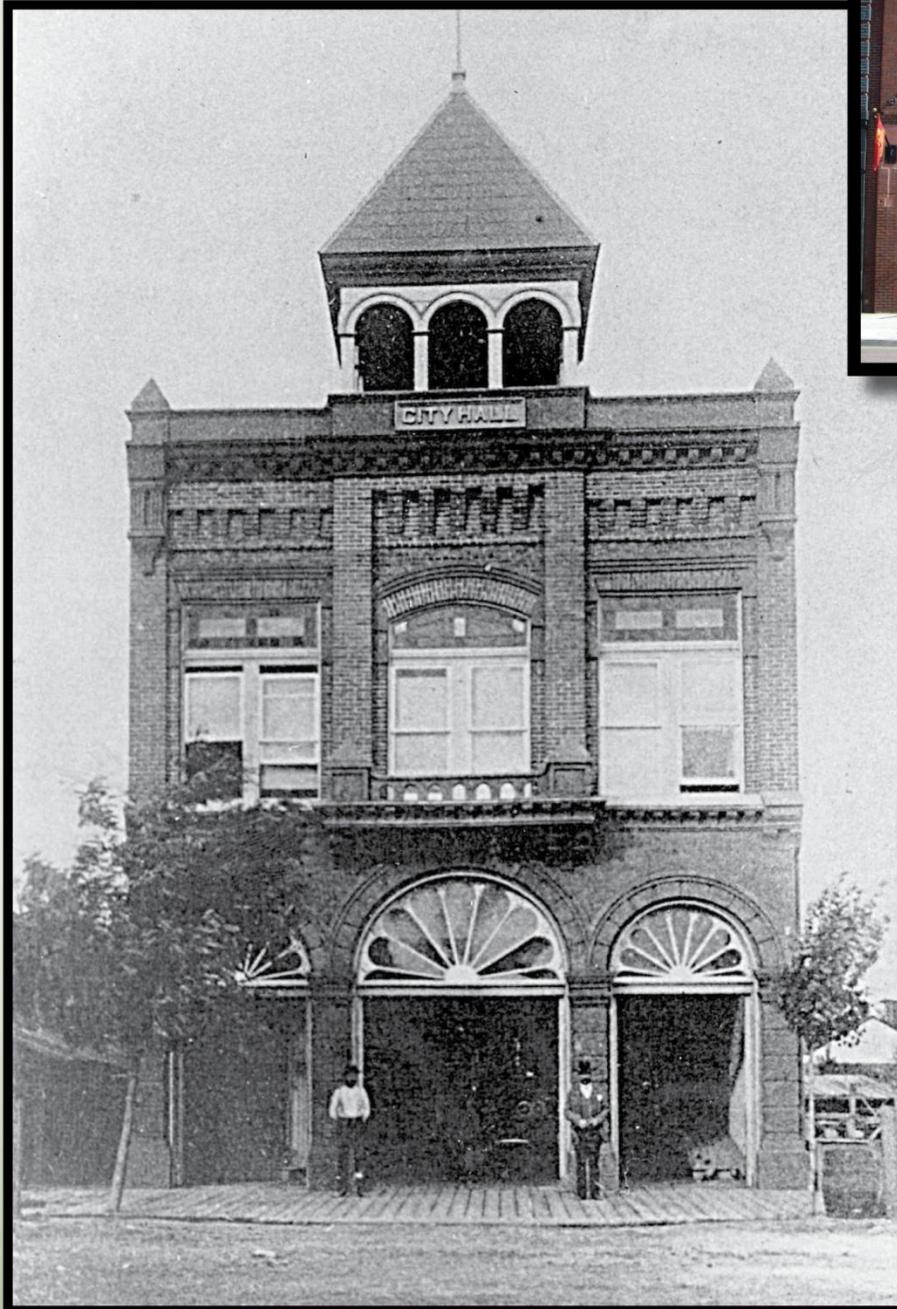
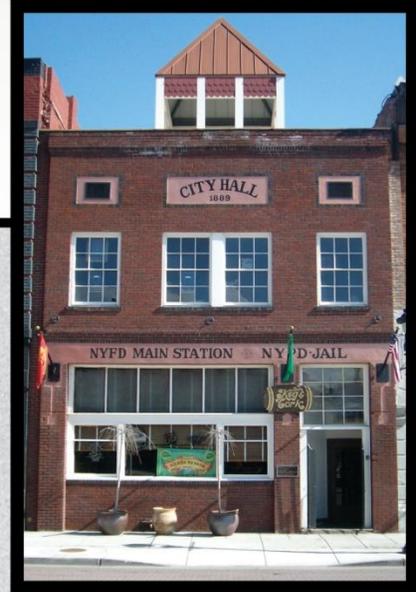


2011 Comprehensive Annual Financial Report

City of

Yakima

Washington



*Quasquicentennial -
125 Years*

Incorporated 1886

*Original Yakima City Hall
Built 1885*



Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2011

REPORT PREPARED BY:

DEPARTMENT OF FINANCE AND BUDGET

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

PRODUCTION

June Smith	Print Shop Operator
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COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

For the year ended December 31, 2011

TABLE OF CONTENTS

INTRODUCTORY SECTION	PAGE
Letter of Transmittal	i
Organizational Chart	vii
Principal Officials.....	viii
FINANCIAL SECTION	
Washington State Auditor's Opinion.....	1
Management's Discussion and Analysis	3
BASIC FINANCIAL STATEMENTS	
Description of Basic Financial Statements	17
Statement of Net Position.....	18
Statements of Activities	19
Balance Sheet – Governmental Funds	20
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	22
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Community Development Fund	26
Description of Proprietary Funds.....	27
Statement of Net Position – Proprietary Funds.....	28
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	32
Statement of Cash Flows – Proprietary Funds	34
Statement of Net Position – Fiduciary Funds.....	38
Statement of Changes in Net Positions – Fiduciary Funds.....	39
Notes to the Financial Statements	40
Required Supplementary Information	
Schedule of Employer Contributions.....	92
Other Post Employment Benefits (OPEB)	94

NONMAJOR FUNDS

Combining Balance Sheet – Nonmajor Governmental Funds..... 95
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance – Nonmajor Governmental Funds 96
Description of Nonmajor Special Revenue Funds 97
Combining Balance Sheet – Nonmajor Special Revenue Funds 99
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance – Nonmajor Special Revenue Funds..... 103
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds..... 107
Description of Nonmajor Debt Service Funds 129
Combining Balance Sheet – Nonmajor Debt Service Funds 130
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance – Nonmajor Debt Service Funds 132
Description of Nonmajor Capital Project Funds 135
Combining Balance Sheet – Nonmajor Capital Project Funds 136
Combining Statement of Revenues, Expenditures and Changes in
Fund Balance – Nonmajor Capital Project Funds..... 138
Description of Nonmajor Permanent Fund 141
Balance Sheet – Nonmajor Permanent Fund 142
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Nonmajor Permanent Fund 143
Description of Nonmajor Proprietary Funds..... 145
Statement of Net Position – Nonmajor Proprietary Funds 146
Statement of Revenues, Expenses, and Changes in
Fund Net Position – Nonmajor Proprietary Funds..... 147
Statement of Cash Flows – Nonmajor Proprietary Funds 148

INTERNAL SERVICE FUNDS

Description of Internal Service Funds 149
Combining Statement of Net Position – Internal Service Funds..... 150
Combining Statement of Revenues, Expenses and Changes in Fund
Net Position – Internal Service Funds..... 152
Combining Statement of Cash Flows – Internal Service Funds 154

AGENCY FUNDS

Description of Agency Funds 157
Statement of Net Position – Agency Funds..... 158

CAPITAL ASSETS

Description of Capital Asset Schedules..... 159
Schedule by Function and Activity – Governmental Fund Capital Assets 160
Schedule of Changes by Function and Activity – Governmental Fund
Capital Assets..... 162
Schedule by Source – Governmental Fund Capital Assets..... 163

SUPPLEMENTAL SCHEDULES

Description of Supplemental Schedules..... 165
Schedule 9 – Long-Term Debt..... 166
Schedule 10 – Limitation of Indebtedness..... 171
Schedule 16 – Schedule of Financial Assistance 172
Schedule 17 – Report on Public Works Projects 177
Schedule 19 – Schedule of Labor Relations Consultants..... 178

STATISTICAL SECTION (UNAUDITED)

Net Assets by Component 179
Changes in Net Assets..... 180
Governmental Activities Tax Revenues by Source 183
Fund Balances of Governmental Funds..... 184
Changes in Fund Balances of Governmental Funds 186
General Governmental Tax Revenues by Source 188
Assessed Value and Estimated Actual Value of Taxable Property..... 189
Property Tax Rates – Direct and Overlapping Governments 190
Principal Property Taxpayers..... 191
Property Tax Levies and Collections..... 192
Ratios of Outstanding Debt by Type..... 193
Ratios of General Bonded Debt Outstanding..... 194
Direct and Overlapping Governmental Activities Debt..... 195
Legal Debt Margin Information 196
Pledged Revenue Coverage Water & Wastewater 197
Pledged Revenue Coverage Irrigation..... 198
Demographic and Economic Statistics..... 199
Principal Employers 200
Full Time Equivalent City Government Employees by Function 201
Operating Indicators by Function..... 202
Capital Asset Statistics by Function 203
City of Yakima – General Information..... 204



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



September 12, 2012

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, 2011, 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, the City exercises oversight responsibilities over the Yakima Air Terminal, which is operated under a joint operating agreement with Yakima County. However, 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 2011 population of 91,630 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. Agriculture crops stretch over 350,000 acres and 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.

- *Del Monte*, officially formed in the Yakima Valley in 1910, packs cherries and pears within the Yakima Valley and employs approximately 23 full time, and 600 seasonal employees.
- *Shields Bag and Printing*, originating in 1935, has grown from a small town printer to a leader in the flexible packaging industry. Currently, *Shields* employs over 450 people.
- *GE Aviation* located in Yakima, a primary manufacturer of hydraulic equipment for the aerospace industry. The Yakima plant, with about 300 employees, focuses on landing gear and hydraulic systems.
- *Irwin Research and Development* located in Yakima, a primary manufacturer of polystyrene packaging machinery for the food industry. The company has operated in Yakima for over 20 years and employs more than 125 people.

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, and maintains a staff of approximately 2,200 employees. 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, an on campus MRI service and over 900 employees.

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

When the 65,000 square foot Yakima Valley Museum was remodeled in 2002, the project added 4,500 square feet of space to the interior, and gave the front of the building a new look. Historical exhibits about the Yakima Valley, including its natural history, American Indian culture, pioneer life, early city life, and information regarding the Yakima Valley's agriculture history are available, 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 \$75 million in new facilities or equipment and created over 750 new jobs.

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. In the fall of 2003 the Deccio Higher Education Center was opened on the YVCC campus. The center is a new approach taken by the state to provide higher education to the area and houses YVCC student services, eleven interactive television classrooms, two video conference rooms, seven computer labs, two workshop /seminar rooms, a graduate study area, and a large meeting room. 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, trains approximately 75 new primary care physicians per year, and is the first medical university to open in the entire 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. Yakima is located within an hour's drive of 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. In 2011, the City operated 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 seven softball fields – five of which have lighting. In addition to the six 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 *Yakima Baseball Stadium* is home to Yakima's own minor league baseball team, the *Bears*, whose home stadium seats 3,000 and is located, along with the *Sun Dome*, at the *State Fair Park*.
- 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 City Council has identified Economic Development as one of the highest priorities for the City. 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. Many businesses have benefitted from this program, with 3 current loans in 2011.
- 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. An engineering firm has been retained to design the project.

General Government

The 2011 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 greater challenge each year. While sales tax revenues have dropped, 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 2011 audit of the enclosed financial statements. The City of Yakima has received an unqualified opinion on our 2011 financial statements (refer to the Auditor's opinion in the front of the Financial Section, herein).

SUMMARY

Please refer to the 2011 Organizational Chart and the list of City Council members and Executive Management on the following pages.

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.

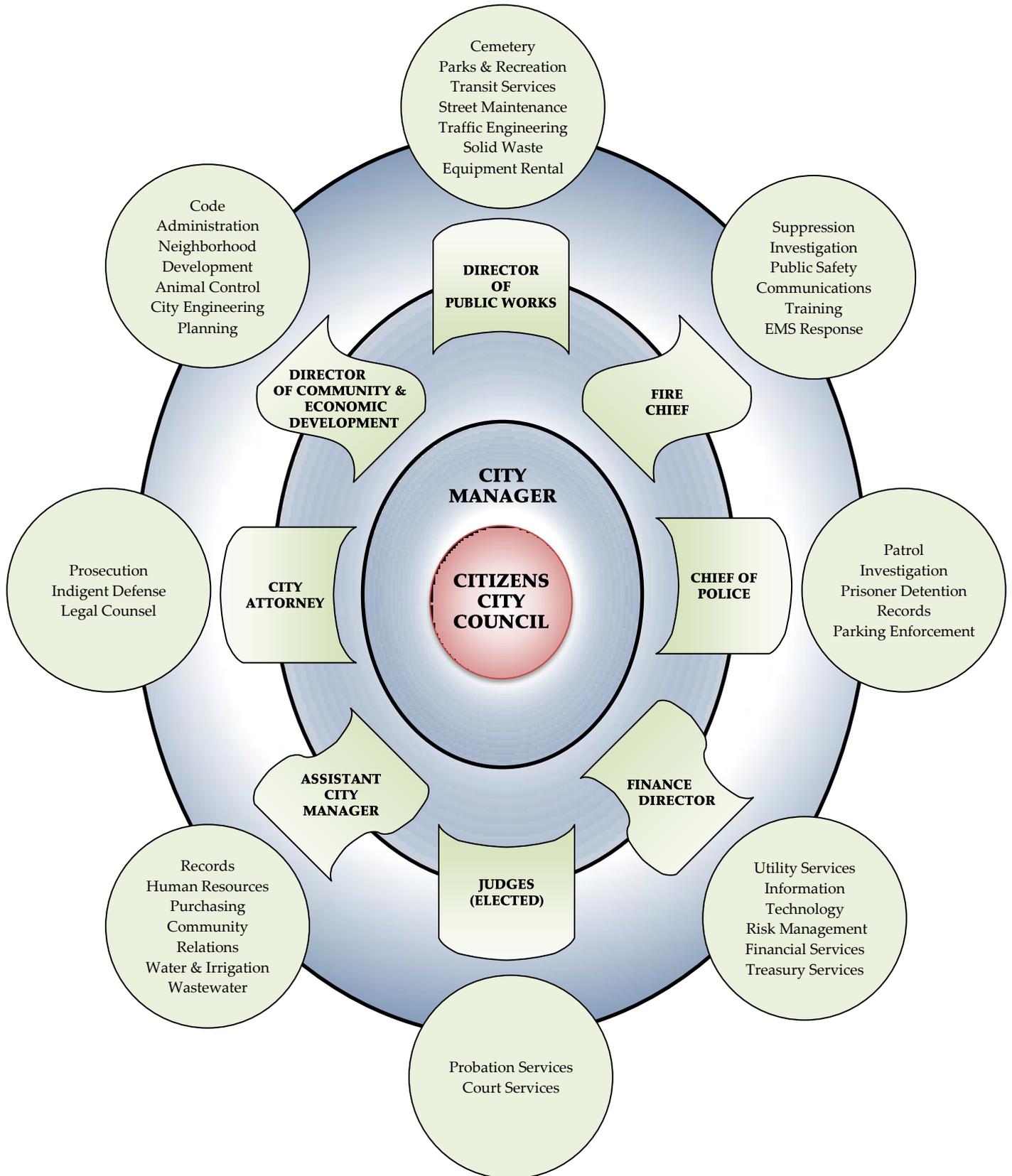
Further, appreciation is extended to the City Council for their encouragement, interest and support in conducting the financial operations of the City in a sound and progressive manner.

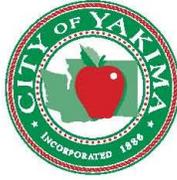
Respectfully submitted,

Tony O'Rourke
City Manager

Cindy Epperson
Director of Finance & Budget

2011 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
Cindy Epperson
Joan Davenport
Dominic Rizzi
Dave Willson
Chris Waarvick

City Manager
City Attorney
Director of Finance & Budget
Acting Director of Community Development
Police Chief
Fire Chief
Director of Public Works

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



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

September 12, 2012

City Council
City of Yakima
Yakima, Washington

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City of Yakima's 2010 financial statements and, in our report dated September 13, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2011, 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 conformity with accounting principles generally accepted in the United States of America.

As described in Note 13, during the year ended December 31, 2011, the City has implemented the Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

The financial statements include summarized prior year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally



accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements' for the year ended December 31, 2010, from which such summarized information was derived.

In accordance with *Government Auditing Standards*, we will also issue our report dated September 12, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally' accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16, pension trust fund information on page 92 and information on postemployment benefits other than pensions on pages 93 through 94 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 the 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.

Our audit was performed 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 of nonmajor funds, internal service, and agency funds, capital assets and supplemental schedules on pages 95 through 178 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", written in a cursive style.

BRIAN SONNTAG, CGFM
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, 2011. 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, 2011, by \$290.8 million. Net position invested in capital (net of depreciation and related debt) account for 87.0% of this amount, with a value of \$253.0 million. Of the remaining net position, \$16.8 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 \$9.7 million. Most of the increase was the result of capital grants and donations.
- As of December 31, 2011, the City of Yakima's governmental activities reported combined ending net position of \$165.1 million, an increase of \$7.6 million in comparison with the prior year. Of that amount, \$147.3 million was invested in capital assets, \$18.6 million was legally restricted for specific projects or programs. As GASB 54 was implemented in 2011, the re-categorization of restricted versus unrestricted net position resulted in negative unrestricted net position of \$0.9 million.
- Unassigned fund balance for the General Fund was \$9.1 million dollars at December 31, 2011. This balance represents 18.9% of total General Fund expenditures and transfers out.
- The City of Yakima's total long-term debt at December 31, 2011, was \$79.1 million (about \$46.3 million in Governmental activities and \$32.8 million in business type activities), with a remaining capacity for non-voted General Obligation debt at \$56.7 million, or 69.3% of the legal limit. Total debt decreased by \$1.3 million during the current fiscal year. There was no new long-term bonded debt issued in 2011.

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 2011, 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 2011.

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, the Community Development Fund, and the Cumulative Reserve for Capital Improvement Fund which are considered to be major funds, 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 \$290.8 million at December 31, 2011. The following table reflects the condensed Government-Wide Statement of Net Position with comparative totals for 2010.

NET POSITION

	— Governmental Activities —		— Business-Type Activities —		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and Other Assets	\$48,857,912	\$49,153,425	\$26,739,785	\$28,674,087	\$75,597,697	\$77,827,512
Capital Assets	174,600,762	165,244,394	136,725,420	134,443,885	311,326,182	299,688,279
Total Assets	223,458,674	214,397,819	163,465,205	163,117,972	386,923,879	377,515,791
Liabilities						
Payables and Other Liabilities	12,097,094	11,597,096	4,925,549	4,341,118	17,022,643	15,938,214
Long-term Liab Outstanding	46,309,569	45,384,807	32,796,794	35,033,323	79,106,363	80,418,130
Total Liabilities	58,406,663	56,981,903	37,722,343	39,374,441	96,129,006	96,356,344
Net Position						
Inv in Cap Assets, Net / Rel Debt	147,348,809	137,521,058	105,681,034	101,913,144	253,029,843	239,434,202
Restricted	18,624,710	18,459,334	2,372,254	2,369,728	20,996,964	20,829,062
Unrestricted	(921,508)	1,435,524	17,689,574	19,460,659	16,768,066	20,896,183
Total Net Position	\$165,052,011	\$157,415,916	\$125,742,862	\$123,743,531	\$290,794,873	\$281,159,447

The City of Yakima's total assets stand at \$386.9 million as of December 31, 2011. Of this amount, \$311.3 million is accounted for by capital assets, which includes some infrastructure and construction in progress. Out of \$174.6 million in capital assets reported in Governmental activities at December 31, 2011, \$76.3 million (43.7%) 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 \$51.9 million was accounted for in cash, cash equivalents, and investments, \$16.5 million in accounts receivable, \$5.0 million in notes receivable, and \$0.8 million spread among miscellaneous assets.

At December 31, 2011, the City had outstanding liabilities of \$96.1 million, with \$79.2 million in long-term liabilities. Of the long-term liabilities, \$5.1 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 arose 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 \$17.0 million, and include \$10.7 million in accounts payable, \$5.7 million in accrued liabilities and \$0.6 million in liabilities payable from restricted net position.

The largest portion of the City's net position (87.0%) 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 7.2% 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 \$16.8 million (unrestricted net position) represents the amount that may be used to meet the City's ongoing obligations.

At December 31, 2011, 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 \$9.6 million in 2011. Net position for governmental activities increased by \$7.6 million while business type activities increased by \$2.0 million.

Total revenues for the City of Yakima were \$120.8 million in 2011. Governmental activities provided \$78.7 million (65.2%), while business type activities added \$42.0 million (34.8%).

Expenses for the year totaled \$110.4 million, with governmental activities accounting for \$74.7 million or 67.6% and business type activities accounting for \$35.8 million or 32.4%. Key elements in changes in net position are shown in the following table.

CHANGES IN NET POSITION

	— Governmental Activities —		— Business-Type Activities —		— Total —	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$7,554,138	\$7,808,718	\$33,025,394	\$34,002,188	\$40,579,532	\$41,810,906
Operating Grants & Cont's	10,507,337	7,981,365	2,911,483	2,409,765	13,418,820	10,391,130
Capital Grants & Cont's	14,990,798	15,490,414	1,646,462	4,992,877	16,637,260	20,483,291
General Revenues						
Property Tax	15,125,934	14,534,753	0	0	15,125,934	14,534,753
Sales Tax	18,345,631	17,920,306	4,449,318	4,485,313	22,794,949	22,405,619
Other Taxes	11,909,937	12,241,209	0	0	11,909,937	12,241,209
State Entitlements	0	3,589,122	0	0	0	3,589,122
Other	305,493	338,922	9,033	21,320	314,526	360,242
Total Revenues	78,739,268	79,904,809	42,041,690	45,911,463	120,780,958	125,816,272
Expenses						
General Government	8,428,617	8,512,171	0	0	8,428,617	8,512,171
Security of Persons & Prop	40,613,776	40,087,908	0	0	40,613,776	40,087,908
Physical Environment	669,994	828,164	0	0	669,994	828,164
Transportation	11,078,858	11,603,969	0	0	11,078,858	11,603,969
Economic Environment	4,840,368	5,669,859	0	0	4,840,368	5,669,859
Mental & Physical Health	21,794	87,223	0	0	21,794	87,223
Cultural & Recreational Env	7,859,223	7,471,397	0	0	7,859,223	7,471,397
Interest on Long-Term Debt	1,160,226	1,216,777	0	0	1,160,226	1,216,777
Transit	0	0	8,564,033	8,364,910	8,564,033	8,364,910
Refuse	0	0	4,472,124	4,362,112	4,472,124	4,362,112
Wastewater	0	0	13,971,838	12,813,119	13,971,838	12,813,119
Water	0	0	5,545,477	5,654,159	5,545,477	5,654,159
Irrigation	0	0	1,884,268	1,810,985	1,884,268	1,810,985
Stormwater	0	0	1,317,024	1,239,620	1,317,024	1,239,620
Total Expenses	74,672,856	75,477,468	35,754,764	34,244,905	110,427,620	109,722,373
Increases in Net Position Before						
Non-operating Sources (Uses)	4,066,412	4,427,341	6,286,926	11,666,558	10,353,338	16,093,899
Gain/loss Sale Capital Assets	(148,059)	(922,304)	(529,423)	(6,034)	(677,482)	(928,338)
Transfers	3,717,744	3,927,408	(3,717,746)	(3,892,673)	(2)	34,735
Change in Net Position	7,636,097	7,432,445	2,039,757	7,767,851	9,675,854	15,200,296
Net Position - Beginning						
Prior Period Adjustment	0	0	(40,425)	0	(40,425)	0
Net Position - Ending	\$165,052,012	\$157,415,907	\$125,742,860	\$123,743,528	\$290,794,872	\$281,159,435

Governmental Activities

Within governmental activities, tax revenue accounted for 57.6% of total revenue sources, with grants and contributions accounting for 32.4%. 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 \$7.6 million or 4.9%. Total revenues decreased by \$1.2 million or 1.5%. Significant fluctuations in revenue are as follows:

- Operating Grants & Contributions increased \$2.5 million from 2010 to 2011. This change is primarily the result of correcting the categorization of State Entitlements from General Revenues to this category of Program Revenues. If the total of both categories are compared, operating grants and contributions actually declined by \$1.1 million, as all levels of government (i.e. state and federal agencies) were experiencing budget reductions.
- Capital Grants & Contributions decreased by \$0.5 million. Even though a major railroad grade separation project that is building a new underpass was in the final stages of construction in 2011, and added \$3.3 million more in this category, other capital grants and developer donations were declining.
- Total taxes increased by \$0.7 million or 1.5% from \$44.7 million to \$45.4 million as the City experienced some improvement late in the year.

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

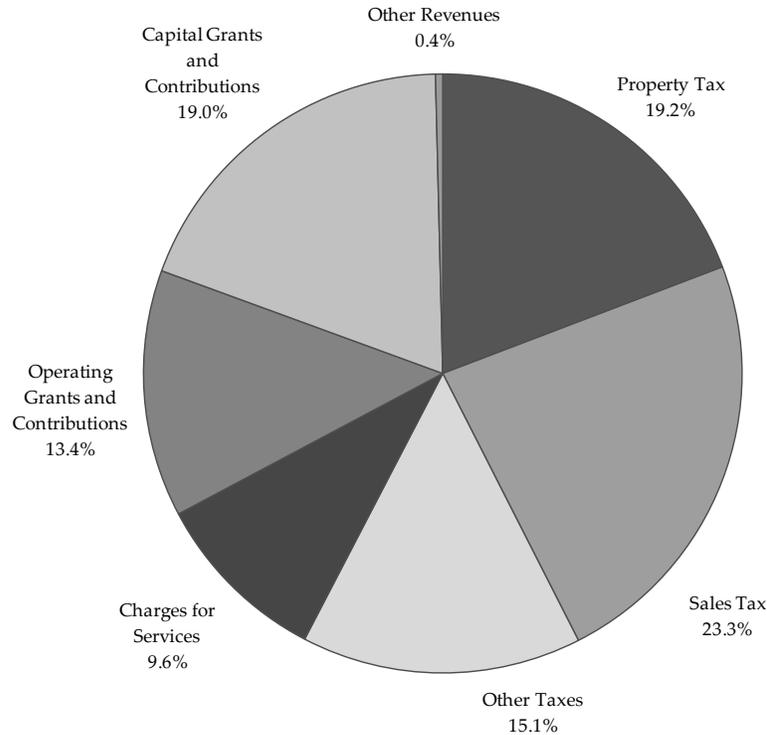
The largest program expenses consist of Security of Persons and Property (public safety), Transportation, and General Government, respectively. These programs accounted for 80.5% of total governmental expenses.

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:

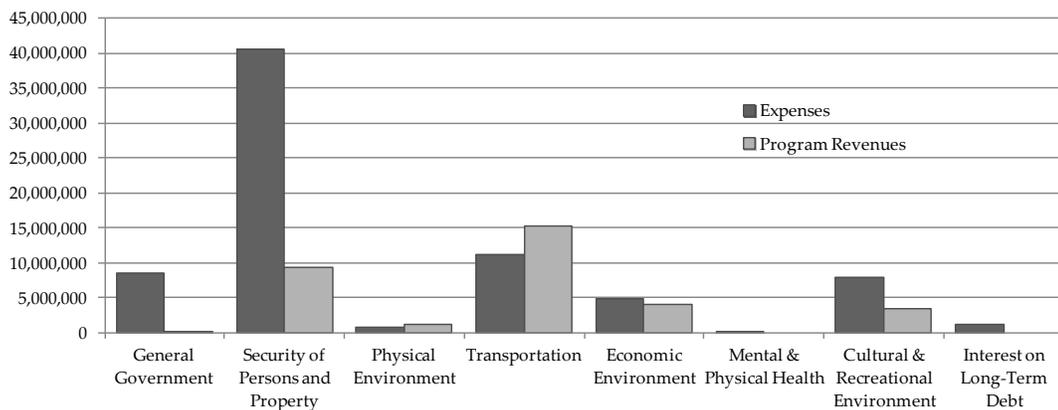
- Security of Persons and Property demonstrated an increase of \$0.5 million or 1.3% primarily because of increases in outside jail costs. This category remains City Council's highest budget priority, and therefore, experienced the fewest cutbacks.
- Economic Environment decreased by about \$0.8 million, back to 2009 levels, primarily because 2010 included ARRA grants which were not repeated in 2011.
- Cultural and Recreational Environment increased by \$0.4 million primarily because the \$7 million expansion of the Capitol Theatre was placed in service, so that 2011 included the first year of depreciation for the project.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2011.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES



Business Type Activities

Of the \$42.0 million in business type revenues, 78.6% 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 a decrease of \$3.9 million or 8.4% below 2010.

Business type revenues experienced the following fluctuations:

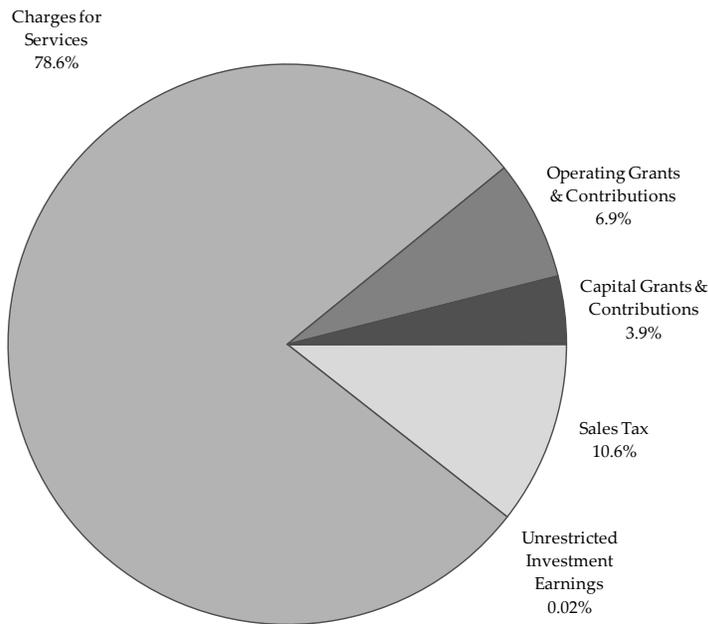
- Charges for Services decreased by \$1.0 million or 2.9%. Even though the Water, Irrigation and Stormwater utilities had rate increases as of January, 2011 of 5.5%, 3.2% and 7.5% respectively; consumer conservation of water is reducing billable flows in both Wastewater and Water utilities.

- The category of Capital Grants and Contributions decreased by \$3.3 million or 67.0%. In the prior year Transit received an ARRA grant of \$2.0 to purchase new buses, which was not repeated in 2011. The national recession has also slowed new construction, so that development contributions were greatly reduced.

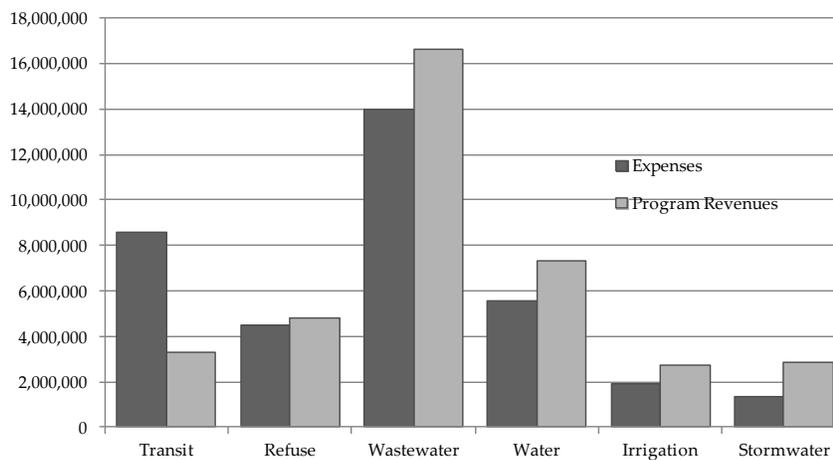
Of the \$35.8 million in business type expenses, 39.1% are associated with the Wastewater program and 24.0% with Transit, domestic water programs represent about 15.5%, Refuse 12.5%, Irrigation 5.3% and Stormwater 3.7%. Generally, changes in expenses are in line with rate increases and additional depreciation 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 78.6% 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, the Community Development Fund (which administers the City's Community Development Block Grants) and the Cumulative Reserve Fund are the City's major funds (as defined in GASB #34) in 2011. Together these funds account for 63.9% of total governmental fund assets and 55.8% 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, 2011, the City's governmental funds reported combined fund balances of \$22.7 million. Of this total amount, about \$9.1 million (39.9%) is unassigned and available for spending within these funds. About \$0.6 million is Nonspendable (perpetual care), \$10.3 million is restricted (primarily for transportation, capital improvements, and public safety), \$1.8 million is committed primarily for Tourism and \$0.8 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 2011 fiscal year, unreserved fund balance of the General Fund was \$9.1 million. Unreserved fund balance is about 18.9% of total general fund expenditures and transfers out (which represents about a 2.3 month reserve). Total assets in the General Fund amounted \$15.1 to million, accounting for 39.8% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund increased by only \$0.2 million during the current fiscal year. In response to the national recession that limited revenues in 2010, continuing into 2011 City Management implemented cost containment measures that reduced General Fund program expenses for 2011, so that the fund balance was virtually balanced.

The General Fund accounts for 56.0% of all governmental fund revenue and 51.8% of all expenditures.

The Community Development fund has a decrease of \$14,132 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 increase in fund balances of \$122,766. 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 2011 (GASB 34) Financial Statements while Refuse and Stormwater are nonmajor funds.

