

Washington State Auditor's Office
Financial Statements Audit Report

City of Zillah
Yakima County

Audit Period
January 1, 2009 through December 31, 2010

Report No. 1007041

Issue Date
January 3, 2012



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

January 3, 2012

Council
City of Zillah
Zillah, Washington

Report on Financial Statements

Please find attached our report on the City of Zillah's financial statements.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", is written over a light blue horizontal line.

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Yakima County
January 1, 2009 through December 31, 2010**

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

**City of Zillah
Yakima County
January 1, 2009 through December 31, 2010**

Council
City of Zillah
Zillah, Washington

We have audited the financial statements of the City of Zillah, Yakima County, Washington, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated December 6, 2011.

We conducted our audits 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management and the Council. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, cursive script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

December 6, 2011

Independent Auditor's Report on Financial Statements

City of Zillah Yakima County January 1, 2009 through December 31, 2010

Council
City of Zillah
Zillah, Washington

We have audited the accompanying financial statements of the City of Zillah, Yakima County, Washington, for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the City prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Zillah, for the years ended December 31, 2010 and 2009, on the basis of accounting described in Note 1.

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

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Long-Term Liabilities and Schedule of Long-

Term Debt are presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, cursive script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

December 6, 2011

Financial Section

**City of Zillah
Yakima County
January 1, 2009 through December 31, 2010**

FINANCIAL STATEMENTS

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Fund Resources and Uses Arising from Cash Transactions – 2009
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Schedule of Long-Term Liability – 2010
Schedule of Long-Term Debt – 2009

City of Zillah
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2010

BARS CODE		Total for	001	101
		All Funds 1/	General Fund	City Street Fund
		Total Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
308.10	Reserved	\$103,401.51	\$0.00	\$0.00
308.80	Unreserved	\$3,104,415.69	\$393,569.83	\$77,286.30
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
Revenues and Other Sources				
310	Taxes	\$1,334,285.16	\$1,162,988.81	\$75,445.66
320	Licenses and Permits	\$52,633.42	\$52,633.42	\$0.00
330	Intergovernmental	\$488,184.58	\$148,693.83	\$213,156.47
340	Charges for Goods and Services	\$1,390,881.79	\$401,257.36	\$10,264.03
350	Fines and Penalties	\$56,623.77	\$30,064.19	\$0.00
360	Miscellaneous	\$219,563.95	\$8,985.89	\$14.46
370	Capital Contributions	\$86,210.49	\$12,000.00	\$0.00
390	Other Financing Sources	\$144,715.57	\$663.76	\$109,066.22
Total Revenues and Other Financing Sources		\$3,773,098.73	\$1,817,287.26	\$407,946.84
	Total Resources	\$6,980,915.93	\$2,210,857.09	\$485,233.14
Operating Expenditures:				
510	General Government	\$275,542.02	\$249,203.21	\$0.00
520	Public Safety	\$994,964.02	\$940,225.90	\$0.00
530	Physical Environment	\$1,152,463.31	\$269,385.67	\$0.00
540	Transportation	\$274,263.32	\$0.00	\$274,263.32
550	Economic Environment	\$122,224.28	\$112,949.28	\$0.00
560	Mental and Physical Health	\$692.11	\$692.11	\$0.00
570	Culture and Recreational	\$102,592.32	\$102,592.32	\$0.00
	Total Operating Expenditures	\$2,922,741.38	\$1,675,048.49	\$274,263.32
591-593	Debt Service	\$160,158.97	\$0.00	\$0.00
594-595	Capital Outlay	\$271,373.78	\$0.00	\$0.00
	Total Expenditures	\$3,354,274.13	\$1,675,048.49	\$274,263.32
597-599	Other Financing Uses	\$135,628.82	\$106,517.92	\$0.00
Total Expenditures and Other Financing Uses		\$3,489,902.95	\$1,781,566.41	\$274,263.32
Excess (Deficit) of Resources Over Uses		\$3,626,641.80	\$429,290.68	\$210,969.82
380	Nonrevenues (Except 384)	\$179,947.37	\$1,555.60	\$569.91
580	Nonexpenditures (Except 584)	\$552,623.93	\$1,155.60	\$156,624.00
Ending Cash and Investments:				
508.10	Reserved	\$325,091.39	\$0.00	\$0.00
508.80	Unreserved	\$2,793,245.03	\$429,690.68	\$54,915.73

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

Refer to Note 1c in the Notes to the Financials in reference to the funds that were combined/rolled for reporting purposes

City of Zillah
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2010

BARS CODE		102	104	105
		Emergency Medical Service	Parks & Pool Reserve Fund	Hotel/Motel Tax Fund
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
308.10	Reserved	\$0.00	\$0.00	\$0.00
308.80	Unreserved	\$40,588.42	\$9,047.82	\$20,228.13
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
Revenues and Other Sources				
310	Taxes	\$27,825.53	\$0.00	\$12,427.67
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental	\$2,296.04	\$0.00	\$0.00
340	Charges for Goods and Services	\$0.00	\$2,564.54	\$0.00
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous	\$101.45	\$292.41	\$2,538.42
370	Capital Contributions	\$0.00	\$0.00	\$0.00
390	Other Financing Sources	\$0.00	\$0.00	\$0.00
Total Revenues and Other Financing Sources		\$30,223.02	\$2,856.95	\$14,966.09
	Total Resources	\$70,811.44	\$11,904.77	\$35,194.22
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$30,461.51	\$0.00	\$0.00
530	Physical Environment	\$0.00	\$0.00	\$0.00
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$9,275.00
560	Mental and Physical Health	\$0.00	\$0.00	\$0.00
570	Culture and Recreational	\$0.00	\$0.00	\$0.00
	Total Operating Expenditures	\$30,461.51	\$0.00	\$9,275.00
591-593	Debt Service	\$0.00	\$0.00	\$0.00
594-595	Capital Outlay	\$0.00	\$0.00	\$0.00
	Total Expenditures	\$30,461.51	\$0.00	\$9,275.00
597-599	Other Financing Uses	\$0.00	\$526.57	\$0.00
Total Expenditures and Other Financing Uses		\$30,461.51	\$526.57	\$9,275.00
Excess (Deficit) of Resources Over Uses		\$40,349.93	\$11,378.20	\$25,919.22
380	Nonrevenues (Except 384)	\$0.00	\$0.00	\$0.00
580	Nonexpenditures (Except 584)	\$0.00	\$0.00	\$0.00
Ending Cash and Investments:				
508.10	Reserved	\$0.00	\$0.00	\$0.00
508.80	Unreserved	\$40,349.93	\$11,378.20	\$25,919.22

1/ This column summarizes ALL reported funds, not just funds listed on this page
The Accompanying Notes Are An Integral Part Of This Statement.

