



## COMPREHENSIVE ANNUAL FINANCIAL REPORT (C.A.F.R.)

Year ended

December 31, 2005

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CITY OF *Yakima*  
Washington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (C.A.F.R.)**

Year ended December 31, 2005

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August 31, 2006

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, 2005, 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 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**

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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 39 that would determine them to be a component unit of the City.

## ABOUT THE CITY

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The City of Yakima, county seat of Yakima County, was incorporated in 1886 and is located in central Washington State. It encompasses 25.3 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 2005 population of 81,470, 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. Apples, cherries, pears, grapes, and other fruits, plus a wide variety of field crops and vegetables make the Yakima Valley one of the top agricultural producing areas of the nation. Agriculture crops stretch over 350,000 acres and produce over thirty types of fruits and vegetables. Irrigation in the valley is made possible from water from the U.S. Bureau of Reclamation's Yakima Project. With its farm production base, the Yakima area is 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 350 people.
- *Western Recreational Vehicles*, located in Yakima for over 33 years, employs over 550 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 500 people.
- *Longview Fibre Company*, a manufacturer of paperboard, has been located in the Yakima area for over twenty years and employs approximately 140 people.
- *Smiths Aerospace Actuation Systems* located in Yakima, a primary manufacturer of hydraulic equipment for the aerospace industry. The Yakima plant, with approximately 350 people, focuses on landing gear and hydraulic systems.

- *Irwin Research and Development* located in Yakima, a primary manufacturer of polystyrene packaging machinery for the food industry. The company has operated in Yakima for over 20 years and employs approximately 200 people.

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 2005, Yakima area’s largest non-manufacturing employers were:**

<i>Yakima School District</i>	1,453 full-time equivalent employees
<i>Department of Health &amp; Social Services</i>	1,400 full-time equivalent employees
<i>Yakima County</i>	1,200 full-time equivalent employees
<i>Yakima Valley Memorial Hospital</i>	1,100 full-time equivalent employees
<i>Yakima Regional Medical Center</i>	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 and is a Level III trauma center

**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.

**Museum** – The 65,000 square foot *Yakima Valley Museum* was recently remodeled, both inside and out. The \$4,000,000 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 \$1,000,000 in donations from local business and industry, has made tangible progress over the years in business expansion, industrial recruitment, development of new business ventures and infrastructure development with broad public and private sector involvement. In the past six years, eleven companies have relocated or expanded to the Yakima Valley. These companies have invested over \$70 million in new facilities and created over 1,300 new jobs.

**Higher Education** – There are several higher education institutions serving the Yakima area. *Yakima Valley Community College* (YVCC) in Yakima and Grandview is a two-year institution, which offers over 200 academic programs. There are currently over 6,000 full- and part-time students enrolled in college and 725 full- and part-time employees. The Deccio Higher Education Center opened in 2003, offering a variety of 4-year degrees. *Central Washington University, Washington State University, Eastern Washington University,* and *University of Washington* all offer four-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 thirty 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 265 acres that are developed and in use. In 2004, the City operated two swimming pools – one 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 six little league fields and eight softball fields – five of which have lighting; including four brand new, state of the art, competition level softball fields constructed in 2004 within the City. For soccer enthusiasts, there are ten youth and six 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 Valley Sun Dome*, a multi-purpose 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 *Yakima 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 *State Fair Park*.
- The *Capitol Theatre*, a magnificent and historical theatre, seats 1,525 and holds numerous live performances annually.

## THE "FUTURE"

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**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 \$7 million. To date, 4 businesses have benefitted from this program through the year ending 2005.

**General Government** – The 2006 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 2 years, 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**

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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 2003. 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**

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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**

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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 sixty-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 2005 was \$13.7 million (and is \$14.1 million for 2006).

(NOTE: Prior to 2002, Council could declare "substantial need" and levy up to 106% 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**

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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, 2005 was \$55 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 \$35,000. 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 2005 totaled approximately \$1.6 million dollars.

## **GENERAL OBLIGATION – LONG-TERM DEBT**

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Washington State law provides for maximum general obligation debt limit capacities in three defined areas. At December 31, 2005, the remaining capacities were (a) \$83.8 million

for General Government, (b) \$104.2 million for park and open space, and (c) \$104.2 million for utilities. Respectively, these amount to 2.0%, 2.5%, and 2.5%, of the City's 2005 assessed valuation (upon which they are calculated). While the City's general obligation debt limit (for general purposes) is \$104.2 million, its actual general obligation debt totals only \$19.4 million or 18.6% 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, 2004 and 2005, was as follows:

#### DEBT RATIOS

	2004	2005
Ratio of Bonded Debt to Assessed Value	0.48%	0.45%
Bonded Debt Per Capita	\$240	\$230
Summary of Bonded Indebtedness:		
Gross Bonded Indebtedness Outstanding January 1	20,580,097	19,830,097
Add: New issues	6,475,000	755,000
Deduct: Bonds Redeemed	(7,225,000)	(1,220,000)
Gross Bonded Indebtedness Outstanding December 31	\$19,830,097	\$19,365,097
Less: Debt Service Funds	(739,447)	(723,611)
<b>Net Bonded Indebtedness at December 31</b>	<b>\$19,090,650</b>	<b>\$18,641,486</b>

#### **RISK MANAGEMENT AND EMPLOYEE BENEFIT PROGRAMS**

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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 2005, 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 \$500,000 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. In 2005, the City joined the Cities Insurance Association of Washington (CIAW) insurance pool. The City's general liability coverage is \$15 million insured by St. Paul Travelers with a \$100,000 deductible. The City also joined the Washington State Transit Insurance Pool (WSTIP) in September 2005. The deductible for the Transit division for this program is \$5,000 with \$12 million general liability coverage.

## **SUMMARY**

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### **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 2005 audit of the enclosed financial statements. The City of Yakima has received an unqualified opinion on our 2005 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 submitted,

Rita M. DeBord, CPA  
Director of Finance and Budget

Cindy Epperson  
Financial Services Manager

Timothy M. Jensen  
Treasury Services Officer

# CITY OF *Yakima*

## 2005 ORGANIZATIONAL CHART



CITY OF *Yakima*  
Washington

CITY COUNCIL

Dave Edler	<i>Mayor District 2</i>
Neil McClure	<i>Assistant Mayor District 1</i>
Ron Bonlender	<i>District 3</i>
Susan Whitman	<i>District 4</i>
Norm Johnson	<i>At Large, Position 5</i>
Micah Cawley	<i>At Large, Position 6</i>
Bill Lover	<i>At Large, Position 7</i>

CITY MANAGEMENT EXECUTIVES

Richard A. Zais, Jr.	<i>City Manager</i>
Dave Zabell	<i>Assistant City Manager</i>
Ray Paolella	<i>City Attorney</i>
Rita DeBord, CPA	<i>Director of Finance</i>
Bill Cook	<i>Director of Community and Economic Development</i>
Sam Granato	<i>Police Chief</i>
Dennis Mayo	<i>Fire Chief</i>
Chris Waarvick	<i>Director of Public Works</i>

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2005. 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).

### **I. FINANCIAL HIGHLIGHTS**

- The total assets of the City of Yakima exceeded its liabilities at December 31, 2005 by \$181 million dollars. Net assets invested in capital (net of depreciation and related debt) account for 83% of this amount, with a value of about \$150 million. Of the remaining net assets, \$23.5 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 \$9.7 million. Over \$6 million was the result of capital grants and donations.
- As of December 31, 2005 the City of Yakima's governmental activities reported combined ending net assets of over \$77.2 million, an increase of \$3.9 million in comparison with the prior year. Of that amount, \$65.5 million was invested in capital assets, almost \$5 million was legally restricted for specific projects or programs, and almost \$9 million was available for spending at the government's discretion.
- Unreserved fund balance for the General Fund was \$8.7 million dollars at December 31, 2005. This balance represents 22.4% of total General Fund expenditures.
- The City of Yakima's total long-term debt at December 31, 2005 was nearly \$69.3 million (about \$32.2 million in Governmental Activities, and \$37.1 million in Business-Type Activities), with a remaining capacity for non-voted General Obligation debt at \$44 million. Total debt decreased by \$1.1 million during the current fiscal year because total debt service payments exceeded the issuance of councilmanic General Obligation bonds for Parks Capital projects (\$750,000).

### **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 2005. 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 2005, 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 2005.

## **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.

## **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 40-41.

## **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 \$181 million at December 31, 2005. The following table reflects the condensed Government-Wide Statement of Net Assets with comparative totals for 2004.

#### THE CITY OF YAKIMA'S NET ASSETS

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2005	2004	2005	2004	2005	2004
Assets:						
Current and Other Assets	\$39,485,030	\$37,857,295	\$39,588,094	\$40,372,017	\$79,073,124	\$78,229,312
Capital Assets	<u>84,304,653</u>	<u>82,727,162</u>	<u>107,515,191</u>	<u>101,490,479</u>	<u>191,819,844</u>	<u>184,217,641</u>
Total Assets	\$123,789,683	\$120,584,457	\$147,103,285	\$141,862,496	\$270,892,968	\$262,446,953
Liabilities:						
Payables and Other Liabilities	\$14,383,752	\$14,994,156	\$6,049,615	\$5,564,282	\$20,433,367	\$20,558,438
Long-term Liabilities Outstanding	<u>32,149,342</u>	<u>32,257,618</u>	<u>37,130,960</u>	<u>38,156,138</u>	<u>69,280,302</u>	<u>70,413,756</u>
Total Liabilities	\$46,533,094	\$47,251,774	\$43,180,575	\$43,720,420	\$89,713,699	\$90,972,194
Net Assets:						
Inv in Cap Assets, Net of Rel Debt	\$63,513,417	\$60,440,803	\$86,609,490	\$84,227,180	\$150,122,907	\$144,667,983
Restricted	4,792,240	4,831,870	2,700,600	2,665,164	7,492,840	7,497,034
Unrestricted	<u>8,950,932</u>	<u>8,060,010</u>	<u>14,612,620</u>	<u>11,249,732</u>	<u>23,563,552</u>	<u>19,309,742</u>
Total Net Assets	\$77,256,589	\$73,332,683	\$103,922,710	\$98,142,076	\$181,179,299	\$171,474,759

The City of Yakima's total assets stand at almost \$271 million as of December 31, 2005. Of this amount, almost \$192 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 \$84 million in capital assets reported in Governmental activities at December 31, 2005, \$40 million (48%) 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 \$59.9 million were accounted for in cash, cash equivalents, and investments, \$12.1 million in accounts receivable, \$6.2 million in notes receivable, and \$.8 million spread among miscellaneous assets.

At December 31, 2005 the City had outstanding liabilities of \$89.7 million, with slightly over \$69 million in long term liabilities. Of the long term liabilities, \$4.5 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 \$6.8 million in deferred revenue, \$8.7 million in accounts payable, and \$4.8 million in accrued liabilities.

The largest portion of the City's net assets (82.9%) 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 4.1% 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 \$23.5 million (unrestricted net assets), represents the amount that may be used to meet the City's ongoing obligations.

At December 31, 2005 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 \$9.7 million in 2005. Net assets for governmental activities increased by \$3.9 million while business-type activities increased by \$5.8 million.

Total revenues for the City of Yakima were \$93.9 million in 2005. Governmental activities provided \$57.7 million (61%), while business-type activities added about \$36.2 million (39%).

Expenses for the year totaled almost \$84.2 million, with Governmental Activities accounting for about \$57 million or 67% and Business-type activities accounting for \$27.2 million or 33%. Key elements in changes in net assets are shown in the table on the following page:

**THE CITY OF YAKIMA CHANGES IN NET ASSETS (2005)**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2005	2004	2005	2004	2005	2004
<b>REVENUES:</b>						
Program Revenues						
Charges for Services	\$5,268,866	\$5,388,971	\$25,899,080	\$26,135,468	\$31,167,946	\$31,524,439
Operating Grants & Contributions	5,133,664	4,541,545	3,102,508	1,802,791	8,236,172	6,344,336
Capital Grants & Contributions	3,921,071	9,310,853	2,386,711	2,053,301	6,307,782	11,364,154
General Revenues						
Property Tax	12,435,395	12,198,959	0	0	12,435,395	12,198,959
Sales Tax	15,689,755	14,055,337	4,234,263	4,138,316	19,924,018	18,193,653
Other Taxes	11,515,534	10,375,521	0	0	11,515,534	10,375,521
State Entitlements	2,953,049	2,774,032	0	0	2,953,049	2,774,032
Other	792,858	457,204	559,834	268,933	1,352,692	726,137
Total Revenues	<u>\$57,710,192</u>	<u>\$59,102,422</u>	<u>\$36,182,396</u>	<u>\$34,398,809</u>	<u>\$93,892,588</u>	<u>\$93,501,231</u>
<b>EXPENSES:</b>						
General Government	\$7,380,940	\$7,147,489	\$0	\$0	\$7,380,940	\$7,147,489
Security of Persons and Property	30,221,979	28,391,022	0	0	30,221,979	28,391,022
Physical Environment	1,231,940	1,175,668	0	0	1,231,940	1,175,668
Transportation	5,962,249	5,584,654	0	0	5,962,249	5,584,654
Economic Environment	3,746,850	3,422,182	0	0	3,746,850	3,422,182
Mental & Physical Health	43,278	16,952	0	0	43,278	16,952
Cultural & Rec. Environment	7,600,877	7,065,685	0	0	7,600,877	7,065,685
Interest on Long-Term Debt	809,068	849,837	0	0	809,068	849,837
Transit	0	0	6,282,080	5,526,118	6,282,080	5,526,118
Refuse	0	0	3,154,231	2,751,448	3,154,231	2,751,448
Wastewater	0	0	11,172,540	11,564,592	11,172,540	11,564,592
Water	0	0	4,921,257	4,586,339	4,921,257	4,586,339
Irrigation	0	0	1,644,801	1,219,919	1,644,801	1,219,919
Total Expenses	<u>\$56,997,181</u>	<u>\$53,653,489</u>	<u>\$27,174,909</u>	<u>\$25,648,416</u>	<u>\$84,172,090</u>	<u>\$79,301,905</u>
Increases in Net Assets before						
Non-operating Sources (uses)	\$713,011	\$5,448,933	\$9,007,487	\$8,750,393	\$9,720,498	\$14,199,326
Gain/loss on Sale of Capital Assets	256,750	(1,012,474)	(55,673)	7,799	201,077	(1,004,675)
Transfers	2,949,900	2,797,066	(3,171,182)	(2,989,781)	(221,282)	(192,715)
Debt Issue Cost	4,247	0	0	0	4,247	0
Acc. Loss on G.O.D. Refunding	0	(474,146)	0	0	0	(474,146)
Change in Net Assets	<u>\$3,923,908</u>	<u>\$6,759,379</u>	<u>\$5,780,632</u>	<u>\$5,768,411</u>	<u>\$9,704,540</u>	<u>\$12,527,790</u>
Net Assets - Beginning	<u>\$73,332,683</u>	<u>\$66,573,304</u>	<u>\$98,142,076</u>	<u>\$92,373,665</u>	<u>\$171,474,759</u>	<u>\$158,946,969</u>
Net Assets - Ending	<u>\$77,256,591</u>	<u>\$73,332,683</u>	<u>\$103,922,708</u>	<u>\$98,142,076</u>	<u>\$181,179,299</u>	<u>\$171,474,759</u>

## I. GOVERNMENTAL ACTIVITIES

Within governmental activities, tax revenue accounted for 68% of total revenue sources, with grants and contributions accounting for 16%. The remaining 16% of revenue was provided by charges for services, interest income, and miscellaneous revenues. (Note: the revenue indicators in the following charts do not include one-time only financing sources, such as proceeds from new debt or the sale of assets.)

Governmental activities increased net assets by \$3.9 million or 5%. Significant fluctuations in revenue are as follows:

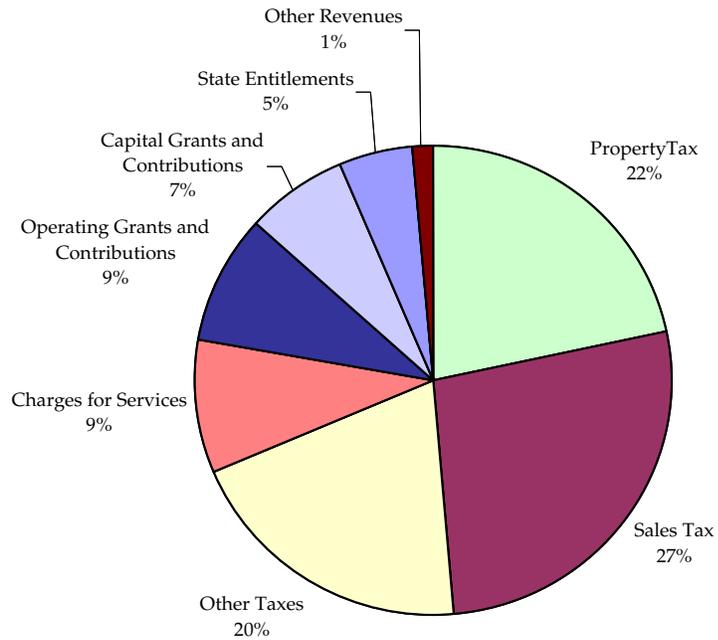
- Sales tax increased \$1.6 million or 10% during the year. About ½ of this increase can be attributed to a new County-wide sales tax for criminal justice purposes approved by voters in November 2004, which was imposed April 1, 2005. A large portion of the remaining increase was generated by new construction and sales of durable goods, which were precipitated by the low interest rate environment; recent annexations that are experiencing infill; and the City's designation as a Federal Renewal Community, which provides tax benefits for capital improvement for job creation.
- Other Taxes experienced an increase of \$1.1 million or 11% from 2004 to 2005. About 1/3 of this increase was the result of a strong real estate market and related excise tax. Another 1/3 was an increase in utility taxes, caused by a residential annexation effective in the fall of 2005; a rate increase in natural gas also in the fall of 2005; and usage fluctuations caused by weather conditions. The remaining third was the result of new taxes--Cable Television tax was raised 1% early in 2005 to support the city-owned Capitol Theatre maintenance, and a Tourist Promotion Area was formed late in 2004 at the request of area lodging establishments, with a full year collected in 2005.

The largest program expenses consist of Security of persons and property (public safety), general government and cultural and recreational environment, respectively. These programs accounted for 79% of total governmental expenses.

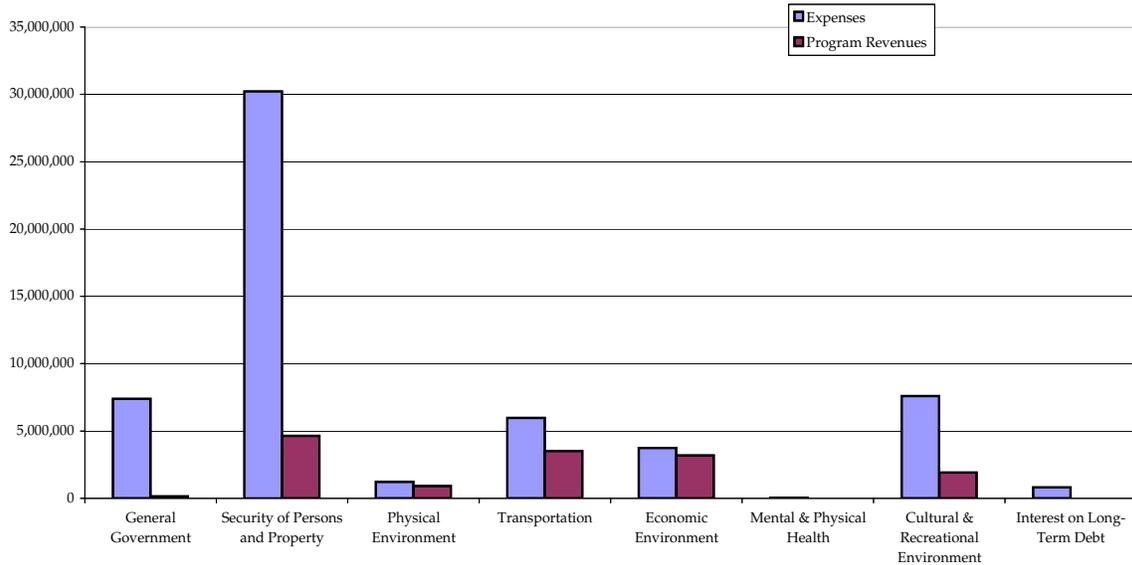
For the most part, changes in expenses corresponded with inflation. Security of Persons and Property demonstrated an increase of \$1.8 million or 6.4% because of the implementation of programmatic costs related to the new criminal justice sales tax (mentioned above). Transportation increased by \$377,000 or 6.8% to meet new service demands in a new annexation area.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2005.

## REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



## EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



## 2. BUSINESS-TYPE ACTIVITIES

Of the \$36.2 million in business-type revenues, 72% was provided by charges for services, with the remaining amount provided by grants, contributions, transit sales tax and interest income.

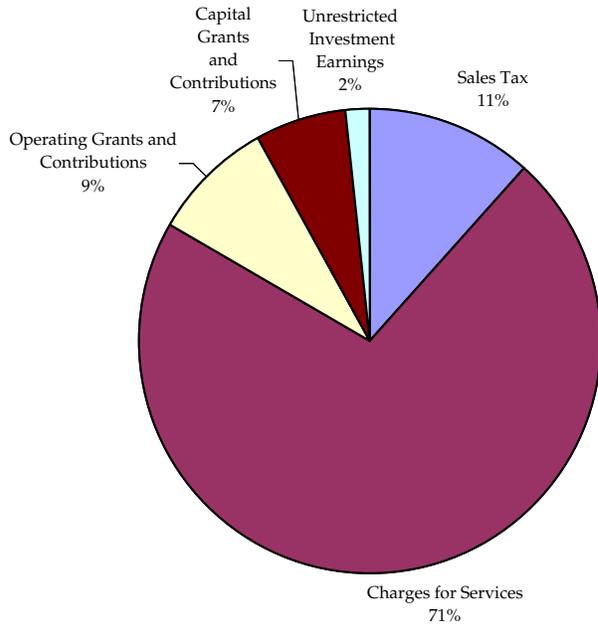
Business type revenues and expenses experienced the following fluctuations:

- Charges for Services decreased by \$236,000 or 0.9%, because in 2004, wastewater collected cumulative payments resolving one time in-arrears billings. Major customers also implemented operational changes to reduce their total water/wastewater costs.
- Operating Grants increased \$1.3 million or 72%. Most of this increase resulted from additional grants received by Transit for clean air/commute trip reduction purposes.
- Transit demonstrated an increase of \$750,000 or 13.7% because of the additional services provided relative to the operating grants mentioned above, and a major increase in the cost of diesel fuel.
- Refuse increased \$400,000 or 14.6% because of expansion of services related to annexations along with the cost of diesel fuel.
- Wastewater experienced a decrease in expenses of \$392,000 or 3.3% that can be correlated to the decrease in charges for services (i.e. reduction in state taxes), along with a reduction in depreciation expense—a function of timing of historical major purchases.
- Water increased \$335,000 or 7.3%, mainly due to the addition of depreciation on recently completed improvements at the water treatment plant.
- Irrigation increased \$425,000 or 35%, because 2005 was the first year of interest expense on a revenue bond issued for a major rebuild of the irrigation system.

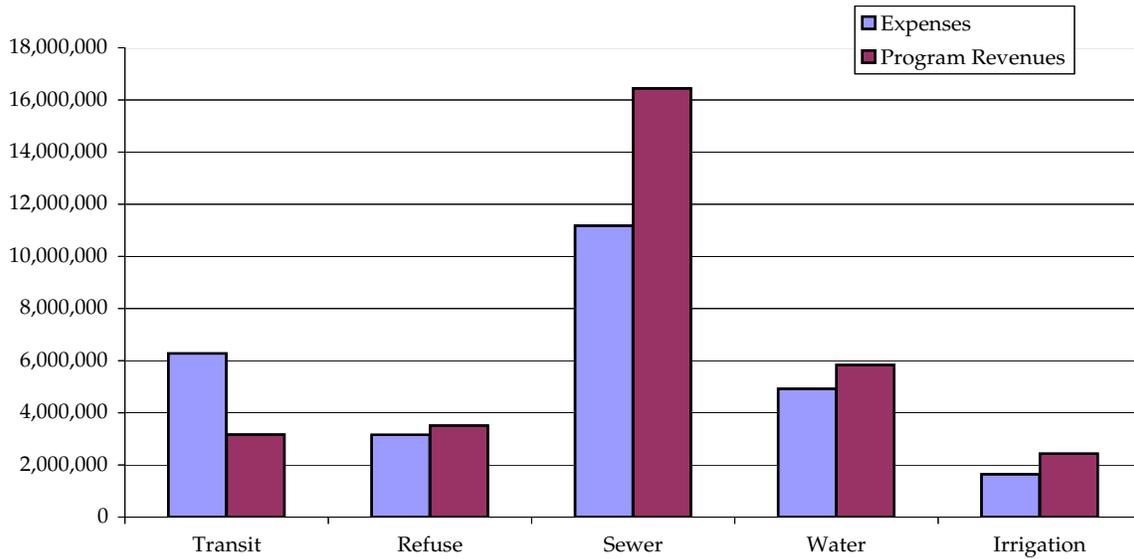
Of the \$27.2 million in business-type expenses, 41% are associated with the wastewater program and 23% with transit; domestic water programs represent about 18%, refuse 12% and irrigation 6%.

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 (72%) of revenue in these funds. The only fund that does not rely heavily on charges for service is the Transit fund, which is subsidized by a voter-approved local option sales tax of 0.3%.

**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 2005. Together these funds account for 63% of total governmental fund assets and 52% 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, 2005, the City's governmental funds reported combined fund balances of about \$21.7 million. Of this total amount, about \$16.9 million (78%) 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 (\$3.35 million), 2) pay debt service (\$.75 million), 3) generate income to pay for the perpetual care of the municipal cemetery (\$.54 million), and for a variety of other restricted purposes (\$.15 million).

The General Fund is the chief operating fund of the City of Yakima. At the end of the 2005 fiscal year, unreserved fund balance of the General Fund was \$8.7 million, while total fund balance is about \$9 million. Unreserved fund balance is about 21% of total general fund expenditures (which represents about a 2.5 month reserve). Total assets in the General Fund amounted to \$12.5 million, accounting for 36% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund increased by \$100,000 during the current fiscal year, virtually "breaking even". Inflationary increases in insurance rates, including medical and property/liability; equipment; utilities and fuel were offset by growth in sales and utility taxes (as described above).

The General Fund accounts for 64% of all governmental fund revenue and 61% of all expenditures.

The Community Development, Parks and Recreation, and Streets funds all performed as expected, each showing a slight gain in fund balance in 2005.

Other governmental funds ended with a net increase in fund balances of \$1.6 million. This was primarily due to the issuance of a Councilmanic General Obligation bond of \$750,000 for Parks capital projects. Additionally, the strong performance of real estate excise tax and timing of capital projects resulted in an increased fund balance in transportation capital funds.

## **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 2005 (GASB 34) Financial Statements. These business-type activities demonstrated an increase in net assets from \$98.1 million to \$103.9 million, for a difference of \$5.8 million, due primarily to capital grants/donations of about \$2.4 million.

As of December 31, 2005, the City's enterprise funds reported combined net assets of \$103.9 million, with \$45.4 million or approximately 44% being contributed by the Wastewater fund. Of the \$103.9 million, over \$86.6 million (83%) of net assets is accounted for by investment in capital assets, net of related debt, \$2.7 million is restricted for debt service and \$14.6 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 2005 General Fund Adopted (original) Budget, the amended (final) Budget, Actual revenue and expenditure amounts and the variance of Actuals compared to the Final budget.

REVENUES	--- BUDGETED AMOUNTS ---		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET –
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
Taxes and Special Assessments	\$30,557,769	\$30,557,769	\$32,066,945	\$1,509,176
Licenses and Permits	561,500	584,500	690,783	106,283
Intergovernmental Revenues	1,636,541	1,685,541	1,763,988	78,447
Charges for Services	4,209,710	4,228,710	4,290,541	61,831
Fines and Forfeits	1,462,200	1,462,200	1,190,300	(271,900)
Interest	550,000	550,000	735,857	185,857
Other Revenues	48,500	48,500	57,001	8,501
<b>TOTAL REVENUES</b>	<b>\$39,026,220</b>	<b>\$39,117,220</b>	<b>\$40,795,415</b>	<b>\$1,678,195</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$10,121,944	\$10,211,216	\$9,852,233	\$358,983
Security of Persons and Property	24,827,540	25,314,608	25,098,721	215,887
Physical Environment	1,310,117	1,353,917	1,328,608	25,309
Economic Environment	548,747	680,165	607,358	72,807
Mental & Physical Health	17,180	17,180	18,255	(1,075)
Cultural & Recreational Envmt.	1,420,440	1,420,440	1,419,440	1,000
Capital Outlay				
General Government	110,000	198,000	56,685	141,315
Security of Persons and Property	5,000	5,000	0	5,000
Economic Environment	0	0	8,115	(8,115)
Debt Service				
Principal Retirement	337,969	337,969	314,736	23,233
Interest	80,823	80,823	78,406	2,417
<b>TOTAL EXPENDITURES</b>	<b>\$38,779,760</b>	<b>\$39,619,318</b>	<b>\$38,782,557</b>	<b>\$836,761</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$246,460	(\$502,098)	\$2,012,858	\$2,514,956
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$110,000	\$110,000	\$90,000	(\$20,000)
Transfers (Out)	(1,974,000)	(1,974,000)	(1,994,240)	(20,240)
Sale of Capital Assets	100,000	100,000	0	(100,000)
Comp. for Loss of Gen. Capital Assets	1,000	1,000	322	(678)
Total Other Financing Sources (Uses)	(\$1,763,000)	(\$1,763,000)	(\$1,903,918)	(\$140,918)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(\$1,516,540)</b>	<b>(\$2,265,098)</b>	<b>\$108,940</b>	<b>\$2,374,038</b>

During the year, the 2005 General Fund budget was increased from \$40.7 million to \$41.6 million, or by \$840,000. (For the purposes of this discussion, the General Fund budget includes both expenditures and transfers out.) The increases in appropriations are summarized as follows:

- \$137,000 in outstanding encumbrances/commitments which were re-budgeted from the prior year.
- \$36,400 for a new Associate Planner position (½ year) to be funded by annexation resources.
- \$461,400 for Public Safety overtime precipitated primarily by vacancies, extended illnesses/injuries, and response to unanticipated “events”.
- \$95,000 to cover the increased volume/complexity of cases before the Hearings Examiner.
- \$43,500 for fuel increases precipitated by a rapid increase in fuel costs in early 2005.
- \$42,000 to provide temporary help in Engineering to assist with increased volume of work.
- \$24,000 to facilitate the merging of the city’s Probation division into Yakima County

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 and/or current year revenue growth.

#### **B. GENERAL FUND BUDGET TO ACTUAL**

Total General Fund revenues were budgeted at about \$39.1 million. Actual revenue of \$40.8 million resulted in a positive variance of \$1.7 million, a gain of 4.3% over the amended budget. Sales tax contributed about \$.65 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 revenue was about \$.3 million greater than budget, the result of usage fluctuations and/or rate adjustments. An upturn in interest earnings added \$.2 million.

General Fund expenditures, including transfers out, totaled \$40.8 compared to the final budget of \$41.6 – resulting in a positive variance of \$.8 or 2%. Most of this variance is in the area of General Government, and is the result of the timing of project expenses in Information Systems.

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 2005 is not an exception, with a net increase in fund balance of \$109,000 (about .3% 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, 2005, amounts to over \$191.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, infrastructure, and construction in progress on buildings and systems.

Major capital asset events during the 2005 fiscal year included the following:

- A variety of projects for street expansion/repair were ongoing during the year. \$3.3 million was spent on Infrastructure projects in 2005, while the 2006 budget includes over \$16 million in planned projects, funded primarily by state and federal grants. The major projects in 2005 and continuing into 2006 include the widening and improvement of the major arterial that runs parallel to the airport, and a railroad grade separation project.
- The City has obtained State and Federal grants of \$7.6 million for pedestrian safety and lighting improvements in the downtown corridor, in conjunction with the city's economic development emphasis. The total project is estimated to cost \$9.6 million, with \$.5 million funded from existing resources, and \$1.5 million by a future Councilmanic LTGO bond issue. About \$360,000 was spent on this project in 2005.
- Vehicles, street equipment, buses, and trucks were added to the fleet as either additional equipment or replacements during the year, at a cost of \$1.9 million.
- In the area of Public Safety, major capital projects undertaken include an update of the mobile wireless data network (\$200,000) and the purchase of a Fire engine (\$195,000).
- Wastewater capital improvements include \$3.1 million for new interceptor and trunk line extensions and \$2.6 million in treatment plant projects. The 2006 budget includes about \$5.6 million to continue upgrades at the plant, which will be funded by revenue bonds issued earlier; and about \$3.9 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 \$1.2 million was spent in 2005. Funding was provided by a State Revolving Fund loan of about \$.7 million and other capital reserves. The 2006 budget includes about \$1.1 million, to be funded by capital rates and reserves.
- In 2003, the City Council approved the re-build of the irrigation delivery system, which was estimated to cost approximately \$14 million and be completed over an eight-year period. The City issued revenue bonds for approximately \$5.2 million to accomplish the first phase of this project, and \$1.4 million was spent in 2005.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2005	2004	2005	2004	2005	2004
<b>CAPITAL ASSETS</b> (Net of Depreciation)						
Land	\$8,764,562	\$8,764,562	\$2,181,516	\$2,186,700	\$10,946,078	\$10,951,262
Building	35,615,829	27,434,439	27,629,801	29,235,523	63,245,630	56,669,962
Improvements Other Than Buildings	6,045,737	9,505,880	47,826,172	47,873,144	53,871,909	57,379,024
Machinery and Equipment	6,424,933	6,253,194	11,959,343	10,361,427	18,384,276	16,614,621
Infrastructure	18,405,297	21,182,987	0	0	18,405,297	21,182,987
Intangibles	0	0	115,659	115,659	115,659	115,659
Construction in Progress	9,048,295	9,586,100	17,802,700	11,718,026	26,850,995	21,304,126
<b>TOTAL</b>	<b>\$84,304,653</b>	<b>\$82,727,162</b>	<b>\$107,515,191</b>	<b>\$101,490,479</b>	<b>\$191,819,844</b>	<b>\$184,217,641</b>

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, 2005, the City of Yakima had total bonded debt outstanding of almost \$47.5 million. Of this amount, \$19.4 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$28.1 million, represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

The City of Yakima’s total bonded debt had a net decrease of \$1.1 million during 2005. Significant debt activity in 2005 included a new issue of \$.75 million for Parks capital improvements.

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 2005, the City borrowed \$.6 million for Wastewater projects utilizing this State program.

The City’s remaining capacity for non-voted debt on December 31, 2005 was approximately \$44 million in comparison to the total legal limit of \$62.5 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.

Plans for future bond issues include a Councilmanic LTGO targeted for the spring of 2007. Based on current project estimates, the following is a summary of the proposed amounts, uses and planned revenue source for debt service:

<u>PROJECT DESCRIPTION</u>	<u>SOURCE OF DEBT SERVICE</u>	<u>AMOUNT OF ISSUE <sup>(1)</sup></u>
River Road - Expansion, signalization, and utility upgrade of an arterial street	Gas Tax	\$1.7 Million
Complete Downtown Pedestrian Safety and Lighting Improvements	Real Estate Excise Tax	1.5 Million
Fire Station upgrade	Property Tax	.61 Million
<b>TOTAL</b>		<b>3.81 Million</b>

(1) These issue amounts are based on the current estimated project costs and may be modified when actual bids are analyzed.

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>OUTSTANDING DEBT</b>						
Governmental Activities:						
General Obligation Bonds	\$19,365,097	\$19,830,097	\$0	\$0	\$19,365,097	\$19,830,097
Revenue Bonds	0	0	28,095,000	29,675,000	28,095,000	29,675,000
Intergovernmental Loans	2,526,127	2,915,009	9,029,301	8,527,816	11,555,428	11,442,825
Special Assessment Debt	261,700	53,000	0	0	261,700	53,000
Unfunded Pension Liability	3,795,872	3,367,806	0	0	3,795,872	3,367,806
Compensated Absences	4,992,721	4,673,399	0	0	4,992,721	4,673,399
Other Debt	1,207,825	1,418,307	6,659	0	1,214,484	1,418,307
<b>TOTAL</b>	<b>\$32,149,342</b>	<b>\$32,257,618</b>	<b>\$37,130,960</b>	<b>\$38,202,816</b>	<b>\$69,280,302</b>	<b>\$70,460,434</b>

## 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 economic environment of low inflation rates that existed in the first few years I-747 was effective, this restriction was not as severe as it is becoming now that inflation rates have started to climb at a higher level.
- 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 State and Federal grants of about \$7.6 million for infrastructure improvements in the downtown core, with construction that began 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 2006.
- Additionally, the section 108 loan awarded by the City in 2005 was slated to be used to improve a section of the former mall to include a new hotel and related retail facilities, which opened in the spring of 2006.
- The non-agricultural unemployment rate (6.8% as of May, 2006) 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. This unemployment rate is 0.2% better than May of the prior year.
- 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. The new tax was implemented on April 1, 2005. Distribution is based on a formula whereby the county receives 60%, 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 is utilizing 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.
- In 2006, City voters approved annexing into the Yakima County Rural Library District. Currently, the City receives property taxes and contracts for Library services. In 2007, related taxes will be levied directly by the Library, and the contract expense will be eliminated.
- The City is continuing to annex property within the Urban Growth Boundary that is being sewerred. In 2005, a residential area with assessed value (AV) of \$173 million and a population of 1,942 was annexed in late summer. Another residential area with an AV of \$62 million and population of 1,153 was effective early 2006. In both cases, utility taxes were effective at the time of annexation, but City property taxes will be levied in the 2007 tax year.