As of December 31, 2011, the City's enterprise funds (internal service fund balances are treated entirely as governmental activities) reported combined net position of \$125.7 million, with \$61.7 million or approximately 49.1% being contributed by the Wastewater fund. Of the \$125.7 million, about \$105.7 million (84.0%) of net position is accounted for by investment in capital assets, net of related debt, \$2.4 million is restricted for debt service and \$17.7 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 2011 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 Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and Special Assessments	\$37,604,500	\$37,604,500	\$37,755,252	\$150,752
Licenses and Permits	765,800	765,800	842,272	76,472
Intergovernmental Revenues	2,441,530	2,441,530	2,553,306	111,776
Charges for Services	5,096,985	5,096,985	5,343,249	246,264
Fines and Forfeits	1,721,400	1,721,400	1,569,946	(151,454)
Interest	300,000	300,000	272,541	(27,459)
Other Revenues	39,450	39,450	32,952	(6,498)
Total Revenues	\$47,969,665	\$47,969,665	\$48,369,518	\$399,853
Expenditures				
Current				
General Government	\$11,791,923	\$11,906,259	\$11,569,702	\$336,557
Security of Persons and Property	32,183,638	32,894,833	32,252,777	642,056
Physical Environment	1,002,920	1,007,920	964,552	43,368
Economic Environment	750,120	758,620	753,914	4,706
Mental & Physical Health	22,000	22,000	21,794	206
Capital Outlay				
General Government	15,000	80,000	105,269	(25,269)
Security of Persons and Property	0	164,611	164,344	267
Debt Service				
Principal Retirement	31,928	31,928	89,238	(57,310)
Interest	11,345	11,345	21,955	(10,610)
Total Expenditures	\$45,808,874	\$46,877,516	\$45,943,545	\$933,971
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>\$2,160,791</u>	<u>\$1,092,149</u>	<u>\$2,425,973</u>	<u>\$1,333,824</u>
Other Financing Sources (Uses)				
Transfers In	40,000	40,000	40,000	0
Transfers (Out)	(2,412,275)	(2,412,275)	(2,261,918)	150,357
Intergovernmental Agreements	(39,095)	(39,095)	(39,095)	0
Comp. for Loss of Gen. Capital Assets	1,000	1,000	0	(1,000)
Total Other Financing Sources (Uses)	(\$2,410,370)	(\$2,410,370)	(\$2,261,013)	\$149,357
Net Change in Fund Balances	(\$249,579)	(\$1,318,221)	\$164,960	\$1,483,181
Fund Balances - January 1				
Fund Balances - January 1	\$3,418,845	\$3,418,845	\$8,945,631	\$5,526,786
Change in Reserve for Inventory	0	0	(11,256)	(11,256)
Fund Balances - December 31	\$3,169,266	\$2,100,624	\$9,099,335	\$6,998,711

During the year, the 2011 General Fund budget was increased from \$45.8 million to \$46.9 million, or by about \$1.1 million. The increases in appropriations are summarized as follows:

- \$379,000 in outstanding encumbrances / commitments which were rebudgeted from the prior year.
- \$690,000 to cover an increase in outside jail costs and fuel prices.

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 \$48.0 million. Actual revenue of \$48.4 million resulted in a variance of \$0.4 million, a gain of 0.8% over the amended budget. The recession put downward pressure on sales taxes, new construction / development fees, and interest earnings starting in 2009. The 2011 budget was developed assuming these revenues would stay depressed, and actual results closely matched the original estimates. Charges for services exceeded budget estimates by \$0.2 million primarily because engineering and plan checking fees for construction exceeded the conservative estimate.

General Fund expenditures, including other financing uses, totaled \$48.2 million compared to the final budget of \$49.3 million – resulting in a positive variance of \$1.1 million or 2.2%. Most of this variance is in the category of Security of Persons and Property, and is the result primarily of position vacancies on the police and fire forces.

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. 2011 is not an exception, with a net increase in fund balance of about \$0.2 million (about 0.3% 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, 2011, amounts to \$311.3 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 2011 fiscal year included the following:

- A variety of projects for street expansion/repair were ongoing during the year. About \$15.3 million was added to infrastructure in 2011 (contributed capital - \$0.6 million, completed projects - \$1.1 million, and construction in progress - \$13.7 million). The 2012 budget includes over \$15.0 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 in 2011 and continuing into 2012 is a railroad grade separation project.
- In the area of Cultural & Recreational Environment, capital investments include Upper Kiwanis Park - \$0.7 million funded by inter-local grant and donations.
- Vehicles, street equipment, and trucks were added to the fleet as either additional equipment or replacements during the year, at a cost of \$1.6 million.
- In the area of Public Safety, the Fire Department added two fire apparatus engines costing \$0.6 million funded by other long term debt - capital lease.
- Wastewater invested \$ 2.5 million on capital improvements in 2011. The 2012 budget includes \$1.0 million for automated reading system, \$2.8 million for sanitary sewer line extension, repairs

and lift station. About \$8.5 million is budgeted for facility treatment plant and equipment. These projects will be partially funded by intergovernmental loans and the savings on debt service by refunding 2003 Water & Wastewater Revenue Bonds, Series B.

- The Domestic Water Treatment plant capital program spent about \$2.2 million in 2011. The 2012 budget includes \$2.0 million for Water Treatment plant Lagoons (partly funded by a state Public Works Trust Fund Loan), \$2.0 million for automated meter reading (also partially by funded by intergovernmental loan, and \$0.5 million for water main replacement, main transmission repair, and modification to river at Water Treatment plant (all funded by capital reserves and current capital transfers from the operating fund).
- About \$2.1 million was spent on irrigation system rebuild projects in 2011. The 2012 budget includes about \$3.4 million for project continuation, funded by a capital borrowing (possibly an interfund loan) which would be repaid using current capital rates.

CAPITAL ASSETS (NET OF DEPRECIATION)

	— Governmental Activities —		— Business-Type Activities —		— Total —	
	2011	2010	2011	2010	2011	2010
Capital Assets						
Land	\$13,993,225	\$14,119,276	\$2,163,373	\$2,163,373	\$16,156,598	\$16,282,649
Building	38,101,990	31,481,171	35,988,857	37,877,088	74,090,847	69,358,259
Impr Other Than Building	7,164,696	6,443,378	66,328,170	65,145,812	73,492,866	71,589,190
Machinery and Equipment	14,717,913	13,146,449	17,118,783	19,092,034	31,836,696	32,238,483
Infrastructure	71,649,132	73,289,266	0	0	71,649,132	73,289,266
Intangibles	0	0	115,659	115,659	115,659	115,659
Construction in Progress	28,973,806	26,764,854	15,010,578	10,049,919	43,984,384	36,814,773
Total Capital Assets	<u>\$174,600,762</u>	<u>\$165,244,394</u>	<u>\$136,725,420</u>	<u>\$134,443,885</u>	<u>\$311,326,182</u>	<u>\$299,688,279</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, 2011, the City of Yakima had total bonded debt outstanding of almost \$45.3 million. Of this amount, \$22.7 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$22.6 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 \$3.9 million during 2011.

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 2011, the City borrowed \$1.7 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, 2011, was approximately \$56.7 million in comparison to the total legal limit of \$81.8 million. The City has a general guideline of retaining 50% 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. 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	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$22,723,267	\$24,880,686	\$0	\$0	\$22,723,267	\$24,880,686
Revenue Bonds	0	0	22,610,000	24,375,000	22,610,000	24,375,000
Intergovernmental Loans	3,522,185	2,774,138	9,933,274	10,399,880	13,455,459	13,174,018
Special Assessment Debt	728,000	819,461	0	0	728,000	819,461
Unfunded Pen/OPEB Liability	11,563,719	10,285,595	0	0	11,563,719	10,285,595
Compensated Absences	6,550,630	6,320,190	0	0	6,550,630	6,320,190
Other Debt	1,221,768	304,737	253,531	258,452	1,475,299	563,189
Total Outstanding Debt	\$46,309,569	\$45,384,807	\$32,796,805	\$35,033,332	\$79,106,374	\$80,418,139

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 severe 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 is actively participating in several projects to upgrade the downtown as follows:
 - The City has been awarded State and Federal grants of about \$9.6 million for infrastructure and pedestrian improvements in the downtown core; construction began in mid 2006. Phase IV was fully completed in 2011.
 - The City owned Capitol Theatre, located in the center of the downtown area, completed a major upgrade / expansion project in 2011. In 2007, the state legislature approved a sales tax credit for performing arts centers of .025%, which started flowing to the Yakima Regional Public Facilities District in the spring of 2008. A phased capital plan has been developed which includes the LTGO debt of about \$7.0 million issued by the City in 2009 and serviced by the tax credit.
- The unemployment rate (10.6% as of April, 2012) in the County continues to be higher than the state and national average. The County's predominant industry is agriculture and food related. This industry has a history of high unemployment rates, seasonal employment, and low median income (Yakima is about 73% 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 has shrunk during the recent recession above. 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. All employment categories, with the exception of "Construction" and "Government" experienced a slight increase from April of 2011.
- 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 has finished construction in the urban area, and began instruction in late 2008—the first class graduated in May, 2012.

- The City is continuing to annex property within the Urban Growth Boundary that is being hooked up to sewer services, although the City is experiencing a slowdown in this activity as most of the sewer properties are within the City limits.
- 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 2012 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 three 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. Most City employees’ salaries have been frozen several times in recent years and furloughs were implemented in 2010 for about 225 employees. For the 2012 budget, the major revenues were estimated assuming the continued flattening of the economy, so that budget reductions were again proposed. In 2012 the City Council approved a 6% increase in water, wastewater, refuse, and stormwater utility taxes, primarily to maintain the staffing levels for police and fire commissioned officers. The tax is estimated to generate about \$2 million annually. To date, we have seen some improvement in sales taxes 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.ci.yakima.wa.us. 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, 2011

With comparative totals for December 31, 2010

Page 1 of 1

	Governmental	Business Type	Total	
	Activities	Activities	2011	2010
Assets				
Cash and Cash Equivalents	\$11,569,301	\$4,756,206	\$16,325,507	\$24,039,741
Investments at Amortized Cost	19,732,482	14,763,000	34,495,482	30,329,083
Receivables (Net)	8,280,828	2,267,183	10,548,012	11,538,621
Due from Other Government Units	3,705,772	2,227,999	5,933,771	3,749,640
Notes Receivable	4,958,367	0	4,958,367	4,856,785
Inventories	472,639	204,512	677,151	567,015
Unamortized Debt Issue Cost	0	148,631	148,631	164,209
Restricted Assets				
Cash and Cash Equivalents	127,903	947,254	1,075,157	2,571,798
Fiscal Agent	10,620	0	10,620	10,620
Investments at Amortized Cost	0	1,425,000	1,425,000	0
Capital Assets (Net of Accumulated Depreciation)			0	
Land	13,993,225	2,163,373	16,156,598	16,282,649
Buildings	38,101,990	35,988,857	74,090,847	69,358,259
Improvements Other Than Buildings	7,164,696	66,328,170	73,492,866	71,589,190
Machinery & Equipment	14,717,913	17,118,783	31,836,696	32,238,483
Construction in Process	28,973,806	15,010,578	43,984,384	36,814,773
Intangibles	0	115,659	115,659	115,659
Infrastructure	71,649,132	0	71,649,132	73,289,266
Total Capital Assets	174,600,762	136,725,420	311,326,182	299,688,279
Total Assets	\$223,458,674	\$163,465,205	\$386,923,880	\$377,515,791
Liabilities				
Accounts Payable and Other Current Liabilities	\$8,071,611	\$2,665,100	\$10,736,711	\$10,309,311
Accrued Liabilities	3,394,529	2,260,449	5,654,978	5,261,833
Due to Other Government Units	72,531	0	72,531	77,065
Liabilities Payable from Restricted Assets	558,423	0	558,423	290,005
Noncurrent Liabilities				
Special Assessment Debt w/Gov't Commitment	728,000		728,000	819,461
Due Within One Year	2,804,988	2,326,304	5,131,292	5,372,097
Due in More than One Year	42,776,581	30,470,490	73,247,071	74,226,572
Total Liabilities	58,406,663	37,722,343	96,129,006	96,356,344
Net Position (See Note 9)				
Invested in Capital Assets, Net of Related Debt	147,348,809	105,681,034	253,029,843	239,434,202
Restricted				
Highways & Streets	1,801,950	0	1,801,950	1,894,315
Culture & Recreation	296,800	0	296,800	385,681
Debt Service	679,794	2,372,254	3,052,048	655,506
Capital Projects	6,711,552	0	6,711,552	6,789,286
Other Purposes	9,134,614	0	9,134,614	8,734,546
Unrestricted	(921,508)	17,689,574	16,768,066	23,265,911
Total Net Position	\$165,052,011	\$125,742,862	\$290,794,873	\$281,159,447

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, 2011

With comparative totals for December 31, 2010

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	
							2011	2010
Governmental Activities								
General Government	\$8,428,617	(\$1,616)	\$44,932	\$0	(\$8,385,301)	\$0	(\$8,385,301)	(\$8,508,422)
Sec of Persons & Property	40,613,776	2,088,169	6,669,729	565,414	(31,290,464)	0	(31,290,464)	(32,515,317)
Physical Environment	669,994	767,525	0	345,521	443,052	0	443,052	1,171,472
Transportation	11,078,858	225,427	1,948,444	13,040,873	4,135,886	0	4,135,886	904,839
Economic Environment	4,840,368	2,258,317	1,758,858	34,198	(788,995)	0	(788,995)	167,056
Mental & Physical Health	21,794	0	0	0	(21,794)	0	(21,794)	(87,223)
Cultural & Recreational Env	7,859,223	2,216,316	85,374	1,004,792	(4,552,741)	0	(4,552,741)	(4,112,599)
Interest on Long-Term Debt	1,160,226	0	0	0	(1,160,226)	0	(1,160,226)	(1,216,777)
Total Governmental Activities	74,672,856	7,554,138	10,507,337	14,990,798	(41,620,583)	0	(41,620,583)	(44,196,971)
Business Type Activities								
Transit	8,564,033	\$1,014,511	\$2,270,821	\$15,722	0	(5,262,979)	(5,262,979)	(3,114,880)
Refuse	4,472,124	4,769,561	6,900	0	0	304,337	304,337	518,584
Wastewater	13,971,838	15,466,175	365,828	786,289	0	2,646,454	2,646,454	6,062,480
Water	5,545,477	6,887,220	10,986	409,345	0	1,762,074	1,762,074	1,762,406
Irrigation	1,884,268	2,717,995	0	0	0	833,727	833,727	899,902
Stormwater	1,317,024	2,169,932	256,948	435,106	0	1,544,962	1,544,962	1,031,433
Total Business Type Activities	35,754,764	33,025,394	2,911,483	1,646,462	0	1,828,575	1,828,575	7,159,925
Total	\$110,427,620	\$40,579,532	\$13,418,820	\$16,637,260	(41,620,583)	1,828,575	(39,792,008)	(37,037,046)
General Revenues								
Taxes								
Property Taxes					15,125,934	0	15,125,934	14,534,753
Sales and Use Taxes					18,345,631	4,449,318	22,794,949	22,405,619
Franchise and Utility Taxes					9,674,793	0	9,674,793	9,959,504
Excise Taxes					2,234,527	0	2,234,527	2,280,725
Penalties and Interest					617	0	617	980
State Entitlements					0	0	0	3,589,122
Unrestricted Investment Earnings					272,541	9,033	281,574	424,503
Miscellaneous					32,952	0	32,952	(64,261)
Gain/Loss on Sale of Capital Assets					(148,059)	(529,423)	(677,482)	(928,338)
Transfers					3,717,744	(3,717,746)	(2)	34,735
Total General Revenues, Transfers, Special Item, and Extraordinary Item					49,256,680	211,182	49,467,862	52,237,342
Change in Net Position								
Net Position - Beginning					7,636,097	2,039,757	9,675,854	15,200,296
Prior Period Adjustment					157,415,915	123,743,528	281,159,443	265,959,139
Net Position - Ending					0	(40,425)	(40,425)	0
					\$165,052,012	\$125,742,860	\$290,794,872	\$281,159,435

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, 2011

With comparative totals for December 31, 2010

Page 1 of 2

	#000	#124	#392	Other	Total	
	General Fund	Community Development	Cumulative Reserve	Governmental Funds	Governmental Funds	
					2011	2010
Assets						
Cash & Equity in Pooled Investments	\$2,040,443	\$221,030	\$292,286	\$6,026,204	\$8,579,963	\$14,231,669
Deposits w/ Fiscal Agent/Trustee	127,903	0	0	0	127,903	202,070
Receivables						
Taxes	4,426,606	0	0	266,881	4,693,487	4,996,509
Accounts	1,494,471	0	0	439,389	1,933,860	1,895,321
Special Assessments	0	0	0	30,435	30,435	37,583
LID Assessments - Delinquent	0	0	0	46,049	46,049	23,657
LID Assessments - Deferred	0	0	0	658,092	658,092	799,796
Notes/Contracts	0	4,958,367	0	0	4,958,367	4,856,785
Interest/Penalties	151,226	0	0	0	151,226	90,976
Due from Other Funds	0	0	0	0	0	25,485
Due from Other Government Units	212,063	270,023	2,308,937	914,749	3,705,772	3,238,235
Inventories	43,796	0	0	0	43,796	66,928
Investments, at Amortized Cost	6,595,482	0	1,109,000	5,293,000	12,997,482	7,104,274
Total Assets	\$15,091,990	\$5,449,420	\$3,710,223	\$13,674,799	\$37,926,432	\$37,569,288
Liabilities & Fund Balances						
Liabilities						
Warrants/Accounts Payable	\$582,604	\$169,252	\$401,298	\$923,018	\$2,076,172	\$2,123,560
Wages/Benefits Payable	3,565,804	49,231	0	869,551	4,484,586	4,514,261
Contracts Payable	0	2,823	0	68,153	70,976	122,849
Due to Other Funds	0	0	0	0	0	25,485
Due to Other Government Units	69,146	0	0	3,385	72,531	77,065
Deposits Payable	177,899	0	0	609,981	787,880	535,166
Deferred Revenue	1,469,299	4,958,367	0	726,316	7,153,982	7,327,461
Custodial Accounts	127,903	0	0	430,520	558,423	290,005
Total Liabilities	5,992,655	5,179,673	401,298	3,630,924	15,204,550	15,015,852

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, 2011

With comparative totals for December 31, 2010

Page 2 of 2

	#000	#124	#392	Other	Total	
	General	Community	Cumulative	Governmental	Governmental Funds	
	Fund	Development	Reserve	Funds	2011	2010
Fund Balances (See Note 9)						
Nonspendable	43,796	0	0	604,420	648,216	592,099
Restricted	0	269,747	3,308,925	6,768,189	10,346,861	11,158,300
Committed	0	0	0	1,842,615	1,842,615	1,168,468
Assigned	0	0	0	828,651	828,651	991,230
Unassigned	9,055,539	0	0	0	9,055,539	8,643,339
Total Fund Balances	9,099,335	269,747	3,308,925	10,043,875	22,721,882	\$22,553,436
Total Liabilities and Fund Balances	<u>\$15,091,990</u>	<u>\$5,449,420</u>	<u>\$3,710,223</u>	<u>\$13,674,799</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.	165,437,087	156,467,981
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	7,153,982	7,327,461
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.	16,175,403	16,583,521
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(46,309,569)	(45,384,807)
Accrued interest payable on General Obligation Debt	(126,775)	(131,677)
Net assets of governmental activities	<u>\$165,052,010</u>	<u>\$157,415,915</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, 2011

With comparative totals for December 31, 2010

Page 1 of 2

	#000	#124	#392	Other	Total	
	General Fund	Community Development	Cumulative Reserve	Governmental Funds	Governmental Funds	
					2011	2010
Revenues						
Taxes and Special Assessments	\$37,755,252	\$0	\$0	\$10,988,672	\$48,743,924	\$48,273,618
Licenses and Permits	842,272	0	0	0	842,272	768,469
Intergovernmental Revenues	2,553,306	1,706,228	10,777,674	9,230,206	24,267,414	23,794,797
Charges for Services	5,343,249	1,040,414	0	1,550,731	7,934,394	7,225,081
Fines and Forfeits	1,569,946	0	0	30,000	1,599,946	1,692,777
Interest	272,541	31,591	0	76,197	380,329	530,715
Other Revenues	32,952	3,187	0	2,524,598	2,560,737	2,155,856
Total Revenues	48,369,518	2,781,420	10,777,674	24,400,404	86,329,016	84,441,313
Expenditures						
Current						
General Government	11,569,702	0	0	315,984	11,885,686	11,593,695
Security of Persons and Property	32,252,777	0	0	5,513,805	37,766,582	37,742,443
Physical Environment	964,552	0	0	259,983	1,224,535	1,496,399
Transportation	0	0	0	5,454,883	5,454,883	5,713,383
Economic Environment	753,914	2,760,280	0	1,337,345	4,851,539	5,658,473
Mental & Physical Health	21,794	0	0	0	21,794	87,223
Cultural & Recreational Env	0	0	0	6,496,942	6,496,942	6,579,776
Capital Outlay						
General Government	105,269	0	20,460	27,622	153,351	854,570
Security of Persons and Property	164,344	0	0	1,057,937	1,222,281	1,944,940
Physical Environment	0	0	365,635	0	365,635	229,746
Transportation	0	32,272	11,777,614	2,532,317	14,342,203	9,654,900
Economic Environment	0	3,000	0	34,745	37,745	991,499
Cultural & Recreational Env	0	0	0	1,025,822	1,025,822	5,635,982
Debt Service						
Principal Retirement	89,238	0	0	2,663,555	2,752,793	2,915,892
Interest	21,955	0	0	1,143,173	1,165,128	1,227,731
Total Expenditures	45,943,545	2,795,552	12,163,709	27,864,113	88,766,919	92,326,652
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	\$2,425,973	(\$14,132)	(\$1,386,035)	(\$3,463,709)	(\$2,437,903)	(\$7,885,339)

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, 2011

With comparative totals for December 31, 2010

Page 2 of 2

	#000	#124	#392	Other	Total	
	General	Community	Cumulative	Governmental	Governmental Funds	
	Fund	Development	Reserve	Funds	2011	2010
Other Financing Sources (Uses)						
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$576,846	\$576,846	\$149,288
Proceeds f/Intergovernmental Loans	0	0	1,092,143	500,000	1,592,143	1,690,451
Other Note Proceeds	0	0	0	0	0	864,092
Transfers In	40,000	0	200,000	4,696,104	4,936,104	5,298,714
Transfers (Out)	(2,261,918)	0	0	(2,318,864)	(4,580,782)	(4,948,655)
Intergovernmental Agreements	(39,095)	0	0	(58,425)	(97,520)	(97,522)
Sale of Capital Assets	0	0	0	15,000	15,000	0
Comp. for Loss of Gen. Capital Assets	0	0	0	175,814	175,814	46,567
Total Other Financing Sources (Uses)	(2,261,013)	0	1,292,143	3,586,475	2,617,605	3,002,935
Net Change in Fund Balances	164,960	(14,132)	(93,892)	122,766	179,702	(4,882,404)
Fund Balances - January 1	8,945,631	283,879	3,402,817	9,921,109	22,553,436	27,425,911
Change in Reserve for Inventory	(11,256)	0	0	0	(11,256)	9,929
Fund Balances - December 31	\$9,099,335	\$269,747	\$3,308,925	\$10,043,875	\$22,721,882	\$22,553,436

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, 2011

With comparative totals for December 31, 2010

Page 1 of 1

	<u>2011</u>	<u>2010</u>
Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	\$179,702	(\$4,882,404)
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.	8,737,003	11,092,748
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.	232,104	1,874,212
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(173,479)	486,228
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.	583,802	212,061
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).	(1,514,918)	(1,593,804)
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.	(408,118)	243,406
Change in net assets, as reflected on the Statement of Activities	<u>\$7,636,096</u>	<u>\$7,432,447</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, 2011

Page 1 of 1

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes and Special Assessments	\$37,604,500	\$37,604,500	\$37,755,252	\$150,752
Licenses and Permits	765,800	765,800	842,272	76,472
Intergovernmental Revenues	2,441,530	2,441,530	2,553,306	111,776
Charges for Services	5,096,985	5,096,985	5,343,249	246,264
Fines and Forfeits	1,721,400	1,721,400	1,569,946	(151,454)
Interest	300,000	300,000	272,541	(27,459)
Other Revenues	39,450	39,450	32,952	(6,498)
Total Revenues	47,969,665	47,969,665	48,369,518	399,853
Expenditures				
Current				
General Government	11,791,923	11,906,259	11,569,702	336,557
Security of Persons and Property	32,183,638	32,894,833	32,252,777	642,056
Physical Environment	1,002,920	1,007,920	964,552	43,368
Economic Environment	750,120	758,620	753,914	4,706
Mental & Physical Health	22,000	22,000	21,794	206
Capital Outlay				
General Government	15,000	80,000	105,269	(25,269)
Security of Persons and Property	0	164,611	164,344	267
Debt Service				
Principal Retirement	31,928	31,928	89,238	(57,310)
Interest	11,345	11,345	21,955	(10,610)
Total Expenditures	45,808,874	46,877,516	45,943,545	933,971
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$2,160,791	\$1,092,149	\$2,425,973	\$1,333,824
Other Financing Sources (Uses)				
Transfers In	\$40,000	\$40,000	\$40,000	\$0
Transfers (Out)	(2,412,275)	(2,412,275)	(2,261,918)	150,357
Intergovernmental Agreements	(39,095)	(39,095)	(39,095)	0
Comp. for Loss of Gen. Capital Assets	1,000	1,000	0	(1,000)
Total Other Financing Sources (Uses)	(2,410,370)	(2,410,370)	(2,261,013)	149,357
Net Change in Fund Balances	(249,579)	(1,318,221)	164,960	1,483,181
Fund Balances - January 1	3,418,845	3,418,845	8,945,631	5,526,786
Change in Reserve for Inventory	0	0	(11,256)	(11,256)
Fund Balances - December 31	\$3,169,266	\$2,100,624	\$9,099,335	\$6,998,711

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, 2011

Page 1 of 1

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental Revenues	\$1,961,178	\$3,882,493	\$1,706,228	(\$2,176,265)
Charges for Services	241,000	241,000	1,040,414	799,414
Interest	30,500	30,500	31,591	1,091
Other Revenues	1,000	1,000	3,187	2,187
Total Revenues	2,233,678	4,154,993	2,781,420	(1,373,573)
Expenditures				
Current				
Economic Environment	2,223,457	4,051,269	2,760,280	1,290,989
Capital outlay				
Transportation	0	93,503	32,272	61,231
Economic Environment	0	0	3,000	(3,000)
Total Expenditures	2,223,457	4,144,772	2,795,552	1,349,220
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$10,221	\$10,221	(\$14,132)	(\$24,353)
Net Change in Fund Balances	\$10,221	\$10,221	(\$14,132)	(\$24,353)
Fund Balances - January 1	762,350	762,350	283,879	(478,471)
Fund Balances - December 31	\$772,571	\$772,571	\$269,747	(\$502,824)

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, 2011

With comparative totals for December 31, 2010

Page 1 of 4

	Business-Type Activities - Enterprise Funds		
	#462 & #364 Transit	#973 Wastewater	#974 Water
Assets			
Current Assets			
Cash & Equity in Pooled Investments	\$227,295	\$2,208,140	\$1,214,008
Deposits w/ Fiscal Agent/Trustee		0	0
Receivables:			
Accounts/Taxes (Net)	803,270	717,103	113,552
Other Receivables	0	3,000	0
Due from Other Government Units	2,221,099	0	0
Inventories	0	0	204,512
Investments, at Amortized Cost	0	8,384,000	4,609,000
Total Current Assets	3,251,664	11,312,243	6,141,072
Noncurrent Assets			
Restricted Assets			
Cash	0	549,569	362,249
Investments	0	1,425,000	0
Land	1,307,989	583,270	173,614
Buildings	7,363,248	66,500,454	8,548,449
Other Improvements	1,303,562	47,209,321	42,294,730
Machinery & Equipment	9,385,423	16,075,811	2,858,730
Accumulated Depreciation	(8,451,448)	(63,908,313)	(23,919,400)
Construction in Progress	0	6,714,601	3,346,876
Intangibles	0	0	221,830
Unamortized Debt Issue Costs	0	99,770	13,240
Total Noncurrent Assets	10,908,774	75,249,483	33,900,318
Total Assets	\$14,160,438	\$86,561,726	\$40,041,390

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, 2011

With comparative totals for December 31, 2010

Page 2 of 4

Business-Type Activities - Enterprise Funds				Governmental Activities
#975	Other	Total		Internal
Irrigation	Enterprise	2011	2010	Service
	Funds			Funds
\$340,718	\$766,045	\$4,756,206	\$5,647,665	\$2,989,338
		0	0	10,620
170,070	460,188	2,264,183	2,884,104	767,679
0	0	3,000	3,000	0
0	6,900	2,227,999	386,969	0
0	0	204,512	213,245	428,843
0	1,770,000	14,763,000	17,005,167	6,735,000
510,788	3,003,133	24,218,900	26,140,150	10,931,480
35,436	0	947,254	2,369,728	0
0	0	1,425,000	0	0
98,500	0	2,163,373	2,163,373	0
418,531	0	82,830,682	82,758,346	37,397
15,827,986	1,317,770	107,953,369	104,574,983	442,707
80,374	27,543	28,427,881	29,820,092	22,124,533
(3,544,817)	(58,315)	(99,882,293)	(95,144,663)	(13,440,963)
4,840,081	109,020	15,010,578	10,049,921	0
0	0	221,830	221,830	0
35,621	0	148,631	164,209	0
17,791,712	1,396,018	139,246,305	136,977,819	9,163,674
\$18,302,500	\$4,399,151	\$163,465,205	\$163,117,969	\$20,095,154

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, 2011

With comparative totals for December 31, 2010

Page 3 of 4

	Business-Type Activities - Enterprise Funds		
	#462 & #364	#973	#974
	Transit	Wastewater	Water
Liabilities			
Current Liabilities			
Warrants/Accounts Payable	\$107,966	\$543,045	\$171,777
Wages/Benefits Payable	336,411	456,939	211,785
Compensated Absences Payable	414,828	653,183	219,923
Claims and Judgments Payable	0		
Accrued Payables	0	144,466	19,571
Deposits Payable	6,100	243,114	105,209
Current Portion Long-term Debt	0	771,455	269,849
Restricted Payables			
Current Portion LT Debt	0	990,000	175,000
Total Current Liabilities	<u>865,305</u>	<u>3,802,202</u>	<u>1,173,114</u>
Noncurrent Liabilities			
Bonds Payable	0	15,770,000	1,210,000
Unamortized Bond Discount/Premium	0	323,627	52,111
Deferred Amount On Debt Refunding	0	0	(30,249)
Loans Payable - Long Term	0	4,948,991	3,953,366
Total Noncurrent Liabilities	<u>0</u>	<u>21,042,618</u>	<u>5,185,228</u>
Total Liabilities	<u>865,305</u>	<u>24,844,820</u>	<u>6,358,342</u>
Net Position			
Invested in Capital Assets, Net of Related Debt (as restated)	10,908,774	52,161,375	27,888,421
Restricted for Debt Service	0	1,974,569	362,249
Unrestricted	2,386,359	7,580,962	5,432,378
Total Net Position	<u>\$13,295,133</u>	<u>\$61,716,906</u>	<u>\$33,683,048</u>

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, 2011

With comparative totals for December 31, 2010

Page 4 of 4

Business-Type Activities - Enterprise Funds				Governmental Activities
#975	Other	Total		Internal
Irrigation	Enterprise	2011	2010	Service
	Funds			Funds
\$483,742	\$112,829	\$1,419,359	\$1,038,297	\$500,452
57,738	182,868	1,245,741	1,270,819	222,521
67,559	212,747	1,568,240	1,447,362	281,012
	0	0	0	2,915,766
67,186	0	231,223	246,627	0
0	106,563	460,986	338,013	0
0	0	1,041,304	1,041,304	0
120,000	0	1,285,000	1,765,000	0
796,225	615,007	7,251,853	7,147,422	3,919,751
4,345,000	0	21,325,000	22,610,001	0
(102,356)	0	273,382	316,939	0
0	0	(30,249)	(78,732)	0
0	0	8,902,357	9,378,811	0
4,242,644	0	30,470,490	32,227,019	0
5,038,869	615,007	37,722,343	39,374,441	3,919,751
13,326,446	1,396,018	105,681,034	101,913,141	9,163,674
35,436	0	2,372,254	2,369,728	0
(98,251)	2,388,126	17,689,574	19,460,659	7,011,729
<u>\$13,263,631</u>	<u>\$3,784,144</u>	<u>\$125,742,862</u>	<u>\$123,743,528</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.

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

For the Year Ended December 31, 2011

With comparative totals for December 31, 2010

Page 1 of 2

	Business-Type Activities - Enterprise Funds		
	#462 & #364 Transit	#973 Wastewater	#974 Water
Operating Revenues			
Charges for Services	\$1,014,511	\$15,452,634	\$6,792,444
Charges for Insurance	0	0	0
Employer Contributions	0	0	0
Employee Contributions	0	0	0
Other Operating Revenues	0	13,541	94,776
Total Operating Revenues	1,014,511	15,466,175	6,887,220
Operating Expenses			
Operations and Maintenance	6,651,808	6,644,793	1,985,520
Administration/Overhead	853,341	2,466,352	1,903,156
Taxes	0	2,657,506	1,407,327
Depreciation/Amortization	1,058,884	3,320,794	1,107,685
Other Benefits	0	0	0
Total Operating Expenses	8,564,033	15,089,445	6,403,688
Operating Income (Loss)	(7,549,522)	376,730	483,532
Non-Operating Revenues (Expenses)			
Operating Grants and Subsidies	6,720,139	0	0
Interest Revenue	3,004	2,989	1,540
Other Non-Operating Revenues	15,722	365,828	10,986
Interest Expenses	0	(850,747)	(89,956)
Amortization of Bond Payment Discount	0	(9,969)	(2,870)
Gain (Loss) on Capital Assets Disposition	(529,423)	0	0
Non-Operating Revenue Net of Expenses	6,209,442	(491,899)	(80,300)
Income (Loss) Before Contributions and Transfers	(1,340,080)	(115,169)	403,232
Capital Contributions	0	786,289	409,345
Transfers In	25,000	232,939	0
Transfers (Out)	0	(162,516)	(121,997)
Change in Net Position	(1,315,080)	741,543	690,580
Total Net Position - January 1	14,610,213	61,431,631	32,713,505
Prior Period Adjustments	0	(456,268)	278,963
Total Net Position - December 31	\$13,295,133	\$61,716,906	\$33,683,048

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, 2011

With comparative totals for December 31, 2010

Page 2 of 2

Business-Type Activities - Enterprise Funds				Governmental Activities
#975	Other	Total		Internal
Irrigation	Enterprise Funds	2011	2010	Service Funds
\$2,713,708	\$6,935,541	\$32,908,838	\$33,908,909	\$6,459,409
0	0	0	0	2,658,316
0	0	0	0	9,660,973
0	0	0	0	1,924,168
4,287	3,952	116,556	93,279	904
<u>2,717,995</u>	<u>6,939,493</u>	<u>33,025,394</u>	<u>34,002,188</u>	<u>20,703,770</u>
1,090,117	5,429,041	21,801,279	21,837,661	6,572,679
246,273	679,072	6,148,194	5,013,411	2,358,909
46,518	91,907	4,203,258	4,483,754	0
290,694	22,190	5,800,247	5,466,838	1,341,948
0	0	0	0	11,476,834
<u>1,673,602</u>	<u>6,222,210</u>	<u>37,952,978</u>	<u>36,801,664</u>	<u>21,750,370</u>
<u>1,044,393</u>	<u>717,283</u>	<u>(4,927,584)</u>	<u>(2,799,476)</u>	<u>(1,046,600)</u>
0	263,848	6,983,987	6,512,496	0
1,500	0	9,033	21,320	290,242
0	0	392,536	426,814	394,867
(203,001)	0	(1,143,704)	(1,000,086)	0
(7,665)	0	(20,504)	(20,504)	0
0	0	(529,423)	(6,034)	(46,627)
<u>(209,166)</u>	<u>263,848</u>	<u>5,691,925</u>	<u>5,934,006</u>	<u>638,482</u>
835,227	981,131	764,341	3,134,530	(408,118)
0	435,106	1,630,740	4,948,645	0
0	0	257,939	232,939	0
<u>(63,750)</u>	<u>(265,000)</u>	<u>(613,263)</u>	<u>(548,263)</u>	<u>0</u>
<u>771,477</u>	<u>1,151,237</u>	<u>2,039,757</u>	<u>7,767,851</u>	<u>(408,118)</u>
12,558,739	2,429,440	123,743,528	115,975,677	16,583,521
(66,585)	203,467	(40,423)	0	0
<u>\$13,263,631</u>	<u>\$3,784,144</u>	<u>\$125,742,862</u>	<u>\$123,743,528</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.

