

City of Maple Valley

Washington



Comprehensive Annual Financial Report

For Fiscal Year Ended

December 31, 2012

**City of Maple Valley
Washington**

Comprehensive Annual Financial Report

For Fiscal Year Ended

December 31, 2012

Prepared by the:
Finance Department

Shawn Hunstock, CPA
Finance Director

Sandy Nesper
Accountant

Ashley Van Dam
Accountant

INTRODUCTORY SECTION



This page is intentionally left blank.

**City of Maple Valley
2012 Comprehensive Annual Financial Report
Table of Contents**

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditor’s Report22
 Management’s Discussion and Analysis27

Basic Financial Statements

Government-wide Financial Statements
 Statement of Net Position49
 Statement of Activities50
 Fund Financial Statements
 Balance Sheet – Governmental Funds54
 Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds56
 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities58
 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual –
 General Fund59
 Transportation Development Fund62
 Park Development Fund63
 Real Estate Excise Tax Fund64
 Statement of Net Position – Proprietary Funds65
 Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds66
 Statement of Cash Flows – Proprietary Funds67
 Notes to the Financial Statements71

Combining Statements and Schedules

Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
 Capital Improvement Plan Fund105
 Surface Water Management Fund108
 Lake Wilderness Golf Course Fund109
 Vehicle Rental Fund110
 Central Service Fund111
 Unemployment Trust Fund112
 Internal Service Funds
 Combining Statement of Net Position115
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position116
 Combining Statement of Cash Flows117

City of Maple Valley
2012 Comprehensive Annual Financial Report
Table of Contents, continued

Capital Assets Used in Operation of Governmental Funds
 Schedule of Capital Assets By Source 121
 Schedule of Changes in By Function and Activity 122

STATISTICAL SECTION

Financial Trends
 Net Position by Component 128
 Changes in Net Position 130
 Changes in Fund Balances – Governmental Funds..... 134
Revenue Capacity
 Property Tax Data 136
 Sales Tax Data 138
 Private Development Activity 140
 Principal Property Taxpayers & Employers 142
Debt Capacity
 Computation of Legal Debt Margin 143
 Computation of Direct and Overlapping Debt with Bonded Debt Ratios 144
Demographic and Economic Data
 Comparative Regional Statistics 145
 Maple Valley Statistics and Ratios 146
Operating Information
 Full Time Equivalent Employee History 148
 Operating Indicators by Function..... 149
 Capital Asset Statistics by Function..... 150



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

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

June 24, 2013

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

I am pleased to provide you with a copy of the City of Maple Valley's Comprehensive Annual Financial Report (CAFR) for fiscal year ended December 31, 2012. The CAFR provides financial disclosure of all activities considered part of the City. The City has also complied with the submittal requirements of Washington State Law RCW 43.09.230 requiring annual reports for Washington municipal governments to be certified and filed with the State Auditor's Office within one hundred fifty days after the close of each fiscal year.

The City's management team is responsible for the accuracy of the data and the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). To the best of the management team's knowledge and belief, this financial report is complete and reliable in all material respects.

Cities and counties of the State of Washington use the Budgeting, Accounting and Reporting System (BARS) developed and prescribed by the Washington State Auditor's Office. Additionally, the City's financial statements have been audited by the Washington State Auditor's office. The goal of an independent audit by the State Auditor is to provide reasonable assurance our elected officials and to our citizens that City financial statements for the fiscal year ended December 31, 2012 are free of material misstatements. Based upon the audit, the State Auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Maple Valley's statements are fairly presented in conformity with GAAP. The State Auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) section immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. 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, as mining and logging spurred growth in the area. 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 near 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 a rural past, Maple Valley offers almost unlimited recreational activities. Boating, fishing, swimming, hiking and golfing are available within the city limits. Also, the City is in close proximity to camping, skiing, horseback riding and many other recreational opportunities. Maple Valley businesses provide most of the daily shopping needs for the residential community and nearby rural areas. The City's 2012 official population as of April 1st as provided by the Washington State Office of Financial Management (OFM) was 23,340 up 410 persons or 1.8% from 2011.

The City operates under the Revised Code of Washington (RCW) applicable to an Optional Municipal Code City (RCW 35A). Its charter has adopted the 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 manages the City's day-to-day operations and Council policy implementation.

The City prepares annual budgets in accordance with the Revised Code of Washington (RCW) 35A.33. Annual budgets must be adopted by the City Council prior to the first of each year. Department heads may make transfers of appropriations within their department. The City Manager may make transfers of appropriations between departments within any one fund. Increases to appropriations at the Fund level require the City Council approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been adopted.

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.

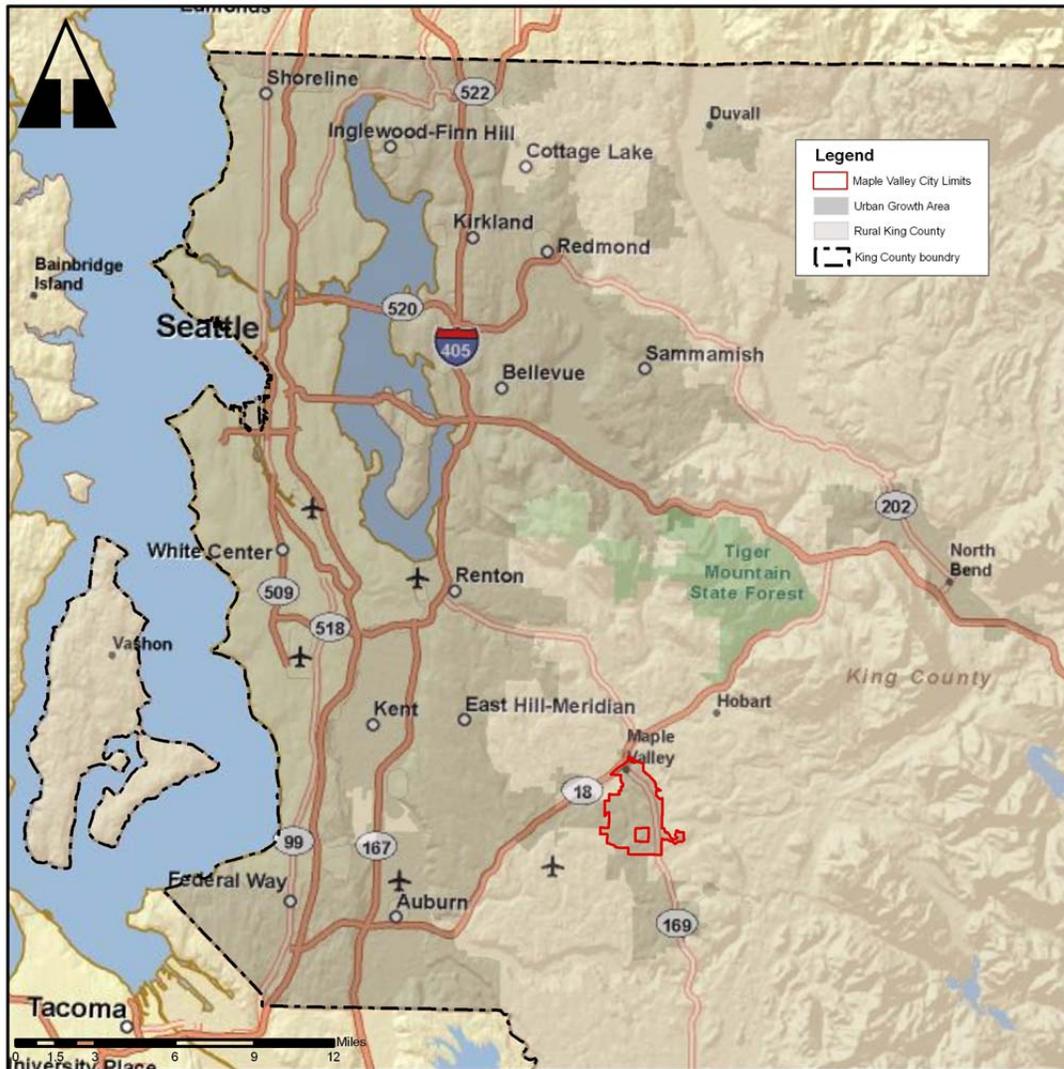
The City contracts with King County Sheriff's Office for police services. In addition, the City provides an administrative assistant for the Police storefront to assist with customer service. Primary jail services are provided via contract with the City of Kent, with back-up jail services provided via contracts with the Cities of Issaquah and Enumclaw, and with King and Okanogan counties. Municipal court services are provided by contract with the City of Kent, with the City contracting separately for its own judge, prosecuting attorney, public defender and domestic violence advocate.

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.

The City Council on November 26, 2012 adopted legislation creating the Maple Valley Transportation Benefit District. The purpose of the District is to fund the maintenance, improvement and preservation of existing transportation infrastructure within the City. Revenue will be generated through a \$20 excise tax for every registered vehicle within the City. The taxes will be collected by the Washington State Department of Licensing beginning in July 2013. Therefore, no financial activity is included within this 2012 comprehensive annual financial report.

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.



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 unincorporated. 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 above map the “Donut Hole” is unincorporated property completely surrounded by City and owned by King County. The County discontinued negotiations to sell the 156 acre site to a developer. The City has been working on an annexation agreement for the property. 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. The state legislature in early 2013 passed legislation, which is expected to be signed by the Governor in May 2013, which would allow the City to initiate annexation procedures for properties of this size. Such an annexation would give the City much more say in the type of development that could occur within the property, as well as insure consistency with development and transportation standards for that and neighboring properties.

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 2,293 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. The logic behind the strategy is to encourage local employees to make purchase decisions within Maple Valley instead of spending their discretionary dollars at establishments located to or from their place of employment outside of the City. The available wealth generated and present locally will serve as a catalyst for more commercial retail development with the City, leading to more locally generated tax revenue to fund services for City residents.

To this end the City Council passed in early 2011 a resolution to reconstitute the membership of its Economic Development Committee. This committee, made up 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 currently more than double of those from before the recession started, 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, through attrition, in 2009—resulting in it providing a lower level of public service. With the success of a ballot measure in April 2013 for a property tax levy lid-lift, the Fire District averted the need of additional layoffs in the near future.

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, living wage jobs, leading to more spending at local businesses by having more of a daytime population. 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 for 2012 through 2018. With the permitting of 2,293 single family residential homes in the last ten

years, an average of 229 per year, the City has seen its population increase 3,968 from 19,111 in 2003 to 23,340 in 2012. On the commercial side, based on 2012 and current permitting, the City is expecting the completion of 64,000 square feet of commercial space in 2012 and, based on other developments in the pipe line, 70,000 square feet per year in the five (5) 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 City's 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 and a General Fund allocation fund 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, 2012, summarized below from pages 57 and 65 of this report. Amounts below are in thousands of dollars.

	<u>2011</u>	<u>2012</u>
Ending Fund Balance		
Governmental Funds	\$ 11,976	\$ 13,402
Ending Working Capital		
Enterprise Funds	2,171	2,663
Internal Service Funds	584	646
	<u>\$ 14,732</u>	<u>\$ 16,711</u>

The combined ending fund balance and working capital is equal to the budgeted beginning fund balance in the 2013 Final Budget. The entire 2013 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 63% of its expenditures for operating purposes, 33% for capital purposes, and 4% for debt purposes. Amounts below are in thousands of dollars.

City Wide Forecast - All Funds
(Amounts in thousands)

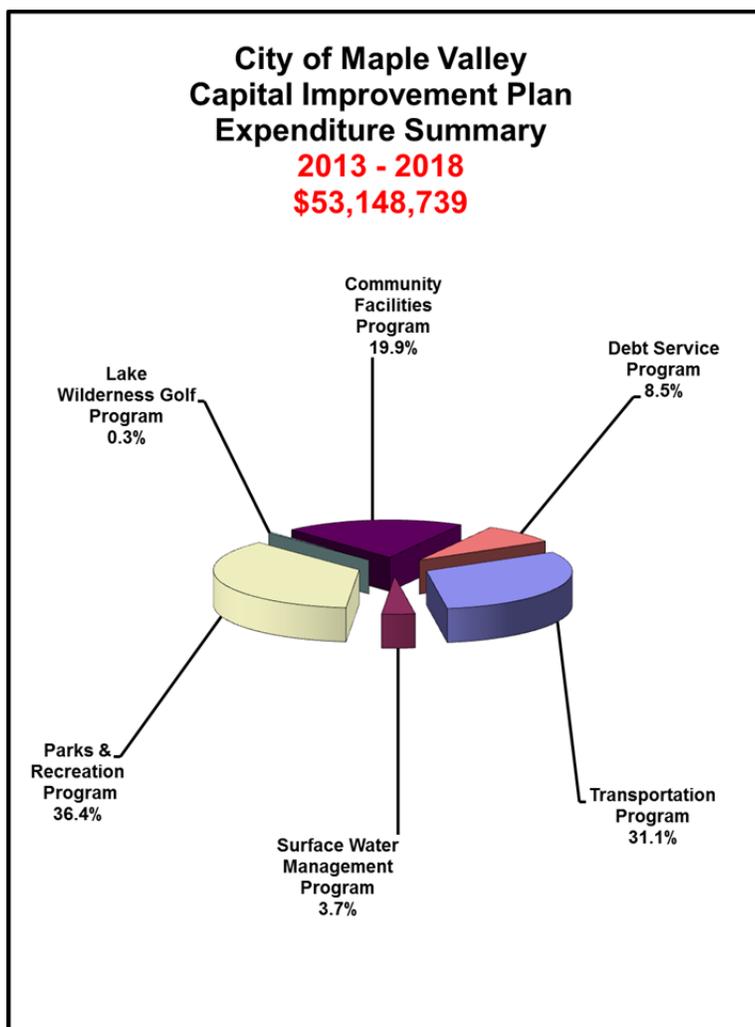
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
Total All Funds								
Beginning Fund Balance	\$ 14,887	\$ 14,732	\$ 16,717	\$ 14,074	\$ 14,065	\$ 14,765	\$ 13,785	\$ 12,717
Revenue	15,547	17,609	15,162	16,310	15,702	20,017	17,328	25,294
Bond & Loan Proceeds	-	-	-	8,600	8,000	-	2,200	4,200
Operating Expenditures	63% (10,612)	(11,478)	(12,476)	(12,953)	(13,571)	(14,398)	(15,082)	(15,770)
Capital Expenditures	33% (4,333)	(3,390)	(5,122)	(11,783)	(9,275)	(6,479)	(5,420)	(10,550)
Debt Expenditures	4% (757)	(761)	(754)	(757)	(754)	(751)	(752)	(751)
Total Expenditures	(15,703)	(15,629)	(18,352)	(25,493)	(23,600)	(21,628)	(21,254)	(27,071)
Ending Fund Balance	<u>\$ 14,732</u>	<u>\$ 16,711</u>	<u>\$ 13,527</u>	<u>\$ 13,491</u>	<u>\$ 14,166</u>	<u>\$ 13,155</u>	<u>\$ 12,059</u>	<u>\$ 15,141</u>

The forecast also notes that forecasted beginning fund balances in year 2014 through 2018 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 \$53,148,739. 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 2013 – 2018.

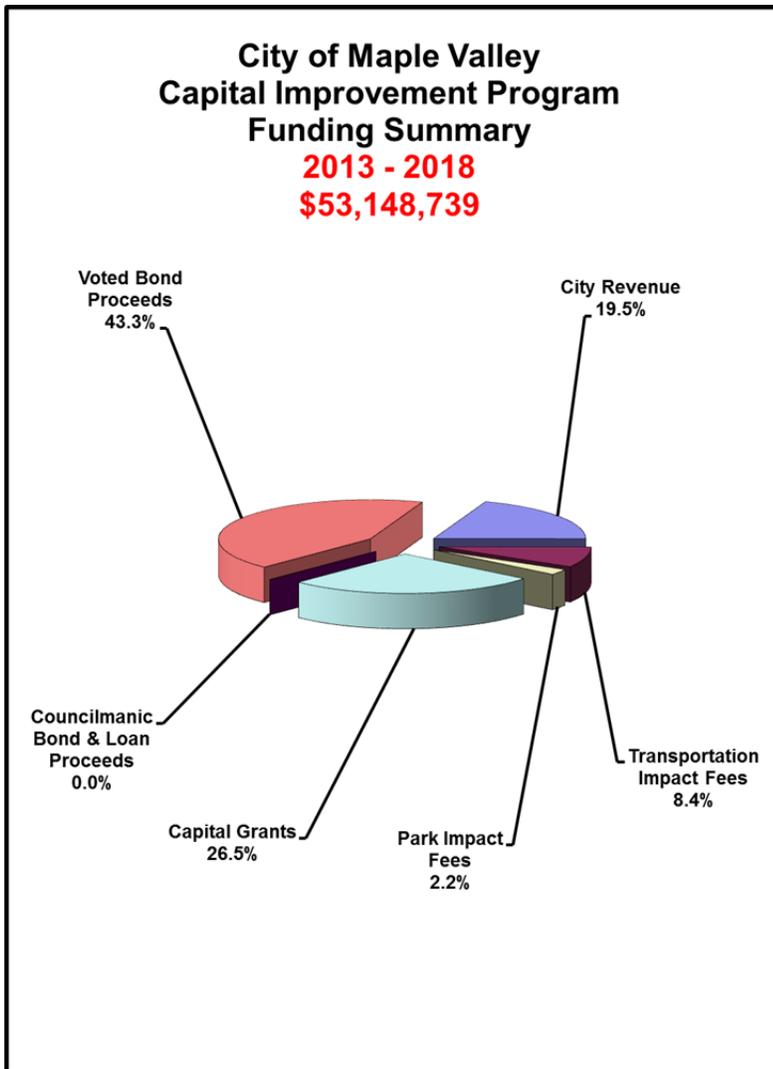


As noted in the chart, 31.1% of the funds are allocated to the transportation program. This allocation is made because transportation has been a top City priority from incorporation. To ensure the best quality transportation network, the City has, as part of the City’s Comprehensive Plan, a 20-year transportation 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 2012 retreats, the City Council has confirmed its Goals and Objectives. They are stated below as they appeared in the 2013 Final Budget.

Economic Development

- Restart Legacy Site planning process.
- Continue to work for the annexation of the Summit Place property (aka Donut Hole).

- Work to maintain long-term fiscal stability through efforts to diversify the City's tax base.
- Support the Tahoma School District's efforts to prepare its students for today's workforce and its investigation into the viability of locating a new high school on the King County-owned Summit Place property (aka Donut Hole).
- As a Council priority, continue to work with the economic development committee to develop an environment that will attract commercial investment to the City that will, in turn, lead to creating living wage jobs within Maple Valley.

Park & Recreation

- Facilitate process to develop recreation facilities with appropriate partners to meet the recreation demands from Maple Valley families.
- Support the efforts to make needed improvements to Lake Wilderness Park and Lodge in light of the increased use of the park by Maple Valley residents.
- Support the community events that use the Lake Wilderness Park facilities throughout the year.

Public Safety

- Continue to work with the King County Sheriff's Office in providing good police services to City citizens through the existing contract.
- Participate in localized emergency preparedness drills utilizing the City's newly updated Emergency Preparedness Plan and the new Emergency Operations Center.
- Support the work of the Maple Valley Fire & Life Safety District as it deals with its budget issues and levels of fire and emergency services it can afford to provide the City's citizens.
- Work with the City Police Department and neighboring City Councils to increase community awareness of the issues pertaining to domestic violence.

Public Works

- Review and adopt the Non-motorized Transportation Plan Update.
- Actively participate in local and regional transportation organizations, including Southeast Area Transportation Solutions Coalition (SEATS), South County Area Transportation Board (SCATBd), King County Transit Committee, and the Puget Sound Regional Council.
- Support Public Works effort to obtain grant funding for Transportation Improvement Projects.
- Continue to support grant funding for solid waste recycling collection programs

Quality City Services

- Review Public Works Department recommendations regarding solid waste franchise agreements for services with the City limits.
- 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.
- Continue strong participation in the Suburban Cities Association and associated committees.

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, 2011. This

was the thirteenth 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 tenth consecutive year, the GFOA's Distinguished Budget Presentation Award for its 2012 Final Budget. Of the 36 cities with certificate winning CAFRs, 21 cities received 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 and Information Services staff provided mapping information and helped 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 staff that allowed the production of all the information included in this report.

Sincerely yours,

Shawn Hunstock
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, 2011

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.



