

City of Maple Valley
Washington

2011
Comprehensive Annual Financial Report



For Fiscal Year Ended

December 31, 2011

City of Maple Valley
Washington

2011
Comprehensive Annual Financial Report

For Fiscal Year Ended
December 31, 2011

Prepared by the:
Finance Department

L. A. (Tony) McCarthy
Finance Director

Sandy Nesper
Accountant

Ashley Van Dam
Accountant

INTRODUCTORY SECTION

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

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

June 28, 2012

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, 2011. 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. 64.

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, 2011. 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 borders the northern edge of the City and provides easy access 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 2011 official population as of April 1st as provided by the Washington State Office of Financial Management (OFM) was 22,930 up 246 persons or 1% from 2010.

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.

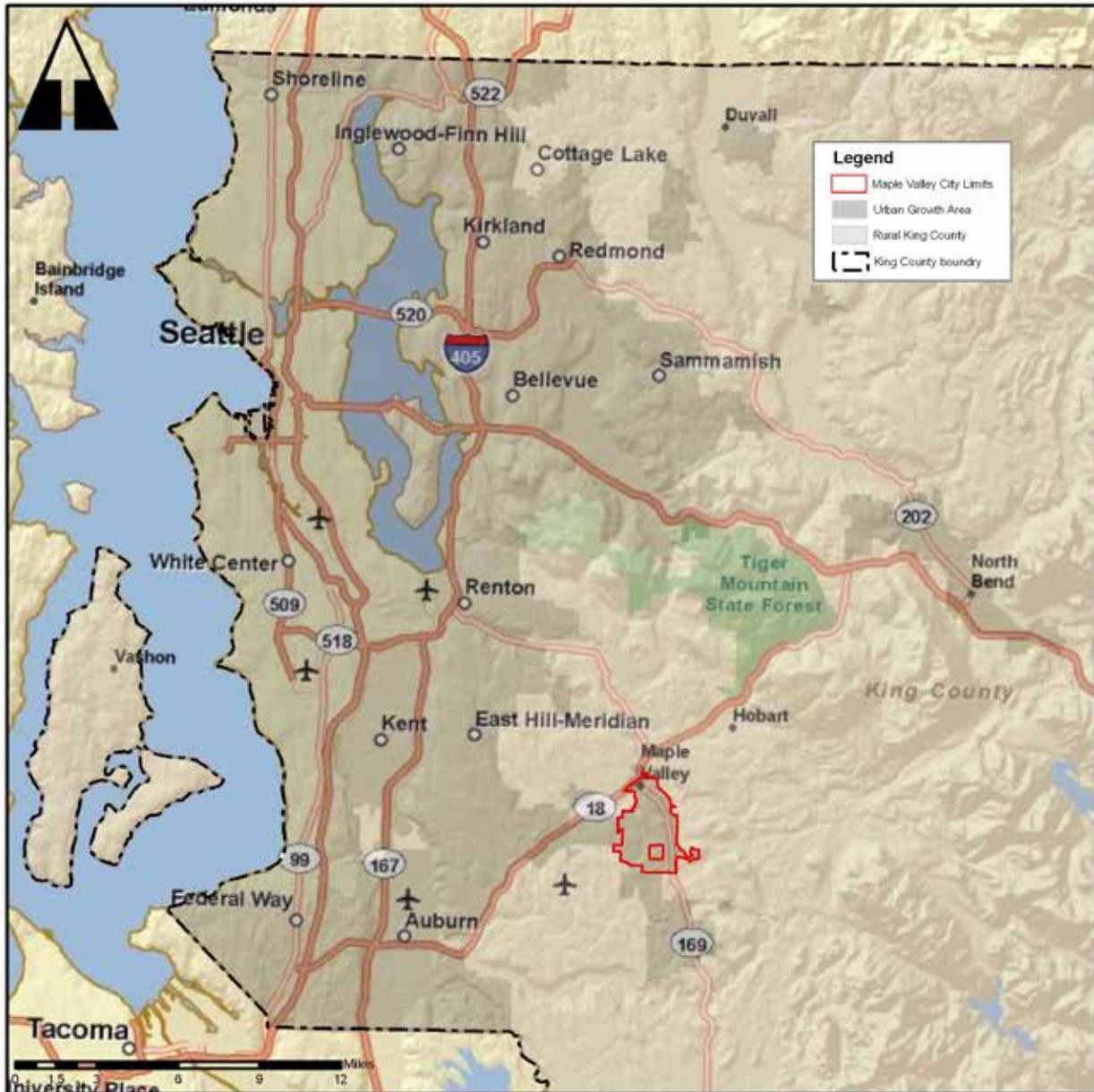
The City of Maple Valley is a general-purpose government. It directly provides certain services and contracts with public and private entities for other services. Directly provided services include: general administration; land use planning and development permitting; parks and recreation services; and 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. In addition the City provides an administrative assistant for the Police storefront and a support officer to assist with community policing. 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, with the City contracting 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 King County and unincorporated property completely 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 backed out of the deal with the County, but the project will remain on the horizon for eventual annexation.

Local Economy Moves from Residential to Commercial Development

The City of Maple Valley's local economy is based on its locational advantage and its designation as an "urban growth area" under the State of Washington's Growth Management Act (GMA). The GMA adopted in the early 1990's, restricted development to the area that is now the City of Maple Valley. As the citizenry sought control over the development that was occurring in their area, the City incorporated on August 31, 1997. At the time of incorporation over 1,000 single-family residential lots had been approved by King County and were vested for development. In the last ten years an additional 2,479 single-family residential lots have been approved for development.

Though this single family residential development has been good for the City, it is not reliable or sustainable in the long run. This reality has driven the need for the City to adopt a new economic development focus, the creation of local job centers to increase the daytime population to encourage the development of services for the residents. The City currently has within its corporate boundaries ~120 acres of undeveloped commercially zoned property. The logic behind the strategy is to encourage employees to make purchase decisions within Maple Valley instead of spending their discretionary dollars at establishments located to or from their place of employment. The available wealth generated and present locally will serve as a catalyst for more commercial retail development with the City.

To this end in early 2011 the City Council passed a resolution to reconstitute the membership of its Economic Development Committee. This committee, made up of local and regional business men and women, worked to understand Maple Valley's economy and community. After analyzing the current demographic and psychographic profiles of the City and the results of a Strengths, Weaknesses, Opportunities, and Threats analysis; the Committee developed four recommendations and presented them to the City Council in February 2012. These recommendations included pre-zoning the available properties in the City envisioned to support commercial development and focusing on the development of employment centers within the City. These efforts will allow for

more effective marketing of properties to potential investors and lead to increasing the City's daytime population, which in turn would lead to increased sales tax revenue.

The current recession increased the importance of the work of the Economic Development Committee. The recession highlighted the volatility of the State of Washington tax structure to fund public services. Maple Valley, as well as many other Washington cities, have benefited from the amount of revenue collected via consumption taxes (sales tax and real estate excise tax). However, with unemployment rates hovering around the 9% rate and real unemployment at around 18%, the City faced the reality that the current system is not sustainable. Creating jobs, having citizens with paychecks, is now the focus of State government and is the direction adopted by the City Council. Therefore, the new strategy is to utilize vacant commercial property for employment centers to create jobs locally. This effort is envisioned to lead to a second round of retail development driven by an increased daytime population.

Finally, unutilized commercial property does not work for the citizens of the City. First, through community surveys, the citizens are asking for commercial services that require increased daytime population to locate and survive in the local market. Second, other taxing districts rely heavily on the assessed property valuation pool to fund their services. One of the results of this recession is the reduction in the assessed valuation of property within Maple Valley. The Maple Valley Fire and Life Safety District reached its capped property tax rate due to the reduction in assessed value. This reality resulted in the Fire District laying off seven fire fighters in 2009—a lower level of public service. The Tahoma School District is faced with significant capital improvements needed for its facilities. To fund these improvements, the School District tried a bond initiative in early 2011 and it failed. The heavy reliance on residential property in the current property tax profile of Maple Valley was one of the major factors the voters voiced in voting down the initiative. If the assessed property tax pool included more commercial property in the City's tax base, the bond initiative could prove to be more affordable to the residents of Maple Valley. The City is the government with the responsibility of managing the local assessed property tax pool. This effort is done through economic development.

The economic development focus of the City is now on creating local jobs, leading to more spending at local businesses. In turn, the assessed property tax pool increases through increased commercial property additions. The secondary benefit is that the City would benefit short-term with sales tax revenue from new construction and possible increased real estate excise tax revenue from property sales to support such development.

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:

- At the time of the permit, building permit revenue and transportation and park impact fees are generated;
- 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 businesses and residents 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 70 single-family residential (sfr) permits will be issued in both 2012 and 2013, increasing to 150 for 2014 through 2017. With the permitting of 2,479 single family residential homes in the last ten years, an average of 248 per year, the City has seen its population increase 7,890 from 15,040 in 2002 to 22,930 in 2011. Through March 31, 2012, 40 sfr permits had been issued, (already over half of the entire 2012 budget). On the commercial side, based on 2011 and current permitting, the City is expecting the completion of 240,000 square feet of commercial space in 2012 and based on other developments in the pipe line, 70,000 square feet per year in the years thereafter.

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 period 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 a General Fund allocation funds the six-year capital improvement program.

The six-year forecast begins with the prior year ending fund balance amount that equals the restricted and unrestricted net assets at December 31, 2011, summarized below from pages 57 and 66 of this report. Amounts below are in thousands of dollars.

	<u>2010</u>	<u>2011</u>
Ending Fund Balance		
Governmental Funds	\$ 11,984	\$ 11,976
Ending Working Capital		
Enterprise Funds	2,387	2,171
Internal Service Funds	516	584
	\$ 14,887	\$ 14,732

The combined ending fund balance and working capital is equal to the budgeted beginning fund balance in the 2012 Final Budget. The entire 2012 Final Budget's 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 forecast period, the City plans to spend 61% of its expenditures for operating purposes, 35% for capital purposes, and 3% for debt purposes. Amounts below are in thousands of dollars.

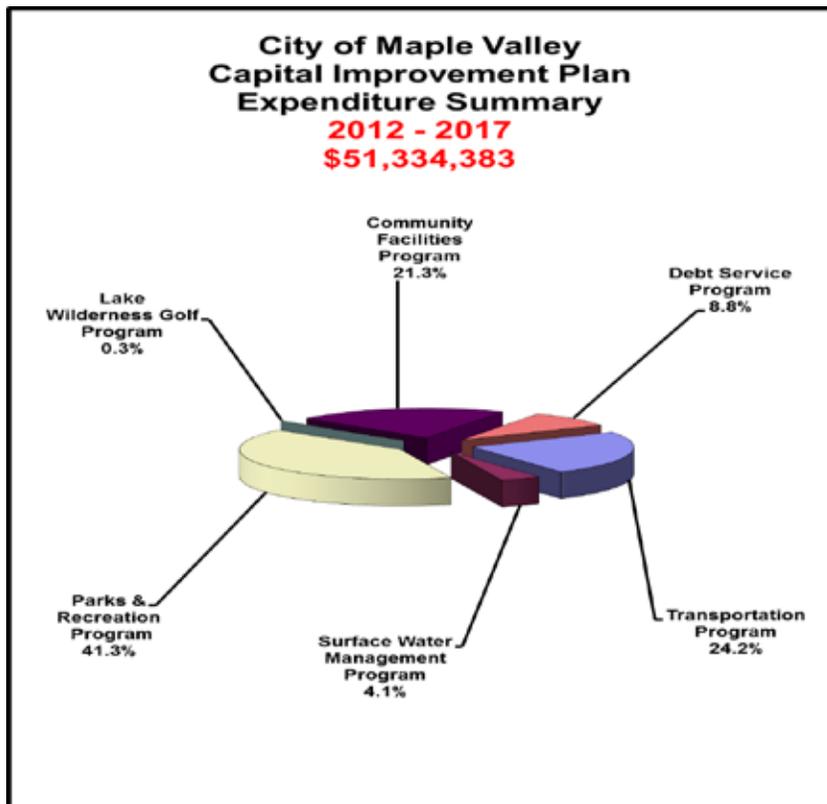
City Wide Forecast - All Funds
(Amounts in thousands)

		2010	2011	2012	2013	2014	2015	2016	2017
		Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
Total All Funds									
Beginning Fund Balance		\$ 15,477	\$ 14,887	\$ 14,732	\$ 12,834	\$ 12,573	\$ 14,006	\$ 13,907	\$ 15,030
Revenue		14,031	15,547	16,556	14,365	16,166	17,889	17,703	23,520
Bond & Loan Proceeds		-	-	-	10,000	9,000	-	2,200	4,200
Operating Expenditures	61%	(10,421)	(10,612)	(12,095)	(12,595)	(13,141)	(13,906)	(14,515)	(15,134)
Capital Expenditures	35%	(3,439)	(4,333)	(6,149)	(11,853)	(10,436)	(3,966)	(4,180)	(10,220)
Debt Expenditures	3%	(761)	(757)	(761)	(754)	(757)	(754)	(751)	(752)
Total Expenditures		(14,621)	(15,702)	(19,006)	(25,202)	(24,334)	(18,626)	(19,445)	(26,105)
Ending Fund Balance		\$ 14,887	\$ 14,732	\$ 12,282	\$ 11,997	\$ 13,405	\$ 13,269	\$ 14,365	\$ 16,645

The forecast also notes that forecasted beginning fund balances in year 2013 through 2017 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 ten year over-collection of revenue rate of 7% 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

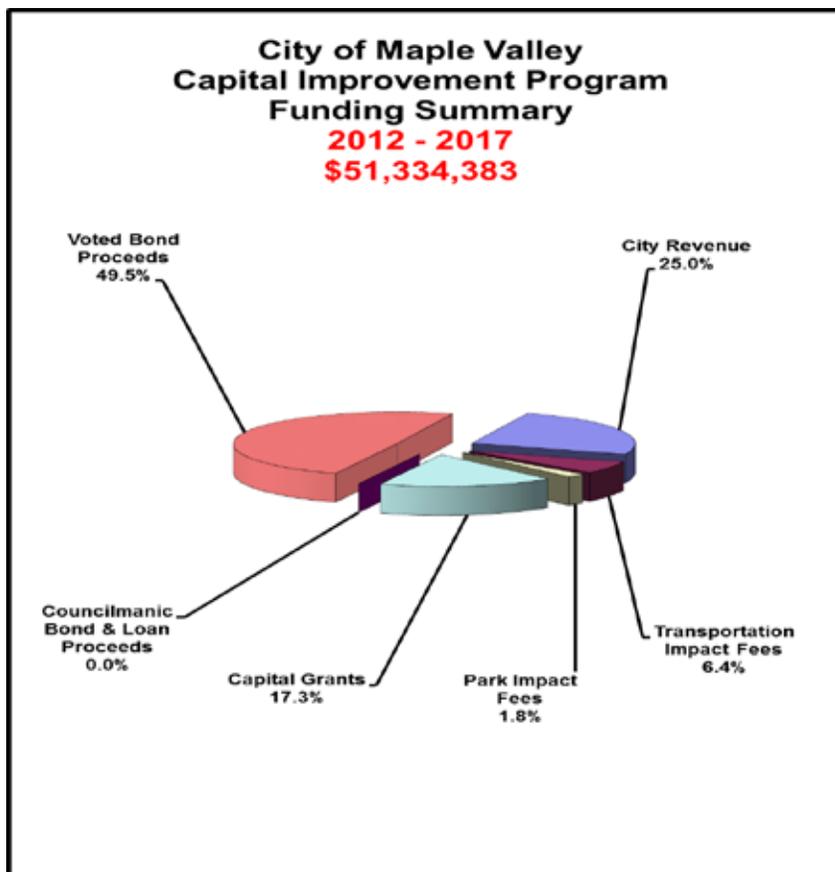
Included in the forecast above is the City’s six-year capital improvement program, including debt service that totals \$51,334,383. The plan is updated annually as part of the budget process. The following chart shows the capital improvement plan expenditures by program for the six-year period 2012 – 2017.



As noted in the chart, 24% 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 PRIORITIES

In its 2011 and 2012 retreats, the City Council has confirmed its Goals and Objectives. They are stated below as they appeared in the 2012 Final Budget.

Economic Development

- Review appropriateness of MU zoning for Brandt property in light of the new Service Commercial zoning designation for the adjacent North Area property.
- Restart Legacy Site planning process.
- Finalize the Four Corners sub-area plan.
- Support the work of the Economic Development Committee in its efforts of developing a strategic marketing strategy to attract investment and jobs to Maple Valley.

Traffic

- Support Public Works efforts to gain grant funding for SR 169 improvements—Projects T-7 (SB lane extension from Witte to 228th) and T-31 (expansion between 258th and 264th).
- Continue participation in the SEATS Coalition (see DMU Study).
- Continue to monitor the progress of the WSDOT SR 516 Corridor Study.
- Support the Maple Valley Police Department’s speed enforcement warning program and alternative diversion education program.
- Advocate and participate in the update of the Maple Valley Non-motorized Transportation Plan.

Parks, Recreation, Cultural and Human Services

- Support the Parks & Recreation Commission and the Parks & Recreation Department on continued implementation of the 2007 PRCHS Plan.
- Put in place new contract(s) for services of the Lake Wilderness Golf Course.
- Continue to work with the City Councils from Covington and Black Diamond and King County Parks Department on developing the Tri-City trail concept.
- Facilitate process to develop a community recreation center with appropriate partners to meet the recreation demands of Maple Valley families.

Community Facilities

- Support Public Works efforts in meeting NPDES federal compliance regarding stormwater management.
- Support the creation of the new emergency operations center due to the closing of King County Sheriff Precinct 3.

Annexation

- Finalize the annexation of the Summit Place property (aka Donut Hole).

Quality City Services

- Enhance community outreach efforts to include Facebook and continued use of the City’s web site.
- Continue to support efforts of Black Diamond, Covington, and Maple Valley in identifying opportunities where the three communities can work together/share resources to maximize efficiencies and better use public funds.
- Maintain long-term fiscal stability.

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, 2010. This was the twelfth 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 2009 reports. In addition to receiving this certificate, the City has received, for the ninth consecutive year, the GFOA's Distinguished Budget Presentation Award for its 2011 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. We must also thank the efforts of a great Finance Department that allowed the production of all the information included in this report.

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, 2010

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.



Linda C. Davison

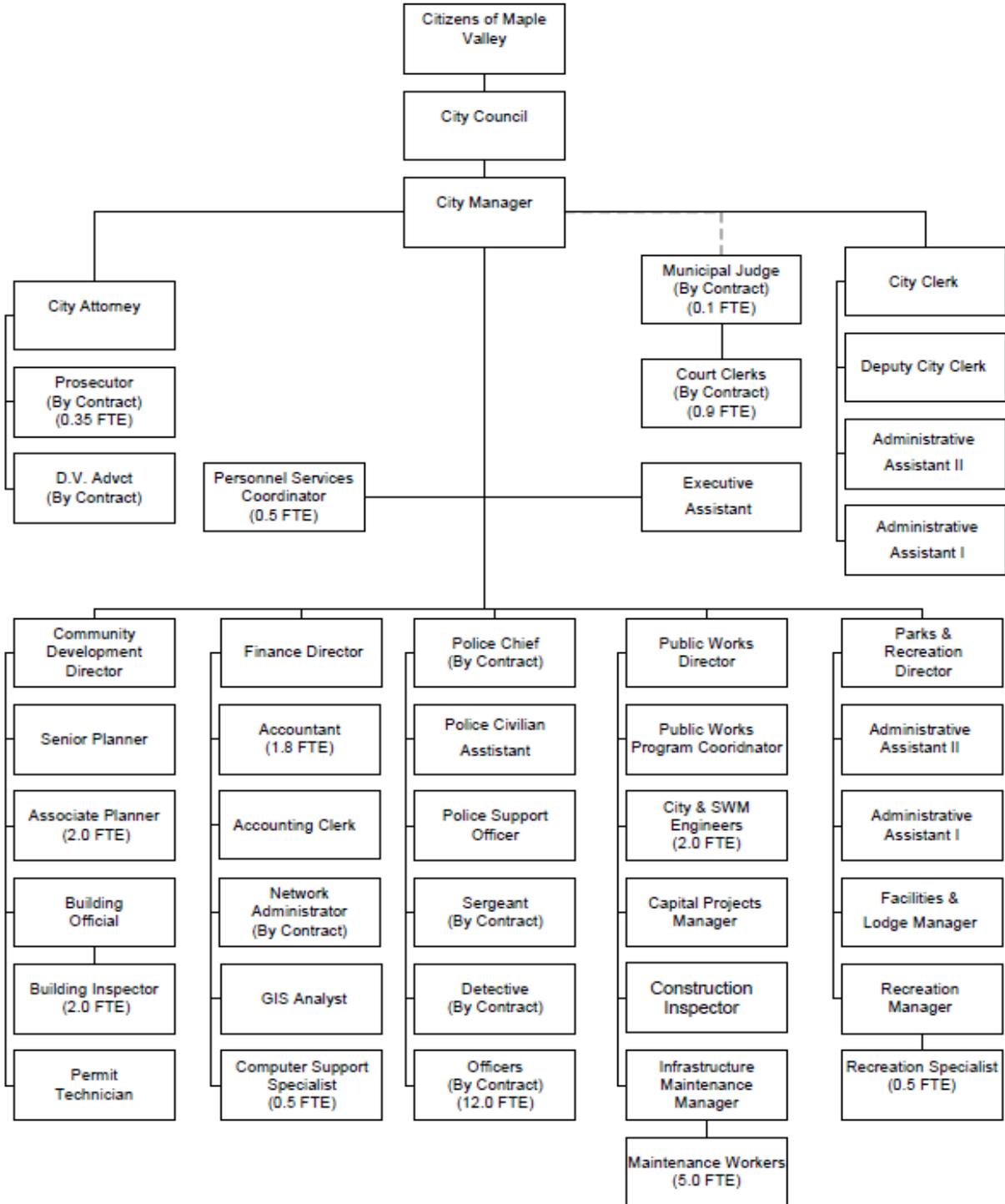
President

Jeffrey R. Emer

Executive Director

**City of Maple Valley
 2011 Comprehensive Annual Financial Report
 Organization Chart (2011 Budget)**

39.8 Direct City FTEs, 17.35 Contracted FTEs, 57.15 FTEs



CITY COUNCIL

	Position Number	Term Expires
Bill Allison, Mayor	2	12/2013
Victoria Laise Jonas, Deputy Mayor	6	12/2013
Sean P. Kelly	1	12/2015
Layne Barnes	3	12/2015
Erin Weaver	4	12/2013
Noel T. Gerken	5	12/2015
Linda Johnson	7	12/2015

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

Legislative Building
PO Box 40021
Olympia, Washington 98504-0021

(360) 902-0370
FAX (360) 753-0646
TDD Relay 1-800-833-6388
<http://www.sao.wa.gov>

INDEPENDENT AUDITOR'S REPORT

June 28, 2012

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, 2011, 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, 2011, 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, 2011, the City has implemented the Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.