The 2006 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: City of Yakima - Finance Director, 129 North Second Street, Yakima, WA 98901.

## **BASIC FINANCIAL STATEMENTS**

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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**

Page 1 of 1

December 31, 2005

With comparative totals for December 31, 2004

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	----- TOTAL -----	
			2005	2004
<b>ASSETS</b>				
Cash and Cash Equivalents	\$15,732,469	\$12,255,250	\$27,987,719	\$25,133,388
Investments at Amortized Cost	9,361,787	19,823,438	29,185,225	31,647,906
Receivables (Net)	5,860,179	2,735,797	8,595,976	8,259,961
Due from Other Government Units	2,103,730	1,458,181	3,561,911	3,267,144
Notes Receivable	6,228,804	5,374	6,234,178	6,615,890
Inventories	189,996	447,375	637,371	458,511
Unamortized Debt Issue Cost	0	158,999	158,999	170,203
Restricted Assets:				
Cash and Cash Equivalents	0	1,000,600	1,000,600	2,665,164
Fiscal Agent	8,065	3,080	11,145	11,145
Investments at Amortized Cost	0	1,700,000	1,700,000	0
Capital Assets (Net of Accumulated Depreciation):				
Land	8,764,562	2,181,516	10,946,078	10,951,262
Buildings	35,615,829	27,629,801	63,245,630	62,797,161
Improvements other Than Buildings	6,045,737	47,826,172	53,871,909	51,251,825
Machinery & Equipment	6,424,933	11,959,343	18,384,276	16,614,621
Construction in Process	9,048,295	17,802,700	26,850,995	21,304,126
Intangibles	0	115,659	115,659	115,659
Infrastructure	18,405,297	0	18,405,297	21,182,987
Total Capital Assets	<u>84,304,653</u>	<u>107,515,191</u>	<u>191,819,844</u>	<u>184,217,641</u>
Total Assets	<u>\$123,789,683</u>	<u>\$147,103,285</u>	<u>\$270,892,968</u>	<u>\$262,446,953</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	\$5,648,688	\$3,094,102	\$8,742,790	\$8,787,141
Accrued Liabilities	1,886,634	2,955,513	4,842,147	4,706,667
Due to Other Government Units	63,607	0	63,607	57,570
Deferred revenue	6,784,823	0	6,784,823	7,007,060
Noncurrent liabilities:				
Due within one year	2,123,639	2,392,854	4,516,493	4,389,723
Due in more than one year	30,025,703	34,738,106	64,763,809	66,024,033
Total liabilities	<u>\$46,533,094</u>	<u>\$43,180,575</u>	<u>\$89,713,669</u>	<u>\$90,972,194</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$63,513,417	\$86,609,490	\$150,122,907	\$144,667,983
Restricted for:				
Debt service	\$753,266	\$2,700,600	\$3,453,866	\$3,434,240
Capital projects	929,202	0	929,202	474,389
Other purposes	3,109,772	0	3,109,772	3,588,405
Unrestricted	8,950,932	14,612,620	23,563,552	19,309,742
Total net assets	<u>\$77,256,589</u>	<u>\$103,922,710</u>	<u>\$181,179,299</u>	<u>\$171,474,759</u>

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

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2005  
With comparative totals for December 31, 2004

	----- PROGRAM REVENUES -----				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS -----			
	EXPENSES	CHARGES	OPERATING	CAPITAL	GOV'T	BUSINESS	----- TOTAL-----	
		FOR	GRANTS &	GRANTS &		TYPE	2005	2004
	SERVICES	CONT'S	CONT'S	ACTIVITIES	ACTIVITIES			
<b>FUNCTIONS/PROGRAMS</b>								
Governmental Activities:								
General Government	\$7,380,940	\$155,653	\$0	\$0	(\$7,225,287)	\$0	(\$7,225,287)	(\$6,951,237)
Security of Persons and Property	30,221,979	1,561,227	2,903,094	173,401	(25,584,257)	0	(25,584,257)	(23,435,615)
Physical Environment	1,231,940	875,347	0	31,281	(325,312)	0	(325,312)	(487,033)
Transportation	5,962,249	84,461	35,086	3,393,368	(2,449,334)	0	(2,449,334)	(741,822)
Economic Environment	3,746,850	1,059,285	2,129,498	0	(558,067)	0	(558,067)	(760,791)
Mental & Physical Health	43,278	0	0	0	(43,278)	0	(43,278)	(16,952)
Cultural & Recreational Environment	7,600,877	1,532,893	65,986	323,021	(5,678,977)	0	(5,678,977)	(1,168,833)
Interest on Long-Term Debt	809,068	0	0	0	(809,068)	0	(809,068)	(849,837)
<b>Total Governmental Activities</b>	<b>\$56,997,181</b>	<b>\$5,268,866</b>	<b>\$5,133,664</b>	<b>\$3,921,071</b>	<b>(\$42,673,580)</b>	<b>\$0</b>	<b>(\$42,673,580)</b>	<b>(\$34,412,120)</b>
Business-Type Activities:								
Transit	6,282,080	450,192	2,717,577	0	\$0	(3,114,311)	(3,114,311)	(3,762,583)
Refuse	3,154,231	3,507,782	0	0	0	353,551	353,551	583,932
Wastewater	11,172,540	14,124,862	384,931	1,938,801	0	5,276,054	5,276,054	4,278,376
Water	4,921,257	5,380,995	0	447,910	0	907,648	907,648	1,945,823
Irrigation	1,644,801	2,435,249	0	0	0	790,448	790,448	1,297,596
<b>Total Business-Type Activities</b>	<b>27,174,909</b>	<b>\$25,899,080</b>	<b>\$3,102,508</b>	<b>\$2,386,711</b>	<b>0</b>	<b>\$4,213,390</b>	<b>\$4,213,390</b>	<b>\$4,343,144</b>
<b>Total</b>	<b>\$84,172,090</b>	<b>\$31,167,946</b>	<b>\$8,236,172</b>	<b>\$6,307,782</b>	<b>(\$42,673,580)</b>	<b>\$4,213,390</b>	<b>(\$38,460,190)</b>	<b>(\$30,068,976)</b>
<b>GENERAL REVENUES:</b>								
Taxes:								
Property Taxes					\$12,435,395	\$0	\$12,435,395	\$12,198,959
Sales and Use Taxes					15,689,755	4,234,263	19,924,018	18,193,653
Franchise and Utility Taxes					8,301,905	0	8,301,905	7,763,357
Excise Taxes					3,212,905	0	3,212,905	2,612,164
Penalties and Interest					724	0	724	1,839
State Entitlements					2,953,049	0	2,953,049	2,774,032
Unrestricted Investment Earnings					735,857	559,834	1,295,691	683,780
Miscellaneous					57,001	0	57,001	40,518
Gain/Loss on Sale of Capital Assets					256,750	(55,673)	201,077	(1,004,675)
Transfers					2,949,900	(3,171,182)	(221,282)	(192,715)
Debt Issue Cost					4,247	0	4,247	0
Accounting Gain/Loss on General Obligation Refunding					0	0	0	(474,146)
<b>Total general revenues, transfers, special item, and prior period adjustments</b>					<b>\$46,597,488</b>	<b>\$1,567,242</b>	<b>\$48,164,730</b>	<b>\$42,596,766</b>
Change in net assets					\$3,923,908	\$5,780,632	\$9,704,540	\$12,527,790
Net assets - beginning					73,332,676	98,142,076	171,474,752	158,946,969
Net assets - ending					<u>\$77,256,584</u>	<u>\$103,922,708</u>	<u>\$181,179,292</u>	<u>\$171,474,759</u>

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

December 31, 2005

With comparative totals for December 31, 2004

	<b>#000</b>	<b>#124</b>	<b>#131</b>	<b>#141</b>	<b>OTHER</b>	<b>----- TOTAL -----</b>	
	<b>GENERAL</b>	<b>COMMUNITY</b>	<b>PARKS AND</b>		<b>GOVERNMENTAL</b>	<b>GOVERNMENTAL FUNDS</b>	
	<b>FUND</b>	<b>DEVELOPMENT</b>	<b>RECREATION</b>	<b>STREETS</b>	<b>FUNDS</b>	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>							
Cash & equity in pooled investments	\$2,880,717	\$236,706	\$688,781	\$954,882	\$8,572,222	\$13,333,308	\$10,571,232
Deposits w/ fiscal agent/trustee	0	0	100	0	0	100	100
Receivables:							
Taxes	4,201,726	0	0	0	297,007	4,498,733	3,890,806
Accounts	113,498	2,202	8,413	861	142,451	267,425	346,569
Special Assessments	0	0	0	0	2,697	2,697	2,060
LID Assessments - Delinquent	0	0	0	0	1,732	1,732	965
LID Assessments - Deferred	0	0	0	0	365,622	365,622	171,807
Notes/Contracts	0	6,196,175	0	0	32,629	6,228,804	6,610,516
Interest/Penalties	131,653	0	0	8,278	21,505	161,436	89,137
Other Receivables	0	0	0	0	75,302	75,302	297,751
Due from Other Funds	511,606	0	0	0	0	511,606	242,101
Due from Other Government Units	38,210	273,037	6,864	207,366	1,578,253	2,103,730	1,933,893
Inventories	48,671	0	0	0	0	48,671	44,150
Investments, at Amortized Cost	4,616,693	0	0	499,787	1,804,549	6,921,029	8,692,174
Total Assets	<u>\$12,542,774</u>	<u>\$6,708,120</u>	<u>\$704,158</u>	<u>\$1,671,174</u>	<u>\$12,893,969</u>	<u>\$34,520,195</u>	<u>\$32,893,261</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Warrants/Accounts Payable	\$448,896	\$80,400	\$60,863	\$97,202	\$920,644	\$1,608,005	\$2,217,838
Wages/Benefits Payable	2,918,085	73,501	145,987	222,332	297,122	3,657,027	3,330,238
Contracts Payable	0	0	0	9,738	78,332	88,070	221,306
Due to Other Funds	0	0	0	0	511,606	511,606	61,041
Due to Other Government Units	46,513	0	42	0	17,052	63,607	57,570
Deposits Payable	58,511	250	2,503	0	54,864	116,128	111,520
Deferred Revenue	106,774	6,198,377	15,277	861	463,534	6,784,823	7,007,060
Total Liabilities	<u>\$3,578,779</u>	<u>\$6,352,528</u>	<u>\$224,672</u>	<u>\$330,133</u>	<u>\$2,343,154</u>	<u>\$12,829,266</u>	<u>\$13,006,573</u>

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

December 31, 2005

With comparative totals for December 31, 2004

	#000	#124	#131	#141	OTHER	----- TOTAL -----	
	GENERAL	COMMUNITY	PARKS AND		GOVERNMENTAL	GOVERNMENTAL	FUNDS
	FUND	DEVELOPMENT	RECREATION	STREETS	FUNDS	2005	2004
Fund Balances:							
Reserved For:							
Inventory	\$48,671	\$0	\$0	\$0	\$0	\$48,671	\$44,150
Encumbrances	228,894	1,016,320	1,000	108,233	1,068,517	2,422,964	2,672,933
Continuing Appropriations	0	0	0	0	929,202	929,202	474,389
Debt Service	0	0	0	0	753,266	753,266	769,076
Endowment	0	0	0	0	535,080	535,080	523,210
Parking and Business Improvement	0	0	0	0	103,057	103,057	145,919
Probation Center	0	0	0	0	0	0	202,193
Unreserved:							
General Fund	8,686,430	0	0	0	0	8,686,430	8,466,952
Special Revenue Funds	0	(660,728)	478,486	1,232,808	3,874,034	4,924,600	4,110,456
Capital Projects Funds	0	0	0	0	3,287,659	3,287,659	2,477,410
Total Fund Balances	<u>\$8,963,995</u>	<u>\$355,592</u>	<u>\$479,486</u>	<u>\$1,341,041</u>	<u>\$10,550,815</u>	<u>\$21,690,929</u>	<u>\$19,886,688</u>
Total Liabilities and Fund Balances	<u>\$12,542,774</u>	<u>\$6,708,120</u>	<u>\$704,158</u>	<u>\$1,671,174</u>	<u>\$12,893,969</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.	\$81,493,835	\$80,225,595
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.	6,305,353	5,566,067
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(32,149,342)	(32,257,618)
Accrued interest payable on General Obligation Debt	<u>(84,193)</u>	<u>(88,056)</u>
Net assets of governmental activities	<u>\$77,256,582</u>	<u>\$73,332,676</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, 2005

With comparative totals for December 31, 2004

	#000 GENERAL FUND	#124 COMMUNITY DEV	#131 PARKS & REC	#141 STREETS	OTHER GOV'T FUNDS	----- TOTAL ----- GOVERNMENTAL FUNDS	
						2005	2004
<b>REVENUES</b>							
Taxes and Special Assessments	\$32,066,945	\$0	\$1,841,985	\$3,326,997	\$5,321,498	\$42,557,425	\$39,489,628
Licenses and Permits	690,783	0	0	0	0	690,783	529,767
Intergovernmental Revenues	1,763,988	2,113,178	85,492	1,219,850	6,656,281	11,838,789	12,797,048
Charges for Services	4,290,541	325,894	708,162	67,751	203,434	5,595,782	5,845,816
Fines and Forfeits	1,190,300	0	0	0	0	1,190,300	1,363,565
Interest	735,857	50,360	0	9,236	74,255	869,708	553,500
Other Revenues	57,001	1,470	174,264	5,938	1,001,268	1,239,941	1,201,880
Total Revenues	<u>\$40,795,415</u>	<u>\$2,490,902</u>	<u>\$2,809,903</u>	<u>\$4,629,772</u>	<u>\$13,256,736</u>	<u>\$63,982,728</u>	<u>\$61,781,204</u>
<b>EXPENDITURES</b>							
Current							
General Government	\$9,852,233	\$0	\$0	\$98,644	\$139,296	\$10,090,173	\$9,905,374
Security of Persons and Property	25,098,721	0	0	0	3,585,518	28,684,239	26,958,702
Physical Environment	1,328,608	0	0	32,716	337,311	1,698,635	1,707,162
Transportation	0	0	0	4,355,170	245,464	4,600,634	4,203,546
Economic Environment	607,358	2,442,755	432,542	0	197,955	3,680,610	3,380,184
Mental & Physical Health	18,255	0	0	0	25,023	43,278	16,952
Cultural & Recreational Envmt	1,419,440	0	3,127,919	3,153	2,349,144	6,899,656	6,452,453
Capital Outlay							
General Government	56,685	0	0	0	18,577	75,262	377,541
Security of Persons and Property	0	0	0	0	578,628	578,628	1,503,516
Physical Environment	0	0	0	0	873,666	873,666	29,658
Transportation	0	0	0	5,870	3,322,440	3,328,310	5,629,506
Economic Environment	8,115	0	0	0	359,386	367,501	155,959
Cultural & Recreational Envmt	0	0	0	0	109,743	109,743	1,791,821
Debt Service							
Principal retirement	314,736	0	0	0	1,815,639	2,130,375	1,931,782
Interest	78,406	0	0	0	734,525	812,931	849,837
Total Expenditures	<u>\$38,782,557</u>	<u>\$2,442,755</u>	<u>\$3,560,461</u>	<u>\$4,495,553</u>	<u>\$14,692,315</u>	<u>\$63,973,641</u>	<u>\$64,893,993</u>
Excess (deficiency) of revenues over (under) expenditures	2,012,858	48,147	(750,558)	134,219	(1,435,579)	9,087	(3,112,789)
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$472,669
Proceeds from L.T. Debt - G.O. Bonds	0	0	0	0	759,597	759,597	7,262
Proceeds from Intergovernmental Loans	0	0	0	0	148,286	148,286	0
Other Note Proceeds	0	0	0	0	371,075	371,075	0
Transfers In	90,000	0	963,710	0	2,824,583	3,878,293	3,893,203
Transfers (Out)	(1,994,240)	0	(256,000)	(247,183)	(1,347,711)	(3,845,134)	(3,954,109)
Intergovernmental Agreements	0	0	0	0	0	0	0
Sale of Capital Assets	0	0	7,410	0	309,572	316,982	130,716
Comp. for Loss of Gen. Capital Assets	322	0	42,641	118,572	0	161,535	53,837
Total Other Financing Sources (Uses)	<u>(\$1,903,918)</u>	<u>\$0</u>	<u>\$757,761</u>	<u>(\$128,611)</u>	<u>\$3,065,402</u>	<u>\$1,790,634</u>	<u>\$603,578</u>
Net Change in Fund Balances	\$108,940	\$48,147	\$7,203	\$5,608	\$1,629,823	\$1,799,721	(\$2,509,211)
Fund Balances - January 1	\$8,850,534	\$307,445	\$472,283	\$1,335,433	\$8,920,992	\$19,886,687	\$22,379,682
Change in Reserve for Inventory	4,521	0	0	0	0	4,521	16,217
Fund Balances - December 31	<u>\$8,963,995</u>	<u>\$355,592</u>	<u>\$479,486</u>	<u>\$1,341,041</u>	<u>\$10,550,815</u>	<u>\$21,690,929</u>	<u>\$19,886,688</u>

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, 2005

With comparative totals for December 31, 2004

	<u>2005</u>	<u>2004</u>
Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	\$1,799,721	(\$2,509,211)
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.	1,490,007	6,738,076
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.	(221,767)	2,302,973
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.	855,664	977,697
Some expenditures 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).	(739,004)	(1,336,547)
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.	<u>739,286</u>	<u>586,384</u>
Change in net assets, as reflected on the Statement of Activities	<u>\$3,923,907</u>	<u>\$6,759,372</u>

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

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**

For the Year Ended December 31, 2005

	--- BUDGETED AMOUNTS ---		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes and Special Assessments	\$30,557,769	\$30,557,769	\$32,066,945	1,509,176
Licenses and Permits	561,500	584,500	690,783	106,283
Intergovernmental Revenues	1,636,541	1,685,541	1,763,988	78,447
Charges for Services	4,209,710	4,228,710	4,290,541	61,831
Fines and Forfeits	1,462,200	1,462,200	1,190,300	(271,900)
Interest	550,000	550,000	735,857	185,857
Other Revenues	48,500	48,500	57,001	8,501
Total Revenues	\$39,026,220	\$39,117,220	\$40,795,415	\$1,678,195
<b>EXPENDITURES</b>				
Current				
General Government	\$10,121,944	\$10,211,216	\$9,852,233	\$358,983
Security of Persons and Property	24,827,540	25,314,608	25,098,721	215,887
Physical Environment	1,310,117	1,353,917	1,328,608	25,309
Economic Environment	548,747	680,165	607,358	72,807
Mental & Physical Health	17,180	17,180	18,255	(1,075)
Cultural & Recreational Envmt	1,420,440	1,420,440	1,419,440	1,000
Capital Outlay				
General Government	110,000	198,000	56,685	141,315
Security of Persons and Property	5,000	5,000	0	5,000
Economic Environment	0	0	8,115	(8,115)
Debt Service				
Principal Retirement	337,969	337,969	314,736	23,233
Interest	80,823	80,823	78,406	2,417
Total expenditures	\$38,779,760	\$39,619,318	\$38,782,557	\$836,761
Excess (deficiency) of revenues over (under) expenditures	\$246,460	(\$502,098)	\$2,012,858	\$2,514,956
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$110,000	\$110,000	\$90,000	(\$20,000)
Transfers (Out)	(1,974,000)	(1,974,000)	(1,994,240)	(20,240)
Sale of Capital Assets	100,000	100,000	0	(100,000)
Comp. for Loss of Gen. Capital Assets	1,000	1,000	322	(678)
Total Other Financing Sources (Uses)	(\$1,763,000)	(\$1,763,000)	(\$1,903,918)	(\$140,918)
Net Change in Fund Balances	(\$1,516,540)	(\$2,265,098)	\$108,940	\$2,374,038
Fund Balances - January 1	\$4,676,281	\$4,676,281	\$8,850,534	\$4,174,253
Change in Reserve for Inventory	0	0	4,521	4,521
Fund Balances - December 31	\$3,159,741	\$2,411,183	\$8,963,995	\$6,552,812

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

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

For the Year Ended December 31, 2005

	--- BUDGETED AMOUNTS ---		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
<b>REVENUES</b>				
Intergovernmental Revenues	\$2,110,000	\$3,230,421	\$2,113,178	(\$1,117,243)
Charges for Services	262,500	262,500	325,894	63,394
Interest	36,566	36,566	50,360	13,794
Other Revenues	1,000	1,000	1,470	470
Total Revenues	<u>\$2,410,066</u>	<u>\$3,530,487</u>	<u>\$2,490,902</u>	<u>(\$1,039,585)</u>
<b>EXPENDITURES</b>				
Current				
Economic Environment	\$2,412,788	\$3,533,209	\$2,442,755	\$1,090,454
Capital Outlay				
Economic environment	<u>2,500</u>	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Total Expenditures	<u>\$2,415,288</u>	<u>\$3,535,709</u>	<u>\$2,442,755</u>	<u>\$1,092,954</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(\$5,222)	(\$5,222)	\$48,147	\$53,369
Net Change in Fund Balances	(\$5,222)	(\$5,222)	\$48,147	\$53,369
Fund Balances - January 1	<u>586,052</u>	<u>586,052</u>	<u>307,445</u>	<u>(278,607)</u>
Fund Balances - December 31	<u><u>\$580,830</u></u>	<u><u>\$580,830</u></u>	<u><u>\$355,592</u></u>	<u><u>(\$225,238)</u></u>

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

**PARKS AND RECREATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**

For the Year Ended December 31, 2005

	--- BUDGETED AMOUNTS ---		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
<b>REVENUES</b>				
Taxes and Special Assessments	\$1,841,985	\$1,841,985	\$1,841,985	\$0
Intergovernmental Revenues	51,506	51,506	85,492	33,986
Charges for Services	825,520	825,520	708,162	(117,358)
Interest	1,000	1,000	0	(1,000)
Other Revenues	129,700	129,700	174,264	44,564
Total Revenues	<u>\$2,849,711</u>	<u>\$2,849,711</u>	<u>\$2,809,903</u>	<u>(\$39,808)</u>
<b>EXPENDITURES</b>				
Current				
Economic Environment	\$441,059	\$441,059	\$432,542	\$8,517
Mental & Physical Health	0		0	0
Cultural & Recreational Envmt	3,207,556	3,217,966	3,127,919	90,047
Capital Outlay				
Cultural & Recreational Envmt	6,500	8,097	0	8,097
Total Expenditures	<u>\$3,655,115</u>	<u>\$3,667,122</u>	<u>\$3,560,461</u>	<u>\$106,661</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(\$805,404)	(\$817,411)	(\$750,558)	\$66,853
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$900,000	\$900,000	\$963,710	\$63,710
Transfers (Out)	(256,000)	(256,000)	(256,000)	0
Sale of Capital Assets	0	0	7,410	7,410
Comp. for Loss of Gen. Capital Assets	50,000	50,000	42,641	(7,359)
Total other financing sources (uses)	<u>\$694,000</u>	<u>\$694,000</u>	<u>\$757,761</u>	<u>\$63,761</u>
Net change in fund balances	(\$111,404)	(\$123,411)	\$7,203	\$130,614
Fund balances - January 1	422,812	422,812	472,283	49,471
Fund balances - December 31	<u>\$311,408</u>	<u>\$299,401</u>	<u>\$479,486</u>	<u>\$180,085</u>

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

**STREETS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL**

For the Year Ended December 31, 2005

	--- BUDGETED AMOUNTS ---		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
<b>REVENUES</b>				
Taxes and Special Assessments	\$3,249,357	\$3,441,055	\$3,326,997	(114,058)
Intergovernmental Revenues	1,138,500	1,173,586	1,219,850	46,264
Charges for Services	57,000	57,000	67,751	10,751
Interest	20,000	20,000	9,236	(10,764)
Other Revenues	50	50	5,938	5,888
Total Revenues	<u>\$4,464,907</u>	<u>\$4,691,691</u>	<u>\$4,629,772</u>	<u>(\$61,919)</u>
<b>EXPENDITURES</b>				
Current				
General Government	\$109,338	\$109,338	\$98,644	\$10,694
Physical Environment	37,500	37,500	32,716	4,784
Transportation	4,330,498	4,852,296	4,355,170	497,126
Cultural & Recreational Envmt	4,398	4,398	3,153	1,245
Capital Outlay				
Transportation	22,500	22,500	5,870	16,630
Total Expenditures	<u>\$4,504,234</u>	<u>\$5,026,032</u>	<u>\$4,495,553</u>	<u>\$530,479</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$39,327)	(\$334,341)	\$134,219	\$468,560
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	(\$205,542)	(\$247,542)	(\$247,183)	\$359
Comp. for Loss of Gen. Capital Assets	0	0	118,572	118,572
Total Other Financing Sources (Uses)	<u>(\$205,542)</u>	<u>(\$247,542)</u>	<u>(\$128,611)</u>	<u>\$118,931</u>
Net Change in Fund Balances	(\$244,869)	(\$581,883)	\$5,608	\$587,491
Fund Balances - January 1	726,394	726,394	1,335,433	609,039
Fund Balances - December 31	<u>\$481,525</u>	<u>\$144,511</u>	<u>\$1,341,041</u>	<u>\$1,196,530</u>

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

## PROPRIETARY FUNDS

*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 of Yakima 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, 2005

With comparative totals for December 31, 2004

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>#462 &amp; #364 TRANSIT</b>	<b>#471 REFUSE</b>	<b>#973 WASTEWATER</b>	<b>#974 WATER</b>
<b>ASSETS</b>				
Current Assets:				
Cash & Equity in Pooled Investments	\$1,942,326	\$168,099	\$4,564,954	\$2,044,114
Deposits with Fiscal Agent/Trustee	0	0	0	425
Receivables:				
Accounts/Taxes (Net)	768,546	212,698	1,193,256	101,773
Notes/Contracts	0	0	5,374	0
Interest/Penalties	5,666	0	13,487	9,028
Other Receivables	0	0	9,750	0
Due from Other Government Units	1,458,181	0	0	0
Inventories	0	0	11,955	210,332
Investments, at Amortized Cost	500,979	0	9,015,784	2,500,000
<b>Total Current Assets</b>	<b>\$4,675,698</b>	<b>\$380,797</b>	<b>\$14,814,560</b>	<b>\$4,865,672</b>
Noncurrent Assets:				
Restricted Assets:				
Cash	\$0	\$0	\$608,389	\$356,776
Investments, at Amortized Cost	0	0	1,700,000	0
Land	1,307,989	0	583,270	191,757
Buildings	6,347,785	0	54,614,438	3,777,980
Other Improvements	941,640	0	36,658,407	33,813,262
Machinery & Equipment	4,933,890	48,883	5,884,171	3,034,722
Accumulated Depreciation	(4,509,157)	(48,883)	(50,936,734)	(17,863,561)
Construction in Progress	36,015	0	9,794,914	5,953,111
Completed Construction - Not Classified	0	0	0	2,232,245
Intangibles	0	0	0	221,830
Unamortized Debt Issue Costs	0	0	101,131	10,373
<b>Total Noncurrent Assets</b>	<b>\$9,058,162</b>	<b>\$0</b>	<b>\$59,007,986</b>	<b>\$31,728,495</b>
<b>TOTAL ASSETS</b>	<b>\$13,733,860</b>	<b>\$380,797</b>	<b>\$73,822,546</b>	<b>\$36,594,167</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Warrants/Accounts Payable	179,025	177,095	997,887	314,030
Wages/Benefits Payable	256,169	104,795	376,717	169,113
Compensated Absences Payable	251,446	108,618	484,692	151,533
Claims and Judgements Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Accrued Payables	0	0	181,403	54,693
Deposits Payable	6,100	0	4,500	256,874
Current Portion Long-term Debt	0	0	585,855	161,999
Restricted Payables:	0	0	1,364,525	175,475
<b>Total Current Liabilities</b>	<b>\$692,740</b>	<b>\$390,508</b>	<b>\$3,995,579</b>	<b>\$1,283,717</b>
Noncurrent Liabilities:				
Bonds Payable	\$0	\$0	\$19,021,175	\$2,413,825
Unamortized Bond Discount/Premium	0	0	326,219	(22,654)
Deferred Amount On Debt Refunding	0	0	(163,397)	(22,035)
Loans Payable - Long Term	0	0	5,224,130	3,082,317
<b>Total Noncurrent Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,408,127</b>	<b>\$5,451,453</b>
<b>TOTAL LIABILITIES</b>	<b>\$692,740</b>	<b>\$390,508</b>	<b>\$28,403,706</b>	<b>\$6,735,170</b>
<b>NET ASSETS:</b>				
Invested in Capital Assets, Net of Related Debt	\$9,058,162	\$0	\$42,902,265	\$25,528,099
Restricted for Debt Service	0	0	2,308,389	356,776
Unrestricted	3,982,958	(9,711)	208,186	3,974,122
<b>TOTAL NET ASSETS</b>	<b>\$13,041,120</b>	<b>(\$9,711)</b>	<b>\$45,418,840</b>	<b>\$29,858,997</b>

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

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

Page 2 of 2

December 31, 2005

With comparative totals for December 31, 2004

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			<b>INTERNAL SERVICE FUNDS</b>
	<b>#975 IRRIGATION</b>	<b>----- TOTAL ----- 2005</b>	<b>2004</b>	
<b>ASSETS</b>				
Current Assets:				
Cash & Equity in Pooled Investments	\$1,827,126	\$10,546,619	\$11,096,005	\$4,107,792
Deposits with Fiscal Agent/Trustee	0	425	425	10,620
Receivables:				
Accounts/Taxes (Net)	208,305	2,484,578	2,752,806	640,300
Notes/Contracts	0	5,374	5,374	0
Interest/Penalties	27,500	55,681	63,397	32,719
Other Receivables	0	9,750	15,000	0
Due from Other Government Units	0	1,458,181	1,333,251	0
Inventories	0	222,287	190,102	366,413
Investments, at Amortized Cost	5,300,000	17,316,763	17,720,573	4,947,432
Total Current Assets	<u>\$7,362,931</u>	<u>\$32,099,658</u>	<u>\$33,176,933</u>	<u>\$10,105,276</u>
Noncurrent Assets:				
Restricted Assets:				
Cash	\$35,435	\$1,000,600	\$2,665,164	\$0
Investments, at Amortized Cost	0	1,700,000	0	0
Land	98,500	2,181,516	2,186,700	0
Buildings	0	64,740,203	64,491,228	37,397
Other Improvements	6,324,210	77,737,519	76,023,709	7,251
Machinery & Equipment	67,761	13,969,427	12,414,491	16,427,324
Accumulated Depreciation	(2,465,296)	(75,823,631)	(72,078,387)	(9,207,772)
Construction in Progress	2,018,660	17,802,700	11,718,026	0
Completed Construction - Not Classified	0	2,232,245	2,232,245	0
Intangibles	0	221,830	221,830	0
Unamortized Debt Issue Costs	47,495	158,999	170,203	0
Total Noncurrent Assets	<u>\$6,126,765</u>	<u>\$105,921,408</u>	<u>\$100,045,209</u>	<u>\$7,264,200</u>
<b>TOTAL ASSETS</b>	<u><b>\$13,489,696</b></u>	<u><b>\$138,021,066</b></u>	<u><b>\$133,222,142</b></u>	<u><b>\$17,369,476</b></u>
<b>LIABILITIES</b>				
Current Liabilities:				
Warrants/Accounts Payable	\$193,351	\$1,861,388	\$1,650,569	\$384,445
Wages/Benefits Payable	49,512	956,306	888,226	159,491
Compensated Absences Payable	56,234	1,052,523	1,014,887	191,545
Claims and Judgements Payable	0	0	0	2,849,328
Due to Other Funds	0	0	181,060	0
Accrued Payables	72,918	309,014	242,245	0
Deposits Payable	0	267,474	231,010	0
Current Portion Long-term Debt	0	747,854	746,177	0
Restricted Payables:				
Current Portion Long-term Debt	105,000	1,645,000	1,580,000	0
Total Current Liabilities	<u>\$477,015</u>	<u>\$6,839,559</u>	<u>\$6,534,174</u>	<u>\$3,584,809</u>
Noncurrent Liabilities:				
Bonds Payable	\$5,015,000	\$26,450,000	\$28,095,001	\$0
Unamortized Bond Discount/Premium	(136,474)	167,091	174,105	0
Deferred Amount On Debt Refunding	0	(185,432)	(220,784)	0
Loans Payable - Long Term	0	8,306,447	7,781,639	0
Total Noncurrent Liabilities	<u>\$4,878,526</u>	<u>\$34,738,106</u>	<u>\$35,829,961</u>	<u>\$0</u>
<b>TOTAL LIABILITIES</b>	<u><b>\$5,355,541</b></u>	<u><b>\$41,577,665</b></u>	<u><b>\$42,364,135</b></u>	<u><b>\$3,584,809</b></u>
<b>NET ASSETS:</b>				
Invested in Capital Assets, Net of Related Debt	\$4,517,567	\$82,006,093	\$79,874,501	\$7,264,200
Restricted for Debt Service	35,435	2,700,600	2,665,164	0
Unrestricted	3,581,153	11,736,708	8,318,342	6,520,467
<b>TOTAL NET ASSETS</b>	<u><b>\$8,134,155</b></u>	<u><b>\$96,443,401</b></u>	<u><b>\$90,858,007</b></u>	<u><b>\$13,784,667</b></u>
Adjustment to reflect the consolidation of internal service.				
fund activities related to enterprise funds		\$7,479,307	\$7,284,069	
Net Assets of Business-type Activities		<u>\$103,922,708</u>	<u>\$98,142,076</u>	

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, 2005

With comparative totals for December 31, 2004

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						INTERNAL	
	#462 & #364	#471	#973	#974	#975	----- TOTAL -----		SERVICE
	TRANSIT	REFUSE	WASTEWATER	WATER	IRRIGATION	2005	2004	FUNDS
<b>OPERATING REVENUES</b>								
Charges for Services	\$427,687	\$3,507,424	\$14,124,422	\$5,377,037	\$2,433,323	\$25,869,893	\$26,112,743	\$4,799,704
Charges for Insurance	0	0	0	0	0	0	0	1,965,264
Employer Contributions	0	0	0	0	0	0	0	7,713,632
Employee Contributions	0	0	0	0	0	0	0	1,671,203
Other Operating Revenues	22,505	358	440	3,958	1,926	29,187	22,725	208,392
Total Operating Revenues	\$450,192	\$3,507,782	\$14,124,862	\$5,380,995	\$2,435,249	\$25,899,080	\$26,135,468	\$16,358,195
<b>OPERATING EXPENSES</b>								
Operations and Maintenance	\$5,102,783	\$3,143,399	\$6,018,957	\$2,094,506	\$1,075,842	\$17,435,487	\$17,016,359	\$4,506,346
Administration/Overhead	659,239	395,765	1,102,306	1,432,523	180,210	3,770,043	3,435,464	2,067,253
Taxes	0	0	2,457,956	1,139,665	47,856	3,645,477	3,624,106	0
Depreciation/Amortization	592,872	0	2,673,195	903,386	79,179	4,248,632	4,308,706	1,037,656
Other Benefits	0	0	0	0	0	0	0	8,286,750
Total Operating Expenses	\$6,354,894	\$3,539,164	\$12,252,414	\$5,570,080	\$1,383,087	\$29,099,639	\$28,384,635	\$15,898,005
Operating Income (Loss)	<u>(\$5,904,702)</u>	<u>(\$31,382)</u>	<u>\$1,872,448</u>	<u>(\$189,085)</u>	<u>\$1,052,162</u>	<u>(\$3,200,559)</u>	<u>(\$2,249,167)</u>	<u>\$460,190</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>								
Operating Grants and Subsidies	\$6,951,840	\$0	\$0	\$0	\$0	\$6,951,840	\$5,480,272	\$0
Proceeds of Long-Term Debt	0	0	0	0	0	0	0	0
Interest Revenue	34,253	1,000	296,339	72,330	155,912	559,834	268,933	244,577
Other Non-Operating Revenues	0	0	384,931	0	0	384,931	460,835	26,089
Interest Expenses	0	0	(762,304)	(126,576)	(258,826)	(1,147,706)	(883,214)	0
Amortization of Bond Pay. Discount	0	0	(25,519)	(6,359)	(7,665)	(39,543)	(31,878)	0
Gain (Loss) on Cap Assets Disposition	(144,239)	0	88,566	0	0	(55,673)	7,799	(17,613)
Non-Operating Revenue Net of Expenses	\$6,841,854	\$1,000	(\$179,877)	(\$60,605)	(\$110,579)	\$6,653,683	\$5,302,747	\$253,053
Income (Loss) Before Conts and Transfers	\$937,152	(\$30,382)	\$1,854,461	(\$249,690)	\$941,583	\$3,453,124	\$3,053,580	\$713,243
Capital Contributions	0	0	1,938,801	447,910	0	2,386,711	2,053,301	221,281
Transfers In	0	0	32,939	0	0	32,939	33,058	0
Transfers (Out)	0	0	(141,633)	(96,997)	(48,750)	(287,380)	(164,867)	0
Change in Net Assets	\$937,152	(\$30,382)	\$3,684,568	\$101,223	\$892,833	\$5,585,394	\$4,975,072	\$934,524
Total Net Assets - January 1	<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>
Total Net Assets - December 31	<u>\$13,041,120</u>	<u>(\$9,711)</u>	<u>\$45,418,840</u>	<u>\$29,858,997</u>	<u>\$8,134,155</u>			<u>\$13,784,667</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						<u>\$195,238</u>	<u>\$793,339</u>	
Change in Net Assets of Business-type Activities.						<u>\$5,780,632</u>	<u>\$5,768,411</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, 2005

