



# 2013 *Comprehensive Annual Financial Report*

CITY OF

*Yakima*

WASHINGTON





CITY OF *Yakima*  
Washington

# ***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

For the year ended December 31, 2013

## **REPORT PREPARED BY:**

### **DEPARTMENT OF FINANCE AND BUDGET**

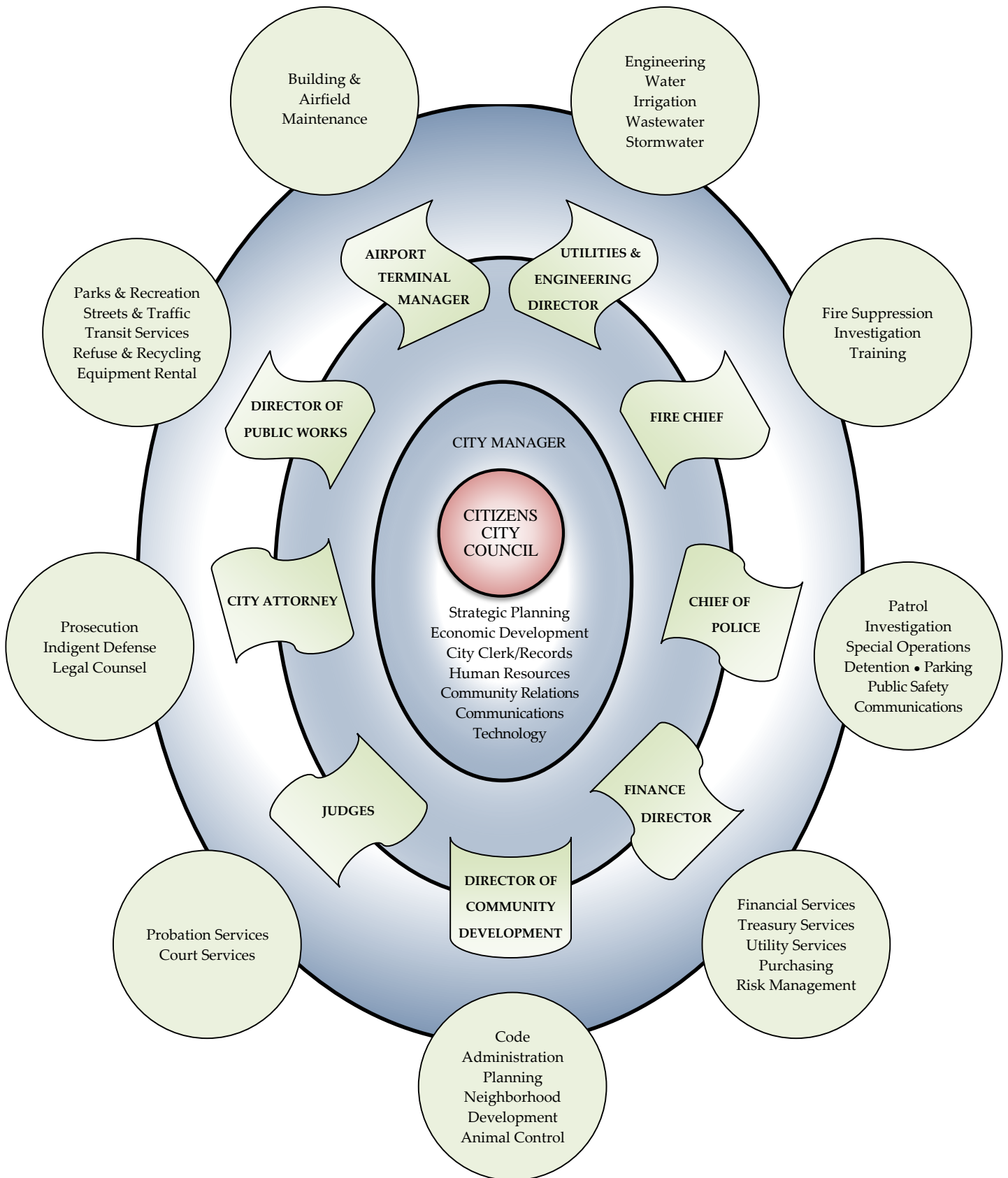
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Tara Lewis, CPA	Financial Services Manager
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Jennifer Coleman	Accountant
Kathryn Miles	Financial Services Technician

### **PRODUCTION**

June Smith	Print Shop Operator
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CITY OF *Yakima*  
**2013 ORGANIZATIONAL CHART**







CITY OF *Yakima*

## **PRINCIPAL OFFICIALS**

### **CITY COUNCIL**

Micah Cawley  
Kathy Coffey  
Maureen Adkison  
Thomas Dittmar  
Rick Ensey  
Dave Ettl  
Bill Lover

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

### **CITY MANAGEMENT EXECUTIVES**

Tony O'Rourke  
Jeff Cutter  
Susan Woodard  
Cindy Epperson  
Steve Osguthorpe  
Dominic Rizzi  
Bob Stewart  
Robert Peterson  
Debbie Cook  
Scott Schafer

City Manager  
City Attorney  
Municipal Court Presiding Judge  
Director of Finance & Budget  
Director of Community Development  
Police Chief  
Acting Fire Chief  
Airport Terminal Manager  
Director of Utilities & Engineering  
Director of Public Works

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Yakima, WA 98901

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

For the year ended December 31, 2013

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



September 16, 2014

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, 2013, 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, in 2012 the City exercised oversight responsibilities over the Yakima Air Terminal, which was operated under a joint operating agreement with Yakima County – the Air Terminal became a part of the City of Yakima in early 2013 and is included as a department with the City for 2013. 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 GASB criteria 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 2013 population of 92,620 Yakima is the ninth 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, and 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. There are over 400,000 acres of Agriculture zoned land within the County which 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.

### **Transportation**

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

### **Hospitals**

There are two major hospitals in the Yakima area. Yakima Valley Memorial Hospital 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. 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 and on campus MRI.

### **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**

The 69,500 square foot Yakima Valley Museum's historical exhibits about the Yakima Valley include natural history, American Indian culture, pioneer life, early city life, and information regarding the Yakima Valley's agriculture history, 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 19 companies that have located or expanded business facilities in Yakima County. These companies have collectively invested over \$70 million in new facilities or equipment. The businesses have created over 500 new jobs and will add another 200 jobs during 2013.

## 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 a multitude of academic programs. 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). The Pacific Northwest University of Health Sciences (PNWU) opened in 2008 and trains approximately 75 new primary care physicians per year. PNWU is the first medical university to open in the Pacific Northwest in 60 years.

## 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 - within an hour's drive there are abundant recreational activities, such as snow skiing, hiking, mountain climbing, and rock climbing, located in numerous National Parks - including Mt. Rainier National Park.

Yakima Valley produces 78% of the hops in the United States, which sustains many local industries by bringing increasing numbers of tourists to the 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 34 parks, for a total of 352 acres, located within the City for public use. The City operates 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 24 public tennis courts. There are also six little league fields and ten softball fields – eight of which have lighting. In addition to the six soccer 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 *Capitol Theatre*, a magnificent and historical theatre originally built in 1920, seats 1,500 and holds over 150 activities and events annually. The theatre recently expanded by adding a Production Center which was completed in late 2010. This facility includes a 500 seat black box theatre now known as the "4<sup>th</sup> Street Theatre", as well as an expanded loading/unloading area that will accommodate larger productions, and an additional basement storage area.

## **THE “FUTURE”**

### **Economic Improvement**

The Yakima Valley is moving towards becoming a world-class wine producing area and is emerging as a hot spot for microbreweries. The City continues to seek out opportunities to create economic growth in our region.

- 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.
- Washington State recently established a Local Infrastructure Financing Tool (LIFT) program, as outlined in RCW 39.102. Yakima’s application to the State Community Economic Revitalization Board (CERB) was approved, granting a project award of up to \$1 million in annual taxing authority (both property tax and sales tax) for up to 25 years. The financing will be used for public infrastructure improvements related to the redevelopment of the former Boise Cascade/Yakima Resources sawmill and plywood plant.

### **General Government**

The 2014 General Fund budget is balanced within available resources. As the City emerges from the recession, the emphasis is on both the built environment and economic development. Revitalization of the Downtown, along with an extensive street rehabilitation project are the current major projects. 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.

## **ACKNOWLEDGEMENTS**

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

### **SUMMARY**

Preparation of this report could not have been accomplished without the professional and dedicated services of the Finance and Information Technology Services 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,

Tony O’Rourke  
City Manager

Cindy Epperson  
Director of Finance & Budget





**Washington State Auditor  
Troy Kelley**

**INDEPENDENT AUDITOR'S REPORT**

September 16, 2014

Mayor and City Council  
City of Yakima  
Yakima, Washington

***REPORT ON FINANCIAL STATEMENTS***

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. –We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit



also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinion***

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, 2013, 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 accordance with accounting principles generally accepted in the United States of America.

### ***Matters of Emphasis***

As described in Note 1, during the year ended December 31, 2013/the City has implemented the Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 19, and information on pensions and postemployment benefits other than pensions on pages 93 through 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

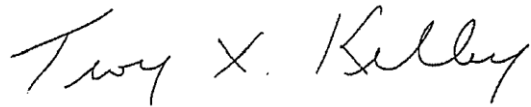
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as nonmajor funds, internal service funds, agency funds, capital assets and supplemental schedules on pages 97 through 177 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 do not express an opinion or provide any assurance on it.