In accordance with *Government Auditing Standards*, we will also issue our report dated June 28, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 27 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 105 through 123 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory 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 do not express an opinion or provide any assurance on it.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Management's Discussion and Analysis

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2011**

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, 2011. 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, 2011 by \$371,662,398 (*net position*). Of this amount, \$5,464,654 (*unrestricted net position*) may be used to meet the city's ongoing obligations to citizens and creditors. Of the rest, \$9,105,966 is restricted for specific operating and capital purposes, and \$357,091,778 is net investment in capital assets.
- During 2011, the City's total net position increased \$340,344. Of this amount \$509,944 was in increases in invested in capital assets, net of related debt. This is partially offset by a decrease of \$169,600 as expenses were greater than revenue.
- At December 31, 2011 the City of Maple Valley's governmental funds reported a combined ending fund balance of \$11,975,852 down \$8,107 from the prior year amount of \$11,983,959. While the City budgeted a \$5,674,911 decrease in governmental fund ending fund balance from \$11,984,025 to \$6,309,114, the governmental fund ending fund balance was \$5,666,738 better than budgeted. Revenues and transfers in from proprietary funds were above budget by \$1,111,890. Operating expenditures and transfer out to proprietary funds were below the budget by \$139,152 and by capital and debt service expenditures net of related other sources were below budget by \$4,415,696.
- At the end of 2011, the unassigned fund balance for the General Fund was \$2,832,867, 31% of total General Fund expenditures. This amount is up \$796,439 from 2010 ending fund balance of \$2,036,428. The main reason for the increase was additional revenue associated with the permitting of new commercial development.
- The City of Maple Valley's total liabilities decreased \$776,154 from \$8,810,436 to \$8,034,282. The decrease was in accounts payable, with fewer year-end construction projects, and in long term debt as additional debt was paid off. The 2011 liabilities include \$4,140,000 in general obligation bonded debt down \$375,000 from the 2010 amount of \$4,515,000. On February 21, 2012 Standard and Poor's Rating Services affirmed the AA+ underlying rating on these bonds.

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 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

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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 position* presents information on the City of Maple Valley's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position 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 128 to 133 summary information on net position and changes in net position from 2002 through 2011 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:

- To reclassify capital expenditures to assets and to record depreciation of governmental capital assets,

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- 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 71 - 97.

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 89.

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 95.

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.

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Government-wide Financial Statement Analysis

Statement of net position. The statement of net position provides information on the City's assets, liabilities, and net position, and compares the balances by major category to the previous year's balances. The overall financial position of the City improved by \$340,344, or 0.1%. The table that follows summarizes the statement of net position. 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. The subsequent narrative explains the account balances and the changes from the prior year.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2011	2010	2011	2010	2011	2010
Assets						
Current Assets	\$ 13,811	\$ 13,914	\$ 2,253	\$ 2,537	\$ 16,065	\$ 16,451
Capital Assets	351,251	351,308	12,381	12,373	363,632	363,682
Total Assets	365,062	365,223	14,635	14,910	379,697	380,132
Liabilities						
Current Liabilities	1,251	1,415	82	149	1,333	1,564
Long-term Liabilities	6,701	7,246	-	-	6,701	7,246
Total Liabilities	7,952	8,661	82	149	8,034	8,810
Net position						
Invested in Capital Assets, net of related Debt	344,711	344,209	12,381	12,373	357,092	356,582
Restricted	9,106	9,900	-	-	9,106	9,900
Unrestricted	3,293	2,453	2,171	2,387	5,465	4,840
Total Net Position	\$ 357,110	\$ 356,562	\$ 14,553	\$ 14,760	\$ 371,662	\$ 371,322

Current assets at December 31, 2011 totaled \$16,064,830 down \$386,133 or 2% from the December 31, 2010 amount of \$16,450,963. \$7,142,562 or 44% of current assets was in cash and cash equivalents. Cash and cash equivalents include: petty cash and other imprest funds totaling \$15,040, the checking account balance of \$19,451, and \$7,108,071 invested overnight with the State of Washington Local Government Investment Pool (LGIP). In addition to the LGIP investments, at year end the City had \$7,479,200 or 47% of current assets invested in one certificate of deposit for \$1,000,000 maturing in 2015 and six individual U.S. government agency securities with maturities in 2012 through 2016. At year-end the LGIP was earning 0.13%. The other investments were earning an average 2.13%. At December 31, 2011 the City also had \$153,577 in cash with fiscal agents primarily for construction retainage on the Witte Road & SE 248th Intersection project.

The remaining current asset balance at December 31, 2011 was \$1,289,491 or 8%. Of this amount: \$701,812 was for taxes receivable, \$157,992 was for accounts receivable, \$33,512 was for accrued interest receivable, \$306,156 was for due from other governments, \$53,000 was for inventory, and \$37,019 was for prepaid items.

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Of the taxes receivable amount of \$701,812 all was collected by February 29, 2012 except property taxes receivable. Of the year end property tax receivable amount of \$94,917, \$28,856 was collected by February 29, 2012. In the Statistical Section on pages 136 – 137 the current amount outstanding by year is shown. Though these delinquencies need to be collected within seven years or the property is sold, those pages note that 99% of Maple Valley's delinquent amount is from 2009 through 2011.

Of the accounts receivable amount of \$157,992, \$92,838 was for receivables from developers, \$64,192 was in surface water management fee receivables and \$962 was miscellaneous. The receivables from developers are for billings of City staff time on various developer projects. The amounts were not billed until March 2012 as the Finance Department was working on closing the year after implementing a new finance system in 2011. 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, \$34,863, is due from Fire District #43 for surface water management fees from 2002 through 2011. 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 remaining delinquent surface water management fees are collected by King County with delinquent property taxes in the normal course of business.

Of the due from other government amount of \$306,156, \$179,020 is due from the State of Washington, \$95,139 is due from King County, \$31,988 is due from the City of Enumclaw, and \$9 is due from the ICMA. The State of Washington amount is for reimbursement on two capital project grants. \$91,390 of the outstanding year-end amount was received on March 9, 2012. The King County amount is for property taxes, \$427; real estate excise taxes, \$52,194; surface water management fees, \$103; and for overbilling of the Police contract, \$42,415. All the tax amounts were received by January 10, 2012. Police contract overbilling is the normal process whereby the County bills the City monthly based on the budget. At year-end a reconciliation process to actual for salary and benefits costs is made with the reconciliation amount adjusting the first billing of the new year which usually isn't billed until late Spring. The City of Enumclaw amount is for the prior month's court receipts as the City of Enumclaw houses and administers the City of Maple Valley municipal court. The court receipts are received within the first few days of the succeeding month.

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 78.

Capital assets, net of accumulated depreciation, totaled \$363,631,850 down \$49,677 from the prior year amount of \$363,681,527. 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.

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**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>	
	2011	2010	2011	2010	2011	2010
Land	\$ 196,544	\$ 195,076	\$ 9,884	\$ 9,750	\$ 206,428	\$ 204,826
Buildings	7,673	7,903	915	942	8,589	8,844
Improvements other than Bldgs	119,870	125,118	1,495	1,563	121,365	126,682
Machinery & Equipment	315	213	87	118	401	332
Construction in Progress	26,848	22,998	-	-	26,848	22,998
Total Capital Assets	\$ 351,251	\$ 351,308	\$ 12,381	\$ 12,373	\$ 363,632	\$ 363,682

The net decrease is made up of capital asset additions and contributions of \$7,541,771 offset by the increase in accumulated depreciation of \$7,591,448. The retirements of \$93,743 were for fully depreciated items with an equal offset to accumulated depreciation.

Of the additions were primarily developer contributions for land and improvements others than buildings of \$3,461,853 that was related to infrastructure of a residential plat contributed to the City. In addition to this the City added construction in progress of \$3,850,076 for eight projects. The major construction in progress additions were the Witte Road & SE 248th St Intersection, \$1,631,532 and the City Maintenance Facility, \$1,211,798. The maintenance facility was acquired at foreclosure sale in November 2011 and is being renovated to include a relocated Emergency Operations Center. Machinery and equipment additions totaling \$229,842 included a dump truck and two other vehicles, a new finance system, some computer upgrades, and miscellaneous other equipment. Additional capital asset information is provided in the notes to the financial statements beginning on page 81.

Long-term liabilities at December 31, 2011 totaled \$6,700,975 down \$545,328 from the December 31, 2010 amount of \$7,246,303. 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>	
	2011	2010	2011	2010	2011	2010
Accrued Interest Payable	\$ 20	\$ 22	\$ -	\$ -	\$ 20	\$ 22
Compensated Absences	141	125	-	-	141	125
Contracts & Loans - Current	185	185	-	-	185	185
General Obligation Bonds - Current	395	375	-	-	395	375
Contracts & Loans Payable	2,215	2,400	-	-	2,215	2,400
GO Bonds Payable	3,745	4,140	-	-	3,745	4,140
Total Long-term Debt	\$ 6,701	\$ 7,246	\$ -	\$ -	\$ 6,701	\$ 7,246

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Accrued interest payable reflects unpaid interest at December 31, 2011 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 increasing from 2010 as a long term employee is nearing retirement.

No contract and loan borrowing was done in 2011. 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 2011. During the year \$375,000 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 1, 2010. The 2005 general obligation bonds outstanding at December 31, 2011 was \$4,140,000, including the current portion of \$395,000. The bonds have 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.

Net position at December 31, 2011 totaled \$371,662,398, up \$340,344 from the December 31, 2010 amount of \$371,322,054. The largest portion of the December 31, 2011 total, \$357,091,778 or 96%, is net investment in capital assets. Most of this is for infrastructure assets acquired through annexation or from developer contributions either directly or through King County at various times since the City's incorporation. The second largest portion of total net assets, \$9,105,966, down \$794,254 from the December 31, 2010 amount of \$9,900,220, is restricted, primarily for capital purposes. The unrestricted net assets at December 31, 2011, totaled \$5,464,654 up \$624,654 from the December 31, 2010 amount of \$4,840,000. 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 position from December 31, 2010 to December 31, 2011. The condensed Statement of Activities shown in the table below identifies the changes in net position.

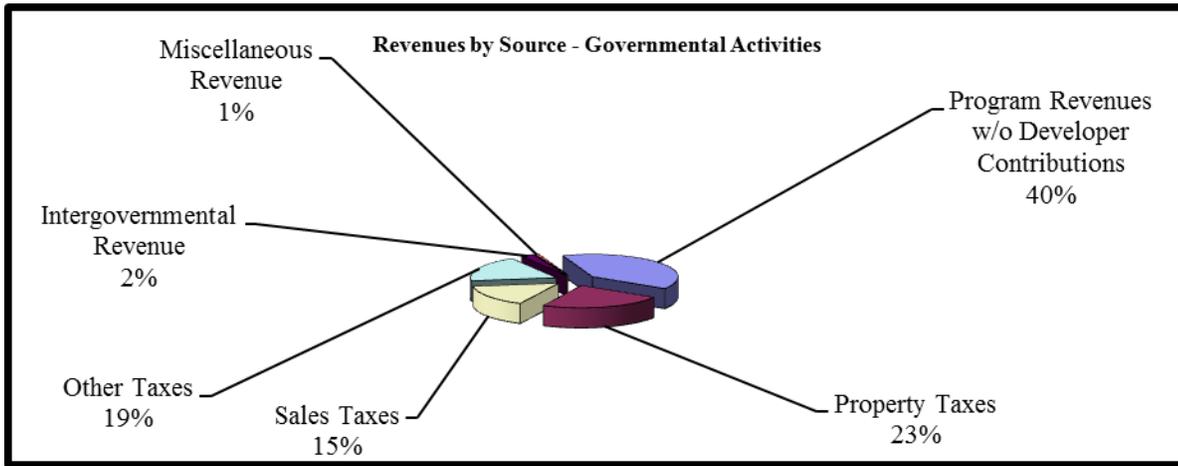
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**Condensed Statement of Activities
(Dollars expressed in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2011	2010	2011	2010	2011	2010
Revenues by Major Source						
Program Revenues						
Charges for Services	\$ 4,158	\$ 2,307	\$ 1,981	\$ 2,271	\$ 6,139	\$ 4,578
Operating Grants & Contributions	628	620	26	110	654	730
Capital Grants & Contributions	3,883	1,443	134	-	4,017	1,443
General Revenues						
Property Taxes	3,139	3,050	-	-	3,139	3,050
Sales Taxes	2,100	1,943	-	-	2,100	1,943
Other Taxes	2,506	1,758	-	-	2,506	1,758
Intergovernmental Revenue	323	373	-	-	323	373
Miscellaneous Revenue	92	118	39	38	131	156
Total Revenues	16,828	11,612	2,180	2,420	19,009	14,032
Expenses by Function						
General Government	1,772	1,922	-	-	1,772	1,922
Community Development	957	910	-	-	957	910
Human Services	218	273	-	-	218	273
Parks & Recreation	1,854	1,787	1,125	1,630	2,979	3,417
Public Safety	3,561	2,719	-	-	3,561	2,719
Public Works	8,370	8,190	615	613	8,985	8,803
Interest on Long-term Debt	196	215	-	-	196	215
Total Expenses	16,928	16,015	1,740	2,243	18,668	18,258
Transfers	(647)	178	647	(178)	-	-
Total Expenses and Transfers	16,280	16,193	2,388	2,065	18,668	18,258
Increase (Decrease) in Net Position	548	(4,581)	(208)	355	340	(4,226)
Net Position - January 1	356,562	361,143	14,760	14,405	371,322	375,548
Net Position - December 31	\$ 357,110	\$ 356,562	\$ 14,553	\$ 14,760	\$ 371,662	\$ 371,322

Governmental activities. Governmental activity revenues increased by \$5,216,806 with the major increases being charges for services, \$1,851,571 and capital grants and contributions, \$2,439,641. Most of the contributions are developer contributions associated with dedicating the public infrastructure to the City. The chart below shows the distribution of the City revenues from governmental activities. Developer contributions are removed from the chart to provide a more meaningful analysis.

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Governmental activity program revenues, exclusive of developer contributions of \$3,327,607, are up \$971,331 from \$4,369,753 to \$5,341,084 primarily because capital grant revenue decreased \$887,966 with the majority of capital grant funding being earned in the prior year, but was more than offset with increasing charges for services, \$1,851,571 with the permitting of 156 single family residential units vs 125 in 2010 and the permitting of 204,602 square feet of commercial development vs none in 2010. An additional program revenue increase was in operating grant and contributions which increased \$7,726.

Governmental activity general revenues are up \$917,868 from \$7,241,940 to \$8,159,808. The increases are in most of the major categories. When the taxes category is split into its component parts the tax revenue increases are as identified below.

- Property taxes, which provided 41% of the tax base, increased \$89,127 or 3%.
- Sales taxes, which provided 27% of the tax base, increased \$157,083 or 8%.
- Utility taxes, which provided 21% of the tax base, increased \$887,119 or 119%.
- Real estate excise taxes, which provided 7% of the tax base, decreased \$134,816 or 20%.
- Gambling taxes, which provided less than 1% of the tax base, decreased \$5,899 or 14%.
- Franchise fees (taxes), which provided 4% of the tax base, increased \$1,306 or 0%.

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%.

Sales tax revenue also includes two components: locally generated revenue, \$1,642,842 and county wide revenue distributed to cities based on population, \$457,167. The locally generated revenue is from two main sources construction and non-construction related sales. In 2011 construction sales provided 20% of the locally generated sales tax revenue, up from 17% in 2010.

Utility taxes increased \$887,119 from \$745,107 to \$1,632,226 as the City increased its utility tax rate from 3.00% to 6.00%. The increase was approved on October 25, 2010 with an effective date of December 24, 2010 so was in effect for all of 2011. The increase funded a full time detective, three additional police officers, a police support position, an emergency operations plan, and an emergency

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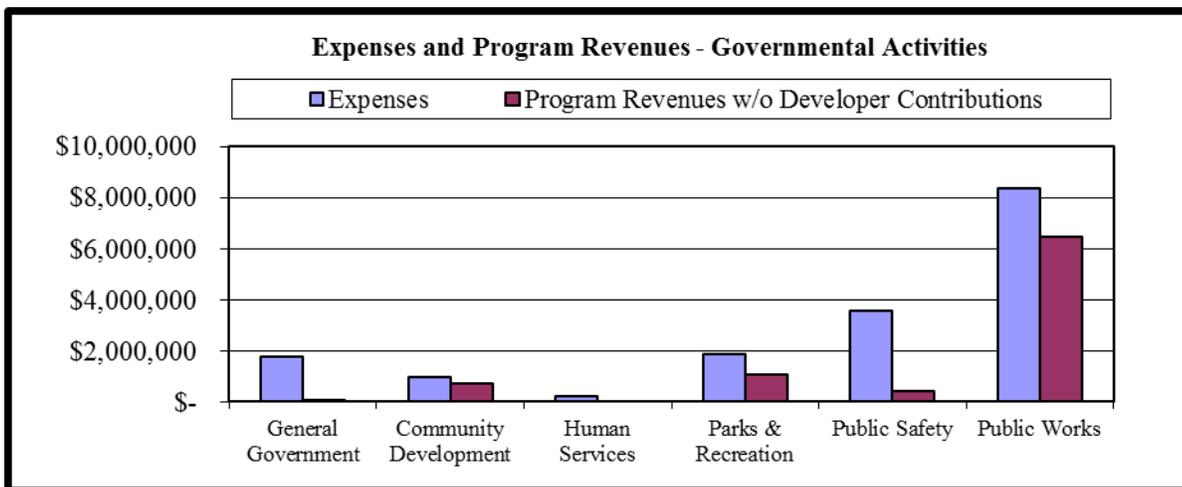
operations center. In 2012 the one time only emergency operations plan and center funding was used to fund an additional police officer.

Real estate excise tax revenue decreased \$134,816 from \$686,659 to \$551,843 primarily due to falling home prices as the average home price fell \$27,147 from \$302,814 in 2010 to \$275,667 in 2011. In 2011 the number of single family residential units sold decreased from 397 to 384. Overall the revenue is down substantially from the peak in 2005 of almost \$2,000,000 when 1,013 single family residential homes were sold. The real estate excise tax is 1.78% on the sale of real property, with the City receiving 0.5%.

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

- Intergovernmental revenue, decreased \$50,148 or 13%, primarily with reduced shared revenue from the State of Washington. This will be further decreased in 2012 and 2013 by about \$60,000 each year as the State is using these funds on a temporary basis to help balance the State budget.
- Miscellaneous revenue decreased \$25,904 or 22% with continued reductions in the investment earnings rate.

