



Washington State Auditor's Office

Government that works for citizens

Financial Statements and Federal Single Audit Report

City of Renton

King County

For the period January 1, 2015 through December 31, 2015

Published August 15, 2016

Report No. 1017267





Washington State Auditor's Office

August 15, 2016

Mayor and City Council
City of Renton
Renton, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Renton's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Renton
King County
January 1, 2015 through December 31, 2015

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Renton are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City's compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs:

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.106	Airport Improvement Program
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The City qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**City of Renton
King County
January 1, 2015 through December 31, 2015**

Mayor and City Council
City of Renton
Renton, Washington

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Renton, King County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2016. As discussed in Note 1 to the financial statements, during the year ended December 31, 2015, the City implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, we noted certain matters that we will report to the management of the City in a separate letter dated August 9, 2016.

COMPLIANCE AND OTHER MATTERS

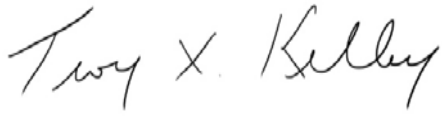
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

June 24, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

**City of Renton
King County
January 1, 2015 through December 31, 2015**

Mayor and City Council
City of Renton
Renton, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the City of Renton, King County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal

program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

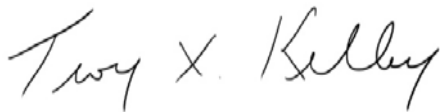
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

August 9, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Renton King County January 1, 2015 through December 31, 2015

Mayor and City Council
City of Renton
Renton, Washington

REPORT ON THE 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 Renton, King County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed on page 16.

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 Renton, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

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 18 through 28, budgetary comparison information on page 93, pension plan information on pages 94 through 101, and information on postemployment benefits other than pensions on pages 102 through 103 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.

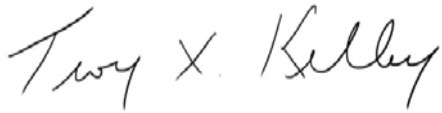
Supplementary and Other Information

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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This schedule 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 basic financial statements. The information has been subjected to the 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 basic financial statements or to the basic 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016 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.

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

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

June 24, 2016

FINANCIAL SECTION

**City of Renton
King County
January 1, 2015 through December 31, 2015**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2015

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2015

Statement of Activities – 2015

Balance Sheet – Governmental Funds – 2015

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net
Position – 2015

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental
Funds – 2015

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities – 2015

Statement of Net Position – Proprietary Funds – 2015

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds –
2015

Statement of Cash Flows – Proprietary Funds – 2015

Statement of Fiduciary Net Position – Fiduciary Funds – 2015

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2015

Notes to Financial Statements – 2015

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
General Fund – 2015

Schedule of the City's Proportionate Share of the Net Pension Liability – PERS Plan 1 –
2015

Schedule of the City's Proportionate Share of Net Pension Liability – PERS Plan 2/3 –
2015

Schedule of the City's Proportionate Share of Net Pension Liability – PSERS Plan 2 –
2015

Schedule of the City's Proportionate Share of Net Pension Liability – LEOFF Plan 1 – 2015

Schedule of the City's Proportionate Share of Net Pension Liability – LEOFF Plan 2 – 2015

Schedule of Employer Contributions – WA Department of Retirement Systems – 2015

Schedule of Changes in Net Pension Liability and Related Ratios – Firefighters' Pension Fund – 2015

Schedule of Employer Contributions – Firefighters' Pension Fund – 2015

Schedule of Funding Progress – LEOFF 1 Retiree Medical Benefits – 2015

Schedule of Employer Contributions – LEOFF 1 Retiree Medical – 2015

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2015

Notes to the Schedule of Expenditures of Federal Awards – 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Renton's management offers this Management's Discussion and Analysis (MD&A), which is an overview and analysis of the City of Renton's financial activities for the year ended December 31, 2015. To best understand the City's financial activities, we encourage readers to consider the information in this discussion and analysis in conjunction with information provided in the letter of transmittal and the basic financial statements.

FINANCIAL HIGHLIGHTS

- As of December 31, 2015, the City of Renton's total assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$870 million. Of this amount, \$102 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Renton's total net position increased \$56 million, due to accumulation of reserves, capital asset acquisitions, and the reduction of long-term debt in both the governmental and business-type activities. This increase was offset by a \$20 million adjustment to beginning net position, as a result of the GASB 68 implementation.
- At the close of the current fiscal year, the City of Renton's governmental funds reported combined fund balances of \$49 million, a decrease of \$1.5 million from 2014. This decrease is due almost entirely to the nearing completion of the two new libraries. The \$5.6 million decrease in the Municipal CIP Fund was offset by \$1.7 million increase in the General Fund and a \$2.4 million increase in Other Governmental Funds.
- Approximately 41% (\$20 million) of the total governmental fund balance is available for spending at the City's discretion (*unassigned fund balance*).
- Total unrestricted fund balance (the total of *committed*, *assigned* and *unassigned fund balance* components) for the general fund was \$21.6 million, which is approximately 21 percent of general fund 2015 expenditures.
- The City of Renton's total outstanding long-term debt decreased by \$7.4 million during the current fiscal year because current resources and grants are being used to finance current operations and capital projects. The City has continued to pay down its current debt obligations without issuance of new debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements provide both long-term and short-term information about the City's overall financial status, in a manner similar to a private-sector business.

Statement of Net Position – The first of these government-wide statements is the statement of net position. The statement of net position presents the City’s assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 is improving or deteriorating.

Statement of Activities – The second government-wide statement is the statement of activities, which reports how the City’s net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (ex. uncollected taxes and compensated absences). An important purpose of the design of the statement of activities is to show the financial reliance of the City’s distinct activities or functions on revenues provided by the City’s taxpayers. Another indicator to consider when evaluating the financial position of the City includes changes to the property tax base, general economic conditions as demonstrated through business licenses fees or sales tax revenue, and the condition of the City’s infrastructure (roads, drainage systems, bridges, and water infrastructure).

Both of the government-wide financial statements distinguish governmental activities of the City (activities principally supported by taxes and intergovernmental revenue), and business-type activities of the City (activities that are intended to recover all, or a significant portion, of their costs through user fees and charges). Governmental activities include general government, judicial, public safety, utilities, transportation, economic environment, health and human services, and culture and recreation. The equipment rental and insurance internal service funds are also reported as governmental activities. The business-type activities include the waterworks utility, solid waste, airport, and golf course funds. The government-wide financial statements can be found on page 4-1 and 4-2 of this report.

Fund Financial Statements

The City uses fund structure to ensure and demonstrate fiscal integrity and compliance with finance-related legal requirements. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities and objectives. There are three types of funds: governmental, proprietary, and fiduciary. The fund financial statements focus on major funds separately while all others are combined into a single aggregated presentation. Individual data for non-major funds is presented in a following section, Combining Statements.

Governmental Funds – The governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the focus of governmental fund financial statements is on *near-term* inflows and outflows of available financial resources and on balances of resources available at the end of the fiscal year. Such information is useful in evaluating whether there are more or less financial resources that can be used in the near future to finance City services.

Because the focus of governmental fund financial statements is a narrower view than that of the government-wide financial statements, it is useful to compare similar information in order to gain a better understanding of the long-term impact of the government’s near-term financing decisions. The Reconciliation of the Balance Sheet and Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund reconciles to the differences between the governmental fund statements and the governmental activities column in the

government-wide statements.

The City maintains thirteen individual governmental funds. Information for the City's major governmental funds (general and municipal facilities CIP) are presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance. Data from the other eleven funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is presented in the combining statements section of this report.

The City maintains budgetary controls over its governmental funds. Budgetary controls ensure compliance with legal provisions embodied in the annual appropriated budget. Governmental fund budgets are established in accordance with state law and are adopted on a fund level. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 4-3 and 4-5 of this report.

Proprietary Funds – The proprietary fund statements present information for two types of funds. Enterprise funds operate as business-type activities in the government-wide statements and include the waterworks utility, solid waste, golf course, and airport funds. The other proprietary fund types are internal service funds. Internal service funds are used to report activities that provide supplies and services to various City departments and to allocate the associated costs of providing these services to the various governmental and enterprise functions. The revenues and expenses of internal service funds that support governmental activities are eliminated in the government-wide statements and the remaining activity is combined within the governmental activities in the government-wide statements.

The proprietary fund statements provide the same information as the government-wide financial statements, only in more detail. The City reports the activity of its two major enterprise funds, waterworks utility (water, wastewater, and storm water) and solid waste separately. Information from the remaining non-major enterprise funds are combined and presented in a single, aggregated column in the fund statements. Internal service funds are also aggregated and reported separately in this section. The basic proprietary fund financial statements can be found on pages 4-7 through 4-11 of this report.

Fiduciary Funds – Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found on pages 4-12 and 4-13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided and are an integral part of the government-wide and fund financial statements. The notes to the financial statements can be found pages 4-14 through 4-64 of this report.

Other information

In addition to the basic finance statements and accompanying notes, this report also presents:

1. Required Supplemental Information (RSI)

RSI provides budgetary comparisons for the general fund as well as the City's funding progress for the Firefighters' Pension Trust Fund and Other Post-Employment Benefits (LEOFF 1 Retiree Medical). RSI can be found on page 5-1 through 5-11 of this report.

2. Combining Statements

The combining statements provide additional detail for other government funds, internal service funds, and fiduciary funds. Combining and individual fund statements and schedules can be found on page 6-1 through 6-38 of this report.

3. Statistical Information

This section includes unaudited trends and demographic information. The statistical section can be found on page 7-1 through 7-30 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following is a summary of the City's net position as of December 31, 2015, with comparison to 2014:

CONDENSED STATEMENT OF NET POSITION						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 103,844,702	\$ 102,771,005	\$ 64,451,824	\$ 49,158,273	\$ 168,296,526	\$ 151,929,278
Capital assets	507,238,591	489,713,377	301,440,771	288,260,108	808,679,362	777,973,485
Other non-current assets	54,357,626	42,299,143	58,925	68,032	54,416,551	42,367,175
TOTAL ASSETS	665,440,919	634,783,525	365,951,520	337,486,413	1,031,392,439	972,269,938
Deferred Outflows of Resources	5,467,360	313,863	1,537,142	935,723	7,004,502	1,249,586
Long-term liabilities	105,387,530	86,909,577	37,623,881	34,252,057	143,011,411	121,161,634
Other liabilities	13,939,868	14,802,932	3,740,725	3,687,697	17,680,593	18,490,629
TOTAL LIABILITIES	119,327,398	101,712,509	41,364,606	37,939,754	160,692,004	139,652,263
Deferred Inflows of Resources	6,780,859	-	867,175	-	7,648,034	-
NET POSITION:						
Net Investment in Capital Assets	467,609,532	457,337,430	271,016,825	255,631,135	738,626,357	712,968,565
Restricted	26,987,147	18,973,294	2,909,578	2,909,578	29,896,725	21,882,872
Unrestricted	50,203,343	57,074,155	51,330,478	41,941,669	101,533,821	99,015,824
TOTAL NET POSITION	\$ 544,800,022	\$ 533,384,879	\$ 325,256,881	\$ 300,482,382	\$ 870,056,903	\$ 833,867,261

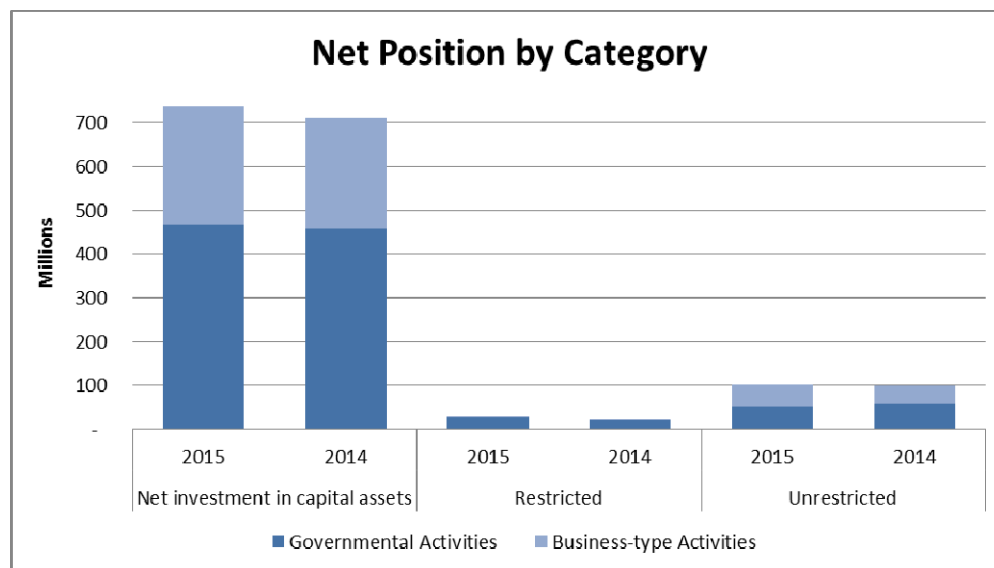
As noted earlier, the change in net position over time, may serve as a useful indicator of a government's financial situation. At the close of the most recent fiscal year, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$870 million.

As of December 31, 2015, the City's overall financial net position was \$870 million, a \$36 million increase over 2014. \$739 million (85%) of total net position increase reflects the City's investment in capital, net of related debt that was used to acquire those assets. The City uses these assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although investment in capital assets are reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total restricted net position accounts for \$30 million of the City's net position, which is an \$8 million increase (37%) over 2014. This entire increase is a result of the City's adoption of GASB 68 and 71, which now requires the presentation of the City's net pension asset, which totals \$19 million. The increase in restricted net

position due to the addition of net pension asset was offset by the 2015 spending of \$12 million in bond proceeds for new library construction. In 2014, these unspent bond proceeds were restricted. The remaining \$101 million of net position is unrestricted may be used to meet the government's ongoing obligations for governmental and business type activities (\$50 million and \$51 million, respectively).

At the end of the current fiscal year, the City reports a positive net position in all net position categories, for both governmental activities and business-type activities. The same held true for the prior fiscal year. Further, all categories of net position *increased* in the current fiscal year. The following is a comparison summary of the City's net position at fiscal year end.



Statement of Activities and Change in Net Position

Citywide revenue increased by \$17.8 million, or 8%. Most which is attributed to an increase in capital grants and contributions. Due to increased developer activity, the City had a \$13.7 million increase in developer contributed capital. The remaining increase comes from a general governmental taxes – most notably a \$2 million increase in retail sales tax, \$2 million increase in business taxes (a direct result of city-contracted utility tax audits), and a \$1 million increase in excise tax.

Combined citywide service expenses totaled \$179 million for 2015, a \$5.8 million increase from 2014. Governmental activities increased by \$3.4 million (or 3%) while business activities increased by \$2.4 million (or 2%). The increases in both governmental and business-type activities is related to general increase in operating costs, which are most significantly impacted by incremental increases in employee salary and benefit costs.

The resulting change in net position was an increase in 2015 by \$56 million: \$25 million from governmental activities and \$31 million from business-type activities. These increases were offset by adjustments due to changes in accounting principal (GASB 68) and the net increases were \$11 million and \$25 million for governmental activities and business type activities, respectively.

The following is a condensed summary statement of activities and change in net position as of December 31, 2015, with comparison to 2014.

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 27,304,155	\$ 24,243,954	\$ 75,326,914	\$ 73,445,602	\$ 102,631,069	\$ 97,689,556
Operating grants and contributions	6,614,030	6,422,816	704,367	1,108,920	7,318,397	7,531,736
Capital grants and contributions	8,658,075	11,640,501	23,291,274	12,531,671	31,949,349	24,172,172
Taxes and other general revenues:						-
Property taxes	35,418,323	35,112,669	-	-	35,418,323	35,112,669
Sales taxes	29,567,506	27,223,521	-	-	29,567,506	27,223,521
Other Taxes	26,297,852	23,170,890	-	-	26,297,852	23,170,890
Other general revenue	1,900,565	1,699,802	(438,189)	221,261	1,462,376	1,921,063
Total revenues	135,760,506	129,514,153	98,884,366	87,307,454	234,644,872	216,821,607
Expenses:						
General government	9,829,338	10,730,427	-	-	9,829,338	10,730,427
Judicial	2,342,557	2,406,797	-	-	2,342,557	2,406,797
Public safety	57,863,131	55,143,750	-	-	57,863,131	55,143,750
Utilities	694,469	746,363	-	-	694,469	746,363
Transportation	15,918,953	14,641,476	-	-	15,918,953	14,641,476
Economic and natural environment	7,362,822	6,584,984	-	-	7,362,822	6,584,984
Health and human services	1,925,253	1,885,761	-	-	1,925,253	1,885,761
Culture and recreation	13,636,384	12,338,932	-	-	13,636,384	12,338,932
Interest on long-term debt	1,247,934	2,932,298	-	-	1,247,934	2,932,298
Waterworks utility	-	-	44,983,542	43,274,617	44,983,542	43,274,617
Airport	-	-	3,818,201	2,771,616	3,818,201	2,771,616
Solid waste utility	-	-	16,907,652	17,157,550	16,907,652	17,157,550
Golf course	-	-	2,200,740	2,298,804	2,200,740	2,298,804
Total expenses	110,820,841	107,410,788	67,910,135	65,502,587	178,730,976	172,913,375
Increase in net position before transfers	24,939,665	22,103,365	30,974,231	21,804,867	55,913,896	43,908,232
Transfers	131,491	449,362	(131,491)	(449,362)	-	-
Increase in net position	25,071,156	22,552,727	30,842,740	21,355,505	55,913,896	43,908,232
Net position - beginning	533,384,879	510,832,152	300,482,382	279,126,877	833,867,261	789,959,029
Change in Accounting Principles	(13,656,013)	-	(6,068,241)	-	(19,724,254)	-
Net position - ending	\$ 544,800,022	\$ 533,384,879	\$ 325,256,881	\$ 300,482,382	\$ 870,056,903	\$ 833,867,261

Governmental Activities Analysis

Governmental activities cost a total of \$110.8 million in 2015 against program generated revenue (excluding taxes and other general revenue) of \$42.5 million. Program revenues support 38 percent of the governmental program costs, while the remaining 62 percent of governmental program costs are supported by general revenues (taxes and other general revenue). Compared to 2014, governmental activities cost \$107.4 million (\$3.4 million increase) and program revenues totaled \$42.3 million (\$200 thousand increase).

Chart 1 portrays the extent that the cost of each of the City's governmental programs is supported by its own program generated revenue (fees, intergovernmental revenues, and contributions specifically related to that program). Public safety accounts for 53 percent of the total governmental activity costs, but generates the lowest percentage of program revenues compared to any other program (18 percent). Conversely, judicial recovered all of their costs in 2015 through program revenues, which consist of traffic citations, parking

citations, criminal charges, miscellaneous court fees, and red light camera fees.

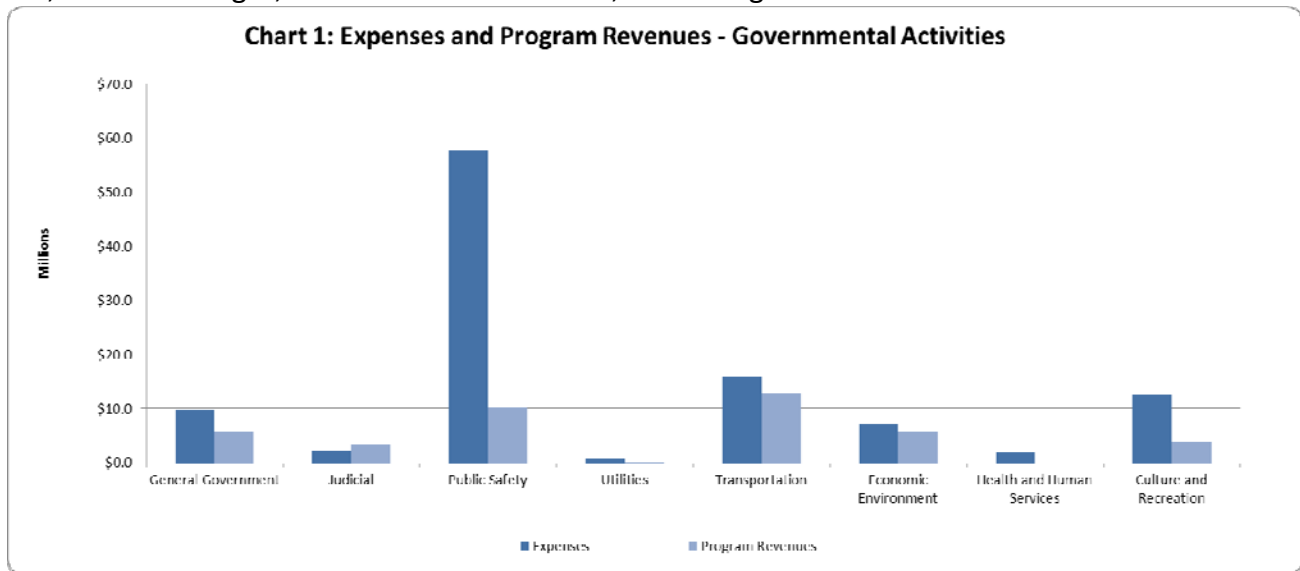
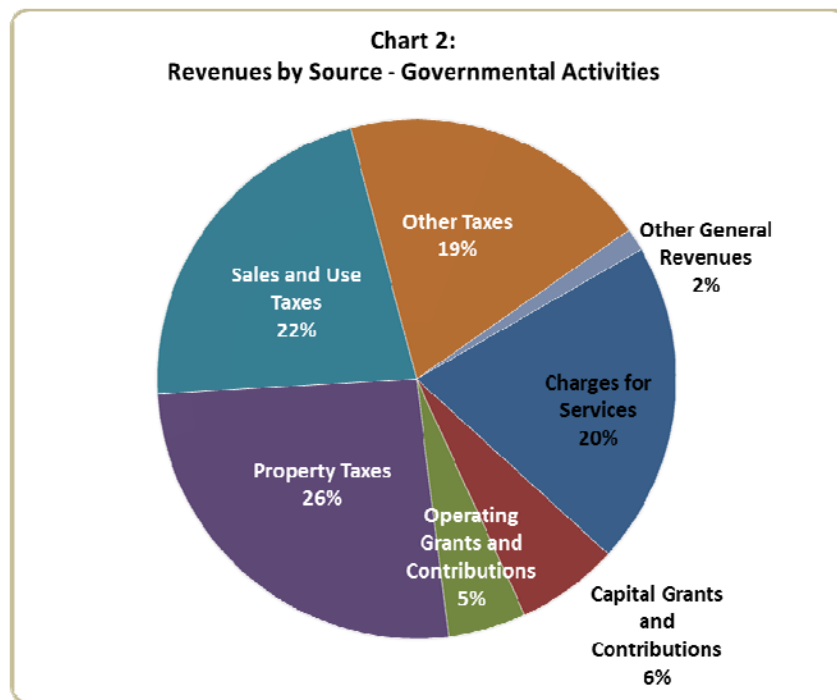


Chart 2 depicts the source breakdown for all revenues that fund governmental activities.