City of Zillah
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2010

BARS CODE		106	203	204
		Crime Prevention- PD Fund	Limited Tax GO Bond, 2009	SIED Loan
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
308.10	Reserved	\$0.00	\$0.00	\$0.00
308.80	Unreserved	\$25,073.96	\$0.00	\$1.46
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
Revenues and Other Sources				
310	Taxes	\$0.00	\$12,449.88	\$0.00
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental	\$0.00	\$0.00	\$0.00
340	Charges for Goods and Services	\$348.30	\$0.00	\$0.00
350	Fines and Penalties	\$1,920.91	\$0.00	\$0.00
360	Miscellaneous	\$3,175.92	\$0.00	\$0.00
370	Capital Contributions	\$0.00	\$0.00	\$12,000.00
390	Other Financing Sources	\$0.00	\$0.00	\$22,783.28
Total Revenues and Other Financing Sources		\$5,445.13	\$12,449.88	\$34,783.28
	Total Resources	\$30,519.09	\$12,449.88	\$34,784.74
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$24,276.61	\$0.00	\$0.00
530	Physical Environment	\$0.00	\$0.00	\$0.00
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$0.00
560	Mental and Physical Health	\$0.00	\$0.00	\$0.00
570	Culture and Recreational	\$0.00	\$0.00	\$0.00
	Total Operating Expenditures	\$24,276.61	\$0.00	\$0.00
591-593	Debt Service	\$0.00	\$12,449.88	\$34,783.28
594-595	Capital Outlay	\$0.00	\$0.00	\$0.00
	Total Expenditures	\$24,276.61	\$12,449.88	\$34,783.28
597-599	Other Financing Uses	\$0.00	\$0.00	\$0.00
Total Expenditures and Other Financing Uses		\$24,276.61	\$12,449.88	\$34,783.28
Excess (Deficit) of Resources Over Uses		\$6,242.48	\$0.00	\$1.46
380	Nonrevenues (Except 384)	\$0.00	\$0.00	\$0.00
580	Nonexpenditures (Except 584)	\$0.00	\$0.00	\$0.00
Ending Cash and Investments:				
508.10	Reserved	\$0.00	\$0.00	\$0.00
508.80	Unreserved	\$6,242.48	\$0.00	\$1.46

1/ This column summarizes ALL reported funds, not just funds listed on this page
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City of Zillah
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2010

BARS CODE		205	206	301
		YVFW SIED Debt Svc Fund	Debt Service- SIED-YC-VVMC-	Capital Projects Fund
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
308.10	Reserved	\$0.00	\$0.00	\$0.00
308.80	Unreserved	\$0.00	\$2,364.70	\$87,007.44
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
Revenues and Other Sources				
310	Taxes	\$0.00	\$0.00	\$0.00
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental	\$0.00	\$0.00	\$0.00
340	Charges for Goods and Services	\$0.00	\$0.00	\$0.00
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous	\$0.00	\$0.00	\$9,994.00
370	Capital Contributions	\$43,896.97	\$18,313.52	\$0.00
390	Other Financing Sources	\$0.00	\$0.00	\$3,760.26
Total Revenues and Other Financing Sources		\$43,896.97	\$18,313.52	\$13,754.26
	Total Resources	\$43,896.97	\$20,678.22	\$100,761.70
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$0.00	\$0.00	\$0.00
530	Physical Environment	\$0.00	\$0.00	\$0.00
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$0.00
560	Mental and Physical Health	\$0.00	\$0.00	\$0.00
570	Culture and Recreational	\$0.00	\$0.00	\$0.00
	Total Operating Expenditures	\$0.00	\$0.00	\$0.00
591-593	Debt Service	\$43,896.97	\$18,313.57	\$0.00
594-595	Capital Outlay	\$0.00	\$0.00	\$52,086.26
	Total Expenditures	\$43,896.97	\$18,313.57	\$52,086.26
597-599	Other Financing Uses	\$0.00	\$0.00	\$0.00
Total Expenditures and Other Financing Uses		\$43,896.97	\$18,313.57	\$52,086.26
Excess (Deficit) of Resources Over Uses		\$0.00	\$2,364.65	\$48,675.44
380	Nonrevenues (Except 384)	\$0.00	\$0.00	\$0.00
580	Nonexpenditures (Except 584)	\$0.00	\$0.00	\$0.00
Ending Cash and Investments:				
508.10	Reserved	\$0.00	\$0.00	\$0.00
508.80	Unreserved	\$0.00	\$2,364.65	\$48,675.44

1/ This column summarizes ALL reported funds, not just funds listed on this page
The Accompanying Notes Are An Integral Part Of This Statement.

City of Zillah
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2010

BARS CODE		302	304	402
		Capital Street Projects Fund	Real Estate Excise Tax Fund	PWTF Water Tower Loan
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
308.10	Reserved	\$0.00	\$71,001.51	\$0.00
308.80	Unreserved	\$111,888.64	\$50,000.00	\$1,338,738.20
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
Revenues and Other Sources				
310	Taxes	\$0.00	\$43,147.61	\$0.00
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental	\$124,038.24	\$0.00	\$0.00
340	Charges for Goods and Services	\$0.00	\$0.00	\$390,016.72
350	Fines and Penalties	\$0.00	\$0.00	\$24,638.67
360	Miscellaneous	\$37.38	\$1,018.95	\$154,039.32
370	Capital Contributions	\$0.00	\$0.00	\$0.00
390	Other Financing Sources	\$0.00	\$0.00	\$500.00
Total Revenues and Other Financing Sources		\$124,075.62	\$44,166.56	\$569,194.71
	Total Resources	\$235,964.26	\$165,168.07	\$1,907,932.91
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$0.00	\$0.00	\$0.00
530	Physical Environment	\$0.00	\$0.00	\$434,504.56
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$0.00
560	Mental and Physical Health	\$0.00	\$0.00	\$0.00
570	Culture and Recreational	\$0.00	\$0.00	\$0.00
	Total Operating Expenditures	\$0.00	\$0.00	\$434,504.56
591-593	Debt Service	\$0.00	\$0.00	\$9,469.18
594-595	Capital Outlay	\$202,381.44	\$0.00	\$14,504.38
	Total Expenditures	\$202,381.44	\$0.00	\$458,478.12
597-599	Other Financing Uses	\$0.00	\$28,476.68	\$107.65
Total Expenditures and Other Financing Uses		\$202,381.44	\$28,476.68	\$458,585.77
Excess (Deficit) of Resources Over Uses		\$33,582.82	\$136,691.39	\$1,449,347.14
380	Nonrevenues (Except 384)	\$6,595.30	\$156,000.00	\$15,226.56
580	Nonexpenditures (Except 584)	\$29,992.81	\$0.00	\$242,363.77
Ending Cash and Investments:				
508.10	Reserved	\$0.00	\$292,691.39	\$0.00
508.80	Unreserved	\$10,185.31	\$0.00	\$1,222,209.93

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

Refer to Note 1c in the Notes to the Financials in reference to the funds that were combined/rolled for reporting purposes

City of Zillah
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2010

BARS CODE		403	405	501
		FMHA Sewer Revenue Bond	Cemetery Memorial Fund	City Hall Maintenance Fund
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
308.10	Reserved	\$32,400.00	\$0.00	\$0.00
308.80	Unreserved	\$940,143.04	\$5,681.60	\$2,796.15
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
Revenues and Other Sources				
310	Taxes	\$0.00	\$0.00	\$0.00
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental	\$0.00	\$0.00	\$0.00
340	Charges for Goods and Services	\$467,231.08	\$119,199.76	\$0.00
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous	\$15,638.54	(\$56.74)	\$23,783.95
370	Capital Contributions	\$0.00	\$0.00	\$0.00
390	Other Financing Sources	\$100.00	\$7,842.05	\$0.00
Total Revenues and Other Financing Sources		\$482,969.62	\$126,985.07	\$23,783.95
	Total Resources	\$1,455,512.66	\$132,666.67	\$26,580.10
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$26,338.81
520	Public Safety	\$0.00	\$0.00	\$0.00
530	Physical Environment	\$326,241.30	\$122,331.78	\$0.00
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$0.00
560	Mental and Physical Health	\$0.00	\$0.00	\$0.00
570	Culture and Recreational	\$0.00	\$0.00	\$0.00
	Total Operating Expenditures	\$326,241.30	\$122,331.78	\$26,338.81
591-593	Debt Service	\$41,246.09	\$0.00	\$0.00
594-595	Capital Outlay	\$2,401.70	\$0.00	\$0.00
	Total Expenditures	\$369,889.09	\$122,331.78	\$26,338.81
597-599	Other Financing Uses	\$0.00	\$0.00	\$0.00
Total Expenditures and Other Financing Uses		\$369,889.09	\$122,331.78	\$26,338.81
Excess (Deficit) of Resources Over Uses		\$1,085,623.57	\$10,334.89	\$241.29
380	Nonrevenues (Except 384)	\$0.00	\$0.00	\$0.00
580	Nonexpenditures (Except 584)	\$122,487.75	\$0.00	\$0.00
Ending Cash and Investments:				
508.10	Reserved	\$32,400.00	\$0.00	\$0.00
508.80	Unreserved	\$930,735.82	\$10,334.89	\$241.29

