



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Maple Valley

For the period January 1, 2023 through December 31, 2023

Published March 20, 2025

Report No. 1036763



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**Office of the Washington State Auditor
Pat McCarthy**

March 20, 2025

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

Report on Financial Statements

Please find attached our report on the City of Maple Valley's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

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 Maple Valley January 1, 2023 through December 31, 2023

Mayor and City Council
City of Maple Valley
Maple Valley, 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 Maple Valley, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 11, 2025.

REPORT ON 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) as a basis for designing 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

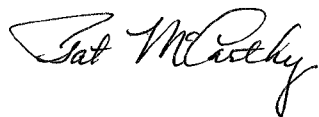
REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

March 11, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Maple Valley January 1, 2023 through December 31, 2023

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Maple Valley, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Maple Valley, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, ARPA, Real Estate Excise Tax and Park Development funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

March 11, 2025

FINANCIAL SECTION

City of Maple Valley January 1, 2023 through December 31, 2023

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Statement of Activities – 2023

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2/3 – 2023

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2023

City of Maple Valley Management's Discussion and Analysis December 31, 2023

As management of the City of Maple Valley, we offer readers of this report this narrative overview and analysis of the financial activities of the City of Maple Valley for the fiscal year ended December 31, 2023. In addition to the information provided here, we encourage readers to consider the additional information furnished in the letter of transmittal and the notes to the financial statements.

Financial Highlights

The total assets of the City exceeded its liabilities on December 31, 2023, by \$392.4 million. Net investment in capital assets (capital asset cost net of depreciation) and related debt accounted for 93.9% or \$368.3 million. Of the total remaining net position of \$24.1 million or 6.1%, \$9.6 million may be used to meet the government's ongoing obligations to its residents, creditors, and employees without legal restriction.

The City's total net position decreased \$2.1 million in 2023. Governmental activities decreased by \$3.5 million while business-type activities increased by \$1.4 million. The decrease in Governmental activities was primarily related to a decrease in Real Estate Excise Taxes collected.

Net investment in capital assets, less related debt, for governmental activities decreased by \$2.3 million due primarily to increased debt—a State Infrastructure Loan incurred to fund the Witte Road Roundabout project—and depreciation of existing assets. Restricted net position decreased by \$1.4 million while unrestricted net position increased by \$143 thousand. The decrease in restricted net position was due primarily to the spending of restricted resources on capital projects.

Governmental Fund balances at year-end were \$18.3 million, a decrease of \$2.7 million from the prior year. Of this amount, \$1.2 million or 6.4% is the unassigned balance which is available to fund ongoing activities. Nonspendable funds include prepaid items of \$585 thousand. The restricted balance of \$13.0 million must be used for: capital purposes (\$5.5 million), drug enforcement (\$415 thousand), transportation (\$2.0 million), parks and recreation services (\$3.2 million), opioid remediation (\$4 thousand), and housing and related services (\$1.8 million). The committed balance of \$3.6 million includes \$118 thousand which must be used for public art purposes as well as the City's operating reserve of \$3.4 million which is set at 16.67% (two months) of budgeted General Fund operating expenditures per Council policy.

Of the \$1.2 million of unassigned fund balance, \$950 thousand belongs to the City's General Fund and \$219 thousand belongs to the Capital Improvement Plan Fund. A year-over-year decrease in unassigned fund balance of \$4.1 million is primarily related to the classification of Operating Reserves as committed.

The City's long-term debt increased \$1.2 million or 29.7% in 2023 due to new debt issuance. The total debt includes general obligation debt in the amount of \$3.2 million and contracts and loans in the amount of \$1.9 million. Detailed information on the City's long-term debt can be found in Note 10. On August 22, 2018, Standard and Poor's Rating Services affirmed the AA+ underlying rating on the general obligation bonds.

Overview of the Financial Statements

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

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2023**

supplementary information, in addition to the basic financial statements, is also contained in this report.

Government-Wide Financial Statements

The **government-wide financial statements** are designed to provide readers with a broad overview of the City of Maple Valley's finances in a format similar to that provided by private-sector businesses.

The **Statement of Net Position** presents information on the City of Maple Valley's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position (equity). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Maple Valley is improving or deteriorating.

The **Statement of Activities** demonstrates how the City's net position has changed during the most recent fiscal year. The statement distinguishes revenues generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show the degree to which each function supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed. Items including, but not limited to, uncollected taxes, unpaid vendor invoices for goods or services received during the year, and earned but unused vacation leave are included in the Statement of Activities as revenue and expenses even though cash has not yet changed hands.

Both government-wide financial statements distinguish **governmental activities**—functions of the City that are principally supported by taxes and intergovernmental revenues—from **business-type activities**—functions that are intended to recover all or a significant portion of their cost through user fees and charges. The governmental activities of the City include general government, economic environment, mental and physical health, culture and recreation, public safety, transportation, and utilities and environment. These functions are primarily supported by taxes, charges for services, and grants. The business-type activities include the surface water management function and the Lake Wilderness Golf Course and are primarily supported through user fees and charges.

Fund Financial Statements

A **fund** is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Maple Valley, like other state and local governments, uses fund accounting to ensure and demonstrate compliance over finance-related legal requirements. The fund financial statements provide summary information by fund type. All the funds of the City of Maple Valley can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for the governmental activities shown on the government-wide financial statements. The focus of governmental fund financial statements is on near-term inflows and outflows of available financial resources, and on the balances of resources available at the end of the fiscal year. Such information is useful in evaluating whether there are greater or fewer financial resources that can be used in the near future to finance City services.

Since the basis of accounting is different between the governmental fund statements and the

City of Maple Valley Management's Discussion and Analysis December 31, 2023

government-wide financial statements, reconciliations are provided. The reconciliation between the governmental funds' Balance Sheets and the government-wide Statement of Net Position immediately follows the governmental funds' Balance Sheet, and the reconciliation between the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balance and the government-wide Statement of Activities is found directly following the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances.

A complete reconciliation of the fund financial statements to the government-wide financial statements are required to achieve the following:

- Reclassify capital expenditures to assets and to record depreciation of governmental capital assets;
- Reclassify debt issuances and repayments from sources and uses of funds to increases or decreases in liabilities; and
- Record the assets, liabilities, and net income of the internal service funds. By including only net income, the transactions between the internal service funds and the funds to which they provide services are not double-counted.

The City maintains budgetary control over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level according to state law. A budgetary comparison statement has been provided for the General Fund and Special Revenue Funds.

Proprietary Funds

Proprietary funds can be either enterprise funds or internal service funds.

Enterprise funds are used by governments to account for their business-type activities and use the same basis of accounting utilized in private industry. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers. There is a direct relationship between the fees paid and the services received. The City's enterprise funds include the surface water management function and Lake Wilderness Golf Course.

Internal service funds are used to account for goods and services provided internally to various City departments and are an essential accounting tool used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds for its fleet of vehicles, central services, and unemployment trust functions. These internal service functions accumulate costs which are allocated to operating departments and charge fees to ensure future availability of funds to replace equipment or to fund unemployment claims. As mentioned above, internal service funds in the City of Maple Valley are categorized as governmental activities on the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are located immediately following the basic financial statements.

City of Maple Valley
Management's Discussion and Analysis
December 31, 2023

Required Supplementary Information (RSI)

Generally Accepted Accounting Principles (GAAP) require that certain unaudited information accompany the basic financial statements.

The City of Maple Valley participates in the Washington State Public Employees Retirement System (PERS) plan and in defined contribution plans sponsored by MissionSquare Retirement. Descriptions of these plans are included in the notes to the financial statements and required schedules are included in the Required Supplementary Information section which is located immediately after the notes to the financial statements.

Additionally, the City is a member of the Washington Cities Insurance Authority (WCIA). Per GAAP, WCIA, as a public entity risk pool, includes in their financial statements trend data on pool revenues as well as actual and estimated claims. A description of the pool is included in the Note 14.

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

Government-Wide Financial Statement Analysis

Statement of Net Position

As noted previously, trends in net position may serve as a useful indicator of the City's financial position. The City of Maple Valley's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$392.4 million for the fiscal year ended December 31, 2023.

The table that follows is a condensed version of the government-wide Statement of Net Position. The table shows the individual components of these amounts by major account group for governmental activities and business-type activities with totals and comparisons to the preceding year. The subsequent narrative explains the account balances and the changes from the prior year.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2023**

	Condensed Statement of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	\$ 25,326,301	\$ 31,514,922	\$ 4,223,693	\$ 3,693,410	\$ 29,549,994	\$ 35,208,332
Capital Assets, net of accum. depreciation	356,437,905	357,563,039	17,051,288	16,035,977	373,489,193	373,599,016
Net Pension Assets	1,542,586	1,324,862	109,716	121,526	1,652,302	1,446,388
Total Assets	383,306,792	390,402,823	21,384,697	19,850,913	404,691,489	410,253,736
Deferred Outflows of Resources						
Debt Refunding	-	-	-	-	-	-
Pensions	1,289,113	1,443,663	91,643	132,423	1,380,756	1,576,086
Total Deferred Outflows of Resources	1,289,113	1,443,663	91,643	132,423	1,380,756	1,576,086
Total Assets and Deferred Outflow of Resources	384,595,905	391,846,486	21,476,340	19,983,336	406,072,245	411,829,822
Liabilities						
Current Liabilities	4,926,754	8,912,193	445,461	385,171	5,372,215	9,297,364
Long-term Liabilities	7,211,200	6,466,319	89,827	80,651	7,301,027	6,546,970
Total Liabilities	12,137,954	15,378,512	535,288	465,822	12,673,242	15,844,334
Deferred Inflows of Resources						
Debt Refunding	-	-	-	-	-	-
Pensions	849,875	1,328,957	60,406	121,902	910,281	1,450,859
SWM Fees	-	-	53,232	-	53,232	-
Opioid Settlement	27,869	18,657	-	-	27,869	18,657
Total Deferred Inflows of Resources	877,744	1,347,614	113,638	121,902	991,382	1,469,516
Total Liabilities and Deferred Inflow of Resources	13,015,698	16,726,126	648,926	587,724	13,664,624	17,313,850
Net position						
Net Investment in Capital Assets	351,297,202	353,598,006	17,051,288	16,035,977	368,348,490	369,633,983
Restricted	14,312,025	15,684,568	193,821	134,384	14,505,846	15,818,952
Unrestricted	5,970,980	5,837,786	3,582,305	3,225,251	9,553,285	9,063,037
Total Net Position	\$ 371,580,207	\$ 375,120,360	\$ 20,827,414	\$ 19,395,612	\$ 392,407,621	\$ 394,515,972

The largest portion of the City's combined net position (\$368.3 million or 93.9%) is net investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide a variety of services to residents. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$14.5 million or 3.7%) represents resources that are subject to external restrictions on how they may be used. For the current year, these funds are restricted for capital projects, public safety, pensions, housing and related services, opioid remediation, and surface water management operations. The remaining balance of (\$9.6 million or 2.4%) is unrestricted (not subject to external restrictions) and may be used to meet the City's ongoing obligations to its residents and creditors.

Total Current and Other Assets

On December 31, 2023, the City's total current assets were \$29.6 million, a \$5.6 million or 16.0% decrease from 2022. \$3.1 million or 57.6% of this decrease was due to spending of State and Local Fiscal Recovery Funds (SLFRF) authorized by the American Rescue Plan Act (ARPA).

City of Maple Valley
Management's Discussion and Analysis
December 31, 2023

Cash and cash equivalents make up 84.2% of current assets and includes petty cash and other imprest funds totaling \$13 thousand, the demand deposits (checking account) balance of \$1.3 million, and \$23.5 million invested with the State of Washington Local Government Investment Pool (LGIP). At year-end, the LGIP net earnings rate was 5.4291%.

The remaining current asset balance on December 31, 2023, was \$4.7 million or 15.8% of current assets. Of this amount, \$1.9 million was for taxes receivable, \$249 thousand was for accounts receivable, \$179 thousand was for other current receivables from others for items such as annual fire permits, maintenance facility lease, false alarms, and delinquent gambling taxes, \$1.4 million was for intergovernmental receivables, \$77 thousand was for inventory, \$832 thousand was for prepaid items, with the remaining portions related to special assessment receivables and accrued interest receivable.

Of the total accounts receivable amounts, \$246 thousand was in governmental activities for receivables from individuals, businesses, and developers and \$3 thousand was in business-type activities for delinquent surface water management fees. The City establishes deposit accounts for developer projects. When charges exceed the deposit amounts, the developers are billed. If developer receivables are not collected, the developer projects are put on hold. In business-type activities, surface water management fee receivables are billed by King County with the property tax billing and are usually highly collectible.

Due from Other Governments consists of amounts owed by external state and local governments or agencies. The amount for governmental activities is \$1.4 million and includes \$965 thousand from the State of Washington: \$631 thousand in loan proceeds, \$164 thousand in grant reimbursements, \$31 thousand in vehicle excise taxes, \$49 thousand in liquor and beer excise taxes, \$78 thousand in motor vehicle fuel taxes, \$8 thousand for a housing grant, and \$4 thousand for local sales tax interest. Also included in the \$1.5 million balance is \$191 thousand for King County grants, a \$135 thousand reimbursement from the Covington Water District, a \$53 thousand Port of Seattle Grant, and \$8 thousand due from the Kent Court. For business-type activities, \$58 thousand is for surface water management (SWM) fees to be remitted by King County, \$3 thousand is for SWM code enforcement violation fines, and \$1 thousand is due to the City for a reimbursement from City of Covington.

In business-type activities, the inventory amount of \$77 thousand is for pro shop merchandise and food and beverage inventory at the Lake Wilderness Golf Course. A physical inventory is taken at year end with expenditures adjusted to reflect the change in inventory from the preceding year. Inventory is valued at actual cost, based on invoice price to purchase the items in inventory.

The prepaid items of \$832 thousand, which include both government-type and business-type activities, relate to costs required to be paid prior to the end of 2023; this is made up predominantly of a prepayment made to King County for the right to use Ravensdale Park, January 2024 employee health benefits, software and web-based subscriptions, and professional memberships for staff.

Capital assets, net of accumulated depreciation, increased by \$161 thousand in 2023 (see Note 6). The capital assets include infrastructure assets and related depreciation as the City has chosen not to use the modified approach, which, in lieu of depreciation of infrastructure assets, evaluates condition and maintenance level. A net capital asset increase reflects the fact that \$6.2 million in infrastructure assets were completed, \$8.3 million of infrastructure was capitalized as construction in progress, \$1.1 million of machinery and equipment was purchased, and \$201 thousand in other assets were acquired by the City. These additions to capital assets were offset by asset disposals and \$9.7 million in depreciation of

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2023**

existing assets.

The table that follows shows, by capital asset type, the capital asset year-end balances.

**City of Maple Valley's Capital Assets
(Net of Accumulated Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 220,796,157	\$ 220,796,157	\$ 14,448,480	\$ 14,448,480	\$ 235,244,637	\$ 235,244,637
Intangibles-Art	102,510	102,510	-	-	102,510	102,510
Intangibles-Easement	324,000	324,000	-	-	324,000	324,000
Construction in Progress	17,218,950	15,577,614	26,898	26,898	17,245,848	15,604,512
Buildings	9,624,459	9,950,094	1,344,244	627,321	10,968,703	10,577,415
Infrastructure	103,728,126	106,384,497	1,231,666	931,303	104,959,792	107,315,800
Machinery & Equipment	3,347,644	2,633,410	-	-	3,347,644	2,633,410
Intangibles	32,587	69,370	-	-	32,587	69,370
Right-to-Use Assets	1,222,546	1,431,792	-	24,899	1,222,546	1,456,691
Subscription Assets	40,926	-	-	-	40,926	-
Total Capital Assets	\$ 356,437,904	\$ 357,269,444	\$ 17,051,288	\$ 16,058,900	\$ 373,489,193	\$ 373,328,345

The governmental activities saw a decrease in overall capital assets of \$832 thousand, which consisted of a net increase to construction in progress \$1.6 million; a net decrease in buildings of \$326 thousand; a decrease in infrastructure of \$2.7 million; an increase in machinery and equipment of \$714 thousand; a decrease in intangible assets of \$37 thousand; and a net decrease in right to use assets and subscription assets of \$168 thousand. Business-type activities saw a net increase in capital assets due to new construction in progress of \$743 thousand and completed infrastructure totaling \$372 thousand. These increases were offset by \$122 thousand of depreciation.