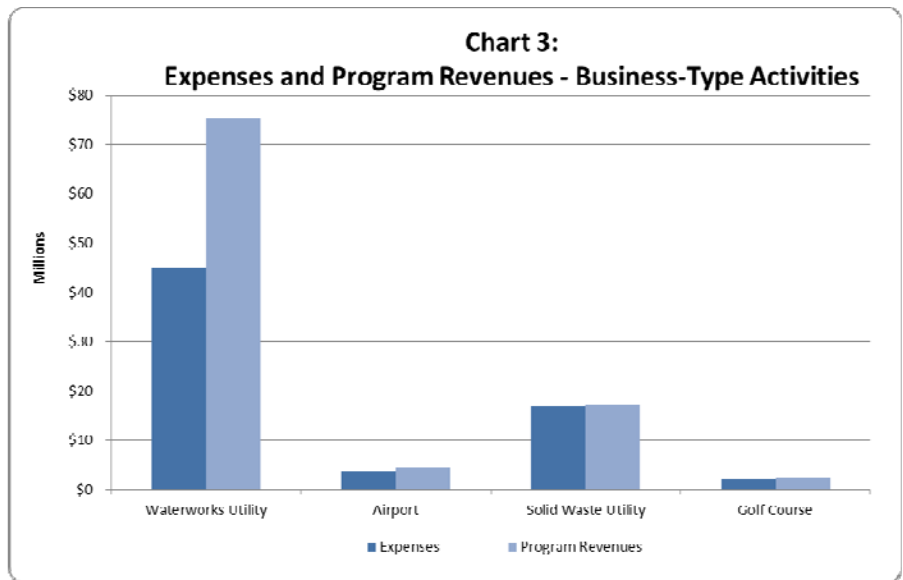


Approximately sixty seven percent of the total governmental activity revenues come from taxes. The City's largest governmental revenue source is property tax (26 percent) and second largest source is retail sales tax (22 percent). Other general revenue sources accounts for 19 percent of the City's general governmental revenue (includes business license fees, excise tax, interest, and miscellaneous revenue). While program specific charges for services, grants and contributions generate thirty three percent of total revenue for general governmental activities. As a result, the general economy have a major impact on the City's revenue streams.

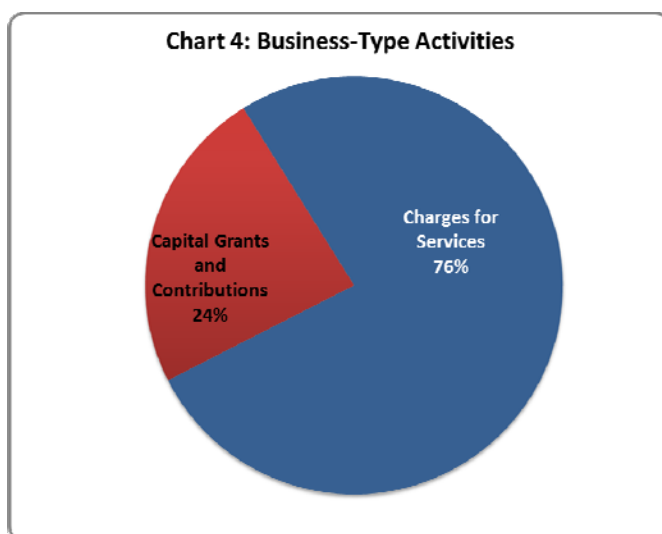
Business-Type Activities Analysis

Since the primary source of revenue for business-type activities is user fees and charges, there is much less disparity between program costs and related program revenue. Chart 3 shows the expense of each of the City's business-type program along with each programs' revenue (fees and intergovernmental revenues specifically related to that program).

The *Waterworks Utility* generated \$53 million in fees for services, while operating and debt service costs were \$45 million. In addition, the waterworks utility received \$22 million in grants, contributions, and capital contributions from developers, for a combined increase in net position of \$30 million. The operating balance is necessary for future planned system infrastructure replacements, repairs, and enhancements. Compared to 2014, the waterworks utility collected \$51 million in operating revenue (\$2 million increase) and costs were \$43 million (\$2 million increase).



The *Solid Waste Utility* generated \$17.3 million in total revenue and incurred \$16.9 million in program expenses, resulting in a positive increase in net position of \$0.4 million.



The *Airport* generated a total of \$2.6 million in revenue from charges for services and \$3.8 million in expenses 2015. In addition, the airport collected \$1.9 million in revenue from grants and contributions, which resulted in a \$.7 million increase in net position.

The *Golf Course* generated a total of \$2.3 million in green fees, driving range charges, and other user fees. The total expenses for the Golf Course were \$2.2 million. The Golf Course had an operating gain of \$102,000 for the year. The golf course's operating position improved for the first time in 2015 over prior years, mainly due to the final pay-off of long term debt.

Chart 4 illustrates the source of revenue for Business-type activities; which are supported primarily from charges for services. Charges for services generated \$75 million, or 76 percent, of the total revenue sources, while grant revenue and contributions generated 24 percent of the total revenue sources. This is a \$1.9 million (2.6 percent) increase in charges for services and a \$10 million (76 percent) increase in grants and contributions from 2014. As mentioned earlier, the large increase in grants and contributions is related the

large amount of developer contributed capital the City received, as a result of increased development activity.

FUND FINANCIAL ANALYSIS

Governmental Funds

The governmental fund statements provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's ability to meet financing requirements in the near term. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund – At the end of the fiscal year, the City had a fund balance of \$21.7 million, which is an increase of \$1.7 million from 2014. The increase is due to general economic improvements, which have provided moderate increases over 2014 in taxes (up 10.5 percent), permitting and licensing revenue (up 12.8 percent), and charges for services (up 13.2 percent). Overall, general fund revenues increased \$10 million (10 percent) over 2014.

The Municipal Facilities Capital Improvement Project (CIP) Fund – includes the library development funds as well as general governmental capital facilities fund. Overall revenue increased \$325,000 (9 percent) over 2014 and this was attributed to more real estate excise tax collections by the City in this fund and the collection of FEMA grant funds. Of the \$14.4 million fund balance; \$565,000 is restricted, unspent real estate excise taxes, and King County parks levy funds; \$13.4 million is committed to capital parks, library, and facilities projects; and the remaining \$494,000 is assigned for general capital purposes.

Proprietary Funds

The proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The analysis for the proprietary funds is found within the business-type activities analysis and discussion above. The proprietary fund statements also include a column for internal services fund activities in aggregate. These activities are consolidated with general governmental activities in the government-wide statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City uses a biennial budget process that adopts two one-year budgets at one time. 2015 was the first year of the 2015-16 biennium. The original 2015 general fund adopted budget was \$107 million and the final adjusted budget was \$116 million. The increase was a combination of several items: \$1.3 million transferred into the risk management fund to enhance the City's stabilization funds, \$3.75 million transferred to the municipal facilities fund to help acquire additional park land, and \$800 thousand transferred to the capital improvement fund for the Sunset Lane project.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Renton's investment in capital assets, including construction in progress and net of accumulated depreciation, for governmental and business-type activities amounts to \$809 million as of December 31, 2015, compared to \$778 million in 2014.

	CAPITAL ASSETS (Net of Depreciation/Amortization)					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and Land Improvements	\$ 204,852,858	\$ 203,649,159	\$ 6,150,056	\$ 6,163,466	\$ 211,002,914	\$ 209,812,625
Buildings and Structures	56,334,942	57,471,519	9,823,177	10,268,098	66,158,119	67,739,617
Infrastructure	176,956,421	175,799,722	270,753,625	249,703,078	447,710,046	425,502,800
Machinery and Equipment	11,812,573	10,442,765	924,521	619,902	12,737,094	11,062,667
Intangible Assets	552,271	511,489	1,134,803	1,184,455	1,687,074	1,695,944
Construction in Progress	56,729,526	42,935,474	12,654,589	20,321,109	69,384,115	63,256,583
Total	<u>\$ 507,238,591</u>	<u>\$ 490,810,128</u>	<u>\$ 301,440,771</u>	<u>\$ 288,260,108</u>	<u>\$ 808,679,362</u>	<u>\$ 779,070,236</u>

The increase of \$30 million in 2015 is mostly attributed to \$22 million in infrastructure additions, which was almost exclusively developer contributed capital. There was also increase activity in Construction in Progress (CIP) capital, which increased of \$6.1 million, net of projects completed in 2015 and reclassified out of CIP. There were several CIP projects completed and reclassified during 2015 (\$16.4 million). The most significant CIP completions and reallocations in 2015 included: Garden Ave. Widening (\$2.9 million), Taxiway Bravo (\$10.7 million), and the Airport Lift Station Rehab (\$1.2 million). More detail about the City's Capital Assets can be found in Note 5 to the financial statements.

As of December 31, 2015, depreciable capital assets for governmental activities were 36 percent depreciated, slightly below the 2014 rate of 37 percent. This comparison indicates the City is replacing its assets at approximately the same rate they are depreciating, which is a positive indicator.

Debt Administration

	LONG-TERM DEBT					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 35,945,000	\$ 40,135,001	\$ -	\$ -	\$ 35,945,000	\$ 40,135,001
Revenue Bonds	-	-	27,175,783	28,760,000	27,175,783	28,760,000
Other Long-Term Debt	33,203,128	34,470,753	3,248,163	3,951,670	36,451,291	38,422,423
Unamortized Premium (Discount)	1,454,331	1,747,831	(69,217)	(82,699)	1,385,114	1,665,132
Employee Benefits	33,312,198	10,242,130	6,410,514	687,363	39,722,712	10,929,493
Total	<u>\$ 103,914,657</u>	<u>\$ 86,595,715</u>	<u>\$ 36,765,243</u>	<u>\$ 33,316,334</u>	<u>\$ 140,679,900</u>	<u>\$ 119,912,049</u>

The City's total outstanding debt at December 31, 2015, was \$141 million, a \$21 million (17 percent) increase from the prior year which is attributed to the addition of \$26.8 million in net pension liability, which is now required by the adoption of GASB 68. Offsetting the large increase related to the addition of net pension, was the payment of \$5.6 million in general obligation bond principal, \$2.0 million in revenue bond principal, and a \$0.7 million in Public Works Trust Fund Loan principal. More detailed information about the City's long-term debt can be found in Note 11 to the financial statements.

The City's AA+ general obligation debt rating was reaffirmed by both Fitch and Standard in early 2015 and maintains its AA+ revenue bond rating from Fitch (July 2014).

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide our citizens, creditors, investors, and others interested in the City's finances with a general overview of the City's finances and to show the City's accountability for financial resources it receives. If you have any questions about this report or need additional information, please contact Iwen Wang, Administrative Services Administrator, 1055 South Grady Way, Renton, WA 98057 or visit our web site at www.rentonwa.gov.

STATEMENT OF NET POSITION
DECEMBER 31, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 55,360,863	\$ 32,274,301	\$ 87,635,164
Cash with fiscal agent	435,591	-	435,591
Investments at fair value	30,148,672	19,179,859	49,328,531
Receivables (net of allowance for uncollectibles)	17,665,944	9,701,950	27,367,894
Inventories	180,632	386,136	566,768
Prepayments	53,000	-	53,000
Other non-current assets:			
Special assessments	6,961	58,925	65,886
Net pension asset	18,989,716	-	18,989,716
Investment in joint ventures (net)	35,360,949	-	35,360,949
Restricted assets:			
Cash and cash equivalents	-	2,909,578	2,909,578
Capital assets not being depreciated:			
Land	204,852,858	6,150,056	211,002,914
Construction in progress	56,729,526	12,654,589	69,384,115
Capital assets, net of accumulated depreciation:			
Buildings	56,334,942	9,823,177	66,158,119
Infrastructure	176,956,421	270,753,625	447,710,046
Machinery and equipment	11,812,573	924,521	12,737,094
Intangibles	552,271	1,134,803	1,687,074
Total assets	<u>665,440,919</u>	<u>365,951,520</u>	<u>1,031,392,439</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	4,370,470	690,615	5,061,085
Deferred amount on refunding	1,096,890	846,527	1,943,417
Total deferred outflows of resources	<u>5,467,360</u>	<u>1,537,142</u>	<u>7,004,502</u>
LIABILITIES			
Accounts payable and other current liabilities	11,875,812	3,118,939	14,994,751
Interest payable	499,150	95,614	594,764
Unearned revenue	1,564,906	526,172	2,091,078
Non-current liabilities:			
Due within one year	8,590,467	2,291,350	10,881,817
Due in more than one year	96,797,063	35,332,531	132,129,594
Total liabilities	<u>119,327,398</u>	<u>41,364,606</u>	<u>160,692,004</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	6,780,859	867,175	7,648,034
Total deferred inflows of resources	<u>6,780,859</u>	<u>867,175</u>	<u>7,648,034</u>
NET POSITION			
Net investment in capital assets	467,609,532	271,016,825	738,626,357
Restricted			
Grants and contributions	91,051	-	91,051
Special purpose taxes & assessments	6,383,125	-	6,383,125
Debt service	1,523,255	2,909,578	4,432,833
Pensions	18,989,716	-	18,989,716
Unrestricted	50,203,343	51,330,478	101,533,821
Total net position	<u>\$ 544,800,022</u>	<u>\$ 325,256,881</u>	<u>\$ 870,056,903</u>

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	TOTAL
Primary government:							
Governmental activities:							
General government	\$ 9,829,338	\$ 4,354,150	\$ 1,413,981	\$ -	\$ (4,061,207)	\$ -	\$ (4,061,207)
Judicial	2,342,557	3,476,485	21,886	-	1,155,814	-	1,155,814
Public safety	57,863,131	7,677,351	2,751,684	-	(47,434,096)	-	(47,434,096)
Utilities	694,469	668	-	174,000	(519,801)	-	(519,801)
Transportation	15,918,953	3,823,320	2,140,955	7,000,861	(2,953,817)	-	(2,953,817)
Economic and natural environment	7,362,822	5,641,135	146,455	-	(1,575,232)	-	(1,575,232)
Health and human services	1,925,253	-	-	-	(1,925,253)	-	(1,925,253)
Culture and recreation	13,636,384	2,331,046	139,069	1,483,214	(9,683,055)	-	(9,683,055)
Interest on long-term debt	1,247,934	-	-	-	(1,247,934)	-	(1,247,934)
Total governmental activities	110,820,841	27,304,155	6,614,030	8,658,075	(68,244,581)	-	(68,244,581)
Business-type activities:							
Waterworks utility	44,983,542	53,263,702	377,625	21,638,905	-	30,296,690	30,296,690
Airport	3,818,201	2,614,311	215,054	1,652,369	-	663,533	663,533
Solid waste utility	16,907,652	17,146,266	111,688	-	-	350,302	350,302
Golf course	2,200,740	2,302,635	-	-	-	101,895	101,895
Total business-type activities	67,910,135	75,326,914	704,367	23,291,274	-	31,412,420	31,412,420
Total primary government	\$ 178,730,976	\$ 102,631,069	\$ 7,318,397	\$ 31,949,349	(68,244,581)	31,412,420	(36,832,161)
General revenues:							
Taxes:							
Property taxes					35,418,323	-	35,418,323
Retail sales taxes					29,567,506	-	29,567,506
Business taxes					20,561,270	-	20,561,270
Excise taxes					5,736,582	-	5,736,582
Interest and investment earnings					1,303,414	225,515	1,528,929
Miscellaneous					580,042	38,014	618,056
Gain (loss) on sale of capital assets					17,109	(701,718)	(684,609)
Transfers					131,491	(131,491)	-
Total general revenues and transfers					93,315,737	(569,680)	92,746,057
Change in net position					25,071,156	30,842,740	55,913,896
Net position - January 1					533,384,879	300,482,382	833,867,261
Change in accounting principles - GASB 68					(13,656,013)	(6,068,241)	(19,724,254)
Net position - January 1, restated					519,728,866	294,414,141	814,143,007
Net position - December 31					544,800,022	325,256,881	870,056,903

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

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	GENERAL	MUNICIPAL FACILITIES CIP	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash & cash equivalents	\$ 13,018,604	\$ 9,165,524	\$ 7,669,542	\$ 29,853,670
Cash with fiscal agent	435,591	-	-	435,591
Investments at fair value	7,066,552	4,996,420	4,180,913	16,243,885
Receivables (net of allowances):				
Taxes	2,313,328	-	-	2,313,328
Customer accounts	5,535,722	223	3,714	5,539,659
Accrued interest & penalties	63,595	77,542	50,701	191,838
Special assessments	-	-	9,236	9,236
Due from other funds	-	570,977	570,977	1,141,954
Due from other governmental units	5,902,140	191,959	3,365,823	9,459,922
TOTAL ASSETS	34,335,532	15,002,645	15,850,906	65,189,083
DEFERRED OUTFLOWS OF RESOURCES				
	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 34,335,532	\$ 15,002,645	\$ 15,850,906	\$ 65,189,083
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,816,996	\$ 507,997	\$ 1,536,643	\$ 3,861,636
Taxes payable	42,597	-	-	42,597
Retainage payable	3,155	67,637	337,741	408,533
Due to other funds	1,141,954	-	-	1,141,954
Due to other governmental units	30,384	-	-	30,384
Matured interest payable	-	-	1,920	1,920
Interfund loans payable	875,000	-	146,298	1,021,298
Custodial accounts	197,957	-	-	197,957
Unearned revenues	296,409	-	1,266,774	1,563,183
Accrued wages and benefits payable	2,838,402	-	-	2,838,402
Total liabilities	7,242,854	575,634	3,289,376	11,107,864
DEFERRED INFLOWS OF RESOURCES				
Deferred amount of special assessments	-	-	9,236	9,236
Unavailable revenues	5,308,144	209	2,429	5,310,782
TOTAL DEFERRED INFLOWS OF RESOURCES	5,308,144	209	11,665	5,320,018
FUND BALANCES				
Restricted	156,105	565,468	7,275,858	7,997,431
Committed	1,185,085	13,367,696	2,476,776	17,029,557
Assigned	260,342	493,638	2,797,231	3,551,211
Unassigned	20,183,002	-	-	20,183,002
TOTAL FUND BALANCES	21,784,534	14,426,802	12,549,865	48,761,201
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 34,335,532	\$ 15,002,645	\$ 15,850,906	\$ 65,189,083

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

RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 48,761,201

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

Other non-current assets and deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Investment in Joint Venture-SCORE	31,416,070	
Investment in Joint Venture-Valley Communications	3,944,879	
Net pension assets	18,989,716	
Deferred outflows related to pensions	<u>3,926,722</u>	58,277,387

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Land	204,852,858	
Construction in progress	56,653,045	
Buildings (net of accumulated depreciation)	55,335,172	
Infrastructure (net of accumulated depreciation)	176,790,394	
Machinery and equipment (net of accumulated depreciation)	1,061,390	
Intangible assets (net of accumulated amortization)	<u>46,565</u>	494,739,424

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Property tax revenue	566,898	
Municipal court revenue	1,039,867	
Photo enforcement revenue	3,432,485	
Other	<u>280,768</u>	5,320,018

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Interest payable	(497,230)	
Bonds payable and deferred amounts on refunding	(70,602,459)	
Compensated absences	(5,339,522)	
Other post employment benefits	(6,839,826)	
Net pension liabilities	(17,349,767)	
Deferred inflows related to pensions	<u>(6,211,994)</u>	(106,840,798)

Accrued pension expense reported in the governmental funds is not included in the calculation of the net pension liability.

160,317

Internal service funds are used by management to charge the costs of certain activities, such as equipment rental, self-insurance, information technology and facility services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

44,382,473

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 544,800,022

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	GENERAL	MUNICIPAL FACILITIES CIP	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 82,385,005	\$ 2,271,945	\$ 6,760,937	\$ 91,417,887
Licenses and permits	5,895,503	465,837	2,179,750	8,541,090
Intergovernmental revenues	4,972,116	1,216,548	4,358,133	10,546,797
Charges for services	11,101,008	3,870	2,232,413	13,337,291
Fines and forfeits	3,022,849	-	26,693	3,049,542
Interfund revenues	296,649	-	-	296,649
Contributions	158,292	-	29,324	187,616
Investment earnings	959,200	84,035	65,337	1,108,572
Miscellaneous revenues	1,992,368	621	1,543	1,994,532
TOTAL REVENUES	110,782,990	4,042,856	15,654,130	130,479,976
EXPENDITURES				
Current:				
General government	11,223,964	110,521	-	11,334,485
Judicial	2,461,668	-	-	2,461,668
Public safety	58,211,446	-	-	58,211,446
Utilities	236,245	-	-	236,245
Transportation	9,002,030	-	1,896,904	10,898,934
Economic environment	6,271,302	140,096	216,738	6,628,136
Health and human services	1,876,841	-	-	1,876,841
Culture and recreation	11,396,257	823,497	30,989	12,250,743
Capital outlay:				
General government	649,532	111,868	-	761,400
Public safety	16,070	-	-	16,070
Transportation	45,695	-	5,328,566	5,374,261
Culture and recreation	12,989	14,109,465	-	14,122,454
Debt service:				
Principal payments	-	-	4,834,225	4,834,225
Interest and fiscal charges	-	-	1,660,586	1,660,586
TOTAL EXPENDITURES	101,404,039	15,295,447	13,968,008	130,667,494
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,378,951	(11,252,591)	1,686,122	(187,518)
OTHER FINANCING SOURCES (USES)				
Transfer in	5,000	5,622,264	3,199,365	9,326,629
Transfer (out)	(7,668,610)	(32,322)	(2,585,111)	(10,786,043)
Refunding bonds issued	-	-	12,520,000	12,520,000
Premium on general obligation debt	-	-	1,171,804	1,171,804
Payment to refunded bond escrow agent	-	-	(13,573,341)	(13,573,341)
Insurance recoveries	14,724	-	-	14,724
TOTAL OTHER FINANCE SOURCES (USES)	(7,648,886)	5,589,942	732,717	(1,326,227)
NET CHANGE IN FUND BALANCE	1,730,065	(5,662,649)	2,418,839	(1,513,745)
FUND BALANCE JANUARY 1	20,054,469	21,186,202	10,131,026	51,371,697
Prior Period Adjustment	-	(1,096,751)	-	(1,096,751)
FUND BALANCES JANUARY 1 RESTATED	20,054,469	20,089,451	10,131,026	50,274,946
FUND BALANCE DECEMBER 31	\$ 21,784,534	\$ 14,426,802	\$ 12,549,865	\$ 48,761,201

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (1,513,745)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period plus losses on capital assets from the sale of land and equipment.

