

CITY OF *Yakima*
Washington

Comprehensive Annual Financial Report

For the year ended December 31, 2008



A. Lehman

West Yakima and
Third Avenue
by Anita Lehman

West Yakima

the renaissance continues ...

rediscover *Yakima*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2008

REPORT PREPARED BY:

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CITY OF *Yakima*
COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)
 For the year ended December 31, 2008

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

September 14, 2009



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, 2008, 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 27.7 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 rail, highway and air transportation facilities, which have helped develop the City as the commercial and business center of Central Washington. With a 2008 population of 84,300 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 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 1800 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 700 employees.

CANCER CARE CLINIC

The North Star Lodge is a 36,000 square foot, \$7.5 million outpatient Cancer Center founded by Memorial Hospital. 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

When the 65,000 square foot Yakima Valley Museum was remodeled, 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. Over the past five years New Vision has provided in-depth assistance to 17 companies that have located or expanded business facilities in Yakima County. These companies have collectively invested over \$62 million in new facilities or equipment and created over 900 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 southeast 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 Valley's magnificent vineyards and wineries. The area is fast becoming known as the "Gateway to Wine Country." There are over forty wineries located in the Yakima Valley, and many area wines have received significant recognition and awards.

Recreational opportunities are plentiful in Greater Yakima. There are 32 parks, for a total of 334.7 acres, located within the City for public use. In 2008, the City operated two swimming pools – one outdoor and one indoor, along with two water playground areas and two skate parks. 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 conventions, 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, 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. Plans are under way to expand the Theatre by adding two support facilities. In the spring of 2008, work began on the first project, called the Production Center (attached to the back of the Capitol Theatre facility). The Production Center will include a 200 to 400 seat "black box" theatre, as well as an expanded loading/unloading area that will accommodate larger productions, and an additional basement storage area. The Production Center project is expected to be completed in early 2010. Long term plans include the addition of 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 2010 (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 2008.

GENERAL GOVERNMENT

The 2008 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 detail 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 2008 was \$15.4 million (and is \$15.8 million for 2009).

(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, 2008 was \$63 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 \$15,000. 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 2008 totaled approximately \$1.9 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, 2008, the remaining capacities were (a) \$113.0 million for General Government, (b) \$134.2 million for park and open space, and (c) \$134.2 million for utilities. Respectively, these amount to 2.1%, 2.5%, and 2.5%, of the City's 2008 assessed valuation (upon which they are calculated). While the City's general obligation debt limit (for general purposes) is \$134.2 million, its actual general obligation debt totals only \$22 million or 16% 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, 2007 and 2008, was as follows:

DEBT RATIOS

	<u>2007</u>	<u>2008</u>
Ratio of Bonded Debt to Assessed Value	0.4%	0.4%
Bonded Debt Per Capita	\$240	\$254
Summary of Bonded Indebtedness:		
Gross Bonded Indebtedness Outstanding January 1	18,040,097	20,837,482
Add: New issues	9,480,000	2,950,000
Deduct: Bonds Redeemed	(6,682,615)	(1,814,430)
Gross Bonded Indebtedness Outstanding December 31	20,837,482	21,973,052
Less: Debt Service Funds	(780,438)	(687,376)
Net Bonded Indebtedness at December 31	<u>\$20,057,044</u>	<u>\$21,285,676</u>

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 TALX UC 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 2009, 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 Intermountain Claims, Inc. provides claims administration and safety services. In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop loss" insurance under which the City is liable for the first \$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.

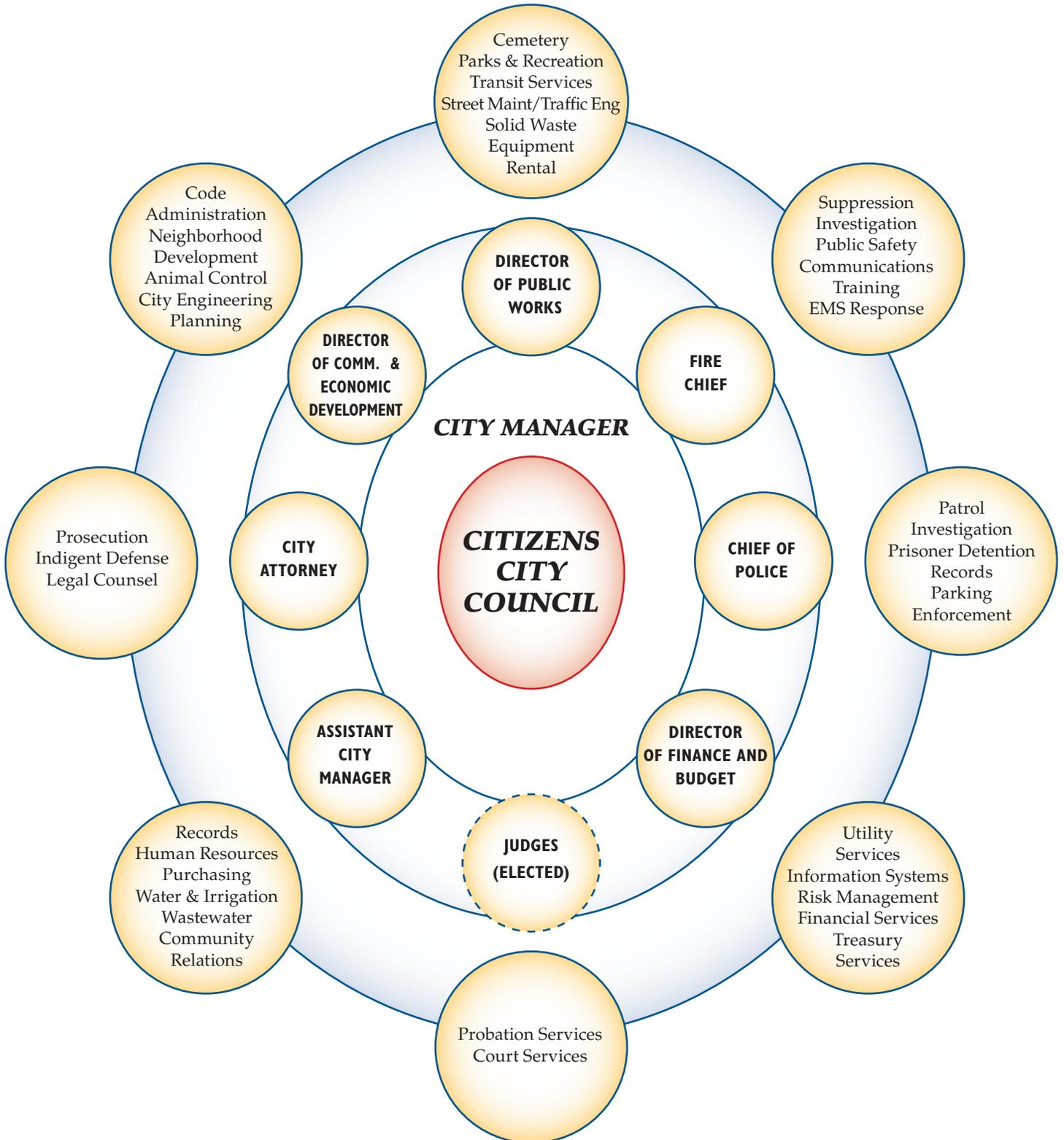
THE RISK MANAGEMENT RESERVE FUND

This 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

Please refer to the 2008 Organizational Chart and the list of City Council members and Executive Management on the following pages.

CITY OF *Yakima*
2008 ORGANIZATIONAL CHART





CITY OF *Yakima*
PRINCIPAL OFFICIALS

CITY COUNCIL

Dave Edler
Micah Cawley
Maureen Adkison
Rick Ensey
Kathy Coffey
Sonia Rodriguez
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
Jeff Cutter
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
Yakima, WA 98901
(509) 575-6000
www.ci.yakima.wa.us

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 2008 audit of the enclosed financial statements. The City of Yakima has received an unqualified opinion on our 2008 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



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

September 14, 2009

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, 2008, 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 2007 financial statements and, in our report dated September 12, 2008, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2008, 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.

As described in Note 12, during the year ended December 31, 2008, the City implemented the Governmental Accounting Standards Board's Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

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, 2007, from which such summarized information was derived.

In accordance with *Government Auditing Standards*, we will also issue our report dated September 14, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 19, pension trust fund information on page 95 and information on postemployment benefits other than pensions on page 96 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 combining financial statements on pages 97 through 151 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 153 through 157, Supplemental Schedules on pages 159 through 172, and the Statistical Section on pages 173 through 197 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,



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, 2008. 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, 2008, by \$266 million dollars. Net assets invested in capital (net of depreciation and related debt) account for 81% of this amount, with a value of about \$216.8 million. Of the remaining net assets, \$37 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 \$4.8 million. Most of the increase was the result of capital grants and donations.
- As of December 31, 2008, the City of Yakima's governmental activities reported combined ending net assets of over \$154 million, an increase of \$7 million in comparison with the prior year. Of that amount, \$130.2 million was invested in capital assets, \$9.8 million was legally restricted for specific projects or programs, and \$14.2 million was available for spending at the government's discretion.
- Unreserved fund balance for the General Fund was \$11 million dollars at December 31, 2008. This balance represents 23.5% of total General Fund expenditures.
- The City of Yakima's total long-term debt at December 31, 2008, was nearly \$76 million (about \$37.3 million in Governmental Activities and \$38.4 million in Business-Type Activities), with a remaining capacity for non-voted General Obligation debt at \$60.6 million. Total debt increased by \$7.9 million during the current fiscal year. There was \$8.5 million of new long-term bonded debt issued in 2008.

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, wastewater treatment, and stormwater management); 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 2008. 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 2008, 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 2008.

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; Stormwater; 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 \$266 million at December 31, 2008. The following table reflects the condensed Government-Wide Statement of Net Assets with comparative totals for 2007.

	NET ASSETS					
	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2008	2007	2008	2007	2008	2007
Assets						
Current and Other Assets	\$52,311,764	\$ 46,785,316	\$29,445,350	\$29,604,125	\$81,757,114	\$76,389,441
Capital Assets	151,151,681	143,512,143	126,126,508	124,399,393	277,278,189	267,911,536
Total Assets	203,463,445	190,297,459	155,571,858	154,003,518	359,035,303	344,300,977
Liabilities						
Payables and Other Liabilities	\$11,850,547	9,172,053	\$5,091,970	5,932,631	\$16,942,517	15,104,684
Long-term Liabilities Outstanding	37,320,261	33,881,796	38,595,273	33,960,709	75,915,534	67,842,505
Total Liabilities	49,170,808	43,053,849	43,687,243	39,893,340	92,858,051	82,947,189
Net Assets						
Inv. in Cap. Assets, Net of Rel. Debt	130,195,679	121,924,861	86,560,287	90,616,703	216,755,966	212,541,564
Restricted	9,804,700	10,991,307	2,361,674	2,722,150	12,166,374	13,713,457
Unrestricted	14,292,258	14,327,442	22,962,654	20,771,325	37,254,912	35,098,767
Total Net Assets	\$154,292,637	\$147,243,610	\$111,884,615	\$114,110,178	\$266,177,252	\$261,353,788

The City of Yakima's total assets stand at \$359 million as of December 31, 2008. Of this amount, \$277 million is accounted for by capital assets, which includes some infrastructure and construction in progress. Out of \$151.1 million in capital assets reported in Governmental activities at December 31, 2008, \$69.5 million (45%) is accounted for by infrastructure acquisitions (including the right-of-way land associated with these projects and land under the road).

Of the remaining City assets, approximately \$63.5 million were accounted for in cash, cash equivalents, and investments, \$12.3 million in accounts receivable, \$4.9 million in notes receivable, and \$1 million spread among miscellaneous assets.

At December 31, 2008, the City had outstanding liabilities of \$93 million, with \$76 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 \$10.8 million in accounts payable, \$5.8 million in accrued liabilities and \$0.2 million in liabilities payable from restricted assets.

The largest portion of the City's net assets (81.4%) reflects its investment in capital, less any outstanding related debt used to acquire those assets. The City's capital assets, which are used to provide services to citizens, are investments in capital and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 4.5% 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 \$37 million (unrestricted net assets) represents the amount that may be used to meet the City's ongoing obligations.

At December 31, 2008, 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 \$4.8 million in 2008. Net assets for governmental activities increased by \$7.0 million while business-type activities decreased by \$2.2 million. It should be noted that the City implemented a change in accounting principle that transferred \$7.9 million of internal service fund net assets from business-type to governmental activities. Before this transfer, net assets for governmental activities decreased by \$0.9 million, while business type activities increased by \$5.7 million

Total revenues for the City of Yakima were \$107.8 million in 2008. Governmental activities provided \$67 million (62%), while business-type activities added about \$40.9 million (38%).

Expenses for the year totaled \$103.9 million, with governmental activities accounting for about \$71.6 million or 68.9% and business-type activities accounting for \$32.2 million or 31.1%. Key elements in changes in net assets are shown in the following table.

CHANGES IN NET ASSETS

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues:						
Charges for Services	\$6,683,999	\$6,925,333	\$30,398,543	\$27,809,396	\$37,082,542	\$34,734,729
Operating Grants and Contributions	5,487,638	4,640,511	2,102,103	2,385,638	7,589,741	7,026,149
Capital Grants and Contributions	4,960,857	14,595,534	3,345,196	2,789,449	8,306,053	17,384,983
General Revenues:						
Property Tax	13,782,301	13,070,702	0	0	13,782,301	13,070,702
Sales Tax	18,989,918	18,392,834	4,828,419	4,789,003	23,818,337	23,181,837
Other Taxes	12,426,307	12,505,007	0	0	12,426,307	12,505,007
State Entitlements	3,614,482	3,790,225	0	0	3,614,482	3,790,225
Other	1,010,088	875,244	198,389	380,310	1,208,477	1,255,554
Total Revenues	66,955,590	74,795,390	40,872,650	38,153,796	107,828,240	112,949,186
Expenses						
General Government	8,671,290	7,866,992	0	0	8,671,290	7,866,992
Security of Persons and Property	38,214,353	33,705,798	0	0	38,214,353	33,705,798
Physical Environment	1,354,507	872,312	0	0	1,354,507	872,312
Transportation	11,213,276	11,515,790	0	0	11,213,276	11,515,790
Economic Environment	4,145,906	4,007,007	0	0	4,145,906	4,007,007
Mental & Physical Health	19,418	19,606	0	0	19,418	19,606
Cultural & Recreational Environment	7,156,402	6,807,512	0	0	7,156,402	6,807,512
Interest on Long-term Debt	862,646	871,270	0	0	862,646	871,270
Transit	0	0	8,323,437	7,317,467	8,323,437	7,317,467
Refuse	0	0	3,971,530	3,520,694	3,971,530	3,520,694
Wastewater	0	0	12,166,826	11,793,815	12,166,826	11,793,815
Water	0	0	5,519,988	5,394,745	5,519,988	5,394,745
Irrigation	0	0	1,694,812	1,567,861	1,694,812	1,567,861
Stormwater	0	0	582,854	0	582,854	0
Total Expenses	71,637,799	65,666,287	32,259,447	29,594,582	103,897,246	95,260,869
Increases in Net Assets Before						
Non-operating Sources (Uses)	(4,682,209)	9,129,103	8,613,203	8,559,214	3,930,994	17,688,317
Gain/Loss on Sale of Capital Assets	134,867	(552,646)	1,285,475	(226,709)	1,420,342	(779,355)
Transfers	3,664,196	2,623,500	(4,188,370)	(3,207,438)	(524,174)	(583,938)
Accounting Loss on GOB Refunding	(3,696)	0	0	0	(3,696)	0
Change in Net Assets	(886,842)	11,199,957	5,710,308	5,125,067	4,823,466	16,325,024
Net Assets - Beginning	147,243,603	86,747,945	114,110,175	108,985,107	261,353,778	195,733,052
Prior Period Adjustment	0	6,781,020	0	0	0	6,781,020
Change in Accounting Principle	7,935,871	42,514,682	(7,935,871)	0	0	42,514,682
Net Assets - Ending	\$154,292,632	\$147,243,604	\$111,884,612	\$114,110,174	\$266,177,244	\$261,353,778

GOVERNMENTAL ACTIVITIES

Within governmental activities, tax revenue accounted for 67.5% of total revenue sources, with grants and contributions accounting for 15.6%. The remaining 16.9% 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 decreased net assets by (\$0.9) million or 0.6%. Significant fluctuations in revenue are as follows:

- Capital Grants & Contributions decreased \$9.6 million from 2007 to 2008. Arterial street projects make up the majority of the balance of the total \$5.0 million in this account. A major annexation generated \$5.8 million in infrastructure in 2007 – there were no major annexations in 2008.
- Property tax increased by \$0.7 million or 5.4%. In 2007, the City annexed a 1.6 square mile area known as the Occidental Annexation. This annexation added about \$0.3 million to the property tax levy in 2008. The base property tax increase capped by state law at 1% and about a 2% increase in new construction, contributed to the overall increase in the tax.

The categories of Other Taxes and State Entitlements both experienced a decrease as the effects of the distress in the national economy. The reduction in other taxes was directly tied to the decline in Real Estate Excise Taxes (due more to declining volume of home sales – not declining prices), while the high gas prices reduced overall gas tax revenue in the State Entitlement category, as the tax is based on number of gallons sold. Sales Tax did experience an increase of about \$0.6 million or 3.2%, however, more than half of this increase was generated by a new state sales tax credit levied by the Public Facilities District.

The largest program expenses consist of Security of Persons and Property (public safety), Transportation and General Government, respectively. These programs accounted for 80.6% of total governmental expenses.

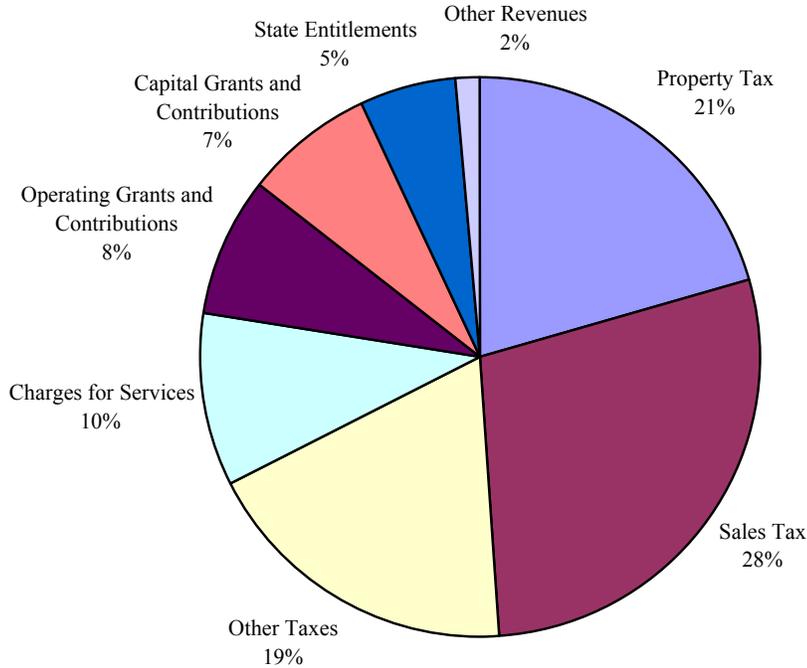
For the most part, changes in expenses corresponded with inflation. The City was successful in negotiating a wage freeze for 2007, so 2008 bargained settlements were slightly above the annual inflation rate. The escalation in fuel costs also impacted mobile operations, such as police, fire, and street maintenance.

Security of Persons and Property demonstrated an increase of \$4.5 million or 13% primarily because of the implementation of GASB 45 and the associated liability for state-mandated post-retirement medical benefits for certain retired police officers and firefighters of about \$1.3 million. Other factors include the need to serve new annexation areas and the full year implementation of a new program to establish police emphasis patrols which was begun mid-year 2007.

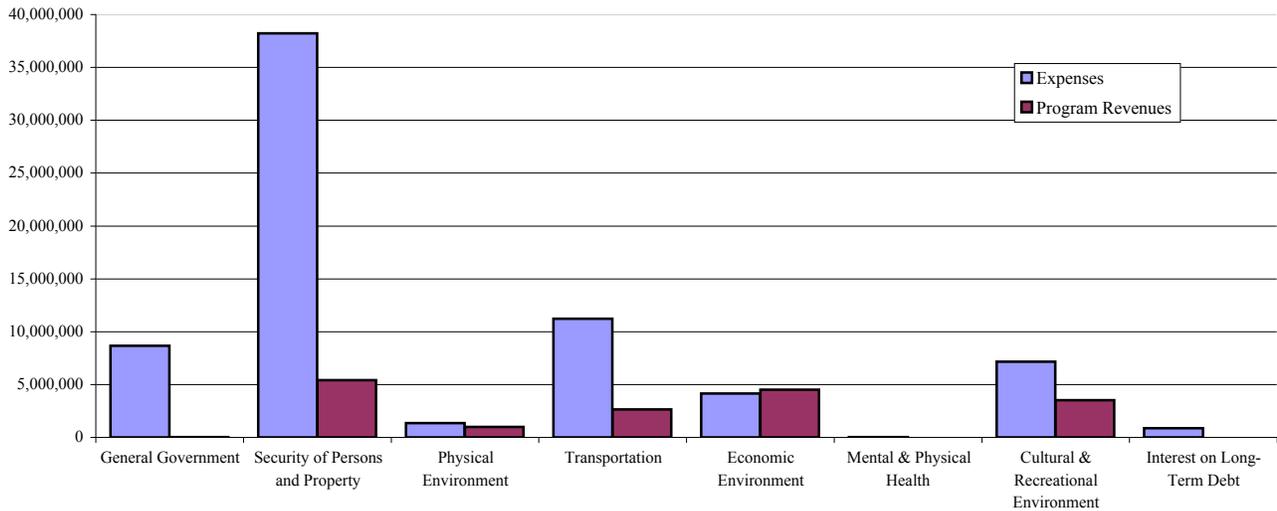
GASB 45 implementation also affected the General Government line item, which increased by \$0.8 million or 10%. The City allows retirees and their eligible dependents to self-pay insurance premiums until age 65 using the active employee premium rate. This creates an “implicit rate subsidy” liability. The first actuarial study was done for 2008, resulting in an Other Post-Employment Benefit (OPEB) liability of slightly more than \$0.5 million.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2008.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



BUSINESS-TYPE ACTIVITIES

Of the \$40.9 million in business-type revenues, 74.4% 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 \$2.7 million or 7.1% over 2007. Stormwater contributed about \$1 million to the increase in revenue for its first year of operation.

Business type revenues and expenses experienced the following fluctuations:

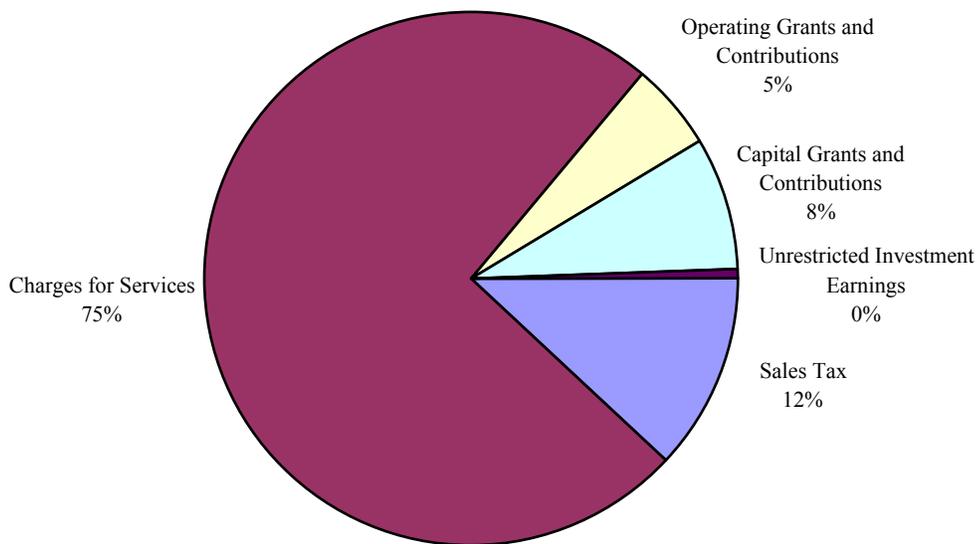
- Charges for Services increased by \$2.6 million or 9.3%. The Water, Wastewater, Irrigation and Refuse utilities had rate increases for 2008 of 5.5%, 3.5%, 5.5% and 5% respectively. Implementation of a federally mandated Stormwater/surface water program contributed almost half of the increase.

- Transit expenses demonstrated an increase of \$1 million or 13.7% primarily because of additional services provided to neighboring communities and the escalation in fuel prices.
- Refuse expenses increased \$0.5 million or 12.8% -- the increase is due mainly to additional services for annexed areas.

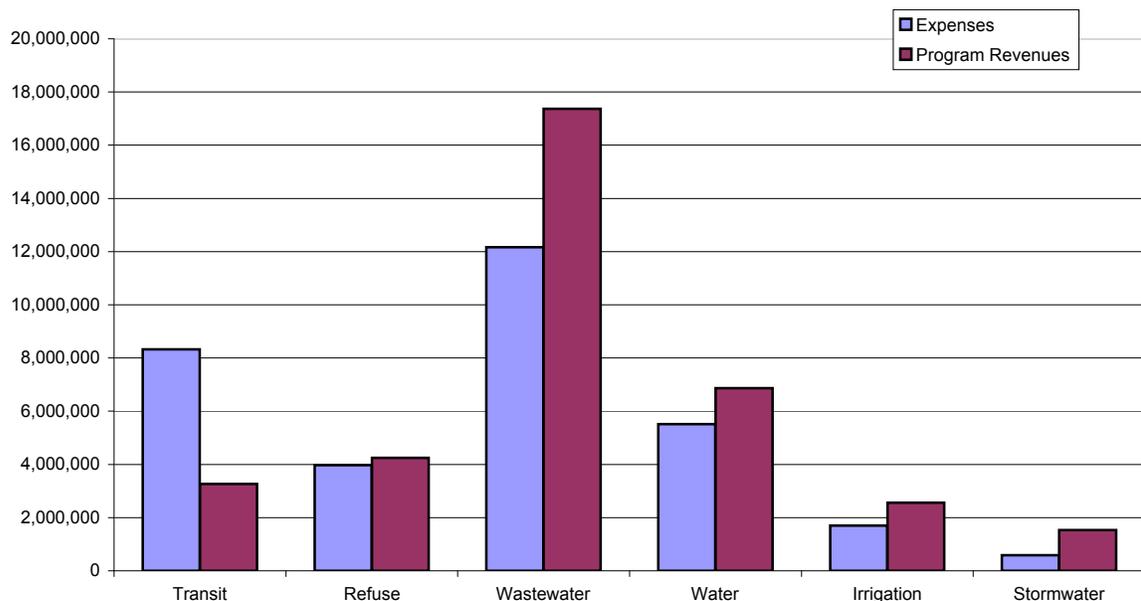
Of the \$32.2 million in business-type expenses, 37.7% are associated with the Wastewater program and 25.8% with Transit, domestic water programs represent about 17.1%, Refuse 12.3%, Irrigation 5.3% and Stormwater 1.8%.

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 (74.4%) 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 2008. Together these funds account for 56.3% of total governmental fund assets and 43.5% 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, 2008, the City's governmental funds reported combined fund balances of about \$26.2 million. Of this total amount, about \$24.0 million (91.8%) is unreserved and available for spending within these funds. Reserved fund balance of \$2.2 million is not available for new spending because it was previously committed to: pay debt service (\$0.8 million); generate income to pay for the perpetual care of the municipal cemetery (\$0.6 million); liquidate contracts and purchase orders of the prior period (\$0.6 million) and for a variety of other restricted purposes (\$0.2 million).

The General Fund is the chief operating fund of the City of Yakima. At the end of the 2008 fiscal year, unreserved fund balance of the General Fund was \$10.6 million, while total fund balance is about \$11 million. Unreserved fund balance is about 24% of total general fund expenditures (which represents about a 2.9 month reserve). Total assets in the General Fund amounted to \$16.9 million, accounting for 42.7% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund increased by \$542,000 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 revenues, and other cost containment measures taken in response to the economic downturn.

The General Fund accounts for 65.3% of all governmental fund revenue and 58.3% of all expenditures.

The Community Development fund performed as expected, showing a \$107,000 decrease in fund balance in 2008. This fund balance fluctuates from year to year depending on the timing of the receipt and spending of program income.

Other governmental funds ended with a net decrease in fund balances of \$364,000. While most funds had modest changes in fund balance, much of this decrease can be attributed to spending the balance of proceeds of a Councilmanic General Obligation bond for a downtown revitalization program.

ENTERPRISE FUNDS ANALYSIS

Transit, Wastewater, Domestic (potable) Water, and Irrigation Water are considered major funds in the City's 2008 (GASB 34) Financial Statements. (Prior to 2008, the Refuse fund was included with separate disclosure because it was the only enterprise fund that did not meet the "major fund"

criteria. In 2008, the City initiated a Stormwater program, so that there are 2 non-major funds.) These business-type activities demonstrated an increase in net assets from \$105.8 million to \$110.9 million, for a difference of \$5.1 million, due primarily to capital grants/donations of about \$3.3 million.

As of December 31, 2008, the City's enterprise funds (for 2008 internal service fund balances are treated entirely as governmental activities) reported combined net assets of \$111.9 million, with \$55.2 million or approximately 49.3% being contributed by the Wastewater fund. Of the \$111.9 million, over \$96.4 million (86.2%) of net assets is accounted for by investment in capital assets, net of related debt, \$2.4 million is restricted for debt service and \$13.1 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 2008 General Fund Adopted (original) Budget, the amended (final) Budget, Actual revenue and expenditure amounts and the variance of Actuals compared to the Final budget.

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
	Revenues			
Taxes and Special Assessments	\$35,875,792	\$35,875,792	\$36,359,450	\$483,658
Licenses and Permits	871,500	871,500	993,122	121,622
Intergovernmental Revenues	2,482,218	2,595,805	2,664,042	68,237
Charges for Services	4,461,293	4,471,293	4,808,037	336,744
Fines and Forfeits	1,378,700	1,378,700	1,582,815	204,115
Interest	850,000	850,000	862,954	12,954
Other Revenues	92,700	95,384	147,134	51,750
Total Revenues	46,012,203	46,138,474	47,417,554	1,279,080
Expenditures				
Current				
General Government	11,618,479	11,895,193	11,260,726	\$634,467
Security of Persons and Property	30,930,258	31,163,281	30,642,405	520,876
Physical Environment	1,481,159	1,488,159	1,355,327	132,832
Economic Environment	822,780	853,706	813,092	40,614
Mental & Physical Health	19,000	19,000	19,418	(418)
Cultural & Recreational Environment	6,333	6,333	6,333	0
Capital Outlay				
General Government	0	0	28,586	(28,586)
Security of Persons and Property	38,822	223,433	8,900	214,533
Debt Service				
Principal Retirement	322,394	322,394	302,675	19,719
Interest	32,102	32,102	31,089	1,013
Total Expenditures	45,271,327	46,003,601	44,468,551	1,535,050
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$740,876	\$134,873	\$2,949,003	\$2,814,130

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Other Financing Sources (Uses)				
Transfers In	\$40,000	\$40,000	\$40,000	\$0
Transfers (Out)	(2,279,535)	(2,429,535)	(2,408,396)	21,139
Intergovernmental Agreements	(39,095)	(39,095)	(39,095)	0
Comp. for Loss of Gen. Capital Assets	1,000	1,000	466	(534)
Total Other Financing Sources (Uses)	<u>(2,277,630)</u>	<u>(2,427,630)</u>	<u>(2,407,025)</u>	<u>20,605</u>
Net Change in Fund Balances	<u>(1,536,754)</u>	<u>(2,292,757)</u>	<u>541,978</u>	<u>2,834,735</u>
Fund Balances - January 1	5,302,179	5,302,179	10,491,684	5,189,505
Change in Reserve for Inventory	0	0	13,380	13,380
Fund Balances - December 31	<u>\$3,765,425</u>	<u>\$3,009,422</u>	<u>\$11,047,042</u>	<u>\$8,037,620</u>

During the year, the 2008 General Fund budget was increased from \$45.3 million to \$46 million, or by \$.7 million. The increases in appropriations are summarized as follows:

- \$467,501 in outstanding encumbrances/ commitments which were re-budgeted from the prior year.
- \$100,000 for time and attendance system.
- \$50,000 for Police training professional services.
- \$63,587 for public safety equipment and overtime funded by various grants.
- \$88,500 for fuel costs.

The increases related to the regional police training program and grants 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 \$46.1 million. Actual revenue of \$47.4 million resulted in a positive variance of \$1.3 million, a gain of 2.8% over the amended budget. Taxes experienced positive results compared to budget by about \$0.48 million. About half of this was in the category of Utility Taxes, fueled by the increase in cellular technology /use, and other rate adjustments/usage patterns. Charges for Services were up \$0.3 million, primarily because of reimbursement for the Engineering Divisions work on capital projects, and Fines and Forfeitures were up \$0.2 million .

General Fund expenditures, including other financing uses, totaled \$46.9 million compared to the final budget of \$48.5 million – resulting in a positive variance of \$1.6 million or 3.3%. 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 2008 is not an exception, with a net increase in fund balance of about \$0.54 million (about 1.1% 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, 2008, amounts to over \$277 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 2008 fiscal year included the following:

- A variety of projects for street expansion/repair were ongoing during the year. \$3.7 million was spent on infrastructure projects in 2008, while the 2009 budget includes over \$25.6 million in planned projects, funded primarily by state and federal grants, matched by fuel tax and real estate excise tax. The major projects in 2008 and continuing into 2009 include a railroad grade separation project. Street improvement projects for the grind and overlay of a major arterial and 4 pedestrian crossing improvements of about \$2.2 million were funded by a Councilmanic LTGO bond issued in August 2008.
- In the area of Economic Environment, major capital investments include the continuation of pedestrian safety and lighting improvements in the downtown corridor, funded by state grants, matched by a Councilmanic LTGO bond issued in 2007. About \$2 million was spent on Phase III improvements in 2008.
- Vehicles, street equipment, and trucks were added to the fleet as either additional equipment or replacements during the year, at a cost of \$1.5 million.
- Wastewater capital improvements include \$1.7 million for a Facilities Improvement project; this project was started in 2003 and the accumulated cost to date is \$16.8 million. Revenue bonds of \$5.5 million were sold in 2008 to fund this project in 2008 and 2009. \$1.8 million was spent on an Ultraviolet Disinfection project, funded primarily by a state Public Works Trust Fund loan. The 2009 budget includes about \$3.3 million to continue upgrades at the plant, and \$2.2 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 spent about \$0.5 million in 2008. The 2009 budget includes \$1.3 million for a new well project at Gardner Park, partly funded by a 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. About \$2.3 million was spent on system re-build projects in 2008. The 2009 budget includes about \$3.0 million for project continuation, funded by utility capital rates and reserves.

CAPITAL ASSETS (NET OF DEPRECIATION)

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2008	2007	2008	2007	2008	2007
Capital Assets						
Land	\$11,672,483	\$10,812,032	\$2,163,373	\$2,181,515	\$13,835,856	\$12,993,547
Building	33,801,128	34,582,296	29,954,689	25,214,751	63,755,817	59,797,047
Improvements Other Than Buildings	6,870,004	5,834,109	55,317,509	61,055,504	62,187,513	66,889,613
Machinery and Equipment	11,724,356	7,242,895	8,544,788	12,333,965	20,269,144	19,576,860
Infrastructure	67,479,646	66,598,154	0	0	67,479,646	66,598,154
Intangibles	0	0	115,659	115,659	115,659	115,659
Construction in Progress	19,604,064	18,442,657	30,030,490	23,497,999	49,634,554	41,940,656
Total Capital Assets	<u>\$151,151,681</u>	<u>\$143,512,143</u>	<u>\$126,126,508</u>	<u>\$124,399,393</u>	<u>\$277,278,189</u>	<u>\$267,911,536</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, 2008, the City of Yakima had total bonded debt outstanding of almost \$49.7 million. Of this amount, \$22 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$27.7 million represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

In 2008 the City issued \$3 million general obligation bonds for purchase of a fire ladder truck and miscellaneous street improvement projects and \$5.5 million Water/Wastewater revenue bonds to finance various Wastewater projects.

The City of Yakima’s total bonded debt had a net increase of \$4.6 million during 2008.

The City participates in a loan program administered by the State’s Department of Community Development, which is 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 2008, the City borrowed \$2.3 million for Water and Wastewater projects utilizing this State program.

The City’s remaining capacity for non-voted debt on December 31, 2008, was approximately \$60.6 million in comparison to the total legal limit of \$80.5 million. The City has a general guideline of retaining 50% of its non-voted capacity for emergencies. The City of Yakima was upgraded to 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.

The City currently plans to issue about \$7 million in Councilmanic General Obligation bonds in the summer of 2009 to fund the expansion/rehabilitation of the Capitol Theatre. Debt service is proposed to be provided by a new state sales tax credit.

