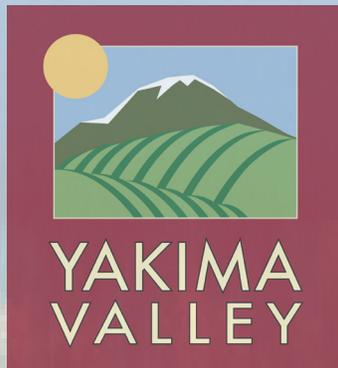


City of *Yakima*
Washington

2009
*Comprehensive Annual
Financial Report*



Mount Adams, Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2009

REPORT PREPARED BY:

DEPARTMENT OF FINANCE AND BUDGET

Rita DeBord, CPA	Director of Finance and Budget
Jon Lorberau	Treasury Services Officer
Tara Lewis	Financial Services Officer
Cindy Epperson	Deputy Director of Accounting & Budgeting
Edna Pettyjohn, CPA	Accountant
Jeanne Thompson, CPA	Accountant
Debbie Baldoz, CPA	Accountant
Kathryn Miles	Financial Services Technician

PRODUCTION

June Smith	Print Shop Operator
------------	---------------------

CITY OF *Yakima*
COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)
 For the year ended December 31, 2009

TABLE OF CONTENTS

INTRODUCTORY SECTION	PAGE
Letter of Transmittal.....	i
Organizational Chart.....	vii
Principal Officials.....	viii
FINANCIAL SECTION	
Washington State Auditor’s Opinion.....	1
Management’s Discussion and Analysis.....	3
BASIC FINANCIAL STATEMENTS	
Description of Basic Financial Statements.....	19
Statement of Net Assets.....	20
Statements of Activities.....	21
Balance Sheet – Governmental Funds.....	22
Reconciliation of the Balance Sheet to the Government-Wide Statement of Net Assets.....	24
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	25
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Other Major Funds.....	29
Description of Proprietary Funds.....	31
Statement of Net Assets – Proprietary Funds.....	32
Statement of Revenues, Expenditures, and Changes in Fund Net Assets – Proprietary Funds.....	36
Statement of Cash Flows – Proprietary Funds.....	38
Statement of Fiduciary Net Assets – Fiduciary Funds.....	42
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	43
Notes to the Basic Financial Statements.....	44
Required Supplementary Information	
Police & Fire Pension Schedule of Employer Contributions.....	85
Other Post Employment Benefits (OPEB).....	87

NONMAJOR FUNDS

Combining Balance Sheet – Nonmajor Governmental Funds	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds.....	90
Description of Nonmajor Special Revenue Funds.....	91
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Special Revenue Funds	96
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds	99
Description of Nonmajor Debt Service Funds.....	121
Combining Balance Sheet – Nonmajor Debt Service Funds.....	122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Debt Service Funds.....	124
Description of Nonmajor Capital Project Funds	127
Combining Balance Sheet – Nonmajor Capital Project Funds.....	128
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Project Funds	130
Description of Nonmajor Permanent Fund	133
Balance Sheet – Nonmajor Permanent Fund	134
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Permanent Fund.....	135
Description of Nonmajor Proprietary Funds.....	137
Statement of Net Assets – Nonmajor Proprietary Funds.....	138
Statement of Revenues, Expenditures, and Changes in Fund Net Assets – Nonmajor Proprietary Funds.....	139
Statement of Cash Flows – Nonmajor Proprietary Funds	140

INTERNAL SERVICE FUNDS

Description of Internal Service Funds	141
Combining Statement of Net Assets – Internal Service Funds	142
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds.....	144
Combining Statement of Cash Flows – Internal Service Funds.....	146

CAPITAL ASSETS

Description of Capital Asset Schedules.....	149
Schedule by Function and Activity – Governmental Fund Capital Assets.....	150
Schedule of Changes by Function and Activity – Governmental Fund Capital Assets.....	152
Schedule by Source – Governmental Fund Capital Assets.....	153

SUPPLEMENTAL SCHEDULES

Description of Supplemental Schedules..... 155
Schedule 9 – Long-Term Debt..... 156
Schedule 10 – Limitation of Indebtedness 161
Schedule 16 – Schedule of Financial Assistance..... 162
Schedule 17 – Report on Public Works Projects 167
Schedule 19 – Schedule of Labor Relations Consultants 168

STATISTICAL SECTION (UNAUDITED)

Net Assets by Component 169
Changes in Net Assets 170
Governmental Activities Tax Revenues by Source..... 173
Fund Balances of Governmental Funds..... 174
Changes in Fund Balances of Governmental Funds..... 175
General Governmental Tax Revenues by Source..... 177
Assessed Value and Estimated Actual Value of Taxable Property 178
Property Tax Rates – Direct and Overlapping Governments 179
Principal Property Taxpayers 180
Property Tax Levies and Collections 181
Ratios of Outstanding Debt by Type 182
Ratios of General Bonded Debt Outstanding..... 183
Direct and Overlapping Governmental Activities Debt..... 184
Legal Debt Margin Information 185
Pledged Revenue Coverage Water & Wastewater..... 186
Pledged Revenue Coverage Irrigation 187
Demographic and Economic Statistics..... 188
Principal Employers..... 189
Full Time Equivalent City Government Employees by Function 190
Operating Indicators by Function..... 191
Capital Asset Statistics by Function..... 192
City of Yakima – General Information 193



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

September 16, 2010



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, 2009, 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 28.7 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 2009 population of 84,850 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 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 700 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 475 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 over 300 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 inpatient 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 2,500 employees. Yakima Regional Medical and Cardiac Center provides a full complement of medical services, including open heart surgery, a 17-bed CARF accredited inpatient rehabilitation unit, a newly renovated and expanded 21-bed emergency department, a level III trauma designation, an on campus MRI service and over 900 employees.

CANCER CARE CLINIC

The North Star Lodge is a 36,000 square foot outpatient Cancer Center built in 2000, and 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 in 2002, the 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 nonprofit 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 2009, 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 J.M. Perry 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 multipurpose 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 statewide, 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 500 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 July of 2010. Long term plans also 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 that create a set level of new jobs. The City of Yakima is currently authorized for up to \$7 million. Many businesses have benefitted from this program, with 3 current loans in 2009.

GENERAL GOVERNMENT

The 2009 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* – 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* – 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* – 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.

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 2010, stop loss coverage is \$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 with a \$100,000 deductible. The City also joined the Washington State Transit Insurance Pool (WSTIP) in September 2007. The WSTIP general liability coverage is \$12 million, with a \$5,000 deductible.

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 2009 audit of the enclosed financial statements. The City of Yakima has received an unqualified opinion on our 2009 financial statements (refer to the Auditor's opinion in the front of the Financial Section, herein).

SUMMARY

Please refer to the 2009 Organizational Chart and the list of City Council members and Executive Management on the following pages.

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.

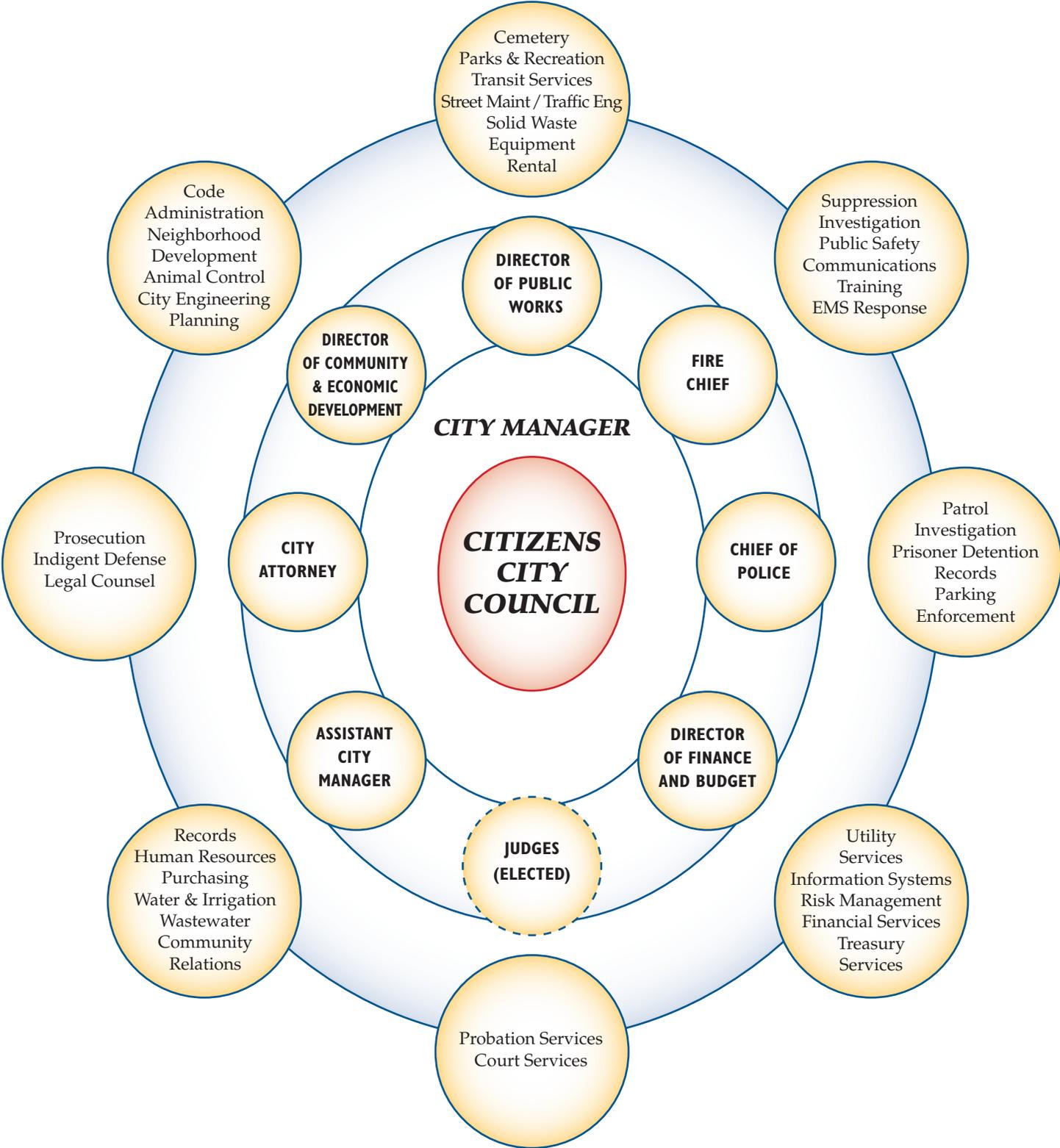
Respectfully submitted,

Richard Zais
City Manager

Rita M. DeBord, CPA
Director of Finance and Budget

Cindy Epperson
Deputy Director of Accounting and Budget

CITY OF *Yakima*
2009 ORGANIZATIONAL CHART





CITY OF *Yakima*
PRINCIPAL OFFICIALS

CITY COUNCIL

Micah Cawley	Mayor, At Large, Position 6
Kathy Coffey	Assistant Mayor, District 4
Maureen Adkison	District 1
Dave Edler	District 2
Rick Ensey	District 3
Dave Ettl	At Large, Position 5
Bill Lover	At Large, Position 7

CITY MANAGEMENT EXECUTIVES

Richard A. Zais, Jr.	City Manager
Dave Zabell	Assistant City Manager
Jeff Cutter	City Attorney
Rita DeBord, CPA	Director of Finance and Budget
Bill Cook	Director of Community and Economic Development
Sam Granato	Police Chief
Charlie Hines	Fire Chief
Chris Waarvick	Director of Public Works

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



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

September 16, 2010

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, 2009, 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 2008 financial statements and, in our report dated September 14, 2009, 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Community Development funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include summarized prior year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such



information should be read in conjunction with the City's financial statements for the year ended December 31, 2008, from which such summarized information was derived.

In accordance with *Government Auditing Standards*, we will also issue our report dated September 16, 2010, 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. That report will be issued under separate cover in the City's Single Audit Report. 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 17, pension trust fund information on pages 85 through 86, and information on postemployment benefits other than pensions on page 87 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 of nonmajor funds and internal service funds, capital assets and supplemental schedules on pages 89 through 168 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 and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", written in a cursive style.

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, 2009. 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, 2009, by \$266 million dollars. Net assets invested in capital (net of depreciation and related debt) account for 84% of this amount, with a value of about \$224 million. Of the remaining net assets, \$30 million may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- The City's total net assets decreased by \$.2 million. Most of the decrease was the result of the economic recession and corresponding decline in general revenues, offset in part by capital grants and donations.
- As of December 31, 2009, the City of Yakima's governmental activities reported combined ending net assets of over \$150 million, a decrease of \$4.3 million in comparison with the prior year. Of that amount, \$125.8 million was invested in capital assets, \$9.3 million was legally restricted for specific projects or programs, and \$14.9 million was available for spending at the government's discretion.
- Unreserved fund balance for the General Fund was \$8.8 million dollars at December 31, 2009. This balance represents 18.7% of total General Fund expenditures.
- The City of Yakima's total long-term debt at December 31, 2009, was \$81 million (about \$44 million in Governmental activities and \$37 million in business type activities), with a remaining capacity for non-voted General Obligation debt at \$53.5 million. Total debt increased by \$5.2 million during the current fiscal year. There was \$7 million of new long-term bonded debt issued in 2009.

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 2009. 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 2009, 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 2009.

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, 2009. The following table reflects the condensed Government-Wide Statement of Net Assets with comparative totals for 2008.

NET ASSETS

	GOVERNMENTAL		BUSINESS TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2009	2008	2009	2008	2009	2008
Assets						
Current and Other Assets	\$54,394,590	\$52,311,764	\$27,065,008	\$29,445,350	\$81,459,598	\$81,757,114
Capital Assets	152,292,682	151,151,681	130,030,526	126,126,508	282,323,208	277,278,189
Total Assets	206,687,272	203,463,445	157,095,534	155,571,858	363,782,806	359,035,303
Liabilities						
Payables and Other Liabilities	12,721,629	11,850,547	4,014,908	5,091,970	16,736,537	16,942,517
Long-Term Liabilities Outstanding	43,982,181	37,320,261	37,104,946	38,595,273	81,087,127	75,915,534
Total Liabilities	56,703,810	49,170,808	41,119,854	43,687,243	97,823,664	92,858,051
Net Assets						
Invest in Cap Assets, Net of Rel Debt	125,768,431	130,195,679	98,161,351	86,560,287	223,929,782	216,755,966
Restricted	9,287,543	9,804,700	2,365,700	2,361,674	11,653,243	12,166,374
Unrestricted	14,927,488	14,292,258	15,448,629	22,962,654	30,376,117	37,254,912
Total Net Assets	<u>\$149,983,462</u>	<u>\$154,292,637</u>	<u>\$115,975,680</u>	<u>\$111,884,615</u>	<u>\$265,959,142</u>	<u>\$266,177,252</u>

The City of Yakima’s total assets stand at \$363.8 million as of December 31, 2009. Of this amount, \$282.3 million is accounted for by capital assets, which includes some infrastructure and construction in progress. Out of \$152.3 million in capital assets reported in Governmental activities at December 31, 2009, \$71.4 million (47%) 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 \$63.7 million were accounted for in cash, cash equivalents, and investments, \$11.9 million in accounts receivable, \$4.9 million in notes receivable, and \$1 million spread among miscellaneous assets.

At December 31, 2009, the City had outstanding liabilities of \$97.8 million, with \$81 million in long-term liabilities. Of the long-term liabilities, \$5.4 million was due within a year, with the remainder due over an extended period of time. Refer to the notes to the financial statements (Note 7) for a more in depth discussion of long-term debt.

“Payables and Other Liabilities” for total Governmental and Business type activities total \$16.7 million, and include \$11 million in accounts payable, \$5.5 million in accrued liabilities and \$0.2 million in liabilities payable from restricted assets.

The largest portion of the City’s net assets (84.2%) reflects its investment in capital, less any outstanding related debt used to acquire those assets. The City’s capital assets, which are used to provide services to citizens, are investments in capital and are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 4.4% of the City’s net assets are subject to external restrictions on how they may be used (restricted by the Revised Code of the State of Washington or by contractual agreements with parties outside of the primary government). The remaining balance of \$30 million (unrestricted net assets) represents the amount that may be used to meet the City’s ongoing obligations.

At December 31, 2009, 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 is decreased by \$.2 million in 2009. Net assets for governmental activities decreased by \$4.3 million while business type activities increased by \$4.1 million.

Total revenues for the City of Yakima were \$108.9 million in 2009. Governmental activities provided \$67.6 million (62.1%), while business type activities added about \$41.3 million (37.9%).

Expenses for the year totaled \$106.8 million, with governmental activities accounting for about \$73.9 million or 69.2% and business type activities accounting for \$32.9 million or 30.8%. Key elements in changes in net assets are shown in the following table.

	CHANGES IN NET ASSETS					
	GOVERNMENTAL		BUSINESS TYPE		TOTAL	
	ACTIVITIES	ACTIVITIES	ACTIVITIES	ACTIVITIES	TOTAL	TOTAL
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues						
Charges for Services	\$6,923,789	\$6,683,999	\$32,976,726	\$30,398,543	\$39,900,515	\$37,082,542
Operating Grants & Contributions	6,455,741	5,487,638	2,020,408	2,102,103	8,476,149	7,589,741
Capital Grants & Contributions	5,090,266	4,960,857	1,659,026	3,345,196	6,749,292	8,306,053
General Revenues						
Property Tax	14,261,201	13,782,301	0	0	14,261,201	13,782,301
Sales Tax	17,810,213	18,989,918	4,489,747	4,828,419	22,299,960	23,818,337
Other Taxes	12,710,131	12,426,307	0	0	12,710,131	12,426,307
State Entitlements	3,738,559	3,614,482	0	0	3,738,559	3,614,482
Other	626,352	1,010,088	116,404	198,389	742,756	1,208,477
Total Revenues	67,616,252	66,955,590	41,262,311	40,872,650	108,878,563	107,828,240
Expenses						
General Government	8,656,161	8,671,290	0	0	8,656,161	8,671,290
Security of Persons and Property	40,008,664	38,214,353	0	0	40,008,664	38,214,353
Physical Environment	1,189,908	1,354,509	0	0	1,189,908	1,354,509
Transportation	11,108,811	11,213,276	0	0	11,108,811	11,213,276
Economic Environment	4,821,392	4,145,905	0	0	4,821,392	4,145,905
Mental & Physical Health	86,217	19,418	0	0	86,217	19,418
Cultural & Rec Environment	7,020,665	7,156,402	0	0	7,020,665	7,156,402
Interest on Long-Term Debt	1,004,163	862,646	0	0	1,004,163	862,646
Transit	0	0	7,928,658	8,323,437	7,928,658	8,323,437
Refuse	0	0	4,217,711	3,971,530	4,217,711	3,971,530
Wastewater	0	0	12,297,172	12,166,826	12,297,172	12,166,826
Water	0	0	5,748,350	5,519,988	5,748,350	5,519,988
Irrigation	0	0	1,732,812	1,694,812	1,732,812	1,694,812
Stormwater	0	0	1,028,178	582,854	1,028,178	582,854
Total Expenses	73,895,981	71,637,799	32,952,881	32,259,447	106,848,862	103,897,246
Increases in Net Assets Before						
Nonoperating Sources (Uses)	(6,279,729)	(4,682,209)	8,309,430	8,613,203	2,029,701	3,930,994
Gain / Loss on Sale of Capital Assets	(2,217,530)	134,867	(17,282)	1,285,475	(2,234,812)	1,420,342
Transfers	4,188,083	3,664,196	(4,201,083)	(4,188,370)	(13,000)	(524,174)
Accounting Loss on GOB Refunding	0	(3,696)	0	0	0	(3,696)
Change in Net Assets	(4,309,176)	(886,842)	4,091,065	5,710,308	(218,111)	4,823,466
Net Assets – Beginning	154,292,637	147,243,603	111,884,612	114,110,175	266,177,249	261,353,778
Change in Accounting Principle	0	7,935,871	0	(7,935,871)	0	0
Net Assets – Ending	<u>\$149,983,461</u>	<u>\$154,292,632</u>	<u>\$115,975,677</u>	<u>\$111,884,612</u>	<u>\$265,959,138</u>	<u>\$266,177,244</u>

GOVERNMENTAL ACTIVITIES

Within governmental activities, tax revenue accounted for 66.2% of total revenue sources, with grants and contributions accounting for 17.1%. The remaining 16.7% 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 \$4.3 million or 2.8%. Significant fluctuations in revenue are as follows:

- Operating Grants & Contributions increased \$0.9 million from 2008 to 2009. The City receives an annual contribution from Yakima County for its 911 program, which was approved for additional staffing in 2009, and added about \$0.4 million. The City was also successful in obtaining new grants for public safety initiatives, which added about \$0.4 million.
- Property tax increased by \$0.5 million or 3.4%. 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.
- Sales tax decreased by \$1.2 million or 6.2%. The decline is mostly the effects of distress in the national economy.

The categories of Other Taxes and State Entitlements both experienced a slight increase. The major component of "Other Taxes" is utility tax, which was less affected by the economic downturn as this revenue source is driven primarily by consumption and rates. "State Entitlements" are primarily per capita distributions, and typically increase slightly year to year, as the population grows. Conversely, "Other Revenues" consist primarily of interest earnings, and although the amount available to invest remained relatively constant, the market rate drop in interest rates resulted in a decrease of about \$0.4 million.

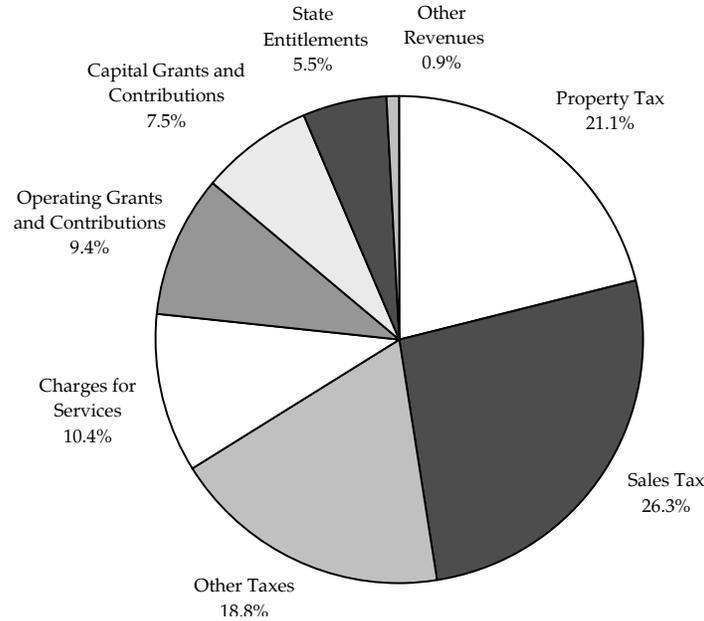
The largest program expenses consist of Security of Persons and Property (public safety), Transportation, and General Government, respectively. These programs accounted for 80.9% of total governmental expenses.

For the most part, changes in expenses were the result of the implementation of cost containment measures in response to the revenue reductions caused by the national recession. The major exceptions to this rule follow:

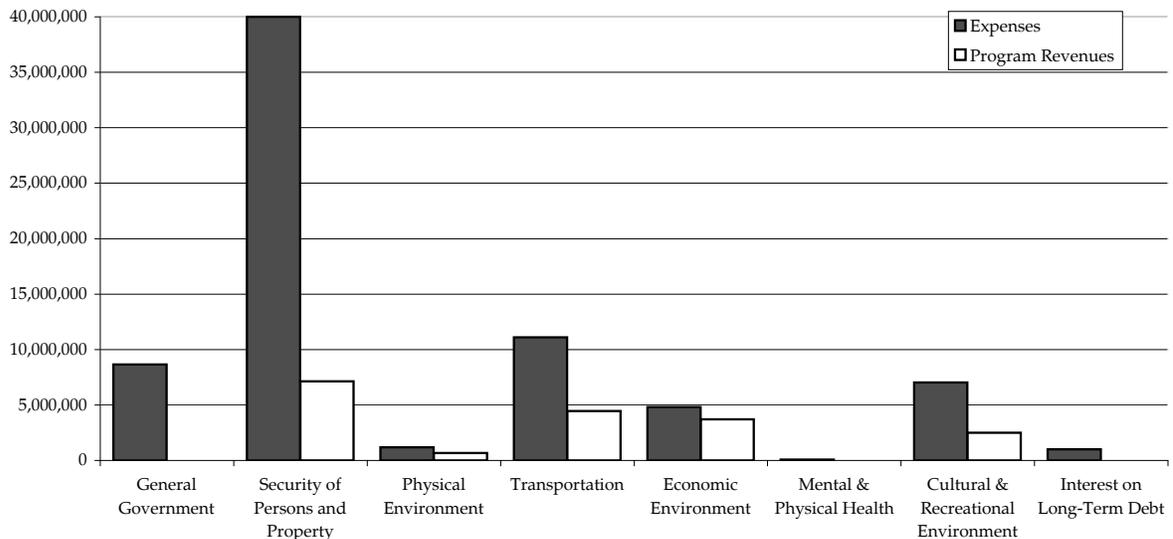
- Security of Persons and Property demonstrated an increase of \$1.8 million or 4.7% primarily because of increased jail costs, overtime, and salary adjustments, funded partially by the operating grants mentioned above. This category remains City Council's highest budget priority.
- Economic Environment increased by about \$0.7 million, primarily because the HUD Block Grant funded about \$0.5 million of infrastructure in 2008, and none of these resources were used on capital items in 2009.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2009.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES



BUSINESS TYPE ACTIVITIES

Of the \$41.3 million in business type revenues, 80% was provided by charges for services, with the remaining amount provided by grants, contributions, transit sales tax and interest income. Overall, business type revenues demonstrated an increase of \$0.4 million or 1% over 2008.

Business type revenues and expenses experienced the following fluctuations:

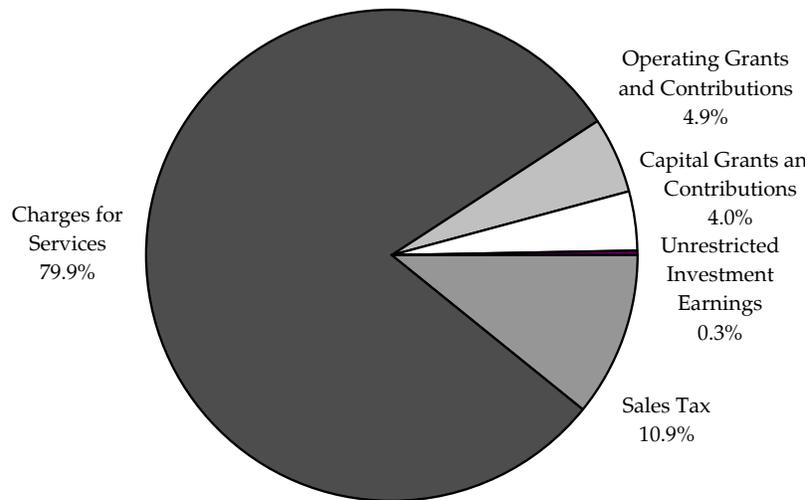
- Charges for Services increased by \$2.6 million or 8.5%. The Water, Wastewater, Irrigation, and Refuse utilities had rate increases for 2009 of 5.5%, 3.5%, 5.5%, and 5% respectively. The prior year (2008) was the first year of implementation of a federally mandated Stormwater / surface water program. A rate increase of 59% (from \$22 to \$35 per ERU) was approved for 2009 as this program continues to be developed.

- The downturn in housing starts reduced developer contributions in the Wastewater and Water utilities, causing the category of Capital Grants and Contributions to drop by \$1.7 million or 50%.
- Transit Sales Tax also experienced a reduction of \$0.3 million or 7.0% as a result of the national economic recession. Fortunately, the fuel prices fell significantly from 2008 levels in about the same amount as operating revenue so that service reductions were not required in 2009.
- Stormwater expenses demonstrated an increase of \$.4 million or 76.4%, mainly due to the ramp-up in program expenses, as the new utility continues implementation.

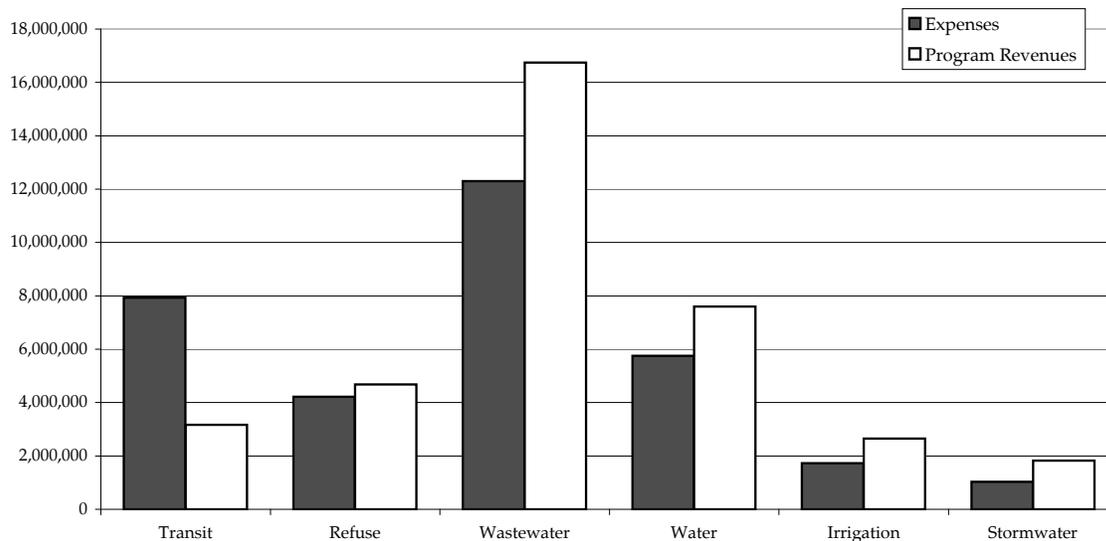
Of the \$33 million in business type expenses, 37.3% are associated with the Wastewater program and 24.1% with Transit, domestic water programs represent about 17.4%, Refuse 12.8%, Irrigation 5.3% and Stormwater 3.1%.

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 (80%) 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 2009. Together these funds account for 48.6% of total governmental fund assets and 33.6% 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, 2009, the City's governmental funds reported combined fund balances of about \$27.4 million. Of this total amount, about \$24.1 million (88%) is unreserved and available for spending within these funds. Reserved fund balance of \$3.3 million is not available for new spending because it was previously committed to: pay debt service (\$0.64 million); generate income to pay for the perpetual care of the municipal cemetery (\$0.58 million); liquidate contracts and purchase orders of the prior period (\$1.5 million) and for a variety of other restricted purposes (\$0.58 million).

The General Fund is the chief operating fund of the City of Yakima. At the end of the 2009 fiscal year, unreserved fund balance of the General Fund was \$8.5 million, while total fund balance is about \$8.8 million. Unreserved fund balance is about 18% of total general fund expenditures (which represents about a 2.2 month reserve). Total assets in the General Fund amounted to \$15.3 million, accounting for 35.7% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund is decreased by \$2.2 million during the current fiscal year. Even amid a national recession, revenues were basically flat from 2008 to 2009. However, several factors combined to create an increase in expenditures:

- 2008 and 2009 bargaining unit settlements included some catch-up provisions, since all bargaining units agreed to freeze wages in 2007;
- An escalation in outside jail costs;
- New public safety grants; and
- Increases in insurance rates, including medical, property and liability.

With revenues feeling the pressure of the national recession and expenditures responding to the economic issues listed above, General Fund used reserves, but not to the extent originally projected. However, it took directed budget constraints to accomplish this.

The General Fund accounts for 63.7% of all governmental fund revenue and 57.9% of all expenditures.

The Community Development fund has an increase of \$87,533 in fund balance. 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 increase in fund balances of \$3.4 million. While most funds had modest changes in fund balance, much of this increase can be attributed to the unspent balance of proceeds of a General Obligation bond for Capitol Theatre Expansion project.

ENTERPRISE FUNDS ANALYSIS

Transit, Wastewater, Domestic (potable) Water, and Irrigation Water are considered major funds in the City's 2009 (GASB 34) Financial Statements while Refuse and Stormwater are nonmajor funds.

As of December 31, 2009, the City's enterprise funds (internal service fund balances are treated entirely as governmental activities) reported combined net assets of \$116 million, with \$57.3 million or approximately 49.4% being contributed by the Wastewater fund. Of the \$116 million, over \$98.2 million (84.7%) of net assets is accounted for by investment in capital assets, net of related debt, \$2.4 million is restricted for debt service and \$15.4 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 2009 General Fund Adopted (original) Budget, the amended (final) Budget, Actual revenue and expenditure amounts, and the variance of Actuals compared to the Final budget.

CHANGE IN GENERAL FUND BALANCE

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
Revenues				
Taxes and Special Assessments	\$37,502,346	\$37,502,346	\$36,761,929	(\$740,417)
Licenses and Permits	814,000	814,000	711,834	(102,166)
Intergovernmental Revenues	2,852,289	2,890,508	3,073,099	182,591
Charges for Services	4,880,680	4,880,680	4,719,438	(161,242)
Fines and Forfeits	1,632,900	1,632,900	1,631,593	(1,307)
Interest	850,000	850,000	556,076	(293,924)
Other Revenues	75,200	75,200	101,369	26,169
Total Revenues	\$48,607,415	\$48,645,634	\$47,555,338	(\$1,090,296)
Expenditures				
Current				
General Government	12,266,073	12,533,822	11,508,451	1,025,371
Security of Persons and Property	32,932,000	33,875,750	33,219,445	656,305
Physical Environment	1,543,117	1,548,117	1,363,183	184,934
Economic Environment	1,008,032	1,015,558	914,254	101,304
Mental and Physical Health	20,790	86,811	86,217	594
Cultural and Recreational Environment	16,333	16,333	16,333	0
Capital Outlay				
General Government	57,500	222,110	120,774	101,336
Security of Persons and Property	6,001	6,001	9,600	(3,599)
Debt Service				
Principal Retirement	88,828	88,828	84,844	3,984
Interest	13,907	13,907	9,520	4,387
Total Expenditures	47,952,581	49,407,237	47,332,621	2,074,616
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$654,834	(\$761,603)	\$222,717	\$984,320

	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)	(2,382,275)	(2,382,275)	(2,422,933)	(40,658)
Intergovernmental Agreements	(39,095)	(39,095)	(39,095)	0
Sale of Capital Assets	0	0	975	975
Compensation for Loss of General Capital Assets	1,000	1,000	145	(855)
Total Other Financing Sources (Uses)	(2,380,370)	(2,380,370)	(2,420,908)	(40,538)
Net Change in Fund Balances	(1,725,536)	(3,141,973)	(2,198,191)	943,782
Fund Balances – January 1	5,883,829	5,883,829	11,047,042	5,163,213
Change in Reserve for Inventory	0	0	(6,643)	(6,643)
Fund Balances – December 31	\$4,158,293	\$2,741,856	\$8,842,208	\$6,100,352

During the year, the 2009 General Fund budget was increased from \$47.9 million to \$49.4 million, or by \$1.5 million. The increases in appropriations are summarized as follows:

- \$399,898 in outstanding encumbrances / commitments which were rebudgeted from the prior year.
- \$729,000 for Yakima County jail costs.
- \$180,000 for Patrol and Special Operations overtime.
- \$40,000 for additional Indigent Defense services, designed to decrease jail time / costs.
- \$21,478 for a federal Police training grant.
- \$66,021 for behavioral health diversion program to direct an individual with a history of mental illness away from incarceration into an appropriate program also designed to decrease jail costs.
- \$18,259 for operating cost associated with the City providing purchasing services to Yakima County.