Capital expenditures	20,274,185	
Depreciation and amortization expense	(9,565,017)	
Loss on disposal of assets	<u>(8,601)</u>	10,700,567

Governmental funds report pension expenditures when due and payable from current financial resources. However, in the statement of activities, pension expense is measured by the change in the net pension assets, net pension liabilities, and related deferred outflows and inflows. This is the net difference in pension expense.

2,652,021

Donations of property and infrastructure from developers are not reported in the governmental funds. However, in the statement of activities, the fair market value of those assets is recognized as revenue.

3,779,388

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. Unavailable revenue increased by this amount.

333,101

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and refundings when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

2,613,724

Increase (decrease) in Investment in Joint Ventures which do not provide current financial resources and, therefore, are not reported in the funds.

Equity interest-SCORE	136,621	
Equity interest-Valley Communications	<u>470,862</u>	607,483

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds are reported with governmental activities.

5,898,617

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 25,071,156

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

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
ASSETS					
Current assets:					
Cash & cash equivalents	\$ 29,062,337	\$ 2,209,951	\$ 1,002,013	\$ 32,274,301	\$ 25,507,193
Investments at fair value	17,428,915	1,204,715	546,229	19,179,859	13,904,787
Receivables (net of allowances):					
Customer accounts	5,414,901	1,774,272	79,525	7,268,698	9,948
Special assessments	83,490	-	-	83,490	-
Interest - investments	141,214	12,207	9,124	162,545	145,530
Interfund loan receivable	-	-	-	-	321,298
Due from other governmental units	1,418,455	114,591	654,171	2,187,217	3,444
Inventory of materials and supplies	326,439	-	59,697	386,136	180,632
Prepayments	-	-	-	-	53,000
Total current assets	53,875,751	5,315,736	2,350,759	61,542,246	40,125,832
Noncurrent assets:					
Restricted cash & cash equivalents	2,909,578	-	-	2,909,578	-
Special assessments-non-current	58,925	-	-	58,925	-
Advances to other funds	-	-	-	-	700,000
Capital assets not being depreciated:					
Land	2,682,776	-	3,467,280	6,150,056	-
Construction in progress	11,023,212	-	1,631,377	12,654,589	76,481
Capital assets, net of accumulated depreciation:					
Buildings, improvements and equipment	256,120,972	-	25,380,351	281,501,323	11,916,980
Intangible assets	1,134,803	-	-	1,134,803	505,706
Total noncurrent assets	273,930,266	-	30,479,008	304,409,274	13,199,167
TOTAL ASSETS	327,806,017	5,315,736	32,829,767	365,951,520	53,324,999
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	538,084	33,310	119,221	690,615	443,748
Deferred amount on refunding	846,527	-	-	846,527	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,384,611	\$ 33,310	\$ 119,221	\$ 1,537,142	\$ 443,748

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

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 666,431	\$ 1,276,840	\$ 251,776	\$ 2,195,047	\$ 527,145
Claims incurred but not reported	-	-	-	-	3,863,874
Retainage payable	27,259	-	-	27,259	6,548
Due to other governments	608,904	-	-	608,904	-
Accrued interest payable	95,614	-	-	95,614	-
Accrued wages and benefits payable	389,759	21,215	99,060	510,034	317,025
Accrued taxes payable	89,152	71,704	82,100	242,956	70
Custodial accounts	20,870	-	220,219	241,089	-
Unearned revenue	339,700	6,624	179,848	526,172	1,723
Revenue bonds payable	1,585,000	-	-	1,585,000	-
Total current liabilities	3,822,689	1,376,383	833,003	6,032,075	4,716,385
Long-term liabilities:					
Revenue bonds payable	26,437,310	-	-	26,437,310	-
Accrued wages and benefits payable	453,058	21,562	95,248	569,868	370,946
Public works trust fund loan payable	2,639,259	-	-	2,639,259	-
Net pension liability	4,417,761	278,284	990,049	5,686,094	3,730,078
Total long-term liabilities	33,947,388	299,846	1,085,297	35,332,531	4,101,024
TOTAL LIABILITIES	37,770,077	1,676,229	1,918,300	41,364,606	8,817,409
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	673,744	42,441	150,990	867,175	568,865
TOTAL DEFERRED INFLOWS OF RESOURCES	673,744	42,441	150,990	867,175	568,865
NET POSITION					
Net investment in capital assets	240,537,817	-	30,479,008	271,016,825	12,499,167
Restricted -Waterworks utility debt	2,909,578	-	-	2,909,578	-
Unrestricted	47,299,412	3,630,376	400,690	51,330,478	31,883,306
TOTAL NET POSITION	\$ 290,746,807	\$ 3,630,376	\$ 30,879,698	\$ 325,256,881	\$ 44,382,473

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
OPERATING REVENUES:					
Charges for services	\$ 52,824,976	\$ 17,053,374	\$ 2,047,961	\$ 71,926,311	\$ 34,823,790
Interdepartmental services	98,521	1,798	-	100,319	-
Miscellaneous	340,205	91,094	2,868,985	3,300,284	183,288
TOTAL OPERATING REVENUES	<u>53,263,702</u>	<u>17,146,266</u>	<u>4,916,946</u>	<u>75,326,914</u>	<u>35,007,078</u>
OPERATING EXPENSES:					
Supplies	1,401,801	8,888	392,751	1,803,440	1,956,945
Personnel services	8,733,107	686,293	2,014,719	11,434,119	6,300,809
Contracted services	20,602,113	14,211,032	2,290,504	37,103,649	4,743,210
Insurance	-	-	-	-	15,661,467
Taxes	4,443,868	2,001,439	12,060	6,457,367	88,121
Depreciation and amortization	8,494,336	-	1,300,833	9,795,169	2,311,012
TOTAL OPERATING EXPENSES	<u>43,675,225</u>	<u>16,907,652</u>	<u>6,010,867</u>	<u>66,593,744</u>	<u>31,061,564</u>
OPERATING INCOME (LOSS)	<u>9,588,477</u>	<u>238,614</u>	<u>(1,093,921)</u>	<u>8,733,170</u>	<u>3,945,514</u>
NON-OPERATING REVENUES(EXPENSES):					
Intergovernmental revenues	377,625	111,688	215,054	704,367	40,057
Investment earnings	202,996	14,776	7,743	225,515	194,842
Gain (loss) on sale of capital assets	(200,835)	-	(500,883)	(701,718)	17,109
Other non-operating revenues (expenses)	24,951	90	7,945	32,986	14,480
Interest expense	(1,308,317)	-	(8,074)	(1,316,391)	-
Insurance recoveries	5,028	-	-	5,028	95,710
NON-OPERATING REVENUE NET OF EXPENSE	<u>(898,552)</u>	<u>126,554</u>	<u>(278,215)</u>	<u>(1,050,213)</u>	<u>362,198</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>8,689,925</u>	<u>365,168</u>	<u>(1,372,136)</u>	<u>7,682,957</u>	<u>4,307,712</u>
Capital contributions	21,638,905	-	1,652,369	23,291,274	-
Transfers in	-	-	-	-	1,715,905
Transfers out	(129,588)	(1,903)	-	(131,491)	(125,000)
CHANGE IN NET POSITION	<u>30,199,242</u>	<u>363,265</u>	<u>280,233</u>	<u>30,842,740</u>	<u>5,898,617</u>
NET POSITION, JANUARY 1	265,146,398	3,554,479	31,781,505	300,482,382	42,429,801
Change in accounting principles - GASB 68	(4,598,833)	(287,368)	(1,182,040)	(6,068,241)	(3,945,945)
NET POSITION, JANUARY 1 RESTATED	<u>260,547,565</u>	<u>3,267,111</u>	<u>30,599,465</u>	<u>294,414,141</u>	<u>38,483,856</u>
NET POSITION, DECEMBER 31	<u>\$ 290,746,807</u>	<u>\$ 3,630,376</u>	<u>\$ 30,879,698</u>	<u>\$ 325,256,881</u>	<u>\$ 44,382,473</u>

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

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received for services	\$ 53,411,034	\$ 17,385,447	\$ 4,971,454	\$ 75,767,935	\$ -
Cash received from other funds for services	98,521	-	-	98,521	35,091,268
Cash paid to suppliers for goods & services	(26,393,805)	(15,498,728)	(2,691,896)	(44,584,429)	(22,031,923)
Cash paid to employees	(8,775,490)	(683,118)	(2,148,185)	(11,606,793)	(6,372,717)
Other non-operating receipts	29,979	90	7,945	38,014	110,190
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>18,370,239</u>	<u>1,203,691</u>	<u>139,318</u>	<u>19,713,248</u>	<u>6,796,818</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	-	-	1,715,905
Transfers to other funds	(129,588)	(1,903)	-	(131,491)	(125,000)
Operating grants	377,625	106,593	350,529	834,747	40,057
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>248,037</u>	<u>104,690</u>	<u>350,529</u>	<u>703,256</u>	<u>1,630,962</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from the sale of equipment	6,300	-	-	6,300	139,836
System development charges	2,344,727	-	-	2,344,727	-
Acquisition & construction of capital assets	(5,272,812)	-	(1,761,283)	(7,034,095)	(4,382,247)
Special assessments	187,873	-	-	187,873	-
Capital grants	1,019,081	-	1,652,369	2,671,450	-
Principal payments on debt	(2,294,225)	-	(391,853)	(2,686,078)	-
Interest payments on debt	(1,219,121)	-	(8,808)	(1,227,929)	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	<u>(5,228,177)</u>	<u>-</u>	<u>(509,575)</u>	<u>(5,737,752)</u>	<u>(4,242,411)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Principal proceeds from interfund loans	561,335	-	-	561,335	534,933
Payments for interfund loans	-	-	-	-	(875,000)
Proceeds from sale of investments	-	-	91,798	91,798	573,230
Payments for investments	(2,998,257)	(348,105)	-	(3,346,362)	-
Interest on investments and loans	152,253	11,031	7,368	170,652	153,696
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(2,284,669)</u>	<u>(337,074)</u>	<u>99,166</u>	<u>(2,522,577)</u>	<u>386,859</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	11,105,430	971,307	79,438	12,156,175	4,572,228
CASH & CASH EQUIVALENTS, JANUARY 1	17,956,907	1,238,644	922,575	20,118,126	20,934,965
RESTRICTED CASH & CASH EQUIVALENTS, JANUARY 1	2,909,578	-	-	2,909,578	-
TOTAL CASH, RESTRICTED CASH, & CASH EQUIVALENTS, DECEMBER 31	<u>\$ 31,971,915</u>	<u>\$ 2,209,951</u>	<u>\$ 1,002,013</u>	<u>\$ 35,183,879</u>	<u>\$ 25,507,193</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 9,588,477	\$ 238,614	\$ (1,093,921)	\$ 8,733,170	\$ 3,945,514
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation & amortization	8,494,336	-	1,300,833	9,795,169	2,311,012
Other non-operating revenue	29,979	90	7,945	38,014	110,190
(Increase) decrease in accounts receivable	270,274	232,557	21,002	523,833	84,131
(Increase) decrease in inventory & prepaid items	(39,423)	-	4,015	(35,408)	(9,149)
(Increase) decrease in deferred outflows related to pensions	(281,671)	(17,848)	(59,066)	(358,585)	(226,567)
Increase (decrease) in operating accounts payable	91,908	717,349	(1,830)	807,427	(265,887)
Increase (decrease) in due to other funds	-	-	-	-	(34,058)
Increase (decrease) in accrued taxes & other short-term liabilities	1,492	5,282	1,234	8,008	726,984
Increase (decrease) in customer deposits	4,240	-	14,245	18,485	-
Increase (decrease) in unearned revenues	(28,661)	6,624	19,261	(2,776)	197
Increase (decrease) in accrued employee wages and benefits	22,560	4,418	30,567	57,545	36,420
Increase (decrease) in net pension liability and deferred inflows related to pensions	216,728	16,605	(104,967)	128,366	118,031
Total adjustments	<u>8,781,762</u>	<u>965,077</u>	<u>1,233,239</u>	<u>10,980,078</u>	<u>2,851,304</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 18,370,239</u>	<u>\$ 1,203,691</u>	<u>\$ 139,318</u>	<u>\$ 19,713,248</u>	<u>\$ 6,796,818</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Loss on disposal of capital assets	\$ 193,726	\$ -	\$ 500,883	\$ 694,609	\$ -
Contributions of capital assets	\$ 17,471,388	\$ -	\$ -	\$ 17,471,388	\$ -
Depreciation & amortization	\$ 8,494,336	\$ -	\$ 1,300,833	\$ 9,795,169	\$ 2,311,012

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	PENSION TRUST FIREFIGHTERS' PENSION	AGENCY SPECIAL DEPOSITS
ASSETS		
Cash and cash equivalents	\$ 1,763,744	\$ 934,177
Investments at fair value:		
Federal National Mortgage Association	541,638	-
Federal Home Loan Bank	229,314	
FFCB	95,546	
FNMA Zero Coupon	499,315	
FNMA Zero Coupon Strip	141,467	
US Treasury Strips	2,728,341	-
Certificates of deposit	347,022	-
Receivables (net of allowances)		
Interest on investments	3,184,815	-
TOTAL ASSETS	<u>9,531,202</u>	<u>934,177</u>
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES		
Deposits	-	934,177
TOTAL LIABILITIES	<u>-</u>	<u>934,177</u>
DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Net position held in trust for pension benefits and other purposes	<u>\$ 9,531,202</u>	<u>\$ -</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIREFIGHTERS' PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>PENSION TRUST</u> <u>FIREFIGHTERS'</u> <u>PENSION</u>
ADDITIONS:	
Other contributions:	
Fire insurance premiums transferred in	\$ 146,358
Investment earnings:	
Investment interest	336,787
Net increase / (decrease) in the fair value of investments	<u>(202,796)</u>
Total Investment earnings	<u>133,991</u>
TOTAL ADDITIONS	<u>280,349</u>
DEDUCTIONS:	
Benefits	205,147
Administrative expenses	<u>11,775</u>
TOTAL DEDUCTIONS	<u>216,922</u>
Change in net position	63,427
NET POSITION - JANUARY 1	9,467,775
NET POSITION - DECEMBER 31	\$ <u><u>9,531,202</u></u>

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

The City of Renton's financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States, as applied to governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting.

For the reporting year ended December 31, 2015, the City has implemented GASB 68, *Accounting and Financial Reporting for Pensions*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, as they relate to the City's pension plans.

As a result of the GASB 68 and GASB 71 implementation, the City recorded adjustments to beginning net position as follows:

	Governmental Activities	Business-Type Activities	Total
Firefighters' Pension	\$ 2,684,672	\$ -	\$ 2,684,672
PERS 1	(11,578,721)	(3,221,798)	(14,800,519)
PERS 2/3	(10,316,307)	(2,871,075)	(13,187,382)
PSERS 2	1,318	-	1,318
LEOFF 1	1,724,075	-	1,724,075
LEOFF 2	6,686,713	-	6,686,713
Accrued Pension Benefits	152,828	24,632	177,460
SCORE Restatement	(1,134,356)	-	(1,134,356)
Valley Com Restatement	(1,876,235)	-	(1,876,235)
Total Adjustment to Beginning Net Position	\$ (13,656,013)	\$ (6,068,241)	\$ (19,724,254)

A. REPORTING ENTITY

The City of Renton was incorporated on September 6, 1901, and operates under the laws of the State of Washington applicable to a Non-Charter code city with a Mayor/Council form of government. A full-time Mayor and seven part-time Council members serve the City, all elected at large to four-year terms. The City provides the full range of municipal services authorized by state statutes, together with a Municipal Airport, a Waterworks Utility, a Solid Waste Utility, and a Municipal Golf Course.

The City of Renton has no component units (either blended or discretely presented) included in these statements. The City of Renton's Mayor appoints the Governing Board for the Renton Housing Authority, which is not considered a component unit of the City. The City is under no obligation to subsidize, nor does it exercise any other prerequisite for inclusion.

NOTES TO THE FINANCIAL STATEMENTS

B. BASIS OF PRESENTATION

The City's basic financial statements include both government-wide statements and fund financial statements. The government-wide statements report financial information for the City as a whole, while the fund statements present detailed financial information at the fund level. The City's fiduciary funds are presented in the fund financial statements. Since the assets are being held for the benefit of a third party and cannot be used for obligations of the City, they are not included in the Government-wide statements.

Government-wide financial statements

In the government-wide statement of net position governmental and business-type activities are reported. Governmental activities are mostly supported by taxes, intergovernmental revenue, and other non-exchange transactions. The governmental activities column includes the combined data from all governmental funds and internal service funds. Business-type activities mostly rely on fees and charges for services to external customers and include data from the City's enterprise funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each of the City's governmental activities (general government, judicial, public safety, utilities, transportation, economic environment, health and human services, and culture and recreation) and for each identifiable business-type activity (waterworks utility, airport, solid waste utility, and golf course). Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function.

The statement of activities reports the expenses of a given function offset by a program revenue directly associated with the functional program. Program revenues include: 1. charges for services which reports fees and charges for users of the City's service, 2. operating grants and contributions which support annual operating activities, and 3. capital grants and contributions which finance the acquisition, construction, or rehabilitation of capital assets. For determining the function, *charges for services* are tied to the function that generates the revenue and *grants and contributions* are tied to the function in which functional use they are restricted towards.

Taxes and other sources that are not directly related to a program are reported as general revenue. The comparison of direct expenses with program revenues identifies the extent each governmental function and business activity are self-sustaining and requires a draw from the general revenues of the City.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements, with the exception of various charges for services among different functions within the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved.

Fund financial statements

The City's activities are tracked in individual funds to segregate the transactions to aid in financial management and, in some cases, demonstrate legal compliance. The fund financial statements are intended to present the City's financial activities as a more detailed level. Separate financial statements are provided for each fund category - governmental, proprietary, and fiduciary funds. Each of the City's major funds, within each fund category, are presented in a separate column. All non-major funds, within each fund category, are

NOTES TO THE FINANCIAL STATEMENTS

aggregated into one column; internal service funds are aggregated into one column and reported on the face of the proprietary fund statements; and fiduciary funds are reported by type.

The City reports the following major *governmental funds*:

General Fund is the primary operating fund of the City. It is used to account for the resources and disbursements of ordinary City operations that are not required to be accounted for in another fund. These include the costs of legislative and executive departments, court services, finance and legal departments, development services, police and fire departments, human resources and technical services, community services, parks, economic development, streets, property management for City owned leased facilities, library and museum, fire memorial, and fire department's health and wellness programs. The major sources of revenue are property taxes, utility taxes, and sales taxes. Licenses and permits, charges for services, and fines and forfeits provide additional support. Community development block grant activities are accounted for within this fund, which is federally funded.

Municipal Facilities Fund accounts for facility improvements and renovations, property acquisitions for parks and City space needs, parks development and equipment, and major capital requirements. Resources include general and special revenue taxes, grants, mitigation revenue, and Council-approved general obligation bonds.

The City reports the following major *enterprise funds*:

Waterworks Utility Fund accounts for all operating and capital improvement programs for water, wastewater, and storm water services within the City. The operating activities are primarily supported by user fees include: administration, billings and collections, debt service, engineering and operation, maintenance and repairs. The primary resources for capital improvement programs are revenue bond proceeds, grants (as available), and utility connection charges.

Solid Waste Fund accounts for solid waste, recycling, and yard waste collection services for the City are accounted for in this fund, supported entirely by service fees. The expenses include payment to the City's garbage contractor and other service charges.

Additionally, the government reports the following fund types:

Internal Service Funds include 1. the equipment rental fund (equipment replacement, information technology, facilities, and communications) and 2. the insurance fund (including risk management, workers compensation, unemployment compensation, and employee health care program). The equipment rental fund factors all costs, including depreciation, into the rates charged to each user department. The insurance fund pays expense and rates are charged to departments based on use and/or coverage requirements.

Firefighters' Pension Fund accounts for the payment of administrative costs and benefits for retired firefighters and their beneficiaries, who were employed prior to March 1, 1970. Primary revenues sources are general property tax allocations in accordance with actuarial calculations, the fire premium tax, and investment income.

NOTES TO THE FINANCIAL STATEMENTS

Special Deposit Fund was established for the purpose of holding or retaining cash deposits or other securities pending fulfillment of certain conditions and/or requirements by the depositor. Refunds are made when all obligations have been met and only upon authorization from the transmitting department.

Special Revenue Funds are used to account for specific revenues that are restricted for expenditures for particular purposes.

Debt Service Funds account for the accumulation of resources for and the payment of general obligation and special assessment bonds.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in the governmental activities (generally between governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in the business-type activities are eliminated so that only the net amount is included as internal balances in the business type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included in transfers in the business-type activities column.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of Accounting refers to the point at which revenues or expenditures/expenses transactions or events are recognized in the accounts and reported in the financial statements. Measurement focus is measured one of two ways: either the *current financial resource* or the *economic resource* method.

Government-wide financial statements – the government-wide financial statements are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year they are levied and grants are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements – the governmental fund financial statements use a different measurement focus from the proprietary fund statements and government-wide statements. The governmental fund financial statements use the *current financial resources measurement* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current reporting period or soon

NOTES TO THE FINANCIAL STATEMENTS

enough thereafter to pay liabilities of the current period. The City considers revenue available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, the same as accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as current expenditures in governmental funds. Issuance of long-term debt and capital lease acquisitions are reported as other financing sources.