***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with Government Auditing Standards, we will also issue our report dated September 16, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

**TROY KELLEY**  
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, 2013. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the 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, 2013, by \$317.0 million. Net position invested in capital (net of depreciation and related debt) account for 88.5% of this amount, with a value of \$280.6 million. Of the remaining net position, \$12.9 million may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- The City's total net position increased by \$7.1 million. Most of the increase was the result of capital grants and donations.
- As of December 31, 2013, the City of Yakima's governmental activities reported combined ending net position of \$168.2 million, an increase of \$3.0 million in comparison with the prior year. Of that amount, \$153.7 million was invested in capital assets and \$21.8 million was legally restricted for specific projects or programs. Unrestricted net position increased from negative \$2.5 million to a negative \$7.3 million primarily because of the liability for long-term post-employment benefits, which are continuing to increase.
- Unassigned fund balance for the General Fund was \$9.7 million dollars at December 31, 2013. This balance represents 18.0% of total General Fund expenditures and transfers out.
- The City of Yakima's total long-term debt at December 31, 2013, was \$96.7 million (about \$56.1 million in Governmental activities and \$40.6 million in business type activities), with a remaining capacity for non-voted General Obligation debt at \$52.0 million, or 63.1% of the legal limit. Total debt increased by \$17.8 million during the current fiscal year. Major components of the debt increase include:
  - Issuing \$5 million of non-voted general obligation bonds to begin a street improvement initiative;
  - Entering into capital leases for \$4.9 million of Public Safety equipment, and;
  - Borrowing \$4.8 and \$5.4 million respectively for Wastewater and Water facility improvements from state revolving loan programs.

## **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 position 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; transit; and airport.

*The Statement of Net Position* presents information on all of the City of Yakima's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private sector business. Over time, increases or decreases in net position 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 Position)* presents information showing how the government's net position changed during the year. 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 position 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 2013, 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 2013.

### **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, Community Development Fund, and the Cumulative Reserve for Capital Improvement 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; Transit; and, starting March 2013, Airport 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 Position to the business type column on the Government-Wide Statement of Net Position, you will notice that the total net position 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 two fiduciary funds—a Firefighter pension trust fund, and an agency fund. 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 Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City of Yakima's net position total \$317.0 million at December 31, 2013. The following table reflects the condensed Government-Wide Statement of Net Position with comparative totals for 2012.

#### NET POSITION - RESTATED FOR AIRPORT

	— Governmental Activities —		— Business-Type Activities —		Total	
	2013	2012	2013	2012 <sup>(1)</sup>	2013	2012 <sup>(1)</sup>
Assets						
Current and Other Assets	\$53,341,983	\$50,492,111	\$28,737,216	\$29,391,887	\$82,079,199	\$79,883,998
Capital Assets	184,021,260	174,014,941	167,253,031	154,341,115	351,274,291	328,356,056
Total Assets	237,363,243	224,507,052	195,990,247	183,733,002	433,353,490	408,240,054
Liabilities						
Payables and Other Liabilities	13,006,442	13,246,345	6,613,661	5,848,926	19,620,103	19,095,271
Long-term Liab Outstanding	56,138,372	46,019,016	40,618,312	33,201,944	96,756,684	79,220,960
Total Liabilities	69,144,814	59,265,361	47,231,973	39,050,870	116,376,787	98,316,231
Net Position						
Inv in Cap Assets, Net / Rel Debt	153,718,371	149,221,688	126,845,875	122,444,744	280,564,246	271,666,432
Restricted	21,768,422	18,548,336	1,760,713	2,253,299	23,529,135	20,801,635
Unrestricted	(7,268,364)	(2,528,333)	20,151,686	19,984,090	12,883,322	17,455,757
Total Net Position	\$168,218,429	\$165,241,691	\$148,758,274	\$144,682,133	\$316,976,703	\$309,923,824

(1) Net Position for Business-Type Activities are restated for the merger of the Yakima Air Terminal into the City as of February 28, 2013. Detail of the restatement is included in Note 12.

The City of Yakima's total assets stand at \$433.4 million as of December 31, 2013. Of this amount, \$351.3 million is accounted for by capital assets, which includes some infrastructure and construction in progress. Out of \$184.0 million in capital assets reported in Governmental activities at December 31, 2013, \$90.7 million (49.3%) is accounted for by infrastructure acquisitions (including the right-of-way land associated with these projects and land under the road).

Of the remaining City assets, approximately \$63.5 million was accounted for in cash, cash equivalents, and investments, \$13.1 million in accounts receivable, \$4.7 million in notes receivable, and \$0.8 million spread among miscellaneous assets.

At December 31, 2013, the City had outstanding liabilities of \$116.4 million, with \$96.8 million in long-term liabilities. Of the long-term liabilities, \$6.2 million was due within a year, with the remainder due over an extended period of time. The deficit in "unrestricted" net position in the governmental funds increased because the City has long-term commitments that are greater than currently available resources, primarily in pension and other post-employment benefits for certain police officers and firefighters. 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 \$19.6 million, and include \$12.0 million in accounts payable, \$7.0 million in accrued liabilities and \$0.6 million in liabilities payable from restricted net position.

The largest portion of the City's net position (88.5%) 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 7.4% of the City's net position is 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 \$12.9 million (unrestricted net position) represents the amount that may be used to meet the City's ongoing obligations.

At December 31, 2013, the City of Yakima reports positive balances in all three categories of net position, for the government as a whole, as well as for governmental activities and business type activities.

### **The Statement of Activities (Changes in Net Position)**

The City of Yakima's total net position is increased by \$7.1 million in 2013. Net position for governmental activities increased by \$3.0 million while business type activities increased by \$4.1 million.

Total revenues for the City of Yakima were \$129.3 million in 2013. Governmental activities provided \$79.7 million (61.7%), while business type activities added \$49.6 million (38.3%).

Expenses for the year totaled \$123.1 million, with governmental activities accounting for \$84.0 million or 68.3% and business type activities accounting for \$39.0 million or 31.7%. Key elements in changes in net position are shown in the following table.

#### **CHANGES IN NET POSITION**

	— Governmental Activities —		— Business-Type Activities —		— Total —	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$7,109,728	\$6,714,501	\$40,031,511	\$38,863,559	\$47,141,239	\$45,578,060
Operating Grants & Cont's	10,092,583	10,847,928	2,702,735	2,712,951	12,795,318	13,560,879
Capital Grants & Cont's	12,818,937	4,882,765	1,761,400	2,117,984	14,580,337	7,000,749
General Revenues						
Property Tax	15,988,834	15,565,053	0	0	15,988,834	15,565,053
Sales Tax	21,305,977	19,599,338	5,081,303	4,762,435	26,387,280	24,361,773
Other Taxes	12,289,379	12,453,776	0	0	12,289,379	12,453,776
Other	141,191	350,616	6,188	11,348	147,379	361,964
Total Revenues	79,746,629	70,413,977	49,583,137	48,468,277	129,329,766	118,882,254
Expenses						
General Government	\$8,744,134	\$8,668,467	\$0	\$0	8,744,134	8,668,467
Security of Persons & Prop	47,615,384	42,995,833	0	0	47,615,384	42,995,833
Physical Environment	794,227	658,353	0	0	794,227	658,353
Transportation	13,075,464	11,529,609	0	0	13,075,464	11,529,609
Economic Environment	4,406,712	3,949,760	0	0	4,406,712	3,949,760
Mental & Physical Health	17,774	23,859	0	0	17,774	23,859
Cultural & Recreational Env	8,205,245	7,521,672	0	0	8,205,245	7,521,672
Interest on Long-Term Debt	1,174,762	1,122,075	0	0	1,174,762	1,122,075
Transit	0	0	8,806,447	9,084,940	8,806,447	9,084,940
Airport	0	0	1,406,774	0	1,406,774	0
Refuse	0	0	4,808,311	4,678,575	4,808,311	4,678,575
Wastewater	0	0	14,255,246	13,634,191	14,255,246	13,634,191
Water	0	0	6,367,483	5,834,230	6,367,483	5,834,230
Irrigation	0	0	2,070,543	1,891,067	2,070,543	1,891,067
Stormwater	0	0	1,322,448	1,317,927	1,322,448	1,317,927
Total Expenses	84,033,702	76,469,628	39,037,252	36,440,930	123,070,954	112,910,558

	— Governmental Activities —		— Business-Type Activities —		Total	
	2013	2012	2013	2012	2013	2012
Increases in Net Position Before						
Non-operating Sources (Uses)	(\$4,287,073)	(\$6,055,651)	\$10,545,885	\$12,027,347	\$6,258,812	\$5,971,696
Gain/loss Sale Capital Assets	403,142	73,267	(97,515)	6,566	305,627	79,833
Transfers	6,372,224	6,172,065	(6,372,224)	(6,191,634)	0	(19,569)
Debt issue Cost/Premium	488,445	0	0	0	488,445	0
Change in Net Position	2,976,738	189,681	4,076,146	5,842,279	7,052,884	6,031,960
Net Position - Beginning	165,241,691	165,052,010	\$144,682,131	125,742,862	309,923,822	290,794,872
Add Airport as of 2/28/13	0	0	0	13,096,990	0	13,096,990
Net Position - Ending	<u>\$168,218,429</u>	<u>\$165,241,691</u>	<u>\$148,758,277</u>	<u>\$144,682,131</u>	<u>\$316,976,706</u>	<u>\$309,923,822</u>

### Governmental Activities

Within governmental activities, tax revenue accounted for 62.2% of total revenue sources, with grants and contributions accounting for 28.7%. The remaining 9.1% of revenue was provided by charges for services, interest income, and miscellaneous revenues. (Note: the revenue indicators in the following charts do not include one-time only financing sources, such as proceeds from new debt or the sale of assets.)

Governmental activities increased net position by \$3.0 million or 1.8%. Total revenues increased by 80.7% million or \$9.3. Significant fluctuations in revenue are as follows:

- Capital Grants & Contributions increased by \$7.9 million, primarily because 2013 includes the second major railroad grade separation project that is building a new underpass which is mostly funded by grants.
- Conversely, Operating Grants and Contributions decreased by \$0.8 million as a result of budget cuts and sequestration at the federal level.
- Total taxes increased by \$47.6 million or \$2.0 from \$49.6 million to 13.3% million.
  - Property Taxes increased 2.7%, consisting of a 1.0% increase in the base levy (capped by state law); with the balance resulting from new construction and refunds.
  - Sales Tax increased by \$1.7 million or 8.7% from 2012. The City continues to experience significant improvement in sales tax, buoyed by a good year in the agricultural sector and growth in the construction industry after the lull of the recession.
- Transfers from Business Type Activities consist of in-lieu utility taxes. This category increased by \$0.2 million or 3.2% primarily because of rate and usage increases in the utilities.