The increases related to police training program and operating cost for purchasing services were funded by a corresponding increase in revenue, while the balance of adjustments were to be funded from the General Fund reserves and / or corresponding reductions in other expenditures.

GENERAL FUND BUDGET TO ACTUAL

Total General Fund revenues were budgeted at about \$48.6 million. Actual revenue of \$47.6 million resulted in a negative variance of \$1.1 million, a loss of 2.3% under the amended budget. As discussed at the Citywide level, the recession put downward pressure on sales taxes, new construction / development fees, and interest earnings. Therefore, in General Fund, Taxes (primarily sales tax) experienced negative results compared to budget by about \$0.74 million. Charges for Services were down \$0.2 million primarily in the areas of outside engineering and plan checking fees, and investment interest is down \$0.3 million.

General Fund expenditures, including other financing uses, totaled \$49.7 million compared to the final budget of \$51.8 million – resulting in a positive variance of \$2.1 million or 4.1%. Most of this variance is in the area of General Government, and is the result primarily of a cost containment plan that held position vacancies, coupled with a reduction in fuel prices and a reduction in retirement system rates.

The General Fund budget is typically 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”, however 2009 is an exception, since revenues were well below even the conservative estimates. This resulted in a net decrease in fund balance of about \$2.2 million (about 4.2% 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, 2009, amounts to over \$282 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 2009 fiscal year included the following:

- A variety of projects for street expansion / repair were ongoing during the year. \$4 million was spent on infrastructure projects in 2009, while the 2010 budget includes over \$20.6 million in planned projects, funded primarily by state and federal grants, matched by fuel tax and real estate excise tax. The major project in 2009 and continuing into 2010 include a railroad grade separation project.
- In the area of Cultural & Recreational Environment, major capital investments include the Capitol Theatre expansion, funded by a Limited Tax General Obligation bond issued in 2009. About \$3 million was spent on Capitol Theatre expansion in 2009.
- Vehicles, street equipment, and trucks were added to the fleet as either additional equipment or replacements during the year, at a cost of \$1.8 million.
- Wastewater capital improvements include: \$1.1 million was spent on an Ultraviolet Disinfection project, funded primarily by a state Public Works Trust Fund loan and about \$2.8 million on Final SCADA Tip Out / Dystor / Daft Retrofit projects funded by the 2008 Revenue Bond. The 2010 budget includes about \$2.2 million to continue upgrades at the plant, and \$3.4 million for interceptor and trunk line extensions funded by intergovernmental loans, capital reserves and current capital transfers from the operating fund.
- The Domestic Water Treatment plant capital program spent about \$1.9 million in 2009. The 2010 budget includes \$1.2 million for a new well project at Gardner Park (partly funded by a Public Works Trust Fund Loan); \$1.5 million for Automated Meter Reading; and \$.3 million for water main replacement and designs for lagoons (funded by capital reserves and current capital transfers from the operating fund).
- In 2003, the City Council approved the rebuild of the irrigation delivery system, which was estimated to cost approximately \$14 million and be completed over an eight-year period. About \$1.8 million was spent on system rebuild projects in 2009. The 2010 budget includes about \$2.6 million for project continuation, funded by utility capital rates and reserves.

CAPITAL ASSETS (NET OF DEPRECIATION)

	GOVERNMENTAL		BUSINESS TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2009	2008	2009	2008	2009	2008
Capital Assets						
Land	\$12,858,062	\$11,672,483	\$2,163,373	\$2,163,373	\$15,021,435	\$13,835,856
Building	31,541,005	33,801,128	39,769,182	29,954,689	71,310,187	63,755,817
Improvements Other Than Buildings	6,990,394	6,870,004	61,106,382	55,317,509	68,096,776	62,187,513
Machinery and Equipment	12,149,183	11,724,356	13,304,029	8,544,788	25,453,212	20,269,144
Infrastructure	68,109,569	67,479,646	0	0	68,109,569	67,479,646
Intangibles	0	0	115,659	115,659	115,659	115,659
Construction in Progress	20,644,469	19,604,064	13,571,901	30,030,490	34,216,370	49,634,554
Total Capital Assets	<u>\$152,292,682</u>	<u>\$151,151,681</u>	<u>\$130,030,526</u>	<u>\$126,126,508</u>	<u>\$282,323,208</u>	<u>\$277,278,189</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, 2009, the City of Yakima had total bonded debt outstanding of almost \$53.1 million. Of this amount, \$27 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$26.1 million represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

In 2009 the City issued \$7 million Limited Tax General Obligation bonds for the expansion, rehabilitation, and improvement of the Capitol Theatre.

The City of Yakima's total bonded debt had a net increase of \$3.4 million during 2009.

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 2009, the City borrowed \$1.7 million for Water, Wastewater, and Railroad Grade Separation projects utilizing this State program.

The City's remaining capacity for non-voted debt on December 31, 2009, was approximately \$53.5 million in comparison to the total legal limit of \$80.8 million. The City has a general guideline of retaining 50% of its non-voted capacity for emergencies. The City of Yakima was upgraded in 2008 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.

OUTSTANDING DEBT

	GOVERNMENTAL		BUSINESS TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2009	2008	2009	2008	2009	2008
Outstanding Debt						
General Obligation Bonds	\$26,978,811	\$21,973,052	\$0	\$0	\$26,978,811	\$21,973,052
Revenue Bonds	0	0	26,080,000	27,725,000	26,080,000	27,725,000
Intergovernmental Loans	1,500,908	1,294,328	10,756,643	10,592,819	12,257,551	11,887,147
Special Assessment Debt	256,500	334,600	0	0	256,500	334,600
Unfunded Pension Liability	8,835,001	7,203,200	0	0	8,835,001	7,203,200
Compensated Absences	6,156,097	6,128,116	0	0	6,156,097	6,128,116
Other Debt	254,864	386,965	268,315	115,775	523,179	502,740
Total Outstanding Debt	<u>\$43,982,181</u>	<u>\$37,320,261</u>	<u>\$37,104,958</u>	<u>\$38,433,594</u>	<u>\$81,087,139</u>	<u>\$75,753,855</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 has been 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 IV is in the planning stages.
 - The City owned Capitol Theatre, located in the center of the downtown area, is in the midst of 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 the LTGO debt of about \$7.0 million 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 have now been completed.
- The unemployment rate (10.7% as of March, 2010) 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 64% 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 less than 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 2010 budget is balanced for all funds, within guidelines established by city management, to accomplish municipal service levels and priorities set by City Council. Although \$2.6 million was eliminated from General Government (i.e. tax-supported) 2009 budgets to balance 2010 (including about 23 positions, with all but one of these being vacant), the major revenues were estimated assuming a flattening of the economy. Unfortunately, sales tax continue to decline in the first quarter of 2010, therefore, the City Manager implemented additional cost containment measures in April, 2010 to maintain a balanced budget. Sales tax receipts in both April and May 2010 were slightly higher than the same months in 2009, so it appears that the significant decline is beginning to level off. 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, 2009

With comparative totals for December 31, 2008

Page 1 of 1

	GOVERNMENTAL	BUSINESS TYPE	TOTAL	
	ACTIVITIES	ACTIVITIES	2009	2008
ASSETS				
Cash and Cash Equivalents	\$27,125,400	\$5,208,649	\$32,334,049	\$34,169,777
Investments at Amortized Cost	12,298,180	16,506,248	28,804,428	26,678,812
Receivables – Net	7,519,468	2,569,325	10,088,793	10,261,301
Due from Other Government Units	1,793,538	27,801	1,821,339	2,079,965
Notes Receivable	4,892,537	0	4,892,537	4,935,316
Inventories	581,337	207,500	788,837	807,144
Unamortized Debt Issue Cost	0	179,785	179,785	195,362
Restricted Assets				
Cash and Cash Equivalents	173,510	2,365,700	2,539,210	2,618,817
Fiscal Agent	10,620	0	10,620	10,620
Capital Assets – Net of Accumulated Depreciation				
Land	12,858,062	2,163,373	15,021,435	13,835,856
Buildings	31,541,005	39,769,182	71,310,187	63,755,817
Improvements Other Than Buildings	6,990,394	61,106,382	68,096,776	62,187,513
Machinery & Equipment	12,149,183	13,304,029	25,453,212	20,269,144
Construction in Process	20,644,469	13,571,901	34,216,370	49,634,554
Intangibles	0	115,659	115,659	115,659
Infrastructure	68,109,569	0	68,109,569	67,479,646
Total Assets	\$206,687,272	\$157,095,534	\$363,782,806	\$359,035,303
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$8,819,847	\$2,171,592	\$10,991,439	\$10,846,695
Accrued Liabilities	3,652,633	1,843,316	5,495,949	5,761,587
Due to Other Government Units	75,639	0	75,639	77,092
Liabilities Payable from Restricted Assets	173,510	0	173,510	257,143
Noncurrent Liabilities				
Special Assessment Debt with Governmental Commitment	256,500	0	256,500	334,600
Due Within One Year	2,684,782	2,769,843	5,454,625	5,002,134
Due in More than One Year	41,040,899	34,335,103	75,376,002	70,578,800
Total Liabilities	56,703,810	41,119,854	97,823,664	92,858,051
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	125,768,431	98,161,351	223,929,782	216,755,966
Restricted				
Debt Service	643,219	2,365,700	3,008,919	3,157,603
Capital Projects	2,241,478	0	2,241,478	2,681,458
Other Purposes	1,211,422	0	1,211,422	1,007,876
Notes Receivable	5,191,424	0	5,191,424	5,319,437
Unrestricted	14,927,488	15,448,629	30,376,117	37,254,912
Total Net Assets	\$149,983,462	\$115,975,680	\$265,959,142	\$266,177,252

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, 2009

With comparative totals for December 31, 2008

Page 1 of 1

FUNCTIONS / PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES	OPERATING	CAPITAL	BUSINESS TYPE	TOTAL		
		FOR SERVICES	GRANTS & CONT'S	GRANTS & CONT'S		GOVERNMENT ACTIVITIES	2009	2008
Governmental Activities								
General Government	\$8,656,161	\$12,518	\$0	\$0	(\$8,643,643)	\$0	(\$8,643,643)	(\$8,652,605)
Security of Persons & Property	40,008,664	2,538,686	4,152,878	434,739	(32,882,361)	0	(32,882,361)	(32,782,242)
Physical Environment	1,189,908	648,713	0	14,290	(526,905)	0	(526,905)	(374,019)
Transportation	11,108,811	59,106	33,535	4,353,333	(6,662,837)	0	(6,662,837)	(8,563,472)
Economic Environment	4,821,392	1,595,042	2,111,463	14,911	(1,099,976)	0	(1,099,976)	374,147
Mental & Physical Health	86,217	0	0	0	(86,217)	0	(86,217)	(19,418)
Cultural & Rec Environment	7,020,665	2,069,724	157,865	272,993	(4,520,083)	0	(4,520,083)	(3,625,050)
Interest on Long-Term Debt	1,004,163	0	0	0	(1,004,163)	0	(1,004,163)	(862,646)
Total Governmental Activities	73,895,981	6,923,789	6,455,741	5,090,266	(55,426,185)	0	(55,426,185)	(54,505,305)
Business Type Activities								
Transit	7,928,658	931,119	1,851,249	383,191	0	(4,763,099)	(4,763,099)	(5,051,961)
Refuse	4,217,711	4,654,440	25,000	0	0	461,729	461,729	272,307
Wastewater	12,297,172	15,941,146	24,491	778,613	0	4,447,078	4,447,078	5,204,929
Water	5,748,350	7,096,553	10,986	487,622	0	1,846,811	1,846,811	1,343,316
Irrigation	1,732,812	2,646,392	0	0	0	913,580	913,580	867,874
Stormwater	1,028,178	1,707,076	108,682	9,600	0	797,180	797,180	949,930
Total Business Type Activities	32,952,881	32,976,726	2,020,408	1,659,026	0	3,703,279	3,703,279	3,586,395
Total	\$106,848,862	\$39,900,515	\$8,476,149	\$6,749,292	(55,426,185)	3,703,279	(51,722,906)	(50,918,910)
GENERAL REVENUES								
Taxes								
Property Taxes					14,261,201	0	14,261,201	13,782,301
Sales and Use Taxes					17,810,213	4,489,747	22,299,960	23,818,337
Franchise and Utility Taxes					10,292,854	0	10,292,854	9,583,683
Excise Taxes					2,412,122	0	2,412,122	2,839,410
Penalties and Interest					5,155	0	5,155	3,214
State Entitlements					3,738,559	0	3,738,559	3,614,482
Unrestricted Invest Earnings					556,076	100,232	656,308	1,061,343
Miscellaneous					70,276	16,172	86,448	147,134
Gain / Loss on Sale – Cap Assets					(2,217,530)	(17,282)	(2,234,812)	1,420,342
Transfers					4,188,083	(4,201,083)	(13,000)	(524,174)
Debt Issue Cost					0	0	0	(3,696)
Total General Revenue, Transfers, Special & Extraordinary Items					51,117,009	387,786	51,504,795	55,742,376
Change in Net Assets					(4,309,176)	4,091,065	(218,111)	4,823,466
Net Assets – Beginning					154,292,637	111,884,612	266,177,249	261,353,778
Net Assets – Ending					<u>\$149,983,461</u>	<u>\$115,975,677</u>	<u>\$265,959,138</u>	<u>\$266,177,244</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, 2009

With comparative totals for December 31, 2008

Page 1 of 2

	#000	#124	OTHER	TOTAL	
	GENERAL FUND	COMMUNITY DEVELOPMENT	GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS	
				2009	2008
ASSETS					
Cash & Equity in Pooled Investments	\$1,690,087	\$0	\$20,186,433	\$21,876,520	\$17,566,584
Deposits w / Fiscal Agent / Trustee	173,510	0	0	173,510	257,143
Receivables					
Taxes	4,377,582	0	233,866	4,611,448	4,530,322
Accounts	1,473,515	0	288,406	1,761,921	1,572,535
Special Assessments	0	0	13,971	13,971	4,576
LID Assessments – Delinquent	0	0	24,669	24,669	30,255
LID Assessments – Deferred	0	0	274,218	274,218	353,866
Notes / Contracts	0	4,882,237	10,300	4,892,537	4,935,316
Interest / Penalties	100,694	0	0	100,694	185,505
Due from Other Funds	136,212	0	0	136,212	67,319
Due from Other Government Units	101,902	633,620	932,786	1,668,308	1,854,469
Inventories	56,999	0	0	56,999	63,642
Investments, at Amortized Cost	7,153,387	0	3,731	7,157,118	8,251,997
Total Assets	<u>\$15,263,888</u>	<u>\$5,515,857</u>	<u>\$21,968,380</u>	<u>\$42,748,125</u>	<u>\$39,673,529</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, 2009

With comparative totals for December 31, 2008

Page 2 of 2

	#000	#124	OTHER	TOTAL	
	GENERAL FUND	COMMUNITY DEVELOPMENT	GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS	
				2009	2008
LIABILITIES AND FUND BALANCES					
Liabilities					
Warrants / Accounts Payable	\$744,140	\$97,725	\$2,062,944	\$2,904,809	\$1,522,573
Wages / Benefits Payable	3,646,341	57,514	816,768	4,520,623	4,241,572
Contracts Payable	0	0	114,240	114,240	104,275
Due to Other Funds	0	101,078	35,134	136,212	67,319
Due to Other Government Units	69,040	0	6,599	75,639	77,092
Deposits Payable	181,349	0	374,600	555,949	600,619
Deferred Revenue	1,607,300	4,882,237	351,696	6,841,233	6,646,425
Custodial Accounts	173,510	0	0	173,510	257,143
Total Liabilities	\$6,421,680	\$5,138,554	\$3,761,981	\$15,322,215	\$13,517,018
Fund Balances					
Reserved					
Inventory	\$56,999	\$0	\$0	\$56,999	\$63,642
Encumbrances	299,225	0	1,192,351	1,491,576	562,394
Continuing Appropriations	0	0	517,880	517,880	151,173
Debt Service	0	0	643,219	643,219	795,929
Endowment	0	0	578,511	578,511	566,365
Parking and Business Improvement	0	0	11,053	11,053	8,963
Unreserved					
General Fund	8,485,984	0	0	8,485,984	10,583,502
Special Revenue Funds	0	377,303	6,590,941	6,968,244	7,385,325
Capital Projects Funds	0	0	8,672,444	8,672,444	6,039,218
Total Fund Balances	\$8,842,208	\$377,303	\$18,206,399	\$27,425,910	\$26,156,511
Total Liabilities and Fund Balances	<u>\$15,263,888</u>	<u>\$5,515,857</u>	<u>\$21,968,380</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, 2009

With comparative totals for December 31, 2008

Page 1 of 1

	————— TOTAL —————	
	GOVERNMENTAL FUNDS	
	2009	2008
Total Fund Balances (as shown on the Governmental Funds Balance Sheet)	\$27,425,910	\$26,156,511
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.	143,501,016	142,789,029
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	6,841,233	6,646,425
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.	16,340,115	16,138,357
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(43,982,181)	(37,320,261)
Accrued interest payable on General Obligation Debt	(142,631)	(117,424)
Net assets of governmental activities	<u>\$149,983,462</u>	<u>\$154,292,637</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, 2009

With comparative totals for December 31, 2008

Page 1 of 2

	#000	#124	OTHER	TOTAL	
	GENERAL FUND	COMMUNITY DEVELOPMENT	GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS	
				2009	2008
REVENUES					
Taxes and Special Assessments	\$36,761,929	\$0	\$11,494,375	\$48,256,304	\$48,426,630
Licenses and Permits	711,834	0	0	711,834	993,122
Intergovernmental Revenues	3,073,099	2,111,463	9,877,168	15,061,730	11,993,793
Charges for Services	4,719,438	486,419	1,212,844	6,418,701	6,536,514
Fines and Forfeits	1,631,593	0	0	1,631,593	1,582,815
Interest	556,076	29,893	167,203	753,172	1,406,974
Other Revenues	101,369	1,621	1,731,382	1,834,372	1,681,236
Total Revenues	47,555,338	2,629,396	24,482,972	74,667,706	72,621,084
EXPENDITURES					
Current					
General Government	11,508,451	0	117,924	11,626,375	11,367,421
Security of Persons and Property	33,219,445	0	4,687,471	37,906,916	34,815,209
Physical Environment	1,363,183	0	289,634	1,652,817	1,679,504
Transportation	0	0	5,395,000	5,395,000	5,777,109
Economic Environment	914,254	2,541,863	1,322,272	4,778,389	4,143,741
Mental and Physical Health	86,217	0	0	86,217	19,418
Cultural and Recreational Environment	16,333	0	6,045,662	6,061,995	6,216,680
Capital Outlay					
General Government	120,774	0	386,879	507,653	551,177
Security of Persons and Property	9,600	0	1,045,001	1,054,601	308,146
Physical Environment	0	0	851,145	851,145	83,020
Transportation	0	0	4,396,229	4,396,229	4,233,601
Economic Environment	0	0	218,874	218,874	2,055,128
Cultural & Recreational Environment	0	0	3,613,463	3,613,463	1,626,484
Debt Service					
Principal Retirement	84,844	0	2,548,016	2,632,860	2,551,597
Interest	9,520	0	969,436	978,956	860,933
Total Expenditures	47,332,621	2,541,863	31,887,006	81,761,490	76,289,168
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	\$222,717	\$87,533	(\$7,404,034)	(\$7,093,784)	(\$3,668,084)

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, 2009

With comparative totals for December 31, 2008

Page 2 of 2

	#000	#124	OTHER	TOTAL	
	GENERAL	COMMUNITY	GOVERNMENTAL	GOVERNMENTAL FUNDS	
	FUND	DEVELOPMENT	FUNDS	2009	2008
OTHER FINANCING SOURCES (USES)					
Proceeds from Long Term Debt – GO Bonds	\$0	\$0	\$7,003,898	\$7,003,898	\$2,946,303
Proceeds from Intergovernmental Loans	0	0	600,000	600,000	241,500
Transfers In	40,000	0	6,099,059	6,139,059	5,774,525
Transfers (Out)	(2,422,933)	0	(3,002,802)	(5,425,735)	(5,338,433)
Intergovernmental Agreements	(39,095)	0	0	(39,095)	(39,095)
Sale of Capital Assets	975	0	9,150	10,125	13,353
Compensation for Loss of Gen. Capital Assets	145	0	81,430	81,575	141,640
Total Other Financing Sources (Uses)	<u>(2,420,908)</u>	<u>0</u>	<u>10,790,735</u>	<u>8,369,827</u>	<u>3,739,793</u>
Net Change in Fund Balances	<u>(2,198,191)</u>	<u>87,533</u>	<u>3,386,701</u>	<u>1,276,043</u>	<u>71,709</u>
Fund Balances – January 1	11,047,042	289,770	14,819,699	26,156,511	26,071,422
Change in Reserve for Inventory	(6,643)	0	0	(6,643)	13,380
Fund Balances – December 31	<u>\$8,842,208</u>	<u>\$377,303</u>	<u>\$18,206,400</u>	<u>\$27,425,911</u>	<u>\$26,156,511</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, 2009

With comparative totals for December 31, 2008

Page 1 of 1

	2009	2008
Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance.	\$1,276,043	\$71,709
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.	2,659,664	929,850
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and physical inventory adjustments) is to decrease net assets.	(1,947,677)	1,905,515
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	194,806	(496,876)
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.	(5,002,138)	(639,903)
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, OPEB, inventory).	(1,691,632)	(2,786,895)
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.	201,758	129,757
Change in net assets, as reflected on the Statement of Activities	<u>(\$4,309,176)</u>	<u>(\$886,843)</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, 2009

Page 1 of 1

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes and Special Assessments	\$37,502,346	\$37,502,346	\$36,761,929	(\$740,417)
Licenses and Permits	814,000	814,000	711,834	(102,166)
Intergovernmental Revenues	2,852,289	2,890,508	3,073,099	182,591
Charges for Services	4,880,680	4,880,680	4,719,438	(161,242)
Fines and Forfeits	1,632,900	1,632,900	1,631,593	(1,307)
Interest	850,000	850,000	556,076	(293,924)
Other Revenues	75,200	75,200	101,369	26,169
Total Revenues	48,607,415	48,645,634	47,555,338	(1,090,296)
EXPENDITURES				
Current				
General Government	12,266,073	12,533,822	11,508,451	1,025,371
Security of Persons and Property	32,932,000	33,875,750	33,219,445	656,305
Physical Environment	1,543,117	1,548,117	1,363,183	184,934
Economic Environment	1,008,032	1,015,558	914,254	101,304
Mental & Physical Health	20,790	86,811	86,217	594
Cultural & Recreational Environment	16,333	16,333	16,333	0
Capital Outlay				
General Government	57,500	222,110	120,774	101,336
Security of Persons and Property	6,001	6,001	9,600	(3,599)
Debt Service				
Principal Retirement	88,828	88,828	84,844	3,984
Interest	13,907	13,907	9,520	4,387
Total Expenditures	47,952,581	49,407,237	47,332,621	2,074,616
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$654,834	(\$761,603)	\$222,717	\$984,320
OTHER FINANCING SOURCES (USES)				
Transfers In	\$40,000	\$40,000	\$40,000	\$0
Transfers (Out)	(2,382,275)	(2,382,275)	(2,422,933)	(40,658)
Intergovernmental Agreements	(39,095)	(39,095)	(39,095)	0
Sale of Capital Assets	0	0	975	975
Compensation for Loss of General Capital Assets	1,000	1,000	145	(855)
Total Other Financing Sources (Uses)	(2,380,370)	(2,380,370)	(2,420,908)	(40,538)
Net Change in Fund Balances	(1,725,536)	(3,141,973)	(2,198,191)	943,782
Fund Balances – January 1	5,883,829	5,883,829	11,047,042	5,163,213
Change in Reserve for Inventory	0	0	(6,643)	(6,643)
Fund Balances – December 31	\$4,158,293	\$2,741,856	\$8,842,208	\$6,100,352

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, 2009

Page 1 of 1

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental Revenues	\$1,620,091	\$3,828,452	\$2,111,463	(\$1,716,989)
Charges for Services	531,000	531,000	486,419	(44,581)
Interest	27,650	27,650	29,893	2,243
Other Revenues	1,500	1,500	1,621	121
Total Revenues	2,180,241	4,388,602	2,629,396	(1,759,206)
EXPENDITURES				
Current				
Economic Environment	2,317,063	4,071,871	2,541,863	1,530,008
Capital Outlay				
Transportation	0	453,553	0	453,553
Total Expenditures	2,317,063	4,525,424	2,541,863	1,983,561
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$136,822)	(\$136,822)	\$87,533	\$224,355
Net Change in Fund Balances	(\$136,822)	(\$136,822)	\$87,533	\$224,355
Fund Balances – January 1	782,545	782,545	289,770	(492,775)
Fund Balances – December 31	\$645,723	\$645,723	\$377,303	(\$268,420)

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, 2009

With comparative totals for December 31, 2008

Page 1 of 4

	— BUSINESS TYPE ACTIVITIES — ENTERPRISE FUNDS —		
	#462 & #364	#973	#974
	TRANSIT	WASTEWATER	WATER
ASSETS			
Current Assets			
Cash & Equity in Pooled Investments	\$679,816	\$1,706,504	\$1,318,028
Deposits w / Fiscal Agent / Trustee	0	0	0
Receivables			
Accounts / Taxes (Net)	803,459	1,253,168	10,126
Interest / Penalties	0	0	0
Other Receivables	0	7,500	0
Due from Other Government Units	27,801	0	0
Inventories	0	0	207,500
Investments, at Amortized Cost	1,500,000	8,506,248	4,000,000
Total Current Assets	3,011,076	11,473,420	5,535,654
Noncurrent Assets			
Restricted Assets			
Cash	0	1,969,220	361,044
Land	1,307,989	583,270	173,614
Buildings	7,363,248	66,439,113	8,548,449
Other Improvements	135,742	45,118,296	40,638,105
Machinery & Equipment	9,126,574	10,748,850	3,065,655
Accumulated Depreciation	(7,623,340)	(57,636,828)	(21,890,055)
Construction in Progress	689,731	7,077,061	1,624,275
Intangibles	0	0	221,830
Unamortized Debt Issue Costs	0	122,479	17,727
Total Noncurrent Assets	10,999,944	74,421,461	32,760,644
Total Assets	\$14,011,020	\$85,894,881	\$38,296,298

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, 2009

With comparative totals for December 31, 2008

Page 2 of 4

BUSINESS TYPE ACTIVITIES – ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES	
#975	OTHER	TOTAL		INTERNAL	
IRRIGATION	ENTERPRISE FUNDS	2009	2008	SERVICE FUNDS	
\$726,702	\$777,599	\$5,208,649	\$11,614,113	\$5,248,880	
0	0	0	0	10,620	
206,742	279,358	2,552,853	2,823,850	732,547	
8,972	0	8,972	8,972	0	
0	0	7,500	7,500	0	
0	0	27,801	225,496	125,230	
0	0	207,500	201,139	524,338	
2,000,000	500,000	16,506,248	12,007,244	5,141,062	
2,942,416	1,556,957	24,519,523	26,888,314	11,782,677	
35,436	0	2,365,700	2,361,674	0	
98,500	0	2,163,373	2,163,373	0	
418,532	0	82,769,342	70,673,361	37,397	
12,151,844	440,334	98,484,321	91,019,818	112,131	
73,816	11,879	23,026,774	17,361,949	20,517,112	
(3,036,509)	(20,285)	(90,207,017)	(85,344,316)	(11,874,974)	
4,153,487	27,346	13,571,900	30,030,490	0	
0	0	221,830	221,830	0	
39,579	0	179,785	195,362	0	
13,934,685	459,274	132,576,008	128,683,541	8,791,666	
\$16,877,101	\$2,016,231	\$157,095,531	\$155,571,855	\$20,574,343	

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, 2009

With comparative totals for December 31, 2008

Page 3 of 4

	— BUSINESS TYPE ACTIVITIES — ENTERPRISE FUNDS —		
	#462 & #364 TRANSIT	#973 WASTEWATER	#974 WATER
LIABILITIES			
Current Liabilities			
Warrants / Accounts Payable	\$78,396	\$368,290	\$78,668
Wages / Benefits Payable	329,458	431,686	209,469
Compensated Absences Payable	343,744	588,176	190,368
Claims and Judgments Payable	0	0	0
Accrued Payables	0	166,778	21,072
Deposits Payable	6,100	4,500	197,739
Current Portion Long-Term Debt	0	764,246	300,597
Restricted Payables			
Current Portion Long Term Debt	0	1,383,750	206,250
Total Current Liabilities	757,698	3,707,426	1,204,163
Noncurrent Liabilities			
Bonds Payable	0	18,196,687	1,598,313
Unamortized Bond Discount / Premium	0	404,458	69,766
Deferred Amount On Debt Refunding	0	(78,058)	(49,157)
Loans Payable – Long-Term	0	6,352,370	3,374,453
Total Noncurrent Liabilities	0	24,875,457	4,993,375
Total Liabilities	757,698	28,582,883	6,197,538
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	10,999,944	50,575,420	26,878,306
Restricted for Debt Service	0	1,969,220	361,044
Unrestricted	2,253,378	4,767,358	4,859,410
Total Net Assets	\$13,253,322	\$57,311,998	\$32,098,760

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, 2009

With comparative totals for December 31, 2008

Page 4 of 4

#975 IRRIGATION	BUSINESS TYPE ACTIVITIES – ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES	
	OTHER ENTERPRISE FUNDS	TOTAL		INTERNAL SERVICE FUNDS
		2009	2008	
\$375,440	\$73,381	\$974,175	\$2,178,185	\$630,394
52,941	173,863	1,197,417	1,125,638	208,072
49,816	205,449	1,377,553	1,330,613	256,576
0	0	0	0	3,139,186
69,574	0	257,424	267,650	0
0	0	208,339	189,884	0
0	0	1,064,843	979,235	0
115,000	0	1,705,000	1,645,000	0
662,771	452,693	6,784,751	7,716,205	4,234,228
4,580,000	0	24,375,000	26,080,000	0
(113,729)	0	360,495	404,052	0
0	0	(127,215)	(175,699)	0
0	0	9,726,823	9,662,685	0
4,466,271	0	34,335,103	35,971,038	0
5,129,042	452,693	41,119,854	43,687,243	4,234,228
9,248,404	459,274	98,161,348	96,425,813	8,791,666
35,436	0	2,365,700	2,361,674	0
2,464,219	1,104,264	15,448,629	13,097,125	7,548,449
<u>\$11,748,059</u>	<u>\$1,563,538</u>	<u>\$115,975,677</u>	<u>\$111,884,612</u>	<u>\$16,340,115</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, 2009

With comparative totals for December 31, 2008

Page 1 of 2

	— BUSINESS TYPE ACTIVITIES — ENTERPRISE FUNDS —		
	#462 & #364 TRANSIT	#973 WASTEWATER	#974 WATER
OPERATING REVENUES			
Charges for Services	\$931,119	\$15,933,456	\$7,085,787
Charges for Insurance	0	0	0
Employer Contributions	0	0	0
Employee Contributions	0	0	0
Other Operating Revenues	0	7,690	10,766
Total Operating Revenues	931,119	15,941,146	7,096,553
OPERATING EXPENSES			
Operations and Maintenance	6,090,352	6,661,512	2,060,729
Administration / Overhead	869,282	1,447,551	1,973,118
Taxes	0	2,716,749	1,489,567
Depreciation / Amortization	969,024	2,755,730	1,113,629
Other Benefits	0	0	0
Total Operating Expenses	7,928,658	13,581,542	6,637,043
Operating Income (Loss)	(6,997,539)	2,359,604	459,510
NON-OPERATING REVENUES (EXPENSES)			
Operating Grants and Subsidies	6,340,996	0	0
Interest Revenue	12,915	36,153	6,664
Other Non-Operating Revenues	16,172	24,491	10,986
Interest Expenses	0	(767,762)	(102,664)
Amortization of Bond Payment Discount	0	(9,969)	(2,870)
Gain (Loss) on Capital Assets Disposition	(19,782)	2,500	0
Non-Operating Revenue Net of Expenses	6,350,301	(714,587)	(87,884)
Income (Loss) Before Contributions and Transfers	(647,238)	1,645,017	371,626
Capital Contributions	383,191	778,613	487,622
Transfers In	185,000	232,939	0
Transfers (Out)	0	(542,516)	(227,497)
Change in Net Assets	(79,047)	2,114,053	631,751
Total Net Assets – January 1	13,332,369	55,197,945	31,467,009
Total Net Assets – December 31	<u>\$13,253,322</u>	<u>\$57,311,998</u>	<u>\$32,098,760</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, 2009

With comparative totals for December 31, 2008

Page 2 of 2

#975 IRRIGATION	BUSINESS TYPE ACTIVITIES – ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES	
	OTHER ENTERPRISE FUNDS	TOTAL		INTERNAL SERVICE FUNDS
		2009	2008	
\$2,642,753	\$6,360,693	\$32,953,808	\$30,339,901	\$6,021,973
0	0	0	0	2,382,676
0	0	0	0	9,129,005
0	0	0	0	1,628,225
3,639	823	22,918	58,642	908
<u>2,646,392</u>	<u>6,361,516</u>	<u>32,976,726</u>	<u>30,398,543</u>	<u>19,162,787</u>
1,067,846	4,973,085	20,853,524	20,427,542	6,360,080
200,623	615,781	5,106,355	4,808,132	2,721,108
46,143	64,686	4,317,145	4,022,364	0
200,839	10,768	5,049,990	4,965,865	1,387,780
0	0	0	0	9,674,428
<u>1,515,451</u>	<u>5,664,320</u>	<u>35,327,014</u>	<u>34,223,903</u>	<u>20,143,396</u>
1,130,941	697,196	(2,350,288)	(3,825,360)	(980,609)
0	133,682	6,474,678	6,554,365	0
43,500	1,000	100,232	198,389	195,585
0	0	51,649	376,157	1,008,835
(209,696)	0	(1,080,122)	(1,224,105)	0
(7,665)	0	(20,504)	(39,543)	0
0	0	(17,282)	1,285,475	(41,497)
<u>(173,861)</u>	<u>134,682</u>	<u>5,508,651</u>	<u>7,150,738</u>	<u>1,162,923</u>
957,080	831,878	3,158,363	3,325,378	182,314
0	9,600	1,659,026	3,345,196	6,444
0	0	417,939	350,707	50,000
<u>(112,250)</u>	<u>(262,000)</u>	<u>(1,144,263)</u>	<u>(1,310,973)</u>	<u>(37,000)</u>
844,830	579,478	4,091,065	5,710,308	201,758
<u>10,903,229</u>	<u>984,060</u>	<u>111,884,612</u>	<u>106,174,304</u>	<u>16,138,357</u>
<u>\$11,748,059</u>	<u>\$1,563,538</u>	<u>\$115,975,677</u>	<u>\$111,884,612</u>	<u>\$16,340,115</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, 2009