Christopher P. Moynell

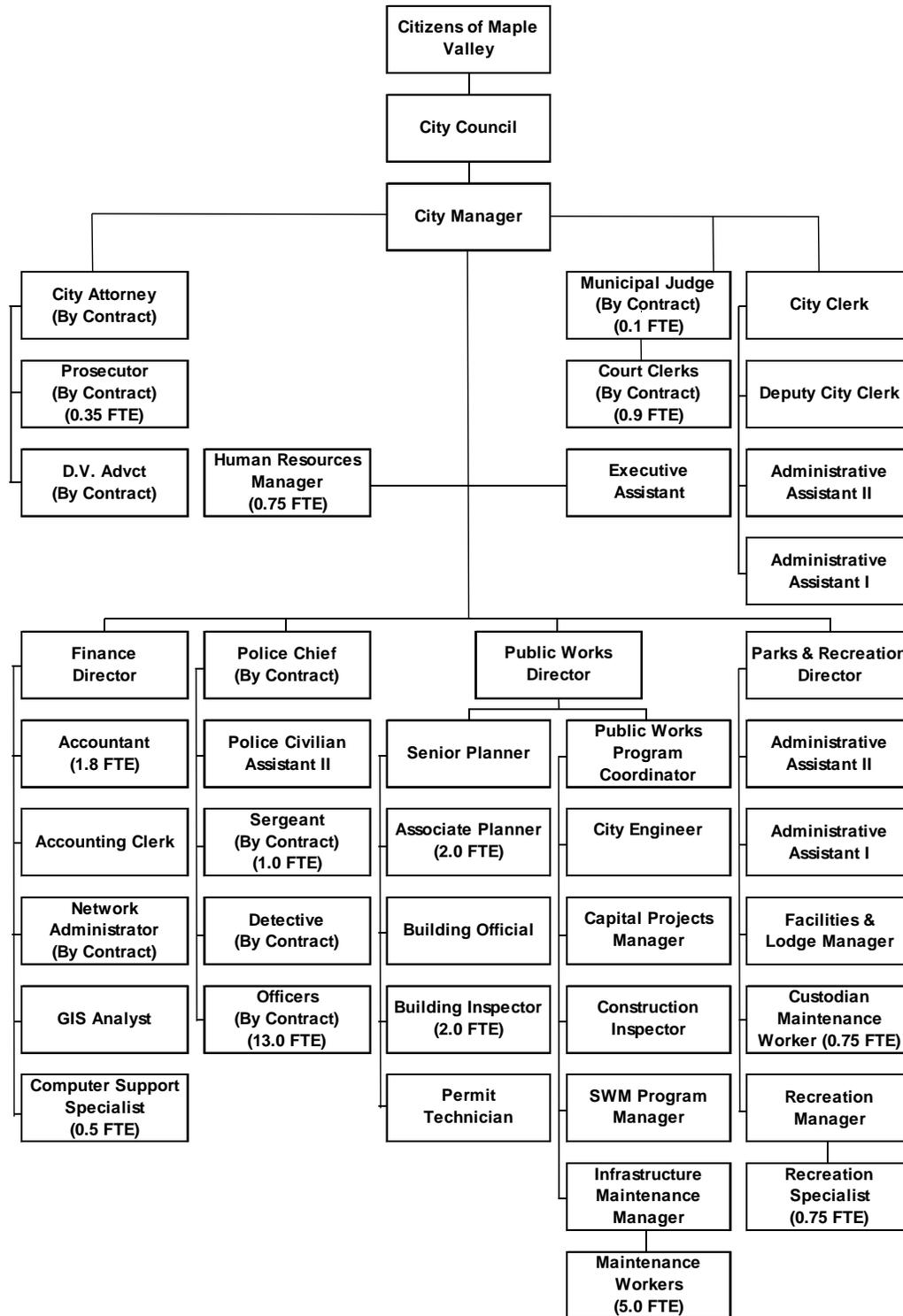
President

Jeffrey R. Emer

Executive Director

**City of Maple Valley
2012 Comprehensive Annual Financial Report
Organization Chart (Current)**

40.05 Direct City FTEs, 18.35 Contracted FTEs, 58.4 FTEs



Does not include one vacant, frozen Police Support Officer position.

**City of Maple Valley
2012 Comprehensive Annual Financial Report
Principal Officials**

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

Lighthouse Law Group PLLC, By Contract

FINANCE DIRECTOR

L.A. (Tony) McCarthy 1/1/2013 – 3/31/2013

Shawn Hunstock

PARKS DIRECTOR

Greg Brown

POLICE CHIEF

Michelle Bennett, King County Sheriff's Office

PUBLIC WORKS & COMMUNITY DEVELOPMENT DIRECTOR

Steve Clark

FINANCIAL SECTION



This page is intentionally left blank.

Independent Auditor's Report



Washington State Auditor Troy Kelley

INDEPENDENT AUDITOR'S REPORT

June 24, 2013

Council
City of Maple Valley
Maple Valley, Washington

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities and 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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maple Valley, King County, Washington, as of December 31, 2012, and the respective changes in financial position thereof, and the respective budgetary comparison for the General, Transportation Impact Fee, Park Development and Real Estate Excise Tax funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The accompanying information listed as combining financial statements and supplemental information 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 21, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

Management's Discussion and Analysis



This page is intentionally left blank.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

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, 2012. 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, 2012 by \$373,224,582 (*net position*). Of this amount, \$6,167,445 (*unrestricted net position*) may be used to meet the city's ongoing obligations to citizens and creditors. Of the rest, \$10,389,134 is restricted for specific operating and capital purposes, and \$356,668,003 is net investment in capital assets.
- During 2012, the City's total net position increased \$1,562,184. This amount includes a decrease of \$423,775 in invested in capital assets, net of related debt. This is offset by an increase of \$1,283,168 in restricted net position and an increase of \$702,791 in unrestricted net position.
- At December 31, 2012 the City of Maple Valley's governmental funds reported a combined ending fund balance of \$13,402,376 up \$1,426,524 from the prior year amount of \$11,975,852. While the City budgeted a \$2,545,655 decrease in governmental fund ending fund balance from \$12,010,468 to \$9,464,813, the governmental fund ending fund balance was \$3,972,179 better than budgeted. Governmental fund revenues were above budget by \$1,477,310. Governmental fund expenditures were above budget by \$2,885,950. Governmental fund transfers-in were below budget by \$1,936,858 and transfers-out were below budget by \$1,545,777.
- At the end of 2012, the unassigned fund balance for the General Fund was \$2,989,217, 30% of total General Fund expenditures. This amount is up \$156,350 from 2011 ending fund balance of \$2,832,867. The main reason for the increase was additional revenue associated with an increase in sales tax revenue related to new commercial development.
- The City of Maple Valley's total liabilities decreased \$245,482 from \$8,034,282 to \$7,788,800. The decrease was in accounts payable, with fewer year-end construction projects, and in long term debt as additional debt was paid off. The 2012 liabilities include \$3,745,000 in general obligation bonded debt down \$395,000 from the 2011 amount of \$4,140,000. 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 management function. The governmental activities also include internal service funds as discussed

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

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 2003 through 2012 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,

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

- 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 through 98.

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 97.

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

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

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 \$1,562,184, or 0.4%. 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>	
	2012	2011	2012	2011	2012	2011
Assets						
Current Assets	\$ 15,621	\$ 13,811	\$ 2,764	\$ 2,253	\$ 18,385	\$ 16,065
Capital Assets	350,381	351,251	12,247	12,381	362,628	363,632
Total Assets	366,002	365,062	15,011	14,635	381,013	379,697
Liabilities						
Current Liabilities	1,727	1,251	101	82	1,828	1,333
Long-term Liabilities	5,960	6,701	-	-	5,960	6,701
Total Liabilities	7,688	7,952	101	82	7,789	8,034
Net position						
Invested in Capital Assets, net of related Debt	344,421	344,711	12,247	12,381	356,668	357,092
Restricted	10,389	9,106	-	-	10,389	9,106
Unrestricted	3,505	3,293	2,663	2,171	6,167	5,465
Total Net Position	\$ 358,315	\$ 357,110	\$ 14,910	\$ 14,553	\$ 373,225	\$ 371,662

Current assets at December 31, 2012 totaled \$18,384,928 up \$2,320,098 or 14.4% from the December 31, 2011 amount of \$16,064,830. \$10,066,050 or 54.8% of current assets was in cash and cash equivalents. Cash and cash equivalents include: petty cash and other imprest funds totaling \$16,200, the checking account balance of \$217,349, and \$9,832,501 invested overnight with the State of Washington Local Government Investment Pool (LGIP). In addition to the LGIP investments, at year end the City had \$6,557,920 or 35.7% of current assets invested in one certificate of deposit for \$1,000,000 maturing in 2015 and five individual U.S. government agency securities with maturities in 2013 through 2017. At year-end the LGIP was earning 0.24%. The other investments were earning an average 2.18%. At December 31, 2012 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, 2012 was \$1,607,381 or 8.7%. Of this amount: \$720,191 was for taxes receivable, \$93,330 was for accounts receivable, \$46,962 was for accrued interest receivable, \$660,195 was for due from other governments, \$54,500 was for inventory, and \$32,203 was for prepaid items.

Of the taxes receivable amount of \$720,191 all was collected by February 28, 2013 except property taxes receivable. Of the year end property tax receivable amount of \$63,863, \$15,033 was collected by

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

February 28, 2013. 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 2012.

Of the accounts receivable amount of \$93,330, \$28,143 was for receivables from developers, \$60,417 was in surface water management fee receivables, and \$4,770 was miscellaneous. The receivables from developers are for billings of City staff time on various developer projects. 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, \$39,450, is due from Fire District #43 for surface water management fees from 2002 through 2012. 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 \$660,195, \$554,835 is due from the State of Washington, \$69,214 is due from King County, and \$36,146 is due from the City of Enumclaw. The State of Washington amount is for reimbursement on two capital project grants and a surface water management NPDES grant. \$471,171 of the amount due from the state was received by February 8, 2013. The King County amount is for property taxes, \$1,547; real estate excise taxes, \$56,339; surface water management fees, \$541; for overbilling of the Police contract, \$9,828; and \$959 related to a King County jail overpayment. All the tax amounts were received by January 10, 2013. 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 court receipts as the City of Enumclaw previously administered the City of Maple Valley municipal court.

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 \$362,628,454 down \$1,003,396 from the prior year amount of \$363,631,850. The capital assets include infrastructure assets and related depreciation as the City has chosen not to use the modified approach which in lieu of depreciation of infrastructure assets, evaluates condition and maintenance level. The table that follows shows, by capital asset type, the capital asset year-end balances.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

**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>	
	2012	2011	2012	2011	2012	2011
Land	\$ 197,768	\$ 196,544	\$ 9,884	\$ 9,884	\$ 207,652	\$ 206,428
Buildings	7,448	7,673	889	915	8,337	8,589
Improvements other than Bldgs	114,845	119,870	1,445	1,509	116,290	121,379
Machinery & Equipment	618	315	29	73	648	387
Construction in Progress	29,702	26,848	-	-	29,702	26,848
Total Capital Assets	\$ 350,381	\$ 351,251	\$ 12,247	\$ 12,381	\$ 362,628	\$ 363,632

The net decrease is made up of capital asset additions and contributions of \$6,080,094 offset by the increase in accumulated depreciation of \$7,067,762, which includes depreciation of \$6,955,596 for governmental activities and \$112,166 for business-type activities. The retirements of \$94,571 were for items with accumulated depreciation of \$80,765. The City also recorded transfers and other adjustments for assets with a net book value of \$1,922.

The additions included developer contributions for land and improvements others than buildings of \$1,223,385 that were related to infrastructure of the Maple Valley Town Square plats contributed to the City. In addition to this the City added construction in progress of \$2,853,904 for six projects. The major construction in progress additions were the State Route 169, Witte Road to 228th Ave SE project and the State Route 169, SE 264th St to SE 258th St project.

Machinery and equipment additions totaling \$449,334 included a generator for the Emergency Operations Center, radar detectors and A/V equipment for public safety, a mower and trailer blower for Parks, a backhoe, snow plow and sand spreader for Public Works, some computer upgrades, and miscellaneous other equipment. Additional capital asset information is provided in the notes to the financial statements beginning on page 80.

Long-term liabilities at December 31, 2012 totaled \$5,960,451 down \$579,621 from the December 31, 2011 amount of \$6,540,072. 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>	
	2012	2011	2012	2011	2012	2011
Contracts & Loans - Current	\$ 185	\$ 185	\$ -	\$ -	\$ 185	\$ 185
General Obligation Bonds - Current	405	395	-	-	405	395
Contracts & Loans Payable	2,031	2,215	-	-	2,031	2,215
GO Bonds Payable	3,340	3,745	-	-	3,340	3,745
Total Long-term Debt	\$ 5,960	\$ 6,540	\$ -	\$ -	\$ 5,960	\$ 6,540

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

No contract and loan borrowing was done in 2012. 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 2012. During the year \$395,000 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, 2012 was \$3,745,000, 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 85.

Net position at December 31, 2012 totaled \$373,224,582, up \$1,562,184 from the December 31, 2011 amount of \$371,662,398. The largest portion of the December 31, 2012 total, \$356,668,003 or 95.6%, 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, \$10,389,134, up \$1,283,168 from the December 31, 2011 amount of \$9,105,966, is restricted, primarily for capital purposes. The unrestricted net assets at December 31, 2012, totaled \$6,167,445 up \$702,791 from the December 31, 2011 amount of \$5,464,654. 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, 2011 to December 31, 2012. The condensed Statement of Activities shown in the table below identifies the changes in net position.

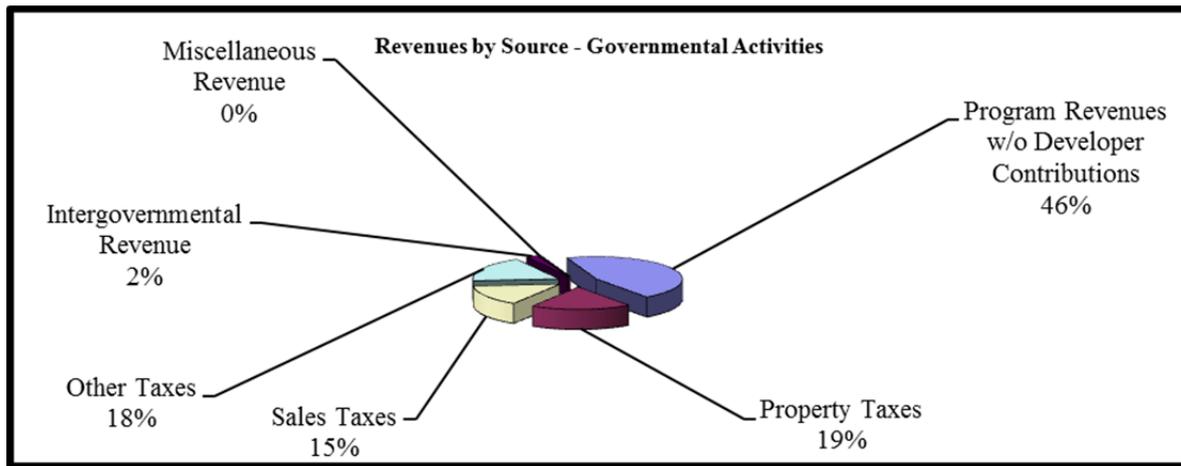
**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
Revenues by Major Source						
Program Revenues						
Charges for Services	\$ 3,611	\$ 4,158	\$ 2,107	\$ 1,981	\$ 5,718	\$ 6,139
Operating Grants & Contributions	673	628	102	26	775	654
Capital Grants & Contributions	4,707	3,883	29	134	4,736	4,017
General Revenues						
Property Taxes	3,200	3,139	-	-	3,200	3,139
Sales Taxes	2,529	2,100	-	-	2,529	2,100
Other Taxes	3,090	2,506	-	-	3,090	2,506
Intergovernmental Revenue	379	323	-	-	379	323
Miscellaneous Revenue	56	92	22	39	78	131
Total Revenues	18,245	16,828	2,260	2,180	20,505	19,009
Expenses by Function						
General Government	1,922	1,772	-	-	1,922	1,772
Community Development	1,123	957	-	-	1,123	957
Human Services	233	218	-	-	233	218
Parks & Recreation	1,919	1,854	1,057	1,125	2,976	2,979
Public Safety	3,881	3,561	-	-	3,881	3,561
Public Works	8,026	8,370	731	615	8,757	8,985
Interest on Long-term Debt	180	196	-	-	180	196
Total Expenses	17,284	16,928	1,788	1,740	19,072	18,668
Transfers In/(Out)	107	647	(107)	(647)	-	-
Contributions	137	-	(8)	-	129	-
Total Expenses and Transfers	17,040	16,280	1,903	2,388	18,943	18,668
Increase (Decrease) in Net Position	1,205	548	357	(208)	1,562	340
Net Position - January 1	357,110	356,562	14,553	14,760	371,662	371,322
Net Position - December 31	\$ 358,315	\$ 357,110	\$ 14,910	\$ 14,553	\$ 373,225	\$ 371,662

Governmental activities. Governmental activity revenue increased by \$1,416,387 with the major increases being capital grants and contributions, \$824,423, other taxes, \$583,732 and sales tax, \$428,867. 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.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**



Governmental activity program revenues, exclusive of developer contributions of \$1,223,385, are up \$2,426,527 from \$5,341,084 to \$7,767,611 primarily due an increase of \$2,928,645 in capital grant revenue, which is partially offset by a decline of \$547,444 in charges for services due to declined permitting activity with a lower availability of buildable lots for single-family residences.

Governmental activity general revenues are up \$1,094,082 from \$8,159,808 to \$9,253,890. 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 36.3% of the tax base, increased \$61,193 or 1.9%.
- Sales taxes, which provided 28.7% of the tax base, increased \$428,867 or 20.4%.
- Utility taxes, which provided 19.3% of the tax base, increased \$66,640 or 4.1%.
- Real estate excise taxes, which provided 11.8% of the tax base, increased \$492,120 or 89.2%.
- Gambling taxes, which provided 0.4% of the tax base, increased \$1,308 or 3.5%.
- Franchise fees (taxes), which provided 3.5% of the tax base, increased \$23,664 or 8.3%.

The property tax increase includes two components: an annual levy limit increase of 0.9% and a new construction levy at the prior year's levy rate that provided an increase of 1.0%.

Sales tax revenue also includes two components: locally generated revenue, \$2,054,789 and county wide revenue distributed to cities based on population, \$474,087. The locally generated revenue is from two main sources construction and non-construction related sales. In 2012 construction sales provided 23.0% of the locally generated sales tax revenue, up from 20.1% in 2011.

Utility taxes increased \$66,640 from \$1,632,226 to \$1,698,866 due to a combination of increased utility rates and modest increases in population and the number of dwelling units.

Real estate excise tax revenue increased \$492,120 from \$551,843 to \$1,043,963 primarily due an increase in the number of existing home sales from 384 in 2011 to 508 in 2012. Sales of new homes increased as well from 131 to 178 for the same time period. Existing home prices remained relatively flat in 2012 but new home prices increased by 5.1% to an average of \$301,257 in 2012. Overall the

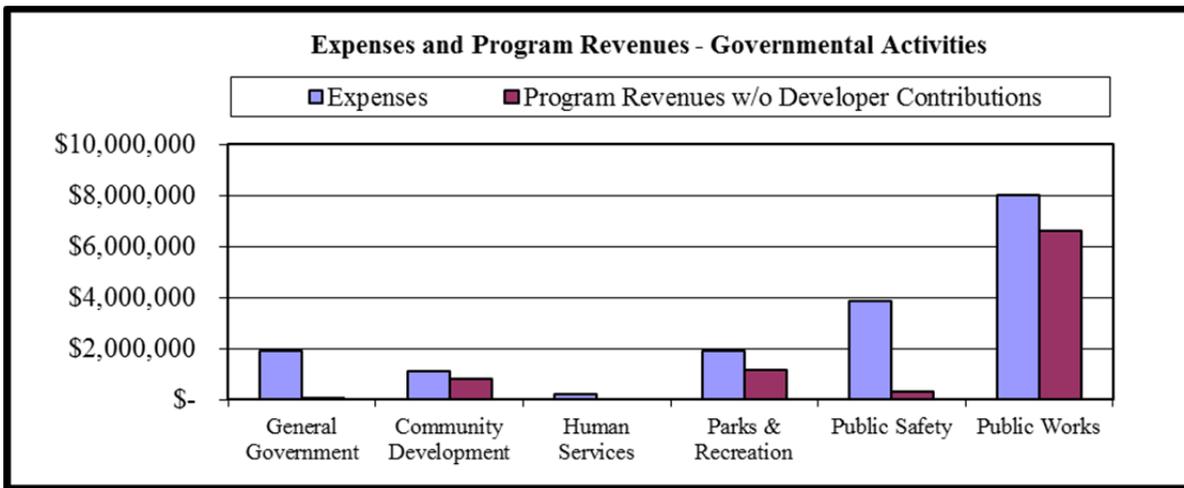
**City of Maple Valley
Management’s Discussion and Analysis
December 31, 2012**

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, increased \$56,621 or 17.6%, primarily due to modest recovery of past reductions to shared revenue from the State of Washington.
- Miscellaneous revenue decreased \$36,331 or 39.5% 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 0.7% of program expenses. In community development, program revenue was 72.4% of program expenses down from 77% as the City permitted 159 single family residential units up from 156 in 2011. For 2012, program expenses for community development increased at a larger rate than did program revenue. 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 62.0% of program expenses up from 58% as park impact fees were collected on a slightly larger number of permitted lots for single family units. In public works, program revenue was 82.7% of program expenses up from 77% as the commercial development paid transportation impact fees.

Governmental activity expenses increased \$356,222 or 6% from \$16,927,773 to \$17,283,995. 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; increased \$149,975 or 8.5%. The increase is primarily attributable to severance payments for

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

positions that were not budgeted for after 2012, for increased rates for retirement plan contributions, and increased cost of health insurance.

Community development expenses including: the planning, building, and fire marshal operations, increased \$166,548 or 17.4%. The increase is primarily due to severance payment for a position that was no longer budgeted after 2012, as well as increased Fire Marshal and Hearing Examiner costs in 2012.