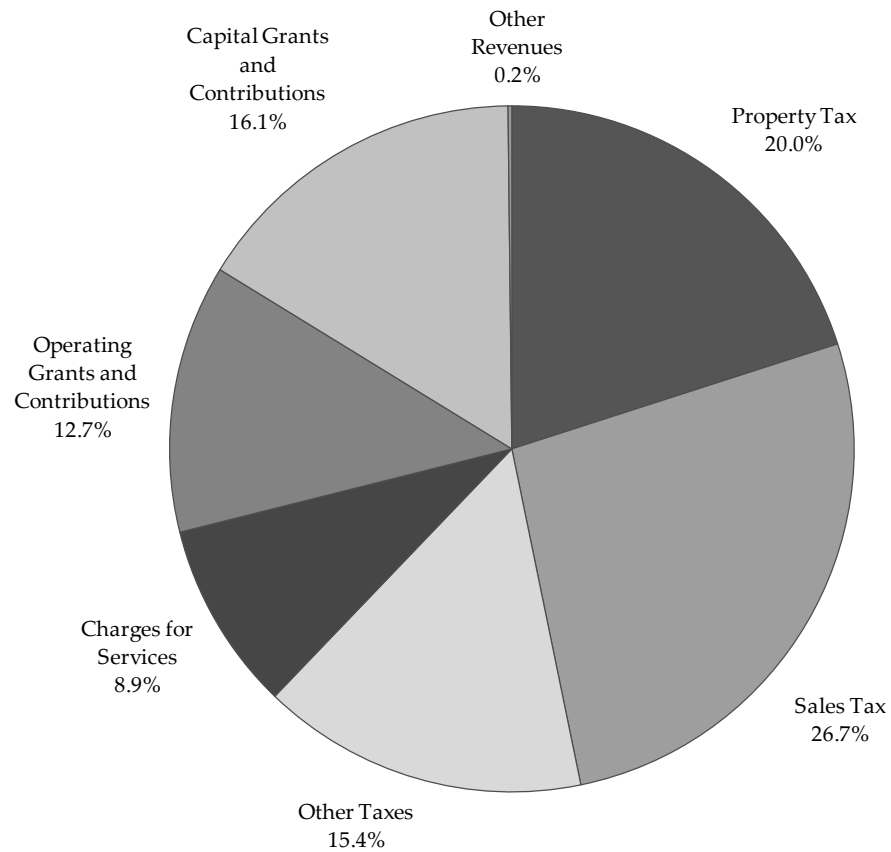
The largest program expenses consist of Security of Persons and Property (public safety) - 56.7%; Transportation – 15.5%; and General Government – 10.4%. These programs accounted for 82.6% of total governmental expenses.

For the most part, changes in expenses were the result of the implementation of strategic initiatives in response to community input since the revenue started to rebound from the lows experienced in the midst of the recent recession. The major exceptions to this rule are generally tied to grant activity. Additional explanations follow:

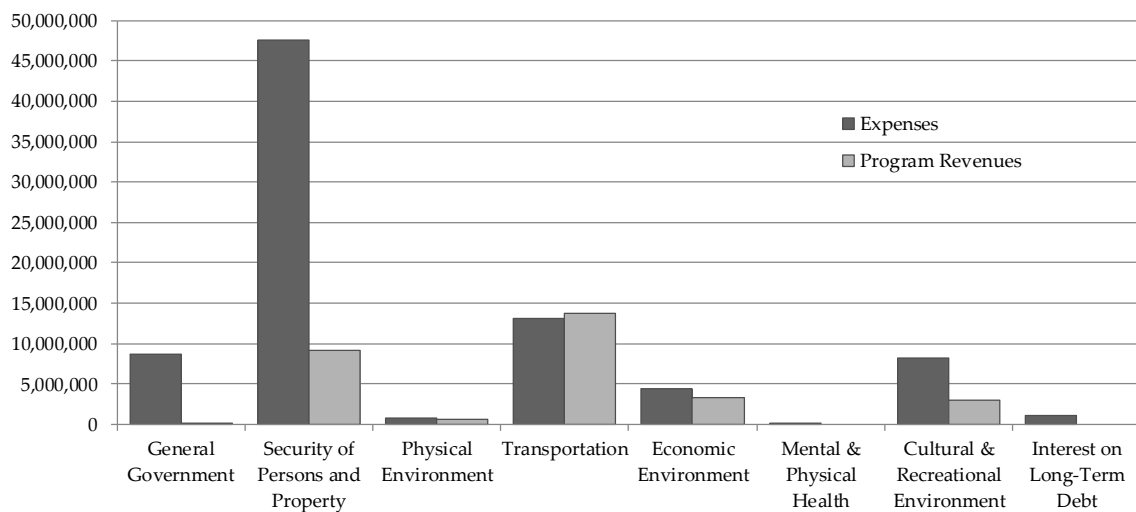
- Security of Persons and Property demonstrated an increase of \$4.6 million or 10.7% primarily because of an expansion of the Police take-home vehicle program. As part of this initiative, the Police fleet was moved from Equipment Rental and Replacement and is being managed by the Police Department. Therefore, depreciation expense for the entire fleet was moved from the Internal Service Fund to this category. Public safety remains City Council's highest budget priority.
- Transportation increased by \$1.5 million, primarily because the first underpass was placed in service in 2012, so 2013 was the first full year of depreciation on that asset.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2013.

### REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



### EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES



### Business Type Activities

Of the \$49.6 million in business type revenues, 80.7% 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 \$1.1 million or 2.3% over 2012.

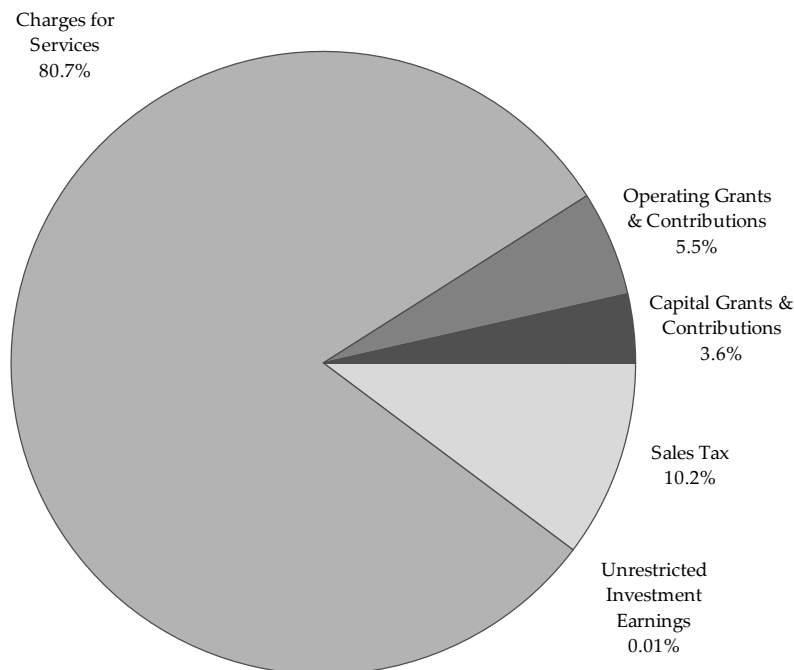
Business type revenues experienced the following fluctuations:

- Charges for Services increased by \$1.2 million or 3.0%. The Wastewater and Irrigation utilities had rate increases as of January, 2013 of 5.1%, and 5.5% respectively.
- The City took sole ownership of the Yakima Air Terminal as of March 1, 2013, so the 2013 statements include 10 months of operating activity for the Airport.

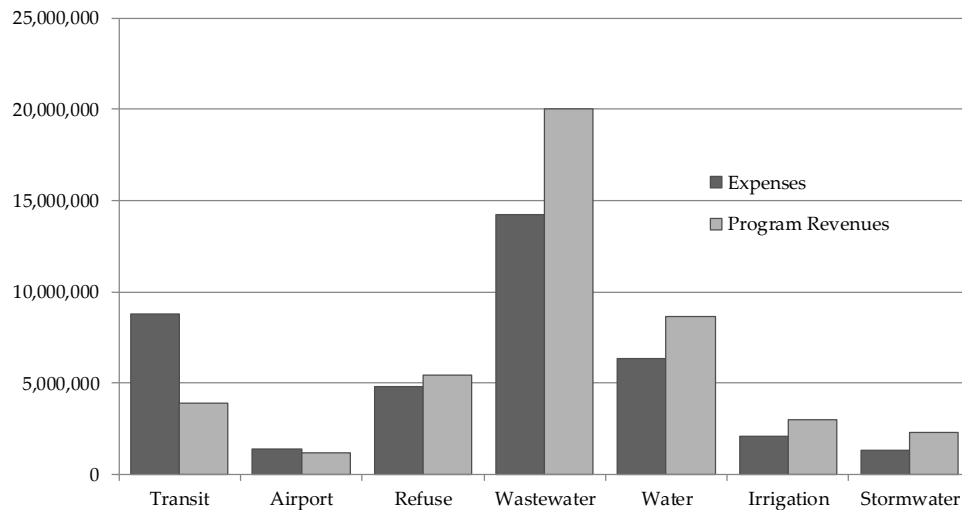
Of the \$39.0 million in business type expenses, 36.5% are associated with the Wastewater program and with Transit, domestic water programs represent about 22.6%, Refuse 16.3%, Irrigation 12.3% Stormwater 5.3% and Airport 4.1% . Generally, changes in expenses are in line with rate increases and additional depreciation on donated assets.

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 3.4% of revenue in these funds. The only fund that does not rely heavily on charges for service is the Transit fund, which is subsidized by a voter approved local option sales tax of 0.3% and a federal operating grant.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

#### Governmental Funds Analysis

The General Fund; the Community Development Fund (which administers the City's Community Development Block Grants); and the Cumulative Reserve for Capital Project Fund (which is being used to account for the railroad separation underpass construction) are the City's major funds (as defined in GASB #34) in 2013. Together these funds account for 60.4% of total governmental fund assets and 48.7% 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, unassigned 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, 2013, the City's governmental funds reported combined fund balances of \$26.9 million. Of this total amount, about \$9.7 million (36.1%) is unassigned and available for spending within these funds. About \$0.7 million is not spendable (perpetual care), \$10.1 million is restricted (primarily for transportation, capital improvements, and public safety), \$4.0 million is committed primarily for transportation system improvements and \$2.4 million is assigned primarily for public safety.

