

2007 Comprehensive Annual Financial Report

for the year ending December 31, 2007



FUN UNDER THE SUN



COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Year ended December 31, 2007

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COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Year ended December 31, 2007

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

September 12, 2008



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

We are pleased to submit to you this Comprehensive Annual Financial Report of the City of Yakima for the fiscal year ended December 31, 2007, as required by State Statute RCW 43.09.230. Responsibility for both the accuracy of the presented data and the completeness and fairness of its presentation, including all disclosures, rests with the management of the City of Yakima. We believe the data, as presented, is accurate in all material respects; that it is presented in conformity with GAAP (Generally Accepted Accounting Principles) and with statements issued by GASB (Governmental Accounting Standards Board). GAAP and GASB regulations are established in an effort to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all required disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

THE REPORTING ENTITY

This report includes all funds, agencies, and boards controlled by or dependent on the City of Yakima. In addition to General Government activities, the City exercises oversight responsibilities over the *Yakima Air Terminal*, which is operated under a joint operating agreement with *Yakima County*. However, *Yakima County*; *Yakima Valley Regional Library*; the *Yakima, West Valley and Union Gap School Districts*; *Yakima Health District*; *Yakima Conference of Governments*; and the *Yakima Housing Authority* have separate governmental or other entity characteristics and have substantial autonomy and, thus do not meet the criteria of GASB 39 that would determine them to be a component unit of the City.

ABOUT THE CITY

The City of Yakima, county seat of Yakima County, was incorporated in 1886 and is located in central Washington State. It encompasses 27.62 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 2007 population of 83,731, 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, produce and aircraft parts.

- *Snokist*, officially formed in the Yakima Valley in 1965, packs apples, cherries, apricots, prunes, plums and pears within the Yakima Valley and employs approximately 150 full time, and 900 seasonal employees.
- *Shields Bag and Printing*, originating in 1935, has grown from a small town printer to a leader in the flexible packaging industry. Currently, *Shields* employs over 500 people.
- *Longview Fibre Company*, a manufacturer of paperboard, has been located in the Yakima area for over twenty years and employs approximately 160 people.
- *GE Aviation* located in Yakima, a primary manufacturer of hydraulic equipment for the aerospace industry. The Yakima plant, with almost 400 employees, focuses on landing gear and hydraulic systems.
- *Irwin Research and Development* located in Yakima, a primary manufacturer of polystyrene packaging machinery for the food industry. The company has operated in Yakima for over 20 years and employs more than 200 people.

TRANSPORTATION – Commercial airline service is provided by *Horizon Air* and *Delta Airlines* through the Yakima Air Terminal. *Greyhound Bus* has regular passenger service schedules to and from Yakima, and the *Burlington Northern Santa Fe Railroad* supplies product services for Yakima. The air, highway and rail systems in the Yakima Valley provide critical, high quality services to our agricultural, industrial, commercial and tourism based businesses.

HOSPITALS – There are two major hospitals in the Yakima area. *Yakima Valley Memorial Hospital* in-patient services include, but are not limited to, Cardiology, Critical Care, Orthopedics, the Family Birthplace, Pediatrics Unit, Neonatal Intensive Care, Surgery, Psychiatric Health Care, Respiratory Therapy, as well as a Laboratory and a Pharmacy and maintains a staff of approximately 1500 employees. *Yakima Regional Medical and Cardiac Center* provides a full complement of medical

services, including open-heart surgery, a 17-bed CARF accredited inpatient rehabilitation unit, a newly renovated and expanded 21-bed emergency department, a level III trauma designation, an on-campus MRI service and over 900 employees.

CANCER CARE CLINIC – The *North Star Lodge* is a 36,000 square foot, \$7.5 million outpatient Cancer Center. The facility offers services beyond what many major medical centers offer. The innovative and comprehensive cancer care offered at North Star Lodge allows Central Washington cancer patients the same innovative treatments available at major cancer centers throughout the country.

MUSEUM – 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. New Vision has provided assistance to nine expanding local companies over the past four years, and in the past seven years, eleven companies have relocated or expanded to the Yakima Valley, investing over \$70 million in new facilities and creating over 1,500 new jobs.

HIGHER EDUCATION – There are several higher education institutions serving the Yakima area. *Yakima Valley Community College (YVCC)* in Yakima and Grandview is a two-year institution founded in 1928, which offers over 200 academic programs. In the fall of 2003 the Deccio Higher Education Center was opened on the YVCC campus. The center is a new approach taken by the state to provide higher education to the area. The center houses *Washington State University, Central Washington University* and YVCC student services, twelve interactive television classrooms, two video-conference rooms, seven computer labs, two workshop/seminar rooms, a graduate study area, and a large meeting room. *Heritage University* is located a few miles west of Yakima, and is an accredited four-year liberal arts college. *Perry Technical Institute* offers a nationally recognized vocational/technical program and is accredited by ACCSCT (Accrediting Commission of Career Schools and Colleges of Technology).

TOURISM – Yakima is a popular location for sports events, conventions and a variety of tourism activities due to its dry climate, approximately 300 days of sunshine annually, and convenient central location in the State. The Yakima area provides hunting, fishing and water skiing opportunities, and provides numerous recreation opportunities in both summer and winter. Yakima is located within an hour's drive of abundant recreational activities, such as snow skiing, hiking, mountain climbing, and rock climbing, located in numerous National Parks, including Mt. Rainier National Park.

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

Recreational opportunities are plentiful in Greater Yakima. A total of 32 parks are located within the City, providing 287 acres that are developed and in use. In 2007, the City operated two swimming pools – one outdoor and one indoor, along with two new water playground areas. In addition, there are two public and one private 18-hole golf courses, three nine hole courses and 26 public tennis courts. There are also six little league fields and seven softball fields – five of which have lighting. In addition to the six fields located in City parks, the JMPerry Complex has fields that can be configured into either ten youth or six full size soccer fields, .

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

- The *Yakima Convention Center* has an impressive 41,000 square feet of meeting space available. The fully carpeted, column free, 23,400 square foot Grand Ballroom can be divided into eight separate rooms and the South Ballroom can be divided into six separate rooms, allowing many possible variations to fit specific needs.
- The *Yakima Valley Sun Dome*, a multi-purpose trade and convention center with 56,000 square feet of usable space and seating for up to 8,000 people. The *Sun Dome* is utilized for meetings, concerts, trade shows and indoor sporting events. The *Sun Dome* has been home to the *Yakima Sun Kings*, a *Continental Basketball Association* (CBA) team for several years 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 3,000 and is located, along with the *Sun Dome*, at the *State Fair Park*.
- The *Capitol Theatre*, a magnificent and historical theatre originally built in 1920, seats 1,500 and holds over 150 activities and events annually. Currently, the facility is looking to expand by adding two support facilities. First is the Production Center (attached to the back of the Capitol Theatre facility) that will include a 200 to 400 seat flexible “Black Box” theatre. Second is a two story annex on the corner of Yakima Avenue and 3rd Street. With the working title of “Pavilion”, this structure is designed to serve as a beacon to the center of downtown, providing both public and private meeting and gathering spaces, including a theatre lobby/annex, food & beverage service, box office, jazz club and includes administrative offices on the second floor. It will be designed to represent what is authentic to our Valley, complimenting both the Capitol Theatre and the architectural environment that makes up our downtown core.

THE “FUTURE”

ECONOMIC IMPROVEMENT – 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 addition of a new visitors center are all 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 has been designated a *Federal Renewal Community*, through 2009 (one of only two communities in the Northwest). This designation carries significant tax incentives for business investment that creates new jobs.

- 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 2007.

GENERAL GOVERNMENT – The 2007 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, although seeing signs of improvement, has been in a stressed 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 – In recent years voter approved initiatives have primarily had negative effects on governments in Washington State. The City’s management staff and policy makers recognize the challenges many of these initiatives will continue to have on our ability to balance future budgets. Additionally, the voters strong desire, as indicated in recent State and local elections, not to raise taxes (i.e. government revenues) significantly adds to the difficult challenges of balancing our budget within available resources while maintaining existing critical and core services to our community. Staff and City Council will continue to work closely with our state and federal legislative representatives to inform them of, and to promote, legislative changes necessary to help maintain the safety and security of our citizens and reduce the fiscal pressures on local government.

FORMAT OF REPORT

This report has been prepared in conformance with Generally Accepted Accounting Principles. It presents financial data at a city-wide level and incorporates increasing levels of detail as necessary to report the financial position and operating results of the City’s individual funds, to demonstrate compliance with finance-related legal and contractual requirements and to assure adequate disclosure at both the individual fund level and on a City-wide basis.

This report is divided into three sections:

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

ACCOUNTING SYSTEM AND POLICIES

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

All cities and counties of the State of Washington must comply with the system of budgeting, accounting and reporting prescribed by the Office of the State Auditor under the authority of State Statutes RCW 43.09.200 and 43.09.230. Annual financial reports are submitted to the State for review and the State Auditor's office conducts audits every year of cities our size. In addition, the City of Yakima maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and transactions are executed in conformance with management authorization and ensure that all transactions are recorded properly to permit the preparation of financial statements in accordance with both governmental and accounting financial reporting principles and generally accepted accounting principles.

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

BUDGETARY CONTROLS

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

The budget is reviewed and approved annually by the City Council. Preliminary requests for funding are submitted by the various City departments to the City Manager, based on stated guidelines and management policies. In addition, for any new programs or staff position requests, 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 2007 was \$14.6 million (and is \$15.4 million for 2008).

(Note: Prior to 2002, Council had legal authorization to declare "substantial need", if appropriate, 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 for consumer goods, whichever is less, plus annexations to the City and the value of new construction. Additionally in 2006, the citizens of the City voted to join the Yakima County Rural Library District. Because of this annexation, the Library District will receive a direct Property Tax allocation of up to \$.50 per thousand starting in 2006. This reduced the City's maximum rate of \$3.60/1,000 by the Library's actual levy, up to \$.50/1,000.)

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

CASH MANAGEMENT

All cash-related transactions for the City of Yakima are administered by the Department of Finance and Budget. City cash is deposited to a single concentration banking account. Cash expenditures are paid from consolidated warrant clearing accounts. 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; the Local Government Investment Pool; 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, 2007 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 \$20,000. 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 2007 totaled approximately \$2.6 million dollars.

GENERAL OBLIGATION – LONG-TERM DEBT

Washington State law provides for maximum general obligation debt limit capacities in three defined areas. At December 31, 2007, the remaining capacities were (a) \$107.5 million for General Government, (b) \$127.6 million for park and open space, and (c) \$127.6 million for utilities. Respectively, these amount to 2.1%, 2.5%, and 2.5%, of the City's 2007 assessed valuation (upon which they are calculated). While the City's general obligation debt limit (for general purposes) is \$127.6 million, its actual general obligation debt totals only \$20.1 million or 16.3% 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, 2006 and 2007, was as follows:

DEBT RATIOS

	2006	2007
Ratio of Bonded Debt to Assessed Value	0.4%	0.4%
Bonded Debt Per Capita	\$209	\$240
Summary of Bonded Indebtedness:		
Gross Bonded Indebtedness Outstanding January 1	19,365,097	18,040,097
Add: New issues	0	9,480,000
Deduct: Bonds Redeemed	(1,325,000)	(6,682,615)
Gross Bonded Indebtedness Outstanding December 31	18,040,097	20,837,482
Less: Debt Service Funds	(751,318)	(780,438)
Net Bonded Indebtedness at December 31	\$17,288,779	\$20,057,044

RISK MANAGEMENT AND EMPLOYEE BENEFIT PROGRAMS

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

UNEMPLOYMENT COMPENSATION – In 1978, the City of Yakima established an Unemployment Compensation Reserve Fund to provide unemployment compensation coverage for employees and elected to participate in a cost reimbursement program with the State of Washington, instead of a monthly premium program. In doing so, the City retained its right to appeal awards and determinations made by the State Department of Employment Security. The City has contracted with Tax UCeXpress. 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 2008, stop loss coverage increased to \$175,000 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 Nova Pro Risk Solutions 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 \$550,000 of claims and insurance covers the next \$450,000 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 December 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 2006. The WSTIP general liability coverage is \$12 million, with a \$5,000 deductible.

SUMMARY

- Refer to the 2007 Organizational Chart on the next page
- Refer to the list of City Council members and Executive Management on the following page.

CITY OF *Yakima*

2007 ORGANIZATIONAL CHART





CITY OF *Yakima*

CITY COUNCIL

Dave Edler
Micah Cawley
Neil McClure
Rick Ensey
Kathy Coffey
Norm Johnson
Bill Lover

Mayor District 2
Assistant Mayor, At Large, Position 6
District 1
District 3
District 4
At Large, Position 5
At Large, Position 7

CITY MANAGEMENT EXECUTIVES

Richard A. Zais, Jr.
Dave Zabell
Ray Paolella
Rita DeBord, CPA
Bill Cook

Sam Granato
Charlie Hines
Chris Waarvick

City Manager
Assistant City Manager
City Attorney
Director of Finance and Budget
Director of Community and
Economic Development
Police Chief
Fire Chief
Director of Public Works

129 North Second Street
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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 audits of cities the size of Yakima on an annual basis. Enclosed is a copy of the State Auditors' opinion related to their 2007 audit of the enclosed financial statements. The City of Yakima has received an unqualified opinion on our 2007 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 Council for their encouragement, interest and support in conducting the financial operations of the City in a sound and progressive manner.

Respectfully submitted,

Richard Zais
City Manager

Rita M. DeBord, CPA
Director of Finance and Budget

Cindy Epperson
Deputy Director of Accounting and Budget

Timothy M. Jensen
Treasury Services Officer

Edna Pettyjohn, CPA
Accountant

Jeanne Thompson, CPA
Accountant

Debbie Baldoz
Accountant

Wendy Aguilar
Accountant



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

September 12, 2008

Council
City of Yakima
Yakima, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yakima, Yakima County, Washington, as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City of Yakima's 2006 financial statements and, in our report dated September 25, 2007, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yakima, Yakima County, Washington, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Community Development funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include summarized prior year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2006, from which such summarized information was derived.



The management's discussion and analysis on pages 3 through 19, and pension trust fund information on page 88 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as Nonmajor Governmental Funds and Internal Service Funds on pages 89 through 139 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory Section, Capital Assets on pages 141 through 144, Supplemental Schedules on pages 146 through 158, and the Statistical Section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is stylized with a large, looping initial "B" and a cursive "S".

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Yakima's discussion and analysis offers readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2007. 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).

FINANCIAL HIGHLIGHTS

- The total assets of the City of Yakima exceeded its liabilities at December 31, 2007, by \$261 million dollars. Net assets invested in capital (net of depreciation and related debt) account for 81% of this amount, with a value of about \$212 million. Of the remaining net assets, \$35.6 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 \$16.3 million. Most of the increase was the result of capital grants and donations.
- As of December 31, 2007, the City of Yakima's governmental activities reported combined ending net assets of over \$147.2 million, an increase of \$11.2 million in comparison with the prior year. Of that amount, \$122 million was invested in capital assets, \$11 million was legally restricted for specific projects or programs, and \$14.3 million was available for spending at the government's discretion.
- Unreserved fund balance for the General Fund was \$10 million dollars at December 31, 2007. This balance represents 24% of total General Fund expenditures.
- The City of Yakima's total long-term debt at December 31, 2007, was nearly \$67.8 million (about \$33.9 million in Governmental Activities and \$34 million in Business-Type Activities), with a remaining capacity for non-voted General Obligation debt at \$58 million. Total debt increased by \$1.9 million during the current fiscal year. There were \$6.2 million of new long-term debt issued in 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

There are two government-wide financial statements, the statement of net 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 (CHANGES IN NET ASSETS) presents information showing how the government's net assets changed during 2007. 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 2007, and earned but unused vacation leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items may not be received or distributed in 2007.

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

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

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

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

The City maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Budgets for governmental funds are established in accordance with state law and are adopted on a fund level. Capital outlays are approved on an item-by-item basis or project basis. A budgetary comparison statement is provided for the General Fund and all special revenue funds to demonstrate compliance with the budget.

PROPRIETARY FUNDS

There are two types of proprietary funds: Enterprise and Internal Service. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Solid Waste (Refuse); Wastewater; Domestic Water; Irrigation; 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 nonmajor proprietary funds is provided in the form of combining statements. The proprietary fund combining statements follow the governmental fund combining statements in this report.

FIDUCIARY FUNDS

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

The City of Yakima has one fiduciary fund for Firefighter pensions. The basic fiduciary fund financial statements can be found following the proprietary fund financial statements, in the Basic Financial Statements section.

NOTES TO THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET 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 \$261 million at December 31, 2007. The following table reflects the condensed Government-Wide Statement of Net Assets with comparative totals for 2006.

NET ASSETS

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES	ACTIVITIES	ACTIVITIES	ACTIVITIES	ACTIVITIES	ACTIVITIES
	2007	2006	2007	2006	2007	2006
Assets:						
Current and Other Assets	\$46,785,316	\$40,992,073	\$29,604,125	\$33,805,359	\$76,389,441	\$74,797,432
Capital Assets	143,512,143	92,016,437	124,399,393	115,903,561	267,911,536	207,919,998
Total Assets	190,297,459	133,008,510	154,003,518	149,708,920	344,300,977	282,717,430
Liabilities:						
Payables and Other Liabilities	9,172,053	15,350,402	5,932,631	5,728,054	15,104,684	21,078,456
Long-term Liabilities Outstanding	33,881,796	30,910,167	33,960,709	34,995,745	67,842,505	65,905,912
Total Liabilities	43,053,849	46,260,569	39,893,340	40,723,799	82,947,189	86,984,368
Net Assets:						
Inv. in Cap. Assets, Net of Rel. Debt	121,924,861	72,841,667	90,616,703	89,124,179	212,541,564	161,965,846
Restricted	10,991,307	4,407,375	2,722,150	2,705,125	13,713,457	7,112,500
Unrestricted	14,327,442	9,498,899	20,771,325	17,155,818	35,098,767	26,654,716
Total Net Assets	\$147,243,610	\$86,747,941	\$114,110,178	\$108,985,122	\$261,353,788	\$195,733,062

The City of Yakima's total assets stand at \$344 million as of December 31, 2007. Of this amount, almost \$268 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 December 31, 2003, Financial Statements, requires that all capital assets, including infrastructure, be reported. Out of \$143.5 million in capital assets

reported in Governmental activities at December 31, 2007, \$69.4 million (48%) is accounted for by infrastructure acquisitions (including the right-of-way land associated with these projects and land under the road). It should be noted that a prior period adjustment in the amount of \$42.5 million was made that represents full implementation of accounting for infrastructure (see Note 12 - Accounting and Reporting Changes).

Of the remaining City assets, approximately \$56.1 million were accounted for in cash, cash equivalents, and investments, \$14 million in accounts receivable, \$5.3 million in notes receivable, and \$1 million spread among miscellaneous assets.

At December 31, 2007, the City had outstanding liabilities of \$83 million, with \$68 million in long-term liabilities. Of the long-term liabilities, \$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 \$9.5 million in accounts payable, \$5.4 million in accrued liabilities and \$0.2 million in liabilities payable from restricted assets.

The largest portion of the City's net assets (81.3%) 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 5.2% 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 \$35.1 million (unrestricted net assets) represents the amount that may be used to meet the City's ongoing obligations.

At December 31, 2007, 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.

THE STATEMENT OF ACTIVITIES (CHANGES IN NET ASSETS)

The City of Yakima's total net assets increased by \$16.3 million in 2007. Net assets for governmental activities increased by \$11.2 million while business-type activities increased by \$5.1 million.

Total revenues for the City of Yakima were \$112.9 million in 2007. Governmental activities provided \$74.7 million (66.2%), while business-type activities added about \$38.2 million (33.8%).

Expenses for the year totaled almost \$95.3 million, with Governmental Activities accounting for about \$65.7 million or 69% and business-type activities accounting for \$29.6 million or 31%. Key elements in changes in net assets are shown in the following table.

CHANGES IN NET ASSETS

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	2007	2006	2007	2006	2007	2006
REVENUES						
Program Revenues:						
Charges for Services	\$6,925,333	\$5,726,691	\$27,809,396	\$27,566,558	\$34,734,729	\$33,293,249
Operating Grants and Contributions	4,640,511	5,235,180	2,385,638	2,800,648	7,026,149	8,035,828
Capital Grants and Contributions	14,595,534	9,300,451	2,789,449	1,912,037	17,384,983	11,212,488
General Revenues:						
Property Tax	13,070,702	13,264,660	0	0	13,070,702	13,264,660
Sales Tax	18,392,834	17,113,489	4,789,003	4,510,944	23,181,837	21,624,433
Other Taxes	12,505,007	12,137,042	0	0	12,505,007	12,137,042
State Entitlements	3,790,225	3,496,905	0	0	3,790,225	3,496,905
Other	875,244	972,051	380,310	656,397	1,255,554	1,628,448
Total Revenues	<u>74,795,390</u>	<u>67,246,469</u>	<u>38,153,796</u>	<u>37,446,584</u>	<u>112,949,186</u>	<u>104,693,053</u>
EXPENSES:						
General Government	7,866,992	7,336,009	0	0	7,866,992	7,336,009
Security of Persons and Property	33,705,798	32,058,638	0	0	33,705,798	32,058,638
Physical Environment	872,312	1,339,013	0	0	872,312	1,339,013
Transportation	11,515,790	6,820,836	0	0	11,515,790	6,820,836
Economic Environment	4,007,007	3,937,207	0	0	4,007,007	3,937,207
Mental & Physical Health	19,606	17,569	0	0	19,606	17,569
Cultural & Recreational Environment	6,807,512	7,819,643	0	0	6,807,512	7,819,643
Interest on Long-term Debt	871,270	814,870	0	0	871,270	814,870
Transit	0	0	7,317,467	6,768,564	7,317,467	6,768,564
Refuse	0	0	3,520,694	3,175,948	3,520,694	3,175,948
Wastewater	0	0	11,793,815	11,545,165	11,793,815	11,545,165
Water	0	0	5,394,745	5,044,091	5,394,745	5,044,091
Irrigation	0	0	1,567,861	1,571,861	1,567,861	1,571,861
Total Expenses	<u>65,666,287</u>	<u>60,143,785</u>	<u>29,594,582</u>	<u>28,105,629</u>	<u>95,260,869</u>	<u>88,249,414</u>
Increases in Net Assets Before						
Non-operating Sources (Uses)	9,129,103	7,102,684	8,559,214	9,340,955	17,688,317	16,443,639
Gain/Loss on Sale of Capital Assets	(552,646)	222,218	(226,709)	100,254	(779,355)	322,472
Transfers	2,623,500	2,166,461	(3,207,438)	(3,315,205)	(583,938)	(1,148,744)
Change in Net Assets	<u>11,199,957</u>	<u>9,491,363</u>	<u>5,125,067</u>	<u>6,126,004</u>	<u>16,325,024</u>	<u>15,617,367</u>
Net Assets - Beginning	86,747,945	77,256,582	108,985,107	102,859,105	195,733,052	180,115,687
Prior Period Adjustment	6,781,020	0	0	0	6,781,020	0
Change in Accounting Principle	42,514,682	0	0	0	42,514,682	0
Net Assets - Ending	<u>\$147,243,604</u>	<u>\$86,747,945</u>	<u>\$114,110,174</u>	<u>\$108,985,109</u>	<u>\$261,353,778</u>	<u>\$195,733,054</u>

GOVERNMENTAL ACTIVITIES

Within governmental activities, tax revenue accounted for 58.8% of total revenue sources, with grants and contributions accounting for 25.7%. The remaining 15.5% 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 \$11.1 million or 8.2%. Significant fluctuations in revenue are as follows:

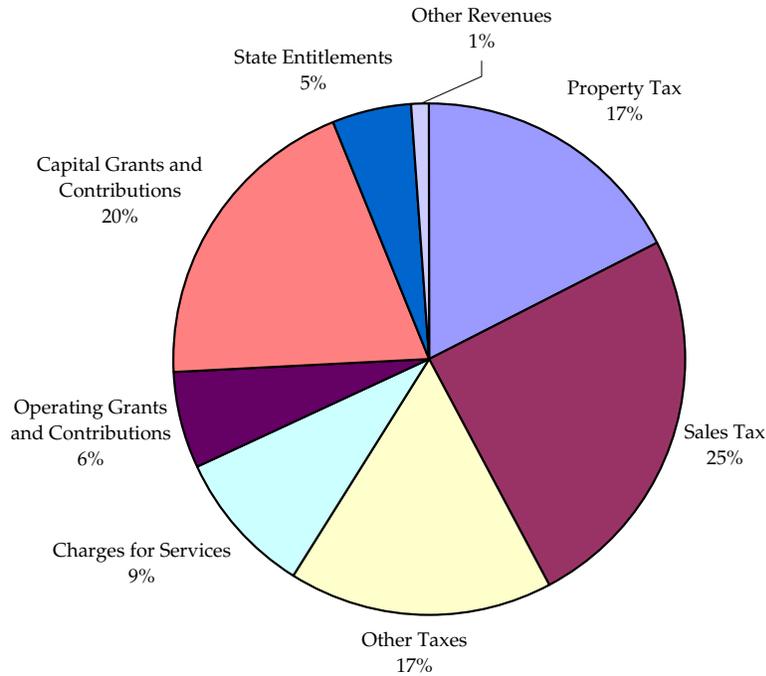
- Capital Grants & Contributions increased \$5.3 million from 2006 to 2007. In the spring of 2007, the City annexed a 1.6 square mile area, known as the Occidental Annexation. Infrastructure obtained by this annexation of about \$5.8 million is included as a capital contribution. Other arterial street projects make up the majority of the balance of the total \$14.6 million in this account.
- Property tax decreased by \$0.2 million. In 2006, City voters approved annexing into the Yakima County Rural Library District, to be effective January 2007. Therefore, the Library levied property taxes directly in 2007 and the related contract expense of about \$1.3 million previously included in the "Cultural and Recreational Environment" expense category was eliminated. Other annexations completed in 2006 were added to the City's 2007 property tax rolls. These changes, along with the base property tax increase capped by state law at 1% and about a 1% increase in new construction, netted to the slight overall decrease in the tax.
- Sales tax increased \$1.3 million or 7.5% during the year. A large portion of the 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.

The largest program expenses consist of Security of Persons and Property (public safety), Transportation and General Government, respectively. These programs accounted for 80.9% of total governmental expenses.

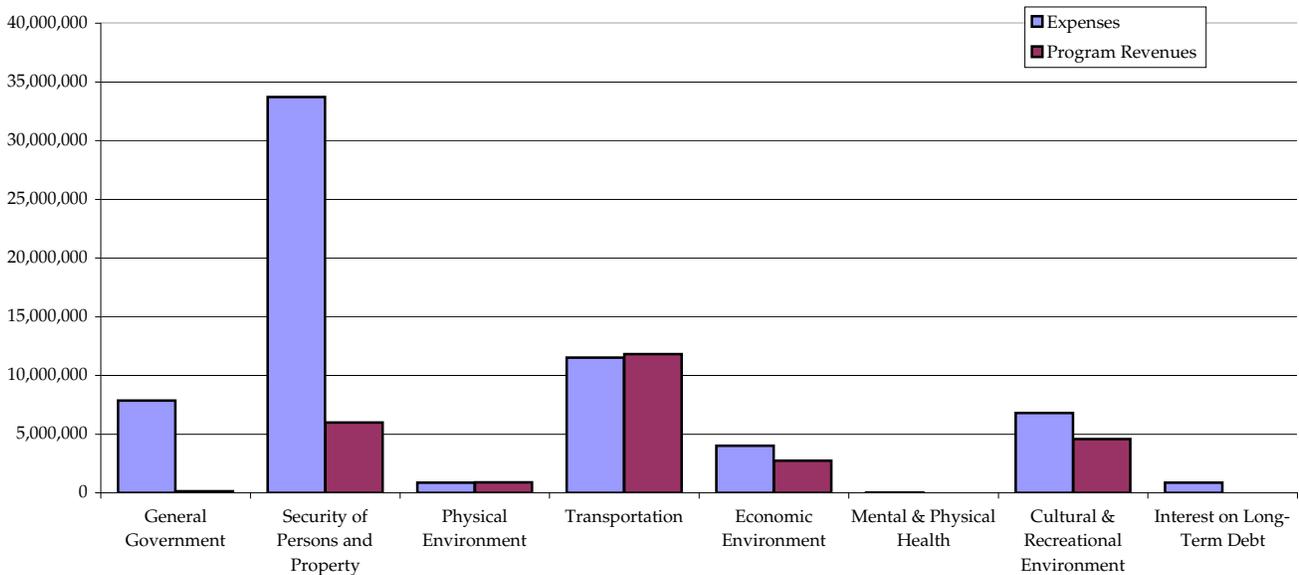
For the most part, changes in expenses corresponded with inflation. However, security of Persons and Property demonstrated an increase of \$1.6 million or 5.1% because of the need to serve new annexation areas, and a new program to establish police emphasis patrols. Transportation increased by \$4.7 million or 40.8% primarily because of higher depreciation of infrastructure from the full implementation of GASB 34 (about \$3.3 million); newly annexed areas; and major capital grant-funded projects.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2007.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



BUSINESS-TYPE ACTIVITIES

Of the \$38.2 million in business-type revenues, 72.9% was provided by charges for services, with the remaining amount provided by grants, contributions, transit sales tax and interest income. Overall, business-type revenues demonstrated an increase of \$0.7 million or 1.9% over 2006.

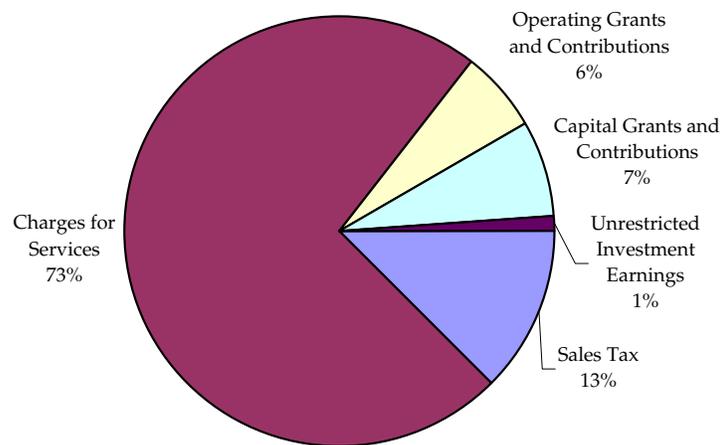
Business type revenues and expenses experienced the following fluctuations:

- Charges for Services increased by \$0.2 million or 0.9%. Even though there was a rate increase of 3.5% for Water, the total revenue was rather flat because the prior year experienced some revenue spikes that were not sustained into the current year, such as strong waste charges.
- Transit expenses demonstrated an increase of \$549,000 or 8.1% primarily because of additional services provided to neighboring communities and annexation areas.

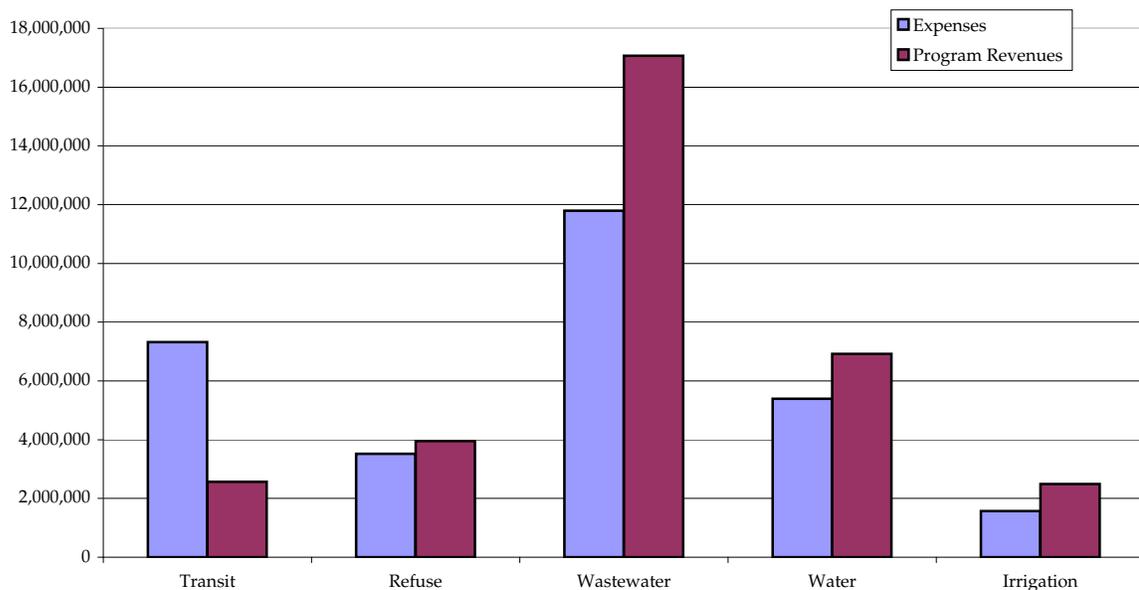
Of the \$29.6 million in business-type expenses, 39.9% are associated with the wastewater program and 24.7% with transit, domestic water programs represent about 18.2%, refuse 11.9% and irrigation 5.3%.

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 (72.9%) of revenue in these funds. The only fund that does not rely heavily on charges for service is the Transit fund, which is subsidized by a voter-approved local option sales tax of 0.3% and a federal operating grant.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

GOVERNMENTAL FUNDS ANALYSIS

The General Fund and the Community Development Fund (which administers the City's Community Development Block Grants) are the City's major funds (as defined in GASB #34) in 2007. Together these funds account for 55.1% of total governmental fund assets and 45.5% 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, 2007, the City's governmental funds reported combined fund balances of about \$26.1 million. Of this total amount, about \$20.4 million (78.4%) is unreserved and available for spending within these funds. Reserved fund balance of \$5.6 million is not available for new spending because it was previously committed to: liquidate contracts and purchase orders of the prior period (\$3.7 million); pay debt service (\$.9 million); generate income to pay for the perpetual care of the municipal cemetery (\$.56 million); and for a variety of other restricted purposes (\$.5 million).

The General Fund is the chief operating fund of the City of Yakima. At the end of the 2007 fiscal year, unreserved fund balance of the General Fund was \$10 million, while total fund balance is about \$10.5 million. Unreserved fund balance is about 24% of total general fund expenditures (which represents about a 3.5 month reserve). Total assets in the General Fund amounted to \$16.1 million, accounting for 40.5% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund increased by \$979,724 during the current fiscal year. Inflationary increases in insurance rates, including medical, property and liability; equipment; utilities; jail costs; state retirement system rates and fuel were slightly more than offset by growth in sales tax (as described above) and other revenues.

The General Fund accounts for 58.9% of all governmental fund revenue and 55% of all expenditures.

The Community Development fund performed as expected, showing a \$130,619 gain in fund balance in 2007.

Other governmental funds ended with a net increase in fund balances of \$3.5 million. While most funds had modest changes in fund balance, much of this increase can be attributed to the balance of proceeds of a \$4.07 million Councilmanic General Obligation bond for the continuation of the downtown revitalization project; a fire station expansion/improvement project; and a major street improvement project. Additionally, the Real Estate Excise Tax came in much stronger than prior years, thus building a balance for future eligible projects.

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 2007 (GASB 34) Financial Statements. These business-type activities demonstrated an increase in net assets from \$100.9 million to \$106.2 million, for a difference of \$5.3 million, due primarily to capital grants/donations of about \$2.8 million and an increase in capital reserves.

As of December 31, 2007, the City's enterprise funds (including their allocation of internal service fund balances) reported combined net assets of \$114.1 million, with \$52.6 million or approximately 46% being contributed by the Wastewater fund. Of the \$114.1 million, over \$90.6 million (79%) of net assets is accounted for by investment in capital assets, net of related debt, \$2.7 million is restricted for debt service and \$20.8 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

GENERAL FUND CHANGES IN BUDGET

The following table shows the 2007 General Fund Adopted (original) Budget, the amended (final) Budget, Actual revenue and expenditure amounts and the variance of Actuals compared to the Final budget.

CHANGE IN GENERAL FUND BALANCE

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes and Special Assessments	\$34,001,600	\$34,134,167	\$34,820,613	\$686,446
Licenses and Permits	648,000	788,000	982,084	194,084
Intergovernmental Revenues	2,188,165	2,195,399	2,500,346	304,947
Charges for Services	4,301,008	4,301,008	4,422,803	121,795
Fines and Forfeits	1,294,000	1,294,000	1,420,275	126,275
Interest	700,000	700,000	913,446	213,446
Other Revenues	82,700	82,700	60,794	(21,906)
Total Revenues	43,215,473	43,495,274	45,120,361	1,625,087
EXPENDITURES				
Current				
General Government	11,051,629	11,318,664	10,663,820	654,844
Security of Persons and Property	28,329,440	28,888,074	28,715,181	172,893
Physical Environment	1,418,691	1,443,803	1,323,713	120,090
Economic Environment	749,898	821,798	797,452	24,346
Mental & Physical Health	18,600	18,600	19,606	(1,006)
Cultural & Recreational Environment	6,333	6,333	6,333	0
Capital Outlay - General Government	27,001	273,477	107,942	165,535
Debt Service:				
Principal Retirement	309,177	309,177	281,307	27,870
Interest	44,672	44,672	42,105	2,567
Total Expenditures	41,955,441	43,124,598	41,957,459	1,167,139
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$1,260,032	\$370,676	\$3,162,902	\$2,792,226

Continued on next page...