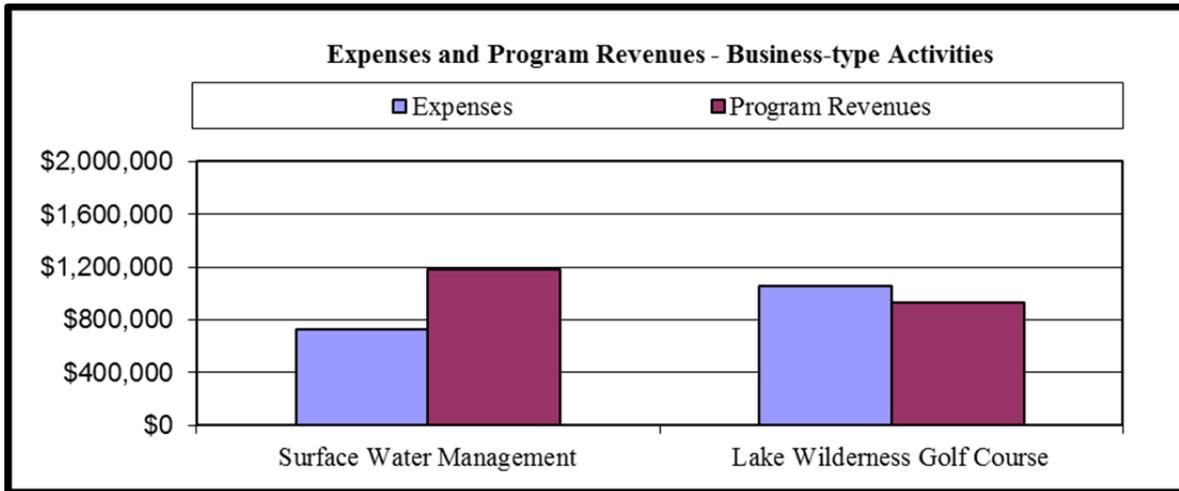
Human service expenses increased \$14,998 or 6.9% from 2011 for costs related to support of Vine Maple Place which provides transitional housing, mentorship, child advocacy and life-skills training assistance to homeless single parents.

Parks and recreation expenses including: parks maintenance, the Lake Wilderness Lodge, recreation programs, community events, and funding for community service agencies, increased \$65,071 or 3.5%. The increase is primarily in the recreation area with expenses associated with greater signups and additional program offerings, which are partially offset by increased program revenue.

Public safety expenses including: police, jail, and court, increased \$320,065 or 9.0%. Approximately \$250,000 of the increase relates to additional police expenses. One officer position was added in 2012. There was also an increase in the base cost of the police services contract with the King County Sheriff's Office. For police services, the City contracts with King County for 16 police officers up from 15 in 2011, vehicles, equipment, and support costs. The City directly employs one police civilian to assist with administrative services. 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 2012, the police contract expenditures increased \$239,430 from \$3,027,940 to \$3,267,370. Other public safety increases include the cost of animal control for which the City pays the County and a combination of workload and inflationary increases. Jail cost decreased \$13,123 from \$96,550 to \$83,427. Court costs also increased \$50,853 from \$135,618 to \$186,471.

Public works expenses including: development, transportation planning, street maintenance, waste reduction & recycling, and lake management, decreased \$344,445 or 4.1%. Operating expenses, less depreciation, increased \$158,443 or 1.2% from \$1,302,269 to \$1,460,712. Depreciation, primarily for street and related infrastructure, decreased \$502,888 from \$7,067,714 to \$6,564,826.

Business-type activities. As of December 31, 2012 the City of Maple Valley operated two business-type activities, the Surface Water Management operations and the Lake Wilderness Golf Course operations. The chart below compares program expenses to program revenue.



In the surface water management operation program revenue increased \$143,417 or 13.8% from \$1,038,247 to \$1,181,664. The increase is associated with the single family residential equivalent rate increase of 11.6% from \$103.02 to \$115.02 per year. Expenses of the surface water management operation increased \$115,491 or 18.8% from \$615,438 to \$730,929. The increase is due to 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 not happened yet. The course is managed by Premier Golf Centers, LLC out of Seattle, Washington. 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 2012 the Lake Wilderness Golf Course operation had a program revenue decrease of \$17,224 or 1.8% from \$942,592 to \$925,368 but a greater program expense decrease of \$68,061 or 6.0% from \$1,125,041 to \$1,056,980. The task force strategy worked to some degree as the City reduced its transfer from other funds from \$91,373 to \$32,840. With 2012 being the first full year of the task force recommendation, operations have improved, expenses are down, and it is hopeful that breakeven will occur soon.

Financial Analysis of Government's Funds

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

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

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

Governmental Funds Fund Balances			Increase (Decrease)
	Beginning	Ending	
General Fund	\$ 2,869,886	\$ 2,994,217	\$ 124,331
Transportation Impact Fee Fund	6,353,272	6,483,739	130,467
Park Development Fund	1,306,529	1,881,388	574,859
Real Estate Excise Tax Fund	1,446,165	2,024,007	577,842
Capital Improvement Plan	-	19,025	19,025
	\$ 11,975,852	\$ 13,402,376	\$ 1,426,524

As noted above in total the governmental fund balances increased \$1,426,524. Of the General Fund balance of \$2,994,217, \$2,989,217 or 99.8% is unassigned. This amount is 30% 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 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 2012 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. 2012 was the second 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 2012 real estate excises taxes increased \$492,120, or 89.1% from \$551,843 to \$1,043,963. Transfers-out for capital projects were \$480,189 in 2012.

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*.

**City of Maple Valley
Management’s Discussion and Analysis
December 31, 2012**

Proprietary Funds		Unrestricted Net Position		Increase
	Beginning	Ending	(Decrease)	
Surface Water Management Fund	\$ 2,171,478	\$ 2,662,528	\$	491,050
Vehicle Rental Fund	211,043	240,800		29,757
Central Services Fund	301,176	336,741		35,565
Unemployment Trust Fund	71,974	68,814		(3,160)
	\$ 2,755,671	\$ 3,308,883	\$	553,212

The increase in net position of the Surface Water Management Fund is a result of increases to the utility rates as well as the accumulation of sufficient resources for future 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 began in 2009 with new management and maintenance emphasis. Near the end of 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 equipment replacement and to pay unemployment claims. In 2012, 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 technology equipment replacement that began with the completion of an information technology strategic plan funded in 2006. The Unemployment Trust Fund though reducing net assets in 2012 appears to be adequately funded based on historical claims activity.

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, 2012.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

**General Fund
Budget Amendments**

	Original Budget	Budget Amendment	Final Budget	Actual	% of Budget
General Fund	\$ 10,196,179	\$ 30,975	\$ 10,227,154	\$ 9,956,257	97%
City Council					
Volunteer Recognition Event		4,000			
Municipal Court					
Enumclaw Court Amendment		13,975			
Public Defender Contract		13,000			
		<u>\$ 30,975</u>			

General Fund amendments in 2012 consisted of \$4,000 for a volunteer recognition event, \$13,975 for additional court related expenditures, and \$13,000 for additional expenditures due to new state public defender workload regulations. The General Fund's actual expenditures were 97% 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	\$ 7,193,235	\$ 7,466,880	\$ 273,645	104%
Licenses & Permits	493,388	861,982	368,594	175%
Intergovernmental Revenue	941,732	1,107,798	166,066	118%
Charges for Services	589,282	786,770	197,488	134%
Fines and Forfeitures	181,558	153,605	(27,953)	85%
Miscellaneous Revenue	358,910	340,681	(18,229)	95%
	<u>\$ 9,758,105</u>	<u>\$ 10,717,716</u>	<u>\$ 959,611</u>	<u>110%</u>
Expenditures				
Current				
General Government	\$ 2,079,908	\$ 1,998,035	\$ 81,873	96%
Community Development	1,072,415	1,123,179	(50,764)	105%
Human Services	249,357	232,840	16,517	93%
Park & Recreation	1,735,971	1,667,739	68,232	96%
Public Safety	4,017,523	3,851,964	165,559	96%
Public Works	1,046,230	1,036,126	10,104	99%
Capital Outlay	25,750	46,374	(20,624)	180%
	<u>\$ 10,227,154</u>	<u>\$ 9,956,257</u>	<u>\$ 270,897</u>	<u>97%</u>

Actual revenues were ahead of budget in most categories, except for fines and forfeitures and miscellaneous revenue. 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 2012 with 159 single

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

family residential permits vs a budget of 70. Sales tax activity is expected to continue to increase in 2013 with the opening of some new stores throughout the year.

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 with operational grants above budget in addition to the State distributing to cities in June 2012 the revenue generated from the sale of the previously State run liquor stores. As mentioned earlier State shared revenue will be decreasing in 2013 as the State is using some of these funds to balance the State budget. Fines and forfeitures are below budget as there has been less emphasis recently on issuing citations. Miscellaneous revenue is below budget with lower than anticipated rental income from the Lake Wilderness Lodge for weddings and other events.

The primary reason for actual expenditures being 97% 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.

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 2013 Budget and the Six-Year Financial Forecast

The City's six-year financial forecast as of December 31, 2012 is included in the 2013 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 2,293 single-family residential lots and at December 31, 2012 had an additional 526 lots 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

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2012**

report on pages 140 and 141. In addition to the 526 approved lots, there remains at December 31, 2012 a large number of potentially available un-platted lots. This potential for single-family residential development 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.

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 Meyer opened 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 diverse 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, despite the recent increase. These combined revenue sources including investment earnings produced \$2,756,632 in 2012 from which \$761,172 in debt service was paid leaving on an annual basis only about \$2,000,000 for capital improvements, not very much for a young and growing City. Surely the economic condition will improve in the years to come. In the meantime the City may need to settle for a smaller capital improvement program as it encourages the development of its commercial properties.

Though the 2013 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 to meet the needs of the community without undue strain on City staff or the community.



This page is intentionally left blank.

Basic Financial Statements



This page is intentionally left blank.

Government-wide Financial Statements



This page is intentionally left blank.

City of Maple Valley
Statement of Net Position
December 31, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,510,020	\$ 1,556,030	\$ 10,066,050
Cash with Fiscal Agents	153,577	-	153,577
Investments	5,544,184	1,013,736	6,557,920
Receivables (net of uncollectibles)			
Taxes	720,191	-	720,191
Accounts	31,727	61,603	93,330
Accrued Interest	46,962	-	46,962
Due from Other Governments	582,302	77,893	660,195
Inventory	-	54,500	54,500
Prepaid Items	32,203	-	32,203
Capital Assets			
Land	197,767,568	9,884,137	207,651,705
Construction in Progress	29,702,199	-	29,702,199
Other Capital Assets (net of accumulated depreciation)	122,911,286	2,363,264	125,274,550
Total Assets	366,002,219	15,011,163	381,013,382
LIABILITIES			
Accounts Payable	817,720	50,172	867,892
Payroll Payable	209,177	3,295	212,472
Due to Other Governments	125,308	12,019	137,327
Deposits and Deferred Revenue	420,230	35,748	455,978
Compensated Absences Payable	136,329	-	136,329
Accrued Interest Payable	18,351	-	18,351
Noncurrent Liabilities:			
Contracts & Loans - Due within one year	184,621	-	184,621
General Obligation Bonds - Due within one year	405,000	-	405,000
Contracts & Loans - Due after one year	2,030,830	-	2,030,830
General Obligation Bonds - Due after one year	3,340,000	-	3,340,000
Total Liabilities	7,687,566	101,234	7,788,800
NET POSITION			
Net Investment in Capital Assets	344,420,602	12,247,401	356,668,003
Restricted for:			
Street Capital Projects	6,483,739	-	6,483,739
Park Capital Projects	1,881,388	-	1,881,388
General Capital Projects	2,024,007	-	2,024,007
Unrestricted	3,504,917	2,662,528	6,167,445
Total Net Position	\$ 358,314,653	\$ 14,909,929	\$ 373,224,582

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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Service (1)	Grants and Contributions Operating	Capital
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,922,206	\$ 12,975	\$ -	\$ -
Community Development	1,123,475	812,878	-	-
Human Services	232,840	-	-	-
Parks and Recreation	1,918,945	1,189,208	-	-
Public Safety	3,881,218	233,418	106,416	-
Public Works	8,025,538	1,362,375	566,724	4,707,002
Interest on Long-term Debt	179,773	-	-	-
Total Governmental Activities	17,283,995	3,610,854	673,140	4,707,002
BUSINESS-TYPE ACTIVITIES				
Surface Water Management	731,371	1,181,664	101,775	-
Golf Course Operations	1,056,980	925,368	-	29,143
Total Business-type Activities	1,788,351	2,107,032	101,775	29,143
Total Primary Government	19,072,346	5,717,886	774,915	4,736,145
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)				
Contributions from Other Funds				
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
\$ (1,909,231)		\$ (1,909,231)
(310,597)		(310,597)
(232,840)		(232,840)
(729,737)		(729,737)
(3,541,384)		(3,541,384)
(1,389,437)		(1,389,437)
(179,773)		(179,773)
(8,292,999)	-	(8,292,999)
	552,068	552,068
	(102,469)	(102,469)
-	449,599	449,599
(8,292,999)	449,599	(7,843,400)
3,200,310	-	3,200,310
2,528,876	-	2,528,876
1,698,866	-	1,698,866
1,043,963	-	1,043,963
38,828	-	38,828
308,231	-	308,231
379,185	-	379,185
46,784	19,583	66,367
8,847	2,757	11,604
137,212	(7,858)	129,354
106,776	(106,776)	-
9,497,878	(92,294)	9,405,584
1,204,879	357,305	1,562,184
357,109,774	14,552,624	371,662,398
\$ 358,314,653	\$ 14,909,929	\$ 373,224,582



This page is intentionally left blank.

Fund Financial Statements

City of Maple Valley
 Balance Sheet
 Governmental Funds
 December 31, 2012

	Special Revenue		
	General	Transportation Development	Park Development
ASSETS			
Cash and Cash Equivalents	\$ 1,781,384	\$ 3,977,937	\$ 1,139,207
Cash with Fiscal Agents	-	-	-
Investments	1,160,552	2,591,582	742,181
Receivables (net of uncollectibles)			
Taxes	720,191	-	-
Accounts	31,727	-	-
Accrued Interest	46,962	-	-
Due from Other Funds	-	95,000	-
Due from Other Governments	54,782	-	-
Prepaid Items	5,000	-	-
Total Assets	\$ 3,800,598	\$ 6,664,519	\$ 1,881,388
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 240,829	\$ -	\$ -
Payroll Payable	204,508	-	-
Due to Other Funds	-	-	-
Due to Other Governments	121,594	-	-
Deposits and Deferred Revenue	239,450	180,780	-
Total Liabilities	806,381	180,780	-
Fund Balances			
Fund Balances:			
Non-spendable:			
Prepaid Items	5,000	-	-
Restricted:			
Street Capital Projects	-	6,483,739	-
Park Capital Projects	-	-	1,881,388
1st .25% Capital Purposes	-	-	-
2nd .25% Capital Purposes	-	-	-
Committed:			
Public Art Purposes	-	-	-
Unassigned	2,989,217	-	-
Total Fund Balances	2,994,217	6,483,739	1,881,388
Total Liabilities and Fund Balances	\$ 3,800,598	\$ 6,664,519	\$ 1,881,388

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)
- Some liabilities are not due and payable in the current period and therefore are not reported in the funds. (Notes 7 and 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.

<u>Special Revenue</u>	<u>Capital Projects</u>		<u>Total</u>
	<u>Real Estate Excise Tax</u>	<u>Capital Improvement Plan</u>	
\$ 1,191,451	\$ 35,720	\$ 8,125,699	
-	153,577	153,577	
776,217	23,272	5,293,804	
-	-	720,191	
-	-	31,727	
-	-	46,962	
-	-	95,000	
56,339	471,181	582,302	
-	-	5,000	
\$ 2,024,007	\$ 683,750	\$ 15,054,262	

\$ -	\$ 566,269	\$ 807,098
-	-	204,508
-	95,000	95,000
-	3,456	125,050
-	-	420,230
-	664,725	1,651,886

-	-	5,000
-	-	6,483,739
-	-	1,881,388
692,918	-	692,918
1,331,089	-	1,331,089
-	19,025	19,025
-	-	2,989,217
2,024,007	19,025	13,402,376
\$ 2,024,007	\$ 683,750	

350,381,053

(18,351)

(136,329)

(5,960,451)

646,355

\$ 358,314,653

City of Maple Valley
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	<u>Special Revenue</u>		
	General	Transportation Development	Park Development
REVENUES			
Taxes			
Property	\$ 3,200,310	\$ -	\$ -
Sales	2,528,876	-	-
Utility	1,698,866	-	-
Real Estate Excise	-	-	-
Gambling	38,828	-	-
Licenses & Permits	861,982	-	-
Intergovernmental Revenue	1,107,798	-	43,618
Charges for Service	786,770	1,116,574	512,069
Fines & Forfeits	153,605	-	-
Miscellaneous Revenue	340,681	56,687	13,271
Total Revenues	10,717,716	1,173,261	568,958
EXPENDITURES			
Current			
General Government	1,998,035	-	-
Community Development	1,123,179	-	-
Human Services	232,840	-	-
Parks and Recreation	1,667,739	-	-
Public Safety	3,851,964	-	-
Public Works	1,036,126	-	-
Capital Outlay	46,374	-	-
Debt Service			
Principal	-	-	-
Interest on Long-term Debt	-	-	-
Total Expenditures	9,956,257	-	-
Excess (deficiency) of revenues over (under) expenditures	761,459	1,173,261	568,958
Other Financing Sources (Uses)			
Transfers In	79,733	-	5,901
Transfer (Out)	(716,861)	(1,042,794)	-
Total Other Financing Sources (Uses)	(637,128)	(1,042,794)	5,901
Net Change in Fund Balances	124,331	130,467	574,859
Fund Balance, January 1	2,869,886	6,353,272	1,306,529
Fund Balance, December 31	\$ 2,994,217	\$ 6,483,739	\$ 1,881,388

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

<u>Special Revenue</u>		<u>Capital Projects</u>	
		<u>Capital</u>	
<u>Real Estate</u>		<u>Improvement</u>	
<u>Excise Tax</u>		<u>Plan</u>	<u>Total</u>
\$ -	\$ -	\$ -	3,200,310
-	-	-	2,528,876
-	-	-	1,698,866
1,043,963	-	-	1,043,963
-	-	-	38,828
-	-	-	861,982
-	1,933,996	-	3,085,412
-	13,436	-	2,428,849
-	-	-	153,605
14,068	-	-	424,707
1,058,031	1,947,432		15,465,398
-	6,710		2,004,745
-	-		1,123,179
-	-		232,840
-	12,684		1,680,423
-	-		3,851,964
-	424,586		1,460,712
-	2,924,358		2,970,732
-	579,621		579,621
-	181,551		181,551
-	4,129,510		14,085,767
1,058,031	(2,182,078)		1,379,631
-	2,207,004		2,292,638
(480,189)	(5,901)		(2,245,745)
(480,189)	2,201,103		46,893
577,842	19,025		1,426,524
1,446,165	-		11,975,852
\$ 2,024,007	\$ 19,025	\$	13,402,376

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, 2012

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

Net Change in Fund Balances - total Governmental Funds (page 57) \$ 1,426,524

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	2,773,006
Net book value of capital assets transferred from proprietary funds to governmental funds	7,858

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				2,970,732
	<u>Depreciation</u>	<u>Retirement</u>		
General Government	\$ (628)	\$ 4,683		
Community Development	296	-		
Parks & Recreation	235,434	3,088		
Public Safety	27,243	2,011		
Public Works	6,564,826	-		
Internal Service Funds	128,425	-		
	<u>\$ 6,955,596</u>	<u>\$ 9,782</u>	(6,965,378)	

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	1,778
Increase in Compensated Absences	4,445
Repayment of Long-term Debt	<u>579,621</u>
	585,844

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 (not including depreciation)	214,598
Internal Service Funds - Non-operating Income	
Investment Earnings	5,333
Capital Asset Transfers from Proprietary Funds	32,093
Other Interest Revenue (Expenses)	1,149
Gain/(Loss) on Retirement of Capital Assets	(4,024)
Capital Contribution from Surface Water Management Fund	27,790
Capital Contributions from Other Funds	129,354
	<u>406,293</u>

Change in Net Position of Governmental Activities (page 51) \$ 1,204,879

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Property Taxes	\$ 3,205,605	\$ 3,205,605	\$ 3,200,310	\$ (5,295)
Sales Taxes				
Locally Generated	1,799,112	1,799,112	2,054,789	255,677
.1% Criminal Justice	513,192	513,192	474,087	(39,105)
Utility Taxes	1,637,326	1,637,326	1,698,866	61,540
Gambling Taxes	38,000	38,000	38,828	828
Total Taxes	7,193,235	7,193,235	7,466,880	273,645
Licenses & Permits				
Special Licenses	960	960	1,600	640
Franchise Fees	317,674	317,674	330,137	12,463
Development Permits	174,754	174,754	530,245	355,491
Total Licenses & Permits	493,388	493,388	861,982	368,594
Intergovernmental Revenue				
State and County Grants	80,345	85,345	197,239	111,894
Local Government Assistance	50,000	50,000	66,002	16,002
State Shared Revenue	321,417	806,387	844,557	38,170
Total Intergovernmental Revenue	451,762	941,732	1,107,798	166,066
Charges for Service				
Development Charges	194,862	194,862	424,660	229,798
Miscellaneous Charges	394,420	394,420	362,110	(32,310)
Total Charges for Service	589,282	589,282	786,770	197,488
Fines & Forfeits	181,558	181,558	153,605	(27,953)
Miscellaneous Revenue				
Investment Earnings	31,410	31,410	27,441	(3,969)
Rents, Leases, and Concessions	324,300	324,300	273,366	(50,934)
Other Miscellaneous Revenue	3,200	3,200	39,874	36,674
Total Miscellaneous Revenue	358,910	358,910	340,681	(18,229)
Total Revenues	\$ 9,268,135	\$ 9,758,105	\$ 10,717,716	\$ 959,611