The General Fund is the chief operating fund of the City of Yakima. At the end of the 2013 fiscal year, unassigned fund balance of the General Fund was \$9.7 million. Unassigned fund balance is about 18.0% of total general fund expenditures and transfers out (which represents about a 2.2 month reserve). Total assets in the General Fund amounted \$16.8 to million, accounting for 40.1% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund decreased by \$46,193, virtually remaining the same, during the current fiscal year. As sales tax revenue started to rebound Council approved strategic initiatives to enhance primarily Public Safety and Transportation.

The General Fund accounts for 60.0% of all governmental fund revenue and 52.4% of all expenditures.

The Community Development fund has an increase of \$329,261 in fund balance. This fund balance fluctuates slightly from year to year depending on the timing of the receipt and spending of program income. The Cumulative Reserve for Capital Improvement Fund added \$170,562, as most of the expense is covered by grant reimbursements.

Other governmental funds ended with a net increase in fund balances of \$3,086,392. Over two-thirds of this amount is the unspent proceeds of a \$5.0 million bond issued for street renovation and the \$4.9 lease/purchase of Public Safety equipment. All other funds had only modest changes in fund balance.

### Enterprise Funds Analysis

Transit, Wastewater, Domestic (potable) Water, and Irrigation Water are considered major funds in the City's 2013 (GASB 34) Financial Statements while Refuse and Stormwater are nonmajor funds. Because the regional airport was acquired by the City as of March 1, 2013, the 10 months of operating activity is presented in a separate column on the "Statement of Revenues, Expenses and Changes in Fund Net Potions-Proprietary Funds".

As of December 31, 2013, the City's enterprise funds (internal service fund balances are treated entirely as governmental activities) reported combined net position (without the Airport) of \$135.9 million, with \$66.4 million or approximately 48.9% being contributed by the Wastewater fund. Of the \$135.9 million, about \$114.6 million (84.3%) of net position is accounted for by investment in capital assets, net of related debt, \$1.8 million is restricted for debt service and \$19.5 million is unrestricted. The Notes to the Financial Statements (Note 10) 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 2013 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	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
Taxes and Special Assessments	\$42,064,500	\$42,689,500	\$43,770,415	\$1,080,915
Licenses and Permits	731,700	731,700	817,750	86,050
Intergovernmental Revenues	2,560,105	2,670,719	2,683,040	12,321
Charges for Services	5,195,480	5,195,480	4,965,671	(229,809)
Fines and Forfeits	1,555,000	1,555,000	1,603,138	48,138
Interest	250,000	250,000	100,906	(149,094)
Other Revenues	40,850	40,850	40,285	(565)
Total Revenues	\$52,397,635	\$53,133,249	\$53,981,205	\$847,956



	----- Budgeted Amounts -----		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Expenditures				
Current				
General Government	\$12,534,795	\$12,595,794	\$12,100,404	\$495,390
Security of Persons and Property	36,299,597	36,513,333	36,329,610	183,723
Physical Environment	933,496	984,511	953,034	31,477
Transportation	30,000	0	0	0
Economic Environment	883,719	1,047,332	1,077,916	(30,584)
Mental & Physical Health	18,000	18,000	17,774	226
Capital Outlay				
General Government	15,000	95,000	35,326	59,674
Security of Persons and Property	0	401,520	343,448	58,072
Debt Service				
Principal Retirement	74,419	74,419	40,482	33,937
Interest	12,690	12,690	80,815	(68,125)
Total Expenditures	\$50,801,716	\$51,742,599	\$50,978,809	\$763,790
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$1,595,919	\$1,390,650	\$3,002,396	\$1,611,746
Other Financing Sources (Uses)				
Transfers In	40,000	40,000	0	40,000
Transfers (Out)	(2,502,275)	(3,002,275)	(3,019,305)	17,030
Intergovernmental Agreements	(39,095)	(39,095)	(39,095)	0
Sale of Capital Assets	0	0	9,765	(9,765)
Comp. for Loss of Gen. Capital Assets	0	0	46	(46)
Total Other Financing Sources (Uses)	(\$2,501,370)	(\$3,001,370)	(\$3,048,589)	(\$47,219)
Net Change in Fund Balances	(\$905,451)	(\$1,610,720)	(\$46,193)	\$1,564,527
Fund Balances - January 1	\$8,483,190	\$8,483,190	\$0	(\$8,483,190)
Change in Reserve for Inventory	0	0	9,779,648	9,779,648
Fund Balances - December 31	\$7,577,739	\$6,872,470	\$9,733,455	\$2,860,985

During the year, the 2013 General Fund Expenditure budget was increased from \$50.8 million to \$51.7 million, or by about \$0.9 million. The significant increases in appropriations are summarized as follows:

- \$0.7 million in outstanding encumbrances / commitments which were rebudgeted from the prior year.
- \$0.2 million to cover miscellaneous programs supported primarily by grants or additional charges for service.
- Transfers Out was also increased by \$0.5 million to maximize the required match for the Local Infrastructure Financing Tool (LIFT) to be used in an economic redevelopment area that was formerly a lumber mill site.

Most of these budget adjustments were to be funded from the General Fund reserves, growth in sales tax, and/or grants and additional charges for services.

#### **General Fund Budget to Actual**

Total General Fund revenues were originally budgeted at about \$52.4 million, which included a conservative estimate for sales tax. As sales tax growth continued into 2013, a budget amendment was made to increase

the revenue by \$625,000, to be used primarily to enhance transfers for capital improvements in a redevelopment area of \$500,000. Actual revenue of \$54.0 million resulted in a variance of \$0.8 million, a gain of 1.6% over the amended budget still primarily in the area of sales tax. Charges for services were less than budget estimates by \$0.2 million primarily because the Engineering division experienced position vacancies, which resulted in fewer expenses to charge out to projects.

General Fund expenditures, including other financing uses, totaled \$54.0 million compared to the final budget of \$54.7 million – resulting in a positive variance of \$0.7 million or 1.3%. Because revenues exceeded estimates and the General Fund balance exceeds the minimum 16.7% of operating expenditures, most of the positive variance generated by position vacancies and other spending constraints was transferred to shore up capital and risk management funds.

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”, with actual revenues slightly exceeding expenditures. 2013 is not an exception, with a net decrease in fund balance of only \$46,193.

## **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, 2013, amounts to \$351.3 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 2013 fiscal year included the following:

- A variety of projects for street expansion/repair were ongoing during the year. About \$14.3 million was spent for infrastructure in 2013. The major projects included the second phase of a railroad grade separation project (about \$8.7 million) funded by state and federal grants, and a state loan; and a street renovation project (about \$3.8 million) funded by a non-voted general obligation bond. The 2014 budget includes over \$28.0 million in planned projects, funded primarily by non-voted general obligation bonds, state and federal grants and loans, matched by fuel tax and real estate excise tax. The major project in 2014 is a continuation of the street renovation program estimated to cost about \$16.5 million, funded primarily by issuance of non-voted general obligation bonds. The second phase of a railroad grade separation project was not completed in 2013, and will be continued with an estimated cost of about \$4.9 million.
- In the area of Public Safety, the Police Department expanded their take-home vehicle program, and added 74 police cars to the fleet, costing about \$3.7 million, and Fire replaced an apparatus with a cost of \$0.4 million. Both were funded by a lease/purchase program sponsored by the State Treasurer.
- Vehicles, street equipment, and trucks were added to the Equipment Rental fleet as either additional equipment or replacements during the year, at a cost of \$2.0 million.
- Wastewater invested \$12.0 million on capital improvements in 2013, including work on an anaerobic digester and related biogas enhancement projects, electrical upgrades at the treatment plant, changes to the outflow into the Yakima River, and collection system pipe installation/replacement. Major projects included in the 2014 budget: \$5.8 million for improvements to biosolids processing; \$4.2 million for sanitary sewer line extension; and \$1.8 million to complete the outflow project. All of these projects are being done in accordance with

adopted Facilities and Biosolids Management plans. These projects are being partially funded by intergovernmental loans through state capital programs and capital reserves. When loan funding is exhausted, a revenue bond will be issued to complete the projects. At this point in time, we anticipate issuing about \$6.0 million of revenue bonds in late 2014.

- The Domestic Water Treatment plant capital program spent about \$6.3 million in 2013, with the two major projects being the continuation of the installation of an automated meter reading system--\$4.8 million, and improvements to the treatment plant lagoons--\$1.5 million. Major projects in the 2014 budget includes \$2.1 million to complete the treatment plant lagoons (partly funded by a state Public Works Trust Fund Loan), and \$1.5 million for modifications to the Naches River at the treatment plant intake. Projects are being funded by state loan programs, capital reserves and current capital transfers from the operating fund.

#### CAPITAL ASSETS (NET OF DEPRECIATION) - RESTATED FOR AIRPORT

	— Governmental Activities —		— Business-Type Activities —		Total	
	2013	2012	2013	2012 <sup>(1)</sup>	2013	2012 <sup>(1)</sup>
Capital Assets						
Land	\$14,549,645	\$14,241,145	\$5,582,170	\$5,582,170	\$20,131,815	\$19,823,315
Building	36,184,041	37,243,214	33,525,476	35,525,090	69,709,517	72,768,304
Impr Other Than Building	8,344,523	6,712,126	78,544,766	79,094,193	86,889,289	85,806,319
Machinery and Equipment	18,385,687	15,521,794	17,973,703	19,798,704	36,359,390	35,320,498
Infrastructure	90,737,761	92,713,816	0	0	90,737,761	92,713,816
Intangibles	0	0	720,105	764,131	720,105	764,131
Construction in Progress	15,819,603	7,582,846	30,906,794	13,576,827	46,726,397	21,159,673
Total Capital Assets	<u>\$184,021,260</u>	<u>\$174,014,941</u>	<u>\$167,253,014</u>	<u>\$154,341,115</u>	<u>\$351,274,274</u>	<u>\$328,356,056</u>

(1) Net Capital Assets for Business-Type Activities are restated for the merger of the Yakima Air Terminal into the City.