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended December 31, 2011

With comparative totals for December 31, 2010

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	\$1,014,511	\$15,836,437	\$7,057,751
Contributions Received - Employer and Employee			
Cash Paid to Suppliers for Goods and Services	(3,827,304)	(4,761,898)	(2,046,124)
Cash Paid for Salaries and Benefits	(3,613,021)	(4,977,763)	(2,266,566)
Other Operating Revenues Collected	0	13,541	94,776
Cash Paid to Claimants and Beneficiaries			
Cash Paid in Lieu of Taxes	0	(1,978,323)	(951,037)
Net Cash Provided by Operating Activities	(6,425,814)	4,131,994	1,888,800
Cash Flows from Noncapital Financing Activities			
Sales Tax Received	4,446,964	0	0
Operating Grants Received	264,195	0	0
Net Cash Provided by Noncapital Financing Activities	4,711,159	0	0
Cash Flows from Capital Financing Activities			
Proceeds from Public Works Trust/SIED Loan/Revenue Bonds	0	0	575,286
Cash Received for Debt Service from Other Governments	0	365,828	0
Cash Received from Disposal of Capital Assets	25,506	0	0
Cash Contributions in Aid of Construction	15,722	548,396	263,480
Principal Paid on Revenue Bonds	0	(1,436,688)	(213,313)
Principal Paid on Public Works Trust/SIED Loan	0	(734,599)	(306,155)
Capital Expenditures Paid	(418,159)	(2,475,477)	(2,236,405)
Interest and Other Debt Service Paid	0	(864,045)	(90,829)
Capital Grants Received	143,256	0	0
Other Non-Operating Capital Revenue	0	0	0
Transfer In	25,000	232,939	0
Transfer Out	0	(162,516)	(121,997)
Net Cash Used for Capital Financing Activities	(208,675)	(4,526,162)	(2,129,933)

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, 2011

With comparative totals for December 31, 2010

Page 2 of 4

Business-Type Activities - Enterprise Funds				Governmental Activities
#975	Other	Total		Internal
Irrigation	Enterprise	2011	2010	Service
	Funds			Funds
\$2,705,519	\$6,999,440	\$33,613,658	\$33,723,778	\$6,611,180
				14,132,586
(727,530)	(3,756,151)	(15,119,007)	(14,485,636)	(6,753,808)
(650,154)	(2,002,812)	(13,510,316)	(13,082,901)	(2,421,738)
4,287	3,952	116,556	89,776	0
				(11,257,639)
0	(433,062)	(3,362,422)	(3,577,349)	0
1,332,122	811,367	1,738,469	2,667,668	310,581
0	286,188	4,733,152	4,599,090	0
0	0	264,195	1,940,038	385,440
0	286,188	4,997,347	6,539,128	385,440
0	0	575,286	679,650	0
0	0	365,828	365,895	0
0	0	25,506	29,620	269,041
0	0	827,598	1,126,976	0
(115,000)	0	(1,765,001)	(1,704,999)	0
0	0	(1,040,754)	(1,051,202)	0
(2,118,713)	(244,486)	(7,493,240)	(8,421,558)	(1,911,014)
(204,233)	0	(1,159,107)	(1,010,883)	0
0	0	143,256	2,001,000	0
0	0	0	5,701	0
0	0	257,939	232,939	0
(63,750)	(265,000)	(613,263)	(548,263)	0
(2,501,696)	(509,486)	(9,875,952)	(8,295,124)	(1,641,973)

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, 2011

With comparative totals for December 31, 2010

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	1,500,000	9,005,167	4,500,000
Interest Received on Investments	3,004	2,989	1,540
Purchase of Investment Securities	0	(9,809,000)	(4,609,000)
Net Cash Provided by Investing Activities	1,503,004	(800,844)	(107,460)
Net Increase (Decrease) in Cash and Cash Equivalents	(420,326)	(1,195,012)	(348,593)
Cash and Cash Equivalents at Beginning of Year	647,619	3,952,721	1,924,850
Cash and Cash Equivalents at End of Year	\$227,293	\$2,757,709	\$1,576,257
Cash at the End of the Year			
Operating Fund Cash	\$227,295	\$2,208,140	\$1,214,008
Revenue Bond Reserve Account Cash	0	444,451	347,968
Revenue Bond Redemption Account Cash	0	105,118	14,281
Total Cash at the End of the Year	\$227,295	\$2,757,709	\$1,576,257
Reconciliation of Net Operating Income (Loss) to Net Cash			
Provided (Used) by Operating Activities			
Net Operating Income (Loss)	(\$7,549,524)	\$376,730	\$483,532
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	1,058,884	3,320,794	1,107,685
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	0	363,976	262,584
Increase (Decrease) in Allowance for Uncollectibles	0	19,827	2,723
(Increase) Decrease in Inventory	0	0	8,733
Increase (Decrease) in Warrants/Accounts Payable	14,615	15,908	(1,894)
Increase (Decrease) in Wages/Benefits Payable	(8,641)	(7,441)	492
Increase (Decrease) in Compensated Absences Payable	58,852	42,200	24,945
Increase (Decrease) in Claims and Judgments Payable	0	0	0
Total Adjustments	1,123,710	3,755,264	1,405,268
Net Cash Provided by Operating Activities	(\$6,425,814)	\$4,131,994	\$1,888,800
Schedule of Noncash Capital and Related Financing Activities			
Capital Assets Acquired by Noncash Contributions	\$0	\$237,893	\$145,865

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, 2011

With comparative totals for December 31, 2010

Page 4 of 4

Business-Type Activities - Enterprise Funds				Governmental Activities
#975	Other	Total		Internal
Irrigation	Enterprise	2011	2010	Service
	Funds			Funds
1,000,000	1,000,000	17,005,167	1,000,000	5,491,641
1,500	0	9,033	30,292	290,242
0	(1,770,000)	(16,188,000)	(1,498,919)	(6,007,000)
1,001,500	(770,000)	826,200	(468,627)	(225,117)
(168,074)	(181,931)	(2,313,936)	443,045	(1,171,069)
544,227	947,976	8,017,393	7,574,349	4,160,407
\$376,153	\$766,045	\$5,703,457	\$8,017,394	\$2,989,338
\$340,718	\$766,045	\$4,756,206	\$5,647,665	\$2,989,338
0	0	792,419	2,215,320	0
35,436	0	154,835	154,408	0
\$376,154	\$766,045	\$5,703,460	\$8,017,393	\$2,989,338
\$1,044,393	\$717,283	(\$4,927,586)	(\$2,799,476)	(\$1,046,600)
290,694	22,190	5,800,247	5,466,838	1,341,948
(14,048)	45,331	657,843	(335,407)	39,996
5,859	18,568	46,977	146,773	0
0	0	8,733	(5,745)	(142,001)
568	27,258	56,455	51,474	(10,544)
(2,035)	(7,453)	(25,078)	73,402	(93,691)
6,691	(11,810)	120,878	69,809	2,278
0	0	0	0	219,195
287,729	94,084	6,666,055	5,467,144	1,357,181
\$1,332,122	\$811,367	\$1,738,469	\$2,667,668	\$310,581
\$0	\$435,106	\$818,864	\$1,481,655	\$0

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, 2011

With comparative totals for December 31, 2010

Page 1 of 1

	Firemen's Relief and Pension	Agency Fund	Total	
			2011	2010
Assets				
Cash & Equity in Pooled Investments	\$169,424	\$136,666	\$306,090	\$777,662
Receivables - Accounts	\$0	\$1,921	1,921	\$0
Investments, at Amortized Cost	<u>626,000</u>	<u>0</u>	<u>626,000</u>	<u>0</u>
	795,424	138,587	934,011	777,662
Liabilities				
Warrants/Accounts Payable	2,243	96,474	\$98,717	3,313
Due to Other Governmental Units	<u>0</u>	<u>42,113</u>	<u>42,113</u>	<u>0</u>
	2,243	138,587	140,830	3,313
Net Position				
Held in Trust for Pension Benefits and Other Purposes	<u>\$793,181</u>	<u>\$0</u>	<u>\$793,181</u>	<u>\$774,349</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, 2011

With comparative totals for December 31, 2010

Page 1 of 1

	— Firemen's Relief and Pension —	
	<u>2011</u>	<u>2010</u>
Additions		
Employer Contributions	\$1,480,299	\$1,573,935
Interest Revenue	500	2,000
Total Additions	<u>1,480,799</u>	<u>1,575,935</u>
Deductions		
Administration/Overhead	40,895	40,808
Pension Benefits	639,355	721,576
Other Benefits	<u>781,717</u>	<u>785,125</u>
Total Deductions	<u>1,461,967</u>	<u>1,547,509</u>
Change in Net Position	<u>18,832</u>	<u>28,426</u>
Total Net Position, January 1	<u>774,349</u>	<u>745,923</u>
Total Net Position, December 31	<u><u>\$793,181</u></u>	<u><u>\$774,349</u></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, 2011

INDEX

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 42

Reporting Entity42

Government-Wide and Fund Financial Statements43

Measurement Focus, Basis of Accounting & Financial Statement Presentation43

Assets, Liabilities, Fund Balance and Net Position45

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS 48

Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position48

Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities.....48

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY 49

Budgets and Budgetary Accounting49

Fund Equity51

NOTE 4 – DETAILED NOTES ON ALL FUNDS 51

Deposits and Investments.....51

Property Taxes.....53

Receivables.....54

Interfund Receivables, Payables and Transfers55

Capital Assets56

Commitments58

NOTE 5 – PENSION PLANS..... 58

Public Employees’ Retirement System (PERS) Plans 1, 2 & 3.....59

Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) Plans 1 and 2.....63

Public Safety Employees’ Retirement System (PSERS) Plan 2.....66

Other Retirement Systems – Volunteer Firefighters’ Relief and Pension Fund68

Firemen’s Pension.....68

Police Pension.....68

NOTE 6 – SELF-INSURANCE FUNDS	70
Unemployment Compensation.....	70
SELF-INSURED Medical / Dental Program	71
Workers’ Compensation Program.....	71
Risk Management Program.....	71
 NOTE 7 – LONG-TERM DEBT AND CAPITAL LEASES	 74
General Obligation Debt.....	75
Revenue Bonds.....	76
Intergovernmental Loans and Contractual Agreements.....	77
Special Assessment Debt With Governmental Commitment	79
Lease Purchase Agreements.....	79
Unfunded Post Employment Benefit Liabilities.....	80
 NOTE 8 – CONTINGENCIES AND LITIGATIONS	 81
Section 108 Loan Program	81
Potential Litigation.....	81
 NOTE 9 – FUND BALANCE CLASSIFICATION	 81
 NOTE 10 – SEGMENT INFORMATION.....	 82
Water and Wastewater Utilities.....	82
 NOTE 11 – JOINT VENTURES.....	 84
Yakima Air Terminal.....	84
 NOTE 12 – OTHER POSTEMPLOYMENT BENEFIT PLANS	 85
Benefits Other Than Pension Benefit.....	85
LEOFF I Employees.....	85
Non-LEOFF I Employees.....	87
 NOTE 13 – OTHER DISCLOSURES	 89
Prior Period Adjustment.....	89
Accounting and Reporting Changes	89
Subsequent Events.....	91
Change in Accounting Entity.....	91

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2011

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. The Yakima Air Terminal is 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 nonfiduciary 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 **Cumulative Reserve Fund** is used to account for general government capital projects that are not eligible to be included in other capital funds. A project to construct a railroad underpass, funded by grants and low-interest loans, made this fund eligible to be a major fund in 2011.

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 nonoperating 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 nonoperating 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 – Receivables). 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, 2011, 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 is 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 \$46,309,569 difference are as follows:

Bonds Payable	\$22,723,267
Intergovernmental Loans	3,522,185
Contractual Agreements - Yakima County	607,757
Special Assessments - Note	728,000
Lease Purchase Agreements	614,011
Unfinanced Pension/OPEB Liability	11,563,719
Compensated Absences	6,550,630
<i>Net Adjustments to reduce fund balance - Total Governmental funds to arrive at net assets - governmental activities</i>	<u>\$46,309,569</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 \$8,737,003 difference are as follows:

Capital Outlay	\$17,147,037
Depreciation Expense	(8,410,034)
<i>Net adjustment to increase net changes in fund balances - total governmental changes in net assets of governmental activities</i>	<u>\$8,737,003</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 \$232,104 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.	(338,873)
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.	570,977
<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>\$232,104</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 \$583,802 difference are as follows:

Debt Issued	
Intergovernmental Loan	(\$1,092,143)
Contractual Agreement - Yakima County	(500,000)
Lease Purchase Agreements	(576,847)
Principal Repayments	
General Obligation Debt	2,157,419
Intergovernmental Loans	344,096
Contractual Agreement - Yakima County	64,514
Special Assessment Notes	91,461
Lease Purchase Agreements	95,302
<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>\$583,802</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 (\$1,514,918) difference are as follows:

Compensated Absences	(\$230,440)
Change in Unfunded Pension Liability	101,897
Change in Other Post Employment Benefit Liability	(1,380,021)
Change in Reserve for Inventory	(11,256)
Accrued Interest Payable	4,902
<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>(\$1,514,918)</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 \$16.1 million. The principal amendments were to reappropriate 2011 outstanding encumbrances in the amount of \$3.6 million; nonlapsing appropriations for various projects in capital funds (Arterial Street, Sewer Construction, Domestic Water Improvement, Wastewater Facilities and Irrigation System Improvement) in the amount of \$4.7 million; and a change order related to the bottom seal of the railroad underpass project of \$4.0 million.

Excess of Expenditures over Appropriations

For the year ended December 31, 2011, expenditures exceeded appropriations in three separate funds:

- The Parks and Recreation Fund exceeded budget by \$152,053. Several factors combined to create this overage, including extended hours of operation and a water leak at the outdoor pool; higher than expected attendance at an after school program; and installation of an irrigation system in a highly used park. An additional allocation of property tax was made from General Fund to maintain a minimum fund balance.
- The Tourism Promotion Area (TPA) Fund exceeded budget by \$10,254. The TPA was reformed and rates were increased effective October 1, 2011. An additional appropriation of \$25,000 was made in November in anticipation of the additional revenue; however, actual revenue exceeded the new estimate. By contract, the City forwards revenue received to the Yakima Visitors and Convention Bureau who administers the Tourism Promotion program. Since revenues exceeded budget, expenditures also exceeded budget by the same amount.
- The Public Facilities District-Capitol Theatre Fund exceeded budget by \$1,486. This fund experienced higher administrative costs because the State Auditor's Office conducted an audit of the Public Facilities District, which is a separate legal entity included in the City's financial statements as a blended component unit. Revenues exceeded budget in this fund, so that the fund balance still increased in 2011.

All of these overages were conveyed to City Council in the 2011 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 \$604,420 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 \$793,181 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 Depository 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 bank balances on December 31, 2011:

Banks and Savings and Loan Institutions	\$12,761,815
Petty Cash and Other Imprest Funds	14,795
Local Government Investment Pool (LGIP)	6,090,274
<i>Total</i>	<u><u>\$18,866,884</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 No. 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, 2011, the City of Yakima had the following investments:

INVESTMENT PORTFOLIO

<u>Investment Types</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Weighted Average Maturity to Expected Call (Days)</u>	<u>Weighted Average Final Maturity (Days)</u>
Federal Agency Securities	\$35,009,208	\$35,105,814	392	1,651
Local Government Agency Securities	559,275	552,620	1,412	1,412
Certificates of Deposit - PDPC	250,000	250,000	1,277	1,277
Local Assessment Notes	728,000	728,000	n/a	n/a
Total Portfolio	\$36,546,483	\$36,636,434		

Note – Investments are reported at Carrying Value on the Statement of Net Assets as the difference between Carrying Value and Fair Value is considered immaterial.

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.

INVESTMENT MANAGEMENT

<u>Investment Types</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Expected Call</u>		<u>Final Maturity</u>
			<u>Less Than 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 5 Years</u>
Federal Agency Securities	\$35,009,208	\$35,105,814	\$23,559,207	\$8,750,000	\$35,009,208
Local Government Agency Securities	559,275	552,620	n/a	n/a	559,275
Certificates of Deposit - PDPC	250,000	250,000	n/a	n/a	250,000
Local Assessment Notes ⁽¹⁾	728,000	728,000	n/a	n/a	n/a
Total Portfolio	\$36,546,483	\$36,636,434	\$23,559,207	\$8,750,000	\$35,818,483

(1) Represents 10-year LID Notes the City is holding. All other investments in this category are under five-year final maturity. Callable securities are stated at their final maturity.

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, and are considered Category 1 investments, 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 2011, the City's regular tax levy was 2.9185 per \$1,000 on a total assessed valuation of \$5.6 billion, for a total regular levy of \$16,341,342. 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 2011 was \$.2509 per \$1,000, or \$1,406,844. 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	\$4,426,606	\$1,494,471	\$0	\$212,063	\$151,226	\$0	\$6,284,366
Com & Econ Dev	0	4,958,367	0	270,023	0	0	5,228,390
Cumulative Reserve	0	0	0	2,308,937	0	0	2,308,937
Non-Major Gov't	266,881	439,389	734,576	914,749	0	0	2,355,595
Transit	803,270	0	0	2,221,099	0	0	3,024,369
Refuse	0	401,068	0	6,900	0	0	407,968
Wastewater	0	717,103	0	0	0	3,000	720,103
Water	0	113,552	0	0	0	0	113,552
Irrigation	0	170,070	0	0	0	0	170,070
Stormwater	0	59,120	0	0	0	0	59,120
Internal Service Funds	0	767,679	0	0	0	0	767,679
Total	\$5,496,757	\$9,120,819	\$734,576	\$5,933,771	\$151,226	\$3,000	\$21,440,149

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	\$48,118
Wastewater	135,980
Water	68,522
Irrigation	27,411
Stormwater	21,567
Total	\$301,598

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

	Unavailable
General Fund	
Court Receivables	\$1,389,454
WA State Office Public Defense	75,000
Miscellaneous	4,845
Community Economic Development - Homeownership Programs	4,958,367
Special Revenue Funds	
Parks & Recreation - Pool & Field Rentals	6,849
Streets - Sidewalk Repairs	300
Community Relations - Equipment Reimbursement	1,600
Cemetery - Lot Sales	18,169
Parking & Business Improvement - Assessment Levied on Businesses	29,116
Front Street Business Improvement - Assessment Levied on Businesses in Boundaries	1,319
Debt Service Funds	
LID Fund - Special Assessments Not Yet Due	658,092
Capital Project Funds	
Parks & Recreation Capital - Private Contributions	10,871
Total Deferred/Unearned Revenue for Governmental Funds	\$7,153,982

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Classification of Interfund Transactions

Interfund transactions are classified as follows:

1. 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.
2. Transfers to support the operations of other funds are recorded as "Transfers" and classified with "Other Financing Sources or Uses."
3. 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 nonoperating revenues.
4. 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, 2011, there were no advances to/from any funds.

Interfund Loans and Receivables

There were no temporary cash overdrafts in individual funds as of December 31, 2011

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 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 2011.

OPERATING TRANSFERS

Transfer out	Transfer In					
	General Fund	Cumulative Reserve	Non Major Gov't	Transit	Wastewater	Total
General Fund	\$0	\$0	\$2,261,919	\$0	\$0	\$2,261,919
Non-Major Governmental	40,000	0	2,278,864	0	0	2,318,864
Wastewater	0	120,000	42,516	0	0	162,516
Water Operating Fund	0	50,000	39,058	0	32,939	121,997
Irrigation	0	30,000	33,750	0	0	63,750
Stormwater	0	0	40,000	25,000	200,000	265,000
Total	\$40,000	\$200,000	\$4,696,107	\$25,000	\$232,939	\$5,194,046

CAPITAL ASSETS

CAPITAL ASSET ACTIVITY

	Balance 1/1/11	Additions	Adjustments	Deletions	Balance 12/31/11
Governmental Activities					
Capital Assets - Not Depreciated					
Land	\$14,119,276	\$0	\$50,549	(\$176,600)	\$13,993,225
Construction in Progress	26,764,854	15,634,201	(13,359,075)	(66,174)	28,973,806
Total Capital Assets - Not Depreciated	40,884,130	15,634,201	(13,308,526)	(242,774)	42,967,031
Capital Assets - Depreciated					
Buildings & Structures	48,740,164	27,622	7,891,295	0	56,659,081
Other Improvements	12,111,534	43,369	1,029,778	0	13,184,681
Equipment & Machinery	11,439,604	1,441,844	949,292	(538,291)	13,292,449
Infrastructure	215,546,036	570,977	3,438,161	0	219,555,174
Capitalized Leases	831,216	0	0	0	831,216
Total Capital Assets - Depreciated	288,668,554	2,083,812	13,308,526	(538,291)	303,522,601
Less Accumulated Depreciation					
Buildings & Structures	(17,274,112)	(1,296,246)	0	0	(18,570,358)
Other Improvements	(5,782,662)	(661,085)	0	0	(6,443,747)
Equipment & Machinery	(7,121,821)	(754,565)	0	442,192	(7,434,194)
Infrastructure	(142,256,770)	(5,649,272)	0	0	(147,906,042)
Capitalized Leases	(649,338)	(48,866)	0	0	(698,204)
Total Accumulated Depreciation	(173,084,703)	(8,410,034)	0	442,192	(181,052,545)
Total Capital Assets - Depreciated Net	115,583,851	(6,326,222)	13,308,526	(96,099)	122,470,056
Gov't Activities Capital Assets - Net	156,467,981	9,307,979	0	(338,873)	165,437,087

	Balance 1/1/11	Additions	Adjustments	Deletions	Balance 12/31/11
Internal Service Funds - Governmental Activities					
Capital Assets - Depreciated					
Buildings	37,397	0	0	0	37,397
Other Improvements	127,096	315,611	0	0	442,707
Machinery	21,673,387	1,595,403	0	(1,144,257)	22,124,533
Total Capital Assets - Depreciated	21,837,880	1,911,014	0	(1,144,257)	22,604,637
Less Accumulated Depreciation					
Buildings	(22,278)	(1,852)	0	0	(24,130)
Other Improvements	(12,590)	(6,355)	0	0	(18,945)
Machinery	(13,026,599)	(1,333,741)	0	962,453	(13,397,887)
Total Accumulated Depreciation	(13,061,467)	(1,341,948)	0	962,453	(13,440,962)
Total Capital Assets - Depreciated Net	8,776,413	569,066	0	(181,804)	9,163,675
Total Capital Assets - Gov't Activities	<u>\$165,244,394</u>	<u>\$9,877,045</u>	<u>\$0</u>	<u>(\$520,677)</u>	<u>\$174,600,762</u>
Business Type Activities					
Capital Assets - Not Depreciated					
Land	\$2,163,373	\$0	\$0	\$0	2,163,373
Construction in Progress	10,049,919	6,893,546	(1,927,375)	(5,512)	15,010,578
Total Capital Assets - Not Depreciated	12,213,292	6,893,546	(1,927,375)	(5,512)	17,173,951
Capital Assets - Depreciated					
Buildings & Structures	82,758,347	0	72,335	0	82,830,682
Other Improvements	104,574,984	1,523,344	1,855,040	0	107,953,368
Equipment & Machinery	29,820,091	225,333	0	(1,617,543)	28,427,881
Intangibles	221,830	0	0	0	221,830
Total Capital Assets - Depreciated	217,375,252	1,748,677	1,927,375	(1,617,543)	219,433,761
Less Accumulated Depreciation					
Buildings & Structures	(44,881,259)	(1,960,566)	0	0	(46,841,825)
Other Improvements	(39,429,172)	(2,196,026)	0	0	(41,625,198)
Equipment & Machinery	(10,728,057)	(1,643,655)	0	1,062,614	(11,309,098)
Intangibles	(106,171)	0	0	0	(106,171)
Total Accumulated Depreciation	(95,144,659)	(5,800,247)	0	1,062,614	(99,882,292)
Total Capital Assets - Depreciated Net	122,230,593	(4,051,570)	1,927,375	(554,929)	119,551,469
Total Capital Assets - Business Activities	<u>\$134,443,885</u>	<u>\$2,841,976</u>	<u>\$0</u>	<u>(\$560,441)</u>	<u>\$136,725,420</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	\$169,787
Security of Persons and Property	967,326
Physical Environment	5,545
Transportation	5,859,554
Economic Environment	58,874
Cultural & Recreational Environment	1,348,948
Capital Assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,341,948
Total Depreciation - Governmental Activities	<u>\$9,751,982</u>
Transit	\$1,058,884
Wastewater	3,320,794
Water	1,107,685
Irrigation	290,694
Stormwater	22,190
Total Depreciation - Business-Type Activities	<u>\$5,800,247</u>

COMMITMENTS

Construction Commitments

The City had active construction projects as of December 31, 2011. 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, the Railroad Grade Separation on Lincoln and planning and design work on the old Boise Cascade Mill site.

CURRENT CONSTRUCTION PROJECTS

<u>Project</u>	<u>Contract Amount</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water	\$298,000	\$4,210	\$293,790
Irrigation System Design & Rebuild	1,826,694	742,009	1,084,685
Wastewater Treatment Plant and Mains	3,403,361	498,793	2,904,568
Street Construction	24,793,009	21,636,956	3,156,053
Total	<u>\$30,321,064</u>	<u>\$22,881,968</u>	<u>\$7,439,096</u>

Street construction is being financed by gas tax; federal, state or local grants; and low interest state agency loans. Wastewater improvements are being financed by State Public Works Trust 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 (other than judges currently in the Judicial Retirement System); employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS retirement benefit provisions are established in Chapters 22 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 26 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 PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is two percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 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. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. 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 three 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 payable to the age of 60. The allowance 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. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is two percent of the AFC for each year of service reduced by two 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. A cost-of-living allowance was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. 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 members can receive credit for military service. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

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 two percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

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.
- 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. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is one percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

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 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible 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 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon contributions and the results of investment activities.

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

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 two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one 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. Effective July 30, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also 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, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by 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 said member's covered employment, if found eligible by the Department of Labor and Industries.

Judicial Benefit Multiplier

During January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM) enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make a one-time 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 in JBM 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, pay higher contributions; stop contributing to the Judicial Retirement Account (JRA); and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who 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 1,197 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and Beneficiaries Receiving Benefits	76,899
Terminated Plan Member Entitled to but Not Yet Receiving Benefits	28,860
Active Plan Members Vested	105,521
Active Plan Members Nonvested	<u>51,005</u>
Total	262,285

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 six 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. All employers are required to contribute at the level established by the Legislature. 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, 2011, 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⁾	7.25% ⁽²⁾	7.25% ⁽²⁾	7.25% ⁽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 7.89% for Plan 1 and 5.31% 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 3.90% 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>
2011 Contributions	\$87,318	\$1,250,567	\$270,108
2010 Contributions	88,319	1,098,305	213,590
2009 Contributions	114,667	1,438,351	261,602

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

Plan Description

The Legislature established LEOFF in 1970. Membership in the system includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included 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.

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

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

LEOFF 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 allowances 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, 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 allowance or service retirement allowance.

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 allowance.

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

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is two percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. A catastrophic 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 severely 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 allowance of at least ten percent of FAS and two percent per year of service beyond five years. The first ten 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 servicing in the uniformed services may apply for interruptive military service credit. Should any such

member die during this active duty, the member's surviving spouse or eligible child(ren) may request service credit on behalf of the deceased member.

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, if found eligible by the Department of Labor and Industries.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and Beneficiaries Receiving Benefits	9,647
Terminated Plan Member Entitled to but Not Yet Receiving Benefits	782
Active Plan Members Vested	13,420
Active Plan Members Nonvested	<u>3,656</u>
Total	27,505

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 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, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2011, 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>
2011 Contributions	\$536	\$986,431
2010 Contributions	621	1,012,134
2009 Contributions	629	1,002,165

PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS) PLAN 2

Plan Description

The Legislature created PSERS in 2004 and the system became effective July 1, 2006. PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria. PSERS retirement benefit provisions are established in 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 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. 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;
- Corrections departments of Washington State counties;
- Corrections departments of Washington State cities except for Seattle, Tacoma and Spokane; and
- Interlocal corrections agencies.

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 12 individuals; or
- Function as a Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

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

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. Eligibility is based on the member being totally incapacitated for continued employment with a PSERS employer and leaving that employment as a result of the disability. The disability allowance is two percent of the average final compensation (AFC) for each year of service. AFC is based on the member's 60 consecutive highest creditable months of service. Service credit is the total years and months of service credit at the time the member separates from employment. 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).

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 may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may request service credit on behalf of the deceased member.

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, if the member was not at normal retirement age at death. 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, if found eligible by the Department of Labor and Industries.

There are 76 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2010:

Retirees and Beneficiaries Receiving Benefits	7
Terminated Plan Member Entitled to but Not Yet Receiving Benefits	0
Active Plan Members Vested	0
Active Plan Members Nonvested	<u>4,210</u>
Total	4,217

Each biennium, the state Pension Funding Council adopts PSERS Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 11 2011, are as follows:

	<u>PSERS Plan 2</u>
Employer Contributions ⁽¹⁾	8.86%
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>
2011 Contributions	<u>\$50,797</u>
2010 Contributions	53,069
2009 Contributions	59,388

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, 2011, 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. The required contributions are determined using an aggregate projected benefit funding method with the annual cost increasing six-percent per year over the period ending December 31, 2017.

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, 2011, 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, 2008. The valuation provided actuarially determined rates to accumulate sufficient assets to pay benefits when due rather than the current pay as you go basis. The required contributions are determined using an aggregate projected benefit method with the annual cost increasing six-percent per year over the period ending December 31, 2017.

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	01/01/1998	\$70	\$10,455	\$10,385	1.00%	\$270	3846.30%
	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%
Police Pension	01/01/1998	0	8,277	8,277	0.00%	264	3135.23%
	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%

ANNUAL PENSION COST AND NET PENSION OBLIGATION

	Fire	Police
	12/31/11	12/31/11
Annual Required Contribution (ARC)		
Amortization of UAAL	544,525	527,710
Interest to EOY	19,058	18,470
ARC at EOY	563,583	546,180
Interest on NPO	(37,569)	26,058
Adjustment to ARC	(68,379)	47,428
Annual Pension Cost	594,393	524,810
Employer Contributions	656,618	626,707
Change in Net Pension Obligation	(62,225)	(101,897)
Net Pension Obligation (BOY)	(1,073,413)	744,516
Net Pension Obligation (EOY)	(\$1,135,638)	\$642,619

	Fiscal	Annual	Percent of	Net
	Year	Pension	Annual	Pension
	Ended	Cost	Pension	Obligation
			Contributed	
Fire	12/31/08	575,138	155.7%	(809,288)
	12/31/09	583,950	117.4%	(911,136)
	12/31/10	588,050	127.6%	(1,073,413)
	12/31/11	594,393	110.5%	(1,135,638)
Police	12/31/08	525,335	105.8%	851,993
	12/31/09	524,738	109.1%	804,385
	12/31/10	524,579	111.4%	744,516
	12/31/11	524,810	119.4%	642,619

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 2011 of \$179,549. Incurred but not reported claims of \$37,872 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 2011 were \$8,451,186. Incurred but not reported claims of \$1,482,399 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 2011 were \$1,000,238. Based on the claims manager's estimate, the City has accrued incurred but not reported claims of \$705,495 at December 31, 2011.

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 2011 were \$2,507,449. 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, 2011, is \$690,000.

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 9/01/2010 to 9/01/2011, 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. CIAW101134514. 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. CIAW111234514. 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 1/1/2011 to 1/1/2012, the City of Yakima Transit Division has liability coverage, which is not subject to a deductible amount (no deductible), under coverage document no. WSTIP 2011 GL - YT, and public official liability coverage, subject to a deductible amount of \$5,000, under coverage document no. WSTIP POL 2011 - 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.

LIABILITY COVERAGE

<u>Risk</u>	<u>Coverage Period</u>	<u>Coverage</u>
Auto Liability	1/1/11 - 12/31/11	\$12,000,000 per occurrence with a \$0 deductible
General Liability	1/1/11 - 12/31/11	\$12,000,000 per occurrence with a \$0 deductible
Public Officials	1/1/11 - 12/31/11	\$12,000,000 per claim / aggregate with a \$5,000 deductible

Coverage for public official liability is on a "claims made" basis. All other coverage's are on an "occurrence" basis. Changes in the balance of claims liability during 2011 follows:

UNPAID CLAIMS

	<u>2011</u>	<u>2010</u>
Unpaid Claims, January 1	\$553,000	\$976,000
Incurred Claims (incl IBNR's)	825,951	417,766
Claim Payments (incl direct legal costs)	(688,951)	(840,766)
Unpaid Claims, December 31	<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, 2011, 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	\$81,813,277	\$136,355,461	\$272,710,922	\$409,066,383
Net Outstanding Indebtedness	25,145,038	25,767,589	25,767,589	25,767,589
Margin Available	<u>\$56,668,239</u>	<u>\$110,587,872</u>	<u>\$246,943,333</u>	<u>\$383,298,794</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 2011.

