



Washington State Auditor's Office

Troy Kelley

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Financial Statements and Federal Single Audit Report

City of Zillah

Yakima County

For the period January 1, 2011 through December 31, 2013

Published August 25, 2014

Report No. 1012403





Washington State Auditor
Troy Kelley

August 25, 2014

Council
City of Zillah
Zillah, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

TROY KELLEY
STATE AUDITOR

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Yakima County
January 1, 2011 through December 31, 2013**

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Federal Summary

City of Zillah Yakima County January 1, 2013 through December 31, 2013

The results of our audit of the City of Zillah are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unmodified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

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

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
20.205	Highway Planning and Construction Cluster - Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The City did not qualify as a low-risk auditee under OMB Circular A-133.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**City of Zillah
Yakima County
January 1, 2011 through December 31, 2013**

Council
City of Zillah
Zillah, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Zillah, Yakima County, Washington, as of and for the years ended December 31, 2013, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated August 18, 2014.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed or permitted by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to

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

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

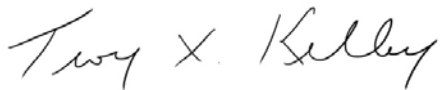
COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



TROY KELLEY
STATE AUDITOR

August 18, 2014

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

**City of Zillah
Yakima County
January 1, 2013 through December 31, 2013**

Council
City of Zillah
Zillah, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the City of Zillah, Yakima County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It

also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

TROY KELLEY
STATE AUDITOR

August 18, 2014

Independent Auditor's Report on Financial Statements

**City of Zillah
Yakima County
January 1, 2011 through December 31, 2013**

Council
City of Zillah
Zillah, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Zillah, Yakima County, Washington, for the years ended December 31, 2013, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 11.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Zillah has prepared these financial statements using accounting practices prescribed or permitted by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Zillah, for the years ended December 31, 2013, 2012 and 2011, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the City used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Zillah, as of December 31, 2013, 2012 and 2011 or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

Other Matters

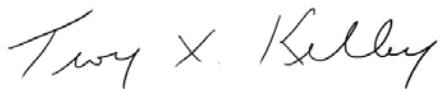
Supplementary and Other Information

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedules of Liabilities are also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and

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 financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR

August 18, 2014

Financial Section

**City of Zillah
Yakima County
January 1, 2011 through December 31, 2013**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2013
Fund Resources and Uses Arising from Cash Transactions – 2012
Fund Resources and Uses Arising from Cash Transactions – 2011
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2013
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2012
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2011
Notes to Financial Statements – 2013
Notes to Financial Statements – 2012
Notes to Financial Statements – 2011

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Schedule of Liabilities – 2013
Schedule of Liabilities – 2012
Schedule of Liabilities – 2011
Schedule of Expenditures of Federal Awards – 2013
Notes to the Schedule of Expenditures of Federal Awards – 2013

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds*	001 General Fund	101 City Street Fund	102 Emergency Medical Service
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	316,044	0	0	0
30880	Beg Fund Bal-Unreserved	3,233,240	419,539	84,868	54,453
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	1,541,021	1,358,590	86,362	31,065
320	Licenses & Permits	76,524	76,222	302	0
330	Intergovernmental Revenues	1,418,155	63,027	63,668	1,208
340	Charges for Goods and Services	1,769,442	515,738	23,403	0
350	Fines & Penalties	29,807	28,962	0	0
360	Miscellaneous Revenues	122,788	11,789	197	143
Total Operating Revenues:		4,957,738	2,054,328	173,931	32,416
Operating Expenditures					
510	General Government	439,256	414,776	0	0
520	Public Safety	987,919	954,028	0	26,391
530	Utilities	1,594,059	280,550	0	0
540	Transportation	209,205	0	209,205	0
550	Natural and Economic Environment	98,442	85,907	0	0
560	Social Services	551	551	0	0
570	Culture And Recreation	87,075	87,075	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		3,416,506	1,822,887	209,205	26,391
Net Operating Increase (Decrease):		1,541,231	231,441	-35,274	6,025
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	1,496,769	0	22,326	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	131,371	0	100,886	0
Total Nonoperating Revenues:		1,628,140		123,212	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	623,703	1,541	2,000	0
591-593	Debt Service	405,511	31,890	0	0
594-595	Capital Expenditures	1,352,162	9,306	16,725	0
597	Transfers-Out	131,371	110,386	9,500	0
Total Nonoperating Expenditures:		2,512,747	153,123	28,225	
Increase (Decrease) in Cash and Investments		656,624	78,318	59,713	6,025
Ending Cash and Investments					
50810	End Fund Bal-Reserved	1,959,260	32,269	25,883	60,478
50880	End Fund Balance-Unreserved	2,246,648	465,588	118,697	0

The accompanying notes are an integral part of this Statement.

BARS Code		104 Parks & Pool Reserve Fund	105 Hotel/Motel Tax Fund	106 Crime Prevention-PD Fund	203 Limited Tax GO Bond, 2009
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	15,157	20,638	13,144	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	11,002	0	12,450
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	5,726	0	0	0
350	Fines & Penalties	0	0	846	0
360	Miscellaneous Revenues	350	56	2,400	0
Total Operating Revenues:		6,076	11,058	3,246	12,450
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	7,499	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	12,535	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:			12,535	7,499	
Net Operating Increase (Decrease):		6,076	-1,477	-4,253	12,450
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:					
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	12,450
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:					12,450
Increase (Decrease) in Cash and Investments		6,076	-1,477	-4,253	0
Ending Cash and Investments					
50810	End Fund Bal-Reserved	21,233	19,162	0	0
50880	End Fund Balance-Unreserved	0	0	8,891	0

The accompanying notes are an integral part of this Statement.

BARS Code		204 SIED Loan	206 Debt Service- SIED-YC-VVMC- 08	209 SIED YC-TD- 11 (Teapot) Loan Fund	301 Capital Projects Fund
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	2	5,132	0	251,872
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	2,000
340	Charges for Goods and Services	0	0	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	0	0	0
Total Operating Revenues:					2,000
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:					
Net Operating Increase (Decrease):		0	0		2,000
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	34,783	17,294	0	519,100
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	11,485	0
Total Nonoperating Revenues:		34,783	17,294	11,485	519,100
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	200,000
591-593	Debt Service	34,783	18,314	11,485	0
594-595	Capital Expenditures	0	0	0	27,922
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		34,783	18,314	11,485	227,922
Increase (Decrease) in Cash and Investments		0	-1,020	0	293,178
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	545,051
50880	End Fund Balance-Unreserved	2	4,112	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		302 Capital Street Projects Fund	304 Real Estate Excise Tax Fund	402 Water Fund	403 Sewer Fund
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	283,144	0	32,400
30880	Beg Fund Bal-Unreserved	-18,145	0	990,885	833,106
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	41,552	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	1,288,252	0	0	0
340	Charges for Goods and Services	0	0	565,838	533,096
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	472	25,262	50,436
Total Operating Revenues:		1,288,252	42,024	591,100	583,531
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	676,844	526,464
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:				676,844	526,464
Net Operating Increase (Decrease):		1,288,252	42,024	-85,744	57,068
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	400,000	0	390,798	111,697
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	19,000	0	0	0
Total Nonoperating Revenues:		419,000		390,798	111,697
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	18,992	400,000
591-593	Debt Service	0	0	135,913	160,676
594-595	Capital Expenditures	1,292,740	0	2,051	3,417
597	Transfers-Out	0	11,485	0	0
Total Nonoperating Expenditures:		1,292,740	11,485	156,956	564,093
Increase (Decrease) in Cash and Investments		414,512	30,539	148,098	-395,328
Ending Cash and Investments					
50810	End Fund Bal-Reserved	396,367	313,682	36,041	32,400
50880	End Fund Balance-Unreserved	0	0	1,102,942	437,777

The accompanying notes are an integral part of this Statement.