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
General Government				
City Council	\$ 119,965	\$ 123,965	\$ 120,048	\$ 3,917
City Manager	458,213	458,213	391,581	66,632
Human Resources	107,631	107,631	91,361	16,270
Capital	-	-	2,298	(2,298)
City Clerk	521,724	521,724	466,477	55,247
Capital	-	-	2,235	(2,235)
City Attorney	324,943	324,943	397,239	(72,296)
Finance	543,432	543,432	531,329	12,103
Total General Government	2,075,908	2,079,908	2,002,568	77,340
Community Development				
Community Development	1,072,415	1,072,415	1,123,179	(50,764)
Total Community Development	1,072,415	1,072,415	1,123,179	(50,764)
Human Services	249,357	249,357	232,840	16,517
Parks and Recreation				
Administration	135,486	135,486	114,851	20,635
Parks Maintenance	373,168	373,168	347,238	25,930
Capital	-	-	14,289	(14,289)
Lake Wilderness Lodge	471,107	471,107	428,454	42,653
Capital	-	-	4,280	(4,280)
Recreation and Events	691,841	691,841	710,995	(19,154)
Community Service Agencies	64,369	64,369	66,201	(1,832)
Total Parks	1,735,971	1,735,971	1,686,308	49,663
Public Safety				
Police	3,695,298	3,695,298	3,577,870	117,428
Capital	25,750	25,750	23,272	2,478
Jail	98,250	98,250	83,427	14,823
Municipal Court	197,000	223,975	186,471	37,504
Emergency Operations Center	-	-	4,196	(4,196)
Total Public Safety	4,016,298	4,043,273	3,875,236	168,037
Public Works				
Administration	125,172	125,172	120,332	4,840
Transportation Planning	42,563	42,563	25,675	16,888
Street Maintenance	718,870	718,870	688,066	30,804
Waste Reduction & Recycling	81,651	81,651	121,137	(39,486)
Lake Management	77,974	77,974	80,916	(2,942)
Total Public Works	1,046,230	1,046,230	1,036,126	10,104
Total Expenditures	\$ 10,196,179	\$ 10,227,154	\$ 9,956,257	\$ 270,897

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues over (under) Expenditures	\$ (928,044)	\$ (469,049)	\$ 761,459	\$ 1,230,508
Other Financing Sources (Uses)				
Transfer in from Street Fund	484,970	-	-	-
Transfer in from Surface Water Management Fund	77,974	77,974	79,733	1,759
Transfer out to Capital Improvement Plan Fund	(697,309)	(697,309)	(684,021)	13,288
Transfer out to Lake Wilderness Golf Course	-	(40,000)	(32,840)	7,160
Total Other Financing Sources (Uses)	(134,365)	(659,335)	(637,128)	22,207
Net Change in Fund Balances	(1,062,409)	(1,128,384)	124,331	1,252,715
Fund Balance, January 1	2,818,316	2,869,886	2,869,886	-
Fund Balance, December 31	\$ 1,755,907	\$ 1,741,502	\$ 2,994,217	\$ 1,252,715

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

City of Maple Valley
 Transportation Development Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services				
Transportation Impact Fees	\$ 755,631	\$ 755,631	\$ 1,116,574	\$ 360,943
Total Charges for Services	755,631	755,631	1,116,574	360,943
Intergovernmental Revenue				
State Shared Revenue				
Motor Vehicle Fuel Tax - Street Construction	484,970	-	-	-
Total Intergovernmental Revenue	484,970	-	-	-
Miscellaneous Revenue				
Investment Earnings	71,473	71,473	56,687	(14,786)
Total Miscellaneous Revenue	71,473	71,473	56,687	(14,786)
Total Revenues	1,312,074	827,104	1,173,261	346,157
Other Financing Sources (Uses)				
Transfer out to the General Fund	(484,970)	-	-	-
Transfer out to Capital Improvement Plan Fund	(1,337,238)	(1,572,238)	(1,042,794)	529,444
Total Other Financing Sources (Uses)	(1,822,208)	(1,572,238)	(1,042,794)	529,444
Net Change in Fund Balances	(510,134)	(745,134)	130,467	875,601
Fund Balance, January 1	6,353,272	6,353,272	6,353,272	-
Fund Balance, December 31	\$ 5,843,138	\$ 5,608,138	\$ 6,483,739	\$ 875,601

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
King County Open Space & Trails Levy	\$ 40,000	\$ 40,000	\$ 43,618	\$ 3,618
Total Intergovernmental Revenue	40,000	40,000	43,618	3,618
Charges for Services				
Park Impact Fees	194,708	194,708	512,069	317,361
Total Charges for Services	194,708	194,708	512,069	317,361
Miscellaneous Revenue				
Investment Earnings	14,782	14,782	13,271	(1,511)
Total Miscellaneous Revenue	14,782	14,782	13,271	(1,511)
Total Revenues	249,490	249,490	568,958	319,468
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(217,423)	(217,423)	-	217,423
Transfer in from Capital Improvement Plan Fund	-	-	5,901	5,901
Total Other Financing Sources (Uses)	(217,423)	(217,423)	5,901	223,324
Net Change in Fund Balances	32,067	32,067	574,859	542,792
Fund Balance, January 1	1,306,529	1,306,529	1,306,529	-
Fund Balance, December 31	\$ 1,338,596	\$ 1,338,596	\$ 1,881,388	\$ 542,792

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Real Estate Excise Tax	\$ 536,241	\$ 536,241	\$ 1,043,963	\$ 507,722
Total Taxes	536,241	536,241	1,043,963	507,722
Miscellaneous Revenue				
Investment Earnings	12,271	12,271	14,010	1,739
Other Miscellaneous Revenue	35	34	58	24
Total Miscellaneous Revenue	12,306	12,305	14,068	1,763
Total Revenues	548,547	548,546	1,058,031	509,485
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(1,252,750)	(1,252,750)	(480,189)	772,561
Total Other Financing Sources (Uses)	(1,252,750)	(1,252,750)	(480,189)	772,561
Net Change in Fund Balances	(704,203)	(704,204)	577,842	1,282,046
Fund Balance, January 1	1,480,781	1,480,781	1,446,165	(34,616)
Fund Balance, December 31	\$ 776,578	\$ 776,577	\$ 2,024,007	\$ 1,247,430

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, 2012

	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	\$ 1,548,429	\$ 7,601	\$ 1,556,030	\$ 384,321
Investments	1,008,784	4,952	1,013,736	250,380
Receivables (net of uncollectibles)				
Accounts	60,417	1,186	61,603	-
Due from Other Governments	77,893	-	77,893	-
Inventory	-	54,500	54,500	-
Prepaid Items	-	-	-	27,203
Total Current Assets	2,695,523	68,239	2,763,762	661,904
Noncurrent Assets				
Capital Assets:				
Land	7,603,919	2,280,218	9,884,137	-
Other Capital Assets	937,679	2,297,237	3,234,916	1,428,972
Less: Accumulated Depreciation	(300,217)	(571,435)	(871,652)	(944,286)
Total Noncurrent Assets	8,241,381	4,006,020	12,247,401	484,686
Total Assets	10,936,904	4,074,259	15,011,163	1,146,590
LIABILITIES				
Current Liabilities				
Accounts Payable	12,931	37,241	50,172	10,622
Payroll Payable	3,295	-	3,295	4,669
Due to Other Governments	11,127	892	12,019	258
Deposits and Deferred Revenue	5,642	30,106	35,748	-
Total Current Liabilities	32,995	68,239	101,234	15,549
NET POSITION				
Net Investment in Capital Assets	8,241,381	4,006,020	12,247,401	484,686
Unrestricted	2,662,528	-	2,662,528	646,355
Total Net Position	\$ 10,903,909	\$ 4,006,020	\$ 14,909,929	\$ 1,131,041

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, 2012

	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	\$ 1,169,444	\$ -	\$ 1,169,444	\$ -
Golf Operations	-	678,476	678,476	-
Restaurant Operations	-	246,892	246,892	-
Other Services	12,220	-	12,220	1,134,274
Total Operating Revenues	1,181,664	925,368	2,107,032	1,134,274
Operating Expenses				
Cost of Services	699,738	976,005	1,675,743	919,676
Depreciation	31,191	80,975	112,166	128,425
Total Operating Expenses	730,929	1,056,980	1,787,909	1,048,101
Operating Income	450,735	(131,612)	319,123	86,173
Nonoperating Revenue (Expenses)				
Intergovernmental Revenue	101,775	29,143	130,918	-
Investment Earnings	19,454	129	19,583	5,333
Other Interest Earnings (Expense)	2,449	308	2,757	1,149
Gain (Loss) on Retirement of Capital Assets	-	(442)	(442)	(4,024)
Total Nonoperating Revenue (Expenses)	123,678	29,138	152,816	2,458
Income before Contributions and Transfers	574,413	(102,474)	471,939	88,631
Contributions and Transfers				
Capital Contributions from General Fund	-	-	-	34,109
Capital Contributions from Other Funds - CY Purchase	(7,031)	(11,783)	(18,814)	95,245
Capital Contributions from Other Funds - CY Contributio	-	10,956	10,956	-
Transfers in (out)	(107,523)	32,840	(74,683)	27,790
Transfer of Capital Assets	(4,320)	(27,773)	(32,093)	32,093
Total Contributions and Transfers	(118,874)	4,240	(114,634)	189,237
Change in Net Position	455,539	(98,234)	357,305	277,868
Total Net Position - January 1	10,448,370	4,104,254	14,552,624	853,173
Total Net Position - December 31	\$ 10,903,909	\$ 4,006,020	\$ 14,909,929	\$ 1,131,041

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, 2012

	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	\$ 1,107,648	\$ 926,689	\$ 2,034,337	\$ 1,134,274
Cash Paid to Suppliers for Goods and Services	(690,148)	(970,254)	(1,660,402)	(988,667)
Net Cash Flows from Operating Activities	417,500	(43,565)	373,935	145,607
Cash Flows from Non-Capital Financing Activities				
Intergovernmental Revenue	101,775	29,143	130,918	-
Transfers to (from) Other Funds	(107,523)	32,840	(74,683)	-
Net Cash Flows from Non-Capital Financing	(5,748)	61,983	56,235	-
Cash Flows from Capital and Related Financing Activities				
Capital Assets Purchased for Own Use	-	-	-	(186,708)
Capital Assets Purchased for Other Funds	(7,031)	(11,783)	(18,814)	27,790
Reclassification of Capital Assets to Inventory	-	-	-	1,149
Net Cash Flows from Capital and Related Financing	(7,031)	(11,783)	(18,814)	(157,769)
Cash Flows from Investing Activities				
Purchase of Investments	81,037	-	81,037	-
Proceeds from Investment Maturities	-	(2,149)	(2,149)	77,773
Interest on Investments	21,903	437	22,340	5,333
Net Cash Flows from Investing Activities	102,940	(1,712)	101,228	83,106
Net Change in Cash and Cash Equivalents	507,661	4,923	512,584	70,944
Cash and Cash Equivalents, January 1	1,040,768	2,678	1,043,446	313,377
Cash and Cash Equivalents, December 31	\$ 1,548,429	\$ 7,601	\$ 1,556,030	\$ 384,321

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

Business-type Activities			Governmental-
Enterprise Funds			type Activities
Surface Water	Lake Wilderness	Total	Internal
Management	Golf Course		Service
			Funds

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ 450,735	\$ (131,612)	\$ 319,123	\$ 86,173
Adjustments to Reconcile Operating Income to Net Cash Provided:				
Depreciation Expense	31,191	80,975	112,166	128,425
Change in Receivables (net of uncollectibles)	3,775	(1,186)	2,589	-
Change in Due from Other Governments	(77,790)	-	(77,790)	-
Change in Inventory	-	(1,500)	(1,500)	-
Change in Prepaid Items	-	-	-	(27,203)
Change in Accounts Payable	6,495	7,359	13,854	(36,613)
Change in Payroll Payable	132	-	132	(8)
Change in Due to Other Governments	2,963	(1,608)	1,355	(5,167)
Changes in Deposits and Deferred Revenue	(1)	4,007	4,006	-
Net Cash Flows from Operating Activities	\$ 417,500	\$ (43,565)	\$ 373,935	\$ 145,607

Non Cash Investing, Capital and Financing Activities

Capital Contributions from General Fund	\$ -	\$ -	\$ -	\$ 34,109
Capital Asset Transfers	(4,320)	(27,773)	(32,093)	32,093
Capital Contributions from Other Funds	-	-	-	95,245
Retirement of Internal Service Fund Capital Assets	-	-	-	85,162
Total Non Cash Investing, Capital and Financing	\$ (4,320)	\$ (27,773)	\$ (32,093)	\$ 246,609

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

Notes to the Financial Statements



This page is intentionally left blank.

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.

Blended Component Unit - The Maple Valley Transportation Benefit District was formed by the City Council on November 26, 2012. The purpose of the District is to fund the maintenance, improvement and preservation of existing transportation facilities. The District is governed by the seven-member board appointed by the City of Maple Valley Council. Although it is legally separate from the City of Maple Valley the Maple Valley Transportation Benefit District will be reported as if it were part of the primary government because its sole purpose is to finance and construct City of Maple Valley streets. The District will be funded by a \$20 excise tax on all vehicles registered within the City of Maple Valley. Under contract with the Washington State Department of Licensing, the vehicle excise taxes will begin collection in July 2013. As such, no activity is reported herein for 2012 for the District.

B. GENERAL ACCOUNTING STANDARDS

The accompanying financial statements of the City of Maple Valley have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles, which are primarily set forth in GASB's *Codification of Governmental Accounting and Financial Reporting Standards*.

Since the issuance of the *Codification*, 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 2012 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's surface water management and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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.

- **Transportation Development Fund** – to account for transportation impact fees and other funds restricted for transportation capital improvements,
- **Park Development Fund** – to account for park impact fees and other funds restricted for park capital improvements, and

- **Real Estate Excise Tax Fund** – to account for real estate excise taxes restricted for 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 surface water 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 Lake Wilderness Golf Course 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, 2016.

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 2012, 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.

The Washington State Local Government Investment Pool (LGIP), created by the Washington State Legislature in 1986, is managed and operated solely by the Office of the State Treasurer. The State Finance Committee administers the statute that created the pool and adopts appropriate rules. The State Treasurer established the LGIP Advisory Committee to provide advice on the pool's operation. The advisory committee includes 12 members selected from the active pool participants. Eight members are appointed by the participant associations, and four are appointed by the State Treasurer.

The LGIP is considered extremely low risk and is recorded as a cash equivalent. The pool is unrated by financial rating agencies. It is operated in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk. The City's position in the pool is the same as the value of the shares.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. All City deposits are insured by Federal Depository Insurance (FDIC) up to \$250,000. All deposits not covered by FDIC insurance are covered by the Washington Public Deposit Protection Commission (WPDPC) of the State of Washington.

The WPDPC is a statutory authority established under RCW chapter 39.58. It constitutes a multiple financial institution collateral arrangement that provides for additional assessments against members of

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

the pool on a pro rata basis up to a maximum of 10 percent of each institution's public deposits. Provisions of RCW chapter 39.58, section 60 authorize the WPDPC to make pro-rata assessments in proportion to the maximum liability of each such depository as it existed on the date of loss.

Custodial Credit Risk – Investments. For investments, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All City securities are held for safekeeping by the Bank of New York, as the City's agent, in the City's name.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City diversifies its investments by security type and institution. The investment policy states: "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" with the exception of the LGIP.

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. 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. 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.

The following summarizes the City's cash and investment activity at December 31, 2012.

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

	Beginning Balance	Receipts and Investments Purchased	Disbursements and Investments Sold	Ending Balance
Cash & Cash Equivalents				
Petty Cash	\$ 15,040	\$ 1,500	\$ 340	\$ 16,200
Demand Deposits	19,451	25,889,133	25,691,235	217,349
Investments (LGIP)	7,108,071	10,541,430	7,817,000	9,832,501
Total Cash & Cash Equivalents	\$ 7,142,562	\$ 36,432,063	\$ 33,508,575	\$ 10,066,050
Cash with Fiscal Agents	\$ 153,577	\$ -	\$ -	\$ 153,577
Investments				
Certificates of Deposit	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Other Investments	6,479,200	1,214,151	2,135,431	5,557,920
Total Investments	\$ 7,479,200	\$ 1,214,151	\$ 2,135,431	\$ 6,557,920

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 table shows the investments held by the custody bank at year-end. They are shown both at cost and at fair value.

	Amortized Cost	Fair Market Value
Other Investments		
U.S. Government Securities	\$ 5,366,257	\$ 5,557,920

NOTE 4 RECEIVABLES AND OTHER SHORT-TERM ASSETS

Receivable and other short-term asset amounts at year-end totaled \$1,607,381, up \$317,890 from the prior year amount of \$1,289,491. The increase is almost entirely related to a higher amount of Due from Other Governments for year-end grant billing as more projects with grant funding were in progress at the end of 2012 as opposed to the end of 2011. 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.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Receivables (net of uncollectibles)						
Taxes	\$ 720,191	\$ 701,812	\$ -	\$ -	\$ 720,191	\$ 701,812
Accounts	31,727	93,800	61,603	64,192	93,330	157,992
Accrued Interest	46,962	33,512	-	-	46,962	33,512
Due from Other Gov'ts	582,302	306,053	77,893	103	660,195	306,156
Inventory	-	-	54,500	53,000	54,500	53,000
Prepaid Items	5,000	37,019	27,203	-	32,203	37,019
Total Receivables & Short-term Assets	\$ 1,386,182	\$ 1,172,196	\$ 221,199	\$ 117,295	\$ 1,607,381	\$ 1,289,491

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

The taxes receivable amount of \$720,191 is categorized as follows: property taxes, \$63,863; sales taxes, \$402,828; utility taxes, \$162,703; gambling taxes, \$10,250; and cable TV franchise fee \$80,547. The property taxes are billed and collected by King County and remitted to the City daily as collected. Of the property taxes receivable amount, 65% is from 2012 delinquencies, 22% is from 2011 delinquencies, with 13% from prior year delinquencies. Of the year-end property tax receivable amount, \$15,033 was received by February 28, 2013. 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 2013.

The accounts receivable amount of \$93,330, \$31,727 is in governmental activities for receivables from individuals, businesses, and developers and \$61,603 is in business-type activities of which \$60,417 is for surface water management fees. Most of the accounts receivable in governmental activities is \$28,143 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. Of the remaining governmental activities accounts receivable of \$3,584, \$1,620 is for fire permits billed in December 2012. 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 \$660,195 is categorized as follows: from the State of Washington, \$554,835; from King County, \$69,214; and from the City of Enumclaw, \$36,146. Of the amount due from the State of Washington, \$549,455 is from three reimbursable grants on two City transportation projects, SR 169 from SE 264th Street to SE 258th Street and SR 169 from Witte Road to 228th Ave SE and a Surface Water Management grant. The transportation reimbursable grants totaling \$471,181 were received by February 8, 2013. The other amount due from the State of Washington, \$5,380 was for a Labor and Industry overpayment for 2012 standby hours.

Of the amount due from King County, \$56,339 is for real estate excise taxes, collected by the County in December 2012 and remitted to the City on January 10, 2013. Also received from King County by January 10, 2013 was \$1,547 for property taxes and \$541 for surface water management fees collected the last few days of prior year and remitted to the City in early January. Also due from King County is a \$9,828 reconciliation amount based on a reconciliation process on the King County Sheriff's contract and \$959 related to a King County Jail overpayment. The King County Sheriff's contract is billed to the City monthly based on the budget. After year-end closing, the Sheriff's office prepares 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 monthly amount is remitted within the first week of the following month. 2012 was the last year that the City of Enumclaw administered the City of Maple Valley municipal court. The City of Maple Valley out grew the Enumclaw venue and was asked to move. For 2013 a similar court administration contract has been negotiated with the City of Kent.

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

In business-type activities, the inventory amount of \$54,500 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 item is of \$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 2012, the City did have a year-end interfund receivable and payable of \$95,000 for a loan from the Transportation Development Fund to the Capital Improvement Plan Fund. The SR 169 – Witte Road to 228th Ave SE project in the Capital Improvement Plan Fund was partially funded with a State of Washington Transportation Improvement Board reimbursable grant. The project is also funded from the Transportation Development Fund and the Real Estate Excise Tax Fund. At December 31, 2012 the project had an overdrawn cash position of \$94,163. The loan covered this deficit cash position until a grant payment of \$96,533 was received on January 18, 2013. The City Council approved the interfund receivable and payable with no interest since the interest would have been minor and the Transportation 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 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 2012 activity.

	Transfers	
	In	Out
General Fund	\$ 79,733	\$ 716,861
Transportation Impact Fee Fund	-	1,042,794
Park Development Fund	5,901	-
Real Estate Excise Tax Fund	-	480,189
Capital Improvement Plan Fund	2,207,004	5,901
Surface Water Management Fund	-	107,523
Lake Wilderness Golf Course Fund	32,840	-
Central Services Fund	27,790	-
	\$ 2,353,268	\$ 2,353,268

The General Fund received transfers from the Surface Water Management Fund of \$79,733 to fund lake management expenditures in the General Fund.

The Capital Improvement Plan Fund received transfers, as funds were budgeted and expended for capital projects: from the General Fund, \$684,021; from the Transportation Impact Fee Fund, \$1,042,794; and from the Real Estate Excise Tax Fund, \$480,189. It also had a transfer reduction from

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

the Park Development Fund of \$5,901 as the Lake Wilderness Trail project in the Capital Improvement Plan Fund received grant funding that covered \$5,901 of prior year expenditures.

