

CITY OF YAKIMA, WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED

DECEMBER 31, 2004

REPORT PREPARED BY:

DEPARTMENT OF FINANCE AND BUDGET:
Rita Anson, CPA, Director of Finance and Budget
Cindy Epperson, Financial Services Manager
Timothy Jensen, Treasury Services Officer
Debbie Baldoz, Accountant
Edna Pettyjohn, CPA, Accountant
Jeanne Thompson, CPA, Accountant
Mary Grable, Accountant

PRODUCTION BY:

Kathy Miles, Administrative Assistant
June Smith, Printing

CITY OF YAKIMA
2004 COMPREHENSIVE ANNUAL FINANCIAL REPORT
(for the year ended December 31, 2004)

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September 27, 2005



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

We are pleased to submit the Comprehensive Annual Financial Report of the City of Yakima for the fiscal year ended December 31, 2004, as required by State Statute RCW 43.09.230. Responsibility for both the accuracy of the presented data and the completeness and fairness of its presentation, including all disclosures, rests with the management of the City of Yakima. We believe the data, as presented, is accurate in all material respects; that it is presented in conformity with GAAP (Generally Accepted Accounting Principles) and with statements issued by GASB (Governmental Accounting Standards Board); including GASB #34 which was first implemented by the City in the prior year (2003). GAAP and GASB regulations are established in an effort to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all required disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

THE REPORTING ENTITY

This report includes all funds, agencies, and boards controlled by or dependent on the City of Yakima. In addition to General Government activities, the City exercises oversight responsibilities over the Yakima Air Terminal, which is operated under a joint operating agreement with Yakima County. However, Yakima County; Yakima Valley Regional Library; Yakima, West Valley and Union Gap School Districts; Yakima Health District; Yakima Conference of Governments; and the Yakima Housing Authority have separate governmental or other entity characteristics and have substantial autonomy and, thus do not meet the criteria of GASB 14 that would determine them to be a component unit of the City.

ABOUT THE CITY

The City of Yakima, county seat of Yakima County, was incorporated in 1886 and is located in central Washington State. It encompasses 24 square miles in an area of rich volcanic soil. The City is 145 miles southeast of Seattle, 200 miles southwest of Spokane, and 180 miles northeast of

Vancouver, Washington. The region is served by excellent rail, highway and air transportation facilities, which have helped develop the City as the commercial and business center of Central Washington. With a 2004 population of 79,480 Yakima is the tenth largest city in the State of Washington.

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

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

The City of Yakima lies within Yakima County in the fertile Yakima River Valley. Apple, cherries, peaches, pears, grapes, and other fruits plus a wide variety of vegetables, seeds, field crops and cereal grains make the Yakima Valley one of the top agricultural producing areas of the nation. Agriculture crops stretch over 350,000 acres and produce over 30 types of fruits and vegetables. Irrigation in the valley is made possible from water from the U.S. Bureau of Reclamation's Yakima Project. With its farm production base, the Yakima area is also a major food-processing region.

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

- Snokist, officially formed in the Yakima Valley in 1965, packs apples, cherries, apricots, prunes, plums and pears within the Yakima Valley and employs more than 500 people.
- Western Recreational Vehicles, located in Yakima for over 33 years, employs over 600 people. The company currently manufactures Alpenlite Fifth-Wheels and Truck Campers as well as Alpine Coach, a premier diesel Motor Coach vehicle.
- Shields Bag and Printing, originating in 1935, has grown from a small town printer to a leader in the flexible packaging industry. Currently, Shields employs approximately 575 people.
- Yakima Resources, LLC a local lumber and plywood manufacturer, employs about 360 people.
- Longview Fibre Company, a manufacturer of paperboard, has been located in the Yakima area for over 20 years and employs approximately 150 people.
- Smiths Aerospace Actuation Systems located in Yakima, a primary manufacturer of hydraulic equipment for the aerospace industry. The Yakima plant, with approximately 200 people, focuses on landing gear and hydraulic systems.

Transportation is also an important aspect of Yakima's economy. Yakima is serviced by air, rail and Interstate Highway systems. Both Greyhound Bus and the Burlington Northern Santa Fe Railroad have regular service schedules to/from Yakima. Commercial airline service is provided by Horizon Air, through the Yakima Air Terminal. The air, rail and highway systems in the Yakima Valley provide critical, high quality services to our agricultural, industrial, commercial and tourism based businesses.

In 2004, Yakima area's largest non-manufacturing employers were:

Yakima School District	1,453 full-time equivalent employees
Dept. of Health & Social Services	1,400 full-time equivalent employees
Yakima County	1,200 full-time equivalent employees
Yakima Valley Memorial Hospital.....	1,100 full-time equivalent employees
Yakima Regional Medical Center	841 full-time equivalent employees

Hospitals: The Yakima Valley Memorial Hospital in-patient services include Cardiology, Critical Care, Orthopedics, the Family Birthplace, Pediatrics Unit, Neonatal Intensive Care, Surgery, Psychiatric Health Care, Respiratory Therapy, as well as a Laboratory, a Pharmacy, and an innovative Cancer Care Center. Yakima Regional Medical Center specializes in heart care and is the only facility in Central Washington that provides open-heart surgery; it has announced plans to expand the heart care center from one to two operating suites.

Cancer Care Clinic: The North Star Lodge is a 36,000 square foot, \$7.5 million outpatient Cancer Center. In 2004, it merged with Internal Medicine Associates Regional Cancer Care Center, the combined facility now offers services beyond what many major medical centers offer. Designed to look like a mountain lodge, the breathtaking facility combines the healing properties of flowing water, native rock, wood and glass. The vision at North Star Lodge is to provide a non-clinical experience in an environment that is relaxing and nurturing, while providing the advanced tools of healing offered only in major cancer centers.

Regional Distribution Center: Ace Hardware operates a wholesale Regional Distribution Center in the Yakima area, serving the northwestern United States including Alaska and Western Canada. The facility has expanded to 550,000 square feet and employs over 250 workers.

Museum: The 65,000 square foot Yakima Valley Museum was recently remodeled, both inside and out. The \$4 million project added 4,500 square feet of space to the interior, and gave the front of the building a new look. Historical exhibits about the Yakima Valley, including its natural history, American Indian culture, pioneer life, early city life, and information regarding the Yakima Valley's agriculture history are available, as well as the Museum Soda Fountain, a functioning replica of a late 1930's Art Deco soda fountain.

Economic Development: The non-profit Yakima County Development Association (New Vision), originally funded with \$1 million in donations from local business and industry, has made tangible progress over the years in business expansion, industrial recruitment, development of new business ventures and infrastructure development with broad public and private sector involvement. In the past five years, nine companies have relocated or expanded to the Yakima Valley. These companies have invested over \$100 million in new facilities and created over 1000 new jobs.

Higher Education: There are several higher education institutions serving the Yakima area. Yakima Valley Community College (YVCC) in Yakima is a two-year institution, which offers over 50 degrees. There are currently over 6,000 full and part-time students enrolled in programs through the college, and 596 full time employees. A 43,000 square foot Higher Education Center opened in 2003, offering a variety of 4-year degrees. The University of Washington; Central Washington University and Eastern Washington University all offer 4 year degree programs on the YVCC campus. Heritage College is located a few miles west of Yakima, and is an accredited four-year liberal arts college. Perry Technical Institute offers a nationally recognized vocational/technical program, and is a non-profit, privately endowed institute located in Yakima.

Tourism: Yakima is a popular location for sports events, conventions and a variety of tourism activities due to its dry climate, approximately 300 days of sunshine annually, and convenient central location in the State. In addition, Yakima is located within an hour's drive of abundant recreational activities available in the beautiful Cascade Mountains. Yakima's easy access to skiing, hiking, mountain climbing, and rock climbing in the Cascades , as well as hunting and fishing in the greater Yakima area, provide numerous recreation opportunities in both summer and winter, including the spectacular Mt. Rainier National Park.

A growing industry bringing increasing numbers of tourists to the Yakima Valley is our magnificent vineyards and wineries. Yakima is fast becoming known as the Gateway to Wine Country. There are over 30 wineries located in the Yakima Valley, and many of our area wines have received significant recognition and awards.

Recreational opportunities are plentiful in Greater Yakima. A total of 33 parks are located within the City, providing 331 acres that are developed and in use. In 2004, the City operated 5 swimming pools, four outdoor and one indoor, there are two public and two private 18-hole golf courses, two nine hole courses and 32 public tennis courts. There are also 6 little league fields and 8 softball fields - 5 of which have lighting ; including 4 brand new, state of the art, competition level softball fields constructed in 2004 within the City. For soccer enthusiasts, there are 10 youth and 6 full size soccer fields available.

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

- The Yakima Convention Center finished an extensive remodel in 2003, which added 11,600 square feet to the over 24,000 square feet already available. The fully carpeted, column free, 23,568 square foot Grand Ballroom can be divided into eight separate rooms and the new South Ballroom can be divided into six separate rooms, allowing many possible variations to fit specific needs.
- The Yakima Sun Dome, a multipurpose trade and convention center was recently remodeled, adding about 1,000 new permanent seats, approximately 10,000 square feet in shower and dressing rooms and a new 10,000 square foot meeting/reception area. The Sun Dome is available for meetings, concerts, trade shows and indoor sporting events. It is home to the Sun Kings, a Continental Basketball Association (CBA) team and regularly hosts many state-wide, regional and high school sporting events.

- The Yakima Baseball Stadium is home to Yakima's own minor league baseball team, the Bears, whose home stadium seats 3,300 and is located, along with the Sun Dome, at the Central Washington State Fairgrounds.
- The Capitol Theatre, a magnificent and historical theatre, seats 1,525 and holds numerous live performances annually.

THE "FUTURE"

Economic Development – The City Council has identified Economic Development as one of the highest priorities for the City. The recent expansion/remodel of the Convention Center and Sun Dome as well as the construction of a new visitors center will all be positive influences on the local tourism industry. The Yakima Valley is also emerging as a world-class wine producing area. The City continues to seek out opportunities to create economic growth in our region.

- Yakima was recently designated a Federal Renewal Community, through 2009 (one of only two communities in the Northwest). This designation carries significant tax incentives for business investment.
- Yakima has participated in a Housing and Urban Development (HUD) Section 108 Loan/Grant Program for businesses located in the Target Area. The program is designated to provide financial assistance in the form of a HUD loan to help fund start up or expansion costs for businesses who create a set level of new jobs. The City of Yakima is currently authorized for up to \$6.9 million. To date, four businesses have been made from this program through the year ending 2004.

General Government -- The 2005 General Fund budget is balanced within available resources. However, the continued escalation in costs for public safety programs, mandated State and Federal costs, and other non-discretionary operating expenses makes balancing the budget a greater challenge each year. The local economy has been in a distressed state for several years and voter action to reduce taxes statewide has created additional challenges to the City's ability to continue to provide essential services. Long-term allocation of General Government Resources (General Fund, Parks and Streets) continues to be of primary budgetary focus.

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

Legislative Changes -- It appears as though voter Initiatives will continue to affect governments in Washington State. The City's management staff and policymakers recognize the challenges many of these initiatives will likely place on our ability to balance future budgets. To meet this challenge it is important to educate the public on how their government operates and what services will not be provided should revenues continue to be reduced or eliminated. In the past 12 to 18 months, the City has appointed two new citizen committees (1) to review the need for capital improvements

and possible funding sources to meet these needs and (2) to review expenditure priorities and budget reduction options prepared by general government departments. Additionally, staff and City Council continue to work closely with our state and federal legislative representatives. These committees have provided both information and education services to our community members and quality community impact to City staff and the City Council.

FORMAT OF REPORT

This report has been prepared in conformance with Generally Accepted Accounting Principals, including Governmental Accounting Standards Board pronouncement #34, which became effective for the City of Yakima in the prior reporting period. This report presents financial data at a city-wide level and incorporates increasing levels of detail as necessary to report the financial position and operating results of the City's individual funds, to demonstrate compliance with finance-related legal and contractual requirements and to assure adequate disclosure at both the individual fund level and on a City-wide basis.

This report is divided into three sections:

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

ACCOUNTING SYSTEM AND POLICIES

The City's financial statements for governmental funds (General, Special Revenue, Debt Service, and Capital Project) have been prepared on the modified accrual basis of accounting in conformity with generally accepted accounting principles. Revenues on this basis are recognized when measurable and available to finance current expenditures; expenditures are recognized when goods and services are received and liabilities when due and payable. The City's proprietary funds (enterprise and internal service) and its Fire Pension Fund are accounted for on the accrual basis. Revenues on the accrual basis are recognized when earned and expenses are recognized when incurred.

All cities and counties of the State of Washington must comply with the system of budgeting, accounting and reporting prescribed by the Office of the State Auditor under the authority of State Statutes RCW 43.09.200 and 43.09.230. Annual financial reports are submitted to the State for

review and the State Auditor's office conducts audits every year of cities our size. In addition, the City of Yakima maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and transactions are executed in conformance with management authorization and ensure that all transactions are recorded properly to permit the preparation of financial statements in accordance with both governmental and accounting financial reporting principles and generally accepted accounting principles.

The concept of reasonable assurance requires evaluation and judgment by management in order to determine if the cost of control exceeds the benefits likely to be derived. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. In order to provide credible and timely information in the most efficient manner, accounting policies, procedures and systems, along with internal controls are constantly monitored and revised to meet changing needs and regulations.

BUDGETARY CONTROLS

The City prepares and adopts a modified program budget in accordance with Chapter 35 of the Revised Code of Washington. Additional detailed financial statistics are provided in the budget document by service units for sub-functions of basic activities.

The budget is reviewed and approved annually by the City Council. Preliminary requests for funding are submitted by the various City departments to the City Manager, based on stated guidelines and management policies. In addition, for any new programs or staff positions, departments are required to submit a separate, detailed request in the form of a "policy issue". The policy issue must include a description of what is being requested, why it is needed, the consequences of not implementing the policy issue and any impact (positive or negative) on revenue (by funding source) and expenditures. The financial worksheets are then compiled which details actual data for the prior year; the budget as revised, if applicable, for the current year; year to date actual data and preliminary data for the coming budget year. Meetings are held with each department to analyze the requests, identify city-wide priorities and determine what level of expenditures the projected revenues will support. A balanced Preliminary Budget is then finalized and submitted to the City Council for consideration.

At least 60 days prior to the beginning of the next fiscal year, the Budget is filed with the City Clerk and submitted to the City Council for their review, with copies of the document made available to the general public. The Council review is accomplished through a series of public workshops during which Council reviews each department's proposed budget; asking questions, clarifying issues, addressing concerns, etc. Public hearings are held at which time the citizens may provide testimony to the City Council. As a result of this process, the Council makes any changes to the budget they deem appropriate, subject to legal limitations, and approves the final budget prior to December 31st, as required by State law.

As part of this process, the City Council approves the general property tax levy for the ensuing year. The City's general property tax levy for 2004 was \$13.3 million (and is \$13.7 million for 2005).

(Note: Prior to 2002, Council could declare "substantial need" and levy up to 106 percent of the City's largest regular tax levy for the prior three years, plus annexations to the City and the value of new construction. In November 2001, Washington State voters approved Initiative 747, which eliminated Council's previous authority to declare a "substantial need" and limited annual property tax increases to 101% of the previous year's levy or the percentage increase in the Implicit Price Deflator, whichever is less, plus annexations to the City and the value of new construction. In addition there is a constitutionally mandated State of Washington property tax rate limitation of, for general purposes, \$3.60 per thousand of assessed valuation.)

During the budget year, amendments may be made to the budget with City Council approval in the form of an appropriation ordinance. Washington State law requires that the budget be adopted and expenditure limitations controlled by fund. Transfers of appropriations, within funds, may be authorized by the City Manager.

CASH MANAGEMENT

All cash-related transactions for the City of Yakima are administered by the Department of Finance and Budget. City cash is deposited to a single concentration banking account. Cash expenditures are paid from consolidated warrant clearing account(s). In accordance with City Council adopted policies, temporarily idle cash is invested in: U.S. Treasury and Agency issues; Banker's Acceptances and high quality Commercial Paper sold on the secondary market; and other fixed income securities. City policies require the City to minimize counterparty risks by safekeeping all purchased securities and conducting all trades on a delivery versus payment (DVP) basis. A quarterly Treasurer's report is prepared by the Finance Department and submitted for review and approval by the City Council.

The amortized cost of investments held in the combined portfolios under the control of the Department of Finance and Budget as of December 31, 2004 was \$59 million. At the balance sheet date, the City was holding \$1.2 million face value in floating-rate and/or mortgage-backed (CMO) securities; the current principal balance is approximately \$43,000. These holdings represent only minimal market rate risk and are not expected to adversely affect the liquidity or performance of the portfolio as a whole. The City is not involved in any other floating rate, derivative, or swap transactions that have not been disclosed as of the balance sheet date. We feel the safety and liquidity of taxpayer dollars is reasonably protected from off-balance sheet risks. Earnings on these investments during 2004 totaled approximately one million dollars.

GENERAL OBLIGATION - LONG TERM DEBT

Washington State law provides for maximum general obligation debt limit capacities in three defined areas. At December 31, 2004, the remaining capacities were (a) \$79.2 million for General Government, (b) \$99.3 million for park and open space, and (c) \$99.3 million for utilities.

Respectively, these amount to 2.0%, 2.5%, and 2.5%, of the City's 2004 assessed valuation (upon which they are calculated). While the City's general obligation debt limit (for general purposes) is \$99.3 million, its actual general obligation debt totals only \$19.8 million or 20% of that legally allowed.

The general obligation debt position, the ratio of net general bonded indebtedness to assessed valuation, and the amount of bonded debt per capita of the City at December 31, 2003 and 2004, was as follows:

DEBT RATIOS		
	2003	2004
Ratio of Bonded Debt to Assessed Value	0.52%	0.48%
Bonded Debt Per Capita	\$251	\$240
Summary of Bonded Indebtedness:		
Gross Bonded Indebtedness Outstanding January 1	\$20,080,730	\$20,580,097
Add: New issues	5,690,097	6,475,000
Deduct: Bonds Redeemed	(5,190,730)	(7,225,000)
Gross Bonded Indebtedness Outstanding December 31	\$20,580,097	\$19,830,097
Less: Debt Service Funds	(734,581)	(739,447)
Net Bonded Indebtedness at December 31	\$19,845,516	\$19,090,650

RISK MANAGEMENT AND EMPLOYEE BENEFIT PROGRAMS

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

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

Medical and Dental: The City, in August 1979, self-insured its medical and dental programs for all employees other than temporary employees and employees hired to work less than half-time. The City's Human Resources Division administers the self-insured program and

Healthcare Management Administrators, Inc provides claims payment services. In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop-loss" insurance. In 2004, stop loss coverage up to \$150,000 per year per individual. Additionally, there is an aggregate stop-loss to protect the City from multiple large claims; this limit is 125% of projected annual claims.

Worker's Compensation: The City self-insured its Workers' Compensation Program for all employees (except those covered by the LEOFF I Retirement System) in July 1984. This Workers' Compensation Program provides coverage identical to the State-administered Workers' Compensation Program; however, the City pays only the direct injury related costs and certain administrative fees. The program is administered by the City's Human Resources Division and Ward North America, Inc. provides claims administration and safety services. In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop loss" insurance under which the City is liable for the first \$500,000 of claims and insurance covers the next \$500 of claims resulting from a specific accident; the maximum coverage for any calendar year is \$1 million per claim.

The Risk Management Reserve Fund was established in 1986 when the City elected to self-insure the liability exposure portion of its insurance program. Resources accrue to the fund through charges to the City's Operating Funds for insurance coverage and the building and replenishment of reserves for potential liability claims. The fund provides for administration, legal services, claims adjustment, and for the purchase of property and other miscellaneous insurance coverages. The City also purchases stop loss insurance for general liability; in 2004, the City self insured up to \$1 million, and purchased insurance to cover claims up to \$8 million over this amount, for a total maximum coverage of \$9 million.

SUMMARY

Independent Audit

Washington State Statute RCW 43.09.260 requires that an audit of the books of account, financial records, and transactions of all administrative departments of the City be conducted at least once every three years by the State Auditor's Office. However, it is the practice of the State Auditor to conduct annual audits of cities the size of Yakima on an annual basis. Enclosed is a copy of the State Auditors' opinion related to their 2004 audit of the enclosed financial statements. The City of Yakima has received an unqualified opinion on our 2004 financial statements (refer to the Auditor's opinion in the front of the Financial Section, herein).

Acknowledgments

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

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

Respectfully yours,

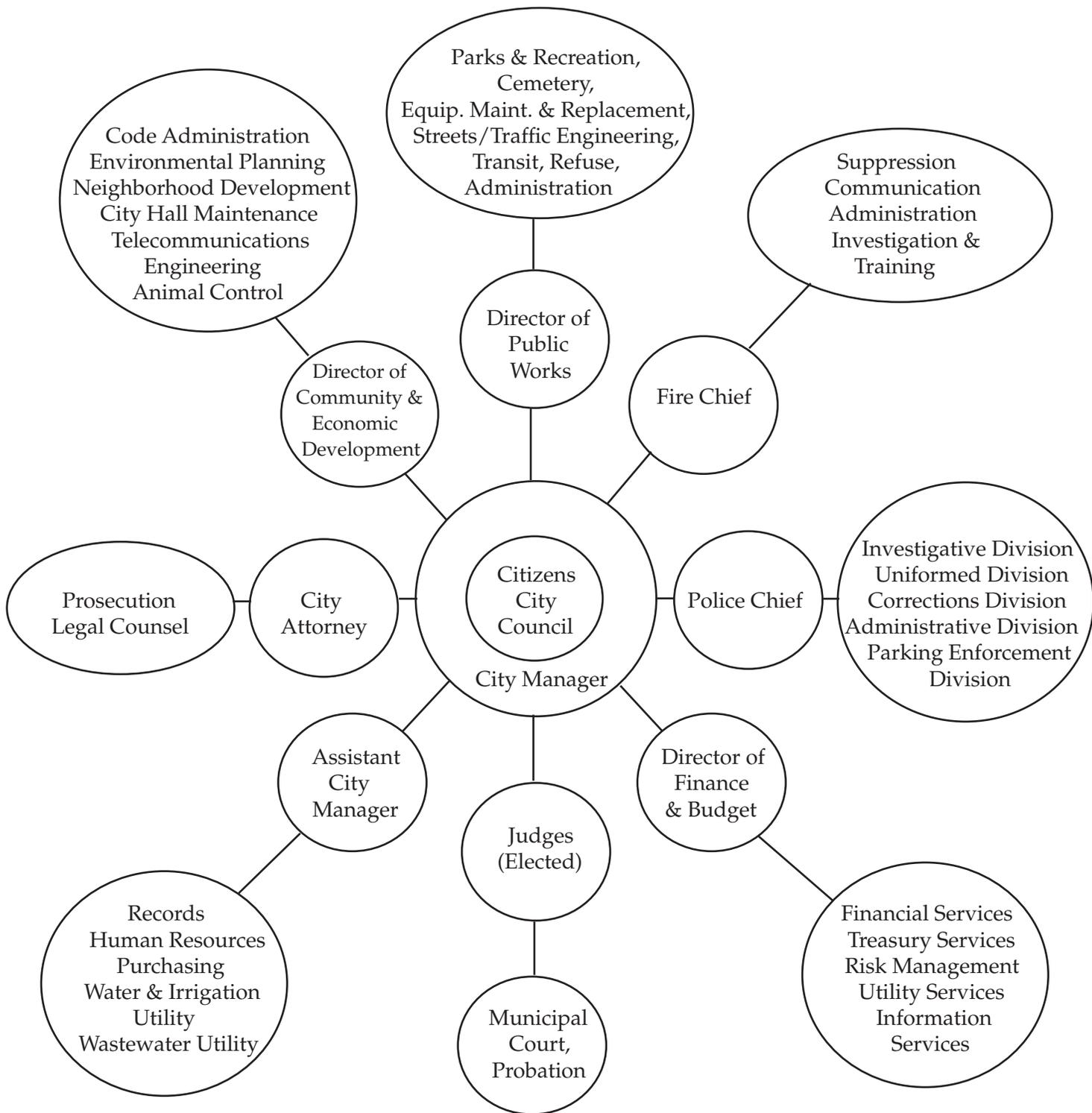
Rita M. Anson, CPA
Director of Finance and Budget

Cindy Epperson
Financial Services Manager

Timothy M. Jensen
Treasury Services Officer

City of Yakima

2004 Organizational Chart



CITY OF
YAKIMA
WASHINGTON

CITY COUNCIL

Paul P. George, Mayor
Neil McClure, Assistant Mayor
Ron Bonlender
Dave Edler
Mary Place
Bernard Sims
Susan Whitman

CITY MANAGEMENT EXECUTIVES

Richard A. Zais, Jr.	City Manager
Glenn Rice	Assistant City Manager
Ray Paoella	City Attorney
Rita Anson	Director of Finance
Bill Cook	Director of Community & Economic Development
Sam Granato	Police Chief
Dennis Mayo	Fire Chief
Chris Waarvick	Director of Public Works

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Yakima's discussion and analysis offers readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, and in the financial statements and notes to the financial statements (which immediately follow this discussion).

Last year's implementation of the new financial reporting requirements under GASB Statement #34 (Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments) makes the City's 2003/2004 Comprehensive Annual Financial Report (CAFR) significantly different than those of previous years. New features include Management's Discussion and Analysis Report, the Government-wide Statement of Net Assets, the Government-wide Statement of Activities, the concept of major fund reporting, and the reporting of infrastructure capital assets and long-term debt liabilities in the governmental activities. These concepts are explained throughout this discussion and analysis. Additionally, the 2004 CAFR includes two years of comparative data in the new above mentioned formats.

I. FINANCIAL HIGHLIGHTS

- The total assets of the City of Yakima exceeded its liabilities at December 31, 2004 by \$171 million dollars. Net assets invested in capital (net of depreciation and related debt) account for 84% of this amount, with a value of about \$144 million. Of the remaining net assets, \$19.3 million may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- The City's total net assets increased by \$12.5 million. Over \$11 million was the result of capital grants and donations.
- As of December 31, 2004 the City of Yakima's governmental activities reported combined ending net assets of over \$73.3 million. Of that amount, \$60 million was invested in capital assets, almost \$5 million was legally restricted for specific projects or programs, and \$8 million was available for spending at the government's discretion.
- Unreserved fund balance for the General Fund was \$8.4 million dollars at December 31, 2004. This balance represents 23% of total General Fund expenditures.
- The City of Yakima's total long-term debt at December 31, 2004 was nearly \$70.4 million (about \$32.2 million in Governmental Activities, and \$38.2 million in Business-Type Activities), with a remaining capacity for non-voted General Obligation debt at \$41.7 million. Total debt increased by \$5.2 million during the current fiscal year, due to the issuance of revenue bonds for the irrigation utility of this amount.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Yakima's basic financial statements. The basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements.

A. Government-wide Financial Statements

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

The statement of net assets presents information on all of the City of Yakima's assets and liabilities, with the difference between the two reported as net assets. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net assets may serve as a useful indicator of changes in the City's financial position. However, this is just one indicator of financial health of the City. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The statement of activities presents information showing how the government's net assets changed during 2004. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net assets are reported using the accrual basis of accounting which requires that revenue be reported when earned and expenses be reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received in 2004, and earned but unused vacation leave, will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed in 2004.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Yakima, like other state

and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Yakima can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds. Governmental Funds are used to account for most, if not all, of a government's tax-supported activities. Proprietary Funds are used to account for a government's business type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. Fiduciary Funds are used to account for resources that are held by the government as a trustee or agent for parties outside of the government. The resources of fiduciary funds cannot be used to support the government's own programs.

I. Governmental Funds

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

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

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

The City maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Budgets for governmental funds are established in accordance with

state law, and are adopted on a fund level. Capital outlays are approved on an item-by-item basis or project basis. A budgetary comparison statement is provided for the General Fund and all special revenue funds to demonstrate compliance with the budget. Two special revenue funds exceeded their appropriations slightly. City Council was apprised of these overages in the year-end budget report. (See note 3(B)1 for further information).

2. Proprietary Funds

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

Proprietary fund statements follow the governmental fund statements in this report. They provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. In comparing the Proprietary Fund Statement of Net Assets to the business-type column on the Government-Wide Statement of Net Assets, you will notice that the total net assets agree, and therefore need no reconciliation. In comparing the total assets and total liabilities between the two statements, you will notice slightly different amounts. This is because the "internal balances" line on the government-wide statement combines the "due from other funds" (asset) and the "due to other funds" (liabilities) from the proprietary fund statement in a single line in the asset section of the government-wide statement.

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

3. Fiduciary Funds

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

The City of Yakima has one fiduciary fund for Firefighter pensions. The basic fiduciary fund financial statements can be found following the proprietary fund financial statements, pages 38-39.

C. Notes to the Financial Statements

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

III. GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City of Yakima's net assets total \$171 million at December 31, 2004. The following table reflects the condensed Government-Wide Statement of Net Assets with comparative totals for 2003.

The City of Yakima's Net Assets (12/31/04)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Current and Other Assets	\$37,857,295	\$39,082,152	\$40,372,017	\$34,219,307	\$78,229,312	\$73,301,459
Capital Assets	82,727,162	73,620,785	101,490,479	95,706,292	184,217,641	169,327,077
Total Assets	\$120,584,457	\$112,702,937	\$141,862,496	\$129,925,599	\$262,446,953	\$242,628,536
Payables and Other Liabilities	\$14,994,156	\$14,159,027	\$5,564,282	\$4,372,801	\$20,558,438	\$18,531,828
Long-term Liabilities Outstanding	32,257,618	31,970,607	38,156,138	33,179,132	70,413,756	65,149,739
Total Liabilities	\$47,251,774	\$46,129,634	\$43,720,420	\$37,551,933	\$90,972,194	\$83,681,567
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	\$60,440,803	\$50,463,655	\$84,227,180	\$80,072,160	\$144,667,983	\$130,535,815
Restricted	4,831,870	4,914,764	2,665,164	2,609,505	7,497,034	7,524,269
Unrestricted	8,060,010	11,194,884	11,249,732	9,692,001	19,309,742	20,886,884
Total Net Assets	\$73,332,683	\$66,573,303	\$98,142,076	\$92,373,666	\$171,474,759	\$158,946,968

The City of Yakima's total assets stand at over \$262.4 million as of December 31, 2004. Of this amount, more than \$184.2 million is accounted for by capital assets, which includes some infrastructure and construction in progress. Prior to 2003, infrastructure (roads, bridges, drainage systems, etc.) was not included in capital asset reporting for governmental activities. The new GASB Statement #34, implemented with the City's 12/31/03 Financial Statements, requires that all capital assets, including infrastructure, be reported. Out of \$82.7 million in capital assets reported in Governmental activities at December 31, 2004, \$21 million (25.5%) is accounted for by infrastructure acquisitions (including the right-of-way land associated

with these projects). It should be noted that this represents a partial implementation of accounting for infrastructure; only historical cost of street projects for the last 20 years is included. GASB #34 allows for a delayed implementation of infrastructure reporting, and the City intends to fully report all infrastructure within the guidelines and time lines set forth by the pronouncement.

Of the remaining City assets, approximately \$59.4 million were accounted for in cash, cash equivalents, and investments, \$11.5 million in accounts receivable, \$6.6 million in notes receivable, and \$.57 million spread among miscellaneous assets.

At December 31, 2004 the City had outstanding liabilities of \$91.0 million, with slightly over \$70 million in long term liabilities. Of the long term liabilities, \$4.4 million was due within a year, with the remainder due over an extended period of time. Refer to the notes to the financial statements (Note 7) for a more in depth discussion of long term debt.

Included in "Payables and Other Liabilities", for total Governmental and Business-Type activities, in the table on the previous page, are \$7 million in deferred revenue, \$8.8 million in accounts payable, and \$4.7 million in accrued liabilities.

The largest portion of the City's net assets (84.4%) reflects its investment in capital, less any outstanding related debt used to acquire those assets. The City's capital assets, which are used to provide services to citizens, are investments in capital and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 4.4% of the City's net assets are subject to external restrictions on how they may be used (restricted by the Revised Code of the State of Washington or by contractual agreements with parties outside of the primary government). The remaining balance of \$19.3 million (unrestricted net assets), represents the amount that may be used to meet the City's ongoing obligations.

At December 31, 2004 the City of Yakima reports positive balances in all three categories of net assets, for the government as a whole, as well as for governmental activities and Business-type activities.

B. Statement of Changes in Net Assets

The City of Yakima's total net assets increased by \$12.5 million in 2004. Net assets for governmental activities increased by \$6.7 million while business-type activities increased by \$5.8 million. Key elements in changes in net assets are shown in the following table.

The City of Yakima Changes in Net Assets (2004)

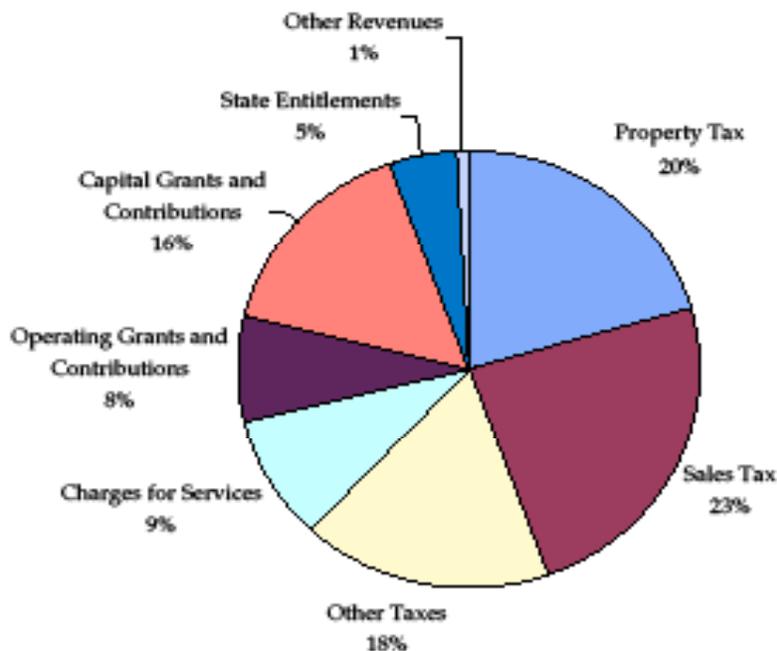
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:						
Program Revenues						
Charges for Services	\$5,388,971	\$5,217,447	\$26,135,468	\$22,374,244	\$31,524,439	\$27,591,691
Operating Grants & Contributions	4,541,545	5,050,984	1,802,791	1,552,009	6,344,336	6,602,993
Capital Grants & Contributions	9,310,853	2,866,200	2,053,301	4,103,161	11,364,154	6,969,361
General Revenues						
Property Tax	12,198,959	11,853,281	0	0	12,198,959	11,853,281
Sales Tax	14,055,337	13,327,500	4,138,316	3,894,871	18,193,653	17,222,371
Other Taxes	10,375,521	9,241,300	0	0	10,375,521	9,241,300
Grants and Contributions not						
Restricted to Specific Programs	0	175,000	0	0	0	175,000
State Entitlements	2,774,032	2,675,034	0	0	2,774,032	2,675,034
Other	457,204	165,927	268,933	123,636	726,137	289,563
Total Revenues	<u>\$59,102,422</u>	<u>\$50,572,673</u>	<u>\$34,398,809</u>	<u>\$32,047,921</u>	<u>\$93,501,231</u>	<u>\$82,620,594</u>
Expenses:						
General Government	\$7,147,489	\$6,774,236	\$0	\$0	\$7,147,489	\$6,774,236
Security of Persons and Property	28,391,022	26,467,674	0	0	28,391,022	26,467,674
Physical Environment	1,175,668	1,225,161	0	0	1,175,668	1,225,161
Transportation	5,584,654	5,810,750	0	0	5,584,654	5,810,750
Economic Environment	3,422,182	3,143,403	0	0	3,422,182	3,143,403
Mental & Physical Health	16,952	15,327	0	0	16,952	15,327
Cultural & Rec. Environment	7,065,685	6,890,775	0	0	7,065,685	6,890,775
Interest on Long-Term Debt	849,837	1,062,909	0	0	849,837	1,062,909
Transit	0	0	5,526,118	5,281,639	5,526,118	5,281,639
Refuse	0	0	2,751,448	2,860,532	2,751,448	2,860,532
Wastewater	0	0	11,564,592	10,172,378	11,564,592	10,172,378
Water	0	0	4,586,339	4,405,977	4,586,339	4,405,977
Irrigation	0	0	1,219,919	1,222,430	1,219,919	1,222,430
Total Expenses	<u>\$53,653,489</u>	<u>\$51,390,235</u>	<u>\$25,648,416</u>	<u>\$23,942,956</u>	<u>\$79,301,905</u>	<u>\$75,333,191</u>
Increases in Net Assets before						
Non-operating Sources (uses)	\$5,448,933	(\$817,562)	\$8,750,393	\$8,104,965	\$14,199,326	\$7,287,403
Gain/loss on Sale of Capital Assets	(1,012,474)	(6,629)	7,799	(138,732)	(1,004,675)	(145,361)
Intergovernmental Agreements	0	(1,406,182)	0	0	0	(1,406,182)
Transfers	2,797,066	2,637,227	(2,989,781)	(3,121,983)	(192,715)	(484,756)
Special Item	0	0	0	(8,332,443)	0	(8,332,443)
Acc. Loss on G.O.D. Refunding	(474,146)	(295,106)	0	0	(474,146)	(295,106)
Change in Net Assets	<u>\$6,759,379</u>	<u>\$111,748</u>	<u>\$5,768,411</u>	<u>(\$3,488,193)</u>	<u>\$12,527,790</u>	<u>(\$3,376,445)</u>
Net Assets - Beginning	<u>66,573,304</u>	<u>66,461,554</u>	<u>92,373,665</u>	<u>95,861,858</u>	<u>158,946,969</u>	<u>162,323,412</u>
Net Assets - Ending	<u><u>\$73,332,683</u></u>	<u><u>\$66,573,302</u></u>	<u><u>\$98,142,076</u></u>	<u><u>\$92,373,665</u></u>	<u><u>\$171,474,759</u></u>	<u><u>\$158,946,967</u></u>

Total revenues for the City of Yakima were \$93.5 million in 2004. Governmental activities provided \$59.1 million (63%), while business-type activities added just over \$34.4 million. Within governmental activities, tax revenue accounted for 61% of total revenue sources, with grants and contributions accounted for 16%. The remaining 23% of revenue was provided by charges for services, interest income, and miscellaneous revenues. (Note: the revenue indicators in the following charts do not include one-time only financing sources, such as proceeds from new debt or the sale of assets.)

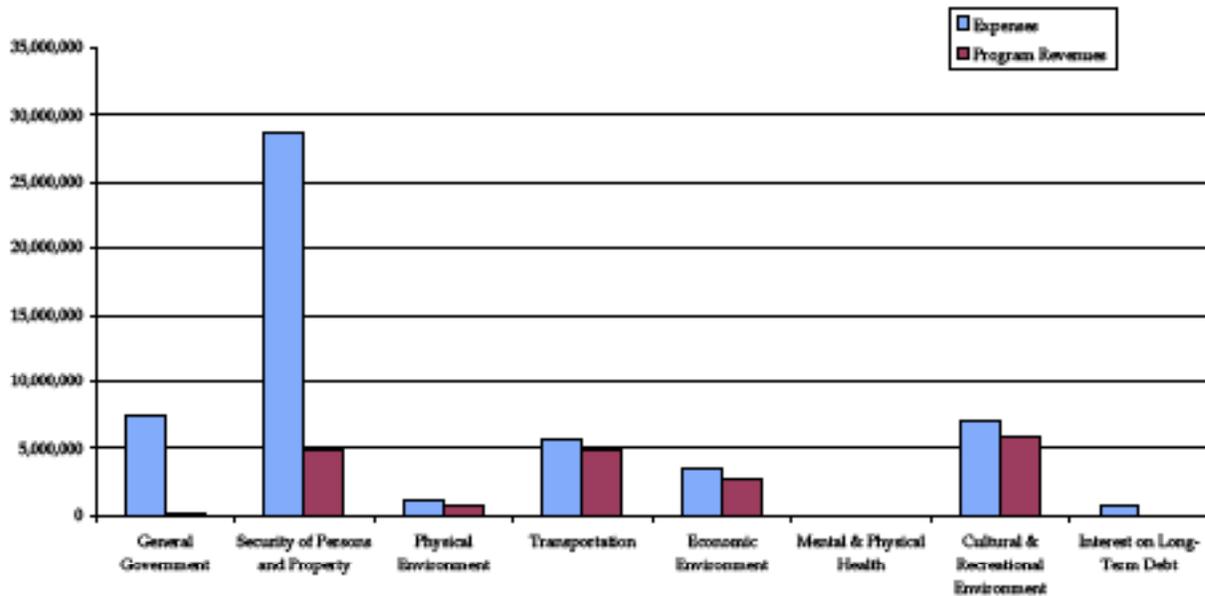
Of the \$34.4 million in business-type revenues, 76% was provided by charges for services, with the remaining amount provided by grants, contributions, transit sales tax and interest income. Charges for services increased by \$3.7 million or 16.8% for the following reasons: the wastewater utility had a substantial rate increase to retire debt issued the end of 2003 (about \$1.3 million of annual debt service). Wastewater also assumed a permitting program from the Department of Ecology, and collected cumulative payments resolving one time in-arrears billings. Irrigation rates increased for a major rebuild of the system and contributed about \$600,000 for this purpose.