The chart below compares program expenses to program revenue.



In all programs, program expenses exceeded program revenues. In general government, program revenue from special licenses, passports and gain on sale of asset was 1% of program expenses. In community development, program revenue was 77% of program expenses up from 62% as the City permitted 156 single family residential units up from 125 in 2010 and a number of commercial buildings, including a Fred Meyers store. 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 58% of program expenses up from 53% as park impact fees were collected for a full year for the first time. In public works, program revenue was 77% of program expenses up from 32% as the commercial development paid transportation impact fees.

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Governmental activity expenses increased \$912,731 or 6% from \$16,015,042 to \$16,927,773. 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 \$149,576 or 8%. The decrease is primarily attributable to reduced legal fees where over \$200,000 was spent in 2010 to get a mitigation agreement from developments in the neighboring city of Black Diamond. The agreement is approved with the City to receive substantial funding as development occurs when economic conditions improve.

Community development expenses including: the planning, building, and fire marshal operations, increased \$46,579 or 5%. The increase reflects the increased cost of building inspection as in 2010 during the building slowdown some inspector time was spent in the surface water management function gathering data points for the geographical information system.

Human service expenses decreased \$55,191 or 20% after being up 24% in 2010 for one time only increased cost to improve the Maple Valley Community Center.

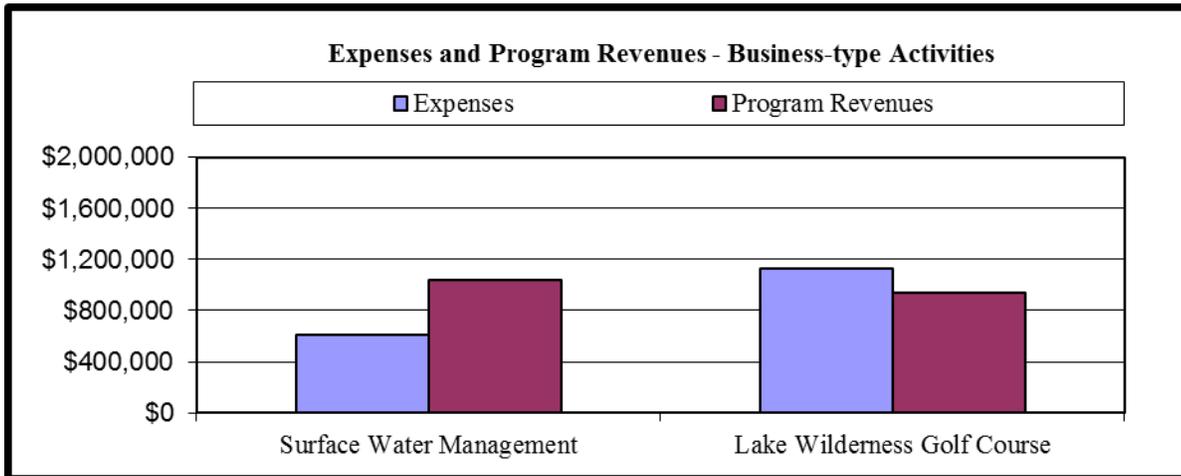
Parks and recreation expenses including: parks maintenance, the Lake Wilderness Lodge, recreation programs, community events, and funding for community service agencies, increased \$67,032 or 4%. The increase is primarily in the recreation area with expenses associated with greater signups. Expense increases of \$43,408 are partially offset with increased participant revenue of \$29,192.

Public safety expenses including: police, jail, and court, increased \$842,446 or 31%. Almost all of the increase is related to hiring three new police officers, a full time detective, a police support position, conducting a police services options study, and preparing an emergency operations plan. These additional services were funded with an increase in the utility tax from 3% to 6%. For police services, the City contracts with King County for 15 police officers up from 11 in 2010, vehicles, equipment, and support cost. The City directly employs two police civilians up from one in 2010 to assist in administrative services and community policing. The police contract gives the City 24-hour coverage, seven days a week, with specifically identified police officers wearing City uniforms and driving police cars that bear the City of Maple Valley insignia. In 2011, the police contract expenditures increased \$628,430 from \$2,369,510 to \$3,027,940. Other police increases include the cost of animal control for which the City is now paying the County and a combination of workload and inflationary increases. Jail cost increased \$28,120 from \$64,957 to \$93,077. Court costs also increased \$36,484 from \$99,134 to \$135,618.

Public works expenses including: development, transportation planning, street maintenance, waste reduction & recycling, and lake management, increased \$180,261 or 2%. Operating expenses, less depreciation, decreased \$11,332 or 1% from \$1,313,601 to \$1,302,269. Depreciation, primarily for street and related infrastructure, increased \$191,593 from \$6,876,121 to \$7,067,714.

Business-type activities. As of December 31, 2011 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.

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In the surface water management operation program revenue increased \$90,217 or 10% from \$948,030 to \$1,038,247. The increase is associated with the single family residential equivalent rate increase of 13% from \$91.02 to \$103.02 per year. Expenses of the surface water management operation increased \$2,460 or 0% from \$612,978 to \$615,438. The increase is minor but includes the fact that the City hired its first dedicated surface water management position in late 2011.

The Lake Wilderness Golf Course, an 18 hole golf course with the capability of having a full service restaurant with banquet facilities, was purchased in November 2006 to save it from development. It was hoped that the facility would breakeven, but that has never happened. The course is managed by Premier Golf Centers, LLC out of Seattle, Washington. Their contract expired on December 31, 2011, but was extended for one year. The continuing inability of the restaurant operation to breakeven led to the formation of a Lake Wilderness Golf Course Task Force in late 2010. The recommendation of the 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. In 2011 the Lake Wilderness Golf Course operation had a program revenue decrease of \$380,687 or 29% from \$1,323,279 to \$1,038,247 but a greater program expense decrease of \$504,765 or 31% from \$1,629,806 to \$1,125,041. The task force strategy worked to some degree as the City reduced its transfer from other funds from \$227,045 to \$91,373. With 2012 being the first full year of the task force recommendation, it is hopeful that 2012 will be the breakeven year, weather permitting as they say.

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

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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		Increase
	Beginning	Ending	(Decrease)	
General Fund	\$ 2,083,739	\$ 2,869,886	\$	786,147
Street Fund	625,005	387,624		(237,381)
Transportation Impact Fee Fund	5,371,749	5,965,648		593,899
Park Development Fund	837,234	1,306,529		469,295
Real Estate Excise Tax Fund	3,066,232	1,446,165		(1,620,067)
	\$ 11,983,959	\$ 11,975,852	\$	(8,107)

As noted above in total the governmental fund balances decreased \$8,107. Of the General Fund balance of \$2,869,886, \$2,832,867 or 99% is unassigned. This amount is 31% 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.

Other governmental funds accumulate reserved fund balances for designated purposes.

The Street Fund accumulates state shared motor vehicle fuel tax for street purposes. In 2011 all collected state shared motor vehicle fuel tax funds were transferred to the General Fund for street maintenance. The fund balance which was restricted in earlier years is being transferred to the Capital Improvement Plan Fund primarily for the annual asphalt overlay program. The fund balance is scheduled for depletion in the City's six year forecast.

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 a specific time period, currently extended to ten years. In 2011 transportation impact fees exceeded expenditures for transportation improvement projects as fees were collected from commercial development and expenditures were reduced with the City's matching fund capabilities from the Real Estate Excise Tax Fund reduced by a stagnant real estate market.

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 a specific time period, currently extended to ten years. 2011 was the first full year for the collection of park impact fees and minimal transfers for park capital projects were made.

The Real Estate Excise Tax Fund accumulates taxes on the sale of new and existing real property. The taxes provide the City share of funding 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 capital projects. In 2011 with the continued sluggish house

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market, transfers for capital project expenditures, particularly the purchase of a City maintenance facility, 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 position* of the *proprietary funds*.

	Proprietary Funds Unrestricted Net Position		
	Beginning	Ending	Increase (Decrease)
Surface Water Management Fund	\$ 2,387,213	\$ 2,171,478	\$ (215,735)
Vehicle Rental Fund	150,431	211,043	60,612
Central Services Fund	288,021	301,176	13,155
Unemployment Trust Fund	77,206	71,974	(5,232)
	\$ 2,902,871	\$ 2,755,671	\$ (147,200)

The decrease in net position of the Surface Water Management Fund is a result of transfers to other funds, particularly the Capital Improvement Plan Fund to assist with the purchase of property for the City maintenance facility. In addition to this, 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. In 2011, the City hired its first full time staff position to manage this function.

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

The internal service funds accumulate funds for vehicle and computer replacement and to pay unemployment claims. In 2011 both the Vehicle Rental Fund and the Central Services Fund increased their net position. 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 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 2011 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, 2011.

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**General Fund
Budget Amendments**

	Original Budget	Budget Amendment	Final Budget	Actual	% of Budget
General Fund	\$ 9,688,305	\$ -	\$ 9,688,305	\$ 9,120,759	94%
		<u>\$ -</u>			

No General Fund budget amendments were made in 2011. The General Fund's actual expenditures were 94% of its budget. The following summarizes the General Fund's budget and actual comparison.

**General Fund
Budget to Actual Comparison**

	Final Budget	Actual	Variance from Final Budget	
			Final Budget	Percent
Revenue				
Taxes	\$ 6,646,608	\$ 6,908,872	\$ 262,264	104%
Licenses & Permits	584,721	782,423	197,702	134%
Intergovernmental Revenue	453,574	473,010	19,436	104%
Charges for Services	591,512	764,318	172,806	129%
Fines and Forfeitures	106,976	176,372	69,396	165%
Miscellaneous Revenue	309,551	367,795	58,244	119%
	<u>\$ 8,692,942</u>	<u>\$ 9,472,790</u>	<u>\$ 779,848</u>	<u>109%</u>
Expenditures				
Current				
General Government	\$ 1,989,649	\$ 1,819,336	\$ 170,313	91%
Community Development	1,015,188	956,631	58,557	94%
Human Services	234,341	217,842	16,499	93%
Park & Recreation	1,642,325	1,584,155	58,170	96%
Public Safety	3,694,104	3,557,118	136,986	96%
Public Works	982,698	890,367	92,331	91%
Capital Outlay	130,000	95,310	34,690	73%
	<u>\$ 9,688,305</u>	<u>\$ 9,120,759</u>	<u>\$ 567,546</u>	<u>94%</u>

Actual revenues were ahead of budget in all categories. The increase in taxes is almost totally attributable to the increase in sales tax revenue with an additional positive variance in utility taxes. The City generates sales tax from both construction and non-construction activity. Construction activity was significant in 2011 with 156 single family residential permits vs a budget of 50 and the initial commercial development construction activity at the Fred Meyers site. Sales tax activity is expected to increase significantly in 2012 with the opening of some of the new stores beginning in May. Additional increases are expected with a full year and other stores in 2013, but at this time estimates are conservative as there are bound to be some losses as sales activity is shifted from existing businesses.

Licenses and permits and charges for service are both ahead of budget with the previously discussed residential and commercial permitting activity which not only generates building permit revenue but also impact fee revenue. Intergovernmental revenue was above budget as operational grants above

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December 31, 2011**

budget offset State shared revenue that is below budget. As mentioned earlier State shared revenue will be decreasing in 2012 and 2013 as the State is using some of these funds to balance the State budget. Fines and forfeitures are ahead of budget as additional police officers are allowing the City to refocus on school zone enforcement. Miscellaneous revenue is above budget with greater than budgeted use of the Lake Wilderness Lodge for weddings and other events.

The primary reason for actual expenditures being 94% of the final budget is the conservative nature of the City's budgeting process. 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 per incumbent may be less than budgeted. Other savings accrued as the City under spent its professional services and its intergovernmental services contracts. The 2011 expenditure savings is less than might have occurred in a normal year as the City ended 2011 with no vacant positions.

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 to provide resources for their expenditures. If the funds are to be 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 105.

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. A summary is provided on page 107.

Economic Factors Affecting the 2012 Budget and the Six-Year Financial Forecast

The City's six-year financial forecast as of December 31, 2011 is included in the 2012 Final Budget and summarized in the Introductory 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.

In the last ten years the City has permitted 2,479 single-family residential lots and at December 31, 2011 had an additional 623 lots were in inventory with at least preliminary plat approval. A listing of private development activity showing remaining preliminary plat lots is shown in the Statistical Section of this report on pages 140 and 141. In addition to the 623 approved lots, there remains at December 31, 2011 an additional 621 potentially available un-platted lots. This potential for single-family residential development, a total of 1,244 lots, is in addition to a number of undeveloped non-residential sites. This mix of inventory should provide significant development activity within the six-year financial forecast described below.

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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 thirteen building commercial complex. The complex will be built over a couple of years, but the anchor tenant, Fred Meyers will open in May 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 with a revamped Economic Development Committee to bring a greater level of commercial expertise to the City.

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.

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 \$3,009,942 in 2011 from which \$757,096 in debt service was paid leaving on an annual basis only about \$2,250,000 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 the City may need to settle for a smaller capital improvement program as it encourages the development of its commercial properties.

Though 2012 budget was developed with caution 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 Position
December 31, 2011**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and Cash Equivalents	\$ 6,099,116	\$ 1,043,446	\$ 7,142,562
Cash with Fiscal Agents	153,577	-	153,577
Investments	6,386,576	1,092,624	7,479,200
Receivables (net of uncollectibles)			
Taxes	701,812		701,812
Accounts	93,800	64,192	157,992
Accrued Interest	33,512		33,512
Due from Other Governments	306,053	103	306,156
Inventory		53,000	53,000
Prepaid Items	37,019	-	37,019
Capital Assets			
Land	196,544,183	9,884,137	206,428,320
Construction in Progress	26,848,295		26,848,295
Other Capital Assets (net of accumulated depreciation)	127,858,226	2,497,009	130,355,235
Total Assets	365,062,169	14,634,511	379,696,680
LIABILITIES			
Accounts Payable	385,650	36,318	421,968
Payroll Payable	135,477	3,163	138,640
Due to Other Governments	284,425	10,664	295,089
Deposits and Deferred Revenue	445,868	31,742	477,610
Noncurrent Liabilities:			
Accrued Interest Payable	20,129		20,129
Compensated Absences Payable	140,774		140,774
Contracts & Loans - Due within one year	184,621	-	184,621
General Obligation Bonds - Due within one year	395,000		395,000
Contracts & Loans - Due after one year	2,215,451	-	2,215,451
General Obligation Bonds - Due after one year	3,745,000		3,745,000
Total Liabilities	7,952,395	81,887	8,034,282
NET POSITION			
Net Investment in Capital Assets	344,710,632	12,381,146	357,091,778
Restricted for:			
Street Capital Projects	6,353,272		6,353,272
Park Capital Projects	1,306,529		1,306,529
General Capital Projects	1,446,165		1,446,165
Unrestricted	3,293,176	2,171,478	5,464,654
Total Net Position	\$ 357,109,774	\$ 14,552,624	\$ 371,662,398

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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Service (1)	Grants and Contributions Operating	Capital
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,772,231	\$ 14,709		
Community Development	956,927	734,187		
Human Services	217,842			
Parks and Recreation	1,853,874	1,040,820		33,432
Public Safety	3,561,153	309,527	96,621	
Public Works	8,369,983	2,059,055	531,193	3,849,147
Interest on Long-term Debt	195,763			
Total Governmental Activities	16,927,773	4,158,298	627,814	3,882,579
BUSINESS-TYPE ACTIVITIES				
Surface Water Management	615,438	1,038,247	26,352	134,246
Golf Course Operations	1,125,041	942,592		
Total Business-type Activities	1,740,479	1,980,839	26,352	134,246
Total Primary Government	18,668,252	6,139,137	654,166	4,016,825
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 Position				
Net Position - Beginning				
Net Position - 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 Position

Governmental Activities	Business-type Activities	Total
\$ (1,757,522)		\$ (1,757,522)
(222,740)		(222,740)
(217,842)		(217,842)
(779,622)		(779,622)
(3,155,005)		(3,155,005)
(1,930,588)		(1,930,588)
(195,763)		(195,763)
(8,259,082)	-	(8,259,082)
	583,407	583,407
	(182,449)	(182,449)
-	400,958	400,958
(8,259,082)	400,958	(7,858,124)
3,139,117		3,139,117
2,100,009		2,100,009
1,632,226		1,632,226
551,843		551,843
37,520		37,520
284,567		284,567
322,564		322,564
79,202	34,957	114,159
12,760	3,703	16,463
647,304	(647,304)	-
8,807,112	(608,644)	8,198,468
548,030	(207,686)	340,344
356,561,744	14,760,310	371,322,054
\$ 357,109,774	\$ 14,552,624	\$ 371,662,398

Fund Financial Statements

City of Maple Valley
 Balance Sheet
 Governmental Funds
 December 31, 2011

	Special Revenue		
	General	Street	Transportation Impact Fee
ASSETS			
Cash and Cash Equivalents	\$ 1,308,315	\$ 189,350	\$ 3,009,022
Cash with Fiscal Agents			
Investments	1,369,978	198,274	3,150,841
Receivables (net of uncollectibles)			
Taxes	701,812		
Accounts	93,800		
Accrued Interest	33,512		
Due from Other Funds			
Due from Other Governments	74,839		
Prepaid Items	37,019		
Total Assets	\$ 3,619,275	\$ 387,624	\$ 6,159,863
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 179,573		
Payroll Payable	130,800		
Due to Other Funds			
Due to Other Governments	187,363		
Deposits and Deferred Revenue	251,653		194,215
Total Liabilities	\$ 749,389	-	194,215
Fund Balances			
Fund Balances:			
Non-spendable:			
Prepaid Items	\$ 37,019		
Restricted:			
Street Capital Projects		387,624	5,965,648
Park Capital Projects			
1st .25% Capital Purposes			
2nd .25% Capital Purposes			
Unassigned	2,832,867		
Total Fund Balances	\$ 2,869,886	387,624	5,965,648
Total Liabilities and Fund Balances	\$ 3,619,275	\$ 387,624	\$ 6,159,863

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		
\$ 594,260	\$ 680,939	\$ 3,850	\$ 5,785,736	
		153,577	153,577	
622,269	713,032	4,032	6,058,426	
			701,812	
			93,800	
			33,512	
90,000			90,000	
	52,194	179,020	306,053	
			37,019	
\$ 1,306,529	\$ 1,446,165	\$ 340,479	\$ 13,259,935	

		\$ 158,842	\$ 338,415
			130,800
		90,000	90,000
		91,637	279,000
			445,868
-	-	340,479	1,284,083

			37,019
			6,353,272
1,306,529			1,306,529
	317,670		317,670
	1,128,495		1,128,495
			2,832,867
1,306,529	1,446,165	-	11,975,852
\$ 1,306,529	\$ 1,446,165	\$ 340,479	

351,250,704

(20,129)
(140,774)
(6,540,072)
584,193
\$ 357,109,774

City of Maple Valley
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	<u>Special Revenue</u>		
	<u>General</u>	<u>Street</u>	<u>Transportation Impact Fee</u>
REVENUES			
Taxes			
Property	\$ 3,139,117		
Sales	2,100,009		
Utility	1,632,226		
Real Estate Excise			
Gambling	37,520		
Licenses & Permits	782,423		
Intergovernmental Revenue	473,010	477,368	
Charges for Service	764,318		1,841,383
Fines & Forfeits	176,372		
Miscellaneous Revenue	367,795	6,936	62,396
Total Revenues	9,472,790	484,304	1,903,779
EXPENDITURES			
Current			
General Government	1,819,336		
Community Development	956,631		
Human Services	217,842		
Parks and Recreation	1,584,155		
Public Safety	3,557,118		
Public Works	890,367		
Capital Outlay	95,310		
Debt Service			
Principal			
Interest on Long-term Debt			
Total Expenditures	9,120,759	-	-
Excess (deficiency) of revenues over (under) expenditures	352,031	484,304	1,903,779
Other Financing Sources (Uses)			
Transfers In	531,429	-	
Transfer (Out)	(97,313)	(721,685)	(1,309,880)
Total Other Financing Sources (Uses)	434,116	(721,685)	(1,309,880)
Net Change in Fund Balances	786,147	(237,381)	593,899
Fund Balance, January 1	2,083,739	625,005	5,371,749
Fund Balance, December 31	\$ 2,869,886	\$ 387,624	\$ 5,965,648

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

Special Revenue		Capital Projects		Total
Park Development	Real Estate Excise Tax	Improvement Plan	Capital Plan	
			\$	3,139,117
				2,100,009
				1,632,226
	551,843			551,843
				37,520
				782,423
43,339		521,540		1,515,257
460,302		-		3,066,003
				176,372
15,712	34,967	500		488,306
519,353	586,810	522,040		13,489,076
			-	1,819,336
				956,631
				217,842
			-	1,584,155
				3,557,118
		411,902		1,302,269
		3,854,730		3,950,040
		559,621		559,621
		197,475		197,475
-	-	5,023,728		14,144,487
519,353	586,810	(4,501,688)		(655,411)
		4,501,688		5,033,117
(50,058)	(2,206,877)	-		(4,385,813)
(50,058)	(2,206,877)	4,501,688		647,304
469,295	(1,620,067)	-		(8,107)
837,234	3,066,232	-		11,983,959
\$ 1,306,529	\$ 1,446,165	\$ -	\$	\$ 11,975,852

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, 2011

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) \$ (8,107)

In the Statement of Revenues, Expenditures, and Changes in Fund Balances, non-cash contributions of capital assets from entities outside the government are not reported. In the Statement of Activities, the fair value of these assets is recorded as a contribution.