BARS Code		405 Cemetery Fund	501 Maintenance Fund	701 Cemetery Endowment Fund
Beginning Cash and Investments				
30810	Beg Fund Bal-Reserved	500	0	0
30880	Beg Fund Bal-Unreserved	30,141	0	532,447
38800/58800	Prior Period Adjustments, net	0	0	0
Operating Revenues				
310	Taxes	0	0	0
320	Licenses & Permits	0	0	0
330	Intergovernmental Revenues	0	0	0
340	Charges for Goods and Services	109,070	0	16,572
350	Fines & Penalties	0	0	0
360	Miscellaneous Revenues	480	24,480	6,723
Total Operating Revenues:		109,551	24,480	23,295
Operating Expenditures				
510	General Government	0	24,480	0
520	Public Safety	0	0	0
530	Utilities	107,003	0	3,198
540	Transportation	0	0	0
550	Natural and Economic Environment	0	0	0
560	Social Services	0	0	0
570	Culture And Recreation	0	0	0
598	Intergovernmental Payments	0	0	0
Total Operating Expenditures:		107,003	24,480	3,198
Net Operating Increase (Decrease):		2,547	0	20,097
Nonoperating Revenues				
370, 380, 395, 398	Other Financing Sources	0	0	770
391-393	Debt Proceeds	0	0	0
397	Transfers-In	0	0	0
Total Nonoperating Revenues:				770
Nonoperating Expenditures				
580, 596, 599	Other Financing Uses	0	0	1,170
591-593	Debt Service	0	0	0
594-595	Capital Expenditures	0	0	0
597	Transfers-Out	0	0	0
Total Nonoperating Expenditures:				1,170
Increase (Decrease) in Cash and Investments		2,547	0	19,697
Ending Cash and Investments				
50810	End Fund Bal-Reserved	500	0	476,195
50880	End Fund Balance-Unreserved	32,688	0	75,950

The accompanying notes are an integral part of this Statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS Code		Total for All funds*	001 General Fund	101 City Street Fund	102 Emergency Medical Service
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	306,776	0	0	0
30880	Beg Fund Bal-Unreserved	3,333,144	463,383	104,395	47,327
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	1,462,969	1,300,108	77,054	30,562
320	Licenses & Permits	55,732	55,732	0	0
330	Intergovernmental Revenues	580,971	69,642	61,340	1,534
340	Charges for Goods and Services	1,429,621	377,169	11,063	0
350	Fines & Penalties	108,586	32,355	0	0
360	Miscellaneous Revenues	228,919	12,302	182	60
Total Operating Revenues:		3,866,798	1,847,309	149,639	32,156
Operating Expenditures					
510	General Government	309,994	281,787	0	0
520	Public Safety	991,522	958,954	0	25,030
530	Utilities And Environment	1,276,150	310,596	0	0
540	Transportation	221,187	0	221,187	0
550	Economic Environment	80,531	66,536	0	0
560	Mental & Physical Health	780	780	0	0
570	Culture And Recreation	65,784	65,784	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		2,945,948	1,684,438	221,187	25,030
Net Operating Increase (Decrease):		920,850	162,870	-71,548	7,126
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	472,407	9,006	0	0
391-393	Debt Proceeds	259,711	157,114	0	0
397	Transfers-In	141,931	8,496	99,026	0
Total Nonoperating Revenues:		874,050	174,616	99,026	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	452,919	1,926	0	0
591-593	Debt Service	379,112	3,030	800	0
594-595	Capital Expenditures	911,574	277,351	33,810	0
597	Transfers-Out	141,931	99,026	12,394	0
Total Nonoperating Expenditures:		1,885,536	381,332	47,004	
Increase (Decrease) in Cash and Investments		-90,637	-43,846	-19,526	7,126
Ending Cash and Investments					
50810	End Fund Bal-Reserved	316,044	0	0	0
50880	End Fund Balance-Unreserved	3,233,240	419,539	84,868	54,453

The accompanying notes are an integral part of this Statement.

BARS Code		104 Parks & Pool Reserve Fund	105 Hotel/Motel Tax Fund	106 Crime Prevention-PD Fund	203 Limited Tax GO Bond, 2009
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	13,056	22,901	14,707	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	11,709	0	12,450
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	2,819	0	84	0
350	Fines & Penalties	0	0	1,187	0
360	Miscellaneous Revenues	467	24	4,704	0
Total Operating Revenues:		3,286	11,733	5,975	12,450
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	7,538	0
530	Utilities And Environment	0	0	0	0
540	Transportation	0	0	0	0
550	Economic Environment	0	13,995	0	0
560	Mental & Physical Health	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:			13,995	7,538	
Net Operating Increase (Decrease):		3,286	-2,262	-1,563	12,450
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:					
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	12,450
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	1,184	0	0	0
Total Nonoperating Expenditures:		1,184			12,450
Increase (Decrease) in Cash and Investments		2,102	-2,262	-1,563	0
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	15,157	20,638	13,144	0

The accompanying notes are an integral part of this Statement.

BARS Code		204 SIED Loan	206 Debt Service-SIED-YC-VVMC-08	209 SIED YC-TD-11 (Teapot) Loan Fund	301 Capital Projects Fund
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	2	2,365	0	44,746
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	351,070
340	Charges for Goods and Services	0	0	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	0	0	0
Total Operating Revenues:					351,070
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities And Environment	0	0	0	0
540	Transportation	0	0	0	0
550	Economic Environment	0	0	0	0
560	Mental & Physical Health	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:					351,070
Net Operating Increase (Decrease):		0	0		351,070
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	34,783	8,686	0	200,000
391-393	Debt Proceeds	0	0	0	102,597
397	Transfers-In	0	12,394	11,485	0
Total Nonoperating Revenues:		34,783	21,081	11,485	302,597
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	34,783	18,314	11,485	0
594-595	Capital Expenditures	0	0	0	446,541
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		34,783	18,314	11,485	446,541
Increase (Decrease) in Cash and Investments		0	2,766	0	207,126
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	2	5,132	0	251,872

The accompanying notes are an integral part of this Statement.

BARS Code		302 Capital Street Projects Fund	304 Real Estate Excise Tax Fund	402 Water Fund	403 Sewer Fund
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	273,876	0	32,400
30880	Beg Fund Bal-Unreserved	190,276	0	1,005,170	903,851
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	31,086	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	97,385	0	0	0
340	Charges for Goods and Services	0	0	439,901	488,782
350	Fines & Penalties	0	0	75,044	0
360	Miscellaneous Revenues	2	198	134,439	23,128
Total Operating Revenues:		97,386	31,283	649,384	511,910
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities And Environment	0	0	489,960	383,361
540	Transportation	0	0	0	0
550	Economic Environment	0	0	0	0
560	Mental & Physical Health	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:				489,960	383,361
Net Operating Increase (Decrease):		97,386	31,284	159,424	128,549
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	216,900	3,032
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	10,530	0	0	0
Total Nonoperating Revenues:		10,530		216,900	3,032
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	236,886	0	212,613	338
591-593	Debt Service	0	0	136,555	161,695
594-595	Capital Expenditures	79,451	0	37,932	36,489
597	Transfers-Out	0	22,015	3,508	3,804
Total Nonoperating Expenditures:		316,338	22,015	390,608	202,326
Increase (Decrease) in Cash and Investments		-208,421	9,269	-14,284	-70,745
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	283,144	0	32,400
50880	End Fund Balance-Unreserved	-18,145	0	990,885	833,106

The accompanying notes are an integral part of this Statement.

BARS Code		405 Cemetery Fund	501 City Hall Maintenance Fund	701 Cemetery Endowment Fund
Beginning Cash and Investments				
30810	Beg Fund Bal-Reserved	500	0	0
30880	Beg Fund Bal-Unreserved	12,413	0	508,553
38800/58800	Prior Period Adjustments, net	0	0	0
Operating Revenues				
310	Taxes	0	0	0
320	Licenses & Permits	0	0	0
330	Intergovernmental Revenues	0	0	0
340	Charges for Goods and Services	109,802	0	0
350	Fines & Penalties	0	0	0
360	Miscellaneous Revenues	21	28,207	25,188
Total Operating Revenues:		109,823	28,207	25,188
Operating Expenditures				
510	General Government	0	28,207	0
520	Public Safety	0	0	0
530	Utilities And Environment	92,095	0	138
540	Transportation	0	0	0
550	Economic Environment	0	0	0
560	Mental & Physical Health	0	0	0
570	Culture And Recreation	0	0	0
598	Intergovernmental Payments	0	0	0
Total Operating Expenditures:		92,095	28,207	138
Net Operating Increase (Decrease):		17,728	0	25,050
Nonoperating Revenues				
370, 380, 395, 398	Other Financing Sources	0	0	0
391-393	Debt Proceeds	0	0	0
397	Transfers-In	0	0	0
Total Nonoperating Revenues:				
Nonoperating Expenditures				
580, 596, 599	Other Financing Uses	0	0	1,156
591-593	Debt Service	0	0	0
594-595	Capital Expenditures	0	0	0
597	Transfers-Out	0	0	0
Total Nonoperating Expenditures:				1,156
Increase (Decrease) in Cash and Investments		17,728	0	23,894
Ending Cash and Investments				
50810	End Fund Bal-Reserved	500	0	0
50880	End Fund Balance-Unreserved	30,141	0	532,447