LONG-TERM LIABILITIES

	Balance 1/1/2011	Additions	Payments/ Retirements	Balance 12/31/2011	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt					
Bonds	\$24,880,686	\$0	\$2,157,419	\$22,723,267	\$2,221,614
Intergovernmental Loans	2,774,138	1,092,143	344,096	3,522,185	234,877
Contractual Agreement - Yakima Co	172,271	500,000	64,514	607,757	307,065
Special Assessment					
Notes	819,461	0	91,461	728,000	122,679
Lease Purchase Agreements	132,466	576,847	95,302	614,011	41,432
Unfunded Pension/OPEB Liability	10,285,595	1,278,124	0	11,563,719	0
Vacation/Sick Leave Accrual	6,320,190	230,440	0	6,550,630	0
Total General Long-Term Debt	\$45,384,807	\$3,677,554	\$2,752,792	\$46,309,569	\$2,927,667
Business Type Activities					
Revenue Debt Payable					
Revenue Bonds	\$24,375,000	\$0	\$1,765,000	\$22,610,000	\$1,285,000
Intergovernmental Loans	10,399,880	601,156	1,067,762	9,933,274	1,067,762
SIED Loans - Yakima County	20,247	0	9,847	10,400	10,400
Unam Dbt Iss Cost/Prem/Disc/Def Amt	238,205	0	(4,926)	243,131	0
Total Revenue Debt	\$35,033,332	\$601,156	\$2,837,683	\$32,796,805	\$2,363,162
Total Long Term Debt	\$80,418,139	\$4,278,710	\$5,590,475	\$79,106,374	\$5,290,829

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 12/31/11	Average Annual Debt Service
Special Property Tax Levy					
2004 Fire Improvement Bonds Ref 1995	12/01/14	2.0% - 3.5%	\$2,300,000	\$825,000	\$294,063
Regular Property Tax Levy					
2005 Parks Capital Projects	12/01/15	4.0% - 4.5%	755,000	340,000	94,631
2008 Fire Ladder Truck	12/01/21	3.25% - 4.0%	760,000	605,000	74,063
Total Regular Property Tax Levy			<u>1,515,000</u>	<u>945,000</u>	
Regular Property Tax Levy/Real Excise Tax					
2007 River Road Street Project Bond	05/01/17	4.0%-5.0%	1,765,000	1,150,000	220,346
2007 Fire Station West Valley Rehab Bond	05/01/22	4.0%-5.0%	815,000	645,000	73,270
2007 Downtown Revitalization Project Bond	05/01/22	4.0%-4.5%	1,490,000	1,175,000	133,423
2008 Third Ave/Mead Walnut St Project Bond	12/01/19	3.25% - 4.0%	2,190,000	1,635,000	240,595
Total Regular Property Tax Levy/Real Excise Tax			<u>6,260,000</u>	<u>4,605,000</u>	
Motel/Hotel Tax					
2004 Conv Center Expansion Bonds Ref 1996	11/01/19	2.0% - 4.2%	4,175,000	2,820,000	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	235,000	240,053
2007 Conv Center Addition Refunding 2002	05/01/26	4.0%_5.0%	4,910,000	4,870,000	441,474
2009 Capitol Theatre Expansion	12/01/32	3.0% - 6.6%	7,035,000	6,495,000	550,875
Total Public Facilities District			<u>18,680,000</u>	<u>11,600,000</u>	
Business Licenses & Real Estate Excise Tax					
2003 Sundome Expansion	12/01/23	2.34%-4.72%	1,430,528	943,267	148,311
Utility Tax					
2003 Criminal Justice/I-82 Bonds ref 1994	12/01/13	4.35%-5.25%	4,155,000	985,000	515,400
			<u>\$38,515,528</u>	<u>\$22,723,267</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.

UTILITY REVENUE BONDS

	Date of Final Maturity	Interest Rate	Original Issue	Outstanding 12/31/11	Average Annual Debt
2003 Wastewater Revenue Bonds	11/01/2023	2.0%-5.0%	\$17,545,000	\$11,990,000	\$1,347,212
2004 Irrigation Revenue Bonds	09/01/2034	2.0%-4.8%	5,215,000	4,465,000	320,146
2008 Water/Wastewater Revenue	11/01/2011	4.0-5.0%	1,516,049	0	0
2008 Water Revenue Bonds (ref of 1998)	11/01/2018	4.0-5.0%	1,883,951	1,385,000	234,686
2008 Wastewater Revenue Bonds	11/01/2027	4.0-5.0%	5,440,000	4,770,000	413,342
			<u>\$31,600,000</u>	<u>\$22,610,000</u>	

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

	<u>Bonded Debt</u>	<u>Interest</u>	<u>Notes and Contracts</u>	<u>Interest</u>
2012	1,285	1,031	1,068	55
2013	1,335	983	1,006	47
2014	1,395	930	835	41
2015	1,440	876	794	35
2016	1,500	809	619	31
2017-2021	7,940	2,931	3,098	109
2022-2026	5,235	1,125	2,125	36
2027-2031	1,605	406	351	2
2032-2034	875	85	0	0
	<u>\$22,610</u>	<u>\$9,176</u>	<u>\$9,896</u>	<u>\$356</u>

At December 31, 2011, the City had \$2,372,254 in reserved 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 12/31/2011</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	213,003
PC08-951-052 - RR Grade Separations-Lincoln Ave/MLK Jr Blvd	0.5%	07/01/28	3,000,000	2,624,561
General Fund Sales Tax				
CERB loan #C95-107 - Utilities-Madison Ave. and 8th, "J" St & 8th	6.0%	07/01/16	425,448	152,027
Sub-Total General Long-Term Debt				<u>\$2,989,591</u>

	<u>Interest</u>	<u>Maturity Date</u>	<u>Maximum Authorized</u>	<u>Outstanding 12/31/2011</u>
Revenue Debt				
Wastewater Operating Revenue				
PW-5-92-280-046 - Wastewater Collection System Improvements	1.0%	07/01/12	\$1,120,000	\$61,731
PW-5-93-280-054 - Wastewater Facility Rehabilitation	1.0%	07/01/13	3,221,708	341,011
PW-5-94-784-049 - Wastewater Collection System Improvements	1.0%	07/01/14	1,481,000	122,697
PW-5-95-791-053 - Headworks/Digester Rehabilitation	1.0%	07/01/15	3,030,558	653,498
PW-5-95-791-054 - WW Improvements King Street Collector	1.0%	07/01/15	209,367	46,741
PW-01-691-071 - Fruitvale Neighborhood WW/Water Project Ph I	0.5%	07/01/21	1,466,250	776,250
PW-05-691-064 - River Road Wastewater Improvement	0.5%	07/01/25	2,307,000	1,739,441
PW-07-962-019 - Ultra Violet Disinfection	0.5%	07/01/27	2,300,000	1,942,222
L1000030-0 - Grade Separation Stormwater Drainage	3.0%	06/01/30	1,214,000	532,594
Water Operating Revenue:				
PW-03-027 - Naches River Water Treatment Plt Impr	0.5%	07/01/23	2,694,000	1,616,700
SRF-04-65104-037 - Naches River Water Treatment Filter Rehab	0.5%	10/01/25	966,772	649,444
PC08-951-051 - New Water Well	0.5%	07/01/21	2,257,200	1,946,670
L11000008 - Wastewater Energy Efficiency Project	0.5%	07/01/21	503,538	36,856
Sub-Total Revenue Debt				\$10,465,855
Total Intergovernmental Loans				<u>\$13,455,446</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 12/31/2011</u>
Contracted Assessment	2006 Issue	06/01/12	64,500	10,400
Contracted Assessment	2006 Issue	06/01/11	50,000	11,655
Contracted Assessment	2008 Issue	06/01/12	27,500	5,956
Contracted Assessment	2008 Issue	06/01/12	214,000	90,144
Contracted Assessment	2012 Issue	06/01/13	500,000	500,000
			<u>\$856,000</u>	<u>\$618,155</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
2012	2,222	1,014	288	39
2013	2,304	943	290	35
2014	1,855	868	291	30
2015	1,637	802	293	25
2016	1,593	745	241	21
2017-2021	6,579	2,848	1,038	62
2022-2026	4,003	1,552	772	19
2027-2031	2,055	575	309	3
2032-2034	475	31	0	0
	<u>\$22,723</u>	<u>\$9,378</u>	<u>\$3,522</u>	<u>\$234</u>

At December 31, 2011, the City had \$546,988 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	\$45,000
LID #1057; 05/01/2016 Wastewater North 84th Avenue & Hawthorne Drive - Inst Note, 9.25% Interest	67,000
LID #1058; 05/01/2016 Wastewater North 90th Avenue, 94th Place, Yakima Ave - Inst Note, 9.25% Interest	57,000
LID #1060; 06/01/2020 Wastewater North 85th Avenue & Kail Drive- Installment Note, 5.50% Interest	178,000
LID #1061; 04/15/2020 Wastewater Simpson Lane - Installment Note, 5.50% Interest	381,000
	<u>\$728,000</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, 2011, of the LID Guarantee Fund totaled \$80,089.

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	\$58,821
Two High Speed Laser Printer / Copier	32,068
Tow Fire Apparatus	523,123
Total	\$614,012

The following is a schedule of the future minimum lease payments under the above capital lease and the present value of net minimum lease payments at December 31, 2011, for the fiscal year listed:

LEASE PAYMENTS

Due in 2012	116,378
Due in 2013	107,649
Due in 2014	81,466
Due in 2015	69,958
Due in 2016-2020	349,793
Total Minimum Lease Payments	\$725,244
Less: Amount Representing Interest	111,232
Present Value of Minimum Lease Payments	\$614,012

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 1/1/11	Additions	Balance 12/31/11
Police Pension	\$5,314,484	(\$101,897)	\$5,212,587
OPEB Fire - Medical	1,861,063	544,676	2,405,739
OPEB Police - Medical	1,635,717	423,338	2,059,055
OPEB Non-Leoff - Medical	1,474,331	412,007	1,886,338
Total	\$10,285,595	\$1,278,124	\$11,563,719

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, 2011, 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, 2011, 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, 2011.

2011 FUND BALANCE

Fund Balance	General Fund	Community Dev	Cumulative Reserve	Other Gov't Funds	Total
Nonspendable					
Inventory	\$43,796	\$0	\$0	\$0	\$43,796
Permanent Fund	0	0	0	604,420	604,420
Total Nonspendable	43,796	0	0	604,420	648,216
Restricted					
Community Relations	0	0	0	848,564	848,564
Emergency Services Highways	0	0	0	135,032	135,032
Arterial Street Const & Maint	0	0	0	590,660	590,660
City Streets & Traffic Signals	0	0	0	1,211,290	1,211,290
Housing & Economic Dev	0	269,747	0	224,342	494,089
Public Safety	0	0	0	864,948	864,948
Debt Service	0	0	0	546,988	546,988
Capital Improvements	0	0	3,308,925	1,126,102	4,435,027
Tourism, Conv & Bus Impr	0	0	0	1,220,263	1,220,263
Total Restricted	0	269,747	3,308,925	6,768,189	10,346,861
Committed					
Parks and Recreation	0	0	0	296,800	296,800
Debt Service	0	0	0	47,250	47,250
Other Purposes	0	0	0	799,547	799,547
Tourism, Conv & Bus Impr	0	0	0	699,018	699,018
Total Committed	0	0	0	1,842,615	1,842,615
Assigned					
Parks and Recreation	0	0	0	77,274	77,274
Public Safety	0	0	0	664,001	664,001
Debt Service	0	0	0	85,556	85,556
Tourism, Conv & Bus Impr	0	0	0	1,820	1,820
Total Assigned	0	0	0	828,651	828,651
Unassigned	9,055,539	0	0	0	9,055,539
Total Fund Balance	\$9,099,335	\$269,747	\$3,308,925	\$10,043,875	\$22,721,882

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	\$17,453,315	\$510,788
Restricted Assets	2,336,818	35,436
Capital Assets	106,812,983	17,756,276
Total Assets	126,603,116	18,302,500
Liabilities		
Current Liabilities	4,975,316	796,225
Noncurrent Liabilities	26,227,846	4,242,644
Total Liabilities	31,203,162	5,038,869
Net Assets		
Invested in Capital Assets, Net of Related Debt	80,049,796	13,326,446
Restricted	2,336,818	35,436
Unrestricted	13,013,340	(98,251)
Total Net Assets	\$95,399,954	\$13,263,631
Condensed Statement of Revenues, Expenses and Changes in Net Assets		
Operating Revenues		
Charges for Services	\$22,245,078	\$2,713,708
Other Operating Revenues	108,317	4,287
Total Operating Revenues	22,353,395	2,717,995
Operating Expenses		
Operations and Maintenance	17,064,654	1,382,908
Depreciation	4,428,479	290,694
Total Operating Expenses	21,493,133	1,673,602
Operating Income (Loss)	860,262	1,044,393
Non-Operating Revenues (Expenses)		
Miscellaneous Interest (Net)	(949,013)	(209,166)
Other Non-Operating (Net)	376,814	0
Total Non-Operating Revenues (Expenses)	(572,199)	(209,166)
Income (Loss) Before Contributions and Transfers	288,063	835,227
Capital Contributions	1,195,634	0
Operating Transfers (Net)	(51,574)	(63,750)
Change in Net Assets	1,432,123	771,477
Total Net Assets - January 1	94,145,136	12,558,739
Prior Period Adjustment	(177,305)	(66,585)
Total Net Assets - December 31	\$95,399,954	\$13,263,631
Condensed Statement of Cash Flows		
Net cash Provided (Used)		
Operating Activities	\$6,020,794	\$1,332,122
Capital and Related Financing Activities	(6,656,095)	(2,501,696)
Investing Activities	(908,304)	1,001,500
Net Increase (Decrease)	(1,543,605)	(168,074)
Beginning Cash and Cash Equivalents	5,877,571	544,227
Ending Cash and Cash Equivalents	\$4,333,966	\$376,153

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.

The City and the County contribute 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. Audited financial data for the year ended December 31, 2010, the most recent available, is as follows:

YAKIMA AIR TERMINAL FINANCIAL DATA

Assets	
Current Assets	\$636,114
Property, Plant and Equipment, Net	12,387,504
Intangible Assets, Net	1,327,781
Construction in Progress	178,082
Total Assets	<u>\$14,529,481</u>
Liabilities	
Current Liabilities	\$443,993
Other Liabilities-Long Term Debt	57,961
Total Liabilities	<u>\$501,954</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	\$13,873,120
Restricted Net Assets	98,029
Unrestricted Net Assets	56,378
Total Net Assets	<u>\$14,027,527</u>
Revenues, Expenses and Changes in Fund Net Assets	
Operating Revenues	\$1,056,972
Operating Expenses	
Operations / Maintenance	\$1,238,470
Depreciation	922,509
Total Operating Expenses	<u>\$2,160,979</u>
Operating Income (Loss)	<u><u>(\$1,104,007)</u></u>

Non-Operating Revenues (Expenses)	
Misc. Interest Revenue	\$1,081
Interest on Debt	(\$1,754)
Operating/ Capital Subsidies	3,311,976
Other	137,993
Total Non-Operating Revenues (Expenses)	<u>\$3,449,296</u>
Net Income (Loss)	\$2,345,289
Total Net Assets, January 1	<u>\$11,682,237</u>
Total Net Assets, December 31	<u>\$14,027,526</u>

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 2011, the costs totaled (\$781,717) for the Firemen's Pension which has a total of 72 participants currently eligible to receive benefits and (\$840,870) for the Police Pension which has a total of 67 participants currently eligible to receive benefits.

In 2008 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, 2011. 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 \$4,464,789 is included as a noncurrent liability on the Statement of Net Assets.

ANNUAL OPEB COST AND NET OPEB OBLIGATION – LEOFF

	Fire	Police
	12/31/11	12/31/11
Annual Required Contribution (ARC)		
Annual Normal Cost	\$42,839	\$45,860
Amortization of UAAL	1,276,274	1,208,621
Interest	46,169	43,907
ARC at EOY	1,365,282	1,298,388
Interest on net OPEB Obligation	65,137	57,250
Adjustment to ARC	104,026	91,430
Annual OPEB Cost	1,326,393	1,264,208
Employer Contributions	781,717	840,870
Change in Net OPEB Obligation	544,676	423,338
Net Beginning OPEB Obligation	1,861,063	1,635,712
Net OPEB Obligation	<u>\$2,405,739</u>	<u>\$2,059,050</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 \$47,302,000 and the actuarial value of the assets was \$0 resulting in a UAAL of \$47,302,000.

SCHEDULE OF FUNDING PROGRESS - LEOFF

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

	<u>Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Percent of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
Police	12/31/08	\$1,298,388	55.6%	\$577,126
	12/31/09	1,287,670	56.4%	1,139,235
	12/31/10	1,275,958	61.1%	1,635,712
	12/31/11	1,264,208	66.5%	2,059,050
Fire	12/31/08	1,365,282	50.3%	678,235
	12/31/09	1,352,687	53.5%	1,306,631
	12/31/10	1,339,556	58.6%	1,861,063
	12/31/11	1,326,393	58.9%	2,405,739

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 2011. 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 2011.

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, 2011. 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
	12/31/11
	<hr/>
Annual Required Contribution (ARC)	
Annual Normal Cost	\$473,260
Amortization of UAAL	367,909
Interest	29,441
ARC at EOY	<hr/>
Interest on net OPEB Obligation	51,602
Adjustment to ARC	82,409
Annual OPEB Cost	<hr/>
Employer Contributions	427,796
Change in Net OPEB Obligation	<hr/>
Net Beginning OPEB Obligation	1,474,331
Net OPEB Obligation	<hr/> <hr/>

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2011 is shown in the following chart.

OPEB CONTRIBUTIONS – NON-LEOFF

(Amount Expressed in Thousands)

	Fiscal	Annual	Percent	Net
	Year	OPEB	of OPEB	OPEB
	Ended	Cost	Contributed	Obligation
Non-LEOFF	12/31/08	\$870,610	39.6%	\$525,878
	12/31/09	860,844	43.2%	1,014,782
	12/31/10	850,630	46.1%	1,474,331
	12/31/11	839,803	50.9%	1,886,338

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, 2008 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions used included a 3.5% 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 9.5% for 2009 dropping gradually to 5% in 2017 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, 2008, the most recent actuarial valuation date, the plan was 0.0% funded. The accrued liability for benefits was \$7.0 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$7.0 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%	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

PRIOR PERIOD ADJUSTMENT

In April, 2010, the City replaced its 24 year old utility billing system. The new system has the capability of providing more reliable detailed receivable data (i.e. billing, cash receipting). After an extensive reconciliation process, the receivable balances by fund were modified as described in the following table:

	Refuse	Wastewater	Water	Irrigation	Total
New UB Billing System	\$536,248	\$1,211,202	\$472,233	\$253,285	\$2,472,968
Old UB Billing System	332,782	1,667,471	193,270	319,871	2,513,394
Total Fund Balance	\$203,466	(\$456,269)	\$278,963	(\$66,586)	(\$40,426)

The total receivable balance was only reduced by \$40,426, however, there were some larger fluctuations by utility. Due to the implementation of the new utility billing system, Refuse and Water accounts receivable were respectively increased by \$203,466 and \$278,963. Wastewater and Irrigation receivables were reduced by \$456,269 and \$66,586 respectively. Correction of this error resulted in prior period adjustments added or subtracted (as appropriate) from the beginning Net Position on the Statement of Revenues, Expenses and changes in Fund Net-Position – Proprietary Funds.

ACCOUNTING AND REPORTING CHANGES

The City implemented 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. As required, the following charts show the December 31, 2010 fund balance as previously stated, and restated in the new format.

2010 FUND BALANCE – AS PREVIOUSLY STATED

Fund Balance	General Fund	Major Spec Rev Fund Comm Dev	Cumulative Reserve	Other Gov't Funds	Total
Reserved - Reported in:					
Inventory	\$66,928	\$0	\$0	\$0	\$66,928
Encumbrances	378,640	0	0	158,145	536,785
Debt Service	0	0	0	655,506	655,506
Endowment	0	0	0	592,099	592,099
Parking & Business Impr	0	0	0	29,441	29,441
Total Reserved	445,568	0	0	1,435,191	1,880,759
Unreserved - Reported in:					
General Fund	8,264,699	0	0	0	8,264,699
Special Revenue Fund	0	283,879	0	5,413,280	5,697,159
Capital Fund	0	0	0	6,710,819	6,710,819
Total Unreserved	8,264,699	283,879	0	12,124,099	20,672,677
Total Fund Balance	\$8,710,267	\$283,879	\$0	\$13,559,290	\$22,553,436

2010 FUND BALANCE – RESTATED

Fund Balance	General Fund	Community Dev	Cumulative Reserve	Other Gov't Funds	Total
Nonspendable					
Inventory	\$66,928	\$0	\$0	\$0	\$66,928
Permanent Fund	0	0	0	592,099	592,099
Total Nonspendable	66,928	0	0	592,099	659,027
Restricted					
Community Relations	0	0	0	901,959	901,959
Emergency Services Highways	0	0	0	124,331	124,331
Arterial Street Const & Maint	0	0	0	609,285	609,285
City Streets & Traffic Signals	0	0	0	1,285,030	1,285,030
Housing & Economic Dev	0	283,879	0	214,080	497,959
Public Safety	0	0	0	579,965	579,965
Debt Service	0	0	0	544,185	544,185
Capital Improvements	0	0	0	5,108,583	5,108,583
Tourism, Conv & Bus Impr	0	0	0	1,071,197	1,071,197
Total Restricted	0	283,879	0	10,438,615	10,722,494
Committed					
Parks and Recreation	0	0	0	385,681	385,681
Debt Service	0	0	0	25,144	25,144
Other Purposes	0	0	0	317,130	317,130
Tourism, Conv & Bus Impr	0	0	0	803,200	803,200
Total Committed	0	0	0	1,531,155	1,531,155

Fund Balance	General Fund	Community Dev	Cumulative Reserve	Other Gov't Funds	Total
Assigned					
Parks and Recreation	0	0	0	203,296	203,296
Public Safety	0	0	0	583,721	583,721
Debt Service	0	0	0	86,177	86,177
Tourism, Conv & Bus Impr	0	0	0	124,227	124,227
Total Assigned	0	0	0	997,421	997,421
Unassigned	8,643,339	0	0	0	8,643,339
Total Fund Balance	<u>\$8,710,267</u>	<u>\$283,879</u>	<u>\$0</u>	<u>\$13,559,290</u>	<u>\$22,553,436</u>

SUBSEQUENT EVENTS

On May 31st, 2012, the City issued \$9,400,000 par value in Water and Wastewater Revenue Bond to refund 2003 Water and Wastewater Revenue Bonds, Series B maturing in 2023.

This transaction resulted in an economic gain of \$1,233,532 and a reduction of \$180,000 in future debt service payments.

CHANGE IN ACCOUNTING ENTITY

In 2011, 2 new funds were created in the City to account for new activities:

- ***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.
- ***YakCorps (632)*** – This Agency 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 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.

Also in 2011, 3 funds were removed for the following reasons:

- ***Contingency (195)*** – As this is a stabilization fund as defined in GASB 54, without any specific legislative definitions, this fund was combined into the General Fund.
- ***Limited Tax General Obligation Street Bonds (282)*** – The related debt service has been paid in full.
- ***Local Improvement District Control (345)*** – Inactive for 2011.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

December 31, 2011

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
12/31/02	\$991,009	\$478,769	\$512,240	\$671,522	76.3%
12/31/03	1,133,242	561,692	571,550	657,086	87.0%
12/30/04	1,287,904	702,241	585,663	657,086	89.1%
12/31/05	1,204,159	644,225	559,934	657,086	85.2%
12/31/06	1,235,437	701,306	534,131	657,086	81.3%
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%

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
12/31/02	1,325,372	530,732	794,640	836,095	95.0%
12/31/03	1,406,347	639,871	766,476	633,545	121.0%
12/30/04	1,425,048	769,426	655,622	633,545	103.5%
12/31/05	1,460,423	706,947	753,476	633,545	118.9%
12/31/06	1,558,187	815,278	742,909	633,545	117.3%
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%

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%

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%

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%

REQUIRED SUPPLEMENTARY INFORMATION

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

(Dollar Amounts in Thousands)

December 31, 2011

	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
Fire	12/31/08	0	24,295	24,295	0.0%	n/a	n/a
Non-Leoff	12/31/08	0	7,003	7,003	0.0%	n/a	n/a

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2011

With comparative totals for December 31, 2010

Page 1 of 1

	#100 Special Revenue	#200 Debt Service	#300 Capital Project	#600 Permanent Fund	Total	
					2011	2010
Assets						
Cash & Equity in Pooled Investments	\$2,952,342	\$621,909	\$2,325,533	\$126,420	\$6,026,204	\$13,014,603
Receivables						
Taxes	254,945	11,936	0	0	266,881	250,704
Accounts	369,575	0	69,814	0	439,389	344,474
Special Assessments	30,435	0	0	0	30,435	37,583
LID Assessments - Delinquent	0	46,049	0	0	46,049	23,657
LID Assessments - Deferred	0	658,092	0	0	658,092	799,796
Notes/Contracts	0	0	0	0	0	5,256
Due from Other Government Units	768,021	0	146,728	0	914,749	2,768,554
Investments, at Amortized Cost	3,539,000	0	1,276,000	478,000	5,293,000	3,076
Total Assets	\$7,914,318	\$1,337,986	\$3,818,075	\$604,420	\$13,674,799	\$17,247,703
Liabilities and Fund Balances						
Liabilities						
Warrants/Accounts Payable	\$532,990	\$0	\$390,028	\$0	\$923,018	\$1,318,013
Wages/Benefits Payable	869,551	0	0	0	869,551	854,148
Contracts Payable	53,869	0	14,284	0	68,153	103,981
Due to Other Funds	0	0	0	0	0	25,485
Due to Other Government Units	3,120	0	265	0	3,385	8,025
Deposits Payable	609,981	0	0	0	609,981	386,119
Deferred Revenue	57,353	658,092	10,871	0	726,316	904,707
Custodial Accounts	430,420	100	0	0	430,520	87,935
Total Liabilities	2,557,284	658,192	415,448	0	3,630,924	3,688,413
Fund Balances						
Nonspendable	0	0	0	604,420	604,420	592,099
Restricted	4,675,659	546,988	1,545,542	0	6,768,189	10,807,493
Committed	681,375	47,250	1,113,990	0	1,842,615	1,168,468
Assigned	0	85,556	743,095	0	828,651	991,230
Total Fund Balances	5,357,034	679,794	3,402,627	604,420	10,043,875	13,559,290
Total Liabilities and Fund Balances	\$7,914,318	\$1,337,986	\$3,818,075	\$604,420	\$13,674,799	\$17,247,703

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, 2011

With comparative totals for December 31, 2010

Page 1 of 1

	#100	#200	#300	#600	Total	
	Special Revenue	Debt Service	Capital Project	Permanent Fund	2011	2010
Revenues						
Taxes	\$8,194,290	\$1,119,121	\$1,675,261	\$0	\$10,988,672	\$10,472,541
Intergovernmental Revenues	7,841,827	108,895	1,279,484	0	9,230,206	17,851,773
Charges for Services	1,538,410	0	0	12,321	1,550,731	1,457,771
Fines and Forfeits	30,000	0	0	0	30,000	34,310
Interest	13,447	37,189	15,750	9,811	76,197	97,239
Other Revenues	2,133,947	141,704	248,947	0	2,524,598	2,219,017
Total Revenues	19,751,921	1,406,909	3,219,442	22,132	24,400,404	32,132,651
Expenditures						
Current						
General Government	313,117	0	2,867	0	315,984	340,208
Security of Persons and Property	5,100,137	0	413,668	0	5,513,805	5,166,272
Physical Environment	259,983	0	0	0	259,983	245,460
Transportation	5,204,883	0	250,000	0	5,454,883	5,713,383
Economic Environment	1,315,461	0	21,884	0	1,337,345	1,176,968
Cultural & Rec Environment	6,023,183	0	473,759	0	6,496,942	6,571,609
Capital Outlay						
General Government	0	0	27,622	0	27,622	793,518
Security of Persons and Property	0	0	1,057,937	0	1,057,937	1,944,940
Physical Environment	0	0	0	0	0	229,746
Transportation	1,909,447	0	622,870	0	2,532,317	9,253,183
Economic Environment	0	0	34,745	0	34,745	985,499
Cultural & Rec Environment	166,937	0	858,885	0	1,025,822	5,635,982
Debt Service						
Principal Retirement	199,619	2,248,881	215,055	0	2,663,555	2,872,122
Interest	12,927	1,125,992	4,254	0	1,143,173	1,214,107
Total Expenditures	20,505,694	3,374,873	3,983,546	0	27,864,113	42,142,997
Excess (Deficiency) of Revenues Over (Under) Expenditures	(753,773)	(1,967,964)	(764,104)	22,132	(3,463,709)	(10,010,346)
Other Financing Sources (Uses)						
Proceeds from Cap Lease Financing	0	0	576,846	0	576,846	98,288
Proceeds from Intergov't Loans	0	0	500,000	0	500,000	1,690,451
Other Note Proceeds	0	0	0	0	0	864,092
Transfers In	2,350,510	2,009,389	336,205	0	4,696,104	5,258,714
Transfers (Out)	(1,702,552)	(17,137)	(589,364)	(9,811)	(2,318,864)	(2,536,449)
Intergovernmental Agreements	0	0	(58,425)	0	(58,425)	(58,427)
Sale of Capital Assets	0	0	15,000	0	15,000	0
Comp. for Loss of Gen. Cap Assets	175,814	0	0	0	175,814	46,567
Total Other Financing Sources (Uses)	823,772	1,992,252	780,262	(9,811)	3,586,475	5,363,236
Net Change in Fund Balances	69,999	24,288	16,158	12,321	122,766	(4,647,110)
Fund Balances - January 1	5,287,035	655,506	3,386,469	592,099	9,921,109	18,206,400
Fund Balances - December 31	\$5,357,034	\$679,794	\$3,402,627	\$604,420	\$10,043,875	\$13,559,290

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.

Growth Management Fund (140) – Established in 1990 for the purpose of providing comprehensive planning in accordance with the Growth Management Act. The major sources of revenue are grants and interfund transfers.

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.

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, 2011

With comparative totals for December 31, 2010

Page 1 of 4

	#123 Economic Dev	#125 Cable TV	#127 Community Services	#131 Parks and Recreation	#140 Growth Mgmt	#141 Streets
Assets						
Cash & Equity in Pooled Investments	\$390,988	\$185,684	\$0	\$456,505	\$0	\$299,609
Receivables						
Taxes	0	0	0	0	0	0
Accounts	0	1,600	0	6,848	0	300
Special Assessments	0	0	0	0	0	0
Notes/Contracts	0	0	0	0	0	0
Due from Other Government Units	0	0	0	9,274	0	247,330
Investments, at Amortized Cost	0	706,000	0	0	0	1,093,000
Total Assets	\$390,988	\$893,284	\$0	\$472,627	\$0	\$1,640,239
Liabilities and Fund Balances						
Liabilities						
Warrants/Accounts Payable	\$206	\$5,420	\$0	\$17,808	\$0	\$179,625
Wages/Benefits Payable	15,285	37,700	0	139,008	0	249,024
Contracts Payable	0	0	0	0	0	0
Due to Other Funds	0	0	0	0	0	0
Due to Other Government Units	0	0	0	1,789	0	0
Deposits Payable	0	0	0	10,373	0	0
Deferred Revenue	0	1,600	0	6,849	0	300
Custodial Accounts	151,155	0	0	0	0	0
Total Liabilities	166,646	44,720	0	175,827	0	428,949
Fund Balances						
Restricted	224,342	848,564	0	0	0	1,211,290
Committed	0	0	0	296,800	0	0
Total Fund Balances	224,342	848,564	0	296,800	0	1,211,290
Total Liabilities and Fund Balances	\$390,988	\$893,284	\$0	\$472,627	\$0	\$1,640,239

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, 2011

With comparative totals for December 31, 2010

Page 2 of 4

	#142 Arterial Streets	#144 Cemetery	#150 Emergency Services	#151 Pub Safety Comm	#152 Police Grants
Assets					
Cash & Equity in Pooled Investments	\$208,212	\$61,461	\$183,706	\$140,282	\$109,206
Receivables					
Taxes	0	0	57,020	0	0
Accounts	0	18,169	0	29,002	0
Special Assessments	0	0	0	0	0
Notes/Contracts	0	0	0	0	0
Due from Other Government Units	193,023	0	0	150,721	141,833
Investments, at Amortized Cost	792,000	0	0	531,000	417,000
Total Assets	\$1,193,235	\$79,630	\$240,726	\$851,005	\$668,039
Liabilities and Fund Balances					
Liabilities					
Warrants/Accounts Payable	\$154,316	\$1,965	\$1,770	\$20,020	\$44,760
Wages/Benefits Payable	0	14,559	103,924	235,455	74,596
Contracts Payable	47,194	0	0	0	0
Due to Other Funds	0	0	0	0	0
Due to Other Government Units	1,065	266	0	0	0
Deposits Payable	400,000	0	0	0	0
Deferred Revenue	0	18,169	0	0	0
Custodial Accounts	0	0	0	0	279,265
Total Liabilities	602,575	34,959	105,694	255,475	398,621
Fund Balances					
Restricted	590,660	0	135,032	595,530	269,418
Committed	0	44,671	0	0	0
Total Fund Balances	590,660	44,671	135,032	595,530	269,418
Total Liabilities and Fund Balances	\$1,193,235	\$79,630	\$240,726	\$851,005	\$668,039

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, 2011

With comparative totals for December 31, 2010

Page 3 of 4

#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
\$19,134	\$8,284	\$6,921	\$152,843	\$97,690	\$214,099	\$60,756	\$43,113
0	0	0	129,617	0	0	68,308	0
0	0	0	313,656	0	0	0	0
29,116	0	1,319	0	0	0	0	0
0	0	0	0	0	0	0	0
0	8,223	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$48,250</u>	<u>\$16,507</u>	<u>\$8,240</u>	<u>\$596,116</u>	<u>\$97,690</u>	<u>\$214,099</u>	<u>\$129,064</u>	<u>\$43,113</u>
\$0	\$147	\$0	\$35,669	\$0	\$0	\$60,342	\$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	199,608	0	0	0	0
29,116	0	1,319	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>29,116</u>	<u>147</u>	<u>1,319</u>	<u>235,277</u>	<u>0</u>	<u>0</u>	<u>60,342</u>	<u>0</u>
0	16,360	0	360,839	97,690	214,099	68,722	43,113
19,134	0	6,921	0	0	0	0	0
<u>19,134</u>	<u>16,360</u>	<u>6,921</u>	<u>360,839</u>	<u>97,690</u>	<u>214,099</u>	<u>68,722</u>	<u>43,113</u>
<u>\$48,250</u>	<u>\$16,507</u>	<u>\$8,240</u>	<u>\$596,116</u>	<u>\$97,690</u>	<u>\$214,099</u>	<u>\$129,064</u>	<u>\$43,113</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, 2011

With comparative totals for December 31, 2010

Page 4 of 4

	#198	#199	———— Total ————	
	Capitol Thtr Res	Rec Grant Program	2011	2010
Assets				
Cash & Equity in Pooled Investments	\$313,849	\$0	\$2,952,342	\$5,923,482
Receivables				
Taxes	0	0	254,945	238,254
Accounts	0	0	369,575	340,038
Special Assessments	0	0	30,435	37,583
Notes/Contracts	0	0	0	5,256
Due from Other Government Units	0	17,617	768,021	961,338
Investments, at Amortized Cost	0	0	3,539,000	1,033
Total Assets	<u>\$313,849</u>	<u>\$17,617</u>	<u>\$7,914,318</u>	<u>\$7,506,984</u>
Liabilities and Fund Balances				
Liabilities				
Warrants/Accounts Payable	\$0	\$10,942	\$532,990	\$486,328
Wages/Benefits Payable	0	0	869,551	854,148
Contracts Payable	0	6,675	53,869	49,585
Due to Other Funds	0	0	0	25,485
Due to Other Government Units	0	0	3,120	1,963
Deposits Payable	0	0	609,981	386,119
Deferred Revenue	0	0	57,353	93,122
Custodial Accounts	0	0	430,420	87,835
Total Liabilities	<u>0</u>	<u>17,617</u>	<u>2,557,284</u>	<u>1,984,585</u>
Fund Balances				
Restricted	0	0	4,675,659	4,385,266
Committed	313,849	0	681,375	1,137,133
Total Fund Balances	<u>313,849</u>	<u>0</u>	<u>5,357,034</u>	<u>5,522,399</u>
Total Liabilities and Fund Balances	<u>\$313,849</u>	<u>\$17,617</u>	<u>\$7,914,318</u>	<u>\$7,506,984</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 SPECIAL REVENUE FUNDS