With comparative totals for December 31, 2008

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	\$931,119	\$16,267,897	\$7,030,300
Contributions Received – Employer and Employee	0	0	0
Cash Paid to Suppliers for Goods and Services	(4,687,508)	(4,195,621)	(2,333,002)
Cash Paid for Salaries and Benefits	(3,390,901)	(4,531,567)	(2,200,229)
Other Operating Revenues Collected	0	7,690	10,766
Cash Paid to Claimants and Beneficiaries	0	0	0
Cash Paid in Lieu of Taxes	0	(2,062,101)	(994,227)
Net Cash Provided by Operating Activities	(7,147,290)	5,486,298	1,513,608
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants Received / Sales Tax	6,364,850	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	6,364,850	0	0
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Proceeds from Public Works Trust / SIED Loan / Revenue Bonds	0	115,000	1,015,740
Cash Received for Debt Service from Other Governments	0	18,790	0
Cash Received from Disposal of Capital Assets	1,027	2,500	0
Cash Contributions in Aid of Construction	16,172	752,938	358,642
Principal Paid on Revenue Bonds	0	(1,339,987)	(195,012)
Principal Paid on Public Works Trust / SIED Loan	0	(763,096)	(217,898)
Capital Expenditures Paid	(830,459)	(3,953,048)	(2,235,119)
Interest and Other Debt Service Paid	0	(777,427)	(102,212)
Capital Grants Received	551,191	0	0
Other Non-Operating Capital Revenue	0	5,701	10,986
Transfer In	185,000	232,939	0
Transfer Out	0	(542,516)	(227,497)
Net Cash Used for Capital Financing Activities	(77,069)	(6,248,206)	(1,592,370)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Investment Securities	0	5,000,996	0
Interest Received on Investments	12,915	36,153	6,664
Purchase of Investment Securities	(1,500,000)	(8,500,000)	0
Net Cash Provided by Investing Activities	(1,487,085)	(3,462,851)	6,664
Net Increase (Decrease) in Cash and Cash Equivalents	(2,346,594)	(4,224,759)	(72,098)
Cash and Cash Equivalents at Beginning of Year	3,026,410	7,900,483	1,751,170
Cash and Cash Equivalents at End of Year	\$679,816	\$3,675,724	\$1,679,072

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, 2009

With comparative totals for December 31, 2008

Page 2 of 4

BUSINESS TYPE ACTIVITIES – ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES	
#975	OTHER	TOTAL		INTERNAL	
IRRIGATION	ENTERPRISE FUNDS	2009	2008	SERVICE FUNDS	
\$2,629,608	\$6,364,627	\$33,223,551	\$30,557,158	\$6,165,024	
0	0	0	0	12,945,649	
(708,165)	(3,422,106)	(15,346,402)	(13,226,619)	(7,159,727)	
(603,198)	(1,776,642)	(12,502,537)	(12,590,667)	(2,241,081)	
3,639	823	22,918	23,429	0	
0	0	0	0	(10,032,403)	
0	(418,431)	(3,474,759)	(3,228,104)	0	
1,321,884	748,271	1,922,771	1,535,197	(322,538)	
0	159,232	6,524,082	8,380,229	0	
0	0	0	0	883,605	
0	0	0	0	(37,000)	
0	159,232	6,524,082	8,380,229	846,605	
0	0	1,130,740	10,924,995	0	
0	0	18,790	359,470	0	
0	0	3,527	1,314,282	21,572	
0	0	1,127,752	1,426,483	0	
(110,000)	0	(1,644,999)	(5,202,500)	0	
0	0	(980,994)	(915,863)	0	
(1,814,067)	(22,848)	(8,855,541)	(9,279,416)	(1,879,864)	
(210,709)	0	(1,090,348)	(1,229,825)	0	
0	0	551,191	218,613	0	
0	0	16,687	16,687	56,444	
0	0	417,939	350,707	0	
(112,250)	(262,000)	(1,144,263)	(1,310,973)	0	
(2,247,026)	(284,848)	(10,449,519)	(3,327,340)	(1,801,848)	
1,000,000	0	6,000,996	12,556,591	3,778,509	
43,500	1,000	100,232	196,512	259,072	
0	(500,000)	(10,500,000)	(11,000,000)	(2,500,000)	
1,043,500	(499,000)	(4,398,772)	1,753,103	1,537,581	
118,358	123,655	(6,401,438)	8,341,189	259,800	
643,780	653,944	13,975,787	5,634,598	4,989,080	
\$762,138	\$777,599	\$7,574,349	\$13,975,787	\$5,248,880	

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, 2009

With comparative totals for December 31, 2008

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	\$679,816	\$1,706,504	\$1,318,028
Revenue Bond Reserve Account Cash	0	1,864,840	346,880
Revenue Bond Redemption Account Cash	0	104,380	14,164
Total Cash at the End of the Year	<u>\$679,816</u>	<u>\$3,675,724</u>	<u>\$1,679,072</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Operating Income (Loss)	(\$6,997,539)	\$2,359,604	\$459,510
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	969,024	2,755,730	1,113,629
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	0	347,073	(64,965)
Increase in Allowance for Uncollectibles	0	(12,632)	9,478
(Increase) Decrease in Inventory	0	12,081	(18,442)
Increase (Decrease) in Warrants / Accounts Payable	(1,139,346)	9,648	(6,526)
Increase (Decrease) in Wages / Benefits Payable	30,362	6,666	12,334
Increase (Decrease) in Compensated Absences Payable	(9,791)	8,128	8,590
Increase (Decrease) in Claims and Judgments Payable	0	0	0
Total Adjustments	<u>(149,751)</u>	<u>3,126,694</u>	<u>1,054,098</u>
Net Cash Provided by Operating Activities	<u>(\$7,147,290)</u>	<u>\$5,486,298</u>	<u>\$1,513,608</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Acquired by Noncash Contributions	\$0	\$25,675	\$128,980

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, 2009

With comparative totals for December 31, 2008

Page 4 of 4

BUSINESS TYPE ACTIVITIES – ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
#975 IRRIGATION	OTHER ENTERPRISE FUNDS	TOTAL		INTERNAL SERVICE FUNDS
		2009	2008	
\$726,702	\$777,599	\$5,208,649	\$11,614,113	\$5,248,880
0	0	2,211,720	2,208,121	0
35,436	0	153,980	153,553	0
<u>\$762,138</u>	<u>\$777,599</u>	<u>\$7,574,349</u>	<u>\$13,975,787</u>	<u>\$5,248,880</u>
\$1,130,941	\$697,196	(\$2,350,288)	(\$3,825,360)	(\$980,609)
200,839	10,768	5,049,990	4,965,865	1,387,780
(13,145)	3,934	272,897	165,121	(52,114)
0	0	(3,154)	16,923	0
0	0	(6,361)	45,865	18,025
(132)	(22,676)	(1,159,032)	(9,051)	(347,382)
1,033	21,384	71,779	87,442	7,741
2,348	37,665	46,940	88,392	1,996
0	0	0	0	(357,975)
190,943	51,075	4,273,059	5,360,557	658,071
<u>\$1,321,884</u>	<u>\$748,271</u>	<u>\$1,922,771</u>	<u>\$1,535,197</u>	<u>(\$322,538)</u>
\$0	\$9,600	\$164,255	\$1,532,100	\$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, 2009

With comparative totals for December 31, 2008

Page 1 of 1

	— FIREMEN'S RELIEF AND PENSION —	
	2009	2008
ASSETS		
Cash & Equity in Pooled Investments	\$746,911	\$831,758
LIABILITIES		
Warrants / Accounts Payable	988	3,127
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	<u>\$745,923</u>	<u>\$828,631</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, 2009

With comparative totals for December 31, 2008

Page 1 of 1

	— FIREMEN'S RELIEF AND PENSION —	
	2009	2008
ADDITIONS		
Employer Contributions	\$1,482,075	\$1,621,825
Interest Revenue	3,000	5,728
Total Additions	<u>1,485,075</u>	<u>1,627,553</u>
DEDUCTIONS		
Administration / Overhead	71,911	45,270
Pension Benefits	771,018	712,458
Other Benefits	724,854	687,047
Total Deductions	<u>1,567,783</u>	<u>1,444,775</u>
Change In Net Assets	<u>(82,708)</u>	<u>182,778</u>
Total Net Assets, January 1	<u>828,631</u>	<u>645,853</u>
Total Net Assets, December 31	<u><u>\$745,923</u></u>	<u><u>\$828,631</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Year ended December 31, 2009

INDEX

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	46
Reporting Entity	46
Government-Wide and Fund Financial Accounting	47
Measurement Focus, Basis of Accounting, and Financial Statement Presentation	47
Assets, Liabilities and Equities	49
NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENT	52
Explanation of Certain Differences Between the Governmental Fund Balance Sheet	52
Explanation of Certain Differences Between the Governmental Fund Statements	52
NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	54
Budgets and Budgetary Accounting	54
Fund Equity	55
NOTE 4 – DETAILED NOTES ON ALL FUNDS	55
Deposits and Investments.....	55
Property Taxes	57
Receivables.....	58
Interfund Receivables, Payables and Transfers	59
Capital Assets	60
Commitments	62
NOTE 5 – PENSION PLANS	63
Public Employees’ Retirement System (PERS)	63
Law Enforcement Officers’ and Firefighters’ Retirement System (LEOFF).....	65
Other Retirement Systems – Volunteer Firefighters Relief and Pension Fund	67
Firemen’s Pension	67
Police Pension.....	68

NOTE 6 – SELF-INSURANCE FUNDS.....	69
Unemployment Compensation.....	69
Self-Insured Medical / Dental Program.....	69
Workers’ Compensation Program.....	69
Risk Management Program.....	70
NOTE 7 – LONG-TERM DEBT AND CAPITAL LEASES	72
General Obligation Debt.....	73
Revenue Bonds	74
Intergovernmental Loans and Contractual Agreements.....	75
Special Assessment Debt with Governmental Commitment	76
Lease Purchase Agreements.....	77
Unfunded Post Employment Benefit Liabilities.....	77
NOTE 8 – CONTINGENCIES.....	78
Section 108 Loan Program	78
Potential Litigation	78
NOTE 9 – SEGMENT INFORMATION.....	78
Water and Wastewater Utilities.....	78
NOTE 10 – JOINT VENTURES.....	80
Yakima Air Terminal.....	80
NOTE 11 – OTHER POSTEMPLOYMENT BENEFIT PLANS.....	81
Benefits Other Than Pension Benefit.....	81
LEOFF I Employees	81
Non-LEOFF I Employees.....	82
NOTE 12 – OTHER DISCLOSURES.....	84
Change in Accounting Entity	84

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2009

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 primary government consists solely of the legal entity of the City.

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, as a blended component unit, 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; 2) fines and forfeitures; and 3) grants and contributions that are restricted to meeting the operational or capital requirements of 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 nonoperating 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 nonoperating 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 modified by Resolution No. R-2009-50 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. 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, 2009, 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.

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

Noncurrent liabilities include long-term debt, compensated absences and the cumulative unfinanced liability related to post employment benefits. For additional information on long-term debt see Note 7.

Long-Term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The bond proceeds, net of premiums, discounts and issuance costs are reported as “other financing sources”.

Compensated Absences – 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.

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 \$43,982,181 difference are as follow

Bonds Payable	\$26,978,811
Intergovernmental Loans	1,500,908
Contractual Agreements – Yakima County	244,806
Special Assessments – Notes	256,500
Lease Purchase Agreements	10,058
Unfinanced Pension Liability	8,835,001
Compensated Absences	<u>6,156,097</u>
<i>Net adjustments to reduce fund balance – total governmental funds to arrive at net assets – governmental activities</i>	<u>\$43,982,181</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 \$2,659,664 difference are as follows:

Capital Outlay	\$10,641,965
Depreciation Expense	<u>(7,982,301)</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>\$2,659,664</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and physical inventory adjustments) is to decrease net assets.” The details of this \$1,947,677 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.	(\$7,120)
--	-----------

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.	361,553
---	---------

A physical inventory resulted in the adjustment of capital assets, which decreased net assets in the statement of activities, but do not appear in the governmental funds because there was not a use of financial resources	<u>(2,302,110)</u>
--	--------------------

<i>Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>(\$1,947,677)</u>
---	----------------------

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this (\$5,002,138) difference are as follows:

Debt Issued or Incurred:	
Issuance of General Obligation Bonds	(\$7,035,000)
Intergovernmental Loan	(600,000)
Principal Repayments:	
General Obligation Debt	2,029,241
Intergovernmental Loans	393,420
Contractual Agreement – Yakima County	70,454
Special Assessment Notes	78,100
Lease Purchase Agreements	<u>61,647</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>(\$5,002,138)</u>
---	----------------------

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this (\$1,691,632) difference are as follows:

Compensated Absences	(\$27,981)
Change in Unfunded Pension Liability	47,608
Change in Other Post Employment Benefit Liability	(1,679,409)
Change in Reserve for Inventory	(6,643)
Accrued Interest Payable	<u>(25,207)</u>

<i>Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>(\$1,691,632)</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 \$11.4 million. The principal four amendments were to reappropriate 2009 outstanding encumbrances in the amount of \$3.0 million; an appropriation in the amount of \$534,191 for grant funded crime prevention programs in multiple jurisdictions; \$1.0 million for criminal justice expenses – including jail costs and a few reimbursable grants; and nonlapsing appropriations for various projects in capital funds (Arterial Street, LID construction, and Wastewater Facilities) in the amount of \$5.7 million.

ENCUMBRANCES

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

FUND EQUITY**DEFICIT FUND EQUITIES**

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

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 \$451,642 for the Capitol Theatre Reserve Fund for modifications to the Capitol Theatre. The Capital Project Funds have a designated fund balance of \$5,624,814 for replacement of equipment and other capital improvements.

RESERVED FUND BALANCE IN PERMANENT FUNDS

The reserve of \$578,511 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 \$745,923, 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, 2009:

Banks and Savings and Loan Institutions	\$9,302,001
Petty Cash and Other Imprest Funds	14,755
Local Government Investment Pool (LGIP)	<u>25,796,077</u>
<i>Total</i>	<u>\$35,112,833</u>

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

The LGIP is an unrated 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, 2009, 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 FINAL MATURITY</u>	<u>WEIGHTED AVERAGE EFFECTIVE DURATION</u>
Federal Agency Callable Securities	\$28,804,428	\$28,767,284	1,213	38
Local Assessment Notes	256,500	256,500	N/A	N/A
Total Notes and Securities Portfolio	<u>\$29,060,928</u>	<u>\$29,023,784</u>	1,213	38

Note: Investments are reported at Carrying Value on the Statement of Net Assets as 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 its cash and security portfolio as a whole to not more than 2.5 years, and has a five-year maximum investment limitation. Additionally, the City does not use derivatives, pass through obligations or other extremely interest rate sensitive instruments in its portfolio. Weighted average maturity on callable securities is calculated using the final maturity date rather than the call date for conservatism.

INVESTMENT MANAGEMENT

<u>INVESTMENT TYPES</u>	<u>CARRYING VALUE</u>	<u>FAIR VALUE</u>	<u>LESS THAN 1 YEAR</u>	<u>1 - 2 YEARS</u>	<u>2 - 5 YEARS</u>
Federal Agency Callable Securities	\$28,804,428	\$28,767,284	\$1,000,000	\$1,000,000	\$26,804,428
Local Assessment Notes ⁽¹⁾	265,000	265,000	N/A	N/A	265,000
Total Notes and Securities Portfolio	<u>\$29,069,428</u>	<u>\$29,032,284</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$27,069,428</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: (1) Direct and Indirect obligations of the US Government, (2) high quality Municipal Bonds of Washington State or Cities and Towns within the State, (3) high quality General Obligation bonds of another State or City, by Washington Administrative Code permission, not in the RCW's, (4) Bankers Acceptances and high quality Commercial Paper as long as they hold one of the 2 highest Credit ratings issued by at least two nationally recognized rating agencies, and the (4) 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% 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 2009, the City’s regular tax levy was \$2.8886 per \$1,000 on a total assessed valuation of \$5,368,959,341, for a total regular levy of \$15,508,982. 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 2009 was \$.2634 per \$1,000, or \$1,414,441. Additionally, special levies for General Obligation Bond obligations totaled \$268,000.

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 GOVT’S</u>	<u>INTEREST & PENALTIES</u>	<u>OTHER</u>	<u>TOTAL</u>
General Fund	\$4,377,582	\$1,473,515	\$0	\$101,902	\$100,694	\$0	\$6,053,693
Community & Economic Dev	0	4,882,237	0	633,620	0	0	5,515,857
Nonmajor Governmental	233,866	298,706	312,858	932,786	0	0	1,778,216
Transit	803,459	0	0	27,801	0	0	831,260
Refuse	0	193,886	0	0	0	0	193,886
Wastewater	0	1,253,168	0	0	0	7,500	1,260,668
Water	0	10,126	0	0	0	0	10,126
Irrigation	0	206,742	0	0	8,972	0	215,714
Stormwater	0	85,472	0	0	0	0	85,472
Internal Service Funds	0	732,547	0	125,230	0	0	857,777
Total	<u>\$5,414,907</u>	<u>\$9,136,399</u>	<u>\$312,858</u>	<u>\$1,821,339</u>	<u>\$109,666</u>	<u>\$7,500</u>	<u>\$16,802,669</u>

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	\$46,492
Wastewater	146,350
Water	71,271
Irrigation	26,421
Stormwater	<u>16,854</u>
<i>Total</i>	<u>\$307,388</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

	UNAVAILABLE
General Fund	
Court Receivables	\$1,452,439
WA State Office of Public Defense	150,000
Miscellaneous	4,861
Community Economic Development – Homeownership Programs	4,882,237
Special Revenue Funds	
Parks & Recreation – Pool / Field Rentals	8,127
Streets / Sidewalk Repairs	2,683
Community Relations – Equipment Reimbursement	1,600
Arterial Street – Debt Service Assessment	10,300
Cemetery – Lot Sales	29,164
Public Safety Communications – Site Lease	1,075
Parking & Business Improvement – Assessment Levied on Businesses	13,533
Front Street Business Impr – Assessment Levied on Businesses in Boundaries	438
Debt Service Funds	
LID Fund – Special Assessments Not Yet Due	273,905
Capital Project Funds	
Parks & Recreation Capital – Private Contributions	10,871
Total Deferred / Unearned Revenue for Governmental Funds	\$6,841,233

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 nonoperating 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, 2009, 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, 2009 – caused by timing of cash flow related to grant reimbursements.

INTERFUND LOANS

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General Fund	\$136,312	\$0
Special Revenue Funds		
Community Development	0	101,178
Community Services	0	27,571
Trolley	0	7,563
Total	\$136,312	\$136,312

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 2009.

OPERATING TRANSFERS

TRANSFER OUT	TRANSFER IN					TOTAL
	GENERAL FUND	NONMAJOR GOVERNMENT	TRANSIT	WASTEWATER	INTERNAL SERVICE	
General Fund	\$0	\$2,422,933	\$0	\$0	\$0	\$2,422,933
Nonmajor Governmental	40,000	2,875,802	37,000	0	50,000	3,002,802
Refuse	0	0	37,000	0	0	37,000
Wastewater	0	542,516	0	0	0	542,516
Water Operating Fund	0	139,058	55,500	32,939	0	227,497
Irrigation	0	93,750	18,500	0	0	112,250
Stormwater	0	25,000	0	200,000	0	225,000
Internal Services	0	0	37,000	0	0	37,000
Total	\$40,000	\$6,099,059	\$185,000	\$232,939	\$50,000	\$6,606,998

CAPITAL ASSETS

CAPITAL ASSET ACTIVITY

	BALANCE 1/1/09	ADDITIONS	ADJUSTMENTS	DELETIONS	BALANCE 12/31/09
Governmental Activities					
Capital Assets – Not Depreciated					
Land	\$11,672,483	\$1,522,827	(\$337,248)	\$0	\$12,858,062
Construction in Progress	\$19,509,797	8,358,797	(7,224,125)	0	20,644,469
Total Capital Assets – Not Depreciated	\$31,182,280	\$9,881,624	(\$7,561,373)	\$0	\$33,502,531
Capital Assets – Depreciated					
Buildings and Structures	\$48,831,314	\$94,928	(\$1,246,787)	\$0	\$47,679,455
Other Improvements	\$11,469,199	4,117	620,320	0	12,093,636
Equipment & Machinery	\$9,116,195	805,046	248,218	(40,784)	10,128,675
Infrastructures	\$198,202,331	217,803	6,095,604	0	204,515,738
Capitalized Leases	\$1,267,620	0	(458,092)	(127,600)	681,928
Total Capital Assets – Depreciated	268,886,659	1,121,894	5,259,263	(168,384)	275,099,432

CAPITAL ASSET ACTIVITY (CONTINUED)

	BALANCE				BALANCE
	1/1/09	ADDITIONS	ADJUSTMENTS	DELETIONS	12/31/09
Less Accumulated Depreciation					
Buildings & Structures	(15,049,278)	(1,101,113)	(5,030)	0	(16,155,421)
Other Improvements	(4,605,178)	(605,302)	1,716	0	(5,208,764)
Equipment & Machinery	(6,193,543)	(558,627)	3,314	33,664	(6,715,192)
Infrastructures	(130,722,685)	(5,683,484)	0	0	(136,406,169)
Capitalized Leases	(709,226)	(33,775)	0	127,600	(615,401)
Total Accumulated Depreciation	<u>(157,279,910)</u>	<u>(7,982,301)</u>	<u>0</u>	<u>161,264</u>	<u>(165,100,947)</u>
Total Capital Assets – Depreciated Net	\$111,606,749	(\$6,860,407)	\$5,259,263	(\$7,120)	\$109,998,485
 Governmental Activities Capital Assets – Net	 \$142,789,029	 \$3,021,217	 (\$2,302,110)	 (\$7,120)	 \$143,501,016
 Internal Service Funds					
Capital Assets – Not Depreciated					
Construction in Progress	\$94,267	10,613	(104,880)	0	0
Capital Assets – Depreciated					
Buildings	\$37,397	\$0	\$0	\$0	\$37,397
Other Improvements	7,251	0	\$104,880	0	112,131
Machinery	19,116,758	1,879,564	0	(479,210)	20,517,112
Total Capital Assets – Depreciated	<u>19,161,406</u>	<u>1,879,564</u>	<u>104,880</u>	<u>(479,210)</u>	<u>20,666,640</u>
Less Accumulated Depreciation					
Buildings	(18,305)	(2,121)	0	0	(20,426)
Other Improvements	(1,268)	(5,341)	0	0	(6,609)
Machinery	(10,873,448)	(1,380,318)	0	405,827	(11,847,939)
Total Accumulated Depreciation	<u>(10,893,021)</u>	<u>(1,387,780)</u>	<u>0</u>	<u>405,827</u>	<u>(11,874,974)</u>
Total Capital Assets – Depreciated Net	\$8,268,385	\$491,784	\$104,880	(\$73,383)	\$8,791,666
 Total Capital Assets – Governmental Activities	 <u>\$151,151,681</u>	 <u>\$3,523,614</u>	 <u>(\$2,302,110)</u>	 <u>(\$80,503)</u>	 <u>\$152,292,682</u>
 Business Type Activities					
Capital Assets – Not Depreciated					
Land	\$2,163,373	\$0	\$0	\$0	\$2,163,373
Construction in Progress	30,030,490	7,952,267	(24,035,965)	(374,891)	13,571,901
Total Capital Assets – Not Depreciated	<u>32,193,863</u>	<u>7,952,267</u>	<u>(24,035,965)</u>	<u>(374,891)</u>	<u>15,735,274</u>
Capital Assets – Depreciated					
Buildings & Structures	70,884,811	0	11,884,530	0	82,769,341
Other Improvements	90,808,367	616,892	7,059,062	0	98,484,321
Equipment & Machinery	17,361,950	774,495	5,098,428	(208,099)	23,026,774
Completed Construction – Not Classified	0	0	0	0	0
Intangibles	221,830	0	0	0	221,830
Total Capital Assets Depreciated	<u>179,276,958</u>	<u>1,391,387</u>	<u>24,042,020</u>	<u>(208,099)</u>	<u>204,502,266</u>
Less Accumulated Depreciation					
Buildings & Structures	(40,930,122)	(2,069,886)	(151)	0	(43,000,159)
Other Improvements	(35,490,858)	(1,887,232)	151	0	(37,377,939)
Equipment & Machinery	(8,817,162)	(1,092,872)	0	187,289	(9,722,745)
Intangibles	(106,171)	0	0	0	(106,171)
Total Accumulated Depreciation	<u>(85,344,313)</u>	<u>(5,049,990)</u>	<u>0</u>	<u>187,289</u>	<u>(90,207,014)</u>
Total Capital Assets – Depreciated Net	\$93,932,645	(\$3,658,603)	\$24,042,020	(\$20,810)	\$114,295,252
 Total Capital Assets – Business Type Activities	 <u>\$126,126,508</u>	 <u>\$4,293,664</u>	 <u>\$6,055</u>	 <u>(\$395,701)</u>	 <u>\$130,030,526</u>

NOTE: The 2009 adjustment column represents (a) construction works in progress that were completed and classified into the appropriate capital asset category, (b) minor reclassification corrections and adjustments to physical inventory and (c) transfers of equipment between governmental and business type activities.

Depreciation expense was charged to functions / programs as follows:

GOVERNMENTAL ACTIVITIES	
General Government	\$94,249
Security of Persons and Property	825,648
Physical Environment	9,260
Transportation	5,847,972
Economic Environment	80,977
Cultural and Recreational Environment	1,124,195
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,387,780</u>
<i>Total Depreciation – Governmental Activities</i>	<u><u>\$9,370,081</u></u>
BUSINESS TYPE ACTIVITIES	
Transit	\$969,024
Wastewater	2,755,730
Water	1,113,629
Irrigation	200,839
Stormwater	<u>10,768</u>
<i>Total Depreciation – Business Type Activities</i>	<u><u>\$5,049,990</u></u>

COMMITMENTS

CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2009. The major street project is the construction of a railroad underpass on Lincoln Avenue. The Capitol Theatre is constructing a production center, which will also include a 500 seat black box theatre. Other projects include improvements to the Wastewater facility and collection system, the rebuilding of the Irrigation system and improvements to the water distribution system, including a feasibility study of conversion to an automated meter reading system.

CURRENT CONSTRUCTION PROJECTS

PROJECT	CONTRACT AMOUNT	SPENT TO DATE	REMAINING COMMITMENT
Street Construction	\$19,402,715	\$5,193,127	\$14,209,588
Capitol Theatre	6,473,723	2,691,999	3,781,724
Wastewater Treatment Plant and Mains	7,787,185	5,818,441	1,968,744
Irrigation System Design / Rebuild	3,893,284	2,152,300	1,740,984
Water System	2,159,351	1,715,645	443,706
Total	<u>\$39,716,258</u>	<u>\$17,571,512</u>	<u>\$22,144,746</u>

Street constructions are being financed by gas tax; federal, state or local grants; and low interest state agency loans. The Capitol Theatre improvements are being funded by general obligation bond proceeds. Wastewater improvements are being financed by revenue bond proceeds, State Public Works Trust Fund loans and wastewater utility revenues / capital reserves. Irrigation 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 downloaded from the DRS website at www.drs.wa.gov, or 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 currently 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 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 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 Plan 1 and Plan 2 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.) This annual benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased three percent annually. Plan 1 members may also elect to receive an optional COLA 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, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or 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.

There are 1,192 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and beneficiaries receiving benefits	73,122
Terminated plan members entitled to but not yet receiving benefits	27,267
Active plan members vested	105,212
Active plan members nonvested	<u>56,456</u>
<i>Total</i>	<u>262,057</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 six 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. 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, 2009, were as follows:

MEMBERS

	<u>PERS PLAN 1</u>	<u>PERS PLAN 2</u>	<u>PERS PLAN 3</u>
Employer ⁽¹⁾	5.31% ⁽²⁾	5.31% ⁽²⁾	5.31% ⁽³⁾
Employee	6.00% ⁽⁴⁾	3.90% ⁽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 7.89% for Plan 1 and 5.31% 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 3.90% for Plan 2.
- (5) Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

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

CITY CONTRIBUTIONS

	<u>PERS PLAN 1</u>	<u>PERS PLAN 2</u>	<u>PERS PLAN 3</u>
2009	114,667	1,438,351	261,602
2008	145,121	1,456,931	252,135
2007	133,956	1,087,755	171,842

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 commissioned 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

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

The 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 FAS per year of service. The FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits 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 375 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and beneficiaries receiving benefits	9,268
Terminated plan members entitled to but not yet receiving benefits	650
Active plan members vested	13,120
Active plan members nonvested	<u>3,927</u>
<i>Total</i>	<u>26,965</u>

FUNDING POLICY

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 LEOFF 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, 2009, were as follows:

CONTRIBUTION RATES

	<u>LEOFF PLAN 1</u>	<u>LEOFF PLAN 2</u>
Employer ⁽¹⁾	0.16%	5.24%
Employee	0.00%	8.46%
State	N/A	3.38%

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

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>
2009	\$629	\$1,002,165
2008	618	916,053
2007	708	784,226

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, 2% of salary for each year of service.

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

During the year ended December 31, 2009, 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, 2009, 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 UCeXpress to represent the City in appeal hearings and to provide audits of state awards.

The State of Washington invoices the City on a quarterly basis for reimbursement of claims which represent payment of unemployment compensation and related administrative costs. Resources accrue to the Unemployment Compensation Reserve Fund through monthly charges made to each Operating Fund based on employee earnings. Normal accrual rates have been between .5 and .75 percent of gross payroll, while costs under the monthly premium program would have been approximately three-percent of payroll. The City has achieved considerable savings. Interfund premiums are based primarily upon the insured funds claims experience and are reported as quasi external interfund transactions, a total for 2009 of \$117,392. Incurred but not reported claims of \$37,073 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 Emspring (formerly Fisher Consulting). Factors considered by the broker 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 2009 were \$7,666,516. Incurred but not reported claims of \$1,283,078 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).

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 2009 were \$1,245,097. Based on the claims manager's estimate, the City has accrued incurred but not reported claims of \$843,035 at December 31, 2009.

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 2009 were \$2,240,533. 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, 2009, is \$976,000.

PROPERTY INSURANCE COVERAGE

The City of Yakima purchases property insurance and boiler and machinery insurance from Affiliated FM Insurance Company covering loss or damage to City owned property from various perils including earthquake and flood. The policy is subject to a \$100,000,000 limit per occurrence and a \$100,000 per occurrence deductible. The policy number from 1/10/09 to 1/10/10 was PB218.

CITIES INSURANCE ASSOCIATION OF WASHINGTON

The City of Yakima became an associate member of the Cities Insurance Association of Washington (CIAW) effective December 14, 2005.

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.

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 insurance policy period through CIAW is from September 1st to September 1st of each year. For the insurance policy period from 9/01/08 to 9/01/09, the City of Yakima has general liability, public officials liability, law enforcement liability, employment practices liability and automobile liability coverage, subject to a deductible amount of \$100,000 per occurrence, through its associate membership in the Cities Insurance Association of Washington with St. Paul Fire and Marine Insurance Company, St. Paul Minnesota, policy no. GP06302090. For the insurance policy period from 9/01/09 to 9/01/10, the City of Yakima has general liability, public officials liability, law enforcement liability, employment practices liability and automobile liability coverage, subject to a deductible amount of \$100,000 per occurrence, through an associate membership in the Cities Insurance Association of Washington with Munich Reinsurance America, Inc., and Torus Specialty Insurance Company, policy no. CIAW091034514. The per occurrence and aggregate limits of liability of the general liability coverage through CIAW are \$15,000,000 per occurrence with \$25,000,000 aggregate for general liability. Since joining CIAW on December 14, 2005, the City of Yakima has not had any settlements that exceeded its insurance coverage through CIAW.

Claims are submitted by the City with Canfield & Associates, which has been contracted by CIAW to perform pool administration, claims adjustment and administration and loss prevention for the pool. The Board of Directors of CIAW has contracted with Canfield & Associates to perform day to day administration of the pool. Copies of the CIAW pool’s annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823

WASHINGTON STATE TRANSIT INSURANCE POOL

The City of Yakima Transit Division is insured for liability insurance through the Washington State Transit Insurance Pool (WSTIP). The City of Yakima Transit Division joined WSTIP on September 1, 2005.

For the insurance policy period of 1/1/09 to 1/1/10, the City of Yakima Transit Division has liability coverage, which is not subject to a deductible amount (\$0 deductible), under coverage document no. WSTIP 2009 GL - YT, and public official liability coverage, subject to a deductible amount of \$5,000, under coverage document no. WSTIP POL 2009 - YT, with the Washington State Transit Insurance Pool, Olympia, Washington. The per occurrence and aggregate limits of liability of the liability coverage through WSTIP are \$12,000,000. Since joining WSTIP on September 1, 2005, the City of Yakima Transit Division has not presented any claims to WSTIP that exceeded its coverage limits through WSTIP.

WSTIP is a 24-member self insurance program with public transit members who provide transit services and is located in Olympia, Washington. WSTIP supplies Yakima Transit auto liability, general liability, and public officials liability coverage.

The Washington State Transit Insurance Pool 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. 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.

<u>RISK</u>	<u>COVERAGE PERIOD</u>	<u>COVERAGE</u>
Auto Liability	1/1/09 - 12/31/09	\$12,000,000 per occurrence with a \$0 deductible
General Liability	1/1/09 - 12/31/09	\$12,000,000 per occurrence with a \$0 deductible
Public Officials	1/1/09 - 12/31/09	\$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 2009 follows:

	<u>2009</u>	<u>2008</u>
Unpaid Claims, January 1	\$1,100,000	\$1,100,000
Incurred Claims (including incurred but not reported)	660,631	698,409
Claim Payments (including direct legal costs)	(784,631)	(698,409)
<i>Unpaid Claims, December 31</i>	<u>\$976,000</u>	<u>\$1,100,000</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 \$5,389,218,769 resulting in the debt limits, as of December 31, 2009, for the City as follows:

DEBT LIMITS

	<u>WITHOUT A VOTE</u>	<u>WITH A VOTE</u>		
	<u>GENERAL PURPOSE 1.5%</u>	<u>GENERAL PURPOSE 2.5%</u>	<u>UTILITIES 5.0%</u>	<u>OPEN SPACE & PARKS 7.5%</u>
Legal Limit	\$80,838,282	\$134,730,469	\$269,460,938	\$404,191,407
Net Outstanding Indebtedness*	27,343,424	28,468,687	28,468,687	28,468,687
Margin Available	<u>\$53,494,858</u>	<u>\$106,261,782</u>	<u>\$240,992,251</u>	<u>\$375,722,720</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 2009.

