



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

## **Financial Statements Audit Report**

# **City of Yelm**

**Thurston County**

**For the period January 1, 2012 through December 31, 2013**

**Published November 10, 2014**

**Report No. 1012944**





**Washington State Auditor**  
**Troy Kelley**

November 10, 2014

Mayor and City Council  
City of Yelm  
Yelm, Washington

**Report on Financial Statements**

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

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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# Schedule of Audit Findings and Responses

## City of Yelm Thurston County January 1, 2012 through December 31, 2013

### 1. The City's internal controls over financial statement preparation are inadequate to ensure accurate and complete reporting.

#### Background

City Council members, state and federal agencies, and the public rely on the information included in the financial statements and reports to make decisions. It is the responsibility of the City to design and follow internal controls that provide reasonable assurance regarding the reliability of financial reporting. Our audit identified deficiencies in internal controls that adversely affect the City's ability to produce financial statements.

In the prior audit we communicated concerns to the Mayor, City Council and management about the City's internal controls over financial reporting.

#### Description of Condition

During our audit, we identified the following deficiencies in internal controls over financial reporting that, when taken together, represent a significant deficiency:

- The City does not have procedures in place, including close supervision and oversight, to ensure information entered into the general ledger is accurate.
- City staff responsible for compiling the financial statements did not always effectively use the *Budget Accounting and Reporting System* (BARS) Manual when preparing the financial statements.
- The City lacks an effective review process to ensure amounts reported on the financial statements agree to supporting records and are prepared in accordance with the *Budgeting, Accounting and Reporting Systems* (BARS) Manual.

#### Cause of Condition

The City has not made it a priority to obtain the necessary resources or processes, such as training and oversight, to prepare accurate accounting records and financial statements.

## **Effect of Condition**

During our review of the financial statements we noted the following errors that were not detected by the City:

- The City had not been reporting approximately \$1 million of a Local Improvement District (LID) reserve since the transaction to set up the LID was incorrectly accounted for in the City's accounting system. The City recognized the error and put the \$1 million into the 2012 ending cash balance, thus the financial statements did not add up correctly. The City then recorded a prior period adjustment on the 2013 statements to account for the beginning 2013 balance not matching the ending 2012 balance. The error was corrected by recording the prior period adjustment in 2012.
- The City over reported debt in the 2012 Notes to the Financial Statements and underreported debt in the 2013 Notes to the Financial Statements by approximately \$1.9 million and \$1.4 million, respectively.
- The City incorrectly classified the reserved/unreserved cash balances on its 2012 and 2013 financial statements, for example \$12,114,334 was initially reported in unreserved beginning fund balance and was corrected to be reported in reserved on the 2012 financial statements.

The errors noted above were corrected in the City's final financial statements. However, the following errors were not corrected by the City:

- The City did not record a 2012 \$2,275,000 bond issue and a 2013 \$1,520,000 bond refunding in its accounting system correctly. The City reported the transactions at a netted amount which understated both the bond proceeds and debt service.
- The City did not report all Municipal Court activity in its 2012 and 2013 financial statements.

Additional errors were noted during the audit and communicated to City management.

## **Recommendation**

We recommend the City dedicate the necessary time and resources to ensure:

- Procedures are in place, such as close supervision and oversight, to ensure general ledger balances are valid, accurate, complete and adequately supported.
- Individuals responsible for preparing the financial statements, notes, and schedules have sufficient technical training and effectively use the BARS Manual when preparing the City's annual financial report.

- The person responsible for reviewing the financial statements has an adequate understanding of reporting requirements and they are given sufficient time and resources to perform this review. The City may wish to consider the use of a checklist or other reviewing tool for this purpose.

## **City's Response**

*The City strives to create and update policies and procedures to improve the oversight of its operations to ensure compliance and affirm accuracy when preparing the annual financial reports. In the ever-changing environment of government reporting, the findings noted were those of a 'reporting nature' only. We are pleased to once again receive positive feedback from the Auditor's Office and to confirm there were no deficiencies in our fund balances. In other words, the bottom line is accurate and all public funds were accounted for. We will take advantage of the Auditor's recommendation to participate in continued education and initiate checklists, to ensure that future annual reports are not just bottom line accurate, but that the required record keeping is in conformity with the BARS manual.*

## **Auditor's Remarks**

We appreciate the City's response and wish to thank the City's staff and management for their cooperation and assistance during our audit. We look forward to reviewing the corrective action during the next audit.

## **Applicable Laws and Regulations**

RCW 43.09.200 states in part:

The state auditor shall formulate, prescribe, and install a system of accounting and reporting for all local governments, which shall be uniform for every public institution, and every public office, and every public account of the same class.

*Budget Accounting and Reporting System (BARS) Manual - Part 3, Accounting, Chapter 1, Accounting Principles and General Procedures, Section B, Internal Control, states:*

Internal control is a management process for keeping an entity on course in achieving its business objectives, as adopted by the governing body. This management control system should ensure that resources are guarded against waste, loss and misuse; that reliable data is obtained, maintained, and fairly disclosed in financial statement and other reports; and resource use is consistent with laws, regulations and policies.

Each entity is responsible for establishing and maintaining an effective system of internal control throughout their government.

*Government Auditing Standards*, July 2007 Revision – Section 5.11 provides that auditors should report material weaknesses and significant deficiencies in internal control.

The American Institute of Certified Public Accountants, Statement on Auditing Standards No. 115 defines significant deficiencies and material weaknesses as follows:

- a. Significant deficiency: 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.
- b. Material weakness: A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

# **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 Yelm  
Thurston County  
January 1, 2012 through December 31, 2013**

Mayor and City Council  
City of Yelm  
Yelm, 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 Yelm, Thurston County, Washington, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated October 20, 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 1, that we consider to be significant deficiencies.