The Lake Wilderness Golf Course Fund received a transfer from the General Fund of \$32,840. The 2011 transfer was \$91,373, after a \$227,045 transfer in 2010. 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 to which the entire operating loss was attributed. The stipulation was made that the City's General Fund would no longer subsidize operations. Great improvement was made in 2011 and 2012, but a subsidy was still required.

The Central Services Fund received a transfer from the Surface Water Management Fund of \$27,790 to partially cover the cost of a work-order system to be used by staff at Public Works, Parks and elsewhere.

NOTE 6 CAPITAL ASSETS

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

The City defines capital assets as items of a capital nature with a useful life of more than three years and a cost of more than \$1,000. If purchased or constructed, such capital assets are recorded at cost. Contributed capital assets are recorded at estimated fair market value at the time of acquisition. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as construction in progress until the projects are completed. The table that follows summarizes the City's capital asset activity during 2012.

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

Fixed Assets

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Governmental Activities					
Capital Assets not being depreciated					
Land	\$ 196,544,183	\$ 1,223,385	\$ -	\$ -	\$ 197,767,568
Construction in Progress	26,848,295	2,853,904	-	-	29,702,199
Total	223,392,478	4,077,289	-	-	227,469,767
Capital Assets being depreciated					
Buildings	9,172,760	3,850	-	-	9,176,610
Imprmts Other Than Bldngs	222,395,410	1,549,621	1,397	-	223,946,428
Machinery & Equipment	223,537	64,960	54,480	(9,782)	333,195
Mach & Equip (IS Funds)	1,141,970	373,860	(2,069)	(84,789)	1,428,972
Total	232,933,677	1,992,291	53,808	(94,571)	234,885,205
Accumulated Depreciation					
Buildings	(1,499,540)	(229,319)	-	-	(1,728,859)
Imprmts Other Than Bldngs	(102,525,192)	(6,576,025)	-	-	(109,101,217)
Machinery & Equipment	(177,729)	(21,827)	-	-	(199,556)
Mach & Equip (IS Funds)	(872,990)	(128,425)	(23,637)	80,765	(944,287)
Total	(105,075,451)	(6,955,596)	(23,637)	80,765	(111,973,919)
Net Capital Assets being depreciated	127,858,226	(4,963,305)	30,171	(13,806)	122,911,286
Governmental Activities, Net Capital Assets	\$ 351,250,704	\$ (886,016)	\$ 30,171	\$ (13,806)	\$ 350,381,053
Business-type Activities					
Capital Assets not being depreciated					
Land	\$ 9,884,137	\$ -	\$ -	\$ -	\$ 9,884,137
Total	9,884,137	-	-	-	9,884,137
Capital Assets being depreciated					
Buildings	1,047,800	-	-	-	1,047,800
Imprmts Other Than Bldngs	1,943,856	-	-	-	1,943,856
Machinery & Equipment	296,512	10,514	(63,766)	-	243,260
Total	3,288,168	10,514	(63,766)	-	3,234,916
Accumulated Depreciation					
Buildings	(132,340)	(26,195)	-	-	(158,535)
Imprmts Other Than Bldngs	(434,897)	(65,319)	1,136	-	(499,080)
Machinery & Equipment	(223,922)	(20,652)	30,537	-	(214,037)
Total	(791,159)	(112,166)	31,673	-	(871,652)
Net Capital Assets being depreciated	2,497,009	(101,652)	(32,093)	-	2,363,264
Business-type, Net Capital Assets	\$ 12,381,146	\$ (101,652)	\$ (32,093)	\$ -	\$ 12,247,401
Grand Total	\$ 363,631,850	\$ (987,668)	\$ (1,922)	\$ (13,806)	\$ 362,628,454

In 2012 the City had a net capital asset reduction \$1,003,396. The amount reflects the fact that capital asset additions of \$6,080,094 are offset by increases in accumulated depreciation of \$7,067,762. The remaining difference is due to the retirement of assets that were not fully depreciated and transfers between funds.

The net additions to land and improvements other than buildings represent developer contributions from Maple Valley Town Square for roads turned over to the City with the expiration of the two year maintenance bond for the development.

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

The net additions to construction in progress totaled \$2,853,904 for six capital projects that the City made expenditures on in 2012. The two significant projects were the SR169-Witte Road to SE 228th Ave and the SR169-SE 264th to 258th. In 2012, \$1,106,472 of a \$3,227,870 project budget was spent on the SR169-Witte Road to SE 228th project that is expected to be completed in 2013. Also in 2012, \$1,348,280 of a \$3,784,711 project budget was spent on the SR169-SE 264th St to SE 258th St that is expected to be completed in early 2013. Other construction in progress expenditures were primarily for the completion of a Witte Road project and the Maintenance Facility/Emergency Operations Center project, along with the start of a SR169 road project scheduled for construction in 2013.

Machinery and equipment additions totaled \$449,334. The additions were as follows:

- In the governmental activities area, \$271,897 was added, \$104,028 from General Fund purchases, \$163,907 from Internal Service Fund purchases. The General Fund purchases included: a large generator for the Public Works Maintenance Facility and Emergency Operations Center; four radar detectors for police officer; an audio-video recorder and repeater for the Police Department; an ID maker for City Hall; two defibrillators for City Hall; and a hard floor surface cleaner, to be shared by Lake Wilderness Lodge and Public Works; a mower and trailer blower for the Parks. The Internal Service Fund purchases included: a backhoe, snow plow, and sand spreader for Public Works; a portion of the new work order system primarily for Public Works and Parks; four new laptops and a telephone system for the Emergency Operations Center, along with other miscellaneous information technology equipment to get it setup.
- In the business activities area, \$98,732 was added for a portion of the new work order software and a pond mower for surface water management operations; a mower and a turf sprayer for Lake Wilderness Golf Course.

Retirements include a ball field groomer 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

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.

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

	Governmental Funds	Internal Service Funds	Total
General Government	\$ (628)	\$ 128,425	\$ 127,797
Community Development	296	-	296
Parks & Recreation	235,434	-	235,434
Public Safety	27,243	-	27,243
Public Works	6,564,826	-	6,564,826
	\$ 6,827,171	\$ 128,425	6,955,596
Proprietary Fund Depreciation			112,166
Total Depreciation			\$ 7,067,762

NOTE 7 PAYABLES AND OTHER SHORT-TERM LIABILITIES

Payables and other short-term liabilities at year-end totaled \$1,822,280, up \$328,070 from the prior year amount of \$1,494,210. The majority of the increase is in accounts payable related to capital projects as discussed below. The following table summarizes the year-end payables and short-term liabilities and compares the amounts to the prior year.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Accounts Payable	\$ 817,720	\$ 385,650	\$ 50,172	\$ 36,318	\$ 867,892	\$ 421,968
Payroll Payable	209,177	135,477	3,295	3,163	212,472	138,640
Due to Other Gov'ts	125,308	284,425	12,019	10,664	137,327	295,089
Deposits and Deferred Revenue	420,230	445,868	35,748	31,742	455,978	477,610
Compensated Absences	136,329	140,774	-	-	136,329	140,774
Accrued Interest Payable	18,351	20,129	-	-	18,351	20,129
Total Payables & Short-term Liabilities	\$ 1,727,115	\$ 1,412,323	\$ 101,234	\$ 81,887	\$ 1,828,349	\$ 1,494,210

The accounts payable increase of \$439,855 is primarily related to increased expenditures in the Capital Improvement Plan Fund for improvements on State Route 169 for Witte Road to 228th, 264th to 258th and the SR169 and 271st Place intersection. The payroll payable increase of \$73,832 is related to full staffing at year-end as well as the accrued liability for severance payout and COBRA liability for two management-level positions that were eliminated at year-end. The due to other government's decrease of \$157,762 is primarily due to lower payables at year end for the court as well as less impact fees due to the school district and others at year-end.

The deposits and deferred revenue decrease of \$21,632 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 \$455,978 in seven components: deferred revenue from developers, \$180,780; developer deposits, \$88,398; Lake Wilderness Lodge deposits and deferred

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

revenue, \$58,960; Lake Wilderness Golf Course deposits and deferred revenue, \$30,106; deferred franchise fee revenue, including \$1,865 in deferred solid waste franchise fee revenue, \$41,865; deferred revenue for jail purposes, \$55,773, and miscellaneous, \$96.

The deferred revenue from developers is for amounts collected from developers for their portion of the cost of future transportation improvement projects. Three amounts between \$6,929 and \$135,568 are being held to help complete City projects identified in the transportation plan. These amounts decreased by \$13,436 during 2012.

The developer deposits are collected from applicants at the beginning of a development project. The amount decreased \$14,862 from the 2011 amount of \$103,260 to \$88,398 with the completion of several development projects and either usage of or refunding the balance of the deposits at completion of the project. 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 2012 for events to be held in 2013. Deferred revenue for the Lake Wilderness Golf Course is for memberships, \$5,065; tournament and banquet deposits, \$11,967; and gift cards, \$13,074. The membership portion of the account increased \$3,944 as membership activity picked up versus the prior 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 an unspent donation, \$15; and a small assessment receivable, \$82.

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 \$102,194 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 \$25,634. It is also assumed to be current as the largest balance is for an employee who retired in early 2013. In prior years the liability has been liquidated by the General Fund and that is the intent in future years.

The accrued interest payable amount represents the interest due from December 1, 2012 to December 31, 2012 on the City's general obligation bonds, \$12,812 and the interest due from July 1, 2012 to December 31, 2012 on the City's contracts and loans payable, \$5,539.

NOTE 8 LONG-TERM LIABILITIES

Long-term liabilities at year-end totaled \$5,960,451, down \$579,621 from the prior year amount of \$6,540,072. 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>2012</u>	<u>2011</u>
Contracts & Loans - Current	\$ 184,621	\$ 184,621
General Obligation Bonds - Current	405,000	395,000
Contracts & Loans Payable	2,030,830	2,215,451
GO Bonds Payable	3,340,000	3,745,000
Total Long-term Debt	<u>\$ 5,960,451</u>	<u>\$ 6,540,072</u>

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, 2012 had State infrastructure loans payable of \$2,215,451. 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, 2012

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
State Infrastructure Loan	\$ 2,400,072	\$ -	\$ 184,621	\$ 2,215,451	\$ 184,621
2005 GO Refunding Bonds	4,140,000	-	395,000	3,745,000	405,000
Total Long-term Debt	\$ 6,540,072	\$ -	\$ 579,621	\$ 5,960,451	\$ 589,621

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

Year	Governmental Activities		
	Principal	Interest	Total
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	659,621	92,136	751,757
2018-22	2,468,104	155,340	2,623,445
2023-24	369,242	2,769	372,011
Total	\$ 5,960,451	\$ 803,821	\$ 6,764,272

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, 2012, the City expended \$320,442 for its office space lease down from the prior year amount of \$355,361. With respect to the 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 difference between fund assets and liabilities is “net position” on the government-wide and proprietary fund statements, and is "fund balance" on the governmental fund statements.

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54. As a result, are reported as non-spendable, restricted, committed, assigned, or unassigned.

- Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the City Council, the City's highest level of decision-making authority. This formal action is the passage of an ordinance by City Council creating, modifying, or rescinding an appropriation.
- Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed.
- Unassigned fund balance is the residual amount of the general fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed to classify the fund balance in accordance with GASB Statement No. 54. Funds are created by the City Council and money is authorized to be transferred to the fund for a particular purpose. At this point, balances in these funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved. When both restricted and unrestricted funding sources are available, the City considers the restricted revenue sources to be used first before unrestricted revenue.

The appropriated balance in the general fund is committed, and the remaining balance is unassigned. All other governmental funds are presented as restricted or committed. Appropriations specify the funding source, and therefore the order in which restricted, committed, assigned, or unassigned fund balance gets spent.

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 least 10% of operating expenditures. At December 31, 2012, General Fund's unassigned fund balance was 30% of 2012 General Fund expenditures, down slightly from 31% at December 31, 2011.

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 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 remaining balance in the Capital Improvement Plan fund is committed by City Council for public art purposes.

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

1. Net investment in 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, 2012, 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 reorganized operations will reduce the need for a General Fund transfer in the near future.
- 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 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 2012, the City's maximum levy rate was \$1.60 per thousand dollars of assessed valuation (\$3.60 per thousand dollars of assessed valuation, less the fire district operating levy (\$1.50) and library district operating levy (\$.50)). As noted below though the City only levied \$1.38 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 2012 property taxes, the City’s final revised levy was \$3,203,387 up \$62,888 or 2.0% from the 2011 revised levy of \$3,140,499. The levy amount produced a City levy rate of \$1.38 per thousand dollars of assessed valuation, up from \$1.29 the previous year. Of the revised levy amount for 2012, only \$41,556 or 1.3% remained outstanding at December 31, 2012. The outstanding amount for all prior year levies totals \$22,306. 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, 2012 is \$136,329 down from the 2011 amount of \$140,774. Of the total \$136,329, \$25,634 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 (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>2012</u>	<u>2011</u>	<u>2010</u>
Total Payroll	\$ 3,240,304	\$ 2,945,100	\$ 2,845,860
PERS Payroll	2,781,627	2,553,730	2,465,986

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>2012</u>	<u>2011</u>	<u>2010</u>
Medicare portion of Social Security	\$ 46,223	\$ 42,011	\$ 41,265
Substitute Social Security Plan (401(a))	176,041	152,858	149,123
Public Employees Retirement System (PERS)	200,177	160,080	130,943
	<u>\$ 422,441</u>	<u>\$ 354,949</u>	<u>\$ 321,332</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 following 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, Communications 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 the GASB Statement 27, *Accounting for Pensions by State and Local Government Employers* and the GASB Statement 50, *Pension 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; employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; employees of district and municipal courts; and employees of local governments. Approximately 50 percent of PERS salaries are accounted for by state employment. 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 exercised an option to transfer their membership to Plan 3. PERS members 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 Plan 3. The option must be exercised within 90 days of employment. Employees who fail to

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

choose within 90 days default to 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 is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2012, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

The monthly benefit is subject to a minimum for 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. If a survivor option is chosen, the benefit is reduced. Plan 1 members retiring from inactive status prior to the age of 65 may also receive actuarially reduced benefits. 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 percent 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. The benefit 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, at which time the benefit is converted to the member's service retirement amount. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor

option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

The survivor of a PERS Plan 1 member who dies after having earned ten years of service credit has the option, upon the member's death, of either a monthly survivor benefit or the lump sum of contributions plus interest.

PERS Plan 2 members are vested after the 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 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest- paid service months. 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 percent annually.

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

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. The surviving spouse or eligible child(ren) of a PERS Plan 2 member who dies after having earned ten years of service credit has the option of either a monthly benefit or a lump sum payment of the member's contributions plus interest.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 investments are made in the same portfolio as that of the PERS 2/3 defined benefit plan.

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

For DRS' fiscal year 2012, PERS Plan 3 employee contributions were \$95.2 million, and plan refunds paid out were \$66.2 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

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 by 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 percent 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 benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

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 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent 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 percent 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.

PERS Plan 2 and Plan 3 members who become totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

PERS Plan 2 and Plan 3 members can purchase up to 24 months of service credit lost because of an on- the-job injury.

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

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. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

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

There are 1,184 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

	<u>Members</u>
Retirees and beneficiaries receiving benefits	79,363
Terminated plan members entitled to but not yet receiving benefits	29,925
Active plan members vested	105,578
Active plan members non-vested	<u>46,839</u>
Total	<u>261,708</u>

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit 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. 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 percent to 15 percent, 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, 2012, are as follows:

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer (1)	7.21% (2)	7.21% (2)	7.21% (3)
Employee	6.00% (4)	4.64% (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 10.74% for Plan 1 and 7.21% 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.

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, 2012 were as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
PERS 1	\$ 8,927	\$ 7,564	\$ 6,380
PERS 2	186,869	148,508	118,148
PERS 3	4,381	4,251	6,415
	<u>\$ 200,177</u>	<u>\$ 160,323</u>	<u>\$ 130,943</u>
PERS Cost as % of PERS Payroll	7.20%	6.28%	5.31%

C. OTHER EMPLOYEE BENEFITS

In addition to leave and retirement benefits, the City provides: a Worker's Compensation program through the Washington State Department of Labor and Industries and a medical, dental, vision, group life, disability, and employee assistance programs through the Association of Washington Cities (AWC).

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Worker's Compensation	\$ 50,738	\$ 43,591	\$ 37,350
Medical, Dental and Vision (Health)	527,344	463,362	478,902
Group Life and Long-term Disability	18,196	16,687	16,173
	<u>\$ 596,278</u>	<u>\$ 523,640</u>	<u>\$ 532,425</u>
Other Benefit Cost as a % of Total Payroll	16%	16%	17%

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, 2012, was \$527,344 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. 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 153 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 \$750,000, 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.

City of Maple Valley
Notes to the Financial Statements
December 31, 2012

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

An investment committee, using investment brokers, produces additional revenue by investment of WCIA’s assets in financial instruments which comply with all State guidelines.

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 claims paid, and ending net position of the fund.

Unemployment

	2012	2011	2010
Claims Paid	\$ 3,739	\$ 6,322	\$ 7,785
Net Position	68,814	71,974	77,206

Based on the trend data and the fact that the City has had minimal layoffs, 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 2012 projects were essentially completed at year-end.

Combining Statements and Schedules



This page is intentionally left blank.

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

Page Number

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

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

Capital Improvement Plan Fund	105
Surface Water Management Fund	108
Lake Wilderness Golf Course Fund	109
Vehicle Rental Fund	110
Central Service Fund	111
Unemployment Trust Fund	112

Internal Service Fund Statements

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

Combining Statement of Net Assets	115
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.

Schedule of Capital Assets by Source	121
Schedule of Changes by Function and Activity	122



This page is intentionally left blank.

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



This page is intentionally left blank.

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
Federal Grants	\$ 11,642	\$ 11,642	\$ 26,624	\$ 14,982
State and County Grants	2,593,201	2,593,201	1,907,372	(685,829)
Total Intergovernmental Revenue	2,604,843	2,604,843	1,933,996	(670,847)
Charges for Service				
Development Contributions	-	-	13,436	13,436
Total Charges for Services	-	-	13,436	13,436
Total Revenues	2,604,843	2,604,843	1,947,432	(657,411)
EXPENDITURES				
General Government				
Capital Expenditures	283,202	283,202	263,052	20,150
Operating Expenditures	-	-	6,710	(6,710)
Total General Government	283,202	283,202	269,762	13,440
Public Works				
Transportation				
Capital Expenditures	4,921,627	5,156,627	2,661,306	2,495,321
Operating Expenditures	-	-	424,586	(424,586)
Total Public Works	4,921,627	5,156,627	3,085,892	2,070,735
Parks and Community Services				
Parks & Recreation				
Capital Expenditures	498,562	498,562	-	498,562
Community Facilities				
Capital Expenditures	45,000	45,000	-	45,000
Operating Expenditures	-	-	12,684	(12,684)
Total Parks and Community Services	543,562	543,562	12,684	530,878
Debt Service				
Principal	579,621	579,621	579,621	-
Interest	181,551	181,551	181,551	-
Total Debt Service	761,172	761,172	761,172	-
Total Expenditures	\$ 6,509,563	\$ 6,744,563	\$ 4,129,510	\$ 2,615,053

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	\$ (3,904,720)	\$ (4,139,720)	\$ (2,182,078)	\$ 1,957,642
Other Financing Sources (Uses)				
Transfer in from General Fund	697,309	697,309	684,021	(13,288)
Transfer in from Transportation Impact Fee Fund	1,337,238	1,572,238	1,042,794	(529,444)
Transfer in from Park Development Fund	217,423	217,423	-	(217,423)
Transfer in from Real Estate Excise Tax Fund	1,252,750	1,252,750	480,189	(772,561)
Transfer in from Surface Water Management Fund	400,000	400,000	-	(400,000)
Transfer out to Park Development Fund	-	-	(5,901)	(5,901)
Total Other Financing Sources (Uses)	3,904,720	4,139,720	2,201,103	(1,938,617)
Net Change in Fund Balances	-	-	19,025	19,025
Fund Balance, January 1	-	-	-	-
Fund Balance, December 31	\$ -	\$ -	\$ 19,025	\$ 19,025