Property taxes, sales tax, franchise taxes, licenses, and interest associated with the current period are all considered susceptible to accrual and have been recognized as revenue in the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditure amount is received during the period or within the availability period for this revenue source. All other revenue is considered measurable and available only when the cash is received by the City.

Since the measurement focus between the governmental fund financial statements and the governmental activities in the government-wide statements vary, a detailed reconciliation is included in the fund statements to identify the relationship between the two statement types.

Proprietary fund financial statements – the proprietary fund statements and pension fund statements are reported using the *economic resources measurement focus* and *accrual basis of accounting*, the same as the government-wide statements.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

1. Cash and Cash Equivalents

The City has defined cash and cash equivalents as cash on hand, demand deposits, and all highly liquid investments (including restricted assets) with maturity of three months or less when purchased. These amounts are classified on the balance sheet or in the statement of net position as cash and cash equivalents or investments in the various funds. Included in this category are all funds invested in the Local Government Investment Pool. Excluded from this category are cash balances held by Fiscal Agents since the City does not have discretionary use of these funds.

Most of the City's cash balances are pooled and invested. Interest earned from investments purchased with pooled cash is allocated monthly to each fund based on the fund's beginning equity balance in the pooled fund.

2. Investments (also see Note 3B.)

Investments for the City are reported at fair market value on the government-wide statements.

3. Receivables

Receivables have been reported net of estimated uncollectible accounts. Because property taxes, special assessments, and utility billings are considered liens on property, no estimated uncollectible amounts are established.

NOTES TO THE FINANCIAL STATEMENTS

Taxes receivable consists of property taxes and related *interest and penalties*. Property taxes are an enforceable lien on real property and are due the first day of the levy year and may be paid in two equal installments. The first half is due April 1 and the balance is due October 31. The City collects approximately 99% of the property tax due in the year it is levied and delinquent taxes are collected within the following few years. Property tax due, but not collected within 60 days of year end, is recorded as a *receivable* and offset by *deferred inflow of resources – unavailable revenue*. There is no allowance for uncollectable sales tax because historically all taxes are collected and/or enforceable via lien (refer to Note 4 for more information).

Accrued interest receivable consists of amounts earned on investments, notes, and contracts.

Customer accounts receivable consists of amounts owed from/to private individuals or organizations for goods and services. If the transactions are receivable from another governmental unit, it is accounted for within “*due from/to other governments*.”

Special assessments are recorded when levied and are liens against the property benefited. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Special assessments not due within one year are reported as *deferred outflows of resources* in the governmental fund statements and reported as *non-current assets* in the government-wide statements and the proprietary fund statements.

4. *Internal Balances, Interfund Loan Receivables/Payable and Due From/To Other Funds*

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as *interfund loans receivable/payable*. All other outstanding balances between funds are reported as *due to/from other funds*. These amounts are eliminated within the governmental activities and business-type activities in the government-wide statement, except for the residual balances outstanding between the governmental activities and business-type activities, which are reported as *internal balances*. Refer to Note 10 for a detailed summary of interfund activity.

5. *Inventories and prepaid items*

All City *inventories* are maintained on a consumption basis of accounting where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Any material inventories at year-end are included in the balance sheet of the appropriate fund. All inventories are carried at cost on the first in, first out – FIFO basis, with the exception of the Public Works Maintenance shops inventory. The value of this inventory is calculated using the average cost method. The cost of inventories are recorded as an expenditure/expense when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as *prepaid items* in both the Government-wide and fund statements.

6. *Capital Assets*

General capital assets are those assets not specifically related to activities reported by the proprietary funds. These assets generally result from expenditures in governmental funds or contributions. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets

NOTES TO THE FINANCIAL STATEMENTS

utilized by the propriety funds are reported both in the business-type activities of the government-wide statement of net position and in the proprietary fund statement of net position.

All capital assets are valued and capitalized at cost (or estimated historical cost when actual historical cost is unknown) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000 and an estimated useful life in excess of two years. Improvements to City assets and infrastructure are capitalized, but the cost of normal maintenance and repairs that do not extend the useful life, or increase capacity or efficiency, are expensed.

Interest incurred during the construction phase of capital assets of proprietary funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by applying the weighted average borrowing rate to the average cumulative expenditures since inception. For the year ended December 31, 2015, total proprietary fund interest incurred of \$1,659,083 was reduced by capitalized interest in the amount of \$342,692.

All capital assets, other than land, right-of-ways, water rights, and construction in progress, are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and structures, excluding utilities	10-50 years
Other Improvements	10-80 years
Utility plant	25-75 years
Machinery and Equipment	3-40 years
Infrastructure	25-50 years

Amortization on all intangible assets is provided on the straight-line basis over the following useful lives:

<u>Intangible Asset Class</u>	<u>Estimated Service Life</u>
Computer software	3-15 years
Land use rights	3-12 years
Patents, trademarks, copyrights	3-50 years
Other	3-12 years

7. Other non-current Assets

A portion of special assessments receivable are collectible in greater than one year. This long-term portion of the receivable is reported as an other non-current asset.

Investment in joint ventures consists of the City's equity balances and investment in debt of Valley Communications Center and South Correctional Entity (see also Note 12).

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflow of resources,

NOTES TO THE FINANCIAL STATEMENTS

represents a consumption of net position that applies to a future period and will not be recognized as an outflow (expense/expenditure) until that reporting period. The City has three items that qualify for reporting in this category. *Deferred amount on refunding* is reported on the government-wide statement of net position and the proprietary fund statement of net position. A *deferred amount on refunding* results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded or refunding debt, whichever is shorter. *Deferred amount of special assessments* is the long-term principal due to the City from special assessment connections. This amount is only reported in the governmental fund balance sheet. *Deferred amounts related to pensions* are differences between actual and projected experience and investment earnings and the City's contributions to pensions subsequent to the measurement date, which was June 30, 2015, provided by the State of Washington. Refer to Note 6 for more information on pensions.

In addition to liabilities, the statement of financial position will report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time (in prior years this inflow was recognized as "*deferred revenue*" within the liabilities). The City has two items that it reports as a *deferred inflow of resources*. *Unavailable revenue* arises only on the modified accrual basis, in the governmental fund balance sheet. The amount reported in *unavailable revenue* is comprised of three sources: delinquent municipal court receivables, delinquent photo enforcement receivables, and delinquent property tax receivables. These amounts are deferred and recognized as revenue in the period the amounts become available. On the government-wide statements (accrual basis of accounting) the amounts are considered available and recognized as inflow of resource in the current period. *Deferred amounts related to pensions* are the net difference between the projected and actual earnings on pension plan investments and changes in proportionate share. Refer to Note 6 for more information on pensions.

9. *Unearned Revenues*

This account includes amounts collected in advance for services not yet rendered. The amounts are subject to return to the payor in the event the associated services are not performed.

10. *Custodial Accounts*

This account reflects the liability for net monetary assets being held by the City in its agency capacity.

11. *Compensated Absences*

The City's policy permits employees to accumulate earned but unused vacation leave benefits, which are eligible for payment upon separation from City service. For employees hired prior to January 1, 1994, a fifty percent cash out of accumulated earned but unused sick leave, is also eligible for payment upon separation. The City accrues accumulated unpaid vacation and sick leave (when eligible) when earned (or estimated to be earned) by the employee. The total compensated absences liability is reported on the government-wide statements and in each proprietary fund.

12. *Fund Equity*

Fund equity at the governmental fund level is classified as *fund balance*. Fund equity for all other reporting is classified as *net position*.

NOTES TO THE FINANCIAL STATEMENTS

Fund balance represents the difference between the current assets and current liabilities in the governmental fund financial statements. Fund balance classifications comprise of a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Fund balances are classified as follows:

- a. *Nonspendable* – items that cannot be spent due to form; inventories, prepaid amounts, long-term loan receivables, or amounts that must be maintained intact legally.
- b. *Restricted* – amounts constrained for specific purposes imposed through the judicial process and enabling legislation adopted by the City; or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- c. *Committed* – amounts constrained by the City Council. Only the Council can, by ordinance, establish, modify, or rescind constraints on committed fund balances.
- d. *Assigned* – constraints imposed by the City Council for amounts *intended* for specific purposes, but do not meet the criteria of restricted or committed. It is the City's policy that intent of use can be assigned by the City Council, or by a designated official, adopted through either the biennial budget ordinance or an amending budget ordinance. For governmental funds, other than the General Fund, the residual fund balance that is not restricted or committed is reported as assigned because the use of fund balance, at a minimum, should be used for the purpose of that fund. Additional action does not need to be taken to remove an assignment, whereas additional action is essential to remove a commitment.
- e. *Unassigned* – any remaining fund balance in the General Fund that does not meet any of the above criteria.

NOTES TO THE FINANCIAL STATEMENTS

The following shows the composition of the fund balance in governmental funds for the year ended December 31, 2015:

Governmental Fund Balances December 31, 2015				
	General	Municipal Facilities	Other Governmental	Total
Restricted				
Public Safety	\$ 88,546	\$ -	\$ -	\$ 88,546
Judicial	905	-	-	905
Community Development Block Grant	66,654	-	-	66,654
REET	-	144,714	844,923	989,637
Parks, Fire, and Street Impact Mitigation Fees	-	197,072	3,643,355	3,840,427
King County Prop. 1 Levy	-	199,285	-	199,285
King County Prop. 2 Levy	-	24,397	-	24,397
Debt Service	-	-	1,523,255	1,523,255
Wetlands Mitigation Bank	-	-	332,354	332,354
State Fuel Tax	-	-	138,761	138,761
Hotel/Motel Tax	-	-	350,312	350,312
1% for Art	-	-	111,159	111,159
Cable Franchise Fees	-	-	331,739	331,739
Total Restricted	156,105	565,468	7,275,858	7,997,431
Committed				
Debt Service	1,185,085	-	-	1,185,085
Library Construction	-	3,398,544	-	3,398,544
Capital Parks and Facilities Projects	-	8,969,152	-	8,969,152
Economic Stabilization	-	1,000,000	-	1,000,000
Capital Street Improvements	-	-	2,476,776	2,476,776
Total Committed	1,185,085	13,367,696	2,476,776	17,029,557
Assigned				
Public Safety	88,370	-	-	88,370
Culture and Recreation	171,972	-	-	171,972
Capital Parks and Facilities Projects	-	452,293	-	452,293
Economic Environment	-	41,345	-	41,345
Transportation	-	-	2,797,231	2,797,231
Total Assigned	260,342	493,638	2,797,231	3,551,211
Unassigned				
Unassigned	20,183,002	-	-	20,183,002
Total Unassigned	20,183,002	-	-	20,183,002
Total fund balances	\$ 21,784,534	\$ 14,426,802	\$ 12,549,865	\$ 48,761,201

Fund balance flow assumptions - when multiple categories of fund balance are available for incurred expenditures, it is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance (the total of committed, assigned, and unassigned fund balance). Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net position reflects the difference between assets and liabilities, in the government-wide and proprietary fund statement of net position. The component *net investment in capital assets* consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowing (ex. bonds or loans and related deferred amounts on refunding) for the acquisition, construction, or improvement of those assets. The net position is reported as *restricted* when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by

NOTES TO THE FINANCIAL STATEMENTS

creditors, grantors, or laws or regulations of other governments. The balance of the net position is reported as *unrestricted*.

The following shows the composition of the restricted net position balances reported in the government-wide and proprietary fund statements for the year ended December 31, 2015:

Restricted Net Position December 31, 2015			
	Governmental Activities	Business-Type Activities	Total
Restricted Net Position			
Public Safety	\$ 88,546	\$ -	\$ 88,546
Judicial	905	-	905
Community Development Block Grant	66,654	-	66,654
REET 2 Allowable Projects	989,637	-	989,637
King County Prop. 1 Levy	199,285	-	199,285
King County Prop. 2 Levy	24,397	-	24,397
Parks, Fire, and Street Impact Mitigation Fees	3,840,427	-	3,840,427
Wetlands Mitigation Bank	332,354	-	332,354
State Fuel Tax	138,761	-	138,761
Hotel/Motel Tax	350,312	-	350,312
1% for Art	111,159	-	111,159
Cable Franchise Fees	331,739	-	331,739
Debt Service	1,523,255	2,909,578	4,432,833
Pensions	18,989,716	-	18,989,716
Total Restricted Net Position	\$ 26,987,147	\$ 2,909,578	\$ 29,896,725

Net position flow assumptions – In order to calculate the amounts to be reported as restricted net position and unrestricted net position on the government-wide and proprietary fund statements, a flow assumption is made. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

Minimum fund balance policy – The City Council has adopted a financial policy to maintain a minimum level of unrestricted fund balance in the general fund. The target level is set at 12 percent, with a minimum of 8 percent, of general fund operating expenditures. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur.

Stabilization fund policy – The City has adopted a comprehensive stabilization policy that helps provide stability through uncertain times. This allows for temporary cushion and flexibility when needed. The City Council, through ordinance, has established the following stabilization reserves:

1. *Economic development revolving fund reserve*: the City will be accumulating reserves until the target accumulation of \$2.5 million is reached. These reserves will fund the City's matching requirement for the use of state Local Revitalization Financing. Expenditure utilizing this reserve will require a two-thirds majority vote of the City Council.
2. *Catastrophic reserve*: the City will maintain a targeted amount of 8 percent for risk management reserves, for catastrophic emergencies. Expenditure utilizing this reserve will require a two-thirds majority vote of the City Council.

NOTES TO THE FINANCIAL STATEMENTS

3. *Anti-recessionary reserve*: the City will maintain a targeted reserve equal to 4 percent of the general fund operating expense. Expenditures utilizing this reserve will require a two-thirds majority vote of the City Council and must be replenished within three years.
4. *Annexation sales tax credit expiration/transition reserve*: to help support debt service obligations between the time the annexation sales tax credit expires (mid-2018) and when the downtown parking garage and library bond are paid (2022). Expenditures utilizing this reserve will require a two-thirds majority vote of the City Council.
5. *General obligation bond payment reserve*: for all councilmatic, general obligation bonds issued after 2013, a one year payment reserve shall be established. The only bond issued since this provision are the 2015 General Obligation Refunding Bonds.

E. REVENUES, EXPENDITURES, AND EXPENSES**1. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenue and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the waterworks utility, solid waste, airport, golf course, and internal service funds are charges to customers for sales and services. The waterworks utility also recognizes water meter installation fees, and wastewater and surface water construction permit fees as operating revenue because these charges are intended to offset the cost of connecting new customers to the system. Operating expense for proprietary funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expense.

2. Program Revenue

Amount reported as program revenue, on the government-wide statement of activities, include: 1. Charges for 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 operation or capital requirements of a given function. All taxes, included those dedicated to specific purposes, are reported as general revenue rather than program revenue.

3. Capital Contributions

Capital contributions reported in the proprietary fund statements and the government-wide statements reflect the value of outside contributions of capital assets (i.e. developers, land donations, capital grants, special assessments, and system development charges).

4. Interfund Activity

Exchange transactions between funds are reported as revenue in the selling fund and as an expenditure/expense in the purchasing funds. On the government-wide statement of activities, the exchange transactions between the internal service funds and the user funds are eliminated. Flows of cash or goods from one fund to another without a requirement of repayment are reported as interfund transfers in/out. Interfund transfers in/out are reported as other financing sources/uses in the governmental funds and following non-operating revenues and expenses in the proprietary funds.

NOTES TO THE FINANCIAL STATEMENTS

In the government-wide statement of activities, transfers between governmental and business-type activities are reported as general revenue. Transfers between funds in governmental activities are eliminated and transfers between funds in business-type activities are eliminated.

5. Expenditures/Expenses

Expenses in the Government-wide Statement of Activities are reported by function as a governmental activity (general government, judicial, public safety, utilities, transportation, economic environment, health and human services, culture and recreation), interest on long-term debt, or business-type activity (waterworks utility, airport, solid waste utility, or golf course). In the fund financial statements, expenditures of governmental funds are classified by: function, debt service principal and interest payments, or purchases of capital items. Proprietary expenditures are classified as operating or non-operating.

The City recovers certain administrative costs through indirect cost allocations to departments city-wide. These allocated costs are consolidated and reported by function in the government-wide statement of activities.

NOTE 2. COMPLIANCE AND ACCOUNTABILITY

The City of Renton budgets its funds under Generally Accepted Accounting Principles (GAAP) at the fund level. Annual appropriated budgets are adopted for governmental funds on a biennial basis. Budgets for proprietary funds are “management budgets” and are not legally required to be reported. Included in the Required Supplemental Information and Combining Statements sections of the CAFR are Schedules of Revenues, Expenditures, and Changes in Fund Balances (Budget to Actual) reporting the Actual Budgetary GAAP Basis verses Actual GAAP Basis of Accounting for all legally adopted budgets. There have been no material violations of finance-related legal or contractual provisions, and there have been no expenditures exceeding legal appropriations in any of the funds of the City. At year-end 2015, the City of Renton noted the Solid Waste Utility and Firefighters’ Pension Funds exceeded its final adopted “management budget” by \$234,416 and \$6,447, respectively.

A. PROCEDURES FOR ADOPTING THE ORIGINAL BUDGET

The City of Renton’s biennial budget procedures are mandated by the Chapter 35A.33 of the Revised Code of Washington (RCW). The steps in the budget process are as follows:

1. Prior to November 1, the Mayor submits a proposed budget to the City Council. This budget is based on priorities established by the Council; estimates provided by the City departments during the preceding months; balanced by revenue estimates made by the Mayor; and includes reserves for various contingencies.
2. The City Council conducts public hearings on the proposed budget in November and December.
3. The Council makes their adjustments to the proposed budget and adopts, by ordinance, a final balanced budget no later than December 31.
4. The final operating budget, as adopted, is published and distributed within the first four months of the following year.

NOTES TO THE FINANCIAL STATEMENTS

B. AMENDING THE BUDGET

The budget, as adopted, constitutes the legal authority for expenditures. Budgets are adopted on the GAAP basis of accounting. Any comparisons between budget and actual revenues and expenditures are reported under the GAAP basis. The biennial budget is adopted with budgetary control at the fund level, so expenditures may not legally exceed appropriations at that level of detail. Transfers or revisions within funds are allowed, but only the City Council has the legal authority to increase or decrease a given fund's annual budget. This is accomplished by City ordinance. Adopted budgets lapse at year-end and must be re-appropriated (carried forward) the next fiscal year. The budget was amended three times during 2015.

Original budgeted inflows as compared to the final budgeted inflows are as follows:

Fund	Original Budgeted Inflows	Final Budgeted Inflows	Increase (Decrease) Budgeted Inflows
General Fund	\$ 107,172,371	\$ 112,011,746	\$ 4,839,375
Arterial Street Fund	640,000	640,000	-
Hotel/Motel Tax Fund	265,000	265,000	-
1% for Art Fund	15,000	15,000	-
Cable Communications Development Fund	97,674	97,674	-
General Government Miscellaneous Debt Service Fund	6,463,588	20,155,392	13,691,804
Community Development Impact Mitigation Fund	86,500	86,500	-
Fire Impact Mitigation Fund	99,000	99,000	-
Transportation Impact Mitigation Fund	216,500	600,000	383,500
Municipal Facilities CIP Fund	3,344,000	14,168,279	10,824,279
General Government Capital Improvement Fund	13,167,628	16,630,864	3,463,236
Airport Fund	2,651,020	16,596,888	13,945,868
Solid Waste Utility Fund	16,461,726	16,461,726	-
Golf Course Fund	2,655,383	2,655,383	-
Waterworks Utility Fund	55,399,039	62,729,407	7,330,368
Equipment Repair and Replacement / Information Technology / Facilities / Communications Fund	16,310,201	16,525,658	215,457
Insurance Fund	18,936,082	20,867,817	1,931,735
Firefighters' Pension	468,000	468,000	-
TOTAL	\$ 244,448,712	\$ 301,074,333	\$ 56,625,622

NOTES TO THE FINANCIAL STATEMENTS

Original budgeted outflows as compared to the final budgeted outflows are as follows:

Fund	Original Budgeted Outflows	Final Budgeted Outflows	Increase (Decrease) Budgeted Outflows
General Fund	\$ 107,141,259	\$ 115,809,814	\$ 8,668,555
Arterial Street Fund	640,000	640,000	-
Hotel/Motel Tax Fund	245,000	283,942	38,942
1% for Art Fund	102,950	102,950	-
Cable Communications Development Fund	97,674	117,674	20,000
General Government Miscellaneous Debt Service Fund	6,463,588	20,151,288	13,687,700
Community Development Impact Mitigation Fund	-	472,264	472,264
Fire Impact Mitigation Fund	250,000	250,000	-
Transportation Impact Mitigation Fund	196,000	1,152,335	956,335
Municipal Facilities CIP Fund	3,366,000	33,773,249	30,407,249
General Government Capital Improvement Fund	14,274,630	18,990,769	4,716,139
Airport Fund	2,260,529	16,469,927	14,209,398
Solid Waste Utility Fund	16,675,139	16,675,139	-
Golf Course Fund	2,616,052	2,616,052	-
Waterworks Utility Fund	54,811,159	76,817,502	22,006,343
Equipment Repair and Replacement / IT / Facilities / Communications Fund	16,058,343	19,292,380	3,234,037
Insurance Fund	18,134,895	19,009,895	875,000
Firefighters' Pension	210,475	210,475	-
TOTAL	\$ 243,543,692	\$ 342,835,654	\$ 99,291,962

NOTE 3. DEPOSITS AND INVESTMENTS

A. Deposits

The City's deposits and certificates of deposit are insured by the Federal Depository Insurance Corporation (FDIC) and the State of Washington Public Deposit Protection Commission (WPDPC) Act of 1969.

The City's deposits with the Local Government Investment Pool (LGIP) are managed by the Washington State Office of the Treasurer. The LGIP is comparable to a Rule 2a7-pool recognized by the Securities and Exchange Commission. A 2a7-like-pool is an external investment pool that is not registered with the SEC as an investment company but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost, which approximates fair value, to report net assets and compute share prices.