The accompanying notes are an integral part of this Statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2011

BARS Code		Total for All funds*	001 General Fund	101 City Street Fund	102 Emergency Medical Service
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	325,591	0	0	0
30880	Beg Fund Bal-Unreserved	2,792,745	429,691	54,916	40,350
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	1,386,069	1,236,469	75,831	29,094
320	Licenses & Permits	55,777	55,777	0	0
330	Intergovernmental Revenues	1,387,070	62,097	85,346	1,877
340	Charges for Goods and Services	1,448,194	361,546	5,831	0
350	Fines & Penalties	63,592	29,297	0	0
360	Miscellaneous Revenues	215,307	24,896	137	101
Total Operating Revenues:		4,556,008	1,770,083	167,144	31,072
Operating Expenditures					
510	General Government	300,675	278,723	0	0
520	Public Safety	942,046	906,520	0	24,095
530	Utilities And Environment	1,191,537	288,048	0	0
540	Transportation	206,368	0	206,368	0
550	Economic Environment	103,521	89,001	0	0
560	Mental & Physical Health	709	709	0	0
570	Culture And Recreation	68,782	68,782	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		2,813,638	1,631,783	206,368	24,095
Net Operating Increase (Decrease):		1,742,371	138,299	-39,224	6,977
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	308,234	402	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	178,569	1,784	100,953	0
Total Nonoperating Revenues:		486,803	2,186	100,953	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	530,285	1,171	0	0
591-593	Debt Service	60,849	0	0	0
594-595	Capital Expenditures	1,447,205	0	12,250	0
597	Transfers-Out	178,569	105,750	0	0
Total Nonoperating Expenditures:		2,216,908	106,921	12,250	
Increase (Decrease) in Cash and Investments		12,266	33,564	49,479	6,977
Ending Cash and Investments					
50810	End Fund Bal-Reserved	206,776	0	0	0
50880	End Fund Balance-Unreserved	2,923,825	463,256	104,395	47,327

The accompanying notes are an integral part of this Statement.

BARS Code		104 Parks & Pool Reserve Fund	105 Hotel/Motel Tax Fund	106 Crime Prevention-PD Fund	203 Limited Tax GO Bond, 2009
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	11,378	25,919	6,242	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	11,465	0	9,337
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	10,599	0
340	Charges for Goods and Services	1,458	0	171	0
350	Fines & Penalties	0	0	1,237	0
360	Miscellaneous Revenues	220	36	7,889	0
Total Operating Revenues:		1,678	11,502	19,896	9,337
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	11,431	0
530	Utilities And Environment	0	0	0	0
540	Transportation	0	0	0	0
550	Economic Environment	0	14,520	0	0
560	Mental & Physical Health	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:			14,520	11,431	
Net Operating Increase (Decrease):		1,678	-3,018	8,465	9,337
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	3,112
Total Nonoperating Revenues:					3,112
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	12,450
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:					12,450
Increase (Decrease) in Cash and Investments		1,678	-3,018	8,465	-1
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	13,056	22,901	14,707	0

The accompanying notes are an integral part of this Statement.

BARS Code		204 SIED Loan	206 Debt Service- SIED-YC-VVMC- 08	301 Capital Projects Fund	302 Capital Street Projects Fund
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	1	2,365	48,675	10,185
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	36,516	1,190,634
340	Charges for Goods and Services	0	0	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	0	0	3
Total Operating Revenues:		0		36,516	1,190,637
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities And Environment	0	0	0	0
540	Transportation	0	0	0	0
550	Economic Environment	0	0	0	0
560	Mental & Physical Health	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:					
Net Operating Increase (Decrease):		0	0	36,516	1,190,637
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	34,783	18,314	0	236,882
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	43,020
Total Nonoperating Revenues:		34,783	18,314		279,902
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	34,783	18,314	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	0	40,446	1,290,447
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		34,783	18,314	40,446	1,290,447
Increase (Decrease) in Cash and Investments		0	0	-3,930	180,092
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	2	2,365	44,746	190,276

The accompanying notes are an integral part of this Statement.

BARS Code		304 Real Estate Excise Tax Fund	402 Water Fund	403 Sewer Fund	405 Cemetery Fund
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	292,691	0	32,400	500
30880	Beg Fund Bal-Unreserved	0	1,222,210	930,736	9,835
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	23,871	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	0	460,016	510,665	108,508
350	Fines & Penalties	0	33,058	0	0
360	Miscellaneous Revenues	332	156,498	3,480	5
Total Operating Revenues:		24,204	649,572	514,145	108,512
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities And Environment	0	443,685	353,871	105,934
540	Transportation	0	0	0	0
550	Economic Environment	0	0	0	0
560	Mental & Physical Health	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:			443,685	353,871	105,934
Net Operating Increase (Decrease):		24,203	205,887	160,274	2,579
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	17,853	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	29,700	0
Total Nonoperating Revenues:			17,853	29,700	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	352,806	123,212	0
591-593	Debt Service	0	8,897	39,503	0
594-595	Capital Expenditures	0	79,595	24,467	0
597	Transfers-Out	43,020	100	29,700	0
Total Nonoperating Expenditures:		43,020	441,397	216,882	
Increase (Decrease) in Cash and Investments		-18,817	-217,657	-26,908	2,579
Ending Cash and Investments					
50810	End Fund Bal-Reserved	173,876	0	32,400	500
50880	End Fund Balance-Unreserved	100,000	1,004,553	903,829	12,413

The accompanying notes are an integral part of this Statement.

BARS Code		501 City Hall Maintenance Fund
Beginning Cash and Investments		
30810	Beg Fund Bal-Reserved	0
30880	Beg Fund Bal-Unreserved	241
38800/58800	Prior Period Adjustments, net	0
Operating Revenues		
310	Taxes	0
320	Licenses & Permits	0
330	Intergovernmental Revenues	0
340	Charges for Goods and Services	0
350	Fines & Penalties	0
360	Miscellaneous Revenues	21,710
Total Operating Revenues:		21,710
Operating Expenditures		
510	General Government	21,951
520	Public Safety	0
530	Utilities And Environment	0
540	Transportation	0
550	Economic Environment	0
560	Mental & Physical Health	0
570	Culture And Recreation	0
598	Intergovernmental Payments	0
Total Operating Expenditures:		21,951
Net Operating Increase (Decrease):		-241
Nonoperating Revenues		
370, 380, 395, 398	Other Financing Sources	0
391-393	Debt Proceeds	0
397	Transfers-In	0
Total Nonoperating Revenues:		
Nonoperating Expenditures		
580, 596, 599	Other Financing Uses	0
591-593	Debt Service	0
594-595	Capital Expenditures	0
597	Transfers-Out	0
Total Nonoperating Expenditures:		
Increase (Decrease) in Cash and Investments		-241
Ending Cash and Investments		
50810	End Fund Bal-Reserved	0
50880	End Fund Balance-Unreserved	0

The accompanying notes are an integral part of this Statement.

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds	633 Treasurer's Agency Fund	635 Agency Fund - TBD
308	Beginning Cash and Investments	29,822	21,829	7,993
388 and 588	Prior Period Adjustments, net	0	0	0
310-360	Revenues	0	0	0
380-390	Other Increases and Financing Sources	389,106	350,199	38,907
510-570	Expenditures	0	0	0
580-590	Other Decreases and Financing Uses	351,911	351,456	455
Increase (Decrease) in Cash and Investments		37,195	-1,257	38,452
508	Ending Cash and Investments	67,017	20,573	46,445

The accompanying notes are an integral part of this Statement.

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS Code		Total for All funds	633 Treasurer's Agency Fund
308	Beginning Cash and Investments	20,738	20,738
388 and 588	Prior Period Adjustments, net	0	0
310-360	Revenues	0	0
370-390	Other Increases and Financing Sources	316,055	316,055
510-570	Expenditures	0	0
580-590	Other Decreases and Financing Uses	314,964	314,964
Increase (Decrease) in Cash and Investments		1,091	1,091
508	Ending Cash and Investments	21,829	21,829

The accompanying notes are an integral part of this Statement.

