

City of Maple Valley

Washington



Comprehensive Annual Financial Report

For Fiscal Year Ended

December 31, 2013

**City of Maple Valley
Washington**

**Comprehensive Annual Financial Report
For Fiscal Year Ended
December 31, 2013**

Prepared by the:
Finance Department

Shawn Hunstock, CPA
Finance Director

Ashley Van Dam
Sr. Financial Analyst

INTRODUCTORY SECTION



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City of Maple Valley
2013 Comprehensive Annual Financial Report
Table of Contents

INTRODUCTORY SECTION

Table of Contents..... 3
 Letter of Transmittal 5
 Certificate of Achievement for Excellence in Financial Reporting..... 15
 Organization Chart..... 16
 Principal Officials 17

FINANCIAL SECTION

Independent Auditor’s Report 22
 Management’s Discussion and Analysis..... 27

Basic Financial Statements

Government-wide Financial Statements
 Statement of Net Position..... 47
 Statement of Activities..... 48
 Fund Financial Statements
 Balance Sheet – Governmental Funds 52
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position ... 54
 Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds . 56
 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities 58
 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual –
 General Fund..... 59
 Transportation Development Fund 62
 Park Development Fund..... 63
 Real Estate Excise Tax Fund 64
 Drug Seizure Fund 65
 Transportation Benefit District Fund 66
 Statement of Net Position – Proprietary Funds 67
 Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds..... 68
 Statement of Cash Flows – Proprietary Funds..... 69
 Notes to the Financial Statements 72

Combining Statements and Schedules

Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
 Capital Improvement Plan Fund..... 109
 Surface Water Management Fund 112
 Lake Wilderness Golf Course Fund 113
 Vehicle Rental Fund..... 114
 Central Service Fund..... 115
 Unemployment Trust Fund..... 116
 Internal Service Funds
 Combining Statement of Net Position 119
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position 120
 Combining Statement of Cash Flows 121

**City of Maple Valley
2013 Comprehensive Annual Financial Report
Table of Contents, continued**

STATISTICAL SECTION

Financial Trends	
Net Position by Component	126
Changes in Net Position.....	128
Changes in Fund Balances – Governmental Funds	132
Revenue Capacity	
Property Tax Data	134
Sales Tax Data.....	136
Private Development Activity	138
Principal Property Taxpayers & Employers.....	140
Debt Capacity	
Computation of Legal Debt Margin	141
Computation of Direct and Overlapping Debt with Bonded Debt Ratios	142
Demographic and Economic Data	
Comparative Regional Statistics	143
Maple Valley Statistics and Ratios	144
Operating Information	
Full Time Equivalent Employee History	146
Operating Indicators by Function	147
Capital Asset Statistics by Function	148



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June 16, 2014

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

Transmitted herewith is the City of Maple Valley's Comprehensive Annual Financial Report (CAFR) for fiscal year ended December 31, 2013. 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.

Responsibility for the accuracy of the data, the completeness and reliability of all information presented in this report rests with management. 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 management'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 State Auditor's Office. The City's financial statements have been audited by the Washington State Auditor's office. The goal of an independent audit is to provide reasonable assurance that City financial statements for the fiscal year ended December 31, 2013 are free of material misstatements. The State Auditor concluded based upon the audit, 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 at the first component of the financial section of this report.

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

COMMUNITY PROFILE

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

The City is located along a portion of the Cedar River that the Duwamish Indians previously used as a trading route. State Route 169 connects the two major commercial areas of Maple Valley and allows for direct access to Black Diamond and Enumclaw to the southeast and Renton to the

northwest. State Route 18 borders the northern edge of the City and provides easy access to Covington, Auburn, and Federal Way to the southwest, and Issaquah and North Bend to the northeast.

Along with the country charm of an agrarian past, Maple Valley offers almost unlimited activities. Boating, fishing, swimming, hiking, and golfing are available within the city limits, and the City is in close proximity to camping, skiing, and other recreational opportunities. Maple Valley businesses provide most of the daily shopping needs for the residential community and nearby rural areas. The City's 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). It has a Council-Manager form of government. The non-partisan City Council is composed of seven members elected at large to four-year staggered terms. The Council elects the Mayor and Deputy Mayor from among its members. The Council serves as the policy-making branch of government. The Council appoints the City Manager, who serves as the chief executive officer of the City and coordinates its daily activities.

The City 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 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 City of Issaquah, 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.

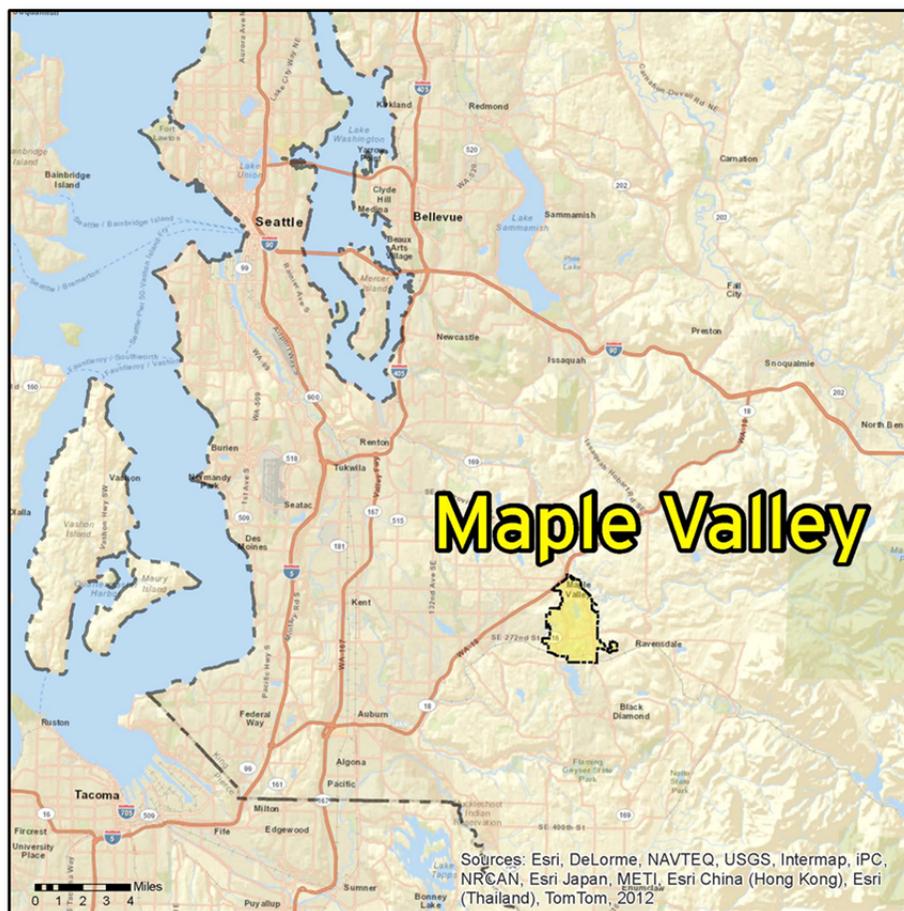
Other separate government entities provide services in Maple Valley. Maple Valley Fire and Life Safety (King County Fire District 43) provides fire protection, emergency medical, and fire inspection services. The King County Library System provides library services. The Tahoma School District provides 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. Collection of taxes by the

Washington State Department of Licensing began in July 2013. The first project funded by the District is not expected to begin until spring of 2014. Therefore, only revenue activity is reported for the District within this 2013 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 December 1, 2013 the City completed the annexation of Summit Place, also known as the Donut Hole, near the center of town. Summit Place consists of approximately 154 acres of land entirely owned by King County, which currently leases a portion of the land for a private golf course. The County also has a street operations and maintenance facility on the site. The Tahoma School District is currently in negotiations with the County to purchase a portion of the land in the annexation area for the construction of a new high school and regional learning center. The project will also likely include a portion of City owned undeveloped property adjacent to the annexation

area for parking and/or recreational facilities for the new school and the larger Maple Valley community. The City and the School District have started discussions about the needs of the School District and the nature and extent of City participation in the portion of the project on City owned land.

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 1,954 single-family residential lots have been approved for development.

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

To this end in early 2011 the City Council passed a resolution to reconstitute the membership of its Economic Development Committee. This committee, made up 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 in 2009—a lower level of public

service. The Tahoma School District is faced with significant capital improvements needed for its facilities. To fund these improvements, the School District received voter approval in 2013 for a new High School as well as improvements at various schools throughout the District.

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

Six-year Financial Forecast

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

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

The six-year revenue forecast assumes that 70 single-family residential (sfr) permits will be issued for 2014 through 2019. With the permitting of 1,954 single family residential homes in the last ten years, an average of 195 per year, the City has seen its population increase 7,630 from 16,280 in 2004 to 23,910 in 2013. On the commercial side, based on 2013 and current permitting, the City is expecting the completion of 65,000 square feet of commercial space in 2014 and based on other developments in the pipe line, up to 77,000 square feet within the next six years.

The budgeted level of development produces a revenue forecast that in conjunction with an operating expenditure forecast produces a fund balance at the end of the six-year forecast period that exceeds the policy requirement of 16.7% of operating expenditures through 2016 but drops below the fund balance target after that. The operating expenditure forecast includes inflation, the maintenance and operational cost of the six-year capital improvement program, and an annual amount of potential program expansion inflated over the six-year forecast period. Dedicated capital revenue plus a General Fund allocation funds the six-year capital improvement program.

The six-year forecast begins with the prior year ending fund balance amount that equals the restricted and unrestricted net assets at December 31, 2013, as summarized below. Amounts below are in thousands of dollars.

	<u>2012</u>	<u>2013</u>
Ending Fund Balance		
Governmental Funds	\$ 13,402	\$ 13,493
Ending Working Capital		
Enterprise Funds	2,663	2,466
Internal Service Funds	646	635
	<u>\$ 16,711</u>	<u>\$ 16,595</u>

The combined ending fund balance and working capital is equal to the budgeted beginning fund balance in the 2014 Final Budget. The entire 2014 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 62% of its expenditures for operating purposes, 34% for capital purposes, and 4% for debt purposes. Amounts below are in thousands of dollars.

City Wide Forecast - All Funds
(Amounts in thousands)

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
		Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
Total All Funds									
Beginning Fund Balance		\$ 14,726	\$ 16,711	\$ 15,084	\$ 11,940	\$ 11,873	\$ 10,100	\$ 7,533	\$ 6,856
Revenue		17,609	16,642	15,037	15,425	21,355	16,705	21,439	20,313
Bond & Loan Proceeds		-	-	10,100	8,000	-	2,200	4,200	-
Operating Expenditures	62%	(11,473)	(13,365)	(13,206)	(13,159)	(13,807)	(14,334)	(14,887)	(15,459)
Capital Expenditures	34%	(3,390)	(2,639)	(14,713)	(9,985)	(9,002)	(6,840)	(11,155)	(1,235)
Debt Expenditures	4%	(761)	(754)	(938)	(935)	(932)	(933)	(932)	(929)
Total Expenditures		(15,624)	(16,758)	(28,856)	(24,079)	(23,741)	(22,106)	(26,974)	(17,624)
Ending Fund Balance		<u>\$ 16,711</u>	<u>\$ 16,595</u>	<u>\$ 11,365</u>	<u>\$ 11,286</u>	<u>\$ 9,487</u>	<u>\$ 6,898</u>	<u>\$ 6,198</u>	<u>\$ 9,546</u>

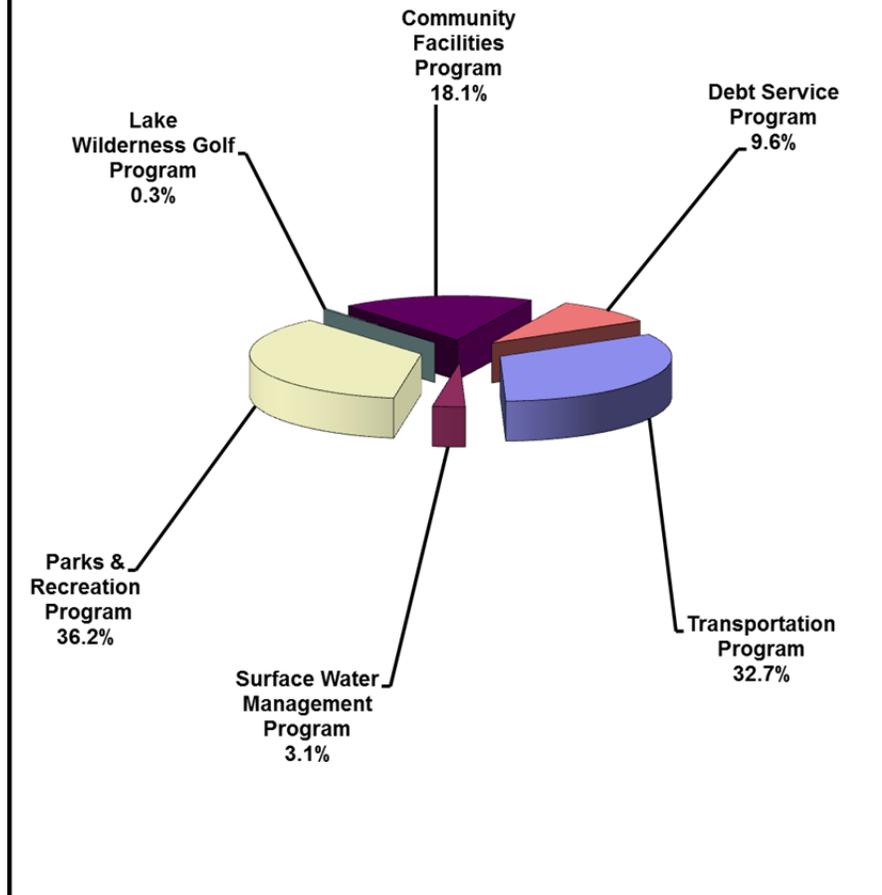
The forecast also notes that forecasted beginning fund balances in year 2015 through 2019 are greater than prior year ending fund balances due to the forecasted over-collection of revenue and under-expenditure of budget. The City has an average ten year over-collection of revenue rate of 6% and an under-expenditure of budget rate of 9.6%, but assumes in the forecast an over-collection rate of 2% and an under-expenditure rate of 3%. 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 \$58,528,584. 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 2014 – 2019.

City of Maple Valley Capital Improvement Plan Expenditure Summary

2014 - 2019
\$58,528,584



As noted in the chart, 32.7% of the funds are allocated to the transportation program. This allocation is made because transportation has been a top City priority from incorporation. To ensure the best quality transportation network, the City has, as part of the City's Comprehensive Plan, a 20-year transportation program. Each year, projects from the earliest six years of the 20-year transportation program are incorporated into the City's six-year capital improvement plan and adopted as part of the annual budget process. The six-year transportation program is used to establish transportation impact fees that are designed to fund 50% of the transportation program costs net of anticipated grants. The City uses other City funds, primarily its Real Estate Excise Tax Fund, to match the transportation impact fee funding.

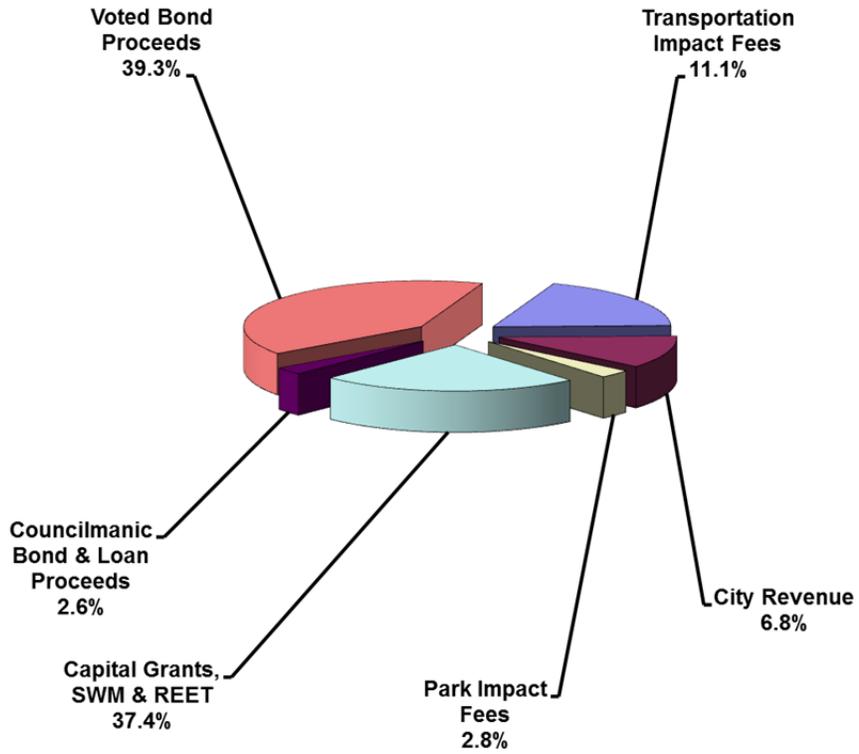
In addition to planned expenditures for transportation, the City six-year plan includes: developing ball fields, making improvements to the park system, developing plans for the 54 acre Maple Valley Legacy Place site, and enhancing the interim youth center site with a new youth, community, and senior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

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

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

2014 - 2019

\$58,528,584



CITY PRIORITIES

In its 2013 retreats, the City Council has confirmed its Goals and Objectives. They are stated below as they appeared in the 2014 Budget.

- **Economic Development**
 - Restart Legacy Site planning process as part of the Comprehensive Plan update.
 - 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.
 - 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. Work to maintain long-term fiscal stability through efforts to diversify the City's tax base.

- **Parks & 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.
 - Work with the City Police Department and neighboring City Councils to increase community awareness of the issues pertaining to domestic violence.
 - Assess options for municipal court and jail for 2015.

- **Public Works**
 - 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 Sound 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, 2012. This was the fourteenth 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.

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,

A handwritten signature in black ink that reads "Shawn Hunstock". The signature is written in a cursive, flowing style.

Shawn Hunstock
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Maple Valley
Washington**

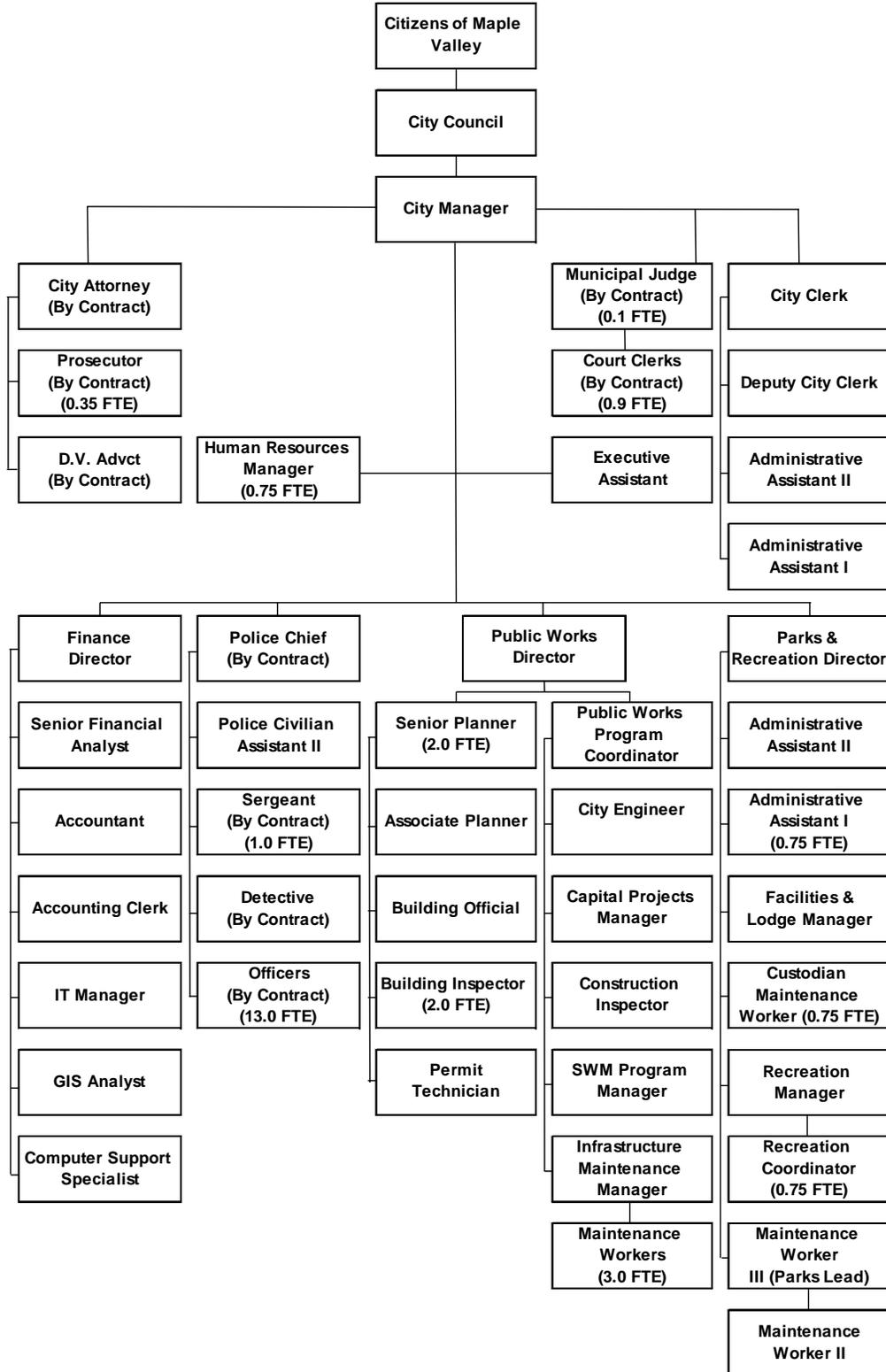
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

**City of Maple Valley
2013 Comprehensive Annual Financial Report
Organization Chart (Current)**

40.00 Direct City FTEs, 18.35 Contracted FTEs, 58.35 FTEs



**City of Maple Valley
2013 Comprehensive Annual Financial Report
Principal Officials**

CITY COUNCIL

	Position Number	Term Expires
Bill Allison, Mayor	2	12/2017
Sean P. Kelly, Deputy Mayor	1	12/2015
Layne Barnes	3	12/2015
Erin Weaver	4	12/2017
Noel T. Gerken	5	12/2015
Victoria Laise Jonas	6	12/2017
Linda Johnson	7	12/2015

CITY MANAGER

David W. Johnston

CITY ATTORNEY

Lighthouse Law Group PLLC, By Contract

FINANCE DIRECTOR

Shawn Hunstock

PARKS DIRECTOR

Greg Brown

POLICE CHIEF

Michelle Bennett, King County Sheriff's Office

PUBLIC WORKS & COMMUNITY DEVELOPMENT DIRECTOR

Steve Clark



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FINANCIAL SECTION



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Independent Auditor's Report



Washington State Auditor Troy Kelley

INDEPENDENT AUDITOR'S REPORT

June 16, 2014

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, 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, 2013, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Transportation Development, Park Development, Real Estate Excise Tax, Drug Seizure and Transportation Benefit District 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 42 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. The accompanying information listed as combining financial statements and supplementary information on pages 105 through 148 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 16, 2014, 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



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**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

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, 2013. 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, 2013 by \$392,864,905 (*net position*). Of this amount, \$6,097,998 (*unrestricted net position*) may be used to meet the city's ongoing obligations to citizens and creditors. Of the rest, \$10,359,955 is restricted for specific operating and capital purposes, and \$376,406,952 is net investment in capital assets.
- During 2013, the City's total net position increased \$19,809,402. This amount includes an increase of \$19,908,029 in invested in capital assets, net of related debt. This is offset by a decrease of \$29,180 in restricted net position and a decrease of \$69,447 in unrestricted net position.
- At December 31, 2013 the City of Maple Valley's governmental funds reported a combined ending fund balance of \$13,493,207 up \$90,830 from the prior year amount of \$13,402,377. While the City budgeted a \$3,797,253 decrease in governmental fund ending fund balance from \$16,717,328 to \$13,094,393, the governmental fund ending fund balance was \$398,814 better than budgeted. Governmental fund revenues were above budget by \$259,421.
- At the end of 2013, the assigned and unassigned fund balance for the General Fund was \$3,100,547, 31% of total General Fund expenditures. This amount is up \$111,330 from 2012 ending unassigned fund balance of \$2,989,217. 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 \$351,218 from \$7,788,800 to \$7,437,582. The decrease was in long term debt that was paid off, offset by increases in vendor payables with more year-end construction projects. The 2013 liabilities include \$3,340,000 in general obligation bonded debt down \$405,000 from the 2012 amount of \$3,745,000. 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 below. The business-type activities include the surface water management function and the Lake Wilderness Golf Course.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

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. The Statistical Section provides summary information on net position and changes in net position from 2004 through 2013.