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of Net Position

	Government-wide	Fiduciary	Total
Cash	\$ 77,671,023	\$ 2,697,921	\$ 80,368,944
Restricted Cash	2,909,578	-	2,909,578
Cash Equivalents (LGIP)	9,964,141	-	9,964,141
Total Cash & Cash Equivalents	90,544,742	2,697,921	93,242,663
Investments	49,328,531	4,582,643	53,911,174
Total Investments	49,328,531	4,582,643	53,911,174
Total Cash & Investments	\$ 139,873,273	\$ 7,280,564	\$ 147,153,837

Investments

The City invests excess and inactive funds in accordance with the City's Investment Policy (last updated and approved on February 23, 2009), which complies with the guidelines within Chapter 35A.40.050 of the Revised Code of Washington (RCW). This allows for investment of excess cash and inactive cash, directs that the responsibility for determining available cash for investment is placed upon the department administering the funds, and allows for pooling of the cash provided that the allocation of income is proportionate to the investment of each fund. Currently, the City invests in obligations of the U.S. Government, U.S. agency issues, and Certificates of Deposit with Washington State banks and savings and loan institutions as allowed by RCW. Investments are shown on the Government-Wide Statement of Net Position at fair value. Investments are reported within Cash and Investments of Governmental Activities and within Cash and Cash Equivalents or Investments of Business-Type Activities.

As of December 31, 2015, the City of Renton had the following investments:

Security Type	Cost	Fair Value	Weighted Ave Maturity (days)	Moody's	S&P
Certificates of Deposit	18,151,026	18,151,025	166	N/A	N/A
Federal National Mortgage Association	15,445,428	15,399,164	384	Aaa	AA+
Federal Home Loan Banks	12,006,405	11,994,312	170	Aaa	AA+
Federal Farm Credit Banks	5,000,000	4,997,550	88	Aaa	AA+
US Treasury STRIP COUPON	1,709,639	2,728,341	1,516	N/A	N/A
FNMA Zero Couon	599,278	640,782	267	N/A	N/A
TOTAL INVESTMENTS	\$ 52,911,776	\$ 53,911,174			

Credit risk. Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City invests in US Treasury securities which are considered free of credit risk, and in securities backed by the full faith and credit of the U.S. Government as well as U.S. government sponsored enterprises including Federal National Mortgage Association, Federal Home Loan Bank, Federal Loan Mortgage Corporation, and Federal Farm Credit Bank. All certificates of deposit are insured by the FDIC up to \$250,000 and, additionally, are 100% collateralized in the multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC).

NOTES TO THE FINANCIAL STATEMENTS

Security Type	0-6 months	6 months - 1 year	1-3 years	3+ years	Totals
Certificates of Deposit	\$ 5,000,000	\$ 3,058,940	\$ 10,092,085	\$ -	\$ 18,151,025
Federal National Mortgage Association	-	-	13,550,765	1,848,399	15,399,164
Federal Home Loan Banks	-	-	11,994,312	-	11,994,312
Federal Farm Credit Banks	-	-	4,997,550	-	4,997,550
US Treasury STRIP COUPON	-	169,682	900,760	1,657,899	2,728,341
FNMA Zero Couon	-	-	-	640,782	640,782
TOTAL INVESTMENTS	\$ 5,000,000	\$ 3,228,622	\$ 41,535,472	\$ 4,147,080	\$ 53,911,174

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates over time, adversely affecting the fair value of an investment. The City's portfolio is managed within the parameters established by the Investment Policy, which limits the weighted average maturity of the portfolio to five years. The City has one FHLB bond and one FFCB bond with call provisions that fall in the first six months of 2016.

The City's Investment Policy directs that the standard of prudence for investment activities shall be the *Prudent Investor Standard* that states: "Investments shall be made with judgment and care, under circumstances then prevailing, which person of prudence, discretion, and intelligence would use in the management of their own affairs, not for speculation, but for investment purposes, considering the probable safety of their capital as well as the probable income to be derived."

Concentration of Credit Risk. *Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.* The City diversifies its investment instruments to avoid incurring unreasonable risk inherent with the over-investment of instruments and issuers using the following target distribution as a guide during normal economic times while allowing flexibility when appropriate. The City has certificate of deposits equal to 28% with First Savings Bank Northwest; however, as stated earlier any risk is mitigated through the 100% collateralization requirement and guarantee by the State of Washington Public Deposit Protection Commission. The remaining individual issuers are less than 5% of total investments or are otherwise excluded from this disclosure due to the low risk nature of the investment.

Target Maximum per Policy	Instrument Maximum	Issuer Maximum
U.S. Treasuries	100%	100%
U.S. Agencies	75%	50%
Certificates of Deposit (within WPDPC)	75%	20%
Local Governmental Investment Pool (LGIP)	75%	75%
Commercial Paper	25%	5%

Custodial Credit Risk – investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counter party to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All security transactions, including collateral for repurchase agreements, entered into by the City are conducted on a delivery-versus-payment (DVP) basis and are held in our safekeeping trust account with Bank of New York with terms negotiated by the State of Washington.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. PROPERTY TAXES

The King County Finance Director acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually, January 1, on property value listed as of the prior August 31. Assessed values are established by the King County Assessor at 100 percent of fair market value. A revaluation of all property is required every two years; however, King County has the ability to revalue annually.

Property taxes levied by the King County Assessor and collected by the King County Finance Director become a lien on the first day of the levy year and may be paid in two equal installments if the total amount exceeds \$30. The first half of real property taxes is due on April 30 and the balance is due October 31. Delinquent taxes bear interest at the rate of 12 percent and are subject to additional penalties if not paid as scheduled. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

At year-end, property taxes are recorded as a receivable with the portion not expected to be collected within 60 days offset by unavailable revenue. During the year, property tax revenues are recognized when cash is received.

The tax rate for general City operations is limited to \$3.10 per \$1,000 of assessed value (RCW 84.52.043). This reflects a reduction of \$0.50 per \$1,000 as a result of the annexation to the King County Library System. In addition to this amount, up to \$0.225 (22.5 cents) per \$1,000 may be designated for contribution to the Firemen's Pension Fund. If a report by a qualified actuary on the condition of the Firemen's Pension Fund establishes that this amount (or portion of) is not necessary to maintain the actuarial soundness of the fund, the amount can be used for any other municipal purpose (RCW 41.16.060).

The tax rate limit may be reduced for any of the following reasons:

1. The Levy Limit: the levy limit calculation applies to a taxing district's budget, and not to increases in the assessed value or tax bill of individual properties. Initiative 747 which restricted individual taxing districts from collecting, in any year, more than a one percent increase in their regular, non-voted, levy over the highest levy amount since 1985 was overturned by the courts. However during 2007, the state legislature reinstated this limit with the passage of HB2416. New construction, annexations, and excess levies approved by the voters are not included in the levy limit calculation. If the assessed valuation increases by more than one percent due to revaluation, the levy rate will be decreased.
2. The One Percent Constitution Limit: The Washington State Constitution limits the regular (non-voted) combined property tax rate applied to an individual's property to one percent (\$10 per \$1,000) on the market valuation. Voters may approve special levies that are added to this figure. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.
3. The City may voluntarily levy taxes below the legal limit.

NOTES TO THE FINANCIAL STATEMENTS

Special levies approved by the voters are not subject to the above limitations. There is currently no excess levy for General Obligation Bond debt. The City's regular levy per the King County Assessor's 2015 Annual Report is \$2.83.

NOTE 5. CAPITAL ASSETS AND DEPRECIATION

Depreciation and amortization was charged to the functions as follows:

Governmental Activities	Depreciation	Amortization	Total
General Government	\$ 1,178,792	\$ -	\$ 1,178,792
Judicial	-	6,700	6,700
Public Safety	890,340	1,529	891,869
Physical Environment	460,939	-	460,939
Transportation	5,086,781	11,657	5,098,438
Economic Development	497,399	-	497,399
Culture and Recreation	1,375,220	4,274	1,379,494
Health and Human Services	51,386	-	51,386
Internal Service Funds (General Governmental)	2,177,866	133,146	2,311,012
Total-Governmental Activities	\$ 11,718,723	\$ 157,306	\$ 11,876,029

Business-Type Activities	Depreciation	Amortization	Total
Waterworks	\$ 8,444,684	\$ 49,652	\$ 8,494,336
Airport	1,056,721	-	1,056,721
Golf Course	244,112	-	244,112
Total-Business-Type Activities	\$ 9,745,517	\$ 49,652	\$ 9,795,169

NOTES TO THE FINANCIAL STATEMENTS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Reallocation	Ending Balance
Governmental activities :					
Capital assets, not being depreciated:					
Land and land improvements	\$ 203,649,159	\$ 1,197,454	\$ -	\$ 6,245	\$ 204,852,858
Construction in progress	42,935,474	17,485,657	7,228	(3,684,377)	56,729,526
Total capital assets, not being depreciated	246,584,633	18,683,111	7,228	(3,678,132)	261,582,384
Capital assets, being depreciated:					
Buildings and structures	95,277,562	956,418	35,555	399,228	\$ 96,597,653
Other improvements	253,055,485	4,686,245	-	3,136,900	260,878,630
Machinery and equipment	35,867,825	4,326,412	1,968,700	6,491	38,232,028
Total capital assets being depreciated	384,200,872	9,969,075	2,004,255	3,542,619	395,708,311
Less accumulated depreciation for:					
Buildings and structures	37,806,043	2,492,223	35,555	-	\$ 40,262,711
Other improvements	77,255,763	6,666,446	-	-	83,922,209
Machinery and equipment	25,425,060	2,560,054	1,565,659	-	26,419,455
Total accumulated depreciation	140,486,866	11,718,723	1,601,214	-	150,604,375
Total capital assets, being depreciated, net	243,714,006	(1,749,648)	403,041	3,542,619	245,103,936
Intangible Assets:					
Intangible assets, being amortized	5,549,795	62,575	-	135,513	5,747,883
Less accumulated amortization	5,038,306	157,306	-	-	5,195,612
Total intangible asset, being amortized, net	511,489	(94,731)	-	135,513	552,271
Total Intangible assets	511,489	(94,731)	-	135,513	552,271
Governmental activities capital assets, net	\$ 490,810,128	\$ 16,838,732	\$ 410,269	\$ -	\$ 507,238,591
Business-type activities:					
Capital assets, not being depreciated:					
Land and land improvements	\$ 6,163,465	\$ -	\$ 13,409	\$ -	\$ 6,150,056
Construction in progress	20,321,109	5,636,899	500,883	(12,802,536)	12,654,589
Total capital assets, not being depreciated	26,484,574	5,636,899	514,292	(12,802,536)	18,804,645
Capital assets, being depreciated:					
Buildings and structures	17,459,973	-	-	-	17,459,973
Other improvements	371,173,052	18,014,330	311,435	12,802,536	401,678,483
Machinery and equipment	2,861,545	32,621	-	-	2,894,166
Total capital assets being depreciated	391,494,570	18,046,951	311,435	12,802,536	422,032,622
Less accumulated depreciation for:					
Buildings and structures	7,191,875	444,921	-	-	7,636,796
Other improvements	121,857,795	9,184,772	117,709	-	130,924,858
Machinery and equipment	1,853,821	115,824	-	-	1,969,645
Total accumulated depreciation	130,903,491	9,745,517	117,709	-	140,531,299
Total capital assets, being depreciated, net	260,591,079	8,301,434	193,726	12,802,536	281,501,323
Intangible Assets:					
Intangible assets, not being amortized	811,000	-	-	-	811,000
Intangible assets, being amortized	527,222	-	-	-	527,222
Less accumulated amortization	153,766	49,652	-	-	203,418
Total intangible asset, being amortized, net	373,456	(49,652)	-	-	323,804
Total Intangible assets	1,184,455	(49,652)	-	-	1,134,803
Business-type activities capital assets, net	\$ 288,260,108	\$ 13,888,681	\$ 708,018	\$ -	\$ 301,440,771

NOTES TO THE FINANCIAL STATEMENTS

At the end of 2015, a total of 65 projects comprise the Construction in Progress. Upon completion, the projects will be reallocated to their appropriate categories.

Construction commitments as of December 31, 2015, are as follows:

Governmental Activities Projects:	Construction in progress	Remaining Commitment
S 7TH ST	\$ 1,141,937	\$ 249,662
LOGAN AVE S	1,785,273	3,481,047
SUNSET LANE	407,238	257,330
HIGHLANDS LIBRARY	9,146,916	980,015
LAKE WASHINGTON LOOP TRAIL	117,689	462,205
HIGHLANDS TO LANDING	2,429,847	346,699
NE 31ST ST CULVERT	1,120,895	-
SUNSET BLVD CORRIDOR	371,796	-
116TH AVE SE IMPROVEMENTS	38,539	46,352
MAIN AVE S DOWNTOWN CIRCLE	196,899	219,883
CARR ROAD IMPROVEMENTS	137,092	18,656
DUVALL AVE NE PRESERVATION	94,974	99,192
RAINIER AVE PHASE 4	48,084	47,449
SW GRADY WAY PRESERVATION	887,839	-
NE 31st BRIDGE REPLACEMENT	34,971	87,409
N 27TH PL CULVERT SCOUR REPAIR	4,157	17,117
NEW WORLD TRACKING SYSTEM	28,797	-
STRANDER BLVD - SW 27TH ST CONNECT	25,482,217	578,966
CEDAR RIVER LIBRARY	7,794,711	1,246,660
200 MILL BLDG THIRD FLOOR AMAZING GRACE	5,552	-
RENTON HISTORICAL MUSEUM	1,210	-
COULON CCTV SYSTEM	5,231	-
CED PERMIT AREA RECONFIGURATION	36,415	-
CASCADE CENTER	2,000	-
REGIS PARK ATHLETIC FIELD EXPANSION	18,892	33,336
SUNSET EIS PARK LAND	3,202,434	-
KENYON PROPERTY BUILDING	62,014	-
HEALTHBEAT ELIPTICAL	7,568	-
HEALTHBEAT CHEST/BACK PRESS	5,420	-
NORTH HIGHLANDS COMMUNITY GARDEN	2,440	-
ELIPTICAL CARDIO STEPPERS FOR LIBERTY PARK (3)	18,631	-
FLETCHER ACQUISTION	2,750	-
MAY VALLEY MEADOWS ACQUISTION	3,500	-
MEADOWCREST NATURE AREA	26,818	-
RIVERVIEW BRIDGE REPLACEMENT	1,262,736	-
COULON PARK PAVER REPLACEMENT	748,360	-
RCC GYM REMOVABLE CARPET	25,950	-
POLICE SUBSTATION HVAC	21,734	-
Total governmental activities	\$ 56,729,526	\$ 8,171,978

NOTES TO THE FINANCIAL STATEMENTS

Business-Type Activities Projects:	Construction in progress	Remaining Commitment
TRANSMISSION MAIN REPLACEMENT	\$ 40,266	\$ -
LOWER BLAST FENCE	1,452,182	-
HIGHLANDS 435 RESERVOIR REPLACEMENT	425,912	-
TELEMETRY IMPROVEMENT	459,092	55,583
RENTON HILL MAIN REPLACEMENT	158,850	-
N 30TH ST/BURNETT AVE N	59,046	-
TALBOT HILL	281,387	180,489
HARDIE AVE UNDERPASS STORM SYSTEM IMPROVEMENT	3,641,099	-
MAPLEWOOD PUMP STATION ROOF REPLACEMENT	33,756	-
LOGAN AVE WATER MAIN	29,873	-
MAPLEWOOD EQUIPMENT ACCESS & H2S MITIGATION	275,395	-
HIGHLANDS WATER MAIN IMPROVEMENT	287,337	-
RENTON AEROSPACE TRAINING CENTER UTILITIES	142,481	-
TRANS MAIN REPLACEMENT SR 169 RAMP TO 405	3,994	-
FORCE MAIN REHAB/REPLACEMENT	2,591	-
HARRINGTON AVE NE GREEN CONNECTIONS	1,476,719	-
FLUORIDE BUILDING ROOF REPLACEMENT	37,408	-
MAPLEWOOD CREEK BASIN STORM IMPROVEMENT	597,593	-
WELLS 1, 2 & 3 ROOF REPLACEMENT	95,315	-
CASCADE INTERCEPTOR RESTORATION	3,302	752,904
THUNDER HILLS SANITARY	365,779	-
2015 SANITARY SEWER REHAB/REPLACEMENT	138,470	-
CENTRAL RENTON	24,884	393,970
AIRPORT OFFICE REHAB	36,714	-
NE 5TH & EDMONDS STORM SYSTEM	1,628,161	-
SUNSET TERRACE REGIONAL STORMWATER FACILITY	831,194	102,664
HARRINGTON AVE RETROFIT	125,789	-
Total business-type activities	\$ 12,654,589	\$ 1,485,610

NOTE 6. PENSION PLANS

The City implemented Statements No. 68 and 71 of the Governmental Accounting Standards Board (GASB) Accounting and Financial Reporting for Pensions for the year ending December 31, 2015.

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the State of Washington Department of Retirement Systems (DRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO THE FINANCIAL STATEMENTS

General Information about the Pension Plans

With the exception of firefighters employed prior to March 1, 1970, substantially all the City's full-time and qualifying part-time employees are eligible to participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems:

- Public Employees' Retirement System (PERS) Plans 1, 2, and 3
- Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plans 1 and 2
- Public Safety Employees' Retirement System (PSERS) Plan 2

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 contacting the Washington State Department of Retirement Systems, P.O. Box 48380, Olympia, WA 98504-8380; or online from the DRS website at www.drs.wa.gov.

The City is the administrator of the Firefighters' Pension Plan for all firefighters employed prior to March 1, 1970. The Firefighters' Pension Plan is included within the City of Renton's statements as a pension trust fund. There is no separate GAAP-based audited report. A schedule of employer contributions, prepared by Milliman, Inc. is included in the Required Supplemental Information section. Additional information from the actuarial report prepared for the Firefighters' Pension Plan, by Milliman, Inc., may be obtained by contacting the City of Renton, Finance Division, 1055 South Grady Way, Renton, WA 98057.

A. State Sponsored Pension Plans**Public Employees' Retirement System (PERS)**

Plan description. PERS was established by the state legislature in 1947 under the Revised Code of Washington (RCW) chapter 41.40. PERS is a multiple-employer cost-sharing retirement system. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS consists of three plans. PERS participants, who joined the PERS system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new members. Those who joined on or after October 1, 1977; and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees, have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3.

NOTES TO THE FINANCIAL STATEMENTS

Benefits provided. PERS plans provide retirement, disability, and death benefits to eligible members.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is two percent of the average final compensation (AFC) per year of service, capped at sixty percent. The AFC is the average of the member's 24 highest consecutive service months. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members may elect to receive an optional cost of living allowance (COLA) that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment the benefit is reduced.

PERS Plan 2 members are vested after completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is two percent of the AFC per year of service. There is no cap on years of service credit and a COLA is granted based on the Consumer Price Index, capped at three percent annually. The AFC is the average of the member's 60 highest paid consecutive months. Plan 2 members have the option to retire early with reduced benefits.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides members a monthly benefit that is one percent of the AFC per year of service. There is no cap on years of service credit. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. Effective June 7, 2006, 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.

The Judicial Benefit Multiplier (JBM) Program began January 1, 2007. This program gave eligible justices and judges an option to increase the benefit multiplier used in their retirement benefit calculation for their judicial service period of employment. Beginning January, 2007, any justice or judge who was in a judicial position at that time could choose to join JBM. Any justice or judge elected or appointed to office on or after January 1, 2007, who elects to join DRS membership will also be mandated into JBM. If they have already established membership in PERS or TRS Plan 1 they will rejoin that plan, but if they have never had membership they will be enrolled as a member of both PERS Plan 2 and JBM.

Contributions. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. The methods used to determine contribution requirements are established under state statute.

NOTES TO THE FINANCIAL STATEMENTS

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2015, were as follows:

Required Contribution Rates	Employer			Employee		
	Plan 1	Plan 2	Plan 3	Plan 1	Plan 2	Plan 3
<u>PERS</u>						
Members not participating in JBM						
State agencies, local governmental units	11.00%	11.00%	11.00%	6.00%	6.12%	**
Administrative fee	0.18%	0.18%	0.18%			
Total	11.18%	11.18%	11.18% *			
Members participating in JBM						
Local governmental units	11.00%	11.00%	11.00%	12.26%	15.30%	7.5%***
Administrative fee	0.18%	0.18%	0.18%			
Total	11.18%	11.18%	11.18% *			

* Plan 3 defined benefit portion only.

** Variable from 5% to 15% based on rate selected by the member.

*** Minimum rate.

Public Safety Employee's Retirement System (PSERS)

Plan description. The PSERS system was created by the 2004 Legislature and became effective July 1, 2006 under RCW 41.37. PSERS is a multiple-employer cost-sharing retirement system comprised of a single defined benefit plan, PSERS Plan2. PSERS membership includes full-time employees meeting specific eligibility criteria that are employed by Department of Corrections, Department of Natural Resources, Gambling Commissions, Liquor Control Board, Parks and Recreation Commission, Washington State Patrol, Washington state counties, corrections departments of Washington state cities except for Seattle, Tacoma, and Spokane, or correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

Benefits provided. PSERS provides retirement, disability, and death benefits to eligible members. PSERS members are vested after an employee completes five years of eligible service, PSERS members may retire at the age of 65 with five years of service, or at the age of 60 with at least ten years of PSERS service credit, or at age 53 with twenty years of service with a monthly benefit of two percent of the average final compensation (AFC). A cost of living allowance (COLA) is granted based on the Consumer Price Index, capped at three percent annually. The AFC is the average of the member's 60 highest paid consecutive months.

PSERS members have the option to retire early with reduced benefits. PSERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

Contributions. PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. The methods used to determine the contribution requirements are established under state statute.

NOTES TO THE FINANCIAL STATEMENTS

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2015, were as follows:

Required Contribution Rates	Employer	Employee
	Plan 2	Plan 2
<u>PSERS</u>		
State agencies, local governmental units	11.36%	6.59%
Administrative fee	0.18%	
Total	11.54%	

Law Enforcement Officers' and Firefighters' Retirement System (LEOFF)

Plan description. LEOFF was established by the state legislature in 1970 under the Revised Code of Washington (RCW) chapter 41.26. LEOFF is a multiple-employer cost-sharing retirement system. Membership in the system includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers who were first included effective July 27, 2003, being an exception.

