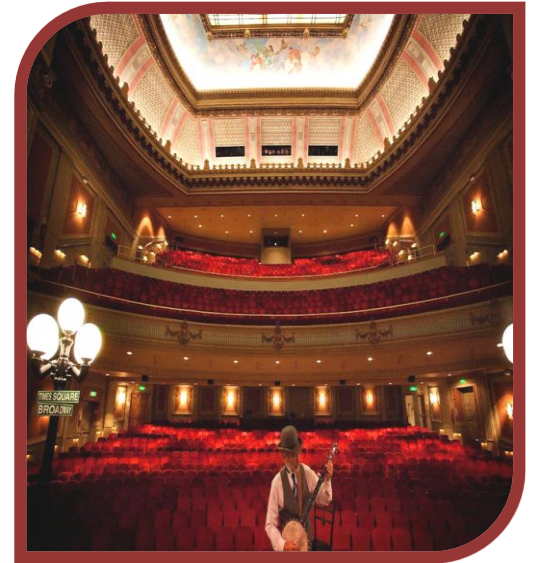




2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT





Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2012

REPORT PREPARED BY:

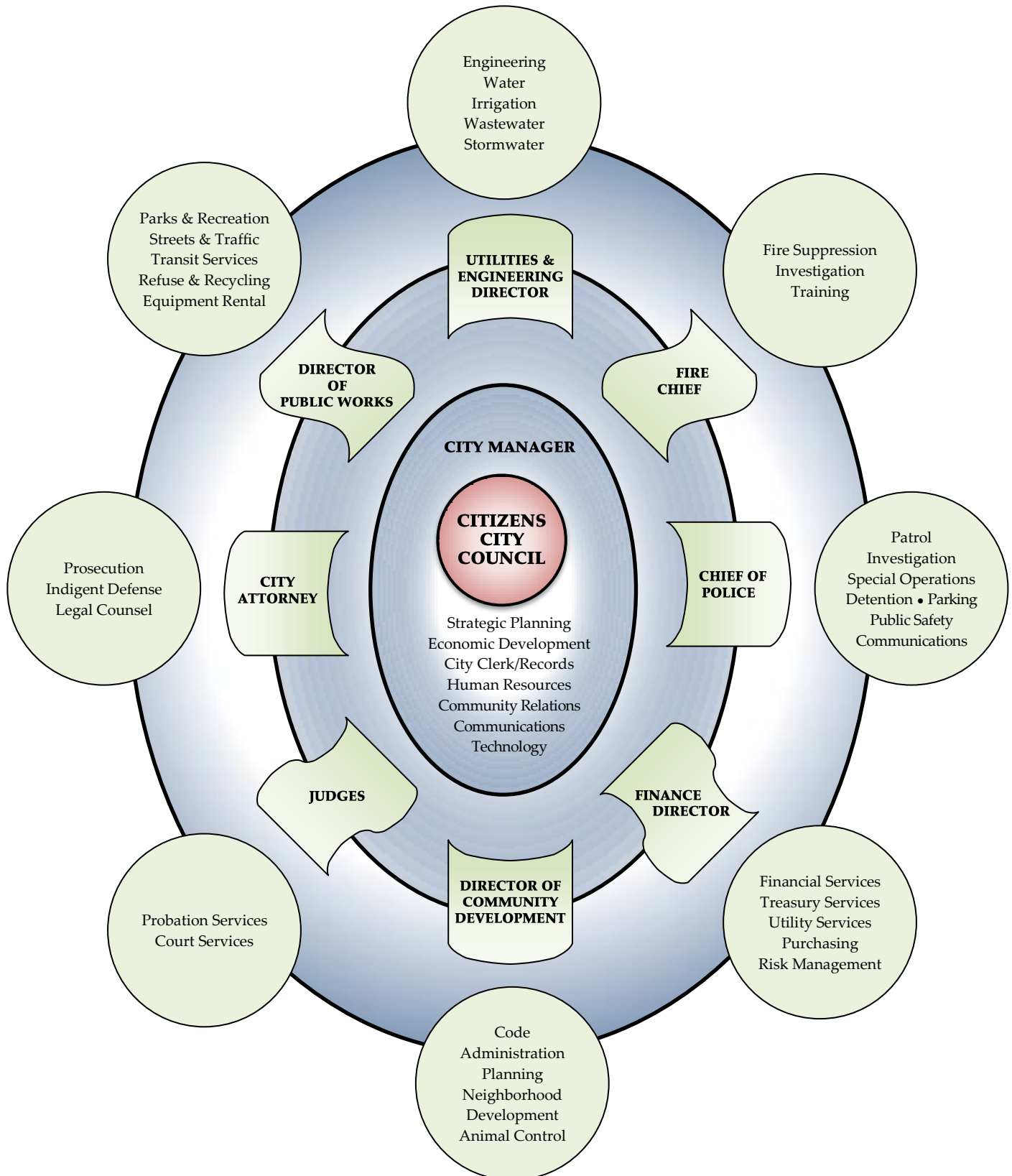
DEPARTMENT OF FINANCE AND BUDGET

Cindy Epperson	Director of Finance & Budget
Tara Lewis, CPA	Financial Services Manager
Vacant	Financial Services Officer
Edna Pettyjohn, CPA	Accountant
Jeanne Thompson, CPA	Accountant
Debbie Baldoz, CPA	Accountant
Jennifer Coleman	Accountant
Kathryn Miles	Financial Services Technician

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June Smith	Print Shop Operator
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2012 ORGANIZATIONAL CHART





CITY OF *Yakima*

PRINCIPAL OFFICIALS

CITY COUNCIL

Micah Cawley
Maureen Adkison
Sara Bristol
Rick Ensey
Kathy Coffey
Dave Ettl
Bill Lover

Mayor, At Large, Position 6
Assistant Mayor, District 1
District 2
District 3
District 4
At Large, Position 5
At Large, Position 7

CITY MANAGEMENT EXECUTIVES

Tony O'Rourke
Jeff Cutter
Susan Woodard
Cindy Epperson
Steve Osguthorpe
Dave Cook
Dominic Rizzi
Dave Willson
Chris Waarvick

City Manager
City Attorney
Municipal Court Presiding Judge
Director of Finance & Budget
Director of Community Development
Director of Utilities & Engineering
Police Chief
Fire Chief
Director of Public Works

129 North Second Street
Yakima, WA 98901
(509) 575-6000
www.ci.yakima.wa.us

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

For the year ended December 31, 2012

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*DEPARTMENT OF FINANCE & BUDGET
129 North Second Street
Yakima, Washington 98901*



September 17, 2013

Honorable Mayor and Members of the City Council
City of Yakima, Washington

We are pleased to submit to you this Comprehensive Annual Financial Report of the City of Yakima for the fiscal year ended December 31, 2012, as required by State Statute RCW 43.09.230. Responsibility for both the accuracy of the presented data and the completeness and fairness of its presentation, including all disclosures, rests with the management of the City of Yakima. We believe the data, as presented, is accurate in all material respects; that it is presented in conformity with GAAP (Generally Accepted Accounting Principles) and with statements issued by GASB (Governmental Accounting Standards Board). GAAP and GASB regulations are established in an effort to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all required disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

THE REPORTING ENTITY

This report includes all funds, agencies, and boards controlled by or dependent on the City of Yakima. In addition to General Government activities, in 2012 the City exercised oversight responsibilities over the Yakima Air Terminal, which was operated under a joint operating agreement with Yakima County – the Air Terminal became a part of the City of Yakima in early 2013 and will, in future reports, be included as such. Yakima County; Yakima Valley Regional Library; the Yakima, West Valley and Union Gap School Districts; Yakima Health District; Yakima Conference of Governments; and the Yakima Housing Authority have separate governmental or other entity characteristics and have substantial autonomy and, thus do not meet the GASB criteria that would determine them to be a component unit of the City.

ABOUT THE CITY

The City of Yakima, county seat of Yakima County, was incorporated in 1886 and is located in central Washington State. It encompasses 28.7 square miles in an area of rich volcanic soil. The City is 145 miles southeast of Seattle, 200 miles southwest of Spokane, and 180 miles northeast of Vancouver, Washington. The region is served by rail, highway and air transportation facilities, which have helped develop the City as the commercial and business center of Central Washington. With a 2012 population of 91,930 Yakima is the ninth largest city in the State of Washington.

The City of Yakima operates as a first class charter city under the Council/Manager form of government. The City Council consists of seven Council members, four of whom are elected from separate districts, and three elected at large. The Council chooses the Mayor from within its own membership every two years.

The City provides the full range of municipal services contemplated by charter or statute. These include public safety (police, fire, and building), public improvements (streets, traffic signals), sanitation (solid waste disposal, sanitary wastewater utility), water and irrigation utilities, transit, community development, parks and recreation, and general administrative services.

The City of Yakima lies within Yakima County in the fertile Yakima River Valley. Apples, cherries, pears, grapes, and other fruits, plus a wide variety of field crops and vegetables make the Yakima Valley one of the top agricultural producing areas of the nation. There are over 400,000 acres of Agriculture zoned land within the County which produce over thirty types of fruits and vegetables. Irrigation in the valley is made possible from water from the U.S. Bureau of Reclamation's Yakima Project. With its farm production base, the Yakima area is a major food processing region.

Adding to the area's economy are over 250 manufacturing firms in the Yakima area that produced a variety of products including wood products, packaging, plastic products, produce and aircraft parts.

Transportation

Commercial airline service is provided by Alaska Airlines through the Yakima Air Terminal. Greyhound Bus has regular passenger service schedules to and from Yakima, and the Burlington Northern Santa Fe Railroad supplies product services for Yakima. The air, highway and rail systems in the Yakima Valley provide critical, high quality services to our agricultural, industrial, commercial and tourism based businesses.

Hospitals

There are two major hospitals in the Yakima area. Yakima Valley Memorial Hospital inpatient services include, but are not limited to, Cardiology, Critical Care, Orthopedics, the Family Birthplace, Pediatrics Unit, Neonatal Intensive Care, Surgery, Psychiatric Health Care, Respiratory Therapy, as well as a Laboratory and a Pharmacy. Yakima Regional Medical and Cardiac Center provides a full complement of medical services, including open heart surgery, a 17-bed CARF accredited inpatient rehabilitation unit, a newly renovated and expanded 21-bed emergency department, a level III trauma designation and on campus MRI.

Cancer Care Clinic

The North Star Lodge is a 36,000 square foot outpatient Cancer Center built in 2000, and founded by Memorial Hospital. The facility offers services beyond what many major medical centers offer. The innovative and comprehensive cancer care offered at North Star Lodge allows Central Washington cancer patients the same innovative treatments available at major cancer centers throughout the country.

Museum

The 69,500 square foot Yakima Valley Museum's historical exhibits about the Yakima Valley include natural history, American Indian culture, pioneer life, early city life, and information regarding the Yakima Valley's agriculture history, as well as the Museum Soda Fountain, a functioning replica of a late 1930's Art Deco soda fountain.

Economic Development

The nonprofit Yakima County Development Association (New Vision), originally funded with \$1,000,000 in donations from local business and industry, has made tangible progress over the years in business expansion, industrial recruitment, development of new business ventures and infrastructure development with broad public and private sector involvement. Over the past five years New Vision has provided in-depth assistance to 19 companies that have located or expanded business facilities in Yakima County. These companies have collectively invested over \$70 million in new facilities or equipment. The businesses have created over 500 new jobs and will add another 200 jobs during 2013.

Higher Education

There are several higher education institutions serving the Yakima area. Yakima Valley Community College (YVCC) in Yakima and Grandview is a two-year institution founded in 1928, which offers a multitude of academic programs. Heritage University is located a few miles southeast of Yakima, and is an accredited four-year liberal arts college. Perry Technical Institute offers a nationally recognized vocational / technical program and is accredited by ACCSCT (Accrediting Commission of Career Schools and Colleges of Technology). The Pacific Northwest University of Health Sciences (PNWU) opened in 2008 and trains approximately 75 new primary care physicians per year. PNWU is the first medical university to open in the Pacific Northwest in 60 years.

Tourism

Yakima is a popular location for sports events, conventions and a variety of tourism activities due to its dry climate, approximately 300 days of sunshine annually, and convenient central location in the State. The Yakima area provides hunting, fishing and water skiing opportunities, and provides numerous recreation opportunities in both summer and winter - within an hour's drive there are abundant recreational activities, such as snow skiing, hiking, mountain climbing, and rock climbing, located in numerous National Parks - including Mt. Rainier National Park.

A growing industry bringing increasing numbers of tourists to the Yakima Valley is Yakima Valley's magnificent vineyards and wineries. The area is fast becoming known as the "Gateway to Wine Country." There are over forty wineries located in the Yakima Valley, and many area wines have received significant recognition and awards.

Recreational opportunities are plentiful in Greater Yakima. There are 34 parks, for a total of 352 acres, located within the City for public use. The City operates two swimming pools – one outdoor and one indoor, along with two water playground areas and two skate parks. In addition, there are two public and one private 18-hole golf courses, three nine-hole courses and 24 public tennis courts. There are also six little league fields and ten softball fields – eight of which have lighting. In addition to the six soccer fields located in City parks, the J.M. Perry Complex has fields that can be configured into either ten youth or six full size soccer fields.

Facilities within the area which provide for various conventions, sports and other tourism related activities include:

- The *Yakima Convention Center* has an impressive 41,000 square feet of meeting space available. The fully carpeted, column free, 23,400 square foot Grand Ballroom can be divided into eight separate rooms and the South Ballroom can be divided into six separate rooms, allowing many possible variations to fit specific needs.
- The *Yakima Valley Sun Dome*, a multipurpose trade and convention center with 56,000 square feet of usable space and seating for up to 8,000 people. The *Sun Dome* is utilized for meetings, concerts, trade shows and indoor sporting events, and regularly hosts many statewide, regional and high school sporting events.
- The *Capitol Theatre*, a magnificent and historical theatre originally built in 1920, seats 1,500 and holds over 150 activities and events annually. The theatre recently expanded by adding a Production Center which was completed in late 2010. This facility includes a 500 seat black box theatre now known as the "4th Street Theatre", as well as an expanded loading/unloading area that will accommodate larger productions, and an additional basement storage area.

THE “FUTURE”

Economic Improvement

The ongoing expansion/remodel of the Capitol Theatre is a positive influence on the local tourism industry. The Yakima Valley is also emerging as a world-class wine producing area. The City continues to seek out opportunities to create economic growth in our region.

- Yakima has participated in a Housing and Urban Development (HUD) Section 108 Loan/Grant Program for businesses located in the Target Area. The program is designated to provide financial assistance in the form of a HUD loan to help fund start up or expansion costs for businesses that create a set level of new jobs. The City of Yakima is currently authorized for up to \$7 million.
- Washington State recently established a Local Infrastructure Financing Tool (LIFT) program, as outlined in RCW 39.102. Yakima’s application to the State Community Economic Revitalization Board (CERB) was approved, granting a project award of up to \$1 million in annual taxing authority (both property tax and sales tax) for up to 25 years. The financing will be used for public infrastructure improvements related to the redevelopment of the former Boise Cascade/Yakima Resources sawmill and plywood plant

General Government

The 2012 General Fund budget is balanced within available resources. However, the continued escalation in costs for public safety programs, mandated State and Federal costs, and other non-discretionary operating expenses makes balancing the budget a great challenge each year. While sales tax revenues have dropped in recent years, the local economy, because of its agricultural base, did not see as severe of a drop in basic tax revenues as other municipalities during this recent recession. However, service levels were reduced in response to the stagnant revenues. Additionally, voter action to reduce taxes statewide has created additional challenges to the City’s ability to continue to provide essential services. Long-term allocation of General Government Resources (General Fund, Parks and Streets) continues to be of primary budgetary focus.

Utilities / Enterprise Funds

In the area of utilities and enterprise operations, planning and improvement costs are driven primarily by unfunded State and Federal mandates and the need to upgrade aging facilities. The cost of these mandates and facility improvements are paid for through customer rates.

Legislative Changes

In recent years voter approved initiatives have primarily had negative effects on governments in Washington State. The City’s management staff and policy makers recognize the challenges many of these initiatives will continue to have on our ability to balance future budgets. Additionally, the voters strong desire, as indicated in recent State and local elections, not to raise taxes (i.e. government revenues) significantly adds to the difficult challenges of balancing our budget within available resources while maintaining existing critical and core services to our community. Staff and City Council will continue to work closely with our state and federal legislative representatives to inform them of, and to promote, legislative changes necessary to help maintain the safety and security of our citizens and reduce the fiscal pressures on local government.

FORMAT OF REPORT

This report has been prepared in conformance with Generally Accepted Accounting Principles. It presents financial data at a city-wide level and incorporates increasing levels of detail as necessary to report the financial position and operating results of the City’s individual funds, to demonstrate compliance with finance-related legal and contractual requirements and to assure adequate disclosure at both the individual fund level and on a City-wide basis.

This report is divided into three sections:

- *The Introductory Section* – provides general information on the City’s structure and personnel as well as information useful in assessing the City’s financial condition.
- *The Financial Section* – contains the basic financial statements and required supplementary information (including management’s discussion and analysis), as well as the independent auditor’s report. The financial section also provides information on each individual fund for which data is not reported separately in the basic financial statements.
- *The Statistical Section* – provides a broad range of trend data covering key financial indicators from the past ten fiscal years. It also contains demographic and miscellaneous data that may be useful in assessing the City’s financial condition.

ACKNOWLEDGEMENTS

Independent Audit

Washington State Statute RCW 43.09.260 requires that an audit of the books of account, financial records, and transactions of all administrative departments of the City be conducted at least once every three years by the State Auditor’s Office. However, it is the practice of the State Auditor to conduct audits of cities the size of Yakima on an annual basis. Enclosed is a copy of the State Auditors’ opinion related to their audit of the enclosed financial statements. The City of Yakima has received an unqualified opinion on the financial statements (refer to the Auditor’s opinion in the front of the Financial Section, herein).

SUMMARY

Preparation of this report could not have been accomplished without the professional and dedicated services of the Finance and Information Technology Services staff. The assistance of the Examiners from the Office of the State Auditor is also gratefully acknowledged.

Further, appreciation is extended to the City Council for their encouragement, interest and support in conducting the financial operations of the City in a sound and progressive manner.

Respectfully submitted,

Tony O’Rourke
City Manager

Cindy Epperson
Director of Finance & Budget



**Washington State Auditor
Troy Kelley**

INDEPENDENT AUDITOR'S REPORT

September 17, 2013

Mayor and City Council
City of Yakima
Yakima, 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 Yakima, Yakima 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 Yakima, Yakima County, Washington, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Community Development funds 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 13, 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 through 16, information on postemployment benefits other than pensions on pages 91 through 92 and pension trust fund information on pages 92 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 93 through 174 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 September 17, 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,



TROY KELLEY
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Yakima's discussion and analysis offers readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2012. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal and in the financial statements and notes to the financial statements (which immediately follow this discussion).

FINANCIAL HIGHLIGHTS

- The total assets of the City of Yakima exceeded its liabilities at December 31, 2012, by \$296.8 million. Net position invested in capital (net of depreciation and related debt) account for 87.3% of this amount, with a value of \$259.1 million. Of the remaining net position, \$17.5 million may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- The City's total net position increased by \$6.0 million. Most of the increase was the result of capital grants and donations.
- As of December 31, 2012, the City of Yakima's governmental activities reported combined ending net position of \$165.2 million, an increase of \$0.2 million in comparison with the prior year. Of that amount, \$149.2 million was invested in capital assets and \$18.5 million was legally restricted for specific projects or programs. Unrestricted net position increased from negative \$0.9 million to a negative \$2.5 million primarily because of the liability for long-term post-employment benefits, which are continuing to increase.
- Unassigned fund balance for the General Fund was \$9.8 million dollars at December 31, 2012. This balance represents 19.0% of total General Fund expenditures and transfers out.
- The City of Yakima's total long-term debt at December 31, 2012, was \$79.0 million (about \$46.0 million in Governmental activities and \$33.0 million in business type activities), with a remaining capacity for non-voted General Obligation debt at \$60.4 million, or 73.3% of the legal limit. Total debt decreased by \$0.1 million during the current fiscal year. The City did not issue long-term bonded debt in 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Yakima'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

There are two government-wide financial statements, the statement of net position and the statement of activities, which are designed to provide readers with a broad overview of the City of Yakima's finances in a manner similar to a private sector business. Both of the government-wide financial statements distinguish functions of the City of Yakima that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business type activities"). The governmental activities of the City of Yakima include a full range of local governmental services provided to the public, such as public safety (police, municipal court, fire, and building); public improvements (streets, traffic signals); parks and recreation; community development; and general administrative services. The business type activities of the City of Yakima include sanitation (solid waste disposal, wastewater treatment, and stormwater management); potable and irrigation water systems; and transit.

The Statement of Net Position presents information on all of the City of Yakima's assets and liabilities, with the difference between the two reported as net position. This statement 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 a useful indicator of changes in the City's financial position. However, this is just one indicator of financial health of the City. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The Statement of Activities (Changes in Net Position) presents information showing how the government's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net position are reported using the accrual basis of accounting which requires that revenue be reported when earned and expenses be reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received in 2012, and earned but unused vacation leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items may not be received or distributed in 2012.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Yakima, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Yakima can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds. Governmental Funds are used to account for most, if not all, of a government's tax supported activities. Proprietary Funds are used to account for a government's business type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. Fiduciary Funds are used to account for resources that are 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 own programs.

Governmental Funds

The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund and the Community Development Fund, which is considered to be a major fund, based on criteria established by GASB Statement #34. Data from the remaining governmental funds are combined into a single, aggregated presentation. The governmental fund financial statements can be found immediately following the government-wide financial statements. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements, outside of the basic financial statements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements which use accrual accounting, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the governmental activities column in the government-wide statements, in order to facilitate this comparison.

The City maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Budgets for governmental funds are established in accordance with state law and are adopted on a fund level. Capital outlays are approved on an item by item basis or project basis. A budgetary comparison statement is provided for the General Fund and all special revenue funds to demonstrate compliance with the budget.

Proprietary Funds

There are two types of proprietary funds: Enterprise and Internal Service. Enterprise Funds are used to report the same functions presented as business type activities in the government-wide financial statements. The City uses enterprise funds to account for its Solid Waste (Refuse); Wastewater; Domestic Water; Irrigation; Stormwater; and Transit functions. Internal Service Funds (the second type of proprietary funds) accumulate and allocate costs internally among the City's various functions. The revenues and expenses of the internal service funds that are duplicated in other funds through allocations are eliminated in the government-wide statements, with the remaining balances included in the governmental activities column.

Proprietary fund statements follow the governmental fund statements in this report. They 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 Proprietary Fund Statement of Net Position to the business type column on the Government-Wide Statement of Net Position, you will notice that the total net position agree and, therefore, need no reconciliation. In comparing the total assets and total liabilities between the two statements, you will notice slightly different amounts. This is because the "internal balances" line on the government-wide statement combines the "due from other funds" (asset) and the "due to other funds" (liabilities) from the proprietary fund statement in a single line in the asset section of the government-wide statement.

Individual fund data for each of the nonmajor proprietary funds is provided in the form of combining statements. The proprietary fund combining statements follow the governmental fund combining statements in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Yakima's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Yakima has one fiduciary fund for Firefighter pensions. The basic fiduciary fund financial statements can be found following the proprietary fund financial statements, in the Basic Financial Statements section.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City of Yakima's net position total \$296.8 million at December 31, 2012. The following table reflects the condensed Government-Wide Statement of Net Position with comparative totals for 2011.

NET POSITION

	— Governmental Activities —		— Business-Type Activities —		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$50,492,111	\$48,857,912	\$28,539,333	\$26,739,785	\$79,031,444	\$75,597,698
Capital Assets	174,014,941	174,600,762	141,740,837	136,725,420	315,755,778	311,326,182
Total Assets	224,507,052	223,458,674	170,280,170	163,465,205	394,787,222	386,923,880
Liabilities						
Payables and Other Liabilities	13,246,345	12,097,094	5,743,083	4,925,549	18,989,428	17,022,643
Long-term Liab Outstanding	46,019,016	46,309,569	32,951,944	32,796,794	78,970,960	79,106,363
Total Liabilities	59,265,361	58,406,663	38,695,027	37,722,343	97,960,388	96,129,006
Net Position						
Inv in Cap Assets, Net / Rel Debt	149,221,688	147,348,809	109,844,466	105,681,034	259,066,154	253,029,843
Restricted	18,548,336	18,624,710	1,756,587	2,372,254	20,304,923	20,996,964
Unrestricted	(2,528,333)	(921,508)	19,984,090	17,689,574	17,455,757	16,768,067
Total Net Position	\$165,241,691	\$165,052,011	\$131,585,143	\$125,742,862	\$296,826,834	\$290,794,874

The City of Yakima's total assets stand at \$394.8 million as of December 31, 2012. Of this amount, \$315.8 million is accounted for by capital assets, which includes some infrastructure and construction in progress. Out of \$174.0 million in capital assets reported in Governmental activities at December 31, 2012, \$97.4 million (56.0%) is accounted for by infrastructure acquisitions (including the right-of-way land associated with these projects and land under the road).

Of the remaining City assets, approximately \$57.5 million was accounted for in cash, cash equivalents, and investments, \$14.8 million in accounts receivable, \$4.9 million in notes receivable, and \$1.0 million spread among miscellaneous assets.

At December 31, 2012, the City had outstanding liabilities of \$98.0 million, with \$79.0 million in long-term liabilities. Of the long-term liabilities, \$5.3 million was due within a year, with the remainder due over an extended period of time. The deficit in "unrestricted" net position in the governmental funds increased because the City has long-term commitments that are greater than currently available resources, primarily in pension and other post-employment benefits for certain police officers and firefighters. Refer to the notes to the financial statements (Note 7) for a more in depth discussion of long-term debt.

"Payables and Other Liabilities" for total Governmental and Business type activities total \$19.0 million, and include \$11.4 million in accounts payable, \$6.1 million in accrued liabilities and \$0.9 million in liabilities payable from restricted net position.

The largest portion of the City's net position (87.3%) reflects its investment in capital, less any outstanding related debt used to acquire those assets. The City's capital assets, which are used to provide services to citizens, are investments in capital and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 6.8% of the City's net position are subject to external restrictions on how they may be used (restricted by the Revised Code of the State of Washington or by contractual agreements with parties outside of the primary government). The remaining balance of \$17.5 million (unrestricted net position) represents the amount that may be used to meet the City's ongoing obligations.

At December 31, 2012, the City of Yakima reports positive balances in all three categories of net position, for the government as a whole, as well as for governmental activities and business type activities.

The Statement of Activities (Changes in Net Position)

The City of Yakima's total net position is increased by \$6.0 million in 2012. Net position for governmental activities increased by \$0.2 million while business type activities increased by \$5.8 million.

Total revenues for the City of Yakima were \$118.9 million in 2012. Governmental activities provided \$70.4 million (59.2%), while business type activities added \$48.5 million (40.8%).

Expenses for the year totaled \$112.9 million, with governmental activities accounting for \$76.5 million or 67.7% and business type activities accounting for \$36.4 million or 32.3%. Key elements in changes in net position are shown in the following table.

CHANGES IN NET POSITION

	— Governmental Activities —		— Business-Type Activities —		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for Services	\$6,714,501	\$7,554,138	\$38,863,559	\$33,025,394	\$45,578,060	\$40,579,532
Operating Grants & Cont's	10,847,928	10,507,337	2,712,951	2,911,483	13,560,879	13,418,820
Capital Grants & Cont's	4,882,765	14,990,798	2,117,984	1,646,462	7,000,749	16,637,260
General Revenues						
Property Tax	15,565,053	15,125,934	0	0	15,565,053	15,125,934
Sales Tax	19,599,338	18,345,631	4,762,435	4,449,318	24,361,773	22,794,949
Other Taxes	12,453,776	11,909,937	0	0	12,453,776	11,909,937
Other	350,616	305,493	11,348	9,033	361,964	314,526
Total Revenues	70,413,977	78,739,268	48,468,277	42,041,690	118,882,254	120,780,958
Expenses						
General Government	8,668,467	8,428,617	0	0	8,668,467	8,428,617
Security of Persons & Prop	42,995,833	40,613,776	0	0	42,995,833	40,613,776
Physical Environment	658,353	669,994	0	0	658,353	669,994
Transportation	11,529,609	11,078,858	0	0	11,529,609	11,078,858
Economic Environment	3,949,760	4,840,368	0	0	3,949,760	4,840,368
Mental & Physical Health	23,859	21,794	0	0	23,859	21,794
Cultural & Recreational Env	7,521,672	7,859,223	0	0	7,521,672	7,859,223
Interest on Long-Term Debt	1,122,075	1,160,226	0	0	1,122,075	1,160,226
Transit	0	0	9,084,940	8,564,033	9,084,940	8,564,033
Refuse	0	0	4,678,575	4,472,124	4,678,575	4,472,124
Wastewater	0	0	13,634,191	13,971,838	13,634,191	13,971,838
Water	0	0	5,834,230	5,545,477	5,834,230	5,545,477
Irrigation	0	0	1,891,067	1,884,268	1,891,067	1,884,268
Stormwater	0	0	1,317,927	1,317,024	1,317,927	1,317,024
Total Expenses	76,469,628	74,672,856	36,440,930	35,754,764	112,910,558	110,427,620
Increases in Net Position Before						
Non-operating Sources (Uses)	(6,055,651)	4,066,412	12,027,347	6,286,926	5,971,696	10,353,338
Gain/loss Sale Capital Assets	73,267	(148,059)	6,566	(529,423)	79,833	(677,482)
Transfers	6,172,065	3,717,744	(6,191,634)	(3,717,746)	(19,569)	(2)
Change in Net Position	189,681	7,636,097	5,842,279	2,039,757	6,031,960	9,675,854
Net Position - Beginning	165,052,010	157,415,915	\$125,742,862	123,743,528	290,794,872	281,159,443
Prior Period Adjustment	0	0	0	(40,425)	0	(40,425)
Net Position - Ending	<u>\$165,241,691</u>	<u>\$165,052,012</u>	<u>\$131,585,141</u>	<u>\$125,742,860</u>	<u>\$296,826,832</u>	<u>\$290,794,872</u>

Governmental Activities

Within governmental activities, tax revenue accounted for 67.6% of total revenue sources, with grants and contributions accounting for 22.3%. The remaining 10.0% of revenue was provided by charges for services, interest income, and miscellaneous revenues. (Note: the revenue indicators in the following charts do not include one-time only financing sources, such as proceeds from new debt or the sale of assets.)

Governmental activities increased net position by \$0.2 million or 0.1%. Total revenues decreased by \$8.3 million or 11.8%. Significant fluctuations in revenue are as follows:

- Capital Grants & Contributions decreased by \$10.1 million, primarily because 2011 included a major railroad grade separation project that built a new underpass which was mostly funded by grants.
- Total taxes increased by \$2.2 million or 4.9% from \$45.4 million to \$47.6 million.
 - Property Taxes increased 2.9%, consisting of a 1% increase in the base levy (capped by state law; with the balance resulting from new construction and refunds.
 - Sales Tax increased by \$1.25 million or 6.8% from 2011. The City experienced significant improvement in sales tax in the second half of the year, buoyed by a good year in the agricultural sector.
 - Other Taxes increased by \$0.5 million or 4.6%. Real Estate Excise Tax was also on the rebound in 2012.
- Transfers from Business Type Activities increased by \$2.5 million primarily because City Council imposed an additional 6% tax on internal utilities – Water, Wastewater, Refuse and Stormwater to support Public Safety. This generated about \$2.0 million in 2012.

Most revenue categories were relatively flat as would be expected in the sluggish economy.

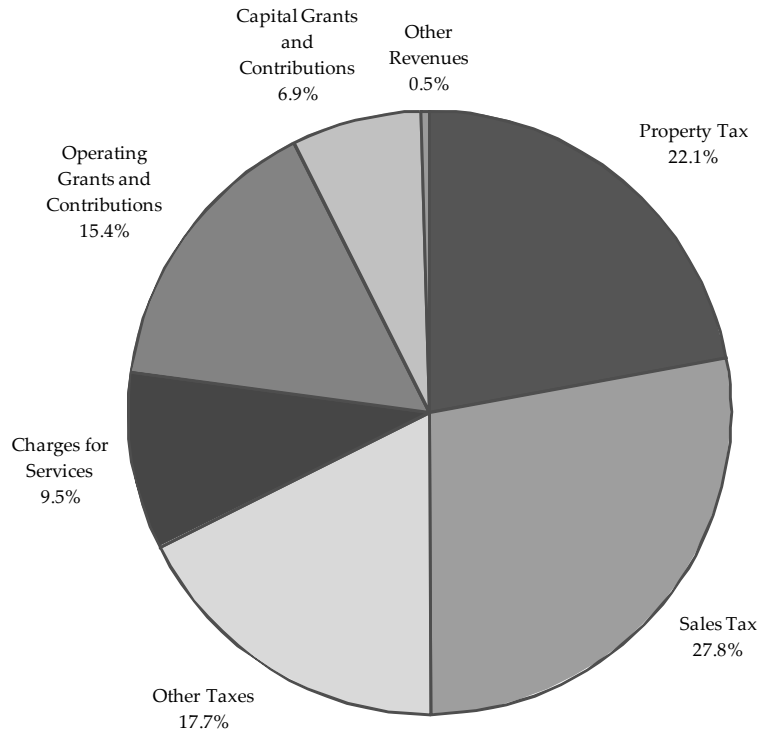
The largest program expenses consist of Security of Persons and Property (public safety), Transportation, and General Government, respectively. These programs accounted for 82.6% of total governmental expenses.

For the most part, changes in expenses were the result of the implementation of cost containment measures in response to the revenue reductions caused by the national recession. The major exceptions to this rule are generally tied to grant activity. Additional explanations follow:

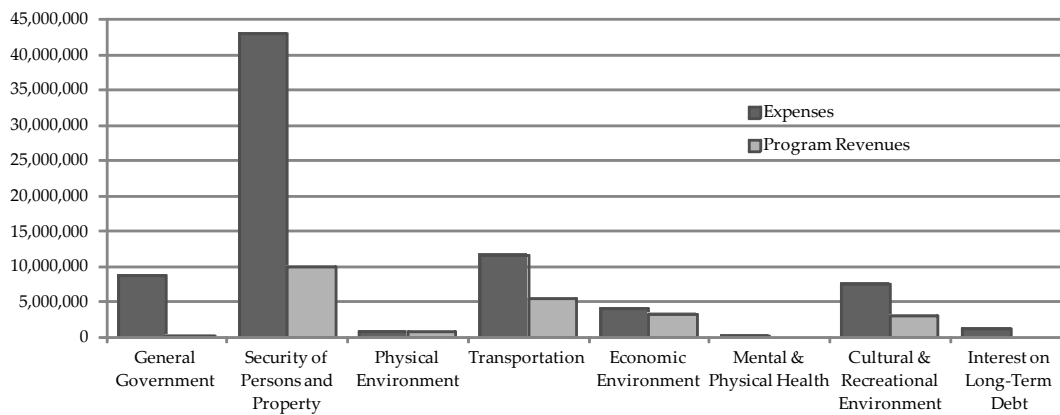
- Security of Persons and Property demonstrated an increase of \$2.4 million or 5.5% primarily because of City Council's imposition of an additional 6% utility tax dedicated to Public Safety. This category remains City Council's highest budget priority.
- Transportation increased by \$0.5 million, primarily because the new underpass was placed in service and began to be depreciated.
- Economic Environment decreased by about \$0.9 million, primarily due to a significant decrease in Housing and Urban Development operating grant allocation and completion of a major housing project in 2011.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2012.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES



Business Type Activities

Of the \$48.5 million in business type revenues, 80.2% was provided by charges for services, with the remaining amount provided by grants, contributions, transit sales tax and interest income. Overall, business type revenues demonstrated an increase of \$6.4 million or 15.3% over 2011.

Business type revenues experienced the following fluctuations:

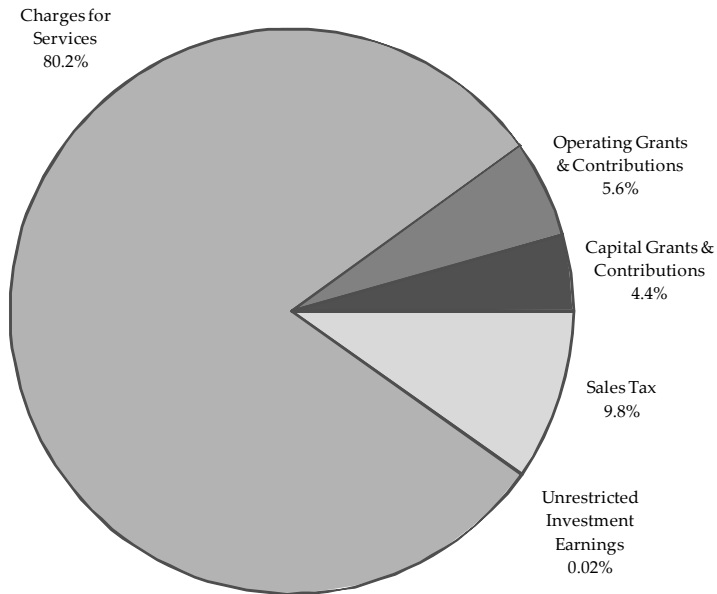
- Charges for Services increased by \$5.8 million or 17.7%. The Water, Wastewater, Irrigation and Refuse utilities had rate increases as of January, 2012 of 11.1%, 11.5%, 5.5% and 6.0% respectively. These rate adjustments were a combination of the additional 6% tax imposed by City Council along

with regularly scheduled increases to support the utilities operating and capital programs. Bumper fruit crops increased activity in food processing plants, which are intensive water/wastewater users.

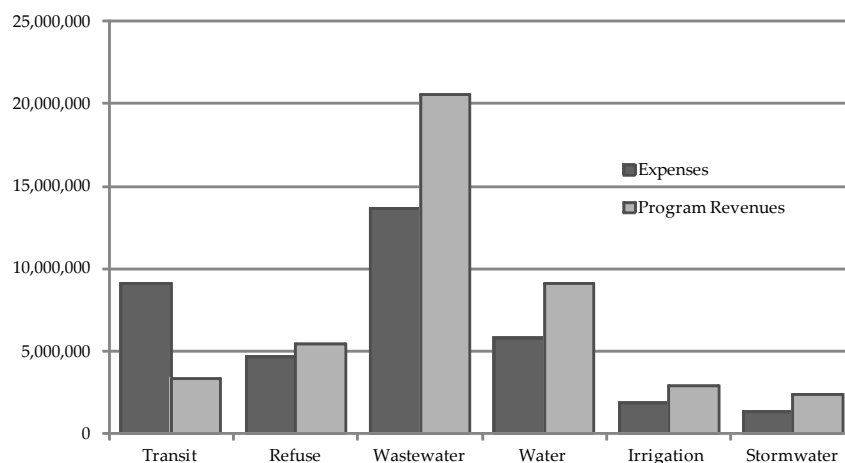
Of the \$36.4 million in business type expenses, 37.4% are associated with the Wastewater program and 24.9% with Transit, domestic water programs represent about 16.0%, Refuse 12.8%, Irrigation 5.2% and Stormwater 3.6%. Generally, changes in expenses are in line with rate increases and additional depreciation on donated assets.

The following charts depict the expenses and program revenues, with a breakdown of revenues by source for the business type activities.

REVENUES BY SOURCE – BUSINESS TYPE ACTIVITIES



EXPENSES AND PROGRAM REVENUES – BUSINESS TYPE ACTIVITIES



Charges for services represent the majority 80.2% of revenue in these funds. The only fund that does not rely heavily on charges for service is the Transit fund, which is subsidized by a voter approved local option sales tax of 0.3% and a federal operating grant.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Yakima uses fund accounting to ensure and demonstrate compliance with finance related legal and regulatory requirements. Following is a financial analysis of the City's governmental and proprietary funds.

Governmental Funds Analysis

The General Fund and the Community Development Fund (which administers the City's Community Development Block Grants) are the City's major funds (as defined in GASB #34) in 2012. Together these funds account for 55.9% of total governmental fund assets and 42.8% of total governmental fund balances.

The focus of the City of Yakima's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. 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. As of December 31, 2012, the City's governmental funds reported combined fund balances of \$23.3 million. Of this total amount, about \$9.7 million (41.8%) is unassigned and available for spending within these funds. About \$0.7 million is not spendable (perpetual care), \$8.8 million is restricted (primarily for transportation, capital improvements, and public safety), \$3.1 million is committed primarily for transportation system improvements and \$1.0 million is assigned primarily for public safety.

The General Fund is the chief operating fund of the City of Yakima. At the end of the 2012 fiscal year, unassigned fund balance of the General Fund was \$9.7 million. Unassigned fund balance is about 19.0% of total general fund expenditures and transfers out (which represents about a 2.3 month reserve). Total assets in the General Fund amounted \$16.5 to million, accounting for 42.0% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund increased by \$0.7 million during the current fiscal year. As sales tax revenue started to rebound in the second half of the year, and a utility tax increase for public safety was realized, General Fund was able to transfer additional resources for capital and risk management programs—transfers out increased by \$1.2 million from 2011.

The General Fund accounts for 65.6% of all governmental fund revenue and 59.9% of all expenditures.

The Community Development fund has a decrease of \$76,626 in fund balance. This fund balance fluctuates slightly from year to year depending on the timing of the receipt and spending of program income.

Other governmental funds ended with a slight net decrease in fund balances of \$949. All funds had only modest changes in fund balance.

Enterprise Funds Analysis

Transit, Wastewater, Domestic (potable) Water, and Irrigation Water are considered major funds in the City's 2012 (GASB 34) Financial Statements while Refuse and Stormwater are nonmajor funds.

As of December 31, 2012, the City's enterprise funds (internal service fund balances are treated entirely as governmental activities) reported combined net position of \$131.6 million, with \$65.3 million or approximately 49.6% being contributed by the Wastewater fund. Of the \$131.6 million, about \$109.8 million (83.5%) of net position is accounted for by investment in capital assets, net of related debt, \$1.8 million is restricted for debt service and million is unrestricted. The Notes to the Financial Statements (Note 10) present segment information that is grouped according to revenue bond requirements for these business type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Changes in Budget

The following table shows the 2012 General Fund Adopted (original) Budget, the amended (final) Budget, Actual revenue and expenditure amounts, and the variance of Actuals compared to the Final budget.

CHANGE IN GENERAL FUND BALANCE

	---- Budgeted Amounts ----		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
Taxes and Special Assessments	\$40,437,500	\$40,437,500	\$41,847,570	\$1,410,070
Licenses and Permits	616,700	616,700	892,282	275,582
Intergovernmental Revenues	2,016,230	2,316,230	2,862,187	545,957
Charges for Services	5,079,930	5,079,930	4,676,966	(402,964)
Fines and Forfeits	1,645,700	1,645,700	1,512,477	(133,223)
Interest	300,000	300,000	309,075	9,075
Other Revenues	33,550	33,550	41,541	7,991
Total Revenues	\$50,129,610	\$50,429,610	\$52,142,098	\$1,712,488
Expenditures				
Current				
General Government	\$11,571,558	\$11,787,788	\$11,339,326	\$448,462
Security of Persons and Property	34,129,946	34,759,404	34,783,683	(24,279)
Physical Environment	942,336	942,336	899,783	42,553
Economic Environment	668,101	668,101	643,232	24,869
Mental & Physical Health	22,000	22,000	23,859	(1,859)
Capital Outlay				
General Government	15,000	65,429	123,439	(58,010)
Security of Persons and Property	0	0	102,506	(102,506)
Debt Service				
Principal Retirement	37,416	37,416	37,416	0
Interest	9,693	9,693	9,693	0
Total Expenditures	\$47,396,050	\$48,292,167	\$47,962,937	\$329,230
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$2,733,560</u>	<u>\$2,137,443</u>	<u>\$4,179,161</u>	<u>\$2,041,718</u>
Other Financing Sources (Uses)				
Transfers In	\$40,000	\$40,000	\$40,000	\$0
Transfers (Out)	(2,331,275)	(3,231,275)	(3,485,667)	(254,392)
Intergovernmental Agreements	(39,095)	(39,095)	(39,095)	0
Comp. for Loss of Gen. Capital Assets	0	0	16	16
Total Other Financing Sources (Uses)	<u>(\$2,330,370)</u>	<u>(\$3,230,370)</u>	<u>(\$3,484,746)</u>	<u>(\$254,376)</u>
Net Change in Fund Balances	<u>\$403,190</u>	<u>(\$1,092,927)</u>	<u>\$694,415</u>	<u>\$1,787,342</u>
Fund Balances - January 1	\$4,226,072	\$4,226,072	\$9,099,335	\$4,873,263
Change in Reserve for Inventory	0	0	(14,102)	(14,102)
Fund Balances - December 31	<u>\$4,629,262</u>	<u>\$3,133,145</u>	<u>\$9,779,648</u>	<u>\$6,646,503</u>

During the year, the 2012 General Fund budget was increased from \$47.4 million to \$48.3 million, or by about \$0.9 million. The significant increases in appropriations are summarized as follows:

- \$200,000 in outstanding encumbrances / commitments which were rebudgeted from the prior year.
- \$500,000 to cover negotiated settlements for the primary Police Officer and Firefighter bargaining units.