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, 2013, the City of Yakima had total bonded debt outstanding of about \$42.2 million. Of this amount, \$23.1 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$19.2 million represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

In 2013 the City issued \$5.0 million limited tax general obligation bonds to begin a street renovation program. The City of Yakima's total bonded debt had a net increase of \$1.2 million during 2013, when the debt service payments are netted from the new bond issue.

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 2013, the City borrowed \$10.6 million for Water and Wastewater projects utilizing this State program. Debt service requirements on these loans are being incorporated in the applicable rate studies.

The City has also participated with the Washington State Office of the State Treasurer's Local Option Capital Asset Lending (LOCAL) program, which is a low-cost capital leasing program. The City borrowed \$4.9 million through this program in 2013 to fund public safety equipment.

The City's remaining capacity for non-voted debt on December 31, 2013, was approximately \$52.0 million in comparison to the total legal limit of \$82.4 million. The City has a policy of retaining 30% 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. This rating was maintained throughout the recession, and was affirmed on December 7, 2012, for any 2013 activity. In May, 2014 the City was again upgraded to "AA-" in conjunction with accessing debt markets for a street renovation project. The combined Water and Wastewater utility was affirmed at "AA-" for the revenue bond refunding accomplished in May 2012. 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 - RESTATED FOR AIRPORT

— Governmental Activities —		— Business-Type Activities —		Total	
2013	2012	2013	2012	2013	2012
\$23,053,078	\$20,501,653	\$0	\$0	\$23,053,078	\$20,501,653
0	0	19,190,000	20,525,000	19,190,000	20,525,000
3,501,035	3,737,410	21,067,897	12,270,590	24,568,932	16,008,000
428,800	575,000	0	0	428,800	575,000
16,474,396	13,365,341	0	0	16,474,396	13,365,341
7,307,299	7,018,769	0	0	7,307,299	7,018,769
5,373,764	820,843	360,412	406,361	5,734,176	1,227,204
<u>\$56,138,372</u>	<u>\$46,019,016</u>	<u>\$40,618,309</u>	<u>\$33,201,951</u>	<u>\$96,756,681</u>	<u>\$79,220,967</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 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 has actively participated in several projects to upgrade the downtown over the past 5 years, including infrastructure and pedestrian improvements in the downtown core, and the upgrade/expansion of the historic City owned Capitol Theatre, located in the center of the downtown area. The City completed a Downtown Master Plan in 2013, and design work on projects identified in the Plan is in process in 2014.
- The unemployment rate (8.1% as of April, 2014) in the County continues to be higher than the state and national average. The County's predominant industry is agriculture and related support. This industry has a history of high unemployment rates, seasonal employment, and low median household income (Yakima is about 70% of the state average). However, the agriculture based local economy was not as negatively affected in the recent severe national recession as many other cities around the state and country. Yakima County MSA is experiencing growth in total employment. Between April of 2013 and 2014, the Yakima County nonfarm labor market added 800 jobs, a 1.0% upturn. All employment categories, with the exception of "Professional and Business Services" experienced an increase from April of 2013.
- 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 began instruction in late 2008 - the first class graduated in May, 2011.

- 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. The first year of participation by the state was 2011. Because of all the complexities surrounding a project of this scope, it is still in a planning stage.

The 2014 budget is balanced for all funds, within guidelines established by city management, to accomplish municipal service levels and priorities set by City Council. The City of Yakima has established a consistent track record of living within our means, and was awarded for that strong budgetary performance with an upgrade in our credit rating by Standard and Poors. For the 2014 budget, the major revenues were estimated assuming the continued growth of the local economy. This growth was allocated to programs in alignment with the Council's strategic priorities of public safety; improving the built environment; economic development; public trust and accountability; and partnership development. The citizen's responded positively to the category of "improving the built environment" as they passed a City Charter amendment to allocate an additional \$2 million of existing tax revenues each year for street renovation and maintenance. This additional allocation was included in the 2014 budget, and will be used to repay \$13.1 million of councilmanic bonds issued in May, 2014 to continue necessary street renovations. To date, the improvements in revenues are continuing, and General Fund is within the expected parameters. Overall, citywide 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.yakimawa.gov/services/finance](http://www.yakimawa.gov/services/finance). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of Yakima – Finance Department, 129 North Second Street, Yakima, WA 98901.



## ***BASIC FINANCIAL STATEMENTS***

The basic financial statements and note disclosures comprise the minimum acceptable fair presentation in conformity with 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 Position** – City governmental and business type assets and liabilities, with the difference reported as net position.

**Statement of Activities** – City governmental and business type revenues and expenses, with the difference reported as change in net position.

### **FUND FINANCIAL STATEMENTS**

**Balance Sheet, Governmental Funds** – Balance Sheets for major funds and aggregated amounts for all other governmental funds. Includes the reconciliation of the Balance Sheet to the government-wide Statement of Net Position.

**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 Position, Proprietary Funds** – Information on all assets and liabilities, with the difference reported as change in net position 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 Position, 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 Position, Fiduciary Funds** – Information on the pension trust, fund assets and liabilities, with the difference reported as net position.

**Statement of Changes in Fund Net Position, Fiduciary Funds** – Information on additions to and deductions from the pension trust, with the difference reported as change in net position.

### **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**

**Schedule of Employer Contributions** – Police and Fire pension.

**Schedule of Funding Progress** – Other Post Employment Benefits (OPEB).

**STATEMENT OF NET POSITION**

December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 1

	Governmental	Business Type	Total	
	Activities	Activities	2013	2012
<b>Assets</b>				
Cash and Cash Equivalents (as restated)	\$12,419,286	\$4,799,929	\$17,219,215	\$17,152,452
Investments at Amortized Cost	25,515,240	18,947,449	44,462,689	40,085,878
Receivables (Net) (as restated)	8,547,800	2,647,869	11,195,669	12,738,372
Due from Other Government Units (as restated)	1,673,071	185,412	1,858,483	1,749,100
Interfund Receivable	0		0	435,819
Notes Receivable	4,673,455	0	4,673,455	4,855,632
Inventories	433,467	225,618	659,085	824,282
Prepays (as restated)	0	0	0	5,637
Unamortized Debt Issue Cost	0	170,226	170,226	187,793
<b>Restricted Assets</b>				
Cash and Cash Equivalents	67,189	953,882	1,021,071	990,462
Fiscal Agent	12,475	0	12,475	12,474
Investments at Amortized Cost	0	806,831	806,831	846,097
<b>Capital Assets (Net of Accumulated Depreciation)</b>				
Land (as restated)	14,549,645	5,582,170	20,131,815	19,823,315
Buildings (as restated)	36,184,041	33,525,476	69,709,517	72,768,304
Improvements Other Than Buildings (as restated)	8,344,523	78,544,782	86,889,305	85,806,319
Machinery & Equipment (as restated)	18,385,687	17,973,703	36,359,390	35,320,498
Construction in Process (as restated)	15,819,603	30,906,795	46,726,398	21,159,673
Intangibles (as restated)	0	720,105	720,105	764,131
Infrastructure	90,737,761	0	90,737,761	92,713,816
<b>Total Capital Assets</b>	<b>184,021,260</b>	<b>167,253,031</b>	<b>351,274,291</b>	<b>328,356,056</b>
<b>Total Assets</b>	<b>\$237,363,243</b>	<b>\$195,990,247</b>	<b>\$433,353,490</b>	<b>\$408,240,054</b>
<b>Liabilities</b>				
Accounts Payable & Other Current Liabilities (as restated)	\$8,218,097	\$3,688,632	\$11,906,729	\$11,527,151
Accrued Liabilities (as restated)	4,077,398	2,925,029	7,002,427	6,107,325
Due to Other Government Units (as restated)	91,961	0	91,961	92,499
Interfund Payable	0	0	0	435,819
Liabilities Payable from Restricted Assets	618,986	0	618,986	932,477
<b>Noncurrent Liabilities</b>				
Special Assessment Debt w/Gov't Commitment	428,800	0	428,800	575,000
Due Within One Year (as restated)	3,272,357	2,943,959	6,216,316	5,580,059
Due in More than One Year	52,437,215	37,674,353	90,111,568	73,065,901
<b>Total Liabilities</b>	<b>69,144,814</b>	<b>47,231,973</b>	<b>116,376,787</b>	<b>98,316,231</b>
<b>Net Position (See Note 9)</b>				
Invested in Capital Assets, Net of Related Debt (as restated)	153,718,371	126,845,875	280,564,246	271,666,432
<b>Restricted</b>				
Highways & Streets	3,354,260	0	3,354,260	1,760,263
Culture & Recreation	582,462	0	582,462	460,790
Debt Service	509,961	1,760,713	2,270,674	2,412,576
Capital Projects	8,272,691	0	8,272,691	6,247,456
Other Purposes (as restated)	9,049,048	0	9,049,048	9,920,547
<b>Unrestricted</b>	<b>(7,268,364)</b>	<b>20,151,686</b>	<b>12,883,322</b>	<b>17,455,757</b>
<b>Total Net Position (as restated)</b>	<b>\$168,218,429</b>	<b>\$148,758,274</b>	<b>\$316,976,703</b>	<b>\$309,923,821</b>