OUTSTANDING DEBT

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2008	2007	2008	2007	2008	2007
Outstanding Debt						
General Obligation Bonds	\$21,973,052	\$20,837,482	\$0	\$0	\$21,973,052	\$20,837,482
Revenue Bonds	0	0	27,725,000	24,661,317	27,725,000	24,661,317
Intergovernmental Loans	1,294,328	1,686,538	10,592,819	9,198,575	11,887,147	10,885,113
Special Assessment Debt	334,600	370,700	0	0	334,600	370,700
Unfunded Pension Liability	7,203,200	4,800,753	0	0	7,203,200	4,800,753
Compensated Absences	6,128,116	5,732,001	0	0	6,128,116	5,732,001
Other Debt	386,965	454,322	115,775	100,816	502,740	555,138
Total Outstanding Debt	<u>\$37,320,261</u>	<u>\$33,881,796</u>	<u>\$38,433,594</u>	<u>\$33,960,708</u>	<u>\$75,753,855</u>	<u>\$67,842,504</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 have grown 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. Phase III was substantially completed in 2008, and Phase IV is in the planning stages.
 - 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 of about \$7.0 million currently proposed to be issued by the City in 2009 and serviced by the tax credit.
 - 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 nearing completion.
- The unemployment rate (10.6% as of March, 2009) in the County continues to be higher than the state and national 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 agriculture

based local economy has not been as negatively affected in this severe national recession as many other cities around the state and country. Historically, the City's unemployment rate has run 3-3.5% above the national, but that gap has shrunk to only 1% above. Wholesale and retail trade experienced the largest loss of jobs, reflecting sluggish consumer spending patterns of late. However, construction jobs have not declined at the national pace, due to stability in the commercial sector.

- 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 finished construction in the urban area, and began instruction in late 2008.
- The City is continuing to annex property within the Urban Growth Boundary that is being hooked up to sewer services, although the City is experiencing a slowdown in this activity as most of the sewer properties are within the City limits.
- During the process of issuing bonds in 2008, Standard and Poor's (S&P) reviewed the credit rating for both the Wastewater/Water utility and General Obligation bonds, and both received an upgrade. The credit rating of the Wastewater/Water utility went up 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:
 - Strong fiscal management and financial performance, including net revenues sufficient to cover debt service by more than three times during the last five years; and
 - Governing body's policy of setting multi-year rate increases based on long-term capital and operational needs

In August Standard and Poor's also increased the City's General Obligation credit rating one notch from A to A+ with a stable outlook. S&P's rationale and perceived credit strengths for the City included:

- Long-standing economic role as a service and manufacturing center for a surrounding agricultural region;
- Track record of very strong available General Fund balances; and
- Good financial policies and practices, including a minimum General Fund balance threshold and the use of a financial forecasting model.

According to S&P, the City's perceived credit weaknesses were:

- Merely adequate median household effective buying income (EBI) and historically high unemployment rates, and
 - Limited revenue flexibility under state law.
- The next major economic development initiative that the City is embarking on is a competitive state redevelopment / tax increment program called Local Infrastructure Financing Tool (LIFT), as set forth in RCW 39.102. The redevelopment area consists of

556 acres adjacent to Interstate 82, formerly used as a sawmill and plywood plant. The City received an award of up to \$1 million per year for 25 years from the state to support required infrastructure improvements to service the new mixed use proposed development. 2009 was designated as the “base year”, and the City will receive the state’s increase of both sales and property taxes as they are realized.

The 2009 budget is balanced for all funds, within guidelines established by city management, to accomplish municipal service levels and priorities set by City Council. Although some of the economic downturn was anticipated during the budget development, in April, 2009 the City Manager implemented additional cost containment measures to maintain a balanced budget. 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. This report, along with the City’s published budget documents are posted on the City’s website at www.ci.yakima.wa.us. 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.

(This page intentionally contains no information.)

BASIC FINANCIAL STATEMENTS

The basic financial statements and note disclosures comprise the minimum acceptable fair presentation in conformity with Generally 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

STATEMENT OF NET ASSETS

City governmental and business-type assets and liabilities, with the difference reported as net assets.

STATEMENT OF ACTIVITIES

City governmental and business-type revenues and expenses, with the difference reported as change in net assets.

FUND FINANCIAL STATEMENTS

BALANCE SHEET – GOVERNMENTAL FUNDS

Balance sheets for major funds and aggregated amounts for all other governmental funds.

RECONCILIATION OF THE BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

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

Information for each major fund and aggregated information for all other governmental funds.

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

STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE, BUDGET & ACTUAL, GENERAL/COMMUNITY DEVELOPMENT FUNDS

Budget information, along with actual results for each major fund which has a legally adopted budget.

STATEMENT OF NET ASSETS – PROPRIETARY FUNDS

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.

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

Information for each of the enterprise funds, as well as a separate column for aggregate information for internal service funds.

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Information on the sources and uses of cash for each of the enterprise funds and aggregate information for internal service funds.

STATEMENT OF NET ASSETS – FIDUCIARY FUNDS

Information on the pension trust, fund assets and liabilities, with the difference reported as net assets.

STATEMENT OF CHANGES IN FUND NET ASSETS – FIDUCIARY FUNDS

Information on additions to and deductions from the pension trust, with the difference reported as change in net assets.

NOTES TO FINANCIAL STATEMENTS

Disclosure and further detail information to assist the reader in a better understanding of the financial statements and the data presented within them.

REQUIRED SUPPLEMENTARY INFORMATION

POLICE AND FIRE PENSION – SCHEDULE OF EMPLOYER CONTRIBUTIONS

STATEMENT OF NET ASSETS

December 31, 2008

With comparative totals for December 31, 2007

Page 1 of 1

	GOVERNMENTAL	BUSINESS-TYPE	----- TOTAL -----	
	ACTIVITIES	ACTIVITIES	2008	2007
ASSETS				
Cash and Cash Equivalents	\$22,555,664	\$11,614,113	\$34,169,777	\$22,812,537
Investments at Amortized Cost	14,671,568	12,007,244	26,678,812	30,611,430
Receivables (Net)	7,420,979	2,840,322	10,261,301	10,549,796
Due from Other Government Units	1,854,469	225,496	2,079,965	3,419,419
Notes Receivable	4,935,316	0	4,935,316	5,321,739
Inventories	606,005	201,139	807,144	577,831
Unamortized Debt Issue Cost	0	195,362	195,362	136,588
Restricted Assets:				
Cash and Cash Equivalents	257,143	2,361,674	2,618,817	2,949,481
Fiscal Agent	10,620	0	10,620	10,620
Capital Assets (Net of Accumulated Depreciation):				
Land	11,672,483	2,163,373	13,835,856	12,993,547
Buildings	33,801,128	29,954,689	63,755,817	59,797,047
Improvements Other Than Buildings	6,870,004	55,317,509	62,187,513	66,889,613
Machinery & Equipment	11,724,356	8,544,788	20,269,144	19,576,860
Construction in Process	19,604,064	30,030,490	49,634,554	41,940,656
Intangibles	0	115,659	115,659	115,659
Infrastructure	67,479,646	0	67,479,646	66,598,154
Total Assets	\$203,463,445	\$155,571,858	\$359,035,303	\$344,300,977
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$7,542,872	\$3,303,823	\$10,846,695	\$9,487,558
Accrued Liabilities	3,973,440	1,788,147	5,761,587	5,323,588
Due to Other Government Units	77,092	0	77,092	66,207
Liabilities Payable from Restricted Assets	257,143	0	257,143	227,331
Noncurrent Liabilities:				
Special Assessment Debt with Governmental Commitment	334,600	0	334,600	370,700
Due Within One Year	2,377,899	2,624,235	5,002,134	4,979,059
Due in More than One Year	34,607,762	35,971,038	70,578,800	62,492,746
Total Liabilities	49,170,808	43,687,243	92,858,051	82,947,189
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	130,195,679	86,560,287	216,755,966	212,541,564
Restricted for:				
Debt Service	795,929	2,361,674	3,157,603	3,601,693
Capital Projects	2,681,458	0	2,681,458	3,300,960
Other Purposes	1,007,876	0	1,007,876	1,046,208
Notes Receivable	5,319,437	0	5,319,437	5,764,596
Unrestricted	14,292,258	22,962,654	37,254,912	35,098,767
Total Net Assets	\$154,292,637	\$111,884,615	\$266,177,252	\$261,353,788

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, 2008

With comparative totals for December 31, 2007

Page 1 of 1

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONT'S	CAPITAL GRANTS & CONT'S	BUSINESS- TYPE ACTIVITIES	GOVERNMENT ACTIVITIES	TOTAL	
							2008	2007
FUNCTIONS/PROGRAMS								
Governmental Activities								
General Government	\$8,671,290	\$18,685	\$0	\$0	(\$8,652,605)	0	(\$8,652,605)	(\$7,722,489)
Security of Persons & Property	38,214,353	1,822,713	3,393,908	215,490	(32,782,242)	0	(32,782,242)	(27,707,242)
Physical Environment	1,354,509	980,490	0	0	(374,019)	0	(374,019)	29,193
Transportation	11,213,276	161,555	91,834	2,396,415	(8,563,472)	0	(8,563,472)	305,112
Economic Environment	4,145,905	1,663,808	1,868,744	987,500	374,147	0	374,147	982,416
Mental & Physical Health	19,418	0	0	0	(19,418)	0	(19,418)	(19,606)
Cultural & Rec Environment	7,156,402	2,036,748	133,152	1,361,452	(3,625,050)	0	(3,625,050)	(4,501,023)
Interest on Long-Term Debt	862,646	0	0	0	(862,646)	0	(862,646)	(871,270)
Total Governmental Activities	71,637,799	6,683,999	5,487,638	4,960,857	(54,505,305)	0	(54,505,305)	(39,504,909)
Business-Type Activities								
Transit	8,323,437	1,234,497	1,650,366	386,613	0	(\$5,051,961)	(\$5,051,961)	(\$4,751,657)
Refuse	3,971,530	4,243,837	0	0	0	272,307	272,307	430,921
Wastewater	12,166,826	14,897,864	365,171	2,108,720	0	5,204,929	5,204,929	5,271,655
Water	5,519,988	6,394,351	10,986	457,967	0	1,343,316	1,343,316	1,520,690
Irrigation	1,694,812	2,562,686	0	0	0	867,874	867,874	918,292
Stormwater	582,854	1,065,308	75,580	391,896	0	949,930	949,930	0
Total Business-Type Activities	32,259,447	30,398,543	2,102,103	3,345,196	0	3,586,395	3,586,395	3,389,901
Total	<u>\$103,897,246</u>	<u>\$37,082,542</u>	<u>\$7,589,741</u>	<u>\$8,306,053</u>	(54,505,305)	3,586,395	(50,918,910)	(36,115,008)
GENERAL REVENUES								
Taxes								
Property Taxes					13,782,301	0	13,782,301	13,070,702
Sales and Use Taxes					18,989,918	4,828,419	23,818,337	23,181,837
Franchise and Utility Taxes					9,583,683	0	9,583,683	9,025,616
Excise Taxes					2,839,410	0	2,839,410	3,469,555
Penalties and Interest					3,214	0	3,214	9,836
State Entitlements					3,614,482	0	3,614,482	3,790,225
Unrestricted Inv Earnings					862,954	198,389	1,061,343	1,293,756
Miscellaneous					147,134	0	147,134	(38,202)
Gain/Loss on Sale of Cap Assets					134,867	1,285,475	1,420,342	(779,355)
Transfers					3,664,196	(4,188,370)	(524,174)	(583,938)
Debt Issue Cost					(3,696)	0	(3,696)	0
Total Gen Rev, Transfers, Spec Item, & Extraordinary Item					53,618,463	2,123,913	55,742,376	52,440,032
Change in Net Assets					(886,842)	5,710,308	4,823,466	16,325,024
Net Assets - Beginning					147,243,603	114,110,175	261,353,778	195,733,052
Prior Period Adjustment					0	0	0	6,781,020
Change in Accounting Principle					7935,871	(7,935,871)	0	42,514,682
Net Assets - Ending					<u>\$154,292,632</u>	<u>\$111,884,612</u>	<u>\$266,177,244</u>	<u>\$261,353,778</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, 2008

With comparative totals for December 31, 2007

Page 1 of 2

	#000	#124	OTHER	----- TOTAL -----	
	GENERAL	COMMUNITY	GOVERNMENTAL	GOVERNMENTAL FUNDS	
	FUND	DEVELOPMENT	FUNDS	2008	2007
ASSETS					
Cash & Equity in Pooled Investments	\$2,928,677	\$331,185	\$14,306,722	\$17,566,584	\$14,247,992
Deposits w/ Fiscal Agent/Trustee	257,143	0	0	257,143	227,331
Receivables:					
Taxes	4,313,871	0	216,451	4,530,322	4,565,685
Accounts	1,310,866	0	261,669	1,572,535	1,525,656
Special Assessments	0	0	4,576	4,576	7,287
LID Assessments - Delinquent	0	0	30,255	30,255	20,078
LID Assessments - Deferred	0	0	353,866	353,866	422,779
Notes/Contracts	0	4,920,176	15,140	4,935,316	5,321,739
Interest/Penalties	183,547	0	1,958	185,505	235,597
Other Receivables	0	0	0	0	2,000
Due from Other Funds	67,319	0	0	67,319	19,908
Due from Other Government Units	60,694	111,368	1,682,407	1,854,469	1,562,426
Inventories	63,642	0	0	63,642	40,262
Investments, at Amortized Cost	7,749,063	0	502,934	8,251,997	11,609,062
Total Assets	<u>\$16,934,822</u>	<u>\$5,362,729</u>	<u>\$17,375,978</u>	<u>\$39,673,529</u>	<u>\$39,807,802</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, 2008

With comparative totals for December 31, 2007

Page 2 of 2

	#000	#124	OTHER	----- TOTAL -----	
	GENERAL	COMMUNITY	GOVERNMENTAL	GOVERNMENTAL FUNDS	
	FUND	DEVELOPMENT	FUNDS	2008	2007
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants/Accounts Payable	\$628,364	\$104,499	\$789,710	\$1,522,573	\$1,861,372
Wages/Benefits Payable	3,399,062	48,034	794,476	4,241,572	3,838,933
Contracts Payable	0	0	104,275	104,275	205,920
Due to Other Funds	0	0	67,319	67,319	19,908
Due to Other Government Units	69,178	0	7,914	77,092	66,207
Deposits Payable	241,008	250	359,361	600,619	373,406
Deferred Revenue	1,293,025	4,920,176	433,224	6,646,425	7,143,303
Custodial Accounts	257,143	0	0	257,143	227,331
Total Liabilities	<u>\$5,887,780</u>	<u>\$5,072,959</u>	<u>\$2,556,279</u>	<u>\$13,517,018</u>	<u>\$13,736,380</u>
Fund Balances					
Reserved for:					
Inventory	\$63,642	\$0	\$0	\$63,642	\$40,262
Encumbrances	399,898	0	162,496	562,394	1,439,014
Continuing Appropriations	0	0	151,173	151,173	426,282
Debt Service	0	0	795,929	795,929	879,543
Endowment	0	0	566,365	566,365	555,681
Parking and Business Improvement	0	0	8,963	8,963	26,050
Unreserved					
General Fund	10,583,502	0	0	10,583,502	10,033,921
Special Revenue Funds	0	289,770	7,095,555	7,385,325	6,358,404
Capital Projects Funds	0	0	6,039,218	6,039,218	6,312,265
Total Fund Balances	<u>\$11,047,042</u>	<u>\$289,770</u>	<u>\$14,819,699</u>	<u>\$26,156,511</u>	<u>\$26,071,422</u>
Total Liabilities and Fund Balances	<u><u>\$16,934,822</u></u>	<u><u>\$5,362,729</u></u>	<u><u>\$17,375,978</u></u>		

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

**RECONCILIATION OF THE BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET ASSETS**

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

Page 1 of 1

	----- TOTAL -----	
	GOVERNMENTAL FUNDS	
	2008	2007
Total Fund Balances (as shown on the Governmental Funds Balance Sheet)	\$26,156,511	\$26,071,422
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.	142,789,029	139,953,663
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	6,646,425	7,143,303
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.	16,138,357	8,072,722
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(37,320,261)	(33,881,796)
Accrued interest payable on General Obligation Debt	(117,424)	(115,711)
Net assets of governmental activities	<u>\$154,292,637</u>	<u>\$147,243,603</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, 2008

With comparative totals for December 31, 2007

Page 1 of 2

	#000	#124	OTHER	----- TOTAL -----	
	GENERAL	COMMUNITY	GOVERNMENTAL	GOVERNMENTAL FUNDS	
	FUND	DEVELOPMENT	FUNDS	2008	2007
REVENUES					
Taxes and Special Assessments	\$36,359,450	\$0	\$12,067,180	\$48,426,630	\$47,060,657
Licenses and Permits	993,122	0	0	993,122	982,084
Intergovernmental Revenues	2,664,042	1,868,744	7,461,007	11,993,793	16,755,789
Charges for Services	4,808,037	545,089	1,183,388	6,536,514	6,996,315
Fines and Forfeits	1,582,815	0	0	1,582,815	1,420,275
Interest	862,954	33,344	510,676	1,406,974	1,695,780
Other Revenues	147,134	1,855	1,532,247	1,681,236	1,647,571
Total Revenues	47,417,554	2,449,032	22,754,498	72,621,084	76,558,471
EXPENDITURES					
Current					
General Government	11,260,726	0	106,695	11,367,421	10,757,147
Security of Persons and Property	30,642,405	0	4,172,804	34,815,209	32,691,124
Physical Environment	1,355,327	0	324,177	1,679,504	1,674,744
Transportation	0	0	5,777,109	5,777,109	5,128,557
Economic Environment	813,092	2,020,014	1,310,635	4,143,741	3,869,274
Mental & Physical Health	19,418	0	0	19,418	19,606
Cultural & Recreational Environment	6,333	0	6,210,347	6,216,680	5,712,500
Capital Outlay					
General Government	28,586	0	522,591	551,177	251,506
Security of Persons and Property	8,900	0	299,246	308,146	1,105,290
Physical Environment	0	0	83,020	83,020	291,068
Transportation	0	503,767	3,729,834	4,233,601	7,462,636
Economic Environment	0	8,000	2,047,128	2,055,128	2,636,504
Cultural & Recreational Environment	0	23,912	1,602,572	1,626,484	1,006,609
Debt Service					
Principal Retirement	302,675	0	2,248,922	2,551,597	2,890,232
Interest	31,089	0	829,844	860,933	832,326
Total Expenditures	44,468,551	2,555,693	29,264,924	76,289,168	76,329,123
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	\$2,949,003	(\$106,661)	(\$6,510,426)	(\$3,668,084)	\$229,348

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, 2008

With comparative totals for December 31, 2007

Page 2 of 2

	#000	#124	OTHER	----- TOTAL -----	
	GENERAL	COMMUNITY	GOVERNMENTAL	GOVERNMENTAL FUNDS	
	FUND	DEVELOPMENT	FUNDS	2008	2007
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$38,293
Proceeds from L.T. Debt - G.O. Bonds	0	0	2,946,303	2,946,303	4,686,005
Proceeds from Intergovernmental Loans	0	0	241,500	241,500	0
Other Note Proceeds	0	0	0	0	0
Transfers In	40,000	0	5,734,525	5,774,525	5,195,797
Transfers (Out)	(2,408,396)	0	(2,930,037)	(5,338,433)	(5,664,411)
Intergovernmental Agreements	(39,095)	0	0	(39,095)	(81,095)
Sale of Capital Assets	0	0	13,352	13,352	26,175
Comp. for Loss of Gen. Capital Assets	466	0	141,175	141,641	128,668
Total Other Financing Sources (Uses)	(2,407,025)	0	6,146,818	3,739,793	4,329,432
Net Change in Fund Balances	541,978	(106,661)	(363,608)	71,709	4,558,780
Fund Balances - January 1	10,491,684	396,431	15,183,307	26,071,422	21,522,561
Change in Reserve for Inventory	13,380	0	0	13,380	(9,919)
Fund Balances - December 31	<u>\$11,047,042</u>	<u>\$289,770</u>	<u>\$14,819,699</u>	<u>\$26,156,511</u>	<u>\$26,071,422</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, 2008

With comparative totals for December 31, 2007

Page 1 of 1

	2008	2007
Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	\$71,709	\$4,558,780
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.	929,850	4,666,797
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 also includes donations of capital assets and infrastructure obtained by annexation.	1,905,515	5,094,597
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(496,876)	(826,215)
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 are an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	(639,903)	(1,883,062)
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, other post employment benefits).	(2,786,895)	(1,137,430)
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.	129,757	726,490
Change in net assets, as reflected on the Statement of Activities	<u>(\$886,843)</u>	<u>\$11,199,957</u>

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

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

For the Year Ended December 31, 2008

Page 1 of 1

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES				
Taxes and Special Assessments	\$35,875,792	\$35,875,792	\$36,359,450	\$483,658
Licenses and Permits	871,500	871,500	993,122	121,622
Intergovernmental Revenues	2,482,218	2,595,805	2,664,042	68,237
Charges for Services	4,461,293	4,471,293	4,808,037	336,744
Fines and Forfeits	1,378,700	1,378,700	1,582,815	204,115
Interest	850,000	850,000	862,954	12,954
Other Revenues	92,700	95,384	147,134	51,750
Total Revenues	46,012,203	46,138,474	47,417,554	1,279,080
EXPENDITURES				
Current				
General Government	11,618,479	11,895,193	11,260,726	634,467
Security of Persons and Property	30,930,258	31,163,281	30,642,405	520,876
Physical Environment	1,481,159	1,488,159	1,355,327	132,832
Economic Environment	822,780	853,706	813,092	40,614
Mental & Physical Health	19,000	19,000	19,418	(418)
Cultural & Recreational Environment	6,333	6,333	6,333	0
Capital Outlay				
General Government	0	0	28,586	(28,586)
Security of Persons and Property	38,822	223,433	8,900	214,533
Debt Service				
Principal Retirement	322,394	322,394	302,675	19,719
Interest	32,102	32,102	31,089	1,013
Total Expenditures	45,271,327	46,003,601	44,468,551	1,535,050
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$740,876	\$134,873	\$2,949,003	\$2,814,130
OTHER FINANCING SOURCES (USES)				
Transfers In	\$40,000	\$40,000	\$40,000	\$0
Transfers (Out)	(2,279,535)	(2,429,535)	(2,408,396)	21,139
Intergovernmental Agreements	(39,095)	(39,095)	(39,095)	0
Comp. for Loss of Gen. Capital Assets	1,000	1,000	466	(534)
Total Other Financing Sources (Uses)	(2,277,630)	(2,427,630)	(2,407,025)	20,605
Net Change in Fund Balances	(1,536,754)	(2,292,757)	541,978	2,834,735
Fund Balances - January 1	5,302,179	5,302,179	10,491,684	5,189,505
Change in Reserve for Inventory	0	0	13,380	13,380
Fund Balances - December 31	\$3,765,425	\$3,009,422	\$11,047,042	\$8,037,620

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

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

For the Year Ended December 31, 2008

Page 1 of 1

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental Revenues	\$1,880,000	\$4,136,980	\$1,868,744	(\$2,268,236)
Charges for Services	293,000	383,000	545,089	162,089
Interest	42,000	42,000	33,344	(8,656)
Other Revenues	1,500	1,500	1,855	355
Total Revenues	<u>2,216,500</u>	<u>4,563,480</u>	<u>2,449,032</u>	<u>(2,114,448)</u>
EXPENDITURES				
Current				
Economic Environment	2,238,798	3,995,778	2,020,014	1,975,764
Capital Outlay				
Transportation	33,581	683,581	503,767	179,814
Economic Environment	0	0	8,000	(8,000)
Cultural & Recreational Environment	0	0	23,912	(23,912)
Total Expenditures	<u>2,272,379</u>	<u>4,679,359</u>	<u>2,555,693</u>	<u>2,123,666</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(\$55,879)</u>	<u>(\$115,879)</u>	<u>(\$106,661)</u>	<u>\$9,218</u>
Net Change in Fund Balances	<u>(\$55,879)</u>	<u>(\$115,879)</u>	<u>(\$106,661)</u>	<u>\$9,218</u>
Fund Balances - January 1	<u>987,831</u>	<u>987,831</u>	<u>396,431</u>	<u>(591,400)</u>
Fund Balances - December 31	<u><u>\$931,952</u></u>	<u><u>\$871,952</u></u>	<u><u>\$289,770</u></u>	<u><u>(\$582,182)</u></u>

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.)

PROPRIETARY FUNDS

Proprietary Funds present information for each of the enterprise funds as well as a separate column for aggregate information for internal service funds. Please refer to the Basic Financial Statements, found at the beginning of this section.

TRANSIT FUNDS (462 AND 362)

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.

WASTEWATER AND WATER FUNDS (973 AND 974)

Accounts 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.

IRRIGATION UTILITY FUND (975)

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, 2008

With comparative totals for December 31, 2007

Page 1 of 4

	----- BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS -----			
	#462 & #364	#973	#974	#975
	TRANSIT	WASTEWATER	WATER	IRRIGATION
ASSETS				
Current Assets				
Cash & Equity in Pooled Investments	\$3,026,410	\$5,934,625	\$1,390,790	\$608,344
Deposits w/ Fiscal Agent/Trustee	0	0	0	0
Receivables:				
Accounts/Taxes (Net)	823,168	1,587,609	(63,816)	193,597
Interest/Penalties	0	0	0	8,972
Other Receivables	0	7,500	0	0
Due from Other Government Units	199,946	0	0	0
Inventories	0	12,081	189,058	0
Investments, at Amortized Cost	0	5,007,244	4,000,000	3,000,000
Total Current Assets	4,049,524	12,549,059	5,516,032	3,810,913
Noncurrent Assets				
Restricted Assets				
Cash	0	1,965,858	360,380	35,436
Land	1,307,989	583,270	173,614	98,500
Buildings	7,363,248	54,343,132	8,548,449	418,532
Other Improvements	127,512	40,582,134	38,505,910	11,373,528
Machinery & Equipment	8,566,638	5,664,966	3,050,705	67,761
Accumulated Depreciation	(6,841,606)	(54,881,097)	(20,776,426)	(2,835,670)
Construction in Progress	635,536	24,865,746	1,408,865	3,115,845
Intangibles	0	0	221,830	0
Unamortized Debt Issue Costs	0	133,834	19,970	41,558
Total Noncurrent Assets	11,159,317	73,257,843	31,513,297	12,315,490
Total Assets	\$15,208,841	\$85,806,902	\$37,029,329	\$16,126,403

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, 2008

With comparative totals for December 31, 2007

Page 2 of 4

----- BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS -----		----- TOTAL -----		--- GOVERNMENTAL ACTIVITIES ---
OTHER ENTERPRISE FUNDS	2008	2007		INTERNAL SERVICE FUNDS
\$653,944	\$11,614,113	\$2,912,448		\$4,989,080
0	0	0		10,620
283,292	2,823,850	3,020,326		680,433
0	8,972	7,094		63,487
0	7,500	9,750		0
25,550	225,496	1,856,993		0
0	201,139	247,004		542,363
0	12,007,244	13,563,835		6,419,571
962,786	26,888,314	21,617,450		12,705,554
0	2,361,674	2,722,150		0
0	2,163,373	2,181,515		0
0	70,673,361	62,300,548		94,267
430,734	91,019,818	96,621,235		7,251
11,879	17,361,949	15,728,218		19,116,757
(9,517)	(85,344,316)	(80,633,363)		(10,893,020)
4,498	30,030,490	23,497,998		37,397
0	221,830	221,830		0
0	195,362	136,588		0
437,594	128,683,541	122,776,719		8,362,652
\$1,400,380	\$155,571,855	\$144,394,169		\$21,068,206

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, 2008

With comparative totals for December 31, 2007

Page 3 of 4

	----- BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS -----			
	#462 & #364	#973	#974	#975
	TRANSIT	WASTEWATER	WATER	IRRIGATION
LIABILITIES				
Current Liabilities				
Warrants/Accounts Payable	\$1,217,741	\$410,023	\$86,738	\$367,626
Wages/Benefits Payable	299,096	425,020	197,135	51,908
Compensated Absences Payable	353,535	580,048	181,778	47,468
Claims and Judgments Payable	0	0	0	0
Accrued Payables	0	176,443	20,620	70,587
Deposits Payable	6,100	4,500	179,284	0
Current Portion Long-term Debt	0	770,695	208,540	0
Restricted Payables				
Current Portion L.T. Debt	0	1,339,988	195,012	110,000
Total Current Liabilities	1,876,472	3,706,717	1,069,107	647,589
Noncurrent Liabilities:				
Bonds Payable	0	19,580,437	1,804,563	4,695,000
Unamortized Bond Discount/Premium	0	444,873	78,594	(119,415)
Deferred Amount On Debt Refunding	0	(117,087)	(58,612)	0
Loans Payable - Long Term	0	6,994,017	2,668,668	0
Total Noncurrent Liabilities	0	26,902,240	4,493,213	4,575,585
Total Liabilities	1,876,472	30,608,957	5,562,320	5,223,174
NET ASSETS				
Invested in Cap Assets, Net of Related Debt	11,159,317	51,069,488	26,235,532	7,523,882
Restricted for Debt Service	0	1,965,858	360,380	35,436
Unrestricted	2,173,052	2,162,599	4,871,097	3,343,911
Total Net Assets	\$13,332,369	\$55,197,945	\$31,467,009	\$10,903,229

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

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

December 31, 2008

With comparative totals for December 31, 2007

Page 4 of 4

----- BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS -----		----- TOTAL -----		--- GOVERNMENTAL ACTIVITIES ---
OTHER ENTERPRISE FUNDS	2008	2007		INTERNAL SERVICE FUNDS
\$96,057	\$2,178,185	\$1,525,170		\$977,777
152,478	1,125,638	1,038,196		200,331
167,784	1,330,613	1,242,221		254,580
0	0	0		3,497,161
0	267,650	273,370		0
0	189,884	180,199		0
0	979,235	756,777		0
0	1,645,000	1,750,000		0
416,320	7,716,205	6,765,933		4,929,849
0	26,080,000	22,911,317		0
0	404,052	153,064		0
0	(175,699)	(114,728)		0
0	9,662,685	8,504,279		0
0	35,971,038	31,453,932		0
416,320	43,687,243	38,219,865		4,929,849
437,594	96,425,813	90,984,458		8,362,652
0	2,361,674	2,722,150		0
546,466	13,097,125	12,467,696		7,775,705
<u>\$984,060</u>	<u>\$111,884,612</u>	<u>\$106,174,304</u>		<u>\$16,138,357</u>
	0	7,935,871		
	<u>\$111,884,612</u>	<u>\$114,110,175</u>		

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

STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

Page 1 of 2

	----- BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS -----			
	#462 & #364 TRANSIT	#973 WASTEWATER	#974 WATER	#975 IRRIGATION
OPERATING REVENUES				
Charges for Services	\$1,199,284	\$14,886,361	\$6,389,561	\$2,559,024
Charges for Insurance	0	0	0	0
Employer Contributions	0	0	0	0
Employee Contributions	0	0	0	0
Other Operating Revenues	35,213	11,503	4,790	3,662
Total Operating Revenues	1,234,497	14,897,864	6,394,351	2,562,686
OPERATING EXPENSES				
Operations and Maintenance	6,586,544	6,485,338	1,965,187	1,059,628
Administration/Overhead	840,896	1,325,347	1,894,235	185,683
Taxes	0	2,595,019	1,336,883	47,698
Depreciation/Amortization	895,997	2,776,932	1,111,165	181,771
Other Benefits	0	0	0	0
Total Operating Expenses	8,323,437	13,182,636	6,307,470	1,474,780
Operating Income (Loss)	(7,088,940)	1,715,228	86,881	1,087,906
NON-OPERATING REVENUES (EXPENSES)				
Operating Grants and Subsidies	6,478,785	0	0	0
Interest Revenue	29,997	108,604	28,664	30,124
Other Non-Operating Revenues	0	365,171	10,986	0
Interest Expenses	0	(922,168)	(89,570)	(212,367)
Amortization of Bond Payment Discount	0	(25,519)	(6,359)	(7,665)
Gain (Loss) on Capital Assets Disposition	(3,448)	10,000	1,278,923	0
Non-Operating Revenue Net of Expenses	6,505,334	(463,912)	1,222,644	(189,908)
Income (Loss) Before Contributions and Transfers	(583,606)	1,251,316	1,309,525	897,998
Capital Contributions	386,613	2,108,720	457,967	0
Transfers In	317,768	32,939	0	0
Transfers (Out)	0	(757,170)	(242,327)	(115,527)
Change in Net Assets	120,775	2,635,805	1,525,165	782,471
Total Net Assets - January 1	13,211,594	52,562,140	29,941,844	10,120,758
Total Net Assets - December 31	\$13,332,369	\$55,197,945	\$31,467,009	\$10,903,229

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 & CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

Page 2 of 2

----- BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS -----		----- TOTAL -----		--- GOVERNMENTAL ACTIVITIES ---
OTHER ENTERPRISE FUNDS	2008	2007		INTERNAL SERVICE FUNDS
\$5,305,671	\$30,339,901	\$27,731,235		\$6,451,549
0	0	0		2,261,412
0	0	0		8,524,057
0	0	0		1,824,735
3,474	58,642	78,161		620
<u>5,309,145</u>	<u>30,398,543</u>	<u>27,809,396</u>		<u>19,062,373</u>
4,330,845	20,427,542	18,668,110		6,155,699
561,971	4,808,132	4,252,853		2,209,315
42,764	4,022,364	3,829,345		0
0	4,965,865	5,058,810		1,312,218
0	0	0		<u>10,420,454</u>
<u>4,935,580</u>	<u>34,223,903</u>	<u>31,809,118</u>		<u>20,097,686</u>
373,565	(3,825,360)	(3,999,722)		(1,035,313)
75,580	6,554,365	6,755,376		0
1,000	198,389	380,310		483,122
0	376,157	419,265		335,593
0	(1,224,105)	(736,483)		0
0	(39,543)	(39,543)		0
0	1,285,475	(226,709)		<u>14,149</u>
<u>76,580</u>	<u>7,150,738</u>	<u>6,552,216</u>		<u>832,864</u>
450,145	3,325,378	2,552,494		(202,449)
391,896	3,345,196	2,789,449		9,969
0	350,707	32,939		385,791
(195,949)	(1,310,973)	(148,263)		<u>(63,554)</u>
<u>646,092</u>	<u>5,710,308</u>	<u>5,226,619</u>		<u>129,757</u>
337,968				<u>16,008,600</u>
<u>\$984,060</u>				<u>\$16,138,357</u>
	0	(103,553)		
	<u>\$5,710,308</u>	<u>\$5,123,066</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, 2008

With comparative totals for December 31, 2007

Page 1 of 4

	---- BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS ----		
	#462 & #364 TRANSIT	#973 WASTEWATER	#974 WATER
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$1,234,497	\$15,011,518	\$6,466,709
Contributions Received - Employer and Employee	0	0	0
Cash Paid to Suppliers for Goods and Services	(3,969,602)	(3,442,535)	(2,202,590)
Cash Paid for Salaries and Benefits	(3,394,469)	(4,990,902)	(2,054,236)
Other Operating Revenues Collected	0	11,503	4,790
Cash Paid to Claimants and Beneficiaries	0	0	0
Cash Paid in Lieu of Taxes	0	(1,963,497)	(883,411)
Net Cash Provided by Operating Activities	(6,129,574)	4,626,087	1,331,262
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants Received/Sales Tax	8,330,199	0	0
Transfers In from Other Funds	0	0	0
Transfers Out to Other Funds	0	0	0
Net Cash Provided by Noncapital Financing Activities	8,330,199	0	0
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Proceeds from Public Works Trust/SIED Loan/Revenue Bonds	0	8,867,728	2,057,267
Cash Received for Debt Service from Other Governments	0	359,470	0
Cash Received from Disposal of Capital Assets	5,359	10,000	1,298,923
Cash Contributions in Aid of Construction	0	1,112,857	313,626
Principal Paid on Revenue Bonds	0	(2,855,525)	(2,241,975)
Principal Paid on Public Works Trust/SIED Loan	0	(698,436)	(217,427)
Capital Expenditures Paid	(1,169,499)	(4,423,437)	(889,948)
Interest and Other Debt Service Paid	0	(906,303)	(110,319)
Capital Grants Received	218,613	0	0
Other Non-Operating Capital Revenue	0	5,701	10,986
Transfer In	317,768	32,939	0
Transfer Out	0	(757,170)	(242,327)
Net Cash Used for Capital Financing Activities	(627,759)	747,824	(21,194)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Investment Securities	500,057	4,556,534	3,500,000
Interest Received on Investments	35,664	110,032	28,664
Purchase of Investment Securities	0	(5,000,000)	(4,000,000)
Net Cash Provided by Investing Activities	535,721	(333,434)	(471,336)
Net Increase (Decrease) in Cash and Cash Equivalents	2,108,587	5,040,477	838,732
Cash and Cash Equivalents at Beginning of Year	917,823	2,860,006	912,438
Cash and Cash Equivalents at End of Year	\$3,026,410	\$7,900,483	\$1,751,170