Developer Contributions 3,327,607

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			3,950,040
	<u>Depreciation</u>	<u>Retirement</u>	
General Government	\$ 8,750	\$ -	
Community Development	296	-	
Parks & Recreation	269,719	-	
Public Safety	4,035	-	
Public Works	7,067,714	-	
	<u>\$ 7,350,514</u>	<u>\$ -</u>	(7,350,514)

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		1,712	
Increase in Compensated Absences		(16,005)	
Repayment of Long-term Debt		<u>559,621</u>	545,328

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		71,860	
Internal Service Funds - Non-operating Income			
Investment Earnings		8,631	
Gain on Retirement of Capital Assets		3,185	
			<u>83,676</u>

Change in Net Position of Governmental Activities (page 51) \$ 548,030

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Property Taxes	\$ 3,142,481	\$ 3,142,481	\$ 3,139,117	\$ (3,364)
Sales Taxes				
Locally Generated	1,444,590	1,444,590	1,642,842	198,252
.1% Criminal Justice	430,409	430,409	457,167	26,758
Utility Taxes	1,588,128	1,588,128	1,632,226	44,098
Gambling Taxes	41,000	41,000	37,520	(3,480)
Total Taxes	6,646,608	6,646,608	6,908,872	262,264
Licenses & Permits				
Special Licenses	1,060	1,060	960	(100)
Franchise Fees	308,024	308,024	304,079	(3,945)
Development Permits	275,637	275,637	477,384	201,747
Total Licenses & Permits	584,721	584,721	782,423	197,702
Intergovernmental Revenue				
State and County Grants	56,462	56,462	88,381	31,919
Local Government Assistance	50,000	50,000	52,630	2,630
State Shared Revenue	347,112	347,112	331,999	(15,113)
Total Intergovernmental Revenue	453,574	453,574	473,010	19,436
Charges for Service				
Development Charges	269,435	269,435	384,831	115,396
Miscellaneous Charges	322,077	322,077	379,487	57,410
Total Charges for Service	591,512	591,512	764,318	172,806
Fines & Forfeits				
	106,976	106,976	176,372	69,396
Miscellaneous Revenue				
Investment Earnings	26,601	26,601	35,669	9,068
Rents, Leases, and Concessions	277,569	277,569	273,941	(3,628)
Other Miscellaneous Revenue	5,381	5,381	58,185	52,804
Total Miscellaneous Revenue	309,551	309,551	367,795	58,244
Total Revenues	\$ 8,692,942	\$ 8,692,942	\$ 9,472,790	\$ 779,848

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
General Government				
City Council	\$ 120,239	\$ 120,239	\$ 105,532	\$ 14,707
City Manager	430,851	430,851	356,958	73,893
Human Resources	75,919	75,919	77,826	(1,907)
City Clerk	501,161	501,161	486,453	14,708
City Attorney	320,443	320,443	314,152	6,291
Finance	541,036	541,036	478,415	62,621
Total General Government	1,989,649	1,989,649	1,819,336	170,313
Community Development				
Community Development	1,015,188	1,015,188	956,631	58,557
Total Community Development	1,015,188	1,015,188	956,631	58,557
Human Services	234,341	234,341	217,842	16,499
Parks and Recreation				
Administration	135,151	135,151	111,643	23,508
Parks Maintenance	397,513	397,513	346,657	50,856
Capital		-	10,429	(10,429)
Lake Wilderness Lodge	406,760	406,760	410,004	(3,244)
Recreation and Events	644,319	644,319	658,008	(13,689)
Community Service Agencies	58,582	58,582	57,843	739
Total Parks	1,642,325	1,642,325	1,594,584	47,741
Public Safety				
Police	3,492,442	3,492,442	3,324,701	167,741
Capital	130,000	130,000	81,623	48,377
Jail	79,662	79,662	96,800	(17,138)
Court	122,000	122,000	135,617	(13,617)
Total Public Safety	3,824,104	3,824,104	3,638,741	185,363
Public Works				
Administration	149,407	149,407	118,088	31,319
Transportation Planning	72,019	72,019	33,967	38,052
Maintenance Division		-	(3,258)	3,258
Capital		-	3,258	(3,258)
Street Maintenance	627,094	627,094	602,948	24,146
Waste Reduction & Recycling	76,990	76,990	83,307	(6,317)
Lake Management	57,188	57,188	55,315	1,873
Total Public Works	982,698	982,698	893,625	89,073
Total Expenditures	\$ 9,688,305	\$ 9,688,305	\$ 9,120,759	\$ 567,546

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues over (under) Expenditures	\$ (995,363)	\$ (995,363)	\$ 352,031	\$ 1,347,394
Other Financing Sources (Uses)				
Transfer in from Street Fund	495,907	495,907	477,368	(18,539)
Transfer in from Surface Water Management Fund	57,188	57,188	54,061	(3,127)
Transfer out to Capital Improvement Plan Fund	(27,609)	(27,609)	(5,940)	21,669
Transfer out to Lake Wilderness Golf Course		(120,000)	(91,373)	28,627
Total Other Financing Sources (Uses)	525,486	405,486	434,116	28,630
Net Change in Fund Balances	(469,877)	(589,877)	786,147	1,376,024
Fund Balance, January 1	2,083,805	2,083,805	2,083,739	(66)
Fund Balance, December 31	\$ 1,613,928	\$ 1,493,928	\$ 2,869,886	\$ 1,375,958

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
State Shared Revenue				
Motor Vehicle Fuel Tax - Street General	495,907	495,907	477,368	(18,539)
Total Intergovernmental Revenue	495,907	495,907	477,368	(18,539)
Miscellaneous Revenue				
Investment Earnings	8,696	8,696	6,936	(1,760)
Total Miscellaneous Revenue	8,696	8,696	6,936	(1,760)
Total Revenues	504,603	504,603	484,304	(20,299)
Other Financing Sources (Uses)				
Transfer out to General Fund	(495,907)	(495,907)	(477,368)	18,539
Transfer out to Capital Improvement Plan Fund	(192,892)	(282,892)	(244,317)	38,575
Total Other Financing Sources (Uses)	(688,799)	(778,799)	(721,685)	57,114
Net Change in Fund Balances	(184,196)	(274,196)	(237,381)	36,815
Fund Balance, January 1	625,005	625,005	625,005	-
Fund Balance, December 31	\$ 440,809	\$ 350,809	\$ 387,624	\$ 36,815

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services				
Transportation Impact Fees	\$ 496,593	\$ 496,593	\$ 2,232,136	\$ 1,735,543
Developer Contributions	519,758	(455,283)	(390,753)	64,530
Total Charges for Services	1,016,351	41,310	1,841,383	1,800,073
Miscellaneous Revenue				
Investment Earnings	75,192	75,192	62,396	(12,796)
Total Miscellaneous Revenue	75,192	75,192	62,396	(12,796)
Total Revenues	1,091,543	116,502	1,903,779	1,787,277
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(2,084,107)	(2,084,107)	(1,309,880)	774,227
Total Other Financing Sources (Uses)	(2,084,107)	(2,084,107)	(1,309,880)	774,227
Net Change in Fund Balances	(992,564)	(1,967,605)	593,899	2,561,504
Fund Balance, January 1	5,371,749	5,371,749	5,371,749	-
Fund Balance, December 31	\$ 4,379,185	\$ 3,404,144	\$ 5,965,648	\$ 2,561,504

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
King County Open Space & Trails Levy	\$ 40,000	\$ 40,000	\$ 43,339	\$ 3,339
Total Intergovernmental Revenue	40,000	40,000	43,339	3,339
Charges for Services				
Park Impact Fees	137,700	137,700	426,870	289,170
Contribution in lieu of Parks		-	33,432	33,432
Total Charges for Services	137,700	137,700	460,302	322,602
Miscellaneous Revenue				
Investment Earnings	11,357	11,357	15,712	4,355
Total Miscellaneous Revenue	11,357	11,357	15,712	4,355
Total Revenues	189,057	189,057	519,353	330,296
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(217,329)	(217,329)	(50,058)	167,271
Total Other Financing Sources (Uses)	(217,329)	(217,329)	(50,058)	167,271
Net Change in Fund Balances	(28,272)	(28,272)	469,295	497,567
Fund Balance, January 1	837,234	837,234	837,234	-
Fund Balance, December 31	\$ 808,962	\$ 808,962	\$ 1,306,529	\$ 497,567

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Real Estate Excise Tax	\$ 576,283	\$ 576,283	\$ 551,843	\$ (24,440)
Total Taxes	576,283	576,283	551,843	(24,440)
Miscellaneous Revenue				
Investment Earnings	40,358	40,358	34,902	(5,456)
Other Miscellaneous Revenue	198	197	65	(132)
Total Miscellaneous Revenue	40,556	40,555	34,967	(5,588)
Total Revenues	616,839	616,838	586,810	(30,028)
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(2,687,568)	(3,431,799)	(2,206,877)	1,224,922
Total Other Financing Sources (Uses)	(2,687,568)	(3,431,799)	(2,206,877)	1,224,922
Net Change in Fund Balances	(2,070,729)	(2,814,961)	(1,620,067)	1,194,894
Fund Balance, January 1	3,066,232	3,066,232	3,066,232	-
Fund Balance, December 31	\$ 995,503	\$ 251,271	\$ 1,446,165	\$ 1,194,894

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

City of Maple Valley
Statement of Net Position
Proprietary Funds
December 31, 2011

	Business-type Activities			Governmental-
	Enterprise Funds			type Activities
	Surface Water Management	Lake Wilderness Golf Course	Total	Internal Service Funds
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 1,040,768	\$ 2,678	\$ 1,043,446	\$ 313,380
Investments	1,089,821	2,803	1,092,624	328,150
Receivables (net of uncollectibles)			-	
Accounts	64,192		64,192	
Due from Other Governments	103		103	
Inventory		53,000	53,000	
Total Current Assets	2,194,884	58,481	2,253,365	641,530
Noncurrent Assets				
Capital Assets:				
Land	7,603,919	2,280,218	9,884,137	
Other Capital Assets	944,499	2,343,669	3,288,168	1,141,970
Less: Accumulated Depreciation	(271,526)	(519,633)	(791,159)	(872,990)
Total Noncurrent Assets	8,276,892	4,104,254	12,381,146	268,980
Total Assets	10,471,776	4,162,735	14,634,511	910,510
LIABILITIES				
Current Liabilities				
Accounts Payable	6,436	29,882	36,318	47,235
Payroll Payable	3,163		3,163	4,677
Due to Other Governments	8,164	2,500	10,664	5,425
Deposits and Deferred Revenue	5,643	26,099	31,742	
Total Current Liabilities	23,406	58,481	81,887	57,337
NET POSITION				
Net Investment in Capital Assets	8,276,892	4,104,254	12,381,146	268,980
Unrestricted	2,171,478	-	2,171,478	584,193
Total Net Position	\$ 10,448,370	\$ 4,104,254	\$ 14,552,624	\$ 853,173

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

City of Maple Valley
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities			Governmental-
	Enterprise Funds			type Activities
	Surface Water Management	Lake Wilderness Golf Course	Total	Internal Service Funds
Operating Revenues				
Charges for Service				
Surface Water Management Fees	\$ 1,026,437		\$ 1,026,437	
Golf Operations		662,323	662,323	
Restaurant Operations		280,183	280,183	
Other Services	11,810	86	11,896	1,078,577
Total Operating Revenues	1,038,247	942,592	1,980,839	1,078,577
Operating Expenses				
Cost of Services	579,149	1,033,995	1,613,144	893,118
Depreciation	36,289	91,046	127,335	113,599
Total Operating Expenses	615,438	1,125,041	1,740,479	1,006,717
Operating Income	422,809	(182,449)	240,360	71,860
Nonoperating Revenue (Expenses)				
Intergovernmental Revenue	26,352		26,352	
Investment Earnings	34,927	30	34,957	8,631
Other Interest Earnings (Expense)	3,703		3,703	-
Total Nonoperating Revenue (Expenses)	64,982	30	65,012	11,816
Income before Contributions and Transfers	487,791	(182,419)	305,372	83,676
Contributions and Transfers				
Capital Contributions from Developers	134,246		134,246	
Capital Contributions from General Fund			-	80,177
Transfers in (out)	(738,677)	91,373	(647,304)	-
Total Contributions and Transfers	(604,431)	91,373	(513,058)	80,177
Change in Net Position	(116,640)	(91,046)	(207,686)	163,853
Total Net Position - January 1	10,565,010	4,195,300	14,760,310	689,320
Total Net Position - December 31	\$ 10,448,370	\$ 4,104,254	\$ 14,552,624	\$ 853,173

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

City of Maple Valley
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities			Governmental-
	Enterprise Funds			type Activities
	Surface Water Management	Lake Wilderness Golf Course	Total	Internal Service Funds
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 1,029,383	\$ 912,694	\$ 1,942,077	\$ 1,078,577
Cash Paid to Suppliers for Goods and Services	(599,096)	(1,049,975)	(1,649,071)	(849,561)
Net Cash Flows from Operating Activities	430,287	(137,281)	293,006	229,016
Cash Flows from Non-Capital Financing Activities				
Intergovernmental Revenue	26,352		26,352	
Transfers to (from) Other Funds	(738,677)	91,373	(647,304)	
Net Cash Flows from Non-Capital Financing	(712,325)	91,373	(620,952)	-
Cash Flows from Capital and Related Financing Activities				
Capital Assets Purchased for Own Use	(1,138)	-	(1,138)	(128,740)
Retirement of Capital Assets			-	3185
Net Cash Flows from Capital and Related Financing	(1,138)	-	(1,138)	(125,555)
Cash Flows from Investing Activities				
Purchase of Investments	(86,613)		(86,613)	(104,526)
Proceeds from Investment Maturities		18,890	18,890	-
Interest on Investments	38,630	30	38,660	8,631
Net Cash Flows from Investing Activities	(47,983)	18,920	(29,063)	(95,895)
Net Change in Cash and Cash Equivalents	(331,159)	(26,988)	(358,147)	7,566
Cash and Cash Equivalents, January 1	1,371,927	29,666	1,401,593	305,814
Cash and Cash Equivalents, December 31	\$ 1,040,768	\$ 2,678	\$ 1,043,446	\$ 313,380
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 422,809	\$ (182,449)	\$ 240,360	\$ 71,860
Adjustments to Reconcile Operating Income to Net Cash Provided:				
Depreciation Expense	36,289	91,046	127,335	113,599
Change in Receivables (net of uncollectibles)	(8,761)	-	(8,761)	
Change in Due from Other Governments	(103)	-	(103)	
Change in Inventory	-	1,640	1,640	
Change in Accounts Payable	(22,035)	(17,609)	(39,644)	33,455
Change in Payroll Payable	3,163	-	3,163	4,677
Change in Due to Other Governments	(1,075)	1,629	554	5,425
Changes in Deposits and Deferred Revenue	-	(31,538)	(31,538)	
Net Cash Flows from Operating Activities	\$ 430,287	\$ (137,281)	\$ 293,006	\$ 229,016
Non Cash Investing, Capital and Financing Activities				
Capital Contributions from Developers	\$ 134,246		\$ 134,246	
Capital Contributions from General Fund	\$ -	\$ -	\$ -	\$ 80,177
Retirement of Internal Service Fund Capital Assets			-	93,743
Total Non Cash Investing, Capital and Financing	\$ 134,246	\$ -	\$ 134,246	\$ 173,920

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

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 reviewed all applicable statements through GASB Statement No. 64, the last statement that has a 2011 effective date and has implemented those that apply.

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position 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, 2012.

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 2011, 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 Spring 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 preliminary budget that is presented to the City Council by the first of November.

The City Council holds public hearings and reviews the preliminary 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 105.

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. Initially, the LGIP Advisory Committee did not see the value of the ratings and at the time felt that getting the rating would hurt the yield of the LGIP because at that time to get a AAA rating would have required the LGIP to move the maximum weighted average maturity from 90 days to 60 days, thereby lowering the yield. The SEC has now moved the maximum weighted average maturity from 90 to 60 days, which the LGIP has adopted, so the rationale back then does not apply. However, the Committee still feels that the rating is not worthwhile. Participant balances in the LGIP are not subject to interest rate risks, as the weighted average maturity of the portfolio will not exceed 60 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, or certificates of deposit, which are either FDIC insured or covered under the PDPC, which is a collateral pool. 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.

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All investments, outside the LGIP except 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, 2011.

	Beginning Balance	Receipts and Investments Purchased	Disbursements and Investments Sold	Ending Balance
Cash & Cash Equivalents				
Petty Cash	\$ 10,960	\$ 4,080		\$ 15,040
Demand Deposits	184,967	23,521,304	23,686,820	19,451
Investments (LGIP)	8,454,825	7,026,246	8,373,000	7,108,071
Total Cash & Cash Equivalents	\$ 8,650,752	\$ 30,551,630	\$ 32,059,820	\$ 7,142,562
Cash with Fiscal Agents	\$ 83,486	\$ 70,091		\$ 153,577
Investments				
Certificates of Deposit	\$ 1,000,000			\$ 1,000,000
Other Investments	5,325,780	1,227,390	73,970	6,479,200
Total Investments	\$ 6,182,350	\$ 1,227,390	\$ 73,970	\$ 7,479,200

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 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.

	Amortized Cost	Fair Market Value
Other Investments		
U.S. Government Securities	\$ 6,252,143	\$ 6,479,200

NOTE 4 RECEIVABLES AND OTHER SHORT-TERM ASSETS

Receivable and other short-term asset amounts at year-end totaled \$1,289,491, down \$101,454 from the prior year amount of \$1,390,945. The decrease is entirely related to a lower amount of Due from Other Governments for year-end grant billing as fewer projects with grant funding were in progress at the end of 2011 as opposed to the end of 2010. 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.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Receivables (net of uncollectibles)						
Taxes	\$ 701,812	\$ 572,734	\$ -	\$ -	\$ 701,812	\$ 572,734
Accounts	93,800	45,990	64,192	55,431	157,992	101,421
Accrued Interest	33,512	35,055			33,512	35,055
Due from Other Gov'ts	306,053	579,784	103	-	306,156	579,784
Inventory			53,000	54,640	53,000	54,640
Prepaid Items	37,019	47,311	-	-	37,019	47,311
Total Receivables & Short-term Assets	\$ 1,172,196	\$ 1,280,874	\$ 117,295	\$ 110,071	\$ 1,289,491	\$ 1,390,945

The taxes receivable amount of \$701,812 is categorized as follows: property taxes, \$94,917; sales taxes, \$316,314; utility taxes, \$208,858; gambling taxes, \$9,781; and cable TV franchise fee \$71,942. The property taxes are billed and collected by King County and remitted to the City daily as collected. Of the property taxes receivable amount, 58% is from 2011 delinquencies, 27% is from 2010 delinquencies, with 15% from prior year delinquencies. Of the year end property tax receivable amount, \$28,856 was collected by February 29, 2012. 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 2012.

The accounts receivable amount of \$157,992, \$93,800 is in governmental activities for receivables from individuals, businesses, and developers and \$64,192 is in business-type activities for surface water management fees. Most of the accounts receivable in governmental activities is \$92,838 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. The amount at December 31, 2011 was higher than normal as the City implemented a new finance system in 2011 and much of the year end billing did not occur until 2012. Of the remaining governmental activities accounts receivable of \$962, \$880 is for fire permits billed in December 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.

The due from other governments amount of \$306,156 is categorized as follows: from the State of Washington, \$179,020; from King County, \$95,139; from the City of Enumclaw, \$31,988; and from the International City Manager's Association (ICMA), \$9.

The \$179,020 due from the State of Washington is for two reimbursable grants on two City transportation projects. A Federal Highway Administration grant that is being passed through the State

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of Washington Department of Transportation, being used to fund the construction of the Lake Wilderness Trail project, has a year-end receivable of \$117,121. 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 \$61,899. Of the Federal Highway Administration grant, \$91,390 was received on March 9, 2012.