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, 2012

	Total Project Budget	Prior Years' Actual	2012 Final Budget	2012 Actual	Project Life to Date Actual
Governmental Activities					
City Facilities					
F3 Maple Valley Place Legacy Project	\$ 6,968,448	\$ 6,943,448	\$ 25,000	\$ -	\$ 6,943,448
F4 City Maintenance Facility	1,573,847	1,315,645	258,202	269,762	1,585,407
	8,542,295	8,259,093	283,202	269,762	8,528,855
Public Works					
Transportation					
T6 SR 169 - SR 516 to SE 264th St	12,771,229	12,771,229	-	-	12,771,229
T7 SR 169 - Witte Rd to 228th Ave SE	3,227,871	1,242,780	1,985,091	1,106,472	2,349,252
T12 Witte Rd & SE 248th St Intersection	4,778,134	4,643,134	135,000	131,506	4,774,640
T15 SR 516 & 216th Ave Intersection	347,195	347,195	-	-	347,195
T23 Annual Asphalt Overlay Program	2,461,645	2,061,645	400,000	250,776	2,312,421
T24 Miscellaneous Street Improvements	545,856	445,856	100,000	76,832	522,688
T27 Non Motorized Plan	139,687	39,687	100,000	96,978	136,665
T29 SE 271st - SR 169 to SR 516	77,373	77,373	-	-	77,373
T31 SR 169 - SE 264th St to SE 258th St	3,784,712	1,469,818	2,314,894	1,348,280	2,818,098
T32 Lake Wilderness Trail	216,631	204,989	11,642	9,128	214,117
T33 SE 276th St & 240th Ave SE	145,415	145,415	-	-	145,415
T35 Transportation Plan Update	113,795	113,795	-	-	113,795
T37 SR 169 & 271st Place Intersection	110,000	-	110,000	65,920	65,920
	28,719,543	23,562,916	5,156,627	3,085,892	26,648,808
Parks and Community Services					
Parks & Recreation					
P3 Summit Ballfields	970,706	970,706	-	-	970,706
P6 Lake Wilderness Park	718,766	220,204	498,562	-	220,204
Community Facilities					
A1 Public Art	56,285	31,285	25,000	5,975	37,260
C1 Community Center	1,020,157	1,020,157	-	-	1,020,157
N1 Neighborhood Reinvestment	312,538	292,538	20,000	6,709	299,247
	3,078,452	2,534,890	543,562	12,684	2,547,574
Debt Service Program					
D2 2000 Bond Issue Debt Service	4,466,659	4,466,659	-	-	4,466,659
D4 Infrastructure Loan Debt Service	1,283,060	1,086,439	196,621	196,621	1,283,060
D5 2005 Bond Refunding Debt Service	2,482,238	1,917,687	564,551	564,551	2,482,238
	8,231,957	7,470,785	761,172	761,172	8,231,957
Total Governmental Funds	\$ 48,572,247	\$ 41,827,684	\$ 6,744,563	\$ 4,129,510	\$ 45,957,194

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
State and County Grants	\$ 295,605	\$ 295,605	\$ 101,775	\$ (193,830)
Total Intergovernmental Revenue	295,605	295,605	101,775	(193,830)
Charges for Service				
Surface Water Management Fees	1,171,747	1,171,747	1,169,444	(2,303)
Miscellaneous Charges	4,667	4,667	12,220	7,553
Total Charges for Service	1,176,414	1,176,414	1,181,664	5,250
Miscellaneous Revenue				
Investment Earnings	25,291	25,291	19,454	(5,837)
Other Miscellaneous Revenue	3,679	3,679	2,449	(1,230)
Total Miscellaneous Revenue	28,970	28,970	21,903	(7,067)
Total Revenues	1,500,989	1,500,989	1,305,342	(195,647)
EXPENDITURES				
Public Works				
Operating	825,261	834,261	699,738	134,523
Depreciation	-	-	31,191	(31,191)
Capital				
Purchased for Own Use	362,338	428,679	-	428,679
Contributed to (from) Other Funds	-	54,866	7,031	47,835
Total Public Works	1,187,599	1,317,806	737,960	579,846
Total Expenditures	1,187,599	1,317,806	737,960	579,846
Revenues over (under) Expenditures	313,390	183,183	567,382	384,199
Other Financing Sources (Uses)				
Depreciation Addback	-	-	31,191	31,191
Transfer out to General Fund	(77,974)	(77,974)	(79,733)	(1,759)
Transfer out to Capital Improvement Plan Fund	(400,000)	(400,000)	-	400,000
Transfer out to Central Service Fund	-	-	(27,790)	(27,790)
Total Other Financing Sources (Uses)	(477,974)	(477,974)	(76,332)	401,642
Net Change in Fund Balances	(164,584)	(294,791)	491,050	785,841
Fund Balance, January 1	2,147,901	2,136,862	2,171,478	34,616
Fund Balance, December 31	\$ 1,983,317	\$ 1,842,071	\$ 2,662,528	\$ 820,457

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental Revenue				
State and County Grants	\$ -	\$ -	\$ 29,143	\$ 29,143
Total Intergovernmental Revenue	-	-	29,143	29,143
Charges for Service				
Green Fees	565,000	565,000	495,026	(69,974)
Cart Rentals	147,000	147,000	130,818	(16,182)
Merchandise Sales	54,000	54,000	52,632	(1,368)
Food & Beverage Revenue	300,000	300,000	243,563	(56,437)
Facility Rentals		-	3,329	3,329
Total Charges for Service	1,066,000	1,066,000	925,368	(140,632)
Miscellaneous Revenue				
Investment Earnings	100	100	129	29
Other Miscellaneous Revenue	-	-	308	308
Total Miscellaneous Revenue	100	100	437	337
Total Revenues	1,066,100	1,066,100	954,948	(111,152)
EXPENDITURES				
Parks and Community Services				
Operating	1,026,267	1,066,267	976,005	90,262
Depreciation	-	-	80,975	(80,975)
Capital	38,623	38,623	-	38,623
Contributed to (from) Other Funds	-	-	11,783	(11,783)
Total Parks and Community Services	1,064,890	1,104,890	1,068,763	36,127
Total Expenditures	1,064,890	1,104,890	1,068,763	36,127
Revenues over (under) Expenditures	1,210	(38,790)	(113,815)	(75,025)
Other Financing Sources (Uses)				
Depreciation Addback	-	-	80,975	80,975
Transfer in from General Fund	-	40,000	32,840	(7,160)
Total Other Financing Sources (Uses)	-	40,000	113,815	73,815
Net Change in Fund Balances	1,210	1,210	-	(1,210)
Fund Balance, January 1	-	-	-	-
Fund Balance, December 31	\$ 1,210	\$ 1,210	\$ -	\$ (1,210)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Service				
Charges to Departments	\$ 166,977	\$ 166,977	\$ 181,264	\$ 14,287
Total Charges for Service	166,977	166,977	181,264	14,287
Miscellaneous Revenue				
Investment Earnings	2,187	2,187	1,895	(292)
Total Miscellaneous Revenue	2,187	2,187	1,895	(292)
Total Revenues	169,164	169,164	183,159	13,995
EXPENDITURES				
General Government				
Operating	57,732	57,732	72,679	(14,947)
Depreciation	-	-	63,477	(63,477)
Capital				
Purchased for Own Use	99,120	99,120	80,723	18,397
Total General Government	156,852	156,852	216,879	(60,027)
Total Expenditures	156,852	156,852	216,879	(60,027)
Revenues over (under) Expenditures	12,312	12,312	(33,720)	(46,032)
Other Financing Sources (Uses)				
Depreciation Addback	-	-	63,477	(63,477)
Total Other Financing Sources (Uses)	-	-	63,477	(63,477)
Net Change in Fund Balances	12,312	12,312	29,757	17,445
Fund Balance, January 1	211,043	211,043	211,043	-
Fund Balance, December 31	\$ 223,355	\$ 223,355	\$ 240,800	\$ 17,445

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Service				
Charges to Departments	\$ 958,665	\$ 958,665	\$ 953,010	\$ (5,655)
Total Charges for Service	958,665	958,665	953,010	(5,655)
Miscellaneous Revenue				
Investment Earnings	3,295	3,295	2,859	(436)
Gain (Loss) on Retirement of Capital Assets	-	-	(4,024)	
Other Miscellaneous Revenue	-	-	1,149	1,149
Total Miscellaneous Revenue	3,295	3,295	(16)	713
Total Revenues	961,960	961,960	952,994	(4,942)
EXPENDITURES				
General Government				
Operating	856,623	856,623	843,258	13,365
Depreciation	-	-	64,948	(64,948)
Capital	149,955	193,335	-	(193,335)
Purchased for Own Use	-	-	105,985	(105,985)
Total General Government	1,006,578	1,049,958	1,014,191	(350,903)
Total Expenditures	1,006,578	1,049,958	1,014,191	(350,903)
Revenues over (under) Expenditures	(44,618)	(87,998)	(61,197)	(355,845)
Other Financing Sources (Uses)				
Depreciation Addback	-	-	64,948	(64,948)
Transfer in from Surface Water Manangement Fund	-	-	27,790	(27,790)
Total Other Financing Sources (Uses)	-	-	92,738	(92,738)
Net Change in Fund Balances	(44,618)	(87,998)	31,541	119,539
Fund Balance, January 1	301,176	301,176	301,176	-
Fund Balance, December 31	\$ 256,558	\$ 213,178	\$ 332,717	\$ 119,539

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous Revenue				
Investment Earnings	\$ 820	\$ 820	\$ 579	\$ (241)
Total Miscellaneous Revenue	820	820	579	(241)
Total Revenues	820	820	579	(241)
EXPENDITURES				
General Government				
Operating	10,000	10,000	3,739	6,261
Total General Government	10,000	10,000	3,739	6,261
Total Expenditures	10,000	10,000	3,739	6,261
Revenues over (under) Expenditures	(9,180)	(9,180)	(3,160)	6,020
Net Change in Fund Balances	(9,180)	(9,180)	(3,160)	6,020
Fund Balance, January 1	71,974	71,974	71,974	-
Fund Balance, December 31	\$ 62,794	\$ 62,794	\$ 68,814	\$ 6,020

Internal Service Funds



This page is intentionally left blank.

City of Maple Valley
Internal Service Funds
Combining Statement of Net Position
December 31, 2012

	Vehicle Rental	Central Service	Unemployment Trust	Total Current Year
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 145,808	\$ 196,689	\$ 41,824	\$ 384,321
Investments	94,992	128,140	27,248	250,380
Prepaid Expenses	-	27,203	-	27,203
Total Current Assets	240,800	352,032	69,072	661,904
Noncurrent Assets:				
Capital Assets:				
Machinery and Equipment	778,929	650,043	-	1,428,972
Less: Accumulated Depreciation	(549,978)	(394,308)	-	(944,286)
Total Capital Assets (net of Accumulated Depreciation)	228,951	255,735	-	484,686
Total Assets	469,751	607,767	69,072	1,146,590
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	10,622	-	10,622
Payroll Payable	-	4,669	-	4,669
Due to Other Governments	-	-	258	258
Total Current Liabilities	-	15,291	258	15,549
Total Liabilities	-	15,291	258	15,549
NET POSITION				
Invested in Capital Assets, net of related Debt	228,951	255,735	-	484,686
Unrestricted	240,800	336,741	68,814	646,355
Total Net Position	\$ 469,751	\$ 592,476	\$ 68,814	\$ 1,131,041

City of Maple Valley
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2012

	Vehicle Rental	Central Service	Unemployment Trust	Total Current Year
Operating Revenues				
Charges for Sales and Services	\$ 181,264	\$ 953,010	\$ -	\$ 1,134,274
Total Operating Revenue	181,264	953,010	-	1,134,274
Operating Expenses				
Cost of Sales and Services	72,679	843,258	3,739	919,676
Depreciation	63,477	64,948	-	128,425
Total Operating Expenses	136,156	908,206	3,739	1,048,101
Operating Income	45,108	44,804	(3,739)	86,173
Nonoperating Revenues (Expenses)				
Investment Earnings	1,895	2,859	579	5,333
Gain (Loss) on Retirement of Capital Assets	-	(4,024)	-	(4,024)
Other Nonoperating Revenues (Expenses)	-	1,149	-	1,149
Total Nonoperating Revenue (Expenses)	1,895	(16)	579	2,458
Income before Contributions and Transfers	47,003	44,788	(3,160)	88,631
Contributions and Transfers				
Capital Contributions from General Fund	15,375	18,734	-	34,109
Capital Contributions from Other Funds	62,784	32,461	-	95,245
Transfer of Capital Assets	4,320	27,773	-	32,093
Transfer in from Surface Water Fund	-	27,790	-	27,790
Total Contributions and Transfers	82,479	106,758	-	189,237
Change in Net Position	129,482	151,546	(3,160)	277,868
Total Net Position, January 1	340,269	440,930	71,974	853,173
Total Net Position, December 31	\$ 469,751	\$ 592,476	\$ 68,814	\$ 1,131,041

City of Maple Valley
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2012

	Vehicle Rental	Central Service	Unemployment Trust	Total Current Year
Cash Flows from Operating Activities				
Cash Received from User Departments	\$ 181,264	\$ 953,010	\$ -	\$ 1,134,274
Cash Paid to Suppliers for Goods and Services	(72,679)	(912,237)	(3,751)	(988,667)
Net Cash From Operating Activities	108,585	40,773	(3,751)	145,607
Cash Flows from Capital and Related Financing Activities				
Capital Assets Purchased for Own Use	(80,723)	(105,985)	-	(186,708)
Capital Contribution from (to) Other Funds	-	27,790	-	27,790
Other Miscellaneous Capital Related Activities	-	1,149	-	1,149
Net Cash From Capital and Related Financing Activities	(80,723)	(77,046)	-	(157,769)
Cash Flows from Investing Activities				
Proceeds from Investment Maturities	12,962	55,105	9,706	77,773
Interest on Investments	1,895	2,859	579	5,333
Net Cash From Investing Activities	14,857	57,964	10,285	83,106
Net Change in Cash and Cash Equivalents	42,719	21,691	6,534	70,944
Cash and Cash Equivalents, January 1	103,089	174,998	35,290	313,377
Cash and Cash Equivalents, December 31	\$ 145,808	\$ 196,689	\$ 41,824	\$ 384,321
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 45,108	\$ 44,804	\$ (3,739)	\$ 86,173
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	63,477	64,948	-	128,425
Change in Prepaid Items	-	(27,203)	-	(27,203)
Change in Accounts Payable	-	(36,613)	-	(36,613)
Change in Payroll Payable	-	(8)	-	(8)
Change in Due to Other Governments	-	(5,155)	(12)	(5,167)
Net Cash Provided by Operating Activities	\$ 108,585	\$ 40,773	\$ (3,751)	\$ 145,607
Noncash Capital and Related Financing Activities				
Capital Contributions from General Fund	\$ 15,375	\$ 18,734	\$ -	\$ 34,109
Capital Asset Transfers	4,320	27,773	-	32,093
Capital Contributions from Other Funds	62,784	32,461	-	95,245
Retirement of Internal Service Fund Capital Assets	(2,054)	87,216	-	85,162
Total Noncash Investing, Capital, and Financing	\$ 80,425	\$ 166,184	\$ -	\$ 246,609



This page is intentionally left blank.

Capital Assets Used in Operation of Governmental Funds



This page is intentionally left blank.

City of Maple Valley
Capital Assets Used in the Operation of Governmental Funds
December 31, 2012

	<u>2012</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS	
Land	\$ 197,767,568
Buildings	9,176,610
Less: Accumulated Depreciation	(1,728,859)
Improvements Other Than Buildings	223,946,427
Less: Accumulated Depreciation	(109,101,217)
Machinery & Equipment	333,195
Less: Accumulated Depreciation	(199,556)
Construction in Progress	29,702,199
Total Governmental Funds Capital Assets	<u><u>\$ 349,896,367</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE	
Contributions from King County	\$ 165,586,542
Contributions from State & Federal Grants	17,056,332
Contributions from Developers	137,459,566
General Fund Revenues	1,289,509
Transportation Development Fund Revenue	9,763,554
Park Development Fund Revenue	101,573
Real Estate Excise Tax Fund Revenue	7,216,014
Surface Water Management Revenue	961,616
General Obligation Bonds & Loans	10,461,661
Total Investments in Governmental Funds Capital Assets by Source	<u><u>\$ 349,896,367</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, 2012

	Capital Assets					
	Beginning of Year	Additions	Transfers from (to) Other Funds	Reallocations	Retirements	End of Year
LAND						
Parks and Community Services	\$ 22,285,208	\$ -	\$ -	\$ -	\$ -	\$ 22,285,208
Public Works	174,258,975	1,223,385	-	-	-	175,482,360
Total Land	196,544,183	1,223,385	-	-	-	197,767,568
BUILDINGS						
Parks and Community Services	9,172,760	-	-	-	-	9,172,760
Public Works	-	3,850	-	-	-	3,850
Total Buildings	9,172,760	3,850	-	-	-	9,176,610
IMPROVEMENTS OTHER THAN BUILDINGS						
General Government	76,681	-	-	-	-	76,681
Parks and Community Services	954,125	-	-	1,397	-	955,522
Public Works						
Infrastructure Purchased	8,934,339	-	-	-	-	8,934,339
Infrastructure Contributed	212,430,265	1,549,621	-	-	-	213,979,886
Total Improvements Other than Bldgs	222,395,410	1,549,621	-	1,397	-	223,946,428
MACHINERY & EQUIPMENT						
General Government	15,661	4,533	(4,253)	-	(4,683)	11,258
Community Development	4,444	-	-	-	-	4,444
Public Safety	26,301	23,272	39,900	-	(2,011)	87,462
Public Works	25,432	66,604	(8,519)	-	-	83,517
Parks and Community Services	151,699	18,569	(19,269)	(1,397)	(3,088)	146,514
Total Machinery & Equipment	223,537	112,978	7,859	(1,397)	(9,782)	333,195
CONSTRUCTION IN PROGRESS						
	26,848,295	2,853,904	-	-	-	29,702,199
TOTAL CAPITAL ASSETS	\$ 455,184,185	\$ 5,743,738	\$ 7,859	\$ -	\$ (9,782)	\$ 460,926,000

Depreciation			Net Capital Assets
Accumulated Beginning of Year	Current Year	End of Year	End of Year
\$ -	\$ -	\$ -	\$ 22,285,208
-	-	-	175,482,360
-	-	-	197,767,568
1,499,540	229,319	1,728,859	7,443,901
-	-	-	3,850
1,499,540	229,319	1,728,859	7,447,751
7,668	7,668	15,336	61,345
244,158	-	244,158	711,364
2,791,997	221,843	3,013,840	5,920,499
99,481,369	6,346,514	105,827,883	108,152,003
102,525,192	6,576,025	109,101,217	114,845,210
8,094	(8,296)	(202)	-
1,893	296	2,189	11,460
17,954	27,243	45,197	2,255
28,976	(3,531)	25,445	42,265
120,812	6,115	126,927	58,072
177,729	21,827	199,556	19,587
-	-	-	29,702,199
\$ 104,202,461	\$ 6,827,171	\$ 111,029,632	\$ 349,896,367



This page is intentionally left blank.

STATISTICAL SECTION



This page is intentionally left blank.

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

	Page #
Financial Trends	
These schedules contain information to help the reader understand how the city's financial performance and well-being have changed over time.	
Net Assets by Component Unit	128
Changes in Net Assets	130
Changes in Fund Balances - Governmental Funds	134
Revenue Capacity	
These schedules contain information to help the reader assess the city's revenue capacity and its ability to fund future operations.	
Property Tax Data	136
Sales Tax Data	138
Private Development Activity	140
Principal Property Taxpayers & Employers	142
Debt Capacity	
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Computation of Legal Debt Margin	143
Computation of Direct and Overlapping Debt with Bonded Debt Ratios	144
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	
Comparative Regional Statistics	145
Statistics and Ratios	146
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it	
Full Time Equivalent Employee History	148
Operating Indicators by Function	149
Capital Asset Statistics by Function	150

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

	2003	2004	2005	2006
Net Position, December 31				
Governmental Activities				
Net Investment in Capital Assets	\$ 29,433,647	\$ 172,087,756	\$ 239,032,092	\$ 240,060,893
Restricted	7,921,609	7,229,443	10,627,215	9,685,787
Unrestricted	2,827,435	3,407,442	4,198,312	2,529,970
Total Governmental Activities Net Position	40,182,691	182,724,641	253,857,619	252,276,650
Business-Type Activities				
Net Investment in Capital Assets	4,754,701	4,985,105	6,356,273	11,289,673
Restricted	870,536	838,891	1,110,475	1,381,725
Total Business-Type Activities Net Position	5,625,237	5,823,996	7,466,748	12,671,398
Primary Government				
Net Investment in Capital Assets	34,188,348	177,072,861	245,388,365	251,350,566
Restricted	8,792,145	8,068,334	11,737,690	11,067,512
Unrestricted	2,827,435	3,407,442	4,198,312	2,529,970
Total Primary Government Net Position	\$ 45,807,928	\$ 188,548,637	\$ 261,324,367	\$ 264,948,048

Source:
Applicable years' comprehensive annual financial report.

2007	2008	2009	2010	2011	2012
\$ 289,946,247	\$ 308,429,579	\$ 347,747,795	\$ 344,208,737	\$ 344,710,632	\$ 344,420,602
9,750,610	11,724,658	10,900,630	9,900,220	9,105,966	10,389,134
3,204,325	2,737,739	2,494,451	2,452,787	3,293,176	3,504,917
302,901,182	322,891,976	361,142,876	356,561,744	357,109,774	358,314,653
11,768,973	11,885,231	12,479,185	12,373,097	12,381,146	12,247,401
1,567,684	1,874,326	1,926,248	2,387,213	2,171,478	2,662,528
13,336,657	13,759,557	14,405,433	14,760,310	14,552,624	14,909,929
301,715,220	320,314,810	360,226,980	356,581,834	357,091,778	356,668,003
11,318,294	13,598,984	12,826,878	12,287,433	11,277,444	13,051,662
3,204,325	2,737,739	2,494,451	2,452,787	3,293,176	3,504,917
\$ 316,237,839	\$ 336,651,533	\$ 375,548,309	\$ 371,322,054	\$ 371,662,398	\$ 373,224,582

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

	2003	2004	2005	2006
Expenses				
Governmental Activities				
General Government	\$ 1,060,259	\$ 1,292,655	\$ 1,333,375	\$ 1,531,693
Community Development	629,254	843,128	725,856	820,144
Human Services	-	-	136,619	171,770
Parks and Recreation	1,006,927	1,136,701	1,130,616	1,288,862
Public Safety	1,799,270	1,845,988	2,032,716	2,133,701
Public Works	886,191	1,390,860	5,715,662	7,622,944
Interest on Long-term Debt	355,944	344,972	207,684	286,421
Total Governmental Activities Expenses	5,737,845	6,854,304	11,282,528	13,855,535
Business-Type Activities				
Surface Water Management	432,839	423,934	360,715	398,040
Golf Course Operations	-	-	-	86,004
Total Business-Type Activities Expenses	432,839	423,934	360,715	484,044
Total Primary Government Expenses	6,170,684	7,278,238	11,643,243	14,339,579
Program Revenue				
Governmental Activities				
Charges for Services				
General Government	21,909	21,639	29,190	40,847
Community Development	1,006,830	1,064,642	1,270,024	983,899
Parks and Recreation	29,256	126,522	245,907	352,884
Public Safety	98,427	99,609	83,441	113,946
Public Works	1,843,248	1,573,107	2,379,306	1,993,138
Operating Grants and Contributions	296,342	350,507	377,697	513,165
Capital Grants and Contributions	639,901	1,461,002	505,403	4,003,483
Total Governmental Activities Program Revenue	3,935,913	4,697,028	4,890,968	8,001,362
Business-Type Activities				
Charges for Services				
Surface Water Management	579,336	606,211	649,004	675,034
Golf Course Operations	-	-	-	61,576
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	400,249
Total Business-Type Activities Program Revenue	579,336	606,211	649,004	1,136,859
Total Primary Government Program Revenue	4,515,249	5,303,239	5,539,972	9,138,221
Net (Expense) Revenue				
Governmental Activities	(1,801,932)	(2,157,276)	(6,391,560)	(5,854,173)
Business-Type Activities	146,497	182,277	288,289	652,815
	\$ (1,655,435)	\$ (1,974,999)	\$ (6,103,271)	\$ (5,201,358)

Source:

Applicable years' comprehensive annual financial report.

