

City of Renton
**2012 Comprehensive
Annual Financial Report**



RENTON. AHEAD OF THE CURVE.

City of
Renton





CITY OF RENTON

2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT For Year Ended December 31, 2012

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ACKNOWLEDGEMENTS

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July 30, 2013

Honorable Denis Law, Mayor
Members of the Renton City Council
Residents of Renton
City of Renton, Washington

RE: THE 2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Mr. Mayor, Honorable Councilmembers, and Citizens of Renton:

We are pleased to present the City's Comprehensive Annual Financial Report for the year ended December 31, 2012. The City maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce accurate and fairly represented financial statements in accordance with generally accepted accounting principles. To the best of our knowledge and belief, the enclosed financial statements and all supporting schedules are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of the relative costs and benefits of the control system requires estimates and judgments by management.

These financial statements have been audited by the Washington State Auditor's Office. This independent audit was conducted in accordance with generally accepted auditing standards to provide an independent assessment of fair presentation of the City's financial position. In addition to the opinion on the City's financial statements, included in this report, the State Auditor's office also reviewed the City's internal controls and compliance to legal requirements involving the administration of federal grant programs as required by the Single Audit Act, and compliance with State Constitution, laws, and City ordinances and policies as required by RCW 43.09.260. A separately issued Single Audit Report is available directly from the State Auditor's website.

A Management's Discussion and Analysis (MD&A) immediately follows the State Auditor's report provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

BUDGETARY CONTROLS

The City of Renton maintains budgetary controls to ensure compliance with legal provisions embodied in the budget. All activities are appropriated through the budget process and published in the City's Budget document. The City Council must adopt an ordinance to increase or decrease total appropriations in a Fund. The Mayor has the authority to move appropriations within a Fund. A more thorough discussion of the City's accounting policies can be found under the Summary of Significant Accounting Policies in the Notes to the Financial Statements.

PROFILE OF THE CITY

Incorporated on September 6, 1901, Renton is a city in King County, Washington. Situated 11 miles southeast of downtown Seattle, 5 miles from SeaTac Airport, Renton straddles the southeast shore of Lake Washington, at the junction of key north-south and east-west transportation corridors. The City's early economy was based on coal mining, clay production, and timber export. Today, Renton is best known as the final assembly point for the Boeing 737 family of commercial airplanes, but it is also home to a growing number of well-known manufacturing, technology, service companies and government institutions, including Boeing, Paccar, Wizards of the Coast gaming, Ikea Home Furnishing, Valley Medical Center, Providence Health & Services, Seattle Branch of Federal Reserve Bank, and FAA Northwest Regional office.

The City of Renton has a strong mayor form of government with an appointed Chief Administrative Officer. The Mayor is independently elected to a four-year term. The Mayor's job is to manage and implement the policies established by the seven-member City Council elected at large on a non-partisan basis.

With a population of 93,910 in 2012, Renton is the 8th largest city in the state, and the 4th largest in King County. The City provides a full range of municipal services to an incorporated area of 23.79 square miles. These services include police, fire, street construction and maintenance, planning and zoning, parks and recreation, municipal court, and general administrative services.

The City operates four utilities: water, sewer, surface water, and solid waste. These are operated very similar to a private business where the revenues from rates and other direct sources must pay for the operational, capital, and long-term debt costs. The City has its own water supplies and does not rely on purchased water to meet normal service demands. The City's sewage is treated by King County, but the City is responsible for transferring and maintaining the system to King County. The City bills Renton residents a monthly fee for the cost of sewer treatment performed by King County.

The City also operates a golf course. All costs of the Maplewood Golf Course are paid from green fees, driving range fees, revenue from the restaurant vendor, and other miscellaneous revenue. The golf course has short-term operational costs, an active capital maintenance

program, and annual debt service payments for the construction of the clubhouse and the driving range.

The Renton Municipal Airport is used by small private plane operators, a floatplane company, and Boeing initiates its maiden 737 flights from this airport. The operational costs of the airport are paid from hanger rentals and tie-down fees. Much of the major capital projects are paid by fees or with Federal Aviation Administration grants.

ECONOMIC CONDITION AND OUTLOOK

While the Great Recession officially ended in June 2009, the ensuing recovery since has been painfully slow. Nationally, unemployment remains elevated at 8.1% and the real GDP grew only by 2.2% for 2012. The outlook is not much better for 2013. The Blue Chip consensus forecast calls for real GDP to grow by 2% in 2013, and 2.8% in 2014, before accelerating to the historical normal rate of 3% in 2015 and beyond. The below-par growth forecast in 2013 is primarily due to the expiration of the 2% reduction in payroll tax, the sequestration of federal spending, the increase in taxes on higher income households, sluggish exports triggered by lingering EU sovereign debt crisis, slower growth in Asia, and the expected slower rise in business inventories and investment in the near term.

The Puget Sound region suffered a greater relative employment loss than the U.S. during the recession, but is now growing faster. Led by new hires at Boeing and Amazon, and an upturn in home building and construction jobs, regional employment grew at nearly twice the national rate in 2012. Overall, the region has gained back about 65% of the jobs lost during the recession and the unemployment rate has dropped to 6.9% at the end of 2012. Gains in personal income, combined with improved labor market and the increase in housing activity, have raised the growth rate of taxable retail sales to within 2% of their pre-recession peak. The job creation rate is projected to average 2.5% through 2015, stronger than the normal 1.6% annual rate; and population growth at 1.4% before drop to 1% annually. One key feature in 2012 that is different than the earlier stage of this recovery is the improvement in the home values and the housing market. The projection for housing start is a strong growth in 2013 and '14 at 25% and 10%, respectively to reach 25,500 units in 2015, before dropping back to a long-term average of 22,000 units per year.

The recovery of Renton economy has outpaced both national and Puget Sound results in 2012 with an overall employment growth at 6% and taxable sales grew by 7.6%. The employment growth is partially attributable to the production ramp-up of 737 from 35 to 42 plans per month by mid-2014. In addition to employment growth, the production change will also require a reconfiguration of the current plant layout to add a second production line. This significant investment and the general recovery of housing sector is expected to provide a short term boost to the City's overall taxable sales in 2013 by an estimated 5% above the 3.5% base growth forecast. As of May 2013, the local unemployment, based on preliminary BLS household survey, was at 3.8%, near the prerecession low of 3.5%.

The outlook for Renton remains strong between 2014 and 2016, a significant pickup in housing permits, and a low unemployment rate will support a healthy growth in taxable retail sales. The employment growth is expected to ease-off to average of 1.5% annually, once Boeing achieves its new production rate in 2014; the population growth continue to be strong at 1.8% per year given the affordable housing stock and the central location of Renton. Despite the relatively positive outlook, the recovery is still weak by historical standards.

2013-2014 BUDGET PRIORITIES

The City adopted “Priority of Government” approach in its budget development, which emphasizes on delivering results that are most important to the community, and examines the entire budget every time, not just incremental changes from the last budget. As part of the budget process, the City prepares a six-year projection on general governmental resources and expenditures to ensure the sustainability of current budget decisions. The 2013-2014 budget continues these practices and with particular focus on a meeting both operating demand and a sustainable basic capital needs.

Sustainability

To achieve the sustainability, the 2013-2014 Biennial Budget realigns government programs and services to the expected revenues in the projection horizon. It restructured the City’s contribution towards employee medical benefits to increase the predictability and minimize overfunding the self-insurance program; at the same time it employee groups agreed to increase their share of contributions to the costs; it provided new funding through business license fee and utility tax increase to provide need capital funds to maintain and preserve existing City facilities.

Capital Investment

While new ongoing resources provided a basic level of capital needs, funding of large capital projects still required grants and substantial leveraging of external resources. The budget includes two largest street improvement projects that are funded almost entirely with grants. The \$42 million Rainier Avenue improvement project, when completed will transform the old and overloaded street to a tree-lined boulevard with 8-foot sidewalks. The \$30 million Strander Blvd connection Improvement will provide additional east-west connection for freight and general commerce between Renton and neighboring cities.

Partnership and Leveraging Local Resources

With limited resources, the City has been actively working with regional and community partners to maximize the local resources. The 2013-14 Budget includes many examples of such partnership. The Maple Crest Inclusive Playground is a joint effort between the City, Renton School District, and various service organizations who all contributed funds to make this much needed amenity possible. The transfer of the operation and maintenance of CARCO Theater to Puget Sound Access, a local non-profit communications group, will allow the City to save operating cost while preserving ability to use the facility as needed.

OTHER INFORMATION***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Renton for its comprehensive annual financial report for the fiscal year ended December 31, 2011. The City has a long history of achieving this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The dedicated staff of the Finance Division work hard each day to ensure that the City's financial transactions are processed accurately and records are maintained orderly and in conformance with policies and procedures. Special thanks is due to Tina Hemphill, Senior Financial Analyst, who served as the CAFR project lead over the past four years and also serves as audit liaison for the preparation of 2012 CAFR. Further appreciation is extended to the City Council and City Management for their support in conducting financial operations of the City in a sound and progressive manner, and in conformance with internal and external requirements.

Respectively,



Jamie Thomas
Fiscal Services Director



Tina Hemphill
Senior Financial Analyst

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Renton
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

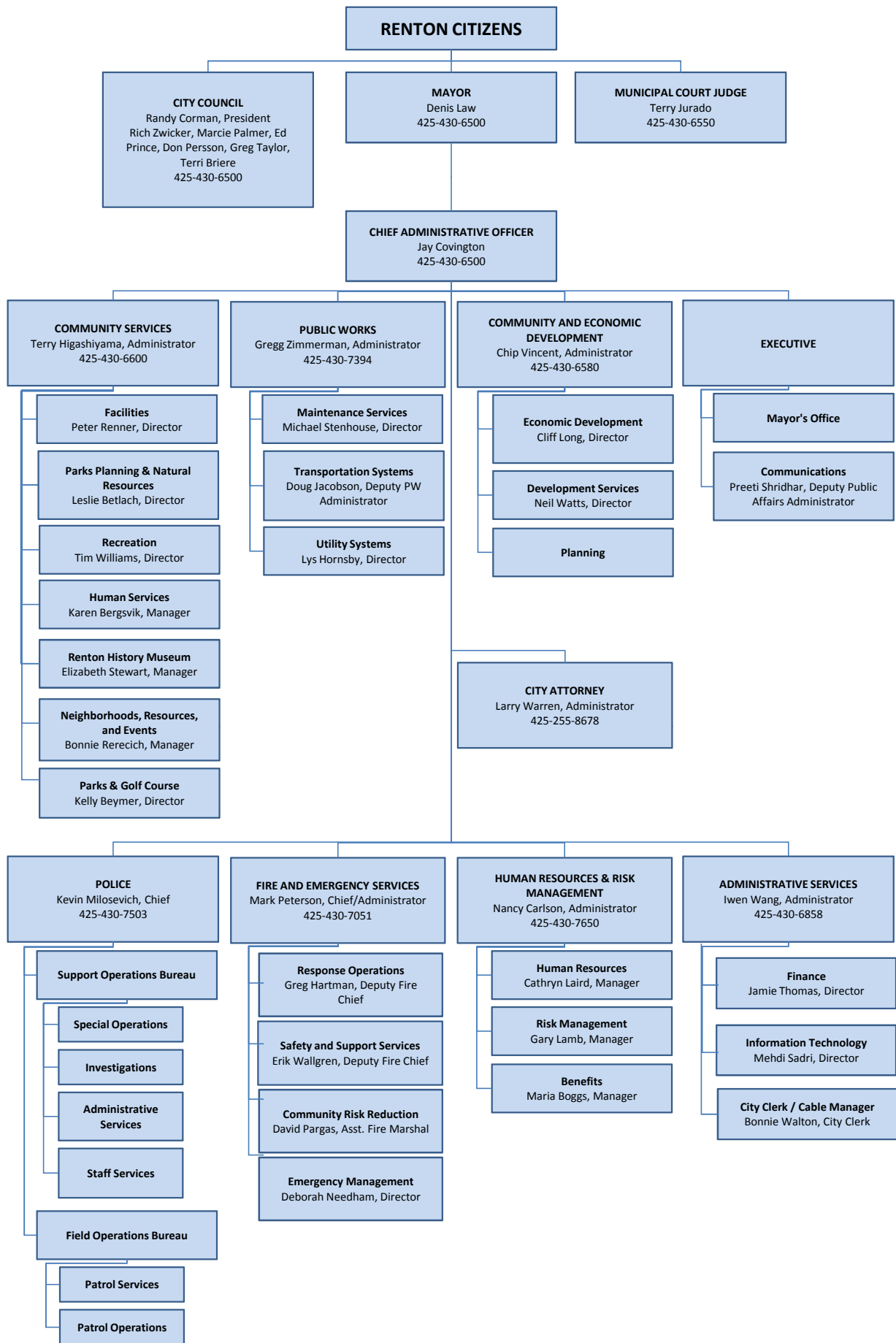


Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director



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Washington State Auditor Troy Kelley

INDEPENDENT AUDITOR'S REPORT

July 30, 2013

Council
City of Renton
Renton, Washington

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Renton, King County, Washington, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Renton, King County, Washington, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2012, the City has implemented the Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-1 through 3-13, budgetary comparison information on page 5-1, information on pension trust fund information on page 5-2 and postemployment benefits other than pensions on page 5-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 6-1 through 6-40 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

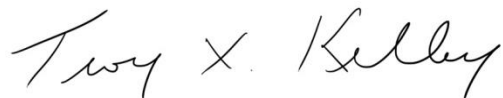
prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the [City](#). Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated July 30, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley". The signature is written in black ink and is positioned above the printed name.

TROY KELLEY
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Renton's discussion and analysis provides a narrative overview of the City's financial activities for the fiscal year ended December 31, 2012. The intent of the discussion and analysis is to review the City's financial performance as a whole.

This Management's Discussion and Analysis (MD&A) combined with the Transmittal Letter, the Financial Statements, and the Notes to the Financial Statements represent the complete 2012 financial activities for the City of Renton. These are all intended to help the reader understand the City's significant financial issues while providing an overview of the City's financial records. The information in this financial report also identifies any material deviations from the financial plan and the adopted annual budget and will isolate and identify individual fund issues or concerns.

FINANCIAL HIGHLIGHTS

- As of December 31, 2012, the City's total assets exceed liabilities by \$744.2 million. This financial net position is an improvement of \$50.4 million over 2011. This increase consists of \$43 million in restricted net position and \$7.7 million in unrestricted net position. Unrestricted net position is the portion of city resources that does not have externally imposed conditions and disposition is generally at the discretion of the City Council.
- Two-thirds of the \$744.2 million net position, or \$487.7 million, is related to governmental activities; of this, \$435.0 million are restricted monies that are invested in infrastructure or fixed assets that are not spendable or are committed for current capital and other activities. \$52.7 million are "unrestricted" which is a slight decline (\$0.5 million) from the 2011 level and includes amounts the City set aside for a self-insurance plans reserve, employee benefit reserves and working capital to meet cash flow needs of all general governmental purposes.
- The net position for business type activities totaled \$256.5 million, an increase of \$16.0 million from 2011. \$224.9 million represents the City's investments in capital assets net of related debt. An unrestricted balance of \$31.6 million remains and includes amounts set aside for future capital projects as well as cash flow to meet day-to-day operating requirements of the utilities and other enterprise funds.
- The City's total outstanding long-term debt as of December 31, 2012, was \$131.4 million. Of this amount, \$ 83.6 million is general obligation debt backed by the full faith and credit of the City. \$38.0 million are revenue bonds and state Public Works Trust Fund loans backed by the revenues of the Waterworks Utility. The remaining \$9.7 million is for accrued employee leave balances and LEOFF 1 Retiree Benefits.

FINANCIAL INFORMATION

The City's Government-wide Financial Statements were prepared on the full accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP). The City's Fund Financial Statements for its major and non-major governmental funds were prepared on the modified accrual basis of accounting in conformity with GAAP. The City's major and non-major enterprise funds, internal service funds, and pension funds were accounted for on the full accrual basis of accounting in conformity with GAAP.

The City of Renton, along with all cities, counties, and other governmental entities in Washington, must comply with the Budgeting, Accounting, and Reporting System (BARS) as prescribed by the Washington State Auditor's Office (SAO). The SAO audits the financial records of all cities and other governmental units within the State. In addition to examining financial statements, the SAO also performs compliance audits and reviews internal control procedures. The City of Renton has a financial system that is consistent with BARS and has strong administrative and management controls that are designed to provide:

1. Reasonable assurance that transactions are executed in accordance to management policies and approval authorities;
2. Reasonable assurance that transactions are recorded and reported in accordance to GAAP;
3. Accountability for control of assets and obligations; and
4. Assurance that sufficient reporting and review exists to provide complete information for analysis and comparability of data.

The City maintains strong budgetary controls in order to ensure compliance with legal provisions embodied in the appropriated budget as approved by the City Council. The City Council must authorize any budget increase or decrease to any fund.

STRUCTURE OF THE FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and overview to the City of Renton's basic financial statements. The basic financial statements are comprised of three components:

1. Government-wide Financial Statements;
2. Fund Financial Statements; and
3. Notes to the Financial Statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

While the *fund financial statements* present the City's financial data as a collection of separate financial units, the *government-wide finance statements* present the entire City's finances as a single integrated unit. The government-wide financial statements use separate columns to distinguish governmental activities, principally supported by taxes and intergovernmental revenues, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include a full range of local government services provided to the public such as police and fire protection; road

maintenance and construction; community planning and economic development; parks and recreational opportunities; and other community services. All internal service activities are reported under governmental activities. The business-type activities of the City include waterworks (water, sewer, and surface water), solid waste management and services, a golf course, and an airport. Fiduciary resources, by definition, are not available to support the City's programs, therefore are excluded from Government-wide financial statements.

- 1. The Statement of Net Position** presents information on all of the City's assets and liabilities with the difference between the two reported as net position. This statement combines and consolidates governmental funds' current financial resources (short-term available resources) with capital assets and long-term obligations, which is primarily debt. The Statement of Net Position serves a purpose similar to that of the Balance Sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the City is improving or deteriorating. Other indicators to consider when evaluating the financial position of the City includes changes to the property tax base, general economic conditions as demonstrated through business licenses fees or sales tax revenue, and the condition of the City's infrastructure (roads, drainage systems, bridges, and water infrastructure).
- 2. The Statement of Activities** focuses upon both the gross and net cost of various activities that are provided by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost to various governmental services and/or subsidies to business-type activities. By separating program revenue from general revenue, users of the financial statements can identify the extent to which each program relies on taxes for funding.

The governmental activities reflect the City's basic functions: General Government, Judicial, Security of Person and Property, Physical Environment, Mental and Physical Health, and Culture and Recreation. Property, sales, and utility taxes finance the majority of these functions.

All changes in net position are reported using the accrual basis of accounting, which is similar to the accounting used in the private sector. The accrual basis of accounting requires that revenues are reported when earned and expenses are reported when incurred, no matter when the revenue will actually be received or the obligation will be paid. For example, property taxes are shown as a receivable and revenue even though some amount of these taxes will not be available to the City for several years. Unpaid vendor obligations are illustrated as an accounts payable obligation as of December 31.

3. Fund Financial Statements

The City uses fund structure to ensure and demonstrate fiscal integrity and compliance with finance-related legal requirements. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities and objectives. There are three types of funds: governmental, proprietary, and fiduciary. These statements focus on major government funds and proprietary funds separately.

A Major Fund has three elements as defined by GASB 34:

- Total assets, liabilities, revenues, or expenditures of that individual governmental or enterprise funds are at least ten percent (10%) of the corresponding total (assets, liabilities, etc.) for all funds of that category or type (i.e., governmental, proprietary, or fiduciary); and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual government fund or enterprise funds are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined; or
- Any other governmental or enterprise fund that governing officials believe is particularly important.

Governmental Funds present most of a government's tax-supported activities. The Proprietary Funds present the government's business-type activities where all or part of the activities' costs are supported by fees and charges that are paid directly by those who benefit from the activities. Fiduciary Funds present resources held by the government as a trustee or agent for parties outside of the government. The resources of Fiduciary Funds cannot be used to support the government's other programs.

Governmental Funds

The Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund, Municipal Facilities CIP Fund and Capital Improvement Fund. These comprise the City's major governmental funds. Data from the remaining governmental funds are combined and presented in a single column in the fund statements. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in 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 balances of resources available at the end of the fiscal year. Such information is useful in evaluating whether there are more or less financial resources that can be used in the near future to finance City services.

Because the focus of Governmental Fund Financial Statements is a narrower view than that of the Government-wide Financial Statements, it is useful to compare similar information in order to gain a better understanding of the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to the governmental activities column in the government-wide statements to facilitate this comparison.

The City maintains budgetary controls over its governmental funds. Budgetary controls

ensure compliance with legal provisions embodied in the annual appropriated budget. Governmental fund budgets are established in accordance with state law and are adopted on a fund level. General fund budget variances are specifically addressed later in this discussion and analysis.

Proprietary Funds

These types of funds consist of two types: Enterprise and Internal Service. Each of these are, and have always been, operated as a business activity. Enterprise Funds are used to report the same functions as business-type activities in the Government-wide Financial Statements. Internal Service Funds are used to report activities that provide supplies and services to various City departments and to allocate the associated costs of providing these services to the various functions. The revenues and expenses of Internal Service Funds that are duplicated in other funds are eliminated in the government-wide statements. Because the remaining balances primarily benefit governmental, rather than business-type, activities they have been included within Governmental Activities in the Government-wide Statements.

The City of Renton has two major Enterprise Funds: Waterworks Utility (water, wastewater, and storm water) and Solid Waste. The Proprietary Statement of Net Position and the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Equity present separate columns of financial data for the Waterworks Utility and Solid Waste. Information from the remaining Enterprise Funds are combined and presented in a single, aggregated column in the fund statements. Internal Service Funds are reported separately in this section.

Proprietary Fund Statements provide the same type of information as the Government-wide Financial Statements, only in more detail, since both apply the accrual basis of accounting. In comparing the total assets and total liabilities between the two statements, only slight differences will be noticed. One notable difference is that the “due from other funds” (asset) and the “due to other funds” (liability) in the Proprietary Fund Statements are combined in a single line called “internal balances” in the asset section of the Government-wide Statement of Net Position.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the Government-wide Financial Statements because the resources of those funds are not available to support the City’s own operations. All of the City’s fiduciary activities are reported in a separate Fiduciary Statement of Net Position and a Statement of Revenues, Expenses, and Changes in Fiduciary Net Position.

4. NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the information provided and are an integral part of the Government-wide and Fund Financial Statements.

Combining statements for non-major Governmental and Enterprise Funds, as well as Internal Service Funds, are presented immediately following the required supplementary information.

REQUIRED SUPPLEMENTAL INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) on budgetary comparisons for major governmental funds as well as the City's funding progress for the Firemen's Pension Trust Fund and Other Post-Employment Benefits (LEOFF 1 Retiree Medical).

COMBINING STATEMENTS

The combining statements for other government funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information.

STATISTICAL INFORMATION

This section includes unaudited trends and demographic information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The change in net position is an indicator of a government's financial situation. Table 1 below shows the condensed Government-wide Net Position as of December 31, 2012, with comparison to 2011.

The City's overall financial position improved in 2012 over 2011 by \$50.4 million, \$34.4 million in governmental activities and \$16.0 million associated with business-type activities. The increase in governmental net position is entirely attributable to an increase in capital assets such as land and improvements to infrastructure, with non-capital net-assets decreasing by just under \$1 million. Net position for business-type activities increased by \$16.0 million; \$7.8 million of which was related to capital assets, \$2.9 million restricted for debt service purpose, and \$5.4 million were unrestricted resources for planned future capital projects.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 92,738,107	\$ 90,005,599	\$ 32,575,404	\$ 26,980,830	\$ 125,313,511	\$ 116,986,429
Capital and other assets	502,051,823	475,711,915	266,306,655	259,065,394	768,358,478	734,777,309
TOTAL ASSETS	594,789,930	565,717,514	298,882,059	286,046,224	893,671,989	851,763,738
Current liabilities	\$ 14,483,938	12,949,403	\$ 3,276,701	3,532,129	\$ 17,760,639	16,481,532
Other liabilities	92,611,066	99,449,845	39,110,485	42,069,463	131,721,551	141,519,308
TOTAL LIABILITIES	107,095,004	112,399,248	42,387,186	45,601,592	149,482,190	158,000,840
NET POSITION:						
Invested in capital assets, net of related debt	\$ 425,581,342	373,641,842	\$ 224,893,271	217,103,722	\$ 650,474,613	590,745,564
Restricted	7,953,634	26,432,127	2,909,578	-	10,863,212	26,432,127
Unrestricted	54,159,950	53,244,297	28,692,024	23,340,910	82,851,974	76,585,207
TOTAL NET POSITION	\$ 487,694,926	\$ 453,318,266	\$ 256,494,873	\$ 240,444,632	\$ 744,189,799	\$ 693,762,898

Nearly 90% of the City's net position is investments in capital assets (e.g., streets, water and sewer systems, drainage systems, buildings, parks and open spaces) less any related debt used to acquire these assets. The City's capital assets are used to provide services to citizens. It should be noted that, although the investments in capital assets are reported net of related debt, resources needed to repay this debt must be provided from *other* sources since the capital assets, with limited exception, cannot be liquidated to reduce these liabilities.

The substantial increase in governmental capital assets (net of related debt) in 2012 is primarily due to the addition of capital grant funded improvements. The business-type activities increase in capital assets (net of related debt) were also related to grant funded capital improvement projects (\$7.8 million for surface water systems). Interfund loan debt is not included in the calculation of net investments in capital assets.

Statement of Activities and Change in Net Position

Table 2 is the citywide condensed summary Statement of Activities and Change in Net Position.

	TABLE 2 CONDENSED STATEMENT OF ACTIVITIES					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 16,327,227	\$ 15,534,490	\$ 66,785,318	\$ 62,328,294	\$ 83,112,545	\$ 77,862,784
Operating grants and contributions	12,794,132	15,540,897	165,164	465,468	12,959,296	16,006,365
Capital grants and contributions	33,529,033	12,135,982	7,668,558	2,473,309	41,197,591	14,609,291
Taxes and other general revenues:					-	-
Property taxes	33,932,290	33,309,975			33,932,290	33,309,975
Sales taxes	23,653,706	22,008,777			23,653,706	22,008,777
Other Taxes	21,929,128	20,984,369			21,929,128	20,984,369
Other general revenue	1,768,728	1,594,288	149,971	188,325	1,918,699	1,782,613
Total revenues	143,934,244	121,108,778	74,769,011	65,455,396	218,703,255	186,564,174
Expenses:						
General government	9,859,550	4,268,321	-	-	9,859,550	4,268,321
Judicial	2,610,481	2,563,989	-	-	2,610,481	2,563,989
Public safety	58,152,773	52,627,849	-	-	58,152,773	52,627,849
Physical environment	2,643,930	2,151,322	-	-	2,643,930	2,151,322
Transportation	13,571,691	25,376,308	-	-	13,571,691	25,376,308
Economic environment	6,330,233	6,491,151	-	-	6,330,233	6,491,151
Health and human services	827,802	819,138	-	-	827,802	819,138
Culture and recreation	13,011,327	11,955,737	-	-	13,011,327	11,955,737
Interest on long-term debt	3,087,269	2,165,960	-	-	3,087,269	2,165,960
Waterworks utility	-	-	39,419,864	37,148,813	39,419,864	37,148,813
Airport	-	-	2,251,434	2,026,804	2,251,434	2,026,804
Solid waste utility	-	-	14,780,647	14,434,201	14,780,647	14,434,201
Golf course	-	-	2,139,847	2,099,936	2,139,847	2,099,936
Total expenses	110,095,056	108,419,775	58,591,792	55,709,754	168,686,848	164,129,529
Increase in net assets before transfers	33,839,188	12,689,003	16,177,219	9,745,642	50,016,407	22,434,645
Transfers	233,961	37,454	(233,961)	(37,454)	-	-
Increase in net assets	34,073,149	12,726,457	15,943,258	9,708,188	50,016,407	22,434,645
Net assets - beginning	453,318,266	440,591,809	240,444,632	231,802,937	693,762,898	672,394,746
Prior period adjustments	303,511	-	106,983	(1,066,493)	410,494	(1,066,493)
Net assets - ending	\$ 487,694,926	\$ 453,318,266	\$ 256,494,873	\$ 240,444,632	\$ 744,189,799	\$ 693,762,898

Citywide revenue grew by \$32.1 million or 17.23%. Over 80% or \$26.6 million of this increase was in project-related capital grants. Without capital grants, the revenue grew by \$5.6 million or 3.0%. Tax revenues grew by \$3.3 million or 1.8%; program revenue, such as user fees, grew by \$5.2 million, primarily from rate increases in business type activities. Operating grants and contributions decreased by \$3.0 million.

Combined citywide service expenses totaled \$168.9 million for 2012. That is \$4.6 million or 2.8% higher than 2011. Governmental activities increased by \$1.7 million or 1.5% while business activities increased by \$2.9 million or 5.2%.

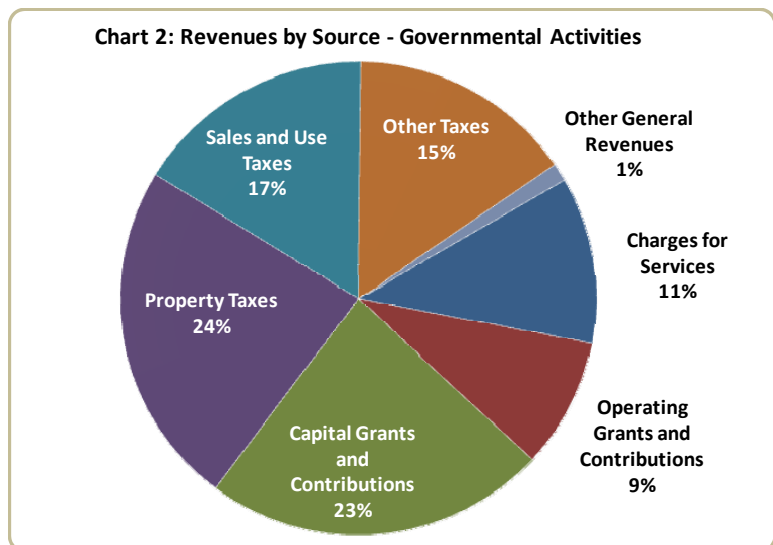
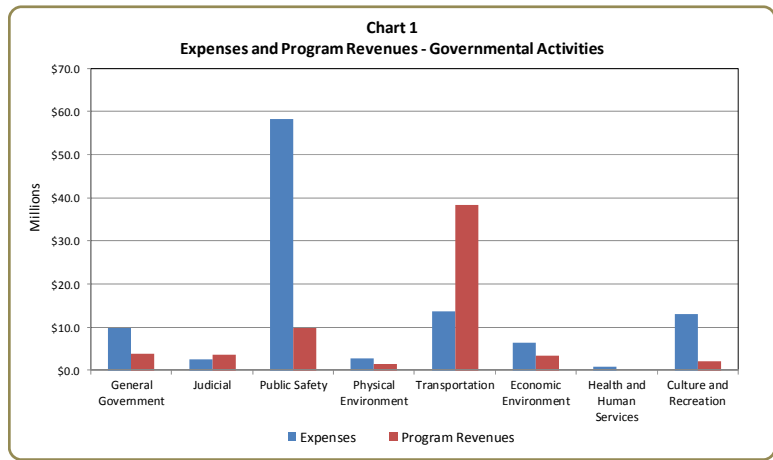
The resulting change in net position without prior period adjustments increased in 2012 by \$50.0 million, \$34.1 million from governmental activities and \$15.9 million from business-type activities. As discussed above, this increase is primarily an increase in fixed assets funded by capital grants.

Governmental Activities Analysis

Governmental activities cost a total of \$110.1 million in 2012 against operating revenue (excluding capital grants and contributions) of \$110.4 million. \$81.1 million or 74% of all governmental activities were funded by taxes. \$29 million or 26% were supported by program revenues such as permit fees, fines and forfeitures, recreation fees, facility rental fees.

Chart 1 portrays the cost of each of the City’s governmental programs along with each program’s generated revenue (fees and intergovernmental revenues specifically related to that program). The program revenues for Transportation Systems include capital grants for large-scale projects such as Rainier Ave improvements.

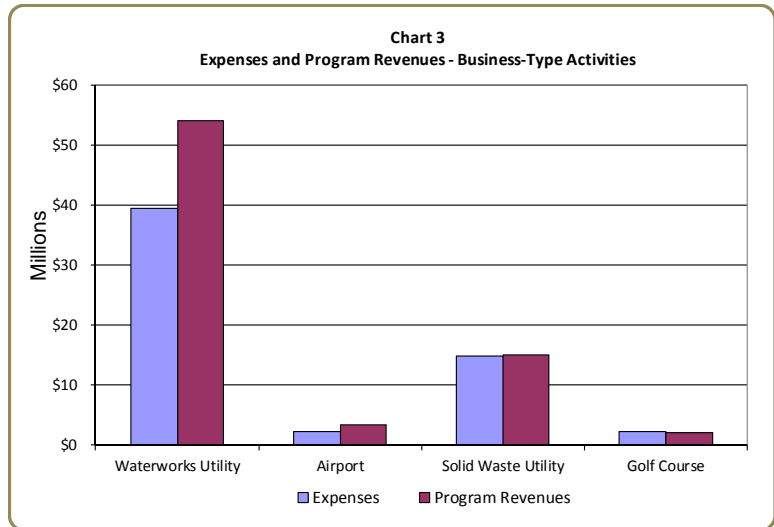
Chart 2 depicts the sources of revenue that funds governmental activities. Approximately fifty-six percent (56%) is from various taxes and general resources. Charges for services, grants and interest earnings generate forty-four percent (44%) of total revenue for general governmental activities.



Business-Type Activities Analysis

Charts 3 and 4 present the same information for business-type activities as previously illustrated for governmental activities.