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.

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. The reconciliation is required:

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

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

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.

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.

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.

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.

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 \$19,640,323, or 5.3%. 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. Amounts for 2012 have been restated for the effect of a prior period adjustment as discussed in the notes to the financial statements.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	(Restated) 2012	2013	(Restated) 2012	2013	(Restated) 2012
Assets						
Current Assets	\$ 15,893	\$ 15,621	\$ 2,632	\$ 2,764	\$ 18,525	\$ 18,385
Capital Assets	369,360	350,221	12,417	12,238	381,778	362,459
Total Assets	385,253	365,842	15,049	15,002	400,302	380,844
Liabilities						
Current Liabilities	1,901	1,727	166	101	2,067	1,828
Long-term Liabilities	5,371	5,960	-	-	5,371	5,960
Total Liabilities	7,272	7,688	166	101	7,438	7,789
Net position						
Invested in Capital Assets, net of related Debt	363,990	344,261	12,417	12,238	376,407	356,499
Restricted	10,360	10,389	-	-	10,360	10,389
Unrestricted	3,632	3,505	2,466	2,663	6,098	6,167
Total Net Position	\$ 377,981	\$ 358,155	\$ 14,883	\$ 14,901	\$ 392,865	\$ 373,056

Current assets at December 31, 2013 totaled \$18,524,705 up \$139,777 or 0.8% from the December 31, 2012 amount of \$18,384,928. The change is comprised of an increase in cash, cash equivalents and investments offset by a decrease in intergovernmental receivable. Cash and cash equivalents include: petty cash and other imprest funds totaling \$17,700, the checking account balance of \$2,236,607, and \$7,950,161 invested overnight with the State of Washington Local Government Investment Pool (LGIP). In addition to the LGIP investments, at year end the City had \$6,969,007 or 37.6% of current assets invested in one certificate of deposit for \$1,000,000 maturing in 2015 and seven individual U.S. government agency securities with maturities in 2014 through 2018. At year-end the LGIP was earning 0.13%. The other investments were earning an average 2.02%.

The remaining current asset balance at December 31, 2013 was \$1,351,230 or 7.3%. Of this amount: \$769,679 was for taxes receivable, \$143,071 was for accounts receivable, \$54,033 was for accrued interest receivable, \$312,056 was for due from other governments, \$62,311 was for inventory, and \$10,080 was for prepaid items.

Of the taxes receivable amount of \$769,679 all was collected by February 28, 2014. Of the accounts receivable amount of \$143,071, \$48,591 was for receivables from developers, \$69,531 was in surface water management fee receivables, \$21,179 was due from ICMA for forfeitures on the deferred compensation plan for unvested balances of prior employees, and \$3,770 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, \$43,523, is due from Fire District #43 for surface water management fees from 2002 through 2013. 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 \$312,056, \$130,894 is due from the State of Washington, \$102,637 is due from King County, \$54,725 is due from the Tahoma School District, \$22,808 is due

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

from the City of Kent, and \$992 is due from the City of Enumclaw. The State of Washington amount is for reimbursement on a capital project grant and a surface water management NPDES grant. The King County amount is for property taxes, real estate excise taxes, surface water management fees, and overbilling of the Police contract. 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 receivable from the Tahoma School District was for school impact fees that were inadvertently collected and remitted to TSD for property in the small portion of Maple Valley that is not within the District's boundaries.

Inventory is for food, beverages, and merchandise at the Lake Wilderness Golf Course. The prepaid amount is for miscellaneous expenses for 2014 that the City was required to pay prior to the end of 2013. More detailed information on receivables and other short-term assets is provided in the notes to the financial statements.

Capital assets, net of accumulated depreciation, totaled \$381,777,781 up \$19,318,406 from the prior year amount of \$362,459,375. 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. Amounts for 2012 have been restated for the effect of a prior period adjustment as discussed in the notes to the financial statements.

**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>	
	<u>(Restated)</u>		<u>(Restated)</u>		<u>(Restated)</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 209,886	\$ 197,768	\$ 9,933	\$ 9,884	\$ 219,819	\$ 207,652
Buildings	8,519	7,444	874	889	9,393	8,333
Improvements other than Bldgs	142,605	114,844	1,578	1,445	144,183	116,289
Machinery & Equipment	532	469	33	20	564	489
Construction in Progress	7,818	29,697	-	-	7,818	29,697
Total Capital Assets	\$ 369,360	\$ 350,221	\$ 12,417	\$ 12,238	\$ 381,778	\$ 362,459

The net increase is made up of capital asset additions and contributions of \$27,046,340 offset by the increase in accumulated depreciation of \$7,266,272, which includes depreciation of \$7,168,187 for governmental activities and \$98,085 for business-type activities. The retirements of \$540,109 were for items with accumulated depreciation of \$78,448. The City also recorded transfers and other adjustments for assets with a net book value of \$24,059,593. This was primarily for previously capitalized expenses in Construction in Progress for projects that were completed and moved to the appropriate capital asset category (land, building, infrastructure, etc).

The additions included developer contributions for land and improvements other than buildings of \$23,734,738 that were related to various commercial and residential projects contributed to the City. In addition to this the City added construction in progress of \$2,414,476 for projects undertaken during the

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

year but not yet complete at year-end. The major construction in progress additions were the State Route 169, Witte Road to 228th Ave SE project, the State Route 169, SE 264th St to SE 258th St project, and the 216th Ave SE, SR516 to south City limits, project. Additional capital asset information is provided in the notes to the financial statements.

Long-term liabilities at December 31, 2013 totaled \$5,370,830 down \$589,621 from the December 31, 2012 amount of \$5,960,451. The following table summarizes the long-term portion of the City's liabilities.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Contracts & Loans - Current	\$ 185	\$ 185	\$ -	\$ -	\$ 185	\$ 185
General Obligation Bonds - Current	425	405	-	-	425	405
Contracts & Loans Payable	1,846	2,031	-	-	1,846	2,031
GO Bonds Payable	2,915	3,340	-	-	2,915	3,340
Total Long-term Debt	\$ 5,371	\$ 5,960	\$ -	\$ -	\$ 5,371	\$ 5,960

No contract and loan borrowing was done in 2013. 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 2013. During the year \$405,000 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, 2013 was \$3,340,000, including the current portion of \$425,000. 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. As disclosed in the subsequent events portion of the notes to the financial statements, the City issued non-voted limited tax general obligation bonds in early 2014.

Net position at December 31, 2013 totaled \$392,864,905, up \$19,809,402 from the December 31, 2012 amount of \$373,055,503. The largest portion of the December 31, 2013 total, \$376,406,952 or 95.8%, 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, \$10,359,955, down \$29,181 from the December 31, 2012 amount of \$10,389,134, is restricted, primarily for capital purposes. The unrestricted net assets at December 31, 2013, totaled \$6,097,998 down \$69,447 from the December 31, 2012 amount of \$6,167,445. 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, 2012 to December 31, 2013. The condensed Statement of Activities shown in the table below identifies the changes in net position.

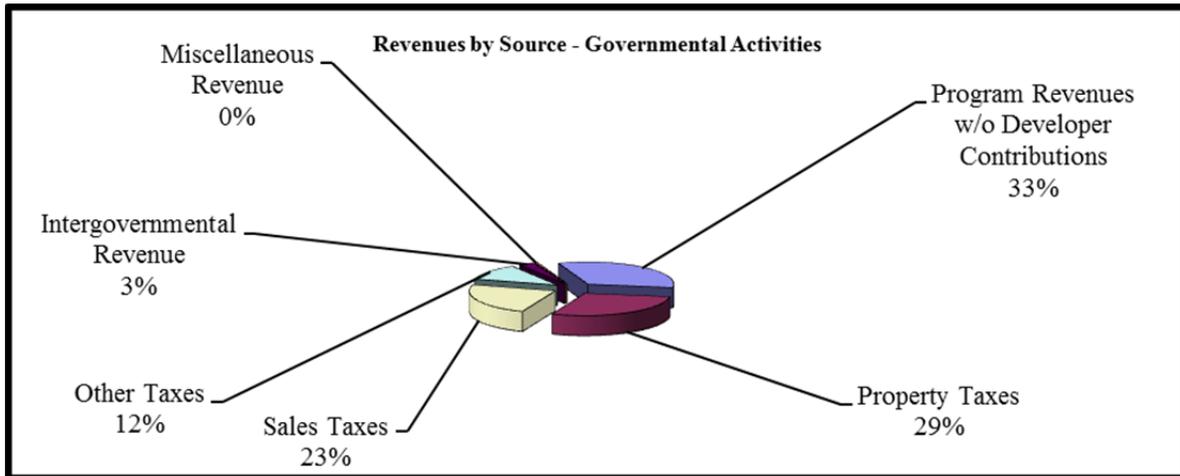
**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Revenues by Major Source						
Program Revenues						
Charges for Services	\$ 2,919	\$ 3,611	\$ 2,055	\$ 2,107	\$ 4,975	\$ 5,718
Operating Grants & Contributions	164	673	124	102	288	775
Capital Grants & Contributions	24,451	4,707	49	29	24,500	4,736
General Revenues						
Property Taxes	3,312	3,200	-	-	3,312	3,200
Sales Taxes	2,676	2,529	-	-	2,676	2,529
Utility Taxes	1,776	1,699	-	-	1,776	1,699
Other Taxes	1,302	1,391	-	-	1,302	1,391
Intergovernmental Revenue	320	379	-	-	320	379
Miscellaneous Revenue	56	193	55	22	111	215
Total Revenues	36,977	18,382	2,284	2,260	39,261	20,642
Expenses by Function						
General Government	2,158	2,109	-	-	2,158	2,109
Economic Environment	978	1,123	-	-	978	1,123
Mental and Physical Health	30	30	-	-	30	30
Culture and Recreation	2,378	2,122	990	1,057	3,368	3,179
Public Safety	3,882	3,695	-	-	3,882	3,695
Transportation	7,882	7,904	851	731	8,733	8,636
Utilities and Environment	137	121	-	-	137	121
Interest on Long-term Debt	165	180	-	-	165	180
Total Expenses	17,609	17,284	1,842	1,788	19,451	19,072
Transfers In/(Out)	459	107	(459)	(107)	-	-
Contributions	-	-	-	(8)	-	(8)
Total Expenses and Transfers	17,150	17,177	2,301	1,903	19,451	19,080
Increase (Decrease) in Net Position	19,827	1,205	(17)	357	19,809	1,562
Net Position - January 1	358,155	357,110	14,901	14,553	373,056	371,662
Prior Period Adjustment	-	(160)	-	(9)	-	(169)
Net Position - December 31	\$ 377,981	\$ 358,155	\$ 14,883	\$ 14,901	\$ 392,865	\$ 373,056

Governmental activities. Governmental activity revenue increased by \$18,594,973 with the major increases being capital grants and contributions, \$19,744,023, sales taxes, \$147,568, and property tax, \$111,973. 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, 2013**



Governmental activity program revenues, exclusive of developer contributions of \$23,734,738, are down \$2,417,997 from \$6,217,990 to \$3,799,993 primarily due a decrease of \$1,217,709 in capital grant revenue, a decrease of \$508,809 in operating grants and contracts, and a decline of \$691,479 in charges for services due to declined permitting activity with a lower availability of buildable lots for single-family residences. Decreased capital and operating grant contributions reflect slower than historical levels of development activity within the City.

Governmental activity general revenues are up \$51,238 from \$9,391,102 to \$9,442,340. The increases are in most of the major categories. The largest sources of tax revenue increases are identified below.

- Property taxes, which provided 36.5% of the tax base, increased \$111,973 or 3.5%.
- Sales taxes, which provided 29.5% of the tax base, increased \$147,568 or 5.8%.
- Utility taxes, which provided 19.1% of the tax base, increased \$31,187 or 1.8%.
- Real estate excise taxes, which provided 8.8% of the tax base, decreased \$242,941 or 23.3%.

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 2.6%.

Sales tax revenue also includes two components: locally generated revenue, \$2,158,334 and county wide revenue distributed to cities based on population, \$518,110. The locally generated revenue is from two main sources construction and non-construction retail sales. In 2013 construction sales provided 19.1% of the locally generated sales tax revenue, down from 23.0% in 2012.

Utility taxes increased \$31,187 from \$1,698,866 to \$1,730,053 due to a combination of increased utility rates and modest increases in population and the number of dwelling units.

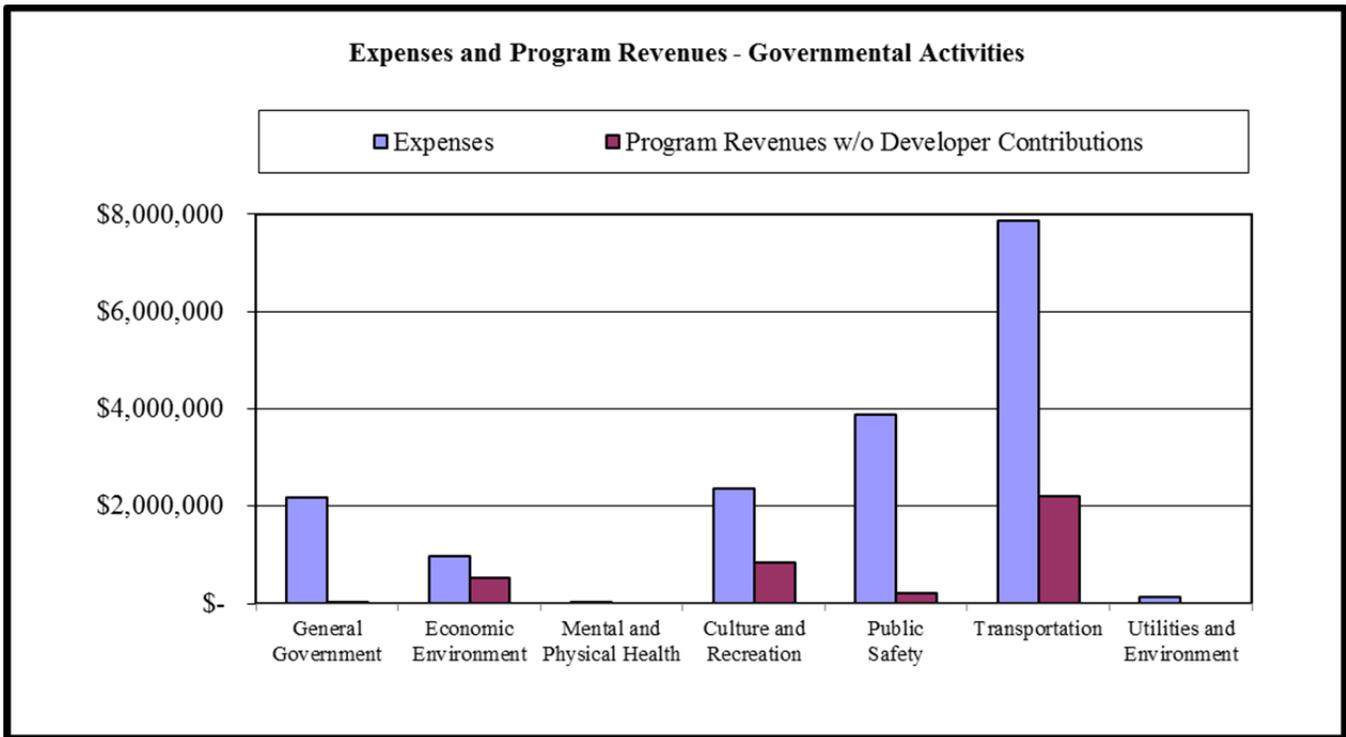
Real estate excise tax revenue decreased \$242,941 from \$1,043,963 to \$801,022 primarily due a decrease in the number and value of commercial property sales in 2013 compared to 2012. Residential sales were relatively flat from 2012 to 2013. 511 homes sold in 2013 compared to 508 in 2012. The value of new homes increased by 18.0% during 2013, while the cost of existing homes increased by 14.4%. Overall the revenue is down substantially from the peak in 2005 of almost \$2,000,000 when 1,013 single family residential homes were sold. The real estate excise tax is 1.78% on the sale of real property, with the City receiving 0.5%.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

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

- Intergovernmental revenue, decreased \$59,254 or 15.6%, primarily due to declines in shared revenue from the State of Washington.
- Miscellaneous revenue increased \$137,028 or 71.1% with modest increases in investment income as well as the recovery of insurance claims and settlement amounts.

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 economic environment, program revenue was 55.0% of program expenses down from 72.4% as the City permitted 74 single family residential units down from 159 in 2012. For 2013, 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 culture and recreation, program revenue was 35.1% of program expenses down from 62.0% in 2012 as park impact fees were collected on a much smaller number of permitted lots for single family units. In public works, program revenue was 27.8% of program expenses down from 82.7% as a slowdown in commercial and residential development resulted in lower transportation impact fees.

Governmental activity expenses increased \$325,501 or 1.9% from \$17,283,995 to \$17,609,496. The categories included are: general government, economic environment, mental and physical health, culture and recreation, public safety, transportation, utilities and environment, and interest on long term debt.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

General government expenses including: the city council, city manager, city clerk, city attorney, human resources, central services, public defender, prosecutor, court, and finance; increased \$49,244 or 2.30%. The increase is primarily attributable to increased court costs with the change in venue to the City of Kent. Court costs increased \$164,704 from \$186,471 to \$351,175. The increase relates to the change to the City of Kent for court services, as well as the payment of \$55,190 in startup costs from the change to the City of Kent. Additionally, a small increase in staffing and increased rates for retirement plan contributions and increased cost of health insurance attributed to the increase for general government. City Attorney services declined by \$234,678 from 2012 to 2013 as the City moved to a contracted City Attorney. Other parts of general government underspent their appropriations such as the City Manager, \$55,390 below budget, City Clerk's office \$65,114 below budget, and Finance \$63,153 below budget.

Expenses for economic environment, commonly referred to at the City as community development, include lake management, planning, and building operations, decreased \$145,060 or 12.9%. The decrease is primarily due to lower than expected development activity within the City.