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, 2008

With comparative totals for December 31, 2007

Page 2 of 4

----- BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS -----				--- GOVERNMENTAL ACTIVITIES ---	
#975	OTHER	----- TOTAL -----		INTERNAL	
IRRIGATION	ENTERPRISE FUNDS	2008	2007	SERVICE FUNDS	
\$2,565,080	\$5,279,354	\$30,557,158	\$27,646,238	\$6,588,704	
0	0	0	0	12,434,365	
(690,559)	(2,921,333)	(13,226,619)	(11,826,634)	(6,173,771)	
(604,918)	(1,546,142)	(12,590,667)	(11,765,257)	(2,077,874)	
3,662	3,474	23,429	78,161	620	
0	0	0	0	(10,012,420)	
0	(381,196)	(3,228,104)	(3,092,114)	0	
1,273,265	434,157	1,535,197	1,040,394	759,624	
0	50,030	8,380,229	6,459,254	0	
0	0	0	0	333,061	
0	0	0	0	(63,554)	
0	50,030	8,380,229	6,459,254	269,507	
0	0	10,924,995	1,613,500	0	
0	0	359,470	381,583	0	
0	0	1,314,282	4,900	82,236	
0	0	1,426,483	1,257,011	0	
(105,000)	0	(5,202,500)	(1,788,683)	0	
0	0	(915,863)	(888,191)	0	
(2,750,834)	(45,698)	(9,279,416)	(12,479,767)	(1,690,567)	
(213,203)	0	(1,229,825)	(752,180)	0	
0	0	218,613	25,000	0	
0	0	16,687	38,106	385,791	
0	0	350,707	32,939	0	
(115,527)	(195,949)	(1,310,973)	(148,263)	0	
(3,184,564)	(241,647)	(3,327,340)	(12,704,045)	(1,222,540)	
4,000,000	0	12,556,591	8,447,597	1,027,319	
21,152	1,000	196,512	436,563	511,430	
(2,000,000)	0	(11,000,000)	(12,500,000)	(2,008,357)	
2,021,152	1,000	1,753,103	(3,615,840)	(469,608)	
109,853	243,540	8,341,189	(8,820,237)	(663,017)	
533,927	410,404	5,634,598	14,454,835	5,652,097	
\$643,780	\$653,944	\$13,975,787	\$5,634,598	\$4,989,080	

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, 2008

With comparative totals for December 31, 2007

Page 3 of 4

	---- BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS ----		
	#462 & #364 TRANSIT	#973 WASTEWATER	#974 WATER
CASH AT THE END OF THE YEAR CONSISTS OF			
Operating Fund Cash	\$3,026,410	\$5,934,625	\$1,390,790
Revenue Bond Reserve Account Cash	0	1,861,847	346,274
Revenue Bond Redemption Account Cash	0	104,011	14,106
Total Cash at the End of the Year	<u>\$3,026,410</u>	<u>\$7,900,483</u>	<u>\$1,751,170</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Operating Income (Loss)	(\$7,088,940)	\$1,715,228	\$86,881
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	895,997	2,776,932	1,111,165
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	0	115,542	69,840
Increase in Allowance for Uncollectibles	0	9,615	7,308
(Increase) Decrease in Inventory	0	2,420	43,445
Increase (Decrease) in Warrants/Accounts Payable	13,071	(14,591)	(9,704)
Increase (Decrease) in Wages/Benefits Payable	16,302	15,326	9,302
Increase (Decrease) in Compensated Absences Payable	33,996	5,615	13,025
Increase (Decrease) in Claims and Judgments Payable	0	0	0
Increase (Decrease) in Due to Other Funds	0	0	0
Total Adjustments	<u>959,366</u>	<u>2,910,859</u>	<u>1,244,381</u>
Net Cash Provided by Operating Activities	<u>(\$6,129,574)</u>	<u>\$4,626,087</u>	<u>\$1,331,262</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Acquired by Noncash Contributions	\$0	\$995,863	\$144,341

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, 2008

With comparative totals for December 31, 2007

Page 4 of 4

----- BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS -----				--- GOVERNMENTAL ACTIVITIES ---
#975	OTHER	----- TOTAL -----		INTERNAL
IRRIGATION	ENTERPRISE FUNDS	2008	2007	SERVICE FUNDS
\$608,344	\$653,944	\$11,614,113	\$2,912,448	\$4,989,080
0	0	2,208,121	2,407,084	0
35,436	0	153,553	315,066	0
<u>\$643,780</u>	<u>\$653,944</u>	<u>\$13,975,787</u>	<u>\$5,634,598</u>	<u>\$4,989,080</u>
\$1,087,906	\$373,565	(\$3,825,360)	(\$3,999,722)	(\$1,035,313)
181,771	0	4,965,865	5,058,810	1,312,218
6,056	(26,317)	165,121	(133,601)	(38,684)
0	0	16,923	48,604	0
0	0	45,865	3,634	(251,798)
(3,313)	5,486	(9,051)	(51,792)	311,995
529	45,983	87,442	51,166	15,632
316	35,440	88,392	63,295	28,616
0	0	0	0	416,958
0	0	0	0	0
<u>185,359</u>	<u>60,592</u>	<u>5,360,557</u>	<u>5,040,116</u>	<u>1,794,937</u>
<u>\$1,273,265</u>	<u>\$434,157</u>	<u>\$1,535,197</u>	<u>\$1,040,394</u>	<u>\$759,624</u>
\$0	\$391,896	\$1,532,100	\$1,532,438	\$0

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

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS

December 31, 2008

With comparative totals for December 31, 2007

Page 1 of 1

	FIREMEN'S RELIEF AND PENSION	
	2008	2007
ASSETS		
Cash & Equity in Pooled Investments	\$831,758	\$131,968
Interest/Penalties	0	13,947
Investments, at Amortized Cost	0	499,938
Total Assets	<u>831,758</u>	<u>645,853</u>
LIABILITIES		
Warrants/Accounts Payable	3,127	0
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	<u>\$828,631</u>	<u>\$645,853</u>

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

STATEMENT OF CHANGES IN FUND NET ASSETS
FIDUCIARY FUNDS

December 31, 2008

With comparative totals for December 31, 2007

Page 1 of 1

	FIREMEN'S RELIEF AND PENSION	
	2008	2007
ADDITIONS		
Employer Contributions	\$1,621,825	\$1,603,774
Interest Revenue	5,728	15,151
Total Additions	<u>1,627,553</u>	<u>1,618,925</u>
DEDUCTIONS		
Administration/Overhead	45,270	39,437
Pension Benefits	712,458	682,691
Other Benefits	687,047	774,957
Total Deductions	<u>1,444,775</u>	<u>1,497,085</u>
Change In Net Assets	<u>182,778</u>	<u>121,840</u>
Total Net Assets, January 1	<u>645,853</u>	<u>524,013</u>
Total Net Assets, December 31	<u><u>\$828,631</u></u>	<u><u>\$645,853</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, 2008

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NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2008

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, stormwater 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 two Nonmajor Special Revenue Funds. The cities of Yakima, Selah and Union Gap originally formed a Public Facilities District (PFD) for the purpose of expanding the Yakima Convention Center and in 2008 added expansion of the Capitol Theatre. 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 two separate state sales tax credits) be transferred to the City and the City will use these funds for the applicable project 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 the following 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 *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, stormwater 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 consists 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, 2008, \$30,255 of special assessments receivables were delinquent. Customer accounts receivable consists of amounts due from private individuals or organizations for goods and services. Notes and contracts receivable consists 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, 2008, 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>\$2,361,674</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 GOVERNMENT-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 \$37,320,261 difference are as follows:

Bonds Payable	\$21,973,052
Intergovernmental Loans	1,294,328
Contractual Agreements – Yakima County	315,260
Special Assessments – Notes	334,600
Lease Purchase Agreements	71,705
Unfinanced Pension Liability	7,203,200
Compensated Absences	6,128,116
<i>Net adjustments to reduce fund balance – total governmental funds to arrive at net assets – governmental activities</i>	<u>\$37,320,261</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 \$929,850 difference are as follows:

Capital Outlay	\$8,857,556
Depreciation Expense	<u>(7,927,706)</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>\$929,850</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 \$1,905,515 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. (\$20,126)

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.

1,925,641

Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities

\$1,905,515

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 (\$639,903) difference are as follows:

Debt Issued or Incurred:	
Issuance of General Obligation Bonds	(\$2,950,000)
Contractual Agreement – Yakima County	(241,500)
Principal Repayments:	
General Obligation Debt	1,814,430
Intergovernmental Loans	392,210
Contractual Agreement – Yakima County	93,216
Special Assessment Notes	36,100
Lease Purchase Agreements	<u>215,641</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>(\$639,903)</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 (\$2,786,895) difference are as follows:

Compensated Absences	(\$396,115)
Change in Unfunded Pension Liability	(621,208)
Change in Other Post Employment Benefit Liability	(1,781,239)
Change in Reserve for Inventory	13,380
Accrued Interest Payable	<u>(1,713)</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><u>(\$2,786,895)</u></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 council members 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 \$10.9 million. The principal four amendments were to re-appropriate 2007 outstanding encumbrances in the amount of \$4.4 million; an appropriation in the amount of \$1.0 million to provide for the escalation in fuel costs; an appropriation for a Pedestrian Crossing in the amount of \$400,000; and nonlapsing appropriations for various projects in capital funds (Arterial Street, CBD Capital Improvement, Parks and LID construction) in the amount of \$2.7 million.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2008, expenditures exceeded appropriations in the Public Safety Communications by \$12,221. Unexpected turnover in the last month of the year caused additional overtime in this “around the clock” operation. The over expenditure was funded by available fund balance. This was conveyed to City Council in the Year-end Budget Revenue and Expenditure Report.

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.

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 \$521,118 for the Capitol Theatre Reserve Fund for modifications to the Capitol Theatre. The Capital Project Funds have a designated fund balance of \$2,295,740 for replacement of equipment and other capital improvements.

RESERVED FUND BALANCE IN PERMANENT FUNDS

The reserve of \$566,365 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 \$828,631, 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, 2008:

Banks and Savings and Loan Institutions	\$1,861,160
Petty Cash and Other Imprest Funds	14,755
Local Government Investment Pool (LGIP)	<u>36,535,486</u>
<i>Total</i>	<u>\$38,411,401</u>

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

The LGIP is an un-rated 2a7 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, 2008, 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	\$4,014,857	\$4,059,778	122
Federal Agency Callable Securities	21,748,773	21,982,413	845
Municipal Securities	498,600	505,215	334
Local Assessment Notes	416,227	416,227	N/A
Total Portfolio	<u>\$26,678,457</u>	<u>\$26,963,633</u>	
Weighted Average Maturity			304

(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 Days to 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

INVESTMENT TYPES	CARRYING VALUE	FAIR VALUE	LESS THAN 1 YEAR	2 - 5 YEARS
Federal Agency Coupon Securities	\$4,014,857	\$4,059,857	\$4,014,857	\$0
Federal Agency Callable Securities	21,745,773	21,982,413	750,000	20,998,773
Municipal Securities	498,600	505,215	498,600	0
Local Assessment Notes ⁽¹⁾	416,227	416,227	0	416,227 ⁽¹⁾
Total Portfolio	<u>\$26,678,457</u>	<u>\$26,963,633</u>	<u>\$5,263,457</u>	<u>\$21,415,000</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, limits 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 LGIP. The LGIP is a 2a7 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 and LID Notes, (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 2008, the City’s regular tax levy was \$2.9549 per \$1,000 on a total assessed valuation of \$5,104,315,771, for a total regular levy of \$15,082,850. 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 2008 was \$.3040 per \$1,000, or \$1,551,730. 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

	<u>TAXES</u>	<u>ACCOUNTS</u>	<u>SPECIAL ASSESSMENTS</u>	<u>DUE FROM OTHER GVTS</u>	<u>INTEREST & PENALTIES</u>	<u>OTHER</u>	<u>TOTAL</u>
General Fund	\$4,313,871	\$1,310,866	\$0	\$60,694	\$183,547	\$0	\$5,868,978
Com & Econ Development	0	4,920,176	0	111,368	0	0	5,031,544
Nonmajor Governmental	216,451	276,809	388,697	1,682,407	1,958	0	2,566,322
Transit	823,168	0	0	199,946	0	0	1,023,114
Refuse	0	248,708	0	0	0	0	248,708
Wastewater	0	1,587,609	0	0	0	7,500	1,595,109
Water	0	(63,816) ⁽¹⁾	0	0	0	0	(63,816)
Irrigation	0	193,597	0	0	8,972	0	202,569
Stormwater	0	34,584	0	25,550	0	0	60,134
Internal Service Funds	0	680,433	0	0	63,487	0	743,920
Total	<u>\$5,353,490</u>	<u>\$9,188,966</u>	<u>\$388,697</u>	<u>\$2,079,965</u>	<u>\$257,964</u>	<u>\$7,500</u>	<u>\$17,276,582</u>

(1) Negative receivable occurred because of an over estimate in allowance for doubtful accounts in that year (i.e. a high percentage of older balances were collected). That single year does not represent a trend, therefore the annual estimate has not been changed.

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	\$42,355
Wastewater	135,074
Water	63,406
Irrigation	25,590
<i>Total</i>	<u>\$266,425</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	\$1,281,682
Miscellaneous	11,343
Community Economic Development	4,920,176
Special Revenue Funds:	
Parks & Recreation - Pool / Field Rentals	8,152
Streets / Sidewalk Repairs	14,060
Community Relations - Equipment Reimbursement	1,600
Arterial Street - Debt Service Assessment	15,140
Cemetery - Lot Sales	14,241
Public Safety Comm - Site Lease	10,720
Parking & Bus Impr - Assessment Levied on Businesses	4,081
Front St Bus Imp - Assessment Levied on Businesses w/in the Boundaries	495
Debt Service Funds:	
LID Fund - Special Assessments Not Yet Due	353,866
Capital Project Funds:	
Parks & Recreation Capital - Private Contributions	10,871
Total Deferred / Unearned Revenue for Governmental Funds	<u>\$6,646,427</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), transfer 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.
4. 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, 2008, 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, 2008 – 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	\$67,319	\$0
Special Revenue Funds:		
Community Services	0	17,635
Trolley	0	49,684
Total	<u>\$67,319</u>	<u>\$67,319</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 2008.

OPERATING TRANSFERS

TRANSFER OUT	TRANSFER IN						TOTAL
	GENERAL FUND	NONMAJOR GOVERNMENT	TRANSIT	WASTEWATER	STORMWATER	INTERNAL SERVICE	
General Fund	\$0	\$2,408,396	\$0	\$0	\$0	\$0	\$2,408,396
Nonmajor Governmental	40,000	2,745,807	63,553	0	0	80,677	2,930,037
Refuse	0	90,000	63,554	0	0	0	153,554
Wastewater	0	292,516	0	0	201,934	262,720	757,170
Water Operating Fund	0	114,058	95,330	32,939	0	0	242,327
Irrigation	0	83,750	31,777	0	0	0	115,527
Stormwater	0	0	0	0	0	42,395	42,395
Internal Services	0	0	63,554	0	0	0	63,554
Total	<u>\$40,000</u>	<u>\$5,734,527</u>	<u>\$317,768</u>	<u>\$32,939</u>	<u>\$201,934</u>	<u>\$385,792</u>	<u>\$6,712,960</u>

CAPITAL ASSETS

CAPITAL ASSET ACTIVITY

	BALANCE 1/1/08	ADDITIONS	ADJUSTMENTS	DELETIONS	BALANCE 12/31/08
Governmental Activities					
Capital Assets (not being depreciated):					
Land	\$10,812,032	\$871,451	\$0	(\$11,000)	\$11,672,483
Construction in Progress	18,442,657	8,098,976	(7,028,433)	(3,403)	19,509,797
Total Capital Assets (not being depreciated)	29,254,689	8,970,427	(7,028,433)	(14,403)	31,182,280
Capital Assets (being depreciated):					
Buildings & Structures	48,553,320	171,844	106,150	0	48,831,314
Other Improvements	\$9,855,141	314,461	1,299,597	0	11,469,199
Equipment & Machinery	\$8,105,209	392,842	719,276	(101,132)	9,116,195
Infrastructures	191,652,887	933,624	5,615,820	0	198,202,331
Capitalized Leases	1,267,620	0	0	0	1,267,620
Total Capital Assets (being depreciated):	259,434,177	1,812,771	7,740,843	(101,132)	268,886,659
Less Accumulated Depreciation for:					
Buildings & Structures	(13,982,948)	(1,066,330)	0	0	(15,049,278)
Other Improvements	(4,024,599)	(580,579)	0	0	(4,605,178)
Equipment & Machinery	(5,042,523)	(534,019)	(712,410)	95,409	(6,193,543)
Infrastructures	(125,054,733)	(5,667,952)	0	0	(130,722,685)
Capitalized Leases	(630,400)	(78,826)	0	0	(709,226)
Total Accumulated Depreciation	(148,735,203)	(7,927,706)	(712,410)	95,409	(157,279,910)
Total Capital Assets (being depreciated net)	110,698,974	(6,114,935)	7,028,433	(5,723)	111,606,749
Governmental Activities Capital Assets (net)	139,953,663	2,855,492	0	(20,126)	142,789,029
Internal Service Funds					
Capital Assets (not being depreciated):					
Construction in Progress	0	94,267	0	0	94,267
Capital Assets (being depreciated):					
Buildings	21,021	0	16,376	0	37,397
Other Improvements	4,076	0	3,175	0	7,251
Machinery	7,998,400	1,604,091	10,089,565	(575,298)	19,116,758
Total Capital Assets (being depreciated)	8,023,497	1,604,091	10,109,116	(575,298)	19,161,406
Less Accumulated Depreciation for:					
Buildings	(9,097)	(2,121)	(7,087)	0	(18,305)
Other Improvements	(509)	(362)	(397)	0	(1,268)
Machinery	(4,455,411)	(1,309,736)	(5,620,223)	511,922	(10,873,448)
Total Accumulated Depreciation	(4,465,017)	(1,312,219)	(5,627,707)	511,922	(10,893,021)
Total Capital Assets (being depreciated net)	\$3,558,480	\$291,872	\$4,481,409	(\$63,376)	\$8,268,385
Total Capital Assets - Governmental Activities	\$143,512,143	\$3,241,631	\$4,481,409	(\$83,502)	\$151,151,681

CAPITAL ASSET ACTIVITY (CONT...)

	BALANCE 1/1/08	ADDITIONS	ADJUSTMENTS	DELETIONS	BALANCE 12/31/08
Business-Type Activities					
Capital Assets (not being depreciated):					
Land	\$2,181,516	\$0	\$0	(\$18,143)	\$2,163,373
Construction in Progress	23,497,999	7,658,928	(1,051,093)	(75,344)	30,030,490
Total Capital Assets (not being depreciated)	25,679,515	7,658,928	(1,051,093)	(93,487)	32,193,863
Capital Assets (being depreciated):					
Buildings & Structures	62,300,548	0	8,623,904	(39,641)	70,884,811
Other Improvements	96,621,235	2,108,841	(7,564,564)	(357,145)	90,808,367
Equipment & Machinery	15,728,218	1,720,363	(8,247)	(78,384)	17,361,950
Completed Construction - Not Classified	0	0	0	0	0
Intangibles	221,830	0	0	0	221,830
Total Capital Assets (being depreciated)	174,871,831	3,829,204	1,051,093	(475,170)	179,276,958
Less Accumulated Depreciation for:					
Buildings & Structures	(37,095,086)	(2,092,945)	(1,781,732)	39,641	(40,930,122)
Other Improvements	(35,568,509)	(1,859,292)	1,781,732	155,211	(35,490,858)
Equipment & Machinery	(7,863,595)	(1,023,145)	0	69,578	(8,817,162)
Intangibles	(106,171)	0	0	0	(106,171)
Total Accumulated Depreciation	(80,633,361)	(4,975,382)	0	264,430	(85,344,313)
Total Capital Assets (being depreciated net)	\$94,238,470	(\$1,146,178)	\$1,051,093	(\$210,740)	\$93,932,645
Business-Type Activities Capital Assets (net)	\$119,917,985	\$6,512,750	\$0	(\$304,227)	\$126,126,508
Internal Service Funds					
Capital Assets Being Depreciated:					
Buildings	\$16,376	\$0	(\$16,376)	\$0	\$0
Other Improvements	3,175	0	(\$3,175)	0	0
Machinery	10,089,565	0	(10,089,565)	0	0
Total Capital Assets Being Depreciated	10,109,116	0	(10,109,116)	0	0
Less Accumulated Depreciation for:					
Buildings	(7,087)	0	7,087	0	0
Other Improvements	(397)	0	397	0	0
Machinery	(5,620,223)	0	5,620,223	0	0
Total Accumulated Depreciation	(5,627,707)	0	5,627,707	0	0
Total Capital Assets (being depreciated net)	\$4,481,409	\$0	(\$4,481,409)	\$0	\$0
Total Capital Assets - Business-Type Activities	\$124,399,394	\$6,512,750	(\$4,481,409)	(\$304,227)	\$126,126,508

NOTE: The 2008 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	\$111,665
Security of Persons and Property	836,645
Physical Environment	9,260
Transportation	5,823,731
Economic Environment	77,913
Cultural and Recreational Environment	1,068,492
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,312,219</u>

Total Depreciation - Governmental Activities \$9,239,925

BUSINESS-TYPE ACTIVITIES

Transit	\$895,997
Wastewater	2,776,932
Water	1,111,165
Irrigation	<u>181,771</u>

Total Depreciation - Business Type Activities \$4,965,865⁽¹⁾

(1) Some capital assets in the category of Other Improvements were transferred from Wastewater to the new Stormwater fund when it was established. The transfer was made net of depreciation of \$9,517.

COMMITMENTS

CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2008. The projects include improvements to the Wastewater facility and collection system, widening and construction of existing streets, the rebuilding of the Irrigation system, and improvements to the water distribution system, including drilling a new well.

CURRENT CONSTRUCTION PROJECTS

<u>PROJECT</u>	<u>CONTRACT AMOUNT</u>	<u>SPENT TO DATE</u>	<u>REMAINING COMMITMENT</u>
Wastewater Treatment Plant and Mains	\$7,081,185	\$3,114,863	\$3,966,322
Street Construction	4,145,212	2,958,259	1,186,953
Irrigation System Design / Rebuild	1,868,816	802,860	1,065,956
Water System	1,541,014	98,814	1,442,200
Total	<u>\$14,636,227</u>	<u>\$6,974,796</u>	<u>\$7,661,431</u>

Street constructions are being financed by gas tax and federal, state or local grants. Wastewater improvements are being financed by revenue bond proceeds, State Public Works Trust Fund loans and wastewater utility revenues/capital reserves. Irritation improvements are funded by irrigation capital rates/reserves. Water system improvements are being financed by a State Public Works Trust Fund loan and 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*, and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

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. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

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.

PERS 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 (AFC) per year of service, capped at sixty-percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire 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 optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS 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 with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire 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 (based on the 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 AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2007, 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 they may retire at age 55 with 10 years of service. Plan 3 members who retire 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 were given the choice to participate in the Judicial Benefit Multiplier (JBM) Program. Justices or judges in PERS Plan 1 and 2 were allowed 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 AFC. Judges in PERS Plan 3 could 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 would: accrue service credit at the higher multiplier beginning with the date of their election, be subject to the benefit cap of 75 percent of AFC, 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 would: 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.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who have not previously opted into PERS membership, were required to participate in the JBM Program. Members required to participate in the JBM program would: 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 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and beneficiaries receiving benefits	71,244
Terminated plan members entitled to but not yet receiving benefits	26,583
Active plan members vested	105,447
Active plan members nonvested	<u>52,575</u>
<i>Total</i>	<u><u>255,849</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 member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. 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, 2008, 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⁾	8.31% ⁽²⁾	8.31% ⁽²⁾	8.31% ⁽³⁾
Employee	6.00% ⁽⁴⁾	5.45% ⁽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 12.39% for Plan 1 and 8.31% 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 5.45% 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⁾	10.81%	10.81%	10.81% ⁽²⁾
Employer-Local Gov't ⁽¹⁾	8.31%	8.31%	8.31% ⁽²⁾
Employee-State Agency	9.76%	11.13%	7.50% ⁽³⁾
Employee-Local Gov't	12.26%	13.63%	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>
2008	145,121	1,456,931	252,135
2007	133,956	1,087,755	171, 842
2006	83,761	569,572	82,908

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, firefighters and, as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. 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.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 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.

LEOFF 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 (FAS) is as follows:

BENEFIT PERCENTAGE

TERM OF SERVICE	% OF FINAL AVERAGE
Twenty or More Years	2.0%
Ten years, less than twenty years	1.5%
Five years, less than ten years	1.0%

The FAS 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. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF 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 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and beneficiaries receiving benefits	9,085
Terminated plan members entitled to but not yet receiving benefits	633
Active plan members vested	12,904
Active plan members nonvested	<u>3,708</u>
<i>Total</i>	<u><u>26,330</u></u>

Starting on July 1, 2000, LEOFF 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. LEOFF 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, 2008, were as follows:

CONTRIBUTION RATES

	<u>LEOFF PLAN 1</u>	<u>LEOFF PLAN 2</u>
Employer ⁽¹⁾	0.16%	5.46% ⁽²⁾
Employee	0.00%	8.83%
State	N/A	3.53%

(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>
2008	\$618	\$916,053
2007	708	784,226
2006	1,086	672,425

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, 2008, 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, 2017.

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, 2008, 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, 2008. 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, 2017.

**SUMMARY OF FIREMEN’S PENSION AND POLICE PENSION
SCHEDULE OF FUNDING PROGRESS
(ROUNDED TO THOUSANDS)**

	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	\$70	\$10,455	\$10,375	1%	\$270	3,843%
	1/1/03	658	8,520	7,862	8%	0	N/A
	1/1/08	646	9,935	9,289	7%	0	N/A
Police Pension	1/1/98	0	8,277	8,277	0%	264	3,135%
	1/1/03	0	8,154	8,154	0%	0	N/A
	1/1/08	0	9,002	9,002	0%	0	N/A

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 UC eXpress to represent the City in appeal hearings and to provide audits of state awards.

The State of Washington invoices the City on a quarterly basis for reimbursement of claims which represent payment of unemployment compensation and related administrative costs. Resources accrue to the Unemployment Compensation Reserve Fund through monthly charges made to each Operating Fund based on employee earnings. Normal accrual rates have been between .5 and .75 percent of gross payroll, while costs under the monthly premium program would have been approximately 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 2008 of \$84,641. Incurred but not reported claims of \$21,162 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 2008 were \$7,078,263. Incurred but not reported claims of \$1,247,884 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 \$175,000 of claims for an individual employee or dependent. Any charges accrued by an individual in excess of \$175,000 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 (\$175,000). 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.) In 2008, the individual stop-loss was increased from \$150,000 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 Intermountain Claims, Inc.

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 2008 were \$1,238,443. Based on the claims manager's estimate, the City has accrued incurred but not reported claims of \$1,128,115 at December 31, 2008.

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 Safety National Casualty 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 2008 were \$2,124,257. 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, 2008, is \$1,100,000.

CITIES INSURANCE ASSOCIATION OF WASHINGTON

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 97 member cities and 162 associate cities.

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, 2007 and 2008 was \$1,242,382 and \$1,321,289 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.

WASHINGTON STATE TRANSIT INSURANCE POOL

Yakima Transit is a member of the Washington State Transit Insurance Pool (WSTIP). WSTIP is a 23 member self insurance program located in Olympia, Washington. WSTIP supplies Yakima Transit auto liability, general liability, and public official's liability coverage. For 2008 general and auto liability claims Yakima Transit had first dollar coverage with no deductible, and a \$5,000 deductible for public official's claims.

The Washington State Transit Insurance Pool (WSTIP) was formed by Interlocal Agreement on January 1, 1989, pursuant to Chapters 48.61 and 39.34 RCW. The purpose for forming WSTIP was to provide member Transit Systems programs of joint self-insurance, joint purchasing of insurance and joint contracting for hiring of personnel to provide risk management, claims handling and administrative services. Transit authorities joining the Pool must remain members for a minimum of 36 months; a member may withdraw from the Pool after that time by giving 12 months notice. Any member who withdraws will not be allowed to rejoin the Pool for a period of 36 months. Transit authorities applying for membership in the Pool may do so on approval of a simple majority vote of the Board of the Pool. The Pool underwriting and rate-setting policies have been established after consultation with actuaries. The Pool members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Pool were to be exhausted, members would be responsible for the Pool's liabilities. WSTIP is regulated by the Washington State Risk Manager and audited yearly by the Washington State Auditor.

Yakima Transit has not presented any claims to WSTIP in the last three years that exceeded its current coverage limits through WSTIP.

Yakima Transit carries the following policies of insurance with the indicated limits of liability.

RISK	COVERAGE PERIOD	COVERAGE
Auto Liability	1/1/08 - 12/31/08	\$12,000,000 per occurrence with a \$0 deductible
General Liability	1/1/08 - 12/31/08	\$12,000,000 per occurrence with a \$0 deductible
Public Officials	1/1/08 - 12/31/08	\$12,000,000 per claim/aggregate with a \$5,000 deductible

Coverage for public official liability is on a "claims made basis". All other coverage's are on an "occurrence" basis.

Changes in the balance of claims liability during 2008 follows:

	2008	2007
Unpaid Claims, January 1	\$1,100,000	\$1,100,000
Incurred Claims (including incurred but not reported)	698,409	1,097,202
Claim Payments (including direct legal costs)	(698,409)	(1,097,202)
<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

		<u>LIMIT By SECTION</u>	<u>CUMULATIVE LIMIT</u>
General Purpose:			
Without a Vote (includes capital leases)	1.50%		
With a Vote	1.00%	2.50%	2.50%
Utilities Purpose		2.50%	5.00%
Open Space and Parks Facilities		2.50%	7.50%
	TOTAL LEGAL LIMIT	<u>7.50%</u>	

The basic percentages for Section I are the maximum levels of indebtedness those sections may incur. However, utility or parks indebtedness may each exceed 2.50% and reduce the general indebtedness margin. The percentages are applied to the taxable assessed value (regular levies) of \$5,368,959,341 resulting in the debt limits, as of December 31, 2008, for the City as follows:

DEBT LIMITS

	WITHOUT A VOTE	----- WITH A VOTE -----		
	GENERAL PURPOSE 1.5%	GENERAL PURPOSE 2.5%	UTILITIES 5.0%	OPEN SPACE & PARKS 7.5%
Legal Limit	\$80,534,390	\$134,223,984	\$268,447,968	\$402,671,952
Net Outstanding Indebtedness*	19,880,859	21,219,620	21,219,620	21,219,620
Margin Available	<u>\$60,653,531</u>	<u>\$113,004,364</u>	<u>\$247,228,348</u>	<u>\$381,452,332</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 2008.

LONG-TERM LIABILITIES

	BALANCE		PAYMENTS/	BALANCE	AMOUNTS
	1/1/2008	ADDITIONS	RETIREMENTS	12/31/2008	DUE WITHIN
					ONE YEAR
Governmental Activities					
General Obligation Debt					
Line of Credit	\$24,569	\$0	\$24,569	\$0	\$0
Bonds	20,812,913	2,950,000	1,789,861	21,973,052	1,854,241
Total General Obligation Debt:	20,837,482	2,950,000	1,814,430	21,973,052	1,854,241
Intergovernmental Loans					
Contractual Agreement - Yakima County	1,686,538	0	392,210	1,294,328	393,420
Special Assessment - Notes	166,976	241,500	93,216	315,260	68,591
Lease Purchase Agreements	370,700	0	36,100	334,600	52,393
Unfunded Post Employment Benefits Liability	287,346	0	215,641	71,705	61,647
Vacation/Sick Leave Accrual	4,800,753	2,402,447	0	7,203,200	0
Total Gov't Activities Long-term Debt	5,732,001	396,115	0	6,128,116	0
Business-type Activities					
Revenue Debt Payable:					
Revenue Bonds	\$24,661,317	\$8,840,000	\$5,776,317	\$27,725,000	\$1,645,000
Intergovernmental Loans	9,198,575	2,301,750	907,506	10,592,819	972,419
SIED Loans - Yakima County	62,481	0	13,379	49,102	14,066
Unam Debt Issue Cost/Prem/Disc/Def Amt	38,335	0	(28,338)	66,673	0
Total Revenue Debt Payable	33,960,708	11,141,750	6,668,864	38,433,594	2,631,485
Total Long-term Debt	<u>\$67,842,504</u>	<u>\$17,131,812</u>	<u>\$9,220,461</u>	<u>\$75,753,855</u>	<u>\$5,061,777</u>

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 and gas tax for the principal and interest payments due within a fiscal year and provides the amounts in the respective Debt Service Fund.

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.

GENERAL OBLIGATION BONDS

	DATE OF FINAL MATURITY	INTEREST RATE	ORIGINAL ISSUE	OUTSTANDING 12/31/2008	AVERAGE ANNUAL DEBT SERVICE
Special Property Tax Levy					
2004 Fire Improvement Bonds Ref 1995	12/01/2014	2.0% - 3.5%	\$2,300,000	\$1,545,000	290,609
Regular Property Tax Levy					
G.O. Line of Credit-Chesterley Park Parking Lot	12/19/2008	Variable	104,569	0	24,569
2005 Parks Capital Projects	12/01/2015	4.0% - 4.5%	755,000	560,000	94,432
2008 Fire Ladder Truck	12/01/2021	3.25% - 4.0%	760,000	750,000	75,249
Total Regular Property Tax Levy			1,619,569	1,310,000	
Regular Property Tax Levy/Real Excise Tax/Gas Tax					
1998 Street Overlay Program Bonds	06/01/2008	4.0%-4.5%	1,430,000	0	0
2007 River Road Street Project Bond	05/01/2017	4.0%-5.0%	1,765,000	1,620,000	219,703
2007 Fire Station West Valley Rehab Bond	05/01/2022	4.0%-5.0%	815,000	775,000	73,327
2007 Downtown Revitalization Project Bond	05/01/2022	4.0%-4.5%	1,490,000	1,415,000	133,772
2008 Third Ave/Mead Walnut St Project Bond	12/01/2019	3.25% - 4.0%	2,190,000	2,145,000	240,650
Total Regular Property Tax Levy/Real Excise Tax			7,690,000	5,955,000	
Hotel / Motel Tax					
2004 Conv Center Expansion Bonds Ref 1996	11/01/2019	2.0% - 4.2%	4,175,000	3,720,000	421,199
Public Facilities District (State Sales Tax Credit)					
2002 Convention Ctr Addition	06/01/2026	3.0%-5.0%	6,735,000	885,000	240,611
2007 Convention Ctr Addition Refunding 2002	05/01/2026	4.0%-5.0%	4,910,000	4,900,000	403,986
Total Public Facilities District			11,645,000	5,785,000	
Business Licenses & Real Estate Excise Tax					
2003 Sundome Expansion	12/01/2023	2.34%-4.72%	1,430,528	1,298,052	1,448,649
Utility Tax					
2003 Criminal Justice/I-82 Bonds ref 1994	12/01/2013	4.35%-5.25%	4,155,000	2,360,000	514,980
			<u>\$33,015,097</u>	<u>\$21,973,052</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. 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.

On June 6th, 2008, the City issued \$8,840,000 par value in Water/Wastewater Revenue Bonds. Part of the new bond issue of \$5,440,000 will be used to finance various Wastewater projects and will mature in 2027.

The balance of \$3,400,000 was used to refund 1998 Water/Wastewater bonds maturing in 2011 and 2018. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net assets. This transaction resulted in an economic gain of \$94,378 and a reduction of \$30,000 in future debt service payments.