Long-term liabilities on December 31, 2023, totaled \$7.7 million (Note 10). This reflects an increase of \$728 thousand from the December 31, 2022, amount of \$6.9 million due to new debt issued in the amount of \$1.7 million offset by annual debt service payments. The net pension liability of the Public Employees Retirement System decreased for both governmental activities and business activities.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Contracts & Loans - Current	\$ 184,621	\$ 184,621	\$ -	\$ -	\$ 184,621	\$ 184,621
General Obligation Bonds - Current	165,000	335,000	-	-	165,000	335,000
Contracts & Loans - Long-Term	1,916,082	184,621	-	-	1,916,082	184,621
General Obligation Bonds - Long-Term	2,875,000	3,260,790	-	-	2,875,000	3,260,790
Total Long-Term Debt	5,140,703	3,965,032	-	-	5,140,703	3,965,032
Compensated Absences Payable	449,636	375,807	43,543	11,033	493,179	386,840
Leases Payable	1,290,941	1,731,879	-	69,816	1,290,941	1,801,695
Subscriptions Payable	28,671	-	-	-	28,671	-
Net Pension Liability	666,947	761,122	47,068	-	714,015	761,122
Total Long-Term Liabilities	\$ 7,576,899	\$ 6,833,840	\$ 90,611	\$ 80,849	\$ 7,667,509	\$ 6,914,689

The **Statement of Activities** provides an overview of the changes in net position from December 31, 2022, to December 31, 2023. The condensed Statement of Activities shown in the table below compares the revenue and expenses for governmental and business-type activities for the current and prior year and identifies the changes in net position.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2023**

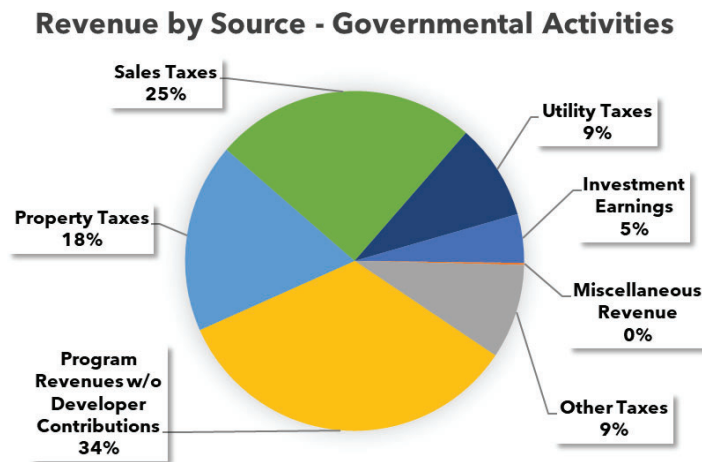
Condensed Statement of Activities							
	Governmental Activities		Business-type Activities		Total		
	2023	2022	2023	2022	2023	2022	
Revenues by Major Source							
Program Revenues							
Charges for Services	\$ 2,857,729	\$ 3,203,480	\$ 4,178,485	\$ 3,790,838	\$ 7,036,214	\$ 6,994,318	
Operating Grants & Contributions	4,502,510	2,778,295	191,223	120,824	4,693,733	2,899,119	
Capital Grants & Contributions	1,571,630	1,240,563	-	-	1,571,630	1,240,563	
General Revenues							
Property Taxes	4,756,352	4,572,595	-	-	4,756,352	4,572,595	
Sales Taxes	6,600,109	6,422,980	-	-	6,600,109	6,422,980	
Utility Taxes	2,410,498	2,088,785	-	-	2,410,498	2,088,785	
Other Taxes	2,375,468	4,560,621	-	-	2,375,468	4,560,621	
Investment Earnings	1,221,095	418,716	219,046	69,893	1,440,141	488,609	
Miscellaneous Revenue	51,867	70,800	-	-	51,867	70,800	
Total Revenues	26,347,258	25,356,835	4,588,754	3,981,555	30,936,012	29,338,390	
Expenses by Function							
General Government	3,224,609	4,141,479	-	-	3,224,609	4,141,479	
Economic Environment	1,999,765	1,492,474	-	-	1,999,765	1,492,474	
Mental and Physical Health	681,440	324,737	-	-	681,440	324,737	
Culture and Recreation	5,593,465	5,272,189	1,617,291	1,401,948	7,210,756	6,674,137	
Public Safety	7,322,809	6,755,658	-	-	7,322,809	6,755,658	
Transportation	10,632,106	9,956,187	-	-	10,632,106	9,956,187	
Utilities and Environment	100,315	210,519	1,752,970	1,849,659	1,853,285	2,060,178	
Interest on Long-term Debt	151,000	152,082	-	1,063	151,000	153,145	
Total Expenses	29,705,509	28,305,325	3,370,261	3,252,670	33,075,770	31,557,995	
Excess (Deficiency) of Revenues over Expenses	(3,358,251)	(2,948,490)	1,218,493	728,885	(2,139,758)	(2,219,605)	
Transfers In/(Out)	(217,283)	593,362	217,283	(593,362)	-	-	
Increase (Decrease) in Net Position	(3,575,534)	(2,355,128)	1,435,776	135,523	(2,139,758)	(2,219,605)	
Net Position - January 1	375,120,360	377,475,488	19,395,612	19,260,089	394,515,972	396,735,577	
Prior Period Adjustment	35,381	-	(3,974)	-	31,407	-	
Net Position - December 31	\$ 371,580,207	\$ 375,120,360	\$ 20,827,414	\$ 19,395,612	\$ 392,407,621	\$ 394,515,971	

Governmental Activities

Total **Governmental Activities Revenues** in 2023 were \$990 thousand higher than in 2022 due primarily to an increase in operating grants and contributions (Program Revenues) and investment earnings (General Revenues). These increases were offset by a \$2.3 million decrease in real estate excise taxes (REET).

The chart below shows the distribution of the City general revenues from governmental activities. Developer contributions are removed from the chart to provide a more meaningful analysis.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2023**



Governmental activity general revenues decreased by \$719 thousand in 2023. Investment earnings saw the largest increase of \$802 thousand while other taxes saw the largest decrease of \$2.2 million. Below are the overall changes in each of the tax revenue categories.

- Property taxes provided 29% of the City's tax base and increased by 4.0%
- Sales taxes make up 41% of the tax base and increased by 2.8%
- Utility taxes provided 15% of the tax base and increased 15.4%
- Other taxes including REET which provide 15% of the tax base, decreased 47.9%

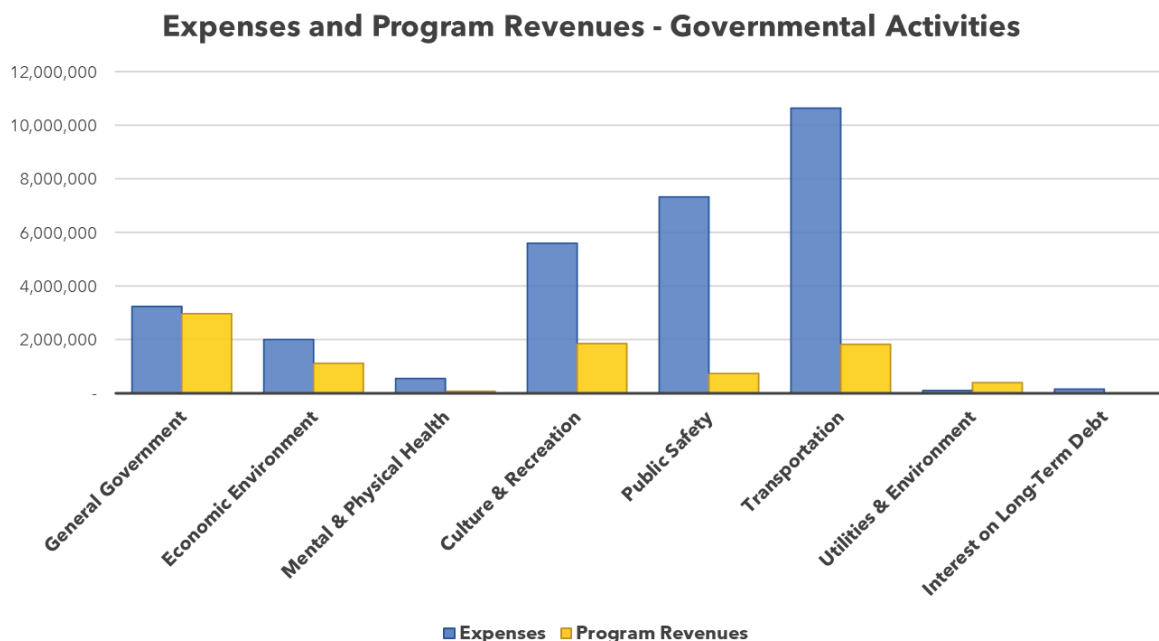
The City's property tax levy rate per \$1,000 of assessed value decreased in 2023 from \$0.81 to \$0.73. This is due to the City's total assessed valuation increasing at a higher rate than the City's allowable property tax increase.

Sales tax revenue includes four components: locally generated revenue of \$4.9 million, affordable housing sales tax of \$30 thousand, housing & related services sales tax of \$661 thousand, and public safety-related revenue distributed to cities based on population of \$1.1 million.

Real estate excise tax (REET) revenue decreased \$2.3M from \$3.6M to \$1.3M due primarily to high interest rates which disincentivize real estate purchases and unusually high REET collections in 2022 due to multiple high-valued property sales.

The chart below compares program expenses to program revenue.

**City of Maple Valley
Management's Discussion and Analysis
December 31, 2023**



In the program expenses and revenues, the total expenses exceeded revenues which confirms that governmental activities are supported in part by general governmental revenues (taxes and intergovernmental revenue). General government program revenues covered 92% of the program expenses; economic environment program revenues covered 55% of program expenses; culture and recreation program revenues covered 33% of program expenses; and transportation program revenues covered 17% of program expenses.

Governmental activity expenses experienced a total increase of \$1.3 million in 2023, primarily a result of increased costs for the City's police services contract with the King County Sheriff's Office, increased major maintenance, and the Comprehensive Plan update. The governmental expenses are reported under the following functions: general government, economic environment, mental and physical health, culture and recreation, public safety, transportation, utilities and environment, and interest on long term debt.

General government expenses include the city council, city manager, city clerk, city attorney, human resources, central services, information technology, public defender, prosecutor, court, and finance. This function represents 11% of total governmental expenses and decreased \$917 thousand or 22% from 2022 largely due to the lack of election services required in 2023, and significant IT equipment purchases made in 2022 at a rate which was not maintained in 2023.

Expenses for the economic environment function include planning, building operations, and economic development. This category increased \$507 thousand or 34% from 2022 due to the Comprehensive Plan update which must be done, at a minimum, every ten years. The last Comprehensive Plan Update was completed in 2016.

Mental and physical health expenses increased \$356 thousand or 110% from 2022 due to an increased focus on funding community resource programs within the Maple Valley community, with an emphasis

City of Maple Valley Management's Discussion and Analysis December 31, 2023

on student programs.

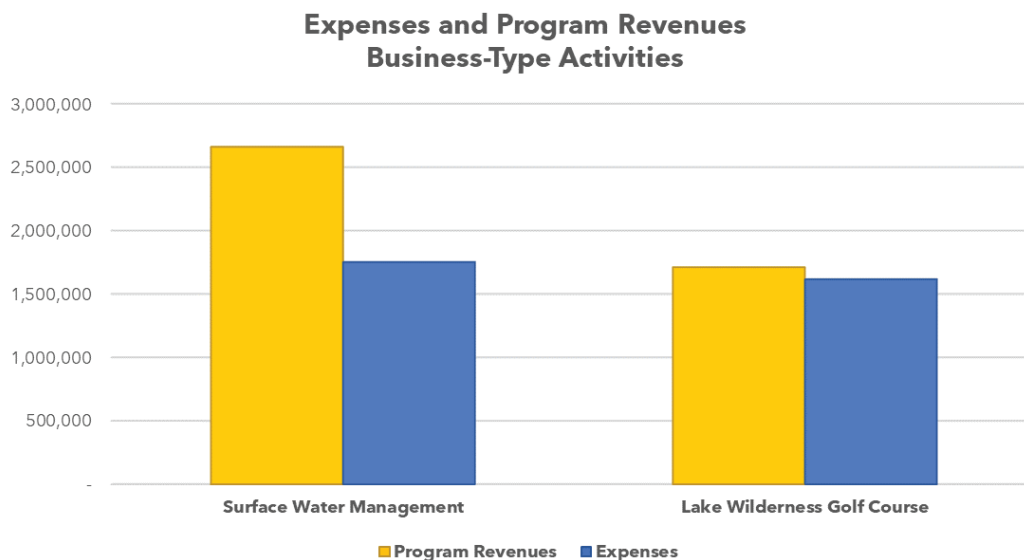
Culture and Recreation expenses, including parks maintenance, Lake Wilderness Lodge, recreation programs, community events, and funding for community service agencies, represents 19% of total government expenses and increased \$321 thousand or 6%. Program revenues offset 33% of culture and recreation program expenses.

Police, jail, and court services comprise the public safety function. The City contracts with King County for police officers, vehicles, equipment, and support costs. The City directly employs one police civilian to assist with administrative services. The police contract provides the City 24-hour police services coverage, seven days a week, and the City of Maple Valley has a valued partnership with the King County Sheriff's Office to provide precinct level and regional support services for the local Maple Valley Police Department. Total expenses for Public Safety activities for the year were \$7.3 million, an increase of 8%. The City has entered an interlocal agreement with the Tahoma School District, which will reimburse the City for 50% of the cost of the School Resource Officer each year.

Transportation expenses include development, transportation planning, and street maintenance, and is 36% of total governmental expenses in 2023. Actual expenses of \$10.6 million were a 7% increase over 2022.

The utilities and environment function involves waste reduction and recycling for the community. These expenses decreased to \$110 thousand and represent less than 1% of all governmental expenses in 2023.

Business-type activities operating expenses totaled \$3.4 million for 2023. As of December 31, 2023, the City of Maple Valley operated two business-type activities, the surface water management operations, and the Lake Wilderness Golf Course operations. The chart below compares program expenses to program revenues.



In the surface water management operation, charges for services were \$2.5 million in 2023 which represents an increase of 8.8% from 2022. The cost of services was \$1.8 million which represents an

City of Maple Valley Management's Discussion and Analysis December 31, 2023

increase of less than 1% from 2022. The total net ending position of \$16.0 million increased from 2022 by \$649 thousand is a result of increases in revenue while expenses remained relatively consistent with that of the previous year.

The Lake Wilderness Golf Course is an 18-hole golf course, capable of maintaining a full-service restaurant with banquet facilities, and was purchased in November 2006 to protect it from development. The course is managed by the CourseCo management services.

The golf course total operating revenues were \$1.7 million (\$1.5 million for golf operations and \$215 thousand for restaurant operations) in 2023, which is a \$215 thousand increase from 2022. Operating expenses in 2023 were \$1.6 million which includes depreciation expense of \$84 thousand. The total net position, including depreciation and other non-operating revenues and expenses, increased by \$782 thousand to \$4.8 million.

Financial Analysis of Government's Funds

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

Governmental Funds

The focus of the City of Maple Valley's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in determining the City's ability to meet financial requirements in the near future. In particular, unassigned fund balances serve as a good indicator of the City's resources available for spending at the end of the fiscal year.

On December 31, 2023, the City of Maple Valley's governmental funds reported combined fund balances of \$18.3 million; a decrease of \$2.7 million from the prior year. Approximately 6.4% or \$1.2 million of this amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable (\$585 thousand), restricted for specific purposes by external sources (\$13.0 million), or committed for specific purposes by the Council (\$3.6 million). Of the committed balance, \$118 thousand must be spent on public art, and \$3.4 million is the City's operating reserve. The operating reserve, which is approved by the Council upon adoption of the biennial budget, is set at a rate of 16.7% of budgeted General Fund operating expenditures and represents two months of the City's anticipated operating costs.