Expenses for the year totaled almost \$79.3 million. Governmental Activities accounted for about \$53.6 million (67.8%), with the largest program expenses in the areas of Security of persons and property (public safety), general government and cultural and recreational environment, respectively. These programs accounted for 79.3% of total governmental expenses. Of the \$25.6 million in business-type expenses, 45.1% are associated with the wastewater program and 21.5% with transit; domestic water programs represent about 17.9%, refuse 10.8% and irrigation 4.6%. Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2004.

Revenues by Source - Governmental Activities



Expenses and Program Revenues - Governmental Activities



IV. FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

A. Governmental Funds Analysis

The General Fund, Community Development (which administers the City's Community Development Block Grants), Parks and Recreation Operations, and Streets and Traffic Operations Funds are the City's major funds (as defined in GASB #34) in 2004. Together these funds account for 66% of total governmental fund assets and 55% of total governmental fund balances.

The focus of the City of Yakima's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of December 31, 2004, the city's governmental funds reported combined fund balances of nearly \$19.9 million. Of this total amount, about \$15 million (76%) is unreserved and available for spending within these funds. Reserved fund balance of \$4.8 million is not available for new spending because it was previously committed to; 1) liquidate contracts and purchase orders of the prior period (\$3.1 million), 2) pay debt service (\$.77 million), 3) generate income to pay for the perpetual care of the municipal cemetery (\$.52 million), and for a variety of other restricted purposes (\$.41 million).

The General Fund is the chief operating fund of the City of Yakima. At the end of the 2004 fiscal year, unreserved fund balance of the General Fund was \$8.5 million, while total fund

balance is about \$8.9 million. Unreserved fund balance represents about 23% of total general fund expenditures (which represents nearly a 3 month reserve). Total assets in the General Fund amounted to \$12.3 million, accounting for 37% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund decreased by \$.4 million during the current fiscal year. Key factors to this change include:

- Inflation in insurance rates, including medical and property/liability.
- Expenditure growth in private sector costs in areas such as equipment, technology, utilities and fuel.
- Low interest rate environment.

The General Fund accounts for 62% of all governmental fund revenue and 59% of all expenditures.

The Community Development, Parks and Recreation, and Streets funds all performed as expected. The Community Development Fund ended 2004 with a net reduction in fund balance of \$167,000 because of a housing rehabilitation project which used program income accumulated in prior years. The Streets fund also experienced a reduction in fund balance of about \$52,000 because of the mid-year escalation of oil prices, which affected both the cost of fuel and raw materials used in street patching/repair.

In early 2002, the City approved a major annexation of about 3.2 square miles, \$325 million of assessed value and a population of about 5,600. According to Washington State law, property tax on the new area could not be levied until 2003, and responsibilities for fire service would not be transferred until that time. Since this area was such a major increase in area, the need for an additional fire station was under study, and in the interim, the City contracted with the existing fire district to provide fire protection to the area. In early 2004, a plan to hire 9 additional full time fire fighting personnel was approved. The increase of \$1.9 million or 7.3% in Security of Persons and Property reflects a partial year of operation of an additional fire station.

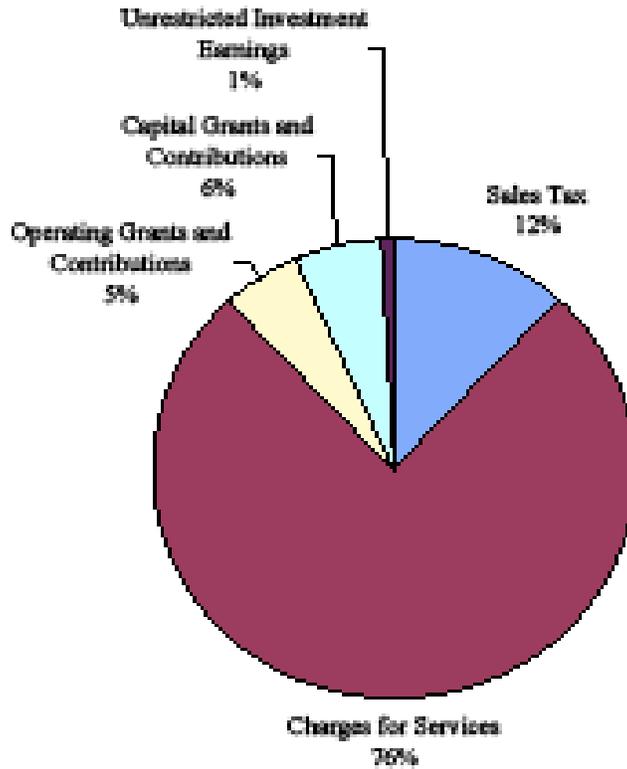
Other governmental funds ended with a net decrease in fund balances of \$1.9 million. This was primarily due to expenditures being made on capital projects that had corresponding revenue in prior years. Notably, an expansion of the Law and Justice Center was completed using reserves and the Parks capital fund was finishing several capital projects that were funded by the sale of land in a prior year.

B. Enterprise Funds Analysis

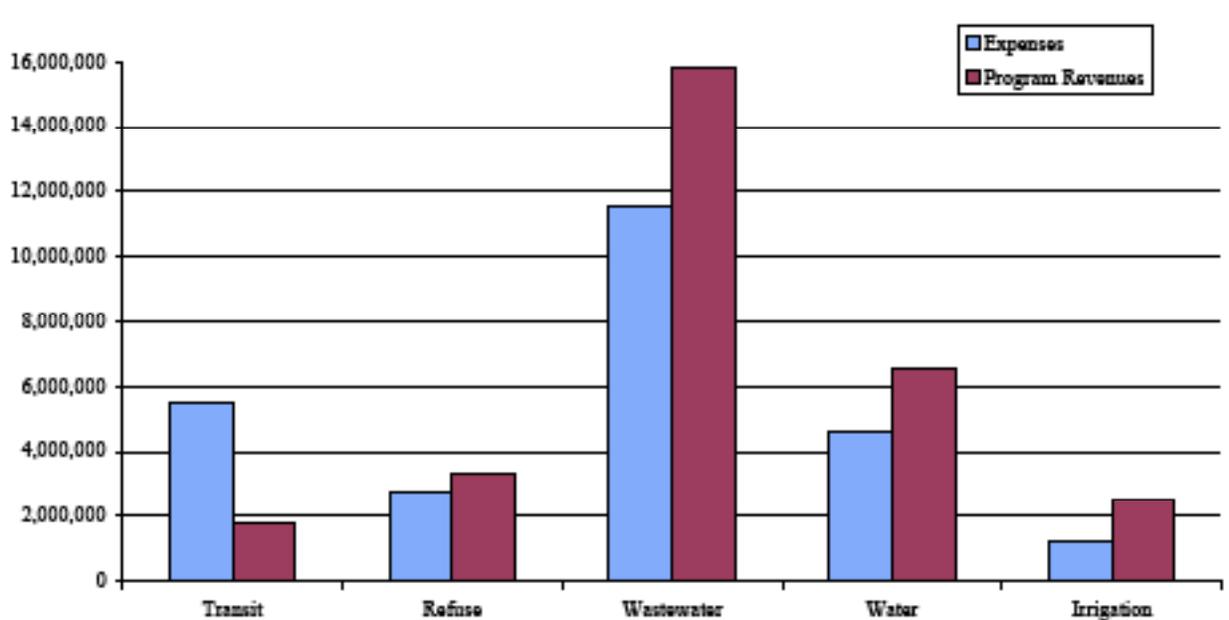
All of the enterprise funds of the City of Yakima, including Transit, Wastewater, Domestic (potable) Water, Irrigation Water and Refuse are considered major funds in the City's 2004 (GASB 34) Financial Statements. These business-type activities demonstrated an increase in net assets of \$5.77 million, due primarily to capital grants/donations of about \$2 million and the previously increased charges for services discussed in Section 3B.

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

Revenues by Source - Business-Type Activities



Expenses and Program Revenues - Business-Type Activities



Charges for services represent the majority (76%) of revenue in these funds. The only fund that does not rely on charges for service is the Transit fund, which is subsidized by a voter-approved local option sales tax of 0.3%.

As of December 31, 2004, the City's enterprise funds reported combined net assets of \$98.1 million, with \$41.7 million or approximately 42.5% being contributed by the Wastewater fund. Of the \$98.1 million, over \$84.2 million (85.8%) of net assets is accounted for by investment in capital assets, net of related debt, \$2.7 million is restricted for debt service and \$11.2 million is unrestricted. The Notes to the Financial Statements (Note 9) present segment information that is grouped according to revenue bond requirements for these business-type activities.

V. GENERAL FUND BUDGETARY HIGHLIGHTS

A. General Fund Changes in Budget

The following table shows the 2004 General Fund Adopted (Original) Budget, Final Budget, Actual amounts and the variance of Actual compared to the Final budget.

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Taxes and Special Assessments	\$28,537,443	\$28,695,443	\$30,119,323	\$1,423,880
Licenses and Permits	419,900	419,900	529,767	109,867
Intergovernmental Revenues	1,444,553	1,444,553	1,605,395	160,842
Charges for Services	3,985,577	3,985,577	4,201,981	216,404
Fines and Forfeits	1,516,290	1,516,290	1,363,565	(152,725)
Interest	574,000	574,000	414,847	(159,153)
Other Revenues	26,950	26,950	40,518	13,568
Total Revenues	<u>\$36,504,713</u>	<u>\$36,662,713</u>	<u>\$38,275,396</u>	<u>\$1,612,683</u>
<u>EXPENDITURES</u>				
Current				
General Government	\$9,577,774	\$9,862,450	\$9,783,461	\$78,989
Security of Persons and Property	23,198,424	23,693,244	23,297,962	395,282
Physical Environment	1,260,938	1,264,238	1,326,367	(62,129)
Economic Environment	504,496	524,496	582,593	(58,097)
Mental & Physical Health	15,200	15,200	16,952	(1,752)
Cultural & Recreational Envmt.	1,420,440	1,420,440	1,421,107	(667)
Capital Outlay				
General Government	86,000	304,858	200,122	104,736
Security of Persons and Property	23,000	26,121	0	26,121
Debt Service				
Principal Retirement	324,813	304,813	273,732	31,081
Interest	69,582	69,582	83,642	(14,060)
Total Expenditures	<u>\$36,480,667</u>	<u>\$37,485,442</u>	<u>\$36,985,938</u>	<u>\$499,504</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$24,046	(\$822,729)	\$1,289,458	\$2,112,187
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Capital Lease Financing	\$50,000	\$50,000	\$147,669	\$97,669
Transfers In	110,000	110,000	145,000	35,000
Transfers (Out)	(1,825,000)	(1,843,000)	(2,005,430)	(162,430)
Comp. for Loss of Gen. Capital Assets	2,000	2,000	779	(1,221)
Total Other Financing Sources (Uses)	<u>(\$1,663,000)</u>	<u>(\$1,681,000)</u>	<u>(\$1,711,982)</u>	<u>(\$30,982)</u>
Net change in Fund Balance	(\$1,638,000)	(\$2,503,729)	(\$422,524)	\$2,081,205

During the year, the 2004 General Fund budget was increased from \$38,305,667 to \$39,328,442, or by \$1,022,775. (For the purposes of this discussion, the General Fund budget includes both expenditures and transfers out.) The increases in appropriations are summarized as follows:

- \$550,875 in outstanding encumbrances/commitments which were re-budgeted from the prior year.
- \$158,000 for fire service to the South 72nd Avenue annexed area.
- \$121,000 in negotiated wages and benefits for the Yakima Police Patrolmans Association (YPPA) bargaining unit.
- \$90,000 in negotiated wages and benefits for the International Association of Firefighters (IAFF) bargaining unit.
- \$68,900 for fuel increases precipitated by a rapid increase in fuel costs in early 2004.
- \$34,000 for higher than anticipated election costs.

The increases related to the newly annexed area were funded by a corresponding increase in property taxes related to this area; while the balance of adjustments were to be funded from the General Fund reserves.

B. General Fund Budget to Actual

Total General Fund revenues were budgeted at about \$36.8 million. Actual revenue of \$38.5 million resulted in a positive variance of \$1.7 million, a gain of 4.6% over the original budget. Sales tax contributed about \$.5 million to this variance -- fueled by new construction and durable goods sales precipitated by the low interest rate environment, and the designation of the City as a Federal Renewal Community, which provides tax incentives for "Commercial Revitalization" projects. (Another \$.11 million was gained in the related area of Licenses and Permits.) Utility tax revenues was about \$.35 million greater than budget, the result of usage fluctuations and/or rate adjustments. Property tax demonstrated a \$.27 million variance because of a better collection rate.

General Fund expenditures, including transfers out, totaled \$38,991,368 compared to the final budget of \$39,328,442—resulting in a positive variance of \$337,074 or 0.86%. Most of this variance is in the area of Security of Persons and Property, and is the result of position vacancies in the Police and Fire Departments.

The General Fund budget is built assuming positive variances in both revenue and expenditures. Revenue is conservatively estimated, while expenditure estimates utilize highest probable costs. Historically, actual amounts have been close to "break even", and 2004 is not an exception, with a net reduction in fund balance of \$422,524 (about 1% of the total General Fund budget).

VI. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

The City of Yakima's total investment in capital assets, including construction in progress, for its governmental and business type activities as of December 31, 2004, amounts to over \$184.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, infrastructure, and construction in progress on buildings and systems.

Major capital asset events during the 2004 fiscal year included the following:

- A variety of projects for street expansion/repair were ongoing during the year. Infrastructure projects of \$4.8 million were completed in 2004, while the 2005 budget includes over \$10 million in planned projects, funded primarily by state and federal grants. The major project in both 2004 and continuing into 2005 include the widening and improvement of the major arterial that runs parallel to the airport, and a railroad grade separation project.
- The Parks division has undergone a period of park development, made possible by the sale of a park to the state (to accommodate the local community college expansion into a four-year facility) and state grants. During 2004, about \$1 million was spent to finish this phase of capital improvement.
- Vehicles, street equipment, buses, and trucks were added to the fleet as either additional equipment or replacements during the year, at a cost of \$2.6 million.
- In the area of Public Safety, major capital projects undertaken include the expansion of the Law and Justice Center to accommodate an additional courtroom (\$830,000 spent in 2004); and the purchase of a Fire engine (\$225,000).
- Wastewater capital improvements include \$2.2 million for new interceptor and trunk line extensions and \$1.1 million in treatment plant projects. The 2005 budget includes about \$10 million to upgrade the plant, which will be funded by revenue bonds issued at the end of 2003; and about \$3 million for interceptor and trunk line extensions funded by reserves and current capital transfers from the operating fund.
- The Domestic Water Treatment plant is continuing a capital program, and about \$3.3 million was spent in 2004. Funding was provided by a Public Works Trust Fund loan of about \$2 million and other capital reserves. The 2005 budget includes about \$2.1 million, to be funded by a \$1.1 million State Revolving Fund loan, and capital rates and reserves.
- In 2003, the City Council approved the re-build of the irrigation delivery system. Costs of about \$585,000 in 2003 and \$1 million in 2004 were incurred for this purpose. It is estimated that the total system rebuild will cost approximately \$14 million and be completed over an 8 year period. The city issued revenue bonds for approximately \$5.2 million in 2004 to accomplish the first phase of this project, and most of these bond proceeds remain unspent at December 31, 2004.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Capital Assets (Net of Depreciation)						
Land	\$8,764,562	\$8,483,392	\$2,186,700	\$2,186,700	\$10,951,262	\$10,670,092
Building	27,434,439	24,696,711	29,235,523	29,357,174	56,669,962	54,053,885
Improvements Other Than Buildings	9,505,880	3,670,569	47,873,144	43,057,830	57,379,024	46,728,399
Machinery and Equipment	6,253,194	5,775,285	10,361,427	9,109,871	16,614,621	14,885,156
Infrastructure	21,182,987	20,884,988	0	0	21,182,987	20,884,988
Intangibles	0	0	115,659	115,659	115,659	115,659
Construction in Progress	9,586,100	10,109,840	11,718,026	11,879,058	21,304,126	21,988,898
Total	<u>\$82,727,162</u>	<u>\$73,620,785</u>	<u>\$101,490,479</u>	<u>\$95,706,292</u>	<u>\$184,217,641</u>	<u>\$169,327,077</u>

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

B. Long-Term Debt

On December 31, 2004, the City of Yakima had total bonded debt outstanding of almost \$49.5 million. Of this amount, \$19.8 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$29.7 million, represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

The City of Yakima's total bonded debt had a net increase of \$2.93 million during 2004. Significant debt activity in 2004 included a new issue of \$5.2 million for the irrigation utility, and the refinancing of some existing general obligation bonded debt to take advantage of favorable interest rates. The refinancing is expected to decrease future debt service payments by approximately \$448,000.

The City participates in a loan program administered by the State's Department of Community Development, which are included as Intergovernmental loans in the long term debt schedules. Infrastructure improvements, such as street, bridge, water, or sewage projects, are eligible to compete for loan awards. This type of funding is preferred because the interest rates for new loans range from 0.5% to 1.5% based on the percentage of local match available for the project. (i.e. the higher the match, the lower the interest rate). In 2004, the City borrowed \$2.02 million for water projects utilizing this State program.

The City's remaining capacity for non-voted debt on December 31, 2004 was approximately \$41.7 million in comparison to the total legal limit of \$59.6 million. The City has a general guideline of retaining 50% of its non-voted capacity for emergencies. The City of Yakima maintains an "A3" rating from Moody's and an "A" rating from Standard & Poor's for general obligation debt. A summary of the City's bonded debt follows. Additional information on the City's long-term debt can be found in Note 7.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Outstanding Debt						
Governmental Activities:						
General Obligation Bonds	\$19,830,097	\$20,580,097	\$0	\$0	\$19,830,097	\$20,580,097
Revenue Bonds	0	0	29,675,000	25,995,000	29,675,000	25,995,000
Intergovernmental Loans	2,915,009	3,343,154	8,527,816	7,111,302	11,442,825	10,454,456
Special Assessment Debt	53,000	61,000	0	0	53,000	61,000
Unfunded Pension Liability	3,367,806	3,021,470	0	0	3,367,806	3,021,470
Compensated Absences	4,673,399	3,755,027	0	0	4,673,399	3,755,027
Other Debt	1,418,307	1,209,859	0	0	1,418,307	1,209,859
Total	<u>\$32,257,618</u>	<u>\$31,970,607</u>	<u>\$38,202,816</u>	<u>\$33,106,302</u>	<u>\$70,460,434</u>	<u>\$65,076,909</u>

VII. ECONOMIC FACTORS

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

- In 2001 voters approved Initiative 747, which capped property tax growth each year at a maximum of 1%, plus any additions for annexations and new construction. I-747 was required to be fully implemented beginning with 2002. In the current economic environment of low inflation rates, this restriction is not as severe as it may be if inflation rates start to climb at a higher level in the future.
- Since the closure of the Yakima Mall in 2003, the Downtown Merchants Association, the mall owner and the City have been researching different uses/businesses for the downtown area as it transitions from a retail center to a central business district. The City is actively participating in several projects to upgrade the downtown as follows:
 - The City was recently awarded a state grant of about \$4.5 million for infrastructure improvements in the downtown core, with construction to begin in mid 2005.
 - The City owned Capitol Theatre, located in the center of the downtown area used a state grant of \$.5 million to make improvements to the HVAC system and expand/upgrade restroom accommodations in 2004. Another \$.5 million grant has been secured for additional improvements in 2005.
 - Additionally, the section 108 loan awarded by the City in 2005 is slated to be used to improve a section of the former mall to include a new hotel and related retail facilities.

- The unemployment rate (8.8% as of March, 2005) in the County continues to be higher than the State average. The County's predominant industry is agriculture and food related. This industry has a history of high unemployment rates and seasonal employment. However, local economy has remained relatively stable in recent years, even though much of the state experienced a significant economic slow down.
- In 2004 voters in Yakima County approved a 3/10 percent increase in the sales tax rate; proceeds from which are dedicated to support Criminal Justice. Distribution is based on a formula whereby the county receives a set percentage, and the balance is shared among the cities in the County on a per capita basis. The City of Yakima expects to receive about \$1.4 million annually from this increase and will utilize this revenue to hire an additional 12.75 FTE's in the areas of Police, Municipal Court, Legal and Animal Control, and provide additional capital and technical support for Criminal Justice operations.

The 2005 budget is balanced for all funds, within guidelines established by City Management, to accomplish municipal service levels and priorities set by City Council. To date, overall budget results are performing as expected.

Requests for Information

This financial report is designed to provide a general overview of the City of Yakima's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Finance Director, 129 North Second Street, Yakima, WA 98901.

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Basic Financial Statements

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

Government-wide Financial Statements

- (1) Government-wide Statement of Net Assets – presents information on all City governmental and business-type assets and liabilities, with the difference reported as net assets.
- (2) Government-wide Statement of Activities – presents information on all City governmental and business-type revenues and expenses, with the difference reported as change in net assets.

Fund Financial Statements

- (3) Balance Sheet – Governmental Funds – presents the balance sheets for major funds and aggregated amounts for all other governmental funds.
- (4) Reconciliation of the Balance Sheet to the Government-wide Statement of Net Assets
- (5) Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – presents information for each major fund and aggregated information for all other governmental funds.
- (6) Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities
- (7) Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – presents budget information, along with actual results, on a separate statement for each major fund which has a legally adopted budget. Departmental information is included for the General Fund, in accordance with the City’s legally adopted budget.
- (8) Statement of Net Assets – Proprietary Funds – presents information on all assets and liabilities, with the difference reported as change in net assets for each of the enterprise funds, as well as a separate column of information for the internal service funds.
- (9) Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds – presents information for each of the enterprise funds, as well as a separate column for aggregated information for internal service funds.
- (10) Statement of Cash Flows – presents information on the sources and uses of cash for each of the enterprise funds and aggregated information for internal service funds.
- (11) Statement of Fiduciary Net Assets – presents information on the pension trust, fund assets and liabilities, with the difference reported as net assets.
- (12) Statement of Changes in Fiduciary Net Assets – presents information on additions to and deductions from the pension trust, with the difference reported as change in net assets.
- (13) Notes to Financial Statements – presents disclosure and further detail information to assist the reader in a better understanding of the financial statements and the data presented within them.

Statement of Net Assets
December 31, 2004
With comparative totals for December 31, 2003

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	
			<u>2004</u>	<u>2003</u>
ASSETS				
Cash and Cash Equivalents	\$12,544,451	\$12,588,937	\$25,133,388	\$29,684,152
Investments at Amortized Cost	11,194,991	20,452,915	31,647,906	22,971,847
Receivables (Net)	5,257,811	3,002,150	8,259,961	7,443,930
Due from Other Government Units	1,933,893	1,333,251	3,267,144	2,870,259
Internal Balances	181,060	(181,060)	0	0
Notes Receivable	6,610,516	5,374	6,615,890	7,130,201
Inventories	126,475	332,036	458,511	450,465
Unamortized Debt Issue Cost	0	170,203	170,203	129,955
Restricted Assets:				
Cash and Cash Equivalents	0	2,665,164	2,665,164	2,609,505
Fiscal Agent	8,098	3,047	11,145	11,145
Capital Assets (Net of Accumulated Depreciation)				
Land	8,764,562	2,186,700	10,951,262	10,670,092
Buildings	33,561,638	29,235,523	62,797,161	54,196,856
Improvements Other Than Buildings	3,378,681	47,873,144	51,251,825	46,562,755
Machinery & Equipment	6,253,194	10,361,427	16,614,621	14,907,829
Construction in Process	9,586,100	11,718,026	21,304,126	21,988,898
Intangibles	0	115,659	115,659	115,659
Infrastructure	21,182,987	0	21,182,987	20,884,988
Total Capital Assets	<u>82,727,162</u>	<u>101,490,479</u>	<u>184,217,641</u>	<u>169,327,077</u>
Total Assets	<u>\$120,584,457</u>	<u>\$141,862,496</u>	<u>\$262,446,953</u>	<u>\$242,628,536</u>
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$5,988,568	\$2,798,573	\$8,787,141	\$6,636,282
Accrued Liabilities	1,940,958	2,765,709	4,706,667	4,297,249
Due to Other Government Units	57,570	0	57,570	46,120
Deferred Revenue	7,007,060	0	7,007,060	7,552,178
Noncurrent Liabilities:				
Due Within One Year	2,063,546	2,326,177	4,389,723	3,854,652
Due in More Than One Year	<u>30,194,072</u>	<u>35,829,961</u>	<u>66,024,033</u>	<u>61,295,087</u>
Total Liabilities	<u>\$47,251,774</u>	<u>\$43,720,420</u>	<u>\$90,972,194</u>	<u>\$83,681,568</u>
NET ASSETS				
Inv. in Capital Assets, Net of Related Debt (as restated)	\$60,440,803	\$84,227,180	\$144,667,983	\$130,535,815
Restricted For:				
Debt Service	769,076	2,665,164	3,434,240	3,410,170
Capital Projects	474,389	0	474,389	653,318
Other Purposes	3,588,405	0	3,588,405	3,460,781
Unrestricted (As Restated)	<u>8,060,010</u>	<u>11,249,732</u>	<u>19,309,742</u>	<u>20,886,884</u>
Total Net Assets	<u>\$73,332,683</u>	<u>\$98,142,076</u>	<u>\$171,474,759</u>	<u>\$158,946,968</u>

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

Statement of Activities
For the Year Ended December 31, 2004
With comparative totals for December 31, 2003

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Cont's	Capital Grants and Cont's	Gov't Activities	Business	Total	
						Type Activities	2004	2003
FUNCTIONS/PROGRAMS								
Governmental Activities:								
General Government	\$7,147,489	\$196,252	\$0	\$0	(\$6,951,237)	\$0	(\$6,951,237)	(\$6,727,535)
Security of Persons and Property	28,391,022	1,746,396	2,998,337	210,674	(23,435,615)	0	(23,435,615)	(21,389,968)
Physical Environment	1,175,668	605,138	0	83,497	(487,033)	0	(487,033)	(802,977)
Transportation	5,584,654	129,622	0	4,713,210	(741,822)	0	(741,822)	(4,637,346)
Economic Environment	3,422,182	1,146,459	1,514,932	0	(760,791)	0	(760,791)	218,623
Mental & physical health	16,952	0	0	0	(16,952)	0	(16,952)	(15,327)
Cultural & Recreational Environment	7,065,685	1,565,104	28,276	4,303,472	(1,168,833)	0	(1,168,833)	(3,838,165)
Interest on Long-Term Debt	849,837	0	0	0	(849,837)	0	(849,837)	(1,062,909)
Total Governmental Activities	\$53,653,489	\$5,388,971	\$4,541,545	\$9,310,853	(\$34,412,120)	\$0	(\$34,412,120)	(\$38,255,604)
Business-Type Activities:								
Transit	\$5,526,118	\$421,579	\$1,341,956	\$0	\$0	(\$3,762,583)	(\$3,762,583)	(\$3,581,774)
Refuse (as restated)	2,751,448	3,335,380	0	0	0	583,932	583,932	219,783
Wastewater (as restated)	11,564,592	14,690,944	460,835	691,189	0	4,278,376	4,278,376	4,022,229
Water (as restated)	4,586,339	5,208,072	0	1,324,090	0	1,945,823	1,945,823	2,838,333
Irrigation	1,219,919	2,479,493	0	38,022	0	1,297,596	1,297,596	587,887
Total Business-Type Activities	\$25,648,416	\$26,135,468	\$1,802,791	\$2,053,301	\$0	\$4,343,144	\$4,343,144	\$4,086,458
Total	\$79,301,905	\$31,524,439	\$6,344,336	\$11,364,154	(\$34,412,120)	\$4,343,144	(\$30,068,976)	(\$34,169,146)
GENERAL REVENUES:								
Taxes:								
Property Taxes					\$12,198,959	\$0	\$12,198,959	\$11,853,281
Sales and Use Taxes					14,055,337	4,138,316	18,193,653	17,222,371
Franchise and Utility Taxes (as restated)					7,763,357	0	7,763,357	7,582,398
Excise Taxes					2,612,164	0	2,612,164	1,646,435
Penalties and Interest					1,839	0	1,839	12,467
Grants and Contributions not Restricted to Specific Programs					0	0	0	175,000
State Entitlements					2,774,032	0	2,774,032	2,675,034
Unrestricted Investment Earnings					414,847	268,933	683,780	549,422
Miscellaneous					40,518	0	40,518	(259,859)
Gain/Loss on Sale of Capital Assets					(1,012,474)	7,799	(1,004,675)	(145,361)
Intergovernmental Agreements					0	0	0	(1,406,182)
Transfers					2,797,066	(2,989,781)	(192,715)	(484,756)
Extraordinary Item					0	0	0	(8,332,443)
Accounting Loss on General Obligation Debt Refunding					(474,146)	0	(474,146)	(295,106)
Total General Revenues, Transfers, and Extraordinary Items					\$41,171,499	\$1,425,267	\$42,596,766	\$30,792,701
Change in Net Assets					\$6,759,379	\$5,768,411	\$12,527,790	(\$3,376,445)
Net Assets - Beginning					66,573,304	92,373,665	158,946,969	162,323,412
Net Assets - Ending					\$73,332,683	\$98,142,076	\$171,474,759	\$158,946,967

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

**Balance Sheet
Governmental Funds
December 31, 2004**
With comparative totals for December 31, 2003

	#000	#124	#131	#141	Other	Total	
	General	Community	Parks &		Gov't	Governmental Funds	
	Fund	Dev.	Rec.	Streets	Funds	2004	2003
ASSETS							
Cash & Equity in Pooled Investments	\$2,351,707	\$139,430	\$645,030	\$1,071,916	\$6,363,149	\$10,571,232	\$9,831,609
Deposits with Fiscal Agent/Trustee	0	0	100	0	0	100	100
Receivables:							
Taxes	3,684,741	0	0	0	206,065	3,890,806	3,600,039
Accounts	153,443	1,781	3,598	42,759	144,988	346,569	382,506
Special Assessments	0	0	0	0	2,060	2,060	3,900
LID Assessments - Current	0	0	0	0	0	0	0
LID Assessments - Delinquent	0	0	0	0	965	965	1,753
LID Assessments - Deferred	0	0	0	0	171,807	171,807	198,475
Notes/Contracts	0	6,573,947	0	0	36,569	6,610,516	7,124,827
Interest/Penalties	70,611	0	0	2,040	16,486	89,137	132,584
Other Receivables	6,397	0	0	0	291,354	297,751	0
Due From Other Funds	242,101	0	0	0	0	242,101	584,875
Due From Other Government Units	28,880	314,084	5,861	187,389	1,397,679	1,933,893	1,549,933
Inventories	44,150	0	0	0	0	44,150	27,933
Investments, at Amortized Cost	5,670,001	0	0	500,000	2,522,173	8,692,174	11,161,499
Total Assets	<u>\$12,252,031</u>	<u>\$7,029,242</u>	<u>\$654,589</u>	<u>\$1,804,104</u>	<u>\$11,153,295</u>	<u>\$32,893,261</u>	<u>\$34,600,033</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants/Accounts Payable	\$503,264	\$68,593	\$45,893	\$235,859	\$1,364,229	\$2,217,838	\$879,729
Wages/Benefits Payable	2,655,805	77,226	125,745	196,805	274,657	3,330,238	3,198,642
Contracts Payable	0	0	0	9,738	211,568	221,306	144,903
Due to Other Funds	0	0	0	0	61,041	61,041	104,716
Due to Other Government Units	37,258	0	42	0	20,270	57,570	46,120
Mature Interest Payable	0	0	0	0	0	0	0
Mature Bonds Payable	0	0	0	0	0	0	0
Deposits Payable	68,183	250	1,167	0	41,920	111,520	294,064
Deferred Revenue	136,987	6,575,728	9,459	26,269	258,617	7,007,060	7,552,178
Custodial Accounts	0	0	0	0	0	0	0
Total Liabilities	<u>\$3,401,497</u>	<u>\$6,721,797</u>	<u>\$182,306</u>	<u>\$468,671</u>	<u>\$2,232,302</u>	<u>\$13,006,573</u>	<u>\$12,220,352</u>

**Balance Sheet
Governmental Funds
December 31, 2004**
With comparative totals for December 31, 2003

	#000	#124	#131	#141	Other	Total	
	General	Community	Parks &	Streets	Gov't	Governmental Funds	
	Fund	Dev.	Rec.		Funds	2004	2003
FUND BALANCES:							
Reserved for:							
Inventory	\$44,150	\$0	\$0	\$0	\$0	\$44,150	\$27,933
Encumbrances	137,239	1,120,421	8,007	346,396	1,060,870	2,672,933	2,552,107
Continuing Appropriations	0	0	0	0	474,389	474,389	653,318
Debt Service	0	0	0	0	769,076	769,076	800,665
Endowment	0	0	0	0	523,210	523,210	512,099
Parking & Business Improvement	0	0	0	0	145,919	145,919	166,449
Probation Services	202,193	0	0	0	0	202,193	202,193
Unreserved:							
General Fund	8,466,952	0	0	0	0	8,466,952	8,475,840
Special Revenue Funds	0	(812,976)	464,276	989,037	3,470,119	4,110,456	5,607,203
Capital Projects Funds	0	0	0	0	2,477,410	2,477,410	3,381,875
Total Fund Balances	8,850,534	307,445	472,283	1,335,433	8,920,993	\$19,886,688	\$22,379,682
Total Liabilities and Fund Balances	<u>\$12,252,031</u>	<u>\$7,029,242</u>	<u>\$654,589</u>	<u>\$1,804,104</u>	<u>\$11,153,295</u>		

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$80,225,595	\$71,184,546
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	0	0
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in government activities in the statement of net assets.	5,566,067	4,979,683
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(32,257,618)	(31,970,607)
Accrued interest payable or General Obligation debt	(88,056)	0
Net assets of governmental activities	<u>\$73,332,676</u>	<u>\$66,573,304</u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2004

With comparative totals for December 31, 2003

	#000 General Fund	#124 Community Dev.	#131 Parks & Rec.	#141 Streets	Other Gov't Funds	Total Governmental Funds	
						2004	2003
REVENUES							
Taxes and Special Assessments	\$30,119,323	\$0	\$1,741,985	\$3,194,123	\$4,434,197	\$39,489,628	\$36,977,059
Licenses and Permits	529,767	0	0	0	0	529,767	469,716
Intergovernmental Revenues	1,605,395	1,514,932	49,519	1,116,584	8,510,618	12,797,048	10,259,869
Charges for Services	4,201,981	541,928	794,244	108,338	199,325	5,845,816	5,291,288
Fines and Forfeits	1,363,565	0	0	0	0	1,363,565	1,396,796
Interest	414,847	58,791	944	10,364	68,554	553,500	694,590
Other Revenues	40,518	1,864	133,143	4,078	1,022,277	1,201,880	854,582
Total revenues	\$38,275,396	\$2,117,515	\$2,719,835	\$4,433,487	\$14,234,971	\$61,781,204	\$55,943,900
EXPENDITURES							
Current							
General Government	\$9,783,461	\$0	\$0	\$103,676	\$18,237	\$9,905,374	\$9,053,710
Security of Persons and Property	23,297,962	0	0	0	3,660,740	26,958,702	25,440,432
Physical Environment	1,326,367	0	0	34,322	346,473	1,707,162	1,583,383
Transportation	0	0	0	3,972,939	230,607	4,203,546	4,310,108
Economic Environment	582,593	2,144,269	443,912	0	209,410	3,380,184	3,117,005
Mental & Physical Health	16,952	0	0	0	0	16,952	15,327
Cultural & Recreational Envmt.	1,421,107	0	3,070,340	3,145	1,957,861	6,452,453	6,331,264
Capital Outlay							
General Government	200,122	0	0	0	177,419	377,541	67,833
Security of Persons and Property	0	0	0	0	1,503,516	1,503,516	1,123,871
Physical Environment	0	0	0	0	29,658	29,658	45,199
Transportation	0	0	0	92,885	5,536,621	5,629,506	898,468
Economic Environment	0	90,000	0	0	65,959	155,959	111
Cultural & Recreational Envmt.	0	0	5,158	0	1,786,663	1,791,821	7,867,588
Debt Service							
Principal Retirement	273,732	0	0	0	1,658,050	1,931,782	1,905,566
Interest	83,642	0	0	0	766,195	849,837	1,062,909
Total Expenditures	\$36,985,938	\$2,234,269	\$3,519,410	\$4,206,967	\$17,947,409	\$64,893,993	\$62,822,774
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	\$1,289,458	(\$116,754)	(\$799,575)	\$226,520	(\$3,712,438)	(\$3,112,789)	(\$6,878,874)
OTHER FINANCING SOURCES (USES)							
Proceeds from Capital Lease Financing	\$147,669	\$0	\$0	\$0	\$325,000	\$472,669	\$491,838
Proceeds from L.T. Debt - G.O. Bonds	0	0	0	0	7,262	7,262	1,511,251
Proceeds from Intergovernmental Loans	0	0	0	0	0	0	75,000
Other Note Proceeds	0	0	0	0	0	0	0
Transfers In	145,000	0	980,695	0	2,767,508	3,893,203	3,779,252
Transfers (Out)	(2,005,430)	(50,000)	(221,000)	(302,018)	(1,375,661)	(3,954,109)	(3,697,003)
Intergovernmental Agreements	0	0	0	0	0	0	(1,406,182)
Sale of Capital Assets	0	0	0	0	130,716	130,716	48,610
Comp. for Loss of Gen. Capital Assets	779	0	29,439	23,619	0	53,837	52,101
Total Other Financing Sources (Uses)	(\$1,711,982)	(\$50,000)	\$789,134	(\$278,399)	\$1,854,825	\$603,578	\$854,867
Net Change in Fund Balances	(\$422,524)	(\$166,754)	(\$10,441)	(\$51,879)	(\$1,857,613)	(\$2,509,211)	(\$6,024,007)
Fund Balances - January 1	9,256,841	474,199	482,724	1,387,312	10,778,606	22,379,682	28,402,558
Change in Reserve for Inventory	16,217	0	0	0	0	16,217	1,131
Fund Balances - December 31	\$8,850,534	\$307,445	\$472,283	\$1,335,433	\$8,920,993	\$19,886,688	\$22,379,682

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2004
With comparative totals for December 31, 2003**

	<u>2004</u>	<u>2003</u>
Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	(\$2,509,211)	(\$6,024,007)
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	 6,738,076	 6,941,648
 In the statement of activities, only the gain on the sale of fund assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the fund assets.	 2,302,973	 67,660
 Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of the bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	 977,697	 (467,628)
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore not reported as expenditures in governmental funds (compensated absences, inventory).	 (1,336,547)	 (574,181)
 Internal service funds are used by management to charge the costs of services to individual funds. The net revenue (expenses) of certain internal service funds is reported with governmental activities.	 586,384	 168,257
 Change in net assets, as reflected on the Statement of Activities	 <u><u>\$6,759,372</u></u>	 <u><u>\$111,749</u></u>

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$28,537,443	\$28,695,443	\$30,119,323	\$1,423,880
Licenses and Permits	419,900	419,900	529,767	109,867
Intergovernmental Revenues	1,444,553	1,444,553	1,605,395	160,842
Charges for Services	3,985,577	3,985,577	4,201,981	216,404
Fines and Forfeits	1,516,290	1,516,290	1,363,565	(152,725)
Interest	574,000	574,000	414,847	(159,153)
Other Revenues	26,950	26,950	40,518	13,568
Total Revenues	\$36,504,713	\$36,662,713	\$38,275,396	\$1,612,683
EXPENDITURES				
Current				
General Government	\$9,577,774	\$9,862,450	\$9,783,461	\$78,989
Security of Persons and Property	23,198,424	23,693,244	23,297,962	395,282
Physical Environment	1,260,938	1,264,238	1,326,367	(62,129)
Economic Environment	504,496	524,496	582,593	(58,097)
Mental & Physical Health	15,200	15,200	16,952	(1,752)
Cultural & Recreational Envmt.	1,420,440	1,420,440	1,421,107	(667)
Capital Outlay				
General Government	86,000	304,858	200,122	104,736
Security of Persons and Property	23,000	26,121	0	26,121
Debt Service				
Principal Retirement	324,813	304,813	273,732	31,081
Interest	69,582	69,582	83,642	(14,060)
Total Expenditures	\$36,480,667	\$37,485,442	\$36,985,938	\$499,504
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$24,046	(\$822,729)	\$1,289,458	\$2,112,187
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease Financing	\$50,000	\$50,000	\$147,669	\$97,669
Transfers In	110,000	110,000	145,000	35,000
Transfers (Out)	(1,825,000)	(1,843,000)	(2,005,430)	(162,430)
Comp. for Loss of Gen. Capital Assets	2,000	2,000	779	(1,221)
Total Other Financing Sources (Uses)	(\$1,663,000)	(\$1,681,000)	(\$1,711,982)	(\$30,982)
Net Change in Fund Balances	(\$1,638,954)	(\$2,503,729)	(\$422,524)	\$2,081,205
Fund Balances - January 1	\$5,026,258	\$5,026,258	\$9,256,841	\$4,230,583
Change in Reserve for Inventory	0	0	16,217	16,217
Fund Balances - December 31	\$3,387,304	\$2,522,529	\$8,850,534	\$6,328,005

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues	\$2,010,200	\$2,010,200	\$1,514,932	(\$495,268)
Charges for Services	187,000	187,000	541,928	354,928
Interest	34,300	34,300	58,791	24,491
Other Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,864</u>	<u>864</u>
Total revenues	\$2,232,500	\$2,232,500	\$2,117,515	(\$114,985)
EXPENDITURES				
Current				
Economic Environment	\$2,253,000	\$3,088,801	\$2,144,269	\$944,532
Capital Outlay				
Economic Environment	<u>2,500</u>	<u>0</u>	<u>90,000</u>	<u>(90,000)</u>
Total Expenditures	\$2,255,500	\$3,088,801	\$2,234,269	\$854,532
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$23,000)	(\$856,301)	(\$116,754)	\$739,547
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	<u>0</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	\$0	(\$50,000)	(\$50,000)	\$0
Net Change in Fund Balances	(\$23,000)	(\$906,301)	(\$166,754)	\$739,547
Fund Balances - January 1	468,079	468,079	474,199	6,120
Fund Balances - December 31	<u>\$445,079</u>	<u>(\$438,222)</u>	<u>\$307,445</u>	<u>745,667</u>

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$1,841,985	\$1,841,985	\$1,741,985	(\$100,000)
Intergovernmental Revenues	33,506	33,506	49,519	16,013
Charges for Services	750,290	750,290	794,244	43,954
Interest	2,000	2,000	944	(1,056)
Other Revenues	125,816	125,816	133,143	7,327
Total Revenues	<u>\$2,753,597</u>	<u>\$2,753,597</u>	<u>\$2,719,835</u>	<u>(\$33,762)</u>
EXPENDITURES				
Current				
Economic Environment	\$339,448	\$410,538	\$443,912	(\$33,374)
Cultural & Recreational Envmt.	3,148,069	3,249,111	3,070,340	178,771
Capital Outlay				
Economic Environment	5,000	10,000	0	10,000
Cultural & Recreational Envmt.	8,500	10,880	5,158	5,722
Total Expenditures	<u>\$3,501,017</u>	<u>\$3,680,529</u>	<u>\$3,519,410</u>	<u>\$161,119</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(\$747,420)	(\$926,932)	(\$799,575)	\$127,357
OTHER FINANCING SOURCES (USES)				
Transfers In	\$812,000	\$862,000	\$980,695	\$118,695
Transfers (Out)	(248,300)	(248,300)	(221,000)	27,300
Comp. for Loss of Gen. Capital Assets	20,000	20,000	29,439	9,439
Total Other Financing Sources (Uses)	<u>\$583,700</u>	<u>\$633,700</u>	<u>\$789,134</u>	<u>\$155,434</u>
Net Change in Fund Balances	(\$163,720)	(\$293,232)	(\$10,441)	\$282,791
Fund Balances - January 1	406,044	406,044	482,724	76,680
Fund Balances - December 31	<u>\$242,324</u>	<u>\$112,812</u>	<u>\$472,283</u>	<u>\$359,471</u>

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes and Special Assessments	\$3,185,644	\$3,185,644	\$3,194,123	\$8,479
Intergovernmental Revenues	1,119,500	1,119,500	1,116,584	(2,916)
Charges for Services	37,000	37,000	108,338	71,338
Interest	20,000	20,000	10,364	(9,636)
Other Revenues	50	50	4,078	4,028
Total Revenues	<u>\$4,362,194</u>	<u>\$4,362,194</u>	<u>\$4,433,487</u>	<u>\$71,293</u>
EXPENDITURES				
Current				
General Government	\$110,512	\$110,512	\$103,676	\$6,836
Physical Environment	37,500	37,500	34,322	3,178
Transportation	4,283,802	4,659,530	3,972,939	686,591
Cultural & Recreational Envmt.	4,278	4,278	3,145	1,133
Capital Outlay				
Transportation	22,500	22,500	92,885	(70,385)
Total Expenditures	<u>\$4,458,592</u>	<u>\$4,834,320</u>	<u>\$4,206,967</u>	<u>\$627,353</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(96,398)	(472,126)	226,520	698,646
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(\$303,542)	(\$303,542)	(\$302,018)	\$1,524
Comp. for Loss of Gen. Capital Assets	0	0	23,619	23,619
Total Other Financing Sources (Uses)	<u>(\$303,542)</u>	<u>(\$303,542)</u>	<u>(\$278,399)</u>	<u>\$25,143</u>
Net Change in Fund Balances	(\$399,940)	(\$775,668)	(\$51,879)	\$723,789
Fund Balances - January 1	772,419	772,419	1,387,312	614,893
Fund Balances - December 31	<u>\$372,479</u>	<u>(\$3,249)</u>	<u>\$1,335,433</u>	<u>\$1,338,682</u>

The notes to the financial statements are an integral part of this statement.