LEOFF consists of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new members. Those who joined on or after October 1, 1977, are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

Benefits provided. LEOFF plans provide retirement, disability, and death benefits to eligible members. LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of Final Average Salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

A cost of living allowance (COLA) is granted based on the Consumer Price Index.

NOTES TO THE FINANCIAL STATEMENTS

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with twenty years of service. Plan 2 members receive a benefit of two percent of the FAS per year of service. FAS is based on the highest consecutive 60 months. A COLA is granted based on the Consumer Price Index, capped at three percent annually.

LEOFF members have the option to retire early with reduced benefits. LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

Contributions. LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations.

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees are not required to contribute as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The methods used to determine contribution requirements are established under state statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2015, were as follows:

Required Contribution Rates	Employer		Employee	
	Plan 1	Plan 2	Plan 1	Plan 2
<u>LEOFF</u>				
Local governmental units	N/A	5.05%	N/A	8.41%
Administrative fee	0.18%	0.18%		
Total	0.18%	5.23%		

N/A Indicates data not applicable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported its proportionate share of the net pension liability/(asset) as follows:

	Liability	Asset
PERS Plan 1	\$ 14,428,474	\$ -
PERS Plan 2/3	12,329,619	-
PSERS Plan 2	7,846	-
LEOFF Plan 1	-	(2,770,622)
LEOFF Plan 2	-	(9,812,561)
Total	\$ 26,765,939	\$ (12,583,183)

NOTES TO THE FINANCIAL STATEMENTS

The amount of the liability/(asset) reported above for LEOFF Plan 2 reflects a reduction for the City's collective liability to be paid by the State. The City recognized \$556,971 as contribution revenue for the State's on behalf payment for 2015. The amount recognized by the City as its proportionate share of the net pension liability/(asset), the portion of the City's net pension liability/(asset) to be paid by the State, and the total portion of the net pension liability/(asset) that was associated with the City were as follows:

	Liability/(Asset)
LEOFF Plan 2 - employer's proportionate share	\$ (9,812,561)
LEOFF Plan 2 - State's proportionate share of the net pension liability/(asset) associated with the employer	(925,241)
TOTAL	\$ (10,737,802)

The collective net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, with the results rolled forward to June 30, 2015 using standard update procedures. Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations for all plans except LEOFF Plan 1. LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF Plan 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015. Historical data was obtained from a 2011 study by the office of the State Actuary (OSA). In the fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF Plan 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data. At June 30, 2015, the City's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/2014	Proportionate Share 6/30/2015	Change in Proportion
PERS Plan 1	0.273241%	0.275830%	0.002589%
PERS Plan 2/3	0.337183%	0.345072%	0.007889%
PSERS Plan 2	0.046443%	0.042991%	-0.003452%
LEOFF Plan 1	0.225836%	0.229885%	0.004049%
LEOFF Plan 2	0.947521%	0.954715%	0.007194%

For the year ended December 31, 2015 the City recognized pension expense as follows:

	Pension Expense
PERS Plan 1	\$ 862,703
PERS Plan 2/3	1,571,727
PSERS Plan 2	5,406
LEOFF Plan 1	(578,812)
LEOFF Plan 2	258,974
Total	\$ 2,119,998

NOTES TO THE FINANCIAL STATEMENTS

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	PERS Plan 1	PERS Plan 2/3	PSERS Plan 2	LEOFF Plan 1	LEOFF Plan 2	Total
Differences between expected and actual experience	\$ -	\$ 1,310,642	\$ 7,351	\$ -	\$ 859,253	\$ 2,177,246
Changes of assumptions	-	19,866	49	-	25,882	45,797
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-	-
Changes in proportion and differences between City contributions and proportionate City contributions subsequent to the measurement date	-	-	-	-	-	-
	822,360	1,068,558	8,262	-	781,938	2,681,118
Total	\$ 822,360	\$ 2,399,066	\$ 15,662	\$ -	\$ 1,667,073	\$ 4,904,161
Deferred Inflows of Resources	PERS Plan 1	PERS Plan 2/3	PSERS Plan 2	LEOFF Plan 1	LEOFF Plan 2	Total
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	789,395	3,291,424	3,892	467,736	2,973,154	7,525,601
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-	-	-	122,434	122,434
City contributions subsequent to the measurement date	-	-	-	-	-	-
Total	\$ 789,395	\$ 3,291,424	\$ 3,892	\$ 467,736	\$ 3,095,588	\$ 7,648,035

For PERS Plan 1, \$822,360, for PERS Plan 2/3, \$1,068,558, for PSERS Plan 2, \$8,262, and for LEOFF Plan 2 \$781,938, reported as deferred outflows of resources related to contributions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Differences Between Projected and Actual Earnings on Plan Investments				
Year	PERS Plan 1	PERS Plan 2/3	PSERS Plan 2	LEOFF Plan 1	LEOFF Plan 2
2016	\$ (305,942)	\$ (1,284,962)	\$ (1,553)	\$ (181,499)	\$ (1,162,251)
2017	(305,942)	(1,284,962)	(1,553)	(181,499)	(1,162,251)
2018	(305,942)	(1,284,962)	(1,554)	(181,499)	(1,162,260)
2019	128,431	563,462	768	76,761	513,608
Total	\$ (789,395)	\$ (3,291,424)	\$ (3,892)	\$ (467,736)	\$ (2,973,154)

NOTES TO THE FINANCIAL STATEMENTS

Differences Between Expected and Actual Experience

Year	PERS Plan 1	PERS Plan 2/3	PSERS Plan 2	LEOFF Plan 1	LEOFF Plan 2
2016	\$ -	\$ 385,483	\$ 1,225	\$ -	\$ 165,242
2017	-	385,483	1,225	-	165,242
2018	-	385,483	1,225	-	165,242
2019	-	154,193	1,225	-	165,242
2020	-	-	1,225	-	165,242
2021	-	-	1,226	-	33,043
Total	\$ -	\$ 1,310,642	\$ 7,351	\$ -	\$ 859,253

Changes of Assumptions

Year	PERS Plan 1	PERS Plan 2/3	PSERS Plan 2	LEOFF Plan 1	LEOFF Plan 2
2016	\$ -	\$ 5,842	\$ 8	\$ -	\$ 4,974
2017	-	5,842	8	-	4,974
2018	-	5,842	8	-	4,974
2019	-	2,340	8	-	4,974
2020	-	-	8	-	4,984
2021	-	-	9	-	1,002
Total	\$ -	\$ 19,866	\$ 49	\$ -	\$ 25,882

Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions

Year	PERS Plan 1	PERS Plan 2/3	PSERS Plan 2	LEOFF Plan 1	LEOFF Plan 2
2016	\$ -	\$ -	\$ -	\$ -	\$ 30,609
2017	-	-	-	-	30,609
2018	-	-	-	-	30,609
2019	-	-	-	-	30,607
	\$ -	\$ -	\$ -	\$ -	\$ 122,434

Actuarial assumptions. The total pension liability was determined using the following actuarial assumptions.

Inflation	3.00%
Salary Increases	3.75%
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of the 2007-2012 Experience Study Report. Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report.

NOTES TO THE FINANCIAL STATEMENTS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the WSIB develops best estimate of expected future rates of return (expected returns net of pension plan investment expense but including inflation) for each major asset class. Those expected return make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain the following three pieces of information for each class of assets the WSIB currently invest in:

- Expected annual return
- Standard deviation of the annual return
- Correlations between the annual returns of each asset class with every other asset class

The WSIB uses the CMAs and their target asset allocation to stimulate future investment returns over various time horizons.

The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, adjusted to remove or dampen any short-term changes to WSIB's CMAs that aren't expected over the entire fifty year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	20.00%	1.70%
Tangible Assets	5.00%	4.40%
Real Estate	15.00%	5.80%
Global Equity	37.00%	6.60%
Private Equity	23.00%	9.60%

The inflation component used to create the table above is 2.20 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate, an asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test.

Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3, PSERS Plan 2, and SERS Plan2/3 employers, whose rates include a component for the PERS Plan1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability/(asset), calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
PERS Plan 1	\$ 17,565,705	\$ 14,428,474	\$ 11,729,883
PERS Plan 2/3	\$ 36,052,446	\$ 12,329,619	\$ (5,834,060)
PSERS Plan 2	\$ 59,624	\$ 7,846	\$ (28,985)
LEOFF Plan 1	\$ (1,772,514)	\$ (2,770,622)	\$ (3,621,323)
LEOFF Plan 2	\$ 9,826,643	\$ (9,812,561)	\$ (24,591,807)

B. Firefighters' Pension

Plan description. The Firefighters' Plan (Plan) is a closed, single-employer defined benefit pension plan administered by the City of Renton through the firefighters' pension board. The plan provides pensions for firefighters that were employed prior to March 1, 1970, when the LEOFF retirement system was established. The plan is closed to new members.

Benefits provided. All benefit terms are in statutes RCW 41.16, 41.18, and 41.26. The Firefighters' Pension Fund (FPF) provides retirement, disability, and death benefits. Each firefighter in service on March 1, 1970 receives the greater of the benefit payable under the Washington Law Enforcement Officers' and Firefighters' Retirement (LEOFF) System and the benefits available under the provisions of prior law. Where benefits under the old law exceed those under the new law for any firefighter, the excess benefits are paid from the FPF of the city employing the member on March 1, 1970.

All members are retired and drawing benefits. Benefit terms provide for cost-of-living adjustments to each member's retirement benefit. There are two types of increases: escalation by salary in proportion to current salary of rank from which the firefighter retired or increase proportionate to the increase in the Seattle-area consumer price index, with the change computed annually. Regardless of the change in the consumer price index, benefits are increased at least two percent each year. The former applies to firefighters who retired from service after 1969, their survivors, and to firefighters who retired from duty disability (but not their survivors) after 1961. The latter applies to all other types of monthly benefits. Benefits and refunds of the Plan are recognized when due and payable in accordance with the terms of the Plan.

At December 31, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees or beneficiaries receiving full retirement through LEOFF	5
Total	30

NOTES TO THE FINANCIAL STATEMENTS

Contributions. As long as the FPF provides for benefits to covered members, the City will be eligible to receive a share of the State's distribution of the fire insurance premium taxes. The amount the City receives is 25% of all monies received by the State from taxes on fire insurance premiums. Contributions can also come from taxes paid pursuant to the provisions of RCW 41.16.060. This statute requires that each municipality levy up to \$0.45 (only \$0.225 of which can be in excess of the property tax limit pursuant to RCW 84.52.043) per \$1,000 of assessed valuation, based on reports by a qualified actuary, to maintain the fund.

Net Pension Liability/(Asset)

The City's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability/(asset) of \$(6,406,533) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions:

Inflation	2.25%
Salary increases	2.50% for 2015 and 3.25% thereafter
Investment rate of return	3.50%
Actuarial cost method	Entry age normal

Mortality rates were based on the RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members).

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed. We used the weighted expected returns of the City's portfolio of cash, US Treasuries (to be held to maturity), and receivables to develop the long-term expected rate of return.

The best-estimate range for the long-term expected rate of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015, are summarized in the following table:

Asset Class	Index	Long-Term Expected Real Rate of Return
Cash	Citigroup 90-Day T-Bills	0.65%
Short-Term Bonds	Citigroup 1-3 Year Gov/Cred	1.49%
Long-Term Bonds	Barclays Long Gov/Cred	3.05%
Assumed Inflation - Mean		2.25%
Long-Term Expected Rate of Return		3.50%

NOTES TO THE FINANCIAL STATEMENTS

Discount rate. The discount rate used to measure the total pension liability was 3.50 %. The projection of cash flows used to determine the discount rate assumed City contributions were equal to revenue received from Fire Insurance premiums and the amount received would increase at the inflation rate of 2.25%. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at January 1, 2014	\$ 3,220,653	\$ 9,467,775	\$ (6,247,122)
Changes for the Year			
Interest on total pension liability	109,164	-	109,164
Benefit payments	(205,147)	(205,147)	-
Contributions from state fire insurance premium tax	-	146,358	(146,358)
Net investment income	-	133,991	(133,991)
Administrative expenses	-	(11,775)	11,775
Balances at December 31, 2015	<u>\$ 3,124,670</u>	<u>\$ 9,531,202</u>	<u>\$ (6,406,532)</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 3.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%), or one percentage point higher (4.50%), than the current rate.

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total Pension Liability	\$ 3,402,437	\$ 3,124,670	\$ 2,882,845
Fiduciary Net Position	9,531,202	9,531,202	9,531,202
Net Pension Liability	(6,128,765)	(6,406,532)	(6,648,357)

NOTES TO THE FINANCIAL STATEMENTS

Pension Expense and Deferred Outflows or Resources and Deferred Inflows of Resources Related to Pensions

As of December 31, 2015, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	156,926
Changes in proportion	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 156,926</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31</u>	<u>Amount</u>
2016	\$ 39,231
2017	39,231
2018	39,231
2019	39,233
	<u>\$ 156,926</u>

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

NOTE 7. OTHER POST EMPLOYMENT BENEFITS**Plan Description**

In accordance with the Revised Code of Washington (RCW) 41.26, the City administers a single-employer defined benefit healthcare plan (the Health Plan) for law enforcement officers and fire fighters employed prior to October 1, 1977. The Health Plan provides medical, prescription drug, dental, Medicare Part B premiums, long-term care, and vision expenses for LEOFF Plan 1 retirees. Dependent spouses and children are not covered.

Prior to 2008, the costs of the Health Plan were provided solely on a pay-as-you-go basis. Beginning in 2008, the City accounts for its other postemployment benefits (OPEB) expenses related to the Health Plan based on a computed annual required contribution (ARC) that includes the current period's service cost and an amount to amortize unfunded actuarial accrued liabilities. The City maintains a standalone internal service fund, LEOFF 1 Retirees Healthcare Fund. As of December 31, 2015, the City has a balance of \$8,750,791 in the LEOFF 1 Retirees Healthcare Fund. Although this amount is reported as unrestricted net position in the financial statements, the City intends to use the balance to fund a portion of the UAAL.

NOTES TO THE FINANCIAL STATEMENTS

The Health Plan's actuary is Milliman, Inc. The report may be obtained by contacting the City of Renton, Finance Division, 1055 South Grady Way, Renton, WA 98057. The Health Plan does not issue a separate standalone financial report.

Funding Policy

Funding for LEOFF 1 retiree healthcare costs is provided entirely by the City as required by the Revised Code of Washington (RCW) 41.26. The City does not require retiree contributions. For the fiscal year ended December 31, 2015, the City contributed \$1,085,885 to the Health Plan.

Annual OPEB Cost and Net OPEB Obligation

The basis for the City's annual other postemployment benefit (OPEB) cost (expense) is the annual required contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following displays the components of the City's annual OPEB cost, the amount contributed to the Health Plan, and changes in the City's net OPEB obligation to the Health Plan.

Annual Required Contribution and Net OPEB Obligation for years ended December 31, are as follows:

Annual Required Contribution (ARC) and Net OPEB Obligation			
	Fiscal Year Ending		
	12/31/2013	12/31/2014	12/31/2015
Annual required contribution (ARC)			
1. Annual Normal Cost	\$ -	\$ -	\$ 27,929
2. Amortization of UAAL	2,009,362	2,009,362	2,616,797
3. Interest to EOY	-		92,565
4. ARC at end of year [1+2+3]	2,009,362	2,009,362	2,737,291
5. Interest on Net OPEB Obligation	56,160	68,843	187,022
6. Adjustment to ARC	(180,699)	(229,130)	(342,083)
7. Annual OPEB cost [4+5+6]	1,884,822	1,849,075	2,582,230
8. Employer Contributions	1,039,281	1,095,159	1,085,885
9. Change in Net OPEB Obligation [7-8]	845,542	753,916	1,496,345
10. Net OPEB Obligation at Beginning of Year	3,744,023	4,589,565	5,343,481
11. Net OPEB Obligation at End of Year [9+10]	<u>\$ 4,589,565</u>	<u>\$ 5,343,481</u>	<u>\$ 6,839,826</u>

City's net OPEB obligation increased by \$1,496,345 in year the year ending December 31, 2015. The entire net OPEB obligation of \$6,839,826 is included as a noncurrent liability in the governmental activities column on government-wide statement of net position.

NOTES TO THE FINANCIAL STATEMENTS

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Health Plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Year	Annual OPEB Cost	Employer Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 1,884,822	\$ 1,039,281	55%	\$ 4,589,565
2014	1,849,075	1,095,159	59%	5,343,481
2015	2,582,230	1,085,885	42%	6,839,826

Funded Status and Funding Progress

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The funded status of the Health Plan as of January 1, 2015 (expressed in thousands):

Actuarial accrued liability (AAL) - Unit Credit	\$ 42,306
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 42,306</u>
Funded ratio (actuarial value of plan assets ÷ AAL)	0.0%
Covered payroll	110
UAAL as a percentage of covered payroll	38460.00%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of Health Plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions

An actuarial valuation was completed as of January 1, 2015. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The December 31, 2014 valuation used the projected unit credit actuarial cost methods. The actuarial assumptions included a 1.5% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 10.0% for pre-Medicare expenses, to an ultimate rate of 4.2% after 72 years. The Medicare trend assumption is 6.5%, to an ultimate rate of 4.2% after 8 years. The dental trend assumption is 5.5%, to an ultimate rate of 4.0% after 4 years. The Medicare premium trend rate is 8.5% for all years, except for the first year, which has a 0% trend rate. The long-term care trend rate is 5.0% for all years. The trend for the Excise Tax threshold is 0% until 2018, when a trend rate of 4.24% is used. The trend for all future years is 3.24%. All trend rates include a 3.0% inflation assumption. The UAAL at transition is being amortized as a

NOTES TO THE FINANCIAL STATEMENTS

level dollar amount on a closed basis. The remaining amortization period at December 31, 2013 was 24.0 years. The UAAL is recalculated each year and amortized as a level dollar amount over 25 years for 2013.

NOTE 8. CONTINGENCIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not determinable at this time, it is the opinion of City's legal counsel, that the resolution of these matters will not have a material adverse effect on the financial condition of the City and that the City's insurance policies and/or self-insurance reserves are adequate to pay all known or pending claims.

The City participates in a number of federal and state assisted programs. These grants are subject to program compliance audits by the Single Audit Act. Such audits could result in reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. The amount of expenditure that may be disallowed, if any, cannot be determined at this time and the City's management believes that any such disallowances, if any, will be immaterial.

NOTE 9. RISK MANAGEMENT

The City of Renton is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Renton protects itself against unforeseen losses by utilizing a three-pronged risk management approach. First, the City self-funds first level losses through its Insurance Fund. Second, insurance and excess insurance is purchased to cover medium and large losses. Third, the City reserves the right to utilize the provisions of Chapter 35A.31.060 RCW to fund catastrophic or uninsured losses. This State statute allows cities to levy a non-voted property tax increase to pay for uninsured claims. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

NOTES TO THE FINANCIAL STATEMENTS

An analysis of the insurance deductibles and self-insured retention levels, limits of insurance, and carriers for the major types of coverage are as follows:

Type of Coverage	Risk Retention Occurrence	Aggregate Amount	Carrier
Property – Expires 1/01/2016	\$50,000	\$300,000,000 (per occurrence subject to annual aggregate & sub-limits)	WA Cities Ins Authority
Liability – Expires 01/01/2016	\$250,000	\$20,000,000 (per occurrence)	WA Cities Ins Authority
Auto Physical Damage – Expires 01/01/2016	\$25,000	ACV or Replacement Cost; per Occurrence	WA Cities Ins Authority
Equipment Breakdown – Expires 1/01/2016	\$5,000*	\$50,000,000	Zurich
Employee Fidelity/Crime – Expires 12/31/2015	\$10,000	\$2,500,000	WA Cities Ins Authority
Airport Liability – Expires 1/01/2016	0	\$100,000,000	National Union Fire Ins. Co
Underground Storage Tank – Expires 1/01/2016	\$2,500	\$1,000,000	Great American
Excess Workers' Comp – Expires 1/01/2016	\$500,000	Statutory	Safety National
Excess Employee Health – Expires 1/01/2016	\$200,000	N/A	Sun Life

* There is a 4-hour utility interruption clause, prior to the deductible becoming applicable.

For fiscal year 2015, the City of Renton is a member of the Washington Cities Insurance Authority (WCIA). Effective January 1, 2016, the City of Renton will no longer be a member of the WCIA and will become self-insured for its liability and property exposures. Withdrawal from WCIA provides the City of Renton with an opportunity for increased savings in the future and provides the ability to control the cost of all types of claims, including liability, property, workers' compensation and automobile.

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 175 Members.

NOTES TO THE FINANCIAL STATEMENTS

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

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

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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

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.

The City's Risk Management Program is administered under the authority of the Human Resources and Risk Management Administrator, with claims being processed by the carriers shown above.

As of December 31, 2015, the City had accrued the following amounts for outstanding claims:

Coverage		Total Claims Payable	
		12/31/2015	
Property & liability	\$	1,085,963	
Workers' compensation		1,037,911	
Employee health		1,740,000	
TOTAL	\$	3,863,874	

NOTES TO THE FINANCIAL STATEMENTS

2015	Property & Liability	Workers' Compensation	Employee Health	Totals
IBNR claims at beginning of the year	\$ 549,549	\$ 846,897	\$ 1,745,900	\$ 3,142,346
Current year and changes in estimates	2,666,774	(1,231,531)	12,042,340	13,477,583
Claims payments	(2,130,360)	1,422,545	(12,048,240)	(12,756,055)
IBNR claims at end of the year	\$ 1,085,963	\$ 1,037,911	\$ 1,740,000	\$ 3,863,874

2014	Property & Liability	Workers' Compensation	Employee Health	Totals
IBNR claims at beginning of the year	\$ 508,904	\$ 937,114	\$ 1,660,000	\$ 3,106,018
Current year and changes in estimates	1,403,954	960,180	12,922,405	15,286,539
Claims payments	(1,363,309)	(1,050,397)	(12,836,505)	(15,250,211)
IBNR claims at end of the year	\$ 549,549	\$ 846,897	\$ 1,745,900	\$ 3,142,346

NOTE 10. INTERFUND TRANSACTIONS**A. INTERFUND TRANSFERS**

The following is the composition of interfund transfers for the year ended December 31, 2015:

	Transfer In:				
	Governmental Funds			Internal Service Funds	Total
	General	Municipal Facilities CIP	Other Governmental		
Transfer Out:					
Governmental Funds					
General	-	5,150,000	1,022,686	1,495,924	7,668,610
Other Governmental	5,000	472,264	-	56,168	533,432
Municipal Facilities CIP	-	-	-	32,322	32,322
Enterprise Fund					
Waterworks Utility	-	-	-	129,588	129,588
Solid Waste	-	-	-	1,903	1,903
Internal Service Fund					
Insurance	-	-	125,000	-	125,000
Total	5,000	5,622,264	1,147,686	1,715,905	8,490,855

During the year, transfers are used to (1) move revenue from the fund with collection authority to the debt service fund as debt service principal and interest become due, (2) to segregate money for anticipated capital projects, and (3) move general fund sources into funds identified by the city-wide stabilization policy.

All transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer. Transfers that occur within the governmental funds are eliminated on the government-wide statement of activities.

NOTES TO THE FINANCIAL STATEMENTS

In addition, the City made the following one-time transfers during the year ending December 31, 2015:

1. A \$5.05 million transfer from the General Fund to the Municipal Facilities CIP fund to help acquire two pieces of land.
2. \$1.0 million transfer from the General Fund to the Capital Improvement Fund to support two separate capital transportation projects.
3. \$472 thousand transfer from the Parks Impact Mitigation Fees to help acquire three separate park property purchases.
4. \$1.3 million transfer from the General Fund to the Insurance Internal Service Fund to help fully fund the City's catastrophic and anti-recessionary reserves.

B. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund receivables/ payables as of December 31, 2015 is as follows:

Due from/to:

Receivable Fund	Payable Fund	Amount
Municipal Facilities CIP	General	\$ 570,977
Other Governmental - Gen. Govt Debt Service	General	570,977
Total		\$ 1,141,954

The outstanding balances between funds result from the time lag between the dates that transactions are recorded in the accounting system.

Advances from/to:

Receivable Fund	Payable Fund	Amount	Due Within One Year
Internal Service - Insurance Fund	Capital Improvement	\$ 146,298	\$ 146,298
Internal Service - Insurance Fund	Leased Facilities	875,000	175,000
Total		\$ 1,021,298	\$ 321,298

The amount payable from the Capital Improvement fund was a working capital loan to help ensure the SW 27th Street/Strander Boulevard Connection project could be fully funded. The repayment of the loan is being repaid as the fund receives cash from grant reimbursements. The amount payable from the Leased Facilities Fund was also a working capital loan to help ensure tenant improvement costs at the City's 200 Mill building could continue. The repayment of the loan will be funded with the future lease revenue from the tenant.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. LONG TERM DEBT**General Obligation Bonds**

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Debt service for voter-approved bonds, which the City has none, would be funded by special property tax levies. Debt service for City Council authorized bonds (councilmatic bonds) is funded from regular property taxes or general revenues, and is generally paid from debt service funds.

General Obligation Bonds outstanding at year-end are as follows:

- 2006 Limited Tax General Obligation bonds which provided funding for the construction of South Lake Washington infrastructure improvements.
- 2010 Limited Tax General Obligation refunding bonds which refunded a portion of the 2001 limited tax general obligation bonds for the construction of a downtown parking facility.
- 2011 Limited Tax General Obligation bonds which funded the development and construction of 2 new libraries.
- 2011 Limited Tax General Obligation refunding bonds which refunded a portion of the 2001 limited tax general obligation bonds which refunded a portion of the 1997 Limited Tax General Obligation bonds for the purchase of Renton City Hall.
- 2013 Limited Tax General Obligation qualified energy conservation bonds (QECB) which provided funding for streetlight improvements.
- 2015 (A & B) Limited Tax General Obligation refunding bonds refunded a portion of the 2006 limited tax general obligation bonds for the construction of South Lake Washington infrastructure improvements.

Other intergovernmental debt, backed by the full faith and credit of the City:

- 2009 intergovernmental debt related to the Fire District #40 asset transfer as a result of the Benson Hill annexation.
- 2009 intergovernmental debt related to acquisition, construction, and equipping of the SCORE facility. Pursuant to an interlocal agreement, the City is obligated to pay 36 percent of the debt service on the SCORE bonds.
- 2010 intergovernmental refunding debt which refunded a portion of the 2000 intergovernmental debt for the construction of a new facility for Valley Communications Center (Valley Com). Pursuant to an interlocal agreement, the City is obligated to pay 20 percent of the debt service on the Valley Com bonds.

NOTES TO THE FINANCIAL STATEMENTS

Revenue Bonds

Revenue bonds are payable from water, sewer, and storm revenues generated from the charges for service revenues in those funds.

Revenue Bonds outstanding at year-end are as follows:

- 2007 Water/Sewer Revenue Bonds (Ordinance #5313) has an average interest rate is 4.22%. These bonds were issued for the purpose of financing the costs of carrying out certain capital improvements of waterworks utility.
- 2007 Water/Sewer Revenue Refunding Bonds (02) (Ordinance #5313) has an average interest rate is 4.15%. These bonds were issued for the purpose of refunding certain outstanding water and sewer revenue bonds of the City.
- 2008 (A) Water/Sewer Revenue Bond (Exempt) (Ordinance #5313) were issued in the amount of \$9,975,000 and dated January 1, 2008. The average interest rate is 4.17%. These bonds were issued for the purpose of providing money to pay part of the cost of construction and acquisition of certain improvements to the waterworks utility.
- 2008 (B) Water/Sewer Revenue Bond (Taxable) (Ordinance #5313) were issued in the amount of \$2,035,000 and dated January 1, 2008. The average interest rate is 4.17%. These bonds were issued for the purpose of providing money to pay part of the cost of construction and acquisition of certain improvements to the waterworks utility.
- 2012 Water/Sewer Revenue Refunding Bonds (Ordinance #5672) were issued in the amount of \$9,190,000 and dated December 7, 2012. The average interest rate is 2.5%. These bonds were issued for the purpose of refunding a portion of the 2004 Water/Sewer Revenue Bonds.

State of Washington Public Works Trust Fund Loans (PWTFL)

PWTFL are the direct responsibility of the City. At year-end the City has eight outstanding loans, with a remaining balance of \$3,248,163. All of the loans are for water and sewer capital improvements. Loans are repaid from water and sewer system revenues.

PWTFL outstanding at year-end are as follows:

- East Kenndale Sewer Interceptor loan for the construction of approximately 5,200 linear feet of 12 to 15-inch sanitary sewer pipe, 14 sewer manholes, replacement of the Devil's Elbow sanitary sewer lift station, 300 linear feet of 6-inch sanitary force main, fish habitat improvements, repair of access road, and associated asphalt patching and paving.
- Honeycreek (Sunset) Sewer Interceptor loan is to construct approximately 5,785 linear feet of 15 to 18-inch sanitary sewer main, 15 sewer manholes, 3,300 square yards of asphalt paving, and related appurtenances to the sewer main.
- Corrosion Control Treatment Facilities loan was for construction of a building on City property in Cedar River Park between well PW-8 and well PW-9 to store and pump chemicals for treating the water from wells RW.
- Maplewood Water Treatment Improvement loan was to fund the costs to eliminate quality problems in water from the Maplewood wellfield wells.
- CT Pipeline for Wells RW-1, RW-2 and RW-3 loan is to construct the CT detention pipeline for wells RW-1, RW-2 and RW-3 at Liberty Park.

NOTES TO THE FINANCIAL STATEMENTS

- Maplewood Drinking Water Treatment Improvement loan is to construct the drinking water treatment improvements at Maplewood.

Compensated Absences

Compensated absences are paid by those funds that have employees. These are mostly payable from the General Fund and Waterworks Utility Fund.

The following schedules summarize the long-term debt transactions of the City for the year ended December 31, 2015. The first table reflects total annual debt service requirements to maturity, while the second table provides detailed information on all long-term debt.

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	5,302,416	2,727,373	2,193,901	1,053,517
2017	5,479,072	2,521,906	2,055,175	974,301
2018	5,311,675	2,319,384	2,295,818	897,078
2019	5,476,547	2,154,485	2,450,818	812,699
2020	5,688,322	1,943,374	2,530,818	729,520
2021-2025	17,470,204	6,765,407	13,441,629	2,318,424
2026-2030	11,526,489	3,921,975	5,525,005	293,893
2031-2035	7,543,800	2,150,836	-	-
2036-2040	5,349,601	466,611	-	-
Totals	69,148,128	24,971,352	30,493,163	7,079,431

NOTES TO THE FINANCIAL STATEMENTS

Schedule of Changes of Long-Term Debt

Issue Name	Interest Rates	Maturity Date	Original Issue Amount	Beginning Balance	Additions	Deductions	Ending Balance 12/31/2015	Due Within One Year
				01/01/2015				
GOVERNMENTAL-TYPE DEBT:								
Limited General Obligation Bonds:								
2006 GO Bonds	4.25%-5.00%	12/1/2028	\$ 17,980,000	\$ 13,850,000	\$ -	\$ 13,100,000	\$ 750,000	\$ 750,000
2010 GO Refunding Bonds	3.00%-4.50%	12/1/2021	6,170,000	6,010,000	-	10,000	6,000,000	10,000
2011 GO Library Bonds	2.00%-5.00%	12/1/2022	16,715,000	12,460,000	-	1,505,000	10,955,000	1,540,000
2011 GO Refunding Bonds	2.00%-5.00%	12/1/2017	9,425,000	4,825,000	-	1,555,000	3,270,000	1,605,000
2013 GO QECB	3.22%	7/1/2028	3,200,000	2,990,000	-	210,000	2,780,000	210,000
2015 (A) GO S LK WA Infr Refunding (BQ)	3.00%-4.00%	12/1/2028	8,825,000	-	8,825,000	-	8,825,000	-
2015 (B) GO S LK WA Infr Refunding (Tax)	0.50%-2.07%	12/1/2020	3,695,000	-	3,695,000	330,000	3,365,000	100,000
Unamortized (discount)/premium/refunding				1,747,831	1,171,804	1,465,304	1,454,331	-
Total General Obligation Bonds			66,010,000	41,882,831	13,691,804	18,175,304	37,399,331	4,215,000
Other Intergovernmental - Backed by full faith and credit of the City:								
2009 FD 40 Loan for acquisition of FS13	3.75%	9/1/2028	6,798,085	5,313,953	-	304,225	5,009,728	315,216
2009 (A) SCORE Tax Exempt	4.00%-5.00%	1/1/2022	2,953,800	2,237,400	-	473,400	1,764,000	772,200
2009 (B) SCORE BABS	3.00%-6.62%	1/1/2039	28,090,800	26,699,400	-	270,000	26,429,400	-
2010 GO Valley Comm Refunding Bonds	3.00%-4.00%	12/1/2015	1,065,000	220,000	-	220,000	-	-
Total Intergovernmental Debt			38,907,685	34,470,753	-	1,267,625	33,203,128	1,087,416
Other Long-Term Liabilities:								
Employee Leave Benefits - Compensated Absences				4,898,649	3,662,091	2,792,230	5,768,510	3,288,051
Other Post Employment Benefits (OPEB)				5,343,481	2,582,230	1,085,885	6,839,826	-
Net Pension Liability				16,102,050	4,977,795	-	21,079,845	-
Total Other Long-Term Liabilities				26,344,180	11,222,116	3,878,115	33,688,181	3,288,051
TOTAL GOVERNMENTAL-TYPE DEBT			\$ 104,917,685	\$ 102,697,764	\$ 24,913,920	\$ 23,321,044	\$ 104,290,640	\$ 8,590,467
BUSINESS-TYPE DEBT:								
Revenue Bonds:								
2007 Water/Sewer	4.00%-5.00%	12/1/2022	1,430,000	1,335,000	-	95,000	1,240,000	95,000
2007 Water/Sewer Refunding (02)	4.00%-5.00%	12/1/2022	8,320,000	7,510,000	-	755,000	6,755,000	780,000
2008 Water/Sewer (a)	4.17%	12/1/2027	9,975,000	9,975,000	-	-	9,975,000	480,000
2008 Water/Sewer (b)	4.17%	12/1/2016	2,035,000	825,000	-	630,000	195,000	195,000
2012 Water/Sewer Refunding	2.00%-3.00%	12/1/2027	9,190,000	9,115,000	-	35,000	9,080,000	35,000
Unamortized (discount)/premium/refunding				(82,699)	-	(13,482)	(69,217)	-
Total Revenue Bonds			30,950,000	28,677,301	-	1,501,518	27,175,783	1,585,000
Public Works Trust Fund Loans:								
Central Renton Sewer Replacement	1.00%	7/1/2015	1,631,800	52,016	-	52,016	-	-
NE 27 th /Aberdeen Drainage Improvements	1.00%	7/1/2015	731,000	42,591	-	42,591	-	-
East Kennydale Interceptor	2.00%	7/1/2016	2,093,740	233,712	-	116,855	116,858	116,858
Honeycreek Interceptor	2.00%	7/1/2016	1,840,568	193,744	-	96,872	96,872	96,872
Corrosion Control Treatment Facilities	1.00%	7/1/2017	1,106,000	148,071	-	49,357	98,714	49,357
Maplewood Water Treatment Improvement	0.50%	7/1/2021	567,831	212,107	-	30,301	181,806	30,301
Construct CT Pipeline for Wells	0.50%	7/1/2022	814,527	342,959	-	42,870	300,089	42,870
Maplewood Water Treatment Improvement	0.50%	7/1/2024	5,150,000	2,726,471	-	272,647	2,453,824	272,647
Total Public Works Trust Fund Loans			13,935,466	3,951,671	-	703,508	3,248,163	608,904
Other Long-Term Liabilities:								
Employee Leave Benefits - Compensated Absences				687,363	100,371	120,420	667,314	97,446
Net Pension Liability				4,478,280	1,207,814	-	5,686,094	-
Total Other Long-Term Liabilities				5,165,643	1,308,185	120,420	6,353,408	97,446
TOTAL BUSINESS-TYPE DEBT			\$ 44,885,466	\$ 37,794,615	\$ 1,308,185	\$ 2,325,445	\$ 36,777,354	\$ 2,291,350
TOTAL ALL FUNDS			\$ 149,803,151	\$ 140,492,379	\$ 26,222,105	\$ 25,646,489	\$ 141,067,994	\$ 10,881,817

NOTES TO THE FINANCIAL STATEMENTS

Debt Limit Capacity

State law provides that debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City: 1.5 percent without a vote of the people provided the indebtedness with a vote is 1 percent or less; 2.5 percent with a vote of the people; 5.0 percent with a vote of the people, provided the indebtedness in excess of 2.5 percent is for utilities; and 7.5 percent with a vote of the people provided the indebtedness in excess of 5.0 percent is for open space development and parks facilities. Table 15 in the Statistical Section shows the computation of legal debt margin for general and special purpose capacities for the City of Renton.

Estimated Arbitrage Rebate

The City engages an outside agency to calculate its' arbitrage rebate liability on outstanding tax-exempt bonds and certificates of participation under Section 148(f) of the Internal Revenue Code. No additional rebate was found due for any revenue or general obligation bonds for 2015.

Issued/Refunded Debt

On May 13, 2015 the City issued \$8,825,000 (2015A) and \$3,695,000 (2015B) in Limited Tax General Obligation (LTGO) Refunding Bonds with an average interest of 3.72% and 1.31%, respectively, to advance refund \$12,400,000 of outstanding 2006 LTGO Bonds. The net proceeds were used to purchase U.S. government securities which were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, this portion of the original bond is considered defeased. The advance refunding resulted in a reduction in the aggregate debt service payments of \$1,967,136 (2015A) and \$193,008 (2015B) and a present value gain of \$1,722,732 (2015A) and \$161,034 (2015B).

Prior Year Defeasance of Debt

In prior years the City defeased certain bond issues by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The schedule of assets, liabilities, and net assets of the City's escrow account as of December 31, 2015 is provided in the following table.

		US Bank Corporate Trust (2015 A&B LTGO Refunding Bonds)	
Assets			
Cash with Trustee	\$		987
Investments with Trustee		12,928,714	
Estimated Interest Receivable			-
Total Assets			<u>12,929,701</u>
Liabilities			
Refunded Bonds Payable		12,928,714	
Total Liabilities			<u>12,928,714</u>
Net Assets			
Earnings with Trustee			987
Total Net Assets	\$		<u><u>987</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an on-going financial interest or (b) an on-going financial responsibility. The City participates in two joint ventures, both of which are sanctioned by the provisions and terms of the Interlocal Cooperation Act pursuant to Chapter 39.34 RCW.

VALLEY COMMUNICATIONS CENTER

The Valley Communications Center (Valley Com) was established August 20, 1976, when an Interlocal Agreement was entered into by four original participating municipal corporations, including the cities of Renton, Kent, Auburn, and Tukwila. Federal Way was formally admitted in 2000. The initial duration of the agreement was five years, and thereafter is automatically extended for consecutive five-year periods.

The purpose of the joint operation, hereafter referred to as Valley Com, is to provide improved consolidated emergency communications (dispatch) services for police, fire, and medical aid, to the five participating cities and to several subscribing agencies that include: King County Fire Districts 2, 17 (Black Diamond), 20, 26, 40, 43, 44, 47; City of Pacific Police and Fire Departments; City of Black Diamond Police Department; City of Des Moines Police Department; SeaTac Fire Department; North Highline Fire Department; King County EMS Units; and Vashon Island Fire Department. Separate agreements between Valley Com and the subscribing agencies have been executed, which set forth conditions of services and rates charged.

The City made payments totaling \$2,448,960 to support Valley Com's operating costs during the year ended December 31, 2015. The City also pays its relative portion of Valley Com's debt service obligations, which totaled \$220,000 in principal and \$8,800 in interest (as reflected in Note 11 – Long Term Debt).

The City reports its share of equity interest in the Governmental Activities column within the Government-wide financial statements under non-current assets – investments in joint ventures. The following is condensed financial information as of December 31, 2015 related to Valley Communications Center:

Valley Communications Center 2015 Owner Cities Equity Allocation						
GASB 68 Adjusted Equity						
Member City	Percent of Equity	2014 Equity Balance	Adjustment	2014 Equity Balance	2015 Distribution	2015 Equity Balance
Auburn	22.17%	\$ 5,079,377	\$ (1,781,244)	\$ 3,298,133	\$ 555,097	\$ 3,853,230
Federal Way	20.64%	3,619,944	(1,269,448)	2,350,496	507,809	2,858,305.00
Kent	28.15%	7,530,786	(2,640,908)	4,889,878	649,015	5,538,893.00
Renton	20.31%	5,350,252	(1,876,235)	3,474,017	470,862	3,944,879.00
Tukwila	8.73%	2,974,283	(1,043,026)	1,931,257	208,004	2,139,261.00
Grand Totals	100.00%	\$ 24,554,642	\$ (8,610,861)	\$ 15,943,781	\$ 2,390,787	\$ 18,334,568

Completed Financial Statements for Valley Com can be obtained from the Valley Communications Center, 23807 – 98th Avenue South, Kent, WA 98031.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH CORRECTIONAL ENTITY (SCORE)

The South Correctional Entity (SCORE), a consolidated correctional facility, was established February 25, 2009, when an interlocal agreement was entered into by seven participating municipal governments (“owner cities”) of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila. This agreement was amended and restated October 1, 2009 and named the City of Des Moines as the “host city”. Pursuant to a separate “Host City Agreement” dated October 1, 2009, the host city will not enjoy the same equity position as the original owner cities until all debts issued are paid and the host city fulfills all of its obligations as outlined in the Agreement.

The purpose of the interlocal operation, SCORE, is to serve the Member Cities and Subscribing Agencies which are in need of correctional facilities. SCORE provides correctional services and functions incidental thereto, for the purpose of detaining arrestees and sentenced offenders in the furtherance of public safety and emergencies within the jurisdiction of the Member Cities. Separate agreements between SCORE and subscribing agencies have been executed, which set forth conditions of services and rates charged.

Financing for the acquisition, construction, equipping, and improvement of the SCORE Facility was provided by bonds issued by the South Correctional Entity Facility Public Development Authority (the “SCORE PDA”), a public development authority chartered by the City of Renton pursuant to RCW 35.21.730 through 35.21.755 and secured by the full faith and credit of the Cities of Auburn, Burien, Federal Way, Renton, SeaTac, and Tukwila (the owner cities). The SCORE PDA issued \$86 million in special obligation bonds in 2009 to carry out the facility development project.

The following is a summary of the debt service requirements, for each owner city:

Debt Service Allocation to Owner Cities						
	Auburn	Burien	Federal Way	Renton	Sea Tac	Tukwila
Year	31%	4%	18%	36%	3%	8%
2016	1,692,355	218,368	982,658	1,965,316	163,776	436,737
2017	1,690,602	218,142	981,640	1,963,280	163,607	436,284
2018	1,687,731	217,772	979,973	1,959,946	163,329	435,544
2019	1,685,494	217,483	978,674	1,957,348	163,112	434,966
2020	1,684,037	217,295	977,828	1,955,656	162,971	434,590
2021-2025	8,268,796	1,066,941	4,801,236	9,602,473	800,206	2,133,883
2026-2030	8,187,972	1,056,513	4,754,306	9,508,613	792,384	2,113,025
2031-2035	8,143,380	1,050,759	4,728,414	9,456,828	788,069	2,101,517
2036-2039	6,478,617	835,951	3,761,778	7,523,555	626,963	1,671,901
Totals	\$ 39,518,984	\$ 5,099,224	\$ 22,946,507	\$ 45,893,015	\$ 3,824,417	\$ 10,198,447

In addition to debt service obligations above, the City of Renton made payments totaling \$4,138,311 to support SCORE’s operating costs during the year ended December 31, 2015.