## ***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*.

## ***City's RESPONSE TO FINDINGS***

The City's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## ***PURPOSE OF THIS REPORT***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

**TROY KELLEY**  
STATE AUDITOR

October 20, 2014

# **Independent Auditor's Report on Financial Statements**

## **City of Yelm Thurston County January 1, 2012 through December 31, 2013**

Mayor and City Council  
City of Yelm  
Yelm, Washington

### ***REPORT ON THE FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the City of Yelm, Thurston County, Washington, for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 14.

#### ***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 Yelm 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 Yelm, for the years ended December 31, 2013 and 2012, 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 Yelm, as of December 31, 2013 and 2012, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

### ***Other Matters***

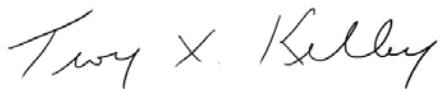
#### ***Supplementary and Other Information***

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Liabilities are 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 reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 October 20, 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.

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

**TROY KELLEY**  
STATE AUDITOR

October 20, 2014

## **Financial Section**

**City of Yelm  
Thurston County  
January 1, 2012 through December 31, 2013**

### ***FINANCIAL STATEMENTS***

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

### ***SUPPLEMENTARY AND OTHER INFORMATION***

Schedule of Liabilities – 2013  
Schedule of Liabilities – 2012

## 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	102 ARTERIAL STREETS
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	17,174,509	534,094	0	41,433
30880	Beg Fund Bal-Unreserved	4,904,730	1,665,708	8,941	0
38800/58800	Prior Period Adjustments, net	-5,871	-4,607	-277	0
<b>Operating Revenues</b>					
310	Taxes	4,059,750	4,042,470	0	0
320	Licenses & Permits	445,856	445,856	0	0
330	Intergovernmental Revenues	760,341	105,427	98,341	388,185
340	Charges for Goods and Services	6,878,944	167,863	0	0
350	Fines & Penalties	104,274	104,274	0	0
360	Miscellaneous Revenues	2,526,662	11,884	20	2,169
<b>Total Operating Revenues:</b>		<b>14,775,828</b>	<b>4,877,775</b>	<b>98,361</b>	<b>390,354</b>
<b>Operating Expenditures</b>					
510	General Government	1,185,968	1,185,968	0	0
520	Public Safety	1,694,174	1,611,328	0	0
530	Utilities	2,776,555	37,668	0	0
540	Transportation	525,210	0	410,279	110,403
550	Natural and Economic Environment	567,566	566,442	0	0
560	Social Services	1,274	1,274	0	0
570	Culture And Recreation	347,060	344,196	0	0
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>7,097,807</b>	<b>3,746,876</b>	<b>410,279</b>	<b>110,403</b>
<b>Net Operating Increase (Decrease):</b>		<b>7,678,020</b>	<b>1,130,898</b>	<b>-311,918</b>	<b>279,951</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	202,390	68,002	0	0
391-393	Debt Proceeds	42,562	0	0	0
397	Transfers-In	1,033,446	1,647	320,245	0
<b>Total Nonoperating Revenues:</b>		<b>1,278,398</b>	<b>69,649</b>	<b>320,245</b>	
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	206,695	92,028	0	0
591-593	Debt Service	6,078,348	32,478	0	0
594-595	Capital Expenditures	1,840,707	31,899	1,166	288,740
597	Transfers-Out	1,033,446	584,084	0	0
<b>Total Nonoperating Expenditures:</b>		<b>9,159,196</b>	<b>740,489</b>	<b>1,166</b>	<b>288,740</b>
<b>Increase (Decrease) in Cash and Investments</b>		<b>-202,778</b>	<b>460,058</b>	<b>7,161</b>	<b>-8,789</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	12,273,008	503,868	0	32,644
50880	End Fund Balance-Unreserved	9,597,582	2,151,386	15,824	0

The accompanying notes are an integral part of this Statement.

BARS Code		107 TOURISM PROMOTION	109 YPD SCHOOL RESOURCE	120 TRANSPORTATI ON FAC CHARGE	197 COMM DEV BLOCK GRANT
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	139,493	0	566,793	2,593
30880	Beg Fund Bal-Unreserved	0	-1,573	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	17,280	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	0	0	264,953	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	178	20,000	410	0
Total Operating Revenues:		17,458	20,000	265,363	0
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	82,846	0	0
530	Utilities	0	0	0	0
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	1,124
560	Social Services	0	0	0	0
570	Culture And Recreation	2,864	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		2,864	82,846		1,124
Net Operating Increase (Decrease):		14,594	-62,846	265,363	-1,124
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	64,419	0	0
Total Nonoperating Revenues:			64,419		
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	424,300	0
Total Nonoperating Expenditures:				424,300	
Increase (Decrease) in Cash and Investments		14,594	1,573	-158,937	-1,124
Ending Cash and Investments					
50810	End Fund Bal-Reserved	154,086	0	407,856	1,469
50880	End Fund Balance-Unreserved	0	0	0	0

The accompanying notes are an integral part of this Statement.



BARS Code		200 LTGO BOND REDEMPTION	202 KILLION RD LID 2 REPMT	302 MUNICIPAL BUILDING FUND	310 KILLION ROAD IMPROVEMENTS
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	307,288	3,262,102	0	0
30880	Beg Fund Bal-Unreserved	0	0	1,167,894	175,000
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	0
340	Charges for Goods and Services	0	0	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	506	2,460,841	17,212	83
Total Operating Revenues:		506	2,460,841	17,212	83
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	4,528	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:			4,528		
Net Operating Increase (Decrease):		506	2,456,313	17,212	83
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	222,835	0	0	0
Total Nonoperating Revenues:		222,835			
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	98,158
591-593	Debt Service	530,628	4,427,386	0	0
594-595	Capital Expenditures	0	0	67,001	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		530,628	4,427,386	67,001	98,158
Increase (Decrease) in Cash and Investments		-307,287	-1,971,073	-49,789	-98,075
Ending Cash and Investments					
50810	End Fund Bal-Reserved	1	1,291,027	0	0
50880	End Fund Balance-Unreserved	0	0	1,118,105	76,925

The accompanying notes are an integral part of this Statement.