The Transit Fund was created on September 26, 1966, pursuant to the result of a special election on September 20, 1966, ratifying Ordinance 821, which proposed that the City of Yakima lease, operate and subsidize a City transit system. On October 1, 1970, the City assumed full management of the City transit system. The system is subsidized by a .03% sales tax which became effective in November 1980 by the vote of the citizens ratifying Ordinance 2469.

The Refuse Fund is a self supporting fund. This fund was established for the purpose of accumulating moneys derived from the operation and maintenance of the garbage collection and disposal service of the City, and for the purpose of defraying all of the operating and maintenance expenses and costs incurred by the City in the collection and disposal of refuse.

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

The Irrigation Utility Fund was established in 1998 to replace the Special Revenue Fund titled Irrigation. This fund is responsible for the operation, maintenance and reconstruction of the existing irrigation system.

Statement of Net Assets

Proprietary Funds

December 31, 2004

With comparative totals for the year ended December 31, 2003

	Business-Type Activities - Enterprise Funds			
	#462/364 Transit	#471 Refuse	#973 Wastewater	#974 Water
ASSETS				
Current Assets:				
Cash & Equity in Pooled Investments	\$0	\$176,578	\$5,731,644	\$1,553,221
Deposits w/ Fiscal Agent/Trustee	0	0	0	425
Receivables:				
Accounts/Taxes (net)	752,835	174,137	1,269,485	348,358
Notes/Contracts	0	0	5,374	0
Interest/Penalties	11,943	0	25,031	19,298
Other Receivables	0	0	9,750	5,250
Due From Other Government Units	1,333,251	0	0	0
Inventories	0	0	13,775	176,327
Investments, at Amortized Cost	1,499,598	0	9,169,216	3,051,759
Total Current Assets	\$3,597,627	\$350,715	\$16,224,275	\$5,154,638
Noncurrent Assets:				
Restricted Assets:				
Cash	\$0	\$0	\$2,308,387	\$356,777
Investments, at Amortized Cost	0	0	0	0
Land	1,307,989	0	588,454	191,757
Buildings	6,248,007	0	54,465,241	3,777,980
Other Improvements	1,010,646	0	35,754,706	33,272,989
Machinery & Equipment	5,173,720	48,883	4,139,868	2,990,345
Accumulated Depreciation	(4,419,672)	(48,883)	(48,263,539)	(16,960,175)
Construction in Progress	0	0	5,939,414	4,807,761
Completed Construction - not Classified	0	0	0	2,232,245
Intangibles	0	0	0	221,830
Unamortized Debt Issue Costs	0	0	109,503	11,226
Total Noncurrent Assets	\$9,320,690	\$0	\$55,042,034	\$30,902,735
TOTAL ASSETS	\$12,918,317	\$350,715	\$71,266,309	\$36,057,373
LIABILITIES				
Current Liabilities:				
Warrants/Accounts Payable	\$153,241	\$141,408	\$863,285	\$277,090
Wages/Benefits Payable	232,039	98,906	347,318	162,186
Compensated Absences Payable	241,909	89,730	441,709	189,594
Claims and Judgements Payable	0	0	0	0
Due to Other Funds	181,060	0	0	0
Accrued Payables	0	0	191,413	50,832
Deposits Payable	6,100	0	4,500	220,410
Current Portion Long-term Debt	0	0	577,087	169,090
Restricted Payables: Current Portion LT Debt	0	0	1,320,763	164,237
Total Current Liabilities	\$814,349	\$330,044	\$3,746,075	\$1,233,439
Noncurrent Liabilities:				
Bonds Payable	\$0	\$0	\$20,385,700	\$2,589,301
Unamortized Bond Discount/Premium	0	0	340,753	(24,487)
Deferred Amount On Debt Refund	0	0	(195,076)	(25,708)
Loans Payable - Long Term	0	0	5,254,585	2,527,054
Total Noncurrent Liabilities	\$0	\$0	\$25,785,962	\$5,066,160
TOTAL LIABILITIES	\$814,349	\$330,044	\$29,532,037	\$6,299,599
NET ASSETS:				
Inv. in Cap Assets, Net of Related Debt	\$9,320,690	\$0	\$40,678,422	\$25,095,639
Restricted for Debt Service	0	0	2,308,387	356,777
Unrestricted	2,783,278	20,671	(1,252,537)	4,305,358
TOTAL NET ASSETS	\$12,103,968	\$20,671	\$41,734,272	\$29,757,774

The notes to the financial statements are an integral part of this statement.

Statement of Net Assets

Proprietary Funds

December 31, 2004

With comparative totals for the year ended December 31, 2003

	Business-Type Activities - Enterprise Funds			Internal Service Funds
	#975 Irrigation	TOTAL 2004	TOTAL 2003	
ASSETS				
Current Assets:				
Cash & Equity in Pooled Investments	\$3,634,562	\$11,096,005	\$14,222,133	\$3,466,151
Deposits w/ Fiscal Agent/Trustee	0	425	425	10,620
Receivables:				
Accounts/Taxes (net)	207,991	2,752,806	2,483,168	605,113
Notes/Contracts	0	5,374	5,374	0
Interest/Penalties	7,125	63,397	50,511	24,550
Other Receivables	0	15,000	16,950	0
Due From Other Government Units	0	1,333,251	1,320,326	0
Inventories	0	190,102	200,482	224,259
Investments, at Amortized Cost	4,000,000	17,720,573	9,236,270	5,235,159
Total Current Assets	\$7,849,678	\$33,176,933	\$27,535,639	\$9,565,852
Noncurrent Assets:				
Restricted Assets:				
Cash	\$0	\$2,665,164	\$2,609,505	\$0
Investments, at Amortized Cost	0	0	0	0
Land	98,500	2,186,700	2,186,700	0
Buildings	0	64,491,228	62,694,835	37,397
Other Improvements	5,985,368	76,023,709	69,475,085	0
Machinery & Equipment	61,675	12,414,491	11,722,410	15,152,137
Accumulated Depreciation	(2,386,118)	(72,078,387)	(68,344,809)	(8,407,330)
Construction in Progress	970,851	11,718,026	11,879,058	0
Completed Const. - not Classified	0	2,232,245	2,232,245	0
Intangibles	0	221,830	221,830	0
Unamortized Debt Issue Costs	49,474	170,203	129,955	0
Total Noncurrent Assets	\$4,779,750	\$100,045,209	\$94,806,814	\$6,782,204
TOTAL ASSETS	\$12,629,428	\$133,222,142	\$122,342,453	\$16,348,056
LIABILITIES				
Current Liabilities:				
Warrants/Accounts Payable	\$215,545	\$1,650,569	\$737,941	\$447,195
Wages/Benefits Payable	47,777	888,226	830,229	141,555
Compensated Absences Payable	51,945	1,014,887	856,940	173,794
Claims and Judgements Payable	0	0	0	2,735,369
Due to Other Funds	0	181,060	480,159	0
Accrued Payables	0	242,245	145,902	0
Deposits Payable	0	231,010	229,215	0
Current Portion Long-Term Debt	0	746,177	604,361	0
Restricted Payables: Current Portion LT Debt	95,000	1,580,000	1,535,000	0
Total Current Liabilities	\$410,267	\$6,534,174	\$5,419,747	\$3,497,913
Noncurrent Liabilities:				
Bonds Payable	\$5,120,000	\$28,095,001	\$24,460,000	\$0
Unamortized Bond Discount/Premium	(142,161)	174,105	328,966	0
Deferred Amount on Debt Refund	0	(220,784)	(256,136)	0
Loans Payable - Long Term	0	7,781,639	6,506,941	0
Total Noncurrent Liabilities	\$4,977,839	\$35,829,961	\$31,039,771	\$0
TOTAL LIABILITIES	\$5,388,106	\$42,364,135	\$36,459,518	\$3,497,913
NET ASSETS:				
Inv. in Cap Assets, Net of Related Debt (as restated)	\$4,779,750	\$79,874,501	\$76,417,275	\$6,782,204
Restricted for Debt Service	0	2,665,164	2,609,505	0
Unrestricted (as restated)	2,461,572	8,318,342	6,856,155	6,067,939
TOTAL NET ASSETS	\$7,241,322	\$90,858,007	\$85,882,935	\$12,850,143
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				
		7,284,069	6,490,730	
Net Assets of Business-Type Activities		\$98,142,076	\$92,373,665	

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended December 31, 2004

With comparative totals for the year ended December 31, 2003

	Business-Type Activities - Enterprise Funds						Internal Service Funds	
	#462 /364	# 471	#973	#974	#975	TOTAL		
	Transit	Refuse	Wastewa- ter	Water	Irrigation	2004		2003
OPERATING REVENUES								
Charges for Services	\$421,395	\$3,332,660	\$14,673,758	\$5,207,288	\$2,477,642	\$26,112,743	\$22,369,580	4,502,063
Charges for Insurance	0	0	0	0	0	0	0	1,791,480
Employer Contributions	0	0	0	0	0	0	0	7,640,761
Employee Contributions	0	0	0	0	0	0	0	1,563,528
Other Operating Revenues	184	2,720	17,186	784	1,851	22,725	4,664	227,166
Total Operating Revenues	\$421,579	\$3,335,380	\$14,690,944	\$5,208,072	\$2,479,493	\$26,135,468	\$22,374,244	\$15,724,998
OPERATING EXPENSES								
Operations and Maintenance	\$4,648,842	\$2,987,455	\$6,328,032	\$2,102,182	\$949,848	\$17,016,359	\$15,138,876	\$4,135,547
Administration/Overhead	598,102	350,183	987,126	1,313,330	186,723	3,435,464	3,369,325	1,887,013
Taxes	0	0	2,466,124	1,111,248	46,734	3,624,106	3,305,594	0
Depreciation/Amortization	578,528	0	2,899,533	777,989	52,656	4,308,706	4,302,183	1,030,015
Other Benefits	0	0	0	0	0	0	0	7,790,530
Total Operating Expenses	\$5,825,472	\$3,337,638	\$12,680,815	\$5,304,749	\$1,235,961	\$28,384,635	\$26,115,978	\$14,843,105
Operating Income (Loss)	<u>(\$5,403,893)</u>	<u>(\$2,258)</u>	<u>\$2,010,129</u>	<u>(\$96,677)</u>	<u>\$1,243,532</u>	<u>(\$2,249,167)</u>	<u>(\$3,741,734)</u>	<u>\$881,893</u>
NON-OPERATING REVENUES (EXPENSES)								
Operating Grants and Subsidies	\$5,480,272	\$0	\$0	\$0	\$0	\$5,480,272	\$5,167,384	\$0
Interest Revenue	9,177	775	183,348	30,681	44,952	268,933	123,636	238,342
Other Non-Operating Revenues	0	0	460,835	0	0	460,835	279,496	4,050
Interest Expenses	0	0	(738,408)	(144,806)	0	(883,214)	(468,684)	0
Amortization of Bond Pay. Discount	0	0	(25,519)	(6,359)	0	(31,878)	(46,253)	0
Gain (Loss) on Cap. Assets Disposition	7,799	0	0	0	0	7,799	(138,732)	55,226
Non-Operating Revenue Net of Expenses	\$5,497,248	\$775	(\$119,744)	(\$120,484)	\$44,952	\$5,302,747	\$4,916,847	\$297,618
Income (Loss) Before Contributions and Transfers	\$93,355	(\$1,483)	\$1,890,385	(\$217,161)	\$1,288,484	\$3,053,580	\$1,175,113	\$1,179,511
Capital Contributions	0	0	691,189	1,324,090	38,022	2,053,301	4,103,161	165,216
Transfers In	119	0	32,939	0	0	33,058	65,073	35,000
Transfers (Out)	0	0	(59,120)	(71,997)	(33,750)	(164,867)	(632,078)	0
Extraordinary Item	0	0	0	0	0	0	(8,332,443)	0
Change in Net Assets	\$93,474	(\$1,483)	\$2,555,393	\$1,034,932	\$1,292,756	\$4,975,072	(\$3,621,174)	\$1,379,727
Total Net Assets - January 1	12,010,494	22,154	39,178,879	28,722,842	5,948,566			11,470,416
Total Net Assets - December 31	<u>\$12,103,968</u>	<u>\$20,671</u>	<u>\$41,734,272</u>	<u>\$29,757,774</u>	<u>\$7,241,322</u>			<u>\$12,850,143</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.						793,339	132,981	
Change in Net Assets of Business-Type Activities.						<u>\$5,768,411</u>	<u>(\$3,488,193)</u>	

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004
With comparative totals for the year ended December 31, 2003

	Business-Type Activities - Enterprise Funds		
	#462 & #364 Transit	#471 Refuse	#973 Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$421,395	\$3,587,171	\$14,137,812
Contributions Received - Employer and Employee	0	0	0
Cash Paid to Suppliers for Goods and Services	(2,922,008)	(2,052,909)	(3,523,372)
Cash Paid for Salaries and Benefits	(2,355,620)	(1,059,966)	(3,995,509)
Other Operating Revenues Collected	184	2,720	891
Cash Paid to Claimants and Beneficiaries	0	0	0
Cash Paid in Lieu of Taxes	0	(301,213)	(1,832,091)
Net Cash Provided by Operating Activities	(\$4,856,049)	\$175,803	\$4,787,731
CASH FLOWS FROM NON ;CAPITAL FINANCING ACTIVITIES:			
Operating Grants Received	\$5,321,635	\$0	\$0
Transfers in from Other Funds	0	0	0
Proceeds from Public Works Trust Loan/Revenue Bonds	0	0	0
Special Item	0	0	0
Net Cash Provided by Noncapital Financing Activities	\$5,321,635	\$0	\$0
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Proceeds from Public Works Trust Loan/Revenue Bonds	\$0	\$0	\$0
Proceeds for Debt Service from Other Governments	0	0	460,835
Cash Received from Disposal of Capital Assets	117,960	0	0
Cash Contributions in Aid of Construction	0	0	173,357
Principal Paid on Revenue Bonds	0	0	(1,377,412)
Principal Paid on Public Works Trust Loan	0	0	(577,087)
Principal Paid on Advances from Other Funds	0	0	0
Capital Expenditures Paid	(1,094,267)	0	(2,063,136)
Interest and Other Debt Service Paid	0	0	(640,773)
Capital Grants Received	0	0	0
Other Non-Operating Capital Revenue	0	0	0
Operating Transfer In	119	0	32,939
Operating Transfer Out	0	0	(59,120)
Net Cash Used for Capital Financing Activities	(\$976,188)	\$0	(\$4,050,397)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from Sale of Investment Securities	\$500,869	\$0	\$0
Interest Received on Investments	9,733	775	186,633
Purchase of Investment Securities	0	0	(6,284,743)
Net Cash Provided by Investing Activities	\$510,602	\$775	(\$6,098,110)
Net Increase (Decrease) in Cash and Cash Equivalents	\$0	\$176,578	(\$5,360,776)
Cash and Cash Equivalents at Beginning of Year	\$0	\$0	\$13,400,807
Cash and Cash Equivalents at End of Year	<u>\$0</u>	<u>\$176,578</u>	<u>\$8,040,031</u>
Cash at the End of the Year Consists of:			
Operating Fund Cash	\$0	\$176,578	\$5,731,644
Revenue Bond Reserve Account Cash	0	0	2,043,960
Revenue Bond Redemption Account Cash	0	0	264,427
Total Cash at the End of the Year	<u>\$0</u>	<u>\$176,578</u>	<u>\$8,040,031</u>

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

#974 Water	#975 Irrigation	2004	Total 2003	Internal Service Funds
\$4,906,829	\$2,387,586	\$25,440,793	\$23,157,467	\$4,657,798
0	0	0	0	10,783,919
(1,774,380)	(672,710)	(10,945,379)	(9,269,420)	(4,374,037)
(1,737,300)	(503,302)	(9,651,697)	(9,201,412)	(1,560,543)
784	1,851	6,430	112,923	227,166
0	0	0	0	(7,890,521)
(724,669)	0	(2,857,973)	(2,554,978)	0
<u>\$671,264</u>	<u>\$1,213,425</u>	<u>\$1,992,174</u>	<u>\$2,244,580</u>	<u>\$1,843,782</u>
\$0	\$0	\$5,321,635	\$5,139,116	\$0
0	0	0	0	35,000
0	0	0	7,000,000	0
0	0	0	(8,749,092)	0
<u>\$0</u>	<u>\$0</u>	<u>\$5,321,635</u>	<u>\$3,390,024</u>	<u>\$35,000</u>
\$2,020,875	\$5,031,294	\$7,052,169	\$12,558,446	\$0
0	0	460,835	279,183	0
0	0	117,960	14,978	112,848
546,407	0	719,764	1,767,812	0
(157,588)	0	(1,535,000)	(1,045,000)	0
(27,274)	0	(604,361)	(763,572)	0
0	0	0	(1,420,000)	0
(3,613,394)	(716,956)	(7,487,753)	(6,515,032)	(1,891,362)
(146,098)	0	(786,871)	(567,157)	0
0	46,973	46,973	9,348	0
0	0	0	0	157,716
0	0	33,058	65,073	0
(71,997)	(33,750)	(164,867)	(632,078)	0
<u>(\$1,449,069)</u>	<u>\$4,327,561</u>	<u>(\$2,148,093)</u>	<u>\$3,752,001</u>	<u>(\$1,620,798)</u>
\$0	\$0	\$500,869	\$1,554,017	\$352,565
19,969	31,008	248,118	444,171	238,838
(250,386)	(2,450,043)	(8,985,172)	0	(3,013,646)
<u>(\$230,417)</u>	<u>(\$2,419,035)</u>	<u>(\$8,236,185)</u>	<u>\$1,998,188</u>	<u>(\$2,422,243)</u>
(\$1,008,222)	\$3,121,951	(\$3,070,469)	\$11,384,793	(\$2,164,259)
\$2,918,220	\$512,611	\$16,831,638	\$9,191,542	\$5,630,410
<u>\$1,909,998</u>	<u>\$3,634,562</u>	<u>\$13,761,169</u>	<u>\$20,576,335</u>	<u>\$3,466,151</u>
\$1,553,221	\$3,634,562	\$11,096,005	\$7,788,160	\$3,466,151
343,423	0	2,387,383	1,694,473	0
13,354	0	277,781	390,885	0
<u>\$1,909,998</u>	<u>\$3,634,562</u>	<u>\$13,761,169</u>	<u>\$9,873,518</u>	<u>\$3,466,151</u>

**Combining Statement of Cash Flows--Enterprise Funds
Proprietary Funds
For the Year Ended December 31, 2004**

	Business-Type Activities - Enterprise Funds		
	#462 & #364 Transit	#471 Refuse	#973 Wastewater
RECONCILIATION OF NET OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Net Operating Income (Loss)	(\$5,403,893)	(\$2,258)	\$2,010,129
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation/Allowance for Uncollectibles	578,528	0	2,899,533
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	0	254,511	(439,110)
Increase in Allowance for Uncollectibles	0	0	226,781
(Increase) Decrease in Inventory	0	0	(4,451)
Increase (Decrease) in Warrants/Accounts Payable	3,563	89,333	18,738
Increase (Decrease) in Wages/Benefits Payable	20,329	4,344	16,794
Increase (Decrease) in Compensated Absences Payable	55,289	19,107	59,317
Increase (Decrease) in Claims and Judgements Payable	0	0	0
Increase (Decrease) in Due to Other Funds	(109,865)	(189,234)	0
Total Adjustments	547,844	178,061	2,777,602
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(\$4,856,049)</u>	<u>\$175,803</u>	<u>\$4,787,731</u>
Schedule of Noncash Capital and Related Financing Activities			
Capital Assets Acquired by:			
Noncash Contributions	<u>\$0</u>	<u>\$0</u>	<u>\$517,832</u>

The notes to the financial statements are an integral part of this statement.

<u>#974</u> <u>Water</u>	<u>#975</u> <u>Irrigation</u>	<u>2004</u>	<u>Total</u>	<u>2003</u>	<u>Internal</u> <u>Service Funds</u>
(\$96,677)	\$1,243,532	(\$2,249,167)		(\$3,019,821)	\$881,893
777,989	52,656	4,308,706		3,933,131	1,030,015
(238,464)	(90,056)	(513,119)		(453,634)	(56,115)
116,404	0	343,185		0	0
14,831	0	10,380		10,539	(2,206)
67,333	(3,623)	175,344		(66,749)	8,213
7,018	9,512	57,997		57,776	(6,892)
22,830	1,404	157,947		36,458	22,693
0	0	0		0	(33,819)
0	0	(299,099)		0	0
<u>767,941</u>	<u>(30,107)</u>	<u>4,241,341</u>		<u>3,517,521</u>	<u>961,889</u>
<u>\$671,264</u>	<u>\$1,213,425</u>	<u>\$1,992,174</u>		<u>\$497,700</u>	<u>\$1,843,782</u>
<u>\$816,535</u>	<u>\$0</u>	<u>\$1,334,367</u>		<u>\$248,388</u>	<u>\$0</u>

**Statement of Fiduciary Net Assets -
Fiduciary Funds**

December 31, 2004

With comparative totals for the year ended December 31, 2003

	<u>2004</u>	<u>2003</u>
		Firemen's Relief and Pension
ASSETS		
Cash & Equity in Pooled Investments	\$570,531	\$719,631
Receivables:		
Interest/Penalties	0	1,293
Investments, at Amortized Cost	<u>0</u>	<u>49,969</u>
Total Assets	\$570,531	\$770,893
LIABILITIES		
Warrants/Accounts Payable	<u>\$473</u>	<u>\$65,939</u>
Total Liabilities	\$473	\$65,937
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	<u><u>\$570,058</u></u>	<u><u>\$704,954</u></u>

The notes to the financial statements are an integral part of this statement.

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds**
For the Year Ended December 31, 2004
With comparative totals for the year ended December 31, 2003

	Firemen's Relief and Pension	
	<u>2004</u>	<u>2003</u>
ADDITIONS		
Employer Contributions	\$1,425,048	\$1,406,346
Net Investment Earnings	1,814	3,303
Total Additions	<u>\$1,426,862</u>	<u>\$1,409,649</u>
DEDUCTIONS		
Administration/Overhead	\$37,921	\$37,016
Pension Benefits	792,331	722,065
Other Benefits	731,506	603,503
Total Deductions	<u>\$1,561,758</u>	<u>\$1,362,584</u>
CHANGE IN NET ASSETS	<u>(\$134,896)</u>	<u>\$47,065</u>
Total Net Assets, January 1	704,954	657,889
Total Net Assets, December 31	<u><u>\$570,058</u></u>	<u><u>\$704,954</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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CITY OF YAKIMA
NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The City of Yakima was incorporated in 1886, and operates under a Council/Manager form of government with a full time city manager. The City of Yakima provides a full range of municipal services, which include: police, fire, engineering, parks, cemetery, street, and administrative services. Included in the City's Enterprise Fund financial reports are: water, irrigation, sanitary wastewater, solid waste, and transit. The Yakima Air Terminal is operated under a joint venture agreement with Yakima County, see Note #10.

The City's financial statements include all funds, agencies and boards which are financially accountable to the City. Financial accountability is manifest when the primary government appoints the majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. An organization is fiscally dependent if it is unable to determine its budget without another government having the substantive authority to approve or modify the budget, to levy taxes or set rates or charges without substantive approval by another government, or to issue bonded debt without substantive approval by another government. Applying these criteria, the combined financial statements do not include the financial position or results of operations of:

YAKIMA SCHOOL DISTRICT NO. 7; WEST VALLEY SCHOOL DISTRICT NO. 208; UNION GAP SCHOOL DISTRICT NO. 2. These school districts are municipal corporations empowered by the state to educate the children of the City of Yakima. These school districts have independently elected boards of directors, adopt and control their own budgets and have their own taxing authority.

YAKIMA COUNTY. The County of Yakima was incorporated in 1865 under the authority of the Revised Code of Washington. The County has an elected board of commissioners, adopts and controls its own budget, and has its own taxing authority. The City has no legal interest in or responsibility for the assets or liabilities of the County.

YAKIMA VALLEY REGIONAL LIBRARY. The Yakima Valley Regional Library is a separate county-wide municipal corporation with its own taxing authority. It provides library services, under contract, for the City of Yakima, Yakima County and its other cities. The City has no legal interest in or responsibility for the assets or liabilities of the Library.

YAKIMA HEALTH DISTRICT. The Yakima Health District has its own board of directors, and adopts and controls its own budget. The City has no legal interest in or responsibility for the assets or liabilities of the Yakima Health District.

YAKIMA CONFERENCE OF GOVERNMENTS. The Yakima Conference of Governments is an agency comprised of the County, cities, and other boards which assists in long range planning for the member entities. The City has no legal interest in or responsibility for its assets or liabilities.

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

YAKIMA HOUSING AUTHORITY. The Yakima Housing Authority was created by Resolution No. D-1575, in 1971, and, under certain conditions, can be dissolved by the City. Yet, it is an independent entity with distinct governmental character and organization. The City of Yakima created the Housing Authority per Washington State Revised Code Chapter 35.82 which provides that liabilities incurred by the Housing Authority will be satisfied from its assets, and that no person shall have any right of action against the City on account of its debts, obligations, and liabilities.

YAKIMA REGIONAL PUBLIC FACILITIES DISTRICT. The cities of Yakima, Selah and Union Gap formed a Public Facilities District (PFD) for the purpose of expanding the Yakima Convention Center. The City appoints a majority of the board members, and must approve the annual budget. The financial agreement stipulates that all revenue derived by the PFD (primarily a state sales tax credit) be transferred to the City, and the City will use these funds for Center debt service and operations, and reimbursement of administrative costs of the PFD. A special revenue fund was established in the City's records to account for activity of the PFD.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been

removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

All governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The City of Yakima reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Housing and Community Development Fund accounts for the Office of Neighborhood Development, which is the focus of the City's effort to improve economic opportunities and housing conditions in Yakima. Federal Housing and Urban Development grants are the major revenue source for this program.

The Parks and Recreation Fund accounts for park maintenance and recreation programs primarily supported by tax levies and pool and golf fees.

The Street Fund is required to be a separate fund for the purpose of accounting for the disbursement of the Motor Vehicle Fuel Tax revenues paid by the State of Washington to the City. Primarily, the fund is used for maintenance of existing City streets and traffic signalization, and is also tax supported.

The City reports all enterprise funds as major funds:

The Transit Fund accounts for the operation of the city transit system, funded primarily by 0.03% sales tax, federal grants and fares.

The Refuse Fund accounts for the provision of garbage collection and disposal service of the City.

The Water and Wastewater Funds account for the provision of water and wastewater services to the residents of the City and other outside utility agreements.

The Irrigation Utility Fund is responsible for the operation, maintenance and reconstruction of the existing irrigation system.

Additionally, the government reports the following fund types:

Internal Service funds account for fleet management services, liability insurance, employee benefit reserves, and public works administration services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Pension Trust Funds are used to account for the operations of trust established for employee retirement benefits. They are accounted for in essentially the same manner as proprietary funds because of the need for determining the periodic income of the trust.

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

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

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

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

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

D. ASSETS, LIABILITIES AND EQUITIES

I. Cash and Investments

Cash and investments are managed under the guidance of the City's Investment Policy adopted by Resolution No. R98-07 of the City Council. The policy was based on the Model Investment Policy prepared by the Municipal Treasurers' Association of the United States and Canada and applies to all financial assets of the City of Yakima.

Investments are made using the "prudent person" standard with primary objectives being safety of principal, liquidity enabling the City to meet all operating requirements and a

return on investment objective of attaining a market rate of return through budgetary and economic cycles.

- Investments of City funds except those of the Firemen's Relief and Pension Fund are limited to:
 - 1) Investment deposits, including certificates of deposit with qualified public depositories as defined in Chapter 39.58 Revised Code of Washington.
 - 2) Certificates, notes or bonds of the United States, or other obligations of the United States, or its agencies, or of any corporation wholly owned by the government of the United States (such as the Government National Mortgage Association).
 - 3) Obligations of government-sponsored corporations which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System. (These include but are not limited to Federal Home Loan Bank notes and bonds, Federal Farm Credit Bank consolidated notes and bonds, Federal National Mortgage Association notes, debentures, and guaranteed certificates of participation).
 - 4) Bankers Acceptances and Commercial Paper purchased on the secondary market
 - 5) Washington State Local Government Investment Pool.
 - 6) General obligation bonds of any state or local government in the United States and revenue bonds from jurisdictions in Washington state having a long-term credit rating of no less than A3 as rated by Moody's or A- by Standard and Poor's.
- Repurchase and reverse repurchase agreements are excluded as eligible investments.
- Resources of the Firemen's Relief and Pension Fund may be invested in high quality corporate bonds in addition to instruments listed above.
- The City purchases investments from SEC registered security broker- dealers and banks having offices within Washington State.

The City's Treasury Services Officer, under the direction of the Director of Finance and Budget, invests or deposits all temporary cash. These investments and time deposits do not result in reductions to the cash balances of the various funds and are considered to be cash equivalents to the funds under the definition promulgated in GASB Statement #9, which states that investments purchased within 90 days of maturity are considered to be cash equivalents. These amounts are reported on the Combined Balance Sheet as part of "Cash and Cash Equivalents."

2. Receivables

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

Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments. Deferred assessments consist of unbilled special assessments that are liens against the property benefited. As of December 31, 2004, \$965 of special assessments receivables were delinquent. Customer accounts receivable consist of amounts due from private individuals or organizations for goods and services. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered. The major component of the notes receivable category is in the Community Development fund, and represents a revolving home ownership assistance program.

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

These accounts include all interfund receivables and payables. A separate schedule of interfund loans receivable and payable is furnished in Note #4D. Long-term interfund loans are separately identified as "Advances"-- at December 31, 2004 there were no interfund advances.

4. Amounts Due To and From Other Governmental Units

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

5. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. The reserve for inventory is equal to the ending amount of inventory to indicate that a portion of the fund balance is not available for future expenditure.

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

6. Restricted Assets and Liabilities

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

The restricted assets of the enterprise funds are composed of the following:

Cash - Debt Service	\$2,665,164
Deposits with Fiscal Agent	3,047
	<u>\$2,668,211</u>

7. Capital Assets (See Note 4E)

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

Estimated Service Life	
Buildings.....	25 - 40 Years
Improvements Other Than Buildings	7 - 50 Years
Utility Plant	33 - 50 Years
Equipment.....	2 - 25 Years
Intangibles (Organization Costs and Goodwill).....	75 - 100 Years

8. Custodial Accounts

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

9. Accrued Liabilities

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

10. Deferred Revenues

This account includes amounts recognized as receivables but not as revenue in governmental funds because the revenue recognition criteria has not been met. (See Note #1C)

11. Noncurrent Liabilities

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

The amounts of unpaid vacation and sick leave accumulated by City employees are accrued as expenses when incurred in proprietary funds, which use the accrual basis of accounting. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current-year expenditures. The City uses the last-in, first-out method of recognizing the hours used of compensated absences. Employees are charged for the last day of vacation or sick leave earned when the leave is used. Thus, unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Therefore, the entire unpaid liability for the governmental funds is a reconciling item between the fund and government-wide presentations. For additional information on long-term debt see Note 7.

12. Fund Equity

Fund equity is recognized as fund balance in governmental fund types, and as net assets in proprietary fund types. Certain fund equity may be reserved for a specific future use, or to denote unavailability for current operations. Designations of fund balance represent tentative management plans that are subject to change. Unless otherwise noted, fund balances and retained earnings (deficits) are unreserved and undesignated.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS.

The governmental fund balance sheet includes a reconciliation between *fund balance-total government funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$32,257,618 difference are as follows:

Bonds Payable	\$19,830,097
Intergovernmental Loans	2,915,009
Contractual Agreements -- Yakima County	596,441
Special Assessments -- Notes	53,000
Lease Purchase Agreements	821,866

Unfunded Pension Liability	3,367,806
Compensated Absences	<u>4,673,399</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$32,257,618</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$6,738,076 difference are as follows:

Capital Outlay	\$9,488,001
Depreciation Expense	<u>(2,749,925)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$6,738,076</u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this \$2,302,973 difference are as follows:

In the statement of activities, only the <i>gain</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	(\$1,197,027)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	3,500,000
Net adjustment to increase/(decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$2,302,973</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental

funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$977,697 difference are as follows:

Debt Issued or Incurred:	
Capital Lease Financing	(\$472,669)
Issuance of General Obligation Bonds	(6,475,000)
Intergovernmental Loan	-0-
Principal repayments:	
General obligation debt	7,225,000
Intergovernmental loans	428,145
Contractual agreement -- Yakima County	121,580
Special assessment notes	8,000
Lease purchase agreements	<u>142,641</u>
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	
	<u>\$977,697</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this (\$1,336,547) difference are as follows:

Compensated Absences	(\$918,372)
Change in Unfunded Pension Liability	(346,336)
Change in Reserve for Inventory	16,217
Accrued Interest Payable	<u>(88,056)</u>
Net adjustment to decrease <i>net changes in fund balances -- total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	
	<u>(\$1,336,547)</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

I. Scope of Budget

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

Annual appropriated budgets are adopted on the modified accrual basis of accounting. For governmental funds, there are no differences between budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for

all budgeted funds, but the financial statements include budgetary comparisons for the General Fund and Special Revenue Funds only. Budgets for debt service and capital projects are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lines of debt issues or projects. Budgetary comparisons for proprietary funds, although not legally required, may be requested from the Department of Finance and Budget.

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

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

2. Procedures for Adopting the Original Budget

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

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

3. Amending the Budget

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

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

The budget amounts shown in the financial statements represent the original adopted budget and all supplemental appropriations. Citywide, supplemental appropriations totaled \$9,382,437. The principal three amendments were to reappropriate 2003 outstanding encumbrances in the amount of \$2.8 million; the reappropriation of non-lapsing appropriations in capital project funds in the amount of \$3.9 million; and increases in fuel costs in the amount of \$.6 million.

4. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable

appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. The City reappropriates outstanding encumbrances in the subsequent year.

B. DEFICIT FUND/EQUITY

1. Excess of Expenditures Over Appropriations:

For the year ended December 31, 2004 two funds slightly exceeded their appropriations. Cemetery Fund expenditures were just over the amended budget by \$517. The Cemetery incurred costs at year-end so that an office on the premises could be opened to the public on a part-time basis, starting in early 2005. Convention Center expenditures were over budget by \$13,589. Since 2004 was the first complete year of operating the expanded facility, it was difficult to estimate the increases in operations, and overages were experienced in utilities, operating supplies, and repairs and maintenance. This was conveyed to City Council in the "Year-end Budget Revenue and Expenditure Report"

2. Deficit Fund Equities

Temporary deficits of the Local Improvement Construction Fund arise because long-term financing has not been issued. During the construction phase, the Local Improvement District issues warrants, which accrue interest and are held as an investment internally, shown on the balance sheet as Warrants Payable, resulting in a deficit fund balance. When the LID is completed, bonds or notes are issued and the Warrants Outstanding are redeemed eliminating the deficit.