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease Financing	\$0	\$0	\$38,293	\$38,293
Transfers In	40,000	40,000	40,000	0
Transfers (Out)	(2,147,000)	(2,154,500)	(2,195,322)	(40,822)
Intergovernmental Agreements	(39,095)	(81,095)	(81,095)	0
Sale of Capital Assets	0	0	9,438	9,438
Comp. for Loss of Gen. Capital Assets	1,000	1,000	5,508	4,508
Total Other Financing Sources (Uses)	<u>(2,145,095)</u>	<u>(2,194,595)</u>	<u>(2,183,178)</u>	<u>11,417</u>
Net Change in Fund Balances	<u>(885,063)</u>	<u>(1,823,919)</u>	<u>979,724</u>	<u>2,803,643</u>
Fund Balances - January 1	4,762,995	4,762,995	9,521,879	4,758,884
Change in Reserve for Inventory	0	0	(9,919)	(9,919)
Fund Balances - December 31	<u>\$3,877,932</u>	<u>\$2,939,076</u>	<u>\$10,491,684</u>	<u>\$7,552,608</u>

During the year, the 2007 General Fund budget was increased from \$42 million to \$43 million, or by \$1 million. The increases in appropriations are summarized as follows:

- \$417,500 in outstanding encumbrances/commitments which were re-budgeted from the prior year.
- \$182,000 to serve the new Occidental annexation area.
- \$185,000 for negotiated wages and benefits for YPPA (the police union). The union did not reach a settlement for 2006-2008 until the middle of 2007, thereby creating a retroactive adjustment that was not fully budgeted.
- \$312,000 for Yakima County jail costs. Because of additional police officers authorized in 2005 by voter approval of a 0.3% county-wide criminal justice sales tax, along with growth in the City from annexations, the jail population grew more than anticipated. Escalating medical costs for prisoners, coupled with the higher inmate population pushed up jail costs.
- \$160,000 to buy back pension credits for reserved police and pension benefits resulting from the negotiated wages and benefits for YPPA.
- \$41,500 for fuel costs.

The increases related to the annexation were funded by a corresponding increase in revenue, while the balance of adjustments were to be funded from the General Fund reserves and/or current year revenue growth.

GENERAL FUND BUDGET TO ACTUAL

Total General Fund revenues were budgeted at about \$43.5 million. Actual revenue of \$45.1 million resulted in a positive variance of \$1.6 million, a gain of 3.7% over the amended budget. Sales tax contributed about \$0.7 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 \$0.19 million was gained in the related area of Licenses and Permits.) Intergovernmental

revenue was about \$0.3 million greater than budget, primarily the result of the City remaining in a distribution formula for certain State shared revenue.

General Fund expenditures, including other financing uses, totaled \$44.2 million compared to the final budget of \$45.4 million – resulting in a positive variance of \$1.1 million or 2.5%. Most of this variance is in the area of General Government, and is the result primarily of position vacancies and 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 2007 is not an exception, with a net increase in fund balance of not quite \$1 million (about 2.1% of the total General Fund budget).

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City of Yakima’s total investment in capital assets, including construction in progress, for its governmental and business type activities as of December 31, 2007, amounts to over \$268 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 2007 fiscal year included the following:

- A variety of projects for street expansion/repair were ongoing during the year. \$7.4 million was spent on infrastructure projects in 2007, while the 2008 budget includes over \$16.4 million in planned projects, funded primarily by state and federal grants, matched by fuel tax and real estate excise tax. The major projects in 2007 and continuing into 2008 include the widening and improvement of an arterial street serving an industrial area (funded partially by a LTGO issued in May, 2007) and a railroad grade separation project.
- The City has obtained State and Federal grants of \$7.6 million to date for pedestrian safety and lighting improvements in the downtown corridor, and anticipate an additional \$1 million. The total project is estimated to cost \$10.5 million, with \$9 million funded from existing resources, and \$1.5 million by a Councilmanic LTGO bond issue (completed in May, 2007). Phase I of Downtown revitalization project is complete with a total cost of \$5.2 million. Phase II is well under its way and \$2.6 million was spent in 2007; projected total cost for Phase II is \$3.4 million. About \$1.4 million is budgeted in 2008 for Phase III.
- Vehicles, street equipment, and trucks were added to the fleet as either additional equipment or replacements during the year, at a cost of \$1.2 million.
- In the area of Public Safety, major capital asset investments include the completion of the remodeling project at the West Valley Fire Station; total cost is \$0.95 million and about \$0.4 million was spent in 2007. The Fire Department acquired a brush firefighting vehicle and Fire Engine/pumper for about \$0.7 million. The 2008 budget includes \$1 million for a ladder truck and the proposed funding is a Councilmanic General Obligation bond and cash reserves.

- Wastewater capital improvements include \$2.8 million for new interceptor and trunk line extensions and \$6 million in treatment plant projects. The 2008 budget includes about \$7.9 million to continue upgrades at the plant, and \$2.1 million for interceptor and trunk line extensions funded by a revenue bond issue, intergovernmental loans, capital reserves and current capital transfers from the operating fund.
- The Domestic Water Treatment plant capital program completed the Phase I of the 2nd Level Reservoir Pipe line improvement; total cost is \$1.1 million and \$.2 million was spent in 2007. Phase II of this capital program is underway and will be completed in 2008; the estimated cost is about \$.8 million. The 2008 budget includes a \$1 million for a new well project at Gardner Park and will be partly funded by Public Works Trust Fund Loan.
- 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 help accomplish the rebuilding of the irrigation system. The Phase II of the General System Rebuild project was completed in 2007; the total cost is \$3.9 million and \$1.2 million was spent in 2007. The Phase III of this project was also started in 2007 and will continue on to 2010. The 2008 budget includes about \$2.6 million for Phase III, funded by utility rates and reserves.

CAPITAL ASSETS (NET OF DEPRECIATION)

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2007	2006	2007	2006	2007	2006
CAPITAL ASSETS						
Land	\$10,812,032	\$8,764,562	\$2,181,515	\$2,181,516	\$12,993,547	\$10,946,078
Building	34,582,296	34,891,020	25,214,751	27,263,194	59,797,047	62,154,214
Improvements Other Than Buildings	5,834,109	5,903,138	61,055,504	56,686,917	66,889,613	62,590,055
Machinery and Equipment	7,242,895	6,808,457	12,333,965	13,629,144	19,576,860	20,437,601
Infrastructure	66,598,154	21,950,665	0	0	66,598,154	21,950,665
Intangibles	0	0	115,659	115,659	115,659	115,659
Construction in Progress	18,442,657	13,698,595	23,497,999	16,027,132	41,940,656	29,725,727
Total Capital Assets	<u>\$143,512,143</u>	<u>\$92,016,437</u>	<u>\$124,399,393</u>	<u>\$115,903,562</u>	<u>\$267,911,536</u>	<u>\$207,919,999</u>

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

LONG-TERM DEBT

On December 31, 2007, the City of Yakima had total bonded debt outstanding of almost \$45.5 million. Of this amount, \$20.1 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$24.7 million represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

The City of Yakima's total bonded debt had a net decrease of \$1 million during 2007.

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 2007, the City borrowed \$1.6 million for Water and Wastewater projects utilizing this State program.

The City's remaining capacity for non-voted debt on December 31, 2007 was approximately \$58 million in comparison to the total legal limit of \$127.6 million. The City has a general guideline of retaining 50% of its non-voted capacity for emergencies. The City of Yakima maintains an "A3" rating from Moody's and an "A" rating from Standard & Poor's for general obligation debt. A summary of the City's bonded debt follows. Additional information on the City's long-term debt can be found in Note 7.

In June 2008, the City issued \$8.84 million par value in Water/Wastewater Revenue Bonds--\$5.5 million will be used to finance various Wastewater projects, and \$3.4 million of the proceeds are being used to refund \$3.34 million of the 1998 Water/Wastewater bonds maturing in 2018.

The City currently plans to issue about \$3 million in Councilmanic General Obligation bonds in the summer of 2008 to make various street improvements and purchase a replacement fire ladder truck. Debt service is proposed to be provided by Real Estate Excise Tax for the street projects, and property tax for the fire truck.

OUTSTANDING DEBT

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES	ACTIVITIES	ACTIVITIES	ACTIVITIES	ACTIVITIES	ACTIVITIES
	2007	2006	2007	2006	2007	2006
OUTSTANDING DEBT						
General Obligation Bonds	\$20,837,482	\$18,040,097	\$0	\$0	\$20,837,482	\$18,040,097
Revenue Bonds	0	0	24,661,317	26,450,000	24,661,317	26,450,000
Intergovernmental Loans	1,686,538	2,087,928	9,198,575	8,460,541	10,885,113	10,548,469
Special Assessment Debt	370,700	564,500	0	0	370,700	564,500
Unfunded Pension Liability	4,800,753	4,309,741	0	0	4,800,753	4,309,741
Compensated Absences	5,732,001	5,134,446	0	0	5,732,001	5,134,446
Other Debt	454,322	773,455	100,816	85,204	555,138	858,659
Total Outstanding Debt	<u>\$33,881,796</u>	<u>\$30,910,167</u>	<u>\$33,960,708</u>	<u>\$34,995,745</u>	<u>\$67,842,504</u>	<u>\$65,905,912</u>

ECONOMIC FACTORS

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

- In 2001 state voters approved Initiative 747, which capped property tax levy growth each year at a maximum of 1%, plus any additions for annexations and new construction. This initiative represents a severe restriction on local government revenue growth, which makes budget balancing more difficult because actual inflation rates are growing at an average of 3 times the 1% limitation.
- The Downtown area is in transition from a retail center to a central business district. The City is actively participating in several projects to upgrade the downtown as follows:

- The City was recently awarded State and Federal grants of about \$8.6 million for infrastructure and pedestrian improvements in the downtown core; construction began in mid 2006.
 - The City owned Capitol Theatre, located in the center of the downtown area, is gearing up for a major upgrade/expansion project. In 2007, the state legislature approved a sales tax credit for performing arts centers of .025%, which started flowing to the Yakima Regional Public Facilities District in the spring of 2008. A phased capital plan has been developed which includes new LTGO debt currently proposed to be issued by the City in 2009 and serviced by the tax credit.
 - Section 108 loans of almost \$7 million were awarded by HUD to the City in 2003 and 2004. A majority of this funding was slated for downtown projects, including improvements to a section of the former mall to include a new hotel and related retail facilities, which opened in the spring of 2006.
 - Due to a state-allowed property tax exemption for new residential development in downtown, another portion of the closed mall is being dedicated to the construction of a suite of luxury condominiums, which are currently under construction.
- The non-agricultural unemployment rate (7.0% as of April, 2008) 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, seasonal employment, and low median income (Yakima is about 75% of the state average). However, the local economy is improving in recent years—April 2007 set a record low unemployment rate at 6.1%, and April 2008 rate is the 2nd lowest in recent history. 2007 was a record year for the City in building permit activity, and this category is continuing to be strong.
 - Efforts to diversify our economic base include expansion of the current community college to offer four-year degree programs through major state institutions, including Washington State University and University of Washington. Additionally, a new medical school has almost finished construction in the urban area, and will begin instruction soon.
 - The City is continuing to annex property within the Urban Growth Boundary that is being sewered. In the spring of 2007, a residential area with assessed value (AV) of \$88.7 million and population of 725 was annexed into the City.
 - The Refuse, Wastewater and Water utilities had rate increases for the 2008 budget year of 5%, 3.5% and 5.5% respectively. These rate adjustments were necessary to support the capital improvement requirements and inflationary increases in operating expenses (i.e. fuel, utilities, labor settlements/benefit increases, etc.) It should be noted that prior to the issuance of the revenue bonds in June, 2008, Standard and Poor's upgraded the credit rating of the Wastewater/Water utility two steps—from single A (A) to double A minus (AA-) with a stable outlook. The analyst's press release indicates that this upgrade is primarily due to the combination of:
 1. Good fiscal management of the utilities - providing strong, sustained debt service coverage
 2. Strong operating oversight - the analysts were positively impressed with the focus on and planning for long-term capital and operational requirements;

3. The local market/economy remaining relatively strong (in the midst of downturns nationally)
 4. Strong executive management - council's willingness to authorize multiple year rate increases - thus, allowing for long-term planning
- In response to Department of Ecology requirements, the City established a stormwater utility in 2008, and set a billing rate of \$22 per Equivalent Residential Unit (ERU) annually in the start-up year of 2008 (a total budget of about \$1 million), going up to \$35 per ERU in 2009.

The 2008 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

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 aggregate 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 aggregate information for internal service funds.
- 11) Statement of Fiduciary Net Assets – presents information on the pension trust, fund assets and liabilities, with the difference reported as net assets.
- 12) Statement of Changes in Fiduciary Net Assets – presents information on additions to and deductions from the pension trust, with the difference reported as change in net assets.
- 13) Notes to Financial Statements – presents disclosure and further detail information to assist the reader in a better understanding of the financial statements and the data presented within them.

STATEMENT OF NET ASSETS

December 31, 2007

With comparative totals for December 31, 2006

	GOVERNMENTAL	BUSINESS-TYPE	----- TOTAL -----	
	ACTIVITIES	ACTIVITIES	2007	2006
ASSETS				
Cash and Cash Equivalents	\$17,530,965	\$5,281,572	\$22,812,537	\$28,049,056
Investments at Amortized Cost	14,663,133	15,948,297	30,611,430	23,882,345
Receivables (Net)	7,303,230	3,246,566	10,549,796	9,043,454
Due from Other Government Units	1,562,426	1,856,993	3,419,419	4,154,659
Notes Receivable	5,321,739	0	5,321,739	6,055,526
Inventories	168,576	409,255	577,831	748,329
Unamortized Debt Issue Cost	0	136,588	136,588	147,793
Restricted Assets:				
Cash and Cash Equivalents	227,331	2,722,150	2,949,481	2,705,125
Fiscal Agent	7,916	2,704	10,620	11,145
Capital Assets (Net of Accumulated Depreciation):				
Land	10,812,032	2,181,515	12,993,547	10,946,077
Buildings	34,582,296	25,214,751	59,797,047	62,154,214
Improvements Other Than Buildings	5,834,109	61,055,504	66,889,613	62,590,055
Machinery & Equipment	7,242,895	12,333,965	19,576,860	20,437,601
Construction in Process	18,442,657	23,497,999	41,940,656	29,725,727
Intangibles	0	115,659	115,659	115,659
Infrastructure	66,598,154	0	66,598,154	21,950,665
Total Assets	190,297,459	154,003,518	344,300,977	282,717,430
LIABILITIES				
Accounts Payable and Other Current Liabilities	6,572,191	2,915,367	9,487,558	9,392,963
Accrued Liabilities	2,306,324	3,017,264	5,323,588	4,835,286
Due to Other Government Units	66,207	0	66,207	69,187
Deferred Revenue	0	0	0	6,781,020
Liabilities Payable from Restricted Assets	227,331	0	227,331	0
Noncurrent Liabilities:				
Due Within One Year	2,534,879	2,506,777	5,041,656	4,451,269
Due in More than One Year	31,346,917	31,453,932	62,800,849	61,454,643
Total Liabilities	43,053,849	39,893,340	82,947,189	86,984,368
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	121,924,861	90,616,703	212,541,564	161,965,846
Restricted for:				
Debt Service	879,543	2,722,150	3,601,693	3,582,474
Capital Projects	3,300,960	0	3,300,960	2,544,048
Other Purposes	1,046,208	0	1,046,208	985,978
Notes Receivable	5,764,596	0	5,764,596	0
Unrestricted	14,327,442	20,771,325	35,098,767	26,654,716
Total Net Assets	\$147,243,610	\$114,110,178	\$261,353,788	\$195,733,062

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

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

FUNCTIONS/PROGRAMS	NET (EXPENSE) REVENUE						AND CHANGES IN NET ASSETS	
	PROGRAM REVENUES			BUSINESS-			TOTAL	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONT'S	CAPITAL GRANTS & CONT'S	GOV'T ACTIVITIES	TYPE ACTIVITIES	2007	2006
Governmental Activities:								
General Government	\$7,866,992	\$144,503	\$0	\$0	(\$7,722,489)	\$0	(\$7,722,489)	(\$7,166,020)
Security of Persons & Property	33,705,798	1,624,522	3,822,122	551,912	(27,707,242)	0	(27,707,242)	(27,040,058)
Physical Environment	872,312	901,505	0	0	29,193	0	29,193	(205,772)
Transportation	11,515,790	261,348	14,396	11,545,158	305,112	0	305,112	(3,252,804)
Economic Environment	4,007,007	2,071,621	656,802	2,261,000	982,416	0	982,416	(834,766)
Mental & Physical Health	19,606	0	0	0	(19,606)	0	(19,606)	(17,569)
Cultural & Recreational Env't	6,807,512	1,921,834	147,191	237,464	(4,501,023)	0	(4,501,023)	(549,604)
Interest on Long-term Debt	871,270	0	0	0	(871,270)	0	(871,270)	(814,870)
Total Governmental Activities	65,666,287	6,925,333	4,640,511	14,595,534	(39,504,909)	0	(39,504,909)	(39,881,463)
Business-Type Activities:								
Transit	7,317,467	578,442	1,987,368	0	0	(4,751,657)	(4,751,657)	(4,310,560)
Refuse	3,520,694	3,951,615	0	0	0	430,921	430,921	685,271
Wastewater	11,793,815	14,433,360	387,284	2,244,826	0	5,271,655	5,271,655	5,417,071
Water	5,394,745	6,359,826	10,986	544,623	0	1,520,690	1,520,690	1,504,558
Irrigation	1,567,861	2,486,153	0	0	0	918,292	918,292	877,274
Total Business-Type Activities	29,594,582	27,809,396	2,385,638	2,789,449	0	3,389,901	3,389,901	4,173,614
Total	\$95,260,869	\$34,734,729	\$7,026,149	\$17,384,983	(39,504,909)	3,389,901	(36,115,008)	(35,707,849)
GENERAL REVENUES								
Taxes:								
Property Taxes					13,070,702	0	13,070,702	13,264,660
Sales and Use Taxes					18,392,834	4,789,003	23,181,837	21,624,433
Franchise and Utility Taxes					9,025,616	0	9,025,616	9,045,058
Excise Taxes					3,469,555	0	3,469,555	3,080,877
Penalties and Interest					9,836	0	9,836	11,107
State Entitlements					3,790,225	0	3,790,225	3,496,905
Unrestricted Investment Earnings					913,446	380,310	1,293,756	1,351,007
Miscellaneous					(38,202)	0	(38,202)	277,441
Gain/Loss on Sale of Capital Assets					(552,646)	(226,709)	(779,355)	322,472
Transfers					2,623,500	(3,207,438)	(583,938)	(1,148,744)
Total General Revenues, Transfers and Special Item					50,704,866	1,735,166	52,440,032	51,325,216
Change in Net Assets					11,199,957	5,125,067	16,325,024	15,617,367
Net Assets - Beginning					86,747,945	108,985,107	195,733,054	180,115,687
Prior Period Adjustment					6,781,020	0	6,781,020	0
Change in Accounting Principle					42,514,682	0	42,514,682	0
Net Assets - Ending					\$147,243,604	\$114,110,174	\$261,353,778	195,733,054

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

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2007

With comparative totals for December 31, 2006

	#000	#124	OTHER	----- TOTAL -----	
	GENERAL	COMMUNITY	GOV'T	GOVERNMENTAL FUNDS	
	FUND	DEVELOPMENT	FUNDS	2007	2006
ASSETS					
Cash & Equity in Pooled Investments	\$1,574,650	\$431,182	\$12,242,160	\$14,247,992	\$13,288,011
Deposits w/ Fiscal Agent/Trustee	227,331	0	0	227,331	100
Receivables:					
Taxes	4,327,048	0	238,637	4,565,685	4,320,176
Accounts	1,227,093	0	298,563	1,525,656	247,430
Special Assessments	0	0	7,287	7,287	1,535
LID Assessments - Delinquent	0	0	20,078	20,078	11,855
LID Assessments - Deferred	0	0	422,779	422,779	607,954
Notes/Contracts	0	5,301,953	19,786	5,321,739	6,050,152
Interest/Penalties	217,503	0	18,094	235,597	153,314
Other Receivables	0	0	2,000	2,000	5,156
Due from Other Funds	19,908	0	0	19,908	369,881
Due from Other Government Units	117,513	93,035	1,351,878	1,562,426	2,517,018
Inventories	40,262	0	0	40,262	50,181
Investments, at Amortized Cost	8,355,164	0	3,253,898	11,609,062	7,142,051
Total Assets	<u>\$16,106,472</u>	<u>\$5,826,170</u>	<u>\$17,875,160</u>	<u>\$39,807,802</u>	<u>\$34,764,814</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants/Accounts Payable	\$658,404	\$69,397	\$1,133,571	\$1,861,372	\$1,640,827
Wages/Benefits Payable	3,091,787	58,139	689,007	3,838,933	4,092,388
Contracts Payable	0	0	205,920	205,920	123,569
Due to Other Funds	0	0	19,908	19,908	199,237
Due to Other Government Units	55,463	0	10,744	66,207	69,187
Deposits Payable	258,861	250	114,295	373,406	336,025
Deferred Revenue	1,322,942	5,301,953	518,408	7,143,303	6,781,020
Custodial Accounts	227,331	0	0	227,331	0
Total Liabilities	<u>\$5,614,788</u>	<u>\$5,429,739</u>	<u>\$2,691,853</u>	<u>\$13,736,380</u>	<u>\$13,242,253</u>

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

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2007

With comparative totals for December 31, 2006

	#000	#124	OTHER	----- TOTAL -----	
	GENERAL	COMMUNITY	GOV'T	GOVERNMENTAL FUNDS	
	FUND	DEVELOPMENT	FUNDS	2007	2006
Fund Balances					
Reserved for:					
Inventory	\$40,262	\$0	\$0	\$40,262	\$50,181
Encumbrances	417,501	0	1,021,513	1,439,014	2,018,049
Continuing Appropriations	0	0	426,282	426,282	683,982
Debt Service	0	0	879,543	879,543	877,349
Endowment	0	0	555,681	555,681	544,526
Parking and Business Improvement	0	0	26,050	26,050	64,704
Unreserved:					
General Fund	10,033,921	0	0	10,033,921	9,144,374
Special Revenue Funds	0	396,431	5,961,973	6,358,404	4,157,933
Capital Projects Funds	0	0	6,312,265	6,312,265	3,981,463
Total Fund Balances	<u>10,491,684</u>	<u>396,431</u>	<u>15,183,307</u>	<u>26,071,422</u>	<u>21,522,561</u>
Total Liabilities and Fund Balances	<u>\$16,106,472</u>	<u>\$5,826,170</u>	<u>\$17,875,160</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.	139,953,663	88,866,086
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds (as restated).	7,143,303	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.	8,072,722	7,346,232
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(33,881,796)	(30,910,167)
Accrued interest payable on General Obligation Debt	(115,711)	(76,767)
Net assets of governmental activities	<u>\$147,243,603</u>	<u>\$86,747,945</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	#000 GENERAL FUND	#124 COMMUNITY DEVELOPMENT	OTHER GOV'T FUNDS	----- TOTAL ----- GOVERNMENTAL FUNDS	
				2007	2006
REVENUES					
Taxes and Special Assessments	\$34,820,613	\$0	\$12,240,044	\$47,060,657	\$45,600,517
Licenses and Permits	982,084	0	0	982,084	741,492
Intergovernmental Revenues	2,500,346	616,302	13,639,141	16,755,789	17,345,695
Charges for Services	4,422,803	1,342,972	1,230,540	6,996,315	5,543,284
Fines and Forfeits	1,420,275	0	0	1,420,275	1,309,431
Interest	913,446	64,384	717,950	1,695,780	1,167,773
Other Revenues	60,794	243,343	1,343,434	1,647,571	1,851,850
Total Revenues	45,120,361	2,267,001	29,171,109	76,558,471	73,560,042
EXPENDITURES					
Current:					
General Government	10,663,820	0	93,327	10,757,147	10,451,632
Security of Persons and Property	28,715,181	0	3,975,943	32,691,124	30,929,077
Physical Environment	1,323,713	0	351,031	1,674,744	1,703,792
Transportation	0	0	5,128,557	5,128,557	5,128,605
Economic Environment	797,452	1,905,588	1,166,234	3,869,274	3,975,658
Mental & Physical Health	19,606	0	0	19,606	17,569
Cultural & Recreational Environment	6,333	0	5,706,167	5,712,500	6,951,181
Capital Outlay:					
General Government	107,942	0	143,564	251,506	259,753
Security of Persons and Property	0	0	1,105,290	1,105,290	864,402
Physical Environment	0	230,794	60,274	291,068	23,784
Transportation	0	0	7,462,636	7,462,636	4,391,527
Economic Environment	0	0	2,636,504	2,636,504	5,270,361
Cultural & Recreational Environment	0	0	1,006,609	1,006,609	1,343,850
Debt Service:					
Principal Retirement	281,307	0	2,608,925	2,890,232	2,351,112
Interest	42,105	0	790,221	832,326	822,296
Total Expenditures	41,957,459	2,136,382	32,235,282	76,329,123	74,484,599
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	\$3,162,902	\$130,619	(\$3,064,173)	\$229,348	(\$924,557)

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	#000 GENERAL FUND	#124 COMMUNITY DEVELOPMENT	OTHER GOV'T FUNDS	----- TOTAL ----- GOVERNMENTAL FUNDS	
				2007	2006
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Lease Financing	\$38,293	\$0	\$0	\$38,293	\$0
Proceeds from L.T. Debt - G.O. Bonds	0	0	4,686,005	4,686,005	0
Proceeds from Intergovernmental Loans	0	0	0	0	50,000
Other Note Proceeds	0	0	0	0	546,252
Transfers In	40,000	0	5,155,797	5,195,797	5,048,727
Transfers (Out)	(2,195,322)	0	(3,469,089)	(5,664,411)	(5,050,265)
Intergovernmental Agreements	(81,095)	0	0	(81,095)	(39,095)
Sale of Capital Assets	9,438	0	16,737	26,175	109,087
Comp. for Loss of Gen. Capital Assets	5,508	0	123,160	128,668	89,973
Total Other Financing Sources (Uses)	(2,183,178)	0	6,512,610	4,329,432	754,679
Net Change in Fund Balances	979,724	130,619	3,448,437	4,558,780	(169,878)
Fund Balances - January 1	9,521,879	265,812	11,734,870	21,522,561	21,690,929
Change in Reserve for Inventory	(9,919)	0	0	(9,919)	1,510
Fund Balances - December 31	<u>\$10,491,684</u>	<u>\$396,431</u>	<u>\$15,183,307</u>	<u>\$26,071,422</u>	<u>\$21,522,561</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	2007	2006
Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	\$4,558,780	(\$169,878)
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.	4,666,797	8,115,055
In the statement of activities, only the gain on the sale of fund assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the fund assets. This reconciling item also includes donations of capital assets and infrastructure obtained by annexation.	5,094,597	(742,804)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(826,215)	0
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. A credit balance means debt issuance proceeds exceeded repayments.	(1,883,062)	1,894,769
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (compensated absences, inventory).	(1,137,430)	(646,658)
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.	726,490	1,040,879
Change in net assets, as reflected on the Statement of Activities	\$11,199,957	\$9,491,363

The Notes to the Financial Statements, found in the Basic Financial section, 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, 2007

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes and Special Assessments	\$34,001,600	\$34,134,167	\$34,820,613	\$686,446
Licenses and Permits	648,000	788,000	982,084	194,084
Intergovernmental Revenues	2,188,165	2,195,399	2,500,346	304,947
Charges for Services	4,301,008	4,301,008	4,422,803	121,795
Fines and Forfeits	1,294,000	1,294,000	1,420,275	126,275
Interest	700,000	700,000	913,446	213,446
Other Revenues	82,700	82,700	60,794	(21,906)
Total Revenues	43,215,473	43,495,274	45,120,361	1,625,087
EXPENDITURES				
Current:				
General Government	11,051,629	11,318,664	10,663,820	654,844
Security of Persons and Property	28,329,440	28,888,074	28,715,181	172,893
Physical Environment	1,418,691	1,443,803	1,323,713	120,090
Economic Environment	749,898	821,798	797,452	24,346
Mental & Physical Health	18,600	18,600	19,606	(1,006)
Cultural & Recreational Environment	6,333	6,333	6,333	0
Capital Outlay:				
General Government	27,001	273,477	107,942	165,535
Debt Service:				
Principal Retirement	309,177	309,177	281,307	27,870
Interest	44,672	44,672	42,105	2,567
Total Expenditures	41,955,441	43,124,598	41,957,459	1,167,139
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,260,032	370,676	3,162,902	2,792,226
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease Financing	0	0	38,293	38,293
Transfers In	40,000	40,000	40,000	0
Transfers (Out)	(2,147,000)	(2,154,500)	(2,195,322)	(40,822)
Intergovernmental Agreements	(39,095)	(81,095)	(81,095)	0
Sale of Capital Assets	0	0	9,438	9,438
Comp. for Loss of Gen. Capital Assets	1,000	1,000	5,508	4,508
Total Other Financing Sources (Uses)	(2,145,095)	(2,194,595)	(2,183,178)	11,417
Net Change in Fund Balances	(885,063)	(1,823,919)	979,724	2,803,643
Fund Balances - January 1	4,762,995	4,762,995	9,521,879	4,758,884
Change in Reserve for Inventory	0	0	(9,919)	(9,919)
Fund Balances - December 31	\$3,877,932	\$2,939,076	\$10,491,684	\$7,552,608

The Notes to the Financial Statements, found in the Basic Financial section, 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, 2007

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET -
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental Revenues	\$1,850,000	\$2,894,747	\$616,302	(\$2,278,445)
Charges for Services	612,000	744,000	1,342,972	598,972
Interest	30,250	30,250	64,384	34,134
Other Revenues	1,000	240,866	243,343	2,477
Total Revenues	2,493,250	3,909,863	2,267,001	(1,642,862)
EXPENDITURES				
Current:				
Economic Environment	2,513,162	3,172,775	1,905,588	1,267,187
Capital Outlay:				
Physical Environment	0	239,866	230,794	9,072
Transportation	0	505,134	0	505,134
Economic Environment	0	12,000	0	12,000
Total Expenditures	2,513,162	3,929,775	2,136,382	1,793,393
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(19,912)	(19,912)	130,619	150,531
Fund Balances - January 1	535,584	535,584	265,812	(269,772)
Fund Balances - December 31	\$515,672	\$515,672	\$396,431	(\$119,241)

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

PROPRIETARY FUNDS

THE TRANSIT FUNDS (462 AND 362) were created on September 26, 1966, pursuant to the result of a special election on September 20, 1966, ratifying Ordinance 821, which proposed that the City of Yakima lease, operate and subsidize a City transit system. On October 1, 1970, the City assumed full management of the City transit system. The system is subsidized by a .3% sales tax which became effective in November 1980 by the vote of the citizens ratifying Ordinance 2469.

THE REFUSE FUND (471) 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 WASTEWATER AND WATER FUNDS (973 AND 974) 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 (975) 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, 2007

With comparative totals for December 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	#462 & #364	#471	#973
	TRANSIT	REFUSE	WASTEWATER
ASSETS			
Current Assets:			
Cash & Equity in Pooled Investments	\$917,823	\$410,404	\$532,427
Deposits w/ Fiscal Agent/Trustee	0	0	0
Receivables:			
Accounts/Taxes (Net)	849,535	256,975	1,710,516
Notes/Contracts	0	0	0
Interest/Penalties	5,666	0	1,428
Other Receivables	0	0	9,750
Due from Other Government Units	1,856,993	0	0
Inventories	0	0	14,501
Investments, at Amortized Cost	500,057	0	4,563,778
Total Current Assets	4,130,074	667,379	6,832,400
Noncurrent Assets:			
Restricted Assets:			
Cash	0	0	2,327,579
Land	1,307,989	0	583,270
Buildings	7,363,248	0	51,159,320
Other Improvements	97,645	0	42,770,035
Machinery & Equipment	6,988,367	0	5,593,788
Accumulated Depreciation	(5,995,836)	0	(52,113,682)
Construction in Progress	14,751	0	20,839,261
Intangibles	0	0	0
Unamortized Debt Issue Costs	0	0	84,384
Total Noncurrent Assets	9,776,164	0	71,243,955
Total Assets	\$13,906,238	\$667,379	\$78,076,355

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

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

December 31, 2007

With comparative totals for December 31, 2006

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

#974	#975	----- TOTAL -----		INTERNAL
WATER	IRRIGATION	2007	2006	SERVICE FUNDS
\$553,302	\$498,492	\$2,912,448	\$11,749,710	\$5,652,097
0	0	0	425	10,620
3,647	199,653	3,020,326	2,929,490	641,749
0	0	0	5,374	0
0	0	7,094	63,347	91,795
0	0	9,750	9,750	0
0	0	1,856,993	1,637,641	0
232,503	0	247,004	250,638	290,565
3,500,000	5,000,000	13,563,835	9,511,432	5,438,533
4,289,452	5,698,145	21,617,450	26,157,807	12,125,359
359,136	35,435	2,722,150	2,705,125	0
191,756	98,500	2,181,515	2,181,515	0
3,777,980	0	62,300,548	66,364,089	37,397
42,656,365	11,097,190	96,621,235	90,432,431	7,251
3,078,302	67,761	15,728,218	16,014,140	18,087,965
(19,869,946)	(2,653,899)	(80,633,363)	(80,227,200)	(10,092,724)
1,179,328	1,464,658	23,497,998	16,027,132	0
221,830	0	221,830	221,830	0
8,667	43,537	136,588	147,793	0
31,603,418	10,153,182	122,776,719	113,866,855	8,039,889
\$35,892,870	\$15,851,327	\$144,394,169	\$140,024,662	\$20,165,248

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

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

December 31, 2007

With comparative totals for December 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	#462 & #364	#471	#973
	TRANSIT	REFUSE	WASTEWATER
LIABILITIES			
Current Liabilities:			
Warrants/Accounts Payable	\$86,211	\$90,571	\$482,682
Wages/Benefits Payable	282,794	106,496	409,694
Compensated Absences Payable	319,539	132,344	574,433
Claims and Judgments Payable	0	0	0
Accrued Payables	0	0	160,578
Deposits Payable	6,100	0	4,500
Current Portion Long-term Debt	0	0	586,422
Restricted Payables:			
Current Portion L.T. Debt	0	0	1,457,050
Total Current Liabilities	694,644	329,411	3,675,359
Noncurrent Liabilities:			
Bonds Payable	0	0	16,061,742
Unamortized Bond Discount/Premium	0	0	297,153
Deferred Amount On Debt Refunding	0	0	(100,038)
Loans Payable - Long-term	0	0	5,579,999
Total Noncurrent Liabilities	0	0	21,838,856
Total Liabilities	694,644	329,411	25,514,215
NET ASSETS			
Invested in Capital Assets, Net of Related Debt (as restated)	9,776,164	0	49,573,470
Restricted for Debt Service	0	0	2,327,579
Unrestricted	3,435,430	337,968	661,091
Total Net Assets	\$13,211,594	\$337,968	\$52,562,140

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net assets of business-type activities

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

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

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

December 31, 2007

With comparative totals for December 31, 2006

#974 WATER	#975 IRRIGATION	----- TOTAL -----		INTERNAL SERVICE FUNDS
		2007	2006	
\$89,990	\$775,716	\$1,525,170	\$1,394,706	\$665,782
187,833	51,379	1,038,196	987,031	184,699
168,753	47,152	1,242,221	1,178,926	225,964
0	0	0	0	3,080,203
41,369	71,423	273,370	289,067	0
169,599	0	180,199	231,504	0
170,355	0	756,777	748,213	0
187,950	105,000	1,750,000	1,695,000	0
<u>1,015,849</u>	<u>1,050,670</u>	<u>6,765,933</u>	<u>6,524,447</u>	<u>4,156,648</u>
2,044,575	4,805,000	22,911,317	24,755,000	0
(18,988)	(125,101)	153,064	160,077	0
(14,690)	0	(114,728)	(150,081)	0
2,924,280	0	8,504,279	7,787,536	0
<u>4,935,177</u>	<u>4,679,899</u>	<u>31,453,932</u>	<u>32,552,532</u>	<u>0</u>
5,951,026	5,730,569	38,219,865	39,076,979	4,156,648
25,909,431	5,725,393	90,984,458	84,093,280	8,039,889
359,136	35,435	2,722,150	2,705,125	0
3,673,277	4,359,930	12,467,696	14,149,278	7,968,711
<u>\$29,941,844</u>	<u>\$10,120,758</u>	<u>106,174,304</u>	<u>100,947,683</u>	<u>\$16,008,600</u>
		<u>7,935,871</u>	<u>8,037,424</u>	
		<u>\$114,110,175</u>	<u>\$108,985,107</u>	

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	#462 & #364	# 471	#973
	TRANSIT	REFUSE	WASTEWATER
OPERATING REVENUES			
Charges for Services	\$567,432	\$3,950,719	\$14,373,481
Charges for Insurance	0	0	0
Employer Contributions	0	0	0
Employee Contributions	0	0	0
Other Operating Revenues	11,010	896	59,879
Total Operating Revenues	<u>578,442</u>	<u>3,951,615</u>	<u>14,433,360</u>
OPERATING EXPENSES			
Operations and Maintenance	5,727,254	3,419,547	6,260,642
Administration/Overhead	754,882	436,314	1,306,552
Taxes	0	0	2,474,798
Depreciation/Amortization	822,440	0	3,030,658
Other Benefits	0	0	0
Total Operating Expenses	<u>7,304,576</u>	<u>3,855,861</u>	<u>13,072,650</u>
Operating Income (Loss)	<u>(6,726,134)</u>	<u>95,754</u>	<u>1,360,710</u>
NON-OPERATING REVENUES (EXPENSES)			
Operating Grants and Subsidies	6,755,376	0	0
Interest Revenue	33,343	4,000	193,996
Other Non-Operating Revenues	20,995	0	387,284
Interest Expenses	0	0	(508,381)
Amortization of Bond Payment Discount	0	0	(25,519)
Gain (Loss) on Capital Assets Disposition	0	0	(226,709)
Non-Operating Revenue Net of Expenses	<u>6,809,714</u>	<u>4,000</u>	<u>(179,329)</u>
Income (Loss) Before Contributions and Transfers	83,580	99,754	1,181,381
Capital Contributions	0	0	2,244,826
Transfers In	0	0	32,939
Transfers (Out)	0	0	(42,516)
Change in Net Assets	<u>83,580</u>	<u>99,754</u>	<u>3,416,630</u>
Total Net Assets - January 1	<u>13,128,014</u>	<u>238,214</u>	<u>49,145,510</u>
Total Net Assets - December 31	<u>\$13,211,594</u>	<u>\$337,968</u>	<u>\$52,562,140</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Change in net assets of business-type activities.