Of the amount due from King County, \$52,194 is for real estate excise taxes, collected by the County in December 2011 and remitted to the City on January 10, 2012. Also received from King County by January 10, 2012 is \$427 for property taxes and \$103 for 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 a \$42,415 reconciliation amount 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 account.

In business-type activities, the inventory amount of \$53,000 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. In governmental activities, the prepaid items totaling \$37,019 is for the January lease payment for City Hall office space, rent for a storage unit, and \$5,000 in prepaid legal fees.

NOTE 5 INTERFUND ACTIVITY

For the most part, the City does not use interfund receivables or payables unless they are required to fund a project pending receipt of grant funds. For 2011 the City did have a year-end interfund receivable and payable of \$90,000 for a loan from the Park Development Fund to the Capital Improvement Plan Fund. The Lake Wilderness Trail project in the Capital Improvement Plan Fund was partially funded with a Federal Highway Administration Pass Through Grant. The remaining funds came from the Park Development Fund. The project was essentially completed in 2011 within the City limits on King County property with King County staff. The County also managed the project and did the grant billing. The preliminary receipt of grant funds, \$91,390, did not occur until March 2012 requiring a year-end interfund receivable and payable. The City Council approved the interfund receivable and payable with no interest since the amount would have been minor and the Park Development Fund was a project funding source.

Other interfund activity is done on a cash basis. The Internal Service Funds are funded with month end cash receipts from the departments they provide service to. These charges are shown as expenditures to

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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 that are also cash based and no interfund receivables or payables apply, the following table shows the 2011 activity.

	Transfers	
	In	Out
General Fund	\$ 531,429	\$ 97,313
Street Fund		721,685
Transportation Impact Fee Fund		1,309,880
Real Estate Excise Tax Fund		2,206,877
Park Development Fund		50,058
Capital Improvement Plan Fund	4,501,688	
Surface Water Management Fund		738,677
Lake Wilderness Golf Course Fund	91,373	
	\$ 5,124,490	\$ 5,124,490

The General Fund received transfers from the Street Fund, \$477,368 to partially fund street maintenance expenditures and from the Surface Water Management Fund, \$54,061 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, \$5,940; from the Street Fund, \$244,317; from the Transportation Impact Fee Fund, \$1,309,880; from the Park Development Fund, \$50,058; and from the Real Estate Excise Tax Fund, \$2,206,877. These transfers totaling \$4,501,688 with grants of \$521,540 and miscellaneous revenue of \$500, fund the City’s Capital Improvement Plan Fund projects as identified on pages 105 through 107.

The Lake Wilderness Golf Course Fund received transfers from the General Fund of \$91,373. The 2010 transfer was \$227,045. In late 2010 a citizen 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. Great improvement was made in 2011, the Lake Wilderness Golf Course Fund still required a subsidy.

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.

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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 2011.

	Beginning Balance	Additions	Transfers	Retirments	Ending Balance
Governmental Activities					
Capital Assets not being depreciated					
Land	\$ 195,076,121	\$ 1,468,062	\$ -	\$ -	\$ 196,544,183
Construction in Progress	22,998,219	3,850,076	-	-	26,848,295
Total	218,074,340	5,318,138	-	-	223,392,478
Capital Assets being depreciated					
Buildings	9,172,760	-	-	-	9,172,760
Imprmts Other Than Bldngs	220,535,865	1,859,545	-	-	222,395,410
Machinery & Equipment	203,750	99,964	(80,177)	-	223,537
Mach & Equip (IS Funds)	1,026,796	128,740	80,177	(93,716)	1,141,997
Total	230,939,171	2,088,249	-	(93,716)	232,933,704
Accumulated Depreciation					
Buildings	(1,270,221)	(229,319)			(1,499,540)
Imprmts Other Than Bldngs	(95,417,563)	(7,107,629)		-	(102,525,192)
Machinery & Equipment	(164,163)	(13,566)		-	(177,729)
Mach & Equip (IS Funds)	(853,134)	(113,599)		93,716	(873,017)
Total	(97,705,081)	(7,464,113)	-	93,716	(105,075,478)
Net Capital Assets being depreciated	133,234,090	(5,375,864)	-	-	127,858,226
Governmental Activities, Net Capital Assets	\$ 351,308,430	\$ (57,726)	\$ -	\$ -	\$ 351,250,704
Business-type Activities					
Capital Assets not being depreciated					
Land	\$ 9,749,891	\$ 134,246			\$ 9,884,137
Total	9,749,891	134,246	-		9,884,137
Capital Assets being depreciated					
Buildings	1,047,800				1,047,800
Imprmts Other Than Bldngs	1,929,880				1,929,880
Machinery & Equipment	309,350	1,138			310,488
Total	3,287,030	1,138	-		3,288,168
Accumulated Depreciation					
Buildings	(106,145)	(26,195)			(132,340)
Imprmts Other Than Bldngs	(366,630)	(68,267)			(434,897)
Machinery & Equipment	(191,049)	(32,873)			(223,922)
Total	(663,824)	(127,335)	-		(791,159)
Net Capital Assets being depreciated	2,623,206	(126,197)	-		2,497,009
Business-type, Net Capital Assets	\$ 12,373,097	\$ 8,049	\$ -	\$ -	\$ 12,381,146
Grand Total	\$ 363,681,527	\$ (49,677)	\$ -	\$ -	\$ 363,631,850

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In 2011 the City had a net capital asset reduction \$49,677. The amount reflects the fact that capital asset additions of \$7,541,771 are almost equally offset by increases in accumulated depreciation of \$7,591,448.

The net additions to land and improvements other than buildings represent developer contributions from Wilderness Hills Division 2 for roads and surface water management facilities turned over to the City with the expiration of the two year maintenance bond for the development.

The net additions to construction in progress totaled \$3,850,076 for eight capital projects that the City made expenditures on in 2011. The two significant projects were the Witte Road & SE 248th Intersection roundabout and the City Maintenance Facility. In 2011, \$1,631,532 of a \$5,049,301 project budget was spent on the Witte Road & SE 248th Intersection roundabout which was essentially completed in the Fall of 2011, but which is still in the project closeout phase. Also in 2011, \$1,211,798 of a \$1,453,847 project budget was spent on the City Maintenance Facility. The land and building was purchased in November of 2011, but expenditures are budgeted in 2012 to renovate and equip both the City maintenance facility and an emergency operation center that is being moved to the property. Other construction in progress expenditures totaling \$1,006,746 were primarily for two SR 169 road projects scheduled for construction in 2012.

Machinery and equipment additions totaled \$229,842. The additions were as follows:

- In the governmental activities area, \$228,704 was added, \$80,177 from General Fund purchases and \$128,740 from Internal Service Fund purchases. The General Fund purchases included: two vehicles for Police, one of which was a van for the Explorer scouts which was purchased with donated funds; some radar units, cameras, and night vision equipment for Police; and an asphalt roller for Public Works. The Internal Service Fund purchases included: a dump truck for Public Works, a new Finance system, and some computer replacement equipment, as the city made a major upgrade hardware and software upgrade that is continuing into 2012.
- In the business activities area, \$1,138 was added for a pipe and metal locator for the surface water management operations.

Retirements include a mower and outdated computer equipment and software.

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

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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	\$ 8,750	\$ 113,599	\$ 122,349
Community Development	296		296
Parks & Recreation	269,719		269,719
Public Safety	4,035		4,035
Public Works	7,067,714		7,067,714
	\$ 7,350,514	\$ 113,599	\$ 7,464,113

NOTE 7 PAYABLES AND OTHER SHORT-TERM LIABILITIES

Payables and other short-term liabilities at year-end totaled \$1,333,307, down \$233,826 from the prior year amount of \$1,564,133. The decrease is in accounts payable as the Witte Road & SE 248th Intersection roundabout project completed except for closeout was in full swing at the end of 2010. The following table summarizes the year-end payables and short-term liabilities and compares the amounts to the prior year.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Accounts Payable	\$ 385,650	\$ 649,818	\$ 36,318	\$ 75,962	\$ 421,968	\$ 725,780
Payroll Payable	135,477	127,119	3,163		138,640	127,119
Due to Other Gov'ts	284,425	255,792	10,664	10,110	295,089	265,902
Deposits and Deferred Revenue	445,868	382,052	31,742	63,280	477,610	445,332
Total Payables & Short-term Liabilities	\$ 1,251,420	\$ 1,414,781	\$ 81,887	\$ 149,352	\$ 1,333,307	\$ 1,564,133

The accounts payable decrease of \$303,812 is primarily related to decreased expenditures in the Capital Improvement Plan Fund as noted above. The payroll payable increase of \$11,521 is related to full staffing at year-end including the first ever dedicated Surface Water Management Fund position hired in 2011. The due to other government's increase of \$29,187 is for the right-of-way acquisition work being done by King County staff for the SR 169 - Witte Road to 228th Ave SE and the SR 169 – SE 264th St to SE 258th St. projects.

The deposits and deferred revenue increase of \$32,278 is predominately related to a new Comcast franchise agreement where the City received an advance of 2014 through 2016 revenue of \$40,000. At year-end the account category totaled \$477,332 in seven components: deferred revenue from developers, \$194,215; developer deposits, \$103,260; Lake Wilderness Lodge deposits and deferred revenue, \$55,022; Lake Wilderness Golf Course deposits and deferred revenue, \$26,099; deferred

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franchise fee revenue, including \$1,773 in deferred solid waste franchise fee revenue, \$41,773; deferred revenue for jail purposes, \$55,774, and miscellaneous, \$1,467.

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 2011 change in these amounts, but some use is anticipated in 2012.

The developer deposits are collected from applicants at the beginning of a development project. The amount increased \$12,472 from the 2010 amount of \$90,788 to \$103,260 with an increase in local development activity. 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 2011 for events to be held in 2012. Deferred revenue for the Lake Wilderness Golf Course is for memberships, \$1,121; tournament and banquet deposits, \$13,309; and gift cards, \$11,668. The membership portion of the account decreased \$28,199 as memberships which had expired throughout the year were converted in 2011 to all expire at the end of February each year. The deferred revenue for franchise fees is as discussed above. 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 three unspent donations, \$1,385; and a small assessment receivable, \$82.

NOTE 8 LONG-TERM LIABILITIES

Long-term liabilities at year-end totaled \$6,700,975, down \$545,328 from the prior year amount of \$7,246,303. 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>2011</u>	<u>2010</u>
Accrued Interest Payable	20,129	21,841
Compensated Absences	140,774	124,769
Contracts & Loans - Current	184,621	184,621
General Obligation Bonds - Current	395,000	375,000
Contracts & Loans Payable	2,215,451	2,400,072
GO Bonds Payable	3,745,000	4,140,000
0 Total Long-term Debt	<u>6,700,975</u>	<u>7,246,303</u>

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The accrued interest payable amount represents the interest due from December 1, 2011 to December 31, 2011 on the City's general obligation bonds, \$14,129 and the interest due from July 1, 2011 to December 31, 2011 on the City's contracts and loans payable, \$6,000.

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 plus 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 \$118,688 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 \$22,086. It is also assumed to be current as the largest balance is for an employee who will be retiring in early 2013. 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 the other half was purchased with City funds. In structuring the bonds in this manner, only 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, 2011 had State infrastructure loans payable of \$2,400,072. State infrastructure loans outstanding are for two projects: the 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, 2011

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Accrued Interest Payable	\$ 21,841		1,712	\$ 20,129	\$ 20,129
Compensated Absences	124,769	35,082	19,077	140,774	118,688
State Infrastructure Loan	2,584,693		184,621	2,400,072	184,621
2005 GO Refunding Bonds	4,515,000		375,000	4,140,000	395,000
Total Long-term Debt	\$ 7,246,303	\$ 35,082	\$ 580,410	\$ 6,700,975	\$ 718,438

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

Year	Governmental Activities		Total
	Principal	Interest	
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	639,621	111,259	750,880
2017-21	2,943,105	244,707	3,187,812
2022-24	553,863	5,539	559,402
Total	\$ 6,540,072	\$ 985,373	\$ 7,525,445

In addition to the above debt, the City has other potential long term liabilities related to a non-cancelable operating lease for City Hall. The City's lease for City Hall expires December 31, 2019. For the year-ended December 31, 2011, the City expended \$355,361 for its office space lease up from the prior year amount of \$297,074. Of the current year amount, \$14,342 was spent on the unused space in the old City Hall. The lease on this space expired on October 31, 2011. With respect to the new City Hall lease, annual expenditures will increase at 2% a year plus or minus adjustments in the common area maintenance charges through December 31, 2019.

NOTE 9 NET POSITION

The net position on the governmental fund financial statements is divided into four categories:

1. Net investment in capital assets for the book value of capital assets less associated debt;
2. Non-spendable for funds already spent like inventories and prepaid items;
3. Restricted for funds constrained for specific purposes by external parties, constitutional provisions or enabling legislation; and
4. Unassigned for funds that can be spent for anything allowable.

The General Fund's fund balance is unassigned except for a non-spendable amount for prepaid expenses, predominately prepaid rent on City Hall. The City has a policy requiring a fund balance of at

City of Maple Valley
Notes to the Financial Statements
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least 10% of operating expenditures. At December 31, 2011, General Fund's unassigned fund balance was 31% of 2011 General Fund expenditures, up from 24% at 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 motor vehicle fuel taxes and diverted County road tax restricted for street capital purposes.
- Unspent Transportation Impact Fee funds are transportation impact fees and contributions from developers restricted for street capital purposes.
- Unspent Park Development funds are park impact fees, special property tax levies, and contributions from developers restricted for open space and park capital purposes.
- Unspent Real Estate Excise Tax funds are real estate excise taxes restricted for capital purposes.

The net position on the proprietary fund financial statements is divided into two categories:

1. Net investment in capital assets for book value of capital assets less associated debt;
2. Unrestricted for funds that can be spent for any purpose for which the fund was established.

Proprietary Funds are restricted for the purposes designated in the establishment of the funds, but are unrestricted within the fund.

- Unspent Surface Water Management funds are to be used for surface water management operating and capital purposes.
- Unspent Lake Wilderness Golf Course funds are to be used for golf operating and capital purposes. As of December 31, 2011, the Lake Wilderness Golf Course had no unspent funds as a transfer from the General Fund was needed to eliminate a deficit position. It is hoped that in 2012 a reorganized operation will eliminate the need for a General Fund transfer.
- Unspent Vehicle Rental and Central Service funds are to be used for vehicle and equipment replacement.
- Unspent Unemployment Trust funds are to be used 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

City of Maple Valley
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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 2011, the City's maximum levy rate was \$1.61 per thousand dollars of assessed valuation (\$3.60 per thousand dollars of assessed valuation, less the fire district operating levy (\$1.39) and library district operating levy (\$.50)). As noted below though the City only levied \$1.29 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 2011 property taxes, the City's final revised levy was \$3,140,718 up \$85,264 or 2.8% from the 2010 revised levy of \$3,055,454. The levy amount produced a City levy rate of \$1.29 per thousand dollars of assessed valuation, up from \$1.25 the previous year. Of the revised levy amount for 2011, only \$55,103 or 1.8% remained outstanding at December 31, 2011. The outstanding amount for all prior year levies totals \$39,814. 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 136 and 137.

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, compensated time off, and sick leave at December 31, 2011 is \$140,774 up from the 2010 amount of \$124,769. Of the total \$140,774, \$22,086 is the estimated value of the sick leave liability 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

City of Maple Valley
Notes to the Financial Statements
December 31, 2011

(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:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total Payroll	\$ 2,945,100	\$ 2,845,860	\$ 2,733,294
PERS Payroll	2,553,730	2,465,986	2,394,462

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>2011</u>	<u>2010</u>	<u>2009</u>
Medicare portion of Social Security	\$ 42,011	\$ 41,265	\$ 39,186
Substitute Social Security Plan (401(a))	152,858	149,123	141,902
Public Employees Retirement System (PERS)	160,080	130,943	162,012
	<u>\$ 354,949</u>	<u>\$ 321,332</u>	<u>\$ 343,100</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 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

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

PERS is a cost-sharing 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.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS 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 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. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may 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 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. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced.

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

PERS Plan 2 members are vested after 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.

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:

- 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 on contributions and the results of investment activities.

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

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 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.

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

There are 1,197 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for plans of June 30, 2010:

	<u>Members</u>
Retirees and beneficiaries receiving benefits	76,899
Terminated plan members entitled to but not yet receiving benefits	28,860
Active plan members vested	105,521
Active plan members non-vested	<u>51,005</u>
Total	<u>262,285</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 Plan 3 employee contribution rates range from 5% to 15%, based on member choice. Two of the options are graduated rates dependent on the employee’s age.

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2011 are as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer (1)	7.25% (2)	7.25% (2)	7.25% (3)
Employee	6.00% (4)	3.90% (4)	(5)

- (1) The employer rates include the employer administrative expense fee, currently set at 0.16%.
- (2) The employer rate for state elected officials is 10.80% for Plan 1 and 7.25% for Plan 2 and Plan 3.
- (3) Plan 3 defined benefit portion only.
- (4) The employee rate for state elected officials is 7.50% for Plan 1 and 4.64% for Plan 2.
- (5) Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

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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, 2011 were as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
PERS 1	\$ 7,564	\$ 6,380	\$ 7,119
PERS 2	148,508	118,148	149,712
PERS 3	4,251	6,415	5,181
	<u>\$ 160,323</u>	<u>\$ 130,943</u>	<u>\$ 162,012</u>
PERS Cost as % of PERS Payroll	6.28%	5.31%	6.77%

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 City's cost for these benefit programs for the last three years is as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Worker's Compensation	\$ 43,591	\$ 37,350	\$ 39,059
Medical, Dental and Vision (Health)	463,362	478,902	436,095
Group Life and Long-term Disability	16,687	16,173	12,016
	<u>\$ 523,640</u>	<u>\$ 532,425</u>	<u>\$ 487,170</u>
Health Cost as a % of Total Payroll	16%	17%	16%

The City is a participating employer in the Association of Washington Cities Employee Benefit Trust. The "Trust", is 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, 2011, was \$463,362 or 16% of annual covered payroll and equaled the required contributions for the year. 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.

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 \$703.45 per month,
- Retirees on Medicare Parts A & B contribute directly to the Trust \$375.55 per month,
- Spouses not on Medicare Parts A & B contribute directly to the Trust \$708.00 per month,
- Spouses on Medicare Parts A & B contribute directly to the Trust \$380.15 per month.
- First dependent contributes directly to the Trust \$201.25 per month, and
- Second and all other dependents contribute directly to the Trust \$159.60 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 150 members.

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

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

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

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for 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.

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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 Trust Fund. Through 2007 charges were made to departments at the State established rates with claims paid by the State and reimbursed by the City. In 2007 and prior, 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.

Since 2008 the City has used the fund’s fund balance and investment earnings to pay claims. The following is a brief history of unemployment contributions, claims paid, and ending fund balance positions.

	<u>2011</u>		<u>2010</u>		<u>2009</u>
Contributions	\$ -	\$	-	\$	-
Claims Paid	6,322		7,785		21,138
Net Position	71,974		77,206		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 position 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 there were no significant financial commitments that could affect the City financial position as all 2011 projects were essentially completed at year end.

NOTE 14 SUBSEQUENT EVENTS

Between January 14 and 23, 2012, the Puget Sound region of which Maple Valley is a part experienced a severe winter event that produced a large amount of snow that was followed by a rare ice storm. The extra snow removal effort and the large number of trees that the ice storm brought down or severely damaged caused the City to incur expenses of about \$140,000. The storm affected the City’s street operations, its parks and golf course, and did some damage to its buildings. The City’s insurance provider, the WCIA, reimbursed the City \$16,898 for property damage. The reimbursement was net of a \$1,000 deductible. The WCIA did not reimburse the City for other costs, but at the request of the Governor of the State of Washington, the President of the United States of America declared the area a disaster area eligible for Federal assistance. The City has met with the Federal Emergency Management Agency (FEMA) and has identified about \$123,000 of unreimbursed excess costs and damages. Per

City of Maple Valley
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discussion with FEMA, it is anticipated that the City will be reimbursed by FEMA for 75% of these costs. It is undetermined at this time whether or not the State will reimburse the City another 12.5%.

Combining Statements and Schedules

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.