UTILITY REVENUE BONDS

	DATE OF FINAL MATURITY	INTEREST RATE	ORIGINAL ISSUE	OUTSTANDING 12/31/2008	AVERAGE ANNUAL DEBT SERVICE
1996 Water/Wastewater Revenue Bonds (Refund of 1978 Issue)	12/01/08	4.0%-5.2%	\$3,320,000	\$0	\$0
1998 Water/Wastewater Revenue Bonds (Refund of 1991 Issue)	9/01/11	4.0%-4.3%	4,715,000	0	0
1998 Water Revenue Bonds	9/01/18	4.0%-5.0%	3,195,000	0	0
2001 Apple Tree Bond	6/01/41	6.00%	600,000	0	0
2003 Wastewater Revenue Bonds	11/01/2023	2.0%-5.0%	17,545,000	14,170,000	1,347,313
2004 Irrigation Revenue Bonds	09/01/2034	2.0%-4.8%	5,215,000	4,805,000	320,230
2008 Water/Wastewater Revenue Bonds (Refund of 1998 - Refund of 1991)	11/01/2011	4.0-5.0%	1,516,049	1,510,000	543,378
2008 Water Rev Bonds (Refund of 1998)	11/01/2018	4.0-5.0%	1,883,951	1,875,000	235,397
2008 Wastewater Revenue Bonds	11/01/2027	4.0-5.0%	5,440,000	5,365,000	413,259
			<u>\$43,430,000</u>	<u>\$27,725,000</u>	

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

REVENUE DEBT SERVICE

	BONDED DEBT	INTEREST	NOTES AND CONTRACTS	INTEREST
2009	\$1,645	1,215	\$972	\$67
2010	1,705	1,158	945	59
2011	1,765	1,097	945	52
2012	1,285	1,031	945	45
2013	1,335	983	884	38
2014 - 2018	7,555	4,018	2,876	120
2019 - 2023	8,250	2,158	2,329	53
2024 - 2028	2,550	701	697	9
2029 - 2033	1,330	271	0	0
2034	305	15	0	0
	<u>\$27,725</u>	<u>\$12,647</u>	<u>\$10,593</u>	<u>\$443</u>

At December 31, 2008, the City had \$2,361,674 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 19 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 12/31/2008</u>
Real Estate Transfer Tax				
PW-5-89-962-0056 ~ Resignalization & Lighting	1%	7/1/2009	\$765,000	\$42,151
PW-5-89-962-0057 ~ Fruitvale Canal Wasteway Pipeway	3%	7/1/2009	174,879	6,377
PW-5-91-280-071 ~ Fruitvale Canal Wasteway	3%	7/1/2011	1,188,000	182,006
Arterial Street Gas Tax				
PW-5-90-280-050 ~ Tieton Drive, 5th Avenue to 16th Avenue	3%	7/1/2010	803,157	63,512
PW-5-91-280-070 ~ N. 1st Avenue, Yakima Avenue to "I" Street	1%	7/1/2011	1,155,000	149,913
PW-5-95-791-052 ~ Fair Avenue Improvements	1%	7/1/2015	1,000,000	372,755
PW-00-691-062 ~ Downtown Yakima Rehabilitation Project	1%	6/10/2010	1,180,000	252,095
General Fund Sales Tax				
CERB loan #C95-107 Utilities-Madison Ave. and 8th, "J" St and 8th	6%	7/1/2016	425,448	225,519
Sub-Total -- General Long-Term Debt				<u>\$1,294,328</u>
Wastewater Operating Revenue				
PW-88-962-54 ~ Treatment Plant Rehabilitation	1%	7/1/2008	945,000	0
PW-5-92-280-046 ~ Wastewater Collection System Improvements	1%	7/1/2012	1,120,000	246,924
PW-5-93-280-054 ~ Wastewater Facility Rehabilitation	1%	7/1/2013	3,221,708	852,528
PW-5-94-784-049 ~ Wastewater Collection System Improvements	1%	7/1/2014	1,481,000	245,394
PW-5-95-791-053 ~ Headworks/Digester Rehabilitation	1%	7/1/2015	3,030,558	1,143,621
PW-5-95-791-054 ~ Wastewater Improvements King Street Collector	1%	7/1/2015	209,367	81,796
PW-01-691-071 ~ Fruitvale Neighborhood WW-Water Project Phase I	.5%	7/1/2021	1,466,250	1,009,125
PW-05-691-064 ~ Fruitvale Neighborhood WW-Water Project Phase I	.5%	7/1/2025	2,307,000	1,989,619
PW-07-962-019 ~ Ultra Violet Disinfection	.5%	7/1/2027	2,300,000	2,185,000
Water Operating Revenue:				
PW-5-89-962-0058 Domestic Well and Pumphouse	3%	7/1/2009	495,000	27,273
PW-03-027 Naches River Water Treatment Plt Impr	.5%	7/1/2023	2,694,000	2,020,875
SRF-04-65104-037 Naches River Water Treatment Filter Rehab	.5%	10/1/2025	966,772	790,663
Sub-Total - Revenue Debt				<u>10,592,818</u>
Total Intergovernmental Loans				<u>\$11,887,146</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

FUNDING SOURCE / USE	ISSUE DATE	MATURITY DATE	ORIGINAL ISSUE	OUTSTANDING 12/31/2008
Real Estate Excise Taxes	1989 Issue	11/01/2008	\$781,518	\$0
Contracted Assessment	2001 Issue	06/01/2011	44,000	15,141
Hotel/Motel Tax	2003 Issue	06/01/2010	75,000	21,428
Contracted Assessment	2005 Issue	06/01/2010	25,000	10,706
Contracted Assessment	2006 Issue	06/01/2012	64,500	38,396
Contracted Assessment	2006 Issue	06/01/2011	50,000	42,702
Contracted Assessment	2008 Issue	06/01/2012	27,500	21,987
Contracted Assessment	2008 Issue	06/01/2012	214,000	214,000
			<u>\$1,281,518</u>	<u>\$364,360</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

	BONDED DEBT	INTEREST	NOTES AND CONTRACTS	INTEREST
2009	\$1,854	\$813	\$393	\$28
2010	1,918	764	346	20
2011	1,973	706	190	14
2012	2,032	646	80	10
2013	2,109	581	82	8
2014-2018	7,129	2,015	203	12
2019-2023	3,678	981	0	0
2024-2026	1,280	81	0	0
	<u>\$21,973</u>	<u>\$6,587</u>	<u>\$1,294</u>	<u>\$92</u>

At December 31, 2008, the City had \$687,376 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; 06/05/10 Wastewater	
North 85th Avenue Sewer Installment Note, 10.75% Interest	\$4,500
LID #1056; 12/17/2015 Wastewater	
South 7th, 8th, & 9th Avenue Installment Note, 8.75% Interest	125,400
LID #1057; 05/01/2016 Wastewater	
North 84th Ave & Hawthorne Dr - Installment Note, 9.25% Interest	100,000
LID #1058; 05/01/2016 Wastewater	
North 90th Ave, 94th Pl, Yakima Ave Installment Note, 9.25% Interest	<u>104,700</u>
<i>Total</i>	<u><u>\$334,600</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, 2008, of the LID Guarantee Fund totaled \$79,719.

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:

Printer/Copier	\$5,038
Wireless Data Network	34,873
Printer/Copier	8,837
Vehicles	<u>22,958</u>
<i>Total</i>	<u>\$71,706</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, 2008, for the fiscal year listed:

2009	\$62,661
2010	10,286
Less: Amount Representing Interest	<u>(1,241)</u>
<i>Present Value of Net Minimum Lease Payments</i>	<u>\$71,706</u>

UNFUNDED POST EMPLOYMENT BENEFIT 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, 2008.

Starting in 2008, the City implemented GASB 45 for Other Post Employment Benefits (OPEB), and initial actuarial evaluations were performed as of January 1, 2008. By State statute, the City is required to provide healthcare benefits for certain retired police officers and firefighters. The City's self-insured medical plan allows retirees and the eligible dependents to self-pay premiums using the same rate as active employees, until they reach age 65, thereby creating an "implicit rate subsidy". All three of the programs are pay-as-you-go.

The following chart details the outstanding liabilities:

	<u>BALANCE</u> <u>1/1/08</u>	<u>ADDITIONS</u>	<u>BALANCE</u> <u>12/31/08</u>
Unfunded Pension Liability – Police	\$4,800,753	\$621,208	\$5,421,961
Unfunded OPEB Liability – Fire LEOFF 1	0	678,235	678,235
Unfunded OPEB Liability – Police LEOFF 1	0	577,126	577,126
Unfunded OPEB Liability – Non-LEOFF 1	0	525,878	525,878
Total Post Employment Benefit Liability	<u>\$4,800,753</u>	<u>\$2,402,447</u>	<u>\$7,203,200</u>

Both the Police Pension and Police OPEB are paid out of a department in the General Fund. The Fire OPEB are paid through the Firemen’s pension trust fund. The non-LEOFF retiree benefits are being paid annually through the Employees Health Benefit Reserve fund. The unfunded pension liability will be adjusted annually by comparing actual expenditures for benefits to the actuarially determined contribution.

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 \$1,646,019 at December 31, 2008.

See Note 5 for additional information on the pension funds, and Note 11 for additional information on Other Post Employment Benefits.

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 2005). 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, 2008, 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, 2008, 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 2010 or 2011. 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>
CONDENSED STATEMENT OF NET ASSETS		
Assets		
Current Assets	\$18,065,091	\$3,810,913
Restricted Assets	2,326,238	35,436
Capital Assets	<u>102,444,902</u>	<u>12,280,054</u>
Total Assets	122,836,231	16,126,403
Liabilities		
Current Liabilities	\$4,775,824	\$647,589
Noncurrent Liabilities	<u>31,395,453</u>	<u>4,575,585</u>
Total Liabilities	36,171,277	5,223,174
Net Assets		
Invested in Capital Assets, Net of Related Debt	77,305,020	7,523,882
Restricted	2,326,238	35,436
Unrestricted	<u>7,033,696</u>	<u>3,343,911</u>
Total Net Assets	<u>\$86,664,954</u>	<u>\$10,903,229</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS		
Operating Revenues		
Charges for Services	\$21,275,922	\$2,559,024
Other Operating Revenues	<u>16,293</u>	<u>3,662</u>
Total Operating Revenues	21,292,215	2,562,686

	WATER / WASTEWATER	IRRIGATION
Operating Expenses		
Operations and Maintenance	15,602,009	1,293,009
Depreciation	3,888,097	181,771
Total Operating Expenses	19,490,106	1,474,780
Operating Income (Loss)	\$1,802,109	\$1,087,906
Non-Operating Revenues (Expenses)		
Operating Grants and Subsidies	\$0	\$0
Miscellaneous Interest (Net)	(906,348)	(189,908)
Other Non-Operating (Net)	1,665,080	0
Total Non-Operating Revenues (Expenses)	758,732	(189,908)
Income (Loss) Before Contributions and Transfers	2,560,841	897,998
Capital Contributions	2,566,687	0
Operating Transfers (Net)	(966,558)	(115,527)
Change in Net Assets	4,160,970	782,471
Total Net Assets - January 1	82,503,984	10,120,758
Total Net Assets - December 31	<u>\$86,664,954</u>	<u>\$10,903,229</u>
CONDENSED STATEMENT OF CASH FLOWS		
Net cash Provided (Used) by		
Operating Activities	\$5,957,349	\$1,273,265
Capital and Related Financing Activities	726,630	(3,184,564)
Investing Activities	(804,770)	2,021,152
Net Increase (Decrease)	5,879,209	109,853
Beginning Cash and Cash Equivalents	3,772,444	533,927
Ending Cash and Cash Equivalents	<u>\$9,651,653</u>	<u>\$643,780</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, 2008, is as follows:

YAKIMA AIR TERMINAL FINANCIAL DATA

ASSETS	
Current Assets	\$888,789
Property, Plant and Equipment, Net	6,929,222
Intangible Assets, Net	63,991
Construction in Progress	847,603
Total Assets	<u>8,729,605</u>
LIABILITIES	
Current Liabilities	83,799
Other Liabilities - Long-term Debt	30,485
Total Liabilities	<u>114,284</u>
NET ASSETS	
Restricted Net Assets	7,970,306
Unrestricted Net Assets	645,015
Total Net Assets	<u>\$8,615,321</u>
REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS	
Operating Revenues	\$1,060,754
Operating Expenses:	
Operations/Maintenance	1,046,431
Depreciation	1,171,079
Total Operating Expenses	<u>2,217,510</u>
Total Operating Income (Loss)	<u>(\$1,156,756)</u>
Non-operating Revenues (Expenses):	
Miscellaneous Interest Revenue	\$13,278
Operating Subsidies	418,481
Other	197,098
Total Non-operating Revenues (Expenses)	<u>628,857</u>
Total Net Income (Loss)	<u>(\$527,899)</u>
Total Net Assets, January 1	<u>\$9,143,222</u>
Total Net Assets, December 31	<u>\$8,615,323</u>

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

NOTE 11 – 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 2008, the costs totaled \$687,047 for the Firemen's Pension which has a total of 64 participants currently eligible to receive benefits and \$721,262 for the Police Pension which has a total of 48 participants currently eligible to receive benefits.

In 2008 the City engaged Milliman USA Consultants and Actuaries to perform an actuarial valuation of other postemployment benefits (OPEB) obligations for LEOFF I Fire/Police and Non-LEOFF I employees, in accordance with GASB 45.

LEOFF I EMPLOYEES

Under RCW law, retiree medical, hospital, and nursing care as long as a disability exists are covered for any active firefighter hired prior to March 1, 1970. For any retired officer hired prior to March 1, 1970, retiree medical, hospital, and nursing care are covered at the discretion of the Retirement Board. Members retired prior to 1961 for reasons other than duty disability are not eligible for retiree medical benefits during retirement. Under LEOFF Law, the necessary hospital, retiree medical, and nursing care expenses not payable by Workers' Compensation, Social Security, etc. are covered for any active or retired LEOFF 1 member.

Effective January 1, 2007, the City began reimbursing dental costs up to an annual maximum of \$500 for LEOFF I Fire/Police employees.

ELIGIBILITY

Employees are eligible to receive lifetime retiree medical benefits upon service retirement after age 50 with at least five years of service. If they are not eligible to retire when leaving LEOFF, but have 20 years of service credit, they are eligible for retiree medical benefits when pension benefits commence. Employees also receive lifetime benefits upon disability.

RETIREE PREMIUMS

Funding Policy - Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW. The City's funding policy is based upon pay-as-you-go financing requirements.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that if paid on an ongoing basis is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2008. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB. The net OPEB obligation of \$1,255,361 is included as a non-current liability on the Statement of Net Assets.

NET OPEB OBLIGATION

	LEOFF FIRE 12/31/08	LEOFF POLICE 12/31/08
Annual Required Contribution (ARC)		
Annual Normal Cost (BOY)	\$42,839	\$45,860
Amortization of UALL (BOY)	1,276,274	1,208,621
Interest	46,169	43,907
ARC at End of Year (EOY)	1,365,282	1,298,388
Interest on Net OPEB Obligation	0	0
Adjustment to ARC	0	0
Annual OPEB Cost	1,365,282	1,298,388
Employer Contributions	687,047	721,262
Change in Net OPEB Obligation	678,235	577,126
Net OPEB Obligation at BOY	0	0
Net OPEB Obligation	<u>\$678,235</u>	<u>\$577,126</u>

Funded Status and Funding Progress - As of January 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$47,302,000 and the actuarial value of the assets was \$0 resulting in a UAAL of \$47,302,000

SCHEDULE OF FUNDING PROGRESS
(Amount Expressed in Thousands)

	FISCAL YEAR ENDED	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED ACT. ACC. LIAB. (UALL)	FUNDED RATIO	COVERED PAYROLL	UALL AS A % OF COVERED PAYROLL
Police	1/1/08	\$0	\$23,007	\$23,007	0%	.16	0%
Fire	1/1/08	\$0	\$24,295	\$24,295	0%	.29	0%

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

OPEB CONTRIBUTIONS - GASB 45

	FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF OPEB COST CONTRIBUTED	NET OPEB OBLIGATION
Police	12/31/08	\$1,298,388	56%	\$577,126
Fire	12/31/08	\$1,365,282	50%	\$678,235

NON-LEOFF I EMPLOYEES

The City of Yakima provides to its retirees employer-provided subsidies associated with postemployment medical benefits. Retirees eligible to receive pension benefit payments along with their qualifying dependents are eligible to remain on the medical insurance plan up to Medicare eligible age 65, by self-paying the entire composite premium rates which blend both active and inactive (i.e. retired) member claims history.

ELIGIBILITY

City members are eligible for retiree medical benefits after becoming eligible for retirement pension benefits (either reduced or full pension benefits). Spouses of retired members of Plan 1 of

LEOFF are also eligible for benefits. Also, dependent children of retirees under the age of 25 are eligible for benefits.

Only people under age 65 are eligible for benefits.

Former members who are entitled to a deferred vested pension benefit are eligible to receive medical benefits after pension benefit commencement. Spouses under age 65 of covered members are eligible for medical benefits after the members' benefits terminate due to death or obtaining age 65.

MEDICAL BENEFITS

Upon retirement, members are permitted to receive medical benefits. Retirees pay \$442.73 per month for pre-65 Medical coverage for 2008. If a retiree chooses to cover his spouse and/or eligible family an amount of \$446.26 per month for pre-65 Medical coverage will be paid in 2008.

FUNDING POLICY

The funding policy is based upon the pay-as-you-go financing requirements.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The City's annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2008. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB.

	<u>1/1/08</u>
Determination of Annual Required Contribution	
Normal Cost	\$473,260
Amortization of UAAL	367,909
Interest to Year End	<u>29,441</u>
Annual Required Contribution (ARC)	\$870,610
Determination of Net OPEB Obligation	
Annual Required Contribution (ARC)	\$870,610
Interest on Prior Year Net OPEB Obligation	0
Adjustment to ARC	<u>0</u>
Annual OPEB Cost	870,610
Employer Contributions	<u>344,732</u>
Net OPEB Obligation - End of Year	<u><u>\$525,878</u></u>

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

EMPLOYER CONTRIBUTIONS - NON-LEOFF

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>PERCENTAGE OF OPEB COST CONTRIBUTED</u>	<u>NET OPEB OBLIGATION</u>
12/31/08	\$870,610	39.6%	\$525,878

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2008 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions used included a 3.5% discount rate, which is based upon the long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Medical trend assumptions range from 9.5% for 2008 dropping gradually to 5% in 2017 and beyond.

The UAAL is being amortized on a closed basis at the assumed discount rate. The remaining amortization period at January 1, 2008 was 30 years.

FUNDED STATUS AND FUNDING PROGRESS

As of January 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$7.0 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$7.0 million.

SCHEDULE OF FUNDING PROGRESS

FISCAL YEAR ENDED	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED ACT. ACC. LIAB. (UAAL)	FUNDED RATIO	COVERED PAYROLL	UALL AS A % OF COVERED PAYROLL
12/31/08	\$0	\$7,003,432	\$7,003,432	0%	N/A	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE 12 – OTHER DISCLOSURES

ACCOUNTING AND REPORTING CHANGES**CHANGES IN ACCOUNTING PRINCIPLE**

In a refinement of GASB 34, GASB has issued guidance regarding accounting for Internal Service Funds. Previously, Internal Service Funds were ratably allocated between Governmental type or Business type activities. In the 2008 report, Internal Service Funds have been consolidated in Governmental Type Activities in the Statement of Net Assets as an analysis of these transactions revealed that the majority of Internal Service Fund Activities were dedicated to Governmental Activities. The change will be reported prospectively, beginning in 2008, as a change to beginning equity on the City-wide Statements would be immaterial.

OTHER POST EMPLOYMENT BENEFITS LIABILITY DISCLOSURE

In accordance with GASB 45, in 2008 the City implemented accounting for Other Post Employment Benefits (OPEB). These pronouncements provide a disclosure framework for non-pension benefits available to all City employees. The City has two different medical benefit programs for retirees (see Note 11 for plan descriptions and liability amounts). As this is an implementation of a new accounting promulgation, it is being presented prospectively in the Statement of Net Assets.

CHANGE IN ACCOUNTING ENTITY

In 2008, 2 new funds were created in the City to account for new activities

- The Capitol Theatre PFD Fund was created to account for revenues received under an Interlocal Agreement with the Yakima Regional Public Facilities District for the purpose of expanding and operating the historic Capitol Theatre. This is a Non-Major Governmental Fund, funded by a new state tax credit.
- Also created in 2008 were the Stormwater Operating and Capital Funds, reported on a consolidated basis, to account for the federally mandated activities of mitigating and treating surface water run-off. The Funds are supported by new user fees and are Non-Major Business Type Activities.

SUBSEQUENT EVENTS

On August 18, 2009, the City issued \$7,035,000 in Limited Tax General Obligation Bonds in 2 separate series - \$2,055,000 in Series 2009A, and \$4,980,000 in Series 2009B Taxable (Build America Bonds - Direct Payment). The proceeds from these bonds will be used to finance the expansion, rehabilitation, and improvement of the Capitol Theatre (a performing arts theatre located in the City); and to repay an interfund loan.

Series 2009A and Series 2009B will be retired in December 1, 2018 and December 1, 2032 (respectively). The average annual debt service of \$460,000 (net of the Federal subsidy) is intended to be paid from sales and use taxes received by the City from the Yakima Regional Public Facilities District.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

December 31, 2008

POLICE PENSION

FISCAL YEAR ENDING	ACTUAL EMPLOYER CONTRIBUTIONS TAXES	MEDICAL BENEFIT PAYMENTS & ADMIN EXPENSES	NET EMPLOYER CONTRIBUTION	ANNUAL REQUIRED CONTRIBUTION (ARC)	PERCENTAGE OF ARC CONTRIBUTED
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	81.29%
12/31/07	1,384,894	765,907	618,987	657,086	94.20%
12/31/08	1,279,173	723,381	555,792	546,180	101.76%

FIRE PENSION

FISCAL YEAR ENDING	ACTUAL EMPLOYER CONT'S TAXES & FIRE INS PREMIUMS	MEDICAL BENEFIT PAYMENTS & ADMIN EXPENSES	NET EMPLOYER CONTRIBUTION	ANNUAL REQUIRED CONTRIBUTION (ARC)	PERCENTAGE OF ARC CONTRIBUTED
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%
12/31/08	1,627,553	732,318	885,235	563,583	158.85%

POLICE OPEB

FISCAL YEAR ENDING	ACTUAL EMPLOYER CONTRIBUTIONS TAXES	MEDICAL BENEFIT PAYMENTS	NET EMPLOYER CONTRIBUTION	ANNUAL REQUIRED CONTRIBUTION (ARC)	PERCENTAGE OF ARC CONTRIBUTED
12/31/08	721,262	721,262	721,262	1,298,388	55.55%

FIRE OPEB

FISCAL YEAR ENDING	ACTUAL EMPLOYER CONTRIBUTIONS TAXES	MEDICAL BENEFIT PAYMENTS	NET EMPLOYER CONTRIBUTION	ANNUAL REQUIRED CONTRIBUTION (ARC)	PERCENTAGE OF ARC CONTRIBUTED
12/31/08	687,047	687,047	687,047	1,365,282	55.32%

NON-LEOFF OPEB

FISCAL YEAR ENDING	ACTUAL EMPLOYER CONTRIBUTIONS TAXES	MEDICAL BENEFIT PAYMENTS	NET EMPLOYER CONTRIBUTION	ANNUAL REQUIRED CONTRIBUTION (ARC)	PERCENTAGE OF ARC CONTRIBUTED
12/31/08	344,732	344,732	344,732	870,610	39.60%

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS (OPEB)**

(Dollar Amounts in Thousands)
December 31, 2008

	FISCAL YEAR ENDED	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED ACT. ACC. LIAB. (UALL)	FUNDED RATIO	COVERED PAYROLL	UALL AS A % OF COVERED PAYROLL
LEOFF I							
Police	12/31/08	\$0	\$23,007	\$23,007	0%	.16	0%
Fire	12/31/08	\$0	\$24,295	\$24,295	0%	.29	0%
NON-LEOFF	12/31/08	\$0	\$7,003	\$7,003	0%	N/A	N/A

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

December 31, 2008

With comparative totals for December 31, 2007

Page 1 of 1

	#100 SPECIAL REVENUE	#200 DEBT SERVICE	#300 CAPITAL PROJECT	#600 PERMANENT FUND	----- TOTAL ----- GOVERNMENTAL FUNDS 2008 2007	
ASSETS						
Cash & Equity in Pooled Investments	\$7,156,550	\$755,093	\$5,830,163	\$564,916	\$14,306,722	\$12,242,160
Receivables						
Taxes	204,463	11,988	0	0	216,451	238,637
Accounts	259,042	0	2,627	0	261,669	298,563
Special Assessments	4,576	0	0	0	4,576	7,287
LID Assessments - Delinquent	0	30,255	0	0	30,255	20,078
LID Assessments - Deferred	0	353,866	0	0	353,866	422,779
Notes/Contracts	15,140	0	0	0	15,140	19,786
Interest/Penalties	1,958	0	0	0	1,958	18,094
Other Receivables	0	0	0	0	0	2,000
Due from Other Government Units	821,811	0	860,596	0	1,682,407	1,351,878
Investments, at Amortized Cost	500,048	1,437	0	1,449	502,934	3,253,898
Total Assets	<u>\$8,963,588</u>	<u>\$1,152,639</u>	<u>\$6,693,386</u>	<u>\$566,365</u>	<u>\$17,375,978</u>	<u>\$17,875,160</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Warrants/Accounts Payable	\$487,662	\$0	\$302,048	\$0	\$789,710	\$1,133,571
Wages/Benefits Payable	794,476	0	0	0	794,476	689,007
Contracts Payable	56,172	0	48,103	0	104,275	205,920
Due to Other Funds	17,635	0	49,684	0	67,319	19,908
Due to Other Government Units	4,878	0	3,036	0	7,914	10,744
Deposits Payable	356,517	2,844	0	0	359,361	114,295
Deferred Revenue	68,487	353,866	10,871	0	433,224	518,408
Total Liabilities	<u>1,785,827</u>	<u>356,710</u>	<u>413,742</u>	<u>0</u>	<u>2,556,279</u>	<u>2,691,853</u>
Fund Balances:						
Reserved for:						
Encumbrances	73,243	0	89,253	0	162,496	1,021,513
Continuing Appropriations	0	0	151,173	0	151,173	426,282
Debt Service	0	795,929	0	0	795,929	879,543
Endowment	0	0	0	566,365	566,365	555,681
Parking and Business Improvement	8,963	0	0	0	8,963	26,050
Unreserved Designated - Replacement	521,118	0	2,295,740	0	2,816,858	1,619,621
Unreserved	6,574,437	0	3,743,478	0	10,317,915	10,654,617
Total Fund Balances	<u>7,177,761</u>	<u>795,929</u>	<u>6,279,644</u>	<u>566,365</u>	<u>14,819,699</u>	<u>15,183,307</u>
Total Liabilities and Fund Balances	<u>\$8,963,588</u>	<u>\$1,152,639</u>	<u>\$6,693,386</u>	<u>\$566,365</u>	<u>\$17,375,978</u>	<u>\$17,875,160</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, 2008,

With comparative totals for December 31, 2007

Page 1 of 1

	#100 SPECIAL REVENUE	#200 DEBT SERVICE	#300 CAPITAL PROJECT	#600 PERMANENT FUND	----- TOTAL ----- GOVERNMENTAL FUNDS 2008 2007	
REVENUES						
Taxes	\$8,909,086	\$1,121,274	\$2,036,820	\$0	\$12,067,180	\$12,240,044
Intergovernmental Revenues	5,630,200	0	1,830,807	0	7,461,007	13,639,141
Charges for Services	1,172,603	0	0	10,785	1,183,388	1,230,540
Interest	296,177	30,102	165,372	19,025	510,676	717,950
Other Revenues	1,226,326	68,964	236,957	0	1,532,247	1,343,434
Total Revenues	17,234,392	1,220,340	4,269,956	29,810	22,754,498	29,171,109
EXPENDITURES						
Current						
General Government	99,047	0	7,648	0	106,695	93,327
Security of Persons and Property	3,637,915	0	534,889	0	4,172,804	3,975,943
Physical Environment	324,177	0	0	0	324,177	351,031
Transportation	5,377,109	0	400,000	0	5,777,109	5,128,557
Economic Environment	1,304,077	0	6,558	0	1,310,635	1,166,234
Cultural & Recreational Environment	6,028,373	0	181,974	0	6,210,347	5,706,167
Capital Outlay						
General Government	0	0	522,591	0	522,591	143,564
Security of Persons and Property	0	0	299,246	0	299,246	1,105,290
Physical Environment	38,359	0	44,661	0	83,020	60,274
Transportation	2,437,346	0	1,292,488	0	3,729,834	7,462,636
Economic Environment	0	0	2,047,128	0	2,047,128	2,636,504
Cultural & Recreational Environment	487,897	0	1,114,675	0	1,602,572	1,006,609
Debt Service						
Principal Retirement	289,196	1,850,530	109,196	0	2,248,922	2,608,925
Interest	18,318	804,236	7,290	0	829,844	790,221
Total Expenditures	20,041,814	2,654,766	6,568,344	0	29,264,924	32,235,282
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$2,807,422)	(\$1,434,426)	(\$2,298,388)	\$29,810	(\$6,510,426)	(\$3,064,173)
OTHER FINANCING SOURCES (USES)						
Proceeds from L.T. Debt - G.O. Bonds	\$2,192,130	\$0	\$754,173	\$0	\$2,946,303	\$4,686,005
Proceeds From Intergovernmental Loans	241,500	0	0	0	241,500	0
Transfers In	2,651,847	1,366,624	1,716,054	0	5,734,525	5,155,797
Transfers (Out)	(1,953,566)	(15,812)	(941,533)	(19,126)	(2,930,037)	(3,469,089)
Sale of Capital Assets	0	0	13,352	0	13,352	16,737
Comp. for Loss of Gen. Capital Assets	122,190	0	18,985	0	141,175	123,160
Total Other Financing Sources (Uses)	3,254,101	1,350,812	1,561,031	(19,126)	6,146,818	6,512,610
Net Change in Fund Balances	446,679	(83,614)	(737,357)	10,684	(363,608)	3,448,437
Fund Balances - January 1	6,731,082	879,543	7,017,001	555,681	15,183,307	11,734,870
Fund Balances - December 31	\$7,177,761	\$795,929	\$6,279,644	\$566,365	\$14,819,699	\$15,183,307

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

NONMAJOR SPECIAL REVENUE FUNDS

ECONOMIC DEVELOPMENT FUND (123)

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.

CABLE TV COMMUNICATIONS FUND (125)

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.

COMMUNITY SERVICES FUND (127)

Created in 2006. 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).

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.

GROWTH MANAGEMENT FUND (140)

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.

STREET FUND (141)

While not a self-supporting fund, it 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.

ARTERIAL STREET FUND (142)

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.

CEMETERY FUND (144)

A self-supporting fund for the operation of the Tahoma Cemetery. 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.

EMERGENCY SERVICES FUND (150)

Established in 1991 when a special property tax levy was approved by the voters to provide for emergency medical services.

PUBLIC SAFETY COMMUNICATIONS FUND (151)

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.

PARKING AND BUSINESS IMPROVEMENT FUND (161)

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.

TROLLEY FUND (162)

Accounts for the operations, maintenance and capital improvements of the Trolley System. The major source of revenue is grants.

FRONT STREET BUSINESS IMPROVEMENT FUND (163)

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.

TOURIST PROMOTION FUND (170)

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.

CAPITOL THEATRE OPERATING FUND (171)

Created in 1980 for the purpose of maintaining, managing, and operating the Capitol Theatre.

PUBLIC FACILITIES DISTRICT - CONVENTION CENTER (172)

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.

TOURISM PROMOTION AREA (173)

Created in 2005 by a self assessment of the lodging industry to fund activities designed to increase tourism and convention business within Yakima County.

PUBLIC FACILITIES DISTRICT - CAPITOL THEATRE (174)

Created in 2008 to account for the revenues received from the Yakima Regional Public Facilities District, which was established for the expansion of the Capitol Theatre.

CONTINGENCY FUND (195)

Created by Ordinance 1273 on December 14, 1970, for the purpose of providing funds for unforeseen needs.

CAPITOL THEATRE RESERVE FUND (198)

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 SPECIAL REVENUE FUNDS

December 31, 2008

With comparative totals for December 31, 2007

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	#123	#125	#127	#131	#140	#141
	ECONOMIC		COMMUNITY	PARKS &	GROWTH	
	DEV	CABLE TV	SERVICES	RECREATION	MGMT	STREETS
ASSETS						
Cash & Equity in Pooled Investments	\$207,536	\$397,199	\$0	\$654,965	\$24,372	\$1,664,494
Deposits w/Fiscal Agent/Trustee	0	0	0	0	0	0
Receivables						
Taxes	0	0	0	0	0	0
Accounts	0	1,600	0	7,372	0	14,060
Special Assessments	0	0	0	0	0	0
LID Assessments - Delinquent	0	0	0	0	0	0
LID Assessments - Deferred	0	0	0	0	0	0
Notes/Contracts	0	0	0	0	0	0
Interest/Penalties	0	1,958	0	0	0	0
Other Receivables	0	0	0	0	0	0
Due from Other Government Units	0	0	53,702	10,985	0	276,229
Investments, at Amortized Cost	0	498,600	0	0	0	0
Total Assets	\$207,536	\$899,357	\$53,702	\$673,322	\$24,372	\$1,954,783
LIABILITIES AND FUND BALANCES						
Liabilities						
Warrants/Accounts Payable	\$14,223	\$953	\$24,899	\$64,815	\$0	\$96,819
Wages/Benefits Payable	3,158	34,230	0	139,349	0	286,678
Contracts Payable	0	0	0	0	0	180
Due to Other Funds	0	0	17,635	0	0	0
Due to Other Government Units	0	0	0	52	0	0
Deposits Payable	0	0	0	9,598	0	0
Deferred Revenue	0	1,600	0	8,152	0	14,060
Total Liabilities	17,381	36,783	42,534	221,966	0	397,737
Fund Balances						
Reserved						
Encumbrances	0	10,876	0	0	0	47,367
Continuing Appropriations	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Endowment	0	0	0	0	0	0
Parking and Business Improvement	0	0	0	0	0	0
Unreserved Designated - Replacement	0	0	0	0	0	0
Unreserved	190,155	851,698	11,168	451,356	24,372	1,509,679
Total Fund Balances	190,155	862,574	11,168	451,356	24,372	1,557,046
Total Liabilities and Fund Balances	\$207,536	\$899,357	\$53,702	\$673,322	\$24,372	\$1,954,783

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2008

With comparative totals for December 31, 2007

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	#142 ARTERIAL STREETS	#144 CEMETERY	#150 EMERGENCY SERVICES	#151 PUB SAFETY COMM	#161 PARKING & BUS IMPR	#162 TROLLEY
ASSETS						
Cash & Equity in Pooled Investments	\$1,972,461	\$81,077	\$268,892	\$467,892	\$17,496	\$854
Deposits w/Fiscal Agent/Trustee	0	0	0	0	0	0
Receivables						
Taxes	0	0	53,162	0	0	0
Accounts	0	14,240	0	1,113	0	0
Special Assessments	0	0	0	0	4,081	0
LID Assessments - Delinquent	0	0	0	0	0	0
LID Assessments - Deferred	0	0	0	0	0	0
Notes/Contracts	15,140	0	0	0	0	0
Interest/Penalties	0	0	0	0	0	0
Other Receivables	0	0	0	0	0	0
Due from Other Government Units	435,951	0	0	42,400	0	2,544
Investments, at Amortized Cost	0	0	0	0	0	0
Total Assets	\$2,423,552	\$95,317	\$322,054	\$511,405	\$21,577	\$3,398
LIABILITIES AND FUND BALANCES						
Liabilities						
Warrants/Accounts Payable	\$193,779	\$1,298	\$2,572	\$3,753	\$16,000	\$608
Wages/Benefits Payable	0	13,160	84,900	233,001	0	0
Contracts Payable	55,992	0	0	0	0	0
Due to Other Funds	0	0	0	0	0	0
Due to Other Government Units	4,826	0	0	0	0	0
Deposits Payable	200,000	0	0	0	0	0
Deferred Revenue	15,140	14,240	0	10,719	4,081	0
Total Liabilities	469,737	28,698	87,472	247,473	20,081	608
Fund Balances						
Reserved						
Encumbrances	0	0	15,000	0	0	0
Continuing Appropriations	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Endowment	0	0	0	0	0	0
Parking and Business Improvement	0	0	0	0	1,496	0
Unreserved Designated - Replacement	0	0	0	0	0	0
Unreserved	1,953,815	66,619	219,582	263,932	0	2,790
Total Fund Balances	1,953,815	66,619	234,582	263,932	1,496	2,790
Total Liabilities and Fund Balances	\$2,423,552	\$95,317	\$322,054	\$511,405	\$21,577	\$3,398

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2008

With comparative totals for December 31, 2007

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#163 FRONT ST BUS IMPR	#170 TOURIST PROMOTION	#171 CAPITOL THEATRE	#172 PUBLIC FAC DIST REVENUE	#173 TOURISM PROMO AREA	#195 CONTINGENCY	#198 CAPITOL THEATRE RES	NONMAJOR SPECIAL REVENUE FUNDS 2008	2007
\$7,467	\$185,818	\$154,559	\$146,570	\$33,309	\$351,919	\$519,670	\$7,156,550	\$6,094,890
0	0	0	0	0	0	0	0	0
0	111,425	0	0	39,876	0	0	204,463	226,248
0	220,657	0	0	0	0	0	259,042	297,936
495	0	0	0	0	0	0	4,576	7,287
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	15,140	19,786
0	0	0	0	0	0	0	1,958	10,144
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	821,811	446,428
0	0	0	0	0	0	1,448	500,048	999,977
<u>\$7,962</u>	<u>\$517,900</u>	<u>\$154,559</u>	<u>\$146,570</u>	<u>\$73,185</u>	<u>\$351,919</u>	<u>\$521,118</u>	<u>\$8,963,588</u>	<u>\$8,102,696</u>
\$0	\$29,252	\$5,734	\$62	\$32,895	\$0	\$0	487,662	444,040
0	0	0	0	0	0	0	794,476	689,007
0	0	0	0	0	0	0	56,172	15,571
0	0	0	0	0	0	0	17,635	19,908
0	0	0	0	0	0	0	4,878	6,491
0	146,919	0	0	0	0	0	356,517	113,241
495	0	0	0	0	0	0	68,487	83,356
495	176,171	5,734	62	32,895	0	0	1,785,827	1,371,614
0	0	0	0	0	0	0	73,243	743,059
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
7,467	0	0	0	0	0	0	8,963	26,050
0	0	0	0	0	0	521,118	521,118	575,070
0	341,729	148,825	146,508	40,290	351,919	0	6,574,437	5,386,903
7,467	341,729	148,825	146,508	40,290	351,919	521,118	7,177,761	6,731,082
<u>\$7,962</u>	<u>\$517,900</u>	<u>\$154,559</u>	<u>\$146,570</u>	<u>\$73,185</u>	<u>\$351,919</u>	<u>\$521,118</u>	<u>\$8,963,588</u>	<u>\$8,102,696</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 SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