Most of these budget adjustments were to be funded from the General Fund reserves and/or reductions in other expenditures.

General Fund Budget to Actual

Total General Fund revenues were budgeted at about \$50.1 million. Actual revenue of \$52.1 million resulted in a variance of \$1.7 million, a gain of 3.3% over the amended budget. The recession put downward pressure on sales taxes, new construction / development fees, and interest earnings starting in 2009, and extending through 2011. The 2012 budget was developed assuming these revenues would stay depressed, with the only growth being the additional utility taxes imposed by Council. Fortunately, the agricultural sector of our economy experienced a banner year, so actual results exceeded the original estimates. The original budget also included an estimated reduction in state shared revenue (in the Intergovernmental category), due to budgetary constraints at the state level. This revenue was reduced by the state from the prior year, but not as extensively as originally proposed. Charges for services were less than budget estimates by \$0.4 million primarily because the internal charge for administrative services was re-examined and adjusted to more accurately reflect the cost to non-General Fund operations.

General Fund expenditures, including other financing uses, totaled \$51.4 million compared to the final budget of \$51.5 million – resulting in a positive variance of \$0.1 million or 0.1%. Because revenues exceeded estimates and the General Fund balance exceeds the minimum 16.7% of operating expenditures, most of the positive variance generated by position vacancies and other spending constraints was transferred to shore up capital and risk management funds.

The General Fund budget is typically built assuming positive variances in both revenue and expenditures. Revenue is conservatively estimated, while expenditure estimates utilize highest probable costs. Historically, actual amounts have been close to “break even”, with actual revenues slightly exceeding expenditures. 2012 is not an exception, with a net increase in fund balance of about \$0.7 million (about 0.1% of the total General Fund budget).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Yakima’s total investment in capital assets, including construction in progress, for its governmental and business type activities as of December 31, 2012, amounts to \$315.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, infrastructure, and construction in progress on buildings and systems.

Major capital asset events during the 2012 fiscal year included the following:

- A variety of projects for street expansion/repair were ongoing during the year. About \$4.4 million was spent for infrastructure in 2012. In addition, the first phase of a railroad separation was placed in service and moved out of construction in progress. The 2013 budget includes over \$22.5 million in planned projects, funded primarily by state and federal grants and loans, matched by fuel tax and real estate excise tax. The major project continuing into 2013 is the second phase of a railroad grade separation project estimated to cost about \$12.2 million. City Council also approved financing \$5 million for road improvement projects in 2013, to be funded by councilmanic bonded debt.

- In the area of Cultural & Recreational Environment, capital investments include Upper Kiwanis Park in the amount of \$1.3 million, funded by inter-local grants and donations, with an interfund loan to complete the project.
- Vehicles, street equipment, and trucks were added to the fleet as either additional equipment or replacements during the year, at a cost of \$2.0 million.
- Wastewater invested \$7.3 million on capital improvements in 2012, including work on an anaerobic digester and related biogas enhancement projects, Struvite reactor tanks, and collection system pipe installation/replacement. The 2013 budget includes \$1.2 million for automated reading system, \$5.0 million for sanitary sewer line extension, repairs and lift station. About \$14.0 million is budgeted for facility treatment plant and equipment, in accordance with adopted Facilities and Biosolids Management plans. These projects will be partially funded by intergovernmental loans and the savings on debt service by refunding. When loan funding is exhausted, a revenue bond will be issued to complete the projects. At this point in time, that will likely be needed in 2014.
- The Domestic Water Treatment plant capital program spent about \$1.0 million in 2012. The 2013 budget includes \$1.5 million for Water Treatment plant Lagoons (partly funded by a state Public Works Trust Fund Loan), \$3.0 million for automated meter reading (also partially by funded by intergovernmental loan with the cost shared with wastewater), and \$0.5 million for miscellaneous system repairs/improvements (all funded by capital reserves and current capital transfers from the operating fund).
- About \$1.4 million was spent on irrigation system rebuild projects in 2012, funded partially by an interfund loan. The 2013 budget includes about \$1.0 million for project continuation, funded by current capital rates.

CAPITAL ASSETS (NET OF DEPRECIATION)

	— Governmental Activities —		— Business-Type Activities —		— Total —	
	2012	2011	2012	2011	2012	2011
Capital Assets						
Land	\$14,241,145	\$13,993,225	\$2,163,373	\$2,163,373	\$16,404,518	\$16,156,598
Building	37,243,214	38,101,990	34,147,298	35,988,857	71,390,512	74,090,847
Impr Other Than Building	6,712,126	7,164,696	72,680,211	66,328,170	79,392,337	73,492,866
Machinery and Equipment	15,521,794	14,717,913	19,619,109	17,118,783	35,140,903	31,836,696
Infrastructure	92,713,816	71,649,132	0	0	92,713,816	71,649,132
Intangibles	0	0	115,659	115,659	115,659	115,659
Construction in Progress	7,582,846	28,973,806	13,015,187	15,010,578	20,598,033	43,984,384
Total Capital Assets	<u>\$174,014,941</u>	<u>\$174,600,762</u>	<u>\$141,740,837</u>	<u>\$136,725,420</u>	<u>\$315,755,778</u>	<u>\$311,326,182</u>

Additional information on the City of Yakima's capital assets can be found in Note 4 of this report.

Long-Term Debt

On December 31, 2012, the City of Yakima had total bonded debt outstanding of almost \$41.0 million. Of this amount, \$20.5 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$20.5 million represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

The City of Yakima's total bonded debt had a net decrease of \$4.3 million during 2012, as debt service was made in accordance with amortization schedules. The only activity in the area of bonded debt was to refund a water and wastewater revenue bond, which resulted in an economic gain of \$1.2 million and a reduction of \$180,000 in annual debt service payments.

The City participates in a loan program administered by the State's Department of Community Development, which is included as Intergovernmental loans in the long-term debt schedules. Infrastructure improvements, such as street, bridge, water, or sewage projects, are eligible to compete for loan awards. This type of funding is preferred because the interest rates for new loans range from 0.5% to 1.5% based on the percentage of local match available for the project (i.e. the higher the match, the lower the interest rate). In 2012, the City borrowed \$3.6 million for Water, Wastewater, and Railroad Grade Separation projects utilizing this State program.

The City's remaining capacity for non-voted debt on December 31, 2012, was approximately \$60.4 million in comparison to the total legal limit of \$82.4 million. The City has a policy of retaining 70% of its non-voted capacity for emergencies. The City of Yakima was upgraded in 2008 to an "A+" rating from Standard & Poor's for general obligation debt. This rating was maintained throughout the recession, and was affirmed on December 7, 2012. The combined Water and Wastewater utility was affirmed at "AA-" for the revenue bond refunding accomplished in May 2012. A summary of the City's bonded debt follows. Additional information on the City's long-term debt can be found in Note 7.

OUTSTANDING DEBT

	— Governmental Activities —		— Business-Type Activities —		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$20,501,653	\$22,723,267	\$0	\$0	\$20,501,653	\$22,723,267
Revenue Bonds	0	0	20,525,000	22,610,000	20,525,000	22,610,000
Intergovernmental Loans	3,737,410	3,522,185	12,020,590	9,933,274	15,758,000	13,455,459
Special Assessment Debt	575,000	728,000	0	0	575,000	728,000
Unfunded Pen/OPEB Liability	13,365,341	11,563,719	0	0	13,365,341	11,563,719
Compensated Absences	7,018,769	6,550,630	0	0	7,018,769	6,550,630
Other Debt	820,843	1,221,768	406,361	253,531	1,227,204	1,475,299
Total Outstanding Debt	<u>\$46,019,016</u>	<u>\$46,309,569</u>	<u>\$32,951,951</u>	<u>\$32,796,805</u>	<u>\$78,970,967</u>	<u>\$79,106,374</u>

ECONOMIC FACTORS

There are a number of factors that have a fiscal impact on various revenues of the City, including voter approved initiatives over the last few years, as well as changes in State and Federal regulations. Following is a list of significant factors, which have an impact on the City's revenues. The City is committed to the continued application of sound fiscal management practices to ensure balanced budgets are maintained and critical core services are provided to our citizens.

- In 2001 state voters approved Initiative 747, which capped property tax levy growth each year at a maximum of 1%, plus any additions for annexations and new construction. This initiative represents a restriction on local government revenue growth, which makes budget balancing more difficult because actual inflation rates have grown at an average of 3 times the 1% limitation.
- The Downtown area is in transition from a retail center to a central business district. The City has actively participated in several projects to upgrade the downtown over the past 5 years, including infrastructure and pedestrian improvements in the downtown core, and the upgrade/expansion of the historic City owned Capitol Theatre, located in the center of the downtown area. The City has recently engaged a consultant, Crandall Arambula, to prepare a Downtown Master Plan.
- The unemployment rate (9.7% as of April, 2013) in the County continues to be higher than the state and national average. The County's predominant industry is agriculture and related support. This industry has a history of high unemployment rates, seasonal employment, and low median income (Yakima is about 75% of the state average). However, the agriculture based local economy has not been as negatively affected in this severe national recession as many other cities around the state and country. Historically, the City's unemployment rate has run 3 - 3.5% above the national, but that gap shrunk during the recent recession. Yakima County MSA is experiencing growth in total

employment, but the rate is not improving because there is also growth in the Civilian Labor Force. Between April of 2012 and 2013, the Yakima County nonfarm labor market added 1,000 jobs, a 1.3% upturn. All employment categories, with the exception of “Professional and Business Services” and “Government” experienced an increase from April of 2012.

- Efforts to diversify our economic base include expansion of the current community college to offer four-year degree programs through major state institutions, including Washington State University and University of Washington. Additionally, a new medical school began instruction in late 2008 - the first class graduated in May, 2011.
- The next major economic development initiative that the City is embarking on is a competitive state redevelopment/tax increment program called Local Infrastructure Financing Tool (LIFT), as set forth in RCW 39.102. The redevelopment area consists of 556 acres adjacent to Interstate 82, formerly used as a sawmill and plywood plant. The City received an award of up to \$1 million per year for 25 years from the state to support required infrastructure improvements to service the new mixed use proposed development. 2009 was designated as the “base year”, and the City will receive the state’s increase of both sales and property taxes as they are realized. The project is currently in a planning stage.

The 2013 budget is balanced for all funds, within guidelines established by city management, to accomplish municipal service levels and priorities set by City Council. The City of Yakima has established a consistent track record of living within our means. Over the past four years, as the economy has faltered and tax revenues have declined, the City has made reductions in General Government programs, services and staff levels in order to maintain a balance between revenues and expenditures. Each year since 2009, the City has reduced spending and eliminated full time positions in the General Government (i.e. tax-supported) budget to make ends meet. Fortunately, sales tax started an upward trend starting in July 2012. For the 2013 budget, the major revenues were estimated assuming a slight uptick of the local economy, but budget reductions were again incorporated to offset growth in expenditures such as fuel and medical inflation. To date, the improvements in sales taxes are continuing, although other areas such as interest earnings are below budget. Overall budget results are performing as expected.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Yakima’s finances for all those with an interest in the government’s finances. This report, along with the City’s published budget documents are posted on the City’s website at www.yakimawa.gov/services/finance. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of Yakima – Finance Department, 129 North Second Street, Yakima, WA 98901.

BASIC FINANCIAL STATEMENTS

The basic financial statements and note disclosures comprise the minimum acceptable fair presentation in conformity with Generally Accepted Accounting Principles (GAAP). Basic financial statements are designed to be “liftable” from the Financial Section of the Comprehensive Annual Financial Report (CAFR) for widespread distribution to users requiring less detailed information than is contained in the full CAFR. Basic Financial Statements include:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position – City governmental and business type assets and liabilities, with the difference reported as net position.

Statement of Activities – City governmental and business type revenues and expenses, with the difference reported as change in net position.

FUND FINANCIAL STATEMENTS

Balance Sheet, Governmental Funds – Balance Sheets for major funds and aggregated amounts for all other governmental funds. Includes the reconciliation of the Balance Sheet to the government-wide Statement of Net Position.

Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds – Information for each major fund and aggregated information for all other governmental funds.

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

Statement of Revenues, Expenditures, & Changes in Fund Balance, Budget & Actual, General/Community Development Funds – Budget information, along with actual results for each major fund which has a legally adopted budget.

Statement of Net Position, Proprietary Funds – Information on all assets and liabilities, with the difference reported as change in net position for each of the enterprise funds, as well as a separate column of information for the internal service funds.

Statement of Revenues, Expenses, and Changes in Fund Net Position, Proprietary Funds – Information for each of the enterprise funds, as well as a separate column for aggregate information for internal service funds.

Statement of Cash Flows, Proprietary Funds – Information on the sources and uses of cash for each of the enterprise funds and aggregate information for internal service funds.

Statement of Net Position, Fiduciary Funds – Information on the pension trust, fund assets and liabilities, with the difference reported as net position.

Statement of Changes in Fund Net Position, Fiduciary Funds – Information on additions to and deductions from the pension trust, with the difference reported as change in net position.

NOTES TO FINANCIAL STATEMENTS

Disclosure and further detail information to assist the reader in a better understanding of the financial statements and the data presented within them.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions – Police and Fire pension.

Schedule of Funding Progress – Other Post Employment Benefits (OPEB).

STATEMENT OF NET POSITION

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 1

	Governmental	Business Type	Total	
	Activities	Activities	2012	2011
Assets				
Cash and Cash Equivalents	\$13,332,783	\$3,086,081	\$16,418,864	\$16,325,507
Investments at Amortized Cost	20,597,066	19,488,812	40,085,878	34,495,482
Receivables (Net)	9,264,218	3,399,418	12,663,636	10,548,012
Due from Other Government Units	1,315,791	394,716	1,710,507	5,933,771
Interfund Receivable	435,819	0	435,819	0
Notes Receivable	4,855,632	0	4,855,632	4,958,367
Inventories	598,356	225,926	824,282	677,151
Unamortized Debt Issue Cost	0	187,793	187,793	148,631
Restricted Assets				
Cash and Cash Equivalents	79,972	910,490	990,462	1,075,157
Fiscal Agent	12,474	0	12,474	10,620
Investments at Amortized Cost	0	846,097	846,097	1,425,000
Capital Assets (Net of Accumulated Depreciation)				
Land	14,241,145	2,163,373	16,404,518	16,156,598
Buildings	37,243,214	34,147,298	71,390,512	74,090,847
Improvements Other Than Buildings	6,712,126	72,680,211	79,392,337	73,492,866
Machinery & Equipment	15,521,794	19,619,109	35,140,903	31,836,696
Construction in Process	7,582,846	13,015,187	20,598,033	43,984,384
Intangibles	0	115,659	115,659	115,659
Infrastructure	92,713,816	0	92,713,816	71,649,132
Total Capital Assets	174,014,941	141,740,837	315,755,778	311,326,182
Total Assets	\$224,507,052	\$170,280,170	\$394,787,222	\$386,923,880
Liabilities				
Accounts Payable and Other Current Liabilities	\$8,452,456	\$2,973,941	\$11,426,397	\$10,736,711
Accrued Liabilities	3,769,439	2,333,323	6,102,762	5,654,978
Due to Other Government Units	91,973	0	91,973	72,531
Interfund Payable	0	435,819	435,819	0
Liabilities Payable from Restricted Assets	932,477	0	932,477	558,423
Noncurrent Liabilities				
Special Assessment Debt w/Gov't Commitment	575,000	0	575,000	728,000
Due Within One Year	2,982,389	2,347,670	5,330,059	5,131,292
Due in More than One Year	42,461,627	30,604,274	73,065,901	73,247,071
Total Liabilities	59,265,361	38,695,027	97,960,388	96,129,006
Net Position (See Note 9)				
Invested in Capital Assets, Net of Related Debt	149,221,688	109,844,466	259,066,154	253,029,843
Restricted				
Highways & Streets	1,760,263	0	1,760,263	1,801,950
Culture & Recreation	460,790	0	460,790	296,800
Debt Service	655,989	1,756,587	2,412,576	3,052,048
Capital Projects	6,247,456	0	6,247,456	6,711,552
Other Purposes	9,423,838	0	9,423,838	9,134,614
Unrestricted	(2,528,333)	19,984,090	17,455,757	16,768,067
Total Net Position	\$165,241,691	\$131,585,143	\$296,826,834	\$290,794,874

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 1

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants & Cont's	Capital Grants & Cont's	Gov't Activities	Business Type Activities	Total	
							2012	2011
Governmental Activities								
General Government	\$8,668,467	\$9,062	\$45,264	\$0	(\$8,614,141)	\$0	(\$8,614,141)	(\$8,385,301)
Sec of Persons & Property	42,995,833	2,384,666	6,869,721	700,929	(33,040,517)	0	(33,040,517)	(31,290,464)
Physical Environment	658,353	734,584	0	37,348	113,579	0	113,579	443,052
Transportation	11,529,609	232,164	1,872,506	3,326,910	(6,098,029)	0	(6,098,029)	4,135,886
Economic Environment	3,949,760	1,231,321	1,978,590	65,000	(674,849)	0	(674,849)	(788,995)
Mental & Physical Health	23,859	0	0	0	(23,859)	0	(23,859)	(21,794)
Cultural & Recreational Env	7,521,672	2,122,704	81,847	752,578	(4,564,543)	0	(4,564,543)	(4,552,741)
Interest on Long-Term Debt	1,122,075	0	0	0	(1,122,075)	0	(1,122,075)	(1,160,226)
Total Governmental Activities	76,469,628	6,714,501	10,847,928	4,882,765	(54,024,434)	0	(54,024,434)	(41,620,583)
Business Type Activities								
Transit	\$9,084,940	\$1,047,305	\$2,216,618	\$62,285	\$0	(5,758,732)	(5,758,732)	(\$5,262,979)
Refuse	4,678,575	5,429,521	8,835	0	0	759,781	759,781	304,337
Wastewater	13,634,191	18,703,003	391,403	1,428,631	0	6,888,846	6,888,846	2,646,454
Water	5,834,230	8,599,003	10,985	524,502	0	3,300,260	3,300,260	1,762,074
Irrigation	1,891,067	2,901,243	0	0	0	1,010,176	1,010,176	833,727
Stormwater	1,317,927	2,183,484	85,110	102,566	0	1,053,233	1,053,233	1,544,962
Total Business Type Activities	36,440,930	38,863,559	2,712,951	2,117,984	0	7,253,564	7,253,564	1,828,575
Total	<u>\$112,910,558</u>	<u>\$45,578,060</u>	<u>\$13,560,879</u>	<u>\$7,000,749</u>	<u>(54,024,434)</u>	<u>7,253,564</u>	<u>(46,770,870)</u>	<u>(39,792,008)</u>
General Revenues								
Taxes								
Property Taxes					15,565,053	0	15,565,053	15,125,934
Sales and Use Taxes					19,599,338	4,762,435	24,361,773	22,794,949
Franchise and Utility Taxes					9,797,938	0	9,797,938	9,674,793
Excise Taxes					2,655,838	0	2,655,838	2,234,527
Penalties and Interest					0	0	0	617
Unrestricted Investment Earnings					309,075	11,348	320,423	281,574
Miscellaneous					41,541	0	41,541	32,952
Gain/Loss on Sale of Capital Assets					73,267	6,566	79,833	(677,482)
Transfers					6,172,065	(6,191,634)	(19,569)	(2)
Total General Revenues, Transfers, Special Item, and Extraordinary Item					54,214,115	(1,411,285)	52,802,830	49,467,862
Change in Net Position					189,681	5,842,279	6,031,960	9,675,854
Net Position - Beginning					165,052,010	125,742,862	290,794,872	281,159,443
Prior Period Adjustment					0	0	0	(40,425)
Net Position - Ending					<u>\$165,241,691</u>	<u>\$131,585,141</u>	<u>\$296,826,832</u>	<u>\$290,794,872</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 2

	#000 General Fund	#124 Community Development	Other Governmental Funds	Total Governmental Funds	
				2012	2011
Assets					
Cash & Equity in Pooled Investments	\$4,864,345	\$136,280	\$6,409,364	\$11,409,989	\$8,579,963
Deposits w/ Fiscal Agent/Trustee	79,972	0	0	79,972	127,903
Receivables					
Taxes	4,357,428	0	284,941	4,642,369	4,693,487
Accounts	1,435,712	0	179,816	1,615,528	1,933,860
Special Assessments	0	0	67,586	67,586	30,435
LID Assessments - Delinquent	0	0	52,314	52,314	46,049
LID Assessments - Deferred	0	0	503,206	503,206	658,092
Notes/Contracts	0	4,855,632	0	4,855,632	4,958,367
Interest/Penalties	93,773	0	0	93,773	151,226
Other Receivables	0	0	1,044,944	1,044,944	0
Due from Other Funds	1,199	0	0	1,199	0
Due from Other Government Units	174,652	453,535	687,604	1,315,791	3,705,772
Inventories	41,570	0	80,532	122,102	43,796
Investments, at Amortized Cost	5,435,302	0	8,005,387	13,440,689	12,997,482
Total Assets	<u>\$16,483,953</u>	<u>\$5,445,447</u>	<u>\$17,315,694</u>	<u>\$39,245,094</u>	<u>\$37,926,432</u>
Liabilities & Fund Balances					
Liabilities					
Warrants/Accounts Payable	\$1,176,584	\$351,029	\$980,535	\$2,508,148	\$2,076,172
Wages/Benefits Payable	3,805,398	45,665	890,817	4,741,880	4,484,586
Contracts Payable	0	0	70,239	70,239	70,976
Due to Other Funds	0	0	1,199	1,199	0
Due to Other Government Units	69,146	0	22,827	91,973	72,531
Mature Interest Payable	0	0	45,203	45,203	0
Mature Bonds Payable	0	0	101,614	101,614	0
Deposits Payable	75,798	0	394,056	469,854	787,880
Deferred Revenue	1,497,407	4,855,632	604,848	6,957,887	7,153,982
Custodial Accounts	79,972	0	852,505	932,477	558,423
Total Liabilities	<u>6,704,305</u>	<u>5,252,326</u>	<u>3,963,843</u>	<u>15,920,474</u>	<u>15,204,550</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 2 of 2

	#000 General Fund	#124 Community Development	Other Governmental Funds	Total Governmental Funds	
				2012	2011
Fund Balances (See Note 9)					
Nonspendable	41,570	0	693,256	734,826	648,216
Restricted	0	193,121	8,601,156	8,794,277	10,346,861
Committed	0	0	3,082,179	3,082,179	1,842,615
Assigned	0	0	975,260	975,260	828,651
Unassigned	9,738,078	0	0	9,738,078	9,055,539
Total Fund Balances	9,779,648	193,121	13,351,851	23,324,620	\$22,721,882
Total Liabilities and Fund Balances	<u>\$16,483,953</u>	<u>\$5,445,447</u>	<u>\$17,315,694</u>		

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$164,199,917	\$165,437,087
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	6,957,887	7,153,982
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in government activities in the statement of net assets.	17,496,374	16,175,403
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(46,019,016)	(46,309,569)
Interfund loans between Internal Service and Governmental Funds are not reported in the Governmental Fund	(600,000)	0
Accrued interest payable on General Obligation Debt	(118,091)	(126,775)
Net assets of governmental activities	<u>\$165,241,691</u>	<u>\$165,052,010</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

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

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 2

	#000 General Fund	#124 Community Development	Other Governmental Funds	Total Governmental Funds	
				2012	2011
Revenues					
Taxes and Special Assessments	\$41,847,570	\$0	\$11,837,155	\$53,684,725	\$48,743,924
Licenses and Permits	892,282	0	0	892,282	842,272
Intergovernmental Revenues	2,862,187	1,912,588	8,248,004	13,022,779	24,267,414
Charges for Services	4,676,966	236,475	1,386,127	6,299,568	7,934,394
Fines and Forfeits	1,512,477	0	30,000	1,542,477	1,599,946
Interest	309,075	31,396	167,893	508,364	380,329
Other Revenues	41,541	1,660	3,507,260	3,550,461	2,560,737
Total Revenues	52,142,098	2,182,119	25,176,439	79,500,656	86,329,016
Expenditures					
Current					
General Government	\$11,339,326	\$0	\$219,077	11,558,403	\$11,885,686
Security of Persons and Property	34,783,683	0	5,941,336	40,725,019	37,766,582
Physical Environment	899,783	0	264,453	1,164,236	1,224,535
Transportation	0	0	5,406,096	5,406,096	5,454,883
Economic Environment	643,232	2,258,745	988,069	3,890,046	4,851,539
Mental & Physical Health	23,859	0	0	23,859	21,794
Cultural & Recreational Env	0	0	6,390,346	6,390,346	6,496,942
Capital Outlay					
General Government	123,439	0	436,352	559,791	153,351
Security of Persons and Property	102,506	0	488,487	590,993	1,222,281
Physical Environment	0	0	0	0	365,635
Transportation	0	0	4,743,717	4,743,717	14,342,203
Economic Environment	0	0	0	0	37,745
Cultural & Recreational Env	0	0	848,268	848,268	1,025,822
Debt Service					
Principal Retirement	37,416	0	2,973,001	3,010,417	2,752,793
Interest	9,693	0	1,121,066	1,130,759	1,165,128
Total Expenditures	47,962,937	2,258,745	29,820,268	80,041,950	88,766,919
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	\$4,179,161	(\$76,626)	(\$4,643,829)	(\$541,294)	(\$2,437,903)

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 2 of 2

	#000 General Fund	#124 Community Development	Other Governmental Funds	——— Total ——— Governmental Funds 2012	2011
Other Financing Sources (Uses)					
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$576,846
Proceeds f/Intergovernmental Loans	0	0	450,101	450,101	1,592,143
Interfund Loan	0	0	600,000	600,000	0
Transfers In	40,000	0	6,180,589	6,220,589	4,936,104
Transfers (Out)	(3,485,667)	0	(2,629,415)	(6,115,082)	(4,580,782)
Intergovernmental Agreements	(39,095)	0	(58,425)	(97,520)	(97,520)
Sale of Capital Assets	0	0	6,122	6,122	15,000
Comp. for Loss of Gen. Capital Assets	16	0	93,908	93,924	175,814
Total Other Financing Sources (Uses)	(3,484,746)	0	4,642,880	1,158,134	2,617,605
Net Change in Fund Balances	694,415	(76,626)	(949)	616,840	179,702
Fund Balances - January 1	9,099,335	269,747	13,352,800	22,721,882	22,553,436
Change in Reserve for Inventory	(14,102)	0	0	(14,102)	(11,256)
Fund Balances - December 31	<u>\$9,779,648</u>	<u>\$193,121</u>	<u>\$13,351,851</u>	<u>\$23,324,620</u>	<u>\$22,721,882</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 1

	<u>2012</u>	<u>2011</u>
Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	\$616,840	\$179,702
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 in the current period.	(2,360,604)	8,737,003
In the statement of activities, only the gain on the sale of fund assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the fund assets. This also includes donations of capital assets and infrastructure obtained by annexation.	1,123,432	232,104
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(196,095)	(173,479)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of the bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	1,960,314	583,802
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (compensated absences, OPEB, inventory).	(2,275,179)	(1,514,918)
Internal service funds are used by management to charge the costs of services to individual funds. The net revenue (expenses) of certain internal service funds is reported with governmental activities.	1,320,971	(408,118)
Change in net assets, as reflected on the Statement of Activities	<u>\$189,679</u>	<u>\$7,636,096</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES – BUDGET & ACTUAL – GENERAL FUND

For the Year Ended December 31, 2012

Page 1 of 1

	— Budgeted Amounts —		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues				
Taxes and Special Assessments	\$40,437,500	\$40,437,500	\$41,847,570	\$1,410,070
Licenses and Permits	616,700	616,700	892,282	275,582
Intergovernmental Revenues	2,016,230	2,316,230	2,862,187	545,957
Charges for Services	5,079,930	5,079,930	4,676,966	(402,964)
Fines and Forfeits	1,645,700	1,645,700	1,512,477	(133,223)
Interest	300,000	300,000	309,075	9,075
Other Revenues	33,550	33,550	41,541	7,991
Total Revenues	50,129,610	50,429,610	52,142,098	1,712,488
Expenditures				
Current				
General Government	11,571,558	11,787,788	11,339,326	448,462
Security of Persons and Property	34,129,946	34,759,404	34,783,683	(24,279)
Physical Environment	942,336	942,336	899,783	42,553
Economic Environment	668,101	668,101	643,232	24,869
Mental & Physical Health	22,000	22,000	23,859	(1,859)
Capital Outlay				
General Government	15,000	65,429	123,439	(58,010)
Security of Persons and Property	0	0	102,506	(102,506)
Debt Service				
Principal Retirement	37,416	37,416	37,416	0
Interest	9,693	9,693	9,693	0
Total Expenditures	47,396,050	48,292,167	47,962,937	329,230
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$2,733,560	\$2,137,443	\$4,179,161	\$2,041,718
Other Financing Sources (Uses)				
Transfers In	\$40,000	\$40,000	\$40,000	\$0
Transfers (Out)	(2,331,275)	(3,231,275)	(3,485,667)	(254,392)
Intergovernmental Agreements	(39,095)	(39,095)	(39,095)	0
Comp. for Loss of Gen. Capital Assets	0	0	16	16
Total Other Financing Sources (Uses)	(2,330,370)	(3,230,370)	(3,484,746)	(254,376)
Net Change in Fund Balances	403,190	(1,092,927)	694,415	1,787,342
Fund Balances - January 1	4,226,072	4,226,072	9,099,335	4,873,263
Change in Reserve for Inventory	0	0	(14,102)	(14,102)
Fund Balances - December 31	\$4,629,262	\$3,133,145	\$9,779,648	\$6,646,503

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND
BALANCES – BUDGET & ACTUAL – COMMUNITY DEVELOPMENT FUND**

For the Year Ended December 31, 2012

Page 1 of 1

	— Budgeted Amounts —		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental Revenues	\$1,503,201	\$3,261,855	\$1,912,588	(\$1,349,267)
Charges for Services	270,000	270,000	236,475	(33,525)
Interest	26,700	26,700	31,396	4,696
Other Revenues	1,000	1,000	1,660	660
Total Revenues	1,800,901	3,559,555	2,182,119	(1,377,436)
Expenditures				
Current				
Economic Environment	1,831,765	3,590,419	2,258,745	1,331,674
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$30,864)	(\$30,864)	(\$76,626)	(45,762)
Net Change in Fund Balances	(\$30,864)	(\$30,864)	(\$76,626)	(45,762)
Fund Balances - January 1	891,338	891,338	269,747	(621,591)
Fund Balances - December 31	<u>\$860,474</u>	<u>\$860,474</u>	<u>\$193,121</u>	<u>(\$667,353)</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

PROPRIETARY FUNDS

Proprietary Funds present information for each of the enterprise funds as well as a separate column for aggregate information for internal service funds. Please refer to the Basic Financial Statements, found at the beginning of this section.

Transit Funds (462 and 364) – Created on September 26, 1966, pursuant to the result of a special election on September 20, 1966, ratifying Ordinance 821, which proposed that the City of Yakima lease, operate and subsidize a City transit system. On October 1, 1970, the City assumed full management of the City transit system. The system is subsidized by a .3% sales tax which became effective in November 1980 by the vote of the citizens ratifying Ordinance 2469.

Wastewater and Water Funds (973 and 974) – Accounts for the provision of water and wastewater services to the residents of the City and other outside utility agreements. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, financing and related debt service, billing and collection.

Irrigation Utility Fund (975) – Established in 1998 to replace the Special Revenue Fund titled Irrigation. This fund is responsible for the operation, maintenance and reconstruction of the existing irrigation system.

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 4

	Business-Type Activities - Enterprise Funds		
	#462 & #364 Transit	#973 Wastewater	#974 Water
Assets			
Current Assets			
Cash & Equity in Pooled Investments	\$260,894	\$1,393,681	\$869,464
Deposits w/ Fiscal Agent/Trustee	0	0	0
Receivables:			
Accounts/Taxes (Net)	869,166	1,242,618	430,991
Other Receivables	0	3,000	0
Interfund Loan Receivable	0	0	0
Due from Other Government Units	316,067	55,131	0
Inventories	0	0	225,926
Investments, at Amortized Cost	1,743,570	9,312,042	5,807,342
Total Current Assets	3,189,697	12,006,472	7,333,723
Noncurrent Assets			
Restricted Assets			
Cash	0	581,834	293,220
Investments	0	776,294	69,803
Land	1,307,989	583,270	173,614
Buildings	7,363,248	66,500,454	8,548,449
Other Improvements	1,303,562	47,578,535	46,294,146
Machinery & Equipment	9,598,970	20,034,174	2,858,730
Accumulated Depreciation	(9,551,764)	(67,135,939)	(25,036,797)
Construction in Progress	0	10,459,226	431,916
Intangibles	0	0	221,830
Unamortized Debt Issue Costs	0	142,802	11,349
Total Noncurrent Assets	10,022,005	79,520,650	33,866,260
Total Assets	\$13,211,702	\$91,527,122	\$41,199,983

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 2 of 4

Business-Type Activities - Enterprise Funds				Governmental Activities
#975	Other	Total		Internal
Irrigation	Enterprise	2012	2011	Service
	Funds			Funds
\$27,604	\$534,438	\$3,086,081	\$4,756,206	\$1,922,794
0	0	0	0	12,474
220,775	560,470	3,324,020	2,264,183	1,244,498
0	72,398	75,398	3,000	0
0	0	0	0	1,035,819
0	23,518	394,716	2,227,999	0
0	0	225,926	204,512	476,254
524,894	2,100,964	19,488,812	14,763,000	7,156,377
773,273	3,291,788	26,594,953	24,218,900	11,848,216
35,436	0	910,490	947,254	0
0	0	846,097	1,425,000	0
98,500	0	2,163,373	2,163,373	0
418,531	0	82,830,682	82,830,682	37,397
19,905,266	1,484,679	116,566,188	107,953,369	572,993
80,374	27,543	32,599,791	28,427,881	23,529,507
(3,835,935)	(95,780)	(105,656,215)	(99,882,293)	(14,324,873)
1,648,418	475,627	13,015,187	15,010,578	0
0	0	221,830	221,830	0
33,642	0	187,793	148,631	0
18,384,232	1,892,069	143,685,216	139,246,305	9,815,024
\$19,157,505	\$5,183,857	\$170,280,169	\$163,465,205	\$21,663,240

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 3 of 4

	Business-Type Activities - Enterprise Funds		
	#462 & #364	#973	#974
	Transit	Wastewater	Water
Liabilities			
Current Liabilities			
Warrants/Accounts Payable	\$132,952	\$1,253,958	\$100,240
Wages/Benefits Payable	345,568	472,853	225,347
Compensated Absences Payable	427,982	694,135	232,475
Claims and Judgments Payable	0	0	0
Accrued Payables	0	108,392	17,999
Deposits Payable	6,100	256,435	113,434
Interfund Payable	0	0	0
Current Portion Long-term Debt	0	709,724	302,946
Restricted Payables			
Current Portion LT Debt	0	1,030,000	180,000
Total Current Liabilities	912,602	4,525,497	1,172,441
Noncurrent Liabilities			
Bonds Payable	0	13,940,000	1,030,000
Unamortized Bond Discount/Premium	0	1,061,178	44,666
Deferred Amount On Debt Refunding	0	(576,883)	(25,927)
Loans Payable - Long Term	0	7,288,126	3,719,783
Total Noncurrent Liabilities	0	21,712,421	4,768,522
Total Liabilities	912,602	26,237,918	5,940,963
Net Position			
Invested in Capital Assets, Net of Related Debt (as restated)	10,022,005	55,661,985	28,233,770
Restricted for Debt Service	0	1,358,128	363,023
Unrestricted	2,277,095	8,269,091	6,662,227
Total Net Position	\$12,299,100	\$65,289,204	\$35,259,020

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 4 of 4

Business-Type Activities - Enterprise Funds				Governmental Activities
#975	Other	Total		Internal
Irrigation	Enterprise	2012	2011	Service
	Funds			Funds
\$765	\$199,499	\$1,687,414	\$1,419,359	\$520,122
60,772	181,987	1,286,527	1,245,741	212,452
70,684	222,441	1,647,717	1,568,240	256,701
0	0	0	0	3,177,591
65,829	0	192,220	231,223	0
0	117,417	493,386	460,986	0
435,819	0	435,819	0	0
0	0	1,012,670	1,041,304	0
125,000	0	1,335,000	1,285,000	0
758,869	721,344	8,090,753	7,251,853	4,166,866
4,220,000	0	19,190,000	21,325,000	0
(96,669)	0	1,009,175	273,382	0
0	0	(602,810)	(30,249)	0
0	0	11,007,909	8,902,357	0
4,123,331	0	30,604,274	30,470,490	0
4,882,200	721,344	38,695,027	37,722,343	4,166,866
14,034,636	1,892,069	109,844,465	105,681,034	9,815,024
35,436	0	1,756,587	2,372,254	0
205,233	2,570,444	19,984,090	17,689,574	7,681,350
\$14,275,305	\$4,462,513	\$131,585,142	\$125,742,862	\$17,496,374

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 2

	Business-Type Activities - Enterprise Funds		
	#462 & #364 Transit	#973 Wastewater	#974 Water
Operating Revenues			
Charges for Services	\$1,047,305	\$18,688,307	\$8,473,552
Charges for Insurance	0	0	0
Employer Contributions	0	0	0
Employee Contributions	0	0	0
Other Operating Revenues	0	14,696	125,451
Total Operating Revenues	1,047,305	18,703,003	8,599,003
Operating Expenses			
Operations and Maintenance	7,112,660	6,469,911	1,975,032
Administration/Overhead	871,964	2,546,975	2,117,783
Taxes	0	4,265,854	2,206,763
Depreciation/Amortization	1,100,316	3,227,625	1,117,398
Other Benefits	0	0	0
Total Operating Expenses	9,084,940	16,510,365	7,416,976
Operating Income (Loss)	(8,037,635)	2,192,638	1,182,027
Non-Operating Revenues (Expenses)			
Operating Grants and Subsidies	6,979,053	0	0
Interest Revenue	3,698	4,376	1,774
Other Non-Operating Revenues	62,285	391,403	10,985
Interest Expenses	0	(650,067)	(80,051)
Amortization of Bond Payment Discount	0	17,585	1,232
Gain (Loss) on Capital Assets Disposition	6,566	0	0
Non-Operating Revenue Net of Expenses	7,051,602	(236,703)	(66,060)
Income (Loss) Before Contributions and Transfers	(986,033)	1,955,935	1,115,967
Capital Contributions	0	1,428,631	524,502
Transfers In	0	232,939	0
Transfers (Out)	(10,000)	(45,210)	(64,497)
Change in Net Position	(996,033)	3,572,295	1,575,972
Total Net Position - January 1	13,295,133	61,716,906	33,683,048
Prior Period Adjustments	0	0	0
Total Net Position - December 31	\$12,299,100	\$65,289,201	\$35,259,020

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 2 of 2

Business-Type Activities - Enterprise Funds

#975 Irrigation	Other Enterprise Funds	Total	
		2012	2011
\$2,894,139	\$7,608,372	\$38,711,675	\$32,908,838
0	0	0	0
0	0	0	0
0	0	0	0
7,104	4,633	151,884	116,556
2,901,243	7,613,005	38,863,559	33,025,394
1,156,579	5,928,572	22,642,754	21,801,279
180,205	709,203	6,426,130	6,148,194
48,550	217,599	6,738,766	4,203,258
291,116	37,465	5,773,920	5,800,247
0	0	0	0
1,676,450	6,892,839	41,581,570	37,952,978
1,224,793	720,166	(2,718,011)	(4,927,584)
0	93,945	7,072,998	6,983,987
1,500	0	11,348	9,033
0	0	464,673	392,536
(206,952)	0	(937,070)	(1,143,704)
(7,665)	0	11,152	(20,504)
0	0	6,566	(529,423)
(213,117)	93,945	6,629,667	5,691,925
1,011,676	814,111	3,911,656	764,341
0	102,566	2,055,699	1,630,740
0	0	232,939	257,939
0	(238,308)	(358,015)	(613,263)
1,011,676	678,369	5,842,279	2,039,757
13,263,631	3,784,144	125,742,862	123,743,528
0	0	0	(40,423)
\$14,275,307	\$4,462,513	\$131,585,141	\$125,742,862

Governmental Activities

Internal Service Funds
\$6,830,976
2,997,770
9,786,013
1,850,107
0
21,464,866
6,880,563
2,497,383
0
1,370,766
10,936,006
21,684,718
(219,852)
0
421,366
1,066,696
0
0
(40,647)
1,447,415
1,227,563
73,840
19,568
0
1,320,971
16,175,403
0
\$17,496,374

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 4

	Business-Type Activities - Enterprise Funds		
	#462 & #364 Transit	#973 Wastewater	#974 Water
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,047,305	\$18,176,113	\$8,164,338
Contributions Received - Employer and Employee	0	0	0
Cash Paid to Suppliers for Goods and Services	(4,247,342)	(4,863,590)	(2,285,024)
Cash Paid for Salaries and Benefits	(3,689,985)	(4,871,649)	(2,323,905)
Other Operating Revenues Collected	0	14,696	125,451
Cash Paid to Claimants and Beneficiaries	0	0	0
Cash Paid in Lieu of Taxes	0	(3,508,656)	(1,661,565)
Net Cash Provided by Operating Activities	(6,890,022)	4,946,914	2,019,295
Cash Flows from Noncapital Financing Activities			
Sales Tax Received	4,765,435	0	0
Operating Grants Received	4,052,754	0	0
Cash Advances to Other Funds	0	0	0
Transfers Out to Other Funds	(10,000)	0	0
Net Cash Provided by Noncapital Financing Activities	8,808,189	0	0
Cash Flows from Capital Financing Activities			
Proceeds from Public Works Trust/SIED Loan/Revenue Bonds	0	3,048,859	123,845
Cash Received for Debt Service from Other Governments	0	391,403	0
Cash Received from Disposal of Capital Assets	6,566	0	0
Cash Contributions in Aid of Construction	20,347	1,295,320	346,157
Principal Paid on Revenue Bonds	0	(1,654,777)	(175,000)
Principal Paid on Public Works Trust/SIED Loan	0	(771,455)	(313,347)
Capital Expenditures Paid	(213,547)	(7,265,087)	(1,002,032)
Interest and Other Debt Service Paid	0	(686,140)	(81,623)
Capital Grants Received	0	0	0
Other Non-Operating Capital Revenue	41,938	0	0
Transfer In	0	232,939	0
Transfer Out	0	(45,210)	(64,497)
Net Cash Used for Capital Financing Activities	(144,696)	(5,454,148)	(1,166,497)

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 2 of 4

Business-Type Activities - Enterprise Funds

#975 Irrigation	Other Enterprise Funds	Total	
		2012	2011
\$2,843,434	\$7,518,943	\$37,750,133	\$33,613,658
0	0	0	0
(720,790)	(3,929,625)	(16,046,371)	(15,119,007)
(659,120)	(2,026,947)	(13,571,606)	(13,510,316)
7,104	4,633	151,884	116,556
0	0	0	0
0	(896,337)	(6,066,558)	(3,362,422)
1,470,628	670,667	2,217,482	1,738,469
0	15,735	4,781,170	4,733,152
0	0	4,052,754	264,195
0	0	0	0
0	0	(10,000)	0
0	15,735	8,823,924	4,997,347
979,000	0	4,151,704	575,286
0	0	391,403	365,828
0	0	6,566	25,506
0	0	1,661,824	827,598
(120,000)	0	(1,949,777)	(1,765,001)
(543,181)	0	(1,627,983)	(1,040,754)
(1,367,859)	(443,795)	(10,292,320)	(7,493,240)
(208,309)	0	(976,072)	(1,159,107)
0	95,058	95,058	143,256
0	0	41,938	0
0	0	232,939	257,939
0	(238,308)	(348,015)	(613,263)
(1,260,349)	(587,045)	(8,612,735)	(9,875,952)

Governmental Activities

Internal Service Funds
\$6,984,317
14,003,730
(6,993,680)
(2,313,338)
0
(10,809,085)
0
871,944
0
1,063,466
(1,035,819)
0
27,647
0
0
88,525
0
0
0
(2,074,217)
0
0
19,568
0
0
(1,966,124)

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 3 of 4

	Business-Type Activities - Enterprise Funds		
	#462 & #364 Transit	#973 Wastewater	#974 Water
Cash Flows from Investing Activities			
Proceeds from Sale of Investment Securities	0	9,809,000	4,609,000
Interest Received on Investments	3,698	4,376	1,774
Purchase of Investment Securities	(1,743,570)	(10,088,336)	(5,877,145)
Net Cash Provided by Investing Activities	(1,739,872)	(274,960)	(1,266,371)
Net Increase (Decrease) in Cash and Cash Equivalents	33,599	(782,194)	(413,573)
Cash and Cash Equivalents at Beginning of Year	227,295	2,757,709	1,576,257
Cash and Cash Equivalents at End of Year	\$260,894	\$1,975,515	\$1,162,684
Cash at the End of the Year			
Operating Fund Cash	\$260,894	\$1,393,681	\$869,464
Revenue Bond Reserve Account Cash	0	475,755	278,889
Revenue Bond Redemption Account Cash	0	106,079	14,331
Total Cash at the End of the Year	\$260,894	\$1,975,515	\$1,162,684
Reconciliation of Net Operating Income (Loss) to Net Cash			
Provided (Used) by Operating Activities			
Net Operating Income (Loss)	(\$8,037,634)	\$2,192,638	\$1,182,027
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	1,100,316	3,227,625	1,117,398
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	0	(587,088)	(350,149)
(Increase) Decrease in Deposits w/ Fiscal Agent/Trustee	0	0	0
Increase (Decrease) in Allowance for Uncollectibles	0	74,894	40,935
(Increase) Decrease in Inventory	0	0	(21,414)
Increase (Decrease) in Warrants/Accounts Payable	24,986	(18,021)	24,384
Increase (Decrease) in Wages/Benefits Payable	9,157	15,914	13,562
Increase (Decrease) in Compensated Absences Payable	13,154	40,952	12,552
Increase (Decrease) in Claims and Judgments Payable	0	0	0
Total Adjustments	1,147,613	2,754,276	837,268
Net Cash Provided by Operating Activities	(\$6,890,021)	\$4,946,914	\$2,019,295
Schedule of Noncash Capital and Related Financing Activities			
Capital Assets Acquired by Noncash Contributions	\$0	\$78,180	\$178,345

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 4 of 4

Business-Type Activities - Enterprise Funds

#975 Irrigation	Other Enterprise Funds	Total	
		2012	2011
0	1,770,000	16,188,000	17,005,167
1,500	0	11,348	9,033
(524,894)	(2,100,964)	(20,334,909)	(16,188,000)
(523,394)	(330,964)	(4,135,561)	826,200
(313,115)	(231,607)	(1,706,890)	(2,313,936)
376,155	766,045	5,703,461	8,017,393
\$63,040	\$534,438	\$3,996,571	\$5,703,457

Governmental Activities

Internal Service Funds
6,735,000
421,366
(7,156,377)
(11)
(1,066,544)
2,989,338
\$1,922,794

\$27,604	\$534,438	\$3,086,081	\$4,756,206	\$1,922,794
0	0	754,644	792,419	0
35,436	0	155,846	154,835	0
\$63,040	\$534,438	\$3,996,571	\$5,703,460	\$1,922,794

\$1,224,793	\$720,166	(\$2,718,010)	(\$4,927,586)	(\$219,852)
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291,116	37,465	5,773,920	5,800,247	1,370,766
(60,957)	(137,210)	(1,135,404)	657,843	(476,819)
0	0	0	0	(1,854)
10,252	36,927	163,008	46,977	0
0	0	(21,414)	8,733	(47,411)
(735)	4,506	35,120	56,455	19,669
3,034	(881)	40,786	(25,078)	(10,069)
3,125	9,694	79,477	120,878	(24,311)
0	0	0	0	261,825
245,835	(49,499)	4,935,493	6,666,055	1,091,796
\$1,470,628	\$670,667	\$2,217,483	\$1,738,469	\$871,944

\$0	\$69,100	\$325,625	\$818,864	\$0
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The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 1

	Firemen's Relief and Pension	Agency Fund	Total	
			2012	2011
Assets				
Cash & Equity in Pooled Investments	\$153,838	\$383,580	\$537,418	\$306,090
Receivables - Accounts	0	15,679	15,679	\$1,921
Investments, at Amortized Cost	764,671	0	764,671	626,000
	<u>918,509</u>	<u>399,259</u>	<u>1,317,768</u>	<u>934,011</u>
Liabilities				
Warrants/Accounts Payable	26,369	7,058	\$33,427	98,717
Due to Other Governmental Units	0	392,201	392,201	42,113
	<u>26,369</u>	<u>399,259</u>	<u>425,628</u>	<u>140,830</u>
Net Position				
Held in Trust for Pension Benefits and Other Purposes	<u>\$892,140</u>	<u>\$0</u>	<u>\$892,140</u>	<u>\$793,181</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 1

	— Firemen's Relief and Pension —	
	2012	2011
Additions		
Employer Contributions	\$1,381,576	\$1,480,299
Interest Revenue	10,000	500
Total Additions	1,391,576	1,480,799
Deductions		
Administration/Overhead	42,225	40,895
Pension Benefits	711,585	639,355
Other Benefits	538,807	781,717
Total Deductions	1,292,617	1,461,967
Change in Net Position	98,959	18,832
Total Net Position, January 1	793,181	774,349
Total Net Position, December 31	<u>\$892,140</u>	<u>\$793,181</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

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NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Yakima, Washington, conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The City has adopted the pronouncements of the Governmental Accounting Standards Board (GASB) which is the accepted standard setting body for establishing governmental accounting and financial reporting principles nationally. The following is a summary of the more significant policies. The policies should be reviewed as an integral part of the financial statements and are presented to assist the reader in interpreting the financial statements and other data in this report.