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2011

BARS Code		Total for All funds	601 Investment Trust Funds	631 Claims Clearing Fund	633 Treasurer's Agency Fund
308	Beginning Cash and Investments	491,137	481,863	53	9,221
388 and 588	Prior Period Adjustments, net	0	0	0	0
310-360	Revenues	27,962	27,962	0	0
370-390	Other Increases and Financing Sources	304,398	0	0	304,398
510-570	Expenditures	113	113	0	0
580-590	Other Decreases and Financing Uses	294,041	1,160	0	292,881
Increase (Decrease) in Cash and Investments		38,207	26,690	0	11,517
508	Ending Cash and Investments	529,291	508,553	0	20,738

The accompanying notes are an integral part of this Statement.

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The City of Zillah reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The City of Zillah was incorporated on January 5, 1911 and operates under the laws of the state of Washington applicable to a non-charter code city with a Mayor/Council form of government. The City of Zillah is a general purpose government and provides police and fire protection, street improvement, parks and recreation, and general administrative services. In addition, the City owns and operates a cemetery, water/irrigation and a sewer system. The City of Zillah uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the City of Zillah are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The City of Zillah resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the City of Zillah:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund (000-099)

This fund is the primary operating fund of the City of Zillah. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds (100-199)

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City of Zillah.

Debt Service Funds (200-299)

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds (300-399)

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

Permanent Funds (700-799)

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds (400-499)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds (500-599)

These funds account for operations that provide goods or services to other departments or funds of the City of Zillah on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City of Zillah in a trustee capacity or as an agent on behalf of others.

Agency Funds (630-699)

These funds are used to account assets that City of Zillah holds for others in an agency capacity.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

In accordance with state law the City of Zillah also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. Budgets

The City of Zillah adopts annual appropriated budgets for all funds at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

FUND				Final/Appropriated Amounts	Actual Expenditures	Variance
001	General Fund			2,066,243.64	1,976,010.04	90,233.60
	Total General Fund			2,066,243.64	1,976,010.04	90,233.60
101	City Street Fund			240,310.00	237,429.65	2,880.35
102	Emergency Medical Services Fund			32,585.31	26,391.39	6,193.92
104	Parks & Pool Reserve Fund			26,238.50	0.00	26,238.50
105	Hotel/Motel Tax Fund			13,895.00	12,535.00	1,360.00
106	Crime Prevention-PD Fund			8,000.00	7,498.84	501.16
203	Limited Tax GO Gond, 2009 Fund			12,500.00	12,449.88	50.12
204	SIED loan Fund			34,783.28	34,783.28	0.00
206	Debt Service-SIED-YC-VVMC-08 Fund			18,313.57	18,313.57	0.00
209	SIED YC-TD-11 (Teapot) Loan Fund			11,485.22	11,485.22	0.00
301	Capital Projects Fund			228,100.00	227,921.90	178.10
302	Capital Street Projects Fund			1,979,200.00	1,292,740.29	686,459.71
304	Real Estate Excise Tax Fund			75,804.72	11,485.22	64,319.50
402	Water Fund			642,638.50	616,404.49	26,234.01
	Rolled Funds	420	Water Reserve Fund	276,492.00	198,404.48	78,087.52
		422	Utility Deposit Fund	25,200.00	18,991.74	6,208.26
	Total Water Fund			944,330.50	833,800.71	110,529.79
403	Sewer Fund			530,536.00	521,440.31	9,095.69
	Rolled Funds	430	Sewer Plant Reserve Fund	767,745.00	601,516.75	166,228.25
	Total Sewer Fund			1,298,281.00	1,122,957.06	175,323.94
405	Cemetery Fund			107,005.00	107,003.37	1.63
501	City Hall Maintenance Fund			29,250.00	24,479.87	4,770.13
633	Treasurer's Agency Fund			341,870.00	351,455.57	(9,585.57)
701	Cemetery Endowment Fund			6,062.50	4,368.02	1,694.48
Sub total Other Funds				5,408,014.60	4,337,098.84	1,070,915.76
TOTALS ALL FUNDS				7,474,258.24	6,313,108.88	1,161,149.36

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Zillah's legislative body.

Treasurer's Agency Fund No. 633 is a Fiduciary Fund that does not require a budget appropriation but it was included in the budget ordinance so it was included in the above table. The negative fund balance was due to higher than expected collection of revenues which are in turn paid out to other agencies.

Budget Amendments that could be considered material for the 2013 fiscal year included the following funds, amounts, and descriptions:

Capital Street Projects Fund (302):

\$42,500 – Expenditures related to professional engineering services for the Carlsonia Street project.

\$235,500 – Expenditures related to professional engineering services for the Carlsonia Street project.

\$1,113,700 – Expenditures related to Construction of the Carlsonia Street project.

\$56,100 – Expenditures related to Retainage for the Carlsonia Street project.

\$400,000 – Interfund Loan from the Sewer Reserve Fund for the Street Projects.

\$65,000 – Expenditures related to professional engineering services for the Vintage Valley Extension project.

Sewer Reserve Fund (430):

\$400,000 – Interfund loan to the Capital Street Projects Fund (302) for the Street Projects.

D. Cash

It is the City of Zillah's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

E. Deposits

The City of Zillah deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

F. Investments See Note 2, *Investments*.

G. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5000 and an estimated useful life in excess of 1 year. The capital assets of the City of Zillah are recorded as expenditures when purchased.

H. Compensated Absences

Vacation leave may be accumulated up to 240 days and is payable upon separation or retirement.

Sick leave may be accumulated up to 480 hours. Upon retirement employees do receive payment for unused sick leave at the rate of one hour for every two hours accrued.

I. Long-Term Debt See Note 5, *Debt Service Requirements*.

J. Other Financing Sources or Uses

The City of Zillah's *Other Financing Sources or Uses* consist of Intergovernmental Loan Proceeds, Premiums on bonds sold, Proceeds from sales of capital assets, Interfund Loan Repayments, Agency Type Disbursements, Other Non-Expenditures and Debt Service.

K. Risk Management

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

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 162 Members.

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

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

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

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

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

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

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

L. Reserved Fund Balance

An extensive review of fund balances was done during 2013 in order to determine the appropriate designation of Reserved and Non-Reserved Fund balances. Those adjustments were made in the 2013 ending fund balances.

Fund #001 (General Fund) – Funds that are collected for “Fire Protection Facilities” as per Ordinance No. 1251, that are supported by GMA Impact (developer) fees are designated as “Reserved.” Petty cash funds that were established as per ZMC 3.04.084, 3.04.140, 3.04.180 and 3.04.190 are designated as “Reserved.”

Fund #101 (City Street Fund) - Funds that are collected for “Public Streets and Roads” as per Ordinance No. 1251, that are supported by GMA Impact (developer) fees are designated as “Reserved.”

Fund #102 (Emergency Medical Services Fund) – As per ZMC 3.04.150, the fund balance is restricted because the revenues are collected via County Ballot Title, therefore the fund balance is designated as “Reserved.”

Fund #104 (Parks & Pool Reserve Fund) – As per Ordinance No. 1251, this fund is supported by GMA Impact (developer) Fees designated for “Parks and Open Space” so fund balances are designated as “Reserved.”

Fund \$105 (Hotel/Motel Tax Fund) – As per Ordinance No. 825, this fund is supported by Hotel/Motel Tax Revenues which is restricted so the fund balance has been designated as “Reserved.”

Fund #206 (Debt Service – SIED-YC-VVMC-08 Fund) - Debt service monies are restricted to the repayment of loans and therefore fund balances are designated as ‘Reserved.’

Fund #301 (Capital Projects Fund) – Project funds in the account are restricted/committed and are designated as “Reserved.”

Fund #302 (Capital Street Projects Fund) – Project funds in the account are restricted/committed and are designated as “Reserved.”

Fund #304 (Real Estate Excise Tax Fund) – As per Chapter 3.12 of the Zillah Municipal Code Real Estate Excise Tax Funds are restricted and are designated as “Reserved.”

Fund #405 (Cemetery Fund) - \$500 represents the funds committed by Ordinance #1104 so those funds are designated as “Reserved.” Ordinance #1104 re-established the Cemetery Memorial Trust Fund. Fees collected from individuals placing Memorial Plaques on the brick pillars are to be used for the purpose of constructing and maintaining brick pillars and enhancements. The fund had originally been set up as a Special Revenue Fund (108) but since it did not meet the requirements of a Special Revenue Fund those monies were moved into Fund #405 (Cemetery Fund) during 2011.

