to and accounted for in individual funds depending on the expenditure restrictions of individual resources. The following describes the City's fund structure.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the principal operating fund of the City. It accounts for the financial resources of the City that are not accounted for in any other fund. The principal sources of revenue are: property, sales, and utility taxes; licenses and permits; State-shared revenue; development and recreation charges for services; fines and forfeitures; and miscellaneous revenue that includes rental income and investment earnings. The General Fund accounts for all operating expenditures of the City except those accounted for in the business-type funds. Primary expenditures are for: general government, community development, human services, parks and recreation, public safety, and public works.

Special Revenue Funds - Special Revenue Funds account for specific revenue sources that would otherwise be accounted for in the General Fund, but for which there exist certain legal restrictions. The revenue is segregated into individual special revenue funds to ensure expenditure for a specific purpose. The City of Maple Valley has the following special revenue funds.

- **Street Fund** – to account for motor vehicle fuel taxes restricted for street purposes,
- **Transportation Impact Fee Fund** – to account for transportation impact fees and other developer contributions restricted for transportation capital improvements,
- **Real Estate Excise Tax Fund** – to account for real estate excise taxes restricted for capital improvements, and
- **Park Development Fund** – to account for park impact fees and other developer contributions restricted for park capital improvements.

Capital Projects Funds - Capital Projects Funds account for the financing of major capital acquisitions and construction projects other than those financed by business-type funds. Sources of revenue are typically: grants, bond proceeds, and transfers from other funds. The City maintains a single **Capital Improvement Plan Fund**. All capital expenditures not financed by business-type funds are accounted for in the Capital Improvement Plan Fund. The Capital Improvement Plan Fund provides separate accounting for each individual capital project. At year-end, completed projects and construction in progress are capitalized.

BUSINESS-TYPE FUNDS

Enterprise Funds - Enterprise funds account for activity for which a fee is charged to external users with the intent of covering all or a significant portion of expenses including depreciation. Enterprise funds are required if debt is issued that is backed solely by enterprise fund fees, or if there is a legal requirement, or policy decision to recover all direct costs. The City of Maple Valley has the following enterprise funds.

- **Surface Water Management Fund** – to account for the revenue generated by surface water management fees and their expenditure for operating and capital purposes. At this time there is no outstanding debt, but a policy decision has been made to recover all direct costs.
- **Lake Wilderness Golf Course Fund** – to account for the revenue generated by golf and restaurant charges and their expenditure for operating and capital purposes. The City acquired the golf course with cash on November 30, 2006 to save it from development. The City has an agreement with Premier Golf Centers LLC to manage the facility through December 31, 2011.

Internal Service Funds - Internal service funds account for the financing of centralized services, performed within the City, for departments of the City. Charges to the departments cover the cost of operations and include funding for future equipment replacement or for the accumulation of reserves for unforeseen future events. In the government-wide financial statements, the transactions between these funds and other City funds are eliminated. The City of Maple Valley has the following internal service funds.

- **Vehicle Rental Fund** - to account for the operation of the City's vehicle fleet,
- **Central Services Fund** - to account for liability and property insurance, building services, office services, and information technology services; and

- **Unemployment Trust Fund** - to account for unemployment compensation payments.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. INTERNAL CONTROL SYSTEM

City management is responsible for establishing and maintaining an internal control system. The system is designed to ensure that the assets of the City are protected from loss, theft, or misuse, and that adequate accounting data is available to prepare financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable but not absolute assurance that these objectives are met. Reasonable assurance recognizes that: (1) the cost of controls should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

B. BUDGET AND SPENDING CONTROL

Budgets serve as control mechanisms for the operations of governmental units. Legal budgetary (expenditure) control in the City of Maple Valley is at the fund level, but budget and actual information are maintained at the fund, project, department, and object classification. The budget is adopted on the basis of accounting consistent with generally accepted accounting principles for each fund type.

The City of Maple Valley does not use encumbrance accounting. Governmental funds require expenditure budgetary control when compared to the annual budget. Unexpended budgeted amounts lapse at year-end unless specifically re-appropriated by Council action, which is only typically for capital projects. Proprietary funds require budgetary control at the revenue over (under) expenditure level, including transfers in from other funds and excluding depreciation. In 2010, there were no violations of budgetary control.

State law requires that the City adopt its annual budget by December 31st of the preceding fiscal year. The first step in the budget process is the identification by the Council of its priorities for the following year. This usually occurs in the early summer at a Council retreat. The second step involves the forecasting of the revenue and the establishment of a baseline budget to carry existing programs into the next year. This step includes a six-year financial forecast to ensure that budget decisions for the following year can be funded long term. The third step involves development, by the senior management staff, of detailed departmental budget requests for presentation to and discussion with the City Manager. The City Manager then develops a recommended budget that is presented to the City Council by the first of November.

The City Council holds public hearings and reviews the recommended budget document during November and early December. The City Council then adopts, by State law by year-end, a budget ordinance appropriating funds at the fund level for the following year. An additional budget ordinance adopted in late February of the budget year, re-appropriates Council approved prior year

unexpended budgeted amounts, usually for capital projects only, and adjusts beginning fund balances to actual previous year end amounts. This information including prior year actual data is included in the printed final budget document. The resulting budget becomes the original budget as shown by fund beginning on page 59 and for non General and non-Special Revenue Funds on page 109.

Supplemental appropriations that amend total fund expenditures require a budget amendment ordinance approved by City Council. The City prepares monthly financial reports and reviews them with the City Council on a quarterly basis. The quarterly reports include a budget amendment ordinance if City Council actions during the quarter require one. The presentation of the year-end quarterly report includes the re-appropriating budget amendment ordinance as discussed above.

NOTE 3 CASH AND INVESTMENTS

Cash and cash equivalents include petty cash, a demand deposit checking account, and overnight investment in the State of Washington Local Government Investment Pool (LGIP). The petty cash accounts are included in the cash and cash equivalent amount of the General Fund. The other cash and cash equivalents along with other investments are accounted for within an internal City investment pool. Each City fund has equity in the pool. The beginning and ending month end equity positions are used to allocate monthly investment earnings.

Deposits to the City's checking account include: (1) City Hall deposits for development permits and fees, utility tax payments, and miscellaneous revenue (2) Lake Wilderness Lodge deposits for recreation program charges and Lodge rental fees; (3) Lake Wilderness Golf Course deposits made directly to the City's account by the golf contractor; and (4) King County automated clearing house deposits made directly to the City's account for property taxes, surface water management fees, and real estate excise taxes collected by the County. State deposits are made directly to the City's investment account at the State of Washington Local Government Investment Pool (LGIP). The State deposits include amounts for sales taxes, State-shared revenues, and LGIP investment earnings. In addition to the automated investment deposits, the City invests its excess cash in the LGIP.

Both checking and LGIP accounts are insured by the Federal Deposit Insurance Commission (FDIC) to a maximum of \$250,000, and above \$250,000 by the Washington Public Deposit Protection Commission (PDPC). The LGIP was created by the Washington State Legislature in 1986 and is overseen by the Office of the State Treasurer. The State Finance Committee is the administrator of the statute that created the LGIP and they adopt appropriate rules. In addition the State Treasurer appoints an advisory committee that provides advice on the operation of the pool. The fair value of the City's position in the LGIP is the same as the value of its LGIP shares.

The LGIP is an un-rated 2a-7 like pool, as defined by GASB 31. The decision to be un-rated was made by the LGIP advisory committee because they felt doing so would improve yields to participants. Participant balances in the LGIP are not subject to interest rate risks, as the weighted average maturity of the portfolio will not exceed 90 days. The credit risk of the LGIP is limited as investments are either U.S. government obligations or agencies or government sponsored corporations, or repurchase agreements of government sponsored corporations which are "AAA" rated, or certificates of deposit

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

insured by the PDPC. The investments are either insured or held by a third-party custody provider in the LGIP's name.

In addition to investments in the LGIP, the City has other investments. Based upon the City's policy and State law, allowable investments outside the LGIP are: repurchase agreements, U.S. government obligations or agencies, banker's acceptances, commercial paper, and certificates of deposit. Though all investments are allowable, the City's investment policy provides additional security. The City has a safekeeping agreement with a third party custody bank under a contract approved by the State Treasurer. All investments, outside the LGIP and any certificates of deposits, are held by this independent third party in its trust department. In addition to addressing custodial credit risk, the City's policy requires a portfolio that is diversified by maturity, default risk, and liquidity risk. The following summarizes these aspects of the City's investment policy.

1. Maturity - No more than 50% of the portfolio may be invested beyond 12 months and the average maturity of the portfolio may not exceed two years.
2. Default risk - No more than 15% of the portfolio may be invested in a single security and no more than 25% of the portfolio may be invested in the securities of a single issuer; except for the LGIP, to which no limit applies. Also per State law, no more than 3% of the portfolio shall be invested in commercial paper.
3. Liquidity risk – At least 10% of the portfolio must be invested in overnight instruments or in marketable instruments that can be sold to raise cash on one day's notice.

These criteria address common deposit and investment risks as identified in GASB Statement 40 related to custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The following summarizes the City's cash and investment activity at December 31, 2010.

	Beginning Balance	Receipts and Investments Purchased	Disbursements and Investments Sold	Ending Balance
Cash & Cash Equivalents				
Petty Cash	\$ 6,960	\$ 4,000		\$ 10,960
Demand Deposits	77,657	22,331,063	22,223,753	184,967
Investments (LGIP)	9,114,286	8,158,539	8,818,000	8,454,825
Total Cash & Cash Equivalents	\$ 9,198,903	\$ 30,493,602	\$ 31,041,753	\$ 8,650,752
Cash with Fiscal Agents	\$ 475,218	\$ 83,486	\$ 475,218	\$ 83,486
Investments				
Certificates of Deposit	\$ 1,000,000			\$ 1,000,000
Other Investments	5,182,350	1,193,421	1,049,991	5,325,780
Total Investments	\$ 6,182,350	\$ 1,193,421	\$ 1,049,991	\$ 6,325,780

All investments, except certificates of deposit insured by the PDPC, are delivered to the City's custody bank and payment is not released until the investments are received. The custody bank holds the

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

investment and remits interest payments to the City. The following shows the investments held by the custody bank at year-end. They are shown both at cost and at fair value in the table that follows.

	<u>Amortized Cost</u>	<u>Fair Market Value</u>
Other Investments		
U.S. Government Securities	\$ 5,162,953	\$ 5,325,780

NOTE 4 RECEIVABLES AND OTHER SHORT-TERM ASSETS

Receivable and other short-term asset amounts at year-end totaled \$1,280,941, down \$797,686 from the prior year amount of \$2,188,880. Most of the decrease is reflected by the elimination of a special assessment receivable of \$760,101. The amount was entirely offset by an equal amount of deferred revenue, more about this later. The following table summarizes the year-end receivables and short-term assets and compares the amounts to the prior year. All receivables are listed as net of allowances for uncollectible amounts, but no amounts are considered uncollectible.

City of Maple Valley's Receivables and Other Short Term Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
Receivables (net of uncollectibles)						
Taxes	\$ 572,734	\$ 695,143	\$ -	\$ -	\$ 572,734	\$ 695,143
Accounts	45,990	53,015	55,431	51,276	101,421	104,291
Accrued Interest	35,055	44,267			35,055	44,267
Assessments	-	760,101			-	760,101
Due from Other Gov'ts	579,784	480,893	-	12,522	579,784	493,415
Inventory			54,640	54,146	54,640	54,146
Prepaid Items	47,311	37,517	-	-	47,311	37,517
Total Receivables & Short-term Assets	\$ 1,280,874	\$ 2,070,936	\$ 110,071	\$ 117,944	\$ 1,390,945	\$ 2,188,880

The taxes receivable amount of \$572,734 is categorized as follows: property taxes, \$100,099; sales taxes, \$281,397; utility taxes, \$108,186; gambling taxes, \$11,202; and cable TV franchise fee \$71,850. The property taxes are billed and collected by King County and remitted to the City daily as collected. Of the property taxes receivable amount, 65% is from 2010 delinquencies, 23% is from 2009 delinquencies, with 12% from prior years. Of the year end property tax receivable amount, \$25,081 was collected by February 28, 2011. If amounts are not collected in seven years, properties are sold to pay the taxes. For the other taxes receivable, amounts are actual collections through the first two months of the 2011.

The accounts receivable amount of \$101,421 is categorized as follows. In governmental activities \$45,990 is for receivables from individuals, businesses, grantors, and developers. In business-type activities, the accounts receivable amount of \$55,431 is for surface water management fees. Most of the accounts receivable in governmental activities is \$44,948 in overspent developer deposits. The City establishes deposit accounts for developer projects. When charges exceed the deposit amounts, the developers are billed. If developer receivables are not collected, the developer projects are put on hold.

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

Of the remaining governmental activities accounts receivable of \$1,042, \$960 is for fire permits billed the end of December 2010. Of the \$1,042, all but \$262 was collected by the end of February 2011. In business-type activities, surface water management fee receivables are billed by King County with the property tax billing and are usually very collectible.

On the 2009 financial statements, assessments receivable in the total amount of \$760,101 were due from seven properties bordering the Four Corner's (SR 169 – SR 516 to SE 264th) transportation improvement project. The assessments were due at the time improvements on the underdeveloped properties were permitted, but would lapse if no improvements were permitted by 2016. Early in 2011 it was determined that assessment methodology did not follow State law. As of December 31, 2010 the receivable and an equal amount of deferred revenue was removed from the financial statements. In February 2011, City paid \$455,283 including applicable interest on \$19,704 for \$435,579 of previously collected assessments. This refund will be accounted for in 2011.

The due from other governments amount of \$579,784 is categorized as follows: from the State of Washington, \$459,167, from King County, \$92,492; from the City of Enumclaw, \$27,031; from Maple Valley Fire and Life Safety (Fire District 43), \$1,041; and from the International City Manager's Association (ICMA), \$53.

The \$459,167 due from the State of Washington is for two reimbursable grants on two City road projects. A Federal Highway Administration grant that is being passed through the State of Washington Department of Transportation, being used to fund the construction of the Witte Road and SE 248th Street Roundabout, has a year end receivable of \$414,280. A State of Washington Community Trade and Economic Development grant, being used to fund the design of the SR 169 from SE 264th Street to SE 258th Street, has a year end the receivable of \$44,887. The amounts were billed in later in 2011 then usual, as the finance staff's early year end effort was in bringing up a new finance system.