With comparative totals for December 31, 2004

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>		
	<b>#462 &amp; #364 TRANSIT</b>	<b>#471 REFUSE</b>	<b>#973 WASTEWATER</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$427,687	\$3,468,863	\$14,072,102
Contributions Received - Employer and Employee	0	0	0
Cash Paid to Suppliers for Goods and Services	(3,278,134)	(2,039,713)	(3,204,099)
Cash Paid for Salaries and Benefits	(2,584,362)	(1,123,569)	(4,326,755)
Other Operating Revenues Collected	22,505	358	440
Cash Paid to Claimants and Beneficiaries	0	0	0
Cash Paid in Lieu of Taxes	0	(315,418)	(1,855,898)
Net Cash Provided by Operating Activities	<u>(\$5,412,304)</u>	<u>(\$9,479)</u>	<u>\$4,685,790</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating Grants Received/Sales Tax	\$6,811,199	\$0	\$0
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>			
Proceeds from Public Works Trust Loan/Revenue Bonds	\$0	\$0	\$559,713
Proceeds for Debt Service from Other Governments	0	0	384,931
Cash Received from Disposal of Capital Assets	0	0	0
Cash Contributions in Aid of Construction	0	0	1,178,488
Principal Paid on Revenue Bonds	0	0	(1,320,763)
Principal Paid on Public Works Trust Loan	0	0	(581,399)
Capital Expenditures Paid	(495,718)	0	(5,653,753)
Interest and Other Debt Service Paid	0	0	(772,314)
Capital Grants Received	0	0	0
Other Non-Operating Capital Revenue	0	0	0
Transfer In	0	0	32,939
Transfer Out	0	0	(141,633)
Net Cash Used for Capital Financing Activities	<u>(\$495,718)</u>	<u>\$0</u>	<u>(\$6,313,791)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from Sale of Investment Securities	\$998,619	\$0	\$8,132,462
Interest Received on Investments	40,530	1,000	328,851
Purchase of Investment Securities	0	0	(9,700,000)
Net Cash Provided by Investing Activities	<u>\$1,039,149</u>	<u>\$1,000</u>	<u>(\$1,238,687)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$1,942,326</u>	<u>(\$8,479)</u>	<u>(\$2,866,688)</u>
Cash and Cash Equivalents at Beginning of Year	0	176,578	8,040,031
Cash and Cash Equivalents at End of Year	<u>\$1,942,326</u>	<u>\$168,099</u>	<u>\$5,173,343</u>
<b>CASH AT THE END OF THE YEAR CONSISTS OF:</b>			
Operating Fund Cash	\$1,942,326	\$168,099	\$4,564,954
Revenue Bond Reserve Account Cash	0	0	343,961
Revenue Bond Redemption Account Cash	0	0	264,428
Total Cash at the End of the Year	<u>\$1,942,326</u>	<u>\$168,099</u>	<u>\$5,173,343</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, 2005  
With comparative totals for December 31, 2004

#974 WATER	#975 IRRIGATION	----- TOTAL -----		INTERNAL SERVICE FUNDS
		2005	2004	
\$5,606,598	\$2,433,009	\$26,008,259	\$25,440,793	\$4,941,181
				11,176,660
(1,975,271)	(735,965)	(11,233,182)	(10,945,379)	(5,072,983)
(1,973,069)	(547,160)	(10,554,915)	(9,651,697)	(1,588,458)
3,958	1,926	29,187	6,430	205,167
0	0	0	0	(8,254,166)
<u>(745,425)</u>	<u>0</u>	<u>(2,916,741)</u>	<u>(2,857,973)</u>	<u>0</u>
\$916,791	\$1,151,810	\$1,332,608	\$1,992,174	\$1,407,401
\$0	\$0	\$6,811,199	\$5,321,635	\$0
\$710,170	\$0	\$1,269,883	\$7,052,169	\$0
0	0	384,931	460,835	0
0	0	0	117,960	26,089
363,534	0	1,542,022	719,764	0
(164,238)	(95,000)	(1,580,001)	(1,535,000)	0
(161,999)	0	(743,398)	(604,361)	0
(1,588,014)	(1,429,690)	(9,167,175)	(7,487,753)	(1,537,265)
(122,715)	(185,908)	(1,080,937)	(786,871)	0
0	0	0	46,973	0
0	0	0	0	221,281
0	0	32,939	33,058	0
<u>(96,997)</u>	<u>(48,750)</u>	<u>(287,380)</u>	<u>(164,867)</u>	<u>0</u>
(\$1,060,259)	(\$1,759,348)	(\$9,629,115)	(\$2,148,093)	(\$1,289,895)
\$2,051,759	\$1,000,000	\$12,182,840	\$500,869	\$288,316
82,600	135,537	588,518	248,118	236,408
<u>(1,500,000)</u>	<u>(2,300,000)</u>	<u>(13,500,000)</u>	<u>(8,985,172)</u>	<u>(589)</u>
\$634,359	(\$1,164,463)	(\$728,642)	(\$8,236,185)	\$524,135
<u>\$490,892</u>	<u>(\$1,772,001)</u>	<u>(\$2,213,950)</u>	<u>(\$3,070,469)</u>	<u>\$641,641</u>
1,909,998	3,634,562	13,761,169	16,831,638	3,466,151
<u>2,400,890</u>	<u>1,862,561</u>	<u>11,547,219</u>	<u>13,761,169</u>	<u>4,107,792</u>
\$2,044,114	\$1,827,126	\$10,546,619	\$11,096,005	\$4,107,792
343,423	0	687,384	2,387,383	0
13,353	35,435	313,216	277,781	0
<u>\$2,400,890</u>	<u>\$1,862,561</u>	<u>\$11,547,219</u>	<u>\$13,761,169</u>	<u>4,107,792</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, 2005

With comparative totals for December 31, 2004

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>		
	<b>#462 &amp; #364 TRANSIT</b>	<b>#471 REFUSE</b>	<b>#973 WASTEWATER</b>
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Net Operating Income (Loss)	(\$5,904,702)	(\$31,382)	1,872,448
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	592,872	0	2,673,195
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	0	(38,561)	31,640
Increase in Allowance for Uncollectibles	0	0	44,589
(Increase) Decrease in Inventory	0	0	1,819
Increase (Decrease) in Warrants/Accounts Payable	46,919	35,687	(10,283)
Increase (Decrease) in Wages/Benefits Payable	24,130	5,889	29,399
Increase (Decrease) in Compensated Absences Payable	9,537	18,888	42,983
Increase (Decrease) in Claims and Judgements Payable	0	0	0
Increase (Decrease) in Due to Other Funds	(181,060)	0	0
Total Adjustments	\$492,398	\$21,903	\$2,813,342
Net Cash Provided by Operating Activities	<u>(\$5,412,304)</u>	<u>(\$9,479)</u>	<u>\$4,685,790</u>
<b>SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Assets Acquired by Noncash Contributions	\$0	\$0	760,313

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

**STATEMENT OF CASH FLOWS  
FUNDS**

For the Year Ended December 31, 2005  
With comparative totals for December 31, 2004

#974 WATER	#975 IRRIGATION	----- TOTAL -----		INTERNAL SERVICE FUNDS
		2005	2004	
(\$189,085)	\$1,052,162	(\$3,200,559)	(\$2,249,167)	\$460,190
903,386	79,179	4,248,632	4,308,706	1,037,656
278,270	(314)	271,035	(513,119)	(35,187)
4,779	0	49,368	343,185	0
(28,755)	0	(26,936)	10,380	(142,154)
(20,670)	14,759	66,412	175,344	(62,750)
6,927	1,735	68,080	57,997	17,936
(38,061)	4,289	37,636	157,947	17,751
0	0	0	0	113,959
0	0	(181,060)	(299,099)	0
<u>\$1,105,876</u>	<u>\$99,648</u>	<u>\$4,533,167</u>	<u>\$4,241,341</u>	<u>\$947,211</u>
<u>\$916,791</u>	<u>\$1,151,810</u>	<u>\$1,332,608</u>	<u>\$1,992,174</u>	<u>\$1,407,401</u>
\$84,376	\$0	\$844,689	\$1,334,367	\$0

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

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

December 31, 2005

With comparative totals for December 31, 2004

	<b>FIREMEN'S RELIEF AND PENSION</b>	
	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash & Equity in Pooled Investments	\$547,105	\$570,531
<b>LIABILITIES</b>		
Warrants/Accounts Payable	<u>1,276</u>	<u>473</u>
<b>NET ASSETS</b>		
Held in Trust for Pension Benefits and Other Purposes	<u>\$545,829</u>	<u>\$570,058</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, 2005

With comparative totals for December 31, 2004

	<b>FIREMEN'S RELIEF AND PENSION</b>	
	<u>2005</u>	<u>2004</u>
<b>ADDITIONS:</b>		
Employer Contributions	\$1,460,424	\$1,425,048
Interest Revenue	3,000	1,814
Total Additions	<u>\$1,463,424</u>	<u>\$1,426,862</u>
<b>DEDUCTIONS:</b>		
Administration/Overhead	\$38,074	\$37,921
Pension Benefits	780,706	792,331
Other Benefits	668,873	731,506
Total Deductions	<u>\$1,487,653</u>	<u>\$1,561,758</u>
<b>CHANGE IN NET ASSETS</b>	(\$24,229)	(\$134,896)
Total Net Assets, January 1	<u>\$570,058</u>	<u>\$704,954</u>
Total Net Assets, December 31	<u>\$545,829</u>	<u>\$570,058</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended

December 31, 2005

### **NOTE I – 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** Although a separate legal entity, the City has elected to account for the operations of the Public Facilities District in a Non-major Special Revenue Fund. 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.

## **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 sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City of Yakima reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Community Development Fund* accounts for the Office of Neighborhood Development, which is the focus of the City's effort to improve economic opportunities and housing conditions in Yakima. Federal Housing and Urban Development grants are the major revenue source for this program.
- The *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 ninety 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, 2005, \$1,732 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, 2005 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	\$1,000,600
Investment at Amortized Cost - Debt Service	<u>1,700,000</u>
Total	<u>\$2,700,600</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 \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure assets are long-lived assets that normally are stationary in nature and 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
Infrastructure	15 - 50 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 \$32,149,342 difference are as follows:

Bonds Payable	\$19,365,097
Intergovernmental Loans	2,526,127
Contractual Agreements – Yakima County	568,167
Special Assessments – Notes	261,700
Lease Purchase Agreements	639,658
Unfunded Pension Liability	3,795,872
Compensated Absences	<u>4,992,721</u>
<i>Net adjustment to reduce fund balance-total governmental funds to arrive at net assets – governmental activities</i>	<u>\$32,149,342</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 \$1,490,007 difference are as follows:

Capital Outlay	\$5,333,110
Depreciation Expense	<u>(3,843,103)</u>
<i>Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$1,490,007</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 (\$221,767) difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold/disposed

<i>Net adjustment to increase/(decrease) net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>(\$221,767)</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 \$855,664 difference are as follows:

Debt Issued or Incurred:	
Issuance of General Obligation Bonds	(\$755,000)
Intergovernmental Loan	(48,286)
Contractual Agreement - Yakima County	(100,000)
Special Assessment Notes	(371,075)
Principal repayments:	
General obligation debt	1,220,000
Intergovernmental loans	437,168
Contractual agreement – Yakima County	128,274
Special assessment notes	162,375
Lease purchase agreements	<u>182,208</u>
<i>Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$855,664</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 (\$739,004) difference are as follows:

Compensated Absences	(\$319,322)
Change in Unfunded Pension Liability	(428,066)
Change in Reserve for Inventory	4,521
Accrued Interest Payable	<u>3,863</u>
<i>Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>(\$739,004)</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 capi-

tal 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. City-wide, supplemental appropriations totaled \$13.6 million. The principal four amendments were to reappropriate 2004 outstanding encumbrances in the amount of \$2.9 million; the reappropriation of non-lapsing appropriations in capital project funds in the amount of \$.5 million; the appropriation for Downtown Futures project initiatives - renovation for public walkways in the amount of \$4.8 million; and the appropriation for 96th Avenue interceptor - \$.65 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. 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 Refuse enterprise fund had a deficit fund balance of \$9,711 at December 31, 2005. A 5% increase for refuse rates had been approved by Council to cover operating cost increases in the 2006 budget.

The Risk Management Reserve Internal Service fund had a deficit fund balance of \$351,488 at December 31, 2005. 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 15% in the 2006 budget to begin to eliminate this deficit and build reserves.

#### **2. 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 \$925,208 for the Capitol Theatre Reserve Fund for replacement of the Capitol Theatre. The Capital Project Funds have a designated fund balance of \$1,210,468 for replacement of equipment and other capital improvements.

#### **3. RESERVED FUND BALANCE IN PERMANENT FUNDS**

The reserve of \$535,080 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 \$545,829 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**

In its 2005 Notes to the Financial Statements, the City of Yakima implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3, issued in March 2003. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2004. This statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. The City holds no such investments as of the Statement of Net Assets Date.

As required by state law, all deposits and investments of the City's funds are direct or indirect obligations of the U.S. Government, high quality Municipal Bonds, Bankers' Acceptances, high quality Commercial Paper or deposits with Washington State banks and savings and loan institutions. Investments of trust funds are not subject to the preceding limitations.

**I. DEPOSITS**

The City of Yakima maintains deposit relationships with several Washington State commercial banks and savings and loan institutions.

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

The City of Yakima had the following bank balances on hand on December 31, 2005:

Banks and Savings and Loan Institutions	\$1,597,978
Petty Cash and other Imprest Funds	19,035
Local Government Investment Pool (L.G.I.P.)	<u>28,982,945</u>
Total	<u>\$30,599,958</u>

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

The LGIP is an un-rated 2a-7 like pool, as defined by GASB 31. Accordingly, participants’ balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days. Per GASB 40 guidelines, the balances are also not subject to custodial credit risk. The credit risk of the LGIP is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are all classified as category 1 risk level investments. They are either insured or held by a third-party custody provider in the LGIP’s name.

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

## 2. INVESTMENTS

As of December 31, 2005 The City of Yakima had the following investments:

<u>INVESTMENT TYPES</u>	<u>CARRYING/ VALUE</u>	<u>FAIR/ VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS) <sup>(1)</sup></u>
Federal Agency Coupon Securities	\$2,530,397	\$2,519,999	.765
Federal Agency Callable Securities	25,286,265	25,033,288	.802
Treasury Securities	1,000,886	984,045	1.081
Municipal Securities	<u>2,067,677</u>	<u>2,055,595</u>	.515
Total Portfolio	<u>\$30,885,225</u>	<u>\$30,592,927</u>	
Weighted Average Maturity			<u>.780</u>

(1) Macaulay modified duration, which approximates Weighted Average Maturity, is used for this purpose.

**Note:** Investments are reported at Carrying Value on the Statement of Net Assets as the Weighted Average Maturity of the portfolio is less than one year and the difference between Carrying Value and Fair Value is considered immaterial.

## 3. INTEREST RATE RISK

In accordance with its adopted investment policy, the City manages its exposure to declines in fair value due to rising interest rates by limiting the weighted average maturity of the portfolio as a whole to not more than 2.5 years, and has a five-year maximum investment limitation. Additionally, the City does not use derivatives, pass through obligations or other extremely interest rate sensitive instruments in its portfolio. Weighted average maturity on callable securities is calculated using the final maturity date rather than the call date for conservatism.

<b>INVESTMENT TYPES</b>	<b>FAIR/ VALUE</b>	<b>CARRYING/ VALUE</b>	<b>LESS THAN 1 YEAR</b>	<b>1 - 2 YEARS</b>
Federal Agency Coupon Securities	\$2,519,999	\$2,530,397	\$1,998,075	\$532,322
Federal Agency Callable Securities	25,033,288	25,286,265	15,500,000	9,786,265
Treasury Securities	984,045	1,000,886	1,000,886	0
Municipal Securities	2,055,597	2,067,677	1,805,696	261,981 <sup>(1)</sup>
Total Portfolio	<u>\$30,592,929</u>	<u>\$30,885,225</u>	<u>\$20,304,657</u>	<u>\$10,580,568</u>

(1) Represents 10-year LID Notes the City is holding. All other investments in this category are under two-year final maturity.

#### 4. CREDIT RISK

State law under, RCW sections 35.39 and 39.59, limits investments that a Washington class 1 City may hold to Direct and Indirect obligations of the US Government, high quality Municipal Bonds of the State or Cities and Towns within the State, high quality General Obligation bonds of another State or City and by administrative allowance not in the RCW's, Bankers Acceptances and high quality Commercial Paper, holding one of the 2 highest Credit ratings issued by Moody's and Standard and Poor's and the State Treasurer's Local Government Investment Pool (L.G.I.P.). The LGIP is a 2(a)7 like pool and investments in the pool are reported at the share price of 100% of dollars invested. The City's own adopted Investment Policy adheres to the RCW's and also allows for investment in high quality Commercial Paper, Banker's Acceptances and the LGIP (see Deposit Note for information on the LGIP)

#### 5. CUSTODIAL CREDIT RISK

The City's investment Policy does not include Repurchase, Reverse-Repurchase agreements or securities lending as allowable investment activity; therefore no custodial credit risk exists. All investments are held in the City's name by a third party custodian through a Trust Agreement, and are considered Category 1 investments, with the exception of the LGIP, (see Deposit Note 4A.1, above, for custodial risk details).

### 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 one-percent of assessed valuation or \$10 per \$1,000 of value. If the tax levies of all districts exceed this amount, each is proportionately reduced until the total is at or below the one-percent limit.
- (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 2005, the City's regular tax levy was \$3.4395 per \$1,000 on a total assessed valuation of \$3,971,667,847 for a total regular levy of \$13,660,632. 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 2005 was \$.3540 per \$1,000, or \$1,405,779. Additionally, special levies for G.O. Bond obligations totaled \$300,000.

**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:

	<b>TAXES</b>	<b>ACCOUNTS</b>	<b>SPECIAL ASMTS</b>	<b>DUE FROM OTHER GVTS</b>	<b>INTEREST &amp; PENALTIES</b>	<b>OTHER</b>	<b>TOTAL</b>
General Fund	\$4,201,726	\$113,498	\$0	\$38,210	\$131,653	\$0	\$4,485,087
Community Development	0	6,198,377	0	273,037	0	0	6,471,414
Parks & Recreation	0	8,413	0	6,864	0	0	15,277
Streets	0	861	0	207,366	8,278	0	216,505
Non-major Governmental	297,007	175,080	370,051	1,578,253	21,505	75,302	2,517,198
Transit	768,546	0	0	1,458,181	5,666	0	2,232,393
Refuse	0	212,698	0	0	0	0	212,698
Wastewater	0	1,198,630	0	0	13,487	9,750	1,221,867
Water	0	101,773	0	0	9,028	0	110,801
Irrigation	0	208,305	0	0	27,500	0	235,805
Internal Service Funds	0	640,300	0	0	32,719	0	673,019
Total	<u>\$5,267,279</u>	<u>\$8,857,935</u>	<u>\$370,051</u>	<u>\$3,561,911</u>	<u>\$249,836</u>	<u>\$85,052</u>	<u>\$18,392,064</u>

Revenues of the Water, Wastewater, Refuse and Irrigation are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period of approximately 1% of billed revenue are as follows:

Refuse	\$35,047
Wastewater	128,547
Water	53,488
Irrigation	24,333
Total	<u>\$241,415</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, 2005 – 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	\$511,606	\$0
Special Revenue Funds:		
Arterial Street	0	309,919
Tourist Promotion Fund	0	41,732
Capitol Theatre Reserve	0	93,446
Capital Project Funds:		
Cumulative Reserve	0	66,509
Total	<u>\$511,606</u>	<u>\$511,606</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. The Internal Service transfer in represents capital contributions from other fund to purchase new vehicle additions to the rolling stock fleet. Other transfers generally represent debt service and capital project funding.

The following table depicts interfund operating transfer activity during 2005:

TRANSFER OUT	TRANSFER IN					TOTAL
	GENERAL FUND	PARKS & REC	NON-MAJOR GOV'T	WASTE-WATER	INTERNAL SERVICE	
General Fund	\$0	\$948,710	\$1,045,530	\$0	\$0	\$1,994,240
Parks and Recreation	0	0	256,000	0	0	256,000
Streets	0	0	247,183	0	0	247,183
Non-major Government	90,000	15,000	1,095,547	0	147,164	1,347,711
Wastewater	0	0	67,516	0	74,117	141,633
Water Operating Fund	0	0	64,058	32,939	0	96,997
Irrigation	0	0	48,750	0	0	48,750
Total	<u>\$90,000</u>	<u>\$963,710</u>	<u>\$2,824,584</u>	<u>\$32,939</u>	<u>\$221,281</u>	<u>\$4,132,514</u>

### E. CAPITAL ASSETS

#### CAPITAL ASSET ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2005

	BALANCE 1/1/05	ADDITIONS	ADJUSTMENTS	DELETIONS	BALANCE 12/31/05
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital Assets, Not Being Depreciated:					
Land	\$8,764,562	\$0	\$0	\$0	\$8,764,562
Construction in Progress	9,586,100	4,637,312	(5,175,117)	0	9,048,295
Total Capital Assets, Not Being Depreciated	<u>\$18,350,662</u>	<u>\$4,637,312</u>	<u>(\$5,175,117)</u>	<u>\$0</u>	<u>\$17,812,857</u>
Capital Assets, Being Depreciated:					
Buildings & Structures	\$44,717,209	\$48,307	\$3,061,426	(\$119,211)	\$47,707,731
Other Improvements	6,250,465	46,622	3,185,649	(350,837)	9,131,899
Equipment & Machinery	7,737,159	442,245	14,882	(979,542)	7,214,744
Infrastructures	41,251,375	0	(1,086,840)	0	40,164,535
Capitalized Leases	1,633,849	158,624	0	(471,604)	1,320,869
Total Capital Assets, Being Depreciated	<u>\$101,590,057</u>	<u>\$695,798</u>	<u>\$5,175,117</u>	<u>(\$1,921,194)</u>	<u>\$105,539,778</u>
Less Accumulated Depreciation for:					
Buildings & Structures	(\$11,176,123)	(\$1,022,671)	\$0	\$86,280	(\$12,112,514)
Other Improvements	(2,871,784)	(525,872)	0	307,497	(3,090,159)
Equipment & Machinery	(4,786,902)	(467,458)	0	834,046	(4,420,314)
Infrastructures	(20,068,388)	(1,690,850)	0	0	(21,759,238)
Capitalized Leases	(811,927)	(136,252)	0	471,604	(476,575)
Total Accumulated Depreciation	<u>(\$39,715,124)</u>	<u>(\$3,843,103)</u>	<u>\$0</u>	<u>\$1,699,427</u>	<u>(\$41,858,800)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$61,874,933</u>	<u>(\$3,147,305)</u>	<u>\$5,175,117</u>	<u>(\$221,767)</u>	<u>\$63,680,978</u>
Governmental Activities Capital Assets, Net	<u>\$80,225,595</u>	<u>\$1,490,007</u>	<u>\$0</u>	<u>(\$221,767)</u>	<u>\$81,493,835</u>

**CAPITAL ASSET ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2005 (CONTINUED)**

	<b>BALANCE</b>				<b>BALANCE</b>
	<b>1/1/05</b>	<b>ADDITIONS</b>	<b>ADJUSTMENTS</b>	<b>DELETIONS</b>	<b>12/31/05</b>
<b>INTERNAL SERVICE FUNDS – GOV'T ACTIVITIES</b>					
Capital Assets, Being Depreciated:					
Buildings	\$20,552	\$60	\$0	\$0	\$20,612
Other Improvements	0	3,997	0	0	3,997
Machinery	5,599,177	753,048	0	0	6,352,225
Total Capital Assets Being Depreciated	<u>\$5,619,729</u>	<u>\$757,105</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,376,834</u>
Less Accumulated Depreciation for:					
Other Improvements	\$0	(\$295)	\$0	\$0	(\$295)
Machinery	(3,118,162)	(571,637)	513	123,565	(3,565,721)
Total Accumulated Depreciation	<u>(\$3,118,162)</u>	<u>(\$571,932)</u>	<u>\$513</u>	<u>\$123,565</u>	<u>(\$3,566,016)</u>
Total Capital Assets, Being Depreciated Net	<u>\$2,501,567</u>	<u>\$184,573</u>	<u>\$513</u>	<u>\$123,565</u>	<u>\$2,810,218</u>
Total Capital Assets – Governmental Activities	<u>\$82,727,162</u>	<u>\$1,674,580</u>	<u>\$513</u>	<u>(\$98,202)</u>	<u>\$84,304,653</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Capital Assets, Not Being Depreciated:					
Land	\$2,186,700	\$0	\$0	(\$5,184)	\$2,181,516
Construction in Progress	11,718,026	8,440,003	(2,338,223)	(17,106)	17,802,700
Total Capital Assets, Not Being Depreciated	<u>\$13,904,726</u>	<u>\$8,440,003</u>	<u>(\$2,338,223)</u>	<u>(\$22,290)</u>	<u>\$19,984,216</u>
<b>CAPITAL ASSETS, BEING DEPRECIATED:</b>					
Buildings & Structures	\$64,491,228	\$99,779	\$149,195	\$0	\$64,740,202
Other Improvements	76,023,709	1,261,030	452,780	0	77,737,519
Equipment & Machinery	12,414,491	467,767	1,736,248	(649,078)	13,969,428
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>\$155,383,503</u>	<u>\$1,828,576</u>	<u>\$2,338,223</u>	<u>(\$649,078)</u>	<u>\$158,901,224</u>
Less Accumulated Depreciation for:					
Buildings & Structures	(\$35,272,550)	(\$1,854,637)	\$0	\$0	(\$37,127,187)
Other Improvements	(29,813,537)	(1,719,672)	0	400	(31,532,809)
Equipment & Machinery	(6,316,856)	(630,022)	0	502,989	(6,443,889)
Completed Construction – Not Classified	(569,273)	(44,302)	0	0	(613,575)
Intangibles	(106,171)	0	0	0	(106,171)
Total Accumulated Depreciation	<u>(\$72,078,387)</u>	<u>(\$4,248,633)</u>	<u>0</u>	<u>\$503,389</u>	<u>(\$75,823,631)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$83,305,116</u>	<u>(\$2,420,057)</u>	<u>\$2,338,233</u>	<u>(\$145,689)</u>	<u>\$83,077,593</u>
Business-Type Activities Capital Assets, Net	<u>\$97,209,842</u>	<u>\$6,019,946</u>	<u>\$0</u>	<u>(\$167,979)</u>	<u>\$103,061,809</u>
<b>INTERNAL SERVICE FUNDS – BUSINESS-TYPE ACTIVITIES</b>					
Capital Assets, Being Depreciated:					
Buildings	\$16,845	(\$60)	\$0	\$0	\$16,785
Other Improvements	0	3,254	0	0	3,254
Machinery	9,552,960	522,139	0	0	10,075,099
Total Capital Assets - Being Depreciated	<u>\$9,569,805</u>	<u>\$525,333</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,095,138</u>
Less Accumulated Depreciation for:					
Other Improvements	\$0	(\$462)	\$0	\$0	(\$462)
Machinery	(5,289,168)	(465,261)	12,036	101,099	(5,641,294)
Total Accumulated Depreciation	<u>(\$5,289,168)</u>	<u>(\$465,723)</u>	<u>\$12,036</u>	<u>\$101,099</u>	<u>(\$5,641,756)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$4,280,637</u>	<u>\$59,610</u>	<u>\$12,036</u>	<u>\$101,099</u>	<u>\$4,453,382</u>
Total Capital Assets – Business-Type Activities	<u>\$101,490,479</u>	<u>\$6,079,556</u>	<u>\$12,036</u>	<u>(\$66,880)</u>	<u>\$107,515,191</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 2005.

The 2005 adjustment column represents construction in progress that are completed and re-categorized as building improvements other than building or infrastructure. This column also includes a transfer of \$1,705,550 erroneously classified as infrastructure which should have been classified as building.

Depreciation expense was charged to functions/programs as follows:

**GOVERNMENTAL ACTIVITIES**

General Government	188,917
Security of Persons and Property	811,983
Physical Environment	11,718
Transportation	1,716,708
Economic Environment	87,239
Cultural and Recreational Environment	1,026,538
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>571,932</u>
Total Depreciation – Governmental Activities	<u>\$4,415,035</u>

**BUSINESS-TYPE ACTIVITIES**

Transit	\$592,872
Wastewater	2,673,195
Water	903,386
Irrigation	79,179
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>465,723</u>
Total Depreciation – Business-Type Activities	<u>\$4,714,355</u>

**F. COMMITMENTS**

**I. CONSTRUCTION COMMITMENTS**

The City has active construction projects as of December 31, 2005. The projects include widening and construction of existing streets and Wastewater facility improvement and collection system.

<u>PROJECT</u>	<u>CONTRACT AMOUNT</u>	<u>SPENT TO DATE</u>	<u>REMAINING COMMITMENT</u>
Street Construction/Signalization	\$2,181,813	\$119,116	\$2,062,697
Wastewater Treatment Plant/Col. System	<u>4,758,000</u>	<u>3,582,698</u>	<u>1,175,302</u>
Total	\$6,939,813	\$3,701,814	\$3,237,999

Street constructions are being financed by gas tax and federal, state or local grants. Wastewater is being financed by revenue bonds and wastewater 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 I 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 ninety days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within ninety 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 thirty years of service, or at the age of sixty with five years of service, or at age of 55 with 25 years of service. The annual pension is two-percent of the average final compensation per year of service, capped at sixty-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 three-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 twenty-years of service, with an allowance of two-percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive sixty-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 thirty-years of service, a three-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 three-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 one-percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive sixty-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 thirty-years of service, a three-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 1169 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2004:

Retirees and Beneficiaries Receiving Benefits	66,846
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	21,031
Active Plan Members Vested	103,039
Active Plan Members Nonvested	<u>53,217</u>
Total	244,133

### **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 six-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 five 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, 2005, were as follows:

	<u>PERS PLAN 1</u>	<u>PERS PLAN 2</u>	<u>PERS PLAN 3</u>
Employer*	2.44%	2.44%	2.44%**
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>
2005	\$57,836	\$345,207	\$48,343
2004	44,564	235,935	32,255
2003	48,335	231,087	22,198

**B. LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF) PLANS 1 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 1 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 fifty. 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>
Twenty or More Years	2.0%
Ten years, less than twenty years	1.5%
Five years, less than ten 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 ten years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at sixty-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 fifty with twenty years of service, or at the age of 53 with five years of service, with an allowance of two-percent of the final average salary per year of service. The final average salary is based on the highest consecutive sixty-months. Plan 2 retirements prior to the age of 53 are reduced three-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 three-percent annually.

There are 369 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2004:

Retirees and Beneficiaries Receiving Benefits	8,542
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	528
Active Plan Members Vested	12,079
Active Plan Members Nonvested	<u>3,523</u>
Total	24,672

### **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%	4.39%**
Employee	0.00%	6.99%
State	N/A	2.79%

\* 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>
2005	\$1,594	\$528,585
2004	1,692	411,645
2003	1,915	354,120

**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 forty-percent of the Fire Insurance Premium Tax; and earnings from the investment of moneys by the Washington State Investment Board. However, members may elect to withdraw their contribution upon termination.

**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 fifty who have completed 25 or more years of service are entitled to annual benefits of fifty-percent of their salary plus an additional two-percent for each year of service in excess of 25 years -- up to a maximum of sixty-percent of salary. The pension plan also provides death and disability pension benefits plus sick benefits for eligible active and retired employees.

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

- Return of accumulated contributions less any benefits paid.
- When a Firefighter would have had 25-years of service, two-percent 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, 2005, there were no plan amendments.

#### **CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE**

The City's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The required contributions are determined using an aggregate projected benefit funding method with the annual cost increasing six-percent per year over the period ending December 31, 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, 2005, there were no plan amendments.

**CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE**

The Police Pension is a department within the General Fund. The City engaged Milliman U.S.A., Consultant & Actuaries, to perform the pension's actuarial study. They issued a valuation dated January 1, 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 six-percent per year over the period ending December 31, 2012.

**SUMMARY OF FIREMEN'S PENSION AND POLICE PENSION  
SCHEDULE OF FUNDING PROGRESS  
DECEMBER 31, 2005**

	<b>VALUATION DATE</b>	<b>ACTUARIAL VALUE OF ASSETS</b>	<b>ACTUARIAL ACCRUED LIABILITIES</b>	<b>UNFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL)</b>	<b>FUNDED RATIO</b>	<b>COVERED PAYROLL</b>	<b>UAAL AS A PERCENTAGE COVERED PAYROLL</b>
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 Talx Corporation UCeXpress to represent the City in appeal hearings, and to provide audits of state awards.

The State of Washington invoices the City on a quarterly basis for reimbursement of claims which represent payment of unemployment compensation and related administrative costs. Resources accrue to the Unemployment Compensation Reserve Fund through

monthly charges made to each Operating Fund based on employee earnings. Normal accrual rates have been between .5 and .75 percent of gross payroll, while costs under the monthly premium program would have been approximately three-percent of payroll. The City has achieved considerable savings. Interfund premiums are based primarily upon the insured funds claims experience and are reported as quasi-external interfund transactions, a total for 2005 of \$167,628. Incurred but not reported claims of \$31,142 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 2005 were \$6,308,651. Incurred but not reported claims of \$1,041,979 have been accrued as a liability.

In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop-loss insurance." Two types of "stop-loss" insurance are purchased: 1) individual stop-loss; and, 2) aggregate stop-loss, with both provided through Sunlife Insurance Co. Under the individual stop-loss insurance, the City pays the first \$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 Sunlife, up to a lifetime maximum benefit of \$1 million per person. The aggregate stop-loss is designed to protect the City from multiple large claims which may not reach the individual stop-loss attachment point (\$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 2005 were \$1,137,268. Based on the claims manager's estimate, the City has accrued incurred but not reported claims of \$576,207 at December 31, 2005.

In order to avoid catastrophic losses, the City “reinsures” the program by purchasing insurance known as “stop-loss” insurance. This insurance is provided through Acordia NW, Inc 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 2005 were \$1,827,012. 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, 2005 is \$1,200,000.

For many years, the City has been self insured for general liability claims and has purchased excess liability insurance coverage. In 2005 this coverage was provided by Genesis Underwriter Management Company; the coverage was \$8 million with a \$1 million retention. In late 2005, the City joined an insurance pool and now maintains general liability coverage of \$15 million, insured by St. Paul Travelers with a \$100,000 deductible. The City also joined the Washington State Transit Insurance Pool (WSTIP) in September 2005. The deductible for the Transit division for this program is \$5,000 with \$12 million general liability coverage. Changes in the balance of claims liability during 2005 follows:

	<u>2005</u>	<u>2004</u>
Unpaid Claims, January 1	\$1,200,000	\$1,240,000
Incurred Claims (including IBNRs)	1,119,622	1,035,000
Claim Payments (including direct legal costs)	<u>(1,119,622)</u>	<u>(1,075,000)</u>
Unpaid Claims, December 31	\$1,200,000	\$1,200,000

**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.

		<b>LIMIT BY SECTION</b>	<b>CUMULATIVE LIMIT</b>
I.	General Purpose		
	Without a Vote (includes capital leases)	1.50%	
	With a Vote	1.00%	2.50%
II.	Utilities Purpose	2.50%	5.00%
III.	Open Space and Parks Facilities	2.50%	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 \$4,169,739,611 resulting in the debt limits, as of December 31, 2005, for the City as follows:

	--- WITHOUT A VOTE ---	----- WITH A VOTE -----		
	<b>GENERAL PURPOSE 1.5%</b>	<b>GENERAL PURPOSE 2.5%</b>	<b>UTILITIES 5.0%</b>	<b>OPEN SPACE &amp; PARKS 7.5%</b>
Legal Limit	\$62,546,094	\$104,243,490	\$208,486,980	\$312,730,470
Net Outstanding Indebtedness*	18,464,916	20,492,496	20,492,496	20,492,496
Margin Available	<u>\$44,081,178</u>	<u>\$83,750,994</u>	<u>\$187,994,484</u>	<u>\$292,237,974</u>

\* 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 2005.