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Surface Water Management Fund	108
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Vehicle Rental Fund	110
Central Service Fund	111
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Internal Service Fund Statements

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

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Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	116
Combining Statement of Cash Flows	117

Capital Assets Used in Operation of Governmental Funds

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

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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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
Federal Grants	\$ 128,762	\$ 128,762	\$ 117,121	\$ (11,641)
State and County Grants	1,925,289	1,925,289	404,419	(1,520,870)
Total Intergovernmental Revenue	2,054,051	2,054,051	521,540	(1,532,511)
Miscellaneous Revenue				
Other Miscellaneous Revenue		-	500	500
Total Miscellaneous Revenue	-	-	500	500
Total Revenues	2,054,051	2,054,051	522,040	(1,532,011)
EXPENDITURES				
General Government				
Capital Expenditures	396,153	1,400,000	1,211,798	188,202
Total General Government	396,153	1,400,000	1,211,798	188,202
Public Works				
Transportation				
Capital Expenditures	6,307,699	6,397,699	2,620,554	3,777,145
Operating Expenditures		-	411,902	(411,902)
Total Public Works	6,307,699	6,397,699	3,032,456	3,365,243
Parks and Community Services				
Parks & Recreation				
Capital Expenditures	400,000	400,000	16,438	383,562
Community Facilities				
Capital Expenditures	27,609	27,609	5,940	21,669
Total Parks and Community Services	427,609	427,609	22,378	405,231
Debt Service				
Principal	544,621	544,621	559,621	(15,000)
Interest	212,474	212,474	197,475	14,999
Total Debt Service	757,095	757,095	757,096	(1)
Total Expenditures	\$ 7,888,556	\$ 8,982,403	\$ 5,023,728	\$ 3,958,675

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	\$ (5,834,505)	\$ (6,928,352)	\$ (4,501,688)	\$ 2,426,664
Other Financing Sources (Uses)				
Transfer in from General Fund	27,609	27,609	5,940	(21,669)
Transfer in from Street Fund	192,892	282,892	244,317	(38,575)
Transfer in from Transportation Impact Fee Fund	2,084,107	2,084,107	1,309,880	(774,227)
Transfer in from Park Development Fund	217,329	217,329	50,058	
Transfer in from Real Estate Excise Tax Fund	2,687,568	3,431,799	2,206,877	(1,224,922)
Transfer in from Surface Water Management Fund	625,000	884,616	684,616	(200,000)
Total Other Financing Sources (Uses)	5,834,505	6,928,352	4,501,688	(2,259,393)
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, 2011

	Total Project Budget	Prior Years' Actual	2011 Final Budget	2011 Actual	Project Life to Date Actual
Governmental Activities					
City Facilities					
F3 Maple Valley Place Legacy Project	6,993,448	6,943,448	50,000	-	6,943,448
F4 City Maintenance Facility	1,453,847	103,847	1,350,000	1,211,798	1,315,645
	8,447,295	7,047,295	1,400,000	1,211,798	8,259,093
Public Works					
Transportation					
T6 SR 169 - SR 516 to SE 264th St	12,762,312	12,762,312	-	8,917	12,771,229
T7 SR 169 - Witte Rd to 228th Ave SE	2,542,958	837,791	1,705,167	404,989	1,242,780
T12 Witte Rd & SE 248th St Intersection	5,049,301	3,011,602	2,037,699	1,631,532	4,643,134
T15 SR 516 & 216th Ave Intersection	347,195	347,195	-	-	347,195
T23 Annual Asphalt Overlay Program	2,064,016	1,774,016	290,000	287,629	2,061,645
T24 Miscellaneous Street Improvements	478,270	378,270	100,000	67,586	445,856
T29 SE 271st - SR 169 to SR 516	77,373	77,373	-	-	77,373
T31 SR 169 - SE 264th St to SE 258th St	2,980,001	1,054,712	1,925,289	415,106	1,469,818
T32 Lake Wilderness Trail	216,631	44,979	171,652	160,010	204,989
T33 SE 276th St & 240th Ave SE	145,415	145,415	-	-	145,415
T34 SR 169 & SE 244th Intersection	75,000		75,000		-
T35 Transportation Plan Update	150,000	57,108	92,892	56,687	113,795
	26,888,472	20,490,773	6,397,699	3,032,456	23,523,229
Parks and Community Services					
Parks & Recreation					
P3 Summit Ballfields	970,706	970,706	-	-	970,706
P6 Lake Wilderness Park	603,766	203,766	400,000	16,438	220,204
Community Facilities					
A1 Public Art	31,285	31,285	-	-	31,285
C1 Community Center	1,041,826	1,014,217	27,609	5,940	1,020,157
N1 Neighborhood Reinvestment	292,538	292,538	-	-	292,538
	2,940,121	2,512,512	427,609	22,378	2,534,890
Debt Service Program					
D2 2000 Bond Issue Debt Service	4,466,659	4,466,659	-	-	4,466,659
D4 Infrastructure Loan Debt Service	1,086,438	888,894	197,544	197,545	1,086,439
D5 2005 Bond Refunding Debt Service	1,917,687	1,358,136	559,551	559,551	1,917,687
	7,470,784	6,713,689	757,095	757,096	7,470,785
Total Governmental Funds	\$ 45,746,672	\$ 36,764,269	\$ 8,982,403	\$ 5,023,728	\$ 41,787,997

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
State and County Grants	\$ 190,815	\$ 190,815	\$ 26,352	\$ (164,463)
Total Intergovernmental Revenue	190,815	190,815	26,352	(164,463)
Charges for Service				
Surface Water Management Fees	1,075,210	1,075,210	1,026,437	(48,773)
Miscellaneous Charges	7,584	7,584	11,810	4,226
Total Charges for Service	1,082,794	1,082,794	1,038,247	(44,547)
Miscellaneous Revenue				
Investment Earnings	36,206	36,206	34,927	(1,279)
Other Miscellaneous Revenue	1,946	1,946	3,703	1,757
Total Miscellaneous Revenue	38,152	38,152	38,630	478
Total Revenues	1,311,761	1,311,761	1,103,229	(208,532)
EXPENDITURES				
Public Works				
Operating	822,211	822,211	579,149	243,062
Depreciation			36,289	(36,289)
Capital				
Purchased for Own Use	396,841	456,651	1,138	455,513
Contributed to Other Funds			-	-
Total Public Works	1,219,052	1,278,862	616,576	662,286
Total Expenditures	1,219,052	1,278,862	616,576	662,286
Revenues over (under) Expenditures	92,709	32,899	486,653	453,754
Other Financing Sources (Uses)				
Depreciation Addback			36,289	36,289
Transfer out to General Fund	(57,188)	(57,188)	(54,061)	3,127
Transfer out to Capital Improvement Plan Fund	(625,000)	(884,616)	(684,616)	200,000
Total Other Financing Sources (Uses)	(682,188)	(941,804)	(702,388)	239,416
Net Change in Fund Balances	(589,479)	(908,905)	(215,735)	693,170
Fund Balance, January 1	2,387,869	2,387,869	2,387,869	-
Fund Balance, December 31	\$ 1,798,390	\$ 1,478,964	\$ 2,172,134	\$ 693,170

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Service				
Green Fees	\$ 669,037	\$ 669,037	\$ 498,367	\$ (170,670)
Cart Rentals	155,000	155,000	112,383	(42,617)
Merchandise Sales	53,000	53,000	51,573	(1,427)
Food & Beverage Revenue	705,000	543,796	278,683	(265,113)
Facility Rentals		-	1,500	1,500
Total Charges for Service	1,582,037	1,420,833	942,506	(478,327)
Miscellaneous Revenue				
Investment Earnings	200	200	30	(170)
Other Miscellaneous Revenue		-	86	86
Total Miscellaneous Revenue	200	200	116	(84)
Total Revenues	1,582,237	1,421,033	942,622	(478,411)
EXPENDITURES				
Parks and Community Services				
Operating	1,483,237	1,483,237	1,033,995	449,242
Depreciation			91,046	(91,046)
Capital	57,796	57,796		57,796
Total Parks and Community Services	1,541,033	1,541,033	1,125,041	415,992
Total Expenditures	1,541,033	1,541,033	1,125,041	415,992
Revenues over (under) Expenditures	41,204	(120,000)	(182,419)	(62,419)
Other Financing Sources (Uses)				
Depreciation Addback		-	91,046	91,046
Transfer in from General Fund	-	120,000	91,373	(28,627)
Total Other Financing Sources (Uses)	-	120,000	182,419	62,419
Net Change in Fund Balances	41,204	-	-	-
Fund Balance, January 1	-	-	-	-
Fund Balance, December 31	\$ 41,204	\$ -	\$ -	\$ -

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Service				
Charges to Departments	\$ 142,849	\$ 142,849	\$ 152,792	\$ 9,943
Total Charges for Service	142,849	142,849	152,792	9,943
Miscellaneous Revenue				
Investment Earnings	2,283	2,283	2,877	594
Gain (Loss) on Retirement of Capital Assets		-	3,185	3,185
Total Miscellaneous Revenue	2,283	2,283	6,062	3,779
Total Revenues	145,132	145,132	158,854	13,722
EXPENDITURES				
General Government				
Operating	48,093	48,093	52,875	(4,782)
Depreciation		-	45,668	(45,668)
Capital				
Purchased for Own Use		75,000	45,367	29,633
Total General Government	48,093	123,093	143,910	(20,817)
Total Expenditures	48,093	123,093	143,910	(20,817)
Revenues over (under) Expenditures	97,039	22,039	14,944	(7,095)
Other Financing Sources (Uses)				
Depreciation Addback			45,668	(45,668)
Total Other Financing Sources (Uses)	-	-	45,668	(45,668)
Net Change in Fund Balances	97,039	22,039	60,612	38,573
Fund Balance, January 1	150,431	150,431	150,431	-
Fund Balance, December 31	\$ 247,470	\$ 172,470	\$ 211,043	\$ 38,573

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Service				
Charges to Departments	\$ 919,260	\$ 919,260	\$ 925,785	\$ 6,525
Total Charges for Service	919,260	919,260	925,785	6,525
Miscellaneous Revenue				
Investment Earnings	4,220	4,220	4,664	444
Total Miscellaneous Revenue	4,220	4,220	4,664	444
Total Revenues	923,480	923,480	930,449	6,969
EXPENDITURES				
General Government				
Operating	824,501	824,501	833,921	(9,420)
Depreciation		-	67,931	(67,931)
Capital	153,900	153,900		(153,900)
Purchased for Own Use		-	83,373	(83,373)
Total General Government	978,401	978,401	985,225	(314,624)
Total Expenditures	978,401	978,401	985,225	(314,624)
Revenues over (under) Expenditures	(54,921)	(54,921)	(54,776)	(307,655)
Other Financing Sources (Uses)				
Depreciation Addback			67,931	(67,931)
Total Other Financing Sources (Uses)	-	-	67,931	(67,931)
Net Change in Fund Balances	(54,921)	(54,921)	13,155	68,076
Fund Balance, January 1	288,021	288,021	288,021	-
Fund Balance, December 31	\$ 233,100	\$ 233,100	\$ 301,176	\$ 68,076

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous Revenue				
Investment Earnings	\$ 1,092	\$ 1,092	\$ 1,090	\$ (2)
Total Miscellaneous Revenue	1,092	1,092	1,090	(2)
Total Revenues	1,092	1,092	1,090	(2)
EXPENDITURES				
General Government				
Operating	22,000	22,000	6,322	15,678
Total General Government	22,000	22,000	6,322	15,678
Total Expenditures	22,000	22,000	6,322	15,678
Revenues over (under) Expenditures	(20,908)	(20,908)	(5,232)	15,676
Fund Balance, January 1	77,206	77,206	83,575	6,369
Fund Balance, December 31	\$ 56,298	\$ 56,298	\$ 78,343	\$ 22,045

Internal Service Funds

City of Maple Valley
Internal Service Funds
Combining Statement of Net Position
December 31, 2011

	Vehicle Rental	Central Service	Unemployment Trust	Total Current Year
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 103,092	\$ 174,998	\$ 35,290	\$ 313,380
Investments	107,951	183,245	36,954	328,150
Total Current Assets	211,043	358,243	72,244	641,530
Noncurrent Assets:				
Capital Assets:				
Machinery and Equipment	563,698	578,272		1,141,970
Less: Accumulated Depreciation	(434,472)	(438,518)		(872,990)
Total Capital Assets (net of Accumulated Depreciation)	129,226	139,754	-	268,980
Total Assets	340,269	497,997	72,244	910,510
LIABILITIES				
Current Liabilities:				
Accounts Payable		47,235	-	47,235
Payroll Payable		4,677		4,677
Due to Other Governments		5,155	270	5,425
Total Current Liabilities	-	57,067	270	57,337
Total Liabilities	-	57,067	270	57,337
NET POSITION				
Invested in Capital Assets, net of related Debt	129,226	139,754	-	268,980
Unrestricted	211,043	301,176	71,974	584,193
Total Net Position	\$ 340,269	\$ 440,930	\$ 71,974	\$ 853,173

City of Maple Valley
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2011

	Vehicle Rental	Central Service	Unemployment Trust	Total Current Year
Operating Revenues				
Charges for Sales and Services	\$ 152,792	\$ 925,785	\$ -	\$ 1,078,577
Total Operating Revenue	152,792	925,785	-	1,078,577
Operating Expenses				
Cost of Sales and Services	52,875	833,921	6,322	893,118
Depreciation	45,668	67,931		113,599
Total Operating Expenses	98,543	901,852	6,322	1,006,717
Operating Income	54,249	23,933	(6,322)	71,860
Nonoperating Revenues (Expenses)				
Investment Earnings	2,877	4,664	1,090	8,631
Gain (Loss) on Retirement of Capital Assets	3,185	-		3,185
Total Nonoperating Revenue (Expenses)	6,062	4,664	1,090	11,816
Income before Contributions and Transfers	60,311	28,597	(5,232)	83,676
Contributions and Transfers				
Capital Contributions from General Fund	40,746	39,431		80,177
Total Contributions and Transfers	40,746	39,431	-	80,177
Change in Net Position	101,057	68,028	(5,232)	163,853
Total Net Position, January 1	239,212	372,902	77,206	689,320
Total Net Position, December 31	\$ 340,269	\$ 440,930	\$ 71,974	\$ 853,173

City of Maple Valley
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2011

	Vehicle Rental	Central Service	Unemployment Trust	Total Current Year
Cash Flows from Operating Activities				
Cash Received from User Departments	\$ 152,792	\$ 925,785	\$ -	\$ 1,078,577
Cash Paid to Suppliers for Goods and Services	(52,875)	(789,258)	(7,428)	(849,561)
Net Cash From Operating Activities	99,917	136,527	(7,428)	229,016
Cash Flows from Capital and Related Financing Activities				
Capital Assets Purchased for Own Use	(45,367)	(83,373)		(128,740)
Retirement of Capital Assets	3,185	-		3,185
Net Cash From Capital and Related Financing Activities	(42,182)	(83,373)	-	(125,555)
Cash Flows from Investing Activities				
Purchase of Investments	(44,412)	(56,352)	(3,762)	(104,526)
Interest on Investments	2,877	4,664	1,090	8,631
Net Cash From Investing Activities	(41,535)	(51,688)	(2,672)	(95,895)
Net Change in Cash and Cash Equivalents	16,200	1,466	(10,100)	7,566
Cash and Cash Equivalents, January 1	86,892	173,532	45,390	305,814
Cash and Cash Equivalents, December 31	\$ 103,092	\$ 174,998	\$ 35,290	\$ 313,380
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 54,249	\$ 23,933	\$ (6,322)	\$ 71,860
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	45,668	67,931	-	113,599
Change in Accounts Payable	-	34,831	(1,376)	33,455
Change in Payroll Payable	-	4,677		4,677
Change in Due to Other Governments	-	5,155	270	5,425
Net Cash Provided by Operating Activities	\$ 99,917	\$ 136,527	\$ (7,428)	\$ 229,016
Noncash Capital and Related Financing Activities				
Capital Contributions from General Fund	\$ 40,746	\$ 39,431		\$ 80,177
Retirement of Internal Service Fund Capital Assets	33,877	59,866		93,743
Total Noncash Investing, Capital, and Financing	\$ 74,623	\$ 99,297	\$ -	\$ 173,920

Capital Assets Used in Operation of Governmental Funds

City of Maple Valley
Capital Assets Used in the Operation of Governmental Funds
December 31, 2011

	<u>2011</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS	
Land	\$ 196,544,183
Buildings	9,172,760
Less: Accumulated Depreciation	(1,499,540)
Improvements Other Than Buildings	222,395,410
Less: Accumulated Depreciation	(102,525,192)
Machinery & Equipment	223,537
Less: Accumulated Depreciation	(177,729)
Construction in Progress	26,848,295
Total Governmental Funds Capital Assets	<u><u>\$ 350,981,724</u></u>
 INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE	
Contributions from King County	\$ 145,302,365
Contributions from State & Federal Grants	15,133,931
Contributions from Developers	162,381,703
General Fund Revenues	520,266
Street Fund Revenues	1,818,944
Transportation Impact Fee Fund Revenue	7,213,241
Park Development Fund Revenue	107,474
Real Estate Excise Tax Fund Revenue	7,080,523
Surface Water Management Revenue	961,616
General Obligation Bonds & Loans	10,461,661
Total Investments in Governmental Funds Capital Assets by Source	<u><u>\$ 350,981,724</u></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, 2011

	Capital Assets				
	Beginning of Year	Additions	Transfers from (to) Other Funds	Retirements	End of Year
LAND					
Parks and Community Services	\$ 22,285,208	\$ -	-	-	\$ 22,285,208
Public Works	172,790,913	1,468,062	-	-	174,258,975
Total Land	195,076,121	1,468,062	-	-	196,544,183
BUILDINGS					
Parks and Community Services	9,172,760	-	-	-	9,172,760
Total Buildings	9,172,760	-	-	-	9,172,760
IMPROVEMENTS OTHER THAN BUILDINGS					
General Government	76,681	-	-	-	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	1,859,545	-	-	212,430,265
Total Improvements Other than Bldgs	220,535,865	1,859,545	-	-	222,395,410
MACHINERY & EQUIPMENT					
General Government	15,661	-	-	-	15,661
Community Development	4,444	-	-	-	4,444
Public Safety	21,597	81,623	(76,919)	-	26,301
Public Works	25,432	3,258	(3,258)	-	25,432
Parks and Community Services	136,616	15,083	-	-	151,699
Total Machinery & Equipment	203,750	99,964	(80,177)	-	223,537
CONSTRUCTION IN PROGRESS	22,998,219	3,850,076	-	-	26,848,295
TOTAL CAPITAL ASSETS	\$ 447,986,715	\$ 7,277,647	\$ (80,177)	\$ -	\$ 455,184,185
CAPITAL ASSET SOURCES					
Contributions from King County	\$ 211,249,130	\$ -	\$ -	\$ -	\$ 211,249,130
Contributions from State & Federal Grants	14,612,391	521,540	-	-	15,133,931
Contributions from Developers	193,362,429	3,327,607	-	-	196,690,036
General Fund Revenues	4,446,056	101,750	(80,177)	-	4,467,629
Street Fund Revenues	1,818,944	-	-	-	1,818,944
Transportation Impact Fee Fund Revenue	6,114,245	1,098,996	-	-	7,213,241
Park Development Fund Revenue	57,416	50,058	-	-	107,474
Real Estate Excise Tax Fund Revenue	5,587,443	1,493,080	-	-	7,080,523
Surface Water Management Revenue	277,000	684,616	-	-	961,616
General Obligation Bonds & Loans	10,461,661	-	-	-	10,461,661
TOTAL CAPITAL ASSET SOURCES	\$ 447,986,715	\$ 7,277,647	\$ (80,177)	\$ -	\$ 455,184,185

Depreciation			Net Capital Assets
Accumulated Beginning of Year	Current Year	End of Year	End of Year
-	-	-	196,544,183
1,270,221	229,319	1,499,540	7,673,220
1,270,221	229,319	1,499,540	7,673,220
-	7,668	7,668	69,013
210,980	33,178	244,158	709,967
-	-	-	-
2,471,562	320,435	2,791,997	6,142,342
92,735,021	6,746,348	99,481,369	112,948,896
95,417,563	7,107,629	102,525,192	119,870,218
-	-	-	-
7,012	1,082	8,094	7,567
1,597	296	1,893	2,551
13,919	4,035	17,954	8,347
28,045	931	28,976	(3,544)
113,590	7,222	120,812	30,887
164,163	13,566	177,729	45,808
-	-	-	26,848,295
\$ 96,851,947	\$ 7,350,514	\$ 104,202,461	\$ 350,981,724

\$ 65,946,765	\$ -	\$ 65,946,765	\$ 145,302,365
-	-	-	15,133,931
27,561,985	6,746,348	34,308,333	162,381,703
3,343,197	604,166	3,947,363	520,266
-	-	-	1,818,944
-	-	-	7,213,241
-	-	-	107,474
-	-	-	7,080,523
-	-	-	961,616
-	-	-	10,461,661
-	-	-	-
\$ 96,851,947	\$ 7,350,514	\$ 104,202,461	\$ 350,981,724

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.