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, 2013

With comparative totals for December 31, 2012

Page 1 of 1

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants & Cont's	Capital Grants & Cont's	Gov't Activities	Business Type Activities	Total	
							2013	2012
Governmental Activities								
General Government	\$8,744,134	\$32,191	\$45,588	\$0	(\$8,666,355)	\$0	(\$8,666,355)	(\$8,614,141)
Sec of Persons & Property	47,615,384	2,075,275	6,512,495	548,301	(38,479,313)	0	(38,479,313)	(33,040,517)
Physical Environment	794,227	618,713	0	0	(175,514)	0	(175,514)	113,579
Transportation	13,075,464	245,573	1,913,724	11,597,592	681,425	0	681,425	(6,098,029)
Economic Environment	4,406,712	1,519,931	1,536,028	308,500	(1,042,253)	0	(1,042,253)	(674,849)
Mental & Physical Health	17,774	0	0	0	(17,774)	0	(17,774)	(23,859)
Cultural & Recreational Env	8,205,245	2,618,045	84,748	364,544	(5,137,908)	0	(5,137,908)	(4,564,543)
Interest on Long-Term Debt	1,174,762	0	0	0	(1,174,762)	0	(1,174,762)	(1,122,075)
Total Governmental Activities	84,033,702	7,109,728	10,092,583	12,818,937	(54,012,454)	0	(54,012,454)	(54,024,434)
Business Type Activities								
Transit	8,806,447	1,252,262	2,625,919	37,065	0	(4,891,201)	(4,891,201)	(5,758,732)
Airport <sup>(1)</sup>	1,406,774	931,291	252,494	0	0	(222,989)	(222,989)	0
Refuse	4,808,311	5,439,830	0	0	0	631,519	631,519	759,781
Wastewater	14,255,246	19,153,496	(35,487)	880,488	0	5,743,251	5,743,251	6,888,846
Water	6,367,483	8,126,239	(199,509)	750,230	0	2,309,477	2,309,477	3,300,260
Irrigation	2,070,543	2,985,941	0	0	0	915,398	915,398	1,010,176
Stormwater	1,322,448	2,142,452	59,318	93,617	0	972,939	972,939	1,053,233
Total Business Type Activities	39,037,252	40,031,511	2,702,735	1,761,400	0	5,458,394	5,458,394	7,253,564
Total	<u>\$123,070,954</u>	<u>\$47,141,239</u>	<u>\$12,795,318</u>	<u>\$14,580,337</u>	<u>(54,012,454)</u>	<u>5,458,394</u>	<u>(48,554,060)</u>	<u>(46,770,870)</u>
General Revenues								
Taxes								
Property Taxes					15,988,834	0	15,988,834	15,565,053
Sales and Use Taxes					21,305,977	5,081,303	26,387,280	24,361,773
Franchise and Utility Taxes					10,084,347	0	10,084,347	9,797,968
Excise Taxes					2,205,032	0	2,205,032	2,655,838
Unrestricted Investment Earnings					100,906	6,188	107,094	320,423
Miscellaneous					40,285	0	40,285	41,541
Gain/Loss on Sale of Capital Assets					403,142	(97,515)	305,627	79,833
Transfers					6,372,224	(6,372,224)	0	(19,569)
Debt Issue Cost/Premium					488,445	0	488,445	0
Total General Revenues, Transfers, Special Item, and Extraordinary Item					56,989,192	(1,382,248)	55,606,944	52,802,860
Change in Net Position					2,976,738	4,076,146	7,052,884	6,031,960
Net Position - Beginning (as restated)					165,241,691	144,682,131	309,923,822	303,891,861
Net Position - Ending					<u>\$168,218,429</u>	<u>\$148,758,277</u>	<u>\$316,976,706</u>	<u>\$309,923,821</u>

(1) Airport operations reflect 10 months of activity from March through December 31, 2013

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, 2013

With comparative totals for December 31, 2012

Page 1 of 2

	#000 General Fund	#124 Community Development	#392 Cumulative Reserve	Other Governmental Funds	Total Governmental Funds	
					2013	2012
<b>Assets</b>						
Cash & Equity in Pooled Investments	\$1,474,870	\$488,945	\$311,394	\$7,989,786	\$10,264,995	\$11,409,989
Deposits w/ Fiscal Agent/Trustee	67,189	0	0	0	67,189	79,972
Receivables						
Taxes	4,759,411	0	0	587,815	5,347,226	4,642,369
Accounts	1,557,563	0	0	151,779	1,709,342	1,615,528
Special Assessments	0	0	0	29,405	29,405	67,586
LID Assessments - Delinquent	0	0	0	32,311	32,311	52,314
LID Assessments - Deferred	0	0	0	390,392	390,392	503,206
Notes/Contracts	0	4,673,455	0	0	4,673,455	4,855,632
Interest/Penalties	140,581	0	0	0	140,581	93,773
Other Receivables	0	0	0	0	0	1,044,944
Due from Other Funds	0	0	0	0	0	1,199
Due from Other Government Units	23,966	84,019	1,479,149	85,937	1,673,071	1,315,791
Inventories	34,505	0	0	0	34,505	122,102
Investments, at Amortized Cost	8,758,777	0	1,505,620	7,324,736	17,589,133	13,440,689
<b>Total Assets</b>	<b>\$16,816,862</b>	<b>\$5,246,419</b>	<b>\$3,296,163</b>	<b>\$16,592,161</b>	<b>\$41,951,605</b>	<b>\$39,245,094</b>
<b>Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>						
<b>Liabilities</b>						
Warrants/Accounts Payable	\$1,214,221	\$476	\$457,744	\$364,823	\$2,037,264	\$2,508,148
Wages/Benefits Payable	4,140,927	50,106	0	887,598	5,078,631	4,741,880
Contracts Payable	0	0	0	153,492	153,492	70,239
Due to Other Funds	0	0	0	0	0	1,199
Due to Other Government Units	68,483	0	0	23,478	91,961	91,973
Mature Interest Payable	0	0	0	0	0	45,203
Mature Bonds Payable	0	0	0	0	0	101,614
Deposits Payable	173,212	0	0	407,055	580,267	469,854
Custodial Accounts	67,189	0	0	551,797	618,986	932,477
<b>Total Liabilities</b>	<b>5,664,032</b>	<b>50,582</b>	<b>457,744</b>	<b>2,388,243</b>	<b>8,560,601</b>	<b>8,962,587</b>
<b>Deferred Inflows of Resources</b>						
Deferred Inflows	1,426,441	4,673,455	0	433,531	6,533,427	6,957,887
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>7,090,473</b>	<b>4,724,037</b>	<b>457,744</b>	<b>2,821,774</b>	<b>15,094,028</b>	<b>15,920,474</b>

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, 2013

With comparative totals for December 31, 2012

Page 2 of 2

	#000 General Fund	#124 Community Development	#392 Cumulative Reserve	Other Governmental Funds	Total Governmental Funds	
					2013	2012
Fund Balances (See Note 9)						
Nonspendable	34,505	0	0	622,896	657,401	734,826
Restricted	0	522,382	2,838,419	6,713,604	10,074,405	8,794,277
Committed	0	0	0	4,028,273	4,028,273	3,082,179
Assigned	0	0	0	2,405,614	2,405,614	975,260
Unassigned	9,691,884	0	0	0	9,691,884	9,738,078
Total Fund Balances	9,726,389	522,382	2,838,419	13,770,387	\$26,857,577	\$23,324,620
Total Liabilities and Fund Balances	<u>\$15,390,421</u>	<u>\$572,964</u>	<u>\$3,296,163</u>	<u>\$16,158,630</u>		

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$174,986,404	\$164,199,917
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	6,533,427	6,957,887
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 position.	16,590,866	17,496,374
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(56,138,372)	(46,019,016)
Interfund loans between Internal Service and Governmental Funds are not reported in the Governmental Fund.	(499,336)	(600,000)
Accrued interest payable on General Obligation Debt	(112,139)	(118,091)
Net position of governmental activities	<u>\$168,218,427</u>	<u>\$165,241,691</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, 2013

With comparative totals for December 31, 2012

Page 1 of 2

	#000 General Fund	#124 Community Development	#392 Cumulative Reserve	Other Governmental Funds	Total Governmental Funds 2013	2012
Revenues						
Taxes and Special Assessments	\$43,770,415	\$0	\$0	\$12,068,800	\$55,839,215	\$53,684,725
Licenses and Permits	817,750	0	0	0	817,750	892,282
Intergovernmental Revenues	2,683,040	1,442,851	9,049,121	8,190,815	21,365,827	13,022,779
Charges for Services	4,965,671	710,448	0	2,095,811	7,771,930	6,299,568
Fines and Forfeits	1,603,138	0	0	0	1,603,138	1,542,477
Interest	100,906	32,310	0	53,019	186,235	508,364
Other Revenues	40,285	0	0	2,359,603	2,399,888	3,550,461
Total Revenues	53,981,205	2,185,609	9,049,121	24,768,048	89,983,983	79,500,656
Expenditures						
Current						
General Government	12,100,404	0	0	184,278	12,284,682	11,558,403
Security of Persons and Property	36,329,610	0	0	6,382,483	42,712,093	40,725,019
Physical Environment	953,034	0	0	236,530	1,189,564	1,164,236
Transportation	0	0	530,553	5,193,494	5,724,047	5,406,096
Economic Environment	1,077,916	1,856,348	0	1,303,163	4,237,427	3,890,046
Mental & Physical Health	17,774	0	0	0	17,774	23,859
Cultural & Recreational Env	0	0	0	6,658,692	6,658,692	6,390,346
Capital Outlay						
General Government	35,326	0	215,479	44,896	295,701	559,791
Security of Persons and Property	343,448	0	0	4,174,863	4,518,311	590,993
Transportation	0	0	8,182,527	6,193,497	14,376,024	4,743,717
Cultural & Recreational Env	0	0	0	831,086	831,086	848,268
Debt Service						
Principal Retirement	40,482	0	0	3,281,615	3,322,097	3,010,417
Interest	80,815	0	0	1,099,899	1,180,714	1,130,759
Total Expenditures	50,978,809	1,856,348	8,928,559	35,584,496	97,348,212	80,041,950
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$3,002,396	\$329,261	\$120,562	(\$10,816,448)	(\$7,364,229)	(\$541,294)