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

Refer to Note 1c in the Notes to the Financials in reference to the funds that were combined/rolled for reporting purposes

City of Zillah

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2010

	Total for	601	631	632	633
	All Funds 1/	Investment Trust	Claims Clearing	Payroll	Treasurer's
	Total Amount	Actual Amount	Actual Amount	Actual	Actual Amount
Beginning Cash and Investments	\$463,256.12	\$452,737.02	\$339.27	\$1,671.59	\$8,508.24
Prior Period Adjustments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Revenue and Other Financing Sources	\$29,374.60	\$29,374.60	\$0.00	\$0.00	\$0.00
Total Resources	\$492,630.72	\$482,111.62	\$339.27	\$1,671.59	\$8,508.24
Expenditures And Other Financing Uses	\$248.84	\$248.84	\$0.00	\$0.00	\$0.00
Excess (Deficit) of Resources Over Uses	\$492,381.88	\$481,862.78	\$339.27	\$1,671.59	\$8,508.24
Nonrevenues (Except 384)	\$323,173.95	\$0.00	\$0.00	\$0.00	\$323,173.95
Nonexpenditures (Except 584)	\$324,418.58	\$0.00	\$286.14	\$1,671.59	\$322,460.85
Ending Cash and Investments	\$491,137.25	\$481,862.78	\$53.13	\$0.00	\$9,221.34

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 001 General Fund		Fund Number and Name 101 City Street Fund	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	346,740	346,740	80,181	80,181
	Prior Period Adjustments		25,742		19,114
	Revenues and Other Sources				
310	Taxes	965,737	1,070,546	75,359	70,185
320	Licenses and Permits	161,400	53,587		
330	Intergovernmental	135,597	130,867	63,675	82,521
340	Charges for Goods and Services	397,400	324,204	23,000	7,804
350	Fines and Forfeits	35,470	32,654	0	0
360	Miscellaneous	23,770	5,021	300	291
370	Capital Contributions			0	0
390	Other Financing Sources	113,500	109,416	121,700	75,559
	Total Revenues and Other Sources	1,832,874	1,726,295	284,034	236,360
	Total Resources	2,179,614	2,098,777	364,215	335,654
	Operating Expenditures				
510	General Government	306,462	268,282		
520	Public Safety	895,207	839,037		
530	Physical Environment	268,641	262,233		
540	Transportation			451,803	409,503
550	Economic Environment	225,406	207,442		
560	Mental and Physical Health	1,000	806		
570	Culture and Recreational	125,233	99,836		
	Total Operating Expenditures	1,821,948	1,677,636	451,803	409,503
591-93	Debit Service	0	0	6,320	12,320
594-595	Capital Outlay	0	0	0	0
	Total Expenditures	1,821,948	1,677,636	458,123	421,823
597-599	Other Financing Uses	77,760	79,197	0	0
	Total Expenditures and Other Uses	1,899,708	1,756,833	458,123	421,823
	Excess (Deficit) of Resources Over Uses	279,906	341,943	-93,908	-86,168
380	Nonrevenues	0	0	156,000	163,455
580	Nonexpenditures	0	0	0	0
	Ending Net Cash and Investments	279,906	341,943	62,092	77,286

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 102 Emergency Medical		Fund Number and Name 103 Civic Center Operating	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	40,711	40,711	3	3
	Prior Period Adjustments		1,464		212
	Revenues and Other Sources				
310	Taxes	26,032	25,672	0	0
320	Licenses and Permits				
330	Intergovernmental	1,644	1,726		
340	Charges for Goods and Services	0	0		
350	Fines and Forfeits				
360	Miscellaneous	600	296	0	0
370	Capital Contributions				
390	Other Financing Sources	0	0	3,800	3,639
	Total Revenues and Other Sources	28,276	27,695	3,800	3,639
	Total Resources	68,987	69,869	3,803	3,854
	Operating Expenditures				
510	General Government				
520	Public Safety	35,046	29,281		
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational			3,800	3,642
	Total Operating Expenditures	35,046	29,281	3,800	3,642
591-93	Debit Service				
594-595	Capital Outlay	0	0		
	Total Expenditures	35,046	29,281	3,800	3,642
597-599	Other Financing Uses	0	0		
	Total Expenditures and Other Uses	35,046	29,281	3,800	3,642
	Excess (Deficit) of Resources Over Uses	33,941	40,588	3	212
380	Nonrevenues	0	0	1,550	1,541
580	Nonexpenditures	0	0	1,550	1,541
	Ending Net Cash and Investments	33,941	40,588	3	212

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 104 Parks & Pool Reserve		Fund Number and Name 105 Hotel/motel Tax Fund	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	15,037	15,037	27,368	27,368
	Prior Period Adjustments				50
	Revenues and Other Sources				
310	Taxes			13,000	12,784
320	Licenses and Permits				
330	Intergovernmental	0	0		
340	Charges for Goods and Services	13,800	2,776	0	0
350	Fines and Forfeits				
360	Miscellaneous	470	366	500	133
370	Capital Contributions				
390	Other Financing Sources	0	0		
	Total Revenues and Other Sources	14,270	3,142	13,500	12,917
	Total Resources	29,307	18,179	40,868	40,335
	Operating Expenditures				
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment			36,055	20,107
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures			36,055	20,107
591-93	Debit Service				
594-595	Capital Outlay				
	Total Expenditures	0	0	36,055	20,107
597-599	Other Financing Uses	12,100	9,131		
	Total Expenditures and Other Uses	12,100	9,131	36,055	20,107
	Excess (Deficit) of Resources Over Uses	17,207	9,048	4,813	20,228
380	Nonrevenues	0	0	0	0
580	Nonexpenditures	0	0	0	0
	Ending Net Cash and Investments	17,207	9,048	4,813	20,228

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 106 Crime Prevention-PD		Fund Number and Name 107 Public Safety Fund	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	22,355	22,355	19,144	19,144
	Prior Period Adjustments				
	Revenues and Other Sources				
310	Taxes			58,000	57,938
320	Licenses and Permits				
330	Intergovernmental			0	0
340	Charges for Goods and Services	200	74		
350	Fines and Forfeits	3,800	2,618		
360	Miscellaneous	8,100	7,959	50	7
370	Capital Contributions				
390	Other Financing Sources	0	0	0	0
	Total Revenues and Other Sources	12,100	10,651	58,050	57,946
	Total Resources	34,455	33,006	77,194	77,090
	Operating Expenditures				
510	General Government				
520	Public Safety	13,000	7,932	64,000	64,226
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures	13,000	7,932	64,000	64,226
	591-93 Debit Service				
	594-595 Capital Outlay				
	Total Expenditures	13,000	7,932	64,000	64,226
	597-599 Other Financing Uses	0	0		
	Total Expenditures and Other Uses	13,000	7,932	64,000	64,226
	Excess (Deficit) of Resources Over Uses	21,455	25,074	13,194	12,864
380	Nonrevenues	0	0	0	0
580	Nonexpenditures	0	0	0	0
	Ending Net Cash and Investments	21,455	25,074	13,194	12,864