December 31, 2011

With comparative totals for December 31, 2010

Page 1 of 4

	#123 Economic Dev	#125 Cable TV	#127 Community Services	#131 Parks and Recreation	#140 Growth Mgmt	#141 Streets
Revenues						
Taxes	\$0	\$507,917	\$0	\$1,725,983	\$0	\$3,524,524
Intergovernmental Revenues	52,630	0	66,604	85,374	0	1,342,875
Charges for Services	169,848	0	0	907,146	0	215,478
Fines and Forfeits	0	0	0	0	0	0
Interest	0	0	0	0	0	3,000
Other Revenues	0	14,620	156	246,260	0	10,661
Total Revenues	222,478	522,537	66,760	2,964,763	0	5,096,538
Expenditures						
Current						
General Government	0	0	0	0	0	71,792
Security of Persons and Property	0	0	0	0	0	0
Physical Environment	0	0	0	0	0	0
Transportation	0	0	0	0	0	5,054,346
Economic Environment	323,706	0	82,320	667,750	23,116	0
Cultural & Recreational Environment	0	475,932	0	3,380,341	0	3,443
Capital Outlay						
General Government	0	0	0	0	0	0
Security of Persons and Property	0	0	0	0	0	0
Transportation	0	0	0	0	0	18,010
Cultural & Recreational Environment	0	100,000	0	0	0	0
Debt Service						
Principal Retirement	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Total Expenditures	323,706	575,932	82,320	4,048,091	23,116	5,147,591
Excess of Rev Over (Under) Expenditures	(\$101,228)	(\$53,395)	(\$15,560)	(\$1,083,328)	(\$23,116)	(\$51,053)
Other Financing Sources (Uses)						
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$0	\$0
Transfers In	0	0	0	1,093,438	0	40,000
Transfers (Out)	0	0	0	(146,900)	0	(63,542)
Comp. For Loss of Gen. Capital Assets	127,050	0	0	47,909	0	855
Total Other Financing Sources (Uses)	127,050	0	0	994,447	0	(22,687)
Net Change in Fund Balances	25,822	(53,395)	(15,560)	(88,881)	(23,116)	(73,740)
Fund Balances, January 1	198,520	901,959	15,560	385,681	23,116	1,285,030
Fund Balances, December 31	<u>\$224,342</u>	<u>\$848,564</u>	<u>\$0</u>	<u>\$296,800</u>	<u>\$0</u>	<u>\$1,211,290</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 SPECIAL REVENUE FUNDS

December 31, 2011

With comparative totals for December 31, 2010

Page 2 of 4

	#142 Arterial Streets	#144 Cemetery	#150 Emergency Services	#151 Pub Safety Comm	#152 Police Grants
Revenues					
Taxes	\$0	\$0	\$0	\$131,500	\$0
Intergovernmental Revenues	1,791,589	0	1,132,550	2,234,841	754,721
Charges for Services	1,194	163,078	0	81,666	0
Fines and Forfeits	0	0	0	0	0
Interest	4,000	0	50	750	0
Other Revenues	501,202	0	0	13,848	331,319
Total Revenues	<u>2,297,985</u>	<u>163,078</u>	<u>1,132,600</u>	<u>2,462,605</u>	<u>1,086,040</u>
Expenditures					
Current					
General Government	0	0	0	0	116,256
Security of Persons and Property	0	0	1,021,899	2,970,982	1,031,512
Physical Environment	0	259,983	0	0	0
Transportation	5,876	0	0	0	0
Economic Environment	0	0	0	0	0
Cultural & Recreational Environment	0	0	0	0	0
Capital Outlay					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	0	0
Transportation	1,891,437	0	0	0	0
Cultural & Recreational Environment	31,815	0	0	0	0
Debt Service					
Principal Retirement	167,735	0	0	31,884	0
Interest	9,899	0	0	3,028	0
Total Expenditures	<u>2,106,762</u>	<u>259,983</u>	<u>1,021,899</u>	<u>3,005,894</u>	<u>1,147,768</u>
Excess of Rev Over (Under) Expenditures	<u>\$191,223</u>	<u>(\$96,905)</u>	<u>\$110,701</u>	<u>(\$543,289)</u>	<u>(\$61,728)</u>
Other Financing Sources (Uses)					
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$0
Transfers In	74,335	59,810	0	890,000	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)	<u>(209,848)</u>	<u>59,810</u>	<u>(100,000)</u>	<u>890,000</u>	<u>0</u>
Net Change in Fund Balances	<u>(18,625)</u>	<u>(37,095)</u>	<u>10,701</u>	<u>346,711</u>	<u>(61,728)</u>
Fund Balances, January 1	<u>609,285</u>	<u>81,766</u>	<u>124,331</u>	<u>248,819</u>	<u>331,146</u>
Fund Balances, December 31	<u><u>\$590,660</u></u>	<u><u>\$44,671</u></u>	<u><u>\$135,032</u></u>	<u><u>\$595,530</u></u>	<u><u>\$269,418</u></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 SPECIAL REVENUE FUNDS

December 31, 2011

With comparative totals for December 31, 2010

Page 3 of 4

#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	\$541,583	\$190,163	\$647,812	\$436,566	\$488,242
0	35,122	0	0	0	0	0	0
0	0	0	0	0	0	0	0
30,000	0	0	0	0	0	0	0
0	0	35	101	250	750	0	500
198,966	12,790	2,800	801,325	0	0	0	0
<u>228,966</u>	<u>47,912</u>	<u>2,835</u>	<u>1,343,009</u>	<u>190,413</u>	<u>648,562</u>	<u>436,566</u>	<u>488,742</u>
0	0	0	0	0	0	0	0
36,022	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
182,500	0	0	0	0	0	0	0
13,133	981	3,532	1,408,968	285,527	24,381	413,459	13,486
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	35,122	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>231,655</u>	<u>36,103</u>	<u>3,532</u>	<u>1,408,968</u>	<u>285,527</u>	<u>24,381</u>	<u>413,459</u>	<u>13,486</u>
<u>(\$2,689)</u>	<u>\$11,809</u>	<u>(\$697)</u>	<u>(\$65,959)</u>	<u>(\$95,114)</u>	<u>\$624,181</u>	<u>\$23,107</u>	<u>\$475,256</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	115,000	77,927	0	0	0
0	0	0	0	0	(580,000)	0	(456,000)
0	0	0	0	0	0	0	0
0	0	0	115,000	77,927	(580,000)	0	(456,000)
<u>(2,689)</u>	<u>11,809</u>	<u>(697)</u>	<u>49,041</u>	<u>(17,187)</u>	<u>44,181</u>	<u>23,107</u>	<u>19,256</u>
<u>21,823</u>	<u>4,551</u>	<u>7,618</u>	<u>311,798</u>	<u>114,877</u>	<u>169,918</u>	<u>45,615</u>	<u>23,857</u>
<u>\$19,134</u>	<u>\$16,360</u>	<u>\$6,921</u>	<u>\$360,839</u>	<u>\$97,690</u>	<u>\$214,099</u>	<u>\$68,722</u>	<u>\$43,113</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 SPECIAL REVENUE FUNDS

December 31, 2011

With comparative totals for December 31, 2010

Page 4 of 4

	#198	#199	Total	
	Capitol Thtr Res	Rec Grant Program	2011	2010
Revenues				
Taxes	\$0	\$0	\$8,194,290	\$8,031,130
Intergovernmental Revenues	0	345,521	7,841,827	8,175,609
Charges for Services	0	0	1,538,410	1,389,869
Fines and Forfeits	0	0	30,000	34,310
Interest	4,011	0	13,447	26,804
Other Revenues	0	0	2,133,947	1,411,459
Total Revenues	<u>4,011</u>	<u>345,521</u>	<u>19,751,921</u>	<u>19,069,181</u>
Expenditures				
Current				
General Government	0	125,069	313,117	325,581
Security of Persons and Property	0	39,722	5,100,137	4,798,745
Physical Environment	0	0	259,983	245,460
Transportation	0	144,661	5,204,883	5,349,314
Economic Environment	0	36,069	1,315,461	1,136,243
Cultural & Recreational Environment	0	0	6,023,183	5,854,687
Capital Outlay				
General Government	0	0	0	32,188
Security of Persons and Property	0	0	0	98,288
Transportation	0	0	1,909,447	2,392,503
Cultural & Recreational Environment	0	0	166,937	643,100
Debt Service				
Principal Retirement	0	0	199,619	341,144
Interest	0	0	12,927	15,848
Total Expenditures	<u>0</u>	<u>345,521</u>	<u>20,505,694</u>	<u>21,233,101</u>
Excess of Rev Over (Under) Expenditures	<u>\$4,011</u>	<u>\$0</u>	<u>(\$753,773)</u>	<u>(\$2,163,920)</u>
Other Financing Sources (Uses)				
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$98,288
Transfers In	0	0	2,350,510	2,664,225
Transfers (Out)	(71,927)	0	(1,702,552)	(1,802,552)
Comp. For Loss of Gen. Capital Assets	0	0	175,814	12,567
Total Other Financing Sources (Uses)	<u>(71,927)</u>	<u>0</u>	<u>823,772</u>	<u>972,528</u>
Net Change in Fund Balances	<u>(67,916)</u>	<u>0</u>	<u>69,999</u>	<u>(1,191,392)</u>
Fund Balances, January 1	<u>381,765</u>	<u>0</u>	<u>5,287,035</u>	<u>6,713,791</u>
Fund Balances, December 31	<u><u>\$313,849</u></u>	<u><u>\$0</u></u>	<u><u>\$5,357,034</u></u>	<u><u>\$5,522,399</u></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, 2011

With comparative totals for December 31, 2010

Page 1 of 22

123 — ECONOMIC DEVELOPMENT

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$75,000	\$75,000	\$52,630	(\$22,370)
Charges for Services	0	0	169,848	169,848
Total Revenues	75,000	75,000	222,478	147,478
Expenditures				
Current				
Economic Environment	669,372	669,372	323,706	345,666
Excess of Revenues Over (Under) Expenditures	(\$594,372)	(\$594,372)	(\$101,228)	\$493,144
Other Financing Sources (Uses)				
Proceeds from Intergovernmental Loans	\$500,000	\$500,000	\$0	(\$500,000)
Comp for Loss of General Capital Assets	0	0	127,050	127,050
Total Other Financing Sources (Uses)	500,000	500,000	127,050	(372,950)
Net Change in Fund Balance	(94,372)	(94,372)	25,822	120,194
Fund Balances, January 1	183,754	183,754	198,520	14,766
Fund Balances, December 31	<u>\$89,382</u>	<u>\$89,382</u>	<u>\$224,342</u>	<u>\$134,960</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, 2011

With comparative totals for December 31, 2010

Page 2 of 22

125 — CABLE TV

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$460,000	\$460,000	\$507,917	\$47,917
Other Revenues	14,950	14,950	14,620	(330)
Total Revenues	474,950	474,950	522,537	47,587
Expenditures				
Current				
Cultural & Recreational Environment	524,954	524,954	475,932	49,022
Capital Outlay				
Cultural & Recreational Environment	37,000	132,000	100,000	32,000
Total Expenditures	561,954	656,954	575,932	81,022
Excess of Revenues Over (Under) Expenditures	(\$87,004)	(\$182,004)	(\$53,395)	\$128,609
Net Change in Fund Balances	(87,004)	(182,004)	(53,395)	128,609
Fund Balances, January 1	818,106	818,106	901,959	83,853
Fund Balances, December 31	\$731,102	\$636,102	\$848,564	\$212,462

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, 2011

With comparative totals for December 31, 2010

Page 3 of 22

127 — COMMUNITY SERVICES FUND

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental Revenues	\$71,422	\$71,422	\$66,604	(\$4,818)
Other Revenues	36,793	36,793	156	(36,637)
Total Revenues	108,215	108,215	66,760	(41,455)
Expenditures				
Current				
Economic Environment	108,215	108,215	82,320	25,895
Excess of Revenues Over (Under) Expenditures	\$0	\$0	(\$15,560)	(\$15,560)
Net Change in Fund Balances	0	0	(15,560)	(15,560)
Fund Balances, January 1	8,265	8,265	15,560	7,295
Fund Balances, December 31	\$8,265	\$8,265	\$0	(\$8,265)

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, 2011

With comparative totals for December 31, 2010

Page 4 of 22

131 — PARKS & RECREATION FUND

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$1,546,000	\$1,546,000	\$1,725,983	\$179,983
Intergovernmental Revenues	107,700	107,700	85,374	(22,326)
Charges for Services	963,365	963,365	907,146	(56,219)
Other Revenues	183,420	183,420	246,260	62,840
Total Revenues	2,800,485	2,800,485	2,964,763	164,278
Expenditures				
Current				
Economic Environment	731,805	731,805	667,750	64,055
Cultural & Recreational Environment	3,154,633	3,164,633	3,380,341	(215,708)
Total Expenditures	3,886,438	3,896,438	4,048,091	(151,653)
Excess of Revenues Over (Under) Expenditures	(\$1,085,953)	(\$1,095,953)	(\$1,083,328)	\$12,625
Other Financing Sources (Uses)				
Transfers In	\$1,179,000	\$1,179,000	\$1,093,438	(\$85,562)
Transfers (Out)	(146,500)	(146,500)	(146,900)	(400)
Comp for Loss of General Capital Assets	55,000	55,000	47,909	(7,091)
Total Other Financing Sources (Uses)	1,087,500	1,087,500	994,447	(93,053)
Net Change in Fund Balances	1,547	(8,453)	(88,881)	(80,428)
Fund Balances, January 1	369,088	369,088	385,681	16,593
Fund Balances, December 31	\$370,635	\$360,635	\$296,800	(\$63,835)

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, 2011

With comparative totals for December 31, 2010

Page 5 of 22

140 — GROWTH MANAGEMENT FUND

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental Revenues	\$3,485	\$3,485	\$0	(\$3,485)
Expenditures				
Current				
Transportation	0	6,296	0	6,296
Economic Environment	20,305	20,305	23,116	(2,811)
Total Expenditures	20,305	26,601	23,116	3,485
Excess of Revenues Over (Under) Expenditures	(\$16,820)	(\$23,116)	(\$23,116)	\$0
Net Change in Fund Balances	(16,820)	(23,116)	(23,116)	0
Fund Balances, January 1	20,305	20,305	23,116	2,811
Fund Balances, December 31	\$3,485	(\$2,811)	\$0	\$2,811

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, 2011

With comparative totals for December 31, 2010

Page 6 of 22

141 — STREETS FUND

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$3,513,000	\$3,513,000	\$3,524,524	\$11,524
Intergovernmental Revenues	1,250,000	1,295,000	1,342,875	47,875
Charges for Services	215,760	215,760	215,478	(282)
Interest	3,000	3,000	3,000	0
Other Revenues	50	50	10,661	10,611
Total Revenues	4,981,810	5,026,810	5,096,538	69,728
Expenditures				
Current				
General Government	68,393	68,393	71,792	(3,399)
Transportation	4,902,552	5,028,139	5,054,346	(26,207)
Cultural & Recreational Environment	4,018	4,018	3,443	575
Capital Outlay				
Transportation	0	54,600	18,010	36,590
Total Expenditures	4,974,963	5,155,150	5,147,591	7,559
Excess of Revenues Over (Under) Expenditures	\$6,847	(\$128,340)	(\$51,053)	\$77,287
Other Financing Sources (Uses)				
Transfers In	40,000	40,000	40,000	0
Transfers (Out)	(63,542)	(63,542)	(63,542)	0
Comp for Loss of General Capital Assets	20,000	20,000	855	(19,145)
Total Other Financing Sources (Uses)	(3,542)	(3,542)	(22,687)	(19,145)
Net Change in Fund Balances	3,305	(131,882)	(73,740)	58,142
Fund Balances, January 1	1,128,912	1,128,912	1,285,030	156,118
Fund Balances, December 31	\$1,132,217	\$997,030	\$1,211,290	\$214,260

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, 2011

With comparative totals for December 31, 2010

Page 7 of 22

	— Budgeted Amounts —		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
142 — ARTERIAL STREETS				
Revenues				
Intergovernmental Revenues	\$3,144,967	\$3,639,517	\$1,791,589	(\$1,847,928)
Charges for Services	500	500	1,194	694
Interest	4,000	4,000	4,000	0
Other Revenues	265,478	480,478	501,202	20,724
Total Revenues	<u>3,414,945</u>	<u>4,124,495</u>	<u>2,297,985</u>	<u>(1,826,510)</u>
Expenditures				
Current				
Transportation	5,000	5,000	5,876	(876)
Capital Outlay				
Transportation	2,756,100	3,757,141	1,891,437	1,865,704
Cultural & Recreational Environment	587,067	587,067	31,815	555,252
Debt Service				
Principal Retirement	167,526	167,526	167,735	(209)
Interest	10,630	10,630	9,899	731
Total Expenditures	<u>3,526,323</u>	<u>4,527,364</u>	<u>2,106,762</u>	<u>2,420,602</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$111,378)</u>	<u>(\$402,869)</u>	<u>\$191,223</u>	<u>\$594,092</u>
Other Financing Sources (Uses)				
Transfers In	327,095	327,095	74,335	(252,760)
Transfers (Out)	(284,183)	(284,183)	(284,183)	0
Total Other Financing Sources (Uses)	<u>42,912</u>	<u>42,912</u>	<u>(209,848)</u>	<u>(252,760)</u>
Net Change in Fund Balances	<u>(68,466)</u>	<u>(359,957)</u>	<u>(18,625)</u>	<u>341,332</u>
Fund Balances, January 1	<u>236,811</u>	<u>236,811</u>	<u>609,285</u>	<u>372,474</u>
Fund Balances, December 31	<u><u>\$168,345</u></u>	<u><u>(\$123,146)</u></u>	<u><u>\$590,660</u></u>	<u><u>\$713,806</u></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, 2011

With comparative totals for December 31, 2010

Page 8 of 22

144 — CEMETERY

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$182,050	\$182,050	\$163,078	(\$18,972)
Expenditures				
Current				
Physical Environment	262,463	262,463	259,983	2,480
Excess of Revenues Over (Under) Expenditures	(\$80,413)	(\$80,413)	(\$96,905)	(\$16,492)
Other Financing Sources (Uses)				
Transfers In	55,500	55,500	59,810	4,310
Net Change in Fund Balances	(24,913)	(24,913)	(37,095)	(12,182)
Fund Balances, January 1	71,331	71,331	81,766	10,435
Fund Balances, December 31	<u>\$46,418</u>	<u>\$46,418</u>	<u>\$44,671</u>	<u>(\$1,747)</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, 2011

With comparative totals for December 31, 2010

Page 9 of 22

	— Budgeted Amounts —			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
		<u> </u>	<u> </u>	
Revenues				
Intergovernmental Revenues	\$1,119,726	\$1,119,726	\$1,132,550	\$12,824
Interest	750	750	50	(700)
Total Revenues	<u>1,120,476</u>	<u>1,120,476</u>	<u>1,132,600</u>	<u>12,124</u>
Expenditures				
Current				
Security of Persons and Property	971,904	1,021,904	1,021,899	5
Excess of Revenues Over (Under) Expenditures	<u>\$148,572</u>	<u>\$98,572</u>	<u>\$110,701</u>	<u>\$12,129</u>
Other Financing Sources (Uses)				
Transfers (Out)	(100,000)	(100,000)	(100,000)	0
Net Change in Fund Balances	<u>48,572</u>	<u>(1,428)</u>	<u>10,701</u>	<u>12,129</u>
Fund Balances, January 1	<u>43,736</u>	<u>43,736</u>	<u>124,331</u>	<u>80,595</u>
Fund Balances, December 31	<u>\$92,308</u>	<u>\$42,308</u>	<u>\$135,032</u>	<u>\$92,724</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, 2011

With comparative totals for December 31, 2010

Page 10 of 22

151 — PUBLIC SAFETY COMMUNICATIONS

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$90,000	\$90,000	\$131,500	\$41,500
Intergovernmental Revenues	2,160,734	2,325,734	2,234,841	(90,893)
Charges for Services	94,048	94,048	81,666	(12,382)
Interest	750	750	750	0
Other Revenues	10,328	10,328	13,848	3,520
Total Revenues	2,355,860	2,520,860	2,462,605	(58,255)
Expenditures				
Current				
Security of Persons and Property	3,071,585	3,236,585	2,970,982	265,603
Capital Outlay				
Security of Persons and Property	70,000	70,000	0	70,000
Debt Service				
Principal Retirement	31,737	31,737	31,884	(147)
Interest	3,174	3,174	3,028	146
Total Expenditures	3,176,496	3,341,496	3,005,894	335,602
Excess of Revenues Over (Under) Expenditures	(\$820,636)	(\$820,636)	(\$543,289)	\$277,347
Other Financing Sources (Uses)				
Transfers In	890,000	890,000	890,000	0
Net Change in Fund Balances	69,364	69,364	346,711	277,347
Fund Balances, January 1	226,393	226,393	248,819	22,426
Fund Balances, December 31	\$295,757	\$295,757	\$595,530	\$299,773

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, 2011

With comparative totals for December 31, 2010

Page 11 of 22

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
	Revenues			
Intergovernmental Revenues	\$784,417	\$934,378	\$754,721	(\$179,657)
Other Revenues	404,000	404,000	331,319	(72,681)
Total Revenues	1,188,417	1,338,378	1,086,040	(252,338)
Expenditures				
Current				
General Government	110,385	110,385	116,256	(5,871)
Security of Persons and Property	1,092,001	1,231,297	1,031,512	199,785
Total Expenditures	1,202,386	1,341,682	1,147,768	193,914
Excess of Revenues Over (Under) Expenditures	(\$13,969)	(\$3,304)	(\$61,728)	(\$58,424)
Other Financing Sources (Uses)				
Intergovernmental Agreements	12,666	12,666	0	(12,666)
Net Change in Fund Balances	(1,303)	9,362	(61,728)	(71,090)
Fund Balances, January 1	193,240	193,240	331,146	137,906
Fund Balances, December 31	\$191,937	\$202,602	\$269,418	\$66,816

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, 2011

With comparative totals for December 31, 2010

Page 12 of 22

161 — PARKING & BUSINESS IMPROVEMENT

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines & Forfeits	\$12,000	\$12,000	\$30,000	\$18,000
Other Revenues	225,170	225,170	198,966	(26,204)
Total Revenues	237,170	237,170	228,966	(8,204)
Expenditures				
Current				
Security of Persons and Property	35,000	35,000	36,022	(1,022)
Economic Environment	190,000	190,000	182,500	7,500
Cultural & Recreational Environment	11,451	11,451	13,133	(1,682)
Total Expenditures	236,451	236,451	231,655	4,796
Excess of Revenues Over (Under) Expenditures	\$719	\$719	(\$2,689)	(\$3,408)
Net Change in Fund Balances	719	719	(2,689)	(3,408)
Fund Balances, January 1	2,821	2,821	21,823	19,002
Fund Balances, December 31	\$3,540	\$3,540	\$19,134	\$15,594

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, 2011

With comparative totals for December 31, 2010

Page 13 of 22

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental Revenues	\$0	\$134,112	\$35,122	(\$98,990)
Other Revenues	1,486	1,486	12,790	11,304
Total Revenues	1,486	135,598	47,912	(87,686)
Expenditures				
Current				
Cultural & Recreational Environment	1,165	1,165	981	184
Capital Outlay				
Cultural & Recreational Environment	0	134,112	35,122	98,990
Total Expenditures	1,165	135,277	36,103	99,174
Excess of Revenues Over (Under) Expenditures	\$321	\$321	\$11,809	\$11,488
Net Change in Fund Balances	321	321	11,809	11,488
Fund Balances, January 1	5,303	5,303	4,551	(752)
Fund Balances, December 31	\$5,624	\$5,624	\$16,360	\$10,736

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, 2011

With comparative totals for December 31, 2010

Page 14 of 22

163 — FRONT STREET BUSINESS IMPROVEMENT

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$35	\$35	\$35	\$0
Other Revenues	3,500	3,500	2,800	(700)
Total Revenues	\$3,535	\$3,535	\$2,835	(\$700)
Expenditures				
Current				
Cultural & Recreational Environment	5,000	5,000	3,532	1,468
Excess of Revenues Over (Under) Expenditures	(\$1,465)	(\$1,465)	(\$697)	\$768
Net Change in Fund Balances	(1,465)	(1,465)	(697)	768
Fund Balances, January 1	6,948	6,948	7,618	670
Fund Balances, December 31	\$5,483	\$5,483	\$6,921	\$1,438

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, 2011

With comparative totals for December 31, 2010

Page 15 of 22

	— Budgeted Amounts —			Actual	Variance with
	Original	Final	Amounts	Final Budget	Positive
	_____	_____	_____	_____	(Negative)
	_____	_____	_____	_____	_____
170 — TOURIST PROMOTION					
Revenues					
Taxes	\$545,200	\$545,200	\$541,583		(\$3,617)
Interest	100	100	101		1
Other Revenues	714,200	729,200	801,325		72,125
Total Revenues	1,259,500	1,274,500	1,343,009		68,509
Expenditures					
Current					
Cultural & Recreational Environment	1,389,197	1,404,197	1,408,968		(4,771)
Debt Service					
Principal Retirement	10,714	10,714	0		10,714
Interest	237	237	0		237
Total Expenditures	1,400,148	1,415,148	1,408,968		6,180
Excess of Revenues Over (Under) Expenditures	(\$140,648)	(\$140,648)	(\$65,959)		\$74,689
Other Financing Sources (Uses)					
Transfers In	115,000	115,000	115,000		0
Net Change in Fund Balances	(25,648)	(25,648)	49,041		74,689
Fund Balances, January 1	178,688	178,688	311,798		133,110
Fund Balances, December 31	\$153,040	\$153,040	\$360,839		\$207,799

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, 2011

With comparative totals for December 31, 2010

Page 16 of 22

	— Budgeted Amounts —			171--CAPITOL THEATRE
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$202,000	\$202,000	\$190,163	(\$11,837)
Interest	250	250	250	0
Total Revenues	<u>202,250</u>	<u>202,250</u>	<u>190,413</u>	<u>(11,837)</u>
Expenditures				
Current				
Cultural & Recreational Environment	285,527	285,527	285,527	0
Excess of Revenues Over (Under) Expenditures	<u>(\$83,277)</u>	<u>(\$83,277)</u>	<u>(\$95,114)</u>	<u>(\$11,837)</u>
Other Financing Sources (Uses)				
Transfers In	77,927	77,927	77,927	0
Net Change in Fund Balances	<u>(5,350)</u>	<u>(5,350)</u>	<u>(17,187)</u>	<u>(11,837)</u>
Fund Balances, January 1	<u>118,232</u>	<u>118,232</u>	<u>114,877</u>	<u>(3,355)</u>
Fund Balances, December 31	<u><u>\$112,882</u></u>	<u><u>\$112,882</u></u>	<u><u>\$97,690</u></u>	<u><u>(\$15,192)</u></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, 2011

With comparative totals for December 31, 2010

Page 17 of 22

172 — PFD - CONVENTION CENTER

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$621,000	\$621,000	\$647,812	\$26,812
Interest	750	750	750	0
Total Revenues	621,750	621,750	648,562	26,812
Expenditures				
Current				
Cultural & Recreational Environment	14,000	25,000	24,381	619
Excess of Revenues Over (Under) Expenditures	\$607,750	\$596,750	\$624,181	\$27,431
Other Financing Sources (Uses)				
Transfers (Out)	(580,000)	(580,000)	(580,000)	0
Net Change in Fund Balances	27,750	16,750	44,181	27,431
Fund Balances, January 1	137,637	137,637	169,918	32,281
Fund Balances, December 31	\$165,387	\$154,387	\$214,099	\$59,712

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, 2011

With comparative totals for December 31, 2010

Page 18 of 22

173 — TOURISM PROMOTION AREA

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$378,205	\$403,205	\$436,566	\$33,361
Expenditures				
Current				
Cultural & Recreational Environment	378,205	403,205	413,459	(10,254)
Excess of Revenues Over (Under) Expenditures	\$0	\$0	\$23,107	\$23,107
Net Change in Fund Balances	0	0	23,107	23,107
Fund Balances, January 1	414	414	45,615	45,201
Fund Balances, December 31	\$414	\$414	\$68,722	\$68,308

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, 2011

With comparative totals for December 31, 2010

Page 19 of 22

	— Budgeted Amounts —			Actual	Variance with
	Original	Final	Amounts	Final Budget	
	Original	Final	Amounts	Positive (Negative)	
Revenues					
Taxes	\$467,460	\$467,460	\$488,242	\$20,782	
Interest	500	500	500		
Total Revenues	<u>467,960</u>	<u>467,960</u>	<u>488,742</u>	<u>20,782</u>	
Expenditures					
Current					
Cultural & Recreational Environment	12,000	12,000	13,486	(1,486)	
Excess of Revenues Over (Under) Expenditures	<u>\$455,960</u>	<u>\$455,960</u>	<u>\$475,256</u>	<u>\$19,296</u>	
Other Financing Sources (Uses)					
Transfers (Out)	(456,000)	(456,000)	(456,000)	0	
Net Change in Fund Balances	<u>(40)</u>	<u>(40)</u>	<u>19,256</u>	<u>19,296</u>	
Fund Balances, January 1	<u>331</u>	<u>331</u>	<u>23,857</u>	<u>23,526</u>	
Fund Balances, December 31	<u>\$291</u>	<u>\$291</u>	<u>\$43,113</u>	<u>\$42,822</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, 2011

With comparative totals for December 31, 2010

Page 20 of 22

198 — CAPITOL THEATRE RESERVE

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$500	\$500	\$4,011	\$3,511
Excess of Revenues Over (Under) Expenditures	\$500	\$500	\$4,011	\$3,511
Other Financing Sources (Uses)				
Transfers (Out)	(71,927)	(71,927)	(71,927)	0
Net Change in Fund Balances	(71,427)	(71,427)	(67,916)	3,511
Fund Balances, January 1	381,715	381,715	381,765	50
Fund Balances, December 31	<u>\$310,288</u>	<u>\$310,288</u>	<u>\$313,849</u>	<u>\$3,561</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, 2011

With comparative totals for December 31, 2010

Page 21 of 22

199 — RECOVERY PROGRAM GRANTS

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental Revenues	\$200,000	\$426,989	\$345,521	(\$81,468)
Expenditures				
Current				
General Government	0	90,046	125,069	(35,023)
Security of Persons and Property	0	78,077	39,722	38,355
Physical Environment	0	6,384	0	6,384
Transportation	200,000	200,000	144,661	55,339
Economic Environment	0	52,482	36,069	16,413
Total Expenditures	200,000	426,989	345,521	81,468
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, 2011

With comparative totals for December 31, 2010

Page 22 of 22

	— Budgeted Amounts —		Actual Amounts	TOTAL
	Original	Final		Variance with Final Budget
				Positive (Negative)
Revenues				
Taxes	\$7,822,865	\$7,847,865	\$8,194,290	\$346,425
Intergovernmental Revenues	8,917,451	10,133,063	7,841,827	(2,291,236)
Charges for Services	1,455,723	1,455,723	1,538,410	82,687
Fines & Forfeits	12,000	12,000	30,000	18,000
Interest	10,635	10,635	13,447	2,812
Other Revenues	1,859,375	2,089,375	2,133,947	44,572
Total Revenues	20,078,049	21,548,661	19,751,921	(1,796,740)
Expenditures				
Current				
General Government	178,778	268,824	313,117	(44,293)
Security of Persons and Property	5,170,490	5,602,863	5,100,137	502,726
Physical Environment	262,463	268,847	259,983	8,864
Transportation	5,107,552	5,239,435	5,204,883	34,552
Economic Environment	1,719,697	1,772,179	1,315,461	456,718
Cultural & Recreational Environment	5,780,150	5,841,150	6,023,183	(182,033)
Capital Outlay				
Security of Persons and Property	70,000	70,000	0	70,000
Transportation	2,756,100	3,811,741	1,909,447	1,902,294
Cultural & Recreational Environment	624,067	853,179	166,937	686,242
Debt Service				
Principal Retirement	209,977	209,977	199,619	10,358
Interest	14,041	14,041	12,927	1,114
Total Expenditures	21,893,315	23,952,236	20,505,694	3,446,542
Excess of Revenues Over (Under) Expenditures	(\$1,815,266)	(\$2,403,575)	(\$753,773)	\$1,649,802
Other Financing Sources (Uses)				
Proceeds from Intergovernmental Loans	500,000	500,000	0	(500,000)
Transfers In	2,684,522	2,684,522	2,350,510	(334,012)
Transfers (Out)	(1,702,152)	(1,702,152)	(1,702,552)	(400)
Intergovernmental Agreements	12,666	12,666	0	(12,666)
Comp for Loss of General Capital Assets	75,000	75,000	175,814	100,814
Total Other Financing Sources (Uses)	1,570,036	1,570,036	823,772	(746,264)
Net Change in Fund Balances	(245,230)	(833,539)	69,999	903,538
Fund Balances, January 1	4,132,030	4,132,030	5,287,035	1,155,005
Fund Balances, December 31	\$3,886,800	\$3,298,491	\$5,357,034	\$2,058,543

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, 2011

With comparative totals for December 31, 2010

Page 1 of 2

	#221 LID <u>Guaranty</u>	#272 Conv Ctr <u>PFD</u>	#281 Various <u>GO Bonds</u>	#283 Crim Just/ <u>I-82 Refund</u>
Assets				
Cash & Equity in Pooled Investments	\$80,089	\$170,563	\$5,467	\$107,541
Receivables				
Taxes	\$0	\$0	\$0	\$0
LID Assessments - Delinquent	0	0	0	0
LID Assessments - Deferred	0	0	0	0
Investments, at Amortized Cost	0	0	0	0
Total Assets	<u>\$80,089</u>	<u>\$170,563</u>	<u>\$5,467</u>	<u>\$107,541</u>
Liabilities and Fund Balances				
Liabilities				
Deferred Revenue	\$0	\$0	\$0	\$0
Custodial Accounts	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted	0	170,563	0	107,541
Committed	0	0	0	0
Assigned	80,089	0	5,467	0
Total Fund Balances	<u>80,089</u>	<u>170,563</u>	<u>5,467</u>	<u>107,541</u>
Total Liabilities and Fund Balances	<u>\$80,089</u>	<u>\$170,563</u>	<u>\$5,467</u>	<u>\$107,541</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, 2011

With comparative totals for December 31, 2010

Page 2 of 2

#284 Fire & Parks Ref	#287 Convention Center	#289 Local Impr Districts	Total	
			2011	2010
\$190,513	\$66,435	\$1,301	\$621,909	\$618,489
\$11,936	\$0	\$0	\$11,936	\$12,450
0	0	46,049	46,049	23,657
0	0	658,092	658,092	799,796
0	0	0	0	1,010
<u>\$202,449</u>	<u>\$66,435</u>	<u>\$705,442</u>	<u>\$1,337,986</u>	<u>\$1,455,402</u>
\$0	\$0	\$658,092	\$658,092	\$799,796
0	0	100	100	100
0	0	658,192	658,192	799,896
202,449	66,435	0	546,988	544,185
0	0	47,250	47,250	31,335
0	0	0	85,556	79,986
<u>202,449</u>	<u>66,435</u>	<u>47,250</u>	<u>679,794</u>	<u>655,506</u>
<u>\$202,449</u>	<u>\$66,435</u>	<u>\$705,442</u>	<u>\$1,337,986</u>	<u>\$1,455,402</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, 2011

With comparative totals for December 31, 2010

Page 1 of 2

	#221 LID Guaranty	#272 Conv Ctr PFD	#281 Various GO Bonds	#283 Crim Just / I-82 Refund
Revenues				
Taxes	\$0	\$0	\$0	\$399,996
Intergovernmental Revenues	0	108,895	0	0
Interest	103	0	0	0
Other Revenues	0	0	0	0
Total Revenues	<u>103</u>	<u>108,895</u>	<u>0</u>	<u>399,996</u>
Expenditures				
Debt Service				
Principal Retirement	0	420,000	707,419	470,000
Interest	0	594,136	280,694	44,275
Total Expenditures	<u>0</u>	<u>1,014,136</u>	<u>988,113</u>	<u>514,275</u>
Excess of Rev Over (Under) Expenditures	<u>\$103</u>	<u>(\$905,241)</u>	<u>(\$988,113)</u>	<u>(\$114,279)</u>
Other Financing Sources (Uses)				
Transfers In	\$0	\$910,000	\$987,389	\$112,000
Transfers (Out)	0	0	0	0
Total other Financing Sources (Uses)	<u>0</u>	<u>910,000</u>	<u>987,389</u>	<u>112,000</u>
Net Change in Fund Balances	<u>103</u>	<u>4,759</u>	<u>(724)</u>	<u>(2,279)</u>
Fund Balances, January 1	<u>79,986</u>	<u>165,804</u>	<u>6,191</u>	<u>109,820</u>
Fund Balances, December 31	<u><u>\$80,089</u></u>	<u><u>\$170,563</u></u>	<u><u>\$5,467</u></u>	<u><u>\$107,541</u></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, 2011

With comparative totals for December 31, 2010

Page 2 of 2

#284 Fire & Parks Ref	#287 Convention Center	#289 Local Impr Districts	Total	
			2011	2010
\$291,125	\$428,000	\$0	\$1,119,121	\$1,123,933
0	0	0	108,895	108,896
0	750	36,336	37,189	29,884
0	0	141,704	141,704	332,297
<u>291,125</u>	<u>428,750</u>	<u>178,040</u>	<u>1,406,909</u>	<u>1,595,010</u>
255,000	305,000	91,462	2,248,881	2,399,256
37,800	121,752	47,335	1,125,992	1,188,372
<u>292,800</u>	<u>426,752</u>	<u>138,797</u>	<u>3,374,873</u>	<u>3,587,628</u>
<u>(\$1,675)</u>	<u>\$1,998</u>	<u>\$39,243</u>	<u>(\$1,967,964)</u>	<u>(\$1,992,618)</u>
\$0	\$0	\$0	\$2,009,389	\$2,019,388
0	0	(17,137)	(17,137)	(14,483)
0	0	(17,137)	1,992,252	2,004,905
<u>(1,675)</u>	<u>1,998</u>	<u>22,106</u>	<u>24,288</u>	<u>12,287</u>
204,124	64,437	25,144	655,506	643,219
<u>\$202,449</u>	<u>\$66,435</u>	<u>\$47,250</u>	<u>\$679,794</u>	<u>\$655,506</u>

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.