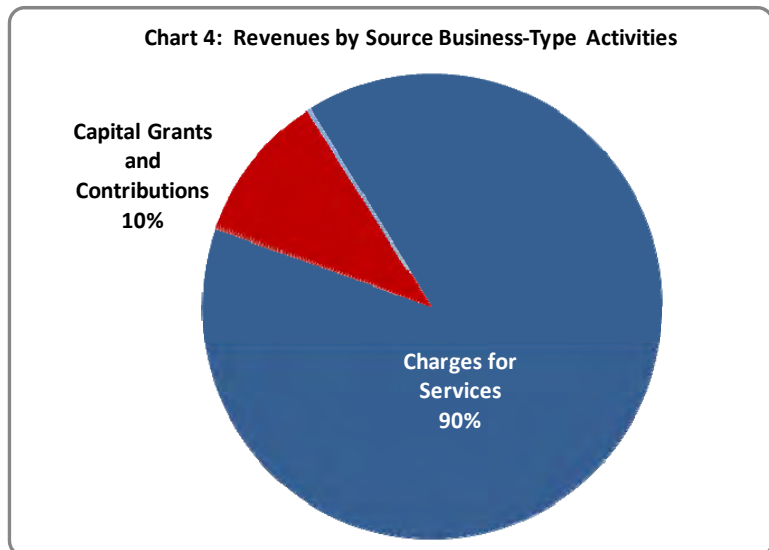
Chart 3 shows the expense of each of the City’s business-type programs along with each programs’ revenue (fees and intergovernmental revenues specifically related to that program).



The Waterworks Utility generated \$47.3 million in various fees for services and other sources and had \$39.4 million in operating and debt service expenses resulting in a \$7.9 million increase in net position from operations. In addition, the utility received \$6.8 million in capital grants and facilities contributed by developers for a combined increase in net position of \$14.7 million. The operating balance is necessary for planned system infrastructure replacements.

The Solid Waste Utility generated \$15.1 million in total revenue and incurred \$14.8 million in program expenses, resulting in a positive increase in net position of \$0.3 million. The **Airport** generated a total of \$2.4 million in revenue and \$2.2 million in expenses 2012, consistent with 2011. The **Golf Course** generated a total of \$2.1 million in green fees, driving range charges, and other user fees. The total expenses for the Golf Course were \$2.1 million. The Golf Course had an operating loss of \$3,000 for the year, an improvement from the \$85,000 loss in 2011.

Business-type activities are supported primarily from charges for services. In the City of Renton, \$66.8 million was generated from charges for services in the business-type activities. These comprise 90% of the total financial support for these activities. Grant revenues increased by \$7.7 million largely due to a surface water improvement grant for \$6.8 million and a Federal Aviation Administration grant for approximately \$900,000 for airport improvements.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

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

At the end of the fiscal year, the City's **General Fund** had a fund balance of \$18.7 million, which is an increase of \$2.9 million from a year ago. The increase is partially due to higher tax revenues from improving economic conditions, and partially from budget-savings. Approximately \$691,000 of this is restricted for specific programs. Another \$16.6 million is unrestricted but assigned to meet the 12% targeted operating reserve and for commitments in future periods. The remaining \$1.4 million is unrestricted and unassigned fund balance.

The **Municipal Facilities Capital Improvement Project (CIP)** fund includes the library development funds as well as general governmental major maintenance fund. The \$22.9 million in fund balance are either restricted or committed to capital purposes and will continue to decrease as projects move forward.

The **Capital Improvement** fund accounts for the many transportation-related projects in the City. All fund balance is committed to projects.

Proprietary Funds Analysis

The fund financial statements for the proprietary funds are presented in more detail, but essentially provide the same type of information found within the business-type activities in the Government-wide Financial Statements. The factors concerning the finances of the Waterworks Utility and the Solid Waste Utility funds have been addressed in the discussion of business-type activities. The proprietary fund statements also include a column for internal services fund activities in aggregate. These activities are consolidated with general governmental activities in the government-wide statements; therefore, the \$23.0 million unrestricted net position are included in the governmental activities net position.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City uses a biennial budget process that adopts two one-year budgets at one time. 2012 is the second year of the 2011-12 biennium. The original 2012 adopted budget was \$99.3 million and the final adjusted budget was \$106.7 million. The increase of \$7.4 million was due to multiple factors: \$2.3 million was used for the early redemption of 2002 LTGO bonds; \$1.8 million was added for the annual debt service payment for the new 2011 Library Development Bond issue; the General Fund provided a temporary, interest bearing interfund loan of \$1.7 million to the Golf Course to allow the Golf Course to pay off its revenue bond balances; the City received a Staffing for Adequate Fire

& Emergency Response (SAFER) grant for a two-year period providing for the rehiring/retention of nine firefighter positions – the 2012 increase totaled approximately \$1.0 million. The remainder of the increase was related to various operating grants, contributions and intergovernmental funding adding approximately \$600,000 to the 2012 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Renton's investment in capital assets, including construction in progress, for governmental and business-type activities amounts to \$724.5 million as of December 31, 2012 as shown in the following table.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and Land Improvements	\$ 191,294,494	\$ 182,417,081	\$ 7,943,225	\$ 6,165,321	\$ 199,237,719	\$ 188,582,402
Buildings and Structures	62,180,126	64,658,927	10,744,152	11,192,993	72,924,278	75,851,920
Other Improvements	140,587,042	142,756,922	231,688,960	230,654,790	372,276,002	373,411,712
Machinery and Equipment	10,794,514	9,512,108	544,519	640,493	11,339,034	10,152,601
Intangible Assets	432,386	647,589	823,531	827,827	1,255,917	1,475,416
Construction in Progress	56,257,272	32,803,660	11,180,617	8,992,098	67,437,889	41,795,758
Total	<u>\$ 461,545,836</u>	<u>\$ 432,796,287</u>	<u>\$ 262,925,004</u>	<u>\$ 258,473,522</u>	<u>\$ 724,470,839</u>	<u>\$ 691,269,809</u>

The increase of \$33.2 million in 2012 is made up of a number of large capital projects such as the new libraries, Rainier Avenue, Strander Boulevard, Lake Washington Trail, and various storm water and wastewater improvement projects. The increases in the categories of Land and Land Improvements for \$10.6 million and Construction in Progress \$25.6 million for a combined total of \$36.2 million are offset by the decrease in building, equipment, and intangible values due to depreciation. More detail about the City's Capital Assets can be found in Note 5 to the financial statements.

Debt Administration

The City's total outstanding debt at December 31, 2012, was \$120.0 million as shown in Table 4. This was a \$12.4 million reduction from the prior year which can be attributed to a \$6.2 million reduction in General Obligation Debt, a \$2.8 million reduction to intergovernmental debt, a \$2.4 million reduction in Water/Sewer Revenue bonds, and a \$0.9 million reduction in Public Works Trust Fund Loans.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 44,335,000	\$ 50,290,000	\$ -	\$ -	\$ 44,335,000	\$ 50,290,000
Revenue Bonds	-	-	32,595,000	34,925,000	32,595,000	34,925,000
Other Long-Term Debt	36,891,722	38,053,639	5,538,929	6,443,218	42,430,652	44,496,857
Unamortized Premium (Discount)	2,408,675	2,703,407	(102,198)	1,581		
Total	<u>\$ 83,635,398</u>	<u>\$ 91,047,046</u>	<u>\$ 38,133,929</u>	<u>\$ 41,368,218</u>	<u>\$ 119,360,652</u>	<u>\$ 129,711,857</u>

The City was able to reduce aggregate debt service payments by refunding the 2004 Water Sewer Revenue Bonds in 2012 and early redemption of the 2002 Limited Tax General Obligation Bonds. On July 1, 2013, the City issued a 15-year Qualified Energy Conservation Bond in an amount of \$3.2 million to convert its streetlights to LED lights. The estimated annual energy saving is approximately \$275,000 a year and the annual debt service cost net of rebate from the IRS will average \$215,000 annually. The City does not have other capital financing planned in the near future. More detailed information about the City's long-term debt can be found in Note 13 to the financial statements.

FUTURE YEAR'S BUDGETARY IMPACTS

For the 2013-2014 biennium, the adopted total revenue is \$462.6 million against total expenditures of \$457.3 million. The revenue is a 4.7% increase over the 2011-2012 biennial budget and expenditures are 2.7% above the 2011-2012 adopted budget. During the 2011-2012 biennial budget process, the City formed a Community Budget Advisory Group comprised of local residents, business owners, and community leaders. They were able to provide the City with a number of valuable recommendations in prioritizing city services and in managing personnel costs.

Though certain sectors of Renton's economy have started to improve since 2011, the assessed value for 2013 property taxes declined another 7%. For the first time in decades, the city's property tax collection in 2013 will be less than the year before by 4.5%. This combined with the expiration of public safety grants that funded 15 police officers and firefighters; a one-year elimination of state liquor excise tax, as well as increased cost pressures (increased retirement contributions, increased healthcare costs, and deferred maintenance on City buildings) required that the City further reduce its General Fund expenditures.

To balance this projected gap, City Administration used a three-prong approach to help develop a sustainable and balanced budget. This approach included reducing (1) 25.2 FTE positions over the biennium, (2) freezing the City's contribution to the City's employee medical plan for one year, and (3) increasing revenue through increased business license fees, increased interfund utility taxes, and adding a basic life support (BLS) transportation fee. The expenditure reductions are designed to re-balance the city's operations to a sustainable level. The business license fee and utility tax revenue adjustments are to provide basic capital funding that will allow the City to preserve its governmental assets. The BLS transport fee is designated to retain three of the nine firefighters funded by the SAFER grant.

The city has been very responsible and responsive in balancing the services the community needs with the changing mixture and level of resources. However, to thrive and remain financially secure in the long term, the City must continue to expand our economy and pursue progressive economic development strategies. Some of the past successes have helped the City during the Great Recession.

- The Landing is a master planning development area on land previously owned by Boeing. The development has added more than 900 residential units and 600,000 square feet of retail. Restaurants and stores at the Landing continue to enjoy double-digit sales growth over the previous year. Several new tenants have come in during 2012 including Cost Plus World Market and Top Pot Doughnuts. Completed during the recession, the residential units are fully occupied and the commercial spaces are nearly 90% leased.
- The Sunset Area Community Revitalization Plan continues to make progress with the completion of the Glenwood Townhomes and design completion of the new Renton Highlands Library. The revitalization program will create market-rate affordable housing, retail investment, and improve community livability through: street upgrades; new parks and open space; a new public library; a new early childhood learning center; capacity for 2,300 new living units and 1.25 million square feet of service/retail space over the next 20 years.
- Boeing is investing \$250 million in its Renton Plant to expand its production line to allow production increase from 31 to 42 planes per month by mid-2014 and has announced it will produce the 737 Max in Renton. This increase in production is expected to add 2,400 new Boeing and other aerospace jobs to Renton.

For more information regarding the City's budget please refer to the city's website for 2013-2014 adopted budget as well as monthly sales tax and budgetary financial reports.

REQUESTS FOR FINANCIAL INFORMATION

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

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STATEMENT OF NET POSITION
December 31, 2012

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 52,677,584	\$ 17,563,679	\$ 70,241,263
Cash with fiscal agent	224,837	-	224,837
Investments at fair value	17,172,181	6,677,013	23,849,194
Receivables (net of allowance for uncollectibles)	21,274,588	8,820,930	30,095,518
Internal balances	1,175,274	(1,175,274)	-
Inventories	-	330,458	330,458
Prepayments	213,643	358,598	572,241
Other non-current assets	40,505,987	472,073	40,978,060
Restricted assets:			
Cash and cash equivalents	-	2,909,578	2,909,578
Capital assets not being depreciated:			
Land	191,294,495	7,943,225	199,237,720
Construction in progress	56,257,272	11,180,617	67,437,889
Capital assets, net of accumulated depreciation:			
Buildings	62,180,126	10,744,152	72,924,278
Infrastructure	140,587,042	231,688,961	372,276,003
Machinery and equipment	10,794,515	544,519	11,339,034
Intangibles	432,386	823,530	1,255,916
Total assets	<u>594,789,930</u>	<u>298,882,059</u>	<u>893,671,989</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Accounts payable and other liabilities	12,378,717	3,148,372	15,527,089
Interest payable	200,557	128,329	328,886
Unearned revenue	1,904,664	353,362	2,258,026
Non-current liabilities:			
Due within one year	7,726,477	2,342,625	10,069,102
Due in more than one year	84,884,589	36,414,498	121,299,087
Total liabilities	<u>107,095,004</u>	<u>42,387,186</u>	<u>149,482,190</u>
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	425,581,342	224,893,271	650,474,613
Restricted for:			
Judicial	33,167	-	33,167
Public safety	389,005	-	389,005
Health and Human Services	90,103	-	90,103
Transportation	265,790	-	265,790
Economic environment	144,682	-	144,682
Culture and recreation	437,273	-	437,273
Debt service	1,159,999	2,909,578	4,069,577
Capital	5,433,616	-	5,433,616
Unrestricted	54,159,950	28,692,024	82,851,974
Total net position	<u>\$ 487,694,926</u>	<u>\$ 256,494,873</u>	<u>\$ 744,189,799</u>

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012
Page 1 of 2

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS
Primary government:				
Governmental activities:				
General government	\$ 9,859,550	\$ 2,586,799	\$ 1,302,735	\$ 8,799
Judicial	2,610,481	3,493,071	44,457	-
Public safety	58,152,773	650,129	9,066,435	162,144
Physical environment	2,643,930	1,326,517	-	167,350
Transportation	13,571,691	3,329,054	1,999,254	32,953,673
Economic environment	6,330,233	3,130,530	315,522	-
Health and human services	827,802	-	-	-
Culture and recreation	13,011,327	1,811,127	65,729	237,067
Interest on long-term debt	3,087,269	-	-	-
Total governmental activities	110,095,056	16,327,227	12,794,132	33,529,033
Business-type activities:				
Waterworks utility	39,419,864	47,314,389	18,197	6,788,184
Airport	2,251,434	2,436,543	7,814	880,374
Solid waste utility	14,780,647	14,905,934	133,875	-
Golf course	2,139,847	2,128,452	5,278	-
Total business-type activities	58,591,792	66,785,318	165,164	7,668,558
Total primary government	168,686,848	83,112,545	12,959,296	41,197,591

General revenues:
 Taxes:
 Property taxes
 Retail sales taxes
 Business taxes
 Excise taxes
 Penalties and interest
 Interest and investment earnings
 Gain on Sales of Assets
 Miscellaneous
 Transfers
 Total general revenues and transfers
 Change in net position
 Net position - beginning
 Prior Period Adjustment
 Net position - ending

STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2012
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NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FUNCTIONS/PROGRAMS
\$ (5,961,217)		\$ (5,961,217)	Primary government:
927,047		927,047	Governmental activities:
(48,274,065)		(48,274,065)	General government
(1,150,063)		(1,150,063)	Judicial
24,710,290		24,710,290	Public safety
(2,884,181)		(2,884,181)	Physical environment
(827,802)		(827,802)	Transportation
(10,897,404)		(10,897,404)	Economic environment
(3,087,269)		(3,087,269)	Health and human services
(47,444,664)		(47,444,664)	Culture and recreation
			Interest on long-term debt
			Total governmental activities
	14,700,906	14,700,906	Business-type activities:
	1,073,297	1,073,297	Waterworks utility
	259,162	259,162	Airport
	(6,117)	(6,117)	Solid waste utility
	16,027,248	16,027,248	Golf course
			Total business-type activities
	16,027,248	(31,417,416)	Total primary government
33,932,290	-	33,932,290	General revenues:
23,653,706	-	23,653,706	Taxes:
17,632,759	-	17,632,759	Property taxes
4,286,883	-	4,286,883	Retail sales taxes
9,486	-	9,486	Business taxes
589,616	105,129	694,745	Excise taxes
157,483	-	157,483	Penalties and interest
1,021,629	44,842	1,066,471	Interest and investment earnings
233,961	(233,961)	-	Gain on Sales of Assets
			Miscellaneous
			Transfers
81,517,813	(83,990)	81,433,823	Total general revenues and transfers
34,073,149	15,943,258	50,016,407	Change in net position
453,318,266	240,444,632	693,762,898	Net position - beginning
303,511	106,983	410,494	Prior Period Adjustment
\$ 487,694,926	\$ 256,494,873	\$ 744,189,799	Net position - ending

BALANCE SHEET
 GOVERNMENTAL FUNDS
 December 31, 2012
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	GENERAL	MUNICIPAL FACILITIES CIP	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash & cash equivalents	\$ 11,435,445	\$ 17,170,379	\$ -	\$ 3,890,371	\$ 32,496,195
Cash with fiscal agent	224,837	-	-	-	224,837
Deposit with fiscal agent	-	-	-	-	-
Investments	3,721,741	5,599,834	-	1,268,781	10,590,356
Receivables (net of allowances)					
Taxes	2,262,963	-	-	-	2,262,963
Customer accounts	4,192,301	-	586,118	1,500	4,779,919
Accrued interest & penalty	28,817	33,006	3,496	13,159	78,478
Special assessments	-	-	-	16,534	16,534
Interfund loans receivable	461,810	-	-	-	461,810
Due from other funds	136,367	26,482	-	-	162,849
Due from other governmental units	5,162,769	165,545	6,799,055	1,931,517	14,058,886
TOTAL ASSETS	\$ 27,627,050	\$ 22,995,246	\$ 7,388,669	\$ 7,121,862	\$ 65,132,827
DEFERRED OUTFLOWS OF RESOURCES					
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -	\$ -

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012
Page 2 of 2

	GENERAL	MUNICIPAL FACILITIES CIP	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 605,019	102,359	\$ 3,266,495	\$ 11,185	\$ 3,985,058
Taxes payable	49,776	26	-	-	49,802
Retainage payable	-	35,806	134,967	-	170,773
Due to other funds	36,742	902	64,973	198	102,815
Due to other governmental units	115	-	-	-	115
Matured interest payable	-	-	7,431	-	7,431
Interfund loans payable	-	-	1,027,970	-	1,027,970
Custodial accounts	394,868	-	-	-	394,868
Unearned revenue	4,243,630	-	143	1,816,814	6,060,587
Accrued employee wages and leave payable	3,612,456	-	-	-	3,612,456
Total liabilities	8,942,606	139,093	4,501,979	1,828,197	15,411,875
DEFERRED INFLOWS OF RESOURCES					
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES					
Restricted	690,655	19,270,931	-	4,459,757	24,421,343
Committed					
Capital purposes	-	3,199,122	2,886,690	-	6,085,812
Assigned					
Capital purposes	-	386,100	-	51,879	437,979
Special revenue funds	-	-	-	782,029	782,029
Operating reserves and carryforwards	16,566,659	-	-	-	16,566,659
Unassigned					
General fund	1,427,130	-	-	-	1,427,130
Total fund balances	18,684,444	22,856,153	2,886,690	5,293,665	49,720,952
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 27,627,050	\$ 22,995,246	\$ 7,388,669	\$ 7,121,862	\$ 65,132,827

RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2012

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS 49,720,952

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

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

Investment in Join Venture-SCORE	31,944,844	
Investment in Join Venture-Valley Communications	5,709,434	
Unamortized Debt Issuance Costs	333,367	
Net Pension Obligation-overfunded	<u>2,501,810</u>	40,489,455

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

Land	191,294,495	
Construction in progress	55,605,576	
Buildings (net of accumulated depreciation)	62,100,297	
Infrastructure (net of accumulated depreciation)	140,414,913	
Machinery and equipment (net of accumulated depreciation)	1,698,486	
Intangible assets (net of accumulated amortization)	<u>169,151</u>	451,282,919

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

Property Tax Revenue	494,773	
Municipal Court Revenue	1,231,074	
Photo Enforcement Revenue	2,334,473	
Other	<u>95,603</u>	4,155,923

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

Interest payable	(193,126)	
Bonds Payable	(83,635,398)	
Compensated absences	<u>(8,632,674)</u>	(92,461,198)

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

		<u>34,506,875</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>487,694,926</u></u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2012
 Page 1 of 1

	GENERAL	MUNICIPAL FACILITIES CIP	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 71,537,019	\$ 1,129,343	\$ -	\$ 7,212,105	\$ 79,878,467
Licenses and permits	3,002,481	-	1,790,311	50,654	4,843,446
Intergovernmental revenues	10,982,766	339,783	20,497,099	1,610,430	33,430,078
Charges for services	4,280,901	200	-	215,938	4,497,039
Fines and forfeits	3,053,938	-	-	-	3,053,938
Interfund revenues	3,324,852	50,282	-	-	3,375,134
Contributions	120,207	226,778	1,076,399	65,000	1,488,384
Investment earnings	383,909	78,379	7,023	25,207	494,518
Miscellaneous revenues	942,680	301	17	-	942,998
TOTAL REVENUES	97,628,753	1,825,066	23,370,849	9,179,334	132,004,002
EXPENDITURES					
Current:					
General government	8,223,191	148,298	-	-	8,371,489
Judicial	2,610,481	-	-	-	2,610,481
Public safety	54,378,422	-	-	-	54,378,422
Physical environment	2,608,369	-	-	-	2,608,369
Transportation	8,376,509	-	1,761,241	-	10,137,750
Economic environment	5,804,336	50,000	-	428,928	6,283,264
Health and human services	523,577	-	-	-	523,577
Culture and recreation	10,471,784	1,045,412	-	20,254	11,537,450
Capital outlay	26,506	886,961	24,061,564	14,746	24,989,777
Debt service:					
Principal payments	-	-	-	7,116,917	7,116,917
Interest and fiscal charges	-	-	13,993	3,354,910	3,368,903
TOTAL EXPENDITURES	93,023,175	2,130,671	25,836,798	10,935,755	131,926,399
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,605,578	(305,605)	(2,465,949)	(1,756,421)	77,603
OTHER FINANCING SOURCES (USES)					
Transfer in	204,000	265,000	1,053,315	2,660,870	4,183,185
Transfer (out)	(2,085,347)	(30,813)	(7,064)	(1,990,241)	(4,113,465)
Sale of capital assets	211,437	-	-	163,602	375,039
TOTAL OTHER FINANCE SOURCES (USES)	(1,669,910)	234,187	1,046,251	834,231	444,759
NET CHANGE IN FUND BALANCE	2,935,668	(71,418)	(1,419,698)	(922,190)	522,362
FUND BALANCE JANUARY 1	15,748,776	22,927,571	4,306,388	6,215,855	49,198,590
FUND BALANCE DECEMBER 31	\$ 18,684,444	\$ 22,856,153	\$ 2,886,690	\$ 5,293,665	\$ 49,720,952

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2012

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	522,362
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period plus extraordinary gains on capital assets from the sale of land and equipment.</p>		
Capital expenditures	24,979,213	
Depreciation expense	(9,313,662)	
Sale of capital assets	<u>(217,556)</u>	15,447,995
<p>Donations of property and infrastructure from developers are not reported in the governmental funds. However, in the statement of activities, the fair market value of those assets is recognized as revenue.</p>		
		11,380,175
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. Unearned revenue increased by this amount.</p>		
		58,840
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		5,917,383
<p>Increase (decrease) in other non-current assets which include the Net Pension Asset and Investments in Joint Ventures which are not reported in governmental funds.</p>		
Equity interest-SCORE	(2,114,084)	
Equity interest-Valley Communications	65,681	
Net Pension Asset -overfunded	<u>567,429</u>	(1,480,974)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds are reported with governmental activities.</p>		
		2,227,368
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>34,073,149</u></u>

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2012
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	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	ENTERPRISE FUNDS				
	WATERWORKS UTILITY	SOLID WASTE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
ASSETS					
Current assets:					
Cash & cash equivalents	\$ 13,115,499	1,740,902	\$ 2,707,278	\$ 17,563,679	\$ 20,181,389
Investments at fair value	5,226,313	567,766	882,934	6,677,013	6,581,827
Receivables (net of allowances):					
Customer accounts	5,579,598	1,664,918	95,545	7,340,061	47,833
Special assessments	92,629	-	-	92,629	-
Interest - investments	33,561	4,056	5,677	43,294	46,422
Due from other funds	25,937	2,218	-	28,155	13,178
Interfund loan receivable	98,208	-	-	98,208	511,666
Due from other governmental units	708,064	104,987	531,901	1,344,952	83
Inventory of materials and supplies	262,978	-	67,480	330,458	160,642
Prepayments	-	358,598	-	358,598	53,000
Total current assets	25,142,787	4,443,445	4,290,815	33,877,047	27,596,040
Noncurrent assets:					
Restricted cash & cash equivalents	2,909,578	-	-	2,909,578	-
Special assessments-non-current	85,925	-	-	85,925	-
Advances to other funds	101,646	-	-	101,646	1,204,401
Capital assets (net)	240,863,870	-	21,237,604	262,101,474	9,999,682
Intangible assets (net)	823,530	-	-	823,530	263,235
Deferred charges and other assets	386,148	-	-	386,148	-
Total noncurrent assets	245,170,697	-	21,237,604	266,408,301	11,467,318
TOTAL ASSETS	\$ 270,313,484	\$ 4,443,445	\$ 25,528,419	\$ 300,285,348	\$ 39,063,358
DEFERRED OUTFLOWS OF RESOURCES					
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -	\$ -

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2012
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	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 630,140	\$ 1,147,269	\$ 516,437	\$ 2,293,846	\$ 1,044,012
Claims incurred but not reported	-	-	-	-	2,754,118
Retainage payable	95,621	-	-	95,621	4,550
Due to other funds	51,304	2,218	-	53,522	47,845
Interfund loans payable	-	-	473,024	473,024	-
Due to other governments	878,648	4,574	-	883,222	-
Accrued interest payable	124,427	-	3,903	128,330	-
Accrued employee wages and benefits payable	402,947	22,385	100,368	525,700	362,877
Accrued taxes payable	76,019	61,651	74,793	212,463	87
Custodial accounts	17,970	-	172,177	190,147	-
Unearned revenue	204,374	-	148,989	353,363	-
Revenue bonds payable	1,290,000	-	-	1,290,000	-
Total current liabilities	3,771,450	1,238,097	1,489,691	6,499,238	4,213,489
Long-term liabilities:					
Revenue bonds payable	31,305,000	-	-	31,305,000	-
Unamortized premium on revenue bonds	1,014,981	-	-	1,014,981	-
Unamortized discount on revenue bonds	(12,496)	-	-	(12,496)	-
Deferred amount on revenue bond refunding	(1,104,682)	-	-	(1,104,682)	-
Interfund loans payable	-	-	876,738	876,738	-
Accrued employee wages and benefits payable	448,120	17,147	86,147	551,414	342,994
Public works trust fund loan payable	4,660,282	-	-	4,660,282	-
Total long-term liabilities	36,311,205	17,147	962,885	37,291,237	342,994
TOTAL LIABILITIES	40,082,655	1,255,244	2,452,576	43,790,475	4,556,483
DEFERRED INFLOWS OF RESOURCES					
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -	\$ -
NET POSITION					
Net investment in capital assets	203,655,667	-	21,237,604	224,893,271	10,262,917
Restricted -Waterworks utility debt	2,909,578	-	-	2,909,578	-
Unrestricted	23,665,584	3,188,201	1,838,239	28,692,024	24,243,958
TOTAL NET POSITION	\$ 230,230,829	\$ 3,188,201	\$ 23,075,843	\$ 256,494,873	\$ 34,506,875

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
OPERATING REVENUES:					
Charges for services	\$ 45,624,741	\$ 14,825,876	\$ 4,564,995	\$ 65,015,612	\$ 15,744,205
Interdepartmental services	1,152,443	5,624	-	1,158,067	-
Other services	564,976	74,432	-	639,408	13,264,339
TOTAL OPERATING REVENUES	47,342,160	14,905,932	4,564,995	66,813,087	29,008,544
OPERATING EXPENSES:					
Operations and maintenance	22,675,008	12,300,303	2,985,028	37,960,339	25,401,229
Administrative and general	4,550,949	376,658	512,530	5,440,137	652,261
Taxes	3,871,845	2,103,686	13,078	5,988,609	4,658
Depreciation	7,018,925	-	837,761	7,856,686	1,691,035
TOTAL OPERATING EXPENSES	38,116,727	14,780,647	4,348,397	57,245,771	27,749,183
OPERATING INCOME (LOSS)	9,225,433	125,285	216,598	9,567,316	1,259,361
NON-OPERATING REVENUES(EXPENSES):					
Intergovernmental revenues	18,197	133,875	13,092	165,164	46,313
Investment earnings	84,517	8,742	11,871	105,130	95,101
Gain (loss) on sale of capital assets	-	-	-	-	(587)
Other non-operating revenues (expenses)	8,701	6,696	1,675	17,072	773,808
Interest expense	(1,211,107)	-	(42,884)	(1,253,991)	-
Amortization of debt discount and expense	(92,030)	-	-	(92,030)	-
NON-OPERATING REVENUE NET OF EXPENSE	(1,191,722)	149,313	(16,246)	(1,058,655)	914,635
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	8,033,711	274,598	200,352	8,508,661	2,173,996
Capital contributions	6,788,184	-	880,374	7,668,558	8,799
Transfers in	-	-	-	-	313,573
Transfers out	(125,094)	-	(108,867)	(233,961)	(269,000)
CHANGE IN NET POSITION	14,696,801	274,598	971,859	15,943,258	2,227,368
NET POSITION, JANUARY 1	215,408,719	2,913,603	22,122,310	240,444,632	32,354,507
Prior Year Adjustment	125,309	-	(18,326)	106,983	(75,000)
NET POSITION, JANUARY 1 RESTATED	215,534,028	2,913,603	22,103,984	240,551,615	32,279,507
NET POSITION, DECEMBER 31	\$ 230,230,829	\$ 3,188,201	\$ 23,075,843	\$ 256,494,873	\$ 34,506,875

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2012
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	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received for services	\$ 46,022,880	\$ 14,804,841	\$ 4,576,110	\$ 65,403,831	\$ -
Cash received from other funds for services	2,695,135	35,807	-	2,730,942	29,037,259
Cash paid to suppliers for goods & services	(31,441,442)	(14,772,155)	(3,154,693)	(49,368,290)	(23,613,753)
Cash paid to other funds for goods & services	(1,480,619)	2,218	-	(1,478,401)	-
Cash paid to employees	32,993	3,118	2,381	38,492	50,835
Other operating receipts	-	(134,027)	(415,392)	(549,419)	(2,455,814)
Other non-operating receipts	8,701	-	(31,723)	(23,022)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	15,837,648	(60,198)	976,683	16,754,133	3,018,527
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to/from other funds	(125,094)	-	(108,867)	(233,961)	44,573
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(125,094)	\$ -	(108,867)	(233,961)	44,573
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Acquisition & construction of capital assets	(4,661,972)	-	129,344	(4,532,628)	(3,308,904)
Capital contributions	-	-	-	-	8,799
Capital grants	18,197	-	-	18,197	-
Principal payments on debt	(3,208,647)	-	(461,463)	(3,670,110)	-
Interest payments on debt	(1,322,502)	-	(686)	(1,323,188)	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(9,174,924)	-	(332,805)	(9,507,729)	(3,300,105)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of investments	208,132	-	-	208,132	-
Payments for investments	-	307,162	248,850	556,012	3,388,094
Interest on investments	72,232	11,628	5,940	89,800	139,174
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	280,364	318,790	254,790	853,944	3,527,268
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	6,817,994	258,592	789,801	7,866,387	3,290,263
CASH & CASH EQUIVALENTS, JANUARY 1	9,207,083	1,482,310	1,917,477	12,606,870	16,891,126
TOTAL CASH, RESTRICTED CASH, & CASH EQUIVALENTS, DECEMBER 31	\$ 16,025,077	\$ 1,740,902	\$ 2,707,278	\$ 20,473,257	\$ 20,181,389

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2012
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	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	WATERWORKS UTILITY	SOLID WASTE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 9,225,433	\$ 125,285	\$ 216,598	\$ 9,567,316	\$ 1,259,361
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation & amortization of deferred charges	7,018,925	-	837,761	7,856,686	1,691,035
Other non-operating revenue	8,701	140,571	(18,631)	130,641	819,534
(Increase) decrease in accounts receivable	(166,837)	(101,091)	5,259	(262,669)	(14,408)
(Increase) decrease in due from other funds/governmental units	1,539,371	38,658	(428,484)	1,149,545	(1,630,910)
(Increase) decrease in inventory & prepaid items	95	(358,598)	(8,055)	(366,558)	24,758
Increase (decrease) in vouchers retainage payable	(96,246)	-	362,734	266,488	399,701
Increase (decrease) in due to other funds/governmental units	(1,477,298)	6,792	-	(1,470,506)	-
Increase (decrease) in payables & other short-term liabilities	(283,943)	85,067	1,079	(197,797)	443,379
Increase (decrease) in customer deposits	-	-	5,410	5,410	-
Increase (decrease) in deferred revenues	36,454	-	631	37,085	-
Increase (decrease) in accrued employee leave benefits	32,993	3,118	2,381	38,492	26,077
Total adjustments	6,612,215	(185,483)	760,085	7,186,817	1,759,166
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 15,837,648</u>	<u>\$ (60,198)</u>	<u>\$ 976,683</u>	<u>\$ 16,754,133</u>	<u>\$ 3,018,527</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Prior Period Adjustment	\$ 125,309	\$ -	\$ (18,326)	\$ 106,983	\$ (75,000)
Contributions of capital assets	6,788,184	-	880,374	7,668,558	-
Net amort. bond prem. discount & bond issue costs	92,030	-	-	92,030	-
Depreciation	7,018,925	-	837,761	7,856,686	1,691,035

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 December 31, 2012

	PENSION TRUST FIREFIGHTER'S PENSION	AGENCY SPECIAL DEPOSITS
ASSETS		
Cash and cash equivalents	\$ 1,686,053	\$ 587,913
Investments, at fair value:		
Federal National Mortgage Association	271,123	-
US Treasury Strips	4,001,333	-
Certificates of deposit	437,118	-
Receivables (net of allowances)		
Interest on investments	3,108,961	-
TOTAL ASSETS	9,504,588	587,913
LIABILITIES		
Deposits	-	587,913
TOTAL LIABILITIES	-	587,913
NET POSITION		
Net position held in trust for pension benefits and other purposes	\$ 9,504,588	\$ -

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIREMEN'S PENSION FUND
 For the Year Ended December 31, 2012

	PENSION TRUST
	FIREMEN'S PENSION
ADDITIONS:	
Other contributions:	
Fire insurance premiums transferred in	\$ 119,668
Investment earnings:	
Investment interest	347,672
Net increase / (decrease) in the fair value of investments	(57,676)
Total Investment earnings	289,996
TOTAL ADDITIONS	409,664
DEDUCTIONS:	
Benefits	225,506
Administrative expenses	893
TOTAL DEDUCTIONS	226,399
Change in net position	183,265
NET POSITION - JANUARY 1	9,321,323
Prior Period Adjustment	-
NET POSITION - DECEMBER 31	\$ 9,504,588

NOTES TO THE FINANCIAL STATEMENTS
January 1, 2012 through December 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Effective for fiscal year 2012 reporting, the City implemented the following new accounting and reporting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 62- Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,

The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting.