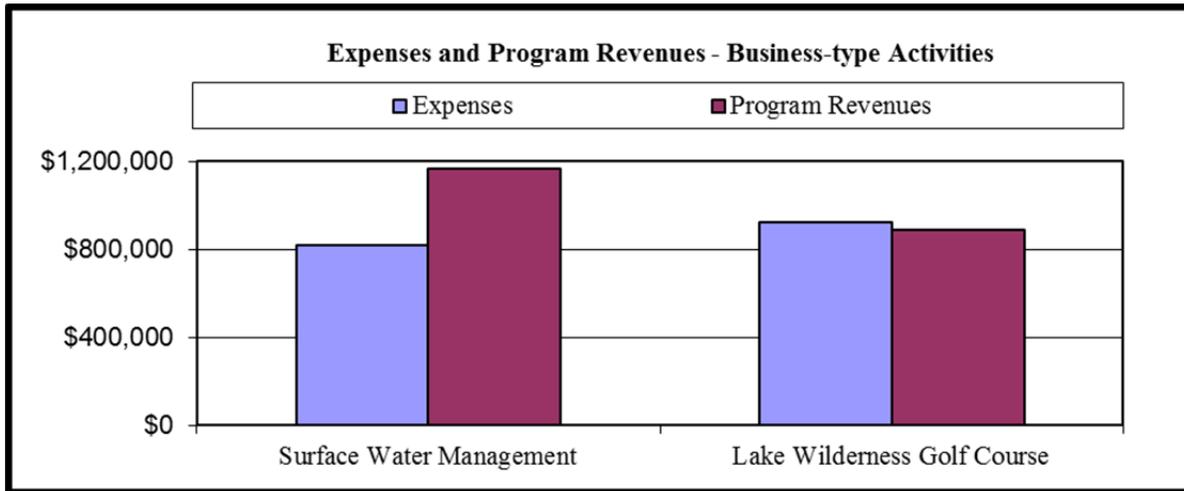
Mental and physical health stayed the same for 2013 as 2012. Expenses of \$30,000 relate to grant payments to the Maple Valley food bank and Vine Maple Place for \$15,000 each. The food bank provides vital nutritional resources to those in need, and Vine Maple Place provides transitional housing, mentorship, child advocacy and life-skills training assistance to homeless single parents.

Culture and recreation expenses including: parks maintenance, the Lake Wilderness Lodge, recreation programs, community events, and funding for community service agencies, increased \$255,808 or 12.1%. 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 fire marshal, increased \$186,972 or 5.1%. Police services expenses increased by \$24,994 from 2012 to 2013. 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. Police contract costs increased \$81,349 from \$3,267,370 to \$3,348,719. 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 costs increased \$102,715 from \$83,427 to \$186,142. The increase relates to the transition of jail services from primarily the City of Enumclaw to the City of Kent. Booking and per-night bed fees were higher under the new contract.

Transportation and utilities and environment expenses, commonly referred to at the City as public works, include development, transportation planning, street maintenance, and waste reduction & recycling. These expenses decreased \$1,154 or 0.08%.

Business-type activities. As of December 31, 2013 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 decreased \$14,100 or 1.2% from \$1,181,664 to \$1,167,564. The decrease is associated with a slowdown in development activity and less connection charges for the surface water utility. Expenses of the surface water management operation increased \$114,302 or 16.2% from \$706,769 to \$821,071. The increase is due to the fact that the City hired its first dedicated surface water management position and has begun a regular schedule of surface water facility inspection, cleaning and monitoring.

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 2013 the Lake Wilderness Golf Course operation had a program revenue decrease of \$37,708 or 4.1% from \$925,368 to \$887,660 but a greater program expense decrease of \$64,293 or 6.5% from \$987,788 to \$923,495. The task force strategy worked to some degree as the City reduced its transfer from other funds from \$91,373 in 2011 to \$32,840 in 2012. The general fund subsidy increased to \$54,187 in 2013 primarily due to a combination of poor weather in September and planned capital expenses throughout the year. 2012 was the first full year of the task force recommendation and since then 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, 2013**

Governmental Funds Fund Balances			Increase (Decrease)
	Beginning	Ending	
General Fund	\$ 2,994,217	\$ 3,110,122	\$ 115,905
Transportation Impact Fee Fund	6,483,740	5,646,384	(837,356)
Park Development Fund	1,881,388	2,086,206	204,817
Real Estate Excise Tax Fund	2,024,007	2,479,409	455,402
Drug Seizure Fund	-	4,105	4,105
Transportation Benefit District Fund	-	147,956	147,956
Capital Improvement Plan	19,025	19,025	-
	\$ 13,402,377	\$ 13,493,207	\$ 90,830

As noted above in total the governmental fund balances increased \$90,830. Of the General Fund balance of \$3,110,122, \$2,500,162 or 80.4% is unassigned. Including the amount assigned for the subsequent year's appropriation of fund balance \$600,385, total assigned and unassigned fund balance is 31% of General Fund expenditures. The City's financial policies state that the fund balance of operating funds will be budgeted at at least 16.7% 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 2013 transportation impact fees were less than expenditures for transportation improvement projects as fees were collected from commercial development and expenditures were combined with existing fund balance to maximize the City's matching fund capabilities from the Real Estate Excise Tax Fund for infrastructure development.

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. 2013 was the third 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 2013 real estate excises taxes declined \$286,559, or 26.3% from \$1,087,581 to \$801,022. Transfers-out for capital projects were \$363,785 in 2013.

The Drug Seizure Fund accumulates resources from seizures and impoundment of property for the enforcement of controlled substance, DUI and other applicable laws in accordance with Washington

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

State law. Per the Revised Code of Washington, the cash and property seized must be held and used "exclusively for" such enforcement activity. Fund balance at year-end was \$4,105.

The Transportation Benefit District fund is used to account for the receipt and transfer or disbursement of motor vehicle excise taxes collected by the Maple Valley Transportation Benefit District, a blended component unit of the City of Maple Valley. Fee collection began in the second half of 2013. As such no transfers or disbursements were made during the year. Fund balance at year-end was \$147,956. Further information regarding the District can be found in the notes to the financial statements.

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

Proprietary Funds Unrestricted Net Position			
	Beginning	Ending	Increase (Decrease)
Surface Water Management Fund	\$ 2,662,527	\$ 2,466,079	\$ (196,448)
Vehicle Rental Fund	240,800	244,974	4,175
Central Services Fund	336,742	335,045	(1,697)
Unemployment Trust Fund	68,813	55,328	(13,485)
	\$ 3,308,882	\$ 3,101,427	\$ (207,455)

The decrease in net position of the Surface Water Management Fund is a result of decreased development and connection charges in 2013 as well as planned capital expenditures. 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 fund balance as the General Fund subsidy is intended to offset any operating deficit from golf course operations.

The internal service funds accumulate funds for vehicle and equipment replacement and to pay unemployment claims. In 2013, 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 2013 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

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

the total General Fund original and final budgets to the actual results for the year ended December 31, 2013.

General Fund Budget Amendments					
	Original Budget	Budget Amendment	Final Budget	Actual	% of Budget
General Fund	\$ 10,563,208	\$ 72,500	\$ 10,635,708	\$ 10,035,935	94%
Economic Environment (Community Development)					
Economic development component of comprehensive plan update		74,500			
Public Safety					
Move funding for drug enforcement activity to new drug seizure fund		(2,000)			
		<u>\$ 72,500</u>			

General Fund amendments in 2013 consisted of \$74,500 to fund consultant work on the economic development component of the City's comprehensive plan update. Additionally, \$2,000 funding for drug enforcement activity was moved from the City's General Fund to the new Drug Seizure fund. The General Fund's actual expenditures were 94% of its budget, a decrease from 97% in 2012. 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	\$ 7,492,652	\$ 7,764,700	\$ 272,048	104%
Licenses & Permits	580,183	625,668	45,485	108%
Intergovernmental Revenue	918,153	972,734	54,581	106%
Charges for Services	626,287	776,254	149,967	124%
Fines and Forfeitures	146,131	92,357	(53,774)	63%
Miscellaneous Revenue	339,614	320,059	(19,555)	94%
	<u>\$ 10,103,020</u>	<u>\$ 10,551,772</u>	<u>\$ 448,752</u>	<u>104%</u>
Expenditures				
Current				
General Government	\$ 2,072,131	\$ 1,860,330	\$ 211,801	90%
Community Development	1,056,002	934,926	121,076	89%
Human Services	233,309	235,630	(2,321)	101%
Park & Recreation	1,792,303	1,815,439	(23,136)	101%
Public Safety	4,197,372	4,184,403	12,969	100%
Public Works	1,284,591	1,000,006	284,585	78%
Capital Outlay	-	5,202	(5,202)	-
	<u>\$ 10,635,708</u>	<u>\$ 10,035,935</u>	<u>\$ 599,773</u>	<u>94%</u>

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

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. The City generates sales tax from both construction and non-construction activity. Sales tax from construction activity declined by 13.0% in 2013 as development activity slows. Sales tax from all other activities is expected to continue to increase in 2014 with the opening of some new stores throughout the year.

Licenses and permits and charges for service are both ahead of budget as previously high development activity declined throughout the year but overall ended ahead of budget. Residential and commercial permitting activity not only generates building permit revenue but also impact fee revenue. Intergovernmental revenue was above budget with operational grants above budget offset by declines in some categories of State shared revenue such as liquor taxes and revenue sharing. Fines and forfeitures are below budget as there has been less revenue coming to the City under the new operating agreement with the City of Kent for court services. Miscellaneous revenue is below budget with lower than anticipated investment income for the City as well as income less than budget for some types of rental and concession income from the Lake Wilderness Lodge for weddings and other events.

The primary reason for actual expenditures being 94% of the final budget, below the 97% from 2012, 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 had lower than usual expenditures in the street maintenance division thanks to mild winters at the beginning and end of 2013.

Though not required, the City of Maple Valley prepares annual budgets for all funds. In the City of Maple Valley, most 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 exceptions to this general rule are the Drug Seizure and Transportation Benefit District funds. Expenditures could occur within both funds. The budget and actual information for non-General and non-Special Revenue Funds are included after the notes to the financial statements.

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 immediately prior to the statistical section.

Economic Factors Affecting the 2014 Budget and the Six-Year Financial Forecast

The City's six-year financial forecast as of December 31, 2013 is included in the 2014 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.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2013**

In the last ten years the City has permitted 1,954 single-family residential lots and at December 31, 2013 had an additional 636 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 report. In addition to the 636 approved lots, there remains at December 31, 2013 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-out 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. It is expected the new Transportation Benefit District will provide much needed funding for some capital improvements throughout the City. These combined revenue sources including investment earnings produced \$1,971,113 in 2013 from which \$754,450 in debt service was paid leaving on an annual basis only about \$1.2 million 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 2014 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.

Basic Financial Statements



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Government-wide Financial Statements



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City of Maple Valley
Statement of Net Position
December 31, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,726,627	\$ 1,477,841	\$ 10,204,468
Investments	5,959,735	1,009,272	6,969,007
Receivables (net of allowance for uncollectibles):			
Taxes	769,679	-	769,679
Accounts	73,540	69,531	143,071
Accrued Interest	54,033	-	54,033
Intergovernmental Receivable	299,578	12,478	312,056
Inventory	-	62,311	62,311
Prepaid Items	9,843	237	10,080
Capital Assets Not Being Depreciated:			
Land	209,885,871	9,933,167	219,819,038
Construction in Progress	7,818,358	-	7,818,358
Capital Assets, Net of Accumulated Depreciation:			
Buildings	8,519,197	873,515	9,392,713
Machinery, Equipment and Vehicles	531,600	32,780	564,380
Infrastructure	142,551,660	-	142,551,660
Other Capital Assets	53,677	1,577,958	1,631,635
Total Assets	385,253,397	15,049,090	400,302,487
LIABILITIES			
Accounts Payable	934,977	100,110	1,035,088
Payroll Payable	144,315	3,439	147,754
Intergovernmental Payable	66,405	5,235	71,640
Deposits and Unearned Revenue	618,782	56,807	675,589
Compensated Absences Payable	120,142	-	120,142
Accrued Interest Payable	16,540	-	16,540
Noncurrent Liabilities:			
Contracts & Loans - Due within one year	184,621	-	184,621
General Obligation Bonds - Due within one year	425,000	-	425,000
Contracts & Loans - Due after one year	1,846,210	-	1,846,210
General Obligation Bonds - Due after one year	2,915,000	-	2,915,000
Total Liabilities	7,271,992	165,591	7,437,582
NET POSITION			
Net Investment in Capital Assets	363,989,532	12,417,420	376,406,952
Restricted for:			
Street Capital Projects	5,794,340	-	5,794,340
Park Capital Projects	2,086,206	-	2,086,206
General Capital Projects	2,479,409	-	2,479,409
Unrestricted	3,631,918	2,466,079	6,097,998
Total Net Position	\$ 377,981,405	\$ 14,883,499	\$ 392,864,905

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Service (1)	Grants and Contributions	
			Operating	Capital
GOVERNMENTAL ACTIVITIES				
General Government	\$ 2,157,921	\$ 14,131	\$ -	\$ -
Economic Environment	978,415	538,139	-	-
Mental and Physical Health	30,000	-	-	-
Culture and Recreation	2,377,593	832,221	3,000	-
Public Safety	3,881,719	128,693	84,188	5,968
Transportation	7,881,784	1,406,191	77,143	24,445,058
Utilities and Environment	137,236	-	-	-
Interest on Long-term Debt	164,829	-	-	-
Total Governmental Activities	17,609,496	2,919,375	164,331	24,451,025
BUSINESS-TYPE ACTIVITIES				
Surface Water Management	851,342	1,167,564	124,130	49,030
Lake Wilderness Golf Course	990,389	887,660	-	-
Total Business-type Activities	1,841,731	2,055,224	124,130	49,030
Total Primary Government	19,451,227	4,974,599	288,461	24,500,055
General Revenues				
Taxes				
Property Taxes				
Sales Taxes				
Utility Taxes				
Excise Taxes in Lieu of Property Tax				
Other Taxes (Real Estate Excise)				
Business and Occupation (Gambling) Taxes				
Franchise Fees (Taxes)				
Intergovernmental Revenue not restricted to specific programs				
State Shared Revenue				
Miscellaneous Revenue				
Investment Earnings				
Other Miscellaneous Revenue				
Transfers				
Total General Revenues and Transfers				

Change in Net Position

Net Position - Beginning

Prior Period Adjustment (Note 14)

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
\$ (2,143,791)	\$ -	\$ (2,143,791)
(440,276)	-	(440,276)
(30,000)	-	(30,000)
(1,542,372)	-	(1,542,372)
(3,662,870)	-	(3,662,870)
18,046,608	-	18,046,608
(137,236)	-	(137,236)
(164,829)	-	(164,829)
9,925,235	-	9,925,235
-	489,382	489,382
-	(102,729)	(102,729)
-	386,653	386,653
9,925,235	386,653	10,311,889
3,312,283	-	3,312,283
2,676,444	-	2,676,444
1,730,053	-	1,730,053
173,663	-	173,663
801,022	-	801,022
45,920	-	45,920
327,210	-	327,210
319,931	-	319,931
55,815	20,561	76,376
-	34,612	34,612
459,006	(459,006)	-
9,901,347	(403,833)	9,497,514
19,826,582	(17,180)	19,809,402
358,314,653	14,909,929	373,224,582
(159,830)	(9,250)	(169,079)
\$ 377,981,405	\$ 14,883,499	\$ 392,864,905



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Fund Financial Statements

**City of Maple Valley
Balance Sheet
Governmental Funds
December 31, 2013**

	<u>General</u>	<u>Special Revenue Transportation Development</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,938,912	\$ 3,517,039
Investments	1,324,154	2,401,916
Receivables (net of allowance for uncollectibles):		
Taxes	769,679	-
Accounts	73,540	-
Accrued Interest	54,033	-
Intergovernmental Receivable	154,647	-
Prepaid Items	9,575	-
Total Assets	<u>\$ 4,324,541</u>	<u>\$ 5,918,955</u>
LIABILITIES		
Liabilities		
Accounts Payable	\$ 666,816	\$ 4,026
Payroll Payable	134,793	-
Intergovernmental Payable	62,573	-
Deposits Payable	183,250	-
Unearned Revenue	166,987	268,546
Total Liabilities	<u>1,214,418</u>	<u>272,572</u>
FUND BALANCES		
Nonspendable:		
Prepaid Items	9,575	-
Restricted:		
Street Capital Projects	-	5,646,384
Park Capital Projects	-	-
1st .25% Capital Purposes	-	-
2nd .25% Capital Purposes	-	-
Drug Investigations	-	-
Transportation Infrastructure	-	-
Committed:		
Public Art Purposes	-	-
Assigned:		
Subsequent year's budget appropriation of fund balance	600,385	-
Unassigned	2,500,162	-
Total Fund Balances	<u>3,110,122</u>	<u>5,646,384</u>
Total Liabilities and Fund Balances	<u>\$ 4,324,541</u>	<u>\$ 5,918,955</u>

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

Special Revenue				Capital Projects	Total
Park Development	Real Estate Excise Tax	Drug Seizure	Transportation Benefit District	Capital Improvement Plan	Governmental Funds
\$ 1,239,622	\$ 1,456,887	\$ 3,362	\$ 74,197	\$ 96,164	\$ 8,326,184
846,584	994,962	2,296	50,672	65,674	5,686,258
-	-	-	-	-	769,679
-	-	-	-	-	73,540
-	-	-	-	-	54,033
-	27,561	-	23,087	94,283	299,578
-	-	-	-	-	9,575
\$ 2,086,206	\$ 2,479,409	\$ 5,658	\$ 147,956	\$ 256,121	\$ 15,218,847
\$ -	\$ -	\$ 1,553	\$ -	\$ 233,264	\$ 905,659
-	-	-	-	-	134,793
-	-	-	-	3,832	66,405
-	-	-	-	-	183,250
-	-	-	-	-	435,532
-	-	1,553	-	237,096	1,725,639
-	-	-	-	-	9,575
-	-	-	-	-	5,646,384
2,086,206	-	-	-	-	2,086,206
-	1,084,233	-	-	-	1,084,233
-	1,395,176	-	-	-	1,395,176
-	-	4,105	-	-	4,105
-	-	-	147,956	-	147,956
-	-	-	-	19,025	19,025
-	-	-	-	-	600,385
-	-	-	-	-	2,500,162
2,086,206	2,479,409	4,105	147,956	19,025	13,493,207
\$ 2,086,206	\$ 2,479,409	\$ 5,658	\$ 147,956	\$ 256,121	\$ 15,218,847

City of Maple Valley
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2013

Total Governmental Fund Balances as reported on the Balance Sheet **\$ 13,493,207**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Note 6) These assets consist of:

Land	\$ 209,885,871	
Construction in progress	7,818,358	
Subtotal: Non-depreciable capital assets	217,704,229	
Buildings	10,402,376	
Leasehold Improvements	76,681	
Machinery, Equipment and Vehicles	1,444,022	
Infrastructure	258,455,876	
Less: Accumulated Depreciation	(118,722,821)	
Subtotal: Depreciable capital assets	151,656,133	
Total capital assets		369,360,363

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	(16,540)	
Compensated Absences	(120,142)	
Contracts, Loans, and Bonds Payable	(5,370,830)	
		(5,507,512)

Restricted net assets of internal service funds are included in governmental activities in the Statement of Net Position. 635,348

Net Assets of Governmental Activities as reported on the Statement of Net Position **\$ 377,981,405**

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



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City of Maple Valley
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	<u>General</u>	<u>Special Revenue</u>
		<u>Transportation Development</u>
REVENUES		
Taxes		
Property	\$ 3,312,283	\$ -
Sales	2,676,444	-
Utility	1,730,053	-
Business and Occupation (Gambling) Taxes	45,920	-
Excise Taxes in Lieu of Property Tax	-	-
Other Taxes (Real Estate Excise)	-	-
Licenses & Permits	625,668	-
Intergovernmental Revenue	972,734	-
Charges for Service	776,254	668,257
Fines & Forfeitures	92,357	-
Miscellaneous Revenue	320,059	50,276
Total Revenues	<u>10,551,772</u>	<u>718,533</u>
EXPENDITURES		
Current		
General Government	2,211,505	-
Economic Environment	978,415	-
Mental and Physical Health	30,000	-
Culture and Recreation	2,021,069	-
Public Safety	3,878,798	-
Transportation	773,711	-
Utilities and Environment	137,236	-
Capital Outlay	5,202	-
Debt Service		
Principal	-	-
Interest	-	-
Total Expenditures	<u>10,035,935</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>515,837</u>	<u>718,533</u>
Other Financing Sources (Uses)		
Transfers In	88,461	-
Transfers Out	(488,393)	(1,555,889)
Total Other Financing Sources (Uses)	<u>(399,932)</u>	<u>(1,555,889)</u>
Net Change in Fund Balances	<u>115,905</u>	<u>(837,356)</u>
Fund Balances, January 1	<u>2,994,217</u>	<u>6,483,740</u>
Fund Balances, December 31	<u>\$ 3,110,122</u>	<u>\$ 5,646,384</u>

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

Special Revenue				Capital Projects	Total
Park Development	Real Estate Excise Tax	Drug Seizure	Transportation Benefit District	Capital Improvement Plan	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,312,283
-	-	-	-	-	2,676,444
-	-	-	-	-	1,730,053
-	-	-	-	-	45,920
25,935	-	-	147,728	-	173,663
-	801,022	-	-	-	801,022
-	-	-	-	-	625,668
-	-	-	-	731,673	1,704,407
243,269	-	-	-	-	1,687,780
-	-	4,023	-	-	96,381
16,234	18,165	2	228	-	404,965
285,437	819,187	4,025	147,956	731,673	13,258,584
-	-	-	-	-	2,211,505
-	-	-	-	-	978,415
-	-	-	-	-	30,000
-	-	-	-	93,028	2,114,097
-	-	2,920	-	-	3,881,719
-	-	-	-	302,662	1,076,374
-	-	-	-	-	137,236
-	-	-	-	2,414,475	2,419,678
-	-	-	-	589,621	589,621
-	-	-	-	164,829	164,829
-	-	2,920	-	3,564,615	13,603,471
285,437	819,187	1,105	147,956	(2,832,942)	(344,886)
-	-	3,000	-	2,832,942	2,924,403
(80,620)	(363,785)	-	-	-	(2,488,687)
(80,620)	(363,785)	3,000	-	2,832,942	435,717
204,817	455,402	4,105	147,956	-	90,830
1,881,388	2,024,007	-	-	19,025	13,402,377
\$ 2,086,206	\$ 2,479,409	\$ 4,105	\$ 147,956	\$ 19,025	\$ 13,493,207