	2007	2008	2009	2010	2011	2012
\$	1,540,862	\$ 1,985,141	\$ 2,014,921	\$ 1,921,807	\$ 1,772,231	\$ 1,922,206
	850,516	953,115	987,928	910,348	956,927	1,123,475
	212,019	200,799	220,294	273,033	217,842	232,840
	1,595,110	1,571,438	1,560,100	1,786,842	1,853,874	1,918,945
	2,293,963	2,332,012	2,380,537	2,718,707	3,561,153	3,881,218
	7,769,571	8,518,674	7,719,635	8,189,722	8,369,983	8,025,538
	280,554	283,968	282,668	214,583	195,763	179,773
	14,542,595	15,845,147	15,166,083	16,015,042	16,927,773	17,283,995
	322,363	420,178	657,931	612,978	615,438	731,371
	1,616,237	1,680,058	1,667,791	1,629,806	1,125,041	1,056,980
	1,938,600	2,100,236	2,325,722	2,242,784	1,740,479	1,788,351
	16,481,195	17,945,383	17,491,805	18,257,826	18,668,252	19,072,346
	50,072	24,425	20,548	20,116	14,709	12,975
	673,511	499,210	475,388	560,737	734,187	812,878
	432,970	522,833	476,821	900,532	1,040,820	1,189,208
	105,056	156,284	142,840	149,392	309,527	233,418
	1,855,260	1,398,665	806,329	675,950	2,059,055	1,362,375
	570,996	572,302	590,819	620,088	627,814	673,140
	4,220,929	30,455,712	44,319,192	1,442,938	3,882,579	4,707,002
	7,908,794	33,629,431	46,831,937	4,369,753	8,668,691	8,990,996
	693,419	719,886	760,361	948,030	1,038,247	1,181,664
	1,327,390	1,461,769	1,447,843	1,323,279	942,592	925,368
	-	-	-	-	26,352	101,775
	-	210,598	588,328	-	134,246	-
	-	-	-	-	-	29,143
	2,020,809	2,392,253	2,796,532	2,271,309	2,141,437	2,237,950
	9,929,603	36,021,684	49,628,469	6,641,062	10,810,128	11,228,946
	(6,633,801)	17,784,284	31,665,854	(11,645,289)	(8,259,082)	(8,292,999)
	82,209	292,017	470,810	28,525	400,958	449,599
\$	(6,551,592)	\$ 18,076,301	\$ 32,136,664	\$ (11,616,764)	\$ (7,858,124)	\$ (7,843,400)

City of Maple Valley
Changes in Net Position

Last Ten years

(accrual basis of accounting)

	2003	2004	2005	2006
General Revenue and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Regular Property Taxes	\$ 1,840,959	\$ 1,996,286	\$ 2,157,260	\$ 2,351,509
Sales Taxes	1,777,238	2,034,736	2,035,201	2,258,415
Utility Taxes	355,142	393,283	454,941	520,273
Real Estate Excise Taxes	1,258,505	1,389,636	1,931,398	1,880,733
Gambling Taxes	28,489	26,476	27,688	30,446
Franchise Fees (Taxes)	124,777	144,573	165,143	191,178
Intergovernmental Revenue not restricted to specific programs				
State Shared Revenue	186,464	189,110	191,579	290,987
Miscellaneous Revenue				
Investment Earnings	74,537	113,809	226,556	499,058
Other Miscellaneous Revenue and (Expenses)	113,879	3,269	120	8,243
Transfers	112,619	-	8,279	(4,491,689)
Total Governmental Activities	5,872,609	6,291,178	7,198,165	3,539,153
Business-Type Activities				
Non Operating Revenue				
Intergovernmental Revenue	-	-	-	-
Investment Earnings	13,879	16,482	23,033	60,490
Other Miscellaneous Revenue and (Expenses)	-	-	1,266	(344)
Transfers	(112,619)	-	(8,279)	4,491,689
Total Business-Type Activities	(98,740)	16,482	16,020	4,551,835
Total Primary Government	5,773,869	6,307,660	7,214,185	8,090,988
Change in Net Position Before Extraordinary Items				
Governmental Activities	4,070,677	4,133,902	806,605	(2,315,020)
Business-Type Activities	47,757	198,759	304,309	5,204,650
Total Primary Government	4,118,434	4,332,661	1,110,914	2,889,630
Extraordinary Items				
Governmental Activities				
Issuance of 2005 GO Refunding Bonds	-	-	(4,815,000)	-
Defeasance of 2000 GO Bonds	-	-	4,315,000	-
Capital Contributions	20,808,419	138,408,048	70,826,373	734,051
Total Governmental Activities	20,808,419	138,408,048	70,326,373	734,051
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	734,051
Change in Net Position				
Governmental Activities	24,879,096	142,541,950	71,132,978	(1,580,969)
Business-Type Activities	3,490,846	198,759	1,642,752	5,204,650
Total Primary Government	28,369,942	142,740,709	72,775,730	3,623,681
Net Position, January 1	17,437,986	45,807,928	188,548,637	261,324,367
Net Position, December 31	\$ 45,807,928	\$ 188,548,637	\$ 261,324,367	\$ 264,948,048

Source:

Applicable years' comprehensive annual financial report.

	2007	2008	2009	2010	2011	2012
\$	2,547,157	\$ 2,678,139	\$ 2,971,125	\$ 3,049,990	\$ 3,139,117	\$ 3,200,310
	2,313,211	2,119,678	1,865,487	1,942,926	2,100,009	2,528,876
	573,486	597,819	608,851	745,107	1,632,226	1,698,866
	1,252,081	761,174	528,117	686,659	551,843	1,043,963
	36,555	39,204	38,373	43,419	37,520	38,828
	221,845	241,080	251,766	283,261	284,567	308,231
	332,767	301,277	321,301	372,712	322,564	379,185
	382,992	262,532	75,708	107,909	79,202	46,784
	6,372	11,817	7,263	9,957	12,760	8,847
	99,170	(63,529)	(82,945)	(177,783)	647,304	137,212
	7,765,636	6,949,191	6,585,046	7,064,157	8,807,112	9,391,102
	15,776	4,833	70,167	110,354	-	-
	86,962	60,812	20,449	36,269	34,957	19,583
	1,444	1,709	1,505	1,946	3,703	2,757
	(99,170)	63,529	82,945	177,783	(647,304)	(7,858)
	5,012	130,883	175,066	326,352	(608,644)	14,482
	7,770,648	7,080,074	6,760,112	7,390,509	8,198,468	9,405,584
	1,131,835	24,733,475	38,250,900	(4,581,132)	548,030	1,098,103
	87,221	422,900	645,876	354,877	(207,686)	464,081
	1,219,056	25,156,375	38,896,776	(4,226,255)	340,344	1,562,184
	-	-	-	-	-	-
	-	-	-	-	-	-
	49,492,697	(4,742,681)	-	-	-	-
	49,492,697	(4,742,681)	-	-	-	-
	578,038	-	-	-	-	-
	578,038	-	-	-	-	-
	50,070,735	(4,742,681)	-	-	-	-
	50,624,532	19,990,794	38,250,900	(4,581,132)	548,030	1,098,103
	665,259	422,900	645,876	354,877	(207,686)	464,081
	51,289,791	20,413,694	38,896,776	(4,226,255)	340,344	1,562,184
	264,948,048	316,237,839	336,651,533	375,548,309	371,322,054	371,662,398
\$	316,237,839	\$ 336,651,533	\$ 375,548,309	\$ 371,322,054	\$ 371,662,398	\$ 373,224,582

City of Maple Valley
Changes in Fund Balances - Governmental Funds
Last Ten Years

(modified accrual basis of accounting)

	2003	2004	2005	2006
REVENUES				
Taxes				
Regular Property Tax	\$ 1,840,959	\$ 1,996,286	\$ 2,157,260	\$ 2,351,509
Sales Tax	1,777,238	2,034,736	2,035,201	2,258,415
Utility Tax	355,142	393,283	454,941	520,273
Real Estate Excise Tax	1,258,505	1,389,636	1,931,398	1,880,733
Gambling Tax	28,489	26,476	27,688	30,446
Total Taxes	5,260,333	5,840,417	6,606,488	7,041,376
Licenses & Permits	868,544	892,631	1,117,595	871,014
Intergovernmental Revenue	1,085,988	1,941,261	1,050,231	4,652,946
Charges for Service	2,007,711	1,925,314	2,665,117	2,273,067
Fines & Forfeitures	62,888	70,007	55,112	92,810
Miscellaneous Revenue	405,610	311,930	573,808	1,059,597
TOTAL REVENUES	9,691,074	10,981,560	12,068,351	15,990,810
Percent Growth	17%	13%	10%	33%
EXPENDITURES				
Current				
General Government	1,018,873	1,180,666	1,312,478	1,399,934
Community Development	626,581	805,102	725,670	819,959
Human Services	147,011	121,475	136,619	171,770
Parks & Recreation	698,268	853,933	926,017	1,109,681
Public Safety	1,798,950	1,843,032	2,022,313	2,132,254
Public Works	796,228	1,033,301	1,126,804	890,639
Capital Outlay	3,629,924	4,777,283	2,603,108	7,017,380
Debt Service				
Principal	229,725	244,725	369,725	369,803
Interest on Long-term Debt	357,006	345,785	211,646	288,814
TOTAL EXPENDITURES	9,302,566	11,205,302	9,434,380	14,200,234
Percent Growth	29%	20%	-16%	51%
REVENUES OVER (UNDER) EXPENDITURES	388,508	(223,742)	2,633,971	1,790,576
OTHER FINANCING SOURCES (USES)				
General Obligation Debt Proceeds	-	-	1,421,250	-
Transfer In from (Out to) Enterprise Funds	-	-	8,279	(4,491,689)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,429,529	(4,491,689)
REVENUE AND OTHER SOURCES OVER	388,508	(223,742)	4,063,500	(2,701,113)
FUND BALANCE, January 1	10,046,644	10,435,152	10,211,410	14,274,910
FUND BALANCE, December 31				
Nonspendable - General Fund	7,129	10,876	11,871	11,871
Restricted - Special Revenue Funds	7,607,717	6,803,969	10,076,599	9,043,827
Committed - Capital Improvement Plan	-	-	-	-
Unassigned - General Fund	2,820,306	3,396,565	4,186,440	2,518,099
TOTAL	\$ 10,435,152	\$ 10,211,410	\$ 14,274,910	\$ 11,573,797
Debt Service as % on non Capital Expenditures	10%	9%	9%	9%
Unassigned Fund Balance as % of Current Expenditures	55%	58%	67%	39%
Total Fund Balance as % of Total Expenditures	112%	91%	151%	82%

Source:

Applicable years' comprehensive annual financial report.

	2007	2008	2009	2010	2011	2012
\$	2,547,157	\$ 2,678,139	\$ 2,971,125	\$ 3,049,990	\$ 3,139,117	\$ 3,200,310
	2,313,211	2,119,678	1,865,487	1,942,926	2,100,009	2,528,876
	573,486	597,819	608,851	745,107	1,632,226	1,698,866
	1,252,081	761,174	528,117	686,659	551,843	1,043,963
	36,555	39,204	38,373	43,419	37,520	38,828
	6,722,490	6,196,014	6,011,953	6,468,101	7,460,715	8,510,843
	655,476	551,741	510,479	637,548	782,423	861,982
	5,103,822	2,852,527	1,915,853	2,426,341	1,515,257	3,085,412
	2,042,708	1,849,256	1,222,983	1,453,902	3,066,003	2,428,849
	77,701	110,401	105,261	106,404	176,372	153,605
	935,003	751,135	391,408	503,013	488,306	424,707
	15,537,200	12,311,074	10,157,937	11,595,309	13,489,076	15,465,398
	-3%	-21%	-17%	14%	16%	15%
	1,641,869	1,965,539	1,899,627	1,936,460	1,819,336	2,004,745
	850,330	952,929	987,742	910,052	956,631	1,123,179
	212,019	200,799	220,294	273,033	217,842	232,840
	1,424,527	1,366,646	1,387,051	1,584,388	1,584,155	1,680,423
	2,294,699	2,331,111	2,376,542	2,714,104	3,557,118	3,851,964
	974,976	1,282,523	1,328,019	1,313,601	1,302,269	1,460,712
	8,223,123	2,433,960	2,083,767	3,030,870	3,950,040	2,970,732
	418,595	474,668	524,621	544,621	559,621	579,621
	282,200	285,170	276,956	216,558	197,475	181,551
	16,322,338	11,293,345	11,084,619	12,523,687	14,144,487	14,085,767
	15%	-31%	-2%	13%	13%	0%
	(785,138)	1,017,729	(926,682)	(928,378)	(655,411)	1,379,631
	1,396,500	479,250	-	-	-	-
	99,170	(31,561)	267,055	(177,783)	647,304	46,893
	1,495,670	447,689	267,055	(177,783)	647,304	46,893
	710,532	1,465,418	(659,627)	(1,106,161)	(8,107)	1,426,524
	11,573,797	12,284,329	13,749,747	13,090,120	11,983,959	11,975,852
	12,267	15,815	37,517	47,311	37,019	5,000
	8,994,595	10,904,549	10,439,971	9,900,220	9,105,966	10,389,134
	-	-	-	-	-	19,025
	3,277,467	2,829,383	2,612,632	2,036,428	2,832,867	2,989,217
	\$ 12,284,329	\$ 13,749,747	\$ 13,090,120	\$ 11,983,959	\$ 11,975,852	\$ 13,402,376
	9%	9%	9%	8%	7%	7%
	44%	35%	32%	23%	30%	29%
	75%	122%	118%	96%	85%	95%

City of Maple Valley
Property Tax Data
Last Ten Years

	2003	2004	2005	2006
ASSESSED VALUE				
Assessed Value (2)	1,406,494,280	1,576,123,000	1,794,055,783	2,015,609,742
Increase (Decrease) in Assessed Valuation	11%	12%	14%	12%
Includes Local New Construction of	87,971,762	102,016,810	124,302,118	128,460,703
Includes Increase in Public Utility Value	433,429	218,001	-	-
Total New Construction	88,405,191	102,234,811	124,302,118	128,460,703
PROPERTY TAX RATES (1)				
Direct Regular and Special				
City of Maple Valley	1.45	1.42	1.37	1.31
Overlapping Regular and Special				
State School Fund	2.90	2.76	2.69	2.50
King County General	1.35	1.43	1.38	1.33
King County Road	N/A	N/A	N/A	N/A
Port of Seattle	0.26	0.25	0.25	0.23
Emergency Medical Services (EMS)	0.24	0.24	0.23	0.22
Ferry District				
King County Flood District				
Rural Library District	0.55	0.54	0.53	0.53
Tahoma School District Special Levy	2.72	2.65	2.54	2.47
Tahoma School District Bond & Bldg	1.86	1.85	1.26	1.21
Fire District # 43	1.59	1.64	1.68	1.61
Sub Total Overlapping	11.46	11.37	10.56	10.09
Total Property Tax Levy	12.91	12.79	11.94	11.41
PROPERTY TAXES LEVIED AND COLLECTED (1)				
Property Taxes Levied				
Original Levy (2)	1,848,227	1,995,604	2,161,149	2,353,676
Adjustments	(5,419)	1,163	(2,200)	(1,231)
Revised Levy	1,842,808	1,996,767	2,158,949	2,352,445
Percent of Levy Change from Prior Year (PY)	11.0%	8.4%	8.1%	9.0%
% of Levy related to New Construction & Annexation	10.0%	7.4%	7.1%	8.0%
Property Taxes Collected				
Collections as of the End of the Levy Year	1,803,855	1,956,389	2,119,819	2,313,515
Percent Collected as of the End of the Levy Year	97.9%	98.0%	98.2%	98.3%
Collections in Subsequent Years	38,953	40,378	39,130	38,930
Total Collections to Date	1,842,808	1,996,767	2,158,949	2,352,445
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	237,194	255,842	285,080	357,241
Percent Change from Prior Year (PY)	4.5%	7.9%	11.4%	25.3%
City Share of Property Taxes per SFR on PY Value	329	336	351	374
Total Property Taxes per SFR on PY Value	2,931	3,033	3,054	3,252
Percent Change from Prior Year (PY)	1.3%	3.5%	0.7%	6.5%

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

Source:
King County Assessor's Office.

2007	2008	2009	2010	2011	2012
2,293,057,004	2,579,005,968	2,446,394,927	2,437,805,896	2,296,106,212	2,143,931,000
14%	12%	-5%	0%	-6%	-7%
84,356,197	51,762,393	45,038,436	34,004,314	26,605,677	57,519,249
2,261,297	-	-	3,740,931	-	2,315,419
86,617,494	51,762,393	45,038,436	37,745,245	26,605,677	59,834,668
1.26	1.17	1.08	1.25	1.29	1.38
2.33	2.13	1.96	2.22	2.28	2.42
1.29	1.21	1.10	1.28	1.34	1.42
N/A	N/A	N/A	N/A	N/A	N/A
0.23	0.22	0.20	0.22	0.22	0.23
0.21	0.30	0.27	0.30	0.30	0.30
	0.06	0.05	0.00	0.00	0.00
	0.10	0.09	0.11	0.11	0.12
0.50	0.45	0.42	0.49	0.57	0.57
2.46	2.32	2.22	2.74	3.39	3.54
1.71	1.55	1.44	1.70	1.89	2.05
1.67	1.57	1.45	1.72	1.62	1.72
10.40	9.91	9.20	10.78	11.72	12.36
11.66	11.08	10.27	12.03	13.01	13.75
2,547,157	2,680,754	2,975,484	3,059,587	3,142,481	3,205,605
778	(1,015)	(238)	(4,243)	(1,982)	(2,218)
2,547,935	2,679,739	2,975,246	3,055,344	3,140,499	3,203,387
8.3%	5.2%	11.0%	2.7%	2.8%	2.0%
7.3%	4.2%	10.0%	1.7%	1.8%	1.0%
2,493,940	2,610,891	2,914,436	2,989,404	3,085,616	3,161,830
97.9%	97.4%	98.0%	97.8%	98.3%	98.7%
53,889	68,656	59,273	59,211	41,140	
2,547,829	2,679,547	2,973,709	3,048,615	3,126,756	3,161,830
100.0%	100.0%	99.9%	99.8%	99.6%	98.7%
106	192	1,537	6,729	13,742	41,556
0.2%	0.3%	2.4%	10.5%	21.5%	65.1%
364,409	346,837	300,261	302,814	275,667	278,251
2.0%	-4.8%	-13.4%	0.9%	-9.0%	0.9%
452	426	373	375	391	382
4,166	4,038	3,563	3,613	3,941	3,789
28.1%	-3.1%	-11.8%	1.4%	9.1%	-3.8%

City of Maple Valley
Sales Tax Data
Last Ten Years

	SIC				
	Group	2003	2004	2005	2006
Sales Tax Revenue (Locally generated) (1)					
Retail Trade	441-454	\$ 418,633	\$ 450,406	\$ 496,540	\$ 566,306
Construction	236-238	497,249	647,361	554,219	576,577
Food Services, Drinking Places	722	125,845	144,271	156,558	175,413
Wholesale Trade	423-425	103,816	110,161	108,060	110,603
Telecommunication	517	63,298	67,923	80,797	74,846
Other Services	811-814	38,284	44,475	38,204	41,362
Public Administration	921-926	36,846	40,901	43,990	48,402
Administrative and Support Services	561-562	44,082	57,302	48,407	56,009
Manufacturing	311-339	12,070	12,979	16,134	25,006
Rental & Leasing	532	50,504	37,333	46,610	55,800
Arts Entertainment & Recreation	711-713	29,261	26,639	27,481	26,016
Professional, Scientific & Technical Services	541	-	-	13,068	15,982
Finance and Insurance	521-525	37,239	30,786	32,682	30,294
All Other		33,770	55,349	29,198	50,815
		\$ 1,490,897	\$ 1,725,886	\$ 1,691,948	\$ 1,853,431
Overall Annual Percent Growth		9%	16%	-2%	10%
Construction Percent Growth		12%	30%	-14%	4%
Non Construction Percent Growth		8%	9%	5%	12%
Sales Tax Revenue (2)					
Maple Valley Storefront Businesses					
Businesses		149	164	161	168
Sales Tax		\$ 656,572	\$ 668,774	\$ 691,398	\$ 741,513
Maple Valley Home Occupancies					
Businesses		83	92	95	110
Sales Tax		29,154	23,650	22,755	31,925
Maple Valley Construction Contractors					
Businesses		121	113	106	102
Sales Tax		53,410	66,733	90,614	45,760
Other Construction Contractors					
Businesses		1,305	1,440	1,413	1,384
Sales Tax		443,839	580,628	463,605	530,817
Non Maple Valley Businesses					
Businesses		1,895	2,053	2,170	2,300
Sales Tax		307,922	386,101	423,576	503,416
Total					
Businesses		3,553	3,862	3,945	4,064
Sales Tax		\$ 1,490,897	\$ 1,725,886	\$ 1,691,948	\$ 1,853,431

- (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

Source:

Washington State Department of Revenue.