Proprietary Funds

The City of Maple Valley's proprietary funds consist of two enterprise funds: the Surface Water Management Fund and the Lake Wilderness Golf Course Fund (business-type activities), and three internal service funds (governmental activities). Internal service funds are used to accumulate and allocate costs internally amongst the City's various departments. The three internal service funds are the Vehicle Rental Fund, the Central Services Fund, and the Unemployment Trust Fund.

The total change in net position of the business-type proprietary funds (Surface Water Management Fund and Lake Wilderness Golf Course Fund) experienced a year-over-year increase of \$1.3 million meaning that revenues exceeded expenditures at a higher rate than in 2022. The total ending net position for business-type activities is \$20.8 million. Net investment in capital assets makes up the

City of Maple Valley Management's Discussion and Analysis December 31, 2023

majority of this net position at \$17.1 million. The surface water management program represents 76% of total net investments in capital assets with the golf course at 24%.

General Fund Budgetary Highlights

The City of Maple Valley operates under a biennial budget. Per state law, budgetary control is required at the fund level, but it is maintained internally at the project, organization, and object code level. In 2023, the General Fund received 103% of biennial budgeted revenues and transfers-in and incurred only 98% of budgeted operating expenditures and transfers-out.

Economic Factors and Next Year's Budgets and Rates

The City of Maple Valley's governmental activities are funded primarily by property, sales, and utility taxes. The City also receives revenue from state-shared revenues (i.e., liquor excise taxes, liquor profits taxes, gas taxes, etc.), development services and franchise fees, licenses, and grants from the county, state, and federal governments. Users pay a fee or charge for business-type and certain governmental activities such as permitting and recreation programs.

The City Council Goals and Objectives reflect the City's commitment to economic development. The City Manager and department directors provide leadership, communication, and coordination with the staff for the development, recommendation and implementation of policies, programs, and procedures as well as negotiations for new development that accomplish the City Council's goals and objectives to ensure the economic health and vitality of the City. The Council's priorities include promoting economic development within the City, planning for the development of the Legacy Site, and planning for a new community clubhouse. City staff continues to work with the Economic Development Committee and Legacy Site Task Force to discuss developing plans for the 54-acre Maple Valley Legacy Place site.

The City is planning for the construction of a new community clubhouse at Lake Wilderness Golf course. The clubhouse would include dine-in-restaurant, lounge, pro shop, virtual golf simulators and a banquet hall.

Requests for Information

This financial report is designed to provide a general overview of the City of Maple Valley's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Maple Valley Finance Department, 22017 SE Wax Road, Suite 200, Maple Valley, WA 98038, telephone 425-413-8800, or visit the City's website at www.maplevalleywa.gov.

City of Maple Valley
Statement of Net Position
December 31, 2023

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 20,786,851	\$ 4,031,064	\$ 24,817,915
Cash with Fiscal Agent	62,700	-	62,700
Taxes Receivable	1,912,998	-	1,912,998
Accounts Receivable	245,676	2,915	248,591
Special Assessments Receivable	82	-	82
Accrued Interest Receivable	1,427	45	1,472
Other Current Receivables	179,337	-	179,337
Due from Other Governments	1,360,603	57,964	1,418,567
Inventory	-	76,814	76,814
Prepayments	776,627	54,891	831,518
Total current assets	25,326,301	4,223,693	29,549,994
Noncurrent assets:			
Capital Assets not being depreciated			
Land	220,796,157	14,448,480	235,244,637
Intangibles-Art	102,510	-	102,510
Intangibles	324,000	-	324,000
Construction in Progress	17,218,950	26,898	17,245,848
Capital Assets, Net of Accumulated Depreciation			
Buildings	9,624,459	1,344,244	10,968,703
Intangibles -Depreciated	32,587	-	32,587
Infrastructure	103,728,126	1,231,666	104,959,792
Right to Use Assets	1,222,546	-	1,222,546
Subscription Asset	40,926	-	40,926
Machinery & Equipment	3,347,644	-	3,347,644
Total Capital assets	356,437,905	17,051,288	373,489,193
Net Pension Assets	1,542,586	109,716	1,652,302
Total assets	383,306,792	21,384,697	404,691,489
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,289,113	91,643	1,380,756
Total deferred outflows of resources	1,289,113	91,643	1,380,756
Total assets and deferred outflows of resources	384,595,906	21,476,340	406,072,245
LIABILITIES			
Current liabilities:			
Accounts Payable	1,687,738	332,514	2,020,252
Payroll Payable	116,049	15,765	131,814
Due to Other Governments	132,122	50,260	182,382
Customer Deposits	321,326	-	321,326
Unearned Revenue	2,282,511	46,138	2,328,649
Compensated Absences - Current	48,875	784	49,659
Lease Payable	303,215	-	303,215
Subscription Payable	13,608	-	13,608
Accrued Interest Payable	21,310	-	21,310
Total current liabilities	4,926,754	445,461	5,372,215
Noncurrent liabilities:			
Compensated Absences	400,761	42,759	443,520
Contracts & Loans - Due within one year	184,621	-	184,621
General Obligation Bonds - Due within one year	165,000	-	165,000
Contracts & Loans - Due after one year	1,710,000	-	1,710,000
General Obligation Bonds - Due after one year	3,081,082	-	3,081,082
Lease Payable - Long Term	987,726	-	987,726
Subscription Payable - Long Term	15,063	-	15,063
Net Pension Liability	666,947	47,068	714,015
Total noncurrent liabilities	7,211,200	89,827	7,301,027
Total liabilities	12,137,954	535,288	12,673,242
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	849,875	60,406	910,281
Deferred Inflows Related to Fees	-	53,232	53,232
Deferred Inflows Related to Property Tax	-	-	-
Deferred Inflows Related to Opioid Settlement	27,869	-	27,869
Total deferred inflows of resources	877,744	113,638	991,382
Total liabilities and deferred inflows of resources	13,015,698	648,926	13,664,624
NET POSITION			
Net investment in capital assets	351,297,202	17,051,288	368,348,490
Restricted for:			
General Capital Projects	5,496,816	-	5,496,816
Park Capital Projects	3,229,526	-	3,229,526
Transportation Capital Projects	1,970,430	-	1,970,430
Opioid Settlement	3,724	-	3,724
Housing and Related Services	1,839,554	-	1,839,554
Public Safety	415,185	-	415,185
Pensions	1,356,790	140,589	1,497,379
SWM Fees	-	53,232	53,232
Unrestricted	5,970,980	3,582,305	9,553,285
Total net position	\$ 371,580,207	\$ 20,827,414	\$ 392,407,621

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

City of Maple Valley
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government activities:							
General Government	\$ 3,224,609	\$ 19,691	\$ 2,947,400	\$ -	(257,518)	\$ -	(257,518)
Economic Environment	1,997,765	1,045,786	62,500	-	(891,479)	-	(891,479)
Mental & Physical Health	681,440	-	67,011	-	(614,429)	-	(614,429)
Culture & Recreation	5,593,465	1,401,739	106,261	339,328	(3,746,137)	-	(3,746,137)
Public Safety	7,322,809	98,236	632,039	-	(6,592,534)	-	(6,592,534)
Transportation	10,632,106	292,277	570,724	958,830	(8,810,275)	-	(8,810,275)
Utilities & Environment	100,315	-	116,575	273,472	289,732	-	289,732
Interest on Long-Term Debt	151,000	-	-	-	(151,000)	-	(151,000)
Total governmental activities	29,705,509	2,857,729	4,502,510	1,571,630	(20,773,640)	-	(20,773,640)
Business-type activities:							
Lake Wilderness Golf Course	1,617,291	1,710,499	-	-	-	93,208	93,208
Surface Water Management Program	1,752,970	2,467,986	191,223	-	-	906,239	906,239
Total business-type activities	3,370,261	4,178,485	191,223	-	(20,773,640)	999,447	999,447
Total primary government	\$ 33,075,770	\$ 7,036,214	\$ 4,693,733	\$ 1,571,630			(19,774,193)
General revenues:							
Property Tax					4,756,352	-	4,756,352
Sales Tax					6,600,109	-	6,600,109
Utility Tax					2,410,498	-	2,410,498
Excise Tax in Lieu of Property Tax					438,410	-	438,410
Other Taxes (Real Estate Excise)					1,307,068	-	1,307,068
Business & Occupation (Gambling) Tax					193,769	-	193,769
Franchise Fees (Taxes)					436,221	-	436,221
Investment Earnings					1,221,095	219,046	1,440,141
Other Miscellaneous Revenue					47,005	-	47,005
Insurance Recoveries					4,862	-	4,862
Transfers					(217,283)	217,283	-
Total general revenues, special items, and transfers					17,198,106	436,329	17,634,435
Change in net position					(3,575,534)	1,435,776	(2,139,758)
Net position - beginning					375,120,360	19,395,612	394,515,966
Prior Period Adjustment					35,381	(3,974)	31,407
Adjusted Net position - beginning					375,155,741	19,391,638	394,547,379
Net position - ending					\$ 371,580,207	\$ 20,827,414	\$ 392,407,621

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

**City of Maple Valley
Balance Sheet
Governmental Funds
December 31, 2023**

	GENERAL FUND	ARPA FUND	Real Estate Excise Tax	Park Development	Capital Improvement Plan	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 5,293,997	\$ 1,753,531	\$ 5,398,590	\$ 2,554,767	\$ 1,682,534	\$ 1,809,220	\$ 18,492,639
Cash with Fiscal Agent	-	-	-	-	62,700	-	62,700
Taxes Receivable	1,814,774	-	98,226	-	-	-	1,913,000
Accounts Receivable	220,569	-	-	-	-	-	220,569
Special Assessments Receivable	82	-	-	-	-	-	82
Accrued Interest Receivable	1,427	-	-	-	-	-	1,427
Other Current Receivables	179,337	-	-	-	-	-	179,337
Intergovernmental Receivable	196,293	-	-	-	502,546	661,764	1,360,603
Prepayments	585,222	456	-	-	-	-	585,678
Total assets	<u>\$ 8,291,701</u>	<u>\$ 1,753,987</u>	<u>\$ 5,496,816</u>	<u>\$ 2,554,767</u>	<u>\$ 2,247,780</u>	<u>\$ 2,470,984</u>	<u>\$ 22,816,035</u>
LIABILITIES, DEFERRED INFLOWS of RESOURCES and FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 427,873	\$ 9,455	\$ -	\$ -	\$ 1,201,796	\$ -	\$ 1,639,124
Payroll Payable	106,762	422	-	-	2,342	-	109,526
Intergovernmental Payable	112,537	56	-	-	14,084	1,622	128,299
Customer Deposits	321,326	-	-	-	-	-	321,326
Unearned Revenue	428,079	1,743,629	-	-	-	110,803	2,282,511
Total liabilities	<u>1,396,577</u>	<u>1,753,562</u>	<u>-</u>	<u>-</u>	<u>1,218,222</u>	<u>112,425</u>	<u>4,480,786</u>
DEFERRED INFLOW OF RESOURCES							
Deferred Inflows Related to Property Tax	38,946	-	-	-	-	-	38,946
Deferred Inflows Related to Opioid Settlement	27,869	-	-	-	-	-	27,869
Total deferred inflow of resources	<u>66,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,816</u>
FUND BALANCES (DEFICITS)							
Nonspendable	585,222	-	-	-	-	-	585,222
Restricted	-	-	-	-	-	-	-
1st .25% Capital Purposes	-	-	2,395,239	-	-	-	2,395,239
2nd .25% Capital Purposes	-	-	3,101,577	-	-	-	3,101,577
Drug Enforcement	-	-	-	-	-	415,185	415,185
Parks & Recreation	-	-	-	2,554,767	588,359	86,400	3,229,526
Transportation	-	-	-	-	113,456	1,856,974	1,970,430
Opioid Settlement	3,724	-	-	-	-	-	3,724
Housing and related services	1,839,554	-	-	-	-	-	1,839,554
Committed	-	-	-	-	-	-	-
Public Art Purposes	7,092	-	-	-	111,321	-	118,413
Operating Reserve	3,440,217	-	-	-	-	-	3,440,217
Unassigned	952,499	425	-	-	216,422	-	1,169,346
Total fund balances	<u>6,828,308</u>	<u>425</u>	<u>5,496,816</u>	<u>2,554,767</u>	<u>1,029,558</u>	<u>2,358,559</u>	<u>18,268,433</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 8,291,701</u>	<u>\$ 1,753,987</u>	<u>\$ 5,496,816</u>	<u>\$ 2,554,767</u>	<u>\$ 2,247,780</u>	<u>\$ 2,470,984</u>	<u>\$ 22,816,035</u>

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

City of Maple Valley
Reconciliation of Balance Sheet
To the Statement of Net Position
December 31, 2023

Fund balances of governmental funds		\$ 18,268,433
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Note 6)		
These assets (excluding the Internal Service Funds) consist of:		
Non-Depreciable Capital Assets		
Land	220,796,157	
Intangibles-Art	102,510	
Intangibles-Easement	324,000	
Construction in Progress	<u>17,218,950</u>	
		238,441,617
Depreciable Capital Assets		
Buildings	9,624,459	
Machinery, Equipment, and Vehicles	1,646,589	
Infrastructure	<u>103,728,126</u>	
		114,999,174
Net assets of internal service funds are included in the governmental activities in the Statement of Net Position.		4,187,035
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Interest on Contracts, Loans, and Bonds Payable	(18,349)	
Compensated Absences, excluding the Internal Service Funds	(425,190)	
Contracts, Loans, and Bonds Payable	(5,140,703)	
Net Pension Asset, excluding the Internal Service Funds	1,443,048	
Net Pension Liability, excluding the Internal Service Funds	<u>(624,707)</u>	
		(4,765,901)
Deferred inflows - unavailable revenues are reported in the funds but are not reported in the entity-wide statements		38,947
Some deferred inflows and outflows of resources are not reported in the funds. (Note 13)		
Deferred Outflow Related to Pensions, excluding the Internal Service Funds	1,206,027	
Deferred Inflow Related to Pensions, excluding the Internal Service Funds	<u>(795,125)</u>	
		410,902
		<u><u>\$ 371,580,207</u></u>

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

City of Maple Valley
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	GENERAL FUND	ARPA FUND	Real Estate Excise Tax	Park Development	Capital Improvement Plan	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Property Tax	\$ 4,571,265	\$ -	\$ -	\$ 185,645	\$ -	\$ -	\$ 4,756,910
Sales Tax	6,600,109	-	-	-	-	-	6,600,109
Utility Tax	2,410,498	-	-	-	-	-	2,410,498
Gambling Tax	193,769	-	-	-	-	-	193,769
Excise Tax in Lieu of Property Tax	-	-	-	-	-	438,410	438,410
Licenses & Permits	776,513	-	-	-	-	-	776,513
Other Taxes (Real Estate Excise)	-	-	1,307,068	-	-	-	1,307,068
Intergovernmental Revenue	1,451,440	2,947,400	-	-	1,250,074	-	5,648,914
Charges for Services	1,532,848	-	-	71,604	-	279,354	1,883,806
Fines & Forfeitures	38,395	-	-	-	-	-	38,395
Miscellaneous Revenue	1,144,476	-	388,053	137,925	318,965	193,151	2,182,570
Total Revenues	18,719,313	2,947,400	1,695,121	395,174	1,569,039	910,915	26,236,962
EXPENDITURES							
Current:							
General Government	3,326,284	220,469	-	-	-	-	3,546,753
Economic Environment	1,558,791	608,636	-	-	-	-	2,167,427
Mental & Physical Health	692,372	-	-	-	-	-	692,372
Culture & Recreation	4,966,843	16,480	-	-	-	-	4,983,323
Public Safety	7,340,364	5,000	-	-	-	17,120	7,362,484
Transportation	2,049,411	71,794	-	-	-	-	2,121,205
Utilities & Environment	101,549	965	-	-	-	-	102,514
Debt service:							
Interest	-	-	-	-	-	132,271	132,271
Principal	-	-	-	-	-	519,621	519,621
Capital outlay:							
Capital Outlay	6,843	65,275	-	-	8,348,092	-	8,420,210
Total expenditures	20,042,457	988,619	-	-	8,348,092	669,012	30,048,180
Excess (deficiency) of revenues over expenditures	(1,323,144)	1,958,781	1,695,121	395,174	(6,779,053)	241,903	(3,811,218)
OTHER FINANCING SOURCES (USES)							
Bond Proceeds	-	-	-	-	-	1,710,000	1,710,000
Transfers In	1,292,999	-	-	-	6,408,137	651,893	8,353,029
Transfers Out	(338,253)	(1,958,781)	(3,280,549)	(23,088)	-	(3,462,318)	(9,062,989)
Total other financing sources (uses)	954,746	(1,958,781)	(3,280,549)	(23,088)	6,408,137	(1,100,425)	1,000,040
Net change in fund balances	(368,398)	-	(1,585,428)	372,086	(370,916)	(858,522)	(2,811,178)
Fund balances - beginning	7,167,806	425	7,082,244	2,182,681	1,373,576	3,217,081	21,023,813
Prior Period Adjustments	28,900	-	-	-	26,898	-	55,798
Adjusted Fund balances - beginning	7,196,706	425	7,082,244	2,182,681	1,400,474	3,217,081	21,079,611
Fund balances - ending	\$ 6,828,308	\$ 425	\$ 5,496,816	\$ 2,554,767	\$ 1,029,558	\$ 2,358,559	\$ 18,268,433

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

City of Maple Valley
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities

For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds	(2,811,178)
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Amounts reported for governmental activities in the statement of net position are different because:

In the Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds report capital outlays as expenditures.