Of the amount due from King County, \$62,245 is for real estate excise taxes collected by the County in December 2010 and remitted to the City in early January and \$247 is for property taxes and surface water management fees collected the last few days of 2010 and remitted to the City in early January. Also due from King County is an estimated \$30,000 based on a reconciliation process on the King County Sheriff's contract. The King County Sheriff's contract is billed to the City monthly based on the budget. After year end closing, the Sheriff's Office computes a reconciliation of budget to actual for certain accounts and adjusts the first billing of the current year based on the results of the reconciliation of the prior year.

The amount due from the City of Enumclaw is for December court revenue. The City of Enumclaw administers the City of Maple Valley municipal court and remits total monthly collections within the first week of the following month. The amount due from the ICMA is the undistributed forfeited 401a employee retirement plan contributions of former employees. The balance in the account is distributed annually. The distribution is made near year end, so the account has a minimal balance. An equal offsetting amount is shown in payroll payable.

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

In governmental activities, the prepaid item amount of \$47,311 is for the January lease payment for City Hall office space and the rental of a storage unit. In business-type activities, the inventory amount of \$54,640 is for pro shop merchandise and food and beverage inventory at the Lake Wilderness Golf Course. A physical inventory is taken at year end with expenditures adjusted to reflect the change in inventory from the preceding year.

NOTE 5 INTERFUND ACTIVITY

For the most part, the City does not use interfund receivables or payables unless required to fund a project pending receipt of grant funds. Internal Service Funds are funded with month end cash charges to the departments they provide service to. These charges are shown as expenditures to the fund and department receiving the service and as revenue in the Internal Service Funds with amounts eliminated in the government-wide financial statements. With respect to other transfers which are also cash based so no interfund receivables or payables apply, the following table shows the 2010 activity.

	Transfers	
	In	Out
General Fund	\$ 520,871	\$ 663,696
Street Fund		619,277
Transportation Impact Fee Fund		881,598
Real Estate Excise Tax Fund		1,193,854
Park Development Fund		57,415
Capital Improvement Plan Fund	2,717,186	
Surface Water Management Fund		49,262
Lake Wilderness Golf Course Fund	227,045	
	\$ 3,465,102	\$ 3,465,102

The General Fund received transfers from the Street Fund, \$471,609 to partially fund street maintenance expenditures and from the Surface Water Management Fund, \$49,262 to fund lake management expenditures.

The Capital Improvement Plan Fund received transfers, as funds are budgeted and expended for capital projects: from the General Fund, \$485,453; from the Street Fund, \$147,668; from the Transportation Impact Fee Fund, \$881,598; from the Park Development Fund, \$57,415; and from the Real Estate Excise Tax Fund, \$1,145,052. These transfers totaling \$2,717,186 plus grants of \$1,394,257, fund the City's Capital Improvement Plan Fund projects as identified on pages 109 through 111.

The Lake Wilderness Golf Course Fund received transfers from the General Fund, \$178,243 of which \$166,139 was to fund a Lake Wilderness Golf Course Fund operating deficit and \$12,104 was to fund a facilitator to assist a citizen committee charged with an evaluation of the course operations. In addition a transfer from the Real Estate Excise Tax Fund of \$48,802 funded capital improvements. The committee recommendation included a rate increase proposal with funds set aside for capital and a down sizing of the restaurant operation from which the entire operating loss was attributed. The stipulation was made that the City's General Fund will no longer subsidize operations.

NOTE 6 CAPITAL ASSETS

The capital assets include land, buildings, improvements other than buildings, machinery and equipment, and construction in progress. Infrastructure assets (roads and related improvements), including both those constructed since January 1, 2000 at actual cost and those constructed before January 1, 2000 at estimated costs, are included on the face of the financial statements in improvements other than buildings.

The City defines capital assets as items of a capital nature with a useful life of more than three years and a cost of more than \$1,000. If purchased or constructed, such capital assets are recorded at cost. Contributed capital assets are recorded at estimated fair market value at the time of acquisition. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as construction in progress until the projects are completed. The table that follows summarizes the City's capital asset activity during 2010.

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

	Beginning Balance	Additions	Transfers	Retirments	Ending Balance
Governmental Activities					
Capital Assets not being depreciated					
Land	\$ 195,076,121	\$ -	\$ -	\$ -	\$ 195,076,121
Construction in Progress	22,831,248	2,931,589	(2,764,618)	-	22,998,219
Total	217,907,369	2,931,589	(2,764,618)	-	218,074,340
Capital Assets being depreciated					
Buildings	6,408,142	-	2,764,618	-	9,172,760
Imprmts Other Than Bldngs	220,657,863	76,681	-	(198,679)	220,535,865
Machinery & Equipment	201,412	22,600	(19,156)	(1,106)	203,750
Mach & Equip (IS Funds)	924,225	106,421	19,156	(23,006)	1,026,796
Total	228,191,642	205,702	2,764,618	(222,791)	230,939,171
Accumulated Depreciation					
Buildings	(1,110,018)	(160,203)	-	-	(1,270,221)
Imprmts Other Than Bldngs	(88,697,632)	(6,918,610)	-	198,679	(95,417,563)
Machinery & Equipment	(149,509)	(15,760)	-	1,106	(164,163)
Mach & Equip (IS Funds)	(749,745)	(126,395)	-	23,006	(853,134)
Total	(90,706,904)	(7,220,968)	-	222,791	(97,705,081)
Net Capital Assets being depreciated	137,484,738	(7,015,266)	2,764,618	-	133,234,090
Governmental Activities, Net Capital Assets	\$ 355,392,107	\$ (4,083,677)	\$ -	\$ -	\$ 351,308,430
Business-type Activities					
Capital Assets not being depreciated					
Land	\$ 9,749,891	\$ -	-	-	\$ 9,749,891
Total	9,749,891	-	-	-	9,749,891
Capital Assets being depreciated					
Buildings	1,047,800	-	-	-	1,047,800
Imprmts Other Than Bldngs	1,929,880	-	-	-	1,929,880
Machinery & Equipment	266,061	43,289	-	-	309,350
Total	3,243,741	43,289	-	-	3,287,030
Accumulated Depreciation					
Buildings	(79,950)	(26,195)	-	-	(106,145)
Imprmts Other Than Bldngs	(300,960)	(65,670)	-	-	(366,630)
Machinery & Equipment	(133,538)	(57,511)	-	-	(191,049)
Total	(514,448)	(149,376)	-	-	(663,824)
Net Capital Assets being depreciated	2,729,293	(106,087)	-	-	2,623,206
Business-type, Net Capital Assets	\$ 12,479,184	\$ (106,087)	\$ -	\$ -	\$ 12,373,097
Grand Total	\$ 367,871,291	\$ (4,189,764)	\$ -	\$ -	\$ 363,681,527

In 2010 the City had a net capital asset reduction \$4,189,764. The amount is the combination of capital asset additions of \$3,180,580 offset by retirements of \$222,791 and increases in accumulated depreciation of \$7,147,553.

The net additions to construction in progress totaled \$166,971 as one project, the Lake Wilderness Lodge renovation project was completed and moved to additions to buildings and eight other projects are in various stages of completion at the end of 2010. The major project work in 2010 was for the Witte Road & SE 248th Intersection. This project is placing a roundabout at a key intersection of the City's signature street. \$2,204,301 was spent on this project in 2010 with estimated completion by the Summer of 2011. The remaining construction in progress additions for 2010 totaled \$727,288 for one general government project, a City Maintenance Facility; four transportation improvement projects; and

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

two park and recreation projects. Of the eight projects, three should be completed and closed in 2011 and two others in the final stages of design should be put out to bid.

The addition to buildings was mentioned above as a Lake Wilderness Lodge renovation project that had been in various stages of construction since 2003 was completed in 2010. The project had a number of phases initially including the north wing that was converted from hotel type rooms to conference rooms. Later changes involved updating the main lodge. The building is an historic landmark and each stage of redevelopment had to meet the requirements of the King County Landmark Commission.

The net additions to improvements other than buildings was a negative \$121,998 as \$198,679 of leasehold improvements were removed from the old City Hall that the City left in early 2010 and \$76,681 of leasehold improvements were added to the new City Hall which was occupied in January 2010.

Machinery and equipment additions totaled \$172,310. The additions were as follows:

- In the governmental activities area, \$129,021 was added, \$22,600 from General Fund purchases and \$106,421 from Internal Service Fund purchase. The \$22,600 included some furniture with the move to the new City Hall location, \$3,444; a ball field groomer, \$3,135; a Police car camera system, \$3,820; and four emergency radios for Public Works, \$12,201. The \$106,421 included \$63,125 for a truck, mower and utility vehicle purchased with Vehicle Rental Fund funds and \$43,296 of computer equipment purchased with Central Service Fund funds.
- In the business activities area, \$43,289 was added, \$5,682 with Surface Water Management Funds for a pump and a wench and \$37,607 for the Lake Wilderness Golf Course for a flat screen TV, AC improvements, and a new entry sign. Funds for the purchases were contributed from the Real Estate Excise Tax Fund.

Retirements include the previously mentioned old City Hall leasehold improvements, a Police bike for \$1,106, a vehicle, trailer, and mower totaling \$21,600, and a lap top computer, \$1,406.

Capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated lives:

<u>Capital Asset Types</u>	<u>Lives in Years</u>
Buildings	40
Improvements Other Than Buildings	
Leasehold Improvements	7
Infrastructure Improvements	30
Machinery and Equipment	
Computers & Equipment	5
Vehicles	7
Furniture	15
Heavy Duty Equipment	20

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

The depreciation of general capital assets used in the operation of governmental funds reduces the capital asset balances and is shown as an expense by program on the Statement of Activities. The depreciation associated with the capital assets of the proprietary funds is shown on financial statements of the respective proprietary funds. The following table shows the amount of depreciation charged to each governmental function.

	Governmental Funds	Internal Service Funds	Total
General Government	\$ (187,580)	\$ 126,395	\$ (61,185)
Community Development	296		296
Parks & Recreation	202,454		202,454
Public Safety	3,497		3,497
Public Works	6,876,121		6,876,121
	\$ 6,894,788	\$ 126,395	\$ 7,021,183

NOTE 7 PAYABLES AND OTHER SHORT-TERM LIABILITIES

Payables and other short-term liabilities at year-end totaled \$1,563,659, down \$1,004,665 from the prior year amount of \$2,568,324. The decrease is primarily in deferred revenue resulting from the elimination of the special assessments receivable as discussed previously. The following table summarizes the year-end payables and short-term liabilities and compares the amounts to the prior year.

City of Maple Valley's Payables and Other Short Term Liabilities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
Accounts Payable	\$ 649,818	\$ 837,797	\$ 75,962	\$ 106,701	\$ 725,780	\$ 944,498
Payroll Payable	127,119	130,563			127,119	130,563
Due to Other Gov'ts	255,792	280,456	10,110	938	265,902	281,394
Deposits and Deferred Revenue	382,052	1,153,268	63,280	58,601	445,332	1,211,869
Total Payables & Short-term Liabilities	\$ 1,414,781	\$ 2,402,084	\$ 149,352	\$ 166,240	\$ 1,564,133	\$ 2,568,324

The accounts payable decrease of \$218,718 is primarily related to decreased expenditures for capital projects. The payroll payable decrease of \$3,444 is related to a slightly greater level of staff vacancies at year end. The due to other government's decrease of \$15,492 is also predominately attributable to decreased expenditures for capital projects that the City contracts for with other governments and these expenditures are lower in a depressed economy.

The deposits and deferred revenue decrease of \$766,537 is predominately related to the elimination of the special assessment receivable of \$760,101 and the associated deferred revenue. At year end the account category totaled \$445,332 in six components: deferred revenue from developers, \$194,215; developer deposits, \$90,788; Lake Wilderness Lodge deposits and deferred revenue, \$42,139; Lake Wilderness Golf Course deposits and deferred revenue, \$57,637; deferred revenue; deferred revenue for jail purposes, \$55,774, and miscellaneous, \$4,779.

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

The deferred revenue from developers is for amounts collected from developers for their portion of the cost of future transportation improvement projects. Six amounts between \$5,196 and \$135,568 are being held to help complete City projects identified in the transportation plan. There was no 2010 change in either the project assessments or the deferred revenue from developers.

The developer deposits are collected from applicants at the beginning of a development project. The amount decreased \$13,866 from the 2009 amount of \$104,654 to \$90,788 as a continuing slowing in the housing market impacted the number of projects under review at year end. The amount of the developer deposit depends on the type of development and is based on the anticipated cost of project review. The City tracks staff time and consultant costs against the deposit amounts. Deposits that are overdrawn are billed. At year-end, overdrawn deposits are reclassified to accounts receivables as described in Note 4. The non-receivable amounts remain in the deposit account until all charges have occurred and the project is complete at which time the remaining balance is refunded.

Deferred revenue for the Lake Wilderness Lodge is for rental deposits collected in 2010 for events to be held in 2011. Deferred revenue for the Lake Wilderness Golf Course is for memberships, \$29,320; tournament and banquet deposits, \$15,995 and gift cards, \$12,321. The deferred revenue for jail purposes is the City of Maple Valley share of the sale price of a piece of property that was intended for the construction of a suburban cities jail for use by all cities in King County. When the Jail Advisory Group, made up of suburban city members took a different direction, it was decided that the property would be sold with distributions to King County cities for jail purposes. The miscellaneous amount defers two unspent donations, \$2,913; a monthly franchise fee collected in advance, \$1,784; and a small assessment receivable, \$82.

NOTE 8 LONG-TERM LIABILITIES

Long-term liabilities at year-end totaled \$7,246,303, down \$553,709 from the prior year amount of \$7,800,012. All of the City’s long term liabilities are associated with the governmental activities. There are no long term liabilities for business-type activities. The following table summarizes the long-term liabilities and compares the amounts to the prior year.

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Accrued Interest Payable	\$ 21,841	\$ 23,816
Compensated Absences	124,769	131,882
Contracts & Loans - Current	184,621	184,621
General Obligation Bonds - Current	375,000	360,000
Contracts & Loans Payable	2,400,072	2,584,693
GO Bonds Payable	4,140,000	4,515,000
Total Long-term Debt	<u>\$ 7,246,303</u>	<u>\$ 7,800,012</u>

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

The accrued interest payable amount represents the interest due from December 1, 2010 to December 31, 2010 on the City's general obligation bonds and the interest due from July 1, 2010 to December 31, 2010 on the City's contracts and loans payable.