LONG-TERM LIABILITIES

	<u>BALANCE</u> <u>1/1/2009</u>	<u>ADDITIONS</u>	<u>PAYMENTS /</u> <u>RETIREMENTS</u>	<u>BALANCE</u> <u>12/31/2009</u>	<u>AMOUNTS</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Governmental Activities					
General Obligation Debt					
Bonds	\$21,973,052	\$7,035,000	\$2,029,241	\$26,978,811	\$2,098,125
Intergovernmental Loans	1,294,328	600,000	393,420	1,500,908	504,062
Contractual Agreement – Yakima County	315,260	0	70,454	244,806	72,537
Special Assessment – Notes	334,600	0	78,100	256,500	38,762
Lease Purchase Agreements	71,705	0	61,647	10,058	10,058
Unfunded Post Employment Benefits Liability	7,203,200	1,631,801	0	8,835,001	0
Vacation / Sick Leave Accrual	6,128,116	27,981	0	6,156,097	0
Total Government Activities Long-Term Debt	<u>\$37,320,261</u>	<u>\$9,294,782</u>	<u>\$2,632,862</u>	<u>\$43,982,181</u>	<u>\$2,723,544</u>
Business Type Activities					
Revenue Debt Payable					
Revenue Bonds	\$27,725,000	\$0	\$1,645,000	\$26,080,000	\$1,705,000
Intergovernmental Loans	10,592,819	1,130,740	966,916	10,756,643	1,064,843
SIED Loans – Yakima County	49,102	0	14,066	35,036	14,788
Unam Debt Issue Cost / Prem / Disc / Def Amt	228,353	0	(4,926)	233,279	0
Total Revenue Debt Payable	<u>\$38,595,274</u>	<u>\$1,130,740</u>	<u>\$2,621,056</u>	<u>\$37,104,958</u>	<u>\$2,784,631</u>
Total Long-Term Debt	<u>\$75,915,535</u>	<u>\$10,425,522</u>	<u>\$5,253,918</u>	<u>\$81,087,139</u>	<u>\$5,508,175</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 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 are being used to finance the expansion, rehabilitation, and improvement of the Capitol Theatre (a performing arts theatre located in the City) and to repay the 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 Federal subsidy is intended to be paid from sales and use tax by the City from the Yakima Regional Public Facilities District.

GENERAL OBLIGATION BONDS

	DATE OF FINAL MATURITY	INTEREST RATE	ORIGINAL ISSUE	OUTSTANDING 12/31/2009	AVERAGE ANNUAL DEBT SERVICE
Special Property Tax Levy					
2004 Fire Improvement Bonds Ref 1995	12/01/2014	2.0% - 3.5%	\$2,300,000	\$1,330,000	\$294,560
Regular Property Tax Levy					
2005 Parks Capital Projects	12/01/2015	4.0% - 4.5%	755,000	490,000	94,554
2008 Fire Ladder Truck	12/01/2021	3.25% - 4.0%	760,000	705,000	75,620
Total Regular Property Tax Levy			<u>1,515,000</u>	<u>1,195,000</u>	
Regular Property Tax Levy / Real Excise Tax / Gas Tax					
2007 River Road Street Project Bond	05/01/2017	4.0% - 5.0%	1,765,000	1,470,000	219,992
2007 Fire Station West Valley Rehab Bond	05/01/2022	4.0% - 5.0%	815,000	735,000	73,434
2007 Downtown Revitalization Project Bond	05/01/2022	4.0% - 4.5%	1,490,000	1,340,000	133,814
2008 Third Ave / Mead Walnut St Project Bond	12/01/2019	3.25% - 4.0%	2,190,000	1,980,000	240,594
Total Regular Property Tax Levy / Real Excise Tax			<u>6,260,000</u>	<u>5,525,000</u>	
Hotel / Motel Tax					
2004 Conv Center Expansion Bonds Ref 1996	11/01/2019	2.0% - 4.2%	4,175,000	3,420,000	419,183
Public Facilities District – State Sales Tax Credit					
2002 Convention Center Addition	06/01/2012	3.0% - 5.0%	6,735,000	675,000	239,725
2007 Convention Center Addition Refunding 2002	05/01/2026	4.0% - 5.0%	4,910,000	4,890,000	414,988
2009 Capitol Theatre Expansion	12/01/2032	3.0% - 6.6%	7,035,000	6,860,000	551,521
Total Public Facilities District			<u>18,680,000</u>	<u>12,425,000</u>	
Business Licenses & Real Estate Excise Tax					
2003 SunDome Expansion	12/01/2023	2.34% - 4.72%	1,430,528	1,173,811	148,552
Utility Tax					
2003 Criminal Justice / I-82 Bonds ref 1994	12/01/2013	4.35% - 5.25%	4,155,000	1,910,000	514,216
			<u>\$38,515,528</u>	<u>\$26,978,811</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.

UTILITY REVENUE BONDS

	DATE OF FINAL MATURITY	INTEREST RATE	ORIGINAL ISSUE	OUTSTANDING 12/31/2009	AVERAGE ANNUAL DEBT SERVICE
2003 Wastewater Revenue Bonds	11/01/2023	2.0% - 5.0%	\$17,545,000	\$13,465,000	\$1,347,278
2004 Irrigation Revenue Bonds	09/01/2034	2.0% - 4.8%	5,215,000	4,695,000	320,211
2008 Water / Wastewater Revenue Bonds (Refund of 1998 – Refund of 1991)	11/01/2011	4.0% - 5.0%	1,516,049	1,025,000	542,497
2008 Water Rev Bonds (Refund of 1998)	11/01/2018	4.0% - 5.0%	1,883,951	1,720,000	235,490
2008 Wastewater Revenue Bonds	11/01/2027	4.0% - 5.0%	5,440,000	5,175,000	413,317
			<u>\$31,600,000</u>	<u>\$26,080,000</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
2010	\$1,705	1,158	\$1,065	\$64
2011	1,765	1,097	1,065	57
2012	1,285	1,031	1,065	49
2013	1,335	983	1,003	41
2014	1,395	930	832	35
2015 - 2019	7,660	3,670	3,086	109
2020 - 2024	7,295	1,764	2,121	41
2025 - 2029	2,245	591	519	5
2030 - 2034	1,395	207	0	0
	<u>\$26,080</u>	<u>\$11,431</u>	<u>\$10,756</u>	<u>\$401</u>

At December 31, 2009, the City had \$2,365,700 in reserved net assets for debt service for the enterprise funds. These are in compliance with 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

	INTEREST	MATURITY DATE	MAXIMUM AUTHORIZED	OUTSTANDING 12/31/2009
Real Estate Transfer Tax				
PW-5-91-280-071 – Fruitvale Canal Wasteway	3.0%	07/01/2011	1,188,000	\$121,337
Arterial Street Gas Tax				
PW-5-90-280-050 – Tieton Drive, 5th Avenue to 16th Avenue	3.0%	07/01/2011	803,157	31,756
PW-5-91-280-070 – N. 1st Avenue, Yakima Avenue to “I” Street	1.0%	07/01/2011	1,155,000	99,942
PW-5-95-791-052 – Fair Avenue Improvements	1.0%	07/01/2011	1,000,000	319,504
PW-00-691-062 – Downtown Yakima Rehabilitation Project	1.0%	06/10/2010	1,180,000	126,048
Railroad Grade Separations – Lincoln Ave / MLK Jr Blvd	0.5%	07/01/2028	3,000,000	600,000
General Fund Sales Tax				
CERB loan #C95-107 Utilities – Madison Ave. and 8th, “J” St and 8th	6.0%	07/01/2016	425,448	202,321
Sub-Total – General Long-Term Debt				<u>\$1,500,908</u>
Wastewater Operating Revenue				
PW-5-92-280-046 – Wastewater Collection System Improvements	1.0%	07/01/2012	1,120,000	\$185,193
PW-5-93-280-054 – Wastewater Facility Rehabilitation	1.0%	07/01/2013	3,221,708	682,023
PW-5-94-784-049 – Wastewater Collection System Improvements	1.0%	07/01/2014	1,481,000	204,505
PW-5-95-791-053 – Headworks / Digester Rehabilitation	1.0%	07/01/2015	3,030,558	980,247
PW-5-95-791-054 – Wastewater Improvements King Street Collector	1.0%	07/01/2015	209,367	70,111
PW-01-691-071 – Fruitvale Neighborhood WW – Water Project Phase I	0.5%	07/01/2021	1,466,250	931,500
PW-05-691-064 – Fruitvale Neighborhood WW – Water Project Phase I	0.5%	07/01/2025	2,307,000	1,872,583
PW-07-962-019 – Ultra Violet Disinfection	0.5%	07/01/2027	2,300,000	2,185,000
Water Operating Revenue				
PW-03-027 – Naches River Water Treatment Plant Improvement	0.5%	07/01/2023	2,694,000	1,886,150
SRF-04-65104-037 – Naches River Water Treatment Filter Rehab	0.5%	10/01/2025	966,772	743,590
PC08-951-051 – New Water Well	0.5%	07/01/2021	2,257,200	1,015,740
Sub-Total – Revenue Debt				<u>\$10,756,642</u>
Total Intergovernmental Loans				<u><u>\$12,257,550</u></u>

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

The City has entered into contractual agreements with Yakima County for Supporting Investments in Economic Development (SIED) Loans for several different infrastructure projects, the detail of which follows:

CONTRACTUAL AGREEMENTS

<u>FUNDING SOURCE/USE</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL ISSUE</u>	<u>OUTSTANDING 12/31/2009</u>
Contracted Assessment	2001 Issue	06/01/2011	\$44,000	\$10,300
Hotel / Motel Tax	2003 Issue	06/01/2010	75,000	10,714
Contracted Assessment	2005 Issue	06/01/2010	25,000	5,466
Contracted Assessment	2006 Issue	06/01/2012	64,500	29,570
Contracted Assessment	2006 Issue	06/01/2011	50,000	32,968
Contracted Assessment	2008 Issue	06/01/2012	27,500	16,933
Contracted Assessment	2008 Issue	06/01/2012	214,000	173,889
			<u>\$500,000</u>	<u>\$279,840</u>

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

GENERAL OBLIGATION DEBT SERVICE

	<u>BONDED DEBT</u>	<u>INTEREST</u>	<u>NOTES AND CONTRACTS</u>	<u>INTEREST</u>
2010	\$2,098	\$1,142	\$504	\$23
2011	2,157	1,079	348	16
2012	2,222	1,014	238	12
2013	2,304	943	208	9
2014	1,855	868	84	6
2015 - 2019	7,887	3,412	119	6
2020 - 2024	4,355	2,094	0	0
2025 - 2029	2,745	865	0	0
2030 - 2032	1,355	181	0	0
	<u>\$26,978</u>	<u>\$11,598</u>	<u>\$1,501</u>	<u>\$72</u>

At December 31, 2009, the City had \$537,359 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 #1056; 12/17/2015 Wastewater	
South 7th, 8th, & 9th Avenue Installment Note, 8.75% Interest	\$89,000
LID #1057; 05/01/2016 Wastewater	
North 84th Ave & Hawthorne Dr – Installment Note, 9.25% Interest	82,500
LID #1058; 05/01/2016 Wastewater	
North 90th Ave, 94th Pl, Yakima Ave Installment Note, 9.25% Interest	<u>85,000</u>
<i>Total</i>	<u>\$256,500</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, 2009, of the LID Guarantee Fund totaled \$79,830.

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:

Vehicles	\$10,059
<i>Total</i>	<u>\$10,059</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, 2009, for the fiscal year listed:

2010	\$10,286
Less: Amount Representing Interest	<u>227</u>
<i>Present Value of Net Minimum Lease Payments</i>	<u>\$10,059</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:

	BALANCE 1/1/09	ADDITIONS	BALANCE 12/31/09
Unfunded Pension Liability – Police	\$5,421,961	(47,608)	\$5,374,353
Unfunded OPEB Liability – Fire LEOFF 1	678,235	628,396	1,306,631
Unfunded OPEB Liability – Police LEOFF 1	577,126	562,109	1,139,235
Unfunded OPEB Liability – Non-LEOFF 1	525,878	488,904	1,014,782
Total Post Employment Benefit Liability	<u>\$7,203,200</u>	<u>\$1,631,801</u>	<u>\$8,835,001</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 \$1,886,709 at December 31, 2009.

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, 2009, 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, and another defeased in 2009. 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, 2009, one of the loans was past due and the EDI grant was used to pay a portion of the principal and interest due. (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, 2011. 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 may be issued in 2011, or later as needed. 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

	WATER/ WASTEWATER	IRRIGATION
CONDENSED STATEMENT OF NET ASSETS		
Assets		
Current Assets	\$17,009,074	\$2,942,416
Restricted Assets	2,330,264	35,436
Capital Assets	104,851,841	13,899,249
Total Assets	124,191,179	16,877,101
Liabilities		
Current Liabilities	4,911,589	662,771
Noncurrent Liabilities	29,868,832	4,466,271
Total Liabilities	34,780,421	5,129,042
Net Assets		
Invested in Capital Assets, Net of Related Debt	77,453,726	9,248,404
Restricted	2,330,264	35,436
Unrestricted	9,626,768	2,464,219
Total Net Assets	\$89,410,758	\$11,748,059
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS		
Operating Revenues		
Charges for Services	\$23,019,243	\$2,642,753
Other Operating Revenues	18,456	3,639
Total Operating Revenues	23,037,699	2,646,392
Operating Expenses		
Operations and Maintenance	16,349,226	1,314,612
Depreciation	3,869,359	200,839
Total Operating Expenses	20,218,585	1,515,451
Operating Income (Loss)	\$2,819,114	\$1,130,941
Nonoperating Revenues (Expenses)		
Miscellaneous Interest (Net)	(\$840,448)	(\$173,861)
Other Nonoperating (Net)	37,977	0
Total Nonoperating Revenues (Expenses)	(802,471)	(173,861)
Income (Loss) Before Contributions and Transfers	\$2,016,643	\$957,080
Capital Contributions	1,266,235	0
Operating Transfers (Net)	(537,074)	(112,250)
Change in Net Assets	\$2,745,804	\$844,830
Total Net Assets – January 1	\$86,664,954	\$10,903,229
Total Net Assets – December 31	\$89,410,758	\$11,748,059
CONDENSED STATEMENT OF CASH FLOWS		
Net cash Provided (Used) by		
Operating Activities	\$6,999,906	\$1,321,884
Capital and Related Financing Activities	(7,840,576)	(2,247,026)
Investing Activities	(3,456,187)	1,043,500
Net Increase (Decrease)	(\$4,296,857)	\$118,358
Beginning Cash and Cash Equivalents	\$9,651,653	\$643,780
Ending Cash and Cash Equivalents	\$5,354,796	\$762,138

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 financial data for the year ended December 31, 2008, the most recent available, 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>
Nonoperating Revenues (Expenses)	
Miscellaneous Interest Revenue	\$13,278
Operating Subsidies	418,481
Other	197,098
Total Nonoperating 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><u>\$8,615,323</u></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 2009, the costs totaled \$724,291 for the Firemen's Pension which has a total of 69 participants currently eligible to receive benefits and \$725,262 for the Police Pension which has a total of 63 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, 2009. 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 \$2,445,866 is included as a noncurrent liability on the Statement of Net Assets.

NET OPEB OBLIGATION

	LEOFF FIRE 12/31/09	LEOFF POLICE 12/31/09
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	23,738	20,199
Adjustment to ARC	(36,333)	(30,917)
Annual OPEB Cost	1,352,687	1,287,670
Employer Contributions	(724,291)	(725,561)
Change in Net OPEB Obligation	628,396	562,109
Net OPEB Obligation at BOY	678,235	577,126
Net OPEB Obligation	<u>\$1,306,631</u>	<u>\$1,139,235</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)

	VALUATION DATE	ACTUARIAL ACCRUED LIABILITY	UNFUNDED ACT. ACCRUED LIAB. (UAAL)
Police	1/1/08	\$23,007	\$23,007
Fire	1/1/08	\$24,295	\$24,295

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

OPEB CONTRIBUTIONS – GASB 45

	VALUATION DATE	ANNUAL OPEB COST	% OF OPEB COST CONTRIBUTED	NET OPEB OBLIGATION
Police	12/31/08	\$1,298,338	55.55%	\$577,126
	12/31/09	1,298,388	55.88%	1,139,235
Fire	12/31/08	1,352,687	50.32%	678,235
	12/31/09	1,352,687	53.05%	1,306,631

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 \$495.16 per month for pre-65 Medical coverage for 2009. If a retiree chooses to cover his spouse and / or eligible family an amount of \$433.80 per month for pre-65 Medical coverage will be paid in 2009.

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, 2009. 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>1/1/09</u>
Annual Required Contribution (ARC)	
Annual Normal Cost (BOY)	\$473,260
Amortization of UALL (BOY)	367,909
Interest	<u>29,441</u>
ARC at End of Year (EOY)	870,610
Determination of Net OPEB Obligation	
Annual Required Contribution (ARC)	870,610
Interest on Prior Year Net OPEB Obligation	18,406
Adjustment to ARC	<u>(28,172)</u>
Annual OPEB Cost	860,844
Employer Contributions	<u>(371,940)</u>
Change in net OPEB	488,904
Net OPEB Obligation at BOY	<u>525,878</u>
Net OPEB Obligation – End of Year	<u>\$1,014,782</u>

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

EMPLOYER CONTRIBUTIONS – NON-LEOFF

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>% OF OPEB COST CONTRIBUTED</u>	<u>NET OPEB OBLIGATION</u>
12/31/08	\$870,610	39.6%	\$525,878
12/31/09	870,610	42.72%	1,014,782

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 2009 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. ACCRUED 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

CHANGE IN ACCOUNTING ENTITY

In 2009, 2 new special revenue funds were created in the City to account for new activities:

- The Police Grants Fund was created in 2009 to account for supplemental police grant-funded programs, including the COPS Hiring Recovery Program. Additionally, the City/County Narcotics Unit (CCNU) was dissolved in the fall of 2009, therefore, the City’s portion of drug related seized and forfeited assets will be managed through this fund.
- The Recovery Grants Program Fund is being used to account for American Recovery and Reinvestment Act (ARRA) grants that include projects in various operating divisions.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

December 31, 2009

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
12/31/00	\$1,147,560	\$513,778	\$633,782	\$671,522	94.4%
12/31/01	933,831	442,878	490,953	671,522	73.1%
12/31/02	991,009	478,769	512,240	671,522	76.3%
12/31/03	1,133,242	561,692	571,550	657,086	87.0%
12/31/04	1,287,904	702,241	585,663	657,086	89.1%
12/31/05	1,204,159	644,225	559,934	657,086	85.2%
12/31/06	1,235,437	701,306	534,131	657,086	81.3%
12/31/07	1,384,894	765,907	618,987	657,086	94.2%
12/31/08	1,279,173	723,381	555,792	546,180	101.8%
12/31/09	1,316,310	742,965	573,345	546,180	105.0%

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
12/31/00	\$1,256,578	\$445,493	\$811,085	\$840,067	96.5%
12/31/01	1,332,816	481,554	851,262	836,095	101.8%
12/31/02	1,325,372	530,732	794,640	836,095	95.0%
12/31/03	1,406,347	639,871	766,476	633,545	121.0%
12/31/04	1,425,048	769,426	655,622	633,545	103.5%
12/31/05	1,460,423	706,947	753,476	633,545	118.9%
12/31/06	1,558,187	815,278	742,909	633,545	117.3%
12/31/07	1,603,774	814,394	789,380	633,545	124.6%
12/31/08	1,627,553	732,318	885,235	563,583	158.8%
12/31/09	1,487,075	796,765	690,310	563,583	122.5%

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	55.5%
12/31/09	725,561	725,262	725,561	1,298,388	55.9%

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	55.3%
12/31/09	724,291	724,291	724,291	1,365,282	53.1%

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	39.6%
12/31/09	371,940	371,940	371,940	870,610	42.7%

REQUIRED SUPPLEMENTARY INFORMATION

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

(Dollar Amounts in Thousands)
December 31, 2009

	FISCAL YEAR ENDED	ACTUARIAL ACCRUED LIABILITY	UNFUNDED ACT. ACCRUED LIAB. (UAAL)	COVERED PAYROLL
LEOFF I				
Police	12/31/08	\$23,007	\$23,007	.16
Fire	12/31/08	24,295	24,295	.29
NON-LEOFF	12/31/08	7,003	7,003	N/A

(This page intentionally contains no information.)

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

December 31, 2009

With comparative totals for December 31, 2008

Page 1 of 1

	#100 SPECIAL REVENUE	#200 DEBT SERVICE	#300 CAPITAL PROJECT	#600 PERMANENT FUND	TOTAL GOVERNMENTAL FUNDS	
					2009	2008
ASSETS						
Cash & Equity in Pooled Investments	\$7,371,844	\$604,513	\$11,632,814	\$577,262	\$20,186,433	\$14,306,722
Receivables						
Taxes	221,375	12,491	0	0	233,866	216,451
Accounts	285,779	0	2,627	0	288,406	261,669
Special Assessments	13,971	0	0	0	13,971	4,576
LID Assessments – Delinquent	0	24,669	0	0	24,669	30,255
LID Assessments – Deferred	0	274,218	0	0	274,218	353,866
Notes / Contracts	10,300	0	0	0	10,300	15,140
Interest / Penalties	0	0	0	0	0	1,958
Due from Other Government Units	653,480	0	279,306	0	932,786	1,682,407
Investments, at Amortized Cost	1,249	1,233	0	1,249	3,731	502,934
Total Assets	<u>\$8,557,998</u>	<u>\$917,124</u>	<u>\$11,914,747</u>	<u>\$578,511</u>	<u>\$21,968,380</u>	<u>\$17,375,978</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Warrants / Accounts Payable	\$437,257	\$0	\$1,625,687	\$0	\$2,062,944	\$789,710
Wages / Benefits Payable	816,768	0	0	0	816,768	794,476
Contracts Payable	110,250	0	3,990	0	114,240	104,275
Due to Other Funds	35,134	0	0	0	35,134	67,319
Due to Other Government Units	3,279	0	3,320	0	6,599	7,914
Deposits Payable	374,600	0	0	0	374,600	359,361
Deferred Revenue	66,920	273,905	10,871	0	351,696	433,224
Total Liabilities	1,844,208	273,905	1,643,868	0	3,761,981	2,556,279
Fund Balance						
Reserved						
Encumbrances	111,796	0	1,080,555	0	1,192,351	162,496
Continuing Appropriations	0	0	517,880	0	517,880	151,173
Debt Service	0	643,219	0	0	643,219	795,929
Endowment	0	0	0	578,511	578,511	566,365
Parking and Business Improvement	11,053	0	0	0	11,053	8,963
Unreserved Designated – Replacement	451,642	0	5,624,814	0	6,076,456	2,816,858
Unreserved	6,139,299	0	3,047,630	0	9,186,929	10,317,915
Total Fund Balances	6,713,790	643,219	10,270,879	578,511	18,206,399	14,819,699
Total Liabilities and Fund Balances	<u>\$8,557,998</u>	<u>\$917,124</u>	<u>\$11,914,747</u>	<u>\$578,511</u>	<u>\$21,968,380</u>	<u>\$17,375,978</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, 2009,

With comparative totals for December 31, 2008

Page 1 of 1

	#100 SPECIAL REVENUE	#200 DEBT SERVICE	#300 CAPITAL PROJECT	#600 PERMANENT FUND	TOTAL GOVERNMENTAL FUNDS	
					2009	2008
REVENUES						
Taxes	\$8,828,868	\$960,175	\$1,705,332	\$0	\$11,494,375	\$12,067,180
Intergovernmental Revenues	7,832,925	28,131	2,016,112	0	9,877,168	7,461,007
Charges for Services	1,193,970	0	6,727	12,147	1,212,844	1,183,388
Interest	57,654	40,712	56,777	12,060	167,203	510,676
Other Revenues	1,451,843	79,675	199,864	0	1,731,382	1,532,247
Total Revenues	19,365,260	1,108,693	3,984,812	24,207	24,482,972	22,754,498
EXPENDITURES						
Current						
General Government	103,713	0	14,211	0	117,924	106,695
Security of Persons and Property	4,051,153	0	636,318	0	4,687,471	4,172,804
Physical Environment	289,634	0	0	0	289,634	324,177
Transportation	5,145,000	0	250,000	0	5,395,000	5,777,109
Economic Environment	1,304,238	0	18,034	0	1,322,272	1,310,635
Cultural & Recreational Environment	5,910,208	0	135,454	0	6,045,662	6,210,347
Capital Outlay						
General Government	0	0	386,879	0	386,879	522,591
Security of Persons and Property	9,178	0	1,035,823	0	1,045,001	299,246
Physical Environment	30,791	0	820,354	0	851,145	83,020
Transportation	2,836,052	0	1,560,177	0	4,396,229	3,729,834
Economic Environment	0	0	218,874	0	218,874	2,047,128
Cultural & Recreational Environment	423,631	0	3,189,832	0	3,613,463	1,602,572
Debt Service						
Principal Retirement	331,479	2,107,341	109,196	0	2,548,016	2,248,922
Interest	20,294	941,076	8,066	0	969,436	829,844
Total Expenditures	20,455,371	3,048,417	8,383,218	0	31,887,006	29,264,924
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(\$1,090,111)	(\$1,939,724)	(\$4,398,406)	\$24,207	(\$7,404,034)	(\$6,510,426)
OTHER FINANCING SOURCES (USES)						
Proceeds F/ Long Term Debt – GO Bonds	\$0	\$0	\$7,003,898	\$0	\$7,003,898	\$2,946,303
Proceeds From Intergovernmental Loans	0	0	600,000	0	600,000	241,500
Transfers In	2,538,842	1,802,195	1,758,022	0	6,099,059	5,734,525
Transfers (Out)	(1,958,131)	(15,181)	(1,017,429)	(12,061)	(3,002,802)	(2,930,037)
Sale of Capital Assets	0	0	9,150	0	9,150	13,352
Comp. For Loss of Gen. Capital Assets	45,430	0	36,000	0	81,430	141,175
Total Other Financing Sources (Uses)	626,141	1,787,014	8,389,641	(12,061)	10,790,735	6,146,818
Net Change in Fund Balances	(463,970)	(152,710)	3,991,235	12,146	3,386,701	(363,608)
Fund Balances – January 1	7,177,761	795,929	6,279,644	566,365	14,819,699	15,183,307
Fund Balances – December 31	\$6,713,791	\$643,219	\$10,270,879	\$578,511	\$18,206,400	\$14,819,699

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

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.

POLICE GRANTS (152)

The Police Grants Fund was created in 2009 to account for supplemental police grant-funded programs, including the COPS Hiring Recovery Program. Additionally, the City/County Narcotics Unit (CCNU) was dissolved in the fall of 2009, therefore, the City's portion of drug related seized and forfeited assets will be managed through this 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 2009 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.

RECOVERY GRANTS PROGRAM (199)

The Recovery Grants Program Fund is being used to account for American Recovery and Reinvestment Act (ARRA) grants that include projects in various operating divisions.

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2009

With comparative totals for December 31, 2008

Page 1 of 3

	#123 ECONOMIC DEV	#125 CABLE TV	#127 COMMUNITY SERVICES	#131 PARKS & RECREATION	#140 GROWTH MGMT	#141 STREETS	#142 ARTERIAL STREETS
ASSETS							
Cash & Equity in Pooled Investments	\$307,725	\$932,487	\$0	\$544,757	\$24,372	\$1,802,997	\$1,407,821
Receivables							
Taxes	0	0	0	0	0	0	0
Accounts	0	1,600	0	8,127	0	2,683	0
Special Assessments	0	0	0	0	0	0	0
LID Assessments – Delinquent	0	0	0	0	0	0	0
LID Assessments – Deferred	0	0	0	0	0	0	0
Notes / Contracts	0	0	0	0	0	0	10,300
Interest / Penalties	0	0	0	0	0	0	0
Other Receivables	0	0	0	0	0	0	0
Due from Other Government Units	0	0	54,465	0	0	215,471	293,225
Investments, at Amortized Cost	0	0	0	0	0	0	0
Total Assets	\$307,725	\$934,087	\$54,465	\$552,884	\$24,372	\$2,021,151	\$1,711,346
LIABILITIES AND FUND BALANCES							
Liabilities							
Warrants / Accounts Payable	\$4,341	\$3,572	\$21,295	\$48,197	\$0	\$80,652	\$104,380
Wages / Benefits Payable	4,550	35,811	0	147,372	0	273,680	0
Contracts Payable	0	0	0	0	0	0	110,250
Due to Other Funds	0	0	27,571	0	0	0	0
Due to Other Government Units	0	0	0	75	0	0	3,204
Deposits Payable	0	0	0	9,558	0	0	200,000
Deferred Revenue	0	1,600	0	8,127	0	2,683	10,300
Total Liabilities	8,891	40,983	48,866	213,329	0	357,015	428,134
Fund Balances							
Reserved							
Encumbrances	0	0	0	0	0	45,619	20,558
Continuing Appropriations	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Endowment	0	0	0	0	0	0	0
Parking and Business Improvement	0	0	0	0	0	0	0
Unreserved Designated – Replacement	0	0	0	0	0	0	0
Unreserved	298,834	893,104	5,599	339,555	24,372	1,618,517	1,262,654
Total Fund Balances	298,834	893,104	5,599	339,555	24,372	1,664,136	1,283,212
Total Liabilities and Fund Balances	\$307,725	\$934,087	\$54,465	\$552,884	\$24,372	\$2,021,151	\$1,711,346

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, 2009

With comparative totals for December 31, 2008

Page 2 of 3

	#144	#150	#151	#152	#161	#162	#163
	CEMETERY	EMERGENCY SERVICES	PUB SAFETY COMM	POLICE GRANTS	PARKING & BUS IMPR	TROLLEY	FRONT ST BUS IMPR
ASSETS							
Cash & Equity in Pooled Investments	\$101,872	\$157,671	\$513,755	\$302,353	\$34,528	\$3,729	\$8,413
Receivables							
Taxes	0	57,914	0	0	0	0	0
Accounts	29,164	0	(1,548)	0	812	0	0
Special Assessments	0	0	0	0	13,533	0	438
LID Assessments – Delinquent	0	0	0	0	0	0	0
LID Assessments – Deferred	0	0	0	0	0	0	0
Notes / Contracts	0	0	0	0	0	0	0
Interest / Penalties	0	0	0	0	0	0	0
Other Receivables	0	0	0	0	0	0	0
Due from Other Government Units	0	0	1,025	80,525	0	1,206	0
Investments, at Amortized Cost	0	0	0	0	0	0	0
Total Assets	<u>\$131,036</u>	<u>\$215,585</u>	<u>\$513,232</u>	<u>\$382,878</u>	<u>\$48,873</u>	<u>\$4,935</u>	<u>\$8,851</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Warrants / Accounts Payable	\$1,052	\$495	\$7,368	\$84,935	\$32,700	\$0	\$0
Wages / Benefits Payable	13,653	93,796	247,906	0	0	0	0
Contracts Payable	0	0	0	0	0	0	0
Due to Other Funds	0	0	0	0	0	0	0
Due to Other Government Units	0	0	0	0	0	0	0
Deposits Payable	0	0	0	0	0	0	0
Deferred Revenue	29,164	0	1,075	0	13,533	0	438
Total Liabilities	<u>43,869</u>	<u>94,291</u>	<u>256,349</u>	<u>84,935</u>	<u>46,233</u>	<u>0</u>	<u>438</u>
Fund Balances							
Reserved							
Encumbrances	45,619	0	0	0	0	0	0
Continuing Appropriations	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Endowment	0	0	0	0	0	0	0
Parking and Business Improvement	0	0	0	0	2,640	0	8,413
Unreserved Designated – Replacement	0	0	0	0	0	0	0
Unreserved	41,548	121,294	256,883	297,943	0	4,935	0
Total Fund Balances	<u>87,167</u>	<u>121,294</u>	<u>256,883</u>	<u>297,943</u>	<u>2,640</u>	<u>4,935</u>	<u>8,413</u>
Total Liabilities and Fund Balances	<u>\$131,036</u>	<u>\$215,585</u>	<u>\$513,232</u>	<u>\$382,878</u>	<u>\$48,873</u>	<u>\$4,935</u>	<u>\$8,851</u>

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, 2009

With comparative totals for December 31, 2008

Page 3 of 3

#170 TOURIST PROMOTION	#171 CAPITOL THEATRE	#172 PFD CONV CTR	#173 TOURISM PROMO AREA	#174 PFD CAP THTR	#195 CONTINGENCY	#198 CAPITOL THEATRE RES	#199 REC GRANTS PROGRAM	NONMAJOR SPECIAL REVENUE FUNDS	
								2009	2008
\$207,323	\$134,886	\$155,997	\$414	\$23,631	\$256,720	\$450,393	\$0	\$7,371,844	\$7,156,550
122,740	0	0	40,721	0	0	0	0	221,375	204,463
244,941	0	0	0	0	0	0	0	285,779	259,042
0	0	0	0	0	0	0	0	13,971	4,576
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	10,300	15,140
0	0	0	0	0	0	0	0	0	1,958
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	7,563	653,480	821,811
0	0	0	0	0	0	1,249	0	1,249	500,048
<u>\$575,004</u>	<u>\$134,886</u>	<u>\$155,997</u>	<u>\$41,135</u>	<u>\$23,631</u>	<u>\$256,720</u>	<u>\$451,642</u>	<u>\$7,563</u>	<u>\$8,557,998</u>	<u>\$8,963,588</u>
\$42,079	\$6,081	\$110	\$0	\$0	\$0	\$0	\$0	\$437,257	\$487,662
0	0	0	0	0	0	0	0	816,768	794,476
0	0	0	0	0	0	0	0	110,250	56,172
0	0	0	0	0	0	0	7,563	35,134	17,635
0	0	0	0	0	0	0	0	3,279	4,878
165,042	0	0	0	0	0	0	0	374,600	356,517
0	0	0	0	0	0	0	0	66,920	68,487
207,121	6,081	110	0	0	0	0	7,563	1,844,208	1,785,827
0	0	0	0	0	0	0	0	111,796	73,243
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	11,053	8,963
0	0	0	0	0	0	451,642	0	451,642	521,118
367,883	128,805	155,887	41,135	23,631	256,720	0	0	6,139,299	6,574,437
367,883	128,805	155,887	41,135	23,631	256,720	451,642	0	6,713,790	7,177,761
<u>\$575,004</u>	<u>\$134,886</u>	<u>\$155,997</u>	<u>\$41,135</u>	<u>\$23,631</u>	<u>\$256,720</u>	<u>\$451,642</u>	<u>\$7,563</u>	<u>\$8,557,998</u>	<u>\$8,963,588</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, 2009