GASB Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows

of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

A. REPORTING ENTITY

As required by GAAP the City's financial statements present the City of Renton – the primary government.

The City of Renton's Mayor appoints the Governing Board for the Renton Housing Authority, which is not considered a component unit of the City. The City is under no obligation to subsidize, nor does it exercise any other prerequisite for inclusion.

The City of Renton has no component units (either blended or discretely presented) included in these statements.

B. BASIC FINANCIAL STATEMENTS – GASB 34 PRESENTATION

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either government or business-type.

GOVERNMENT-WIDE STATEMENTS

In the Government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognized all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – investment in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, judicial, public safety, physical environment, transportation, economic environment, health and human services, culture and recreation, waterworks utility, airport, solid waste utility, and golf course). General government revenues (property taxes, retail sales and use taxes, business taxes, excise taxes, and other taxes) also support the functions. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants and contributions. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

General revenues normally cover the net cost, by function or business-type activity.

The Government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

The City's fiduciary funds are presented in the fund financial statements. Since the assets are being held for the benefit of a third party and cannot be used for obligations of the City, they are not included in the Government-wide statements.

FUND FINANCIAL STATEMENTS

In the fund financial statements, the financial transactions are recorded in individual funds, each accounted for by a separate set of self-balancing accounts that comprise assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses. The presentation is by major funds in either the governmental or business-type categories. GASB Statement 34 sets forth the minimum criteria for the determination of a major fund. The non-major funds are combined in the fund financial statements and are detailed in the combining section.

The governmental major fund statements in the fund financial statement are presented on current financial resources and modified accrual basis of accounting. Since governmental fund statements are presented on a different measurement focus and basis of accounting than the Government-wide statements' governmental column, reconciliation is presented at the end of the statement, which briefly explains the adjustments necessary to transform the fund statements into the Government-wide presentation.

Internal service funds of a government are presented in summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements for internal service funds are consolidated into the governmental column when presented at the governmental level. These services are reflected in the appropriate functional activity (general government, judicial, public safety, physical environment, transportation, economic environment, health and human services, culture and recreation).

Interfund fund activity has been eliminated from the Government-wide financial statements. Exceptions are payments in lieu of taxes, external type transactions within the internal service funds (revenue and expenses for interest or services provided to other governmental organizations), and other charges for utilities. Elimination of these charges would distort the direct cost and program revenues for these functions.

The following describes each fund as presented in the fund financial statements.

MAJOR FUNDS

GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the primary operating fund of the city. It is used to account for the resources and disbursements of ordinary City operations that are not required to be accounted for in another fund. These include the costs of legislative and executive departments, court services, finance and legal departments, development services, police and fire departments,

human resources and technical services, community services, parks, economic development, streets, property management for City owned leased facilities, library and museum, fire memorial, and fire department's health and wellness programs. The major sources of revenue are property taxes, utility taxes, and sales taxes. Licenses and permits, charges for services, and fines and forfeits provide additional support. Community development block grant activities are accounted for within this fund, which is federally funded.

MUNICIPAL FACILITIES CIP FUND

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

CAPITAL IMPROVEMENT FUND

This fund supports the City of Renton transportation projects and projects linked with various State and Federal funding programs. Many of the projects are dependent on grants, formation of LIDs, and mitigation revenue.

ENTERPRISE FUNDS

WATERWORKS UTILITY FUND

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

SOLID WASTE FUND

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

NON-MAJOR FUNDS

SPECIAL REVENUE FUNDS

ARTERIAL STREET FUND

The Arterial Street Fund was established pursuant to state law allocating the one-half cent State Gasoline Tax revenue to cities and towns for construction, improvements, and major repair of streets.

HOTEL/MOTEL TAX FUND

Accounts for monies collected through an increase of one percent in hotel/motel taxes for the purpose of increasing tourism in the City of Renton.

PATHS AND TRAILS RESERVE FUND

The Paths and Trails Reserve Fund was created for the purpose of planning, accommodating, and establishing and maintaining certain paths and trails within the City of Renton.

1% FOR ART FUND

The City of Renton established this fund to account for one percent of construction project actual costs to be used for the selection, acquisition and/or installation of works of art to be placed in, on, or about City public facilities.

CABLE COMMUNICATIONS DEVELOPMENT FUND

The Cable Communications Development Fund accounts for funding for promotion and development of cable communications as established by City ordinance.

SPRINGBROOK WETLANDS BANK FUND

The City of Renton established this fund in 2007 for the purpose of providing accounting for the Springbrook Creek Wetland and Habitat Mitigation Bank project. The fund will receive revenue by selling Wetlands Credits to third parties and to the City's internal departments.

DEBT SERVICE FUNDS**GENERAL GOVERNMENTAL MISCELLANEOUS DEBT SERVICE FUND**

This debt service fund accounts for the following outstanding debt issues:

- 2006 limited tax general obligation bonds which provided funding for the construction of South Lake Washington infrastructure improvements.
- 2009 intergovernmental debt related to the Fire District #40 asset transfer as a result of the Benson Hill annexation.
- 2010 intergovernmental refunding debt which refunded a portion of the 2000 intergovernmental debt for the construction of a new facility for Valley Communications Center.
- 2010 limited tax general obligation refunding bonds which refunded a portion of the 2001 limited tax general obligation bonds for the construction of a downtown parking facility.
- 2011 limited tax general obligation bonds which funded the development and construction of 2 new libraries.

CAPITAL PROJECT FUNDS

COMMUNITY DEVELOPMENT IMPACT MITIGATION FUND

Accounts for monies collected from developers to offset impacts created by their developments to City facilities.

FIRE IMPACT MITIGATION FUND

Accounts for monies collected from developers to offset impacts created by their developments to City facilities.

TRANSPORTATION IMPACT MITIGATION FUND

Accounts for monies collected from developers to offset impacts created by their developments to City facilities

SOUTH LAKE WASHINGTON INFRASTRUCTURE PROJECT FUND

The South Lake Washington Infrastructure Project Fund accounts for the infrastructure improvements at the south end of Lake Washington. Primary resources include: REET, sales tax, grants, and GO Bonds which provide for the design, construction, labor wages and benefits, and equipment required to implement the project.

ENTERPRISE FUNDS

AIRPORT FUND

Provides accounting for revenues and expenses, which provides administration, debt services, operation, capital improvements, and maintenance of the Renton Municipal Airport and Will Rodger-Wily Post Memorial Seaplane Base. Sources of support to the fund are leases, fuel charges, investment interest, and grant funding as available.

GOLF COURSE FUND

The Golf Course Fund was created after the City acquired the Maplewood Golf Course. The fund accounts for the operation, maintenance, debt service, and capital improvements of the facility.

OTHER FUND TYPES

INTERNAL SERVICE FUNDS

EQUIPMENT RENTAL

The Equipment Rental Fund accounts for the costs of maintaining and replacing all City vehicles and auxiliary equipment, except for fire apparatus and replacement of police patrol vehicles. In addition, this fund accounts for the City's information technology, facilities and communications costs. All costs, including depreciation, are factors in calculating the rates that are charged to each user department.

INSURANCE FUND

The Insurance Fund provides accounting for self-insurance services to all City departments, including provisions for losses on property, liability, worker's compensation, unemployment compensation, and the health care program. The Insurance Fund pays expenses and rates are charged to departments based on use and/or coverage requirements.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has one Pension Trust Fund and one Agency Fund.

PENSION TRUST FUND**FIREMEN'S PENSION FUND**

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

AGENCY FUND**SPECIAL DEPOSIT FUND**

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of Accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied:

1. Accrual

Both governmental and business-type activities in the Government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB Statement 33. In applying GASB Statement 33 to grant revenues, the

provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, are reported as advances by the provider and deferred revenue by the recipient.

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenue reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

D. ASSETS, LIABILITIES, AND NET POSITION

1. Cash and Cash Equivalents

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

2. Investments (refer to Note 3B.)

3. Receivables and Payables – Amounts owed/payable to/by the City at year-end.

Taxes receivable consists of property taxes and related *interest and penalties* (refer to Note 4). *Accrued interest receivable* consists of amounts earned on investments, notes, and contracts. *Accrued interest payable* consists of amounts owed on notes, loans, and contracts.

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

Special assessments are recorded when levied and are liens against the property benefited. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. *Deferred assessments* consist of special assessments not due within one year.

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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund loans receivable/payable. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. (Refer to Note 10).

Noncurrent portions of long-term interfund loans receivable are equally offset by a fund balance amount which indicates that they do not constitute "available spendable resources" since they are not a component of net position. Current portions of long-term interfund loans receivable are considered "available spendable resources" and are subject to elimination upon consolidation.

In the Government-wide financial statements, and proprietary fund types in the fund financial statements, *long-term liabilities* are reported in applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Unamortized Premium – the unamortized portion of the excess of bonds proceeds over their face value (excluding accrued interest and issuance costs).

Deferred Amount on Refunding – the difference between the carrying amount of redeemed and/or defeased debt and its reacquisition price. This amount is deferred and amortized over the remaining life of the debt, or the life of the new debt, whichever is shorter.

4. Inventories and prepaid items

All City inventories are maintained on a consumption basis of accounting where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Any material inventories at year-end are included in the balance sheet of the appropriate fund. All inventories are carried at cost on the first in, first out – FIFO basis, with the exception of the Public Works Maintenance shops inventory. The value of this inventory is calculated using the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the Government-wide and fund statements.

5. Capital Assets and Depreciation (refer to Note 5).

6. Unearned Revenues

This account includes amounts recognized as receivables but not revenues in the governmental funds because the revenue recognition criterion has not been met.

7. Custodial Accounts

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

8. Compensated Absences

The City accrues accumulated unpaid vacation and other leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and Government-wide presentations.

9. Fund Balance

Fund balance is presented in the governmental fund financial statements and represents the difference between assets and liabilities reported within the governmental fund. Fund Balance is classified into the following categories:

Nonspendable – items that cannot be spent due to form; inventories, prepaid amounts, long-term loan receivables, or amounts that must be maintained intact legally.

Restricted – amounts constrained for specific purposes imposed by external parties or imposed through the judicial process and enabling legislation.

Committed – amounts constrained by the City Council. The Council can, by ordinance or resolution, establish, modify, or rescind constraints on committed fund balances.

Assigned – constraints imposed by the City Council for amounts intended for specific purposes. In governmental funds, excluding the General Fund, assigned fund balance is intended to be used, at a minimum, for the purpose of that fund. In the General Fund a maximum of 12% and minimum of 8% is assigned per the City's financial policies and adopted by the City Council in the biennial budget ordinance.

Unassigned – any remaining fund balance in the general fund not classified as nonspendable, restricted, committed or assigned.

When multiple categories of fund balance are available for incurred expenditures, the City will consider the most restricted category of fund balance available first.

10. Net Position (refer to Note 11).

E. REVENUES, EXPENDITURES, AND EXPENSES

1. Program Revenues

Program revenues include charges for services to customers for goods and services provided, operating grants and contributions, and non-operating grants and contributions within the

Government-wide Statement of Activities. Charges for services include business licenses, construction permits, and weapon permits.

2. General Revenues

Property taxes, retail taxes, business taxes, excise taxes, and associated penalties and interest, and interest and investment earnings are classified as general revenues within the Government-wide Statement of Activities.

3. Interfund Transfers

Permanent reallocations of resources between funds are classified as interfund transfers. For purposes of the Government-wide Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

4. Expenditures/Expenses

Expenses in the Government-wide Statement of Activities are reported by function as a governmental activity (general government, judicial, public safety, physical environment, transportation, economic environment, health and human services, culture and recreation), interest on long-term debt, or business-type activity (waterworks utility, airport, solid waste utility, or golf course). In the fund financial statements, expenditures of governmental funds are classified by: function, debt service principal and interest payments, or purchases of capital items. Proprietary expenditures are classified as operating or non-operating. In 2010, operating expenses were consolidated to Operations and maintenance, Administrative and general, Taxes and Depreciation. The other categories reported previously (Benefit payments, Professional services, and Insurance) were assigned to Operations and maintenance and Administrative and general as appropriate.

5. Operating and Non-operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services in connection to the proprietary fund's principle ongoing operations. All revenue and expenses not related to capital and related financing, non-capital financing, or investing activities are included. Those revenues and expenses not meeting this definition are non-operating revenues and expenses.

NOTE 2. COMPLIANCE AND ACCOUNTABILITY

The City of Renton budgets its funds under Generally Accepted Accounting Principles (GAAP) at the fund level. Annual appropriated budgets are adopted for governmental funds on a biennial basis. Budgets for proprietary funds are "management budgets" and are not legally required to be reported. Included in the Required Supplemental and Combining sections of the CAFR are Schedules of Revenues, Expenditures, and Changes in Fund Balances (Budget to Actual) reporting the Actual Budgetary GAAP Basis verses Actual GAAP Basis of Accounting for all legally adopted budgets. There have been no material violations of finance-related legal or contractual provisions, and there have been no expenditures exceeding legal appropriations in any of the funds of the City.

A. PROCEDURES FOR ADOPTING THE ORIGINAL BUDGET

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

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

B. AMENDING THE BUDGET

The budget, as adopted, constitutes the legal authority for expenditures. Budgets are adopted on the GAAP basis of accounting. Any comparisons between budget and actual revenues and expenditures are reported under the GAAP basis. The biennial budget is adopted with budgetary control at the fund level, so expenditures may not legally exceed appropriations at that level of detail. Transfers or revisions within funds are allowed, but only the City Council has the legal authority to increase or decrease a given fund's annual budget. This is accomplished by City ordinance. The budget was amended five times during 2011 and 2012.

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

Fund	Original Budgeted Inflows	Final Budgeted Inflows	Increase (Decrease) Budgeted Inflows
General Fund	\$ 95,303,230	\$ 97,205,695	\$ 1,902,466
Arterial Street Fund	630,000	600,000	(30,000)
Hotel/Motel Tax Fund	265,000	265,000	-
1% for Art Fund	15,000	21,813	6,813
Cable Communications Development Fund	85,000	85,000	-
General Government Miscellaneous Debt Service Fund	5,731,373	9,871,084	4,139,711
Community Development Impact Mitigation Fund	60,000	60,000	-
Fire Impact Mitigation Fund	100,000	263,602	163,602
Transportation Impact Mitigation Fund	150,000	30,000	(120,000)
Municipal Facilities CIP Fund	8,560,000	3,893,599	(4,666,401)
General Government Capital Improvement Fund	9,711,400	23,568,336	13,856,936
South Lake Washington Infrastructure Project Fund	-	40,000	40,000
Airport Fund	5,137,171	8,399,200	3,262,029
Solid Waste Utility Fund	15,004,692	15,021,811	17,119
Golf Course Fund	2,583,545	2,533,545	(50,000)
Waterworks Utility Fund	47,588,644	62,748,465	15,159,821
Equipment Repair and Replacement / Information Technology / Facilities / Communications Fund	12,497,360	12,726,795	229,435
Insurance Fund	17,437,501	17,437,501	-
Firemen's Pension	300,000	300,000	-
TOTAL	\$ 221,159,916	\$ 255,071,446	\$ 33,911,531

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

Fund	Original Budgeted Outflows	Final Budgeted Outflows	Increase (Decrease) Budgeted Outflows
General Fund	\$ 94,493,188	\$ 97,596,600	\$ 3,103,413
Arterial Street Fund	630,000	600,000	(30,000)
Hotel/Motel Tax Fund	265,000	447,050	182,050
Paths and Trails Reserve Fund	-	3,314	3,314
1% for Art Fund	50,000	50,000	-
Cable Communications Development Fund	85,674	235,674	150,000
General Government Miscellaneous Debt Service Fund	5,731,373	9,871,084	4,139,711
Community Development Impact Mitigation Fund	-	400,000	400,000
Fire Impact Mitigation Fund	536,926	936,926	400,000
Transportation Impact Mitigation Fund	400,000	450,000	50,000
Municipal Facilities CIP Fund	8,970,000	26,072,253	17,102,253
General Government Capital Improvement Fund	9,761,400	26,945,419	17,184,019
South Lake Washington Infrastructure Project Fund	-	92,024	92,024
Airport Fund	6,118,049	10,125,047	4,006,998
Solid Waste Utility Fund	14,972,362	15,486,501	514,139
Golf Course Fund	2,642,204	2,637,204	(5,000)
Waterworks Utility Fund	45,221,126	66,838,018	21,616,892
Equipment Repair and Replacement / IT / Facilities / Communications Fund	12,314,832	15,444,123	3,129,291
Insurance Fund	17,189,391	19,109,458	1,920,067
Firemen's Pension	550,475	550,475	-
TOTAL	\$ 219,932,000	\$ 293,891,170	\$ 73,959,170

At year-end 2012, the City of Renton noted the General Government Miscellaneous Debt Service Fund exceeded its final adopted budget by \$600,743.

NOTE 3. DEPOSITS AND INVESTMENTS

A. Deposits

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

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

Reconciliation to Statements of Net Position			
	Governmental	Fiduciary	Total
Cash	\$ 60,328,971	\$ 2,273,966	\$ 62,602,937
Restricted Cash	2,909,578	-	2,909,578
Cash Equivalents (LGIP)	9,912,292	-	9,912,292
Total Cash & Cash Equivalents	73,150,841	2,273,966	75,424,808
Investments	23,849,194	4,709,574	28,558,768
Total Investments	23,849,194	4,709,574	28,558,768
Total Cash & Investments	\$ 97,000,035	\$ 6,983,541	\$ 103,983,576

B. Investments

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

Investments are shown on the entity-wide Statement of Net Position at fair value. Investments are reported within Cash and Investments of Governmental Activities and within Cash and Cash Equivalents or Investments of Business-type Activities.

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

C. Investment Schedule

As of December 31, 2012, the City of Renton had the following investments:

Security Type	Cost	Fair Value	Weighted		
			Ave Maturity	Moody's	S&P
Certificates of Deposit (within WPDPC)	19,394,197	19,394,197	1.15	unrated	unrated
FNMA	4,997,500	5,004,875	0.56	Aaa	AA+
FNMA ZERO COUPON	99,556	158,363	0.32	unrated	unrated
US TREASURY ZERO COUPON	2,217,524	4,001,333	6.95	Aaa	AAA
TOTAL INVESTMENTS	\$ 26,708,777	\$ 28,558,768			

Credit risk. Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Of the bonds held by the City, 44% are rated "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor and 55% are rated "Aaa" by Moody's Investors Service and "AA+" by Standard & Poor. All certificates of deposit are insured by the FDIC up to \$250,000 and, additionally, are 100% collateralized in the multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC).

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates over time, adversely affecting the fair value of an investment. The City's portfolio is managed within the parameters established by the Investment Policy, which limits the weighted average maturity of the portfolio to five years. The City's FNMA bonds have call provisions with call dates falling in the first six months of 2013.

Security Type	6 months -		1-3		3+		Totals
	1 year		years		years		
Certificates of Deposit (within WPDPC)	\$	5,600,192	\$	11,778,606	\$	2,015,400	\$ 19,394,197
FNMA		-		2,504,050		2,500,825	5,004,875
FNMA ZERO COUPON		-		-		158,363	158,363
US TREASURY ZERO COUPON		202,809		447,584		3,350,939.98	4,001,333
TOTAL INVESTMENTS	\$	5,803,001	\$	14,730,240	\$	8,025,528	\$ 28,558,768

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City diversifies its investment instruments to avoid incurring unreasonable risk inherent with the over-investment of instruments and issuers using the following target distribution as a guide during normal economic times. The City has certificate of deposits equal to 18% of its total investments with Umpqua Bank and 17% with Columbia Bank. As stated earlier these are 100% collateralized and guaranteed by the State of Washington Public Deposit Protection Commission. The remaining individual issuers are less than 5% of total investments or are otherwise excluded from this disclosure due to the low risk nature of the investment.

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

NOTE 4. PROPERTY TAXES

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

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

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

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

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

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

Special levies approved by the voters are not subject to the above limitations. There is currently no excess levy for General Obligation Bond debt. The City's regular levy per the King County Assessor's 2012 Annual Report is \$3.1000.

NOTE 5. CAPITAL ASSETS AND DEPRECIATION

A. GENERAL POLICIES

Major expenditures for capital assets, including capital leases and major repairs that increase the useful life, are capitalized. The capitalization threshold applied to the City's assets is \$5,000. Maintenance, repairs, and minor renewals are accounted for as expenditures or expenses when incurred.

All capital assets are valued at historical cost (or estimated cost, where historical cost is not known/or estimated market value for donated assets/or the original historical cost when transferred between proprietary and governmental funds.)

Intangible assets, either purchased or internally developed, with a cost of \$5,000 or more that are identifiable by meeting one of the following conditions:

- The asset is capable of being separate or divided and sold, transferred, licensed, rented, exchanged; or
- The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable.

The City has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an interest in these assets. However, the City has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable statements.

The City capitalizes art and historical treasures. Art and historical treasures are expected to be maintained or enhanced over time and thus, are not depreciated.

B. GOVERNMENTAL CAPITAL ASSETS

Governmental long-lived assets of the City purchased, leased, or constructed are recorded as expenditures in the governmental funds and are capitalized, net of depreciation, in the Government-wide statements. The infrastructure component of GASB 34 for assets acquired after January 1, 1980 was implemented retroactively in 2004. Donated capital assets are capitalized at estimated fair value of the item at the date of the donation.

C. PROPRIETARY FUND CAPITAL ASSETS

Capital assets of proprietary funds are capitalized in their respective statement of net position, net of depreciation. Any gain on the sale of capital assets is recorded in the Statement of Activities as General revenues, Miscellaneous.

D. DEPRECIATION AND AMORTIZATION

Depreciation on all depreciable assets is provided on the straight-line basis over the following useful lives:

Type of Asset	Estimated Service Life
Buildings and structures, except utility plant	10-50 years
Other improvements	10-80 years
Utility plant	25-75 years
Machinery and equipment	3-40 years
Infrastructure	25-50 years

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

Type of Asset	Estimated Service Life
Computer Software	3-15 years
Land Use Rights	3-12 years
Patents, Trademarks, Copyrights	3-50 years
Other Intangibles with definite useful lives	3-12 years

Depreciation and Amortization Expense was charged to functions/programs of the primary government as follows:

Governmental Activities	Depreciation	Amortization	Total
General Government	\$ 3,011,926	\$ 22,804	\$ 3,034,729
Public Safety	981,386	116,690	1,098,076
Physical Environment	-	35,561	35,561
Transportation	3,419,948	2,979	3,422,927
Economic Development	43,989	-	43,989
Culture and Recreation	1,369,743	4,411	1,374,155
Health and Human Services	304,225	-	304,225
Internal Service Funds (General Governmental)	1,535,475	155,559	1,691,034
Total-Governmental Activities	\$ 10,666,692	\$ 338,003	\$ 11,004,695
Business-Type Activities			
Waterworks	7,014,629	\$ 4,296	\$ 7,018,925
Airport	542,897	-	\$ 542,897
Golf Course	294,864	-	\$ 294,864
Total-Business-Type Activities	\$ 7,852,390	\$ 4,296	\$ 7,856,686

E. SUMMARY OF CHANGES

Capital asset activity for the year ended December 31, 2012 was as follows:

Primary Government	Beginning Balance	Prior Period Adjustment	Adjusted			Ending Balance
			Beginning Balance	Increases	Decreases	
Governmental activities :						
Capital assets, not being depreciated:						
Land and land improvements	\$ 182,417,081	\$ (34,044)	\$ 182,383,037	\$ 8,926,490	\$ 15,032	\$ 191,294,494
Construction in progress	32,803,660	(194,151)	32,609,509	24,800,201	1,152,438	56,257,272
Total capital assets, not being depreciated	215,220,741	(228,196)	214,992,545	33,726,691	1,167,470	247,551,766
Capital assets, being depreciated:						
Buildings and structures	95,800,251	-	95,800,251	102,966	220,224	95,682,992
Other improvements	202,077,404	533,633	202,611,037	3,379,219	-	205,990,256
Machinery and equipment	31,944,027	-	31,944,027	3,490,552	314,932	35,119,647
Total capital assets being depreciated	329,821,682	533,633	330,355,315	6,972,737	535,157	336,792,895
Less accumulated depreciation for:						
Buildings and structures	31,141,324	-	31,141,324	2,534,051	172,509	33,502,866
Other improvements	59,320,482	1,927	59,322,409	6,080,804	-	65,403,214
Machinery and equipment	22,431,919	-	22,431,919	2,051,837	158,624	24,325,132
Total accumulated depreciation	112,893,725	1,927	112,895,652	10,666,692	331,133	123,231,212
Total capital assets, being depreciated, net	216,927,957	531,706	217,459,663	(3,693,956)	204,024	213,561,683
Intangible Assets:						
Intangible assets, being amortized	4,936,342	-	4,936,342	122,800	-	5,059,142
Less accumulated amortization	4,288,753	-	4,288,753	338,003	-	4,626,756
Total intangible asset, being amortized, net	647,589	-	647,589	(215,203)	-	432,386
Total Intangible assets	647,589	-	647,589	(215,203)	-	432,386
Governmental activities capital assets, net	\$ 432,796,287	\$ 303,510	\$ 433,099,797	\$ 29,817,532	\$ 1,371,494	\$ 461,545,836
Business-type activities:						
Capital assets, not being depreciated:						
Land and land improvements	\$ 6,165,321	\$ -	\$ 6,165,321	\$ 1,777,905	\$ -	\$ 7,943,225
Construction in progress	8,992,098	(280,910)	8,711,188	6,033,992	3,564,563	11,180,617
Total capital assets, not being depreciated	15,157,419	(280,910)	14,876,509	7,811,897	3,564,563	19,123,842
Capital assets, being depreciated:						
Buildings and structures	17,195,908	-	17,195,908	-	-	17,195,908
Other improvements	334,894,058	389,417	335,283,475	7,953,851	66,790	343,170,536
Machinery and equipment	6,208,708	-	6,208,708	-	-	6,208,708
Total capital assets being depreciated	358,298,674	389,417	358,688,091	7,953,851	66,790	366,575,152
Less accumulated depreciation for:						
Buildings and structures	6,002,915	-	6,002,915	448,841	-	6,451,756
Other improvements	104,239,267	1,523	104,240,790	7,307,575	66,790	111,481,576
Machinery and equipment	5,568,215	-	5,568,215	95,974	-	5,664,189
Total accumulated depreciation	115,810,397	1,523	115,811,920	7,852,390	66,790	123,597,521
Total capital assets, being depreciated, net	242,488,277	387,894	242,876,171	101,461	-	242,977,631
Intangible Assets:						
Intangible assets, not being amortized	811,000	-	811,000	-	-	811,000
Intangible assets, being amortized	70,088	-	70,088	-	-	70,088
Less accumulated amortization	53,261	-	53,261	4,296	-	57,557
Total intangible asset, being amortized, net	16,827	-	16,827	(4,296)	-	12,531
Total Intangible assets	827,827	-	827,827	(4,296)	-	823,531
Business-type activities capital assets, net	\$ 258,473,522	\$ 106,984	\$ 258,580,507	\$ 7,909,061	\$ 3,564,563	\$ 262,925,004

At the end of 2012, a total of 48 projects comprise the Construction in Progress. Upon completion, the projects will be capitalized in the Government-wide statements in their appropriate categories and in the fund statements for proprietary funds, if applicable.

Construction commitments as of December 31, 2012, are as follows:

	Construction in progress	Remaining Commitment
Governmental Activities Projects:		
MAY CREEK/HAWKS LANDING ACQUISITION	532,930	44,217
ENERGOV PERMIT SOFTWARE AND IMPLEMENTATION	445,379	50,000
GARDEN AVE N WIDENING	2,243,363	763,892
HIGHLANDS LIBRARY	242,505	9,884,426
HIGHLANDS TO LANDING	349,923	21,517
NE 31ST ST CULVERT	11,407	144,423
NE 3RD/NE 4TH CORRIDOR	1,551,397	1,818,986
PAPERLESS IMAGING SYSTEM	71,930	7,000
RAINIER AV GRDY WY TO 2ND	33,527,693	8,847,068
RAINIER AVE PUBLIC ART WORK	15,650	34,350
RECORDS MGMT SYSTEM-LASERFICHE CITYWIDE	18,037	100,000
STRANDER BLVD - SW 27TH ST CONNECT	16,934,724	7,318,317
2013 KENWORTH T-470 5YD DUMP D127	116,350	-
CEDAR RIVER LIBRARY	65,558	8,975,813
CITY WIDE SECURITY SYSTEM UPGRADES	129,330	6,225
LANDING WATER QUALITY GRATES	1,096	-
Total governmental activities	\$ 56,257,272	\$ 38,016,236
Business-Type Activities Projects:		
PRESIDENT PARK WATER MAIN PROJECT	57,855	-
AUTOMATIC METER READING CONVERSION	654,659	1,293,192
EMERGENCY RESPONSE PROJECT	8,372	-
HIGHLANDS 435 RESERVOIR REPLACEMENT	2,767	-
EAST RENTON LIFT STATION ELIMINATION	344,995	45,511
ELLIOT SPAWNING CHANNEL 06 FEMA REPAIR	523,057	-
EMERGENCY POWER TO PUMP STATION	183,374	20,418
GROUND WATER UNDER INFLUENCE CT	146,256	76,543
HARDIE AVE UNDERPASS STORM SYSTEM IMPROVEMENT	347,042	695,816
LAKE AVE S - RAINIER AVE S STORM IMPROVEMENTS	2,144,105	-
MISC SEWER PROJECTS/LIBERTY HIGH LIFT STATION	80,005	-
LK WA BLVD-HAWKS LAND WATER IMPROVEMENTS	301,011	-
LK WA BLV-HAWKS LAND STORM SYSTEM IMPROVEMENTS	906,744	-
LK WASH BEACH LS ELIM/REHAB	623,192	-
MAPLEWOOD EQUIPMENT ACCESS & H2S MITIGATION	22,192	14,360
PRESIDENT PARK SEWER REPLACEMENT	540,541	-
EARLINGTON SEWER REPLACEMENT	666,570	-
RAINIER AVE S ROAD & UTILITIES IMPROVEMENT	814,284	698,284
RENTON AEROSPACE TRAINING CENTER	96,849	636,670
LIND AVE LIFT STATION REHAB	87,949	25,685
SE 5TH STREET MAIN REPLACEMENT	384,343	-
TAXIWAY BRAVO REHAB	834,827	2,729,231
AIRPORT LIFT STATION REHAB	77,760	46,936
MISTY COVE LIFT STATION REPLACEMENT	29,511	89,402
WESTVIEW LIFTSTATION REHAB	303,846	-
LIBERTY LIFT STATION REHAB	381,577	82,796
STEVENS AVE NW	183,820	-
HARRINGTON AVE NE GREEN CONNECTIONS	100,380	-
RAINIER AVE STORM WATER RETROFIT PROJECT	276,776	350,750
SUNSET TERRACE REGIONAL STORMWATER FACILITY	3,324	-
NE 10TH ST & ANACORTES AVE NE DETENTION	2,134	-
WATER QUALITY MONITORING	50,498	-
Total business-type activities	\$ 11,180,617	\$ 6,805,595

NOTE 6. PENSION PLANS

With the exception of firefighters employed prior to March 1, 1970, substantially all City's 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 Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov.

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

The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, and Amendment of GASB No. 25 and No. 27*.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3**Plan Description**

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants, who joined the PERS system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977; and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees, have the irrevocable option

of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at age 60 with five years of service, or at age 55 with 25 years of service. The annual benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance (COLA) is granted at age 66 based on years of service credit times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an additional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after completion of five years of eligible service. Plan 2 members may retire at age 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculation at one percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years if twelve months were earned after age 44; or after five service credit years earned in PERS 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. Plan 3 members who retire prior to age 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the

choice of a survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2.

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

Judicial Benefit Multiplier

Beginning January 1, 2007 through December 31, 2007 judicial members of PERS were given the choice to participate in the Judicial Benefit Program (JBM). Justices and judges in PERS 1 and 2 may make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5% multiplier. The benefit would be capped at 75% of AFC. Judges in PERS Plan 3 can elect a 1.6% of pay per year of service benefit, capped at 37.5% of average compensation.

Members who choose to participate in JBM will accrue service credit at a higher multiplier beginning with the date of their election, be subject to the benefit cap of 75% of AFC, pay higher contributions, stop contributing to the Judicial Retirement Account (JRA), and be given the option to increase the multiplier on past judicial service. Members who do not choose to participate will: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who have not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

Retirees and beneficiaries receiving benefits	79,363
Terminated plan members entitled to but not yet receiving benefits	29,925
Active plan members vested	105,578
Active plan members non-vested	46,839
Total	261,705

Following is a summary of the number of government employers participating in PERS as of June 30, 2012.

Plan	Number of Participating Employers				Total Members
	State Agencies	School Districts	Counties/ Municipalities	Other Political Subdivisions	
PERS 1	129	220	155	174	678
PERS 2	169	-	274	494	937
PERS 3	157	-	206	300	663
Total	455	220	635	968	2,278

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contributions rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2012, were as follows:

Members not participating in JBM:

Contributor	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	7.21%	7.21%	7.21%
Employee	6.00%	4.64%	***

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** Plan 3 defined benefit portion only.

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

Members participating in JBM:

Contributor	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer-State Agency*	9.71%	9.71%	9.71%**
Employer-Local Govt.*	7.21%	7.21%	7.21%**
Employee-State Agency	9.76%	9.10%	7.50%***
Employee-Local Govt.	12.26%	11.60%	7.50%***

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** Plan 3 defined benefit portion only.