With respect to compensated absences, the City's policy allows employees to accumulate vacation leave to an amount up to the number of hours they can earn in one year and sick leave with no maximum. At year-end vacation and compensatory time hours and sick leave hours, calculated at 25% and at the likelihood of being paid off at retirement from the State retirement system, are valued at the individual employee's year-end wage rate. The compensated absences payable amount is adjusted at year-end for any change in the amount of the liability. The vacation and compensatory time portion of the liability is \$105,483 and is assumed to be due within one year since the maximum vacation year end balance is a one year accrual and the maximum amount of compensatory time is 40 hours. The sick leave pay out portion of the liability is \$19,286. It is also assumed to be current as the larger balances are for individuals who will be retiring in 2011 or shortly thereafter. In prior years the liability has been liquidated by the General Fund and that is the intent in future years.

On June 26, 2000 the City issued general obligation bonds totaling \$6,710,000. The bonds were issued so the City could purchase a 54-acre site that the Council considered a legacy opportunity. The bond issue was structured so that half of the 54-acre site was purchased with bond proceeds and half was purchased with other City funds. In structuring the bonds in this manner, half of the site is unencumbered by bond restrictions, offering greater development flexibility. The other half of the bond issue proceeds was allocated to fund other land purchases and for street improvements. All bond proceeds were spent by December 31, 2004, during a period of declining investment interest rates, so no arbitrage calculation was needed.

On April 21, 2005, the City issued \$4,815,000 of general obligation refunding bonds to refund the callable portion of its 2000 general obligation bonds, bonds maturing in years 2011 through 2020. The refunding proceeds were placed in escrow and were used to completely retire the 2000 bonds on December 1, 2010. The refunding bonds have coupon rates from 3.00% to 4.25%. At the time of the refunding the outstanding general obligation bonded debt was increased by \$500,000 from \$5,995,000 to \$6,495,000, but the refunding provided a debt service savings of \$283,776 with a net present value of \$218,372 or 5.1%.

In addition to bonded debt, the City at December 31, 2010 had State infrastructure loans payable of \$2,584,693. State infrastructure loans outstanding are for two projects: the Four Corner's (SR 169 – SR 516 to SE 264th Street) project and the SR 516 – 228th Avenue to Witte Road project. The City began borrowing funds for both projects in 2005. The final borrowing was done in 2008. Final interest rate on the loans was determined in 2009. Because the City had a 15% match, it qualified for the lowest interest rate, 0.5%.

The following shows the changes in long-term liabilities and the amount due within one year.

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Accrued Interest Payable	\$ 23,816		1,975	\$ 21,841	\$ 21,841
Compensated Absences	131,882		7,113	124,769	124,769
State Infrastructure Loan	2,769,314		184,621	2,584,693	184,621
2000 GO Bonds	320,000		320,000		
2005 GO Refunding Bonds	4,555,000		40,000	4,515,000	375,000
Total Long-term Debt	\$ 7,800,012	\$ -	\$ 553,709	\$ 7,246,303	\$ 706,231

The remaining debt service schedule to maturity for this general obligation loans and bonds is shown in the table below.

Year	Governmental Activities		
	Principal	Interest	Total
2011	559,621	197,475	757,096
2012	579,621	181,552	761,173
2013	589,621	164,829	754,449
2014	609,621	147,705	757,326
2015	624,621	129,782	754,403
2016-20	3,398,105	352,274	3,750,378
2021-24	738,484	9,231	747,715
Total	\$ 7,099,693	\$ 1,182,847	\$ 8,282,541

In addition to the above debt, the City has other potential long term liabilities related to non-cancelable operating leases for City Hall. The City’s lease on a portion of its old city hall expires October 31, 2011. The City’s lease of its new city hall expires December 31, 2019. For the year-ended December 31, 2010, the City expended \$297,074 for its office space leases up from the prior year amount of \$186,440. Of the current year amount, \$17,541 was spent on the unused space in the old city hall. Annual expenditures over the next five years will increase at 2% a year plus or minus adjustments in the common area maintenance charges.

NOTE 9 NET ASSETS

The net assets on the governmental fund financial statements are divided into three categories:

1. Non-spendable for funds already spent like inventories and prepaid items;
2. Restricted for funds constrained for specific purposes by external parties, constitutional provisions or enabling legislation; and
3. Unassigned for funds that can be spent for anything allowable.

The General Fund’s fund equity is unassigned except for a non-spendable amount for prepaid rent on City Hall. The City has a policy requiring a fund balance of at least 10% of operating expenditures. At December 31, 2010, General Fund’s unassigned fund balance was 24% of 2010 General Fund expenditures.

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

The Special Revenue Funds are restricted State legislation which requires the segregation of resources for specific purposes. When these funds are combined and consolidated to produce the basic financial statements, the segregations are maintained by restricting the fund equities.

- Unspent Street funds are restricted for street operating and capital purposes.
- Unspent Transportation Impact Fee funds are restricted for street capital purposes.
- Unspent Real Estate Excise Tax funds are restricted for capital purposes.
- Unspent Park Development funds are restricted for open space and park capital purposes.

The net assets on the proprietary fund financial statements are divided into two categories:

1. Invested in capital assets, net of related debt representing the City's ownership of its capital assets, net of accumulated depreciation;
2. Unrestricted for funds that can be spent for any purpose for which the fund was established.

Proprietary Funds are unrestricted for the purposes designated by the establishment of the funds.

- Unspent Surface Water Management funds are unrestricted for surface water management operating and capital purposes.
- Unspent Lake Wilderness Golf Course funds are unrestricted for golf operating and capital purposes. As of December 31, 2010, the Lake Wilderness Golf Course had no unspent funds as transfers from the General Fund and the Real Estate Excise Tax Fund were needed to eliminate a deficit financial position. The 2011 Budget raised fees and reorganized operations to hopefully eliminate transfers in 2011.
- Unspent Vehicle Rental and Central Service funds are unrestricted for vehicle and equipment replacement.
- Unspent Unemployment Trust funds are unrestricted for unemployment compensation payments.

NOTE 10 PROPERTY TAXES

On an annual basis before December 31st, the City Council establishes the property tax levy amount for the following calendar year. The maximum allowable levy is established by increasing the highest levy of the last three years by no more than the lesser of 1% or the rate of inflation as measured by the implicit price deflator (IPD) as of September of each year, adding the value of new construction at the prior year's levy rate, and adding any unused banked capacity created by not levying the maximum amount in previous years. At the present time the City has no unused banked capacity. Once the levy amount is determined, it is divided by the assessed value to determine a levy rate. The levy rate must be below the maximum regular property tax levy rate as established by State law, except that levies approved by the voters can exceed the maximum regular property tax levy.

For all cities in Washington, the maximum regular property tax levy rate is \$3.60 per thousand dollars of assessed value. This maximum amount is not entirely available to the City of Maple Valley as it has separate fire or library districts serving its residents. At incorporation, the citizens of Maple Valley voted to annex to both Fire District No. 43 and the King County Library District, with maximum regular property tax levy rates of \$1.50 and \$.50, respectively. For 2010, the City's maximum levy rate was

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

\$1.68 per thousand dollars of assessed valuation (\$3.60 per thousand dollars of assessed valuation, less the fire district operating levy (\$1.50) and library district operating levy (\$.42)). As noted below though the City only levied \$1.25 per thousand dollars of assessed valuation.

The King County Assessor establishes the property values at 100 percent of the fair market value and consolidates property tax levy rates for all overlapping taxing districts. All property is revalued on an annual basis; once every five years by a site visit; and all other years by statistical modeling. Tax rates are applied to the prior year property value including the value of new construction as of July 31st. Taxes are levied annually on January 1st and become a lien on the property on that day.

Tax bills are mailed on February 14th and are due on April 30th. Payments may be made in two equal installments by April 30th and October 31st, but if the first half is not paid by April 30th, the full amount becomes delinquent with penalties and interest being applied. Payments are made to the County Treasurer who segregates collections by taxing district for distribution to taxing districts by automated clearinghouse within a few days of receipt.

For 2010 property taxes, the City's final revised levy was \$3,054,887 up \$79,290 or 2.7% from the 2009 levy of \$2,975,597. The levy amount produced a City levy rate of \$1.25 per thousand dollars of assessed valuation, up from \$1.08 the previous year. Of the adjusted amount levied for 2010, \$65,483 or 2.1% remained outstanding at December 31, 2010. The outstanding amount for all prior year levies totals \$34,616. These outstanding amounts become property liens. If not collected within seven years, the property is sold to pay the taxes. This and other property tax data is shown in the Statistical Section on pages 140 and 141.

NOTE 11 EMPLOYEE BENEFITS

A. VACATION AND SICK LEAVE BENEFITS

Eligible employees, depending on years of service, earn up to twelve hours of vacation leave and eight hours of sick leave per month. Vacation leave can be accumulated to a maximum of one year's accrual and used after a six-month trial service period. Sick leave can be accumulated in an unlimited amount but is only paid off at retirement from the State of Washington Public Employees' Retirement System (PERS) at 25% of its value. The accrual for unpaid vacation, including compensated time, and sick leave at December 31, 2010 is \$124,769 down from the 2009 amount of \$131,882. Of the total \$124,769, \$18,083 is the estimated value of the sick leave accrual based on the likelihood of employees retiring from PERS within the next 10 years.

B. RETIREMENT BENEFITS

The City retirement program includes: the Medicare portion of Social Security, a 401(a) Substitute Social Security Plan, a State of Washington administered Public Employees' Retirement System (PERS), and a non-City contributory 457 plan. These retirement benefits are based on payroll dollars. The payroll dollars for the last three years are as follows:

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Payroll	\$ 2,845,860	\$ 2,733,294	\$ 2,545,547
PERS Payroll	2,465,986	2,394,462	2,300,823

The total payroll exceeds the PERS payroll by the payroll for temporary employees who do not qualify for participation in PERS. The required and paid employer contributions to these retirement benefit programs for the last three years are as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Medicare portion of Social Security	\$ 41,265	\$ 39,186	\$ 36,602
Substitute Social Security Plan (401(a))	149,123	141,902	132,369
Public Employees Retirement System (PERS)	130,943	162,012	165,386
	<u>\$ 321,332</u>	<u>\$ 343,100</u>	<u>\$ 334,357</u>

(1) 401(a) Plan

The 401(a) plan is social security replacement plan that defers federal income tax on employee contributions and allows employees to choose from a number of investment options for both their contributions and the employer's contributions. The 401(a) plan is a defined contribution plan. Contributions into the plan are 5.2% of payroll for the employer and 6.2% of payroll for the employee. The plan is administered by the International City/County Management Association Retirement Corporation (ICMA-RC), which also administers the City's 457 Plan. With some exceptions based on age, employees become vested in the employer portion of the plan at 20% per year on their hiring date anniversary.

(2) PERS Plans

All City of Maple Valley full-time and qualifying part-time employees participate in one of the statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communication Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to *GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers* and *No. 50 Pensions Disclosures, an amendment of GASB Statements No.25 and No.27*.

Plan Description

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

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical college employees; college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

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

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at age 60 with 5 years of service, or at age 55 with 25 years of service. The monthly benefit is 2% of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60% of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarial reduced benefits. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased 3% annually. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2% of the AFC for each year of service reduced by 2% for each year that the member's age is less than 55. The total benefit is limited to 60% of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance is granted at age 66 based upon years of service times the COLA amount (based on the consumer Price Index), capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced. PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2% of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months). PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65. PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3% annually. The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions. Effective July 22, 2007, said refund (adjusted as needed for specified legal reductions) is increased from 100% to 200% of the accumulated contributions if the member's death occurs in the uniformed service to the United States while participating in Operation Enduring Freedom or Persian Gulf, Operation Iraqi Freedom.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is 1% of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months). Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

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

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2. PERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2% of the AFC per year of service. For Plan 3, the monthly benefit amount is 1% of the AFC per year of service.

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

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

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

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

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

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

There are 1,189 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for plans of June 30, 2009:

	<u>Members</u>
Retirees and beneficiaries receiving benefits	74,857
Terminated plan members entitled to but not yet receiving benefits	28,074
Active plan members vested	105,339
Active plan members non-vested	<u>53,896</u>
Total	<u>262,166</u>

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employees are required to contribute at the level established by the Legislature. Under PERS Plan 3 employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Director of the Department of Retirement Systems sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on 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.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2010 are as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer (1)	5.31%	5.31%	5.31% (2)
Employee	6.00%	3.90%	(3)

- (1) The employer rates include the employer administrative expense fee, currently set at 0.16%.
- (2) Plan 3 defined benefit portion only.
- (3) Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the City of Maple Valley and the employees made the required contributions. The City of Maple Valley's required contributions for the three years ending December 31, 2010 were as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
PERS 1	\$ 6,380	\$ 7,119	\$ 2,086
PERS 2	118,148	149,712	157,153
PERS 3	6,415	5,181	6,147
	<u>\$ 130,943</u>	<u>\$ 162,012</u>	<u>\$ 165,386</u>

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

The amounts were decreased in 2010 as the State lowered the employer contribution from a 2009 average of 6.77% to a 2010 year end and average of 5.31%

C. OTHER EMPLOYEE BENEFITS

In addition to leave and retirement benefits, the City provides: a Worker’s Compensation program through the Washington State Department of Labor and Industries and a medical, dental, vision, group life, disability, and employee assistance programs through the Association of Washington Cities (AWC). The group life insurance program payout is equal to the employee’s annual salary. The disability program is at 60% of salary after 90 days. The City’s cost for these benefit programs for the last three years is as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Worker's Compensation	\$ 37,350	\$ 39,059	\$ 37,746
Medical, Dental and Vision	478,902	436,095	425,754
Group Life and Long-term Disability	16,173	12,016	16,992
	<u>\$ 532,425</u>	<u>\$ 487,170</u>	<u>\$ 480,492</u>

The City is a participating employer in the Association of Washington Cities Employee Benefit Trust. The “Trust”, a cost-sharing multiple-employer welfare benefit plan administered by the Association of Washington Cities. Under Article VII of the Trust document, the Trustees have the authority and power to amend the amount and the nature of the medical and other benefits provided by the Trust. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. That report, along with a copy of the Trust document, may be obtained by writing to the Trust at 1076 Franklin Street SE, Olympia, WA 98501-1346 or by calling 1-800-562-8981.

Participating employers are contractually required to contribute at a rate assessed each year by the Trust. The City’s contribution to the Trust for the year ended December 31, 2010, was \$478,902 or 17% of annual covered payroll and equaled the required contributions for the year.