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

#974 WATER	#975 IRRIGATION	----- TOTAL -----		INTERNAL SERVICE FUNDS
		2007	2006	
\$6,357,217	\$2,482,386	\$27,731,235	\$27,535,559	\$5,741,798
0	0	0	0	2,257,383
0	0	0	0	8,048,075
0	0	0	0	1,693,673
2,609	3,767	78,161	30,999	277,744
<u>6,359,826</u>	<u>2,486,153</u>	<u>27,809,396</u>	<u>27,566,558</u>	<u>18,018,673</u>
2,116,726	1,143,941	18,668,110	18,168,034	5,832,305
1,595,373	159,732	4,252,853	4,080,724	2,086,267
1,308,419	46,128	3,829,345	3,818,701	0
1,103,129	102,583	5,058,810	4,510,575	1,189,712
0	0	0	0	9,536,357
<u>6,123,647</u>	<u>1,452,384</u>	<u>31,809,118</u>	<u>30,578,034</u>	<u>18,644,641</u>
236,179	1,033,769	(3,999,722)	(3,011,476)	(625,968)
0	0	6,755,376	6,484,430	0
39,839	109,132	380,310	656,397	666,735
10,986	0	419,265	827,162	5,760
(124,261)	(103,841)	(736,483)	(1,131,495)	0
(6,359)	(7,665)	(39,543)	(39,543)	0
0	0	(226,709)	100,254	(30,366)
<u>(79,795)</u>	<u>(2,374)</u>	<u>6,552,216</u>	<u>6,897,205</u>	<u>642,129</u>
156,384	1,031,395	2,552,494	3,885,729	16,161
544,623	0	2,789,449	1,912,037	608,776
0	0	32,939	32,939	0
(71,997)	(33,750)	(148,263)	(262,818)	0
<u>629,010</u>	<u>997,645</u>	<u>5,226,619</u>	<u>5,567,887</u>	<u>624,937</u>
29,312,834	9,123,113			15,383,663
<u>\$29,941,844</u>	<u>\$10,120,758</u>			<u>\$16,008,600</u>
		<u>(101,553)</u>	<u>558,117</u>	
		<u>\$5,125,066</u>	<u>\$6,126,004</u>	

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	#462 & #364 TRANSIT	#471 REFUSE	#973 WASTEWATER
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$567,432	\$3,984,423	\$14,165,903
Contributions Received - Employer and Employee			
Cash Paid to Suppliers for Goods and Services	(3,373,765)	(2,456,196)	(3,125,105)
Cash Paid for Salaries and Benefits	(3,028,211)	(1,126,026)	(4,959,384)
Other Operating Revenues Collected	11,010	896	59,879
Cash Paid to Claimants and Beneficiaries			
Cash Paid in Lieu of Taxes	0	(355,130)	(1,864,131)
Net Cash Provided by Operating Activities	<u>(5,823,534)</u>	<u>47,967</u>	<u>4,277,162</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants Received/Sales Tax	6,459,254	0	0
Transfers Out to Other Funds	0	0	0
Net Cash Provided by Noncapital Financing Activities	<u>6,459,254</u>	<u>0</u>	<u>0</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Proceeds from Public Works Trust/SIED Loan/Revenue Bonds	0	0	1,613,500
Cash Received for Debt Service from Other Governments	0	0	381,583
Cash Received from Disposal of Capital Assets	0	0	4,900
Cash Contributions in Aid of Construction	0	0	1,014,269
Principal Paid on Revenue Bonds	0	0	(1,502,383)
Principal Paid on Public Works Trust/SIED Loan	0	0	(671,208)
Capital Expenditures Paid	(14,751)	0	(9,705,792)
Interest and Other Debt Service Paid	0	0	(517,034)
Capital Grants Received	0	0	25,000
Other Non-Operating Capital Revenue	20,994	0	5,701
Transfer In	0	0	32,939
Transfer Out	0	0	(42,516)
Net Cash Used for Capital Financing Activities	<u>6,243</u>	<u>0</u>	<u>(9,361,041)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Investment Securities	461	0	4,447,136
Interest Received on Investments	33,343	4,000	241,221
Purchase of Investment Securities	0	0	(4,000,000)
Net Cash Provided by Investing Activities	<u>33,804</u>	<u>4,000</u>	<u>688,357</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>675,767</u>	<u>51,967</u>	<u>(4,395,522)</u>
Cash and Cash Equivalents at Beginning of Year	<u>242,056</u>	<u>358,437</u>	<u>7,255,528</u>
Cash and Cash Equivalents at End of Year	<u><u>\$917,823</u></u>	<u><u>\$410,404</u></u>	<u><u>\$2,860,006</u></u>

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

#974 WATER	#975 IRRIGATION	----- TOTAL -----		INTERNAL SERVICE FUNDS
		2007	2006	
\$6,419,856	\$2,508,624	\$27,646,238	\$26,681,547	\$5,897,709
				11,833,685
(2,133,263)	(738,305)	(11,826,634)	(11,391,166)	(6,065,500)
(2,006,521)	(645,115)	(11,765,257)	(11,124,602)	(1,724,430)
2,609	3,767	78,161	30,999	277,777
				(9,399,488)
(872,853)	0	(3,092,114)	(3,085,326)	0
<u>1,409,828</u>	<u>1,128,971</u>	<u>1,040,394</u>	<u>1,111,452</u>	<u>819,753</u>
0	0	6,459,254	6,300,751	0
0	0	0	(30,000)	0
<u>0</u>	<u>0</u>	<u>6,459,254</u>	<u>6,270,751</u>	<u>0</u>
0	0	1,613,500	239,138	0
0	0	381,583	665,475	0
0	0	4,900	105,849	62,932
242,742	0	1,257,011	1,413,536	0
(181,300)	(105,000)	(1,788,683)	(1,645,000)	0
(216,983)	0	(888,191)	(757,690)	0
(844,846)	(1,914,378)	(12,479,767)	(13,435,325)	(1,252,329)
(130,514)	(104,632)	(752,180)	(1,151,442)	0
0	0	25,000	(25,000)	0
11,411	0	38,106	161,687	583,937
0	0	32,939	32,939	0
(71,997)	(33,750)	(148,263)	(232,818)	0
<u>(1,191,487)</u>	<u>(2,157,760)</u>	<u>(12,704,045)</u>	<u>(14,628,651)</u>	<u>(605,460)</u>
1,000,000	3,000,000	8,447,597	14,505,332	1,790,329
48,867	109,132	436,563	648,731	636,140
(3,500,000)	(5,000,000)	(12,500,000)	(5,000,000)	0
<u>(2,451,133)</u>	<u>(1,890,868)</u>	<u>(3,615,840)</u>	<u>10,154,063</u>	<u>2,426,469</u>
<u>(2,232,792)</u>	<u>(2,919,657)</u>	<u>(8,820,237)</u>	<u>2,907,615</u>	<u>2,640,762</u>
3,145,230	3,453,584	14,454,835	11,547,219	3,011,335
<u>\$912,438</u>	<u>\$533,927</u>	<u>\$5,634,598</u>	<u>\$14,454,834</u>	<u>\$5,652,097</u>

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	#462 & #364 TRANSIT	#471 REFUSE	#973 WASTEWATER
CASH AT THE END OF THE YEAR			
Operating Fund Cash	\$917,823	\$410,404	\$532,427
Revenue Bond Reserve Account Cash	0	0	2,061,417
Revenue Bond Redemption Account Cash	0	0	266,162
Total Cash at the End of the Year	<u>\$917,823</u>	<u>\$410,404</u>	<u>\$2,860,006</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Operating Income (Loss)	(\$6,726,134)	\$95,754	\$1,360,710
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	822,440	0	3,030,658
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	0	33,704	(243,801)
Increase in Allowance for Uncollectibles	0	0	36,223
(Increase) Decrease in Inventory	0	0	4,159
Increase (Decrease) in Warrants/Accounts Payable	13,664	(95,827)	41,867
Increase (Decrease) in Wages/Benefits Payable	19,177	7,150	8,874
Increase (Decrease) in Compensated Absences Payable	47,319	7,186	38,472
Increase (Decrease) in Claims and Judgments Payable	0	0	0
Increase (Decrease) in Due to Other Funds	0	0	0
Total Adjustments	<u>902,600</u>	<u>(47,787)</u>	<u>2,916,452</u>
Net Cash Provided by Operating Activities	<u>(\$5,823,534)</u>	<u>\$47,967</u>	<u>\$4,277,162</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Acquired by Noncash Contributions	\$0	\$0	\$1,230,557

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

#974 WATER	#975 IRRIGATION	----- TOTAL -----		INTERNAL SERVICE FUNDS
		2007	2006	
\$553,302	\$498,492	\$2,912,448	\$11,749,710	\$5,652,097
345,667	0	2,407,084	2,390,983	0
13,469	35,435	315,066	314,142	0
<u>\$912,438</u>	<u>\$533,927</u>	<u>\$5,634,598</u>	<u>\$14,454,835</u>	<u>\$5,652,097</u>
\$236,179	\$1,033,769	(\$3,999,722)	(\$3,011,476)	(\$625,968)
1,103,129	102,583	5,058,810	4,510,575	1,189,713
50,258	26,238	(133,601)	(474,331)	(9,502)
12,381	0	48,604	22,669	0
(525)	0	3,634	(28,351)	156,945
375	(11,871)	(51,792)	(64,761)	(119,736)
14,454	1,511	51,166	30,724	28,231
(6,423)	(23,259)	63,295	126,403	29,996
0	0	0	0	340,718
0	0	0	0	(170,644)
<u>1,173,649</u>	<u>95,202</u>	<u>5,040,116</u>	<u>4,122,928</u>	<u>1,445,721</u>
<u>\$1,409,828</u>	<u>\$1,128,971</u>	<u>\$1,040,394</u>	<u>\$1,111,452</u>	<u>\$819,753</u>
\$301,881	\$0	\$1,532,438	\$498,501	\$0

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

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

December 31, 2007

With comparative totals for December 31, 2006

	FIREMEN'S RELIEF AND PENSION	
	2007	2006
ASSETS		
Cash & Equity in Pooled Investments	\$131,968	\$524,140
Interest/Penalties	13,947	0
Investments, at Amortized Cost	499,938	0
Total Assets	645,853	524,140
LIABILITIES		
Warrants/Accounts Payable	0	127
Net Assets		
Held in Trust for Pension Benefits and Other Purposes	\$645,853	\$524,013

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

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	FIREMEN'S RELIEF AND PENSION	
	<u>2007</u>	<u>2006</u>
ADDITIONS		
Employer Contributions	\$1,603,774	\$1,558,186
Interest Revenue	15,151	3,000
Total Additions	<u>1,618,925</u>	<u>1,561,186</u>
DEDUCTIONS		
Administration/Overhead	39,437	35,806
Pension Benefits	682,691	767,724
Other Benefits	774,957	779,472
Total Deductions	<u>1,497,085</u>	<u>1,583,002</u>
Change In Net Assets	<u>121,840</u>	<u>(21,816)</u>
Total Net Assets, January 1	<u>524,013</u>	<u>545,829</u>
Total Net Assets, December 31	<u><u>\$645,853</u></u>	<u><u>\$524,013</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2007

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NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

The City of Yakima was incorporated in 1886 and operates under a Council / Manager form of government with a full-time City Manager. The City of Yakima provides a full range of municipal services, which include: police, fire, engineering, parks, cemetery, street, and administrative services. Included in the City's Enterprise Fund financial reports are: water, irrigation, sanitary wastewater, solid waste, 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 the following:

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 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, except for a Contingent Loan Agreement dated October 1, 1998, for a single bond issue of \$2.6 million.

YAKIMA REGIONAL PUBLIC FACILITIES DISTRICT – Although a separate legal entity, the City has elected to account for the operations of the Public Facilities District in a Nonmajor 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.

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.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

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

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

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

The City of Yakima reports the following major governmental funds:

- The *General Fund* is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Community Development Fund* accounts for the Office of Neighborhood Development, which is the focus of the City’s effort to improve economic opportunities and housing conditions in Yakima. Federal Housing and Urban Development grants are the major revenue source for this program.

The 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 funds' 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.

ASSETS, LIABILITIES AND EQUITIES

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 Association of Public Treasurers 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:

- Investment deposits, including certificates of deposit with qualified public depositories as defined in Chapter 39.58 Revised Code of Washington.
 - 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).
 - 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).
 - Bankers Acceptances and Commercial Paper purchased on the secondary market.
 - Washington State Local Government Investment Pool.
 - 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 #31, which states that investments

purchased within thirty 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."

RECEIVABLES

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

Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments. Deferred assessments consist of unbilled special assessments that are liens against the property benefited. As of December 31, 2007, \$20,078 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.

AMOUNTS DUE TO AND FROM OTHER FUNDS; INTERFUND LOANS AND ADVANCES RECEIVABLE

These accounts include all interfund receivables and payables. A separate schedule of interfund loans receivable and payable is furnished in Note 4 - Interfund Receivables. Long-term interfund loans are separately identified as "Advances" – at December 31, 2007, there were no interfund advances.

AMOUNTS DUE TO AND FROM OTHER GOVERNMENTAL UNITS

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

INVENTORIES

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. 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.

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:

<i>Cash - Debt Service</i>	<i>\$2,722,150</i>
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CAPITAL ASSETS (SEE NOTE 4 - CAPITAL ASSETS)

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an

initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure assets are long-lived assets that normally are stationary in nature and 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:

Buildings	25 - 40 Years
Improvements Other than Buildings	7 - 50 Years
Utility Plant	33 - 50 Years
Equipment	2 - 25 Years
Intangibles (Organization Costs and Goodwill)	75 - 100 Years
Infrastructure	15 - 50 Years

CUSTODIAL ACCOUNTS

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

ACCRUED LIABILITIES

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

DEFERRED REVENUES

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

NONCURRENT LIABILITIES

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

The amounts of unpaid vacation and sick leave accumulated by City employees are accrued as expenses when incurred in proprietary funds, which use the accrual basis of accounting. In

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

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 GOV'T-WIDE & FUND FINANCIAL STATEMENTS

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET

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 \$33,881,796 difference are as follows:

Bonds Payable	\$20,837,482
Intergovernmental Loans	1,686,538
Contractual Agreements – Yakima County	166,976
Special Assessments – Notes	370,700
Lease Purchase Agreements	287,346
Unfinanced Pension Liability	4,800,753
Compensated Absences	<u>5,732,001</u>
<i>Net adjustments to reduce fund balance – total governmental funds to arrive at net assets – governmental activities</i>	<u>\$33,881,796</u>

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENTS

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 \$4,666,797 difference are as follows:

Capital Outlay	\$12,753,613
Depreciation Expense	<u>(8,086,816)</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>\$4,666,797</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 \$5,094,597 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.	(\$707,489)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>5,802,086</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>\$5,094,597</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 (\$1,883,062) difference are as follows:

Debt Issued or Incurred:	
Issuance of General Obligation Bonds	(\$9,480,000)
Lease Purchase Agreements	(38,293)
Principal Repayments:	
General Obligation Debt	6,682,615
Intergovernmental Loans	401,390
Contractual Agreement – Yakima County	157,524
Special Assessment Notes	193,800
Lease Purchase Agreements	<u>199,902</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>(\$1,883,062)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this (\$1,137,430) difference are as follows:

Compensated Absences	(\$597,555)
Change in Unfunded Pension Liability	(491,012)
Change in Reserve for Inventory	(9,919)
Accrued Interest Payable	<u>(38,944)</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><i>(\$1,137,430)</i></u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETS AND BUDGETARY ACCOUNTING

SCOPE OF BUDGET

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

Annual appropriated budgets are adopted on the modified accrual basis of accounting. For governmental funds, there are no differences between budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for the General Fund and Special Revenue Funds only. Budgets for debt service and capital projects are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lines of debt issues or projects. Budgetary comparisons for proprietary funds, although not legally required, may be requested from the Department of Finance and Budget.

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

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

PROCEDURES FOR ADOPTING THE ORIGINAL BUDGET

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

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

AMENDING THE BUDGET

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

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by an ordinance approved by a one more than simple majority of those 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 \$13.4 million. The principal four amendments were to re-appropriate 2006 outstanding encumbrances in the amount of \$2.6 million; the appropriation for the South Airport - Ahtanum Sewer extension in the amount of \$530,450; the appropriation due to the newly annexed Occidental area in the amount of \$381,534; and non-lapsing appropriations for various projects in capital funds (Arterial Street, Capital, Parks, Water, Wastewater and Irrigation) in the amount of \$7.3 million.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. The City reappropriates outstanding encumbrances in the subsequent year.

FUND EQUITY

DEFICIT FUND EQUITIES

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

The Risk Management Reserve Internal Service fund had a deficit fund balance of \$97,466 at December 31, 2007. Even though the fund has approximately \$1.2 million in assets, the claims manager's estimate of outstanding claims and judgments payable is over \$1.3 million. The interfund contribution charged to operating funds was increased by 10% in the 2007 budget which reduced this deficit from \$304,163 at December 31, 2006.

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 \$575,070 for the Capitol Theatre Reserve Fund for modifications to the Capitol Theatre. The Capital Project Funds have a designated fund balance of \$1,044,551 for replacement of equipment and other capital improvements.

RESERVED FUND BALANCE IN PERMANENT FUNDS

The reserve of \$555,681 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.

FIDUCIARY FUND NET ASSETS

The Firemen's Relief and Pension Fund has Net Assets held in Trust for Pension Benefits and other purposes of \$645,853, which represents the accumulated contributions made by the government through property taxes (see Note 4) plus interest earnings and state fire insurance premium tax proceeds.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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 or the Washington State Local Government Investment Pool. Investments of trust funds are not subject to the preceding limitations.

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, 2007:

Banks and Savings and Loan Institutions	\$1,559,846
Petty Cash and Other Imprest Funds	14,355
Local Government Investment Pool (LGIP)	<u>24,692,192</u>
<i>Total</i>	<u>\$26,266,393</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 unrated 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.

INVESTMENTS

As of December 31, 2007, the City of Yakima had the following investments:

INVESTMENT PORTFOLIO

<u>INVESTMENT TYPES</u>	<u>CARRYING VALUE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY ⁽¹⁾</u>
Federal Agency Coupon Securities	\$7,175,015	\$7,214,181	.571
Federal Agency Callable Securities	21,503,005	21,624,575	1.783
Treasury Securities	999,995	1,000,120	.130
Municipal Securities	1,025,240	1,030,421	1.266
Local Assessment Notes	408,113	408,113	N/A
Total Portfolio	<u>\$31,111,368</u>	<u>\$31,277,410</u>	
Weighted Average Maturity			.792

(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.

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.

INVESTMENT MANAGEMENT

<u>INVESTMENT TYPES</u>	<u>FAIR/ VALUE</u>	<u>CARRYING/ VALUE</u>	<u>LESS THAN 1 YEAR</u>	<u>2 - 5 YEARS</u>
Federal Agency Coupon Securities	\$7,214,181	\$7,175,015	\$6,174,759	\$1,000,256
Federal Agency Callable Securities	21,624,575	21,503,005	16,003,005	5,500,000
Treasury Securities	1,000,120	999,995	999,995	0
Municipal Securities	1,030,421	1,025,240	528,167	497,073
Local Assessment Notes ⁽¹⁾	408,113	408,113	0	408,113
Total Portfolio	<u>\$31,277,410</u>	<u>\$31,111,368</u>	<u>\$23,705,926</u>	<u>\$7,405,442</u>

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

CREDIT RISK

State law under RCW sections 35.39 and 39.59 limit investments that a Washington class 1 City may hold to Direct and Indirect obligations of the US Government, high quality Municipal Bonds of Washington State or Cities and Towns within the State, high quality General Obligation bonds of another State or City and, by Washington Administrative Code permission, not in the RCW's, Bankers Acceptances and high quality Commercial Paper, holding one of the 2 highest Credit ratings issued by at least two nationally recognized rating agencies and the State Treasurer's Local Government Investment Pool (LGIP). 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).

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 for custodial risk details).

PROPERTY TAXES

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

PROPERTY TAX CALENDAR

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property is established for next year's levy at 100-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, less a maximum levy of \$.50/1,000 for the Library District, beginning in 2007. This amount may be reduced for either of the following reasons:

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

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

For 2007, the City’s regular tax levy was \$3.1165 per \$1,000 on a total assessed valuation of \$4,586,923,853, for a total regular levy of \$14,294,963. 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 2007 was \$.3349 per \$1,000, or \$1,536,367. Additionally, special levies for G.O. Bond obligations totaled \$294,000

RECEIVABLES

Receivables as of year-end for the City’s individual major funds, nonmajor, internal service and agency funds in the aggregate, including applicable allowance for uncollectible accounts are shown in the following chart.

ACCOUNTS RECEIVABLE

	TAXES	ACCOUNTS	SPECIAL ASMTS	DUE FROM OTHER GVTS	INTEREST & PENALTIES	OTHER	TOTAL
General Fund	\$4,327,048	\$1,227,093	\$0	\$117,513	\$217,503	\$0	\$5,889,157
Com & Econ Development	0	5,301,953	0	93,035	0	0	5,394,988
Nonmajor Governmental	238,637	318,349	450,144	1,351,878	18,094	2,000	2,379,102
Transit	849,535	0	0	1,856,993	5,666	0	2,712,194
Refuse	0	256,975	0	0	0	0	256,975
Wastewater	0	1,710,516	0	0	1,428	9,750	1,721,694
Water	0	3,647	0	0	0	0	3,647
Irrigation	0	199,653	0	0	0	0	199,653
Internal Service Funds	0	641,749	0	0	91,795	0	733,544
Total	\$5,415,220	\$9,659,935	\$450,144	\$3,419,419	\$334,486	\$11,750	\$19,290,954

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

Refuse	\$39,459
Wastewater	130,205
Water	63,171
Irrigation	<u>24,824</u>
<i>Total</i>	<u>\$257,659</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

DEFERRED REVENUES

	<u>UNAVAILABLE</u>
General Fund:	
Court Receivables	\$1,212,580
WA St Office Public Defense	110,000
Miscellaneous	362
Community Economic Development	5,301,953
Special Revenue Funds:	
Parks & Recreation - Pool / Field Rentals	19,278
Streets / Sidewalk Repairs	16,310
Arterial Street - Debt Service Assessment	19,786
Cemetery - Lot Sales	14,390
Public Safety Comm - Site Lease	6,305
Parking & Bus Impr - Assessment Levied on Businesses	6,417
Front St Bus Imp - Assessment Levied on Businesses w/in the Boundaries	870
Debt Service Funds:	
LID Fund - Special Assessments Not Yet Due	422,779
Capital Project Funds:	
Parks & Recreation Capital - Private Contributions	10,871
Fire Capital - Fire Training Services	1,402
Total Deferred / Unearned Revenue for Governmental Funds	<u><u>\$7,143,303</u></u>

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

CLASSIFICATION OF INTERFUND TRANSACTIONS

Interfund transactions are classified as follows:

1. Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services, are similarly treated when they involve other funds of the City.
2. Transfers to support the operations of other funds are recorded as "Transfers" and classified with "Other Financing Sources or Uses."
3. Contributions to the capital of enterprise or internal service funds (transfers between those funds and the general capital assets account group), 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.

- Loans between funds are classified as interfund loans receivable and payable or as advances to and from other funds on the combined balance sheet depending on the time period for which the loan was made. Interfund loans do not affect total fund equity, but advances to other funds are offset by a reservation of fund equity. As of December 31, 2007, there were no advances to/from any funds.

INTERFUND LOANS AND RECEIVABLES

The following table depicts the temporary cash overdrafts in individual funds as of December 31, 2007 – caused by timing of cash flow related to grant reimbursements.

INTERFUND LOANS

	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$19,908	\$0
Special Revenue Funds:		
Community Development	0	15,450
Trolley	0	4,458
Total	<u>\$19,908</u>	<u>\$19,908</u>

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 Public Safety 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 funds to purchase new vehicle additions to the rolling stock fleet. Other transfers generally represent debt service and capital project funding.

The following table depicts interfund operating transfer activity during 2007.

OPERATING TRANSFERS

TRANSFER OUT	TRANSFER IN				
	GENERAL FUND	NONMAJOR GOV'T	WASTE- WATER	INTERNAL SERVICE	TOTAL
General Fund	\$0	\$2,157,216	\$0	\$38,106	\$2,195,322
Nonmajor Governmental	40,000	2,883,258	0	545,831	3,469,089
Wastewater	0	42,516	0	0	42,516
Water Operating Fund	0	39,058	32,939	0	71,997
Irrigation	0	33,750	0	0	33,750
Total	<u>\$40,000</u>	<u>\$5,155,798</u>	<u>\$32,929</u>	<u>\$583,937</u>	<u>\$5,812,674</u>

CAPITAL ASSETS

CAPITAL ASSET ACTIVITY

	BALANCE 1/1/07	ADDITIONS	ADJUSTMENTS	DELETIONS	BALANCE 12/31/07
GOVERNMENTAL ACTIVITIES					
Capital Assets (not being depreciated):					
Land (as restated)	\$9,862,947	\$26,881	\$1,087,411	(\$165,207)	\$10,812,032
Construction in Progress	13,698,595	11,614,066	(6,870,004)	0	18,442,657
Total Capital Assets (not being depreciated)	23,561,542	11,640,947	(5,782,593)	(165,207)	29,254,689
Capital Assets (being depreciated):					
Buildings & Structures	48,059,928	324,274	952,634	(783,516)	48,553,320
Other Improvements	9,446,750	160,926	256,475	(9,010)	9,855,141
Equipment & Machinery	7,673,922	654,346	0	(223,059)	8,105,209
Infrastructures (as restated)	181,304,198	5,775,205	4,573,484	0	191,652,887
Capitalized Leases	1,320,869	0	0	(53,249)	1,267,620
Total Capital Assets (being depreciated):	247,805,667	6,914,751	5,782,593	(1,068,834)	259,434,177
Less Accumulated Depreciation for:					
Buildings & Structures	(13,181,842)	(1,059,666)	0	258,560	(13,982,948)
Other Improvements	(3,547,330)	(488,411)	2,132	9,010	(4,024,599)
Equipment & Machinery	(4,753,942)	(494,243)	0	205,662	(5,042,523)
Infrastructures (as restated)	(119,125,734)	(5,926,938)	(2,132)	71	(125,054,733)
Capitalized Leases	(566,091)	(117,558)	0	53,249	(630,400)
Total Accumulated Depreciation	(141,174,939)	(8,086,816)	0	526,552	(148,735,203)
Total Capital Assets (being depreciated net)	106,630,728	(1,172,065)	5,782,593	(542,282)	110,698,974
Governmental Activities Capital Assets (net)	130,192,270	10,468,882	0	(707,489)	139,953,663
INTERNAL SERVICE FUNDS					
Capital Assets (being depreciated):					
Buildings	20,733	0	288	0	21,021
Other Improvements	4,020	0	56	0	4,076
Machinery	7,053,637	567,907	908,574	(531,718)	7,998,400
Total Capital Assets (being depreciated)	7,078,390	567,907	908,918	(531,718)	8,023,497
Less Accumulated Depreciation for:					
Buildings	(7,799)	(1,192)	(106)	0	(9,097)
Other Improvements	(302)	(204)	(3)	0	(509)
Machinery	(3,919,938)	(525,381)	(503,153)	493,061	(4,455,411)
Total Accumulated Depreciation	(3,928,039)	(526,777)	(503,262)	493,061	(4,465,017)
Total Capital Assets (being depreciated net)	3,150,351	41,130	405,656	(38,657)	3,558,480
Total Capital Assets - Governmental Activities	\$133,342,621	\$10,510,012	\$405,656	(\$746,146)	\$143,512,143

Continued on next page...

	BALANCE				BALANCE
	1/1/07	ADDITIONS	ADJUSTMENTS	DELETIONS	12/31/07
BUSINESS-TYPE ACTIVITIES					
Capital Assets (not being depreciated):					
Land	\$2,181,516	\$0	\$0	\$0	\$2,181,516
Construction in Progress	16,027,132	12,321,443	(4,850,576)	0	23,497,999
Total Capital Assets (not being depreciated)	18,208,648	12,321,443	(4,850,576)	0	25,679,515
Capital Assets (being depreciated):					
Buildings & Structures	66,364,089	0	0	(4,063,541)	62,300,548
Other Improvements	90,432,431	1,853,523	4,813,066	(477,785)	96,621,235
Equipment & Machinery	16,014,140	19,498	37,510	(342,930)	15,728,218
Completed Construction - Not Classified	0	0	0	0	0
Intangibles	221,830	0	0	0	221,830
Total Capital Assets (being depreciated)	173,032,490	1,873,021	4,850,576	(4,884,256)	174,871,831
Less Accumulated Depreciation for:					
Buildings & Structures	(39,111,294)	(1,867,111)	0	3,883,319	(37,095,086)
Other Improvements	(33,748,503)	(2,246,405)	0	426,399	(35,568,509)
Equipment & Machinery	(7,261,230)	(945,295)	0	342,930	(7,863,595)
Intangibles	(106,171)	0	0	0	(106,171)
Total Accumulated Depreciation	(80,227,198)	(5,058,811)	0	4,652,648	(80,633,361)
Total Capital Assets (being depreciated net)	92,805,292	(3,185,790)	4,850,576	(231,608)	94,238,470
Business-Type Activities Capital Assets (net)	111,013,940	9,135,653	0	(231,608)	119,917,985
INTERNAL SERVICE FUNDS					
Capital Assets Being Depreciated:					
Buildings	16,664	0	(288)	0	16,376
Other Improvements	3,231	0	(56)	0	3,175
Machinery	10,950,010	709,260	(908,575)	(661,130)	10,089,565
Total Capital Assets Being Depreciated	10,969,905	709,260	(908,919)	(661,130)	10,109,116
Less Accumulated Depreciation for:					
Buildings	(6,265)	(929)	107	0	(7,087)
Other Improvements	(242)	(159)	4	0	(397)
Machinery	(6,073,776)	(661,847)	503,151	612,249	(5,620,223)
Total Accumulated Depreciation	(6,080,283)	(662,935)	503,262	612,249	(5,627,707)
Total Capital Assets (being depreciated net)	4,889,622	46,325	(405,657)	(48,881)	4,481,409
Total Capital Assets - Business-Type Activities	<u>\$115,903,562</u>	<u>\$9,181,978</u>	<u>(\$405,657)</u>	<u>(\$280,489)</u>	<u>\$124,399,394</u>

NOTE: The 2007 adjustment column represents (a) construction works in progress that were completed and classified into the appropriate capital asset category, (b) minor reclassification corrections and (c) transfers of equipment between governmental and business-type activities.

Depreciation expense was charged to functions/programs as follows:

GOVERNMENTAL ACTIVITIES

General Government	\$222,366
Security of Persons and Property	836,372
Physical Environment	11,876
Transportation	5,943,519
Economic Environment	75,005
Cultural and Recreational Environment	997,678
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>526,777</u>

Total Depreciation - Governmental Activities \$8,613,593

BUSINESS-TYPE ACTIVITIES

Transit	\$822,440
Wastewater	3,030,658
Water	1,103,129
Irrigation	102,583
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>662,935</u>

Total Depreciation - Business Type Activities \$5,721,745

COMMITMENTS

CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2007. The projects include widening and construction of existing streets, improvements to the Wastewater facility and collection system, and the rebuilding of the Irrigation system.

CURRENT CONSTRUCTION PROJECTS

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

Street constructions are being financed by gas tax and federal, state or local grants. Wastewater improvements are being financed by State Public Works Trust Fund loans and wastewater utility revenues/capital reserves.

NOTE 5 – PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit 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*.

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 defined benefit plan with a defined contribution component.

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 participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002, for state and higher education employees, or September 1, 2002, for local government employees have the irrevocable 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 members are vested after the completion of 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 the age of 55 with 25 years of service. The annual benefit 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.

Plan 1 retirements from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an additional COLA amount (indexed to the Seattle Consumer Price Index), capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

Plan 2 members are vested after the completion of 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. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost of living allowance is granted (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 60-month period. Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. Retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

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.

JUDICIAL BENEFIT MULTIPLIER

Beginning January 1, 2007, through December 31, 2007, judicial members of PERS may choose to participate in the Judicial Benefit Multiplier (JBM) Program. Current justices or judges in PERS Plan 1 and 2 may make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of average financial compensation. Judges in PERS Plan 3 can elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of average compensation.

Members who choose to participate in JBM will accrue service credit at the higher multiplier beginning with the date of their election, pay higher contributions, stop contributing to the Judicial Retirement Account (JRA), and be given the option to increase the multiplier on past judicial service. Members who do not choose to participate will: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Justices and judges who are newly elected or appointed to judicial service and choose to become PERS members on or after January 1, 2007, or who have not previously opted into PERS membership, are required to participated in the JBM Program.

Justices and judges who are newly elected or appointed to judicial service will: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,188 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006:

Retirees and beneficiaries receiving benefits	70,201
Terminated plan members entitled to but not yet receiving benefits	25,610
Active plan members vested	105,215
Active plan members nonvested	<u>49,812</u>
<i>Total</i>	<u><u>250,838</u></u>

FUNDING POLICY

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee’s age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2007, were as follows:

MEMBERS NOT PARTICIPATING IN JBM

	<u>PERS PLAN 1</u>	<u>PERS PLAN 2</u>	<u>PERS PLAN 3</u>
Employer ⁽¹⁾	6.13% ⁽²⁾	6.13% ⁽²⁾	6.13% ⁽³⁾
Employee	6.00% ⁽⁴⁾	4.15% ⁽⁴⁾	⁽⁵⁾

- (1) The employer rates include the employer administrative expense fee currently set at 0.16%.
- (2) The employer rate for state elected officials is 9.12% for Plan 1 and 6.13% for Plan 2 and Plan 3.
- (3) Plan 3 defined benefit portion only.
- (4) The employee rate for state elected officials is 7.50% for Plan 1 and 4.15% for Plan 2.
- (5) Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

MEMBERS PARTICIPATING IN JBM

	<u>PERS PLAN 1</u>	<u>PERS PLAN 2</u>	<u>PERS PLAN 3</u>
Employer-State Agency ⁽¹⁾	8.63%	8.63%	8.63% ⁽²⁾
Employer-Local Gov't ⁽¹⁾	6.13%	6.13%	6.13% ⁽²⁾
Employee-State Agency	9.76%	7.88%	7.50% ⁽³⁾
Employee-Local Gov't	12.26%	10.38%	7.50% ⁽³⁾

(1) The employer rates include the employer administrative expense fee currently set at 0.16%.

(2) Plan 3 defined benefit portion only.

(3) Minimum rate.

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

CITY CONTRIBUTIONS

	<u>PERS PLAN 1</u>	<u>PERS PLAN 2</u>	<u>PERS PLAN 3</u>
2007	\$133,956	\$1,087,755	\$171,842
2006	83,761	569,572	82,908
2005	57,836	345,207	48,343

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. 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. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. In addition, effective July 24, 2005, current members of PERS who are emergency medical technicians can elect to become members of LEOFF Plan 2.

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.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended by the State Legislature.

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

BENEFIT PERCENTAGE

<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 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year 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 383 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006:

Retirees and beneficiaries receiving benefits	8,951
Terminated plan members entitled to but not yet receiving benefits	602
Active plan members vested	12,711
Active plan members nonvested	<u>3,603</u>
<i>Total</i>	<u><u>25,867</u></u>

FUNDING POLICY

Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. 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 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2007, were as follows:

CONTRIBUTION RATES

	<u>LEOFF PLAN 1</u>	<u>LEOFF PLAN 2</u>
Employer ⁽¹⁾	0.16%	5.35% ⁽²⁾
Employee	0.00%	8.64%
State	N/A	3.45%

(1) The employer rates include the employer administrative expense fee currently set at 0.16%.
 (2) The employer rate for ports and universities is 8.80%.

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

CITY CONTRIBUTIONS

	<u>LEOFF PLAN 1</u>	<u>LEOFF PLAN 2</u>
2007	\$708	\$784,226
2006	1,086	672,425
2005	1,594	528,585

OTHER RETIREMENT SYSTEMS – VOLUNTEER FIREFIGHTERS’ RELIEF AND PENSION FUND

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

FIREMEN’S PENSION

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

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

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

- Return of accumulated contributions less any benefits paid.
- When a Firefighter would have had 25-years of service, 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, 2007, 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.

POLICE PENSION

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

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

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

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

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

During the year ended December 31, 2007, 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**

	VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITIES	UNFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE COVERED PAYROLL
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.

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 2007 of \$159,269. Incurred but not reported claims of \$26,376 have been accrued as a liability.

SELF-INSURED MEDICAL/DENTAL PROGRAM

The City, in August, 1979, self-insured its medical and dental programs for all eligible employees (temporary employees and employees hired to work less than half-time are not eligible to participate in the plan). The City's Human Resources Office administers the self-insured program and claims payment services are provided by Healthcare Management Administrators, 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 2007 were \$6,712,844. Incurred but not reported claims of \$1,161,993 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.) For 2008, the individual stop-loss was increased to \$175,000.

WORKERS' COMPENSATION PROGRAM

The City self-insured its workers' compensation program for all employees except those covered by the LEOFF 1 Retirement System in July, 1984. This workers' compensation program provides coverage identical to the state administered workers' compensation program; however, the City pays only the direct injury-related costs and certain administrative fees. The program is administered by the City's Human Resources Office with claims administration and safety services provided by Nova Pro Risk Solutions (formerly 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 2007 were \$1,054,278. Based on the claims manager's estimate, the City has accrued incurred but not reported claims of \$791,834 at December 31, 2007.

In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop-loss" insurance. This insurance is provided through Wells Fargo Insurance Services under a policy purchased from Employers Reinsurance Corporation. Under the individual stop-loss coverage, the City pays the first \$550,000 of a claim and the insurance company pays (a) the balance up to \$1 million for an individual claim or (b) the balance up to a maximum of \$25 million for multiple claims arising from a single incident.

RISK MANAGEMENT PROGRAM

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Risk Management Fund was established in

1986 to account for its risk management program. Resources accrue to the fund through interfund premiums to operating funds for appropriate insurance coverage and the replenishment and building of reserves for potential liability claims. City contributions to the Risk Management Reserve Fund for 2007 were \$2,101,439. The fund provides for administration, legal services, and claims adjustment and for the purchase of property, general liability, and other insurance coverage.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider recent claim settlement trends, inflation, and other economic or social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims. Estimated recoveries, for example from subrogation, are another component of the claims liability estimate. Based on these factors, the claims manager's estimate of claims liability at December 31, 2007, is \$1,100,000.