*** Minimum rate.

Both the City and the employees made the required contributions. The City's required contributions for years ended December 31, were as follows:

Year	PERS Plan 1	PERS Plan 2	PERS Plan 3
2012	\$ 42,163	\$ 1,773,371	\$ 313,631
2011	44,457	1,496,892	261,528
2010	47,133	1,318,045	225,748

Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plans 1 and 2

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977, are Plan 2 members. Membership in the system includes all full-time, fully compensated; local law enforcement officers, firefighters and as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with the Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception.

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

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended by the State Legislature.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

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

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. A cost-of-living allowance is granted (indexed to the Consumer Price Index).

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at age 53 with five years of service, with an allowance of two percent of the FAS per year of service. The FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to age 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service credit and is age 50, the reduction is three percent for each year prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Consumer Price Index), capped at three percent annually.

Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

Retirees and beneficiaries receiving benefits	9,947
Terminated plan members entitled to but not yet receiving benefits	656
Active plan members vested	13,942
Active plan members non-vested	3,113
Total	27,658

Following is a summary of the number of government employers participating in LEOFF as of June 30, 2012.

Plan	Number of Participating Employers				Total Members
	State Agencies	School Districts	Counties/ Municipalities	Other Political Subdivisions	
LEOFF 1	-	-	42	12	54
LEOFF 2	8	-	212	153	373
Total	8	-	254	165	427

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employer and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature, by

means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service cost of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change in statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2012, were as follows:

Contributor	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.24%
Employee	0.00%	8.46%

* The employer rates include the employer administrative expense fee currently set at 0.16%.

Both the City and the employees made the required contributions. The City’s required contributions for years ended December 31, were as follows:

Year	LEOFF Plan 1	LEOFF Plan 2
2012	\$ 395	\$ 1,364,670
2011	494	1,334,049
2010	394	1,278,378

Public Safety Employee’s Retirement System (PSERS) Plan 2

Plan Description

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2. PSERS was created by the 2004 legislature and became effective July 1, 2006.

PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

A “covered employer” is one that participates in PSERS. Covered employers include: State of Washington agencies: Department of Corrections, Department of Natural Resources, Parks and Recreation Commission, Gambling Commission, Washington State Patrol, Liquor Control Board; Washington state counties; and Washington state cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full-time basis and:

- have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce that criminal laws of Washington, and carry a firearm as part of the job; or
- have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- have primary responsibility to supervise eligible members who meet the above criteria.

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PSERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least ten years of PSERS service credit, with an allowance of two percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the member’s 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 retirees who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2011:

Retirees and beneficiaries receiving benefits	15
Terminated plan members entitled to but not yet receiving benefits	1
Active plan members vested	167
Active plan members non-vested	4,020
Total	4,203

Following is a summary of the number of government employers participating in PSERS as of June 30, 2012.

Plan	Number of Participating Employers				Total Members
	State Agencies	School Districts	Counties/ Municipalities	Other Political Subdivisions	
PSERS	10	-	65	1	76

Funding Policy

Each biennium, the state Pension Funding Council adopts PSERS Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by

the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2012 were as follows:

Contributor	PSERS Plan 2
Employer*	8.87%
Employee	6.36%

* The employer rates include the employer administrative expense fee currently set at 0.16%.

Both the City and the employees made the required contributions. The City’s required contributions for years ended December 31, were as follows:

Year	PSERS Plan 2
2012	\$ 16,854
2011	21,518
2010	64,909

Firefighter’s Pension

Summary of Significant Accounting Policies

Investments are reported at fair value.

Plan Description

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

The firefighters’ pension board consists of five members: the Mayor who serve as chair the board, the chairperson of the Council Finance Committee, and three members elected by secret ballot of the retired firefighters.

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

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

At December 31, 2012 FPF membership consisted of the following:

Retirees and beneficiaries receiving benefits	28
Retirees and beneficiaries currently receiving full retirement through LEOFF	4
Total	32

Monthly pension amounts as of December 2012 are: \$17,233 paid by the city and \$120,695 paid by LEOFF.

Contributions. As long as the FPF provides for benefits to covered members, the City will be eligible to receive a share of the State's distribution of the fire insurance premium taxes. The amount the City receives is 25% of all monies received by the State from taxes on fire insurance premiums. Contributions can also come from taxes paid pursuant to the provisions of RCW 41.16.060. This statute requires that each municipality levy up to \$0.45 (only \$0.225 of which can be in excess of the property tax limit pursuant to RCW84.52.043) per \$1,000 of assessed valuation, based on reports by a qualified actuary, to maintain the fund.

Investments

Investment Policy. The pension fund holds laddered treasury-strip investments with annual maturities to meet cash-flow requirements. The City is currently assessing options to deploy the growing cash balance.

Rate of Return. For the year ended December 31, 2012, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2012, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.00%
Investment rate of return:	4.00%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvement based on 50% of Scale AA.

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

Discount rate. The discount rate used to measure the total pension liability was 4.00%. The projection of cash flows used to determine the discount rate assumed City contributions were equal to revenue received from Fire Insurance premiums and the amount received would increase at the inflation rate of 2.75%. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 4.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 3.0%, or one percentage point higher, 5.0%, than the current rate:

City's net pension liability	Current Discount		
	1% Decrease	Rate	1% Increase
\$	3,039,213	\$ 2,787,814	\$ 2,569,559

An actuarial valuation is done every two years and was completed as of January 1, 2013. The Actuarial Valuation of Firefighters' Pension Fund table is reported in the Required Supplemental Information section, and a recap of the Schedule of Funding Progress for the last five valuations is as follows:

(\$ in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1						
2005	7,777	6,254	(1,523)	124%	-	n/a
2007	7,847	6,364	(1,483)	123%	-	n/a
2009	8,941	6,517	(2,424)	137%	-	n/a
2011	8,940	3,914 *	(4,576)	217%	-	n/a
2013	9,501	2,788 **	(6,713)	341%	-	n/a

* The reduction in Actuarial Accrued Liability in 2011 is made up of a 10% decrease in demographic experience (higher mortality rate) and a 25% decrease in actual benefit amounts compared to expectations. Changes in economic assumptions had minimal impact on the liabilities.

The following Annual Pension Cost and Net Pension Obligation table presents the Annual Required Contribution (ARC) as of December 31, 2012.

The Annual Required Contribution (ARC) is the sum of the Normal Cost for the year plus amortization of the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost is the portion of the Actuarial Present Value (APV) of benefits attributable to current year services rendered, and Actuarial Accrued Liability (AAL) is the APV of future benefit costs, including projected benefit cost increase caused by projected future pay increases, attributable to prior services. The Unfunded Actuarial Accrued Liability (UAAL) is the portion of Actuarial Accrued Liability minus the actuarial value of the Plan's assets.

Since all members have already retired, the Plan has no Normal Cost. The UAAL is amortized over a closed 30-year period beginning January 1, 2000 using the level dollar amortization method.

Calculation of Annual Required Pension Contribution and Net Pension Obligation

	Fiscal Year Ending		
	12/31/2010	12/31/2011	12/31/2012
Annual required contribution (ARC)			
1. Annual Normal Cost	\$ -	\$ -	\$ -
2. + Amortization of UAAL Beginning of Year *	(166,142)	(335,034)	(509,887)
3. + Interest on UAAL to End of Year*	<u>(6,646)</u>	<u>(13,401)</u>	<u>(20,395)</u>
4. = ARC at End of Year [1+2+3]	\$ (172,788)	\$ (348,435)	\$ (530,282)
5. + Interest on Net Pension Obligation	(51,780)	(61,382)	(77,375)
6. - Adjustment to ARC	<u>(91,589)</u>	<u>(112,345)</u>	<u>(159,003)</u>
7. = Annual pension cost (APC) [4+5-6]	(132,979)	(297,472)	(448,654)
8. - Employer Contributions**	<u>107,068</u>	<u>102,354</u>	<u>118,775</u>
9. = Change in Net Pension Obligation [7-8]	(240,047)	(399,826)	(567,429)
10. + Net Pension Obligation at Beginning of Year	<u>(1,294,508)</u>	<u>(1,534,555)</u>	<u>(1,934,381)</u>
11. = Net Pension Obligation at End of Year [9+10]	(1,534,555)	(1,934,381)	(2,501,810)

* Assumed interest/discount rate of 4.0%, amortized with level dollar method.

** Employer contributions for pensions are total contributions to the fund net of disbursements for medical and administrative expenses.

Annual Development of Pension Cost (1 of 2)

Fiscal Year	Interest	ARC	Annual	Total	Change in	
Ending	ARC at EOY	on NPO	Adjustment	Pension Cost	Employer Contributions	NPO
	[1]	[2]	[3=pyr7/9]	[4=1+2-3]	[5]	[6=4-5]
12/31/2006	\$ (113,541)	\$ (33,604)	(44,035)	\$ (103,110)	\$ 59,068	\$ (162,178)
12/31/2007	(109,968)	(38,658)	(54,591)	(94,035)	59,777	(153,812)
12/31/2008	(109,968)	(46,349)	(67,070)	(89,247)	66,055	(155,302)
12/31/2009	(172,788)	(43,291)	(74,178)	(141,901)	70,327	(212,228)
12/31/2010	(172,788)	(51,780)	(91,589)	(132,979)	107,068	(240,047)
12/31/2011	(348,435)	(61,382)	(112,345)	(297,472)	102,354	(399,826)
12/31/2012	(530,282)	(77,375)	(159,003)	(448,654)	118,775	(567,429)

Annual Development of Pension Cost (2 of 2)

Fiscal Year	NPO	Amort.	Amort. Of	Ending	
Ending	Balance	(Gain)/Loss	Factor**	(Gain)/Loss	Balance
	[7=6+pryr7]	[8=1-5]	[9]	[10=pyr11/9]	[11=7]
12/31/2006	\$ (773,166)	\$ (172,609)	13.87500	\$ (44,035)	\$ (773,166)
12/31/2007	(926,978)	(169,745)	14.16300	(54,591)	(926,978)
12/31/2008	(1,082,280)	(176,023)	13.82120	(67,069)	(1,082,280)
12/31/2009	(1,294,508)	(243,115)	14.59030	(74,178)	(1,294,508)
12/31/2010	(1,534,555)	(279,856)	14.13390	(91,589)	(1,534,555)
12/31/2011	(1,934,381)	(450,789)	13.65930	(112,345)	(1,934,381)
12/31/2012	(2,501,810)	(649,057)	12.16567	(159,003)	(2,501,810)

** Level Dollar amortization method.

Three year trend information is recapped as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution as a Percentage of APC	Net Pension Obligation (NPO)
December 31, 2010	(132,979)	N/A	(1,534,555)
December 31, 2011	(297,472)	N/A	(1,934,381)
December 31, 2012	(448,654)	N/A	(2,501,810)

Employees are not required to make contributions under this Plan. The employer contributions to the Plan for 2012 include \$119,668 from fire insurance premiums and \$347,672 in investment income from Plan assets. Benefits and refunds of the Plan are recognized when due and payable in accordance with the terms of the Plan. For 2012, \$225,506 was paid for pension benefit payments and \$566 for medical payments.

The Net Pension Obligation decreased by \$567,429 to (\$2,501,810) and is included as a non-current asset in the City of Renton's Government-wide Statement of Net Position.

NOTE 7. OTHER POST EMPLOYMENT BENEFITS

During the year ended December 31, 2008, the City elected to adopt the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB No. 45), which required the City to accrue other postemployment benefits (OPEB) expense related to its postretirement healthcare plan based on a computed annual required contribution (ARC) that includes the current period's service cost and an amount to amortize unfunded actuarial accrued liabilities. Instead of recording expense on a "pay-as-you-go" basis, the City, under GASB No. 45, has recorded a liability of \$3,744,023 for the difference between the actuarially calculated ARC and the contributions made since the adoption of GASB No. 45. This liability is included in noncurrent liabilities in the accompanying December 31, 2012 Government-wide Statement of Net Position. The effect of GASB No. 45 for the current fiscal year was to decrease the City's excess of revenue over expenses before capital contributions and the City's increase in net OPEB obligation for the year ended December 31, 2012 by \$618,529.

Plan Description

The City of Renton's LEOFF Plan 1 (the Health Plan) is a single-employer defined benefit healthcare plan administered by the City. The Health Plan provides medical, prescription drug, dental, Medicare Part B premiums, long-term care, and vision expenses for LEOFF Plan 1 retirees. Dependent spouses and children are not covered. The Health Plan's actuary is Healthcare Actuaries. The Health Plan does not issue a separate standalone financial report.

Funding Policy

The City does not require retiree contributions. All benefits are paid in full by the City.

For the fiscal year ended December 31, 2012, the City contributed \$1,254,795 to the Health Plan. There were no retiree contributions.

Annual OPEB Cost and Net OPEB Obligation

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

	Fiscal Year Ending		
	12/31/2010	12/31/2011	12/31/2012
Annual required contribution (ARC)			
Annual Normal Cost	\$ 54,262	\$ 54,262	\$ -
Amortization of UAAL	1,679,491	1,704,544	1,972,502
Interest to End of Year			
ARC at end of year	\$ 1,733,753	\$ 1,758,806	\$ 1,972,502
Interest on Net OPEB Obligation	\$ 62,627	\$ 78,799	\$ 46,882
Adjustment to ARC	(93,961)	(120,635)	(146,060)
Annual OPEB cost	1,702,419	1,716,970	1,873,324
Employer Contributions	(983,868)	(875,699)	(1,254,795)
Change in Net OPEB Obligation	718,551	841,271	618,529
Net OPEB Obligation-beginning of year	\$ 1,565,672	\$ 2,284,223	\$ 3,125,494
Net OPEB Obligation-end of year	\$ 2,284,223	\$ 3,125,494	\$ 3,744,023

* Unfunded Actuarial Accrued Liability (UAAL)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Health Plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

Year	Annual OPEB Cost	Employer Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 1,702,419	\$ 983,868	57.79%	\$ 2,284,223
2011	1,716,970	875,699	51.00%	3,125,494
2012	1,873,324	1,254,795	66.98%	3,744,023

Funded Status and Funding Progress

The funded status of the Health Plan as of December 31, 2012:

Actuarial accrued liability (AAL) - Unit Credit	\$ 41,633,198
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 41,633,198</u>
Funded ratio (actuarial value of plan assets ÷ AAL)	0.0%
Covered payroll	304,951
UAAL as a percentage of covered payroll	13652.42%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Net Assets of \$6,360,269 is reported as unrestricted in

the insurance fund, however the City intends to utilize net position for the purpose of funding a portion of the UAAL.

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

Actuarial Methods and Assumptions

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

The December 31, 2012 valuation used the unit credit actuarial cost methods. The actuarial assumptions included a 1.5% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 10.0% for pre-Medicare expenses, to an ultimate rate of 4.2% after 72 years. The Medicare trend assumption is 6.5%, to an ultimate rate of 4.2% after 8 years. The dental trend assumption is 5.5%, to an ultimate rate of 4.0% after 4 years. The Medicare premium trend rate is 8.5% for all years, except for the first year, which has a 0% trend rate. The long-term care trend rate is 5.0% for all years. The trend for the Excise Tax threshold is 0% until 2018, when a trend rate of 4.24% is used. The trend for all future years is 3.24%. All trend rates include a 3.0% inflation assumption. The UAAL at transition is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2012 was 25.0 years. The UAAL is recalculated each year and amortized as a level dollar amount over 26 years.

Trend Rates							
Year	Pre-Medicare	Medicare	Dental	Vision	Part B Premiums	Long-Term Care	Excise Tax Threshold
2014	10.0%	6.5%	5.5%	4.0%	8.5%	5.0%	0.00%
2015	9.5%	6.5%	5.0%	4.0%	8.5%	5.0%	0.00%
2016	9.0%	6.0%	4.5%	4.0%	8.5%	5.0%	0.00%
2017	8.5%	6.0%	4.0%	4.0%	8.5%	5.0%	0.00%
2018	8.0%	5.5%	4.0%	4.0%	8.5%	5.0%	4.24%
2019	7.5%	5.0%	4.0%	4.0%	8.5%	5.0%	3.24%
2020	7.0%	4.5%	4.0%	4.0%	8.5%	5.0%	3.24%
2021	6.4%	4.2%	4.0%	4.0%	8.5%	5.0%	3.24%
2022-2084	4.0%	4.0%	8.5%	5.0%	3.24%
2085 +	4.2%	4.2%	4.0%	4.0%	8.5%	5.0%	3.24%

Note: The trend rates include assumed inflation of 3.0% for all future years.

NOTE 8. CONTINGENCIES**Litigation**

The City has recorded in its financial statements all material liabilities, including an estimate for situations that are not yet resolved but where, based on available information, management believes it is probable that the City will have to make payment. In the opinion of management, the City's insurance policies and/or self-insurance reserves are adequate to pay all known or pending claims.

Contingencies under Grant Provisions

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. The City's management believes that such disallowances, if any, will be immaterial.

Bond Indentures

The City is in compliance with all significant bond indentures and restrictions.

Leases

The City also leases office facilities for the City Attorney's office. The total annual cost is \$90,000 per year with the lease term ended December 31, 2011. The City has extended the lease terms through mid-2013, with monthly payments of \$7,500. Beginning mid-2013, the City Attorney's Office will move into a City-owned building and the current lease will be terminated.

Construction Commitments

Refer to Note 5.

NOTE 9. RISK MANAGEMENT

The City of Renton is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Renton protects itself against unforeseen losses by utilizing a three-pronged risk management approach. First, the City self-funds first level losses through its Insurance Fund. Second, excess insurance is purchased to cover medium and large losses. Third, the City reserves the right to utilize the provisions of Chapter 35A.31.060 RCW to fund catastrophic or uninsured losses. This State statute allows cities to levy a non-voted property tax increase to pay for uninsured claims.

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

Type of Coverage	Risk Retention Occurrence	Aggregate Amount	Carrier
Property – Expires 01/01/2013	\$25,000	\$500,000,000 (per occurrence subject to annual aggregate & sub-limits)	WA Cities Ins Authority
Liability – Expires 01/01/2013	\$250,000	\$20,000,000 (per occurrence)	WA Cities Ins Authority
Auto Physical Damage – Expires 01/01/2013	\$25,000	ACV or Replacement Cost; per Occurrence	WA Cities Ins Authority
Public Officials (E&O) – Expires 01/01/2013	\$250,000	\$15,000,000	WA Cities Ins Authority
Equipment breakdown – Expires 1/01/2013	\$5,000*	\$50,000,000	Zurich
Crime – Expires 12/31/2013	\$10,000	\$2,500,000	National Union Fire
Airport liability – Expires 1/01/2013	0	\$100,000,000	Ace Property & Casualty
Underground storage tank – Expires 1/01/2013	\$2,500	\$1,000,000	Colony
Excess Workers' comp – Expires 1/01/2013	\$450,000	Statutory	Safety National
Excess Employee health – Expires 1/01/2013	\$175,000	N/A	Symetra

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

For policy term January 1, 2012 to January 1, 2013, there were no reductions in insurance coverage and an increase in premiums; however, settlements for the last three years have not exceeded insurance coverage.

The City of Renton is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 153 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of

reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

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

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

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

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

The City's Risk Management Program is administered by the Human Resources and Risk Management Administrator, with claims being processed by the independent claims administrators noted above.

As of December 31, 2012, the City had accrued the following amounts for outstanding claims:

Coverage	Total Claims Payable	
	12/31/2012	
Property & liability	\$	537,571
Workers' compensation		827,147
Employee health		1,389,400
TOTAL	\$	2,754,118

2012	Property & Liability	Workers' Compensation	Employee Health	Totals
IBNR claims at beginning of the year	\$ 641,640	\$ 613,655	\$ 1,186,900	\$ 2,442,195
Current year and changes in estimates	946,936	1,362,079	11,898,851	14,207,866
Claims payments	(1,051,005)	(1,148,587)	(11,696,351)	(13,895,943)
IBNR claims at end of the year	\$ 537,571	\$ 827,147	\$ 1,389,400	\$ 2,754,118

2011	Property & Liability	Workers' Compensation	Employee Health	Totals
IBNR claims at beginning of the year	\$ 697,531	\$ 696,880	\$ 1,899,079	\$ 3,293,490
Current year and changes in estimates	1,375,182	664,764	8,961,050	11,000,996
Claims payments	(1,431,073)	(747,989)	(9,673,229)	(11,852,291)
IBNR claims at end of the year	\$ 641,640	\$ 613,655	\$ 1,186,900	\$ 2,442,195

NOTE 10. INTERFUND TRANSACTIONS

Interfund transactions are classified as follows:

1. Services Provided – Transactions that would be treated as revenues, expenditures, or expenses if they involve external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City of Renton.
2. Transfers – Transactions to support the operations of other funds are recorded as “Transfers” and classified with “Other Financing Sources or Uses” in the fund statements. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the Government-wide financial statements.
3. Contributions – Contributions to the capital of enterprise or internal service funds, transfers of capital assets between proprietary and governmental funds, transfers to establish or reduce working capital in other funds, and transfers remaining balances when funds are closed are classified non-operating revenue.
4. Loans– Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans receivable/payable. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

The following is a summary of interfund balances at the fund level, as of December 31, 2012, for the purpose of reclassifying revenue/expenditures between funds:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 136,367	\$ 36,742
Municipal Facilities Fund	26,482	902
Capital Improvement Fund	-	65,171
Subtotal Governmental Funds	\$ 162,848	\$ 102,815
Waterworks Utility Fund	25,937	51,304
Solid Waste	2,218	2,218
Subtotal Enterprise Funds	\$ 28,155	\$ 53,522
Equipment Repair and Replacement	12,276	3,388
Information Technology	-	44,457
Facilities	902	-
Subtotal Internal Service Funds	\$ 13,177	\$ 47,845
TOTAL	\$ 204,181	\$ 204,181

At the government-wide level, the following interfund balances occurred for the purpose of reclassifying revenue/expenditures between governmental-type and business-type activities:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 26,334	\$ 25,172
Municipal Facilities Fund	26,482	-
Airport	-	-
Solid Waste	2,218	2,218
Waterworks Utility Fund	25,937	51,304
Equipment Repair and Replacement	706	2,983
TOTAL	\$ 81,677	\$ 81,677

The following is a summary of interfund loans made for capital improvement purposes, at the fund level, as of December 31, 2012:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$ 461,810	\$ -
Capital Improvement Fund	-	1,027,970
Subtotal Governmental Funds	461,810	1,027,970
Airport Fund	-	199,855
Golf Course Fund	-	1,149,907
Waterworks Utility Fund	199,855	-
Subtotal Enterprise Funds	199,855	1,349,762
Insurance Fund	1,716,067	-
Subtotal Internal Service Funds	1,716,067	-
TOTAL	\$ 2,377,732	\$ 2,377,732

At the government-wide level, only one interfund loan occurred for capital improvement:

Fund	Interfund Loans Receivable	Interfund Loans Payable
Golf Course Fund		\$ 1,149,907
Insurance Fund	\$ 1,149,907	
TOTAL	\$ 1,149,907	\$ 1,149,907

The following is a summary of interfund transfers that took place during 2012 at the fund level:

Fund	Transfer In	Transfer Out
General Fund	\$ 204,000	\$ 2,085,347
Arterial Street Fund	-	600,000
Paths and Trails Fund	-	3,315
One Percent for Art Fund	7,877	-
General Debt Service Fund	2,652,993	-
Fire Impact Mitigation Fund	-	936,926
Transportation Impact Mitigation Fund	-	450,000
Municipal Facilities CIP Fund	265,000	30,813
Capital Improvement Fund	1,053,315	7,064
Subtotal Governmental Funds	4,183,185	4,113,464
Aiport Fund	-	107,449
Golf Course Fund	-	1,418
Waterworks Utility Fund	-	125,094
Subtotal Enterprise Funds	-	233,961
Equipment Rental Fund	228,043	65,000
Insurance Fund	-	204,000
Information Services Fund	73,590	-
Facilities Fund	11,940	-
Subtotal Internal Service Funds	313,573	269,000
Firemen's Pension Trust Fund	119,668	-
TOTAL	\$ 4,616,425	\$ 4,616,425

At the government-wide level, the following transfers occurred:

Fund	Transfer In	Transfer Out
Airport fund	-	107,449
Golf Course Fund	-	1,418
Waterworks Utility Fund	-	125,094
Equipment Rental Fund	228,043	-
Information Services Fund	5,918	-
TOTAL	\$ 233,961	\$ 233,961

NOTE 11. NET POSITION

The Government-wide and business type fund financial statements utilize a net position presentation. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is categorized as investments in capital assets (net of related debt), restricted, and unrestricted.

- A. Investment in Capital Assets (net of related debt) is intended to reflect the portion of net position associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized costs.
- B. Restricted net position is comprised of liquid assets which have third party (statutory, bond covenant, or granting agency) limitations on their use. The restricted component of net position is reduced by liabilities and deferred inflows related to those assets. The restricted component of net position of governmental activities may not equal to restricted fund balances in the governmental funds due to a different measurement focus and different basis of accounting.
The City would typically use restricted net position first, as appropriated opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.
- C. Unrestricted net position represents unrestricted liquid assets. Unrestricted Governmental Activities have committed and assigned designations that reflect the City Council and management's plans and commitments to expend resources for certain purposes in future periods. Funds with committed designations reflect amounts constrained by the City Council, either through formal budget adoption or other purposes formally approved by the Council. Amounts with assigned designations reflect all amounts remaining in governmental funds, other than the general fund, not classified as nonspendable, restricted or committed. Assigned amounts also include year-end encumbrances that have received approval from the City Council and re-appropriated in the following year's carry forward budget. The City's financial policies require a maximum amount of 12% and minimum of 8% fund balance to remain in the general fund for cash flow purposes.

NOTE 12. PRIOR PERIOD ADJUSTMENTS**Governmental Activities**

Developer contributions from 2011 in the amount of \$497,662 (net of depreciation) were not properly recorded as such and the related assets were not recorded in the full amount. A prior period adjustment was necessary in 2012 to properly record these capital assets.

Additionally, prior period adjustments in the amount of \$(194,151) were required to dispose of construction-in-progress assets improperly capitalized in prior years.

Business-Type Activities

Developer contributions from 2011 in the amount of \$387,893 (net of depreciation) were not properly recorded as such and the related assets were not recorded in the full amount. A prior period adjustment was necessary in 2012 to properly record these capital assets.

Additionally, prior period adjustments in the amount of \$(280,910) were required to dispose of construction-in-progress assets improperly capitalized in prior years.

NOTE 13. LONG TERM DEBT

The City of Renton's long-term debt consists of General Obligation Debt, repaid mainly from general governmental revenue sources, Proprietary Debt, repaid from proprietary revenues and compensated absences/other post-employment benefits. These debts are accounted for in the following areas: 1) The outstanding general obligation debt is reported in the Government-wide financial statements; 2) The repayment, or debt service of the same, is recorded in the Debt Service Funds; and, 3) The proprietary debt liability and repayment of the same are reported in individual Proprietary Funds. Compensated absences and other post-employment benefits are generally liquidated mainly from the general fund and to a lesser extent, the internal service funds.

Outstanding debt issues as of December 31, 2012 are as follows:

Type of Debt	Interest Rates	Issued Date	Maturity Date	Original Issued Amount
GOVERNMENTAL DEBT:				
General Obligation Bonds:				
Limited:				
2006 GO Bonds	4.25%-5.00%	08/08/2006	12/01/2028	17,980,000
2010 GO Refunding Bonds	3.00%-4.50%	05/11/2010	12/01/2021	6,170,000
2011 GO Library Bonds	2.00%-5.00%	08/02/2011	12/01/2022	16,715,000
2011 GO Refunding Bonds	2.00%-5.00%	09/21/2011	12/01/2017	9,425,000
SUBTOTAL LIMITED GO				50,290,000
Other Miscellaneous debt - Intergovernmental, Backed by full faith and credit of the City:				
2009 FD 40 Loan for acquisition of FS13	3.75%	03/01/2009	09/01/2028	6,798,085
2009 (A) SCORE Tax Exempt	4.00%-5.00%	11/04/2009	01/01/2022	2,953,800
2009 (B) SCORE BABS	3.00%-6.62%	11/04/2009	01/01/2039	28,090,800
2010 GO Valley Comm Refunding Bonds	3.00%-4.00%	04/05/2010	12/01/2015	1,065,000
SUBTOTAL MISCELLANEOUS				38,907,685
TOTAL GOVERNMENTAL-TYPE DEBT ISSUANCE				89,197,685
BUSINESS-TYPE DEBT:				
Revenue Bonds:				
2003 Water/Sewer Refunding	3.20%	09/15/2003	06/01/2013	8,035,000
2004 Water/Sewer	4.33%	11/01/2004	12/01/2027	10,335,000
2007 Water/Sewer	4.00%-5.00%	11/06/2007	12/01/2022	1,430,000
2007 Water/Sewer Refunding (02)	4.00%-5.00%	11/06/2007	12/01/2022	8,320,000
2008 Water/Sewer (a)	4.17%	01/04/2008	12/01/2027	9,975,000
2008 Water/Sewer (b)	4.17%	01/04/2008	12/01/2016	2,035,000
2012 Water/Sewer Refunding	2.00%-3.00%	12/07/2012	12/01/2027	9,190,000
TOTAL REVENUE BONDS				49,320,000
Public Works Trust Fund Loans:				
Central Renton Sewer Replacement	1.00%	05/04/1993	07/01/2015	1,631,800
East Renton Interceptor	1.00%	06/07/1993	07/01/2013	2,542,704
Dayton Avenue NE	2.00%	05/12/1994	07/01/2014	96,958
NE 27 th /Aberdeen Drainage Improvements	1.00%	05/15/1995	07/01/2015	731,000
East Kennydale Interceptor	2.00%	01/24/1998	07/01/2016	2,093,740
Honeycreek Interceptor	2.00%	12/04/1995	07/01/2016	1,840,568
Corrosion Control Treatment Facilities	1.00%	01/06/1997	07/01/2017	1,106,000
Maplewood Water Treatment Improvement	0.50%	01/22/2002	07/01/2021	567,831
Construct CT Pipeline for Wells	0.50%	11/05/2002	07/01/2022	814,527
Maplewood Water Treatment Improvement	0.50%	06/03/2004	07/01/2024	5,150,000
TOTAL PUBLIC WORKS TRUST FUND LOANS				16,575,128
TOTAL BUSINESS-TYPE DEBT ISSUANCE				65,895,128
TOTAL AMOUNT ISSUED ON OUTSTANDING DEBT AS OF DECEMBER 31, 2012				\$ 155,092,813

Outstanding debt additions and retirements are summarized as follows:

General Governmental Debt	Beginning Balance			Ending Balance 12/31/2012	Due Within One Year
	01/01/2012	Additions	Deductions		
Limited General Obligation Debt					
2002 GO Bonds	\$ 2,515,000	\$ -	\$ 2,515,000	\$ -	\$ -
2006 GO Bonds	15,770,000	-	610,000	15,160,000	640,000
2010 GO Refunding Bonds	6,025,000	-	5,000	6,020,000	5,000
2011 GO Library Bonds	16,715,000	-	1,375,000	15,340,000	1,420,000
2011 GO Refunding Bonds	9,265,000	-	1,450,000	7,815,000	1,480,000
Unamortized (discount)/premium/refunding	2,703,407	-	294,731	2,408,675	-
Total Limited GO Bonds	52,993,407	-	6,249,731	46,743,675	3,545,000
Other Miscellaneous debt - Intergovernmental, Backed with full faith and credit of the City					
2009 FD 40 Loan for acquisition of FS13	6,161,039	-	271,517	5,889,522	282,439
2009 (A) SCORE Tax Exempt	2,953,800	-	-	2,953,800	-
2009 (B) SCORE BABS	28,090,800	-	689,400	27,401,400	702,000
2010 GO Valley Comm. Refunding Bonds	848,000	-	201,000	647,000	215,000
Total Miscellaneous	38,053,639	-	1,161,917	36,891,722	1,199,439
Total General Obligation Debt	91,047,046	-	7,411,648	83,635,398	4,744,439
Other:					
Employee Leave Benefits (Comp. Absences)	5,277,306	2,962,404	3,008,064	5,231,645	2,982,038
Other post-employment benefits payable	3,125,494	1,873,324	1,254,795	3,744,023	-
Total Governmental Obligation	\$ 99,449,846	\$ 4,835,728	\$ 11,674,508	\$ 92,611,066	\$ 7,726,477

Outstanding debt additions and retirements are summarized as follows (continued):

Business-Type Debt	Beginning Balance			Ending Balance		Due Within One Year
	01/01/2012	Additions	Deductions	12/31/2012		
Revenue Bonds:						
1998 Water/Sewer Refunding Bond	\$ 1,045,000	\$ -	\$ 1,045,000	\$ -	\$ -	
2002 Water/Sewer Bond	1,025,000	-	1,025,000	-	-	
2003 Water/Sewer Refunding Bond	805,000	-	390,000	415,000	415,000	
2004 Water/Sewer Bond	10,335,000	-	9,045,000	1,290,000	205,000	
2007 Water/Sewer Bond	1,430,000	-	-	1,430,000	-	
2007 Water/Sewer Refunding Bond (02)	8,275,000	-	15,000	8,260,000	20,000	
2008 Water/Sewer Bond (a)	9,975,000	-	-	9,975,000	-	
2008 Water/Sewer Bond (b)	2,035,000	-	-	2,035,000	610,000	
2012 Water/Sewer Refunding Bond	-	9,190,000	-	9,190,000	40,000	
Unamortized (discount)/premium/refunding	1,581	(137,450)	(33,671)	(102,198)	-	
Total Revenue Bonds	34,926,581	9,052,550	11,486,329	32,492,802	1,290,000	
Public Works Trust Fund Loans:						
Sierra Heights Sewer Improvements	25,641	-	25,641	-	-	
Central Renton Sewer Replacement	279,001	-	87,483	191,518	87,483	
East Renton Interceptor	269,140	-	134,570	134,570	134,570	
Dayton Avenue NE	15,309	-	5,103	10,206	5,103	
NE 27th/Aberdeen Drainage Improvement	170,359	-	42,590	127,769	42,590	
East Kennydale Interceptor	584,276	-	116,855	467,422	116,855	
Honeycreek Interceptor	484,360	-	96,872	387,488	96,872	
Corrosion Control Treatment Facilities	296,141	-	49,357	246,785	49,357	
Maplewood Water Improvement	303,009	-	30,301	272,709	30,301	
Const. CT Pipeline for Wells	471,568	-	42,870	428,699	42,870	
Maplewood Water Improvements	3,544,412	-	272,647	3,271,765	272,647	
Total Public Work Trust Fund Loan	6,443,218	-	904,289	5,538,929	878,648	
Other:						
Employee Leave Benefits (Comp.Absences)	699,664	186,562	160,834	725,392	173,978	
Total Business-Type Debt	42,069,463	9,239,112	12,551,452	38,757,123	2,342,625	
GRAND TOTALS	\$ 141,519,309	\$ 14,074,840	\$ 24,225,960	\$ 131,368,189	\$ 10,069,102	

DEEP DISCOUNT DEBT

As of December 31, 2012, the City of Renton has no deep discount debt outstanding.