Capital outlay expenditures reported in governmental funds	8,420,210	
Non-capitalized capital outlay expenditures	(609,552)	7,810,658

In the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

General Government	(1,818)	
Culture and Recreation	(963,917)	
Public Safety	(4,017)	
Transportation	(8,154,467)	(9,124,219)

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

Repayment of Long-Term Debt	519,621	
Amortization of Bond Premium & Deferred Inflow on Bond Refunding	14,709	
Proceeds from Bonds Converted to Debt	(1,710,000)	
Increase in Accrued Interest on Long-Term Debt	(6,562)	
Increase in Compensated Absences Payable	(68,107)	(1,250,339)

Certain expenditures reported in the funds either increase or decrease long-term liabilities or deferred outflows of resources reported on the Statement of Net Position and have been eliminated from the Statement of Activities.

Pension Expense, excluding the Internal Service Funds	590,779	590,779
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Change in deferred inflows - unavailable revenues	(558)
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Internal service funds are used by the City to charge the costs of vehicle rental, central services, and unemployment insurance to individual funds. The net revenue of certain activities in internal service funds is reported with governmental activities.

1,209,323

Change in net position of governmental activities	\$ (3,575,534)
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The notes to financial statements are an integral part of this statement.

**City of Maple Valley
Statement of Net Position
Proprietary Funds
December 31, 2023**

	Business-type Activities			Governmental Activities
	Surface Water Management Program	Lake Wilderness Golf Course	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current assets:				
Cash and Cash Equivalents	\$ 3,191,610	\$ 839,454	\$ 4,031,064	\$ 2,294,211
Accounts Receivable	2,915	-	2,915	25,107
Accrued Interest Receivable	-	45	45	-
Intergovernmental Receivable	57,964	-	57,964	-
Inventory	-	76,814	76,814	-
Prepayments	31,949	22,942	54,891	190,949
Total current assets	<u>3,284,438</u>	<u>939,255</u>	<u>4,223,693</u>	<u>2,510,267</u>
Noncurrent assets:				
Capital Assets not being depreciated				
Land	12,168,262	2,280,218	14,448,480	-
Capital Assets, Net of Accumulated Depreciation				
Buildings	3,125	1,341,119	1,344,244	-
Machinery & Equipment	-	-	-	1,701,055
Intangibles	-	-	-	32,587
Construction in Progress	-	26,898	26,898	-
Infrastructure	795,091	436,575	1,231,666	-
Right to Use Asset	-	-	-	1,222,546
Subscription Asset	-	-	-	40,926
Total Capital assets	<u>12,966,478</u>	<u>4,084,810</u>	<u>17,051,288</u>	<u>2,997,114</u>
Net Pension Assets	<u>108,731</u>	<u>985</u>	<u>109,716</u>	<u>99,538</u>
Total assets	<u>16,359,647</u>	<u>5,025,050</u>	<u>21,384,697</u>	<u>5,606,919</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	90,820	822	91,643	83,086
Total deferred outflows of resources	<u>90,820</u>	<u>822</u>	<u>91,643</u>	<u>83,086</u>
Total assets and deferred outflows of resources	<u>\$ 16,450,467</u>	<u>\$ 5,025,872</u>	<u>\$ 21,476,340</u>	<u>\$ 5,690,005</u>
LIABILITIES				
Current liabilities:				
Accounts Payable	178,811	153,707	332,518	48,631
Payroll Payable	13,346	2,415	15,761	6,520
Intergovernmental Payable	21,246	29,014	50,260	3,824
Unearned Revenue	-	46,138	46,138	-
Accrued Interest Payable	-	-	-	2,946
Lease Payable	-	-	-	303,215
Subscription Payable	-	-	-	13,608
Compensated Absences Payable	784	-	784	2,657
Total current liabilities	<u>214,187</u>	<u>231,274</u>	<u>445,461</u>	<u>381,401</u>
Noncurrent liabilities:				
Compensated Absences Payable	42,759	-	42,759	21,790
Lease Payable - Long Term	-	-	-	987,726
Subscription Payable - Long Term	-	-	-	15,063
Net Pension Liability	46,646	422	47,068	42,240
Total noncurrent liabilities	<u>89,405</u>	<u>422</u>	<u>89,827</u>	<u>1,066,819</u>
Total liabilities	<u>303,592</u>	<u>231,696</u>	<u>535,288</u>	<u>1,448,220</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	59,863	542	60,406	54,750
Deferred Inflows Related to SWM Fees	53,232	-	53,232	-
Total deferred inflows of resources	<u>113,095</u>	<u>542</u>	<u>113,638</u>	<u>54,750</u>
Total liabilities and deferred inflows of resources	<u>416,687</u>	<u>232,238</u>	<u>648,926</u>	<u>1,502,970</u>
NET POSITION				
Net investment in capital assets	12,966,478	4,084,810	17,051,288	2,997,114
Restricted for pensions	139,327	1,262	140,589	127,547
Restricted for SWM Fees	53,232	-	53,232	-
Unrestricted	2,874,743	707,562	3,582,305	1,062,374
Total net position	<u>\$ 16,033,780</u>	<u>\$ 4,793,634</u>	<u>\$ 20,827,414</u>	<u>\$ 4,187,035</u>

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

City of Maple Valley
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities			Governmental Activities
	Surface Water Management Program	Lake Wilderness Golf Course	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Surface Water Management Fees	\$ 2,458,545	\$ -	\$ 2,458,545	\$ -
Golf Operations	-	1,462,033	1,462,033	-
Restaurant Operations	-	247,775	247,775	-
Other Services	9,441	691	10,132	2,646,142
Total operating revenues	<u>2,467,986</u>	<u>1,710,499</u>	<u>4,178,485</u>	<u>2,646,142</u>
OPERATING EXPENSES				
Cost of Services	1,715,163	1,532,737	3,247,900	1,553,865
Depreciation & Amortization	37,807	84,438	122,245	459,619
Total operating expenses	<u>1,752,970</u>	<u>1,617,175</u>	<u>3,370,145</u>	<u>2,013,484</u>
Operating income (loss)	<u>715,016</u>	<u>93,324</u>	<u>808,340</u>	<u>632,658</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	191,223	-	191,223	-
Gains (Losses) on asset disposals	-	-	-	25,894
Interest Expense	-	(116)	(116)	(26,866)
Investment Earnings	179,796	39,250	219,046	84,960
Total nonoperating revenues (expenses)	<u>371,019</u>	<u>39,134</u>	<u>410,153</u>	<u>83,988</u>
Income (loss) before contributions and transfers	<u>1,086,035</u>	<u>132,458</u>	<u>1,218,493</u>	<u>716,646</u>
Transfers In	-	650,000	650,000	492,677
Transfers Out	<u>(432,717)</u>	<u>-</u>	<u>(432,717)</u>	<u>-</u>
Change in Net Position	653,318	782,458	1,435,776	1,209,323
Total Net Position - Beginning	15,384,436	4,011,176	19,395,612	3,004,493
Prior Period Adjustment	(3,974)	-	(3,974)	(26,781)
Adjusted Net Position - Beginning	15,380,462	4,011,176	19,391,638	2,977,712
Total Net Position - Ending	<u>\$ 16,033,780</u>	<u>\$ 4,793,634</u>	<u>\$ 20,827,414</u>	<u>\$ 4,187,035</u>

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

**City of Maple Valley
Statement of Cash Flows
Proprietary Funds**
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Surface Water Management Program	Lake Wilderness Golf Course	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments to suppliers	\$ (1,639,897)	\$ (1,521,674)	\$ (3,161,570)	\$ (1,564,315)
Cash Received from User Departments	-	-	-	2,529,303
Cash receipts from customers	2,557,055	1,685,415	4,242,469	-
Cash Other	-	-	-	-
Net cash provided (used) by operating activities	917,158	163,741	1,080,899	964,988
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Revenue	191,223	-	191,223	-
Transfers from (to) Other Funds	(432,717)	650,000	217,283	492,677
Net cash provided (used) by noncapital financing activities	(241,494)	650,000	408,506	492,677
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Purchased for Own Use	(371,515)	(770,015)	(1,141,530)	(807,562)
Proceeds from Sales of Capital Assets	-	-	-	63,035
Lease and Subscription Assets	-	(25,128)	(25,128)	(334,226)
Net cash provided (used) by capital and related financing activities	(371,515)	(795,143)	(1,166,658)	(1,078,753)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	179,796	39,134	218,930	84,960
Net cash provided (used) by investing activities	179,796	39,134	218,930	84,960
Net increase (decrease) in cash and cash equivalents	483,945	57,732	541,677	463,872
Balances - beginning of year	2,707,665	781,722	3,489,387	1,830,339
Balances - end of the year	\$ 3,191,610	\$ 839,454	\$ 4,031,064	\$ 2,294,211
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating Income	\$ 715,016	\$ 93,324	808,340	\$ 632,658
Changes in assets and liabilities:				
Change in Accumulated Depreciation & Amortization	37,807	84,438	122,245	459,619
Change of Receivables (Net of Uncollectibles)	52,349	(28)	52,321	(1,520)
Changes in Due from Other Governments	(13,108)	-	(13,108)	15,456
Change in Inventory	-	(10,225)	(10,225)	-
Change in Prepaid Items	(4,570)	(13,024)	(17,594)	(111,291)
Change in Accounts Payable	50,250	940	51,190	6,961
Change in Payroll Payable	3,884	97	3,981	(194)
Change in Due to Other Governments	20,599	6,443	27,042	3,230
Change in Deposits & Unearned Revenue	-	2,619	2,619	-
Change in Compensated Absences Payable	32,510	-	32,510	5,724
Change in Net Pension Asset	12,795	(985)	11,810	(21,468)
Change in Net Pension Liability	(23,170)	422	(22,748)	(2,610)
Change in Deferred Outflows of Resources	41,603	(822)	40,780	1,984
Change in Deferred Inflows of Resources	(8,807)	542	(8,264)	(23,561)
Net cash provided (used) by operating activities	\$ 917,158	\$ 163,741	\$ 1,080,899	\$ 964,988
Noncash investing, capital and financing activities				
CASH RECONCILIATION				
Actual Balance - end of year	\$ 3,191,610	\$ 839,454	\$ 4,031,064	\$ 2,294,211
Balance - end of year out of balance	-	-	-	-

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

City of Maple Valley
GENERAL FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	As Amended	2023	Amended Budget
	2023	2023	Actual	
	Budget	Budget		
REVENUES				
Property Tax	\$ 4,598,747	\$ 4,598,747	\$ 4,571,265	\$ (27,482)
Sales Tax	6,058,535	6,058,535	6,600,109	541,574
Utility Tax	1,903,746	1,903,746	2,410,498	506,752
Gambling Tax	66,623	66,623	193,769	127,146
Licenses & Permits	1,313,252	1,313,252	776,513	(536,739)
Intergovernmental Revenue	1,429,052	1,455,454	1,451,440	(4,014)
Charges for Services	1,546,339	1,546,339	1,532,848	(13,491)
Fines & Forfeitures	71,914	71,914	38,395	(33,519)
Miscellaneous Revenue	985,984	985,984	1,144,476	158,492
Total revenues	17,974,192	18,000,594	18,719,313	718,719
EXPENDITURES				
Current:				
General Government	4,103,648	4,198,648	3,326,284	872,364
Economic Environment	1,935,161	1,935,161	1,558,791	376,370
Mental & Physical Health	375,877	375,877	692,372	(316,495)
Culture & Recreation	4,474,215	4,529,871	4,966,843	(436,972)
Public Safety	7,358,044	7,370,344	7,340,364	29,980
Transportation	2,071,170	2,131,873	2,049,411	82,462
Utilities & Environment	95,400	95,400	101,549	(6,149)
Total current	20,413,515	20,637,174	20,035,614	601,560
Capital outlay:				
Capital Outlay	-	-	6,843	(6,843)
Total capital outlay	-	-	6,843	(6,843)
Total expenditures	20,413,515	20,637,174	20,042,457	594,717
Excess (deficiency) of revenues over expenditures	(2,439,323)	(2,636,580)	(1,323,144)	1,313,436
OTHER FINANCING SOURCES (USES)				
Transfers In	1,292,999	1,348,655	1,292,999	(55,656)
Transfers Out	(190,815)	(190,815)	(338,253)	(147,438)
Total other financing sources (uses)	1,102,184	1,157,840	954,746	(203,094)
Net change in fund balances	(1,337,139)	(1,478,740)	(368,398)	1,110,342
Fund balances - beginning	6,743,202	7,167,804	7,167,806	2
Prior period adjustment	-	-	28,900	28,900
Adjusted Fund balances - beginning	-	-	7,196,706	7,196,706
Fund balances - ending	\$ 5,406,063	\$ 5,689,064	\$ 6,828,308	\$ 1,139,244

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

City of Maple Valley
ARPA FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	As Amended	2023	Amended Budget
	2023	2023	Actual	
	Budget	Budget		
REVENUES				
Intergovernmental Revenue	\$ -	\$ -	\$ 2,947,400	\$ 2,947,400
Total revenues	-	-	2,947,400	2,947,400
EXPENDITURES				
Current:				
General Government	235,875	255,423	220,469	(34,954)
Economic Environment	108,331	776,531	608,636	(167,895)
Mental & Physical Health	25,544	25,544	-	(25,544)
Culture & Recreation	20,000	35,000	16,480	(18,520)
Public Safety	5,000	5,000	5,000	-
Transportation	270,000	145,000	71,794	(73,206)
Utilities & Environment	-	-	965	965
Total current	664,750	1,242,498	923,344	(319,154)
Capital outlay:			65,275	
Total capital outlay	-	-	65,275	-
Total expenditures	664,750	1,242,498	988,619	(319,154)
Excess (deficiency) of revenues over expenditures	(664,750)	(1,242,498)	1,958,781	3,266,554
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,292,999)	(1,720,524)	(1,958,781)	(238,257)
Total other financing sources (uses)	(1,292,999)	(1,720,524)	(1,958,781)	(238,257)
Net change in fund balances	(1,957,749)	(2,963,022)	-	2,963,022
Fund balances - beginning	4,119,500	4,691,453	425	(4,691,028)
Fund balances - ending	\$ 2,161,751	\$ 1,728,431	\$ 425	\$ (1,728,006)

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

City of Maple Valley
Real Estate Excise Tax
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original 2023 Budget	As Amended 2023 Budget	2023 Actual	Amended Budget
REVENUES				
Other Taxes (Real Estate Excise)	\$ 3,457,949	\$ 3,457,949	\$ 1,307,068	\$ (2,150,881)
Miscellaneous Revenue	20,782	20,782	388,053	367,271
Total revenues	<u>3,478,731</u>	<u>3,478,731</u>	<u>1,695,121</u>	<u>(1,783,610)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	3,478,731	3,478,731	1,695,121	(1,783,610)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(3,197,000)	(4,904,620)	(3,280,549)	1,624,071
Total other financing sources (uses)	<u>(3,197,000)</u>	<u>(4,904,620)</u>	<u>(3,280,549)</u>	<u>1,624,071</u>
Net change in fund balances	281,731	(1,425,889)	(1,585,428)	(159,539)
Fund balances - beginning	3,521,955	7,082,242	7,082,244	2
Fund balances - ending	<u>\$ 3,803,686</u>	<u>\$ 5,656,353</u>	<u>\$ 5,496,816</u>	<u>\$ (159,537)</u>

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

City of Maple Valley
Park Development
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	As Amended	2023	Amended Budget
	2023	2023		
	Budget	Budget	Actual	
REVENUES				
Property Tax	\$ 163,452	\$ 163,452	\$ 185,645	\$ 22,193
Charges for Services	426,182	426,182	71,604	(354,578)
Miscellaneous Revenue	19,518	19,518	137,925	118,407
Total revenues	<u>609,152</u>	<u>609,152</u>	<u>395,174</u>	<u>(213,978)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>609,152</u>	<u>609,152</u>	<u>395,174</u>	<u>(213,978)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(909,000)	(979,806)	(23,088)	956,718
Total other financing sources (uses)	<u>(909,000)</u>	<u>(979,806)</u>	<u>(23,088)</u>	<u>956,718</u>
Net change in fund balances	(299,848)	(370,654)	372,086	742,740
Fund balances - beginning	<u>1,852,926</u>	<u>2,182,681</u>	<u>2,182,681</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,553,078</u>	<u>\$ 1,812,027</u>	<u>\$ 2,554,767</u>	<u>\$ 742,740</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

B. GENERAL ACCOUNTING STANDARDS

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

C. BASIC FINANCIAL STATEMENTS

The City's basic financial statements consist of government-wide statements (i.e., the Statement of Net Position and the Statement of Activities) and fund financial statements which provide a more detailed level of financial information. Governmental activities, which are generally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes are reported as general revenues along with other revenues not properly included as program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such

City of Maple Valley
Notes to the Financial Statements
December 31, 2023

as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus 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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the current fiscal period. In unusual circumstances, where payment has been delayed beyond the 60-day cut-off, the City may recognize the revenue based on normal collection patterns as to not mislead the reader or distort revenue trends from one year to the next. Expenditures are generally recorded when a liability is incurred, a practice consistent with accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recognized only when payment is due.