The City of Yakima is an associate member of the Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988, when 32 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Currently, the CIAW has approximately 300 members.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Public Officials Liability is on a "claims made basis". All other coverages are on an "occurrence basis". The pool provides the following forms of group purchased insurance coverage for its members: property, general liability, law enforcement liability, automobile liability, employment practices liability, boiler and machinery, bonds of various types, and public officials liability. The City of Yakima participates in the liability coverages provided by the CIAW.

The pool acquires liability insurance from unrelated underwriters that are subject to a per-occurrence deductible of \$100,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. The pool also purchases a Stop Loss Policy in the amount of \$5,500,000 to eliminate any risk to members and funds the stop loss in the budget.

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates (CIAW), which has been contracted to perform pool administration, claims adjustment and administration and loss prevention for the pool. Per CIAW, fees paid to the third party administrator by all members under this arrangement for the years ended August 31, 2006 and 2007 was \$1,153,031 and \$1,242,382 respectively.

A governing board is selected by the membership and is responsible for conducting the business affairs of the pool. The Board of Directors has contracted with Canfield & Associates to perform

day-to-day administration of the pool. This pool has no employees. Copies of the pool's annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

Changes in the balance of claims liability during 2007 follows:

	2007	2006
Unpaid Claims, January 1	\$1,100,000	\$1,200,000
Incurred Claims (including incurred but not reported)	1,097,202	1,133,956
Claim Payments (including direct legal costs)	(1,097,202)	(1,233,956)
<i>Unpaid Claims, December 31</i>	<u><u>\$1,100,000</u></u>	<u><u>\$1,100,000</u></u>

NOTE 7 – LONG-TERM DEBT AND CAPITAL LEASES

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

LEGAL DEBT PERCENTAGE

		LIMIT BY SECTION	CUMULATIVE LIMIT
I. General Purpose:			
Without a Vote (includes capital leases)	1.50%		
With a Vote	1.00%	2.50%	2.50%
II. Utilities Purpose		2.50%	5.00%
III. Open Space and Parks Facilities		2.50%	7.50%
Total Legal Limit		<u><u>7.50%</u></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 \$5,104,315,771 resulting in the debt limits, as of December 31, 2007, for the City as follows:

DEBT LIMITS

	WITHOUT A VOTE GENERAL PURPOSE 1.5 %	----- WITH A VOTE ----- GENERAL PURPOSE 2.5%	UTILITIES 5.0%	OPEN SPACE & PARKS 7.5%
Legal Limit	\$76,564,737	\$127,607,895	\$255,215,789	\$382,823,685
Net Outstanding Indebtedness*	18,545,958	20,119,206	20,119,206	20,119,206
Margin Available	<u><u>\$58,018,779</u></u>	<u><u>\$107,488,689</u></u>	<u><u>\$235,096,583</u></u>	<u><u>\$362,704,479</u></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 2007.

LONG-TERM LIABILITIES

	BALANCE 1/1/2007	ADDITIONS	PAYMENTS/ RETIREMENTS	BALANCE 12/31/2007	AMOUNTS DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
General Obligation Debt:					
Line of Credit	\$44,569	\$500,000	\$520,000	\$24,569	\$20,000
Bonds	17,995,528	8,980,000	6,162,615	20,812,913	1,734,861
Total General Obligation Debt:	18,040,097	9,480,000	6,682,615	20,837,482	1,754,861
Intergovernmental Loans	2,087,928	0	401,390	1,686,538	392,211
Contractual Agreement - Yakima County	324,500	0	157,524	166,976	109,570
Special Assessment - Notes	564,500	0	193,800	370,700	62,597
Lease Purchase Agreements	448,955	38,293	199,902	287,346	215,640
Unfunded Pension Liability	4,309,741	491,012	0	4,800,753	0
Vacation/Sick Leave Accrual	5,134,446	597,555	0	5,732,001	0
Total Governmental Activities Long-term Debt	\$30,910,167	\$10,606,860	\$7,635,231	\$33,881,796	\$2,534,879
BUSINESS-TYPE ACTIVITIES					
Revenue Debt Payable:					
Revenue Bonds	\$26,450,000	\$0	\$1,788,683	\$24,661,317	\$1,750,000
Intergovernmental Loans	8,460,541	1,613,500	875,466	9,198,575	743,398
SIED Loans - Yakima County	75,207	0	12,726	62,481	13,379
Unamortized Debt Issue Cost/Prem/Disc/Def Amt	9,997	0	(28,338)	38,335	0
Total Revenue Debt Payable	\$34,995,745	\$1,613,500	\$2,648,537	\$33,960,708	\$2,506,777
Total Long-term Debt	\$65,905,912	\$12,220,360	\$10,283,768	\$67,842,504	\$5,041,656

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.

NEW MONEY AND REFUNDING GENERAL OBLIGATION DEBT

New Money Portion – In 2007 the City issued new money Limited Tax General Obligation Bonds. The par amount of the new money portion of the bonds totaled \$4,070,000, and funded three projects: modifications to the City’s infrastructure in the amount of \$1,765,000, maturing in May, 2017, having an approximate annual average debt service of \$220,000, and intended to be paid from Gas Tax; \$1,490,000 maturing in May, 2022, to fund Phase II of the Downtown Futures Initiative, with approximate average annual debt service of \$135,000, and intended to be paid from Real Estate Excise Tax II; and \$815,000 to pay a portion of the costs associated with the upgrade of a fire station acquired by the City in an annexation. These bonds mature in May, 2022, have an approximate average annual debt service of \$74,000 and are intended to be paid from Real Estate Excise Tax. The total interest rate on the new money and refunding bonds, including underwriting, legal and insurance costs was 4.17%.

Refunding Portion – The City issued \$4,910,000 of Limited Tax General Obligation refunding bonds to provide resources to purchase US Government and State and Local Government Series securities

that were placed in an irrevocable trust for the purposes of generating resources for all future debt service on \$4,745,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability removed from the governmental activities column of the statement of net assets. The advanced refunding was undertaken to reduce total debt service payments over the next 19 years by \$256,258 and resulted in an economic gain of \$166,372.

GENERAL OBLIGATION BONDS

	<u>DATE OF FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>ORIGINAL ISSUE</u>	<u>OUTSTANDING 12/31/07</u>	<u>AVERAGE ANNUAL DEBT SERVICE</u>
Special Property Tax Levy:					
2004 Fire Improvement Bonds Ref 1995	12/01/2014	2.0% - 3.5%	\$2,300,000	\$1,780,000	290,609
Regular Property Tax Levy:					
G.O. Line of Credit-Chesterley Pk Parking Lot	12/19/2008	Variable	104,569	24,569	24,569
2005 Parks Capital Projects	12/01/2015	4.0% - 4.5%	755,000	630,000	94,691
Total Regular Property Tax Levy			859,569	654,569	
Reg Prop Tax Levy/Real Estate Excise Tax/Gas Tax:					
1998 Street Overlay Program Bonds	06/01/2008	4.0%-4.5%	1,430,000	\$175,000	178,938
2007 River Road Street Project Bond	05/01/2017	4.0%-5.0%	1,765,000	1,765,000	219,618
2007 Fire Station West Valley Rehab Bond	05/01/2022	4.0%-5.0%	815,000	815,000	73,341
2007 Downtown Revitalization Project Bond	05/01/2022	4.0%-4.5%	1,490,000	1,490,000	133,935
Total Reg Prop Tax Levy/Real Estate Excise Tax/Gas Tax			5,500,000	4,245,000	
Motel/Hotel Tax:					
2004 Conv Center Expansion Bonds Ref 1996	11/01/2019	2.0% - 4.2%	4,175,000	4,000,000	421,820
Public Facilities District (State Sales Tax Credit):					
2002 Convention Ctr Addition	06/01/2026	3.0%-5.0%	6,735,000	1,085,000	240,835
2007 Convention Ctr Addition Refunding 2002	05/01/2026	4.0%-5.0%	4,910,000	4,910,000	394,163
Total Public Facilities District			11,645,000	5,995,000	
Business Licenses & Real Estate Excise Tax:					
2003 Sundome Expansion	12/01/2023	2.34%-4.72%	1,430,528	1,362,913	144,046
Utility Tax:					
2003 Criminal Justice/I-82 Bonds ref 1994	12/01/2013	4.35%-5.25%	4,155,000	2,800,000	515,473
			<u>\$30,065,097</u>	<u>\$20,837,482</u>	

REVENUE BONDS

Water/Wastewater/Irrigation revenue bonds consist of serial and term bonds, to be retired through the fiscal year ending December 31, 2034, 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 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. Principal and interest on Irrigation System Bonds are provided by capital rates.

UTILITY REVENUE BONDS

	DATE OF FINAL MATURITY	INTEREST RATE	ORIGINAL ISSUE	OUTSTANDING 12/31/2007	AVERAGE ANNUAL DEBT SERVICE
1996 Water/Wastewater Revenue Bonds (Refund of 1978 Issue)	12/01/08	4.0%-5.2%	\$3,320,000	\$350,000	\$368,200
1998 Water/Wastewater Revenue Bonds (Refund of 1991 Issue)	9/01/11	4.0%-4.3%	4,715,000	1,970,000	546,948
1998 Water Revenue Bonds	9/01/18	4.0%-5.0%	3,195,000	2,070,000	242,806
2001 Apple Tree Bond	6/01/41	6.00%	600,000	506,317	N/A
2003 Wastewater Revenue Bonds	11/01/23	2.0%-5.0%	17,545,000	14,855,000	1,347,270
2005 Irrigation Revenue Bonds	9/01/34	2.0% - 4.8%	5,215,000	4,910,000	320,155
			\$34,590,000	\$24,661,317	

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

REVENUE DEBT SERVICE

	BONDED DEBT	INTEREST	NOTES AND CONTRACTS	INTEREST
2008	\$1,750	\$1,073	\$875	\$60
2009	1,455	1,003	819	52
2010	1,505	952	792	46
2011	1,560	898	792	40
2012	1,075	838	792	33
2013 - 2017	6,060	3,489	2,497	91
2018 - 2022	6,595	1,985	1,642	38
2023 - 2027	2,290	659	530	4
2028 - 2032	1,270	331	0	0
2033 - 2034	595	44	0	0
	\$24,155	\$11,272	\$8,739	\$364

At December 31, 2007, the City had \$2,722,150 in reserved net assets for debt service for the enterprise funds. These represent reserve requirements as contained in the various indentures.

INTERGOVERNMENTAL LOANS AND CONTRACTUAL AGREEMENTS

The City participated in a program administered by the State's Department of Community Development on behalf of the Public Works Board. The program provides financial assistance for general government activities, such as street / bridge improvements, or proprietary activities, such as water or sewage projects. The City has 20 loans through the Washington State Loan Programs as described in the following chart.

PUBLIC WORKS TRUST FUND LOANS

	<u>INTEREST</u>	<u>MATURITY DATE</u>	<u>MAXIMUM AUTHORIZED</u>	<u>OUTSTANDING 12/31/2007</u>
REAL ESTATE TRANSFER TAX				
PW-5-89-962-0056 Resignalization and Lighting	1%	07/01/2009	\$765,000	\$84,302
PW-5-89-962-0057 Fruitvale Canal Wasteway Piping	3%	07/01/2009	174,879	12,754
PW-5-91-280-071 Fruitvale Canal Wasteway	3%	07/01/2011	1,188,000	242,675
ARTERIAL STREET GAS TAX				
PW-5-90-280-050 Tieton Drive, 5th Ave. to 16th Ave.	3%	07/01/2010	803,157	95,268
PW-5-91-280-070 N. 1st Avenue, Yakima Ave. to "I" St.	1%	07/01/2011	1,155,000	199,884
PW-5-95-791-052 Fair Avenue Improvements	1%	07/01/2015	1,000,000	426,006
PW-00-691-062 Downtown Yakima Rehab Project	1%	06/10/2010	1,180,000	378,142
GENERAL FUND SALES TAX				
CERB Loan #C95-107 Utilities-Madison Ave. & 8th, "J" St. & 8th	6%	07/01/2016	425,448	247,507
Sub-Total – General Long-term Debt				<u>\$1,686,538</u>
WASTEWATER OPERATING REVENUE				
PW-88-962-54 Treatment Plant Rehabilitation	1%	07/01/2008	945,000	55,579
PW-5-92-280-046 Wastewater Collection System Impr.	1%	07/01/2012	1,120,000	308,655
PW-5-93-280-054 Wastewater Facility Rehabilitation	1%	07/01/2013	3,221,708	1,023,033
PW-5-94-784-049 Wastewater Collection System Impr.	1%	07/01/2014	1,481,000	286,293
PW-5-95-791-053 Headwork/Digester Rehabilitation	1%	07/01/2015	3,030,558	1,306,996
PW-5-95-791-054 Wastewater Impr. King St Collector	1%	07/01/2015	209,367	93,481
PW-01-691-071 Fruitvale Neighborhood Wastewater-Water Project Phase I	.5%	07/01/2021	1,466,250	1,086,750
PW-05-691-064 Fruitvale Neighborhood Wastewater-Water Project Phase II	.5%	07/01/2025	2,307,000	1,529,905
PW-07-962-019 Ultra Violet Disinfection	.5%	07/01/2027	2,300,000	460,000
WATER OPERATING REVENUE				
PW-5-89-962-0058 Domestic Well and Pump house	3%	07/01/2009	495,000	54,547
PW-03-027 Naches River Water Trtmt Plant Impr	.5%	07/01/2023	2,694,500	2,155,600
SRF-04-65104-037 Naches River Water Trtmt Filter Rehab	.5%	10/01/2025	966,772	837,735
Sub-Total – Revenue Debt				<u>9,198,574</u>
Total Intergovernmental Loans				<u><u>\$10,885,112</u></u>

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

The City has entered into contractual agreements with Yakima County for the financing of an agricultural trade and convention facility, the SunDome, and Supporting Investments in Economic Development (SIED) Loans for several different projects, the detail of which follows.

CONTRACTUAL AGREEMENTS

<u>FUNDING SOURCE / USE</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL ISSUE</u>	<u>OUTSTANDING 12/31/2007</u>
Real Estate Excise Taxes/Business Licenses Sundome (City of Yakima's share)	1989 Issue	11/1/2008	781,518	\$65,046
Contracted Assessment Public Infrastructure Impr - Cascade	2001 Issue	06/1/2011	44,000	19,786
Hotel/Motel Tax Visitor's Center Information Project	2003 Issue	06/1/2010	75,000	32,142
Contracted Assessment Washington Ave Sewer Main	2005 Issue	06/01/2010	25,000	15,729
Contracted Assessment Public Infrastructure Impr - Nob Hill Ave	2006 Issue	06/01/2011	50,000	46,752
Contracted Assessment Yakima Airport Water Improvements	2006 Issue	06/01/2012	64,500	50,000
			<u>\$1,920,018</u>	<u>\$229,455</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>
2008	\$1,735	\$744	\$392	\$35
2009	1,644	710	393	28
2010	1,698	667	346	20
2011	1,747	616	190	14
2012	1,802	564	80	10
2013-2017	6,697	2,009	285	20
2018-2022	3,757	1,072	0	0
2023-2026	1,733	234	0	0
	<u>\$20,813</u>	<u>\$6,616</u>	<u>\$1,686</u>	<u>\$127</u>

At December 31, 2007, the City had \$780,438 available in debt service funds to service the General Obligation Bonds and notes.

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

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT

Debt service requirements for special assessment notes are met by assessments levied against property owners. 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:

LID #1055; 02/10/07 Wastewater	
Alpine Court Installment Note; 9.25% Interest	\$9,000
LID #1056; 10/01/07 Wastewater	
South 70th Avenue & Lindgren Dr Installment Note; 9.25% Interest	140,900
LID #1057; 06/05/10 Wastewater	
North 85th Avenue Wastewater Installment Note; 10.75% Interest	105,600
LID #1058; 12/17/02 Wastewater	
South 7th, 8th, & 9th Avenue Installment Note, 8.75% Interest	<u>115,200</u>
<i>Total</i>	<u><u>\$370,700</u></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, 2007, of the LID Guarantee Fund totaled \$79,682.

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:

Police In-Car Video System	\$104,068
Printer/Copier	24,789
Mobile Wireless Data Network	102,977
Printer/Copier	20,219
Chevrolet Trucks	<u>35,294</u>
<i>Total</i>	<u><u>\$287,347</u></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, 2007, for the fiscal year listed:

2008	\$223,162
2009	63,096
2010	10,286
Less: Amount Representing Interest	<u>(9,197)</u>
<i>Present Value of Net Minimum Lease Payments</i>	<u><u>\$287,347</u></u>

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. The required contributions identified in this and subsequent studies were the basis for recording the unfunded pension liability since 1989, with the most recent study performed as of January 1, 2003.

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 \$491,012 in 2007 and the outstanding balance at December 31, 2007, is \$4,800,754.

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 \$1,453,254 at December 31, 2007.

See Note 5 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.

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 2006). 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, 2007, the City has approved all its authorized maximum Section 108 loans of \$6.945 million. The nature of this program is the City approves qualified projects for the loan within HUD guidelines and acts as a conduit for HUD funds. The loan proceeds flow directly to the ultimate Corporate Borrower. Payments flow from the Corporate Borrower to the City's Custodian and then to HUD. The loans are on an amortization schedule from 10 years to 25 years. The HUD contract specifically provides that the loans are not full faith and credit obligations of the City, but instead, future Community Development Block Grant (CDBG) allocations are pledged on these loans. The City has entered into agreements to collateralize their position within HUD underwriting guidelines. In 2005, one of the loans was defeased. 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, 2007, all of the loans were current. (The EDI grant can be utilized for past due payments).

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, tortious conduct, breaches of duties, errors and omissions, and other wrongful conduct. Congdon alleged its damages exceeded \$21 million and continue. The City entered into letter agreements extending a 2005 tolling agreement, and the tolling agreement will now expire on October 1, 2009. Congdon has not filed a lawsuit, and it is not known whether it will do so. The City believes the chances of recovery are low.

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

NOTE 9 – SEGMENT INFORMATION

WATER AND WASTEWATER UTILITIES

For the purposes of revenue bond debt issuance, the water and wastewater utilities are combined in a single segment (i.e., the System). Therefore, investors in the revenue bonds rely on the revenue generated by both activities for repayment. 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 2009 or 2010. 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 follows.

SYSTEM INFORMATION

	<u>WATER / WASTEWATER</u>	<u>IRRIGATION</u>	<u>TOTAL</u>
CONDENSED STATEMENT OF NET ASSETS			
Assets:			
Current Assets	\$11,121,852	\$5,698,145	\$16,819,997
Restricted Assets	2,686,715	35,435	2,722,150
Capital Assets	100,160,658	10,117,747	110,278,405
Total Assets	<u>113,969,225</u>	<u>15,851,327</u>	<u>129,820,552</u>
Liabilities:			
Current Liabilities	4,691,208	\$1,050,670	5,741,878
Noncurrent Liabilities	26,774,033	4,679,899	31,453,932
Total Liabilities	<u>31,465,241</u>	<u>5,730,569</u>	<u>37,195,810</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	75,482,901	\$5,725,393	81,208,294
Restricted	2,686,715	35,435	2,722,150
Unrestricted	4,334,368	4,359,930	8,694,298
Total Net Assets	<u>\$82,503,984</u>	<u>\$10,120,758</u>	<u>\$92,624,742</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS			
Operating Revenues:			
Charges for Services	\$20,730,698	\$2,482,386	\$23,213,084
Other Operating Revenues	62,488	3,767	66,255
Total Operating Revenues	<u>20,793,186</u>	<u>2,486,153</u>	<u>23,279,339</u>
Operating Expenses:			
Operations and Maintenance	15,062,510	1,349,801	16,412,311
Depreciation	4,133,787	102,583	4,236,370
Total Operating Expenses	<u>19,196,297</u>	<u>1,452,384</u>	<u>20,648,681</u>
Operating Income (Loss)	<u>1,596,889</u>	<u>1,033,769</u>	<u>2,630,658</u>

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Non-Operating Revenues (Expenses);			
Miscellaneous Interest (Net)	(430,685)	(2,374)	(433,059)
Other Non-Operating (Net)	171,561	0	171,561
Total Non-Operating Revenues (Expenses)	(259,124)	(2,374)	(261,498)
Income (Loss) Before Contributions and Transfers	1,337,765	1,031,395	2,369,160
Capital Contributions	2,789,449	0	2,789,449
Operating Transfers (Net)	(81,574)	(33,750)	(115,324)
Change in Net Assets	4,045,640	997,645	5,043,285
Total Net Assets - January 1	78,458,344	9,123,113	87,581,457
Total Net Assets - December 31	<u>\$82,503,984</u>	<u>\$10,120,758</u>	<u>\$92,624,742</u>

CONDENSED STATEMENT OF CASH FLOWS

Net cash Provided (Used) by:			
Operating Activities	\$5,686,990	\$1,128,971	\$6,815,961
Capital and Related Financing Activities	(10,552,528)	(2,157,760)	(12,710,288)
Investing Activities	(1,762,776)	(1,890,868)	(3,653,644)
Net Increase (Decrease)	(6,628,314)	(2,919,657)	(9,547,971)
Beginning Cash and Cash Equivalents	\$10,400,758	\$3,453,584	\$13,854,342
Ending Cash and Cash Equivalents	<u>\$3,772,444</u>	<u>\$533,927</u>	<u>\$4,306,371</u>

NOTE 10 – JOINT VENTURES

YAKIMA AIR TERMINAL

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

The City and the County contribute equally to the joint venture and own jointly, in equal shares, all properties or facilities; however, annual profits and losses are retained by the Airport. The Yakima Air Terminal is presently self-sustaining. 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. Unaudited key financial data for the year ended December 31, 2007, is as follows:

YAKIMA AIR TERMINAL FINANCIAL DATA

Assets:	
Current Assets	\$761,556
Property, Plant and Equipment, Net	7,878,527
Intangible Assets, Net	123,146
Construction in Progress	541,941
Total Assets	9,305,170
Liabilities:	
Current Liabilities	123,106
Other Liabilities - Long-term Debt	38,841
Total Liabilities	161,947
Net Assets:	
Restricted Net Assets	8,500,547
Unrestricted Net Assets	642,676
Total Net Assets	\$9,143,223
REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS	
Operating Revenues	\$1,024,743
Operating Expenses:	
Operations/Maintenance	1,004,666
Depreciation	955,765
Total Operating Expenses	1,960,431
Total Operating Income (Loss)	(\$935,688)
Non-operating Revenues (Expenses):	
Miscellaneous Interest Revenue	\$20,500
Operating Subsidies	334,987
Other	213,823
Total Non-operating Revenues (Expenses)	569,310
Total Net Income (Loss)	(\$366,378)
Total Net Assets, January 1	\$9,509,603
Total Net Assets, December 31	\$9,143,225

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFIT PLANS

BENEFITS OTHER THAN PENSION BENEFIT

In addition to providing pension benefits, the City provides certain health care (100% of medically necessary costs) and life insurance benefits for retired employees under the City's Firemen's and Police Pensions as prescribed by state statutes. Current employees under these two pensions become eligible for those benefits if they reach normal retirement age while working for the City. The cost of retiree health care insurance and life insurance benefits is recognized as an expenditure as claims are paid. Both plans are being funded 100% by the City on a pay-as-you-go basis. For 2007, the costs totaled \$774,957 for the Firemen's Pension which has a total of 79 participants currently eligible to receive benefits and \$762,951 for the Police Pension which has a total of 72 participants currently eligible to receive benefits.

NOTE 12 – OTHER DISCLOSURES

PRIOR PERIOD ADJUSTMENT

The City had long-term assets not available to pay for current period expenditures, which had been reported as deferred revenue at the fund level, but not converted to Net Assets on the City wide Statement of Net Assets. Correction of this error resulted in a prior period adjustment of \$6,781,020 added to Beginning Net Assets for Governmental Activities.

ACCOUNTING AND REPORTING CHANGES

The City implemented GASB 34 “Basic Financial Statement’s and Management’s Discussion and Analysis for States and Local Government” in 2003. However, this GASB allowed a government up to 4 years to summarize and cost all infrastructure. The 2006 Financial Statements included only historical cost for major street projects from 1980 through 2006. For 2007, the GASB was fully implemented, which created a change in accounting principle. This resulted in the addition of infrastructure in the amount of \$135.7 million with an accumulated depreciation of \$95.4 million for a net increase in Governmental Net Assets of \$41.3 million including land of \$1.1 million.

The City recently received guidance from the State Administrative Office of the Courts relating to the methodology of estimating municipal Court receivables from fines and forfeitures, and an adjustment of \$1.2 million was made to the receivables line on the Statement of Net Assets. This change in estimate is presented prospectively both on the General Fund balance sheet and the Statement of Net Assets.

SUBSEQUENT EVENTS

On June 6th, 2008, the City issued \$8,840,000 par value in Water/Wastewater Revenue Bonds to finance \$5.5 million in various Wastewater projects. \$3.4 million of the proceeds were used to refund \$3,340,000 of 1998 Water/Wastewater bonds maturing in 2018. This was a current refunding, resulting in an accounting gain of \$30,000 and an economic gain of just over \$94,000 in future debt service payments, at present value. The All-In Total interest cost of the total issue, including the refunding was 4.01%, and the final maturity of the bonds is November, 2027.

On August 28th, 2008, the City issued \$2,950,000 in Limited Tax General Obligation Bonds to fund certain infrastructure projects and partially fund the purchase of fire apparatus. The infrastructure bonds will be retired in December, 2019, have an average annual debt service of \$240,000 and are intended to be paid from Real Estate Excise Taxes. The bonds paying for the fire apparatus will retire in December, 2021, have an approximate annual debt service of \$75,000, and are intended to be paid from regular Property Tax Levies. The total interest cost on both components of the issue, including legal, underwriting and insurance costs, was 3.8%. In conjunction with issuance of the bonds the City received a credit rating upgrade from “A” to “A+” on all the City’s outstanding General Obligation Debt by Standard and Poor’s Inc.

REQUIRED SUPPLEMENTARY INFORMATION

POLICE AND FIRE PENSION SCHEDULE OF EMPLOYER CONTRIBUTIONS

December 31, 2007

POLICE

FISCAL YEAR ENDING	ACTUAL EMPLOYER CONTRIBUTIONS TAXES	MEDICAL BENEFIT PAYMENTS & ADMINISTRATIVE EXPENSES	NET EMPLOYER CONTRIBUTION	ANNUAL REQUIRED CONTRIBUTION (ARC)	PERCENTAGE OF ARC CONTRIBUTED
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%
12/31/06	1,235,437	701,306	534,131	657,086	106.50%
12/31/07	1,384,894	765,906	618,988	657,086	116.56%

FIRE

FISCAL YEAR ENDING	ACTUAL EMPLOYER CONTRIBUTIONS TAXES & FIRE INSURANCE PREMIUMS	MEDICAL BENEFIT PAYMENTS & ADMINISTRATIVE EXPENSES	NET EMPLOYER CONTRIBUTION	ANNUAL REQUIRED CONTRIBUTION (ARC)	PERCENTAGE OF ARC CONTRIBUTED
12/31/01	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%
12/31/06	1,558,187	815,278	742,909	633,545	117.26%
12/31/07	1,603,774	814,394	789,380	633,545	124.60%

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2007

With comparative totals for December 31, 2006

	#100 SPECIAL REVENUE	#200 DEBT SERVICE	#300 CAPITAL PROJECT	#600 PERMANENT FUND	----- TOTAL ----- GOVERNMENTAL FUNDS	
					2007	2006
ASSETS						
Cash & Equity in Pooled Investments	\$6,094,890	\$846,173	\$5,255,330	\$45,767	\$12,242,160	\$10,006,830
Deposits w/ Fiscal Agent/Trustee	0	0	0	0	0	100
Receivables:						
Taxes	226,248	12,389	0	0	238,637	219,985
Accounts	297,936	0	627	0	298,563	195,777
Special Assessments	7,287	0	0	0	7,287	1,535
LID Assessments - Delinquent	0	20,078	0	0	20,078	11,855
LID Assessments - Deferred	0	422,779	0	0	422,779	607,954
Notes/Contracts	19,786	0	0	0	19,786	24,244
Interest/Penalties	10,144	0	0	7,950	18,094	20,028
Other Receivables	0	0	2,000	0	2,000	5,156
Due from Other Government Units	446,428	0	905,450	0	1,351,878	1,830,923
Investments, at Amortized Cost	999,977	1,957	1,750,000	501,964	3,253,898	1,527,126
Total Assets	\$8,102,696	\$1,303,376	\$7,913,407	\$555,681	\$17,875,160	\$14,451,513
LIABILITIES AND FUND BALANCES						
Liabilities:						
Warrants/Accounts Payable	\$444,040	\$0	\$689,531	\$0	\$1,133,571	\$934,136
Wages/Benefits Payable	689,007	0	0	0	689,007	672,098
Contracts Payable	15,571	0	190,349	0	205,920	123,569
Due to Other Funds	19,908	0	0	0	19,908	174,161
Due to Other Government Units	6,491	0	4,253	0	10,744	13,635
Deposits Payable	113,241	1,054	0	0	114,295	88,346
Deferred Revenue	83,356	422,779	12,273	0	518,408	710,698
Total Liabilities	1,371,614	423,833	896,406	0	2,691,853	2,716,643
Fund Balances:						
Reserved for:						
Encumbrances	743,059	0	278,454	0	1,021,513	645,978
Continuing Appropriations	0	0	426,282	0	426,282	683,982
Debt Service	0	879,543	0	0	879,543	877,349
Endowment	0	0	0	555,681	555,681	544,526
Parking and Business Improvement	26,050	0	0	0	26,050	64,704
Unreserved Designated - Replacement	575,070	0	1,044,551	0	1,619,621	1,556,630
Unreserved	5,386,903	0	5,267,714	0	10,654,617	7,361,701
Total Fund Balances	6,731,082	879,543	7,017,001	555,681	15,183,307	11,734,870
Total Liabilities and Fund Balances	\$8,102,696	\$1,303,376	\$7,913,407	\$555,681	\$17,875,160	\$14,451,513

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	#100 SPECIAL REVENUE	#200 DEBT SERVICE	#300 CAPITAL PROJECT	#600 PERMANENT FUND	----- TOTAL ----- GOVERNMENTAL FUNDS	
					2007	2006
REVENUES						
Taxes	\$8,420,310	\$1,118,384	\$2,701,350	\$0	\$12,240,044	\$11,249,707
Intergovernmental Revenues	6,661,582	0	6,977,559	0	13,639,141	13,413,918
Charges for Services	1,219,385	0	0	11,155	1,230,540	907,862
Interest	278,556	48,951	363,615	26,828	717,950	427,354
Other Revenues	969,339	184,295	189,800	0	1,343,434	1,712,539
Total Revenues	17,549,172	1,351,630	10,232,324	37,983	29,171,109	27,711,380
EXPENDITURES						
Current:						
General Government	93,327	0	0	0	93,327	105,922
Security of Persons and Property	3,346,805	0	629,138	0	3,975,943	4,177,102
Physical Environment	351,031	0	0	0	351,031	361,856
Transportation	4,873,956	0	254,601	0	5,128,557	5,128,605
Economic Environment	1,165,851	0	383	0	1,166,234	917,291
Cultural & Recreational Environment	5,616,053	0	90,114	0	5,706,167	5,630,741
Capital Outlay:						
General Government	0	0	143,564	0	143,564	149,126
Security of Persons and Property	0	0	1,105,290	0	1,105,290	864,402
Physical Environment	28,639	0	31,635	0	60,274	23,784
Transportation	3,449,760	0	4,012,876	0	7,462,636	4,391,527
Economic Environment	0	0	2,636,504	0	2,636,504	5,258,495
Cultural & Recreational Environment	143,701	0	862,908	0	1,006,609	1,343,850
Debt Service:						
Principal Retirement	357,987	2,131,415	119,523	0	2,608,925	2,020,099
Interest	19,693	760,754	9,774	0	790,221	759,087
Total Expenditures	19,446,803	2,892,169	9,896,310	0	32,235,282	31,131,887
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(\$1,897,631)	(\$1,540,539)	\$336,014	\$37,983	(\$3,064,173)	(\$3,420,507)
OTHER FINANCING SOURCES (USES)						
Proceeds from L.T. Debt - G.O. Bonds	\$1,830,921	\$0	\$2,855,084	\$0	\$4,686,005	\$0
Proceeds from Intergovernmental Loans	0	0	0	0	0	50,000
Other Note Proceeds	0	0	0	0	0	546,252
Transfers In	2,761,888	1,558,820	835,089	0	5,155,797	5,008,727
Transfers (Out)	(1,692,932)	(16,087)	(1,733,242)	(26,828)	(3,469,089)	(2,919,316)
Sale of Capital Assets	0	0	16,737	0	16,737	9,087
Comp. for Loss of Gen. Capital Assets	123,160	0	0	0	123,160	89,285
Total Other Financing Sources (Uses)	3,023,037	1,542,733	1,973,668	(26,828)	6,512,610	2,784,035
Net Change in Fund Balances	1,125,406	2,194	2,309,682	11,155	3,448,437	(636,472)
Fund Balances - January 1	5,605,676	877,349	4,707,319	544,526	11,734,870	12,371,342
Fund Balances - December 31	<u>\$6,731,082</u>	<u>\$879,543</u>	<u>\$7,017,001</u>	<u>\$555,681</u>	<u>\$15,183,307</u>	<u>\$11,734,870</u>

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

NONMAJOR SPECIAL REVENUE FUNDS

THE ECONOMIC DEVELOPMENT FUND (123) was established in 1991 to account for payments received by Housing and Urban Development UDAG grant recipients to be used for future economic development within the City.

THE CABLE TV COMMUNICATIONS FUND (125) 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 COMMUNITY SERVICES FUND (127) was created in 2007. Healthy Families Yakima, currently its sole program, was established as a demonstration project to test the effectiveness of alternative approaches to child support enforcement issues. This program is supported by a federal grant passed through the state and local match (i.e. donations).

THE PARKS AND RECREATION FUND (131) accounts for the Metropolitan Park District which was made a part of the General Fund in 1970 by Ordinance 1276. In 1971 it became a separate fund primarily supported by program fees and tax levies.

THE GROWTH MANAGEMENT FUND (140) 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 STREET FUND (141), while not a self-supporting 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, supported by a portion of the gas tax and an allocation of property taxes.

THE ARTERIAL STREET FUND (142) 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 (143) 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 (144) for the operation of the Tahoma Cemetery is a self-supporting fund. Revenues are provided through the sale of grave sites and other services; it receives interest from Cemetery Trust Fund investments. Disbursements from this fund are for all expenses for the care of lots, blocks or parts thereof under endowment or annual care.

THE EMERGENCY SERVICES FUND (150) was established in 1991 when a special property tax levy was approved by the voters to provide for emergency medical services.

THE PUBLIC SAFETY COMMUNICATIONS FUND (151) 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 9-1-1 and dispatching contracts with neighboring jurisdictions, and telephone utility tax transferred from the General Fund.

THE PARKING AND BUSINESS IMPROVEMENT FUND (161) 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 and other promotion of the Downtown area.

THE TROLLEY FUND (162) accounts for the operations, maintenance and capital improvements of the Trolley System. The major source of revenue is grants.

THE FRONT STREET BUSINESS IMPROVEMENT FUND (163) 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 (170) was established in 1978 and centralizes all City expenditures for the support of tourist and convention activities and publicity, including operational expenses of the city-owned Convention Center.

THE CAPITOL THEATRE OPERATING FUND (171) was created in 1980 for the purpose of maintaining, managing, and operating the Capitol Theatre.

THE PUBLIC FACILITIES DISTRICT FUND (172) 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 (173) was created in 2005 by a self assessment of the lodging industry to fund activities designed to increase tourism and convention business within Yakima County.

THE CONTINGENCY FUND (195) was created by Ordinance 1273 on December 14, 1970, for the purpose of providing funds for unforeseen needs.