NOTES TO THE FINANCIAL STATEMENTS

The City reports its share of equity interest in the Governmental Activities column within the Government-wide financial statements under non-current assets – investments in joint ventures. The following is condensed financial information as of December 31, 2015 related to SCORE:

South Correctional Entity (SCORE)							
2015 Owner Cities Equity Allocation							
Member City	Percent of Equity	2014 Equity Balance	GASB 68 Adjustment		2015 Distribution	2015 Equity Balance	
			Adjustment	2014 Equity Balance			
Auburn	29.00%	\$ 4,243,234	\$ (1,048,625)	\$ 3,194,609	\$ 137,167	\$ 3,331,776	
Burien	3.00%	515,410	(155,837)	359,573	17,268	376,841	
Des Moines	2.00%	292,160	(113,182)	178,978	18,288	197,266	
Federal Way	25.00%	3,676,724	(1,204,461)	2,472,263	148,312	2,620,575	
Renton	29.00%	4,220,405	(1,134,356)	3,086,049	136,621	3,222,670	
SeaTac	5.00%	712,666	(240,723)	471,943	26,524	498,467	
Tukwila	7.00%	1,080,470	(326,032)	754,438	34,103	788,541	
Grand Totals	100.00%	\$ 14,741,069	\$ (4,223,216)	\$ 10,517,853	\$ 518,283	\$ 11,036,136	

Completed financial statements for SCORE and SCORE PDA can be obtained at SCORE, 20817 17th Avenue South, Des Moines, WA 98198.

NOTE 13. AIRPORT LEASES

The majority of the Municipal Airport's revenue is derived from leases which convey the right to use land and various airport facilities which are accounted for as operating leases. Minimum future rental on noncancellable operating leases are as follows:

For the Year Ended December 31:	
2016	\$ 2,349,576
2017	2,329,894
2018	2,332,239
2019	2,470,303
2020	2,325,998
Thereafter	27,604,831
	<u>\$ 39,412,841</u>

Of the amounts shown above, one tenant comprises 65.64% of all future minimum lease rentals. The tenant's multiple leases expire in 2030.

NOTES TO THE FINANCIAL STATEMENTS

A summary of assets leased or available for tenant use is as follows:

Cost	\$ 33,782,814
Less: Accumulated Depreciation	<u>(12,657,303)</u>
Carrying Value	<u>\$ 21,125,511</u>

NOTE 14. SUBSEQUENT EVENTS

On April 26, 2016 Renton voters approved the formation of a Regional Fire Authority (RFA). The RFA will be a separate legal entity, a consolidation of King County Fire District #25 and the City of Renton Fire Department. Operations of King County Fire District #25 and the City of Renton Fire Department will end June 30, 2016 and RFA operations will begin July 1, 2016. The City of Renton will no longer be responsible for providing fire and emergency services as of July 1, 2016.

All of the City's assets currently used to support fire and emergency services (including real and personal property, RFA specific fleet and equipment reserves, and the Health and Wellness fund reserves) will be transferred to the RFA effective July 1, 2016. The City will retain its *current* Firefighter Pension and/or LEOFF 1 retiree obligations and debt service obligations related to Fire Station 13. Also, as of January 1, 2017 the RFA will absorb a portion of the City's current levy capacity, \$1.00 per \$1,000 AV on property taxes.

NOTE 15. PRIOR PERIOD ADJUSTMENT**Governmental Funds – Municipal Facilities CIP and Statement of Activities**

A prior period adjustment was necessary to correct for construction invoices not properly accrued in the prior year. The result is a decrease in beginning fund balance in the Municipal Facilities CIP fund of \$1,096,751.

The error had no effect on Governmental Activities net position.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS		BUDGETARY TO GAAP	
	ORIGINAL	FINAL	BUDGETARY BASIS	VARIANCE	GAAP BASIS	DIFFERENCES OVER (UNDER)
REVENUES						
Taxes	\$ 85,297,952	\$ 86,799,952	\$ 88,815,048	\$ 2,015,096	\$ 82,385,005	\$ 6,430,043 (1)
Licenses and permits	5,201,417	5,696,417	5,895,503	199,086	5,895,503	-
Intergovernmental revenues	3,852,110	5,468,771	5,375,751	(93,020)	4,972,116	403,635 (1)
Charges for services	9,662,398	10,016,774	11,101,008	1,084,234	11,101,008	-
Fines and forfeits	3,320,500	3,320,500	3,022,849	(297,651)	3,022,849	-
Interfund revenues	3,147,416	3,221,947	296,649	(2,925,298)	296,649	-
Contributions	97,000	137,000	158,292	21,292	158,292	-
Interest	875,300	875,300	976,558	101,258	959,200	17,358 (1), (2)
Miscellaneous revenues	1,162,909	1,032,216	1,197,874	165,658	1,992,368	(794,494) (2)
TOTAL REVENUES	112,617,002	116,568,877	116,839,532	270,655	110,782,990	6,056,542
EXPENDITURES						
Current:						
General government	11,453,680	11,831,982	10,421,028	(1,410,954)	11,223,964	(802,936) (2)
Judicial	2,561,321	2,561,321	2,461,668	(99,653)	2,461,668	-
Public safety	59,098,063	59,269,701	58,211,446	(1,058,255)	58,211,446	-
Utilities	463,587	463,587	236,245	(227,342)	236,245	-
Transportation	10,060,511	10,207,856	9,002,030	(1,205,826)	9,002,030	-
Economic environment	7,501,532	7,719,734	6,271,302	(1,448,432)	6,271,302	-
Health and human services	1,854,359	1,872,110	1,876,841	4,731	1,876,841	-
Culture and recreation	12,033,602	12,378,818	11,396,257	(982,561)	11,396,257	-
Capital outlay:						
General government	-	-	5,634	5,634	649,532	(643,898) (2)
Public safety	35,000	35,000	16,070	(18,930)	16,070	-
Transportation	5,200	64,200	45,695	(18,505)	45,695	-
Culture and recreation	-	-	12,989	12,989	12,989	-
Debt service:						
Principal payment	4,504,225	4,504,225	4,834,225	330,000	-	4,834,225 (1)
Interest payment	1,959,363	2,073,722	1,655,953	(417,769)	-	1,655,953 (1)
TOTAL EXPENDITURES	111,530,443	112,982,256	106,447,383	(6,534,873)	101,404,039	5,043,344
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,086,559	3,586,621	10,392,149	6,805,528	9,378,951	1,013,198
OTHER FINANCING SOURCES (USES)						
Proceeds of long-term debt	-	13,691,804	12,520,000	(1,171,804)	-	12,520,000 (3)
Proceeds of interfund loan	-	-	-	-	-	-
Premiums on bonds sold	-	-	1,171,804	1,171,804	-	1,171,804
Transfer in	250,000	255,000	255,000	-	5,000	250,000
Transfer (out)	(1,411,000)	(7,644,586)	(7,668,610)	24,024	(7,668,610)	-
Insurance recoveries	-	-	14,724	14,724	14,724	-
Funds remitted to bond trustee	-	(13,573,341)	(13,573,341)	-	-	(13,573,341)
TOTAL OTHER FINANCING SOURCES (USES)	(1,161,000)	(7,271,123)	(7,280,423)	38,748	(7,648,886)	368,463
NET CHANGE IN FUND BALANCE	(74,441)	(3,684,502)	3,111,726	6,844,276	1,730,065	1,381,661
FUND BALANCE JANUARY 1	13,508,009	17,565,282	21,517,152	3,951,870	20,054,469	1,462,683 (1), (2)
FUND BALANCE DECEMBER 31	\$ 13,433,568	\$ 13,880,780	\$ 24,628,878	\$ 10,748,098	\$ 21,784,534	\$ 2,844,344 (1), (2)

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

(1) General Governmental Debt Fund is included in the Actual Amounts Budgetary Basis column

(2) Leased City Property Fund is included in the Actual Amounts GAAP Basis column

(3) Excludes interfund loan proceeds in Budgeted Amounts Final column

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Measurement Date of June 30
 Last 10 Fiscal Years*

<u>PERS Plan 1</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability/(asset)	0.275830%	0.273241%
City's proportionate share of the net pension liability/(asset)	\$ 14,428,474	\$ 13,764,644
City's covered-employee payroll	\$ 387,076	\$ 509,246
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	3727.56%	2702.95%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	61.19%

* This schedule will be built prospectively until it contains ten years of data.

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Measurement Date of June 30
 Last 10 Fiscal Years*

<u>PERS Plan 2/3</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability/(asset)	0.345072%	0.337183%
City's proportionate share of the net pension liability/(asset)	\$ 12,329,619	\$ 6,815,686
City's covered-employee payroll	\$ 30,618,109	\$ 29,147,610
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	40.27%	23.38%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	93.29%

* This schedule will be built prospectively until it contains ten years of data.

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Measurement Date of June 30
 Last 10 Fiscal Years*

PSERS Plan 2	2015	2014
City's proportion of the net pension liability/(asset)	0.042991%	0.046443%
City's proportionate share of the net pension liability/(asset)	\$ 7,846	\$ (6,725)
City's covered-employee payroll	\$ 124,200	\$ 125,311
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	6.32%	-5.37%
Plan fiduciary net position as a percentage of the total pension liability	95.08%	105.01%

* This schedule will be built prospectively until it contains ten years of data.

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Measurement Date of June 30
 Last 10 Fiscal Years*

LEOFF Plan 1	2015	2014
City's proportion of the net pension liability/(asset)	0.229885%	0.225836%
City's proportionate share of the net pension liability/(asset)	\$ (2,770,622)	\$ (2,738,919)
City's covered-employee payroll	\$ 98,485	\$ 135,276
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	-2813.24%	-2024.69%
Plan fiduciary net position as a percentage of the total pension liability	127.36%	126.91%

* This schedule will be built prospectively until it contains ten years of data.

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Measurement Date of June 30
 Last 10 Fiscal Years*

LEOFF Plan 2	2015	2014
City's proportion of the net pension liability/(asset)	0.954715%	0.947521%
City's proportionate share of the net pension liability/(asset)	\$ (9,812,561)	\$ (12,574,011)
State's proportionate share of the net pension liability/(asset) associated with the City	(925,241)	(870,262)
Total	\$ (10,737,802)	\$ (13,444,273)
City's covered-employee payroll	\$ 27,709,532	\$ 26,365,930
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	-35.41%	-47.69%
Plan fiduciary net position as a percentage of the total pension liability	111.67%	116.75%

* This schedule will be built prospectively until it contains ten years of data.

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
WA DEPARTMENT OF RETIREMENT SYSTEMS
As of December 31
Last 10 Fiscal Years

PERS Plan 1	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 32,471	\$ 46,981	\$ 37,139	\$ 42,163	\$ 44,457	\$ 47,133	\$ 71,860	\$ 75,956	\$ 85,411	\$ 50,609
Contributions in relation to the contractually required contribution	32,471	46,981	37,139	42,163	44,457	47,133	71,860	75,956	85,411	50,609
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 321,282	\$ 510,113	\$ 460,190	\$ 586,670	\$ 730,580	\$ 887,631	\$ 1,037,018	\$ 1,076,267	\$ 1,503,803	\$ 1,684,218
Contributions as a percentage of covered-employee payroll	10.11%	9.21%	8.07%	7.19%	6.09%	5.31%	6.93%	7.06%	5.68%	3.00%
PERS Plan 2/3	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 3,176,293	\$ 2,741,111	\$ 2,391,286	\$ 2,096,869	\$ 1,766,891	\$ 1,551,084	\$ 2,148,442	\$ 1,989,355	\$ 1,426,226	\$ 709,118
Contributions in relation to the contractually required contribution	3,176,293	2,741,111	2,391,286	2,096,869	1,766,891	1,551,084	2,148,442	1,989,355	1,426,226	709,118
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 31,497,413	\$ 29,764,913	\$ 29,475,370	\$ 29,208,428	\$ 28,647,142	\$ 29,210,476	\$ 30,991,086	\$ 27,771,955	\$ 25,045,413	\$ 23,524,061
Contributions as a percentage of covered-employee payroll	10.08%	9.21%	8.11%	7.18%	6.17%	5.31%	6.93%	7.16%	5.69%	3.01%
PSERS Plan 2	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 19,338	\$ 13,550	\$ 11,925	\$ 16,854	\$ 21,518	\$ 64,909	\$ 73,255	\$ 63,747	\$ 41,424	\$ 8,006
Contributions in relation to the contractually required contribution	19,338	13,550	11,925	16,854	21,518	64,909	73,255	63,747	41,424	8,006
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 174,043	\$ 128,561	\$ 123,759	\$ 191,056	\$ 260,987	\$ 826,862	\$ 842,066	\$ 709,587	\$ 488,819	\$ 118,433
Contributions as a percentage of covered-employee payroll	11.11%	10.54%	9.64%	8.82%	8.24%	7.85%	8.70%	8.98%	8.47%	6.76%
LEOFF Plan 2	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 1,465,570	\$ 1,413,896	\$ 1,357,292	\$ 1,364,670	\$ 1,334,049	\$ 1,278,378	\$ 1,258,217	\$ 1,200,963	\$ 861,932	\$ 716,583
Contributions in relation to the contractually required contribution	1,465,570	1,413,896	1,357,292	1,364,670	1,334,049	1,278,378	1,258,217	1,200,963	861,932	716,583
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 28,022,314	\$ 27,034,283	\$ 25,941,501	\$ 26,043,207	\$ 25,458,857	\$ 24,396,468	\$ 23,489,001	\$ 22,236,967	\$ 16,871,515	\$ 15,514,561
Contributions as a percentage of covered-employee payroll	5.23%	5.23%	5.23%	5.24%	5.24%	5.24%	5.36%	5.40%	5.11%	4.62%

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS:
FIREFIGHTERS' PENSION FUND
Last 10 Fiscal Years

\$ Thousands**Total Pension Liability**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Service Cost	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on Total Pension Liability	109	112	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of Plan Changes	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of Economic/Demographic Gains or (Losses)	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of Assumption Changes or Inputs	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(205)	(204)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Change in Total Pension Liability	(96)	(92)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Pension Liability - Beginning	3,221	3,313	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Pension Liability - Ending (a)	\$ 3,125	\$ 3,221	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Plan Fiduciary Net Position

Employer Contributions	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions from State Fire Insurance Premium Tax	146	143	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment Income Net of Investment Expenses	134	394	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(205)	(204)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Medical Payments from Fund	(12)	(1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative Expense	63	332	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Change in plan fiduciary net position	9,468	9,136	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	9,531	9,468	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending (b)	\$ (6,406)	\$ (6,247)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Fiduciary net position as a percentage of the total pension liability

	304.99%	293.95%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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Covered Payroll

	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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Net pension liability as a percentage of covered payroll

	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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Notes to schedule:

Prior years information is unavailable.

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FIREFIGHTERS' PENSION FUND
 Last 10 Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	146,358	142,706	124,391	118,775	102,354	107,068	70,327	66,055	59,777	59,068
Contribution deficiency (excess)	<u>\$ (146,358)</u>	<u>\$ (142,706)</u>	<u>\$ (124,391)</u>	<u>\$ (118,775)</u>	<u>\$ (102,354)</u>	<u>\$ (107,068)</u>	<u>\$ (70,327)</u>	<u>\$ (66,055)</u>	<u>\$ (59,777)</u>	<u>\$ (59,068)</u>
Covered - employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered - employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note:

Contributions are a portion of State Fire Insurance Premium Taxes.

REQUIRED SUPPLEMENTARY INFORMATION
LEOFF 1 RETIREE MEDICAL BENEFITS
SCHEDULE OF FUNDING PROGRESS
(Dollar amounts in thousands)

\$ Thousands

YEAR ENDING 12/31	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITIES	UNFUNDED ACTUARIAL ACCRUED LIABILITIES	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
2008	\$ -	\$ 32,328	\$ 32,328	0%	\$ 471	6864%
2011	-	27,835	27,835	0%	434	6414%
2013	-	41,633	41,633	0%	300	13878%
2014		42,306	42,306	0%	110	38460%

REQUIRED SUPPLEMENTAL INFORMATION
LEOFF 1 RETIREE MEDICAL BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
December 31, 2015

<u>YEAR ENDING 12/31</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
2010	\$ 983,868	\$ 1,733,753	57 %
2011	875,699	1,758,806	50
2012	1,254,795	1,972,502	64
2013	1,039,281	2,009,362	52
2014	1,095,159	2,009,362	55
2015	1,085,885	2,737,291	40

MCAG NO. 0428
CITY OF RENTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

FEDERAL AGENCY NAME	PASS THROUGH AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	OTHER AWARD NUMBER	EXPENDITURES		PASSED THROUGH TO SUBRECIPIENTS	FOOT NOTE REF.
					FROM PASS-THROUGH AWARDS	FROM DIRECT AWARDS		
U.S. Department of Housing and Urban Development, Office of Community Planning and Development	King County	Community Development Block Grants/Entitlement Grants	14.218	CI15507-112-5669	57,199	-	57,199	1.2
		TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			57,199	-	57,199	-
U.S. Department of Justice, Bureau of Justice Assistance		Bullet Proof Vest Partnership Program	16.607	NA	-	19,370	19,370	1.2
U.S. Department of Justice, Bureau of Justice Assistance	City of Seattle	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012 DI BX 0526	6,463	-	6,463	1.2
U.S. Department of Justice, Bureau of Justice Assistance	City of Seattle	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013 DI BX 0715	19,898	-	19,898	1.2
		TOTAL EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM			26,361	-	26,361	-
		TOTAL U.S. DEPARTMENT OF JUSTICE			26,361	19,370	45,731	-
U.S. Department of Transportation, Federal Aviation Administration		Airport Improvement Program	20.106	3-53-0055-024	-	588,607	588,607	1.2
U.S. Department of Transportation, Federal Aviation Administration		Airport Improvement Program	20.106	3-53-0055-026	-	207,413	207,413	1.2
U.S. Department of Transportation, Federal Aviation Administration		Airport Improvement Program	20.106	3-53-0055-025	-	7,641	7,641	1.2
		TOTAL AIRPORT IMPROVEMENT PROGRAM			-	803,661	803,661	-
U.S. Department of Transportation, Federal Highway Administration	Washington State Dept of Transportation	Highway Planning and Construction	20.205	CM-1292(002)	405,157	-	405,157	1.2
U.S. Department of Transportation, Federal Highway Administration	Washington State Dept of Transportation	Highway Planning and Construction	20.205	STPUL-1131(002)	374,082	-	374,082	1.2
U.S. Department of Transportation, Federal Highway Administration	Washington State Dept of Transportation	Highway Planning and Construction	20.205	TAP-1070(008)	101,581	-	101,581	1.2
U.S. Department of Transportation, Federal Highway Administration	Washington State Dept of Transportation	Highway Planning and Construction	20.205	STPUL-1131(003)	77,549	-	77,549	1.2
U.S. Department of Transportation, Federal Highway Administration	Washington State Dept of Transportation	Highway Planning and Construction	20.205	HSIP-0005(123)	227,832	-	227,832	1.2
U.S. Department of Transportation, Federal Highway Administration	Washington State Dept of Transportation	Highway Planning and Construction	20.205	CM-STPUL-0900(028)	319,708	-	319,708	1.2
U.S. Department of Transportation, Federal Highway Administration	Washington State Dept of Transportation	Highway Planning and Construction	20.205	BHOS-1070(010)	3,741	-	3,741	1.2
U.S. Department of Transportation, Federal Highway Administration	Washington State Dept of Transportation	Highway Planning and Construction	20.205	BROS-1070(009)	27,977	-	27,977	1.2
U.S. Department of Transportation, Federal Highway Administration	Washington State Dept of Transportation	Highway Planning and Construction	20.205	STPUL-1615(005)	41,593	-	41,593	1.2
U.S. Department of Transportation, Federal Highway Administration	Washington State Dept of Transportation	Highway Planning and Construction	20.205	CM-1193(003)	33,337	-	33,337	1.2
U.S. Department of Transportation, Federal Highway Administration	Washington State Dept of Transportation	Highway Planning and Construction	20.205	STPUL-1288(004)	666,792	-	666,792	1.2
U.S. Department of Transportation, Federal Highway Administration	Washington State Dept of Transportation	Highway Planning and Construction	20.205	CM-1070(007)	216,192	-	216,192	1.2
		TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			2,495,541	-	2,495,541	-
U.S. Department of Transportation, National Highway Traffic Safety Administration	Washington Traffic Safety Commission	State and Community Highway Safety	20.600	NA	1,968	-	1,968	1.2
U.S. Department of Transportation, National Highway Traffic Safety Administration	Washington Traffic Safety Commission	State and Community Highway Safety	20.600	NA	909	-	909	1.2
		TOTAL STATE AND COMMUNITY HIGHWAY SAFETY CLUSTER			2,877	-	2,877	-
		TOTAL U.S. DEPARTMENT OF TRANSPORTATION			2,498,418	803,661	3,302,079	-
U.S. Department of Health and Human Services, Centers for Disease Control and Prevention	Public Health - King County	Partnerships to Improve Community Health	93.331	CDIP3884	19,299	-	19,299	1.2
		TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			19,299	-	19,299	-
U.S. Department of Homeland Security	Pierce County	National Urban Search and Rescue (US&R) Response System	97.025	065970-00	3,867	-	3,867	1.2,3
U.S. Department of Homeland Security	Washington State Military Department	Emergency Management Performance Grants	97.042	EMW-2015-EP-00028-S01	7,383	-	7,383	1.2
U.S. Department of Homeland Security	Washington State Military Department	Emergency Management Performance Grants	97.042	EMW-2014-EP-00033-S01	40,281	-	40,281	1.2
		TOTAL EMERGENCY MANAGEMENT PERFORMANCE GRANTS			47,664	-	47,664	-
U.S. Department of Homeland Security		Staffing For Adequate Fire and Emergency Response	97.083	EMW-202-FH-00946	-	574,948	574,948	-
U.S. Department of Homeland Security	Seattle Police Department	Homeland Security Grant Program	97.067	SHSP2013-FY13-SHSP-SPD	3,080	-	3,080	1.2
U.S. Department of Homeland Security	Seattle Fire Department	Homeland Security Grant Program	97.067	FY11-SHSP-TE-001	4,885	-	4,885	1.2,3
		TOTAL HOMELAND SECURITY GRANT PROGRAM			7,965	-	7,965	-
		TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			59,496	574,948	634,444	-
TOTAL FEDERAL AWARDS EXPENDED					\$ 2,660,773	\$ 1,397,979	\$ 4,058,752	\$ -

The accompanying notes are an integral part of this schedule.

CITY OF RENTON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of program costs. Entire program costs, including the City's portion, may be more than shown. Such expenditures are recognized following Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The amount expended on the National Urban Search and Rescue (US&R) Response System grant includes \$795.96 claimed as an indirect cost recovery using an approved indirect cost rate of 36.33 percent. The amount expended on the Homeland Security Grant Program includes \$1,878.80 claimed as an indirect cost recovery using an approved indirect cost rate of 36.36 percent. The City has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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