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT

As of December 31, 2012, the City of Renton has no special assessment debt outstanding.

DEBT LIMIT CAPACITIES

State law provides that debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City: 1.5 percent without a vote of the people provided the indebtedness with a vote is 1 percent or less; 2.5 percent with a vote of the people; 5.0 percent with a vote of the people, provided the indebtedness in excess of 2.5 percent is for utilities; and

7.5 percent with a vote of the people provided the indebtedness in excess of 5.0 percent is for open space development and parks facilities. Table 12 in the Statistical Section shows the computation of legal debt margin for general and special purpose capacities for the City of Renton.

ARBITRAGE

The City engages an outside agency to calculate its' arbitrage rebate liability on outstanding tax-exempt bonds and certificates of participation under Section 148(f) of the Internal Revenue Code. No additional rebate was found due for any revenue or general obligation bonds for 2012.

ISSUED/REFUNDED DEBT

On December 7, 2012 the City issued \$9,190,000 in tax-exempt Water and Sewer Revenue Refunding Bonds with an average interest rate of 2.65% to advance refund a portion, \$9,045,000, of outstanding 2004 Water and Sewer Revenue Bonds. The net proceeds were used to purchase U.S. government securities which were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, this portion of the original bond is considered defeased.

On December 1, 2012 the City redeemed and retired the outstanding \$2,315,000 in 2002 Limited Tax General Obligation bonds. The early redemption will save the City approximately \$650,000 in interest over the remaining ten years.

On December 1, 2012 the City transferred \$1,149,907 in Golf Course interfund loans and \$566,160 in Capital Improvement Fund loans from the General Fund to the City's Health Insurance Fund. The interfund loans will be fully repaid on December 1, 2015 and May 30, 2016, respectively.

The City defeases certain bond issues by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The schedules of assets, liabilities, and net assets of the City's escrow accounts as of December 31, 2012 are provided in the following table.

		US Bank Corporate Trust (2012 Revenue Bonds)	
Assets			
Cash with Trustee	\$		2
Investments with Trustee			9,904,340
Estimated Interest Receivable			-
Total Assets			<u>9,904,342</u>
Liabilities			
Refunded Bonds Payable			<u>9,904,340</u>
Total Liabilities			<u>9,904,340</u>
Net Assets			
Earnings with Trustee			<u>2</u>
Total Net Assets	\$		<u><u>2</u></u>

ANNUAL DEBT SERVICE REQUIREMENTS

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 2012, are as follows:

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	4,744,439	3,363,084	2,168,648	1,292,497
2014	4,866,530	3,227,809	2,403,612	1,243,751
2015	5,037,625	3,055,153	2,468,509	1,165,996
2016	4,992,416	2,888,667	2,453,901	1,083,517
2017	5,179,072	2,690,812	2,325,175	991,301
2018-2022	24,625,250	10,125,877	12,638,788	3,639,599
2023-2027	13,404,733	5,810,539	13,675,294	1,415,515
2028-2032	8,311,055	3,118,973	-	-
2033-2037	8,206,200	1,488,076	-	-
2038+	1,859,400	79,962	-	-
Totals	81,226,722	35,848,951	38,133,927	10,832,175

AMOUNT AVAILABLE FOR DEBT SERVICE

Fund balances that have been reserved for debt repayment are \$1,159,999, reported other non-major governmental funds.

OPERATING LEASES

As of December 31, 2012, the City of Renton has no operating leases outstanding.

NOTE 14 - DEFERRED CHARGES IN PROPRIETARY FUNDS

As of December 31, 2012, the total amount of deferred charges and other assets reported in the proprietary funds is \$386,148. 100% of this amount is reported in the Waterworks Utility Fund and is for debt issuance costs related to the 2003-2012 Revenue Bonds. This amount will be fully amortized by 2027.

NOTE 15. SEGMENT INFORMATION

An identifiable activity (or grouping of activities) required to be accounted for separately, which (a) is reported as or within an enterprise fund; (b) for which one or more revenue bonds are outstanding; and, (c) where the revenue stream is pledged for payment of, are required to disclose segment information. The City of Renton has no required segment information to disclose for 2012.

NOTE 16. JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an on-going financial interest or (b) an on-going financial responsibility. The City participates in two joint ventures.

VALLEY COMMUNICATIONS CENTER

The Valley Communications Center (Valley Com) was established August 20, 1976, when an Interlocal Agreement was entered into by four original participating municipal corporations, including the cities of Renton, Kent, Auburn, and Tukwila. Federal Way was formally admitted in 2000. The agreement is sanctioned by the provisions and terms of the Interlocal Cooperation Act pursuant to Chapter 39.34 RCW. The initial duration of the agreement was five years, and thereafter is automatically extended for consecutive five-year periods.

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

The City of Renton reports its share of equity interest in the Governmental Activities column within the Government-wide financial statements under non-current assets. The following is condensed financial information as of December 31, 2012 related to Valley Communications Center:

Valley Communications Center 2012 Owner Cities Equity Allocation				
Member City	Percent of Equity	2011 Equity Balance	2012 Distribution	2012 Equity Balance
Auburn	19.43%	\$ 4,723,727	\$ 59,850	\$ 4,783,577
Federal Way	22.00%	3,258,408	66,176	\$ 3,324,584
Kent	27.57%	7,052,092	87,685	\$ 7,139,777
Renton	21.39%	4,996,753	65,681	\$ 5,062,434
Tukwila	9.61%	2,812,717	30,690	\$ 2,843,407
Grand Totals	100.00%	\$ 22,843,697	\$ 310,082	\$ 23,153,779

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

SOUTH CORRECTIONAL ENTITY (SCORE)

The South Correctional Entity (SCORE) consolidated correctional facility was established February 25, 2009, when an Interlocal Agreement (the “Original Interlocal Agreement”) was entered into by seven participating municipal governments, the “Member Cities” of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila, under the authority of the “Interlocal Cooperation Act” (RCW 39.34). This “Original Interlocal Agreement” was amended and restated October 1, 2009 and named the City of Des Moines as the “Host City” and the remaining Member Cities as “Owner Cities”. This interlocal agreement is known as the “Formation Interlocal Agreement”. Pursuant to a separate “Host City Agreement” dated October 1, 2009, the Host City will not enjoy the same equity position as the Owner Cities until all debts issued are paid and the Host City fulfills all of its obligations as outlined in the Agreement.

SCORE, a governmental administrative agency pursuant to RCW 39.34.030 (3), has the power to acquire, construct, own, operate, maintain, equip, and improve a correctional facility known as the “SCORE Facility” and to provide correctional services and functions incidental thereto, for the purpose of detaining arrestees and sentenced offenders in the furtherance of public safety and emergencies within the jurisdiction of the Member Cities. The SCORE Facility may serve the Member Cities and Subscribing Agencies which are in need of correctional facilities. Any agreement with a Subscribing Agency shall be in writing and approved by SCORE as provided within the SCORE Formation Interlocal Agreement.

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

The following is a summary of the debt service requirements for the bond issue:

Debt Service Schedule				
Year	Principal	Interest	35% BABs	
			Subsidy	Total
2013	\$ 1,915,000	\$ 5,126,998	\$ (1,675,089)	\$ 5,366,909
2014	1,950,000	5,066,566	(1,654,975)	5,361,591
2015	1,990,000	4,995,069	(1,632,787)	5,352,282
2016	2,065,000	4,911,886	(1,632,787)	5,344,099
2017	2,145,000	4,820,241	(1,621,980)	5,343,261
2018-2022	11,990,000	22,399,915	(7,748,350)	26,641,565
2023-2027	14,485,000	18,727,798	(6,710,481)	26,502,317
2028-2032	17,725,000	13,590,870	(4,959,695)	26,356,175
2033-2037	21,855,000	7,082,263	(2,731,829)	26,205,434
2038-2039	10,115,000	676,321	(353,824)	10,437,497
Totals	\$ 86,235,000	\$ 87,397,927	\$ (30,721,797)	\$ 142,911,130

The following is the debt service allocation to each Owner City:

Debt Service Allocation to Owner Cities						
Year	Auburn 31%	Burien 4%	Federal Way 18%	Renton 36%	SeaTac 3%	Tukwila 8%
2013	\$ 1,663,742	\$ 214,676	\$ 966,044	\$ 1,932,087	\$ 161,007	\$ 429,353
2014	1,662,093	214,464	965,086	1,930,173	160,848	428,927
2015	1,659,207	214,091	963,411	1,926,822	160,568	428,183
2016	1,656,671	213,764	961,938	1,923,876	160,323	427,528
2017	1,656,411	213,730	961,787	1,923,574	160,298	427,461
2018-2022	8,258,885	1,065,663	4,795,482	9,590,963	799,247	2,131,325
2023-2027	8,215,718	1,060,093	4,770,417	9,540,834	795,070	2,120,185
2028-2032	8,170,414	1,054,247	4,744,112	9,488,223	790,685	2,108,494
2033-2037	8,123,685	1,048,217	4,716,978	9,433,956	786,163	2,096,435
2038-2039	3,235,624	417,500	1,878,749	3,757,499	313,125	835,000
Totals	\$ 44,302,450	\$ 5,716,445	\$ 25,724,004	\$ 51,448,007	\$ 4,287,334	\$ 11,432,891

The City of Renton reports its share of equity interest in the Governmental Activities column within the Government-wide financial statements under non-current assets. The following is condensed financial information as of December 31, 2012 related to SCORE:

South Correctional Entity (SCORE)				
2012 Owner Cities Equity Allocation				
Member City	Percent of Equity	2011 Equity Balance	2012 Distribution	2012 Equity Balance
Auburn	31.00%	\$ 3,189,320	\$ (1,820,461)	\$ 1,368,859
Burien	4.00%	411,525	(234,898)	\$ 176,627
Federal Way	18.00%	1,851,863	(1,057,043)	\$ 794,820
Renton	36.00%	3,703,728	(2,114,084)	\$ 1,589,644
SeaTac	3.00%	308,643	(176,174)	\$ 132,469
Tukwila	8.00%	823,050	(469,796)	\$ 353,254
Grand Totals	100.00%	\$ 10,288,129	\$ (5,872,456)	\$ 4,415,673

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

NOTE 17. SUBSEQUENT EVENTS

There were no significant subsequent events that occurred after the end of the reporting period and before the issuance of the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS		ACTUAL AMOUNTS GAAP BASIS	BUDGETARY TO GAAP DIFFERENCES	
	ORIGINAL	FINAL	BUDGETARY BASIS	VARIANCE		OVER (UNDER)	
REVENUES							
Taxes	\$ 77,571,259	\$ 77,134,650	\$ 78,474,928	\$ 1,340,278	\$ 71,537,019	\$ 6,937,909	(1)
Licenses and permits	2,710,077	2,433,331	3,002,481	569,150	3,002,481	-	
Intergovernmental revenues	8,174,351	10,583,889	11,983,310	1,399,421	10,982,766	1,000,544	(1), (2)
Charges for services	3,235,991	3,207,475	3,657,158	449,683	4,280,901	(623,743)	(2)
Fines and forfeits	3,212,156	3,212,156	3,053,938	(158,218)	3,053,938	-	
Interfund revenues	3,414,200	5,834,078	3,324,852	(2,509,226)	3,324,852	-	
Contributions	105,000	84,060	120,207	36,147	120,207	-	(2)
Interest	477,730	175,235	390,676	215,441	383,909	6,767	(1), (2)
Miscellaneous revenues	625,864	695,864	942,445	246,581	942,680	(235)	(2)
TOTAL REVENUES	<u>99,526,628</u>	<u>103,360,738</u>	<u>104,949,995</u>	<u>1,589,257</u>	<u>97,628,753</u>	<u>7,321,242</u>	
EXPENDITURES							
Current:							
General government	9,984,197	10,052,668	7,640,988	(2,411,680)	8,223,191	(582,203)	(2)
Judicial	2,546,539	2,517,043	2,610,481	93,438	2,610,481	-	
Public safety	51,260,904	53,402,153	54,378,422	976,269	54,378,422	-	
Physical environment	2,570,394	2,733,330	2,608,369	(124,961)	2,608,369	-	
Transportation	8,526,236	8,482,717	8,376,509	(106,208)	8,376,509	-	
Economic environment	6,086,546	6,107,555	5,804,336	(303,219)	5,804,336	-	
Health and human services	543,818	551,525	523,577	(27,948)	523,577	-	
Culture and recreation	10,830,762	10,927,288	10,471,784	(455,504)	10,471,784	-	
Capital outlay	267,559	85,559	26,506	(59,053)	26,506	-	(2)
Debt service:							
Principal payment	2,743,517	5,058,517	7,116,917	2,058,400	-	7,116,917	(1)
Interest payment	2,987,856	4,812,567	3,354,910	(1,457,657)	-	3,354,910	(1)
TOTAL EXPENDITURES	<u>98,348,328</u>	<u>104,730,922</u>	<u>102,912,799</u>	<u>(1,818,123)</u>	<u>93,023,175</u>	<u>9,889,624</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES							
	<u>1,178,300</u>	<u>(1,370,184)</u>	<u>2,037,196</u>	<u>3,407,380</u>	<u>4,605,578</u>	<u>(2,568,382)</u>	
OTHER FINANCING SOURCES (USES)							
Transfer in	536,926	2,856,993	2,856,993	-	204,000	2,652,993	(1)
Transfer (out)	(1,000,000)	(1,987,530)	(2,085,347)	97,817	(2,085,347)	-	(2)
Sale of capital assets	-	15,000	211,437	196,437	211,437	-	
TOTAL OTHER FINANCE SOURCES (USES)	<u>(463,074)</u>	<u>884,463</u>	<u>983,083</u>	<u>294,254</u>	<u>(1,669,910)</u>	<u>2,652,993</u>	
NET CHANGE IN FUND BALANCE	<u>715,226</u>	<u>(485,721)</u>	<u>3,020,279</u>	<u>3,701,634</u>	<u>2,935,668</u>	<u>84,611</u>	
FUND BALANCE JANUARY 1	<u>9,338,707</u>	<u>16,294,029</u>	<u>16,294,029</u>	<u>-</u>	<u>15,748,776</u>	<u>545,253</u>	(1), (2)
FUND BALANCE DECEMBER 31	<u>\$ 10,053,933</u>	<u>\$ 15,808,308</u>	<u>\$ 19,314,308</u>	<u>\$ 3,506,000</u>	<u>\$ 18,684,444</u>	<u>\$ 629,864</u>	(1), (2)

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

- (1) General Governmental Debt Fund is included in the Actual Amounts Budgetary Basis column.
- (2) Lease City Property Fund is included in the Actual Amounts GAAP Basis column

REQUIRED SUPPLEMENTARY INFORMATION
FIREFIGHTERS' PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
December 31, 2012

<u>YEAR ENDING 12/31</u>	<u>EMPLOYER CONTRIBUTIONS*</u>	<u>FIRE INSURANCE PREMIUMS</u>	<u>TOTAL EMPLOYER CONTRIBUTIONS</u>	<u>ANNUAL REQUIRED CONTRIBUTION (ARC)</u>	<u>PERCENTAGE OF ARC CONTRIBUTED</u>
2006	\$ (18,753)	\$ 77,821	\$ 59,068	\$ (113,541)	N/A
2007	(25,285)	85,062	59,777	(109,968)	N/A
2008	(19,894)	85,949	66,055	(109,968)	N/A
2009	(36,296)	106,623	70,327	(172,788)	N/A
2010	(5,618)	112,686	107,068	(172,788)	N/A
2011	(12,700)	115,054	102,354	(348,435)	N/A
2012	(893)	119,668	118,775	(530,282)	N/A

* Negative Employer Contributions represent disbursements from the Fund for administrative and non-pension medical benefit expenses as allowed by RCW 41.26.150.

REQUIRED SUPPLEMENTARY INFORMATION
LEOFF 1 RETIREE MEDICAL BENEFITS
SCHEDULE OF FUNDING PROGRESS
December 31, 2012

YEAR ENDING 12/31	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITES	UNFUNDED ACTUARIAL ACCRUED LIABILITIES	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
2008	\$ -	\$ 32,331,107	\$ 32,331,107	0%	\$ 471,470	6857.51%
2009	-	27,985,358	27,985,358	0%	411,952	6793.35%
2010	-	27,835,211	27,835,211	0%	414,264	6719.20%
2011	-	27,835,211	27,835,211	0%	434,132	6411.70%
2012	-	41,633,198	41,633,198	0%	304,951	13652.42%

LEOFF 1 RETIREE MEDICAL BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTION
December 31, 2012

YEAR ENDING 12/31	Annual OPEB Cost	Employer Contributions	% of OPEB Cost	Net OPEB Obligation
2008	\$ 2,024,068	\$ 1,266,192	63%	\$ 757,876
2009	1,912,147	1,104,351	58%	1,565,672
2010	1,702,419	983,868	58%	2,284,223
2011	1,716,970	875,699	51%	3,125,494
2012	1,873,324	1,254,795	67%	3,744,023

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Non-Major Governmental Funds

Special Revenue Funds

ARTERIAL STREET FUND

The Arterial Street Fund was established pursuant to state law allocating the one-half cent State Gasoline Tax revenue to cities and towns for construction, improvements, and major repair of streets.

HOTEL/MOTEL TAX FUND

Accounts for monies collected through an increase of 1% in hotel/motel taxes for the purpose of increasing tourism in the City of Renton.

PATHS AND TRAILS RESERVE FUND

The Paths and Trails Reserve Fund was created for the purpose of planning, accommodating, and establishing and maintaining certain paths and trails within the City of Renton.

1% FOR ART FUND

The City of Renton established this fund to account for one percent of construction project actual costs to be used for the selection, acquisition and/or installation of works of art to be placed in, on, or about City public facilities.

CABLE COMMUNICATIONS DEVELOPMENT FUND

The Cable Communications Development Fund accounts for funding for promotion and development of cable communications as established by City ordinance.

SPRINGBROOK WETLANDS BANK FUND

The City of Renton established this fund in 2007 for the purpose of providing accounting for the Springbrook Creek Wetland and Habitat Mitigation Bank project. The fund will receive revenue by selling Wetlands Credits to third parties and to the City's internal departments.

Debt Service Funds

GENERAL GOVERNMENTAL MISCELLANEOUS DEBT SERVICE FUND

This debt service fund accounts for the following outstanding debt issues:

- 2001 limited tax general obligation refunding bonds which refunded a portion of the 1997 limited tax general obligation bonds for the purchase of Renton City Hall.
- 2002 limited tax general obligation bonds which provided funding for the construction of a new fire station.
- 2006 limited tax general obligation bonds which provided funding for the construction of South Lake Washington infrastructure improvements.
- 2009 intergovernmental debt related to the Fire District #40 asset transfer as a result of the Benson Hill annexation.
- 2010 intergovernmental refunding debt which refunded a portion of the 2000 intergovernmental debt for the construction of a new facility for Valley Communications Center.
- 2010 limited tax general obligation refunding bonds which refunded a portion of the 2001 limited tax general obligation bonds for the construction of a downtown parking facility.
- 2011 limited tax general obligation bonds which funded the development and construction of 2 new libraries.

Capital Project Funds

COMMUNITY DEVELOPMENT IMPACT MITIGATION FUND

Accounts for monies collected from developers to offset impacts created by their developments to City facilities.

FIRE IMPACT MITIGATION FUND

Accounts for monies collected from developers to offset impacts created by their developments to City facilities.

TRANSPORTATION IMPACT MITIGATION FUND

Accounts for monies collected from developers to offset impacts created by their developments to City facilities.

SOUTH LAKE WASHINGTON INFRASTRUCTURE PROJECT FUND

The South Lake Washington Infrastructure Project Fund accounts for the infrastructure improvements at the south end of Lake Washington. Primary resources include: REET, sales tax, grants, and GO Bonds which provide for the design, construction, labor wages and benefits, and equipment required to implement the project.

Non-Major Proprietary Funds

Enterprise Funds

AIRPORT FUND

The Airport Fund accounts for revenues and expenses for administration, debt services, operation, capital improvements, and maintenance of the Renton Municipal Airport and Will Rodger-Wily Post Memorial Seaplane Base. Sources of support to the fund are leases, fuel charges, investment interest, and grant funding as available.

GOLF COURSE FUND

The Golf Course Fund was created after the City acquired the Maplewood Golf Course. The fund accounts for the operation, maintenance, debt service, and capital improvements of the facility.

Internal Service Funds

EQUIPMENT RENTAL

The Equipment Rental Fund accounts for the costs of maintaining and replacing all City vehicles and auxiliary equipment, except for fire apparatus and replacement of police patrol vehicles. In addition, this fund accounts for the City's information technology, facilities and communications costs. All costs, including depreciation, are factors in calculating the rates that are charged to each user department.

INSURANCE FUND

The Insurance Fund provides accounting for self-insurance services to all City departments, including provisions for losses on property, liability, worker's compensation, unemployment compensation, and the health care program. Expenses are paid from the Insurance Fund and rates are charged to departments based on use and/or coverage requirements.

COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 December 31, 2012
 Page 1 of 6

	SPECIAL REVENUE FUNDS		
	ARTERIAL STREET	HOTEL/MOTEL TAX	PATHS & TRAILS
ASSETS			
Cash & cash equivalents	\$ 126,729	\$ 89,964	\$ -
Investments	41,331	29,340	-
Receivables (net of allowances):			
Taxes	-	-	-
Customer accounts	-	-	-
Accrued interest & penalty	467	244	-
Due from other governmental units	97,263	33,416	-
TOTAL ASSETS	<u>265,790</u>	<u>152,964</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES			
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 8,282	\$ -
Total liabilities	<u>-</u>	<u>8,282</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	265,790	144,682	-
Assigned	-	-	-
Total fund balances	<u>265,790</u>	<u>144,682</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 265,790</u>	<u>\$ 152,964</u>	<u>\$ -</u>

COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 December 31, 2012
 Page 2 of 6

	SPECIAL REVENUE FUNDS			
	1% FOR ART	CABLE COMM. & DEVELOPMENT	SPRINGBROOK WETLANDS	TOTAL SRF
ASSETS				
Cash & cash equivalents	\$ 87,436	\$ 195,291	\$ 501,266	\$ 1,000,686
Investments	28,516	63,691	163,480	326,358
Receivables (net of allowances):				
Taxes	-	-	-	-
Customer accounts	-	1,500	-	1,500
Accrued interest & penalty	199	410	1,132	2,452
Due from other governmental units	-	-	-	130,679
TOTAL ASSETS	<u>116,151</u>	<u>260,892</u>	<u>665,878</u>	<u>1,461,675</u>
DEFERRED OUTFLOWS OF RESOURCES				
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 2,000	\$ -	\$ 10,282
Total liabilities	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>10,282</u>
DEFERRED INFLOWS OF RESOURCES				
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	-	258,892	-	669,364
Assigned	116,151	-	665,878	782,029
Total fund balances	<u>116,151</u>	<u>258,892</u>	<u>665,878</u>	<u>1,451,393</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 116,151</u>	<u>\$ 260,892</u>	<u>\$ 665,878</u>	<u>\$ 1,461,675</u>

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
December 31, 2012
Page 3 of 6

	DEBT SERVICE FUNDS	
	GENERAL	TOTAL
	DEBT	DSF
ASSETS		
Cash & cash equivalents	\$ 871,622	\$ 871,622
Investments	284,265	284,265
Receivables (net of allowances):		
Accrued interest & penalty	4,458	4,458
Due from other governmental units	1,800,838	1,800,838
TOTAL ASSETS	2,961,183	2,961,183
DEFERRED OUTFLOWS OF RESOURCES		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 903	\$ 903
Unearned revenue	1,800,280	1,800,280
Total liabilities	1,801,183	1,801,183
DEFERRED INFLOWS OF RESOURCES		
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCES		
Restricted	1,160,000	1,160,000
Total fund balances	1,160,000	1,160,000
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 2,961,183	\$ 2,961,183

COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 December 31, 2012
 Page 4 of 6

	CAPITAL PROJECT FUNDS		
	C.D. IMPACT MITIGATION	FIRE IMPACT MITIGATION	TRANS. IMPACT MITIGATION
ASSETS			
Cash & cash equivalents	\$ 1,159,582	\$ 599,356	\$ 219,923
Investments	378,179	195,470	71,724
Receivables (net of allowances):			
Accrued interest & penalty	2,508	2,650	1,001
Special assessments	-	-	16,534
TOTAL ASSETS	<u>1,540,269</u>	<u>797,476</u>	<u>309,182</u>
DEFERRED OUTFLOWS OF RESOURCES			
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Unearned revenue	\$ -	\$ -	\$ 16,534
Total liabilities	<u>-</u>	<u>-</u>	<u>16,534</u>
DEFERRED INFLOWS OF RESOURCES			
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	1,540,269	797,476	292,648
Assigned	-	-	-
Total fund balances	<u>1,540,269</u>	<u>797,476</u>	<u>292,648</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 1,540,269</u>	<u>\$ 797,476</u>	<u>\$ 309,182</u>

COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 December 31, 2012
 Page 5 of 6

	CAPITAL PROJECT FUNDS	
	SO LK WA INFRA- STRUCTURE	TOTAL CPF
ASSETS		
Cash & cash equivalents	\$ 39,202	\$ 2,018,063
Investments	12,785	658,158
Receivables (net of allowances):		
Accrued interest & penalty	90	6,249
Special assessments	-	16,534
TOTAL ASSETS	<u>52,077</u>	<u>2,699,004</u>
DEFERRED OUTFLOWS OF RESOURCES		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	\$ 198	\$ 198
Unearned revenue	\$ -	\$ 16,534
Total liabilities	<u>198</u>	<u>16,732</u>
DEFERRED INFLOWS OF RESOURCES		
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCES		
Restricted	-	2,630,393
Assigned	51,879	51,879
Total fund balances	<u>51,879</u>	<u>2,682,272</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 52,077</u>	<u>\$ 2,699,004</u>

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
December 31, 2012
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	TOTAL SRF	TOTAL DSF	TOTAL CPF	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS				
Cash & cash equivalents	\$ 1,000,686	\$ 871,622	\$ 2,018,063	\$ 3,890,371
Investments	326,358	284,265	658,158	1,268,781
Receivables (net of allowances):				
Customer accounts	1,500	-	-	1,500
Accrued interest & penalty	2,452	4,458	6,249	13,159
Special assessments	-	-	16,534	16,534
Due from other governmental units	130,679	1,800,838	-	1,931,517
TOTAL ASSETS	<u>1,461,675</u>	<u>2,961,183</u>	<u>2,699,004</u>	<u>7,121,862</u>
DEFERRED OUTFLOWS OF RESOURCES				
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 10,282	\$ 903	\$ -	\$ 11,185
Due to other funds	-	-	198	198
Deferred revenue	-	1,800,280	16,534	1,816,814
Total liabilities	<u>10,282</u>	<u>1,801,183</u>	<u>16,732</u>	<u>1,828,197</u>
DEFERRED INFLOWS OF RESOURCES				
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	669,364	1,160,000	2,630,393	4,459,757
Assigned	782,029	-	51,879	833,908
Total fund balances	<u>1,451,393</u>	<u>1,160,000</u>	<u>2,682,272</u>	<u>5,293,665</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 1,461,675</u>	<u>\$ 2,961,183</u>	<u>\$ 2,699,004</u>	<u>\$ 7,121,862</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS

For the Year Ended December 31, 2012

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	SPECIAL REVENUE FUNDS		
	ARTERIAL STREET	HOTEL/ MOTEL TAX	PATHS & TRAILS
REVENUES			
Taxes	\$ -	\$ 234,196	\$ -
Licenses and permits	-	-	-
Intergovernmental revenues	609,886	-	-
Contributions	-	65,000	-
Interest	930	384	-
TOTAL REVENUES	<u>610,816</u>	<u>299,580</u>	<u>-</u>
EXPENDITURES			
Current:			
Economic environment	-	428,928	-
Culture & recreation	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>428,928</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>610,816</u>	<u>(129,348)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	-
Transfer (out)	(600,000)	-	(3,315)
TOTAL OTHER FINANCE SOURCES (USES)	<u>(600,000)</u>	<u>-</u>	<u>(3,315)</u>
NET CHANGE IN FUND BALANCE	<u>10,816</u>	<u>(129,348)</u>	<u>(3,315)</u>
FUND BALANCE JANUARY 1	254,974	274,030	3,315
FUND BALANCE DECEMBER 31	<u>\$ 265,790</u>	<u>\$ 144,682</u>	<u>\$ -</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

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	SPECIAL REVENUE FUNDS			
	1% FOR ART	CABLE COMM. & DEVELOPMENT	SPRINGBROOK WETLANDS	TOTAL SRF
REVENUES				
Taxes	\$ -	\$ 40,000	\$ -	\$ 274,196
Licenses and permits	-	50,654	-	50,654
Intergovernmental revenues	-	-	-	609,886
Contributions	-	-	-	65,000
Interest	405	854	2,320	4,893
TOTAL REVENUES	<u>405</u>	<u>91,508</u>	<u>2,320</u>	<u>1,004,629</u>
EXPENDITURES				
Current:				
Economic environment	-	-	-	428,928
Culture & recreation	168	20,086	-	20,254
Capital outlay	13,650	-	-	13,650
TOTAL EXPENDITURES	<u>13,818</u>	<u>20,086</u>	<u>-</u>	<u>462,832</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(13,413)</u>	<u>71,422</u>	<u>2,320</u>	<u>541,797</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	7,877	-	-	7,877
Transfer (out)	-	-	-	(603,315)
TOTAL OTHER FINANCE SOURCES (USES)	<u>7,877</u>	<u>-</u>	<u>-</u>	<u>(595,438)</u>
NET CHANGE IN FUND BALANCE	<u>(5,536)</u>	<u>71,422</u>	<u>2,320</u>	<u>(53,641)</u>
FUND BALANCE JANUARY 1	121,687	187,470	663,558	1,505,034
FUND BALANCE DECEMBER 31	<u>\$ 116,151</u>	<u>\$ 258,892</u>	<u>\$ 665,878</u>	<u>\$ 1,451,393</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS

For the Year Ended December 31, 2012

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	DEBT SERVICE FUNDS	
	GENERAL DEBT	TOTAL DSF
REVENUES		
Taxes	\$ 6,937,909	\$ 6,937,909
Intergovernmental revenues	1,000,544	1,000,544
Interest	8,021	8,021
TOTAL REVENUES	7,946,474	7,946,474
EXPENDITURES		
Debt service:		
Principal payments	7,116,917	7,116,917
Interest and fiscal charges	3,354,910	3,354,910
TOTAL EXPENDITURES	10,471,827	10,471,827
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,525,353)	(2,525,353)
OTHER FINANCING SOURCES (USES)		
Transfer in	2,652,993	2,652,993
TOTAL OTHER FINANCE SOURCES (USES)	2,652,993	2,652,993
NET CHANGE IN FUND BALANCE	127,640	127,640
FUND BALANCE JANUARY 1	1,032,360	1,032,360
FUND BALANCE DECEMBER 31	\$ 1,160,000	\$ 1,160,000

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS

For the Year Ended December 31, 2012

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	CAPITAL PROJECT FUNDS		
	C.D. IMPACT MITIGATION	FIRE IMPACT MITIGATION	TRANS. IMPACT MITIGATION
REVENUES			
Charges for services	60,002	72,926	83,010
Interest	5,212	5,196	1,702
TOTAL REVENUES	<u>65,214</u>	<u>78,122</u>	<u>84,712</u>
EXPENDITURES			
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>65,214</u>	<u>78,122</u>	<u>84,712</u>
OTHER FINANCING SOURCES (USES)			
Transfer (out)	-	(936,926)	(450,000)
Sale of capital assets	-	163,602	-
TOTAL OTHER FINANCE SOURCES (USES)	<u>-</u>	<u>(773,324)</u>	<u>(450,000)</u>
NET CHANGE IN FUND BALANCE	<u>65,214</u>	<u>(695,202)</u>	<u>(365,288)</u>
FUND BALANCE JANUARY 1	1,475,055	1,492,678	657,936
FUND BALANCE DECEMBER 31	<u>\$ 1,540,269</u>	<u>\$ 797,476</u>	<u>\$ 292,648</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2012
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	CAPITAL PROJECT FUNDS	
	SO LK WA INFRA- STRUCTURE	TOTAL CPF
REVENUES		
Charges for services	-	215,938
Interest	183	12,293
TOTAL REVENUES	183	228,231
EXPENDITURES		
Capital outlay	1,096	1,096
TOTAL EXPENDITURES	1,096	1,096
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(913)	227,135
OTHER FINANCING SOURCES (USES)		
Transfer (out)	-	(1,386,926)
Sale of capital assets	-	163,602
TOTAL OTHER FINANCE SOURCES (USES)	-	(1,223,324)
NET CHANGE IN FUND BALANCE	(913)	(996,189)
FUND BALANCE JANUARY 1	52,792	3,678,461
FUND BALANCE DECEMBER 31	\$ 51,879	\$ 2,682,272