THE CAPITOL THEATRE RESERVE FUND (198) 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, 2007

With comparative totals for December 31, 2006

	SPECIAL REVENUE FUNDS						
	#123	#125	#127	#131	#140	#141	#142
	ECONOMIC DEV	CABLE TV	COMM SERVICES	PARKS & REC	GROWTH MGMT	STREETS	ARTERIAL STREETS
ASSETS							
Cash & Equity in Pooled Investments	\$240,078	\$372,935	\$0	\$714,661	\$24,372	\$1,195,146	\$1,164,540
Deposits w/Fiscal Agent/Trustee	0	0	0	0	0	0	0
Receivables:							
Taxes	0	0	0	0	0	0	0
Accounts	0	0	0	6,465	0	16,310	0
Special Assessments	0	0	0	0	0	0	0
Notes/Contracts	0	0	0	0	0	0	19,786
Interest/Penalties	0	1,958	0	0	0	8,186	0
Due from Other Government Units	0	0	25,568	35,041	0	215,599	142,281
Investments, at Amortized Cost	0	497,073	0	0	0	500,941	0
Total Assets	\$240,078	\$871,966	\$25,568	\$756,167	\$24,372	\$1,936,182	\$1,326,607
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants/Accounts Payable	\$13,538	\$946	\$9,575	\$48,728	\$0	\$85,291	\$136,012
Wages/Benefits Payable	3,865	31,048	0	136,742	0	232,914	0
Contracts Payable	0	0	0	0	0	0	15,571
Due to Other Funds	0	0	15,450	0	0	0	0
Due to Other Government Units	0	0	0	42	0	0	6,449
Deposits Payable	0	0	0	1,938	0	0	0
Deferred Revenue	0	0	0	19,278	0	16,310	19,786
Total Liabilities	17,403	31,994	25,025	206,728	0	334,515	177,818
Fund Balances:							
Reserved:							
Encumbrances	0	0	177,418	6,028	29,440	228,295	0
Parking and Business Improvement	0	0	0	0	0	0	0
Unreserved Designated - Replacement	0	0	0	0	0	0	0
Unreserved	222,675	839,972	(176,875)	543,411	(5,068)	1,373,372	1,148,789
Total Fund Balances	222,675	839,972	543	549,439	24,372	1,601,667	1,148,789
Total Liabilities and Fund Balances	\$240,078	\$871,966	\$25,568	\$756,167	\$24,372	\$1,936,182	\$1,326,607

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

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2007

With comparative totals for December 31, 2006

	SPECIAL REVENUE FUNDS						
	#143	#144	#150	#151	#161	#162	#163
	TRANS IMPR	CEMETERY	EMER SERVICES	PUB SAF COMM	PKG & BUS IMPR	TROLLEY	FRONT ST BUS IMPR
ASSETS							
Cash & Equity in Pooled Investments	\$0	\$49,351	\$300,163	\$623,548	\$54,829	\$0	\$7,380
Deposits w/Fiscal Agent/Trustee	0	0	0	0	0	0	0
Receivables:							
Taxes	0	0	49,509	0	0	0	0
Accounts	0	14,390	0	(82)	0	0	0
Special Assessments	0	0	0	0	6,417	0	870
Notes/Contracts	0	0	0	0	0	0	0
Interest/Penalties	0	0	0	0	0	0	0
Due from Other Government Units	0	0	0	21,715	0	6,224	0
Investments, at Amortized Cost	0	0	0	0	0	0	0
Total Assets	\$0	\$63,741	\$349,672	\$645,181	\$61,246	\$6,224	\$8,250
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants/Accounts Payable	\$0	\$816	\$8,868	\$5,395	\$19,959	\$620	\$1,200
Wages/Benefits Payable	0	11,420	72,069	200,949	0	0	0
Contracts Payable	0	0	0	0	0	0	0
Due to Other Funds	0	0	0	0	0	4,458	0
Due to Other Government Units	0	0	0	0	0	0	0
Deposits Payable	0	0	0	0	0	0	0
Deferred Revenue	0	14,390	0	6,305	6,417	0	870
Total Liabilities	0	26,626	80,937	212,649	26,376	5,078	2,070
Fund Balances:							
Reserved:							
Encumbrances	0	0	0	0	15,000	286,878	0
Parking and Business Improvement	0	0	0	0	19,870	0	6,180
Unreserved Designated - Replacement	0	0	0	0	0	0	0
Unreserved	0	37,115	268,735	432,532	0	(285,732)	0
Total Fund Balances	0	37,115	268,735	432,532	34,870	1,146	6,180
Total Liabilities and Fund Balances	\$0	\$63,741	\$349,672	\$645,181	\$61,246	\$6,224	\$8,250

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

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2007

With comparative totals for December 31, 2006

#170 TOURIST PROMO	#171 CAPITOL THEATRE	#172 PUB FAC DIST REV	#173 TOURISM PROMO AREA	#195 CONTINGENCY	#198 CAP THEATRE RESERVE	----- TOTAL -----	
						2007	2006
\$39,476	\$196,721	\$144,672	\$34,841	\$359,070	\$573,107	\$6,094,890	\$5,219,836
0	0	0	0	0	0	0	100
132,660	0	0	44,079	0	0	226,248	205,055
260,853	0	0	0	0	0	297,936	192,782
0	0	0	0	0	0	7,287	1,535
0	0	0	0	0	0	19,786	24,244
0	0	0	0	0	0	10,144	6,611
0	0	0	0	0	0	446,428	818,073
0	0	0	0	0	1,963	999,977	502,407
<u>\$432,989</u>	<u>\$196,721</u>	<u>\$144,672</u>	<u>\$78,920</u>	<u>\$359,070</u>	<u>\$575,070</u>	<u>\$8,102,696</u>	<u>\$6,970,643</u>
\$26,942	\$42,757	\$8,966	\$34,427	\$0	\$0	444,040	496,715
0	0	0	0	0	0	689,007	672,098
0	0	0	0	0	0	15,571	7,432
0	0	0	0	0	0	19,908	1,913
0	0	0	0	0	0	6,491	8,114
111,303	0	0	0	0	0	113,241	88,346
0	0	0	0	0	0	83,356	90,349
<u>138,245</u>	<u>42,757</u>	<u>8,966</u>	<u>34,427</u>	<u>0</u>	<u>0</u>	<u>1,371,614</u>	<u>1,364,967</u>
0	0	0	0	0	0	743,059	604,104
0	0	0	0	0	0	26,050	64,704
0	0	0	0	0	575,070	575,070	626,202
294,744	153,964	135,706	44,493	359,070	0	5,386,903	4,310,666
294,744	153,964	135,706	44,493	359,070	575,070	6,731,082	5,605,676
<u>\$432,989</u>	<u>\$196,721</u>	<u>\$144,672</u>	<u>\$78,920</u>	<u>\$359,070</u>	<u>\$575,070</u>	<u>\$8,102,696</u>	<u>\$6,970,643</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	SPECIAL REVENUE FUNDS						
	#123	#125	#127	#131	#140	#141	#142
	ECONOMIC		COMM	PARKS &	GROWTH		ARTERIAL
	DEV	CABLE TV	SERVICES	REC	MGMT	STREETS	STREETS
REVENUES							
Taxes	\$0	\$445,282	\$0	\$1,938,000	\$0	\$4,081,517	\$0
Intergovernmental Revenues	105,552	0	69,955	167,291	40,500	1,383,581	2,291,743
Charges for Services	0	0	0	860,125	0	77,227	70,532
Interest	50,000	24,471	10,500	45,000	2,200	52,452	44,493
Other Revenues	0	16,760	12,378	140,775	0	4,792	4,459
Total Revenues	155,552	486,513	92,833	3,151,191	42,700	5,599,569	2,411,227
EXPENDITURES							
Current:							
General Government	0	0	0	0	0	93,327	0
Security of Persons and Property	0	0	0	0	0	0	0
Physical Environment	0	0	0	0	0	64,110	0
Transportation	0	0	0	0	0	4,853,998	19,958
Economic Environment	268,300	0	105,992	638,826	38,106	0	0
Cultural & Recreational Environment	0	419,298	0	3,229,451	0	2,078	0
Capital Outlay:							
Security of Persons and Property	0	0	0	0	0	0	0
Physical Environment	0	0	0	0	0	0	0
Transportation	0	0	0	0	0	21,150	3,391,623
Cultural & Recreational Environment	0	110,620	0	0	0	0	19,707
Debt Service:							
Principal Retirement	0	0	0	0	0	0	347,273
Interest	0	0	0	0	0	0	19,220
Total Expenditures	268,300	529,918	105,992	3,868,277	38,106	5,034,663	3,797,781
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$112,748)	(\$43,405)	(\$13,159)	(\$717,086)	\$4,594	\$564,906	(\$1,386,554)
OTHER FINANCING SOURCES (USES)							
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$1,830,921
Proceeds from Intergovernmental Loans	0	0	0	0	0	0	0
Transfers In	0	0	0	1,023,126	0	0	353,287
Transfers (Out)	0	0	0	(242,381)	0	(317,188)	(302,216)
Comp. For Loss of Gen. Capital Assets	0	0	0	54,748	0	68,412	0
Total Other Financing Sources (Uses)	0	0	0	835,493	0	(248,776)	1,881,992
Net Change in Fund Balances	(112,748)	(43,405)	(13,159)	118,407	4,594	316,130	495,438
Fund Balances, January 1	335,423	883,377	13,702	431,032	19,778	1,285,537	653,351
Fund Balances, December 31	\$222,675	\$839,972	\$543	\$549,439	\$24,372	\$1,601,667	\$1,148,789

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

#143 TRANS IMPR	#144 CEMETERY	#150 EMER SERVICES	#151 PUB SAF COMM	#161 PKG AND BUS IMPR	#162 TROLLEY	#163 FRONT ST BUS IMPR	#170 TOURIST PROMO	#171 CAPITOL THEATRE	#172 PUB FAC DIST REV
\$0	\$0	\$0	\$145,000	\$0	\$0	\$0	\$524,096	\$221,943	\$679,290
0	0	1,059,235	1,531,484	0	12,241	0	0	0	0
0	164,949	0	46,552	0	0	0	0	0	0
0	6,391	2,104	2,600	600	9,000	55	95	1,500	6,300
0	0	0	18,194	56,597	1,446	3,120	710,818	0	0
0	171,340	1,061,339	1,743,830	57,197	22,687	3,175	1,235,009	223,443	685,590
0	0	0	0	0	0	0	0	0	0
0	0	889,761	2,449,374	0	0	0	0	0	0
0	286,921	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	69,930	0	0	0	0	0
562	0	0	0	5,396	11,499	1,200	1,247,246	281,611	29,628
0	0	0	0	0	0	0	0	0	0
0	28,639	0	0	0	0	0	0	0	0
36,987	0	0	0	0	0	0	0	0	0
0	0	0	0	0	13,374	0	0	0	0
0	0	0	0	0	0	0	10,714	0	0
0	0	0	0	0	0	0	473	0	0
37,549	315,560	889,761	2,449,374	75,326	24,873	1,200	1,258,433	281,611	29,628
(\$37,549)	(\$144,220)	\$171,578	(\$705,544)	(\$18,129)	(\$2,186)	\$1,975	(\$23,424)	(\$58,168)	\$655,962
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0	0
6,720	151,828	0	960,000	0	0	0	120,000	71,927	0
0	0	(130,000)	0	(7,500)	0	0	0	0	(615,000)
0	0	0	0	0	0	0	0	0	0
6,720	151,828	(130,000)	960,000	(7,500)	0	0	120,000	71,927	(615,000)
(30,829)	7,608	41,578	254,456	(25,629)	(2,186)	1,975	96,576	13,759	40,962
30,829	29,507	227,157	178,076	60,499	3,332	4,205	198,168	140,205	94,744
\$0	\$37,115	\$268,735	\$432,532	\$34,870	\$1,146	\$6,180	\$294,744	\$153,964	\$135,706

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	SPECIAL REVENUE FUNDS			----- TOTAL -----	
	#173 TOURISM PROMO AREA	#195 CONTINGENCY	#198 CAPITOL THEATRE RESERVE	2007	2006
REVENUES					
Taxes	\$385,182	\$0	\$0	\$8,420,310	\$7,921,509
Intergovernmental Revenues	0	0	0	6,661,582	7,422,498
Charges for Services	0	0	0	1,219,385	898,416
Interest	0	0	20,795	278,556	105,584
Other Revenues	0	0	0	969,339	1,200,239
Total Revenues	385,182	0	20,795	17,549,172	17,548,246
EXPENDITURES					
Current:					
General Government	0	0	0	93,327	89,935
Security of Persons and Property	0	7,670	0	3,346,805	3,337,324
Physical Environment	0	0	0	351,031	361,856
Transportation	0	0	0	4,873,956	4,728,524
Economic Environment	0	44,697	0	1,165,851	912,954
Cultural & Recreational Environment	381,834	6,250	0	5,616,053	5,510,341
Capital Outlay:					
Security of Persons and Property	0	0	0	0	67,443
Physical Environment	0	0	0	28,639	0
Transportation	0	0	0	3,449,760	3,385,683
Cultural & Recreational Environment	0	0	0	143,701	48,706
Debt Service:					
Principal Retirement	0	0	0	357,987	294,229
Interest	0	0	0	19,693	24,143
Total Expenditures	381,834	58,617	0	19,446,803	18,761,138
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$3,348	(\$58,617)	\$20,795	(\$1,897,631)	(\$1,212,892)
OTHER FINANCING SOURCES (USES)					
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$1,830,921	\$0
Proceeds from Intergovernmental Loans	0	0	0	0	50,000
Transfers In	0	75,000	0	2,761,888	2,576,821
Transfers (Out)	0	(6,720)	(71,927)	(1,692,932)	(1,898,728)
Comp. For Loss of Gen. Capital Assets	0	0	0	123,160	86,355
Total Other Financing Sources (Uses)	0	68,280	(71,927)	3,023,037	814,448
Net Change in Fund Balances	3,348	9,663	(51,132)	1,125,406	(398,444)
Fund Balances, January 1	41,145	349,407	626,202	5,605,676	6,004,120
Fund Balances, December 31	\$44,493	\$359,070	\$575,070	\$6,731,082	\$5,605,676

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2007

	123 — ECONOMIC DEVELOPMENT			
	----- BUDGETED AMOUNTS -----		ACTUAL	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL	AMOUNTS	POS (NEG)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	100,000	100,000	105,552	5,552
Charges for Services	0	0	0	0
Interest	0	0	50,000	50,000
Other Revenues	0	0	0	0
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>155,552</u>	<u>55,552</u>
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	275,795	283,695	268,300	15,395
Cultural & Recreational Environment	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 Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>275,795</u>	<u>283,695</u>	<u>268,300</u>	<u>15,395</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$175,795)</u>	<u>(\$183,695)</u>	<u>(\$112,748)</u>	<u>\$70,947</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. 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	<u>(175,795)</u>	<u>(183,695)</u>	<u>(112,748)</u>	<u>70,947</u>
Fund Balances, January 1	<u>212,039</u>	<u>212,039</u>	<u>335,423</u>	<u>123,384</u>
Fund Balances, December 31	<u>\$36,244</u>	<u>\$28,344</u>	<u>\$222,675</u>	<u>\$194,331</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2007

	I25 — CABLE TV			VARIANCE W/ FINAL BUDGET POS (NEG)
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$430,000	\$430,000	\$445,282	\$15,282
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	0	0	24,471	24,471
Other Revenues	15,850	15,850	16,760	910
Total Revenues	<u>445,850</u>	<u>445,850</u>	<u>486,513</u>	<u>40,663</u>
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Environment	478,650	478,650	419,298	59,352
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Environment	69,000	173,817	110,620	63,197
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>547,650</u>	<u>652,467</u>	<u>529,918</u>	<u>122,549</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$101,800)</u>	<u>(\$206,617)</u>	<u>(\$43,405)</u>	<u>\$163,212</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. 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	<u>(101,800)</u>	<u>(206,617)</u>	<u>(43,405)</u>	<u>163,212</u>
Fund Balances, January 1	<u>738,086</u>	<u>738,086</u>	<u>883,377</u>	<u>145,291</u>
Fund Balances, December 31	<u><u>\$636,286</u></u>	<u><u>\$531,469</u></u>	<u><u>\$839,972</u></u>	<u><u>\$308,503</u></u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2007

	127 — COMMUNITY SERVICES FUND			
	----- BUDGETED AMOUNTS -----		ACTUAL	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL	AMOUNTS	POS (NEG)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	229,161	272,375	69,955	(202,420)
Charges for Services	0	0	0	0
Interest	0	0	10,500	10,500
Other Revenues	112,431	134,692	12,378	(122,314)
Total Revenues	<u>341,592</u>	<u>407,067</u>	<u>92,833</u>	<u>(314,234)</u>
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	347,214	412,689	105,992	306,697
Cultural & Recreational Environment	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 Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>347,214</u>	<u>412,689</u>	<u>105,992</u>	<u>306,697</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$5,622)</u>	<u>(\$5,622)</u>	<u>(\$13,159)</u>	<u>(\$7,537)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. 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	<u>(5,622)</u>	<u>(5,622)</u>	<u>(13,159)</u>	<u>(7,537)</u>
Fund Balances, January 1	34,950	34,950	13,702	(21,248)
Fund Balances, December 31	<u>\$29,328</u>	<u>\$29,328</u>	<u>\$543</u>	<u>(\$28,785)</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2007

	131 — PARKS & RECREATION FUND			VARIANCE W/ FINAL BUDGET POS (NEG)
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$1,938,000	\$1,938,000	\$1,938,000	\$0
Intergovernmental Revenues	181,246	181,246	167,291	(13,955)
Charges for Services	767,296	767,296	860,125	92,829
Interest	45,000	45,000	45,000	0
Other Revenues	171,159	171,159	140,775	(30,384)
Total Revenues	<u>3,102,701</u>	<u>3,102,701</u>	<u>3,151,191</u>	<u>48,490</u>
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	550,396	550,396	638,826	(88,430)
Cultural & Recreational Environment	3,363,816	3,402,647	3,229,451	173,196
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Environment	5,000	5,000	0	5,000
Debt Service:				
Principal Retirement	16,270	0	0	0
Interest	2,061	0	0	0
Total Expenditures	<u>3,937,543</u>	<u>3,958,043</u>	<u>3,868,277</u>	<u>89,766</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$834,842)</u>	<u>(\$855,342)</u>	<u>(\$717,086)</u>	<u>\$138,256</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	978,500	986,000	1,023,126	37,126
Transfers (Out)	(241,100)	(241,100)	(242,381)	(1,281)
Comp. For Loss of Gen. Capital Assets	40,000	40,000	54,748	14,748
Total Other Financing Sources (Uses)	<u>777,400</u>	<u>784,900</u>	<u>835,493</u>	<u>50,593</u>
Net Change in Fund Balances	<u>(57,442)</u>	<u>(70,442)</u>	<u>118,407</u>	<u>188,849</u>
Fund Balances, January 1	<u>310,741</u>	<u>310,741</u>	<u>431,032</u>	<u>120,291</u>
Fund Balances, December 31	<u>\$253,299</u>	<u>\$240,299</u>	<u>\$549,439</u>	<u>\$309,140</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2007

	140 — GROWTH MANAGEMENT FUND			
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POS (NEG)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	65,466	69,966	40,500	(29,466)
Charges for Services	0	0	0	0
Interest	0	0	2,200	2,200
Other Revenues	0	0	0	0
Total Revenues	65,466	69,966	42,700	(27,266)
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	29,440	29,440	0	29,440
Economic Environment	40,000	60,305	38,106	22,199
Cultural & Recreational Environment	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 Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	69,440	89,745	38,106	51,639
Excess of Revenues Over (Under) Expenditures	(\$3,974)	(\$19,779)	\$4,594	\$24,373
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(3,974)	(19,779)	4,594	24,373
Fund Balances, January 1	3,974	3,974	19,778	15,804
Fund Balances, December 31	\$0	(\$15,805)	\$24,372	\$40,177

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2007

	141 — STREETS FUND			VARIANCE W/ FINAL BUDGET POS (NEG)
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$3,970,202	\$4,118,590	\$4,081,517	(\$37,073)
Intergovernmental Revenues	1,402,500	1,408,646	1,383,581	(25,065)
Charges for Services	17,000	17,000	77,227	60,227
Interest	60,000	60,000	52,452	(7,548)
Other Revenues	50	50	4,792	4,742
Total Revenues	<u>5,449,752</u>	<u>5,604,286</u>	<u>5,599,569</u>	<u>(4,717)</u>
EXPENDITURES				
Current:				
General Government	113,760	113,760	93,327	20,433
Security of Persons and Property	0	0	0	0
Physical Environment	55,252	55,252	64,110	(8,858)
Transportation	5,227,551	5,411,950	4,853,998	557,952
Economic Environment	0	0	0	0
Cultural & Recreational Environment	4,571	4,571	2,078	2,493
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	33,400	33,400	21,150	12,250
Cultural & Recreational Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>5,434,534</u>	<u>5,618,933</u>	<u>5,034,663</u>	<u>584,270</u>
Excess of Revenues Over (Under) Expenditures	<u>\$15,218</u>	<u>(\$14,647)</u>	<u>\$564,906</u>	<u>\$579,553</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	(205,542)	(288,949)	(317,188)	(28,239)
Comp. For Loss of Gen. Capital Assets	0	0	68,412	68,412
Total Other Financing Sources (Uses)	<u>(205,542)</u>	<u>(288,949)</u>	<u>(248,776)</u>	<u>40,173</u>
Net Change in Fund Balances	<u>(190,324)</u>	<u>(303,596)</u>	<u>316,130</u>	<u>619,726</u>
Fund Balances, January 1	847,762	847,762	1,285,537	437,775
Fund Balances, December 31	<u>\$657,438</u>	<u>\$544,166</u>	<u>\$1,601,667</u>	<u>\$1,057,501</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2007

	142 — ARTERIAL STREETS			
	----- BUDGETED AMOUNTS -----		ACTUAL	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL	AMOUNTS	POS (NEG)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	2,041,515	3,411,515	2,291,743	(1,119,772)
Charges for Services	3,000	3,000	70,532	67,532
Interest	2,035	2,035	44,493	42,458
Other Revenues	3,941	3,941	4,459	518
Total Revenues	2,050,491	3,420,491	2,411,227	(1,009,264)
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	10,000	10,000	19,958	(9,958)
Economic Environment	0	0	0	0
Cultural & Recreational Environment	0	0	0	0
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	3,374,765	5,510,090	3,391,623	2,118,467
Cultural & Recreational Environment	0	0	19,707	(19,707)
Debt Service:				
Principal Retirement	315,518	315,518	347,273	(31,755)
Interest	17,939	17,939	19,220	(1,281)
Total Expenditures	3,718,222	5,853,547	3,797,781	2,055,766
Excess of Revenues Over (Under) Expenditures	(\$1,667,731)	(\$2,433,056)	(\$1,386,554)	\$1,046,502
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$1,707,000	\$1,707,000	\$1,830,921	\$123,921
Transfers In	222,095	325,095	353,287	28,192
Transfers (Out)	(120,333)	(120,333)	(302,216)	(181,883)
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	1,808,762	1,911,762	1,881,992	(29,770)
Net Change in Fund Balances	141,031	(521,294)	495,438	1,016,732
Fund Balances, January 1	44,141	44,141	653,351	609,210
Fund Balances, December 31	\$185,172	(\$477,153)	\$1,148,789	\$1,625,942

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND**
For the Year Ended December 31, 2007

	143 — TRANSPORTATION IMPROVEMENT			VARIANCE W/ FINAL BUDGET POS (NEG)
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	
	ORIGINAL	FINAL		
REVENUES				
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	0	0	0	0
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Environment	0	0	562	(562)
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	37,549	36,987	562
Cultural & Recreational Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	0	37,549	37,549	0
Excess of Revenues Over (Under) Expenditures	\$0	(\$37,549)	(\$37,549)	\$0
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	0	0	6,720	6,720
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	6,720	6,720
Net Change in Fund Balances	0	(37,549)	(30,829)	6,720
Fund Balances, January 1	0	30,828	30,829	1
Fund Balances, December 31	\$0	(\$6,721)	\$0	\$6,721

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND**

For the Year Ended December 31, 2007

	144 — CEMETERY			
	----- BUDGETED AMOUNTS -----		ACTUAL	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL	AMOUNTS	POS (NEG)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	183,779	183,779	164,949	(18,830)
Interest	0	0	6,391	6,391
Other Revenues	0	0	0	0
Total Revenues	<u>183,779</u>	<u>183,779</u>	<u>171,340</u>	<u>(12,439)</u>
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	296,105	296,105	286,921	9,184
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Environment	0	0	0	0
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	30,000	30,000	28,639	1,361
Transportation	0	0	0	0
Cultural & Recreational Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>326,105</u>	<u>326,105</u>	<u>315,560</u>	<u>10,545</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$142,326)</u>	<u>(\$142,326)</u>	<u>(\$144,220)</u>	<u>(\$1,894)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	145,000	145,000	151,828	6,828
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>145,000</u>	<u>145,000</u>	<u>151,828</u>	<u>6,828</u>
Net Change in Fund Balances	<u>2,674</u>	<u>2,674</u>	<u>7,608</u>	<u>4,934</u>
Fund Balances, January 1	<u>44,582</u>	<u>44,582</u>	<u>29,507</u>	<u>(15,075)</u>
Fund Balances, December 31	<u>\$47,256</u>	<u>\$47,256</u>	<u>\$37,115</u>	<u>(\$10,141)</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND**
For the Year Ended December 31, 2007

	150 — EMERGENCY SERVICES			
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POS (NEG)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	976,463	976,463	1,059,235	82,772
Charges for Services	0	0	0	0
Interest	750	750	2,104	1,354
Other Revenues	0	0	0	0
Total Revenues	977,213	977,213	1,061,339	84,126
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	874,794	874,794	889,761	(14,967)
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Environment	0	0	0	0
Capital Outlay:				
Security of Persons and Property	15,000	15,000	0	15,000
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	889,794	889,794	889,761	33
Excess of Revenues Over (Under) Expenditures	\$87,419	\$87,419	\$171,578	\$84,159
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	(130,000)	(130,000)	(130,000)	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	(130,000)	(130,000)	(130,000)	0
Net Change in Fund Balances	(42,581)	(42,581)	41,578	84,159
Fund Balances, January 1	153,867	153,867	227,157	73,290
Fund Balances, December 31	\$111,286	\$111,286	\$268,735	\$157,449

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND**

For the Year Ended December 31, 2007

	151 — PUBLIC SAFETY COMMUNICATIONS			
	----- BUDGETED AMOUNTS -----		ACTUAL	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL	AMOUNTS	POS (NEG)
REVENUES				
Taxes	\$145,000	\$145,000	\$145,000	\$0
Intergovernmental Revenues	1,488,744	1,488,744	1,531,484	42,740
Charges for Services	43,982	43,982	46,552	2,570
Interest	0	0	2,600	2,600
Other Revenues	10,828	10,828	18,194	7,366
Total Revenues	<u>1,688,554</u>	<u>1,688,554</u>	<u>1,743,830</u>	<u>55,276</u>
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	2,650,413	2,650,413	2,449,374	201,039
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Environment	0	0	0	0
Capital Outlay:				
Security of Persons and Property	0	1,027	0	1,027
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>2,650,413</u>	<u>2,651,440</u>	<u>2,449,374</u>	<u>202,066</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$961,859)</u>	<u>(\$962,886)</u>	<u>(\$705,544)</u>	<u>\$257,342</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	960,000	960,000	960,000	0
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>960,000</u>	<u>960,000</u>	<u>960,000</u>	<u>0</u>
Net Change in Fund Balances	<u>(1,859)</u>	<u>(2,886)</u>	<u>254,456</u>	<u>257,342</u>
Fund Balances, January 1	<u>137,600</u>	<u>137,600</u>	<u>178,076</u>	<u>40,476</u>
Fund Balances, December 31	<u>\$135,741</u>	<u>\$134,714</u>	<u>\$432,532</u>	<u>\$297,818</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND
For the Year Ended December 31, 2007**

	161 — PARKING & BUSINESS IMPROVEMENT			VARIANCE W/ FINAL BUDGET POS (NEG)
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	600	600	600	0
Other Revenues	33,000	60,000	56,597	(3,403)
Total Revenues	33,600	60,600	57,197	(3,403)
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	35,000	71,000	69,930	1,070
Cultural & Recreational Environment	17,411	17,411	5,396	12,015
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	52,411	88,411	75,326	13,085
Excess of Revenues Over (Under) Expenditures	(18,811)	(27,811)	(18,129)	9,682
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	0	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	(7,500)	(7,500)	(7,500)	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	(7,500)	(7,500)	(7,500)	0
Net Change in Fund Balances	(26,311)	(35,311)	(25,629)	9,682
Fund Balances, January 1	36,485	36,485	60,499	24,014
Fund Balances, December 31	\$10,174	\$1,174	\$34,870	\$33,696

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND**

For the Year Ended December 31, 2007

	162 — TROLLEY			
	----- BUDGETED AMOUNTS -----		ACTUAL	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL	AMOUNTS	POS (NEG)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	195,000	452,479	12,241	(440,238)
Charges for Services	0	0	0	0
Interest	7,500	7,500	9,000	1,500
Other Revenues	1,275	1,275	1,446	171
Total Revenues	203,775	461,254	22,687	(438,567)
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Environment	10,909	10,909	11,499	(590)
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Environment	195,000	452,479	13,374	439,105
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	205,909	463,388	24,873	438,515
Excess of Revenues Over (Under) Expenditures	(\$2,134)	(\$2,134)	(\$2,186)	(\$52)
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(2,134)	(2,134)	(2,186)	(52)
Fund Balances, January 1	4,606	4,606	3,332	(1,274)
Fund Balances, December 31	\$2,472	\$2,472	\$1,146	(\$1,326)

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND**
For the Year Ended December 31, 2007

	163 — FRONT STREET BUSINESS IMPROVEMENT			VARIANCE W/ FINAL BUDGET POS (NEG)
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	35	35	55	20
Other Revenues	2,340	2,340	3,120	780
Total Revenues	<u>2,375</u>	<u>2,375</u>	<u>3,175</u>	<u>800</u>
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Environment	3,000	3,000	1,200	1,800
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Environment	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>1,200</u>	<u>1,800</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$625)</u>	<u>(\$625)</u>	<u>\$1,975</u>	<u>\$2,600</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. 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	<u>(625)</u>	<u>(625)</u>	<u>1,975</u>	<u>2,600</u>
Fund Balances, January 1	<u>2,472</u>	<u>2,472</u>	<u>4,205</u>	<u>1,733</u>
Fund Balances, December 31	<u><u>\$1,847</u></u>	<u><u>\$1,847</u></u>	<u><u>\$6,180</u></u>	<u><u>\$4,333</u></u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND**

For the Year Ended December 31, 2007

	170 — TOURIST PROMOTION			
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POS (NEG)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$483,000	\$483,000	\$524,096	\$41,096
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	100	100	95	(5)
Other Revenues	659,200	659,200	710,818	51,618
Total Revenues	1,142,300	1,142,300	1,235,009	92,709
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Environment	1,258,460	1,258,460	1,247,246	11,214
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Environment	0	0	0	0
Debt Service:			0	
Principal Retirement	10,714	10,714	10,714	0
Interest	473	473	473	0
Total Expenditures	1,269,647	1,269,647	1,258,433	11,214
Excess of Revenues Over (Under) Expenditures	(\$127,347)	(\$127,347)	(\$23,424)	\$103,923
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	120,000	120,000	120,000	0
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	120,000	120,000	120,000	0
Net Change in Fund Balances	(7,347)	(7,347)	96,576	103,923
Fund Balances, January 1	85,073	85,073	198,168	113,095
Fund Balances, December 31	\$77,726	\$77,726	\$294,744	\$217,018

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND
For the Year Ended December 31, 2007**

171 — CAPITOL THEATRE				
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POS (NEG)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$207,340	\$207,340	\$221,943	\$14,603
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	0	0	1,500	1,500
Other Revenues	0	0	0	0
Total Revenues	207,340	207,340	223,443	16,103
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Environment	275,616	275,616	281,611	(5,995)
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Environment	6,000	6,000	0	6,000
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	281,616	281,616	281,611	5
Excess of Revenues Over (Under) Expenditures	(\$74,276)	(\$74,276)	(\$58,168)	\$16,108
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	71,927	71,927	71,927	0
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	71,927	71,927	71,927	0
Net Change in Fund Balances	(2,349)	(2,349)	13,759	16,108
Fund Balances, January 1	146,265	146,265	140,205	(6,060)
Fund Balances, December 31	\$143,916	\$143,916	\$153,964	\$10,048

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND**

For the Year Ended December 31, 2007

	172 — PUBLIC FACILITIES DISTRICT REVENUE			
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POS (NEG)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$640,000	\$640,000	\$679,290	\$39,290
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	0	0	6,300	6,300
Other Revenues	0	0	0	0
Total Revenues	640,000	640,000	685,590	45,590
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Environment	34,000	34,000	29,628	4,372
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	34,000	34,000	29,628	4,372
Excess of Revenues Over (Under) Expenditures	\$606,000	\$606,000	\$655,962	\$49,962
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	(615,000)	(615,000)	(615,000)	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	(615,000)	(615,000)	(615,000)	0
Net Change in Fund Balances	(9,000)	(9,000)	40,962	49,962
Fund Balances, January 1	83,920	83,920	94,744	10,824
Fund Balances, December 31	\$74,920	\$74,920	\$135,706	\$60,786

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND**
For the Year Ended December 31, 2007

173 — TOURISM PROMOTION AREA

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POS (NEG)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$400,000	\$400,000	\$385,182	(\$14,818)
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	400,000	400,000	385,182	(14,818)
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Environment	400,000	400,000	381,834	18,166
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	400,000	400,000	381,834	18,166
Excess of Revenues Over (Under) Expenditures	\$0	\$0	\$3,348	\$3,348
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	3,348	3,348
Fund Balances, January 1	414	414	41,145	40,731
Fund Balances, December 31	\$414	\$414	\$44,493	\$44,079

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND**

For the Year Ended December 31, 2007

	195 — CONTINGENCY			VARIANCE W/ FINAL BUDGET POS (NEG)
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	
	ORIGINAL	FINAL		
REVENUES				
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	0	0	0	0
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	7,670	(7,670)
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	44,697	(44,697)
Cultural & Recreational Environment	0	0	6,250	(6,250)
Capital Outlay:				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Cultural & Recreational Environment	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	0	0	58,617	(58,617)
Excess of Revenues Over (Under) Expenditures	\$0	\$0	(\$58,617)	(\$58,617)
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	75,000	75,000	75,000	0
Transfers (Out)	(300,000)	(300,000)	(6,720)	293,280
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	(225,000)	(225,000)	68,280	293,280
Net Change in Fund Balances	(225,000)	(225,000)	9,663	234,663
Fund Balances, January 1	259,840	259,840	349,407	89,567
Fund Balances, December 31	\$34,840	\$34,840	\$359,070	\$324,230

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND
For the Year Ended December 31, 2007**

198 — CAPITOL THEATRE RESERVE				
	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POS (NEG)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	30,000	30,000	20,795	(9,205)
Other Revenues	0	0	0	0
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>20,795</u>	<u>(9,205)</u>
EXPENDITURES				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	0	0	0	0
Cultural & Recreational Environment	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 Environment	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	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$20,795</u>	<u>(9,205)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Transfers In	0	0	0	0
Transfers (Out)	(71,927)	(71,927)	(71,927)	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	<u>(71,927)</u>	<u>(71,927)</u>	<u>(71,927)</u>	<u>0</u>
Net Change in Fund Balances	<u>(41,927)</u>	<u>(41,927)</u>	<u>(51,132)</u>	<u>(9,205)</u>
Fund Balances, January 1	701,281	701,281	626,202	(75,079)
Fund Balances, December 31	<u>\$659,354</u>	<u>\$659,354</u>	<u>\$575,070</u>	<u>(\$84,284)</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE, ACTUAL AND BUDGET
NONMAJOR SPECIAL REVENUE FUND**

For the Year Ended December 31, 2007

	TOTAL			
	----- BUDGETED AMOUNTS -----		ACTUAL	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL	AMOUNTS	POS (NEG)
REVENUES				
Taxes	\$8,213,542	\$8,361,930	\$8,420,310	\$58,380
Intergovernmental Revenues	6,680,095	8,361,434	6,661,582	(1,699,852)
Charges for Services	1,015,057	1,015,057	1,219,385	204,328
Interest	146,020	146,020	278,556	132,536
Other Revenues	1,010,074	1,059,335	969,339	(89,996)
Total Revenues	17,064,788	18,943,776	17,549,172	(1,394,604)
EXPENDITURES				
Current:				
General Government	113,760	113,760	93,327	20,433
Security of Persons and Property	3,525,207	3,525,207	3,346,805	178,402
Physical Environment	351,357	351,357	351,031	326
Transportation	5,266,991	5,451,390	4,873,956	577,434
Economic Environment	1,248,405	1,378,085	1,165,851	212,234
Cultural & Recreational Environment	5,846,433	5,885,264	5,616,053	269,211
Capital Outlay:				
Security of Persons and Property	15,000	16,027	0	16,027
Physical Environment	30,000	30,000	28,639	1,361
Transportation	3,408,165	5,581,039	3,449,760	2,131,279
Cultural & Recreational Environment	275,000	637,296	143,701	493,595
Debt Service:	0	0	0	
Principal Retirement	342,502	326,232	357,987	(31,755)
Interest	20,473	18,412	19,693	(1,281)
Total Expenditures	20,443,293	23,314,069	19,446,803	3,867,266
Excess of Revenues Over (Under) Expenditures	(\$3,378,505)	(\$4,370,293)	(\$1,897,631)	\$2,472,662
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$1,707,000	\$1,707,000	\$1,830,921	\$123,921
Transfers In	2,572,522	2,683,022	2,761,888	78,866
Transfers (Out)	(1,691,402)	(1,774,809)	(1,692,932)	81,877
Comp. For Loss of Gen. Capital Assets	40,000	40,000	123,160	83,160
Total Other Financing Sources (Uses)	2,628,120	2,655,213	3,023,037	367,824
Net Change in Fund Balances	(750,385)	(1,715,080)	1,125,406	2,840,486
Fund Balances, January 1	3,848,098	3,878,926	5,605,676	1,726,750
Fund Balances, December 31	\$3,097,713	\$2,163,846	\$6,731,082	\$4,567,236

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

NONMAJOR DEBT SERVICE FUNDS

THE LOCAL IMPROVEMENT DISTRICT GUARANTY FUND (221) 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 CONVENTION CENTER ADDITION BONDS (272) proceeds were used for additions to the Yakima Convention Center.

THE VARIOUS G.O. BONDS FUND (281) proceeds are for the purpose of providing various projects such as Parks, Streets, Fire and Downtown Revitalization.

THE LIMITED TAX GENERAL OBLIGATION STREET BOND (282) proceeds were used for the 1998 Street Overlay Program.

THE VARIOUS PURPOSE BOND FUND (283) 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 FIRE IMPROVEMENT/REFUNDING G.O. BOND ISSUES (284) 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 LIMITED TAX GENERAL OBLIGATION (285) 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 LIMITED TAX GENERAL OBLIGATION BOND (287) proceeds were used to expand the Convention Center.