**LONG-TERM DEBT**

	<b>BALANCE 01/01/2005</b>	<b>ADDITIONS</b>	<b>PAYMENTS/ RETIREMENTS</b>	<b>BALANCE 12/31/2005</b>	<b>AMOUNTS DUE WITHIN 1 YEAR</b>
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Debt:					
Line of Credit	\$84,569	\$0	\$20,000	\$64,569	\$20,000
Bonds	19,745,528	755,000	1,200,000	19,300,528	1,305,000
Total General Obligation Debt	19,830,097	755,000	1,220,000	19,365,097	1,325,000
Intergovernmental Loans	2,915,009	48,286	437,168	2,526,127	438,198
Contractual Agreement - Yakima Co.	596,441	100,000	128,274	568,167	153,757
Special Assessments - Notes	53,000	371,075	162,375	261,700	15,982
Lease Purchase Agreements	821,866	0	182,208	639,658	190,702
Unfunded Pension Liability	3,367,806	428,066	0	3,795,872	0
Vacation/Sick Leave Accrual	4,673,399	319,322	0	4,992,721	0
Total Gen. Long-Term Debt Payable	<u>\$32,257,618</u>	<u>\$2,021,749</u>	<u>\$2,130,025</u>	<u>\$32,149,342</u>	<u>\$2,123,639</u>

	<b>BALANCE 01/01/2005</b>	<b>ADDITIONS</b>	<b>PAYMENTS/ RETIREMENTS</b>	<b>BALANCE 12/31/2005</b>	<b>AMOUNTS DUE WITHIN 1 YEAR</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Revenue Debt Payable					
Revenue Bonds	\$29,675,000	\$0	\$1,580,000	\$28,095,000	\$1,645,000
Intergovernmental Loans	8,527,816	1,244,883	743,398	9,029,301	743,398
SIED Loans - Yakima County	0	25,000	0	25,000	4,456
Unamortized Debt Issue Cost/ Premium/Discount/Deferred Amount	(46,679)	0	(28,338)	(18,341)	0
Total Revenue Debt Payable	<u>\$38,156,137</u>	<u>\$1,269,883</u>	<u>\$2,295,060</u>	<u>\$37,130,960</u>	<u>\$2,392,854</u>
<b>TOTAL LONG TERM DEBT</b>	<u><b>\$70,413,755</b></u>	<u><b>\$3,291,632</b></u>	<u><b>\$4,425,085</b></u>	<u><b>\$69,280,302</b></u>	<u><b>\$4,516,493</b></u>

#### 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 December 2005, the City issued \$755,000; a ten year General obligation Bond with interest rates of 4% for the first 7 years and 4.5% for the last 3 years of the life of the bond. This bond is issued to fund various projects for Parks and Recreation (Kiwanis skate park, aquatic spray toys and a 4th Kiwanis ballfield.)

	<b>DATE OF FINAL MATURITY</b>	<b>INTEREST RATE</b>	<b>ORIGINAL ISSUE</b>	<b>OUT- STANDING 12/31/2005</b>	<b>AVERAGE ANNUAL DEBT SERVICE</b>
Special Property Tax Levy:					
2004 Fire Imp. Bonds Ref. 1995	12/01/14	2.0% - 3.5%	2,300,000	\$2,235,000	\$291,299
Reg. Prop. Tax Levy:					
G.O. Line of Credit - Paving Pkg. Lot	12/19/08	Variable	104,569	64,569	21,000
2005 Parks Capital Projects	12/01/15	4.0% - 4.5%	755,000	755,000	94,313
Total Reg. Prop. Tax Levy			859,569	819,569	
Reg. Property Tax Levy/Real Ex. Tax:					
1998 Street Overlay Program Bonds	6/01/08	4.0% - 4.5%	1,430,000	500,000	178,115
Motel/Hotel Tax:					
1996 Convention Center Exp. Bonds	11/01/07	5.29%	6,000,000	455,000	246,475
2004 Conv. Ctr. Exp. Bonds Ref. 1996	11/01/19	2.0% - 4.2%	4,175,000	4,070,000	387,957
Total Motel/Hotel Tax			10,175,000	4,525,000	
Pub. Fac. Dis. (State Sales Tax Credit):					
2002 Convention Center Addition	6/01/26	3.0% - 5.0%	6,735,000	6,210,000	470,555
Bus. Lic. & Real Estate Excise Tax:					
2003 Sundome Expansion	12/01/23	2.34%-4.72%	1,430,528	1,430,528	139,984 <sup>(1)</sup>
Utility Tax					
2003 Criminal Justice/I-82 Ref 1994	12/01/13	4.35%-5.25%	4,155,000	3,645,000	\$514,889
			<u>\$27,085,097</u>	<u>\$19,365,097</u>	

(1) Beginning in 2007.

**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.

	<b>DATE OF FINAL MATURITY</b>	<b>INTEREST RATE</b>	<b>ORIGINAL ISSUE</b>	<b>OUT-STANDING 12/31/2005</b>	<b>AVERAGE ANNUAL DEBT SERVICE</b>
1996 Water/Wastewater Revenue Bonds (Refund of 1978 Issue)	12/01/08	4.0%-5.2%	\$3,320,000	\$1,000,000	\$368,173
1998 Water/Wastewater Revenue Bonds (Refund of 1991 Issue)	9/01/11	4.0%-4.3%	4,715,000	2,840,000	547,648
1998 Water Revenue Bonds	9/01/18	4.0%-5.0%	3,195,000	2,355,000	243,047
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	16,180,000	1,347,470
2004 Irrigation Revenue Bonds	9/01/34	2.0% - 4.8%	5,215,000	5,120,000	320,256
			<u>\$34,590,000</u>	<u>\$28,095,000</u>	

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

	<b>----- REVENUE DEBT SERVICE -----</b>			
	<b>BONDED DEBT</b>	<b>INTEREST</b>	<b>NOTES AND CONTRACTS</b>	<b>INTEREST</b>
2006	\$1,645	\$1,191	\$743	\$62
2007	1,695	1,133	743	55
2008	1,750	1,073	743	48
2009	1,455	1,003	688	41
2010	1,505	952	661	35
2011-2015	6,120	3,991	2,735	96
2016-2020	6,440	2,615	1,062	31
2021-2025	4,590	1,055	483	2
2026-2030	1,155	444	0	0
2031-2035	1,140	140	0	0
	<u>\$27,495</u>	<u>\$13,597</u>	<u>\$7,858</u>	<u>\$370</u>

At December 31, 2005, the City had \$2,700,600 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 21 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 12/31/2005</u>
<b>REAL ESTATE TRANSFER TAX:</b>				
PW-86-040 Tieton Dr, 40th Ave to 65th Ave	3%	07/01/2006	\$720,000	\$37,895
PW-87-002 Nob Hill Overpass	1%	07/01/2007	213,454	20,654
PW-5-89-962-0056 Resignalization and Lighting	1%	07/01/2009	765,000	168,602
PW-5-89-962-0057 Fruitvale Canal Wasteway Piping	3%	07/01/2009	174,879	25,508
PW-5-91-280-071 Fruitvale Canal Wasteway	3%	07/01/2011	1,188,000	364,013
<b>ARTERIAL STREET GAS TAX:</b>				
PW-5-90-280-050 Tieton Drive, 5th Ave. to 16th Ave.	3%	07/01/2010	803,157	158,780
PW-5-91-280-070 N. 1st Avenue, Yakima Ave. to "I" St.	1%	07/01/2011	1,155,000	299,826
PW-5-95-791-052 Fair Avenue Improvements	1%	07/01/2015	1,000,000	532,508
PW-00-691-062 Downtown Yakima Rehab Project	1%	06/10/2010	1,180,000	630,238
<b>GENERAL FUND SALES TAX:</b>				
CERB Loan #C95-107 Utilities-Madison Ave. & 8th, "J" St. & 8th	6%	07/01/2016	425,448	288,104
Sub-Total – General Long-Term Debt				<u>\$2,526,128</u>
<b>WASTEWATER OPERATING REVENUE:</b>				
PW-88-962-54 Treatment Plant Rehabilitation	1%	07/01/2008	945,000	166,737
PW-5-92-280-046 Wastewater Collection System Impr.	1%	07/01/2012	1,120,000	432,117
PW-5-93-280-054 Wastewater Facility Rehabilitation	1%	07/01/2013	3,221,708	1,364,045
PW-5-94-784-049 Wastewater Collection System Impr,	1%	07/01/2014	1,481,000	368,091
PW-5-95-791-053 Headworks/Digester Rehabilitation	1%	07/01/2015	3,030,558	1,633,744
PW-5-95-791-054 Wastewater Impr. King St Collector	1%	07/01/2015	209,367	116,851
PW-01-691-071 Fruitvale Neighborhood Wastewater-Water Project Phase I	.5%	07/01/2021	1,466,250	1,242,000
PW-05-691-064 Fruitvale Neighborhood Wastewater-Water Project Phase II	.5%	07/01/2025	2,307,000	461,400
<b>WATER OPERATING REVENUE:</b>				
PW-5-89-962-0058 Domestic Well and Pumphouse	3%	07/01/2009	495,000	109,095
PW-03-027 Naches River Water Trtmnt Plant Impr	.5%	07/01/2023	2,694,500	2,425,050
SRF-04-65104-037 Naches River Water Trtmnt Filter Rehab	.5%	10/01/2025	966,772	710,170
Sub-Total – Revenue Debt				<u>9,029,300</u>
Total Intergovernmental Loans				<u>\$11,555,428</u>

The loans have a term not to exceed twenty years and require 1/19<sup>th</sup> 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. In 2005, the City issued a contractual agreement with Yakima County for a SIED loan: \$25,000 to fund an eight inch sewer main about 700 feet from Washington Avenue to the Cub Crafters facility at the Yakima Air Terminal and \$100,000 to fund North Sixth Avenue improvements 30 foot wide curb and gutter, per side, and a five foot sidewalk on the east side.

	<u>FUNDING SOURCE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL ISSUE</u>	<u>OUTSTANDING 12/31/2005</u>
1988 Issue	Business Licenses	11/1/2007	\$780,000	\$134,062
1989 Issue	Real Estate Excise Taxes	11/1/2009	781,518	252,010
2001 Issue	Contracted Assessment	06/1/2011	44,000	28,523
2003 Issue	Hotel/Motel Tax	06/1/2010	75,000	53,571
2005 Issue	Contracted Assessment	06/01/2010	25,000	25,000
2005 Issue	Contracted Assessment	06/01/2010	100,000	100,000
			<u>\$1,805,518</u>	<u>\$593,166</u>

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

----- GENERAL OBLIGATION DEBT SERVICE -----				
	<u>BONDED DEBT</u>	<u>INTEREST</u>	<u>NOTES AND CONTRACTS</u>	<u>INTEREST</u>
2006	\$1,305	\$676	\$592	\$84
2007	1,418	641	566	67
2008	1,465	599	493	49
2009	1,369	576	500	36
2010	1,408	544	384	22
2011-2015	6,330	2,102	525	43
2016-2020	3,400	1,320	34	2
2021-2025	2,150	635	0	0
2026-2026	455	11	0	0
	<u>\$19,300</u>	<u>\$7,104</u>	<u>\$3,094</u>	<u>\$303</u>

At December 31, 2005, the City had \$723,611 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	\$6,000
LID #1054; 10/01/07 Wastewater	
South 70th Avenue and Lindgren Drive Installment Note; 9.25% Interest	11,000
LID #1055; 06/05/10 Wastewater	
North 85th Avenue Wastewater Installment Note; 10.75% Interest	26,500
LID #1056; 12/17/02 Wastewater	
South 7th, 8th, & 9th Avenue Installment Note, 8.75% Interest	<u>218,200</u>
	<u>\$261,700</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, 2005 of the LID Guarantee Fund totaled \$28,079.

**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	\$302,693
Printer/Copier	62,424
Mobile Wireless Data Network	232,862
Printer/Copier	<u>41,679</u>
Total	<u>\$639,658</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**

2006	\$209,448
2007	209,448
2008	209,448
2009	46,378
Less: Amount Representing Interest	<u>(35,064)</u>
Present Value of Net Minimum Lease Payments	<u>\$639,658</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 \$428,066 in 2005, and the outstanding balance at December 31, 2005 is \$3,795,872.

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 \$1,007,694 at December 31, 2005.

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, 2005, the City has approved all but \$75,000 and that remainder was under negotiations. The nature of this program is the City approves qualified projects for the loan within HUD guidelines, and acts as a conduit for HUD funds. The loan proceeds flow directly to the ultimate Corporate Borrower. Payments flow from the Corporate Borrower to the City's Custodian and then to HUD. The loans are on an amortization schedule from 10 years to 25 years. The HUD contract specifically provides that the loans are not full faith and credit obligations of the City, but instead, future Community Development Block Grant (CDBG) allocations are pledged on these loans. The City has entered into agreements to collateralize their position within HUD underwriting guidelines. 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, 2005, all of the loans were current, however, one of the loans is currently in default and the City is working with the Corporate Borrowers on a resolution. (The EDI grant can be utilized for past due payments).

## B. POTENTIAL LITIGATION

On February 15, 2005, Congdon Orchards, Inc. and Congdon Development Company, LLC (Congdon) filed a damage claim with the City alleging Congdon has been wrongfully damaged by Yakima's breaches of contract, negligence, tortuous conduct, breaches of duties, errors and omissions, and other wrongful conduct. Congdon alleged its damages exceeded \$21 million and continue. The City believes that the chances of recovery are low.

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. Summary financial information for the System and irrigation utility is presented below.

	<u>WATER / WASTEWATER</u>	<u>IRRIGATION</u>	<u>TOTAL</u>
<b>CONDENSED STATEMENT OF NET ASSETS</b>			
Assets:			
Current Assets	\$19,679,807	\$7,362,931	\$27,042,738
Restricted Assets	2,665,590	35,435	2,701,025
Capital Assets	88,071,316	6,091,330	94,162,646
Total Assets	<u>\$110,416,713</u>	<u>\$13,489,696</u>	<u>\$123,906,409</u>
Liabilities:			
Current Liabilities	\$5,282,075	\$477,015	\$5,759,090
Noncurrent Liabilities	29,856,801	4,878,526	34,735,327
Total Liabilities	<u>\$35,138,876</u>	<u>\$5,355,541</u>	<u>\$40,494,417</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$68,430,364	\$4,517,567	\$72,947,931
Restricted	2,665,590	35,435	2,701,025
Unrestricted	4,181,883	3,581,153	7,763,036
Total Net Assets	<u>\$75,277,837</u>	<u>\$8,134,155</u>	<u>\$83,411,992</u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS</b>			
Operating Revenues:			
Charges for Services	\$19,501,459	\$2,433,323	\$21,934,782
Other Operating Revenues	4,398	1,926	6,324
Total Operating Revenues	<u>\$19,505,857</u>	<u>\$2,435,249</u>	<u>\$21,941,106</u>
Operating Expenses:			
Operations and Maintenance	\$14,245,913	\$1,303,908	\$15,549,821
Depreciation	3,576,581	79,179	3,655,760
Total Operating Expenses	<u>\$17,822,494</u>	<u>\$1,383,087</u>	<u>\$19,205,581</u>
Operating Income (Loss)	\$1,683,363	\$1,052,162	\$2,735,525

	<u>WATER / WASTEWATER</u>	<u>IRRIGATION</u>	<u>TOTAL</u>
Non-Operating Revenues (Expenses)			
Miscellaneous Interest (Net)	(\$520,211)	(\$102,914)	(\$623,125)
Other Non-operating (Net)	441,619	(7,665)	433,954
Total Non-Operating Revenues (Expenses)	<u>(\$78,592)</u>	<u>(\$110,579)</u>	<u>(\$189,171)</u>
Income (Loss) before contributions and Transfers	\$1,604,771	\$941,583	\$2,546,354
Capital Contributions	\$2,386,711	\$0	\$2,386,711
Transfers (Net)	(205,691)	(48,750)	(254,441)
Change in Net Assets	<u>\$3,785,791</u>	<u>\$892,833</u>	<u>\$4,678,624</u>
Total Net Assets - January 1	<u>\$71,492,046</u>	<u>\$7,241,322</u>	<u>\$78,733,368</u>
Total Net Assets - December 31	<u>\$75,277,837</u>	<u>\$8,134,155</u>	<u>\$83,411,992</u>

#### **CONDENSED STATEMENT OF CASH FLOWS**

Net Cash Provided (Used) by:			
Operating Activities	\$5,602,581	\$1,151,810	\$6,754,391
Capital and Related Financing Activities	(7,374,049)	(1,759,348)	(9,133,397)
Investing Activities	(604,328)	(1,164,463)	(1,768,791)
Net Increase (Decrease)	<u>(\$2,375,796)</u>	<u>(\$1,772,001)</u>	<u>(\$4,147,797)</u>
Beginning Cash and Cash Equivalents	<u>\$9,950,029</u>	<u>\$3,634,562</u>	<u>\$13,584,591</u>
Ending Cash and Cash Equivalents	<u>\$7,574,233</u>	<u>\$1,862,561</u>	<u>\$9,436,794</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 39 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, 2005, is as follows:

**UNAUDITED  
STATEMENT OF NET ASSETS**

Assets:	
Current Assets	\$612,846
Property, Plant and Equipment, Net	8,010,062
Intangible Assets, Net	217,272
Construction in Progress	<u>1,439,500</u>
Total Assets	\$10,279,680
Current Liabilities:	\$135,814
Net Assets:	
Restricted Net Assets	\$9,551,519
Unrestricted Net Assets	<u>592,347</u>
Total Net Assets	\$10,143,866

**UNAUDITED  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS:**

Total Operating Revenues	\$867,434
Operating Expenses:	
Operations/Maintenance	897,147
Depreciation	<u>1,268,982</u>
Total Operating Expenses	<u>\$2,166,129</u>
Total Operating Income (Loss)	<u>(1,298,695)</u>
Non-operating Revenues (Expenses)	
Miscellaneous Interest Revenue	\$14,638
Operating Subsidies	1,153,087
Other	<u>161,260</u>
Total Non-operating Revenues (Expenses)	<u>1,328,985</u>
Total Net Income (Loss)	<u>\$30,290</u>
Total Net Assets, January 1	<u>\$10,113,575</u>
Total Net Assets, December 31	<u>\$10,143,865</u>

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 2005, the costs totaled \$668,873 for the Firemen's Pension which has a total of 82 participants currently eligible to receive benefits and \$642,462 for the Police Pension which has a total of 77 participants currently eligible to receive benefits.

## **NOTE 12 – OTHER DISCLOSURES**

### **SUBSEQUENT EVENTS**

In April of 2006, citizens voted to annex the City into the Yakima County Rural Library District. This affects the way the City pays for Library services. Instead of an annual contract with the City, the Library District will receive a direct property tax allocation starting in 2007. This annexation will reduce the City's maximum tax rate of \$3.60/1,000 by the Libraries actual levy, up to \$.50/1,000

# CITY OF *Yakima*

## Required Supplementary Information

### POLICE AND FIRE PENSION SCHEDULE OF EMPLOYER CONTRIBUTIONS

December 31, 2005

#### POLICE

<b>FISCAL YEAR ENDING</b>	<b>ACTUAL EMPLOYER CONTRIBUTIONS TAXES &amp; FIRE INSURANCE PREMIUMS</b>	<b>MEDICAL BENEFIT PAYMENTS &amp; ADMINISTRATIVE EXPENSES</b>	<b>NET EMPLOYER CONTRIBUTION</b>	<b>ANNUAL REQUIRED CONTRIBUTION (ARC)</b>	<b>PERCENTAGE OF ARC CONTRIBUTED</b>
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%
12/31/05	1,204,159	644,225	559,934	657,086	85.21%

#### FIRE

<b>FISCAL YEAR ENDING</b>	<b>ACTUAL EMPLOYER CONTRIBUTIONS TAXES &amp; FIRE INSURANCE PREMIUMS</b>	<b>MEDICAL BENEFIT PAYMENTS &amp; ADMINISTRATIVE EXPENSES</b>	<b>NET EMPLOYER CONTRIBUTION</b>	<b>ANNUAL REQUIRED CONTRIBUTION (ARC)</b>	<b>PERCENTAGE OF ARC CONTRIBUTED</b>
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%
12/31/05	1,460,423	706,947	753,476	633,545	118.93%

(This page intentionally contains no information.)

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2005

With comparative totals for December 31, 2004

	<b>#100 SPECIAL REVENUE</b>	<b>#200 DEBT SERVICE</b>	<b>#300 CAPITAL PROJECT</b>	<b>#600 PERMANENT FUND</b>	<b>----- TOTAL ----- GOVERNMENTAL FUNDS</b>	
					<b>2005</b>	<b>2004</b>
<b>ASSETS</b>						
Cash & Equity in Pooled Investments	\$2,684,736	\$675,230	\$4,955,949	\$256,307	\$8,572,222	\$6,363,149
Receivables:						
Taxes	232,976	53,433	10,598	0	297,007	206,065
Accounts	141,478	0	973	0	142,451	144,988
Special Assessments	2,697	0	0	0	2,697	2,060
LID Assessments - Delinquent	0	1,732	0	0	1,732	965
LID Assessments - Deferred	0	365,622	0	0	365,622	171,807
Notes/Contracts	32,629	0	0	0	32,629	36,569
Interest/Penalties	15,420	0	5,467	618	21,505	16,486
Other Receivables	0	0	75,302	0	75,302	291,354
Due From Other Government Units	1,140,921	0	437,332	0	1,578,253	1,397,679
Investments, At Amortized Cost	1,003,234	23,160	500,000	278,155	1,804,549	2,522,173
Total Assets	\$5,254,091	\$1,119,177	\$5,985,621	\$535,080	\$12,893,969	\$11,153,295
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Warrants/Accounts Payable	\$148,382	\$0	\$772,262	\$0	\$920,644	\$1,364,229
Wages/Benefits Payable	297,122	0	0	0	297,122	274,657
Contracts Payable	24,629	0	53,703	0	78,332	211,568
Due to Other Funds	445,097	0	66,509	0	511,606	61,041
Due to Other Government Units	9,695	0	7,357	0	17,052	20,270
Deposits Payable	54,575	289	0	0	54,864	41,920
Deferred Revenue	90,998	365,622	6,914	0	463,534	258,617
Total Liabilities	\$1,070,498	\$365,911	\$906,745	\$0	\$2,343,154	\$2,232,302
Fund Balances:						
Reserved For:						
Encumbrances	\$206,502	\$0	\$862,015	\$0	\$1,068,517	\$1,060,870
Continuing Appropriations	0	0	929,202	0	929,202	474,389
Debt Service	0	753,266	0	0	753,266	769,076
Endowment	0	0	0	535,080	535,080	523,210
Parking and Business Improvement	103,057	0	0	0	103,057	145,919
Unreserved Designated - Replacement	925,208	0	1,210,468	0	2,022,141	1,830,360
Unreserved	2,948,826	0	2,077,191	0	4,926,017	4,117,169
Total Fund Balances	\$4,183,593	\$753,266	\$5,078,876	\$535,080	\$10,550,815	\$8,920,993
Total Liabilities and Fund Balances	\$5,254,091	\$1,119,177	\$5,985,621	\$535,080	\$12,893,969	\$11,153,295

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, 2005

With comparative totals for December 31, 2004

	<b>#100 SPECIAL REVENUE</b>	<b>#200 DEBT SERVICE</b>	<b>#300 CAPITAL PROJECT</b>	<b>#600 PERMANENT FUND</b>	<b>----- TOTAL ----- GOVERNMENTAL FUNDS</b>	
					<b>2005</b>	<b>2004</b>
<b>REVENUES</b>						
Taxes	\$2,055,262	\$1,098,031	\$2,168,205	\$0	\$5,321,498	\$4,434,197
Intergovernmental Revenues	5,850,646	0	805,635	0	6,656,281	8,510,618
Charges for Services	191,564	0	0	11,870	203,434	199,325
Interest	29,728	3,454	26,671	14,402	74,255	68,554
Other Revenues	683,919	181,382	135,967	0	1,001,268	1,022,277
Total Revenues	<u>\$8,811,119</u>	<u>\$1,282,867</u>	<u>\$3,136,478</u>	<u>\$26,272</u>	<u>\$13,256,736</u>	<u>\$14,234,971</u>
<b>EXPENDITURES</b>						
Current						
General Government	\$4,292	\$0	\$135,004	\$0	\$139,296	\$18,237
Security of Persons and Property	3,205,766	0	379,752	0	3,585,518	3,660,740
Physical Environment	333,727	0	3,584	0	337,311	346,473
Transportation	6,663	0	238,801	0	245,464	230,607
Economic Environment	193,703	0	4,252	0	197,955	209,410
Mental & Physical Health	0	0	25,023	0	25,023	0
Cultural & recreational Envmt	2,250,763	0	98,381	0	2,349,144	1,957,861
Capital Outlay						
General Government	0	0	18,577	0	18,577	177,419
Security of Persons and Property	39,961	0	538,667	0	578,628	1,503,516
Physical Environment	0	0	873,666	0	873,666	29,658
Transportation	2,843,867	0	478,573	0	3,322,440	5,536,621
Economic Environment	0	0	359,386	0	359,386	65,959
Cultural & Recreational Envmt	6,193	0	103,550	0	109,743	1,786,663
Debt Service						
Principal Retirement	275,846	1,382,375	157,418	0	1,815,639	1,658,050
Interest	23,057	694,917	16,551	0	734,525	766,195
Total Expenditures	<u>\$9,183,838</u>	<u>\$2,077,292</u>	<u>\$3,431,185</u>	<u>\$0</u>	<u>\$14,692,315</u>	<u>\$17,947,409</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	(\$372,719)	(\$794,425)	(\$294,707)	\$26,272	(\$1,534,874)	(\$3,712,438)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$0	\$325,000
Proceeds from L.T. Debt - G.O. Bonds	0	0	759,597	0	759,597	7,262
Proceeds from Intergovernmental Loans	100,000	0	48,286	0	148,286	0
Other Note Proceeds	0	0	371,075	0	371,075	0
Transfers In	1,583,553	795,000	446,030	0	2,824,583	2,767,508
Transfers (Out)	(1,069,760)	(16,385)	(247,164)	(14,402)	(1,347,711)	(1,375,661)
Sale of Capital Assets	265,000	0	44,572	0	309,572	130,716
Total Other Financing Sources (Uses)	<u>\$878,793</u>	<u>\$778,615</u>	<u>\$1,422,396</u>	<u>(\$14,402)</u>	<u>\$3,065,402</u>	<u>\$1,854,825</u>
Net Change in Fund Balances	\$506,074	(\$15,810)	\$1,127,689	\$11,870	\$1,629,823	(\$1,857,613)
Fund Balances - January 1	<u>\$3,677,519</u>	<u>\$769,076</u>	<u>\$3,951,187</u>	<u>\$523,210</u>	<u>\$8,920,992</u>	<u>\$10,778,606</u>
Fund Balances - December 31	<u>\$4,183,593</u>	<u>\$753,266</u>	<u>\$5,078,876</u>	<u>\$535,080</u>	<u>\$10,550,815</u>	<u>\$8,920,993</u>

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

## NONMAJOR SPECIAL REVENUE FUNDS

*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 Fund* 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, 2005

With comparative totals for December 31, 2004

	<b>SPECIAL REVENUE FUNDS</b>					
	<b>#123 ECONOMIC DEVELOPMENT</b>	<b>#125 CABLE TV</b>	<b>#140 GROWTH MGMT</b>	<b>#142 ARTERIAL STREETS</b>	<b>#143 TRANS IMPR</b>	<b>#144 CEMETERY</b>
<b>ASSETS</b>						
Cash & Equity in Pooled Investments	\$395,105	\$790,237	\$5,239	\$0	\$30,829	\$88,298
Receivables:						
Taxes	0	34,884	0	0	0	0
Accounts	0	0	0	0	0	10,894
Special Assessments	0	0	0	0	0	0
Notes/Contracts	0	0	0	32,629	0	0
Interest/Penalties	0	0	0	0	0	0
Other Receivables	0	0	0	0	0	0
Due from Other Government Units	0	0	0	1,126,253	0	0
Investments, at Amortized Cost	0	0	0	0	0	0
Total Assets	<u>\$395,105</u>	<u>\$825,121</u>	<u>\$5,239</u>	<u>\$1,158,882</u>	<u>\$30,829</u>	<u>\$99,192</u>
<b>LIABILITIES</b>						
Warrants/Accounts Payable	\$6,500	\$1,215	\$1,870	\$477	\$0	879
Wages/Benefits Payable	0	28,049	0	0	0	15,765
Contracts Payable	0	0	0	24,629	0	0
Due to Other Funds	0	0	0	309,919	0	0
Due to Other Government Units	0	0	0	9,695	0	0
Deposits Payable	0	0	0	0	0	0
Deferred Revenue	0	0	0	32,629	0	40,954
Total Liabilities	<u>\$6,500</u>	<u>\$29,264</u>	<u>\$1,870</u>	<u>\$377,349</u>	<u>\$0</u>	<u>\$57,598</u>
<b>FUND BALANCES</b>						
Reserved:						
Encumbrances	\$31,500	\$60,000	\$49,271	\$0	\$0	0
Parking and Business Improvement	0	0	0	0	0	0
Unreserved Designated - Replacement	0	0	0	0	0	0
Unreserved	<u>357,105</u>	<u>735,857</u>	<u>(45,902)</u>	<u>781,533</u>	<u>30,829</u>	<u>41,594</u>
Total Fund Balances	<u>\$388,605</u>	<u>\$795,857</u>	<u>\$3,369</u>	<u>\$781,533</u>	<u>\$30,829</u>	<u>\$41,594</u>
Total Liabilities and Fund Balances	<u>\$395,105</u>	<u>\$825,121</u>	<u>\$5,239</u>	<u>\$1,158,882</u>	<u>\$30,829</u>	<u>\$99,192</u>

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

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2005

With comparative totals for December 31, 2004

	<b>SPECIAL REVENUE FUNDS</b>				
	<b>#150 EMERGENCY SERVICES</b>	<b>#151 PUBLIC SAFETY COMM.</b>	<b>#161 PARKING AND BUSINESS IMP.</b>	<b>#162 TROLLEY</b>	<b>#163 FRONT STREET BUSINESS IMPR</b>
<b>ASSETS</b>					
Cash & Equity in Pooled Investments	\$275,875	\$355,339	\$99,960	\$4,538	\$3,097
Receivables:					
Taxes	58,825	0	0	0	0
Accounts	0	4,202	0	0	0
Special Assessments	0	0	1,677	0	1,020
Notes/Contracts	0	0	0	0	0
Interest/Penalties	0	0	0	0	0
Other Receivables	0	0	0	0	0
Due from Other Government Units	0	14,668	0	0	0
Investments, at Amortized Cost	0	0	0	0	0
Total assets	<u>\$334,700</u>	<u>\$374,209</u>	<u>\$101,637</u>	<u>\$4,538</u>	<u>\$4,117</u>
<b>LIABILITIES</b>					
Warrants/Accounts Payable	\$1,058	\$7,025	\$0	\$0	\$0
Wages/Benefits Payable	69,699	183,609	0	0	0
Contracts Payable	0	0	0	0	0
Due to Other Funds	0	0	0	0	0
Due to Other Government Units	0	0	0	0	0
Deposits Payable	0	0	0	0	0
Deferred Revenue	0	14,718	1,677	0	1,020
Total Liabilities	<u>\$70,757</u>	<u>\$205,352</u>	<u>\$1,677</u>	<u>\$0</u>	<u>\$1,020</u>
<b>FUND BALANCES</b>					
Reserved:					
Encumbrances	\$0	\$44,037	\$0	\$0	\$0
Parking and Business Improvement	0	0	99,960	0	3,097
Unreserved Designated - Replacement	0	0	0	0	0
Unreserved	263,943	124,820	0	4,538	0
Total Fund Balances	<u>\$263,943</u>	<u>\$168,857</u>	<u>\$99,960</u>	<u>\$4,538</u>	<u>\$3,097</u>
Total Liabilities and Fund Balances	<u>\$334,700</u>	<u>\$374,209</u>	<u>\$101,637</u>	<u>\$4,538</u>	<u>\$4,117</u>

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

**COMBINING BALANCE SHEET  
GOVERNMENTAL FUNDS**

December 31, 2005

With comparative totals for December 31, 2004

SPECIAL REVENUE FUNDS						TOTAL	
#170 TOURIST PROMOTION	#171 CAPITOL THEATRE	#172 PUB FAC DIST REVENUE	#173 TOURISM PROMO AREA	#195 CONTINGENCY	CAPITOL THEATRE RESERVE	NONMAJOR REVENUE FUNDS 2005	SPECIAL REVENUE FUNDS 2004
\$0	\$110,088	\$110,039	\$34,821	\$381,271	\$0	\$2,684,736	\$2,659,238
97,707	0	0	41,560	0	0	232,976	176,909
117,562	8,820	0	0	0	0	141,478	143,266
0	0	0	0	0	0	2,697	2,060
0	0	0	0	0	0	32,629	36,569
0	0	0	0	0	15,420	15,420	4,561
0	0	0	0	0	0	0	48,925
0	0	0	0	0	0	1,140,921	1,066,407
0	0	0	0	0	1,003,234	1,003,234	1,053,673
<u>\$215,269</u>	<u>\$118,908</u>	<u>\$110,039</u>	<u>\$76,381</u>	<u>\$381,271</u>	<u>\$1,018,654</u>	<u>\$5,254,091</u>	<u>\$5,191,608</u>
\$22,190	\$8,006	\$119	\$34,407	\$64,636	\$0	\$148,382	\$1,029,759
0	0	0	0	0	0	297,122	274,657
0	0	0	0	0	0	24,629	15,986
41,732	0	0	0	0	93,446	445,097	61,041
0	0	0	0	0	0	9,695	11,076
54,575	0	0	0	0	0	54,575	41,631
0	0	0	0	0	0	90,998	79,939
<u>\$118,497</u>	<u>\$8,006</u>	<u>\$119</u>	<u>\$34,407</u>	<u>\$64,636</u>	<u>\$93,446</u>	<u>\$1,070,498</u>	<u>\$1,514,089</u>
\$0	\$0	\$0	\$0	\$21,694	\$0	\$206,502	\$61,481
0	0	0	0	0	0	103,057	145,919
0	0	0	0	0	925,208	925,208	985,253
96,772	110,902	109,920	41,974	294,941	0	2,948,826	2,484,866
<u>\$96,772</u>	<u>\$110,902</u>	<u>\$109,920</u>	<u>\$41,974</u>	<u>\$316,635</u>	<u>\$925,208</u>	<u>\$4,183,593</u>	<u>\$3,677,519</u>
<u>\$215,269</u>	<u>\$118,908</u>	<u>\$110,039</u>	<u>\$76,381</u>	<u>\$381,271</u>	<u>\$1,018,654</u>	<u>\$5,254,091</u>	<u>\$5,191,608</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, 2005

With comparative totals for December 31, 2004

	<b>SPECIAL REVENUE FUNDS</b>				
	<b>#123 ECONOMIC DEVELOPMENT</b>	<b>#125 CABLE TV</b>	<b>#140 GROWTH MANAGEMENT</b>	<b>#142 ARTERIAL STREETS</b>	<b>#143 TRANS IMPROVEMENT</b>
<b>REVENUES</b>					
Taxes	\$0	\$412,070	\$0	\$0	\$0
Intergovernmental Revenues	55,552	0	16,320	3,504,194	0
Charges for Services	0	0	0	0	0
Interest	0	0	0	1,536	0
Other Revenues	0	16,091	0	11,959	0
Total Revenues	<u>\$55,552</u>	<u>\$428,161</u>	<u>\$16,320</u>	<u>\$3,517,689</u>	<u>\$0</u>
<b>EXPENDITURES</b>					
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	3,305	3,358	0
Economic Environment	53,024	0	13,974	0	0
Cultural & Recreational Envmt	0	411,345	0	0	0
Capital Outlay					
Security of Persons and Property	0	0	0	0	0
Physical Environment	0	0	0	0	0
Transportation	0	0	0	2,843,867	0
Cultural & Recreational Envmt	0	6,193	0	0	0
Debt Service					
Principal Retirement	0	0	0	265,132	0
Interest	0	0	0	22,347	0
Total Expenditures	<u>\$53,024</u>	<u>\$417,538</u>	<u>\$17,279</u>	<u>\$3,134,704</u>	<u>\$0</u>
Excess of Revenues Over (Under) Expenditures	\$2,528	\$10,623	(\$959)	\$382,985	\$0
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$100,000	\$0
Transfers In	0	0	0	195,225	0
Transfers (Out)	0	0	0	(65,333)	(60,000)
Sale of Capital Assets	265,000	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$265,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$229,892</u>	<u>(\$60,000)</u>
Net Change in Fund Balances	\$267,528	\$10,623	(\$959)	\$612,877	(\$60,000)
Fund Balances, January 1	121,077	785,234	4,328	168,656	90,829
Fund Balances, December 31	<u>\$388,605</u>	<u>\$795,857</u>	<u>\$3,369</u>	<u>\$781,533</u>	<u>\$30,829</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, 2005