With comparative totals for December 31, 2008

Page 1 of 3

	#123 ECONOMIC DEV	#125 CABLE TV	#127 COMMUNITY SERVICES	#131 PARKS AND RECREATION	#140 GROWTH MGMT	#141 STREETS	#142 ARTERIAL STREETS
REVENUES							
Taxes	\$81,527	\$491,832	\$0	\$1,623,500	\$0	\$4,217,463	\$0
Intergovernmental Revenues	136,775	0	332,946	178,965	0	1,301,786	3,008,814
Charges for Services	0	0	0	898,505	0	30,453	13,663
Interest	0	2,941	0	10,000	0	20,000	11,128
Other Revenues	182	14,486	3,738	208,863	0	79	24,055
Total Revenues	218,484	509,259	336,684	2,919,833	0	5,569,781	3,057,660
EXPENDITURES							
Current							
General Government	0	0	0	0	0	103,713	0
Security of Persons and Property	0	0	0	0	0	0	0
Physical Environment	0	0	0	0	0	34,194	0
Transportation	0	0	0	0	0	5,134,548	3,471
Economic Environment	109,805	0	342,253	662,730	0	0	0
Cultural & Recreational Environment	0	478,729	0	3,402,003	0	3,026	0
Capital Outlay							
General Government	0	0	0	0	0	0	0
Security of Persons and Property	0	0	0	0	0	0	0
Physical Environment	0	0	0	0	0	0	30,791
Transportation	0	0	0	0	0	0	2,836,052
Economic Environment	0	0	0	0	0	0	0
Cultural & Recreational Environment	0	0	0	0	0	0	419,324
Debt Service							
Principal Retirement	0	0	0	0	0	0	320,765
Interest	0	0	0	0	0	0	20,057
Total Expenditures	109,805	478,729	342,253	4,064,733	0	5,275,481	3,630,460
Excess of Rev Over (Under) Expenditures	\$108,679	\$30,530	(\$5,569)	(\$1,144,900)	\$0	\$294,300	(\$572,800)
OTHER FINANCING SOURCES (USES)							
Proceeds f / Long Term Debt – GO Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0	0	0	0
Transfers In	0	0	0	1,133,701	0	25,000	92,380
Transfers (Out)	0	0	0	(143,700)	0	(214,542)	(190,183)
Sale of Capital Assets	0	0	0	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	43,098	0	2,332	0
Total Other Financing Sources (Uses)	0	0	0	1,033,099	0	(187,210)	(97,803)
Net Change in Fund Balances	108,679	30,530	(5,569)	(111,801)	0	107,090	(670,603)
Fund Balances, January 1	190,155	862,574	11,168	451,356	24,372	1,557,046	1,953,815
Fund Balances, December 31	\$298,834	\$893,104	\$5,599	\$339,555	\$24,372	\$1,664,136	\$1,283,212

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, 2009

With comparative totals for December 31, 2008

Page 2 of 3

#144 CEMETERY	#150 EMERGENCY SERVICES	#151 PUB SAFETY COMM	#152 POLICE GRANTS	#161 PARKING & BUS IMPR	#162 TROLLEY	#163 FRONT ST BUS IMPR	#170 TOURIST PROMOTION	#171 CAPITOL THEATRE	#172 PFD CONV CTR	#173 TOURISM PROMO AREA
\$0	\$0	\$143,300	\$0	\$0	\$0	\$0	\$506,891	\$225,700	\$665,950	\$369,823
0	1,052,720	1,680,129	128,919	0	4,308	0	0	0	0	0
203,264	0	48,085	0	0	0	0	0	0	0	0
3,000	729	2,000	0	300	2,500	35	270	1,000	1,300	0
100	0	15,238	268,599	202,693	1,546	3,935	708,329	0	0	0
206,364	1,053,449	1,888,752	397,518	202,993	8,354	3,970	1,215,490	226,700	667,250	369,823
0	0	0	0	0	0	0	0	0	0	0
0	1,041,737	2,891,623	99,575	5,000	0	0	0	0	0	0
247,877	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	189,450	0	0	0	0	0	0
0	0	0	0	7,399	1,901	3,024	1,302,158	318,647	11,098	368,978
0	0	0	0	0	0	0	0	0	0	0
0	0	9,178	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	4,307	0	0	0	0	0
0	0	0	0	0	0	0	10,714	0	0	0
0	0	0	0	0	0	0	237	0	0	0
247,877	1,041,737	2,900,801	99,575	201,849	6,208	3,024	1,313,109	318,647	11,098	368,978
(\$41,513)	\$11,712	(\$1,012,049)	\$297,943	\$1,144	\$2,146	\$946	(\$97,619)	(\$91,947)	\$656,152	\$845
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0	0	0
62,061	0	1,005,000	0	0	0	0	123,773	71,927	0	0
0	(125,000)	0	0	0	0	0	0	0	(646,773)	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
62,061	(125,000)	1,005,000	0	0	0	0	123,773	71,927	(646,773)	0
20,548	(113,288)	(7,049)	297,943	1,144	2,146	946	26,154	(20,020)	9,379	845
66,619	234,582	263,932	0	1,496	2,790	7,467	341,729	148,825	146,508	40,290
\$87,167	\$121,294	\$256,883	\$297,943	\$2,640	\$4,936	\$8,413	\$367,883	\$128,805	\$155,887	\$41,135

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, 2009

With comparative totals for December 31, 2008

Page 3 of 3

	#174	#195	#198	#199	NONMAJOR SPECIAL	
	PFD	CONTINGENCY	CAPITOL	REC GRANTS	REVENUE FUNDS	
	CAP THTR		THEATRE RES	PROGRAM	2009	2008
REVENUES						
Taxes	\$502,882	\$0	\$0	\$0	\$8,828,868	\$8,909,086
Intergovernmental Revenues	0	0	0	7,563	7,832,925	5,630,200
Charges for Services	0	0	0	0	1,193,970	1,172,603
Interest	0	0	2,451	0	57,654	296,177
Other Revenues	0	0	0	0	1,451,843	1,226,326
Total Revenues	502,882	0	2,451	7,563	19,365,260	17,234,392
EXPENDITURES						
Current						
General Government	0	0	0	0	103,713	99,047
Security of Persons and Property	0	13,218	0	0	4,051,153	3,637,915
Physical Environment	0	0	0	7,563	289,634	324,177
Transportation	0	6,981	0	0	5,145,000	5,377,109
Economic Environment	0	0	0	0	1,304,238	1,304,077
Cultural & Recreational Environment	13,245	0	0	0	5,910,208	6,028,373
Capital Outlay						
General Government	0	0	0	0	0	0
Security of Persons and Property	0	0	0	0	9,178	0
Physical Environment	0	0	0	0	30,791	38,359
Transportation	0	0	0	0	2,836,052	2,437,346
Economic Environment	0	0	0	0	0	0
Cultural & Recreational Environment	0	0	0	0	423,631	487,897
Debt Service					0	0
Principal Retirement	0	0	0	0	331,479	289,196
Interest	0	0	0	0	20,294	18,318
Total Expenditures	13,245	20,199	0	7,563	20,455,371	20,041,814
Excess of Rev Over (Under) Expenditures	\$489,637	(\$20,199)	\$2,451	\$0	(\$1,090,111)	(\$2,807,422)
OTHER FINANCING SOURCES (USES)						
Proceeds f / Long Term Debt – GO Debt	\$0	\$0	\$0	\$0	\$0	\$2,192,130
Proceeds from Intergovernmental Loans	0	0	0	0	0	241,500
Transfers In	0	25,000	0	0	2,538,842	2,651,847
Transfers (Out)	(466,006)	(100,000)	(71,927)	0	(1,958,131)	(1,953,566)
Sale of Capital Assets	0	0	0	0	0	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0	45,430	122,190
Total Other Financing Sources (Uses)	(466,006)	(75,000)	(71,927)	0	626,141	3,254,101
Net Change in Fund Balances	23,631	(95,199)	(69,476)	0	(463,970)	446,679
Fund Balances, January 1	0	351,919	521,118	0	7,177,761	6,731,082
Fund Balances, December 31	\$23,631	\$256,720	\$451,642	\$0	\$6,713,791	\$7,177,761

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, 2009

Page 1 of 22

123 – ECONOMIC DEVELOPMENT

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$81,527	\$81,527
Intergovernmental Revenues	90,000	90,000	136,775	46,775
Charges for Services	0	0	0	0
Interest	0	0	0	0
Other Revenues	0	0	182	182
Total Revenues	90,000	90,000	218,484	128,484
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	146,173	146,173	109,805	36,368
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	146,173	146,173	109,805	36,368
Excess of Revenues Over (Under) Expenditures	(\$56,173)	(\$56,173)	\$108,679	\$164,852
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(56,173)	(56,173)	108,679	164,852
Fund Balances, January 1	\$171,618	\$171,618	\$190,155	\$18,537
Fund Balances, December 31	\$115,445	\$115,445	\$298,834	\$183,389

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, 2009

Page 2 of 22

125 – CABLE TV

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$460,000	\$460,000	\$491,832	\$31,832
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	10,000	10,000	2,941	(7,059)
Other Revenues	134,420	134,420	14,486	(119,934)
Total Revenues	604,420	604,420	509,259	(95,161)
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	519,925	530,802	478,729	52,073
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	0	47,000
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	566,925	577,802	478,729	99,073
Excess of Revenues Over (Under) Expenditures	\$37,495	\$26,618	\$30,530	\$3,912
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	37,495	26,618	30,530	3,912
Fund Balances, January 1	\$795,701	\$795,701	\$862,574	\$66,873
Fund Balances, December 31	\$833,196	\$822,319	\$893,104	\$70,785

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, 2009

Page 3 of 22

127 – COMMUNITY SERVICES FUND

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	487,712	487,712	332,946	(154,766)
Charges for Services	0	0	0	0
Interest	0	0	0	0
Other Revenues	35,000	35,000	3,738	(31,262)
Total Revenues	522,712	522,712	336,684	(186,028)
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	487,712	487,712	342,253	145,459
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	487,712	487,712	342,253	145,459
Excess of Revenues Over (Under) Expenditures	\$35,000	\$35,000	(\$5,569)	(\$40,569)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	35,000	35,000	(5,569)	(40,569)
Fund Balances, January 1	\$25,562	\$25,562	\$11,168	(\$14,394)
Fund Balances, December 31	\$60,562	\$60,562	\$5,599	(\$54,963)

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, 2009

Page 4 of 22

131 – PARKS & RECREATION FUND

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$1,800,000	\$1,800,000	\$1,623,500	(\$176,500)
Intergovernmental Revenues	180,200	180,200	178,965	(1,235)
Charges for Services	934,265	934,265	898,505	(35,760)
Interest	25,000	25,000	10,000	(15,000)
Other Revenues	175,920	175,920	208,863	32,943
Total Revenues	3,115,385	3,115,385	2,919,833	(195,552)
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	700,004	700,004	662,730	37,274
Cultural & Recreational Environment	3,531,039	3,531,039	3,402,003	129,036
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	4,231,043	4,231,043	4,064,733	166,310
Excess of Revenues Over (Under) Expenditures	(\$1,115,658)	(\$1,115,658)	(\$1,144,900)	(\$29,242)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$1,074,000	\$1,074,000	\$1,133,701	\$59,701
Transfers (Out)	(146,500)	(146,500)	(143,700)	2,800
Compensation For Loss of General Capital Assets	55,000	55,000	43,098	(11,902)
Total Other Financing Sources (Uses)	982,500	982,500	1,033,099	50,599
Net Change in Fund Balances	(133,158)	(133,158)	(111,801)	21,357
Fund Balances, January 1	\$432,990	\$432,990	\$451,356	\$18,366
Fund Balances, December 31	\$299,832	\$299,832	\$339,555	\$39,723

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, 2009

Page 5 of 22

140 – GROWTH MANAGEMENT FUND

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ 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	0	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	0	49,745	0	49,745
Excess of Revenues Over (Under) Expenditures	\$0	(\$24,279)	\$0	\$24,279
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	(24,279)	0	24,279
Fund Balances, January 1	\$93	\$93	\$24,372	\$24,279
Fund Balances, December 31	\$93	(\$24,186)	\$24,372	\$48,558

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, 2009

Page 6 of 22

141 – STREETS FUND

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$4,314,000	\$4,314,000	\$4,217,463	(\$96,537)
Intergovernmental Revenues	1,350,000	1,350,000	1,301,786	(48,214)
Charges for Services	15,760	15,760	30,453	14,693
Interest	60,000	60,000	20,000	(40,000)
Other Revenues	50	50	79	29
Total Revenues	5,739,810	5,739,810	5,569,781	(170,029)
EXPENDITURES				
Current				
General Government	\$113,260	\$113,260	\$103,713	\$9,547
Security of Persons and Property	0	0	0	0
Physical Environment	85,000	85,000	34,194	50,806
Transportation	5,613,909	5,661,276	5,134,548	526,728
Economic Environment	0	0	0	0
Cultural & Recreational Environment	4,355	4,355	3,026	1,329
Capital Outlay				
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	0	0
Transportation	33,400	33,400	0	33,400
Cultural & Recreational Environment	0	0	0	0
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	5,849,924	5,897,291	5,275,481	621,810
Excess of Revenues Over (Under) Expenditures	(\$110,114)	(\$157,481)	\$294,300	\$451,781
OTHER FINANCING SOURCES (USES)				
Transfers In	\$25,000	\$25,000	\$25,000	\$0
Transfers (Out)	(177,542)	(177,542)	(214,542)	(37,000)
Compensation For Loss of General Capital Assets	0	0	2,332	2,332
Total Other Financing Sources (Uses)	(152,542)	(152,542)	(187,210)	(34,668)
Net Change in Fund Balances	(262,656)	(310,023)	107,090	417,113
Fund Balances, January 1	\$1,147,587	\$1,147,587	\$1,557,046	\$409,459
Fund Balances, December 31	\$884,931	\$837,564	\$1,664,136	\$826,572

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, 2009

Page 7 of 22

	— BUDGETED AMOUNTS —			VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL AMOUNTS	POSITIVE (NEGATIVE)
142 – ARTERIAL STREETS				
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	6,020,170	6,020,170	3,008,814	(3,011,356)
Charges for Services	3,000	3,000	13,663	10,663
Interest	10,000	10,000	11,128	1,128
Other Revenues	202,776	202,776	24,055	(178,721)
Total Revenues	6,235,946	6,235,946	3,057,660	(3,178,286)
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	3,471	6,529
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	30,791	(30,791)
Transportation	5,270,950	6,093,553	2,836,052	3,257,501
Cultural & Recreational Environment	1,568,620	1,568,620	419,324	1,149,296
Debt Service				
Principal Retirement	265,867	265,867	320,765	(54,898)
Interest	11,526	11,526	20,057	(8,531)
Total Expenditures	7,126,963	7,949,566	3,630,460	4,319,106
Excess of Revenues Over (Under) Expenditures	(\$891,017)	(\$1,713,620)	(\$572,800)	\$1,140,820
OTHER FINANCING SOURCES (USES)				
Transfers In	\$407,095	\$407,095	\$92,380	(\$314,715)
Transfers (Out)	(190,183)	(190,183)	(190,183)	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	216,912	216,912	(97,803)	(314,715)
Net Change in Fund Balances	(674,105)	(1,496,708)	(670,603)	826,105
Fund Balances, January 1	\$1,044,171	\$1,044,171	\$1,953,815	\$909,644
Fund Balances, December 31	\$370,066	(\$452,537)	\$1,283,212	\$1,735,749

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, 2009

Page 8 of 22

I44 – CEMETERY

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	166,750	166,750	203,264	36,514
Interest	6,000	6,000	3,000	(3,000)
Other Revenues	0	0	100	100
Total Revenues	172,750	172,750	206,364	33,614
EXPENDITURES				
Current				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	260,420	260,420	247,877	12,543
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	260,420	260,420	247,877	12,543
Excess of Revenues Over (Under) Expenditures	(\$87,670)	(\$87,670)	(\$41,513)	\$46,157
OTHER FINANCING SOURCES (USES)				
Transfers In	\$75,000	\$75,000	\$62,061	(\$12,939)
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	75,000	75,000	62,061	(12,939)
Net Change in Fund Balances	(12,670)	(12,670)	20,548	33,218
Fund Balances, January 1	\$68,929	\$68,929	\$66,619	(\$2,310)
Fund Balances, December 31	\$56,259	\$56,259	\$87,167	\$30,908

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, 2009

Page 9 of 22

	— BUDGETED AMOUNTS —			VARIANCE W/ FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
150 – EMERGENCY SERVICES				
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	1,058,726	1,058,726	1,052,720	(6,006)
Charges for Services	0	0	0	0
Interest	750	750	729	(21)
Other Revenues	0	0	0	0
Total Revenues	1,059,476	1,059,476	1,053,449	(6,027)
EXPENDITURES				
Current				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	1,027,430	1,027,430	1,041,737	(14,307)
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	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	1,027,430	1,042,430	1,041,737	693
Excess of Revenues Over (Under) Expenditures	\$32,046	\$17,046	\$11,712	(\$5,334)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	(125,000)	(125,000)	(125,000)	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	(125,000)	(125,000)	(125,000)	0
Net Change in Fund Balances	(92,954)	(107,954)	(113,288)	(5,334)
Fund Balances, January 1	\$170,495	\$170,495	\$234,582	\$64,087
Fund Balances, December 31	\$77,541	\$62,541	\$121,294	\$58,753

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, 2009

Page 10 of 22

151 – PUBLIC SAFETY COMMUNICATIONS

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$158,300	\$158,300	\$143,300	(\$15,000)
Intergovernmental Revenues	1,673,912	1,673,912	1,680,129	6,217
Charges for Services	63,126	63,126	48,085	(15,041)
Interest	1,000	1,000	2,000	1,000
Other Revenues	10,828	10,828	15,238	4,410
Total Revenues	1,907,166	1,907,166	1,888,752	(18,414)
EXPENDITURES				
Current				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	3,028,165	3,028,165	2,891,623	136,542
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	9,178	(9,178)
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	3,028,165	3,028,165	2,900,801	127,364
Excess of Revenues Over (Under) Expenditures	(\$1,120,999)	(\$1,120,999)	(\$1,012,049)	\$108,950
OTHER FINANCING SOURCES (USES)				
Transfers In	\$1,005,000	\$1,005,000	\$1,005,000	\$0
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	1,005,000	1,005,000	1,005,000	0
Net Change in Fund Balances	(115,999)	(115,999)	(7,049)	108,950
Fund Balances, January 1	\$271,025	\$271,025	\$263,932	(\$7,093)
Fund Balances, December 31	\$155,026	\$155,026	\$256,883	\$101,857

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, 2009

Page 11 of 22

161 – PARKING & BUSINESS IMPROVEMENT

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	534,191	534,191	128,919	(405,272)
Charges for Services	0	0	0	0
Interest	0	0	0	0
Other Revenues	0	0	268,599	268,599
Total Revenues	534,191	534,191	397,518	(136,673)
EXPENDITURES				
Current				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	534,191	534,191	99,575	434,616
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	534,191	534,191	99,575	434,616
Excess of Revenues Over (Under) Expenditures	\$0	\$0	\$297,943	\$297,943
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	297,943	297,943
Fund Balances, January 1	\$0	\$0	\$0	\$0
Fund Balances, December 31	\$0	\$0	\$297,943	\$297,943

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**

For the Year Ended December 31, 2009

Page 12 of 22

162 – TROLLEY

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	213,776	240,362	4,308	(236,054)
Charges for Services	0	0	0	0
Interest	7,500	7,500	2,500	(5,000)
Other Revenues	1,486	1,486	1,546	60
Total Revenues	222,762	249,348	8,354	(240,994)
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	7,845	7,845	1,901	5,944
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	213,776	240,362	4,307	236,055
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	221,621	248,207	6,208	241,999
Excess of Revenues Over (Under) Expenditures	\$1,141	\$1,141	\$2,146	\$1,005
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	1,141	1,141	2,146	1,005
Fund Balances, January 1	\$2,291	\$2,291	\$2,790	\$499
Fund Balances, December 31	\$3,432	\$3,432	\$4,936	\$1,504

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, 2009

Page 13 of 22

163 – FRONT STREET BUSINESS IMPROVEMENT

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ 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	3,500	3,500	3,935	435
Total Revenues	3,535	3,535	3,970	435
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	3,024	(24)
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	3,024	(24)
Excess of Revenues Over (Under) Expenditures	\$535	\$535	\$946	\$411
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	535	535	946	411
Fund Balances, January 1	\$6,715	\$6,715	\$7,467	\$752
Fund Balances, December 31	\$7,250	\$7,250	\$8,413	\$1,163

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, 2009

Page 14 of 22

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
	170 – TOURIST PROMOTION			
REVENUES				
Taxes	\$585,000	\$585,000	\$506,891	(\$78,109)
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	100	100	270	170
Other Revenues	700,200	700,200	708,329	8,129
Total Revenues	1,285,300	1,285,300	1,215,490	(69,810)
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	1,463,254	1,463,254	1,302,158	161,096
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	10,714	10,714	10,714	0
Interest	237	237	237	0
Total Expenditures	1,474,205	1,474,205	1,313,109	161,096
Excess of Revenues Over (Under) Expenditures	(\$188,905)	(\$188,905)	(\$97,619)	\$91,286
OTHER FINANCING SOURCES (USES)				
Transfers In	\$135,000	\$135,000	\$123,773	(\$11,227)
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	135,000	135,000	123,773	(11,227)
Net Change in Fund Balances	(53,905)	(53,905)	26,154	80,059
Fund Balances, January 1	\$168,646	168,646	341,729	173,083
Fund Balances, December 31	\$114,741	\$114,741	\$367,883	\$253,142

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, 2009

Page 15 of 22

	— BUDGETED AMOUNTS —			VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL AMOUNTS	POSITIVE (NEGATIVE)
171 – CAPITOL THEATRE				
REVENUES				
Taxes	\$241,140	\$241,140	\$225,700	(\$15,440)
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	1,500	1,500	1,000	(500)
Other Revenues	0	0	0	0
Total Revenues	242,640	242,640	226,700	(15,940)
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	308,513	308,513	318,647	(10,134)
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	10,000	10,000	0	10,000
Debt Service				
Principal Retirement	0	0	0	0
Interest	0	0	0	0
Total Expenditures	318,513	318,513	318,647	(134)
Excess of Revenues Over (Under) Expenditures	(\$75,873)	(\$75,873)	(\$91,947)	(\$16,074)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$71,927	\$71,927	\$71,927	\$0
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	71,927	71,927	71,927	0
Net Change in Fund Balances	(3,946)	(3,946)	(20,020)	(16,074)
Fund Balances, January 1	148,795	148,795	148,825	30
Fund Balances, December 31	\$144,849	\$144,849	\$128,805	(\$16,044)

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, 2009

Page 16 of 22

172 – PUBLIC FACILITIES DISTRICT – CONVENTION CENTER

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$1,213,000	\$715,000	\$665,950	(\$49,050)
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	4,000	4,000	1,300	(2,700)
Other Revenues	0	0	0	0
Total Revenues	1,217,000	719,000	667,250	(51,750)
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	31,000	31,000	11,098	19,902
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	31,000	31,000	11,098	19,902
Excess of Revenues Over (Under) Expenditures	\$1,186,000	\$688,000	\$656,152	(\$31,848)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	(1,163,000)	(665,000)	(646,773)	18,227
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	(1,163,000)	(665,000)	(646,773)	18,227
Net Change in Fund Balances	23,000	23,000	9,379	(13,621)
Fund Balances, January 1	136,282	136,282	146,508	10,226
Fund Balances, December 31	\$159,282	\$159,282	\$155,887	(\$3,395)

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, 2009

Page 17 of 22

173 – TOURISM PROMOTION AREA

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$405,088	\$405,088	\$369,823	(\$35,265)
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	405,088	405,088	369,823	(35,265)
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	405,088	405,088	368,978	36,110
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	405,088	405,088	368,978	36,110
Excess of Revenues Over (Under) Expenditures	\$0	\$0	\$845	\$845
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	845	845
Fund Balances, January 1	414	414	40,290	39,876
Fund Balances, December 31	<u>\$414</u>	<u>\$414</u>	<u>\$41,135</u>	<u>\$40,721</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, 2009

Page 18 of 22

174 – PUBLIC FACILITIES DISTRICT – CAPITOL THEATRE

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$0	\$498,000	\$502,882	\$4,882
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	498,000	502,882	4,882
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	16,000	13,245	2,755
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	16,000	13,245	2,755
Excess of Revenues Over (Under) Expenditures	\$0	\$482,000	\$489,637	\$7,637
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	(482,000)	(466,006)	15,994
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	(482,000)	(466,006)	15,994
Net Change in Fund Balances	0	0	23,631	23,631
Fund Balances, January 1	0	0	0	0
Fund Balances, December 31	\$0	\$0	\$23,631	\$23,631

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, 2009

Page 19 of 22

	— BUDGETED AMOUNTS —			VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL AMOUNTS	POSITIVE (NEGATIVE)
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	13,218	(13,218)
Physical Environment	0	0	0	0
Transportation	0	0	6,981	(6,981)
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	20,199	(20,199)
Excess of Revenues Over (Under) Expenditures	\$0	\$0	(\$20,199)	(\$20,199)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$50,000	\$50,000	\$25,000	(\$25,000)
Transfers (Out)	(300,000)	(300,000)	(100,000)	200,000
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	(250,000)	(250,000)	(75,000)	175,000
Net Change in Fund Balances	(250,000)	(250,000)	(95,199)	154,801
Fund Balances, January 1	334,070	334,070	351,919	17,849
Fund Balances, December 31	\$84,070	\$84,070	\$256,720	\$172,650

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, 2009

Page 20 of 22

198 – CAPITOL THEATRE RESERVE

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Interest	38,750	38,750	2,451	(36,299)
Other Revenues	0	0	0	0
Total Revenues	38,750	38,750	2,451	(36,299)
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	\$38,750	\$38,750	\$2,451	(\$36,299)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	(71,927)	(71,927)	(71,927)	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	(71,927)	(71,927)	(71,927)	0
Net Change in Fund Balances	(33,177)	(33,177)	(69,476)	(36,299)
Fund Balances, January 1	23,143	23,143	521,118	497,975
Fund Balances, December 31	(\$10,034)	(\$10,034)	\$451,642	\$461,676

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

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

For the Year Ended December 31, 2009

Page 21 of 22

199 – RECOVERY GRANTS PROGRAM

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	VARIANCE W/ FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	7,563	7,563
Charges for Services	0	0	0	0
Interest	0	0	0	0
Other Revenues	0	0	0	0
Total Revenues	0	0	7,563	7,563
EXPENDITURES				
Current				
General Government	\$0	\$0	\$0	\$0
Security of Persons and Property	0	0	0	0
Physical Environment	0	0	7,563	(7,563)
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	7,563	(7,563)
Excess of Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$0	\$0	\$0
Transfers (Out)	0	0	0	0
Compensation For Loss of General Capital Assets	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	0	0
Fund Balances, January 1	0	0	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, 2009

Page 22 of 22

	— BUDGETED AMOUNTS —		ACTUAL AMOUNTS	TOTAL
	ORIGINAL	FINAL		VARIANCE W/ FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$9,176,528	\$9,176,528	\$8,828,868	(\$347,660)
Intergovernmental Revenues	11,608,687	11,660,739	7,832,925	(3,827,814)
Charges for Services	1,182,901	1,182,901	1,193,970	11,069
Interest	164,635	164,635	57,654	(106,981)
Other Revenues	1,474,350	1,474,350	1,451,843	(22,507)
Total Revenues	23,607,101	23,659,153	19,365,260	(4,293,893)
EXPENDITURES				
Current				
General Government	\$113,260	\$113,260	\$103,713	\$9,547
Security of Persons and Property	4,589,786	4,589,786	4,051,153	538,633
Physical Environment	345,420	345,420	289,634	55,786
Transportation	5,623,909	5,700,716	5,145,000	555,716
Economic Environment	1,533,889	1,554,194	1,304,238	249,956
Cultural & Recreational Environment	6,278,611	6,305,488	5,910,208	395,280
Capital Outlay				
Security of Persons and Property	0	15,000	9,178	5,822
Physical Environment	0	0	30,791	(30,791)
Transportation	5,304,350	6,126,953	2,836,052	3,290,901
Cultural & Recreational Environment	1,839,396	1,865,982	423,631	1,442,351
Debt Service				
Principal Retirement	276,581	276,581	331,479	(54,898)
Interest	11,763	11,763	20,294	(8,531)
Total Expenditures	25,916,965	26,905,143	20,455,371	6,449,772
Excess of Revenues Over (Under) Expenditures	(\$2,309,864)	(\$3,245,990)	(\$1,090,111)	\$2,155,879
OTHER FINANCING SOURCES (USES)				
Transfers In	\$2,843,022	\$2,843,022	\$2,538,842	(\$304,180)
Transfers (Out)	(2,174,152)	(2,158,152)	(1,958,131)	200,021
Compensation For Loss of General Capital Assets	55,000	55,000	45,430	(9,570)
Total Other Financing Sources (Uses)	723,870	739,870	626,141	(113,729)
Net Change in Fund Balances	(1,585,994)	(2,506,120)	(463,970)	2,042,150
Fund Balances, January 1	4,948,531	4,948,531	7,177,761	2,229,230
Fund Balances, December 31	\$3,362,537	\$2,442,411	\$6,713,791	\$4,271,380

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 GENERAL OBLIGATION 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 GENERAL OBLIGATION 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 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, 2009

With comparative totals for December 31, 2008

Page 1 of 2

	#221 LID GUARANTY	#272 CONY CENTER / PFD	#281 VARIOUS GO BONDS	#282 STREET BOND
ASSETS				
Cash & Equity in Pooled Investments	\$78,597	\$151,194	\$8,564	\$1
Receivables				
Taxes	0	0	0	0
LID Assessments – Delinquent	0	0	0	0
LID Assessments – Deferred	0	0	0	0
Investments, at Amortized Cost	1,233	0	0	0
Total Assets	<u>\$79,830</u>	<u>\$151,194</u>	<u>\$8,564</u>	<u>\$1</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Deposits Payable	\$0	\$0	\$0	\$0
Deferred Revenue	0	0	0	0
Total Liabilities	0	0	0	0
Fund Balances				
Reserved				
Debt Service	79,830	151,194	8,564	1
Total Liabilities and Fund Balances	<u>\$79,830</u>	<u>\$151,194</u>	<u>\$8,564</u>	<u>\$1</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, 2009

With comparative totals for December 31, 2008

Page 2 of 2

#283 CRIM JUST/ I-82 REF	#284 FIRE & PARKS REF	#287 CONVENTION CENTER	#289 LOCAL IMPR DISTRICTS	NONMAJOR DEBT SERVICE FUNDS	
				2009	2008
\$109,611	\$192,246	\$63,252	\$1,048	\$604,513	\$755,093
0	12,491	0	0	12,491	11,988
0	0	0	24,669	24,669	30,255
0	0	0	274,218	274,218	353,866
0	0	0	0	1,233	1,437
<u>\$109,611</u>	<u>\$204,737</u>	<u>\$63,252</u>	<u>\$299,935</u>	<u>\$917,124</u>	<u>\$1,152,639</u>
\$0	\$0	\$0	\$0	\$0	\$2,844
0	0	0	273,905	273,905	353,866
0	0	0	273,905	273,905	356,710
109,611	204,737	63,252	26,030	643,219	795,929
<u>\$109,611</u>	<u>\$204,737</u>	<u>\$63,252</u>	<u>\$299,935</u>	<u>\$917,124</u>	<u>\$1,152,639</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, 2009

With comparative totals for December 31, 2008

Page 1 of 2

	#221 LID GUARANTY	#272 CONV CENTER / PFD	#281 VARIOUS GO BONDS	#282 STREET BOND
REVENUES				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	28,131	0	0
Interest	111	0	0	0
Other Revenues	0	0	0	0
Total Revenues	<u>111</u>	<u>28,131</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Debt Service				
Principal Retirement	0	395,000	669,241	0
Interest	0	339,350	311,047	0
Total Expenditures	<u>0</u>	<u>734,350</u>	<u>980,288</u>	<u>0</u>
Excess of Rev Over (Under) Expenditures	<u>\$111</u>	<u>(\$706,219)</u>	<u>(\$980,288)</u>	<u>\$0</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$0	\$706,006	\$984,189	\$0
Transfers (Out)	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>706,006</u>	<u>984,189</u>	<u>0</u>
Net Change in Fund Balances	<u>111</u>	<u>(213)</u>	<u>3,901</u>	<u>0</u>
Fund Balances, January 1	<u>79,719</u>	<u>151,407</u>	<u>4,663</u>	<u>1</u>
Fund Balances, December 31	<u><u>\$79,830</u></u>	<u><u>\$151,194</u></u>	<u><u>\$8,564</u></u>	<u><u>\$1</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 DEBT SERVICE FUNDS**

For the Year Ended December 31, 2009

With comparative totals for December 31, 2008

Page 2 of 2

#283 CRIM JUST / I-82 REF	#284 FIRE & PARKS REF	#287 CONVENTION CENTER	#289 LOCAL IMPR DISTRICTS	NONMAJOR DEBT SERVICE FUNDS	
				2009	2008
\$252,000	\$266,175	\$442,000	\$0	\$960,175	\$1,121,274
0	0	0	0	28,131	0
0	0	1,200	39,401	40,712	30,102
0	0	0	79,675	79,675	68,964
<u>252,000</u>	<u>266,175</u>	<u>443,200</u>	<u>119,076</u>	<u>1,108,693</u>	<u>1,220,340</u>
450,000	215,000	300,000	78,100	2,107,341	1,850,530
68,038	52,677	141,365	28,599	941,076	804,236
<u>518,038</u>	<u>267,677</u>	<u>441,365</u>	<u>106,699</u>	<u>3,048,417</u>	<u>2,654,766</u>
<u>(\$266,038)</u>	<u>(\$1,502)</u>	<u>\$1,835</u>	<u>\$12,377</u>	<u>(\$1,939,724)</u>	<u>(\$1,434,426)</u>
\$112,000	\$0	\$0	\$0	\$1,802,195	\$1,366,624
0	0	0	(15,181)	(15,181)	(15,812)
<u>112,000</u>	<u>0</u>	<u>0</u>	<u>(15,181)</u>	<u>1,787,014</u>	<u>1,350,812</u>
<u>(154,038)</u>	<u>(1,502)</u>	<u>1,835</u>	<u>(2,804)</u>	<u>(152,710)</u>	<u>(83,614)</u>
263,649	206,239	61,417	28,834	795,929	879,543
<u>\$109,611</u>	<u>\$204,737</u>	<u>\$63,252</u>	<u>\$26,030</u>	<u>\$643,219</u>	<u>\$795,929</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.)