The Risk Management Reserve Internal Service fund had a deficit fund balance of \$330,028 at December 31, 2004. Even though the fund has approximately \$1 million in assets, the claims manager's estimate of outstanding claims and judgments payable is over \$1.3 million. The interfund contribution charged to operating funds was increased by 10% in the 2005 budget to begin to eliminate this deficit and build reserves.

3. Designated Fund Balances

This category is used to set aside governmental fund balances when city management has plans or tentative commitments to expend resources for certain purposes in future periods. Further legal action will be required to authorize the actual expenditures. Special Revenue Funds have a designated fund balance of \$985,253 for the Capitol Theatre Reserve Fund for replacement of the Capitol Theatre. The Capital Project Funds have a designated fund balance of \$845,107 for replacement of equipment and other capital improvements.

4. Reserved Fund Balance in Trust Funds

The reserve of \$523,210 in the Cemetery Trust Fund represents a portion of the amounts paid for cemetery plots. Provisions of these sales require \$120 of the sales price be held in trust and that the income on the investment of these amounts be used to maintain the plots. The Reserve for Endowments represents an endowment for cemetery beautification. The provisions of the endowment stipulate that income from the endowment be used only for grounds improvements.

The \$570,058 Reserve for Employees' Retirement System is the Firemen's Relief and Pension Fund balance which represents the accumulated contributions made by the government through property taxes (see Note #4) plus interest earnings and state fire insurance premium tax proceeds.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

At year-end the City's carrying amount of deposits was \$1,122,837 and the bank Balance was \$1,520,846. Of the bank balance the Federal Depository Insurance Commission insured \$577,436 and the Washington State Public Depository Protection Commission insured the remaining balance.

At year-end the City's investment balances (at amortized cost*) were as follows:

<u>Investment Types</u>	<u>Reported Amount/ Amortized Cost*</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasuries	\$2,048,875	1.34
Government Sponsored Agencies	30,917,013	1.55
Municipal Securities	1,358,329	1.52
Local Government Investment Pool	24,581,082	.001
Total Investments	<u>\$58,905,299</u>	<u>.63</u>

*Amortized cost of investment is less than fair value by \$257,835, and is not considered material for reporting purposes. Because of the short term nature of the portfolio, all investments held at December 31, 2004 can be held to maturity, when they will mature at par.

The Local Government Investment Pool is a 2(a)(7) like money fund and is guaranteed by the Washington State Public Deposit Protection Commission (PDPC), and is reported as a cash equivalent on the Balance Sheet.

- InterestRate Risk: In accordance with its investment policy, the City manages its exposure to interest rates by limiting the average maturity of the portfolio to 2.5 years. At December 31, 2004, the average maturity of the portfolio as a whole was 230 days.
- CreditRisk: Washington law restricts investments held by the City to Treasuries, Government Sponsored Agencies, Municipal Securities, high quality Commercial Paper and Bankers Acceptances. The City's own investment policy requires a credit rating on municipal securities held to A3 by Moody's or A- by Standard and Poor's. All U.S. Treasuries and Agency issues held at year-end are AAA by both rating agencies. The City's municipal bond holdings are insured AAA by both rating agencies. Corporate Commercial paper and Banker's Acceptances must be rated A1+ and P1 by Moody's and Standard and Poor's respectively. The City was not holding any Commercial Paper or Bankers Acceptances at year-end.

- Custodial Credit Risk: In the case of deposits held by banks the risk is failure of the financial institution to pay the deposits on demand. It is the policy of the City to only use financial institutions insured by the FDIC, and additionally by the Washington State Public Deposit Protection Commission (PDPC) - which guarantees all deposits with member banks. The City only deposits funds with PDPC member banks.

B. PROPERTY TAXES

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

PROPERTY TAX CALENDAR

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

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

The City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general government services. This amount may be reduced for any of the following reasons:

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

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

For 2004, the City's regular tax levy was \$3.4718 per \$1,000 on a total assessed valuation of \$3,824,096,823 for a total regular levy of \$13,276,452. Included in the City's regular levy is an authorization to levy for the Firemen's Relief and Pension Fund (see Note #5). This levy

is subject to the same limitations as the levy for general government services. The Firemen's Relief and Pension portion of the regular tax levy for 2004 was \$.3604 per \$1,000, or \$1,378,215. Additionally, special levies for G.O. Bond obligations totaled \$315,833.

C. RECEIVABLES

Receivables as of year-end for the City's individual major funds, non-major, internal service and agency funds in the aggregate, including applicable allowance for uncollectible accounts are as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Special Asmts</u>	<u>Due From Other Gvts</u>	<u>Interest & Penalties</u>	<u>Other</u>	<u>Total</u>
General Fund	\$3,684,741	\$159,840	\$0	\$28,880	\$70,611	\$0	\$3,944,072
Community Development	0	6,575,728	0	314,084	0	0	6,889,812
Parks & Recreation	0	3,598	0	5,861	0	0	9,459
Streets	0	42,759	0	187,389	2,040	0	232,188
Nonmajor Governmental	206,065	230,482	174,832	1,397,679	16,486	242,429	2,267,973
Transit	752,835	0	0	1,333,251	11,943	0	2,098,029
Refuse	0	174,137	0	0	0	0	174,137
Wastewater	0	1,274,859	0	0	25,031	9,750	1,309,640
Water	0	348,358	0	0	19,298	5,250	372,906
Irrigation	0	207,991	0	0	7,125	0	215,116
Internal Service Funds	0	605,113	0	0	24,550	0	629,663
Total	\$4,643,641	\$9,622,865	\$174,832	\$3,267,144	\$177,084	\$257,429	\$18,142,995

Revenues of the Water, Wastewater, Refuse and Irrigation are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Refuse	\$39,936
Wastewater	339,912
Water	178,399
Irrigation	11,434
Total	<u>\$569,681</u>

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

I. Classification of Interfund Transactions

Interfund transactions are classified as follows:

- a. Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services, are similarly treated when they involve other funds of the City.
- b. Transfers to support the operations of other funds are recorded as "Transfers" and classified with "Other Financing Sources or Uses."

- c. Contributions to the capital of enterprise or internal service funds, (transfers between those funds and the general capital assets account group,) transfers to establish or reduce working capital in other funds, and transfers of remaining balances when funds are closed are classified as transfers and reported as non-operating revenues.
- d. Loans between funds are classified as interfund loans receivable and payable or as advances to and from other funds on the combined balance sheet depending on the time period for which the loan was made. Interfund loans do not affect total fund equity, but advances to other funds are offset by a reservation of fund equity.

2. Interfund Loans and Receivables

The following table depicts the temporary cash overdrafts in individual funds as of December 31, 2004 - caused either by timing of cash flow or short-term over allocation of investments:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$242,101	\$0
Special Revenue Funds:		
Tourist Promotion Fund	0	38,441
Capitol Theatre Reserve	0	22,600
Enterprise Funds:		
Transit	0	181,060
	<u>\$242,101</u>	<u>\$242,101</u>

3. Interfund Transfers

Interfund transfers represent subsidies and contributions provided to other funds with no corresponding debt or promise to repay. General Fund transfers are primarily used to 1) allocate the portion of utility taxes that are designated to support Parks and Recreation and Law and Justice Capital programs; 2) Support the dispatch operation with a portion of the telephone tax; and 3) contribute to the Contingency Fund. Transfers in to the Internal Service category consists of vehicle additions to the rolling stock fleet. Other transfers generally represent debt service and capital project funding.

The following table depicts interfund operating transfer activity during 2004:

Transfer out	Transfer In						Total
	General Fund	Parks & Rec	Nonmajor Gov't	Transit	Waste-water	Internal Service	
General Fund	\$0	\$910,695	\$1,015,099	\$0	\$0	\$79,636	\$2,005,430
Community Development	0	50,000	0	0	0	0	50,000
Parks and Recreation	0	0	221,000	0	0	0	221,000
Streets	0	0	205,542	0	0	96,476	302,018
Nonmajor Government	145,000	20,000	1,210,543	118	0	0	1,375,661
Wastewater	0	0	42,516	0	0	16,604	59,120
Water Operating Fund	0	0	39,058	0	32,939	0	71,997
Irrigation	0	0	33,750	0	0	0	33,750
Total	<u>\$145,000</u>	<u>\$980,695</u>	<u>\$2,767,508</u>	<u>\$118</u>	<u>\$32,939</u>	<u>\$192,716</u>	<u>\$4,118,976</u>

E. CAPITAL ASSETS

CAPITAL ASSET ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2004

	Balance 1/1/04	Additions	Adjustments	Deletions	Balance 12/31/04
GOVERNMENTAL ACTIVITIES					
Capital Assets, not being Depreciated:					
Land	\$8,483,392	\$281,170	\$0	\$0	\$8,764,562
Construction in Progress	10,109,840	8,004,849	(8,528,589)	0	9,586,100
Total Capital Assets, not being Depreciated	<u>\$18,593,232</u>	<u>\$8,286,019</u>	<u>(\$8,528,589)</u>	<u>\$0</u>	<u>\$18,350,662</u>
Capital Assets, being Depreciated:					
Buildings & Structures	\$34,466,531	\$3,677,890	\$6,580,231	(\$7,443)	\$44,717,209
Other Improvements	6,247,541	22,224	0	(19,300)	6,250,465
Equipment & Machinery	7,758,482	760,730	0	(782,053)	7,737,159
Infrastructures	39,303,017	0	1,948,358	0	41,251,375
Capitalized Leases	1,780,942	241,138	0	(388,231)	1,633,849
Total Capital Assets, being Depreciated	<u>\$89,556,513</u>	<u>\$4,701,982</u>	<u>\$8,528,589</u>	<u>(\$1,197,027)</u>	<u>\$101,590,057</u>
Less Accumulated Depreciation for:					
Buildings & Structures	(\$9,784,887)	(\$958,427)	(\$439,486)	\$6,677	(\$11,176,123)
Other Improvements	(2,576,972)	(302,678)	1,228	6,638	(2,871,784)
Equipment & Machinery	(5,146,304)	(463,461)	40,810	782,053	(4,786,902)
Infrastructures	(18,418,029)	(1,650,359)	0	0	(20,068,388)
Capitalized Leases	(1,039,007)	(121,362)	(39,789)	388,231	(811,927)
Total Accumulated Depreciation	<u>(\$36,965,199)</u>	<u>(\$3,496,287)</u>	<u>(\$437,237)</u>	<u>\$1,183,599</u>	<u>(\$39,715,124)</u>
Total Capital Assets, being Depreciated, net	<u>\$52,591,314</u>	<u>\$1,205,695</u>	<u>\$8,091,352</u>	<u>(\$13,428)</u>	<u>\$61,874,933</u>
Governmental Activities Capital Assets, net	<u>\$71,184,546</u>	<u>\$9,491,714</u>	<u>(\$437,237)</u>	<u>(\$13,428)</u>	<u>\$80,225,595</u>
INTERNAL SERVICE FUNDS-GOVERNMENT ACTIVITIES					
Capital assets, being Depreciated:					
Buildings	\$15,067	\$5,485	\$0	\$0	\$20,552
Machinery	5,555,766	43,411	0	0	5,599,177
Total Capital Assets being depreciated	<u>\$5,570,833</u>	<u>\$48,896</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,619,729</u>
Less accumulated depreciation for:					
Machinery	(\$3,134,594)	(\$566,060)	\$435,595	\$146,897	(\$3,118,162)
Total capital Assets, being depreciated net	<u>\$2,436,239</u>	<u>(\$517,164)</u>	<u>\$435,595</u>	<u>\$146,897</u>	<u>\$2,501,567</u>
Total Capital Assets-Governmental Activities	<u>\$73,620,785</u>	<u>\$8,974,550</u>	<u>(\$1,642)</u>	<u>\$133,469</u>	<u>\$82,727,162</u>

E. CAPITAL ASSETS....Continued

	Balance				Balance
	1/1/04	Additions	Adjustments	Deletions	12/31/04
BUSINESS-TYPE ACTIVITIES					
Capital Assets, not being Depreciated:					
Land	\$2,186,700	\$0	\$0	\$0	\$2,186,700
Construction in Progress	11,879,058	7,375,290	(7,373,461)	(162,861)	11,718,026
Total Capital Assets, not being Depreciated	<u>\$14,065,758</u>	<u>\$7,375,290</u>	<u>(\$7,373,461)</u>	<u>(\$162,861)</u>	<u>\$13,904,726</u>
Capital Assets, being Depreciated:					
Buildings & Structures	\$62,694,835	\$21,737	\$1,838,431	(\$63,775)	\$64,491,228
Other Improvements	69,475,085	1,258,004	5,290,620	0	76,023,709
Equipment & Machinery	11,722,410	1,069,184	244,410	(621,513)	12,414,491
Completed Construction - - Not Classified	2,232,245	0	0	0	2,232,245
Intangibles	221,830	0	0	0	221,830
Total Capital Assets, being Depreciated	<u>\$146,346,405</u>	<u>\$2,348,925</u>	<u>\$7,373,461</u>	<u>(\$685,288)</u>	<u>\$155,383,503</u>
Less Accumulated Depreciation for:					
Buildings & Structures	(\$33,206,608)	(\$2,129,717)	\$0	\$63,775	(\$35,272,550)
Other Improvements	(28,290,173)	(1,523,364)	0	0	(29,813,537)
Equipment & Machinery	(6,216,886)	(611,322)	0	511,352	(6,316,856)
Completed Construction - - Not Classified	(524,971)	(44,302)	0	0	(569,273)
Intangibles	(106,171)	0	0	0	(106,171)
Total Accumulated Depreciation	<u>(\$68,344,809)</u>	<u>(\$4,308,705)</u>	<u>\$0</u>	<u>\$575,127</u>	<u>(\$72,078,387)</u>
Total Capital Assets, being Depreciated, Net	<u>\$78,001,596</u>	<u>(\$1,959,780)</u>	<u>\$7,373,461</u>	<u>(\$110,161)</u>	<u>\$83,305,116</u>
Business-type Activities Capital Assets, Net	<u>\$92,067,354</u>	<u>\$5,415,510</u>	<u>\$0</u>	<u>(\$273,022)</u>	<u>\$97,209,842</u>

INTERNAL SERVICE FUNDS - BUSINESS-TYPE ACTIVITIES

Capital Assets, being Depreciated:					
Buildings	\$11,918	\$4,927	\$0	\$0	\$16,845
Machinery	8,265,812	1,287,148	0	0	9,552,960
Total Capital Assets being Depreciated	<u>\$8,277,730</u>	<u>\$1,292,075</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,569,805</u>
Less Accumulated Depreciation for:					
Machinery	(\$4,638,792)	(\$463,955)	(\$435,595)	\$249,174	(\$5,289,168)
Total Capital Assets, being Depreciated, Net	<u>\$3,638,938</u>	<u>\$828,120</u>	<u>(\$435,595)</u>	<u>\$249,174</u>	<u>\$4,280,637</u>
Total Capital Assets-Business-Type Activities	<u>\$95,706,292</u>	<u>\$6,243,630</u>	<u>(\$435,595)</u>	<u>(\$23,848)</u>	<u>\$101,490,479</u>

The city is still in the process of summarizing, categorizing, and costing its infrastructure. The balance presented for infrastructure represents historical cost for major street projects from 1980 through 2004.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General Government	(\$59,240)
Security of Persons and Property	430,271
Physical Environment	15,406
Transportation	1,617,519
Economic Environment	8,779
Cultural and Recreational Environment	737,190
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	566,060
Total Depreciation -- Governmental Activities	\$3,315,985

Business-Type Activities

Transit	\$578,528
Wastewater	2,899,533
Water	777,989
Irrigation	52,656
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	463,955
Total Depreciation -- Business-Type Activities	\$4,772,661

F. COMMITMENTS

I. Construction Commitments

The City has active construction projects as of December 31, 2004. The projects include widening and construction of existing streets; wastewater plant improvements and main extensions; and the rebuilding of the Irrigation system. At year end the City's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Street Construction/Signalization	\$2,366,757	\$1,606,566
Water/Wastewater Treatment Plant and Mains	3,934,369	2,474,519
Irrigation System Design/Rebuild	166,924	627,377
Total	\$6,468,050	\$4,708,462

Street constructions are being financed by gas tax and federal, state or local grants. Water/Wastewater and Irrigation are being financed by Public Works Trust fund loan/ revenue bonds secured by respective utility revenues.

NOTE 5 - PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and Local Government Employers*.

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

Plan Description

PERS is a cost-sharing multiple employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees (not in national higher education retirement programs); judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with 5 years of service, or at age of 55 with 25 years of service. The annual pension is 2 percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible

consecutive compensation months. If qualified, after reaching the age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at age 55 with 20 years of service, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,168 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2003:

Retirees and Beneficiaries Receiving Benefits	65,362
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	20,001
Active Plan Members Vested	100,469
Active Plan Members Nonvested	54,081
Total	239,913

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates; and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent and do not vary from year to year. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion

of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2004, were as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer *	1.38%	1.38%	1.38%**
Employee	6.00%	1.18%	***

* The employer rates include the employer administrative expense fee currently set at 0.19%.

** Plan 3 defined benefit portion only.

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

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

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2004	\$44,564	\$235,935	\$32,255
2003	48,335	231,087	22,198
2002	50,468	220,393	1,043

B. LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF) PLANS I AND 2

Plan Description

LEOFF is a cost-sharing multiple employer retirement system comprised of two separate defined benefit plans. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF is comprised primarily of non-state employees, with the exception of the Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan. Effective January 1, 2003 firefighter emergency medical technicians (EMTs) may transfer PERS Plan 1 or Plan 2 service credit to LEOFF Plan 2 if while employed for the city the EMT's job was relocated to a fire department from another city, town, county or district. LEOFF defined benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays the remainder through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan I retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement with five years of service at age 50. The benefit per year of service calculated as a percent of final average salary is as follows:

<u>Term of Service</u>	<u>Percent of Final Average</u>
20 or More Years	2.0%
10 But Less Than 20 Years	1.5%
5 But Less Than 10 Years	1.0%

The final average salary is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

There are 368 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2003:

Retirees and Beneficiaries Receiving Benefits	8,370
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	453
Active Plan Members Vested	11,548
Active Plan Members Nonvested	4,003
Total	<u>24,374</u>

Funding Policy

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the Department of Retirement Systems in accordance with 41.45 RCW. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 1 in accordance with the requirements of the Pension Funding Council. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. The methods used to determine the contribution rates are established under state statute in accordance with chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2004, were as follows:

	<u>LEOFF Plan I</u>	<u>LEOFF Plan II</u>
Employer*	0.19%	3.25%**
Employee	0.00%	5.09%
State	N/A	2.03%

* The employer rates include the employer administrative expense fee currently set at 0.19%.

** The employer rate for ports and universities is 5.28%.

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

	<u>LEOFF Plan I</u>	<u>LEOFF Plan II</u>
2004	\$1,692	\$411,645
2003	1,915	354,120
2002	2,631	293,793

C. OTHER RETIREMENT SYSTEMS - VOLUNTEER FIRE FIGHTERS' RELIEF AND PENSION FUND

The Volunteer Fire Fighters' Relief and Pension Fund System is a cost-sharing multiple-employer retirement system which was created by the Legislature in 1945 under Chapter 41.16 RCW. It provides pension, disability and survivor benefits. Membership in the system requires service with a fire department of an electing municipality of Washington State except those covered by LEOFF. The system is funded through member contributions of \$30 per year; employer contributions of \$30 per year; and 40 percent of the Fire Insurance Premium Tax; and earnings from the investment of moneys by the Washington State Investment Board. However, members may elect to withdraw their contribution upon termination.

D. FIREMEN'S PENSION

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

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

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

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

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

During the year ended December 31, 2004, there were no plan amendments.

Contributions Required and Contributions Made

The City's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The required contributions are determined using an aggregate projected benefit funding method with the annual cost increasing 6% per year over the period ending December 31, 2012.

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

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

E. POLICE PENSION

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

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

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

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

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

During the year ended December 31, 2004, there were no plan amendments.

Contributions Required and Contributions Made

The Police Pension is a department within the General Fund. The City engaged Milliman USA, Consultant & Actuaries, to perform the pension’s actuarial study. They issued a valuation dated January 1, 2003. The valuation provided actuarially determined rates to accumulate sufficient assets to pay benefits when due rather than the current pay-as-you-go basis. The required contributions are determined using an aggregate projected benefit method with the annual cost increasing 6% per year over the period ending December 31, 2012.

**SUMMARY OF FIREMEN’S PENSION AND POLICE PENSION
Schedule of Funding Progress
December 31, 2004**

	<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage Covered Payroll</u>
Fire Pension	1/1/98	\$69,599	\$10,445,000	\$10,375,401	0.67%	\$270,000	3842.74%
	1/1/03	657,889	8,520,000	7,862,111	7.72%	0	0.00%
Police Pension	1/1/98	0	8,277,000	8,277,000	0.00%	264,000	3135.23%
	1/1/03	\$0	\$8,154,000	\$8,154,000	0.00%	\$0	0.00%

NOTE 6 - SELF-INSURANCE FUNDS

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

A. UNEMPLOYMENT COMPENSATION

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

The City has contracted with U.C. Express to represent the City in appeal hearings, and to provide audits of state awards.

The State of Washington invoices the City on a quarterly basis for reimbursement of claims which represent payment of unemployment compensation and related administrative costs.

Resources accrue to the Unemployment Compensation Reserve Fund through monthly charges made to each Operating Fund based on employee earnings. Normal accrual rates have been between .5 and .75 percent of gross payroll, while costs under the monthly premium program would have been approximately 3 percent of payroll. The City has achieved considerable savings. Interfund premiums are based primarily upon the insured funds claims experience and are reported as quasi-external interfund transactions, a total for 2004 of \$157,372. Incurred but not reported claims of \$18,419 have been accrued as a liability.

B. SELF-INSURED MEDICAL/DENTAL PROGRAM

The City, in August, 1979, self-insured its medical and dental programs for all employees other than temporary employees, employees hired to work less than half-time. The City's Human Resources Office administers the self-insured program and claims payment services are provided by Health Care Management Administration, Inc.

Each Operating Fund is charged an accrual amount per covered employee which would otherwise have been paid to an insurance carrier. These amounts are determined by the City based upon recommendations made by Fisher Consulting. Factors considered by Fisher Consulting include the amount of claims paid the previous year, increases over prior years, claims administration costs, projected insurance industry inflation rates and the status of the Fund's Reserve. Interfund premiums to the Employee Health Benefit Reserve Fund for 2004 were \$6,160,969. Incurred but not reported claims of \$947,411 have been accrued as a liability.

In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop-loss insurance." Two types of "stop-loss" insurance are purchased: 1) individual stop-loss; and, 2) aggregate stop-loss, with both provided through SAFECO Insurance Co. Under the individual stop-loss insurance, the City pays the first \$150,000 of claims for an individual employee or dependent. Any charges accrued by an individual in excess of \$150,000 in a calendar year are thereafter reimbursed by SAFECO, up to a lifetime maximum benefit of \$1 million per person. The aggregate stop-loss is designed to protect the City from multiple large claims which may not reach the individual stop-loss attachment point (\$150,000). The aggregate stop-loss attachment point is calculated by determining the projected amount of claims for the year and adding an additional 25% of that amount (125% of projected claims.)

C. WORKERS' COMPENSATION PROGRAM

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

Each Operating Fund is charged an appropriate accrual amount, per employee, based on rate requirements prescribed by the State of Washington. Each year the Reserve Fund is reviewed to determine a contribution rate which provides for an appropriate reserve. Interfund

premiums to the Workers' Compensation Fund for 2004 were \$1,249,258. Based on the claims manager's estimate, the City has accrued incurred but not reported claims of \$569,539 at December 31, 2004.

In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop-loss" insurance. This insurance is provided through Marsh Advantage America under a policy purchased from Employers Reinsurance Corporation. Under the individual stop-loss coverage, the City pays the first \$500,000 of a claim and the insurance company pays (a) the balance up to \$1 million for an individual claim or (b) the balance up to a maximum of \$25 million for multiple claims arising from a single incident.

D. RISK MANAGEMENT PROGRAM

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Risk Management Fund was established in 1986 to account for its risk management program. Resources accrue to the fund through interfund premiums to operating funds for appropriate insurance coverage and the replenishment and building of reserves for potential liability claims. City contributions to the Risk Management Reserve Fund for 2004 were \$1,635,745. The fund provides for administration, legal services, and claims adjustment; and for the purchase of property, general liability, and other insurance coverage.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider recent claim settlement trends, inflation, and other economic or social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims. Estimated recoveries, for example from subrogation, are another component of the claims liability estimate. Based on these factors, the claims manager's estimate of claims liability at December 31, 2004 is \$1,200,000. An excess liability insurance policy is provided from Genesis Underwriter Management Company. In 2004 the coverage was \$8 million with a \$1 million retention, and this coverage was extended at the most recent renewal. Changes in the balance of claims liability during 2004 follows:

	<u>2004</u>	<u>2003</u>
Unpaid Claims, January 1	\$1,240,000	\$1,050,000
Incurred Claims (including IBNRs)	1,035,000	1,025,255
Claim Payments (including direct legal costs)	<u>(1,075,000)</u>	<u>(835,255)</u>
Unpaid Claims, December 31	\$1,200,000	\$1,240,000

NOTE 7 - LONG-TERM DEBT AND CAPITAL LEASES

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

		<u>Limit by Section</u>	<u>Cumulative Limit</u>
I. General Purpose			
Without a Vote (includes capital leases)	1.50%		
With a Vote	1.00%	2.50%	2.50%
II. Utilities Purpose		2.50%	5.00%
III. Open Space and Parks Facilities		<u>2.50%</u>	7.50%
TOTAL LEGAL LIMIT		<u>7.50%</u>	

The basic percentages for Section I are the maximum levels of indebtedness those sections may incur. However, utility or parks indebtedness may each exceed 2.50% and reduce the general indebtedness margin. The percentages are applied to the taxable assessed value (regular levies) of \$3,971,667,847 resulting in the debt limits, as of December 31, 2004, for the City as follows:

	Without a Vote	< ----- With a Vote ----- >		
	General Purpose 1.5%	General Purpose 2.5%	Utilities 5.0%	Open Space & Parks 7.5%
Legal Limit	\$59,575,018	\$99,291,696	\$198,583,392	\$297,875,088
Net Outstanding Indebtedness*	17,869,798	20,110,347	20,110,347	20,110,347
Margin Available	\$41,705,220	\$79,181,349	\$178,473,045	\$277,764,741

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

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

The accompanying schedule of long-term debt provides a listing of the outstanding debt of the City and summarizes the City's debt transactions for 2004.

LONG-TERM DEBT

	Balance 01/01/2004	Additions	Payments/ Retirements	Balance 12/31/2004	Amounts Due Within 1 Year
Governmental Activities					
General Obligation Debt:					
Line of Credit	\$104,569	\$0	\$20,000	\$84,569	\$20,000
Bonds	20,475,528	6,475,000	7,205,000	19,745,528	1,200,000
Intergovernmental Loans	3,343,154	0	428,145	2,915,009	528,122
Contractual Agreement - Yakima Co.	718,021	0	121,580	596,441	117,560
Special Assessments - Notes	61,000	0	8,000	53,000	13,166
Lease Purchase Agreements	491,838	472,669	142,641	821,866	184,698
Unfunded Pension Liability	3,021,470	346,336	0	3,367,806	0
Vacation/Sick Leave Accrual	3,755,027	918,372	0	4,673,399	0
Total Gen. Long-Term Debt Payable	\$31,970,607	\$8,212,377	\$7,925,366	\$32,257,618	\$2,063,546
Business-Type Activities					
Revenue Debt Payable					
Revenue Bonds	\$25,995,000	\$5,215,000	\$1,535,000	\$29,675,000	\$1,580,000
Intergovernmental Loans	7,111,302	2,020,875	604,361	8,527,816	746,177
Unamortized Debt Issue Cost/ Premium/Discount/Deferred Amount	72,830	(142,161)	(22,652)	(46,679)	
Total Revenue Debt Payable	\$33,179,132	\$7,093,714	\$2,116,709	\$38,156,137	\$2,326,177
Total Long Term Debt	\$65,076,909	\$15,448,252	\$10,064,727	\$70,460,434	\$4,389,723

A. GENERAL OBLIGATION DEBT

General obligation bonds consist of serial and term bonds, to be retired through the fiscal year ending December 31, 2026. The City levies a special property tax; collects motel/hotel taxes, Business License fees, utility taxes, and receives State sales tax credits for the principal and interest payments due within a fiscal year and provides the amounts in the respective Debt Service Fund.

In September 2004, the City advance refunded the 1995 Fire UTGO bonds with a \$2.15 million par value by issuing \$2.3 million of LTGO refunding bonds with interest rates ranging from 2.0% to 4.2%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements. The difference between par values of the refunded to the refunding debt created an accounting loss of \$155,000. However, the advance refunding resulted in an economic gain (the difference between the present values of the old and new debt service payments) of \$144,416 and will reduce debt service payments by \$171,000 over the next 10 years.

At the same time, the City also advance refunded the 1996 Convention Center LTGO bonds with a \$3.86 million par value by issuing \$4.18 million of LTGO refunding bonds with interest rates ranging from 2.0% to 4.2%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements. The difference between par values of the refunded to the refunding debt created as accounting loss of \$320,000. However, the advance refunding resulted in an economic gain (the difference between the present values of the old and new debt service payments) of \$214,398 and will reduce debt service payments by \$277,000 over the next 15 years.

	Date of Final Maturity	Interest Rate	Original Issue	Out- standing 12/31/2004	Average Annual Debt Service
Special Property Tax Levy:					
1995 Fire Improvement Bonds	12/01/05	3.7% - 5.4%	\$3,700,000	\$185,000	
2004 Fire Imp. Bonds Ref. 1995	12/01/14	2.0% - 3.5%	2,300,000	2,265,000	
Total				2,450,000	\$295,000
Reg. Prop. Tax Levy/Real Excise Tax:					
1998 Street Overlay Program Bonds	6/01/08	4.0% - 4.5%	1,430,000	650,000	177,496
Motel/Hotel Tax:					
1996 Convention Center Exp. Bonds	11/01/07	5.29%	6,000,000	665,000	
2004 Conv. Ctr. Exp. Bonds Ref. 1996	11/01/19	2.0% - 4.2%	4,175,000	4,100,000	
Total				4,765,000	427,000
Regular Property Tax Levy					
G.O. Line of Credit - Paving Pkg. Lot	12/19/08	Variable	104,569	84,569	21,000
Pub. Fac. Dis. (State Sales Tax Credit):					
2002 Convention Center Addition	6/01/26	3.0% - 5.0%	6,735,000	6,390,000	470,687
Bus. Lic. & Real Estate Excise Tax:					
2003 Sundome Expansion	12/01/23	2.34%-4.72%	1,430,528	1,430,528	139,984
Utility Tax & Gas Tax:					
1994 Criminal Justice/I-82 Bonds	12/01/04	4.35%-5.25%	6,800,000	0	0
2003 Criminal Justice/I-82 Ref 1994	12/01/13	4.35%-5.25%	4,155,000	4,060,000	\$515,250
			<u>\$36,830,097</u>	<u>\$19,830,097</u>	

B. REVENUE BONDS

Water/Wastewater/Irrigation revenue bonds consist of serial and term bonds, to be retired through the fiscal year ending December 31, 2034, with the exception of the Apple Tree Bond which will mature September 1, 2041. The Apple Tree Bonds are subordinated debentures and the City shall have no obligation to make any payment into this Apple Tree Bond from any other source other than the Ahtanum connection charges. If the bonds are not fully retired by 2041, the system's obligation to pay dissolves. The Apple Tree Bonds are not parity bonds. The Apple Tree Bonds do not have a lien on System Revenue beyond connection charges from inside the project area. The principal and interest for the water/wastewater parity revenue bonds are provided by the results of operations.

In September, 2004, the City issued \$5,215,000 Irrigation Utility Revenue Bonds with an total interest cost of 4.85% to fund the first phase of a major rebuilding of the Irrigation system.

	Date of Final Maturity	Interest Rate	Original Issue	Out- standing 12/31/2004	Average Annual Debt Service
1996 Water/Wastewater Revenue Bonds (Refund of 1978 Issue)	12/01/08	4.0%-5.2%	\$3,320,000	\$1,300,000	\$367,526
1998 Water/Wastewater Revenue Bonds (Refund of 1991 Issue)	9/01/11	4.0%-4.3%	4,715,000	3,255,000	548,828
1998 Water Revenue Bonds	9/01/18	4.0%-5.0%	3,195,000	2,485,000	178,924
2001 Apple Tree Bond	6/01/41	6.00%	600,000	600,000	N/A
2003 Wastewater Revenue Bonds	11/01/23	2.0%-5.0%	17,545,000	16,820,000	\$1,347,474
2004 Irrigation Revenue Bonds	9/01/34	2.0% - 4.8%	5,215,000	5,215,000	320,066
			<u>\$34,590,000</u>	<u>\$29,675,000</u>	

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

----- Revenue Debt Service -----				
	Bonded Debt	Interest	Notes and Contracts	Interest
2005	\$1,580	\$1,242	\$746	\$70
2006	1,645	1,191	746	63
2007	1,695	1,133	746	56
2008	1,750	1,073	746	48
2009	1,455	1,003	691	41
2010-2014	6,420	4,237	3,023	122
2015-2019	6,375	2,923	1,250	35
2020-2024	5,660	1,333	714	8
2025-2029	1,100	497	0	0
2030-2034	1,395	207	0	0
	<u>\$29,075</u>	<u>\$14,839</u>	<u>\$8,662</u>	<u>\$443</u>

At December 31, 2004, the City had \$2,665,164 in reserved retained earnings for debt service for the enterprise funds. These represent reserve requirements as contained in the various indentures.

C. INTERGOVERNMENTAL LOANS AND CONTRACTUAL AGREEMENTS

The City participated in a program administered by the State's Department of Community Development on behalf of the Public Works Board. The program provides financial assistance for general government activities, such as street/bridge improvements, or proprietary activities, such as water or sewage projects. The City has 18 loans through the Public Works Trust Fund as described in the chart below:

	<u>Interest</u>	<u>Maturity Date</u>	<u>Maximum Authorized</u>	<u>Outstanding 12/31/2004</u>
Real Estate Transfer Tax:				
PW-86-040 Tieton Drive, 40th Ave. to 65th Ave.	3%	07/01/2006	\$720,000	\$75,789
PW-87-002 Nob Hill Overpass	1%	07/01/2007	213,454	30,980
PW-5-89-962-0056 Resignalization and Lighting	1%	07/01/2009	765,000	210,753
PW-5-89-962-0057 Fruitvale Canal Wasteway Piping	3%	07/01/2009	174,879	31,885
PW-5-91-280-071 Fruitvale Canal Wasteway	3%	07/01/2011	1,188,000	424,681
Arterial Street Gas Tax:				
PW-5-90-280-050 Tieton Drive, 5th Ave. to 16th Ave.	3%	07/01/2010	803,157	190,536
PW-5-91-280-070 N. 1st Avenue, Yakima Ave. to "I" St.	1%	07/01/2011	1,155,000	349,796
PW-5-95-791-052 Fair Avenue Improvements	1%	07/01/2015	1,000,000	585,759
PW-00-691-062 Downtown Yakima Rehabilitation Project	1%	06/10/2010	1,180,000	708,000
General Fund Sales Tax:				
CERB Loan #C95-107 Utilities-Madison Ave. & 8th, "J" St. & 8th	6%	07/01/2016	425,448	306,830
Sub-Total -- General Long-Term Debt				<u>\$2,915,009</u>
Wastewater Operating Revenue:				
PW-88-962-54 Treatment Plant Rehabilitation	1%	07/01/2008	945,000	\$222,316
PW-5-92-280-046 Wastewater Collection System Imprvmnts	1%	07/01/2012	1,120,000	493,848
PW-5-93-280-054 Wastewater Facility Rehabilitation	1%	07/01/2013	3,221,708	1,534,550
PW-5-94-784-049 Wastewater Collection System Imprvmnts	1%	07/01/2014	1,481,000	408,990
PW-5-95-791-053 Headworks/Digester Rehabilitation	1%	07/01/2015	3,030,558	1,797,119
PW-5-95-791-054 Wastewater Imprvmnts King St Collector	1%	07/01/2015	209,367	128,536
PW-01-691-071 Fruitvale Neighborhood Wastewater-Water Project Phase I	.5%	07/01/2021	1,466,250	1,246,313
Water Operating Revenue:				
PW-5-89-962-0058 Domestic Well and Pumphouse	3%	07/01/2009	495,000	136,369
PW-03-027 Naches River Water Treatment Plant Imp.	.5%	07/01/2023	2,694,500	2,559,775
Sub-Total -- Revenue Debt				<u>\$8,527,816</u>
Total Intergovernmental Loans				<u><u>\$11,442,825</u></u>

The loans have a term not to exceed 20 years and require 1/19th of the original principal plus interest to be paid each July 1st. These are subordinate to utility systems' parity debt or do not require a full faith and credit pledge.

The City entered into a contractual agreement with Yakima County for financing an agricultural trade and convention facility, the SunDome. The agreement will run over the term of County bonds issued for this purpose. The County issued bonds in the amount of \$1,280,000 in 1988, and \$3,000,000 in 1989. The City of Yakima is contractually responsible for the repayment of a portion of the issues plus corresponding interest and will make semi-annual payments to the County over the 20 year bond redemption schedule. In 2002, the City entered into a contractual agreement with Yakima County for a Supporting Investments in Economic Development (SIED) Loan for \$44,000 to fund public infrastructure improvements related to Cascade Quality Molding. In 2003, the City entered into a contractual agreement with Yakima County for a SIED Loan for \$75,000 to fund the Visitor's Center Information Project.

	Funding Source	Maturity Date	Original Issue	Outstanding 12/31/2004
1988 Issue	Business Licenses	11/1/2007	\$780,000	\$195,000
1989 Issue	Real Estate Excise Taxes	11/1/2009	781,518	304,526
2001 Issue	Contracted Assessment	06/1/2011	44,000	32,629
2003 Issue	Hotel/Motel Tax	06/1/2010	75,000	64,286
			\$1,680,518	\$596,441

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

----- General Obligation Debt Service -----				
	Bonded Debt	Interest	Notes and Contracts	Interest
2005	1,200	687	557	97
2006	1,245	645	566	79
2007	1,353	612	539	63
2008	1,395	572	465	46
2009	1,299	552	471	34
2010-2014	6,531	2,235	794	59
2015-2019	3,712	1,442	119	6
2020-2024	2,120	813	0	0
2025-2026	890	45	0	0
	\$19,745	\$7,603	\$3,511	\$384

At December 31, 2004, the City had \$739,447 available in debt service funds to service the General Obligation Bonds and notes.

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

D. SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT

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

Special Assessment Notes

LID #1053; 02/10/07 Wastewater	
-- Alpine Court Installment Note; 9.25% Interest	\$7,000
LID #1054; 10/01/07 Wastewater	
-- South 70th Avenue and Lindgren Drive Installment Note; 9.25% Interest	19,000
LID #1055; 06/05/10 Wastewater	
-- North 85th Avenue Wastewater Installment Note; 10.75% Interest	27,000
	<u>\$53,000</u>

Debt service requirements for special assessment notes/bonds are met by assessments levied against property owners. Pursuant to RCW 35.54, the City maintains a Local Improvement Guarantee Fund for the purpose of guaranteeing, to the extent of the fund, the payments of its LID bonds. The fund balance at December 31, 2004 of the LID Guarantee Fund totaled \$28,370.

E. LEASE PURCHASE AGREEMENTS

General Capital Assets

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

Equipment /Asset

Police In-Car Video System	\$397,446
Printer/Copier	80,347
Mobile Wireless Data Network	294,774
Printer/Copier	49,299
Total	<u>\$821,866</u>

The following is a schedule of the future minimum lease payments under the above capital lease, and the present value of net minimum lease payments at December 31, 2004.

Fiscal Year

2005	\$209,448
2006	209,448
2007	209,448
2008	209,448
2009	46,378
Less: Amount Representing Interest	(62,304)
Present Value of Net Minimum Lease Payments	<u>\$821,866</u>

F. UNFUNDED PENSION LIABILITIES

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

The Police Pension is a department in the General Fund, and is operating on a pay-as-you-go basis. The unfunded pension liability will be adjusted annually by comparing actual expenditures for pension benefits to the actuarially determined contribution. The City intends to maintain this plan on a pay-as-you-go basis. The liability incurred is \$346,337 in 2004, and the outstanding balance at December 31, 2004 is \$3,367,806.