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	#123 ECONOMIC DEV	#125 CABLE TV	#127 COMMUNITY SERVICES	#131 PARKS AND RECREATION	#140 GROWTH MGMT	#141 STREETS
REVENUES						
Taxes	\$0	\$477,892	\$0	\$1,800,000	\$0	\$4,229,462
Intergovernmental Revenues	94,606	0	365,080	153,252	0	1,366,965
Charges for Services	0	0	0	886,086	0	35,274
Interest	40,000	25,027	5,000	70,000	0	61,498
Other Revenues	0	16,024	18,143	181,578	0	819
Total Revenues	134,606	518,943	388,223	3,090,916	0	5,694,018
EXPENDITURES						
Current						
General Government	0	0	0	0	0	99,047
Security of Persons and Property	0	0	0	0	0	0
Physical Environment	0	0	0	0	0	72,540
Transportation	0	0	0	0	0	5,376,154
Economic Environment	167,126	0	377,598	654,775	0	0
Cultural & Recreational Environment	0	453,955	0	3,408,852	0	4,897
Capital Outlay						
General Government	0	0	0	0	0	0
Security of Persons and Property	0	0	0	0	0	0
Physical Environment	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
Economic Environment	0	0	0	0	0	0
Cultural & Recreational Environment	0	42,386	0	0	0	0
Debt Service						
Principal Retirement	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Total Expenditures	167,126	496,341	377,598	4,063,627	0	5,552,638
Excess of Rev Over (Under) Expenditures	(\$32,520)	\$22,602	\$10,625	(\$972,711)	\$0	\$141,380
OTHER FINANCING SOURCES (USES)						
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0	0	0
Other Note Proceeds	0	0	0	0	0	0
Transfers In	0	0	0	1,046,359	0	0
Transfers (Out)	0	0	0	(210,865)	0	(269,057)
Sale of Capital Assets	0	0	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	39,134	0	83,056
Total Other Financing Sources (Uses)	0	0	0	874,628	0	(186,001)
Net Change in Fund Balances	(32,520)	22,602	10,625	(98,083)	0	(44,621)
Fund Balances, January 1	222,675	839,972	543	549,439	24,372	1,601,667
Fund Balances, December 31	\$190,155	\$862,574	\$11,168	\$451,356	\$24,372	\$1,557,046

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 SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

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#142 ARTERIAL STREETS	#144 CEMETERY	#150 EMERGENCY SERVICES	#151 PUB SAFETY COMM	#161 PARKING & BUS IMPR	#162 TROLLEY	#163 FRONT ST BUS IMPR	#170 TOURIST PROMOTION	#171 CAPITOL THEATRE	#172 PUBLIC FAC DIST REVENUE
\$0	\$0	\$0	\$152,250	\$0	\$0	\$0	\$555,474	\$226,168	\$704,728
1,110,034	0	1,049,290	1,283,055	0	207,918	0	0	0	0
34,023	166,015	0	51,205	0	0	0	0	0	0
36,837	6,000	870	3,000	300	23,500	35	635	1,500	4,000
176,945	0	0	15,492	78,219	1,486	4,052	733,568	0	0
1,357,839	172,015	1,050,160	1,505,002	78,519	232,904	4,087	1,289,677	227,668	708,728
0	0	0	0	0	0	0	0	0	0
0	0	934,313	2,703,602	0	0	0	0	0	0
0	251,637	0	0	0	0	0	0	0	0
955	0	0	0	0	0	0	0	0	0
0	0	0	0	104,578	0	0	0	0	0
0	0	0	0	7,315	7,846	2,800	1,383,047	304,734	25,502
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
38,359	0	0	0	0	0	0	0	0	0
2,406,415	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
222,097	0	0	0	0	223,414	0	0	0	0
278,482	0	0	0	0	0	0	10,714	0	0
17,963	0	0	0	0	0	0	355	0	0
2,964,271	251,637	934,313	2,703,602	111,893	231,260	2,800	1,394,116	304,734	25,502
(\$1,606,432)	(\$79,622)	\$115,847	(\$1,198,600)	(\$33,374)	\$1,644	\$1,287	(\$104,439)	(\$77,066)	\$683,226
\$2,192,130	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
241,500	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
168,011	109,126	0	1,030,000	0	0	0	151,424	71,927	0
(190,183)	0	(150,000)	0	0	0	0	0	0	(672,424)
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
2,411,458	109,126	(150,000)	1,030,000	0	0	0	151,424	71,927	(672,424)
805,026	29,504	(34,153)	(168,600)	(33,374)	1,644	1,287	46,985	(5,139)	10,802
1,148,789	37,115	268,735	432,532	34,870	1,146	6,180	294,744	153,964	135,706
\$1,953,815	\$66,619	\$234,582	\$263,932	\$1,496	\$2,790	\$7,467	\$341,729	\$148,825	\$146,508

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 SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2008

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	#173 TOURISM PROMO AREA	#174 PUBLIC FAC DIST - CAP	#195 CONTINGENCY	#198 CAPITOL THEATRE RSV	NONMAJOR SPECIAL REVENUE FUNDS 2008	2007
REVENUES						
Taxes	\$374,002	\$389,110	\$0	\$0	\$8,909,086	\$8,420,310
Intergovernmental Revenues	0	0	0	0	5,630,200	6,661,582
Charges for Services	0	0	0	0	1,172,603	1,219,385
Interest	0	0	0	17,975	296,177	278,556
Other Revenues	0	0	0	0	1,226,326	969,339
Total Revenues	374,002	389,110	0	17,975	17,234,392	17,549,172
EXPENDITURES						
Current						
General Government	0	0	0	0	99,047	93,327
Security of Persons and Property	0	0	0	0	3,637,915	3,346,805
Physical Environment	0	0	0	0	324,177	351,031
Transportation	0	0	0	0	5,377,109	4,873,956
Economic Environment	0	0	0	0	1,304,077	1,165,851
Cultural & Recreational Environment	378,205	0	51,220	0	6,028,373	5,616,053
Capital Outlay						
General Government	0	0	0	0	0	0
Security of Persons and Property	0	0	0	0	0	0
Physical Environment	0	0	0	0	38,359	28,639
Transportation	0	0	30,931	0	2,437,346	3,449,760
Economic Environment	0	0	0	0	0	0
Cultural & Recreational Environment	0	0	0	0	487,897	143,701
Debt Service						
Principal Retirement	0	0	0	0	289,196	357,987
Interest	0	0	0	0	18,318	19,693
Total Expenditures	378,205	0	82,151	0	20,041,814	19,446,803
Excess of Rev Over (Under) Expenditures	(\$4,203)	389,110	(\$82,151)	\$17,975	(\$2,807,422)	(\$1,897,631)
OTHER FINANCING SOURCES (USES)						
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0	\$2,192,130	\$1,830,921
Proceeds from Intergovernmental Loans	0	0	0	0	241,500	0
Other Note Proceeds	0	0	0	0	0	0
Transfers In	0	0	75,000	0	2,651,847	2,761,888
Transfers (Out)	0	(389,110)	0	(71,927)	(1,953,566)	(1,692,932)
Sale of Capital Assets	0	0	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0	122,190	123,160
Total Other Financing Sources (Uses)	0	(389,110)	75,000	(71,927)	3,254,101	3,023,037
Net Change in Fund Balances	(4,203)	0	(7,151)	(53,952)	446,679	1,125,406
Fund Balances, January 1	44,493	0	359,070	575,070	6,731,082	5,605,676
Fund Balances, December 31	\$40,290	\$0	\$351,919	\$521,118	\$7,177,761	\$6,731,082

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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2008

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	----- BUDGETED AMOUNTS -----			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL AMOUNTS	POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	114,168	139,168	94,606	(44,562)
Charges for Services	0	0	0	0
Interest	0	0	40,000	40,000
Other Revenues	0	0	0	0
Total Revenues	<u>114,168</u>	<u>139,168</u>	<u>134,606</u>	<u>(4,562)</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	156,556	181,556	167,126	14,430
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>156,556</u>	<u>181,556</u>	<u>167,126</u>	<u>14,430</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$42,388)</u>	<u>(\$42,388)</u>	<u>(\$32,520)</u>	<u>\$9,868</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	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>(42,388)</u>	<u>(42,388)</u>	<u>(32,520)</u>	<u>9,868</u>
Fund Balances, January 1	<u>183,675</u>	<u>183,675</u>	<u>222,675</u>	<u>39,000</u>
Fund Balances, December 31	<u>\$141,287</u>	<u>\$141,287</u>	<u>\$190,155</u>	<u>\$48,868</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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2008

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125 – CABLE TV

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$450,000	\$450,000	\$477,892	\$27,892
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	0	0	25,027	25,027
Other Revenues	16,100	16,100	16,024	(76)
Total Revenues	466,100	466,100	518,943	52,843
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	500,054	500,054	453,955	46,099
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	47,000	47,000	42,386	4,614
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	547,054	547,054	496,341	50,713
Excess of Revenues Over (Under) Expenditures	(\$80,954)	(\$80,954)	\$22,602	\$103,556
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	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	(80,954)	(80,954)	22,602	103,556
Fund Balances, January 1	794,565	794,565	839,972	45,407
Fund Balances, December 31	\$713,611	\$713,611	\$862,574	\$148,963

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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2008

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127 – COMMUNITY SERVICES FUND

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	272,375	390,653	365,080	(25,573)
Charges for Services	0	0	0	0
Interest	0	0	5,000	5,000
Other Revenues	134,692	193,832	18,143	(175,689)
Total Revenues	407,067	584,485	388,223	(196,262)
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	412,689	590,107	377,598	212,509
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	412,689	590,107	377,598	212,509
Excess of Revenues Over (Under) Expenditures	(\$5,622)	(\$5,622)	\$10,625	\$16,247
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	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	(5,622)	(5,622)	10,625	16,247
Fund Balances, January 1	8,080	8,080	543	(7,537)
Fund Balances, December 31	\$2,458	\$2,458	\$11,168	\$8,710

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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2008

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131 – PARKS & RECREATION FUND

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$1,800,000	\$1,800,000	\$1,800,000	\$0
Intergovernmental Revenues	174,700	174,700	153,252	(21,448)
Charges for Services	799,465	913,465	886,086	(27,379)
Interest	25,000	25,000	70,000	45,000
Other Revenues	163,270	173,270	181,578	8,308
Total Revenues	<u>2,962,435</u>	<u>3,086,435</u>	<u>3,090,916</u>	<u>4,481</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	590,986	697,986	654,775	43,211
Cultural & Recreational Environment	3,477,692	3,512,920	3,408,852	104,068
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>4,068,678</u>	<u>4,210,906</u>	<u>4,063,627</u>	<u>147,279</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$1,106,243)</u>	<u>(\$1,124,471)</u>	<u>(\$972,711)</u>	<u>\$151,760</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0
Transfers In	1,045,000	1,045,000	1,046,359	1,359
Transfers (Out)	(210,000)	(210,000)	(210,865)	(865)
Comp. For Loss of Gen. Capital Assets	60,000	60,000	39,134	(20,866)
Total Other Financing Sources (Uses)	<u>895,000</u>	<u>895,000</u>	<u>874,628</u>	<u>(20,372)</u>
Net Change in Fund Balances	<u>(211,243)</u>	<u>(229,471)</u>	<u>(98,083)</u>	<u>131,388</u>
Fund Balances, January 1	<u>575,059</u>	<u>575,059</u>	<u>549,439</u>	<u>(25,620)</u>
Fund Balances, December 31	<u>\$363,816</u>	<u>\$345,588</u>	<u>\$451,356</u>	<u>\$105,768</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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2008

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140 – GROWTH MANAGEMENT FUND

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	25,466	0	(25,466)
Charges for Services	0	0	0	0
Interest	0	0	0	0
Other Revenues	0	0	0	0
Total Revenues	0	25,466	0	(25,466)
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	29,440	0	29,440
Economic Environment	20,305	20,305	0	20,305
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	20,305	49,745	0	49,745
Excess of Revenues Over (Under) Expenditures	(\$20,305)	(\$24,279)	\$0	\$24,279
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	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	(20,305)	(24,279)	0	24,279
Fund Balances, January 1	20,304	20,304	24,372	4,068
Fund Balances, December 31	(\$1)	(\$3,975)	\$24,372	\$28,347

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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2008

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	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
141 – STREETS FUND				
REVENUES				
Taxes	\$4,220,202	\$4,220,202	\$4,229,462	\$9,260
Intergovernmental Revenues	1,430,000	1,430,000	1,366,965	(63,035)
Charges for Services	15,760	15,760	35,274	19,514
Interest	60,000	60,000	61,498	1,498
Other Revenues	50	50	819	769
Total Revenues	5,726,012	5,726,012	5,694,018	(31,994)
EXPENDITURES				
Current				
General Government	107,977	107,977	99,047	8,930
Security of Persons and Property	0	0	0	0
Physical Environment	72,000	72,000	72,540	(540)
Transportation	5,491,437	5,728,482	5,376,154	352,328
Economic Environment	0	0	0	0
Cultural & Recreational Environment	7,071	7,071	4,897	2,174
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	33,400	66,800	0	66,800
Cultural & Recreational Environment	0	0	0	0
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	5,711,885	5,982,330	5,552,638	429,692
Excess of Revenues Over (Under) Expenditures	\$14,127	(\$256,318)	\$141,380	\$397,698
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	(231,503)	(231,503)	(269,057)	(37,554)
Comp. For Loss of Gen. Capital Assets	0	0	83,056	83,056
Total Other Financing Sources (Uses)	(231,503)	(231,503)	(186,001)	45,502
Net Change in Fund Balances	(217,376)	(487,821)	(44,621)	443,200
Fund Balances, January 1	1,059,014	1,059,014	1,601,667	542,653
Fund Balances, December 31	\$841,638	\$571,193	\$1,557,046	\$985,853

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 & BUDGET
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	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
142 – ARTERIAL STREETS				
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	4,400,810	4,734,810	1,110,034	(3,624,776)
Charges for Services	0	0	34,023	34,023
Interest	11,535	11,535	36,837	25,302
Other Revenues	231,541	231,541	176,945	(54,596)
Total Revenues	4,643,886	4,977,886	1,357,839	(3,620,047)
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	955	9,045
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	38,359	(38,359)
Transportation	5,067,250	7,121,545	2,406,415	4,715,130
Cultural & Recreational Environment	1,818,620	1,818,620	222,097	1,596,523
Debt Service				
Principal Retirement	265,484	265,484	278,482	(12,998)
Interest	14,450	14,450	17,963	(3,513)
Total Expenditures	7,175,804	9,230,099	2,964,271	6,265,828
Excess of Revenues Over (Under) Expenditures	(\$2,531,918)	(\$4,252,213)	(\$1,606,432)	\$2,645,781
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$2,050,000	\$2,180,000	\$2,192,130	\$12,130
Proceeds from Intergovernmental Loans	0	214,000	241,500	27,500
Transfers In	443,095	593,095	168,011	(425,084)
Transfers (Out)	(190,183)	(190,183)	(190,183)	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	2,302,912	2,796,912	2,411,458	(385,454)
Net Change in Fund Balances	(229,006)	(1,455,301)	805,026	2,260,327
Fund Balances, January 1	445,199	445,199	1,148,789	703,590
Fund Balances, December 31	\$216,193	(\$1,010,102)	\$1,953,815	\$2,963,917

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
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144 – CEMETERY

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	167,550	167,550	166,015	(1,535)
Interest	0	0	6,000	6,000
Other Revenues	0	0	0	0
Total Revenues	167,550	167,550	172,015	4,465
EXPENDITURES				
Current				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Physical Environment	257,599	257,599	251,637	5,962
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	257,599	257,599	251,637	5,962
Excess of Revenues Over (Under) Expenditures	(\$90,049)	(\$90,049)	(\$79,622)	\$10,427
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0
Transfers In	110,000	110,000	109,126	(874)
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	110,000	110,000	109,126	(874)
Net Change in Fund Balances	19,951	19,951	29,504	9,553
Fund Balances, January 1	24,044	24,044	37,115	13,071
Fund Balances, December 31	\$43,995	\$43,995	\$66,619	\$22,624

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 & BUDGET
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	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	1,049,463	1,049,463	1,049,290	(173)
Charges for Services	0	0	0	0
Interest	750	750	870	120
Other Revenues	0	0	0	0
Total Revenues	1,050,213	1,050,213	1,050,160	(53)
EXPENDITURES				
Current				
General Government	0	0	0	0
Security of Persons and Property	939,501	939,501	934,313	5,188
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	954,501	954,501	934,313	20,188
Excess of Revenues Over (Under) Expenditures	\$95,712	\$95,712	\$115,847	\$20,135
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	(150,000)	(150,000)	(150,000)	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	(150,000)	(150,000)	(150,000)	0
Net Change in Fund Balances	(54,288)	(54,288)	(34,153)	20,135
Fund Balances, January 1	219,976	219,976	268,735	48,759
Fund Balances, December 31	\$165,688	\$165,688	\$234,582	\$68,894

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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

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151 – PUBLIC SAFETY COMMUNICATIONS

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$145,000	\$145,000	\$152,250	\$7,250
Intergovernmental Revenues	1,256,791	1,256,791	1,283,055	26,264
Charges for Services	46,962	46,962	51,205	4,243
Interest	1,000	1,000	3,000	2,000
Other Revenues	10,828	10,828	15,492	4,664
Total Revenues	1,460,581	1,460,581	1,505,002	44,421
EXPENDITURES				
Current				
General Government	0	0	0	0
Security of Persons and Property	2,691,381	2,691,381	2,703,602	(12,221)
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	2,691,381	2,691,381	2,703,602	(12,221)
Excess of Revenues Over (Under) Expenditures	(1,230,800)	(1,230,800)	(1,198,600)	32,200
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0
Transfers In	1,030,000	1,030,000	1,030,000	0
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	1,030,000	1,030,000	1,030,000	0
Net Change in Fund Balances	(200,800)	(200,800)	(168,600)	32,200
Fund Balances, January 1	411,800	411,800	432,532	20,732
Fund Balances, December 31	\$211,000	\$211,000	\$263,932	\$52,932

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 & BUDGET
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For the Year Ended December 31, 2008

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161 – PARKING & BUSINESS IMPROVEMENT

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	600	600	300	(300)
Other Revenues	66,000	88,000	78,219	(9,781)
Total Revenues	66,600	88,600	78,519	(10,081)
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	71,000	108,000	104,578	3,422
Cultural & Recreational Environment	10,343	10,343	7,315	3,028
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	81,343	118,343	111,893	6,450
Excess of Revenues Over (Under) Expenditures	(14,743)	(29,743)	(33,374)	(3,631)
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	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	(14,743)	(29,743)	(33,374)	(3,631)
Fund Balances, January 1	36,453	36,453	34,870	(1,583)
Fund Balances, December 31	\$21,710	\$6,710	\$1,496	(\$5,214)

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 & BUDGET
SPECIAL REVENUE FUNDS**

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	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	174,000	460,878	207,918	(252,960)
Charges for Services	0	0	0	0
Interest	7,500	7,500	23,500	16,000
Other Revenues	1,275	1,275	1,486	211
Total Revenues	182,775	469,653	232,904	(236,749)
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	7,741	7,741	7,846	(105)
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	174,000	460,878	223,414	237,464
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	181,741	468,619	231,260	237,359
Excess of Revenues Over (Under) Expenditures	\$1,034	\$1,034	\$1,644	\$610
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	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	1,034	1,034	1,644	610
Fund Balances, January 1	865	865	1,146	281
Fund Balances, December 31	\$1,899	\$1,899	\$2,790	\$891

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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

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163 – FRONT STREET BUSINESS IMPROVEMENT

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	35	35	35	0
Other Revenues	2,700	2,700	4,052	1,352
Total Revenues	2,735	2,735	4,087	1,352
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	2,800	200
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	3,000	3,000	2,800	200
Excess of Revenues Over (Under) Expenditures	(\$265)	(\$265)	\$1,287	\$1,552
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	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	(265)	(265)	1,287	1,552
Fund Balances, January 1	3,940	3,940	6,180	2,240
Fund Balances, December 31	\$3,675	\$3,675	\$7,467	\$3,792

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 & BUDGET
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	----- BUDGETED AMOUNTS -----		170 – TOURIST PROMOTION	
	ORIGINAL	FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$557,000	\$557,000	\$555,474	(\$1,526)
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	100	100	635	535
Other Revenues	678,200	678,200	733,568	55,368
Total Revenues	1,235,300	1,235,300	1,289,677	54,377
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	1,399,475	1,399,475	1,383,047	16,428
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	355	118
Total Expenditures	1,410,662	1,410,662	1,394,116	16,546
Excess of Revenues Over (Under) Expenditures	(\$175,362)	(\$175,362)	(\$104,439)	\$70,923
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0
Transfers In	151,424	151,424	151,424	0
Transfers (Out)	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	151,424	151,424	151,424	0
Net Change in Fund Balances	(23,938)	(23,938)	46,985	70,923
Fund Balances, January 1	84,940	84,940	294,744	209,804
Fund Balances, December 31	\$61,002	\$61,002	\$341,729	\$280,727

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
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NONMAJOR SPECIAL REVENUE FUNDS**

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	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
171 – CAPITOL THEATRE				
REVENUES				
Taxes	\$231,140	\$231,140	\$226,168	(\$4,972)
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	1,500	1,500	1,500	0
Other Revenues	0	0	0	0
Total Revenues	232,640	232,640	227,668	(4,972)
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	289,237	289,237	304,734	(15,497)
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	15,500	15,500	0	15,500
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	304,737	304,737	304,734	3
Excess of Revenues Over (Under) Expenditures	(\$72,097)	(\$72,097)	(\$77,066)	(\$4,969)
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	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	(170)	(170)	(5,139)	(4,969)
Fund Balances, January 1	157,357	157,357	153,964	(3,393)
Fund Balances, December 31	\$157,187	\$157,187	\$148,825	(\$8,362)

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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

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172 – PUBLIC FACILITIES DISTRICT - CONVENTION CENTER

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$1,097,000	\$707,890	\$704,728	(\$3,162)
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	4,000	4,000	4,000	0
Other Revenues	0	0	0	0
Total Revenues	1,101,000	711,890	708,728	(3,162)
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	26,000	26,000	25,502	498
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	26,000	26,000	25,502	498
Excess of Revenues Over (Under) Expenditures	\$1,075,000	\$685,890	\$683,226	(\$2,664)
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	(1,088,424)	(699,314)	(672,424)	26,890
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	(1,088,424)	(699,314)	(672,424)	26,890
Net Change in Fund Balances	(13,424)	(13,424)	10,802	24,226
Fund Balances, January 1	119,744	119,744	135,706	15,962
Fund Balances, December 31	\$106,320	\$106,320	\$146,508	\$40,188

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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2008

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I 73 – TOURISM PROMOTION AREA

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$370,000	\$393,000	\$374,002	(\$18,998)
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	370,000	393,000	374,002	(18,998)
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	370,000	393,000	378,205	14,795
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	370,000	393,000	378,205	14,795
Excess of Revenues Over (Under) Expenditures	\$0	\$0	(\$4,203)	(\$4,203)
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	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	(4,203)	(4,203)
Fund Balances, January 1	414	414	44,493	44,079
Fund Balances, December 31	\$414	\$414	\$40,290	\$39,876

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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2008

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174 – PUBLIC FACILITIES DISTRICT - CAPITOL THEATRE

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$389,110	\$389,110	\$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	389,110	389,110	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	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	0	0	0	0
Excess of Revenues Over (Under) Expenditures	\$0	\$389,110	\$389,110	0
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	0	(389,110)	(389,110)	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	(389,110)	(389,110)	0
Net Change in Fund Balances	0	0	0	0
Fund Balances, January 1	0	0	0	0
Fund Balances, December 31	\$0	\$0	\$0	\$0

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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2008

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	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE
				(NEGATIVE)
195 – CONTINGENCY				
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	51,220	(51,220)
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	30,931	(30,931)
Cultural & Recreational Environment	0	0	0	0
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	0	0	82,151	(82,151)
Excess of Revenues Over (Under) Expenditures	\$0	\$0	(\$82,151)	(\$82,151)
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0
Transfers In	75,000	75,000	75,000	0
Transfers (Out)	(300,000)	(300,000)	0	300,000
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	(225,000)	(225,000)	75,000	300,000
Net Change in Fund Balances	(225,000)	(225,000)	(7,151)	217,849
Fund Balances, January 1	329,407	329,407	359,070	29,663
Fund Balances, December 31	<u>\$104,407</u>	<u>\$104,407</u>	<u>\$351,919</u>	<u>\$247,512</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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2008

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198 – CAPITOL THEATRE RESERVE

	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	30,000	30,000	17,975	(12,025)
Other Revenues	0	0	0	0
Total Revenues	30,000	30,000	17,975	(12,025)
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	0	0	0	0
Excess of Revenues Over (Under) Expenditures	\$30,000	\$30,000	\$17,975	(\$12,025)
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	(571,927)	(571,927)	(71,927)	500,000
Comp. For Loss of Gen. Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	(571,927)	(571,927)	(71,927)	500,000
Net Change in Fund Balances	(541,927)	(541,927)	(53,952)	487,975
Fund Balances, January 1	584,275	584,275	575,070	(9,205)
Fund Balances, December 31	\$42,348	\$42,348	\$521,118	\$478,770

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 & BUDGET
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2008

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	----- BUDGETED AMOUNTS -----		ACTUAL AMOUNTS	TOTAL
	ORIGINAL	FINAL		VARIANCE WITH FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$8,870,342	\$8,893,342	\$8,909,086	\$15,744
Intergovernmental Revenues	8,872,307	9,661,929	5,630,200	(4,031,729)
Charges for Services	1,029,737	1,143,737	1,172,603	28,866
Interest	142,020	142,020	296,177	154,157
Other Revenues	1,304,656	1,395,796	1,226,326	(169,470)
Total Revenues	20,219,062	21,236,824	17,234,392	(4,002,432)
EXPENDITURES				
Current				
General Government	107,977	107,977	99,047	8,930
Security of Persons and Property	3,630,882	3,630,882	3,637,915	(7,033)
Physical Environment	329,599	329,599	324,177	5,422
Transportation	5,501,437	5,767,922	5,377,109	390,813
Economic Environment	1,251,536	1,597,954	1,304,077	293,877
Cultural & Recreational Environment	6,090,613	6,148,841	6,028,373	120,468
Capital Outlay				
Security of Persons and Property	15,000	15,000	0	15,000
Physical Environment	0	0	38,359	(38,359)
Transportation	5,100,650	7,188,345	2,437,346	4,750,999
Cultural & Recreational Environment	2,055,120	2,341,998	487,897	1,854,101
Debt Service				
Principal Retirement	276,198	276,198	289,196	(12,998)
Interest	14,923	14,923	18,318	(3,395)
Total Expenditures	24,373,935	27,419,639	20,041,814	7,377,825
Excess of Revenues Over (Under) Expenditures	(\$4,154,873)	(\$6,182,815)	(\$2,807,422)	\$3,375,393
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$2,050,000	\$2,180,000	\$2,192,130	\$12,130
Proceeds from Intergovernmental Loans	0	214,000	241,500	27,500
Transfers In	2,926,446	3,076,446	2,651,847	(424,599)
Transfers (Out)	(2,742,037)	(2,742,037)	(1,953,566)	788,741
Comp. For Loss of Gen. Capital Assets	60,000	60,000	122,190	62,190
Total Other Financing Sources (Uses)	2,294,409	2,788,409	3,254,101	465,692
Net Change in Fund Balances	(1,860,464)	(3,394,406)	446,679	3,841,085
Fund Balances, January 1	5,059,111	5,059,111	6,731,082	1,671,971
Fund Balances, December 31	\$3,198,647	\$1,664,705	\$7,177,761	\$5,513,056

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

NONMAJOR DEBT SERVICE FUNDS

LOCAL IMPROVEMENT DISTRICT GUARANTY FUND (221)

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

CONVENTION CENTER ADDITION BONDS (272)

The proceeds were used for additions to the Yakima Convention Center.

VARIOUS G.O. BONDS FUND (281)

The proceeds are for the purpose of providing various projects such as Parks, Streets, Fire and Downtown Revitalization.

LIMITED TAX GENERAL OBLIGATION STREET BOND (282)

The proceeds were used for the 1998 Street Overlay Program.

VARIOUS PURPOSE BOND FUND (283)

These 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).

FIRE IMPROVEMENT/REFUNDING G.O. BOND ISSUES (284)

These 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).

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.

LIMITED TAX GENERAL OBLIGATION BOND (287)

The proceeds were used to expand the Convention Center.

LOCAL IMPROVEMENT DISTRICT DEBT CONTROL (289)

The 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 DEBT SERVICE FUNDS

December 31, 2008

With comparative totals for December 31, 2007

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	#221	#272	#281	#282	#283
	LID	CONV CENTER	VARIOUS G.O.	STREET	CRIM JUST /
	GUARANTY	/ PFD	BONDS	BOND	I-82 REF
ASSETS					
Cash & Equity in Pooled Investments	\$78,282	\$151,407	\$4,663	\$1	\$263,649
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	1,437	0	0	0	0
Total Assets	<u>\$79,719</u>	<u>\$151,407</u>	<u>\$4,663</u>	<u>\$1</u>	<u>\$263,649</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 for:					
Debt Service	79,719	151,407	4,663	1	263,649
Total Liabilities and Fund Balances	<u>\$79,719</u>	<u>\$151,407</u>	<u>\$4,663</u>	<u>\$1</u>	<u>\$263,649</u>

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

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS**

December 31, 2008

With comparative totals for December 31, 2007

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	#284 FIRE & PARKS REF	#285 G.O. LOC FIRE/PARKS CAP	#287 CONVENTION CENTER	#289 LOCAL IMPR DISTRICTS	NONMAJOR DEBT SERVICE FUNDS	
					2008	2007
ASSETS						
Cash & Equity in Pooled Investments	\$194,251	\$0	\$61,417	\$1,423	\$755,093	\$846,173
Receivables:						
Taxes	11,988	0	0	0	11,988	12,389
LID Assessments - Delinquent	0	0	0	30,255	30,255	20,078
LID Assessments - Deferred	0	0	0	353,866	353,866	422,779
Investments, at Amortized Cost	0	0	0	0	1,437	1,957
Total Assets	<u>\$206,239</u>	<u>\$0</u>	<u>\$61,417</u>	<u>\$385,544</u>	<u>\$1,152,639</u>	<u>\$1,303,376</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deposits Payable	\$0	\$0	\$0	\$2,844	\$2,844	\$1,054
Deferred Revenue	0	0	0	353,866	353,866	422,779
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>356,710</u>	<u>356,710</u>	<u>423,833</u>
Fund Balances:						
Reserved for:						
Debt Service	206,239	0	61,417	28,834	795,929	879,543
Total Liabilities and Fund Balances	<u>\$206,239</u>	<u>\$0</u>	<u>\$61,417</u>	<u>\$385,544</u>	<u>\$1,152,639</u>	<u>\$1,303,376</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 DEBT SERVICE FUNDS**

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

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	#221 LID GUARANTY	#272 CONV CENTER / PFD	#281 VARIOUS G.O. BONDS	#282 STREET BOND	#283 CRIM JUST / I-82 REF
REVENUES					
Taxes	\$0	\$0	\$0	\$0	\$402,000
Interest	37	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	37	0	0	0	402,000
EXPENDITURES					
Debt Service					
Principal Retirement	0	210,000	449,861	175,000	440,000
Interest	0	249,075	232,435	3,937	77,937
Total Expenditures	0	459,075	682,296	178,937	517,937
Excess of Rev Over (Under) Expenditures	\$37	(\$459,075)	(\$682,296)	(\$178,937)	(\$115,937)
OTHER FINANCING SOURCES (USES)					
Transfers In	\$0	\$460,000	\$682,298	\$87,961	\$112,000
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	460,000	682,298	87,961	112,000
Net Change in Fund Balances	37	925	2	(90,976)	(3,937)
Fund Balances, January 1	79,682	150,482	4,661	90,977	267,586
Fund Balances, December 31	<u>\$79,719</u>	<u>\$151,407</u>	<u>\$4,663</u>	<u>\$1</u>	<u>\$263,649</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 DEBT SERVICE FUNDS**

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

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	#284 FIRE & PARKS REF	#285 G.O. Loc FIRE/PARKS CAP	#287 CONVENTION CENTER	#289 LOCAL IMPR DISTRICTS	NONMAJOR DEBT SERVICE FUNDS	
					2008	2007
REVENUES						
Taxes	\$293,274	\$0	\$426,000	\$0	\$1,121,274	\$1,118,384
Interest	0	0	5,000	25,065	30,102	48,951
Other Revenues	0	0	0	68,964	68,964	184,295
Total Revenues	293,274	0	431,000	94,029	1,220,340	1,351,630
EXPENDITURES						
Debt Service						
Principal Retirement	235,000	24,569	280,000	36,100	1,850,530	2,131,415
Interest	58,787	714	148,645	32,706	804,236	760,754
Total Expenditures	293,787	25,283	428,645	68,806	2,654,766	2,892,169
Excess of Rev Over (Under) Expenditures	(\$513)	(\$25,283)	\$2,355	\$25,223	(\$1,434,426)	(\$1,540,539)
OTHER FINANCING SOURCES (USES)						
Transfers In	\$0	\$24,365	\$0	\$0	\$1,366,624	\$1,558,820
Transfers (Out)	0	0	0	(15,812)	(15,812)	(16,087)
Total other Financing Sources (Uses)	0	24,365	0	(15,812)	1,350,812	1,542,733
Net Change in Fund Balances	(513)	(918)	2,355	9,411	(83,614)	2,194
Fund Balances, January 1	206,752	918	59,062	19,423	879,543	877,349
Fund Balances, December 31	\$206,239	\$0	\$61,417	\$28,834	\$795,929	\$879,543

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

NONMAJOR CAPITAL PROJECT FUNDS

CENTRAL BUSINESS DISTRICT IMPROVEMENT FUND (321)

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.

CAPITOL THEATRE CONSTRUCTION FUND (322)

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.

PARKS AND RECREATION CAPITAL FUND (331)

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.

FIRE CAPITAL FUND (332)

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.

LAW AND JUSTICE CAPITAL FUND (333)

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.

PUBLIC WORKS TRUST CONSTRUCTION FUND (342)

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

REET 2 CAPITAL FUND (343)

Created in 2005 to track Capital improvement projects funded with the second 1/4% of Real Estate Excise Tax.

LOCAL IMPROVEMENT DISTRICT CONTROL FUND (345)

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.

CONVENTION CENTER CAPITAL IMPROVEMENT FUND (370)

Was established for the Convention Center and Performing Arts Center Facilities and is used 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.