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 2007 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, 2009

With comparative totals for December 31, 2008

Page 1 of 2

	#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	\$439,546	\$5,099,391	\$209,069	\$1,425,509	\$372,036
Receivables					
Accounts	0	0	0	2,627	0
Due from Other Government Units	0	130	124,893	0	16,928
Total Assets	<u>\$439,546</u>	<u>\$5,099,521</u>	<u>\$333,962</u>	<u>\$1,428,136</u>	<u>\$388,964</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Warrants / Accounts Payable	\$7,592	\$665,111	\$8,801	\$4,655	\$3,498
Contracts Payable	0	3,990	0	0	0
Due to Other Funds	0	0	0	0	0
Due to Other Government Units	0	0	0	0	0
Deferred Revenue	0	0	10,871	0	0
Total Liabilities	<u>7,592</u>	<u>669,101</u>	<u>19,672</u>	<u>4,655</u>	<u>3,498</u>
Fund Balances					
Reserved					
Encumbrances	0	0	47,722	792,518	88,603
Continuing Appropriations	0	0	0	0	0
Unreserved Designated – Replacement	0	4,430,420	266,568	630,963	296,863
Unreserved	<u>431,954</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>431,954</u>	<u>4,430,420</u>	<u>314,290</u>	<u>1,423,481</u>	<u>385,466</u>
Total Liabilities and Fund Balances	<u>\$439,546</u>	<u>\$5,099,521</u>	<u>\$333,962</u>	<u>\$1,428,136</u>	<u>\$388,964</u>

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, 2009

With comparative totals for December 31, 2008

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	
					2009	2008
\$1,178,694	\$1,069,881	\$0	\$515,917	\$1,322,771	\$11,632,814	\$5,830,163
0	0	0	0	0	2,627	2,627
0	0	0	0	137,355	279,306	860,596
<u>\$1,178,694</u>	<u>\$1,069,881</u>	<u>\$0</u>	<u>\$515,917</u>	<u>\$1,460,126</u>	<u>\$11,914,747</u>	<u>\$6,693,386</u>
4,822	455	897,020	28,288	5,445	1,625,687	302,048
0	0	0	0	0	3,990	48,103
0	0	0	0	0	0	49,684
1,820	0	0	0	1,500	3,320	3,036
0	0	0	0	0	10,871	10,871
6,642	455	897,020	28,288	6,945	1,643,868	413,742
0	0	0	151,712	0	1,080,555	89,253
0	0	0	0	517,880	517,880	151,173
0	0	0	0	0	5,624,814	2,295,740
1,172,052	1,069,426	(897,020)	335,917	935,301	3,047,630	3,743,478
1,172,052	1,069,426	(897,020)	487,629	1,453,181	10,270,879	6,279,644
<u>\$1,178,694</u>	<u>\$1,069,881</u>	<u>\$0</u>	<u>\$515,917</u>	<u>\$1,460,126</u>	<u>\$11,914,747</u>	<u>\$6,693,386</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, 2009

With comparative totals for December 31, 2008

Page 1 of 2

	#321	#322	#331	#332	#333
	CENTRAL BUS	CAPITOL	PARKS AND	FIRE	LAW AND
	DISTRICT IMPR	THEATRE CONST	RECREATION	FIRE	JUSTICE
REVENUES					
Taxes	\$0	\$0	\$0	\$0	\$477,647
Intergovernmental Revenues	14,911	82,863	124,893	(748)	268,290
Charges for Services	0	0	0	0	0
Interest	4,509	12,000	3,000	5,618	3,000
Other Revenues	26,885	0	15,148	157,831	0
Total Revenues	<u>46,305</u>	<u>94,863</u>	<u>143,041</u>	<u>162,701</u>	<u>748,937</u>
EXPENDITURES					
Current					
General Government	0	0	0	0	12,870
Security of Persons and Property	0	0	0	49,474	586,844
Transportation	0	0	0	0	0
Economic Environment	18,034	0	0	0	0
Cultural & Recreational Environment	50,000	0	19,634	0	0
Capital Outlay					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	378,707	657,116
Physical Environment	0	0	0	0	0
Transportation	0	0	0	0	0
Economic Environment	218,874	0	0	0	0
Cultural & Recreational Environment	0	2,955,336	234,496	0	0
Debt Service					
Principal Retirement	0	0	0	0	0
Interest	0	390	0	0	0
Total Expenditures	<u>286,908</u>	<u>2,955,726</u>	<u>254,130</u>	<u>428,181</u>	<u>1,256,830</u>
Excess of Rev Over (Under) Expenditures	(\$240,603)	(\$2,860,863)	(\$111,089)	(\$265,480)	(\$507,893)
OTHER FINANCING SOURCES (USES)					
Proceeds f / Long Term Debt – GO Debt	\$0	\$7,003,898	\$0	\$0	\$0
Proceeds from Intergovernmental Loans	0	0	0	0	0
Transfers In	50,000	220,000	250,000	178,065	261,957
Transfers (Out)	0	0	0	0	0
Sale of Capital Assets	6,311	0	0	2,839	0
Comp. For Loss of Gen. Capital Assets	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>56,311</u>	<u>7,223,898</u>	<u>250,000</u>	<u>180,904</u>	<u>261,957</u>
Net Change in Fund Balances	(184,292)	4,363,035	138,911	(84,576)	(245,936)
Fund Balances, January 1	616,246	67,385	175,379	1,508,057	631,402
Fund Balances, December 31	<u>\$431,954</u>	<u>\$4,430,420</u>	<u>\$314,290</u>	<u>\$1,423,481</u>	<u>\$385,466</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, 2009

With comparative totals for December 31, 2008

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	
					2009	2008
\$541,616	\$541,616	\$0	\$144,453	\$0	\$1,705,332	\$2,036,820
13,216	0	0	0	1,512,687	2,016,112	1,830,807
0	0	6,727	0	0	6,727	0
13,000	12,000	0	2,650	1,000	56,777	165,372
0	0	0	0	0	199,864	236,957
<u>567,832</u>	<u>553,616</u>	<u>6,727</u>	<u>147,103</u>	<u>1,513,687</u>	<u>3,984,812</u>	<u>4,269,956</u>
0	0	0	0	1,341	14,211	7,648
0	0	0	0	0	636,318	534,889
0	250,000	0	0	0	250,000	400,000
0	0	0	0	0	18,034	6,558
0	0	0	65,820	0	135,454	181,974
94,928	0	0	0	291,951	386,879	522,591
0	0	0	0	0	1,035,823	299,246
0	0	820,354	0	0	820,354	44,661
2,522	157,496	0	0	1,400,159	1,560,177	1,292,488
0	0	0	0	0	218,874	2,047,128
0	0	0	0	0	3,189,832	1,114,675
109,196	0	0	0	0	109,196	109,196
4,857	0	1,319	0	1,500	8,066	7,290
<u>211,503</u>	<u>407,496</u>	<u>821,673</u>	<u>65,820</u>	<u>1,694,951</u>	<u>8,383,218</u>	<u>6,568,344</u>
<u>\$356,329</u>	<u>\$146,120</u>	<u>(\$814,946)</u>	<u>\$81,283</u>	<u>(\$181,264)</u>	<u>(\$4,398,406)</u>	<u>(\$2,298,388)</u>
\$0	\$0	\$0	\$0	\$0	\$7,003,898	\$754,173
0	0	0	0	600,000	600,000	0
75,000	0	0	63,000	660,000	1,758,022	1,716,054
(710,607)	(306,822)	0	0	0	(1,017,429)	(941,533)
0	0	0	0	0	9,150	13,352
0	0	0	36,000	0	36,000	18,985
<u>(635,607)</u>	<u>(306,822)</u>	<u>0</u>	<u>99,000</u>	<u>1,260,000</u>	<u>8,389,641</u>	<u>1,561,031</u>
<u>(279,278)</u>	<u>(160,702)</u>	<u>(814,946)</u>	<u>180,283</u>	<u>1,078,736</u>	<u>3,991,235</u>	<u>(737,357)</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>\$1,172,052</u>	<u>\$1,069,426</u>	<u>(\$897,020)</u>	<u>\$487,629</u>	<u>\$1,453,181</u>	<u>\$10,270,879</u>	<u>\$6,279,644</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.)

PERMANENT FUND

CEMETERY TRUST FUND (610)

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, 2009

With comparative totals for December 31, 2008

Page 1 of 1

	CEMETERY TRUST		NONMAJOR GOVERNMENTAL FUNDS	
	2009	2008	2009	2008
ASSETS				
Cash & Equity in Pooled Investments	\$577,262	\$564,916	\$20,186,433	\$12,242,160
Receivables				
Taxes	0	0	233,866	238,637
Accounts	0	0	288,406	298,563
Special Assessments	0	0	13,971	7,287
LID Assessments – Delinquent	0	0	24,669	20,078
LID Assessments – Deferred	0	0	274,218	422,779
Notes / Contracts	0	0	10,300	19,786
Interest / Penalties	0	0	0	18,094
Other Receivables	0	0	0	2,000
Due from Other Government Units	0	0	932,786	1,351,878
Investments, at Amortized Cost	1,249	1,449	3,731	3,253,898
Total Assets	<u>\$578,511</u>	<u>\$566,365</u>	<u>\$21,968,380</u>	<u>\$17,875,160</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Warrants / Accounts Payable	\$0	\$0	\$2,062,944	\$1,133,571
Wages / Benefits Payable	0	0	816,768	689,007
Contracts Payable	0	0	114,240	205,920
Due to Other Funds	0	0	35,134	19,908
Due to Other Government Units	0	0	6,599	10,744
Deposits Payable	0	0	374,600	114,295
Deferred Revenue	0	0	351,696	518,408
Total Liabilities	<u>0</u>	<u>0</u>	<u>\$3,761,981</u>	<u>\$2,691,853</u>
Fund Balances				
Reserved				
Encumbrances	0	0	1,192,351	1,021,513
Continuing Appropriations	0	0	517,880	426,282
Debt Service	0	0	643,219	879,543
Endowment	578,511	566,365	578,511	555,681
Parking and Business Improvement			11,053	26,050
Unreserved Designated – Replacement	0	0	6,076,456	1,619,621
Unreserved	0	0	9,186,929	10,654,617
Total Fund Balances	<u>578,511</u>	<u>566,365</u>	<u>18,206,399</u>	<u>15,183,307</u>
Total Liabilities and Fund Balances	<u>\$578,511</u>	<u>\$566,365</u>	<u>\$21,968,380</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, 2009

With comparative totals for December 31, 2008

Page 1 of 1

	CEMETERY TRUST		NONMAJOR GOVERNMENTAL FUNDS	
	2009	2008	2009	2008
REVENUES				
Taxes	\$0	\$0	\$11,494,375	\$12,240,044
Intergovernmental Revenues	0	0	9,877,168	13,639,141
Charges for Services	12,147	10,785	1,212,844	1,230,540
Interest	12,060	19,025	167,203	717,950
Other Revenues	0	0	1,731,382	1,343,434
Total Revenues	24,207	29,810	24,482,972	29,171,109
EXPENDITURES				
Current				
General Government	0	0	117,924	93,327
Security of Persons and Property	0	0	4,687,471	3,975,943
Physical Environment	0	0	289,634	351,031
Transportation	0	0	5,395,000	5,128,557
Economic Environment	0	0	1,322,272	1,166,234
Cultural & Recreational Environment	0	0	6,045,662	5,706,167
Capital Outlay				
General Government	0	0	386,879	143,564
Security of Persons and Property	0	0	1,045,001	1,105,290
Physical Environment	0	0	851,145	60,274
Transportation	0	0	4,396,229	10,099,140
Economic Environment	0	0	218,874	0
Cultural & Recreational Environment	0	0	3,613,463	1,006,609
Debt Service				
Principal Retirement	0	0	2,548,016	2,608,925
Interest	0	0	969,436	790,221
Total Expenditures	0	0	31,887,006	32,235,282
Excess of Rev Over (Under) Expenditures	\$24,207	\$29,810	(\$7,404,034)	(\$3,064,173)
OTHER FINANCING SOURCES (USES)				
Proceeds f / Long Term Debt – GO Debt	\$0	\$0	\$7,003,898	\$4,686,005
Proceeds from Intergovernmental Loans	0	0	600,000	0
Transfers In	0	0	6,099,059	5,155,797
Transfers (Out)	(12,061)	(19,126)	(3,002,802)	(3,469,089)
Sale of Capital Assets	0	0	9,150	16,737
Comp. For Loss of Gen. Capital Assets	0	0	81,430	123,160
Total other Financing Sources (Uses)	(12,061)	(19,126)	10,790,735	6,512,610
Net Change in Fund Balances	12,146	10,684	3,386,701	3,448,437
Fund Balances, January 1	566,365	555,681	14,819,699	11,734,870
Fund Balances, December 31	\$578,511	\$566,365	\$18,206,400	\$15,183,307

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.)

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 2009, 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, 2009

With comparative totals for December 31, 2008

Page 1 of 1

	BUSINESS TYPE ACTIVITIES –		ENTERPRISE FUNDS	
	#471 REFUSE	#976 STORMWATER	TOTAL 2009	TOTAL 2008
ASSETS				
Current Assets				
Cash & Equity in Pooled Investments	\$214,859	\$562,740	\$777,599	\$653,944
Receivables				
Accounts / Taxes – Net	193,886	85,472	279,358	283,292
Due from Other Government Units	0	0	0	25,550
Investments, at Amortized Cost	0	500,000	500,000	0
Total Current Assets	408,745	1,148,212	1,556,957	962,786
Noncurrent Assets				
Restricted Assets				
Other Improvements	0	440,334	440,334	430,734
Machinery & Equipment	0	11,879	11,879	11,879
Accumulated Depreciation	0	(20,285)	(20,285)	(9,517)
Construction in Progress	0	27,346	27,346	4,498
Total Noncurrent Assets	0	459,274	459,274	437,594
Total Assets	\$408,745	\$1,607,486	\$2,016,231	\$1,400,380
LIABILITIES				
Current Liabilities				
Warrants / Accounts Payable	\$57,769	\$15,612	\$73,381	\$96,057
Wages / Benefits Payable	120,249	53,614	173,863	152,479
Compensated Absences Payable	146,904	58,545	205,449	167,784
Total Current Liabilities	324,922	127,771	452,693	416,320
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	0	459,274	459,274	437,594
Unrestricted	83,823	1,020,441	1,104,264	546,466
Total Net Assets	\$83,823	\$1,479,715	\$1,563,538	\$984,060

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, 2009

With comparative totals for December 31, 2008

Page 1 of 1

	BUSINESS TYPE ACTIVITIES – ENTERPRISE FUNDS		TOTAL	
	# 471 REFUSE	#976 STORMWATER	2009	2008
OPERATING REVENUES				
Charges for Services	\$4,653,617	\$1,707,076	\$6,360,693	\$5,305,671
Other Operating Revenues	823	0	823	3,474
Total Operating Revenues	4,654,440	1,707,076	6,361,516	5,309,145
OPERATING EXPENSES				
Operations and Maintenance	4,139,793	833,292	4,973,085	4,330,845
Administration / Overhead	496,349	119,432	615,781	561,971
Taxes	0	64,686	64,686	42,764
Depreciation / Amortization	0	10,768	10,768	0
Total Operating Expenses	4,636,142	1,028,178	5,664,320	4,935,580
Operating Income (Loss)	18,298	678,898	697,196	373,565
NON-OPERATING REVENUES (EXPENSES)				
Operating Grants and Subsidies	25,000	108,682	133,682	75,580
Interest Revenue	1,000	0	1,000	1,000
Non-Operating Revenue Net of Expenses	26,000	108,682	134,682	76,580
Income (Loss) Before Contributions and Transfers	44,298	787,580	831,878	450,145
Capital Contributions	0	9,600	9,600	391,896
Transfers (Out)	(37,000)	(225,000)	(262,000)	(195,949)
Change in Net Assets	7,298	572,180	579,478	646,092
Total Net Assets – January 1	76,525	907,535	984,060	337,968
Total Net Assets – December 31	\$83,823	\$1,479,715	1,563,538	\$984,060

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, 2009

With comparative totals for December 31, 2008

Page 1 of 1

	BUSINESS TYPE ACTIVITIES –		ENTERPRISE FUNDS	
	#471 REFUSE	#976 STORMWATER	TOTAL	
	2009		2008	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$4,708,439	\$1,656,188	\$6,364,627	\$5,279,354
Cash Paid to Suppliers for Goods and Services	(3,005,390)	(416,716)	(3,422,106)	(2,921,333)
Cash Paid for Salaries and Benefits	(1,236,515)	(540,127)	(1,776,642)	(1,546,142)
Other Operating Revenues Collected	823	0	823	3,474
Cash Paid in Lieu of Taxes	(418,431)	0	(418,431)	(381,196)
Net Cash Provided by Operating Activities	48,926	699,345	748,271	434,157
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants Received / Sales Tax	25,000	134,232	159,232	50,030
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital Expenditures Paid	0	(22,848)	(22,848)	(45,698)
Transfer Out	(37,000)	(225,000)	(262,000)	(195,949)
Net Cash Used for Capital Financing Activities	(37,000)	(247,848)	(284,848)	(241,647)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received on Investments	1,000	0	1,000	1,000
Purchase of Investment Securities	0	(500,000)	(500,000)	0
Net Cash Provided by Investing Activities	1,000	(500,000)	(499,000)	1,000
Net Increase (Decrease) in Cash and Cash Equivalents	37,926	85,729	123,655	243,540
Cash and Cash Equivalents at Beginning of Year	176,933	477,011	653,944	410,404
Cash and Cash Equivalents at End of Year	\$214,859	\$562,740	\$777,599	\$653,944
CASH AT THE END OF THE YEAR				
Operating Fund Cash	\$214,859	\$562,740	\$777,599	\$653,944
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Net Operating Income (Loss)	\$18,298	\$678,898	\$697,196	\$373,565
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	0	10,768	10,768	0
Change in Assets and Liabilities				
(Increase) Decrease in Accounts Receivable	54,822	(50,888)	3,934	(26,317)
Increase (Decrease) in Warrants / Accounts Payable	(38,276)	15,600	(22,676)	5,486
Increase (Decrease) in Wages / Benefits Payable	4,790	16,594	21,384	45,983
Increase (Decrease) in Compensated Absences Payable	9,292	28,373	37,665	35,440
Total Adjustments	30,628	20,447	51,075	60,592
Net Cash Provided by Operating Activities	\$48,926	\$699,345	\$748,271	\$434,157
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Acquired by Noncash Contributions	\$0	\$9,600	\$9,600	\$391,896

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, 2009

With comparative totals for December 31, 2008

Page 1 of 2

	#512	#513	#514
	UNEMPLOYMENT	EMPLOYEES'	WORKERS'
	COMPENSATION	HEALTH BENEFIT	COMPENSATION
	RESERVE	RESERVE	RESERVE
ASSETS			
Current Assets			
Cash and Equity in Pooled Investments	\$378,146	\$901,439	\$1,098,753
Deposits with Fiscal Agent / Trustee	0	10,620	0
Receivables			
Accounts	19,809	620,444	92,294
Interest / Penalties	0	0	0
Due from Other Government Units	0	0	0
Inventories	0	0	0
Investments, at Amortized Cost	0	1,500,000	0
Total Current Assets	397,955	3,032,503	1,191,047
Noncurrent Assets			
Construction in Progress	0	0	0
Buildings	0	0	0
Other Improvements	0	0	0
Machinery and Equipment	0	0	0
Accumulated Depreciation	0	0	0
Total Noncurrent Assets	0	0	0
Total Assets	\$397,955	\$3,032,503	\$1,191,047
LIABILITIES			
Current Liabilities			
Warrants / Accounts Payable	\$0	\$238,681	\$5,451
Wages / Benefits Payable	3,356	9,760	11,675
Compensated Absences Payable	8,485	23,735	10,370
Claims and Judgments Payable	37,073	1,283,078	843,035
Total Current Liabilities	\$48,914	\$1,555,254	\$870,531
NET ASSETS			
Invested in Capital Assets, net of related debt	\$0	\$0	\$0
Unrestricted	349,041	1,477,249	320,516
Total Assets	\$349,041	\$1,477,249	\$320,516

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, 2009

With comparative totals for December 31, 2008

Page 2 of 2

#515 Risk MANAGEMENT RESERVE	#516 WELLNESS / EAP	#551 EQUIPMENT RENTAL	#555 ENVIRONMENTAL	#560 PUBLIC WORKS ADMINISTRATION	TOTAL	
					2009	2008
\$1,315,406	\$146,974	\$361,846	\$734,722	\$311,594	\$5,248,880	\$4,989,080
0	0	0	0	0	10,620	10,620
0	0	0	0	0	732,547	680,433
0	0	0	0	0	0	63,487
0	0	125,230	0	0	125,230	0
0	0	0	524,338	0	524,338	542,363
0	0	0	3,641,062	0	5,141,062	6,419,571
<u>1,315,406</u>	<u>146,974</u>	<u>487,076</u>	<u>4,900,122</u>	<u>311,594</u>	<u>11,782,677</u>	<u>12,705,554</u>
0	0	0	0	0	0	94,267
0	0	0	0	\$37,397	37,397	37,397
0	0	104,880	0	7,251	112,131	7,251
77,982	35,619	7,572	20,311,623	84,316	20,517,112	19,116,757
<u>(14,722)</u>	<u>(10,703)</u>	<u>(11,793)</u>	<u>(11,739,695)</u>	<u>(98,061)</u>	<u>(11,874,974)</u>	<u>(10,893,020)</u>
63,260	24,916	100,659	8,571,928	30,903	8,791,666	8,362,652
<u>\$1,378,666</u>	<u>\$171,890</u>	<u>\$587,735</u>	<u>\$13,472,050</u>	<u>\$342,497</u>	<u>\$20,574,343</u>	<u>\$21,068,206</u>
\$252,911	\$4,012	\$28,757	\$67,719	\$32,863	\$630,394	\$977,777
46,230	0	0	77,712	59,339	208,072	200,331
54,621	0	0	91,641	67,724	256,576	254,580
976,000	0	0	0	0	3,139,186	3,497,161
<u>\$1,329,762</u>	<u>\$4,012</u>	<u>\$28,757</u>	<u>\$237,072</u>	<u>\$159,926</u>	<u>\$4,234,228</u>	<u>\$4,929,849</u>
\$63,260	\$24,916	\$100,659	\$8,571,928	\$30,903	\$8,791,666	\$8,362,652
<u>(14,356)</u>	<u>142,962</u>	<u>458,319</u>	<u>4,663,050</u>	<u>151,668</u>	<u>7,548,449</u>	<u>7,775,705</u>
<u>\$48,904</u>	<u>\$167,878</u>	<u>\$558,978</u>	<u>\$13,234,978</u>	<u>\$182,571</u>	<u>\$16,340,115</u>	<u>\$16,138,357</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, 2009

With comparative totals for December 31, 2008

Page 1 of 2

	#512 UNEMPLOYMENT COMPENSATION RESERVE	#513 EMPLOYEES' HEALTH BENEFIT RESERVE	#514 WORKERS' COMPENSATION RESERVE
OPERATING REVENUES			
Charges for Insurance	\$0	\$0	\$0
Charges for Services	0	0	0
Employer Contributions	117,392	7,666,516	1,245,097
Employee Contributions	0	1,569,498	58,727
Other Operating Revenue	0	0	0
Total Operating Revenues	<u>117,392</u>	<u>9,236,014</u>	<u>1,303,824</u>
OPERATING EXPENSES			
Operations and Maintenance	6,380	920,196	265,781
Administration / Overhead	31,160	260,729	126,870
Depreciation / Amortization	0	0	0
Other Benefits	99,112	8,778,917	640,335
Total Operating Expenses	<u>136,652</u>	<u>9,959,842</u>	<u>1,032,986</u>
Operating Income (Loss)	<u>(\$19,260)</u>	<u>(\$723,828)</u>	<u>\$270,838</u>
NON-OPERATING REVENUES (EXPENSES)			
Other Non-Operating / Grants	\$0	\$333,930	\$39,109
Interest Revenue	0	30,833	5,000
Gain (Loss) on Capital Assets Disposition	0	0	0
Non-Operating Revenue Net of Expenses	<u>\$0</u>	<u>\$364,763</u>	<u>\$44,109</u>
CHANGE IN NET ASSETS			
Income (Loss) Before Contributions and Transfers	(\$19,260)	(\$359,065)	\$314,947
Capital Contributions	0	0	0
Transfers In	0	0	0
Transfers (Out)	0	0	0
Total Change in Net Assets	<u>(19,260)</u>	<u>(359,065)</u>	<u>314,947</u>
Total Net Assets – January 1	<u>368,301</u>	<u>1,836,314</u>	<u>5,569</u>
Total Net Assets – December 31	<u><u>\$349,041</u></u>	<u><u>\$1,477,249</u></u>	<u><u>\$320,516</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, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS**

For the Year Ended December 31, 2009

With comparative totals for December 31, 2008

Page 2 of 2

#515 RISK MANAGEMENT RESERVE	#516 WELLNESS / EAP	#551 EQUIPMENT RENTAL	#555 ENVIRONMENTAL	#560 PUBLIC WORKS ADMINISTRATION	TOTAL	
					2009	2008
\$2,240,533	\$0	\$142,143	\$0	\$0	\$2,382,676	\$2,261,412
0	0	0	4,831,843	1,190,130	6,021,973	6,451,549
0	100,000	0	0	0	9,129,005	8,524,057
0	0	0	0	0	1,628,225	1,824,735
0	0	0	778	130	908	620
<u>2,240,533</u>	<u>100,000</u>	<u>142,143</u>	<u>4,832,621</u>	<u>1,190,260</u>	<u>19,162,787</u>	<u>19,062,373</u>
1,061,702	103,845	411,508	2,980,411	610,257	6,360,080	6,155,699
1,464,323	0	0	306,754	531,272	2,721,108	2,209,315
11,260	6,505	6,493	1,352,357	11,165	1,387,780	1,312,218
156,064	0	0	0	0	9,674,428	10,420,454
<u>2,693,349</u>	<u>110,350</u>	<u>418,001</u>	<u>4,639,522</u>	<u>1,152,694</u>	<u>20,143,396</u>	<u>20,097,686</u>
(\$452,816)	(\$10,350)	(\$275,858)	\$193,099	\$37,566	(\$980,609)	(\$1,035,313)
\$365,681	\$0	\$261,053	\$9,062	\$0	\$1,008,835	\$335,593
101,761	0	0	57,991	0	195,585	483,122
0	0	0	(41,497)	0	(41,497)	14,149
<u>\$467,442</u>	<u>\$0</u>	<u>\$261,053</u>	<u>\$25,556</u>	<u>\$0</u>	<u>\$1,162,923</u>	<u>\$832,864</u>
\$14,626	(\$10,350)	(\$14,805)	\$218,655	\$37,566	\$182,314	(\$202,449)
0	0	0	6,444	0	6,444	9,969
0	0	0	50,000	0	50,000	385,791
0	0	(37,000)	0	0	(37,000)	(63,554)
<u>14,626</u>	<u>(10,350)</u>	<u>(51,805)</u>	<u>275,099</u>	<u>37,566</u>	<u>201,758</u>	<u>129,757</u>
34,278	178,228	610,783	12,959,879	145,005	16,138,357	16,008,600
<u>\$48,904</u>	<u>\$167,878</u>	<u>\$558,978</u>	<u>\$13,234,978</u>	<u>\$182,571</u>	<u>\$16,340,115</u>	<u>\$16,138,357</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, 2009

With comparative totals for December 31, 2008

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	106,059	9,203,223	1,295,834
Cash Paid to Suppliers for Goods and Services	(8,307)	(1,066,516)	(285,430)
Cash Paid for Salaries and Benefits	(28,364)	(121,341)	(105,568)
Other Operating Revenues Collected	0	0	0
Cash Paid to Claimants and Beneficiaries	(83,201)	(8,743,723)	(925,415)
Net Cash Provided by Operating Activities	<u>(\$13,813)</u>	<u>(\$728,357)</u>	<u>(\$20,579)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer In / Other Non-Operating Revenue	\$0	\$333,930	\$39,109
Transfer Out	0	0	0
Net Cash Provided by Noncapital Financing Activities	<u>\$0</u>	<u>\$333,930</u>	<u>\$39,109</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 f / Sale and Maturity of Investment Securities	\$0	\$500,000	\$0
Interest Received on Investments	0	37,500	5,000
Purchase of Investment Securities	0	0	0
Net Cash Provided by Investing Activities	<u>\$0</u>	<u>\$537,500</u>	<u>\$5,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(\$13,813)</u>	<u>\$143,073</u>	<u>\$23,530</u>
Cash and Cash Equivalents at Beginning of Year	<u>\$391,959</u>	<u>\$758,366</u>	<u>\$1,075,223</u>
Cash and Cash Equivalents at End of Year	<u><u>\$378,146</u></u>	<u><u>\$901,439</u></u>	<u><u>\$1,098,753</u></u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Operating Income (Loss)	(\$19,260)	(\$723,828)	\$270,838
Adjustments to Reconcile Operating Inc (Loss) to Net Cash Provided by Operating Activities / Depreciation Change in Assets and Liabilities	0	0	0
(Increase) Decrease in Accounts Receivable	(11,333)	(32,791)	(7,990)
(Increase) Decrease in Inventory	0	0	0
Increase (Decrease) in Warrants / Accounts Payable	0	(10,031)	325
Increase (Decrease) in Wages / Benefits Payable	133	550	855
Increase (Decrease) in Compensated Absences Payable	736	2,549	473
Increase (Decrease) in Claims & Judgments Payable	15,911	35,194	(285,080)
Total Adjustments	<u>\$5,447</u>	<u>(\$4,529)</u>	<u>(\$291,417)</u>
Net Cash Provided by Operating Activities	<u>(\$13,813)</u>	<u>(\$728,357)</u>	<u>(\$20,579)</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, 2009

With comparative totals for December 31, 2008

Page 2 of 2

#515 RISK MANAGEMENT RESERVE	#516 WELLNESS / EAP	#551 EQUIPMENT RENTAL	#555 ENVIRONMENTAL	#560 PUBLIC WORKS ADMINISTRATION	TOTAL	
					2009	2008
\$0	\$0	\$142,143	\$4,832,621	\$1,190,260	\$6,165,024	\$6,588,704
2,240,533	100,000	0	0	0	12,945,649	12,434,365
(2,343,601)	(105,809)	(384,506)	(2,414,375)	(551,183)	(7,159,727)	(6,173,771)
(506,198)	0	0	(853,828)	(625,782)	(2,241,081)	(2,077,874)
0	0	0	0	0	0	620
(280,064)	0	0	0	0	(10,032,403)	(10,012,420)
<u>(\$889,330)</u>	<u>(\$5,809)</u>	<u>(\$242,363)</u>	<u>\$1,564,418</u>	<u>\$13,295</u>	<u>(\$322,538)</u>	<u>\$759,624</u>
\$365,681	\$0	\$135,823	\$9,062	\$0	\$883,605	\$333,061
0	0	(37,000)	0	0	(37,000)	(63,554)
<u>\$365,681</u>	<u>\$0</u>	<u>\$98,823</u>	<u>\$9,062</u>	<u>\$0</u>	<u>\$846,605</u>	<u>\$269,507</u>
\$0	\$0	\$0	\$21,572	\$0	\$21,572	\$82,236
(43,363)	(6,189)	(10,613)	(1,819,699)	0	(1,879,864)	(1,690,567)
0	0	0	56,444	0	56,444	385,791
<u>(\$43,363)</u>	<u>(\$6,189)</u>	<u>(\$10,613)</u>	<u>(\$1,741,683)</u>	<u>\$0</u>	<u>(\$1,801,848)</u>	<u>(\$1,222,540)</u>
\$1,000,000	\$0	\$0	\$2,278,509	\$0	\$3,778,509	\$1,027,319
118,000	0	0	98,572	0	259,072	511,430
0	0	0	(2,500,000)	0	(2,500,000)	(2,008,357)
<u>\$1,118,000</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$122,919)</u>	<u>\$0</u>	<u>\$1,537,581</u>	<u>(\$469,608)</u>
\$550,988	(\$11,998)	(\$154,153)	(\$291,122)	\$13,295	\$259,800	(\$663,017)
\$764,418	\$158,972	\$515,999	\$1,025,844	\$298,299	\$4,989,080	\$5,652,097
<u>\$1,315,406</u>	<u>\$146,974</u>	<u>\$361,846</u>	<u>\$734,722</u>	<u>\$311,594</u>	<u>\$5,248,880</u>	<u>\$4,989,080</u>
(\$452,816)	(\$10,350)	(\$275,858)	\$193,099	\$37,566	(\$980,609)	(\$1,035,313)
11,260	6,505	6,493	1,352,357	11,165	1,387,780	1,312,218
0	0	0	0	0	(52,114)	(38,684)
0	0	0	18,025	0	18,025	(251,798)
(334,338)	(1,964)	27,002	572	(28,948)	(347,382)	311,995
6,254	0	0	2,304	(2,355)	7,741	15,632
4,310	0	0	(1,939)	(4,133)	1,996	28,616
(124,000)	0	0	0	0	(357,975)	416,958
<u>(\$436,514)</u>	<u>\$4,541</u>	<u>\$33,495</u>	<u>\$1,371,319</u>	<u>(\$24,271)</u>	<u>\$658,071</u>	<u>\$1,794,937</u>
<u>(\$889,330)</u>	<u>(\$5,809)</u>	<u>(\$242,363)</u>	<u>\$1,564,418</u>	<u>\$13,295</u>	<u>(\$322,538)</u>	<u>\$759,624</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$7,791

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, 2009

Page 1 of 2

	BALANCE As Of 12/31/2009	LAND
General Government		
City Council / Manager / Clerks	\$1,174,418	\$0
Finance (Finance, Information Systems, Utility Services)	1,667,728	0
Human Resources	8,239	0
Legal	8,695	0
Municipal Court	99,835	0
Codes / Planning / City Hall	2,398,152	34,000
Engineering	44,732	0
Miscellaneous General Government	1,485,681	1,485,681
Total General Government	<u>\$6,887,480</u>	<u>\$1,519,681</u>
Public Safety		
Fire	\$13,366,919	\$297,389
Police	16,322,620	2,589,641
Total Public Safety	<u>\$29,689,539</u>	<u>\$2,887,030</u>
Physical Environment		
Codes	\$0	\$0
LID Construction	902,429	0
Cemetery	754,248	477,660
Total Physical Environment	<u>\$1,656,677</u>	<u>\$477,660</u>
Transportation		
Streets	\$143,668,410	\$1,210,895
Arterial Street	68,613,970	2,064,331
Transportation (Trolley)	864,226	28,500
Total Transportation	<u>\$213,146,606</u>	<u>\$3,303,726</u>
Economic Environment		
Senior Citizen Center	\$3,500,000	\$0
Community Development	1,243,291	398,748
Central Business District	10,805,818	0
Total Economic Environment	<u>\$15,549,109</u>	<u>\$398,748</u>
Culture and Recreation		
Bicentennial Pavilion (Original Convention Center)	\$9,309,775	\$1,193,729
Public Works Administration	0	0
Parks and Recreation	14,791,877	2,774,302
Southeast Community Center	634,846	60,579
Capitol Theatre	9,445,983	80,000
Cable TV	261,703	0
Convention Center	6,627,323	162,608
Gateway – Visitor Center	601,044	0
Total Culture and Recreation	<u>\$41,672,551</u>	<u>\$4,271,218</u>
Total	<u><u>\$308,601,962</u></u>	<u><u>\$12,858,063</u></u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental / 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, 2009