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, 2013

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

Net Change in Fund Balances - total Governmental Funds **\$ 90,830**

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	23,734,738
Net book value of capital assets purchased in current year that do not meet new capitalization threshold	(21,353)
Depreciation removed during the current year for demolished buildings	5,925

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	2,419,678
	<u>Depreciation</u>
General Government	\$ 7,668
Culture and Recreation	263,496
Transportation	6,805,410
Internal Service Funds	<u>91,613</u>
	(7,168,187)

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	1,812
Increase in Compensated Absences	16,187
Repayment of Long-term Debt	<u>589,621</u>
	607,619

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)	128,941
Internal Service Funds - Non-operating Income	
Investment Earnings	5,102
Transfer from General Fund	2,000
Capital Contribution from Surface Water Management Fund	<u>21,290</u>
	157,333

Change in Net Position of Governmental Activities **\$ 19,826,582**

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 (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Property Taxes	\$ 3,320,023	\$ 3,320,023	\$ 3,312,283	\$ (7,740)
Sales Taxes				
Locally Generated	1,916,255	1,916,255	2,158,334	242,079
.1% Criminal Justice	478,769	478,769	518,110	39,341
Utility Taxes	1,738,605	1,777,605	1,730,053	(47,552)
Gambling Taxes	39,000	-	45,920	45,920
Total Taxes	<u>7,492,652</u>	<u>7,492,652</u>	<u>7,764,700</u>	<u>272,048</u>
Licenses & Permits				
Special Licenses	960	960	860	(100)
Franchise Fees	332,932	332,932	349,586	16,654
Development Permits	237,686	237,686	271,012	33,326
Business and Transient Sales Licenses	8,605	8,605	4,210	(4,395)
Total Licenses & Permits	<u>580,183</u>	<u>580,183</u>	<u>625,668</u>	<u>45,485</u>
Intergovernmental Revenue				
Federal, State and County Grants	86,847	86,847	105,647	18,800
Local Government Assistance	56,000	56,000	92,493	36,493
State Shared Revenue	775,306	775,306	774,594	(712)
Total Intergovernmental Revenue	<u>918,153</u>	<u>918,153</u>	<u>972,734</u>	<u>54,581</u>
Charges for Service				
Development Charges	257,921	266,921	448,976	182,055
Miscellaneous Charges	368,905	359,366	327,278	(32,088)
Total Charges for Service	<u>626,826</u>	<u>626,287</u>	<u>776,254</u>	<u>149,967</u>
Fines & Forfeitures	145,592	146,131	92,357	(53,774)
Miscellaneous Revenue				
Investment Earnings	36,449	36,449	31,633	(4,816)
Rents, Leases, and Concessions	281,741	281,741	258,447	(23,294)
Other Miscellaneous Revenue	22,721	21,424	29,980	8,556
Total Miscellaneous Revenue	<u>340,911</u>	<u>339,614</u>	<u>320,059</u>	<u>(19,555)</u>
Total Revenues	<u>\$ 10,104,317</u>	<u>\$ 10,103,020</u>	<u>\$ 10,551,772</u>	<u>\$ 448,752</u>

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 (GAAP Basis)

For the Year Ended December 31, 2013

Page 2 of 3

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
General Government				
City Council	\$ 123,658	\$ 123,658	\$ 112,047	\$ 11,611
City Manager	474,524	474,524	419,134	55,390
Human Resources	110,947	110,947	106,853	4,094
City Clerk	558,215	558,215	493,101	65,114
City Attorney	175,000	175,000	162,560	12,440
Finance	629,787	629,787	566,634	63,153
Total General Government	2,072,131	2,072,131	1,860,330	211,801
Community Development	981,502	1,056,002	934,926	121,076
Human Services	233,309	233,309	235,630	(2,321)
Parks and Recreation				
Administration	125,197	125,197	105,218	19,979
Parks Maintenance	390,010	390,010	403,274	(13,264)
Lake Wilderness Lodge	473,006	473,006	484,801	(11,795)
Recreation and Events	745,623	745,623	765,060	(19,437)
Capital	-	-	5,202	(5,202)
Community Service Agencies	58,467	58,467	57,086	1,381
Total Parks	1,792,303	1,792,303	1,820,641	(28,338)
Public Safety				
Police	3,708,972	3,706,972	3,626,137	80,835
Capital	15,500	15,500	-	15,500
Jail	139,000	139,000	186,142	(47,142)
Municipal Court	328,000	328,000	351,175	(23,175)
Emergency Operations Center	7,900	7,900	20,950	(13,050)
Total Public Safety	4,199,372	4,197,372	4,184,403	12,969
Public Works				
Administration	176,872	176,872	150,178	26,694
Transportation Planning	43,757	43,757	18,061	25,696
Street Maintenance	811,264	811,264	605,473	205,791
Waste Reduction & Recycling	151,514	151,514	137,236	14,278
Lake Management	101,184	101,184	89,059	12,125
Total Public Works	1,284,591	1,284,591	1,000,006	284,585
Total Expenditures	\$ 10,563,208	\$ 10,635,708	\$ 10,035,935	\$ 599,773

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 (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues over (under) Expenditures	\$ (458,891)	\$ (532,688)	\$ 515,837	\$ 1,048,525
Other Financing Sources (Uses)				
Transfer in from Surface Water Management Fund	101,184	101,184	88,461	(12,723)
Transfer out to Drug Seizure Fund	-	(703)	(3,000)	(2,297)
Transfer out to Capital Improvement Plan Fund	(479,206)	(479,206)	(429,206)	50,000
Transfer out to Central Services Fund	-	(2,000)	(2,000)	-
Transfer out to Lake Wilderness Golf Course	(54,637)	(124,637)	(54,187)	70,450
Total Other Financing Sources (Uses)	(432,659)	(505,362)	(399,932)	105,430
Net Change in Fund Balances	(891,550)	(1,038,050)	115,905	1,153,955
Fund Balance, January 1	2,994,217	2,994,217	2,994,217	0
Fund Balance, December 31	\$ 2,102,667	\$ 1,956,167	\$ 3,110,122	\$ 1,153,955

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 (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Services				
Transportation Impact Fees	\$ 519,268	\$ 519,268	\$ 668,257	\$ 148,989
Total Charges for Services	519,268	519,268	668,257	148,989
Miscellaneous Revenue				
Investment Earnings	72,119	72,119	50,276	(21,843)
Total Miscellaneous Revenue	72,119	72,119	50,276	(21,843)
Total Revenues	591,387	591,387	718,533	127,146
Other Financing Sources (Uses)				
Transfer out to CIP Fund-Interfund Loan	-	(700,000)	-	700,000
Transfer out to Capital Improvement Plan Fund	(1,811,572)	(1,811,572)	(1,555,889)	255,683
Total Other Financing Sources (Uses)	(1,811,572)	(2,511,572)	(1,555,889)	955,683
Net Change in Fund Balances	(1,220,185)	(1,920,185)	(837,356)	1,082,829
Fund Balance, January 1	6,483,740	6,483,740	6,483,740	(0)
Fund Balance, December 31	\$ 5,263,555	\$ 4,563,555	\$ 5,646,384	\$ 1,082,829

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 (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenue				
King County Open Space & Trails Levy	\$ 45,000	\$ 45,000	\$ 25,935	\$ (19,065)
Total Intergovernmental Revenue	45,000	45,000	25,935	(19,065)
Charges for Services				
Park Impact Fees	224,000	224,000	195,534	(28,466)
Contribution in lieu of Parks	-	-	47,735	47,735
Total Charges for Services	224,000	224,000	243,269	19,269
Miscellaneous Revenue				
Investment Earnings	16,276	16,276	16,234	(42)
Total Miscellaneous Revenue	16,276	16,276	16,234	(42)
Total Revenues	285,276	285,276	285,437	161
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(455,128)	(929,363)	(80,620)	848,743
Total Other Financing Sources (Uses)	(455,128)	(929,363)	(80,620)	848,743
Net Change in Fund Balances	(169,852)	(644,087)	204,817	848,904
Fund Balance, January 1	1,881,388	1,881,388	1,881,388	-
Fund Balance, December 31	\$ 1,711,536	\$ 1,237,301	\$ 2,086,206	\$ 848,904

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 (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Real Estate Excise Tax	\$ 654,000	\$ 654,000	\$ 801,022	\$ 147,022
Total Taxes	654,000	654,000	801,022	147,022
Miscellaneous Revenue				
Investment Earnings	17,075	17,075	18,141	1,066
Other Miscellaneous Revenue	77	77	24	(53)
Total Miscellaneous Revenue	17,152	17,152	18,165	1,013
Total Revenues	671,152	671,152	819,187	148,035
Other Financing Sources (Uses)				
Transfer out to Capital Improvement Plan Fund	(986,619)	(1,012,384)	(363,785)	648,599
Total Other Financing Sources (Uses)	(986,619)	(1,012,384)	(363,785)	648,599
Net Change in Fund Balances	(315,467)	(341,232)	455,402	796,634
Fund Balance, January 1	2,024,007	2,024,007	2,024,007	-
Fund Balance, December 31	\$ 1,708,540	\$ 1,682,775	\$ 2,479,409	\$ 796,634

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

City of Maple Valley
Drug Seizure Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous Revenue				
Investment Earnings	\$ -	\$ -	\$ 2	\$ 2
Confiscated and Forfeited Property	-	1,297	4,023	2,726
Total Miscellaneous Revenue	<u>-</u>	<u>1,297</u>	<u>4,025</u>	<u>2,728</u>
Total Revenues	<u>-</u>	<u>1,297</u>	<u>4,025</u>	<u>2,728</u>
EXPENDITURES				
Public Safety				
Operating	-	2,000	2,920	(920)
Total Expenditures	<u>-</u>	<u>2,000</u>	<u>2,920</u>	<u>(920)</u>
Revenues over (under) Expenditures	<u>-</u>	<u>(703)</u>	<u>1,105</u>	<u>1,808</u>
Other Financing Sources (Uses)				
Transfer in from General Fund	-	703	3,000	2,297
Total Other Financing Sources (Uses)	<u>-</u>	<u>703</u>	<u>3,000</u>	<u>2,297</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>4,105</u>	<u>4,105</u>
Fund Balance, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,105</u>	<u>\$ 4,105</u>

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

City of Maple Valley
Transportation Benefit District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Transportation Benefit District Vehicle Fees	\$ -	\$ 161,201	\$ 147,728	\$ (13,473)
Total Taxes	-	161,201	147,728	(13,473)
Miscellaneous Revenue				
Investment Earnings	-	-	228	228
Total Miscellaneous Revenue	-	-	228	228
Total Revenues	-	161,201	147,956	(13,245)
EXPENDITURES				
Public Works				
Transportation				
Operating Expenditures	-	15,000	-	15,000
Total Expenditures	-	15,000	-	15,000
Revenues over (under) Expenditures	-	146,201	147,956	1,755
Net Change in Fund Balances	-	146,201	147,956	1,755
Fund Balance, January 1	-	-	-	-
Fund Balance, December 31	\$ -	\$ 146,201	\$ 147,956	\$ 1,755

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, 2013**

	Business-type Activities			Governmental Activities
	Surface Water Management	Lake Wilderness Golf Course	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,459,858	\$ 17,983	\$ 1,477,841	\$ 400,443
Investments	996,991	12,282	1,009,272	273,477
Receivables (net of uncollectibles)				
Customer Accounts	69,531	-	69,531	-
Due from Other Governments	12,478	-	12,478	-
Inventory	-	62,311	62,311	-
Prepaid Items	237	-	237	268
Total Current Assets	2,539,094	92,576	2,631,670	674,188
Noncurrent Assets:				
Capital Assets:				
Land	7,652,949	2,280,218	9,933,167	-
Buildings	18,245	1,040,000	1,058,245	-
Machinery, Equipment and Vehicles	-	234,822	234,822	1,272,118
Other Capital Assets	1,128,379	1,013,977	2,142,356	-
Less: Accumulated Depreciation	(331,408)	(619,763)	(951,170)	(807,172)
Total Noncurrent Assets	8,468,166	3,949,254	12,417,420	464,946
Total Assets	11,007,260	4,041,830	15,049,090	1,139,134
LIABILITIES				
Current Liabilities:				
Accounts Payable	40,004	60,106	100,110	29,318
Payroll Payable	3,439	-	3,439	9,521
Due to Other Governments	2,446	2,789	5,235	-
Deposits and Deferred Revenue	27,126	29,680	56,807	-
Total Current Liabilities	73,015	92,576	165,591	38,840
NET POSITION				
Net Investment in Capital Assets	8,468,166	3,949,254	12,417,420	464,946
Unrestricted	2,466,079	-	2,466,079	635,348
Total Net Position	\$ 10,934,245	\$ 3,949,254	\$ 14,883,499	\$ 1,100,293

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, 2013

	Business-type Activities			Governmental
	Surface Water Management	Lake Wilderness Golf Course	Total Enterprise Funds	Internal Service Funds
Operating Revenues				
Charges for Service				
Surface Water Management Fees	\$ 1,161,519	\$ -	\$ 1,161,519	\$ -
Golf Operations	-	637,460	637,460	-
Restaurant Operations	-	250,199	250,199	-
Other Services	6,045	-	6,045	1,093,558
Total Operating Revenues	1,167,564	887,660	2,055,224	1,093,558
Operating Expenses				
Cost of Services	821,071	923,495	1,744,566	964,617
Depreciation	31,191	66,894	98,085	91,613
Total Operating Expenses	852,261	990,389	1,842,650	1,056,231
Operating Income	315,303	(102,729)	212,574	37,328
Nonoperating Revenue (Expenses)				
Intergovernmental Revenue	124,130	-	124,130	-
Investment Earnings	20,603	(42)	20,561	5,102
Contract Settlement	26,853	-	26,853	-
Other Interest Earnings (Expense)	7,611	148	7,759	-
Gain (Loss) on Retirement of Capital Assets	-	919	919	-
Total Nonoperating Revenue (Expenses)	179,197	1,026	180,222	5,102
Income before Contributions and Transfers	494,499	(101,703)	392,796	42,430
Contributions and Transfers				
Capital Contributions from Developers	49,030	-	49,030	-
Transfers in (out)	(513,193)	54,187	(459,006)	23,290
Total Contributions and Transfers	(464,163)	54,187	(409,976)	23,290
Change in Net Position	30,336	(47,516)	(17,180)	65,720
Total Net Position - January 1 ⁽¹⁾	10,903,909	4,006,020	14,909,929	1,131,042
Prior Period Adjustment (Note 14)	-	(9,250)	(9,250)	(96,468)
Total Net Position - December 31	\$ 10,934,245	\$ 3,949,255	\$ 14,883,500	\$ 1,100,293

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, 2013

Page 1 of 2

	Business-type Activities			Governmental
	Surface Water Management	Lake Wilderness Golf Course	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 1,245,111	\$ 880,609	\$ 2,125,720	\$ 1,093,558
Cash Paid to Suppliers for Goods and Services	(802,534)	(898,733)	(1,701,267)	(914,391)
Net Cash Flows from Operating Activities	442,577	(18,124)	424,453	179,168
Cash Flows from Non-Capital Financing Activities				
Intergovernmental Revenue	124,130	-	124,130	-
Transfers to (from) Other Funds	(513,193)	54,187	(459,006)	-
Activities	(389,063)	54,187	(334,876)	-
Cash Flows from Capital and Related Financing Activities				
Capital Assets Purchased for Own Use	(208,945)	(19,377)	(228,323)	(168,342)
Proceeds from the Sale of Capital Assets	-	919	919	-
Capital Assets Purchased for Other Funds	-	-	-	23,290
Contract Settlement on Capital Project	26,853	-	26,853	-
Financing Activities	(182,092)	(18,458)	(200,551)	(145,052)
Cash Flows from Investing Activities				
Purchase of Investments	-	(7,329)	(7,329)	(27,889)
Proceeds from Investment Maturities	11,794	-	11,794	4,796
Interest on Investments	28,214	107	28,320	5,102
Net Cash Flows from Investing Activities	40,007	(7,223)	32,785	(17,991)
Net Change in Cash and Cash Equivalents	(88,571)	10,382	(78,189)	16,125
Cash and Cash Equivalents, January 1	1,548,429	7,601	1,556,031	384,318
Cash and Cash Equivalents, December 31	\$ 1,459,858	\$ 17,983	\$ 1,477,841	\$ 400,442

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, 2013

Page 2 of 2

	Business-type Activities			Governmental
	Surface Water Management	Lake Wilderness Golf Course	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities				
Operating Income	\$ 315,303	\$ (102,729)	\$ 212,574	\$ 37,328
Adjustments to Reconcile Operating Income to Net Cash Provided:				
Depreciation Expense	31,191	66,894	98,085	91,613
Change in Receivables (net of uncollectibles)	(9,114)	1,186	(7,928)	-
Change in Due from Other Governments	65,414	-	65,414	-
Change in Inventory	-	(7,810)	(7,810)	-
Change in Prepaid Items	(237)	-	(237)	26,936
Change in Accounts Payable	27,073	22,866	49,938	18,697
Change in Payroll Payable	145	-	145	4,852
Change in Due to Other Governments	(8,681)	1,897	(6,784)	(258)
Changes in Deposits and Deferred Revenue	21,483	(426)	21,057	-
Net Cash Flows from Operating Activities	\$ 442,577	\$ (18,124)	\$ 424,453	\$ 179,168
Non Cash Investing, Capital and Financing Activities				
Capital Contributions from Developers	\$ 49,030	\$ -	\$ 49,030	\$ -
Prior Period Adjustments - Capital Assets	-	(9,250)	(9,250)	(96,468)
Total Non Cash Investing, Capital and Financing Activities	\$ 49,030	\$ (9,250)	\$ 39,781	\$ (96,468)

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

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

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 City of Maple Valley Council appointed itself to act as the seven-member governance board of the District. Although it is legally separate from the City of Maple Valley, the Maple Valley Transportation Benefit District is reported as if it were part of the primary government as a Special Revenue Fund because of its governance structure and because its sole purpose is to finance and construct City of Maple Valley streets. The District is 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 began collection in July 2013. There were no capital projects undertaken during 2013 that were funded by the District. As such, the only activity reported herein for 2013 for the District relates to the receipt of excise taxes. Separately issued financial statements are available from the City of Maple Valley Finance Director.

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. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, the last statement that has a 2013 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 the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position, as well as the Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

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. 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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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 measurable and 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,

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

- **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.
- **Drug Seizure Fund** – to account for resources seized or otherwise acquired as part of enforcement of controlled substance, DUI and other public safety laws.
- **Transportation Benefit District Fund** – to account for the receipt and disbursement and/or transfer of vehicle excise taxes collected by the Maple Valley Transportation Benefit District, a blended component unit of the City.

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.

F. FUND BALANCE POLICIES

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by ordinance authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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 2013, there were no violations of budgetary control.

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

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 February or March 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.

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, City business license revenue, Transportation Benefit District vehicle excise taxes, and LGIP investment earnings. In addition to the automated investment deposits, the City invests its excess cash in the LGIP and government agency securities in accordance with the City's investment policy as well as State law regarding allowable investments for local governments.

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.

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

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 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 US Bank, 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, 2013.

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

	Beginning Balance	Receipts and Investments Purchased	Disbursements and Investments Sold	Ending Balance
Cash & Cash Equivalents				
Petty Cash	\$ 16,200	\$ 1,500	\$ -	\$ 17,700
Demand Deposits	217,349	23,423,069	21,403,811	2,236,607
Investments (LGIP)	9,832,501	6,313,660	8,196,000	7,950,161
Total Cash & Cash Equivalents	\$ 10,066,050	\$ 29,738,229	\$ 29,599,811	\$ 10,204,468
Cash with Fiscal Agents	\$ 153,577	\$ -	\$ 153,577	\$ -
Investments				
Certificates of Deposit	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Other Investments	5,557,920	1,501,262	1,090,176	5,969,007
Total Investments	\$ 6,557,920	\$ 1,501,262	\$ 1,090,176	\$ 6,969,007

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	\$ 5,775,582	\$ 5,969,007

NOTE 4 RECEIVABLES AND OTHER SHORT-TERM ASSETS

Receivable and other short-term asset amounts at year-end totaled \$1,351,230, down \$256,151 from the prior year amount of \$1,607,381. The decrease is almost entirely related to a lower amount of Due from Other Governments for year-end grant billing as fewer projects with grant funding were in progress at the end of 2013 as opposed to the end of 2012. The following table summarizes the year-end receivables and short-term assets and compares the amounts to the prior year. All receivables are listed as net of allowances for uncollectible amounts, but no amounts are considered uncollectible.

**City of Maple Valley
Notes to the Financial Statements
December 31, 2013**

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Receivables (net of uncollectibles)						
Taxes	\$ 769,679	\$ 720,191	\$ -	\$ -	\$ 769,679	\$ 720,191
Accounts	73,540	31,727	69,531	61,603	143,071	93,330
Accrued Interest	54,033	46,962	-	-	54,033	46,962
Due from Other Gov'ts	299,578	582,302	12,478	77,893	312,056	660,195
Inventory	-	-	62,311	54,500	62,311	54,500
Prepaid Items	9,843	5,000	237	27,203	10,080	32,203
Total Receivables & Short-term Assets	\$ 1,206,673	\$ 1,386,182	\$ 144,557	\$ 221,199	\$ 1,351,230	\$ 1,607,381

The taxes receivable amount of \$769,679 is categorized as follows: property taxes, \$55,135; sales taxes, \$414,367; utility taxes, \$206,301; gambling taxes, \$11,021; and cable TV franchise fee \$82,855. The property taxes are billed and collected by King County and remitted to the City daily as collected. Of the property taxes receivable amount, 70.4% is from 2013 delinquencies, 17.2% is from 2012 delinquencies, with 12.4% from prior year delinquencies. 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 2014.