For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and the resulting change in pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. 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.

Under the modified accrual basis of accounting, property taxes are recognized as revenues in the year for which they are levied; sales and use taxes are recognized as revenues in the year they are collected from the consumer assuming they are paid to the collecting agent, the Washington State Department of Revenue (DOR), in time for distribution to the City within 60 days of the fiscal year-end (DOR's typical practice). Utility taxes, real estate excise taxes, and gambling taxes are recognized as revenue in the year collected from the consumer, assuming the collecting agent remits them to the City within 60 days of the fiscal year-end. Non-tax revenue is recognized as earned.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Surface Water Management Fund and Lake Wilderness Golf Course Funds and other functions of the

City of Maple Valley
Notes to the Financial Statements
December 31, 2023

government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These statements also include certain adjustments to present the information with a measurement focus and basis of accounting applicable to business-type funds. The adjustments are shown in the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position, as well as the Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

E. FINANCIAL STATEMENT PRESENTATION

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

The City reports the following major governmental funds:

The **General Fund** is the principal operating fund of the City. It accounts for the financial resources of the City except those required to be accounted for in another fund. The principal sources of revenue are property, sales, and utility taxes; licenses and permits; State-shared revenue; development and recreation charges for services; fines and forfeitures; and miscellaneous revenue that includes rental income and investment earnings. The General Fund accounts for all operating expenditures of the City except those accounted for in the business-type funds. Primary expenditures are for: general government, community development, human services, parks and recreation, public safety, and public works.

The **ARPA Fund** accounts for revenue and expenditures related to the State and Local Fiscal Recovery Funds (SLFRF) authorized by the American Rescue Plan Act (ARPA).

The **Real Estate Excise Tax Fund** accounts for real estate excise taxes restricted for specified purposes.

The **Park Development Fund** accounts for the receipt and expenditure of Park Impact Fees and King County Parks, Trails, and Open Space tax. These funds may be used for the development of parks, open space, passive recreation parks, linear trail parks, and recreation facilities to serve new growth and development within Maple Valley, provided that such fees may only be spent on system improvements.

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

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

The City reports the following major enterprise funds:

The **Surface Water Management Fund** accounts for revenue generated by surface water management fees and expenditures for surface water operating and capital purposes. At this time there is no outstanding debt, but a policy decision has been made to recover all direct costs.

The **Lake Wilderness Golf Course Fund** accounts for revenue generated by golf and restaurant charges and expenditures for Lake Wilderness Golf Course operating and capital purposes. The city acquired the golf course with cash on November 30, 2006, to protect the land from development. The course is managed by the CourseCo management services.

Additionally, the City maintains non-major funds including the following fund types:

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

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

Accounting Changes:

GASB Statement No. 96 - Subscription-Based Information Technology Arrangements (SBITAs)

The objective of this statement is to improve the accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs). The statement increases the usefulness of the City's financial statements by establishing a definition for SBITA's and providing uniform guidance for the accounting and reporting of such arrangements. This statement requires recognition of certain subscription assets and liabilities that may otherwise be classified as operating expenses. Where applicable, the City has made the required adjustments as prescribed by GASB Statement No. 96. For further information, please see Note 8 - Subscription-Based Information Technology Arrangements (SBITAs).

F. ASSETS, LIABILITIES, FUND BALANCE, NET POSITION

Cash and Cash Equivalents

The City follows the practice of pooling cash and investments of all funds for investment purposes, except for cash held in escrow, which is disclosed separately on the balance sheet. Each fund's portion of total cash and investments is summarized by fund type in the combined balance sheet as cash and cash equivalents and investments. It is the City's policy to invest all cash not immediately required for disbursement. At December 31, 2023, the State Treasurer was holding \$23,486,680 in the Local Government Investment Pool. The amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds based on the average monthly balance for each fund. For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

Receivables

Taxes receivables consist taxes due to the City in 2023 but not remitted to the City until January and February of 2024. The taxes receivable balance of \$1.9 million includes \$1.2 million in sales tax, \$456 thousand in utility taxes, \$99 thousand in franchise fees, \$98 thousand in real estate excise taxes, \$46 thousand of delinquent property taxes, and \$38 thousand in gambling taxes owed to the City.

Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billing has not been prepared. Notes and contracts receivable consist of amounts owed on open accounts from private individuals or organizations for goods and services rendered.

Inventories and Prepaid Expenses

Inventories in the governmental funds are recorded as expendable supplies held for consumption. The cost is typically recorded as expenditure at the time individual inventory items are purchased. There were no inventories at year-end in the Governmental and Internal Service funds. Lake Wilderness Golf course has \$76,814 inventory balance at year-end. The City currently uses the consumption method of accounting for prepaid expenses.

Leases

As a lessee, the City recognizes lease liabilities with an initial individual value of \$5,000 or more per year. The City uses its estimated incremental borrowing rate to measure the lease liability unless it can readily determine the interest rate implicit in the lease agreement.

As a lessor, the City recognizes lease receivables with an initial, individual value of \$5,000 or more per year. If there is no stated rate in the lease contract and an implicit rate cannot be determined, the City will use its own estimated incremental borrowing rate.

Right to Use Assets - The City has recorded the right to use lease assets as a result of implementing GASB Statement 87. Right-to-use assets are recorded based on the amount of the initial lease liability, plus any payments made to the lessor at or before the commencement of the lease term, including certain direct costs. Right to use assets are amortized on a straight-line basis over the life of the lease. See Note 7 - Leases for additional information on leases and right to use assets.

Lease Liability - The City has recorded lease liabilities as a result of implementing GASB Statement No. 87. Lease liabilities are measured at the present value of payments expected to be made during the lease term. Lease liabilities are reduced as payments are made and the City recognizes an outflow of resources for interest on the liability. See Note 7 - Leases for additional information on leases and lease liabilities.

Lease Receivable - The City has recognized a lease receivable and a deferred inflow of resources as a result of implementing GASB Statement No. 87. Lease receivables are initially measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is initially measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term. The City will recognize interest revenue on the lease receivable and an inflow of resources as payments are received over the lease of the term. See Note 7 - Leases for additional information on leases and lease receivables.

Subscription-Based Information Technology Arrangements (SBITAs)

Under GASB Statement No. 96, a SBITA is a contract that conveys control of the right to use another party's IT Software as specified in a contract for a period of time in an exchange or exchange-like transaction. The City uses its estimated incremental borrowing rate to measure the subscription liability unless it can readily determine the interest rate implicit in the subscription agreement. The City's estimated incremental borrowing rate is based on the risk-free rate provided by the United States Department of Treasury plus the local government investment pool true 30-day yield rate on the date of commencement of the subscription agreement and adjusted for the subscription term.

Subscription Asset - The City has recorded subscription assets as a result of implementing GASB Statement No. 96. Subscription assets are recorded based on the amount of the initial subscription liability, plus any payments made to the SBITA Vendor at the commencement of the subscription term and any capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the life of the subscription. See Note 8 - Subscription-Based Information Technology Arrangements (SBITAs) for additional information on SBITAs and subscription assets.

Subscription Liability - The City has recorded subscription liabilities as a result of implementing GASB Statement No. 96. Subscription liabilities are measured at the present value of payments expected to be made during the subscription term. Subscription liabilities are reduced as payments are made and the City recognizes an outflow of resources for interest on the liability. See Note 8 - Subscription-Based Information Technology Arrangements (SBITAs) for additional information on SBITAs and subscription liabilities.

City of Maple Valley
Notes to the Financial Statements
December 31, 2023

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the City of Maple Valley as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Cost of normal maintenance and repairs are not capitalized. However, cost for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset, or capital asset's estimated useful life.

Depreciation on all capital assets is recorded as an allocated expense in the government-wide Statement of Activities and in the proprietary fund statements. Property, plant, and equipment of the primary government are depreciated using the straight-line method over the estimated useful lives.

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

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period. See Note 12 - Property Tax and Note 13 - Employee Benefits.

Compensated Absences Payable

The City's policy allows employees to earn vacation on an increasing annual scale, with a maximum annual carryforward of 320 hours. Employees eligible for compensatory time are allowed to accrue up to a maximum of 40 hours. Sick leave hours are accumulated with no maximum. At year-end, vacation and compensatory time at hour for hour, and sick leave hours

City of Maple Valley
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calculated at 25% with the likelihood of being paid off at retirement from the State retirement system, are valued at the individual employee's year-end wage rate. The compensated absences payable amount is adjusted at year-end for any change in the amount of the liability and is only reported in governmental funds if they have matured. The total vacation and compensatory time portion of the liability is \$431,732. The sick leave pay-out portion of the liability is \$29,208.

Pensions

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

Long-Term Liabilities

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. See Note 10 - Long-Term Liabilities.

Unearned Revenues

Unearned revenue is a liability account that reports amounts received in advance of providing goods or services. For detailed information, See Note 9 - Payables and Other Short-Term Liabilities.

Fund Balance Classification

Fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities in each fund. Beginning with the most restrictive constraints, fund balance amounts will be reported in the following categories:

Non-spendable - amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for the specific purposes stipulated by external parties either constitutionally or through enabling legislation.

Committed - amounts that can be used only for the specific purposes determined by formal action of the City Council through an ordinance or resolution. Commitments may be changed or lifted by the action of the City Council using the same formal action of ordinance or resolution that was used to create the commitment.

Assigned - amounts intended to be used by the government for specific purposes. Intent can

City of Maple Valley
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be expressed by the City Council. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other government funds, at a minimum, are intended to be used for the purpose of that fund.

Unassigned - includes all amounts not contained in other classifications and is the residual classification of the general fund only. Unassigned amounts are available for any legal purpose.

The City Council has, by ordinance, authorized the Finance Director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balances to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. When an expenditure is incurred for which both restricted and unrestricted resources are available, it is City's policy to use restricted resources first. When expenditures are incurred which can be paid from unrestricted resources, committed fund balance will be spent first, followed by assigned fund balance and then by unassigned fund balance.

The City maintains an operative reserve equal to 16.7% of budgeted General Fund annual operating expenditures which represents two months of the City's anticipated operating costs. This reserve was established by the Council with the approval of the 2013-2014 biennial budget and has been affirmed with the adoption of each biennial budget since.

Interfund Transactions

There are three types of transactions between funds:

Interfund loans are temporary borrowings of cash which do not affect operating statements, but which may incur interest expense or expenditure to the borrowing fund. There were no interfund loan transactions in 2023.

Interfund Services are treated as equivalent to buying goods or services from an outside vendor and are accounted for by the related funds as revenues, expenditures, or expenses.

Interfund Transfers are accounted for as "other financing sources and uses" and are therefore included in the operating statements.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." For more information on interfund transactions see Note 5 - Interfund Activity.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. INTERNAL CONTROL SYSTEM

City management is responsible for establishing and maintaining an internal control system. The system is designed to ensure that the assets of the City are protected from loss, theft, or misuse, and that adequate accounting data is available to prepare financial statements in conformity with

City of Maple Valley
Notes to the Financial Statements
December 31, 2023

Generally Accepted Accounting Principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. Reasonable assurance recognizes that (1) the cost of controls should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

B. BUDGET AND SPENDING CONTROL

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

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

The City Council holds public hearings and reviews the preliminary budget document during November and early December. The City Council then adopts a budget ordinance appropriating funds at the fund level for the following biennium. Per State law, a budget must be adopted before the end of the preceding fiscal year. An additional budget ordinance adopted in the first half of the budget year re-appropriates Council approved prior year unexpended budgeted amounts, typically limited to capital projects, and adjusts beginning fund balances to actual previous year-end amounts. Supplemental appropriations that amend total fund expenditures require a budget amendment ordinance approved by City Council. The City prepares quarterly financial reports which the Finance Director reviews with Council on a quarterly basis. The quarterly reports include a budget amendment ordinance if City Council actions during the quarter require one. The presentation of the year-end quarterly report includes the re-appropriating budget amendment ordinance as discussed above.

Expenditures and other financing uses may not exceed budgeted appropriations at these levels. The City Council must approve, by ordinance, any additional appropriations which increase the total appropriations at the fund level. Any unexpended appropriation balances lapse at the end of the fiscal year.

NOTE 3 - CASH AND INVESTMENTS

Cash and cash equivalents include petty cash, a demand deposit checking account, and overnight investment in the State of Washington Local Government Investment Pool (LGIP). *Cash equivalents* are short-term, highly liquid investments that are both (1) readily convertible to known amounts of cash; and (2) near their maturity that they represent insignificant risk of changes in value because of

City of Maple Valley
Notes to the Financial Statements
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changes in interest rates. The LGIP and a certificate of deposit are considered to be *cash equivalents*. The petty cash accounts are included in the cash and cash equivalent amount of the General Fund. The other cash and cash equivalents along with other investments are accounted for within an internal City investment pool. Each City fund has equity in the pool. The beginning and ending month end equity positions are used to allocate monthly investment earnings.

Reconciliation of City's deposits and investment balance as of December 31, 2023, is as follow:

	Government-wide Balance
Cash & Cash Equivalents	
Petty Cash	\$ 13,000
Cash with Fiscal Agents	62,700
Demand Deposits	1,318,237
Investments (LGIP)	23,486,680
Total Cash & Cash Equivalents	\$ 24,880,617

The Washington State Local Government Investment Pool (LGIP), created by the Washington State Legislature in 1986, is managed and operated solely by the Office of the State Treasurer. The State Finance Committee administers the statute that created the pool and adopts appropriate rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory committee. The advisory committee includes 12 members selected from the active pool participants. Eight members are appointed by the participant associations, and four are appointed by the State Treasurer.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. This measurement is done at the end of the reporting period. The LGIP is considered to be an extremely low risk investment. The pool is unrated by financial rating agencies. The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by the GASB Statement 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LGIP Interest rates ranged from 4.3943% to 5.4347% in 2023. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. The City's position in the pool is the same as the value of the shares.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

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

The WPDPC is a statutory authority established under RCW chapter 39.58. It constitutes a multiple financial institution collateral arrangement that provides for additional assessments against members of the pool providing for 100% collateralization of each institution's public deposits. Provisions of RCW chapter 39.58, section 60 authorizes the WPDPC to make pro-rata assessments in proportion to the

City of Maple Valley
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maximum liability of each such depository as it existed on the date of loss.