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 108 Cemetery Memorial		Fund Number and Name 112 Cumulative	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	500	500	121,886	121,886
	Prior Period Adjustments				
	Revenues and Other Sources				
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services	500	0		
350	Fines and Forfeits				
360	Miscellaneous	0	0	400	371
370	Capital Contributions				
390	Other Financing Sources	0	0	0	0
	Total Revenues and Other Sources	500	0	400	371
	Total Resources	1,000	500	122,286	122,257
	Operating Expenditures				
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures				
591-93	Debit Service				
594-595	Capital Outlay			93,908	83,706
	Total Expenditures	0	0	93,908	83,706
597-599	Other Financing Uses	0	0	0	0
	Total Expenditures and Other Uses	0	0	93,908	83,706
	Excess (Deficit) of Resources Over Uses	1,000	500	28,378	38,550
380	Nonrevenues	0	0	0	0
580	Nonexpenditures	0	0	0	0
	Ending Net Cash and Investments	1,000	500	28,378	38,550

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 202 Fmha Sewer Revenue		Fund Number and Name 203 Unlimited Tax GO Bond,	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	1,222	1,222	0	0
	Prior Period Adjustments				
	Revenues and Other Sources				
310	Taxes			2,100	2,075
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	30	9	0	0
370	Capital Contributions				
390	Other Financing Sources	32,400	32,400		
	Total Revenues and Other Sources	32,430	32,409	2,100	2,075
	Total Resources	33,652	33,631	2,100	2,075
	Operating Expenditures				
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures				
591-93	Debit Service	32,400	32,400	2,100	2,075
594-595	Capital Outlay				
	Total Expenditures	32,400	32,400	2,100	2,075
597-599	Other Financing Uses			0	0
	Total Expenditures and Other Uses	32,400	32,400	2,100	2,075
	Excess (Deficit) of Resources Over Uses	1,252	1,231	0	0
380	Nonrevenues	0	0	0	0
580	Nonexpenditures	0	0	0	0
	Ending Net Cash and Investments	1,252	1,231	0	0

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 204 Sied Loan		Fund Number and Name 205 Yvfwc Sied Debt Svc	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	1,480	1,480	0	0
	Prior Period Adjustments				
	Revenues and Other Sources				
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	0	10	0	0
370	Capital Contributions	34,783	33,294	43,897	43,897
390	Other Financing Sources	0	0	0	0
	Total Revenues and Other Sources	34,783	33,304	43,897	43,897
	Total Resources	36,264	34,785	43,897	43,897
	Operating Expenditures				
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures				
591-93	Debit Service	34,783	34,783	43,897	43,897
594-595	Capital Outlay				
	Total Expenditures	34,783	34,783	43,897	43,897
597-599	Other Financing Uses	0	0	0	0
	Total Expenditures and Other Uses	34,783	34,783	43,897	43,897
	Excess (Deficit) of Resources Over Uses	1,480	1	0	0
380	Nonrevenues	0	0	0	0
580	Nonexpenditures	0	0	0	0
	Ending Net Cash and Investments	1,480	1	0	0

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 206 Debt Service-Sied-Yc-		Fund Number and Name 207 Pwtf Water Tower Loan	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	0	0	0	0
	Prior Period Adjustments				
	Revenues and Other Sources				
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental			0	0
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	0	0	0	0
370	Capital Contributions	18,314	20,678		
390	Other Financing Sources			123,275	123,271
	Total Revenues and Other Sources	18,314	20,678	123,275	123,271
	Total Resources	18,314	20,678	123,275	123,271
	Operating Expenditures				
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures				
591-93	Debit Service	18,314	18,314	123,275	123,271
594-595	Capital Outlay				
	Total Expenditures	18,314	18,314	123,275	123,271
597-599	Other Financing Uses			0	0
	Total Expenditures and Other Uses	18,314	18,314	123,275	123,271
	Excess (Deficit) of Resources Over Uses	0	2,365	0	0
380	Nonrevenues	0	0	0	0
580	Nonexpenditures	0	0	0	0
	Ending Net Cash and Investments	0	2,365	0	0

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 208 Pwtf Wwtp Upgrade		Fund Number and Name 301 Capital Projects Fund	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	0	0	253,041	253,041
	Prior Period Adjustments				33
	Revenues and Other Sources				
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental			0	-6
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	0	0	4,500	417
370	Capital Contributions			0	0
390	Other Financing Sources	136,000	120,935	3,760	0
	Total Revenues and Other Sources	136,000	120,935	8,260	411
	Total Resources	136,000	120,935	261,302	253,485
	Operating Expenditures				
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures				
591-93	Debit Service	136,000	120,935		
594-595	Capital Outlay			213,924	160,775
	Total Expenditures	136,000	120,935	213,924	160,775
597-599	Other Financing Uses	0	0	0	0
	Total Expenditures and Other Uses	136,000	120,935	213,924	92,710
	Excess (Deficit) of Resources Over Uses	0	0	47,377	92,710
380	Nonrevenues	0	0	0	0
580	Nonexpenditures	0	0	9,000	5,702
	Ending Net Cash and Investments	0	0	38,377	87,007

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 302 Capital Street Projects		Fund Number and Name	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	11,696	11,696		
	Prior Period Adjustments				
	Revenues and Other Sources				
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental	796,820	718,267		
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	2,100	27		
370	Capital Contributions	12,000	12,000		
390	Other Financing Sources	253,000	178,000		
	Total Revenues and Other Sources	1,063,920	908,294		
	Total Resources	1,075,616	919,991	0	0
	Operating Expenditures				
510	General Government				
520	Public Safety	0	0		
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures	0	0		
591-93	Debit Service				
594-595	Capital Outlay	1,038,600	639,724		
	Total Expenditures	1,038,600	639,724		
597-599	Other Financing Uses				
	Total Expenditures and Other Uses	1,038,600	639,724	0	0
	Excess (Deficit) of Resources Over Uses	37,016	280,266	0	0
380	Nonrevenues	42,200	22,198		
580	Nonexpenditures	233,000	190,575		
	Ending Net Cash and Investments	-153,784	111,889		

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 304 Real Estate Excise Tax		Fund Number and Name 402 Water Fund	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	241,130	241,130	682,736	682,736
	Prior Period Adjustments				3,133
	Revenues and Other Sources				
310	Taxes	50,000	49,213		
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services			383,000	351,585
350	Fines and Forfeits			23,200	23,336
360	Miscellaneous	4,000	1,558	36,100	22,644
370	Capital Contributions				
390	Other Financing Sources	0	0	0	0
	Total Revenues and Other Sources	54,000	50,772	442,300	397,565
	Total Resources	295,130	291,902	1,125,036	1,083,434
	Operating Expenditures				
510	General Government				
520	Public Safety				
530	Physical Environment			442,638	416,804
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures			442,638	416,804
591-93	Debit Service	0	0	0	0
594-595	Capital Outlay				
	Total Expenditures	0	0	442,638	416,804
597-599	Other Financing Uses	50,000	14,900	0	0
	Total Expenditures and Other Uses	50,000	14,900	442,638	416,804
	Excess (Deficit) of Resources Over Uses	245,130	277,002	682,398	666,630
380	Nonrevenues	0	0	0	0
580	Nonexpenditures	156,000	156,000	0	0
	Ending Net Cash and Investments	89,130	121,002	682,398	666,630