REPORTING ENTITY

The City of Yakima was incorporated in 1886 and operates under a Council/Manager form of government with a full-time City Manager. The City of Yakima provides a full range of municipal services, which include: police, fire, engineering, parks, cemetery, street, and administrative services. Included in the City's Enterprise Fund financial reports are: water, irrigation, sanitary wastewater, solid waste, stormwater and transit. In 2012, the Yakima Air Terminal was operated under a joint venture agreement with Yakima County (see Note 11).

The City's financial statements include all funds, agencies and boards which are financially accountable to the City. Financial accountability is manifest when the primary government appoints the majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. An organization is fiscally dependent if it is unable to determine its budget without another government having the substantive authority to approve or modify the budget, to levy taxes or set rates or charges without substantive approval by another government, or to issue bonded debt without substantive approval by another government. Applying these criteria, the primary government consists solely of the legal entity of the City.

Related Organization – The City's officials are also responsible for appointing the members of the boards of another organization, but the City's accountability for this organization does not extend beyond making the appointments.

Yakima Housing Authority – The Yakima Housing Authority was created by Resolution No. D-1575, in 1971, and, under certain conditions, can be dissolved by the City. Yet, it is an independent entity with distinct governmental character and organization. The City of Yakima created the Housing Authority per Washington State Revised Code Chapter 35.82 which provides that liabilities incurred by the Housing Authority will be satisfied from its assets, and that no person shall have any right of action against the City on account of its debts, obligations, and liabilities, except for a Contingent Loan Agreement dated October 1, 1998, for a single bond issue of \$2.6 million.

Yakima Regional Public Facilities District – Although a separate legal entity, the City has elected to account for the operations of the Public Facilities District, as a blended component unit, in two Nonmajor Special

Revenue Funds. The cities of Yakima, Selah and Union Gap originally formed a Public Facilities District (PFD) for the purpose of expanding the Yakima Convention Center and in 2008 added expansion of the Capitol Theatre. The City appoints a majority of the board members and must approve the annual budget. The financial agreement stipulates that all revenue derived by the PFD (primarily two separate state sales tax credits) be transferred to the City and the City will use these funds for the applicable project debt service and operations, and reimbursement of administrative costs of the PFD.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City's policy is to allocate indirect costs to individual functions, if they are non-tax supported.

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; 2) fines and forfeitures; and 3) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT PRESENTATION

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

All governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Certain charges for service, sales based taxes, and interest associated within the current period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the

portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Grants are considered measurable and available to the extent that expenditures have been made. Other intergovernmental revenues are considered measurable and available when earned. Other revenues such as state shared revenue, licenses, fines and fees are not considered susceptible to accrual since they are not generally measurable until received. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City of Yakima reports the following major governmental funds:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Community Development Fund** accounts for the Office of Neighborhood Development, which is the focus of the City's effort to improve economic opportunities and housing conditions in Yakima. Federal Housing and Urban Development grants are the major revenue source for this program.

The City reports the following enterprise funds as major funds:

- The **Transit Fund** accounts for the operation of the City Transit System, funded primarily by 0.3% sales tax, federal grants and fares.
- The **Water and Wastewater Funds** account for the provision of water and wastewater services to the residents of the City and other outside utility agreements.
- The **Irrigation Utility Fund** is responsible for the operation, maintenance and reconstruction of the existing irrigation system.

Additionally, the government reports the following fund types:

- **Internal Service Funds** account for fleet management services, liability insurance, employee benefit reserves, and public works administration services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.
- **Pension Trust Funds** are used to account for the operations of trust established for employee retirement benefits. They are accounted for in essentially the same manner as proprietary funds because of the need for determining the periodic income of the trust.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Boards. Governments also have the option of the following subsequent private sector guidance for their business type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the water, wastewater, refuse, stormwater and irrigation enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

ASSETS, LIABILITIES, FUND BALANCE AND NET POSITION

Cash and Cash Equivalents

Cash is considered to be cash on hand, demand deposits, and highly liquid investments with maturities of three months or less from the date of acquisition. Included in this category are all funds held in the Washington State Treasurer's Local Government Investment Pool (LGIP).

The LGIP is comparable to an SEC regulated Rule 2a-7 money market fund in which funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk.

Investments (Refer to Deposits and Investments Note 4.)

Receivables

Taxes receivable consists of property and other taxes including related interest and penalties (See Note 4). Accrued interest receivable consists of amounts earned on investments, notes, and contracts as of year-end.

Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments. Deferred assessments consist of unbilled special assessments that are liens against the property benefited. Customer accounts receivable consists of amounts due from private individuals or organizations for goods and services. Notes and contracts receivable consists of amounts owed on open account from private individuals or organizations for goods and services rendered. The major component of the notes receivable category is in the Community Development fund and represents a revolving home ownership assistance program.

Amounts Due To and From Other Funds; Interfund Loans and Advances Receivable

These accounts include all interfund receivables and payables. A separate schedule of interfund loans receivable and payable is furnished in Note 4 – Interfund Receivables. Long-term interfund loans are separately identified as "Advances" – at December 31, 2012, there were no interfund advances.

Amounts Due To and From Other Governmental Units

These accounts include amounts due to or from other governments for grants, entitlements, temporary loans, taxes and charges for services, except amounts billed for utility usage which is included in customer receivables.

Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are included in the "Nonspendable" category of fund balance, since it is a non-cash asset not available for future expenditure.

Inventories in the General Fund, Enterprise Funds and Internal Service Funds are valued at cost on a moving average method.

Restricted Assets and Liabilities

These accounts contain resources for debt service reserve/redemption in the enterprise funds. The current portion of related liabilities is shown as Payables from Restricted Assets. Specific debt service reserve requirements are described in Note 7.

Capital Assets (See Note 4 – Capital Assets)

Capital assets, which include property, plant, equipment and infrastructure assets (i.e., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure assets are long lived assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, drainage systems, water and wastewater systems, and lighting systems.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

Buildings	25 - 40 Years
Improvements Other than Buildings	7 - 50 Years
Utility Plant	33 - 50 Years
Equipment	2 - 25 Years
Intangibles (Organization Costs and Goodwill)	75 - 100 Years
Infrastructure	15 - 50 Years

Custodial Accounts

These accounts reflect the liability for net monetary assets being held by the City in its trustee or agency capacity.

Accrued Liabilities

Other accrued liabilities include primarily interest payable on long-term debt, Public Works Trust Loans and small miscellaneous payables not classified in other categories in Enterprise Funds.

Deferred Revenues

This account includes amounts recognized as receivables but not as revenue in governmental funds because the revenue recognition criteria have not been met. (See Note 1 – Measurement Focus)

Noncurrent Liabilities

Noncurrent liabilities include long-term debt, compensated absences and the cumulative unfinanced liability related to post employment benefits. For additional information on long-term debt see Note 7.

Long-Term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The bond proceeds, net of premiums, discounts and issuance costs are reported as “other financing sources”.

Compensated Absences – Contracts with employees call for the accumulation of vacation and sick leave. At termination of employment, employees may receive cash payment for all accumulated vacation up to a certain number of hours and a percentage of sick leave, depending on employee group. The payment is based on current wage at termination.

The amounts of unpaid vacation and sick leave accumulated by City employees are accrued as expenses when incurred in proprietary funds, which use the accrual basis of accounting. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. The City uses the last-in, first-out method of recognizing the hours used of compensated absences. Employees are charged for the last day of vacation or sick leave earned when the leave is used. Thus, unless it is anticipated that compensated absences will be used in excess of a normal year’s accumulation, no additional expenditures are accrued. Therefore, the entire unpaid liability for the governmental funds is a reconciling item between the fund and government-wide presentations.

Fund Balance Classifications (See Note 9 – Fund Balance Classifications)

The City’s fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which require the City to classify its fund balances based on spending constraints imposed on the use of resources. The Net Position, comprised of the fund balances, is the excess of all the city’s assets over all liabilities, regardless of fund.

Nonspendable – Represents balances set aside to indicate items that do not represent available, spendable resources even though they are a component of assets. Fund balances are required to be maintained intact and include permanent funds and assets not expected to be converted to cash, such as inventories, and notes receivable.

Restricted – Are funds that have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which require the resources to be used only for a specific purpose.

Committed – These funds have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council.

Assigned – Funds in this category are amounts constrained by the City to be used for a specific purpose, but are neither restricted nor committed and may be changed by City Council.

Unassigned – This represents the residual amounts that have not been restricted, committed, or assigned.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes reconciliation between *fund balance – total government funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$46,019,016 difference are as follows:

Bonds Payable	\$20,501,653
Intergovernmental Loans	3,737,410
Contractual Agreements - Yakima County	300,692
Special Assessments - Note	575,000
Lease Purchase Agreements	520,151
Unfinanced Pension/OPEB Liability	13,365,341
Compensated Absences	7,018,769
<i>Net Adjustments to reduce fund balance - Total Governmental funds to arrive at net assets - governmental activities</i>	<u><u>\$46,019,016</u></u>

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$2,360,604 difference are as follows:

Capital Outlay	\$6,742,769
Depreciation Expense	(9,103,373)
<i>Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>(\$2,360,604)</u></u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and physical inventory adjustments) is to increase net assets.” The details of this \$1,123,432 difference are as follows:

In the statement of activities, only gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in the fund balance by the cost of the capital assets sold.	(26,779)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	1,150,211
<i>Net adjustment to increase/(decrease) net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$1,123,432</u></u>

Another element of that reconciliation states that “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.” The details of this \$2,560,314 difference are as follows:

Debt Issued	
Intergovernmental Loan	(\$450,102)
Principal Repayments	
General Obligation Debt	2,221,614
Intergovernmental Loans	234,877
Contractual Agreement - Yakima County	307,065
Special Assessment Notes	153,000
Lease Purchase Agreements	93,860
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$2,560,314</u></u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$2,275,179 difference are as follows:

Compensated Absences	(\$468,139)
Change in Unfunded Pension Liability	103,040
Change in Other Post Employment Benefit Liability	(1,904,662)
Change in Reserve for Inventory	(14,102)
Accrued Interest Payable	8,684
<i>Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>(\$2,275,179)</u></u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETS AND BUDGETARY ACCOUNTING

Scope of Budget

The City Council annually approves the City’s operating budget. The operating budget is designed to allocate annually available resources among the City’s services and programs and to provide for associated financing decisions.

Annual appropriated budgets are adopted on the modified accrual basis of accounting. For governmental funds, there are no differences between budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for the General Fund and Special Revenue Funds only. Budgets for debt service and capital projects are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lines of debt issues or projects. Budgetary comparisons for proprietary funds, although not legally required, may be requested from the Department of Finance and Budget.

Annual appropriated budgets are adopted at the fund level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class.

Appropriations for general and special revenue funds lapse at year end.

Procedures for Adopting the Original Budget

The City's budget procedures are mandated by Washington State Law. The steps in the budget process are as follows:

- Prior to November 1, the City Manager submits a proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by City departments during the preceding months and balanced with revenue estimates.
- The Council conducts a public hearing on the proposed budget in November to obtain taxpayer comments.
- During December, the budget is legally enacted through passage of an ordinance.

Amending the Budget

The City Manager is authorized to transfer budgeted appropriations between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of permanently authorized employee positions, salary ranges, or other conditions of employment must be approved by the City Council.

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by an ordinance approved by a one more than simple majority of those council members present after holding two public hearings.

The budget amounts shown in the financial statements represent the original adopted budget and all supplemental appropriations. City-wide, supplemental appropriations totaled \$20.7 million. The principal amendments were to reappropriate 2012 outstanding encumbrances in the amount of \$3.2 million; non-lapsing appropriations for various projects in capital funds (Parks and Recreation Capital, Sewer Construction, Domestic Water Improvement, and Wastewater Facilities totaling \$12.3 million; and a transfer from General Fund to the Yakima Redevelopment Area fund to be used for infrastructure planning and design. Total for both funds is \$1.8 million.

Excess of Expenditures over Appropriations

For the year ended December 31, 2012, expenditures exceeded appropriations in two separate funds:

- The Streets and Traffic Operations budget was over budget by \$38,428. This was primarily due to the timing of expenditures originally planned to be funded by American Recovery Reinvestment Act (ARRA) grant reimbursement. The lights were purchased within the time-frame, but not actually installed, which made the purchase ineligible for grant funding. Revenues still exceeded expenditures by \$54,000.
- The Transit Operating Fund exceeded budget by about \$50,000, primarily due to unforeseen costs associated with the new Ellensburg route. The good sales tax trend also applies to this fund, and the ending balance is still above the 60 day reserve target.

Both of these overages were conveyed to City Council in the 2012 Year-end Budget Revenue and Expenditure Report.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. The City reappropriates outstanding encumbrances in the subsequent year.

FUND EQUITY

Nonspendable Fund Balance in Permanent Funds

The fund balance of \$612,724 in the Cemetery Trust Fund represents a portion of the amounts paid for cemetery plots. Provisions of these sales require \$120 of the sales price be held in trust and that the income on the investment of these amounts be used to maintain the plots.

Fiduciary Fund Net Position

The Firemen's Relief and Pension Fund has Net Position held in Trust for Pension Benefits and other purposes of \$892,140 which represents the accumulated contributions made by the government through property taxes (see Note 4) plus interest earnings and state fire insurance premium tax proceeds.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Deposits

The City of Yakima maintains deposit relationships with several Washington State commercial banks and savings and loan institutions that are classified as Public Depositories (see below).

The Public Deposit Protection Commission of the State of Washington (PDPC) covers all deposits not insured by the Federal Depositary Insurance Corporation (FDIC). The PDPC is a statutory authority established under RCW 39.58. It constitutes a multiple financial institution collateral pool that insures public deposits. In such a pool, a group of financial institutions holding public funds pledge collateral to a common pool. The PDPC provides protection by maintaining strict standards as to the amount of public deposits financial institutions can accept, and by monitoring the financial condition of all public depositories and optimizing collateralization requirements.

The City of Yakima had the following cash on hand and deposit balances on December 31, 2012:

Banks and Savings and Loan Institutions	\$14,143,750
Petty Cash and Other Imprest Funds	14,795
Local Government Investment Pool (LGIP)	3,800,678
<i>Total</i>	<u><u>\$17,959,223</u></u>

Custodial Credit Risk: Deposits – The custodial credit risk for deposits is the risk that, in the event of a depository financial institution failure, the City's deposits with banks and savings and loan associations may not be recovered. Because of the PDPC, the City's deposits are not subject to this risk.

The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (SEC). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk.

Foreign Currency Risk: Deposits – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City of Yakima does not participate in making deposits or investments that are exposed to this type of risk.

Investments

Cash and investments are managed under the guidance of the City's Investment Policy (Resolution R2011-134). The policy is based on the Model Investment Policy prepared by the Association of Public Treasurers of

the United States and Canada and applies to all financial assets of the City of Yakima (excluding the Firemen's Relief and Pension Fund).

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

INVESTMENT PORTFOLIO

Investment Types	Fair Value	Weighted Average Maturity to Expected Call (Days)	Weighted Average Final Maturity (Days)	Rating
Federal Agency Securities	\$40,324,497	905	1,515	n/a
Local Government Agency Securities	547,150	901	901	A1, A
Certificates of Deposit - PDPC	250,000	778	778	n/a
Local Assessment Notes	575,000	n/a	n/a	n/a
Total Portfolio	<u>\$41,696,647</u>			

Interest Rate Risk

In accordance with its adopted investment policy, the City manages its exposure to declines in fair value due to rising interest rates by limiting the weighted average maturity of its cash and security portfolio as a whole. Additionally, the City does not use derivatives, pass through obligations or other extremely interest rate sensitive instruments in its portfolio. Weighted average maturity on callable securities is calculated using both the expected call date and the final maturity date.

Credit Risk

State law, under RCW sections 35.39 and 39.59, limits investments that a Washington class 1 City may hold to: (1) Direct and Indirect obligations of the US Government, (2) high quality Municipal Bonds of Washington State or Cities and Towns within the State, (3) high quality General Obligation bonds of another State or City, by Washington Administrative Code permission, not in the RCW's, (4) Bankers Acceptances and high quality Commercial Paper as long as they hold one of the 2 highest Credit ratings issued by at least two nationally recognized rating agencies, and the (4) State Treasurer's LGIP. The LGIP is a 2a7 like pool, and investments in the pool are reported at the share price of 100% of dollars invested. The City's own adopted Investment Policy adheres to the RCW's and also allows for investment in high quality Commercial Paper, Bankers Acceptances and the LGIP (see Deposit Note for information on the LGIP).

Custodial Credit Risk

The City's investment Policy does not include Repurchase, Reverse – Repurchase agreements or securities lending as allowable investment activity; therefore no custodial credit risk exists. All investments are held in the City's name by a third party custodian through a Trust Agreement, with the exception of the LGIP and LID Notes (see Deposit note for custodial risk details).

PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied within the county for all taxing authorities. Collections are distributed after the end of each month, on the tenth day of the following month.

PROPERTY TAX CALENDAR

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property is established for next year's levy at 100% of market value.
October 31	Second installment is due.

During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are recognized for collections in the hands of the County Treasurer at December 31st. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectable.

The City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general government services, less a maximum levy of \$.50/\$1,000 for the Library District, beginning in 2007. This amount may be reduced for either of the following reasons:

- The Washington State Constitution limits total regular property tax levies to one-percent of assessed valuation or \$10 per \$1,000 of value. If the tax levies of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.
- Washington State law, RCW 84.55.010, limits the total dollar amount of regular property taxes that may be levied annually to 101% of the highest levy in the three previous years (excluding new construction, annexations and state assessed property).

Special levies approved by the voters are not subject to the above limitations.

For 2012, the City's regular tax levy was 3.0559 per \$1,000 on a total assessed valuation of \$5.6 billion, for a total regular levy of \$16,667,548. Included in the City's regular levy is an authorization to levy for the Firemen's Relief and Pension Fund (see Note 5). This levy is subject to the same limitations as the levy for general government services. The Firemen's Relief and Pension portion of the regular tax levy for 2012 was \$.2411 per \$1,000, or \$1,315,000. Additionally, special levies for General Obligation Bond obligations totaled \$293,000.

RECEIVABLES

Receivables as of year-end for the City's individual major funds, nonmajor, internal service and agency funds in the aggregate, including applicable allowance for uncollectible accounts, are shown in the following chart.

ACCOUNTS RECEIVABLE

	Taxes	Accounts	Special Assessments	Due from Other Gov'ts	Interest & Penalties	Other	Total
General Fund	\$4,357,428	\$1,435,712	\$0	\$174,652	\$93,773	\$0	\$6,061,565
Com & Econ Dev	0	4,855,632	0	453,535	0	0	5,309,167
Non-Major Gov't ⁽¹⁾	284,941	179,816	623,106	687,604	0	1,044,944	2,820,411
Transit	869,166	0	0	316,067	0	0	1,185,233
Refuse	0	515,136	0		0	0	515,136
Wastewater	0	1,242,618	0	55,131	0	3,000	1,300,749
Water	0	430,991	0	0	0	0	430,991
Irrigation	0	220,775	0	0	0	0	220,775
Stormwater	0	45,334	0	23,518	0	72,398	141,250
Internal Service Funds	0	1,244,498	0	0	0	435,819	1,680,317
Total	\$5,511,535	\$10,170,512	\$623,106	\$1,710,507	\$93,773	\$1,556,161	\$19,665,594

(1) Delinquent Local Improvement District (LID) assessments of \$52,314 are included in the Special Assessment balance. Revenues of the Water, Wastewater, Refuse and Irrigation funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period of approximately 1% of billed revenue.

UTILITY REVENUES

Refuse	\$54,797
Wastewater	167,953
Water	85,422
Irrigation	29,234
Stormwater	22,262
Total	<u>\$359,668</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds are shown in the following chart.

DEFERRED REVENUES

	<u>Unavailable</u>
General Fund	
Court Receivables	\$1,351,334
WA State Office Public Defense	145,250
Miscellaneous	823
Community Economic Development - Homeownership Programs	4,855,632
Special Revenue Funds	
Parks & Recreation - Pool & Field Rentals	7,209
Streets - Sidewalk Repairs	400
Community Relations - Equipment Reimbursement	1,600
Cemetery - Lot Sales	13,856
Parking & Business Improvement - Assessment Levied on Businesses in Boundaries	65,921
Front Street Business Improvement - Assessment Levied on Businesses in Boundaries	1,665
Debt Service Funds	
LID Fund - Special Assessments Not Yet Due	503,206
Capital Project Funds	
Central Bus Downtown - Parking Permits	120
Parks & Recreation Capital - Private Contributions	10,871
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$6,957,887</u>

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Classification of Interfund Transactions

Interfund transactions are classified as follows:

- Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services, are similarly treated when they involve other funds of the City.
- Transfers to support the operations of other funds are recorded as "Transfers" and classified with "Other Financing Sources or Uses."
- Contributions to the capital of enterprise or internal service funds (transfers between those funds and the general capital assets account group), transfer to establish or reduce working capital in other funds, and transfers of remaining balances when funds are closed are classified as transfers and reported as non-operating revenues.

- Loans between funds are classified as interfund loans receivable and payable or as advances to and from other funds on the combined balance sheet depending on the time period for which the loan was made. Interfund loans do not affect total fund equity, but advances to other funds are offset by a reservation of fund equity. As of December 31, 2012, there were no advances to/from any funds.

Interfund Loans and Receivables

The following table depicts the temporary cash overdrafts in individual funds as of December 31, 2012, caused by timing of cash flow related to grant reimbursements.

	Due From Other Funds	Due To Other Funds
General Fund	\$1,199	\$0
Special Revenue Funds		
Recovery Grants Program	0	1,199
	<u>\$1,199</u>	<u>\$1,199</u>

The City uses Interfund loans as a way to fund short term capital requirements. As Equipment Rental has funds available for investment, it is typically used for these loans. Park and Recreation borrowed \$600,000 in 2012 to complete a Ballfield complex project to be repaid over a 5 year term. The Irrigation fund borrowed \$979,000 early in 2012 for capital improvements and was able to pay down \$543,181, leaving a balance of \$435,819 as of December. This will be completely repaid in 2013. An Interfund Loan policy sets forth program parameters including interest rates.

	Interfund Loan Receivable	Interfund Loan Payable
Equipment Rental	\$1,035,819	\$0
Parks Capital	0	600,000
Irrigation	0	435,819
	<u>\$1,035,819</u>	<u>\$1,035,819</u>

Interfund Transfers

Interfund transfers represent subsidies and contributions provided to other funds with no corresponding debt or promise to repay. General Fund transfers are primarily used to: 1) allocate the portion of utility taxes that are designated to support Parks and Recreation and Law and Justice Capital programs; and 2) support the Public Safety dispatch operation with a portion of the telephone tax. The Internal Service transfer in Equipment Rental represents capital contributions from other funds to purchase new vehicle additions to the rolling stock fleet. Other transfers generally represent debt service and capital project funding. The following table depicts interfund operating transfer activity during 2012.

INTERFUND TRANSFERS

Transfer out	Transfer In				
	General Fund	Non Major Gov't	Wastewater	Internal Services	Total
General Fund	\$0	\$3,485,667	\$0	\$0	\$3,485,667
Non-Major Governmental	40,000	2,589,415	0	0	2,629,415
Transit	0	10,000	0	0	10,000
Wastewater	0	25,641	0	19,569	45,210
Water Operating Fund	0	31,558	32,939	0	64,497
Stormwater	0	38,308	200,000	0	238,308
Total	<u>\$40,000</u>	<u>\$6,180,589</u>	<u>\$232,939</u>	<u>\$19,569</u>	<u>\$6,473,097</u>

CAPITAL ASSETS

CAPITAL ASSET ACTIVITY

	Balance 1/1/12	Additions	Adjustments	Deletions	Balance 12/31/12
Governmental Activities					
Capital Assets - Not Depreciated					
Land	\$13,993,225	\$68,400	\$179,520	\$0	\$14,241,145
Construction in Progress	28,973,806	5,723,652	(27,114,612)	0	7,582,846
Total Capital Assets - Not Depreciated	<u>42,967,031</u>	<u>5,792,052</u>	<u>(26,935,092)</u>	<u>0</u>	<u>21,823,991</u>
Capital Assets - Depreciated					
Buildings & Structures	56,659,081	450,222	0	(6,312)	57,102,991
Other Improvements	13,184,681	66,666	0	(4,507)	13,246,840
Equipment & Machinery	13,292,449	1,108,867	7,999	(1,156,352)	13,252,963
Infrastructure	219,555,174	475,174	26,927,094	0	246,957,442
Capitalized Leases	831,216	0	0	(189,004)	642,212
Total Capital Assets - Depreciated	<u>303,522,601</u>	<u>2,100,929</u>	<u>26,935,093</u>	<u>(1,356,175)</u>	<u>331,202,448</u>
Less Accumulated Depreciation					
Buildings & Structures	(18,570,358)	(1,307,146)	0	6,312	(19,871,192)
Other Improvements	(6,443,747)	(643,167)	0	4,507	(7,082,407)
Equipment & Machinery	(7,434,194)	(766,610)	0	1,129,573	(7,071,231)
Infrastructure	(147,906,042)	(6,337,584)	0	0	(154,243,626)
Capitalized Leases	(698,204)	(48,866)	0	189,004	(558,066)
Total Accumulated Depreciation	<u>(181,052,545)</u>	<u>(9,103,373)</u>	<u>0</u>	<u>1,329,396</u>	<u>(188,826,522)</u>
Total Capital Assets - Depreciated Net	<u>122,470,056</u>	<u>(7,002,444)</u>	<u>26,935,093</u>	<u>(26,779)</u>	<u>142,375,926</u>
Gov't Activities Capital Assets - Net	<u>165,437,087</u>	<u>(1,210,392)</u>	<u>1</u>	<u>(26,779)</u>	<u>164,199,917</u>

	Balance 1/1/12	Additions	Adjustments	Deletions	Balance 12/31/12
Internal Service Funds - Governmental Activities					
Capital Assets - Depreciated					
Buildings	37,397	0	0	0	37,397
Other Improvements	442,707	130,286	0	0	572,993
Machinery	22,124,533	2,017,771	0	(612,797)	23,529,507
Total Capital Assets - Depreciated	22,604,637	2,148,057	0	(612,797)	24,139,897
Less Accumulated Depreciation					
Buildings	(24,130)	(1,852)	0	0	(25,982)
Other Improvements	(18,945)	(6,355)	0	0	(25,300)
Machinery	(13,397,887)	(1,362,559)	0	486,855	(14,273,591)
Total Accumulated Depreciation	(13,440,962)	(1,370,766)	0	486,855	(14,324,873)
Total Capital Assets - Depreciated Net	9,163,675	777,291	0	(125,942)	9,815,024
 Total Capital Assets - Gov't Activities	<u>\$174,600,762</u>	<u>(\$433,101)</u>	<u>\$1</u>	<u>(\$152,721)</u>	<u>\$174,014,941</u>
Business Type Activities					
Capital Assets - Not Depreciated					
Land	\$2,163,373	\$0	\$0	\$0	2,163,373
Construction in Progress	15,010,578	9,792,178	(11,672,231)	(115,338)	13,015,187
Total Capital Assets - Not Depreciated	17,173,951	9,792,178	(11,672,231)	(115,338)	15,178,560
 Capital Assets - Depreciated					
Buildings & Structures	82,830,682	0	0	0	82,830,682
Other Improvements	107,953,368	861,753	7,751,065	0	116,566,186
Equipment & Machinery	28,427,881	250,744	3,921,166	0	32,599,791
Intangibles	221,830	0	0	0	221,830
Total Capital Assets - Depreciated	219,433,761	1,112,497	11,672,231	0	232,218,489
Less Accumulated Depreciation					
Buildings & Structures	(46,841,825)	(1,841,559)	0	0	(48,683,384)
Other Improvements	(41,625,198)	(2,260,777)	0	0	(43,885,975)
Equipment & Machinery	(11,309,098)	(1,671,584)	0	0	(12,980,682)
Intangibles	(106,171)	0	0	0	(106,171)
Total Accumulated Depreciation	(99,882,292)	(5,773,920)	0	0	(105,656,212)
Total Capital Assets - Depreciated Net	119,551,469	(4,661,423)	11,672,231	0	126,562,277
 Total Capital Assets - Business Activities	<u>\$136,725,420</u>	<u>\$5,130,755</u>	<u>\$0</u>	<u>(\$115,338)</u>	<u>\$141,740,837</u>

NOTE - The adjustment column represents construction works in progress that were completed and classified into the appropriate capital asset category.

Depreciation expense was charged to functions/programs as follows:

General Government	\$172,623
Security of Persons and Property	975,503
Physical Environment	5,545
Transportation	6,548,373
Economic Environment	61,701
Cultural & Recreational Environment	1,339,628
Capital Assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,370,766</u>
Total Depreciation - Governmental Activities	<u>\$10,474,139</u>
Transit	\$1,100,316
Wastewater	3,227,625
Water	1,117,398
Irrigation	291,116
Stormwater	<u>37,465</u>
Total Depreciation - Business-Type Activities	<u>\$5,773,920</u>

COMMITMENTS

Construction Commitments

The City had active construction projects as of December 31, 2012. The projects include improvements to the Wastewater facility and collection system, the rebuilding of the irrigation system, and improvements to the water distribution system. This also includes the widening and construction of existing streets and the planning and design work on new infrastructure in the redevelopment area.

CURRENT CONSTRUCTION PROJECTS

Project	Contract Amount	Spent to Date	Remaining Commitment
Water	\$509,373	\$379,078	\$130,295
Irrigation System Design & Rebuild	171,513	113,461	58,052
Wastewater Treatment Plant and Mains	14,579,891	4,576,545	10,003,346
Street Construction	<u>3,546,106</u>	<u>2,620,255</u>	<u>925,851</u>
Total	<u>\$18,806,883</u>	<u>\$7,689,339</u>	<u>\$11,117,544</u>

Street construction is being financed by gas tax and federal, state or local grants. Wastewater improvements are being financed by State Public Works Trust Fund and Revolving Fund loans and wastewater utility revenues/capital reserves. Irrigation improvements are funded by irrigation capital rates/reserves.

NOTE 5 – PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost sharing multiple employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov, or by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98504-8380

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

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLANS 1, 2 & 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; employees of district and municipal courts; and employees of local governments. Approximately 50 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

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

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

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

PERS Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final

compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

The monthly benefit is subject to a minimum for retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. If a survivor option is chosen, the benefit is reduced. Plan 1 members retiring from inactive status prior to the age of 65 may also receive actuarially reduced benefits. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

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

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

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3 percent for each year before age 65; or,
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

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

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

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

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

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

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions.

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

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

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

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

Judicial Benefit Multiplier

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

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

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had 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.

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

Retirees and Beneficiaries Receiving Benefits	79,363
Terminated Plan Member Entitled to but Not Yet Receiving Benefits	29,925
Active Plan Members Vested	105,578
Active Plan Members Non-vested	<u>46,839</u>
Total	261,705

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee

contribution rates range from 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee's age.

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, are as follows:

Members Not Participating in JBM:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer Contributions ⁽¹⁾	7.21% ⁽²⁾	7.21% ⁽²⁾	7.21% ⁽³⁾
Employee Contributions	6.00% ⁽⁴⁾	4.64% ⁽⁴⁾	⁽⁵⁾

(1) The employer rates include the employer administrative expense fee currently set at 0.16%.

(2) The employer rate for state elected officials is 10.74% for Plan 1 and 7.21% for Plan 2 and Plan 3.

(3) Plan 3 defined benefit portion only.

(4) The employee rate for state elected officials is 7.50% for Plan 1 and 4.64% for Plan 2.

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

Both the city and the employees made the required contributions. The city required contributions for the years ended December 31 were as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2012 Contributions	\$80,387	\$1,440,289	\$320,028
2011 Contributions	87,318	1,250,567	270,108
2010 Contributions	88,319	1,098,305	213,590

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF) PLANS 1 AND 2

Plan Description

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members 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.

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.

LEOFF 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. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' fiscal year 2012, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF-covered employment.

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:

<u>Term of Service</u>	<u>% of Final Avg. Salary</u>
Twenty or More Years	2.0%
Ten Years, Less than Twenty Years	1.5%
Five Years, Less than Ten 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 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If no eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service.

Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement benefit of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit.

LEOFF Plan 2 members can receive service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while serving in the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

LEOFF Plan 2 members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries. Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington state Health Care Authority.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Legislation passed in 2009 provides to the Washington-state-registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

There are 373 participating employers in LEOFF. [1] 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 Member Entitled to but Not Yet Receiving Benefits	656
Active Plan Members Vested	13,942
Active Plan Members Non-vested	<u>3,113</u>
Total	27,658

Funding Policy

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

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations 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 of statute. For DRS' fiscal year 2012, the state contributed \$52.8 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

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

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
Employer Contributions ⁽¹⁾	0.16%	5.24% ⁽²⁾
Employee Contributions	0.00%	8.46%
State	N/A	3.38%

(1) The employer rates include the employer administrative expense fee currently set at 0.16%.

(2) The employer rate for ports and universities is 8.62%.

Both the city and the employees made the required contributions. The city required contributions for the years ended December 31 were as follows:

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
2012 Contributions	\$474	\$1,023,087
2011 Contributions	536	986,431
2010 Contributions	621	1,012,134

PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS) PLAN 2

Plan Description

PSERS was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions have been established by Chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS membership includes:

- Full-time employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30, 2006; and
- 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 the following:

- State of Washington agencies: Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol;
- Washington State counties;
- Washington State cities except for Seattle, Tacoma and Spokane; and
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

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

PSERS Plan 2 members are vested after completing five years of eligible service.

PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, or at age 53 with 20 years of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS members 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 3 percent per year reduction for each year between the age at retirement and age 60 applies.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The monthly benefit is 2 percent of the AFC for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS Plan 2 members can receive service credit for military service that interrupts employment. Additionally, PSERS members who become totally incapacitated for continued employment while serving in the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

PSERS members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a PSERS Plan 2 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction. This provision applies to any member killed in the course of employment, if found eligible by the Director of the Department of Labor and Industries.

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

There are 76 participating employers in PSERS. [1] 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 Member Entitled to but Not Yet Receiving Benefits	1
Active Plan Members Vested	167
Active Plan Members Non-vested	<u>4,020</u>
Total	4,203

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. The methods used to determine the contribution requirements are established under state statute 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, 11 2012, are as follows:

	<u>PSERS Plan 2</u>
Employer Contributions ⁽¹⁾	8.87%
Employee Contributions	6.36%

(1) 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 the years ended December 31 were as follows:

	<u>PSERS Plan 2</u>
2012 Contributions	\$61,711
2011 Contributions	50,797
2010 Contributions	53,069

OTHER RETIREMENT SYSTEMS – VOLUNTEER FIREFIGHTERS' RELIEF AND PENSION FUND

The Volunteer Firefighters' Relief and Pension Fund System is a cost sharing multiple employer retirement system which was created by the Legislature in 1945 under Chapter 41.16 RCW. It provides pension, disability and survivor benefits. Membership in the system requires service with a fire department of an electing municipality of Washington State except those covered by LEOFF. The system is funded through member contributions of \$30 per year, employer contributions of \$30 per year, forty-percent of the Fire Insurance Premium Tax, and earnings from the investment of moneys by the Washington State Investment Board. However, members may elect to withdraw their contribution upon termination.

FIREMEN'S PENSION

The City has a single employer, defined benefit pension plan for Firefighters employed prior to March 1, 1970, and governed by Washington State Law RCW 41.26. Under the terms of the governing law, the pension member is entitled to payment from the City's pension plan for those benefits in excess of those calculated under the LEOFF plan.

The City's Firemen's Pension Fund is a closed group. No new members are permitted. Employees attaining the age of fifty who have completed 25 or more years of service are entitled to annual benefits of fifty-percent of their salary plus an additional two-percent for each year of service in excess of 25 years, up to a maximum of sixty-percent of salary. The pension plan also provides death and disability pension benefits plus sick benefits for eligible active and retired employees.

If the employee terminates his employment with the Fire Department and is not eligible for any other benefit under the Firemen's Pension, the employee is entitled to the following:

- Return of accumulated contributions less any benefits paid.
- When a Firefighter would have had 25 years of service, 2% of salary for each year of service.

Firefighters are no longer required to contribute to the Firemen's Pension. The City is required to contribute the amount necessary to fund the Firemen's Pension, using the aggregate projected benefit method. Under state law, partial funding of the Firemen's Pension Fund may be provided by an annual tax levy of up to \$.45 per \$1,000 of assessed valuation of all taxable property of the City. The Firemen's Pension Fund also receives a proportionate share of the 25 percent of the tax on fire insurance premiums set aside by the state for all paid firemen in the state. Additional funding is provided by investment interest earnings.

During the year ended December 31, 2012, there were no plan amendments.

Contributions Required and Contributions Made

The City's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

Under this method, the normal cost is a portion of the actuarial present value of benefits allocated to a valuation year. The actuarial accrued liability is equal to the actuarial value of assets. (Thus, there is no unfunded actuarial accrued liability under this method.)

Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the pension benefit obligation.

POLICE PENSION

The City has a single employer, defined benefit pension plan for Police Officers employed prior to March 1, 1970, and governed by Washington State Law RCW 41.20 and 41.26. Under the governing law, the pension member is entitled to payment from the City's pension plan for those benefits in excess of those calculated under the LEOFF plan. The City also covers four members who were ineligible under the State Law Enforcement Officers and Firefighters (LEOFF) Program.

The City's Police Pension Fund is a closed group. No new members are permitted. Employees who have completed 25 years or more of service are entitled to annual benefits of 50% of their salary plus an additional 2% for each year of service in excess of 25 years – up to a maximum of 60% of salary. The plan provides death and disability pension benefits plus sick benefits for eligible active and retired employees.

If the employee terminates his employment with the Police Department and is not eligible for any other benefit under the Police Pension, the employee is entitled to the following:

- Return of 75% of contributions made after June 8, 1955, less any benefits paid.
- When Police Officer would have had 25 years of service, 2% of salary for each year of service.

Plan members are no longer required to contribute to the Police Pension. The City is operating on a pay as you go basis.

During the year ended December 31, 2012, there were no plan amendments.

Contributions Required and Contributions Made

The Police Pension is a department within the General Fund. The City engaged Milliman U.S.A., Consultant & Actuaries, to perform the pension's actuarial study. They issued a valuation dated January 1, 2012. The valuation provided actuarially determined rates to accumulate sufficient assets to pay benefits when due rather than the current pay as you go basis.

SUMMARY OF FIREMEN'S PENSION AND POLICE PENSION SCHEDULE OF FUNDING PROGRESS (Rounded To 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
Fire Pension	01/01/2003	658	8,520	7,862	8.00%	0	0.00%
	01/01/2008	646	9,935	9,289	7.00%	0	0.00%
	01/01/2012	795	8,168	7,373	10.00%	0	0.00%
Police Pension	01/01/2003	0	8,154	8,154	0.00%	0	0.00%
	01/01/2008	0	9,002	9,002	0.00%	0	0.00%
	01/01/2012	0	7,726	7,726	0.00%	0	0.00%

ANNUAL PENSION COST AND NET PENSION OBLIGATION

	----- Fire -----		
	2010	2011	2012
Annual Required Contribution (ARC)			
Amortization of UAAL	\$544,525	\$544,525	\$505,289
Interest to EOY	19,058	19,058	20,212
ARC at EOY	563,583	563,583	525,501
Interest on NPO	(31,890)	(37,569)	(45,426)
Adjustment to ARC	56,357	68,379	77,835
Annual Pension Cost	588,050	594,393	557,910
Employer Contributions	750,327	656,618	785,696
Change in Net Pension Obligation	(162,277)	(62,225)	(227,786)
Net Pension Obligation (BOY)	(911,136)	(1,073,413)	(1,135,638)
Net Pension Obligation (EOY)	<u>(\$1,073,413)</u>	<u>(\$1,135,638)</u>	<u>(\$1,363,424)</u>

	----- Police -----		
	2010	2011	2012
Annual Required Contribution (ARC)			
Amortization of UAAL	\$527,710	\$527,710	\$529,561
Interest to EOY	18,470	18,470	21,182
ARC at EOY	546,180	546,180	550,743
Interest on NPO	28,153	26,058	25,705
Adjustment to ARC	(49,754)	(47,428)	(44,044)
Annual Pension Cost	524,579	524,810	532,404
Employer Contributions	584,448	626,707	635,444
Change in Net Pension Obligation	(59,869)	(101,897)	(103,040)
Net Pension Obligation (BOY)	804,385	744,516	642,619
Net Pension Obligation (EOY)	<u>\$744,516</u>	<u>\$642,619</u>	<u>\$539,579</u>

EMPLOYER PENSION CONTRIBUTIONS

	Fiscal Year Ended	Annual Pension Cost	Percent of	Net Pension Obligation
			Annual Pension Contributed	
Fire	12/31/10	588,050	127.6%	(1,073,413)
	12/31/11	594,393	110.5%	(1,135,638)
	12/31/12	557,910	122.4%	(1,260,728)
Police	12/31/10	524,579	111.4%	744,516
	12/31/11	524,810	119.4%	642,619
	12/31/12	532,404	117.8%	548,023

NOTE 6 – SELF-INSURANCE FUNDS

The City maintains Reserve Funds to provide for self insurance coverage in the areas of Unemployment Compensation, Medical/Dental coverage, and Workers' Compensation. In addition, the City maintains a Risk Management Fund to provide for property, liability, and other coverage.