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Financial Trends	
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City of Maple Valley
Net Position by Component
Last Ten Years
(accrual basis of accounting)

	2002	2003	2004	2005
Net Position, December 31				
Governmental Activities				
Net Investment in Capital Assets	\$ 5,017,405	\$ 29,433,647	\$ 172,087,756	\$ 239,032,092
Restricted	7,376,644	7,921,609	7,229,443	10,627,215
Unrestricted	2,909,547	2,827,435	3,407,442	4,198,312
Total Governmental Activities Net Position	15,303,596	40,182,691	182,724,641	253,857,619
Business-Type Activities				
Net Investment in Capital Assets	1,336,341	4,754,701	4,985,105	6,356,273
Restricted	798,049	870,536	838,891	1,110,475
Total Business-Type Activities Net Position	2,134,390	5,625,237	5,823,996	7,466,748
Primary Government				
Net Investment in Capital Assets	6,353,746	34,188,348	177,072,861	245,388,365
Restricted	8,174,693	8,792,145	8,068,334	11,737,690
Unrestricted	2,909,547	2,827,435	3,407,442	4,198,312
Total Primary Government Net Position	\$ 17,437,986	\$ 45,807,928	\$ 188,548,637	\$ 261,324,367

	2006	2007	2008	2009	2010	2011
\$	240,060,893	289,946,247	308,429,579	347,747,795	344,208,737	344,710,632
	9,685,787	9,750,610	11,724,658	10,900,630	9,900,220	9,105,966
	2,529,970	3,204,325	2,737,739	2,494,451	2,452,787	3,293,176
	252,276,650	302,901,182	322,891,976	361,142,876	356,561,744	357,109,774
	11,289,673	11,768,973	11,885,231	12,479,185	12,373,097	12,381,146
	1,381,725	1,567,684	1,874,326	1,926,248	2,387,213	2,171,478
	12,671,398	13,336,657	13,759,557	14,405,433	14,760,310	14,552,624
	251,350,566	301,715,220	320,314,810	360,226,980	356,581,834	357,091,778
	11,067,512	11,318,294	13,598,984	12,826,878	12,287,433	11,277,444
	2,529,970	3,204,325	2,737,739	2,494,451	2,452,787	3,293,176
\$	264,948,048	\$ 316,237,839	\$ 336,651,533	\$ 375,548,309	\$ 371,322,054	\$ 371,662,398

City of Maple Valley
Changes in Net Position
Last Ten years
(accrual basis of accounting)

	2002	2003	2004	2005
Expenses				
Governmental Activities				
General Government	\$ 935,019	\$ 1,060,259	\$ 1,292,655	\$ 1,333,375
Community Development	612,865	629,254	843,128	725,856
Human Services				136,619
Parks and Recreation	181,511	1,006,927	1,136,701	1,130,616
Public Safety	1,824,402	1,799,270	1,845,988	2,032,716
Public Works	1,003,775	886,191	1,390,860	5,715,662
Interest on Long-term Debt	365,206	355,944	344,972	207,684
Total Governmental Activities Expenses	4,922,778	5,737,845	6,854,304	11,282,528
Business-Type Activities				
Surface Water Management	372,366	432,839	423,934	360,715
Golf Course Operations				
Total Business-Type Activities Expenses	372,366	432,839	423,934	360,715
Total Primary Government Expenses	5,295,144	6,170,684	7,278,238	11,643,243
Program Revenue				
Governmental Activities				
Charges for Services				
General Government	16,322	21,909	21,639	29,190
Community Development	852,254	1,006,830	1,064,642	1,270,024
Parks and Recreation	2,914	29,256	126,522	245,907
Public Safety	120,746	98,427	99,609	83,441
Public Works	1,103,360	1,843,248	1,573,107	2,379,306
Operating Grants and Contributions	453,604	296,342	350,507	377,697
Capital Grants and Contributions	394,125	639,901	1,461,002	505,403
Total Governmental Activities Program Revenue	2,943,325	3,935,913	4,697,028	4,890,968
Business-Type Activities				
Charges for Services				
Surface Water Management	553,826	579,336	606,211	649,004
Golf Course Operations				
Operating Grants and Contributions				
Surface Water Management				
Capital Grants and Contributions	75,000			
Surface Water Management				
Total Business-Type Activities Program Revenue	628,826	579,336	606,211	649,004
Total Primary Government Program Revenue	3,572,151	4,515,249	5,303,239	5,539,972
Net (Expense) Revenue				
Governmental Activities	(1,979,453)	(1,801,932)	(2,157,276)	(6,391,560)
Business-Type Activities	256,460	146,497	182,277	288,289
	\$ (1,722,993)	\$ (1,655,435)	\$ (1,974,999)	\$ (6,103,271)

	2006	2007	2008	2009	2010	2011
\$	1,531,693	\$ 1,540,862	\$ 1,985,141	\$ 2,014,921	1,921,807	1,772,231
	820,144	850,516	953,115	987,928	910,348	956,927
	171,770	212,019	200,799	220,294	273,033	217,842
	1,288,862	1,595,110	1,571,438	1,560,100	1,786,842	1,853,874
	2,133,701	2,293,963	2,332,012	2,380,537	2,718,707	3,561,153
	7,622,944	7,769,571	8,518,674	7,719,635	8,189,722	8,369,983
	286,421	280,554	283,968	282,668	214,583	195,763
	13,855,535	14,542,595	15,845,147	15,166,083	16,015,042	16,927,773
	398,040	322,363	420,178	657,931	612,978	615,438
	86,004	1,616,237	1,680,058	1,667,791	1,629,806	1,125,041
	484,044	1,938,600	2,100,236	2,325,722	2,242,784	1,740,479
	14,339,579	16,481,195	17,945,383	17,491,805	18,257,826	18,668,252
	40,847	50,072	24,425	20,548	20,116	14,709
	983,899	673,511	499,210	475,388	560,737	734,187
	352,884	432,970	522,833	476,821	900,532	1,040,820
	113,946	105,056	156,284	142,840	149,392	309,527
	1,993,138	1,855,260	1,398,665	806,329	675,950	2,059,055
	513,165	570,996	572,302	590,819	620,088	627,814
	4,003,483	4,220,929	30,455,712	44,319,192	1,442,938	3,882,579
	8,001,362	7,908,794	33,629,431	46,831,937	4,369,753	8,668,691
	675,034	693,419	719,886	760,361	948,030	1,038,247
	61,576	1,327,390	1,461,769	1,447,843	1,323,279	942,592
						26,352
	400,249	-	210,598	588,328	-	134,246
	1,136,859	2,020,809	2,392,253	2,796,532	2,271,309	2,141,437
	9,138,221	9,929,603	36,021,684	49,628,469	6,641,062	10,810,128
	(5,854,173)	(6,633,801)	17,784,284	31,665,854	(11,645,289)	(8,259,082)
	652,815	82,209	292,017	470,810	28,525	400,958
\$	(5,201,358)	(6,551,592)	18,076,301	32,136,664	(11,616,764)	(7,858,124)

City of Maple Valley
Changes in Net Position
Last Ten years
(accrual basis of accounting)

	2002	2003	2004	2005
General Revenue and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Regular Property Taxes	\$ 1,659,356	\$ 1,840,959	\$ 1,996,286	\$ 2,157,260
Sales Taxes	1,641,536	1,777,238	2,034,736	2,035,201
Utility Taxes	360,332	355,142	393,283	454,941
Real Estate Excise Taxes	819,360	1,258,505	1,389,636	1,931,398
Gambling Taxes	21,472	28,489	26,476	27,688
Franchise Fees (Taxes)	103,738	124,777	144,573	165,143
Intergovernmental Revenue not restricted to specific programs				
State Shared Revenue	490,586	186,464	189,110	191,579
Miscellaneous Revenue				
Investment Earnings	213,570	74,537	113,809	226,556
Other Miscellaneous Revenue and (Expenses)	942	113,879	3,269	120
Transfers	(138,014)	112,619		8,279
Total Governmental Activities	5,172,878	5,872,609	6,291,178	7,198,165
Business-Type Activities				
Non Operating Revenue				
Intergovernmental Revenue				
Investment Earnings	36,879	13,879	16,482	23,033
Other Miscellaneous Revenue and (Expenses)				1,266
Transfers	138,014	(112,619)	-	(8,279)
Total Business-Type Activities	174,893	(98,740)	16,482	16,020
Total Primary Government	5,347,771	5,773,869	6,307,660	7,214,185
Change in Net Position Before Extraordinary Items				
Governmental Activities	3,193,425	4,070,677	4,133,902	806,605
Business-Type Activities	431,353	47,757	198,759	304,309
Total Primary Government	3,624,778	4,118,434	4,332,661	1,110,914
Extraordinary Items				
Governmental Activities				
Issuance of 2005 General Obligation Refunding Bonds				\$ (4,815,000)
Defeasance of 2000 General Obligation Bonds				4,315,000
Capital Contributions		20,808,419	138,408,048	70,826,373
Total Governmental Activities	-	20,808,419	138,408,048	70,326,373
Business-Type Activities				
Capital Contributions		3,443,089		1,338,443
Total Business-Type Activities	-	3,443,089	-	1,338,443
Total Primary Government	-	24,251,508	138,408,048	71,664,816
Change in Net Position				
Governmental Activities	3,193,425	24,879,096	142,541,950	71,132,978
Business-Type Activities	431,353	3,490,846	198,759	1,642,752
Total Primary Government	3,624,778	28,369,942	142,740,709	72,775,730
Net Position, January 1	13,813,208	17,437,986	45,807,928	188,548,637
Net Position, December 31	\$ 17,437,986	\$ 45,807,928	\$ 188,548,637	\$ 261,324,367

	2006	2007	2008	2009	2010	2011
\$	2,351,509	\$ 2,547,157	\$ 2,678,139	\$ 2,971,125	3,049,990	3,139,117
	2,258,415	2,313,211	2,119,678	1,865,487	1,942,926	2,100,009
	520,273	573,486	597,819	608,851	745,107	1,632,226
	1,880,733	1,252,081	761,174	528,117	686,659	551,843
	30,446	36,555	39,204	38,373	43,419	37,520
	191,178	221,845	241,080	251,766	283,261	284,567
	290,987	332,767	301,277	321,301	372,712	322,564
	499,058	382,992	262,532	75,708	107,909	79,202
	8,243	6,372	11,817	7,263	9,957	12,760
	(4,491,689)	99,170	(63,529)	(82,945)	(177,783)	647,304
	3,539,153	7,765,636	6,949,191	6,585,046	7,064,157	8,807,112
		15,776	4,833	70,167	110,354	-
	60,490	86,962	60,812	20,449	36,269	34,957
	(344)	1,444	1,709	1,505	1,946	3,703
	4,491,689	(99,170)	63,529	82,945	177,783	(647,304)
	4,551,835	5,012	130,883	175,066	326,352	(608,644)
	8,090,988	7,770,648	7,080,074	6,760,112	7,390,509	8,198,468
	(2,315,020)	1,131,835	24,733,475	38,250,900	(4,581,132)	548,030
	5,204,650	87,221	422,900	645,876	354,877	(207,686)
	2,889,630	1,219,056	25,156,375	38,896,776	(4,226,255)	340,344
	734,051	49,492,697	(4,742,681)	-	-	-
	734,051	49,492,697	(4,742,681)	-	-	-
		578,038	-	-	-	-
	-	578,038	-	-	-	-
	734,051	50,070,735	(4,742,681)	-	-	-
	(1,580,969)	50,624,532	19,990,794	38,250,900	(4,581,132)	548,030
	5,204,650	665,259	422,900	645,876	354,877	(207,686)
	3,623,681	51,289,791	20,413,694	38,896,776	(4,226,255)	340,344
	261,324,367	264,948,048	316,237,839	336,651,533	375,548,309	371,322,054
\$	264,948,048	\$ 316,237,839	\$ 336,651,533	\$ 375,548,309	\$ 371,322,054	\$ 371,662,398

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	2011
\$	2,351,509	\$ 2,547,157	\$ 2,678,139	\$ 2,971,125	\$ 3,049,990	\$ 3,139,117
	2,258,415	2,313,211	2,119,678	1,865,487	1,942,926	2,100,009
	520,273	573,486	597,819	608,851	745,107	1,632,226
	1,880,733	1,252,081	761,174	528,117	686,659	551,843
	30,446	36,555	39,204	38,373	43,419	37,521
	7,041,376	6,722,490	6,196,014	6,011,953	6,468,101	7,460,715
	871,014	655,476	551,741	510,479	637,548	782,423
	4,652,946	5,103,822	2,852,527	1,915,853	2,426,341	1,515,256
	2,273,067	2,042,708	1,849,256	1,222,983	1,453,902	3,064,283
	92,810	77,701	110,401	105,261	106,404	176,373
	1,059,597	935,003	751,135	391,408	503,013	490,025
	15,990,810	15,537,200	12,311,074	10,157,937	11,595,309	13,489,075
	33%	-3%	-21%	-17%	14%	16%
	1,399,934	1,641,869	1,965,539	1,899,627	1,936,460	1,819,336
	819,959	850,330	952,929	987,742	910,052	956,631
	171,770	212,019	200,799	220,294	273,033	217,842
	1,109,681	1,424,527	1,366,646	1,387,051	1,584,388	1,594,584
	2,132,254	2,294,699	2,331,111	2,376,542	2,714,104	3,638,741
	890,639	974,976	1,282,523	1,328,019	1,313,601	893,626
	7,017,380	8,223,123	2,433,960	2,083,767	3,030,870	4,266,631
	369,803	418,595	474,668	524,621	544,621	559,621
	288,814	282,200	285,170	276,956	216,558	197,475
	14,200,234	16,322,338	11,293,345	11,084,619	12,523,687	14,144,486
	51%	15%	-31%	-2%	13%	13%
	1,790,576	(785,138)	1,017,729	(926,682)	(928,378)	(655,411)
		1,396,500	479,250	-	-	-
	(4,491,689)	99,170	(31,561)	267,055	(177,783)	647,304
	(4,491,689)	1,495,670	447,689	267,055	(177,783)	647,304
	(2,701,113)	710,532	1,465,418	(659,627)	(1,106,161)	(8,107)
	14,274,910	11,573,797	12,284,329	13,749,747	13,090,120	11,983,959
	11,871	12,267	15,815	37,517	47,311	37,019
	9,043,827	8,994,595	10,904,549	10,439,971	9,900,220	9,105,966
	2,518,099	3,277,467	2,829,383	2,612,632	2,036,428	2,832,867
\$	11,573,797	\$ 12,284,329	\$ 13,749,747	\$ 13,090,120	\$ 11,983,959	\$ 11,975,852
	9%	9%	9%	9%	8%	8%
	39%	44%	35%	32%	23%	31%
	82%	75%	122%	118%	96%	85%

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

	2002	2003	2004	2005
ASSESSED VALUE				
Assessed Value (2)	\$ 1,271,293,437	\$ 1,406,494,280	\$ 1,576,123,000	\$ 1,794,055,783
Increase (Decrease) in Assessed Valuation	12%	11%	12%	14%
Includes Local New Construction of	77,204,588	87,971,762	102,016,810	124,302,118
Includes Increased Public Utility Value	688,929	433,429	218,001	-
Total New Construction	77,893,517	88,405,191	102,234,811	124,302,118
PROPERTY TAX RATES (1)				
Direct Regular and Special				
City of Maple Valley	1.46	1.45	1.42	1.37
Overlapping Regular and Special				
State School Fund	2.99	2.90	2.76	2.69
King County General	1.45	1.35	1.43	1.38
King County Road	N/A	N/A	N/A	N/A
Port of Seattle	0.19	0.26	0.25	0.25
Emergency Medical Services (EMS)	0.25	0.24	0.24	0.23
Ferry District				
King County Flood Zone				
Rural Library District	0.53	0.55	0.54	0.53
Tahoma School District Special Levy	2.85	2.72	2.65	2.54
Tahoma School District Bond & Bldg	1.86	1.86	1.85	1.26
Fire District # 43	1.66	1.59	1.64	1.68
Sub Total Overlapping	11.78	11.46	11.37	10.56
Total Property Tax Levy	13.24	12.91	12.79	11.94
PROPERTY TAXES LEVIED AND COLLECTED (1)				
Property Taxes Levied				
Original Levy (2)	1,662,647	1,848,227	1,995,604	2,161,149
Adjustments	(2,368)	(5,419)	1,163	(2,200)
Revised Levy	1,660,279	1,842,808	1,996,767	2,158,949
Percent of Levy Change from Prior Year (PY)	15.9%	11.0%	8.4%	8.1%
% of Levy related to New Construction & Annexation	14.9%	10.0%	7.4%	7.1%
Property Taxes Collected				
Collections as of the End of the Levy Year	1,622,764	1,803,855	1,956,389	2,119,819
Percent Collected as of the End of the Levy Year	97.7%	97.9%	98.0%	98.2%
Collections in Subsequent Years	37,515	38,953	40,378	39,130
Total Collections to Date	1,660,279	1,842,808	1,996,767	2,158,949
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	227,015	237,194	255,842	285,080
Percent Change from Prior Year (PY)	3.8%	4.5%	7.9%	11.4%
City Share of Property Taxes per SFR on PY Value	319	329	336	351
Total Property Taxes per SFR on PY Value	2,894	2,931	3,033	3,054
Percent Change from Prior Year (PY)		1.3%	3.5%	0.7%

(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 **\$.50** 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.

2006	2007	2008	2009	2010	2011
\$ 2,015,609,742	\$ 2,293,057,004	\$ 2,579,005,968	\$ 2,446,394,927	\$ 2,437,805,896	\$ 2,296,106,212
12%	14%	12%	-5%	0%	-6%
128,460,703	84,356,197	51,762,393	45,038,436	34,004,314	26,605,677
-	2,261,297	-	-	3,740,931	-
128,460,703	86,617,494	51,762,393	45,038,436	37,745,245	26,605,677
1.31	1.26	1.17	1.08	1.25	1.29
2.50	2.33	2.13	1.96	2.22	2.28
1.33	1.29	1.21	1.10	1.28	1.34
N/A	N/A	N/A	N/A	N/A	N/A
0.23	0.23	0.22	0.20	0.22	0.22
0.22	0.21	0.30	0.27	0.30	0.30
		0.06	0.05	0.00	0.00
		0.10	0.09	0.11	0.11
0.53	0.50	0.45	0.42	0.49	0.57
2.47	2.46	2.32	2.22	2.74	3.39
1.21	1.71	1.55	1.44	1.70	1.89
1.61	1.67	1.57	1.45	1.72	1.62
10.09	10.40	9.91	9.20	10.78	11.72
11.41	11.66	11.08	10.27	12.03	13.01
2,353,676	2,547,157	2,680,754	2,975,484	3,059,587	3,142,481
(1,231)	778	(1,015)	(122)	(4,133)	(1,763)
2,352,445	2,547,935	2,679,739	2,975,362	3,055,454	3,140,718
9.0%	8.3%	5.2%	11.0%	2.7%	2.8%
8.0%	7.3%	4.2%	10.0%	1.7%	1.8%
2,313,515	2,493,940	2,610,891	2,914,436	2,989,404	3,085,616
98.3%	97.9%	97.4%	98.0%	97.8%	98.2%
38,637	53,592	68,223	48,388	40,094	
2,352,152	2,547,532	2,679,113	2,962,824	3,029,498	3,085,616
100.0%	100.0%	100.0%	99.6%	99.2%	98.2%
293	403	626	12,538	25,956	55,103
0.3%	0.4%	0.7%	13.2%	27.3%	58.1%
357,241	364,409	346,837	300,261	302,814	275,667
25.3%	2.0%	-4.8%	-13.4%	0.9%	-9.0%
374	452	426	373	375	391
3,252	4,166	4,038	3,563	3,613	3,941
6.5%	28.1%	-3.1%	-11.8%	1.4%	9.1%