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 403 Sewer Fund		Fund Number and Name 405 Cemetery Fund	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	307,556	307,556	7,515	7,515
	Prior Period Adjustments		3,254		1,796
	Revenues and Other Sources				
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services	325,000	340,884	106,500	100,605
350	Fines and Forfeits				
360	Miscellaneous	7,000	2,128	100	33
370	Capital Contributions				
390	Other Financing Sources	0	0	0	0
	Total Revenues and Other Sources	332,000	343,012	106,600	100,638
	Total Resources	639,556	653,821	114,115	109,949
	Operating Expenditures				
510	General Government			0	0
520	Public Safety				
530	Physical Environment	300,555	298,277	109,265	104,660
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures	300,555	298,277	109,265	104,660
591-93	Debit Service	0	0	0	107
594-595	Capital Outlay	2,402	2,402	0	0
	Total Expenditures	302,957	300,678	109,265	104,767
597-599	Other Financing Uses	32,400	32,400		
	Total Expenditures and Other Uses	335,357	333,078	109,265	104,767
	Excess (Deficit) of Resources Over Uses	304,199	320,743	4,850	5,182
380	Nonrevenues	0	0	0	0
580	Nonexpenditures	0	0	0	0
	Ending Net Cash and Investments	304,199	320,743	4,850	5,182

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 420 Water Reserve Fund		Fund Number and Name 422 Water Deposit Fund	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	1,043,819	1,043,819	44,100	44,100
	Prior Period Adjustments		18,366		1,215
	Revenues and Other Sources				
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental	0	0		
340	Charges for Goods and Services	50,000	16,000		
350	Fines and Forfeits				
360	Miscellaneous	156,000	133,484	1,400	285
370	Capital Contributions	0	0		
390	Other Financing Sources	0	0		
	Total Revenues and Other Sources	206,000	149,484	1,400	285
	Total Resources	1,249,819	1,211,669	45,500	45,599
	Operating Expenditures				
510	General Government				
520	Public Safety				
530	Physical Environment	0	0		
540	Transportation				
550	Economic Environment	0	0		
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures	0	0		
591-93	Debit Service	375	364		
594-595	Capital Outlay	1,163,335	1,006,144		
	Total Expenditures	1,163,710	1,006,508	0	0
597-599	Other Financing Uses	123,275	123,271	1,400	285
	Total Expenditures and Other Uses	1,286,985	1,129,779	1,400	285
	Excess (Deficit) of Resources Over Uses	-37,166	81,890	44,100	45,315
380	Nonrevenues	557,100	552,163	20,000	16,800
580	Nonexpenditures	75,650	5,605	20,000	18,454
	Ending Net Cash and Investments	444,284	628,448	44,100	43,660

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

BARS CODE		Fund Number and Name 430 Sewer Plant Reserve		Fund Number and Name 501 City Hall Maintenance	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	498,112	498,112	0	0
	Prior Period Adjustments		19,027		2,796
	Revenues and Other Sources				
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental	0	0		
340	Charges for Goods and Services	155,950	112,005		
350	Fines and Forfeits				
360	Miscellaneous	17,520	16,957	37,575	25,545
370	Capital Contributions				
390	Other Financing Sources	0	0		
	Total Revenues and Other Sources	173,470	128,962	37,575	25,545
	Total Resources	671,582	646,101	37,575	28,341
	Operating Expenditures				
510	General Government			37,575	25,545
520	Public Safety				
530	Physical Environment	16,600	11,512		
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
	Total Operating Expenditures	16,600	11,512	37,575	25,545
591-93	Debit Service	2,681	2,681		
594-595	Capital Outlay	71,000	31,014		
	Total Expenditures	90,281	45,206	37,575	25,545
597-599	Other Financing Uses	136,000	120,935		
	Total Expenditures and Other Uses	226,281	166,141	37,575	25,545
	Excess (Deficit) of Resources Over Uses	445,301	479,960	0	2,796
380	Nonrevenues	80,000	180,000	0	0
580	Nonexpenditures	9,392	9,391	0	0
	Ending Net Cash and Investments	515,909	650,569	0	2,796

The accompanying notes are an integral part of this financial statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ending December 31, 2009

Fund Type	Investment Trust Funds	Fund Number and Name 601 Investment Trust Funds		Fund Number and Name 631 Claims Clearing Fund	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	426,468	426,468	12,448	12,448
	Prior Period Adjustments		125		106,568
	Revenues and Other Sources	29,700	26,223		
	Total Resources	456,168	452,817	0	119,016
	Expenditures and Other Financing Uses	613	188	0	0
	Excess (Deficit) of Resources Over Uses	455,556	452,630	0	119,016
	Nonrevenues (Except 384 and 388-80)	0	107		3,277,843
	Nonexpenditures (Except 584 and 588-80)	0	0		3,396,520
	Ending Net Cash and Investments	455,556	452,737		339

Fund Type		Fund Number and Name 632 Payroll Clearing Fund		Fund Number and Name 633 Treasurer's Agency	
		Budget	Actual	Budget	Actual
	Beginning Net Cash and Investments	141,915	141,915	17,574	17,574
	Prior Period Adjustments		-87,319		2,178
	Revenues and Other Sources	0	0	0	0
	Total Resources	0	54,596	17,574	19,752
	Expenditures and Other Financing Uses	0	0	0	0
	Excess (Deficit) of Resources Over Uses	0	54,596	17,574	19,752
	Nonrevenues (Except 384 and 388-80)		1,302,831	755,091	692,322
	Nonexpenditures (Except 584 and 588-80)	0	1,355,755	755,091	703,565
	Ending Net Cash and Investments		1,672	17,574	8,508

The accompanying notes are an integral part of this financial statement.

CITY OF ZILLAH
NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The City of Zillah reports financial activity using the revenues and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The City of Zillah was incorporated on January 5, 1911 and operates under the laws of the State of Washington applicable to a non-charter code city with a Mayor/Council form of government. The City of Zillah is a general purpose government and provides police and fire protection, street improvement, parks and recreation, and general administrative services. In addition, the City owns and operates a cemetery, water/irrigation and a sewer system. The City of Zillah uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

a. Fund Accounting

The accounts of the city are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The city's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are fund types used by the City of Zillah.

GOVERNMENTAL FUND TYPES

General (Current Expense) Fund (001)

This fund is the primary operating fund of the City of Zillah. It accounts for financial resources except those required or elected to be accounted for in another fund.

See spreadsheet in Note 1(c) Budgets, which references funds that were combined for reporting purposes.

Special Revenue Funds (100-199)

These funds account for revenues that are legally restricted or designated to finance particular activities of the City of Zillah.

Debt Service Funds (200 – 299)

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Project Funds (300 – 399)

These funds account for financial resources which are designated for the acquisition or construction of general government capital projects.

PROPRIETARY FUND TYPES:

Enterprise Funds (400-499)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

See spreadsheet in Note 1(c) Budgets, which references funds that were combined for reporting purposes.

Internal Service Funds (500-599)

These funds account for operations that provide goods or services to other departments or funds of the city on a cost-reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the city in a trustee capacity or as an agent on behalf of others.

Agency Funds (631-699)

These funds are used to account assets that the city holds for others in an agency capacity.

b. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

In accordance with state law the City of Zillah also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

c. Budgets

The city adopts annual appropriated budgets for all funds at the fund level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

FUND		Final/Appropriated Amounts	Actual Expenditures	Variance
001	General Fund +	1,918,493.87	1,784,105.05	134,388.82
	Total General Fund	1,918,493.87	1,784,105.05	134,388.82
101	City Street Fund	445,447.88	430,887.32	14,560.56
102	Emergency Medical Services Fund	37,190.37	30,461.51	6,728.86
104	Parks & Pool Reserve Fund	5,223.00	526.57	4,696.43
105	Hotel/Motel Tax Fund	12,275.00	9,275.00	3,000.00
106	Crime Prevention-PD Fund	24,500.00	24,276.61	223.39
203	Limited Tax GO Bond, 2009 Fund	12,500.00	12,449.88	50.12
204	SIED loan Fund	34,783.28	34,783.28	0.00
205	YVFW Sied Debt Svc. Fund	43,896.97	43,896.97	0.00
206	Debt Service-SIED-YC-VVMC-08 Fund	18,313.57	18,313.57	0.00
301	Capital Projects Fund	52,260.26	52,086.26	174.00
302	Capital Street Projects Fund	235,000.00	232,374.25	2,625.75
304	Real Estate Excise Tax Fund	50,000.00	28,476.68	21,523.32
402	Water Fund +	875,077.13	832,776.97	42,300.16
403	Sewer Fund +	649,802.00	644,038.72	5,763.28
405	Cemetery Fund +	122,397.70	122,331.78	65.92
501	City Hall Maintenance Fund	36,705.00	26,338.81	10,366.19
601	Investment Trust Fund	612.50	248.84	363.66
631	Claims Clearing Fund	0.00	0.00	0.00
632	Payroll Clearing Fund	0.00	0.00	0.00
633	Treasurer's Agency Fund	820,415.00	322,460.85	497,954.15
	TOTALS ALL FUNDS	5,394,893.53	4,650,108.92	744,784.61

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city's legislative body.