Fund #422 (Water Deposit Fund) – Ordinance No. 1050 requires a deposit of \$100 prior to commencing utility service connection.... said deposit shall be refunded to the same person after a one year period of time.... Since the city collects the deposits, holds the money and then refunds it to the customer, the fund balance, minus interest accrued, is designated as “Reserved.”

Fund #430 (Sewer Plant Reserve Fund) - \$32,400 - Farmers Home Administration established a reserve requirement of \$32,400 for a loan that the city secured for a Wastewater Treatment Plant Improvements project so those funds are designated as “Reserved.”

Fund #701 (Cemetery Endowment Fund) – Permanent Funds should be used to account for and report resources that are restricted to the extent that only earnings, and not principal may be used for purposes that support the reporting government’s programs – that is for the benefit of the government or its citizens (public-purpose). Monies within this fund (except for interest earnings) are designated as “Reserved.”

Note 2 - Investments

The City of Zillah investments are either insured, registered or held by the City of Zillah or its agent in the city’s name.

Investments are presented at cash value.

Investments by type at December 31, 2013 are as follows:

Type of Investment	Total
LGIP	\$39.80
US Government Securities	\$2,503,072.27
Money Market Funds	\$13,187.93
Savings Accounts	\$97,150.18
TOTAL	\$2,613,450.18

Note 3- Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by city. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The city's regular levy for the year 2013 was \$.8815 per \$1,000 on an assessed valuation of \$160,538,726 for a total regular levy of \$396,912.73.

Note 4 - Interfund Loans

On May 21, 2012, City Council approved Resolution No. 2012-22 authorizing an Inter-fund Loan in the amount of \$200,000 from the Water Fund (402) to the Capital Projects Fund (301). The loan was repaid with interest during 2013.

On July 1, 2013, City Council approved Resolution No. 2013-27 authorizing an Inter-fund Loan in the amount of \$400,000 from the Sewer Reserve Fund (430) to the Capital Street Projects Fund (302).

The following table displays interfund loan activity during 2013:

Borrowing Fund	Lending Fund	Balance 1/1/2013	New Loans	Repayments	Balance 12/31/2013
301	402	200,000	0.00	200,000	0.00
302	430	0.00	400,000	0.00	400,000

Note 5 – Debt Service Requirements

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2013.

The debt service requirements for general obligation bonds, revenue bonds including both principle and interest, are as follows:

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2014	108,922.40	44,471.96	250,456.31	403,850.67
2015	108,922.33	44,471.96	248,795.48	402,189.77
2016	74,139.12	44,471.96	247,134.67	365,745.75
2017	74,139.12	44,471.96	245,473.82	364,084.90
2018	42,249.01	44,471.96	243,812.99	330,533.96
2019-- 2023	43,793.47	222,359.80	1,182,970.92	1,449,124.19
2024- 2028	0.00	186,144.06	435,223.68	621,367.74
2029- 2033	0.00	162,000.00	0.00	162,000.00
2034- 2038	0.00	29,429.02	0.00	29,429.02
	452,165.45	822,292.68	2,853,867.87	4,128,326.00

Note 6 - Pension Plans

Substantially all city full-time and qualifying part-time employees participate in the Public Employee retirement System (PERS), Law Enforcement Officers and Fire Fighters Retirement System (LEOFF) or Volunteer Fire Fighters Relief and Pension Funds which are administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the city's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

As per union contract, on January 1, 2013 all current bargaining unit members employed by the City of Zillah Police Department, Public works Department and the Clerks Union agreed to divert \$1.50 per hour of pre-taxed earnings to the Conference of Teamsters Pension Trust. City also contributes \$1.50 per hour for those employees towards the pension program up to a total of 2080 hours per year.

Effective January 1, 2013, the City contributes \$50 per month on behalf of each Department Director to the Deferred Comp Program (DCP). In addition, the City will match on a dollar for dollar basis a maximum of \$260.00 per month to each Department Directors (DCP) account.

Note 7 - Other Disclosures

Transportation Benefit District. In December 19, 2011, the city approved formation of a Transportation Benefit District (MCAG number 3012). Required reporting has been done with the State Auditor's office. Due to new BARS prescriptions for cash basis entities with component units, the city must now report the TBD in its' financials. Agency Fund – TBD (635) was created during 2013 for that purpose. Because of that there is a beginning fund balance variance of \$7,993.01.

SCHEDULE 09

2013 beginning balance is different than 2012 ending balance. A long term lease that had been added to Schedule 9 during 2012 was removed in 2013 and shown as a liability rather than a debt. The variance is \$140,127.

CITY OF ZILLAH
NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The City of Zillah reports financial activity using the revenues and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

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a. **Fund Accounting**

The accounts of the city are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The city's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are fund types used by the City of Zillah.

GOVERNMENTAL FUND TYPES

General (Current Expense) Fund (001)

This fund is the primary operating fund of the City of Zillah. It accounts for financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds (100-199)

These funds account for specific revenues that are restricted or committed to expenditures for specified purposes of the City of Zillah.

Debt Service Funds (200 – 299)

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Project Funds (300 – 399)

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

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These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds (400-499)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds (500-599)

These funds account for operations that provide goods or services to other departments or funds of the city on a cost-reimbursement basis.

Agency Funds (631-699)

These funds are used to account for assets that the city holds for others in an agency capacity.

b. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

In accordance with state law the City of Zillah also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

c. Budgets

The city adopts annual appropriated budgets for all funds at the fund level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city's legislative body.

+ Some of the funds were combined for reporting purposes. See spreadsheet below for details showing the combined funds.

FUND				Final/Appropriated Amounts	Actual Expenditures	Variance
001	General Fund			2,144,315.07	2,065,769.49	78,545.58
	Total General Fund			2,144,315.07	2,065,769.49	78,545.58
101	City Street Fund			297,285.00	268,191.21	29,093.79
102	Emergency Medical Services Fund			33,101.14	25,029.78	8,071.36
104	Parks & Pool Reserve Fund			4,029.50	1,184.16	2,845.34
105	Hotel/Motel Tax Fund			15,195.00	13,995.00	1,200.00
106	Crime Prevention-PD Fund			10,000.00	7,538.20	2,461.80
203	Limited Tax GO Bond, 2009 Fund			12,500.00	12,449.88	50.12
204	SIED loan Fund			34,783.28	34,783.28	0.00
206	Debt Service-SIED-YC-VVMC-08 Fund			18,313.57	18,313.57	0.00
209	SIED YC-TD-11 (Teapot) Loan Fund			11,485.22	11,485.22	0.00
301	Capital Projects Fund			676,410.00	446,540.93	229,869.07
302	Capital Street Projects Fund			383,500.00	316,337.60	67,162.40
304	Real Estate Excise Tax Fund			102,752.22	22,015.22	80,737.00
402	Water Fund			802,300.00	801,844.45	455.55
	Rolled Funds	420	Water Reserve Fund	219,486.00	196,780.51	22,705.49
		422	Utility Deposit Fund	20,000.00	12,612.90	7,387.10
	Total Water Fund			1,041,786.00	1,011,237.86	30,548.14
403	Sewer Fund			512,790.00	491,644.72	21,145.28
	Rolled Funds	430	Sewer Plant Reserve Fund	250,075.00	211,265.78	38,809.22

	Total Sewer Fund	762,865.00	702,910.50	59,954.50
405	Cemetery Fund	107,807.50	92,095.24	15,712.26
501	City Hall Maintenance Fund	33,250.00	28,206.91	5,043.09
633	Treasurer's Agency Fund	340,460.00	314,963.74	25,496.26
701	Cemetery Endowment Fund	1,537.50	1,293.10	244.40
	Sub total Other Funds	3,887,060.93	3,328,571.40	558,489.53
	TOTALS ALL FUNDS	6,031,376.00	5,394,340.89	637,035.11

Budget Amendments that could be considered material for the 2012 fiscal year included the following funds, amounts, and descriptions:

Current Expense Fund (001):

\$33,000 – This expense is related to an annual lease payment for new police vehicles

\$156,000 – Purchase of police vehicles

\$100,000 – Purchase of a new backhoe and equipment

Capital Projects Fund (301):

\$31,000 – Expenditures related to the Teapot Construction Project

\$200,000 – Interfund loan from the Water Fund (402) for the Teapot Construction project

Capital Street Projects Fund (302):

\$120,500 – Expenditures related to professional engineering services for the Carlsonia Street project.