Page 2 of 2

BUILDINGS	IMPROVEMENTS	INFRASTRUCTURE	EQUIPMENT	CONSTRUCTION IN PROGRESS
\$1,135,895	\$13,094	\$0	\$25,429	\$0
51,280	17,669	0	928,000	670,779
0	0	0	8,239	0
8,695	0	0	0	0
6,312	4,507	0	89,016	0
2,323,898	40,254	0	0	0
0	0	0	44,732	0
0	0	0	0	0
<u>\$3,526,080</u>	<u>\$75,524</u>	<u>\$0</u>	<u>\$1,095,416</u>	<u>\$670,779</u>
\$6,788,639	\$105,726	\$0	\$6,103,226	\$71,939
11,461,769	109,683	0	2,161,527	0
<u>\$18,250,408</u>	<u>\$215,409</u>	<u>\$0</u>	<u>\$8,264,753</u>	<u>\$71,939</u>
\$0	\$0	\$0	\$0	\$0
0	0	0	0	902,429
135,841	140,747	0	0	0
<u>\$135,841</u>	<u>\$140,747</u>	<u>\$0</u>	<u>\$0</u>	<u>\$902,429</u>
\$0	\$178,330	\$142,052,631	\$226,554	\$0
0	26,008	53,249,433	0	13,274,198
209,324	192,205	0	175,000	259,197
<u>\$209,324</u>	<u>\$396,543</u>	<u>\$195,302,064</u>	<u>\$401,554</u>	<u>\$13,533,395</u>
\$3,500,000	\$0	\$0	\$0	\$0
52,161	13,050	734,561	44,771	0
0	258,236	8,479,113	59,404	2,009,065
<u>\$3,552,161</u>	<u>\$271,286</u>	<u>\$9,213,674</u>	<u>\$104,175</u>	<u>\$2,009,065</u>
\$7,644,646	\$334,337	\$0	\$137,063	\$0
0	0	0	0	0
1,468,466	10,371,271	0	45,414	132,424
574,267	0	0	0	0
5,568,125	0	0	473,420	3,324,438
3,407	63,053	0	195,243	0
6,145,685	225,465	0	93,565	0
601,044	0	0	0	0
<u>\$22,005,640</u>	<u>\$10,994,126</u>	<u>\$0</u>	<u>\$944,705</u>	<u>\$3,456,862</u>
<u>\$47,679,454</u>	<u>\$12,093,635</u>	<u>\$204,515,738</u>	<u>\$10,810,603</u>	<u>\$20,644,469</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, 2009

Page 1 of 1

	BALANCE AS OF 1/1/2009	ADDITIONS	DELETIONS	ADJUSTMENTS	BALANCE AS OF 12/31/2009
General Government					
City Council / Manager / Clerks	\$1,158,900	\$0	\$0	\$15,518	\$1,174,418
Finance (Finance, Info Systems, Utility Services)	1,033,319	412,726	(138,439)	360,122	1,667,728
Human Resources	4,369	0	0	3,870	8,239
Legal	8,695	0	0	0	8,695
Municipal Court	102,615	0	0	(2,780)	99,835
Codes / Planning / City Hall	821,295	94,928	0	1,481,929	2,398,152
Engineering	26,155	0	0	18,577	44,732
Miscellaneous General Government	2,635,654	0	0	(1,149,973)	1,485,681
Total General Government	<u>\$5,791,002</u>	<u>\$507,654</u>	<u>(\$138,439)</u>	<u>\$727,263</u>	<u>\$6,887,480</u>
Public Safety					
Fire	\$13,143,125	\$387,884	(\$15,045)	(\$149,045)	\$13,366,919
Police	15,339,079	666,716	(14,900)	331,725	16,322,620
Total Public Safety	<u>\$28,482,204</u>	<u>\$1,054,600</u>	<u>(\$29,945)</u>	<u>\$182,680</u>	<u>\$29,689,539</u>
Physical Environment					
LID Construction	\$82,075	\$820,354	\$0	\$0	\$902,429
Cemetery	754,249	0	0	0	754,249
Total Physical Environment	<u>\$836,324</u>	<u>\$820,354</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,656,678</u>
Transportation					
Streets	\$1,170,460	\$361,553	\$0	\$142,136,397	\$143,668,410
Arterial Street	208,296,219	4,846,345	0	(144,528,594)	68,613,970
Transportation (Trolley)	1,376,916	4,307	0	(516,997)	864,226
Total Transportation	<u>\$210,843,595</u>	<u>\$5,212,205</u>	<u>\$0</u>	<u>(\$2,909,194)</u>	<u>\$213,146,606</u>
Economic Environment					
Senior Citizen Center	\$3,839,162	\$0	\$0	(\$339,162)	\$3,500,000
Community Development	1,476,312	0	0	(233,021)	1,243,291
Central Business District	10,368,809	218,874	0	218,135	10,805,818
Total Economic Environment	<u>\$15,684,283</u>	<u>\$218,874</u>	<u>\$0</u>	<u>(\$354,048)</u>	<u>\$15,549,109</u>
Culture and Recreation					
Bicentennial Pavilion	\$9,506,707	\$0	\$0	(\$196,932)	\$9,309,775
Public Works Administration	7,505	0	0	(7,505)	0
Parks and Recreation	15,231,512	234,495	0	(674,130)	14,791,877
Southeast Community Center	404,318	0	0	230,528	634,846
Capitol Theatre	6,365,245	2,955,336	0	125,402	9,445,983
Cable TV	327,596	0	0	(65,893)	261,703
Convention Center	6,440,636	0	0	186,687	6,627,323
Gateway – Visitor Center	148,011	0	0	453,033	601,044
Total Culture and Recreation	<u>\$38,431,530</u>	<u>\$3,189,831</u>	<u>\$0</u>	<u>\$51,190</u>	<u>\$41,672,551</u>
Total Governmental Fund Assets	<u>\$300,068,938</u>	<u>\$11,003,518</u>	<u>(\$168,384)</u>	<u>(\$2,302,109)</u>	<u>\$308,601,963</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, 2009

Page 1 of 1

	BEGINNING BALANCE	ADDITIONS	DELETIONS	ADJUSTMENTS	ENDING BALANCE
General Capital Assets					
Land	\$11,672,483	\$1,522,827	\$0	(\$337,248)	\$12,858,062
Buildings	48,831,314	94,928	0	(1,246,787)	47,679,455
Improvements Other Than Buildings	11,469,199	4,117	0	613,454	12,086,770
Equipment	9,116,195	805,046	(40,784)	255,084	10,135,541
Infrastructure	198,202,331	217,803	0	6,095,604	204,515,738
Construction in Progress	19,509,797	8,358,797	0	(7,224,125)	20,644,469
Capitalized Leases	1,267,620	0	(127,600)	(458,092)	681,928
Total General Capital Assets	<u>\$300,068,939</u>	<u>\$11,003,518</u>	<u>(\$168,384)</u>	<u>(\$2,302,110)</u>	<u>\$308,601,963</u>
Investment In General Capital Assets					
1984 Physical Inventory	\$16,528,161	\$0	\$0	(\$607,791)	\$15,920,370
Federal Grants	1,550,967	0	0	0	1,550,967
State Grants	551,428	0	0	0	551,428
Interlocal Grants	143,728,214	0	0	0	143,728,214
General Fund	2,167,413	130,375	(153,339)	0	2,144,449
Special Revenue Funds	1,268,226	9,178	0	0	1,277,404
Federal Revenue Sharing	394,765	0	0	0	394,765
General Obligation Bond	22,089,743	0	0	0	22,089,743
Capital Projects	41,969,394	2,100,506	(15,045)	(1,694,319)	42,360,536
Grants / GOB / Local Match	65,426,996	8,763,459	0	0	74,190,455
Private Contributions	4,393,632	0	0	0	4,393,632
Total Investment in General Capital Assets	<u>\$300,068,939</u>	<u>\$11,003,518</u>	<u>(\$168,384)</u>	<u>(\$2,302,110)</u>	<u>\$308,601,963</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, 2009

Page 1 of 5

	ID No.	PURPOSE	AMOUNT OF ISSUE	DATE OF ISSUE	DATE OF FINAL MATURITY
General Obligation Debt					
Criminal 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
Convention Center Expansion (Refunding)	251.15	594.75.65	4,175,000	09/07/2004	11/01/2019
Convention Center Addition	251.11	594.75.65	6,735,000	06/10/2002	06/01/2026
Convention 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 Road 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
Capitol Theatre Expansion	251.11	59475	7,035,000	08/28/2009	12/01/2032
Total			\$38,515,528		
Revenue Bonds					
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 Refunding 1998	252.15	59434	1,883,951	06/05/2008	11/01/2018
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			\$31,600,000		
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
Total			\$866,563		

**SCHEDULE #9
LONG-TERM DEBT**

For the Year Ended December 31, 2009

Page 2 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
\$2,360,000	0	39110-BND	283	\$450,000	591.21-710	283	\$1,910,000	4.35-5.25%
1,545,000	0	39110-BND	284	215,000	591.22-710	284	1,330,000	2.00-3.50%
3,720,000	0	39110-BND	370	300,000	591.75-710	287	3,420,000	2.00-4.20%
885,000	0	39110-BND	370	210,000	591.75-710	272	675,000	3.00-5.00%
4,900,000	0	39110-BND	272	10,000	591.75-710	272	4,890,000	4.00-5.00%
1,298,052	0	39110-BND	392	124,241	59175-710	281	1,173,811	2.34-4.72%
560,000	0	39110-BND	331	70,000	59176-710	281	490,000	4.00-4.50%
1,620,000	0	39110-BND	142	150,000	591.42-710	281	1,470,000	4.00-5.00%
775,000	0	39110-BND	332	45,000	591.22-710	281	730,000	4.00-5.00%
1,415,000	0	39110-BND	321	75,000	591.42-710	281	1,340,000	4.00-4.50%
750,000	0	39110-BND	332	40,000	591.22-710	281	710,000	3.25-4.00%
2,145,000	0	39110-BND	142	165,000	591.42-710	281	1,980,000	3.25-4.00%
0	7,035,000	39110-BND	322	175,000	591.42-710	272	6,860,000	3.00-6.60%
<u>\$21,973,052</u>	<u>\$7,035,000</u>			<u>\$2,029,241</u>			<u>\$26,978,811</u>	
\$124,575	\$0	39110-BND	484	\$40,012	582.34-720	484	\$84,563	4.00-4.30%
1,385,425	0	39110-BND	484	444,988	582.35-720	484	940,437	4.00-4.30%
1,875,000	0	39110-BND	477	155,000	582.34-720	486	1,720,000	4.00-5.00%
14,170,000	0	39110-BND	478	705,000	582.35-720	493	13,465,000	2.00-5.00%
5,365,000	0	39110-BND	478	190,000	582.35-720	488	5,175,000	4.00-5.00%
4,805,000	0	39110-BND	479	110,000	582.38-720	491	4,695,000	2.00-4.80%
<u>\$27,725,000</u>	<u>\$0</u>			<u>\$1,645,000</u>			<u>\$26,080,000</u>	
\$4,500	\$0	39170-770	345	\$4,500	59135-770	289	\$0	9.75%
125,400	0	39170-770	345	36,400	59135-770	289	89,000	8.75%
100,000	0	39170-770	345	17,500	59135-770	289	82,500	9.25%
104,700	0	39170-770	345	19,700	59135-770	289	85,000	9.25%
<u>\$334,600</u>	<u>\$0</u>			<u>\$78,100</u>			<u>\$256,500</u>	

SCHEDULE #9
LONG-TERM DEBT

For the Year Ended December 31, 2009

Page 3 of 5

	<u>ID No.</u>	<u>PURPOSE</u>	<u>AMOUNT OF ISSUE</u>	<u>DATE ISSUE</u>	<u>DATE OF FINAL MATURITY</u>
Intergovernment Loans					
<i>(Public Works Trust And State Revolving Fund)</i>					
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
PC08-951-051	263.82	594.34.65	2,257,200	04/15/2009	07/01/2028
PC08-951-052	263.81	595.50.65	3,000,000	08/14/2009	07/01/2028
CERB Loan #C95-107	263.81	594.50.65	425,448	08/21/1995	07/01/2016
Total			<u>\$30,545,957</u>		
Due To Other Governmental Units					
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	06/01/2013
Total			<u>\$500,000</u>		
Lease Purchase Agreements					
#35416 – Police Video	263.53	594.18.66	\$93,414	06/01/2004	03/01/2009
#35943 – Printer / Copier	263.53	59421.66	325,000	07/09/2004	04/09/2009
Mobile Wireless Data Network	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			<u>\$510,962</u>		
Grand Total			<u><u>\$102,539,010</u></u>		

**SCHEDULE #9
LONG-TERM DEBT**

For the Year Ended December 31, 2009

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
\$42,151	\$0	39180-DCD		\$42,151	59142-780	342	\$0	1.00%
6,377	0	39180-DCD		6,377	59138-780	342	0	3.00%
27,273	0	39180-DCD	477	27,273	58234-78P	474	0	3.00%
63,512	0	39180-DCD		31,756	59142-780	142	31,756	3.00%
149,913	0	39180-DCD		49,971	59142-780	142	99,942	1.00%
182,006	0	39180-DCD		60,669	59138-780	342	121,337	3.00%
246,924	0	39180-DCD	476	61,731	58235-78P	473	185,193	1.00%
852,528	0	39180-DCD	478	170,505	58235-78P	473	682,023	1.00%
245,394	0	39180-DCD	476	40,889	58235-78P	473	204,505	1.00%
372,755	0	39180-DCD		53,251	59142-780	142	319,504	1.00%
1,143,621	0	39180-DCD	478	163,374	58235-78P	473	980,247	1.00%
81,796	0	39180-DCD	476	11,685	58235-78P	473	70,111	1.00%
252,095	0	39180-DCD	142	126,047	59142-780	142	126,048	1.00%
1,009,125	0	39180-DCD	476/477	77,625	58235-78P	473	931,500	0.50%
2,020,875	0	39180-DCD	477	134,725	58234-78P	474	1,886,150	0.50%
1,989,619	0	39180-DCD	476	117,036	58235-78P	473	1,872,583	0.50%
2,185,000	115,000	39180-DCD	478	115,000	58235-78P	473	2,185,000	0.50%
790,663	0	39180-DCD	477	47,073	58234-78P	474	743,590	0.50%
0	1,015,740	39180-DCD	477	0	58234-78P	474	1,015,740	0.50%
0	600,000	39180-DCD	392	0	59142-780	392	600,000	0.50%
225,519	0	39180-DCD		23,198	59119-780	000	202,321	5.50%
<u>\$11,887,146</u>	<u>\$1,730,740</u>			<u>\$1,360,336</u>			<u>\$12,257,550</u>	
\$15,141	\$0	39180-COU		\$4,841	59142-780	142	\$10,300	4.20%
21,428	0	39180-COU		10,714	59173-780	170	10,714	1.10%
10,706	0	39180-COU	476	5,240	58235-78P	473	5,466	1.10%
38,396	0	39180-COU	474	8,826	58234-780	474	29,570	5.62%
42,702	0	39180-COU	142	9,734	59142-780	142	32,968	6.18%
21,987	0	39180-COU	142	5,054	59142-780	142	16,933	5.62%
214,000	0	39180-COU	142	40,111	59142-780	142	173,889	6.18%
<u>\$364,360</u>	<u>\$0</u>			<u>\$84,520</u>			<u>\$279,840</u>	
\$5,038	\$0	39150-CLF	000	\$5,038	59118-750	000	\$0	3.25%
34,873	0	39150-CLF	333	34,873	59121-750	000	0	3.19%
8,837	0	39150-CLF	000	8,837	59118-750	000	0	3.97%
22,958	0	39150-CLF	000	12,899	59118-750	000	10,059	4.36%
<u>\$71,706</u>	<u>\$0</u>			<u>\$61,647</u>			<u>\$10,059</u>	
<u>\$62,355,864</u>	<u>\$8,765,740</u>			<u>\$5,258,844</u>			<u>\$65,862,760</u>	

SCHEDULE #9
LONG-TERM DEBT

For the Year Ended December 31, 2009

Page 5 of 5

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, 2009

Page 1 of 1

TOTAL TAXABLE PROPERTY VALUE – \$5,389,218,769

		REMAINING DEBT CAPACITY
2.50% (\$134,730,469) General Purposes limit is allocated between:		
Up to 1.5% debt without a vote (councilmanic)	\$80,838,282	
Less: Outstanding Debt	36,509,233	
Less: Contracts Payable	10,059	
Less: Excess of Debt with a Vote	0	
Add: Available Assets	9,175,868	
Equals: Remaining Debt Capacity without a vote		<u>\$53,494,858</u>
1% general purposes debt with a vote	\$53,892,188	
Less : Outstanding Debt	1,330,000	
Less: Contracts Payable	0	
Add: Available Assets	204,737	
Equals: Remaining Debt Capacity with a vote		<u>\$52,766,925</u>
2.5% Utility purpose limit, voted	\$134,730,469	
Less : Outstanding Debt	0	
Less: Contracts Payable	0	
Add: Available Assets	0	
Equals: Remaining Debt Capacity – utility purpose, voted		<u>\$134,730,469</u>
2.5% Open space, park and capital facilities, voted	\$134,730,469	
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>\$134,730,469</u></u>

SCHEDULE #16
EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2009

Page 1 of 2

GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	CFDA No.	OTHER I.D. NUMBER	FROM PASS- THROUGH AWARDS	FROM DIRECT AWARDS	NOTE
U. S. Department of Housing & Urban Development					
Community Dev Block Grant / Entitlement Grants	14.218	B 09-MC-53-0008		\$84,604	
Community Dev Block Grant / Entitlement Grants	14.218	B 08-MC-53-0008		1,209,339	
Community Dev Block Grant / Entitlement Grants	14.218	CDBG Program Income		73,308	3
Sub-Total				<u>\$1,367,251</u>	
Home Investment Partnerships Program	14.239	M09-MC53-0203		160,081	
Home Investment Partnerships Program	14.239	M08-MC53-0203		657,439	
Home Investment Partnerships Program	14.239	Home Program Income		203,930	3
Sub-Total				<u>1,021,450</u>	
Community Dev Block Grant / Economic Dev Initiative	14.246	B-04-SP-WA-0866		82,863	
Total Department of Housing and Urban Development				<u>\$2,471,564</u>	
U. S. Department of Justice					
Edward Byrne Memorial State and Local	16.580	2008-DD-BX-0482		\$143,367	
State Criminal Alien Assistant Program	16.606	2009-AP-BX-0439		25,925	
Public Safety Partnership & Community Policing Grants	16.710	2008-CKWX0543		182,172	
Edward Byrne Memorial Justice Assistance Grant	16.738	2007-DJ-BX-1217		65,020	
ARRA Edward Byrne Memorial Justice Assistance Grant	16.804	ARRA 2009-SB-B9-1257		80,525	7
Total U.S. Department of Justice				<u>\$497,009</u>	
U. S. Department of Transportation					
Federal Transit Administration - Formula Grant	20.507	WA-90X452-00		\$1,762,894	
ARRA Federal Transit Administration	20.507	WA-96-X016-00		150,005	7
Sub-Total				<u>1,912,899</u>	
Passed-through Washington State Dept of Transportation					
Highway Plan & Const - Railroad Grade Separation	20.205	STPX-000S (062)	\$1,362,687		2
Highway Plan & Const - Trolley Restoration	20.205	STPE-1485(019)	4,308		2
Highway Plan & Const - Wm Douglas Trail / 6th Ave	20.205	STPE-1485(020)	21,953		2
Highway Plan & Const - Wm Douglas Trail / Bridge	20.205	STPE-1485(020)	235,180		2
Highway Plan & Const - Coolidge Rd. Widening	20.205	CM-4560(001)	22,397		2
Highway Plan & Const - Nob Hill Blvd. Overpass Repairs	20.205	BHM4566(008)	1,108,850		2
ARRA Highway Plan & Const - Nob Hill Improvements	20.205	ARRA-4566(009)	515,410		2,7
Sub-Total			<u>3,270,785</u>		
Total U.S. Department of Transportation			<u>\$3,270,785</u>	<u>\$1,912,899</u>	
U. S. Department of Energy					
ARRA Energy Efficiency and Conservation Block Grant	81.128	ARRA-DE-SC0003043		\$7,563	7

SCHEDULE #16
EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2009

Page 2 of 2

GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	CFDA No.	OTHER I.D. NUMBER	FROM PASS- THROUGH AWARDS	FROM DIRECT AWARDS	NOTE
U. S. Department of Health and Human Services (DSHS)					
Passed-through Yakima County					
Special Programs for the Aging / Disease Prevention	93.043	0969-54703	\$876		
Special Programs for the Aging / Disease Prevention	93.043	0969-54703	<u>33,161</u>		
Sub-Total CFDA 93.043			34,037		
Special Prog for the Aging / Grants for Supportive Svcs	93.044	0969-54703	<u>12,246</u>		
Sub-Total Passed-through Yakima County			\$46,283		
Passed-through DSHS Division of Child Support (DCS)					
Healthy Marriage Promotion & Responsible Fatherhood	93.086	0664-94430	<u>332,946</u>		
Total U.S. Department Health Passed-through			\$379,229		
Corporation for National and Community Service					
Passed-through WA State Employment Security					
AmeriCorps Recovery	94.006	K987	\$69,793		
Homeland Security					
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083	EMW-2005-FF-00188		\$69,000	
			<u>\$3,719,807</u>	<u>\$4,958,035</u>	
Total Federal Assistance Direct & Pass-Through Awards			<u>\$8,677,842</u>		

SCHEDULE #16
EXPENDITURES OF STATE AND LOCAL AWARDS

For the Year Ended December 31, 2009

Page 1 of 2

GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	BARS ACCOUNT No.	DETAIL INFORMATION	CURRENT YEAR EXPENDITURES
STATE ASSISTANCE			
Washington State Department of Transportation (WSDOT)			
Tieton Drive Pedestrian Safety	334.03	Project 2233	\$9,291
Capital Transit Grant	334.03		233,186
ADA Transit Grant	334.03		88,355
Subtotal			<u>330,832</u>
WA State Department of Community, Trade & Economic Development			
Downtown Revitalization	334.04		14,911
Washington State Recreation & Conservation Office			
Washington Wildlife and Recreation Program	334.02	Project 2239	175,028
Washington State Transportation Improvement Board			
Railroad Grade Separation	334.03	Project 1818	150,000
Washington Avenue, 16th Intersection	334.03	Project 2232	77,248
Subtotal			<u>227,248</u>
Washington State Department of Ecology			
Ecology Mapping Grant	334.03		108,682
Alternative to Burning Grant	334.03		25,000
Richardson Airway Dirt Cleanup	334.03	Project 2145	150,312
Yakima Airport Tank Cleanup	334.03	Project 2274	110,741
Subtotal			<u>394,735</u>
Washington State Department of Social and Health Services			
State Respite	334.04		26,376
Pre-hospital (Emergency Mgmt)	334.04		1,726
Subtotal			<u>28,102</u>
Washington State Office of Public Defense			
Indigent Defense Cities Grant	334.01		150,000
Washington Auto Theft Prevention Authority			
Motor Vehicle Theft Reduction	334.01		144,166
Washington Traffic Safety Commission			
Police Overtime	334.03		75,865
Total State Assistance			<u>\$1,540,887</u>

SCHEDULE #16
EXPENDITURES OF STATE AND LOCAL AWARDS

For the Year Ended December 31, 2009

Page 2 of 2

GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	BARS ACCOUNT No.	DETAIL INFORMATION	CURRENT YEAR EXPENDITURES
LOCAL ASSISTANCE			
Yakima County Interlocal Grant			
Jeld Wen (SIED)	337.07		\$100,000
Italstone (SIED)	337.00		214,000
Purchasing Department Remodel	337.00		13,216
Yakima Sawmill Redevelopment Study	337.07		50,000
Subtotal			<u>377,216</u>
Yakama Indian Nation			
Yakima Police Department	337.07		5,000
Upper Kiwanis Development	337.00		124,893
Sunrise Rotary			
Fire	337.07		7,710
Total Local Assistance			<u>\$514,819</u>
Total State and Local Assistance			<u><u>\$2,055,706</u></u>

SCHEDULE #16**NOTES TO THE SCHEDULE OF EXPENDITURES**

For the Year Ended December 31, 2009

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 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. There were no new loans in 2009. Since the City is only contingently liable, this amount is not included in the Schedule of Long-Term Debt. See Note 8 – Contingencies in the Basic Financial Statements section for details of the entire program.

NOTE 5 – NONCASH AWARDS

Not Applicable.

NOTE 6 – AMOUNT PAID TO SUBRECIPIENTS

The City of Yakima paid the following amounts to subrecipients:

CDBG-14.218 – \$250,000

ARRA-16.804 – \$80,525

NOTE 7 – AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009

Expenditures for this program were funded by ARRA.

SCHEDULE #17**LIMITATION ON PUBLIC WORKS PROJECTS PERFORMED BY PUBLIC EMPLOYEES**

For the Year Ended December 31, 2009

Page 1 of 1

1. Total current public work construction budget as amended (annual or biennial as applicable)	\$45,208,350
2. Allowable public works (10% of line 1)	4,520,835
3. Less: Amount (if any) in excess of permitted amount from prior budget period	0
4. Total allowable public works (line 2 minus line 3)	<u>4,520,835</u>
5. Total public works projects performed by public employees during the current year (include work performed by a county)	124,886
6. If this is the second year of a biennial budget, total public works projects performed by public employees during the first year of biennium	0
7. Restricted under (over) allowable (line 4 minus line 5 minus line 6)	<u>\$4,395,949</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, 2009

Page 1 of 1

NAME OF FIRM:

Menke Jackson Beyer Ehlis & Harper, LLP

NAME OF CONSULTANT:

A. Menke / R. Jackson

BUSINESS ADDRESS:

807 North 39th Avenue
Yakima, Washington 98901

AMOUNT PAID TO CONSULTANT DURING FISCAL YEAR:

\$6,253.36

TERMS AND CONDITIONS, AS APPLICABLE, INCLUDING:

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

\$140 an hour plus reimbursable cost (long distance, postage and copy charges)

Maximum Compensation Allowed:

None

Duration of Services:

Ongoing

Services Provided:

Labor negotiations and arbitration for Police, Fire and AFSCME.

Certified correct this ____ day of _____, 2010 to the best of my knowledge and belief:

Signature : _____

Name: Cindy J. Epperson

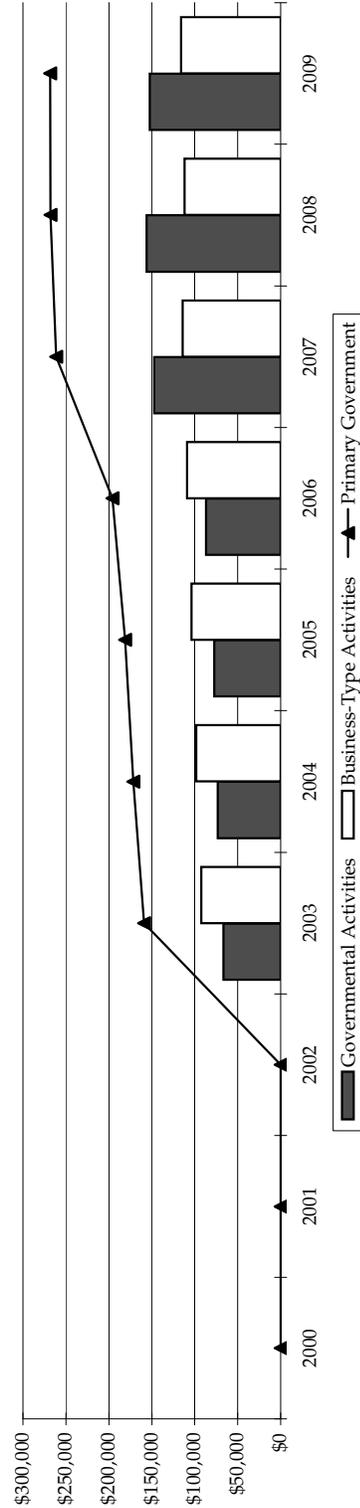
Title: Deputy Director of Accounting and Budgeting

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	2000	2001	2002	2003	2004	2005	2006	2007 ⁽¹⁾	2008	2009
GOVERNMENT ACTIVITIES										
Invested in Capital Assets, Net of Related Debt Restricted	\$0	\$0	\$0	\$50,464	\$60,441	\$63,513	\$72,842	\$121,925	\$130,196	\$128,071
Unrestricted	0	0	0	4,914	4,831	4,792	4,238	10,991	9,804	9,286
Total Governmental Activities Net Assets	\$0	\$0	\$0	\$66,573	\$73,332	\$77,256	\$86,748	\$147,243	\$156,073	\$152,285
BUSINESS TYPE ACTIVITIES										
Invested in Capital Assets, Net of Related Debt Restricted	\$0	\$0	\$0	\$80,072	\$84,227	\$86,609	\$89,124	\$90,617	\$86,560	\$98,161
Unrestricted	0	0	0	2,610	2,665	2,701	2,705	2,722	2,362	2,366
Total Business Type Activities Net Assets	\$0	\$0	\$0	\$92,374	\$98,142	\$103,923	\$108,985	\$114,110	\$111,885	\$115,976
PRIMARY GOVERNMENT										
Invested in Capital Assets, Net of Related Debt Restricted	\$0	\$0	\$0	\$130,536	\$144,668	\$150,122	\$161,966	\$212,542	\$216,756	\$226,232
Unrestricted	0	0	0	7,524	7,496	7,493	6,943	13,713	12,166	11,652
Total Primary Government Net Assets	\$0	\$0	\$0	\$158,947	\$171,474	\$181,179	\$195,733	\$261,353	\$267,958	\$268,261



(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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
EXPENSES										
Governmental Activities										
General Government	\$0	\$0	\$0	\$6,774	\$7,147	\$7,381	\$7,336	\$7,867	\$8,145	\$8,656
Security of Persons and Property	0	0	0	26,468	28,391	30,222	32,059	33,706	36,959	40,009
Physical Environment	0	0	0	1,225	1,176	1,232	1,339	872	1,355	1,190
Transportation	0	0	0	5,811	5,584	5,962	6,821	11,516	11,213	11,109
Economic Environment	0	0	0	3,143	3,422	3,747	3,937	4,007	4,146	4,821
Mental and Physical Health	0	0	0	15	17	43	17	20	19	86
Cultural and Recreational Environment	0	0	0	6,891	7,066	7,601	7,819	6,807	7,156	7,021
Interest on Long-Term Debt	0	0	0	1,063	850	809	815	871	863	1,004
Total Governmental Activities	0	0	0	51,390	53,653	56,997	60,143	65,666	69,856	73,896
Business Type Activities										
Transit	0	0	0	5,282	5,526	6,282	6,769	7,317	8,323	7,929
Refuse	0	0	0	2,861	2,751	3,154	3,176	3,521	3,971	4,218
Wastewater	0	0	0	10,172	11,565	11,173	11,545	11,794	12,167	12,297
Water	0	0	0	4,406	4,586	4,921	5,044	5,395	5,520	5,748
Irrigation	0	0	0	1,222	1,220	1,645	1,572	1,568	1,695	1,733
Stormwater	0	0	0	0	0	0	0	0	583	1,028
Total Business Type Activities	0	0	0	23,943	25,648	27,175	28,106	29,595	32,259	32,953
Total Expenses	\$0	\$0	\$0	\$75,333	\$79,301	\$84,172	\$88,249	\$95,261	\$102,115	\$106,849

CHANGE IN NET ASSETS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
General Government	\$0	\$0	\$0	\$47	\$196	\$156	\$170	\$145	\$19	\$12
Security of Persons and Property	0	0	0	1,995	1,746	1,561	1,389	1,625	1,823	2,539
Physical Environment	0	0	0	422	605	875	1,101	901	980	649
Transportation	0	0	0	98	130	84	64	261	161	59
Economic Environment	0	0	0	1,141	1,146	1,059	1,259	2,072	1,664	1,673
Cultural and Recreational Environment	0	0	0	1,515	1,565	1,533	1,744	1,922	2,037	2,070
Operating Grants and Contributions	0	0	0	5,051	4,542	5,134	5,235	4,640	5,488	6,378
Capital Grants and Contributions	0	0	0	2,866	9,311	3,921	9,301	14,595	4,961	5,090
Total Governmental Activities	0	0	0	13,135	19,241	14,323	20,263	26,161	17,133	18,470
Business Type Activities										
Charges for Services										
Transit	0	0	0	427	422	450	484	578	1,234	931
Refuse	0	0	0	3,080	3,335	3,508	3,861	3,952	4,244	4,655
Wastewater	0	0	0	12,102	14,691	14,125	14,614	14,433	14,898	15,941
Water	0	0	0	4,973	5,208	5,381	6,158	6,360	6,394	7,097
Irrigation	0	0	0	1,792	2,479	2,435	2,449	2,486	2,563	2,646
Stormwater	0	0	0	0	0	0	0	0	1,065	1,707
Operating Grants and Contributions	0	0	0	1,552	1,803	3,103	2,801	2,386	2,102	2,019
Capital Grants and Contributions	0	0	0	4,103	2,053	2,387	1,912	2,789	3,345	1,659
Total Business Type Activities	0	0	0	28,029	29,991	31,389	32,279	32,984	35,845	36,655
Total Program Revenues	\$0	\$0	\$0	\$41,164	\$49,232	\$45,712	\$52,542	\$59,145	\$52,978	\$55,125
NET (EXPENSE) / REVENUE										
Governmental Activities	\$0	\$0	\$0	(\$38,255)	(\$34,412)	(\$42,674)	(\$39,880)	(\$39,505)	(\$52,723)	(\$55,426)
Business Type Activities	0	0	0	4,086	4,343	4,214	4,173	3,389	3,586	3,702
Total Net Expenses	\$0	\$0	\$0	(\$34,169)	(\$30,069)	(\$38,460)	(\$35,707)	(\$36,116)	(\$49,137)	(\$51,724)

CHANGE IN NET ASSETS

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS										
Governmental Activities										
Taxes										
Property Taxes	\$0	\$0	\$0	\$11,853	\$12,199	\$12,435	\$13,265	\$13,071	\$13,782	\$14,261
Sales and Use Taxes	0	0	0	13,328	14,055	15,690	17,113	18,393	18,990	17,810
Franchise and Utility Taxes	0	0	0	7,582	7,763	8,302	9,045	9,025	9,584	10,293
Excise Tax	0	0	0	1,646	2,612	3,213	3,081	3,469	2,839	2,412
Penalties and Interest	0	0	0	12	2	1	11	10	3	5
Grants and Contributions not Restricted	0	0	0	175	0	0	0	0	0	0
State Entitlements	0	0	0	2,675	2,774	2,953	3,497	3,790	3,614	3,739
Unrestricted Investment Interest	0	0	0	426	415	735	695	913	863	556
Miscellaneous	0	0	0	(260)	41	57	137	(38)	147	101
Gain on Sale of Capital Assets	0	0	0	(7)	(1,012)	257	(695)	(553)	135	85
Intergovernmental Agreements	0	0	0	(1,406)	0	0	(39)	0	0	0
Transfers	0	0	0	2,637	2,797	2,950	3,084	2,624	3,664	4,188
Debt Issue Cost	0	0	0	0	0	4	0	0	(3)	(31)
Acctg Loss on General Obligation of Debt Ref	0	0	0	(295)	(474)	0	140	0	0	0
Total Governmental Activities	0	0	0	38,366	41,172	46,597	49,334	50,704	53,618	53,419
Business Type Activities										
Sales and Use Taxes	0	0	0	3,895	4,138	4,234	4,511	4,789	4,828	4,490
Unrestricted Investment Interest	0	0	0	124	269	560	656	380	198	100
Gain on Sale of Capital Assets	0	0	0	(139)	8	(56)	100	(227)	1,286	(1)
Transfers	0	0	0	(3,122)	(2,990)	(3,171)	(3,315)	(3,207)	(4,188)	(4,201)
Extraordinary Item	0	0	0	(8,332)	0	0	0	0	0	0
Total Business Type Activities	0	0	0	(7,574)	1,425	1,567	1,952	1,735	2,124	388
Total Primary Government	\$0	\$0	\$0	\$30,792	\$42,597	\$48,164	\$51,286	\$52,439	\$55,742	\$53,807
CHANGE IN NET ASSETS										
Governmental Activities	\$0	\$0	\$0	\$111	\$6,760	\$3,923	\$9,454	11,199	\$895	(\$2,007)
Business Type Activities	0	0	0	(3,488)	5,768	5,781	6,125	5,124	5,710	4,090
Total Primary Government	\$0	\$0	\$0	(\$3,377)	\$12,528	\$9,704	\$15,579	\$16,323	\$6,605	\$2,083

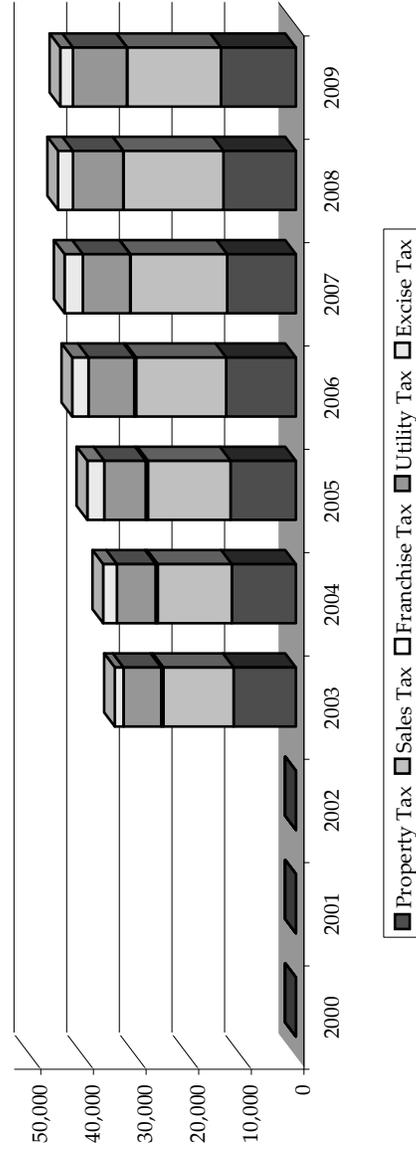
NOTE: Less than ten years data is provided because 2003 was the first year for government-wide expenses under GASB #34.