All investments, except certificates of deposit insured by the PDPC, are delivered to the City's custody bank and payment is not released until the investments are received. The custody bank holds the investment and remits interest payments to the City. There were no investments held by the custody bank at year-end.

NOTE 4 - RECEIVABLES AND OTHER SHORT-TERM ASSETS

Receivable and other short-term asset amounts at year-end totaled \$4,679,470, up \$1,310,235 from the prior year amount of \$3,369,235. The increase is primarily related to a \$1,038,472 increase in amounts due from other governments for grant reimbursements billed in 2024 related to 2023 expenditures. The following table summarizes the year-end receivables and short-term assets and compares the amounts to the prior year. All receivables are listed as net of allowances for uncollectible amounts, but no amounts are considered uncollectible.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Receivables (net of uncollectibles)						
Taxes	\$ 1,912,998	\$ 1,566,141	\$ -	\$ -	\$ 1,912,998	\$ 1,566,141
Customer Accounts	245,676	277,115	2,915	55,264	248,591	332,379
Special Assessments	82	82	-	-	82	82
Accrued Interest	1,427	695	45	17	1,472	712
Other Current	179,337	147,120	-	-	179,337	147,120
Due from Other Governments	1,360,603	345,330	57,964	44,856	1,418,567	390,186
Inventory	-	-	76,814	66,589	76,814	66,589
Prepaid Items	776,627	828,729	54,891	37,297	831,518	866,026
Total Receivables & Short-term Assets	\$ 4,476,750	\$ 3,165,212	\$ 192,629	\$ 204,023	\$ 4,669,379	\$ 3,369,235

The taxes receivable amount of \$1,912,998 is categorized as follows: property taxes, \$45,890; sales taxes, \$858,858; housing & related service taxes, \$100,839; affordable housing related taxes, \$7,410; criminal justice related taxes, \$178,932; utility taxes, \$456,467; gambling taxes, and franchise fees \$90,555. The property taxes are billed and collected by King County and remitted to the City daily as collected. If amounts are not collected in seven years, properties are sold to pay the taxes. For other taxes receivable, amounts are actual collections through the first two months of 2023.

Of the total customer accounts receivable for 2023 of \$248,591, 99% or \$245,676 was in governmental activities for receivables from individuals, businesses, and developers while the remaining 1%, or \$2,915 was in business-type activities, which is for surface water management fees. The City establishes deposit accounts for developer projects. When charges exceed the deposit amounts, the developers are billed. If developer receivables are not collected, the developer projects are put on hold. In business-type activities, surface water management fee receivables are billed by King County with the property tax billing and are usually highly collectible.

Due from Other Governments consists of amounts owed by external state and local governments or agencies. The amount for governmental activities is \$1.4 million and includes \$965 thousand from the State of Washington: \$631 thousand in loan proceeds, \$164 thousand in grant reimbursements, \$31 thousand in vehicle excise taxes, \$49 thousand in liquor and beer excise taxes, \$78 thousand in motor

City of Maple Valley
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vehicle fuel taxes, \$8 thousand for a housing grant, and \$4 thousand for local sales tax interest. Also included in the \$1.5 million balance is \$191 thousand for King County grants, a \$135 thousand reimbursement from the Covington Water District, a \$53 thousand Port of Seattle Grant, and \$8 thousand due from the Kent Court. For business-type activities, \$58 thousand is for surface water management (SWM) fees to be remitted by King County, \$3 thousand is for SWM code enforcement violation fines, and \$1 thousand is due to the City for a reimbursement from City of Covington.

Other short-term assets represent inventory and prepaid expenses. Inventory in the business-type activities includes \$76,814 of pro shop merchandise and restaurant inventory. A physical inventory is taken at year end with expenditures adjusted to reflect the change in inventory during the year. Inventory is valued at actual cost based on the invoice price.

The prepaid items of \$832 thousand, which include both government-type and business-type activities, relate to costs required to be paid prior to the end of 2023; this is made up predominantly of a prepayment made to King County for the right to use Ravensdale Park, January 2024 employee health benefits, software and web-based subscriptions, and professional memberships for staff.

NOTE 5 - INTERFUND ACTIVITY

Interfund activity, other than interfund receivables or payables required to fund a project pending receipt of grant funds, is done on a cash basis.

The following table shows 2023 interfund transfers:

	Transfers	
	In	Out
ARPA Fund	\$ -	\$ 1,958,782
Bond Proceeds Fund	-	1,710,000
Capital Improvement Projects	6,408,137	-
Debt Fund	651,892	-
General Fund	1,292,999	338,252
Internal Service Fund - Central Services	461,697	-
Internal Service Fund - Unemployment	30,980	-
King County Trail & Open Space	-	15,088
Lake Wilderness Golf Course Fund	650,000	-
Park Impact Fee Fund	-	8,000
Real Estate Excise Tax Fund	-	3,280,548
Surface Water Management Fund	-	432,717
Transportation Benefit District Special Revenue Fund	-	435,920
Transportation Impact Fee Fund	-	1,316,398
	<u>\$ 9,495,704</u>	<u>\$ 9,495,704</u>

Debt Fund transfers from General Fund, REET, and Transportation Impact Fee Fund were used to pay two Public Works Trust Board Loans and one bond from Capital Projects. General Fund transfers from ARPA were primarily used for Mental Health & Outreach programs, Human Services and Economic/Community Event grants, economic advertising, and King County Police contract retro billing costs. Central Services Fund transfers from General Fund and ARPA were used for fleet and equipment replacement reserves.

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The Capital Improvement Plan Fund received transfers of \$6,408,137 as funds were budgeted and expended for capital projects as follows:

ARPA Fund	\$ 330,544
Bond Proceeds Fund	1,710,000
General Fund	1,790
King County Trail & Open Space Fund	15,088
Park Impact Fee Fund	8,000
Real Estate Excise Tax Fund	2,250,915
Surface Water Management Fund	432,717
Transportation Benefit District Special Revenue Fund	435,920
Transportation Impact Fee Fund	1,223,164
Total	<u>\$6,408,137</u>

The Lake Wilderness Golf Course Fund received transfers from REET for the design services of the Community Clubhouse Renovation project. The Unemployment Trust Fund received a transfer of \$30,980 from the General Fund to fund claimant payments.

NOTE 6 - CAPITAL ASSETS

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

The City defines capital assets as items of a capital nature with a useful life of more than one year and a cost of more than \$5,000. If purchased or constructed, such capital assets are recorded at cost. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as construction in progress until the projects are completed.

In 2023, the City's net capital assets increased by \$160,846. The amount reflects new capital asset additions of \$15,805,108 offset by increases in accumulated depreciation of \$9,706,085, a decrease in construction in progress of \$5,909,842, and retirements of assets with a book value of \$28,335.

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The following table summarizes the City's capital asset activity during 2023:

	Beginning Balance (Restated)	Additions	Retirements	Ending Balance
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 220,796,157	\$ -	\$ -	\$ 220,796,157
Construction in Progress	15,577,614	7,551,178	(5,909,842)	17,218,950
Intangibles-Art	102,510	-	-	102,510
Intangibles-Easement	324,000	-	-	324,000
Total	236,800,281	7,551,178	(5,909,842)	238,441,617
Capital Assets being depreciated				
Buildings	14,516,089	65,276	-	14,581,365
Infrastructure	299,184,546	5,875,733	-	305,060,279
Intangibles	591,374	-	-	591,374
Leased Asset	1,718,150	90,720	-	1,808,871
Subscription Asset	-	45,333	-	45,333
Machinery & Equipment	4,703,936	1,062,233	(232,243)	5,533,927
Total	320,714,095	7,139,296	(232,243)	327,621,150
Accumulated Depreciation				
Buildings	(4,565,995)	(390,911)	-	(4,956,906)
Infrastructure	(192,800,049)	(8,532,105)	-	(201,332,154)
Intangibles	(522,004)	(36,784)	-	(558,788)
Leased Asset	(286,358)	(299,966)	-	(586,325)
Subscription Asset	-	(4,407)	-	(4,407)
Machinery & Equipment	(2,070,526)	(319,664)	203,907	(2,186,283)
Total	(200,244,932)	(9,583,838)	203,907	(209,624,864)
Net Capital Assets being depreciated	120,469,163	(2,444,542)	(28,335)	117,996,286
Governmental Activities, Net Capital Assets	\$ 357,269,444	\$ 5,106,635	\$ (5,938,178)	\$ 356,437,904
Business-type Activities				
Capital Assets not being depreciated				
Land	14,448,480	-	-	14,448,480
Construction in Progress	26,898	743,118	-	770,016
Total	14,475,378	743,118	-	15,218,496
Capital Assets being depreciated				
Buildings	1,058,245	-	-	1,058,245
Infrastructure	2,142,356	371,517	-	2,513,873
Intangibles	6,538	-	-	6,538
Leased Asset	84,654	-	(84,654)	-
Machinery & Equipment	234,822	-	-	234,822
Total	3,526,615	371,517	(84,654)	3,813,478
Accumulated Depreciation				
Buildings	(430,924)	(26,194)	-	(457,118)
Infrastructure	(1,211,053)	(71,153)	-	(1,282,206)
Intangibles	(6,538)	-	-	(6,538)
Leased Asset	(59,755)	(24,899)	84,654	-
Machinery & Equipment	(234,822)	-	-	(234,822)
Total	(1,943,092)	(122,246)	84,654	(1,980,685)
Net Capital Assets being depreciated	1,583,523	249,270	-	1,832,793
Business-type, Net Capital Assets	16,058,900	992,388	-	17,051,288

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The additions to construction in progress totaled \$8,294,295 for capital projects for which the City made expenditures in 2023. The significant projects included:

Transportation:

Witte Roundabout at SE 254th PI (T28b Phase 3 South) - \$5,469,087

Extending improvements on Witte Road south of Witte Rd Phase 3 North Project. The project includes improvements and widening of Witte Rd to provide sidewalks on west side and bike lanes for both directions to a complete streets level of service, a roundabout at the intersection of SE 254th PI, intersection improvements at 256th intersection, and installation of fish passage culvert at SE 254th Place.

SR 169 Widening (T45 Phase 4) - \$963,880

Improving traffic operation, safety, access management, and non-motorized amenities in the vicinity of the Legacy Site between SE 260th Street and SE 253rd Place. Proposed improvements include widening SR 169, sidewalks, and bicycle lanes on both sides of the highway, street lighting, surface water enhancements, and roundabout intersection improvements at SR 169/SE 260th St and SR 169/SE 253rd Place. Access improvements at Rock Creek Elementary school and the Legacy Site will also be included as well as school traffic improvements.

Oakpointe Mitigation (T59) - \$662,367

Complete 30% design of Projects A, B, E, and F as described in the Ten Trails development mitigation agreement between the City and Oakpointe (Yarrow Bay).

Facilities:

City Facility Security System (F06) - \$233,581

Upgrade the cameras and security systems at the Lake Wilderness Lodge, Lake Wilderness Park, Legacy Site, Public Works Maintenance Shop Facility, and Summit Park.

Parks:

Lake Wilderness Golf Course Community Club House (G06) - \$743,118

Replace the existing dilapidated clubhouse which may include features such as pro shop, restaurant and bar, community banquet room, and cart barn storage.

Additions to buildings in 2023 totaled \$65,276 for the construction of a salt and sand storage building at the Public Works Maintenance Facility. Improvements other than buildings of \$6,247,250 were added during 2023, due in large part to the construction of the Witte Roundabout at SE 254th PI (T28b Phase 3 South) described above. Machinery and equipment additions totaled \$1,062,233 including \$226,719 for a Generator at City Hall, \$332,724 for vehicles, \$459,082 for heavy and other equipment utilized by Public Works and Parks Maintenance, \$37,716 for an IT storage solution, and \$5,992 for a Dumor Bench which was installed at Lake Wilderness Park.

There was one addition to leased assets in the amount of \$90,720 for a 5 year lease with Canon. See Note 7 - Leases for more information.

City of Maple Valley
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There was one addition to subscription assets in the amount of \$45,333 for a 3 year software subscription with CDW Government. See Note 8 - Subscription-Based Information Technology Arrangements (SBITAs) for more information.

With the exception of land, construction in progress, art, and easements, capital assets are depreciated using the straight-line method. The actual useful life used will vary according to the above parameters depending on the type and use of the equipment.

Capital Asset Types	Life in Years
Buildings	
Buildings	40
Building Improvements	10
Improvements Other Than Buildings	
Leasehold Improvements	7-10
Infrastructure Improvements	25-30
Other Improvements	10-30
Machinery and Equipment	
Information Technology Equipmen	5
Telephones	5-7
Vehicles	7
Furniture	15
Heavy Duty Equipment	7-20

The depreciation of general capital assets used in the operation of governmental funds reduces the capital asset balances and is shown as an expense by program on the Statement of Activities. The depreciation associated with the capital assets of the proprietary funds is shown on financial statements of the respective proprietary funds. Depreciation is not recognized until the year following the purchase of the asset. The following table shows the amount of depreciation charged to each governmental function.

Depreciation by Function		
Governmental Activities	General Government	\$ 29,360
	Economic Environment	23,723
	Culture & Recreation	1,013,608
	Public Safety	4,015
	Transportation	8,208,758
	Subtotal Governmental Activities	\$ 9,279,464
Business-Type Activities	Subtotal Proprietary Activities	\$ 97,347
	Total Depreciation	\$ 9,376,812

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NOTE 7 - LEASES

City as a Lessee - The City has entered into two (2) agreements which qualify under GASB 87 as right to use assets. These right to use assets are for leased Buildings (office space) and Equipment, details of those agreements are contained below:

In January 2022, the City entered into a six-year lease with Maple Valley Plaza to lease office space. The City paid a monthly rent of \$22,721 per month in 2022. Monthly rent decreased to \$21,834 per month for January – July, and then increases to \$24,834 for the remainder of the year due to the addition of reserved parking spaces. The rent will then continue to increase in three through six, with common area maintenance fees reassessed on an annual basis.

In April 2023, the City entered into a 60-month agreement with Cannon for the use of equipment. This lease is effective through 3/31/2028 with a monthly payment of \$1,847.

The right to use lease asset activity for the period ending as of December 31, 2023, was as follows:

	Beginning Balance as of 12/31/2022	Additions For New Leases	Changes due to Modifications/ Renewals	Reductions Due to Terminations	Gross Asset Balance at 12/31/2023	Accumulated Amortization	Net Asset Balance at 12/31/2023
Buildings	\$ 2,064,756	\$ -	\$ (346,606)	\$ -	\$ 1,718,150	\$ (572,717)	\$ 1,145,433
Equipment	84,654	90,721	-	(84,654)	90,721	(13,608)	77,113
	<u>\$ 2,149,410</u>	<u>\$ 90,721</u>	<u>\$ (346,606)</u>	<u>\$ (84,654)</u>	<u>\$ 1,808,871</u>	<u>\$ (586,325)</u>	<u>\$ 1,222,546</u>

The future minimum lease obligations under GASB 87 as of December 31, 2023, are as follows:

Year Ending December 31	Principal	Interest
2024	\$ 303,215	\$ 22,400
2025	315,147	16,368
2026	327,315	10,113
2027	339,800	3,556
2028	5,463	40
2029-2033	-	-
	<u>\$1,290,940</u>	<u>\$ 52,477</u>

The outflows of resources under GASB 87 for the fiscal year ending December 31, 2023, are as follows:

	Variable Outflows	Fixed Outflows	Termination Outflows	Guarantee Outflows	Total Outflows
Buildings	\$ -	\$ 277,019	\$ -	\$ -	\$ 277,019
Equipment	-	16,624	-	-	16,624
	<u>\$ -</u>	<u>\$ 293,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,643</u>

City as a Lessor - In 2023 the City did not have any agreements in which the City was a Lessor that qualified for treatment under GASB 87.