D. OTHER (NON-PENSION) POST EMPLOYMENT BENEFITS

The “Trust” also provides medical benefits to certain eligible retired employees of participating employers and their eligible family members. The contribution requirements of participating retirees and other beneficiaries, if any, are established and may be amended by the Board of Trustees of the Trust. The City makes no contributions for these benefits. To receive medical benefits from the Trust, the following are the minimum contributions:

- Retirees not on Medicare Parts A & B contribute directly to the Trust \$625.93 per month,
- Retirees on Medicare Parts A & B contribute directly to the Trust \$334.01 per month,
- Spouses not on Medicare Parts A & B contribute directly to the Trust \$628.23 per month,
- Spouses on Medicare Parts A & B contribute directly to the Trust \$336.31 per month.
- First dependent contributes directly to the Trust \$176.80 per month, and

- Second and all other dependents contribute directly to the Trust \$139.69 per month.

Participating Employers are not contractually required to contribute an assessed rate each year by the Trust for the non-LEOFF I retirees. The retiree pays for 100% of the premium.

NOTE 12 RISK MANAGEMENT

The City of Maple Valley 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. WCIA has a total of 145 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

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

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

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

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

City of Maple Valley
Notes to the Financial Statements
December 31, 2010

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

In addition to insurance coverage described above through the WCIA, the City of Maple Valley is self insured for unemployment compensation. This coverage is provided through an internal service fund, the Unemployment Compensation Trust Fund. Charges are made to departments at the State established rates with claims paid by the State and reimbursed by the City. The following is a brief history of unemployment contributions and claims paid.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contributions	\$ -	\$ -	-
Claims Paid	7,785	21,138	11,594

In the City’s 2007 and prior experience, contributions to the Unemployment Trust Fund always exceeded claims paid. Based on this experience, the City stopped making contributions in 2008 and in 2009 transferred \$50,000 to the General Fund. Net unrestricted assets at December 31, 2010 totaled \$77,206 down \$6,369 from the December 31, 2009 amount of \$83,575. Based on the trend data and the fact that the City has not had to lay off any employees in this economic recession, the net unrestricted asset balance at this time appears reasonable.

NOTE 13 COMMITMENTS

In the opinion of management, the City has recorded in its financial statements all known liabilities and the City’s insurance coverage is adequate to pay all potential claims. At year-end the City had six capital projects in design or under construction and had outstanding design and construction commitments totaling \$2,258,247. The major commitments were an outstanding construction commitment on the Witte Road & 248th Street Roundabout project totaling \$1,966,778 and a design commitment on the SR 169 – SE 264th to SE 258th Street project totaling \$212,870. The 2011 capital budget of over \$8,000,000 includes funding for these commitments.

Combining Statements and Schedules

City of Maple Valley
Supplemental Information
December 31, 2010

This part of the City of Maple Valley's Comprehensive Annual Financial Report presents detailed financial information required for management of City operations.

Page Number

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Proprietary Funds

These schedules provide budget and actual information that is useful to management but not required financial reporting.

Capital Improvement Plan Fund	109
Surface Water Management Fund	112
Lake Wilderness Golf Course Fund	113
Vehicle Rental Fund	114
Central Service Fund	115
Unemployment Trust Fund	116

Internal Service Fund Statements

These statements provide the detailed financial statements for the individual internal service funds.

Combining Statement of Net Assets	119
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	120
Combining Statement of Cash Flows	121

Capital Assets Used in Operation of Governmental Funds

These schedules provide detailed information about governmental capital assets, their source of funding, and depreciation information.

Comparative Schedules by Source	125
Schedule of Changes by Function and Activity	126

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

City of Maple Valley
 Capital Improvement Plan Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
Federal Grants	\$ 127,131	\$ 127,131	\$ (1,631)	\$ (128,762)
State and County Grants	3,139,027	3,139,027	1,395,888	(1,743,139)
Total Intergovernmental Revenue	3,266,158	3,266,158	1,394,257	(1,871,901)
Miscellaneous Revenue				
Other Miscellaneous Revenue	-	-	(4,122)	(4,122)
Total Miscellaneous Revenue	-	-	(4,122)	(4,122)
Total Revenues	3,266,158	3,266,158	1,390,135	(1,876,023)
EXPENDITURES				
General Government				
Capital Expenditures	402,752	402,752	183,972	218,780
Operating Expenditures	-	-	41,380	(41,380)
Total General Government	402,752	402,752	225,352	177,400
Public Works				
Transportation				
Capital Expenditures	8,905,336	8,905,336	2,704,003	6,201,333
Operating Expenditures	-	-	273,005	(273,005)
Total Public Works	8,905,336	8,905,336	2,977,008	5,928,328
Parks and Community Services				
Parks & Recreation				
Capital Expenditures	5,064,514	5,064,514	121,184	4,943,330
Community Facilities				
Capital Expenditures	68,692	68,692	2,555	66,137
Operating Expenditures	-	-	20,043	(20,043)
Total Parks and Community Services	5,133,206	5,133,206	143,782	4,989,424
Debt Service				
Principal	544,621	544,621	544,621	-
Interest	216,558	216,558	216,558	-
Total Debt Service	761,179	761,179	761,179	-
Total Expenditures	\$ 15,202,473	\$ 15,202,473	\$ 4,107,321	\$ 11,095,152

City of Maple Valley
 Capital Improvement Plan Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues over (under) Expenditures	\$ (11,936,315)	\$ (11,936,315)	\$ (2,717,186)	\$ 9,219,129
Other Financing Sources (Uses)				
General Obligation Bond Proceeds	4,200,000	4,200,000		
Transfer in from General Fund	585,667	585,667	485,453	(100,214)
Transfer in from Street Fund	250,000	250,000	147,668	(102,332)
Transfer in from Transportation Impact Fee Fund	2,798,494	2,798,494	881,598	(1,916,896)
Transfer in from Park Development Fund	456,198	456,198	57,415	
Transfer in from Real Estate Excise Tax Fund	3,395,956	3,395,956	1,145,052	(2,250,904)
Transfer in from Surface Water Management Fund	250,000	250,000	-	(250,000)
Total Other Financing Sources (Uses)	11,936,315	11,936,315	2,717,186	(4,620,346)
Net Change in Fund Balances	-	-	-	-
Fund Balance, January 1	-	-	-	-
Fund Balance, December 31	\$ -	\$ -	\$ -	\$ -

City of Maple Valley
 Capital Improvement Plan Fund
 Detail Schedule of Project Life to Date Budget and Expenditures
 From Inception and for the Year Ended December 31, 2010

	Total Project Budget	Prior Years' Actual	2010 Final Budget	2010 Actual	Project Life to Date Actual
Governmental Activities					
City Facilities					
F1 City Hall Office Space	\$ 500,980	\$ 373,228	\$ 127,752	\$ 121,505	\$ 494,733
F3 Maple Valley Place Legacy Project	6,968,448	6,943,448	25,000	-	6,943,448
F4 City Maintenance Facility	250,000	-	250,000	103,847	103,847
	7,719,428	7,316,676	402,752	225,352	7,542,028
Public Works					
Transportation					
T6 SR 169 - SR 516 to SE 264th St	12,771,593	12,758,839	12,754	3,473	12,762,312
T7 SR 169 - Witte Rd to 228th Ave SE	1,477,958	513,459	964,499	324,332	837,791
T12 Witte Rd & SE 248th Intersection	6,212,988	807,301	5,405,687	2,204,301	3,011,602
T15 SR 516 & 216th Ave Intersection	347,195	347,195	-	-	347,195
T23 Annual Asphalt Overlay Program	1,793,197	1,568,197	225,000	205,819	1,774,016
T24 Miscellaneous Street Improvements	418,192	368,192	50,000	10,078	378,270
T29 SE 271st - SR 169 to SR 516	77,373	77,373	-	-	77,373
T31 SR 169 - SE 264th St to SE 258th St	2,800,190	911,163	1,889,027	143,549	1,054,712
T32 Lake Wilderness Trail	225,000	16,631	208,369	28,348	44,979
T33 SE 276th St & 240th Ave SE	145,415	145,415	-	-	145,415
T35 Transportation Plan Update	150,000	-	150,000	57,108	-
	26,419,101	17,513,765	8,905,336	2,977,008	20,433,665
Parks and Community Services					
Parks & Recreation					
P1 Parks & Open Space Acquisition	4,200,000	-	4,200,000	-	-
P3 Summit Ballfields	1,313,943	863,454	450,489	107,252	970,706
P5 Lake Wilderness Lodge	2,912,655	2,898,630	14,025	13,932	2,912,562
P6 Lake Wilderness Park	603,766	203,766	400,000	-	203,766
Community Facilities					
A1 Public Art	46,285	31,285	15,000	-	31,285
C1 Community Center	1,041,826	1,011,662	30,164	2,555	1,014,217
N1 Neighborhood Reinvestment	296,023	272,495	23,528	20,043	292,538
	10,414,498	5,281,292	5,133,206	143,782	5,425,074
Debt Service Program					
D2 2000 Bond Issue Debt Service	4,466,659	4,129,699	336,960	336,960	4,466,659
D4 Infrastructure Loan Debt Service	888,894	690,426	198,468	198,468	888,894
D5 2005 Bond Refunding Debt Service	1,358,136	1,132,385	225,751	225,751	1,358,136
	6,713,689	5,952,510	761,179	761,179	6,713,689
Total Governmental Funds	\$ 51,266,716	\$ 36,064,243	\$ 15,202,473	\$ 4,107,321	\$ 40,114,456

City of Maple Valley
 Surface Water Management Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
State and County Grants	\$ 123,289	\$ 219,629	\$ 110,354	\$ (109,275)
Total Intergovernmental Revenue	123,289	219,629	110,354	(109,275)
Charges for Service				
Surface Water Management Fees	847,006	847,006	938,700	91,694
Miscellaneous Charges	6,524	6,524	9,330	2,806
Total Charges for Service	853,530	853,530	948,030	94,500
Miscellaneous Revenue				
Investment Earnings	38,577	38,577	36,229	(2,348)
Other Miscellaneous Revenue	1,505	1,505	1,946	441
Total Miscellaneous Revenue	40,082	40,082	38,175	(1,907)
Total Revenues	1,016,901	1,113,241	1,096,559	(16,682)
EXPENDITURES				
Public Works				
Operating	705,303	705,303	580,651	124,652
Depreciation			32,327	(32,327)
Capital				
Purchased for Own Use	300,000	396,340	5,682	390,658
Contributed to Other Funds				-
Total Public Works	1,005,303	1,101,643	618,660	482,983
Total Expenditures	1,005,303	1,101,643	618,660	482,983
Revenues over (under) Expenditures	11,598	11,598	477,899	466,301
Other Financing Sources (Uses)				
Depreciation Addback			32,327	32,327
Transfer out to General Fund	(68,930)	(68,930)	(49,262)	19,668
Transfer out to Capital Improvement Plan Fund	(250,000)	(250,000)		250,000
Total Other Financing Sources (Uses)	(318,930)	(318,930)	(16,935)	301,995
Net Change in Fund Balances	(307,332)	(307,332)	460,964	768,296
Fund Balance, January 1	1,909,195	1,926,247	1,926,248	1
Fund Balance, December 31	\$ 1,601,863	\$ 1,618,915	\$ 2,387,212	\$ 768,297

City of Maple Valley
 Lake Wilderness Golf Course Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Service				
Green Fees	\$ 529,000	\$ 529,000	\$ 497,758	\$ (31,242)
Cart Rentals	144,000	144,000	137,302	(6,698)
Merchandise Sales	66,000	66,000	55,089	(10,911)
Food & Beverage Revenue	735,000	665,000	630,823	(34,177)
Facility Rentals	-	-	493	493
Total Charges for Service	1,474,000	1,404,000	1,321,465	(82,535)
Miscellaneous Revenue				
Investment Earnings	1,000	1,000	40	(960)
Other Miscellaneous Revenue	10,000	10,000	1,814	(8,186)
Total Miscellaneous Revenue	11,000	11,000	1,854	(9,146)
Total Revenues	1,485,000	1,415,000	1,323,319	(91,681)
EXPENDITURES				
Parks and Community Services				
Operating	1,553,662	1,553,662	1,512,757	40,905
Depreciation	-	-	117,049	(117,049)
Capital	53,817	68,817	-	68,817
Purchased for Own Use	-	-	37,607	(37,607)
Total Parks and Community Services	1,607,479	1,622,479	1,667,413	(44,934)
Total Expenditures	1,607,479	1,622,479	1,667,413	(44,934)
Revenues over (under) Expenditures	(122,479)	(207,479)	(344,094)	(136,615)
Other Financing Sources (Uses)				
Depreciation Addback	-	-	117,049	117,049
Transfer in from General Fund	83,856	153,856	178,243	24,387
Transfer in from Real Estate Excise Tax Fund	38,623	53,623	48,802	(4,821)
Total Other Financing Sources (Uses)	122,479	207,479	344,094	136,615
Net Change in Fund Balances	-	-	-	-
Fund Balance, January 1	-	-	-	-
Fund Balance, December 31	\$ -	\$ -	\$ -	\$ -

City of Maple Valley
 Vehicle Rental Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Service				
Charges to Departments	\$ 114,789	\$ 144,789	\$ 143,483	\$ (1,306)
Total Charges for Service	114,789	144,789	143,483	(1,306)
Miscellaneous Revenue				
Investment Earnings	2,196	2,196	2,109	(87)
Gain (Loss) on Retirement of Capital Assets		-	6,484	6,484
Total Miscellaneous Revenue	2,196	2,196	8,593	6,397
Total Revenues	116,985	146,985	152,076	5,091
EXPENDITURES				
General Government				
Operating	28,505	58,505	47,937	10,568
Depreciation		-	60,963	(60,963)
Capital	66,500	66,500		66,500
Purchased for Own Use			63,125	(63,125)
Total General Government	95,005	125,005	172,025	(47,020)
Total Expenditures	95,005	125,005	172,025	(47,020)
Revenues over (under) Expenditures	21,980	21,980	(19,949)	(41,929)
Other Financing Sources (Uses)				
Depreciation Addback			60,963	(60,963)
Total Other Financing Sources (Uses)	-	-	60,963	(60,963)
Net Change in Fund Balances	21,980	21,980	41,014	19,034
Fund Balance, January 1	109,416	109,416	109,417	1
Fund Balance, December 31	\$ 131,396	\$ 131,396	\$ 150,431	\$ 19,035