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012
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	TOTAL SRF	TOTAL DSF	TOTAL CPF	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 274,196	\$ 6,937,909	\$ -	\$ 7,212,105
Licenses and permits	50,654	-	-	50,654
Intergovernmental revenues	609,886	1,000,544	-	1,610,430
Charges for services	-	-	215,938	215,938
Contributions	65,000	-	-	65,000
Interest	4,893	8,021	12,293	25,207
TOTAL REVENUES	<u>1,004,629</u>	<u>7,946,474</u>	<u>228,231</u>	<u>9,179,334</u>
EXPENDITURES				
Current:				
Physical environment	428,928	-	-	428,928
Economic environment	20,254	-	-	20,254
Mental & physical health	13,650	-	-	13,650
Capital outlay	-	-	1,096	1,096
Debt service:				
Principal payments	-	7,116,917	-	7,116,917
Interest and fiscal charges	-	3,354,910	-	3,354,910
TOTAL EXPENDITURES	<u>462,832</u>	<u>10,471,827</u>	<u>1,096</u>	<u>10,935,755</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>541,797</u>	<u>(2,525,353)</u>	<u>227,135</u>	<u>(1,756,421)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	7,877	2,652,993	-	2,660,870
Transfer (out)	(603,315)	-	(1,386,926)	(1,990,241)
Sale of capital assets	-	-	163,602	163,602
TOTAL OTHER FINANCE SOURCES (USES)	<u>(595,438)</u>	<u>2,652,993</u>	<u>(1,223,324)</u>	<u>834,231</u>
NET CHANGE IN FUND BALANCE	<u>(53,641)</u>	<u>127,640</u>	<u>(996,189)</u>	<u>(922,190)</u>
FUND BALANCE JANUARY 1	1,505,034	1,032,360	3,678,461	6,215,855
FUND BALANCE DECEMBER 31	<u>\$ 1,451,393</u>	<u>\$ 1,160,000</u>	<u>\$ 2,682,272</u>	<u>\$ 5,293,665</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - ARTERIAL STREET FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental revenues	\$ 627,000	\$ 600,000	\$ 609,886	\$ 9,886
Interest	3,000	-	930	930
TOTAL REVENUES	<u>630,000</u>	<u>600,000</u>	<u>610,816</u>	<u>10,816</u>
EXPENDITURES				
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>630,000</u>	<u>600,000</u>	<u>610,816</u>	<u>10,816</u>
OTHER FINANCING SOURCES (USES)				
Transfer (out)	(630,000)	(600,000)	(600,000)	-
TOTAL OTHER FINANCE SOURCES (USES)	<u>(630,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>10,816</u>	<u>10,816</u>
FUND BALANCE JANUARY 1	200,687	254,974	254,974	-
FUND BALANCE DECEMBER 31	<u>\$ 200,687</u>	<u>\$ 254,974</u>	<u>\$ 265,790</u>	<u>\$ 10,816</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - HOTEL/MOTEL TAX FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 200,000	\$ 200,000	\$ 234,196	\$ 34,196
Contributions	65,000	65,000	65,000	-
Interest	-	-	384	384
TOTAL REVENUES	<u>265,000</u>	<u>265,000</u>	<u>299,580</u>	<u>34,580</u>
EXPENDITURES				
Current:				
Economic environment	265,000	447,050	428,928	(18,122)
TOTAL EXPENDITURES	<u>265,000</u>	<u>447,050</u>	<u>428,928</u>	<u>(18,122)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(182,050)</u>	<u>(129,348)</u>	<u>52,702</u>
OTHER FINANCING SOURCES (USES)				
TOTAL OTHER FINANCE SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(182,050)</u>	<u>(129,348)</u>	<u>52,702</u>
FUND BALANCE JANUARY 1	247,828	274,030	274,030	-
FUND BALANCE DECEMBER 31	<u>\$ 247,828</u>	<u>\$ 91,980</u>	<u>\$ 144,682</u>	<u>\$ 52,702</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - PATHS AND TRAILS FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfer (out)	-	(3,314)	(3,315)	1
TOTAL OTHER FINANCE SOURCES (USES)	-	(3,314)	(3,315)	(1)
NET CHANGE IN FUND BALANCE	-	(3,314)	(3,315)	(1)
FUND BALANCE JANUARY 1	3,264	3,315	3,315	-
FUND BALANCE DECEMBER 31	\$ 3,264	\$ 1	\$ -	\$ (1)

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - 1% FOR ART FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Interest	\$ -	\$ -	\$ 405	\$ 405
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>405</u>	<u>405</u>
EXPENDITURES				
Culture and recreation	-	-	168	168
Capital outlay	50,000	50,000	13,650	(36,350)
TOTAL EXPENDITURES	<u>50,000</u>	<u>50,000</u>	<u>13,818</u>	<u>(36,182)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(50,000)</u>	<u>(50,000)</u>	<u>(13,413)</u>	<u>36,587</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	15,000	21,813	7,877	(13,936)
TOTAL OTHER FINANCE SOURCES (USES)	<u>15,000</u>	<u>21,813</u>	<u>7,877</u>	<u>(13,936)</u>
NET CHANGE IN FUND BALANCE	<u>(35,000)</u>	<u>(28,187)</u>	<u>(5,536)</u>	<u>22,651</u>
FUND BALANCE JANUARY 1	93,796	121,687	121,687	-
FUND BALANCE DECEMBER 31	<u>\$ 58,796</u>	<u>\$ 93,500</u>	<u>\$ 116,151</u>	<u>\$ 22,651</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - CABLE COMMUNICATIONS DEVELOPMENT FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Licenses and permits	45,000	45,000	50,654	5,654
Interest	-	-	854	854
TOTAL REVENUES	<u>85,000</u>	<u>85,000</u>	<u>91,508</u>	<u>6,508</u>
EXPENDITURES				
Current:				
Culture and recreation	45,674	95,674	20,086	(75,588)
Capital outlay	40,000	140,000	-	(140,000)
TOTAL EXPENDITURES	<u>85,674</u>	<u>235,674</u>	<u>20,086</u>	<u>(215,588)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(674)</u>	<u>(150,674)</u>	<u>71,422</u>	<u>222,096</u>
OTHER FINANCING SOURCES (USES)				
TOTAL OTHER FINANCE SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(674)</u>	<u>(150,674)</u>	<u>71,422</u>	<u>222,096</u>
FUND BALANCE JANUARY 1	88,044	187,470	187,470	-
FUND BALANCE DECEMBER 31	<u>\$ 87,370</u>	<u>\$ 36,796</u>	<u>\$ 258,892</u>	<u>\$ 222,096</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - SPRINGBROOK WETLANDS BANK FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Interest	\$ -	\$ -	\$ 2,320	\$ 2,320
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>2,320</u>	<u>2,320</u>
EXPENDITURES				
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>2,320</u>	<u>2,320</u>
OTHER FINANCING SOURCES (USES)				
TOTAL OTHER FINANCE SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>2,320</u>	<u>2,320</u>
FUND BALANCE JANUARY 1	459,528	663,558	663,558	-
FUND BALANCE DECEMBER 31	<u>\$ 459,528</u>	<u>\$ 663,558</u>	<u>\$ 665,878</u>	<u>\$ 2,320</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - GENERAL GOVERNMENTAL MISCELLANEOUS DEBT SERVICE FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 4,913,393	\$ 6,937,037	\$ 6,937,909	\$ 872
Intergovernmental revenues	281,054	281,054	1,000,544	719,490
Interest	-	-	8,021	8,021
TOTAL REVENUES	<u>5,194,447</u>	<u>7,218,091</u>	<u>7,946,474</u>	<u>728,383</u>
EXPENDITURES				
Debt service:				
Principal payments	2,743,517	5,058,517	7,116,917	2,058,400
Interest and fiscal charges	<u>2,987,856</u>	<u>4,812,567</u>	<u>3,354,910</u>	<u>(1,457,657)</u>
TOTAL EXPENDITURES	<u>5,731,373</u>	<u>9,871,084</u>	<u>10,471,827</u>	<u>600,743</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(536,926)</u>	<u>(2,652,993)</u>	<u>(2,525,353)</u>	<u>127,640</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>536,926</u>	<u>2,652,993</u>	<u>2,652,993</u>	-
TOTAL OTHER FINANCE SOURCES (USES)	<u>536,926</u>	<u>2,652,993</u>	<u>2,652,993</u>	-
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>127,640</u>	<u>127,640</u>
FUND BALANCE JANUARY 1	<u>151,448</u>	<u>1,032,360</u>	<u>1,032,360</u>	-
FUND BALANCE DECEMBER 31	<u>\$ 151,448</u>	<u>\$ 1,032,360</u>	<u>\$ 1,160,000</u>	<u>\$ 127,640</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - COMMUNITY DEVELOPMENT IMPACT MITIGATION FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Charges for services	60,000	60,000	60,002	2
Interest	-	-	5,212	5,212
TOTAL REVENUES	<u>60,000</u>	<u>60,000</u>	<u>65,214</u>	<u>5,214</u>
EXPENDITURES				
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>60,000</u>	<u>60,000</u>	<u>65,214</u>	<u>5,214</u>
OTHER FINANCING SOURCES (USES)				
Transfer (out)	-	(400,000)	-	(400,000)
TOTAL OTHER FINANCE SOURCES (USES)	<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>
NET CHANGE IN FUND BALANCE	<u>60,000</u>	<u>(340,000)</u>	<u>65,214</u>	<u>405,214</u>
FUND BALANCE JANUARY 1	786,594	1,475,055	1,475,055	-
FUND BALANCE DECEMBER 31	<u>\$ 846,594</u>	<u>\$ 1,135,055</u>	<u>\$ 1,540,269</u>	<u>\$ 405,214</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - FIRE IMPACT MITIGATION FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Charges for services	\$ 100,000	\$ 100,000	\$ 72,926	\$ (27,074)
Interest	-	-	5,196	5,196
TOTAL REVENUES	<u>100,000</u>	<u>100,000</u>	<u>78,122</u>	<u>(21,878)</u>
EXPENDITURES				
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>100,000</u>	<u>100,000</u>	<u>78,122</u>	<u>(21,878)</u>
OTHER FINANCING SOURCES (USES)				
Transfer (out)	(536,926)	(936,926)	(936,926)	-
Sale of capital assets	-	163,602	163,602	-
TOTAL OTHER FINANCE SOURCES (USES)	<u>(536,926)</u>	<u>(773,324)</u>	<u>(773,324)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(436,926)</u>	<u>(673,324)</u>	<u>(695,202)</u>	<u>(21,878)</u>
FUND BALANCE JANUARY 1	1,474,466	1,492,678	1,492,678	-
FUND BALANCE DECEMBER 31	<u>\$ 1,037,540</u>	<u>\$ 819,354</u>	<u>\$ 797,476</u>	<u>\$ (21,878)</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - TRANSPORTATION IMPACT MITIGATION FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Charges for services	\$ 140,000	\$ 30,000	\$ 83,010	\$ 53,010
Interest	10,000	-	1,702	1,702
TOTAL REVENUES	<u>150,000</u>	<u>30,000</u>	<u>84,712</u>	<u>54,712</u>
EXPENDITURES				
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>150,000</u>	<u>30,000</u>	<u>84,712</u>	<u>54,712</u>
OTHER FINANCING SOURCES (USES)				
Transfer (out)	<u>(400,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>
TOTAL OTHER FINANCE SOURCES (USES)	<u>(400,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(250,000)</u>	<u>(420,000)</u>	<u>(365,288)</u>	<u>54,712</u>
FUND BALANCE JANUARY 1	307,640	657,936	657,936	-
FUND BALANCE DECEMBER 31	<u>\$ 57,640</u>	<u>\$ 237,936</u>	<u>\$ 292,648</u>	<u>\$ 54,712</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - MUNICIPAL FACILITIES CAPITAL IMPROVEMENT FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 560,000	\$ 1,103,588	\$ 1,129,343	\$ 25,755
Intergovernmental revenues	-	516,445	339,783	(176,662)
Charges for services	-	-	200	200
Interfund revenues	-	50,282	50,282	-
Contributions	-	1,522,463	226,778	(1,295,685)
Interest	-	25,000	78,379	53,379
Miscellaneous revenues	-	-	301	301
TOTAL REVENUES	560,000	3,217,778	1,825,066	(1,392,712)
EXPENDITURES				
Current:				
General government	-	-	148,298	148,298
Physical environment	-	970,750	-	(970,750)
Economic environment	-	125,000	50,000	(75,000)
Culture & recreation	72,000	72,000	1,045,412	973,412
Capital outlay	8,898,000	24,719,429	886,961	(23,832,468)
Debt service:				
Interest payment	-	184,261	-	(184,261)
TOTAL EXPENDITURES	8,970,000	26,071,440	2,130,671	(23,940,769)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,410,000)	(22,853,662)	(305,605)	22,548,057
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term debt	7,000,000	-	-	-
Transfer in	1,000,000	675,821	265,000	(410,821)
Transfer (out)	-	(813)	(30,813)	30,000
TOTAL OTHER FINANCE SOURCES (USES)	8,000,000	675,008	234,187	(440,821)
NET CHANGE IN FUND BALANCE	(410,000)	(22,178,654)	(71,418)	22,107,236
FUND BALANCE JANUARY 1	1,805,170	22,927,571	22,927,571	-
FUND BALANCE DECEMBER 31	\$ 1,395,170	\$ 748,917	\$ 22,856,153	\$ 22,107,236

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - GENERAL GOVERNMENT CAPITAL IMPROVEMENT FUND
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Licenses and permits	\$ 1,670,000	\$ 1,670,000	\$ 1,790,311	\$ 120,311
Intergovernmental revenues	7,011,400	19,146,934	20,497,099	1,350,165
Contributions	-	1,698,088	1,076,399	(621,689)
Interest	-	-	7,023	7,023
Miscellaneous revenues	-	-	17	17
TOTAL REVENUES	8,681,400	22,515,022	23,370,849	855,827
EXPENDITURES				
Current:				
Transportation	-	-	1,761,241	1,761,241
Capital outlay	9,746,400	26,735,419	24,061,564	(2,673,855)
Debt service:				
Principal payment	-	134,250	-	(134,250)
Interest payment	-	15,750	13,993	(1,757)
TOTAL EXPENDITURES	9,746,400	26,885,419	25,836,798	(1,048,621)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,065,000)	(4,370,397)	(2,465,949)	1,904,448
OTHER FINANCING SOURCES (USES)				
Transfer in	1,030,000	1,053,314	1,053,315	1
Transfer (out)	(15,000)	(60,000)	(7,064)	(52,936)
TOTAL OTHER FINANCE SOURCES (USES)	1,015,000	993,314	1,046,251	52,937
NET CHANGE IN FUND BALANCE	(50,000)	(3,377,083)	(1,419,698)	1,957,385
FUND BALANCE JANUARY 1	70,648	4,306,388	4,306,388	-
FUND BALANCE DECEMBER 31	\$ 20,648	\$ 929,305	\$ 2,886,690	\$ 1,957,385

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - SOUTH LAKE WASHINGTON INFRASTRUCTURE
 For the Year Ended December 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Interest	\$ -	\$ -	\$ 183	\$ 183
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>183</u>	<u>183</u>
EXPENDITURES				
Capital outlay	-	91,024	1,096	(89,928)
TOTAL EXPENDITURES	<u>-</u>	<u>91,024</u>	<u>1,096</u>	<u>(89,928)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(91,024)</u>	<u>(913)</u>	<u>90,111</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	40,000	-	(40,000)
Transfer (out)	-	(1,000)	-	(1,000)
TOTAL OTHER FINANCE SOURCES (USES)	<u>-</u>	<u>39,000</u>	<u>-</u>	<u>(39,000)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(52,024)</u>	<u>(913)</u>	<u>51,111</u>
FUND BALANCE JANUARY 1	38	52,792	52,792	-
FUND BALANCE DECEMBER 31	<u>\$ 38</u>	<u>\$ 768</u>	<u>\$ 51,879</u>	<u>\$ 51,111</u>

COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
December 31, 2012
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	AIRPORT	GOLF COURSE	TOTAL NON-MAJOR ENTERPRISE FUNDS
ASSETS			
Current assets:			
Cash & cash equivalents	\$ 2,157,484	\$ 549,794	\$ 2,707,278
Investments at fair value	703,628	179,306	882,934
Receivables (net of allowances):			
Customer accounts	74,990	20,555	95,545
Interest - investments	3,986	1,691	5,677
Due from other governmental units	531,901	-	531,901
Inventory of materials and supplies	-	67,480	67,480
Total current assets	<u>3,471,989</u>	<u>818,826</u>	<u>4,290,815</u>
Noncurrent assets:			
Capital assets (net)	13,048,057	8,189,547	21,237,604
TOTAL ASSETS	<u>\$ 16,520,046</u>	<u>\$ 9,008,373</u>	<u>\$ 25,528,419</u>
DEFERRED OUTFLOWS OF RESOURCES			
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
December 31, 2012
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	AIRPORT	GOLF COURSE	TOTAL NON-MAJOR ENTERPRISE FUNDS
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 506,486	\$ 9,951	\$ 516,437
Interfund loan payable	98,209	374,815	473,024
Accrued interest payable	1,749	2,154	3,903
Accrued wages payable	43,070	57,298	100,368
Accrued taxes payable	65,676	9,117	74,793
Custodial Accounts	-	172,177	172,177
Total current liabilities	715,190	625,512	1,340,702
Long-term liabilities:			
Deferred revenue	148,989	-	148,989
Accrued employee wages and benefits payable	29,224	56,923	86,147
Interfund loan payable	101,646	775,092	876,738
Total long-term liabilities	279,859	832,015	1,111,874
TOTAL LIABILITIES	995,049	1,457,527	2,452,576
DEFERRED INFLOWS OF RESOURCES			
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	13,048,057	8,189,547	21,237,604
Unrestricted	2,476,940	(638,701)	1,838,239
TOTAL NET POSITION	\$ 15,524,997	\$ 7,550,846	\$ 23,075,843

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NON - MAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		TOTAL NON-MAJOR ENTERPRISE FUNDS
	AIRPORT	GOLF COURSE	
OPERATING REVENUES:			
Charges for services	\$ 2,436,543	\$ 2,128,452	\$ 4,564,995
TOTAL OPERATING REVENUES	<u>2,436,543</u>	<u>2,128,452</u>	<u>4,564,995</u>
OPERATING EXPENSES:			
Operations and maintenance	1,616,596	1,368,432	2,985,028
Administrative and general	80,252	432,278	512,530
Taxes	2,203	10,875	13,078
Depreciation	542,897	294,864	837,761
TOTAL OPERATING EXPENSES	<u>2,241,948</u>	<u>2,106,449</u>	<u>4,348,397</u>
OPERATING INCOME (LOSS)	<u>194,595</u>	<u>22,003</u>	<u>216,598</u>
NON-OPERATING REVENUES(EXPENSES):			
Intergovernmental revenues	7,814	5,278	13,092
Interest revenues	8,617	3,254	11,871
Other non-operating revenues(expenses)	200	1,475	1,675
Interest expense	(9,486)	(33,398)	(42,884)
NON-OPERATING REVENUE NET OF EXPENSES	<u>7,145</u>	<u>(23,391)</u>	<u>(16,246)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>201,740</u>	<u>(1,388)</u>	<u>200,352</u>
Capital Contributions	880,374	-	880,374
Operating transfers (out)	(107,449)	(1,418)	(108,867)
CHANGE IN NET POSITION	<u>974,665</u>	<u>(2,806)</u>	<u>971,859</u>
NET POSITION, JANUARY 1	14,568,658	7,553,652	22,122,310
Prior year adjustments	(18,326)	-	(18,326)
NET POSITION, DECEMBER 31	<u>\$ 15,524,997</u>	<u>\$ 7,550,846</u>	<u>\$ 23,075,843</u>

STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2012
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	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		TOTAL NON-MAJOR ENTERPRISE FUNDS
	AIRPORT	GOLF COURSE	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received for services	\$ 2,424,850	\$ 2,151,260	\$ 4,576,110
Cash paid to suppliers for goods & services	(1,326,038)	(1,828,655)	(3,154,693)
Cash paid to employees	1,860	521	2,381
Other operating receipts	(420,670)	5,278	(415,392)
Other non-operating receipts	200	(31,923)	(31,723)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>680,202</u>	<u>296,481</u>	<u>976,683</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	(107,449)	(1,418)	(108,867)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(107,449)</u>	<u>(1,418)</u>	<u>(108,867)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Acquisition & construction of capital assets	129,344	-	129,344
Principal payments on debt	(94,888)	(366,575)	(461,463)
Interest payments on debt	-	(686)	(686)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	<u>34,456</u>	<u>(367,261)</u>	<u>(332,805)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for investments	132,683	116,167	248,850
Interest on investments	707	5,233	5,940
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>133,390</u>	<u>121,400</u>	<u>254,790</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	740,599	49,202	789,801
CASH & CASH EQUIVALENTS, JANUARY 1	<u>1,416,885</u>	<u>500,592</u>	<u>1,917,477</u>
CASH & CASH EQUIVALENTS, DECEMBER 31	<u>\$ 2,157,484</u>	<u>\$ 549,794</u>	<u>\$ 2,707,278</u>

STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2012
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	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	AIRPORT	GOLF COURSE	TOTAL NON-MAJOR ENTERPRISE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 194,595	\$ 22,003	\$ 216,598
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation & amortization of deferred charges	542,897	294,864	837,761
Other non-operating revenue	8,014	(26,645)	(18,631)
(Increase) decrease in accounts receivable	(13,323)	18,582	5,259
(Increase) decrease in due from other funds/governmental units	(428,484)	-	(428,484)
(Increase) decrease in inventory & prepaid items	-	(8,055)	(8,055)
Increase (decrease) in vouchers retainage payable	371,749	(9,015)	362,734
Increase (decrease) in payables & other short-term liabilities	1,264	(185)	1,079
Increase (decrease) in customer deposits	-	5,410	5,410
Increase (decrease) in deferred revenues	1,630	(999)	631
Increase (decrease) in accrued employee leave benefits	1,860	521	2,381
Total adjustments	485,607	274,478	760,085
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 680,202	\$ 296,481	\$ 976,683
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Prior Period Adjustment	\$ (18,326)	\$ -	\$ (18,326)
Depreciation	542,897	294,864	837,761
Contributions of capital assets	880,374	-	880,374

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2012
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	EQUIPMENT RENTAL	INSURANCE FUND	TOTAL INTERNAL SERVICE FUNDS
ASSETS			
Current assets:			
Cash & cash equivalents	\$ 5,543,795	\$ 14,637,594	\$ 20,181,389
Investments at fair value	1,808,018	4,773,809	6,581,827
Receivables (net of allowances):			
Customer accounts	36,444	11,389	47,833
Interest - investments	12,775	33,647	46,422
Due from other funds	13,178	-	13,178
Interfund loan receivable	-	511,666	511,666
Due from other governmental units	83	-	83
Inventory of materials and supplies	160,642	-	160,642
Prepayments	-	53,000	53,000
Total current assets	<u>7,574,935</u>	<u>20,021,105</u>	<u>27,596,040</u>
Noncurrent assets:			
Interfund loan receivable	-	1,204,401	1,204,401
Capital assets (net)	9,999,682	-	9,999,682
Intangible assets (net)	263,235	-	263,235
Total noncurrent assets	<u>10,262,917</u>	<u>1,204,401</u>	<u>11,467,318</u>
TOTAL ASSETS	<u>\$ 17,837,852</u>	<u>\$ 21,225,506</u>	<u>\$ 39,063,358</u>
DEFERRED OUTFLOWS OF RESOURCES			
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2012
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	EQUIPMENT RENTAL	INSURANCE FUND	TOTAL INTERNAL SERVICE FUNDS
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 768,124	\$ 275,888	\$ 1,044,012
Claims incurred but not reported	-	2,754,118	2,754,118
Retainage payable	4,550	-	4,550
Due to other funds	47,845	-	47,845
Accrued employee benefits payable	337,426	25,451	362,877
Accrued taxes payable	87	-	87
Total current liabilities	1,158,032	3,055,457	4,213,489
Long-term liabilities:			
Accrued employee wages and benefits payable	325,043	17,951	342,994
Total long-term liabilities	325,043	17,951	342,994
TOTAL LIABILITIES	1,483,075	3,073,408	4,556,483
DEFERRED INFLOWS OF RESOURCES			
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	10,262,917	-	10,262,917
Restricted	-	-	-
Unrestricted	6,091,860	18,152,098	24,243,958
TOTAL NET POSITION	\$ 16,354,777	\$ 18,152,098	\$ 34,506,875

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	EQUIPMENT RENTAL	INSURANCE FUND	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:			
Charges for services	\$ 12,801,558	\$ 2,942,647	\$ 15,744,205
Other operating revenues	108,722	13,155,617	13,264,339
TOTAL OPERATING REVENUES	12,910,280	16,098,264	29,008,544
OPERATING EXPENSES:			
Operations and maintenance	10,694,730	14,706,499	25,401,229
Administrative and general	146,798	505,463	652,261
Taxes	2,105	2,553	4,658
Depreciation	1,691,035	-	1,691,035
TOTAL OPERATING EXPENSES	12,534,668	15,214,515	27,749,183
OPERATING INCOME (LOSS)	375,612	883,749	1,259,361
NON-OPERATING REVENUES (EXPENSES):			
Intergovernmental revenues	2,676	43,637	46,313
Interest revenues	25,365	69,736	95,101
Gain (loss) on sale of capital assets	(587)	-	(587)
Other non-operating revenues (expenses)	7,649	766,159	773,808
NON-OPERATING REVENUE NET OF EXPENSE	35,103	879,532	914,635
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	410,715	1,763,281	2,173,996
Contributed capital	8,799	-	8,799
Transfers in	313,573	-	313,573
Transfers (out)	(65,000)	(204,000)	(269,000)
CHANGE IN NET POSITION	668,087	1,559,281	2,227,368
NET POSITION, JANUARY 1	15,761,690	16,592,817	32,354,507
Prior year adjustments	(75,000)	-	(75,000)
NET POSITION, DECEMBER 31	\$ 16,354,777	\$ 18,152,098	\$ 34,506,875

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012
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	EQUIPMENT RENTAL	INSURANCE FUND	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from other funds for services	\$ 12,938,922	\$ 16,098,337	\$ 29,037,259
Cash paid to suppliers for goods & services	(10,351,404)	(13,262,349)	(23,613,753)
Cash paid to employees	13,414	37,421	50,835
Other operating receipts	9,738	(2,465,552)	(2,455,814)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,610,670	407,857	3,018,527
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to/from other funds	248,573	(204,000)	44,573
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	248,573	(204,000)	44,573
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Acquisition & construction of capital assets	(3,308,904)	-	(3,308,904)
Capital contributions	8,799	-	8,799
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(3,300,105)	-	(3,300,105)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for investments	1,069,379	2,318,715	3,388,094
Interest on investments	40,367	98,807	139,174
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,109,746	2,417,522	3,527,268
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	668,884	2,621,379	3,290,263
CASH & CASH EQUIVALENTS, JANUARY 1	4,874,911	12,016,215	16,891,126
CASH & CASH EQUIVALENTS, DECEMBER 31	\$ 5,543,795	\$ 14,637,594	\$ 20,181,389

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012
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	EQUIPMENT RENTAL	INSURANCE FUND	TOTAL INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 375,612	\$ 883,749	\$ 1,259,361
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation & amortization of deferred charges	1,691,035	-	1,691,035
Other non-operating revenue	9,738	809,796	819,534
(Increase) decrease in accounts receivable	(14,481)	73	(14,408)
(Increase) decrease in due from other funds/governmental units	85,157	(1,716,067)	(1,630,910)
(Increase) decrease in inventory & prepaid items	(16,224)	40,982	24,758
Increase (decrease) in vouchers retainage payable	399,701	-	399,701
Increase (decrease) in payables & other short-term liabilities	50,494	392,885	443,379
Increase (decrease) in accrued employee leave benefits	29,638	(3,561)	26,077
Total adjustments	2,235,058	(475,892)	1,759,166
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,610,670	\$ 407,857	\$ 3,018,527
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Prior Period Adjustment	\$ (75,000)	\$ -	\$ (75,000)
Depreciation & amortization	\$ 1,691,035	\$ -	\$ 1,691,035

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND - SPECIAL DEPOSIT
 For the Year Ended December 31, 2012
 Page 1 of 1

	BEGINNING BALANCE	DEBITS	CREDITS	ENDING BALANCE
ASSETS				
Cash	\$ 591,487	\$ 263,367	\$ 266,941	\$ 587,913
TOTAL ASSETS	<u>\$ 591,487</u>	<u>\$ 263,367</u>	<u>\$ 266,941</u>	<u>\$ 587,913</u>
LIABILITIES				
Vouchers & contracts payable	\$ 7,200	\$ 256,060	\$ 248,860	\$ -
Deposits payable	584,287	258,741	262,367	587,913
TOTAL LIABILITIES	<u>\$ 591,487</u>	<u>\$ 514,801</u>	<u>\$ 511,227</u>	<u>\$ 587,913</u>

STATISTICAL SECTION

December 31, 2012

Presentations included in the Statistical Section of the Comprehensive Annual Financial Report (CAFR) provide users detailed information as a context for understanding what the information in the financial statements, note disclosures and the supporting schedules say about the government's overall financial health. The section is divided into five categories based on the following:

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules present information to help the reader assess the government's most significant local revenue source – property tax.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

TABLE 1
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS¹
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 ¹
Governmental activities										
Invested in capital assets, net of related debt	\$ 89,360,313	\$ 195,282,055	\$ 203,297,293	\$ 209,964,556	\$ 232,714,563	\$ 353,197,782	\$ 378,440,636	\$ 383,016,494	\$ 373,641,842	\$ 425,581,342
Restricted	6,816,559	21,460,395	28,578,305	42,261,663	32,648,993	33,294,987	20,882,824	11,664,101	26,432,127	7,953,634
Unrestricted	41,699,232	25,746,196	29,272,573	29,340,290	32,075,613	34,160,010	35,033,629	45,911,214	53,244,297	54,159,950
Total governmental activities net position	\$ 137,876,104	\$ 242,488,646	\$ 261,148,171	\$ 281,566,509	\$ 297,439,169	\$ 420,652,779	\$ 434,357,089	\$ 440,591,809	\$ 453,318,266	\$ 487,694,926
Business-type activities										
Invested in capital assets, net of related debt	\$ 158,886,497	\$ 163,891,546	\$ 171,827,746	\$ 181,515,939	\$ 188,518,151	\$ 202,255,997	\$ 208,682,683	\$ 214,001,083	\$ 217,103,722	\$ 224,893,271
Restricted	3,048,210	3,555,690	3,555,690	3,555,690	3,586,667	4,171,525	4,029,537	58,747	-	2,909,578
Unrestricted	15,886,887	21,612,156	21,541,563	19,357,695	17,973,237	17,430,207	18,209,611	17,743,107	23,340,910	28,692,024
Total business-type activities net position	\$ 177,821,594	\$ 189,059,392	\$ 196,924,999	\$ 204,429,324	\$ 210,078,055	\$ 223,857,729	\$ 230,921,831	\$ 231,802,937	\$ 240,444,632	\$ 256,494,873
Primary government										
Invested in capital assets, net of related debt	\$ 248,246,810	\$ 359,173,601	\$ 375,125,039	\$ 391,480,495	\$ 421,232,714	\$ 555,453,779	\$ 587,123,319	\$ 597,017,577	\$ 590,745,564	\$ 650,474,613
Restricted	9,864,769	25,016,085	32,133,995	45,817,353	36,235,660	37,466,512	24,912,361	11,722,848	26,432,127	10,863,212
Unrestricted	57,586,119	47,358,352	50,814,136	48,697,985	50,048,850	51,590,217	53,243,240	63,654,321	76,585,207	82,851,974
Total primary government net position	\$ 315,697,698	\$ 431,548,038	\$ 458,073,170	\$ 485,995,833	\$ 507,517,224	\$ 644,510,508	\$ 665,278,920	\$ 672,394,746	\$ 693,762,898	\$ 744,189,799

Source : City of Renton Finance Division

¹2012 reflects prior period adjustments of \$303,511 in Governmental Activities and \$106,983 in Business Type Activities; a total prior period increase of \$410,494

TABLE 2
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS¹
(accrual basis of accounting)