BARS Code		314 LONGMIRE COMMUNITY PARK	316 ROAD/STREET CONSTRUCTION	400 STORMWATER UTILITY	401 WATER UTILITY
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	9,974,344
30880	Beg Fund Bal-Unreserved	1,647	239,004	28,539	956,425
38800/58800	Prior Period Adjustments, net	0	0	2	2,847
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	168,388	0	0
340	Charges for Goods and Services	0	0	88,200	3,432,469
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	526	42	8,145
Total Operating Revenues:		0	168,915	88,242	3,440,614
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	85,218	1,221,588
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:				85,218	1,221,588
Net Operating Increase (Decrease):		0	168,915	3,024	2,219,026
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	1,386	0	24,959
391-393	Debt Proceeds	0	0	0	4,593
397	Transfers-In	0	424,300	0	0
Total Nonoperating Revenues:			425,686		29,552
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	724,475
594-595	Capital Expenditures	0	288,078	0	1,072,230
597	Transfers-Out	1,647	0	0	23,415
Total Nonoperating Expenditures:		1,647	288,078		1,820,120
Increase (Decrease) in Cash and Investments		-1,647	306,523	3,024	428,458
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	8,975,735
50880	End Fund Balance-Unreserved	0	545,527	31,565	2,386,339

The accompanying notes are an integral part of this Statement.

BARS Code		402 UTILITY CONSUMER DEPOSITS	403 GARBAGE/RECY CLING	412 SEWER/REUSE UTILITY	430 SHORTLINE RAILROAD
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	0	0	2,346,369	0
30880	Beg Fund Bal-Unreserved	124,908	3,765	500,612	33,860
38800/58800	Prior Period Adjustments, net	0	0	-3,835	0
<b>Operating Revenues</b>					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	0	2,000	2,923,459	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	191	1	4,401	53
<b>Total Operating Revenues:</b>		<b>191</b>	<b>2,001</b>	<b>2,927,860</b>	<b>53</b>
<b>Operating Expenditures</b>					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	4,384	1,427,697	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
<b>Total Operating Expenditures:</b>			<b>4,384</b>	<b>1,427,697</b>	
<b>Net Operating Increase (Decrease):</b>		<b>191</b>	<b>-2,383</b>	<b>1,500,163</b>	<b>53</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	9,885	0	98,158	0
391-393	Debt Proceeds	0	0	37,969	0
397	Transfers-In	0	0	0	0
<b>Total Nonoperating Revenues:</b>		<b>9,885</b>		<b>136,127</b>	
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	16,509	0	0	0
591-593	Debt Service	0	0	363,382	0
594-595	Capital Expenditures	0	0	91,592	0
597	Transfers-Out	0	0	0	0
<b>Total Nonoperating Expenditures:</b>		<b>16,509</b>		<b>454,974</b>	
<b>Increase (Decrease) in Cash and Investments</b>		<b>-6,433</b>	<b>-2,383</b>	<b>1,181,316</b>	<b>53</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	0	0	906,322	0
50880	End Fund Balance-Unreserved	118,475	1,382	3,118,140	33,913

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	102 ARTERIAL STREETS
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	13,434,392	1,320,058	0	156,183
30880	Beg Fund Bal-Unreserved	3,826,738	578,224	38,882	0
38800/58800	Prior Period Adjustments, net	1,035,445	4,719	296	0
<b>Operating Revenues</b>					
310	Taxes	3,935,506	3,918,379	0	0
320	Licenses & Permits	410,314	410,314	0	0
330	Intergovernmental Revenues	794,904	219,214	111,228	347,435
340	Charges for Goods and Services	5,698,610	210,192	0	0
350	Fines & Penalties	106,559	106,559	0	0
360	Miscellaneous Revenues	2,424,517	17,593	25	109
<b>Total Operating Revenues:</b>		<b>13,370,411</b>	<b>4,882,252</b>	<b>111,252</b>	<b>347,544</b>
<b>Operating Expenditures</b>					
510	General Government	1,098,974	1,098,974	0	0
520	Public Safety	1,654,547	1,574,504	0	0
530	Utilities And Environment	3,088,695	45,758	0	0
540	Transportation	606,182	0	428,450	152,845
550	Economic Environment	578,542	573,068	0	0
560	Mental & Physical Health	1,874	1,874	0	0
570	Culture And Recreation	314,697	312,410	0	0
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>7,343,512</b>	<b>3,606,587</b>	<b>428,450</b>	<b>152,845</b>
<b>Net Operating Increase (Decrease):</b>		<b>6,026,898</b>	<b>1,275,664</b>	<b>-317,198</b>	<b>194,699</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	91,619	84,679	0	0
391-393	Debt Proceeds	2,074,706	0	0	0
397	Transfers-In	1,033,802	103,038	302,623	0
<b>Total Nonoperating Revenues:</b>		<b>3,200,127</b>	<b>187,717</b>	<b>302,623</b>	
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	92,346	75,086	0	0
591-593	Debt Service	2,405,487	10,767	0	0
594-595	Capital Expenditures	1,912,724	271,647	15,662	209,449
597	Transfers-Out	1,033,802	809,082	0	100,000
<b>Total Nonoperating Expenditures:</b>		<b>5,444,360</b>	<b>1,166,581</b>	<b>15,662</b>	<b>309,449</b>
<b>Increase (Decrease) in Cash and Investments</b>		<b>3,782,666</b>	<b>296,799</b>	<b>-30,237</b>	<b>-114,750</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	17,174,509	534,094	0	41,433
50880	End Fund Balance-Unreserved	4,904,730	1,665,708	8,941	0

The accompanying notes are an integral part of this Statement.