The accounts receivable amount of \$143,071, \$73,540 is in governmental activities for receivables from individuals, businesses, and developers and \$69,531 is in business-type activities which is for surface water management fees. Most of the accounts receivable in governmental activities is \$48,591 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, \$1,400 is for fire permits billed in December 2013. 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 \$312,056 is categorized as follows: from the State of Washington, \$130,894; from King County, \$102,637; from the Tahoma School District, \$54,725, from the City of Kent, \$22,808, and from the City of Enumclaw, \$992. Of the amount due from the State of Washington, \$94,283 is from a reimbursable grant on SR 169 & 271st PI intersection capital project, and a Surface Water Management grant. \$23,087 is for vehicle excise taxes collected by the State in December 2013 and remitted to the City in January 2014.

Of the amount due from King County, \$27,561 is for real estate excise taxes, collected by the County in December 2013 and remitted to the City in January 2014. \$12,478 is due from King County for surface water management fees collected by them but not yet remitted to the City. Also due from King County is a \$58,644 reconciliation amount based on a reconciliation process on the King County Sheriff's contract. The King County Sheriff's contract is billed to the City monthly based on the budget. After year-end closing, the Sheriff's office 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 Tahoma School District relates to school impact fees inadvertently collected by the City and remitted to the District for permits issued outside the District's boundaries. The amount due was subsequently collected from the District after year-end and refunded to the developer.

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

The amount due from the City of Kent relates to court revenue collected by them but not yet remitted to the City.

In business-type activities, the inventory amount of \$62,311 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. Inventory is valued at actual cost, based on invoice price to purchase the items in inventory. The prepaid items of \$10,080 relate to miscellaneous 2014 costs required to be paid prior to the end of 2013.

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 2013, the City did not have a year-end interfund receivable or payable. 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 2013 activity.

	Transfers	
	In	Out
General Fund	\$ 88,461	\$ 488,393
Transportation Impact Fee Fund	-	1,555,889
Park Development Fund	-	80,620
Real Estate Excise Tax Fund	-	363,785
Drug Seizure Fund	3,000	-
Capital Improvement Plan Fund	2,832,942	-
Surface Water Management Fund	-	513,193
Lake Wilderness Golf Course Fund	54,187	-
Central Services Fund	23,290	-
	\$ 3,001,880	\$ 3,001,880

The General Fund received transfer-in from the Surface Water Management Fund of \$88,461 to fund lake management expenditures in the General Fund.

The Drug Seizure Fund received a transfer-in of \$3,000 from the General Fund. The transfer was for the establishment of a drug buy revolving fund within the Drug Seizure Fund.

The Capital Improvement Plan Fund received transfers, as funds were budgeted and expended for capital projects: from the General Fund, \$429,206; from the Transportation Impact Fee Fund, \$1,555,889; the Park Development Fund, \$80,620; from the Real Estate Excise Tax Fund, \$363,785; and from the Surface Water Management Fund, \$403,443.

The Lake Wilderness Golf Course Fund received a transfer from the General Fund of \$54,187. In late 2010 a citizen committee recommendation included a rate increase proposal with funds set aside for

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

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 2011-2013, but a subsidy was still required.

The Central Services Fund received a transfer from the Surface Water Management Fund of \$21,290 to partially cover the cost of a work-order system to be used by staff at Public Works, Parks and elsewhere. There was also a transfer-in of \$2,000 from the General Fund for the establishment of a revolving postage meter account within the Central Services Fund.

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 \$5,000. 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 2013.

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

Capital Assets	Beginning Balance	Prior Period Adjustment	Beginning Balance (Restated)	Additions	Transfers	Retirements	Ending Balance
Governmental Activities							
Capital Assets not being depreciated							
Land	\$ 197,767,568	\$ -	\$ 197,767,568	\$ 10,667,917	\$ 1,450,385	\$ -	\$ 209,885,870
Construction in Progress	29,702,199	(5,351)	29,696,848	2,414,476	(24,058,234)	(234,731)	7,818,359
Total	227,469,767	(5,351)	227,464,416	13,082,393	(22,607,849)	(234,731)	217,704,229
Capital Assets being depreciated							
Buildings	9,176,610	(3,850)	9,172,760	5,202	1,524,414	(300,000)	10,402,376
Improvements Other Than Buildings	223,946,428	(11,361)	223,935,067	13,512,695	21,084,794	-	258,532,557
Machinery & Equipment	333,195	(159,932)	173,263	-	(1,359)	-	171,904
Machinery & Equipment (IS Funds)	1,428,972	(325,195)	1,103,777	168,342	-	-	1,272,119
Total	234,885,205	(500,337)	234,384,868	13,686,239	22,607,849	(300,000)	270,378,956
Accumulated Depreciation							
Buildings	(1,728,859)	-	(1,728,859)	(227,744)	-	73,425	(1,883,178)
Improvements Other Than Buildings	(109,101,217)	10,002	(109,091,215)	(6,836,006)	-	-	(115,927,221)
Machinery & Equipment	(199,556)	107,130	(92,426)	(12,825)	-	-	(105,251)
Machinery & Equipment (IS Funds)	(944,287)	228,727	(715,560)	(91,613)	-	-	(807,173)
Total	(111,973,919)	345,858	(111,628,061)	(7,168,187)	-	73,425	(118,722,823)
Net Capital Assets being depreciated	122,911,286	(154,479)	122,756,807	6,518,052	22,607,849	(226,575)	151,656,133
Governmental Activities, Net Capital Assets	\$ 350,381,053	\$ (159,830)	\$ 350,221,223	\$ 19,600,445	\$ (0)	\$ (461,306)	\$ 369,360,362
Business-type Activities							
Capital Assets not being depreciated							
Land	\$ 9,884,137	\$ -	\$ 9,884,137	\$ 49,030	\$ -	\$ -	\$ 9,933,167
Total	9,884,137	-	9,884,137	49,030	-	-	9,933,167
Capital Assets being depreciated							
Buildings	1,047,800	-	1,047,800	10,445	-	-	1,058,245
Improvements Other Than Buildings	1,943,856	-	1,943,856	198,500	-	-	2,142,356
Machinery & Equipment	243,260	(22,792)	220,468	19,732	-	(5,378)	234,823
Total	3,234,916	(22,792)	3,212,124	228,678	-	(5,378)	3,435,424
Accumulated Depreciation							
Buildings	(158,535)	-	(158,535)	(26,195)	-	-	(184,730)
Improvements Other Than Buildings	(499,080)	-	(499,080)	(65,319)	-	-	(564,399)
Machinery & Equipment	(214,037)	13,543	(200,494)	(6,571)	-	5,023	(202,043)
Total	(871,652)	13,543	(858,109)	(98,085)	-	5,023	(951,171)
Net Capital Assets being depreciated	2,363,264	(9,250)	2,354,014	130,593	-	(355)	2,484,252
Business-type, Net Capital Assets	12,247,401	(9,250)	12,238,151	179,623	-	(355)	12,417,420
Grand Total	\$ 362,628,454	\$ (169,079)	\$ 362,459,375	\$ 19,780,068	\$ (0)	\$ (461,661)	\$ 381,777,781

As described below in the prior period adjustment note, the City Council adopted a retroactive change to the City's capitalization threshold from \$1,000 to \$5,000. The effect of the change on 2012 ending capital assets is illustrated above. The impact of the change on 2012 ending Net Position of the City is described below in the prior period adjustment note.

In 2013 the City had a net capital asset increase of \$19,318,406. The amount reflects the fact that capital asset additions of \$27,046,340 are offset by increases in accumulated depreciation of \$7,266,272. The remaining difference is due to the retirement of assets that were not fully depreciated, \$461,661.

The net additions to land and improvements other than buildings represent developer contributions from Rock Creek Meadows, Reserve at Maple Valley, and 237th Ave SE for roads, as well as a drainage facility, turned over to the City with the expiration of the two year maintenance bond for the development. It also includes the capitalization of five transportation program projects, two facility program projects, and one park project.

The additions to construction in progress totaled \$2,414,476 for six capital projects that the City made expenditures on in 2013. The three significant projects were the SR169-Witte Road to SE 228th Ave,

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

the SR169-SE 264th to 258th, and the SR169 & 271st PI Intersection. In 2013, an additional \$535,989 was spent of the \$3,227,870 budget for the SR169-Witte Road to SE 228th project that is expected to be completed in 2014. Also in 2013, an additional \$1,013,937 of a \$3,784,711 project budget was spent on the SR169-SE 264th St to SE 258th St that is also expected to be completed in 2014. Construction began on the SR169 & 271st PI Intersection and \$571,438 of a \$775,000 project budget was spent, this project is expected to be completed in 2014. Other construction in progress expenditures were primarily for the Witte Road project and the Lake Wilderness Park Dock project, along with the start of a 216th Ave SE road project scheduled for construction in 2014.

Machinery and equipment additions totaled \$188,074. The additions were as follows:

- In the governmental activities area, \$168,342 was added from Internal Service Fund purchases. The purchases included: a utility vehicle for the Parks Department; a Dodge Ram pickup for the Public Works Infrastructure Maintenance Manager; a Speed Monitoring Radar Trailer for Public Works Maintenance; a Ford Escape for a Building Inspector; the completion of the Elements Work Order software install; a website upgrade; miscellaneous Information Technology equipment; and audio-video upgrades to City Hall and Lake Wilderness Lodge.
- In the business activities area, \$19,732 was added for a pump control panel system at the Lake Wilderness Golf Course.

Retirements include a 30 x 45 tent from the Lake Wilderness Golf Course, as well as the demolition of the Summit Park House and the Lake Wilderness Park Gaffney House. It also includes three projects in construction in progress that were determined to be terminated projects.

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	
Buildings	40
Building Improvements	10
Improvements Other Than Buildings	
Leasehold Improvements	7-10
Infrastructure Improvements	25-30
Other Improvements	10-30
Machinery and Equipment	
Information Technology Equipment	5
Telephones	5-7
Vehicles	7
Furniture	15
Heavy Duty Equipment	7-20

The actual useful life used will vary according to the above parameters depending on the type and use of the equipment.

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

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

depreciation associated with the capital assets of the proprietary funds is shown on financial statements of the respective proprietary funds. The following table shows the amount of depreciation charged to each governmental function.

	Governmental Funds	Internal Service Funds	Total
General Government	\$ 7,668	\$ 91,613	\$ 99,281
Parks & Recreation	263,496	-	263,496
Public Works	6,805,410	-	6,805,410
	\$ 7,076,574	\$ 91,613	7,168,187
Proprietary Fund Depreciation			98,085
Total Depreciation			\$ 7,266,272

NOTE 7 PAYABLES AND OTHER SHORT-TERM LIABILITIES

Payables and other short-term liabilities at year-end totaled \$2,066,752, up \$238,403 from the prior year amount of \$1,828,349. 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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Accounts Payable	\$ 934,977	\$ 817,720	\$ 100,110	\$ 50,172	\$ 1,035,088	\$ 867,892
Payroll Payable	144,315	209,177	3,439	3,295	147,754	212,472
Due to Other Gov'ts	66,405	125,308	5,235	12,019	71,640	137,327
Deposits and Unearned Revenue	618,782	420,230	56,807	35,748	675,589	455,978
Compensated Absences	120,142	136,329	-	-	120,142	136,329
Accrued Interest Payable	16,540	18,351	-	-	16,540	18,351
Total Payables & Short-term Liabilities	\$ 1,901,161	\$ 1,727,115	\$ 165,591	\$ 101,234	\$ 2,066,752	\$ 1,828,349

The accounts payable increase of \$167,196 is primarily related to various expenditures in the General Fund where the work was performed or goods delivered prior to year-end but payment was not made until early 2014. The expense for these items is included in 2013 with a corresponding accounts payable accrual. The payroll payable decrease of \$64,718 is related to the accrued liability for severance payout and COBRA liability for two management-level positions that were eliminated at year-end in 2012 but did not exist at year-end in 2013. The due to other government's decrease of \$65,687 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 unearned revenue increase of \$219,611 is predominately related to developer deposits received in 2013 for new residential developments. At year-end the account category totaled \$675,589 in the following components: unearned revenue from developers of \$268,546; developer deposits of \$183,250; Lake Wilderness Lodge deposits and unearned revenue, \$166,987; Lake

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

Wilderness Golf Course deposits and unearned revenue, \$29,680; and unearned surface water management revenue of \$27,126.

The unearned revenue from developers is for amounts collected from developers for their portion of the cost of future transportation improvement projects. Four amounts between \$6,929 and \$135,568 are being held to help complete City projects identified in the transportation plan. These amounts increased by \$87,766 during 2013.

The developer deposits are collected from applicants at the beginning of a development project. The amount increased \$100,495 from the 2012 amount of \$82,755 to \$183,250 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.

Unearned revenue for the Lake Wilderness Lodge is for rental deposits collected in 2013 for events to be held in 2014. Unearned revenue for the Lake Wilderness Golf Course is for memberships, \$5,248; tournament and banquet deposits, \$12,626; and gift cards, \$11,807. The membership portion of the account increased \$182 as membership activity picked up versus the prior year. The unearned revenue for franchise fees is as discussed above. The unearned 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.

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 \$98,932 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 \$13,719. It is also assumed to be current as the largest balance is for an employee who retired in early 2014. The City also accrues the cost of benefits for accumulated compensated absences. The benefit accrual was \$7,491 in 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, 2013 to December 31, 2013 on the City's general obligation bonds, \$11,463 and the interest due from July 1, 2013 to December 31, 2013 on the City's contracts and loans payable, \$5,077.

NOTE 8 LONG-TERM LIABILITIES

Long-term liabilities at year-end totaled \$5,370,830, down \$589,621 from the prior year amount of \$5,960,451. All of the City's long term liabilities are associated with the governmental activities. There

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

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>	
	2013	2012
Contracts & Loans - Current	\$ 184,621	\$ 184,621
General Obligation Bonds - Current	425,000	405,000
Contracts & Loans Payable	1,846,210	2,030,830
GO Bonds Payable	2,915,000	3,340,000
Total Long-term Debt	\$ 5,370,830	\$ 5,960,451

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, 2013 had State infrastructure loans payable of \$2,030,831. 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.

	<u>Beginning</u>		<u>End</u>		<u>Due Within</u>
	Balance	Additions	Reductions	Balance	One Year
Governmental Activities					
State Infrastructure Loan	\$ 2,215,451	\$ -	\$ 184,621	\$ 2,030,830	\$ 184,621
2005 GO Refunding Bonds	3,745,000	-	405,000	3,340,000	425,000
Total Long-term Debt	\$ 5,960,451	\$ -	\$ 589,621	\$ 5,370,830	\$ 609,621

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

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

Debt Service Requirements to Maturity				State Infrastructure Loan 0.5%			State Infrastructure Loan 0.5%		
Year	2005 Refunding GO Bonds		Balance	2005 Loan - SR 516 - Witte to 228th			2005 Loan - SR 169 - SR 516 to 264th		
	Principal	Interest		Principal	Interest	Balance	Principal	Interest	Balance
2014	\$ 425,000	\$ 137,551	\$ 2,915,000	\$ 75,356	\$ 4,145	\$ 753,558	\$ 109,265	\$ 6,010	\$ 1,092,652
2015	440,000	120,551	2,475,000	75,356	3,768	678,202	109,265	5,463	983,387
2016	455,000	102,951	2,020,000	75,356	3,391	602,846	109,265	4,917	874,122
2017	475,000	84,751	1,545,000	75,356	3,014	527,490	109,265	4,371	764,856
2018	495,000	65,158	1,050,000	75,356	2,637	452,135	109,265	3,824	655,591
2019-23	1,050,000	67,105	-	376,779	7,536	75,356	546,326	10,927	109,265
2024	-	-	-	75,356	377	(0)	109,265	546	(0)
Total	\$ 3,340,000	\$ 578,068	\$ -	\$ 828,913	\$ 24,867	\$ -	\$ 1,201,917	\$ 36,058	\$ -

Total debt service for the three issues above is illustrated below.

Year	<u>Governmental Activities</u>		
	Principal	Interest	Total
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	679,621	71,619	751,240
2019-23	1,973,104	85,567	2,058,672
2024	184,621	923	185,544
Total	\$ 5,370,830	\$ 638,992	\$ 6,009,823

On February 21, 2012, the date of the last credit rating for the City, Standard and Poor's Rating Services affirmed the AA+ underlying rating on these bonds. As mentioned in the Subsequent Events note, the City issued non-voted limited tax general obligation bonds in early 2014.

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, 2013, the City expended \$325,184 for its office space lease up from the prior year amount of \$320,442. 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. The future minimum lease payments are as follows:

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

City Hall Lease	
Minimum	
Year	Lease Payment
2014	\$ 347,645
2015	352,665
2016	357,750
2017	362,938
2018	368,231
2019	373,627
Total	\$ 2,162,856

The above amounts assume the current level of charges for common area maintenance, \$8,409.93 per month.

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.
- 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. The City Council may assign fund balance by express action through an Ordinance or Resolution, or the Finance Director may with delegated authority from the City Council through a budget Ordinance.
- 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

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

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 assigned, 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, as well as an amount assigned for the appropriation of fund balance for the subsequent year of \$600,385. The City has a policy requiring a fund balance of at least 16.7% of operating expenditures. At December 31, 2013, General Fund's assigned and unassigned fund balance was 31% of 2013 General Fund expenditures.

The Special Revenue Funds are restricted by 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.
- Unspent Drug Seizure funds are required by State law to be separately accounted for and used exclusively for controlled substance law enforcement, DUI enforcement, etc.
- Unspent Transportation Benefit District funds result from the collection of vehicle excise taxes by the Maple Valley Transportation Benefit District, a blended component unit of the City, and are to be used for subsequent year transportation infrastructure improvements.

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, 2013, 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.

**City of Maple Valley
Notes to the Financial Statements
December 31, 2013**

- 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 2013, 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 \$1.55 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 2013 property taxes, the City's final revised levy was \$3,314,648 up \$111,520 or 3.8% from the 2012 revised levy of \$3,203,128. The levy amount produced a City levy rate of \$1.55 per thousand dollars of assessed valuation, up from \$1.38 the previous year. Of the revised levy amount for 2013, only \$55,135 or 1.7% remained outstanding at December 31, 2013. The outstanding amount for all prior year levies totals \$16,322. 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 of the financial statements.

NOTE 11 EMPLOYEE BENEFITS

A. VACATION AND SICK LEAVE BENEFITS

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

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, 2013 is \$120,142 down from the 2012 amount of \$136,329. Of the total \$120,142, \$13,719 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>2013</u>	<u>2012</u>	<u>2011</u>
Total Payroll	\$ 3,175,329	\$ 3,240,304	\$ 2,945,100
PERS Payroll	2,651,133	2,781,627	2,553,730

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>2013</u>	<u>2012</u>	<u>2011</u>
Medicare portion of Social Security	\$ 45,219	\$ 46,223	\$ 42,011
Substitute Social Security Plan (401(a))	179,922	176,041	152,858
Public Employees Retirement System (PERS)	217,285	200,177	160,080
	<u>\$ 442,426</u>	<u>\$ 422,441</u>	<u>\$ 354,949</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

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

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 GASB Statements 27, *Accounting for Pensions by State and Local Government Employers* and 50, *Pension Disclosures, an Amendment of GASB Statements 25 and 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; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 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 choose within 90 days default to Plan 3.

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 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 2013, 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, in lieu of any retirement benefit, 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 from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service.

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

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.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

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 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, if hired prior to May 1, 2013:

- 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 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

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. Members who do not choose a contribution rate default to a 5 percent rate. 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 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 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, and were hired before May 1, 2013, 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.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are 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.

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies 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 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012 :

Retirees and Beneficiaries Receiving Benefits	82,242
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	30,515
Active Plan Members Vested	106,317
Active Plan Members Nonvested	44,273
Total	263,347

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.

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, 2013, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

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, 2013 were as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
PERS 1	\$ 10,494	\$ 8,927	\$ 7,564
PERS 2	201,881	186,869	148,508
PERS 3	4,909	4,381	4,251
	<u>\$ 217,285</u>	<u>\$ 200,177</u>	<u>\$ 160,323</u>
PERS Cost as % of PERS Payroll	8.20%	7.20%	6.28%

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>2013</u>	<u>2012</u>	<u>2011</u>
Worker's Compensation	\$ 42,415	\$ 50,738	\$ 43,591
Medical, Dental and Vision (Health)	540,708	527,344	463,362
Group Life and Long-term Disability	16,072	18,196	16,687
	<u>\$ 599,195</u>	<u>\$ 596,278</u>	<u>\$ 523,640</u>
Other Benefit Cost as a % of Total Payroll	17%	16%	16%

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

Participating employers are contractually required to contribute at a rate assessed each year by the Trust. The City's contribution to the Trust for the year ended December 31, 2013, was \$540,708 or 17% 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 162 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 sub-limits 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.

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.

No settlement or claim has exceeded insurance coverage in the last three years or prior to that.

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

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

	<u>2013</u>		<u>2012</u>		<u>2011</u>
Claims Paid	\$ 13,994	\$	3,739	\$	6,322
Net Position	55,328		68,813		71,974

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 2013 projects were essentially completed at year-end.