Page 1 of 2

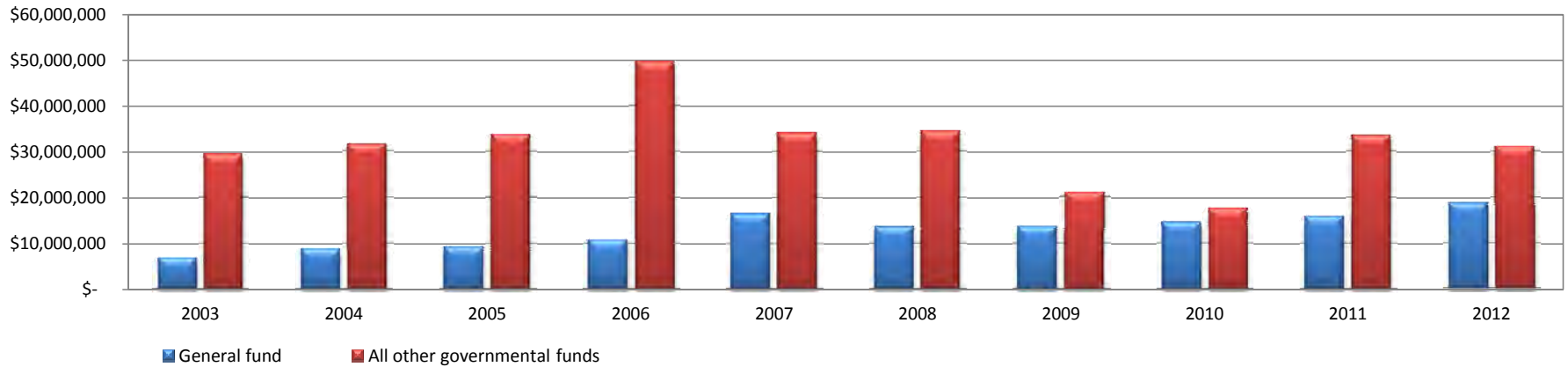
EXPENSES	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Government activities:										
General government	\$ 24,365,244	\$ 22,144,567	\$ 21,137,856	\$ 19,977,086	\$ 29,112,970	\$ 12,010,422	\$ 18,808,404	\$ 10,018,501	\$ 4,268,321	\$ 9,859,550
Judicial	1,258,956	1,340,655	1,380,816	1,434,134	1,845,031	1,761,665	2,134,283	2,402,692	2,563,989	2,610,481
Public safety	26,238,548	28,647,443	29,496,791	30,749,762	36,213,120	46,289,454	44,361,089	50,657,146	52,627,849	58,152,773
Physical environment	2,013,239	2,278,445	2,208,340	2,618,832	2,749,417	3,333,471	2,440,801	2,425,279	2,151,322	2,643,930
Transportation	4,221,713	6,797,356	4,183,880	15,798,138	11,237,287	13,675,581	11,765,835	16,903,492	25,376,308	13,571,691
Economic environment	5,886,795	5,519,929	5,899,796	6,372,118	6,880,687	6,823,426	6,669,911	7,363,396	6,491,151	6,330,233
Health and human services	21,646	228,966	300,171	295,072	301,495	325,066	328,333	882,740	819,138	827,802
Culture and recreation	8,689,666	10,303,074	9,744,692	9,695,924	11,036,931	17,025,800	16,992,266	13,518,312	11,955,737	13,011,327
Interest on long-term debt	1,827,464	1,627,581	1,710,346	1,772,370	2,594,784	2,663,436	2,848,081	2,127,347	2,165,960	3,087,269
Total governmental activities expenses	74,523,271	78,888,016	76,062,688	88,713,436	101,971,722	103,908,321	106,349,003	106,298,905	108,419,775	110,095,056
Business-type activities:										
Water works utility	22,381,464	23,347,678	25,884,227	27,220,132	28,657,468	32,738,366	35,617,861	36,574,469	37,148,813	39,419,864
Airport	1,219,465	936,305	1,226,810	1,196,363	1,396,054	1,733,894	1,865,481	1,993,202	2,026,804	2,251,434
Solid waste utility	8,516,598	8,558,441	9,327,525	9,706,016	10,606,560	11,518,047	14,143,956	14,826,315	14,434,201	14,780,647
Golf course	1,831,670	1,933,113	2,132,077	2,056,874	2,277,454	2,334,838	2,303,192	2,296,870	2,099,936	2,139,847
Total Business-type activities net position	33,949,197	34,775,537	38,570,639	40,179,385	42,937,536	48,325,145	53,930,490	55,690,856	55,709,754	58,591,792
Total Primary Government expenses	108,472,468	113,663,553	114,633,327	128,892,821	144,909,258	152,233,466	160,279,493	161,989,761	164,129,529	168,686,848
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	16,716,472	15,579,366	17,525,244	21,852,465	23,163,645	5,614,638	2,864,232	2,363,280	2,756,613	2,586,799
Judicial	1,287,901	1,531,773	697,883	831,485	1,169,581	2,420,913	5,176,402	3,706,436	3,565,216	3,493,071
Public safety	929,780	200,149	247,235	517,151	591,586	550,773	643,970	761,835	641,483	650,129
Physical environment	759,700	837,027	894,750	400,798	999,484	864,581	951,940	1,233,424	1,015,323	1,326,517
Transportation	1,519,383	1,916,862	1,660,698	1,628,154	1,432,215	2,165,538	3,178,543	3,111,259	3,275,596	3,329,054
Economic environment	4,969,475	4,236,596	4,516,899	4,368,399	7,857,186	4,236,983	1,965,125	2,419,488	2,486,396	3,130,530
Health and human services	-	-	-	-	-	-	-	-	-	-
Culture and recreation	1,460,879	1,507,387	1,558,458	1,742,071	1,649,960	1,739,055	2,377,290	2,299,635	1,793,863	1,811,127
Operating grants and contributions	3,732,443	6,213,791	4,979,601	4,596,836	5,265,737	9,570,931	11,029,657	10,520,151	15,540,897	12,794,132
Capital grants and contributions	1,094,764	1,745,718	1,227,503	5,909,870	4,940,471	18,109,124	16,091,934	9,102,331	12,135,982	33,529,033
Total governmental activities program revenues	32,470,797	33,768,669	33,308,271	41,847,229	47,069,865	45,272,536	44,279,093	35,517,839	43,211,369	62,650,392
Business-type activities:										
Charges for services:										
Waterworks utility	25,778,754	27,102,797	27,569,448	27,036,324	32,078,690	31,110,061	33,278,345	35,545,308	43,003,494	47,314,389
Airport	733,115	804,500	901,603	909,425	965,809	1,086,064	1,254,732	2,039,477	2,294,383	2,436,543
Solid waste utility	8,394,478	8,832,837	9,393,366	9,837,915	10,094,752	10,192,718	14,234,026	15,383,667	15,015,434	14,905,934
Golf course	2,170,911	2,176,980	2,165,413	2,272,415	2,264,098	2,262,841	2,134,394	2,095,751	2,014,983	2,128,452
Total Business-type charges	37,077,258	38,917,114	40,029,830	40,056,079	45,403,349	44,651,684	50,901,497	55,064,203	62,328,294	66,785,318
Operating grants and contributions	222,193	112,616	196,974	77,688	243,537	264,784	46,267	125,819	465,468	165,164
Capital grants and contributions	6,600,471	6,583,241	5,101,699	6,317,203	1,761,802	6,888,975	7,556,701	1,056,961	2,473,309	7,668,558
Total business-type activities program revenues	43,899,922	45,612,971	45,328,503	46,450,970	47,408,688	51,805,443	58,504,465	56,246,983	65,267,071	74,619,040
Total primary government program revenues	\$ 76,370,719	\$ 79,381,640	\$ 78,636,774	\$ 88,298,199	\$ 94,478,553	\$ 97,077,979	\$ 102,783,558	\$ 91,764,822	\$ 108,478,440	\$ 137,269,432
Net (expense)/revenue										
Governmental activities	\$ (42,052,474)	\$ (45,119,347)	\$ (42,754,417)	\$ (46,866,207)	\$ (54,901,857)	\$ (58,635,785)	\$ (62,069,910)	\$ (70,781,066)	\$ (65,208,406)	\$ (47,444,664)
Business-type activities	9,950,725	10,837,434	6,757,864	6,271,585	4,471,152	3,480,298	4,573,975	556,127	9,557,317	16,027,248
Total primary government net expense	\$ (32,101,749)	\$ (34,281,913)	\$ (35,996,553)	\$ (40,594,622)	\$ (50,430,705)	\$ (55,155,487)	\$ (57,495,935)	\$ (70,224,939)	\$ (55,651,089)	\$ (31,417,416)

TABLE 2
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 Page 2 of 2

GENERAL REVENUES AND OTHER CHANGES	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Taxes										
Property taxes	\$ 19,520,575	\$ 19,578,390	\$ 21,523,818	\$ 23,600,131	\$ 23,106,578	\$ 29,381,036	\$ 32,300,319	\$ 32,586,884	\$ 33,309,975	\$ 33,932,290
Retail sales taxes	17,334,831	18,281,949	18,910,823	20,869,595	22,749,831	23,190,076	22,065,316	21,591,375	22,008,777	23,653,706
Business taxes	10,895,130	9,957,129	10,643,068	11,219,303	11,962,879	14,945,173	14,876,496	16,883,888	16,870,284	17,632,759
Excise taxes	5,449,877	6,751,264	6,938,265	7,718,945	8,236,876	4,362,945	4,923,978	4,351,914	4,113,705	4,286,883
Penalties and interest	5,415	6,048	49	3,799	33,949	6,477	1,353	276	380	9,486
Investment earnings	1,081,398	1,291,669	1,449,001	3,251,975	3,465,517	2,419,260	1,118,889	794,793	602,516	589,616
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	157,483
Miscellaneous	312,867	4,346,619	1,958,217	689,243	1,218,889	2,104,133	172,594	82,352	991,772	1,021,629
Transfers	(40,000)	(10,304)	(9,300)	(68,446)	-	110,000	(100,000)	(17,095)	37,454	233,961
Total governmental activities	<u>54,560,093</u>	<u>60,202,764</u>	<u>61,413,941</u>	<u>67,284,545</u>	<u>70,774,519</u>	<u>76,519,100</u>	<u>75,358,945</u>	<u>76,274,387</u>	<u>77,934,863</u>	<u>81,517,813</u>
Business-type activities:										
Investment earnings	242,055	270,605	458,797	881,486	1,041,576	1,120,342	396,957	224,974	117,090	105,129
Miscellaneous	369,513	119,455	639,646	282,808	135,986	85,493	1,207,689	172,663	71,235	44,842
Transfers	40,000	10,304	9,300	68,446	-	(110,000)	100,000	17,095	(37,454)	(233,961)
Total business-type activities	<u>651,568</u>	<u>400,364</u>	<u>1,107,743</u>	<u>1,232,740</u>	<u>1,177,562</u>	<u>1,095,835</u>	<u>1,704,646</u>	<u>414,732</u>	<u>150,871</u>	<u>(83,990)</u>
Total primary government	<u>\$ 55,211,661</u>	<u>\$ 60,603,128</u>	<u>\$ 62,521,684</u>	<u>\$ 68,517,285</u>	<u>\$ 71,952,081</u>	<u>\$ 77,614,935</u>	<u>\$ 77,063,591</u>	<u>\$ 76,689,119</u>	<u>\$ 78,085,734</u>	<u>\$ 81,433,823</u>
CHANGES IN NET POSITION										
Governmental activities	\$ 12,507,619	\$ 15,083,417	\$ 18,659,524	\$ 20,418,338	\$ 15,872,662	\$ 17,883,315	\$ 13,289,035	\$ 5,493,321	\$ 12,726,457	\$ 34,073,149
Business-type activities	10,602,293	11,237,798	7,865,607	7,504,325	5,648,714	4,576,133	6,278,621	970,859	9,708,188	15,943,258
Total primary government	<u>\$ 23,109,912</u>	<u>\$ 26,321,215</u>	<u>\$ 26,525,131</u>	<u>\$ 27,922,663</u>	<u>\$ 21,521,376</u>	<u>\$ 22,459,448</u>	<u>\$ 19,567,656</u>	<u>\$ 6,464,180</u>	<u>\$ 22,434,645</u>	<u>\$ 50,016,407</u>

Source : City of Renton Finance Division

TABLE 3
FUND BALANCE OF GOVERNMENT FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved	\$ 83,000	\$ 108,742	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 2,468,569	\$ -	\$ -
Unreserved	6,758,364	8,603,003	9,189,871	10,737,097	16,474,384	13,509,097	13,478,727	12,020,420	-	-
Nonspendable ¹	-	-	-	-	-	-	-	-	1,149,907	-
Restricted ¹	-	-	-	-	-	-	-	-	786,611	690,655
Committed ¹	-	-	-	-	-	-	-	-	-	-
Assigned ¹	-	-	-	-	-	-	-	-	13,812,258	16,566,659
Unassigned ¹	-	-	-	-	-	-	-	-	-	1,427,130
Total general fund	\$ 6,841,364	\$ 8,711,745	\$ 9,197,871	\$ 10,745,097	\$ 16,482,384	\$ 13,517,097	\$ 13,486,727	\$ 14,488,989	\$ 15,748,776	\$ 18,684,444
All other governmental funds										
Reserved	\$ 880,000	\$ 500,000	\$ 240,000	\$ 63,900	\$ 975,000	\$ 1,000,000	\$ -	\$ 6,771,384	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,985,917	3,238,246	2,929,692	4,243,189	2,616,596	2,806,667	2,106,370	2,073,227	-	-
Debt service funds	1,916,243	1,486,894	2,752,445	3,068,587	1,392,915	1,270,936	367,652	-	-	-
Capital project funds	22,628,512	26,202,437	27,890,457	42,152,437	29,057,397	29,217,384	18,408,802	8,701,843	-	-
Nonspendable ¹	-	-	-	-	-	-	-	-	-	-
Restricted ¹	-	-	-	-	-	-	-	-	19,152,913	23,730,688
Committed ¹	-	-	-	-	-	-	-	-	7,468,491	6,085,812
Assigned ¹	-	-	-	-	-	-	-	-	6,828,410	1,220,008
Total all other governmental funds	\$ 29,410,672	\$ 31,427,577	\$ 33,812,594	\$ 49,528,113	\$ 34,041,908	\$ 34,294,987	\$ 20,882,824	\$ 17,546,454	\$ 33,449,814	\$ 31,036,508

Source : City of Renton Finance Division

¹ In 2011, implementation of GASB 54 requires new designations of fund balance; prior year data not available in prescribed format

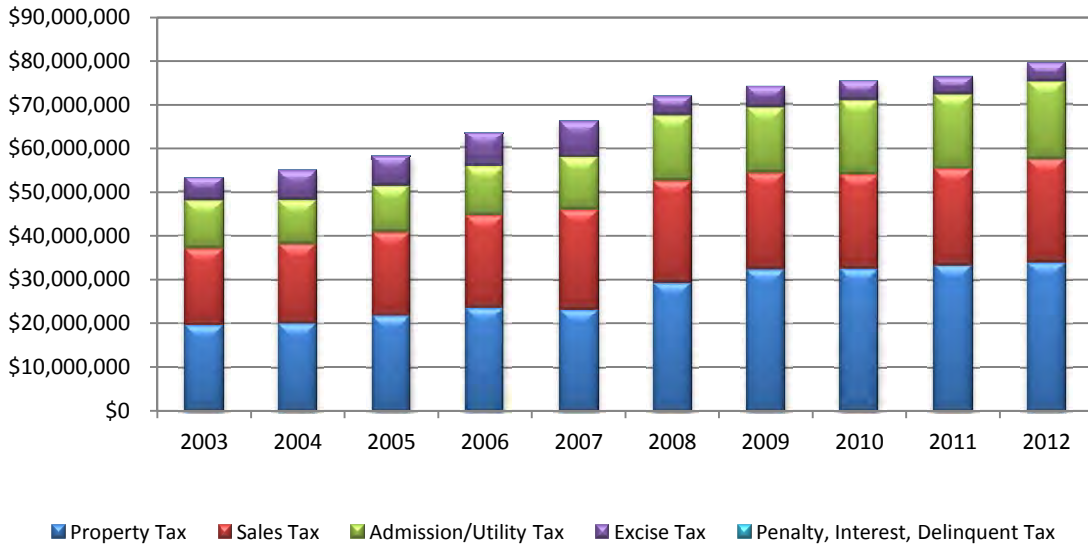
TABLE 4
CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes	\$ 53,722,322	\$ 55,344,506	\$ 58,794,081	\$ 64,005,567	\$ 66,698,876	\$ 72,514,388	\$ 71,545,700	\$ 75,223,750	\$ 76,266,688	\$ 79,878,467
Licenses and permits	4,226,883	4,329,086	4,686,608	4,962,507	5,828,230	4,975,585	6,226,371	3,975,441	4,410,862	4,843,446
Intergovernmental	4,533,544	7,570,570	5,687,169	9,769,225	9,791,830	27,549,621	23,968,449	16,203,499	19,441,957	33,430,078
Charges for services	6,016,704	6,593,153	5,563,289	6,543,289	10,048,879	7,145,950	4,543,420	4,635,502	4,191,024	4,497,039
Fines	1,055,564	1,008,984	731,286	906,685	1,150,079	2,002,854	3,724,162	3,439,926	3,150,326	3,053,938
Interfund revenues	3,482,110	3,638,574	3,796,042	2,843,147	3,352,411	3,072,526	3,228,110	3,244,928	3,057,642	3,375,134
Special assessments	295,673	20,852	23,340	511,932	51,723	-	1,353	-	-	-
Contributions	255,102	249,938	317,600	214,387	353,582	135,000	516,805	2,952,649	4,288,448	1,488,384
Investment Earnings	1,081,420	1,059,886	1,060,353	2,570,682	2,486,889	1,740,035	753,607	550,134	475,278	494,518
Miscellaneous Revenues	40,314	122,799	569,881	223,908	86,322	1,273,359	171,004	82,353	648,608	942,998
Total revenues	74,709,636	79,938,348	81,229,649	92,551,329	99,848,821	120,409,318	114,678,981	110,308,182	115,930,833	132,004,002
EXPENDITURES										
Current										
General government	13,283,955	13,660,095	14,382,634	13,972,592	14,597,355	15,094,140	12,923,999	10,532,537	10,937,806	8,371,489
Judicial	-	-	-	-	-	1,761,665	2,134,283	2,402,692	2,563,989	2,610,481
Public safety	26,029,354	27,462,613	29,031,626	31,157,303	35,583,500	45,530,208	46,048,967	48,904,653	52,986,589	54,378,422
Physical environment	2,015,562	2,201,777	2,190,228	2,609,452	2,764,563	3,123,883	2,431,213	2,345,459	2,048,971	2,608,369
Transportation	4,461,387	4,615,345	4,711,924	5,097,449	6,403,358	6,332,006	7,043,665	10,748,393	10,038,344	10,137,750
Economic environment	4,613,587	4,947,080	5,123,024	5,519,219	5,896,589	6,673,681	7,071,009	7,205,500	6,447,163	6,283,264
Health and human services	10,368	11,723	12,700	9,231	13,818	16,459	19,726	787,768	511,934	523,577
Culture and recreation	7,585,936	8,563,967	8,876,250	9,933,854	10,830,224	11,119,073	14,914,298	12,310,530	11,166,081	11,537,450
Capital outlay	21,089,534	13,246,669	11,438,104	21,117,525	29,320,023	28,520,453	41,989,793	12,216,152	14,981,858	24,989,777
Debt service										
Principal payments	1,417,042	1,477,579	1,375,738	1,503,350	1,565,904	2,079,551	2,327,138	2,682,672	2,783,237	7,116,917
Interest and fiscal charges	1,833,102	1,763,893	1,713,525	2,129,656	2,646,623	2,729,247	2,629,157	2,231,823	2,502,876	3,368,903
Total expenditures	82,339,827	77,950,741	78,855,753	93,049,631	109,621,957	122,980,366	139,533,248	112,368,179	116,968,848	131,926,399
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,630,191)	1,987,607	2,373,896	(498,302)	(9,773,136)	(2,571,048)	(24,854,267)	(2,059,997)	(1,038,015)	77,603
OTHER FINANCING SOURCES (USES)										
Transfers in	3,511,700	6,563,978	5,476,360	2,962,895	5,782,988	4,053,607	15,059,649	2,545,659	3,886,650	4,183,185
Transfer (out)	(3,551,700)	(7,764,278)	(5,443,660)	(3,705,341)	(5,782,988)	(4,200,607)	(10,446,000)	(2,822,330)	(4,144,157)	(4,113,465)
Proceeds of long-term debt	-	-	-	18,490,029	-	-	-	-	-	-
Interfund loan proceeds	-	-	-	-	-	-	6,798,085	-	-	-
Interfund loan repayments	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	6,170,000	9,425,000	-
GO Bonds issued	-	-	-	-	-	-	-	-	16,715,000	-
Premium on general obligation debt	-	-	-	-	-	-	-	443,484	2,268,169	-
Sale of capital assets	171,249	117,328	464,547	13,464	24,218	20,643	-	-	500	375,039
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(6,406,088)	(9,950,000)	-
Total other financing sources (uses)	131,249	(1,082,972)	497,247	17,761,047	24,218	(126,357)	11,411,734	(69,275)	18,201,162	444,759
Net change in fund balance	\$ (7,498,942)	\$ 904,635	\$ 2,871,143	\$ 17,262,745	\$ (9,748,918)	\$ (2,697,405)	\$ (13,442,533)	\$ (2,129,272)	\$ 17,163,147	\$ 522,362
Debt service as a percentage of non capital expenditures	5.31%	5.01%	4.58%	5.05%	5.25%	5.09%	5.08%	4.91%	5.18%	9.81%

Source : City of Renton Finance Division

Tables prior to 2010 used the titles "Security of persons and property" and "Mental and physical health" for functions now being referred to as "Public Safety" and "Health and Human Services", respectively.

TABLE 5
 GENERAL GOVERNMENT TAX REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)



FISCAL YEAR	PROPERTY TAX	SALES TAX	ADMISSION UTILITY TAX	EXCISE TAX	INTEREST	TOTAL TAX
					DELINQUENT TAX	
2003	19,587,986	17,334,831	10,895,131	5,449,877	5,415	53,273,240
2004	19,886,805	18,281,949	9,957,130	6,751,265	6,048	54,883,197
2005	21,826,229	18,910,822	10,643,068	6,938,264	49	58,318,433
2006	23,600,131	20,869,596	11,219,302	7,718,945	3,799	63,411,773
2007	23,106,578	22,749,831	11,962,879	8,236,876	33,949	66,090,113
2008	29,381,036	23,190,076	14,945,173	4,362,945	6,477	71,885,707
2009	32,300,319	22,065,316	14,876,496	4,923,978	1,353	74,167,462
2010	32,586,884	21,591,375	16,883,888	4,351,914	276	75,414,337
2011	33,309,975	22,008,777	16,870,284	4,113,705	380	76,303,121
2012	33,932,290	23,653,706	17,632,759	4,286,883	9,486	79,515,124

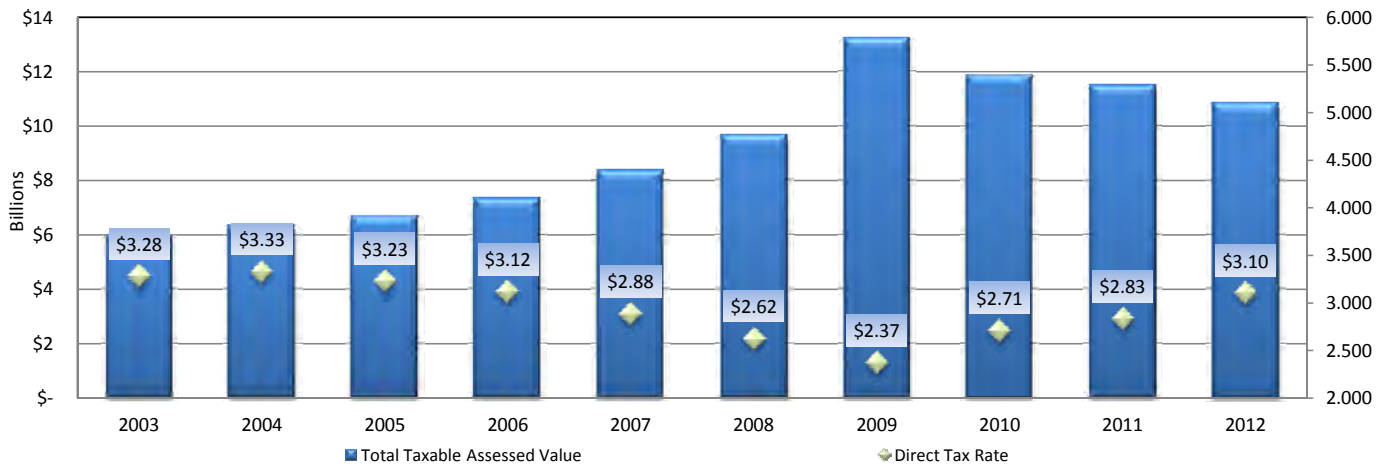
Source : City of Renton Finance Division

TABLE 6
PRINCIPAL PROPERTY TAX PAYERS

TAXPAYER	2012			2003		
	TAXABLE ¹ ASSESSED VALUE	RANK	% OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL TAXABLE ASSESSED VALUE
Boeing	\$ 787,764,072	1	7.28%	\$ 696,168,701	1	12.19%
Puget Sound Energy-Elec/Gas	115,328,866	2	1.07%	75,681,009	3	1.33%
Paccar	111,153,933	3	1.03%	80,571,510	2	1.41%
Transwestern Harvest Lakeshore	89,239,423	4	0.83%			
Renton Properties LLC	49,743,700	5	0.46%	34,619,000	6	0.61%
Fred Meyer Stores Inc.	44,105,400	6	0.41%	22,927,117	10	0.40%
BRE-FMCA LLC c/o Bre Properties	40,131,000	7	0.37%			
ECI Two WTC LLC	38,450,400	8	0.36%			
Axis Grand Holdings	37,394,000	9	0.35%			
FP-FAA Seattle LLC	32,507,800	10	0.30%			
US West				49,161,865	4	0.86%
AMB Property Corp				44,157,800	5	0.77%
Avalon Bay Communities Inc				32,169,000	7	0.56%
Pacific NW Group A				30,560,800	8	0.54%
Rosche One Interests				23,554,000	9	0.41%
All Others	9,469,639,923		87.56%	4,621,261,744		80.92%
Total Assessed Valuation	<u>\$ 10,815,458,517</u>		<u>100.00%</u>	<u>\$ 5,710,832,546</u>		<u>100.00%</u>

Source: ¹King County Department of Assessments

TABLE 7
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS



REAL PROPERTY ¹

FISCAL YEAR	COMMERCIAL PROPERTY	INDUSTRIAL PROPERTY	RESIDENTIAL PROPERTY	LESS: EXEMPT REAL PROPERTY	PERSONAL PROPERTY ⁴	ADJUSTMENTS TO BASE ²	TOTAL TAXABLE ASSESSED VALUE ⁴	DIRECT TAX RATE ⁴
2003	\$ 1,435,673,700	\$ 963,633,350	\$ 3,190,304,450	\$ (679,999,400)	\$ 747,879,276	\$ 326,341,170	\$ 5,983,832,546	3.277
2004	1,507,408,900	955,156,350	3,715,677,750	(715,901,000)	716,313,413	\$ 193,976,709	6,372,632,122	3.327
2005	1,641,109,248	1,062,849,250	4,127,049,250	(772,643,900)	656,709,434	\$ (17,301,375)	6,697,771,907	3.227
2006	1,926,421,521	1,176,622,619	4,813,353,950	(889,457,300)	636,713,076	\$ (329,177,324)	7,334,476,542	3.116
2007	2,192,952,200	1,279,582,200	5,659,232,650	(982,670,250)	754,326,325	\$ (532,621,620)	8,370,801,505	2.884
2008	2,792,844,697	1,448,578,000	8,372,238,600	(1,257,849,300)	828,746,994	\$ (2,524,881,337)	9,659,677,654	2.624
2009	2,883,148,991	1,520,339,100	7,199,738,295	(1,365,819,700)	885,490,676	\$ 2,110,347,418	13,233,244,780	2.369
2010	2,877,658,818	1,728,440,200	7,184,089,489	(1,359,951,195)	840,554,180	\$ 613,936,948	11,884,728,440	2.712
2011	3,003,796,896	1,746,154,400	6,654,066,896	(1,636,584,396)	821,141,161	\$ 891,891,404	11,480,466,361	2.832
2012	2,971,359,393	1,373,778,056	6,482,467,387	(1,585,047,600)	806,821,188	\$ 766,080,093	10,815,458,517	3.100

Note: 2008 and 2009 Adjustments to Base reflect the Benson Hill Annexation

Sources:

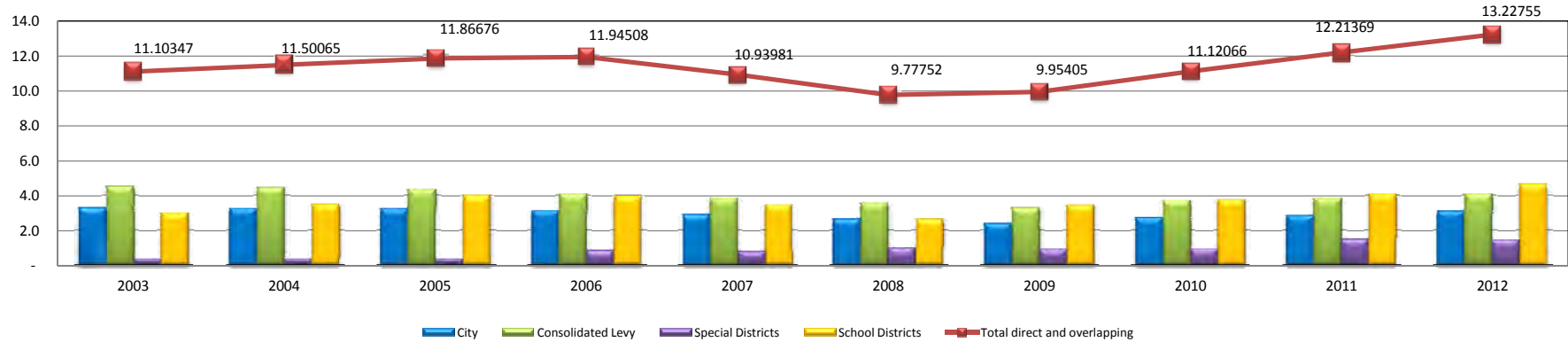
¹King County Department of Assessments Data; prior year data has been updated with current method of data collection via City of Renton GIS Services

²Includes adjustments to the tax base for senior citizen exemptions, prior year omits, etc.

³Includes Tax Exempt Property

⁴King County Assessor Annual Reports

TABLE 8
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

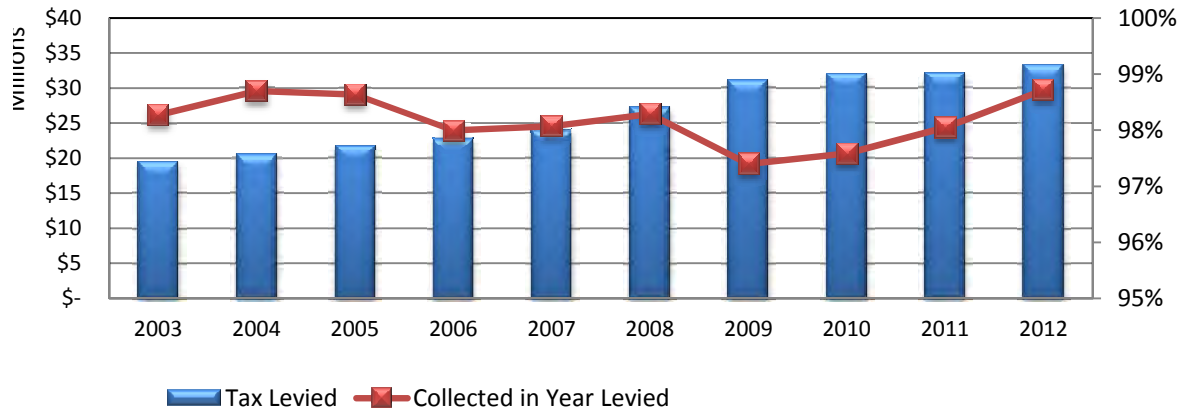


FISCAL YEAR	DIRECT RATES			OVERLAPPING RATES							TOTAL DIRECT AND OVERLAPPING MILLAGE				
	CITY OF RENTON			CONSOLIDATED LEVY				SCHOOL DISTRICT				TOTAL OVERLAPPING MILLAGE			
	OPERATING MILLAGE	DEBT SERVICE MILLAGE	TOTAL CITY MILLAGE	State of Washington	KING COUNTY OPERATING MILLAGE	KING COUNTY DEBT SERVICE MILLAGE	Port (Operating and Debt)	Total Consolidated Levy (State, County & Port)	SPECIAL DISTRICTS ¹	OPERATING MILLAGE			DEBT SERVICE MILLAGE	BUILDING FUND MILLAGE	
2003	3.18871	0.08865	3.27736	2.89680	1.15386	0.19562	0.25895	4.50523	0.33397	1.62358	1.36333	-	2.98691	7.82611	11.10347
2004	3.16022	0.08322	3.24344	2.75678	1.18279	0.24867	0.25402	4.44226	0.32917	1.60492	1.88086	-	3.48578	8.25721	11.50065
2005	3.14843	0.07861	3.22704	2.68951	1.15665	0.22564	0.25321	4.32501	0.32221	1.62332	2.36918	-	3.99250	8.63972	11.86676
2006	3.04482	0.07088	3.11570	2.49787	1.09915	0.22954	0.23330	4.05986	0.80982	1.53290	2.42680	-	3.95970	8.82938	11.94508
2007	2.82148	0.06252	2.88400	2.32535	1.08814	0.20142	0.23158	3.84649	0.76273	1.40073	2.04586	-	3.44659	8.05581	10.93981
2008	2.57052	0.05330	2.62382	2.13233	1.04278	0.16492	0.22359	3.56362	0.96354	1.26082	1.36572	-	2.62654	7.15370	9.77752
2009	2.36923	-	2.36923	1.96268	0.95271	0.14501	0.19700	3.25740	0.88686	1.42951	1.71049	0.30056	3.44056	7.58482	9.95405
2010	2.71184	-	2.71184	2.22253	1.16171	0.12328	0.21597	3.72349	0.94152	1.70401	1.69983	0.33997	3.74381	8.40882	11.12066
2011	2.83207	-	2.83207	2.27990	1.21418	0.12398	0.22366	3.84172	1.47089	1.86118	1.85585	0.35198	4.06901	9.38162	12.21369
2012	3.10000	-	3.10000	2.42266	1.28977	0.12611	0.22982	4.06836	1.41988	2.08341	2.18222	0.37368	4.63931	10.12755	13.22755

Source: King County Codes and Levies

¹Special Districts include Emergency Medical Services, Hospital districts, Library and Flood Zones