BARS Code		107 TOURISM PROMOTION	109 YPD SCHOOL RESOURCE	120 TRANSPORTATI ON FAC CHARGE	197 COMM DEV BLOCK GRANT
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	124,481	0	378,216	8,067
30880	Beg Fund Bal-Unreserved	0	-5,781	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	17,128	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	0	0	188,205	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	172	20,000	372	0
Total Operating Revenues:		17,299	20,000	188,577	0
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	80,043	0	0
530	Utilities And Environment	0	0	0	0
540	Transportation	0	0	0	0
550	Economic Environment	0	0	0	5,474
560	Mental & Physical Health	0	0	0	0
570	Culture And Recreation	2,287	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		2,287	80,043		5,474
Net Operating Increase (Decrease):		15,013	-60,043	188,577	-5,474
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	64,250	0	0
Total Nonoperating Revenues:			64,250		
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	0	0	0	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:					
Increase (Decrease) in Cash and Investments		15,013	4,207	188,577	-5,474
Ending Cash and Investments					
50810	End Fund Bal-Reserved	139,493	0	566,793	2,593
50880	End Fund Balance-Unreserved	0	-1,573	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		200 LTGO BOND REDEMPTION	202 KILLION RD LID 2 REPMT	302 MUNICIPAL BUILDING FUND	310 KILLION ROAD IMPROVEMENTS
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	363,625	866,160	0	0
30880	Beg Fund Bal-Unreserved	0	0	172,348	0
38800/58800	Prior Period Adjustments, net	0	1,021,695	0	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	0	0	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	687	2,190,824	10,603	175,000
Total Operating Revenues:		687	2,190,824	10,603	175,000
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	5,123	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:			5,123		
Net Operating Increase (Decrease):		687	2,185,701	10,603	175,000
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	2,009,878	0
397	Transfers-In	463,891	0	0	0
Total Nonoperating Revenues:		463,891		2,009,878	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	520,915	811,455	0	0
594-595	Capital Expenditures	0	0	1,024,935	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		520,915	811,455	1,024,935	
Increase (Decrease) in Cash and Investments		-56,337	1,374,246	995,546	175,000
Ending Cash and Investments					
50810	End Fund Bal-Reserved	307,288	3,262,102	0	0
50880	End Fund Balance-Unreserved	0	0	1,167,894	175,000

The accompanying notes are an integral part of this Statement.

BARS Code		314 LONGMIRE COMMUNITY PARK	316 ROAD/STREET CONSTRUCTION	400 STORMWATER UTILITY	401 WATER UTILITY
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	9,978,837
30880	Beg Fund Bal-Unreserved	113,038	153,741	158,720	358,846
38800/58800	Prior Period Adjustments, net	0	0	0	4,900
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	86,332	0	15,348
340	Charges for Goods and Services	0	0	83,616	2,854,358
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	0	297	292	4,330
Total Operating Revenues:		0	86,629	83,908	2,874,036
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities And Environment	0	0	214,088	1,496,818
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:				214,088	1,496,818
Net Operating Increase (Decrease):		0	86,629	-130,180	1,377,218
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	100,000	0	0
Total Nonoperating Revenues:			100,000		
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	698,969
594-595	Capital Expenditures	8,353	101,365	0	68,381
597	Transfers-Out	103,038	0	0	21,682
Total Nonoperating Expenditures:		111,391	101,365		789,031
Increase (Decrease) in Cash and Investments		-111,391	85,264	-130,180	588,186
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	9,974,344
50880	End Fund Balance-Unreserved	1,647	239,004	28,539	956,425

The accompanying notes are an integral part of this Statement.

BARS Code		402 UTILITY CONSUMER DEPOSITS	403 GARBAGE/RECY CLING	412 SEWER/REUSE UTILITY	430 SHORTLINE RAILROAD
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	238,765	0
30880	Beg Fund Bal-Unreserved	135,068	6,043	2,064,084	53,525
38800/58800	Prior Period Adjustments, net	0	0	3,835	0
Operating Revenues					
310	Taxes	0	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	15,348	0
340	Charges for Goods and Services	0	2,000	2,360,239	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	161	0	3,951	100
Total Operating Revenues:		161	2,000	2,379,538	100
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities And Environment	0	4,278	1,327,754	0
540	Transportation	0	0	0	19,764
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:			4,278	1,327,754	19,764
Net Operating Increase (Decrease):		161	-2,278	1,051,784	-19,664
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	6,940	0	0	0
391-393	Debt Proceeds	0	0	64,827	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:		6,940		64,827	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	17,260	0	0	0
591-593	Debt Service	0	0	363,382	0
594-595	Capital Expenditures	0	0	212,933	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		17,260		576,314	
Increase (Decrease) in Cash and Investments		-10,159	-2,278	540,297	-19,664
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	2,346,369	0
50880	End Fund Balance-Unreserved	124,908	3,765	500,612	33,860

The accompanying notes are an integral part of this Statement.



## **Note 1 - Summary of Significant Accounting Policies**

The City of Yelm 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 Yelm was incorporated on December 24, 1924. In December of 1989, the Municipality of Yelm became a Non-charter Code City with a mayor-council form of government and operates under the laws of the state of Washington applicable to an optional code city. The City of Yelm is a general purpose government and provides public safety, street improvements, library services, parks and recreation, social and health services, water services, and general administrative services. In addition, the City of Yelm owns and operates a sewer system. The City of Yelm 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 Yelm 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 Yelm's 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 Yelm:

#### **GOVERNMENTAL FUND TYPES:**

##### **General (Current Expense) Fund**

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

##### **Special Revenue Funds**

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

##### **Debt Service Funds**

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**

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

## PROPRIETARY FUND TYPES:

### Enterprise Funds

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

### 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 Yelm 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 Yelm adopts an annual appropriated budget for 18 funds. These budgets are appropriated 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.

When council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund/department/object class, it may do so by ordinance approved by a simple majority.

The 2013 Budget was adopted by Ordinance No. 961. Amendments for the 2013 Budget authorized by action of the legislative body include Ordinance No. 976 and Ordinance No. 984.