Local Improvement District Control Fund (345) – Established to account for each Local Improvement District (LID) which has a separate fund to be accounted for. Assessments are made to the property owners after all costs have been computed and paid. Interest bearing warrants are issued to pay progress estimates for contractors and all other costs. Bonds or notes are issued for the amount of unpaid assessments as of thirty days after the assessments are levied. No LID's were in process in 2011; therefore, this fund is not included in these statements.

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.

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2011

With comparative totals for December 31, 2010

Page 1 of 2

	#321	#322	323	#331	#332
	Central Bus Dist Impr	Capitol Thtr Const	Yakima Rev Dev Area	Parks and Recreation	Fire
Assets					
Cash & Equity in Pooled Investments	\$359,399	\$121,486	\$182,319	\$88,145	\$420,908
Receivables					
Accounts	0	69,187	0	0	627
Due from Other Government Units	0	0	0	0	0
Investments, at Amortized Cost	0	0	694,000	0	0
Total Assets	<u>\$359,399</u>	<u>\$190,673</u>	<u>\$876,319</u>	<u>\$88,145</u>	<u>\$421,535</u>
Liabilities and Fund Balances					
Liabilities					
Warrants/Accounts Payable	\$20	\$188,853	\$121,443	\$0	\$11,874
Contracts Payable	0	0	0	0	0
Due to Other Government Units	265	0	0	0	0
Deferred Revenue	0	0	0	10,871	0
Total Liabilities	<u>285</u>	<u>188,853</u>	<u>121,443</u>	<u>10,871</u>	<u>11,874</u>
Fund Balances					
Restricted	0	0	0	0	0
Committed	359,114	0	754,876	0	0
Assigned	0	1,820	0	77,274	409,661
Total Fund Balances	<u>359,114</u>	<u>1,820</u>	<u>754,876</u>	<u>77,274</u>	<u>409,661</u>
Total Liabilities and Fund Balances	<u>\$359,399</u>	<u>\$190,673</u>	<u>\$876,319</u>	<u>\$88,145</u>	<u>\$421,535</u>

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, 2011

With comparative totals for December 31, 2010

Page 2 of 2

#333 Law and Justice	#342 Public Works Construction	#343 REET 2 Cap Construction	#370 Convention Center	Total	
				2011	2010
\$145,715	\$193,054	\$372,975	\$441,532	\$2,325,533	\$5,881,566
0	0	0	0	69,814	4,436
146,728	0	0	0	146,728	1,807,216
0	582,000	0	0	1,276,000	0
<u>\$292,443</u>	<u>\$775,054</u>	<u>\$372,975</u>	<u>\$441,532</u>	<u>\$3,818,075</u>	<u>\$7,693,218</u>
\$38,103	\$7,643	\$0	\$22,092	\$390,028	\$831,685
0	14,284	0	0	14,284	54,396
0	0	0	0	265	6,062
0	0	0	0	10,871	11,789
<u>38,103</u>	<u>21,927</u>	<u>0</u>	<u>22,092</u>	<u>415,448</u>	<u>903,932</u>
0	753,127	372,975	419,440	1,545,542	5,878,042
0	0	0	0	1,113,990	0
254,340	0	0	0	743,095	911,244
<u>254,340</u>	<u>753,127</u>	<u>372,975</u>	<u>419,440</u>	<u>3,402,627</u>	<u>6,789,286</u>
<u>\$292,443</u>	<u>\$775,054</u>	<u>\$372,975</u>	<u>\$441,532</u>	<u>\$3,818,075</u>	<u>\$7,693,218</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, 2011

With comparative totals for December 31, 2010

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	\$451,251	\$0	\$0
Intergovernmental Revenues	34,198	0	0	500,000	39,243
Charges for Services	0	0	0	0	0
Interest	0	5,000	0	2,000	3,000
Other Revenues	39,551	0	0	100,000	109,396
Total Revenues	<u>73,749</u>	<u>5,000</u>	<u>451,251</u>	<u>602,000</u>	<u>151,639</u>
Expenditures					
Current					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	0	41,989
Transportation	0	0	0	0	0
Economic Environment	21,884	0	0	0	0
Cultural & Recreational Environment	50,000	0	0	57,838	0
Capital Outlay					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	0	612,136
Physical Environment	0	0	0	0	0
Transportation	0	0	196,375	0	0
Economic Environment	34,745	0	0	0	0
Cultural & Recreational Environment	0	127,407	0	720,184	0
Debt Service					
Principal Retirement	0	0	0	0	0
Interest	0	0	0	0	(17,137)
Total Expenditures	<u>106,629</u>	<u>127,407</u>	<u>196,375</u>	<u>778,022</u>	<u>636,988</u>
Excess of Rev Over (Under) Expenditures	<u>(\$32,880)</u>	<u>(\$122,407)</u>	<u>\$254,876</u>	<u>(\$176,022)</u>	<u>(\$485,349)</u>
Other Financing Sources (Uses)					
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$576,846
Proceeds from Intergovernmental Loans	0	0	500,000	0	0
Other Note Proceeds	0	0	0	0	0
Transfers In	0	0	0	50,000	50,000
Transfers (Out)	0	0	0	0	0
Intergovernmental Agreements	0	0	0	0	0
Sale of Capital Assets	0	0	0	0	15,000
Comp. For Loss of Gen. Capital Assets	0	0	0	0	0
Total other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>50,000</u>	<u>641,846</u>
Net Change in Fund Balances	<u>(32,880)</u>	<u>(122,407)</u>	<u>754,876</u>	<u>(126,022)</u>	<u>156,497</u>
Fund Balances, January 1	391,994	124,227	0	203,296	253,164
Fund Balances, December 31	<u><u>\$359,114</u></u>	<u><u>\$1,820</u></u>	<u><u>\$754,876</u></u>	<u><u>\$77,274</u></u>	<u><u>\$409,661</u></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, 2011

With comparative totals for December 31, 2010

Page 2 of 2

#333 Law and Justice	#342 Public Works Construction	#343 REET 2 Cap Construction	#370 Convention Center	Total	
				2011	2010
\$134,907	\$464,344	\$464,344	\$160,415	\$1,675,261	\$1,317,478
452,768	0	0	253,275	1,279,484	9,567,268
0	0	0	0	0	54,314
250	3,000	2,000	500	15,750	30,500
0	0	0	0	248,947	475,261
587,925	467,344	466,344	414,190	3,219,442	11,444,821
2,867	0	0	0	2,867	14,627
371,679	0	0	0	413,668	367,527
0	0	250,000	0	250,000	364,069
0	0	0	0	21,884	40,725
0	0	0	365,921	473,759	716,922
0	27,622	0	0	27,622	761,330
445,801	0	0	0	1,057,937	1,846,652
0	0	0	0	0	229,746
0	0	426,495	0	622,870	6,860,680
0	0	0	0	34,745	985,499
0	0	0	11,294	858,885	4,992,882
0	215,055	0	0	215,055	131,722
0	21,391	0	0	4,254	9,887
820,347	264,068	676,495	377,215	3,983,546	17,322,268
(\$232,422)	\$203,276	(\$210,151)	\$36,975	(\$764,104)	(\$5,877,447)
\$0	\$0	\$0	\$0	\$576,846	\$0
0	0	0	0	500,000	1,690,451
0	0	0	0	0	864,092
156,205	75,000	0	5,000	336,205	575,101
0	(332,542)	(256,822)	0	(589,364)	(709,363)
0	(58,425)	0	0	(58,425)	(58,427)
0	0	0	0	15,000	0
0	0	0	0	0	34,000
156,205	(315,967)	(256,822)	5,000	780,262	2,395,854
(76,217)	(112,691)	(466,973)	41,975	16,158	(3,481,593)
330,557	865,818	839,948	377,465	3,386,469	10,270,879
\$254,340	\$753,127	\$372,975	\$419,440	\$3,402,627	\$6,789,286

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, 2011

With comparative totals for December 31, 2010

Page 1 of 1

	#610 Cemetery Trust		Total Nonmajor Gov't Funds	
	2011	2010	2011	2010
Assets				
Cash & Equity in Pooled Investments	\$126,420	\$591,066	\$6,026,204	\$13,014,603
Receivables				
Taxes	0	0	266,881	250,704
Accounts	0	0	439,389	344,474
Special Assessments	0	0	30,435	37,583
LID Assessments - Delinquent	0	0	46,049	23,657
LID Assessments - Deferred	0	0	658,092	799,796
Notes/Contracts	0	0	0	5,256
Due from Other Government Units	0	0	914,749	2,768,554
Investments, at Amortized Cost	478,000	1,033	5,293,000	3,076
Total Assets	\$604,420	\$592,099	\$13,674,799	\$17,247,703
Liabilities and Fund Balances				
Liabilities				
Warrants/Accounts Payable	\$0	\$0	\$923,018	\$1,318,013
Wages/Benefits Payable	0	0	869,551	854,148
Contracts Payable	0	0	68,153	103,981
Due to Other Funds	0	0	0	25,485
Due to Other Government Units	0	0	3,385	8,025
Deposits Payable	0	0	609,981	386,119
Deferred Revenue	0	0	726,316	904,707
Custodial Accounts	0	0	430,520	87,935
Total Liabilities	0	0	\$3,630,924	\$3,688,413
Fund Balances				
Nonspendable	604,420	592,099	604,420	592,099
Restricted	0	0	6,768,189	10,807,493
Committed	0	0	1,842,615	1,168,468
Assigned	0	0	828,651	991,230
Total Fund Balances	604,420	592,099	10,043,875	13,559,290
Total Liabilities and Fund Balances	\$604,420	\$592,099	\$13,674,799	\$17,247,703

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, 2011

With comparative totals for December 31, 2010

Page 1 of 1

	#610 Cemetery Trust		Total Nonmajor Gov't Funds	
	2011	2010	2011	2010
Revenues				
Taxes	\$0	\$0	\$10,988,672	\$10,472,541
Intergovernmental Revenues	0	0	9,230,206	17,851,773
Charges for Services	12,321	13,588	1,550,731	1,457,771
Fines and Forfeits	0	0	30,000	34,310
Interest	9,811	10,051	76,197	97,239
Other Revenues	0	0	2,524,598	2,219,017
Total Revenues	<u>22,132</u>	<u>23,639</u>	<u>24,400,404</u>	<u>32,132,651</u>
Expenditures				
Current				
General Government	0	0	315,984	340,208
Security of Persons and Property	0	0	5,513,805	5,166,272
Physical Environment	0	0	259,983	245,460
Transportation	0	0	5,454,883	5,713,383
Economic Environment	0	0	1,337,345	1,176,968
Cultural & Recreational Environment	0	0	6,496,942	6,571,609
Capital Outlay				
General Government	0	0	27,622	793,518
Security of Persons and Property	0	0	1,057,937	1,944,940
Physical Environment	0	0	0	229,746
Transportation	0	0	2,532,317	9,253,183
Economic Environment	0	0	34,745	985,499
Cultural & Recreational Environment	0	0	1,025,822	5,635,982
Debt Service				
Principal Retirement	0	0	2,663,555	2,872,122
Interest	0	0	1,143,173	1,214,107
Total Expenditures	<u>0</u>	<u>0</u>	<u>27,864,113</u>	<u>42,142,997</u>
Excess of Rev Over (Under) Expenditures	<u>\$22,132</u>	<u>\$23,639</u>	<u>(\$3,463,709)</u>	<u>(\$10,010,346)</u>
Other Financing Sources (Uses)				
Proceeds from Capital Lease Financing	\$0	\$0	\$576,846	\$98,288
Proceeds from Intergovernmental Loans	0	0	500,000	1,690,451
Other Note Proceeds	0	0	0	864,092
Transfers In	0	0	4,696,104	5,258,714
Transfers (Out)	(9,811)	(10,051)	(2,318,864)	(2,536,449)
Intergovernmental Agreements	0	0	(58,425)	(58,427)
Sale of Capital Assets	0	0	15,000	0
Comp. For Loss of Gen. Capital Assets	0	0	175,814	46,567
Total other Financing Sources (Uses)	<u>(9,811)</u>	<u>(10,051)</u>	<u>3,586,475</u>	<u>5,363,236</u>
Net Change in Fund Balances	<u>12,321</u>	<u>13,588</u>	<u>122,766</u>	<u>(4,647,110)</u>
Fund Balances, January 1	592,099	578,511	9,921,109	18,206,400
Fund Balances, December 31	<u>\$604,420</u>	<u>\$592,099</u>	<u>\$10,043,875</u>	<u>\$13,559,290</u>

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, 2011

With comparative totals for December 31, 2010

Page 1 of 1

	#471	#976	Total	
	Refuse	Stormwater	2011	2010
Assets				
Current Assets				
Cash & Equity in Pooled Investments	\$294,463	\$471,582	\$766,045	\$947,976
Receivables				
Accounts/Taxes (Net)	401,068	59,120	460,188	282,406
Due from Other Government Units	6,900	0	6,900	29,240
Investments, at Amortized Cost	0	1,770,000	1,770,000	1,000,000
Total Current Assets	702,431	2,300,702	3,003,133	2,259,622
Noncurrent Assets				
Other Improvements	0	1,317,770	1,317,770	739,610
Machinery & Equipment	0	27,543	27,543	22,839
Accumulated Depreciation	0	(58,315)	(58,315)	(36,125)
Construction in Progress	0	109,020	109,020	24,980
Total Noncurrent Assets	0	1,396,018	1,396,018	751,304
Total Assets	\$702,431	\$3,696,720	\$4,399,151	\$3,010,926
Liabilities				
Current Liabilities				
Warrants/Accounts Payable	\$81,825	\$31,004	\$112,829	\$98,259
Wages/Benefits Payable	126,320	56,548	182,868	190,321
Compensated Absences Payable	154,689	58,058	212,747	224,557
Deposits Payable	106,563	0	106,563	68,349
Total Current Liabilities	\$469,397	\$145,610	\$615,007	\$581,486
Net Position				
Invested in Capital Assets, Net of Related Debt (as restated)	\$0	\$1,396,018	\$1,396,018	\$751,304
Unrestricted	233,034	2,155,092	2,388,126	1,678,136
Total Net Position	\$233,034	\$3,551,110	\$3,784,144	\$2,429,440

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, 2011

With comparative totals for December 31, 2010

Page 1 of 1

	# 471	#976	Total	
	Refuse	Stormwater	2011	2010
Operating Revenues				
Charges for Services	\$4,765,609	\$2,169,932	\$6,935,541	\$6,853,007
Other Operating Revenues	3,952	0	3,952	3,503
Total Operating Revenues	4,769,561	2,169,932	6,939,493	6,856,510
Operating Expenses				
Operations and Maintenance	4,397,502	1,031,539	5,429,041	5,275,810
Administration/Overhead	507,684	171,388	679,072	673,172
Taxes	0	91,907	91,907	81,025
Depreciation/Amortization	0	22,190	22,190	15,840
Total Operating Expenses	4,905,186	1,317,024	6,222,210	6,045,847
Operating Income (Loss)	(135,625)	852,908	717,283	810,663
Non-Operating Revenues (Expenses)				
Operating Grants and Subsidies	6,900	256,948	263,848	140,474
Income (Loss) Before Contributions and Transfers	(128,725)	1,109,856	981,131	951,137
Capital Contributions	0	435,106	435,106	154,765
Transfers (Out)	0	(265,000)	(265,000)	(240,000)
Change in Net Position	(128,725)	1,279,962	1,151,237	865,902
Total Net Position - January 1	158,292	2,271,148	2,429,440	1,563,538
Prior Period Adjustments	203,467	0	203,467	0
Total Net Position - December 31	\$233,034	\$3,551,110	\$3,784,144	\$2,429,440

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, 2011

With comparative totals for December 31, 2010

Page 1 of 1

	#471	#976	Total	
	Refuse	Stormwater	2011	2010
Cash Flows from Operating Activities				
Cash Received from Customers	\$4,825,798	\$2,173,642	\$6,999,440	\$6,921,811
Cash Paid to Suppliers for Goods and Services	(3,168,228)	(587,923)	(3,756,151)	(3,630,490)
Cash Paid for Salaries and Benefits	(1,285,855)	(716,957)	(2,002,812)	(1,906,354)
Other Operating Revenues Collected	3,952	0	3,952	0
Cash Paid in Lieu of Taxes	(433,062)	0	(433,062)	(444,115)
Net Cash Provided by Operating Activities	(57,395)	868,762	811,367	940,852
Cash Flows from Noncapital Financing Activities				
Operating Grants Received/Sales Tax	0	286,188	286,188	111,234
Cash Flows from Capital Financing Activities				
Capital Expenditures Paid	0	(244,486)	(244,486)	(141,709)
Transfer Out	0	(265,000)	(265,000)	(240,000)
Net Cash Used for Capital Financing Activities	0	(509,486)	(509,486)	(381,709)
Cash Flows from Investing Activities				
Proceeds from Sale of Investment Securities	0	1,000,000	1,000,000	0
Purchase of Investment Securities	0	(1,770,000)	(1,770,000)	(500,000)
Net Cash Provided by Investing Activities	0	(770,000)	(770,000)	(500,000)
Net Increase (Decrease) in Cash and Cash Equivalents	(57,395)	(124,536)	(181,931)	170,377
Cash and Cash Equivalents at Beginning of Year	351,858	596,118	947,976	777,599
Cash and Cash Equivalents at End of Year	\$294,463	\$471,582	\$766,045	\$947,976
Cash at the End of the Year				
Operating Fund Cash	\$294,463	\$471,582	\$766,045	\$947,976
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Net Operating Income (Loss)	(\$135,625)	\$852,908	\$717,283	\$810,663
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	0	22,190	22,190	15,840
Change in Assets and Liabilities				
(Increase) Decrease in Accounts Receivable	64,188	(18,857)	45,331	65,301
Increase in Allowance for Uncollectibles	(3,999)	22,567	18,568	0
Increase (Decrease) in Warrants/Accounts Payable	15,126	12,132	27,258	13,482
Increase (Decrease) in Wages/Benefits Payable	(1,282)	(6,171)	(7,453)	16,458
Increase (Decrease) in Compensated Absences Payable	4,197	(16,007)	(11,810)	19,108
Total Adjustments	78,230	15,854	94,084	130,189
Net Cash Provided by Operating Activities	(\$57,395)	\$868,762	\$811,367	\$940,852
Schedule of Noncash Capital and Related Financing Activities				
Capital Assets Acquired by Noncash Contributions	\$0	\$435,106	\$435,106	\$154,765

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, 2011

With comparative totals for December 31, 2010

Page 1 of 2

	#512 <u>Unemployment Compensation Reserve</u>	#513 <u>Employees' Health Benefit Reserve</u>	#514 <u>Workers' Compensation Reserve</u>	#515 <u>Risk Management Reserve</u>
Assets				
Current Assets				
Cash & Equity in Pooled Investments	\$351,357	\$295,459	\$208,348	\$225,984
Deposits w/ Fiscal Agent/Trustee	0	10,620	0	0
Receivables				
Accounts	18,081	670,431	79,167	0
Due from Other Government Units	0	0	0	0
Inventories	0	0	0	0
Investments, at Amortized Cost	0	1,123,000	793,000	860,000
Total Current Assets	<u>369,438</u>	<u>2,099,510</u>	<u>1,080,515</u>	<u>1,085,984</u>
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	(53,533)
Total Noncurrent Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>49,842</u>
Total Assets	<u>\$369,438</u>	<u>\$2,099,510</u>	<u>\$1,080,515</u>	<u>\$1,135,826</u>
Liabilities				
Current Liabilities				
Warrants/Accounts Payable	\$0	\$170,792	\$10,620	\$176,784
Wages/Benefits Payable	3,063	11,250	10,990	53,644
Compensated Absences Payable	7,263	16,311	10,600	62,264
Claims and Judgments Payable	37,872	1,482,399	705,495	690,000
Total Current Liabilities	<u>\$48,198</u>	<u>\$1,680,752</u>	<u>\$737,705</u>	<u>\$982,692</u>
Net Position				
Invested in Capital Assets, net of related debt	\$0	\$0	\$0	\$49,842
Unrestricted	321,240	418,758	342,810	103,292
Total Net Position	<u>\$321,240</u>	<u>\$418,758</u>	<u>\$342,810</u>	<u>\$153,134</u>

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, 2011

With comparative totals for December 31, 2010

Page 2 of 2

#516 Wellness/ EAP	#551 Equipment Rental	#555 Environmental	#560 Public Works Administration	Total	
				2011	2010
\$125,110	\$851,100	\$431,611	\$500,369	\$2,989,338	\$4,160,407
0	0	0	0	10,620	10,620
0	0	0	0	767,679	807,675
0	0	0	0	0	124,436
0	428,843	0	0	428,843	286,842
0	3,959,000	0	0	6,735,000	6,219,642
<u>125,110</u>	<u>5,238,943</u>	<u>431,611</u>	<u>500,369</u>	<u>10,931,480</u>	<u>11,609,622</u>
0	0	0	37,397	37,397	37,397
0	0	435,456	7,251	442,707	127,096
41,732	21,887,538	7,572	84,316	22,124,533	21,673,387
<u>(26,784)</u>	<u>(13,227,344)</u>	<u>(24,161)</u>	<u>(109,141)</u>	<u>(13,440,963)</u>	<u>(13,061,468)</u>
14,948	8,660,194	418,867	19,823	9,163,674	8,776,412
<u>\$140,058</u>	<u>\$13,899,137</u>	<u>\$850,478</u>	<u>\$520,192</u>	<u>\$20,095,154</u>	<u>\$20,386,034</u>
\$2,464	\$108,197	\$0	\$31,595	\$500,452	\$510,996
0	82,289	0	61,285	222,521	316,212
0	111,632	0	72,942	281,012	278,734
0	0	0	0	2,915,766	2,696,571
<u>\$2,464</u>	<u>\$302,118</u>	<u>\$0</u>	<u>\$165,822</u>	<u>\$3,919,751</u>	<u>\$3,802,513</u>
\$14,948	\$8,660,194	\$418,867	\$19,823	\$9,163,674	\$8,776,412
<u>122,646</u>	<u>4,936,825</u>	<u>431,611</u>	<u>334,547</u>	<u>7,011,729</u>	<u>7,807,109</u>
<u>\$137,594</u>	<u>\$13,597,019</u>	<u>\$850,478</u>	<u>\$354,370</u>	<u>\$16,175,403</u>	<u>\$16,583,521</u>

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, 2011

With comparative totals for December 31, 2010

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	\$2,507,449
Charges for Services	0	0	0	0
Employer Contributions	179,549	8,451,186	1,000,238	0
Employee Contributions	0	1,851,377	72,791	0
Other Operating Revenue	0	0	0	0
Total Operating Revenues	<u>179,549</u>	<u>10,302,563</u>	<u>1,073,029</u>	<u>2,507,449</u>
Operating Expenses				
Operations and Maintenance	9,458	875,613	347,559	1,353,703
Administration/Overhead	34,997	279,951	133,512	1,052,676
Depreciation/Amortization	0	0	0	20,675
Other Benefits	160,620	9,994,505	800,824	520,885
Total Operating Expenses	<u>205,075</u>	<u>11,150,069</u>	<u>1,281,895</u>	<u>2,947,939</u>
Operating Income (Loss)	<u>(\$25,526)</u>	<u>(\$847,506)</u>	<u>(\$208,866)</u>	<u>(\$440,490)</u>
Non-Operating Revenues				
Other Non-Operating/Grants	\$0	\$15,549	\$121,960	\$101,822
Interest Revenue	0	100,000	1,000	120,000
Gain (Loss) on Capital Assets Disposition	0	0	0	0
Non-Operating Revenue Net of Expenses	<u>\$0</u>	<u>\$115,549</u>	<u>\$122,960</u>	<u>\$221,822</u>
Change in Net Position				
Income (Loss) Before Contributions and Transfers	(\$25,526)	(\$731,957)	(\$85,906)	(\$218,668)
Capital Contributions	0	0	0	0
Total Change in Net Position	<u>(25,526)</u>	<u>(731,957)</u>	<u>(85,906)</u>	<u>(218,668)</u>
Total Net Position - January 1	<u>346,766</u>	<u>1,150,715</u>	<u>428,716</u>	<u>371,802</u>
Total Net Position - December 31	<u><u>\$321,240</u></u>	<u><u>\$418,758</u></u>	<u><u>\$342,810</u></u>	<u><u>\$153,134</u></u>

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, 2011

With comparative totals for December 31, 2010

Page 2 of 2

#516 Wellness/ EAP	#551 Equipment Rental	#555 Environmental	#560 Public Works Administration	Total	
				2011	2010
\$0	\$0	\$150,867	\$0	\$2,658,316	\$2,620,092
0	5,275,078	0	1,184,331	6,459,409	6,128,723
30,000	0	0	0	9,660,973	9,628,571
0	0	0	0	1,924,168	1,631,456
0	904	0	0	904	1,135
30,000	5,275,982	150,867	1,184,331	20,703,770	20,009,977
54,722	3,326,781	27,339	577,504	6,572,679	6,945,274
0	313,022	0	544,751	2,358,909	2,716,006
8,346	1,301,395	5,992	5,540	1,341,948	1,401,377
0	0	0	0	11,476,834	9,932,305
63,068	4,941,198	33,331	1,127,795	21,750,370	20,994,962
(\$33,068)	\$334,784	\$117,536	\$56,536	(\$1,046,600)	(\$984,985)
\$0	\$133,863	\$21,673	\$0	\$394,867	\$952,175
0	69,242	0	0	290,242	267,756
0	(46,627)	0	0	(46,627)	(12,900)
\$0	\$156,478	\$21,673	\$0	\$638,482	\$1,207,031
(\$33,068)	\$491,262	\$139,209	\$56,536	(\$408,118)	\$222,046
0	0	0	0	0	21,360
(33,068)	491,262	139,209	56,536	(408,118)	243,406
170,662	13,105,757	711,269	297,834	16,583,521	16,340,115
\$137,594	\$13,597,019	\$850,478	\$354,370	\$16,175,403	\$16,583,521

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, 2011

With comparative totals for December 31, 2010

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	176,821	10,283,549	1,084,767	2,557,449
Cash Paid to Suppliers for Goods and Services	(12,849)	(984,185)	(382,021)	(1,811,806)
Cash Paid for Salaries and Benefits	(34,085)	(140,201)	(116,588)	(678,678)
Cash Paid to Claimants and Beneficiaries	(156,186)	(9,882,662)	(834,906)	(383,885)
Net Cash Provided by Operating Activities	(\$26,299)	(\$723,499)	(\$248,748)	(\$316,920)
Cash Flows from Noncapital Financing Activities				
Transfer In/Other Non-Operating Revenue	\$0	\$15,549	\$121,960	\$101,822
Cash Flows from Capital Financing Activities				
Cash Received from Disposal of Capital Assets	\$0	\$0	\$0	\$0
Capital Expenditures Paid	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	\$1,500,000	\$500,000	\$400,000
Interest Received on Investments	0	100,000	1,000	120,000
Purchase of Investment Securities	0	(1,123,000)	(793,000)	(860,000)
Net Cash Provided by Investing Activities	\$0	\$477,000	(\$292,000)	(\$340,000)
Net Increase (Decrease) in Cash and Cash Equivalents	(\$26,299)	(\$230,950)	(\$418,788)	(\$555,098)
Cash and Cash Equivalents at Beginning of Year	\$377,656	\$526,409	\$627,136	\$781,082
Cash and Cash Equivalents at End of Year	\$351,357	\$295,459	\$208,348	\$225,984
Reconciliation of Net Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities				
Net Operating Income (Loss)	(\$25,526)	(\$847,506)	(\$208,866)	(\$440,490)
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 Accounts Receivable	(2,728)	(19,014)	11,738	50,000
(Increase) Decrease in Inventory	0	0	0	0
Increase (Decrease) in Warrants/Accounts Payable	0	39,354	(13,886)	8,458
Increase (Decrease) in Wages/Benefits Payable	(330)	1,502	(554)	(101,347)
Increase (Decrease) in Compensated Absences Payable	(2,149)	(9,678)	(3,098)	8,784
Increase (Decrease) in Claims and Judgments Payable	4,434	111,843	(34,082)	137,000
Total Adjustments	(\$773)	\$124,007	(\$39,882)	\$123,570
Net Cash Provided by Operating Activities	(\$26,299)	(\$723,499)	(\$248,748)	(\$316,920)
Capital Assets Acquired by Noncash Contributions	\$0	\$0	\$0	\$0

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, 2011

With comparative totals for December 31, 2010

Page 2 of 2

#516 Wellness/ EAP	#551 Equipment Rental	#555 Environmental	#560 Public Works Administration	Total	
				2011	2010
\$0	\$5,275,982	\$150,867	\$1,184,331	\$6,611,180	\$6,287,190
30,000	0	0	0	14,132,586	13,697,659
(56,642)	(2,938,903)	(37,886)	(529,516)	(6,753,808)	(7,152,996)
0	(865,180)	0	(587,006)	(2,421,738)	(2,259,888)
0	0	0	0	(11,257,639)	(10,374,920)
<u>(\$26,642)</u>	<u>\$1,471,899</u>	<u>\$112,981</u>	<u>\$67,809</u>	<u>\$310,581</u>	<u>\$197,045</u>
\$0	\$0	\$146,109	\$0	\$385,440	\$898,188
\$0	\$269,041	\$0	\$0	\$269,041	\$22,696
0	(1,595,403)	(315,611)	0	(1,911,014)	(1,395,578)
<u>\$0</u>	<u>(\$1,326,362)</u>	<u>(\$315,611)</u>	<u>\$0</u>	<u>(\$1,641,973)</u>	<u>(\$1,372,882)</u>
\$0	\$3,091,641	\$0	\$0	\$5,491,641	\$3,641,062
0	69,242	0	0	290,242	267,756
0	(3,231,000)	0	0	(6,007,000)	(4,719,642)
<u>\$0</u>	<u>(\$70,117)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$225,117)</u>	<u>(\$810,824)</u>
<u>(\$26,642)</u>	<u>\$75,420</u>	<u>(\$56,521)</u>	<u>\$67,809</u>	<u>(\$1,171,069)</u>	<u>(\$1,088,473)</u>
<u>\$151,752</u>	<u>\$775,680</u>	<u>\$488,132</u>	<u>\$432,560</u>	<u>\$4,160,407</u>	<u>\$5,248,880</u>
<u>\$125,110</u>	<u>\$851,100</u>	<u>\$431,611</u>	<u>\$500,369</u>	<u>\$2,989,338</u>	<u>\$4,160,407</u>
(\$33,068)	\$334,784	\$117,536	\$56,536	(\$1,046,600)	(\$984,985)
8,346	1,301,395	5,992	5,540	1,341,948	1,401,377
0	0	0	0	39,996	(25,128)
0	(142,001)	0	0	(142,001)	237,496
(1,920)	(36,876)	(10,547)	4,873	(10,544)	(119,398)
0	2,787	0	4,251	(93,691)	108,140
0	11,810	0	(3,391)	2,278	22,158
0	0	0	0	219,195	(442,615)
<u>\$6,426</u>	<u>\$1,137,115</u>	<u>(\$4,555)</u>	<u>\$11,273</u>	<u>\$1,357,181</u>	<u>\$1,182,030</u>
<u>(\$26,642)</u>	<u>\$1,471,899</u>	<u>\$112,981</u>	<u>\$67,809</u>	<u>\$310,581</u>	<u>\$197,045</u>
\$0	\$0	\$0	\$0	\$0	\$21,360