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

	SIC Group	2002	2003	2004	2005
Sales Tax Revenue (Locally generated) (1)					
Retail Trade	441-454	\$ 400,307	\$ 418,633	\$ 450,406	\$ 496,540
Construction	236-238	443,631	497,249	647,361	554,219
Food Services, Drinking Places	722	113,214	125,845	144,271	156,558
Wholesale Trade	423-425	86,822	103,816	110,161	108,060
Telecommunication	517	53,775	63,298	67,923	80,797
Other Services	811-813	33,215	38,284	44,475	38,204
Public Administration	921-926	32,786	36,846	40,901	43,990
Administrative and Support Services	561	39,625	44,082	57,302	48,407
Rental & Leasing	532	46,451	50,504	37,333	46,610
Manufacturing	311-339	9,097	12,070	12,979	16,134
Arts Entertainment & Recreation	711-713	32,402	29,261	26,639	27,481
Professional, Scientific & Technical Services	541				13,068
Finance and Insurance	521-525	36,738	37,239	30,786	32,682
All Other		35,055	33,770	55,349	29,198
		\$ 1,363,118	\$ 1,490,897	\$ 1,725,886	\$ 1,691,948
Overall Annual Percent Growth		12%	9%	16%	-2%
Construction Percent Growth		27%	12%	30%	-14%
Non Construction Percent Growth		6%	8%	9%	5%
Sales Tax Revenue (2)					
Maple Valley Storefront Businesses					
Businesses		140	149	164	161
Sales Tax		612,201	656,572	668,774	691,398
Maple Valley Home Occupancies					
Businesses		70	83	92	95
Sales Tax		21,446	29,154	23,650	22,755
Maple Valley Construction Contractors					
Businesses		115	121	113	106
Sales Tax		62,137	53,410	66,733	90,614
Other Construction Contractors					
Businesses		1,192	1,305	1,440	1,413
Sales Tax		381,494	443,839	580,628	463,605
Non Maple Valley Businesses					
Businesses		1,720	1,895	2,053	2,170
Sales Tax		285,840	307,922	386,101	423,576
Total					
Businesses		3,237	3,553	3,862	3,945
Sales Tax		\$ 1,363,118	\$ 1,490,897	\$ 1,725,886	\$ 1,691,948

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

	2006	2007	2008	2009	2010	2011	% of 2011
\$	566,306	\$ 591,788	\$ 575,516	\$ 559,551	\$ 568,584	\$ 613,889	37%
	576,577	503,399	376,299	235,090	263,506	330,561	20%
	175,413	176,899	176,353	165,598	180,369	177,852	11%
	110,603	119,020	100,462	88,004	77,753	89,395	5% Building Suppliers
	74,846	80,193	80,524	78,691	78,669	83,542	5%
	41,362	52,180	51,633	60,605	76,875	77,812	5% Auto Services
	48,402	76,637	62,532	45,587	53,574	51,183	3% State licensing, City of MV
	56,009	82,943	53,296	37,830	40,132	42,808	3% Landscaping
	55,800	73,537	69,803	42,512	36,409	28,450	2% Equip Leasing, Videos
	25,006	13,898	21,651	26,429	25,933	32,475	2% Construction Accessories
	26,016	18,443	32,936	21,480	23,706	25,177	2% Golf Courses, Fitness
	15,982	23,772	20,446	27,336	26,023	22,355	1%
	30,294	27,820	18,814	15,395	14,290	10,665	1%
	50,815	2,663	3,093	42,389	40,331	56,678	3%
\$	1,853,431	\$ 1,843,192	\$ 1,643,358	\$ 1,446,497	\$ 1,506,154	\$ 1,642,842	100%

10%	-1%	-11%	-12%	4%	9%
4%	-13%	-25%	-38%	12%	25%
12%	5%	-5%	-4%	3%	6%

**Average
Annual Change
Last Ten Years**

168	163	152	148	143	147	1%
741,513	760,774	714,708	655,892	677,366	668,133	1%
110	130	138	126	130	129	8%
31,925	39,021	26,660	13,609	14,651	14,627	-3%
102	109	110	100	113	101	-1%
45,760	57,542	44,955	22,847	29,126	25,729	-6%
1,384	1,521	1,435	1,401	1,379	1,429	2%
530,817	445,857	331,344	212,243	234,380	304,832	-2%
2,300	2,570	3,508	3,887	4,078	4,313	15% Vehicle sales, Leasing,
503,416	539,998	525,691	541,906	550,631	629,521	12% Telephone, Internet
4,064	4,493	5,343	5,662	5,843	6,119	9%
\$ 1,853,431	\$ 1,843,192	\$ 1,643,358	\$ 1,446,497	\$ 1,506,154	\$ 1,642,842	2%

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

	Type	Lots	Sq Ft	Preliminary	Project		
				Plat	Completed	2002	2003
				Approved	Completed		
Projects Completed in 2011							
Chinquapin Junction	SF	30		May-05	May-11		
Wylderness Heights	SF	5		Dec-06	Apr-11		
Glacier Point	SF	29		Dec-04	Aug-11		
Sawyer's Village Espresso	NC		1,200	Aug-10	Sep-11		
Wilderness Hills Division 2	SF	22		Apr-05	Nov-11		
TRM Wood Products	NC		23,620	Jun-11	Dec-11		
Total Projects Completed in 2011		86	24,820			-	-
City Approved Projects In Progress							
Highlands @ Cedar Downs	SF	65		Mar-03			
Woodridge	SF	168		Dec-04			
Arbors @ Maple Wood	SF	61		Jan-05			
Greenbrier Crest 1 (Sawyer Crest)	SF	50		Feb-05			
Ridge @ Lake Wilderness	SF	11		Feb-05			
Whispering Meadows	SF	22		Apr-05			
Sun Ridge @ Elk Run Meadows 3	SF	75		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			
Rock Creek Meadows Division 3	SF	34		Aug-06			
Mystic Meadows	SF	25		Sep-06			
Bellamonte (Green Valley)	SF	17		Sep-06			
Greenbrier Crest 2	SF	29		Oct-06			
Arbors @ Rock Creek Division 1	SF	81		Jul-07			
Arbors @ Rock Creek Division 2	SF	108		Jul-07			
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			
Wilderness Hills 4	SF	16		Sep-08			
MV Town Square Bldg A (Fred Meyer)	NC		183,479	Jun-11			
MV Town Square Bldg K (Chase Bank)	NC		4,287	Nov-11			
MV Town Square Bldg L (Hop Jacks)	NC		5,615	Dec-11			
Other Previously Approved Plats	SF	223		Pre-Incorporation		16	18
Total Projects In Progress		27	1,285	193,381		16	18
Projects Completed in Last 10 Years		69	2,159	375,516		329	397
Completed in Last 10 Years and in Progress		96	3,530	593,717		345	415
Last Ten Years						345	760

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

Housing Units								FR Preliminary
2004	2005	2006	2007	2008	2009	2010	2011	Plat Lots
		4	12	5	5	1	3	-
			1		1	2	1	-
		1	15	1	4	2	6	-
						5	17	-
-	-	5	28	6	10	10	27	-

Projects Completed in 2011

- Chinquapin Junction
- Wylderness Heights
- Glacier Point
- Sawyer's Village Expresso
- Wilderness Hills Division 2
- TRM Wood Products

City Approved Projects In Progress

		15	15	5		3	8	19	Highlands @ Cedar Downs
		23	10	29	23	38	36	9	Woodridge
		1	36	12	6	2	1	3	Arbors @ Maple Wood
			4			8	9	29	Greenbrier Crest 1 (Sawyer Crest)
			4			1	-	6	Ridge @ Lake Wilderness
						5	11	6	Whispering Meadows
				2	9	4	4	56	Sun Ridge @ Elk Run Meadows 3
				1	4	17	18	9	Haley's Terrace
							15	27	Mountain View (Rogneby)
						9	17	20	Hathaway Glen
							-	60	Logbrook
							2	7	Maple Valley Gardens
							-	34	Rock Creek Meadows Division 3
							-	25	Mystic Meadows
					3	10	3	1	Bellamonte (Green Valley)
					4	7	5	13	Greenbrier Crest 2
							-	81	Arbors @ Rock Creek Division 1
							-	108	Arbors @ Rock Creek Division 2
							-	18	Jordan's Crossing
							-	10	South Fork Maple Plat
							-	44	Malloy
							-	22	Wilderness Hills 3
							-	16	Wilderness Hills 4
							-	-	MV Town Square Bldg A (Fred Meyer)
							-	-	MV Town Square Bldg K (Chase Bank)
							-	-	MV Town Square Bldg L (Hop Jacks)
							-	-	Other Previously Approved Plats
13	12	6	8	2	4	2	-	-	Total Projects In Progress
13	12	45	77	51	53	106	129	623	
365	440	219	43	41	30	9	-	-	
378	452	269	148	98	93	125	156	623	
1,138	1,590	1,859	2,007	2,105	2,198	2,323	2,479		

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

Taxpayer	Type	2002			2011		
		Assessed Valuation	Rank	% of AV	Assessed Valuation	Rank	% of AV
Four Corners LLC	Retail	\$ 11,811,800	1	1.5%	\$ 19,307,700	1	0.8%
Four Corners Northeast LFP	Developer				16,961,800	2	0.7%
Wilderness Village Apartments	Apartments	11,800,000	2	1.1%	16,205,000	3	0.7%
KRG Four Corner Square LLC	Developer				15,896,100	4	0.7%
Puget Sound Energy	Utility	7,712,304	4	0.7%	12,409,364	5	0.5%
NW Apartment Portfolio II	Apartments	7,311,000	8&10	1.1%	9,763,000	6	0.4%
Schneider Homes	Developer	9,652,000	3	0.3%	8,749,000	7	0.4%
Hogate Properties	Retail	6,513,300	5	0.4%	8,515,500	8	0.4%
CMBA No. 6/7	Retail	4,179,294	7	0.3%	8,514,500	9	0.4%
Wilderness Village Properties	Retail	5,641,800	6	0.4%	7,606,900	10	0.3%
Subtotal - Ten Largest Taxpayers		64,621,498		5.7%	123,928,864		5.4%
All Other City Taxpayers		1,206,671,939		94.3%	2,172,177,348		94.6%
Total City Taxpayers		\$ 1,271,293,437		100.0%	\$ 2,296,106,212		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

City of Maple Valley
 Computation of Legal Debt Margin
 December 31, 2011

	Assessed Value	Rate	Debt Capacity	Debt Outstanding	Debt Margin Dollars	%
ASSESSED VALUE	\$ 2,296,106,212					
GENERAL PURPOSES						
Non-Voted Only						
Maximum Debt as a percent of Assessed Value		1.5%				
Non-Voted General Obligation Debt Capacity			34,441,593			
Less: Outstanding Non-Voted Debt				6,540,072		
Plus: Amount Available in Special Revenue for Debt Retirement						
Remaining Non-Voted Debt Capacity					27,901,521	81%
Total Voted and Non Voted						
Maximum Debt as a percent of Assessed Value		2.5%				
Voted General Obligation Debt Capacity			57,402,655			
Less: Outstanding Voted Debt						
Less: Outstanding Non-Voted Debt				6,540,072		
Plus: Amount Available in Special Revenue for Debt Retirement				-		
Remaining Voted Debt Capacity					50,862,583	89%
TOTAL GENERAL PURPOSES			57,402,655	6,540,072	50,862,583	89%
UTILITY PURPOSES						
Voted						
Maximum Debt as a percent of Assessed Value		2.5%				
Voted General Obligation Debt Capacity			57,402,655			
Less: Outstanding Voted Debt						
Remaining Voted Debt Capacity					57,402,655	
TOTAL UTILITY PURPOSES			57,402,655	-	57,402,655	100%
PARKS AND OPEN SPACE AND CAPITAL FACILITIES ASSOCIATED WITH ECONOMIC DEVELOPMENT						
Voted						
Maximum Debt as a percent of Assessed Value		2.5%				
Voted General Obligation Debt Capacity			57,402,655			
Less: Outstanding Voted Debt						
Remaining Voted Debt Capacity					57,402,655	
PARKS AND OPEN SPACE AND CAPITAL FACILITIES ASSOCIATED WITH ECONOMIC DEVELOPMENT			57,402,655	-	57,402,655	100%
TOTAL CAPACITY			172,207,966			
CAPACITY UTILIZED				6,540,072		
LEGAL DEBT MARGIN					\$ 165,667,893	96%

City of Maple Valley
 Computation of Direct and Overlapping Debt
 December 31, 2011

	Assessed Valuation	Debt	Percent Applicable to Maple Valley	Debt Applicable to Maple Valley
DIRECT DEBT				
City of Maple Valley	\$ 2,296,106,212			
General Obligation Bonds Payable		4,140,000		
Other General Obligation Debt		2,400,072		
Total General Long Term Debt		<u>6,540,072</u>		
Less: Amount Available in Special Revenue Fund for Debt Retirement		<u>-</u>		
Net Direct Debt		<u>6,540,072</u>	100.0%	<u>6,540,072</u>
OVERLAPPING DEBT				
King County	319,460,937,305	924,690,136	0.73%	6,738,094
Port of Seattle	319,460,937,305	336,120,000	0.73%	2,449,262
King County Library District	199,576,644,120	123,116,633	1.17%	1,436,037
Hospital District # 1	33,750,394,699	33,932,240	0.12%	41,413
Kent School District	16,822,080,478	206,038,741	0.10%	199,216
Tahoma School District	4,361,945,687	25,082,736	52.99%	13,292,545
Fire District # 43	4,361,980,889	3,847,319	53.37%	2,053,208
Total net overlapping debt		<u>1,652,827,805</u>		<u>26,209,775</u>
Total net direct and overlapping debt		<u>\$ 1,659,367,877</u>		<u>\$ 32,749,848</u>

Source: King County Assessor's Office and Finance Department

**City of Maple Valley
Comparative Regional Statistics
2010 Census Bureau Data (1)**

	City of Maple Valley	State of Washington	King County
Population	22,684	6,724,540	1,931,249
Median Age	34.2	37.3	37.1
Median Household Income	\$ 93,142	\$ 57,244	\$ 68,065
Unemployment Rate (2)	8.40%	9.90%	9.10%
Persons under 18 years	32%	24%	21%
Bachelor's Degree or higher, % age 25+	42%	31%	45%

	Neighboring Cities of			
	Auburn	Kent	Renton	Covington
Population	70,180	92,411	90,927	17,575
Median Age	34.4	33.0	35.2	34.7
Median Household Income	\$ 54,613	\$ 53,711	\$ 61,592	\$ 84,323
Unemployment Rate (2)	9.20%	9.60%	8.80%	8.40%
Persons under 18 years	26%	26%	23%	29%
Bachelor's Degree or higher, % age 25+	22%	24%	31%	25%

(1) Information obtained from US Census Bureau except as noted

(2) Unemployment Rates from Employment Security for State and County for 2010. City unemployment rates are as of

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

	2002	2003	2004	2005
Population (April 1)	15,040	15,934	16,280	17,870
Unemployment Rate (King County) (1)	6.2%	5.3%	4.8%	4.2%
Personal Income (Estimate)				
Median Household Income Estimate (King County) (1)	56,098	56,952	61,565	61,225
Persons per Household	2.98	2.98	2.95	2.95
Per Capita Personal Income	18,825	19,111	20,869	20,754
Other Demographic Statistics				
Age				
17 and Under				
Over 64				
Age 25 and older Bachelor's Degree and higher				
Household Income over \$100,000				
Owner Occupied Housing Units				
Owner Occupied Housing Unit Values over \$300,000				
Assessed Valuation	\$ 1,271,293,437	\$ 1,406,494,280	\$ 1,576,123,000	\$ 1,794,055,783
Net Direct Bonded Debt	\$ 6,450,000	\$ 6,455,700	\$ 6,148,800	\$ 7,627,896
Net Overlapping Debt	30,712,801	30,315,704	32,689,103	32,768,001
Total Net Direct & Overlapping Debt	<u>\$ 37,162,801</u>	<u>\$ 36,771,404</u>	<u>\$ 38,837,903</u>	<u>\$ 40,395,897</u>
City Employees	21.50	27.25	32.50	36.25
City and Contract Employees	34.90	40.89	46.10	48.93
Ratios				
Assessed value per capita	\$ 84,527	\$ 88,270	\$ 96,813	\$ 100,395
Net direct bonded debt per capita	\$ 429	\$ 405	\$ 378	\$ 427
Net direct and overlapping debt per capita	\$ 2,471	\$ 2,308	\$ 2,386	\$ 2,261
Ratio of net direct debt/capita to per capita personal income	2.3%	2.1%	1.8%	2.1%
Ratio of net total debt/capita to per capita personal income	13.1%	12.1%	11.4%	10.9%
Ratio of net direct bonded debt to assessed value	0.5%	0.5%	0.4%	0.4%
Ratio of net direct & overlapping debt to assessed value	2.9%	2.6%	2.5%	2.3%
City employees per 1000 population	1.4	1.7	2.0	2.0
City and Contract Employees 1000 population	2.3	2.6	2.8	2.7

(1) State of Washington Office of Financial Management

(2) Hebert Research, Inc City of Maple Valley Residential Profile

	2006	2007	2008	2009	2010	2011
	19,140	20,020	20,480	20,840	22,684	22,930
	3.8%	3.6%	5.6%	8.4%	8.2%	7.2%
	63,745	65,489	67,027	65,877	65,383	66,294
	2.95	2.96	2.96	2.96	2.96	2.96
	21,608	22,125	22,644	22,256	22,089	22,397
						31.4%
						6.5%
						37.4%
						37.0%
					84.7%	
						53.8%
	\$ 2,015,609,742	\$ 2,293,057,004	\$ 2,579,005,968	\$ 2,446,394,927	\$ 2,437,805,896	\$ 2,296,106,212
	\$ 7,186,447	\$ 8,164,447	\$ 8,168,935	\$ 7,644,314	\$ 7,099,693	\$ 6,540,072
	32,768,001	32,550,412	33,469,125	29,521,592	32,266,926	26,209,775
	\$ 39,954,448	\$ 40,714,859	\$ 41,638,060	\$ 37,165,906	\$ 39,366,619	\$ 32,749,848
	38.20	39.20	38.10	38.00	39.30	39.80
	50.99	51.77	50.58	50.59	53.29	57.15
	\$ 105,309	\$ 114,538	\$ 125,928	\$ 117,389	\$ 107,468	\$ 100,135
	\$ 375	\$ 408	\$ 399	\$ 367	\$ 313	\$ 285
	\$ 2,087	\$ 2,034	\$ 2,033	\$ 1,783	\$ 1,735	\$ 1,428
	1.7%	1.8%	1.8%	1.6%	1.4%	1.3%
	9.7%	9.2%	9.0%	8.0%	7.9%	6.4%
	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%
	2.0%	1.8%	1.6%	1.5%	1.6%	1.4%
	2.0	2.0	1.9	1.8	1.7	1.7
	2.7	2.6	2.5	2.4	2.3	2.5

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Employee Data										
City Employees										
City Manager	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Human Resources			0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
City Clerk	3.50	3.75	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
City Attorney						1.00	1.00	1.00	1.00	1.00
Community Development	6.00	6.00	8.00	8.00	8.00	8.00	8.00	9.00	8.00	8.00
Finance	3.00	3.50	3.50	4.00	3.70	3.70	3.50	3.50	3.80	3.80
Information Technology & GIS	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50
Parks & Recreation		2.00	5.75	6.75	4.50	5.50	4.60	5.00	5.00	5.00
Public Safety				1.00	1.00	1.00	1.00	1.00	1.00	2.00
Public Works	6.00	9.00	8.00	8.00	12.50	11.50	11.50	10.00	12.50	12.00
Total City Employees	21.50	27.25	32.50	36.25	38.20	39.20	38.10	38.00	39.30	39.80
Contractees										
City Attorney	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	0.35
Municipal Court Judge	0.09	0.10	0.09	0.10	0.09	0.09	0.09	0.10	0.10	0.10
Court Clerks	0.75	0.90	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	1.00
Police Sergeant									1.00	1.00
Detective	0.56	0.57	0.57	0.58	0.64	0.58	0.59	0.44	0.74	1.00
Police Officers (1)	10.00	10.00	10.00	9.00	9.00	9.00	9.00	9.00	9.00	12.00
Information Services Consultant	0.20	0.20	0.20	0.20	0.20	0.60	0.50	0.75	0.90	1.00
Total Contractees	13.40	13.64	13.60	12.68	12.79	12.57	12.48	12.59	13.99	17.35
Total Full Time Equivalent Employees	34.90	40.89	46.10	48.93	50.99	51.77	50.58	50.59	53.29	57.15

**City of Maple Valley
 Operating Indicators by Function
 Last Ten Years**

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Community Development										
Single Family Residential Permits	345	415	378	452	269	148	98	93	125	156
Total Inspections			12,900	11,618	9,254	4,595	3,712	2,616	3,234	4,529
Parks & Recreation										
Events at Lake Wilderness Lodge			130	252	290	656	835	725	964	1,086
Park Rentals & Permits			87	125	129	125	479	681	495	581
City wide Community Events			7	8	9	10	9	11	11	11
Classes, Leagues, & Programs			3	7	16	23	25	25	32	34
Public Safety										
Dispatched Calls for Service			3,449	3,230	3,321	3,162	2,811	3,170	2,862	2,787
Crimes (Part 1 & 2)			1,067	929	918	943	914	1,175	912	959
Cases Closed			120	94	76	78	94	166	70	89

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

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Parks & Recreation										
Acres of Parks	127	127	127	127	288	288	288	288	288	288
Public Works										
Lane Miles of Streets			100	108	112	115	118	130	130	130
Surface Water Facilities			123	131	135	141	144	147	147	147