THE LOCAL IMPROVEMENT DISTRICT DEBT CONTROL (289) 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, 2007

With comparative totals for December 31, 2006

	DEBT SERVICE FUNDS				
	#221	#272	#281	#282	#283
	LID	CONV CTR /	VARIOUS G.O.	STREET	CRIM JUST/
	GUARANTY	PFD	BONDS	BOND	I-82 REF
ASSETS					
Cash & Equity in Pooled Investments	\$77,725	\$150,482	\$4,661	\$90,977	\$267,586
Receivables:					
Taxes	0	0	0	0	0
LID Assessments - Delinquent	0	0	0	0	0
LID Assessments - Deferred	0	0	0	0	0
Investments, at Amortized Cost	1,957	0	0	0	0
Total Assets	<u>\$79,682</u>	<u>\$150,482</u>	<u>\$4,661</u>	<u>\$90,977</u>	<u>\$267,586</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deposits Payable	\$0	\$0	\$0	\$0	\$0
Deferred Revenue	0	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Reserved:					
Debt Service	79,682	150,482	4,661	90,977	267,586
Total Liabilities and Fund Balances	<u>\$79,682</u>	<u>\$150,482</u>	<u>\$4,661</u>	<u>\$90,977</u>	<u>\$267,586</u>

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

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2007

With comparative totals for December 31, 2006

	DEBT SERVICE FUNDS				TOTAL	
	#284 FIRE & PARKS REF	#285 G.O. LOC FIRE/PKS CAP	#287 CONV CENTER	#289 LOCAL IMPR DISTRICTS	2007	2006
ASSETS						
Cash & Equity in Pooled Investments	\$194,363	\$918	\$59,062	\$399	\$846,173	\$828,205
Receivables:						
Taxes	12,389	0	0	0	12,389	14,930
LID Assessments - Delinquent	0	0	0	20,078	20,078	11,855
LID Assessments - Deferred	0	0	0	422,779	422,779	607,954
Investments, at Amortized Cost	0	0	0	0	1,957	22,359
Total Assets	<u>\$206,752</u>	<u>\$918</u>	<u>\$59,062</u>	<u>\$443,256</u>	<u>\$1,303,376</u>	<u>\$1,485,303</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deposits Payable	0	0	0	1,054	1,054	0
Deferred Revenue	0	0	0	422,779	422,779	607,954
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>423,833</u>	<u>423,833</u>	<u>607,954</u>
Fund Balances:						
Reserved:						
Debt Service	206,752	918	59,062	19,423	879,543	877,349
Total Liabilities and Fund Balances	<u>\$206,752</u>	<u>\$918</u>	<u>\$59,062</u>	<u>\$443,256</u>	<u>\$1,303,376</u>	<u>\$1,485,303</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	DEBT SERVICE FUNDS				
	#221 LID GUARANTY	#272 CONV CTR / PFD	#281 VARIOUS G.O. BONDS	#282 STREET BOND	#283 CRIM JUST/ I-82 REF
REVENUES					
Taxes	\$0	\$0	\$0	\$0	\$402,000
Interest	1,890	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	1,890	0	0	0	402,000
EXPENDITURES					
Debt Service:					
Principal Retirement	0	195,000	132,615	165,000	425,000
Interest	0	264,729	115,695	11,588	86,438
Total Expenditures	0	459,729	248,310	176,588	511,438
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$1,890	(\$459,729)	(\$248,310)	(\$176,588)	(\$109,438)
OTHER FINANCING SOURCES (USES)					
Transfers In	\$0	\$480,000	\$252,621	\$182,000	\$112,000
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	480,000	252,621	182,000	112,000
Net Change in Fund Balances	1,890	20,271	4,311	5,412	2,562
Fund Balances, January 1	77,792	130,211	350	85,565	265,024
Fund Balances, December 31	\$79,682	\$150,482	\$4,661	\$90,977	\$267,586

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	DEBT SERVICE FUNDS				TOTAL	
	#284 FIRE & PARKS REF	#285 G.O. LOC FIRE/PKS CAP	#287 CONV CENTER	#289 LOCAL IMPR DISTRICTS	2007	2006
REVENUES						
Taxes	\$290,128	\$0	\$426,256	\$0	\$1,118,384	\$1,135,625
Interest	0	0	6,500	40,561	48,951	106,958
Other Revenues	0	0	0	184,295	184,295	300,292
Total Revenues	290,128	0	432,756	224,856	1,351,630	1,542,875
EXPENDITURES						
Debt Service:						
Principal Retirement	230,000	520,000	270,000	193,800	2,131,415	1,568,452
Interest	63,962	12,199	162,358	43,785	760,754	722,066
Total Expenditures	293,962	532,199	432,358	237,585	2,892,169	2,290,518
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,834)	(532,199)	398	(12,729)	(1,540,539)	(747,643)
OTHER FINANCING SOURCES (USES)						
Transfers In	0	532,199	0	0	1,558,820	887,962
Transfers (Out)	0	0	0	(16,087)	(16,087)	(16,236)
Total Other Financing Sources (Uses)	0	532,199	0	(16,087)	1,542,733	871,726
Net Change in Fund Balances	(3,834)	0	398	(28,816)	2,194	124,083
Fund Balances, January 1	210,586	918	58,664	48,239	877,349	753,266
Fund Balances, December 31	\$206,752	\$918	\$59,062	\$19,423	\$879,543	\$877,349

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

NONMAJOR CAPITAL PROJECT FUNDS

THE CENTRAL BUSINESS DISTRICT IMPROVEMENT FUND (321) 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 CAPITOL THEATRE CONSTRUCTION FUND (322) 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. After the Theatre was rebuilt in 1978, the fund was deactivated. The fund was then reactivated in 2006 when additional funding for renovation became available.

THE PARKS AND RECREATION CAPITAL FUND (331) 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 (332) 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 (333) 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 (342) 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 (343) was created in 2005 to track Capital improvement projects funded with the second ¼% of Real Estate Excise Tax.

THE LOCAL IMPROVEMENT DISTRICT CONTROL FUND (345) 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 CONVENTION CENTER CAPITAL IMPROVEMENT FUND (370) 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 (392) for Capital Improvements was originally created by Ordinance 1265 in 1970 which placed one-half of all the revenue derived from sales tax into this fund. In 1973, Ordinance 1477 amended the funding source to be only transfers from other funds and investment earnings. Any expenditures from the fund must be authorized by the City Council and must be for capital purposes generally in excess of \$10,000 per capital project, excluding utility improvements.

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2007

With comparative totals for December 31, 2006

	CAPITAL PROJECT FUNDS				
	#321 CENTRAL BUS DISTRICT IMPR	#322 CAPITOL THEATRE CONST	#331 PARKS AND RECREATION	#332 FIRE	#333 LAW AND JUSTICE
ASSETS					
Cash & Equity in Pooled Investments	\$1,634,940	\$67,088	\$541,217	\$434,532	\$545,271
Receivables:					
Accounts	0	0	0	627	0
Interest/Penalties	0	0	0	0	0
Other Receivables	0	0	0	2,000	0
Due from Other Government Units	447,951	96,700	0	121,401	0
Investments, at Amortized Cost	0	0	0	0	0
Total Assets	\$2,082,891	\$163,788	\$541,217	\$558,560	\$545,271
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants/Accounts Payable	\$312,828	\$24,974	\$53,148	\$404	\$19,180
Contracts Payable	89,650	831	3,375	0	6,520
Due to Other Funds	0	0	0	0	0
Due to Other Government Units	0	0	0	0	0
Deferred Revenue	0	0	10,871	1,402	0
Total Liabilities	402,478	25,805	67,394	1,806	25,700
Fund Balances:					
Reserved:					
Encumbrances	0	0	0	251,772	10,000
Continuing Appropriations	0	142,353	239,455	0	0
Unreserved Designated - Replacement	0	(4,370)	234,368	304,982	509,571
Unreserved	1,680,413	0	0	0	0
Total Fund Balances	1,680,413	137,983	473,823	556,754	519,571
Total Liabilities and Fund Balances	\$2,082,891	\$163,788	\$541,217	\$558,560	\$545,271

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

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2007

With comparative totals for December 31, 2006

					TOTAL	
#342 PUBLIC WORKS CONSTRUCTION	#343 REET 2 CAPITAL CONSTRUCTION	#345 LID CONTROL	#370 CONVENTION CENTER	#392 CUMULATIVE RESERVE	2007	2006
\$334,591	\$1,273,152	\$717	\$259,181	\$164,641	\$5,255,330	\$3,924,573
0	0	0	0	0	627	2,995
0	0	0	0	0	0	5,467
0	0	0	0	0	2,000	5,156
0	0	0	0	239,398	905,450	1,012,850
1,750,000	0	0	0	0	1,750,000	500,000
<u>\$2,084,591</u>	<u>\$1,273,152</u>	<u>\$717</u>	<u>\$259,181</u>	<u>\$404,039</u>	<u>\$7,913,407</u>	<u>\$5,451,041</u>
\$52,530	\$0	\$38,130	\$42,521	\$145,816	\$689,531	\$437,421
0	0	0	0	89,973	190,349	116,137
0	0	0	0	0	0	172,248
4,253	0	0	0	0	4,253	5,521
0	0	0	0	0	12,273	12,395
<u>56,783</u>	<u>0</u>	<u>38,130</u>	<u>42,521</u>	<u>235,789</u>	<u>896,406</u>	<u>743,722</u>
0	0	0	16,682	0	278,454	41,874
0	0	0	0	44,474	426,282	683,982
0	0	0	0	0	1,044,551	930,428
<u>2,027,808</u>	<u>1,273,152</u>	<u>(37,413)</u>	<u>199,978</u>	<u>123,776</u>	<u>5,267,714</u>	<u>3,051,035</u>
<u>2,027,808</u>	<u>1,273,152</u>	<u>(37,413)</u>	<u>216,660</u>	<u>168,250</u>	<u>7,017,001</u>	<u>4,707,319</u>
<u>\$2,084,591</u>	<u>\$1,273,152</u>	<u>\$717</u>	<u>\$259,181</u>	<u>\$404,039</u>	<u>\$7,913,407</u>	<u>\$5,451,041</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	CAPITAL PROJECT FUNDS				
	#321	#322	#331	#332	#333
	CENTRAL BUS	CAPITOL	PARKS AND	FIRE	LAW AND
	DISTRICT IMPR	THEATRE CONST	RECREATION		JUSTICE
REVENUES					
Taxes	\$0	\$0	\$0	\$0	\$471,016
Intergovernmental Revenues	2,261,000	182,732	0	336,260	254,932
Interest	46,676	0	34,786	103,000	27,533
Other Revenues	22,848	0	505	166,447	0
Total Revenues	2,330,524	182,732	35,291	605,707	753,481
EXPENDITURES					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	168,892	460,246
Transportation	(50,826)	0	0	0	0
Economic Environment	383	0	0	0	0
Cultural & Recreational Environment	0	0	25,117	0	0
Capital Outlay:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	876,243	229,047
Physical Environment	0	0	0	0	0
Transportation	0	0	0	0	0
Economic Environment	2,636,504	0	0	0	0
Cultural & Recreational Environment	0	231,664	631,244	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	2,586,061	231,664	656,361	1,045,135	689,293
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$255,537)	(\$48,932)	(\$621,070)	(\$439,428)	\$64,188
OTHER FINANCING SOURCES (USES)					
Proceeds from L.T. Debt - G.O. Debt	\$1,522,243	\$0	\$0	\$1,332,841	\$0
Other Note Proceeds	0	0	0	0	0
Transfers In	0	0	200,000	200,000	145,089
Transfers (Out)	0	0	0	(508,919)	(264,185)
Sale of Capital Assets	0	0	0	1,587	15,150
Comp. For Loss of Gen. Capital Assets	0	0	0	0	0
Total Other Financing Sources (Uses)	1,522,243	0	200,000	1,025,509	(103,946)
Net Change in Fund Balances	1,266,706	(48,932)	(421,070)	586,081	(39,758)
Fund Balances, January 1	413,707	186,915	894,893	(29,327)	559,329
Fund Balances, December 31	\$1,680,413	\$137,983	\$473,823	\$556,754	\$519,571

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

#342 PUB WORKS CONSTR	#343 REET 2 CAP CONSTR	#345 LID CONTROL	#370 CONVENTION CENTER	#392 CUMULATIVE RESERVE	TOTAL	
					2007	2006
\$1,056,417	\$1,056,417	\$0	\$117,500	\$0	\$2,701,350	\$2,192,573
0	0	0	0	3,942,635	6,977,559	5,991,420
86,820	52,500	0	7,200	5,100	363,615	200,460
0	0	0	0	0	189,800	212,008
1,143,237	1,108,917	0	124,700	3,947,735	10,232,324	8,596,461
0	0	0	0	0	0	15,987
0	0	0	0	0	629,138	839,778
0	303,822	0	0	1,605	254,601	400,081
0	0	0	0	0	383	4,337
0	0	0	64,997	0	90,114	120,400
143,564	0	0	0	0	143,564	149,126
0	0	0	0	0	1,105,290	796,959
0	0	31,635	0	0	31,635	23,784
0	33,421	0	0	3,979,455	4,012,876	1,005,844
0	0	0	0	0	2,636,504	5,258,495
0	0	0	0	0	862,908	1,295,144
119,523	0	0	0	0	119,523	157,418
9,774	0	0	0	0	9,774	12,878
272,861	337,243	31,635	64,997	3,981,060	9,896,310	10,080,231
\$870,376	\$771,674	(\$31,635)	\$59,703	(\$33,325)	\$336,014	(\$1,483,770)
0	0	0	0	0	\$2,855,084	\$0
0	0	0	0	0	0	546,252
75,000	0	0	15,000	200,000	835,089	1,543,944
(500,000)	(460,138)	0	0	0	(1,733,242)	(990,000)
0	0	0	0	0	16,737	9,087
0	0	0	0	0	0	2,930
(425,000)	(460,138)	0	15,000	200,000	1,973,668	1,112,213
445,376	311,536	(31,635)	74,703	166,675	2,309,682	(371,557)
1,582,432	961,616	(5,778)	141,957	1,575	4,707,319	5,078,876
\$2,027,808	\$1,273,152	(\$37,413)	\$216,660	\$168,250	\$7,017,001	\$4,707,319

The Notes to the Financial Statements, found in the Basic Financial section, 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, 2007

With comparative totals for December 31, 2006

	<u>PERMANENT FUND</u>		<u>TOTAL</u>	
	<u>CEMETERY TRUST</u>		<u>NONMAJOR GOVERNMENTAL FUNDS</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
ASSETS				
Cash & Equity in Pooled Investments	\$45,767	\$34,216	\$12,242,160	\$10,006,830
Deposits w/Fiscal Agent/Trustee	0	0	0	100
Receivables:				
Taxes	0	0	238,637	219,985
Accounts	0	0	298,563	195,777
Special Assessments	0	0	7,287	1,535
LID Assessments - Delinquent	0	0	20,078	11,855
LID Assessments - Deferred	0	0	422,779	607,954
Notes/Contracts	0	0	19,786	24,244
Interest/Penalties	7,950	7,950	18,094	20,028
Other Receivables	0	0	2,000	5,156
Due from Other Government Units	0	0	1,351,878	1,830,923
Investments, at Amortized Cost	501,964	502,360	3,253,898	1,527,126
Total Assets	<u>\$555,681</u>	<u>\$544,526</u>	<u>\$17,875,160</u>	<u>\$14,451,513</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants/Accounts Payable	\$0	\$0	\$1,133,571	\$934,136
Wages/Benefits Payable	0	0	689,007	672,098
Contracts Payable	0	0	205,920	123,569
Due to Other Funds	0	0	19,908	174,161
Due to Other Government Units	0	0	10,744	13,635
Deposits Payable	0	0	114,295	88,346
Deferred Revenue	0	0	518,408	710,698
Total Liabilities	<u>0</u>	<u>0</u>	<u>\$2,691,853</u>	<u>\$2,716,643</u>
Fund Balances:				
Reserved:				
Encumbrances	0	0	1,021,513	645,978
Continuing Appropriations	0	0	426,282	683,982
Debt Service	0	0	879,543	877,349
Endowment	555,681	544,526	555,681	544,526
Parking and Business Improvement			26,050	64,704
Unreserved Designated - Replacement	0	0	1,619,621	1,556,630
Unreserved	0	0	10,654,617	7,361,701
Total Fund Balances	<u>555,681</u>	<u>544,526</u>	<u>15,183,307</u>	<u>11,734,870</u>
Total Liabilities and Fund Balances	<u>\$555,681</u>	<u>\$544,526</u>	<u>\$17,875,160</u>	<u>\$14,451,513</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	PERMANENT FUND		TOTAL	
	CEMETERY TRUST		NONMAJOR GOVERNMENTAL FUNDS	
	2007	2006	2007	2006
REVENUES				
Taxes	\$0	\$0	\$12,240,044	\$11,249,707
Intergovernmental Revenues	0	0	13,639,141	13,413,918
Charges for Services	11,155	9,446	1,230,540	907,862
Interest	26,828	14,352	717,950	427,354
Other Revenues	0	0	1,343,434	1,712,539
Total Revenues	37,983	23,798	29,171,109	27,711,380
EXPENDITURES				
Current:				
General Government	0	0	93,327	105,922
Security of Persons and Property	0	0	3,975,943	4,177,102
Physical Environment	0	0	351,031	361,856
Transportation	0	0	5,128,557	5,128,605
Economic Environment	0	0	1,166,234	917,291
Cultural & Recreational Environment	0	0	5,706,167	5,630,741
Capital Outlay:				
General Government	0	0	143,564	149,126
Security of Persons and Property	0	0	1,105,290	864,402
Physical Environment	0	0	60,274	23,784
Transportation	0	0	10,099,140	4,391,527
Economic Environment	0	0	0	5,258,495
Cultural & Recreational Environment	0	0	1,006,609	1,343,850
Debt Service:				
Principal Retirement	0	0	2,608,925	2,020,099
Interest	0	0	790,221	759,087
Total Expenditures	0	0	32,235,282	31,131,887
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$37,983	\$23,798	(\$3,064,173)	(\$3,420,507)
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$4,686,005	\$0
Proceeds from Intergovernmental Loans	0	0	0	50,000
Other Note Proceeds	0	0	0	546,252
Transfers In	0	0	5,155,797	5,008,727
Transfers (Out)	(26,828)	(14,352)	(3,469,089)	(2,919,316)
Sale of Capital Assets	0	0	16,737	9,087
Comp. For Loss of Gen. Capital Assets	0	0	123,160	89,285
Total Other Financing Sources (Uses)	(26,828)	(14,352)	6,512,610	2,784,035
Net Change in Fund Balances	11,155	9,446	3,448,437	(636,472)
Fund Balances, January 1	544,526	535,080	11,734,870	12,371,342
Fund Balances, December 31	\$555,681	\$544,526	\$15,183,307	\$11,734,870

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

INTERNAL SERVICE FUNDS

THE UNEMPLOYMENT COMPENSATION RESERVE FUND (512) was established in 1978 to provide unemployment compensation coverage for City employees as required by state law.

THE EMPLOYEES' HEALTH BENEFIT RESERVE FUND (513) 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 (514) 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 (515) was created by Ordinance No. 2941, on February 11, 1986, to account for general liability and purchased insurance coverage. Funding revenues are contributions from other fund groups and are planned to match expenses of insurance premiums for coverage in excess of self-insured amounts, claims resulting from the self-insured program, and operating expenses.

THE WELLNESS AND EMPLOYEE ASSISTANCE FUND (516) was established in 1998 to provide the opportunity to all City employees to improve their physical, mental and emotional well being.

THE ENVIRONMENTAL FUND (555) 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 (551) 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 (560) was established in 1983. The fund centralizes both the accountability and costs for supervision of funds which are housed at the Public Works facility.

INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF NET ASSETS

December 31, 2007

With comparative totals for December 31, 2006

	INTERNAL SERVICE FUNDS			
	#512 UNEMPLOYMENT COMP RESERVE	#513 EMP HEALTH BEN RESERVE	#514 WORKERS' COMP RESERVE	#515 RISK MGMT RESERVE
ASSETS				
Current Assets:				
Cash & Equity in Pooled Investments	\$447,953	\$1,736,501	\$145,058	\$731,912
Deposits w/ Fiscal Agent/Trustee	0	10,620	0	0
Receivables:				
Accounts	15,505	550,712	75,532	0
Interest/Penalties	0	29,222	22,504	7,950
Inventories	0	0	0	0
Investments, at Amortized Cost	0	1,528,337	998,982	500,000
Total Current Assets	<u>463,458</u>	<u>3,855,392</u>	<u>1,242,076</u>	<u>1,239,862</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>\$463,458</u>	<u>\$3,855,392</u>	<u>\$1,242,076</u>	<u>\$1,239,862</u>
LIABILITIES				
Current Liabilities:				
Warrants/Accounts Payable	\$139	\$324,868	\$11,997	\$155,914
Wages/Benefits Payable	2,808	7,549	9,716	39,322
Compensated Absences Payable	6,634	8,370	8,945	42,092
Claims and Judgments Payable	26,376	1,161,993	791,834	1,100,000
Due to Other Funds	0	0	0	0
Total Current Liabilities	<u>\$35,957</u>	<u>\$1,502,780</u>	<u>\$822,492</u>	<u>\$1,337,328</u>
NET ASSETS				
Invested in Capital Assets, net of related debt	\$0	\$0	\$0	\$0
Unrestricted	427,501	2,352,612	419,584	(97,466)
Total Assets	<u>\$427,501</u>	<u>\$2,352,612</u>	<u>\$419,584</u>	<u>(\$97,466)</u>

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

INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF NET ASSETS

December 31, 2007

With comparative totals for December 31, 2006

#516 WELLNESS/ EAP	#555 ENVIRONMENTAL	#551 EQUIPMENT RENTAL	#560 PUBLIC WORKS ADMINISTRATION	----- TOTAL -----	
				2007	2006
\$156,111	\$594,571	\$1,596,588	\$243,403	\$5,652,097	\$3,011,335
0	0	0	0	10,620	10,620
0	0	0	0	641,749	632,247
0	0	32,119	0	91,795	61,200
0	0	290,565	0	290,565	447,510
0	0	2,411,214	0	5,438,533	7,228,862
<u>156,111</u>	<u>594,571</u>	<u>4,330,486</u>	<u>243,403</u>	<u>12,125,359</u>	<u>11,391,774</u>
\$0	\$0	\$0	\$37,397	\$37,397	\$37,397
0	0	0	7,251	7,251	7,251
6,276	7,572	18,000,692	73,425	18,087,965	18,003,647
(628)	(3,786)	(10,022,921)	(65,389)	(10,092,724)	(10,008,323)
<u>5,648</u>	<u>3,786</u>	<u>7,977,771</u>	<u>52,684</u>	<u>8,039,889</u>	<u>8,039,972</u>
<u>\$161,759</u>	<u>\$598,357</u>	<u>\$12,308,257</u>	<u>\$296,087</u>	<u>\$20,165,248</u>	<u>\$19,431,746</u>
\$14,372	\$17,694	\$90,169	\$50,629	\$665,782	\$785,518
0	0	68,200	57,104	184,699	156,468
0	0	85,448	74,475	225,964	195,968
0	0	0	0	3,080,203	2,739,485
0	0	0	0	0	170,644
<u>\$14,372</u>	<u>\$17,694</u>	<u>\$243,817</u>	<u>\$182,208</u>	<u>\$4,156,648</u>	<u>\$4,048,083</u>
\$5,648	\$3,786	\$7,977,771	\$52,684	\$8,039,889	\$8,039,972
141,739	576,877	4,086,669	61,195	7,968,711	7,343,691
<u>\$147,387</u>	<u>\$580,663</u>	<u>\$12,064,440</u>	<u>\$113,879</u>	<u>\$16,008,600</u>	<u>\$15,383,663</u>

The Notes to the Financial Statements, found in the Basic Financial section, 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, 2007

With comparative totals for December 31, 2006

	INTERNAL SERVICE FUNDS			
	#512 UNEMPLOYMENT COMP RESERVE	#513 EMP HEALTH BEN RESERVE	#514 WORKERS' COMP RESERVE	#515 RISK MGMT RESERVE
OPERATING REVENUES				
Charges for Insurance	\$0	\$0	\$0	\$2,101,439
Charges for Services	0	0	0	0
Employer Contributions	159,269	6,712,844	1,054,278	0
Employee Contributions	0	1,648,498	45,175	0
Other Operating Revenue	0	252,026	3,998	21,753
Total Operating Revenues	159,269	8,613,368	1,103,451	2,123,192
OPERATING EXPENSES				
Operations and Maintenance	3,830	774,063	228,015	867,688
Administration/Overhead	28,208	149,863	108,554	983,541
Depreciation/Amortization	0	0	0	0
Other Benefits	86,564	7,948,404	1,062,659	438,730
Total Operating Expenses	118,602	8,872,330	1,399,228	2,289,959
Operating Income (Loss)	\$40,667	(\$258,962)	(\$295,777)	(\$166,767)
NON-OPERATING REVENUES (EXPENSES)				
Other Non-Operating	\$0	\$0	\$0	\$0
Interest Revenue	0	84,626	30,929	373,464
Gain (Loss) on Capital Assets Disposition	0	0	0	0
Non-Operating Revenue Net of Expenses	\$0	\$84,626	\$30,929	\$373,464
CHANGE IN NET ASSETS				
Income (Loss) Before Contributions and Transfers	\$40,667	(\$174,336)	(\$264,848)	\$206,697
Capital Contributions	0	0	0	0
Total Change in Net Assets	40,667	(174,336)	(264,848)	206,697
Total Net Assets - January 1	386,834	2,526,948	684,432	(304,163)
Total Net Assets - December 31	\$427,501	\$2,352,612	\$419,584	(\$97,466)

The Notes to the Financial Statements, found in the Basic Financial section, 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, 2007

With comparative totals for December 31, 2006

#516 WELLNESS/ EAP	#555 ENVIRONMENTAL	#551 EQUIPMENT RENTAL	#560 PUBLIC WORKS ADMINISTRATION	----- TOTAL -----	
				2007	2006
\$0	\$155,944	\$0	\$0	\$2,257,383	\$2,170,302
0	0	4,590,433	1,151,365	5,741,798	5,120,325
121,684	0	0	0	8,048,075	7,939,865
0	0	0	0	1,693,673	1,692,113
0	0	0	(33)	277,744	151,155
121,684	155,944	4,590,433	1,151,332	18,018,673	17,073,760
115,375	50,097	3,199,273	593,964	5,832,305	5,373,510
0	0	290,805	525,296	2,086,267	2,162,875
628	1,514	1,177,528	10,042	1,189,712	1,091,297
0	0	0	0	9,536,357	7,773,922
116,003	51,611	4,667,606	1,129,302	18,644,641	16,401,604
\$5,681	\$104,333	(\$77,173)	\$22,030	(\$625,968)	\$672,156
\$0	\$0	\$5,760	\$0	\$5,760	\$15,914
2,000	0	175,716	0	666,735	732,859
0	0	(30,366)	0	(30,366)	(53,353)
\$2,000	\$0	\$151,110	\$0	\$642,129	\$695,420
\$7,681	\$104,333	\$73,937	\$22,030	\$16,161	\$1,367,576
0	0	608,776	0	608,776	231,420
7,681	104,333	682,713	22,030	624,937	1,598,996
139,706	476,330	11,381,727	91,849	15,383,663	13,784,667
<u>\$147,387</u>	<u>\$580,663</u>	<u>\$12,064,440</u>	<u>\$113,879</u>	<u>\$16,008,600</u>	<u>\$15,383,663</u>

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

INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

	INTERNAL SERVICE FUNDS			
	#512 UNEMPLOYMENT COMP RESERVE	#513 EMP HEALTH BEN RESERVE	#514 WORKERS' COMP RESERVE	#515 RISK MGMT RESERVE
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$0	\$0	\$0	\$0
Contributions Received - Employer and Employee	158,726	8,351,396	1,100,440	2,101,439
Cash Paid to Suppliers for Goods and Services	(6,775)	(816,417)	(274,285)	(1,702,227)
Cash Paid for Salaries and Benefits	(24,885)	(37,322)	(88,502)	(240,058)
Other Operating Revenues Collected	0	252,026	3,998	21,753
Cash Paid to Claimants and Beneficiaries	(79,410)	(7,874,296)	(970,113)	(475,669)
Net Cash Provided by Operating Activities	<u>\$47,656</u>	<u>(\$124,613)</u>	<u>(\$228,462)</u>	<u>(\$294,762)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Cash Received from Disposal of Capital Assets	\$0	\$0	\$0	\$0
Capital Expenditures Paid	0	0	0	0
Other Non-Operating Capital Revenue	0	0	0	0
Net Cash Used for Capital Financing Activities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale & Maturity of Investment Securities	\$0	\$980,430	\$1,018	\$645,094
Interest Received on Investments	0	81,752	8,425	381,580
Purchase of Investment Securities	0	0	0	0
Net Cash Provided by Investing Activities	<u>\$0</u>	<u>\$1,062,182</u>	<u>\$9,443</u>	<u>\$1,026,674</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$47,656</u>	<u>\$937,569</u>	<u>(\$219,019)</u>	<u>\$731,912</u>
Cash and Cash Equivalents at Beginning of Year	<u>\$400,297</u>	<u>\$798,932</u>	<u>\$364,077</u>	<u>\$0</u>
Cash and Cash Equivalents at End of Year	<u><u>\$447,953</u></u>	<u><u>\$1,736,501</u></u>	<u><u>\$145,058</u></u>	<u><u>\$731,912</u></u>
RECONCILIATION OF NET OPERATING INC (LOSS) TO NET CASH				
Provided (Used) by Operating Activities:				
Net Operating Income (Loss)	\$40,667	(\$258,962)	(\$295,777)	(\$166,767)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	0	0	0	0
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(543)	(9,946)	987	0
(Increase) Decrease in Inventory	0	0	0	0
Increase (Decrease) in Warrants/Accounts Payable	(1,121)	(39,701)	(90,817)	12,533
Increase (Decrease) in Wages/Benefits Payable	(29)	3,409	251	18,594
Increase (Decrease) in Compensated Absences Payable	1,528	2,638	1,279	11,522
Increase (Decrease) in Claims and Judgments Payable	7,154	177,949	155,615	0
Increase (Decrease) in Due to Other Funds	0	0	0	(170,644)
Total Adjustments	<u>\$6,989</u>	<u>\$134,349</u>	<u>\$67,315</u>	<u>(\$127,995)</u>
Net Cash Provided by Operating Activities	<u><u>\$47,656</u></u>	<u><u>(\$124,613)</u></u>	<u><u>(\$228,462)</u></u>	<u><u>(\$294,762)</u></u>
NON-CASH CAPITAL CONTRIBUTIONS	\$0	\$0	\$0	\$0

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

INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2007

With comparative totals for December 31, 2006

#516 WELLNESS/ EAP	#555 ENVIRONMENTAL	#551 EQUIPMENT RENTAL	#560 PUBLIC WORKS ADMINISTRATION	----- TOTAL -----	
				2007	2006
\$0	\$155,944	\$4,590,433	\$1,151,332	\$5,897,709	\$5,393,280
121,684	0	0	0	11,833,685	11,667,935
(104,255)	(32,403)	(2,617,339)	(511,799)	(6,065,500)	(5,810,237)
0	0	(741,986)	(591,677)	(1,724,430)	(1,652,598)
0	0	0	0	277,777	20,598
0	0	0	0	(9,399,488)	(7,465,294)
\$17,429	\$123,541	\$1,231,108	\$47,856	\$819,753	\$2,153,684
\$0	\$0	\$62,932	\$0	\$62,932	\$23,922
(6,276)	0	(1,229,427)	(16,626)	(1,252,329)	(1,928,431)
0	0	583,937	0	583,937	231,420
(\$6,276)	\$0	(\$582,558)	(\$16,626)	(\$605,460)	(\$1,673,089)
\$0	\$0	\$163,787	\$0	\$1,790,329	\$221,260
2,000	0	162,383	0	636,140	704,378
0	0	0	0	0	(2,502,690)
\$2,000	\$0	\$326,170	\$0	\$2,426,469	(\$1,577,052)
\$13,153	\$123,541	\$974,720	\$31,230	\$2,640,762	(\$1,096,457)
\$142,958	\$471,030	\$621,868	\$212,173	\$3,011,335	\$4,107,792
\$156,111	\$594,571	\$1,596,588	\$243,403	\$5,652,097	\$3,011,335
\$5,681	\$104,333	(\$77,173)	\$22,030	(\$625,968)	\$672,156
628	1,514	1,177,529	10,042	1,189,713	1,091,297
0	0	0	0	(9,502)	8,053
0	0	156,945	0	156,945	(81,097)
11,120	17,694	(40,836)	11,392	(119,736)	401,074
0	0	5,948	58	28,231	(3,023)
0	0	8,695	4,334	29,996	4,423
0	0	0	0	340,718	(109,843)
0	0	0	0	(170,644)	170,644
\$11,748	\$19,208	\$1,308,281	\$25,826	\$1,445,721	\$1,481,528
\$17,429	\$123,541	\$1,231,108	\$47,856	\$819,753	\$2,153,684
\$0	\$0	\$24,839	\$0	\$24,839	\$0

The Notes to the Financial Statements, found in the Basic Financial section, 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 ⁽¹⁾**

December 31, 2007

	BALANCE AS OF 12/31/2007	LAND	BUILDINGS	IMPROVE- MENTS	INFRA- STRUCTURE	EQUIP- MENT	CONST IN PROGRESS
GENERAL GOVERNMENT							
City Council / Manager / Clerks	\$1,158,900	\$0	\$1,132,456	\$13,094	\$0	\$13,350	\$0
Finance (Finance, Info Sys, Utility Svc)	1,039,764	0	51,280	17,669	0	970,815	0
Human Resources	4,369	0	0	0	0	4,369	0
Legal	8,695	0	8,695	0	0	0	0
Municipal Court	102,615	0	9,092	4,507	0	89,016	0
Codes/Planning/City Hall	673,208	0	545,651	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
Total General Government	5,674,731	1,256,764	3,260,888	217,084	0	939,995	0
PUBLIC SAFETY							
Fire	12,165,596	321,436	6,781,679	101,085	0	4,961,396	0
Police	15,318,131	2,246,988	10,929,008	14,952	0	2,127,183	0
Total Public Safety	27,483,727	2,568,424	17,710,687	116,037	0	7,088,579	0
PHYSICAL ENVIRONMENT							
LID Construction	37,413	0	0	0	0	0	37,413
Cemetery	754,249	477,661	135,841	140,747	0	0	0
Total Physical Environment	791,662	477,661	135,841	140,747	0	0	37,413
TRANSPORTATION							
Streets	260,169	96,783	0	0	0	135,504	27,882
Arterial Street	203,951,030	2,212,677	2,186,157	43,435	189,495,081	0	10,013,679
Transportation (Trolley)	1,153,502	527,500	0	117,551	0	175,000	333,451
Total Transportation	205,364,701	2,836,960	2,186,157	160,986	189,495,081	310,504	10,375,012
ECONOMIC ENVIRONMENT							
Senior Citizen Center	3,839,162	271,973	3,528,580	0	0	38,609	0
Community Development	940,633	423,136	52,161	178,166	0	56,376	230,794
Central Business District	8,321,681	0	0	54,222	2,157,805	0	6,109,654
Total Economic Environment	13,101,476	695,109	3,580,741	232,388	2,157,805	94,985	6,340,448
CULTURE AND RECREATION							
Bicentennial Pavilion	9,506,707	1,152,519	7,882,788	334,337	0	137,063	0
Public Works Administration	7,505	5,900	0	0	0	1,605	0
Parks and Recreation	13,620,684	1,621,499	2,502,742	8,258,515	0	21,210	1,216,718
Southeast Community Center	404,318	34,588	38,615	331,115	0	0	0
Capitol Theatre	5,853,303	0	5,068,464	0	0	479,847	304,992
Cable TV	291,403	0	40,712	63,053	0	187,638	0
Convention Center	6,440,637	162,608	6,145,685	(5,987)	0	118,268	20,063
Gateway - Visitor Center	148,011	0	0	0	0	0	148,011
Total Culture and Recreation	36,272,568	2,977,114	21,679,006	8,981,033	0	945,631	1,689,784
Total	\$288,688,865	\$10,812,032	\$48,553,320	\$9,848,275	\$191,652,886	\$9,379,694	\$18,442,657

(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, found in the Basic Financial section, are an integral part of this statement.

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY ⁽¹⁾**

Page 1 of 1

December 31, 2007

	BALANCE AS OF 1/1/2007	ADDITIONS	DELETIONS	BALANCE AS OF 12/31/2007
GENERAL GOVERNMENT				
City Council / Manager / Clerks	\$1,158,900	\$0	\$0	\$1,158,900
Finance (Finance, Info Sys, Utility Svc)	1,122,363	107,942	(190,541)	1,039,764
Human Resources	4,369	0	0	4,369
Legal	8,695	0	0	8,695
Municipal Court	102,615	0	0	102,615
Codes/Planning/City Hall	529,644	143,564	0	673,208
Engineering	40,526	0	0	40,526
Miscellaneous General Government	2,646,654	0	0	2,646,654
Total General Government	5,613,766	251,506	(190,541)	5,674,731
PUBLIC SAFETY				
Fire	11,349,196	876,243	(59,843)	12,165,596
Police	15,089,084	229,047	0	15,318,131
Total Public Safety	26,438,280	1,105,290	(59,843)	27,483,727
PHYSICAL ENVIRONMENT				
LID Construction	5,778	31,635	0	37,413
Cemetery	725,610	28,639	0	754,249
Total Physical Environment	731,388	60,274	0	791,662
TRANSPORTATION				
Streets	239,019	21,150	0	260,169
Arterial Street	190,687,752	13,263,278	0	203,951,030
Transportation (Trolley)	1,140,128	13,374	0	1,153,502
Total Transportation	192,066,899	13,297,802	0	205,364,701
ECONOMIC ENVIRONMENT				
Senior Citizen Center	3,839,162	0	0	3,839,162
Community Development	880,975	230,794	(171,136)	940,633
Central Business District	5,685,177	2,636,504	0	8,321,681
Total Economic Environment	10,405,314	2,867,298	(171,136)	13,101,476
CULTURE AND RECREATION				
Bicentennial Pavilion	9,506,707	0	0	9,506,707
Public Works Administration	7,505	0	0	7,505
Parks and Recreation	14,074,246	353,446	(807,007)	13,620,685
Southeast Community Center	126,520	277,798	0	404,318
Capitol Theatre	5,627,153	231,664	(5,514)	5,853,303
Cable TV	180,783	110,620	0	291,403
Convention Center	6,440,636	0	0	6,440,636
Gateway - Visitor Center	148,011	0	0	148,011
Total Culture and Recreation	36,111,561	973,528	(812,521)	36,272,568
Total Governmental Fund Assets	<u>\$271,367,208</u>	<u>\$18,555,698</u>	<u>(\$1,234,041)</u>	<u>\$288,688,865</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, found in the Basic Financial section, are an integral part of this statement.