The Firemen's Pension is a trust fund, and has as its funding sources a portion of local property taxes, a state tax on fire insurance premiums, and interest income. This fund has an unfunded pension liability of \$850,170 at December 31, 2004.

See Note #6 for additional information on the pension funds.

NOTE 8 - CONTINGENCIES

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

A. SECTION 108 LOAN PROGRAM

In 2003, the City was authorized to administer a Housing and Urban Development (HUD) Section 108 Loan program. HUD has authorized the City to lend up to a maximum of \$6.945 million in two separate loan pools (\$4 million in 2003, and \$2.945 million in 2004). These federal loans are available for the purpose of funding property rehabilitation for economic development activities that will create new jobs within the target area. As of December 31, 2004, the City has approved/lent \$3.31 million and \$3.073 million was outstanding. The nature of this program is the City approves qualified projects for the loan within HUD guidelines, and acts as a conduit for HUD funds. The loan proceeds flow directly to the ultimate Corporate Borrower. Payments flow from the Corporate Borrower to the City's Custodian and then to HUD. All the loans are on a 10 year amortization schedule. The HUD contract specifically provides that the loans are not full faith and credit obligations of the City, but instead, future Community Development Block Grant (CDBG) allocations are pledged on these loans. The City has entered into agreements to collateralize their position within HUD underwriting guidelines. Additionally, the City has been awarded a \$1 million Economic Development Initiative (EDI) grant from HUD as a protection in case of a default. As of December 31, 2004, all of the loans were current, however, three of the loans are currently in default and the City is working with the Corporate Borrowers on resolutions. (The EDI grant is estimated to be able to make payment through February 2007, if these loans remain in default).

B. POTENTIAL LITIGATION

On February 15, 2005, Congdon Orchards, Inc. and Congdon Development Company, LLC (“Congdon”) filed a damage claim relating to Congdon’s property, alleging Congdon has been wrongfully damaged by Yakima’s alleged breaches of contract, negligence, tortious conduct, breaches of duties, errors and omissions, and other wrongful conduct. Congdon alleges its damages exceed \$21 million and are continuing. Congdon refers to dates from 2001 to 2005 in its claim. Congdon has not yet filed a lawsuit. It is unknown whether a suit will be pursued, therefore, the City cannot reasonably estimate the loss, if any, at this time. *(However, if a lawsuit is filed, the City intends to defend against the suit.)*

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

NOTE 9 - SEGMENT INFORMATION

For the purposes of revenue bond debt issuance, the water and wastewater utilities are combined in a single segment (i.e., the System). Therefore, investors in the revenue bonds rely on the revenue generated both activities for repayment. In 2004, the City issued the first \$5 million of \$10 million revenue bonds authorized for the Irrigation system. The balance will be issued in 2007 or 2008. Investors in these revenue bonds rely solely on the revenue generated from the irrigation utility for repayment. As of December 31, 2004, Wastewater had \$9,155,000 and Irrigation had \$5,072,839 of unspent revenue bond proceeds on hand as cash and investments. Summary financial information for the System and irrigation utility is presented below.

Condensed Statement of Net Assets	Water / Wastewater	Irrigation	Total
Assets:			
Current Assets	\$21,378,488	\$7,849,678	\$29,228,166
Restricted Assets	2,665,589	0	2,665,589
Capital Assets	83,279,605	4,779,750	88,059,355
Total Assets	107,323,682	12,629,428	119,953,110
Liabilities:			
Current Liabilities	4,979,514	410,267	5,389,781
Noncurrent Liabilities	30,852,122	4,977,839	35,829,961
Total Liabilities	35,831,636	5,388,106	41,219,742
Net Assets:			
Invested in Capital Assets, Net of Related Debt	65,774,061	4,779,750	70,553,811
Restricted	2,665,589	0	2,665,589
Unrestricted	3,052,396	2,461,572	5,513,968
Total Net Assets	\$71,492,046	\$7,241,322	\$78,733,368
Operating Revenues:			
Charges for Services	\$19,881,046	\$2,477,642	\$22,358,688
Other Operating Revenues	17,970	1,851	19,821
Total Operating Revenues	19,899,016	2,479,493	22,378,509

Condensed Statement of Net Assets	Water / Wastewater	Irrigation	Total
Operating Expenses:			
Operations and Maintenance	14,308,042	1,183,305	15,491,347
Depreciation	<u>3,677,522</u>	<u>52,656</u>	<u>3,730,178</u>
Total Operating Expenses	17,985,564	1,235,961	19,221,525
Operating Income (Loss)	1,913,452	1,243,532	3,156,984
Non-Operating Revenues (Expenses)			
Miscellaneous Interest (net)	(669,185)	44,952	(624,233)
Other Non-operating (net)	<u>428,957</u>	<u>0</u>	<u>428,957</u>
Total Non-Operating Revenues (Expenses)	(240,228)	44,952	(195,276)
Income (Loss) before contributions and Transfers	1,673,224	1,288,484	2,961,708
Capital Contributions	2,015,279	38,022	2,053,301
Transfers (net)	<u>(98,178)</u>	<u>(33,750)</u>	<u>(131,928)</u>
Change in Net Assets	3,590,325	1,292,756	4,883,081
Total Net Assets-January 1	<u>67,901,721</u>	<u>5,948,566</u>	<u>73,850,287</u>
Total Net Assets-December 31	<u>\$71,492,046</u>	<u>\$7,241,322</u>	<u>\$78,733,368</u>

Condensed Statement of Cash Flows

Net Cash Provided (Used) by:			
Operating Activities	\$5,458,995	\$1,213,425	\$6,672,420
Capital and Related Financing Activities	(5,499,466)	4,327,561	(1,171,905)
Investing Activities	<u>(6,328,527)</u>	<u>(2,419,035)</u>	<u>(8,747,562)</u>
Net Increase (Decrease)	(6,368,998)	3,121,951	(3,247,047)
Beginning Cash and Cash Equivalents	<u>16,319,027</u>	<u>512,611</u>	<u>16,831,638</u>
Ending Cash and Cash Equivalents	<u>\$9,950,029</u>	<u>\$3,634,562</u>	<u>\$13,584,591</u>

NOTE 10 - JOINT VENTURES

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

The City and the County contribute equally to the joint venture, share equally all profits and losses, and own jointly, in equal shares, all properties or facilities. The Yakima Air Terminal is presently self-sustaining. We have considered disclosure requirements promulgated in GASB 14 and have elected to continue to disclose the joint venture in a manner consistent with prior years. We feel the effects of the joint venture on the combined Financial statements taken as a whole is immaterial.

The Air Terminal budget is approved, amended and/or supplemented by joint resolution of the City and County. Real property acquisition and sale in excess of \$50,000 must be approved by both the City and County. Issuance of bonds for Airport purposes by the City or County requires both party's approval. Key financial data for the year ended December 31, 2003, is as follows: (Financial data for 2004 was not available)

Current Assets		\$1,113,754
Property, Plant and Equipment, Net		9,672,012
Other Assets		<u>18,395</u>
	Total Assets	\$10,804,161
Current Liabilities		\$98,919
Retained Earnings		\$1,990,451
Contributed Capital		<u>8,714,791</u>
Total Fund Equity		\$10,705,242
	Total Liabilities and Equity	\$10,804,161
Total Operating Revenues		\$930,138
Operations/Maintenance		\$876,823
Depreciation		<u>1,516,110</u>
Total Operating Expenses		\$2,392,933
	Operating Income (Loss)	(\$1,462,795)
Non-operating Revenues (Expenses)		
Miscellaneous Interest Revenue		\$5,480
Other		<u>15,533</u>
Total Non-operating Revenues (Expenses)		\$21,013
	Net Income (Loss)	(\$1,441,782)
Fund Equity, January 1		\$11,838,948
Contributed Capital		<u>308,076</u>
	Fund Equity, December 31	\$10,705,242

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

NOTE 11 - POST RETIREMENT BENEFITS OTHER THAN PENSION BENEFIT

In addition to providing pension benefits, the City provides certain health care (100% of medically necessary costs) and life insurance benefits for retired employees under the City's Firemen's and Police Pensions as prescribed by state statutes. Current employees under these two pensions become eligible for those benefits if they reach normal retirement age while working for the City. The cost of retiree health care insurance and life insurance benefits is recognized as an expenditure as claims are paid. Both plans are being funded 100% by the City on a pay-as-you-go basis. For 2004, the costs totaled \$731,506 for the Firemen's Pension which has a total of 80 participants currently eligible to receive benefits and \$695,535 for the Police Pension which has a total of 76 participants currently eligible to receive benefits.

NOTE 12 - OTHER DISCLOSURES

A. PRIOR PERIOD ADJUSTMENTS

The classification of Net Assets was incorrectly presented in the 2003 Financial Statements because debt service for purposes other than Capital was netted against the investment in capital assets. Specifically, in Business-type activities an adjustment of \$17,545,000 relating

to wastewater debt was made. The adjustment necessary in Governmental Activities was \$2,036,980, for a Citywide total of \$19,581,980. The following table details the corrections to Net Assets:

	December 31, 2003 <u>as Previously Reported</u>	December 31, 2003 <u>as Restated</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$110,953,835	\$130,535,815
Restricted for:		
Debt Service	3,410,170	3,410,170
Capital Projects	653,318	653,318
Other Purposes	3,460,781	3,460,781
Unrestricted	<u>40,468,864</u>	<u>20,886,884</u>
Total Net Assets	\$158,946,968	\$158,946,968

Additionally, payments in-lieu-of taxes (PILOTs) of \$2,554,978 were reported as “franchise and utility taxes” on the Statement of Activities for the year ended December 31, 2003. According to the GASB “Comprehensive Implementation Guide (2004)” nonreciprocal PILOTs should be classified as interfund transfers. Therefore, the net revenue for Refuse, Wastewater, and Water funds were restated along with the Franchise and Utility Tax category.

B. ACCOUNTING AND REPORTING CHANGES

A new Special Revenue fund titled “Tourism Promotion Area Fund” was established to account for the revenues from the Tourism Promotion Area established by City Council in 2004. The primary revenue is a self-assessment on hotel/motel establishments based on room nights. The primary use of these funds is promotion of the Yakima area as a tourism destination.

The capital project fund titled “Capitol Theatre Construction Fund” was reactivated to account for a capital improvement program for the theatre. A State grant is the primary source of revenue in 2004.

C. SUBSEQUENT EVENTS

In November, 2004, voters in Yakima County approved a sales tax of 0.3% dedicated for criminal justice/public safety enhancements to become effective April 1, 2005. The tax will be distributed among the County and Cities therein based on a predetermined formula.

In June of 2005 the City closed a new Section 108 loan in the amount of \$2,870,000 out of an authorization of \$2,945,000. This new 108 loan pool is being lent to one corporate borrower for the purpose of constructing a hotel in downtown Yakima.

CITY OF YAKIMA
Required Supplementary Information
Police and Fire Pension
Schedule of Employer Contributions
December 31, 2004

POLICE

Fiscal Year Ending	Actual Employer Contributions Taxes & Fire Insurance Premiums	Medical Benefit Payments & Administrative Expenses	Net Employer Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/98	\$986,878	\$390,812	\$596,066	\$671,522	88.76%
12/31/99	1,090,801	461,309	629,492	671,522	93.74%
12/31/00	1,147,560	513,778	633,782	671,522	94.38%
12/31/01	933,831	442,878	490,953	671,522	73.11%
12/31/02	991,009	478,769	512,240	671,522	76.28%
12/31/03	1,133,242	561,692	571,550	657,086	86.98%
12/31/04	\$1,287,904	\$702,241	\$585,663	\$657,086	89.13%

FIRE

Fiscal Year Ending	Actual Employer Contributions Taxes & Fire Insurance Premiums	Medical Benefit Payments & Administrative Expenses	Net Employer Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/98	\$1,170,318	\$321,189	\$849,129	\$840,067	101.08%
12/31/99	1,221,698	380,460	841,238	840,067	100.14%
12/31/00	1,256,578	445,493	811,085	840,067	96.55%
12/31/01	1,332,816	481,554	851,262	836,095	101.81%
12/31/02	1,325,372	530,732	794,640	836,095	95.04%
12/31/03	1,406,347	639,871	766,476	633,545	120.98%
12/31/04	\$1,425,048	\$769,426	\$655,622	\$633,545	103.48%

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**
With comparative totals for December 31, 2003

	#100 Special Revenue	#200 Debt Service	#300 Capital Project	#600 Permanent Fund	TOTAL Governmental Funds	
					2004	2003
ASSETS						
Cash & Equity in Pooled Investments	\$2,659,238	\$715,036	\$2,912,968	\$75,907	\$6,363,149	\$6,730,352
Receivables:						
Taxes	176,909	29,156	0	0	206,065	236,837
Accounts	143,266	0	1,722	0	144,988	194,343
Special Assessments	2,060	0	0	0	2,060	3,900
LID Assessments - Delinquent	0	965	0	0	965	1,753
LID Assessments - Deferred	0	171,807	0	0	171,807	198,475
Notes/Contracts	36,569	0	0	0	36,569	40,351
Interest/Penalties	4,561	0	7,664	4,261	16,486	32,743
Other Receivables	48,925	0	242,429	0	291,354	0
Due from Other Government Units	1,066,407	0	331,272	0	1,397,679	1,200,153
Investments, at Amortized Cost	1,053,673	24,208	1,001,250	443,042	2,522,173	3,160,778
Total assets	\$5,191,608	\$941,172	\$4,497,305	\$523,210	\$11,153,295	\$11,799,685
LIABILITIES AND FUND BALANCES						
Liabilities:						
Warrants/Accounts Payable	\$1,029,759	\$0	\$334,470	\$0	\$1,364,229	\$171,248
Wages/Benefits Payable	274,657	0	0	0	274,657	262,173
Contracts Payable	15,986	0	195,582	0	211,568	147,655
Due to Other Funds	61,041	0	0	0	61,041	104,716
Due to Other Government Units	11,076	0	9,194	0	20,270	23,694
Deposits Payable	41,631	289	0	0	41,920	20,903
Deferred Revenue	79,939	171,807	6,871	0	258,617	290,690
Total Liabilities	\$1,514,089	\$172,096	\$546,117	\$0	\$2,232,302	\$1,021,079
Fund Balances:						
Reserved for:						
Encumbrances	\$61,481	\$0	\$999,389	\$0	\$1,060,870	\$1,006,391
Continuing Appropriations	0	0	474,389	0	474,389	653,318
Debt Service	0	769,076	0	0	769,076	800,665
Endowment	0	0	0	523,210	523,210	512,099
Parking and Business Improvement	145,919	0	0	0	145,919	166,449
Unreserved Designated - Replacement	985,253	0	845,107	0	1,830,360	3,445,390
Unreserved	2,484,866	0	1,632,303	0	4,117,169	4,194,294
Total Fund Balances	\$3,677,519	\$769,076	\$3,951,188	\$523,210	\$8,920,993	\$10,778,606
Total Liabilities and Fund Balances	\$5,191,608	\$941,172	\$4,497,305	\$523,210	\$11,153,295	\$11,799,685

The notes to the financial statements are an integral part of this statement.

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds**
For the Year Ended December 31, 2004
With comparative totals for December 31, 2003

	#100 Special Revenue	#200 Debt Service	#300 Capital Project	#600 Perma- nent Fund	TOTAL Governmental Funds	
					2004	2003
REVENUES						
Taxes and Special Assessments	\$1,640,708	\$1,145,649	\$1,647,840	\$0	\$4,434,197	\$3,654,245
Intergovernmental Revenues	7,235,177	0	1,275,441	0	8,510,618	5,145,823
Charges for Services	188,214	0	0	11,111	199,325	265,513
Interest	30,589	7,943	18,056	11,966	68,554	195,724
Other Revenues	729,355	24,745	268,177	0	1,022,277	994,309
Total Revenues	\$9,824,043	\$1,178,337	\$3,209,514	\$23,077	\$14,234,971	\$10,255,614
EXPENDITURES						
Current						
General Government	\$15,223	\$0	\$3,014	\$0	\$18,237	\$0
Security of Persons and Property	3,106,086	0	554,654	0	3,660,740	3,178,351
Physical Environment	346,473	0	0	0	346,473	317,152
Transportation	29,986	0	200,621	0	230,607	148,987
Economic Environment	199,642	0	9,768	0	209,410	72,827
Cultural & Recreational Envmt	1,849,989	0	107,872	0	1,957,861	1,931,836
Capital Outlay						
General Government	0	0	177,419	0	177,419	28,928
Security of Persons and Property	47,413	0	1,456,103	0	1,503,516	1,109,210
Physical Environment	4,003	0	25,655	0	29,658	42,124
Transportation	5,045,137	0	491,484	0	5,536,621	883,362
Economic Environment	0	0	65,959	0	65,959	0
Cultural & Recreational Envmt	16,092	0	1,770,571	0	1,786,663	7,815,841
Debt Service						
Principal Retirement	267,632	1,233,000	157,418	0	1,658,050	1,723,678
Interest	25,698	720,273	20,224	0	766,195	989,287
Total Expenditures	\$10,953,374	\$1,953,273	\$5,040,762	\$0	\$17,947,409	\$18,241,583
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$1,129,331)	(\$774,936)	(\$1,831,248)	\$23,077	(\$3,712,438)	(\$7,985,969)
OTHER FINANCING SOURCES (USES)						
Proceeds from Capital Lease Financing	\$0	\$0	\$325,000	\$0	\$325,000	\$491,838
Proceeds from LT Debt--G.O. Bonds	0	0	7,262	0	7,262	1,511,251
Proceeds from Intergov't Loans	0	0	0	0	0	75,000
Transfers In	1,461,187	795,000	511,321	0	2,767,508	2,810,297
Transfers (Out)	(1,212,042)	(51,653)	(100,000)	(11,966)	(1,375,661)	(1,136,910)
Intergovernmental Agreements	0	0	0	0	0	(1,406,182)
Sale of Capital Assets	0	0	130,716	0	130,716	48,610
Comp. for Loss of Gen. Cap. Assets	0	0	0	0	0	1,500
Total Other Financing Sources (Uses)	249,145	743,347	874,299	(11,966)	1,854,825	2,395,404
Net Change in Fund Balances	(880,186)	(31,589)	(956,949)	11,111	(1,857,613)	(5,590,565)
Fund Balances - January 1	4,557,705	800,665	4,908,137	512,099	10,778,606	16,369,171
Fund Balances - December 31	\$3,677,519	\$769,076	\$3,951,188	\$523,210	\$8,920,993	\$10,778,606

The notes to the financial statements are an integral part of this statement.

The Economic Development Fund, established in 1991, accounts for payments received by Housing and Urban Development UDAG grant recipients to be used for future economic development within the City.

The Cable TV Communications Fund was created by Ordinance No. 2510 in 1981 to pay expenses incurred by the City in administering Cable TV franchises for Cable TV operators doing business in the City and formulate community access television programming.

The Growth Management Fund was established in 1990 for the purpose of providing comprehensive planning in accordance with the Growth Management Act. The major sources of revenue are grants and interfund transfers.

The Arterial Street Fund was created for the purpose of maintaining existing arterial streets and constructing new arterial streets out of moneys provided by the State from the one-half cent per gallon gas tax levied by the State for this purpose.

The Transportation Improvement Fund was activated in order to create the I-82/Fair Avenue Interchange. Funding sources include Federal grants and bond proceeds, along with local match.

The Cemetery Fund for the operation of the Tahoma Cemetery is a self supporting fund. Revenues are provided through the sale of grave sites and other services, and receives interest from Cemetery Trust Fund investments. Disbursements from this fund are for all expenses for the care of lots, blocks or parts thereof under endowment or annual care.

The Emergency Services Funds was established in 1991 when a special property tax levy was approved by the voters to provide for operation of a centralized emergency dispatch center (911).

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

The Parking and Business Improvement Fund was formed to record the operating receipts and expenditures for Parking and Business Improvement. The major source of revenue is the assessment levied on businesses. Expenditures include costs associated with enhanced maintenance, Christmas decorations, and other promotion of the Downtown area.

The Trolley Fund provides for the operations, maintenance and capital improvements of the Trolley System. The major source of revenue is interest earnings.

The Front Street Business Improvement Fund was established in 1997 for the purpose of assisting trade, economic viability and livability within the area. Revenues are derived from self assessments on businesses located within the boundaries.

The Tourist Promotion Fund was established in 1978 and centralizes all City expenditures for the support of tourist and convention activities and publicity.

The Capitol Theatre Operating Fund was created in 1980 for the purpose of maintaining, managing, and operating the Capitol Theatre.

The Public Facilities District Fund was created in 2002 to account for the revenues received from the Yakima Regional Public Facilities District, which was established to expand the local convention center.

The Tourism Promotion Area was created in 2004 to fund activities designed to increase tourism and convention business within Yakima County.

The Contingency Fund was created by Ordinance 1273 on December 14, 1970, for the purpose of providing funds for unforeseen needs.

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

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**

With comparative totals for December 31, 2003

	Special Revenue Funds				
	#123	#125	#140	#142	#143
	Economic Development	Cable TV	Growth Management	Arterial Streets	Transportation Improvement
ASSETS					
Cash & Equity in Pooled Investments	\$126,252	\$815,995	\$4,328	\$35,317	\$90,829
Receivables:					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Special Assessments	0	0	0	0	0
Notes/Contracts	0	0	0	36,569	0
Interest/Penalties	0	0	0	0	0
Other Receivables	0	0	0	0	0
Due from Other Government Units	0	0	0	1,066,407	0
Investments, at Amortized Cost	0	0	0	0	0
Total Assets	\$126,252	\$815,995	\$4,328	\$1,138,293	\$90,829
LIABILITIES					
Warrants/Accounts Payable	\$5,175	\$2,964	\$0	\$906,006	\$0
Wages/Benefits Payable	0	27,797	0	0	0
Contracts Payable	0	0	0	15,986	0
Due to Other Funds	0	0	0	0	0
Due to Other Government Units	0	0	0	11,076	0
Deposits Payable	0	0	0	0	0
Deferred Revenue	0	0	0	36,569	0
Total liabilities	\$5,175	\$30,761	\$0	\$969,637	\$0
FUND BALANCES					
Reserved:					
Encumbrances	\$0	\$19,243	\$0	\$0	\$0
Parking and Business Improvement	0	0	0	0	0
Unreserved Designated - Replacement	0	0	0	0	0
Unreserved	121,077	765,991	4,328	168,656	90,829
Total Fund Balances	\$121,077	\$785,234	\$4,328	\$168,656	\$90,829
Total Liabilities and Fund Balances	\$126,252	\$815,995	\$4,328	\$1,138,293	\$90,829

The notes to the financial statements are an integral part of this statement.

Special Revenue Funds

#144	#150	#151	#161	#162	#163	#170	#171	#172
Cemetery	Emergency Services	Public Safety Comm.	Parking and Business Imp.	Trolley	Front Street Bus. Impr.	Tourist Promo.	Capitol Theatre	Public Facility Dist. Revenue
\$109,185	\$294,111	\$367,225	\$142,252	\$14,199	\$3,667	\$0	\$60,393	\$199,808
0	62,760	0	0	0	0	114,149	0	0
11,225	0	9,140	0	0	0	122,901	0	0
0	0	0	1,490	0	570	0	0	0
0	0	0	0	0	0	0	0	0
0	422	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	49,959	0	0	0	0	0	0	0
<u>\$120,410</u>	<u>\$407,252</u>	<u>\$376,365</u>	<u>\$143,742</u>	<u>\$14,199</u>	<u>\$4,237</u>	<u>\$237,050</u>	<u>\$60,393</u>	<u>\$199,808</u>
\$6,502	\$5,187	\$2,011	\$0	\$0	\$0	\$24,597	\$6,090	\$0
15,150	60,974	170,736	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	38,441	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	41,631	0	0
41,285	0	25	1,490	0	570	0	0	0
<u>\$62,937</u>	<u>\$66,161</u>	<u>\$172,772</u>	<u>\$1,490</u>	<u>\$0</u>	<u>\$570</u>	<u>\$104,669</u>	<u>\$6,090</u>	<u>\$0</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,206	\$0
0	0	0	142,252	0	3,667	0	0	0
0	0	0	0	0	0	0	0	0
57,473	341,091	203,593	0	14,199	0	132,381	49,097	199,808
<u>\$57,473</u>	<u>\$341,091</u>	<u>\$203,593</u>	<u>\$142,252</u>	<u>\$14,199</u>	<u>\$3,667</u>	<u>\$132,381</u>	<u>\$54,303</u>	<u>\$199,808</u>
<u>\$120,410</u>	<u>\$407,252</u>	<u>\$376,365</u>	<u>\$143,742</u>	<u>\$14,199</u>	<u>\$4,237</u>	<u>\$237,050</u>	<u>\$60,393</u>	<u>\$199,808</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**

With comparative totals for December 31, 2003

	Special Revenue Funds			Total	
	#173 Tourism Promo.Area	#195 Contingency	Capitol Theatre Reserve	Nonmajor Special Revenue Funds 2004	Special Revenue Funds 2003
ASSETS					
Cash & Equity in Pooled Investments	\$39,697	\$355,980	\$0	\$2,659,238	\$2,707,014
Receivables:					
Taxes	0	0	0	176,909	155,776
Accounts	0	0	0	143,266	193,630
Special Assessments	0	0	0	2,060	3,900
Notes/Contracts	0	0	0	36,569	40,351
Interest/Penalties	0	0	4,139	4,561	9,007
Other Receivables	0	48,925	0	48,925	0
Due from Other Government Units	0	0	0	1,066,407	402,031
Investments, at Amortized Cost	0	0	1,003,714	1,053,673	1,628,533
Total Assets	\$39,697	\$404,905	\$1,007,853	\$5,191,608	\$5,140,242
LIABILITIES					
Warrants/Accounts Payable	\$37,257	\$33,970	\$0	\$1,029,759	\$97,118
Wages/Benefits Payable	0	0	0	274,657	262,173
Contracts Payable	0	0	0	15,986	0
Due to Other Funds	0	0	22,600	61,041	104,716
Due to Other Government Units	0	0	0	11,076	12,658
Deposits Payable	0	0	0	41,631	20,614
Deferred Revenue	0	0	0	79,939	85,258
Total Liabilities	\$37,257	\$33,970	\$22,600	\$1,514,089	\$582,537
FUND BALANCES					
Reserved:					
Encumbrances	\$0	\$37,032	\$0	\$61,481	\$133,447
Parking and Business Improvement	0	0	0	145,919	166,449
Unreserved Designated - Replacement	0	0	985,253	985,253	1,135,044
Unreserved	2,440	333,903	0	2,484,866	3,122,765
Total Fund Balances	\$2,440	\$370,935	\$985,253	\$3,677,519	\$4,557,705
Total Liabilities and Fund Balances	\$39,697	\$404,905	\$1,007,853	\$5,191,608	\$5,140,242

The notes to the financial statements are an integral part of this statement.

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances -- Nonmajor Governmental Funds
For the Year Ended December 31, 2004
With comparative totals for December 31, 2003**

	Special Revenue Funds				
	#123	#125	#140	#142	#143
	Economic Development	Cable TV	Growth Management	Arterial Streets	Transportation Improvement
REVENUES					
Taxes and Special Assessments	\$0	\$416,631	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	4,959,768	0
Charges for Services	0	0	0	4,685	0
Interest	674	610	0	797	700
Other Revenues	0	15,939	0	10,476	0
Total Revenues	\$674	\$433,180	\$0	\$4,975,726	\$700
EXPENDITURES					
Current					
General Government	\$0	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0	0
Physical Environment	0	0	0	0	0
Transportation	0	0	0	18,966	0
Economic Environment	99,739	0	0	0	0
Cultural & Recreational Envmt	0	389,940	0	0	0
Capital Outlay	0	0	0	0	0
Security of Persons and Property	0	0	0	0	0
Physical Environment	0	0	0	0	0
Transportation	0	0	0	4,925,137	120,000
Cultural & Recreational Envmt	0	15,787	0	185	0
Debt Service					
Principal Retirement	0	0	0	256,918	0
Interest	0	0	0	25,270	0
Total Expenditures	\$99,739	\$405,727	\$0	\$5,226,476	\$120,000
Excess of Rev. Over (Under) Expenditures	(\$99,065)	\$27,453	\$0	(\$250,750)	(\$119,300)
OTHER FINANCING SOURCES (USES)					
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0	\$0
Transfers In	0	0	0	93,734	0
Transfers (Out)	0	0	0	(180,333)	0
Total other Financing Sources (Uses)	\$0	\$0	\$0	(\$86,599)	\$0
Net Change in Fund Balances	(\$99,065)	\$27,453	\$0	(\$337,349)	(\$119,300)
Fund Balance, January 1	220,142	757,781	4,328	506,005	210,129
Fund Balances, December 31	\$121,077	\$785,234	\$4,328	\$168,656	\$90,829

The notes to the financial statements are an integral part of this statement.

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances -- Nonmajor Governmental Funds
For the Year Ended December 31, 2004
With comparative totals for December 31, 2003**

	Special Revenue Funds				
	#144	#150	#151	#161	#162
	Cemetery	Emergency Services	Public Safety Comm.	Parking and Business Impr.	Trolley
REVENUES					
Taxes and Special Assessments	\$0	\$0	\$0	\$31,645	\$0
Intergovernmental Revenues	0	894,822	1,380,587	0	0
Charges for Services	149,179	0	34,350	0	0
Interest	278	3,793	591	528	54
Other Revenues	0	0	22,822	0	1,275
Total Revenues	\$149,457	\$898,615	\$1,438,350	\$32,173	\$1,329
EXPENDITURES					
Current					
General Government	\$0	\$0	\$0	\$0	\$0
Security of Persons and Property	0	779,331	2,326,755	0	0
Physical Environment	309,408	0	0	0	0
Transportation	0	0	0	0	0
Economic Environment	0	0	0	0	0
Cultural & Recreational Envmt	0	0	0	28,074	13,161
Capital Outlay					
Security of Persons and Property	4,003	8,146	39,267	0	0
Physical Environment	0	0	0	0	0
Transportation	0	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0	120
Debt Service					
Principal retirement	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	\$313,411	\$787,477	\$2,366,022	\$28,074	\$13,281
Excess of Rev. Over (Under) Expenditures	(\$163,954)	\$111,138	(\$927,672)	\$4,099	(\$11,952)
OTHER FINANCING SOURCES (USES)					
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0	\$0
Transfers In	161,966	0	940,000	0	0
Transfers (Out)	0	(200,000)	0	(20,000)	0
Total other Financing Sources (Uses)	\$161,966	(\$200,000)	\$940,000	(\$20,000)	\$0
Net Change in Fund Balances	(\$1,988)	(\$88,862)	\$12,328	(\$15,901)	(\$11,952)
Fund Balances, January 1	59,461	429,953	191,265	158,153	26,151
Fund Balances, December 31	\$57,473	\$341,091	\$203,593	\$142,252	\$14,199

The notes to the financial statements are an integral part of this statement.

Special Revenue Funds							Total	
#163	#170	#171	#172	#173	#195	#198	Nonmajor	Special
Front St.	Tourist	Capitol	Pub. Facility	Tourism		Capitol	Revenue Funds	
Bus. Impr.	Promo.	Theatre	Dist. Revenue	Promo.Area	Contingency	Theatre Rsv.	2004	2003
\$2,663	\$393,593	\$88,620	\$575,319	\$132,237	\$0	\$0	\$1,640,708	\$1,452,104
0	0	0	0	0	0	0	7,235,177	3,597,155
0	0	0	0	0	0	0	188,214	226,713
26	268	134	0	0	0	22,136	30,589	29,362
0	592,817	2,529	0	0	83,497	0	729,355	704,631
\$2,689	\$986,678	\$91,283	\$575,319	\$132,237	\$83,497	\$22,136	\$9,824,043	\$6,009,965
\$0	\$0	\$0	\$0	\$0	\$15,223	\$0	\$15,223	\$0
0	0	0	0	0	0	0	3,106,086	2,914,649
0	0	0	0	0	37,065	0	346,473	317,152
0	0	0	0	0	11,020	0	29,986	2,896
0	0	0	0	0	99,903	0	199,642	72,827
7,318	1,073,895	168,375	33,989	126,237	9,000	0	1,849,989	1,629,494
0	0	0	0	0	0	0	47,413	14,665
0	0	0	0	0	0	0	4,003	42,124
0	0	0	0	0	0	0	5,045,137	723,328
0	0	0	0	0	0	0	16,092	509,854
0	10,714	0	0	0	0	0	267,632	256,760
0	428	0	0	0	0	0	25,698	28,595
\$7,318	\$1,085,037	\$168,375	\$33,989	\$126,237	\$172,211	\$0	\$10,953,374	\$6,512,344
(\$4,629)	(\$98,359)	(\$77,092)	\$541,330	\$6,000	(\$88,714)	\$22,136	(\$1,129,331)	(\$502,379)
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000
0	115,000	71,927	0	0	78,560	0	1,461,187	1,328,336
0	0	0	(595,000)	(3,560)	(41,222)	(171,927)	(1,212,042)	(969,627)
\$0	\$115,000	\$71,927	(\$595,000)	(\$3,560)	\$37,338	(\$171,927)	\$249,145	\$433,709
(\$4,629)	\$16,641	(\$5,165)	(\$53,670)	\$2,440	(\$51,376)	(\$149,791)	(\$880,186)	(\$68,670)
8,296	115,740	59,468	253,478	0	422,311	1,135,044	4,557,705	4,626,375
\$3,667	\$132,381	\$54,303	\$199,808	\$2,440	\$370,935	\$985,253	\$3,677,519	\$4,557,705

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

123--ECONOMIC DEVELOPMENT

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	200	200	674	474
Other Revenues	0	0	0	0
Total Revenues	\$200	\$200	\$674	\$474
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	105,950	105,950	99,739	6,211
Cultural & Recreational Envmt	0	0	0	0
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	\$105,950	\$105,950	\$99,739	\$6,211
Excess of Revenues Over (Under) Expenditures	(\$105,750)	(\$105,750)	(\$99,065)	\$6,685
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Total other Financing Sources (Uses)	\$0	\$0	\$0	\$0
Net Change in Fund Balances	(\$105,750)	(\$105,750)	(\$99,065)	\$6,685
Fund Balances, January 1	207,824	207,824	220,142	12,318
Fund Balances, December 31	\$102,074	\$102,074	\$121,077	\$19,003

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

125--CABLETV

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$430,000	\$430,000	\$416,631	(\$13,369)
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	5,000	5,000	610	(4,390)
Other Revenues	14,350	14,350	15,939	1,589
Total Revenues	\$449,350	\$449,350	\$433,180	(\$16,170)
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	474,215	474,215	389,940	84,275
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	30,000	49,243	15,787	33,456
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	\$504,215	\$523,458	\$405,727	\$117,731
Excess of Revenues Over (Under) Expenditures	(\$54,865)	(\$74,108)	\$27,453	\$101,561
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Total other Financing Sources (Uses)	\$0	\$0	\$0	\$0
Net Change in Fund Balances	(\$54,865)	(\$74,108)	\$27,453	\$101,561
Fund Balances, January 1	727,362	727,362	757,781	30,419
Fund Balances, December 31	\$672,497	\$653,254	\$785,234	\$131,980

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

I40--GROWTH MANAGEMENT FUND

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Taxes and Special Assessments	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	0	0	0	0
Other Revenues	0	0	0	0
Total Revenues	\$0	\$0	\$0	\$0
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	\$0	\$0	\$0	\$0
Excess of Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Total other Financing Sources (Uses)	\$0	\$0	\$0	\$0
Net Change in Fund Balances	\$0	\$0	\$0	\$0
Fund Balances, January 1	0	0	4,328	4,328
Fund Balances, December 31	\$0	\$0	\$4,328	\$4,328

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

I 42--ARTERIAL STREETS

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes and Special Assessments	\$0	\$0	\$0	\$0
Intergovernmental Revenues	6,801,639	6,801,639	4,959,768	(1,841,871)
Charges for Services	3,000	3,000	4,685	1,685
Interest	2,035	2,035	797	(1,238)
Other Revenues	18,941	18,941	10,476	(8,465)
Total Revenues	<u>\$6,825,615</u>	<u>\$6,825,615</u>	<u>\$4,975,726</u>	<u>(\$1,849,889)</u>
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	10,000	10,000	18,966	(8,966)
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	6,739,981	6,624,981	4,925,137	1,699,844
Cultural & Recreational Envmt	0	0	185	(185)
Debt Service				
Principal retirement	256,919	256,919	256,918	1
Interest	28,032	28,032	25,270	2,762
Total Expenditures	<u>\$7,034,932</u>	<u>\$6,919,932</u>	<u>\$5,226,476</u>	<u>\$1,693,456</u>
Excess of Revenues Over (Under) Expenditures	(\$209,317)	(\$94,317)	(\$250,750)	(\$156,433)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$92,095	\$92,095	\$93,734	\$1,639
Transfers (Out)	(70,000)	(185,000)	(180,333)	4,667
Total other Financing Sources (Uses)	<u>\$22,095</u>	<u>(\$92,905)</u>	<u>(\$86,599)</u>	<u>\$6,306</u>
Net Change in Fund Balances	(\$187,222)	(\$187,222)	(\$337,349)	(\$50,127)
Fund Balances, January 1	283,987	283,987	506,005	222,018
Fund Balances, December 31	<u>\$96,765</u>	<u>\$96,765</u>	<u>\$168,656</u>	<u>\$71,891</u>

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

I 43--TRANSPORTATION IMPROVEMENT

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes and Special Assessments	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	0	0	700	700
Other Revenues	0	0	0	0
Total Revenues	\$0	\$0	\$700	\$700
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	20,000	20,000	120,000	(100,000)
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	\$20,000	\$20,000	\$120,000	(\$100,000)
Excess of Revenues Over (Under) Expenditures	(\$20,000)	(\$20,000)	(\$119,300)	(\$99,300)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	(120,000)	0	120,000
Total other Financing Sources (Uses)	\$0	(\$120,000)	\$0	\$120,000
Net Change in Fund Balances	(\$20,000)	(\$140,000)	(\$119,300)	\$20,700
Fund Balances, January 1	111,033	111,033	210,129	99,096
Fund Balances, December 31	\$91,033	(\$28,967)	\$90,829	\$119,796

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

I44--CEMETERY

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes and Special Assessments	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	128,115	128,115	149,179	21,064
Interest	200	200	278	78
Other Revenues	50	50	0	(50)
Total Revenues	<u>\$128,365</u>	<u>\$128,365</u>	<u>\$149,457</u>	<u>\$21,092</u>
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	303,694	308,394	309,408	(1,014)
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	4,500	4,003	497
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>\$303,694</u>	<u>\$312,894</u>	<u>\$313,411</u>	<u>(\$517)</u>
Excess of Revenues Over (Under) Expenditures	(\$175,329)	(\$184,529)	(\$163,954)	\$20,575
OTHER FINANCING SOURCES (USES)				
Transfers In	\$165,000	\$165,000	\$161,966	(\$3,034)
Transfers (Out)	0	0	0	0
Total other Financing Sources (Uses)	<u>\$165,000</u>	<u>\$165,000</u>	<u>\$161,966</u>	<u>(\$3,034)</u>
Net Change in Fund Balances	(\$10,329)	(\$19,529)	(\$1,988)	\$17,541
Fund Balances, January 1	<u>21,595</u>	<u>21,595</u>	<u>59,461</u>	<u>37,866</u>
Fund Balances, December 31	<u><u>\$11,266</u></u>	<u><u>\$2,066</u></u>	<u><u>\$57,473</u></u>	<u><u>\$55,407</u></u>

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

150--EMERGENCY SERVICES

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Taxes and Special Assessments	\$0	\$0	\$0	\$0
Intergovernmental Revenues	883,200	896,200	894,822	(1,378)
Charges for Services	0	0	0	0
Interest	1,500	1,500	3,793	2,293
Other Revenues	500	500	0	(500)
Total Revenues	<u>\$885,200</u>	<u>\$898,200</u>	<u>\$898,615</u>	<u>\$415</u>
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	761,586	835,586	779,331	56,255
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Capital Outlay				
Security of Persons and Property	50,000	50,000	8,146	41,854
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>\$811,586</u>	<u>\$885,586</u>	<u>\$787,477</u>	<u>\$98,109</u>
Excess of Revenues Over (Under) Expenditures	\$73,614	\$12,614	\$111,138	\$98,524
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	(200,000)	(150,000)	(200,000)	(50,000)
Total other Financing Sources (Uses)	<u>(\$200,000)</u>	<u>(\$150,000)</u>	<u>(\$200,000)</u>	<u>(\$50,000)</u>
Net Change in Fund Balances	(\$126,386)	(\$137,386)	(\$88,862)	\$48,524
Fund Balances, January 1	<u>366,809</u>	<u>366,809</u>	<u>429,953</u>	<u>63,144</u>
Fund Balances, December 31	<u><u>\$240,423</u></u>	<u><u>\$229,423</u></u>	<u><u>\$341,091</u></u>	<u><u>\$111,668</u></u>