City of Maple Valley
 Central Services Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Service				
Charges to Departments	\$ 815,721	\$ 815,721	\$ 777,334	\$ (38,387)
Total Charges for Service	815,721	815,721	777,334	(38,387)
Miscellaneous Revenue				
Investment Earnings	4,411	4,411	4,968	557
Gain (Loss) on Retirement of Capital Assets			1,406	
Total Miscellaneous Revenue	4,411	4,411	6,374	557
Total Revenues	820,132	820,132	783,708	(37,830)
EXPENDITURES				
General Government				
Operating	726,538	726,538	720,060	6,478
Depreciation		-	65,432	(65,432)
Capital	218,882	218,882		(218,882)
Purchased for Own Use		-	43,296	(43,296)
Total General Government	945,420	945,420	828,788	(321,132)
Total Expenditures	945,420	945,420	828,788	(321,132)
Revenues over (under) Expenditures	(125,288)	(125,288)	(45,080)	(358,962)
Other Financing Sources (Uses)				
Depreciation Addback			65,432	(65,432)
Total Other Financing Sources (Uses)	-	-	65,432	(65,432)
Net Change in Fund Balances	(125,288)	(125,288)	20,352	145,640
Fund Balance, January 1	271,655	267,668	267,669	1
Fund Balance, December 31	\$ 146,367	\$ 142,380	\$ 288,021	\$ 145,641

City of Maple Valley
Unemployment Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous Revenue				
Investment Earnings	\$ 1,667	\$ 1,667	\$ 1,417	\$ (250)
Total Miscellaneous Revenue	1,667	1,667	1,417	(250)
Total Revenues	1,667	1,667	1,417	(250)
EXPENDITURES				
General Government				
Operating	22,000	37,000	7,786	29,214
Total General Government	22,000	37,000	7,786	29,214
Total Expenditures	22,000	37,000	7,786	29,214
Revenues over (under) Expenditures	(20,333)	(35,333)	(6,369)	28,964
Other Financing Sources (Uses)				
Transfer out to General Fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(20,333)	(35,333)	(6,369)	28,964
Fund Balance, January 1	83,574	83,574	83,575	1
Fund Balance, December 31	\$ 63,241	\$ 48,241	\$ 77,206	\$ 28,965

Internal Service Funds

City of Maple Valley
Internal Service Funds
Combining Statement of Net Assets
December 31, 2010

	Vehicle Rental	Central Service	Unemployment Trust	Total Current Year
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 86,892	\$ 173,532	\$ 45,390	\$ 305,814
Investments	63,539	126,893	33,192	223,624
Total Current Assets	150,431	300,425	78,582	529,438
Noncurrent Assets:				
Capital Assets:				
Machinery and Equipment	511,462	515,334		1,026,796
Less: Accumulated Depreciation	(422,681)	(430,453)		(853,134)
Total Capital Assets (net of Accumulated Depreciation)	88,781	84,881	-	173,662
Total Assets	239,212	385,306	78,582	703,100
LIABILITIES				
Current Liabilities:				
Accounts Payable		12,404	1,376	13,780
Due to Other Governments				-
Total Current Liabilities	-	12,404	1,376	13,780
Total Liabilities	-	12,404	1,376	13,780
NET ASSETS				
Net Assets Invested in Capital Assets	88,781	84,881	-	173,662
Unrestricted	150,431	288,021	77,206	515,658
Total Net Assets	\$ 239,212	\$ 372,902	\$ 77,206	\$ 689,320

City of Maple Valley
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2010

	Vehicle Rental	Central Service	Unemployment Trust	Total Current Year
Operating Revenues				
Charges for Sales and Services	\$ 143,483	\$ 777,334	\$ -	\$ 920,817
Total Operating Revenue	143,483	777,334	-	920,817
Operating Expenses				
Cost of Sales and Services	47,937	720,060	7,786	775,783
Depreciation	60,963	65,432		126,395
Total Operating Expenses	108,900	785,492	7,786	902,178
Operating Income	34,583	(8,158)	(7,786)	18,639
Nonoperating Revenues (Expenses)				
Investment Earnings	2,109	4,968	1,417	8,494
Gain (Loss) on Retirement of Capital Assets	6,484	1,406		7,890
Total Nonoperating Revenue (Expenses)	8,593	6,374	1,417	16,384
Income before Contributions and Transfers	43,176	(1,784)	(6,369)	35,023
Contributions and Transfers				
Capital Contributions from General Fund	3,135	16,021		19,156
Total Contributions and Transfers	3,135	16,021	-	19,156
Change in Net Assets	46,311	14,237	(6,369)	54,179
Total Net Assets, January 1	192,901	358,665	83,575	635,141
Total Net Assets, December 31	\$ 239,212	\$ 372,902	\$ 77,206	\$ 689,320

City of Maple Valley
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2010

	Vehicle Rental	Central Service	Unemployment Trust	Total Current Year
Cash Flows from Operating Activities				
Cash Received from User Departments	\$ 143,483	\$ 777,334	\$ -	\$ 920,817
Cash Paid to Suppliers for Goods and Services	(47,937)	(736,855)	(13,343)	(798,135)
Net Cash From Operating Activities	95,546	40,479	(13,343)	122,682
Cash Flows from Capital and Related Financing Activities				
Capital Assets Purchased for Own Use	(63,125)	(43,296)		(106,421)
Gain (Loss) on Retirement of Capital Assets	6,484	1,406		7,890
Net Cash From Capital and Related Financing Activities	(56,641)	(41,890)	-	(98,531)
Cash Flows from Investing Activities				
Purchase of Investments	(19,560)	(7,570)		(27,130)
Proceeds from Investment Maturities			3,187	3,187
Interest on Investments	2,109	4,968	1,417	8,494
Net Cash From Investing Activities	(17,451)	(2,602)	4,604	(15,449)
Net Change in Cash and Cash Equivalents	21,454	(4,013)	(8,739)	8,702
Cash and Cash Equivalents, January 1	65,438	177,545	54,129	297,112
Cash and Cash Equivalents, December 31	\$ 86,892	\$ 173,532	\$ 45,390	\$ 305,814
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 34,583	\$ (8,158)	\$ (7,786)	\$ 18,639
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	60,963	65,432	-	126,395
Change in Accounts Payable	-	(16,795)	1,376	(15,419)
Change in Due to Other Governments	-	-	(6,933)	(6,933)
Net Cash Provided by Operating Activities	\$ 95,546	\$ 40,479	\$ (13,343)	\$ 122,682
Noncash Capital and Related Financing Activities				
Capital Contributions from General Fund	\$ 3,135	\$ 16,021		\$ 19,156
Retirement of Internal Service Fund Capital Assets	21,600	1,406		23,006
Total Noncash Investing, Capital, and Financing	\$ 24,735	\$ 17,427	\$ -	\$ 42,162

Capital Assets Used in Operation of Governmental Funds

City of Maple Valley
Capital Assets Used in the Operation of Governmental Funds
December 31, 2010

	<u>2010</u>	<u>2009</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 195,076,121	\$ 195,076,121
Buildings	9,172,760	6,408,142
Less: Accumulated Depreciation	(1,270,221)	(1,110,018)
Improvements Other Than Buildings	220,535,865	220,657,863
Less: Accumulated Depreciation	(95,417,563)	(88,697,632)
Machinery & Equipment	203,750	201,412
Less: Accumulated Depreciation	(164,163)	(149,509)
Construction in Progress	22,998,219	22,831,248
Total Governmental Funds Capital Assets	<u>\$ 351,134,768</u>	<u>\$ 355,217,627</u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
Contributions from King County	\$ 145,302,365	\$ 145,302,364
Contributions from State & Federal Grants	14,612,391	13,218,136
Contributions from Developers	165,800,444	172,362,772
General Fund Revenues	1,102,859	1,636,672
Street Fund Revenues	1,818,944	1,818,944
Transportation Impact Fee Fund Revenue	6,114,245	5,444,504
Park Development Fund Revenue	57,416	
Real Estate Excise Tax Fund Revenue	5,587,443	4,695,574
Surface Water Management Revenue	277,000	277,000
General Obligation Bonds & Loans	10,461,661	10,461,661
Total Investments in Governmental Funds Capital Assets by Source	<u>\$ 351,134,768</u>	<u>\$ 355,217,627</u>

City of Maple Valley
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 For the Year Ended December 31, 2010

	Beginning of Year	Additions	Transfers from (to)		End of Year
			Other Funds	Retirements	
LAND					
Parks and Community Services	\$ 22,285,208	\$ -	-	-	\$ 22,285,208
Public Works	172,790,913	-	-	-	172,790,913
Total Land	195,076,121	-	-	-	195,076,121
BUILDINGS					
Parks and Community Services	6,408,142	-	2,764,618	-	9,172,760
Total Buildings	6,408,142	-	2,764,618	-	9,172,760
IMPROVEMENTS OTHER THAN BUILDINGS					
General Government	198,679	76,681	-	(198,679)	76,681
Parks and Community Services	954,125	-	-	-	954,125
Public Works					
Infrastructure Purchased	8,934,339	-	-	-	8,934,339
Infrastructure Contributed	210,570,720	-	-	-	210,570,720
Total Improvements Other than Bldgs	220,657,863	76,681	-	(198,679)	220,535,865
MACHINERY & EQUIPMENT					
General Government	13,875	1,786	-	-	15,661
Community Development	2,786	1,658	-	-	4,444
Public Safety	22,703	3,820	(3,820)	(1,106)	21,597
Public Works	25,432	12,201	(12,201)	-	25,432
Parks and Community Services	136,616	3,135	(3,135)	-	136,616
Total Machinery & Equipment	201,412	22,600	(19,156)	(1,106)	203,750
CONSTRUCTION IN PROGRESS	22,831,248	2,931,589	(2,764,618)	-	22,998,219
TOTAL CAPITAL ASSETS	\$ 445,174,786	\$ 3,030,870	\$ (19,156)	\$ (199,785)	\$ 447,986,715
CAPITAL ASSET SOURCES					
Contributions from King County	\$ 211,249,130	\$ -	\$ -	\$ -	\$ 211,249,130
Contributions from State & Federal Grants	13,218,136	1,394,255	-	-	14,612,391
Contributions from Developers	193,370,301	(7,872)	-	-	193,362,429
General Fund Revenues	4,639,536	25,461	(19,156)	(199,785)	4,446,056
Street Fund Revenues	1,818,944	-	-	-	1,818,944
Transportation Impact Fee Fund Revenue	5,444,504	669,741	-	-	6,114,245
Park Development Fund Revenue		57,416	-	-	57,416
Real Estate Excise Tax Fund Revenue	4,695,574	891,869	-	-	5,587,443
Surface Water Management Revenue	277,000	-	-	-	277,000
General Obligation Bonds & Loans	10,461,661	-	-	-	10,461,661
TOTAL CAPITAL ASSET SOURCES	\$ 445,174,786	\$ 3,030,870	\$ (19,156)	\$ (199,785)	\$ 447,986,715

Depreciation

Accumulated Beginning of Year	Current Year	End of Year
-------------------------------------	-----------------	----------------

-	-	-
---	---	---

1,110,018	160,203	1,270,221
1,110,018	160,203	1,270,221

188,464	(188,464)	-
177,802	33,178	210,980

2,150,801	320,761	2,471,562
86,180,565	6,554,456	92,735,021
88,697,632	6,719,931	95,417,563

6,128	884	7,012
1,301	296	1,597
10,422	3,497	13,919
27,141	904	28,045
104,517	9,073	113,590
149,509	14,654	164,163

-	-	-
---	---	---

\$ 89,957,159	\$ 6,894,788	\$ 96,851,947
----------------------	---------------------	----------------------

\$ 65,946,765	\$ -	\$ 65,946,765
-	-	-
21,007,529	6,554,456	27,561,985
3,002,865	340,332	3,343,197
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ 89,957,159	\$ 6,894,788	\$ 96,851,947

STATISTICAL SECTION

This part of the City of Maple Valley's Comprehensive Annual Financial Report presents analytical information, much of it over the last ten years, that provides a context for understanding the city's overall financial health.

	Page #
Financial Trends	
These schedules contain information to help the reader understand how the city's financial performance and well-being have changed over time.	
Net Assets by Component Unit	132
Changes in Net Assets	134
Changes in Fund Balances - Governmental Funds	138
Revenue Capacity	
These schedules contain information to help the reader assess the city's revenue capacity and its ability to fund future operations.	
Property Tax Data	140
Sales Tax Data	142
Private Development Activity	144
Principal Property Taxpayers & Employers	146
Debt Capacity	
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Computation of Legal Debt Margin	147
Computation of Direct and Overlapping Debt with Bonded Debt Ratios	148
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	
Comparative Regional Statistics	149
Statistics and Ratios	150
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	
Full Time Equivalent Employee History	152
Operating Indicators by Function	153
Capital Asset Statistics by Function	154

City of Maple Valley
Net Assets by Component
From Implementation of Statement 34
(accrual basis of accounting)

	2001	2002	2003
Net Assets, December 31			
Governmental Activities			
Invested in Capital Assets, net of Related Debt	\$ 2,818,320	\$ 5,017,405	\$ 29,433,647
Restricted	7,919,512	7,376,644	7,921,609
Unrestricted	1,372,338	2,909,547	2,827,435
Total Governmental Activities Net Assets	12,110,170	15,303,596	40,182,691
Business-Type Activities			
Invested in Capital Assets, net of Related Debt	1,069,146	1,336,341	4,754,701
Restricted	633,892	798,049	870,536
Total Business-Type Activities Net Assets	1,703,038	2,134,390	5,625,237
Primary Government			
Invested in Capital Assets, net of Related Debt	3,887,466	6,353,746	34,188,348
Restricted	8,553,404	8,174,693	8,792,145
Unrestricted	1,372,338	2,909,547	2,827,435
Total Primary Government Net Assets	\$ 13,813,208	\$ 17,437,986	\$ 45,807,928

	2004	2005	2006	2007	2008	2009	2010
\$	172,087,756	\$ 239,032,092	\$ 240,060,893	289,946,247	308,429,579	347,747,795	344,208,737
	7,229,443	10,627,215	9,685,787	9,750,610	11,724,658	10,900,630	9,900,220
	3,407,442	4,198,312	2,529,970	3,204,325	2,737,739	2,494,451	2,452,787
	182,724,641	253,857,619	252,276,650	302,901,182	322,891,976	361,142,876	356,561,744
	4,985,105	6,356,273	11,289,673	11,768,973	11,885,231	12,479,185	12,373,097
	838,891	1,110,475	1,381,725	1,567,684	1,874,326	1,926,248	2,387,213
	5,823,996	7,466,748	12,671,398	13,336,657	13,759,557	14,405,433	14,760,310
	177,072,861	245,388,365	251,350,566	301,715,220	320,314,810	360,226,980	356,581,834
	8,068,334	11,737,690	11,067,512	11,318,294	13,598,984	12,826,878	12,287,433
	3,407,442	4,198,312	2,529,970	3,204,325	2,737,739	2,494,451	2,452,787
\$	188,548,637	\$ 261,324,367	\$ 264,948,048	\$ 316,237,839	\$ 336,651,533	\$ 375,548,309	\$ 371,322,054