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 Yelm's legislative body. **These values EXCLUDE estimated ending cash, there are for actual expenditures, capital uses/debt payments and transfers only.**

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

<b>Fund</b>	<b>Final Appropriated Amounts 2013</b>	<b>Actual Expenditures</b>	<b>Variance</b>
001	\$ 4,663,329	\$4,487,365	\$175,964
101	\$ 453,090	\$411,445	\$41,645
102	\$ 512,428	\$399,142	\$113,286
107	\$ 3,350	\$2,864	\$486
109	\$ 80,659	\$82,846	(\$2,187)
120	\$ 424,300	\$424,300	\$0
197	\$ 2,734	\$1,124	\$1,610
200	\$ 584,826	\$530,628	\$54,198
202	\$ 4,461,617	\$4,431,914	\$29,703
302	\$ 1,111,730	\$67,001	\$1,044,729
310	\$ 98,158	\$98,158	\$0
314	\$ 1,547	\$1,647	(\$100)
316	\$ 974,800	\$288,078	\$686,722
400	\$ 112,211	\$85,218	\$26,993
401	\$ 5,278,100	\$3,041,708	\$2,236,392
403	\$ 3,358	\$4,384	(\$1,026)
412	\$ 3,702,470	\$1,882,671	\$1,819,799
430	\$ 33,800	\$0	\$33,800

**2013 Budgeted Expenditures:**

<b>\$22,502,507</b>	<b>\$16,240,493</b>	<b>\$6,262,014</b>
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D. Cash

It is the City of Yelm'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 Yelm deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission.

F. Investments See Note 2

G. Capital Assets

Capital assets with a value of more than \$5,000 are long-lived assets of the City of Yelm and are recorded as expenditures when purchased.

H. Compensated Absences

Vacation leave may be accumulated up to 30 days (240 hours) and is payable upon separation or retirement. Compensatory time is also payable upon separation or retirement. Sick leave may be accumulated indefinitely, and upon separation employees receive payment for 25% of unused sick leave, not to exceed one month's salary.

I. Long-Term Debt See Note 5

J. Other Financing Sources or Uses

The City's *Other Financing Sources or Uses* consist of Operating Transfers in and out to support the operations of other funds; debt service payments; and capital expenditures to include buildings, land, and equipment.

K. Risk Management See Note 7, which summarizes the City's Risk Management

L. Reserved Fund Balance: The City of Yelm has the following reserves as required by internal and external restrictions:

<b>Requestor / Purpose</b>	<b>Amount Reserve</b>	<b>Fund</b>
Thurston First Bank, Bank Loan Guarantee	\$ 719,592.58	202*
WAST - DOE - 1998 Wtr Reuse Design	\$ 93,255	412
USDA -1999 Sewer Revenue Bond	\$ 325,709	412
BofNY - 2013 Water Refunding Rev Bonds	\$ 192,016	401
BofNY - 2010 Water Rev Bonds	\$ 677,534	401
WAST - DOE - 2005 Reclaimed Water	\$ 51,860	401
WAST - DOE - 2003 Sewer Bond Refi	\$ 97,101	412
<b>Pledged through adopted budget to fund City business &amp; Bond Obligations</b>		
LTGO - PW	\$ 23,415	001
YPD School Resource Officer	\$ 57,024	001
City Streets	\$ 320,245	001
LTGO - Library	\$ 133,410	001

\* this money is held by Thurston First Bank in a guarantee fund, separate from other City funds

## **Note 2 - Investments**

The City of Yelm's investments are in the Washington State Local Government Investment Pool.

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

Type of Investment held by City of Yelm	City of Yelm's Total <b>own</b> investments	Investments held by City of Olympia as an agent for other local governments, individual or private organizations	<b>TOTAL</b>
L.G.I.P.	\$5,485,034		<b>\$5,485,034</b>
L.E.R.M.S.		\$7,613	<b>\$7,613</b>
<b>Total</b>	<b>\$5,485,034</b>	<b>\$7,613</b>	<b>\$5,492,647</b>

## **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 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 2013 was **\$1.68500000** per \$1,000 on an assessed valuation of **\$567,993,293** for a total regular levy of **\$957,068.70**

## **Note 4 – Inter-fund Loans**

The following table displays inter-fund loan activity during 2013:

<b>Borrowing Fund</b>	<b>Lending Fund</b>	<b>Balance @ 1/1/2013</b>	<b>New Loans</b>	<b>Repayments</b>	<b>Balance @ 12/31/2013</b>
310	413	\$777,266.64	\$ -	\$98,157.83	\$679,108.81
302	202	\$85,027.41	\$ -	\$0.00	\$85,027.41
120	202	\$429,600.68	\$ -	\$0.00	\$429,600.68
	<b>TOTALS</b>	<b>\$1,389,901.75</b>	<b>\$ -</b>	<b>\$98,007.02</b>	<b>\$1,193,736.90</b>

## **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 of Yelm and summarizes the City's debt transactions for year ended December 31, 2013. The debt service requirements for general obligation bonds, revenue bonds and other debt, including both principle and interest, are as follows:

	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Other Debt</b>	<b>Total Debt</b>
2013	\$553,938	\$1,063,050	\$1,399,958	<b>\$3,016,947</b>
2014	\$555,853	\$1,293,971	\$942,359	<b>\$2,792,183</b>
2015	\$563,268	\$1,290,941	\$942,359	<b>\$2,796,568</b>
2016	\$548,700	\$1,292,812	\$942,359	<b>\$2,783,870</b>
2017	\$485,565	\$1,286,830	\$940,852	<b>\$2,713,247</b>
2018- 2022	\$2,461,198	\$5,980,658	\$4,667,596	<b>\$13,109,452</b>
2023- 2027	\$2,234,538	\$4,484,511	\$862,373	<b>\$7,581,422</b>
2028- 2032	\$579,950	\$4,394,855	\$0	<b>\$4,974,805</b>
2033- 2037	\$0	\$4,469,955	\$0	<b>\$4,469,955</b>
2038- 2040	\$0	\$2,676,035	\$0	<b>\$2,676,035</b>
<b>Totals</b>	<b>\$7,983,009</b>	<b>\$28,233,618</b>	<b>\$10,697,856</b>	<b>\$46,914,483</b>