With comparative totals for December 31, 2004

**SPECIAL REVENUE FUNDS**

#144 CEMETERY	#150 EMERGENCY SERVICES	#151 PUBLIC SAFETY COMM	#161 PARKING AND BUSINESS IMPR	#162 TROLLEY	#163 FRONT ST BUS IMPR	#170 TOURIST PROMOTION	#171 CAPITOL THEATRE
\$0	\$0	\$37,000	\$0	\$0	\$0	\$427,286	\$170,459
0	910,689	1,363,891	0	0	0	0	0
147,685	0	43,879	0	0	0	0	0
0	1,119	0	550	2,500	30	111	0
20	0	17,265	25,518	1,275	1,925	578,585	0
<u>\$147,705</u>	<u>\$911,808</u>	<u>\$1,462,035</u>	<u>\$26,068</u>	<u>\$3,775</u>	<u>\$1,955</u>	<u>\$1,005,982</u>	<u>\$170,459</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	797,743	2,408,023	0	0	0	0	0
312,985	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	39,440	0	0	0	0
0	0	0	13,920	13,436	2,525	1,145,167	197,787
0	11,213	28,748	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	10,714	0
0	0	0	0	0	0	710	0
<u>\$312,985</u>	<u>\$808,956</u>	<u>\$2,436,771</u>	<u>\$53,360</u>	<u>\$13,436</u>	<u>\$2,525</u>	<u>\$1,156,591</u>	<u>\$197,787</u>
(\$165,280)	\$102,852	(\$974,736)	(\$27,292)	(\$9,661)	(\$570)	(\$150,609)	(\$27,328)
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
149,401	0	940,000	0	0	0	115,000	83,927
0	(180,000)	0	(15,000)	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$149,401</u>	<u>(\$180,000)</u>	<u>\$940,000</u>	<u>(\$15,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$115,000</u>	<u>\$83,927</u>
(\$15,879)	(\$77,148)	(\$34,736)	(\$42,292)	(\$9,661)	(\$570)	(\$35,609)	\$56,599
<u>\$57,473</u>	<u>\$341,091</u>	<u>\$203,593</u>	<u>\$142,252</u>	<u>414,199</u>	<u>\$3,667</u>	<u>\$132,381</u>	<u>\$54,303</u>
<u>\$41,594</u>	<u>\$263,943</u>	<u>\$168,857</u>	<u>\$99,960</u>	<u>\$4,538</u>	<u>\$3,097</u>	<u>\$96,772</u>	<u>\$110,902</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, 2005

With comparative totals for December 31, 2004

	SPECIAL REVENUE FUNDS				TOTAL	
	#172 PUB FAC DIST REV	#173 TOURISM PROMO AREA	#195 CONTINGENCY	#198 CAPITOL THEATRE RSV	NONMAJOR REVENUE FUNDS 2005	SPECIAL REVENUE FUNDS 2004
<b>REVENUES</b>						
Taxes	\$606,233	\$402,214	\$0	\$0	\$2,055,262	\$1,640,708
Intergovernmental Revenues	0	0	0	0	5,850,646	7,235,177
Charges for Services	0	0	0	0	191,564	188,214
Interest	0	0	0	23,882	29,728	30,589
Other Revenues	0	0	31,281	0	683,919	729,355
Total Revenues	<u>\$606,233</u>	<u>\$402,214</u>	<u>\$31,281</u>	<u>\$23,882</u>	<u>\$8,811,119</u>	<u>\$9,824,043</u>
<b>EXPENDITURES</b>						
Current						
General Government	\$0	\$0	\$4,292	\$0	\$4,292	\$15,223
Security of Persons and Property	0	0	0	0	3,205,766	3,106,086
Physical Environment	0	0	20,742	0	333,727	346,473
Transportation	0	0	0	0	6,663	29,986
Economic Environment	0	0	87,265	0	193,703	199,642
Cultural & Recreational Envmt	30,621	362,680	73,282	0	2,250,763	1,849,989
Capital Outlay						
Security of Persons and Property	0	0	0	0	39,961	47,413
Physical Environment	0	0	0	0	0	4,003
Transportation	0	0	0	0	2,843,867	5,045,137
Cultural & Recreational Envmt	0	0	0	0	6,193	16,092
Debt Service						
Principal Retirement	0	0	0	0	275,846	267,632
Interest	0	0	0	0	23,057	25,698
Total Expenditures	<u>\$30,621</u>	<u>\$362,680</u>	<u>\$185,581</u>	<u>\$0</u>	<u>\$9,183,838</u>	<u>\$10,953,374</u>
Excess of Revenues Over (Under) Expen	\$575,612	\$39,534	(\$154,300)	\$23,882	(\$372,719)	(\$1,129,331)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from Intergov't Loans	\$0	\$0	\$0	\$0	\$100,000	\$0
Transfers In	0	0	100,000	0	1,583,553	1,461,187
Transfers (Out)	(665,500)	0	0	(83,927)	(1,069,760)	(1,212,042)
Sale of Capital Assets	0	0	0	0	265,000	0
Total Other Financing Sources (Uses)	<u>(\$665,500)</u>	<u>\$0</u>	<u>\$100,000</u>	<u>(\$83,927)</u>	<u>\$878,793</u>	<u>\$249,145</u>
Net Change in Fund Balances	(\$89,888)	\$39,534	(\$54,300)	(\$60,045)	\$506,074	(\$880,186)
Fund Balances, January 1	<u>\$199,808</u>	<u>\$2,440</u>	<u>\$370,935</u>	<u>\$985,253</u>	<u>\$3,677,519</u>	<u>\$4,557,705</u>
Fund Balances, December 31	<u><u>\$109,920</u></u>	<u><u>\$41,974</u></u>	<u><u>\$316,635</u></u>	<u><u>\$925,208</u></u>	<u><u>\$4,183,593</u></u>	<u><u>\$3,677,519</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, 2005

**123--ECONOMIC DEVELOPMENT**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	55,552	55,552
Charges for Services	0	0	0	0
Interest	200	200	0	(200)
Other Revenues	0	0	0	0
Total Revenues	<u>\$200</u>	<u>\$200</u>	<u>\$55,552</u>	<u>\$55,352</u>
<b>EXPENDITURES</b>				
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	80,950	80,950	53,024	27,926
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>\$80,950</u>	<u>\$80,950</u>	<u>\$53,024</u>	<u>\$27,926</u>
Excess of Revenues Over (Under) Expenditures	(\$80,750)	(\$80,750)	\$2,528	\$83,278
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Sale of Capital Assets	0	0	265,000	265,000
Total Other Financing Sources (Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$265,000</u>	<u>\$265,000</u>
Net Change in Fund Balances	(\$80,750)	(\$80,750)	\$267,528	\$348,278
Fund Balances, January 1	<u>\$114,192</u>	<u>\$114,912</u>	<u>\$121,077</u>	<u>\$6,165</u>
Fund Balances, December 31	<u><u>\$33,442</u></u>	<u><u>\$34,162</u></u>	<u><u>\$388,605</u></u>	<u><u>\$354,443</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, 2005

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>125--CABLE TV</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
<b>REVENUES</b>				
Taxes	\$440,000	\$440,000	\$412,070	(\$27,930)
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	5,000	5,000	0	(5,000)
Other Revenues	15,350	15,350	16,091	741
Total Revenues	<u>\$460,350</u>	<u>\$460,350</u>	<u>\$428,161</u>	<u>(\$32,189)</u>
<b>EXPENDITURES</b>				
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	520,215	520,215	411,345	108,870
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	75,000	94,243	6,193	88,050
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>\$595,215</u>	<u>\$614,458</u>	<u>\$417,538</u>	<u>\$196,920</u>
Excess of Revenues Over (Under) Expenditures	(\$134,865)	(\$154,108)	\$10,623	\$164,731
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net Change in Fund Balances	(\$134,865)	(\$154,108)	\$10,623	\$164,731
Fund Balances, January 1	<u>\$753,070</u>	<u>\$753,070</u>	<u>\$785,234</u>	<u>\$32,164</u>
Fund Balances, December 31	<u><u>\$618,205</u></u>	<u><u>\$598,962</u></u>	<u><u>\$795,857</u></u>	<u><u>\$196,895</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, 2005

**140--GROWTH MANAGEMENT FUND**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	28,247	73,247	16,320	(56,927)
Charges for Services	0	0	0	0
Interest	0	0	0	0
Other Revenues	0	0	0	0
Total Revenues	<u>\$28,247</u>	<u>\$73,247</u>	<u>\$16,320</u>	<u>(\$56,927)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	32,576	32,576	3,305	29,271
Economic Environment	0	45,000	13,974	31,026
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>\$32,576</u>	<u>\$77,576</u>	<u>\$17,279</u>	<u>\$60,297</u>
Excess of Revenues Over (Under) Expenditures	(\$4,329)	(\$4,329)	(\$959)	\$3,370
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net Change in Fund Balances	(4,329)	(4,329)	(959)	3,370
Fund Balances, January 1	<u>\$4,329</u>	<u>\$4,329</u>	<u>\$4,328</u>	<u>(\$1)</u>
Fund Balances, December 31	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$3,369</u></u>	<u><u>\$3,369</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, 2005

**142--ARTERIAL STREETS**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	6,390,316	6,390,316	3,504,194	(2,886,122)
Charges for Services	3,000	3,000	0	(3,000)
Interest	2,035	2,035	1,536	(499)
Other Revenues	13,941	13,941	11,959	(1,982)
Total Revenues	<u>\$6,409,292</u>	<u>\$6,409,292</u>	<u>\$3,517,689</u>	<u>(\$2,891,603)</u>
<b>EXPENDITURES</b>				
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	3,358	6,642
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	6,011,239	6,011,239	2,843,867	3,167,372
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal Retirement	256,919	256,919	265,132	(8,213)
Interest	23,522	23,522	22,347	1,175
Total Expenditures	<u>\$6,301,680</u>	<u>\$6,301,680</u>	<u>\$3,134,704</u>	<u>\$3,166,976</u>
Excess of Revenues Over (Under) Expenditures	\$107,612	\$107,612	\$382,985	\$275,373
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$100,000	\$100,000
Transfers In	0	0	0	0
Transfers (Out)	(65,333)	(65,333)	(65,333)	0
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$86,762</u>	<u>\$86,762</u>	<u>\$229,892</u>	<u>\$143,130</u>
Net Change in Fund Balances	\$194,374	\$194,374	\$612,877	\$418,503
Fund Balances, January 1	\$3,932	\$3,932	\$168,656	\$164,724
Fund Balances, December 31	<u>\$198,306</u>	<u>\$198,306</u>	<u>\$781,533</u>	<u>\$583,227</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, 2005

**143--TRANSPORTATION IMPROVEMENT**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>EXPENDITURES</b>				
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	30,000	30,000	0	30,000
Cultural & Recreational Envmt	0	0	0	0
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$0</u>	<u>\$30,000</u>
Excess of Revenues Over (Under) Expenditures	(\$30,000)	(\$30,000)	\$0	\$30,000
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	(60,000)	(60,000)	(60,000)	0
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net Change in Fund Balances	(\$90,000)	(\$90,000)	(\$60,000)	\$30,000
Fund Balances, January 1	<u>\$90,129</u>	<u>\$90,129</u>	<u>\$90,829</u>	<u>\$700</u>
Total other Financing Sources (Uses)	<u>\$129</u>	<u>\$129</u>	<u>\$30,829</u>	<u>\$30,700</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, 2005

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>144--CEMETERY</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
<b>REVENUES</b>				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	144,690	144,690	147,685	2,995
Interest	400	400	0	(400)
Other Revenues	0	0	20	20
Total Revenues	<u>\$145,090</u>	<u>\$145,090</u>	<u>\$147,705</u>	<u>\$2,615</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	287,271	313,797	312,985	812
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>\$287,271</u>	<u>\$313,797</u>	<u>\$312,985</u>	<u>\$812</u>
Excess of Revenues Over (Under) Expenditures	(\$142,181)	(\$168,707)	(\$165,280)	\$3,427
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	150,000	150,000	149,401	(599)
Transfers (Out)	0	0	0	0
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$149,401</u>	<u>(\$599)</u>
Net Change in Fund Balances	\$7,819	(\$18,707)	(\$15,879)	\$2,828
Fund Balances, January 1	<u>\$57,437</u>	<u>\$57,437</u>	<u>\$57,473</u>	<u>\$36</u>
Fund Balances, December 31	<u>\$65,256</u>	<u>\$38,730</u>	<u>\$41,594</u>	<u>\$2,864</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, 2005

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	923,200	928,200	910,689	(17,511)
Charges for Services	0	0	0	0
Interest	1,500	1,500	1,119	(381)
Other Revenues	500	500	0	(500)
Total Revenues	<u>\$925,200</u>	<u>\$930,200</u>	<u>\$911,808</u>	<u>(\$18,392)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	751,632	785,632	797,743	(12,111)
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	15,000	15,000	11,213	3,787
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>\$766,632</u>	<u>\$800,632</u>	<u>\$808,956</u>	<u>(\$8,324)</u>
Excess of Revenues Over (Under) Expenditures	\$158,568	\$129,568	\$102,852	(\$26,716)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	(200,000)	(200,000)	(180,000)	20,000
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>(\$200,000)</u>	<u>(\$200,000)</u>	<u>(\$180,000)</u>	<u>\$20,000</u>
Net Change in Fund Balances	(\$41,432)	(\$70,432)	(\$77,148)	(\$6,716)
Fund Balances, January 1	<u>\$273,050</u>	<u>\$273,050</u>	<u>\$341,091</u>	<u>\$68,041</u>
Fund Balances, December 31	<u>\$231,618</u>	<u>\$202,618</u>	<u>\$263,943</u>	<u>\$61,325</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, 2005

**151--PUBLIC SAFETY COMMUNICATIONS**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$37,000	\$37,000	\$37,000	\$0
Intergovernmental Revenues	1,404,428	1,404,428	1,363,891	(40,537)
Charges for Services	32,300	32,300	43,879	11,579
Interest	1,000	1,000	0	(1,000)
Other Revenues	7,365	7,365	17,265	9,900
Total Revenues	<u>\$1,482,093</u>	<u>\$1,482,093</u>	<u>\$1,462,035</u>	<u>(\$20,058)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	2,460,936	2,460,936	2,408,023	52,913
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	77,000	77,000	28,748	48,252
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>\$2,537,936</u>	<u>\$2,537,936</u>	<u>\$2,436,771</u>	<u>\$101,165</u>
Excess of Revenues Over (Under) Expenditures	(\$1,055,843)	(\$1,055,843)	(\$974,736)	\$81,107
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	940,000	940,000	940,000	0
Transfers (Out)	0	0	0	0
Sale of Capital Assets	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	(\$115,843)	(\$115,843)	(\$34,736)	\$81,107
Fund Balances, January 1	<u>\$192,113</u>	<u>\$192,113</u>	<u>\$203,593</u>	<u>\$11,480</u>
Fund Balances, December 31	<u>\$76,270</u>	<u>\$76,270</u>	<u>\$168,857</u>	<u>\$92,587</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, 2005

**161--PARKING & BUSINESS IMPROVEMENT**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	1,400	1,400	550	(850)
Other Revenues	35,600	35,600	25,518	(10,082)
Total Revenues	<u>\$37,000</u>	<u>\$37,000</u>	<u>\$26,068</u>	<u>(\$10,932)</u>
<b>EXPENDITURES</b>				
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	75,000	39,440	35,560
Cultural & Recreational Envmt	18,027	18,027	13,920	4,107
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>\$18,027</u>	<u>\$93,027</u>	<u>\$53,360</u>	<u>\$39,667</u>
Excess of Revenues Over (Under) Expenditures	\$18,973	(\$56,027)	(\$27,292)	\$28,735
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	(15,000)	(15,000)	(15,000)	0
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>(\$15,000)</u>	<u>(\$15,000)</u>	<u>(\$15,000)</u>	<u>\$0</u>
Net Change in Fund Balances	\$3,973	(\$71,027)	(\$42,292)	\$28,735
Fund Balances, January 1	<u>\$131,270</u>	<u>\$131,270</u>	<u>\$142,252</u>	<u>\$10,982</u>
Fund Balances, December 31	<u>\$135,243</u>	<u>\$60,243</u>	<u>\$99,960</u>	<u>\$39,717</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, 2005

	<b>BUDGETED AMOUNTS</b>			<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>			
<b>REVENUES</b>					
Taxes	\$0	\$0	\$0	\$0	
Intergovernmental Revenues	0	0	0	0	
Charges for Services	0	0	0	0	
Interest	0	0	2,500	2,500	
Other Revenues	1,275	1,275	1,275	0	
Total Revenues	<u>\$1,275</u>	<u>\$1,275</u>	<u>\$3,775</u>	<u>\$2,500</u>	
<b>EXPENDITURES</b>					
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 Envmnt	14,400	14,400	13,436	964	
Capital Outlay					
Security of Persons and Property	0	0	0	0	
Physical Environment	0	0	0	0	
Transportation	0	0	0	0	
Cultural & Recreational Envmnt	0	0	0	0	
Debt Service					
Principal Retirement	0	0	0	0	
Interest	0	0	0	0	
Total Expenditures	<u>\$14,400</u>	<u>\$14,400</u>	<u>\$13,436</u>	<u>\$964</u>	
Excess of Revenues Over (Under) Expenditures	(\$13,125)	(\$13,125)	(\$9,661)	\$3,464	
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0	
Transfers In	0	0	0	0	
Transfers (Out)	0	0	0	0	
Sale of Capital Assets	0	0	0	0	
Total Other Financing Sources (Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
Net Change in Fund Balances	(\$13,125)	(\$13,125)	(\$9,661)	\$3,464	
Fund Balances, January 1	\$14,160	\$14,160	\$14,199	\$39	
Fund Balances, December 31	<u>\$1,035</u>	<u>\$1,035</u>	<u>\$4,538</u>	<u>\$3,503</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, 2005

**163--FRONT STREET BUSINESS IMPROVEMENT**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	35	35	30	(5)
Other Revenues	2,340	2,340	1,925	(415)
Total Revenues	<u>\$2,375</u>	<u>\$2,375</u>	<u>\$1,955</u>	<u>(\$420)</u>
<b>EXPENDITURES</b>				
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 Envmnt	3,000	3,000	2,525	475
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmnt	0	0	0	0
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$2,525</u>	<u>\$475</u>
Excess of Revenues Over (Under) Expenditures	(\$625)	(\$625)	(\$570)	\$55
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net Change in Fund Balances	(625)	(625)	(570)	55
Fund Balances, January 1	<u>\$2,671</u>	<u>\$2,671</u>	<u>\$3,667</u>	<u>\$996</u>
Fund Balances, December 31	<u>\$2,046</u>	<u>\$2,046</u>	<u>\$3,097</u>	<u>\$1,051</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, 2005

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>170--TOURIST PROMOTION</b>				
<b>REVENUES</b>				
Taxes	\$432,000	\$432,000	\$427,286	(\$4,714)
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	100	100	111	11
Other Revenues	625,200	625,200	578,585	(46,615)
Total Revenues	<u>\$1,057,300</u>	<u>\$1,057,300</u>	<u>\$1,005,982</u>	<u>(\$51,318)</u>
<b>EXPENDITURES</b>				
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	1,166,582	1,166,582	1,145,167	21,415
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	10,714	10,714	10,714	0
Interest	710	710	710	0
Total Expenditures	<u>\$1,178,006</u>	<u>\$1,178,006</u>	<u>\$1,156,591</u>	<u>\$21,415</u>
Excess of Revenues Over (Under) Expenditures	(\$120,706)	(\$120,706)	(\$50,609)	(\$29,903)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	115,000	115,000	115,000	0
Transfers (Out)	0	0	0	0
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$115,000</u>	<u>\$0</u>
Net Change in Fund Balances	(\$5,706)	(\$5,706)	(\$35,609)	(\$29,903)
Fund Balances, January 1	\$63,046	\$63,046	\$132,381	\$69,335
Fund Balances, December 31	<u>\$57,340</u>	<u>\$57,340</u>	<u>\$96,772</u>	<u>\$39,432</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, 2005

**171--CAPITOL THEATRE**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$188,620	\$188,620	\$170,459	(\$18,161)
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	500	500	0	(500)
Other Revenues	0	0	0	0
Total Revenues	<u>\$189,120</u>	<u>\$189,120</u>	<u>\$170,459</u>	<u>(\$18,661)</u>
<b>EXPENDITURES</b>				
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 Envmnt	204,930	210,136	197,787	12,349
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Envmnt	0	0	0	0
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>\$204,930</u>	<u>\$210,136</u>	<u>\$197,787</u>	<u>\$12,349</u>
Excess of Revenues Over (Under) Expenditures	(\$15,810)	(\$21,016)	(\$27,328)	(\$6,312)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	83,927	83,927	83,927	0
Transfers (Out)	0	0	0	0
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$83,927</u>	<u>\$83,927</u>	<u>\$83,927</u>	<u>\$0</u>
Net Change in Fund Balances	68,117	62,911	56,599	(6,312)
Fund Balances, January 1	\$47,785	\$47,785	\$54,303	\$6,518
Fund Balances, December 31	<u>\$115,902</u>	<u>\$110,696</u>	<u>\$110,902</u>	<u>\$206</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, 2005

**172--PUBLIC FACILITIES DISTRICT REVENUE**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$612,000	\$612,000	\$606,233	(\$5,767)
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	<u>\$612,000</u>	<u>\$612,000</u>	<u>\$606,233</u>	<u>(\$5,767)</u>
<b>EXPENDITURES</b>				
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	30,621	3,379
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>\$34,000</u>	<u>\$34,000</u>	<u>\$30,621</u>	<u>\$3,379</u>
Excess of Revenues Over (Under) Expenditures	\$578,000	\$578,000	\$575,612	(\$2,388)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	(645,000)	(665,500)	(665,500)	0
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>(\$645,000)</u>	<u>(\$665,500)</u>	<u>(\$665,500)</u>	<u>\$0</u>
Net Change in Fund Balances	(\$67,000)	(\$87,500)	(\$89,888)	(\$2,388)
Fund Balances, January 1	<u>\$224,478</u>	<u>\$224,478</u>	<u>\$199,808</u>	<u>(\$24,670)</u>
Fund Balances, December 31	<u><u>\$157,478</u></u>	<u><u>\$136,978</u></u>	<u><u>\$109,920</u></u>	<u><u>(\$27,058)</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, 2005

**173--TOURISM PROMOTION AREA**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$431,511	\$431,511	\$402,214	(\$29,297)
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	<u>\$431,511</u>	<u>\$431,511</u>	<u>\$402,214</u>	<u>(\$29,297)</u>
<b>EXPENDITURES</b>				
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	409,511	409,511	362,680	46,831
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>\$409,511</u>	<u>\$409,511</u>	<u>\$362,680</u>	<u>\$46,831</u>
Excess of Revenues Over (Under) Expenditures	\$22,000	\$22,000	\$39,534	\$17,534
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net Change in Fund Balances	\$22,000	\$22,000	\$39,534	\$17,534
Fund Balances, January 1	\$7,000	\$7,000	\$2,440	(\$4,560)
Fund Balances, December 31	<u>\$29,000</u>	<u>\$29,000</u>	<u>\$41,974</u>	<u>\$12,974</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, 2005

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	195--CONTINGENCY
	ORIGINAL	FINAL		VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$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	31,281	31,281
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$31,281</u>	<u>\$31,281</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$0	\$0	\$4,292	(\$4,292)
Security of Persons and Property	0	0	0	0
Physical Environment	30,000	67,032	20,742	46,290
Transportation	0	0	0	0
Economic Environment	0	0	87,265	(87,265)
Cultural & Recreational Envmt	0	0	73,282	(73,282)
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>\$30,000</u>	<u>\$67,032</u>	<u>\$185,581</u>	<u>(\$118,549)</u>
Excess of Revenues Over (Under) Expenditures	(\$30,000)	(\$67,032)	(\$154,300)	(\$87,268)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	135,000	135,000	100,000	(35,000)
Transfers (Out)	(245,000)	(245,000)	0	245,000
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>(\$110,000)</u>	<u>(\$110,000)</u>	<u>\$100,000</u>	<u>\$210,000</u>
Net Change in Fund Balances	(\$140,000)	(\$177,032)	(\$54,300)	\$122,732
Fund Balances, January 1	<u>\$334,658</u>	<u>\$334,658</u>	<u>\$370,935</u>	<u>\$36,277</u>
Fund Balances, December 31	<u>\$194,658</u>	<u>\$157,626</u>	<u>\$316,635</u>	<u>\$159,009</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, 2005

**198--CAPITOL THEATRE RESERVE**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	55,000	55,000	23,882	(31,118)
Other Revenues	0	0	0	0
Total Revenues	<u>\$55,000</u>	<u>\$55,000</u>	<u>\$23,882</u>	<u>(\$31,118)</u>
<b>EXPENDITURES</b>				
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	\$23,882	(\$31,118)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	(83,927)	(83,927)	(83,927)	0
Sale of Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>(\$83,927)</u>	<u>(\$83,927)</u>	<u>(\$83,927)</u>	<u>\$0</u>
Net Change in Fund Balances	(\$28,927)	(\$28,927)	(\$60,045)	(\$31,118)
Fund Balances, January 1	\$988,117	\$988,117	\$985,253	(\$2,864)
Fund Balances, December 31	<u>\$959,190</u>	<u>\$959,190</u>	<u>\$925,208</u>	<u>(\$33,982)</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, 2005

	BUDGETED AMOUNTS		TOTAL	
			ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$2,141,131	\$2,141,131	\$2,055,262	(\$85,869)
Intergovernmental Revenues	8,746,191	8,796,191	5,850,646	(2,945,545)
Charges for Services	179,990	179,990	191,564	11,574
Interest	67,170	67,170	29,728	(37,442)
Other Revenues	701,571	701,571	683,919	(17,652)
Total Revenues	<u>\$11,836,053</u>	<u>\$11,886,053</u>	<u>\$8,811,119</u>	<u>(\$3,074,934)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$0	\$0	\$4,292	(\$4,292)
Security of Persons and Property	3,212,568	3,246,568	3,205,766	40,802
Physical Environment	317,271	380,829	333,727	47,102
Transportation	42,576	42,576	6,663	35,913
Economic Environment	80,950	200,950	193,703	7,247
Cultural & Recreational Envmt	2,370,665	2,375,871	2,250,763	125,108
Capital Outlay				
Security of Persons and Property	92,000	92,000	39,961	52,039
Physical Environment	0	0	0	0
Transportation	6,041,239	6,041,239	2,843,867	3,197,372
Cultural & Recreational Envmt	75,000	94,243	6,193	88,050
Debt Service				
Principal Retirement	267,633	267,633	275,846	(8,213)
Interest	24,232	24,232	23,057	1,175
Total Expenditures	<u>\$12,524,134</u>	<u>\$12,766,141</u>	<u>\$9,183,838</u>	<u>\$3,582,303</u>
Excess of Revenues Over (Under) Expenditures	(\$688,081)	(\$880,088)	(\$372,719)	\$507,369
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Intergovernmental Loans	\$0	\$0	\$100,000	\$100,000
Transfers In	1,576,022	1,576,022	1,583,553	7,531
Transfers (Out)	(1,314,260)	(1,334,760)	(1,069,760)	265,000
Sale of Capital Assets	0	0	265,000	265,000
Total Other Financing Sources (Uses)	<u>\$261,762</u>	<u>\$241,262</u>	<u>\$878,793</u>	<u>\$637,531</u>
Net Change in Fund Balances	(\$426,319)	(\$638,826)	\$506,074	\$1,144,900
Fund Balances, January 1	<u>\$3,301,437</u>	<u>\$3,302,157</u>	<u>\$3,677,519</u>	<u>\$375,362</u>
Fund Balances, December 31	<u>\$2,875,118</u>	<u>\$2,663,331</u>	<u>\$4,183,593</u>	<u>\$1,520,262</u>

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

## **NONMAJOR DEBT SERVICE FUNDS**

*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 ten- or twenty-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, 2005

With comparative totals for December 31, 2004

	<b>DEBT SERVICE FUND</b>				
	<b>#221 L.I.D. GUARANTY</b>	<b>#271 HOUSING G.O. NOTE/BONDS</b>	<b>#272 2002 G.O. PFD</b>	<b>#281 2005 G.O. PARKS &amp; REC</b>	<b>#282 98 G.O. STREET OVERLAY</b>
<b>ASSETS</b>					
Cash & Equity in Pooled Investments	\$4,919	\$0	\$122,611	\$350	\$82,385
Receivables:					
Taxes	0	0	0	0	0
Investments, at Amortized Cost	<u>23,160</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$28,079</u>	<u>\$0</u>	<u>\$122,611</u>	<u>\$350</u>	<u>\$82,385</u>
<b>LIABILITIES</b>					
Deposits Payable	\$0	\$0	\$0	\$0	\$0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>FUND BALANCES</b>					
Reserved:					
Debt Service	<u>\$28,079</u>	<u>\$0</u>	<u>\$122,611</u>	<u>\$350</u>	<u>\$82,385</u>
Total Fund Balances	<u>\$28,079</u>	<u>\$0</u>	<u>\$122,611</u>	<u>\$350</u>	<u>\$82,385</u>
Total Liabilities and Fund Balances	<u>\$28,079</u>	<u>\$0</u>	<u>\$122,611</u>	<u>\$350</u>	<u>\$82,385</u>

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

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2005

With comparative totals for December 31, 2004

DEBT SERVICE FUNDS					TOTAL	
#283 94 G.O. LTD LEVY BOND	#284 95 G.O. PARKS & FIRE	#285 97 G.O. LINE OF CREDIT	#287 96 G.O. PAVILION	#289 LOCAL IMPR DISTRICTS	NONMAJOR DEBT SERVICE FUNDS	
					2005	2004
\$221,763	\$187,487	\$917	\$54,665	\$133	\$675,230	\$715,036
33,500	19,933	0	0	0	53,433	29,156
0	0	0	0	0	23,160	24,208
<u>\$255,263</u>	<u>\$207,420</u>	<u>\$917</u>	<u>\$54,665</u>	<u>\$367,487</u>	<u>\$1,119,177</u>	<u>\$941,172</u>
\$0	\$0	\$0	\$0	\$289	\$289	\$289
0	0	0	0	<u>365,622</u>	<u>365,622</u>	<u>171,807</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$365,911</u>	<u>\$365,911</u>	<u>\$172,096</u>
<u>\$255,263</u>	<u>\$207,420</u>	<u>\$917</u>	<u>\$54,665</u>	<u>\$1,576</u>	<u>\$753,266</u>	<u>\$769,076</u>
<u>\$255,263</u>	<u>\$207,420</u>	<u>\$917</u>	<u>\$54,665</u>	<u>\$1,576</u>	<u>\$753,266</u>	<u>\$769,076</u>
<u>\$255,263</u>	<u>\$207,420</u>	<u>\$917</u>	<u>\$54,665</u>	<u>\$367,487</u>	<u>\$1,119,177</u>	<u>\$941,172</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, 2005

With comparative totals for December 31, 2004

	<b>DEBT SERVICE FUNDS</b>				
	<b>#221</b>	<b>#271</b>	<b>#272</b>	<b>#281</b>	<b>#282</b>
	<b>L.I.D.</b>	<b>HOUSING G.O.</b>	<b>2002 G.O.</b>	<b>85 G.O.</b>	<b>98 G.O.</b>
	<b>GUARANTY</b>	<b>NOTE/BONDS</b>	<b>PFD</b>	<b>DIVERSION DAM</b>	<b>STREET OVERLAY</b>
<b>REVENUES</b>					
Taxes	\$0	\$0	\$0	\$0	\$0
Interest	(291)	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	<u>(\$291)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>EXPENDITURES</b>					
Current					
General Government	\$0	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0	0
Transportation	0	0	0	0	0
Economic Environment	0	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0	0
Capital Outlay					
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	0	0
Economic Environment	0	0	0	0	0
Cultural & Recreational Envmt	0	0	0	0	0
Debt Service					
Principal retirement	0	0	180,000	0	150,000
Interest	0	0	293,470	(350)	25,640
Total Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$473,470</u>	<u>(\$350)</u>	<u>\$175,640</u>
Excess of Revenues over (under) Expenditures	(\$291)	\$0	(\$473,470)	\$350	(\$175,640)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Capital lease Financing	\$0	\$0	\$0	\$0	\$0
Proceeds from LT Debt--G.O. Bonds	0	0	0	0	0
Proceeds from Intergovernmental Loans	0	0	0	0	0
Other Note Proceeds	0	0	0	0	0
Transfers In	0	0	480,000	0	182,000
Transfers (Out)	0	0	0	0	0
Intergovernmental Agreements	0	0	0	0	0
Sale of Capital Assets	0	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0	0
Total other Financing Sources (Uses)	<u>\$0</u>	<u>\$0</u>	<u>\$480,000</u>	<u>\$0</u>	<u>\$182,000</u>
Net Change in Fund Balances	(\$291)	\$0	\$6,530	\$350	\$6,360
FUND BALANCES, January 1	428,370	\$0	\$116,081	\$0	\$76,025
FUND BALANCES, December 31	<u>\$28,079</u>	<u>\$0</u>	<u>\$122,611</u>	<u>\$350</u>	<u>\$82,385</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, 2005

With comparative totals for December 31, 2004

DEBT SERVICE FUNDS					TOTAL	
#283 94 G.O. LTD LEVY BOND	#284 95 G.O. FIRE	#285 97 G.O. LINE OF CR	#287 96 G.O. PAVILION	#289 LOCAL IMPR DISTRICTS	NONMAJOR DEBT SERVICE FUNDS	
					2005	2004
\$402,000	\$290,819	\$0	\$405,212	\$0	\$1,098,031	\$1,145,649
9	0	0	0	3,736	3,454	7,943
0	0	0	0	181,382	181,382	24,745
<u>\$402,009</u>	<u>\$290,819</u>	<u>\$0</u>	<u>\$405,212</u>	<u>\$185,118</u>	<u>\$1,282,867</u>	<u>\$1,178,337</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
415,000	215,000	20,000	240,000	162,375	1,382,375	1,233,000
103,137	77,850	1,821	187,308	6,041	694,917	720,273
<u>\$518,137</u>	<u>\$292,850</u>	<u>\$21,821</u>	<u>\$427,308</u>	<u>\$168,416</u>	<u>\$2,077,292</u>	<u>\$1,953,273</u>
(\$116,128)	(\$2,031)	(\$21,821)	(\$22,096)	\$16,702	(\$794,425)	(\$774,936)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
112,000	0	21,000	0	0	795,000	795,000
0	0	0	0	(16,385)	(16,385)	(51,653)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$112,000</u>	<u>\$0</u>	<u>\$21,000</u>	<u>\$0</u>	<u>(\$16,385)</u>	<u>\$778,615</u>	<u>\$743,347</u>
(4,128)	(2,031)	(821)	(22,096)	317	(15,810)	(31,589)
259,391	209,451	1,738	76,761	1,259	769,076	800,665
<u>\$255,263</u>	<u>\$207,420</u>	<u>\$917</u>	<u>\$54,665</u>	<u>\$1,576</u>	<u>\$753,266</u>	<u>\$769,076</u>

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

## **NONMAJOR CAPITAL PROJECT FUNDS**

*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 ¼% 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 ¼% 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.

*The Capitol Theatre Fund* was created by Ordinance 1654 on April 15, 1974. The purpose of this fund was for the acquisition of the Capitol Theatre and capital repairs to that building. The Theatre was destroyed by fire in 1975, and the fund was deactivated. The Theatre was rebuilt in 1978, and the fund was then reactivated in 2004 when additional funding for renovation became available.