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

151--PUBLIC SAFETY COMMUNICATIONS

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes and Special Assessments	\$0	\$0	\$0	\$0
Intergovernmental Revenues	1,372,647	1,372,647	1,380,587	7,940
Charges for Services	31,000	31,000	34,350	3,350
Interest	1,000	1,000	591	(409)
Other Revenues	6,365	6,365	22,822	16,457
Total Revenues	<u>\$1,411,012</u>	<u>\$1,411,012</u>	<u>\$1,438,350</u>	<u>\$27,338</u>
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	2,340,701	2,340,701	2,326,755	13,946
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Capital Outlay				
Security of Persons and Property	73,500	73,500	39,267	34,233
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>\$2,414,201</u>	<u>\$2,414,201</u>	<u>\$2,366,022</u>	<u>\$48,179</u>
Excess of Revenues Over (Under) Expenditures	(\$1,003,189)	(\$1,003,189)	(\$927,672)	\$75,517
OTHER FINANCING SOURCES (USES)				
Transfers In	\$940,000	\$940,000	\$940,000	\$0
Transfers (Out)	0	0	0	0
Total other Financing Sources (Uses)	<u>\$940,000</u>	<u>\$940,000</u>	<u>\$940,000</u>	<u>\$0</u>
Net Change in Fund Balances	(\$63,189)	(\$63,189)	\$12,328	\$75,517
Fund Balances, January 1	<u>135,234</u>	<u>135,234</u>	<u>191,265</u>	<u>56,031</u>
Fund Balances, December 31	<u><u>\$72,045</u></u>	<u><u>\$72,045</u></u>	<u><u>\$203,593</u></u>	<u><u>\$131,548</u></u>

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

161--PARKING & BUSINESS IMPROVEMENT

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$35,600	\$35,600	\$31,645	(\$3,955)
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	1,400	1,400	528	(872)
Other Revenues	0	0	0	0
Total Revenues	\$37,000	\$37,000	\$32,173	(\$4,827)
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	61,336	61,336	28,074	33,262
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	\$61,336	\$61,336	\$28,074	\$33,262
Excess of Revenues Over (Under) Expenditures	(\$24,336)	(\$24,336)	\$4,099	\$28,435
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	(20,000)	(20,000)	(20,000)	0
Total other Financing Sources (Uses)	(\$20,000)	(\$20,000)	(\$20,000)	\$0
Net Change in Fund Balances	(\$44,336)	(\$44,336)	(\$15,901)	\$28,435
Fund Balances, January 1	167,021	167,021	158,153	(8,868)
Fund Balances, December 31	\$122,685	\$122,685	\$142,252	\$19,567

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

162--TROLLEY

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	0	0	54	54
Other Revenues	1,275	1,275	1,275	0
Total Revenues	\$1,275	\$1,275	\$1,329	\$54
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	17,200	17,200	13,161	4,039
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	120	(120)
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	\$17,200	\$17,200	\$13,281	\$3,919
Excess of Revenues Over (Under) Expenditures	(\$15,925)	(\$15,925)	(\$11,952)	\$3,973
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Total other Financing Sources (Uses)	\$0	\$0	\$0	\$0
Net Change in Fund Balances	(\$15,925)	(\$15,925)	(\$11,952)	\$3,973
Fund Balances, January 1	34,253	34,253	26,151	(8,102)
Fund Balances, December 31	\$18,328	\$18,328	\$14,199	(\$4,129)

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

I 63--FRONT STREET BUSINESS IMPROVEMENT

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$2,340	\$2,340	\$2,663	\$323
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	35	35	26	(9)
Other Revenues	0	0	0	0
Total Revenues	\$2,375	\$2,375	\$2,689	\$314
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	3,000	8,000	7,318	682
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	\$3,000	\$8,000	\$7,318	\$682
Excess of Revenues Over (Under) Expenditures	(\$625)	(\$5,625)	(\$4,629)	\$996
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Total other Financing Sources (Uses)	\$0	\$0	\$0	\$0
Net Change in Fund Balances	(\$625)	(\$5,625)	(\$4,629)	\$996
Fund Balances, January 1	7,067	7,067	8,296	1,229
Fund Balances, December 31	\$6,442	\$1,442	\$3,667	\$2,225

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

170--TOURIST PROMOTION

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes and Special Assessments	\$405,000	\$405,000	\$393,593	(\$11,407)
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	5,000	5,000	268	(4,732)
Other Revenues	580,200	580,200	592,817	12,617
Total Revenues	\$990,200	\$990,200	\$986,678	(\$3,522)
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	1,062,117	1,062,117	1,073,895	(11,778)
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	7,081	7,081	10,714	(3,633)
Interest	2,250	2,250	428	1,822
Total Expenditures	\$1,071,448	\$1,071,448	\$1,085,037	(\$13,589)
Excess of Revenues Over (Under) Expenditures	(\$81,248)	(\$81,248)	(\$98,359)	(\$17,111)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$115,000	\$115,000	\$115,000	\$0
Transfers (Out)	0	0	0	0
Total other Financing Sources (Uses)	\$115,000	\$115,000	\$115,000	\$0
Net Change in Fund Balances	\$33,752	\$33,752	\$16,641	(\$17,111)
Fund Balances, January 1	91,374	91,374	115,740	24,366
Fund Balances, December 31	\$125,126	\$125,126	\$132,381	\$7,255

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

171--CAPITOL THEATRE

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$88,620	\$88,620	\$88,620	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	500	500	134	(366)
Other Revenues	0	0	2,529	2,529
Total Revenues	\$89,120	\$89,120	\$91,283	\$2,163
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	134,830	163,930	168,375	(4,445)
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	38,000	19,703	0	19,703
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	\$172,830	\$183,633	\$168,375	\$15,258
Excess of Revenues Over (Under) Expenditures	(\$83,710)	(\$94,513)	(\$77,092)	\$17,421
OTHER FINANCING SOURCES (USES)				
Transfers In	\$71,927	\$71,927	\$71,927	\$0
Transfers (Out)	0	0	0	0
Total other Financing Sources (Uses)	\$71,927	\$71,927	\$71,927	\$0
Net Change in Fund Balances	(\$11,783)	(\$22,586)	(\$5,165)	\$17,421
Fund Balances, January 1	59,706	59,706	59,468	(238)
Fund Balances, December 31	\$47,923	\$37,120	\$54,303	\$17,183

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

I72--PUBLIC FACILITIES DISTRICT REVENUE

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$540,000	\$540,000	\$575,319	\$35,319
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	0	0	0	0
Other Revenues	0	0	0	0
Total Revenues	\$540,000	\$540,000	\$575,319	\$35,319
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	34,000	34,000	33,989	11
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	\$34,000	\$34,000	\$33,989	\$11
Excess of Revenues Over (Under) Expenditures	\$506,000	\$506,000	\$541,330	\$35,330
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	(595,000)	(595,000)	(595,000)	0
Total other Financing Sources (Uses)	(\$595,000)	(\$595,000)	(\$595,000)	\$0
Net Change in Fund Balances	(\$89,000)	(\$89,000)	(\$53,670)	\$35,330
Fund Balances, January 1	239,328	239,328	253,478	14,150
Fund Balances, December 31	\$150,328	\$150,328	\$199,808	\$49,480

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

173--TOURISM PROMOTION AREA

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Taxes and Special Assessments	\$0	\$130,000	\$132,237	\$2,237
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	0	0	0	0
Other Revenues	0	0	0	0
Total Revenues	\$0	\$130,000	\$132,237	\$2,237
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	0	0	126,237	(126,237)
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	\$0	\$0	\$126,237	(\$126,237)
Excess of Revenues Over (Under) Expenditures	\$0	\$130,000	\$6,000	(\$124,000)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	(3,560)	(3,560)
Total other Financing Sources (Uses)	\$0	\$0	(\$3,560)	(\$3,560)
Net Change in Fund Balances	\$0	\$130,000	\$2,440	(\$127,560)
Fund Balances, January 1	0	0	0	0
Fund Balances, December 31	\$0	\$130,000	\$2,440	(\$127,560)

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

195--CONTINGENCY

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Taxes and Special Assessments	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	0	0	0	0
Other Revenues	0	0	83,497	83,497
Total Revenues	\$0	\$0	\$83,497	\$83,497
EXPENDITURES				
Current:				
General Government	0	0	15,223	(15,223)
Security of Persons and Property	0	0	0	0
Physical Environment	0	54,318	37,065	17,253
Transportation	0	0	11,020	(11,020)
Economic Environment	0	0	99,903	(99,903)
Cultural & Recreational Envmt	0	7,227	9,000	(1,773)
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	\$0	\$61,545	\$172,211	(\$110,666)
Excess of Revenues Over (Under) Expenditures	\$0	(\$61,545)	(\$88,714)	(\$27,169)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$75,000	\$75,000	\$78,560	\$3,560
Transfers (Out)	(275,000)	(275,000)	(41,222)	233,778
Total other Financing Sources (Uses)	(\$200,000)	(\$200,000)	\$37,338	\$237,338
Net Change in Fund Balances	(\$200,000)	(\$261,545)	(\$51,376)	\$210,169
Fund Balances, January 1	300,766	300,766	422,311	121,545
Fund Balances, December 31	\$100,766	\$39,221	\$370,935	\$331,714

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

198--CAPITOL THEATRE RESERVE

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes and Special Assessments	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	55,000	55,000	22,136	(32,864)
Other Revenues	0	0	0	0
Total Revenues	<u>\$55,000</u>	<u>\$55,000</u>	<u>\$22,136</u>	<u>(\$32,864)</u>
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Excess of Revenues Over (Under) Expenditures	\$55,000	\$55,000	\$22,136	(\$32,864)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	(171,927)	(171,927)	(171,927)	0
Total other Financing Sources (Uses)	<u>(\$171,927)</u>	<u>(\$171,927)</u>	<u>(\$171,927)</u>	<u>\$0</u>
Net Change in Fund Balances	(\$116,927)	(\$116,927)	(\$149,791)	(\$32,864)
Fund Balances, January 1	<u>1,156,599</u>	<u>1,156,599</u>	<u>1,135,044</u>	<u>(21,555)</u>
Fund Balances, December 31	<u><u>\$1,039,672</u></u>	<u><u>\$1,039,672</u></u>	<u><u>\$985,253</u></u>	<u><u>(\$54,419)</u></u>

The notes to the financial statements are an integral part of this statement.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Actual And Budget--Nonmajor Special Revenue Funds
For the year ended December 31, 2004**

	TOTAL			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$1,501,560	\$1,631,560	\$1,640,708	\$9,148
Intergovernmental Revenues	9,057,486	9,070,486	7,235,177	(1,835,309)
Charges for Services	162,115	162,115	188,214	26,099
Interest	71,870	71,870	30,589	(41,281)
Other Revenues	621,681	621,681	729,355	107,674
Total Revenues	<u>\$11,414,712</u>	<u>\$11,557,712</u>	<u>\$9,824,043</u>	<u>(\$1,733,669)</u>
EXPENDITURES				
Current:				
General Government	\$0	\$0	\$15,223	(\$15,223)
Security of Persons and Property	3,102,287	3,176,287	3,106,086	70,201
Physical Environment	303,694	362,712	346,473	16,239
Transportation	10,000	10,000	29,986	(19,986)
Economic Environment	105,950	105,950	199,642	(93,692)
Cultural & Recreational Envmt	1,786,698	1,828,025	1,849,989	(21,964)
Capital Outlay				
Security of Persons and Property	123,500	123,500	47,413	76,087
Physical Environment	0	4,500	4,003	497
Transportation	6,759,981	6,644,981	5,045,137	1,599,844
Cultural & Recreational Envmt	68,000	68,946	16,092	52,854
Debt Service				
Principal retirement	264,000	264,000	267,632	(3,632)
Interest	30,282	30,282	25,698	4,584
Total Expenditures	<u>\$12,554,392</u>	<u>\$12,619,183</u>	<u>\$10,953,374</u>	<u>\$1,665,809</u>
Excess of Revenues Over (Under) Expenditures	(\$1,139,680)	(\$1,061,471)	(\$1,129,331)	(\$67,860)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$1,459,022	\$1,459,022	\$1,461,187	\$2,165
Transfers (Out)	(1,331,927)	(1,516,927)	(1,212,042)	304,885
Total other Financing Sources (Uses)	<u>\$127,095</u>	<u>(\$57,905)</u>	<u>\$249,145</u>	<u>\$307,050</u>
Net Change in Fund Balances	(\$1,012,585)	(\$1,119,376)	(\$880,186)	\$239,190
Fund Balances, January 1	<u>3,909,958</u>	<u>3,909,958</u>	<u>4,557,705</u>	<u>647,747</u>
Fund Balances, December 31	<u><u>\$2,897,373</u></u>	<u><u>\$2,790,582</u></u>	<u><u>\$3,677,519</u></u>	<u><u>\$886,937</u></u>

The notes to the financial statements are an integral part of this statement.

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

The PFD / Convention Center 2002 G.O. Bonds proceeds were used for the expansion of the Yakima Convention Center.

The 1998 Limited Tax General Obligation Street Bond proceeds were used for the 1998 Street Overlay Program.

The 1994 Various Purpose Bond Fund proceeds are for the purpose of providing for part of the funds to pay the cost of acquiring, constructing, and equipping a new Law and Justice Facility (\$5,600,000); and improvements to the Yakima Avenue/I-82 Interchange (\$1,200,000).

The 1995 Fire Improvement/Refunding G.O. Bond Issues proceeds are for the purpose of providing funds to acquire, construct and equip fire fighting facilities. This issue also refunded the 1988 Parks and 1986 Street Improvement Bond Issue and Recreation Bond Issue (the Parks and Streets portion was paid in full prior to 2003).

The 1997 Limited Tax General Obligation line of credit proceeds are used for capital/infrastructure needs too big for normal reserves, and too small for a 10 or 20 year bond issue.

The 1996 Limited Tax General Obligation Bond proceeds were used to expand the Convention Center.

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

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**

With comparative totals for December 31, 2003

	Debt Service Funds				
	#221 L.I.D. Guaranty	#272 2002 G.O. PFD	#282 98 L.G.O. St. Overlay	#283 94 G.O. LTD Levy Bond	#284 95 G.O. Fire
ASSETS					
Cash & Equity in Pooled Investments	\$4,162	\$116,081	\$76,025	\$259,391	\$180,295
Receivables:					
Taxes	0	0	0	0	29,156
LID Assessments - Delinquent	0	0	0	0	0
LID Assessments - Deferred	0	0	0	0	0
Investments, at Amortized Cost	24,208	0	0	0	0
Total Assets	<u>\$28,370</u>	<u>\$116,081</u>	<u>\$76,025</u>	<u>\$259,391</u>	<u>\$209,451</u>
LIABILITIES					
Deposits Payable	\$0	\$0	\$0	\$0	\$0
Deferred Revenue	0	0	0	0	0
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FUND BALANCES					
Reserved:					
Debt Service	<u>\$28,370</u>	<u>\$116,081</u>	<u>\$76,025</u>	<u>\$259,391</u>	<u>\$209,451</u>
Total Fund Balances	<u>\$28,370</u>	<u>\$116,081</u>	<u>\$76,025</u>	<u>\$259,391</u>	<u>\$209,451</u>
Total Liabilities and Fund Balances	<u><u>\$28,370</u></u>	<u><u>\$116,081</u></u>	<u><u>\$76,025</u></u>	<u><u>\$259,391</u></u>	<u><u>\$209,451</u></u>

The notes to the financial statements are an integral part of this statement.

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**
With comparative totals for December 31, 2003

	<u>Debt Service Funds</u>			<u>Total</u>	
	<u>#285</u> <u>97 L.G.O.</u> <u>Line of Credit</u>	<u>#287</u> <u>96 L.G.O.</u> <u>Conv. Ctr.</u>	<u>#289</u> <u>Local Imp.</u> <u>Districts</u>	<u>Nonmajor</u> <u>Debt Service</u> <u>Funds</u> <u>2004</u> <u>2003</u>	
ASSETS					
Cash & Equity in Pooled Investments	\$1,738	\$76,761	\$583	\$715,036	\$692,078
Receivables:					
Taxes	0	0	0	29,156	81,061
LID Assessments - Delinquent	0	0	965	965	1,753
LID Assessments - Deferred	0	0	171,807	171,807	198,475
Investments, at Amortized Cost	0	0	0	24,208	26,062
Total Assets	<u>\$1,738</u>	<u>\$76,761</u>	<u>\$173,355</u>	<u>\$941,172</u>	<u>\$999,429</u>
LIABILITIES					
Deposits Payable	\$0	\$0	\$289	\$289	\$289
Deferred Revenue	0	0	171,807	171,807	198,475
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$172,096</u>	<u>\$172,906</u>	<u>\$198,764</u>
FUND BALANCES					
Reserved:					
Debt Service	<u>\$1,738</u>	<u>\$76,761</u>	<u>\$1,259</u>	<u>\$769,076</u>	<u>\$800,665</u>
Total Fund Balances	<u>\$1,738</u>	<u>\$76,761</u>	<u>\$1,259</u>	<u>\$769,076</u>	<u>\$800,665</u>
Total Liabilities and Fund Balances	<u><u>\$1,738</u></u>	<u><u>\$76,761</u></u>	<u><u>\$173,355</u></u>	<u><u>\$941,172</u></u>	<u><u>\$999,429</u></u>

The notes to the financial statements are an integral part of this statement.

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances -- Nonmajor Governmental Funds
For the Year Ended December 31, 2004
With comparative totals for December 31, 2003**

	Debt Service Funds				
	#221 L.I.D. Guaranty	#272 2002 G.O. PFD	#282 98 L.G.O. St Overlay	#283 94 G.O. LTD Levy Bond	#284 95 G.O. Fire
REVENUES					
Taxes and Special Assessments	\$0	\$0	\$0	\$402,011	\$308,821
Interest	(523)	0	660	1,571	720
Other Revenues	0	0	0	0	0
Total Revenues	(523)	\$0	\$660	\$403,582	\$309,541
EXPENDITURES					
Debt Service					
Principal Retirement	\$0	\$175,000	\$145,000	\$395,000	\$215,000
Interest	0	299,020	32,058	119,077	92,570
Total Expenditures	\$0	\$474,020	\$177,058	\$514,077	\$307,570
Excess of Revenues Over (Under) Expenditures	(523)	(\$474,020)	(\$176,398)	(110,495)	\$1,971
OTHER FINANCING SOURCES (USES)					
Transfers In	\$0	\$480,000	\$182,000	112,000	\$0
Transfers (Out)	(35,000)	0	0	0	0
Total other Financing Sources (Uses)	(35,000)	\$480,000	\$182,000	112,000	\$0
Net Change in Fund Balances	(35,523)	\$5,980	\$5,602	1,505	\$1,971
Fund Balances, January 1	63,893	110,101	70,423	257,886	207,480
Fund Balances, December 31	<u>\$28,370</u>	<u>\$116,081</u>	<u>\$76,025</u>	<u>\$259,391</u>	<u>\$209,451</u>

The notes to the financial statements are an integral part of this statement.

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances -- Nonmajor Governmental Funds
For the Year Ended December 31, 2004
With comparative totals for December 31, 2003**

	<u>Debt Service Funds</u>			<u>Total</u>	
	<u>#285</u> <u>97 L.G.O.</u> <u>Line of Cr.</u>	<u>#287</u> <u>96 L.G.O.</u> <u>Conv. Ctr.</u>	<u>#289</u> <u>Local Imp.</u> <u>Districts</u>	<u>Nonmajor</u> <u>Debt Service</u> <u>Funds</u> <u>2004</u> <u>2003</u>	
REVENUES					
Taxes and Special Assessments	\$0	\$434,817	\$0	\$1,145,649	\$1,206,568
Interest	3	457	5,055	7,943	32,814
Other Revenues	0	0	24,745	24,745	43,795
Total Revenues	\$3	\$435,274	\$29,800	\$1,178,337	\$1,283,177
EXPENDITURES					
Debt Service					
Principal Retirement	\$20,000	\$275,000	\$8,000	\$1,233,000	\$1,309,500
Interest	474	170,995	6,079	720,273	936,795
Total Expenditures	\$20,474	\$445,995	\$14,079	\$1,953,273	\$2,246,295
Excess of Revenues Over (Under) Expenditures	(\$20,471)	(\$10,721)	\$15,721	(\$774,936)	(\$963,118)
OTHER FINANCING SOURCES (USES)					
Transfers In	\$21,000	\$0	\$0	\$795,000	\$952,791
Transfers (Out)	0	0	(16,653)	(51,653)	(49,756)
Total Other Financing Sources (Uses)	\$21,000	\$0	(\$16,653)	\$743,347	\$903,035
Net Change in Fund Balances	\$529	(\$10,721)	(\$932)	(\$31,589)	(\$60,083)
Fund Balances, January 1	1,209	87,482	2,191	800,665	860,748
Fund Balances, December 31	\$1,738	\$76,761	\$1,259	\$769,076	\$800,665

The notes to the financial statements are an integral part of this statement.

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

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

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

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

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

The REET 2 Capital Fund was created in 2004 to track Capital improvement projects funded with the second 1/4% of Real Estate Excise Tax.

The Local Improvement District Control Fund was established to account for each Local Improvement District which has a separate fund to be accounted for. Assessments are made to the property owners after all costs have been computed and paid. Interest-bearing warrants are issued to pay progress estimates for contractors and all other costs. Bonds or notes are issued for the amount of unpaid assessments as of thirty days after the assessments are levied.

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

The Cumulative Reserve Fund for Capital Improvements was originally created by Ordinance 1265 in 1970 which placed one-half of all the revenue derived from sales tax into this fund. In 1973, Ordinance 1477 amended the funding source to be only transfers from other funds and investment earnings.

Any expenditures from the fund must be authorized by the City Council and must be for capital purposes generally in excess of \$10,000 per capital project, excluding utility improvements.

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**

With comparative totals for December 31, 2003

	Capital Project Funds				
	#321	#322	#331	#332	#333
	Central Bus	Capitol	Parks and	Fire	Law and
	District Imp.	Theatre Const.	Recreation	Fire	Justice
ASSETS					
Cash & Equity in Pooled Investments	\$365,294	\$174,523	\$58,569	\$9,563	\$359,779
Receivables:					
Accounts	0	0	0	1,722	0
Interest/Penalties	0	0	0	2,197	5,467
Other Receivables	0	0	0	0	242,429
Due from Other Government Units	0	67,624	227,125	0	0
Investments, at Amortized Cost	0	0	0	500,000	501,250
Total Assets	<u>\$365,294</u>	<u>\$242,147</u>	<u>\$285,694</u>	<u>\$513,482</u>	<u>\$1,108,925</u>
LIABILITIES					
Warrants/Accounts Payable	\$4,291	\$117,418	\$0	\$3,408	\$160,172
Contracts Payable	0	14,728	127,407	0	43,319
Due to Other Government Units	0	0	0	0	0
Deferred Revenue	0	0	6,871	0	0
Total Liabilities	<u>\$4,291</u>	<u>\$132,146</u>	<u>\$134,278</u>	<u>\$3,408</u>	<u>\$203,491</u>
FUND BALANCES					
Reserved:					
Encumbrances	\$90,000	\$29,424	\$36,771	\$222,850	\$300,344
Continuing Appropriations	0	0	0	0	242,429
Unreserved Designated - Replacement	0	80,577	114,645	287,224	362,661
Unreserved	271,003	0	0	0	0
Total Fund Balances	<u>\$361,003</u>	<u>\$110,001</u>	<u>\$151,416</u>	<u>\$510,074</u>	<u>\$905,434</u>
Total Liabilities and Fund Balances	<u><u>\$365,294</u></u>	<u><u>\$242,147</u></u>	<u><u>\$285,694</u></u>	<u><u>\$513,482</u></u>	<u><u>\$1,108,925</u></u>

The notes to the financial statements are an integral part of this statement.

Capital Project Funds

Capital Project Funds					Total	
#342	#343	#345	#370	#392	Nonmajor	
Public Works	REET 2 Capital	LID	Convention	Cumulative	Capital Project	
Construction	Construction	Construction	Center	Reserve	2004	2003
\$1,217,247	\$506,670	\$3,199	\$193,968	\$24,156	\$2,912,968	\$2,825,223
0	0	0	0	0	1,722	713
0	0	0	0	0	7,664	23,736
0	0	0	0	0	242,429	0
0	0	0	0	36,523	331,272	798,122
0	0	0	0	0	1,001,250	1,500,121
<u>\$1,217,247</u>	<u>\$506,670</u>	<u>\$3,199</u>	<u>\$193,968</u>	<u>\$60,679</u>	<u>\$4,497,305</u>	<u>\$5,147,915</u>
\$7,768	0	\$28,854	\$851	\$11,708	\$334,470	\$74,130
0	0	0	0	10,128	195,582	147,655
9,194	0	0	0	0	9,194	11,036
0	0	0	0	0	6,871	6,957
<u>\$16,962</u>	<u>\$0</u>	<u>\$28,854</u>	<u>\$851</u>	<u>\$21,836</u>	<u>\$546,117</u>	<u>\$239,778</u>
\$120,000	\$200,000	\$0	\$0	\$0	\$999,389	\$872,944
0	0	0	193,117	38,843	474,389	653,318
0	0	0	0	0	845,107	2,310,346
1,080,285	306,670	(25,655)	0	0	1,632,303	1,071,529
<u>\$1,200,285</u>	<u>\$506,670</u>	<u>(\$25,655)</u>	<u>\$193,117</u>	<u>\$38,843</u>	<u>\$3,951,188</u>	<u>\$4,908,137</u>
<u><u>\$1,217,247</u></u>	<u><u>\$506,670</u></u>	<u><u>\$3,199</u></u>	<u><u>\$193,968</u></u>	<u><u>\$60,679</u></u>	<u><u>\$4,497,305</u></u>	<u><u>\$5,147,915</u></u>

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances -- Nonmajor Governmental Funds
For the Year Ended December 31, 2004
With comparative totals for December 31, 2003**

	Capital Project Funds				
	#321 Central Bus. District Imp.	#322 Capitol Theatre Con.	#331 Parks and Recreation	#332 Fire	#333 Law and Justice
REVENUES					
Taxes and Special Assessments	\$0	\$0	\$0	\$0	\$207,000
Intergovernmental Revenues	0	472,577	253,725	231,661	12,229
Interest	1,305	0	408	7,132	4,655
Other Revenues	49,519	0	32,000	186,064	594
Total Revenues	\$50,824	\$472,577	\$286,133	\$424,857	\$224,478
EXPENDITURES					
Current					
General Government	\$0	\$0	\$0	\$0	\$3,014
Security of Persons and Property	0	0	0	338,613	216,041
Transportation	0	0	0	0	0
Economic Environment	9,768	0	0	0	0
Cultural & Recreational Envmt.	0	0	7,025	0	0
Capital Outlay					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	332,867	1,123,236
Physical Environment	0	0	0	0	0
Transportation	0	0	0	0	0
Economic Environment	65,959	0	0	0	0
Cultural & Recreational Envmt	0	472,576	1,012,241	0	0
Debt Service					
Principal Retirement	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	\$75,727	\$472,576	\$1,019,266	\$671,480	\$1,342,291
Excess of Revenues Over (Under) Expenditures	(\$24,903)	\$1	(\$733,133)	(\$246,623)	(\$1,117,813)
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$325,000
Proceeds from LT Debt--G.O. Bonds	0	0	0	2,382	0
Transfers In	0	110,000	81,222	0	130,099
Transfers (Out)	0	0	0	0	0
Intergovernmental Agreements	0	0	0	0	0
Sale of Capital Assets	0	0	120,000	7,500	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0	0
Total Other Financing Sources (Uses)	\$0	\$110,000	\$201,222	\$9,882	\$455,099
Net Change in Fund Balances	(\$24,903)	\$110,001	(\$531,911)	(\$236,741)	(\$662,714)
Fund Balances, January 1	385,906	0	683,327	746,815	1,568,148
Fund Balances, December 31	\$361,003	\$110,001	\$151,416	\$510,074	\$905,434

The notes to the financial statements are an integral part of this statement.

Capital Project Funds					Total	
#342 Public Works Construction	#343 REET 2 Capital Construction	#345 LID Construction	#370 Convention Center	#392 Cumulative Reserve	Nonmajor Capital Project Funds	
					2004	2003
\$706,670	\$706,670	\$0	\$27,500	\$0	\$1,647,840	\$995,573
0	0	0	43,259	261,990	1,275,441	1,548,668
3,053	0	0	1,503	0	18,056	116,021
0	0	0	0	0	268,177	245,883
<u>\$709,723</u>	<u>\$706,670</u>	<u>\$0</u>	<u>\$72,262</u>	<u>\$261,990</u>	<u>\$3,209,5142</u>	<u>\$2,906,145</u>
\$0	\$0	\$0	\$0	\$0	\$3,014	\$0
0	0	0	0	0	554,654	263,702
0	200,000	0	0	621	200,621	146,091
0	0	0	0	0	9,768	0
0	0	0	100,847	0	107,872	302,342
177,419	0	0	0	0	177,419	28,928
0	0	0	0	0	1,456,103	1,094,545
0	0	25,655	0	0	25,655	0
0	0	0	0	491,484	491,484	160,034
0	0	0	0	0	65,959	0
0	0	0	285,754	0	1,770,571	7,305,987
157,418	0	0	0	0	157,418	157,418
20,224	0	0	0	0	20,224	23,897
<u>\$355,061</u>	<u>\$200,000</u>	<u>\$25,655</u>	<u>\$386,601</u>	<u>\$492,105</u>	<u>\$5,040,762</u>	<u>9,482,944</u>
\$354,662	\$506,670	(\$25,655)	(\$314,339)	(\$230,115)	(\$1,831,248)	(6,576,799)
0	0	0	0	0	325,000	491,838
0	0	0	4,880	0	7,262	1,511,251
75,000	0	0	0	115,000	511,321	529,170
(100,000)	0	0	0	0	(100,000)	(100,000)
0	0	0	0	0	0	(1,406,182)
0	0	0	3,216	0	130,716	48,610
0	0	0	0	0	0	1,500
<u>(\$25,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,096</u>	<u>\$115,000</u>	<u>\$874,299</u>	<u>\$1,076,187</u>
\$329,662	\$506,670	(\$25,655)	(\$306,243)	(\$115,115)	(\$956,949)	(\$5,500,612)
870,623	0	0	499,360	153,958	4,908,137	10,408,749
<u>\$1,200,285</u>	<u>\$506,670</u>	<u>(\$25,655)</u>	<u>\$193,117</u>	<u>\$38,843</u>	<u>\$3,951,188</u>	<u>\$4,908,137</u>

Permanent Fund

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

Nonmajor Governmental Funds

December 31, 2004

With comparative totals for December 31, 2003

	Permanent Fund		Total	
	Cemetery Trust		Nonmajor	
	2004	2003	2004	2003
ASSETS				
Cash & Equity in Pooled Investments	\$75,907	\$506,037	\$6,363,149	\$6,730,352
Receivables:				
Taxes	0	0	206,065	236,837
Accounts	0	0	144,988	194,343
Special Assessments	0	0	2,060	3,900
LID Assessments - Delinquent	0	0	965	1,753
LID Assessments - Deferred	0	0	171,807	198,475
Notes/Contracts	0	0	36,569	40,351
Interest/Penalties	4,261	0	16,486	32,743
Other Receivables	0	0	291,354	0
Due from Other Government Units	0	0	1,397,679	1,200,153
Investments, at Amortized Cost	443,042	6,062	2,522,173	3,160,778
Total assets	\$523,210	\$512,099	\$11,153,295	\$11,799,685
LIABILITIES				
Warrants/Accounts Payable	\$0	\$0	\$1,364,229	\$171,248
Wages/Benefits Payable	0	0	274,657	262,173
Contracts Payable	0	0	211,568	147,655
Due to Other Funds	0	0	61,041	104,716
Due to Other Government Units	0	0	20,270	23,694
Deposits Payable	0	0	41,920	20,903
Deferred Revenue	0	0	258,617	290,690
Total Liabilities	\$0	\$0	\$2,232,302	\$1,021,079
FUND BALANCES				
Reserved:				
Encumbrances	\$0	\$0	\$1,060,870	\$1,006,391
Continuing Appropriations	0	0	474,389	653,318
Debt Service	0	0	769,076	800,665
Endowment	523,210	512,099	523,210	512,099
Parking and Business Improvement	0	0	145,919	166,449
Unreserved Designated - Replacement	0	0	1,830,360	3,445,390
Unreserved	0	0	4,117,169	4,194,294
Total Fund Balances	\$523,210	\$512,099	\$8,920,993	\$10,778,606
Total Liabilities and Fund Balances	\$523,210	\$512,099	\$11,153,295	\$11,799,685

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and
Changes in Fund Balances -- Nonmajor Governmental Funds
For the Year Ended December 31, 2004
With comparative totals for December 31, 2003**

	<u>Permanent Fund</u>		<u>Total</u>	
	<u>Cemetery Trust</u>		<u>Nonmajor</u>	
	<u>2004</u>	<u>2003</u>	<u>Governmental Funds</u>	<u>2004</u>
			<u>2004</u>	<u>2003</u>
REVENUES				
Taxes and Special Assessments	\$0	\$0	\$4,434,197	\$3,654,245
Intergovernmental Revenues	0	0	8,510,618	5,145,823
Charges for Services	11,111	38,800	199,325	265,513
Interest	11,966	17,527	68,554	195,724
Other Revenues	0	0	1,022,277	994,309
Total Revenues	<u>\$23,077</u>	<u>\$56,327</u>	<u>\$14,234,971</u>	<u>\$10,255,614</u>
EXPENDITURES				
Current				
General Government	\$0	\$0	\$18,237	\$0
Security of Persons and Property	0	0	3,660,740	3,178,351
Physical Environment	0	0	346,473	317,152
Transportation	0	0	230,607	148,987
Economic Environment	0	0	209,410	72,827
Cultural & Recreational Envmt	0	0	1,957,861	1,931,836
Capital Outlay				
General Government	0	0	177,419	28,928
Security of Persons and Property	0	0	1,503,516	1,109,210
Physical Environment	0	0	29,658	42,124
Transportation	0	0	5,536,621	883,362
Economic Environment	0	0	65,959	0
Cultural & Recreational Envmt	0	0	1,786,663	7,815,841
Debt Service				
Principal retirement	0	0	1,658,050	1,723,678
Interest	0	0	766,195	989,287
Total Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$17,947,409</u>	<u>\$18,241,583</u>
Excess of Revenues Over (Under) Expenditures	\$23,077	\$56,327	(\$3,712,438)	(\$7,985,969)
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital lease Financing	\$0	\$0	\$325,000	\$491,838
Proceeds from LT Debt--G.O. Bonds	0	0	7,262	1,511,251
Proceeds from Intergovernmental Loans	0	0	0	75,000
Transfers In	0	0	2,767,508	2,810,297
Transfers (Out)	(11,966)	(17,527)	(1,375,661)	(1,136,910)
Intergovernmental Agreements	0	0	0	(1,406,182)
Sale of Capital Assets	0	0	130,716	48,610
Comp. For Loss of Gen. Capital Assets	0	0	0	1,500
Total other Financing Sources (Uses)	<u>(\$11,966)</u>	<u>(\$17,527)</u>	<u>\$1,854,825</u>	<u>\$2,395,404</u>
Net Change in Fund Balances	\$11,111	\$38,800	(\$1,857,613)	(\$5,590,565)
Fund Balances, January 1	512,099	473,299	10,778,606	16,369,171
Fund Balances, December 31	<u>\$523,210</u>	<u>\$512,099</u>	<u>\$8,920,993</u>	<u>\$10,778,606</u>

The notes to the financial statements are an integral part of this statement.

The Unemployment Compensation Reserve Fund was established in 1978 to provide unemployment compensation coverage for City employees as required by state law.

The Employees' Health Benefit Reserve Fund was established for the transfer of premiums from the operating funds in order to pay medical and dental costs incurred by persons covered by the Employees' Health Benefit Plan of the City, and to pay expenses incurred in connection with administering that plan.

The Workers' Compensation Reserve Fund was created when City Council adopted Ordinance No. 2783 effective July 1, 1984 to self-insure a Workers' Compensation Program for the City employees pursuant to RCW Chapter 51.14.

The Risk Management Reserve Fund was created By Ordinance No. 2941, on February 11, 1986 to account for general liability and purchased insurance coverage. The City is self-insured for general, automobile, police professional and public official errors and omissions liability. Excess property, boiler and machinery, travel, accident and employee bond coverage are to be maintained with insurance firms. Funding revenues are contributions from other fund groups and are planned to match expenses of insurance premiums for coverage in excess of self-insured amounts, claims resulting from the self-insured program, and operating expenses.

The Wellness and Employee Assistance Fund was established in 1998 to provide the opportunity to all City employees to improve their physical, mental and emotional well being.

The Environmental Fund was established in 1991 to accumulate a reserve for environmental contingencies, funded by a surcharge on fuel purchased by the operating funds.

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

The Public Works Administration Fund was established in 1983. The fund centralizes both the accountability for and costs for supervision of the Streets, Parks and Recreation, Refuse, Transit, and Equipment Rental funds of the Department of Public Works.

Internal Service Funds
Combining Statement of Net Assets
December 31, 2004

With comparative totals for the year ended December 31, 2003

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
ASSETS				
Current Assets:				
Cash & Equity in Pooled Investments	\$338,193	\$420,850	\$997,756	\$315,056
Deposits with Fiscal Agent/Trustee	0	10,620	0	0
Receivables:				
Accounts	15,450	490,017	99,646	0
Interest/Penalties	0	5,817	0	8,116
Inventories	0	0	0	0
Investments, at Amortized Cost	0	1,504,317	0	647,435
Total Current Assets	<u>\$353,643</u>	<u>\$2,431,621</u>	<u>\$1,097,402</u>	<u>\$970,607</u>
Noncurrent Assets:				
Buildings	\$0	\$0	\$0	\$0
Machinery & Equipment	0	7,244	5,327	0
Accumulated Depreciation	0	(7,244)	(5,327)	0
Total Noncurrent Assets	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Assets	<u><u>\$353,643</u></u>	<u><u>\$2,431,621</u></u>	<u><u>\$1,097,402</u></u>	<u><u>\$970,607</u></u>
LIABILITIES				
Current Liabilities:				
Warrants/Accounts Payable	\$0	\$212,435	\$16,182	\$56,650
Wages/Benefits Payable	2,243	5,837	8,508	18,865
Compensated Absences Payable	3,195	16,763	6,516	25,120
Claims and Judgements Payable	18,419	947,411	569,539	1,200,000
Total Current Liabilities	<u>\$23,857</u>	<u>\$1,182,446</u>	<u>\$600,745</u>	<u>\$1,300,635</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$0	\$0	\$0	\$0
Unrestricted	329,786	1,249,175	496,657	(330,028)
Total Net Assets	<u><u>\$329,786</u></u>	<u><u>\$1,249,175</u></u>	<u><u>\$496,657</u></u>	<u><u>(\$330,028)</u></u>

The notes to the financial statements are an integral part of this statement.