Water Fund (402):

\$200,000 – Interfund loan to the Capital Projects Fund (301) for Teapot Construction Project.

d. Cash

It is the city's practice to invest temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

e. Deposits

The city's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC), and/or the Washington Public Deposit Protection Commission (WPDPC).

f. Investments See Note 3

g. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. The capital assets of the city and are recorded as expenditures when purchased.

h. Compensated Absences

Vacation leave may be accumulated up to a maximum of 240 hours and is payable upon separation or retirement.

Sick leave may accumulate up to 480 hours. Upon retirement employees do receive payment for unused sick leave at the rate of one hour for every two hours accrued.

i. Long-Term Debt See Note 6

j. Other Financing Sources Or Uses

The City's "Other Financing Sources or Uses" consist of Operating Transfers-in, Operating Transfers-out and Debt Service.

k. Risk Management

The city of Zillah is a member of the Washington Cities Insurance Authority (WCIA).

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

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

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

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

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

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

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy

direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

1. Reserved Fund Balances

Fund #405 - \$500 – Funds committed by Ordinance #1104.

Fund #304 – As per Chapter 3.12 of the Zillah Municipal Code Real Estate Excise Tax Funds are restricted and are designated as Reserved.

Fund #403 - \$32,400 - Farmers Home Administration established a reserve requirement of \$32,400 for a loan that the city secured for a Wastewater Treatment Plant Improvements project.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions. Fund No. 302, the Capital Street Projects Fund shows a negative ending fund balance of \$18,144.79 as of 12-31-12. This is due to project funds being expended at year end but the associated grant funds not being received until January.

NOTE 3 – INVESTMENTS

The city's investments are either insured, registered or held by the city or its agent in the city's name. Investments are presented at cost.

Investments by type at December 31, 2012 are as follows:

Type of Investment	Total
LGIP	\$39.75
US Government Securities	\$2,506,103.62
Money Market Funds	\$13,172.92
Savings Accounts	\$58,313.29
TOTAL	\$2,577,629.58

NOTE 4 – PROPERTY TAX

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by the city. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The city's regular levy for the year 2012 was .9833 per \$1,000 on an assessed valuation of \$158,693,854 for a total regular levy of \$390,000.00

NOTE 5 – INTERFUND LOANS AND ADVANCES

On April 8, 2011, City Council approved Resolution No. 2011-05 authorizing an Inter-fund Loan in the amount of \$200,000 from the Water Fund (402) to the Capital Street Projects Fund (302). The loan was repaid with interest during 2012.

On May 21, 2012, City Council approved Resolution No. 2012-22 authorizing an Inter-fund Loan in the amount of \$200,000 from the Water Fund (402) to the Capital Projects Fund (301).

The following table displays inter-fund loan activity during 2012:

Borrowing Fund	Lending Fund	Balance 1/1/2012	New Loans	Repayments	Balance 12/31/2012
302	402	200,000	0.00	200,000	0.00
301	402	0.00	200,000	0.00	200,000

NOTE 6 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2012. The debt service requirements for general obligation bonds and revenue bonds including both principle and interest, are as follows:

	General Obligation Bonds	Revenue Bonds	Total Debt
2013	108,922.39	296,589.10	405,511.49
2014	108,922.40	294,928.27	403,850.67
2015	108,922.33	293,267.44	402,189.77
2016	74,139.12	291,606.63	365,745.75
2017	74,139.12	289,945.78	364,084.90
2018- 2022	86,042.48	1,419,211.67	1,505,254.15
2023- 2027		863,371.74	863,371.74
2028- 2032		162,000.00	162,000.00
2033- 2037		61,829.02	61,829.02
	561,087.84	3,972,749.65	4,533,837.49

NOTE 7 – PENSION PLANS

Substantially all city full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS), Law Enforcement Officers' and Fire Fighters Retirement System (LEOFF) or Volunteer Fire Fighters' Relief and Pension Funds which are administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the city's financial statements. Contributions to the system by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

As per union contract, on January 1, 2012 all current bargaining unit members employed by the City of Zillah Police Department, Public works Department and the Clerks Union agreed to divert \$1.50 per hour of pre-taxed earnings to the Conference of Teamsters Pension Trust. City also contributes \$1.50 per hour for those employees towards the pension program up to a total of 2080 hours per year.

Effective January 1, 2012, the City contributes \$50 per month on behalf of each Department Director to the Deferred Comp Program (DCP). In addition, the City will match on a dollar for dollar basis a maximum of \$260.00 per month to each Department Directors (DCP) account.

NOTE 8 – OTHER DISCLOSURES

Transportation Benefit District Formation. In December 19, 2011, the city approved formation of a Transportation Benefit District (MCAG number 3012). Required reporting has been done with the State Auditor's office.

Statement C-4 2011 Ending/2012 Beginning Balance changes. In June of 2012 the city mailed its' outstanding checks to the state in the amount of \$765.78. Since the checks were originally issued prior to 2012 the posting transaction was also done prior to 2012 which threw the financials off balance by that amount as follows:

Fund	2011 Ending Balance	2012 Beginning Balance	Difference
001 General Fund Unreserved	\$463,256.14	\$463,383.25	\$127.11
402 Water Fund Unreserved	\$1,004,553.42	\$1,005,169.54	\$616.12
403 Sewer Fund Unreserved	\$903,828.57	\$903,851.12	\$22.55
TOTAL			\$765.78

The transaction has since been corrected in our accounting system but the 2011 Statement C-4 was submitted prior to the correction.

Statement C-4 and C-5 – Fund Classification changes. During 2012 the city evaluated its fund classification and found that the 601 (Investment Trust) Fund was actually a permanent fund and not a Fiduciary Fund. The city reported the fund as prescribed by BARS. The fund classification (re-numbering) was officially changed during 2012 to Fund 701 (Cemetery Endowment Fund). In 2011, the 601 Fund was reported on Statement C-5 and since it changed to the 701 fund during 2012 it is now being reported in Statement C-4.

CITY OF ZILLAH
NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The City of Zillah reports financial activity using the revenues and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The City of Zillah was incorporated on January 5, 1911 and operates under the laws of the State of Washington applicable to a non-charter code city with a Mayor/Council form of government. The City of Zillah is a general purpose government and provides police and fire protection, street improvement, parks and recreation, and general administrative services. In addition, the City owns and operates a cemetery, water/irrigation and a sewer system. The City of Zillah uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

a. Fund Accounting

The accounts of the city are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The city's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are fund types used by the City of Zillah.

GOVERNMENTAL FUND TYPES

General (Current Expense) Fund (001)

This fund is the primary operating fund of the City of Zillah. It accounts for financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds (100-199)

These funds account for revenues that are legally restricted or designated to finance particular activities of the City of Zillah.

Debt Service Funds (200 – 299)

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Project Funds (300 – 399)

These funds account for financial resources which are designated for the acquisition or construction of general governmental capital projects and capital assets.

PROPRIETARY FUND TYPES:

Enterprise Funds (400-499)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

See second spreadsheet in Note 1(c) Budgets, which references funds that were combined for reporting purposes.

Internal Service Funds (500-599)

These funds account for operations that provide goods or services to other departments or funds of the city on a cost-reimbursement basis.

FIDUCIARY FUND TYPES:

Investment Trust Funds (601-610).

Fiduciary funds account for assets held by the city in a trustee capacity or as an agent on behalf of others.