CUMULATIVE RESERVE FUND (392)

Originally created by Ordinance 1265 in 1970 for Capital Improvements, and 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 CAPITAL PROJECT FUNDS

December 31, 2008

With comparative totals for December 31, 2007

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	#321	#322	#331	#332	#333
	CENTRAL BUS	CAPITOL	PARKS AND	FIRE	LAW AND
	DISTRICT IMPR	THEATRE CONST	RECREATION		JUSTICE
ASSETS					
Cash & Equity in Pooled Investments	\$0	\$150,522	\$194,219	\$1,505,430	\$673,908
Receivables					
Accounts	0	0	0	2,627	0
Other Receivables	0	0	0	0	0
Due from Other Government Units	692,227	28,245	0	0	0
Investments, at Amortized Cost	0	0	0	0	0
Total Assets	\$692,227	\$178,767	\$194,219	\$1,508,057	\$673,908
LIABILITIES AND FUND BALANCES					
Liabilities					
Warrants/Accounts Payable	\$4,342	\$107,631	\$7,969	\$0	\$42,506
Contracts Payable	21,955	3,751	0	0	0
Due to Other Funds	49,684	0	0	0	0
Due to Other Government Units	0	0	0	0	0
Deferred Revenue	0	0	10,871	0	0
Total Liabilities	75,981	111,382	18,840	0	42,506
Fund Balances:					
Reserved for:					
Encumbrances	0	0	0	0	86,483
Continuing Appropriations	0	0	0	0	0
Parking and Business Improvement					
Unreserved Designated - Replacement	0	67,385	175,379	1,508,057	544,919
Unreserved	616,246	0	0	0	0
Total Fund Balances	616,246	67,385	175,379	1,508,057	631,402
Total Liabilities and Fund Balances	\$692,227	\$178,767	\$194,219	\$1,508,057	\$673,908

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

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS**

December 31, 2008

With comparative totals for December 31, 2007

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#342 PUBLIC WORKS CONSTRUCTION	#343 REET 2 CAP CONSTRUCTION	#345 LID CONSTRUCTION	#370 CONVENTION CENTER	#392 CUMULATIVE RESERVE	NONMAJOR CAPITAL PROJECT FUNDS	
					2008	2007
\$1,484,928	\$1,230,440	\$951	\$344,022	\$245,743	\$5,830,163	\$5,255,330
0	0	0	0	0	2,627	627
0	0	0	0	0	0	2,000
0	0	0	0	140,124	860,596	905,450
0	0	0	0	0	0	1,750,000
<u>\$1,484,928</u>	<u>\$1,230,440</u>	<u>\$951</u>	<u>\$344,022</u>	<u>\$385,867</u>	<u>\$6,693,386</u>	<u>\$7,913,407</u>
\$8,165	\$312	\$83,025	\$36,676	\$11,422	\$302,048	\$689,531
22,397	0	0	0	0	48,103	190,349
0	0	0	0	0	49,684	0
3,036	0	0	0	0	3,036	4,253
0	0	0	0	0	10,871	12,273
<u>33,598</u>	<u>312</u>	<u>83,025</u>	<u>36,676</u>	<u>11,422</u>	<u>413,742</u>	<u>896,406</u>
0	0	0	2,770	0	89,253	278,454
0	0	0	0	151,173	151,173	426,282
0	0	0	0	0	2,295,740	1,044,551
<u>1,451,330</u>	<u>1,230,128</u>	<u>(82,074)</u>	<u>304,576</u>	<u>223,272</u>	<u>3,743,478</u>	<u>5,267,714</u>
<u>1,451,330</u>	<u>1,230,128</u>	<u>(82,074)</u>	<u>307,346</u>	<u>374,445</u>	<u>6,279,644</u>	<u>7,017,001</u>
<u>\$1,484,928</u>	<u>\$1,230,440</u>	<u>\$951</u>	<u>\$344,022</u>	<u>\$385,867</u>	<u>\$6,693,386</u>	<u>\$7,913,407</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 CAPITAL PROJECT FUNDS

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

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	#321 CENTRAL BUS DISTRICT IMPR	#322 CAPITOL THEATRE CONST	#331 PARKS AND RECREATION	#332 FIRE	#333 LAW AND JUSTICE
REVENUES					
Taxes	\$0	\$0	\$0	\$0	\$395,138
Intergovernmental Revenues	987,500	59,491	2,500	957	90,105
Interest	15,746	0	25,243	10,883	4,000
Other Revenues	29,905	0	46,550	160,502	0
Total Revenues	<u>1,033,151</u>	<u>59,491</u>	<u>74,293</u>	<u>172,342</u>	<u>489,243</u>
EXPENDITURES					
Current					
General Government	0	0	0	0	5,153
Security of Persons and Property	0	0	0	26,463	508,426
Transportation	0	0	0	0	0
Economic Environment	6,558	0	0	0	0
Cultural & Recreational Environment	50,000	0	27,260	0	0
Capital Outlay					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	282,198	17,048
Physical Environment	0	0	0	0	0
Transportation	0	0	0	0	0
Economic Environment	2,047,128	0	0	0	0
Cultural & Recreational Environment	0	519,198	595,477	0	0
Debt Service					
Principal Retirement	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	<u>2,103,686</u>	<u>519,198</u>	<u>622,737</u>	<u>308,661</u>	<u>530,627</u>
Excess of Rev Over (Under) Expenditures	<u>(\$1,070,535)</u>	<u>(\$459,707)</u>	<u>(\$548,444)</u>	<u>(\$136,319)</u>	<u>(\$41,384)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$0	\$754,173	\$0
Transfers In	0	389,109	250,000	326,465	149,480
Transfers (Out)	0	0	0	0	(15,250)
Sale of Capital Assets	6,368	0	0	6,984	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0	18,985
Total Other Financing Sources (Uses)	<u>6,368</u>	<u>389,109</u>	<u>250,000</u>	<u>1,087,622</u>	<u>153,215</u>
Net Change in Fund Balances	<u>(1,064,167)</u>	<u>(70,598)</u>	<u>(298,444)</u>	<u>951,303</u>	<u>111,831</u>
Fund Balances, January 1	<u>1,680,413</u>	<u>137,983</u>	<u>473,823</u>	<u>556,754</u>	<u>519,571</u>
Fund Balances, December 31	<u><u>\$616,246</u></u>	<u><u>\$67,385</u></u>	<u><u>\$175,379</u></u>	<u><u>\$1,508,057</u></u>	<u><u>\$631,402</u></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 CAPITAL PROJECT FUNDS**

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

Page 2 of 2

#342 PUBLIC WORKS CONSTRUCTION	#343 REET 2 CAP CONSTRUCTION	#345 LID CONSTRUCTION	#370 CONVENTION CENTER	#392 CUMULATIVE RESERVE	NONMAJOR CAPITAL PROJECT FUNDS	
					2008	2007
\$755,841	\$755,841	\$0	\$130,000	\$0	\$2,036,820	\$2,701,350
0	0	0	0	690,254	1,830,807	6,977,559
60,000	40,000	0	4,400	5,100	165,372	363,615
0	0	0	0	0	236,957	189,800
815,841	795,841	0	134,400	695,354	4,269,956	10,232,324
2,495	0	0	0	0	7,648	0
0	0	0	0	0	534,889	629,138
0	400,000	0	0	0	400,000	254,601
0	0	0	0	0	6,558	383
0	0	0	104,714	0	181,974	90,114
164,289	0	0	0	358,302	522,591	143,564
0	0	0	0	0	299,246	1,105,290
0	0	44,661	0	0	44,661	31,635
551,515	145,116	0	0	595,857	1,292,488	4,012,876
0	0	0	0	0	2,047,128	2,636,504
0	0	0	0	0	1,114,675	862,908
109,196	0	0	0	0	109,196	119,523
7,290	0	0	0	0	7,290	9,774
834,785	545,116	44,661	104,714	954,159	6,568,344	9,896,310
(18,944)	\$250,725	(\$44,661)	\$29,686	(\$258,805)	(\$2,298,388)	\$336,014
0	\$0	\$0	\$0	\$0	\$754,173	\$2,855,084
75,000	0	0	61,000	465,000	1,716,054	835,089
(632,534)	(293,749)	0	0	0	(941,533)	(1,733,242)
0	0	0	0	0	13,352	16,737
0	0	0	0	0	18,985	0
(557,534)	(293,749)	0	61,000	465,000	1,561,031	1,973,668
(576,478)	(43,024)	(44,661)	90,686	206,195	(737,357)	2,309,682
2,027,808	1,273,152	(37,413)	216,660	168,250	7,017,001	4,707,319
\$1,451,330	\$1,230,128	(\$82,074)	\$307,346	\$374,445	\$6,279,644	\$7,017,001

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

PERMANENT FUND

CEMETERY TRUST FUND

This 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.

**COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUND**

December 31, 2008

With comparative totals for December 31, 2007

Page 1 of 1

	CEMETERY TRUST		NONMAJOR GOVERNMENTAL FUNDS	
	2008	2007	2008	2007
ASSETS				
Cash & Equity in Pooled Investments	\$564,916	\$45,767	\$14,306,722	\$12,242,160
Receivables				
Taxes	0	0	216,451	238,637
Accounts	0	0	261,669	298,563
Special Assessments	0	0	4,576	7,287
LID Assessments - Delinquent	0	0	30,255	20,078
LID Assessments - Deferred	0	0	353,866	422,779
Notes/Contracts	0	0	15,140	19,786
Interest/Penalties	0	7,950	1,958	18,094
Other Receivables	0	0	0	2,000
Due from Other Government Units	0	0	1,682,407	1,351,878
Investments, at Amortized Cost	1,449	501,964	502,934	3,253,898
Total Assets	<u>\$566,365</u>	<u>\$555,681</u>	<u>\$17,375,978</u>	<u>\$17,875,160</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Warrants/Accounts Payable	\$0	\$0	\$789,710	\$1,133,571
Wages/Benefits Payable	0	0	794,476	689,007
Contracts Payable	0	0	104,275	205,920
Due to Other Funds	0	0	67,319	19,908
Due to Other Government Units	0	0	7,914	10,744
Deposits Payable	0	0	359,361	114,295
Deferred Revenue	0	0	433,224	518,408
Total Liabilities	<u>0</u>	<u>0</u>	<u>\$2,556,279</u>	<u>\$2,691,853</u>
Fund Balances				
Reserved for:				
Encumbrances	0	0	162,496	1,021,513
Continuing Appropriations	0	0	151,173	426,282
Debt Service	0	0	795,929	879,543
Endowment	566,365	555,681	566,365	555,681
Parking and Business Improvement			8,963	26,050
Unreserved Designated - Replacement	0	0	2,816,858	1,619,621
Unreserved	0	0	10,317,915	10,654,617
Total Fund Balances	<u>566,365</u>	<u>555,681</u>	<u>14,819,699</u>	<u>15,183,307</u>
Total Liabilities and Fund Balances	<u>\$566,365</u>	<u>\$555,681</u>	<u>\$17,375,978</u>	<u>\$17,875,160</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 BALANCES NONMAJOR PERMANENT FUND

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

Page 1 of 1

	CEMETERY TRUST		NONMAJOR GOVERNMENTAL FUNDS	
	2008	2007	2008	2007
REVENUES				
Taxes	\$0	\$0	\$12,067,180	\$12,240,044
Intergovernmental Revenues	0	0	7,461,007	13,639,141
Charges for Services	10,785	11,155	1,183,388	1,230,540
Interest	19,025	26,828	510,676	717,950
Other Revenues	0	0	1,532,247	1,343,434
Total Revenues	29,810	37,983	22,754,498	29,171,109
EXPENDITURES				
Current				
General Government	0	0	106,695	93,327
Security of Persons and Property	0	0	4,172,804	3,975,943
Physical Environment	0	0	324,177	351,031
Transportation	0	0	5,777,109	5,128,557
Economic Environment	0	0	1,310,635	1,166,234
Cultural & Recreational Environment	0	0	6,210,347	5,706,167
Capital Outlay				
General Government	0	0	522,591	143,564
Security of Persons and Property	0	0	299,246	1,105,290
Physical Environment	0	0	83,020	60,274
Transportation	0	0	3,729,834	10,099,140
Economic Environment	0	0	2,047,128	0
Cultural & Recreational Environment	0	0	1,602,572	1,006,609
Debt Service				
Principal Retirement	0	0	2,248,922	2,608,925
Interest	0	0	829,844	790,221
Total Expenditures	0	0	29,264,924	32,235,282
Excess of Rev Over (Under) Expenditures	\$29,810	\$37,983	(\$6,510,426)	(\$3,064,173)
OTHER FINANCING SOURCES (USES)				
Proceeds from L.T. Debt - G.O. Debt	\$0	\$0	\$2,946,303	\$4,686,005
Proceeds from Intergovernmental Loans	0	0	241,500	0
Transfers In	0	0	5,734,525	5,155,797
Transfers (Out)	(19,126)	(26,828)	(2,930,037)	(3,469,089)
Sale of Capital Assets	0	0	13,352	16,737
Comp. For Loss of Gen. Capital Assets	0	0	141,175	123,160
Total other Financing Sources (Uses)	(19,126)	(26,828)	6,146,818	6,512,610
Net Change in Fund Balances	10,684	11,155	(363,608)	3,448,437
Fund Balances, January 1	555,681	544,526	15,183,307	11,734,870
Fund Balances, December 31	\$566,365	\$555,681	\$14,819,699	\$15,183,307

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

NONMAJOR PROPRIETARY FUNDS

REFUSE FUND (471)

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.

STORMWATER FUND (976)

Created in 2008, this fund was set up to meet the responsibilities and obligations set forth by the City's Eastern Washington Phase II Municipal Stormwater Permit and the State mandated Underground Injection Control (UIC) Program (WAC 173-218). The Federal and State mandated responsibilities include collecting, transporting, and treatment of surface water (stormwater) to protect the environment, public health and welfare, and assess and comply with regulatory agency requirements.

STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS

December 31, 2008

With comparative totals for December 31, 2007

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	----- BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS -----			
	#471 REFUSE	#976 STORMWATER	----- TOTAL ----- 2008	----- TOTAL ----- 2007
ASSETS				
Current Assets				
Cash & Equity in Pooled Investments	\$176,933	\$477,011	\$653,944	\$410,404
Receivables:				
Accounts/Taxes (Net)	248,708	34,584	283,292	256,975
Due from Other Government Units	0	25,550	25,550	0
Total Current Assets	425,641	537,145	962,786	667,379
Noncurrent Assets				
Other Improvements	0	430,734	430,734	0
Machinery & Equipment	0	11,879	11,879	0
Accumulated Depreciation	0	(9,517)	(9,517)	0
Construction in Progress	0	4,498	4,498	0
Total Noncurrent Assets	0	437,594	437,594	0
Total Assets	\$425,641	\$974,739	\$1,400,380	\$667,379
LIABILITIES				
Current Liabilities				
Warrants/Accounts Payable	\$96,045	\$12	\$96,057	\$90,571
Wages/Benefits Payable	115,459	37,020	152,479	106,496
Compensated Absences Payable	137,612	30,172	167,784	132,344
Total Current Liabilities	349,116	67,204	416,320	329,411
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	0	437,594	437,594	0
Unrestricted	76,525	469,941	546,466	337,968
Total Net Assets	\$76,525	\$907,535	\$984,060	\$337,968

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

**STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS**

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

Page 1 of 1

	----- BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS -----			
	# 471	#976	----- TOTAL -----	
	REFUSE	STORMWATER	2008	2007
OPERATING REVENUES				
Charges for Services	\$4,240,363	\$1,065,308	\$5,305,671	\$3,950,719
Other Operating Revenues	3,474	0	3,474	896
Total Operating Revenues	4,243,837	1,065,308	5,309,145	3,951,615
OPERATING EXPENSES				
Operations and Maintenance	3,885,043	445,802	4,330,845	3,419,547
Administration/Overhead	467,683	94,288	561,971	436,314
Taxes	0	42,764	42,764	0
Total Operating Expenses	4,352,726	582,854	4,935,580	3,855,861
Operating Income (Loss)	(108,889)	482,454	373,565	95,754
NON-OPERATING REVENUES (EXPENSES)				
Operating Grants and Subsidies	0	75,580	75,580	0
Interest Revenue	1,000	0	1,000	4,000
Non-Operating Revenue Net of Expenses	1,000	75,580	76,580	4,000
Income (Loss) Before Contributions and Transfers	(107,889)	558,034	450,145	99,754
Capital Contributions	0	391,896	391,896	0
Transfers (Out)	(153,554)	(42,395)	(195,949)	0
Change in Net Assets	(261,443)	907,535	646,092	99,754
Total Net Assets - January 1	337,968	0	337,968	238,214
Total Net Assets - December 31	\$76,525	\$907,535	984,060	\$337,968

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

STATEMENT OF CASH FLOWS NONMAJOR PROPRIETARY FUNDS

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

Page 1 of 1

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	#471 REFUSE	#976 STORMWATER	----- TOTAL ----- 2008	----- TOTAL ----- 2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$4,248,630	\$1,030,724	\$5,279,354	\$3,984,423
Cash Paid to Suppliers for Goods and Services	(2,769,104)	(152,229)	(2,921,333)	(2,456,196)
Cash Paid for Salaries and Benefits	(1,182,721)	(363,421)	(1,546,142)	(1,126,026)
Other Operating Revenues Collected	3,474	0	3,474	896
Cash Paid in Lieu of Taxes	(381,196)	0	(381,196)	(355,130)
Net Cash Provided by Operating Activities	(80,917)	515,074	434,157	47,967
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants Received/Sales Tax	0	50,030	50,030	0
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital Expenditures Paid	0	(45,698)	(45,698)	0
Transfer Out	(153,554)	(42,395)	(195,949)	0
Net Cash Used for Capital Financing Activities	(153,554)	(88,093)	(241,647)	0
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Received on Investments	1,000	0	1,000	4,000
Net Increase (Decrease) in Cash and Cash Equivalents	(233,471)	477,011	243,540	51,967
Cash and Cash Equivalents at Beginning of Year	410,404	0	410,404	358,437
Cash and Cash Equivalents at End of Year	<u>\$176,933</u>	<u>\$477,011</u>	<u>\$653,944</u>	<u>\$410,404</u>
CASH AT THE END OF THE YEAR CONSISTS OF:				
Operating Fund Cash	<u>\$176,933</u>	<u>\$477,011</u>	<u>\$653,944</u>	<u>\$410,404</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Net Operating Income (Loss)	(\$108,889)	\$482,454	\$373,565	\$95,754
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	8,267	(34,584)	(26,317)	33,704
Increase (Decrease) in Warrants/Accounts Payable	5,474	12	5,486	(95,827)
Increase (Decrease) in Wages/Benefits Payable	8,963	37,020	45,983	7,150
Increase (Decrease) in Compensated Absences Payable	5,268	30,172	35,440	7,186
Total Adjustments	27,972	32,620	60,592	(47,787)
Net Cash Provided by Operating Activities	<u>(\$80,917)</u>	<u>\$515,074</u>	<u>\$434,157</u>	<u>\$47,967</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Acquired by Noncash Contributions	\$0	\$391,896	\$391,896	\$0

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

INTERNAL SERVICE FUNDS

UNEMPLOYMENT COMPENSATION RESERVE FUND (512)

Established in 1978 to provide unemployment compensation coverage for City employees as required by state law.

EMPLOYEES' HEALTH BENEFIT RESERVE FUND (513)

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.

WORKERS' COMPENSATION RESERVE FUND (514)

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.

RISK MANAGEMENT RESERVE FUND (515)

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.

WELLNESS AND EMPLOYEE ASSISTANCE FUND (516)

Established in 1998 to provide the opportunity to all City employees to improve their physical, mental and emotional well being.

EQUIPMENT RENTAL FUND (551)

A self-supporting fund that 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.

ENVIRONMENTAL FUND (555)

Established in 1991 to accumulate a reserve for environmental contingencies, funded by a surcharge on fuel purchased by the operating funds.

PUBLIC WORKS ADMINISTRATION FUND (560)

Established in 1983. The fund centralizes both the accountability and costs for supervision of funds which are housed at the Public Works facility.

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

December 31, 2008

With comparative totals for December 31, 2007

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	#512 UNEMPLOYMENT COMPENSATION RESERVE	#513 EMPLOYEES' HEALTH BENEFIT RESERVE	#514 WORKERS' COMPENSATION RESERVE	#515 RISK MANAGEMENT RESERVE
ASSETS				
Current Assets				
Cash & Equity in Pooled Investments	\$391,959	\$758,366	\$1,075,223	\$764,418
Deposits w/ Fiscal Agent/Trustee	0	10,620	0	0
Receivables:				
Accounts	8,476	587,653	84,304	0
Interest/Penalties	0	6,667	0	16,239
Inventories	0	0	0	0
Investments, at Amortized Cost	0	2,000,000	0	1,000,000
Total Current Assets	400,435	3,363,306	1,159,527	1,780,657
Noncurrent Assets				
Construction in Progress	0	0	0	0
Buildings	0	0	0	0
Other Improvements	0	0	0	0
Machinery & Equipment	0	0	0	34,619
Accumulated Depreciation	0	0	0	(3,462)
Total Noncurrent Assets	0	0	0	31,157
Total Assets	\$400,435	\$3,363,306	\$1,159,527	\$1,811,814
LIABILITIES				
Current Liabilities				
Warrants/Accounts Payable	\$0	\$248,712	\$5,126	\$587,249
Wages/Benefits Payable	3,223	9,210	10,820	39,976
Contracts Payable	0	0	0	0
Compensated Absences Payable	7,749	21,186	9,897	50,311
Claims and Judgments Payable	21,162	1,247,884	1,128,115	1,100,000
Total Current Liabilities	32,134	1,526,992	1,153,958	1,777,536
Total Liabilities	\$32,134	\$1,526,992	\$1,153,958	\$1,777,536
NET ASSETS				
Invested in Capital Assets, net of related debt	\$0	\$0	\$0	\$31,157
Unrestricted	368,301	1,836,314	5,569	3,121
Total Assets	\$368,301	\$1,836,314	\$5,569	\$34,278

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

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

December 31, 2008

With comparative totals for December 31, 2007

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#516 WELLNESS/ EAP	#551 EQUIPMENT RENTAL	#555 ENVIRONMENTAL	#560 PUBLIC WORKS ADMINISTRATION	----- TOTAL -----	
				2008	2007
\$158,972	\$1,025,844	\$515,999	\$298,299	\$4,989,080	\$5,652,097
0	0	0	0	10,620	10,620
0	0	0	0	680,433	641,749
0	40,581	0	0	63,487	91,795
0	542,363	0	0	542,363	290,565
0	3,419,571	0	0	6,419,571	5,438,533
158,972	5,028,359	515,999	298,299	12,705,554	12,125,359
0	0	94,267	0	94,267	
0	0	0	37,397	37,397	37,397
0	0	0	7,251	7,251	7,251
29,430	18,960,820	7,572	84,316	19,116,757	18,087,965
(4,198)	(10,793,165)	(5,300)	(86,895)	(10,893,020)	(10,092,724)
25,232	8,167,655	96,539	42,069	8,362,652	8,039,889
\$184,204	\$13,196,014	\$612,538	\$340,368	\$21,068,206	\$20,165,248
\$5,976	\$67,147	\$1,755	\$61,812	\$977,777	\$665,782
0	75,408	0	61,694	200,331	184,699
0	0	0	0	0	0
0	93,580	0	71,857	254,580	225,964
0	0	0	0	3,497,161	3,080,203
5,976	236,135	1,755	195,363	4,929,849	4,156,648
\$5,976	\$236,135	\$1,755	\$195,363	\$4,929,849	\$4,156,648
\$25,232	\$8,167,655	\$96,539	\$42,069	\$8,362,652	\$8,039,889
152,996	4,792,224	514,244	102,936	7,775,705	7,968,711
\$178,228	\$12,959,879	\$610,783	\$145,005	\$16,138,357	\$16,008,600

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

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

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

Page 1 of 2

	#512 UNEMPLOYMENT COMPENSATION RESERVE	#513 EMPLOYEES' HEALTH BENEFIT RESERVE	#514 WORKERS' COMPENSATION RESERVE	#515 RISK MANAGEMENT RESERVE
OPERATING REVENUES				
Charges for Insurance	\$0	\$0	\$0	\$2,124,257
Charges for Services	0	0	0	0
Employer Contributions	84,641	7,078,263	1,238,443	0
Employee Contributions	0	1,770,349	54,386	0
Other Operating Revenue	0	620	0	0
Total Operating Revenues	<u>84,641</u>	<u>8,849,232</u>	<u>1,292,829</u>	<u>2,124,257</u>
OPERATING EXPENSES				
Operations and Maintenance	5,243	833,947	203,232	997,975
Administration/Overhead	29,570	241,531	118,598	951,897
Depreciation/Amortization	0	0	0	3,462
Other Benefits	109,028	8,500,358	1,451,292	359,776
Total Operating Expenses	<u>143,841</u>	<u>9,575,836</u>	<u>1,773,122</u>	<u>2,313,110</u>
Operating Income (Loss)	<u>(\$59,200)</u>	<u>(\$726,604)</u>	<u>(\$480,293)</u>	<u>(\$188,853)</u>
NON-OPERATING REVENUES (EXPENSES)				
Other Non-Operating	\$0	\$139,898	\$9,464	\$105,308
Interest Revenue	0	70,408	56,814	215,289
Gain (Loss) on Capital Assets Disposition	0	0	0	0
Non-Operating Revenue Net of Expenses	<u>\$0</u>	<u>\$210,306</u>	<u>\$66,278</u>	<u>\$320,597</u>
CHANGE IN NET ASSETS				
Income (Loss) Before Contributions and Transfers	(\$59,200)	(\$516,298)	(\$414,015)	\$131,744
Capital Contributions	0	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Total Change in Net Assets	<u>(59,200)</u>	<u>(516,298)</u>	<u>(414,015)</u>	<u>131,744</u>
Total Net Assets - January 1	427,501	2,352,612	419,584	(97,466)
Total Net Assets - December 31	<u>\$368,301</u>	<u>\$1,836,314</u>	<u>\$5,569</u>	<u>\$34,278</u>

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

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

For the Year Ended December 31, 2008

With comparative totals for December 31, 2007

Page 2 of 2

#516 WELLNESS/ EAP	#551 EQUIPMENT RENTAL	#555 ENVIRONMENTAL	#560 PUBLIC WORKS ADMINISTRATION	----- TOTAL -----	
				2008	2007
\$0	\$0	\$137,155	\$0	\$2,261,412	\$2,257,383
0	5,261,609	0	1,189,940	6,451,549	5,741,798
122,710	0	0	0	8,524,057	8,048,075
0	0	0	0	1,824,735	1,693,673
0	0	0	0	620	277,744
<u>122,710</u>	<u>5,261,609</u>	<u>137,155</u>	<u>1,189,940</u>	<u>19,062,373</u>	<u>18,018,673</u>
88,299	3,384,826	41,967	600,210	6,155,699	5,832,305
0	319,730	0	547,989	2,209,315	2,086,267
3,570	1,290,879	1,514	12,793	1,312,218	1,189,712
0	0	0	0	10,420,454	9,536,357
<u>91,869</u>	<u>4,995,435</u>	<u>43,481</u>	<u>1,160,992</u>	<u>20,097,686</u>	<u>18,644,641</u>
<u>\$30,841</u>	<u>\$266,174</u>	<u>\$93,674</u>	<u>\$28,948</u>	<u>(\$1,035,313)</u>	<u>(\$625,968)</u>
\$0	\$80,923	\$0	\$0	\$335,593	\$5,760
0	140,611	0	0	483,122	666,735
0	14,149	0	0	14,149	(30,366)
<u>\$0</u>	<u>\$235,683</u>	<u>\$0</u>	<u>\$0</u>	<u>\$832,864</u>	<u>\$642,129</u>
\$30,841	\$501,857	\$93,674	\$28,948	(\$202,449)	\$16,161
0	7,791	0	2,178	9,969	608,776
0	385,791	0	0	385,791	0
0	0	(63,554)	0	(63,554)	0
<u>30,841</u>	<u>895,439</u>	<u>30,120</u>	<u>31,126</u>	<u>129,757</u>	<u>624,937</u>
147,387	12,064,440	580,663	113,879	16,008,600	15,383,663
<u>\$178,228</u>	<u>\$12,959,879</u>	<u>\$610,783</u>	<u>\$145,005</u>	<u>\$16,138,357</u>	<u>\$16,008,600</u>

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

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

December 31, 2008

With comparative totals for December 31, 2007

Page 1 of 2

	#512 UNEMPLOYMENT COMPENSATION RESERVE	#513 EMPLOYEES' HEALTH BENEFIT RESERVE	#514 WORKERS' COMPENSATION RESERVE
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$0	\$0	\$0
Contributions Received - Employer and Employee	91,670	8,811,671	1,284,057
Cash Paid to Suppliers for Goods and Services	(7,225)	(1,024,656)	(228,510)
Cash Paid for Salaries and Benefits	(26,197)	(112,501)	(98,135)
Other Operating Revenues Collected	0	620	0
Cash Paid to Claimants and Beneficiaries	(114,242)	(8,414,467)	(1,115,011)
Net Cash Provided by Operating Activities	<u>(\$55,994)</u>	<u>(\$739,333)</u>	<u>(\$157,599)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer In/Other Non-Operating Revenue	\$0	\$139,898	\$9,464
Transfer Out	0	0	0
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>\$139,898</u>	<u>\$9,464</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Cash Received from Disposal of Capital Assets	\$0	\$0	\$0
Capital Expenditures Paid	0	0	0
Other Non-Operating Capital Revenue	0	0	0
Net Cash Used for Capital Financing Activities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from Sale and Maturity of Investment Securities	\$0	\$528,337	\$998,982
Interest Received on Investments	0	92,963	79,318
Purchase of Investment Securities	0	(1,000,000)	0
Net Cash Provided by Investing Activities	<u>\$0</u>	<u>(\$378,700)</u>	<u>\$1,078,300</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(\$55,994)</u>	<u>(\$978,135)</u>	<u>\$930,165</u>
Cash and Cash Equivalents at Beginning of Year	<u>\$447,953</u>	<u>\$1,736,501</u>	<u>\$145,058</u>
Cash and Cash Equivalents at End of Year	<u><u>\$391,959</u></u>	<u><u>\$758,366</u></u>	<u><u>\$1,075,223</u></u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Net Operating Income (Loss)	(\$59,200)	(\$726,604)	(\$480,293)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	0	0	0
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	7,029	(36,941)	(8,772)
(Increase) Decrease in Inventory	0	0	0
Increase (Decrease) in Warrants/Accounts Payable	(139)	(76,156)	(6,871)
Increase (Decrease) in Wages/Benefits Payable	415	1,661	1,104
Increase (Decrease) in Compensated Absences Payable	1,115	12,816	952
Increase (Decrease) in Claims and Judgments Payable	(5,214)	85,891	336,281
Increase (Decrease) in Due to Other Funds	0	0	0
Total Adjustments	<u>\$3,206</u>	<u>(\$12,729)</u>	<u>\$322,694</u>
Net Cash Provided by Operating Activities	<u><u>(\$55,994)</u></u>	<u><u>(\$739,333)</u></u>	<u><u>(\$157,599)</u></u>
Capital Assets Acquired by Noncash Contributions	\$0	\$0	\$0

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

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

December 31, 2008

With comparative totals for December 31, 2007

Page 2 of 2

#515 RISK MANAGEMENT RESERVE	#516 WELLNESS/ EAP	#551 EQUIPMENT RENTAL	#555 ENVIRONMENTAL	#560 PUBLIC WORKS ADMINISTRATION	----- TOTAL -----	
					2008	2007
\$0	\$0	\$5,261,609	\$137,155	\$1,189,940	\$6,588,704	\$5,897,709
2,124,257	122,710	0	0	0	12,434,365	11,833,685
(1,061,066)	(96,695)	(3,174,349)	(57,906)	(523,364)	(6,173,771)	(6,065,500)
(439,674)	0	(789,687)	0	(611,680)	(2,077,874)	(1,724,430)
0	0	0	0	0	620	277,777
(368,700)	0	0	0	0	(10,012,420)	(9,399,488)
<u>\$254,817</u>	<u>\$26,015</u>	<u>\$1,297,573</u>	<u>\$79,249</u>	<u>\$54,896</u>	<u>\$759,624</u>	<u>\$819,753</u>
\$105,308	\$0	\$78,391	\$0	\$0	\$333,061	\$0
0	0	0	(63,554)	0	(63,554)	0
<u>\$105,308</u>	<u>\$0</u>	<u>\$78,391</u>	<u>(\$63,554)</u>	<u>\$0</u>	<u>\$269,507</u>	<u>\$0</u>
\$0	\$0	\$82,236	\$0	\$0	\$82,236	\$62,932
(34,619)	(23,154)	(1,538,527)	(94,267)	0	(1,690,567)	(1,252,329)
0	0	385,791	0	0	385,791	583,937
<u>(\$34,619)</u>	<u>(\$23,154)</u>	<u>(\$1,070,500)</u>	<u>(\$94,267)</u>	<u>\$0</u>	<u>(\$1,222,540)</u>	<u>(\$605,460)</u>
(\$500,000)	\$0	\$0	\$0	\$0	\$1,027,319	\$1,790,329
207,000	0	132,149	0	0	511,430	636,140
0	0	(1,008,357)	0	0	(2,008,357)	0
<u>(\$293,000)</u>	<u>\$0</u>	<u>(\$876,208)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$469,608)</u>	<u>\$2,426,469</u>
\$32,506	\$2,861	(\$570,744)	(\$78,572)	\$54,896	(\$663,017)	\$2,640,762
\$731,912	\$156,111	\$1,596,588	\$594,571	\$243,403	\$5,652,097	\$3,011,335
<u>\$764,418</u>	<u>\$158,972</u>	<u>\$1,025,844</u>	<u>\$515,999</u>	<u>\$298,299</u>	<u>\$4,989,080</u>	<u>\$5,652,097</u>
(\$188,853)	\$30,841	\$266,174	\$93,674	\$28,948	(\$1,035,313)	(\$625,968)
3,462	3,570	1,290,879	1,514	12,793	1,312,218	1,189,713
0	0	0	0	0	(38,684)	(9,502)
0	0	(251,798)	0	0	(251,798)	156,945
431,335	(8,396)	(23,022)	(15,939)	11,183	311,995	(119,736)
654	0	7,208	0	4,590	15,632	28,231
8,219	0	8,132	0	(2,618)	28,616	29,996
0	0	0	0	0	416,958	340,718
0	0	0	0	0	0	(170,644)
<u>\$443,670</u>	<u>(\$4,826)</u>	<u>\$1,031,399</u>	<u>(\$14,425)</u>	<u>\$25,948</u>	<u>\$1,794,937</u>	<u>\$1,445,721</u>
<u>\$254,817</u>	<u>\$26,015</u>	<u>\$1,297,573</u>	<u>\$79,249</u>	<u>\$54,896</u>	<u>\$759,624</u>	<u>\$819,753</u>
\$0	\$0	\$7,791	\$0	\$0	\$7,791	\$24,839

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.

**SCHEDULE BY FUNCTION AND ACTIVITY
GOVERNMENTAL FUND CAPITAL ASSETS ⁽¹⁾**

December 31, 2008

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	BALANCE AS OF 12/31/2008	LAND	BUILDINGS
General Government			
City Council / Manager / Clerks	\$1,158,900	\$0	\$1,132,456
Finance (Finance, Info Sys, Utility Serv)	1,033,319	0	51,280
Human Resources	4,369	0	0
Legal	8,695	0	8,695
Municipal Court	102,615	0	9,092
Codes/Planning/City Hall	821,295	0	709,940
Engineering	26,155	0	0
Miscellaneous General Government	2,635,654	1,245,764	1,513,714
Total General Government	\$5,791,002	\$1,245,764	\$3,425,177
Public Safety			
Fire	\$13,143,125	\$321,436	\$6,781,679
Police	15,339,079	2,246,988	10,929,008
Total Public Safety	\$28,482,204	\$2,568,424	\$17,710,687
Physical Environment			
Codes	\$0	\$0	\$0
LID Construction	82,075	0	0
Cemetery	754,249	477,661	135,841
Total Physical Environment	\$836,324	\$477,661	\$135,841
Transportation			
Streets	\$1,170,460	\$104,381	\$0
Arterial Street	208,296,219	2,287,769	2,186,157
Transportation (Trolley)	1,376,916	527,500	0
Total Transportation	\$210,843,595	\$2,919,650	\$2,186,157
Economic Environment			
Senior Citizen Center	\$3,839,162	\$271,973	\$3,528,580
Community Development	1,476,312	447,048	52,161
Central Business District	10,368,809	0	0
Total Economic Environment	\$15,684,283	\$719,021	\$3,580,741
Culture and Recreation			
Bicentennial Pavilion	\$9,506,707	\$1,152,519	\$7,882,788
Public Works Administration	7,505	5,900	0
Parks and Recreation	15,231,512	2,386,349	2,608,892
Southeast Community Center	404,318	34,588	38,615
Capitol Theatre	6,365,244	0	5,076,019
Cable TV	327,596	0	40,712
Convention Center	6,440,637	162,608	6,145,685
Gateway - Visitor Center	148,011	0	0
Total Culture and Recreation	\$38,431,530	\$3,741,964	\$21,792,711
Total	\$300,068,938	\$11,672,484	\$48,831,314

(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.

**SCHEDULE BY FUNCTION AND ACTIVITY
GOVERNMENTAL FUND CAPITAL ASSETS**

December 31, 2008

Page 2 of 2

IMPROVEMENTS	INFRASTRUCTURE	EQUIPMENT	CONSTRUCTION IN PROGRESS
\$13,094	\$0	\$13,350	\$0
17,669	0	964,370	0
0	0	4,369	0
0	0	0	0
4,507	0	89,016	0
103,552	0	7,803	0
0	0	26,155	0
78,262	0	(202,086)	0
<u>\$217,084</u>	<u>\$0</u>	<u>\$902,977</u>	<u>\$0</u>
\$101,085	\$0	\$5,938,925	\$0
14,952	0	2,148,131	0
<u>\$116,037</u>	<u>\$0</u>	<u>\$8,087,056</u>	<u>\$0</u>
\$0	\$0	\$0	\$0
0	0	0	82,075
140,747	0	0	0
<u>\$140,747</u>	<u>\$0</u>	<u>\$0</u>	<u>\$82,075</u>
\$0	\$902,693	\$135,504	\$27,882
43,435	195,141,833	0	8,637,025
117,551	0	175,000	556,865
<u>\$160,986</u>	<u>\$196,044,526</u>	<u>\$310,504</u>	<u>\$9,221,772</u>
\$0	\$0	\$38,609	\$0
178,166	0	64,376	734,561
54,222	2,157,805	0	8,156,782
<u>\$232,388</u>	<u>\$2,157,805</u>	<u>\$102,985</u>	<u>\$8,891,343</u>
\$334,337	\$0	\$137,063	\$0
0	0	1,605	0
9,879,439	0	26,935	329,897
331,115	0	0	0
0	0	472,591	816,634
63,053	0	223,831	0
(5,987)	0	118,268	20,063
0	0	0	148,011
<u>\$10,601,957</u>	<u>\$0</u>	<u>\$980,293</u>	<u>\$1,314,605</u>
<u>\$11,469,199</u>	<u>\$198,202,331</u>	<u>\$10,383,815</u>	<u>\$19,509,795</u>

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

**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
GOVERNMENTAL FUND CAPITAL ASSETS ⁽¹⁾**

December 31, 2008

Page 1 of 1

	BALANCE As of 1/1/2008	ADDITIONS	DELETIONS	BALANCE As of 12/31/2008
General Government				
City Council / Manager / Clerks	\$1,158,900	\$0	\$0	\$1,158,900
Finance (Finance, Info Sys, Utility Serv)	1,039,764	28,586	(35,031)	1,033,319
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	673,208	164,289	(16,202)	821,295
Engineering	40,526	0	(14,371)	26,155
Miscellaneous General Government	2,646,654	0	(11,000)	2,635,654
Total General Government	5,674,731	192,875	(76,604)	5,791,002
Public Safety				
Fire	12,165,596	994,608	(17,079)	13,143,125
Police	15,318,131	25,948	(5,000)	15,339,079
Total Public Safety	27,483,727	1,020,556	(22,079)	28,482,204
Physical Environment				
LID Construction	37,413	44,662	0	82,075
Cemetery	754,249	0	0	754,249
Total Physical Environment	791,662	44,662	0	836,324
Transportation				
Streets	260,169	910,291	0	1,170,460
Arterial Street	203,951,030	4,348,592	(3,403)	208,296,219
Transportation (Trolley)	1,153,502	223,414	0	1,376,916
Total Transportation	205,364,701	5,482,297	(3,403)	210,843,595
Economic Environment				
Senior Citizen Center	3,839,162	0	0	3,839,162
Community Development	940,633	535,679	0	1,476,312
Central Business District	8,321,681	2,047,128	0	10,368,809
Total Economic Environment	13,101,476	2,582,807	0	15,684,283
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	13,620,685	1,610,827	0	15,231,512
Southeast Community Center	404,318	0	0	404,318
Capitol Theatre	5,853,303	519,198	(7,256)	6,365,245
Cable TV	291,403	42,386	(6,193)	327,596
Convention Center	6,440,636	0	0	6,440,636
Gateway - Visitor Center	148,011	0	0	148,011
Total Culture and Recreation	36,272,568	2,172,411	(13,449)	38,431,530
Total Governmental Fund Assets	<u>\$288,688,865</u>	<u>\$11,495,608</u>	<u>(\$115,535)</u>	<u>\$300,068,938</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.