## **Note 6 - Pension Plans**

Substantially all City of Yelm's full-time and qualifying part-time employees participate in PERS1, PERS2, PERS3 or, LEOFF2 plans 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 of Yelm'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

## **Note 7 – Risk Management**

The City of Yelm is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989 when 32 municipalities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2013, 91 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, and equipment breakdown insurance coverage. Equipment breakdown is included with the property reinsurance carrier and fidelity (crime) coverage is a stand-alone policy which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$10 million in both per occurrence and aggregate liability limits. For the first \$1 million, AWC RMSA pays out of its own funds all claims up to its Self-Insured Retention (SIR) of \$250,000 and, thereafter, purchases liability re-insurance through Berkley Public Entity of \$750,000. For the additional \$9 million in coverage limits, an excess liability policy is purchased from CV Starr. The excess property coverage is purchased through Lexington Insurance Company using the Pool's broker, Arthur J. Gallagher Risk Management Services. AWC RMSA has a retention of \$50,000 and limits up to \$250 million. Since AWC RMSA is a cooperative program, there is joint liability among the participating members.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors which is comprised of elected officials of participating members.

## **Note 8 – Joint Ventures**

### **Law Enforcement Records Management System (LERMS)**

The LERMS is a joint venture providing accurate and timely criminal justice data sharing to the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The goal of this joint venture is to share public safety information, increase operational efficiency via a reduction in data entry, and ease the process of accessing information. These goals will improve officer and citizen safety, facilitate coordination and information sharing to both internal and external agencies, and improve data quality and timeliness of data accessibility. It is governed through an interlocal agreement by the LERMS Consortium, which is a five member board composed of each City's Chief of Police (or their designee).

An equity interest exists for the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. As of December 31, 2013, the City of Yelm has a 5% share of the equity. Net Assets as of December 31, 2013, were \$152,268. The City of Yelm reports its share of equity interest as an investment in joint venture.

An ongoing financial interest exists for the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The agreement specifies a funding formula that annually assesses member cities based on current year population as determined by the Thurston Regional Planning Council (unless otherwise adjusted by the Consortium). All property is considered to be jointly owned. Parties will be reimbursed based on their contribution upon sale of property upon the dissolution of LERMS. Any member may withdraw from the agreement at the end of any calendar year, providing a notice to the Consortium no less than six months prior to the date of withdrawal. Withdrawal of a party will not terminate the agreement of the remaining parties.

The City of Olympia accounts for the joint venture in a separate agency fund. Completed Financial Statements can be obtained from the City of Olympia Administrative Services Department, PO Box 1967, Olympia, WA 98507

## **Note 9 – Other**

Managerial Funds that are used for City purposes were rolled up to main funds as noted below:

### **Funds Rolled up to 001**

104,105,106,108,110,116,118,119,

### **Funds Rolled up to 202**

External Non-Profit Checking Account at Thurston First Bank (Guarantee Fund)

### **Funds Rolled up to 401**

404,405,406,431

### **Funds Rolled up to 412**

203,204,407,413,415,416



## **Note 1 - Summary of Significant Accounting Policies**

The City of Yelm 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 Yelm was incorporated on December 24, 1924. In December of 1989, the Municipality of Yelm became a Non-charter Code City with a mayor-council form of government and operates under the laws of the state of Washington applicable to an optional code city. The City of Yelm is a general purpose government and provides public safety, street improvements, library services, parks and recreation, social and health services, water services, and general administrative services. In addition, the City of Yelm owns and operates a sewer system. The City of Yelm 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 Yelm 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 Yelm's 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 Yelm:

#### **GOVERNMENTAL FUND TYPES:**

##### **General (Current Expense) Fund**

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

##### **Special Revenue Funds**

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

##### **Debt Service Funds**

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**

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

## PROPRIETARY FUND TYPES:

### Enterprise Funds

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

### 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 Yelm 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 Yelm adopts an annual appropriated budget for 18 funds. These budgets are appropriated 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.

When council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund/department/object class, it may do so by ordinance approved by a simple majority.

The 2012 Budget was adopted by Ordinance No. 949. Amendments for the 2012 Budget authorized by action of the legislative body include Ordinance No. 957, Ordinance No. 959 and Ordinance No. 962

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 Yelm's legislative body.

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

<b>Fund/Department</b>	<b>Final Appropriated Amounts 2012</b>	<b>Actual Expenditures</b>	<b>Variance</b>
001	\$6,797,367	\$4,773,169	\$2,024,198
101	\$446,810	\$444,112	\$2,698
102	\$582,189	\$462,294	\$119,895
107	\$138,480	\$2,287	\$136,193
109	\$79,963	\$80,043	(\$81)
120	\$380,034	\$0	\$380,034
197	\$13,045	\$5,475	\$7,570
200	\$913,751	\$520,915	\$392,836
202	\$1,839,589	\$816,578	\$1,023,011
302	\$1,192,775	\$1,024,935	\$167,840
314	\$113,038	\$111,391	\$1,647
316	\$254,268	\$101,365	\$152,903
400	\$258,978	\$214,088	\$44,890
401	\$13,973,980	\$2,285,880	\$11,688,100
402	\$0	\$17,260	(\$17,260)
403	\$9,431	\$4,278	\$5,153
412	\$4,882,105	\$1,904,068	\$2,978,037
430	\$53,632	\$19,764	\$33,868

**2012 Budgeted Expenditures:**

<b>\$31,929,435</b>	<b>\$12,787,902</b>	<b>\$19,141,532</b>
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D. Cash

It is the City of Yelm'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 Yelm deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission.

F. Investments See Note 2

G. Capital Assets

Capital assets with a value of more than \$5,000 are long-lived assets of the City of Yelm and are recorded as expenditures when purchased.