UNEMPLOYMENT COMPENSATION

In 1978, the City of Yakima established an Unemployment Compensation Reserve Fund to provide unemployment compensation coverage for its employees, and thereby elected to participate with the State of Washington in a cost reimbursement instead of monthly premium program. In doing so, the City retained its right to appeal awards and determinations made by the State Department of Employment Security.

The City has contracted with Talx Corporation UCeXpress to represent the City in appeal hearings and to provide audits of state awards.

The State of Washington invoices the City on a quarterly basis for reimbursement of claims which represent payment of unemployment compensation and related administrative costs. Resources accrue to the Unemployment Compensation Reserve Fund through monthly charges made to each Operating Fund based on employee earnings. Normal accrual rates have been between .5 and .75 percent of gross payroll, while costs under the monthly premium program would have been approximately three-percent of payroll. The

City has achieved considerable savings. Interfund premiums are based primarily upon the insured funds claims experience and are reported as quasi external interfund transactions, a total for 2012 of \$181,275. Incurred but not reported claims of \$23,052 have been accrued as a liability.

SELF-INSURED MEDICAL / DENTAL PROGRAM

The City, in August, 1979, self insured its medical and dental programs for all eligible employees (temporary employees and employees hired to work less than half time are not eligible to participate in the plan). The City's Human Resources Office administers the self insured program and claims payment services were provided by Healthcare Management Administrators, Inc. (HMA) in 2011. The third party administrator was changed to Employee Benefit Management Services, Inc. (EBMS) as of January 1, 2012.

Each Operating Fund is charged an accrual amount per covered employee which would otherwise have been paid to an insurance carrier. These amounts are determined by the City based upon recommendations made by Emspring. Factors considered by the broker include the amount of claims paid the previous year, increases over prior years, claims administration costs, projected insurance industry inflation rates and the status of the Fund's Reserve. Interfund premiums to the Employee Health Benefit Reserve Fund for 2012 were \$8,596,412. Incurred but not reported claims of \$1,448,732 have been accrued as a liability.

In order to avoid catastrophic losses, the City reinsures the program by purchasing insurance known as "stop loss insurance." Two types of "stop loss" insurance are purchased: 1) individual stop loss; and, 2) aggregate stop loss, with both provided through Sunlife Insurance Co. Under the individual stop loss insurance, the City pays the first \$225,000 of claims for an individual employee or dependent. Any charges accrued by an individual in excess of \$225,000 in a calendar year are thereafter reimbursed by Sunlife, up to a lifetime maximum benefit of \$1 million per person. The aggregate stop loss is designed to protect the City from multiple large claims which may not reach the individual stop loss attachment point (\$225,000). The aggregate stop loss attachment point is calculated by determining the projected amount of claims for the year and adding an additional 25% of that amount (125% of projected claims).

WORKERS' COMPENSATION PROGRAM

The City self-insured its workers' compensation program for all employees except those covered by the LEOFF 1 Retirement System in July, 1984. This workers' compensation program provides coverage identical to the state administered workers' compensation program; however, the City pays only the direct injury related costs and certain administrative fees. The program is administered by the City's Human Resources Office with claims administration and safety services provided by Intermountain Claims, Inc.

Each Operating Fund is charged an appropriate accrual amount, per employee, based on rate requirements prescribed by the State of Washington. Each year the Reserve Fund is reviewed to determine a contribution rate which provides for an appropriate reserve. Interfund premiums to the Workers' Compensation Fund for 2012 were \$948,326. Based on the claims manager's estimate, the City has accrued incurred but not reported claims of \$486,807 at December 31, 2012.

In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop loss" insurance. This insurance is provided through Wells Fargo Insurance Services under a policy purchased from Safety National Casualty Corporation. Under the individual stop loss coverage, the City pays the first \$550,000 of a claim and the insurance company pays (a) the balance up to \$1 million for an individual claim or (b) the balance up to a maximum of \$25 million for multiple claims arising from a single incident.

RISK MANAGEMENT PROGRAM

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Risk Management Fund was established in 1986 to account for its risk management program. Resources accrue to the fund through interfund premiums to operating funds for appropriate insurance coverage and the replenishment and building of reserves for potential

liability claims. City contributions to the Risk Management Reserve Fund for 2012 were \$2,844,429. The fund provides for administration, legal services, and claims adjustment and for the purchase of property, general liability, and other insurance coverage.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider recent claim settlement trends, inflation, and other economic or social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims. Estimated recoveries, for example from subrogation, are another component of the claims liability estimate. Based on these factors, the claims manager's estimate of claims liability at December 31, 2012, is \$1,219,000.

Property Insurance Coverage

The City of Yakima purchases property insurance and boiler and machinery insurance from Affiliated FM Insurance Company covering loss or damage to City owned property from various perils including earthquake and flood. The policy is subject to a \$100,000,000 limit per occurrence and a \$100,000 per occurrence deductible. The policy number from 1/10/11 to 1/10/12 was PB541.

Cities Insurance Association of Washington

The City of Yakima became an associate member of the Cities Insurance Association of Washington (CIAW) effective December 14, 2005, and became a member of CIAW effective September 1, 2010.

Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988, when 32 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Public Officials Liability is on a "claims made" basis. All other coverages are on an "occurrence basis". The pool provides the following forms of group purchased insurance coverage for its members: property, general liability, law enforcement liability, automobile liability, employment practices liability, boiler and machinery, bonds of various types, and public officials' liability.

The City of Yakima participates in the liability coverages provided by the CIAW. The insurance policy period through CIAW is from September 1st to September 1st of each year. For the policy period 9/01/2011 to 9/01/2012, the City of Yakima has general liability, public officials liability and automobile liability coverage, subject to a program retention of \$100,000 per occurrence and a member deductible of \$99,000, as a member in the Cities Insurance Association of Washington, with Munich Reinsurance America, Inc., and Torus Specialty Insurance Company, policy no. CIAW101234514. For the policy period 9/01/2012 to 9/01/2013, the City of Yakima has general liability, public officials liability and automobile liability coverage, subject to a program retention of \$100,000 per occurrence and a member deductible of \$99,000, as a member in the Cities Insurance Association of Washington, with Munich Reinsurance America, Inc., and Torus Specialty Insurance Company, policy no. CIAW111334514. The per occurrence and aggregate limits of liability of the general liability coverage through CIAW are \$15,000,000 per occurrence with \$25,000,000 aggregate for general liability.

Claims are submitted by the City with Canfield, which has been contracted by CIAW to perform pool administration, claims adjustment and administration and loss prevention for the pool. The Board of

Directors of CIAW has contracted with Canfield to perform day to day administration of the pool. Copies of the CIAW pool's annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

Washington State Transit Insurance Pool

The City of Yakima Transit Division is insured for liability insurance through the Washington State Transit Insurance Pool (WSTIP). The City of Yakima Transit Division joined WSTIP on September 1, 2005.

From 1/1/2012 to 1/1/2013, the City of Yakima Transit Division has liability coverage, which is not subject to a deductible amount (no deductible), under coverage document no. WSTIP 2012 GL - YT, and public official liability coverage, subject to a deductible amount of \$5,000, under coverage document no. WSTIP POL 2012-YT, with the Washington State Transit Insurance Pool ("WSTIP"), Olympia, Washington. The per occurrence and aggregate limits of liability of the liability coverage through WSTIP are \$12,000,000. Since joining WSTIP on September 1, 2005, the City of Yakima Transit Division has not presented any claims to WSTIP that exceeded its coverage limits through WSTIP.

WSTIP is a 25-member self insurance program with public transit members who provide transit services and is located in Olympia, Washington. WSTIP supplies Yakima Transit auto liability, general liability, and public officials' liability coverage.

The Washington State Transit Insurance Pool was formed by Interlocal Agreement on January 1, 1989, pursuant to Chapters 48.61 and 39.34 RCW. The purpose for forming WSTIP was to provide member Transit Systems programs of joint self insurance, joint purchasing of insurance and joint contracting for hiring of personnel to provide risk management, claims handling and administrative services. Transit authorities joining the Pool must remain members for a minimum of 36 months; a member may withdraw from the Pool after that time by giving 12 months notice. The Pool underwriting and rate setting policies have been established after consultation with actuaries. The Pool members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Pool were to be exhausted, members would be responsible for the Pool's liabilities. WSTIP is regulated by the Washington State Risk Manager and audited yearly by the Washington State Auditor.

WSTIP LIABILITY COVERAGE

Risk	Coverage Period	Coverage
Auto Liability	1/1/12 - 12/31/12	\$12,000,000 per occurrence with a \$0 deductible
General Liability	1/1/12 - 12/31/12	\$12,000,000 per occurrence with a \$0 deductible
Public Officials	1/1/12 - 12/31/12	\$12,000,000 per claim / aggregate with a \$5,000 deductible

Coverage for public official liability is on a "claims made" basis. All other coverages are on an "occurrence" basis. Changes in the balance of claims liability during 2012 follows:

UNPAID CLAIMS

	2012	2011	2010
Unpaid Claims, January 1	\$690,000	\$553,000	\$976,000
Incurred Claims (incl IBNR's)	1,346,198	825,951	417,766
Claim Payments (incl direct legal costs)	(817,198)	(688,951)	(840,766)
Unpaid Claims, December 31	<u>\$1,219,000</u>	<u>\$690,000</u>	<u>\$553,000</u>

NOTE 7 – LONG-TERM DEBT AND CAPITAL LEASES

The State law provides that debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City.

LEGAL DEBT PERCENTAGE

		<u>Limit by Section</u>	<u>Cumulative Limit</u>
I. General Purpose			
Without a Vote (includes capital leases)	1.5%		
With a Vote	1.0%	2.5%	2.5%
II. Utilities Purpose		2.5%	5.0%
III. Open Space and Parks Facilities		2.5%	7.5%
Total Legal Limit		<u>7.5%</u>	

The basic percentages for Section I are the maximum levels of indebtedness those sections may incur. However, utility or parks indebtedness may each exceed 2.50% and reduce the general indebtedness margin. The percentages are applied to the taxable assessed value (regular levies) of about \$5.6 billion, resulting in the debt limits, as of December 31, 2012, for the City as follows:

DEBT LIMITS

	<u>Without a Vote</u>	<u>With a Vote</u>		
	<u>General Purpose</u>	<u>General Purpose</u>	<u>Utilities 5.0%</u>	<u>Open Space & Parks 7.5%</u>
Legal Limit	\$82,417,456	\$137,362,427	\$274,724,854	\$412,087,281
Net Outstanding Indebtedness	22,040,989	22,401,067	22,401,067	22,401,067
Margin Available	<u>\$60,376,467</u>	<u>\$114,961,360</u>	<u>\$252,323,787</u>	<u>\$389,686,214</u>

(1) Indebtedness is the outstanding debt less cash, investments, and tax receivables available to redeem debt.

There have been no material violations of finance related legal or contractual provisions in any of the funds of the City. All bonded debt of the City is tax-exempt. We believe the City to be in compliance with applicable IRS & SEC regulations.

The accompanying schedule of long term debt provides a listing of the outstanding debt of the City and summarizes the City's debt transactions for 2012.

LONG-TERM LIABILITIES

	<u>Balance 1/1/2012</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>Balance 12/31/2012</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
General Obligation Debt					
Bonds	\$22,723,267	\$0	\$2,221,614	\$20,501,653	\$2,303,534
Intergovernmental Loans	3,522,185	450,102	234,877	\$3,737,410	289,634
Contractual Agreement - Yakima Co	607,757	0	307,065	300,692	300,690
Special Assessment					
Notes	728,000	0	153,000	575,000	90,521
Lease Purchase Agreements	614,011	0	93,860	520,151	88,531
Unfunded Pension/OPEB Liability	11,563,719	1,801,622	0	13,365,341	0
Vacation/Sick Leave Accrual	6,550,630	468,139	0	7,018,769	0
Total General Long-Term Debt	<u>\$46,309,569</u>	<u>\$2,719,863</u>	<u>\$3,010,416</u>	<u>\$46,019,016</u>	<u>\$3,072,910</u>

	Balance 1/1/2012	Additions	Payments/ Retirements	Balance 12/31/2012	Amounts Due Within One Year
Business Type Activities					
Revenue Debt Payable					
Revenue Bonds	\$22,610,000	\$9,400,000	\$11,485,000	\$20,525,000	\$1,285,000
Intergovernmental Loans	9,933,274	3,161,719	1,074,403	12,020,590	1,067,762
SIED Loans - Yakima County	10,400	0	10,400	0	0
Unam Dbt Iss Cost/Prem/Disc/Def Amt	243,131	380,920	217,690	406,361	0
Total Revenue Debt	\$32,796,805	\$12,942,639	\$12,787,493	\$32,951,951	\$2,352,762
Total Long Term Debt	\$79,106,374	\$15,662,502	\$15,797,909	\$78,970,967	\$5,425,672

GENERAL OBLIGATION DEBT

General obligation bonds consist of serial and term bonds, to be retired through the fiscal year ending December 31, 2032. The City levies a special property tax; collects motel/hotel taxes, Business License fees, utility taxes; and receives State sales tax credits and gas tax for the principal and interest payments due within a fiscal year and provides the amounts in the respective Debt Service Fund.

GENERAL OBLIGATION BONDS

	Date of Final Maturity	Interest Rate	Original Issue	Outstanding 12/31/12	Average Annual Debt Service
Special Property Tax Levy					
2004 Fire Improvement Bonds Ref 1995	12/01/14	2.0% - 3.5%	\$2,300,000	\$560,000	\$294,063
Regular Property Tax Levy					
2005 Parks Capital Projects	12/01/15	4.0% - 4.5%	755,000	260,000	94,631
2008 Fire Ladder Truck	12/01/21	3.25% - 4.0%	760,000	555,000	74,063
Total Regular Property Tax Levy			1,515,000	815,000	
Regular Property Tax Levy/Real Excise Tax					
2007 River Road Street Project Bond	05/01/17	4.0% - 5.0%	1,765,000	980,000	220,346
2007 Fire Station West Valley Rehab Bond	05/01/22	4.0% - 5.0%	815,000	600,000	73,270
2007 Downtown Revitalization Project Bond	05/01/22	4.0% - 4.5%	1,490,000	1,090,000	133,423
2008 Third Ave/Mead Walnut St Project Bond	12/01/19	3.25% - 4.0%	2,190,000	1,455,000	240,595
Total Regular Property Tax Levy/Real Excise Tax			6,260,000	4,125,000	
Motel/Hotel Tax					
2004 Conv Center Expansion Bonds Ref 1996	11/01/19	2.0% - 4.2%	4,175,000	2,500,000	417,158
Public Facilities District(State Sales Tax Credit)					
2002 Conv Center Addition - not refunded	06/01/12	3.0% - 5.0%	6,735,000	0	240,053
2007 Conv Center Addition Refunding 2002	05/01/26	4.0% - 5.0%	4,910,000	4,855,000	441,474
2009 Capitol Theatre Expansion	12/01/32	3.0% - 6.6%	7,035,000	6,305,000	550,875
Total Public Facilities District			18,680,000	11,160,000	
Business Licenses & Real Estate Excise Tax					
2003 Sundome Expansion	12/01/23	2.34%-4.72%	1,430,528	841,653	148,311
Utility Tax					
2003 Criminal Justice/I-82 Bonds ref 1994	12/01/13	4.35%-5.25%	4,155,000	500,000	515,400
			<u>\$38,515,528</u>	<u>\$20,501,653</u>	

REVENUE BONDS

Water / Wastewater / Irrigation revenue bonds consist of serial and term bonds, to be retired through the fiscal year ending December 31, 2034. The principal and interest for the water / wastewater parity revenue bonds are provided by the results of operations. Principal and interest on Irrigation System Bonds are provided by capital rates.

On May 31st, 2012, the City of Yakima issued \$9,400,000 par value in Water/Wastewater Revenue Bonds to refund 2003 Water/Wastewater Revenue, Series B maturing in 2023. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net assets. This transaction resulted in an economic gain of \$1,233,532 and a reduction of \$183,000 in annual debt service payments.

UTILITY REVENUE BONDS

	Date of Final Maturity	Interest Rate	Original Issue	Outstanding 12/31/12	Average Annual Debt Service
2003 Wastewater Rev Bonds (Unrefunded)	11/01/14	2.0%-5.0%	\$17,545,000	\$1,060,000	(1)
2004 Irrigation Revenue Bonds	09/01/34	2.0%-4.8%	5,215,000	4,345,000	\$320,146
2008 Water Revenue Bonds (ref of 1998)	11/01/18	4.0-5.0%	1,883,951	1,210,000	234,686
2008 Wastewater Revenue Bonds	11/01/27	4.0-5.0%	5,440,000	4,555,000	413,342
2012 Wastewater Rev Bonds (2003 Refunded)	11/01/23	2.0%-4.0%	9,400,000	9,355,500	1,164,199
			<u>\$39,483,951</u>	<u>\$20,525,500</u>	

(1) See 2012 Wastewater Revenue Bonds debt service.

The following Schedule sets forth revenue debt service requirements to maturity (in thousands) and depicts both bond and intergovernmental loans and contracts.

REVENUE DEBT SERVICE

	Bonded Debt	Interest	Notes and Contracts	Interest
2013	1,335	792	1,013	48
2014	1,405	740	842	41
2015	1,435	697	801	35
2016	1,475	654	626	31
2017	1,515	613	626	28
2018-2022	7,530	2,195	3,053	95
2023-2027	3,965	866	1,973	27
2028-2032	1,270	332	0	0
2033-2034	595	43	0	0
	<u>\$20,525</u>	<u>\$6,932</u>	<u>\$8,934</u>	<u>\$305</u>

At December 31, 2012, the City had \$1,756,587 in restricted net assets for debt service for the enterprise funds. These are in compliance with reserve requirements as contained in the various indentures.

INTERGOVERNMENTAL LOANS AND CONTRACTUAL AGREEMENTS

The City participated in a program administered by the State's Department of Community Development on behalf of the Public Works Board. The program provides financial assistance for general government activities, such as street / bridge improvements, or proprietary activities, such as water or sewage projects. The City has several loans through the Washington State Loan Programs as described in the following chart.

PUBLIC WORKS TRUST FUND LOANS

	<u>Interest</u>	<u>Maturity Date</u>	<u>Maximum Authorized</u>	<u>Outstanding 12/31/2012</u>
General Long-Term Debt				
Arterial Street Gas Tax				
PW-5-95-791-052 - Fair Avenue Improvements	1.0%	07/01/15	\$1,000,000	\$159,752
PC08-951-052 - RR Grade Separations-Lincoln Ave/MLK Jr Blvd	0.5%	07/01/28	3,000,000	2,470,175
Real Estate Excise Tax				
L1000030-0 - Grade Separation Stormwater Drainage	3.0%	06/01/30	1,214,000	982,696
General Fund Sales Tax				
CERB loan #C95-107 - Utilities-Madison Ave. and 8th, "J" St & 8th	6.0%	07/01/16	425,448	124,787
Sub-Total General Long-Term Debt				<u>3,737,410</u>
Revenue Debt				
Wastewater Operating Revenue				
PW-5-92-280-046 - Wastewater Collection System Improvements	1.0%	07/01/12	\$1,120,000	\$0
PW-5-93-280-054 - Wastewater Facility Rehabilitation	1.0%	07/01/13	3,221,708	170,505
PW-5-94-784-049 - Wastewater Collection System Improvements	1.0%	07/01/14	1,220,900	81,798
PW-5-95-791-053 - Headworks/Digester Rehabilitation	1.0%	07/01/15	3,030,558	490,123
PW-5-95-791-054 - WW Improvements King Street Collector	1.0%	07/01/15	188,430	35,056
PW-01-691-071 - Fruitvale Neighborhood WW/Water Project Ph I	0.5%	07/01/21	1,466,250	698,625
PW-05-691-064 - River Road Wastewater Improvement	0.5%	07/01/25	2,307,000	1,615,195
PW-07-962-019 - Ultra Violet Disinfection	0.5%	07/01/27	2,300,000	1,820,833
Water Operating Revenue:				
PW-03-027 - Naches River Water Treatment Plt Impr	0.5%	07/01/23	2,694,000	1,481,975
SRF-04-65104-037 - Naches River Water Treatment Filter Rehab	0.5%	10/01/25	966,772	602,371
PC08-951-051 - New Water Well	0.5%	07/01/21	2,257,200	1,938,381
L11000008 - Wastewater Energy Efficiency Project	0.5%	07/01/21	503,538	481,022
PC12-951-065 Wastewater Treatment Plant	0.5%	06/01/31	5,000,000	1,968,869
PC13-961-059 Industrial Wastewater Anaerobic	0.5%	06/01/31	2,000,000	635,824
Sub-Total Revenue Debt				<u>12,020,577</u>
Total Intergovernmental Loans				<u><u>\$15,757,987</u></u>

The Public Works Trust Fund loans have a term not to exceed twenty years and require 1/19th of the original principal plus interest to be paid each July 1st. These are subordinate to utility systems' parity debt and do not require a full faith and credit pledge.

The City has entered into contractual agreements with Yakima County for Supporting Investments in Economic Development (SIED) Loans for several different infrastructure projects, the details of which is in the following chart.

CONTRACTUAL AGREEMENTS

<u>Funding Source</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Outstanding 12/31/2012</u>
Contracted Assessment	2006 Issue	06/01/12	\$64,500	\$0
Contracted Assessment	2007 Issue	06/01/12	50,000	0
Contracted Assessment	2008 Issue	06/01/12	27,500	0
Contracted Assessment	2008 Issue	06/01/12	214,000	45,902
Contracted Assessment	2011 Issue	06/01/13	500,000	254,788
			<u>\$856,000</u>	<u>\$300,690</u>

The following schedule sets forth the general obligation debt and intergovernmental loans and contracts, debt service requirements including interest, to maturity (in thousands).

GENERAL OBLIGATION DEBT SERVICE

	Bonded Debt	Interest	Notes and Contracts	Interest
2013	\$2,304	\$943	\$290	\$35
2014	1,855	868	291	30
2015	1,637	802	293	25
2016	1,593	745	241	21
2017	1,668	679	208	17
2018-2022	5,851	2,603	984	50
2023-2027	3,438	1,285	772	17
2028-2032	2,155	439	155	0
2033-2034	0	0	0	0
	<u>\$20,501</u>	<u>\$8,364</u>	<u>\$3,234</u>	<u>\$195</u>

At December 31, 2012, the City had \$530,582 available in debt service funds to service the General Obligation Bonds and notes.

There are a number of other limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT

Debt service requirements for special assessment notes are met by assessments levied against property owners. Special assessment debts are notes that are due as moneys become available from payments on individual assessments.

OUTSTANDING SPECIAL ASSESSMENT DEBT

LID #1056; 12/17/2015 Wastewater	
South 7th, 8th, & 9th Avenue Installment Note, 8.75% Interest	\$26,500
LID #1057; 05/01/2016 Wastewater	
North 84th Avenue & Hawthorne Drive - Inst Note, 9.25% Interest	58,000
LID #1058; 05/01/2016 Wastewater	
North 90th Avenue, 94th Place, Yakima Ave - Inst Note, 9.25% Interest	47,000
LID #1060; 06/01/2020 Wastewater	
North 85th Avenue & Kail Drive- Installment Note, 5.50% Interest	121,000
LID #1061; 04/15/2020 Wastewater	
Simpson Lane - Installment Note, 5.50% Interest	322,500
	<u>\$575,000</u>

Debt service requirements for special assessment notes/bonds are met by assessments levied against property owners. Pursuant to RCW 35.54, the City maintains a Local Improvement Guarantee Fund for the purpose of guaranteeing, to the extent of the fund, the payments of its LID bonds. The fund balance at December 31, 2012, of the LID Guarantee Fund totaled \$60,164.

LEASE PURCHASE AGREEMENTS

General Capital Assets

As part of the City's capital equipment budgeting program, selected items are obtained via lease purchase and municipal lease/deferred purchase plans. Since the leases are financing agreements which transfer ownership to the City at the end of the lease term, the City records the present value of future lease payments as a capital outlay expenditure and as an offset to other financial sources in the year that the asset is received. The present value of payments due in future periods is shown as a liability in the financial statements and the cost of the asset is recorded in the financial statements.

LEASED EQUIPMENT

Telephone System Upgrade	\$25,735
Two High Speed Laser Printer / Copier	21,891
Two Fire Apparatus	472,526
Total	<u>\$520,152</u>

The following is a schedule of the future minimum lease payments under the above capital leases and the present value of net minimum lease payments at December 31, 2012, for the fiscal year listed:

LEASE PAYMENTS

Due in 2013	\$107,650
Due in 2014	81,465
Due in 2015	69,959
Due in 2016	69,958
Due in 2017	69,958
Due in 2018-2020	209,876
Total Minimum Lease Payments	<u>\$608,866</u>
Less: Amount Representing Interest	88,713
Present Value of Minimum Lease Payments	<u>\$520,153</u>

UNFUNDED POST EMPLOYMENT BENEFIT LIABILITIES

The City maintains two single employer defined benefit pension plans, Firemen's Pension and Police Pension, which are closed systems covering Firemen and Police Officers hired prior to March 1, 1970. Both plans had their first annual actuarial valuation as of March 31, 1989. The required contributions identified in this and subsequent studies were the basis for recording the unfunded pension liability since 1989, with the most recent study performed as of January 1, 2008.

Starting in 2008, the City implemented GASB 45 for Other Post Employment Benefits (OPEB), and initial actuarial evaluations were performed as of January 1, 2008. By State statute, the City is required to provide healthcare benefits for certain retired police officers and firefighters. The City's self-insured medical plan allows retirees and the eligible dependents to self-pay premiums using the same rate as active employees, until they reach age 65, thereby creating an "implicit rate subsidy". All three of the programs are pay as you go.

OUTSTANDING LIABILITIES

	Balance 1/1/12	Additions	Balance 12/31/12
Police Pension	\$5,212,587	(\$103,040)	\$5,109,547
OPEB Fire - Medical	2,405,739	740,464	3,146,203
OPEB Police - Medical	2,059,055	566,656	2,625,711
OPEB Non-LEOFF - Medical	1,886,338	597,542	2,483,880
Total	<u>\$11,563,719</u>	<u>\$1,801,622</u>	<u>\$13,365,341</u>

Both the Police Pension and Police OPEB are paid out of a department in the General Fund. The Fire OPEB is paid through the Firemen's pension trust fund. The non-LEOFF retiree benefits are being paid annually through the Employees Health Benefit Reserve fund. The unfunded pension liability will be adjusted annually by comparing actual expenditures for benefits to the actuarially determined contribution.

See Note 5 for additional information on the pension funds, and Note 12 for additional information on Other Post Employment Benefits.

NOTE 8 – CONTINGENCIES AND LITIGATIONS

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. City management believes that such disallowances, if any, will be immaterial.

SECTION 108 LOAN PROGRAM

In 2003, the City was authorized to administer a Housing and Urban Development (HUD) Section 108 Loan program. HUD has authorized the City to lend up to a maximum of \$6.945 million in two separate loan pools (\$4 million in 2003 and \$2.945 million in 2005). These federal loans are available for the purpose of funding property rehabilitation for economic development activities that will create new jobs within the target area. As of December 31, 2012, the City has approved all its authorized maximum Section 108 loans of \$6.945 million. The nature of this program is the City approves qualified projects for the loan within HUD guidelines and acts as a conduit for HUD funds. The loan proceeds flow directly to the ultimate Corporate Borrower. Payments flow from the Corporate Borrower to the City's Custodian and then to HUD. The loans are on an amortization schedule from 10 years to 25 years. The HUD contract specifically provides that the loans are not full faith and credit obligations of the City, but instead, future Community Development Block Grant (CDBG) allocations are pledged on these loans. The City has entered into agreements to collateralize their position within HUD underwriting guidelines. In 2005, one of the loans was defeased and another defeased in 2009. Additionally, the City has been awarded a \$1 million Economic Development Initiative (EDI) grant from HUD as a protection in case of a default. As of December 31, 2012, one of the loans was past due and the EDI grant was used to pay a portion of the principal and interest due. (The EDI grant can be utilized for past due payments).

POTENTIAL LITIGATION

Because of its activities, the City is subject to certain pending legal actions which arise in the ordinary course of business. The City believes, based on the information presently known, that the ultimate liability for any such legal actions will not be material to the financial position of the City.

NOTE 9 – FUND BALANCE CLASSIFICATION

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which require the City to classify its fund balances based on spending constraints imposed on the use of resources. The following is a schedule of the ending fund balance as of December 31, 2012.

2012 FUND BALANCE

Fund Balance	General Fund	Community Dev	Other Gov't Funds	Total
Nonspendable				
Inventory	\$41,570	\$0	\$80,532	\$122,102
Permanent Fund	0	0	612,724	612,724
Total Nonspendable	41,570	0	693,256	734,826
Restricted				
Community Relations	0	0	902,872	902,872
Emergency Services	0	0	160,977	160,977
Arterial Street Const & Maint	0	0	495,100	495,100
Housing & Economic Dev	0	193,121	253,488	446,609
Public Safety	0	0	1,007,785	1,007,785
Debt Service	0	0	530,582	530,582
Capital Improvements	0	0	4,339,191	4,339,191
Tourism, Conv & Bus Impr	0	0	911,161	911,161
Total Restricted	0	193,121	8,601,156	8,794,277
Committed				
Parks and Recreation	0	0	460,790	460,790
City Streets & Traffic Signals	0	0	1,184,631	1,184,631
Debt Service	0	0	50,504	50,504
Other Purposes	0	0	706,502	706,502
Tourism, Conv & Bus Impr	0	0	679,752	679,752
Total Committed	0	0	3,082,179	3,082,179
Assigned				
Parks and Recreation	0	0	156,544	156,544
Public Safety	0	0	743,194	743,194
Debt Service	0	0	74,903	74,903
Tourism, Conv & Bus Impr	0	0	619	619
Total Assigned	0	0	975,260	975,260
Unassigned	9,738,078	0	0	9,738,078
Total Fund Balance	<u>\$9,779,648</u>	<u>\$193,121</u>	<u>\$13,351,851</u>	<u>\$23,324,620</u>

NOTE 10 – SEGMENT INFORMATION

WATER AND WASTEWATER UTILITIES

For the purposes of revenue bond debt issuance, the water and wastewater utilities are combined in a single segment (i.e., the System). Therefore, investors in the revenue bonds rely on the revenue generated by both activities for repayment. Investors in irrigation revenue bonds rely solely on the revenue generated from the irrigation utility for repayment. Summary financial information for the System and irrigation utility follows.

SYSTEM INFORMATION

	Water / Wastewater	Irrigation
Condensed Statement of Net Assets		
Assets		
Current Assets	\$19,340,195	\$773,273
Restricted Assets	1,651,348	35,436
Capital Assets	111,735,562	18,348,796
Total Assets	132,727,105	19,157,505
Liabilities		
Current Liabilities	5,697,938	323,050
Noncurrent Liabilities	26,480,943	4,559,150
Total Liabilities	32,178,881	4,882,200
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$83,895,755	\$14,034,636
Restricted	1,721,151	35,436
Unrestricted	14,931,318	205,233
Total Net Assets	\$100,548,224	\$14,275,305
Condensed Statement of Revenues, Expenses and Changes in Net Assets		
Operating Revenues		
Charges for Services	\$27,161,859	\$2,894,139
Other Operating Revenues	140,147	7,104
Total Operating Revenues	27,302,006	2,901,243
Operating Expenses		
Operations and Maintenance	\$19,582,318	\$1,385,334
Depreciation	4,345,023	291,116
Total Operating Expenses	23,927,341	1,676,450
Operating Income (Loss)	3,374,665	1,224,793
Non-Operating Revenues (Expenses)		
Miscellaneous Interest (Net)	(705,151)	(213,117)
Other Non-Operating (Net)	402,388	0
Total Non-Operating Revenues (Expenses)	(302,763)	(213,117)
Income (Loss) Before Contributions and Transfers	3,071,902	1,011,676
Capital Contributions	\$1,953,133	\$0
Operating Transfers (Net)	123,232	0
Change in Net Assets	5,148,267	1,011,676
Total Net Assets - January 1	\$95,399,954	\$13,263,631
Total Net Assets - December 31	\$100,548,221	\$14,275,307

	<u>Water / Wastewater</u>	<u>Irrigation</u>
Condensed Statement of Cash Flows		
Net cash Provided (Used)		
Operating Activities	\$6,966,209	\$1,470,628
Capital and Related Financing Activities	(6,620,645)	(1,260,349)
Investing Activities	(1,541,331)	(523,394)
Net Increase (Decrease)	(1,195,767)	(313,115)
Beginning Cash and Cash Equivalents	\$4,333,966	\$376,154
Ending Cash and Cash Equivalents	<u>\$3,138,199</u>	<u>\$63,039</u>

NOTE 11 – JOINT VENTURES

YAKIMA AIR TERMINAL

The City and the County of Yakima entered into a joint venture for operation of the Yakima Air Terminal on July 1, 1982. The Yakima Air Terminal Board is comprised of five individuals: two appointed by the City, two by the County, and one selected by the four appointees. Annually, the governing bodies of the City and County each designate one of its members as an advisory ex-officio member of the Air Terminal Board.

In 2012, the City and the County contributed equally to the joint venture and own jointly, in equal shares, all properties or facilities; however, annual profits and losses are retained by the Airport. The Yakima Air Terminal is presently self-sustaining. The City feels the effects of the joint venture on the combined Financial Statements taken as a whole is immaterial.

The Air Terminal budget is approved, amended and / or supplemented by joint resolution of the City and County. Real property acquisition and sale in excess of \$50,000 must be approved by both the City and County. Issuance of bonds for Airport purposes by the City or County requires both parties' approval. Unaudited financial data for the year ended December 31, 2012, the most recent available, is as follows:

YAKIMA AIR TERMINAL FINANCIAL DATA

Assets	
Current Assets	\$932,450
Property, Plant and Equipment, Net	11,508,943
Intangible Assets, Net	657,277
Construction in Progress	505,625
Total Assets	<u>\$13,604,295</u>
Liabilities	
Current Liabilities	\$482,006
Other Liabilities-Long Term Debt	47,484
Total Liabilities	<u>\$529,490</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	\$12,671,845
Restricted Net Assets	481,506
Unrestricted Net Assets	(78,546)
Total Net Assets	<u>\$13,074,805</u>

Revenues, Expenses and Changes in Fund Net Assets	
Operating Revenues	\$1,073,163
Operating Expenses	
Operations / Maintenance	\$1,099,654
Depreciation	783,547
Total Operating Expenses	\$1,883,201
Operating Income (Loss)	(\$810,038)
Non-Operating Revenues (Expenses)	
Misc. Interest Revenue	\$4,285
Interest on Debt	(\$6,232)
Operating/ Capital Subsidies	471,107
Other	1,921
Total Non-Operating Revenues (Expenses)	\$471,081
Net Income (Loss)	(\$338,957)
Total Net Assets, January 1	\$13,413,762
Total Net Assets, December 31	\$13,074,805

Complete financial statements for the Airport can be obtained from the Yakima Air Terminal at 2400 West Washington Avenue, Yakima, WA, 98903.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFIT PLANS

BENEFITS OTHER THAN PENSION BENEFIT

In addition to providing pension benefits, the City provides certain health care (100% of medically necessary costs) and life insurance benefits for retired employees under the City's Firemen's and Police Pensions as prescribed by state statutes. Current employees under these two pensions become eligible for those benefits if they reach normal retirement age while working for the City. The cost of retiree health care insurance and life insurance benefits is recognized as an expenditure as claims are paid. Both plans are being funded 100% by the City on a pay as you go basis. For 2012, the costs totaled (\$907,000) for the Firemen's Pension which has a total of 56 participants currently eligible to receive benefits and \$1,015,000 for the Police Pension which has a total of 46 participants currently eligible to receive benefits.

In 2012 the City engaged Milliman USA Consultants and Actuaries to perform an actuarial valuation of other postemployment benefits (OPEB) obligations for LEOFF I Fire/Police and Non-LEOFF I employees, in accordance with GASB 45.

LEOFF I EMPLOYEES

Under RCW law, retiree medical, hospital, and nursing care, as long as a disability exists, are covered for any active firefighter hired prior to March 1, 1970. For any retired officer hired prior to March 1, 1970, retiree medical, hospital, and nursing care are covered at the discretion of the Retirement Board. Members retired prior to 1961 for reasons other than duty disability are not eligible for retiree medical benefits during retirement. Under LEOFF Law, the necessary hospital, retiree medical, and nursing care expenses not payable by Workers' Compensation, Social Security, etc. are covered for any active or retired LEOFF 1 member.

Effective January 1, 2007, the City began reimbursing dental costs up to an annual maximum of \$500 for LEOFF I Fire/Police employees.

Eligibility

Employees are eligible to receive lifetime retiree medical benefits upon service retirement after age 50 with at least five years of service. If they are not eligible to retire when leaving LEOFF, but have 20 years of service credit, they are eligible for retiree medical benefits when pension benefits commence. Employees also receive lifetime benefits upon disability.

Retiree Premiums

Funding Policy – Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW. The City's funding policy is based upon pay as you go financing requirements.

Annual OPEB Cost and Net OPEB Obligation – The City's annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that if paid on an ongoing basis is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2012. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB. The net Fire and Police OPEB obligation of \$5,771,909 is included as a noncurrent liability on the Statement of Net Assets.

ANNUAL OPEB COST AND NET OPEB OBLIGATION – LEOFF

	----- Fire -----		
	2010	2011	2012
Annual Required Contribution (ARC)			
Annual Normal Cost	\$42,839	\$42,839	\$45,837
Amortization of UAAL	1,276,274	1,276,274	1,584,900
Interest	46,169	46,169	65,229
ARC at EOY	1,365,282	1,365,282	1,695,966
Interest on net OPEB Obligation	45,732	65,137	96,230
Adjustment to ARC	(71,458)	(104,026)	(144,732)
Annual OPEB Cost	1,339,556	1,326,393	1,647,464
Employer Contributions	(785,124)	(781,717)	(907,000)
Change in Net OPEB Obligation	554,432	544,676	740,464
Net Beginning OPEB Obligation	1,306,631	1,861,063	2,405,739
Net OPEB Obligation	<u>\$1,861,063</u>	<u>\$2,405,739</u>	<u>\$3,146,203</u>

	----- Police -----		
	2010	2011	2012
Annual Required Contribution (ARC)			
Annual Normal Cost	\$45,860	\$45,860	\$19,732
Amortization of UAAL	1,208,621	1,208,621	1,541,006
Interest	43,907	43,907	62,430
ARC at EOY	1,298,388	1,298,388	1,623,168
Interest on net OPEB Obligation	39,873	57,250	82,362
Adjustment to ARC	(62,303)	(91,430)	(123,874)
Annual OPEB Cost	1,275,958	1,264,208	1,581,656
Employer Contributions	779,481	840,870	1,015,000
Change in Net OPEB Obligation	496,477	423,338	566,656
Net Beginning OPEB Obligation	1,139,235	1,635,712	2,059,050
Net OPEB Obligation	<u>\$1,635,712</u>	<u>\$2,059,050</u>	<u>\$2,625,706</u>

Funded Status and Funding Progress – As of January 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$51,959,000 and the actuarial value of the assets was \$0, resulting in a UAAL of \$51,959,000.

SCHEDULE OF FUNDING PROGRESS - LEOFF

		Actuarial	Actuarial	Unfunded Actuarial Accrued Liability (UAAL)	Fund Ratio	Covered Payroll	UAAL as a % of Covered Payroll
	Fiscal Year	Value of Assets	Accrued Liability				
Fire	12/31/08	0	\$24,295,000	\$24,295,000	0.0%	n/a	n/a
	12/31/12	0	\$26,344,000	\$26,344,000	0.0%	n/a	n/a
Police	12/31/08	\$0	\$23,007,000	\$23,007,000	0.0%	n/a	n/a
	12/31/12	0	\$25,615,000	\$25,615,000	0.0%	n/a	n/a

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation is shown in the following chart.

OPEB CONTRIBUTIONS – LEOFF

	Valuation Date	Annual OPEB Cost	Percent of OPEB Contributed	Net OPEB Obligation
Fire	12/31/10	1,339,556	58.6%	1,861,063
	12/31/11	1,326,393	58.9%	2,405,739
	12/31/12	1,647,464	55.1%	3,146,203
Police	12/31/10	1,275,958	61.1%	1,635,712
	12/31/11	1,264,208	66.5%	2,059,050
	12/31/12	1,581,656	64.2%	2,625,706

NON-LEOFF I EMPLOYEES

The City of Yakima provides to its retirees employer-provided subsidies associated with postemployment medical benefits. Retirees eligible to receive pension benefit payments along with their qualifying dependents are eligible to remain on the medical insurance plan up to Medicare eligible age 65, by self-paying the entire composite premium rates which blend both active and inactive (i.e. retired) member claims history.

Eligibility

City members are eligible for retiree medical benefits after becoming eligible for retirement pension benefits (either reduced or full pension benefits). Spouses of retired members of Plan 1 of LEOFF are also eligible for benefits. Also, dependent children of retirees under the age of 25 are eligible for benefits.

Only people under age 65 are eligible for benefits.

Former members who are entitled to a deferred vested pension benefit are eligible to receive medical benefits after pension benefit commencement. Spouses under age 65 of covered members are eligible for medical benefits after the members' benefits terminate due to death or obtaining age 65.

Medical Benefits

Upon retirement, members are permitted to receive medical benefits. Retirees paid \$490.93 per month for pre-65 Medical coverage for 2012. If a retiree chooses to cover his spouse and/or eligible family an amount of \$614.68 per month for pre-65 Medical coverage was paid in 2012.

Funding Policy

The funding policy is based upon the pay as you go financing requirements.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2012. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB.

ANNUAL OPEB COST AND NET OPEB OBLIGATION – NON-LEOFF

	----- Non-LEOFF -----		
	2010	2011	2012
Annual Required Contribution (ARC)			
Annual Normal Cost	\$473,260	\$473,260	\$469,157
Amortization of UAAL	367,909	367,909	471,818
Interest	29,441	29,441	37,639
ARC at EOY	870,610	870,610	978,614
Interest on net OPEB Obligation	35,517	51,602	75,454
Adjustment to ARC	(55,497)	(82,409)	(113,484)
Annual OPEB Cost	850,630	839,803	940,584
Employer Contributions	391,081	427,796	343,042
Change in Net OPEB Obligation	459,549	412,007	597,542
Net Beginning OPEB Obligation	1,014,782	1,474,331	1,886,338
Net OPEB Obligation	<u>\$1,474,331</u>	<u>\$1,886,338</u>	<u>\$2,483,880</u>

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2012 is shown in the following chart.

OPEB CONTRIBUTIONS – NON-LEOFF

(Amount Expressed in Thousands)

	Fiscal Year Ended	Annual OPEB Cost	Percent of OPEB Contributed	Net OPEB Obligation
Non-LEOFF	12/31/10	\$850,630	46.1%	\$1,474,331
	12/31/11	839,803	50.9%	1,886,338
	12/31/12	940,584	36.5%	2,483,880

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 the 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, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions used included a 4.0% discount rate, which is based upon the long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Medical trend assumptions range from 7.0% for 2012 dropping gradually to 5.6% in 2024 and beyond.

The UAAL is being amortized on a closed basis at the assumed discount rate. The remaining amortization period at January 1, 2008 was 30 years.

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the plan was 0.0% funded. The accrued liability for benefits was \$7.8 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$7.8 million.

SCHEDULE OF FUNDING PROGRESS – NON-LEOFF

(Amount Expressed in Thousands)

	Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Fund Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Non-LEOFF	12/31/08	\$0	\$7,003,000	\$7,003,000	0.0%	n/a	n/a
	12/31/12	0	\$7,843,000	\$7,843,000	0.0%	n/a	n/a

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined 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.

NOTE 13 – OTHER DISCLOSURES

RELATED PARTIES

The Yakcorps (632) fund was established in 2011 to account for the fiscal activity of the Yakima Consortium for Regional Public Safety (YAKCORPS). YAKCORPS consists of a variety of local agencies and governments. It was formed to operate and maintain a county-wide multi-discipline public safety system. An Interlocal Agreement provides for the structure, governance, operations and funding of the Consortium and its activities. Per the Agreement, the City of Yakima acts as fiscal agent for the Consortium.