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
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
2009	14,261	17,810	53	10,240	2,412	44,776



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 – Modified Accrual Basis of Accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GENERAL FUND										
Reserved	\$0	\$0	\$0	\$481	\$384	\$278	\$377	\$458	\$464	\$356
Unreserved	0	0	0	8,476	8,467	8,686	9,145	10,034	10,583	8,486
Total General Fund	0	0	0	8,957	8,851	8,964	9,522	10,492	11,047	8,842
COMMUNITY DEVELOPMENT FUND										
Reserved	0	0	0	631	1,120	1,016	1,045	2,257	290	377
Unreserved	0	0	0	(157)	(813)	(661)	(779)	(1,861)	0	0
Total Community Development Fund	0	0	0	474	307	355	266	396	290	377
PARKS & RECREATION FUND										
Reserved	0	0	0	24	8	1	0	0	0	0
Unreserved	0	0	0	459	464	478	0	0	0	0
Total Parks & Recreation Fund	0	0	0	483	472	479	0	0	0	0
STREETS & TRAFFIC ENGINEERING FUND										
Reserved	0	0	0	340	346	108	0	0	0	0
Unreserved	0	0	0	1,047	989	1,233	0	0	0	0
Streets & Traffic Engineering Fund	0	0	0	1,387	1,335	1,341	0	0	0	0
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	0	0	0	3,139	2,973	3,389	2,817	2,909	1,685	2,943
Unreserved	0	0	0	4,258	3,470	3,874	4,937	5,962	7,096	6,591
Special Revenue Funds	0	0	0	3,382	2,478	3,288	3,981	6,312	6,039	8,672
Capital Project Funds	0	0	0	10,779	8,921	10,551	11,735	15,183	14,820	18,206
Total All Other Governmental Funds	0	0	0	22,080	\$19,886	\$21,690	\$21,523	\$26,071	\$26,157	\$27,425
GOVERNMENTAL FUNDS										
Reserved	0	0	0	4,615	4,831	4,792	4,239	5,624	2,439	3,676
Unreserved	0	0	0	17,465	15,055	16,898	17,284	20,447	23,718	23,749
Grand Total Governmental Funds	\$0	\$0	\$0	\$22,080	\$19,886	\$21,690	\$21,523	\$26,071	\$26,157	\$27,425

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 – Modified Accrual Basis of Accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REVENUES										
Taxes and Special Assessments	\$0	\$0	\$0	\$36,977	\$39,490	\$42,557	\$45,601	\$47,061	\$48,427	\$48,256
Licenses and Permits	0	0	0	470	530	691	741	982	993	712
Intergovernmental Revenues	0	0	0	10,260	12,797	11,839	17,346	16,756	11,994	14,984
Charges for Services	0	0	0	5,291	5,846	5,596	5,543	6,996	6,536	6,496
Fines and Forfeits	0	0	0	1,397	1,364	1,190	1,309	1,420	1,583	1,632
Interest	0	0	0	695	553	870	1,168	1,696	1,407	753
Other Revenues	0	0	0	854	1,201	1,240	1,852	1,647	1,681	1,834
Total Revenues	0	0	0	55,944	61,781	63,983	73,560	76,558	72,621	74,667
EXPENDITURES										
General Government	0	0	0	9,054	9,905	10,090	10,452	10,757	11,367	11,626
Security of Persons and Property	0	0	0	25,440	26,959	28,684	30,929	32,691	34,815	37,907
Physical Environment	0	0	0	1,583	1,707	1,699	1,704	1,675	1,680	1,653
Transportation	0	0	0	4,310	4,204	4,601	5,129	5,129	5,777	5,395
Economic Environment	0	0	0	3,117	3,380	3,681	3,976	3,869	4,144	4,778
Mental and Physical Health	0	0	0	15	17	43	18	20	19	86
Cultural and Recreational Environment	0	0	0	6,331	6,452	6,900	6,951	5,712	6,217	6,062
Capital Outlay	0	0	0	10,004	9,488	5,333	12,153	12,754	8,857	10,642
Debt Service	0	0	0							
Principal Retirement	0	0	0	1,906	1,932	2,130	2,351	2,890	2,552	2,633
Interest	0	0	0	1,063	850	813	822	832	861	979
Total Expenditures	0	0	0	62,823	64,894	63,974	74,485	76,329	76,289	81,761
Excess (Deficiencies) Of Revenues Over (Under) Expenditures	\$0	\$0	\$0	(\$6,879)	(\$3,113)	\$9	(\$925)	\$229	(\$3,668)	(\$7,094)

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 – Modified Accrual Basis of Accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
OTHER FINANCING SOURCES (USES)										
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$492	\$473	\$0	\$0	\$38	\$0	\$0
Proceeds from Long Term Debt – GO Bonds	0	0	0	1,511	7	760	0	4,686	2,946	7,004
Proceeds from Intergovernmental Loans	0	0	0	75	0	148	50	0	242	600
Other Note Proceeds	0	0	0	0	0	371	546	0	0	0
Transfers In	0	0	0	3,779	3,893	3,878	5,049	5,196	5,774	6,139
Transfers (Out)	0	0	0	(3,697)	(3,954)	(3,845)	(5,050)	(5,664)	(5,338)	(5,426)
Intergovernmental Agreements	0	0	0	(1,406)	0	0	(39)	(81)	(39)	(39)
Sale of Capital Assets	0	0	0	49	131	317	109	26	13	10
Compensation for Loss of General Capital Assets	0	0	0	52	54	162	90	129	142	82
Total Other Financing Sources (Uses)	0	0	0	855	604	1,791	755	4,330	3,740	8,370
Net Changes In Fund Balances	\$0	\$0	\$0	(\$6,024)	(\$2,509)	\$1,800	(\$170)	\$4,559	\$72	\$1,276
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	5.62%	5.02%	5.02%	5.09%	5.85%	5.06%	5.08%

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Property Tax	\$0	\$0	\$0	\$11,853	\$12,199	\$12,435	\$13,265	\$13,071	\$13,782	\$14,261
Sales Tax	0	0	0	13,328	14,055	15,690	17,113	18,393	18,990	17,810
Franchise Tax	0	0	0	417	421	427	343	42	40	52
Utility Tax	0	0	0	9,720	10,200	10,792	11,787	12,076	12,772	13,716
Excise Tax	0	0	0	1,646	2,612	3,213	3,092	3,479	2,843	2,412
Total	\$0	\$0	\$0	\$36,964	\$39,487	\$42,557	\$45,600	\$47,061	\$48,427	\$48,251

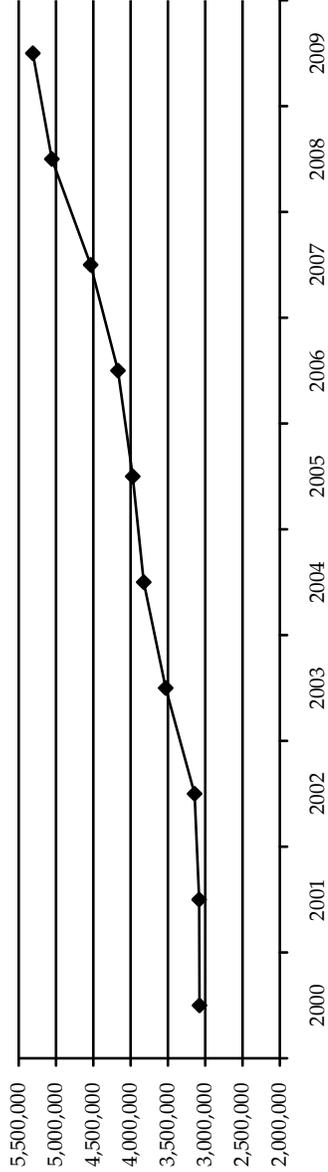
NOTE: Less than ten years data is provided because 2003 was the first year for government-wide expenses under GASB #34.

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)
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
2009	32,762	4,898,175	412,358	5,310,533	2.9392

TOTAL TAXABLE ASSESSED VALUE

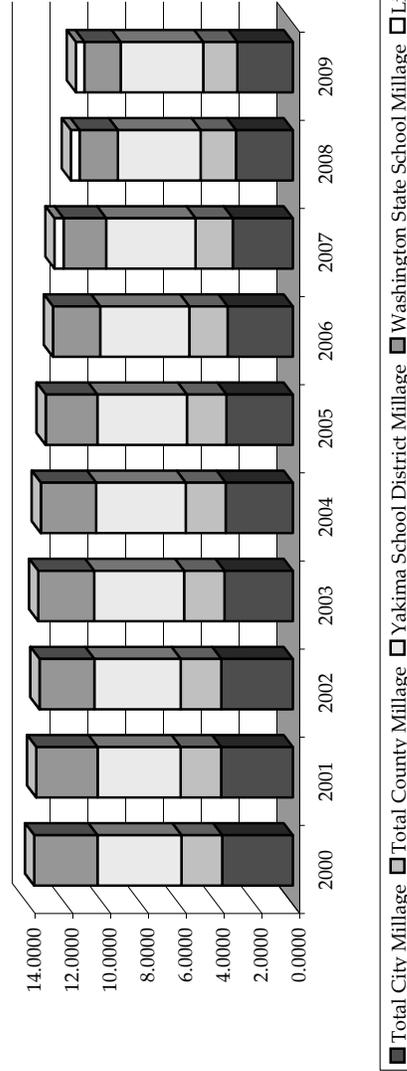


Source: Yakima County.
 (1) Amounts expressed in thousands.
 (2) Tax rates are per \$1,000 of assessed value.

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			
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
2009	2.8886	0.0506	2.9392	1.7523	0.0524	1.8047	1.5720	2.7934	4.3654	1.9217	0.4483	11.4793



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, 2009

(Amounts Expressed in Thousands)

TAXPAYER	2009 ⁽¹⁾			2000		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Yakima HMA Inc.	\$39,760	1	0.75%			
Shields Bag & Printing	37,582	2	0.71%			
Safeway Stores, Inc	24,868	3	0.47%			
Wide Hollow Development LLC	22,967	4	0.43%			
Jeld-Wen	22,618	5	0.43%			
Qwest Communications	22,615	6	0.43%			
Pacificorp / Pacific Power & Light	19,153	7	0.36%			
Cascade Natural Gas Corp.	17,308	8	0.33%			
WRP Gateway, LLC	16,912	9	0.32%			
Nickel & Company, LLC	15,273	10	0.29%			
Burlington Northern Santa Fe				\$50,495	1	0.53%
Zirkle Fruit Company				50,132	2	0.52%
Snokist Growers, Inc.				46,336	3	0.48%
Qwest Communications				42,174	4	0.44%
Tree Top Incorporated				40,672	5	0.42%
Darigold, Inc.				37,074	6	0.38%
Washington Beef, Inc				36,779	7	0.38%
Boise Cascade Corp.				31,424	8	0.33%
Washington Fruit & Produce Co.				30,116	9	0.31%
Sprint Corporation				29,814	10	0.31%
Totals	<u>\$239,056</u>		<u>4.52%</u>	<u>\$395,016</u>		<u>4.10%</u>

(1) Yakima County Assessor's Office.

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	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2000	\$11,488,967	\$10,864,769	94.6%	\$501,904	\$11,366,673	98.9%
2001	11,968,211	11,474,128	95.9%	414,421	11,888,549	99.3%
2002	12,390,073	11,802,380	95.3%	393,361	12,195,741	98.4%
2003	13,280,578	12,848,761	96.7%	302,155	13,150,916	99.0%
2004	13,592,285	13,167,897	96.9%	258,969	13,426,866	98.8%
2005	13,960,632	13,412,195	96.1%	398,256	13,810,451	98.9%
2006	14,399,087	14,047,918	97.6%	346,468	14,394,386	99.9%
2007	14,588,962	14,208,341	97.4%	259,310	14,467,651	99.2%
2008	15,376,850	14,970,413	97.4%	205,763	15,176,176	98.7%
2009	15,776,982	15,270,543	96.8%	N/A	15,270,543	96.8%

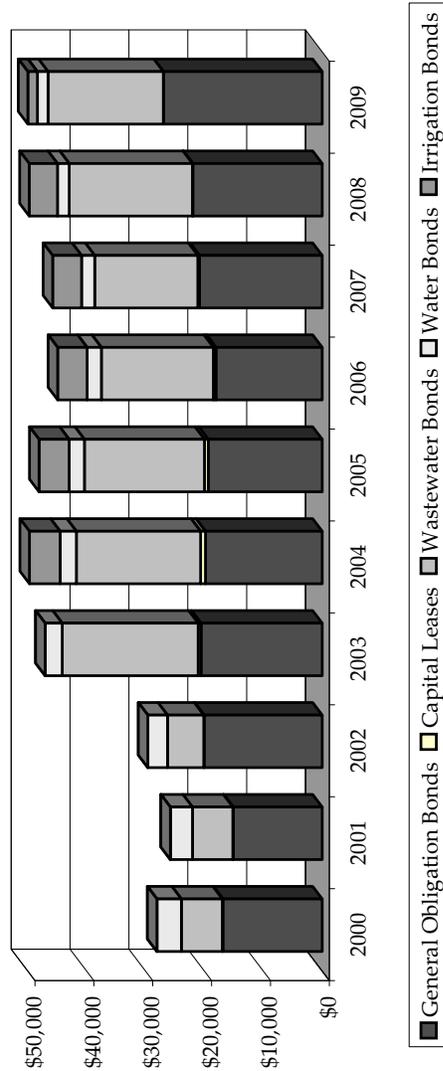
(1) Includes both ad valorem (general) and voted property tax levies.

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 OBIGATION BONDS	CAPITAL LEASES	WASTEWATER BONDS	WATER BONDS	IRRIGATION BONDS	WASTEWATER BONDS	WATER BONDS	IRRIGATION BONDS			
2000	\$16,876	\$86	\$6,958	\$4,152	\$0				\$28,072	2.84%	391
2001	15,124	63	6,853	3,752	0				25,792	2.62%	353
2002	20,081	39	6,158	3,337	0				29,615	2.83%	374
2003	20,580	492	23,084	2,911	0				47,067	3.63%	594
2004	19,830	822	21,106	2,754	5,215				49,727	3.84%	626
2005	19,365	640	20,386	2,589	5,120				48,100	3.92%	590
2006	18,040	449	19,021	2,414	5,015				44,939	3.03%	542
2007	20,837	287	17,518	2,233	4,910				45,785	1.91%	547
2008	21,973	72	20,920	2,000	4,805				49,770	2.08%	590
2009	26,979	10	19,580	1,804	4,695				53,068	N/A	623



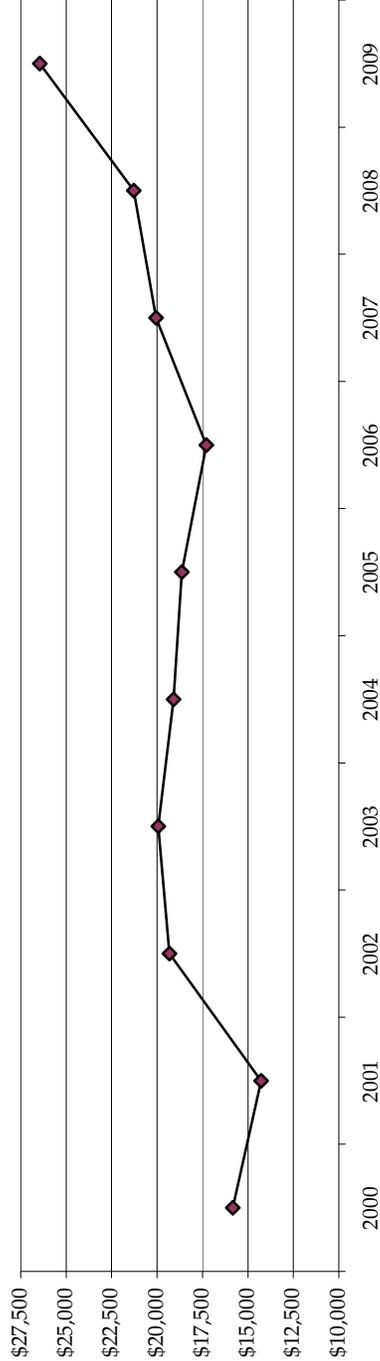
(1) See the Schedule of Demographic and Economic Statistics in the Statistical Section for personal income and population data.
NOTE: Details regarding the city's outstanding debt can be found in the notes of the financial statements.

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
2000	\$16,876	\$1,044	\$15,832	0.50%	220
2001	15,124	852	14,272	0.44%	195
2002	20,080	756	19,324	0.53%	244
2003	20,580	648	19,932	0.52%	252
2004	19,830	739	19,091	0.48%	240
2005	19,365	724	18,641	0.45%	229
2006	18,040	751	17,289	0.38%	209
2007	20,838	781	20,057	0.39%	242
2008	21,973	688	21,285	0.40%	252
2009	26,979	537	26,442	0.49%	310



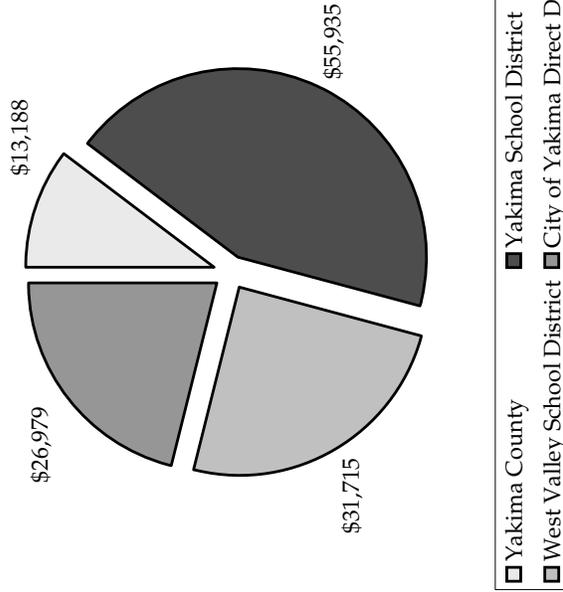
(1) Excludes Local Improvement Districts' bonded debt and their respective funds in the Debt Service Funds.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2009

(Amounts Expressed in Thousands)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (1)	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes			
Yakima County	\$35,465	37.2%	\$13,188
Yakima School District	59,320	94.3%	55,935
West Valley School District	53,154	59.7%	31,715
Subtotal, Overlapping Debt	\$147,939		\$100,838
City of Yakima Direct Debt			\$26,979
Total Direct and Overlapping Debt			<u>\$127,817</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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$236,703	\$245,145	\$275,508	\$286,806	\$297,876	\$312,729	\$344,019	\$382,824	\$402,672	\$404,191
Total Net Debt Applicable to Limit	15,867	14,462	19,268	19,869	20,111	20,493	18,433	20,119	21,220	28,469
Legal Debt Margin	<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>	<u>\$375,722</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.70%	5.90%	6.99%	6.93%	6.75%	6.55%	5.36%	5.26%	5.27%	7.04%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2009

Taxable Property Value	\$5,389,219
Debt Limit (7.5% of Total Assessed Value)	\$404,191
Debt Applicable to Limit	
General Obligation Bonds and Other Debt	37,849
Less: Amount Set Aside for Repayment of	
General Obligation Debt & Other Debt	9,381
Total Net Debt Applicable to Limit	<u>\$28,468</u>
Legal Debt Margin	<u>\$375,722</u>

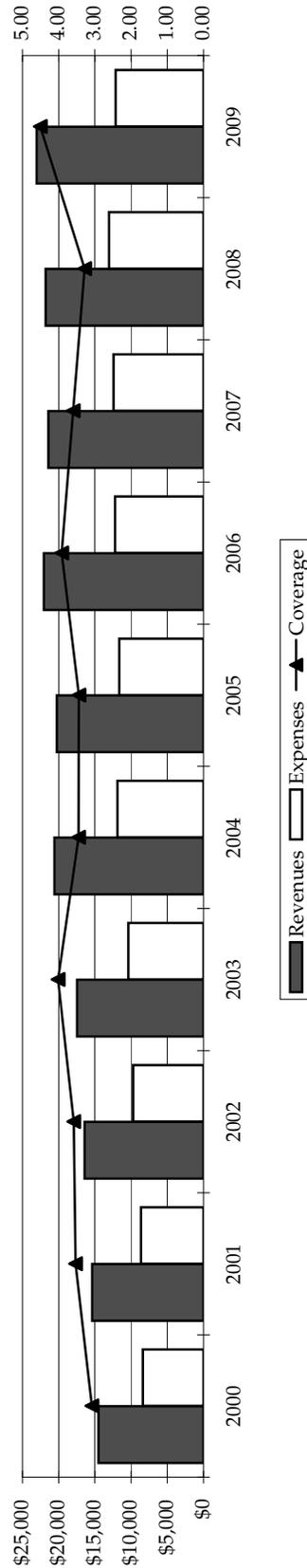
NOTE: The State law provides debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City. The total indebtedness for general purpose with or without a vote cannot exceed 2.5% for utility or open space, park, and capital facilities with a vote not to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

PLEDGED REVENUE COVERAGE – WATER AND WASTEWATER

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

YEAR	WATER & WASTEWATER OPERATING REVENUES	LESS		NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
		OPERATING EXPENSES	WATER & WASTEWATER REVENUE BONDS		PRINCIPAL	INTEREST	
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	
2009	23,038	12,143	10,895	1,515	880	4.51	



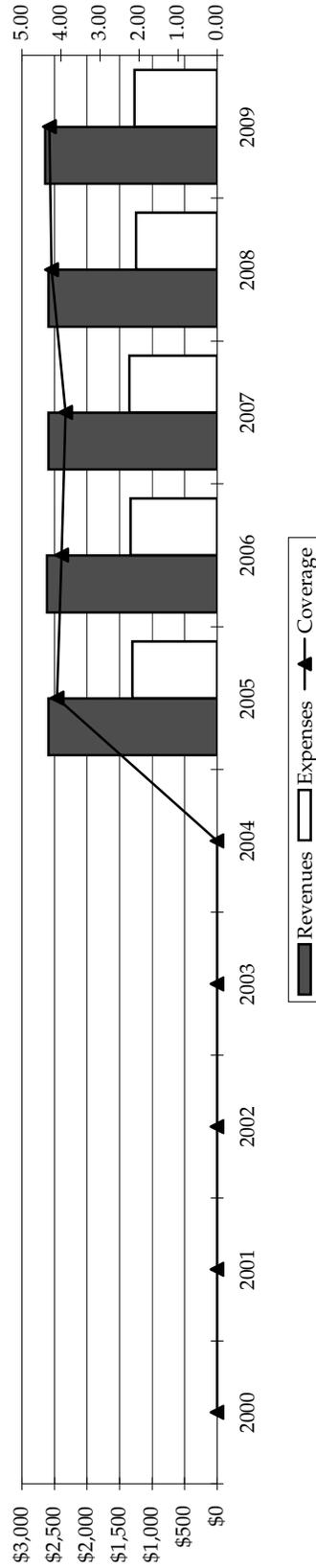
NOTE: Operating expenses exclude depreciation, amortization and City taxes.

PLEGGED REVENUE COVERAGE - IRRIGATION

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

YEAR	IRRIGATION OPERATING REVENUES	LESS OPERATING EXPENSES	IRRIGATION REVENUE BONDS			NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE
			PRINCIPAL	INTEREST	PRINCIPAL		INTEREST		
2000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A	
2001	0	0	0	0	0	0	0	N/A	
2002	0	0	0	0	0	0	0	N/A	
2003	0	0	0	0	0	0	0	N/A	
2004	0	0	0	0	0	0	0	N/A	
2005	2,591	1,304	95	219	1,287	95	219	4.10	
2006	2,617	1,333	105	217	1,284	105	217	3.99	
2007	2,592	1,350	105	215	1,242	105	215	3.88	
2008	2,593	1,245	105	213	1,348	105	213	4.24	
2009									



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

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION ⁽¹⁾	PERSONAL INCOME ⁽²⁾ (AMT EXPRESSED IN THOUSANDS)	PER CAPITA PERSONAL INCOME ⁽²⁾	MEDIAN AGE ⁽²⁾	EDUCATION LEVEL IN YEARS		SCHOOL ENROLLMENT ⁽³⁾	UNEMPLOYMENT RATE ⁽⁴⁾
					OF FORMAL SCHOOLING ⁽²⁾	SCHOOL ENROLLMENT ⁽³⁾		
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	2,390,251	20,556	33.1	12.6	14,804	7.4%	
2009	84,850	N/A	N/A	N/A	N/A	15,327	8.8%	

(1) 1999 - 2005, 2009: Office of Financial Management web site. 2007 / 2008 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 – YAKIMA COUNTY

CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	2009			2000		
	EMPLOYEES	RANK	PERCENTAGE OF POPULATION	EMPLOYEES	RANK	PERCENTAGE OF POPULATION
Manufacturers						
Walmart – Yakima / Sunnyside / Grandview	1,700	1	0.7%	620	3	0.3%
Washington Beef, Inc. / A.B. Foods, Inc.	850	2	0.4%	520	5	0.2%
Tree Top, Inc.	540	3	0.2%	1,300	1	0.6%
Shields Bag & Printing Co.	476	4	0.2%			
Washington Fruit & Produce Co.	430	5	0.2%			
Snokist				876	2	0.4%
Western Recreation Vehicles				582	4	0.3%
Non Manufacturers						
Yakima Valley Memorial Hospital	2,500	1	1.0%	950	4	0.4%
Yakima School District, No. 7	1,723	2	0.7%	1,734	1	0.8%
Yakima Valley Farm Workers Clinic	1,181	3	0.5%	1,026	3	0.5%
Yakima County	1,000	4	0.4%			
Yakima Regional Medical Center (HMA)	942	5	0.4%	1,140	2	0.5%
City of Yakima				623	5	0.3%
Total	<u>11,342</u>		<u>4.8%</u>	<u>9,371</u>		<u>4.2%</u>

Source: Yakima County Development Association / Yakima Chamber of Commerce / Business web sites

FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Page 1 of 1

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	210.76	208.76	214.24	213.24	217.17	221.68	217.43	221.34	223.19	228.70
Public Safety										
Police										
Officers	111.00	111.00	118.00	118.00	119.00	125.00	126.00	137.00	137.00	137.00
Civilians	49.00	51.00	52.00	51.75	52.75	51.00	50.00	50.00	51.00	51.00
Fire										
Firefighters and Officers	68.00	68.00	69.00	70.00	79.00	79.00	84.00	85.00	85.00	84.00
Civilians	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Highways and Streets										
Engineering	13.50	13.50	14.50	14.50	14.50	13.50	15.00	17.00	17.00	16.00
Maintenance	19.50	19.50	23.50	23.50	22.50	24.50	26.50	26.50	26.50	27.00
Parks and Recreation										
Transit	28.63	28.63	26.88	26.38	27.47	25.47	26.47	26.83	25.83	25.60
Refuse	42.00	42.00	44.00	44.25	44.25	48.25	49.75	50.75	51.25	50.00
Water	19.90	19.90	19.90	18.90	19.25	19.50	19.50	19.50	19.00	19.00
Wastewater	28.00	28.00	28.00	29.00	29.00	29.00	30.00	30.00	30.00	31.00
Irrigation	63.26	63.26	66.51	66.76	64.76	65.45	66.45	65.05	65.09	61.06
Stormwater	8.72	8.72	8.72	8.72	8.72	8.92	8.92	9.17	9.17	8.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.96 ⁽¹⁾	8.44
Total	665.27	665.27	688.25	688.00	701.37	714.27	723.02	741.14	749.99	749.80

(1) The Stormwater Department became a separate department in 2008

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Page 1 of 1

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Physical Arrests	5,675	5,312	5,638	5,858	5,767	6,121	5,579	5,433	5,185	4,889
Parking Violations	10,924	9,813	8,403	6,752	6,555	3,326	2,018	2,616	4,321	2,844
Traffic Violations	20,420	18,256	18,397	17,102	16,040	16,754	16,929	18,533	18,025	17,559
Fire										
Number of Calls Answered	6,654	6,737	7,119	8,018	8,052	8,912	8,954	9,200	9,288	9,737
Inspections	1,844	1,772	3,761	3,947	2,876	2,631	2,302	3,101	2,948	2,268
Highways and Streets										
Street Resurfacing (miles)	11.4	7.5	20.1	2.8	0.0	15.8	24.7	31.8	30.0	6.0
Refuse										
Refuse Collected	65.3	66.7	69.0	71.5	76.6	80.7	86.9	87.8	90.8	99.7
Yard Waste Collected (tons / day)	13.1	13.2	14.1	14.6	15.5	14.4	15.7	15.2	16.5	18.7
Culture and Recreation										
Community Center Admissions	61,315	57,936	49,826	54,446	72,395	99,421	107,478	99,035	93,325	96,483
Water										
New Connections	150	99	91	140	132	134	148	133	105	68
Water Main Breaks	8	10	3	11	3	8	12	12	8	17
Average Daily Consumption (thousands of gallons)	13,060	13,088	12,084	12,347	12,463	11,900	12,980	13,051	12,158	11,581
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	11,793	11,425	10,690	10,883	11,033	10,219	10,778	10,680	10,100	10,100

Source: Various government departments.

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police										
Stations	1	1	1	1	2	2	2	2	2	2
Patrol Units	60	61	61	62	62	61	61	61	61	61
Fire Stations	5	4	4	4	5	5	5	5	5	5
Sanitation										
Collection Trucks	14	13	13	13	13	13	13	13	14	14
Highways and Streets ⁽¹⁾										
Streets (miles)	365	370	399	399	401	414	419	419	419	420
Streetlights	3,611	3,623	3,862	3,862	3,863	3,872	3,872	3,910	4,459	4,465
Traffic Signals	111	117	117	117	117	117	122	130	137	139
Culture and Recreation										
Parks Acreage (Developed)	375	316	325	344	331	265 ⁽²⁾	265	284	284	386
Parks	31	34	29	33	33	33	31	32	32	32
Swimming Pools	5	5	5	5	5	2 ⁽³⁾	2	2	2	2
Water										
Water Mains (miles)	276	290	290	290	297	297	300	300	300	300
Fire Hydrants (City owned)	2,093	2,107	2,107	2,137	2,151	2,164	2,174	2,204	2,204	2,239
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)	293	293	293	293	310	315	322	327	329	337
Storm Sewers (miles)	N/A	104	104	104	104	104	104	105	105	105
Plant Permitted Capacity (millions of gallons per day)	22.3	22.3	22.3	21.5	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 2007.

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

(3) Three pools were closed in 2005

2009 GENERAL INFORMATION***STATISTICS**

Date of Incorporation.....	1886
Form of Government.....	Council-Manager
Type of Government.....	Charter City
Location.....	Central Washington
Land Area	28.7 square miles
Rank in Size – State.....	10
Rank in Size – County	1
Population.....	84,850
Assessed Valuation.....	\$5,389,218,769
City Employees (Full-time Equivalents)	749.80
Election and Voter Registration	
Number of Precincts.....	32
Number of Registered Voters.....	35,854

PROPERTY TAX LEVY

Regular Levy	\$15,508,982
Special Levy.....	\$268,000
Total 2009 Property Tax Levy	\$15,776,982

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.....	6,171
Regulatory Licenses –	
Varies from \$11.00 to \$1,000	576

ANIMAL LICENSE FEES – RABIES VACCINATION REQUIRED

1 Year License – Altered.....	\$12.00
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	84
Number of Non-Commissioned Personnel	3
Total Number of Fire Personnel.....	87

POLICE PROTECTION

Commissioned Police Personnel	137
Non-Commissioned Police Personnel	51
Total Number of Police Personnel	188
Number of Calls for Service.....	149 / 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).....	\$.00502

WATER/WASTEWATER CUSTOMER BASE

Water (Inside the City).....	136
Water (Outside the City).....	19,355
Total Water Customers.....	19,491
Wastewater Residential (Inside the City).....	21,899
Wastewater Residential (Outside the City).....	56
Wastewater Commercial.....	2,106
Total Wastewater Customers.....	24,061

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

(This page intentionally contains no information.)