	2007	2008	2009	2010	2011	2012	% of 2012	
\$	591,788	\$ 575,516	\$ 559,551	\$ 568,584	\$ 613,889	\$ 797,120	39%	
	503,399	376,299	235,090	263,506	330,561	471,520	23%	
	176,899	176,353	165,598	180,369	177,852	222,657	11%	
	119,020	100,462	88,004	77,753	89,395	122,330	6%	Building Suppliers
	80,193	80,524	78,691	78,669	83,542	87,401	4%	
	52,180	51,633	60,605	76,875	77,812	79,971	4%	Auto Services
	76,637	62,532	45,587	53,574	51,183	51,787	3%	State licensing, City of MN
	82,943	53,296	37,830	40,132	42,808	51,642	3%	Landscaping
	13,898	21,651	26,429	25,933	32,475	41,243	2%	Construction Accessories
	73,537	69,803	42,512	36,409	28,450	27,909	1%	Equip Leasing, Videos
	18,443	32,936	21,480	23,706	25,177	27,657	1%	Golf Courses, Fitness
	23,772	20,446	27,336	26,023	22,355	24,662	1%	
	27,820	18,814	15,395	14,290	10,665	12,147	1%	
	2,663	3,093	42,389	40,331	56,678	36,743	2%	
	\$ 1,843,192	\$ 1,643,358	\$ 1,446,497	\$ 1,506,154	\$ 1,642,842	\$ 2,054,789	100%	
	-1%	-11%	-12%	4%	9%	25%		
	-13%	-25%	-38%	12%	25%	43%		
	5%	-5%	-4%	3%	6%	21%		
								Average Annual Change Last Ten Years
	163	152	148	143	147	186	2%	
\$	760,774	\$ 714,708	\$ 655,892	\$ 677,366	\$ 668,133	\$ 885,170	3%	
	130	138	126	130	129	149	8%	
	39,021	26,660	13,609	14,651	14,627	13,542	-5%	
	109	110	100	113	101	98	-2%	
	57,542	44,955	22,847	29,126	25,729	22,664	-6%	
	1,521	1,435	1,401	1,379	1,429	1,604	2%	
	445,857	331,344	212,243	234,380	304,832	448,856	0%	
	2,570	3,508	3,887	4,078	4,313	4,621	14%	Vehicle sales, Leasing,
	539,998	525,691	541,906	550,631	629,521	684,557	12%	Telephone, Internet
	4,493	5,343	5,662	5,843	6,119	6,658	9%	
	\$ 1,843,192	\$ 1,643,358	\$ 1,446,497	\$ 1,506,154	\$ 1,642,842	\$ 2,054,789	4%	

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

	Type	Lots	Sq Ft	Preliminary	Project		
				Plat	Completed	2003	2004
Projects Completed in 2012							
Woodridge	SF	168		Dec-04	Mar-12		
Haley's Terrace	SF	46		May-05	Mar-12		
Arbors @ Maple Wood	SF	60		Jan-05	Mar-12		
Bellamonte (Green Valley)	SF	17		Sep-06	Apr-12		
Whispering Meadows	SF	22		Apr-05	May-12		
Hathaway Glen	SF	46		Jul-05	May-12		
MV Town Square Bldg A (Fred Meyer)	NC		183,479	Jun-11	May-12		
MV Town Square Bldg K (Chase Bank)	NC		4,287	Nov-11	May-12		
MV Town Square Bldg J (Burger King)	NC		3,103	Mar-12	Jun-12		
MV Town Square Bldg L (Hop Jacks/Sprint)	NC		5,615	Dec-11	Jul-12		
MV Town Square Bldg F (Various)	NC		6,520	Dec-11	Aug-12		
MV Town Square Bldg B (Multicare)	NC		10,770	Jan-12	Aug-12		
Maple Valley Gardens	SF	9		May-06	Aug-12		
MV Town Square Bldg N (Various)	NC		4,370	Jan-12	Aug-12		
MV Town Square Bldg E (Smile Dental)	NC		4,508	Dec-11	Sep-12		
Highlands @ Cedar Downs	SF	65		Mar-03	Oct-12		
MV Town Square Bldg D (Pinnacle PT)	NC		8,485	Dec-11	Oct-12		
MV Town Square Bldg G (Farrelli's Pizza)	NC		6,229	Jan-12	Oct-12		
MV Town Square Pad (Fred Meyer Fuel)	NC		4,575	Sep-12	Nov-12		
MV Town Square Bldg H (Various)	NC		4,722	Jan-12	Dec-12		
Total Projects Completed in 2012	20	433	246,663			-	-
City Approved Projects In Progress							
Greenbrier Crest 1 (Sawyer Crest 1)	SF	50		Feb-05			
Ridge @ Lake Wilderness	SF	11		Feb-05			
Sun Ridge @ Elk Run Meadows 3	SF	75		May-05			
Mountain View (Rogneby)	SF	42		May-05			
Logbrook	SF	60		Sep-05			
Rock Creek Meadows Division 3	SF	34		Aug-06			
Mystic Meadows	SF	25		Sep-06			
Greenbrier Crest 2 (Sawyer Crest 2)	SF	29		Oct-06			
Arbors @ Rock Creek Division 1	SF	78		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			
Sun Ridge @ Elk Run 4 Division 1	SF	59		Jun-12			
Four Corners Square Bldg H (Johnson's Hardware)	NC		50,380	Jul-12			
Four Corners Square Bldg J & K	NC		11,301	Jul-12			
Four Corners Square Bldg L (Grocery Outlet)	NC		18,226	Jul-12			
Sun Ridge @ Elk Run 4 Division 2	SF	6		Sep-12			
MV Town Square Bldg M	NC		2,544	May-12			
Other Previously Approved Plats	SF	69		Pre-Incorporation		18	13
Total Projects In Progress	22	756	82,451			18	13
Projects Completed in Last 9 Years	65	2,171	314,041			397	365
Completed in Last 10 Years and in Progress	107	3,360	643,155			415	378
Last Ten Years						415	793

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

Source:
City building permit system.

Housing Units								FR Preliminary	
2005	2006	2007	2008	2009	2010	2011	2012	Plat Lots	
	23	10	29	23	38	36	9	-	Projects Completed in 2012
			1	4	17	18	6	-	Woodridge
	1	36	12	6	2	1	2	-	Haley's Terrace
				3	10	3	1	-	Arbors @ Maple Wood
					5	11	6	-	Bellamonte (Green Valley)
					9	17	20	-	Whispering Meadows
								-	Hathaway Glen
								-	MV Town Square Bldg A (Fred Meyer)
								-	MV Town Square Bldg K (Chase Bank)
								-	MV Town Square Bldg J (Burger King)
								-	MV Town Square Bldg L (Hop Jacks/Sprint)
								-	MV Town Square Bldg F (Various)
								-	MV Town Square Bldg B (Multicare)
						2	7	-	Maple Valley Gardens
								-	MV Town Square Bldg N (Various)
								-	MV Town Square Bldg E (Smile Dental)
	15	15	5		3	8	19	-	Highlands @ Cedar Downs
								-	MV Town Square Bldg D (Pinnacle PT)
								-	MV Town Square Bldg G (Farrelli's Pizza)
								-	MV Town Square Pad (Fred Meyer Fuel)
								-	MV Town Square Bldg H (Various)
-	39	61	47	36	84	96	70	-	
			4		8	9	27	2	City Approved Projects In Progress
			4		1		1	5	Greenbrier Crest 1 (Sawyer Crest 1)
				2	9	4	4	9	Ridge @ Lake Wilderness
							15	23	Sun Ridge @ Elk Run Meadows 3
								-	Mountain View (Rogneby)
								60	Logbrook
								16	Rock Creek Meadows Division 3
								-	Mystic Meadows
				4	7	5	9	4	Greenbrier Crest 2 (Sawyer Crest 2)
								-	Arbors @ Rock Creek Division 1
								-	Arbors @ Rock Creek Division 2
								-	Jordan's Crossing
								-	South Fork Maple Plat
								-	Malloy
								-	Wilderness Hills 3
								-	Wilderness Hills 4
								-	Sun Ridge @ Elk Run 4 Division 1
								-	Four Corners Sq Bldg H (Johnson's Hardware)
								-	Four Corners Square Bldg J & K
								-	Four Corners Square Bldg L (Grocery Outlet)
								-	Sun Ridge @ Elk Run 4 Division 2
								6	MV Town Square Bldg M
12	6	8	2	4	2		4		Other Previously Approved Plats
12	6	16	4	17	22	33	89	526	Total Projects In Progress
440	224	71	47	40	19	27	-	-	
452	269	148	98	93	125	156	159	526	
1,245	1,514	1,662	1,760	1,853	1,978	2,134	2,293		

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

Taxpayer	Type	2003			2012		
		Assessed Valuation	Rank	% of AV	Assessed Valuation	Rank	% of AV
Four Corners Northeast LFP	Developer				\$ 40,647,200	1	1.9%
Four Corners LLC	Retail	\$ 14,548,000	1	1.0%	24,249,600	2	1.1%
Wilderness Village Apartments	Apartments	11,800,000	2	0.8%	16,205,000	3	0.8%
Puget Sound Energy	Utility	8,038,905	4	0.6%	13,909,841	4	0.6%
KRG Four Corner Square LLC	Developer				12,857,300	5	0.6%
NW Apartment Portfolio II	Apartments	5,569,000	6&10	0.4%	9,501,000	6	0.4%
CMBA No. 6/7	Retail	3,936,927	8	0.3%	9,180,600	7	0.4%
Hogate Properties	Retail	5,962,500	5	0.4%	8,920,400	8	0.4%
Wilderness Village Properties	Retail	5,309,600	7	0.4%	7,724,800	9	0.4%
Schneider Homes	Developer	6,121,000	3	0.4%	6,478,000	10	0.3%
Nickel & Company LLC	Retail	3,851,485	9	0.3%			0.0%
Subtotal - Ten Largest Taxpayers		65,137,417		4.6%	149,673,741		7.0%
All Other City Taxpayers		1,341,356,863		95.4%	1,994,257,259		93.0%
Total City Taxpayers		\$ 1,406,494,280		100.0%	\$ 2,143,931,000		100.0%

Major Employers ⁽¹⁾		2012 Employees
Tahoma School District	Government	840
Fred Meyer	Retail	218
Safeway	Retail	135
Quality Food Centers	Retail	90
JR Hayes & Sons, Inc	Construction	61
MV Fire & Life Safety	Government	52
Western Asphalt	Construction	45
Johnson's Home & Garden	Retail	43
City of Maple Valley	Government	41
Gloria's Restaurant	Retail	37

(1) Information on major employers was not reported by the City prior to 2008, so comparative data not available.

City of Maple Valley
 Computation of Legal Debt Margin
 December 31, 2012

	Assessed Value	Rate	Debt Capacity	Debt Outstanding	Debt Margin	
					Dollars	%
ASSESSED VALUE	\$ 2,143,931,000					
GENERAL PURPOSES						
Non-Voted Only						
Maximum Debt as a percent of Assessed Value		1.5%				
Non-Voted General Obligation Debt Capacity			\$ 32,158,965			
Less: Outstanding Non-Voted Debt				\$ 5,960,451		
Plus: Amount Available in Special Revenue for Debt Retirement						
Remaining Non-Voted Debt Capacity					\$ 26,198,514	81%
Total Voted and Non Voted						
Maximum Debt as a percent of Assessed Value		2.5%				
Voted General Obligation Debt Capacity			53,598,275			
Less: Outstanding Voted Debt						
Less: Outstanding Non-Voted Debt				5,960,451		
Plus: Amount Available in Special Revenue for Debt Retirement						
Remaining Voted Debt Capacity					47,637,824	89%
TOTAL GENERAL PURPOSES			53,598,275	5,960,451	47,637,824	89%
UTILITY PURPOSES						
Voted						
Maximum Debt as a percent of Assessed Value		2.5%				
Voted General Obligation Debt Capacity			53,598,275			
Less: Outstanding Voted Debt						
Remaining Voted Debt Capacity					53,598,275	
TOTAL UTILITY PURPOSES			53,598,275	-	53,598,275	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			53,598,275			
Less: Outstanding Voted Debt						
Remaining Voted Debt Capacity					53,598,275	
PARKS AND OPEN SPACE AND CAPITAL FACILITIES ASSOCIATED WITH ECONOMIC DEVELOPMENT			53,598,275	-	53,598,275	100%
TOTAL CAPACITY			\$ 160,794,825			
CAPACITY UTILIZED				\$ 5,960,451		
LEGAL DEBT MARGIN					\$ 154,834,374	96%

Source:
 King County Assessor's Office.

City of Maple Valley
 Computation of Direct and Overlapping Debt
 December 31, 2012

	Assessed Valuation	Debt	Percent Applicable to Maple Valley	Debt Applicable to Maple Valley
DIRECT DEBT				
City of Maple Valley	\$ 2,143,931,000			
General Obligation Bonds Payable		\$ 3,745,000		
Other General Obligation Debt		2,215,451		
Total General Long Term Debt		<u>5,960,451</u>		
Less: Amount Available in Special Revenue Fund for Debt Retirement		<u>-</u>		
Net Direct Debt		<u>5,960,451</u>	100.0%	\$ 5,960,451
OVERLAPPING DEBT				
King County	314,746,206,667	894,303,000	0.74%	6,614,283
Port of Seattle	314,746,206,667	312,005,000	0.74%	2,307,595
King County Library District	195,615,929,718	137,405,000	1.19%	1,635,147
Kent School District	15,780,533,835	187,977,699	0.10%	193,749
Tahoma School District	4,006,212,144	20,120,000	57.70%	11,609,339
Fire District # 43	3,997,021,125	<u>3,260,000</u>	58.24%	<u>1,898,627</u>
Total net overlapping debt		<u>1,555,070,699</u>		<u>24,258,742</u>
Total net direct and overlapping debt		<u>\$ 1,561,031,150</u>		<u>\$ 30,219,193</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%

Source:

(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 September, 2011

	2003	2004	2005	2006
Population (April 1)	15,934	16,280	17,870	19,140
Unemployment Rate (King County) (1)	5.3%	4.8%	4.2%	3.8%
Personal Income (Estimate)				
Median Household Income Estimate (King County) (1)	56,952	61,565	61,225	63,745
Persons per Household	2.98	2.95	2.95	2.95
Per Capita Personal Income	19,111	20,869	20,754	21,608
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	\$ 1,406,494,280	\$ 1,576,123,000	\$ 1,794,055,783	\$ 2,015,609,742
Net Direct Bonded Debt	\$ 6,455,700	\$ 6,148,800	\$ 7,627,896	\$ 7,186,447
Net Overlapping Debt	30,315,704	32,689,103	32,768,001	32,768,001
Total Net Direct & Overlapping Debt	<u>\$ 36,771,404</u>	<u>\$ 38,837,903</u>	<u>\$ 40,395,897</u>	<u>\$ 39,954,448</u>
City Employees	27.25	32.50	36.25	38.20
City and Contract Employees	40.89	46.10	48.93	50.99
Ratios				
Assessed value per capita	\$ 88,270	\$ 96,813	\$ 100,395	\$ 105,309
Net direct bonded debt per capita	\$ 405	\$ 378	\$ 427	\$ 375
Net direct and overlapping debt per capita	\$ 2,308	\$ 2,386	\$ 2,261	\$ 2,087
Ratio of net direct debt/capita to per capita personal income	2.1%	1.8%	2.1%	1.7%
Ratio of net total debt/capita to per capita personal income	12.1%	11.4%	10.9%	9.7%
Ratio of net direct bonded debt to assessed value	0.5%	0.4%	0.4%	0.4%
Ratio of net direct & overlapping debt to assessed value	2.6%	2.5%	2.3%	2.0%
City employees per 1000 population	1.7	2.0	2.0	2.0
City and Contract Employees 1000 population	2.6	2.8	2.7	2.7

Source:

- (1) State of Washington Office of Financial Management
- (2) Hebert Research, Inc City of Maple Valley Residential Profile

2007	2008	2009	2010	2011	2012
20,020	20,480	20,840	22,684	22,930	23,340
3.6%	5.6%	8.4%	8.2%	7.2%	6.1%
65,489	67,027	65,877	65,383	66,294	68,313
2.96	2.96	2.96	2.96	2.96	2.96
22,125	22,644	22,256	22,089	22,397	23,079
				31.4%	
				6.5%	
				37.4%	
				37.0%	
			84.7%		
				53.8%	
\$ 2,293,057,004	\$ 2,579,005,968	\$ 2,446,394,927	\$ 2,437,805,896	\$ 2,296,106,212	\$ 2,143,931,000
\$ 8,164,447	\$ 8,168,935	\$ 7,644,314	\$ 7,099,693	\$ 5,960,451	\$ 5,960,451
32,550,412	33,469,125	29,521,592	32,266,926	24,258,742	24,258,742
\$ 40,714,859	\$ 41,638,060	\$ 37,165,906	\$ 39,366,619	\$ 30,219,193	\$ 30,219,193
39.20	38.10	38.00	39.30	39.80	41.05
51.77	50.58	50.59	53.29	57.15	59.40
\$ 114,538	\$ 125,928	\$ 117,389	\$ 107,468	\$ 100,135	\$ 91,857
\$ 408	\$ 399	\$ 367	\$ 313	\$ 260	\$ 255
\$ 2,034	\$ 2,033	\$ 1,783	\$ 1,735	\$ 1,318	\$ 1,295
1.8%	1.8%	1.6%	1.4%	1.2%	1.1%
9.2%	9.0%	8.0%	7.9%	5.9%	5.6%
0.4%	0.3%	0.3%	0.3%	0.3%	0.3%
1.8%	1.6%	1.5%	1.6%	1.3%	1.4%
2.0	1.9	1.8	1.7	1.7	1.8
2.6	2.5	2.4	2.3	2.5	2.5

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Employee Data										
City Employees										
City Manager	2.00	2.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Human Resources		0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75
City Clerk	3.75	4.00	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	1.00
Community Development	6.00	8.00	8.00	8.00	8.00	8.00	9.00	8.00	8.00	8.00
Finance	3.50	3.50	4.00	3.70	3.70	3.50	3.50	3.80	3.80	3.80
Information Technology & GIS	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50
Parks & Recreation	2.00	5.75	6.75	4.50	5.50	4.60	5.00	5.00	5.00	6.00
Public Safety			1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Public Works	9.00	8.00	8.00	12.50	11.50	11.50	10.00	12.50	12.00	12.00
Total City Employees	27.25	32.50	36.25	38.20	39.20	38.10	38.00	39.30	39.80	41.05
Contractees										
City Attorney	0.38	0.34	0.30	0.64						
Prosecuting Attorney	0.49	0.50	0.60	0.32	0.40	0.40	0.40	0.35	0.35	0.35
Municipal Court Judge	0.10	0.09	0.10	0.09	0.09	0.09	0.10	0.10	0.10	0.10
Court Clerks	0.90	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	1.00
Detective	0.57	0.57	0.58	0.64	0.58	0.59	0.44	0.74	1.00	1.00
Police Officers (1)	10.00	10.00	9.00	9.00	9.00	9.00	9.00	9.00	12.00	13.00
Information Services Consultant	0.20	0.20	0.20	0.20	0.60	0.50	0.75	0.90	1.00	1.00
Total Contractees	13.64	13.60	12.68	12.79	12.57	12.48	12.59	13.99	17.35	18.35
Total Full Time Equivalent Employees	40.89	46.10	48.93	50.99	51.77	50.58	50.59	53.29	57.15	59.40

Source:
City budget document and personnel records.

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Community Development										
Single Family Residential Permits	415	378	452	269	148	98	93	125	156	159
Total Inspections		12,900	11,618	9,254	4,595	3,712	2,616	3,234	4,529	5,235
Parks & Recreation										
Events at Lake Wilderness Lodge		130	252	290	656	835	725	964	1,086	1,183
Park Rentals & Permits		87	125	129	125	479	681	495	581	534
City wide Community Events		7	8	9	10	9	11	11	11	11
Classes, Leagues, & Programs		3	7	16	23	25	25	32	34	34
Public Safety										
Dispatched Calls for Service		3,449	3,230	3,321	3,162	2,811	3,170	2,862	2,787	3,393
Crimes (Part 1 & 2)		1,067	929	918	943	914	1,175	912	959	960
Cases Closed		120	94	76	78	94	166	70	89	114

Source:
Various City departments.

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Parks & Recreation										
Acres of Parks	127	127	127	288	288	288	288	288	288	288
Public Works										
Lane Miles of Streets		100	108	112	115	118	130	130	130	130
Surface Water Facilities		123	131	135	141	144	147	147	147	147

Source:
 Various City departments.