City of Maple Valley
Changes in Net Assets
From Implementation of Statement 34
(accrual basis of accounting)

	2001	2002	2003
Expenses			
Governmental Activities			
General Government	\$ 762,155	\$ 935,019	\$ 1,060,259
Community Development	533,314	612,865	629,254
Human Services			
Parks and Recreation	53,285	181,511	1,006,927
Public Safety	1,658,865	1,824,402	1,799,270
Public Works	719,731	1,003,775	886,191
Interest on Long-term Debt	369,608	365,206	355,944
Total Governmental Activities Expenses	4,096,958	4,922,778	5,737,845
Business-Type Activities			
Surface Water Management	235,182	372,366	432,839
Golf Course Operations			
Total Business-Type Activities Expenses	235,182	372,366	432,839
Total Primary Government Expenses	4,332,140	5,295,144	6,170,684
Program Revenue			
Governmental Activities			
Charges for Services			
General Government	7,964	16,322	21,909
Community Development	686,125	852,254	1,006,830
Parks and Recreation	1,772	2,914	29,256
Public Safety	113,925	120,746	98,427
Public Works	1,006,380	1,103,360	1,843,248
Operating Grants and Contributions	425,162	453,604	296,342
Capital Grants and Contributions	150,133	394,125	639,901
Total Governmental Activities Program Revenue	2,391,461	2,943,325	3,935,913
Business-Type Activities			
Charges for Services			
Surface Water Management	518,587	553,826	579,336
Golf Course Operations			
Capital Grants and Contributions		75,000	
Surface Water Management			
Total Business-Type Activities Program Revenue	518,587	628,826	579,336
Total Primary Government Program Revenue	2,910,048	3,572,151	4,515,249
Net (Expense) Revenue			
Governmental Activities	(1,705,497)	(1,979,453)	(1,801,932)
Business-Type Activities	283,405	256,460	146,497
	\$ (1,422,092)	\$ (1,722,993)	\$ (1,655,435)

	2004	2005	2006	2007	2008	2009	2010
\$	1,292,655	\$ 1,333,375	\$ 1,531,693	\$ 1,540,862	\$ 1,985,141	\$ 2,014,921	1,921,807
	843,128	725,856	820,144	850,516	953,115	987,928	910,348
		136,619	171,770	212,019	200,799	220,294	273,033
	1,136,701	1,130,616	1,288,862	1,595,110	1,571,438	1,560,100	1,786,842
	1,845,988	2,032,716	2,133,701	2,293,963	2,332,012	2,380,537	2,718,707
	1,390,860	5,715,662	7,622,944	7,769,571	8,518,674	7,719,635	8,189,722
	344,972	207,684	286,421	280,554	283,968	282,668	214,583
	6,854,304	11,282,528	13,855,535	14,542,595	15,845,147	15,166,083	16,015,042
	423,934	360,715	398,040	322,363	420,178	657,931	612,978
			86,004	1,616,237	1,680,058	1,667,791	1,629,806
	423,934	360,715	484,044	1,938,600	2,100,236	2,325,722	2,242,784
	7,278,238	11,643,243	14,339,579	16,481,195	17,945,383	17,491,805	18,257,826
	21,639	29,190	40,847	50,072	24,425	20,548	20,116
	1,064,642	1,270,024	983,899	673,511	499,210	475,388	560,737
	126,522	245,907	352,884	432,970	522,833	476,821	900,532
	99,609	83,441	113,946	105,056	156,284	142,840	149,392
	1,573,107	2,379,306	1,993,138	1,855,260	1,398,665	806,329	675,950
	350,507	377,697	513,165	570,996	572,302	590,819	620,088
	1,461,002	505,403	4,003,483	4,220,929	30,455,712	44,319,192	1,442,938
	4,697,028	4,890,968	8,001,362	7,908,794	33,629,431	46,831,937	4,369,753
	606,211	649,004	675,034	693,419	719,886	760,361	948,030
			61,576	1,327,390	1,461,769	1,447,843	1,323,279
			400,249	-	210,598	588,328	-
	606,211	649,004	1,136,859	2,020,809	2,392,253	2,796,532	2,271,309
	5,303,239	5,539,972	9,138,221	9,929,603	36,021,684	49,628,469	6,641,062
	(2,157,276)	(6,391,560)	(5,854,173)	(6,633,801)	17,784,284	31,665,854	(11,645,289)
	182,277	288,289	652,815	82,209	292,017	470,810	28,525
\$	(1,974,999)	(6,103,271)	(5,201,358)	(6,551,592)	18,076,301	32,136,664	(11,616,764)

City of Maple Valley
Changes in Net Assets
From Implementation of Statement 34
(accrual basis of accounting)

	2001	2002	2003
General Revenue and Other Changes in Net Assets			
Governmental Activities			
Taxes			
Regular Property Taxes	\$ 1,422,891	\$ 1,659,356	\$ 1,840,959
Sales Taxes	1,493,347	1,641,536	1,777,238
Utility Taxes	359,134	360,332	355,142
Real Estate Excise Taxes	728,973	819,360	1,258,505
Gambling Taxes	25,866	21,472	28,489
Franchise Fees (Taxes)	98,702	103,738	124,777
Intergovernmental Revenue not restricted to specific programs			
State Shared Revenue	471,698	490,586	186,464
Miscellaneous Revenue			
Investment Earnings	223,609	213,570	74,537
Other Miscellaneous Revenue and (Expenses)	67,284	942	113,879
Transfers	(143,683)	(138,014)	112,619
Total Governmental Activities	4,747,821	5,172,878	5,872,609
Business-Type Activities			
Non Operating Revenue			
Intergovernmental Revenue			
Investment Earnings	31,377	36,879	13,879
Other Miscellaneous Revenue and (Expenses)	(1,697)		
Transfers	143,683	138,014	(112,619)
Total Business-Type Activities	173,363	174,893	(98,740)
Total Primary Government	4,921,184	5,347,771	5,773,869
Change in Net Assets Before Extraordinary Items			
Governmental Activities	3,042,324	3,193,425	4,070,677
Business-Type Activities	456,768	431,353	47,757
Total Primary Government	3,499,092	3,624,778	4,118,434
Extraordinary Items			
Governmental Activities			
Issuance of 2005 General Obligation Refunding Bonds			
Defeasance of 2000 General Obligation Bonds			
Capital Contributions			20,808,419
Total Governmental Activities	-	-	20,808,419
Business-Type Activities			
Capital Contributions			3,443,089
Total Business-Type Activities	-	-	3,443,089
Total Primary Government	-	-	24,251,508
Change in Net Assets			
Governmental Activities	3,042,324	3,193,425	24,879,096
Business-Type Activities	456,768	431,353	3,490,846
Total Primary Government	3,499,092	3,624,778	28,369,942
Net Assets, January 1	10,314,116	13,813,208	17,437,986
Net Assets, December 31	\$ 13,813,208	\$ 17,437,986	\$ 45,807,928

	2004	2005	2006	2007	2008	2009	2010
\$	1,996,286	\$ 2,157,260	\$ 2,351,509	\$ 2,547,157	\$ 2,678,139	\$ 2,971,125	3,049,990
	2,034,736	2,035,201	2,258,415	2,313,211	2,119,678	1,865,487	1,942,926
	393,283	454,941	520,273	573,486	597,819	608,851	745,107
	1,389,636	1,931,398	1,880,733	1,252,081	761,174	528,117	686,659
	26,476	27,688	30,446	36,555	39,204	38,373	43,419
	144,573	165,143	191,178	221,845	241,080	251,766	283,261
	189,110	191,579	290,987	332,767	301,277	321,301	372,712
	113,809	226,556	499,058	382,992	262,532	75,708	107,909
	3,269	120	8,243	6,372	11,817	7,263	9,957
		8,279	(4,491,689)	99,170	(63,529)	(82,945)	(177,783)
	6,291,178	7,198,165	3,539,153	7,765,636	6,949,191	6,585,046	7,064,157
				15,776	4,833	70,167	110,354
	16,482	23,033	60,490	86,962	60,812	20,449	36,269
		1,266	(344)	1,444	1,709	1,505	1,946
	-	(8,279)	4,491,689	(99,170)	63,529	82,945	177,783
	16,482	16,020	4,551,835	5,012	130,883	175,066	326,352
	6,307,660	7,214,185	8,090,988	7,770,648	7,080,074	6,760,112	7,390,509
	4,133,902	806,605	(2,315,020)	1,131,835	24,733,475	38,250,900	(4,581,132)
	198,759	304,309	5,204,650	87,221	422,900	645,876	354,877
	4,332,661	1,110,914	2,889,630	1,219,056	25,156,375	38,896,776	(4,226,255)
	\$ (4,815,000)	4,315,000					
	138,408,048	70,826,373	734,051	49,492,697	(4,742,681)	-	-
	138,408,048	70,326,373	734,051	49,492,697	(4,742,681)	-	-
		1,338,443		578,038	-	-	-
	-	1,338,443	-	578,038	-	-	-
	138,408,048	71,664,816	734,051	50,070,735	(4,742,681)	-	-
	142,541,950	71,132,978	(1,580,969)	50,624,532	19,990,794	38,250,900	(4,581,132)
	198,759	1,642,752	5,204,650	665,259	422,900	645,876	354,877
	142,740,709	72,775,730	3,623,681	51,289,791	20,413,694	38,896,776	(4,226,255)
	45,807,928	188,548,637	261,324,367	264,948,048	316,237,839	336,651,533	375,548,309
	\$ 188,548,637	\$ 261,324,367	\$ 264,948,048	\$ 316,237,839	\$ 336,651,533	\$ 375,548,309	\$ 371,322,054

City of Maple Valley
Changes in Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2002	2003	2004	2005
REVENUES				
Taxes				
Regular Property Tax	\$ 1,659,356	\$ 1,840,959	\$ 1,996,286	\$ 2,157,260
Sales Tax	1,641,536	1,777,238	2,034,736	2,035,201
Utility Tax	360,332	355,142	393,283	454,941
Real Estate Excise Tax	819,360	1,258,505	1,389,636	1,931,398
Gambling Tax	21,472	28,489	26,476	27,688
Total Taxes	4,502,056	5,260,333	5,840,417	6,606,488
Licenses & Permits	680,919	868,544	892,631	1,117,595
Intergovernmental Revenue	1,309,211	1,085,988	1,941,261	1,050,231
Charges for Service	1,176,512	2,007,711	1,925,314	2,665,117
Fines & Forfeitures	85,104	62,888	70,007	55,112
Miscellaneous Revenue	495,139	405,610	311,930	573,808
TOTAL REVENUES	8,248,941	9,691,074	10,981,560	12,068,351
Percent Growth	13%	17%	13%	10%
EXPENDITURES				
Current				
General Government	909,540	1,018,873	1,180,666	1,312,478
Community Development	609,101	626,581	805,102	725,670
Human Services	73,138	147,011	121,475	136,619
Parks & Recreation	103,624	698,268	853,933	926,017
Public Safety	1,824,167	1,798,950	1,843,032	2,022,313
Public Works	976,147	796,228	1,033,301	1,126,804
Capital Outlay	2,164,789	3,629,924	4,777,283	2,603,108
Debt Service				
Principal	210,000	229,725	244,725	369,725
Interest on Long-term Debt	367,080	357,006	345,785	211,646
TOTAL EXPENDITURES	7,237,586	9,302,566	11,205,302	9,434,380
Percent Growth	25%	29%	20%	-16%
REVENUES OVER (UNDER) EXPENDITURES	1,011,355	388,508	(223,742)	2,633,971
OTHER FINANCING SOURCES (USES)				
General Obligation Debt Proceeds	29,175			1,421,250
Transfer In from (Out to) Enterprise Funds	(138,014)			8,279
TOTAL OTHER FINANCING SOURCES (USES)	(108,839)	-	-	1,429,529
REVENUE AND OTHER SOURCES OVER (UNDER)	902,516	388,508	(223,742)	4,063,500
FUND BALANCE, January 1	9,144,128	10,046,644	10,435,152	10,211,410
FUND BALANCE, December 31				
Nonspendable - General Fund	5,375	7,129	10,876	11,871
Restricted - Special Revenue Funds	7,137,097	7,607,717	6,803,969	10,076,599
Unassigned - General Fund	2,904,172	2,820,306	3,396,565	4,186,440
TOTAL	\$ 10,046,644	\$ 10,435,152	\$ 10,211,410	\$ 14,274,910
Debt Service as % on non Capital Expenditures	11%	10%	9%	9%
Unassigned Fund Balance as % of Current Expenditures	65%	55%	58%	67%
Total Fund Balance as % of Total Expenditures	139%	112%	91%	151%

	2006	2007	2008	2009	2010
\$	2,351,509	\$ 2,547,157	\$ 2,678,139	\$ 2,971,125	\$ 3,049,990
	2,258,415	2,313,211	2,119,678	1,865,487	1,942,926
	520,273	573,486	597,819	608,851	745,107
	1,880,733	1,252,081	761,174	528,117	686,659
	30,446	36,555	39,204	38,373	43,419
	7,041,376	6,722,490	6,196,014	6,011,953	6,468,101
	871,014	655,476	551,741	510,479	637,548
	4,652,946	5,103,822	2,852,527	1,915,853	2,426,341
	2,273,067	2,042,708	1,849,256	1,222,983	1,453,902
	92,810	77,701	110,401	105,261	106,404
	1,059,597	935,003	751,135	391,408	503,013
	15,990,810	15,537,200	12,311,074	10,157,937	11,595,309
	33%	-3%	-21%	-17%	14%
	1,399,934	1,641,869	1,965,539	1,899,627	1,936,460
	819,959	850,330	952,929	987,742	910,052
	171,770	212,019	200,799	220,294	273,033
	1,109,681	1,424,527	1,366,646	1,387,051	1,584,388
	2,132,254	2,294,699	2,331,111	2,376,542	2,714,104
	890,639	974,976	1,282,523	1,328,019	1,313,601
	7,017,380	8,223,123	2,433,960	2,083,767	3,030,870
	369,803	418,595	474,668	524,621	544,621
	288,814	282,200	285,170	276,956	216,558
	14,200,234	16,322,338	11,293,345	11,084,619	12,523,687
	51%	15%	-31%	-2%	13%
	1,790,576	(785,138)	1,017,729	(926,682)	(928,378)
		1,396,500	479,250	-	-
	(4,491,689)	99,170	(31,561)	267,055	(177,783)
	(4,491,689)	1,495,670	447,689	267,055	(177,783)
	(2,701,113)	710,532	1,465,418	(659,627)	(1,106,161)
	14,274,910	11,573,797	12,284,329	13,749,747	13,090,120
	11,871	12,267	15,815	37,517	47,311
	9,043,827	8,994,595	10,904,549	10,439,971	9,900,220
	2,518,099	3,277,467	2,829,383	2,612,632	2,036,428
	\$ 11,573,797	\$ 12,284,329	\$ 13,749,747	\$ 13,090,120	\$ 11,983,959
	9%	9%	9%	9%	8%
	39%	44%	35%	32%	23%
	82%	75%	122%	118%	96%