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, 2011

Page 1 of 1

	Balance			Balance
	As of	Additions	Deductions	As of
	01/01/11			12/31/11
Assets				
Current Assets				
Cash & Equity in Pooled Investments	\$0	\$136,666	\$0	\$136,666
Receivables				
Accounts/Taxes (Net)	0	1,921	0	1,921
Total Current Assets	<u>0</u>	<u>138,587</u>	<u>0</u>	<u>138,587</u>
Liabilities				
Current Liabilities				
Warrants/Accounts Payable	\$0	\$96,474	\$0	\$96,474
Accrued Liabilities	0	42,113	0	42,113
Total Current Liabilities	<u>\$0</u>	<u>\$138,587</u>	<u>\$0</u>	<u>\$138,587</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, 2011

Page 1 of 2

	Balance as of 12/31/11	Land
General Government		
City Council / Manager / Clerks	\$1,191,085	\$0
Finance (Finance, Information Systems, Utility Services)	2,260,239	0
Human Resources	8,239	0
Legal	8,695	0
Municipal Court	75,395	0
Codes / Planning / City Hall	2,877,140	34,000
Engineering	44,732	0
Miscellaneous General Government	1,485,681	1,485,681
Total General Government	\$7,951,206	\$1,519,681
Public Safety		
Fire	\$14,946,797	\$297,389
Police	17,291,130	2,589,641
Total Public Safety	\$32,237,927	\$2,887,030
Physical Environment		
LID Construction	\$1,614	\$0
Cemetery	754,248	477,660
Total Physical Environment	\$755,862	\$477,660
Transportation		
Streets	\$147,619,058	\$2,117,793
Arterial Street	92,526,907	2,469,197
Transportation (Trolley)	1,049,052	28,500
Total Transportation	\$241,195,017	\$4,615,490
Economic Environment		
Senior Citizen Center	\$3,500,000	\$0
Community Development	1,880,656	398,748
Central Business District	11,826,062	0
Total Economic Environment	\$17,206,718	\$398,748
Culture and Recreation		
Bicentennial Pavilion (Original Convention Center)	\$9,309,775	\$1,193,729
Parks and Recreation	15,764,047	2,597,702
Southeast Community Center	634,846	60,579
Capitol Theatre	13,831,717	80,000
Cable TV	362,944	0
Convention Center	6,638,529	162,608
Gateway - Visitor Center	601,044	0
Total Culture and Recreation	\$47,142,902	\$4,094,618
Total	\$346,489,632	\$13,993,227

(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, 2011

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	2,191,290	0
0	0	0	8,239	0
8,695	0	0	0	0
6,312	4,507	0	64,576	0
2,802,886	40,254	0	0	0
0	0	0	44,732	0
0	0	0	0	0
<u>\$4,005,068</u>	<u>\$75,524</u>	<u>\$0</u>	<u>\$2,350,933</u>	<u>\$0</u>
\$7,404,012	\$105,726	\$0	\$7,139,670	\$0
11,461,769	109,683	0	3,130,037	0
<u>\$18,865,781</u>	<u>\$215,409</u>	<u>\$0</u>	<u>\$10,269,707</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	\$145,017,686	\$261,880	\$0
0	1,085,365	61,892,978	70,237	27,009,130
209,324	192,205	0	175,000	444,023
<u>\$209,324</u>	<u>\$1,499,269</u>	<u>\$206,910,664</u>	<u>\$507,117</u>	<u>\$27,453,153</u>
\$3,500,000	\$0	\$0	\$0	\$0
52,161	13,050	1,168,551	51,771	196,375
0	281,913	11,475,959	68,190	0
<u>\$3,552,161</u>	<u>\$294,963</u>	<u>\$12,644,510</u>	<u>\$119,961</u>	<u>\$196,375</u>
\$7,644,646	\$334,337	\$0	\$137,063	\$0
1,462,436	10,335,914	0	45,414	1,322,581
574,267	0	0	0	0
13,459,420	0	0	292,214	83
3,407	63,053	0	296,484	0
6,145,685	225,465	0	104,771	0
601,044	0	0	0	0
<u>\$29,890,905</u>	<u>\$10,958,769</u>	<u>\$0</u>	<u>\$875,946</u>	<u>\$1,322,664</u>
<u>\$56,659,080</u>	<u>\$13,184,681</u>	<u>\$219,555,174</u>	<u>\$14,123,664</u>	<u>\$28,973,806</u>

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

SCHEDULE BY CHANGES BY FUNCTION AND ACTIVITY

GOVERNMENTAL FUND CAPITAL ASSETS ⁽¹⁾

December 31, 2011

Page 1 of 1

	Balance As of 01/01/11	Additions	Deletions	Adjustments	Balance As of 12/31/11
General Government					
City Council / Manager / Clerks	\$1,174,418	\$16,667	\$0	\$0	\$1,191,085
Finance (Finance, Info Sys, Utility Svs)	1,728,780	531,459	0	0	2,260,239
Human Resources	8,239	0	0	0	8,239
Legal	8,695	0	0	0	8,695
Municipal Court	75,395	0	0	0	75,395
Codes / Planning / City Hall	2,849,518	27,622	0	0	2,877,140
Engineering	44,732	0	0	0	44,732
Miscellaneous General Government	1,485,681	0	0	0	1,485,681
Total General Government	\$7,375,458	\$575,748	\$0	\$0	\$7,951,206
Public Safety					
Fire	\$14,829,801	\$612,136	(\$495,140)	\$0	\$14,946,797
Police	16,845,329	445,801	0	0	17,291,130
Total Public Safety	\$31,675,130	\$1,057,937	(\$495,140)	\$0	\$32,237,927
Physical Environment					
LID Construction	\$5,409	(\$3,795)	\$0	\$0	\$1,614
Cemetery	754,249	0	0	0	754,249
Total Physical Environment	\$759,658	(\$3,795)	\$0	\$0	\$755,863
Transportation					
Streets	\$146,546,819	\$1,072,239	\$0	\$0	\$147,619,058
Arterial Street	78,771,531	13,755,487	(111)	0	92,526,907
Transportation (Trolley)	1,013,930	35,122	0	0	1,049,052
Total Transportation	\$226,332,280	\$14,862,848	(\$111)	\$0	\$241,195,017
Economic Environment					
Senior Citizen Center	\$3,500,000	\$0	\$0	\$0	\$3,500,000
Community Development	1,651,009	231,647	(2,000)	0	1,880,656
Central Business District	11,791,317	34,745	0	0	11,826,062
Total Economic Environment	\$16,942,326	\$266,392	(\$2,000)	\$0	\$17,206,718
Culture and Recreation					
Bicentennial Pavilion (Orig Conv Ctr)	\$9,309,775	\$0	\$0	\$0	\$9,309,775
Parks and Recreation	15,286,526	720,184	(242,663)	0	15,764,047
Southeast Community Center	634,846	0	0	0	634,846
Capitol Theatre	13,704,311	127,406	0	0	13,831,717
Cable TV	304,095	100,000	(41,151)	0	362,944
Convention Center	6,627,235	11,294	0	0	6,638,529
Gateway - Visitor Center	601,044	0	0	0	601,044
Total Culture and Recreation	\$46,467,832	\$958,884	(\$283,814)	\$0	\$47,142,902
Total	\$329,552,684	\$17,718,014	(\$781,065)	\$0	\$346,489,633

(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 CHANGES BY FUNCTION AND ACTIVITY GOVERNMENTAL FUND CAPITAL ASSETS⁽¹⁾

December 31, 2011

Page 1 of 1

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
General Capital Assets					
Land	\$14,119,277		(\$176,600)	\$50,549	\$13,993,226
Buildings	48,740,164	27,622	0	7,891,295	56,659,081
Improvements other than Buildings	12,111,534	43,369	0	1,029,778	13,184,681
Equipment	11,439,603	1,441,844	(538,291)	949,292	13,292,448
Infrastructure	215,546,036	570,977	0	3,438,161	219,555,174
Construction in Progress	26,764,854	15,634,201	(66,174)	(13,359,075)	28,973,806
Capitalized Leases	831,216	0	0	0	831,216
Total General Capital Assets	<u>\$329,552,684</u>	<u>\$17,718,013</u>	<u>(\$781,065)</u>	<u>\$0</u>	<u>\$346,489,632</u>
Investment in General Capital Assets					
1984 Physical Inventory	\$15,920,370	\$0	\$0	\$0	\$15,920,370
Federal Grants	1,958,685	35,272	(2,000)	0	1,991,957
State Grants	551,428	0	0	0	551,428
Interlocal Grants	143,728,214	0	0	0	143,728,214
General Fund	2,181,061	269,613	0	0	2,450,674
Special Revenue Funds	3,352,318	118,010	(41,262)	0	3,429,066
Federal Revenue Sharing	394,765	0	0	0	394,765
General Obligation Bond	27,076,012	847,591	0	0	27,923,603
Capital Projects	44,733,577	1,754,467	(737,803)	0	45,750,241
Grants/GOB/Local Match	84,473,494	14,122,083	0	0	98,595,577
Private Contributions	5,182,760	570,977	0	0	5,753,737
Total Invest in General Capital Assets	<u>\$329,552,684</u>	<u>\$17,718,013</u>	<u>(\$781,065)</u>	<u>\$0</u>	<u>\$346,489,632</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, 2011

Page 1 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>
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	251.11	594.75.65	6,735,000	06/10/02	06/01/26
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					
Wastewater/Water (Refunding 98)	252.15	535.10.65	125,074	10/01/98	09/01/11
Wastewater/Water (Refunding 98)	252.15	535.10.65	1,390,975	10/01/98	09/01/11
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	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>\$31,600,000</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, 2011

Page 2 of 5

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
\$1,455,000	0	391.10-BND	283	\$470,000	591.21-710	283	\$985,000	4.35-5.25%
1,080,000	0	391.10-BND	284	255,000	591.22-710	284	825,000	2.0 -3.5%
3,125,000	0	391.10-BND	370	305,000	591.75-710	287	2,820,000	2.0 -4.2%
460,000	0	391.10-BND	370	225,000	591.75-710	272	235,000	3.0-5.0%
4,880,000	0	391.10-BND	272	10,000	591.75-710	272	4,870,000	4.0-5.0%
1,055,686	0	391.10-BND	392	112,419	59175-710	281	943,267	2.34-4.72%
415,000	0	391.10-BND	331	75,000	59176-710	281	340,000	4.0-4.5%
1,315,000	0	391.10-BND	142	165,000	591.42-710	281	1,150,000	4.0-5.0%
690,000	0	391.10-BND	332	45,000	591.22-710	281	645,000	4.0-5.0%
1,260,000	0	391.10-BND	321	85,000	591.42-710	281	1,175,000	4.0-4.5%
655,000	0	391.10-BND	332	50,000	591.22-710	281	605,000	3.25-4.0%
1,810,000	0	391.10-BND	142	175,000	591.42-710	281	1,635,000	3.25-4.0%
6,680,000	0	391.10-BND	322	185,000	591.42-710	272	6,495,000	3.0-6.60%
<u>\$24,880,686</u>	<u>\$0</u>			<u>\$2,157,419</u>			<u>\$22,723,267</u>	
43,313	0	39110-BND	484	43,313	582.34-720	484	0	4.00-4.3%
481,687	0	39110-BND	484	481,687	582.35-720	484	0	4.00-4.3%
1,555,000	0	39110-BND	477	170,000	582.34-720	486	1,385,000	4.00-5.0%
12,740,000	0	39110-BND	478	750,000	582.35-720	493	11,990,000	2.0-5.0%
4,975,000	0	39110-BND	478	205,000	582.35-720	488	4,770,000	4.00-5.0%
4,580,000	0	39110-BND	479	115,000	582.38-720	491	4,465,000	2.0-4.8%
<u>\$24,375,000</u>	<u>\$0</u>			<u>\$1,765,000</u>			<u>\$22,610,000</u>	
67,000	0	39170-770	345	22,000	59135-770	289	45,000	8.75%
77,500	0	39170-770	345	10,500	59135-770	289	67,000	8.75%
63,000	0	39170-770	345	6,000	59135-770	289	57,000	8.75%
202,961	0	39170-770	345	24,961	59135-770	289	178,000	5.50%
409,000	0	39170-770	345	28,000	59135-770	289	381,000	5.50%
<u>\$819,461</u>	<u>\$0</u>			<u>\$91,461</u>			<u>\$728,000</u>	

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2011

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-5-91-280-070	263.81	595.30.65	1,039,500	09/29/91	07/01/11
PW-5-91-280-071	263.81	595.40.65	1,143,716	09/29/91	07/01/11
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
CERB Loan #C95-107	263.81	594.50.65	425,448	08/21/95	07/01/16
Total			<u>\$29,099,021</u>		
Due To Other Governmental Units					
Yakima County	263.82		44,000	06/01/02	06/01/11
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>\$900,000</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>\$102,524,513</u></u>		

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2011

Page 4 of 5

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
49,971	0	39180-DCD		49,971	59142-780	142	0	1%
60,668	0	39180-DCD		60,668	59138-780	342	0	3%
123,462	0	39180-DCD	476	61,731	58235-78P	473	61,731	1%
511,517	0	39180-DCD	478	170,506	58235-78P	473	341,011	1%
163,596	0	39180-DCD	476	40,899	58235-78P	473	122,697	1%
266,254	0	39180-DCD		53,251	59142-780	142	213,003	1%
816,873	0	39180-DCD	478	163,375	58235-78P	473	653,498	1%
58,426	0	39180-DCD	476	11,685	58235-78P	473	46,741	1%
853,875	0	39180-DCD	476/477	77,625	58235-78P	473	776,250	0.5%
1,751,425	0	39180-DCD	477	134,725	58234-78P	474	1,616,700	0.5%
1,863,687	0	39180-DCD	476	124,246	58235-78P	473	1,739,441	0.5%
2,063,611	0	39180-DCD	478	121,389	58235-78P	473	1,942,222	0.5%
696,517	0	39180-DCD	477	47,073	58234-78P	474	649,444	0.5%
1,496,880	564,300	39180-DCD	477	114,510	58234-78P	474	1,946,670	0.5%
2,028,947	750,000	39180-DCD	392	154,386	59142-780	342	2,624,561	0.5%
190,451	342,143	39180-DCD	392	0	58231-780	473	532,594	2.9%
0	36,856	38280-SRF	478	0	58231-780	473	36,856	2.9%
177,847	0	39180-DCD		25,820	59119-780	000	152,027	5.5%
<u>\$13,174,007</u>	<u>\$1,693,299</u>			<u>\$1,411,860</u>			<u>\$13,455,446</u>	
5,256	0	39180-COU		5,256	59142-780	142	0	4.20%
20,247	0	39180-COU	474	9,847	58234-780	474	10,400	5.62%
22,631	0	39180-COU	142	10,976	59142-780	142	11,655	6.18%
11,595	0	39180-COU	142	5,639	59142-780	142	5,956	5.62%
132,787	0	39180-COU	142	42,643	59142-780	142	90,144	6.18%
0	500,000	39180-COU	323	0	59142-780	142	500,000	6.18%
<u>\$192,516</u>	<u>\$500,000</u>			<u>\$74,361</u>			<u>\$618,155</u>	
90,704	0	39150-CLF	151	31,883	59118-750	000	58,821	4.17%
41,763	0	39150-CLF	000	9,695	59118-750	000	32,068	4.85%
0	576,847	39190-COP	332	53,724	59122-750	332	523,123	3.02%
<u>\$132,467</u>	<u>\$576,847</u>			<u>\$95,302</u>			<u>\$614,012</u>	
<u><u>\$63,574,137</u></u>	<u><u>\$2,770,146</u></u>			<u><u>\$5,595,403</u></u>			<u><u>\$60,748,880</u></u>	

SCHEDULE 9
LONG-TERM DEBT

For the Year Ended December 31, 2011

Page 5 of 5

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
	<u>\$24,590,919</u>

SCHEDULE 10
LIMITATIONS OF INDEBTEDNESS

For the Year Ended December 31, 2011

Page 1 of 1

Total Taxable Property Value - \$0		<u>Remaining Debt Capacity</u>
2.50% (\$136,355,461) General Purposes Limit is Allocated Between:		
Up to 1.5% Debt without a Vote (Councilmanic)	\$81,813,277	
Less : Outstanding Debt	33,274,206	
Less: Contracts Payable	614,012	
Less: Excess of Debt with a Vote	0	
Add: Available Assets	8,743,180	
Equals: Remaining Debt Capacity without a Vote		\$56,668,239
1% General Purposes Debt with a Vote	\$54,542,184	
Less : Outstanding Debt	825,000	
Less: Contracts Payable	0	
Add: Available Assets	202,449	
Equals: Remaining Debt Capacity with a Vote		\$53,919,633
2.5% Utility purpose Limit, Voted	\$136,355,461	
Less : Outstanding Debt	0	
Less: Contracts Payable	0	
Add: Available Assets	0	
Equals: Remaining Debt Capacity - Utility Purpose, Voted		\$136,355,461
2.5% Open Space, Park and Capital Facilities, Voted	\$136,355,461	
Less : Outstanding Debt	0	
Less: Contracts Payable	0	
Add: Available Assets	0	
Equals: Remaining Debt Capacity - Open Space, Park and Capital Facilities, Voted		<u>\$136,355,461</u>

SCHEDULE 16
EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

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 Housing & Urban Development					
Community Development Block Grant	14.218	B 10-MC-53-0008		\$1,126,363	6
Community Development Block Grant	14.218	CDBG Program Income		268,670	3
Sub-Total Community Development Block Grants				1,395,033	
Home Investment Partnerships Program	14.239	M11-MC53-0203		72,833	-
Home Investment Partnerships Program	14.239	M10-MC53-0203		474,044	-
Home Investment Partnerships Program	14.239	Home Program Income		803,396	3
Sub-Total Home Investment Partnerships Programs				1,350,273	
ARRA Community Development Block Grant	14.253	B-09-MY-53-008		11,055	6
Passed-through Washington State Department of Commerce CDBG Neighborhood Stabilization Program	14.228	08-F6401-027	\$21,934		-
Total Department of Housing and Urban Development			21,934	2,756,361	
U. S. Department of Justice					
Edward Byrne Memorial State and Local	16.580	2008-DD-BX-0482		82,057	-
State Criminal Alien Assistant Program	16.606	2009-AP-BX-0439		20,711	-
Bullet Proof Vest Partnership Program	16.607	Bullet Proof Vest		13,125	-
Passed-through Washington State Department of Commerce Project Safe Neighborhood - Gang Enforcement CFDA 16.710	16.609	F10-34023-004	15,875		
Public Safety Partnership & Community Policing Grants	16.710	2009-CKWX0186		262,295	-
Public Safety Partnership & Community Policing Grants	16.710	2008-CKWX0543		33,355	-
ARRA Public Safety Partnership & Community Policing	16.710	2009RKWX0902		539,948	7
Sub-Total CFDA 16.710				835,598	
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0499		33,919	6
ARRA Edward Byrne Memorial Justice Assistance Grant	16.804	ARRA 2009-SB-B9-1257		64,394	6,7
Total U.S. Department of Justice			15,875	1,049,804	
U. S. Department of Transportation					
Federal Transit - Formula Grant	20.507	WA-90X452-02		1,882,044	
Passed-through Washington State Department of Transportation					
Federal Transit - CMAQ Demo Sunday	20.507	WA-95-X048	127,155		
Job Access - Reverse Commute	20.516	GCA6232	72,749		
Highway Planning & Construction - CFDA 20.205					
Railroad Grade Separation	20.205	STPX-000S (062)	9,319,379		2
Fair Ave / Nob Hill	20.205	STPUS-4566 (007)	774		2
Trolley Restoration	20.205	STPE-1485 (019)	35,122		2
William Douglas Trail / 6th Ave	20.205	STPE-1485 (020)	1,614		2
William Douglas Trail / Bridge	20.205	STPE-1485 (020)	13,534		2
Coolidge Road Widening	20.205	CM-4560 (001)	442,992		2
Powerhouse/WOD Trail	20.205	STPE-1485 (023)	6,456		2
64th Ave Roadway Widening	20.205	STPUS-4591 (002)	28,122		2
Sub-total - CFDA 20.205			9,847,993		
Total U.S. Department of Transportation			10,047,897	1,882,044	

SCHEDULE 16
EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

Page 2 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 Energy ARRA Energy Efficiency and Conservation Block Grant	81.128	ARRA-DE-SC0003043		345,521	7
U. S. Department of Health and Human Services Passed-through Yakima County CFDA 93.043					
Special Programs for the Aging / Disease Prevention	93.043	0969-54703	1,505		
Special Programs for the Aging / Disease Prevention	93.043	0969-54703	21,236		
Sub-Total CFDA 93.043			<u>22,741</u>		
Special Programs for the Aging / Grants for Sup Svcs	93.044	0969-54703	12,403		
Sub-Total Passed-through Yakima County			<u>35,144</u>		
Passed-through DSHS Division of Child Support (DCS) Healthy Marriage Promo & Responsible Fatherhood	93.086	0664-94430	66,604		
Total U.S. Department Health Passed-through			<u>101,748</u>		
Corporation for National and Community Service Passed-through WA State Employment Security AmeriCorps Recovery	94.006	K987	16,200		
Homeland Security Passed-through Yakima County - Emergency Management					
Homeland Security Grant	97.067	YVOEM 10-001	69,444		
Homeland Security Grant	97.067	YVOEM 11-001	40,000		
Total Homeland Security			<u>109,444</u>		
			<u>\$10,313,098</u>	<u>\$6,033,730</u>	
Total Federal Assistance Direct & Pass-Through Awards			<u><u>\$16,346,828</u></u>		

SCHEDULE 16
EXPENDITURES OF STATE AND LOCAL AWARDS

For the Year Ended December 31, 2011

Page 1 of 2

Grantor/ Pass-Through Grantor Program Title	BARS Account No.	Other Identification Information	Current Year Expenditures
State Assistance			
Washington State Department of Transportation (WSDOT)			
Washington Avenue RR Crossing	334.03	Project 2063	49,163
JARC Transit Grant	334.03		188,873
Subtotal			<u>238,036</u>
Washington State Department of Community, Trade and Economic Development - Downtown Revitalization	334.04	Project 2284	34,198
Washington State Transportation Improvement Board			
RR Grade Separation	334.03	Project 1818	1,426,915
WA Avenue, 16th Intersection	334.03	Project 2232	658,044
Subtotal			<u>2,084,959</u>
Washington State Department of Ecology			
Ecology Mapping Grant	334.03		47,264
Municipal Stormwater Capacity Grant	334.03	Project 2304	209,684
Utility System Stormwater Grant	334.03	Project 2094	31,380
Tire Cleanup	334.03	Project R420	6,900
Yakima Airport Tank Cleanup	334.03	Project 2274	18,628
Subtotal			<u>313,856</u>
Washington State Department of Social and Health Services			
State Respite	334.04		12,930
Pre-hospital (Emergency Mgmt)	334.04		1,738
Subtotal			<u>14,668</u>
Washington State Office of Public Defense			
Indigent Defense Cities Grant	334.01		150,000
Washington State Department of Education			
School District #7	337.00		500,000
Washington Traffic Safety Commission			
School Zone Flashing Beacon/Lighting Project	334.03		45,000
Police Overtime and Equipment	334.03		96,454
Subtotal			<u>141,454</u>
Total State Assistance			<u><u>\$3,477,171</u></u>

SCHEDULE 16
EXPENDITURES OF STATE AND LOCAL AWARDS

For the Year Ended December 31, 2011

Page 2 of 2

Grantor/ Pass-Through Grantor Program Title	BARS Account No.	Other Identification Information	Current Year Expenditures
Local Assistance			
Yakima County Interlocal Grant			
County Bond Funding	337.00		\$253,276
Yakima Airport Tank Cleanup	337.00		3,045
Subtotal			<u>256,321</u>
Yakama Indian Nation			
Yakima Fire Department	337.07		2,500
Total Local Assistance			<u>\$258,821</u>
Total State and Local Assistance			<u>\$3,735,992</u>

SCHEDULE 16
NOTES TO THE SCHEDULE OF EXPENDITURES

For the Year Ended December 31, 2011

Page 1 of 2

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

In 2003, the City of Yakima was authorized to administer a Section 108 Loan program. There were no new loans in 2011. 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.

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-14.253	\$11,055
ARRA-16.804	\$6,819
JAG-16.738	\$29,024

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, 2011

Page 1 of 1

1. Total current public works construction budget as amended (annual or biennial as applicable)	\$48,048,453
2. Total allowable public works (10 percent of line 1)	4,804,845
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>4,804,845</u>
5. Total public works projects performed by public employees during the current year (including work performed by a county)	220,028
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>\$4,584,817</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, 2011

Page 1 of 2

Name Of Firm:

Menke Jackson Beyer Elofson Ehlis & Harper, LLP

Name of Consultant:

A. Menke/R. Jackson/K. Harper/K. Ehlis

Business Address:

807 North 39th Avenue
Yakima, Washington 98901

Amount Paid To Consultant During Fiscal Year:

\$3,638.00

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)

Maximum Compensation Allowed:

None

Duration of Services:

On Going

Services Provided:

Labor negotiations and arbitration for Police, Fire and AFSCME.

Certified correct this _____ day of _____, 2011 to the best of my knowledge and belief:

Signature : _____

Name: Cindy J. Epperson

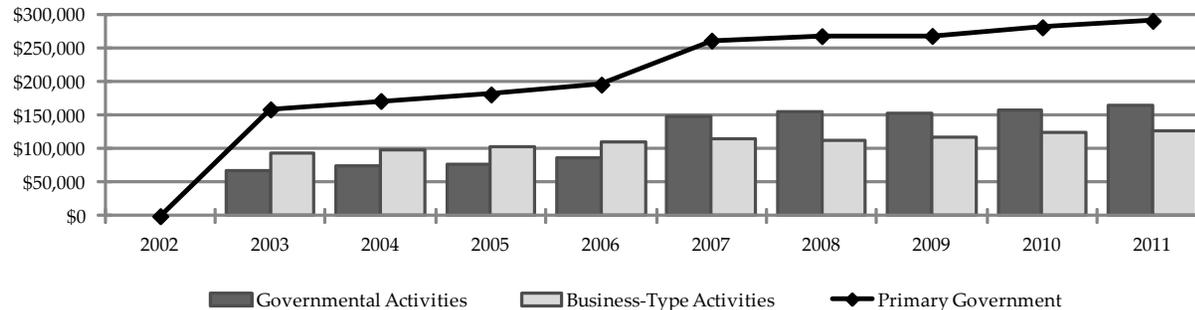
Title: Director of Finance and Budget

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$0	\$50,464	\$60,441	\$63,513	\$72,842	\$121,925	\$130,196	\$128,071	\$137,521	\$147,349
Restricted	0	4,914	4,831	4,792	4,238	10,991	9,804	9,286	9,350	9,450
Unrestricted	0	11,195	8,060	8,951	9,668	14,327	16,073	14,928	10,545	8,253
Total Governmental Activities Net Position	\$0	\$66,573	\$73,332	\$77,256	\$86,748	\$147,243	\$156,073	\$152,285	\$157,416	\$165,052
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$0	\$80,072	\$84,227	\$86,609	\$89,124	\$90,617	\$86,560	\$98,161	\$101,913	\$105,681
Restricted	0	2,610	2,665	2,701	2,705	2,722	2,362	2,366	2,370	2,372
Unrestricted	0	9,692	11,250	14,613	17,156	20,771	22,963	15,449	19,461	17,690
Total Business-Type Activities Net Position	\$0	\$92,374	\$98,142	\$103,923	\$108,985	\$114,110	\$111,885	\$115,976	\$123,744	\$125,743
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$0	\$130,536	\$144,668	\$150,122	\$161,966	\$212,542	\$216,756	\$226,232	\$239,434	\$253,030
Restricted	0	7,524	7,496	7,493	6,943	13,713	12,166	11,652	11,720	11,822
Unrestricted	0	20,887	19,310	23,564	26,824	35,098	39,036	30,377	30,006	25,943
Total Primary Government Net Position	\$0	\$158,947	\$171,474	\$181,179	\$195,733	\$261,353	\$267,958	\$268,261	\$281,160	\$290,795



NOTES: 2007 was the first year of accounting for the universe of infrastructure.

Less than ten years data is provided because 2003 was the first year for government-wide expense under GASB #34

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 3

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental Activities										
General Government	\$0	\$6,774	\$7,147	\$7,381	\$7,336	\$7,867	\$8,145	\$8,656	\$8,512	\$8,814
Security of Persons and Property	0	26,468	28,391	30,222	32,059	33,706	36,959	40,009	40,088	40,614
Physical Environment	0	1,225	1,176	1,232	1,339	872	1,355	1,190	828	670
Transportation	0	5,811	5,584	5,962	6,821	11,516	11,213	11,109	11,604	10,693
Economic Environment	0	3,143	3,422	3,747	3,937	4,007	4,146	4,821	5,670	4,840
Mental and Physical Health	0	15	17	43	17	20	19	86	87	22
Cultural & Recreational Environment	0	6,891	7,066	7,601	7,819	6,807	7,156	7,021	7,471	7,859
Interest on Long Term Debt	0	1,063	850	809	815	871	863	1,004	1,217	1,160
Total Governmental Activities Expenses	0	51,390	53,653	56,997	60,143	65,666	69,856	73,896	75,477	74,672
Business-Type Activities										
Transit	0	5,282	5,526	6,282	6,769	7,317	8,323	7,929	8,365	8,564
Refuse	0	2,861	2,751	3,154	3,176	3,521	3,971	4,218	4,362	4,472
Wastewater	0	10,172	11,565	11,173	11,545	11,794	12,167	12,297	12,813	13,972
Water	0	4,406	4,586	4,921	5,044	5,395	5,520	5,748	5,654	5,546
Irrigation	0	1,222	1,220	1,645	1,572	1,568	1,695	1,733	1,811	1,884
Stormwater	0	0	0	0	0	0	583	1,028	1,240	1,317
Total Business-Type Activities Expenses	0	23,943	25,648	27,175	28,106	29,595	32,259	32,953	34,245	35,755
Total Expenses	\$0	\$75,333	\$79,301	\$84,172	\$88,249	\$95,261	\$102,115	\$106,849	\$109,722	\$110,427

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$0	\$47	\$196	\$156	\$170	\$145	\$19	\$12	\$4	(\$2)
Security of Persons and Property	0	1,995	1,746	1,561	1,389	1,625	1,823	2,539	2,183	2,088
Physical Environment	0	422	605	875	1,101	901	980	649	1,544	768
Transportation	0	98	130	84	64	261	161	59	259	225
Economic Environment	0	1,141	1,146	1,059	1,259	2,072	1,664	1,673	1,719	2,258
Cultural & Recreational Environment	0	1,515	1,565	1,533	1,744	1,922	2,037	2,070	2,100	2,216
Operating Grants and Contributions	0	5,051	4,542	5,134	5,235	4,640	5,488	6,378	7,981	10,507
Capital Grants and Contributions	0	2,866	9,311	3,921	9,301	14,595	4,961	5,090	15,490	14,991
Total Government Activities	0	13,135	19,241	14,323	20,263	26,161	17,133	18,470	31,280	33,051
Business-Type Activities										
Charges for Services										
Transit	0	427	422	450	484	578	1,234	931	935	1,015
Refuse	0	3,080	3,335	3,508	3,861	3,952	4,244	4,655	4,880	4,770
Wastewater	0	12,102	14,691	14,125	14,614	14,433	14,898	15,941	16,442	15,466
Water	0	4,973	5,208	5,381	6,158	6,360	6,394	7,097	7,058	6,887
Irrigation	0	1,792	2,479	2,435	2,449	2,486	2,563	2,646	2,711	2,718
Stormwater	0	0	0	0	0	0	1,065	1,707	1,976	2,170
Operating Grants and Contributions	0	1,552	1,803	3,103	2,801	2,386	2,102	2,019	2,410	2,911
Capital Grants and Contributions	0	4,103	2,053	2,387	1,912	2,789	3,345	1,659	4,993	1,646
Total Business-Type Activities	0	28,029	29,991	31,389	32,279	32,984	35,845	36,655	41,405	37,583
Total Program Revenues	\$0	\$41,164	\$49,232	\$45,712	\$52,542	\$59,145	\$52,978	\$55,125	\$72,685	\$70,634
Net Expense/Revenue										
Governmental Activities	\$0	(\$38,255)	(\$34,412)	(\$42,674)	(\$39,880)	(\$39,505)	(\$52,723)	(\$55,426)	(\$44,197)	(\$41,621)
Business-Type Activities	0	4,086	4,343	4,214	4,173	3,389	3,586	3,702	7,160	1,828
Total Net Expense	\$0	(\$34,169)	(\$30,069)	(\$38,460)	(\$35,707)	(\$36,116)	(\$49,137)	(\$51,724)	(\$37,037)	(\$39,793)

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 3 of 3

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Rev. & Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes	\$0	\$11,853	\$12,199	\$12,435	\$13,265	\$13,071	\$13,782	\$14,261	\$14,535	\$15,126
Sales and Use Taxes	0	13,328	14,055	15,690	17,113	18,393	18,990	17,810	17,920	18,346
Franchise and Utility Taxes	0	7,582	7,763	8,302	9,045	9,025	9,584	10,293	9,959	9,675
Excise Tax	0	1,646	2,612	3,213	3,081	3,469	2,839	2,412	2,281	2,234
Penalties and Interest	0	12	2	1	11	10	3	5	1	1
Grants and Contributions not Restricted	0	175	0	0	0	0	0	0	0	0
State Entitlements	0	2,675	2,774	2,953	3,497	3,790	3,614	3,739	3,589	0
Unrestricted Investment Interest	0	426	415	735	695	913	863	556	403	272
Miscellaneous	0	(260)	41	57	137	(38)	147	101	(64)	33
Gain on Sale of Capital Assets	0	(7)	(1,012)	257	(695)	(553)	135	85	(922)	(148)
Intergovernmental Agreements	0	(1,406)	0	0	(39)	0	0	0	0	0
Transfers	0	2,637	2,797	2,950	3,084	2,624	3,664	4,188	3,927	3,718
Debt Issue Cost	0	0	0	4	0	0	(3)	(31)	0	0
Acctg Loss on Gen Oblig of Debt Ref	0	(295)	(474)	0	140	0	0	0	0	0
Total Government Activities	0	38,366	41,172	46,597	49,334	50,704	53,615	53,419	51,629	49,257
Business-Type Activities										
Sales and Use Taxes	0	3,895	4,138	4,234	4,511	4,789	4,828	4,490	4,485	4,449
Unrestricted Investment Interest	0	124	269	560	656	380	198	100	21	9
Gain on Sale of Capital Assets	0	(139)	8	(56)	100	(227)	1,286	(1)	(6)	(529)
Transfers	0	(3,122)	(2,990)	(3,171)	(3,315)	(3,207)	(4,188)	(4,201)	(3,892)	(3,718)
Extraordinary Item	0	(8,332)	0	0	0	0	0	0	0	0
Total Business-Type Activities	0	(7,574)	1,425	1,567	1,952	1,735	2,124	388	608	211
Total Primary Government	\$0	\$30,792	\$42,597	\$48,164	\$51,286	\$52,439	\$55,739	\$53,807	\$52,237	\$49,468
Change in Net Position										
Governmental Activities	\$0	\$111	\$6,760	\$3,923	\$9,454	\$11,199	\$892	(\$2,007)	\$7,432	\$7,636
Business-Type Activities	0	(3,488)	5,768	5,781	6,125	5,124	5,710	4,090	7,768	2,039
Total Change in Net Position	\$0	(\$3,377)	\$12,528	\$9,704	\$15,579	\$16,323	\$6,602	\$2,083	\$15,200	\$9,675

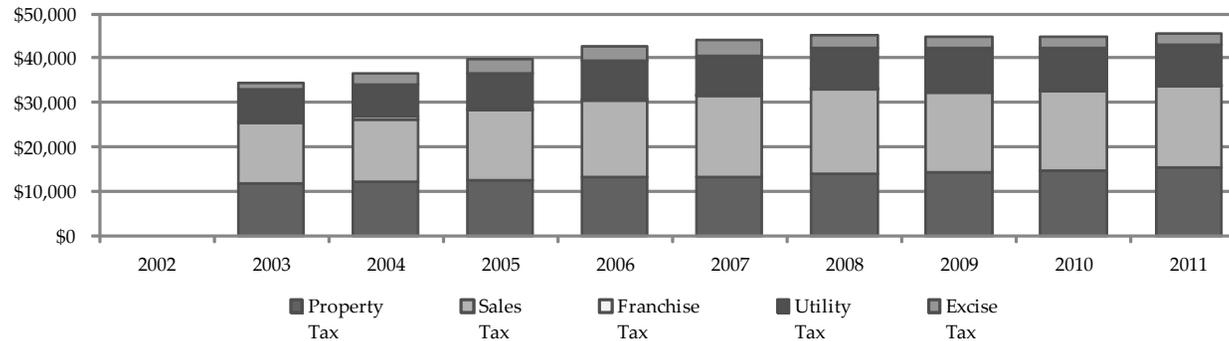
NOTE: Less than ten years data is provided because 2003 was the first year for government-wide expense under GASB #34.