- + Some of the funds were combined for reporting purposes. Changes will be made during 2011 in order to bring funds into compliance with the current reporting requirements. See spreadsheet below for details showing the combined funds.

FUND				Final/Appropriated Amounts	Actual Expenditures	Variance
001	General Fund			1,846,633.87	1,713,025.22	133,608.65
	Other funds Rolled into 001	103	Civic Center Operating Fund	3,360.00	2,603.87	756.13
		107	Public Safety Fund	68,500.00	68,475.96	24.04
		112	Cumulative Reserve/Stab Fund	0.00	0.00	0.00
	Total General Fund			1,918,493.87	1,784,105.05	134,388.82
101	City Street Fund			445,447.88	430,887.32	14,560.56
102	Emergency Medical Services Fund			37,190.37	30,461.51	6,728.86
104	Parks & Pool Reserve Fund			5,223.00	526.57	4,696.43
105	Hotel/Motel Tax Fund			12,275.00	9,275.00	3,000.00
106	Crime Prevention-PD Fund			24,500.00	24,276.61	223.39
203	Limited Tax GO Bond, 2009 Fund			12,500.00	12,449.88	50.12
204	SIED loan Fund			34,783.28	34,783.28	0.00
205	YVFW Sied Debt Svc. Fund			43,896.97	43,896.97	0.00
206	Debt Service-SIED-YC-VVMC-08 Fund			18,313.57	18,313.57	0.00
301	Capital Projects Fund			52,260.26	52,086.26	174.00
302	Capital Street Projects Fund			235,000.00	232,374.25	2,625.75
304	Real Estate Excise Tax Fund			50,000.00	28,476.68	21,523.32
402	Water Fund			434,597.37	434,504.56	92.81
	Other funds Rolled into 402	207	PWTF Water Tower Loan	131,849.92	131,827.43	22.49
		420	Water Reserve Fund	286,629.84	245,357.33	41,272.51
		422	Utility Deposit Fund	22,000.00	21,087.65	912.35
	Total Water Fund			875,077.13	832,776.97	42,300.16

FUND				Final/Appropriated Amounts	Actual Expenditures	Variance
403	Sewer Fund			349,589.00	349,531.40	57.60
	Other funds Rolled into 403	202	FMHA Sewer Revenue Bond Fund	32,400.00	32,400.00	0.00
		208	PWTF WWTP Upgrade Fund	119,270.00	119,261.88	8.12
		430	Sewer Plant Reserve Fund	148,543.00	142,845.44	5,697.56
	Total Sewer Fund			649,802.00	644,038.72	5,763.28
405	Cemetery Fund			122,397.70	122,331.78	65.92
	Other fund Rolled into 405	108	Cemetery Memorial Fund	0.00	0.00	0.00
	Total Cemetery Fund			122,397.70	122,331.78	65.92
501	City Hall Maintenance Fund			36,705.00	26,338.81	10,366.19
601	Investment Trust Fund			612.50	248.84	363.66
631	Claims Clearing Fund			0.00	0.00	0.00
632	Payroll Clearing Fund			0.00	0.00	0.00
633	Treasurer's Agency Fund			820,415.00	322,460.85	497,954.15
Sub total Other Funds				3,476,399.66	2,866,003.87	610,395.79
TOTALS ALL FUNDS				5,394,893.53	4,650,108.92	744,784.61

d. Cash

It is the city's practice to invest temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

e. Deposits

The city's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC), and/or the Washington Public Deposit Protection Commission (WPDPC).

f. Investments See Note 3

g. Capital Assets

Capital assets are long-lived assets of the city and are recorded as expenditures when purchased.

h. Compensated Absences

Vacation leave may be accumulated up to a maximum of 240 hours and is payable upon separation or retirement.

Sick leave may accumulate up to 480 hours. Upon retirement employees do receive payment for unused sick leave at the rate of one hour for every two hours accrued.

- i. Long-Term Debt See Note 6
- j. Other Financing Sources Or Uses

The City's "Other Financing Sources or Uses" consist of Operating Transfers-in, Operating Transfers-out and Proceeds of Surplus.

- k. Risk Management

The City of Zillah is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 145 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

1. Reserved Fund Balances

Chapter 3.12 of the Zillah Municipal Code refers to restricted usage relating to the Real Estate Excise Tax Funds. There was a beginning fund balance of \$121,001.51 in the Real Estate Excise Tax fund (304) at the beginning of 2010. \$71,001.51 of funds were reported as Reserved because they were not allocated during 2010. The remaining \$50,000 of the beginning fund balance was appropriated through the budget process for capital projects so it was reported as Unreserved.

Farmers Home Administration established a reserve requirement of \$32,400 for the loan that the city secured with them for a Wastewater Treatment Plant Improvements project. Those monies were held in the Sewer Reserve Fund (430) and that fund was rolled into the Sewer Fund (403) for reporting purposes so the Sewer Fund (403) is where you will find the beginning balance Reserved amount of \$32,400.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions. Monthly review of the financial reports is done but upon annual review an error was discovered in payroll distribution and a correction was made. After correction of the error, the appropriations in the water and sewer funds were exceeded and a 2010 budget amendment was approved on March 7, 2011 effective 12-31-10.

NOTE 3 – INVESTMENTS

The city's investments are either insured, registered or held by the city or its agent in the city's name.

Investments are presented at cash value.

Investments by type at December 31, 2010 are as follows:

Type of Investment	Total
L.G.I.P.	\$1,978,016
Money Market Funds	\$13,129
Savings Accounts	\$977,673
TOTAL	\$2,968,818

NOTE 4 – PROPERTY TAX

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by the city. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The city's regular levy for the year 2010 was .8622 per \$1,000 on an assessed valuation of \$155,346,028 for a total regular levy of \$378,477.92

NOTE 5 – INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activity during 2010

Borrowing Fund	Lending Fund	Balance 1/1/2010	New Loans	Repayments	Balance 12/31/2010
101	304	156,625.00	0.00	156,625.00	0.00

NOTE 6 – LONG TERM DEBT

The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the city and summarizes the city's debt transactions for 2010. The debt service payment for the fiscal year being reported and future payment requirements, including interest, and Other Debt relating to Compensated absences, are as follows:

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2010	109,443.70	301,502.40	94,786.11	505,732.21
2011	65,546.73	299,910.77		365,457.50
2012	65,546.73	298,249.94		363,796.67
2013	65,546.73	296,589.10		362,135.83
2014	65,546.73	294,928.27		360,475.00
2015	65,546.66	293,267.44		358,814.10
2016- 2020	102,665.56	1,447,057.66		1,549,723.22
2021- 2025		1,249,325.60		1,249,325.60
2026- 2030		264,952.56		264,952.56
2031- 2035		126,629.02		126,629.02
	539,842.84	4,872,412.76	94,786.11	5,507,041.71

NOTE 7 – PENSION PLANS

Substantially all city full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS), Law Enforcement Officers' and Fire Fighters Retirement System (LEOFF) or Volunteer Fire Fighters' Relief and Pension Funds which are administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

Actuarial information is on a system-wide basis and is not considered pertinent to the city's financial statements. Contributions to the system by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

As per union contract, on January 1, 2010 all current bargaining unit members employed by the City of Zillah Police Department, Public works Department and the Clerks Union agreed to divert \$1.50 per hour of pre-taxed earnings to the Conference of Teamsters Pension Trust. City also contributes \$1.50 per hour for those employees towards the pension program up to a total of 2080 hours per year.