SCHEDULE BY SOURCE
GOVERNMENTAL FUND CAPITAL ASSETS ⁽¹⁾

December 31, 2008

Page 1 of 1

	BEGINNING				ENDING
	BALANCE	ADDITIONS	DELETIONS	ADJUSTMENTS	BALANCE
General Capital Assets					
Land	\$10,812,032	\$871,451	(\$11,000)	\$0	\$11,672,483
Buildings	48,553,320	171,844	0	106,150	48,831,314
Improvements other than Buildings	9,848,275	314,461	0	1,306,463	11,469,199
Equipment	8,112,075	392,842	(101,132)	712,410	9,116,195
Infrastructure	191,652,887	933,624	0	5,615,820	198,202,331
Construction in Progress	18,442,657	8,098,976	(3,403)	(7,028,433)	19,509,797
Capitalized Leases	1,267,620	0	0	0	1,267,620
Total General Capital Assets	<u>\$288,688,866</u>	<u>\$10,783,198</u>	<u>(\$115,535)</u>	<u>\$712,410</u>	<u>\$300,068,939</u>
Investment In General Capital Assets From:					
1984 Physical Inventory	\$15,815,751	\$0	\$0	\$712,410	\$16,528,161
Federal Grants	1,015,288	535,679	0	0	1,550,967
State Grants	551,428	0	0	0	551,428
Interlocal Grants	142,712,864	1,015,350	0	0	143,728,214
General Fund	2,211,531	37,486	(81,604)	0	2,167,413
Special Revenue Funds	984,944	296,731	(13,449)	0	1,268,226
Federal Revenue Sharing	394,765	0	0	0	394,765
General Obligation Bond	21,793,886	295,857	0	0	22,089,743
Capital Projects	37,898,620	4,070,774	0	0	41,969,394
Grants/GOB/Local Match	60,916,157	4,531,321	(20,482)	0	65,426,996
Private Contributions	4,393,632	0	0	0	4,393,632
Total Investment in General Capital Assets	<u>\$288,688,866</u>	<u>\$10,783,198</u>	<u>(\$115,535)</u>	<u>\$712,410</u>	<u>\$300,068,939</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.

(This page intentionally contains no information.)

SUPPLEMENTAL SCHEDULES

SCHEDULE 9 – LONG-TERM DEBT

This schedule provides information about the long-term debt for the City of Yakima. It is also used to corroborate the amounts of long-term debt shown on any balance sheets and the amounts of debt services (principal only) shown on operating statements.

SCHEDULE 10 – LIMITATION OF INDEBTEDNESS

This schedule applies only to general obligation debt. General obligation debt is backed by the full faith and credit of the government. The debt service on non-voted debt is paid out of general government revenues. The debt service on voted debt is paid from excess property tax levies under RCW 84.52.056.

SCHEDULE 16 – EXPENDITURES

Federal Awards

Expenditures of federal awards that were received directly from a federal agency and indirectly (pass-through) from a state agency or local government.

State / Local Assistance

Expenditures from grants received directly or indirectly from state agencies (334), grants from other local government (337), loans from the state and other local governments, and program income.

SCHEDULE 17 – PUBLIC WORKS

A report regarding the limitation on public works projects performed by public employees.

SCHEDULE 19 – LABOR RELATIONS CONSULTANT

The 1993 Legislature has required the state Auditor's Office to collect information regarding the role labor relations consultants play in local governments. This reporting requirement is found in RCW 43.09.230, as amended by the 1993 Legislature.

SCHEDULE #9
LONG-TERM DEBT

For the Year Ended December 31, 2008

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	ID No.	PURPOSE	AMOUNT OF ISSUE	DATE OF ISSUE	DATE OF FINAL MATURITY
General Obligation Debt					
Crim Justice / I-82 (Refunding)	251.15	594.21,595.11	\$4,155,000	06/17/2003	12/01/2013
Fire (Refunded)	251.15	594.22	2,300,000	09/07/2004	12/01/2014
Conv Center Expansion (Refunding)	251.15	594.75.65	4,175,000	09/07/2004	11/01/2019
G.O. Line of Credit-Parks Cap	251.11	594.76	104,569	12/19/2003	12/19/2008
Street Bond	251.11	595.30	1,430,000	04/01/1998	06/01/2008
Conv Center Addition	251.11	594.75.65	6,735,000	06/10/2002	06/01/2026
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
Parks Capital Projects	251.11	594.76.65	755,000	12/05/2005	12/01/2015
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
Fire Ladder Truck	251.11	59422	760,000	08/28/2008	12/01/2021
Third Ave /Mead Walnut Street Project	251.11	59511	2,190,000	08/28/2008	12/01/2019
Total			\$33,015,097		
Revenue Bonds					
Wastewater (Current Refunding)	252.15	535.10.65	\$3,320,000	10/01/1996	12/01/2008
Wastewater/Water (Refunding 91)	252.15	535.10.65	388,988	10/01/1998	09/01/2011
Wastewater/Water (Refunding 91)	252.15	535.10.65	4,326,012	10/01/1998	09/01/2011
Wastewater/Water (Refunding 98)	252.15	535.10.65	125,074	10/01/1998	09/01/2011
Wastewater/Water (Refunding 98)	252.15	535.10.65	1,390,975	10/01/1998	09/01/2011
Water	252.11	59434	3,195,000	10/01/1998	09/01/2018
Water Refunding 1998	252.15	59434	1,883,951	06/05/2008	11/01/2018
Wastewater	252.11	59435	600,000	02/27/2001	06/01/2041
Wastewater	252.11	59435	17,545,000	12/22/2003	11/01/2023
Wastewater	252.11	59435	5,440,000	06/05/2008	11/01/2027
Irrigation	252.11	59438	5,215,000	09/14/2004	09/01/2034
Total			\$43,430,000		
Special Assessment Notes					
#1055	263.63	535.10.65	\$101,830	06/05/2000	06/05/2010
#1056	263.63	535.10.65	218,481	12/17/2005	12/17/2015
#1057	263.63	535.10.65	346,238	05/01/2006	05/01/2016
#1058	263.63	535.10.65	200,014	05/01/2006	05/01/2016
#1059	263.63	535.10.65	0		
#1060	263.63	535.10.65	0		
Total			\$866,563		

**SCHEDULE #9
LONG-TERM DEBT**

For the Year Ended December 31, 2008

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BEGINNING OUTSTANDING BALANCE	AMOUNT ISSUED	BARS CODE FOR RECEIPT	RECEIVING FUND NUMBER	AMOUNT REDEEMED	BARS CODE FOR REDEMPTION	REDEEMING FUND NUMBER	ENDING OUTSTANDING BALANCE	NOMINAL INTEREST RATE
\$2,800,000	\$0	391.10-BND	283	\$440,000	591.21-710	283	\$2,360,000	4.35-5.25%
1,780,000	0	391.10-BND	284	235,000	591.22-710	284	1,545,000	2.0 -3.5%
4,000,000	0	391.10-BND	370	280,000	591.75-710	287	3,720,000	2.0 -4.2%
24,569	0	391.10-BND	331	24,569	591.76-710	285	(0)	variable
175,000	0	391.10-BND	142	175,000	591.42-710	282	0	4.0-4.5%
1,085,000	0	391.10-BND	370	200,000	591.75-710	272	885,000	3.0-5.0%
4,910,000	0	391.10-BND	272	10,000	591.75-710	272	4,900,000	4.0-5.0%
1,362,913	0	391.10-BND	392	64,861	59175-710	281	1,298,052	2.34-4.72%
630,000	0	391.10-BND	331	70,000	59176-710	281	560,000	4.0-4.5%
1,765,000	0	391.10-BND	142	145,000	591.42-710	281	1,620,000	4.0-5.0%
815,000	0	391.10-BND	332	40,000	591.22-710	281	775,000	4.0-5.0%
1,490,000	0	391.10-BND	321	75,000	591.42-710	281	1,415,000	4.0-4.5%
	760,000	391.10-BND	332	10,000	591.22-710	281	750,000	3.25-4.0%
0	2,190,000	391.10-BND	142	45,000	591.42-710	281	2,145,000	3.25-4.0%
<u>\$20,837,482</u>	<u>\$2,950,000</u>			<u>\$1,814,430</u>			<u>\$21,973,052</u>	
\$350,000	\$0	39110-BND	488	\$350,000	582.35-720	488	\$0	4.00-5.2%
162,525	0	39110-BND	484	162,525	582.34-720	484	0	4.00-4.3%
1,807,475	0	39110-BND	484	1,807,475	582.35-720	484	0	4.00-4.3%
0	125,074	39110-BND	484	499	582.34-720	484	124,575	4.00-4.3%
0	1,390,975	39110-BND	484	5,550	582.35-720	484	1,385,425	4.00-4.3%
2,070,000	0	39110-BND	477	2,070,000	582.34-720	486	0	4.00-5.0%
0	1,883,951	39110-BND	477	8,951	582.34-720	486	1,875,000	4.00-5.0%
506,317	0	39110-BND	476	506,317	582.35-720	485	0	6.00%
14,855,000	0	39110-BND	478	685,000	582.35-720	493	14,170,000	2.0-5.0%
0	5,440,000	39110-BND	478	75,000	582.35-720	488	5,365,000	4.00-5.0%
4,910,000	0	39110-BND	479	105,000	582.38-720	491	4,805,000	2.0-4.8%
<u>\$24,661,317</u>	<u>\$8,840,000</u>			<u>\$5,776,317</u>			<u>\$27,725,000</u>	
\$9,000	\$0	39170-770	345	\$4,500	59135-770	289	\$4,500	9.75%
140,900	0	39170-770	345	15,500	59135-770	289	125,400	8.75%
105,600	0	39170-770	345	5,600	59135-770	289	100,000	9.25%
115,200	0	39170-770	345	10,500	59135-770	289	104,700	9.25%
0	0	39170-770	345	0	59135-770	289	0	10.75%
0	0	39170-770	345	0	59135-770	289	0	10.75%
<u>\$370,700</u>	<u>\$0</u>			<u>\$36,100</u>			<u>\$334,600</u>	

**SCHEDULE #9
LONG-TERM DEBT**

For the Year Ended December 31, 2008

Page 3 of 5

	ID No.	PURPOSE	AMOUNT OF ISSUE	DATE OF ISSUE	DATE OF FINAL MATURITY
Intergovernment Loans					
<i>(Public Works Trust And State Revolving Fund)</i>					
PW-88-962-54	263.82	594.35.64	\$945,000	06/19/1988	07/01/2008
PW-5-89-962-0056	263.81	595.50.65	765,000	08/01/1989	07/01/2009
PW-5-89-962-0057	263.81	595.40.65	121,162	08/01/1989	07/01/2009
PW-5-89-962-0058	263.82	594.34.65	495,000	06/12/1989	07/01/2009
PW-5-90-280-050	263.81	595.30.65	603,313	05/07/1990	07/01/2010
PW-5-91-280-070	263.81	595.30.65	1,039,500	09/29/1991	07/01/2011
PW-5-91-280-071	263.81	595.40.65	1,143,716	09/29/1991	07/01/2011
PW-5-92-280-046	263.82	594.35.64	1,120,000	09/03/1992	07/01/2012
PW-5-93-280-054	263.82	594.35.65	3,221,708	06/01/1993	07/01/2013
PW-5-94-784-049	263.82	594.35.64	1,220,900	05/16/1994	07/01/2014
PW-5-95-791-052	263.81	595.30.65	1,000,000	06/14/1995	07/01/2015
PW-5-95-791-053	263.82	594.35.64	3,030,558	08/07/1995	07/01/2015
PW-5-95-791-054	263.82	594.35.64	188,430	06/14/1995	07/01/2015
PW-00-691-062	263.81	595.30.65	1,180,000	06/14/2000	06/10/2010
PW-01-691-071	263.82	594.35.65	1,466,250	06/01/2001	07/01/2021
PW-03-027	263.82	594.34.65	2,694,000	09/01/2003	07/01/2023
PW-05-691-064	263.82	594.35.65	2,307,000	12/30/2005	07/01/2025
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
CERB Loan #C95-107	263.81	594.50.65	425,448	08/21/1995	07/01/2016
Total			\$26,233,758		
Due To Other Governmental Units					
Yakima County	263.81		\$781,518	11/01/1989	11/01/2008
Yakima County	263.82		44,000	06/01/2002	06/01/2011
Yakima County	263.82		75,000	06/01/2004	06/01/2010
Yakima County	263.82		25,000	06/01/2006	06/01/2010
Yakima County	263.82		64,500	06/01/2006	06/01/2012
Yakima County	263.82		50,000	06/01/2007	06/01/2012
Yakima County	263.82		27,500	06/01/2008	06/01/2012
Yakima County	263.82		214,000	06/01/2008	06/01/2012
Total			\$1,281,518		
Lease Purchase Agreements					
#35416 - Police Video	263.53	594.21.66	\$491,838	11/03/2003	11/03/2008
#35943 - Printer/Copier	263.53	594.18.66	93,414	06/01/2004	03/01/2009
Mobile Wireless Data Network	263.53	594.21.66	325,000	07/09/2004	04/09/2009
Printer/Copier	263.53	594.18.66	54,255	10/15/2004	07/15/2009
Chevrolet Trucks-Codes	263.53	594.18.66	38,293	12/04/2007	09/04/2010
Total			\$1,002,800		
Grand Total			\$105,829,736		

**SCHEDULE #9
LONG-TERM DEBT**

For the Year Ended December 31, 2008

Page 4 of 5

BEGINNING OUTSTANDING BALANCE	AMOUNT ISSUED	BARS CODE FOR RECEIPT	RECEIVING FUND NUMBER	AMOUNT REDEEMED	BARS CODE FOR REDEMPTION	REDEEMING FUND NUMBER	ENDING OUTSTANDING BALANCE	NOMINAL INTEREST RATE
\$55,579	\$0	39180-DCD	478	\$55,579	58235-78P	473	\$0	1%
84,302	0	39180-DCD		42,151	59142-780	342	42,151	1%
12,754	0	39180-DCD		6,377	59138-780	342	6,377	3%
54,547	0	39180-DCD	477	27,274	58234-78P	474	27,273	3%
95,268	0	39180-DCD		31,756	59142-780	142	63,512	3%
199,884	0	39180-DCD		49,971	59142-780	142	149,913	1%
242,675	0	39180-DCD		60,669	59138-780	342	182,006	3%
308,655	0	39180-DCD	476	61,731	58235-78P	473	246,924	1%
1,023,033	0	39180-DCD	478	170,505	58235-78P	473	852,528	1%
286,293	0	39180-DCD	476	40,899	58235-78P	473	245,394	1%
426,006	0	39180-DCD		53,251	59142-780	142	372,755	1%
1,306,996	0	39180-DCD	478	163,375	58235-78P	473	1,143,621	1%
93,481	0	39180-DCD	476	11,685	58235-78P	473	81,796	1%
378,142	0	39180-DCD	142	126,047	59142-780	142	252,095	1%
1,086,750	0	39180-DCD	476/477	77,625	58235-78P	473	1,009,125	0.5%
2,155,600	0	39180-DCD	477	134,725	58234-78P	474	2,020,875	0.5%
1,529,905	576,750	39180-DCD	476	117,036	58235-78P	473	1,989,619	0.5%
460,000	1,725,000	39180-DCD	478		58235-78P	473	2,185,000	0.5%
837,735	0	39180-DCD	477	47,072	58234-78P	474	790,663	0.5%
247,507	0	39180-DCD		21,988	59119-780	000	225,519	5.5%
<u>\$10,885,112</u>	<u>\$2,301,750</u>			<u>\$1,299,716</u>			<u>\$11,887,146</u>	
\$65,046	\$0			\$65,046	59175-771	000	\$0	
19,786	0	39180-COU		4,645	59142-780	142	15,141	4.20%
32,142	0	39180-COU		10,714	59173-780	170	21,428	1.10%
15,729	0	39180-COU	476	5,023	58235-78P	473	10,706	1.10%
46,752	0	39180-COU	474	8,356	58234-780	474	38,396	5.62%
50,000	0	39180-COU	142	7,298	59142-780	142	42,702	6.18%
0	27,500	39180-COU	142	5,513	59142-780	142	21,987	5.62%
0	214,000	39180-COU	142	0	59142-780	142	214,000	6.18%
<u>\$229,455</u>	<u>\$241,500</u>			<u>\$106,595</u>			<u>\$364,360</u>	
\$104,068	\$0	39150-CLF	333	\$104,068	59121-750	000	0	3.00%
24,789	0	39150-CLF	000	19,751	59118-750	000	5,038	3.25%
102,977	0	39150-CLF	333	68,104	59121-750	000	34,873	3.19%
20,219	0	39150-CLF	000	11,382	59118-750	000	8,837	3.97%
35,294	0	39150-CLF	000	12,336	59118-750	000	22,958	4.36%
<u>\$287,347</u>	<u>\$0</u>			<u>\$215,641</u>			<u>\$71,706</u>	
<u><u>\$57,271,413</u></u>	<u><u>\$14,333,250</u></u>			<u><u>\$9,248,799</u></u>			<u><u>\$62,355,864</u></u>	

SCHEDULE #9
LONG-TERM DEBT

For the Year Ended December 31, 2008

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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
	<u>\$24,590,919</u>

SCHEDULE #10
LIMITATIONS OF INDEBTEDNESS

As of December 31, 2008

Page 1 of 1

TOTAL TAXABLE PROPERTY VALUE - \$5,368,959,341

		REMAINING DEBT CAPACITY
2.50% (\$134,223,984) General Purposes limit is allocated between:		
Up to 1.5% debt without a vote (councilmanic)	\$80,534,390	
Less : Outstanding Debt	30,968,030	
Less: Contracts Payable	71,706	
Less: Excess of Debt with a Vote	0	
Add: Available Assets	11,158,877	
Equals: Remaining Debt Capacity without a vote		<u>\$60,653,531</u>
1% general purposes debt with a vote	\$53,689,593	
Less : Outstanding Debt	1,545,000	
Less: Contracts Payable	0	
Add: Available Assets	206,239	
Equals: Remaining Debt Capacity with a vote		<u>\$52,350,832</u>
2.5% Utility purpose limit, voted	\$134,223,984	
Less : Outstanding Debt	0	
Less: Contracts Payable	0	
Add: Available Assets	0	
Equals: Remaining Debt Capacity - utility purpose, voted		<u>\$134,223,984</u>
2.5% Open space, park and capital facilities, voted	\$134,223,984	
Less : Outstanding Debt	0	
Less: Contracts Payable	0	
Add: Available Assets	0	
Equals: Remaining Debt Capacity - open space, park and capital facilities, voted		<u><u>\$134,223,984</u></u>

SCHEDULE #16
EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2008

Page 1 of 2

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 & Urban Development Direct Programs					
Community Development					
Block Grant	14.218		B 08-MC-53-0008		\$14,994
Block Grant	14.218		B 07-MC-53-0008		1,440,342
Block Grant	14.218		Block Grant Program Income		214,894
Home Investment Partnership Prog	14.239		M08-MC53-0203		176,570
Home Investment Partnership Prog	14.239		M07-MC53-0203		233,995
Home Investment Partnership Prog	14.239		Home Program Income		213,777
EDI Special Projects	14.246		Capitol Theatre		59,491
Total Department of Housing & Urban Development					<u>2,354,063</u>
U. S. Department of Justice Direct Programs					
Justice Assistance Grant	16.738		Jag Grant		56,207
State Criminal Alien Assistant Program	16.606		SCAAP		22,591
Bullet Proof Vest Partnership Program	16.607				15,691
Gang Resistance Education & Training	16.737		GREAT Grant		92,451
Total U.S. Department of Justice					<u>186,940</u>
U. S. Department of Transportation Direct Programs					
Federal Transit Formula Grant	20.507		WA-90X392		1,650,366
Passed-through WA State Dept of Trans:					
Highway Planning & Construction					
S. 1st St @ Mead	20.205	2044	CM-4579(010)	\$10,769	
Trolley Restoration	20.205	2153	STPE-1485(019)	207,918	
Wm Douglas Trail-6th Ave	20.205	2166	STPE-1485(020)	24,848	
Wm Douglas Trail-Bridge	20.205	2167	STPE-1485(020)	51,410	
Railroad Grade Separation	20.205	1818	STPX-000S (062)	554,225	
FTA:					
New Freedom Program	20.521		GCA5351	168,000	
Total WSDOT Passed-through				<u>1,017,170</u>	
Passed-through Washington Traffic Safety Commission					
State and Community Highway Safety	20.600			4,585	
Total U.S. Department of Transportation				<u>\$1,021,755</u>	<u>\$1,650,366</u>

SCHEDULE #16
EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2008

Page 2 of 2

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 Department of Archaeology & Historic Preservation					
Historic Preservation Fund Grants-in-Aid	15.904		FY08-61018-002	\$3,800	
U. S. Department of Health and Human Services					
Passed-through Yakima County:					
Transportation: Paratransit	93.043			422	
Special Programs for the Aging Title III Pt D	93.043			24,907	
Special Programs for the Aging Title III Pt B	93.044		Day care	11,253	
Substance Abuse and Mental Health Services					
Projects of Regional & National Significance	93.243			21,944	
Passed-through DSHS DCS:					
Healthy Marriage & Fatherhood	93.086			365,080	
Total U.S. Department Health Passed-through				<u>423,606</u>	
Corporation for National & Community Service					
Passed-through WA State Empl Security					
AmeriCorp	94.006			62,361	
Homeland Security					
SAFER Grant	97.083				72,000
Passed-through WA Military Department					
FEMA Disaster Grant - Public Assistance	97.036			78,715	
Total Homeland Security				<u>78,715</u>	<u>72,000</u>
				<u>\$1,590,237</u>	<u>\$4,263,369</u>
Total Federal Assistance Direct & Pass-Through Awards				<u>\$5,853,606</u>	

SCHEDULE #16
EXPENDITURES OF STATE AND LOCAL AWARDS

For the Year Ended December 31, 2008

Page 1 of 1

GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	BARS ACCOUNT No.	OTHER Id No.	CURRENT YEAR EXPENDITURES
STATE ASSISTANCE			
Washington State Department of Transportation:			
Tieton Drive Pedestrian Safety	334.03	2233	\$142,404
Freight Mobility Strategic Investment Board	334.03	1818	136,029
Capital Transit Grant	334.03		218,613
Total Washington State Department of Transportation			<u>497,046</u>
Washington State Department of Community, Trade & Economic Development:			
Downtown Revitalization	334.04		987,500
Washington State Recreation & Conservation Office:			
Washington Wildlife and Recreation Program	334.02	2239	113,105
Washington State Transportation Improvement Board:			
River Rd North 16th Ave to Fruitvale Blvd	334.03	1944	78,400
40th Ave & Lincoln Ave Connectors	334.03	2046	5,944
WA Avenue, 16th Intersection	334.03	2232	12,587
Total Washington State Transportation Improvement Board			<u>96,931</u>
Washington State Department of Ecology:			
Ecology Mapping Grant	334.03		75,580
Ecology Grant	334.03		77,103
Total Washington State Department of Ecology:			<u>152,683</u>
Washington State Department of Social and Health Services:			
State Respite	334.04		22,892
Pre-hospital (Emergency Mgmt)	334.04		1,644
16th/Hathaway Pedestrian Crossing	334.04	2252	46,838
Total Washington State Dept. Social and Health Services			<u>71,374</u>
Washington State Office of Public Defense			
Indigent Defense Cities Grant	334.01		110,000
Washington State Patrol			
Fire Department	334.01		2,016
Washington Traffic Safety Commission			
Police Overtime	334.03		33,389
Washington Military Department			
Emergency Management Division	334.01		13,119
Total State Assistance			<u>\$2,077,144</u>
LOCAL ASSISTANCE			
Yakima County Interlocal Grant			
LIFT Application (SIED)	337.07		\$25,000
Upper Kiwanis Development	337.00		2,500
Total Yakima County			<u>27,500</u>
Yakama Indian Nation			
Fire Department	337.07		5,000
Total Local Assistance			<u>\$32,500</u>
Total State and Local Assistance			<u><u>\$2,109,644</u></u>

SCHEDULE #16
NOTES TO THE SCHEDULE OF EXPENDITURES

For the Year Ended December 31, 2008

Page 1 of 1

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 the 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 2008, there are no expenditures relating to this program included on this schedule. Since the City is only contingently liable, any amounts loaned are 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.

SCHEDULE #17
ANNUAL REPORT ON PUBLIC WORKS PROJECTS

For the Year January 1, 2008 through December 31, 2008

Page 1 of 1

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	\$61,037	\$61,037	\$0

PART II

1. Total current public works construction budget as amended (annual or biennial as applicable)	\$45,208,350
2. Total allowable public works (10% of #1)	4,520,835
3. Less: Amount (if any) in excess of permitted amount from prior year	0
4. Total allowable public works (#2 minus #3)	<u>4,520,835</u>
5. Total public works projects performed by public employees during the current year (including work performed by a county)	61,037
6. If this is the second year of a biennial budget, total public works performed by public employees during the prior year	0
7. Restricted (over) under allowable (#4 minus #5 minus #6)	<u><u>\$4,459,798</u></u>

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

SCHEDULE #19
LABOR RELATIONS CONSULTANTS

For the Year Ended December 31, 2008

Page 1 of 2

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:

\$20,135.71

TERMS AND CONDITIONS, AS APPLICABLE, INCLUDING:

Rates (e.g., hourly, etc.):

\$240 to \$275 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 _____, 2008 to the best of my knowledge and belief:

Signature : _____

Name: Cindy J. Epperson

Title: Deputy Director of Accounting and Budgeting

SCHEDULE #19
LABOR RELATIONS CONSULTANTS

For the Year Ended December 31, 2008

Page 2 of 2

NAME OF FIRM:

Meyer Fluegge & Tenney PS

NAME OF CONSULTANT:

Jeffrey M. Kreutz/John R. Maxwell
Robert C. Tenney/Mark D. Watson

BUSINESS ADDRESS:

230 S. 2nd Street
Yakima, Washington 98901

AMOUNT PAID TO CONSULTANT DURING FISCAL YEAR:

\$51,585.91

TERMS AND CONDITIONS, AS APPLICABLE, INCLUDING:

Rates (e.g., hourly, etc.):

\$150 to \$160 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 _____, 2008 to the best of my knowledge and belief:

Signature : _____

Name: Cindy J. Epperson

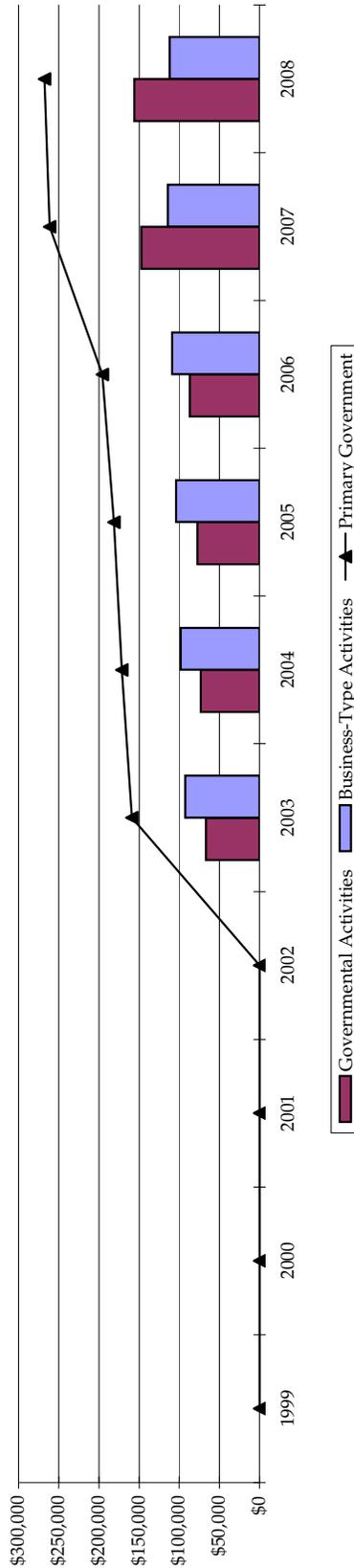
Title: Deputy Director of Accounting and Budgeting

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007 (1)	2008
GOVERNMENT ACTIVITIES										
Invested in Capital Assets, Net of Related Debt Restricted	\$0	\$0	\$0	\$0	\$50,464	\$60,441	\$63,513	\$72,842	\$121,925	\$130,196
Unrestricted	0	0	0	0	4,914	4,831	4,792	4,238	10,991	9,804
Total Governmental Activities Net Assets	\$0	\$0	\$0	\$0	\$66,573	\$73,332	\$77,256	\$86,748	\$147,243	\$156,073
BUSINESS TYPE ACTIVITIES										
Invested in Capital Assets, Net of Related Debt Restricted	\$0	\$0	\$0	\$0	\$80,072	\$84,227	\$86,609	\$89,124	\$90,617	\$86,560
Unrestricted	0	0	0	0	2,610	2,665	2,701	2,705	2,722	2,362
Total Business-type Activities Net Assets	\$0	\$0	\$0	\$0	\$92,374	\$98,142	\$103,923	\$108,985	\$114,110	\$111,885
PRIMARY GOVERNMENT										
Invested in Capital Assets, Net of Related Debt Restricted	\$0	\$0	\$0	\$0	\$130,536	\$144,668	\$150,122	\$161,966	\$212,542	\$216,756
Unrestricted	0	0	0	0	7,524	7,496	7,493	6,943	13,713	12,166
Total Primary Government Net Assets	\$0	\$0	\$0	\$0	\$158,947	\$171,474	\$181,179	\$195,733	\$261,353	\$267,958



(1) First Year of accounting for the universe of infrastructure.

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

CHANGE IN NET ASSETS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EXPENSES										
Governmental Activities:										
General Government	\$0	\$0	\$0	\$0	\$6,774	\$7,147	\$7,381	\$7,336	\$7,867	\$8,145
Security of Persons and Property	0	0	0	0	26,468	28,391	30,222	32,059	33,706	36,959
Physical Environment	0	0	0	0	1,225	1,176	1,232	1,339	872	1,355
Transportation	0	0	0	0	5,811	5,584	5,962	6,821	11,516	11,213
Economic Environment	0	0	0	0	3,143	3,422	3,747	3,937	4,007	4,146
Mental and Physical Health	0	0	0	0	15	17	43	17	20	19
Cultural and Recreational Environment	0	0	0	0	6,891	7,066	7,601	7,819	6,807	7,156
Interest on Long-term Debt	0	0	0	0	1,063	850	809	815	871	863
Total Governmental Activities	0	0	0	0	51,390	53,653	56,997	60,143	65,666	69,856
Business-Type Activities:										
Transit	0	0	0	0	5,282	5,526	6,282	6,769	7,317	8,323
Refuse	0	0	0	0	2,861	2,751	3,154	3,176	3,521	3,971
Wastewater	0	0	0	0	10,172	11,565	11,173	11,545	11,794	12,167
Water	0	0	0	0	4,406	4,586	4,921	5,044	5,395	5,520
Irrigation	0	0	0	0	1,222	1,220	1,645	1,572	1,568	1,695
Stormwater	0	0	0	0	0	0	0	0	0	583
Total Business-Type Activities	0	0	0	0	23,943	25,648	27,175	28,106	29,595	32,259
Total Expenses	\$0	\$0	\$0	\$0	\$75,333	\$79,301	\$84,172	\$88,249	\$95,261	\$102,115

CHANGE IN NET ASSETS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	\$0	\$0	\$0	\$0	\$47	\$196	\$156	\$170	\$145	\$19
Security of Persons and Property	0	0	0	0	1,995	1,746	1,561	1,389	1,625	1,823
Physical Environment	0	0	0	0	422	605	875	1,101	901	980
Transportation	0	0	0	0	98	130	84	64	261	161
Economic Environment	0	0	0	0	1,141	1,146	1,059	1,259	2,072	1,664
Cultural and Recreational Environment	0	0	0	0	1,515	1,565	1,533	1,744	1,922	2,037
Operating Grants and Contributions	0	0	0	0	5,051	4,542	5,134	5,235	4,640	5,488
Capital Grants and Contributions	0	0	0	0	2,866	9,311	3,921	9,301	14,595	4,961
Total Governmental Activities	0	0	0	0	13,135	19,241	14,323	20,263	26,161	17,133
Business-Type Activities:										
Charges for Services:										
Transit	0	0	0	0	427	422	450	484	578	1,234
Refuse	0	0	0	0	3,080	3,335	3,508	3,861	3,952	4,244
Wastewater	0	0	0	0	12,102	14,691	14,125	14,614	14,433	14,898
Water	0	0	0	0	4,973	5,208	5,381	6,158	6,360	6,394
Irrigation	0	0	0	0	1,792	2,479	2,435	2,449	2,486	2,563
Stormwater	0	0	0	0	0	0	0	0	0	1,065
Operating Grants and Contributions	0	0	0	0	1,552	1,803	3,103	2,801	2,386	2,102
Capital Grants and Contributions	0	0	0	0	4,103	2,053	2,387	1,912	2,789	3,345
Total Business-Type Activities	0	0	0	0	28,029	29,991	31,389	32,279	32,984	35,845
Total Program Revenues	\$0	\$0	\$0	\$0	\$41,164	\$49,232	\$45,712	\$52,542	\$59,145	\$52,978
NET (EXPENSE) / REVENUE										
Governmental Activities	\$0	\$0	\$0	\$0	(\$38,255)	(\$34,412)	(\$42,674)	(\$39,880)	(\$39,505)	(\$52,723)
Business-Type Activities	0	0	0	0	4,086	4,343	4,214	4,173	3,389	3,586
Total Net Expenses	\$0	\$0	\$0	\$0	(\$34,169)	(\$30,069)	(\$38,460)	(\$35,707)	(\$36,116)	(\$49,137)

CHANGE IN NET ASSETS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS										
Governmental Activities:										
Taxes:										
Property Taxes	\$0	\$0	\$0	\$0	\$11,853	\$12,199	\$12,435	\$13,265	\$13,071	\$13,782
Sales and Use Taxes	0	0	0	0	13,328	14,055	15,690	17,113	18,393	18,990
Franchise and Utility Taxes	0	0	0	0	7,582	7,763	8,302	9,045	9,025	9,584
Excise Tax	0	0	0	0	1,646	2,612	3,213	3,081	3,469	2,839
Penalties and Interest	0	0	0	0	12	2	1	11	10	3
Grants and Contributions not Restricted	0	0	0	0	175	0	0	0	0	0
State Entitlements	0	0	0	0	2,675	2,774	2,953	3,497	3,790	3,614
Unrestricted Investment Interest	0	0	0	0	426	415	735	695	913	863
Miscellaneous	0	0	0	0	(260)	41	57	137	(38)	147
Gain on Sale of Capital Assets	0	0	0	0	(7)	(1,012)	257	(695)	(553)	135
Intergovernmental Agreements	0	0	0	0	(1,406)	0	0	(39)	0	0
Transfers	0	0	0	0	2,637	2,797	2,950	3,084	2,624	3,664
Debt Issue Cost	0	0	0	0	0	0	4	0	0	(3)
Acctg Loss on General Obligation of Debt Ref	0	0	0	0	(295)	(474)	0	140	0	0
Total Governmental Activities	0	0	0	0	38,366	41,172	46,597	49,334	50,704	53,618
Business-Type Activities:										
Sales and Use Taxes	0	0	0	0	3,895	4,138	4,234	4,511	4,789	4,828
Unrestricted Investment Interest	0	0	0	0	124	269	560	656	380	198
Gain on Sale of Capital Assets	0	0	0	0	(139)	8	(56)	100	(227)	1,286
Transfers	0	0	0	0	(3,122)	(2,990)	(3,171)	(3,315)	(3,207)	(4,188)
Extraordinary Item	0	0	0	0	(8,332)	0	0	0	0	0
Total Business-Type Activities	0	0	0	0	(7,574)	1,425	1,567	1,952	1,735	2,124
Total Primary Government	\$0	\$0	\$0	\$0	\$30,792	\$42,597	\$48,164	\$51,286	\$52,439	\$55,742
CHANGE IN NET ASSETS										
Governmental Activities	\$0	\$0	\$0	\$0	\$11	\$6,760	\$3,923	\$9,454	11,199	895
Business-Type Activities	0	0	0	0	(3,488)	5,768	5,781	6,125	5,124	5,710
Total Primary Government	\$0	\$0	\$0	\$0	(\$3,377)	\$12,528	\$9,704	\$15,579	\$16,323	\$6,605

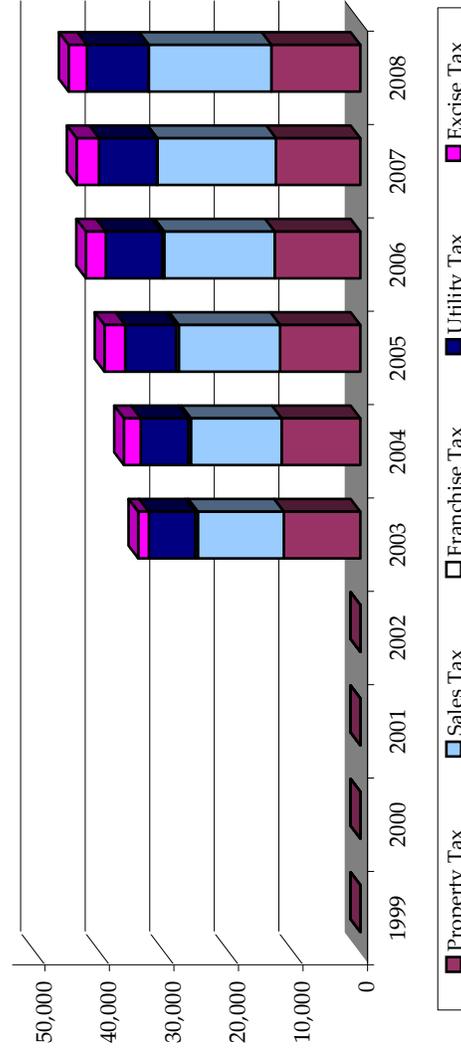
NOTE: Less than ten years data is provided because 2003 was the first year for government-wide expenses under GASB #34.