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2005

With comparative totals for December 31, 2004

	<b>CAPITAL PROJECT FUNDS</b>				
	<b>#321 CENTRAL BUS DISTRICT IMPR</b>	<b>#322 CAPITOL THEATRE CONST</b>	<b>#331 PARKS AND RECREATION</b>	<b>#332 FIRE</b>	<b>#333 LAW AND JUSTICE</b>
<b>ASSETS</b>					
Cash & Equity in Pooled Investments	\$225,246	\$94,135	\$1,058,787	\$355,715	\$294,211
Receivables:					
Taxes	0	0	0	0	10,598
Accounts	43	0	0	930	0
Interest/Penalties	0	0	0	0	5,467
Other Receivables	0	0	0	0	75,302
Due from Other Government Units	192,691	0	0	0	0
Investments, at Amortized Cost	0	0	0	0	500,000
Total assets	<u>\$417,980</u>	<u>\$94,135</u>	<u>\$1,058,787</u>	<u>\$356,645</u>	<u>\$885,578</u>
<b>LIABILITIES</b>					
Warrants/Accounts Payable	\$72,921	\$0	\$17,411	\$13,126	\$24,398
Contracts Payable	0	0	13,872	0	35,934
Due to Other Funds	0	0	0	0	0
Due to Other Government Units	0	0	0	0	0
Deferred Revenue	43	0	6,871	0	0
Total Liabilities	<u>\$72,964</u>	<u>\$0</u>	<u>\$38,154</u>	<u>\$13,126</u>	<u>\$60,332</u>
<b>FUND BALANCES</b>					
Reserved:					
Encumbrances	\$138,165	\$0	\$15,820	\$144,051	\$90,979
Continuing Appropriations	0	0	746,913	0	75,302
Unreserved Designated - Replacement	0	94,135	257,900	199,468	658,965
Unreserved	206,851	0	0	0	0
Total Fund Balances	<u>\$345,016</u>	<u>\$94,135</u>	<u>\$1,020,633</u>	<u>\$343,519</u>	<u>\$825,246</u>
Total Liabilities and Fund Balances	<u>\$417,980</u>	<u>\$94,135</u>	<u>\$1,058,787</u>	<u>\$356,645</u>	<u>\$885,578</u>

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

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2005

With comparative totals for December 31, 2004

CAPITAL PROJECT FUNDS					TOTAL	
#342	#343	#345	#370	#392	NONMAJOR	
PUBLIC WORKS	REET 2 CAPITAL	LID	CONVENTION	CUMULATIVE	CAPITAL PROJECT FUNDS	
CONSTRUCTION	CONSTRUCTION	CONSTRUCTION	CENTER	RESERVE	2005	2004
\$1,684,627	\$1,017,955	\$15,665	\$209,608	\$0	\$4,955,949	\$2,912,968
0	0	0	0	0	10,598	0
0	0	0	0	0	973	1,722
0	0	0	0	0	5,467	7,664
0	0	0	0	0	75,302	242,429
0	0	0	0	244,641	437,332	331,272
0	0	0	0	0	500,000	1,001,250
<u>\$1,684,627</u>	<u>\$1,017,955</u>	<u>\$15,665</u>	<u>\$209,608</u>	<u>\$244,641</u>	<u>\$5,985,621</u>	<u>\$4,497,305</u>
\$8,720	\$0	\$543,911	\$20,630	\$71,145	\$772,262	\$334,470
3,897	0	0	0	0	53,703	195,582
0	0	0	0	66,509	66,509	0
7,357	0	0	0	0	7,357	9,194
0	0	0	0	0	6,914	6,871
<u>\$19,974</u>	<u>\$0</u>	<u>\$543,911</u>	<u>\$20,630</u>	<u>\$137,654</u>	<u>\$906,745</u>	<u>\$546,117</u>
\$0	\$473,000	\$0	\$0	\$0	\$862,015	\$999,389
0	0	0	0	106,987	929,202	474,389
0	0	0	0	0	1,210,468	845,107
<u>1,664,653</u>	<u>544,955</u>	<u>(528,246)</u>	<u>188,978</u>	<u>0</u>	<u>2,077,191</u>	<u>1,632,303</u>
<u>\$1,664,653</u>	<u>\$1,017,955</u>	<u>(\$528,246)</u>	<u>\$188,978</u>	<u>\$106,987</u>	<u>\$5,078,876</u>	<u>\$3,951,188</u>
<u>\$1,684,627</u>	<u>\$1,017,955</u>	<u>\$15,665</u>	<u>\$209,608</u>	<u>\$244,641</u>	<u>\$5,985,621</u>	<u>\$4,497,305</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, 2005

With comparative totals for December 31, 2004

	<b>CAPITAL PROJECT FUNDS</b>				
	<b>#321 CENTRAL BUS DISTRICT IMPR</b>	<b>#322 CAPITOL THEATRE CONST</b>	<b>#331 PARKS AND RECREATION</b>	<b>#332 FIRE</b>	<b>#333 LAW AND JUSTICE</b>
<b>REVENUES</b>					
Taxes	\$0	\$0	\$0	\$0	\$410,337
Intergovernmental Revenues	308,741	11,709	0	3,795	50,217
Interest	0	0	2,371	1,750	22,550
Other Revenues	36,883	0	200	98,884	0
Total Revenues	<u>\$345,624</u>	<u>\$11,709</u>	<u>\$2,571</u>	<u>\$104,429</u>	<u>\$483,104</u>
<b>EXPENDITURES</b>					
Current					
General Government	\$0	\$0	\$0	\$0	\$41,536
Security of Persons and Property	0	0	0	26,635	353,117
Physical Environment	0	0	0	0	3,584
Transportation	0	0	0	0	0
Economic Environment	4,252	0	0	0	0
Mental & Physical Health	25,023	0	0	0	0
Cultural & Recreational Envmt	0	0	53,589	0	0
Capital Outlay					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	244,349	294,318
Physical Environment	0	0	0	0	0
Transportation	0	0	0	0	0
Economic Environment	359,386	0	0	0	0
Cultural & Recreational Envmt	0	27,574	(60,638)	0	0
Debt Services					
Principal Retirement	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	<u>\$388,661</u>	<u>\$27,574</u>	<u>(\$7,049)</u>	<u>\$270,984</u>	<u>\$692,555</u>
Excess of Revenues Over (Under) Expen	(\$43,037)	(\$15,865)	(\$9,620)	(\$166,555)	(\$209,451)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$0
Proceeds from LT Debt--G.O. Bonds	0	0	759,597	0	0
Proceeds from Intergovernmental Loans	0	0	0	0	0
Other Note Proceeds	0	0	0	0	0
Transfers In	0	0	100,000	0	135,530
Transfers (Out)	0	0	0	0	(20,574)
Sale of Capital Assets	27,050	0	0	0	14,307
Total Other Financing Sources (Uses)	<u>\$27,050</u>	<u>\$0</u>	<u>\$859,597</u>	<u>\$0</u>	<u>\$129,263</u>
Net Change in Fund Balances	(\$15,987)	(\$15,865)	\$869,217	(\$166,555)	(\$80,188)
Fund Balances, January 1	<u>\$361,003</u>	<u>\$110,000</u>	<u>\$151,416</u>	<u>\$510,074</u>	<u>\$905,434</u>
Fund Balances, December 31	<u>\$345,016</u>	<u>\$94,135</u>	<u>\$1,020,633</u>	<u>\$343,519</u>	<u>\$825,246</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, 2005

With comparative totals for December 31, 2004

CAPITAL PROJECT FUNDS					TOTAL	
#342	#343	#345	#370	#392	NONMAJOR	
PUBLIC WORKS	REET 2 CAPITAL	LID	CONVENTION	CUMULATIVE	CAPITAL PROJECT FUNDS	
CONSTRUCTION	CONSTRUCTION	CONSTRUCTION	CENTER	RESERVE	2005	2004
\$878,934	\$878,934	\$0	\$0	\$0	\$2,168,205	\$1,647,840
0	0	0	0	431,173	805,635	1,275,441
0	0	0	0	0	26,671	18,056
0	0	0	0	0	135,967	268,177
<u>\$878,934</u>	<u>\$878,934</u>	<u>\$0</u>	<u>\$0</u>	<u>\$431,173</u>	<u>\$3,136,478</u>	<u>\$3,209,514</u>
\$93,468	\$0	\$0	\$0	\$0	\$135,004	\$3,014
0	0	0	0	0	379,752	554,654
0	0	0	0	0	3,584	0
0	235,000	0	0	3,801	238,801	200,621
0	0	0	0	0	4,252	9,768
0	0	0	0	0	25,023	0
0	0	0	44,792	0	86,516	107,872
18,577	0	0	0	0	18,577	177,419
0	0	0	0	0	538,667	1,456,103
0	0	873,666	0	0	873,666	25,655
0	6,059	0	0	472,514	478,573	491,484
0	0	0	0	0	359,386	65,959
103,552	0	0	33,062	0	103,550	1,770,571
157,418	0	0	0	0	157,418	157,418
16,551	0	0	0	0	16,551	20,224
<u>\$389,566</u>	<u>\$241,059</u>	<u>\$873,666</u>	<u>\$77,854</u>	<u>\$476,315</u>	<u>\$3,341,185</u>	<u>\$5,040,762</u>
\$489,368	\$637,875	(\$873,666)	(\$77,854)	(\$45,142)	(\$294,707)	(\$1,831,248)
\$0	\$0	\$0	\$0	\$0	\$0	\$325,000
0	0	0	0	0	759,597	7,262
0	0	0	0	48,286	48,286	0
0	0	371,075	0	0	371,075	0
75,000	0	0	70,500	65,000	446,030	511,321
(100,000)	(126,590)	0	0	0	(247,164)	(100,000)
0	0	0	3,215	0	44,572	130,716
<u>(\$25,000)</u>	<u>(\$126,590)</u>	<u>\$371,075</u>	<u>\$73,715</u>	<u>\$113,286</u>	<u>\$1,422,396</u>	<u>\$874,299</u>
\$464,368	\$511,285	(\$502,591)	(\$4,139)	\$68,144	\$1,127,689	(\$956,949)
<u>\$1,200,285</u>	<u>\$506,670</u>	<u>(\$25,655)</u>	<u>\$193,117</u>	<u>\$38,843</u>	<u>\$3,951,187</u>	<u>\$4,908,137</u>
<u>\$1,664,653</u>	<u>\$1,017,955</u>	<u>(\$528,246)</u>	<u>\$188,978</u>	<u>\$106,987</u>	<u>\$5,078,876</u>	<u>\$3,951,188</u>

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

## **PERMANENT FUNDS**

*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.

**BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2005

With comparative totals for December 31, 2004

	PERMANENT FUND		TOTAL	
	CEMETERY TRUST		NONMAJOR	
	2005	2004	2005	2004
<b>ASSETS</b>				
Cash & Equity in Pooled Investments	\$256,307	\$75,907	\$8,572,222	\$6,363,149
Receivables:				
Taxes	0	0	297,007	206,065
Accounts	0	0	142,451	144,988
Special Assessments	0	0	2,697	2,060
LID Assessments - Delinquent	0	0	1,732	965
LID Assessments - Deferred	0	0	365,622	171,807
Notes/Contracts	0	0	32,629	36,569
Interest/Penalties	618	4,261	21,505	16,486
Other Receivables	0	0	75,302	291,354
Due from Other Government Units	0	0	1,578,253	1,397,679
Investments, at Amortized Cost	<u>278,155</u>	<u>443,042</u>	<u>1,804,549</u>	<u>2,522,173</u>
Total assets	\$535,080	\$523,210	\$12,893,969	\$11,153,295
<b>LIABILITIES</b>				
Warrants/Accounts Payable	\$0	\$0	\$920,644	\$1,364,229
Wages/Benefits Payable	0	0	297,122	274,657
Contracts Payable	0	0	78,332	211,568
Due to Other Funds	0	0	511,606	61,041
Due to Other Government Units	0	0	17,052	20,270
Deposits Payable	0	0	54,864	41,920
Deferred Revenue	<u>0</u>	<u>0</u>	<u>463,534</u>	<u>258,617</u>
Total Liabilities	\$0	\$0	\$2,343,154	\$2,232,302
<b>FUND BALANCES</b>				
Reserved:				
Encumbrances	\$0	\$0	\$1,068,517	\$1,060,870
Continuing Appropriations	0	0	929,202	474,389
Debt Service	0	0	753,266	769,076
Endowment	535,080	523,210	535,080	523,210
Parking and Business Improvement	0	0	103,057	145,919
Unreserved Designated - Replacement	0	0	2,135,676	1,830,360
Unreserved	<u>0</u>	<u>0</u>	<u>5,026,017</u>	<u>4,117,169</u>
Total Fund Balances	\$535,080	\$523,210	\$10,550,815	\$8,920,993
Total Liabilities and Fund Balances	<u>\$535,080</u>	<u>\$523,210</u>	<u>\$12,893,969</u>	<u>\$11,153,295</u>

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, 2005

With comparative totals for December 31, 2004

	PERMANENT FUND		TOTAL	
	CEMETERY TRUST		NONMAJOR GOVERNMENTAL FUNDS	
	2005	2004	2005	2004
<b>REVENUES</b>				
Taxes	\$0	\$0	\$5,321,498	\$4,434,197
Intergovernmental Revenues	0	0	6,656,281	8,510,618
Charges for Services	11,870	11,111	203,434	199,325
Interest	14,402	11,966	74,255	68,554
Other Revenues	0	0	1,001,268	1,022,277
Total Revenues	<u>\$26,272</u>	<u>\$23,077</u>	<u>\$13,256,736</u>	<u>\$14,234,971</u>
<b>EXPENDITURES</b>				
Current				
General Government	\$0	\$0	\$139,296	\$18,237
Security of Persons and Property	0	0	3,585,518	3,660,740
Physical Environment	0	0	337,311	346,473
Transportation	0	0	245,464	230,607
Economic Environment	0	0	197,955	209,410
Mental & Physical Health	0	0	25,023	0
Cultural & Recreational Envmt	0	0	2,349,144	1,957,861
Capital Outlay				
General Government	0	0	18,577	177,419
Security of Persons and Property	0	0	578,628	1,503,516
Physical Environment	0	0	873,666	29,658
Transportation	0	0	3,322,440	5,536,621
Economic Environment	0	0	359,386	65,959
Cultural & Recreational Envmt	0	0	109,743	1,786,663
Debt Services				
Principal Retirement	0	0	1,815,639	1,658,050
Interest	0	0	734,525	766,195
Total Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$14,692,315</u>	<u>\$17,947,409</u>
Excess of Revenues Over (Under) Expenditures	\$26,272	\$23,077	(\$1,435,579)	(\$3,712,438)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$325,000
Proceeds from LT Debt--G.O. Bonds	0	0	759,597	7,262
Proceeds from Intergovernmental Loans	0	0	148,286	0
Other Note Proceeds	0	0	371,075	0
Transfers In	0	0	2,824,583	2,767,508
Transfers (Out)	(14,402)	(11,966)	(1,347,711)	(1,375,661)
Sale of Capital Assets	0	0	309,572	130,716
Total Other Financing Sources (Uses)	<u>(\$14,402)</u>	<u>(\$11,966)</u>	<u>\$3,065,402</u>	<u>\$1,854,825</u>
Net Change in Fund Balances	\$11,870	\$11,111	\$1,629,823	(\$1,857,613)
Fund Balances, January 1	\$523,210	\$512,099	\$8,920,992	\$10,778,606
Fund Balances, December 31	<u>\$535,080</u>	<u>\$523,210</u>	<u>\$10,550,815</u>	<u>\$8,920,993</u>

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

## INTERNAL SERVICE FUNDS

*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, 2005

With comparative totals for December 31, 2004

	<b>UNEMPLOYMENT COMPENSATION RESERVE</b>	<b>EMPLOYEES' HEALTH BENEFIT RESERVE</b>	<b>WORKERS' COMPENSATION RESERVE</b>	<b>RISK MANAGEMENT RESERVE</b>
<b>ASSETS</b>				
Current Assets:				
Cash & Equity in Pooled Investments	\$385,761	\$597,609	\$1,312,007	\$327,931
Deposits w/ Fiscal Agent/Trustee	0	10,620	0	0
Receivables:				
Accounts	16,802	531,586	91,912	0
Interest/Penalties	0	5,817	0	8,116
Inventories	0	0	0	0
Investments, at amortized cost	0	1,504,906	0	646,265
Total Current Assets	<u>\$402,563</u>	<u>\$2,650,538</u>	<u>\$1,403,919</u>	<u>\$982,312</u>
Noncurrent Assets:				
Buildings	\$0	\$0	\$0	\$0
Other Improvements	0	0	0	0
Machinery & Equipment	0	0	0	0
Accumulated Depreciation	0	0	0	0
Total Noncurrent Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$402,563</u>	<u>\$2,650,538</u>	<u>\$1,403,919</u>	<u>\$982,312</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Warrants/Accounts Payable	\$0	\$93,631	\$7,870	\$83,577
Wages/Benefits Payable	2,441	6,884	8,928	20,346
Compensated Absences Payable	3,887	19,229	7,199	29,877
Claims and Judgements Payable	31,142	1,041,979	576,207	1,200,000
Total Current Liabilities	<u>\$37,470</u>	<u>\$1,161,723</u>	<u>\$600,204</u>	<u>\$1,333,800</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	\$0	\$0	\$0	\$0
Unrestricted	365,093	1,488,815	803,715	(351,488)
Total Net Assets	<u>\$365,093</u>	<u>\$1,488,815</u>	<u>\$803,715</u>	<u>(\$351,488)</u>

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

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

December 31, 2005

With comparative totals for December 31, 2004

WELLNESS/ EAP	ENVIRONMENTAL	EQUIPMENT RENTAL	PUBLIC WORKS ADMINISTRATION	TOTAL	
				2005	2004
\$129,016	\$332,865	\$777,426	\$245,177	\$4,107,792	\$3,466,151
0	0	0	0	10,620	10,620
0	0	0	0	640,300	605,113
0	0	18,786	0	32,719	24,550
0	0	366,413	0	366,413	224,259
0	0	2,796,261	0	4,947,432	5,235,159
<u>\$129,016</u>	<u>\$332,865</u>	<u>\$3,958,886</u>	<u>\$245,177</u>	<u>\$10,105,276</u>	<u>\$9,565,852</u>
\$0	\$0	\$0	\$37,397	\$37,397	\$37,397
0	0	0	7,251	7,251	0
0	7,572	16,321,822	97,930	16,427,324	15,152,137
0	(757)	(9,118,916)	(88,099)	(9,207,772)	(8,407,330)
0	6,815	7,202,906	54,479	7,264,200	6,782,204
<u>\$129,016</u>	<u>\$339,680</u>	<u>\$11,161,792</u>	<u>\$299,656</u>	<u>\$17,369,476</u>	<u>\$16,348,056</u>
\$1,249	\$2,410	\$144,342	\$51,366	\$384,445	\$447,195
0	0	66,020	54,872	159,491	141,555
0	0	67,607	63,746	191,545	173,794
0	0	0	0	2,849,328	2,735,369
<u>\$1,249</u>	<u>\$2,410</u>	<u>\$277,969</u>	<u>\$169,984</u>	<u>\$3,584,809</u>	<u>\$3,497,913</u>
\$0	\$6,815	\$7,202,906	\$54,479	\$7,264,200	\$6,782,204
127,767	330,455	3,680,917	75,193	6,520,467	6,067,939
<u>\$127,767</u>	<u>\$337,270</u>	<u>\$10,883,823</u>	<u>\$129,672</u>	<u>\$13,784,667</u>	<u>\$12,850,143</u>

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

**INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

For the Year Ended December 31, 2005

With comparative totals for December 31, 2004

	<b>UNEMPLOYMENT COMPENSATION RESERVE</b>	<b>EMPLOYEES' HEALTH BENEFIT RESERVE</b>	<b>WORKERS' COMPENSATION RESERVE</b>	<b>RISK MANAGEMENT RESERVE</b>
<b>OPERATING REVENUES</b>				
Charges for Insurance	\$0	\$0	\$0	\$1,827,012
Charges for Services	0	0	0	0
Employer Contributions	167,628	6,308,651	1,137,268	0
Employee Contributions	0	1,621,669	49,534	0
Other Operating Revenue	0	199,731	4,927	509
Total Operating Revenues	<u>\$167,628</u>	<u>\$8,130,051</u>	<u>\$1,191,729</u>	<u>\$1,827,521</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance	\$4,800	\$599,049	\$147,819	\$620,559
Administration/Overhead	25,948	182,838	110,115	970,045
Depreciation/Amortization	0	0	0	0
Other Benefits	101,573	7,141,883	626,737	416,557
Total Operating Expenses	<u>\$132,321</u>	<u>\$7,923,770</u>	<u>\$884,671</u>	<u>\$2,007,161</u>
Operating Income (Loss)	\$35,307	\$206,281	\$307,058	(\$179,640)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Other Non-Operating	\$0	\$0	\$0	\$0
Interest Revenue	0	33,359	0	158,180
Gain (Loss) on Capital Assets Disposition	0	0	0	0
Non-Operating Revenue Net of Expenses	<u>\$0</u>	<u>\$33,359</u>	<u>\$0</u>	<u>\$158,180</u>
<b>CHANGE IN NET ASSETS</b>				
Income (Loss) Before Contributions and Transfers	\$35,307	\$239,640	\$307,058	(\$21,460)
Capital Contributions	0	0	0	0
Transfers In	0	0	0	0
Total Change in Net Assets	<u>\$35,307</u>	<u>\$239,640</u>	<u>\$307,058</u>	<u>(\$21,460)</u>
Total Net Assets - January 1	<u>\$329,786</u>	<u>\$1,249,175</u>	<u>\$496,657</u>	<u>(\$330,028)</u>
Total Net Assets - December 31	<u><u>\$365,093</u></u>	<u><u>\$1,488,815</u></u>	<u><u>\$803,715</u></u>	<u><u>(\$351,488)</u></u>

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

**INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

For the Year Ended December 31, 2005

With comparative totals for December 31, 2004

WELLNESS/ EAP	ENVIRONMENTAL	EQUIPMENT RENTAL	PUBLIC WORKS ADMINISTRATION	TOTAL	
				2005	2004
\$0	\$138,252	\$0	\$0	\$1,965,264	\$1,791,480
0	0	3,772,268	1,027,436	4,799,704	4,502,063
100,085	0	0	0	7,713,632	7,640,761
0	0	0	0	1,671,203	1,563,528
0	0	3,225	0	208,392	227,166
<u>\$100,085</u>	<u>\$138,252</u>	<u>\$3,775,493</u>	<u>\$1,027,436</u>	<u>\$16,358,195</u>	<u>\$15,724,998</u>
\$87,052	\$98,388	\$2,386,323	\$562,356	\$4,506,346	\$4,135,547
0	0	274,323	503,984	2,067,253	1,887,013
0	757	1,026,275	10,624	1,037,656	1,030,015
0	0	0	0	8,286,750	7,790,530
<u>\$87,052</u>	<u>\$99,145</u>	<u>\$3,686,921</u>	<u>\$1,076,964</u>	<u>\$15,898,005</u>	<u>\$14,843,105</u>
\$13,033	\$39,107	\$88,572	(\$49,528)	\$460,190	\$881,893
\$0	\$0	\$26,089	\$0	\$26,089	\$4,050
0	0	53,038	0	244,577	238,342
0	0	(10,680)	(6,933)	(17,613)	55,226
<u>\$0</u>	<u>\$0</u>	<u>\$68,447</u>	<u>(\$6,933)</u>	<u>\$253,053</u>	<u>\$297,618</u>
\$13,033	\$39,107	\$157,019	(\$56,461)	\$713,243	\$1,179,511
0	0	221,281	0	221,281	165,216
0	0	0	0	0	35,000
<u>\$13,033</u>	<u>\$39,107</u>	<u>\$378,300</u>	<u>(\$56,461)</u>	<u>\$934,524</u>	<u>\$1,379,727</u>
\$114,734	\$298,163	\$10,505,523	\$186,133	\$12,850,143	\$11,470,416
<u>\$127,767</u>	<u>\$337,270</u>	<u>\$10,883,823</u>	<u>\$129,672</u>	<u>\$13,784,667</u>	<u>\$12,850,143</u>

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

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

For the Year Ended December 31, 2005

With comparative totals for December 31, 2004

	<b>UNEMPLOYMENT COMPENSATION RESERVE</b>	<b>EMPLOYEES' HEALTH BENEFIT RESERVE</b>	<b>WORKERS' COMPENSATION RESERVE</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received From Customers	\$0	\$0	\$0
Contributions Received - Employer and Employee	166,276	7,888,751	1,194,536
Cash Paid to Suppliers for Goods and Services	(7,101)	(750,596)	(169,595)
Cash Paid for Salaries and Benefits	(22,757)	(80,515)	(85,893)
Other Operating Revenues Collected	0	199,731	4,927
Cash Paid to Claimants and Beneficiaries	<u>(88,850)</u>	<u>(7,113,382)</u>	<u>(629,724)</u>
Net Cash Provided by Operating Activities	<u>\$47,568</u>	<u>\$143,989</u>	<u>\$314,251</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfer In	\$0	\$0	\$0
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>			
Cash Received from Disposal of Capital Assets	\$0	\$0	\$0
Capital Expenditures Paid	0	0	0
Other Non-Operating Capital Revenue	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Used for Capital Financing Activities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from Sale and Maturity of Investment Securities	\$0	\$0	\$0
Interest Received on Investments	0	33,359	0
Purchase of Investment Securities	<u>0</u>	<u>(589)</u>	<u>0</u>
Net Cash Provided by Investing Activities	<u>\$40</u>	<u>\$32,770</u>	<u>\$0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$47,568	\$176,759	\$314,251
Cash and Cash Equivalents at Beginning of Year	338,193	420,850	997,756
Cash and Cash Equivalents at End of Year	<u>\$385,761</u>	<u>\$597,609</u>	<u>\$1,312,007</u>
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Net Operating Income (Loss)	\$35,307	\$206,281	\$307,058
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	(1,352)	(41,569)	7,734
(Increase) Decrease in Inventory	0	0	0
Increase (Decrease) in Warrants/Accounts Payable	0	(118,804)	(8,312)
Increase (Decrease) in Wages/Benefits Payable	198	1,047	420
Increase (Decrease) in Compensated Absences Payable	692	2,466	683
Increase (Decrease) in Claims and Judgements Payable	12,723	94,568	6,668
Total Adjustments	<u>12,261</u>	<u>(62,292)</u>	<u>7,193</u>
Net Cash Provided by Operating Activities	<u>\$47,568</u>	<u>\$143,989</u>	<u>\$314,251</u>

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

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

Page 2 of 2

For the Year Ended December 31, 2005

With comparative totals for December 31, 2004

RISK MANAGEMENT RESERVE	WELLNESS/ EAP	ENVIRONMENTAL	EQUIPMENT RENTAL	PUBLIC WORKS ADMINISTRATION	TOTAL	
					2005	2004
\$0	\$0	\$138,252	\$3,775,493	\$1,027,436	\$4,941,181	\$4,657,798
1,827,012	100,085	0	0	0	11,176,660	10,783,919
(1,345,736)	(98,284)	(107,707)	(2,095,985)	(497,979)	(5,072,983)	(4,374,037)
(206,050)	0	0	(651,315)	(541,928)	(1,588,458)	(1,560,543)
509	0	0	0	0	205,167	227,166
(422,210)	0	0	0	0	(8,254,166)	(7,890,521)
<u>(\$146,475)</u>	<u>\$1,801</u>	<u>\$30,545</u>	<u>\$1,028,193</u>	<u>(\$12,471)</u>	<u>\$1,407,401</u>	<u>\$1,843,782</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$35,000
\$0	\$0	\$0	\$26,089	\$0	\$26,089	\$112,848
0	0	(7,572)	(1,522,442)	(7,251)	(1,537,265)	(1,891,362)
0	0	0	221,281	0	221,281	157,716
<u>\$0</u>	<u>\$0</u>	<u>(\$7,572)</u>	<u>(\$1,275,072)</u>	<u>(\$7,251)</u>	<u>(\$1,289,895)</u>	<u>(\$1,620,798)</u>
\$1,170	\$0	\$0	\$287,146	\$0	\$288,316	\$352,565
158,180	0	0	44,869	0	236,408	238,838
0	0	0	0	0	(589)	(3,013,646)
<u>\$159,350</u>	<u>\$0</u>	<u>\$0</u>	<u>\$332,015</u>	<u>\$0</u>	<u>\$524,135</u>	<u>(\$2,422,243)</u>
\$12,875	\$1,801	\$22,973	\$85,136	(\$19,722)	\$641,641	(\$2,164,259)
315,056	127,215	309,892	692,290	264,899	3,466,151	5,630,410
<u>\$327,931</u>	<u>\$129,016</u>	<u>\$332,865</u>	<u>\$777,426</u>	<u>\$245,177</u>	<u>\$4,107,792</u>	<u>\$3,466,151</u>
(\$179,640)	\$13,033	\$39,107	\$88,572	(\$49,528)	\$460,190	\$881,893
0	0	757	1,026,275	10,624	1,037,656	1,030,015
0	0	0	0	0	(35,187)	(56,115)
0	0	0	(142,154)	0	(142,154)	(2,206)
26,927	(11,232)	(9,319)	41,510	16,480	(62,750)	8,213
1,481	0	0	9,693	5,097	17,936	(6,892)
4,757	0	0	4,297	4,856	17,751	22,693
0	0	0	0	0	113,959	(33,819)
<u>33,165</u>	<u>(11,232)</u>	<u>(8,562)</u>	<u>939,621</u>	<u>37,057</u>	<u>947,211</u>	<u>961,889</u>
<u>(\$146,475)</u>	<u>\$1,801</u>	<u>\$30,545</u>	<u>\$1,028,193</u>	<u>(\$12,471)</u>	<u>\$1,407,401</u>	<u>\$1,843,782</u>

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

(This page intentionally contains no information.)

## **CAPITAL ASSET SCHEDULES**

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 <sup>(1)</sup>**

December 31, 2005

	<b>BALANCE AS OF 12/31/2005</b>	<b>LAND</b>	<b>BUILDINGS</b>	<b>IMPROVE- MENTS</b>	<b>INFRA- STRUCTURE</b>	<b>EQUIP- MENT</b>	<b>CONST. IN PROGRESS</b>
<b>GENERAL GOVERNMENT</b>							
City Council/Manager/Clerks	\$1,158,900	\$0	\$1,132,456	\$13,094	\$0	\$13,350	\$0
Finance (Finance, Info Sys, Utility Serv)	1,011,736	0	51,280	0	0	960,456	0
Human Resources	4,369	0	0	0	0	4,369	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	380,518	0	252,961	103,552	0	24,005	0
Engineering	40,526	0	0	0	0	40,526	0
Miscellaneous General Government	2,646,654	1,256,764	1,513,714	78,262	0	(202,086)	0
<b>Total General Government</b>	<b>\$5,360,028</b>	<b>\$1,256,764</b>	<b>\$2,968,198</b>	<b>\$199,415</b>	<b>\$0</b>	<b>\$935,651</b>	<b>\$0</b>
<b>PUBLIC SAFETY</b>							
Fire	\$10,725,393	\$321,436	\$5,799,117	\$58,969	\$0	\$4,520,978	\$24,893
Police	14,971,975	2,246,988	10,751,680	14,952	0	1,958,355	0
<b>Total Public Safety</b>	<b>\$25,697,368</b>	<b>\$2,568,424</b>	<b>\$16,550,797</b>	<b>\$73,921</b>	<b>\$0</b>	<b>\$6,479,333</b>	<b>\$24,893</b>
<b>PHYSICAL ENVIRONMENT</b>							
LID Construction	\$899,321	\$0	\$0	\$0	\$0	\$0	\$899,321
Cemetery	725,610	477,661	135,841	112,108	0	0	0
<b>Total Physical Environment</b>	<b>\$1,624,931</b>	<b>\$477,661</b>	<b>\$135,841</b>	<b>\$112,108</b>	<b>\$0</b>	<b>\$0</b>	<b>\$899,321</b>
<b>TRANSPORTATION</b>							
Streets	\$239,019	\$96,783	\$0	\$0	\$0	\$114,354	\$27,882
Arterial Street	49,497,133	0	2,186,157	38,749	40,164,535	0	7,107,692
Transportation (trolley)	1,122,026	527,500	0	117,551	0	175,000	301,975
<b>Total Transportation</b>	<b>\$50,858,178</b>	<b>\$624,283</b>	<b>\$2,186,157</b>	<b>\$156,300</b>	<b>\$40,164,535</b>	<b>\$289,354</b>	<b>\$7,437,549</b>
<b>ECONOMIC ENVIRONMENT</b>							
Senior Citizen Center	\$3,839,162	\$271,973	\$3,528,580	\$0	\$0	\$38,609	\$0
Community Development	869,109	588,343	52,161	178,166	0	50,439	0
Central Business District	426,682	0	0	54,222	0	0	372,460
<b>Total Economic Environment</b>	<b>\$5,134,953</b>	<b>\$860,316</b>	<b>\$3,580,741</b>	<b>\$232,388</b>	<b>\$0</b>	<b>\$89,048</b>	<b>\$372,460</b>
<b>CULTURE AND RECREATION</b>							
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	13,118,863	1,621,499	3,286,258	8,029,417	0	35,691	145,998
Southeast Community Center	73,203	34,588	38,615	0	0	0	0
Capitol Theatre	5,340,709	0	4,891,939	0	0	448,770	0
Cable TV	180,783	0	40,712	0	0	140,071	0
Convention Center	6,301,396	162,608	6,145,685	(5,987)	0	(20,973)	20,063
Gateway - Visitor Center	148,011	0	0	0	0	0	148,011
<b>Total Culture and Recreation</b>	<b>\$34,677,177</b>	<b>\$2,977,114</b>	<b>\$22,285,997</b>	<b>\$8,357,767</b>	<b>\$0</b>	<b>\$742,227</b>	<b>\$314,072</b>
<b>Total</b>	<b>\$123,352,635</b>	<b>\$8,764,562</b>	<b>\$47,707,731</b>	<b>\$9,131,899</b>	<b>\$40,164,535</b>	<b>\$8,535,613</b>	<b>\$9,048,295</b>

(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 <sup>(1)</sup>**

Page 1 of 1

December 31, 2005

	<b>BALANCE AS OF 1/1/2005</b>	<b>ADDITIONS</b>	<b>DELETIONS</b>	<b>BALANCE AS OF 12/31/2005</b>
<b>GENERAL GOVERNMENT</b>				
City Council/Manager/Clerks	\$1,162,048	\$0	(\$3,148)	\$1,158,900
Finance (Finance, Info Sys, Utility Serv)	1,667,625	56,684	(712,573)	1,011,736
Human Resources	11,032	0	(6,663)	4,369
Legal	14,710	0	0	14,710
Municipal Court	102,615	0	0	102,615
Codes/Planning/City Hall	260,551	130,244	(10,277)	380,518
Engineering	58,326	0	(17,800)	40,526
Miscellaneous General Government	2,646,654	0	0	2,646,654
Total General Government	<u>\$5,923,561</u>	<u>\$186,928</u>	<u>(\$750,461)</u>	<u>\$5,360,028</u>
<b>PUBLIC SAFETY</b>				
Fire	\$10,569,403	\$284,311	(\$128,321)	\$10,725,393
Police	14,897,214	294,318	(219,557)	14,971,975
Total Public Safety	<u>\$25,466,617</u>	<u>\$578,629</u>	<u>(\$347,878)</u>	<u>\$25,697,368</u>
<b>PHYSICAL ENVIRONMENT</b>				
LID Construction	\$25,655	\$873,666	\$0	\$899,321
Cemetery	735,962	0	(10,352)	725,610
Total Physical Environment	<u>\$761,617</u>	<u>\$873,666</u>	<u>(\$10,352)</u>	<u>\$1,624,931</u>
<b>TRANSPORTATION</b>				
Streets	\$341,597	\$5,870	(\$108,448)	\$239,019
Arterial Street	46,174,692	3,322,441	0	49,497,133
Transportation (trolley)	1,122,026	0	0	1,122,026
Total Transportation	<u>\$47,638,315</u>	<u>\$3,328,311</u>	<u>(\$108,448)</u>	<u>\$50,858,178</u>
<b>ECONOMIC ENVIRONMENT</b>				
Senior Citizen Center	\$3,839,162	\$0	\$0	\$3,839,162
Community Development	876,221	0	(7,112)	869,109
Central Business District	67,297	359,385	0	426,682
Total Economic Environment	<u>\$4,782,680</u>	<u>\$359,385</u>	<u>(\$7,112)</u>	<u>\$5,134,953</u>
<b>CULTURE AND RECREATION</b>				
Bicentennial Pavilion	\$9,506,707	\$0	\$0	\$9,506,707
Public Works Administration	7,505	0	0	7,505
Parks and Recreation	13,633,217	(60,638)	(453,715)	13,118,864
Southeast Community Center	73,203	0	0	73,203
Capitol Theatre	5,418,997	27,574	(105,862)	5,340,709
Cable TV	270,420	6,193	(95,830)	180,783
Convention Center	6,309,869	33,062	(41,536)	6,301,395
Gateway - Visitor Center	148,011	0	0	148,011
Total Culture and Recreation	<u>\$35,367,929</u>	<u>\$6,191</u>	<u>(\$696,943)</u>	<u>\$34,677,177</u>
Total Governmental Fund Assets	<u>\$119,940,719</u>	<u>\$5,333,110</u>	<u>(\$1,921,194)</u>	<u>\$123,352,635</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 BY SOURCE****GOVERNMENT FUND CAPITAL ASSETS**

For the Year Ended December 31, 2005

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>DELETIONS</b>	<b>ADJUSTMENTS</b>	<b>ENDING BALANCE</b>
<b>GENERAL CAPITAL ASSETS:</b>					
Land	\$8,764,562	\$0	\$0	\$0	\$8,764,562
Buildings	44,717,209	48,307	(119,211)	3,061,426	47,707,731
Improvements other than Buildings	6,250,465	46,622	(350,837)	3,185,649	9,131,899
Equipment	7,737,159	442,245	(979,542)	14,882	7,214,744
Infrastructure	41,251,375	0	0	(1,086,840)	40,164,535
Construction in Progress	9,586,100	4,637,312	0	(5,175,117)	9,048,295
Capitalized Leases	1,633,849	158,624	(471,604)	0	1,320,869
Total	<u>\$119,940,719</u>	<u>\$5,333,110</u>	<u>(\$1,921,194)</u>	<u>\$0</u>	<u>\$123,352,635</u>
<b>INVESTMENT IN GENERAL CAPITAL ASSETS FROM:</b>					
1984 Physical Inventory	\$15,815,751	\$0	\$0	\$0	\$15,815,751
Federal Grants	950,876	0	(7,112)	0	943,764
State Grants	551,428	0	0	0	551,428
Interlocal Grants	142,290	0	0	0	142,290
General Fund	3,072,411	64,799	(836,472)	0	2,300,738
Special Revenue Funds	2,304,859	52,025	(765,605)	0	1,591,279
Federal Revenue Sharing	394,765	0	0	0	394,765
General Obligation Bond	21,401,016	36,149	0	0	21,437,165
Capital Projects	28,390,364	1,863,756	(312,005)	0	29,942,115
Grants/GOB/Local Match	46,174,692	3,316,381	0	0	49,491,073
Private Contributions	742,267	0	0	0	742,267
Total	<u>\$119,940,719</u>	<u>\$5,333,110</u>	<u>(\$1,921,194)</u>	<u>\$0</u>	<u>\$123,352,635</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.