Effective January 1, 2010, the City began contributing \$50 per month on behalf of each Department Director to the Deferred Comp Program (DCP). In addition, the City will match on a dollar for dollar basis a maximum of \$174.00 per month to each Department Directors (DCP) account.

NOTE 8 – OTHER DISCLOSURES

At year-end a cashier's overage/shortage was posted in the amount of \$1,593.15. We were off by that amount due to a program conversion error. Two warrants in the amounts of \$86.21 and \$1,500.95 that had already cleared our system prior to conversion were incorrectly carried over as checks. This amount also included three other very minor adjustments that we will provide detail on at the time of audit.

CITY OF ZILLAH
NOTES TO FINANCIAL STATEMENTS F-3
JANUARY 1 THROUGH DECEMBER 31, 2009

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The City of Zillah reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. The basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The City of Zillah was incorporated in 1911 and operates under the laws of the State of Washington applicable to a non-charter code city with a mayor-council form of government. The city is a general purpose government and provides police and fire protection, street improvement, parks and recreation, and general administrative services. In addition, the city owns and operates a cemetery, water/irrigation and a sewer system. The city contracts for refuse collection from a private contractor with the city performing the accounting function. The city uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

a. **Fund Accounting**

The accounts of the city are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The city's resources are allocated to and accounted for, in individual funds depending on their intended purpose. The following are the fund types used by the City of Zillah:

GOVERNMENTAL FUND TYPES:

Current Expense Fund

This fund is the primary operating fund of the city. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for revenues that are legally restricted or designated to finance particular activities of the city.

Debt Service Funds

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are designated for the acquisition or construction of general government capital projects.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the city or to other governmental units on a cost-reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the city in a trustee capacity or as an agent on behalf of others.

Nonexpendable Trust Funds

These funds account for assets of which the principal may not be spent.

Agency Funds

These funds are used to account for assets that the city holds for others in an agency capacity.

b. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when received in cash and expenditures are recognized when paid, including those properly chargeable against the report year budget appropriations as required by state law.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

c. Budgets

Annual appropriated budgets are adopted for all funds, except for the treasurer's clearing fund. The financial statements include budgetary comparisons for all funds, except for the treasurer's clearing fund

Annual appropriated budgets are adopted at the fund level (except the general (current expense) fund, where budgets are adopted at the department level). The budgets constitute the legal authority for expenditures at that level. Annual appropriations for all funds lapse at the fiscal period end.

The City Clerk/Treasurer is authorized to transfer budgeted amounts between departments within any fund or object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city council.

d. Cash

It is the city's policy to invest temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

e. Deposits

The City's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

f. Investments See Note 3

g. Derivatives and Similar Transactions

None

h. Capital Assets

Capital assets are long-lived assets of the city and are recorded as expenditures when purchased.

i. Compensated Absences

Vacation leave may be accumulated up to a maximum of 240 hours, and is payable upon separation or retirement.

Maximum sick leave accrual and pay-out of unused sick leave varies depending on which contract an employee is covered under.

j. Long-Term Debt See Note 6

k. Other Financing Sources or Uses

The City's "Other Financing Sources or Uses" consist of Operating transfers-in, Operating transfers-out and Proceeds of Surplus.

l. Risk Management

The city of Zillah is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 136 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is

subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sub-limits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 - INVESTMENTS

The city's investments are either insured, registered or held by the city or its agent in the city's name. Investments by type on December 31, 2009 are as follows:

<u>Type of Investment</u>	<u>Balance</u>
L.G.I.P.	\$2,919,794.68
Money Market Funds	\$ 13,102.46
Savings Accounts	<u>\$ 148,541.37</u>
Total	\$3,081,438.51

NOTE 4 - PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by the city. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The city's regular levy for 2009 was .5305 per \$1,000 on an assessed valuation of \$153,071,373 for a total

regular levy of \$ 356,796.35.

NOTE 5 - INTERFUND LOANS AND ADVANCES

The City had two intra-fund loans during 2009. On January 20, 2009 the City Council, through Resolution No. 2009-03, authorized the City Clerk/Treasurer to borrow an additional sum of 80,000 and combine it with the prior amount of \$100,000 and to deposit the amount into the City's Capital Street Projects Fund. From the Capital Street Projects Fund, the City will pay said expenses for costs associated with a Street Improvements Project. The City's Capital Street Projects Fund will repay the City Sewer Plant Reserve Fund interest on said loans at the rate of 4.4% per annum with said payments being made in one payment within 12 months after the transfer of the funds from the Sewer Plant Reserve Fund to the Capital Street Projects fund. On December 7, 2009 the Council, through Resolution No. 2009-17 authorized the City Clerk/Treasurer to borrow the sum of \$156,000, to be deposited into the City's Street Utility Fund. From the Street Utility Fund, the City will pay said expenditures for costs associated with a Street Improvements Project. The City's Street Utility Funds will repay the City's Real Estate Excise Tax Fund the amount of the loan of \$156,000 plus interest on said loan at the rate of .4% per annum. Payments shall be made in one payment within twelve months after the transfer of the funds from the Real Estate Excise Tax Fund to the Street Utility Fund.

NOTE 6 - LONG-TERM DEBT

The accompanying Schedule of Long-Term Debt (9) provides a listing of the outstanding debt of the city and summarizes the city's debt transactions for 2009. The debt service requirements, including interest, are as follows:

	REVENUE BOND WWTP LOAN 208	REVENUE BONDS USDA LOAN 202	REVENUE BONDS TELEM LOAN 430	REVENUE BONDS SRF LOAN 430	REVENUE BONDS RES LOAN 207	ZILLAH LKS YAK CTY SIED LOAN 204	YVFWC YAK CTY SIED LOAN 205	YV- VVMC- YAK CTY SIED LOAN 206	LIMITED GO BOND 203	TOTAL
2009	120,934.86	32,400	5,969.15	12,071.96	123,270.77	34,783.28	43,897.02	18,313.57	2,074.98	393,715.59
2010	119,261.88	32,400	5,941.12	12,071.96	131,827.43	34,783.28	43,896.97	18,313.57	12,449.88	410,946.09
2011	118,242.53	32,400	5,913.11	12,071.96	131,283.17	34,783.28		18,313.57	12,449.88	365,457.50
2012	117,223.22	32,400	5,885.07	12,071.96	130,669.69	34,783.28		18,313.57	12,449.88	363,796.67
2013	116,203.87	32,400	5,857.06	12,071.96	130,056.21	34,783.28		18,313.57	12,449.88	362,135.83
2014- 2034	1,417,891.16	677,429.02	45,847.55	144,863.66	1,390,129.16	69,566.49		91,568.19	72,624.27	3,909,919.50
TOTAL	2,009,757.52	839,429.02	75,413.06	205,223.46	2,037,236.43	243,482.89	87,793.99	183,136.04	124,498.77	5,805,971.18

NOTE 7 - PENSION PLANS

Substantially all city full-time and qualifying part-time employees participate in Public Employees' Retirement System (PERS), Law Enforcement Officers' And Fire Firefighters Retirement System (LEOFF), or Volunteer Fire Fighters' Relief and Pension Fund which are administered by the State of Washington Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined

contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the city's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

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

As per Union Contract on January 1, 2009 all current bargaining unit members employed by the City of Zillah Police Department, Public Works Department and the Clerks Union agreed to divert \$1.00 per hour of pre-taxed earnings to the Conference of Teamsters Pension Trust. City also contributes \$1.00 per hour for those employees towards the pension program up to a total of 2080 hours per year.