Wellness/ EAP	Environmental	Equipment Rental	Public Works Administration	Total	
				2004	2003
\$127,215	\$309,892	\$692,290	\$264,899	\$3,466,151	\$5,630,410
0	0	0	0	10,620	10,620
0	0	0	0	605,113	548,998
0	0	10,617	0	24,550	25,046
0	0	224,259	0	224,259	222,053
0	0	3,083,407	0	5,235,159	2,574,078
<u>\$127,215</u>	<u>\$309,892</u>	<u>\$4,010,573</u>	<u>\$264,899</u>	<u>\$9,565,852</u>	<u>\$9,011,205</u>
\$0	\$0	\$0	\$37,397	\$37,397	\$26,985
0	0	14,961,712	177,854	15,152,137	13,821,578
0	0	(8,244,293)	(150,466)	(8,407,330)	(7,773,386)
<u>\$0</u>	<u>\$0</u>	<u>\$6,717,419</u>	<u>\$64,785</u>	<u>\$6,782,204</u>	<u>\$6,075,177</u>
<u>\$127,215</u>	<u>\$309,892</u>	<u>\$10,727,992</u>	<u>\$329,684</u>	<u>\$16,348,056</u>	<u>\$15,086,382</u>
\$12,481	\$11,729	\$102,832	\$34,886	\$447,195	\$548,682
		56,327	49,775	141,555	146,995
0	0	63,310	58,890	173,794	151,101
0	0	0	0	2,735,369	2,769,188
<u>\$12,481</u>	<u>\$11,729</u>	<u>\$222,469</u>	<u>\$143,551</u>	<u>\$3,497,913</u>	<u>\$3,615,966</u>
\$0	\$0	\$6,717,419	\$64,785	\$6,782,204	\$6,075,177
114,734	298,163	3,788,104	121,348	6,067,939	5,395,239
<u>\$114,734</u>	<u>\$298,163</u>	<u>\$10,505,523</u>	<u>\$186,133</u>	<u>\$12,850,143</u>	<u>\$11,470,416</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

For the Year Ended December 31, 2004

With comparative totals for the year ended December 31, 2003

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
OPERATING REVENUES				
Charges for Insurance	\$0	\$0	\$0	\$1,635,745
Charges for Services	0	0	0	0
Employer Contributions	157,372	6,160,969	1,249,258	0
Employee Contributions	0	1,516,815	46,713	0
Other Operating Revenue	0	40,919	185,907	0
Total Operating Revenues	<u>\$157,372</u>	<u>\$7,718,703</u>	<u>\$1,481,878</u>	<u>\$1,635,745</u>
OPERATING EXPENSES				
Operations and Maintenance	\$4,800	\$643,403	\$165,285	\$551,530
Administration/Overhead	24,799	174,310	107,311	805,132
Depreciation/Amortization	0	0	0	0
Other Benefits	69,135	6,314,426	898,876	508,093
Total Operating Expenses	<u>\$98,734</u>	<u>\$7,132,139</u>	<u>\$1,171,472</u>	<u>\$1,864,755</u>
Operating Income (Loss)	\$58,638	\$586,564	\$310,406	(\$229,010)
NON-OPERATING REVENUES (EXPENSES)				
Other Non-Operating	\$0	\$0	\$0	\$0
Interest Revenue	980	33,206	403	157,484
Gain (Loss) on Capital Assets Disposition	0	0	0	0
Non-Operating Revenue Net of Expenses	<u>\$980</u>	<u>\$33,206</u>	<u>\$403</u>	<u>\$157,484</u>
Income (Loss) Before Contributions and Transfers	\$59,618	\$619,770	\$310,809	(\$71,526)
CHANGE IN NET ASSETS				
Capital Contributions	\$0	\$0	\$0	\$0
Transfers In	0	0	0	35,000
Total Change in Net Assets	<u>\$59,618</u>	<u>\$619,770</u>	<u>\$310,809</u>	<u>(\$36,526)</u>
Total Net Assets - January 1	<u>270,168</u>	<u>629,405</u>	<u>185,848</u>	<u>(293,502)</u>
Total Net Assets - December 31	<u><u>\$329,786</u></u>	<u><u>\$1,249,175</u></u>	<u><u>\$496,657</u></u>	<u><u>(\$330,028)</u></u>

The notes to the financial statements are an integral part of this statement.

Wellness/ EAP	Environmental	Equipment Rental	Public Works Administration	Total	
				2004	2003
\$0	\$155,735	\$0	\$0	\$1,791,480	\$1,495,333
0	0	3,469,397	1,032,666	4,502,063	4,121,829
73,162	0	0	0	7,640,761	6,998,772
0	0	0	0	1,563,528	1,635,531
0	0	325	15	227,166	12,938
<u>\$73,162</u>	<u>\$155,735</u>	<u>\$3,469,722</u>	<u>\$1,032,681</u>	<u>\$15,724,998</u>	<u>\$14,264,403</u>
\$66,655	\$39,493	\$2,138,767	\$525,614	\$4,135,547	\$3,943,869
0	0	285,183	490,278	1,887,013	1,895,396
0	0	1,019,175	10,840	1,030,015	997,047
0	0	0	0	7,790,530	7,854,095
<u>\$66,655</u>	<u>\$39,493</u>	<u>\$3,443,125</u>	<u>\$1,026,732</u>	<u>\$14,843,105</u>	<u>\$14,690,407</u>
\$6,507	\$116,242	\$26,597	\$5,949	\$881,893	(\$426,004)
\$0	\$0	\$4,050	\$0	\$4,050	\$0
293	582	45,109	285	238,342	205,858
0	0	55,226	0	55,226	36,633
<u>\$293</u>	<u>\$582</u>	<u>\$104,385</u>	<u>\$285</u>	<u>\$297,618</u>	<u>\$242,491</u>
\$6,800	\$116,824	\$130,982	\$6,234	\$1,179,511	(\$183,513)
\$0	\$0	\$165,216	\$0	\$165,216	\$484,754
0	0	0	0	35,000	0
<u>\$6,800</u>	<u>\$116,824</u>	<u>\$296,198</u>	<u>\$6,234</u>	<u>\$1,379,727</u>	<u>\$301,241</u>
107,934	181,339	10,209,325	179,899	11,470,416	11,169,175
<u>\$114,734</u>	<u>\$298,163</u>	<u>\$10,505,523</u>	<u>\$186,133</u>	<u>\$12,850,143</u>	<u>\$11,470,416</u>

Combining Statement of Cash Flows--Internal Service Funds**For the year ended December 31, 2004****With comparative totals for the year ended December 31, 2003**

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve
Cash flows from operating activities:			
Cash Received from Customers	\$0	\$0	\$0
Contributions Received - Employer and Employee	155,924	7,628,355	1,290,733
Cash Paid to Suppliers for Goods and Services	(7,486)	(704,734)	(200,359)
Cash Paid for Salaries and Benefits	(20,956)	(76,242)	(80,141)
Other Operating Revenues Collected	0	40,919	185,907
Cash Paid to Claimants and Beneficiaries	(98,526)	(6,413,100)	(815,890)
Net Cash Provided by Operating Activities	<u>\$28,956</u>	<u>\$475,198</u>	<u>\$380,250</u>
Cash Flows from Noncapital Financing Activities:			
Operating Transfer In	\$0	0	\$0
Cash Received from Other Funds (Interfund Loans Receivable)	0	0	0
Net Cash Provided by Noncapital Financing Activities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Cash Flows from Capital Financing Activities:			
Cash Received from Disposal of Capital Assets	\$0	\$0	\$0
Capital Expenditures Paid	0	0	0
Other Non-Operating Capital Revenue	0	0	0
Net Cash Used for Capital Financing Activities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Cash Flows from Investing Activities:			
Proceeds from Sale and Maturity of Investment Securities	\$0	\$0	\$0
Interest Received on Investments	980	40,130	403
Purchase of Investment Securities	0	(504,317)	0
Net Cash Provided by Investing Activities	<u>\$980</u>	<u>(\$464,187)</u>	<u>\$403</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$29,936</u>	<u>(\$11,011)</u>	<u>\$380,653</u>
Cash and Cash Equivalents at Beginning of Year	<u>308,257</u>	<u>409,839</u>	<u>617,103</u>
Cash and Cash Equivalents at End of Year	<u>\$338,193</u>	<u>\$420,850</u>	<u>\$997,756</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Net Operating Income (Loss)	<u>\$58,638</u>	<u>\$586,564</u>	<u>\$310,406</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	\$0	\$0	\$0
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(1,448)	(49,429)	(5,238)
(Increase) Decrease in Inventory	0	0	0
Increase (Decrease) in Warrants/Accounts Payable	0	(22,276)	(9,012)
Increase (Decrease) in Wages/Benefits Payable	730	1,119	1,726
Increase (Decrease) in Compensated Absences Payable	427	4,952	1,064
Increase (Decrease) in Claims and Judgements Payable	(29,391)	(45,732)	81,304
Increase (Decrease) in Due to Other Funds	0	0	0
Total Adjustments	<u>(29,682)</u>	<u>(111,366)</u>	<u>69,844</u>
Net Cash Provided by Operating Activities	<u>\$28,956</u>	<u>\$475,198</u>	<u>\$380,250</u>

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

Risk Management Reserve	Wellness/EAP	Environmental	Equipment Rental	Public Works Administration	Total	
					2004	2003
\$0	\$0	\$155,735	\$3,469,397	\$1,032,666	\$4,657,798	\$4,232,852
1,635,745	73,162	0	0	0	10,783,919	9,955,344
(1,141,427)	(61,805)	(27,764)	(1,780,639)	(449,823)	(4,374,037)	(5,225,742)
(191,664)	0	0	(670,001)	(521,539)	(1,560,543)	(1,676,983)
0	0	0	325	15	227,166	12,938
(563,005)	0	0	0	0	(7,890,521)	(7,439,101)
(\$260,351)	\$11,357	\$127,971	\$1,019,082	\$61,319	\$1,843,782	(\$140,692)
\$35,000	\$0	\$0	\$0	\$0	\$35,000	\$0
0	0	0	0	0	0	1,420,000
\$35,000	\$0	\$0	\$0	\$0	\$35,000	\$1,420,000
\$0	\$0	\$0	\$112,848	\$0	\$112,848	\$84,209
0	0	0	(1,858,499)	(32,863)	(1,891,362)	(1,844,902)
0	0	0	157,716	0	157,716	484,754
\$0	\$0	\$0	(\$1,587,935)	(\$32,863)	(\$1,620,798)	(\$1,275,939)
\$352,565	\$0	\$0	\$0	\$0	\$352,565	\$1,575,585
150,049	293	582	46,116	285	238,838	330,222
0	0	0	(2,509,329)	0	(3,013,646)	(1,000,000)
\$502,614	\$293	\$582	(\$2,463,213)	\$285	(\$2,422,243)	\$905,807
\$277,263	\$11,650	\$128,553	(\$3,032,066)	\$28,741	(\$2,164,259)	\$909,176
37,793	115,565	181,339	3,724,356	236,158	5,630,410	4,721,234
\$315,056	\$127,215	\$309,892	\$692,290	\$264,899	\$3,466,155	\$5,630,410
(\$229,010)	\$6,507	\$116,242	\$26,597	\$5,949	\$881,893	(\$426,004)
\$0	\$0	\$0	\$1,019,175	\$10,840	\$1,030,015	\$997,047
0	0	0	0	0	(56,115)	(63,269)
0	0	0	(2,206)	0	(2,206)	(81,158)
(1,169)	4,850	11,729	(6,660)	30,751	8,213	109,000
2,010	0	0	(12,966)	489	(6,892)	849
7,818	0	0	(4,858)	13,290	22,693	(10,932)
(40,000)	0	0	0	0	(33,819)	283,302
0	0	0	0	0	0	(949,527)
(31,341)	4,850	11,729	992,485	55,370	961,889	285,312
(\$260,351)	\$11,357	\$127,971	\$1,019,082	\$61,319	\$1,843,782	(\$140,692)

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These are assets used in operations funded by governmental funds. This includes all capital assets of the City except for those used in Enterprise or Internal Service Funds.

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

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

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

**Capital Assets Used in the Operation of Governmental Funds
 Schedule of Capital Assets -- By Function And Activity⁽¹⁾
 December 31, 2004**

	Balance as of 12/31/04	Land	Buildings	Improve- ments	Infra- structure	Equip- ment	Constr. in Progress
GENERAL GOVERNMENT							
City Council/Manager/Clerks	\$1,162,048	\$0	\$1,132,456	\$13,094	\$0	\$16,498	\$0
Finance (Finance, Info Sys, Utility Serv)	1,667,625	0	56,030	0	0	1,611,595	0
Human Resources	11,032	0	0	0	0	11,032	0
Legal	14,710	0	8,695	0	0	6,015	0
Municipal Court	102,615	0	9,092	4,507	0	89,016	0
Codes/Planning/City Hall	260,551	0	252,961	0	0	7,590	0
Engineering	58,326	0	1,921	0	0	56,405	0
Miscellaneous General Government	2,646,654	1,256,764	1,513,714	78,262	0	(202,086)	0
Total General Government	\$5,923,561	\$1,256,764	\$2,974,869	\$95,863	\$0	\$1,596,065	\$0
PUBLIC SAFETY							
Fire	\$10,569,403	\$321,436	\$5,810,459	\$67,371	\$0	\$4,370,137	\$0
Police	14,897,214	2,246,988	9,898,308	19,744	0	1,922,204	809,970
Total Public Safety	\$25,466,617	\$2,568,424	\$15,708,767	\$87,115	\$0	\$6,292,341	\$809,970
PHYSICAL ENVIRONMENT							
LID Construction	\$25,655	\$0	\$0	\$0	\$0	\$0	\$25,655
Cemetery	735,962	477,661	138,044	120,257	0	0	0
Total Physical Environment	\$761,617	\$477,661	138,044	\$120,257	\$0	\$0	\$25,655
TRANSPORTATION							
Streets	\$341,597	\$96,783	\$0	\$0	\$0	\$216,932	\$27,882
Arterial Street	46,174,692	0	453,032	0	41,251,375	0	4,470,285
Transportation (Trolley)	1,122,026	527,500	0	117,551	0	175,000	301,975
Total Transportation	\$47,638,315	\$624,283	\$453,032	\$117,551	\$41,251,375	\$391,932	\$4,800,142
ECONOMIC ENVIRONMENT							
Senior Citizen Center	\$3,839,162	\$271,973	\$3,528,580	\$0	\$0	\$38,609	\$0
Community Development	876,221	588,343	56,536	178,166	0	53,176	0
Central Business District	67,297	0	0	0	0	0	67,297
Total Economic Environment	\$4,782,680	\$860,316	\$3,585,116	\$178,166	\$0	\$91,785	\$67,297
CULTURE AND RECREATION							
Bicentennial Pavilion	\$9,506,707	\$1,152,519	\$7,882,788	\$334,337	\$0	\$137,063	\$0
Public Works Administration	7,505	5,900	0	0	0	1,605	0
Parks and Recreation	13,633,217	1,621,499	3,345,962	5,317,176	0	106,195	3,242,385
Southeast Community Center	73,203	34,588	38,615	0	0	0	0
Capitol Theatre	5,418,997	0	4,422,105	0	0	524,315	472,577
Cable TV	270,420	0	40,712	0	0	229,708	0
Convention Center	6,309,870	162,608	6,127,199	0	0	0	20,063
Gateway - Visitor Center	148,011	0	0	0	0	0	148,011
Total Culture and Recreation	\$35,367,930	\$2,977,114	\$21,857,381	\$5,651,513	\$0	\$998,886	\$3,883,036
Total	<u>\$119,940,720</u>	<u>\$8,764,562</u>	<u>\$44,717,209</u>	<u>\$6,250,465</u>	<u>\$41,251,375</u>	<u>\$9,371,009</u>	<u>\$9,586,100</u>

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

The notes to the financial statements are an integral part of this statement.

Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes in Capital Assets -- By Function and Activity⁽¹⁾
For the year ended December 31, 2004

	Balance As of 1/1/04	Additions	Deletions	Balance As of 12/31/04
GENERAL GOVERNMENT				
City Council/Manager/Clerks	\$1,166,133	\$0	(\$4,085)	\$1,162,048
Finance (Finance, Info Systems, Utility Svc)	2,172,850	200,122	(705,347)	1,667,625
Human Resources	11,032	0	0	11,032
Legal	14,710	0	0	14,710
Municipal Court	102,615	0	0	102,615
Codes/Planning/City Hall	83,132	177,419	0	260,551
Engineering	58,326	0	0	58,326
Miscellaneous General Government	2,646,654	0	0	2,646,654
Total General Government	<u>\$6,255,452</u>	<u>\$377,541</u>	<u>(\$709,432)</u>	<u>\$5,923,561</u>
PUBLIC SAFETY				
Fire	\$10,495,437	\$380,281	(\$306,315)	\$10,569,403
Police	13,773,979	1,123,235	0	14,897,214
Total Public Safety	<u>\$24,269,416</u>	<u>\$1,503,516</u>	<u>(\$306,315)</u>	<u>\$25,466,617</u>
PHYSICAL ENVIRONMENT				
LID Construction	\$0	\$25,655	\$0	\$25,655
Cemetery	731,959	4,003	0	735,962
Total Physical Environment	<u>\$731,959</u>	<u>\$29,658</u>	<u>\$0</u>	<u>\$761,617</u>
TRANSPORTATION				
Streets	\$310,353	\$92,885	(\$61,641)	\$341,597
Arterial Street	40,637,887	5,536,805	0	46,174,692
Transportation (Trolley)	1,121,906	120	0	1,122,026
Total Transportation	<u>\$42,070,146</u>	<u>\$5,629,810</u>	<u>(\$61,641)</u>	<u>\$47,638,315</u>
ECONOMIC ENVIRONMENT				
Senior Citizen Center	\$339,162	\$3,500,000	\$0	\$3,839,162
Community Development	829,252	90,000	(43,031)	876,221
Central Business District	1,338	65,959	0	67,297
Total Economic Environment	<u>\$1,169,752</u>	<u>\$3,655,959</u>	<u>(\$43,031)</u>	<u>\$4,782,680</u>
CULTURE AND RECREATION				
Bicentennial Pavilion	\$9,506,707	\$0	\$0	\$9,506,707
Public Works Administration	7,505	0	0	7,505
Parks and Recreation	12,642,561	1,017,399	(26,743)	13,633,217
Southeast Community Center	73,203	0	0	73,203
Capitol Theatre	4,996,285	472,577	(49,865)	5,418,997
Cable TV	254,633	15,787	0	270,420
Convention Center	6,024,115	285,754	0	6,309,869
Gateway - Visitor Center	148,011	0	0	148,011
Total Culture and Recreation	<u>\$33,653,020</u>	<u>\$1,791,517</u>	<u>(\$76,608)</u>	<u>\$35,367,929</u>
Total Governmental Fund Assets	<u><u>\$108,149,745</u></u>	<u><u>\$12,988,001</u></u>	<u><u>(\$1,197,027)</u></u>	<u><u>\$119,940,719</u></u>

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

The notes to the financial statements are an integral part of this statement.

**Capital Assets used in the Operation of Governmental Funds -
Schedule by Source⁽¹⁾**
**Governmental Fund Capital Assets
For the year ended December 31, 2004**

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
GENERAL CAPITAL ASSETS					
Land	\$8,483,392	\$281,170	\$0	\$0	\$8,764,562
Buildings	34,466,531	3,677,890	(7,443)	6,580,231	44,717,209
Improvements other than Buildings	6,247,541	22,224	(19,300)	0	6,250,465
Equipment	7,758,482	760,730	(782,053)	0	7,737,159
Infrastructure	39,303,017	0	0	1,948,358	41,251,375
Construction in Progress	10,109,840	8,004,849	0	(8,528,589)	9,586,100
Capitalized Leases	1,780,942	241,138	(388,231)	0	1,633,849
	<u>\$108,149,745</u>	<u>\$12,988,001</u>	<u>(\$1,197,027)</u>	<u>\$0</u>	<u>\$119,940,719</u>

INVESTMENT IN GENERAL CAPITAL ASSETS FROM:

1984 Physical Inventory	\$15,815,751	\$0	\$0	\$0	\$15,815,751
Federal Grants	903,907	90,000	(43,031)	0	950,876
State Grants	551,428	0	0	0	551,428
Interlocal Grants	142,290	0	0	0	142,290
General Fund	3,581,721	200,122	(709,432)	0	3,072,411
Special Revenue Funds	2,296,821	165,366	(157,328)	0	2,304,859
Federal Revenue Sharing	394,765	0	0	0	394,765
General Obligation Bond	21,115,262	285,754	0	0	21,401,016
Capital Projects	21,967,646	6,709,954	(287,236)	0	28,390,364
Grants/GOB/Local Match	40,637,887	5,536,805	0	0	46,174,692
Private Contributions	742,267	0	0	0	742,267
	<u>\$108,149,745</u>	<u>\$12,988,001</u>	<u>(\$1,197,027)</u>	<u>\$0</u>	<u>\$119,940,719</u>

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

The notes to the financial statements are an integral part of this statement.

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Class Description/ Identifying No.	I.D. Number	Purpose	Amount of Issue	Date of Issue	Date of Final Maturity
General Obligation Debt					
Crim Justice/I-82	251.11	594.21,595.11	\$6,800,000.00	02/01/1994	12/01/2004
Crim Justice/I-82 (Refunded)	251.15	594.21,595.11	4,155,000.00	06/17/2003	12/01/2013
Fire	251.12	594.22	3,700,000.00	10/24/1995	12/01/2005
Fire (Refunded)	251.15		2,300,000.00	09/07/2004	12/01/2014
Conv Center Expansion	251.11	594.75.65	6,000,000.00	01/01/1996	11/01/2007
Conv Center Expansion (Refunded)	251.15		\$4,175,000.00	09/07/2004	11/01/2019
G.O. Line of Credit-Parks Cap	251.11	594.76	104,569.00	12/19/2003	12/19/2008
Street Bond	251.11	595.30	1,430,000.00	04/01/1998	06/01/2008
Conv Center Addition	251.11	594.75.65	6,735,000.00	06/10/2002	06/01/2026
Sundome Expansion	251.11	559.20.77	1,430,527.65	06/17/2003	12/01/2023
Total			\$36,830,096.65		
Revenue Bonds					
Wastewater (Cur. Refunding)	252.15	535.10.65	\$3,320,000.00	10/01/1996	12/01/2008
Wastewater/Water (Refunding)	252.15	535.10.65	4,715,000.00	10/01/1998	09/01/2011
Wastewater/Water (Refunding)	252.15	535.10.65	4,715,000.00	10/01/1998	09/01/2011
Water	252.11	59434	3,195,000.00	10/01/1998	09/01/2018
Wastewater	252.11	59435	600,000.00	02/27/2001	06/01/2041
Wastewater	252.11	59435	17,545,000.00	12/22/2003	11/01/2023
Irrigation	252.11	59438	5,215,000.00	09/14/2004	09/01/2034
Total			\$39,305,000.00		
Special Assessment Notes					
#1053	253.11	535.10.65	65,408.68	02/10/1997	02/10/2007
#1054	253.11	535.10.65	52,097.22	10/01/1997	10/01/2007
#1055	253.11	535.10.65	101,830.38	06/05/2000	06/05/2010
Total			\$219,336.28		

<u>Beginning Outstanding Balance</u>	<u>Amount Issued</u>	<u>BARS Code for Receipt</u>	<u>Receiving Fund Number</u>	<u>Amount Redeemed</u>	<u>BARS Code for Redemption</u>	<u>Redeeming Fund Number</u>	<u>Ending Outstanding Balance</u>
\$335,000.00	\$0.00	391.10-BND	143/333	\$335,000.00	591.21-710	283	\$0.00
4,120,000.00	0.00	391.10-BND	143/333	60,000.00	591.21-710	283	4,060,000.00
2,510,000.00	0.00	391.10-BND	332	2,325,000.00	591.22-710	284	185,000.00
0.00	2,300,000.00	391.10-BND	332	35,000.00	591.22-710	284	2,265,000.00
4,720,000.00	0.00	391.10-BND	370	4,055,000.00	591.75-710	287	665,000.00
0.00	4,175,000.00	391.10-BND	370	75,000.00	591.75-710	287	4,100,000.00
104,568.92	0.00	391.10-BND	331	20,000.00	591.76-710	285	84,568.92
795,000.00	0.00	391.10-BND	142	145,000.00	591.42-710	282	650,000.00
6,565,000.00	0.00	391.10-BND	370	175,000.00	591.75-710	272	6,390,000.00
<u>1,430,527.65</u>	<u>0.00</u>	391.10-BND	392	<u>0.00</u>	59175-710	000	<u>1,430,527.65</u>
\$20,580,096.57	\$6,475,000.00			\$7,225,000.00			\$19,830,096.57
\$1,590,000.00	\$0.00	39110-BND	476/478	\$290,000.00	582.35-720	488	\$1,300,000.00
301,125.00	0.00	39110-BND	478	32,588.00	582.34-720	484	268,537.00
3,348,875.00	0.00	39110-BND	477/478	362,412.00	582.35-720	484	2,986,463.00
2,610,000.00	0.00	39110-BND	477	125,000.00	582.34-720	486	2,485,000.00
600,000.00	0.00	39110-BND	476	0.00	582.35-720	485	600,000.00
17,545,000.00	0.00	39110-BND	478	725,000.00	582.35-720	493	16,820,000.00
<u>0.00</u>	<u>5,215,000.00</u>	39110-BND	479	<u>0.00</u>	582.38-720	491	<u>5,215,000.00</u>
\$25,995,000.00	\$5,215,000.00			\$1,535,000.00			\$29,675,000.00
\$8,000.00	\$0.00	39170-770	345	\$1,000.00	59135-770	289	\$7,000.00
25,000.00	0.00	39170-770	345	6,000.00	59135-770	289	19,000.00
<u>28,000.00</u>	<u>0.00</u>	39170-770	345	<u>1,000.00</u>	59135-770	289	<u>27,000.00</u>
\$61,000.00	\$0.00			\$8,000.00			\$53,000.00

<u>Class Description/ Identifying No.</u>	<u>I.D. Number</u>	<u>Purpose</u>	<u>Amount of Issue</u>	<u>Date of Issue</u>	<u>Date of Final Maturity</u>
Intergovernment Loans (Public Works Trust And State Revolving Fund)					
PW-86-040	263.81	541.30.65	\$720,000.00	06/12/1986	07/01/2006
PW-87-0002	263.81	541.30.65	196,208.92	05/01/1987	07/01/2007
PW-88-962-54	263.81	594.35.64	945,000.00	06/19/1988	07/01/2008
PW-5-89-962-0056	263.81	595.50.65	765,000.00	08/01/1989	07/01/2009
PW-5-89-962-0057	263.81	595.40.65	121,162.33	08/01/1989	07/01/2009
PW-5-89-962-0058	263.81	594.34.65	495,000.00	06/12/1989	07/01/2009
PW-5-90-280-050	263.81	595.30.65	603,312.70	05/07/1990	07/01/2010
PW-5-91-280-070	263.81	595.30.65	1,039,500.00	09/29/1991	07/01/2011
PW-5-91-280-071	263.81	595.40.65	1,143,716.36	09/29/1991	07/01/2011
PW-5-92-280-046	263.81	594.35.64	1,120,000.00	09/03/1992	07/01/2012
PW-5-93-280-054	263.81	594.35.65	3,221,708.00	06/01/1993	07/01/2013
PW-5-94-784-049	263.81	594.35.64	1,220,900.00	05/16/1994	07/01/2014
PW-5-95-791-052	263.81	595.30.65	1,000,000.00	06/14/1995	07/01/2015
PW-5-95-791-053	263.81	594.35.64	3,030,558.00	08/07/1995	07/01/2015
PW-5-95-791-054	263.81	594.35.64	188,430.30	06/14/1995	07/01/2015
PW-00-691-062	263.81	595.30.65	1,180,000.00	06/14/2000	06/10/2010
PW-01-691-071	263.81	594.35.65	1,466,250.00	06/01/2001	07/01/2021
PW-03-027	263.81	594.34.65	2,694,000.00	09/01/2003	07/01/2023
CERB Loan #C95-107	263.81	594.50.65	425,448.00	08/21/1995	07/01/2016
Total			\$21,576,194.61		
Due To Other Governmental Units					
Yakima County	263.81		\$780,000.00	11/01/1987	11/01/2007
Yakima County	263.81		781,517.87	11/01/1989	11/01/2009
Yakima County	263.81		44,000.00	06/01/2002	06/01/2011
Yakima County	263.81		75,000.00	06/01/2004	06/01/2010
Total			\$1,680,517.87		
Lease Purchase Agreements					
#35416 - Police Video	263.53	594.21.66	\$491,838.05	11/03/2003	11/03/2008
#35943 - Printer/Copier	263.53	594.18.66	93,414.05	06/01/2004	03/01/2009
Mobile Wireless Data Network	263.53	59421.66	325,000.00	07/09/2004	04/09/2009
Printer/Copier	263.53	594.18.66	54,255.09	10/15/2004	07/15/2009
Total			\$964,507.19		
Grand Total			\$101,052,132.83		

<u>Beginning Outstanding Balance</u>	<u>Amount Issued</u>	<u>BARS Code for Receipt</u>	<u>Receiving Fund Number</u>	<u>Amount Redeemed</u>	<u>BARS Code for Redemption</u>	<u>Redeeming Fund Number</u>	<u>Ending Outstanding Balance</u>
\$113,684.20	\$0.00	39180-DCD		\$37,894.73	59142-780	342	\$75,789.47
41,307.07	0.00	39180-DCD		10,326.79	59142-780	342	30,980.28
277,895.44	0.00	39180-DCD	478	55,579.10	58235-78P	473	222,316.34
252,902.99	0.00	39180-DCD		42,150.49	59142-780	342	210,752.50
38,261.85	0.00	39180-DCD		6,376.96	59138-780	342	31,884.89
163,643.09	0.00	39180-DCD		27,273.85	58234-78P	474	136,369.24
222,292.46	0.00	39180-DCD		31,756.06	59142-780	142	190,536.40
399,767.39	0.00	39180-DCD		49,970.93	59142-780	142	349,796.46
485,350.12	0.00	39180-DCD		60,668.77	59138-780	342	424,681.35
555,578.94	0.00	39180-DCD	476	61,731.00	58235-78P	473	493,847.94
1,705,055.98	0.00	39180-DCD	478	170,505.60	58235-78P	473	1,534,550.38
449,889.50	0.00	39180-DCD	476	40,899.05	58235-78P	473	408,990.45
639,009.31	0.00	39180-DCD		53,250.77	59142-780	142	585,758.54
1,960,493.24	0.00	39180-DCD	478	163,374.39	58235-78P	473	1,797,118.85
140,220.78	0.00	39180-DCD	476	11,685.07	58235-78P	473	128,535.71
826,000.00	0.00	39180-DCD	142	118,000.00	59142-780	142	708,000.00
1,319,625.00	0.00	39180-DCD	476/477	73,312.50	58235-78P	473	1,246,312.50
538,900.00	2,020,875.00	39180-DCD	477	0.00	58234-78P	474	2,559,775.00
324,579.00	0.00	39180-DCD		17,749.35	59119-780	000	306,829.65
<u>\$10,454,456.36</u>	<u>\$2,020,875.00</u>			<u>\$1,032,505.41</u>			<u>\$11,442,825.95</u>
\$252,890.61	\$0.00			\$57,890.62	59175-771	000	\$194,999.99
353,561.28	0.00			49,034.99	59175-771	000	304,526.29
36,569.22	0.00	39180-COU		3,940.59	59142-780	142	32,628.63
75,000.00	0.00	39180-COU		10,714.29	59173-780	170	64,285.71
<u>\$718,021.11</u>	<u>\$0.00</u>			<u>\$121,580.49</u>			<u>\$596,440.62</u>
\$491,838.05	\$0.00	39150-CLF	333	\$94,391.93	59121-750	000	\$397,446.12
0.00	93,414.05	39150-CLF	000	13,066.76	59118-750	000	80,347.29
0.00	325,000.00	39150-CLF	333	30,226.19	59121-750	000	294,773.81
0.00	54,255.09	39150-CLF	000	4,956.09	59118-750	000	49,299.00
<u>\$491,838.05</u>	<u>\$472,669.14</u>			<u>\$142,640.97</u>			<u>\$821,866.22</u>
<u>\$58,300,412.09</u>	<u>\$14,183,544.14</u>			<u>\$10,064,726.87</u>			<u>\$62,419,229.36</u>

NOTE:

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

<u>Class Description / Identifying No.</u>	<u>Amount of Issue</u>
PW-5-89-962-0056	\$765,000
PW-5-89-962-0057	174,879
PW-5-89-962-0058	495,000
PW-5-90-280-050	803,157
PW-5-91-280-070	1,155,000
PW-5-91-280-071	1,188,000
PW-5-92-280-046	1,120,000
PW-5-93-280-054	3,221,708
PW-5-94-784-049	1,481,000
PW-5-95-791-052	1,000,000
PW-5-95-791-054	209,367
PW-5-95-791-053	3,030,558
PW-00-691-062	1,180,000
PW-01-691-071	1,466,250
PW-03-027	2,694,000
	<u>\$19,983,919</u>

CITY OF YAKIMA

Schedule #10 - Limitation of Indebtedness

As of December 31, 2004

Total Taxable Property Value -- \$3,971,667,847

		Remaining Debt Capacity
(1)	2.50% (\$99,291,696.18) 2.5% General Purposes Limit is Allocated Between:	
(2)	Up to 1.5% Debt without a Vote (Councilmanic)	\$59,575,018
(3)	Less : Outstanding Debt	25,846,264
(4)	Less: Contracts Payable	821,866
(5)	Less: Excess of Debt with a Vote	0
(6)	Add: Available Assets	8,798,332
(7)	Equals: Remaining Debt Capacity without a Vote	\$41,705,220
(8)	1% General Purposes Debt with a Vote	\$39,716,678
(9)	Less : Outstanding Debt	2,450,000
(10)	Less: Contracts Payable	0
(11)	Add: Available Assets	209,451
(12)	Equals: Remaining Debt Capacity with a Vote	\$37,476,129
(13)	2.5% Utility Purpose Limit, Voted	\$99,291,696
(14)	Less : Outstanding Debt	0
(15)	Less: Contracts Payable	0
(16)	Add: Available Assets	0
(17)	Equals: Remaining Debt Capacity - Utility Purpose, Voted	\$99,291,696
(18)	2.5% Open Space, Park and Capital Facilities, Voted	\$99,291,696
(19)	Less : Outstanding Debt	0
(20)	Less: Contracts Payable	0
(21)	Add: Available Assets	0
(22)	Equals: Remaining Debt Capacity - Open Space, Park and Capital Facilities, Voted	\$99,291,696

**Schedule #16 - Expenditures of Federal Awards
For the Year Ended December 31, 2004**

<u>Grantor/ Pass-Through Grantor Program Title</u>	<u>BARS Account No.</u>	<u>Federal CFDA No.</u>	<u>Other Identification No.</u>	<u>From Pass- Through Awards</u>	<u>From Direct Awards</u>
U. S. Department of Housing and Urban Development Direct Programs:					
Community Development					
Block Grant	331.14	14.218	B 04-MC-53-0008		\$845,234
Block Grant	331.14	14.218	B 03-MC-53-0008		258,882
Block Grant	385.00	14.218	Block Grant Program		265,493
			Income		
Block Grant	361.40	14.218	Block Grant Interest Income		<u>22,842</u>
			Total CFDA NO. 14.218		\$1,392,451
HUD Home Program	331.14	14.239	M04-MC53-0203		\$195,576
HUD Home Program	331.14	14.239	M03-MC53-0203		292,336
HUD Home Program	385.00	14.239	Home Program Income		47,938
HUD Home Program	361.40	14.239	Home Interest Income		<u>13,467</u>
			Total CFDA NO. 14.239		\$549,317
Block Grant - Section 108		14.248	Loan Guarantee		<u>\$3,310,000</u>
			Total CFDA NO 14.248		\$3,310,000
Total Department of Housing and Urban Development					\$5,251,768
U. S. Department of Justice Direct Programs:					
BJA Block Grant	331.16	16.592	04 LBBX 1019		<u>\$12,229</u>
			Total CFDA NO. 16.592		\$12,229
Alien Assistant Program	331.16	16.606	2004 AP-BX-0317		<u>\$19,551</u>
			Total CFDA NO. 16.606		\$19,551
Total Department of Justice					\$31,780
Department of Energy - Bonneville Power Adm					
Ahtanum Creek Restoration	331.81	81.999			\$134,435
Fruitvale Canal Div.Design	331.81	81.999			<u>46,973</u>
			Total CFDA NO. 81.999		\$181,408
Total Department of Energy					\$181,408
Federal Aviation Administration					
Passed-through Yakima Air Terminal					
Washington Ave. Expansion	333.20	20.106		<u>\$250,024</u>	
			Total CFDA NO 20.106	250,024	
Total Federal Aviation Administration				\$250,024	

**Schedule #16 - Expenditures of Federal Awards
For the Year Ended December 31, 2004**

Grantor/ Pass-Through Grantor Program Title	BARS Account No.	Federal CFDA No.	Other Identification No.	From Pass- Through Awards	From Direct Awards
U. S. Department of Transportation Direct Programs:					
Operating Grant Section 9	331.20	20.507	WA-90-X329-00		\$1,272,380
			Total CFDA NO. 20.507		<u>\$1,272,380</u>
Passed-through Washington State Department of Transportation:					
Fruitvale & 5th Roundabout	333.20	20.205	STPH-4606 (001)	\$507,334	
Washington Avenue Expansion	333.20	20.205	REV-4558(001)	1,920,294	
16th & Engelwood I/S Signal	333.20	20.205	POMVIP-4555(003)	144,341	
16th Ave Corridor Signals	333.20	20.205	CM-4555(004)	108,293	
RR Crossing Improv./WA Ave	334.03	20.205	STPXP-4558(005)	805	
W Mead Ave - S 16th to S 11th	333.20	20.205	STPUS-4570(001)	656,324	
Railroad Grade Separation	333.20	20.205	STPX-000S (062)	251,416	
Nob Hill & 6th St Signal	333.20	20.205	STPUS-4566(006)	10,575	
			Total CFDA NO. 20.205	<u>\$3,599,382</u>	
			Total Department of Transportation	\$3,599,382	\$1,272,380
U. S. Department of Health and Human Services:					
Passed-through Yakima Co.					
Geriactric Footcare-Title III-B	333.96	93.044		\$18,912	
			Total CFDA NO 93.044	<u>\$18,912</u>	
			Total Department of Health and Human Svcs	\$18,912	
Federal Emergency Management Agency:					
Passed-through WA St. Military					
Asst to Firefighters Grant Prog	333.83	97.044		\$230,776	
			Total CFDA NO 97.044	<u>\$230,776</u>	
			Total Federal Emergency Management	\$230,776	
			Total Federal Assistance	\$4,099,094	\$6,737,336
			Total Federal Assistance Direct & Pass-Through Awards	<u><u>\$10,836,430</u></u>	

**Schedule #16 - Expenditures of Federal Awards
and State/Local Financial Assistance
For the Year Ended December 31, 2004**

Grantor/ Pass-Through Grantor Program Title	BARS Account No.	Federal CFDA No.	Other Identification No.	Current Year Expenditures
Washington State Department of Ecology:				
Convention Center Expansion	334.03			\$43,259
Total Washington State Department of Ecology				<u>\$43,259</u>
Washington State Interagency Committee for Outdoor Recreation:				
Completion of Chesterly Park	334.02	N/A	IAC	\$26,600
Total Washington State Interagency Committee for Outdoor Recreation				<u>\$26,600</u>
Washington State Traffic Safety Commission:				
Summitview School Sidewalk	334.03	N/A		\$119,718
Total WA State Traffic Safety Commission				<u>\$119,718</u>
Washington State Department of Transportation:				
American Disability Transit Grant	334.03			\$69,577
Hoover School Sidewalk	334.03	N/A	6DT	88,873
Total Washington State Department of Transportation				<u>\$158,450</u>
Washington State Department of Community, Trade and Economic Development:				
Capitol Theatre	334.04		2DC	\$472,577
Kiwanis Park Land Acquisition	334.04			227,125
Total Washington State Department of Community, Trade and Economic Development				<u>\$699,702</u>
Washington State Transportation Improvement Board:				
River Rd North 16th Ave to Fruitvale Blvd	334.03	N/A	8-8-180(019)-1	\$36,204
W. Washington 40th to 52nd	334.03	N/A	8TI	400,912
W. Washington 52nd to 72nd	334.03	N/A	8TI	204,216
Total Washington State Transportation Improvement Board				<u>\$641,332</u>
Total State Assistance				\$1,689,061
Housing Authority:				
Payments in Lieu of Taxes (PILOT)	337.13	N/A		\$8,489
Total Local Assistance				<u>\$8,489</u>
Total State and Local Assistance				<u>\$1,697,550</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF ACCOUNTING

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

NOTE 2 - PROGRAM COSTS

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

NOTE 3 - PROGRAM INCOME

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

NOTE 4 - FEDERAL LOANS

In 2003, the City of Yakima was authorized to administer a Section 108 Loan program. As of December 31, 2004, the City has approved/lent \$3,310,000 in loans.

NOTE 5 - NONCASH AWARDS

Not Applicable.