NOTE 8 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

The City has entered into one (1) agreement which qualified under GASB 96 as subscription assets; details of those agreements are contained below:

In September 2023, the City entered into a 36-month agreement with CDW Government LLC for use of software to be paid in annual installments of \$16,663 per year.

The subscription asset activity for the period ending as of December 31, 2023, was as follows:

	Beginning Balance as of 12/31/2022	Additions For New Contracts	Gross Asset Balance at 12/31/2023	Accumulated Amortization	Net Asset Balance at 12/31/2023
Subscription Assets	\$ -	\$ 45,333	\$ 45,333	\$ (4,407)	\$ 40,926
	<u>\$ -</u>	<u>\$ 45,333</u>	<u>\$ 45,333</u>	<u>\$ (4,407)</u>	<u>\$ 40,926</u>

The outflows of resources under GASB 96 for the fiscal year ending December 31, 2023, are as follows:

	Variable Outflows	Fixed Outflows	Termination Outflows	Guarantee Outflows	Total Outflows
Deferred Outflows	\$ -	\$ 16,663	\$ -	\$ -	\$ 16,663
	<u>\$ -</u>	<u>\$ 16,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,663</u>

The future minimum lease obligations under GASB 96 as of December 31, 2023 are as follows:

Year Ending	December 31	Principal	Interest
2024	\$ 13,608	\$ 2,650	
2025	15,063	16,368	
2026	-	-	
2027	-	-	
2028	-	-	
2029-2033	-	-	
	<u>\$ 28,671</u>	<u>\$ 19,018</u>	

NOTE 9 - PAYABLES AND OTHER SHORT-TERM LIABILITIES

Payables and other short-term liabilities at year-end totaled \$5,372,214. The following table summarizes the year-end payables and short-term liabilities and compares the amounts to the prior year.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Accounts Payable	\$ 1,687,737	\$ 1,368,691	\$ 332,514	\$ 281,328	\$ 2,020,251	\$ 1,650,019
Payroll Payable	116,049	108,322	15,765	11,780	131,814	120,102
Due to Other Governments	132,122	1,458,469	50,260	23,218	182,382	1,481,687
Deposits & Unearned Revenue	2,603,837	5,592,483	46,138	43,519	2,649,975	5,636,002
Compensated Absences	48,875	40,865	784	198	49,659	41,063
Lease Payable	303,215	326,656	-	25,128	303,215	351,784
Subscription Payable	13,608	-	-	-	13,608	-
Accrued Interest Payable	21,310	11,791	-	-	21,310	11,791
Total Payables & Short-term Liabilities	\$ 4,926,753	\$ 8,907,277	\$ 445,461	\$ 385,171	\$ 5,372,214	\$ 9,292,448

The accounts payable balance of \$2,020,251 is primarily related to various expenditures in the General Fund and Capital Improvement Fund where the work was performed, or goods delivered prior to year-end but payment was not made until early the following year. The expense for these items is included in 2023 with a corresponding accounts payable accrual. The payroll payable balance of \$131,814 is related to the accrued liability for salaries and benefits earned in 2023 for both Governmental and Business-type activities but not paid until 2024. The due to other governments balance of \$182,382 is primarily payables of \$17,670 to City of Kent Finance for court services, \$12,089 to State Auditor's Office, \$11,745 to South Correctional Entity, \$10,591 to Office of the Secretary of State, along with others at year-end.

Total deposits and unearned revenue for governmental activities represent two distinct areas, one for future events and the second for developer contributions. The total is comprised of unearned revenue of \$2,282,511 and customer deposits of \$321,326. Business-type activities has \$46,138 in unearned revenue for golf course membership, tournaments and banquets, and gift cards.

The developer deposits are collected from applicants at the beginning of a development project. The amount of the developer deposit depends on the type of development and is based on the anticipated cost of project review. The City tracks staff time and consultant costs against the deposit amounts. Deposits that are overdrawn are billed. At year-end, overdrawn deposits are reclassified to accounts receivables as described in Note 4 - Receivables and Other Short Term Assets. The non-receivable amounts remain in the deposit account until all charges have occurred and the project is complete, at which time the remaining balance is refunded.

The accrued interest payable amount represents the interest due on the City's general obligation bonds, \$9,583, loans, \$8,780, Leases, \$2,093, and SBITAs, \$853.

NOTE 10 - LONG-TERM LIABILITIES

Long-term liabilities totaled \$7,301,027 at year-end. All of the City's long-term debt is associated with governmental activities but the City reports its proportionate share of compensated absences and the Public Employees' Retirement System's (PERS) Net Pension Liability as a long-term liability in both the governmental activities and business-type activities.

On September 11, 2018, the City issued limited tax general obligation bonds totaling \$3,775,000 with a coupon rate of 3% for the first five years, increasing to 4% for the remaining debt service years.

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Interest payments will be made on June 1 and December 1 of each year, and principal payments annually on December 1, until final maturity of the bonds on December 1, 2037. Annual debt service are approximately \$290,000 per year. The bonds were issued so the City could complete the Summit Park project located on the South end of the City. The bond proceeds were spent prior to December 31, 2019.

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

2018 LTGO Bonds				
Year	Principal	Interest	Total	
2024	\$ 165,000	\$ 121,600	\$ 286,600	
2025	175,000	115,000	290,000	
2026	180,000	108,000	288,000	
2027-2031	1,015,000	426,200	1,441,200	
2032-2036	1,230,000	206,200	1,436,200	
2037-2041	275,000	11,000	286,000	
2042-2043	-	-	-	
\$ 3,040,000 \$ 988,000 \$ 4,028,000				

In addition to bonded debt, the City had State infrastructure loans payable of \$1,894,621 on December 31, 2023. State infrastructure loans outstanding are for three projects: the SR 169 – SR 516 to SE 264th Street project, the SR 516 – 228th Avenue to Witte Road project, and the Witte Road Roundabout project. The City borrowed funds for the first two projects from 2005 to 2008. The final interest rate on the loans was determined in 2009. Because the City had a 15% match, it qualified for the lowest interest rate, 0.5%. Borrowing on the third project began in 2023 and is anticipated to be completed in 2024 at which time the final interest rate will be determined.

2005 Loan: SR 516 - Witte to 228th				2005 Loan: SR 169 - SR 516 to 264th			2023 Loan: Witte Road Roundabout		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 75,356	\$ 377	\$ 75,733	\$ 109,265	\$ 546	\$ 109,812	-	14,261	14,261
2025	-	-	-	-	-	-	90,000	23,769	113,769
2026	-	-	-	-	-	-	90,000	22,518	112,518
2027-2031	-	-	-	-	-	-	450,000	93,825	543,825
2032-2036	-	-	-	-	-	-	450,000	62,550	512,550
2037-2041	-	-	-	-	-	-	450,000	31,275	481,275
2042-2043	-	-	-	-	-	-	180,000	3,753	183,753
\$ 75,356 \$ 377 \$ 75,733				\$ 109,265 \$ 546 \$ 109,812			\$ 1,710,000 \$ 251,951 \$ 1,961,951		

City of Maple Valley
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December 31, 2023

Total debt service for these debt instruments is illustrated below:

Governmental Activities			
Year	Principal	Interest	Total
2024	\$ 349,621	\$ 136,784	\$ 486,405
2025	265,000	138,769	403,769
2026	270,000	130,518	400,518
2027-2031	1,465,000	520,025	1,985,025
2032-2036	1,680,000	268,750	1,948,750
2037-2041	725,000	42,275	767,275
2042-2043	180,000	3,753	183,753
Total	\$ 4,934,621	\$ 1,240,874	\$ 6,175,495

CHANGES IN LONG-TERM LIABILITIES

A summary of all long-term Liability activity of City of Maple Valley for the year ended December 31, 2023, follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GO Bonds	\$ 3,375,000	\$ -	\$ (335,000)	\$ 3,040,000	\$ 165,000
Issuance Premiums	220,790	-	(14,708)	206,082	14,709
Total GO Bonds Payable	3,595,790	-	(349,708)	3,246,082	179,709
Loans Payable	369,242	1,710,000	(184,621)	1,894,621	184,621
Compensated Absences Payable	375,807	109,718	(35,889)	449,636	48,875
Leases Payable	1,731,879	-	(440,938)	1,290,941	303,215
Subscriptions Payable	-	28,671	-	28,671	13,608
Net Pension Liability	761,122	-	(94,175)	666,947	-
Total Government activity for long-term liabilities	\$ 6,833,840	\$ 1,848,389	\$ (1,105,331)	\$ 7,576,899	\$ 730,028

Business-type Activities

Compensated Absences Payable	\$ 11,033	\$ 33,204	\$ (694)	43,543	784
Leases Payable	25,128	-	(25,128)	-	-
Net Pension Liability	69,816	-	(22,748)	47,068	-
Total Business-type activity for long-term liabilities	\$ 105,977	\$ 33,204	\$ (48,570)	\$ 90,611	\$ 784

On August 22, 2018 Standard and Poor's Rating Services affirmed the AA+ underlying rating on these bonds. Standard and Poor's views the outlook for this rating as stable.

NOTE 11 - NET POSITION

The difference between fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is "net position" on the government-wide and proprietary fund statements and is "fund balance" on the governmental fund statements.

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement 54. As a result, are reported as *non-spendable*, *restricted*, *committed*, *assigned*, or *unassigned*.

Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the City Council, the City's highest level of decision-making authority. This formal action is the passage of an ordinance by the City Council creating, modifying, or rescinding an appropriation.

Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. The City Council may assign fund balance by express action through an Ordinance or Resolution, or the Finance Director may with delegated authority from the City Council through a budget Ordinance.

Unassigned fund balance is the residual amount of the general fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed to classify the fund balance in accordance with GASB Statement 54. Funds are created by the City Council and money is authorized to be transferred to the fund for a particular purpose. At this point, balances in these funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved. When both restricted and unrestricted funding sources are available, the City considers the restricted revenue sources to be used first before unrestricted revenue.

The General Fund's fund balance is predominantly unassigned. The exceptions are for a non-spendable amount of \$785,222 for prepaid expenses and the restricted balance of \$1,843,278. The City has a policy requiring a fund balance in the General Fund of at least 16.67% (2 months) of operating expenditures. On December 31, 2023, the General Fund's restricted and unassigned fund balance was 31.2% of 2023 General Fund expenditures.

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

- Unspent Transportation Development funds are transportation impact fees and contributions from developers restricted for street capital purposes.
- Unspent Park Development funds are park impact fees, special property tax levies, and contributions from developers restricted for open space and park capital purposes.
- Unspent Real Estate Excise Tax funds are real estate excise taxes restricted for capital purposes.
- Unspent Transportation Benefit funds are vehicle excise tax fees restricted for transportation infrastructure.
- Unspent Drug Seizure funds are required by State law to be separately accounted for and used exclusively for controlled substance law enforcement, DUI enforcement, etc.; and
- Unspent funds in the Capital Improvement Plan fund are restricted for street, parks, and City facilities capital projects and a portion is committed by the City Council for public art purposes.
- Unspent ARPA funds are State and Local Fiscal Recovery Funds (SLFRF) authorized by the American Rescue Plan Act (ARPA) and are restricted to expenditures allowable under the federal program.
- Opioid Settlement funds are restricted for the purpose of opioid abatement. Allowable uses include, but are not limited to, preventing opioid misuse, overprescribing, and overdoses through, among other strategies, school-based and youth-focused programs, public education campaigns, increased availability and distribution of naloxone and other drugs that treat overdoses, additional training and enhancements to the prescription drug monitoring program.

NOTE 12 - PROPERTY TAXES

On an annual basis before December 1st, the City Council establishes the property tax levy amount for the following calendar year. The maximum allowable levy is established by increasing the highest levy of the last three years by no more than the lesser of 1% or the rate of inflation as measured by the implicit price deflator (IPD) as of September of each year, adding the value of new construction at the prior year's levy rate, and adding any unused banked capacity created by not levying the maximum amount in previous years. As of December 31, 2023 the City has no unused banked capacity. Once the levy amount is determined, it is divided by the assessed value to determine a levy rate. The levy rate must be below the maximum regular property tax levy rate as established by State law, except that levies approved by the voters can exceed the maximum regular property tax levy.

For all cities in Washington, the maximum regular property tax levy rate is \$3.60 per thousand dollars of assessed value. This maximum amount is not entirely available to the City of Maple Valley as it has separate fire and library districts serving its residents. At incorporation, the citizens of Maple Valley voted to annex both Fire District No. 43 and the King County Library District, with maximum regular property tax levy rates of \$1.50 and \$0.50, respectively. For 2023, the City's maximum levy rate was \$1.60 per thousand dollars of assessed valuation of which it levied \$0.65808 per thousand dollars of assessed valuation.

The King County Assessor establishes the property values at 100 percent of the fair market value and

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

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

For 2023 property taxes, the City's final revised levy was \$4,551,997. The levy amount produced a City levy rate of \$0.65808 per thousand dollars of assessed valuation, down from \$0.81279 from the previous year. Of the levy amount for 2023, only \$45,890 remained outstanding as of December 31, 2023. Of the total outstanding amount, \$15,965 is the outstanding amount for all levies prior to 2023. The outstanding amounts become property liens, if not collected within seven years, the property is sold to pay the taxes. This and other property tax data is shown in the Statistical Section of the financial statements.

NOTE 13 - EMPLOYEE BENEFITS

A. VACATION AND SICK LEAVE BENEFITS

Eligible employees, depending on years of service, earn up to 200 hours of vacation hours and 96 hours of sick leave annually. Vacation hours can be used after a six-month trial service period, and a maximum of 320 hours can be carried into the next year. Sick leave can be accumulated in an unlimited amount but is only paid out at retirement with verification from the State of Washington Public Employees' Retirement System (PERS) at 25% of its value. The accrual for unpaid vacation, compensated time off, sick leave, and associated benefits at December 31, 2023 is \$492,269, up from the 2022 total amount by \$106,341. Of the combined total amount, \$29,208 is the estimated value of the sick leave liability based on the likelihood of employees retiring from PERS within the next 10 years.

B. RETIREMENT BENEFITS

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

	2023	2022	2021
Total Payroll	\$ 6,455,987	\$ 5,848,292	\$5,091,185
PERS Payroll	5,788,346	5,251,546	4,591,203

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

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	2023	2022	2021
Medicare portion of Social Security			
Employer Contributions	\$ 91,842	\$ 84,800	\$ 72,103
Employee Contributions	92,228	84,800	72,223
Total Medicare contributions	184,070	169,600	144,326
Substitute Social Security Plan (401(a))			
Employer Contributions	335,710	304,111	262,882
Employee Contributions	400,270	362,594	313,436
Total 401(a) contributions	735,980	666,705	576,317
Public Employees Retirement System (PERS)			
Employer Contributions	578,383	540,726	532,954
Employee Contributions	379,043	350,363	332,694
Total PERS contributions	957,426	891,089	865,648
Total Contributions	\$ 1,877,475	\$ 1,727,394	\$ 1,586,291
Total Employer Contributions	\$ 1,005,934	\$ 929,637	\$ 867,939
Total Employee Contributions	871,541	797,757	718,353
Total Contributions	\$ 1,877,475	\$ 1,727,394	\$ 1,586,291

(1) 401(a) Plan

The 401(a) plan is a Social Security replacement plan that defers federal income tax on employee contributions and allows employees to choose from a number of investment options for both their contributions and the employer's contributions. The 401(a) plan is a defined contribution plan. Contributions into the plan are 5.2% of payroll for the employer and 6.2% of payroll for the employee. The plan is administered by Mission Square, which also administers the City's 457 plan. With some exceptions based on age, employees become vested in the employer portion of the plan at 20% per year on their hiring date anniversary.