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, 2013

With comparative totals for December 31, 2012

Page 2 of 2

	#000 General Fund	#124 Community Development	#392 Cumulative Reserve	Other Governmental Funds	Total Governmental Funds	
					2013	2012
Other Financing Sources (Uses)						
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$4,943,207	\$4,943,207	\$0
Proceeds f/LT Debt - GO Bonds	0	0	0	5,000,000	5,000,000	0
Proceeds f/Intergovernmental Loans	0	0	0	0	0	450,101
Interfund Loan	0	0	0	0	0	600,000
Premiums on Bonds Sold	0	0	0	488,445	488,445	0
Transfers In	0	0	50,000	5,794,421	5,844,421	6,220,589
Transfers (Out)	(3,019,305)	0	0	(2,707,917)	(5,727,222)	(6,115,082)
Intergovernmental Agreements	(39,095)	0	0	(53,600)	(92,695)	(97,520)
Sale of Capital Assets	9,765	0	0	385,294	395,059	6,122
Comp. for Loss of Gen. Capital Assets	46	0	0	52,990	53,036	93,924
Total Other Financing Sources (Uses)	(3,048,589)	0	50,000	13,902,840	10,904,251	1,158,134
Net Change in Fund Balances	(46,193)	329,261	170,562	3,086,392	3,540,022	616,840
Fund Balances - January 1	9,779,648	193,121	2,667,857	10,683,994	23,324,620	22,721,882
Change in Reserve for Inventory	(7,065)	0		0	(7,065)	(14,102)
Fund Balances - December 31	<u>\$9,726,390</u>	<u>\$522,382</u>	<u>\$2,838,419</u>	<u>\$13,770,386</u>	<u>\$26,857,577</u>	<u>\$23,324,620</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, 2013

With comparative totals for December 31, 2012

Page 1 of 1

	<u>2013</u>	<u>2012</u>
Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	\$3,540,022	\$616,840
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.	10,070,027	(2,360,604)
In the statement of activities, only the gain on the sale of fund assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the fund assets. This also includes donations of capital assets and infrastructure obtained by annexation.	716,462	1,123,432
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(424,460)	(196,095)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayments of the bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.	(6,621,109)	1,960,314
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).	(3,398,698)	(2,275,179)
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.	(905,508)	1,320,971
Change in net position, as reflected on the Statement of Activities	<u>\$2,976,736</u>	<u>\$189,679</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 & ACTUAL – GENERAL FUND**

For the Year Ended December 31, 2013

Page 1 of 1

	— Budgeted Amounts —		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
Taxes and Special Assessments	\$42,064,500	\$42,689,500	\$43,770,415	\$1,080,915
Licenses and Permits	731,700	731,700	817,750	86,050
Intergovernmental Revenues	2,560,105	2,670,719	2,683,040	12,321
Charges for Services	5,195,480	5,195,480	4,965,671	(229,809)
Fines and Forfeits	1,555,000	1,555,000	1,603,138	48,138
Interest	250,000	250,000	100,906	(149,094)
Other Revenues	40,850	40,850	40,285	(565)
Total Revenues	52,397,635	53,133,249	53,981,205	847,956
Expenditures				
Current				
General Government	12,534,795	12,595,794	12,100,404	495,390
Security of Persons and Property	36,299,597	36,513,333	36,329,610	183,723
Physical Environment	933,496	984,511	953,034	31,477
Transportation	30,000	0	0	0
Economic Environment	883,719	1,047,332	1,077,916	(30,584)
Mental & Physical Health	18,000	18,000	17,774	226
Capital Outlay				
General Government	15,000	95,000	35,326	59,674
Security of Persons and Property	0	401,520	343,448	58,072
Debt Service				
Principal Retirement	74,419	74,419	40,482	33,937
Interest	12,690	12,690	80,815	(68,125)
Total Expenditures	50,801,716	51,742,599	50,978,809	763,790
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$1,595,919	\$1,390,650	\$3,002,396	\$1,611,746
Other Financing Sources (Uses)				
Transfers In	\$40,000	\$40,000	\$0	(\$40,000)
Transfers (Out)	(2,502,275)	(3,002,275)	(3,019,305)	(17,030)
Intergovernmental Agreements	(39,095)	(39,095)	(39,095)	0
Sale of Capital Assets	0	0	9,765	9,765
Comp. for Loss of Gen. Capital Assets	0	0	46	46
Total Other Financing Sources (Uses)	(2,501,370)	(3,001,370)	(3,048,589)	(47,219)
Net Change in Fund Balances	(905,451)	(1,610,720)	(46,193)	1,564,527
Fund Balances - January 1	8,483,190	8,483,190	9,779,648	1,296,458
Change in Reserve for Inventory	0	0	(7,065)	(7,065)
Fund Balances - December 31	\$7,577,739	\$6,872,470	\$9,726,390	\$2,853,920

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

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


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For the Year Ended December 31, 2013

Page 1 of 1

	— Budgeted Amounts —		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental Revenues	\$1,217,110	\$2,344,441	\$1,442,851	(\$901,590)
Charges for Services	165,000	165,000	710,448	545,448
Interest	28,300	28,300	32,310	4,010
Other Revenues	1,000	1,000	0	(1,000)
Total Revenues	1,411,410	2,538,741	2,185,609	(353,132)
Expenditures				
Current				
Economic Environment	1,437,393	2,564,724	1,856,348	708,376
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$25,983)	(\$25,983)	\$329,261	\$355,244
Net Change in Fund Balances	(25,983)	(25,983)	\$329,261	\$355,244
Fund Balances - January 1	643,198	643,198	193,121	(450,077)
Fund Balances - December 31	\$617,215	\$617,215	\$522,382	(\$94,833)

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



## ***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 364)** – 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.

**Airport Fund (421 and 422)** – Accounts for the operation of the Yakima Air Terminal. Effective February 12, 2013, the Joint Air Terminal Operations Agreement between Yakima County and the City of Yakima was terminated. Both parties agreed that it was in the public interest for a single entity to take over ownership and operations of the Airport. All real and personal property owned by the parties as tenants in common was conveyed to the City of Yakima in consideration of the City's assumption of joint obligations and liabilities. The Airport began operating as a department of the City of Yakima subsequent to the termination of the agreement.

# STATEMENT OF NET POSITION

## PROPRIETARY FUNDS

December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 4

	Business-Type Activities - Enterprise Funds		
	#462 & #364	#973	#974
	Transit	Wastewater	Water
Assets			
Current Assets			
Cash & Equity in Pooled Investments	\$589,319	\$1,169,084	\$1,463,589
Deposits w/ Fiscal Agent/Trustee	0	0	0
Receivables:			
Accounts/Taxes (Net)	892,543	904,666	144,057
Other Receivables	0	3,000	0
Interfund Loan Receivable	0	0	0
Due from Other Government Units	155,270	0	0
Inventories	0	0	225,618
Investments, at Amortized Cost	2,849,414	5,628,793	7,065,888
Total Current Assets	4,486,546	7,705,543	8,899,152
Noncurrent Assets			
Restricted Assets			
Cash	0	619,479	298,966
Investments	0	740,267	66,564
Land	1,307,989	583,270	173,614
Buildings	7,363,248	66,500,454	8,548,449
Other Improvements	1,309,934	48,835,279	47,066,866
Machinery & Equipment	8,601,590	20,216,027	2,863,597
Accumulated Depreciation	(9,719,064)	(70,601,831)	(26,284,069)
Construction in Progress	0	20,989,626	6,986,329
Intangibles	0	0	221,830
Unamortized Debt Issue Costs	0	129,105	9,458
Total Noncurrent Assets	8,863,697	88,011,676	39,951,604
Total Assets	\$13,350,243	\$95,717,219	\$48,850,756

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

December 31, 2013

With comparative totals for December 31, 2012

Page 2 of 4

#975 Irrigation	Other Enterprise Funds	Total		Business-Type Activity	Governmental Activities
		2013	2012	#421 & #422 Airport	Internal Service Funds
\$214,127	\$582,911	\$4,019,030	\$3,086,081	\$780,899	\$2,154,291
\$0	\$0	0	0	\$0	12,475
219,281	472,062	2,632,609	3,324,020	12,260	898,543
0	0	3,000	75,398	0	0
0	0	0	0	0	499,336
0	30,142	185,412	394,716	0	0
0	0	225,618	225,926	0	398,962
1,034,065	2,369,289	18,947,449	19,488,812	0	7,926,107
1,467,473	3,454,404	26,013,118	26,594,953	793,159	11,889,714
35,437	0	953,882	910,490	0	0
0	0	806,831	846,097	0	0
98,500	0	2,163,373	2,163,373	3,418,797	0
418,531	0	82,830,682	82,830,682	5,532,150	37,397
19,905,266	1,785,988	118,903,333	116,566,188	20,803,107	572,993
83,618	27,543	31,792,375	32,599,791	2,807,120	21,563,343
(4,208,595)	(138,234)	(110,951,793)	(105,656,215)	(22,527,127)	(13,139,664)
1,685,506	384,095	30,045,556	13,015,187	861,239	785
0	0	221,830	221,830	1,352,387	0
31,663	0	170,226	187,793	0	0
18,049,926	2,059,392	156,936,295	143,685,216	12,247,673	9,034,854
\$19,517,399	\$5,513,796	\$182,949,413	\$170,280,169	\$13,040,832	\$20,924,568

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

# STATEMENT OF NET POSITION

## PROPRIETARY FUNDS

December 31, 2013

With comparative totals for December 31, 2012

Page 3 of 4

	Business-Type Activities - Enterprise Funds		
	#462 & #364 Transit	#973 Wastewater	#974 Water
Liabilities			
Current Liabilities			
Warrants/Accounts Payable	\$179,243	\$1,123,011	\$929,368
Wages/Benefits Payable	346,993	445,256	227,839
Compensated Absences Payable	435,239	609,723	224,726
Claims and Judgments Payable	0	390,491	199,509
Accrued Payables	0	119,040	26,239
Deposits Payable	6,100	271,750	116,822
Interfund Payable	0	0	0
Current Portion Long-term Debt	0	1,068,832	470,127
Restricted Payables	0	0	0
Current Portion LT Debt	0	1,080,000	195,000
Total Current Liabilities	967,575	5,108,103	2,389,630
Noncurrent Liabilities			
Bonds Payable	0	12,860,000	835,000
Unamortized Bond Discount/Premium	0	960,219	37,222
Deferred Amount On Debt Refunding	0	(524,439)	(21,606)
Loans Payable - Long Term	0	10,901,694	8,627,246
Total Noncurrent Liabilities	0	24,197,474	9,477,862
Total Liabilities	967,575	29,305,577	11,867,492
Net Position			
Invested in Capital Assets, Net of Related Debt (as restated)	8,863,697	60,441,584	29,416,846
Restricted for Debt Service	0	1,359,746	365,530
Unrestricted	3,518,971	4,610,312	7,200,888
Total Net Position	\$12,382,668	\$66,411,642	\$36,983,264