Effective January 1, 2009 the City began contributing \$50 per month on behalf of each Department Director to the Deferred Comp Program (DCP). In addition, the City will match on a dollar for dollar basis a maximum of \$174.00 per month to each Department Directors DCP account.

NOTE 8 – OTHER DISCLOSURES

The City of Zillah converted from the Application Software Program (ASP) software to Visions Municipal Solutions (VMS) software in October 2009. At that time we decided to do away with the warrant system and convert to checks only. We had a large outstanding warrant total so we extensively reviewed the outstanding warrant report in order to identify each warrant in our system. During 2007 we had some computer issues with the ASP/Harris system and Harris (who had taken over ownership of the ASP system) could not help us resolve an issue that happened that year in our outstanding warrant report. At one point that year during a computer glitch, there were several warrants that mysteriously showed up on the outstanding warrant report that we knew had previously been cleared but we were unable to resolve the issue. Time went on and the warrants stayed on the report longer than anticipated. Since we had hopes of converting to a new program in the future we decided to wait and deal with the warrants at that time. It ended up taking us longer to convert than hoped so the warrant issue was not dealt with until October 2009 when we converted. Resolve to the issue was found during conversion. We ended up removing most of the warrants from the system and we identified each warrant on the list and dealt with it accordingly. Some of the un-cashed and/or returned warrants that had been on the list are being sent to the state as unclaimed property. The warrants previously mentioned that had re-entered the system (that had been previously cleared) were taken off and the amounts were disbursed back to the funds they had originally come out of.

Because of this, adjustments were made to the 2009 beginning balances, to the funds that were involved in the glitch, as shown below.

FUND	2009 Original Beg. Balances	2009 Beg. Bal. Adjustment	2009 Adj. Beg. bal
001	\$346,739.89	\$25,741.76	\$372,481.65
101	\$80,181.81	\$19,113.76	\$99,295.57
102	\$40,710.82	\$1,463.65	\$42,174.47
103	\$3.29	\$212.40	\$215.69
105	\$27,368.15	\$50.12	\$27,418.27
301	\$253,041.25	\$32.62	\$253,073.87
402	\$682,735.92	\$3,133.42	\$685,869.34
403	\$307,555.75	\$3,253.55	\$310,809.30
405	\$7,515.37	\$1,795.66	\$9,311.03
420	\$1,043,818.83	\$18,366.04	\$1,062,184.87
422	\$44,099.65	\$1,214.94	\$45,314.59
430	\$498,111.75	\$19,027.07	\$517,138.82
501	\$0.00	\$2,796.15	\$2,796.15
601	\$426,468.45	\$125.48	\$426,593.93
633	\$17,574.11	\$2,177.68	\$19,751.79
	Total Adj.	\$98,504.31	

Adjustments made to Clearing Funds

FUND	2009 Beg. Balances	2009 Beg. Bal. Adjustment	2009 Adj. Beg. bal
631	\$12,448.15	\$106,567.91	\$119,016.06
632	\$141,914.54	-\$87,318.95	\$54,595.59

At the time of our audit we will provide the necessary documentation in order to justify the adjustments.

Actual impact of adjustment of Outstanding Warrants to system at time of conversion

Cash Out Report	\$373,211.88
Outstanding Warrant Report	<u>\$392,460.84</u>
Difference	\$19,248.96

CITY OF ZILLAH

SCHEDULE OF LONG-TRM LIABILITY
For the Year Ended December 31, 2010

ID. No.	Description	(1)		(2)		(3)		(4)	
		Beginning Balance 01/01/2010		Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance Debt 12/31/2010 (1)+(2)-(3)		
259.11	Compensated Absences					Fund 001	52606		
259.11	Compensated Absences					Fund 101	8531		
259.11	Compensated Absences					Fund 102	474		
259.12	Compensated Absences					Fund 402	18009		
259.12	Compensated Absences					Fund 403	11374		
259.12	Compensated Absences					Fund 405	3791		
263.81	SIED Loan - YC-VV-05 (Issued 6/1/06)	179407		0	26710	591.95.70	152698		
263.81	SIED Loan - YCFWC-07 (Issued 6/1/08)	41633		0	41633	591.95.70	0		
263.81	SIED Loan - YCVVMC-08 (Issued 6/1/09)	146389		0	14742	591.95.70	131648		
251.11	2009 LTGO Bond (Issued 10/1/09)	98533		0	8133	591.76.71	90400		
263.82	USDA Loan (Issued 6/28/94)	478575		0	11092	582.35.78	467483		
263.82	Telemetry Loan PW-01-691 (Issued 7/1/01)	67258		0	5605	582.78.34	61653		
263.82	SRF-WWTP Loan-L0400017 (Issued 11/30/05)	171091		0	9463	582.78	161628		
263.82	Loan-PW-04-691-079 (Issued 1/1/05)	1840418		0	122695	582.34.78	1717724		
263.82	Loan-PW-06-962-051 (Issued 5/4/06)	1732865		0	101933	582.35.78	1630932		
						TOTAL	4508951		

CITY OF ZILLAHA
(CITY/COUNTY/DISTRICT)

☒ G.O. Debt
☐ Revenue Debt
☐ Assessment Debt
☐ Refunded Debt
☐ Debt of Special Purpose Districts

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2009

(1)									(2)			(3)			(4)	
ID. NO.	Date of Original Issue	Date of Maturity	Beginning Outstanding Debt 1/1/09 (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	Ending Outstanding Debt 12/31/09 (1)+(2)-(3)								
263.82	6/1/2006	6/1/2015	204,967.43	0	25,559.75	591.95.70	204	179,407.68								
263.82	6/1/2008	6/1/2010	81,119.33	0	39,486.16	591.95.70	205	41,633.17								
263.82	6/1/2009	6/1/2018	0.00	163,100	16,710.66	591.95.70	206	146,389.34								
251.11	10/1/2009	10/1/2019	0.00	100,000	1,466.84	591.76.71	203	98,533.16								
TOTAL			286,086.76	263,100.00	83,223.41			465,963.35								

CITY OF ZILLAH
(CITY/COUNTY/DISTRICT)

☐ G.O. Debt
☒ Revenue Debt
☐ Assessment Debt
☐ Refunded Debt
☐ Debt of Special Purpose Districts

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2009

(1)										(2)		(3)		(4)		
ID. NO.	Date of Original Issue	Date of Maturity	Beginning Outstanding Debt 1/1/09 (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	Ending Outstanding Debt 12/31/09 (1)+(2)-(3)								
252.11	6/28/1994	6/1/2034	489,179.81		10,604.71	591.35	202	478,575.10								
263.82	7/1/2001	7/1/2021	72,862.86	0	5,604.84	582.78.34	420	67,258.02								
263.82	11/30/2005	11/30/2025	180,482.42	0	9,391.44	582.78	430	171,090.98								
263.82	1/1/2005	1/1/2025	1,452,162.81	504,030	115,774.87	591.34	207	1,840,418.13								
263.82	5/4/2006	5/4/2030	1,834,798.05	0	101,933.22	591.35	208	1,732,864.83								
TOTAL			4,029,485.95	504,030.19	243,309.08			4,290,207.06								

Footnote: REF. Row 5 - Beginning balance of 1,834,798.05 does not match ending balance from prior year (2008) report due to entry error Difference is \$230,701.95 for a transaction during 2008 that was not entered from the amortization sheet



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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