NOTE 14 PRIOR PERIOD ADJUSTMENT

The City of Maple Valley Council elected to increase their capitalization policy for capital assets from \$1,000 to \$5,000. The increase was applied retroactively to all previously acquired assets. As illustrated in the capital asset Note 6, the increase in the capitalization policy resulted in a decrease of \$528,480 in capital assets, \$359,401 in accumulated depreciation resulting in a net decrease of \$169,079 in capital assets.

The effect of the restatements on the City's beginning net position was as follows:

**City of Maple Valley
Notes to the Financial Statements
December 31, 2013**

	Balance - December 31, 2012, as Previously Reported	Decrease for Change in Capitalization Policy	Balance - January 1, 2013, as Restated
Statement of Net Position (Government-wide)			
Governmental Activities			
Net Position			
Net Investment in Capital Assets	\$ 344,420,602	\$ (159,830)	\$ 344,260,772
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	-	3,504,917
Total Net Position, Governmental Activities	358,314,653	\$ (159,830)	\$ 358,154,823
Business-type Activities			
Net Position			
Net Investment in Capital Assets	12,247,401	(9,250)	12,238,151
Unrestricted	2,662,528	-	2,662,528
Total Net Position, Business-type Activities	14,909,929	(9,250)	14,900,679
Total Net Position	\$ 373,224,582	\$ (169,079)	\$ 373,055,503
	Balance - December 31, 2012, as Previously Reported	Decrease for Change in Capitalization Policy	Balance - January 1, 2013, as Restated
Amounts previously reported as Net Position on fund financial statements:			
Lake Wilderness Golf Course	\$ 4,006,020	\$ (9,250)	\$ 3,996,770
Vehicle Rental Fund	469,751	(14,840)	454,911
Central Service Fund	592,476	(81,628)	510,848
	\$ 5,068,247	(105,718)	\$ 4,962,529
Other general government capital assets not included in Net Position of fund financial statements		(63,362)	
Total impact of prior period adjustment on Net Position		\$ (169,079)	

The change in capitalization threshold was done to insure consistency with the Office of Management and Budget's Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein a threshold of \$5,000 is prescribed for federally funded capital assets. The new capitalization threshold is also consistent with the Government Finance Officers Association best practice, *Establishing Appropriate Capitalization Thresholds for Capital Assets*, wherein they recommend "in no case should a government establish a capitalization threshold of less than \$5,000 for any individual item."

NOTE 15 SUBSEQUENT EVENTS

The City of Maple Valley Council authorized on November 18, 2013 with Ordinance No. O-13-543 the issuance of up to \$1,600,000 of limited tax general obligation bonds for the purpose of partially funding

City of Maple Valley
Notes to the Financial Statements
December 31, 2013

the construction of recreational facilities at the Ravensdale Park and to pay debt issuance costs. The Ordinance authorized the sale of private placement bonds to qualified institutional buyers.

The bond sale closed on March 31, 2014. The \$1,530,000 principal amount 2014 Limited Tax General Obligation Bonds were issued with a coupon rate of 2.3%. Interest payments will be made on June 1 and December 1 of each year, and principal payments annually on December 1, until final maturity of the bonds on December 1, 2023. Annual debt service costs after the initial partial year will be approximately \$180,000.

The Council also adopted Ordinance No. O-13-544 on November 25, 2013 enacting a 3% cable television utility tax to be collected beginning in 2014. The tax is intended to be utilized for, and is expected to be approximately equal to, the annual debt service cost of the 2014 Limited Tax General Obligation Bonds issued for the Ravensdale Park project. The Ordinance specifies the tax will expire upon final maturity of the bonds on December 1, 2023.



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Combining Statements and Schedules



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

Page Number

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

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

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

Internal Service Fund Statements

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

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



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



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City of Maple Valley
Capital Improvement Plan Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenue				
Federal Grants	\$ 500,000	\$ 500,000	\$ 408,916	\$ (91,084)
State and County Grants	685,829	685,829	322,757	(363,072)
Total Intergovernmental Revenue	1,185,829	1,185,829	731,673	(454,156)
Total Revenues	1,185,829	1,185,829	731,673	(454,156)
EXPENDITURES				
Public Works				
Transportation				
Capital Expenditures	3,655,343	3,655,343	2,381,916	1,273,427
Operating Expenditures	-	-	302,662	(302,662)
Total Public Works	3,655,343	3,655,343	2,684,579	970,764
Parks and Community Services				
Parks & Recreation				
Capital Expenditures	958,562	1,458,562	32,559	1,426,003
Operating Expenditures	-	-	93,028	(93,028)
Total Parks and Community Services	958,562	1,458,562	125,587	1,332,975
Debt Service				
Principal	589,621	589,621	589,621	-
Interest	164,828	164,829	164,829	-
Total Debt Service	754,449	754,449	754,449	-
Total Expenditures	\$ 5,368,354	\$ 5,868,354	\$ 3,564,615	\$ 2,303,739

City of Maple Valley
Capital Improvement Plan Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues over (under) Expenditures	\$ (4,182,525)	\$ (4,682,526)	\$ (2,832,942)	\$ 1,849,583
Other Financing Sources (Uses)				
Transfer in from General Fund	479,206	479,206	429,206	(50,000)
Transfer in from Street Fund	292,794	292,794	261,621	(31,173)
Transfer in from Transportation Impact Fee Fund	1,518,778	1,518,778	1,294,268	(224,510)
Transfer in from TIF Fund-Interfund Loan	-	700,000	-	(700,000)
Transfer in from Park Development Fund	455,128	929,363	80,620	(848,743)
Transfer in from Real Estate Excise Tax Fund	986,619	1,012,384	363,785	(648,599)
Transfer in from Surface Water Management Fund	450,000	450,000	403,443	(46,557)
Total Other Financing Sources (Uses)	4,182,525	5,382,525	2,832,942	(2,549,583)
Net Change in Fund Balances	-	700,000	-	(700,000)
Fund Balance, January 1	19,025	19,025	19,025	-
Fund Balance, December 31	\$ 19,025	\$ 719,025	\$ 19,025	\$ (700,000)

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, 2013

	Total Project Budget	Prior Years' Actual	2013 Final Budget	2013 Actual	Project Life to Date Actual
Governmental Activities					
Public Works					
Transportation					
T7 SR 169 - Witte Rd to 228th Ave SE	\$ 3,227,871	\$ 2,349,252	\$ 878,619	\$ 535,989	\$ 2,885,241
T12 Witte Rd & SE 248th St Intersection	4,778,134	4,774,640	3,494	2,587	4,777,227
T23 Annual Asphalt Overlay Program	2,637,421	2,312,421	325,000	261,621	2,574,042
T24 Miscellaneous Street Improvements	622,688	522,688	100,000	37,463	560,151
T27 Non Motorized Plan	239,687	136,665	103,022	3,495	140,160
T28 Witte Rd & SE 254th St Intersection	200,000	-	200,000	165,668	165,668
T31 SR 169 - SE 264th St to SE 258th St	3,784,712	2,818,098	966,614	1,013,937	3,832,035
T32 Lake Wilderness Trail	216,631	214,117	2,514	84	214,201
T37 SR 169 & 271st Place Intersection	775,000	65,920	709,080	571,439	637,359
T38 216 Ave SE - SR516 to S City Limits	367,000	-	367,000	92,296	92,296
	16,849,144	13,193,801	3,655,343	2,684,579	15,878,380
Parks and Community Services					
Parks & Recreation					
P3 Summit Ballfields	1,020,706	970,706	50,000	-	970,706
P6 Lake Wilderness Park	1,028,766	220,204	808,562	79,004	299,208
P10 Park, Rec, Culture & Human Svc Plan	100,000	-	100,000	46,583	46,583
P11 Ravensdale Park Phase 2	500,000	-	500,000	-	-
	2,649,472	1,190,910	1,458,562	125,587	1,316,497
Debt Service Program					
D4 Infrastructure Loan Debt Service	1,362,937	1,283,060	79,877	79,877	1,362,937
D5 2005 Bond Refunding Debt Service	3,040,989	2,482,238	558,751	558,751	3,040,989
D6 2005 SR169 - SR516 to SE 264th St	115,821	-	115,821	115,821	115,821
	4,519,747	3,765,298	754,449	754,449	4,519,747
Total Governmental Funds	\$ 24,018,363	\$ 18,150,009	\$ 5,868,354	\$ 3,564,615	\$ 21,714,624

City of Maple Valley
Surface Water Management Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenue				
State and County Grants	\$ 112,788	\$ 112,784	\$ 124,130	\$ 11,346
Total Intergovernmental Revenue	112,788	112,784	124,130	11,346
Charges for Service				
Surface Water Management Fees	1,211,409	1,211,409	1,161,519	(49,890)
Miscellaneous Charges	13,780	13,780	6,045	(7,735)
Total Charges for Service	1,225,189	1,225,189	1,167,564	(57,625)
Miscellaneous Revenue				
Investment Earnings	24,289	24,289	20,603	(3,686)
Other Miscellaneous Revenue	2,449	2,449	7,611	5,162
Total Miscellaneous Revenue	26,738	26,738	28,214	1,476
Total Revenues	1,364,715	1,364,711	1,319,908	(44,803)
EXPENDITURES				
Public Works				
Operating	931,599	931,599	821,071	110,529
Depreciation	-	-	31,191	(31,191)
Capital Expenditures	462,777	462,777	208,945	253,832
Total Public Works	1,394,376	1,394,376	1,061,207	333,169
Total Expenditures	1,394,376	1,394,376	1,061,207	333,169
Revenues over (under) Expenditures	(29,661)	(29,665)	258,701	288,366
Other Financing Sources (Uses)				
Depreciation Addback	-	-	31,191	31,191
Settlement	-	-	26,853	26,853
Transfer out to General Fund	(101,184)	(101,184)	(88,461)	12,723
Transfer out to Capital Improvement Plan Fund	(450,000)	(450,000)	(403,443)	46,557
Transfer out to Central Service Fund	(40,656)	(40,656)	(21,290)	19,366
Total Other Financing Sources (Uses)	(591,840)	(591,840)	(455,150)	136,690
Net Change in Fund Balances	(621,501)	(621,505)	(196,448)	425,057
Net Position, January 1	2,668,596	2,668,596	2,662,527	(6,069)
Net Position, December 31	\$ 2,047,095	\$ 2,047,091	\$ 2,466,079	\$ 418,988

City of Maple Valley
Lake Wilderness Golf Course Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Service				
Green Fees	\$ 525,000	\$ 525,000	\$ 463,332	\$ (61,668)
Cart Rentals	136,000	136,000	126,581	(9,419)
Merchandise Sales	51,000	51,000	47,548	(3,452)
Food & Beverage Revenue	236,000	236,000	242,114	6,114
Facility Rentals	2,476	2,476	8,085	5,609
Total Charges for Service	950,476	950,476	887,660	(62,816)
Miscellaneous Revenue				
Investment Earnings	-	-	(42)	(42)
Other Miscellaneous Revenue	-	-	148	148
Total Miscellaneous Revenue	-	-	107	107
Total Revenues	950,476	950,476	887,767	(62,709)
EXPENDITURES				
Parks and Community Services				
Operating	960,113	960,113	923,495	36,618
Depreciation	-	-	66,894	(66,894)
Capital Expenditures	45,000	45,000	19,732	25,268
Total Parks and Community Services	1,005,113	1,005,113	1,010,121	(5,008)
Total Expenditures	1,005,113	1,005,113	1,010,121	(5,008)
Revenues over (under) Expenditures	(54,637)	(54,637)	(122,355)	(67,718)
Other Financing Sources (Uses)				
Depreciation Addback	-	-	66,894	66,894
Transfer in from General Fund	54,637	124,637	54,187	(70,450)
Gain/(Loss) from Sale of Capital Asset	-	-	1,274	1,274
Total Other Financing Sources (Uses)	54,637	124,637	122,355	(2,282)
Net Change in Fund Balances	-	70,000	0	(70,000)
Net Position, January 1	-	-	-	-
Net Position, December 31	\$ -	\$ 70,000	\$ 0	\$ (70,000)

City of Maple Valley
Vehicle Rental Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Service				
Charges to Departments	\$ 187,976	\$ 187,976	\$ 128,137	\$ (59,839)
Total Charges for Service	187,976	187,976	128,137	(59,839)
Miscellaneous Revenue				
Investment Earnings	2,434	2,434	2,025	(409)
Gain (Loss) on Retirement of Capital Assets	2,000	2,000	-	(2,000)
Total Miscellaneous Revenue	4,434	4,434	2,025	(2,409)
Total Revenues	192,410	192,410	130,163	(62,247)
EXPENDITURES				
General Government				
Operating	80,390	80,390	57,348	23,042
Depreciation	-	-	51,285	(51,285)
Capital Expenditures	78,574	78,574	68,640	9,934
Total General Government	158,964	158,964	177,273	(18,309)
Total Expenditures	158,964	158,964	177,273	(18,309)
Revenues over (under) Expenditures	33,446	33,446	(47,111)	(80,557)
Other Financing Sources (Uses)				
Depreciation Addback	-	-	51,285	(51,285)
Total Other Financing Sources (Uses)	-	-	51,285	(51,285)
Net Change in Fund Balances	33,446	33,446	4,175	(29,271)
Net Position, January 1	240,800	240,800	240,800	(0)
Net Position, December 31	\$ 274,246	\$ 274,246	\$ 244,974	\$ (29,272)

City of Maple Valley
Central Services Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Service				
Charges to Departments	\$ 981,221	\$ 981,221	\$ 965,421	\$ (15,800)
Total Charges for Service	981,221	981,221	965,421	(15,800)
Miscellaneous Revenue				
Investment Earnings	3,724	3,724	2,569	(1,155)
Total Miscellaneous Revenue	3,724	3,724	2,569	(1,155)
Total Revenues	984,945	984,945	967,990	(16,955)
EXPENDITURES				
General Government				
Operating	875,831	883,831	893,275	(9,444)
Depreciation	-	-	40,328	(40,328)
Capital Expenditures	145,644	145,644	99,702	45,942
Total General Government	1,021,475	1,029,475	1,033,304	(3,829)
Total Expenditures	1,021,475	1,029,475	1,033,304	(3,829)
Revenues over (under) Expenditures	(36,530)	(44,530)	(65,315)	(20,785)
Other Financing Sources (Uses)				
Depreciation Addback	-	-	40,328	(40,328)
Transfer in from General Fund	-	2,000	2,000	-
Transfer in from Surface Water Management Fund	40,656	40,656	21,290	19,366
Total Other Financing Sources (Uses)	40,656	42,656	63,617	(20,961)
Net Change in Fund Balances	4,126	(1,874)	(1,697)	177
Net Position, January 1	336,742	336,742	332,718	(4,024)
Net Position, December 31	\$ 340,868	\$ 334,868	\$ 331,021	\$ (3,847)

City of Maple Valley
Unemployment Trust Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous Revenue				
Investment Earnings	\$ 752	\$ 752	\$ 509	\$ (243)
Total Miscellaneous Revenue	752	752	509	(243)
Total Revenues	752	752	509	(243)
EXPENDITURES				
General Government				
Operating	10,000	20,000	13,994	6,006
Total General Government	10,000	20,000	13,994	6,006
Total Expenditures	10,000	20,000	13,994	6,006
Revenues over (under) Expenditures	(9,248)	(19,248)	(13,485)	5,763
Net Change in Fund Balances	(9,248)	(19,248)	(13,485)	5,763
Net Position, January 1	68,814	68,814	68,813	(1)
Net Position, December 31	\$ 59,566	\$ 49,566	\$ 55,328	\$ 5,762

Internal Service Funds



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**City of Maple Valley
Internal Service Funds
Combining Statement of Net Position
December 31, 2013**

	<u>Vehicle Rental</u>	<u>Central Service</u>	<u>Unemployment Trust</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 145,564	\$ 222,003	\$ 32,876	\$ 400,443
Investments	99,411	151,614	22,452	273,477
Prepaid Expenses	-	268	-	268
Total Current Assets	<u>244,974</u>	<u>373,885</u>	<u>55,328</u>	<u>674,188</u>
Noncurrent Assets:				
Capital Assets:				
Machinery, Equipment and Vehicles	780,806	491,311	-	1,272,118
Less: Accumulated Depreciation (Depreciation)	<u>(549,341)</u>	<u>(257,830)</u>	<u>-</u>	<u>(807,172)</u>
	<u>231,465</u>	<u>233,481</u>	<u>-</u>	<u>464,946</u>
Total Assets	<u>476,439</u>	<u>607,366</u>	<u>55,328</u>	<u>1,139,134</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	29,318	-	29,318
Payroll Payable	-	9,521	-	9,521
Total Current Liabilities	<u>-</u>	<u>38,840</u>	<u>-</u>	<u>38,840</u>
Total Liabilities	<u>-</u>	<u>38,840</u>	<u>-</u>	<u>38,840</u>
NET POSITION				
Invested in Capital Assets, net of related Debt	231,465	233,481	-	464,946
Unrestricted	<u>244,974</u>	<u>335,045</u>	<u>55,328</u>	<u>635,348</u>
Total Net Position	<u><u>\$ 476,439</u></u>	<u><u>\$ 568,526</u></u>	<u><u>\$ 55,328</u></u>	<u><u>\$ 1,100,293</u></u>

City of Maple Valley
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2013

	<u>Vehicle Rental</u>	<u>Central Service</u>	<u>Unemployment Trust</u>	<u>Total Internal Service Funds</u>
Operating Revenues				
Charges for Sales and Services	\$ 128,137	\$ 965,421	-	\$ 1,093,558
Total Operating Revenue	<u>128,137</u>	<u>965,421</u>	<u>-</u>	<u>1,093,558</u>
Operating Expenses				
Cost of Sales and Services	57,348	893,275	13,994	964,617
Depreciation	51,285	40,328	-	91,613
Total Operating Expenses	<u>108,634</u>	<u>933,603</u>	<u>13,994</u>	<u>1,056,231</u>
Operating Income	<u>19,504</u>	<u>31,818</u>	<u>(13,994)</u>	<u>37,328</u>
Nonoperating Revenues (Expenses)				
Investment Earnings	2,025	2,568	509	5,102
Total Nonoperating Revenue (Expenses)	<u>2,025</u>	<u>2,568</u>	<u>509</u>	<u>5,102</u>
Income before Contributions and Transfers	<u>21,529</u>	<u>34,387</u>	<u>(13,485)</u>	<u>42,430</u>
Contributions and Transfers				
Transfers in from General Fund	-	2,000	-	2,000
Transfer in from Surface Water Fund	-	21,290	-	21,290
Total Contributions and Transfers	<u>-</u>	<u>23,290</u>	<u>-</u>	<u>23,290</u>
Change in Net Position	<u>21,529</u>	<u>57,676</u>	<u>(13,485)</u>	<u>65,720</u>
Total Net Position, January 1	<u>469,751</u>	<u>592,477</u>	<u>68,814</u>	<u>1,131,042</u>
Prior Period Adjustment (Note 14)	(14,840)	(81,628)	-	(96,468)
Total Net Position, December 31	<u>\$ 476,440</u>	<u>\$ 568,526</u>	<u>\$ 55,328</u>	<u>\$ 1,100,293</u>

City of Maple Valley
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2013

	<u>Vehicle Rental</u>	<u>Central Service</u>	<u>Unemployment Trust</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities				
Cash Received from User Departments	\$ 128,137	\$ 965,421	\$ -	\$ 1,093,558
Cash Paid to Suppliers for Goods and Services	(57,348)	(842,790)	(14,253)	(914,391)
Net Cash From Operating Activities	<u>70,789</u>	<u>122,631</u>	<u>(14,253)</u>	<u>179,168</u>
Cash Flows from Capital & Related Financing Activities				
Capital Assets Purchased for Own Use	(68,640)	(99,702)	-	(168,342)
Capital Contribution from (to) Other Funds	-	23,290	-	23,290
Net Cash From Capital & Related Financing Activities	<u>(68,640)</u>	<u>(76,412)</u>	<u>-</u>	<u>(145,052)</u>
Cash Flows from Investing Activities				
Purchase of Investments	(4,416)	(23,474)	-	(27,889)
Proceeds from Investment Maturities	-	-	4,796	4,796
Interest on Investments	2,025	2,568	509	5,102
Net Cash From Investing Activities	<u>(2,390)</u>	<u>(20,905)</u>	<u>5,305</u>	<u>(17,991)</u>
Net Change in Cash and Cash Equivalents	<u>(241)</u>	<u>25,314</u>	<u>(8,948)</u>	<u>16,125</u>
Cash and Cash Equivalents, January 1	<u>145,805</u>	<u>196,689</u>	<u>41,824</u>	<u>384,318</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 145,563</u></u>	<u><u>\$ 222,003</u></u>	<u><u>\$ 32,876</u></u>	<u><u>\$ 400,442</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 19,504	\$ 31,818	\$ (13,994)	\$ 37,328
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	51,285	40,328	-	91,613
Change in Prepaid Items	-	26,936	-	26,936
Change in Accounts Payable	-	18,697	-	18,697
Change in Payroll Payable	-	4,852	-	4,852
Change in Due to Other Governments	-	0	(258)	(258)
Net Cash Provided by Operating Activities	<u><u>\$ 70,789</u></u>	<u><u>\$ 122,631</u></u>	<u><u>\$ (14,253)</u></u>	<u><u>\$ 179,168</u></u>
Noncash Capital and Related Financing Activities				
Prior Period Adjustments - Capital Assets	\$ (14,840)	\$ (81,628)	\$ -	\$ (96,468)
Total Noncash Investing, Capital, and Financing	<u><u>\$ (14,840)</u></u>	<u><u>\$ (81,628)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (96,468)</u></u>



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STATISTICAL SECTION



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Appendices

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

	Page #
Financial Trends	
These schedules contain information to help the reader understand how the city's financial performance and well-being have changed over time.	
Net Position by Component	126
Changes in Net Position	128
Changes in Fund Balances - Governmental Funds	132
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	134
Sales Tax Data	136
Private Development Activity	138
Principal Property Taxpayers & Employers	140
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	141
Computation of Direct and Overlapping Debt with Bonded Debt Ratios	142
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	143
Maple Valley Statistics and Ratios	144
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	146
Operating Indicators by Function	147
Capital Asset Statistics by Function	148

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

	2004	2005	2006	2007
Net Position, December 31				
Governmental Activities				
Net Investment in Capital Assets	\$ 172,087,756	\$ 239,032,092	\$ 240,060,893	\$ 289,946,247
Restricted	7,229,443	10,627,215	9,685,787	9,750,610
Unrestricted	3,407,442	4,198,312	2,529,970	3,204,325
Total Governmental Activities Net Position	182,724,641	253,857,619	252,276,650	302,901,182
Business-Type Activities				
Net Investment in Capital Assets	4,985,105	6,356,273	11,289,673	11,768,973
Restricted	838,891	1,110,475	1,381,725	1,567,684
Total Business-Type Activities Net Position	5,823,996	7,466,748	12,671,398	13,336,657
Primary Government				
Net Investment in Capital Assets	177,072,861	245,388,365	251,350,566	301,715,220
Restricted	8,068,334	11,737,690	11,067,512	11,318,294
Unrestricted	3,407,442	4,198,312	2,529,970	3,204,325
Total Primary Government Net Position	\$ 188,548,637	\$ 261,324,367	\$ 264,948,048	\$ 316,237,839

Source:
Applicable years' comprehensive annual financial report.