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE - GOVERNMENT FUND CAPITAL ASSETS⁽¹⁾**

For the Year Ended December 31, 2007

	BEGINNING BALANCE	ADDITIONS	DELETIONS	ADJUSTMENTS	ENDING BALANCE
GENERAL CAPITAL ASSETS					
Land	\$9,862,947	\$26,881	(\$165,207)	\$1,087,411	\$10,812,032
Buildings	48,059,928	324,274	(783,516)	952,634	48,553,320
Improvements other than Buildings	9,439,884	160,926	(9,010)	256,475	9,848,275
Equipment	7,680,788	654,346	(223,059)	0	8,112,075
Infrastructure	181,304,198	5,775,205	0	4,573,484	191,652,887
Construction in Progress	13,698,595	11,614,066	0	(6,870,004)	18,442,657
Capitalized Leases	1,320,869	0	(53,249)	0	1,267,620
Total General Capital Assets	<u>\$271,367,209</u>	<u>\$18,555,698</u>	<u>(\$1,234,041)</u>	<u>\$0</u>	<u>\$288,688,866</u>
INVESTMENT IN GENERAL CAPITAL ASSETS FROM					
1984 Physical Inventory	\$15,815,751	\$0	\$0	\$0	\$15,815,751
Federal Grants	955,630	230,794	(171,136)	0	1,015,288
State Grants	551,428	0	0	0	551,428
Interlocal Grants	136,910,778	5,802,086	0	0	142,712,864
General Fund	2,294,130	107,942	(190,541)	0	2,211,531
Special Revenue Funds	1,652,430	173,783	(841,269)	0	984,944
Federal Revenue Sharing	394,765	0	0	0	394,765
General Obligation Bond	21,654,077	139,809	0	0	21,793,886
Capital Projects	33,256,202	4,673,513	(31,095)	0	37,898,620
Grants/GOB/Local Match	53,488,386	7,427,771	0	0	60,916,157
Private Contributions	4,393,632	0	0	0	4,393,632
Total Investment in General Capital Assets	<u>\$271,367,209</u>	<u>\$18,555,698</u>	<u>(\$1,234,041)</u>	<u>\$0</u>	<u>\$288,688,866</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.

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SUPPLEMENTAL SCHEDULES

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SCHEDULE #9 - LONG-TERM DEBT
For the Year Ended December 31, 2007

	ID NO.	PURPOSE	AMOUNT OF ISSUE	DATE OF ISSUE	DATE OF FINAL MATURITY	BEGINNING OUTSTANDING BALANCE
GENERAL OBLIGATION DEBT						
Crim Justice / I-82 (Refunding)	251.15	594,215,951.11	\$4,155,000	06/17/2003	12/01/2013	\$3,225,000
Fire (Refunded)	251.15	594.22	2,300,000	09/07/2004	12/01/2014	2,010,000
Conv Center Expansion	251.11	594.75.65	6,000,000	01/01/1996	11/01/2019	235,000
Conv Center Expansion (Refunding)	251.15	594.75.65	4,175,000	09/07/2004	11/01/2019	4,035,000
G.O. Line of Credit-Parks Cap	251.11	594.76	104,569	12/19/2003	12/19/2008	44,569
G.O. Line of Credit-Fire Capital	251.11	594.22	500,000	01/25/2007	06/01/2007	
Street Bond	251.11	595.30	1,430,000	04/01/1998	06/01/2008	340,000
Conv Center Addition	251.11	594.75.65	6,735,000	06/10/2002	06/01/2026	6,025,000
Conv Center Addition (Refunding)	251.15	594.75.65	4,910,000	05/08/2007	05/01/2026	
Sundome Expansion	251.11	559.20.77	1,430,528	06/17/2003	12/01/2023	1,430,528
Parks Capital Projects	251.11	594.76.65	755,000	12/05/2005	12/01/2015	695,000
River Rd Street Project	251.11	59511	1,765,000	05/08/2007	05/01/2017	
Fire Station West Valley	251.11	59422	815,000	05/08/2007	05/01/2022	
Downtown Revitalization Project	251.11	59511.61.63	1,490,000	05/08/2007	05/01/2022	0
Total			\$36,565,097			\$18,040,097
REVENUE BONDS						
Wastewater (Current Refunding)	252.15	535.10.65	\$3,320,000	10/01/1996	12/01/2008	\$685,000
Wastewater/Water (Refunding)	252.15	535.10.65	388,988	10/01/1998	09/01/2011	198,825
Wastewater/Water (Refunding)	252.15	535.10.65	4,326,012	10/01/1998	09/01/2011	2,211,175
Water	252.11	59434	3,195,000	10/01/1998	09/01/2018	2,215,000
Wastewater	252.11	59435	600,000	02/27/2001	06/01/2041	600,000
Wastewater	252.11	59435	17,545,000	12/22/2003	11/01/2023	15,525,000
Irrigation	252.11	59438	5,215,000	09/14/2004	09/01/2034	5,015,000
Total			\$34,590,000			\$26,450,000
SPECIAL ASSESSMENT NOTES						
#1055	263.63	535.10.65	\$101,830	06/05/2000	06/05/2010	\$25,500
#1056	263.63	535.10.65	218,481	12/17/2005	12/17/2015	209,000
#1057	263.63	535.10.65	346,238	05/01/2006	05/01/2016	170,000
#1058	263.63	535.10.65	200,014	05/01/2006	05/01/2016	160,000
Total			\$984,069			\$564,500

SCHEDULE #9 - LONG-TERM DEBT

For the Year Ended December 31, 2007

AMOUNT ISSUED	BARS CODE FOR RECEIPT	RECEIVING FUND NUMBER	AMOUNT REDEEMED	BARS CODE FOR REDEMPTION	REDEEMING FUND NUMBER	ENDING OUTSTANDING BALANCE	NOMINAL INTEREST RATE
\$0	391.10-BND	283	\$425,000	591.21-710	283	\$2,800,000	4.35-5.25%
0	391.10-BND	284	230,000	591.22-710	284	1,780,000	2.0 -3.5%
0	391.10-BND	370	235,000	591.75-710	287	0	4.85-5.75%
0	391.10-BND	370	35,000	591.75-710	287	4,000,000	2.0 -4.2%
0	391.10-BND	331	20,000	591.76-710	285	24,569	Variable
500,000	391.10-BND	332	500,000	591.22-710	285	0	Variable
0	391.10-BND	142	165,000	591.42-710	282	175,000	4.0-4.5%
0	391.10-BND	370	4,940,000	591.75-710	272	1,085,000	3.0-5.0%
4,910,000	391.10-BND	272			272	4,910,000	4.0-5.0%
0	391.10-BND	392	67,615	59175-710	281	1,362,913	2.34-4.72%
0	391.10-BND	331	65,000	59176-710	281	630,000	4.0-4.5%
1,765,000	391.10-BND	142	0	591.42-710	281	1,765,000	4.0-5.0%
815,000	391.10-BND	332	0	591.22-710	281	815,000	4.0-5.0%
1,490,000	391.10-BND	321	0	591.42-710	281	1,490,000	4.0-4.5%
<u>\$9,480,000</u>			<u>\$6,682,615</u>			<u>\$20,837,482</u>	
\$0	39110-BND	488	\$335,000	582.35-720	488	\$350,000	4.00-5.2%
0	39110-BND	484	36,300	582.34-720	484	162,525	4.00-4.3%
0	39110-BND	484	403,700	582.35-720	484	1,807,475	4.00-4.3%
0	39110-BND	477	145,000	582.34-720	486	2,070,000	4.00-5.0%
0	39110-BND	476	93,683	582.35-720	485	506,317	6.00%
0	39110-BND	478	670,000	582.35-720	493	14,855,000	2.0-5.0%
0	39110-BND	479	105,000	582.38-720	491	4,910,000	2.0-4.8%
<u>\$0</u>			<u>\$1,788,683</u>			<u>\$24,661,317</u>	
\$0	39170-770	345	\$16,500	59135-770	289	\$9,000	9.75%
0	39170-770	345	68,100	59135-770	289	140,900	8.75%
0	39170-770	345	64,400	59135-770	289	105,600	9.25%
0	39170-770	345	44,800	59135-770	289	115,200	9.25%
<u>\$0</u>			<u>\$193,800</u>			<u>\$370,700</u>	

SCHEDULE #9 - LONG-TERM DEBT

For the Year Ended December 31, 2007

	ID NO.	PURPOSE	AMOUNT OF ISSUE	DATE OF ISSUE	DATE OF FINAL MATURITY	BEGINNING OUTSTANDING BALANCE
INTERGOVERNMENT LOANS						
(Public Works Trust And State Revolving Fund)						
PW-87-0002	263.81	541.30.65	\$196,209	05/01/1987	07/01/2007	\$10,326
PW-88-962-54	263.82	594.35.64	945,000	06/19/1988	07/01/2008	111,158
PW-5-89-962-0056	263.81	595.50.65	765,000	08/01/1989	07/01/2009	126,452
PW-5-89-962-0057	263.81	595.40.65	121,162	08/01/1989	07/01/2009	19,131
PW-5-89-962-0058	263.82	594.34.65	495,000	06/12/1989	07/01/2009	81,821
PW-5-90-280-050	263.81	595.30.65	603,313	05/07/1990	07/01/2010	127,024
PW-5-91-280-070	263.81	595.30.65	1,039,500	09/29/1991	07/01/2011	249,855
PW-5-91-280-071	263.81	595.40.65	1,143,716	09/29/1991	07/01/2011	303,344
PW-5-92-280-046	263.82	594.35.64	1,120,000	09/03/1992	07/01/2012	370,386
PW-5-93-280-054	263.82	594.35.65	3,221,708	06/01/1993	07/01/2013	1,193,539
PW-5-94-784-049	263.82	594.35.64	1,220,900	05/16/1994	07/01/2014	327,192
PW-5-95-791-052	263.81	595.30.65	1,000,000	06/14/1995	07/01/2015	479,257
PW-5-95-791-053	263.82	594.35.64	3,030,558	08/07/1995	07/01/2015	1,470,370
PW-5-95-791-054	263.82	594.35.64	188,430	06/14/1995	07/01/2015	105,166
PW-00-691-062	263.81	595.30.65	1,180,000	06/14/2000	06/10/2010	504,190
PW-01-691-071	263.82	594.35.65	1,466,250	06/01/2001	07/01/2021	1,164,375
PW-03-027	263.82	594.34.65	2,694,000	09/01/2003	07/01/2023	2,290,325
PW-05-691-064	263.82	594.35.65	2,307,000	12/30/2005	07/01/2025	461,400
PW-07-962-019	263.82	594.35.65	2,300,000	04/30/2007	07/07/2027	
SRF-04-65104-037	263.82	594.34.65	966,772	06/27/2005	10/01/2025	884,808
CERB Loan #C95-107	263.81	594.50.65	425,448	08/21/1995	07/01/2016	268,349
Total			\$27,149,967			\$10,548,468
DUE TO OTHER GOVERNMENTAL UNITS						
Yakima County	263.81		\$781,518	11/01/1989	11/01/2008	\$125,609
Yakima County	263.82		44,000	06/01/2002	06/01/2011	24,244
Yakima County	263.82		75,000	06/01/2004	06/01/2010	42,857
Yakima County	263.82		25,000	06/01/2006	06/01/2010	20,544
Yakima County	263.82		100,000	06/01/2006	06/01/2010	81,789
Yakima County	263.82		64,500	06/01/2006	06/01/2012	54,663
Yakima County	263.82		50,000	06/01/2007	06/01/2011	50,000
Total			\$1,920,018			\$399,706
LEASE PURCHASE AGREEMENTS						
#35416 - Police Video	263.53	594.21.66	\$491,838	11/03/2003	11/03/2008	\$204,933
#35943 - Printer/Copier	263.53	594.18.66	93,414	06/01/2004	03/01/2009	43,911
Mobile Wireless Data Network	263.53	59421.66	325,000	07/09/2004	04/09/2009	168,951
Printer/Copier	263.53	594.18.66	54,255	10/15/2004	07/15/2009	31,161
Chevrolet Trucks-Codes	263.53	594.18.66	38,293	12/04/2007	09/04/2010	0
Total			\$1,002,800			\$448,956
Grand Total			\$102,211,951			\$56,451,726

SCHEDULE #9 - LONG-TERM DEBT

For the Year Ended December 31, 2007

AMOUNT ISSUED	BARS CODE FOR RECEIPT	RECEIVING FUND NUMBER	AMOUNT REDEEMED	BARS CODE FOR REDEMPTION	REDEEMING FUND NUMBER	ENDING OUTSTANDING BALANCE	NOMINAL INTEREST RATE
\$0	39180-DCD		\$10,326	59142-780	342	\$0	1%
0	39180-DCD	478	55,579	58235-78P	473	55,579	1%
0	39180-DCD		42,150	59142-780	342	84,302	1%
0	39180-DCD		6,377	59138-780	342	12,754	3%
0	39180-DCD	477	27,274	58234-78P	474	54,547	3%
0	39180-DCD		31,756	59142-780	142	95,268	3%
0	39180-DCD		49,971	59142-780	142	199,884	1%
0	39180-DCD		60,669	59138-780	342	242,675	3%
0	39180-DCD	476	61,731	58235-78P	473	308,655	1%
0	39180-DCD	478	170,506	58235-78P	473	1,023,033	1%
0	39180-DCD	476	40,899	58235-78P	473	286,293	1%
0	39180-DCD		53,251	59142-780	142	426,006	1%
0	39180-DCD	478	163,374	58235-78P	473	1,306,996	1%
0	39180-DCD	476	11,685	58235-78P	473	93,481	1%
0	39180-DCD	142	126,048	59142-780	142	378,142	1%
0	39180-DCD	476/477	77,625	58235-78P	473	1,086,750	0.5%
0	39180-DCD	477	134,725	58234-78P	474	2,155,600	0.5%
1,153,500	39180-DCD	476	84,995	58235-78P	473	1,529,905	0.5%
460,000	39180-DCD	478		58235-78P	473	460,000	0.5%
0	39180-DCD	477	47,073	58234-78P	474	837,735	0.5%
0	39180-DCD		20,842	59119-780	000	247,507	5.5%
\$1,613,500			\$1,276,856			\$10,885,112	
\$0			\$60,563	59175-771	000	\$65,046	
0	39180-COU		4,458	59142-780	142	19,786	4.20%
0	39180-COU		10,714	59173-780	170	32,142	1.10%
0	39180-COU	476	4,815	58235-78P	473	15,729	1.10%
0	39180-COU	142	81,789	59142-780	142	0	4.50%
0	39180-COU	474	7,911	58234-780	474	46,752	5.62%
0	39180-COU	142	0	59142-780	142	50,000	6.18%
\$0			\$170,250			\$229,455	
\$0	39150-CLF	333	\$100,865	59121-750	000	104,068	3.00%
0	39150-CLF	000	19,122	59118-750	000	24,789	3.25%
0	39150-CLF	333	65,974	59121-750	000	102,977	3.19%
0	39150-CLF	000	10,942	59118-750	000	20,219	3.97%
38,293	39150-CLF	000	2,999	59118-750	000	35,294	4.36%
\$38,293			\$199,902			\$287,347	
\$11,131,793			\$10,312,106			\$57,271,413	

SCHEDULE #9 - LONG-TERM DEBT
For the Year Ended December 31, 2007

NOTE:

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

PW-5-89-962-0056	\$765,000
PW-5-89-962-0057	174,879
PW-5-89-962-0058	495,000
PW-5-90-280-050	803,157
PW-5-91-280-070	1,155,000
PW-5-91-280-071	1,188,000
PW-5-92-280-046	1,120,000
PW-5-93-280-054	3,221,708
PW-5-94-784-049	1,481,000
PW-5-95-791-052	1,000,000
PW-5-95-791-054	209,367
PW-5-95-791-053	3,030,558
PW-00-691-062	1,180,000
PW-01-691-071	1,466,250
PW-03-027	2,694,000
PW-05-691-064	2,307,000
PW-07-962-019	2,300,000
	\$24,590,919

SCHEDULE #10 - LIMITATION OF INDEBTEDNESS

As of December 31, 2007

Total Taxable Property Value - \$

	REMAINING DEBT CAPACITY
2.50% (\$127,607,894) General Purposes limit is allocated between:	
Up to 1.5% debt without a vote (councilmanic)	\$76,564,737
Less : Outstanding Debt	28,762,111
Less: Contracts Payable	287,347
Less: Excess of Debt with a Vote	0
Add: Available Assets	10,503,500
Equals: Remaining Debt Capacity without a vote	\$58,018,779
1% general purposes debt with a vote	\$51,043,158
Less : Outstanding Debt	1,780,000
Less: Contracts Payable	0
Add: Available Assets	206,752
Equals: Remaining Debt Capacity with a vote	\$49,469,910
2.5% Utility purpose limit, voted	\$127,607,894
Less : Outstanding Debt	0
Less: Contracts Payable	0
Add: Available Assets	0
Equals: Remaining Debt Capacity - utility purpose, voted	\$127,607,894
2.5% Open space, park and capital facilities, voted	\$127,607,894
Less : Outstanding Debt	0
Less: Contracts Payable	0
Add: Available Assets	0
Equals: Remaining Debt Capacity - open space, park and capital facilities, voted	\$127,607,894

SCHEDULE #16 - EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2007

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NO.	PROJECT NO.	OTHER IDENTIFICATION NO.	FROM PASS- THROUGH AWARDS	FROM DIRECT AWARDS
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT DIRECT PROGRAMS					
Community Development:					
Block Grant	14.218		B 07-MC-53-0008		\$51,144
Block Grant	14.218		B 06-MC-53-0008		161,841
Block Grant	14.218		Block Grant Program Income		657,058
Home Investment Partnership Program	14.239		M07-MC53-0203		98,198
Home Investment Partnership Program	14.239		M06-MC53-0203		305,119
Home Investment Partnership Program	14.239		Home Program Income		532,996
EDI Special Projects	14.246		Capitol Theatre		182,731
Total Department of Housing and Urban Development					1,989,087
U. S. DEPARTMENT OF JUSTICE DIRECT PROGRAMS					
Justice Assistance Grant	16.738		Jag Grant		15,917
State Criminal Alien Assistant Program	16.606		SCAAP		41,641
Bullet Proof Vest Partnership Program	16.607				20,580
Gang Resistance Education & Training	16.737		Great Grant		174,591
Total U.S. Department of Justice					252,729
U. S. DEPARTMENT OF TRANSPORTATION DIRECT PROGRAMS					
Federal Transit Formula Grant	20.507		WA-90X392		1,646,047
PASSED-THROUGH WASHINGTON STATE DEPARTMENT OF TRANSPORTATION					
Highway Planning & Construction:					
CMAQ Grant	20.205			\$179,000	
S. 1st St @ Mead	20.205	2044	CM-4579(010)	113,520	
WA Ave Median Removal	20.205	2124	STPUS-4558(007)	82,582	
8th/6th Street @B'/Lincoln	20.205	2126	STPH-000S(173)	401	
E. Nob Hill & Fair Ave	20.205	2143	STPUS-4566(007)	12,610	
Trolley Restoration	20.205	2153	STPE-1485(019)	12,241	
Wm Douglas Trail-6th Ave	20.205	2166	STPE-1485(020)	16,783	
Wm Douglas Trail-Bridge	20.205	2167	STPE-1485(020)	2,329	
Railroad Grade Separation	20.205	1818	STPX-000S (062)	1,395,489	
Nob Hill & 6th St Signal	20.205	1829	STPUS-4566(006)	130,313	
Total WSDOT Passed-through					1,945,268

SCHEDULE #16 - EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2007

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NO.	PROJECT NO.	OTHER IDENTIFICATION NO.	FROM PASS- THROUGH AWARDS	FROM DIRECT AWARDS
U. S. DEPARTMENT OF THE INTERIOR					
Passed-through Dept of Archaeology & Historic Preservation:					
Historic Preservation Fund Grants-in-Aid	15.904		FY08-61018-002	\$8,000	
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed-through Yakima County:					
Transportation: Paratransit	93.043			558	
Special Programs for the Aging Title III Part D	93.043			17,806	
Special Programs for the Aging Title III Part B	93.044		Day care	12,525	
Passed-through DSHS DCS:					
Healthy Marriage & Fatherhood	93.086			69,955	
Total U.S. Department Health Passed-through				100,844	
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
Passed-through WA State Empl Security					
AmeriCorp	94.006			81,784	
HOMELAND SECURITY					
SAFER Grant	97.083				\$89,186
Passed-through Yakima Valley OEM:					
Homeland Security	97.067			22,062	
Homeland Security	97.067		Fire-332	135,600	
Law Enforcement Terrorism Prevention	97.074			182,870	
Total Homeland Security				340,532	89,186
Total Federal Assistance				\$2,476,428	\$3,977,049
Total Federal Assistance Direct & Pass-Through Awards				\$6,453,477	

SCHEDULE #16 - EXPENDITURES OF STATE AND LOCAL AWARDS

For the Year Ended December 31, 2007

GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	BARS ACCOUNT NO.	OTHER IDENTIFICATION NO.	CURRENT YEAR EXPENDITURES
STATE			
Washington State Department of Transportation:			
Commute Trip Reduction	334.03		\$5,060
Washington Ave RR Crossing	334.03	2063	314
American Disability Transit Grant	334.03		141,326
9th Street to Front Street (Yakima Ave)	334.03	2116	1,000
Freight Mobility Strategic Investment Board	334.03	1818	2,211,353
Yakima Downtown Futures Initiative	334.03	2165	2,260,000
Total Washington State Department of Transportation			4,619,053
Washington State Department of Community, Trade and Economic Development:			
Update Yakima Urban Zoning Code	334.04		36,000
Growth Management Grant	334.04		4,500
Total Washington State Dept. of Comm, Trade			40,500
Washington State Transportation Improvement Board:			
S. 6th Street Intersection	334.03	1829	205,479
W Nob Hill (S 72nd to S 80th)	334.03	2012	558,407
River Rd North 16th Ave to Fruitvale Blvd	334.03	1944	860,665
Total Washington State Transportation Improvement Board			1,624,551
Washington State Department of Social and Health Services:			
State Respite	334.04		19,328
Pre-hospital (Emergency Mgmt)	334.04		1,439
Total Washington State Dept. Social and Health Services			20,767
Washington State Patrol Fire Department	334.01		2,400
Washington Traffic Safety Commission:			
Traffic Division	334.03		5,395
Police Overtime	334.03		10,326
Total Washington Traffic Safety Commission			15,721
Total State Assistance			6,322,992
LOCAL			
West Valley Fire District #12	337.07		120,000
Fruitvale Fire District #10	337.07		80,000
Yakama Indian Nation Fire Department	337.07		3,000
Housing Authority Payments in Lieu of Taxes (PILOT)	337.13		6,329
Total Local Assistance			209,329
Total State and Local Assistance			\$6,532,321

SCHEDULE #16 - NOTES TO THE SCHEDULE OF EXPENDITURES

For the Year Ended December 31, 2007

NOTE 1 - BASIS OF ACCOUNTING

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

NOTE 2 - PROGRAM COSTS

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

NOTE 3 - PROGRAM INCOME

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

NOTE 4 - FEDERAL LOANS

In 2003, the City of Yakima was authorized to administer a Section 108 Loan program. As there were no new loans issued in 2007, there are no expenditures relating to this program included on this schedule. Since the City is only contingently liable, this amount is not included in the Schedule of Long-term Debt. See Note 8 - Contingencies in the Basic Financial Statements section for details of the entire program.

NOTE 5 - NONCASH AWARDS

Not Applicable.

NOTE 6 - AMOUNT PAID TO SUBRECIPIENTS

The City of Yakima paid the following amounts to subrecipients:

CDBG-14.218 \$75,000

SCHEDULE #17 - ANNUAL REPORT ON PUBLIC WORKS PROJECTS
 For the Year January 1, 2007 through December 31, 2007

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	\$233,357	\$233,357	\$0

PART II

1. Total current public works construction budget as amended (annual or biennial as applicable)	\$38,842,884
2. Total allowable public works (10% of #1)	3,884,288
3. Less: Amount (if any) in excess of permitted amount from prior year	0
4. Total allowable public works (#2 minus #3)	3,884,288
5. Total public works projects performed by public employees during the current year (including work performed by a county)	233,357
6. If this is the second year of a biennial budget, total public works performed by public employees during the prior year	0
7. Restricted (over) under allowable (#4 minus #5 minus #6)	\$3,650,931

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, 2007

NAME OF FIRM:

Summit Law Group

NAME OF CONSULTANT:

Bruce Schroeder/Beth Kennar
Denise Ashbaugh/Kristin Anger

BUSINESS ADDRESS:

315 Fifth Avenue S Suite 1000
Seattle, Washington 98104

AMOUNT PAID TO CONSULTANT DURING FISCAL YEAR:

\$23,157.77

TERMS AND CONDITIONS, AS APPLICABLE, INCLUDING:

RATES (E.G., HOURLY, ETC.):

\$200 to \$265 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 _____, 2007 to the best of my knowledge and belief:

Signature : _____

Name: Cindy J. Epperson

Title: Deputy Director of Accounting & Budgeting

SCHEDULE #19 - LABOR RELATIONS CONSULTANTS
For the Year Ended December 31, 2007

NAME OF FIRM:

Menke Jackson Beyer Elofson Ehlis & Harper, LLP

NAME OF CONSULTANT:

Kirk Ehlis/Ken Harper

BUSINESS ADDRESS:

807 North 39th Avenue
Yakima, Washington 98901

AMOUNT PAID TO CONSULTANT DURING FISCAL YEAR:

\$62,794.93

TERMS AND CONDITIONS, AS APPLICABLE, INCLUDING:

RATES (E.G., HOURLY, ETC.):

\$125 to \$140 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 _____, 2007 to the best of my knowledge and belief:

Signature : _____

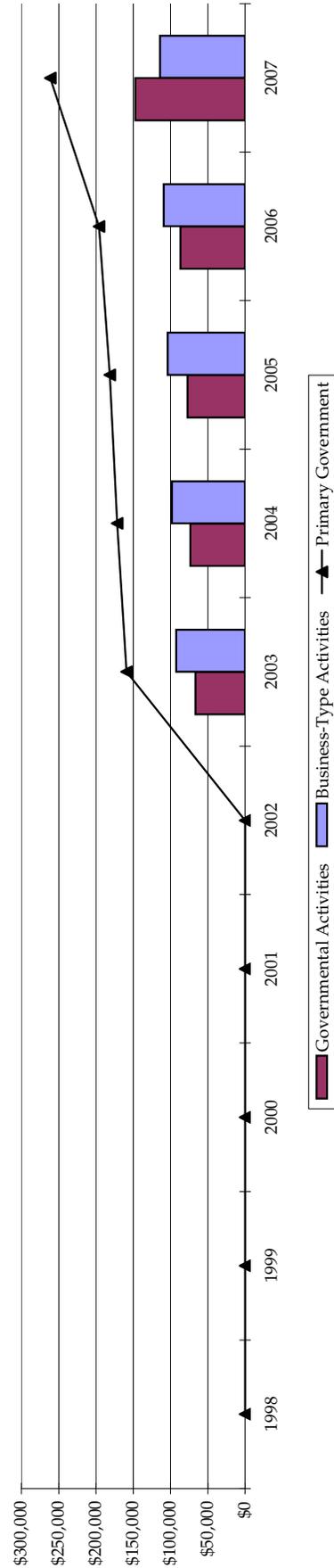
Name: Cindy J. Epperson

Title: Deputy Director of Accounting & Budgeting

CITY OF Yakima
NET ASSETS BY COMPONENT
 LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GOVERNMENT ACTIVITIES										
Invested in Capital Assets, Net of Related Debt Restricted	\$0	\$0	\$0	\$0	\$0	\$50,464	\$60,441	\$63,513	\$72,842	\$121,925
Unrestricted	0	0	0	0	0	4,914	4,831	4,792	4,238	10,991
Total Governmental Activities Net Assets	\$0	\$0	\$0	\$0	\$0	\$66,573	\$73,332	\$77,256	\$86,748	\$147,243
BUSINESS TYPE ACTIVITIES										
Invested in Capital Assets, Net of Related Debt Restricted	\$0	\$0	\$0	\$0	\$0	\$80,072	\$84,227	\$86,609	\$89,124	90,617
Unrestricted	0	0	0	0	0	2,610	2,665	2,701	2,705	2,722
Total Business-type Activities Net Assets	\$0	\$0	\$0	\$0	\$0	\$92,374	\$98,142	\$103,923	\$108,985	114,110
PRIMARY GOVERNMENT										
Invested in Capital Assets, Net of Related Debt Restricted	\$0	\$0	\$0	\$0	\$0	\$130,536	\$144,668	\$150,122	\$161,966	212,542
Unrestricted	0	0	0	0	0	7,524	7,496	7,493	6,943	13,713
Total Primary Government Net Assets	\$0	\$0	\$0	\$0	\$0	\$158,947	\$171,474	\$181,179	\$195,733	261,353



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)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
EXPENSES										
Governmental Activities:										
General Government	\$0	\$0	\$0	\$0	\$0	\$6,774	\$7,147	\$7,381	\$7,336	\$7,867
Security of Persons and Property	0	0	0	0	0	26,468	28,391	30,222	32,059	33,706
Physical Environment	0	0	0	0	0	1,225	1,176	1,232	1,339	872
Transportation	0	0	0	0	0	5,811	5,584	5,962	6,821	11,516
Economic Environment	0	0	0	0	0	3,143	3,422	3,747	3,937	4,007
Mental and Physical Health	0	0	0	0	0	15	17	43	17	20
Cultural and Recreational Environment	0	0	0	0	0	6,891	7,066	7,601	7,819	6,807
Interest on Long-term Debt	0	0	0	0	0	1,063	850	809	815	871
Total Governmental Activities	0	0	0	0	0	51,390	53,653	56,997	60,143	65,666
Business-Type Activities:										
Transit	0	0	0	0	0	5,282	5,526	6,282	6,769	7,317
Refuse	0	0	0	0	0	2,861	2,751	3,154	3,176	3,521
Wastewater	0	0	0	0	0	10,172	11,565	11,173	11,545	11,794
Water	0	0	0	0	0	4,406	4,586	4,921	5,044	5,395
Irrigation	0	0	0	0	0	1,222	1,220	1,645	1,572	1,568
Total Business-Type Activities	0	0	0	0	0	23,943	25,648	27,175	28,106	29,595
Total Expenses	\$0	\$0	\$0	\$0	\$0	\$75,333	\$79,301	\$84,172	\$88,249	\$95,261

CITY OF Yakima
CHANGES IN NET ASSETS
 LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	\$0	\$0	\$0	\$0	\$0	\$47	\$196	\$156	\$170	\$145
Security of Persons and Property	0	0	0	0	0	1,995	1,746	1,561	1,389	1,625
Physical Environment	0	0	0	0	0	422	605	875	1,101	901
Transportation	0	0	0	0	0	98	130	84	64	261
Economic Environment	0	0	0	0	0	1,141	1,146	1,059	1,259	2,072
Cultural and Recreational Environments	0	0	0	0	0	1,515	1,565	1,533	1,744	1,922
Operating Grants and Contributions	0	0	0	0	0	5,051	4,542	5,134	5,235	4,640
Capital Grants and Contributions	0	0	0	0	0	2,866	9,311	3,921	9,301	14,595
Total Governmental Activities	0	0	0	0	0	13,135	19,241	14,323	20,263	26,161
Business-Type Activities:										
Charges for Services:										
Transit	0	0	0	0	0	427	422	450	484	578
Refuse	0	0	0	0	0	3,080	3,335	3,508	3,861	3,952
Wastewater	0	0	0	0	0	12,102	14,691	14,125	14,614	14,433
Water	0	0	0	0	0	4,973	5,208	5,381	6,158	6,360
Irrigation	0	0	0	0	0	1,792	2,479	2,435	2,449	2,486
Operating Grants and Contributions	0	0	0	0	0	1,552	1,803	3,103	2,801	2,386
Capital Grants and Contributions	0	0	0	0	0	4,103	2,053	2,387	1,912	2,789
Total Business-Type Activities	0	0	0	0	0	28,029	29,991	31,389	32,279	32,984
Total Program Revenues	\$0	\$0	\$0	\$0	\$0	\$41,164	\$49,232	\$45,712	\$52,542	\$59,145
NET (EXPENSE) / REVENUE										
Governmental Activities	\$0	\$0	\$0	\$0	\$0	(\$38,255)	(\$34,412)	(\$42,674)	(\$39,880)	(\$39,505)
Business-Type Activities	0	0	0	0	0	4,086	4,343	4,214	4,173	3,389
Total Net Expenses	\$0	\$0	\$0	\$0	\$0	(\$34,169)	(\$30,069)	(\$38,460)	(\$35,707)	(\$36,116)

CITY OF Yakima
CHANGES IN NET ASSETS
 LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS										
Governmental Activities:										
Taxes:										
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$11,853	\$12,199	\$12,435	\$13,265	\$13,071
Sales and Use Taxes	0	0	0	0	0	13,328	14,055	15,690	17,113	18,393
Franchise and Utility Taxes	0	0	0	0	0	7,582	7,763	8,302	9,045	9,025
Excise Tax	0	0	0	0	0	1,646	2,612	3,213	3,081	3,469
Penalties and Interest	0	0	0	0	0	12	2	1	11	10
Grants and Contributions not Restricted	0	0	0	0	0	175	0	0	0	0
State Entitlements	0	0	0	0	0	2,675	2,774	2,953	3,497	3,790
Unrestricted Investment Interest	0	0	0	0	0	426	415	735	695	913
Miscellaneous	0	0	0	0	0	(260)	41	57	137	(38)
Gain on Sale of Capital Assets	0	0	0	0	0	(7)	(1,012)	257	(695)	(553)
Intergovernmental Agreements	0	0	0	0	0	(1,406)	0	0	(39)	0
Transfers	0	0	0	0	0	2,637	2,797	2,950	3,084	2,624
Debt Issue Cost	0	0	0	0	0	0	0	4	0	0
Acctg Loss on General Obligation of Debt Ref	0	0	0	0	0	(295)	(474)	0	140	0
Total Governmental Activities	0	0	0	0	0	38,366	41,172	46,597	49,334	50,704
Business-Type Activities:										
Sales and Use Taxes	0	0	0	0	0	3,895	4,138	4,234	4,511	4,789
Unrestricted Investment Interest	0	0	0	0	0	124	269	560	656	380
Gain on Sale of Capital Assets	0	0	0	0	0	(139)	8	(56)	100	(227)
Transfers	0	0	0	0	0	(3,122)	(2,990)	(3,171)	(3,315)	(3,207)
Extraordinary Item	0	0	0	0	0	(8,332)	0	0	0	0
Total Business-Type Activities	0	0	0	0	0	(7,574)	1,425	1,567	1,952	1,735
Total Primary Government	\$0	\$0	\$0	\$0	\$0	\$30,792	\$42,597	\$48,164	\$51,286	\$52,439
CHANGE IN NET ASSETS										
Governmental Activities	\$0	\$0	\$0	\$0	\$0	\$111	\$6,760	\$3,923	\$9,454	\$11,199
Business-Type Activities	0	0	0	0	0	(3,488)	5,768	5,781	6,125	5,124
Total Primary Government	\$0	\$0	\$0	\$0	\$0	(\$3,377)	\$12,528	\$9,704	\$15,579	\$16,323

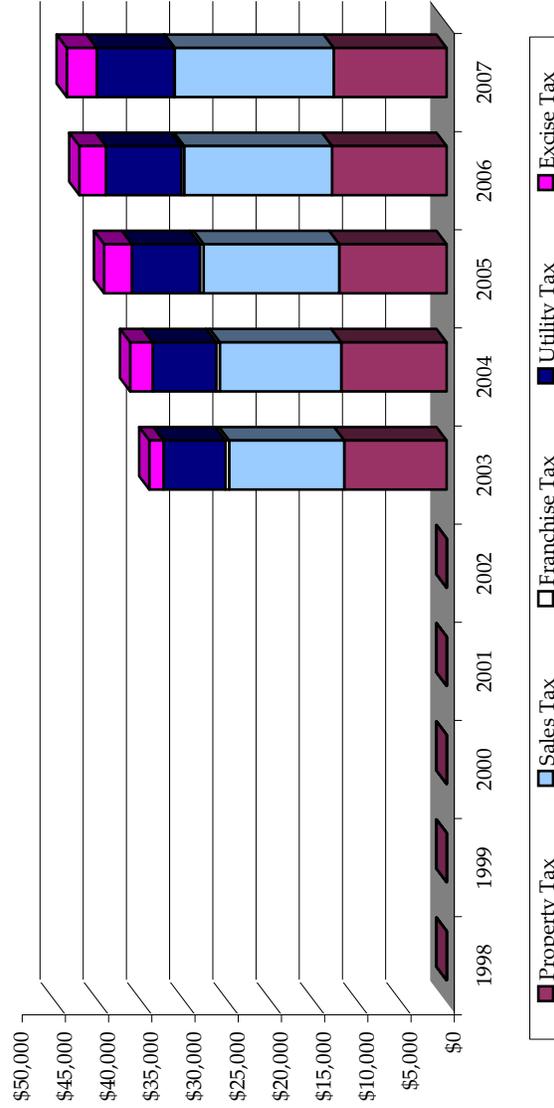
NOTE: Less than ten years data is provided because 2003 was the first year for government-wide expenses under GASB #34.