ACCOUNTING AND REPORTING CHANGES

GASB 63 changes the title of the “Statement of Net Assets” to the “Statement of Net Position” and provides (1) that deferred outflows should be reported in a separate section following assets, and (2) deferred inflows should be reported in a separate section following liabilities. The statement then arrives at net position which includes the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources. In addition, the title of the “Statement of Revenues, Expenses and Changes in Net Assets” changes to the “Statement of Revenues, Expenses, and Changes in Net Position.” By presenting deferrals separately from assets and liabilities, the statement of net position will provide users of governmental financial statements with information about transactions that have already occurred but should be recognized as revenues or expenses in future periods. In other words, it will provide users with information about how past

transactions that are not assets or liabilities will continue to impact a government's financial statements in the future periods.

SUBSEQUENT EVENTS

Effective February 12, 2013, the Joint Air Terminal Operations Agreement between Yakima County and the City of Yakima was terminated. Both parties agreed that it was in the public interest for a single entity to take over ownership and operations of the Airport. All real and personal property owned by the parties as tenants in common was conveyed to the City of Yakima in consideration of the City's assumption of joint obligations and liabilities. The Airport began operating as a department of the City of Yakima subsequent to the termination of the agreement.

On March 19, 2013, City of Yakima borrowed \$310,414 using Washington State's Local Option Capital Lending (LOCAL) program. The proceeds will be used to purchase Fire Apparatus, approved by City council on December 4, 2012. The certificates of participation have an all inclusive financing cost of 1.93% and will be repaid annually over the next 10 years out of General Fund.

On July 1, 2013, City of Yakima issued a private placement \$5,000,000 Limited Tax General Obligation Bond. The proceeds will be used for street improvements, approved by City Council on May 7, 2013. The bonds bear interest of 1.67% and will be repaid over the next 15 years out of General Fund.

August 16, 2013, City of Yakima borrowed \$4,632,792 from State Local Option Capital Lending (LOCAL) program. The proceeds will be used to purchase 70 Fire Air Packs for the Fire department and 74 Police vehicles for expansion of assigned Police Vehicle program approved by City council on June 4, 2013. The certificates of participation have an all inclusive financing cost of 1.619% and will be repaid over the next 6 years out of General Fund.

CHANGE IN ACCOUNTING ENTITY

In 2012, no new funds were created in the City to account for new activities; however, 1 fund was removed for the following reason:

- ***Growth Management Fund (140)*** – This fund was used to account for the comprehensive planning effort that was mandated and partially funded by the Washington State Growth Management Act in the early 1990's. The City has not received funding for this purpose, and is inactivating this fund.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

December 31, 2012

FIRE PENSION

Fiscal Year Ending	Actual Employer Contributions Taxes & Fire Insurance Premiums	Medical Benefit Payments and Admin Expenses	Net Employer Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/07	\$1,603,774	\$814,394	\$789,380	\$633,545	124.6%
12/31/08	1,627,553	732,318	895,235	563,583	158.8%
12/31/09	1,487,075	796,765	690,310	563,583	122.5%
12/31/10	1,575,935	825,933	750,002	563,583	133.1%
12/31/11	1,480,800	822,612	658,188	563,583	116.8%
12/31/12	1,381,576	822,612	810,543	525,501	154.2%

POLICE PENSION

Fiscal Year Ending	Actual Employer Contributions Taxes	Medical Benefit Payments and Admin Expenses	Net Employer Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/07	\$1,384,894	\$765,907	\$618,987	\$657,086	94.2%
12/31/08	1,279,173	723,381	555,792	546,180	101.8%
12/31/09	1,316,310	742,965	573,345	546,180	105.0%
12/31/10	1,368,431	783,984	584,447	546,180	107.0%
12/31/11	1,471,511	844,804	626,707	546,180	114.7%
12/31/12	1,264,681	629,237	635,444	550,743	115.4%

FIRE OPEB

	Actual Employer Contributions Taxes	Medical Benefit Payments	Employer Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/08	\$687,047	\$687,047	\$687,047	\$1,365,282	50.3%
12/31/09	724,291	724,291	724,291	1,365,282	53.1%
12/31/10	785,124	785,124	785,124	1,365,282	57.5%
12/31/11	781,717	781,717	781,717	1,365,282	57.3%
12/31/12	907,000	907,000	907,000	1,695,966	53.5%

POLICE OPEB

	Actual Employer Contributions Taxes	Medical Benefit Payments	Net Employer Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/08	\$721,262	\$721,262	\$721,262	\$1,298,388	55.6%
12/31/09	725,561	725,561	725,561	1,298,388	55.9%
12/31/10	779,481	779,481	779,481	1,298,388	60.0%
12/31/11	840,870	840,870	840,870	1,298,388	64.8%
12/31/12	1,015,000	1,015,000	1,015,000	1,623,168	62.5%

NON-LEOFF OPEB

	Actual Employer Contributions Taxes	Medical Benefit Payments	Employer Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/08	\$344,732	\$344,732	\$344,732	\$870,610	39.6%
12/31/09	371,940	371,940	371,940	870,610	42.7%
12/31/10	391,940	391,940	391,940	870,610	45.0%
12/31/11	427,796	427,796	427,796	870,610	49.1%
12/31/12	343,042	343,042	343,042	978,614	35.1%

**SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS (OPEB)**

(Dollar Amounts in Thousands)

December 31, 2012

	Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Fund Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Police	12/31/08	\$0	\$23,007	\$23,007	0.0%	n/a	n/a
	12/31/12	0	25,615	25,615	0.0%	n/a	n/a
Fire	12/31/08	0	24,295	24,295	0.0%	n/a	n/a
	12/31/12	0	26,344	26,344	0.0%	n/a	n/a
Non-LEOFF	12/31/08	0	7,003	7,003	0.0%	n/a	n/a
	12/31/12	0	7,843	7,843	0.0%	n/a	n/a

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 1

	#100 Special Revenue	#200 Debt Service	#300 Capital Project	#600 Permanent Fund	Total	
					2012	2011
Assets						
Cash & Equity in Pooled Investments	\$3,307,531	\$743,565	\$2,278,518	\$79,750	\$6,409,364	\$6,026,204
Receivables						
Taxes	274,364	10,577	0	0	284,941	266,881
Accounts	172,150	0	7,666	0	179,816	439,389
Special Assessments	67,586	0	0	0	67,586	30,435
LID Assessments - Delinquent	0	52,314	0	0	52,314	46,049
LID Assessments - Deferred	0	503,206	0	0	503,206	658,092
Other Receivables	0	0	1,044,944	0	1,044,944	0
Due from Other Government Units	523,707	0	163,897	0	687,604	914,749
Inventories	80,532	0	0	0	80,532	0
Investments, at Amortized Cost	4,040,337	0	3,432,076	532,974	8,005,387	5,293,000
Total Assets	\$8,466,207	\$1,309,662	\$6,927,101	\$612,724	\$17,315,694	\$13,674,799
Liabilities and Fund Balances						
Liabilities						
Warrants/Accounts Payable	\$330,322	\$0	\$650,213	\$0	\$980,535	\$923,018
Wages/Benefits Payable	890,817	0	0	0	890,817	869,551
Contracts Payable	70,239	0	0	0	70,239	68,153
Due to Other Funds	1,199	0	0	0	1,199	0
Due to Other Government Units	3,185	0	19,642	0	22,827	3,385
Mature Interest Payable	0	45,203	0	0	45,203	0
Mature Bonds Payable	0	101,614	0	0	101,614	0
Deposits Payable	394,056	0	0	0	394,056	609,981
Deferred Revenue	90,651	503,206	10,991	0	604,848	726,316
Custodial Accounts	848,855	3,650	0	0	852,505	430,520
Total Liabilities	2,629,324	653,673	680,846	0	3,963,843	3,630,924
Fund Balances						
Nonspendable	80,532	0	0	612,724	693,256	604,420
Restricted	3,731,383	530,582	4,339,191	0	8,601,156	6,768,189
Committed	2,024,968	50,504	1,006,707	0	3,082,179	1,842,615
Assigned	0	74,903	900,357	0	975,260	828,651
Total Fund Balances	5,836,883	655,989	6,246,255	612,724	13,351,851	10,043,875
Total Liabilities and Fund Balances	\$8,466,207	\$1,309,662	\$6,927,101	\$612,724	\$17,315,694	\$13,674,799

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

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

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 1

	#100 Special Revenue	#200 Debt Service	#300 Capital Project	#600 Permanent Fund	Total	
					2012	2011
Revenues						
Taxes	\$8,750,070	\$1,111,916	\$1,975,169	\$0	\$11,837,155	\$10,988,672
Intergovernmental Revenues	7,542,500	108,895	596,609	0	8,248,004	9,230,206
Charges for Services	1,377,823	0	0	8,304	1,386,127	1,550,731
Fines and Forfeits	30,000	0	0	0	30,000	30,000
Interest	52,443	41,450	54,000	20,000	167,893	76,197
Other Revenues	1,917,643	154,886	1,434,731	0	3,507,260	2,524,598
Total Revenues	19,670,479	1,417,147	4,060,509	28,304	25,176,439	24,400,404
Expenditures						
Current						
General Government	219,077	0	0	0	219,077	315,984
Security of Persons and Property	5,254,222	0	687,114	0	5,941,336	5,513,805
Physical Environment	264,453	0	0	0	264,453	259,983
Transportation	5,125,947	0	280,149	0	5,406,096	5,454,883
Economic Environment	963,559	0	24,510	0	988,069	1,337,345
Cultural & Rec Environment	6,119,174	0	271,172	0	6,390,346	6,496,942
Capital Outlay						
General Government	0	0	436,352	0	436,352	27,622
Security of Persons and Property	20,620	0	467,867	0	488,487	1,057,937
Transportation	1,925,229	0	2,818,488	0	4,743,717	2,532,317
Economic Environment	0	0	0	0	0	34,745
Cultural & Rec Environment	31,987	0	816,281	0	848,268	1,025,822
Debt Service						
Principal Retirement	148,192	2,374,614	450,195	0	2,973,001	2,663,555
Interest	8,125	1,056,153	56,788	0	1,121,066	1,143,173
Total Expenditures	20,080,585	3,430,767	6,308,916	0	29,820,268	27,864,113
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$410,106)	(\$2,013,620)	(\$2,248,407)	\$28,304	(\$4,643,829)	(\$3,463,709)
Other Financing Sources (Uses)						
Proceeds from Cap Lease Financing	\$0	\$0	\$0	\$0	\$0	\$576,846
Proceeds from Intergov't Loans	0	0	450,101	0	450,101	500,000
Other Note Proceeds	0	0	600,000	0	600,000	0
Transfers In	2,771,058	2,026,289	1,383,242	0	6,180,589	4,696,104
Transfers (Out)	(1,973,577)	(36,474)	(599,364)	(20,000)	(2,629,415)	(2,318,864)
Intergovernmental Agreements	0	0	(58,425)	0	(58,425)	(58,425)
Sale of Capital Assets	0	0	6,122	0	6,122	15,000
Comp. for Loss of Gen. Cap Assets	92,474	0	1,434	0	93,908	175,814
Total Other Financing Sources (Uses)	889,955	1,989,815	1,783,110	(20,000)	4,642,880	3,586,475
Net Change in Fund Balances	479,849	(23,805)	(465,297)	8,304	(949)	122,766
Fund Balances - January 1	5,357,034	679,794	6,711,552	604,420	13,352,800	9,921,109
Fund Balances - December 31	\$5,836,883	\$655,989	\$6,246,255	\$612,724	\$13,351,851	\$10,043,875

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

NONMAJOR SPECIAL REVENUE FUNDS

Page 1 of 2

Economic Development Fund (123) – Established in 1991 to account for payments received by Housing and Urban Development UDAG grant recipients to be used for future economic development within the City.

Cable TV Communications Fund (125) – Created by Ordinance No. 2510 in 1981 to pay expenses incurred by the City in administering Cable TV franchises for Cable TV operators doing business in the City and formulate community access television programming.

Community Services Fund (127) – Created in 2007. Healthy Families Yakima, currently its sole program, was established as a demonstration project to test the effectiveness of alternative approaches to child support enforcement issues. This program is supported by a federal grant passed through the state and local match (i.e. donations).

Parks and Recreation Fund (131) – Accounts for the Metropolitan Park District which was made a part of the General Fund in 1970 by Ordinance 1276. In 1971 it became a separate fund primarily supported by program fees and tax levies.

Street Fund (141) – While not a self-supporting fund, it is required to be a separate fund for the purpose of accounting for the disbursement of the Motor Vehicle Fuel Tax revenues paid by the State of Washington to the City. Primarily, the fund is used for maintenance of existing City streets and traffic signalization, supported by a portion of the gas tax and an allocation of property taxes.

Arterial Street Fund (142) – Created for the purpose of maintaining existing arterial streets and constructing new arterial streets out of moneys provided by the State from the one-half cent per gallon gas tax levied by the State for this purpose.

Cemetery Fund (144) – A self-supporting fund for the operation of the Tahoma Cemetery. Revenues are provided through the sale of grave sites and other services; it receives interest from Cemetery Trust Fund investments. Disbursements from this fund are for all expenses for the care of lots, blocks or parts thereof under endowment or annual care.

Emergency Services Fund (150) – Established in 1991 when a special property tax levy was approved by the voters to provide for emergency medical services.

Public Safety Communications Fund (151) – Created in 1996 to consolidate 9-1-1 call taking and public safety dispatch both for Yakima County and the City. This is supported by 9-1-1 and dispatching contracts with neighboring jurisdictions, and telephone utility tax transferred from the General Fund.

Police Grants (152) – The Police Grants Fund was created in 2009 to account for supplemental police grant-funded programs, including the COPS Hiring Recovery Program. Additionally, the City/County Narcotics Unit (CCNU) was dissolved in the fall of 2009; therefore, the City's portion of drug related seized and forfeited assets will be managed through this fund.

Parking and Business Improvement Fund (161) – Formed to record the operating receipts and expenditures for Parking and Business Improvement. The major source of revenue is the assessment levied on businesses. Expenditures include costs associated with enhanced maintenance and other promotion of the Downtown area.

NONMAJOR SPECIAL REVENUE FUNDS

Page 2 of 2

Parking and Business Improvement Fund (161) – Formed to record the operating receipts and expenditures for Parking and Business Improvement. The major source of revenue is the assessment levied on businesses. Expenditures include costs associated with enhanced maintenance and other promotion of the Downtown area.

Trolley Fund (162) – Accounts for the operations, maintenance and capital improvements of the Trolley System. The major source of revenue is grants.

Front Street Business Improvement Fund (163) – Established in 1997 for the purpose of assisting trade, economic viability and livability within the area. Revenues are derived from self assessments on businesses located within the boundaries.

Tourist Promotion Fund (170) – Established in 1978 and centralizes all City expenditures for the support of tourist and convention activities and publicity, including operational expenses of the city-owned Convention Center.

Capitol Theatre Operating Fund (171) – Created in 1980 for the purpose of maintaining, managing, and operating the Capitol Theatre.

Public Facilities District – Convention Center (172) – Created in 2002 to account for the revenues received from the Yakima Regional Public Facilities District, which was established to expand the local convention center.

Tourism Promotion Area (173) – Created in 2005 by a self assessment of the lodging industry to fund activities designed to increase tourism and convention business within Yakima County.

Public Facilities District – Capitol Theatre (174) – Created in 2009 to account for the revenues received from the Yakima Regional Public Facilities District, which was established for the expansion of the Capitol Theatre.

Capitol Theatre Reserve Fund (198) – Established in 1981 using the \$1,000,000 proceeds of an insurance settlement. The fund has been maintained as a General Contingency Reserve. Interest earnings are allocated to fund a Depreciation Reserve for the Capitol Theatre.

Recovery Grants Program (199) – The Recovery Grants Program Fund is being used to account for American Recovery and Reinvestment Act (ARRA) grants that include projects in various operating divisions.

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2012

With comparative totals for December 31, 2011

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	#123 Economic Dev	#125 Cable TV	#127 Community Services	#131 Parks and Recreation	#141 Streets
Assets					
Cash & Equity in Pooled Investments	\$145,766	\$122,404	\$759	\$641,206	\$495,283
Receivables					
Taxes	0	0	0	0	0
Accounts	0	1,600	0	7,209	400
Special Assessments	0	0	0	0	0
Due from Other Government Units	0	0	0	0	202,111
Inventories	0	0	0	0	80,532
Investments, at Amortized Cost	974,164	817,528	0	0	876,992
Total Assets	\$1,119,930	\$941,532	\$759	\$648,415	\$1,655,318
Liabilities and Fund Balances					
Liabilities					
Warrants/Accounts Payable	\$1,494	\$737	\$759	\$27,418	\$126,095
Wages/Benefits Payable	16,093	36,323	0	140,634	263,660
Contracts Payable	0	0	0	0	0
Due to Other Funds	0	0	0	0	0
Due to Other Government Units	0	0	0	2,216	0
Deposits Payable	0	0	0	10,148	0
Deferred Revenue	0	1,600	0	7,209	400
Custodial Accounts	848,855	0	0	0	0
Total Liabilities	866,442	38,660	759	187,625	390,155
Fund Balances					
Nonspendable	0	0	0	0	80,532
Restricted	253,488	902,872	0	0	0
Committed	0	0	0	460,790	1,184,631
Total Fund Balances	253,488	902,872	0	460,790	1,265,163
Total Liabilities and Fund Balances	\$1,119,930	\$941,532	\$759	\$648,415	\$1,655,318

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2012

With comparative totals for December 31, 2011

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	#142	#144	#150	#151	#152
	Arterial	Cemetery	Emergency	Pub Safety	Police
	Streets		Services	Comm	Grants
Assets					
Cash & Equity in Pooled Investments	\$104,133	\$50,719	\$224,661	\$141,860	\$349,756
Receivables					
Taxes	0	0	53,995	0	0
Accounts	0	13,856	0	500	0
Special Assessments	0	0	0	0	0
Due from Other Government Units	129,755	0	0	0	183,622
Inventories	0	0	0	0	0
Investments, at Amortized Cost	695,926	0	0	675,727	0
Total Assets	\$929,814	\$64,575	\$278,656	\$818,087	\$533,378
Liabilities and Fund Balances					
Liabilities					
Warrants/Accounts Payable	\$20,351	\$732	\$1,187	\$2,343	\$38,320
Wages/Benefits Payable	0	14,598	116,492	239,366	63,651
Contracts Payable	63,564	0	0	0	0
Due to Other Funds	0	0	0	0	0
Due to Other Government Units	799	170	0	0	0
Deposits Payable	350,000	0	0	0	0
Deferred Revenue	0	13,856	0	0	0
Custodial Accounts	0	0	0	0	0
Total Liabilities	434,714	29,356	117,679	241,709	101,971
Fund Balances					
Nonspendable	0	0	0	0	0
Restricted	495,100	0	160,977	576,378	431,407
Committed	0	35,219	0	0	0
Total Fund Balances	495,100	35,219	160,977	576,378	431,407
Total Liabilities and Fund Balances	\$929,814	\$64,575	\$278,656	\$818,087	\$533,378

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING BALANCE SHEET **NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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#161 Parking and Bus Impr	#162 Trolley	#163 Front St Bus Impr	#170 Tourist Promotion	#171 Capitol Theatre	#172 PFD Conv Ctr	#173 Tourism Promo Area	#174 PFD Cap Thtr
\$105,739	\$19,641	\$8,750	\$229,890	\$108,960	\$193,585	\$59,160	\$53,337
0	0	0	142,098	0	0	78,271	0
0	0	0	148,585	0	0	0	0
65,921	0	1,665	0	0	0	0	0
0	345	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$171,660</u>	<u>\$19,986</u>	<u>\$10,415</u>	<u>\$520,573</u>	<u>\$108,960</u>	<u>\$193,585</u>	<u>\$137,431</u>	<u>\$53,337</u>
\$22,083	\$0	\$0	\$30,057	\$0	\$0	\$58,746	\$0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	33,908	0	0	0	0
65,921	0	1,665	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>88,004</u>	<u>0</u>	<u>1,665</u>	<u>63,965</u>	<u>0</u>	<u>0</u>	<u>58,746</u>	<u>0</u>
0	0	0	0	0	0	0	0
0	19,986	0	456,608	108,960	193,585	78,685	53,337
83,656	0	8,750	0	0	0	0	0
<u>83,656</u>	<u>19,986</u>	<u>8,750</u>	<u>456,608</u>	<u>108,960</u>	<u>193,585</u>	<u>78,685</u>	<u>53,337</u>
<u>\$171,660</u>	<u>\$19,986</u>	<u>\$10,415</u>	<u>\$520,573</u>	<u>\$108,960</u>	<u>\$193,585</u>	<u>\$137,431</u>	<u>\$53,337</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING BALANCE SHEET **NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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	#198 Capitol Thtr Res	#199 Rec Grant Program	Total	
			2012	2011
Assets				
Cash & Equity in Pooled Investments	\$251,922	\$0	\$3,307,531	\$2,952,342
Receivables				
Taxes	0	0	274,364	254,945
Accounts	0	0	172,150	369,575
Special Assessments	0	0	67,586	30,435
Due from Other Government Units	0	7,874	523,707	768,021
Inventories	0	0	80,532	0
Investments, at Amortized Cost	0	0	4,040,337	3,539,000
Total Assets	\$251,922	\$7,874	\$8,466,207	\$7,914,318
Liabilities and Fund Balances				
Liabilities				
Warrants/Accounts Payable	\$0	\$0	\$330,322	\$532,990
Wages/Benefits Payable	0	0	890,817	869,551
Contracts Payable	0	6,675	70,239	53,869
Due to Other Funds	0	1,199	1,199	0
Due to Other Government Units	0	0	3,185	3,120
Deposits Payable	0	0	394,056	609,981
Deferred Revenue	0	0	90,651	57,353
Custodial Accounts	0	0	848,855	430,420
Total Liabilities	0	7,874	2,629,324	2,557,284
Fund Balances				
Nonspendable	0	0	80,532	0
Restricted	0	0	3,731,383	4,675,659
Committed	251,922	0	2,024,968	681,375
Total Fund Balances	251,922	0	5,836,883	5,357,034
Total Liabilities and Fund Balances	\$251,922	\$7,874	\$8,466,207	\$7,914,318

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 4

	#123 Economic Dev	#125 Cable TV	#127 Community Services	#131 Parks and Recreation	#141 Streets
Revenues					
Taxes	\$0	\$521,274	\$0	\$1,683,000	\$3,716,463
Intergovernmental Revenues	66,001	0	0	81,847	1,276,117
Charges for Services	169,848	0	0	783,038	204,899
Fines and Forfeits	0	0	0	0	0
Interest	3,000	0	0	8,000	10,000
Other Revenues	0	13,740	0	214,685	7,165
Total Revenues	238,849	535,014	0	2,770,570	5,214,644
Expenditures					
Current					
General Government	0	0	0	0	68,160
Security of Persons and Property	0	0	0	0	0
Physical Environment	0	0	0	0	0
Transportation	0	0	0	0	5,119,751
Economic Environment	256,503	0	0	590,402	0
Cultural & Recreational Environment	0	480,706	0	3,194,996	3,007
Capital Outlay					
Security of Persons and Property	0	0	0	0	0
Transportation	0	0	0	0	0
Cultural & Recreational Environment	0	0	0	0	0
Debt Service					
Principal Retirement	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	256,503	480,706	0	3,785,398	5,190,918
Excess of Rev Over (Under) Expenditures	(\$17,654)	\$54,308	\$0	(\$1,014,828)	\$23,726
Other Financing Sources (Uses)					
Transfers In	\$0	\$0	\$0	\$1,433,150	\$38,308
Transfers (Out)	0	0	0	(261,500)	(46,667)
Comp. For Loss of Gen. Capital Assets	46,800	0	0	7,168	38,506
Total Other Financing Sources (Uses)	46,800	0	0	1,178,818	30,147
Net Change in Fund Balances	29,146	54,308	0	163,990	53,873
Fund Balances, January 1	224,342	848,564	0	296,800	1,211,290
Fund Balances, December 31	\$253,488	\$902,872	\$0	\$460,790	\$1,265,163

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

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	#142 Arterial Streets	#144 Cemetery	#150 Emergency Services	#151 Pub Safety Comm	#152 Police Grants
Revenues					
Taxes	\$0	\$0	\$0	\$176,229	\$0
Intergovernmental Revenues	2,063,365	0	1,201,029	2,105,350	711,098
Charges for Services	0	144,933	0	75,105	0
Fines and Forfeits	0	0	0	0	0
Interest	10,000	0	443	1,100	5,000
Other Revenues	116,057	68	0	13,927	532,271
Total Revenues	2,189,422	145,001	1,201,472	2,371,711	1,248,369
Expenditures					
Current					
General Government	0	0	0	0	117,918
Security of Persons and Property	0	0	1,075,527	3,175,331	968,462
Physical Environment	0	264,453	0	0	0
Transportation	6,196	0	0	0	0
Economic Environment	0	0	0	0	0
Cultural & Recreational Environment	0	0	0	0	0
Capital Outlay					
Security of Persons and Property	0	0	0	20,620	0
Transportation	1,925,229	0	0	0	0
Cultural & Recreational Environment	31,642	0	0	0	0
Debt Service					
Principal Retirement	115,105	0	0	33,087	0
Interest	6,300	0	0	1,825	0
Total Expenditures	2,084,472	264,453	1,075,527	3,230,863	1,086,380
Excess of Rev Over (Under) Expenditures	\$104,950	(\$119,452)	\$125,945	(\$859,152)	\$161,989
Other Financing Sources (Uses)					
Transfers In	\$83,673	\$110,000	\$0	\$840,000	\$0
Transfers (Out)	(284,183)	0	(100,000)	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0	0
Total Other Financing Sources (Uses)	(200,510)	110,000	(100,000)	840,000	0
Net Change in Fund Balances	(95,560)	(9,452)	25,945	(19,152)	161,989
Fund Balances, January 1	590,660	44,671	135,032	595,530	269,418
Fund Balances, December 31	\$495,100	\$35,219	\$160,977	\$576,378	\$431,407

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2012

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#161 Parking and Bus Impr	#162 Trolley	#163 Front St Bus Impr	#170 Tourist Promotion	#171 Capitol Theatre	#172 PFD Conv Ctr	#173 Tourism Promo Area	#174 PFD Cap Thtr
\$0	\$0	\$0	\$557,681	\$230,164	\$696,071	\$642,688	\$526,500
0	345	0	0	0	0	0	0
0	0	0	0	0	0	0	0
30,000	0	0	0	0	0	0	0
1,500	1,000	60	150	380	1,100	0	710
187,138	3,498	3,301	825,793	0	0	0	0
218,638	4,843	3,361	1,383,624	230,544	697,171	642,688	527,210
0	0	0	0	0	0	0	0
32,405	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
114,802	0	0	0	0	0	0	0
6,909	872	1,532	1,426,855	346,201	12,685	632,725	12,686
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	345	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
154,116	1,217	1,532	1,426,855	346,201	12,685	632,725	12,686
\$64,522	\$3,626	\$1,829	(\$43,231)	(\$115,657)	\$684,486	\$9,963	\$514,524
\$0	\$0	\$0	\$139,000	\$126,927	\$0	\$0	\$0
0	0	0	0	0	(705,000)	0	(504,300)
0	0	0	0	0	0	0	0
0	0	0	139,000	126,927	(705,000)	0	(504,300)
64,522	3,626	1,829	95,769	11,270	(20,514)	9,963	10,224
19,134	16,360	6,921	360,839	97,690	214,099	68,722	43,113
\$83,656	\$19,986	\$8,750	\$456,608	\$108,960	\$193,585	\$78,685	\$53,337

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2012

With comparative totals for December 31, 2011

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	#198 Capitol Thtr Res	#199 Rec Grant Program	Total	
			2012	2011
Revenues				
Taxes	\$0	\$0	\$8,750,070	\$8,194,290
Intergovernmental Revenues	0	37,348	7,542,500	7,841,827
Charges for Services	0	0	1,377,823	1,538,410
Fines and Forfeits	0	0	30,000	30,000
Interest	10,000	0	52,443	13,447
Other Revenues	0	0	1,917,643	2,133,947
Total Revenues	10,000	37,348	19,670,479	19,751,921
Expenditures				
Current				
General Government	0	32,999	219,077	313,117
Security of Persons and Property	0	2,497	5,254,222	5,100,137
Physical Environment	0	0	264,453	259,983
Transportation	0	0	5,125,947	5,204,883
Economic Environment	0	1,852	963,559	1,315,461
Cultural & Recreational Environment	0	0	6,119,174	6,023,183
Capital Outlay				
Security of Persons and Property	0	0	20,620	0
Transportation	0	0	1,925,229	1,909,447
Cultural & Recreational Environment	0	0	31,987	166,937
Debt Service				
Principal Retirement	0	0	148,192	199,619
Interest	0	0	8,125	12,927
Total Expenditures	0	37,348	20,080,585	20,505,694
Excess of Rev Over (Under) Expenditures	\$10,000	\$0	(\$410,106)	(\$753,773)
Other Financing Sources (Uses)				
Transfers In	\$0	\$0	\$2,771,058	\$2,350,510
Transfers (Out)	(71,927)	0	(1,973,577)	(1,702,552)
Comp. For Loss of Gen. Capital Assets	0	0	92,474	175,814
Total Other Financing Sources (Uses)	(71,927)	0	889,955	823,772
Net Change in Fund Balances	(61,927)	0	479,849	69,999
Fund Balances, January 1	313,849	0	5,357,034	5,287,035
Fund Balances, December 31	\$251,922	\$0	\$5,836,883	\$5,357,034

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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123 — ECONOMIC DEVELOPMENT

	— Budgeted Amounts —			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	(Negative)
Revenues				
Intergovernmental Revenues	\$52,000	\$52,000	\$66,001	\$14,001
Charges for Services	220,000	220,000	169,848	(50,152)
Interest	0	0	3,000	3,000
Total Revenues	272,000	272,000	238,849	(33,151)
Expenditures				
Current				
Economic Environment	669,372	669,372	256,503	412,869
Excess of Revenues Over (Under) Expenditures	(\$397,372)	(\$397,372)	(\$17,654)	\$379,718
Other Financing Sources (Uses)				
Comp for Loss of General Capital Assets	\$0	\$0	\$46,800	\$46,800
Net Change in Fund Balance	(397,372)	(397,372)	29,146	426,518
Fund Balances, January 1	225,990	225,990	224,342	(1,648)
Fund Balances, December 31	(\$171,382)	(\$171,382)	\$253,488	\$424,870

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

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125 — CABLE TV

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$480,000	\$480,000	\$521,274	\$41,274
Other Revenues	14,950	14,950	13,740	(1,210)
Total Revenues	494,950	494,950	535,014	40,064
Expenditures				
Current				
Cultural & Recreational Environment	557,554	557,554	480,706	76,848
Capital Outlay				
Cultural & Recreational Environment	37,000	37,000	0	37,000
Total Expenditures	594,554	594,554	480,706	113,848
Excess of Revenues Over (Under) Expenditures	(\$99,604)	(\$99,604)	\$54,308	\$153,912
Net Change in Fund Balances	(99,604)	(99,604)	54,308	153,912
Fund Balances, January 1	741,642	741,642	848,564	106,922
Fund Balances, December 31	<u>\$642,038</u>	<u>\$642,038</u>	<u>\$902,872</u>	<u>\$260,834</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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131 — PARKS & RECREATION FUND

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$1,578,000	\$1,578,000	\$1,683,000	\$105,000
Intergovernmental Revenues	92,000	92,000	81,847	(10,153)
Charges for Services	945,965	945,965	783,038	(162,927)
Interest	0	0	8,000	8,000
Other Revenues	224,800	224,800	214,685	(10,115)
Total Revenues	2,840,765	2,840,765	2,770,570	(70,195)
Expenditures				
Current				
Economic Environment	716,915	716,915	590,402	126,513
Cultural & Recreational Environment	3,137,282	3,145,282	3,194,996	(49,714)
Total Expenditures	3,854,197	3,862,197	3,785,398	76,799
Excess of Revenues Over (Under) Expenditures	(\$1,013,432)	(\$1,021,432)	(\$1,014,828)	\$6,604
Other Financing Sources (Uses)				
Transfers In	\$1,154,000	\$1,154,000	\$1,433,150	\$279,150
Transfers (Out)	(146,500)	(186,500)	(261,500)	(75,000)
Comp for Loss of General Capital Assets	55,000	55,000	7,168	(47,832)
Total Other Financing Sources (Uses)	1,062,500	1,022,500	1,178,818	156,318
Net Change in Fund Balances	49,068	1,068	163,990	162,922
Fund Balances, January 1	341,093	341,093	296,800	(44,293)
Fund Balances, December 31	<u>\$390,161</u>	<u>\$342,161</u>	<u>\$460,790</u>	<u>\$118,629</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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141 — STREETS FUND

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$3,456,000	\$3,456,000	\$3,716,463	\$260,463
Intergovernmental Revenues	1,300,500	1,300,500	1,276,117	(24,383)
Charges for Services	215,760	215,760	204,899	(10,861)
Interest	3,000	3,000	10,000	7,000
Other Revenues	20,050	20,050	7,165	(12,885)
Total Revenues	4,995,310	4,995,310	5,214,644	219,334
Expenditures				
Current				
General Government	\$70,077	\$70,077	\$68,160	1,917
Transportation	4,834,410	5,078,196	5,119,751	(41,555)
Cultural & Recreational Environment	4,217	4,217	3,007	1,210
Total Expenditures	4,908,704	5,152,490	5,190,918	(38,428)
Excess of Revenues Over (Under) Expenditures	\$86,606	(\$157,180)	\$23,726	\$180,906
Other Financing Sources (Uses)				
Transfers In	\$40,000	\$40,000	\$38,308	(\$1,692)
Transfers (Out)	(46,667)	(46,667)	(46,667)	0
Comp for Loss of General Capital Assets	20,000	20,000	38,506	18,506
Total Other Financing Sources (Uses)	13,333	13,333	30,147	16,814
Net Change in Fund Balances	99,939	(143,847)	53,873	197,720
Fund Balances, January 1	1,045,092	1,045,092	1,211,290	166,198
Fund Balances, December 31	<u>\$1,145,031</u>	<u>\$901,245</u>	<u>\$1,265,163</u>	<u>\$363,918</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2012

With comparative totals for December 31, 2011

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142 — ARTERIAL STREETS

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$4,119,175	\$4,119,175	\$2,063,365	(\$2,055,810)
Charges for Services	500	500	0	(500)
Interest	4,000	4,000	10,000	6,000
Other Revenues	246,477	246,477	116,057	(130,420)
Total Revenues	4,370,152	4,370,152	2,189,422	(2,180,730)
Expenditures				
Current				
Transportation	5,000	5,000	6,196	(1,196)
Capital Outlay				
Transportation	3,843,400	3,843,400	1,925,229	1,918,171
Cultural & Recreational Environment	300,000	300,000	31,642	268,358
Debt Service				
Principal Retirement	115,106	115,106	115,105	1
Interest	6,789	6,789	6,300	489
Total Expenditures	4,270,295	4,270,295	2,084,472	2,185,823
Excess of Revenues Over (Under) Expenditures	\$99,857	\$99,857	\$104,950	\$5,093
Other Financing Sources (Uses)				
Transfers In	\$67,199	\$67,199	\$83,673	\$16,474
Transfers (Out)	(284,183)	(284,183)	(284,183)	0
Total Other Financing Sources (Uses)	(216,984)	(216,984)	(200,510)	16,474
Net Change in Fund Balances	(117,127)	(117,127)	(95,560)	21,567
Fund Balances, January 1	227,413	227,413	590,660	363,247
Fund Balances, December 31	\$110,286	\$110,286	\$495,100	\$384,814

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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144 — CEMETERY

	— Budgeted Amounts —		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Charges for Services	\$188,050	\$188,050	\$144,933	(\$43,117)
Other Revenues	0	0	68	\$68
	188,050	188,050	145,001	(43,049)
Expenditures				
Current				
Physical Environment	265,699	265,699	264,453	1,246
Excess of Revenues Over (Under) Expenditures	(\$77,649)	(\$77,649)	(\$119,452)	(\$41,803)
Other Financing Sources (Uses)				
Transfers In	\$55,500	\$55,500	\$110,000	\$54,500
Net Change in Fund Balances	(22,149)	(22,149)	(9,452)	12,697
Fund Balances, January 1	57,860	57,860	44,671	(13,189)
Fund Balances, December 31	\$35,711	\$35,711	\$35,219	(\$492)

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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150 — EMERGENCY SERVICES

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$1,195,726	\$1,195,726	\$1,201,029	\$5,303
Interest	300	300	443	143
Total Revenues	1,196,026	1,196,026	1,201,472	5,446
Expenditures				
Current				
Security of Persons and Property	1,099,489	1,122,030	1,075,527	46,503
Excess of Revenues Over (Under) Expenditures	\$96,537	\$73,996	\$125,945	\$51,949
Other Financing Sources (Uses)				
Transfers (Out)	(\$100,000)	(\$100,000)	(\$100,000)	\$0
Net Change in Fund Balances	(3,463)	(26,004)	25,945	51,949
Fund Balances, January 1	64,553	64,553	135,032	70,479
Fund Balances, December 31	\$61,090	\$38,549	\$160,977	\$122,428

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

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With comparative totals for December 31, 2011

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151 — PUBLIC SAFETY COMMUNICATIONS

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$152,500	\$152,500	\$176,229	\$23,729
Intergovernmental Revenues	2,313,117	2,313,117	2,105,350	(207,767)
Charges for Services	85,648	85,648	75,105	(10,543)
Interest	750	750	1,100	350
Other Revenues	10,328	10,328	13,927	3,599
Total Revenues	2,562,343	2,562,343	2,371,711	(190,632)
Expenditures				
Current				
Security of Persons and Property	3,383,361	3,453,312	3,175,331	277,981
Capital Outlay				
Security of Persons and Property	70,000	70,000	20,620	49,380
Debt Service				
Principal Retirement	31,737	31,737	33,087	(1,350)
Interest	3,174	3,174	1,825	1,349
Total Expenditures	3,488,272	3,558,223	3,230,863	327,360
Excess of Revenues Over (Under) Expenditures	(\$925,929)	(\$995,880)	(\$859,152)	\$136,728
Other Financing Sources (Uses)				
Transfers In	\$840,000	\$840,000	\$840,000	\$0
Net Change in Fund Balances	(85,929)	(155,880)	(19,152)	136,728
Fund Balances, January 1	296,552	296,552	595,530	298,978
Fund Balances, December 31	\$210,623	\$140,672	\$576,378	\$435,706

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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152 — POLICE GRANTS

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$745,204	\$809,364	\$711,098	(\$98,266)
Interest	0	0	5,000	5,000
Other Revenues	404,000	404,000	532,271	128,271
Total Revenues	1,149,204	1,213,364	1,248,369	35,005
Expenditures				
Current				
General Government	120,804	120,804	117,918	2,886
Security of Persons and Property	981,158	1,053,595	968,462	85,133
Total Expenditures	1,101,962	1,174,399	1,086,380	88,019
Excess of Revenues Over (Under) Expenditures	\$47,242	\$38,965	\$161,989	\$123,024
Other Financing Sources (Uses)				
Intergovernmental Agreements	12,666	12,666	0	(12,666)
Net Change in Fund Balances	59,908	51,631	161,989	110,358
Fund Balances, January 1	507,148	507,148	269,418	(237,730)
Fund Balances, December 31	\$567,056	\$558,779	\$431,407	(\$127,372)

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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161 — PARKING & BUSINESS IMPROVEMENT

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines & Forfeits	\$30,000	\$30,000	\$30,000	\$0
Interest	0	0	1,500	1,500
Other Revenues	221,340	221,340	187,138	(34,202)
Total Revenues	251,340	251,340	218,638	(32,702)
Expenditures				
Current				
Security of Persons and Property	35,000	35,000	32,405	2,595
Economic Environment	190,000	190,000	114,802	75,198
Cultural & Recreational Environment	10,962	10,962	6,909	4,053
Total Expenditures	235,962	235,962	154,116	81,846
Excess of Revenues Over (Under) Expenditures	\$15,378	\$15,378	\$64,522	\$49,144
Net Change in Fund Balances	15,378	15,378	64,522	49,144
Fund Balances, January 1	26,712	26,712	19,134	(7,578)
Fund Balances, December 31	\$42,090	\$42,090	\$83,656	\$41,566

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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162 — TROLLEY

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$0	\$63,653	\$345	(\$63,308)
Interest	0	0	1,000	1,000
Other Revenues	1,576	1,576	3,498	1,922
Total Revenues	1,576	65,229	4,843	(60,386)
Expenditures				
Current				
Cultural & Recreational Environment	11,368	11,368	872	10,496
Capital Outlay				
Cultural & Recreational Environment	0	63,653	345	63,308
Total Expenditures	11,368	75,021	1,217	73,804
Excess of Revenues Over (Under) Expenditures	(\$9,792)	(\$9,792)	\$3,626	\$13,418
Net Change in Fund Balances	(9,792)	(9,792)	3,626	13,418
Fund Balances, January 1	16,176	16,176	16,360	184
Fund Balances, December 31	\$6,384	\$6,384	\$19,986	\$13,602

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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163 — FRONT STREET BUSINESS IMPROVEMENT

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$35	\$35	\$60	\$25
Other Revenues	3,500	3,500	3,301	(199)
Total Revenues	3,535	3,535	3,361	(174)
Expenditures				
Current				
Cultural & Recreational Environment	5,000	6,298	1,532	4,766
Excess of Revenues Over (Under) Expenditures	(\$1,465)	(\$2,763)	\$1,829	\$4,592
Net Change in Fund Balances	(1,465)	(2,763)	1,829	4,592
Fund Balances, January 1	6,153	6,153	6,921	768
Fund Balances, December 31	<u>\$4,688</u>	<u>\$3,390</u>	<u>\$8,750</u>	<u>\$5,360</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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170 — TOURIST PROMOTION				
	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$545,200	\$545,200	\$557,681	\$12,481
Interest	50	50	150	100
Other Revenues	759,200	759,200	825,793	66,593
Total Revenues	1,304,450	1,304,450	1,383,624	79,174
Expenditures				
Current				
Cultural & Recreational Environment	1,436,421	1,436,421	1,426,855	9,566
Debt Service				
Principal Retirement	10,715	10,715	0	10,715
Interest	237	237	0	237
Total Expenditures	1,447,373	1,447,373	1,426,855	20,518
Excess of Revenues Over (Under) Expenditures	(\$142,923)	(\$142,923)	(\$43,231)	\$99,692
Other Financing Sources (Uses)				
Transfers In	\$139,000	\$139,000	\$139,000	\$0
Net Change in Fund Balances	(3,923)	(3,923)	95,769	99,692
Fund Balances, January 1	162,915	162,915	360,839	197,924
Fund Balances, December 31	\$158,992	\$158,992	\$456,608	\$297,616

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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171--CAPITOL THEATRE

	— Budgeted Amounts —		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$197,000	\$197,000	\$230,164	\$33,164
Interest	250	250	380	130
Total Revenues	197,250	197,250	230,544	33,294
Expenditures				
Current				
Cultural & Recreational Environment	346,200	285,527	346,201	(60,674)
Excess of Revenues Over (Under) Expenditures	(\$148,950)	(\$88,277)	(\$115,657)	(\$27,380)
Other Financing Sources (Uses)				
Transfers In	\$126,927	\$126,927	\$126,927	\$0
Net Change in Fund Balances	(22,023)	38,650	11,270	(27,380)
Fund Balances, January 1	99,527	99,527	97,690	(1,837)
Fund Balances, December 31	\$77,504	\$138,177	\$108,960	(\$29,217)

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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172 — PFD - CONVENTION CENTER

	— Budgeted Amounts —			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Taxes	\$645,000	\$645,000	\$696,071	\$51,071
Interest	750	750	1,100	350
Total Revenues	645,750	645,750	697,171	51,421
Expenditures				
Current				
Cultural & Recreational Environment	14,000	14,000	12,685	1,315
Excess of Revenues Over (Under) Expenditures	\$631,750	\$631,750	\$684,486	\$52,736
Other Financing Sources (Uses)				
Transfers (Out)	(\$705,000)	(\$705,000)	(\$705,000)	\$0
Net Change in Fund Balances	(73,250)	(73,250)	(20,514)	52,736
Fund Balances, January 1	205,668	205,668	214,099	8,431
Fund Balances, December 31	<u>\$132,418</u>	<u>\$132,418</u>	<u>\$193,585</u>	<u>\$61,167</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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173 — TOURISM PROMOTION AREA

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$586,000	\$636,000	\$642,688	\$6,688
Expenditures				
Current				
Cultural & Recreational Environment	586,000	636,000	632,725	3,275
Excess of Revenues Over (Under) Expenditures	\$0	\$0	\$9,963	\$9,963
Net Change in Fund Balances	0	0	9,963	9,963
Fund Balances, January 1	414	414	68,722	68,308
Fund Balances, December 31	<u>\$414</u>	<u>\$414</u>	<u>\$78,685</u>	<u>\$78,271</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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174 — PFD-CAPITOL THEATRE

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$500,000	\$500,000	\$526,500	\$26,500
Interest	500	500	710	210
Total Revenues	500,500	500,500	527,210	26,710
Expenditures				
Current				
Cultural & Recreational Environment	12,000	12,000	12,686	(686)
Excess of Revenues Over (Under) Expenditures	\$488,500	\$488,500	\$514,524	\$26,024
Other Financing Sources (Uses)				
Transfers (Out)	(\$505,000)	(\$505,000)	(\$504,300)	\$700
Net Change in Fund Balances	(16,500)	(16,500)	10,224	26,724
Fund Balances, January 1	53,357	53,357	43,113	(10,244)
Fund Balances, December 31	\$36,857	\$36,857	\$53,337	\$16,480

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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198 — CAPITOL THEATRE RESERVE

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$500	\$500	\$10,000	\$9,500
Excess of Revenues Over (Under) Expenditures	\$500	\$500	\$10,000	\$9,500
Other Financing Sources (Uses)				
Transfers (Out)	(\$71,927)	(\$71,927)	(\$71,927)	\$0
Net Change in Fund Balances	(71,427)	(71,427)	(61,927)	9,500
Fund Balances, January 1	310,338	310,338	313,849	3,511
Fund Balances, December 31	<u>\$238,911</u>	<u>\$238,911</u>	<u>\$251,922</u>	<u>\$13,011</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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199 — RECOVERY PROGRAM GRANTS

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$0	\$73,905	\$37,348	(\$36,557)
Expenditures				
Current				
General Government	0	23,500	32,999	(9,499)
Security of Persons and Property	0	16,500	2,497	14,003
Transportation	0	18,500	0	18,500
Economic Environment	0	15,405	1,852	13,553
Total Expenditures	0	73,905	37,348	36,557
Excess of Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0
Net Change in Fund Balances	0	0	0	0
Fund Balances, January 1	0	0	0	0
Fund Balances, December 31	\$0	\$0	\$0	\$0

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2012

With comparative totals for December 31, 2011

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	— Budgeted Amounts —		Actual	TOTAL
	Original	Final	Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$8,139,700	\$8,189,700	\$8,750,070	\$560,370
Intergovernmental Revenues	9,817,722	10,019,440	7,542,500	(2,476,940)
Charges for Services	1,655,923	1,655,923	1,377,823	(278,100)
Fines & Forfeits	30,000	30,000	30,000	0
Interest	10,135	10,135	52,443	42,308
Other Revenues	1,906,221	1,906,221	1,917,643	11,422
Total Revenues	21,559,701	21,811,419	19,670,479	(2,140,940)
Expenditures				
Current				
General Government	\$190,881	\$214,381	\$219,077	(4,696)
Security of Persons and Property	5,499,008	5,680,437	5,254,222	426,215
Physical Environment	265,699	265,699	264,453	1,246
Transportation	4,839,410	5,101,696	5,125,947	(24,251)
Economic Environment	1,576,287	1,591,692	963,559	628,133
Cultural & Recreational Environment	6,121,004	6,119,629	6,119,174	455
Capital Outlay				
Security of Persons and Property	70,000	70,000	20,620	49,380
Transportation	3,843,400	3,843,400	1,925,229	1,918,171
Cultural & Recreational Environment	337,000	400,653	31,987	368,666
Debt Service				
Principal Retirement	157,558	157,558	148,192	9,366
Interest	10,200	10,200	8,125	2,075
Total Expenditures	22,910,447	23,455,345	20,080,585	3,374,760
Excess of Revenues Over (Under) Expenditures	(\$1,350,746)	(\$1,643,926)	(\$410,106)	\$1,233,820
Other Financing Sources (Uses)				
Transfers In	\$2,422,626	\$2,422,626	\$2,771,058	\$348,432
Transfers (Out)	(1,859,277)	(1,899,277)	(1,973,577)	(74,300)
Intergovernmental Agreements	12,666	12,666	0	(12,666)
Comp for Loss of General Capital Assets	75,000	75,000	92,474	17,474
Total Other Financing Sources (Uses)	651,015	611,015	889,955	278,940
Net Change in Fund Balances	(699,731)	(1,032,911)	479,849	1,512,760
Fund Balances, January 1	4,388,603	4,388,603	5,357,034	968,431
Fund Balances, December 31	\$3,688,872	\$3,355,692	\$5,836,883	\$2,481,191

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

NONMAJOR DEBT SERVICE FUNDS

Local Improvement District Guaranty Fund (221) – This fund is for the purpose of guaranteeing, to the extent of the fund, the payment of its local improvement bonds and warrants issued to pay for the local improvement ordered, subsequent to April 7, 1926.