2008	2009	2010	2011	(Restated) 2012	2013
\$ 308,429,579	\$ 347,747,795	\$ 344,208,737	\$ 344,710,632	\$ 344,260,772	\$ 363,989,532
11,724,658	10,900,630	9,900,220	9,105,966	10,389,134	10,359,955
2,737,739	2,494,451	2,452,787	3,293,176	3,504,917	3,631,918
322,891,976	361,142,876	356,561,744	357,109,774	358,154,823	377,981,406
11,885,231	12,479,185	12,373,097	12,381,146	12,238,151	12,417,420
1,874,326	1,926,248	2,387,213	2,171,478	2,662,528	2,466,079
13,759,557	14,405,433	14,760,310	14,552,624	14,900,679	14,883,499
320,314,810	360,226,980	356,581,834	357,091,778	356,498,924	376,406,952
13,598,984	12,826,878	12,287,433	11,277,444	13,051,662	12,826,034
2,737,739	2,494,451	2,452,787	3,293,176	3,504,917	3,631,918
\$ 336,651,533	\$ 375,548,309	\$ 371,322,054	\$ 371,662,398	\$ 373,055,503	\$ 392,864,905

City of Maple Valley
Changes in Net Position

Last Ten years

(accrual basis of accounting)

Page 1 of 4

	2004	2005	2006	2007
Expenses				
Governmental Activities				
General Government	\$ 1,292,655	\$ 1,333,375	\$ 1,531,693	\$ 1,540,862
Economic Environment (Comm. Development)	843,128	725,856	820,144	850,516
Human Services	-	136,619	171,770	212,019
Culture and Recreation	1,136,701	1,130,616	1,288,862	1,595,110
Public Safety	1,845,988	2,032,716	2,133,701	2,293,963
Transportation (Public Works)	1,390,860	5,715,662	7,622,944	7,769,571
Utilities and Environment	-	-	-	-
Interest on Long-term Debt	344,972	207,684	286,421	280,554
Total Governmental Activities Expenses	6,854,304	11,282,528	13,855,535	14,542,595
Business-Type Activities				
Surface Water Management	423,934	360,715	398,040	322,363
Golf Course Operations	-	-	86,004	1,616,237
Total Business-Type Activities Expenses	423,934	360,715	484,044	1,938,600
Total Primary Government Expenses	7,278,238	11,643,243	14,339,579	16,481,195
Program Revenue				
Governmental Activities				
Charges for Services				
General Government	21,639	29,190	40,847	50,072
Economic Environment (Comm. Development)	1,064,642	1,270,024	983,899	673,511
Culture and Recreation	126,522	245,907	352,884	432,970
Public Safety	99,609	83,441	113,946	105,056
Transportation (Public Works)	1,573,107	2,379,306	1,993,138	1,855,260
Operating Grants and Contributions	350,507	377,697	513,165	570,996
Capital Grants and Contributions	1,461,002	505,403	4,003,483	4,220,929
Total Governmental Activities Program Revenue	4,697,028	4,890,968	8,001,362	7,908,794
Business-Type Activities				
Charges for Services				
Surface Water Management	606,211	649,004	675,034	693,419
Golf Course Operations	-	-	61,576	1,327,390
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	400,249	-
Surface Water Management	-	-	400,249	-
Golf Course Operations	-	-	-	-
Total Business-Type Activities Program Revenue	606,211	649,004	1,136,859	2,020,809
Total Primary Government Program Revenue	5,303,239	5,539,972	9,138,221	9,929,603
Net (Expense) Revenue				
Governmental Activities	(2,157,276)	(6,391,560)	(5,854,173)	(6,633,801)
Business-Type Activities	182,277	288,289	652,815	82,209
\$ (1,974,999)	\$ (6,103,271)	\$ (5,201,358)	\$ (6,551,592)	

Source:

Applicable years' comprehensive annual financial report.

	2008	2009	2010	2011	2012	2013
\$	1,985,141	\$ 2,014,921	\$ 1,921,807	\$ 1,772,231	\$ 2,108,677	\$ 2,157,921
	953,115	987,928	910,348	956,927	1,123,475	978,415
	200,799	220,294	273,033	217,842	30,000	30,000
	1,571,438	1,560,100	1,786,842	1,853,874	2,121,785	2,377,593
	2,332,012	2,380,537	2,718,707	3,561,153	3,694,747	3,881,719
	8,518,674	7,719,635	8,189,722	8,369,983	7,904,401	7,881,784
	-	-	-	-	121,137	137,236
	283,968	282,668	214,583	195,763	179,773	164,829
	15,845,147	15,166,083	16,015,042	16,927,773	17,283,995	17,609,496
	420,178	657,931	612,978	615,438	731,371	851,342
	1,680,058	1,667,791	1,629,806	1,125,041	1,056,980	990,389
	2,100,236	2,325,722	2,242,784	1,740,479	1,788,351	1,841,731
	17,945,383	17,491,805	18,257,826	18,668,252	19,072,346	19,451,227
	24,425	20,548	20,116	14,709	12,975	14,131
	499,210	475,388	560,737	734,187	812,878	538,139
	522,833	476,821	900,532	1,040,820	1,189,208	832,221
	156,284	142,840	149,392	309,527	233,418	128,693
	1,398,665	806,329	675,950	2,059,055	1,362,375	1,406,191
	572,302	590,819	620,088	627,814	673,140	164,331
	30,455,712	44,319,192	1,442,938	3,882,579	4,707,002	24,451,025
	33,629,431	46,831,937	4,369,753	8,668,691	8,990,996	27,534,731
	719,886	760,361	948,030	1,038,247	1,181,664	1,167,564
	1,461,769	1,447,843	1,323,279	942,592	925,368	887,660
	-	-	-	26,352	101,775	124,130
	210,598	588,328	-	134,246	-	49,030
	-	-	-	-	29,143	-
	2,392,253	2,796,532	2,271,309	2,141,437	2,237,950	2,228,384
	36,021,684	49,628,469	6,641,062	10,810,128	11,228,946	29,763,115
	17,784,284	31,665,854	(11,645,289)	(8,259,082)	(8,292,999)	9,925,235
	292,017	470,810	28,525	400,958	449,599	386,653
\$	18,076,301	\$ 32,136,664	\$ (11,616,764)	\$ (7,858,124)	\$ (7,843,400)	\$ 10,311,889

City of Maple Valley
Changes in Net Position
Last Ten years

(accrual basis of accounting)

	2004	2005	2006	2007
General Revenue and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Regular Property Taxes	\$ 1,996,286	\$ 2,157,260	\$ 2,351,509	\$ 2,547,157
Sales Taxes	2,034,736	2,035,201	2,258,415	2,313,211
Utility Taxes	393,283	454,941	520,273	573,486
Excise Taxes in Lieu of Property Tax	-	-	-	-
Other Taxes	1,389,636	1,931,398	1,880,733	1,252,081
Gambling Taxes	26,476	27,688	30,446	36,555
Franchise Fees (Taxes)	144,573	165,143	191,178	221,845
Intergovernmental Revenue not restricted to specific programs				
State Shared Revenue	189,110	191,579	290,987	332,767
Miscellaneous Revenue				
Investment Earnings	113,809	226,556	499,058	382,992
Other Miscellaneous Revenue and (Expenses)	3,269	120	8,243	6,372
Transfers	-	8,279	(4,491,689)	99,170
Total Governmental Activities	6,291,178	7,198,165	3,539,153	7,765,636
Business-Type Activities				
Non Operating Revenue				
Intergovernmental Revenue	-	-	-	15,776
Investment Earnings	16,482	23,033	60,490	86,962
Other Miscellaneous Revenue and (Expenses)	-	1,266	(344)	1,444
Transfers	-	(8,279)	4,491,689	(99,170)
Total Business-Type Activities	16,482	16,020	4,551,835	5,012
Total Primary Government	6,307,660	7,214,185	8,090,988	7,770,648
Change in Net Position Before Extraordinary Items				
Governmental Activities	4,133,902	806,605	(2,315,020)	1,131,835
Business-Type Activities	198,759	304,309	5,204,650	87,221
Total Primary Government	4,332,661	1,110,914	2,889,630	1,219,056
Extraordinary Items				
Governmental Activities				
Issuance of 2005 GO Refunding Bonds	-	(4,815,000)	-	-
Defeasance of 2000 GO Bonds	-	4,315,000	-	-
Capital Contributions	138,408,048	70,826,373	734,051	49,492,697
Total Governmental Activities	138,408,048	70,326,373	734,051	49,492,697
Business-Type Activities				
Capital Contributions	-	1,338,443	-	578,038
Total Business-Type Activities	-	1,338,443	-	578,038
Total Primary Government	138,408,048	71,664,816	734,051	50,070,735
Change in Net Position				
Governmental Activities	142,541,950	71,132,978	(1,580,969)	50,624,532
Business-Type Activities	198,759	1,642,752	5,204,650	665,259
Total Primary Government	142,740,709	72,775,730	3,623,681	51,289,791
Net Position, January 1	45,807,928	188,548,637	261,324,367	264,948,048
Prior Period Adjustment	-	-	-	-
Net Position, December 31	\$ 188,548,637	\$ 261,324,367	\$ 264,948,048	\$ 316,237,839

Source:

Applicable years' comprehensive annual financial report.

	2008	2009	2010	2011	2012	2013
\$	2,678,139	\$ 2,971,125	\$ 3,049,990	\$ 3,139,117	\$ 3,200,310	\$ 3,312,283
	2,119,678	1,865,487	1,942,926	2,100,009	2,528,876	2,676,444
	597,819	608,851	745,107	1,632,226	1,698,866	1,730,053
	-	-	-	-	-	173,663
	761,174	528,117	686,659	551,843	1,043,963	801,022
	39,204	38,373	43,419	37,520	38,828	45,920
	241,080	251,766	283,261	284,567	308,231	327,210
	301,277	321,301	372,712	322,564	379,185	319,931
	262,532	75,708	107,909	79,202	46,784	55,815
	11,817	7,263	9,957	12,760	8,847	-
	(63,529)	(82,945)	(177,783)	647,304	137,212	459,006
	6,949,191	6,585,046	7,064,157	8,807,112	9,391,102	9,901,347
	4,833	70,167	110,354	-	-	-
	60,812	20,449	36,269	34,957	19,583	20,561
	1,709	1,505	1,946	3,703	2,757	34,612
	63,529	82,945	177,783	(647,304)	(7,858)	(459,006)
	130,883	175,066	326,352	(608,644)	14,482	(403,833)
	7,080,074	6,760,112	7,390,509	8,198,468	9,405,584	9,497,514
	24,733,475	38,250,900	(4,581,132)	548,030	1,098,103	19,826,582
	422,900	645,876	354,877	(207,686)	464,081	(17,180)
	25,156,375	38,896,776	(4,226,255)	340,344	1,562,184	19,809,402
	-	-	-	-	-	-
	-	-	-	-	-	-
	(4,742,681)	-	-	-	-	-
	(4,742,681)	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	(4,742,681)	-	-	-	-	-
	19,990,794	38,250,900	(4,581,132)	548,030	1,098,103	19,826,582
	422,900	645,876	354,877	(207,686)	464,081	(17,180)
	20,413,694	38,896,776	(4,226,255)	340,344	1,562,184	19,809,402
	316,237,839	336,651,533	375,548,309	371,322,054	371,662,398	373,055,503
	-	-	-	-	(169,079)	-
\$	336,651,533	\$ 375,548,309	\$ 371,322,054	\$ 371,662,398	\$ 373,055,503	\$ 392,864,905

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

(modified accrual basis of accounting)

	2004	2005	2006	2007
REVENUES				
Taxes				
Regular Property Tax	\$ 1,996,286	\$ 2,157,260	\$ 2,351,509	\$ 2,547,157
Sales Tax	2,034,736	2,035,201	2,258,415	2,313,211
Utility Tax	393,283	454,941	520,273	573,486
Excise Taxes in Lieu of Property Tax	-	-	-	-
Real Estate Excise Tax	1,389,636	1,931,398	1,880,733	1,252,081
Gambling Tax	26,476	27,688	30,446	36,555
Total Taxes	5,840,417	6,606,488	7,041,376	6,722,490
Licenses & Permits	892,631	1,117,595	871,014	655,476
Intergovernmental Revenue	1,941,261	1,050,231	4,652,946	5,103,822
Charges for Service	1,925,314	2,665,117	2,273,067	2,042,708
Fines & Forfeitures	70,007	55,112	92,810	77,701
Miscellaneous Revenue	311,930	573,808	1,059,597	935,003
TOTAL REVENUES	10,981,560	12,068,351	15,990,810	15,537,200
Percent Growth	13%	10%	33%	-3%
EXPENDITURES				
Current				
General Government	1,180,666	1,312,478	1,399,934	1,641,869
Economic Environment (Comm. Development)	805,102	725,670	819,959	850,330
Human Services	121,475	136,619	171,770	212,019
Culture & Recreation	853,933	926,017	1,109,681	1,424,527
Public Safety	1,843,032	2,022,313	2,132,254	2,294,699
Transportation (Public Works)	1,033,301	1,126,804	890,639	974,976
Capital Outlay	4,777,283	2,603,108	7,017,380	8,223,123
Debt Service				
Principal	244,725	369,725	369,803	418,595
Interest on Long-term Debt	345,785	211,646	288,814	282,200
TOTAL EXPENDITURES	11,205,302	9,434,380	14,200,234	16,322,338
Percent Growth	20%	-16%	51%	15%
REVENUES OVER (UNDER) EXPENDITURES	(223,742)	2,633,971	1,790,576	(785,138)
OTHER FINANCING SOURCES (USES)				
General Obligation Debt Proceeds	-	1,421,250	-	1,396,500
Transfer In from (Out to) Enterprise Funds	-	8,279	(4,491,689)	99,170
TOTAL OTHER FINANCING SOURCES (USES)	-	1,429,529	(4,491,689)	1,495,670
REVENUE AND OTHER SOURCES OVER	(223,742)	4,063,500	(2,701,113)	710,532
FUND BALANCE, January 1	10,435,152	10,211,410	14,274,910	11,573,797
FUND BALANCE, December 31				
Nonspendable - General Fund	10,876	11,871	11,871	12,267
Restricted - Special Revenue Funds	6,803,969	10,076,599	9,043,827	8,994,595
Committed - Capital Improvement Plan	-	-	-	-
Assigned - General Fund	-	-	-	-
Unassigned - General Fund	3,396,565	4,186,440	2,518,099	3,277,467
TOTAL	\$ 10,211,410	\$ 14,274,910	\$ 11,573,797	\$ 12,284,329
Debt Service as % on non Capital Expenditures	9%	9%	9%	9%
Unassigned Fund Balance as % of Current Expenditures	58%	67%	39%	44%
Total Fund Balance as % of Total Expenditures	91%	151%	82%	75%

Source:

Applicable years' comprehensive annual financial report.

2008	2009	2010	2011	2012	2013
\$ 2,678,139	\$ 2,971,125	\$ 3,049,990	\$ 3,139,117	\$ 3,200,310	\$ 3,312,283
2,119,678	1,865,487	1,942,926	2,100,009	2,528,876	2,676,444
597,819	608,851	745,107	1,632,226	1,698,866	1,730,053
-	-	-	-	-	173,663
761,174	528,117	686,659	551,843	1,043,963	801,022
39,204	38,373	43,419	37,520	38,828	45,920
6,196,014	6,011,953	6,468,101	7,460,715	8,510,843	8,739,384
551,741	510,479	637,548	782,423	861,982	625,668
2,852,527	1,915,853	2,426,341	1,515,257	3,085,412	1,704,407
1,849,256	1,222,983	1,453,902	3,066,003	2,428,849	1,687,780
110,401	105,261	106,404	176,372	153,605	96,381
751,135	391,408	503,013	488,306	424,707	404,965
12,311,074	10,157,937	11,595,309	13,489,076	15,465,398	13,258,584
-21%	-17%	14%	16%	15%	-2%
1,965,539	1,899,627	1,936,460	1,819,336	2,004,745	2,211,505
952,929	987,742	910,052	956,631	1,123,179	978,415
200,799	220,294	273,033	217,842	232,840	235,630
1,366,646	1,387,051	1,584,388	1,584,155	1,680,423	1,908,467
2,331,111	2,376,542	2,714,104	3,557,118	3,851,964	3,881,719
1,282,523	1,328,019	1,313,601	1,302,269	1,460,712	1,213,610
2,433,960	2,083,767	3,030,870	3,950,040	2,970,732	2,419,678
474,668	524,621	544,621	559,621	579,621	589,621
285,170	276,956	216,558	197,475	181,551	164,829
11,293,345	11,084,619	12,523,687	14,144,487	14,085,767	13,603,471
-31%	-2%	13%	13%	0%	9%
1,017,729	(926,682)	(928,378)	(655,411)	1,379,631	(344,886)
479,250	-	-	-	-	-
(31,561)	267,055	(177,783)	647,304	46,893	435,717
447,689	267,055	(177,783)	647,304	46,893	435,717
1,465,418	(659,627)	(1,106,161)	(8,107)	1,426,524	90,830
12,284,329	13,749,747	13,090,120	11,983,959	11,975,852	13,402,376
15,815	37,517	47,311	37,019	5,000	9,575
10,904,549	10,439,971	9,900,220	9,105,966	10,389,134	10,364,060
-	-	-	-	19,025	19,025
-	-	-	-	-	600,385
2,829,383	2,612,632	2,036,428	2,832,867	2,989,217	2,500,162
\$ 13,749,747	\$ 13,090,120	\$ 11,983,959	\$ 11,975,852	\$ 13,402,376	\$ 13,493,207
9%	9%	8%	7%	7%	7%
35%	32%	23%	30%	29%	24%
122%	118%	96%	85%	95%	99%

City of Maple Valley
Property Tax Data
Last Ten Years

	2004	2005	2006	2007
ASSESSED VALUE				
Assessed Value (2)	1,576,123,000	1,794,055,783	2,015,609,742	2,293,057,004
Increase (Decrease) in Assessed Valuation	12%	14%	12%	14%
Includes Local New Construction of	102,016,810	124,302,118	128,460,703	84,356,197
Includes Increase in Public Utility Value	218,001	-	-	2,261,297
Total New Construction	102,234,811	124,302,118	128,460,703	86,617,494
PROPERTY TAX RATES (1)				
Direct Regular and Special				
City of Maple Valley	1.42	1.37	1.31	1.26
Overlapping Regular and Special				
State School Fund	2.76	2.69	2.50	2.33
King County General	1.43	1.38	1.33	1.29
Port of Seattle	0.25	0.25	0.23	0.23
Emergency Medical Services (EMS)	0.24	0.23	0.22	0.21
Ferry District				
King County Flood District				
Rural Library District	0.54	0.53	0.53	0.50
Tahoma School District Special Levy	2.65	2.54	2.47	2.46
Tahoma School District Bond & Bldg	1.85	1.26	1.21	1.71
Fire District # 43	1.64	1.68	1.61	1.67
Sub Total Overlapping	11.37	10.56	10.09	10.40
Total Property Tax Levy	12.79	11.94	11.41	11.66
PROPERTY TAXES LEVIED AND COLLECTED (1)				
Property Taxes Levied				
Original Levy (2)	1,995,604	2,161,149	2,353,676	2,547,157
Adjustments	1,163	(2,200)	(1,231)	778
Revised Levy	1,996,767	2,158,949	2,352,445	2,547,935
Percent of Levy Change from Prior Year (PY)	8.4%	8.1%	9.0%	8.3%
% of Levy related to New Construction & Annexation	7.4%	7.1%	8.0%	7.3%
Property Taxes Collected				
Collections as of the End of the Levy Year	1,956,389	2,119,819	2,313,515	2,493,940
Percent Collected as of the End of the Levy Year	98.0%	98.2%	98.3%	97.9%
Collections in Subsequent Years	40,378	39,130	38,930	53,995
Total Collections to Date	1,996,767	2,158,949	2,352,445	2,547,935
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	255,842	285,080	357,241	364,409
Percent Change from Prior Year (PY)	7.9%	11.4%	25.3%	2.0%
City Share of Property Taxes per SFR on PY Value	336	351	374	452
Total Property Taxes per SFR on PY Value	3,033	3,054	3,252	4,166
Percent Change from Prior Year (PY)	3.5%	0.7%	6.5%	28.1%

(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.