NOTE 6 - AMOUNT PAID TO SUBRECIPIENTS

The City of Yakima paid the following amounts to subrecipients:

CDBG-14.218	\$115,378
-------------	-----------

Schedule #17 - Annual Report On Public Works Projects
For the year January 1, 2004 through December 31, 2004

PART I

Public Works projects greater than \$5,000 that are not let by contract:
(includes projects performed by a county for a city under RCW 35.77.020)

(a) BARS <u>Account</u>	(b) Total Project Budget	(c) Prior Years Completion	(d) Current Year Budget	(e) Current Year Actual	(f) Project Life-To-Date (c) + (e)	(g) Remaining Budget (b) - (f)
594.34-MISC	0	0	0	10,709	10,709	0

PART II

1. Total current public works construction budget as amended. (Annual or biennial as applicable.)	\$26,182,059
2. Total allowable public works. (10% of #1)	2,618,206
3. Less: Amount (if any) in excess of permitted amount from prior year.	0
4. Total allowable public works. (#2 minus #3)	<u>2,618,206</u>
5. Total public works projects performed by public employees during the current year. (Including work performed by a county)	10,709
6. If this is the second year of a biennial budget, total public works performed by public employees during the prior year.	0
7. Restricted (over) under allowable. (#4 minus #5 minus #6)	<u><u>\$2,607,497</u></u>

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

**Schedule #19 - Labor Relations Consultants
For the Year Ended December 31, 2003**

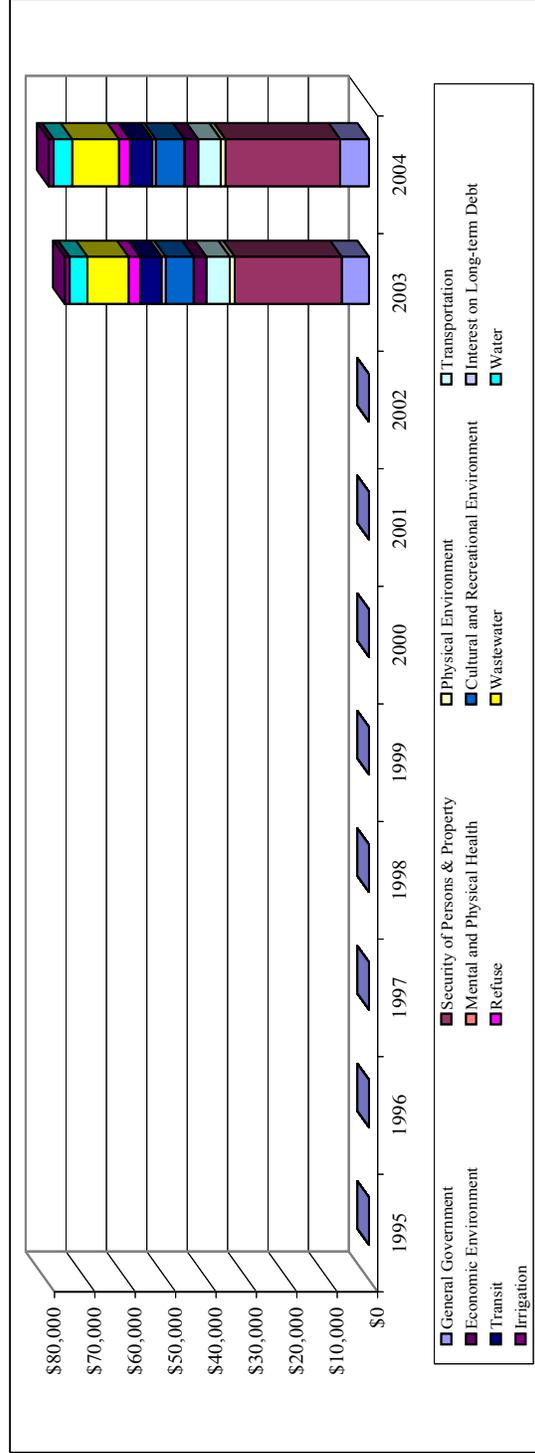
Name of Firm:	Name of Consultant:
Summit Law Group	Bruce Schroeder/Beth Kennar
Business Address:	
315 Fifth Avenue S. Suite 1000 Seattle, Washington 98104	
Amount Paid To Consultant During Fiscal Year:	
\$5,375.50	
Terms And Conditions, As Applicable, Including:	
Rates (e.g., hourly, etc.): \$200 to \$235 an hour plus reimbursable cost (long distance, postage and copy charges)	
Maximum Compensation Allowed: None	
Duration of Services: On Going	
Services Provided: Labor negotiations and arbitration for Police, Fire and AFSCME.	

Certified Correct this _____ day of _____, 2005 to the best of my knowledge and belief:
Signature : _____
Name: Cindy J. Epperson
Title: Accounting & Treasury Manager

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CITY OF YAKIMA
Government-wide Expenses by Functions (1)
Last Ten Years
(unaudited)

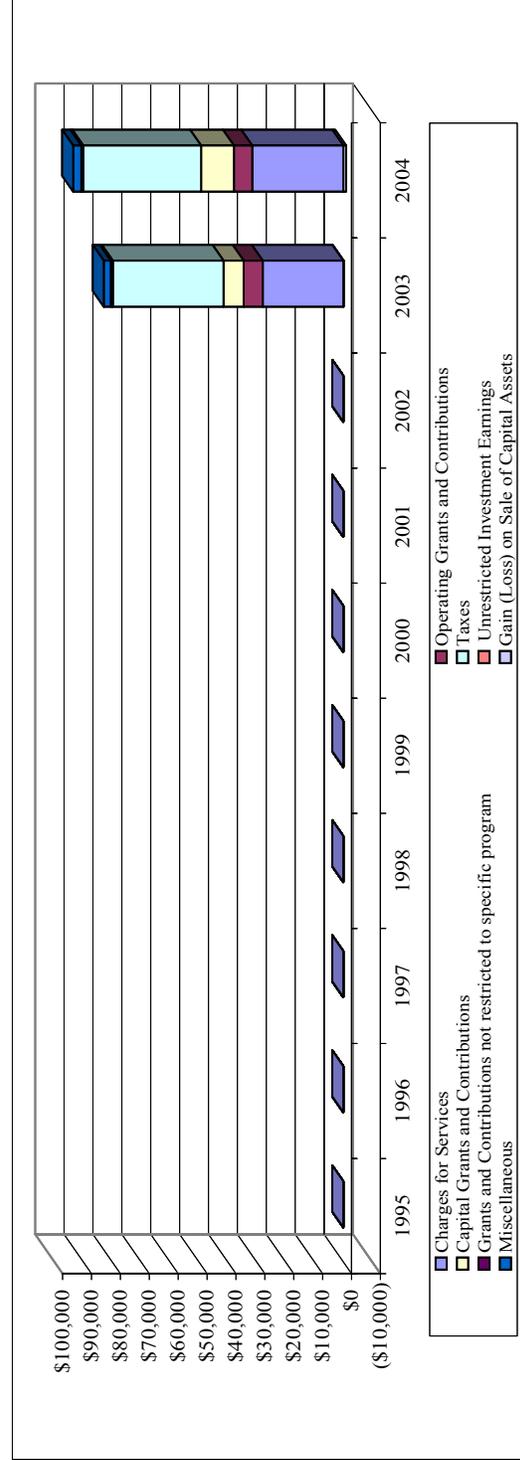
Year	General Government	Security of Persons & Property	Physical Environment	Transportation	Economic Environment	Mental and Physical Health	Cultural and Recreational Environment	Interest on Long-term Debt	Transit	Refuse	Wastewater	Water	Irrigation	Total
1995	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1996	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2003	6,774	26,468	1,225	5,811	3,143	15	6,891	1,063	5,282	2,861	10,172	4,406	1,222	75,333
2004	7,147	28,391	1,176	5,585	3,422	17	7,065	850	5,526	2,752	11,565	4,586	1,220	79,302



(1) Amounts expressed in thousands
 Note: Less than ten years data is provided because 2003 was the first year for government-wide expense under GASB #34

CITY OF YAKIMA
Government-wide Revenue by Functions (1)
Last Ten Years
(unaudited)

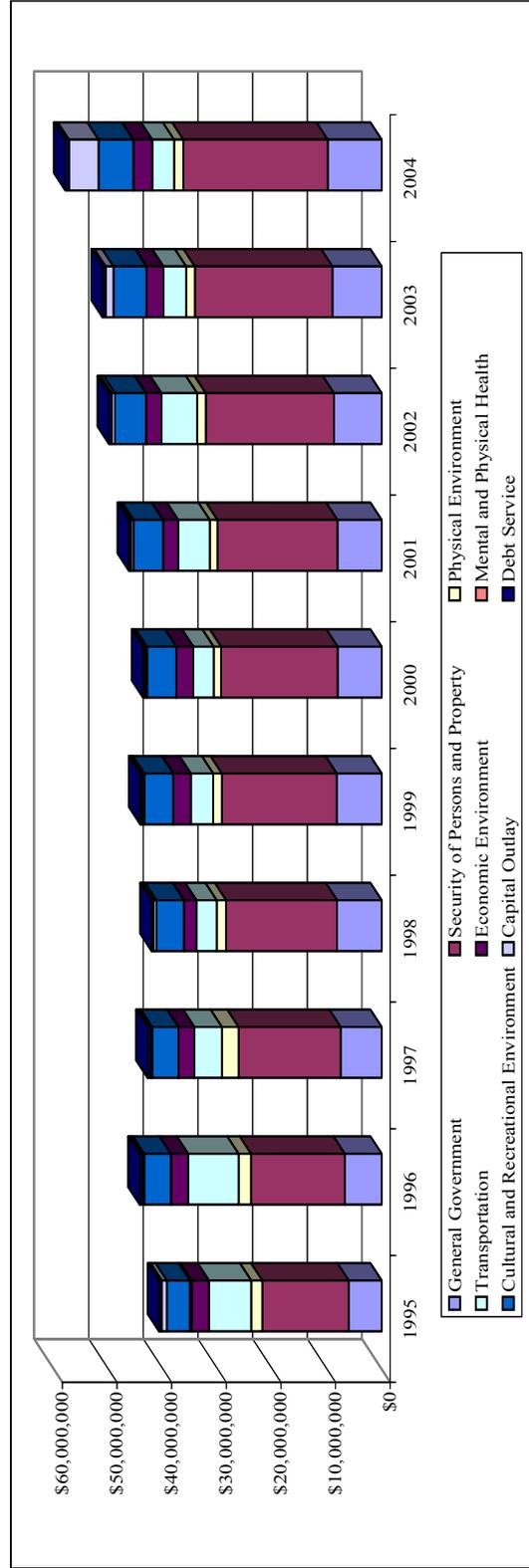
Year	PROGRAM REVENUES				GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions not restricted to specific program	Unrestricted Investment Earnings	Miscellaneous	Gain (Loss) on Sale of Capital Assets		
1995	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
1996	0	0	0	0	0	0	0	0	0	
1997	0	0	0	0	0	0	0	0	0	
1998	0	0	0	0	0	0	0	0	0	
1999	0	0	0	0	0	0	0	0	0	
2000	0	0	0	0	0	0	0	0	0	
2001	0	0	0	0	0	0	0	0	0	
2002	0	0	0	0	0	0	0	0	0	
2003	27,892	6,603	6,969	38,317	175	549	2,415	(145)	82,775	
2004	31,524	6,344	11,366	40,768	0	684	2,816	(1,005)	92,497	



(1) Amounts expressed in thousands
 Note: Less than ten years data is provided because 2003 was the first year for government-wide revenues under GASB #34.

CITY OF YAKIMA
General Government Expenditures by Functions (1)
Last Ten Years
(unaudited)

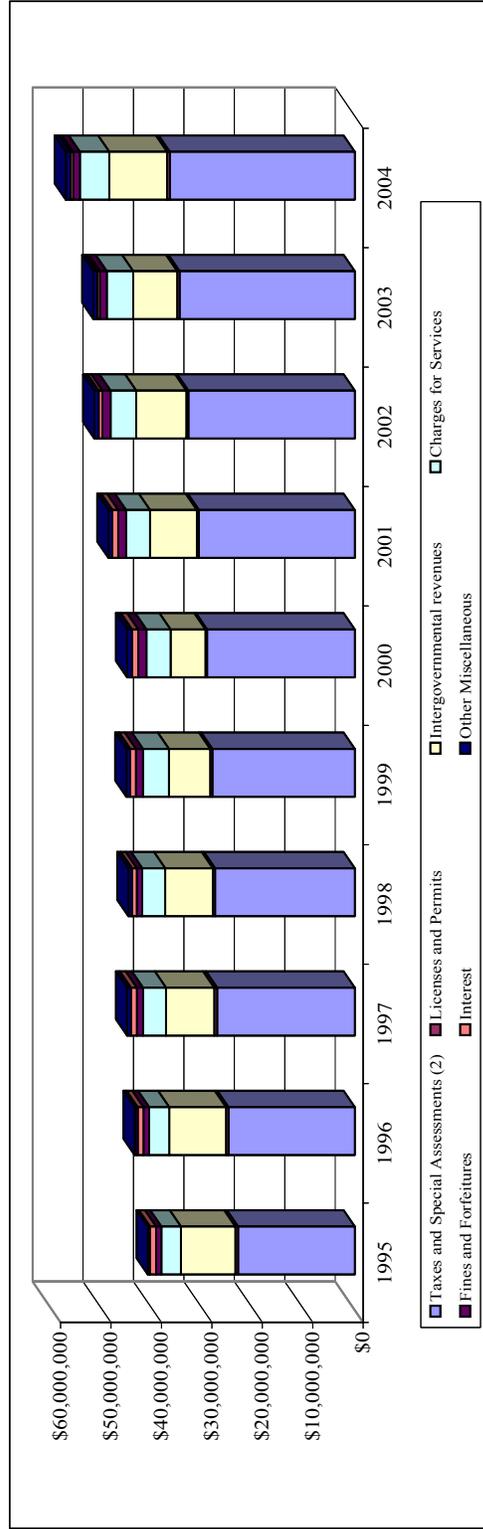
Year	General Government	Security of Persons and Property	Physical Environment	Transportation	Economic Environment	Mental and Physical Health	Cultural and Recreational Environment	Capital Outlay	Debt Service	Total
1995	\$6,056,264	\$15,818,394	\$2,033,869	\$7,725,400	\$3,152,000	\$337,755	\$4,221,556	\$919,701	\$487,488	\$40,752,427
1996	6,769,536	17,162,789	2,284,481	9,224,044	3,159,169	25,101	4,860,763	308,353	506,004	44,300,240
1997	7,536,339	18,677,521	3,050,282	5,026,577	2,897,856	25,112	4,784,472	271,651	584,606	42,854,416
1998	8,189,904	20,300,901	1,733,584	3,690,178	2,272,997	27,229	5,025,685	495,944	367,289	42,103,711
1999	8,244,955	21,031,435	1,590,945	4,088,256	3,202,516	26,473	5,265,200	376,697	362,366	44,188,843
2000	8,084,206	21,327,991	1,360,790	3,714,003	3,099,868	21,510	5,352,391	341,639	378,393	43,680,791
2001	8,123,493	21,958,448	1,406,572	5,767,611	2,765,158	22,608	5,389,080	446,862	386,931	46,266,763
2002	8,743,899	23,467,109	1,579,665	6,525,012	2,835,789	23,219	5,655,578	569,990	506,920	49,907,181
2003	9,045,409	25,168,585	1,586,458	4,158,328	3,106,110	15,327	6,025,068	1,447,385	540,865	51,093,535
2004	9,902,360	26,404,048	1,707,162	4,002,925	3,460,416	16,952	6,344,581	5,410,810	650,704	57,899,958



(1) The schedule above includes only those expenditures recorded in the General Fund and Special Revenue Funds.

CITY OF YAKIMA
General Government Revenue by Source (1)
Last Ten Years
(unaudited)

Year	Taxes and Special Assessments (2)	Licenses and Permits	Intergovernmental revenues	Charges for Services	Fines and Forfeitures	Interest	Other Miscellaneous	Total
1995	\$23,165,878	\$533,245	\$10,779,574	\$3,884,370	\$1,037,679	\$1,219,586	\$429,554	\$41,049,886
1996	25,059,706	494,314	11,245,755	3,984,573	1,128,705	1,151,662	580,883	43,645,598
1997	27,302,613	588,017	9,547,734	4,564,162	1,216,959	1,178,674	738,241	45,136,400
1998	27,719,063	432,850	9,456,095	4,546,459	1,084,500	929,230	722,261	44,890,458
1999	28,260,626	432,738	8,159,981	5,154,817	1,399,613	1,117,984	765,272	45,291,031
2000	29,300,144	331,190	6,904,007	4,794,532	1,608,584	1,264,295	932,289	45,135,041
2001	30,914,073	408,688	9,284,719	4,754,505	1,553,036	1,176,477	751,488	48,842,986
2002	33,015,570	405,856	9,926,441	5,080,469	1,631,877	736,891	849,656	51,646,760
2003	34,757,735	469,716	8,708,681	5,252,488	1,396,795	528,228	717,509	51,831,152
2004	36,696,139	529,767	11,458,847	5,834,705	1,363,565	515,535	908,958	57,307,516

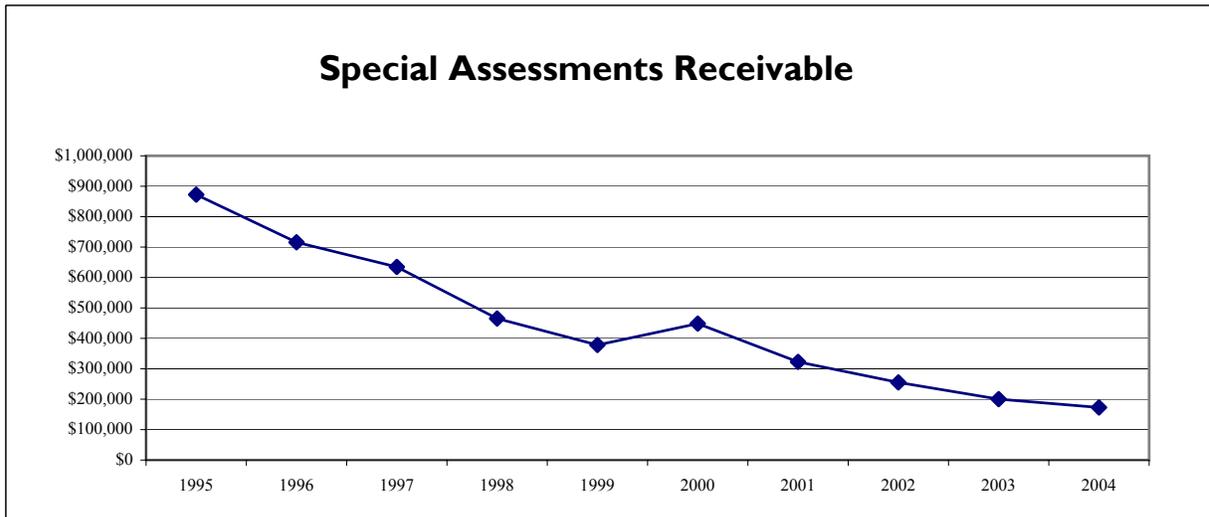


(1) The schedule above includes only those revenues recorded in the General Fund and Special Revenue Funds.

(2) Taxes and Special Assessments include general property tax, sales tax, utility and gambling taxes.

CITY OF YAKIMA
Special Assessment Collection
December 31, 2004
(unaudited)

Fiscal Year	Billings⁽¹⁾	Assessments Collected	Rates of Collections To Amount Due⁽²⁾	Total Outstanding Assessments
1995	\$129,095	\$207,518	161%	\$872,415
1996	130,788	154,047	118%	715,850
1997	115,510	186,860	162%	634,792
1998	111,912	158,834	142%	465,099
1999	63,128	71,519	113%	378,212
2000	52,432	112,561	215%	448,410
2001	63,998	125,788	197%	322,623
2002	55,890	67,503	121%	255,120
2003	27,187	53,657	197%	200,229
2004	23,000	27,457	119%	172,772



- (1) Billings equal the respective year's current assessment due and excludes rebilling of delinquent assessments.
(2) Collections include prepayments received and assessments paid in full in advance, thus amounts over 100% are not unusual.

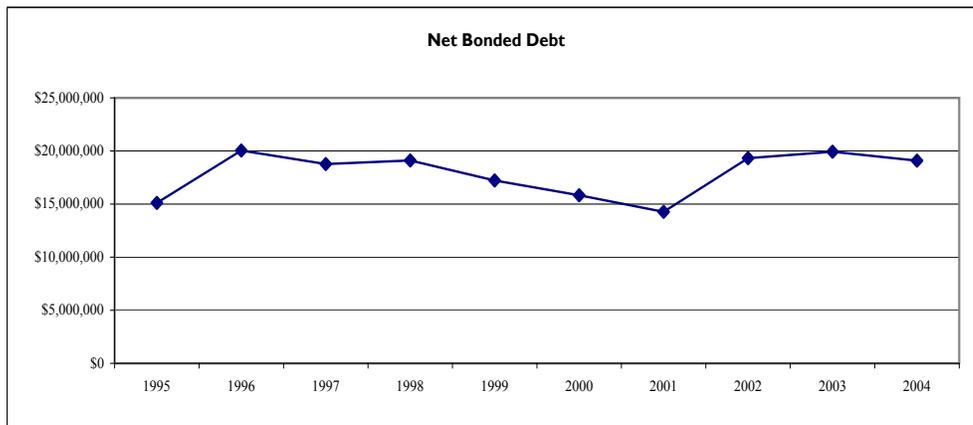
CITY OF YAKIMA
Ten Years Property Tax Data
(unaudited)

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Assessed Actual Value										
Assessed Value (True Value)										
In Thousands	\$3,971,667	\$3,824,096	\$3,673,434	\$3,268,616	\$3,156,055	\$3,076,533	\$2,851,139	\$2,792,001	\$2,591,498	\$2,390,575
Assessable Value										
In Thousands ⁽¹⁾	\$3,755,891	\$3,755,891	\$3,603,791	\$3,202,456	\$3,096,817	\$3,019,593	\$2,793,688	\$2,700,257	\$2,591,498	\$2,300,235
Property Tax Rates										
Direct Regular and Special:										
Operating Levies	3.4718	3.521	3.526	3.515	3.491	3.449	3.287	3.226	3.247	3.187
Bond Redemption	<u>0.0841</u>	<u>0.096</u>	<u>0.261</u>	<u>0.281</u>	<u>0.248</u>	<u>0.465</u>	<u>0.481</u>	<u>0.441</u>	<u>0.447</u>	<u>0.429</u>
	3.5559	3.617	3.787	3.796	3.739	3.914	3.768	3.667	3.694	3.616
Overlapping Regular and Special:										
School District	4.7420	4.756	4.567	4.393	4.444	2.046	5.531	5.749	5.769	5.826
County	2.1123	2.139	2.148	2.143	2.055	2.144	1.987	1.979	1.975	1.959
State School	2.9261	2.960	2.902	3.247	3.348	3.358	3.514	3.587	3.674	3.674
Total Direct and Overlapping	13.3363	13.472	13.404	13.579	13.586	11.462	14.800	14.982	15.112	15.075
Property Taxes Levied and Collected										
Operating Levies	\$13,411,208	\$12,935,578	\$11,554,073	\$11,098,211	\$10,738,967	\$9,833,718	\$9,176,934	\$8,386,220	\$7,619,521	\$7,002,408
Bond Redemption	<u>315,833</u>	<u>345,000</u>	<u>836,000</u>	<u>870,000</u>	<u>750,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,100,000</u>	<u>987,491</u>	<u>930,000</u>
Total Tax Levy	\$13,727,041	\$13,280,578	\$12,390,073	\$11,968,211	\$11,488,967	\$11,133,718	\$10,476,934	\$9,486,220	\$8,607,012	\$7,932,408
Current Tax Collections	\$13,167,897	\$12,848,761	\$11,802,380	\$11,474,128	\$10,864,769	\$10,632,941	\$10,030,613	\$9,115,321	\$8,331,221	\$7,763,462
Percentage of Levy Collected	95.9%	96.7%	95.3%	95.9%	94.6%	95.5%	95.7%	96.1%	96.8%	97.9%
Delinquent Tax Collection	\$436,854	\$361,019	\$437,851	\$491,285	\$402,906	\$311,290	\$222,269	\$91,201	\$264,232	\$176,834
Total Tax Collection	\$13,604,751	\$13,209,780	\$12,240,231	\$11,965,413	\$11,267,675	\$10,944,231	\$10,252,882	\$9,206,522	\$8,595,453	\$7,940,296
Percentage of Total Tax										
Collection to Tax Levy	99.1%	99.5%	98.8%	100.0%	98.1%	98.3%	97.9%	97.1%	99.9%	100.1%
Miscellaneous Adjustments	(\$150,227)	(\$60,321)	(\$121,159)	(\$22,126)	(\$83,182)	(\$124,319)	(\$45,046)	(\$13,638)	(\$39,870)	(\$9,399)
Outstanding Delinquent Taxes	\$797,250	\$825,188	\$814,711	\$786,028	\$805,356	\$667,247	\$602,079	\$411,501	\$145,492	\$173,802
Percent of Delinquent Taxes to Tax Levy	5.8%	6.2%	6.6%	6.6%	7.0%	6.0%	5.7%	4.3%	1.7%	2.2%

(1) The estimated actual value of the taxable property is the assessed value (True Value). The assessable value is the regular levy base and reflects the Taxable Value less Senior Citizen Exemption applicable to regular levies.

CITY OF YAKIMA
Ratio of Net Bonded Debt to Assessed
Value and Net Bonded Debt Per Capita
Last Ten Years
(unaudited)

Year	Population	Assessed Value ⁽¹⁾	General Bonded Debt ⁽²⁾	Less: Debt Service Funds ⁽²⁾	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1995	61,650	\$2,390,575	\$15,841,582	\$731,873	\$15,109,709	0.63%	\$245
1996	63,438	2,567,329	20,605,160	562,767	20,042,393	0.78%	316
1997	63,510	2,792,001	19,333,155	563,157	18,769,998	0.67%	296
1998	64,290	2,851,139	19,770,000	663,745	19,106,255	0.67%	297
1999	65,262	3,076,533	18,082,500	857,567	17,224,933	0.56%	264
2000	71,845	3,156,055	16,876,491	1,044,018	15,832,473	0.50%	220
2001	73,040	3,268,616	15,124,087	851,791	14,272,296	0.44%	195
2002	79,120	3,673,434	20,080,730	756,300	19,324,430	0.53%	244
2003	79,220	3,824,097	20,580,097	648,154	19,931,943	0.52%	252
2004	79,480	3,971,668	19,830,097	739,447	19,090,650	0.48%	240

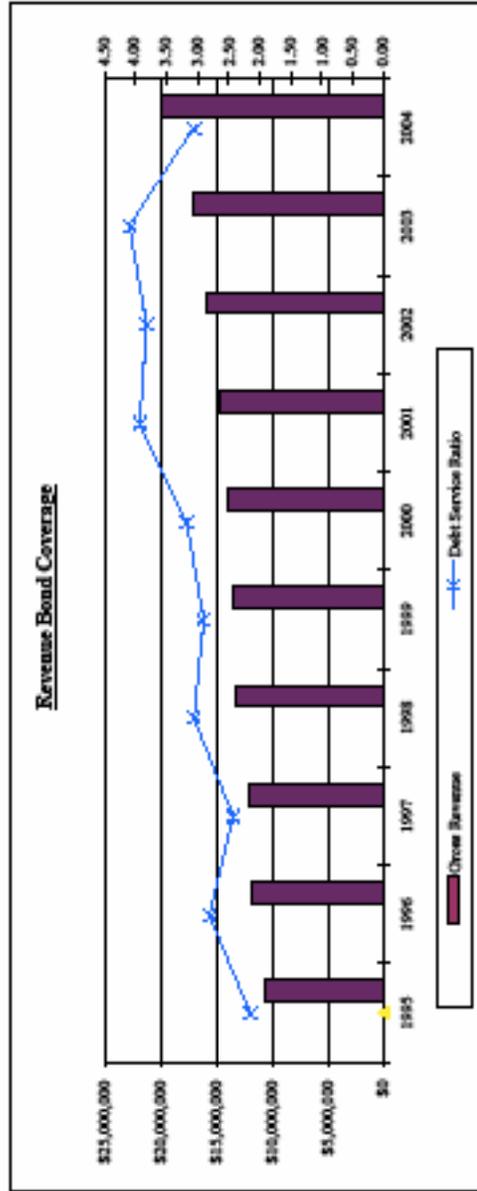


(1) Amounts expressed in thousands

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

CITY OF YAKIMA
Revenue Bond Coverage—Water and Sewer Bonds
Last Ten Years

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Gross Revenue	\$10,372,110	\$11,801,369	\$12,027,852	\$13,366,410	\$13,309,833	\$13,888,143	\$14,647,138	\$15,913,680	\$17,872,872	\$19,881,846
Direct Operating Expenses (1)	8,382,854	8,728,864	7,898,334	7,265,843	7,212,844	7,388,388	7,837,536	8,717,182	10,387,577	11,751,283
Net Revenue Available for Debt Service	3,990,856	5,072,903	4,428,718	5,301,343	5,797,791	6,301,737	6,809,592	7,196,498	8,084,643	8,129,743
Debt Service Requirements:										
Principal	900,106	1,015,831	1,034,802	1,106,330	1,324,889	1,368,494	1,191,282	1,402,432	1,166,891	1,530,800
Interest	934,030	796,646	797,741	695,260	675,856	618,660	543,297	482,604	467,691	1,141,608
Total	\$1,834,936	\$1,812,477	\$1,831,743	\$1,801,590	\$2,000,845	\$1,987,154	\$1,734,579	\$1,885,036	\$1,634,582	\$2,671,608
Debt Service Ratio	2.13	2.80	2.42	3.03	2.90	3.17	3.93	3.82	4.09	3.04



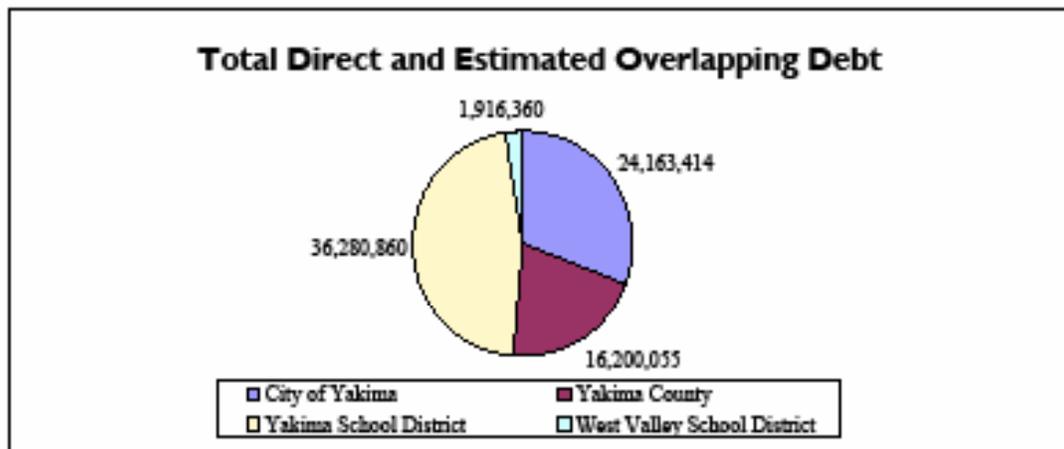
(1) Excludes depreciation, amortization, and city taxes.

CITY OF YAKIMA
Computation of Direct and Overlapping Debt
December 31, 2004
(unaudited)

	<u>Debt Outstanding</u>	<u>Percent Applicable</u>	<u>City's Share of Debt</u>
Direct Debt			
Councilmatic approved debt *	\$21,713,414		
Voter approved debt	<u>2,450,000</u>		
	\$24,163,414	100.0%	\$24,163,414
Estimated Overlapping Debt			
Yakima County			
Total Debt	\$49,315,000		
Less: San Dome Bonds by			
City of Yakima	-899,528		
City of Union Gap	<u>168,660</u>		
	48,648,814	33.30%	16,200,055
Yakima School District #7	39,265,000	92.40%	36,280,860
West Valley School District	10,415,000	18.40%	1,916,360
Total Direct and Estimated Overlapping Debt:			<u><u>\$78,568,689</u></u>

Assessed Value for 2004 is \$3,971,667,847

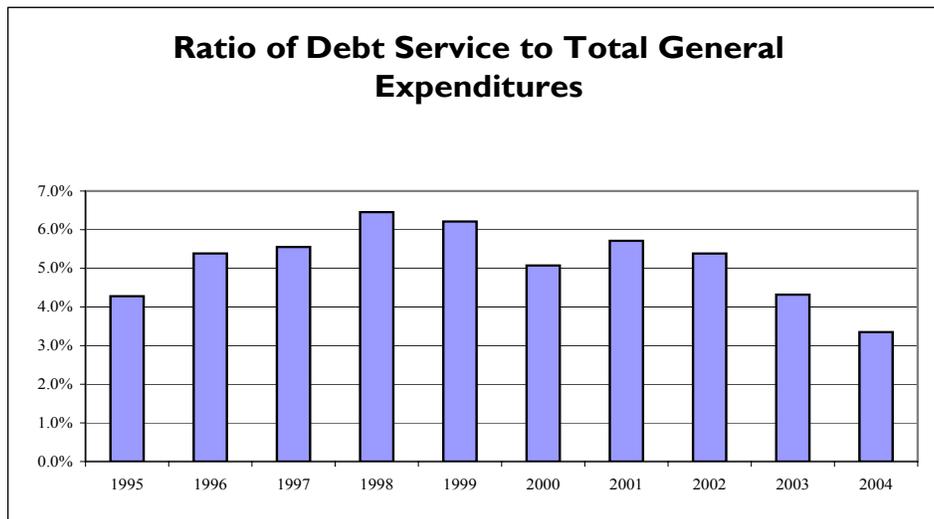
Overlapping Bonded Debt per \$1,000 Assessed Value is \$20.07



* Includes Limited Tax General Obligation Debt of \$17,388,097, Lease Purchase Agreements of \$821,856; the \$499,536 portion of the Yakima County Limited Tax General Obligation (SanDome); Yakima County Cascade Milling Project of \$32,029; Yakima County - Visitor Center Project of \$64,286; Public Works Trust Fund Loans and CRRB Loan of \$2,915,018.

CITY OF YAKIMA
Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
Last Ten Years
(unaudited)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures⁽¹⁾	Ratio of Debt Service to Total General Expenditures
1995	\$960,740	\$782,707	\$1,743,447	\$40,752,427	4.3%
1996	1,236,423	1,149,285	2,385,708	44,300,240	5.4%
1997	1,272,005	1,107,387	2,379,392	42,854,416	5.6%
1998	1,550,203	1,167,343	2,717,546	42,103,711	6.5%
1999	1,687,500	1,057,453	2,744,953	44,188,843	6.2%
2000	1,255,000	961,209	2,216,209	43,680,791	5.1%
2001	1,749,000	893,938	2,642,938	46,266,763	5.7%
2002	1,775,000	912,154	2,687,154	49,907,181	5.4%
2003	1,278,500	927,570	2,206,070	51,093,535	4.3%
2004	1,225,000	714,194	1,939,194	57,899,958	3.3%



(1) Includes General Fund and Special Revenue Funds.

CITY OF YAKIMA
Utility Statistics
Last Ten Years
(unaudited)

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Domestic Water Service:										
Inside City Limits ⁽¹⁾	18,834	18,726	19,785	18,741	18,465	18,614	18,484	18,411	18,841	18,496
Outside City Limits	154	155	181	158	217	223	231	240	499	654
Total Number of Customers	18,998	18,881	19,966	18,899	18,682	18,837	18,715	18,651	19,340	19,150
Bi-Monthly Bill/10 ccf	\$14.94	\$14.94	\$14.94	\$14.94	\$13.39	\$13.39	\$13.39	\$13.39	\$12.19	\$12.19
Wastewater Service:										
Inside City Limits ⁽¹⁾	22,540	22,531	23,651	22,338	19,507	19,010	18,930	18,875	19,421	19,126
Outside City Limits	647	387	363	305	2,411	2,364	2,295	2,292	2,303	2,238
Total Number of Customers	23,187	22,918	24,014	22,643	21,918	21,374	21,225	21,167	21,724	21,364
Bi-Monthly Residential Bill 10/ccf	\$48.82	\$48.82	\$43.06	\$43.06	\$30.94	\$29.46	\$29.46	\$29.46	\$27.76	\$27.76
Industrial Wastewater	1	1	1	0	1	1	1	1	1	1
Refuse Service:										
Number of Customers	18,037	17,557	17,270	17,030	16,960	16,394	16,345	16,236	16,698	16,100
Residential ⁽¹⁾	423	415	380	381	386	388	377	377	350	345
Other	\$9.79	\$8.64	\$8.64	\$8.64	\$7.29	\$7.29	\$7.15	\$6.81	\$6.08	\$6.08
Monthly Residential Bill/ Container										
Irrigation:										
Number of Customers ⁽²⁾	10,542	10,542	10,563	10,488	10,296	10,733				
Transit:										
Total Service Miles	687,714	660,555	640,381	572,684	549,172	550,752	535,263	531,120	524,076	518,447

(1) Active accounts only.

(2) Inception as a Utility in 1999.

**CITY OF YAKIMA
PRINCIPAL EMPLOYERS**

AGRICULTURAL EMPLOYMENT

The five largest manufacturing firms in the community are listed below:

NAME OF COMPANY	EMPLOYMENT	PRODUCTS
1. Tree Top, Inc	1,150.....	Juice Processors
2. Washington Beef	620.....	Beef Processors
3. Borton & Sons Fruit & Cold Storage.....	524.....	Fruit Growers/Shippers
4. Snokist Growers.....	521.....	Fruit Growers/Shippers
5. Zirkle Fruit Company	480.....	Fruit Growers/Shippers

NON-AGRICULTURAL EMPLOYMENT

The five largest non-manufacturing employers are listed below:

NAME OF COMPANY	EMPLOYMENT	TYPE OF BUSINESS
1. Yakima Public Schools	1,453.....	Education
2. DSHS – Division of Vocational Rehabilitation	1,400.....	Government Agency
3. Yakima County	1,200.....	County Government
4. Yakima Valley Memorial Hospital	1,100.....	Hospital
5. Yakima Regional Medical Center	841.....	Hospital

Source: Yakima Chamber of Commerce 2005, includes Greater Yakima employment.

**PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN YEARS**

YEAR	NEW COMMERCIAL & INDUSTRIAL CONSTRUCTION		NEW RESIDENTIAL CONSTRUCTION		TOTAL CONSTRUCTION	
	No. of Units	Value	No. of Units	Value	Permit	Value
1995	38	\$14,504,065	58	\$8,367,527	941	\$69,279,317
1996	24	22,547,932	72	7,586,049	804	64,851,256
1997	42	24,278,780	230	9,672,154	1,339	72,922,547
1998	38	14,411,026	284	13,987,385	1,200	48,404,229
1999	34	16,259,564	114	6,738,333	1,030	48,841,086
2000	30	6,656,205	40	5,263,185	901	36,454,868
2001	32	32,661,564	33	4,153,936	910	65,787,781
2002	36	9,677,157	46	5,085,726	1,012	41,833,001
2003	30	18,168,811	90	13,360,815	1108	52,496,430
2004	40	15,318,807	154	15,346,934	1188	63,684,357

Source for number of permits and value of construction is City Codes Department.
New Residential Construction shows statistics for new single and multi-family dwellings.

**TEN LARGEST TAXPAYERS IN YAKIMA COUNTY
2004 TAX ROLL
(unaudited)**

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUE	PERCENT
Pacificorp	Electric Utility	\$107,069,880	0.97%
Yakima HMA Inc.	Health Care	50,875,550	0.46%
Zirkle Fruit Company	Agriculture	46,816,840	0.42%
Wal-Mart Stores, Inc.	Retail	42,610,750	0.39%
Qwest Corporation	Communications	40,533,028	0.37%
Center Oak Properties, LLC	Retail	36,110,000	0.33%
Sprint Corp. United Telephone	Communications	31,618,960	0.29%
Burlington Northern-Santa Fe RR	Transportation	31,020,262	0.28%
Snokist Growers, Inc.	Agriculture	30,935,250	0.24%
Washington Fruit & Produce Co.	Agriculture	26,313,450	0.24%

Source: Yakima County Assessor's Office data reflects single name record summations. Multiple name records may exist for taxpayers and are not reflected in this data. Based on Yakima County 2005 assessed value of \$11,062,056,969.

**CITY OF YAKIMA
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(unaudited)**

YEAR	POPULATION⁽¹⁾	SCHOOL ENROLLMENT⁽²⁾	UNEMPLOYMENT RATE⁽³⁾
1995	61,650	13,962	11.6%
1996	63,438	14,024	13.4%
1997	63,632	13,827	8.8%
1998	64,290	13,928	10.5%
1999	65,262	13,922	9.8%
2000	71,845	13,903	10.6%
2001	73,040	13,565	11.3%
2002	79,120	14,396	10.1%
2003	79,220	14,662	10.6%
2004	79,480	14,463	10.9%

(1) Information obtained from Office of Financial Management web site.

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

(3) Information obtained from Washington State Employment Security Department web site. Rate indicated is for Yakima County.