CITY OF Yakima
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE - ACCRUAL BASIS

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
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
2006	13,265	17,113	343	8,702	3,081	42,504
2007	13,071	18,393	42	8,984	3,470	43,960



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)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GENERAL FUND										
Reserved	\$0	\$0	\$0	\$0	\$0	\$481	\$384	\$278	\$377	\$458
Unreserved	0	0	0	0	0	8,476	8,467	8,686	9,145	10,034
Total General Fund	0	0	0	0	0	8,957	8,851	8,964	9,522	10,492
COMMUNITY DEVELOPMENT FUND										
Reserved	0	0	0	0	0	631	1,120	1,016	1,045	2,257
Unreserved	0	0	0	0	0	(157)	(813)	(661)	(779)	(1,861)
Total Community Development Fund	0	0	0	0	0	474	307	355	266	396
PARKS & RECREATION FUND										
Reserved	0	0	0	0	0	24	8	1	0	0
Unreserved	0	0	0	0	0	459	464	478	0	0
Total Parks & Recreation Fund	0	0	0	0	0	483	472	479	0	0
STREETS & TRAFFIC ENGINEERING FUND										
Reserved	0	0	0	0	0	340	346	108	0	0
Unreserved	0	0	0	0	0	1,047	989	1,233	0	0
Streets & Traffic Engineering Fund	0	0	0	0	0	1,387	1,335	1,341	0	0
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	0	0	0	0	0	3,139	2,973	3,389	2,817	2,909
Unreserved reported in:										
Special Revenue Funds	0	0	0	0	0	4,258	3,470	3,874	4,937	5,962
Capital Project Funds	0	0	0	0	0	3,382	2,478	3,288	3,981	6,312
Total All Other Governmental Funds	0	0	0	0	0	10,779	8,921	10,551	11,735	15,183
GOVERNMENTAL FUNDS										
Reserved	0	0	0	0	0	4,615	4,831	4,792	4,239	5,624
Unreserved	0	0	0	0	0	17,465	15,055	16,898	17,284	20,447
Grand Total Governmental Funds	\$0	\$0	\$0	\$0	\$0	\$22,080	\$19,886	\$21,690	\$21,523	26,071

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)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
REVENUES										
Taxes and Special Assessments	\$0	\$0	\$0	\$0	\$0	\$36,977	\$39,490	\$42,557	\$45,601	\$47,061
Licenses and Permits	0	0	0	0	0	470	530	691	741	982
Intergovernmental Revenues	0	0	0	0	0	10,260	12,797	11,839	17,346	16,756
Charges for Services	0	0	0	0	0	5,291	5,846	5,596	5,543	6,996
Fines and Forfeits	0	0	0	0	0	1,397	1,364	1,190	1,309	1,420
Interest	0	0	0	0	0	695	553	870	1,168	1,696
Other Revenues	0	0	0	0	0	854	1,201	1,240	1,852	1,647
Total Revenues	0	0	0	0	0	55,944	61,781	63,983	73,560	76,558
EXPENDITURES										
General Government	0	0	0	0	0	9,054	9,905	10,090	10,452	10,757
Security of Persons and Property	0	0	0	0	0	25,440	26,959	28,684	30,929	32,691
Physical Environment	0	0	0	0	0	1,583	1,707	1,699	1,704	1,675
Transportation	0	0	0	0	0	4,310	4,204	4,601	5,129	5,129
Economic Environment	0	0	0	0	0	3,117	3,380	3,681	3,976	3,869
Mental and Physical Health	0	0	0	0	0	15	17	43	18	20
Cultural and Recreational Environment	0	0	0	0	0	6,331	6,452	6,900	6,951	5,712
Capital Outlay	0	0	0	0	0	10,004	9,488	5,333	12,153	12,754
Debt Service:	0	0	0	0	0					
Principal Retirement	0	0	0	0	0	1,906	1,932	2,130	2,351	2,890
Interest	0	0	0	0	0	1,063	850	813	822	832
Total Expenditures	0	0	0	0	0	62,823	64,894	63,974	74,485	76,329
Excess (Deficiencies) Of Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0	(\$6,879)	(\$3,113)	\$9	(\$925)	\$229

CITY OF Yakima
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OTHER FINANCING SOURCES (USES)										
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$0	\$492	\$473	\$0	\$0	\$38
Proceeds from L.T. Debt - G.O. Bonds	0	0	0	0	0	1,511	7	760	0	4,686
Proceeds from Intergovernmental Loans	0	0	0	0	0	75	0	148	50	0
Other Note Proceeds	0	0	0	0	0	0	0	371	546	0
Transfers In	0	0	0	0	0	3,779	3,893	3,878	5,049	5,196
Transfers (Out)	0	0	0	0	0	(3,697)	(3,954)	(3,845)	(5,050)	(5,664)
Intergovernmental Agreements	0	0	0	0	0	(1,406)	0	0	(39)	(81)
Sale of Capital Assets	0	0	0	0	0	49	131	317	109	26
Compensation for Loss of General Capital Assets	0	0	0	0	0	52	54	162	90	129
Total Other Financing Sources (Uses)	0	0	0	0	0	855	604	1,791	755	4,330
Net Changes In Fund Balances	\$0	\$0	\$0	\$0	\$0	(\$6,024)	(\$2,509)	\$1,800	(\$170)	\$4,559
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	5.62%	5.02%	5.02%	5.09%	5.85%

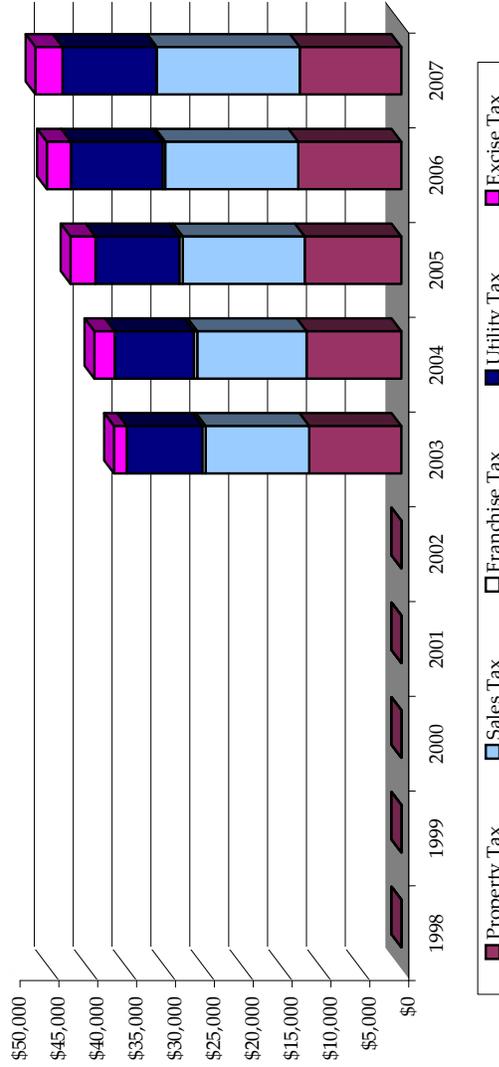
NOTE: Less than ten years data is provided because 2003 was the first year for government-wide expenses under GASB #34.

CITY OF Yakima
GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE - MODIFIED ACCRUAL BASIS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

SOURCE	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Property Tax	\$0	\$0	\$0	\$0	\$0	\$11,853	\$12,199	\$12,435	\$13,265	\$13,071
Sales Tax	0	0	0	0	0	13,328	14,055	15,690	17,113	18,393
Franchise Tax	0	0	0	0	0	417	421	427	343	42
Utility Tax	0	0	0	0	0	9,720	10,200	10,792	11,787	12,076
Excise Tax	0	0	0	0	0	1,646	2,612	3,213	3,092	3,479
Total	\$0	\$0	\$0	\$0	\$0	\$36,964	\$39,487	\$42,557	\$45,600	\$47,061

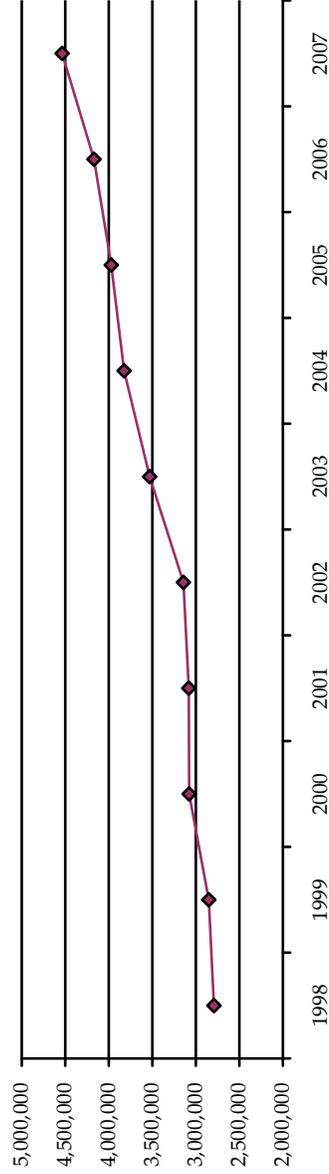


NOTE: Less than ten years data is provided because 2003 was the first year for government-wide expenses under GASB #34.

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)
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	3.5213
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
2006	30,170	3,748,045	421,694	4,169,739	3.3813
2007	31,650	4,175,681	360,017	4,535,698	3.1165

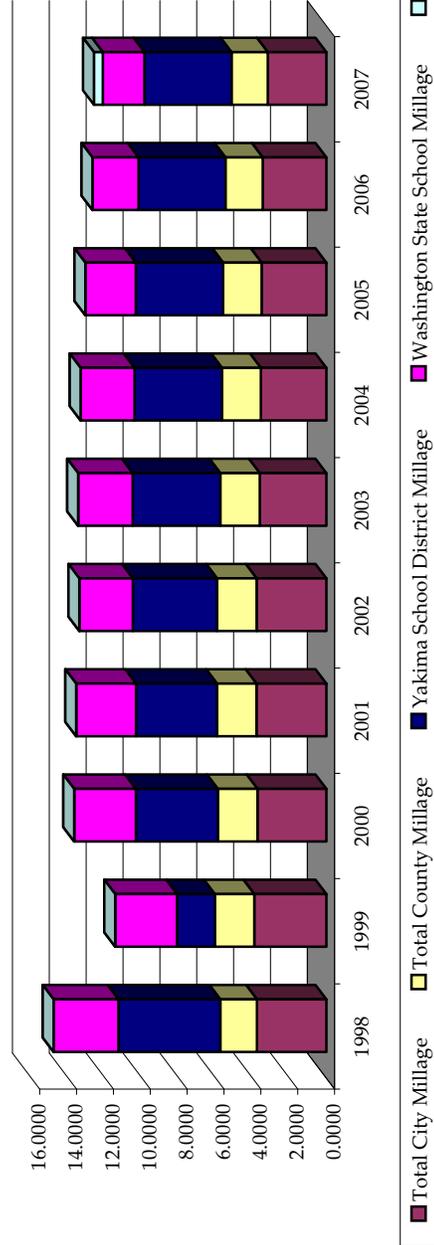
TOTAL TAXABLE ASSESSED VALUE



Source: Yakima County.
 (1) Amounts expressed in thousands.
 (2) Tax rates are per \$1,000 of assessed value.

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

FISCAL YEAR	CITY OF YAKIMA			YAKIMA COUNTY			YAKIMA SCHOOL DISTRICT			STATE SCHOOL LEVY	LIBRARY (2)	TOTAL DIRECT & OVERLAPPING RATES
	OPERATING	SERVICE	TOTAL	OPERATING	SERVICE	TOTAL	BONDS	M & O	TOTAL			
1998	3.2868	0.4814	3.7682	1.8897	0.0976	1.9873	2.0390	3.4917	5.5307	3.5140	0.0000	14.8002
1999	3.4490	0.4653	3.9143	2.0475	0.0961	2.1436	2.0462	0.0000	2.0462	3.3575	0.0000	11.4616
2000	3.4906	0.2484	3.7390	2.0622	0.0930	2.1552	1.9091	2.5345	4.4436	3.3480	0.0000	13.6858
2001	3.5145	0.2809	3.7954	2.0534	0.0891	2.1425	1.8599	2.5328	4.3927	3.2469	0.0000	13.5775
2002	3.5264	0.2610	3.7874	2.0606	0.0875	2.1481	1.8338	2.7336	4.5674	2.9020	0.0000	13.4049
2003	3.5213	0.0957	3.6170	2.0537	0.0849	2.1386	1.9776	2.7785	4.7561	2.9595	0.0000	13.4712
2004	3.4718	0.0841	3.5559	2.0305	0.0817	2.1122	1.9270	2.8150	4.7420	2.9261	0.0000	13.3362
2005	3.4395	0.0763	3.5158	2.0131	0.0772	2.0903	1.7966	2.9402	4.7368	2.7364	0.0000	13.0793
2006	3.3813	0.0728	3.4541	1.9536	0.0724	2.0260	1.7781	2.9338	4.7119	2.5026	0.0000	12.6946
2007	3.1165	0.0649	3.1814	1.9000	0.0686	1.9686	1.7940	2.9329	4.7269	2.2536	0.4836	12.6141



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).
 (2) The Library was separated from the City property tax rates beginning with the 2007 tax levy.

CITY OF Yakima
PRINCIPAL PROPERTY TAX PAYERS
 DECEMBER 31, 2007

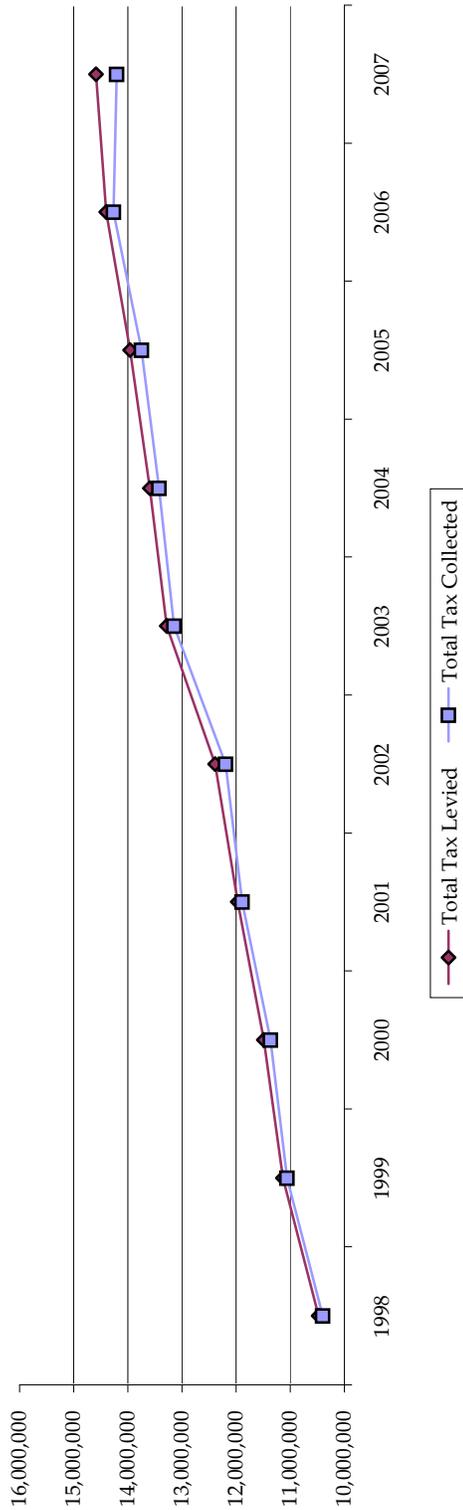
(Amounts Expressed in Thousands)

TAXPAYER	2007 (1)			1998		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Yakima HMA Inc.	\$53,515	1	1.17%			
Shields Bag & Printing	34,816	2	0.76%			
Longview Fibre Co.	22,461	3	0.49%			
Qwest Corporation	21,517	4	0.47%			
Roche Fruit	20,645	5	0.45%			
Safeway Stores, Inc	20,103	6	0.43%			
Jeld-Wen Windows & Doors	17,430	7	0.38%			
Hansen Fruit Company LP	16,970	8	0.37%			
Washington Fruit & Produce Co.	16,294	9	0.35%			
Michelsen Packaging Co.	15,473	10	0.34%			
Pacific Power & Light				\$131,169	1	1.51%
Darigold, Inc				42,046	2	0.48%
Snokist Growers, Inc				41,069	3	0.47%
Tree Top Incorporated				39,951	4	0.46%
Boise Cascade Corporation				38,234	5	0.44%
Washington Beef, Inc				34,983	6	0.40%
US West Communications				31,700	7	0.37%
John I. Haas Incorporated				29,123	8	0.34%
BNSF Railroad				26,537	89	0.31%
Zirkle Fruit Co.				25,866	10	0.30%
Totals	\$239,224		5.21%	\$440,678		5.08%

(1) Yakima County Assessor's Office; 1998 numbers may reflect Yakima County, not just City of Yakima.

CITY OF Yakima
PROPERTY TAX LEVIES AND COLLECTIONS ⁽¹⁾
 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
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%	425,800	11,058,741	99.3%
2000	11,488,967	10,864,769	94.6%	501,467	11,366,236	98.9%
2001	11,968,211	11,474,128	95.9%	413,649	11,887,777	99.3%
2002	12,390,073	11,802,380	95.3%	390,366	12,192,746	98.4%
2003	13,280,578	12,848,761	96.7%	300,356	13,149,117	99.0%
2004	13,592,285	13,167,897	96.9%	256,840	13,424,737	98.8%
2005	13,960,632	13,412,195	96.1%	332,590	13,744,785	98.5%
2006	14,399,087	14,047,918	97.6%	217,708	14,265,626	99.1%
2007	14,588,962	14,208,341	97.4%	N/A	14,208,341	97.4%

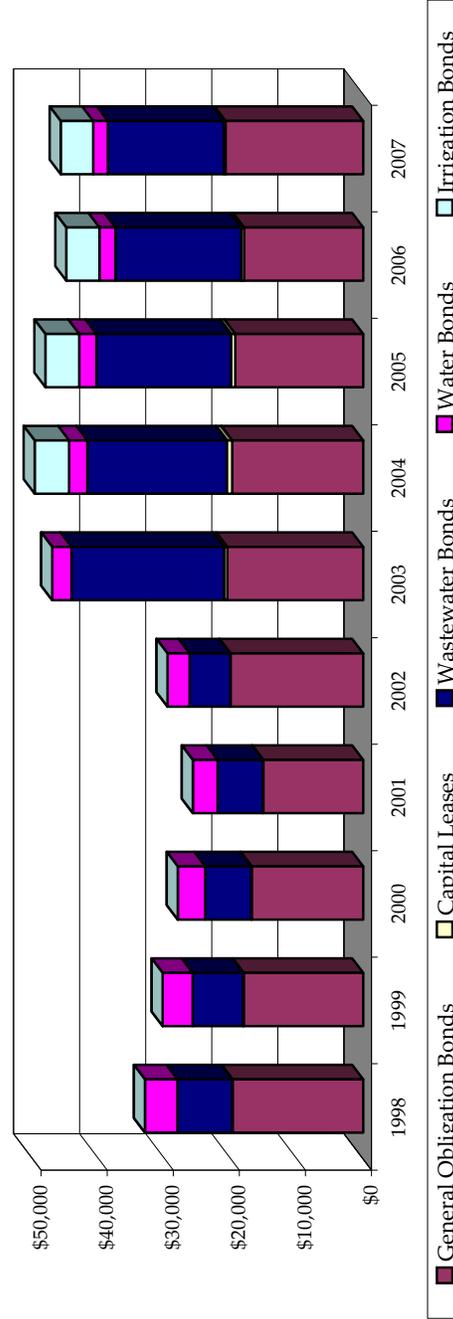


(1) Includes both ad valorem (general) and voted property tax levies.

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 (1)	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	WASTEWATER BONDS	WATER BONDS	IRRIGATION BONDS	GOVERNMENT				
1998	\$19,770	\$75	\$8,275	\$4,915	\$0	\$33,035	N/A	N/A	N/A	
1999	18,083	109	7,628	4,537	0	30,357	3.01%	\$465		
2000	16,876	86	6,958	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	3.92%	590		
2006	18,040	449	19,021	2,414	5,015	44,939	3.03%	542		
2007	20,837	287	17,518	2,233	4,910	45,785	N/A	547		



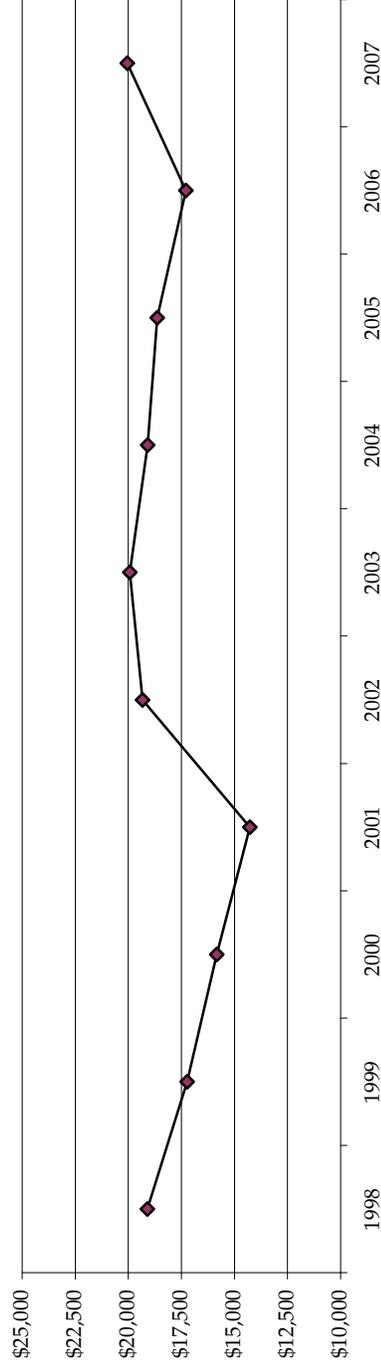
(1) See the Schedule of Demographic and Economic Statistics in the Statistical Section for personal income and population data. .
 NOTE: Details regarding the city's outstanding debt can be found in the notes of the financial statements.

CITY OF Yakima
RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands Except Per Capita Amounts)

YEAR	GENERAL OBLIGATION BONDS (1)	LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND (1)	TOTAL	PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
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
2006	18,040	751	17,289	.38%	209
2007	20,838	781	20,057	.38%	242

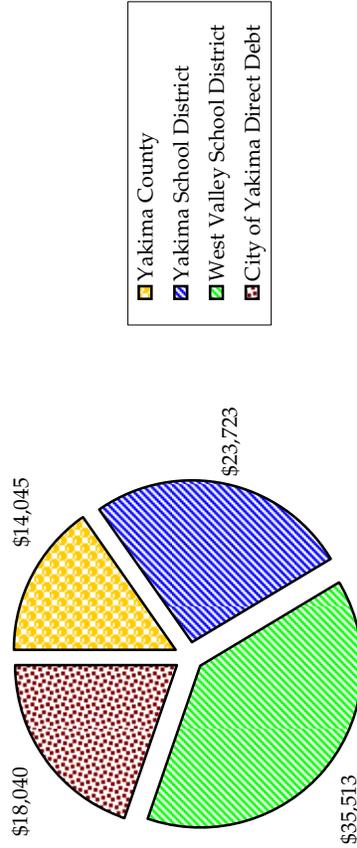


(1) Excludes Local Improvement Districts' bonded debt and their respective funds in the Debt Service Funds.

CITY OF Yakima
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF DECEMBER 31, 2007

(Amounts Expressed in Thousands)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE ⁽¹⁾	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes:			
Yakima County	\$37,732	37.2%	\$14,045
Yakima School District	25,135	94.4%	23,723
West Valley School District	62,009	57.3%	35,513
Subtotal, Overlapping Debt	\$124,876		73,281
City of Yakima Direct Debt			18,040
Total Direct and Overlapping Debt			\$91,321



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. Naches School Districts are excluded in the overlapping debt chart due to estimate debt overlap less than 1% (31%).

CITY OF Yakima
LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

FISCAL YEAR	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$213,834	\$230,739	\$236,703	\$245,145	\$275,508	\$286,806	\$297,876	\$312,729	\$344,019	\$382,824
Total Net Debt Applicable to Limit	20,112	17,895	15,867	14,462	19,268	19,869	20,111	20,493	18,433	20,119
Legal Debt Margin	<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>	<u>\$325,586</u>	<u>\$362,705</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.41%	7.76%	6.70%	5.90%	6.99%	6.93%	6.75%	6.55%	5.36%	5.26%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2007

Taxable Property Value	\$5,104,316
Debt Limit (7.5% of Total Assessed Value)	382,824
Debt Applicable to Limit:	
General Obligation Bonds and Other Debt	30,829
Less: Amount Set Aside for Repayment of	10,710
General Obligation Debt & Other Debt	<u>20,119</u>
Total Net Debt Applicable to Limit	
Legal Debt Margin	<u><u>\$362,705</u></u>

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

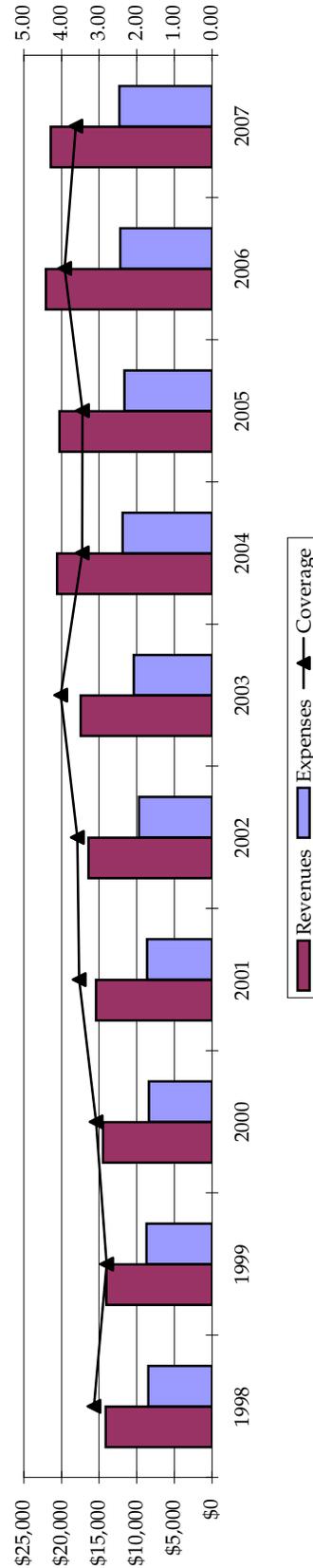
CITY OF Yakima
PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

----- WATER & WASTEWATER REVENUE BONDS -----

YEAR	WATER & WASTEWATER OPERATING REVENUES		LESS OPERATING EXPENSES		NET AVAILABLE REVENUE		DEBT SERVICE		COVERAGE
	OPERATING REVENUES	WATER & WASTEWATER	EXPENSES	OPERATING	REVENUE	PRINCIPAL	INTEREST		
1998	\$14,121		\$8,458		\$5,663	\$1,019	\$695		3.14
1999	14,063		8,708		5,355	1,240	674		2.80
2000	14,503		8,392		6,111	1,368	619		3.08
2001	15,390		8,636		6,754	1,369	543		3.53
2002	16,428		9,727		6,701	1,389	483		3.58
2003	17,455		10,393		7,062	1,290	468		4.02
2004	20,574		11,876		8,698	1,530	989		3.45
2005	20,259		11,644		8,615	1,497	1,011		3.44
2006	22,056		12,207		9,849	1,415	1,098		3.92
2007	21,409		12,326		9,083	1,486	1,022		3.62

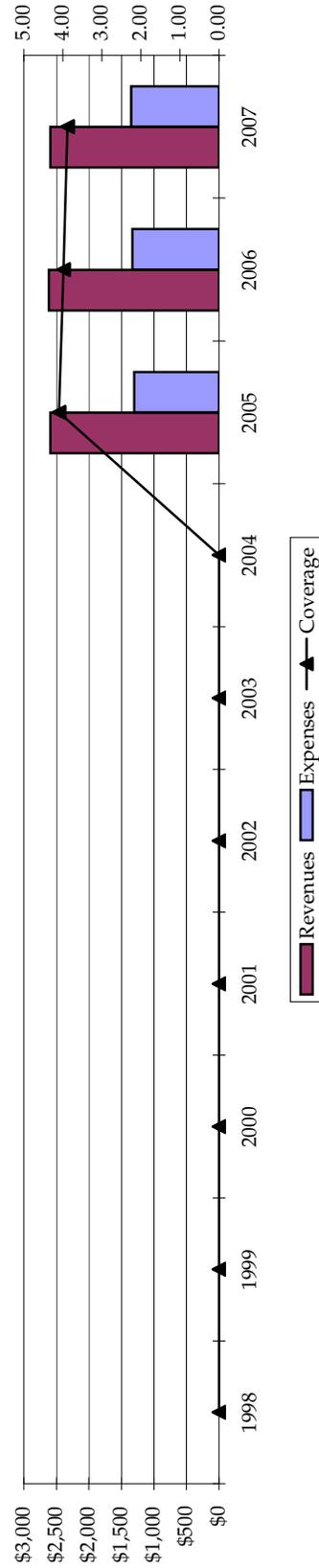


NOTE: Operating expenses exclude depreciation, amortization and City taxes.

CITY OF Yakima
PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

YEAR	IRRIGATION REVENUE BONDS				NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
	IRRIGATION OPERATING REVENUES	LESS OPERATING EXPENSES	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST	
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	2,591	1,304	95	219	1,287	95	219	4.10
2006	2,617	1,333	105	217	1,284	105	217	3.99
2007	2,592	1,350	105	215	1,242	105	215	3.88



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 ⁽¹⁾	PERSONAL INCOME ⁽²⁾ (AMOUNT EXPRESSED IN THOUSANDS)	PER CAPITA PERSONAL INCOME ⁽²⁾	MEDIAN AGE ⁽²⁾	EDUCATION LEVEL IN YEARS OF FORMAL SCHOOLING ⁽²⁾	SCHOOL ENROLLMENT ⁽³⁾	UNEMPLOYMENT RATE ⁽⁴⁾
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	7.6%
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	9.6%
2003	79,220	1,297,305	17,245	33.5	12.4	14,662	9.6%
2004	79,480	1,294,066	16,716	32.0	12.5	14,463	8.5%
2005	81,470	1,225,715	16,568	31.8	12.4	14,564	7.4%
2006	82,867	1,483,631	18,563	32.4	12.7	14,436	6.9%
2007	83,731	Not Yet Available	Not Yet Available	Not Yet Available	Not Yet Available	14,660	6.3%

(1) 1996 - 2006: Office of Financial Management web site. 2006/2007 population 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	----- 2007 -----			----- 1998 -----		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
MANUFACTURERS						
Washington Beef	800	1	1.0%			
Shields Bag & Printing	550	2	0.7%	583	3	0.9%
Wal-Mart	545	3	0.7%	900	1	1.4%
Tree Top	539	4	0.6%	490	4	0.8%
Western Recreation Vehicles	325	5	0.4%	405	5	0.5%
Snokist				825	2	1.3%
NON MANUFACTURERS						
Memorial Hospital	1,812	1	2.2%	963	3	1.5%
WA State Social & Health Svcs	1,500	2	1.8%			
Yakima School District	1,001	3	1.2%	1,734	1	2.7%
Yakima County	1,000	4	1.2%	947	4	1.5%
Yakima Regional (Providence)	841	5	1.0%	1,140	2	1.8%
City of Yakima				794	5	1.2%
Total	7,018		10.6%	8,781		13.5%

Source: Yakima Chamber of Commerce.

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	228.32	225.80	210.76	208.76	214.24	213.24	217.17	221.68	217.43	221.73
Public Safety:										
Police :										
Officers	116.00	116.00	111.00	111.00	118.00	118.00	119.00	125.00	126.00	137.00
Civilians	50.00	50.00	49.00	51.00	52.00	51.75	52.75	51.00	50.00	50.00
Fire :										
Firefighters and Officers	66.00	66.00	68.00	68.00	69.00	70.00	79.00	79.00	84.00	85.00
Civilians	9.00	9.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Highways and Streets:										
Engineering	14.00	14.50	13.50	13.50	14.50	14.50	14.50	13.50	15.00	17.00
Maintenance	20.50	20.50	19.50	19.50	23.50	23.50	22.50	24.50	26.50	26.50
Parks and Recreation										
Transit	32.80	32.63	28.63	28.63	26.88	26.38	27.47	25.47	26.47	26.83
Refuse	44.25	44.50	42.00	42.00	44.00	44.25	44.25	48.25	49.75	50.75
Water	18.00	19.50	19.90	19.90	19.90	18.90	19.25	19.50	19.50	19.50
Wastewater	28.89	28.33	28.00	28.00	28.00	29.00	29.00	29.00	30.00	30.00
Irrigation	63.65	63.51	63.26	63.26	66.51	66.76	64.76	65.45	66.45	65.05
Irrigation	8.01	8.21	8.72	8.72	8.72	8.72	8.72	8.92	8.92	9.17
Total	699.42	698.48	665.27	665.27	688.25	688.00	701.37	714.27	723.02	741.53

CITY OF Yakima
OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
POLICE										
Physical Arrests	4,869	5,596	5,675	5,312	5,638	5,858	5,767	6,121	5,579	5,433
Parking Violations	10,286	10,333	10,924	9,813	8,403	6,752	6,555	3,326	2,018	2,616
Traffic Violations	13,898	18,341	20,420	18,256	18,397	17,102	16,040	16,754	16,929	18,533
FIRE										
Number of Calls Answered	5,842	6,518	6,654	6,737	7,119	8,018	8,052	8,912	8,954	9,200
Inspections	2,888	4,001	1,844	1,772	3,761	3,947	2,876	2,631	2,302	3,101
HIGHWAYS AND STREETS										
Street Resurfacing (miles)	8.0	15.8	11.4	7.5	20.1	2.8	0.0	15.8	24.7	31.8
REFUSE										
Refuse Collected	65.5	63.2	65.3	66.7	69.0	71.5	76.6	80.7	86.9	87.8
Yard Waste Collected (tons/day)	14.1	12.7	13.1	13.2	14.1	14.6	15.5	14.4	15.7	15.2
CULTURE AND RECREATION										
Community Center Admissions	64,579	70,068	61,315	57,936	49,826	54,446	72,395	99,421	107,478	99,035
WATER										
New Connections	278	180	150	99	91	140	132	134	148	133
Water Main Breaks	9	5	8	10	3	11	3	8	12	12
Average Daily Consumption (thousands of gallons)	13,270	12,370	13,060	13,088	12,084	12,347	12,463	11,900	12,980	13,051
WASTEWATER										
Average Daily Sewage Treatment (thousands of gallons)	10,734	10,024	11,793	11,425	10,690	10,883	11,033	10,219	10,778	10,680

Source: Various government departments.

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
PUBLIC SAFETY										
Police:										
Stations	1	1	1	1	1	1	2	2	2	2
Patrol Units	N/A	60	60	61	61	62	62	61	61	61
Fire Stations	5	5	5	4	4	4	5	5	5	5
SANITATION										
Collection Trucks	12	14	14	13	13	13	13	13	13	13
HIGHWAYS AND STREETS ⁽¹⁾										
Streets (miles)	358	360	365	370	399	399	401	414	419	419
Streetlights	3,587	3,589	3,611	3,623	3,862	3,862	3,863	3,872	3,872	3,910
Traffic Signals	109	110	111	117	117	117	117	117	122	130
CULTURE AND RECREATION										
Parks Acreage	375	375	375	316	325	344	331	265 ⁽²⁾	265	287
Parks	31	31	31	34	29	33	33	33	31	32
Swimming Pools	5	5	5	5	5	5	5	2 ⁽³⁾	2	2
Tennis Courts	37	37	37	33	32	32	32	26	26	26
Community Centers	1	1	1	2	2	2	2	3	3	3
WATER										
Water Mains (miles)	261	262	276	290	290	290	297	297	300	300
Fire Hydrants (City owned)	2,320	2,340	2,093	2,107	2,107	2,137	2,151	2,164	2,174	2,204
Maximum Daily Capacity (thousands of gallons)	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,520
WASTEWATER										
Sanitary Sewers (miles)	280	286	293	293	293	293	310	315	322	327
Storm Sewers (miles)	N/A	N/A	N/A	104	104	104	104	104	104	105
Plant Permitted Capacity (millions of gallons per day)	22.3	22.3	22.3	22.3	22.3	21.5	21.5	21.5	21.5	21.5

(1) As a result of a GASB inventory the total numbers for Streets were recalculated in 2006..

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

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

CITY OF *Yakima*
2007 GENERAL INFORMATION*

STATISTICS:

Date of Incorporation	1886
Form of Government	Council-Manager
Type of Government	Charter City
Location	Central Washington
Land Area	27.62 sq. miles
Rank in Size – State	10
Rank in Size – County	1
Population	83,731
Assessed Valuation	\$4,586,923,853
City Employees (Full-time Equivalents)	741.53
Election and Voter Registration:	
Number of Precincts	37
Number of Registered Voters	33,614

PARKS AND RECREATION:

Total Acreage	287
Number of Parks	32
Number of Playgrounds	18
Major Facilities: Fisher Golf Course, two swimming pools, (one indoor, one outdoor), two water playground areas, 13 ball fields (five lighted), 26 tennis courts, six soccer fields, Senior Citizen Center, Southeast Center, Tahoma Cemetery.	

BUS PASSES (1 MONTH):

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

ANIMAL LICENSE FEES:

(Rabies Vaccination Required):	
1 Year License – Altered	\$5.00
Senior Citizens Lifetime - Altered	\$5.00
Senior Citizens Lifetime - Not Altered	\$30.00
1 Year License – Not Altered (Renewal - \$25.00)	\$30.00
Disabled / Guide Dog	Free
Replacement License	\$5.00

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%

FIRE PROTECTION:

Commissioned Fire Fighting Personnel	85
Number of Non-Commissioned Personnel	3
Total Number of Fire Personnel	88

POLICE PROTECTION:

Commissioned Police Personnel	127
Non-Commissioned Police Personnel	50
Total Number of Police Personnel	177
Number of Calls for Service	158/day

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	4,825
Regulatory Licenses - Varies from \$11.00 to \$1,000	599

UTILITY AND FRANCHISE TAX RATES:

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

UTILITY RATES (2 MONTHS):

Water – Base Charge	\$16.26
Each Unit	\$1.21
Wastewater - Base Charge	\$26.68
Each Unit	\$2.34
Refuse (Carry-out Available for Additional Charge):	
Automated Collection:	
35 Gallon Cart	\$17.22
96 Gallon Cart	\$29.26
Yard Waste:	
96 Gallon Cart	\$22.06
Irrigation (per square foot)	\$.0285

PROPERTY TAX LEVY:

Regular Levy	\$14,294,963
Special Levy	\$294,000
Total 2007 Property Tax Levy	\$14,588,963

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

(This page intentionally contains no information.)