2008	2009	2010	2011	2012	2013
2,579,005,968	2,446,394,927	2,437,805,896	2,296,106,212	2,143,931,000	2,332,474,360
12%	-5%	0%	-6%	-7%	9%
51,762,393	45,038,436	34,004,314	26,605,677	57,519,249	41,846,659
-	-	3,740,931	-	2,315,419	1,405,704
51,762,393	45,038,436	37,745,245	26,605,677	59,834,668	43,252,363
1.17	1.08	1.25	1.29	1.38	1.55
2.13	1.96	2.22	2.28	2.42	2.57
1.21	1.10	1.28	1.34	1.42	1.54
0.22	0.20	0.22	0.22	0.23	0.23
0.30	0.27	0.30	0.30	0.30	0.30
0.06	0.05	0.00	0.00	0.00	0.00
0.10	0.09	0.11	0.11	0.12	0.13
0.45	0.42	0.49	0.57	0.57	0.57
2.32	2.22	2.74	3.39	3.54	3.95
1.55	1.44	1.70	1.89	2.05	2.30
1.57	1.45	1.72	1.62	1.72	1.74
9.91	9.20	10.78	11.72	12.36	13.34
11.08	10.27	12.03	13.01	13.75	14.89
2,680,754	2,975,484	3,059,587	3,142,481	3,205,605	3,320,019
(1,039)	(267)	(4,085)	(3,267)	(2,477)	(5,371)
2,679,714	2,975,217	3,055,503	3,139,214	3,203,128	3,314,648
5.2%	11.0%	2.7%	2.7%	2.0%	3.5%
4.2%	10.0%	1.7%	1.7%	1.0%	2.5%
2,610,891	2,914,436	2,989,404	3,085,616	3,161,830	3,275,835
97.4%	98.0%	97.8%	98.3%	98.7%	98.8%
68,800	60,492	65,686	47,469	31,830	-
2,679,691	2,974,928	3,055,090	3,133,085	3,193,661	3,275,835
100.0%	100.0%	100.0%	99.8%	99.7%	
23	289	413	6,129	9,468	38,813
0.0%	0.5%	0.7%	11.1%	17.2%	70.4%
346,837	300,261	302,814	275,667	278,251	307,586
-4.8%	-13.4%	0.9%	-9.0%	0.9%	10.5%
426	373	375	391	382	431
4,038	3,563	3,613	3,941	3,789	4,142
-3.1%	-11.8%	1.4%	9.1%	-3.8%	9.3%

City of Maple Valley
Sales Tax Data
Last Ten Years

	SIC Group	2004	2005	2006	2007
Sales Tax Revenue (Locally generated) (1)					
Retail Trade	441-454	\$ 450,406	\$ 496,540	\$ 566,306	\$ 591,788
Construction	236-238	647,361	554,219	576,577	503,399
Food Services, Drinking Places	722	144,271	156,558	175,413	176,899
Wholesale Trade	423-425	110,161	108,060	110,603	119,020
Telecommunication	517	67,923	80,797	74,846	80,193
Other Services	811-814	44,475	38,204	41,362	52,180
Public Administration	921-926	40,901	43,990	48,402	76,637
Administrative and Support Services	561-562	57,302	48,407	56,009	82,943
Professional, Scientific & Technical Services	541	-	13,068	15,982	23,772
Rental & Leasing	532	37,333	46,610	55,800	73,537
Manufacturing	311-339	12,979	16,134	25,006	13,898
Arts Entertainment & Recreation	711-713	26,639	27,481	26,016	18,443
Finance and Insurance	521-525	30,786	32,682	30,294	27,820
All Other		55,349	29,198	50,815	2,663
		\$ 1,725,886	\$ 1,691,948	\$ 1,853,431	\$ 1,843,192
Overall Annual Percent Growth		16%	-2%	10%	-1%
Construction Percent Growth		30%	-14%	4%	-13%
Non Construction Percent Growth		9%	5%	12%	5%

(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

	2008	2009	2010	2011	2012	2013	% of 2013	
\$	575,516	\$ 559,551	\$ 568,584	\$ 613,889	\$ 797,120	\$ 888,774	41%	
	376,299	235,090	263,506	330,561	471,520	411,819	19%	
	176,353	165,598	180,369	177,852	222,657	266,971	12%	
	100,462	88,004	77,753	89,395	122,330	115,814	5%	Building Suppliers
	80,524	78,691	78,669	83,542	87,401	109,663	5%	
	51,633	60,605	76,875	77,812	79,971	83,850	4%	Auto Services
	62,532	45,587	53,574	51,183	51,787	57,173	3%	State licensing, City of MN
	53,296	37,830	40,132	42,808	51,642	53,004	2%	Landscaping
	20,446	27,336	26,023	22,355	24,662	36,080	2%	
	69,803	42,512	36,409	28,450	27,909	36,002	2%	Equip Leasing, Videos
	21,651	26,429	25,933	32,475	41,243	31,856	1%	Construction Accessories
	32,936	21,480	23,706	25,177	27,657	29,787	1%	Golf Courses, Fitness
	18,814	15,395	14,290	10,665	12,147	15,957	1%	
	3,093	42,389	40,331	56,678	36,743	21,584	1%	
\$	1,643,358	\$ 1,446,497	\$ 1,506,154	\$ 1,642,842	\$ 2,054,789	\$ 2,158,334	100%	
	-11%	-12%	4%	9%	25%	5%		
	-25%	-38%	12%	25%	43%	-13%		
	-5%	-4%	3%	6%	21%	10%		

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

	Type	Lots	Sq Ft	Preliminary		Housing Units					
				Plat Approved	Project Completed	2004	2005	2006	2007	2008	2009
Projects Completed in 2013											
Four Corners Square Bldg L (Grocery Outlet)	NC		18,226	Jul-12	Jan-13						
Mountain View (Rogneby)	SF	43		May-05	Feb-13						
Greenbrier Crest 1 (Sawyer Crest 1)	SF	50		Feb-05	Apr-13				4		
Four Corners Square Bldg H (Johnson's Hardware)	NC		50,380	Jul-12	Apr-13						
Rock Creek Meadows Division 3	SF	34		Aug-06	Jul-13						
Greenbrier Crest 2 (Sawyer Crest 2)	SF	29		Oct-06	Aug-13						4
MV Town Square Bldg M	NC		2,544	May-12	Dec-13						
Four Corners Square Bldg J & K	NC		11,301	Jul-12	Dec-13						
Total Projects Completed in 2013	8	156	82,451			-	-	-	4	-	4
City Approved Projects In Progress											
Ridge @ Lake Wilderness	SF	11		Feb-05					4		
Sun Ridge @ Elk Run Meadows 3	SF	75		May-05						2	9
Logbrook / Reserve @ Maple Valley	SF	60		Sep-05							
Mystic Meadows	SF	25		Sep-06							
Arbors @ Rock Creek Division 1	SF	76		Jul-07							
Arbors @ Rock Creek Division 2	SF	108		Jul-07							
Jordan's Crossing	SF	15		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							
Sun Ridge @ Elk Run 4 Division 2	SF	6		Sep-12							
Summit Professional Office	NC		11,031	Aug-13							
Four Corners Square Bldg B (Walgreen Drug)	NC		-								
Four Corners Square Bldg C (MV Eye Care)	NC		-								
Four Corners Square Bldg D (Autozone)	NC		-								
Other Previously Approved Plats	SF	56		Pre-Incorporation		13	12	6	8	2	4
Total Projects In Progress	18	583	11,031			13	12	6	12	4	13
Projects Completed in Last 9 Years	77	2,220	555,724			365	440	263	132	94	76
Completed in Last 10 Years and in Progress	103	2,959	649,206			378	452	269	148	98	93
Last Ten Years						378	830	1,099	1,247	1,345	1,438

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

Source:
King County Assessor's Office.

2010	2011	2012	2013	SFR Preliminary Plat Lots	Approved Engineering	SFR Recorded Plat Lots
	15	23	5	-		
8	9	27	2	-		
		16	18	-		
7	5	9	4	-		
15	29	75	29	-	-	-

Projects Completed in 2013

- Four Corners Square Bldg L (Grocery Outlet)
- Mountain View (Rogneby)
- Greenbrier Crest 1 (Sawyer Crest 1)
- Four Corners Square Bldg H (Johnson's Hardware)
- Rock Creek Meadows Division 3
- Greenbrier Crest 2 (Sawyer Crest 2)
- MV Town Square Bldg M
- Four Corners Square Bldg J & K

City Approved Projects In Progress

1		1	1	4		4	Ridge @ Lake Wilderness
4	4	9	28	19		19	Sun Ridge @ Elk Run Meadows 3
			11	49		49	Logbrook / Reserve @ Maple Valley
			-	25	25	-	Mystic Meadows
			1	75	75	1	Arbors @ Rock Creek Division 1
			-	108		-	Arbors @ Rock Creek Division 2
			1	14	14	1	Jordan's Crossing
			-	10		-	South Fork Maple Plat
			-	44		-	Malloy
			-	22		-	Wilderness Hills 3
			-	16		-	Wilderness Hills 4
			-	59		-	Sun Ridge @ Elk Run 4 Division 1
			-	6		-	Sun Ridge @ Elk Run 4 Division 2
			-			-	Summit Professional Office
			-			-	Four Corners Square Bldg B (Walgreen Drug)
			-			-	Four Corners Square Bldg C (MV Eye Care)
			-			-	Four Corners Square Bldg D (Autozone)
			-			-	Other Previously Approved Plats
2		4	5			-	
7	4	14	47	451	114	74	Total Projects In Progress
103	123	70	-	-			
125	156	159	76	451			
1,563	1,719	1,878	1,954				

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

Taxpayer	Type	2004			2013		
		Assessed Valuation	Rank	% of AV	Assessed Valuation	Rank	% of AV
Four Corners Northeast LFP	Developer	\$ -			\$ 43,885,100	1	1.9%
Four Corners LLC	Retail	14,714,900	1	0.9%	26,409,400	2	1.1%
Wilderness Village Apartments	Apartments	11,800,000	2	0.7%	19,393,000	3	0.8%
KRG Four Corner Square LLC	Developer				16,410,300	4	0.7%
Puget Sound Energy	Utility	8,408,896	4	0.5%	15,162,054	5	0.7%
Hogate Properties	Retail	6,802,600	5	0.4%	11,540,000	6	0.5%
NW Apartment Portfolio II	Apartments	5,569,000	6&10	0.4%	11,521,000	7	0.5%
CMBA No. 6/7	Retail	3,942,316	8	0.3%	10,181,300	8	0.4%
Wilderness Village Properties	Retail	5,442,700	7	0.3%	7,932,700	9	0.3%
Schneider Homes	Developer	3,604,000	3	0.2%	5,820,000	10	0.2%
Nickel & Company LLC	Retail	3,745,536	9	0.2%			0.0%
Subtotal - Ten Largest Taxpayers		64,029,948		4.1%	168,254,854		7.2%
All Other City Taxpayers		1,512,093,052		95.9%	2,164,219,506		92.8%
Total City Taxpayers		<u>\$ 1,576,123,000</u>		<u>100.0%</u>	<u>\$ 2,332,474,360</u>		<u>100.0%</u>

Major Employers ⁽¹⁾		2013 Employees
Tahoma School District	Government	840
Fred Meyer	Retail	245
Safeway	Retail	121
Quality Food Centers	Retail	73
HopJacks	Retail	70
JR Hayes & Sons, Inc	Construction	61
MV Fire & Life Safety	Government	54
Johnson's Home & Garden	Retail	47
City of Maple Valley	Government	41
Gloria's Restaurant	Retail	24

(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, 2013

	Assessed Value	Rate	Debt Capacity	Debt Outstanding	Debt Margin	
					Dollars	%
ASSESSED VALUE	\$ 2,332,474,360					
GENERAL PURPOSES						
Non-Voted Only						
Maximum Debt as a percent of Assessed Value		1.5%				
Non-Voted General Obligation Debt Capacity			\$ 34,987,115			
Less: Outstanding Non-Voted Debt				\$ 5,370,830		
Plus: Amount Available in Special Revenue for Debt Retirement						
Remaining Non-Voted Debt Capacity					\$ 29,616,285	85%
Total Voted and Non Voted						
Maximum Debt as a percent of Assessed Value		2.5%				
Voted General Obligation Debt Capacity			58,311,859			
Less: Outstanding Voted Debt						
Less: Outstanding Non-Voted Debt				5,370,830		
Plus: Amount Available in Special Revenue for Debt Retirement						
Remaining Voted Debt Capacity					52,941,029	91%
TOTAL GENERAL PURPOSES			58,311,859	5,370,830	52,941,029	91%
UTILITY PURPOSES						
Voted						
Maximum Debt as a percent of Assessed Value		2.5%				
Voted General Obligation Debt Capacity			58,311,859			
Less: Outstanding Voted Debt						
Remaining Voted Debt Capacity					58,311,859	
TOTAL UTILITY PURPOSES			58,311,859	-	58,311,859	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			58,311,859			
Less: Outstanding Voted Debt						
Remaining Voted Debt Capacity					58,311,859	
PARKS AND OPEN SPACE AND CAPITAL FACILITIES ASSOCIATED WITH ECONOMIC DEVELOPMENT			58,311,859	-	58,311,859	100%
TOTAL CAPACITY			\$ 174,935,577			
CAPACITY UTILIZED				\$ 5,370,830		
LEGAL DEBT MARGIN					\$ 169,564,747	97%

Source:
 King County Assessor's Office.

City of Maple Valley
Computation of Direct and Overlapping Debt
December 31, 2013

	Assessed Valuation	Debt	Percent Applicable to Maple Valley	Debt Applicable to Maple Valley
DIRECT DEBT				
City of Maple Valley	\$ 2,332,474,360			
General Obligation Bonds Payable		\$ 3,340,000		
Other General Obligation Debt		2,030,830		
Total General Long Term Debt		<u>5,370,830</u>		
Less: Amount Available in Special Revenue Fund for Debt Retirement		<u>-</u>		
Net Direct Debt		<u>5,370,830</u>	100.0%	\$ <u>5,370,830</u>
OVERLAPPING DEBT				
King County	\$ 340,636,795,135	832,466,000	0.68%	5,688,969
Port of Seattle	340,643,616,343	283,815,000	0.68%	1,939,517
King County Library District	210,138,796,451	128,300,000	1.11%	1,421,278
Kent School District	16,523,646,922	182,259,696	0.10%	179,407
Tahoma School District	4,315,795,821	114,655,000	53.56%	61,410,917
Fire District # 43	4,294,457,750	<u>4,010,000</u>	54.21%	<u>2,173,675</u>
Total net overlapping debt		<u>1,545,505,696</u>		<u>72,813,764</u>
Total net direct and overlapping debt		<u>\$ 1,550,876,526</u>		<u>\$ 78,184,594</u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Maple Valley. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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	73,505	122,999	95,448	18,298
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

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

	2004	2005	2006	2007
Population (April 1)	16,280	17,870	19,140	20,020
Unemployment Rate (King County) (1)	4.8%	4.2%	3.8%	3.6%
Personal Income (Estimate)				
Median Household Income Estimate (King County) (1)	61,565	61,225	63,745	65,489
Persons per Household	2.95	2.95	2.95	2.96
Per Capita Personal Income	20,869	20,754	21,608	22,125
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	\$ 1,576,123,000	\$ 1,794,055,783	\$ 2,015,609,742	\$ 2,293,057,004
Net Direct Bonded Debt	\$ 6,148,800	\$ 7,627,896	\$ 7,186,447	\$ 8,164,447
Net Overlapping Debt	32,689,103	32,768,001	32,768,001	32,550,412
Total Net Direct & Overlapping Debt	<u>\$ 38,837,903</u>	<u>\$ 40,395,897</u>	<u>\$ 39,954,448</u>	<u>\$ 40,714,859</u>
City Employees	32.50	36.25	38.20	39.20
City and Contract Employees	46.10	48.93	50.99	51.77
Ratios				
Assessed value per capita	\$ 96,813	\$ 100,395	\$ 105,309	\$ 114,538
Net direct bonded debt per capita	\$ 378	\$ 427	\$ 375	\$ 408
Net direct and overlapping debt per capita	\$ 2,386	\$ 2,261	\$ 2,087	\$ 2,034
Ratio of net direct debt/capita to per capita personal income	1.8%	2.1%	1.7%	1.8%
Ratio of net total debt/capita to per capita personal income	11.4%	10.9%	9.7%	9.2%
Ratio of net direct bonded debt to assessed value	0.4%	0.4%	0.4%	0.4%
Ratio of net direct & overlapping debt to assessed value	2.5%	2.3%	2.0%	1.8%
City employees per 1000 population	2.0	2.0	2.0	2.0
City and Contract Employees 1000 population	2.8	2.7	2.7	2.6

Source:

(1) State of Washington Office of Financial Management

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

2008	2009	2010	2011	2012	2013
20,480	20,840	22,684	22,930	23,340	23,910
5.6%	8.4%	8.2%	7.2%	6.1%	5.2%
67,027	65,877	65,383	66,294	68,313	70,365
2.96	2.96	2.96	2.96	2.96	2.96
22,644	22,256	22,089	22,397	23,079	23,772
			31.4%		32.3%
			6.5%		6.6%
			37.4%		41.1%
			37.0%		29.7%
		84.7%			84.6%
			53.8%		56.8%
\$ 2,579,005,968	\$ 2,446,394,927	\$ 2,437,805,896	\$ 2,296,106,212	\$ 2,143,931,000	\$ 2,332,474,360
\$ 8,168,935	\$ 7,644,314	\$ 7,099,693	\$ 6,540,072	\$ 5,960,451	\$ 5,370,830
33,469,125	29,521,592	32,266,926	26,209,775	24,258,742	72,813,764
\$ 41,638,060	\$ 37,165,906	\$ 39,366,619	\$ 32,749,847	\$ 30,219,193	\$ 78,184,594
38.10	38.00	39.30	39.80	41.05	40.05
50.58	50.59	53.29	57.15	59.40	58.40
\$ 125,928	\$ 117,389	\$ 107,468	\$ 100,135	\$ 91,857	\$ 97,552
\$ 399	\$ 367	\$ 313	\$ 285	\$ 255	\$ 225
\$ 2,033	\$ 1,783	\$ 1,735	\$ 1,428	\$ 1,295	\$ 3,270
1.8%	1.6%	1.4%	1.3%	1.1%	0.9%
9.0%	8.0%	7.9%	6.4%	5.6%	13.8%
0.3%	0.3%	0.3%	0.3%	0.3%	0.2%
1.6%	1.5%	1.6%	1.4%	1.4%	3.4%
1.9	1.8	1.7	1.7	1.8	1.7
2.5	2.4	2.3	2.5	2.5	2.4

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Employee Data										
City Employees										
City Manager	2.00	3.00	3.00	3.00	3.00	3.00	2.00	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	0.75
City Clerk	4.00	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	8.00	8.00	8.00	8.00	8.00	9.00	8.00	8.00	8.00	7.00
Finance	3.50	4.00	3.70	3.70	3.50	3.50	3.80	3.80	3.80	3.80
Information Technology & GIS	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50	2.50
Parks & Recreation	5.75	6.75	4.50	5.50	4.60	5.00	5.00	5.00	6.00	6.00
Public Safety		1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	1.00
Public Works	8.00	8.00	12.50	11.50	11.50	10.00	12.50	12.00	12.00	13.00
Total City Employees	32.50	36.25	38.20	39.20	38.10	38.00	39.30	39.80	41.05	40.05
Contractees										
City Attorney	0.34	0.30	0.64							1.00
Prosecuting Attorney	0.50	0.60	0.32	0.40	0.40	0.40	0.35	0.35	0.35	0.35
Municipal Court Judge	0.09	0.10	0.09	0.09	0.09	0.10	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	1.00
Detective	0.57	0.58	0.64	0.58	0.59	0.44	0.74	1.00	1.00	1.00
Police Officers (1)	10.00	9.00	9.00	9.00	9.00	9.00	9.00	12.00	13.00	13.00
Information Services Consultant	0.20	0.20	0.20	0.60	0.50	0.75	0.90	1.00	1.00	
Total Contractees	13.60	12.68	12.79	12.57	12.48	12.59	13.99	17.35	18.35	18.35
Total Full Time Equivalent Employees	46.10	48.93	50.99	51.77	50.58	50.59	53.29	57.15	59.40	58.40

Source:
City budget document and personnel records.

City of Maple Valley
Operating Indicators by Function
Last Ten Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Community Development										
Single Family Residential Permits	378	452	269	148	98	93	125	156	159	526
Total Inspections	12,900	11,618	9,254	4,595	3,712	2,616	3,234	4,529	5,235	3,230
Parks & Recreation										
Events at Lake Wilderness Lodge	130	252	290	656	835	725	964	1,086	1,183	1,269
Park Rentals & Permits	87	125	129	125	479	681	495	581	534	385
City wide Community Events	7	8	9	10	9	11	11	11	11	11
Classes, Leagues, & Programs	3	7	16	23	25	25	32	34	34	37
Public Safety										
Dispatched Calls for Service	3,449	3,230	3,321	3,162	2,811	3,170	2,862	2,787	3,393	3,479
Crimes (Part 1 & 2)	1,067	929	918	943	914	1,175	912	959	960	910
Cases Closed	120	94	76	78	94	166	70	89	114	93

Source:
 Various City departments.

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Parks & Recreation										
Acres of Parks	127	127	288	288	288	288	288	288	288	288
Public Works										
Lane Miles of Streets	100	108	112	115	118	130	130	130	130	146
Surface Water Facilities	123	131	135	141	144	147	147	147	147	150

Source:
 Various City departments.