CITY OF *Yakima*  
Washington

SUPPLEMENTARY FINANCIAL INFORMATION

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**SCHEDULE #9 - LONG TERM DEBT**

For the Year Ended December 31, 2005

	<u>ID NO.</u>	<u>PURPOSE</u>	<u>AMOUNT OF ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF FINAL MATURITY</u>
<b>GENERAL OBLIGATION DEBT</b>					
Criminal 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	12/01/2014
Fire (Refunded)	251.15		2,300,000.00	09/07/2004	12/01/2014
Convention Center Expansion	251.11	594.75.65	6,000,000.00	01/01/1996	11/01/2019
Convention 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
Convention 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
Parks Capital Projects	251.11	594.76.65	755,000.00	12/05/2005	12/01/2015
Total			\$30,785,096.65		
<b>REVENUE BONDS</b>					
Wastewater (Current 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		
<b>SPECIAL ASSESSMENT NOTES</b>					
#1053	263.63	535.10.65	\$65,408.68	02/10/1997	02/10/2007
#1054	263.63	535.10.65	52,097.22	10/01/1997	10/01/2007
#1055	263.63	535.10.65	101,830.38	06/05/2000	06/05/2010
#1056	263.63	535.10.65	218,481.02	12/17/2005	12/17/2015
Total			\$437,817.30		

**SCHEDULE #9 - LONG TERM DEBT**

For the Year Ended December 31, 2005

<b>BEGINNING OUTSTANDING BALANCE</b>	<b>AMOUNT ISSUED</b>	<b>BARS CODE FOR RECEIPT</b>	<b>RECEIVING FUND NUMBER</b>	<b>AMOUNT REDEEMED</b>	<b>BARS CODE FOR REDEMPTION</b>	<b>REDEEMING FUND NUMBER</b>	<b>ENDING OUTSTANDING BALANCE</b>
4,060,000.00	0.00	391.10-BND	143/333	415,000.00	591.21-710	283	3,645,000.00
185,000.00	0.00	391.10-BND	332	185,000.00	591.22-710	284	0.00
2,265,000.00	0.00	391.10-BND	332	30,000.00	591.22-710	284	2,235,000.00
665,000.00	0.00	391.10-BND	370	210,000.00	591.75-710	287	455,000.00
4,100,000.00	0.00	391.10-BND	370	30,000.00	591.75-710	287	4,070,000.00
84,568.92	0.00	391.10-BND	331	20,000.00	591.76-710	285	64,568.92
650,000.00	0.00	391.10-BND	142	150,000.00	591.42-710	282	500,000.00
6,390,000.00	0.00	391.10-BND	370	180,000.00	591.75-710	272	6,210,000.00
1,430,527.65	0.00	391.10-BND	392	0.00	59175-710	000	1,430,527.65
0.00	755,000.00	391.10-BND	331	0.00	59176-710	281	755,000.00
<u>\$19,830,096.57</u>	<u>\$755,000.00</u>			<u>\$1,220,000.00</u>			<u>\$19,365,096.57</u>
1,300,000.00	0.00	39110-BND	476/478	300,000.00	582.35-720	488	1,000,000.00
268,537.00	0.00	39110-BND	478	34,237.00	582.34-720	484	234,300.00
2,986,463.00		39110-BND	477/478	380,763.00	582.35-720	484	2,605,700.00
2,485,000.00	0.00	39110-BND	477	130,000.00	582.34-720	486	2,355,000.00
600,000.00		39110-BND	476	0.00	582.35-720	485	600,000.00
16,820,000.00		39110-BND	478	640,000.00	582.35-720	493	16,180,000.00
5,215,000.00	0.00	39110-BND	479	95,000.00	582.38-720	491	5,120,000.00
<u>\$29,675,000.00</u>	<u>\$0.00</u>			<u>\$1,580,000.00</u>			<u>\$28,095,000.00</u>
\$7,000.00	\$0.00	39170-770	345	\$1,000.00	59135-770	289	\$6,000.00
19,000.00	0.00	39170-770	345	8,000.00	59135-770	289	11,000.00
27,000.00	0.00	39170-770	345	500.00	59135-770	289	26,500.00
0.00	371,075.04	39170-770	345	152,875.04	59135-770	289	218,200.00
<u>\$53,000.00</u>	<u>\$371,075.04</u>			<u>\$162,375.04</u>			<u>\$261,700.00</u>

**SCHEDULE #9 - LONG TERM DEBT**

For the Year Ended December 31, 2005

	<b>ID NO.</b>	<b>PURPOSE</b>	<b>AMOUNT OF ISSUE</b>	<b>DATE OF ISSUE</b>	<b>DATE OF FINAL MATURITY</b>
<b>INTERGOVERNMENT LOANS</b>					
<b>(PUBLIC WORKS TRUST AND STATE REVOLVING FUND)</b>					
	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
	PW-05-691-064	263.81 594.35.65	2,307,000.00	12/30/2005	07/01/2025
	SRF-04-65104-037	263.81 594.34.65	966,772.00	06/27/2005	10/01/2025
	CERB Loan #C95-107	263.81 594.50.65	425,448.00	08/21/1995	07/01/2016
Total			\$24,849,966.61		
<b>DUE TO OTHER GOVERNMENTAL UNITS</b>					
	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
	Yakima County	263.81	25,000.00	06/01/2006	06/01/2010
	Yakima County	263.81	75,000.00	06/01/2004	06/01/2010
Total			1,780,517.87		
<b>LEASE PURCHASE AGREEMENTS</b>					
	#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			\$104,922,905.62		

**SCHEDULE #9 - LONG TERM DEBT**

For the Year Ended December 31, 2005

BEGINNING OUTSTANDING BALANCE	AMOUNT ISSUED	BARS CODE FOR RECEIPT	RECEIVING FUND NUMBER	AMOUNT REDEEMED	BARS CODE FOR REDEMPTION	REDEEMING FUND NUMBER	ENDING OUTSTANDING BALANCE
\$75,789.47	\$0.00	39180-DCD		\$37,894.73	59142-780	342	\$37,894.74
30,980.28	0.00	39180-DCD		10,326.79	59142-780	342	20,653.49
222,316.34	0.00	39180-DCD	478	55,579.10	58235-78P	473	166,737.24
210,752.50	0.00	39180-DCD		42,150.49	59142-780	342	168,602.01
31,884.89	0.00	39180-DCD		6,376.96	59138-780	342	25,507.93
136,369.24	0.00	39180-DCD		27,273.85	58234-78P	474	109,095.39
190,536.40	0.00	39180-DCD		31,756.06	59142-780	142	158,780.34
349,796.46	0.00	39180-DCD		49,970.93	59142-780	142	299,825.53
424,681.35	0.00	39180-DCD		60,668.77	59138-780	342	364,012.58
493,847.94	0.00	39180-DCD	476	61,731.00	58235-78P	473	432,116.94
1,534,550.38	0.00	39180-DCD	478	170,505.60	58235-78P	473	1,364,044.78
408,990.45	0.00	39180-DCD	476	40,899.05	58235-78P	473	368,091.40
585,758.54	0.00	39180-DCD		53,250.77	59142-780	142	532,507.77
1,797,118.85	0.00	39180-DCD	478	163,374.39	58235-78P	473	1,633,744.46
128,535.71	0.00	39180-DCD	476	11,685.07	58235-78P	473	116,850.64
708,000.00	48,286.00	39180-DCD	142	126,047.67	59142-780	142	630,238.33
1,246,312.50	73,312.50	39180-DCD	476/477	77,625.00	58235-78P	473	1,242,000.00
2,559,775.00	0.00	39180-DCD	477	134,725.01	58234-78P	474	2,425,049.99
0.00	461,400.00	39180-DCD	476	0.00	58235-78P	473	461,400.00
0.00	710,170.41	39180-DCD	477	0.00	58234-78P	474	710,170.41
306,829.65	0.00	39180-DCD		18,725.57	59119-780	000	288,104.08
<u>\$11,442,825.95</u>	<u>\$1,293,168.91</u>			<u>\$1,180,566.81</u>			<u>\$11,555,428.05</u>
\$194,999.99	\$0.00			\$60,937.50	59175-771	000	\$134,062.49
304,526.29	0.00			52,515.98	59175-771	000	252,010.31
32,628.63	0.00	39180-COU		4,106.09	59142-780	142	28,522.54
64,285.71	0.00	39180-COU		10,714.29	59173-780	170	53,571.42
0.00	25,000.00	39180-COU	476	0.00	58235-78P	473	25,000.00
0.00	100,000.00	39180-COU	142	0.00	58234-780	142	100,000.00
<u>\$596,440.62</u>	<u>\$125,000.00</u>			<u>\$128,273.86</u>			<u>\$593,166.76</u>
\$397,446.12	\$0.00	39150-CLF	333	\$94,752.25	59121-750	000	\$302,693.87
80,347.29	0.00	39150-CLF	000	17,923.19	59118-750	000	62,424.10
294,773.81	0.00	39150-CLF	333	61,912.22	59121-750	000	232,861.59
49,299.00	0.00	39150-CLF	000	7,620.13	59118-750	000	41,678.87
<u>\$821,866.22</u>	<u>\$0.00</u>			<u>\$182,207.79</u>			<u>\$639,658.43</u>
<u>\$62,419,229.36</u>	<u>\$2,544,243.95</u>			<u>\$4,453,423.50</u>			<u>\$60,510,049.81</u>

For the Year Ended December 31, 2005

**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:

<b><u>CLASS DESCRIPTION</u></b>	<b><u>AMOUNT OF ISSUE</u></b>
PW-5-89-962-0056	\$765,000.00
PW-5-89-962-0057	174,879.00
PW-5-89-962-0058	495,000.00
PW-5-90-280-050	803,157.00
PW-5-91-280-070	1,155,000.00
PW-5-91-280-071	1,188,000.00
PW-5-92-280-046	1,120,000.00
PW-5-93-280-054	3,221,708.00
PW-5-94-784-049	1,481,000.00
PW-5-95-791-052	1,000,000.00
PW-5-95-791-054	209,367.00
PW-5-95-791-053	3,030,558.00
PW-00-691-062	1,180,000.00
PW-01-691-071	1,466,250.00
PW-03-027	2,694,000.00
	<u>\$19,983,919.00</u>

**SCHEDULE #10 - LIMITATION OF INDEBTEDNESS**

As of December 31, 2005

Total Taxable Property Value - \$4,169,739,611

		<b>REMAINING DEBT CAPACITY</b>
2.50% (\$104,243,490.28) General Purposes Limit is Allocated Between:		
Up to 1.5% Debt Without a Vote (Councilmanic)	\$62,546,094	
Less : Outstanding Debt	26,129,478	
Less: Contracts Payable	639,658	
Less: Excess of Debt With a Vote	0	
Add: Available Assets	8,304,220	
<b>Equals: Remaining Debt Capacity Without a Vote</b>		<b>\$44,081,178</b>
1% General Purposes Debt With a Vote	\$41,697,396	
Less : Outstanding Debt	2,235,000	
Less: Contracts Payable	0	
Add: Available Assets	207,420	
<b>Equals: Remaining Debt Capacity With a Vote</b>		<b>\$39,669,816</b>
2.5% Utility Purpose Limit, Voted	\$104,243,490	
Less : Outstanding Debt	0	
Less: Contracts Payable	0	
Add: Available Assets	0	
<b>Equals: Remaining Debt Capacity - Utility Purpose, Voted</b>		<b>\$104,243,490</b>
2.5% Open Space, Park and Capital Facilities, Voted	\$104,243,490	
Less : Outstanding Debt	0	
Less: Contracts Payable	0	
Add: Available Assets	0	
<b>Equals: Remaining Debt Capacity - Open Space, Park and Capital Facilities, Voted</b>		<b>\$104,243,490</b>

**SCHEDULE #16 - EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2005

<b>GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE</b>	<b>BARS ACCOUNT NO.</b>	<b>FEDERAL CFDA NO.</b>	<b>OTHER IDENTIFICATION NO.</b>	<b>FROM PASS- THROUGH AWARDS</b>	<b>FROM DIRECT AWARDS</b>
<b>U. S. Department of Housing and Urban Development Direct Programs:</b>					
Community Development					
Block Grant	331.14	14.218	B 04-MC-53-0008		\$949,430
Block Grant	331.14	14.218	B 03-MC-53-0008		543,720
Block Grant	385.00	14.218	Block Grant Program Income		137,499
Block Grant	361.40	14.218	Block Grant Interest Income		11,858
Total CFDA NO. 14.218					<u>\$1,642,507</u>
HOME Investment Partnership Prog.	331.14	14.239	M04-MC53-0203		\$246,766
HOME Investment Partnership Prog.	331.14	14.239	M03-MC53-0203		373,263
HOME Investment Partnership Prog.	385.00	14.239	Home Program Income		60,894
HOME Investment Partnership Prog.	361.40	14.239	Home Interest Income		17,273
Total CFDA NO. 14.239					<u>\$698,196</u>
Block Grant - Section 108		14.248	Loan Guarantee		<u>\$3,560,000</u>
Total Department of Housing and Urban Development					<u>\$5,900,703</u>
<b>U. S. Department of Justice Direct Programs:</b>					
Justice Assistance Grant	331.16	16.592	2005 DJBX0661		\$50,217
State Criminal Alien Assistant Program	331.16	16.606	2006-F2826-WA-AP		20,360
Bullet Proof Vest Partnership Program	331.16	16.607			9,236
Total Department of Justice					<u>\$79,813</u>
<b>Department of Energy - Bonneville Power Adm</b>					
Ahtanum Creek Restoration	331.81	81.999			\$71,000
<b>Federal Aviation Administration Passed-through Yakima Air Terminal</b>					
Airport Improvement Program	333.20	20.106		\$518,426	
<b>U. S. Department of Transportation Direct Programs:</b>					
Federal Transit Formula Operating Grant	331.20	20.507	WA-90-X222-01		\$57,613
Federal Transit Formula Operating Grant	331.20	20.507	WA-90-X329-01		913,129
Federal Transit Formula Operating Grant	331.20	20.507	WA-90-X359-00		1,333,000
Total CFDA NO. 20.507					<u>\$2,303,742</u>

**SCHEDULE #16 - EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2005

<b>GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE</b>	<b>BARS ACCOUNT NO.</b>	<b>FEDERAL CFDA NO.</b>	<b>OTHER IDENTIFICATION NO.</b>	<b>FROM PASS- THROUGH AWARDS</b>	<b>FROM DIRECT AWARDS</b>
<b>U. S. Department of Transportation Direct Programs (Continued)</b>					
Passed-through Washington State Department of Transportation:					
Highway Planning & Construction					
CMAQ Grant	333.20	20.205	WA-90-X353-00	\$112,500	
Downtown Sidewalk Conn.	333.20	20.205	STPE 1485(001)	250	
Washington Avenue Expansion	333.20	20.205	REV-4558(001)	852,209	
Metro Area Transportation Model	333.20	20.205	STPUS - 9939(015)	1,320	
16th Ave Corridor Signals	333.20	20.205	CM-4555(004)	73,867	
S. 1st St @ Mead	333.20	20.205	CM-4579(010)	103,104	
8th/6th Street @ B/Lincoln	333.20	20.205	STPH-000S(173)	5,660	
Railroad Grade Separation	333.20	20.205	STPX-000S (062)	400,566	
Nob Hill & 6th St Signal	333.20	20.205	STPUS-4566(006)	20,415	
Total CFDA NO. 20.205				<u>1,569,891</u>	
Total Department of Transportation				\$1,569,891	<u>\$2,303,742</u>
<b>U. S. Department of Health and Human Services:</b>					
Passed-through Yakima County					
Special Programs for the Aging Title III	333.90	93.043		\$20,344	
<b>Federal Emergency Management Agency:</b>					
Passed-through Washington State Military					
Assistance to Firefighters Grant Program	333.83	97.044		\$57,558	
<b>Total Federal Assistance</b>				<u>\$2,166,219</u>	<u>\$8,355,258</u>
<b>Total Federal Assistance Direct &amp; Pass-Through Awards</b>				<u>\$10,521,477</u>	

**SCHEDULE #16 - EXPENDITURES OF STATE AND LOCAL AWARDS**

For the Year Ended December 31, 2005

<b>GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE</b>	<b>BARS ACCOUNT NO.</b>	<b>FEDERAL CFDA NO.</b>	<b>OTHER IDENTIFICATION NO.</b>	<b>CURRENT YEAR EXPENDITURES</b>
<b>STATE ASSISTANCE</b>				
Washington State Traffic Safety Commission: Summitview School Sidewalk	334.03	N/A	2091	\$80,282
Washington State Department of Transportation Hoover School - W. Mead Ave Sidewalk	334.03		1998	\$1,400
Washington Ave RR Crossing	334.03		2063	733
Commute Trip Reduction	334.03			8,350
American Disability Transit Grant	334.03			58,620
9th Street to Front Street (Yakima Ave)	334.03		2116	169,944
Capital Transit Grant	334.03	N/A		234,365
Total Washington State Department of Transportation				<u>\$473,412</u>
Washington State Department of Community, Trade and Economic Development: Downtown Revitalization	334.04		2103/2116	\$138,797
Capital Theatre	334.04			11,709
Total Washington State Dept. of Comm, Trade				<u>\$150,506</u>
Washington State Transportation Improvement Board: S. 6th Street Intersection	334.03		1829	\$10,192
Lincoln Ave (22nd Ave to 29th Ave)	334.03		2046	17,985
River Rd North 16th Ave to Fruitvale Blvd	334.03	N/A	1944	72,106
W. Washington 40th to 52nd	334.03	N/A	1958	1,070,242
W. Washington 52nd to 72nd	334.03	N/A	1957	113,523
Total Washington State Transportation Improvement Board				<u>\$1,284,048</u>
Washington State Department of Social and Health Services: Adult Day Care-Copes	334.04			\$4,211
Total State Assistance				<u>\$1,992,459</u>
<b>LOCAL ASSISTANCE</b>				
Yakama Indian Nation: Fire Department	337.07			\$5,000
Interlocal Grant: West Valley School District Summitview School Sidewalk	337.00		2091	\$40,449
Housing Authority: Payments in Lieu of Taxes (PILOT)	337.13	N/A		\$2,020
Total Local Assistance				<u>\$47,469</u>
Total State and Local Assistance				<u>\$2,039,928</u>

For the Year Ended December 31, 2005

**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. The amount listed is the amount loaned in 2005. Since the City is only contingently liable, this amount is not included in the Schedule of Long-Term Debt. See Note 8 – Contingencies in the Basic Financial Statements section for details of the entire program.

**NOTE 5 - NONCASH AWARDS**

Not Applicable.

**NOTE 6 - AMOUNT PAID TO SUBRECIPIENTS**

The City of Yakima paid the following amounts to subrecipients:

CDBG-14.218	\$146,817
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**SCHEDULE #17 - ANNUAL REPORT ON PUBLIC WORKS PROJECTS**

For the Year January 1, 2005 through December 31, 2005

**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 Account	(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	\$10,357	\$10,357	\$0

**PART II**

1. Total current public works construction budget as amended (annual or biennial as applicable)	<u>\$34,063,401</u>
2. Total allowable public works (10% of #1)	3,406,340
3. Less: Amount (if any) in excess of permitted amount from prior year	<u>0</u>
4. Total allowable public works (#2 minus #3)	3,406,340
5. Total public works projects performed by public employees during the current year (including work performed by a county)	10,357
6. If this is the second year of a biennial budget, total public works performed by public employees during the prior year	<u>0</u>
7. Restricted (over) under allowable (#4 minus #5 minus #6)	<u>\$3,395,983</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, 2005

<b>NAME OF FIRM:</b>	<b>NAME OF CONSULTANT:</b>
Summit Law Group	Bruce Schroeder/Beth Kennar
<b>BUSINESS ADDRESS:</b>	
315 Fifth Avenue S, Suite 1000 Seattle, Washington 98104	
<b>AMOUNT PAID TO CONSULTANT DURING FISCAL YEAR:</b>	
\$21,961.91	
<b>TERMS AND CONDITIONS, AS APPLICABLE, INCLUDING:</b>	
Rates (e.g., hourly, etc.): \$210 to \$245 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 \_\_\_\_\_, 2006 to the best of my knowledge and belief:

Signature : \_\_\_\_\_

Name: Cindy J. Epperson

Title: Accounting & Treasury Manager

**SCHEDULE #19 - LABOR RELATIONS CONSULTANTS**

For the Year Ended December 31, 2005

<b>NAME OF FIRM:</b>	<b>NAME OF CONSULTANT:</b>
Menke, Jackson, Beyer, Elofson, Ehlis & Harper, LLP	Kirk Ehlis/Ken Harper
<b>BUSINESS ADDRESS:</b>	
807 North 39th Avenue Yakima, Washington 98901	
<b>AMOUNT PAID TO CONSULTANT DURING FISCAL YEAR:</b>	
\$27,813.56	
<b>TERMS AND CONDITIONS, AS APPLICABLE, INCLUDING:</b>	
Rates (e.g., hourly, etc.): \$125 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 \_\_\_\_\_, 2006 to the best of my knowledge and belief:

Signature : \_\_\_\_\_

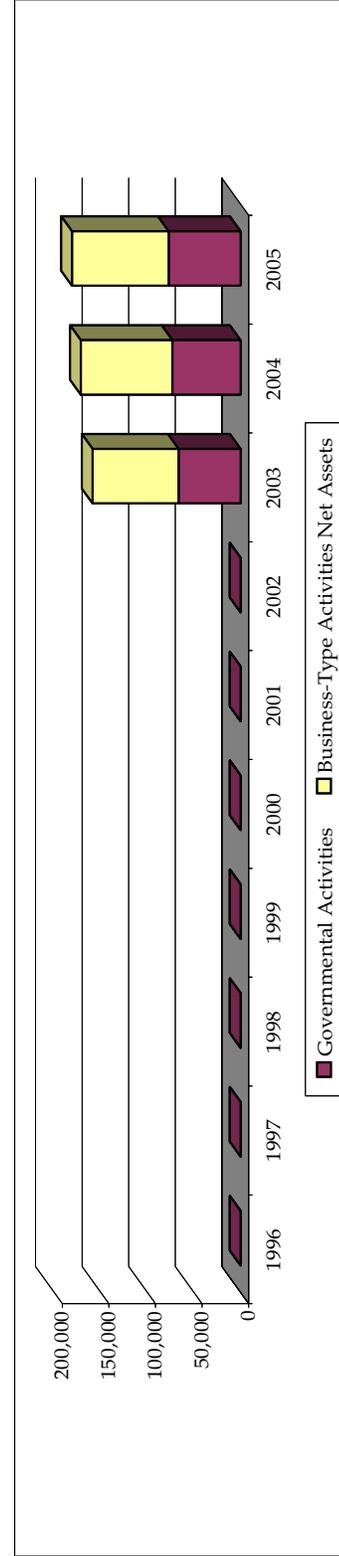
Name: Cindy J. Epperson

Title: Accounting & Treasury Manager

**CITY OF *Yakima***  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>GOVERNMENT ACTIVITIES</b>										
Invested in Capital Assets, Net of Related Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,464	\$60,441	\$63,513
Restricted	0	0	0	0	0	0	0	4,914	4,831	4,792
Unrestricted	0	0	0	0	0	0	0	11,195	8,060	8,951
Total Governmental Activities Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$66,573	\$73,332	\$77,256
<b>BUSINESS TYPE ACTIVITIES</b>										
Invested in Capital Assets, Net of Related Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$80,072	\$84,227	\$86,609
Restricted	0	0	0	0	0	0	0	2,610	2,665	2,701
Unrestricted	0	0	0	0	0	0	0	9,692	11,250	14,613
Total Business-type Activities Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$92,374	\$98,142	\$103,923
<b>PRIMARY GOVERNMENT</b>										
Invested in Capital Assets, Net of Related Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$130,536	\$144,668	\$150,122
Restricted	0	0	0	0	0	0	0	7,524	7,496	7,493
Unrestricted	0	0	0	0	0	0	0	20,887	19,310	23,564
Total Primary Government Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$158,947	\$171,474	\$181,179



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

**CITY OF *Yakima***  
**CHANGES IN NET ASSETS**

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>EXPENSES</b>										
Governmental Activities:										
General Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,774	\$7,147	\$6,684
Security of Persons and Property	0	0	0	0	0	0	0	26,468	23,391	29,915
Physical Environment	0	0	0	0	0	0	0	1,225	1,176	1,211
Transportation	0	0	0	0	0	0	0	5,811	5,584	5,883
Economic Environment	0	0	0	0	0	0	0	3,143	3,422	3,738
Mental and Physical Health	0	0	0	0	0	0	0	15	17	43
Cultural and Recreational Environment	0	0	0	0	0	0	0	6,891	7,066	7,014
Interest on Long-Term Debt	0	0	0	0	0	0	0	1,063	850	809
Total Governmental Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$51,390	\$53,653	\$55,297
Business-Type Activities:										
Transit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,282	\$5,526	\$6,282
Refuse	0	0	0	0	0	0	0	2,861	2,751	3,154
Wastewater	0	0	0	0	0	0	0	10,172	11,565	11,173
Water	0	0	0	0	0	0	0	4,406	4,586	4,921
Irrigation	0	0	0	0	0	0	0	1,222	1,220	1,645
Total Business-Type Activities	0	0	0	0	0	0	0	23,943	25,648	27,175
Total Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$75,333	\$79,301	\$82,472
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$47	\$196	\$156
Security of Persons and Property	0	0	0	0	0	0	0	1,995	1,746	1,561
Physical Environment	0	0	0	0	0	0	0	422	605	875
Transportation	0	0	0	0	0	0	0	98	130	84
Economic Environment	0	0	0	0	0	0	0	1,141	1,146	1,059
Cultural and Recreational Environment	0	0	0	0	0	0	0	1,515	1,565	1,533
Operating Grants and Contributions	0	0	0	0	0	0	0	5,051	4,542	5,134
Capital Grants and Contributions	0	0	0	0	0	0	0	2,866	311	3,921
Total Governmental Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,135	\$19,241	\$14,323
Business-Type Activities										
Charges for Services										
Transit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$427	\$422	\$450
Refuse	0	0	0	0	0	0	0	3,080	3,335	3,508
Wastewater	0	0	0	0	0	0	0	12,102	14,691	14,125

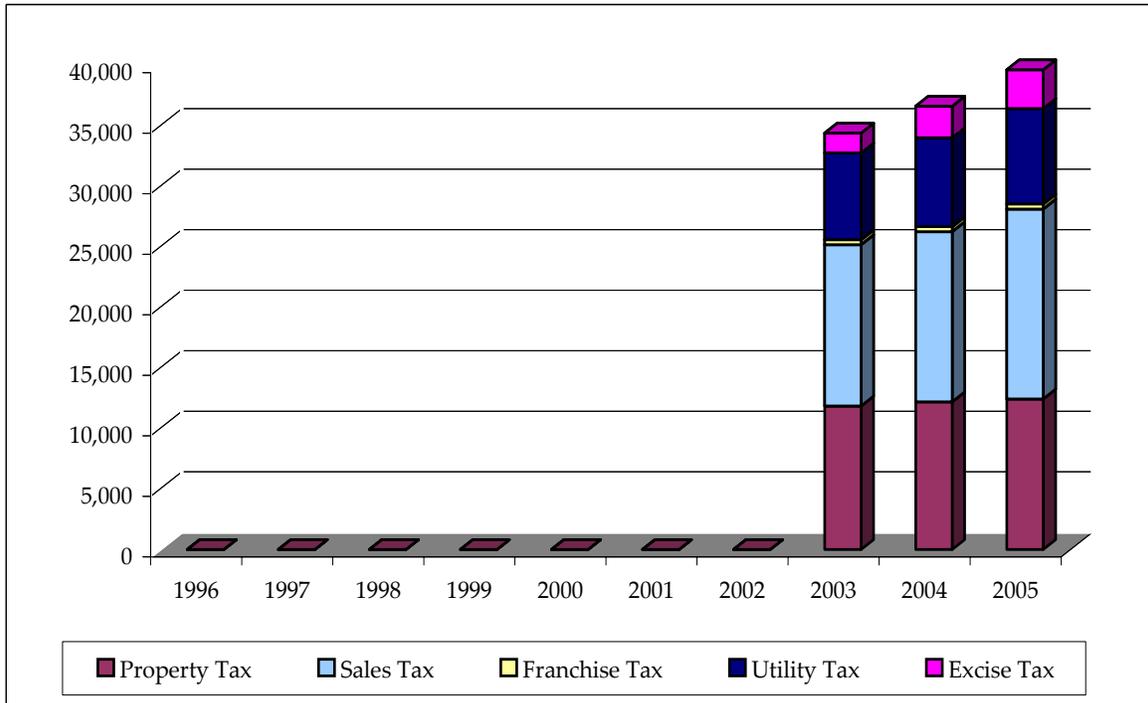
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Water	0	0	0	0	0	0	0	4,973	5,208	5,381
Irrigation	0	0	0	0	0	0	0	1,792	2,479	2,435
Operating Grants and Contributions	0	0	0	0	0	0	0	1,552	1,803	3,103
Capital Grants and Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,103	\$2,053	2,387
Total Business-Type Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$28,029	\$29,991	\$31,389
Total Program Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,164	\$49,232	\$45,712
<b>NET (EXPENSE) / REVENUE</b>										
Governmental Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$38,255)	(\$34,412)	(\$40,974)
Business-Type Activities	0	0	0	0	0	0	0	4,086	4,343	4,214
Total Net Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$34,169)	(\$30,069)	(\$36,760)
<b>GENERAL REVENUES &amp; OTHER CHANGES IN NET ASSETS</b>										
Governmental Activities										
Taxes										
Property Taxes	0	0	0	0	0	0	0	\$11,853	\$12,199	\$12,435
Sales and Use Taxes	0	0	0	0	0	0	0	13,328	14,055	15,690
Franchise and Utility Taxes	0	0	0	0	0	0	0	7,582	7,763	8,302
Excise Tax	0	0	0	0	0	0	0	1,646	2,612	3,213
Penalties and Interest	0	0	0	0	0	0	0	12	2	1
Grants and Contributions not Restricted	0	0	0	0	0	0	0	176	0	0
State Entitlements	0	0	0	0	0	0	0	2,675	2,774	2,953
Unrestricted Investment Interest	0	0	0	0	0	0	0	426	415	735
Miscellaneous	0	0	0	0	0	0	0	(260)	41	57
Gain on Sale of Capital Assets	0	0	0	0	0	0	0	(7)	(1,012)	(1,443)
Intergovernmental Agreements	0	0	0	0	0	0	0	1,406	0	0
Transfers	0	0	0	0	0	0	0	2,637	2,797	2,950
Debt Issue Cost	0	0	0	0	0	0	0	0	0	4
Actg Loss on General Obligation of Debt Ref	0	0	0	0	0	0	0	(295)	(474)	0
Total Governmental Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$38,366	\$41,172	\$44,897
Business-Type Activities										
Sales and Use Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,895	\$4,138	\$4,234
Unrestricted Investment Interest	0	0	0	0	0	0	0	124	269	560
Gain on Sale of Capital Assets	0	0	0	0	0	0	0	(139)	8	(56)
Transfers	0	0	0	0	0	0	0	(3,122)	(2,990)	(3,171)
Extraordinary Item	0	0	0	0	0	0	0	(8,332)	0	0
Total Business-Type Activities	0	0	0	0	0	0	0	(7,574)	1,428	1,567
Total Primary Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,792	\$42,597	\$46,464
<b>CHANGE IN NET ASSETS</b>										
Governmental Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$111	\$6,760	\$3,923
Business-Type Activities	0	0	0	0	0	0	0	(3,489)	5,768	5,781
Total Primary Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,377)	\$12,528	\$9,704

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

CITY OF *Yakima*  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
 LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

FISCAL YEAR	PROPERTY TAX	SALES TAX	FRANCHISE TAX	UTILITY TAX	EXCISE TAX	TOTAL
1996	\$0	\$0	\$0	\$0	\$0	\$0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	0	0	0	0	0	0
2000	0	0	0	0	0	0
2001	0	0	0	0	0	0
2002	0	0	0	0	0	0
2003	11,853	13,328	417	7,165	1,646	34,409
2004	12,199	14,055	421	7,342	2,612	36,629
2005	12,435	15,690	427	7,875	3,213	39,640



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

*CITY OF Yakima*  
**FUND BALANCES OF GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>GENERAL FUND</b>										
Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$481	\$384	\$278
Unreserved	0	0	0	0	0	0	0	8,467	8,467	8,686
Total General Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,957	\$8,851	\$8,964
<b>COMMUNITY DEVELOPMENT FUND</b>										
Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$631	\$1,120	\$1,016
Unreserved	0	0	0	0	0	0	0	(157)	(813)	(661)
Total Community Development Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$474	\$307	\$355
<b>PARKS &amp; RECREATION FUND</b>										
Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24	\$8	\$1
Unreserved	0	0	0	0	0	0	0	459	464	478
Total Parks & Recreation Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$483	\$472	\$479
<b>STREETS &amp; TRAFFIC ENGINEERING FUND</b>										
Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$340	\$346	\$108
Unreserved	0	0	0	0	0	0	0	1,047	989	1,233
Streets & Traffic Engineering Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,387	\$1,335	\$1,341
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,139	\$2,973	\$3,389
Unreserved reported in:										
Special Revenue Funds	0	0	0	0	0	0	0	4,258	3,470	3,874
Capital Project Funds	0	0	0	0	0	0	0	3,382	2,478	3,288
Total All Other Governmental Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,779	\$8,921	\$10,551
<b>GOVERNMENTAL FUNDS</b>										
Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,615	\$4,831	\$4,792
Unreserved	0	0	0	0	0	0	0	17,465	15,055	16,898
Grand Total Governmental Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$22,080	\$19,886	\$21,690

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

**CITY OF *Yakima***  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>REVENUES</b>										
Taxes and Special Assessments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,977	\$39,490	\$42,557
Licenses and Permits	0	0	0	0	0	0	0	470	530	691
Intergovernmental Revenues	0	0	0	0	0	0	0	10,260	12,797	11,839
Charges for Services	0	0	0	0	0	0	0	5,291	5,846	5,596
Fines and Forfeits	0	0	0	0	0	0	0	1,397	1,364	1,190
Interest	0	0	0	0	0	0	0	695	553	870
Other Revenues	0	0	0	0	0	0	0	854	1,201	1,240
Total Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$55,944	\$61,781	\$63,983
<b>EXPENDITURES</b>										
General Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,054	\$9,905	\$10,090
Security of Persons and Property	0	0	0	0	0	0	0	25,440	26,959	28,684
Physical Environment	0	0	0	0	0	0	0	1,583	1,707	1,699
Transportation	0	0	0	0	0	0	0	4,310	4,204	4,601
Economic Environment	0	0	0	0	0	0	0	3,117	3,380	3,681
Mental and Physical Health	0	0	0	0	0	0	0	15	17	43
Cultural and Recreational Environment	0	0	0	0	0	0	0	6,331	6,452	6,900
Capital Outlay	0	0	0	0	0	0	0	10,004	9,488	5,333
Debt Service	0	0	0	0	0	0	0		1,932	2,130
Principal Retirement	0	0	0	0	0	0	0		850	813
Interest	0	0	0	0	0	0	0	1,063		
Total Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$62,823	\$64,894	\$63,974
Excess (Deficiencies) Of Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,879)	(\$3,113)	\$9

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$492	\$473	\$0
Proceeds from L.T. Debt - G.O. Bonds	0	0	0	0	0	0	0	1,511	7	760
Proceeds from Intergovernmental Loans	0	0	0	0	0	0	0	75	0	148
Other Note Proceeds	0	0	0	0	0	0	0	0	0	371
Transfers In	0	0	0	0	0	0	0	3,779	3,893	3,878
Transfers (Out)	0	0	0	0	0	0	0	(3,697)	(3,954)	(3,845)
Intergovernmental Agreements	0	0	0	0	0	0	0	(1,406)	0	0
Sale of Capital Assets	0	0	0	0	0	0	0	49	131	317
Compensation for Loss of General Capital Assets	0	0	0	0	0	0	0	52	54	162
Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$855	\$604	\$1,791
Net Changes In Fund Balances	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,024)	(\$2,509)	\$1,800
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.62%	5.02%	5.02%

**CITY OF Yakima**  
**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**

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

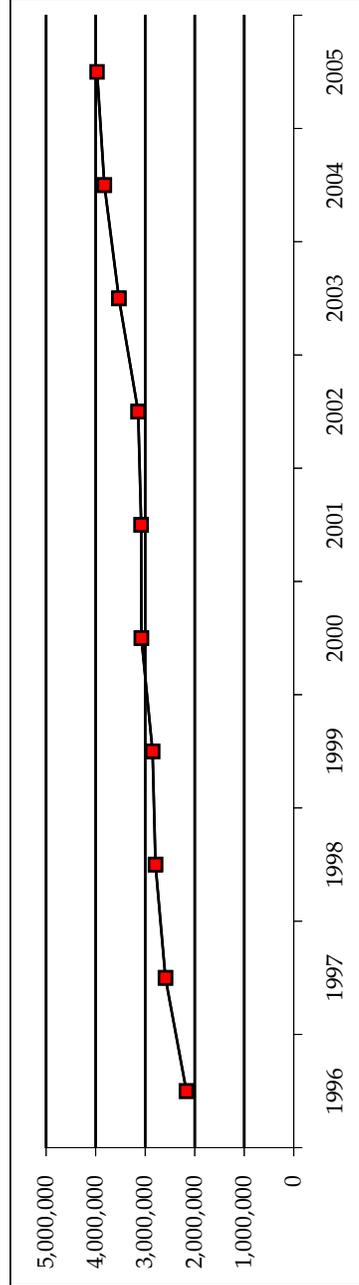
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>SOURCE:</b>										
Property Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,853	\$12,199	\$12,435
Sales Tax	0	0	0	0	0	0	0	13,328	14,055	15,690
Franchise Tax	0	0	0	0	0	0	0	417	421	427
Utility Tax	0	0	0	0	0	0	0	9,720	10,200	10,792
Excise Tax	0	0	0	0	0	0	0	1,646	2,612	3,213
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,964	\$39,487	\$42,557

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

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

FISCAL YEAR	COUNT	REAL PROPERTY ASSESSED VALUE (1)	PERSONAL PROPERTY ASSESSED VALUE (1)	TOTAL TAXABLE ASSESSED VALUE (1)	TOTAL DIRECT TAX RATE (2)
1996	26,947	\$1,991,646	\$176,680	\$2,168,326	\$3.1872
1997	27,373	2,380,500	210,998	2,591,498	3.2266
1998	27,761	2,553,323	238,678	2,792,001	3.2869
1999	28,041	2,613,750	237,389	2,851,139	3.4490
2000	28,485	2,832,242	244,291	3,076,533	3.4906
2001	28,687	2,880,160	200,845	3,081,005	3.5145
2002	28,919	2,934,639	207,991	3,142,630	3.5264
2003	29,138	3,322,171	208,221	3,530,392	3.5214
2004	29,522	3,417,860	406,237	3,824,097	3.4718
2005	29,851	3,550,847	420,821	3,971,668	3.4395

**TOTAL TAXABLE ASSESSED VALUE**



Source: Yakima County.