(2) PERS Plans

The following tables represent the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2023:

Aggregate Pension Amounts - All Plans	
Net Pension Liability	\$ (714,016)
Net Pension Assets	\$ 1,652,302
Deferred Outflows of Resources	\$ 1,380,759
Deferred Inflows of Resources	\$ (910,280)
Pension Expense	\$ (99,949)

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State Sponsored Pension Plans

Substantially all City of Maple Valley full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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 that includes financial statements and required supplementary information for each plan. The DRS financial report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS financial report may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.20 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

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PERS Plan 1	Jan - Jun 2023		Jul - Aug 2023		Sep - Dec 2023	
Actual Contributions Rates:	Employer	Employee	Employer	Employee	Employer	Employee
PERS Plan 1	10.21%	6.00%	9.21%	6.00%	9.33%	6.00%
Administrative Fee	0.18%		0.18%		0.20%	
Total	10.39%	6.00%	9.39%	6.00%	9.53%	6.00%

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. 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 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.20 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

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PERS Plan 2/3	Jan - Jun 2023		Jul - Aug 2023		Sep - Dec 2023	
Actual Contributions Rates:	Employer	Employee	Employer	Employee	Employer	Employee
PERS Plan 2	10.21%	6.36%	9.21%	6.36%	9.33%	6.36%
Administrative Fee	0.18%		0.18%		0.20%	
Employee PERS Plan 3		varies		varies		varies
Total	10.39%	6.36%	9.39%	6.36%	9.53%	6.36%

The City of Maple Valley actual PERS plan contributions were \$197,392 to PERS Plan 1 and \$370,749 to PERS Plan 2/3 for the year ended December 31, 2023.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Demographic Experience Study and the 2021 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry age cost method), assumed interest, and actual benefit payments.

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increases
- Investment rate of return: 7.00%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as our base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

There were no assumption or method changes affecting PERS 1, 2 and 3 from the prior contribution rate setting in June 30, 2021 Actual Valuation Report (AVR).

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.00%.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's

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fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' 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 7.00% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.00% was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

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, 2023 are summarized in the table below. The inflation component used to create the table is 2.20% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%
	100.00%	

Sensitivity of Net Pension Liability

The table below presents the City of Maple Valley's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the City of Maple Valley's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

Plan	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1	\$ 997,534	\$ 714,016	\$ 466,571
PERS 2/3	1,797,077	(1,652,302)	(4,486,185)
Total	\$ 2,794,611	\$ (938,286)	\$ (4,019,614)

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Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

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

At December 31, 2023, the City of Maple Valley reported a total pension Asset of \$938,286 for its proportionate share of the net pension liabilities as follows:

Plan	Asset (Liability)
PERS 1	\$ (714,016)
PERS 2/3	1,652,302
Total	\$ 938,286

At June 30, 2023 the City of Maple Valley's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/2023	Proportionate Share 6/30/2022	Change in Proportionate Share
PERS 1	0.031279%	0.029843%	0.001436%
PERS 2/3	0.040313%	0.038999%	0.001314%

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 Non-employer Allocations*.

The collective net pension liability (asset) was measured as of June 30, 2023, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2022, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2023, the City of Maple Valley recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$ (46,610)
PERS 2/3	43,726
Total	\$ (2,884)

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Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, the City of Maple Valley reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 86,078	\$ -
Difference between expected and actual earnings	-	(80,544)
Total	\$ 86,078	\$ (80,544)
PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 693,694	\$ (151,198)
Contributions subsequent to the measurement date	186,830	
Difference between projected and actual earnings		(622,687)
Difference between expected and actual experience	336,572	(18,461)
differences between contributions and proportionate share of contributions	77,586	(37,389)
Total	\$ 1,294,682	\$ (829,735)

Deferred outflows of resources related to pensions resulting from the City of Maple Valley's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended December 31:	PERS 1	PERS 2/3	Total Amortization
2024	\$ (54,799)	\$ (268,225)	\$ (323,024)
2025	(68,916)	(341,698)	(410,614)
2026	42,493	521,068	563,561
2027	678	186,950	187,628
2028	-	178,325	178,325
Thereafter	-	1,696	1,696
Total	\$ (80,544)	\$ 278,116	\$ 197,572

C. OTHER EMPLOYEE BENEFITS

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

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

	2023	2022	2021
Worker's Compensation	\$ 95,496	\$ 71,393	\$ 61,294
Medical, Dental and Vision (Health)	970,761	884,261	770,503
Group Life and Long-term Disability	30,036	26,834	23,492
	\$ 1,096,293	\$ 982,488	\$ 855,289
Other Benefit Cost as a % of Total Payroll	17%	17%	17%

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

Participating employers are contractually required to contribute at a rate assessed each year by the Trust. The City's contribution to the Trust for the year ended December 31, 2023, was \$1,000,797 or 15.5% of annual covered payroll and equaled the required contributions for the year. The group life insurance program payout is equal to the employee's annual salary. The disability program is at 60% of salary after 90 days.

In 2017, the Washington State Legislature passed a new state-run insurance program, Paid Family & Medical Leave Act. The insurance program is administered by the Employment Security Department (ESD) and allows most employees to receive up to 12 weeks of paid leave when they

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have experienced a qualifying event such as a serious illness or injury, new baby or child joining the family, or certain military-related events.

The contribution rates for this program were 0.5821% employee and 0.2179% employer of the employee's gross wages, capped at \$168,600. In 2023, the City of Maple Valley paid \$13,770 to the Paid Family and Medical Leave program and the employee portion totaled \$36,782.

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

	2023	2022	2021
Employer	\$ 13,770	\$ 9,173	\$ 7,267
Employee	36,782	25,078	12,538
Total Contributions	\$ 50,552	\$ 34,251	\$ 19,805

In 2019, the Washington State Legislature passed a new state-run insurance program, WA Cares. This program is administered by the Employment Security Department (ESD) and overseen by the Long-Term Services and Supports Trust Commission, which is made up of legislators, and provides access to long-term care benefits for those participating in the program. Employers are not required to contribute, only employees.

Washington workers who had private long-term care insurance on or before November 1, 2021 were able to apply for an exemption from the WA Cares fund. These private insurance exemptions were only accepted from October 1, 2021 to December 31, 2022. Through the AWC Trust, the City of Maple Valley offered an exemption option to employees and their spouses. Employees who entered the private long-term care insurance had to apply on their own for the exemption through ESD.

Beginning January 1, 2023, other groups of Washington workers became eligible for exemptions from WA Cares if any of the following applied:

- Live outside of Washington,
- Are the spouse or registered domestic partner of an active-duty service member of the United States armed forces,
- Have a non-immigrant work visa, or
- Are a veteran with a 70% service-connected disability rating or higher.

Contributions to this program began July 1, 2023, with the rate set at 0.58%. The employee portion of this WA Cares benefit totaled \$7,995 for 2023.

D. OTHER (NON-PENSION) POST EMPLOYMENT BENEFITS

The "Trust" also provides medical benefits to certain eligible retired employees of participating employers and their eligible family members. The contribution requirements of participating retirees and other beneficiaries, if any, are established and may be amended by the Board of Trustees of the Trust.

The City makes no contributions for these benefits. Participating employers are not contractually required to contribute an assessed rate each year by the Trust for the non-LEOFF I retirees. The retiree pays for 100% of the premium.

NOTE 14 - RISK MANAGEMENT

The City of Maple Valley is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 169 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership. Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimit. The Board of Directors determines the limits and terms of coverage annually.

All members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and a \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, 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, reinsurance, and other 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 consists 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

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and is responsible for conducting the day-to-day operations of WCIA.

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

In addition to insurance coverage described above through the WCIA, the City of Maple Valley is self-insured for unemployment compensation. This coverage is provided through an internal service fund, the Unemployment Trust Fund. Through 2007 charges were made to departments at the State established rates with claims paid by the State and reimbursed by the City. In 2007 and prior, contributions to the Unemployment Trust Fund always exceeded claims paid. Based on this experience, the City stopped making contributions in 2008 and in 2009 transferred \$50,000 from the General Fund.

Since 2008 the City has used the General Fund's fund balance and investment earnings to pay claims. The following is a brief history of claims paid and ending net position of the fund.

Beginning in 2018, the City allocated additional funds each year as part of the budget process to ensure adequate funding.

NOTE 15 - COMMITMENTS

In the opinion of management, the City has recorded in its financial statements all known liabilities and the City's insurance coverage is adequate to pay all potential claims. The City has active construction projects as of December 31, 2023. The City's commitments with contractors are as follows:

Construction Commitments					
Contract Name	Project No.	Project Name	Contract Amount	Payments	Balance at 12/31/2023
Construction Contracts					
Active Construction	T60	Witte Road Roundabout	6,229,229	3,974,325	2,254,904
Active Construction	T48	SE 231st Extension	1,292,693	1,068,507	224,185
Coast to Coast Turf	P22	General Park Improvements	15,560	-	15,560
David Evans & Associates	P39	Parks Maintenance Building	71,000	-	71,000
David Evans & Associates	T27c	Safety Enhancements - LED Signs & Radars	42,171	651	41,520
David Evans & Associates	T27b	Crossing Enhancements	49,642	22,700	26,942
David Evans & Associates	T60	Witte Road Roundabout	503,117	291,672	211,445
David Evans & Associates	T48	SE 231st Extension	487,529	370,984	116,545
David Evans & Associates	T36	SR 169 - SE 240th to SE 244th	871,188	280,123	591,065
Department of Transportation	T39	SR 169 Witte Rd to SE 240th Widening	56,250	1,492	54,758
Facility Support Incorporated	P38	LW Lodge Generator	44,305	-	44,305
Fehr & Peers	T59	Oakpointe Mitigation	666,562	630,364	36,198
KBA, Inc	T45	SR 169 Widening 4	22,481	-	22,481
King County Directors Association	P39	Parks Maintenance Building	7,128	-	7,128
Osborn Consulting, Incorporated	S18	Witte Road Culvert	648,318	264,868	383,450
Parametrix	S17	Cedar Downs Water Quality Improvements	456,602	348,075	108,527
PBS Engineering & Environmental, Inc	T28bp3	Witte Road Roundabout	1,170,273	1,037,828	132,445
PBS Engineering & Environmental, Inc	T45	SR 169 Widening 4	1,802,903	1,545,963	256,940
Puget Sound Energy, Inc	T45	SR 169 Widening 4	7,296	-	7,296
Puget Sound Energy, Inc	T28bP3	Witte Road Roundabout	3,971	-	3,971
Shaw Integrated & Turf Solutions	P30	LW Lodge Improvements	155,271	-	155,271
Total			\$ 14,603,489	\$ 9,837,552	\$ 4,765,938

NOTE 16 - PRIOR PERIOD ADJUSTMENTS

Leases

For the fiscal year ending December 31, 2022, the City overstated Lease Assets by \$288,717 and Lease Liabilities by \$261,935 resulting in a \$26,782 overstatement of Net Position for Governmental Activities. The overstatements were due to a miscalculation of lease payments which incorrectly included Common Area Maintenance (CAM) fees in future lease payments. A prior period adjustment of \$26,781 is reflected as a decrease in Net Position for Governmental Activities on the Statement of Activities.

Accumulated Depreciation

For the fiscal year ending December 31, 2019, the City overstated Accumulated Depreciation for Governmental Activities and understated Accumulated Depreciation for Business-Type Activities by \$3,974 due to depreciation expense for a Surface Water Management (SWM) asset being charged to the Governmental Funds. A prior period adjustment of \$3,974 is reflected as an increase in Net Position for Governmental Activities and a decrease in Net Position for Business-Type Activities on the Statement of Activities and as a decrease in Net Position for the Surface Water Management Fund on the Proprietary Statement of Revenues, Expenditures, and Changes in Net Position.

For the fiscal year ended December 31, 2020, the City overstated Accumulated Depreciation for an asset which was given a useful life of 5 months rather than 5 years. A prior period adjustment of \$2,389 is reflected as an increase in Net Position for Governmental Activities on the Statement of Activities.

Capital Outlay

For the fiscal year ending December 31, 2022, the City failed to capitalize project G06 - *Lake Wilderness Golf Course Community Clubhouse* as Construction in Progress (CIP) and recorded the capital outlay as a Governmental Activity rather than as a Business-Type Activity on the Statement of Net Position. A prior period adjustment of \$26,898 is reflected as an increase in Net Position for Governmental Activities on the Statement of Net Position and as an increase in Fund Balance for the Capital Improvement Plan Fund on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.

General Government Expenditures

For the fiscal year ending December 31, 2022, a payment to Pioneer Production Services was misreported as an expenditure in the General Fund rather than a prepaid expense. The contract was initiated in 2022, but the work was completed in 2023. A prior period adjustment of \$28,900 is reflected as an increase in Net Position for Governmental Activities on the Statement of Activities and as an increase in Fund Balance for the General Fund on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.

City of Maple Valley
Notes to the Financial Statements
December 31, 2023

	Statement of Activities		Statement of Revenues, Expenditures, and Changes in Fund Balances/Net Position		
	Governmental Activities:	Business-Type Activities:	General Fund	Capital Improvement Plan Fund	Surface Water Management Fund
Prior Period Adjustment					
Leases	\$ (26,781)	\$ -	\$ -	\$ -	\$ -
Depreciation	6,364	(3,974)	-	-	(3,974)
Capital Outlay	26,898	-	-	26,898	-
General Government Expenditures	28,900	-	28,900	-	-
Effect on Net Position/Fund Balance	\$ 35,381	\$ (3,974)	\$ 28,900	\$ 26,898	\$ (3,974)

City of Maple Valley
Schedule of Employer's Proportionate Share of Net Pension Liability
Public Employees' Retirement System
As of June 30, 2023

Last Ten Years (Additional years will be displayed as they become available)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
PERS 1									
Employer's Proportion of the Net Pension Liability	0.031279%	0.029843%	0.030960%	0.028928%	0.028396%	0.026592%	0.025630%	0.024720%	0.025622%
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (714,016)	\$ (830,939)	\$ (378,094)	\$ (1,021,315)	\$ (1,091,927)	\$ (1,187,608)	\$ (1,216,163)	\$ (1,327,580)	\$ (1,340,269)
Employer's Covered Payroll	\$ 5,788,346	\$ 5,251,546	\$ 4,552,728	\$ 4,391,776	\$ 4,237,207	\$ 3,540,856	\$ 3,247,474	\$ 2,836,456	\$ 2,627,239
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	12%	16%	8%	23%	26%	34%	37%	47%	51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.16%	76.56%	88.74%	68.64%	67.12%	66.52%	61.24%	57.03%	59.10%
PERS Plan 2/3									
Employer's Proportion of the Net Pension Liability	0.040313%	0.038999%	0.039780%	0.037686%	0.036657%	0.034148%	0.032967%	0.031244%	0.029457%
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ 1,652,302	\$ 1,446,388	\$ 3,962,728	\$ (481,982)	\$ (356,064)	\$ (583,047)	\$ (1,145,446)	\$ (1,573,111)	\$ (1,052,515)
Employer's Covered Payroll	\$ 5,788,346	\$ 5,251,546	\$ 4,552,728	\$ 4,391,776	\$ 4,237,207	\$ 3,540,856	\$ 3,247,474	\$ 2,836,456	\$ 2,473,491
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	29%	28%	87%	11%	8%	16%	35%	55%	43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107.02%	106.73%	120.29%	97.22%	97.77%	96.88%	90.97%	85.82%	89.20%

Notes to required schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available. Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 13.

City of Maple Valley
Schedule of Employer Contributions
Public Employees' Retirement System
As of December 31, 2023
Last Ten Years *(Additional years will be displayed as they become available)*

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Employee Payroll
PERS 1					
2023	\$ 197,392	\$ 197,392	-	\$ 5,788,346	3.41%
2022	197,230	197,230	-	5,251,546	3.76%
2021	205,700	205,700	-	4,552,728	4.52%
2020	211,731	211,731	-	4,391,776	4.82%
2019	209,418	209,418	-	7,237,207	2.89%
2018	189,503	189,503	-	3,742,062	5.06%
2017	166,228	166,228	-	3,390,930	4.90%
2016	153,765	153,765	-	3,196,613	4.81%
2015	8,014	8,014	-	87,014	9.21%
PERS 2/3					
2023	\$ 370,749	\$ 370,749	-	\$ 5,788,346	6.41%
2022	334,042	334,042	-	5,251,546	6.36%
2021	342,030	342,030	-	4,552,728	7.51%
2020	349,829	349,829	-	4,391,776	7.97%
2019	327,233	327,233	-	4,237,207	7.72%
2018	280,663	280,663	-	3,742,062	7.50%
2017	232,957	232,957	-	3,390,930	6.87%
2016	203,537	203,537	-	3,196,613	6.37%
2015	270,078	270,067	11	2,633,127	10.26%

Notes to required schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 13.

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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