Agency Funds (631-699)

These funds are used to account for assets that the city holds for others in an agency capacity.

b. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

In accordance with state law the City of Zillah also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

c. Budgets

The city adopts annual appropriated budgets for all funds at the fund level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

FUND		Final/Appropriated Amounts	Actual Expenditures	Variance
001	General Fund	1,761,462.64	1,738,703.52	22,759.12
	Total General Fund	1,761,462.64	1,738,703.52	22,759.12
101	City Street Fund	243,570.02	218,618.33	24,951.69
102	Emergency Medical Services Fund	32,163.79	24,095.17	8,068.62
104	Parks & Pool Reserve Fund	4,039.50	0.00	4,039.50
105	Hotel/Motel Tax Fund	17,695.00	14,520.00	3,175.00
106	Crime Prevention-PD Fund	12,262.00	11,431.31	830.69
203	Limited Tax GO Bond, 2009 Fund	12,550.00	12,449.88	100.12
204	SIED loan Fund	34,783.28	34,783.28	0.00
206	Debt Service-SIED-YC-VVMC-08 Fund	18,313.57	18,313.57	0.00
301	Capital Projects Fund	297,000.00	40,445.54	256,554.46
302	Capital Street Projects Fund	1,661,500.00	1,290,447.17	371,052.83
304	Real Estate Excise Tax Fund	100,000.00	43,019.67	56,980.33
402	Water Fund	1,021,150.00	885,081.33	136,068.67
403	Sewer Fund	837,429.20	570,752.39	266,676.81
405	Cemetery Fund	108,810.00	105,934.21	2,875.79
501	City Hall Maintenance Fund	28,125.00	21,951.38	6,173.62
601	Investment Trust Fund	1,762.50	1,272.03	490.47
633	Treasurer's Agency Fund	320,415.00	292,881.11	27,533.89
	TOTALS ALL FUNDS	6,513,031.50	5,324,699.89	1,188,331.61

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city's legislative body.

+ Some of the funds were combined for reporting purposes. See spreadsheet below for details showing the combined funds.

FUND				Final/Appropriated Amounts	Actual Expenditures	Variance
001	General Fund			1,761,462.64	1,738,703.52	22,759.12
	Total General Fund			1,761,462.64	1,738,703.52	22,759.12
101	City Street Fund			243,570.02	218,618.33	24,951.69
102	Emergency Medical Services Fund			32,163.79	24,095.17	8,068.62
104	Parks & Pool Reserve Fund			4,039.50	0.00	4,039.50
105	Hotel/Motel Tax Fund			17,695.00	14,520.00	3,175.00
106	Crime Prevention-PD Fund			12,262.00	11,431.31	830.69
203	Limited Tax GO Gond, 2009 Fund			12,550.00	12,449.88	100.12
204	SIED loan Fund			34,783.28	34,783.28	0.00
206	Debt Service-SIED-YC-VVMC-08 Fund			18,313.57	18,313.57	0.00
301	Capital Projects Fund			297,000.00	40,445.54	256,554.46
302	Capital Street Projects Fund			1,661,500.00	1,290,447.17	371,052.83
304	Real Estate Excise Tax Fund			100,000.00	43,019.67	56,980.33
402	Water Fund			777,235.00	774,967.69	2,267.31
	Rolled Funds	420	Water Reserve Fund	218,915.00	85,507.70	133,407.30
		422	Utility Deposit Fund	25,000.00	24,605.94	394.06
	Total Water Fund			1,021,150.00	885,081.33	136,068.67
403	Sewer Fund			521,849.20	508,006.60	13,842.60
	Rolled Funds	430	Sewer Plant Reserve Fund	315,580.00	62,745.79	252,834.21
	Total Sewer Fund			837,429.20	570,752.39	266,676.81
405	Cemetery Fund			108,810.00	105,934.21	2,875.79
501	City Hall Maintenance Fund			28,125.00	21,951.38	6,173.62
601	Investment Trust Fund			1,762.50	1,272.03	490.47
633	Treasurer's Agency Fund			320,415.00	292,881.11	27,533.89
Sub-total Other Funds				4,751,568.86	3,585,996.37	1,165,572.49
TOTALS ALL FUNDS				6,513,031.50	5,324,699.89	1,188,331.61

Budget Amendments that could be considered material for the 2011 fiscal year included the following funds, amounts, and descriptions:

Capital Projects Fund (301) - \$287,000

These were for expenses related to the Teapot Project which was funded with Federal TE Funds.

Capital Street Projects Fund (302) – 1,436,500

These were for expenses related to two First Avenue street Projects which were funded with mostly state TIB and some federal STP funds.

Real Estate Excise Tax Fund (304) - \$100,000

These funds were appropriated for the city match on the above projects.

Water Fund (402) - \$200,000

This was an interfund loan from the water fund into the Capital Street Projects Fund (302) to fund (short term) the expenditures of the street projects.

Water Reserve Fund (420) – 50,000

The Capital Facilities Plan was amended in 2011 and these expenditures were included in the amendment.

Sewer Reserve Fund (430) – 155,000

The Capital Facilities Plan was amended in 2011 and these expenditures were included in the amendment.

d. Cash

It is the city's practice to invest temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

e. Deposits

The city's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC), and/or the Washington Public Deposit Protection Commission (WPDPC).

f. Investments See Note 3

g. Capital Assets

Capital assets are long-lived assets of the city and are recorded as expenditures when purchased.

h. Compensated Absences

Vacation leave may be accumulated up to a maximum of 240 hours and is payable upon separation or retirement.

Sick leave may accumulate up to 480 hours. Upon retirement employees do receive payment for unused sick leave at the rate of one hour for every two hours accrued.

i. Long-Term Debt See Note 6

j. Other Financing Sources Or Uses

The City's "Other Financing Sources or Uses" consist of Operating Transfers-in and Operating Transfers-out.

k. Risk Management

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

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 150 Members.

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

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

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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

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

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

1. Reserved Fund Balances

Due to necessary fund combining the Cemetery Memorial Trust Fund (108) was combined into the Cemetery Fund (405) during 2011. Upon merging the funds, there was a balance of \$500 in the Cemetery Memorial Fund that had been collected and designated through Ordinance No. 1104 to be used for construction and maintenance of brick pillars and enhancements within and/or bordering the Zillah City Cemetery. The \$500 was removed from the Reserved (508.10) in the Cemetery Memorial Trust Fund (108) and stated on the Reserved (508.10) in the Cemetery Fund (405).

Chapter 3.12 of the Zillah Municipal Code refers to restricted usage relating to the Real Estate Excise Tax Funds. At the beginning of 2011 the total amount of the beginning balance was reported as Reserved (508.10). A budget amendment of \$100,000 was approved on March 7, 2011 which allocated spending out of the fund for capital projects. Because of that, the Reserved budgeted amount in the Real Estate Excise Tax Fund (304) was decreased by \$100,000.

Farmers Home Administration established a reserve requirement of \$32,400 for a loan that the city secured with them for a Wastewater Treatment Plant Improvements project. \$32,400 was budgeted to be Reserved (508.10) in the Sewer Reserve Fund (430) at the beginning of 2011. Due to fund merges, the FHA loan accounting was moved into the Sewer Fund (403) during 2011 so the Reserved amount that was originally held in the Sewer Reserve Fund (430) was moved and held in the Sewer Fund (403) instead. An adjustment was made.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions. There have been no expenditures exceeding legal appropriations in any of the funds of the City.

NOTE 3 – INVESTMENTS

The city's investments are either insured, registered or held by the city or its agent in the city's name. Investments are presented at cash value.

Investments by type at December 31, 2011 are as follows:

Type of Investment	Total
US Government Securities	\$2,508,348.78
Money Market Funds	\$13,153.18
Savings Accounts	\$71,645.15
TOTAL	\$2,593,147.11

NOTE 4 – PROPERTY TAX

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by the city. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The city's regular levy for the year 2011 was .7204 per \$1,000 on an assessed valuation of \$165,148,293 for a total regular levy of \$378,477.92

NOTE 5 – INTERFUND LOANS AND ADVANCES

On April 8, 2011 City Council approved Resolution No. 2011-05 authorizing an Inter-fund Loan. The following table displays inter-fund loan activity during 2011

Borrowing Fund	Lending Fund	Balance 1/1/2011	New Loans	Repayments	Balance 12/31/2011
302	402	0.00	200,000	0.00	200,000

NOTE 6 – LONG TERM DEBT

The accompanying Schedule of Liabilities (09) provides a listing of the outstanding debt of the city and summarizes the city's debt transactions for 2011. The debt service payment for the fiscal year being reported and future payment requirements, including interest, and Other Debt relating to Compensated absences, are as follows:

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2011	65,546.73	304,800.91	95,494.95	465,842.59
2012	65,546.73	305,625.08		371,171.81
2013	65,546.73	303,964.24		369,510.97
2014	65,546.73	302,303.41		367,850.14
2015	65,546.66	300,642.58		366,189.24
2016	30,763.45	298,981.77		329,745.22
2017- 2021	71,902.14	1,469,996.33		1,541,898.47
2022- 2026		1,143,884.26		1,143,884.26
2027- 2031		198,875.70		198,875.70
2032- 2036		94,229.02		94,229.02
	430,399.17	4,723,303.30	95,494.95	5,249,197.42

NOTE 7 – PENSION PLANS

Substantially all city full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS), Law Enforcement Officers' and Fire Fighters Retirement System (LEOFF) or Volunteer Fire Fighters' Relief and Pension Funds which are administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the city's financial statements. Contributions to the system by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

As per union contract, on January 1, 2011 all current bargaining unit members employed by the City of Zillah Police Department, Public works Department and the Clerks Union agreed to divert \$1.50 per hour of pre-taxed earnings to the Conference of Teamsters Pension Trust. City also contributes \$1.50 per hour for those employees towards the pension program up to a total of 2080 hours per year.