Convention Center Addition Bonds (272) – The proceeds were used for additions to the Yakima Convention Center.

Various General Obligation Bonds Fund (281) – The proceeds are for the purpose of providing various projects such as Parks, Streets, Fire and Downtown Revitalization.

Various Purpose Bond Fund (283) – These proceeds are for the purpose of providing for part of the funds to pay the cost of acquiring, constructing, and equipping a new Law and Justice Facility (\$5,600,000), and improvements to the Yakima Avenue / I-82 Interchange (\$1,200,000).

Fire Improvement / Refunding General Obligation Bond Issues (284) – These proceeds are for the purpose of providing funds to acquire, construct and equip fire fighting facilities. This issue also refunded the 1988 Parks and 1986 Street Improvement Bond Issue and Recreation Bond Issue (the Parks and Streets portion was paid in full prior to 2003).

Limited Tax General Obligation Bond (287) – The proceeds were used to expand the Convention Center.

Local Improvement District Debt Control (289) – The proceeds are for the purpose of providing funds to pay the bonds or notes issued for local improvement districts' construction from the collection of assessments levied on the property owner.

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS

December 31, 2012

With comparative totals for December 31, 2011

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	#221 LID Guaranty	#272 Conv Ctr PFD	#281 Various GO Bonds	#283 Crim Just / I-82 Refund
Assets				
Cash & Equity in Pooled Investments	\$60,164	\$168,506	\$161,556	\$96,934
Receivables				
Taxes	0	0	0	0
LID Assessments - Delinquent	0	0	0	0
LID Assessments - Deferred	0	0	0	0
Total Assets	<u>\$60,164</u>	<u>\$168,506</u>	<u>\$161,556</u>	<u>\$96,934</u>
Liabilities and Fund Balances				
Liabilities				
Mature Interest Payable	\$0	\$0	\$45,203	\$0
Mature Bonds Payable	0	0	101,614	0
Deferred Revenue	0	0	0	0
Custodial Accounts	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>146,817</u>	<u>0</u>
Fund Balances				
Restricted	0	168,506	0	96,934
Committed	0	0	0	0
Assigned	60,164	0	14,739	0
Total Fund Balances	<u>60,164</u>	<u>168,506</u>	<u>14,739</u>	<u>96,934</u>
Total Liabilities and Fund Balances	<u>\$60,164</u>	<u>\$168,506</u>	<u>\$161,556</u>	<u>\$96,934</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS

December 31, 2012

With comparative totals for December 31, 2011

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#284 Fire & Parks Ref	#287 Convention Center	#289 Local Impr Districts	Total	
			2012	2011
\$189,345	\$65,220	\$1,840	\$743,565	\$621,909
10,577	0	0	\$10,577	11,936
0	0	52,314	52,314	46,049
0	0	503,206	503,206	658,092
<u>\$199,922</u>	<u>\$65,220</u>	<u>\$557,360</u>	<u>\$1,309,662</u>	<u>\$1,337,986</u>
\$0	\$0	\$0	\$45,203	\$0
0	0	0	101,614	0
0	0	503,206	503,206	658,092
<u>0</u>	<u>0</u>	<u>3,650</u>	<u>3,650</u>	<u>100</u>
0	0	506,856	653,673	658,192
199,922	65,220	0	530,582	546,988
0	0	50,504	50,504	47,250
<u>0</u>	<u>0</u>	<u>0</u>	<u>74,903</u>	<u>85,556</u>
199,922	65,220	50,504	655,989	679,794
<u>\$199,922</u>	<u>\$65,220</u>	<u>\$557,360</u>	<u>\$1,309,662</u>	<u>\$1,337,986</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR DEBT SERVICE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

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	#221 LID Guaranty	#272 Conv Ctr PFD	#281 Various GO Bonds	#283 Crim Just / I-82 Refund
Revenues				
Taxes	\$0	\$0	\$0	\$392,568
Intergovernmental Revenues	0	108,895	0	0
Interest	75	0	0	0
Other Revenues	0	0	0	0
Total Revenues	75	108,895	0	392,568
Expenditures				
Debt Service				
Principal Retirement	0	440,000	711,614	485,000
Interest	0	578,252	266,103	30,175
Total Expenditures	0	1,018,252	977,717	515,175
Excess of Rev Over (Under) Expenditures	\$75	(\$909,357)	(\$977,717)	(\$122,607)
Other Financing Sources (Uses)				
Transfers In	\$0	\$907,300	\$986,989	\$112,000
Transfers (Out)	(20,000)	0	0	0
Total other Financing Sources (Uses)	(20,000)	907,300	986,989	112,000
Net Change in Fund Balances	(19,925)	(2,057)	9,272	(10,607)
Fund Balances, January 1	80,089	170,563	5,467	107,541
Fund Balances, December 31	<u>\$60,164</u>	<u>\$168,506</u>	<u>\$14,739</u>	<u>\$96,934</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR DEBT SERVICE FUNDS

December 31, 2012

With comparative totals for December 31, 2011

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#284 Fire & Parks Ref	#287 Convention Center	#289 Local Impr Districts	Total	
			2012	2011
\$291,348	\$428,000	\$0	\$1,111,916	\$1,119,121
0	0	0	108,895	108,895
0	1,100	40,275	41,450	37,189
0	0	154,886	154,886	141,704
291,348	429,100	195,161	1,417,147	1,406,909
265,000	320,000	153,000	2,374,614	2,248,881
28,875	110,315	42,433	1,056,153	1,125,992
293,875	430,315	195,433	3,430,767	3,374,873
(\$2,527)	(\$1,215)	(\$272)	(\$2,013,620)	(\$1,967,964)
\$0	\$0	\$20,000	\$2,026,289	\$2,009,389
0	0	(16,474)	(36,474)	(17,137)
0	0	3,526	1,989,815	1,992,252
(2,527)	(1,215)	3,254	(23,805)	24,288
202,449	66,435	47,250	679,794	655,506
\$199,922	\$65,220	\$50,504	\$655,989	\$679,794

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

NONMAJOR CAPITAL PROJECT FUNDS

Central Business District Improvement Fund (321) – Created by Ordinance No. 1599. The Central Business District Improvement Program is developing a long range guide for evaluating proposals for physical changes and the scheduling of improvements to the Central Business District. Resources are derived from private contributions and transfers from other funds.

Capitol Theatre Construction Fund (322) – Created by Ordinance 1654 on April 15, 1974. The purpose of this fund was for the acquisition of the Capitol Theatre and capital repairs to that building. The Theatre was destroyed by fire in 1975. After the Theatre was rebuilt in 1978, the fund was deactivated. The fund was then reactivated in 2007 when additional funding for renovation became available.

Yakima Revenue Development Area (323) – Created by Ordinance 2011-31 on July 19, 2011. This fund was created to establish a capital fund to account for the activity of the Yakima Revenue Development Area, and utilizes the Washington State Local Infrastructure Financing Tool (LIFT) program, which authorizes the City to use state sales and excise tax revenue to finance public infrastructure needed to accelerate redevelopment of the former sawmill site.

Parks and Recreation Capital Fund (331) – Created to receive the proceeds from bond issues approved by the voters for improvements to City parks. This fund continues to accumulate resources for Park capital improvement projects. Revenues consist of grants, interest earnings, contributions and transfers from the Parks and Recreation operating fund.

Fire Capital Fund (332) – Created for the accumulation of moneys to be used to acquire fire fighting and fire training equipment and facilities, including real property, for the City of Yakima Fire Department. Funding sources include Bond Issues, contributions from other funds for equipment replacement, investment income, and proceeds from sale of fire equipment and retired stations.

Law and Justice Capital Fund (333) – Created in 1990 for the purpose of constructing capital facilities for the City's Law and Justice Programs. Funds are provided by an allocation of local Criminal Justice Sales Tax, grants, and interest earnings.

Public Works Trust Construction Fund (342) – Accounts for the moneys received from the Washington State Department of Community Development. The City has received Public Works Trust Fund loans for approved public works projects. A Real Estate Tax of 1/4% will be utilized to repay the loans.

REET 2 Capital Fund (343) – Created in 2005 to track Capital improvement projects funded with the second 1/4% of Real Estate Excise Tax.

Convention Center Capital Improvement Fund (370) – Was established for the Convention Center and Performing Arts Center Facilities and is used for paying all or any part of the cost of acquiring, constructing or operating convention center facilities. The fund was originally created by Ordinance 1624, February 19, 1974. In 2002, proceeds from a \$6.6 million bond issue were used to expand the Convention Center. An allocation of local option Hotel / Motel Tax and interest earnings are this fund's primary revenue sources.

Cumulative Reserve Fund (392) – Originally created by Ordinance 1265 in 1970 for Capital Improvements, and placed one-half of all the revenue derived from sales tax into this fund. In 1973, Ordinance 1477 amended the funding source to be only transfers from other funds and investment earnings. Any expenditure from the fund must be authorized by the City Council and must be for capital purposes generally in excess of \$10,000 per capital project, excluding utility improvements.

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2012

With comparative totals for December 31, 2011

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	#321 Central Bus Dist Impr	#322 Capitol Thtr Const	323 Yakima Rev Dev Area	#331 Parks and Recreation	#332 Fire
Assets					
Cash & Equity in Pooled Investments	\$340,634	\$619	\$129,073	\$167,415	\$474,565
Receivables					
Accounts	120	0	0	0	627
Other Receivables	0	0	0	0	0
Due from Other Government Units	0	0	0	0	0
Investments, at Amortized Cost	0	0	862,601	0	0
Total Assets	\$340,754	\$619	\$991,674	\$167,415	\$475,192
Liabilities and Fund Balances					
Liabilities					
Warrants/Accounts Payable	\$4,186	\$0	\$320,391	\$0	\$4,375
Contracts Payable	0	0	0	0	0
Due to Other Government Units	1,024	0	0	0	0
Deferred Revenue	120	0	0	10,871	0
Total Liabilities	5,330	0	320,391	10,871	4,375
Fund Balances					
Restricted	0	0	0	0	0
Committed	335,424	0	671,283	0	0
Assigned	0	619	0	156,544	470,817
Total Fund Balances	335,424	619	671,283	156,544	470,817
Total Liabilities and Fund Balances	\$340,754	\$619	\$991,674	\$167,415	\$475,192

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2012

With comparative totals for December 31, 2011

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#333	#342	#343	#370	#392	Total	
Law and Justice	Public Works Construction	REET 2 Cap Construction	Convention Center	Cumulative Reserve	2012	2011
\$269,837	\$158,328	\$437,954	\$76,309	\$223,784	\$2,278,518	\$2,325,533
6,919	0	0	0	0	7,666	69,814
0	0	0	0	1,044,944	1,044,944	0
115,072	0	0	0	48,825	163,897	146,728
0	563,936	0	509,977	1,495,562	3,432,076	1,276,000
<u>\$391,828</u>	<u>\$722,264</u>	<u>\$437,954</u>	<u>\$586,286</u>	<u>\$2,813,115</u>	<u>\$6,927,101</u>	<u>\$3,818,075</u>
\$119,451	\$8,033	\$0	\$48,519	\$145,258	\$650,213	\$390,028
0	0	0	0	0	0	14,284
0	18,618	0	0	0	19,642	265
0	0	0	0	0	10,991	10,871
<u>119,451</u>	<u>26,651</u>	<u>0</u>	<u>48,519</u>	<u>145,258</u>	<u>680,846</u>	<u>415,448</u>
0	695,613	437,954	537,767	2,667,857	\$4,339,191	1,545,542
0	0	0	0	0	1,006,707	1,113,990
<u>272,377</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>900,357</u>	<u>743,095</u>
<u>272,377</u>	<u>695,613</u>	<u>437,954</u>	<u>537,767</u>	<u>2,667,857</u>	<u>6,246,255</u>	<u>3,402,627</u>
<u>\$391,828</u>	<u>\$722,264</u>	<u>\$437,954</u>	<u>\$586,286</u>	<u>\$2,813,115</u>	<u>\$6,927,101</u>	<u>\$3,818,075</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 2

	#321 Central Bus Dist Impr	#322 Capitol Thtr Const	323 Yakima Rev Dev Area	#331 Parks and Recreation	#332 Fire
Revenues					
Taxes	\$0	\$0	\$305,943	\$0	\$0
Intergovernmental Revenues	0	0	0	51,331	35,321
Interest	5,000	0	10,000	2,000	8,000
Other Revenues	42,086	0	0	60,000	282,806
Total Revenues	47,086	0	315,943	113,331	326,127
Expenditures					
Current					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	0	171,974
Transportation	0	0	0	0	0
Economic Environment	24,510	0	0	0	0
Cultural & Recreational Environment	47,700	3,201	0	8,446	0
Capital Outlay					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	0	29,161
Transportation	0	0	1,038,532	0	0
Economic Environment	0	0	0	0	0
Cultural & Recreational Environment	0	0	0	810,615	0
Debt Service					
Principal Retirement	0	0	245,212	0	50,597
Interest	0	0	15,792	0	19,361
Total Expenditures	72,210	3,201	1,299,536	819,061	271,093
Excess of Rev Over (Under) Expenditures	(\$25,124)	(\$3,201)	(\$983,593)	(\$705,730)	\$55,034
Other Financing Sources (Uses)					
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0	0
Other Note Proceeds	0	0	0	600,000	0
Transfers In	0	2,000	900,000	185,000	0
Transfers (Out)	0	0	0	0	0
Intergovernmental Agreements	0	0	0	0	0
Sale of Capital Assets	0	0	0	0	6,122
Comp. For Loss of Gen. Capital Assets	1,434	0	0	0	0
Total other Financing Sources (Uses)	1,434	2,000	900,000	785,000	6,122
Net Change in Fund Balances	(23,690)	(1,201)	(83,593)	79,270	61,156
Fund Balances, January 1	359,114	1,820	754,876	77,274	409,661
Fund Balances, December 31	\$335,424	\$619	\$671,283	\$156,544	\$470,817

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 2 of 2

#333	#342	#343	#370	#392	Total	
Law and Justice	Public Works Construction	REET 2 Cap Construction	Convention Center	Cumulative Reserve	2012	2011
\$371,518	\$563,801	\$563,801	\$170,106	\$0	\$1,975,169	\$1,675,261
402,123	0	0	46,151	61,683	596,609	1,279,484
8,000	10,000	8,000	3,000	0	54,000	15,750
0	0	0	4,895	1,044,944	1,434,731	248,947
781,641	573,801	571,801	224,152	1,106,627	4,060,509	3,219,442
0	0	0	0	0	0	2,867
515,140	0	0	0	0	687,114	413,668
0	0	250,000	0	30,149	280,149	250,000
0	0	0	0	0	24,510	21,884
0	0	0	211,825	0	271,172	473,759
0	48,661	0	0	387,691	436,352	27,622
438,706	0	0	0	0	467,867	1,057,937
0	0	0	0	1,779,956	2,818,488	622,870
0	0	0	0	0	0	34,745
0	5,666	0	0	0	816,281	858,885
0	154,386	0	0	0	450,195	215,055
0	21,635	0	0	0	56,788	4,254
953,846	230,348	250,000	211,825	2,197,796	6,308,916	3,983,546
(\$172,205)	\$343,453	\$321,801	\$12,327	(\$1,091,169)	(\$2,248,407)	(\$764,104)
\$0	\$0	\$0	\$0	\$0	\$0	\$576,846
0	0	0	0	450,101	450,101	500,000
0	0	0	0	0	600,000	0
190,242	0	0	106,000	0	1,383,242	336,205
0	(342,542)	(256,822)	0	0	(599,364)	(589,364)
0	(58,425)	0	0	0	(58,425)	(58,425)
0	0	0	0	0	6,122	15,000
0	0	0	0	0	1,434	0
190,242	(400,967)	(256,822)	106,000	450,101	1,783,110	780,262
18,037	(57,514)	64,979	118,327	(641,068)	(465,297)	16,158
254,340	753,127	372,975	419,440	3,308,925	6,711,552	3,386,469
\$272,377	\$695,613	\$437,954	\$537,767	\$2,667,857	\$6,246,255	\$3,402,627

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

PERMANENT FUND

Cemetery Trust Fund (610) – This non-expendable Trust is credited for all money received from owners for endowment care. The corpus shall be held forever in trust by the City of Yakima, while interest earnings are transferred to the Cemetery Fund.

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUND

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 1

	#610 Cemetery Trust		Total Nonmajor Gov't Funds	
	2012	2011	2012	2011
Assets				
Cash & Equity in Pooled Investments	\$79,750	\$126,420	\$6,409,364	\$6,026,204
Receivables				
Taxes	0	0	284,941	266,881
Accounts	0	0	179,816	439,389
Special Assessments	0	0	67,586	30,435
LID Assessments - Delinquent	0	0	52,314	46,049
LID Assessments - Deferred	0	0	503,206	658,092
Other Receivables	0	0	1,044,944	0
Due from Other Government Units	0	0	687,604	914,749
Inventories	0	0	80,532	0
Investments, at Amortized Cost	532,974	478,000	8,005,387	5,293,000
Total Assets	\$612,724	\$604,420	\$17,315,694	\$13,674,799
Liabilities and Fund Balances				
Liabilities				
Warrants/Accounts Payable	\$0	\$0	\$980,535	\$923,018
Wages/Benefits Payable	0	0	890,817	869,551
Contracts Payable	0	0	70,239	68,153
Due to Other Funds	0	0	1,199	0
Due to Other Government Units	0	0	22,827	3,385
Mature Interest Payable	0	0	45,203	0
Mature Bonds Payable	0	0	101,614	0
Deposits Payable	0	0	394,056	609,981
Deferred Revenue	0	0	604,848	726,316
Custodial Accounts	0	0	852,505	430,520
Total Liabilities	0	0	3,963,843	3,630,924
Fund Balances				
Nonspendable	612,724	604,420	693,256	604,420
Restricted	0	0	8,601,156	6,768,189
Committed	0	0	3,082,179	1,842,615
Assigned	0	0	975,260	828,651
Total Fund Balances	612,724	604,420	13,351,851	10,043,875
Total Liabilities and Fund Balances	\$612,724	\$604,420	\$17,315,694	\$13,674,799

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR PERMANENT FUND

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 1

	#610 Cemetery Trust		Total Nonmajor Gov't Funds	
	2012	2011	2012	2011
Revenues				
Taxes	\$0	\$0	\$11,837,155	\$10,988,672
Intergovernmental Revenues	0	0	8,248,004	9,230,206
Charges for Services	8,304	12,321	1,386,127	1,550,731
Fines and Forfeits	0	0	30,000	30,000
Interest	20,000	9,811	167,893	76,197
Other Revenues	0	0	3,507,260	2,524,598
Total Revenues	28,304	22,132	25,176,439	24,400,404
Expenditures				
Current				
General Government	0	0	219,077	315,984
Security of Persons and Property	0	0	5,941,336	5,513,805
Physical Environment	0	0	264,453	259,983
Transportation	0	0	5,406,096	5,454,883
Economic Environment	0	0	988,069	1,337,345
Cultural & Recreational Environment	0	0	6,390,346	6,496,942
Capital Outlay				
General Government	0	0	436,352	27,622
Security of Persons and Property	0	0	488,487	1,057,937
Transportation	0	0	4,743,717	2,532,317
Economic Environment	0	0	0	34,745
Cultural & Recreational Environment	0	0	848,268	1,025,822
Debt Service				
Principal Retirement	0	0	2,973,001	2,663,555
Interest	0	0	1,121,066	1,143,173
Total Expenditures	0	0	29,820,268	27,864,113
Excess of Rev Over (Under) Expenditures	\$28,304	\$22,132	(\$4,643,829)	(\$3,463,709)
Other Financing Sources (Uses)				
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$576,846
Proceeds from Intergovernmental Loans	0	0	450,101	500,000
Other Note Proceeds	0	0	600,000	0
Transfers In	0	0	6,180,589	4,696,104
Transfers (Out)	(20,000)	(9,811)	(2,629,415)	(2,318,864)
Intergovernmental Agreements	0	0	(58,425)	(58,425)
Sale of Capital Assets	0	0	6,122	15,000
Comp. For Loss of Gen. Capital Assets	0	0	93,908	175,814
Total other Financing Sources (Uses)	(20,000)	(9,811)	4,642,880	3,586,475
Net Change in Fund Balances	8,304	12,321	(949)	122,766
Fund Balances, January 1	604,420	592,099	13,352,800	9,921,109
Fund Balances, December 31	\$612,724	\$604,420	\$13,351,851	\$10,043,875

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

NONMAJOR PROPRIETARY FUNDS

Refuse Fund (471) – A self supporting fund. This fund was established for the purpose of accumulating moneys derived from the operation and maintenance of the garbage collection and disposal service of the City, and for the purpose of defraying all of the operating and maintenance expenses and costs incurred by the City of Yakima in the collection and disposal of refuse.

Stormwater Fund (976) – Created in 2009, this fund was set up to meet the responsibilities and obligations set forth by the City's Eastern Washington Phase II Municipal Stormwater Permit and the State mandated Underground Injection Control (UIC) Program (WAC 173-218). The Federal and State mandated responsibilities include collecting, transporting, and treatment of surface water (stormwater) to protect the environment, public health and welfare, and assess and comply with regulatory agency requirements.

STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 1

	#471 Refuse	#976 Stormwater	Total	
			2012	2011
Assets				
Current Assets				
Cash & Equity in Pooled Investments	\$208,521	\$325,917	\$534,438	\$766,045
Receivables				
Accounts/Taxes (Net)	515,136	45,334	560,470	460,188
Other Receivables	0	72,398	72,398	0
Due from Other Government Units	0	23,518	23,518	6,900
Investments, at Amortized Cost	0	2,100,964	2,100,964	1,770,000
Total Current Assets	723,657	2,568,131	3,291,788	3,003,133
Noncurrent Assets				
Other Improvements	0	1,484,679	1,484,679	1,317,770
Machinery & Equipment	0	27,543	27,543	27,543
Accumulated Depreciation	0	(95,780)	(95,780)	(58,315)
Construction in Progress	0	475,627	475,627	109,020
Total Noncurrent Assets	0	1,892,069	1,892,069	1,396,018
Total Assets	\$723,657	\$4,460,200	\$5,183,857	\$4,399,151
Liabilities				
Current Liabilities				
Warrants/Accounts Payable	\$91,294	\$108,205	\$199,499	\$112,829
Wages/Benefits Payable	124,632	57,355	181,987	182,868
Compensated Absences Payable	163,874	58,567	222,441	212,747
Deposits Payable	117,417	0	117,417	106,563
Total Current Liabilities	\$497,217	\$224,127	\$721,344	\$615,007
Net Position				
Invested in Capital Assets, Net of Related Debt (as restated)	\$0	\$1,892,069	\$1,892,069	\$1,396,018
Unrestricted	226,440	2,344,004	2,570,444	2,388,126
Total Net Position	\$226,440	\$4,236,073	\$4,462,513	\$3,784,144

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET POSITION NONMAJOR PROPRIETARY FUNDS

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 1

	# 471 Refuse	#976 Stormwater	Total	
			2012	2011
Operating Revenues				
Charges for Services	\$5,424,888	\$2,183,484	\$7,608,372	\$6,935,541
Other Operating Revenues	4,633	0	4,633	3,952
Total Operating Revenues	5,429,521	2,183,484	7,613,005	6,939,493
Operating Expenses				
Operations and Maintenance	4,915,955	1,012,617	5,928,572	5,429,041
Administration/Overhead	528,995	180,208	709,203	679,072
Taxes	0	217,599	217,599	91,907
Depreciation/Amortization	0	37,465	37,465	22,190
Total Operating Expenses	5,444,950	1,447,889	6,892,839	6,222,210
Operating Income (Loss)	(15,429)	735,595	720,166	717,283
Non-Operating Revenues (Expenses)				
Operating Grants and Subsidies	8,835	85,110	93,945	263,848
Income (Loss) Before Contributions and Transfers	(6,594)	820,705	814,111	981,131
Capital Contributions	0	102,566	102,566	435,106
Transfers (Out)	0	(238,308)	(238,308)	(265,000)
Change in Net Position	(6,594)	684,963	678,369	1,151,237
Total Net Position - January 1	233,034	3,551,110	3,784,144	2,429,440
Prior Period Adjustments	0	0	0	203,467
Total Net Position - December 31	\$226,440	\$4,236,073	\$4,462,513	\$3,784,144

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

STATEMENT OF CASH FLOWS

NONMAJOR PROPRIETARY FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 1

	#471 Refuse	#976 Stormwater	Total	
			2012	2011
Cash Flows from Operating Activities				
Cash Received from Customers	\$5,321,673	\$2,197,270	\$7,518,943	\$6,999,440
Cash Paid to Suppliers for Goods and Services	(3,330,629)	(598,996)	(3,929,625)	(3,756,151)
Cash Paid for Salaries and Benefits	(1,330,980)	(695,967)	(2,026,947)	(2,002,812)
Other Operating Revenues Collected	4,633	0	4,633	3,952
Cash Paid in Lieu of Taxes	(766,375)	(129,962)	(896,337)	(433,062)
Net Cash Provided by Operating Activities	(101,678)	772,345	670,667	811,367
Cash Flows from Noncapital Financing Activities				
Operating Grants Received/Sales Tax	15,735	0	15,735	286,188
Cash Flows from Capital Financing Activities				
Capital Expenditures Paid	0	(443,795)	(443,795)	(244,486)
Capital Grants Received	0	95,058	95,058	0
Transfer Out	0	(238,308)	(238,308)	(265,000)
Net Cash Used for Capital Financing Activities	0	(587,045)	(587,045)	(509,486)
Cash Flows from Investing Activities				
Proceeds from Sale of Investment Securities	0	1,770,000	1,770,000	1,000,000
Purchase of Investment Securities	0	(2,100,964)	(2,100,964)	(1,770,000)
Net Cash Provided by Investing Activities	0	(330,964)	(330,964)	(770,000)
Net Increase (Decrease) in Cash and Cash Equivalents	(85,943)	(145,664)	(231,607)	(181,931)
Cash and Cash Equivalents at Beginning of Year	294,463	471,582	766,045	947,976
Cash and Cash Equivalents at End of Year	<u>\$208,520</u>	<u>\$325,918</u>	<u>\$534,438</u>	<u>\$766,045</u>
Cash at the End of the Year				
Operating Fund Cash	\$208,521	\$325,917	\$534,438	\$766,045
Reconciliation of Net Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities				
Net Operating Income (Loss)	(\$15,429)	\$735,595	\$720,166	\$717,283
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	0	37,465	37,465	22,190
Change in Assets and Liabilities				
(Increase) Decrease in Accounts Receivable	(128,734)	(8,476)	(137,210)	45,331
Increase in Allowance for Uncollectibles	14,665	22,262	36,927	18,568
Increase (Decrease) in Warrants/Accounts Payable	20,323	(15,817)	4,506	27,258
Increase (Decrease) in Wages/Benefits Payable	(1,688)	807	(881)	(7,453)
Increase (Decrease) in Compensated Absences Payable	9,185	509	9,694	(11,810)
Total Adjustments	(86,249)	36,750	(49,499)	94,084
Net Cash Provided by Operating Activities	<u>(\$101,678)</u>	<u>\$772,345</u>	<u>\$670,667</u>	<u>\$811,367</u>
Schedule of Noncash Capital and Related Financing Activities				
Capital Assets Acquired by Noncash Contributions	\$0	\$69,100	\$69,100	\$435,106

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

INTERNAL SERVICE FUNDS

Unemployment Compensation Reserve Fund (512) – Established in 1978 to provide unemployment compensation coverage for City employees as required by state law.

Employees' Health Benefit Reserve Fund (513) – Established for the transfer of premiums from the operating funds in order to pay medical and dental costs incurred by persons covered by the Employees' Health Benefit Plan of the City and to pay expenses incurred in connection with administering that plan.

Workers' Compensation Reserve Fund (514) – Created when City Council adopted Ordinance No. 2783 effective July 1, 1984, to self-insure a Workers' Compensation Program for the City employees pursuant to RCW Chapter 51.14.

Risk Management Reserve Fund (515) – Created by Ordinance No. 2941, on February 11, 1986, to account for general liability and purchased insurance coverage. Funding revenues are contributions from other fund groups and are planned to match expenses of insurance premiums for coverage in excess of self-insured amounts, claims resulting from the self-insured program, and operating expenses.

Wellness and Employee Assistance Fund (516) – Established in 1998 to provide the opportunity to all City employees to improve their physical, mental and emotional well being.

Equipment Rental Fund (551) – A self supporting fund that derives its revenues from charges to departments for services rendered to their motor vehicles. Vehicles that are owned by this fund are rented to other departments at a rate sufficient to cover the maintenance and operation cost of each vehicle plus a charge for depreciation at a rate sufficient to provide for the eventual replacement of each vehicle.

Environmental Fund (555) – Established in 1991 to accumulate a reserve for environmental contingencies, funded by a surcharge on fuel purchased by the operating funds.

Public Works Administration Fund (560) – Established in 1983. The fund centralizes both the accountability and costs for supervision of funds which are housed at the Public Works facility.

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 2

	#512	#513	#514	#515
	Unemployment	Employees'	Workers'	Risk
	Compensation	Health Benefit	Compensation	Management
	Reserve	Reserve	Reserve	Reserve
Assets				
Current Assets				
Cash & Equity in Pooled Investments	\$366,999	\$175,792	\$146,375	\$172,689
Deposits w/ Fiscal Agent/Trustee	0	12,474	0	0
Receivables				
Accounts	18,779	1,150,464	75,255	0
Interfund Loan Receivable	0	0	0	0
Inventories	0	0	0	0
Investments, at Amortized Cost	0	1,174,828	978,231	1,154,090
Total Current Assets	385,778	2,513,558	1,199,861	1,326,779
Noncurrent Assets				
Buildings	0	0	0	0
Other Improvements	0	0	0	0
Machinery & Equipment	0	0	0	103,375
Accumulated Depreciation	0	0	0	(74,208)
Total Noncurrent Assets	0	0	0	29,167
Total Assets	\$385,778	\$2,513,558	\$1,199,861	\$1,355,946
Liabilities				
Current Liabilities				
Warrants/Accounts Payable	\$0	\$20,281	\$94,673	\$234,735
Wages/Benefits Payable	3,063	12,295	8,059	55,188
Compensated Absences Payable	6,568	14,895	6,690	61,656
Claims and Judgments Payable	23,052	1,448,732	486,807	1,219,000
Total Current Liabilities	\$32,683	\$1,496,203	\$596,229	\$1,570,579
Net Position				
Invested in Capital Assets, net of related debt	\$0	\$0	\$0	\$29,167
Unrestricted	353,095	1,017,355	603,632	(243,800)
Total Net Position	\$353,095	\$1,017,355	\$603,632	(\$214,633)

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF NET POSITION **INTERNAL SERVICE FUNDS**

December 31, 2012

With comparative totals for December 31, 2011

Page 2 of 2

#516	#551	#555	#560	Total	
Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration	2012	2011
\$128,734	\$418,422	\$441,576	\$72,207	\$1,922,794	\$2,989,338
0	0	0	0	12,474	10,620
0	0	0	0	1,244,498	767,679
0	1,035,819	0	0	1,035,819	0
0	476,254	0	0	476,254	428,843
0	3,371,339	0	477,889	7,156,377	6,735,000
128,734	5,301,834	441,576	550,096	11,848,216	10,931,480
0	0	0	37,397	37,397	37,397
0	0	565,742	7,251	572,993	442,707
48,137	23,275,795	7,572	94,628	23,529,507	22,124,533
(35,143)	(14,071,320)	(30,153)	(114,049)	(14,324,873)	(13,440,963)
12,994	9,204,475	543,161	25,227	9,815,024	9,163,674
\$141,728	\$14,506,309	\$984,737	\$575,323	\$21,663,240	\$20,095,154
\$2,296	\$146,722	\$2,778	\$18,637	\$520,122	\$500,452
0	76,606	0	57,241	212,452	222,521
0	103,684	0	63,208	256,701	281,012
0	0	0	0	3,177,591	2,915,766
\$2,296	\$327,012	\$2,778	\$139,086	\$4,166,866	\$3,919,751
\$12,994	\$9,204,475	\$543,161	\$25,227	\$9,815,024	\$9,163,674
126,438	4,974,822	438,798	411,010	7,681,350	7,011,729
\$139,432	\$14,179,297	\$981,959	\$436,237	\$17,496,374	\$16,175,403

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF REVENUES & CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 2

	#512 Unemployment Compensation Reserve	#513 Employees' Health Benefit Reserve	#514 Workers' Compensation Reserve	#515 Risk Management Reserve
Operating Revenues				
Charges for Insurance	\$0	\$0	\$0	\$2,844,429
Charges for Services	0	0	0	0
Employer Contributions	181,275	8,596,412	948,326	0
Employee Contributions	0	1,788,197	61,910	0
Other Operating Revenue	0	0	0	0
Total Operating Revenues	181,275	10,384,609	1,010,236	2,844,429
Operating Expenses				
Operations and Maintenance	7,780	1,022,570	210,522	1,439,582
Administration/Overhead	29,637	199,860	112,510	1,310,366
Depreciation/Amortization	0	0	0	20,675
Other Benefits	112,003	9,624,549	447,900	751,554
Total Operating Expenses	149,420	10,846,979	770,932	3,522,177
Operating Income (Loss)	\$31,855	(\$462,370)	\$239,304	(\$677,748)
Non-Operating Revenues				
Other Non-Operating/Grants	\$0	\$970,967	\$12,518	\$79,981
Interest Revenue	0	90,000	9,000	230,000
Gain (Loss) on Capital Assets Disposition	0	0	0	0
Non-Operating Revenue Net of Expenses	\$0	\$1,060,967	\$21,518	\$309,981
Change in Net Position				
Income (Loss) Before Contributions and Transfers	\$31,855	\$598,597	\$260,822	(\$367,767)
Capital Contributions	0	0	0	0
Transfers In	0	0	0	0
Total Change in Net Position	31,855	598,597	260,822	(367,767)
Total Net Position - January 1	321,240	418,758	342,810	153,134
Total Net Position - December 31	\$353,095	\$1,017,355	\$603,632	(\$214,633)

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF REVENUES & CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 2 of 2

#516	#551	#555	#560	Total	
Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration	2012	2011
\$0	\$0	\$153,341	\$0	\$2,997,770	\$2,658,316
0	5,646,645	0	1,184,331	6,830,976	6,459,409
60,000	0	0	0	9,786,013	9,660,973
0	0	0	0	1,850,107	1,924,168
0	0	0	0	0	904
60,000	5,646,645	153,341	1,184,331	21,464,866	20,703,770
49,803	3,573,554	15,868	560,884	6,880,563	6,572,679
0	308,339	0	536,671	2,497,383	2,358,909
8,359	1,330,831	5,992	4,909	1,370,766	1,341,948
0	0	0	0	10,936,006	11,476,834
58,162	5,212,724	21,860	1,102,464	21,684,718	21,750,370
\$1,838	\$433,921	\$131,481	\$81,867	(\$219,852)	(\$1,046,600)
\$0	\$3,230	\$0	\$0	\$1,066,696	\$394,867
0	92,366	0	0	421,366	290,242
0	(40,647)	0	0	(40,647)	(46,627)
\$0	\$54,949	\$0	\$0	\$1,447,415	\$638,482
\$1,838	\$488,870	\$131,481	\$81,867	\$1,227,563	(\$408,118)
0	73,840	0	0	73,840	0
0	19,568	0	0	19,568	0
1,838	582,278	131,481	81,867	1,320,971	(408,118)
137,594	13,597,019	850,478	354,370	16,175,403	16,583,521
<u>\$139,432</u>	<u>\$14,179,297</u>	<u>\$981,959</u>	<u>\$436,237</u>	<u>\$17,496,374</u>	<u>\$16,175,403</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF CASH FLOWS **INTERNAL SERVICE FUNDS**

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 1 of 2

	#512 Unemployment Compensation Reserve	#513 Employees' Health Benefit Reserve	#514 Workers' Compensation Reserve	#515 Risk Management Reserve
Cash Flows from Operating Activities				
Cash Received from Customers	\$0	\$0	\$0	\$0
Contributions Received - Employer and Employee	180,577	9,904,576	1,014,148	2,844,429
Cash Paid to Suppliers for Goods and Services	(8,786)	(1,080,243)	(225,312)	(2,074,460)
Cash Paid for Salaries and Benefits	(29,326)	(128,172)	(108,422)	(560,534)
Cash Paid to Claimants and Beneficiaries	(126,823)	(9,824,967)	(578,674)	(278,621)
Net Cash Provided by Operating Activities	\$15,642	(\$1,128,806)	\$101,740	(\$69,186)
Cash Flows from Noncapital Financing Activities				
Transfer In/Other Non-Operating Revenue	0	970,967	12,518	79,981
Cash Advances to Other Funds	0	0	0	0
Net Cash Provided by Noncapital Financing Activities	0	970,967	12,518	79,981
Cash Flows from Capital Financing Activities				
Cash Received from Disposal of Capital Assets	0	0	0	0
Capital Expenditures Paid	0	0	0	0
Other Non-Operating Capital Revenue	0	0	0	0
Net Cash Used for Capital Financing Activities	0	0	0	0
Cash Flows from Investing Activities				
Proceeds from Sale and Maturity of Investment Securities	0	1,123,000	793,000	860,000
Interest Received on Investments	0	90,000	9,000	230,000
Purchase of Investment Securities	0	(1,174,828)	(978,231)	(1,154,090)
Net Cash Provided by Investing Activities	0	38,172	(176,231)	(64,090)
Net Increase (Decrease) in Cash and Cash Equivalents	15,642	(119,667)	(61,973)	(53,295)
Cash and Cash Equivalents at Beginning of Year	351,357	295,459	208,348	225,984
Cash and Cash Equivalents at End of Year	\$366,999	\$175,792	\$146,375	\$172,689
Reconciliation of Net Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities				
Net Operating Income (Loss)	\$31,855	(\$462,370)	\$239,304	(\$677,748)
Adjustments to Reconcile Operating Income (Loss) to Net				
Cash Provided by Operating Activities				
Depreciation	0	0	0	20,675
Change in Assets and Liabilities				
(Increase) Decrease in Deposits w/Fiscal Agent/Trustee	0	(1,854)	0	0
(Increase) Decrease in Accounts Receivable	(698)	(480,033)	3,912	0
(Increase) Decrease in Inventory	0	0	0	0
Increase (Decrease) in Warrants/Accounts Payable	0	(150,511)	84,053	57,951
Increase (Decrease) in Wages/Benefits Payable	0	1,045	(2,931)	1,544
Increase (Decrease) in Compensated Absences Payable	(695)	(1,416)	(3,910)	(608)
Increase (Decrease) in Claims and Judgments Payable	(14,820)	(33,667)	(218,688)	529,000
Total Adjustments	(\$16,213)	(\$666,436)	(\$137,564)	\$608,562
Net Cash Provided by Operating Activities	\$15,642	(\$1,128,806)	\$101,740	(\$69,186)

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2012

With comparative totals for December 31, 2011

Page 2 of 2

#516	#551	#555	#560	Total	
Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration	2012	2011
\$0	\$5,646,645	\$153,341	\$1,184,331	\$6,984,317	\$6,611,180
60,000	0	0	0	14,003,730	14,132,586
(49,971)	(3,039,767)	(13,090)	(502,051)	(6,993,680)	(6,753,808)
0	(864,643)	0	(622,241)	(2,313,338)	(2,421,738)
0	0	0	0	(10,809,085)	(11,257,639)
\$10,029	\$1,742,235	\$140,251	\$60,039	\$871,944	\$310,581
0	0	0	0	1,063,466	385,440
0	(1,035,819)	0	0	(1,035,819)	0
0	(1,035,819)	0	0	27,647	385,440
0	88,525	0	0	88,525	269,041
(6,405)	(1,927,214)	(130,286)	(10,312)	(2,074,217)	(1,911,014)
0	19,568	0	0	19,568	0
(6,405)	(1,819,121)	(130,286)	(10,312)	(1,966,124)	(1,641,973)
0	3,959,000	0	0	6,735,000	5,491,641
0	92,366	0	0	421,366	290,242
0	(3,371,339)	0	(477,889)	(7,156,377)	(6,007,000)
0	680,027	0	(477,889)	(11)	(225,117)
3,624	(432,678)	9,965	(428,162)	(1,066,544)	(1,171,069)
125,110	851,100	431,611	500,369	2,989,338	4,160,407
\$128,734	\$418,422	\$441,576	\$72,207	\$1,922,794	\$2,989,338
\$1,838	\$433,921	\$131,481	\$81,867	(\$219,852)	(\$1,046,600)
8,359	1,330,831	5,992	4,909	1,370,766	1,341,948
0	0	0	0	(1,854)	0
0	0	0	0	(476,819)	39,996
0	(47,411)	0	0	(47,411)	(142,001)
(168)	38,525	2,778	(12,959)	19,669	(10,544)
0	(5,683)	0	(4,044)	(10,069)	(93,691)
0	(7,948)	0	(9,734)	(24,311)	2,278
0	0	0	0	261,825	219,195
\$8,191	\$1,308,314	\$8,770	(\$21,828)	\$1,091,796	\$1,357,181
\$10,029	\$1,742,235	\$140,251	\$60,039	\$871,944	\$310,581

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

AGENCY FUNDS

YakCorps (632) – This fund was established in 2011 to account for the fiscal activity of the Yakima Consortium for Regional Public Safety (YAKCORPS). YAKCORPS consists of a variety of local agencies and governments. It was formed to operate and maintain a county-wide multi-discipline public safety system. The Inter-Local Agreement provides for the structure, governance, operations and funding of the Consortium and its activities. Per the Agreement, the City of Yakima acts as fiscal agent for the Consortium.