**City of Maple Valley
Property Tax Data
Last Ten Years**

	2001	2002	2003	2004
ASSESSED VALUE				
Assessed Value (2)	\$ 1,138,923,995	\$ 1,271,293,437	\$ 1,406,494,280	\$ 1,576,123,000
Increase (Decrease) in Assessed Valuation	11%	12%	11%	12%
Includes Local New Construction of	45,791,154	77,204,588	87,971,762	102,016,810
Includes Increased Public Utility Value	441,795	688,929	433,429	218,001
Total New Construction	46,232,949	77,893,517	88,405,191	102,234,811
PROPERTY TAX RATES (1)				
Direct Regular and Special				
City of Maple Valley	1.40	1.46	1.45	1.42
Overlapping Regular and Special				
State School Fund	3.15	2.99	2.90	2.76
King County General	1.55	1.45	1.35	1.43
King County Road	N/A	N/A	N/A	N/A
Port of Seattle	0.19	0.19	0.26	0.25
Emergency Medical Services (EMS)	0.25	0.25	0.24	0.24
Ferry District				
King County Flood Zone				
Rural Library District	0.56	0.53	0.55	0.54
Tahoma School District Special Levy	2.98	2.85	2.72	2.65
Tahoma School District Bond & Bldg	2.10	1.86	1.86	1.85
Fire District # 43	1.65	1.66	1.59	1.64
Sub Total Overlapping	12.42	11.78	11.46	11.37
Total Property Tax Levy	13.82	13.24	12.91	12.79
PROPERTY TAXES LEVIED AND COLLECTED (1)				
Property Taxes Levied				
Original Levy (2)	1,434,064	1,662,647	1,848,227	1,995,604
Adjustments	(1,473)	(2,368)	(5,419)	1,163
Revised Levy	1,432,591	1,660,279	1,842,808	1,996,767
Percent of Levy Change from Prior Year (PY)	12.1%	15.9%	11.0%	8.4%
% of Levy related to New Construction & Annexation	11.1%	14.9%	10.0%	7.4%
Property Taxes Collected				
Collections as of the End of the Levy Year	1,399,809	1,622,764	1,803,855	1,956,389
Percent Collected as of the End of the Levy Year	97.7%	97.7%	97.9%	98.0%
Collections in Subsequent Years	32,782	37,515	38,953	40,378
Total Collections to Date	1,432,591	1,660,279	1,842,808	1,996,767
Percent Collected to Date	100.0%	100.0%	100.0%	100.0%
Current Amount Outstanding	-	-	-	-
Percent of Current Amount Outstanding by Year	0.0%	0.0%	0.0%	0.0%
Single Family Residential (SFR) Property Taxes				
Average Value of SFR	218,643	227,015	237,194	255,842
Percent Change from Prior Year (PY)		3.8%	4.5%	7.9%
City Share of Property Taxes per SFR on PY Value	-	319	329	336
Total Property Taxes per SFR on PY Value		2,894	2,931	3,033
Percent Change from Prior Year (PY)			1.3%	3.5%

(1) Tax rates are expressed in terms of dollars of tax per thousand dollars of assessed value. Tax rates are applied to previous year's assessed value to determine levy amount. Tax rates are for majority of City property tax parcels. Less than 5% of City parcels are in Public Hospital District #1 with an additional levy rate of \$.53 per \$1,000 of assessed valuation.

(2) 2009 includes the annexation of Maple Ridge with an initial assessed valuation of \$262,137,000 and tax levy of \$341,046.

	2005	2006	2007	2008	2009	2010
\$	1,794,055,783	\$ 2,015,609,742	\$ 2,293,057,004	\$ 2,579,005,968	\$ 2,446,394,927	\$ 2,437,805,896
	14%	12%	14%	12%	-5%	0%
	124,302,118	128,460,703	84,356,197	51,762,393	45,038,436	34,004,314
	-	-	2,261,297	-	-	3,740,931
	124,302,118	128,460,703	86,617,494	51,762,393	45,038,436	37,745,245
	1.37	1.31	1.26	1.17	1.08	1.25
	2.69	2.50	2.33	2.13	1.96	2.22
	1.38	1.33	1.29	1.21	1.10	1.28
	N/A	N/A	N/A	N/A	N/A	N/A
	0.25	0.23	0.23	0.22	0.20	0.22
	0.23	0.22	0.21	0.30	0.27	0.30
				0.06	0.05	0.00
				0.10	0.09	0.11
	0.53	0.53	0.50	0.45	0.42	0.49
	2.54	2.47	2.46	2.32	2.22	2.74
	1.26	1.21	1.71	1.55	1.44	1.70
	1.68	1.61	1.67	1.57	1.45	1.72
	10.56	10.09	10.40	9.91	9.20	10.78
	11.94	11.41	11.66	11.08	10.27	12.03
	2,161,149	2,353,676	2,547,157	2,680,754	2,975,484	3,059,587
	(2,200)	(1,231)	778	(1,001)	113	(4,701)
	2,158,949	2,352,445	2,547,935	2,679,752	2,975,597	3,054,887
	8.1%	9.0%	8.3%	5.2%	11.0%	2.7%
	7.1%	8.0%	7.3%	4.2%	10.0%	1.7%
	2,119,819	2,313,515	2,493,940	2,610,891	2,914,436	2,989,404
	98.2%	98.3%	97.9%	97.4%	97.9%	97.9%
	39,130	38,637	52,768	59,013	37,912	
	2,158,949	2,352,152	2,546,708	2,669,904	2,952,348	2,989,404
	100.0%	100.0%	100.0%	99.6%	99.2%	97.9%
	-	293	1,227	9,848	23,249	65,483
	0.0%	0.3%	1.2%	9.8%	23.2%	65.4%
	285,080	357,241	364,409	346,837	300,261	302,814
	11.4%	25.3%	2.0%	-4.8%	-13.4%	0.9%
	351	374	452	426	373	375
	3,054	3,252	4,166	4,038	3,563	3,613
	0.7%	6.5%	28.1%	-3.1%	-11.8%	1.4%

**City of Maple Valley
Sales Tax Data
Last Ten Years**

	SIC Group	2001	2002	2003	2004
Sales Tax Revenue (Locally generated) (1)					
Retail Trade	441-454	\$ 360,489	\$ 400,307	\$ 418,633	\$ 450,406
Construction	236-238	348,913	443,631	497,249	647,361
Food Services, Drinking Places	722	106,397	113,214	125,845	144,271
Telecommunication	517	58,460	53,775	63,298	67,923
Wholesale Trade	423-425	89,260	86,822	103,816	110,161
Other Services	811-813	36,818	33,215	38,284	44,475
Public Administration	921-926	38,213	32,786	36,846	40,901
Administrative and Support Services	561	31,079	39,625	44,082	57,302
Rental & Leasing	532	45,448	46,451	50,504	37,333
Professional, Scientific & Technical Services	541				
Manufacturing	311-339	9,042	9,097	12,070	12,979
Arts Entertainment & Recreation	711-713	33,453	32,402	29,261	26,639
Finance and Insurance	521-525	30,577	36,738	37,239	30,786
All Other		24,211	35,055	33,770	55,349
		\$ 1,212,360	\$ 1,363,118	\$ 1,490,897	\$ 1,725,886
Overall Annual Percent Growth		8%	12%	9%	16%
Construction Percent Growth		36%	27%	12%	30%
Non Construction Percent Growth		0%	6%	8%	9%
Sales Tax Revenue (2)					
Maple Valley Storefront Businesses					
Businesses		137	140	149	164
Sales Tax		569,794	612,201	656,572	668,774
Maple Valley Home Occupancies					
Businesses		72	70	83	92
Sales Tax		21,440	21,446	29,154	23,650
Maple Valley Construction Contractors					
Businesses		93	115	121	113
Sales Tax		62,040	62,137	53,410	66,733
Other Construction Contractors					
Businesses		1,080	1,192	1,305	1,440
Sales Tax		286,873	381,494	443,839	580,628
Non Maple Valley Businesses					
Businesses		1,637	1,720	1,895	2,053
Sales Tax		272,213	285,840	307,922	386,101
Total					
Businesses		3,019	3,237	3,553	3,862
Sales Tax		\$ 1,212,360	\$ 1,363,118	\$ 1,490,897	\$ 1,725,886

(1) Locally generated grouped by Standard Industrial Code (SIC). Additional sales tax is generated county-wide and distributed
(2) Maple Valley categorization by where business is located

	2005	2006	2007	2008	2009	2010	% of 2010
\$	496,540	\$ 566,306	\$ 591,788	\$ 575,516	\$ 559,551	\$ 568,584	38%
	554,219	576,577	503,399	376,299	235,090	263,506	17%
	156,558	175,413	176,899	176,353	165,598	180,369	12%
	80,797	74,846	80,193	80,524	78,691	78,669	5%
	108,060	110,603	119,020	100,462	88,004	77,753	5% Building Suppliers
	38,204	41,362	52,180	51,633	60,605	76,875	5% Auto Services
	43,990	48,402	76,637	62,532	45,587	53,574	4% State licensing, City of MV
	48,407	56,009	82,943	53,296	37,830	40,132	3% Landscaping
	46,610	55,800	73,537	69,803	42,512	36,409	2% Equip Leasing, Videos
	13,068	15,982	23,772	20,446	27,336	26,023	2%
	16,134	25,006	13,898	21,651	26,429	25,933	2% Construction Accessories
	27,481	26,016	18,443	32,936	21,480	23,706	2% Golf Courses, Fitness
	32,682	30,294	27,820	18,814	15,395	14,290	1%
	29,198	50,815	2,663	3,093	42,389	40,331	3%
\$	1,691,948	\$ 1,853,431	\$ 1,843,192	\$ 1,643,358	\$ 1,446,497	\$ 1,506,154	100%
	-2%	10%	-1%	-11%	-12%	4%	
	-14%	4%	-13%	-25%	-38%	12%	
	5%	12%	5%	-5%	-4%	3%	
							Average Annual Change Last Ten Years
	161	168	163	152	148	143	0%
	691,398	741,513	760,774	714,708	655,892	677,366	2%
	95	110	130	138	126	130	8%
	22,755	31,925	39,021	26,660	13,609	14,651	-3%
	106	102	109	110	100	113	2%
	90,614	45,760	57,542	44,955	22,847	29,126	-5%
	1,413	1,384	1,521	1,435	1,401	1,379	3%
	463,605	530,817	498,841	342,598	231,106	253,152	-1%
	2,170	2,300	2,570	3,508	3,887	4,078	15% Vehicle sales, Leasing,
	423,576	503,416	487,014	514,437	523,043	531,859	10% Telephone, Internet
	3,945	4,064	4,493	5,343	5,662	5,843	9%
\$	1,691,948	\$ 1,853,431	\$ 1,843,192	\$ 1,643,358	\$ 1,446,497	\$ 1,506,154	2%

based on population for criminal justice programs

**City of Maple Valley
Private Development Activity
Last Ten Years**

	Type	Lots	Sq Ft	Preliminary		Project				
				Plat Approved	Completed	2001	2002	2003	2004	
Projects Completed in 2010										
Jakyla Place	SF	5		Jun-06	Mar-10					
Glacier Trails	SF	15		Dec-06	Mar-10					
Wilderness Point	SF	33		Feb-05	May-10					
Meadows @ Rock Creek	SF	241		May-03	Jun-10					2
Hayes Modular Office	NC		3,696	Mar-09	Aug-10					
Key Bank	NC		4,318	Dec-09	Oct-10					
Total Projects Completed in 2010		294	8,014			-	-	-		2
City Approved Projects In Progress										
Iddings	SF	16		Mar-00			10			
Highlands @ Cedar Downs	SF	65		Mar-03						
Glacier Point	SF	29		Dec-04						
Woodridge	SF	168		Dec-04						
Arbutus	SF	61		Jan-05						
Greenbrier Crest	SF	50		Feb-05						
Ridge @ Lake Wilderness	SF	11		Feb-05						
Whispering Meadows	SF	22		Apr-05						
Wilderness Hills Division 2	SF	22		Apr-05						
Sun Ridge @ Elk Run Meadows 3	SF	75		May-05						
Chinquapin Junction	SF	30		May-05						
Haley's Terrace	SF	49		May-05						
Mountain View (Rogneby)	SF	42		May-05						
Hathaway Glen	SF	46		Jul-05						
Logbrook	SF	60		Sep-05						
Maple Valley Gardens	SF	9		May-06						
Meadows @ Rock Creek Division 3	SF	34		Aug-06						
Mystic Meadows	SF	25		Sep-06						
Green Valley	SF	17		Sep-06						
Greenbrier Crest 2	SF	29		Oct-06						
Wylderness Heights	SF	6		Dec-06						
Jordan's Crossing	SF	18		Jul-07						
South Fork Maple Plat	SF	10		Jul-07						
Malloy	SF	44		Oct-07						
Wilderness Hills 3	SF	22		Dec-07						
Four Corners Square	NC		152,403	May-08						
Wilderness Hills 4	SF	16		Sep-08						
TRM Wood Products	NC		23,620	Mar-10						
Other Previously Approved Plats	SF	223		Pre-Incorporation		14	16	18		13
Total Projects In Progress		37	1,199	176,023		14	26	18		13
Projects Completed in Prior Years		75	2,120	631,590		153	319	397		363
Total Projects Completed and in Progress		112	3,613	815,627		167	345	415		378
Last Ten Years						167	512	927		1,305

FR Single (SF) & Multi (MF) Family Residential
NC New Commercial

Housing Units						FR Preliminary
2005	2006	2007	2008	2009	2010	Plat Lots
				4	1	-
				12	3	-
	18			11	4	-
186	50			2	1	-
						-
						-
						-
186	68	-	-	29	9	-

Projects Completed in 2010

Jakyla Place
 Glacier Trails
 Wilderness Point
 Meadows @ Rock Creek
 Hayes Modular Office
 Key Bank