Effective January 1, 2011, the City contributes \$50 per month on behalf of each Department Director to the Deferred Comp Program (DCP). In addition, the City will match on a dollar for dollar basis a maximum of \$260.00 per month to each Department Directors (DCP) account.

NOTE 8 – OTHER DISCLOSURES

Schedule 7. The city went off the warrant system in 2009 and switched over th checks. A manual adjustment was made to the system to clear off the last warrant of \$53.13 because of a double posting. The expense side of the warrant does not show so the reconciling report shows a difference of \$53.

Schedule 10. The city has two SIED loans that are General Obligation Debt that are included in the Outstanding debt stated on Schedules 10. The city has repayment agreements in place for both of those loans. One of the repayment agreements is for repayment of 100% of the loan by one private party while the other repayment agreement is paid for by five individuals (including the city) through a cost sharing agreement. Since the repayment amount of those loans could be used to offset some of the impacts of our limitation of indebtedness the amount of \$159,785.86 has been stated under Available assets on Schedule 10 to reflect those payments due by others.

Transportation Benefit District Formation. In December 19, 2011, the city approved formation of a Transportation Benefit District (MCAG number 3012). Since it was established at the end of the year no fund was set up, there was no financial activity related to the district and no further reporting was done.

Fund Merges during 2011. On September 19, 2011 City Council approved Ordinance No. 1278 closing certain funds. This was to bring the city into compliance with the new requirements of the BARS manual relating to special revenue and debt service funds. The following funds were merged during 2011:

Civic Center Operating Fund (103) was merged into the General Fund (001)
Public Safety Fund (107) was merged into the General Fund (001)
Cemetery Memorial Fund (108) was merged into the Cemetery Fund (405)
Cumulative reserve/Stab Fund (112) was merged into the General Fund (001)
FMHA Sewer Revenue Bond Fund (202) was merged into the Sewer Fund (403)
PWTF Water Tower Loan Fund (207) was merged into the Water Fund (402)
PWTF WWTP Upgrade Fund (208) was merged into the Sewer Fund (403).

City of Zillah

Schedule of Liabilities
For the year ended December 31, 2013

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013
General Obligations							
	263.81	Yakima County SIED Loan - Z. Lks.	6/1/2015	95,618	0	30,480	65,137
	263.81	Yakima County SIED Loan - V. Valley	6/1/2018	101,076	0	15,847	85,229
	263.81	Yakima County SIED Loan - Teapot	6/1/2021	91,807	0	9,245	82,562
	251.11	LTGO - Non Voted	9/1/2019	72,993	0	9,320	63,673
	263.96	LOCAL/COPS	7/1/2017	144,429	0	26,907	117,522
	259.11	Compensated Absences		67,901	90,656	84,688	73,869
Total General Obligations:				573,825	90,656	176,488	487,992
Revenue Obligations							
	263.82	USDA LOAN	6/28/2034	443,747	0	12,692	431,055
	263.82	Public Works Trust Fund Loan - Telemetry	7/1/2021	50,444	0	5,605	44,839
	263.82	DOE / WWTP upgrade study	11/30/2025	142,057	0	9,972	132,085
	263.82	Public Works Trust Fund Loan - Reservoir	7/1/2024	1,472,335	0	122,695	1,349,640
	263.82	Public Works Trust Fund Loan - WWTP upgrade	7/1/2026	1,427,065	0	101,933	1,325,132
	259.12	Compensated Absences		34,798	42,258	41,452	35,604
Total Revenue Obligations:				3,570,445	42,258	294,348	3,318,355
Total Liabilities:				4,144,270	132,914	470,837	3,806,347

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

City of Zillah

Schedule of Liabilities
For the year ended December 31, 2012

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2012	Additions	Reductions	Ending Balance December 31, 2012
General Obligations							
	263.81	General Obligation Non-voted	6/1/2015	124,786	0	29,168	95,618
	263.81	Geral Obligation Non-voted	6/1/2018	116,546	0	15,470	101,076
	263.81	General Obligation Non-voted	6/1/2021	0	102,597	10,790	91,807
	251.11	General Obligation Non-voted	9/1/2019	81,889	0	8,896	72,993
	263.96	General Obligation non-voted LOCAL/COPS	7/1/2017	0	144,429	0	144,429
	259.11	Compensated Absences		62,072	78,712	72,883	67,901
Total General Obligations:				385,293	325,738	137,207	573,824
Revenue Obligations							
	263.82	REVENUE OBLIGATION	6/28/1934	455,882	0	12,134	443,748
	263.82	REVENUE OBLIGATION	7/1/2021	56,048	0	5,605	50,443
	263.82	REVENUE OBLIGATION	11/30/2025	151,880	0	9,823	142,057
	263.82	REVENUE OBLIGATION	7/1/2024	1,595,029	0	122,695	1,472,334
	263.82	REVENUE OBLIGATION	7/1/2026	1,528,998	0	101,933	1,427,065
	263.52	REVENUE OBLIGATION	2/1/1931	147,503	0	7,375	140,128
	259.12	Compensated Absences		33,423	38,725	37,350	34,798
Total Revenue Obligations:				3,968,763	38,725	296,915	3,710,573
Total Liabilities:				4,354,056	364,463	434,122	4,284,397

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

Schedule of Liabilities
For the year ended December 31, 2011

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2011	Additions	Reductions	Ending Balance December 31, 2011
General Obligations							
	263.91	General Obligation-Non-voted	6/1/2015	152,698	0	27,912	124,786
	263.91	General Obligation Non-voted	6/1/2018	131,648	0	15,101	116,546
	251.11	General Obligation Non-voted	9/1/2019	90,400	0	8,511	81,889
	259.11	Compensated Absences / General Fund		52,606	60,683	60,289	53,000
	259.11	Compensated Absences/Street Fund		8,531	9,840	9,777	8,595
	259.11	Compensated Absences/EMS Fund		474	547	543	477
	259.11	Compensated Absences/Public Safety Fund		0	0	0	0
Total General Obligations:				436,356	71,070	122,133	385,293
Revenue Obligations							
	263.82	Revenue Obligation	6/28/2034	467,483	0	11,601	455,882
	263.82	Revenue Obligation	7/1/2021	61,653	0	5,605	56,048
	263.82	Revenue Obligation	11/30/2025	161,558	0	9,677	151,880
	263.82	Revenue Obligation	7/1/2024	1,717,724	0	122,695	1,595,029
	263.82	Revenue Obligation	7/1/2026	1,630,932	0	101,933	1,528,998
	259.12	Compensated Absences/Water Fund		18,009	20,774	20,640	18,144
	259.12	Compensated Absences/Sewer Fund		11,374	13,121	13,035	11,459
	259.12	Compensated Absences/Cemetery Fund		3,791	4,374	4,345	3,820
	263.52	Revenue Obligation	2/1/2031	0	152,393	4,890	147,503
Total Revenue Obligations:				4,072,524	190,661	294,422	3,968,764
Total Liabilities:				4,508,881	261,731	416,555	4,354,057

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

MCAG NO. 0861

City of Zillah

Schedule 16

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2013

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Bureau Of Justice Assistance, Department Of Justice/	Bulletproof Vest Partnership Program	16.607	2013		600	600	1,2
Federal Highway Administration (fhwa), Department Of Transportation/WSDOT Local Programs	Highway Planning and Construction	20.205	STPR-39ZD(001) - LA-7762	1,047,526		1,047,526	1,2
Federal Highway Administration (fhwa), Department Of Transportation/WSDOT Local Programs	Highway Planning and Construction	20.205	STPR-Z390(001) LA-8142	56,439		56,439	1,2
Total CFDA 20.205				1,103,965	0	1,103,965	
Total Federal Awards Expended:				1,103,965	600	1,104,565	

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule

CITY OF ZILLAH

2013 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2013

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City's financial statements. The City of Zillah uses the cash basis of accounting.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, are more than shown.

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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