TABLE 9
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS



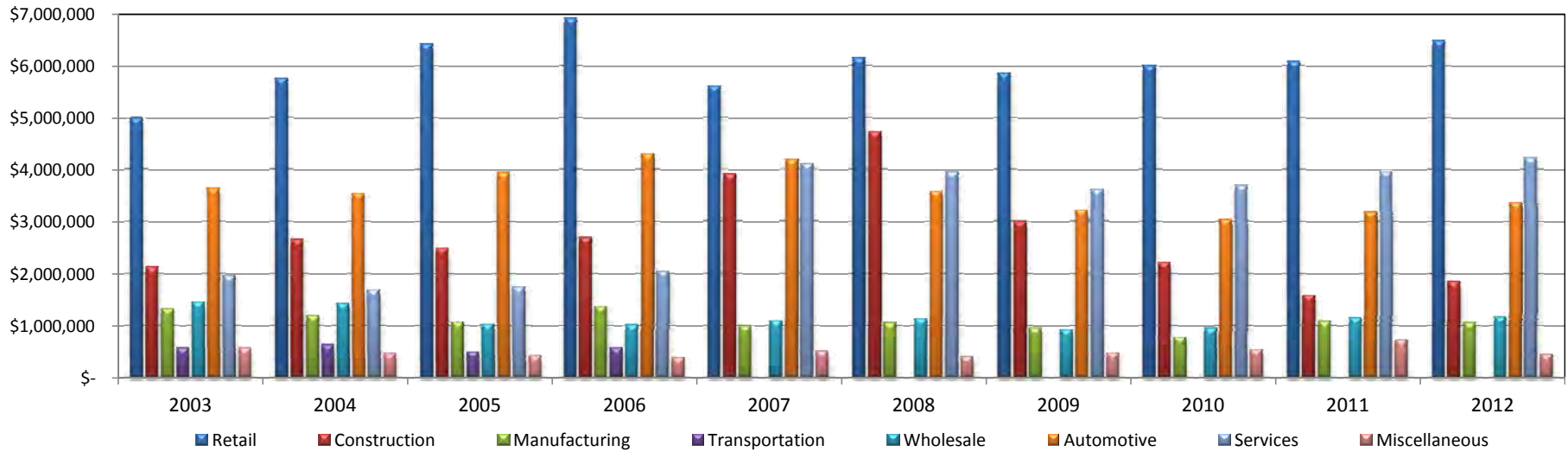
FISCAL YEAR	TOTAL TAX LEVY FOR FISCAL YEAR	COLLECTED WITHIN THE ¹ FISCAL YEAR OF THE LEVY		COLLECTIONS ^{1,2} IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE ²	
		AMOUNT	% OF LEVY		AMOUNT	% OF LEVY
2003	\$ 19,486,858	\$ 19,149,258	98.3%	\$ 337,535	\$ 19,486,793	100.0%
2004	20,451,011	20,184,238	98.7%	266,741	20,450,979	100.0%
2005	21,654,069	21,358,689	98.6%	295,451	21,654,140	100.0%
2006	22,796,225	22,339,299	98.0%	449,995	22,789,293	100.0%
2007	24,049,060	23,585,143	98.1%	461,635	24,046,778	100.0%
2008	27,188,522	26,722,301	98.3%	462,467	27,184,768	100.0%
2009	31,058,589	30,249,856	97.4%	793,703	31,043,559	100.0%
2010	32,057,010	31,283,546	97.6%	657,009	31,940,555	99.6%
2011	32,166,084	31,538,875	98.1%	443,684	31,982,559	99.4%
2012	33,333,628	32,904,890	98.7%	N/A	32,904,890	98.7%

Sources:

¹ Annual Tax Receivable Summary from King County

² Includes Collections *and* Levy Changes in subsequent years

TABLE 10
SALES TAX COLLECTIONS BY SECTOR
LAST TEN FISCAL YEARS

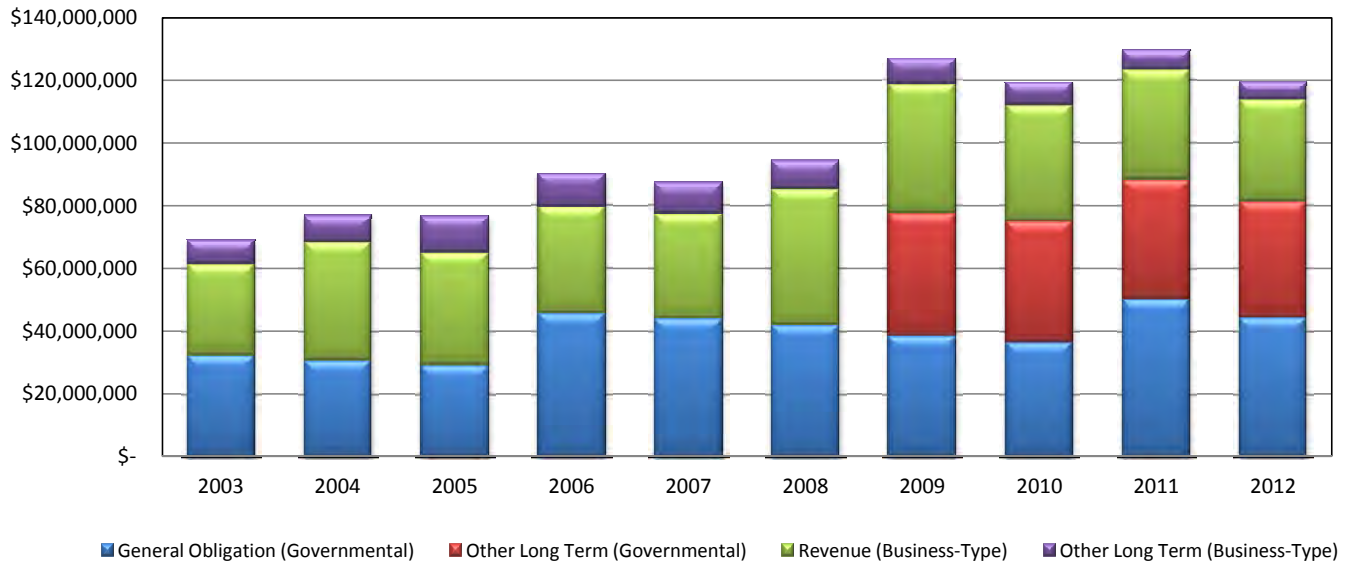


	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
RETAIL TRADE SECTOR										
Furniture	\$ 1,758,082	\$ 2,205,114	\$ 1,203,942	\$ 1,276,644	\$ 1,245,901	\$ 1,199,045	\$ 1,065,605	\$ 1,143,289	\$ 1,186,244	\$ 1,320,786
Electronics and Appliances			1,065,416	1,130,621	1,143,188	1,137,586	1,036,569	1,086,334	988,355	962,595
General Merchandise	788,699	1,013,876	1,073,144	1,100,217	1,169,225	1,462,858	1,573,716	1,646,351	1,652,442	1,722,213
Misc Retail Trade	763,596	862,919	848,834	928,083	658,429	756,662	625,320	558,709	594,226	614,814
Others	1,667,483	1,651,782	2,227,721	2,464,896	1,378,094	1,574,482	1,538,600	1,563,101	1,649,231	1,862,533
Subtotal Retail	4,977,860	5,733,691	6,419,057	6,900,461	5,594,837	6,130,633	5,839,810	5,997,784	6,070,498	6,482,942
OTHER SECTORS										
Construction	2,122,560	2,641,907	2,495,684	2,688,902	3,898,202	4,725,533	2,991,530	2,218,377	1,576,127	1,844,545
Manufacturing	1,318,364	1,185,473	1,064,135	1,364,568	983,110	1,050,789	950,113	777,452	1,073,075	1,043,859
Wholesale	1,442,263	1,416,559	1,025,132	1,016,468	1,083,059	1,131,445	915,885	941,315	1,148,660	1,169,432
Automotive	3,625,878	3,538,502	3,946,163	4,303,221	4,176,747	3,575,928	3,215,641	3,035,251	3,179,418	3,361,196
Services	1,953,254	1,677,315	1,736,569	2,039,090	4,103,240	3,939,201	3,616,076	3,694,342	3,960,151	4,221,446
Miscellaneous	567,225	460,372	421,715	378,233	503,000	402,360	466,785	533,667	721,805	441,252
Subtotal - Other Sectors	11,029,544	10,920,128	10,689,398	11,790,482	14,747,358	14,825,256	12,156,029	11,200,404	11,659,237	12,081,729
Total Sales Tax	\$ 16,007,404	\$ 16,653,819	\$ 17,108,455	\$ 18,690,943	\$ 20,342,195	\$ 20,955,889	\$ 17,995,840	\$ 17,198,187	\$ 17,729,735	\$ 18,564,671

Source : City of Renton Finance Division

in 2007 the State of Washington changed industry classification from the Standard Industry Classification (SIC) to the North American Industry Classification System (NAICS). This change reclassified various other retail activities to the expanded service classification.

TABLE 11
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS



FISCAL YEAR	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT DEBT	PERCENTAGE OF PERSONAL INCOME ¹	DEBT PER CAPITA	% of Actual Taxable Value of Property
	GENERAL OBLIGATION BONDS	OTHER GENERAL OBLIGATION ²	REVENUE BONDS	OTHER LONG TERM DEBT				
2003	32,245,982	-	29,070,000	7,637,552	68,953,534	9.40%	1,256	1.08%
2004	30,629,403	-	37,680,000	8,384,138	76,693,541	8.71%	1,385	1.15%
2005	29,107,664	-	35,790,000	11,589,789	76,487,453	8.68%	1,346	1.04%
2006	45,584,314	-	33,840,000	10,716,520	90,140,834	8.59%	1,545	1.08%
2007	44,017,551	-	33,405,000	9,878,951	87,301,502	8.17%	1,448	0.90%
2008	41,938,000	-	43,310,000	8,968,894	94,216,894	8.57%	1,196	0.71%
2009	38,480,000	38,973,547	41,110,000	8,284,962	126,848,509	12.30%	1,516	0.96%
2010	36,425,000	38,511,875	36,955,000	7,357,546	119,249,421	11.21%	1,383	1.00%
2011	50,290,000	38,053,639	34,925,000	6,443,218	129,711,857	11.39%	1,401	1.09%
2012	44,335,000	36,891,722	32,595,000	5,538,933	119,360,656	N/A	1,271	1.10%

Source : City of Renton Finance Division

¹ The percentage of Personal Income column is based on personal income of King County. (See Table 16)

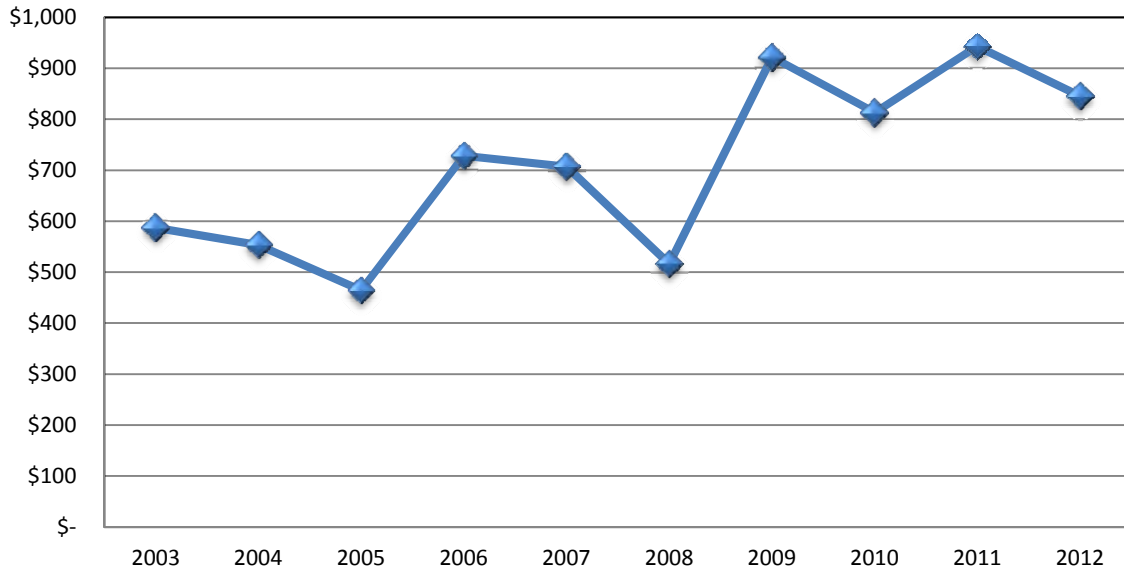
² Other GO debt includes debt issued by related entities that are backed by the City's full faith and credit as well as intergovernmental loans.

TABLE 12
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

LEGAL DEBT MARGIN CALCULATION	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed value	\$ 5,983,832,546	\$ 6,372,632,122	\$ 6,697,771,907	\$ 7,334,476,542	\$ 8,370,801,505	\$ 9,659,677,654	\$ 13,233,244,780	\$ 11,884,728,440	\$ 11,480,466,361	\$ 10,815,458,517
Total assessed value	\$ 5,983,832,546	\$ 6,372,632,122	\$ 6,697,771,907	\$ 7,334,476,542	\$ 8,370,801,505	\$ 9,659,677,654	\$ 13,233,244,780	\$ 11,884,728,440	\$ 11,480,466,361	\$ 10,815,458,517
Debt limit										
1.5% of General purpose limit, non-voted	89,757,488	95,589,482	100,466,579	110,017,148	125,562,023	144,895,165	198,498,672	178,270,927	172,206,995	162,231,878
1.0% General purpose limit, voted	59,838,325	63,726,321	66,977,719	73,344,765	83,708,015	96,596,777	132,332,448	118,847,284	114,804,664	108,154,585
2.5% General purpose combined limit	149,595,814	159,315,803	167,444,298	183,361,914	209,270,038	241,491,941	330,831,120	297,118,211	287,011,659	270,386,463
2.5% Utility purpose limit, voted	149,595,814	159,315,803	167,444,298	183,361,914	209,270,038	241,491,941	330,831,120	297,118,211	287,011,659	270,386,463
2.5% Open space, park and capital facilities,	149,595,814	159,315,803	167,444,298	183,361,914	209,270,038	241,491,941	330,831,120	297,118,211	287,011,659	270,386,463
Total debt limit	448,787,441	477,947,409	502,332,893	550,085,741	627,810,113	724,475,824	992,493,359	891,354,633	861,034,977	811,159,389
Debt applicable to limit										
General obligation bonds	32,245,982	30,629,403	29,107,664	45,584,314	44,017,551	41,938,000	38,480,000	36,425,000	50,290,000	44,335,000
Other long term debt	-	-	-	-	-	-	38,973,547	38,511,875	38,053,639	36,891,722
Total Debt	32,245,982	30,629,403	29,107,664	45,584,314	44,017,551	41,938,000	77,453,547	74,936,875	88,343,639	81,226,722
Less: Amount set aside for repayment of general obligation debt and contracts payable	-	-	(2,683,997)	(3,068,586)	(1,392,915)	(1,270,936)	(367,652)	(1,009,555)	(1,032,360)	(1,801,183)
Total net debt applicable to limit	32,245,982	30,629,403	26,423,667	42,515,728	42,624,636	40,667,064	77,085,895	73,927,320	87,311,279	79,425,539
Legal debt margin	\$ 416,541,459	\$ 447,318,006	\$ 475,909,226	\$ 507,570,013	\$ 585,185,477	\$ 683,808,760	\$ 915,407,464	\$ 817,427,313	\$ 773,723,698	\$ 731,733,849
Percentage of net debt to debt limit	7.19%	6.41%	5.26%	7.73%	6.79%	5.61%	7.77%	8.29%	10.14%	9.79%

Source : City of Renton Finance Division

TABLE 13
PER CAPITA GENERAL OBLIGATION DEBT
LAST TEN FISCAL YEARS



FISCAL YEAR	GENERAL ¹ OBLIGATION DEBT	LESS: AMOUNTS ¹ AVAILABLE	NET		% OF GO BOND ³	
			GENERAL OBLIGATION DEBT	ASSESSED ^{2,3} VALUE	DEBT TO ASSESSED VALUE	PER ³ CAPITA
2003	\$ 32,245,982	\$ -	\$ 32,245,982	\$ 6,372,632,122	0.51%	\$ 587
2004	30,629,403	-	30,629,403	6,697,771,907	0.46%	553
2005	29,107,664	2,683,997	26,423,667	7,334,476,542	0.36%	465
2006	45,584,314	3,068,586	42,515,728	8,370,801,505	0.51%	729
2007	44,017,551	1,392,915	42,624,636	9,659,677,654	0.44%	707
2008	41,938,000	1,270,936	40,667,064	13,233,244,780	0.31%	516
2009	77,453,547	367,652	77,085,895	13,233,244,780	0.58%	922
2010	74,936,875	1,009,555	73,927,320	11,884,728,440	0.62%	813
2011	88,343,639	1,032,360	87,311,279	11,480,466,361	0.76%	943
2012	81,226,722	1,801,183	79,425,539	10,815,458,517	0.73%	846

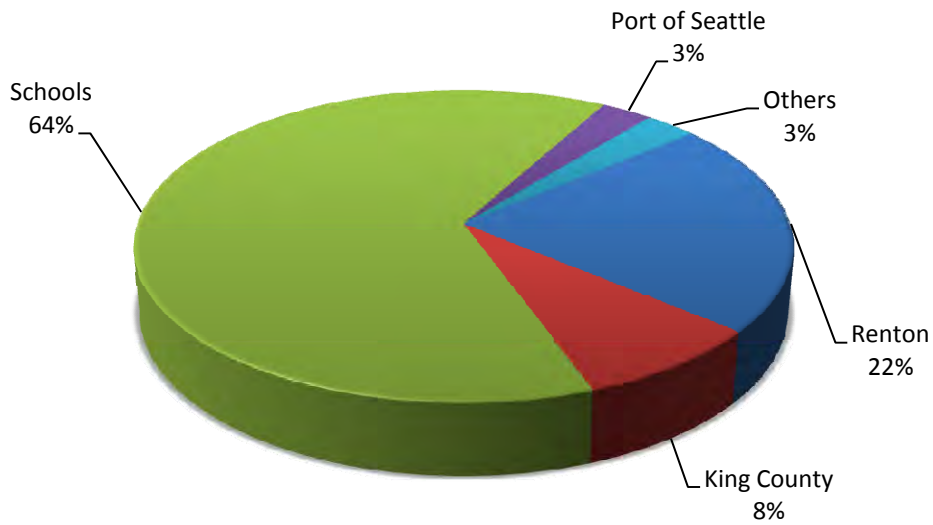
Source:

¹ City of Renton Finance Division

² King County Department of Assessments

³ Population Data can be found in Table 16

TABLE 14
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT



<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING¹</u>	<u>Estimated Percent Applicable²</u>	<u>Estimated Share of overlapping debt</u>
<i>City of Renton Direct Debt</i>	\$ 81,226,722	100%	\$ 81,226,722
<i>City of Renton Overlapping Debt ⁴</i>			
King County ³	\$ 894,656,000	3.39%	\$ 30,328,838
Port of Seattle	312,005,000	3.39%	10,576,970
Renton School District #403	325,110,000	68.73%	223,448,103
Issaquah School District #411	315,155,000	2.47%	7,784,329
Kent School District #415	187,977,699	0.70%	1,322,987
Fire District 20-1	5,500,000	3.07%	168,911
Fire District 40-1	7,680,000	40.33%	3,097,605
King County Library	137,405,000	5.42%	7,447,351
<i>City of Renton Overlapping Debt</i>			<u>\$ 284,175,093</u>
Total Direct and Overlapping Debt			<u><u>\$ 365,401,816</u></u>

Sources:

¹ King County Department of Executive Services

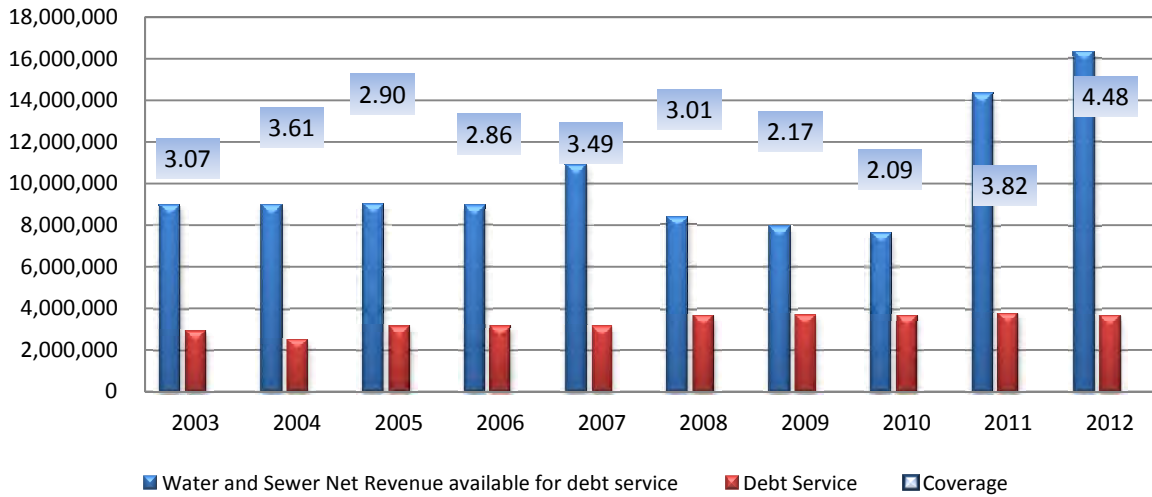
² King County Department of Assessments

³ King County's gross outstanding debt excludes proprietary-type debt, debt financed from component unit, and hotel/motel tax debt.

⁴ Overlapping percentages are determined by checking within the levy codes of the reporting district to see which taxing districts overlap with that reporting district. For example, within levy code 2100, the Renton School District and the King County Library district overlap with the city and both have debt. Since they both have debt and they overlap with the City, those two districts are reported and the value within that levy code is reported as overlapping with the school and library districts.

TABLE 15
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS

WATER AND SEWER REVENUE BONDS:



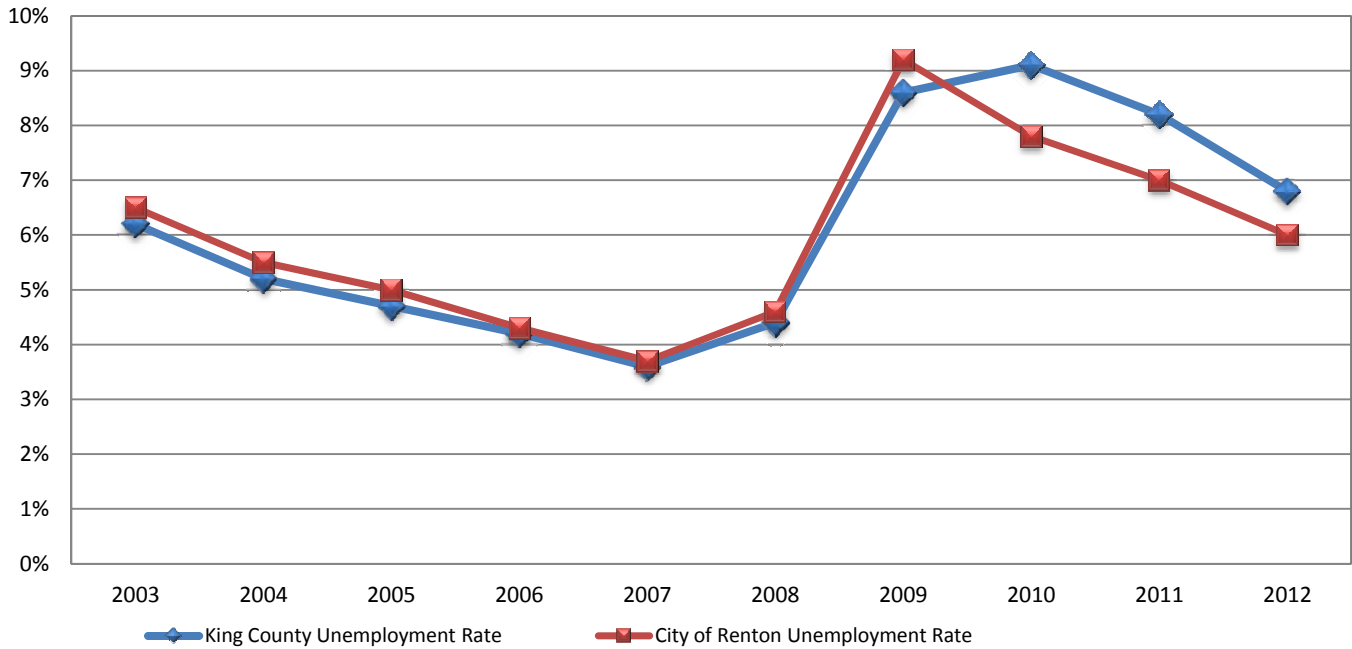
Fiscal Year	Revenue			Debt Service		Ratio
	Revenue ²	Expenses without Depreciation	Net Revenue Available for Debt Service	Principal	Interest	Coverage ¹
2003	25,934,120	16,990,519	8,943,601	1,635,000	1,282,115	3.07
2004	27,301,230	18,325,863	8,975,367	1,475,000	1,010,268	3.61
2005	27,889,360	18,892,824	8,996,536	1,630,000	1,477,124	2.90
2006	27,750,508	18,850,225	8,900,283	1,680,000	1,430,199	2.86
2007	32,887,272	22,020,642	10,866,630	1,740,000	1,373,036	3.49
2008	32,152,413	23,766,437	8,385,976	1,810,000	1,803,687	3.01
2009	34,795,614	26,894,033	7,901,581	1,890,000	1,758,589	2.17
2010	35,790,870	28,183,489	7,607,381	1,955,000	1,689,455	2.09
2011	43,146,158	28,835,969	14,310,189	2,030,000	1,716,503	3.82
2012	47,426,677	31,097,802	16,328,875	2,115,000	1,529,260	4.48

Source: City of Renton Finance Division

¹ Bond financing requirements are that the average annual coverage is at least 1.25 times the average annual debt service for Water and Sewer revenue bonds.

² Revenue includes connection charges, system development charges, latecomer fees, and interest revenue.

TABLE 16
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS



FISCAL YEAR	POPULATION ¹		PERSONAL INCOME ²	PER CAPITA PERSONAL INCOME ³	MEDIAN AGE ⁴	SCHOOL ENROLLMENT ⁵	UNEMPLOYMENT RATE ⁶	
	KING COUNTY	RENTON	KING COUNTY	KING COUNTY	RENTON SCHOOL DISTRICT	KING COUNTY	RENTON	
2003	1,763,440	54,900	80,128,451,000	45,439	36.38	13,046	6.2%	6.5%
2004	1,775,297	55,360	89,382,811,000	50,348	36.60	13,062	5.2%	5.5%
2005	1,795,268	56,840	89,432,163,000	49,815	36.83	13,192	4.7%	5.0%
2006	1,822,967	58,360	99,609,451,000	54,641	36.93	13,397	4.2%	4.3%
2007	1,847,986	60,290	106,693,888,000	57,735	36.97	13,570	3.6%	3.7%
2008	1,875,020	78,780	109,927,858,000	58,628	37.00	13,836	4.4%	4.6%
2009	1,912,012	83,650	103,120,593,000	53,933	37.08	13,977	8.6%	9.2%
2010	1,937,157	90,927	106,401,739,000	54,927	37.24	13,600	9.1%	7.8%
2011	1,969,722	92,590	113,922,436,000	57,837	37.40	14,440	8.2%	7.0%
2012	1,957,000	93,910	N/A	N/A	37.72	14,590	6.8%	6.0%

Sources:

- 1 Washington State Office of Financial Management - prior year data updated to reflect actuals where adjusted
- 2 U.S. Bureau of Economic Analysis - prior year data updated to reflect actuals where adjusted
- 3 U.S. Bureau of Economic Analysis.
- 4 Washington State Office of Financial Management
- 5 Enrollment is based on entire Renton School District, which includes schools located outside city boundaries but excludes schools of Kent and Issaquah school districts located within Renton city limits.
- 6 US Bureau of Labor Statistics; annual rates, not seasonally adjusted

TABLE 17
PRINCIPAL EMPLOYERS

EMPLOYER	2012			2003		
	EMPLOYEES	RANK	CITY	EMPLOYEES	RANK	CITY
Boeing Company	14,428	1	30.36%	12,568	1	32.55%
Valley Medical Center	2,267	2	4.77	1,627	2	4.21
Renton School District No. 403	1,779	3	3.74	1,315	3	3.41
Dot - Federal Aviation Administration	1,480	4	3.11	850	5	2.20
Paccar Inc-Attn Tax Dept	1,290	5	2.71	1,210	4	3.13
Providence Wa Regional Svcs	1,093	6	2.30	---	---	---
City Of Renton	722	7	1.52	688	6	1.78
Providence Health & Services	476	8	1.00	---	---	---
Puget Sound Educational Services Dist #121	364	9	0.77	---	---	---
Convergent Outsourcing Inc	345	10	0.73	---	---	---
Walmart	---	---	---	477	7	1.24
Ikea	---	---	---	382	8	0.99
Young C Of Wa LI Columbia	---	---	---	340	9	0.88
Er Solutions	---	---	---	330	10	0.85
Total Principal Employers	24,244		51.02%	19,787		51.24%
Total All other employers	23,279		48.98%	18,829		48.76%
Total Employees working within Renton	47,523		100.00%	38,616		100.00%

Source: City of Renton Business license records and individual inquiries

TABLE 18
 FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

FUNCTION	2003	2004	2005	2006	2007	2008 ¹	2009 ²	2010 ³	2011	2012 ⁴
General Government	96.5	97.5	94.5	89.5	95.0	155.6	163.8	143.3	143.5	147.3
Public Safety										
Police										
Commissioned Officers	88.0	89.0	91.0	97.0	122.0	124.0	121.0	123.0	123.0	123.0
Non-Commissioned Officers	40.2	41.2	43.2	42.2	49.2	51.2	46.4	44.4	28.4	28.4
Fire										
Commissioned Officers	105.0	106.0	106.0	106.0	109.0	118.0	137.0	136.0	145.0	145.0
Non-Commissioned Officers	12.0	13.0	13.0	14.0	16.0	17.0	18.0	16.0	16.0	16.0
Public Works										
Administration	42.7	42.7	42.5	46.5	49.0	4.0	3.5	3.0	3.0	3.0
Transportation Systems	33.0	34.5	34.5	35.5	40.5	41.0	37.0	33.0	33.0	33.0
Utility Systems	20.8	20.8	20.8	24.8	29.3	36.7	37.7	29.5	29.5	25.5
Maintenance Services	62.0	62.0	62.0	64.1	71.0	88.0	83.0	78.0	78.0	80.0
Culture and Recreation							-			
Parks/Recreation/Facilities & Human Svs	77.5	77.5	76.5	76.5	81.0	89.5	86.3	81.8	82.8	83.6
Library	14.0	14.0	13.0	13.0	14.0	14.0	15.0	-	-	-
Museum	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Golf Course	10.0	10.0	10.0	10.0	10.0	10.0	9.5	9.5	9.5	9.5
Total	602.7	609.2	608.0	620.0	687.0	750.0	759.2	698.5	692.7	695.2

Source: City of Renton Finance Division

1 In 2008, development services moved from public works to community and economic development which is listed under general government.

2 In 2009, increase in Administrative, Judicial & Legal Services includes moving Legal Services in-house and creation of a Communications Division which was a reorganization of staffing from the Finance and Information Services Department and the Mayors Office

3 Operations of the Renton libraries transferred to King County Library System (KCLS) in 2010 as a result of voter-approved annexation

4 Farmer's Market Program was moved from Community and Economic Development Department to Community Services Department in 2012.

TABLE 19
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
FUNCTION										
Public Safety										
Police										
Physical arrests	3,735	4,280	4,590	2,489	2,925	3,580	3,748	3,464	2,810	1,968
Parking violations	2,742	3,733	3,575	3,520	5,995	5,117	6,795	4,748	4,757	4,855
Traffic violations	11,651	10,963	12,866	10,172	9,148	10,705	14,220	13,829	8,805	7,943
Photo Enforcement Violations	---	---	---	---	---	13,342	27,509	21,157	21,301	22,036
Fire										
Number of calls answered	8,582	8,984	9,202	10,096	10,159	12,402	12,840	13,045	12,752	13,667
Inspections	2,681	2,539	3,438	3,505	3,197	2,772	2,968	2,620	2,300	1,807
Transportation										
Street resurfacing (miles)	4.85	3.67	3.69	3.86	1.59	2.59	3.08	2.65	2.07	2.19
Solid Waste Utility										
Recyclables collected (tons/yr)	4,389	4,920	4,934	4,843	5,004	5,395	9,653	9,836	12,565	13,509
Culture and Recreation										
Athletic field attendance	137,811	156,707	155,000	155,000	91,053	93,000	93,000	93,000	93,000	94,000
Community Center admissions	172,911	172,537	177,761	177,761	162,476	155,000	150,000	150,000	150,000	155,000
Waterworks Utility										
Metered connection	15,181	15,379	16,585	16,668	16,958	17,172	17,295	17,368	17,370	17,422
Average daily consumption (thousands of gallons)	7,581	7,635	7,306	7,999	8,008	7,388	7,585	6,750	6,650	6,483
Peak daily consumption (thousands of gallons)	14,080	14,248	13,025	15,271	14,750	12,739	14,814	12,826	12,476	11,445

Source: City of Renton

TABLE 20
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
FUNCTION											
Public safety											
Police Stations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police Patrol Districts	7.0	7.0	7.0	7.0	7.0	7.0	10.0	10.0	10.0	10.0	10.0
Fire stations	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0
Transportation											
Street (miles)	213.2	213.7	213.7	218.0	224.6	233.7	263.8	263.8	264.5	266.1	266.1
Streetlights	2,851	2,971	3,063	3,149	3,283	3,496	3,726	3,864	3,935	4,015	4,172
Culture and recreation											
Parks acreage	1,158.0	1,158.0	1,158.0	1,158.0	1,160.0	1,160.0	1,181.0	1,183.0	1,183.0	1205.8 ¹	1,210.0
Parks	26.0	26.0	26.0	26.0	26.0	28.0	29.0	30.0	30.0	32.0 ²	32.0
Swimming pools	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tennis courts	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Community centers	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Waterworks Utility											
Water mains (miles)	289	291.0	291.1	293.0	295.0	300.0	304.0	305.0	305.0	305.0	306.0
Fire hydrants	3,193	3,240	3,274	3,374	3,440	3,544	3,602	3,624	3,651	3,639	3,655
Sanitary sewers (miles)	176.7	183.5	189.6	193.3	204.9	206.3	215.7	216.4	217.7	219.3	219.9
Storm sewers (miles)	199.4	204.0	209.7	214.8	219.7	222.3	267.5	273.8	274.9	276.1	278.5

¹Includes Natural Area acreage, and developed/undeveloped park acreage for Neighborhood Parks, Community Parks, Regional Parks, Special Use Parks and Corridors

²Developed Neighborhood, Community, Regional and Special Use Parks only. Two new parks were part of Benson Hill Annexation not previously accounted for – Parkwood South Div #3 and SE 186th Place Properties.

Source: City of Renton Departments