Total Projects Completed in 2010

City Approved Projects In Progress

Iddings 6
 Highlands @ Cedar Downs 27
 Glacier Point 6
 Woodridge 45
 Arbutus 4
 Greenbrier Crest 38
 Ridge @ Lake Wilderness 6
 Whispering Meadows 17
 Wilderness Hills Division 2 17
 Sun Ridge @ Elk Run Meadows 3
 Chinquapin Junction 60
 Haley's Terrace 3
 Mountain View (Rogneby) 27
 Hathaway Glen 42
 Logbrook 37
 Maple Valley Gardens 60
 Meadows @ Rock Creek Division 3 9
 Mystic Meadows 34
 Green Valley 25
 Greenbrier Crest 2 4
 Greenbrier Crest 2 18
 Wylderness Heights 18
 Jordan's Crossing 4
 South Fork Maple Plat 10
 Malloy 2
 Wilderness Hills 3 44
 Four Corners Square 22
 Wilderness Hills 4 -
 TRM Wood Products -
 Other Previously Approved Plats 16

Total Projects In Progress

Total Projects Completed and in Progress Last Ten Years

12	6	8	2	4	2	-
12	50	105	57	63	116	597
254	151	43	41	1	-	-
452	269	148	98	93	125	597
1,757	2,026	2,174	2,272	2,365	2,490	

**City of Maple Valley
Principal Property Taxpayers & Employers
Current and Nine Years Prior**

Taxpayer	Type	2001			2010		
		Assessed Valuation	Rank	% of AV	Assessed Valuation	Rank	% of AV
Four Corners LLC	Retail	\$ 15,256,900	1	1.5%	\$ 19,699,700	1	0.8%
Wilderness Village Apartments	Apartments	10,642,000	2	1.1%	16,404,000	2	0.7%
KRG Four Corner Square LLC	Developer				15,906,400	3	0.7%
CMBA No. 6/7	Retail	4,299,486	9	0.3%	11,903,900	4	0.5%
Four Corners Northeast LFP	Developer				10,810,400	5	0.4%
Puget Sound Energy	Utility	6,797,564	3	0.7%	10,366,229	6	0.4%
Schneider Homes	Developer	7,837,000	10	0.3%	9,873,000	7	0.4%
NW Apartment Portfolio II	Apartments	8,226,000	4&5	1.1%	9,648,000	8	0.4%
Hogate Properties	Retail	4,968,100	6	0.4%	8,124,700	9	0.3%
Wilderness Village Properties	Retail	5,064,100	7	0.4%	7,469,300	10	0.3%
Subtotal - Ten Largest Taxpayers		63,091,150		5.7%	120,205,629		4.9%
All Other City Taxpayers		1,075,832,845		94.3%	2,326,189,298		95.1%
Total City Taxpayers		\$ 1,138,923,995		100.0%	\$ 2,446,394,927		100.0%

Major Employers

		<u>Employees</u>
Tahoma School District	Government	688
Safeway	Retail	200
JR Hayes & Sons, Inc	Construction	100
Quality Food Centers	Retail	87
MV Fire & Life Safety	Government	61
Western Asphalt	Construction	45
City of Maple Valley	Government	38
Gloria's Restaurant	Retail	37
Goodwill	Retail	31
Johnson's Home & Garden	Retail	30

Source: King County Assessor's Office

City of Maple Valley
 Computation of Legal Debt Margin
 December 31, 2010

	Assessed Value	Rate	Debt Capacity	Debt Outstanding	Debt Margin
ASSESSED VALUE	\$ 2,437,805,896				
GENERAL PURPOSES					
Non-Voted Only					
Maximum Debt as a percent of Assessed Value		1.5%			
Non-Voted General Obligation Debt Capacity			36,567,088		
Less: Outstanding Non-Voted Debt				7,099,693	
Plus: Amount Available in Special Revenue for Debt Retirement					
Remaining Non-Voted Debt Capacity					29,467,395
Total Voted and Non Voted					
Maximum Debt as a percent of Assessed Value		2.5%			
Voted General Obligation Debt Capacity			60,945,147		
Less: Outstanding Voted Debt					
Less: Outstanding Non-Voted Debt				7,099,693	
Plus: Amount Available in Special Revenue for Debt Retirement				-	
Remaining Voted Debt Capacity					53,845,454
TOTAL GENERAL PURPOSES			60,945,147	7,099,693	53,845,454
UTILITY PURPOSES					
Voted					
Maximum Debt as a percent of Assessed Value		2.5%			
Voted General Obligation Debt Capacity			60,945,147		
Less: Outstanding Voted Debt					
Remaining Voted Debt Capacity					60,945,147
TOTAL UTILITY PURPOSES			60,945,147	-	60,945,147
PARKS AND OPEN SPACE AND CAPITAL FACILITIES ASSOCIATED WITH ECONOMIC DEVELOPMENT PURPOSES					
Voted					
Maximum Debt as a percent of Assessed Value		2.5%			
Voted General Obligation Debt Capacity			60,945,147		
Less: Outstanding Voted Debt					
Remaining Voted Debt Capacity					60,945,147
PARKS AND OPEN SPACE AND CAPITAL FACILITIES ASSOCIATED WITH ECONOMIC DEVELOPMENT PURPOSES			60,945,147	-	60,945,147
TOTAL CAPACITY			182,835,442		
CAPACITY UTILIZED				7,099,693	
LEGAL DEBT MARGIN					\$ 175,735,749

City of Maple Valley
 Computation of Direct and Overlapping Debt with Bonded Debt Ratios
 December 31, 2010

	Assessed Valuation	Debt	Percent Applicable to Maple Valley	Debt Applicable to Maple Valley
DIRECT DEBT				
City of Maple Valley	\$ 2,437,805,896			
General Obligation Bonds Payable		4,515,000		
Other General Obligation Debt		2,584,693		
Total General Long Term Debt		<u>7,099,693</u>		
Less: Amount Available in Special Revenue Fund for Debt Retirement		<u>-</u>		
Net Direct Debt		<u>7,099,693</u>	100.0%	<u>7,099,693</u>
OVERLAPPING DEBT				
King County	330,414,998,614	1,140,426,000	0.74%	8,447,859
Port of Seattle	330,414,998,614	335,500,000	0.74%	2,485,261
King County Library District	207,903,070,842	131,901,411	1.18%	1,552,844
Hospital District # 1	35,488,968,139	37,255,000	0.12%	46,086
Kent School District	17,559,853,978	205,939,464	0.10%	201,383
Tahoma School District	4,557,389,224	28,070,418	53.33%	14,969,747
Fire District # 43	4,565,729,307	<u>4,693,840</u>	53.61%	<u>2,516,271</u>
Total net overlapping debt		<u>1,883,786,133</u>		<u>30,219,452</u>
Total net direct and overlapping debt		<u>\$ 1,890,885,826</u>		<u>\$ 37,319,145</u>

Source: King County Assessor's Office and Finance Department

**City of Maple Valley
Comparative Regional Statistics
2000 Census Bureau Data (1)**

	City of Maple Valley	State of Washington	King County
Population	14,209	5,894,121	1,737,034
Median Age	32.3	35.3	35.7
Median Household Income	\$ 67,159	\$ 45,776	\$ 53,157
Unemployment Rate	2.59%	6.24%	4.48%
School Enrollment	32%	28%	27%
Bachelor's Degree or higher, % age 25+	32%	28%	40%

	Neighboring Cities of			
	Auburn	Kent	Renton	Covington
Population	40,279	79,325	49,894	13,768
Median Age	34.1	31.8	34.0	32.1
Median Household Income	\$ 39,208	\$ 46,046	\$ 45,820	\$ 63,711
Unemployment Rate	6.08%	5.69%	4.82%	4.58%
School Enrollment	25%	27%	24%	35%
Bachelor's Degree or higher, % age 25+	16%	24%	28%	25%

(1) Information obtained from US Census Bureau with help from King County Demographer

**City of Maple Valley
Maple Valley Statistics & Ratios
Last Ten Years**

	2001	2002	2003	2004
Population (April 1)	14,590	15,040	15,934	16,280
Unemployment Rate (King County) (1)	5.7%	6.2%	5.3%	4.8%
Personal Income (Estimate)				
Median Household Income Estimate (King County) (1)	55,933	56,802	57,686	62,341
Persons per Household	2.98	2.98	2.98	2.95
Per Capita Personal Income	18,769	19,061	19,358	21,133
Assessed Valuation	\$ 1,138,923,995	\$ 1,271,293,437	\$ 1,406,494,280	\$ 1,576,123,000
Net Direct Bonded Debt	\$ 6,660,000	\$ 6,450,000	\$ 6,455,700	\$ 6,148,800
Net Overlapping Debt	30,387,468	30,712,801	30,315,704	32,689,103
Total Net Direct & Overlapping Debt	<u>\$ 37,047,468</u>	<u>\$ 37,162,801</u>	<u>\$ 36,771,404</u>	<u>\$ 38,837,903</u>
City Employees	19.25	21.50	26.25	32.50
City and Contract Employees	31.96	34.90	39.89	46.10
Ratios				
Assessed value per capita	\$ 78,062	\$ 84,527	\$ 88,270	\$ 96,813
Net direct bonded debt per capita	\$ 456	\$ 429	\$ 405	\$ 378
Net direct and overlapping debt per capita	\$ 2,539	\$ 2,471	\$ 2,308	\$ 2,386
Ratio of net direct debt/capita to per capita personal income	2.4%	2.2%	2.1%	1.8%
Ratio of net total debt/capita to per capita personal income	13.5%	13.0%	11.9%	11.3%
Ratio of net direct bonded debt to assessed value	0.6%	0.5%	0.5%	0.4%
Ratio of net direct & overlapping debt to assessed value	3.3%	2.9%	2.6%	2.5%
City employees per 1000 population	1.3	1.4	1.6	2.0
City and Contract Employees 1000 population	2.2	2.3	2.5	2.8

(1) State of Washington Office of Financial Management

	2005	2006	2007	2008	2009	2010
	17,870	19,140	20,020	20,480	20,840	23,130
	4.2%	3.8%	3.6%	5.6%	8.4%	8.2%
	62,028	67,695	69,319	68,404	67,468	66,398
	2.95	2.95	2.96	2.96	2.96	2.96
	21,026	22,947	23,419	23,109	22,793	22,432
\$	1,794,055,783	\$ 2,015,609,742	\$ 2,293,057,004	\$ 2,579,005,968	\$ 2,446,394,927	\$ 2,437,805,896
\$	7,627,896	\$ 7,186,447	\$ 8,164,447	\$ 8,168,935	\$ 7,644,314	\$ 7,099,693
	32,768,001	32,768,001	32,550,412	33,469,125	29,521,592	30,219,452
\$	40,395,897	\$ 39,954,448	\$ 40,714,859	\$ 41,638,060	\$ 37,165,906	\$ 37,319,145
	35.50	38.20	39.20	38.10	38.00	39.30
	48.18	50.99	51.77	50.58	50.59	52.39
\$	100,395	\$ 105,309	\$ 114,538	\$ 125,928	\$ 117,389	\$ 105,396
\$	427	\$ 375	\$ 408	\$ 399	\$ 367	\$ 307
\$	2,261	\$ 2,087	\$ 2,034	\$ 2,033	\$ 1,783	\$ 1,613
	2.0%	1.6%	1.7%	1.7%	1.6%	1.4%
	10.8%	9.1%	8.7%	8.8%	7.8%	7.2%
	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%
	2.3%	2.0%	1.8%	1.6%	1.5%	1.5%
	2.0	2.0	2.0	1.9	1.8	1.7
	2.7	2.7	2.6	2.5	2.4	2.3

**City of Maple Valley
Full Time Employee Equivalent History
Last Ten Years**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Employee Data										
City Employees										
City Manager	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	2.00
Human Resources				0.25	0.50	0.50	0.50	0.50	0.50	0.50
City Clerk	3.50	3.50	3.75	4.00	4.00	4.00	4.00	4.00	4.00	4.00
City Attorney							1.00	1.00	1.00	1.00
Community Development	6.00	6.00	6.00	8.00	8.00	8.00	8.00	8.00	9.00	8.00
Finance	2.75	3.00	3.50	3.50	4.00	3.70	3.70	3.50	3.50	3.80
Information Technology	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50
Parks & Recreation			2.00	5.75	6.00	4.50	5.50	4.60	5.00	5.00
Public Safety					1.00	1.00	1.00	1.00	1.00	1.00
Public Works	4.00	6.00	8.00	8.00	8.00	12.50	11.50	11.50	10.00	12.50
Total City Employees	19.25	21.50	26.25	32.50	35.50	38.20	39.20	38.10	38.00	39.30
Contractees										
City Attorney	0.75	0.30	0.38	0.34	0.30	0.64				
Prosecuting Attorney		0.50	0.49	0.50	0.60	0.32	0.40	0.40	0.40	0.35
Municipal Court Judge	0.08	0.09	0.10	0.09	0.10	0.09	0.09	0.09	0.10	0.10
Court Clerks	0.68	0.75	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Police										
Police Chief		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Sergeant										1.00
Detective		0.56	0.57	0.57	0.58	0.64	0.58	0.59	0.44	0.74
Police Officers (1)	11.00	10.00	10.00	10.00	9.00	9.00	9.00	9.00	9.00	9.00
Information Services Consultant	0.20	0.20	0.20	0.20	0.20	0.20	0.60	0.50	0.75	
Total Contractees	12.71	13.40	13.64	13.60	12.68	12.79	12.57	12.48	12.59	13.09
Total Full Time Equivalent Employees	31.96	34.90	39.89	46.10	48.18	50.99	51.77	50.58	50.59	52.39

(1) 2004 and prior included one School Resource Officer now funded by King County

City of Maple Valley
Operating Indicators by Function
Available from Last Ten Years

Function	2004	2005	2006	2007	2008	2009	2010
Community Development							
Single Family Residential Housing Permits	378	452	269	148	98	93	125
Total Inspections	12,900	11,618	9,254	4,595	3,712	2,616	3,248
Parks & Recreation							
Events at Lake Wilderness Lodge	130	252	290	656	835	725	964
Park Rentals & Permits	87	125	129	125	479	681	495
City wide Community Events	7	8	9	10	9	11	11
Classes, Leagues, & Programs	3	7	16	23	25	25	32
Public Safety							
Dispatched Calls for Service	3,449	3,230	3,321	3,162	2,811	3,201	2,911
Crimes (Part 1 & 2)	1,067	929	918	943	914	1,175	912
Cases Closed	120	94	76	78	94	166	70

City of Maple Valley
Capital Asset Statistics by Function
Available from Last Ten Years

Function	2004	2005	2006	2007	2008	2009	2010
Parks & Recreation							
Acres of Parks	127	127	288	288	288	288	288
Public Works							
Lane Miles of Streets	100	108	112	115	118	130	130
Surface Water Facilities	123	131	135	141	144	147	147