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

FISCAL YEAR	PROPERTY TAX	SALES TAX	FRANCHISE TAX	UTILITY TAX	EXCISE TAX	TOTAL
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
2008	13,782	18,990	40	9,544	2,839	45,195



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

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
GENERAL FUND										
Reserved	\$0	\$0	\$0	\$0	\$481	\$384	\$278	\$377	\$458	\$464
Unreserved	0	0	0	0	8,476	8,467	8,686	9,145	10,034	10,583
Total General Fund	0	0	0	0	8,957	8,851	8,964	9,522	10,492	11,047
COMMUNITY DEVELOPMENT FUND										
Reserved	0	0	0	0	631	1,120	1,016	1,045	2,257	290
Unreserved	0	0	0	0	(157)	(813)	(661)	(779)	(1,861)	0
Total Community Development Fund	0	0	0	0	474	307	355	266	396	290
PARKS & RECREATION FUND										
Reserved	0	0	0	0	24	8	1	0	0	0
Unreserved	0	0	0	0	459	464	478	0	0	0
Total Parks & Recreation Fund	0	0	0	0	483	472	479	0	0	0
STREETS & TRAFFIC ENGINEERING FUND										
Reserved	0	0	0	0	340	346	108	0	0	0
Unreserved	0	0	0	0	1,047	989	1,233	0	0	0
Streets & Traffic Engineering Fund	0	0	0	0	1,387	1,335	1,341	0	0	0
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	0	0	0	0	3,139	2,973	3,389	2,817	2,909	1,685
Unreserved reported in:										
Special Revenue Funds	0	0	0	0	4,258	3,470	3,874	4,937	5,962	7,096
Capital Project Funds	0	0	0	0	3,382	2,478	3,288	3,981	6,312	6,039
Total All Other Governmental Funds	0	0	0	0	10,779	8,921	10,551	11,735	15,183	14,820
GOVERNMENTAL FUNDS										
Reserved	0	0	0	0	4,615	4,831	4,792	4,239	5,624	2,439
Unreserved	0	0	0	0	17,465	15,055	16,898	17,284	20,447	23,718
Grand Total Governmental Funds	\$0	\$0	\$0	\$0	\$22,080	\$19,886	\$21,690	\$21,523	\$26,071	\$26,157

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

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
REVENUES										
Taxes and Special Assessments	\$0	\$0	\$0	\$0	\$36,977	\$39,490	\$42,557	\$45,601	\$47,061	\$48,427
Licenses and Permits	0	0	0	0	470	530	691	741	982	993
Intergovernmental Revenues	0	0	0	0	10,260	12,797	11,839	17,346	16,756	11,994
Charges for Services	0	0	0	0	5,291	5,846	5,596	5,543	6,996	6,536
Fines and Forfeits	0	0	0	0	1,397	1,364	1,190	1,309	1,420	1,583
Interest	0	0	0	0	695	553	870	1,168	1,696	1,407
Other Revenues	0	0	0	0	854	1,201	1,240	1,852	1,647	1,681
Total Revenues	0	0	0	0	55,944	61,781	63,983	73,560	76,558	72,621
EXPENDITURES										
General Government	0	0	0	0	9,054	9,905	10,090	10,452	10,757	11,367
Security of Persons and Property	0	0	0	0	25,440	26,959	28,684	30,929	32,691	34,815
Physical Environment	0	0	0	0	1,583	1,707	1,699	1,704	1,675	1,680
Transportation	0	0	0	0	4,310	4,204	4,601	5,129	5,129	5,777
Economic Environment	0	0	0	0	3,117	3,380	3,681	3,976	3,869	4,144
Mental and Physical Health	0	0	0	0	15	17	43	18	20	19
Cultural and Recreational Environment	0	0	0	0	6,331	6,452	6,900	6,951	5,712	6,217
Capital Outlay	0	0	0	0	10,004	9,488	5,333	12,153	12,754	8,857
Debt Service:	0	0	0	0	0	0	0	0	0	0
Principal Retirement	0	0	0	0	1,906	1,932	2,130	2,351	2,890	2,552
Interest	0	0	0	0	1,063	850	813	822	832	861
Total Expenditures	0	0	0	0	62,823	64,894	63,974	74,485	76,329	76,289
Excess (Deficiencies) Of Revenues										
Over (Under) Expenditures	\$0	\$0	\$0	\$0	(\$6,879)	(\$3,113)	\$9	(\$925)	\$229	(\$3,668)

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

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
OTHER FINANCING SOURCES (USES)										
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$492	\$473	\$0	\$0	\$38	\$0
Proceeds from L.T. Debt - G.O. Bonds	0	0	0	0	1,511	7	760	0	4,686	2,946
Proceeds from Intergovernmental Loans	0	0	0	0	75	0	148	50	0	242
Other Note Proceeds	0	0	0	0	0	0	371	546	0	0
Transfers In	0	0	0	0	3,779	3,893	3,878	5,049	5,196	5,774
Transfers (Out)	0	0	0	0	(3,697)	(3,954)	(3,845)	(5,050)	(5,664)	(5,338)
Intergovernmental Agreements	0	0	0	0	(1,406)	0	0	(39)	(81)	(39)
Sale of Capital Assets	0	0	0	0	49	131	317	109	26	13
Compensation for Loss of General Capital Assets	0	0	0	0	52	54	162	90	129	142
Total Other Financing Sources (Uses)	0	0	0	0	855	604	1,791	755	4,330	3,740
Net Changes In Fund Balances	\$0	\$0	\$0	\$0	(\$6,024)	(\$2,509)	\$1,800	(\$170)	\$4,559	\$72

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%	5.06%
-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

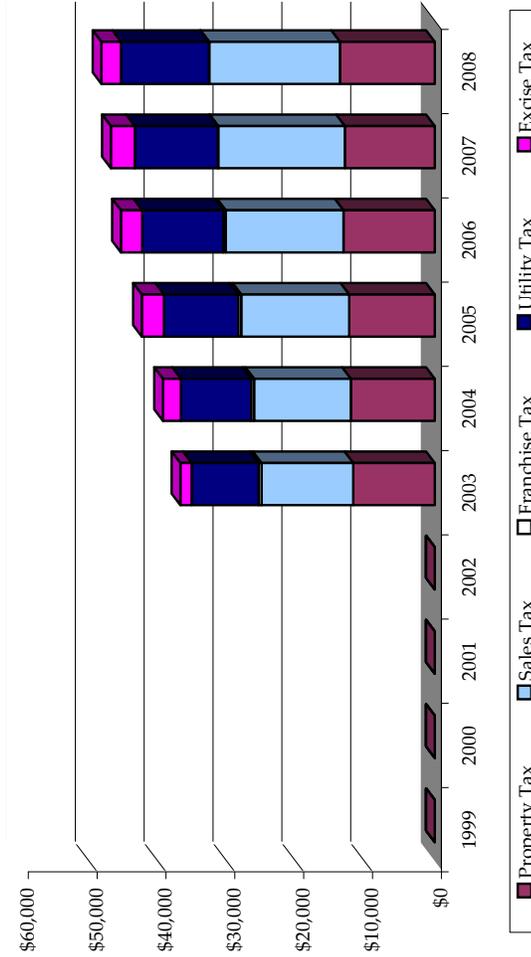
NOTE: Less than ten years data is provided because 2003 was the first year for government-wide expenses under GASB #34.

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

LAST TEN FISCAL YEARS

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

SOURCE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Property Tax	\$0	\$0	\$0	\$0	\$11,853	\$12,199	\$12,435	\$13,265	\$13,071	\$13,782
Sales Tax	0	0	0	0	13,328	14,055	15,690	17,113	18,393	18,990
Franchise Tax	0	0	0	0	417	421	427	343	42	40
Utility Tax	0	0	0	0	9,720	10,200	10,792	11,787	12,076	12,772
Excise Tax	0	0	0	0	1,646	2,612	3,213	3,092	3,479	2,843
Total	\$0	\$0	\$0	\$0	\$36,964	\$39,487	\$42,557	\$45,600	\$47,061	\$48,427



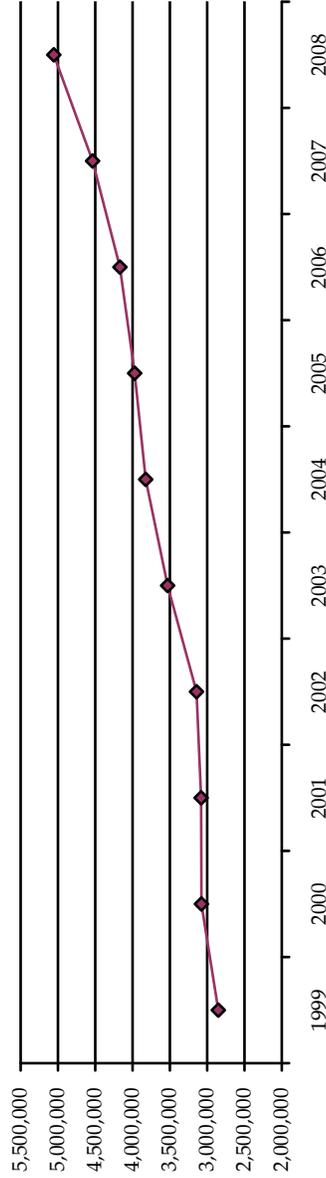
NOTE: Less than ten years data is provided because 2003 was the first year for government-wide expenses under GASB #34.

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)
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
2008	32,463	4,744,476	311,384	5,055,860	2.9549

TOTAL TAXABLE ASSESSED VALUE



Source: Yakima County.

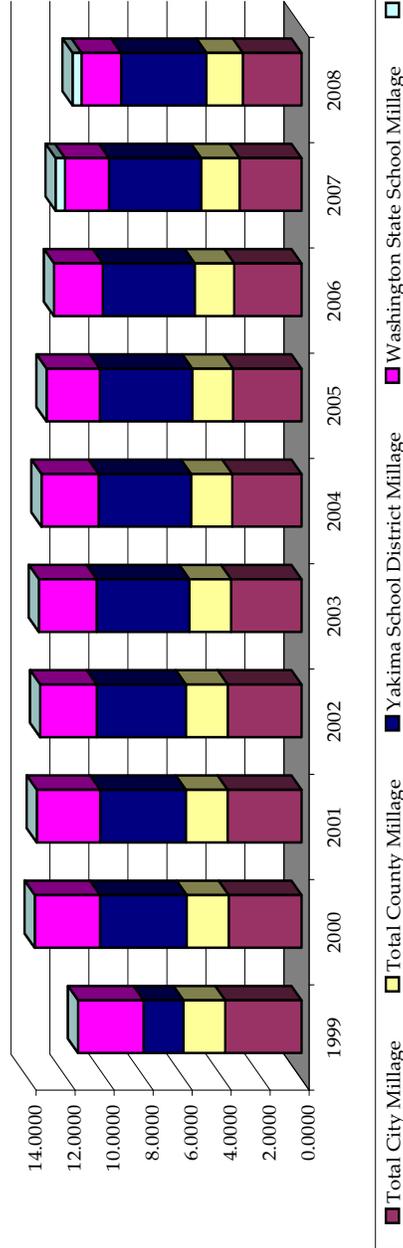
(1) Amounts expressed in thousands.

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

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	DEBT SERVICE	TOTAL CITY	OPERATING	DEBT SERVICE	TOTAL COUNTY				BONDS	M & O	TOTAL SCHOOL
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
2008	2.9549	0.0583	3.0132	1.8037	0.0630	1.8667	1.6358	2.7405	4.3763	2.0274	0.4619	11.7455



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.

PRINCIPAL PROPERTY TAX PAYERS

DECEMBER 31, 2008

(Amounts Expressed in Thousands)

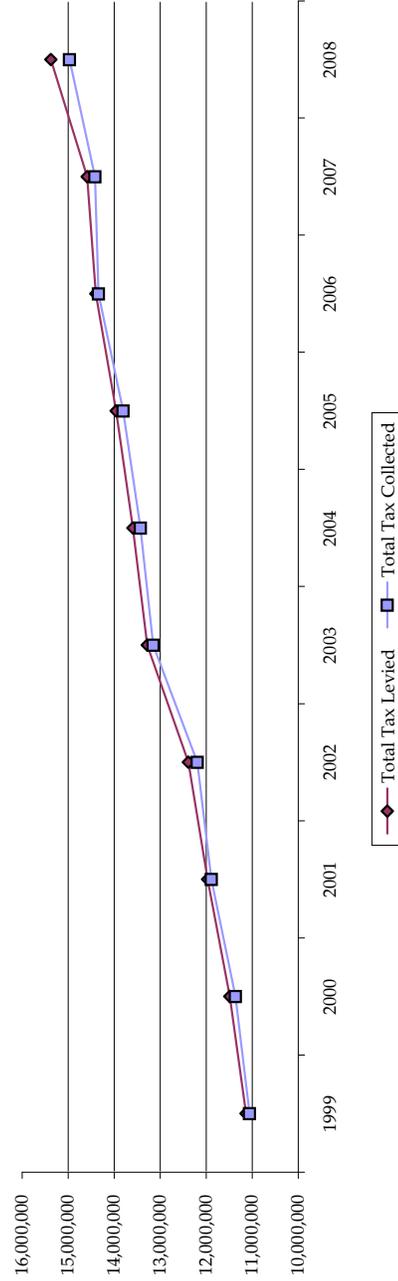
TAXPAYER	----- 2008 (1) -----			----- 1999 -----		
	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	RANK	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Yakima HMA Inc.	\$61,083,526	1.21%	1	\$127,360,663	1	1.38%
Shields Bag & Printing	34,676,515	0.69%	2	42,928,389	2	0.46%
Qwest Corporation	25,572,237	0.51%	3	39,249,983	3	0.42%
Safeway Stores, Inc	25,554,220	0.50%	4	38,320,352	4	0.41%
Wide Hollow Development LLC	20,857,750	0.41%	5	38,157,335	5	0.41%
Hansen Fruit Company LP	19,579,859	0.39%	6	35,948,454	6	0.39%
WRP Gateway LLC	17,091,250	0.34%	7	33,099,476	7	0.36%
Cascade Natural Gas Corp	16,865,707	0.33%	8	29,026,576	8	0.31%
Michelsen Packaging Co.	16,382,080	0.32%	9	28,358,732	9	0.31%
Pacificorp / Pacific Power & Light	16,221,011	0.32%	10	28,043,162	10	0.30%
Snokist Growers, Inc						
Tree Top Incorporated						
Darigold, Inc						
US West Communications						
Washington Beef, Inc						
Boise Cascade Corporation						
John I. Haas Incorporated						
Washington Fruit and Produce						
Longview Fibre						
Totals	<u>\$253,884,155</u>	<u>5.02%</u>		<u>\$440,493,122</u>		<u>4.77%</u>

(1) Yakima County Assessor's Office; 1999 numbers may reflect Yakima County, not just City of Yakima.

PROPERTY TAX LEVIES AND COLLECTIONS

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 LEVY
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%	392,999	12,195,379	98.4%
2003	13,280,578	12,848,761	96.7%	301,742	13,150,503	99.0%
2004	13,592,285	13,167,897	96.9%	258,586	13,426,483	98.8%
2005	13,960,632	13,412,195	96.1%	393,830	13,806,025	98.9%
2006	14,399,087	14,047,918	97.6%	291,093	14,339,011	99.6%
2007	14,588,962	14,208,341	97.4%	210,480	14,418,821	98.8%
2008	15,376,850	14,970,413	97.4%	N/A	14,970,413	97.4%

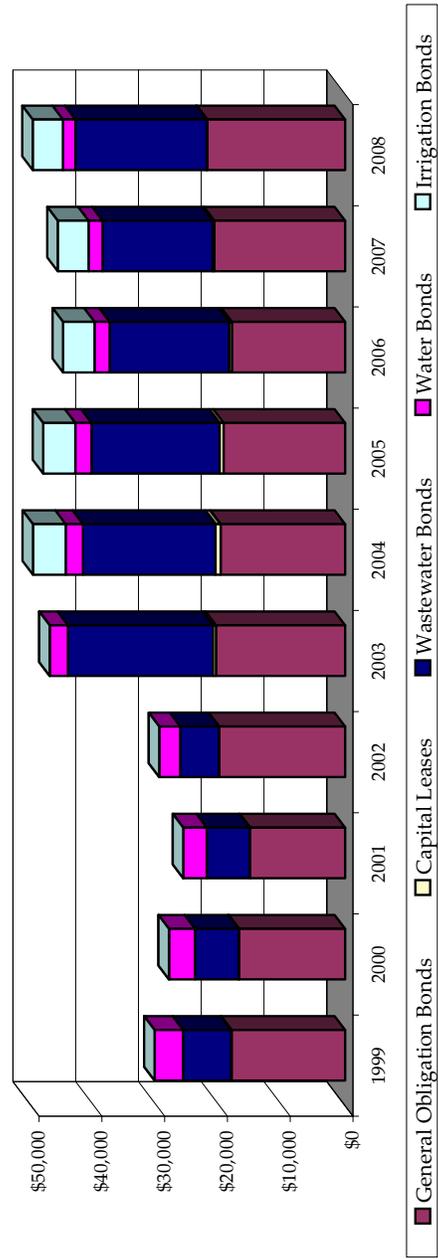


(1) Includes both ad valorem (general) and voted property tax levies.

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	WATER BONDS	IRRIGATION BONDS				
1999	18,083	109	7,628	4,537	0	0	0	30,357	3.01%	\$465	
2000	16,876	86	6,958	4,152	0	0	0	28,072	2.84%	391	
2001	15,124	63	6,853	3,752	0	0	0	25,792	2.62%	353	
2002	20,081	39	6,158	3,337	0	0	0	29,615	2.83%	374	
2003	20,580	492	23,084	2,911	0	0	0	47,067	3.63%	594	
2004	19,830	822	21,106	2,754	5,215	5,215	5,215	49,727	3.84%	626	
2005	19,365	640	20,386	2,589	5,120	5,120	5,120	48,100	3.92%	590	
2006	18,040	449	19,021	2,414	5,015	5,015	5,015	44,939	3.03%	542	
2007	20,837	287	17,518	2,233	4,910	4,910	4,910	45,785	N/A	547	
2008	21,973	72	20,920	2,000	4,805	4,805	4,805	49,770	N/A	590	



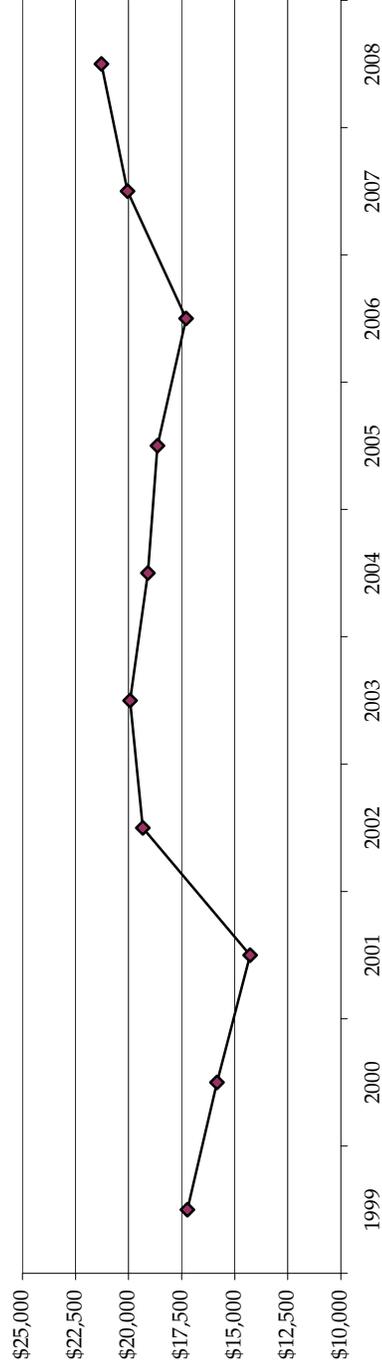
(1) See the Schedule of Demographic and Economic Statistics in the Statistical Section for personal income and population data. .
NOTE: Details regarding the city's outstanding debt can be found in the notes of the financial statements.

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
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	0.39%	242
2008	21,973	687	21,286	0.40%	253



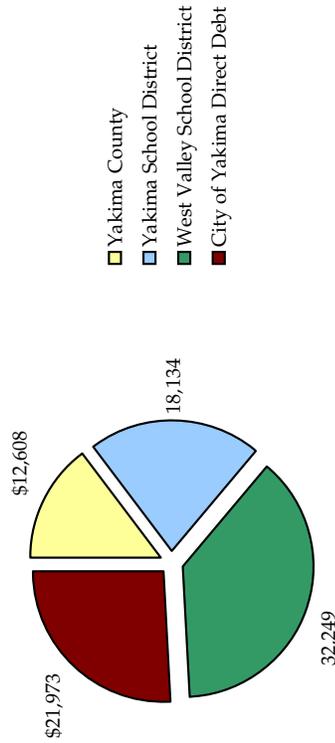
(1) Excludes Local Improvement Districts' bonded debt and their respective funds in the Debt Service Funds.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2008

(Amounts Expressed in Thousands)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (1)	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes:			
Yakima County	\$34,128	36.9%	\$12,608
Yakima School District	19,200	94.5%	18,134
West Valley School District	55,128	58.5%	32,249
Subtotal, Overlapping Debt	\$108,456		62,991
City of Yakima Direct Debt			21,973
Total Direct and Overlapping Debt			<u>\$84,964</u>



Source: Assessed value data used to estimate applicable percentages provided by the Yakima County Assessor. Debt outstanding data provided by Yakima County Accounting Department.

(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 and Union Gap are excluded in the overlapping debt chart due to estimated debt overlap of less than 2% (.39% and 1.66% respectively).

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

FISCAL YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$230,739	\$236,703	\$245,145	\$275,508	\$286,806	\$297,876	\$312,729	\$344,019	\$382,824	\$402,672
Total Net Debt Applicable to Limit	17,895	15,867	14,462	19,268	19,869	20,111	20,493	18,433	20,119	21,220
Legal Debt Margin	<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>	<u>\$381,452</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.76%	6.70%	5.90%	6.99%	6.93%	6.75%	6.55%	5.36%	5.26%	5.27%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2008

Taxable Property Value	\$5,368,959
Debt Limit (7.5% of Total Assessed Value)	\$402,672
Debt Applicable to Limit:	
General Obligation Bonds and Other Debt	32,585
Less: Amount Set Aside for Repayment of General Obligation Debt & Other Debt	<u>11,365</u>
Total Net Debt Applicable to Limit	<u>\$21,220</u>
Legal Debt Margin	<u><u>\$381,452</u></u>

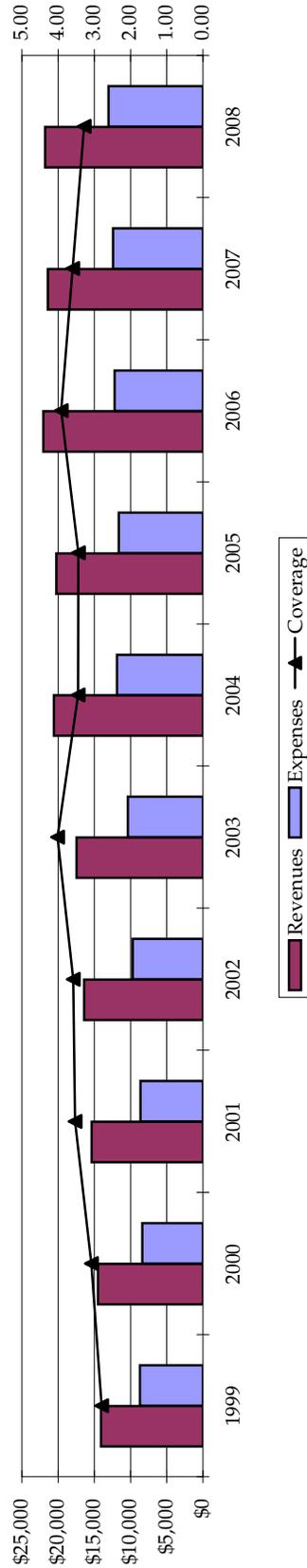
NOTE: The State law provides debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City. The total indebtedness for general purpose with or without a vote cannot exceed 2.5% for utility or open space, park, and capital facilities with a vote not to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

PLEDGED-REVENUE COVERAGE – WATER AND WASTEWATER

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

YEAR	WATER & WASTEWATER OPERATING REVENUES	LESS OPERATING EXPENSES	NET AVAILABLE REVENUE	WATER & WASTEWATER REVENUE BONDS			COVERAGE
				PRINCIPAL	INTEREST	DEBT SERVICE	
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	21,425	12,404	9,021	1,486	1,022		3.60
2008	21,806	13,055	8,751	1,735	933		3.28



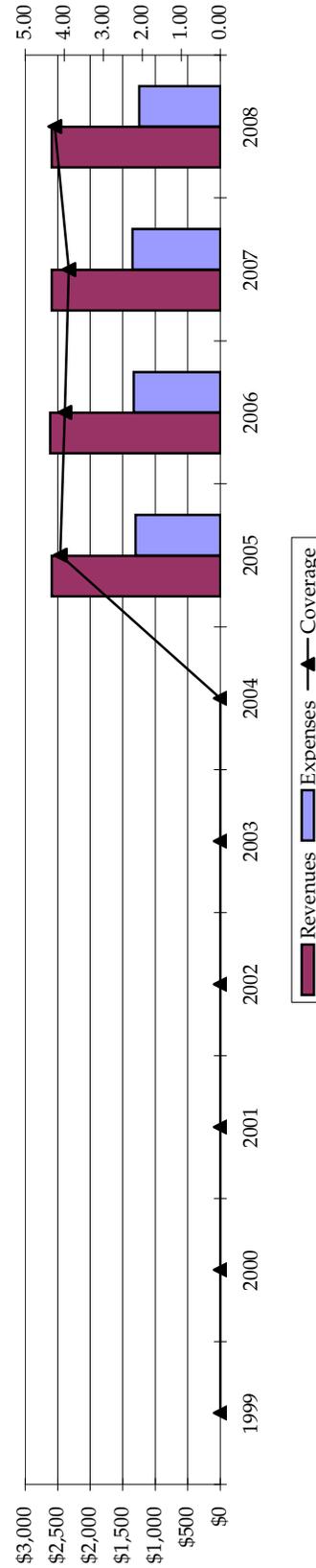
NOTE: Operating expenses exclude depreciation, amortization and City taxes.

PLEDGED-REVENUE COVERAGE – IRRIGATION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

YEAR	IRRIGATION OPERATING REVENUES	LESS OPERATING EXPENSES	NET AVAILABLE REVENUE	IRRIGATION REVENUE BONDS		COVERAGE
				PRINCIPAL	INTEREST	
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	1,287	95	219	4.10
2006	2,617	1,333	1,284	105	217	3.99
2007	2,592	1,350	1,242	105	215	3.88
2008	2,593	1,245	1,348	105	213	4.24



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

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Page 1 of 1

FISCAL YEAR	POPULATION ⁽¹⁾	PERSONAL INCOME ⁽²⁾ (AMT 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⁾
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	2,392,983	21,151	32.3	12.6	14,660	6.3%
2008	84,300	N/A	N/A	N/A	N/A	14,804	7.4%

(1) 1999- 2005, 2008: 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.

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	----- 2008 -----			----- 1999 -----		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Manufacturers						
Walmart - Yakima/Sunnyside/Grandview	1,050	1	1.2%			
Washington Beef, Inc. / A.B. Foods, Inc.	725	2	0.9%	620	3	1.0%
Shields Bag & Printing Co.	525	3	0.6%			
Tree Top, Inc.	475	4	0.6%	1,300	1	2.0%
Washington Fruit & Produce Co.	430	5	0.5%	557	5	0.7%
Snokist				876	2	1.3%
Western Recreation Vehicles				582	4	0.7%
Non Manufacturers						
Yakima Valley Memorial Hospital	1,830	1	2.2%	950	4	1.5%
Yakima School District, No. 7	1,723	2	2.0%	1,734	1	2.1%
Yakima County	1,000	3	1.2%	1,026	3	1.6%
Yakima Valley Farm Workers Clinic	950	4	1.1%			
Yakima Regional Medical Center (HMA)	780	5	0.9%	1,140	2	1.7%
City of Yakima				712	5	1.1%
Total	<u>7,188</u>		<u>11.3%</u>	<u>9,497</u>		<u>13.6%</u>

Source: Yakima County Development Association / Yakima Chamber of Commerce.

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Page 1 of 1

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	225.80	210.76	208.76	214.24	213.24	217.17	221.68	217.43	221.73	222.98
Public Safety:										
Police :										
Officers	116.00	111.00	111.00	118.00	118.00	119.00	125.00	126.00	137.00	137.00
Civilians	50.00	49.00	51.00	52.00	51.75	52.75	51.00	50.00	50.00	51.00
Fire :										
Firefighters and Officers	66.00	68.00	68.00	69.00	70.00	79.00	79.00	84.00	85.00	85.00
Civilians	9.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Highways and Streets:										
Engineering	14.50	13.50	13.50	14.50	14.50	14.50	13.50	15.00	17.00	17.00
Maintenance	20.50	19.50	19.50	23.50	23.50	22.50	24.50	26.50	26.50	26.50
Parks and Recreation	32.63	28.63	28.63	26.88	26.38	27.47	25.47	26.47	26.83	25.83
Transit	44.50	42.00	42.00	44.00	44.25	44.25	48.25	49.75	50.75	51.25
Refuse	19.50	19.90	19.90	19.90	18.90	19.25	19.50	19.50	19.50	19.00
Water	28.33	28.00	28.00	28.00	29.00	29.00	29.00	30.00	30.00	30.00
Wastewater	63.51	63.26	63.26	66.51	66.76	64.76	65.45	66.45	65.05	65.09
Irrigation	8.21	8.72	8.72	8.72	8.72	8.72	8.92	8.92	9.17	9.17
Stormwater	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.96
Total	698.48	665.27	665.27	688.25	688.00	701.37	714.27	723.02	741.53	749.78

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Page 1 of 1

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Physical Arrests	5,596	5,675	5,312	5,638	5,858	5,767	6,121	5,579	5,433	5,185
Parking Violations	10,333	10,924	9,813	8,403	6,752	6,555	3,326	2,018	2,616	4,321
Traffic Violations	18,341	20,420	18,256	18,397	17,102	16,040	16,754	16,929	18,533	17,995
Fire										
Number of Calls Answered	6,518	6,654	6,737	7,119	8,018	8,052	8,912	8,954	9,200	9,288
Inspections	4,001	1,844	1,772	3,761	3,947	2,876	2,631	2,302	3,101	2,948
Highways and Streets										
Street Resurfacing (miles)	15.8	11.4	7.5	20.1	2.8	0.0	15.8	24.7	31.8	30.0
Refuse										
Refuse Collected	63.2	65.3	66.7	69.0	71.5	76.6	80.7	86.9	87.8	90.8
Yard Waste Collected (tons/day)	12.7	13.1	13.2	14.1	14.6	15.5	14.4	15.7	15.2	16.5
Culture and Recreation										
Community Center Admissions	70,068	61,315	57,936	49,826	54,446	72,395	99,421	107,478	99,035	93,325
Water										
New Connections	180	150	99	91	140	132	134	148	133	105
Water Main Breaks	5	8	10	3	11	3	8	12	12	8
Average Daily Consumption (thousands of gallons)	12,370	13,060	13,088	12,084	12,347	12,463	11,900	12,980	13,051	12,158
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	10,024	11,793	11,425	10,690	10,883	11,033	10,219	10,778	10,680	10,100

Source: Various government departments.

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety										
Police:										
Stations	1	1	1	1	1	2	2	2	2	2
Patrol Units	60	60	61	61	62	62	61	61	61	61
Fire Stations	5	5	4	4	4	5	5	5	5	5
Sanitation										
Collection Trucks	14	14	13	13	13	13	13	13	13	14
Highways and Streets ⁽¹⁾										
Streets (miles)	360	365	370	399	399	401	414	419	419	419
Streethlights	3,589	3,611	3,623	3,862	3,862	3,863	3,872	3,872	3,910	4,459
Traffic Signals	110	111	117	117	117	117	117	122	130	137
Culture and Recreation										
Parks Acreage (Developed)	375	375	316	325	344	331	265 ⁽²⁾	265	284	284
Parks	31	31	34	29	33	33	33	31	32	32
Swimming Pools	5	5	5	5	5	5	2 ⁽³⁾	2	2	2
Water										
Water Mains (miles)	262	276	290	290	290	297	297	300	300	300
Fire Hydrants (City owned)	2,340	2,093	2,107	2,107	2,137	2,151	2,164	2,174	2,204	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)	286	293	293	293	293	310	315	322	327	329
Storm Sewers (miles)	N/A	N/A	104	104	104	104	104	104	105	105
Plant Permitted Capacity (millions of gallons per day)	22.3	22.3	22.3	22.3	21.5	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.

2008 GENERAL INFORMATION***STATISTICS**

Date of Incorporation.....	1886
Form of Government	Council-Manager
Type of Government	Charter City
Location	Central Washington
Land Area.....	27.7 square miles
Rank in Size – State.....	10
Rank in Size – County	1
Population	84,300
Assessed Valuation	\$5,368,959,341
City Employees (Full-time Equivalents)	749.78
Election and Voter Registration:	
Number of Precincts.....	32
Number of Registered Voters.....	36,529

PROPERTY TAX LEVY

Regular Levy	\$15,082,850
Special Levy	\$294,000
Total 2008 Property Tax Levy	\$15,376,850

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%

PARKS AND RECREATION

Total Acreage	334.7
Number of Parks	32
Number of Playgrounds.....	16
Major Facilities: Fisher Golf Course, two swimming pools, (one indoor, one outdoor), two water playground areas, 13 ball fields (five lighted), two skate parks, 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

LICENSES AND PERMITS ISSUED

Business Licenses - sliding scale starts at \$42.90 for 1 - 2 employees, maximum of \$1,285.20 for over eighty employee	4,841
Regulatory Licenses - Varies from \$11.00 to \$1,000	625

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	\$30.00
1 Year License – Not Altered, Renewal.....	\$25.00
Disabled / Guide Dog	Free
Replacement License	\$5.00

FIRE PROTECTION

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

POLICE PROTECTION

Commissioned Police Personnel.....	138
Non-Commissioned Police Personnel.....	52
Total Number of Police Personnel.....	190
Number of Calls for Service	156/day

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.....	\$17.53
Each Unit.....	\$1.29
Wastewater - Base Charge	\$28.58
Each Unit.....	\$2.51
Refuse (Carry-out Available for Additional Charge):	
Automated Collection:	
35 Gallon Cart.....	\$18.34
96 Gallon Cart	\$31.16
Yard Waste:	
96 Gallon Cart.....	\$23.50
Irrigation (per square foot)	\$.0301

WATER / WASTEWATER CUSTOMER BASE

Water (Inside the City).....	19,461
Water (Outside the City.....)	129
Total Water Customers	19,590
Wastewater Residential (Inside the City).....	21,998
Wastewater Residential (Outside the City).....	51
Wastewater Commercial	2,178
Total Wastewater Customers	24,227

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

(This page intentionally contains no information.)