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

<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>
2002	\$0	\$0	\$0	\$0	\$0	\$0
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



NOTE: Less than ten years data is provided because 2003 was the first year for government-wide expense under GASB #34.

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 2

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$0	\$481	\$384	\$278	\$377	\$458	\$464	\$356	\$67	\$44
Unreserved	0	8,476	8,467	8,686	9,145	10,034	10,583	8,486	8,643	8,812
Total General Fund	0	8,957	8,851	8,964	9,522	10,492	11,047	8,842	8,710	8,856
Community Development										
Reserved	0	631	1,120	1,016	1,045	2,257	290	377	284	270
Unreserved	0	(157)	(813)	(661)	(779)	(1,861)	0	0	0	0
Total Community Development Fund	0	474	307	355	266	396	290	377	284	270
Parks & Recreation										
Reserved	0	24	8	1	0	0	0	0	3,403	3,309
Unreserved	0	459	464	478	0	0	0	0	0	0
Total Parks & Recreation fund	0	483	472	479	0	0	0	0	3,403	3,309
Streets & Traffic Engineering										
Reserved	0	340	346	108	0	0	0	0	0	0
Unreserved	0	1,047	989	1,233	0	0	0	0	0	0
Total Streets & Traffic Engineering Fund	0	1,387	1,335	1,341	0	0	0	0	0	0

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
All Other Governmental Funds										
Reserved	0	3,139	2,973	3,389	2,817	2,909	1,685	2,943	0	0
Unreserved Reported in:										
Special Revenue Funds	0	4,258	3,470	3,874	4,937	5,962	7,096	6,591	0	0
Restricted	-	-	-	-	-	-	-	-	4,385	4,676
Committed	-	-	-	-	-	-	-	-	1,137	924
Debt Service Funds										
Restricted	-	-	-	-	-	-	-	-	544	547
Committed	-	-	-	-	-	-	-	-	31	47
Assigned	-	-	-	-	-	-	-	-	80	86
Capital Project Funds	0	3,382	2,478	3,288	3,981	6,312	6,039	8,672	0	0
Restricted	-	-	-	-	-	-	-	-	2,475	1,546
Committed	-	-	-	-	-	-	-	-	0	1,114
Assigned	-	-	-	-	-	-	-	-	911	743
Permanent Fund										
Nonspendable	0	0	0	0	0	0	0	0	592	604
Total all Other Governmental Funds	0	10,779	8,921	10,551	11,735	15,183	14,820	18,206	10,155	10,287
Governmental Funds										
Reserved	0	4,615	4,831	4,792	4,239	5,624	2,439	3,676	0	0
Nonspendable	-	-	-	-	-	-	-	-	592	604
Restricted	-	-	-	-	-	-	-	-	11,158	10,392
Committed	-	-	-	-	-	-	-	-	1,168	2,085
Assigned	-	-	-	-	-	-	-	-	991	829
Unassigned	-	-	-	-	-	-	-	-	8,643	8,812
Unreserved	0	17,465	15,055	16,898	17,284	20,447	23,718	23,749	0	0
Grand Total Governmental Funds	\$0	\$22,080	\$19,886	\$21,690	\$21,523	\$26,071	\$26,157	\$27,425	\$22,552	\$22,722

NOTES: Less than ten years data is provided because 2003 was the first year for government-wide expense under GASB #34.

Fund Balance categories were changed from Reserved and Unreserved to Unspendable, Restricted, Committed, Assigned and Unassigned starting in 2011 (2010 is restated).

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Modified Accrual Basis of Accounting)

Page 1 of 2

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes and Special Assessments	\$0	\$36,977	\$39,490	\$42,557	\$45,601	\$47,061	\$48,427	\$48,256	\$48,273	\$48,744
Licenses and Permits	0	470	530	691	741	982	993	712	768	842
Intergovernmental Revenues	0	10,260	12,797	11,839	17,346	16,756	11,994	14,984	23,795	24,267
Charges for Services	0	5,291	5,846	5,596	5,543	6,996	6,536	6,496	7,225	7,935
Fines and Forfeits	0	1,397	1,364	1,190	1,309	1,420	1,583	1,632	1,693	1,600
Interest	0	695	553	870	1,168	1,696	1,407	753	531	380
Other Revenues	0	854	1,201	1,240	1,852	1,647	1,681	1,834	2,156	2,561
Total Revenues	0	55,944	61,781	63,983	73,560	76,558	72,621	74,667	84,441	86,329
Expenditures										
General Government	0	9,054	9,905	10,090	10,452	10,757	11,367	11,626	11,594	11,886
Security of Persons and Property	0	25,440	26,959	28,684	30,929	32,691	34,815	37,907	37,742	37,767
Physical Environment	0	1,583	1,707	1,699	1,704	1,675	1,680	1,653	1,496	1,224
Transportation	0	4,310	4,204	4,601	5,129	5,129	5,777	5,395	5,713	5,455
Economic Environment	0	3,117	3,380	3,681	3,976	3,869	4,144	4,778	5,658	4,854
Mental & Physical Health	0	15	17	43	18	20	19	86	87	22
Cultural & Recreational Environment	0	6,331	6,452	6,900	6,951	5,712	6,217	6,062	6,580	6,497
Capital Outlay	0	10,004	9,488	5,333	12,153	12,754	8,857	10,642	19,312	17,144
Debt Service										
Principal Retirement	0	1,906	1,932	2,130	2,351	2,890	2,552	2,633	2,916	2,753
Interest	0	1,063	850	813	822	832	861	979	1,228	1,165
Total Expenditures	0	62,823	64,894	63,974	74,485	76,329	76,289	81,761	92,326	88,767
Excess (Deficiencies) of Revenues Over (Under) Expenditures	\$0	(\$6,879)	(\$3,113)	\$9	(\$925)	\$229	(\$3,668)	(\$7,094)	(\$7,885)	(\$2,438)

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Modified Accrual Basis of Accounting)

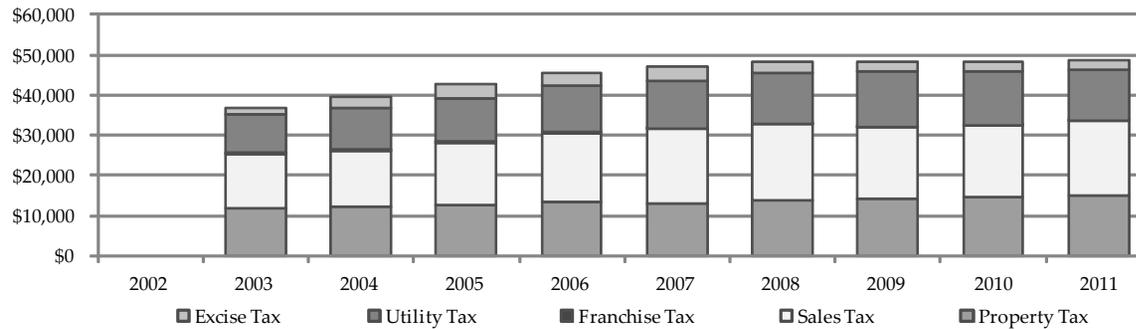
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses)										
Proceeds from Capital Lease Financing	\$0	\$492	\$473	\$0	\$0	\$38	\$0	\$0	\$149	\$577
Proceeds from L.T. Debt - G.O. Bonds	0	1,511	7	760	0	4,686	2,946	7,004	0	0
Proceeds from Intergovernmental Loans	0	75	0	148	50	0	242	600	1,690	1,592
Other Note Proceeds	0	0	0	371	546	0	0	0	864	0
Transfers In	0	3,779	3,893	3,878	5,049	5,196	5,774	6,139	5,299	4,986
Transfers (Out)	0	(3,697)	(3,954)	(3,845)	(5,050)	(5,664)	(5,338)	(5,426)	(4,949)	(4,631)
Intergovernmental Agreements	0	(1,406)	0	0	(39)	(81)	(39)	(39)	(97)	(97)
Sale of Capital Assets	0	49	131	317	109	26	13	10	0	15
Comp. for Loss of Gen. Capital Assets	0	52	54	162	90	129	142	82	47	176
Total Other Financing Sources (Uses)	0	855	604	1,791	755	4,330	3,740	8,370	3,003	2,618
Net Change in Fund Balances	\$0	(\$6,024)	(\$2,509)	\$1,800	(\$170)	\$4,559	\$72	\$1,276	(\$4,882)	\$180
Debt Service as a Percentage of Noncapital Expenditures	0.0%	5.6%	5.0%	5.0%	5.1%	5.9%	5.1%	5.1%	5.7%	5.5%

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Modified Accrual Basis of Accounting)

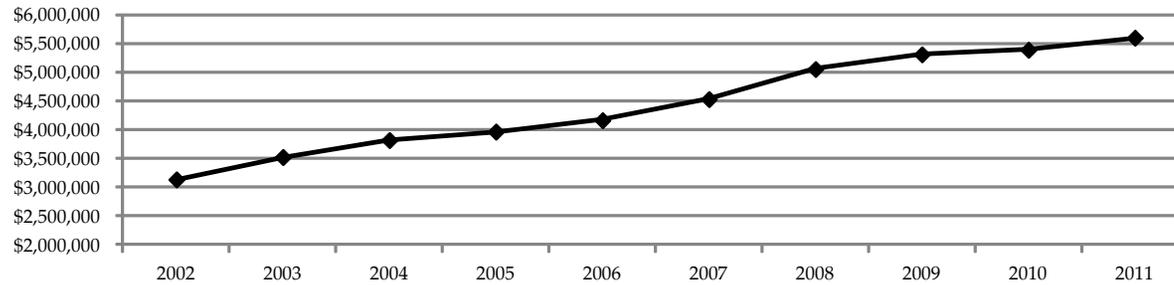
Source	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Property Tax	\$0	\$11,853	\$12,199	\$12,435	\$13,265	\$13,071	\$13,782	\$14,261	\$14,535	\$15,126
Sales Tax	0	13,328	14,055	15,690	17,113	18,393	18,990	17,810	17,920	18,346
Franchise Tax	0	417	421	427	343	42	40	52	45	45
Utility Tax	0	9,720	10,200	10,792	11,787	12,076	12,772	13,716	13,492	12,992
Excise Tax	0	1,646	2,612	3,213	3,092	3,479	2,843	2,412	2,281	2,235
Total	\$0	\$36,964	\$39,487	\$42,557	\$45,600	\$47,061	\$48,427	\$48,251	\$48,273	\$48,744



NOTE: Less than ten years data is provided because 2003 was the first year for government-wide expense under GASB #34.

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Count</u>	<u>Real Property Assessed Value ⁽¹⁾</u>	<u>Personal Property Assessed Value ⁽¹⁾</u>	<u>Total Taxable Assessed Value ⁽¹⁾</u>	<u>Total Direct Tax Rate ⁽²⁾</u>
2002	28,919	\$2,934,639	\$207,991	\$3,142,630	3.5264
2003	29,138	3,322,171	208,221	3,530,392	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	4,175,681	360,017	4,535,698	3.1165
2008	32,463	4,744,476	311,384	5,055,860	2.9549
2009	32,762	4,898,175	412,358	5,310,533	2.9392
2010	32,972	4,964,162	425,057	5,389,219	2.9907
2011	32,415	4,941,837	447,382	5,599,278	2.9715



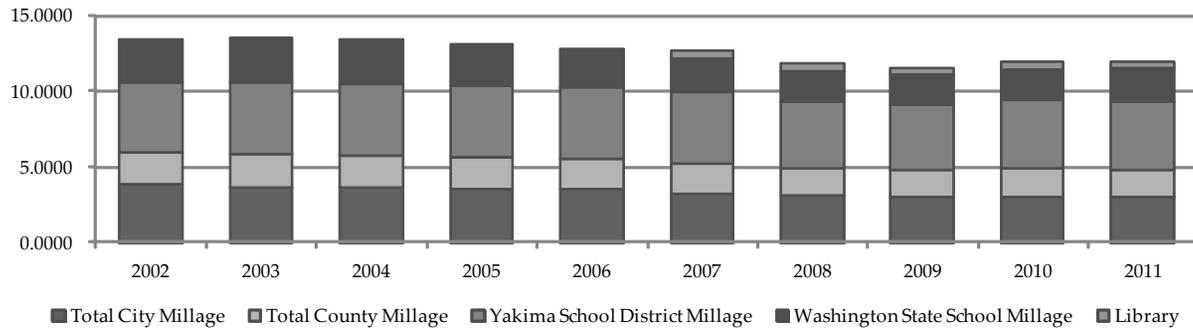
Source: Yakima County

(1) Amounts expressed in thousands

(2) Tax rates are per \$1,000 of assessed value

PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS ⁽¹⁾
 LAST TEN FISCAL YEARS (RATE/1,000)

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			
2001	3.5145	0.2809	3.7954	2.0534	0.0891	2.1425	1.8599	2.5328	4.3927	3.2469	0.0000	13.5775
2002	3.5264	0.2610	3.7874	2.0606	0.0875	2.1481	1.8338	2.7336	4.5674	2.9020	0.0000	13.4049
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



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 boundaries of the district).

PRINCIPAL PROPERTY TAX PAYERS ⁽¹⁾

DECEMBER 31, 2011

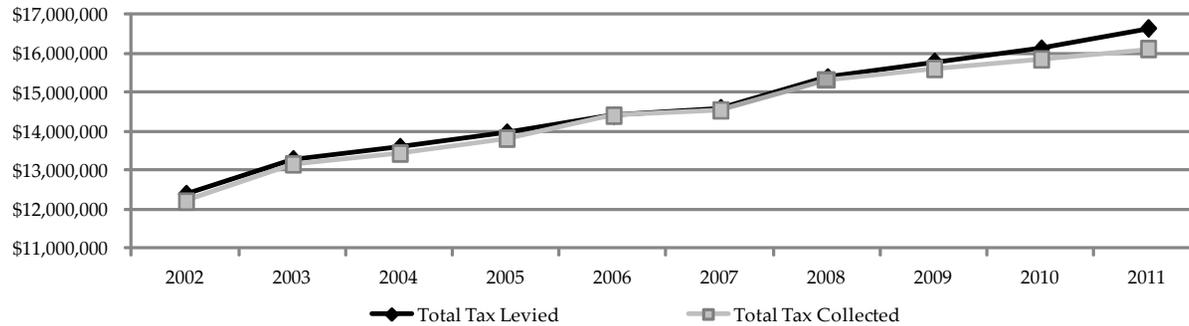
(Amounts Expressed in Thousands)

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Yakima HMA Inc.	\$59,773	1	1.10%			
Wal-Mart Stores, Inc	38,735	2	0.71%			
Washington Fruit & Produce Co.	37,519	3	0.69%	15,644	7	0.48%
Shields Bag & Printing	29,379	4	0.54%	33,136	1	1.01%
Qwest Communications	24,828	5	0.46%	25,253	3	0.77%
Cascade Natural Gas Corp.	22,886	6	0.42%			
Pacificorp / Pacific Power & Light	22,678	7	0.42%	30,448	2	0.93%
Michelsen Packaging Co	21,844	8	0.40%	13,895	10	0.43%
Wide Hollow Development LLC	21,270	9	0.39%			
John I Haas, Inc	18,169	10	0.33%			
Longview Fibre Company				24,007	4	0.73%
Boise Cascade Corp.				21,586	5	0.66%
Yakima Mall Shopping Center				18,239	6	0.56%
Ace Hardware Corporation				14,533	8	0.44%
Hansen Fruit & Cold Storage				14,042	9	0.43%
TOTALS	\$297,081		5.46%	210,783		6.44%

(1) Yakima County Assessors Office

PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS

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
2002	\$12,390,073	\$11,802,380	95.3%	\$393,532	\$12,195,912	98.4%
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%	398,570	13,810,765	98.9%
2006	14,399,087	14,047,918	97.6%	349,086	14,397,004	100.0%
2007	14,588,962	14,208,341	97.4%	325,587	14,533,928	99.6%
2008	15,376,850	14,970,413	97.4%	339,419	15,309,832	99.6%
2009	15,776,982	15,270,543	96.8%	324,528	15,595,071	98.8%
2010	16,113,566	15,630,296	97.0%	208,163	15,838,459	98.3%
2011	16,634,342	16,105,108	96.8%	n/a	16,105,108	96.8%

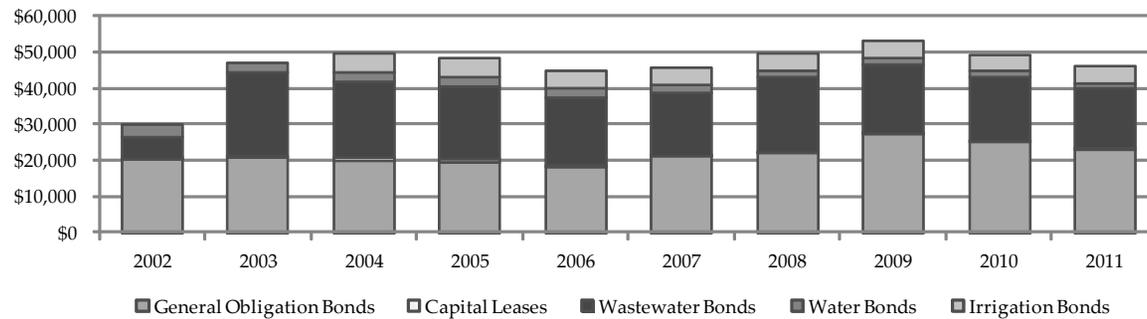


RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands - Except Per Capita Amounts)

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				
2002	\$20,081	\$39	\$6,158	\$3,337	\$0	\$29,615	2.83%	374	
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	n/a	501	



Note: Details regarding the city's outstanding debt can be found in the notes of the financial statements.

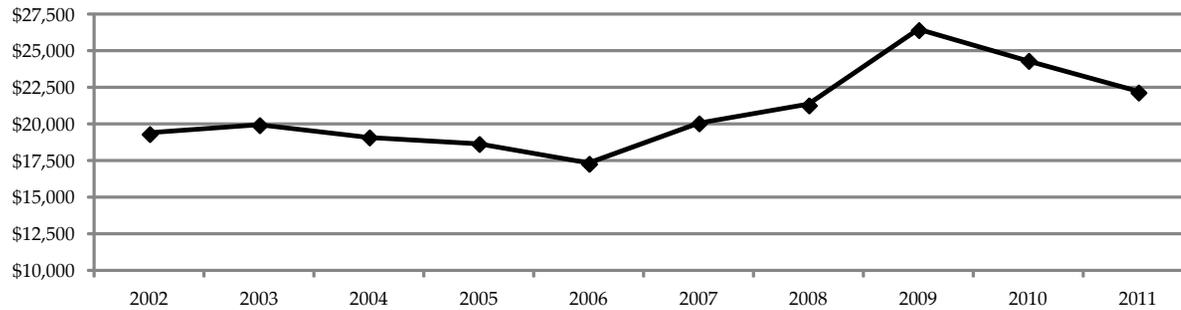
(1) See the Schedule of Demographic and Economic Statistics in this section for personal income and population data.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands - Except Per Capita Amounts)

Year	General Obligation Bonds ⁽¹⁾	Less: Amount Available in Debt Service Fund ⁽¹⁾	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2002	\$20,080	\$756	\$19,324	0.53%	244
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%	310
2010	24,881	548	24,333	0.43%	267
2011	22,723	553	22,170	0.41%	242



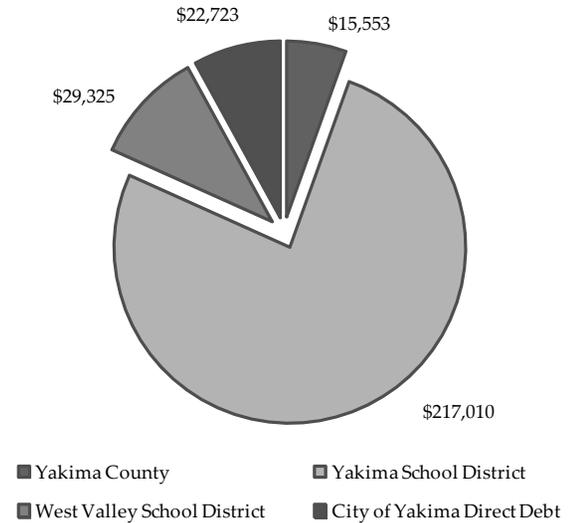
(1) Excludes Local Improvement Districts' bonded debt and their respective funds in the Debt Service Funds

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2011

(Amounts Expressed in Thousands)

<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	\$42,420	36.7%	\$15,553
Yakima School District	232,518	93.3%	\$217,010
West Valley School District	49,558	59.2%	\$29,325
Subtotal, Overlapping Debt	\$324,496		\$261,888
City of Yakima Direct Debt			\$22,723
Total Direct and Overlapping Debt			\$284,611



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 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 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)

	<u>2002</u>	<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>
Debt Limit	\$275,508	\$286,806	\$297,876	\$312,729	\$344,019	\$382,824	\$402,672	\$404,191	\$419,945	\$409,066
Total Net Debt Applicable to Limit	19,268	19,869	20,111	20,493	18,433	20,119	21,220	28,469	27,127	25,768
Legal Debt Margin	<u>\$256,240</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.0%	6.9%	6.8%	6.6%	5.4%	5.3%	5.3%	7.0%	6.5%	6.3%

Legal Debt Margin Calculation for Fiscal Year 2010

Total Assessed Value	\$5,454,218
Debt Limit (7.5%) of Total Assessed Value	\$409,066
Debt Applicable to Limit:	
General Obligation Bonds & Other Debt	34,713
Less: Amount Set Aside for Repayment of General Obligat	<u>8,945</u>
Total Net Debt Applicable to Limit	\$25,768
Legal Debt Margin	<u><u>\$383,298</u></u>

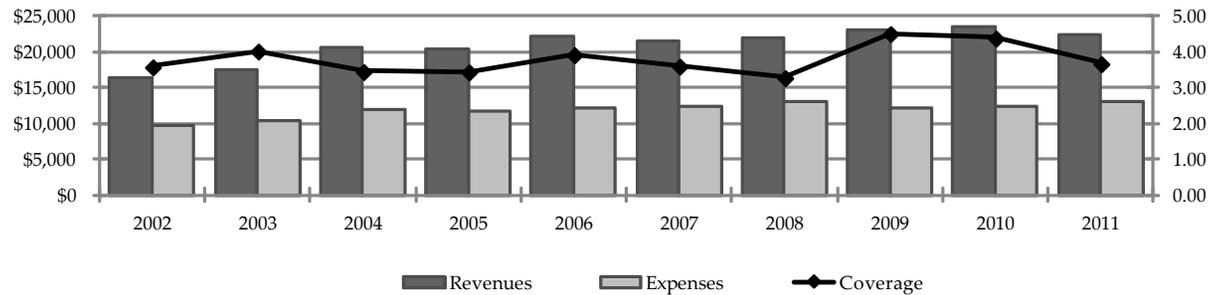
NOTE: The State law provides debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City. The total indebtedness for general purpose with or without a vote cannot exceed 2.5%; for utility or open space, park, and capital facilities with a vote not to exceed 5%.

PLEDGED REVENUE COVERAGE – WATER AND WASTEWATER

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

Year	Water & Wastewater Operating Revenues	Water & Wastewater Revenue Bonds				Coverage
		Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2002	\$16,428	\$9,727	\$6,701	\$1,389	\$483	3.58
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



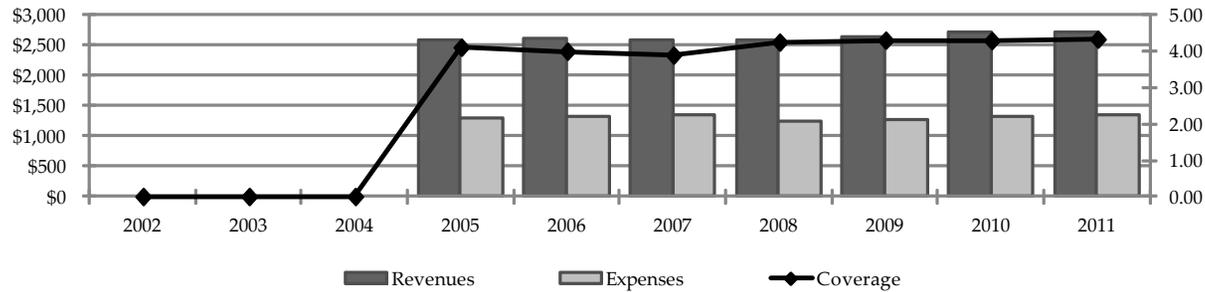
NOTE: Operating expenses exclude depreciation, amortization and City taxes

PLEDGED REVENUE COVERAGE – IRRIGATION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

Year	Irrigation Revenue Bonds			Debt Service		Coverage
	Irrigation Operating Revenues	Less Operating Expenses	Net Available Revenue	Principal	Interest	
2002	\$0	\$0	\$0	\$0	\$0	N/A
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



NOTE: Debt Service began in 2005. Operating expenses exclude depreciation, amortization and City taxes.

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

<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>
2002	79,120	1,046,511	14,975	33.1	12.1	14,396	9.6%
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	Not Yet Available				15,474	9.9%

(1) American Community Survey / U.S. Census Bureau web site

(2) Yakima Public Schools District No. 7 web site.

(3) Employment Security Department

PRINCIPAL EMPLOYERS – YAKIMA COUNTY
CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Manufacturers						
Walmart - Yakima/Sunnyside/Grandview	1,587	1	0.7%	-	-	-
Del Monte Foods - Yakima/Toppenish	1,200	2	0.5%	-	-	-
Washington Beef/ AB Foods	850	3	0.3%	620	2	0.3%
Tree Top, Inc.	500	4	0.2%	1,200	1	0.5%
Shields Bag & Printing Co.	476	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	2,200	1	0.9%	1,026	3	0.5%
Yakima School District, No. 7	1,736	2	0.7%	1,439	1	0.6%
Washington State Social & Health Services	1,400	3	0.6%	1,400	2	0.4%
Yakima County	1,213	4	0.5%	950	4	0.4%
Yakima Valley Farm Workers Clinic	1,181	5	0.5%	-	-	-
Yakima Regional Medical Center (HMA)	-	-	-	800	5	0.4%
Total	<u>12,343</u>		<u>5.1%</u>	<u>8,960</u>		<u>3.3%</u>

(1) Yakima Chamber of Commerce

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

	<u>2002</u>	<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>
General Government	214.24	213.24	217.17	221.68	217.43	221.34	223.19	228.70	221.00	218.50
Public Safety										
Police										
Officers	118.00	118.00	119.00	125.00	126.00	137.00	137.00	137.00	138.00	134.00
Civilians	52.00	51.75	53.25	51.00	50.00	50.00	51.00	51.00	51.00	49.00
Fire										
Firefighters and officers	69.00	70.00	79.00	79.00	84.00	85.00	85.00	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	14.50	13.50	15.00	17.00	17.00	16.00	13.00	13.00
Street	23.50	23.50	22.50	24.50	26.50	26.50	26.50	27.00	26.00	24.00
Parks & Recreation	26.88	26.38	27.47	25.47	26.47	26.83	25.83	25.60	23.30	21.30
Transit	44.00	44.25	44.25	48.25	49.75	50.75	51.25	50.00	50.00	52.00
Refuse	19.90	18.90	19.25	19.50	19.50	19.50	19.00	19.00	19.00	19.00
Water Operating	28.00	29.00	29.00	29.00	30.00	30.00	30.00	31.00	31.00	31.00
Wastewater Operating	66.51	66.76	64.76	65.45	66.45	65.05	65.09	69.50	69.50	69.50
Irrigation Operating	8.72	8.72	8.72	8.92	8.92	9.17	9.17	8.00	8.00	8.00
Stormwater	0.00	0.00	0.00	0.00	0.00	0.00	6.96	0.00	0.00	0.00
	<u>688.25</u>	<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>

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Page 1 of 1

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Physical Arrests	5,638	5,858	5,767	6,121	5,579	5,433	5,185	4,889	4,745	5,439
Parking Violations	8,403	6,752	6,555	3,326	2,018	2,616	4,321	2,844	4,837	5,096
Traffic Violations	18,397	17,102	16,040	16,754	16,929	18,533	18,025	17,559	15,303	11,849
Fire										
Number of Calls Answered	7,119	8,018	8,052	8,912	8,954	9,200	9,288	9,737	10,011	8,439
Inspections	3,761	3,947	2,876	2,631	2,302	3,101	2,948	2,268	2,909	2,646
Highways and Streets										
Street Resurfacing (miles)	20	3	0	16	25	32	30	6	5	2
Refuse										
Refuse Collected (tons/day)	69	71	77	81	87	88	91	100	102	105
Yard Waste Collected (tons/day)	14	15	16	14	16	15	17	19	19	19
Culture and Recreation										
Community Center Admissions	49,826	54,446	72,395	99,421	107,478	99,035	93,325	96,483	118,867	122,870
Water Main Breaks										
New Connections	91	140	132	134	148	133	105	68	79	61
Water Main Breaks	3	11	3	8	12	12	8	17	5	7
Average Daily Consumption (thousands of gallons)	12,084	12,347	12,463	11,900	12,980	13,051	12,158	11,581	10,338	10,040
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	10,690	10,883	11,033	10,219	10,778	10,680	10,100	10,100	10,100	10,100

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

Page 1 of 1

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police Stations	1	1	2	2	2	2	2	2	2	2
Patrol Units	61	62	62	61	61	61	61	61	62	61
Fire Stations	4	4	5	5	5	5	5	5	5	5
Refuse										
Collection trucks	13	13	13	13	13	13	14	14	15	16
Highways and Streets ⁽¹⁾										
Streets (miles)	399	399	401	414	419	419	419	420	325	380
Streetlights ⁽²⁾	3,862	3,862	3,863	3,872	3,872	3,910	4,459	4,465	4,465	4,195
Traffic Signals	117	117	117	117	122	130	137	139	140	151
Culture and Recreation										
Parks Acreage ⁽³⁾	325	344	331	265	265	287	284	386	386	352
Parks	29	33	33	33	31	32	32	32	32	34
Swimming Pools ⁽⁴⁾	5	5	5	2	2	2	2	2	2	2
Tennis Courts	32	32	32	26	26	26	26	26	24	24
Community Centers	2	2	2	3	3	3	3	3	3	3
Water										
Water Mains	290	290	297	297	300	300	300	300	300	300
Fire Hydrants (City Owned)	2,107	2,137	2,757	2,169	2,174	2,204	2,204	2,239	2,249	2,254
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	293	310	315	322	327	329	337	337	337
Storm Sewers (miles)	104	104	104	104	104	105	105	105	105	105
Maximum Daily Capacity (thousands of gallons)	22.3	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5

(1) 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.

(2) As a result of a physical inventory, the total for Highways and Streets was adjusted in 2011.

(3) As a result of a physical inventory the total acreage of Parks was recalculated in 2005.

(4) Three pools were closed in 2005.

2011 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.....	91,630
Assessed Valuation.....	\$5,599,278,437
City Employees (Full-time Equivalents).....	726.30
Election and Voter Registration	
Number of Precincts.....	33
Number of Registered Voters.....	36,883

Property Tax Levy

Regular Levy.....	\$16,341,342
Special Levy.....	\$293,000
Total 2010 Property Tax Levy.....	\$16,634,342

Sales Tax Rates

State.....	6.50%
Transit.....	0.30%
City of Yakima.....	0.85%
Yakima County.....	0.15%
Criminal Justice (County).....	0.40%
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, 13 ball fields (five 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.....	5,746
Regulatory Licenses – Varies from \$11.00 to \$1,000.....	480

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.....	3
Total Number of Fire Personnel.....	87

Police Protection

Commissioned Police Personnel.....	134
Non-Commissioned Police Personnel.....	49
Total Number of Police Personnel.....	183
Number of Calls for Service.....	218 / day

Utility and Franchise Tax Rates

Electricity, Gas, Telephone (4% Capped @ \$4,000 per customer per month).....	6%
City Utilities – Water, Sewer.....	14%
Refuse.....	9%
TV Cable.....	6%

Utility Rates (2 months)

Water – Base Charge.....	\$19.89
Each Unit.....	\$1.44
Wastewater – Base Charge.....	\$29.58
Each Unit.....	\$2.59
Refuse (Carry-out Available for Additional Charge)	
Automated Collection	
35 Gallon Cart.....	\$18.34
96 Gallon Cart.....	\$31.16
Yard Waste	
96 Gallon Cart.....	\$23.50
Irrigation (per square foot).....	\$.00516

Water / Wastewater Customer Base

Water (Inside the City).....	19,592
Water (Outside the City.....)	134
Total Water Customers.....	19,726
Wastewater Residential (Inside the City).....	23,116
Wastewater Residential (Outside the City).....	53
Wastewater Commercial.....	2,272
Total Wastewater Customers.....	25,441

* For informational purposes only – not intended for official or legal purposes.