STATEMENT OF NET POSITION
AGENCY FUNDS

December 31, 2012

Page 1 of 1

	Balance As of 01/01/12	Additions	Deductions	Balance As of 12/31/12
Assets				
Cash & Equity in Pooled Investments	\$136,666	\$545,496	\$298,582	\$383,580
Accounts Receivable	1,921	607,611	593,853	15,679
Total Assets	<u>\$138,587</u>	<u>\$1,153,107</u>	<u>\$892,435</u>	<u>\$399,259</u>
Liabilities				
Warrants/Accounts Payable	\$96,474	\$7,058	\$96,474	\$7,058
Accrued Liabilities	42,113	793,385	443,297	392,201
Total Liabilities	<u>\$138,587</u>	<u>\$800,443</u>	<u>\$539,771</u>	<u>\$399,259</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

CAPITAL ASSET SCHEDULES

These are assets used in operations funded by governmental funds. Capital assets include any asset with a cost of \$5,000 or more and an expected useful life of at least two years. This includes all capital assets of the City except for those used in Enterprise or Internal Service Funds.

Schedule of Capital Assets by Function and Activity – A report allocating components of capital assets (land, building, construction in progress, improvements, and machinery and equipment) to various City functions and programs.

Schedule of Changes in Capital Assets by Functions and Activity – A report that shows additions and deletions of total capital assets within separate City functions and programs.

Schedule of Capital Assets by Source – A report that summarizes major funding sources for City capital assets.

**SCHEDULE BY FUNCTION AND ACTIVITY
GOVERNMENTAL FUND CAPITAL ASSETS⁽¹⁾**

December 31, 2012

Page 1 of 2

	Balance as of 12/31/12	Land
General Government		
City Council / Manager / Clerks	\$1,191,085	\$0
Finance (Finance, Information Systems, Utility Services)	2,035,776	0
Human Resources	8,239	0
Legal	20,305	0
Municipal Court	64,576	0
Codes / Planning / City Hall	2,925,801	34,000
Engineering	44,732	0
Miscellaneous General Government	1,873,372	1,485,681
Total General Government	\$8,163,886	\$1,519,681
Public Safety		
Fire	\$14,146,926	\$297,389
Police	17,734,716	2,589,641
Total Public Safety	\$31,881,642	\$2,887,030
Physical Environment		
LID Construction	\$1,614	\$0
Cemetery	754,248	477,660
Total Physical Environment	\$755,862	\$477,660
Transportation		
Streets	\$148,094,232	\$2,117,793
Arterial Street	96,407,810	2,537,797
Transportation (Trolley)	1,049,397	28,500
Total Transportation	\$245,551,439	\$4,684,090
Economic Environment		
Senior Citizen Center	\$3,500,000	\$0
Community Development	1,877,656	398,748
Central Business District	12,919,594	0
Total Economic Environment	\$18,297,250	\$398,748
Culture and Recreation		
Bicentennial Pavilion (Original Convention Center)	\$9,309,775	\$1,193,729
Parks and Recreation	17,056,289	2,666,102
Southeast Community Center	634,846	60,579
Capitol Theatre	13,831,717	80,000
Cable TV	304,158	0
Convention Center	6,638,529	162,608
Gateway - Visitor Center	601,044	0
Total Culture and Recreation	\$48,376,358	\$4,163,018
Total	\$353,026,437	\$14,130,227

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental/enterprise activities in the statement of net position.

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE BY FUNCTION AND ACTIVITY
GOVERNMENTAL FUND CAPITAL ASSETS⁽¹⁾**

December 31, 2012

Page 2 of 2

<u>Buildings</u>	<u>Improvements</u>	<u>Infrastructure</u>	<u>Equipment</u>	<u>Construction in Progress</u>
\$1,135,895	\$13,094	\$0	\$42,096	\$0
51,280	17,669	0	1,966,827	0
0	0	0	8,239	0
8,695	0	0	11,610	0
0	0	0	64,576	0
2,851,547	40,254	0	0	0
0	0	0	44,732	0
0	0	0	387,691	0
<u>\$4,047,417</u>	<u>\$71,017</u>	<u>\$0</u>	<u>\$2,525,771</u>	<u>\$0</u>
\$7,404,012	\$105,726	\$0	\$6,339,799	\$0
11,461,769	109,683	0	3,573,623	0
<u>\$18,865,781</u>	<u>\$215,409</u>	<u>\$0</u>	<u>\$9,913,422</u>	<u>\$0</u>
\$0	\$0	\$0	\$0	\$1,614
135,841	140,747	0	0	0
<u>\$135,841</u>	<u>\$140,747</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,614</u>
\$0	\$221,699	\$145,492,860	\$261,880	\$0
0	1,085,365	63,613,231	78,236	29,093,181
209,324	192,205	0	175,000	444,368
<u>\$209,324</u>	<u>\$1,499,269</u>	<u>\$209,106,091</u>	<u>\$515,116</u>	<u>\$29,537,549</u>
\$3,500,000	\$0	\$0	\$0	\$0
52,161	13,050	1,168,551	48,771	196,375
0	336,913	11,475,959	68,190	1,038,532
<u>\$3,552,161</u>	<u>\$349,963</u>	<u>\$12,644,510</u>	<u>\$116,961</u>	<u>\$1,234,907</u>
\$7,644,646	\$334,337	\$0	\$137,063	\$0
1,863,997	10,347,580	0	52,157	2,126,453
574,267	0	0	0	0
13,459,420	0	0	292,214	83
3,407	63,053	0	237,698	0
6,145,685	225,465	0	104,771	0
601,044	0	0	0	0
<u>\$30,292,466</u>	<u>\$10,970,435</u>	<u>\$0</u>	<u>\$823,903</u>	<u>\$2,126,536</u>
<u>\$57,102,990</u>	<u>\$13,246,840</u>	<u>\$221,750,601</u>	<u>\$13,895,173</u>	<u>\$32,900,606</u>

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

GOVERNMENTAL FUND CAPITAL ASSETS⁽¹⁾

December 31, 2012

Page 1 of 1

	Balance As of 01/01/12	Additions	Deletions	Balance As of 12/30/12
General Government				
City Council / Manager / Clerks	\$1,191,085	\$0	\$0	\$1,191,085
Finance (Finance, Info Sys, Utility Svs)	2,260,239	111,829	(336,292)	2,035,776
Human Resources	8,239	0	0	8,239
Legal	8,695	11,610	0	20,305
Municipal Court	75,395	0	(10,819)	64,576
Codes / Planning / City Hall	2,877,140	48,661	0	2,925,801
Engineering	44,732	0	0	44,732
Miscellaneous General Government	1,485,681	387,691	0	1,873,372
Total General Government	\$7,951,206	\$559,791	(\$347,111)	\$8,163,886
Public Safety				
Fire	\$14,946,797	\$29,161	(\$553,646)	\$14,422,312
Police	17,291,130	561,832	(393,632)	17,459,330
Total Public Safety	\$32,237,927	\$590,993	(\$947,278)	\$31,881,642
Physical Environment				
LID Construction	\$1,614	\$0	\$0	\$1,614
Cemetery	754,249	0	0	754,249
Total Physical Environment	\$755,863	\$0	\$0	\$755,863
Transportation				
Streets	\$147,619,058	\$475,174	\$0	\$148,094,232
Arterial Street	92,526,907	3,880,903	0	96,407,810
Transportation (Trolley)	1,049,052	345	0	1,049,397
Total Transportation	\$241,195,017	\$4,356,422	\$0	\$245,551,439
Economic Environment				
Senior Citizen Center	\$3,500,000	\$0	\$0	\$3,500,000
Community Development	1,880,656	0	(3,000)	1,877,656
Central Business District	11,826,062	1,093,532	0	12,919,594
Total Economic Environment	\$17,206,718	\$1,093,532	(\$3,000)	\$18,297,250
Culture and Recreation				
Bicentennial Pavilion (Orig Conv Ctr)	\$9,309,775	\$0	\$0	\$9,309,775
Parks and Recreation	15,764,047	1,292,243	0	17,056,290
Southeast Community Center	634,846	0	0	634,846
Capitol Theatre	13,831,717	0	0	13,831,717
Cable TV	362,944	0	(58,786)	304,158
Convention Center	6,638,529	0	0	6,638,529
Gateway - Visitor Center	601,044	0	0	601,044
Total Culture and Recreation	\$47,142,902	\$1,292,243	(\$58,786)	\$48,376,359
Total	\$346,489,633	\$7,892,981	(\$1,356,175)	\$353,026,439

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental/enterprise activities in the statement of net position.

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

**SCHEDULE OF CHANGES
IN GENERAL FIXED ASSETS⁽¹⁾**

December 31, 2012

Page 1 of 1

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
General Capital Assets					
Land	\$13,993,226	\$68,400	\$0	\$179,519	\$14,241,145
Buildings	56,659,081	450,223	(6,312)	0	57,102,992
Improvements other than Buildings	13,177,815	66,666	(4,507)	0	13,239,974
Infrastructure	219,555,174	475,174	0	26,927,094	246,957,442
Equipment	13,299,314	1,108,867	(1,156,352)	7,999	13,259,828
Construction in Progress	28,973,806	5,723,652	0	(27,114,612)	7,582,846
Capitalized Leases	831,216	0	(189,004)	0	642,212
Total General Capital Assets	<u>\$346,489,632</u>	<u>\$7,892,982</u>	<u>(\$1,356,175)</u>	<u>\$0</u>	<u>\$353,026,439</u>
Investment in General Capital Assets					
1984 Physical Inventory	\$15,920,370	\$0	\$0	\$0	\$15,920,370
Federal Grants	1,991,957	0	(3,000)	0	1,988,957
State Grants	551,428	0	0	0	551,428
Interlocal Grants	143,728,214	0	0	0	143,728,214
General Fund	2,450,674	225,945	(414,131)	0	2,262,488
Special Revenue Funds	3,429,066	1,977,836	(334,172)	0	5,072,730
Federal Revenue Sharing	394,765	0	0	0	394,765
General Obligation Bond	27,923,603	0	0	0	27,923,603
Capital Projects	45,750,241	2,227,266	(604,873)	0	47,372,634
Grants/GOB/Local Match	98,595,577	2,311,723	0	0	100,907,300
Private Contributions	5,753,737	1,150,211	0	0	6,903,948
Total Invest in General Capital Assets	<u>\$346,489,632</u>	<u>\$7,892,981</u>	<u>(\$1,356,176)</u>	<u>\$0</u>	<u>\$353,026,437</u>

- (1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental/enterprise activities in the statement of net position.

The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement.

SUPPLEMENTAL SCHEDULES

Schedule 9 Long-Term Debt – This schedule provides information about the long-term debt for the City of Yakima. It is also used to corroborate the amounts of long-term debt shown on any balance sheets and the amounts of debt services (principal only) shown on operating statements.

Schedule 10 Limitation of Indebtedness – This schedule applies only to general obligation debt. General obligation debt is backed by the full faith and credit of the government. The debt service on non-voted debt is paid out of general government revenues. The debt service on voted debt is paid from excess property tax levies under RCW 84.52.056.

Schedule 16 Expenditures

Federal Awards – Expenditures of federal awards that were received directly from a federal agency and indirectly (pass-through) from a state agency or local government.

State / Local Awards – Expenditures from grants received directly or indirectly from state agencies (334), grants from other local government (337), loans from the state and other local governments, and program income.

Notes – Disclosure of the basis of accounting and any other significant accounting policies used in preparing Schedule 16.

Schedule 17 Public Works – A report regarding the limitation on public works projects performed by public employees.

Schedule 19 Labor Relations Consultant – The 1993 Legislature has required the state Auditor's Office to collect information regarding the role labor relations consultants play in local governments. This reporting requirement is found in RCW 43.09.230, as amended by the 1993 Legislature.

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2012

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	ID No.	Purpose	Amount of Issue	Date of Issue	Date of Final Maturity
General Obligation Debt					
Crim Justice / I-82 (Refunding)	251.15	594.21,595.11	\$4,155,000	06/17/03	12/01/13
Fire (Refunded)	251.15	594.22	2,300,000	09/07/04	12/01/14
Conv Center Expansion (Refunding)	251.15	594.75.65	4,175,000	09/07/04	11/01/19
Conv Center Addition (Unrefunded)	251.11	594.75.65	6,735,000	06/10/02	06/01/12
Conv Center Addition (Refunding)	251.15	594.75.65	4,910,000	05/08/07	05/01/26
Sundome Expansion	251.11	559.20.77	1,430,528	06/17/03	12/01/23
Parks Capital Projects	251.11	594.76.65	755,000	12/05/05	12/01/15
River Rd Street Project	251.11	59511	1,765,000	05/08/07	05/01/17
Fire Station West Valley	251.11	59422	815,000	05/08/07	05/01/22
Downtown Revitalization Project	251.11	59511.61.63	1,490,000	05/08/07	05/01/22
Fire Ladder Truck	251.11	59422	760,000	08/28/08	12/01/21
Third Ave /Mead Walnut Street Project	251.11	59511	2,190,000	08/28/08	12/01/19
Capitol Theatre Expansion	251.11	59475	7,035,000	08/28/09	12/01/32
Total			<u>\$38,515,528</u>		
Revenue Bonds					
Water Refunding 1998	252.15	59434	1,883,951	06/05/08	11/01/18
Wastewater	252.11	59435	17,545,000	12/22/03	11/01/23
Wastewater Refunding 2003 B	252.15	59435	9,400,000	11/01/12	11/01/23
Wastewater	252.11	59435	5,440,000	06/05/08	11/01/27
Irrigation	252.11	59438	5,215,000	09/14/04	09/01/34
Total			<u>\$39,483,951</u>		
Special Assessment Notes					
#1056	263.63	535.10.65	218,481	12/17/05	12/17/15
#1057	263.63	535.10.65	346,238	05/01/06	05/01/16
#1058	263.63	535.10.65	200,014	05/01/06	05/01/16
#1060	263.63	535.10.65	398,216	06/01/10	06/01/20
#1061	263.63	535.10.65	497,728	04/01/10	04/01/20
Total			<u>\$1,660,677</u>		

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2012

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Beginning Outstanding Balance	Amount Issued	BARS Code for Receipt	Rec Fund #	Amount Redeemed	BARS Code for Redemption	Red Fund #	Ending Outstanding Balance	Nominal Interest Rate
\$985,000	0	391.10-BND	283	\$485,000	591.21-710	283	\$500,000	4.35-5.25%
825,000	0	391.10-BND	284	265,000	591.22-710	284	560,000	2.0 -3.5%
2,820,000	0	391.10-BND	370	320,000	591.75-710	287	2,500,000	2.0 -4.2%
235,000	0	391.10-BND	370	235,000	591.75-710	272	0	3.0-5.0%
4,870,000	0	391.10-BND	272	15,000	591.75-710	272	4,855,000	4.0-5.0%
943,267	0	391.10-BND	392	101,614	59175-710	281	841,653	2.34-4.72%
340,000	0	391.10-BND	331	80,000	59176-710	281	260,000	4.0-4.5%
1,150,000	0	391.10-BND	142	170,000	591.42-710	281	980,000	4.0-5.0%
645,000	0	391.10-BND	332	45,000	591.22-710	281	600,000	4.0-5.0%
1,175,000	0	391.10-BND	321	85,000	591.42-710	281	1,090,000	4.0-4.5%
605,000	0	391.10-BND	332	50,000	591.22-710	281	555,000	3.25-4.0%
1,635,000	0	391.10-BND	142	180,000	591.42-710	281	1,455,000	3.25-4.0%
6,495,000	0	391.10-BND	322	190,000	591.42-710	272	6,305,000	3.0-6.60%
<u>\$22,723,267</u>	<u>\$0</u>			<u>\$2,221,614</u>			<u>\$20,501,653</u>	
1,385,000	0	39110-BND	477	175,000	582.34-720	486	1,210,000	4.00-5.0%
1,835,000	0	39110-BND	478	10,930,000	582.35-720	493	1,060,000	2.0-5.0%
10,155,000	9,400,000	39110-BND	478	45,000	582.35-720	493	9,355,000	2.0-4.0%
4,770,000	0	39110-BND	478	215,000	582.35-720	488	4,555,000	4.00-5.0%
4,465,000	0	39110-BND	479	120,000	582.38-720	491	4,345,000	2.0-4.8%
<u>\$22,610,000</u>	<u>\$9,400,000</u>			<u>\$11,485,000</u>			<u>\$20,525,000</u>	
45,000	0	39170-770	345	18,500	59135-770	289	26,500	8.75%
67,000	0	39170-770	345	9,000	59135-770	289	58,000	8.75%
57,000	0	39170-770	345	10,000	59135-770	289	47,000	8.75%
178,000	0	39170-770	345	57,000	59135-770	289	121,000	5.50%
381,000	0	39170-770	345	58,500	59135-770	289	322,500	5.50%
<u>\$728,000</u>	<u>\$0</u>			<u>\$153,000</u>			<u>\$575,000</u>	

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2012

Page 3 of 5

	<u>ID No.</u>	<u>Purpose</u>	<u>Amount of Issue</u>	<u>Date of Issue</u>	<u>Date of Final Maturity</u>
Intergovernment Loans					
(Public Works Trust And State Revolving Fund)					
PW-5-92-280-046	263.82	594.35.64	1,120,000	09/03/92	07/01/12
PW-5-93-280-054	263.82	594.35.65	3,221,708	06/01/93	07/01/13
PW-5-94-784-049	263.82	594.35.64	1,220,900	05/16/94	07/01/14
PW-5-95-791-052	263.81	595.30.65	1,000,000	06/14/95	07/01/15
PW-5-95-791-053	263.82	594.35.64	3,030,558	08/07/95	07/01/15
PW-5-95-791-054	263.82	594.35.64	188,430	06/14/95	07/01/15
PW-01-691-071	263.82	594.35.65	1,466,250	06/01/01	07/01/21
PW-03-027	263.82	594.34.65	2,694,000	09/01/03	07/01/23
PW-05-691-064	263.82	594.35.65	2,307,000	12/30/05	07/01/25
PW-07-962-019	263.82	594.35.65	2,300,000	04/30/07	07/07/27
SRF-04-65104-037	263.82	594.34.65	966,772	06/27/05	10/01/25
PC08-951-051	263.82	594.34.65	2,257,200	04/15/09	07/01/28
PC08-951-052	263.81	595.50.65	3,000,000	08/14/09	07/01/28
L1000030-0	263.81	594.35.65	1,214,000	05/06/10	06/01/30
L1100008	263.82	594.35-65	503,538	10/20/11	06/01/30
PC12-951-065	263.82	594.35.65	5,000,000	06/01/12	06/01/32
PC13-961-059	263.82	594.35.65	2,000,000	10/11/12	06/01/32
CERB Loan #C95-107	263.81	594.50.65	425,448	08/21/95	07/01/16
Total			<u>\$33,915,804</u>		
Due To Other Governmental Units					
Yakima County	263.82		64,500	06/01/06	06/01/12
Yakima County	263.82		50,000	06/01/07	06/01/12
Yakima County	263.82		27,500	06/01/08	06/01/12
Yakima County	263.82		214,000	06/01/08	06/01/13
Yakima County	263.82		500,000	09/26/11	06/01/13
Total			<u>\$856,000</u>		
Lease Purchase Agreements					
Telephone System Upgrade	263.53	594.28.66	98,288	10/01/10	09/30/13
#1223521 - Printer/Copier	263.53	594.18.66	51,000	01/01/10	12/31/14
#0857-1-1 Two Fire Apparatus	263.96	594.22.66	600,000	03/15/11	12/01/20
Total			<u>\$749,288</u>		
Grand Total			<u><u>\$115,181,248</u></u>		

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2012

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Beginning Outstanding Balance	Amount Issued	BARS Code for Receipt	Rec Fund #	Amount Redeemed	BARS Code for Redemption	Red Fund #	Ending Outstanding Balance	Nominal Interest Rate
61,731	0	39180-DCD	476	61,731	58235-78P	473	0	1%
341,011	0	39180-DCD	478	170,506	58235-78P	473	170,505	1%
122,697	0	39180-DCD	476	40,899	58235-78P	473	81,798	1%
213,003	0	39180-DCD		53,251	59142-780	142	159,752	1%
653,498	0	39180-DCD	478	163,375	58235-78P	473	490,123	1%
46,741	0	39180-DCD	476	11,685	58235-78P	473	35,056	1%
776,250	0	39180-DCD	476/477	77,625	58235-78P	473	698,625	0.5%
1,616,700	0	39180-DCD	477	134,725	58234-78P	474	1,481,975	0.5%
1,739,441	0	39180-DCD	476	124,246	58235-78P	473	1,615,195	0.5%
1,942,222	0	39180-DCD	478	121,389	58235-78P	473	1,820,833	0.5%
649,444	0	39180-DCD	477	47,073	58234-78P	474	602,371	0.5%
1,946,670	112,860	39180-DCD	477	121,149	58234-78P	474	1,938,381	0.5%
2,624,561	0	39180-DCD	392	154,386	59142-780	342	2,470,175	0.5%
532,594	450,102	39180-DCD	392	0	58231-780	473	982,696	2.9%
36,856	444,166	38280-SRF	478	0	58231-780	473	481,022	2.9%
0	1,968,869	39180-PWL	478	0	58231-780	473	1,968,869	0.5%
0	635,824	39180-PWL	476	0	58231-780	473	635,824	0.5%
152,027	0	39180-DCD		27,240	59119-780	000	124,787	5.5%
<u>\$13,455,446</u>	<u>\$3,611,821</u>			<u>\$1,309,280</u>			<u>\$15,757,987</u>	
10,400	0	39180-COU	474	10,400	58234-780	474	0	5.62%
11,655	0	39180-COU	142	11,655	59142-780	142	0	6.18%
5,956	0	39180-COU	142	5,956	59142-780	142	0	5.62%
90,144	0	39180-COU	142	44,242	59142-780	142	45,902	6.18%
500,000	0	39180-COU	323	245,212	59142-780	142	254,788	6.18%
<u>\$618,155</u>	<u>\$0</u>			<u>\$317,465</u>			<u>\$300,690</u>	
58,821	0	39150-CLF	151	33,087	59118-750	000	25,734	4.17%
32,068	0	39150-CLF	000	10,176	59118-750	000	21,892	4.85%
523,123	0	39190-COP	332	50,597	59122-750	332	472,526	3.02%
<u>\$614,012</u>	<u>\$0</u>			<u>\$93,860</u>			<u>\$520,152</u>	
<u><u>\$60,748,880</u></u>	<u><u>\$13,011,821</u></u>			<u><u>\$15,580,219</u></u>			<u><u>\$58,180,482</u></u>	

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2012

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NOTE:

The Public Works Trust Loans are from the State of Washington's
Department of Community Development.
Terms of the loans authorize maximum sums as follows:

PW-5-89-962-0056	\$765,000
PW-5-89-962-0057	174,879
PW-5-89-962-0058	495,000
PW-5-90-280-050	803,157
PW-5-91-280-070	1,155,000
PW-5-91-280-071	1,188,000
PW-5-92-280-046	1,120,000
PW-5-93-280-054	3,221,708
PW-5-94-784-049	1,481,000
PW-5-95-791-052	1,000,000
PW-5-95-791-054	209,367
PW-5-95-791-053	3,030,558
PW-00-691-062	1,180,000
PW-01-691-071	1,466,250
PW-03-027	2,694,000
PW-05-691-064	2,307,000
PW-07-962-019	2,300,000
	<hr/>
	<u>\$24,590,919</u>

SCHEDULE 10
LIMITATIONS OF INDEBTEDNESS

For the Year Ended December 31, 2012

Page 1 of 1

Total Taxable Property Value - \$5,494,497,093

	Remaining Debt Capacity
2.50% (\$137,362,427) General Purposes Limit is Allocated Between:	
Up to 1.5% Debt without a Vote (Councilmanic)	\$82,417,456
Less : Outstanding Debt	32,387,562
Less: Contracts Payable	520,152
Less: Excess of Debt with a Vote	0
Add: Available Assets	10,866,725
Equals: Remaining Debt Capacity without a Vote	\$60,376,467
1% General Purposes Debt with a Vote	\$54,944,971
Less : Outstanding Debt	560,000
Less: Contracts Payable	0
Add: Available Assets	199,922
Equals: Remaining Debt Capacity with a Vote	\$54,584,893
2.5% Utility purpose limit, voted	137,362,427
Less : Outstanding Debt	0
Less: Contracts Payable	0
Add: Available Assets	0
Equals: Remaining Debt Capacity - Utility Purpose, Voted	\$137,362,427
2.5% Open Space, Park and Capital Facilities, Voted	\$137,362,427
Less : Outstanding Debt	0
Less: Contracts Payable	0
Add: Available Assets	0
Equals: Remaining Debt Capacity - Open Space, Park and Capital Facilities, Voted	\$137,362,427

SCHEDULE 16

EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2012

Page 1 of 2

Grantor / Pass-Through Grantor Program Title	CFDA No.	Other I.D. Number	From Pass- Through Awards	From Direct Awards	Note
U. S. Department of Agriculture					
Child & Adult Care Food Program	10.558	39141326	\$8,739		
U. S. Department of Housing & Urban Development					
Community Development Block Grant	14.218	B 11-MC-53-0008		\$1,062,905	6
Community Development Block Grant	14.218	CDBG Program Income		105,983	3
Sub-Total CFDA 14.218				1,168,888	
Home Investment Partnerships Program	14.239	M12-MC53-0203		235,487	-
Home Investment Partnerships Program	14.239	M11-MC53-0203		614,196	-
Home Investment Partnerships Program	14.239	Home Program Income		132,492	3
Sub-Total CFDA 14.239				982,175	
Passed-through Washington State Dept of Commerce					
CDBG Neighborhood Stabilization Program	14.228	08-F6401-027	16,857		
Total Department of Housing and Urban Development			16,857	2,151,063	
U. S. Department of Justice					
State Criminal Alien Assistant Program	16.606	2009-AP-BX-0439		12,059	-
Public Safety Partnership & Community Policing Grants	16.710	2009-CKWX0186		17,191	-
Public Safety Partnership & Community Policing Grants	16.710	2010-CKWX0186		235,261	-
ARRA Public Safety Partnership & Community Policing	16.710	2009RKWX0902		576,700	7
Sub-Total CFDA 16.710				829,152	
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0499		23,227	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-0195		7,174	6
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-DJ-BX-2102		61,340	6
Edward Byrne Memorial Justice Assistance Grant	16.738	2012-DJ-BX-0341		23,043	6
Sub-Total CFDA 16.738				114,784	
ARRA Edward Byrne Memorial Justice Assistance Grant	16.804	ARRA 2009-SB-B9-1257		107,039	6/7
Total U.S. Department of Justice			0	1,063,034	
U. S. Department of Transportation					
Federal Transit - Formula Grant	20.507	WA-90X508-00		1,890,226	
Passed-through Washington State Dept of Transportation					
Federal Transit - CMAQ Demo Sunday	20.507	WA-95-X048	42,385		
Sub-Total CFDA 20.507			42,385	1,890,226	
Job Access - Reverse Commute	20.516	GCA6232	90,749		
Highway Planning & Construction - CFDA 20.205					
Railroad Grade Separation	20.205	STPX-000S (062)	61,683		2
Fair Ave / Nob Hill	20.205	STPUS-4566 (007)	185		2
Yakima Valley Transportation	20.205	STPE-1485 (019)	345		
Powerhouse/WOD Trail	20.205	STPE-1485 (023)	26,544		
64th Ave Roadway Widening	20.205	STPUS-4591 (002)	46,214		2
N. 1st St. Revitalization	20.205	STPUS-4579 (011)	1,829		2
Sub-Total CFDA 20.205			136,800	0	
Total U.S. Department of Transportation			269,934	1,890,226	

SCHEDULE 16
EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2012

Page 2 of 2

Grantor / Pass-Through Grantor Program Title	CFDA No.	Other I.D. Number	From Pass- Through Awards	From Direct Awards	Note
Environmental Protection Agency					
Passed-through Washington State Dept of Transportation					
Water Pollution Control Revolving Fund	66.458	LI200019	32,595		4b
U. S. Department of Energy					
ARRA Energy Efficiency and Conservation Block Grant	81.128	ARRA-DE-SC0003043		37,348	7
U. S. Department of Health and Human Services					
Passed-through Yakima County					
Special Programs for the Aging / Disease Prevention	93.043	0969-54703	372		
Special Programs for the Aging / Disease Prevention	93.043	0969-54703	26,242		
Sub-Total CFDA 93.043			26,614		
Special Programs for the Aging / Grants for Sup Svcs	93.044	0969-54703	12,756		
Total U.S. Department Health Passed-through			39,370		
Homeland Security					
Passed-through Yakima County - Emergency Management					
Homeland Security Grant	97.067	YVOEM 11-001	66,200		
			\$433,695	\$5,141,671	
Total Federal Assistance Direct & Pass-Through Awards			\$5,575,366		

SCHEDULE 16
EXPENDITURES OF STATE AND LOCAL AWARDS

For the Year Ended December 31, 2012

Page 1 of 1

Grantor/ Pass-Through Grantor Program Title	BARS Account No.	Other Identification Information	Current Year Expenditures
State Assistance			
Washington State Department of Transportation (WSDOT)			
Vanpool Vans	334.03		96,250
JARC Transit Grant	334.03		919
Transit Operating Grant	334.03		27,193
Subtotal			124,362
Washington State Recreation & Conservation Office			
Washington Wildlife and Recreation Program	334.04	Project 2212	51,331
Washington State Transportation Improvement Board			
Nob Hill 49th - 64th	334.03	Project 2272	1,299,250
WA Avenue, 16th Intersection	334.03	Project 2232	92,956
Subtotal			1,392,206
Washington State Department of Ecology			
Shoreline Master Program Grant	334.03		11,386
Municipal Stormwater Capacity Grant	334.03	Project 2304	85,110
UIC Retrofit Project Grant	334.03	Project 2313	33,467
Tire Cleanup	334.03	Project R420	8,835
Subtotal			138,798
Washington State Department of Social and Health Services			
State Respite	334.04		9,177
Pre-hospital (Emergency Mgmt)	334.04		1,534
Subtotal			10,711
Washington State Office of Public Defense			
Indigent Defense Cities Grant	334.01		150,000
Washington Traffic Safety Commission			
Police Overtime and Equipment	337.00		46,661
Total State Assistance			\$1,914,069
Local Assistance			
Yakima County Interlocal Grant			
County Bond Funding	337.00		\$46,151
Yakama Indian Nation			
Parks	337.07		4,000
Total Local Assistance			\$50,151
Total State and Local Assistance			\$1,964,220

SCHEDULE 16**NOTES TO THE SCHEDULE OF EXPENDITURES**

For the Year Ended December 31, 2012

Page 1 of 1

Note 1 - Basis of Accounting

The Schedule of Expenditures of Federal Award is prepared on the same basis of accounting as the City of Yakima financial statements. The City of Yakima uses modified accrual system for all governmental funds: full accrual system for proprietary, nonexpendable and pension trust funds.

Note 2 - Program Costs

The amounts shown as current year expenditures represent only the federal portion of program costs. Actual program costs, including the City of Yakima's portion may be more than shown.

Note 3 - Program Income

The City of Yakima has a loan program for low income housing. Under this federal grant, repayments to the City of Yakima are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures.

Note 4 - Federal Loans

- a) In 2003, the City of Yakima was authorized to administer a Section 108 Loan program. There were no new loans in 2012. Since the City is only contingently liable, this amount is not included in the Schedule of Long-Term Debt. See Note 8 - Contingencies in the Basic Financial Statements section for details of the entire program.
- b) The City of Yakima was approved by the EPA and the State Department of Ecology to receive a loan totaling \$3,054,264 at 2.6% interest and a forgivable principal (grant) amount of \$697,150 to fund capital improvement projects at the City's Wastewater Treatment Plant. The amount listed for this loan includes the proceeds used during the year.

Note 5 - Noncash Awards

Not Applicable

Note 6 - Amount Paid to Subrecipients

The City of Yakima paid the following amounts to subrecipients:

CDBG-14.218	\$75,000
ARRA-16.804	\$17,001
JAG-16.738	\$25,385

Note 7 - American Recovery and Reinvestment Act (ARRA)

Expenditures for this program were funded by ARRA.

SCHEDULE 17**LIMITATION ON PUBLIC WORKS PROJECTS PERFORMED BY PUBLIC EMPLOYEES**

For the Year Ended December 31, 2012

Page 1 of 1

1. Total current public works construction budget as amended (annual or biennial as applicable)	\$44,354,138
2. Total allowable public works (10 percent of line 1)	4,435,414
3. Less: Amount (if any) in excess of permitted amount from prior year	0
4. Total allowable public works (line 2 minus line 3)	<u>4,435,414</u>
5. Total public works projects performed by public employees during the current year (including work performed by a county)	137,621
6. If this is the second year of a biennial budget, total public works performed by public employees during the prior year	0
7. Restricted (over) under allowable (line 4 minus line 5 minus line 6)	<u><u>\$4,297,793</u></u>

NOTE: If the restricted amount is over allowable, this amount must be carried forward to next year's report.

SCHEDULE 19
LABOR RELATIONS CONSULTANTS

For the Year Ended December 31, 2012

Page 1 of 1

Name Of Firm:

Menke Jackson Beyer Eloffson Ehlis & Harper, LLP

Name of Consultant:

A. Menke/K. Harper

Business Address:

807 North 39th Avenue
Yakima, Washington 98901

Amount Paid To Consultant During Fiscal Year:

\$6,624.00

Terms And Conditions, As Applicable, Including:

Rates (E.G., Hourly, ETC.):

\$80 to \$150 an hour plus reimbursable cost (long distance, postage and copy charges)

Maximun Compensation Allowed:

None

Duration of Services:

On Going

Services Provided:

Labor negotiations and arbitration for Police, Fire and AFSCME.

SCHEDULE 21

LOCAL GOVERNMENT RISK ASSUMPTION

For the Year Ended December 31, 2012

Page 1 of 1

Program Manager:

Cindy Epperson

Phone:

(509) 576-6771

Business Address:

129 N. 2nd Street
Yakima, Washington 98901

Email:

cindy.epperson@yakimawa.gov

Which class of risk does the entity self-insure? Check all that apply

☐

Liability

☐

Property

☒

Health & Welfare (medical, vision, dental, prescription)

Third Party Administrator:

EBMS - 2075 Overland Ave/P.O. Box 21367, Billings MT 59104

☒

Unemployment Compensation (except when using the state program regardless if using tax or reimbursement method)

Third Party Administrator:

TALX Corporation / Equifax Workforce Solutions, 11432 Lackland Road, St. Louis MO 63146

☒

Workers Compensation (except when using the state program)

Third Party Administrator:

Intermountain Claims - P.O. Box 4367, Boise ID 83711, (208) 323-7571

☐

Other - please describe: _____

Yes No

☒

Does the local government self-insure as an individual program?

☒

If yes, does the local government allow another separate legal entity into its self-insurance program(s)?
(for example, employees of a different organization participate in a health and welfare program of a city)

If yes, list the other member(s): Yakima Air Terminal (Joint Venture)

☐

Does the local government administer its own claims?

☒

Does the local government contract with a third party administrator for claims administration?

☒

Did the local government receive a claims audit in the last three years, regardless of who administered the claims?

☒

Were the program's revenues sufficient to cover the program's expenses?

☐

Did the program use an actuary to determine its liabilities?

Risk Type	----- Current Period -----		
	# of Claims Received	# of Claims Paid	Total \$'s Paid
Healthcare	26,180	26,180	\$8,776,426
Unemployment	105	51	\$112,003
Workers Compensation	67	134	\$412,243

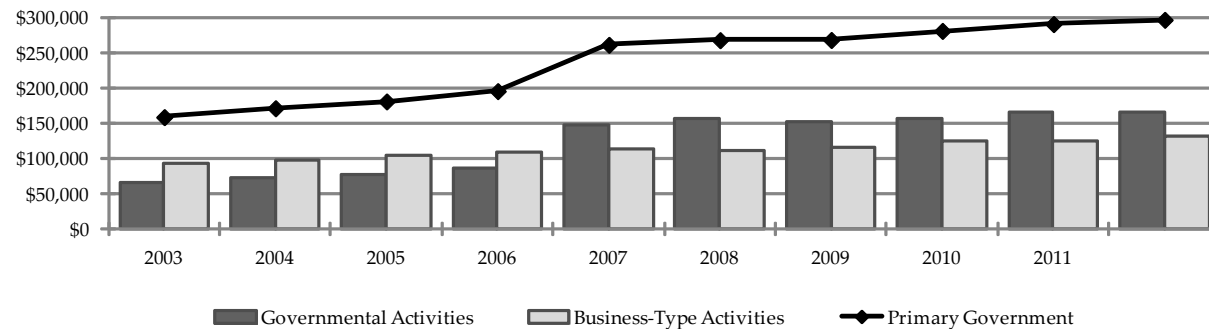
NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 1

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$50,464	\$60,441	\$63,513	\$72,842	\$121,925	\$130,196	\$128,071	\$137,521	\$147,349	\$149,222
Restricted	4,914	4,831	4,792	4,238	10,991	9,804	9,286	9,350	18,624	18,548
Unrestricted	11,195	8,060	8,951	9,668	14,327	16,073	14,928	10,545	(921)	(2,528)
Total Governmental Activities Net Position	\$66,573	\$73,332	\$77,256	\$86,748	\$147,243	\$156,073	\$152,285	\$157,416	\$165,052	\$165,242
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$80,072	\$84,227	\$86,609	\$89,124	\$90,617	\$86,560	\$98,161	\$101,913	\$105,681	\$109,844
Restricted	2,610	2,665	2,701	2,705	2,722	2,362	2,366	2,370	2,372	1,757
Unrestricted	9,692	11,250	14,613	17,156	20,771	22,963	15,449	19,461	17,690	19,984
Total Business-Type Activities Net Position	\$92,374	\$98,142	\$103,923	\$108,985	\$114,110	\$111,885	\$115,976	\$123,744	\$125,743	\$131,585
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$130,536	\$144,668	\$150,122	\$161,966	\$212,542	\$216,756	\$226,232	\$239,434	\$253,030	\$259,066
Restricted	7,524	7,496	7,493	6,943	13,713	12,166	11,652	11,720	20,996	20,305
Unrestricted	20,887	19,310	23,564	26,824	35,098	39,036	30,377	30,006	16,769	17,456
Total Primary Government Net Position	\$158,947	\$171,474	\$181,179	\$195,733	\$261,353	\$267,958	\$268,261	\$281,160	\$290,795	\$296,827



NOTES: 2007 was the first year of accounting for the universe of infrastructure.