H. Compensated Absences

Vacation leave may be accumulated up to 30 days (240 hours) and is payable upon separation or retirement. Compensatory time is also payable upon separation or retirement. Sick leave may be accumulated indefinitely, and upon separation employees receive payment for 25% of unused sick leave, not to exceed one month's salary.

I. Long-Term Debt See Note 5

J. Other Financing Sources or Uses

The City's *Other Financing Sources or Uses* consist of Operating Transfers in and out to support the operations of other funds; debt service payments; and capital expenditures to include buildings, land, and equipment.

K. Risk Management See Note 7, which summarizes the City's Risk Management

L. Reserved Fund Balance: The City of Yelm has the following reserves as required by internal and external restrictions:

<b>Requestor / Purpose</b>	<b>Amount Reserve</b>	<b>Fund</b>
Thurston First Bank, Bank Loan Guarantee	\$ 1,021,695	202
WAST - DOE - 1998 Wtr Reuse Design	\$ 93,255	412
USDA -1999 Sewer Revenue Bond	\$ 324,708	412
BofNY - 2003 Water Rev Bonds	\$ 227,417	401
BofNY - 2010 Water Rev Bonds	\$ 677,148	401
WAST - DOE - 2005 Reclaimed Water	\$ 51,860	401
WAST - DOE - 2003 Sewer Bond Refi	\$ 82,649	412

**Pledged through adopted budget to fund City business & Bond Obligations**

LTGO - PW	\$ 23,415	001
YPD School Resource Officer	\$ 57,024	001
City Streets	\$ 320,245	001
LTGO - Library	\$ 133,410	001

\* this money is held by Thurston First Bank in a guarantee fund, separate from other City funds

## **Note 2 - Investments**

The City of Yelm's investments are in the Washington State Local Government Investment Pool.

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

Type of Investment held by City of Yelm	City of Yelm's Total <b>own</b> investments	Investments held by City of Olympia as an agent for other local governments, individual or private organizations	<b>TOTAL</b>
L.G.I.P.	\$5,476,389		<b>\$5,476,389</b>
L.E.R.M.S.		\$12,572	<b>\$12,572</b>
<b>Total</b>	<b>\$5,476,389</b>	<b>\$12,572</b>	<b>\$5,488,961</b>

## **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 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 **\$1.719047118280** per \$1,000 on an assessed valuation of **\$609,619,347** for a total regular levy of **\$1,047,964.38**

## **Note 4 – Inter-fund Loans**

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

<b>Borrowing Fund</b>	<b>Lending Fund</b>	<b>Balance @ 1/1/2012</b>	<b>New Loans</b>	<b>Repayments</b>	<b>Balance @ 12/31/2012</b>
310	413	\$875,273.66	\$ -	\$98,007.02	\$777,266.64
302	202	\$85,027.41	\$ -	\$0.00	\$85,027.41
120	202	\$429,600.68	\$ -	\$0.00	\$429,600.68
	<b>TOTALS</b>	<b>\$1,389,901.75</b>	<b>\$ -</b>	<b>\$98,007.02</b>	<b>\$1,291,894.73</b>

## **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 of Yelm and summarizes the City's debt transactions for year ended December 31, 2012. The debt service requirements for general obligation bonds, revenue bonds and other debt, including both principle and interest, are as follows:

	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Other Debt</b>	<b>Total Debt</b>
2012	\$517,954	\$1,062,049	\$812,928	<b>\$2,392,931</b>
2013	\$553,938	\$1,056,999	\$1,399,958	<b>\$3,010,895</b>
2014	\$555,853	\$1,316,769	\$1,399,931	<b>\$3,272,553</b>
2015	\$563,268	\$1,315,818	\$1,399,931	<b>\$3,279,018</b>
2016	\$548,700	\$1,314,414	\$1,399,931	<b>\$3,263,045</b>
2017	\$485,565	\$1,309,893	\$1,398,424	<b>\$3,193,882</b>
2018- 2022	\$2,461,198	\$6,095,333	\$6,955,457	<b>\$15,511,988</b>
2023- 2027	\$2,234,538	\$4,484,511	\$1,285,073	<b>\$8,004,121</b>
2028- 2032	\$579,950	\$4,394,855	\$0	<b>\$4,974,805</b>
2033- 2037	\$0	\$4,469,955	\$0	<b>\$4,469,955</b>
2038- 2040	\$0	\$2,676,035	\$0	<b>\$2,676,035</b>
<b>Totals</b>	<b>\$8,500,962</b>	<b>\$29,496,631</b>	<b>\$16,051,635</b>	<b>\$54,049,228</b>

## **Note 6 - Pension Plans**

Substantially all City of Yelm's full-time and qualifying part-time employees participate in PERS1, PERS2, PERS3 or, LEOFF2 plans 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 of Yelm'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

## **Note 7 – Risk Management**

The City of Yelm is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989 when 32 municipalities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2012, 91 municipalities/entities participate in the AWC RMSA pool.

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Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. AWC RMSA, itself, pays out of its own funds all claims up to \$250,000 for liability and \$50,000 for property, and thereafter purchases excess liability insurance through ACE Insurance Company up to \$1 million, and CV Starr, from \$1 million to \$10 million. The excess property coverage is purchased through Lexington with limits up to \$250 million, using the Pool's broker, Arthur J. Gallagher Risk Management Services. Since AWC RMSA is a cooperative program, there is a joint liability among the participating members.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors which is comprised of elected officials of participating members.

## **Note 8 – Joint Ventures**

### **Law Enforcement Records Management System (LERMS)**

The LERMS is a joint venture providing accurate and timely criminal justice data sharing to the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The goal of this joint venture is to share public safety information, increase operational efficiency via a reduction in data entry, and ease the process of accessing information. These goals will improve officer and citizen safety, facilitate coordination and information sharing to both internal and external agencies, and improve data quality and timeliness of data accessibility. It is governed through an interlocal agreement by the LERMS Consortium, which is a five member board composed of each City's Chief of Police (or their designee).