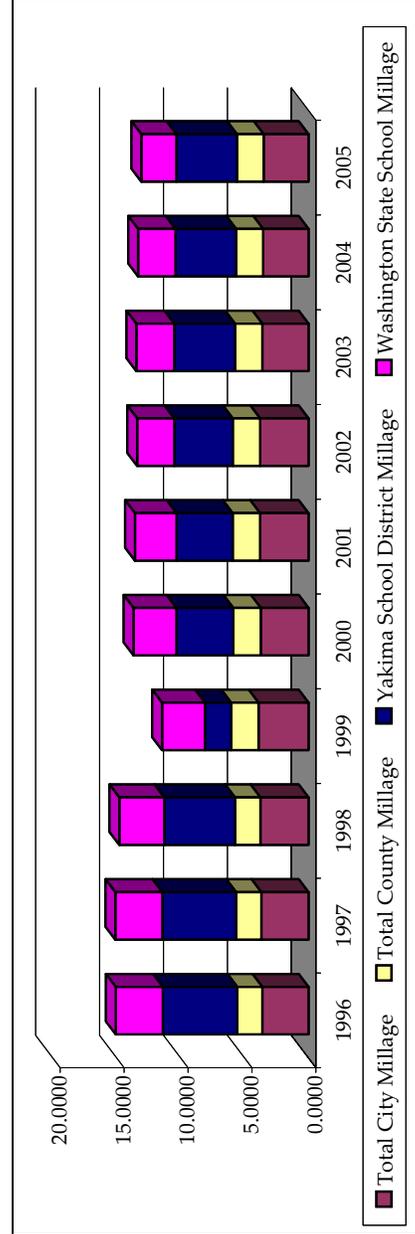
(1) Amounts expressed in thousands.

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

NOTE: Information for tax year 1996 was imported from an older system, and may not be exact.

*CITY OF Yakima*  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS (1)**  
 LAST TEN FISCAL YEARS

FISCAL YEAR	CITY OF YAKIMA			YAKIMA COUNTY			YAKIMA SCHOOL DISTRICT			TOTAL DIRECT & OVERLAPPING RATES
	OPERATING RATE/I,000	DEBT SERVICE RATE/I,000	TOTAL CITY RATE/I,000	OPERATING RATE/I,000	DEBT SERVICE RATE/I,000	TOTAL COUNTY RATE/I,000	OPERATING RATE/I,000	DEBT SERVICE RATE/I,000	TOTAL SCHOOL RATE/I,000	
1996	\$3.1872	\$0.4293	\$3.6165	\$1.8368	\$0.1217	\$1.9585	\$3.5166	\$2.3094	\$5.8260	\$3.6740
1997	3.2477	0.4471	3.6948	1.8628	0.1123	1.9751	3.6140	2.1558	5.7698	3.6740
1998	3.2868	0.4814	3.7682	1.8897	0.0976	1.9873	3.4917	2.0390	5.5307	3.5140
1999	3.4490	0.4653	3.9143	2.0475	0.0961	2.1436	0.0000	2.0462	2.0462	3.3575
2000	3.4906	0.2484	3.7390	2.0622	0.0930	2.1552	2.5345	1.9091	4.4436	3.3480
2001	3.5145	0.2809	3.7954	2.0534	0.0891	2.1425	2.5328	1.8599	4.3927	3.2469
2002	3.5264	0.2610	3.7874	2.0606	0.0875	2.1481	2.7336	1.8338	4.5674	2.9020
2003	3.5213	0.0957	3.6170	2.0537	0.0849	2.1386	2.7785	1.9776	4.7561	2.9595
2004	3.4718	0.0841	3.5559	2.0305	0.0817	2.1122	2.8150	1.9270	4.7420	2.9261
2005	3.4395	0.0763	3.5158	2.0131	0.0772	2.0903	2.9402	1.7966	4.7368	2.7364



Source: Yakima County Department of Assessments.  
 (1) Overlapping rates are those of local and county governments that apply to property owners within the City of Yakima. Not all overlapping rates apply to all City of Yakima property owners (e.g. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the district.)

CITY OF *Yakima*  
**PRINCIPAL PROPERTY TAX PAYERS**  
**DECEMBER 31, 2005**

(Amounts Expressed in Thousands)

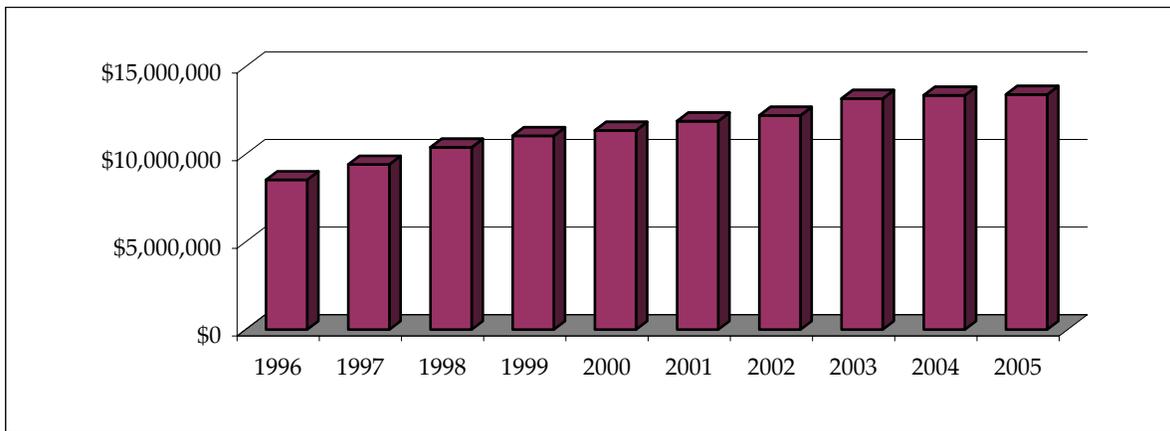
TAXPAYER	----- 2005 <sup>(1)</sup> -----			----- 1996 <sup>(2)</sup> -----		
	TAXABLE ASSESSED	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
	VALUE			VALUE		
Yakima HMA Inc.	\$53,075	1	1.34%			
Shields Bag & Printing	41,086	2	1.03%			
Qwest Corporation	33,237	3	0.84%			
Longview Fibre Co.	24,337	4	0.61%			
Leelynn Inc. & Wiley Mountain Inc.	21,032	5	0.53%			
John I. Haas Incorporated	20,421	6	0.51%	37,828	1	0.53%
Washington Fruit & Produce Co.	16,966	7	0.43%	20,323	9	0.28%
Yakima Valley Memorial Hospital	16,687	8	0.42%			
Snokist Growers, Inc.	16,496	9	0.42%	36,465	2	0.51%
Yakima Mall / Center	<u>15,970</u>	10	<u>0.40%</u>			
Tree Top Incorporated				34,753	3	0.49%
Darigold, Inc				33,244	4	0.46%
Boise Cascade Corp.				32,851	5	0.46%
Zirkle Fruit Company				23,610	6	0.33%
Weyerhaeuser Company				21,841	7	0.31%
Welch Grape Juice Co. Inc.				21,740	8	0.30%
Del Monte Corp.				<u>20,139</u>	10	<u>0.28%</u>
Totals	<u>\$259,307</u>		<u>6.53%</u>	<u>\$282,794</u>		<u>3.95%</u>

(1) Yakima County Assessor's Office - assessments for the City of Yakima in 2005.

(2) Yakima County Assessor's Office - may include assessments for Yakima County.

CITY OF *Yakima*  
**PROPERTY TAX LEVIES AND COLLECTIONS <sup>(1)</sup>**  
 LAST TEN FISCAL YEARS

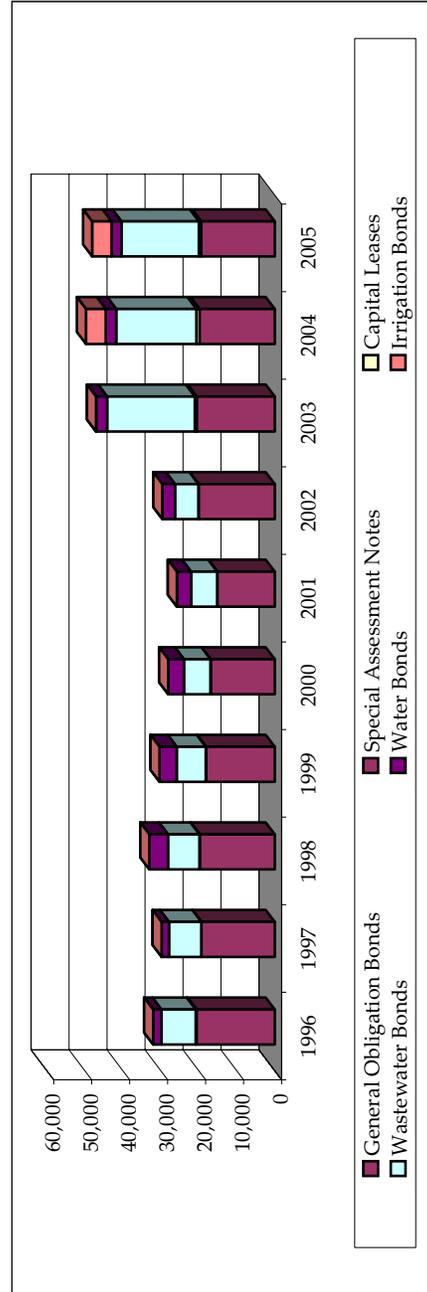
FISCAL YEAR ENDED	TOTAL TAX LEVY FOR THE YEAR	COLLECTED WITHIN THE ----- YEAR OF THE LEVY -----		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTION ----- TO DATE -----	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF THE LEVY
1996	\$8,607,012	\$8,331,221	96.8%	\$214,043	\$8,545,264	99.3%
1997	9,486,220	9,115,321	96.1%	311,450	9,426,771	99.4%
1998	10,476,934	10,030,613	95.7%	370,711	10,401,324	99.3%
1999	11,133,718	10,632,941	95.5%	425,668	11,058,609	99.3%
2000	11,488,967	10,864,769	94.6%	501,248	11,366,017	98.9%
2001	11,968,211	11,474,128	95.9%	421,462	11,895,590	99.4%
2002	12,390,073	11,802,380	95.3%	416,237	12,218,617	98.6%
2003	13,280,578	12,848,761	96.7%	333,082	13,181,843	99.3%
2004	13,592,285	13,167,897	96.9%	198,381	13,366,278	98.3%
2005	13,960,632	13,412,195	96.1%	N/A	13,412,195	96.1%



(1) Includes both ad valorem (general) and voted property tax levies.

**CITY OF *Yakima***  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
 (Amounts Expressed in Thousands Except Per Capita Amounts)

YEAR	--- GOVERNMENTAL ACTIVITIES ---				----- BUSINESS-TYPE ACTIVITIES -----				TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME <sup>(1)</sup>	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	WASTEWATER BONDS	WATER BONDS	IRRIGATION BONDS	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME <sup>(1)</sup>	PER CAPITA			
1996	\$20,605	\$220	\$9,026	\$2,169	\$0	\$32,020	N/A	N/A			
1997	19,333	21	8,504	1,936	0	29,794	N/A	N/A			
1998	19,770	75	8,275	4,915	0	33,035	N/A	N/A			
1999	18,083	109	7,628	4,537	0	30,357	3.01%	\$465			
2000	16,876	86	76,958	4,152	0	28,072	2.84%	391			
2001	15,124	63	6,853	3,752	0	25,792	2.62%	353			
2002	20,081	39	6,158	3,337	0	29,615	2.83%	374			
2003	20,580	492	23,084	2,911	0	47,067	3.63%	594			
2004	19,830	822	21,106	2,754	5,215	49,727	3.84%	626			
2005	19,365	640	20,386	2,589	5,120	48,100	N/A	590			

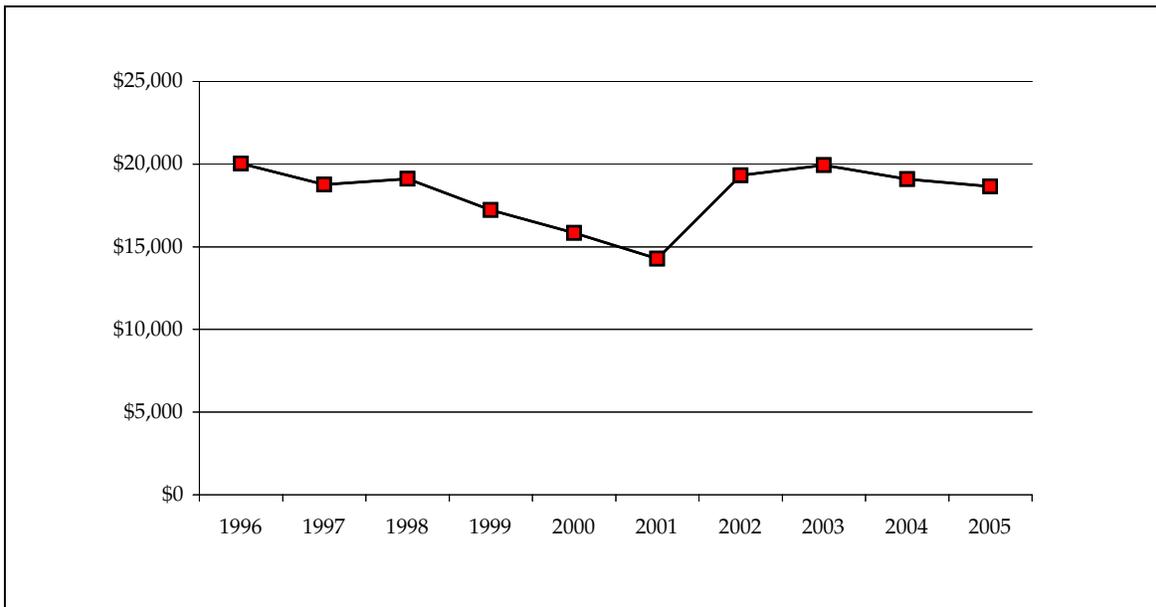


(1) See the Schedule of Demographic and Economic Statistics on page 172 for personal income and population data. This information is not currently available for 1996 - 1998, and 2005.  
 NOTE: Details regarding the city's outstanding debt can be found in the notes of the financial statements.

CITY OF *Yakima*  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
 LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands Except Per Capita Amounts)

<b>YEAR</b>	<b>GENERAL OBLIGATION BONDS <sup>(1)</sup></b>	<b>LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND <sup>(1)</sup></b>	<b>TOTAL</b>	<b>PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY</b>	<b>PER CAPITA</b>
1996	\$20,605	\$562	\$20,043	.78%	\$316
1997	19,333	563	18,043	.67%	295
1998	19,770	664	19,106	.67%	297
1999	18,083	858	17,225	.56%	264
2000	16,876	1,044	15,832	.50%	220
2001	15,124	852	14,272	.44%	195
2002	20,080	756	19,324	.53%	244
2003	20,580	648	19,932	.52%	252
2004	19,830	739	19,091	.48%	240
2005	19,365	724	18,641	.45%	229



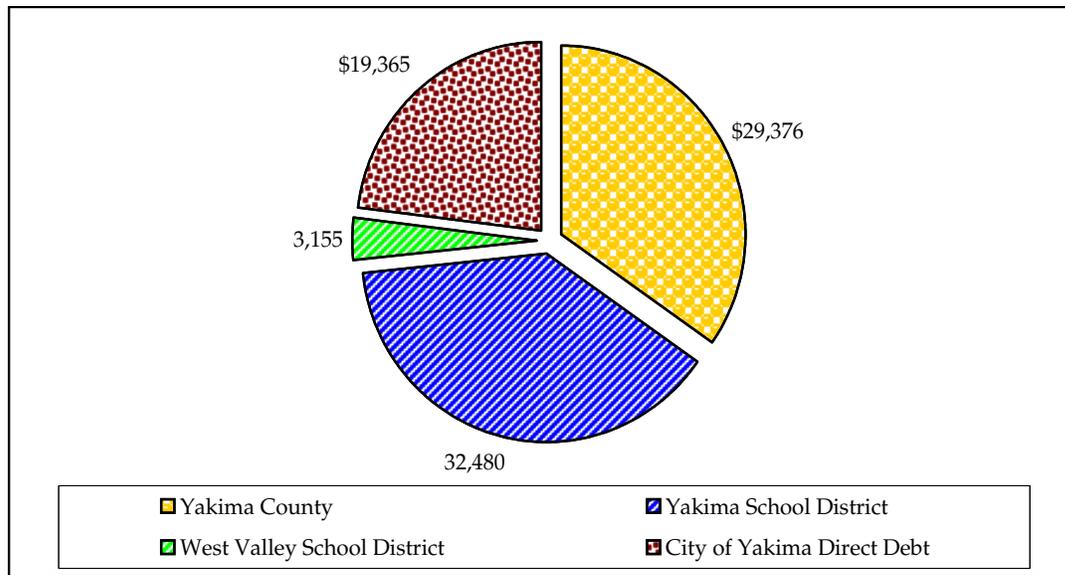
(1) Excludes Local Improvement Districts' bonded debt and their respective funds in the Debt Service Funds.

CITY OF *Yakima*  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

As of December 31, 2005

(Amounts Expressed in Thousands)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE <sup>(1)</sup>	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes:			
Yakima County	\$71,841	40.89%	\$29,376
Yakima School District	34,775	93.40%	32,480
West Valley School District	8,435	37.40%	3,155
Subtotal, Overlapping Debt	<u>\$115,051</u>		<u>\$65,010</u>
City of Yakima Direct Debt			<u>\$19,365</u>
Total Direct and Overlapping Debt			<u><u>\$84,375</u></u>



Source: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Yakima. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Union Gap and Naches School Districts are excluded in the overlapping debt chart due to estimate debt overlap is less than 1% (.66% and .29% respectively.)

*CITY OF Yakima*  
**LEGAL DEBT MARGIN INFORMATION**  
 LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

FISCAL YEAR	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Debt Limit	\$194,361	\$209,400	\$213,834	\$230,739	\$236,703	\$245,145	\$275,508	\$286,806	\$297,876	\$312,729
Total Net Debt Applicable to Limit	21,586	19,179	20,112	17,895	15,867	14,462	19,268	19,869	20,111	20,493
Legal Debt Margin	<u>\$172,775</u>	<u>\$190,221</u>	<u>\$193,722</u>	<u>\$212,844</u>	<u>\$220,836</u>	<u>\$230,683</u>	<u>\$256,240</u>	<u>\$266,937</u>	<u>\$277,765</u>	<u>\$292,236</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.11%	9.16%	9.41%	7.76%	6.70%	5.90%	6.99%	6.93%	6.75%	6.55%

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2005**

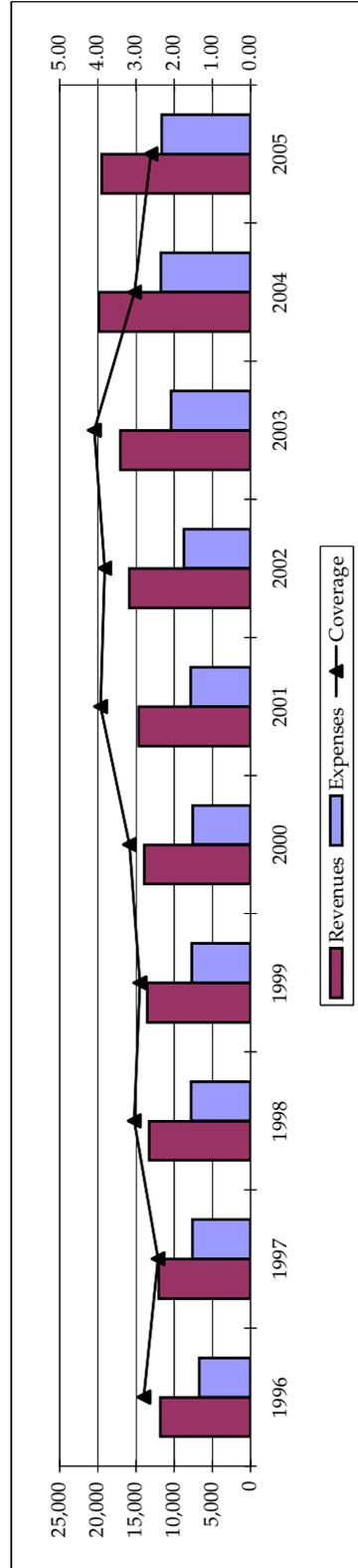
Taxable Property Value	\$4,169,739
Debt Limit (7.5% of Total Assessed Value)	\$312,729
Debt Applicable to Limit:	
General Obligation Bonds and Other Debt	29,004
Less: Amount Set Aside for Repayment of General Obligation Debt & Other Debt	<u>8,511</u>
Total Net Debt Applicable to Limit	<u>\$20,493</u>
Legal Debt Margin	<u>\$292,236</u>

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

*CITY OF Yakima*  
**PLEDGED-REVENUE COVERAGE**  
 LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

YEAR	WATER & WASTEWATER REVENUE BONDS		DEBT SERVICE		COVERAGE
	WATER & WASTEWATER OPERATING REVENUES	LESS OPERATING EXPENSES	NET AVAILABLE REVENUE	PRINCIPAL INTEREST	
1996	\$11,801	\$6,729	\$5,072	\$1,016	2.80
1997	12,027	7,598	4,429	798	2.42
1998	13,264	7,763	5,501	1,106	3.05
1999	13,510	7,712	5,798	1,327	2.90
2000	13,888	7,586	6,302	1,368	3.17
2001	14,647	7,838	6,809	1,191	3.93
2002	15,914	8,717	7,197	1,402	3.82
2003	17,072	10,387	6,685	1,167	4.09
2004	19,881	11,751	8,130	1,530	3.04
2005	19,501	11,644	7,857	1,497	2.61



NOTE: Operating expenses exclude depreciation, amortization and City taxes.

**CITY OF *Yakima***  
**PLEDGED-REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands)

YEAR	IRRIGATION REVENUE BONDS		NET		DEBT SERVICE		COVERAGE
	IRRIGATION OPERATING REVENUES	LESS OPERATING EXPENSES	AVAILABLE REVENUE	PRINCIPAL	INTEREST		
	\$0	\$0	\$0	\$0	\$0		
1996							N/A
1997	0	0	0	0	0		N/A
1998	0	0	0	0	0		N/A
1999	0	0	0	0	0		N/A
2000	0	0	0	0	0		N/A
2001	0	0	0	0	0		N/A
2002	0	0	0	0	0		N/A
2003	0	0	0	0	0		N/A
2004	0	0	0	0	0		N/A
2005	2,433	1,256	1,177	98	219		3.70

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

**CITY OF *Yakima***  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION <sup>(1)</sup>	PERSONAL INCOME <sup>(2)</sup> (AMOUNT EXPRESSED IN THOUSANDS)	PER CAPITA PERSONAL INCOME <sup>(2)</sup>	MEDIAN AGE <sup>(2)</sup>	EDUCATION LEVEL IN YEARS OF FORMAL SCHOOLING <sup>(2)</sup>	SCHOOL ENROLLMENT <sup>(3)</sup>	UNEMPLOYMENT RATE <sup>(4)</sup>
1996	63,438	N/A	N/A	N/A	N/A	14,024	11.7%
1997	63,632	N/A	N/A	N/A	N/A	13,827	9.2%
1998	64,290	N/A	N/A	N/A	N/A	13,928	9.1%
1999	65,262	\$1,009,596	\$14,416	32.0	12.3	13,922	9.4%
2000	71,845	988,251	14,688	30.1	12.3	13,903	7.7%
2001	73,040	986,132	14,611	30.6	12.4	13,565	9.4%
2002	79,120	1,046,511	14,975	33.1	12.1	14,396	9.7%
2003	79,220	1,297,305	17,245	33.5	12.4	14,662	9.7%
2004	79,480	1,294,066	16,716	32.0	12.5	14,463	8.6%
2005	81,470	Not Yet Available	Not Yet Available	Not Yet Available	Not Yet Available	14,564	7.6%

(1) 1996 - 2004: Office of Financial Management web site. 2005 information adjusted for annexations.

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

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

(4) US Department of Labor web site.

**CITY OF *Yakima***  
**PRINCIPAL EMPLOYERS**  
 CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	----- 2005 -----			----- 1996 -----		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
<b>MANUFACTURERS:</b>						
Tree Top	1,150	1	1.4%	800	2	1.3%
Western Recreational	665	2	0.8%	-	-	-
Washington Beef	620	3	0.8%	635	3	1.0%
Shields Bag & Printing	550	4	0.7%	478	4	0.8%
Walmart	545	5	0.7%	-	-	-
Del Monte	-	-	-	438	5	0.7%
Snokist	-	-	-	1,735	1	2.7%
<b>NON MANUFACTURERS:</b>						
Yakima School District	1,453	1	1.8%	1,500	1	2.4%
DSHS - Division of Vocational Rehabilitation	1,400	2	1.7%	-	-	-
Yakima County	1,200	3	1.5%	947	2	1.5%
Memorial Hospital	1,100	4	1.4%	900	4	1.4%
Yakima Regional Medical Center (Providence)	841	5	1.0%	913	3	1.4%
City of Yakima	-	-	-	687	5	1.1%
<b>Total</b>	<b>9,524</b>		<b>11.7%</b>	<b>9,033</b>		<b>14.2%</b>

Source: Yakima Chamber of Commerce.

*CITY OF Yakima*  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
 LAST TEN FISCAL YEARS

<b>FUNCTION</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
General Government <sup>(1)</sup>	186.59	219.95	227.32	225.80	210.76	208.76	214.24	213.24	217.17	221.68
Public Safety										
Police										
Officers	109.00	109.00	116.00	116.00	111.00	111.00	118.00	118.00	119.00	125.00
Civilians	57.00	53.00	50.00	50.00	49.00	51.00	52.00	51.75	52.75	51.00
Fire										
Firefighters and Officers	66.00	66.00	66.00	66.00	68.00	68.00	69.00	70.00	79.00	79.00
Civilians	18.00	9.00	9.00	9.00	3.00	3.00	3.00	3.00	3.00	3.00
Highways and Streets										
Engineering	13.75	14.00	14.00	14.50	13.50	13.50	14.50	14.50	14.50	13.50
Maintenance	20.50	20.50	20.50	20.50	19.50	19.50	23.50	23.50	22.50	24.50
Parks and Recreation	32.45	32.80	32.80	32.63	28.63	28.63	26.88	26.38	27.47	25.47
Transit	44.75	44.75	44.25	44.50	42.00	42.00	44.00	44.25	44.25	48.25
Refuse	17.50	17.50	18.00	19.50	19.90	19.90	19.90	18.90	19.25	19.50
Water	26.90	28.04	28.89	28.33	28.00	28.00	28.00	29.00	29.00	29.00
Sewer	63.17	63.25	63.65	63.51	63.26	63.26	66.51	66.76	64.76	65.45
Irrigation	6.59	8.26	8.01	8.21	8.72	8.72	8.72	8.72	8.72	8.92
Total	662.20	686.05	699.42	698.48	665.27	665.27	688.25	688.00	701.37	714.27

(1) Municipal Court established in 1997.

**CITY OF *Yakima***  
**OPERATING INDICATORS BY FUNCTION**  
 LAST TEN FISCAL YEARS

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>POLICE</b>										
Physical arrests	N/A	4,967	4,869	5,596	5,675	5,312	5,638	5,858	5,767	6,121
Parking violations	N/A	N/A	10,286	10,333	10,924	9,813	8,403	6,752	6,555	3,326
Traffic violations	N/A	13,814	13,898	18,341	20,420	18,256	18,397	17,102	16,040	16,754
<b>FIRE</b>										
Number of calls answered	5,593	5,593	5,842	6,518	6,654	6,737	7,119	8,018	8,052	8,912
Inspections	4,085	3,392	2,888	4,001	1,844	1,772	3,761	3,947	2,876	2,631
<b>HIGHWAYS AND STREETS</b>										
Street resurfacing (miles)	15.8	0.0	8.0	15.8	11.4	7.5	20.1	2.8	0.0	15.8
<b>REFUSE COLLECTED (TONS/DAY)</b>										
Yard Waste collected (tons/day)	64.3	66.2	65.5	63.2	65.3	66.7	69.0	71.5	76.6	80.7
	11.4	15.3	14.1	12.7	13.1	13.2	14.1	14.6	15.5	14.4
<b>CULTURE AND RECREATION</b>										
Community center admissions	75,779	67,227	64,579	70,068	61,315	57,936	49,826	54,446	72,395	99,421
<b>WATER</b>										
New connections	189	181	278	180	150	99	91	140	132	134
Water main breaks	5	6	9	5	8	10	3	11	3	8
Average daily consumption (thousands of gallons)	12,230	13,840	13,270	12,370	13,060	13,088	12,084	12,347	12,463	11,900
<b>WASTEWATER</b>										
Average daily sewage treatment (thousands of gallons)	12,910	11,460	10,734	10,024	11,793	11,425	10,690	10,883	11,033	10,219

Source: Various government departments.

*CITY OF Yakima*  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
 LAST TEN FISCAL YEARS

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>PUBLIC SAFETY</b>										
Police										
Stations	1	1	1	1	1	1	1	1	2	2
Patrol Units	N/A	N/A	N/A	60	60	61	61	62	62	61
Fire Stations	5	5	5	5	5	4	4	4	5	5
<b>SANITATION</b>										
Collection trucks	10	10	12	14	14	13	13	13	13	13
<b>HIGHWAYS AND STREETS</b>										
Streets (miles)	375	375	375	338	348	388	394	394	394	394
Streetlights	3,536	3,564	3,587	3,589	3,611	3,623	3,862	3,862	3,863	3,872
Traffic Signals	102	102	101	98	100	115	115	115	105	105
<b>CULTURE AND RECREATION</b>										
Parks Acreage	375	375	375	375	375	316	325	344	331	265 <sup>(1)</sup>
Parks	31	31	31	31	31	34	29	33	33	33
Swimming Pools	5	5	5	5	5	5	5	5	5	2 <sup>(2)</sup>
Tennis Courts	37	37	37	37	37	33	32	32	32	26
Community Centers	1	1	1	1	1	2	2	2	2	3
<b>WATER</b>										
Water Mains (miles)	257	300	261	262	276	290	290	290	297	297
Fire Hydrants (City owned)	1,873	2,252	2,320	2,340	2,093	2,107	2,107	2,137	2,151	2,164
Maximum Daily Capacity (thousands of gallons)	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,520
<b>WASTEWATER</b>										
Sanitary Sewers (miles)	240	280	280	286	293	293	293	293	310	315
Storm Sewers (miles)	N/A	N/A	N/A	N/A	N/A	104	104	104	104	104
Plant Permitted Capacity (millions of gallons per day)	N/A	N/A	22.3	22.3	22.3	22.3	22.3	21.5	21.5	21.5

(1) As a result of a physical inventory the total acreage of Parks was recalculated..

(2) Six tennis courts were transferred to the Yakima School District.

# CITY OF *Yakima*

## GENERAL INFORMATION\*

### STATISTICS:

Date of Incorporation .....	1886
Form of Government .....	Council-Manager
Type of Government .....	Charter City
Location .....	Central Washington
Land Area .....	25.31 sq. miles
Rank in Size – State (2005) .....	10
Rank in Size – County (2005) .....	1
Population (2005).....	81,470
Assessed Valuation (2006) .....	\$4,169,739,611
City Employees	
(Full-time Equivalents 2006) .....	715
Election and Voter Registration:	
Number of Precincts.....	36
Number of Registered Voters.....	33,544

### 2005 FIRE PROTECTION:

Commissioned Fire Fighting Personnel .....	79
Number of Non-Commissioned Personnel .....	3
Total Number of Fire Personnel .....	82

### 2005 POLICE PROTECTION:

Commissioned Police Personnel .....	125
Non-Commissioned Police Personnel .....	55
Total Number of Police Personnel.....	180
Number of Calls for Service.....	161/day

### 2005 PARKS AND RECREATION:

Total Acreage .....	265
Number of Parks .....	33
Number of Playgrounds .....	16
Major Facilities: Fisher Golf Course, two	
Swimming Pools, (one indoor, one outdoor),	
14 Ball fields (five lighted), 32 Tennis Courts,	
Senior Citizen Center, Southeast Center,	
Tahoma Cemetery.	

### 2005 LICENSES AND PERMITS ISSUED:

Business Licenses - sliding scale starts	
at \$42.90 for 1 - 2 employees, maximum	
of \$1,285.20 for over eighty employees .....	4,624
Regulatory Licenses -	
Varies from \$11.00 to \$1,000 .....	5,119

### 2006 UTILITY AND FRANCHISE TAX RATES:

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

### 2006 PROPERTY TAX LEVY:

Regular Levy .....	\$14,099,087
Special Levy .....	\$300,000
Total 2006 Property Tax Levy .....	\$14,399,087

### 2006 SALES TAX RATES:

State .....	6.50%
Transit .....	0.30%
City of Yakima .....	0.85%
Yakima County.....	0.15%
Criminal Justice (County) .....	0.40%
Total Sales Tax Rate .....	8.20%

### 2006 PROPERTY TAX RATES:

(Per \$1,000 of Assessed Value):	
City of Yakima – General Levy .....	\$3.3813
City of Yakima – Special Levy .....	.0729
Total City of Yakima Property Tax Rate .....	\$3.4542
Yakima County.....	1.6946
Yakima School District #7.....	4.7119
State of Washington Schools .....	2.5026
Emergency Medical Services .....	.2368
Total 2006 Property Tax Rates.....	\$12.6001

### 2006 BUS PASSES (1 MONTH):

Adult .....	\$17.00
Student.....	\$12.00
Senior Citizen/Disabled .....	\$5.00

### 2006 ANIMAL LICENSE FEES:

(Rabies Vaccination Required):	
1 Year License – Altered (Renewal - \$12.00).....	\$15.00
3 Year License - Altered .....	\$33.00
Senior Citizens Lifetime - Altered .....	\$25.00
1 Year License – Not Altered (Renewal - \$25.00).....	\$30.00
3 Year License - Not Altered.....	\$70.00

### 2006 UTILITY RATES (2 MONTHS):

Water – Base Charge.....	\$15.45
Each Unit .....	\$1.20
Wastewater - Base Charge .....	\$26.68
Each Unit .....	\$2.34
Refuse (Carry-out Available for Add'l Charge):	
Automated Collection:	
35 Gallon Cart .....	\$17.22
96 Gallon Cart .....	\$14.63
Manual Collection:	
1 Can .....	\$20.76
2 Can.....	\$31.66
Yard Waste:	
96 Gallon Cart .....	\$11.03
Irrigation (per square foot) .....	\$.0277

\* For information purposes only - not intended for official or legal purposes.

(This page intentionally contains no information.)