CHANGE IN NET POSITION**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 3

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities										
General Government	\$6,774	\$7,147	\$7,381	\$7,336	\$7,867	\$8,145	\$8,656	\$8,512	\$8,814	\$8,668
Security of Persons and Property	26,468	28,391	30,222	32,059	33,706	36,959	40,009	40,088	40,614	42,996
Physical Environment	1,225	1,176	1,232	1,339	872	1,355	1,190	828	670	658
Transportation	5,811	5,584	5,962	6,821	11,516	11,213	11,109	11,604	10,693	11,530
Economic Environment	3,143	3,422	3,747	3,937	4,007	4,146	4,821	5,670	4,840	3,950
Mental and Physical Health	15	17	43	17	20	19	86	87	22	24
Cultural & Recreational Environment	6,891	7,066	7,601	7,819	6,807	7,156	7,021	7,471	7,859	7,522
Interest on Long Term Debt	1,063	850	809	815	871	863	1,004	1,217	1,160	1,122
Total Governmental Activities Expenses	51,390	53,653	56,997	60,143	65,666	69,856	73,896	75,477	74,672	76,470
Business-Type Activities										
Transit	5,282	5,526	6,282	6,769	7,317	8,323	7,929	8,365	8,564	9,085
Refuse	2,861	2,751	3,154	3,176	3,521	3,971	4,218	4,362	4,472	4,679
Wastewater	10,172	11,565	11,173	11,545	11,794	12,167	12,297	12,813	13,972	13,634
Water	4,406	4,586	4,921	5,044	5,395	5,520	5,748	5,654	5,546	5,834
Irrigation	1,222	1,220	1,645	1,572	1,568	1,695	1,733	1,811	1,884	1,891
Stormwater	0	0	0	0	0	583	1,028	1,240	1,317	1,318
Total Business-Type Activities Expenses	23,943	25,648	27,175	28,106	29,595	32,259	32,953	34,245	35,755	36,441
Total Expenses	<u>\$75,333</u>	<u>\$79,301</u>	<u>\$84,172</u>	<u>\$88,249</u>	<u>\$95,261</u>	<u>\$102,115</u>	<u>\$106,849</u>	<u>\$109,722</u>	<u>\$110,427</u>	<u>\$112,911</u>

CHANGE IN NET POSITION**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 2 of 3

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$47	\$196	\$156	\$170	\$145	\$19	\$12	\$4	(\$2)	\$9
Security of Persons and Property	1,995	1,746	1,561	1,389	1,625	1,823	2,539	2,183	2,088	2,385
Physical Environment	422	605	875	1,101	901	980	649	1,544	768	735
Transportation	98	130	84	64	261	161	59	259	225	232
Economic Environment	1,141	1,146	1,059	1,259	2,072	1,664	1,673	1,719	2,258	1,231
Cultural & Recreational Environment	1,515	1,565	1,533	1,744	1,922	2,037	2,070	2,100	2,216	2,122
Operating Grants and Contributions	5,051	4,542	5,134	5,235	4,640	5,488	6,378	7,981	10,507	10,848
Capital Grants and Contributions	2,866	9,311	3,921	9,301	14,595	4,961	5,090	15,490	14,991	4,883
Total Government Activities	13,135	19,241	14,323	20,263	26,161	17,133	18,470	31,280	33,051	22,445
Business-Type Activities										
Charges for Services										
Transit	427	422	450	484	578	1,234	931	935	1,015	1,047
Refuse	3,080	3,335	3,508	3,861	3,952	4,244	4,655	4,880	4,770	5,430
Wastewater	12,102	14,691	14,125	14,614	14,433	14,898	15,941	16,442	15,466	18,703
Water	4,973	5,208	5,381	6,158	6,360	6,394	7,097	7,058	6,887	8,599
Irrigation	1,792	2,479	2,435	2,449	2,486	2,563	2,646	2,711	2,718	2,901
Stormwater	0	0	0	0	0	1,065	1,707	1,976	2,170	2,183
Operating Grants and Contributions	1,552	1,803	3,103	2,801	2,386	2,102	2,019	2,410	2,911	2,713
Capital Grants and Contributions	4,103	2,053	2,387	1,912	2,789	3,345	1,659	4,993	1,646	2,118
Total Business-Type Activities	28,029	29,991	31,389	32,279	32,984	35,845	36,655	41,405	37,583	43,694
Total Program Revenues	<u>\$41,164</u>	<u>\$49,232</u>	<u>\$45,712</u>	<u>\$52,542</u>	<u>\$59,145</u>	<u>\$52,978</u>	<u>\$55,125</u>	<u>\$72,685</u>	<u>\$70,634</u>	<u>\$66,139</u>
Net Expense/Revenue										
Governmental Activities	(\$38,255)	(\$34,412)	(\$42,674)	(\$39,880)	(\$39,505)	(\$52,723)	(\$55,426)	(\$44,197)	(\$41,621)	(\$54,025)
Business-Type Activities	4,086	4,343	4,214	4,173	3,389	3,586	3,702	7,160	1,828	7,253
Total Net Expense	<u>(\$34,169)</u>	<u>(\$30,069)</u>	<u>(\$38,460)</u>	<u>(\$35,707)</u>	<u>(\$36,116)</u>	<u>(\$49,137)</u>	<u>(\$51,724)</u>	<u>(\$37,037)</u>	<u>(\$39,793)</u>	<u>(\$46,772)</u>

CHANGE IN NET POSITION**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 3 of 3

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Rev. & Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes	\$11,853	\$12,199	\$12,435	\$13,265	\$13,071	\$13,782	\$14,261	\$14,535	\$15,126	\$15,565
Sales and Use Taxes	13,328	14,055	15,690	17,113	18,393	18,990	17,810	17,920	18,346	19,599
Franchise and Utility Taxes	7,582	7,763	8,302	9,045	9,025	9,584	10,293	9,959	9,675	9,798
Excise Tax	1,646	2,612	3,213	3,081	3,469	2,839	2,412	2,281	2,234	2,656
Penalties and Interest	12	2	1	11	10	3	5	1	1	0
Grants and Contributions not Restricted	175	0	0	0	0	0	0	0	0	0
State Entitlements	2,675	2,774	2,953	3,497	3,790	3,614	3,739	3,589	0	0
Unrestricted Investment Interest	426	415	735	695	913	863	556	403	272	309
Miscellaneous	(260)	41	57	137	(38)	147	101	(64)	33	42
Gain on Sale of Capital Assets	(7)	(1,012)	257	(695)	(553)	135	85	(922)	(148)	73
Intergovernmental Agreements	(1,406)	0	0	(39)	0	0	0	0	0	0
Transfers	2,637	2,797	2,950	3,084	2,624	3,664	4,188	3,927	3,718	6,172
Debt Issue Cost	0	0	4	0	0	(3)	(31)	0	0	0
Acctg Loss on Gen Oblig of Debt Ref	(295)	(474)	0	140	0	0	0	0	0	0
Total Government Activities	38,366	41,172	46,597	49,334	50,704	53,615	53,419	51,629	49,257	54,214
Business-Type Activities										
Sales and Use Taxes	3,895	4,138	4,234	4,511	4,789	4,828	4,490	4,485	4,449	4,762
Unrestricted Investment Interest	124	269	560	656	380	198	100	21	9	11
Gain on Sale of Capital Assets	(139)	8	(56)	100	(227)	1,286	(1)	(6)	(529)	7
Transfers	(3,122)	(2,990)	(3,171)	(3,315)	(3,207)	(4,188)	(4,201)	(3,892)	(3,718)	(6,191)
Extraordinary Item	(8,332)	0	0	0	0	0	0	0	0	0
Total Business-Type Activities	(7,574)	1,425	1,567	1,952	1,735	2,124	388	608	211	(1,411)
Total Primary Government	\$30,792	\$42,597	\$48,164	\$51,286	\$52,439	\$55,739	\$53,807	\$52,237	\$49,468	\$52,803
Change in Net Position										
Governmental Activities	\$111	\$6,760	\$3,923	\$9,454	\$11,199	\$892	(\$2,007)	\$7,432	\$7,636	\$189
Business-Type Activities	(3,488)	5,768	5,781	6,125	5,124	5,710	4,090	7,768	2,039	5,842
Total Change in Net Position	(\$3,377)	\$12,528	\$9,704	\$15,579	\$16,323	\$6,602	\$2,083	\$15,200	\$9,675	\$6,031

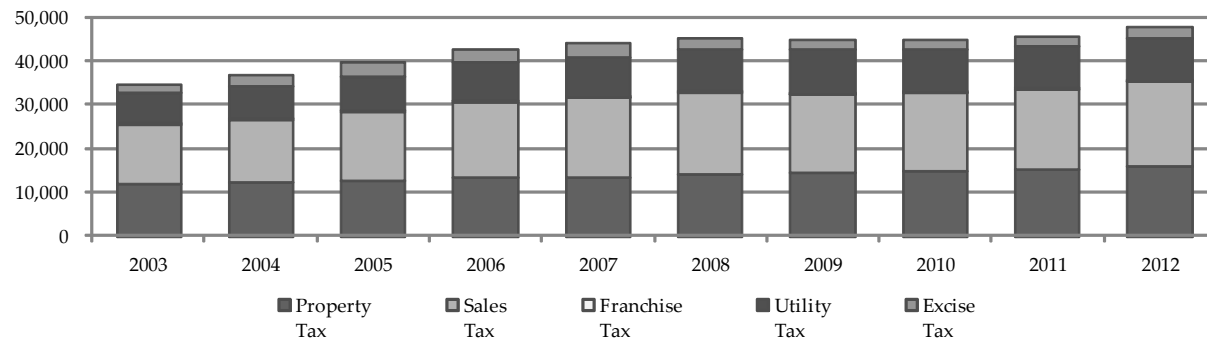
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 1

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Utility Tax</u>	<u>Excise Tax</u>	<u>Total</u>
2003	11,853	13,328	417	7,165	1,646	34,409
2004	12,199	14,055	421	7,342	2,612	36,629
2005	12,435	15,690	427	7,875	3,213	39,640
2006	13,265	17,113	343	8,702	3,081	42,504
2007	13,071	18,393	42	8,984	3,470	43,960
2008	13,782	18,990	40	9,544	2,839	45,195
2009	14,261	17,810	53	10,240	2,412	44,776
2010	14,535	17,920	45	9,915	2,281	44,696
2011	15,126	18,346	45	9,630	2,235	45,382
2012	15,565	19,599	56	9,742	2,656	47,618



FUND BALANCES OF GOVERNMENTAL FUNDS**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$481	\$384	\$278	\$377	\$458	\$464	\$356	\$0	\$0	\$0
Nonspendable	0	0	0	0	0	0	0	67	44	42
Unreserved	8,476	8,467	8,686	9,145	10,034	10,583	8,486	-	-	-
Unassigned	0	0	0	0	0	0	0	8,643	8,812	9,738
Total General Fund	8,957	8,851	8,964	9,522	10,492	11,047	8,842	8,710	8,856	9,780
Community Development										
Reserved	631	1,120	1,016	1,045	2,257	290	377	-	-	-
Restricted	0	0	0	0	0	0	0	284	270	193
Unreserved	(157)	(813)	(661)	(779)	(1,861)	0	0	-	-	-
Total Community Development Fund	474	307	355	266	396	290	377	284	270	193
Parks & Recreation										
Reserved	24	8	1	0	0	0	0	-	-	-
Committed	0	0	0	0	0	0	0	3,403	3,309	0
Unreserved	459	464	478	0	0	0	0	-	-	-
Total Parks & Recreation fund	483	472	479	0	0	0	0	3,403	3,309	0
Streets & Traffic Engineering										
Reserved	340	346	108	0	0	0	0	-	-	-
Unreserved	1,047	989	1,233	0	0	0	0	-	-	-
Total Streets & Traffic Engineering Fund	1,387	1,335	1,341	0	0	0	0	0	0	0

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 2 of 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
All Other Governmental Funds										
Reserved	3,139	2,973	3,389	2,817	2,909	1,685	2,943	-	-	-
Unreserved Reported in:										
Special Revenue Funds	4,258	3,470	3,874	4,937	5,962	7,096	6,591	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	81
Restricted	-	-	-	-	-	-	-	4,385	4,676	3,731
Committed	-	-	-	-	-	-	-	1,137	924	2,025
Debt Service Funds										
Restricted	-	-	-	-	-	-	-	544	547	531
Committed	-	-	-	-	-	-	-	31	47	50
Assigned	-	-	-	-	-	-	-	80	86	75
Capital Project Funds	3,382	2,478	3,288	3,981	6,312	6,039	8,672	-	-	-
Restricted	-	-	-	-	-	-	-	2,475	1,546	4,339
Committed	-	-	-	-	-	-	-	0	1,114	1,007
Assigned	-	-	-	-	-	-	-	911	743	900
Permanent Fund										
Nonspendable	-	-	-	-	-	-	-	592	604	613
Total all Other Governmental Funds	10,779	8,921	10,551	11,735	15,183	14,820	18,206	10,155	10,287	13,352
Governmental Funds										
Reserved	4,615	4,831	4,792	4,239	5,624	2,439	3,676	-	-	-
Nonspendable	-	-	-	-	-	-	-	659	648	736
Restricted	-	-	-	-	-	-	-	6,706	5,672	8,794
Committed	-	-	-	-	-	-	-	1,168	2,085	3,082
Assigned	-	-	-	-	-	-	-	991	829	975
Unassigned	-	-	-	-	-	-	-	8,643	8,812	9,738
Unreserved	17,465	15,055	16,898	17,284	20,447	23,718	23,749	-	-	-
Grand Total Governmental Funds	<u>\$22,080</u>	<u>\$19,886</u>	<u>\$21,690</u>	<u>\$21,523</u>	<u>\$26,071</u>	<u>\$26,157</u>	<u>\$27,425</u>	<u>\$18,167</u>	<u>\$18,046</u>	<u>\$23,325</u>

Fund Balance categories were changed from Reserved and Unreserved to Nonspendable, Restricted, Committed, Assigned and Unassigned starting in 2011.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Modified Accrual Basis of Accounting)

Page 1 of 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes and Special Assessments	\$36,977	\$39,490	\$42,557	\$45,601	\$47,061	\$48,427	\$48,256	\$48,273	\$48,744	\$53,685
Licenses and Permits	470	530	691	741	982	993	712	768	842	892
Intergovernmental Revenues	10,260	12,797	11,839	17,346	16,756	11,994	14,984	23,795	24,267	13,023
Charges for Services	5,291	5,846	5,596	5,543	6,996	6,536	6,496	7,225	7,935	6,300
Fines and Forfeits	1,397	1,364	1,190	1,309	1,420	1,583	1,632	1,693	1,600	1,542
Interest	695	553	870	1,168	1,696	1,407	753	531	380	508
Other Revenues	854	1,201	1,240	1,852	1,647	1,681	1,834	2,156	2,561	3,550
Total Revenues	55,944	61,781	63,983	73,560	76,558	72,621	74,667	84,441	86,329	79,500
Expenditures										
General Government	9,054	9,905	10,090	10,452	10,757	11,367	11,626	11,594	11,886	11,558
Security of Persons and Property	25,440	26,959	28,684	30,929	32,691	34,815	37,907	37,742	37,767	40,725
Physical Environment	1,583	1,707	1,699	1,704	1,675	1,680	1,653	1,496	1,224	1,164
Transportation	4,310	4,204	4,601	5,129	5,129	5,777	5,395	5,713	5,455	5,406
Economic Environment	3,117	3,380	3,681	3,976	3,869	4,144	4,778	5,658	4,854	3,890
Mental & Physical Health	15	17	43	18	20	19	86	87	22	24
Cultural & Recreational Environment	6,331	6,452	6,900	6,951	5,712	6,217	6,062	6,580	6,497	6,390
Capital Outlay	10,004	9,488	5,333	12,153	12,754	8,857	10,642	19,312	17,144	6,743
Debt Service										
Principal Retirement	1,906	1,932	2,130	2,351	2,890	2,552	2,633	2,916	2,753	3,010
Interest	1,063	850	813	822	832	861	979	1,228	1,165	1,131
Total Expenditures	62,823	64,894	63,974	74,485	76,329	76,289	81,761	92,326	88,767	80,041
Excess (Deficiencies) of Revenues										
Over (Under) Expenditures	(\$6,879)	(\$3,113)	\$9	(\$925)	\$229	(\$3,668)	(\$7,094)	(\$7,885)	(\$2,438)	(\$541)

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Modified Accrual Basis of Accounting)

Page 2 of 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)										
Proceeds from Capital Lease Financing	\$492	\$473	\$0	\$0	\$38	\$0	\$0	\$149	\$577	\$0
Proceeds from L.T. Debt - G.O. Bonds	1,511	7	760	0	4,686	2,946	7,004	0	0	0
Proceeds from Intergovernmental Loans	75	0	148	50	0	242	600	1,690	1,592	450
Other Note Proceeds	0	0	371	546	0	0	0	864	0	600
Transfers In	3,779	3,893	3,878	5,049	5,196	5,774	6,139	5,299	4,986	6,220
Transfers (Out)	(3,697)	(3,954)	(3,845)	(5,050)	(5,664)	(5,338)	(5,426)	(4,949)	(4,631)	(6,115)
Intergovernmental Agreements	(1,406)	0	0	(39)	(81)	(39)	(39)	(97)	(97)	(97)
Sale of Capital Assets	49	131	317	109	26	13	10	0	15	6
Comp. for Loss of Gen. Capital Assets	52	54	162	90	129	142	82	47	176	94
Total Other Financing Sources (Uses)	855	604	1,791	755	4,330	3,740	8,370	3,003	2,618	1,158
Net Change in Fund Balances	<u>(\$6,024)</u>	<u>(\$2,509)</u>	<u>\$1,800</u>	<u>(\$170)</u>	<u>\$4,559</u>	<u>\$72</u>	<u>\$1,276</u>	<u>(\$4,882)</u>	<u>\$180</u>	<u>\$617</u>
Debt Service as a Percentage of										
Noncapital Expenditures	5.6%	5.0%	5.0%	5.1%	5.9%	5.1%	5.1%	5.7%	5.5%	5.7%

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Modified Accrual Basis of Accounting)

Page 1 of 1

Source	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Property Tax	\$11,853	\$12,199	\$12,435	\$13,265	\$13,071	\$13,782	\$14,261	\$14,535	\$15,126	\$15,565
Sales Tax	13,328	14,055	15,690	17,113	18,393	18,990	17,810	17,920	18,346	19,599
Franchise Tax	417	421	427	343	42	40	52	45	45	56
Utility Tax	9,720	10,200	10,792	11,787	12,076	12,772	13,716	13,492	12,992	15,808
Excise Tax	1,646	2,612	3,213	3,092	3,479	2,843	2,412	2,281	2,235	2,656
Total	<u>\$36,964</u>	<u>\$39,487</u>	<u>\$42,557</u>	<u>\$45,600</u>	<u>\$47,061</u>	<u>\$48,427</u>	<u>\$48,251</u>	<u>\$48,273</u>	<u>\$48,744</u>	<u>\$53,684</u>

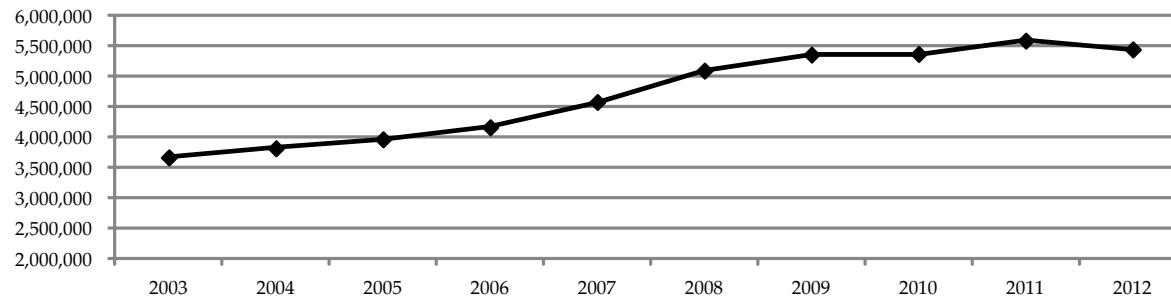


ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Page 1 of 1

Fiscal Year	Count	Real Property Assessed Value ⁽¹⁾	Personal Property Assessed Value ⁽¹⁾	Total Taxable Assessed Value ⁽¹⁾	Total Direct Tax Rate ⁽²⁾
2003	29,138	3,465,213	208,221	3,673,434	3.5213
2004	29,552	3,417,860	406,237	3,824,097	3.4718
2005	29,851	3,550,847	420,821	3,971,668	3.4395
2006	30,170	3,748,045	421,694	4,169,739	3.3813
2007	31,650	4,177,532	409,392	4,586,924	3.1165
2008	32,463	4,674,742	429,574	5,104,316	2.9549
2009	32,762	4,929,779	439,180	5,368,959	2.9392
2010	32,972	4,951,414	427,805	5,379,219	2.9907
2011	32,415	5,154,871	444,407	5,599,278	2.9715
2012	32,539	4,995,574	458,645	5,454,219	3.0559



Source: Yakima County

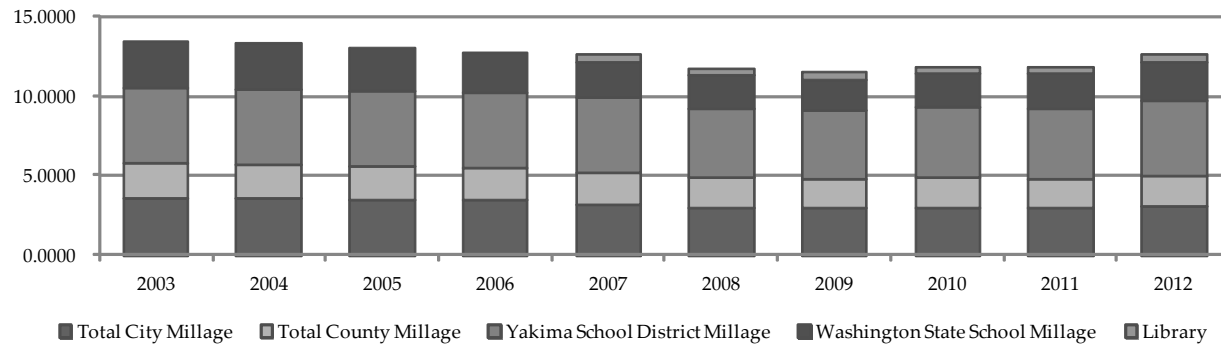
(1) Amounts expressed in thousands

PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS⁽¹⁾

LAST TEN FISCAL YEARS (RATE/1,000)

Page 1 of 1

Fiscal Year	City of Yakima			Yakima County			Yakima School District			State School Levy	Library ⁽²⁾	Total Direct & Overlapping Rates
	Operating	Debt Service	Total City	Operating	Debt Service	Total County	Bonds	M&O	Total School			
2003	3.5213	0.0957	3.6170	2.0537	0.0849	2.1386	1.9776	2.7785	4.7561	2.9595	0.0000	13.4712
2004	3.4718	0.0841	3.5559	2.0305	0.0817	2.1122	1.9270	2.8150	4.7420	2.9261	0.0000	13.3362
2005	3.4395	0.0763	3.5158	2.0131	0.0772	2.0903	1.7966	2.9402	4.7368	2.7364	0.0000	13.0793
2006	3.3813	0.0728	3.4541	1.9536	0.0724	2.0260	1.7781	2.9338	4.7119	2.5026	0.0000	12.6946
2007	3.1165	0.0649	3.1814	1.9000	0.0686	1.9686	1.7940	2.9329	4.7269	2.2536	0.4836	12.6141
2008	2.9549	0.0583	3.0132	1.8036	0.0630	1.8666	1.6358	2.7405	4.3763	2.0274	0.4619	11.7454
2009	2.8886	0.0506	2.9392	1.7523	0.0524	1.8047	1.5720	2.7934	4.3654	1.9217	0.4483	11.4793
2010	2.9348	0.0559	2.9907	1.7994	0.0526	1.8520	1.5805	2.9006	4.4811	2.0918	0.4595	11.8751
2011	2.9185	0.0531	2.9716	1.7716	0.0489	1.8205	1.5335	2.8906	4.4241	2.2086	0.4529	11.8777
2012	3.0559	0.0545	3.1104	1.8511	0.0472	1.8983	1.6640	3.0667	4.7307	2.3983	0.4724	12.6101



Source: Yakima County Department of Assessments

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Yakima. Not all overlapping rates apply to all City of Yakima property Yakima owners (e.g. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic

PRINCIPAL PROPERTY TAX PAYERS ⁽¹⁾

DECEMBER 31, 2012

(Amounts Expressed in Thousands)

Page 1 of 1

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Yakima HMA Inc.	\$59,381	1	0.35%	\$65,396	1	0.62%
Washington Fruit & Produce Co.	39,018	2	0.23%	15,172	7	0.14%
Wal-Mart Stores, Inc	38,735	3	0.23%			
Shields Bag & Printing	30,312	4	0.18%	34,569	2	0.33%
Qwest Communications	24,627	5	0.15%	28,196	4	0.27%
Cascade Natural Gas Corp.	22,886	6	0.13%			
Pacificorp / Pacific Power & Light	22,806	7	0.13%	14,262	9	0.13%
Michelsen Packaging Co	21,844	8	0.13%	14,064	10	0.13%
Safeway Stores Inc	21,560	9	0.13%			
Wide Hollow Development LLC	21,270	10	0.13%			
Longview Fibre Company				25,794	5	0.24%
Leelynn Inc & Wiley Mt Inc				31,470	3	0.33%
Yakima Herald Republic				16,202	6	0.15%
John I Haas Inc				14,280	8	0.13%
TOTALS	\$302,439		1.78%	\$259,405		2.47%

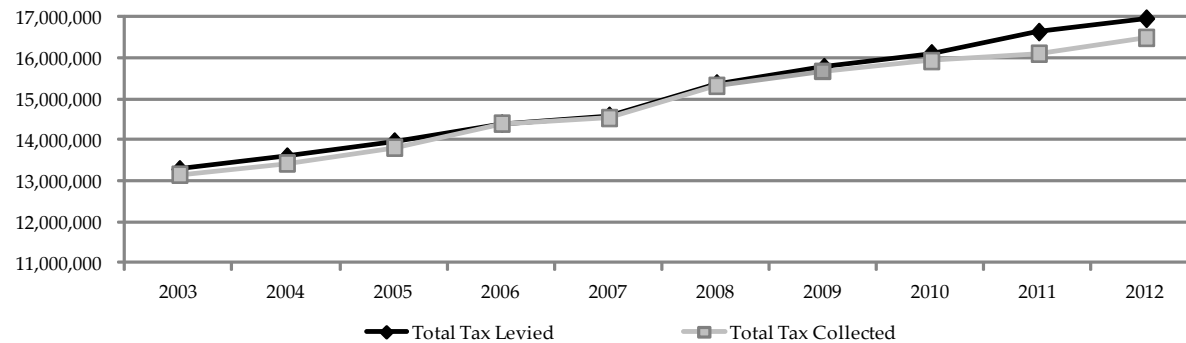
(1) Yakima County Assessors Office

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Page 1 of 1

Fiscal Year Ended	Total Levy for the Year	Collected Within the —— Year of the Levy ——		Collected in Subsequent Years	Total Collection —— to Date ——	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	13,280,578	12,848,761	96.7%	302,489	13,151,250	99.0%
2004	13,592,285	13,167,897	96.9%	259,284	13,427,181	98.8%
2005	13,960,632	13,412,195	96.1%	399,708	13,811,903	98.9%
2006	14,399,087	14,047,918	97.6%	350,597	14,398,515	100.0%
2007	14,588,962	14,208,341	97.4%	327,102	14,535,443	99.6%
2008	15,376,850	14,970,413	97.4%	351,366	15,321,779	99.6%
2009	15,776,982	15,270,543	96.8%	402,894	15,673,437	99.3%
2010	16,113,566	15,630,296	97.0%	295,625	15,925,921	98.8%
2011	16,634,342	16,105,108	96.8%	223,562	16,105,108	96.8%
2012	16,960,323	16,493,387	97.2%	n/a	16,493,387	97.2%



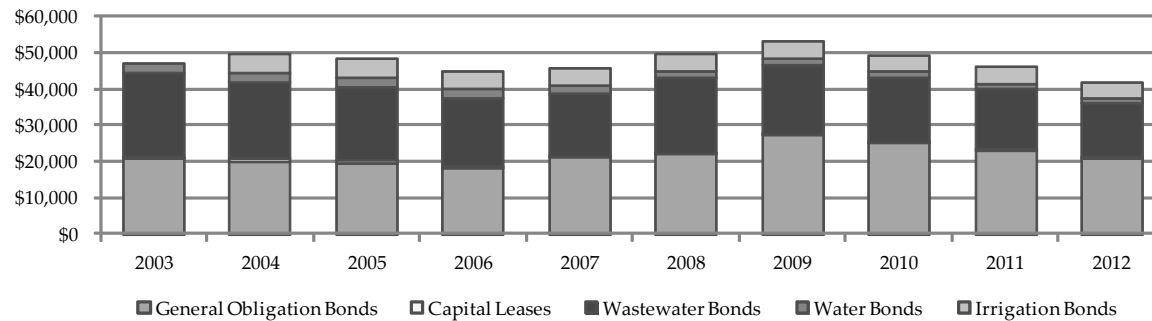
RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands - Except Per Capita Amounts)

Page 1 of 1

Year	— Governmental Activities —		— Business Type Activities —			Total Primary Gov't	Percentage of Income ⁽¹⁾	Per Capita
	General Obligation Bonds	Capital Leases	Wastewater Bonds	Water Bonds	Irrigation Bonds			
2003	20,580	492	23,084	2,911	0	47,067	3.63%	594
2004	19,830	822	21,106	2,754	5,215	49,727	3.84%	626
2005	19,365	640	20,386	2,589	5,120	48,100	3.92%	590
2006	18,040	449	19,021	2,414	5,015	44,939	3.03%	542
2007	20,837	287	17,518	2,233	4,910	45,785	2.64%	547
2008	21,973	72	20,920	2,000	4,805	49,770	3.09%	590
2009	26,979	10	19,580	1,804	4,695	53,068	3.55%	623
2010	24,881	132	18,197	1,598	4,580	49,388	2.61%	542
2011	22,723	614	16,760	1,385	4,465	45,947	2.52%	501
2012	20,502	520	14,970	1,210	4,345	41,547	n/a	452



Note: Details regarding the city's outstanding debt can be found in the notes of the financial statements.

(1) See the Schedule of Demographic and Economic Statistics in this section for personal income and population data.

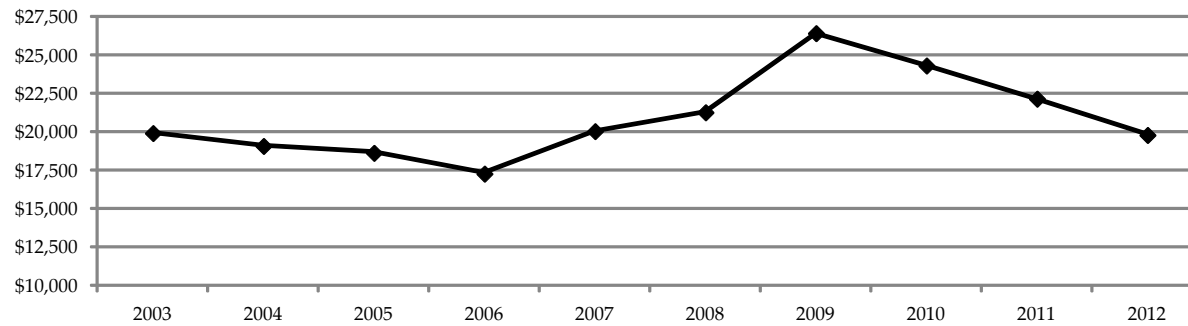
RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands - Except Per Capita Amounts)

Page 1 of 1

Year	General Obligation Bonds ⁽¹⁾	Less: Amount Available in Debt Service Fund ⁽¹⁾	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	20,580	648	19,932	0.52%	252
2004	19,830	739	19,091	0.48%	240
2005	19,365	724	18,641	0.45%	229
2006	18,040	751	17,289	0.38%	209
2007	20,838	781	20,057	0.39%	240
2008	21,973	688	21,285	0.40%	252
2009	26,979	537	26,442	0.49%	312
2010	24,881	548	24,333	0.43%	267
2011	22,723	553	22,170	0.41%	242
2012	20,502	692	19,810	0.36%	215



(1) Excludes Local Improvement Districts' bonded debt and their respective funds in the Debt Service Funds

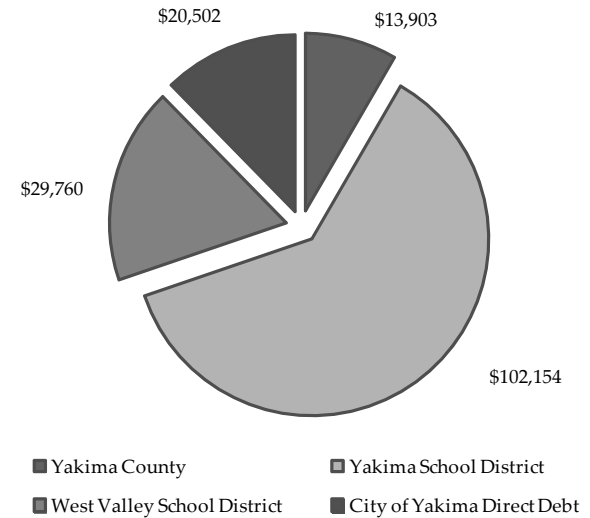
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2012

(Amounts Expressed in Thousands)

Page 1 of 1

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt ⁽¹⁾</u>
Debt Repaid with Property Taxes			
Yakima County	\$37,560	37.0%	\$13,903
Yakima School District	107,915	94.7%	102,154
West Valley School District	48,797	61.0%	29,760
Subtotal, Overlapping Debt	\$194,272		\$145,817
City of Yakima Direct Debt			\$20,502
Total Direct and Overlapping Debt			\$166,319



NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Yakima. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Naches School Districts are excluded in the overlapping debt chart due to estimate debt overlap is less than 1% (.31%).

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data from Yakima county.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

Page 1 of 1

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$286,806	\$297,876	\$312,729	\$344,019	\$382,824	\$402,672	\$404,191	\$419,945	\$409,066	\$412,087
Total Net Debt Applicable to Limit	19,869	20,111	20,493	18,433	20,119	21,220	28,469	27,127	25,768	22,401
Legal Debt Margin	<u>\$266,937</u>	<u>\$277,765</u>	<u>\$292,236</u>	<u>\$325,586</u>	<u>\$362,705</u>	<u>\$381,452</u>	<u>\$375,722</u>	<u>\$392,818</u>	<u>\$383,298</u>	<u>\$389,686</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.9%	6.8%	6.6%	5.4%	5.3%	5.3%	7.0%	6.5%	6.3%	5.4%

Legal Debt Margin Calculation for Fiscal Year 2012

Total Assessed Value	\$5,494,497
Debt Limit (7.5%) of Total Assessed Value	\$412,087
Debt Applicable to Limit:	
General Obligation Bonds & Other Debt	33,468
Less: Amount Set Aside for Repayment of G	<u>11,067</u>
Total Net Debt Applicable to Limit	\$22,401
Legal Debt Margin	<u>\$389,686</u>

NOTE: The State law provides debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City. The total indebtedness for general purpose with or without a vote cannot exceed 2.5%; for utility or open space, park, and capital facilities with a vote not to exceed 5%.

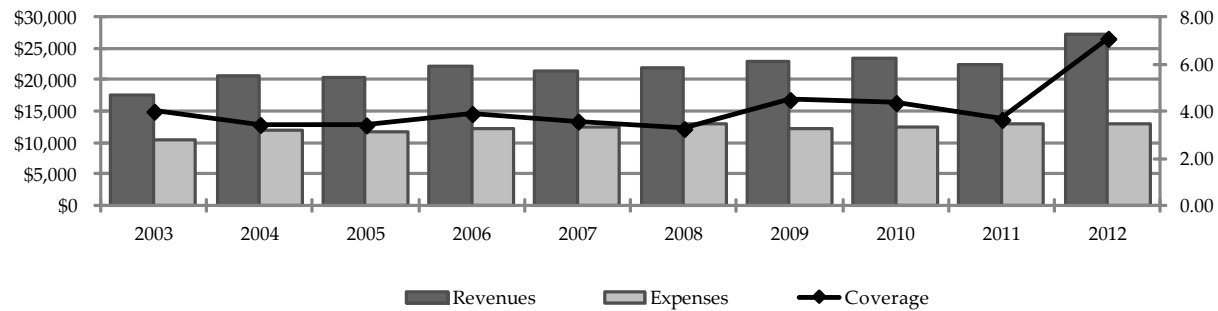
PLEDGED REVENUE COVERAGE – WATER AND WASTEWATER

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

Page 1 of 1

Year	Water & Wastewater Operating Revenues	Water & Wastewater Revenue Bonds				Coverage
		Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2003	\$17,455	\$10,393	\$7,062	\$1,290	\$468	4.02
2004	20,574	11,876	8,698	1,530	989	3.45
2005	20,259	11,644	8,615	1,497	1,011	3.44
2006	22,056	12,207	9,849	1,415	1,098	3.92
2007	21,425	12,404	9,021	1,486	1,022	3.60
2008	21,806	13,055	8,751	1,735	933	3.28
2009	23,038	12,143	10,895	1,535	880	4.51
2010	23,500	12,372	11,128	1,590	950	4.38
2011	22,333	13,000	9,333	1,650	893	3.67
2012	27,302	13,110	14,192	1,165	831	7.11



NOTE: Operating expenses exclude depreciation, amortization and City taxes

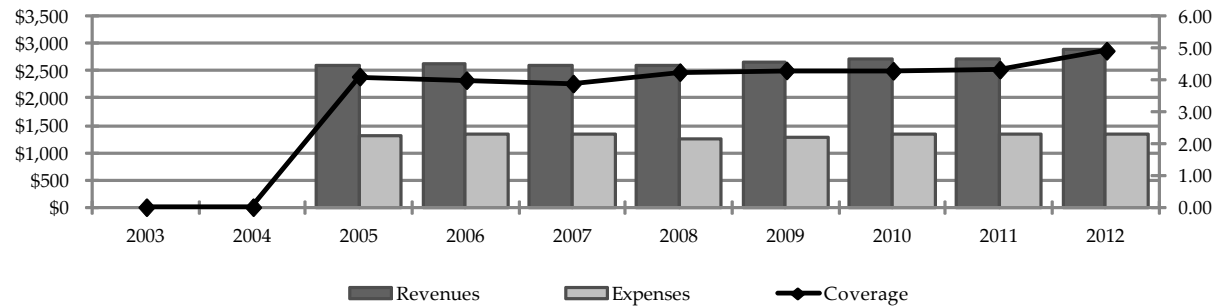
PLEDGED REVENUE COVERAGE – IRRIGATION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

Page 1 of 1

Year	Irrigation Revenue Bonds					
	Irrigation Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	0	0	0	0	0	N/A
2004	0	0	0	0	0	N/A
2005	2,591	1,304	1,287	95	219	4.10
2006	2,617	1,333	1,284	105	217	3.99
2007	2,592	1,350	1,242	105	215	3.88
2008	2,593	1,245	1,348	105	213	4.24
2009	2,646	1,268	1,378	110	211	4.29
2010	2,711	1,328	1,383	115	208	4.28
2011	2,714	1,336	1,378	115	204	4.32
2012	2,894	1,337	1,557	120	197	4.91



NOTE: Debt Service began in 2005. Operating expenses exclude depreciation, amortization and City taxes.

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Page 1 of 1

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (Expressed in Thousands)</u>	<u>Per Capita Personal Income ⁽¹⁾</u>	<u>Median Age ⁽¹⁾</u>	<u>Education Level in Years of Formal Schooling ⁽¹⁾</u>	<u>School Enrollment ⁽²⁾</u>	<u>Unempl. Rate ⁽³⁾</u>
2003	79,220	\$1,297,305	\$17,245	33.5	12.4	14,662	9.6%
2004	79,480	1,294,066	16,716	32.0	12.5	14,463	8.5%
2005	81,470	1,225,715	16,568	31.8	12.4	14,564	7.4%
2006	82,867	1,483,631	18,563	32.4	12.7	14,436	6.9%
2007	83,731	1,734,125	21,874	31.9	12.5	14,660	6.3%
2008	84,300	1,611,918	20,143	34.4	12.7	14,804	7.4%
2009	84,850	1,493,832	17,703	33.7	12.4	15,327	8.8%
2010	91,067	1,891,040	21,626	32.7	12.6	15,247	10.6%
2011	91,630	1,824,335	20,919	33.2	12.6	15,474	9.9%
2012	91,930	Not Yet Available				15,627	10.1%

(1) American Community Survey / U.S. Census Bureau web site

(2) Yakima Public Schools District No. 7 web site.

PRINCIPAL EMPLOYERS – YAKIMA COUNTY

CURRENT YEAR AND NINE YEARS AGO

Page 1 of 1

Employer	2012			2003		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Manufacturers						
Walmart - Yakima/Sunnyside/Grandview	1,700	1	0.7%	-	-	-
Washington Beef/ AB Foods	850	2	0.3%	-	-	-
Tree Top, Inc.	540	3	0.3%	620	2	0.3%
Shields Bag & Printing Co.	476	4	0.2%	1,200	1	0.5%
Washington Fruit & Produce	430	5	0.2%	-	-	-
Borton & Sons Fruit & Cold Storage	-	-	-	524	3	0.2%
Snokist	-	-	-	521	4	0.2%
Zirkle Fruit Company	-	-	-	480	5	0.2%
Non-manufacturers						
Yakima Valley Memorial Hospital	2,500	1	1.0%	1,100	4	0.5%
Yakima School District, No. 7	1,769	2	0.7%	1,451	1	0.6%
Washington State Social & Health Services	1,400	3	0.6%	1,400	2	
Yakima Valley Farm Workers Clinic	1,181	4	0.5%	1,200	3	0.5%
Yakima County	1,169	5	0.5%	-	-	-
Yakima Regional Medical Center (HMA)	-	-	-	841	5	0.4%
Total	<u>12,015</u>		<u>5.1%</u>	<u>9,337</u>		<u>3.5%</u>

FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Page 1 of 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government	213.24	217.17	221.68	217.43	221.34	223.19	228.70	221.00	218.50	211.50
Public Safety										
Police										
Officers	118.00	119.00	125.00	126.00	137.00	137.00	137.00	138.00	134.00	139.00
Civilians	51.75	53.25	51.00	50.00	50.00	51.00	51.00	51.00	49.00	49.00
Fire										
Firefighters and officers	70.00	79.00	79.00	84.00	85.00	85.00	84.00	84.00	84.00	84.00
Civilians	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Highways & Streets										
Traffic Engineering	14.50	14.50	13.50	15.00	17.00	17.00	16.00	13.00	13.00	11.00
Street	23.50	22.50	24.50	26.50	26.50	26.50	27.00	26.00	24.00	24.00
Parks & Recreation	26.38	27.47	25.47	26.47	26.83	25.83	25.60	23.30	21.30	20.30
Transit	44.25	44.25	48.25	49.75	50.75	51.25	50.00	50.00	52.00	52.00
Refuse	18.90	19.25	19.50	19.50	19.50	19.00	19.00	19.00	19.00	20.50
Water Operating	29.00	29.00	29.00	30.00	30.00	30.00	31.00	31.00	31.00	31.00
Wastewater Operating	66.76	64.76	65.45	66.45	65.05	65.09	69.50	69.50	69.50	69.00
Irrigation Operating	8.72	8.72	8.92	8.92	9.17	9.17	8.00	8.00	8.00	8.00
Stormwater	0.00	0.00	0.00	0.00	0.00	6.96	0.00	0.00	0.00	0.00
	<u>688.00</u>	<u>701.87</u>	<u>714.27</u>	<u>723.02</u>	<u>741.14</u>	<u>749.99</u>	<u>749.80</u>	<u>736.80</u>	<u>726.30</u>	<u>722.30</u>

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical Arrests	5,858	5,767	6,121	5,579	5,433	5,185	4,889	4,745	5,439	7,915
Parking Violations	6,752	6,555	3,326	2,018	2,616	4,321	2,844	4,837	5,096	3,778
Traffic Violations	17,102	16,040	16,754	16,929	18,533	18,025	17,559	15,303	11,849	14,976
Fire										
Number of Calls Answered	8,018	8,052	8,912	8,954	9,200	9,288	9,737	10,011	8,439	9,439
Inspections	3,947	2,876	2,631	2,302	3,101	2,948	2,268	2,909	2,646	30
Highways and Streets										
Street Resurfacing (miles)	3	0	16	25	32	30	6	5	2	2
Refuse										
Refuse Collected (tons/day)	71	77	81	87	88	91	100	102	105	103
Yard Waste Collected (tons/day)	15	16	14	16	15	17	19	19	19	19
Culture and Recreation										
Community Center Admissions	54,446	72,395	99,421	107,478	99,035	93,325	96,483	118,867	122,870	125,040
Water Main Breaks										
New Connections	140	132	134	148	133	105	68	79	61	74
Water Main Breaks	11	3	8	12	12	8	17	5	7	4
Average Daily Consumption (thousands of gallons)	12,347	12,463	11,900	12,980	13,051	12,158	11,581	10,338	10,040	10,200
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	10,883	11,033	10,219	10,778	10,680	10,100	10,100	10,100	10,100	10,100

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police Stations	1	2	2	2	2	2	2	2	2	1
Patrol Units ⁽¹⁾	62	62	61	61	61	61	61	62	61	53
Fire Stations	4	5	5	5	5	5	5	5	5	5
Refuse										
Collection trucks	13	13	13	13	13	14	14	15	16	16
Highways and Streets ⁽²⁾										
Streets (miles)	399	401	414	419	419	419	420	325	380	380
Streetlights ⁽³⁾	3,862	3,863	3,872	3,872	3,910	4,459	4,465	4,465	4,195	4,240
Traffic Signals	117	117	117	122	130	137	139	140	151	152
Culture and Recreation										
Parks Acreage ⁽⁴⁾	344	331	265	265	287	284	386	386	352	352
Parks	33	33	33	31	32	32	32	32	34	34
Swimming Pools ⁽⁵⁾	5	5	2	2	2	2	2	2	2	2
Tennis Courts	32	32	26	26	26	26	26	24	24	24
Community Centers	2	2	3	3	3	3	3	3	3	3
Water										
Water Mains	290	297	297	300	300	300	300	300	300	300
Fire Hydrants (City Owned)	2,137	2,757	2,169	2,174	2,204	2,204	2,239	2,249	2,254	2,279
Maximum Daily Capacity (thousands of gallons)	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,520
Wastewater										
Sanitary Sewers (miles)	293	310	315	322	327	329	337	337	337	337
Storm Sewers (miles)	104	104	104	104	105	105	105	105	105	105
Maximum Daily Capacity (thousands of gallons)	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5

(1) Numbers began to fluctuate in 2012 due to streamlining and the movement of vehicles into and out of the fleet.

(2) As a result of a GASB inventory the total numbers for Streets were recalculated in 2007. Beginning in 2010, Streets (miles) is based on the Street Inventory in the Pavement Management program.

(3) As a result of a physical inventory, the total for Highways and Streets was adjusted in 2011.

(4) As a result of a physical inventory the total acreage of Parks was recalculated in 2005.

(5) Three pools were closed in 2005.

2012 GENERAL INFORMATION***Statistics**

Date of Incorporation	1886
Form of Government.....	Council-Manager
Type of Government.....	Charter City
Location	Central Washington
Land Area	28.7 square miles
Rank in Size – State.....	9
Rank in Size – County.....	1
Population	91,930
Assessed Valuation	\$5,454,218,436
City Employees (Full-time Equivalents).....	722.30
Election and Voter Registration	
Number of Precincts.....	49
Number of Registered Voters	43,169

Property Tax Levy

Regular Levy	\$16,667,323
Special Levy.....	<u>\$293,000</u>
Total 2012 Property Tax Levy.....	\$16,960,323

Sales Tax Rates

State	6.50%
Transit	0.30%
City of Yakima	0.85%
Yakima County	0.15%
Criminal Justice (County).....	<u>0.40%</u>
Total Sales Tax Rate	8.20%

Parks and Recreation

Total Acreage	352.3
Number of Parks.....	34
Number of Playgrounds	15
Major Facilities: Fisher Golf Course, two swimming pools, (one indoor, one outdoor), two water playground areas, 16 ball fields (eight lighted), two skate parks, 24 tennis courts, six soccer fields, Senior Citizen Center, Southeast Center, Tahoma Cemetery.	

Bus Passes (1 month)

Adult	\$17.00
Student.....	\$12.00
Senior Citizen / Disabled	\$5.00

Licenses and Permits Issued

Business Licenses – sliding scale starts at \$42.90 for 1 - 2 employees, maximum of \$1,285.20 for over eighty employees.....	6,571
Regulatory Licenses – Varies from \$11.00 to \$1,000.....	629

Animal License Fees – Rabies Vaccination Required

1 Year License – Altered.....	\$12.00
Senior Citizens Lifetime – Altered.....	\$25.00
Senior Citizens Lifetime – Not Altered	\$30.00
1 Year License – Not Altered	\$30.00
1 Year License – Not Altered, Renewal.....	\$25.00
Disabled / Guide Dog	Free
Replacement License	\$5.00

Fire Protection

Commissioned Fire Fighting Personnel.....	84
Number of Non-Commissioned Personnel	<u>3</u>
Total Number of Fire Personnel	87

Police Protection

Commissioned Police Personnel.....	139
Non-Commissioned Police Personnel.....	<u>49</u>
Total Number of Police Personnel	188
Number of Calls for Service	144 / day

Utility and Franchise Tax Rates

Electricity, Gas, Telephone (4% Capped @ \$4,000 per customer per month).....	6%
Water, Wastewater.....	20%
Irrigation	6%
Refuse	15%
TV Cable.....	6%

Utility Rates (2 months)

Water – Base Charge.....	\$24.75
Each Unit.....	\$1.51
Wastewater – Base Charge.....	\$37.98
Each Unit.....	\$2.72
Refuse (Carry-out Available for Additional Charge) Automated Collection	
35 Gallon Cart	\$14.43
96 Gallon Cart	\$33.01
Yard Waste	
96 Gallon Cart	\$24.86
Irrigation (per square foot)	\$0.0055

Water / Wastewater Customer Base

Water (Inside the City).....	19,638
Water (Outside the City	<u>133</u>
Total Water Customers	19,771
Wastewater Residential (Inside the City)	23,039
Wastewater Residential (Outside the City)	47
Wastewater Commercial.....	<u>2,335</u>
Total Wastewater Customers.....	27,421

* For informational purposes only – not intended for official or legal purposes.