An equity interest exists for the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. As of December 31, 2012, the City of Yelm has a 5% share of the equity. Net Assets as of December 31, 2012, were \$271,060. The City of Yelm reports its share of equity interest as an investment in joint venture.

An ongoing financial interest exists for the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The agreement specifies a funding formula that annually assesses member cities based on current year population as determined by the Thurston Regional Planning Council (unless otherwise adjusted by the Consortium). All property is considered to be jointly owned. Parties will be reimbursed based on their contribution upon sale of property upon the dissolution of LERMS. Any member may withdraw from the agreement at the end of any calendar year, providing a notice to the Consortium no less than six months prior to the date of withdrawal. Withdrawal of a party will not terminate the agreement of the remaining parties.

The City of Olympia accounts for the joint venture in a separate agency fund. Completed Financial Statements can be obtained from the City of Olympia Administrative Services Department, PO Box 1967, Olympia, WA 98507

## **Note 9 – Other**

### **Prior Year Corrections**

An external non-profit checking account at Thurston First Bank, which was created during the Killion LID loan, was not included in Fund 202 cash balances. The account was established as a guarantee fund using monies from fund 202. The error was discovered and included in 2012 as a prior period correction.

### **Managerial Funds that are used for City purposes were rolled up to main funds as listed:**

#### **Funds Rolled up to 001**

104,105,106,108,110,116,118,119

#### **Funds Rolled up to 401**

404,405,406,431

#### **Funds Rolled up to 412**

203,204,407,413,415,416



## City of Yelm

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							
	251.11	2006 Public Safety Bond	12/1/2026	3,630,000	0	200,000	3,430,000
	251.11	2012 2000 PW Refi/Library	12/1/2031	1,965,000	0	85,000	1,880,000
	259.11	Compensated Absences*		283,704	0	6,603	277,101
	263.51	2010 Patrol Car	6/1/2013	4,184	0	4,184	0
	263.51	2012 Patrol Car	6/1/2015	55,676	0	18,189	37,488
	263.51	2013 Patrol Car	6/1/2016	0	27,544	0	27,544
	251.11	2000 Public Works Bond	12/1/2016	185,000	0	45,000	140,000
	263.91	Reichel Loan	11/1/2017	38,791	0	7,451	31,341
<b>Total General Obligations:</b>				<b>6,162,356</b>	<b>27,544</b>	<b>366,426</b>	<b>5,823,474</b>
Revenue Obligations							
	252.11	1999 Sewer Rev Bonds	12/1/2039	3,083,863	0	66,070	3,017,793
	252.11	2003 Water Rev Bonds (Refunded)	12/1/2022	1,525,000	0	1,525,000	0
	252.11	2010 Water Rev Bonds	12/1/2040	10,965,000	0	0	10,965,000

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

## City of Yelm

## 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
	252.11	2013 Water Revenue Refunding Bonds	12/1/2022	0	1,520,000	145,000	1,375,000
	263.82	1994 DOE SRL-SWR Bond Refi	10/25/2022	898,355	0	83,897	814,457
	263.82	1998 DOE SRL-Water Reuse	10/31/2017	410,204	0	74,448	335,756
	263.82	2006 DOE SRL-Reclaimed Water	11/30/2025	610,223	0	42,835	567,388
	263.82	2004 DWSRF - PWTF Well #1	10/1/2023	95,488	0	8,681	86,807
	263.99	Bank Loan - LID #2 Killion Rd	9/1/2026	9,811,623	0	3,617,927	6,193,696
<b>Total Revenue Obligations:</b>				<b>27,399,756</b>	<b>1,520,000</b>	<b>5,563,858</b>	<b>23,355,897</b>
<b>Total Liabilities:</b>				<b>33,562,111</b>	<b>1,547,544</b>	<b>5,930,284</b>	<b>29,179,371</b>

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

## City of Yelm

## 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							
	251.11	2000 Public Works Bond	12/1/2016	220,000	5,000	40,000	185,000
	251.11	2006 Public Safety Bond	12/1/2026	3,820,000		190,000	3,630,000
	251.11	2012 2000 PW Refi/Library	12/1/2031	0	2,050,000	85,000	1,965,000
	263.51	2010 Patrol Car	6/1/2013	12,425		8,242	4,184
	263.51	2012 Patrol Car	6/1/2015	0	55,676		55,676
	259.11	Compensated Absences	12/31/2013	310,135	0	26,431	283,704
	263.91	REICHEL LOAN	11/1/2017	0	40,000	1,209	38,791
<b>Total General Obligations:</b>				<b>4,362,560</b>	<b>2,150,676</b>	<b>350,881</b>	<b>6,162,355</b>
Revenue Obligations							
	252.11	1999 Sewer Rev Bonds	12/1/2039	3,165,521		81,659	3,083,863
	252.11	2003 Water Rev Bonds	12/1/2022	1,645,000		120,000	1,525,000
	252.11	2010 Water Rev Bonds	12/1/2040	10,965,000		0	10,965,000
	263.82	1994 DOE SRL -SWR Bond Refi	10/25/2022	981,004		82,649	898,355

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

## City of Yelm

Schedule 09

## 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
	263.82	1998 DOE SRL-Water Reuse	10/31/2017	481,203		70,999	410,204
	263.82	2006 DOE SRL-Reclaimed Water	11/30/2025	652,421		42,198	610,223
	263.82	2004 DWSRF - PWTF Well #1	10/1/2023	104,169		8,681	95,488
	263.99	Bank Loan - LID #2 Killion Rd	9/1/2026	9,811,623	0	0	9,811,623
<b>Total Revenue Obligations:</b>				<b>27,805,941</b>	<b>0</b>	<b>406,185</b>	<b>27,399,756</b>
<b>Total Liabilities:</b>				<b>32,168,501</b>	<b>2,150,676</b>	<b>757,067</b>	<b>33,562,111</b>

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

## 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.

Contact information for the State Auditor's Office	
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