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

**STATEMENT OF NET POSITION****PROPRIETARY FUNDS**

December 31, 2013

With comparative totals for December 31, 2012

Page 4 of 4

				Business-Type	Governmental
				Activity	Activities
#975	Other	Total		#421 & #422	Internal
Irrigation	Enterprise	2013	2012	Airport	Service
	Funds				Funds
\$4,774	\$107,621	\$2,344,017	\$1,687,414	\$26,871	\$300,294
58,658	186,483	1,265,229	1,286,527	52,515	221,641
68,382	181,056	1,519,126	1,647,717	47,728	280,051
0	0	590,000	0	0	3,531,716
64,363	0	209,642	192,220	4,428	0
0	125,221	519,893	493,386	34,212	0
0	0	0	435,819	0	0
0	0	1,538,959	1,012,670	0	0
0	0	0	0	0	0
130,000	0	1,405,000	1,335,000	0	0
326,177	600,381	9,391,866	8,090,753	165,754	4,333,702
4,090,000	0	17,785,000	19,190,000	0	0
(90,983)	0	906,458	1,009,175	0	0
0	0	(546,045)	(602,810)	0	0
0	0	19,528,940	11,007,909	0	0
3,999,017	0	37,674,353	30,604,274	0	0
4,325,194	600,381	47,066,219	38,695,027	165,754	4,333,702
13,821,109	2,059,392	114,602,628	109,844,465	12,243,245	9,034,854
35,437	0	1,760,713	1,756,587	0	0
1,335,659	2,854,023	19,519,853	19,984,090	631,833	7,556,012
\$15,192,205	\$4,913,415	\$135,883,194	\$131,585,142	\$12,875,078	\$16,590,866

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

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

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 2

	Business-Type Activities - Enterprise Funds		
	#462 & #364 Transit	#973 Wastewater	#974 Water
Operating Revenues			
Charges for Services	\$1,252,262	\$19,145,010	\$8,000,664
Charges for Insurance	0	0	0
Employer Contributions	0	0	0
Employee Contributions	0	0	0
Other Operating Revenues	0	8,486	125,575
Total Operating Revenues	1,252,262	19,153,496	8,126,239
Operating Expenses			
Operations and Maintenance	6,871,025	6,693,255	2,125,648
Administration/Overhead	900,558	2,783,154	2,397,734
Taxes	0	4,420,374	2,153,204
Depreciation/Amortization	1,034,864	3,465,893	1,247,271
Other Benefits	0	0	0
Total Operating Expenses	8,806,447	17,362,676	7,923,857
Operating Income (Loss)	(7,554,185)	1,790,820	202,382
Non-Operating Revenues (Expenses)			
Operating Grants and Subsidies	7,707,222	0	0
Interest Revenue	984	2,118	507
Other Non-Operating Revenues	37,065	(35,487)	(199,509)
Interest Expenses	0	(592,614)	(81,101)
Amortization of Bond Payment Discount	0	34,818	1,232
Gain (Loss) on Capital Assets Disposition	(97,515)	0	0
Non-Operating Revenue Net of Expenses	7,647,756	(591,165)	(278,871)
Income (Loss) Before Contributions and Transfers	93,571	1,199,655	(76,489)
Capital Contributions	0	880,488	750,230
Transfers In	0	232,939	1,165,000
Transfers (Out)	(10,000)	(1,190,641)	(114,497)
Change in Net Position	83,571	1,122,441	1,724,244
Total Net Position - January 1	12,299,100	65,289,201	35,259,020
Total Net Position - December 31	\$12,382,671	\$66,411,642	\$36,983,264

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

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

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

Page 2 of 2

				Business-Type Activity For the 10 Months Ended Dec 2013	Governmental Activities For the Year Ended Dec 2013
#975 Irrigation	Other Enterprise Funds	Total		#421 & #422 Airport	Internal Service Funds
		2013	2012		
\$2,981,698	\$7,578,859	\$38,958,493	\$38,711,675	\$284,868	\$6,452,465
0	0	0	0	0	3,279,044
0	0	0	0	0	10,180,604
0	0	0	0	0	1,953,136
4,243	3,423	141,727	151,884	646,423	2,876
2,985,941	7,582,282	39,100,220	38,863,559	931,291	21,868,125
1,232,665	6,050,106	22,972,699	22,642,754	479,725	7,832,205
209,856	779,289	7,070,591	6,426,130	273,307	3,059,525
50,290	212,467	6,836,335	6,738,766	0	0
372,662	42,453	6,163,143	5,773,920	652,204	1,474,278
0	0	0	0	0	9,671,509
1,865,473	7,084,315	43,042,768	41,581,570	1,405,236	22,037,517
1,120,468	497,967	(3,942,548)	(2,718,011)	(473,945)	(169,392)
0	59,318	7,766,540	7,072,998	252,494	0
1,500	0	5,109	11,348	1,079	343,464
0	0	(197,931)	464,673	0	213,608
(197,405)	0	(871,120)	(937,070)	(1,538)	0
(7,665)	0	28,385	11,152	0	0
0	0	(97,515)	6,566	0	(57,234)
(203,570)	59,318	6,633,468	6,629,667	252,035	499,838
916,898	557,285	2,690,920	3,911,656	(221,910)	330,446
0	93,617	1,724,335	2,055,699	0	0
0	0	1,397,939	232,939	0	0
0	(200,000)	(1,515,138)	(358,015)	0	(1,235,954)
916,898	450,902	4,298,056	5,842,279	(221,910)	(905,508)
14,275,307	4,462,513	131,585,141	125,742,862	13,096,989	17,496,374
\$15,192,205	\$4,913,415	\$135,883,197	\$131,585,141	\$12,875,079	\$16,590,866

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, 2013

With comparative totals for December 31, 2012

Page 1 of 4

	Business-Type Activities - Enterprise Funds		
	#462 & #364 Transit	#973 Wastewater	#974 Water
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,252,262	\$19,498,277	\$8,290,986
Contributions Received - Employer and Employee	0	0	0
Cash Paid to Suppliers for Goods and Services	(3,818,583)	(4,581,305)	(2,313,514)
Cash Paid for Salaries and Benefits	(3,898,027)	(5,386,894)	(2,522,674)
Other Operating Revenues Collected	0	8,486	125,575
Cash Paid to Claimants and Beneficiaries	0	0	0
Cash Paid in Lieu of Taxes	0	(3,665,226)	(1,636,243)
Net Cash Provided by Operating Activities	(6,464,348)	5,873,338	1,944,130
Cash Flows from Noncapital Financing Activities			
Sales Tax Received	5,081,303	0	0
Operating Grants Received	2,763,339	0	0
Cash Advances to Other Funds	0	0	0
Transfers Out to Other Funds	(10,000)	0	0
Net Cash Provided by Noncapital Financing Activities	7,834,642	0	0
Cash Flows from Capital Financing Activities			
Proceeds from Public Works Trust/SIED Loan/Revenue Bonds	0	4,838,975	5,377,591
Cash Received for Debt Service from Other Governments	0	355,004	0
Cash Received from Disposal of Capital Assets	46,880	0	0
Cash Contributions in Aid of Construction	17,432	864,989	492,325
Principal Paid on Revenue Bonds	0	(1,030,000)	(180,000)
Principal Paid on Public Works Trust/SIED Loan	0	(866,299)	(302,947)
Capital Expenditures Paid	(6,373)	(12,014,191)	(6,254,561)
Interest and Other Debt Service Paid	0	(581,966)	(72,861)
Capital Grants Received	0	0	0
Other Non-Operating Capital Revenue	5,052	(390,491)	(199,509)
Transfer In	0	232,939	1,165,000
Transfer Out	0	(1,190,641)	(114,497)
Net Cash Used for Capital Financing Activities	62,991	(9,781,681)	(89,459)

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, 2013

With comparative totals for December 31, 2012

Page 2 of 4

				Business-Type Activity For the 10 Months Ended Dec 2013	Governmental Activities For the Year Ended Dec 2013
#975 Irrigation	Other Enterprise Funds	Total		#421 & #422 Airport	Internal Service Funds
		2013	2012		
\$2,983,192	\$7,675,071	\$39,699,788	\$37,750,133	\$352,981	\$6,585,977
0	0	0	0	0	15,625,227
(784,158)	(4,086,745)	(15,584,305)	(16,046,371)	(251,902)	(8,592,047)
(709,885)	(2,033,670)	(14,551,150)	(13,571,606)	(433,391)	(2,374,681)
4,243	3,423	141,727	151,884	646,422	2,876
0	0	0	0	0	(9,352,384)
0	(953,556)	(6,255,025)	(6,066,558)	0	0
1,493,392	604,523	3,451,035	2,217,482	314,110	1,894,968
0	59,318	5,140,621	4,781,170	0	0
0	0	2,763,339	4,052,754	0	209,343
0	0	0	0	0	536,483
0	0	(10,000)	(10,000)	0	0
0	59,318	7,893,960	8,823,924	0	745,826
0	0	10,216,566	4,151,704	0	0
0	0	355,004	391,403	0	0
0	0	46,880	6,566	0	67,774
0	0	1,374,746	1,661,824	0	0
(125,000)	0	(1,335,000)	(1,949,777)	0	0
(435,819)	0	(1,605,065)	(1,627,983)	(250,000)	0
(39,507)	(185,559)	(18,500,191)	(10,292,320)	(299,599)	(2,051,758)
(198,871)	0	(853,698)	(976,072)	(9,365)	0
0	38,513	38,513	95,058	0	0
0	0	(584,948)	41,938	291,086	0
0	0	1,397,939	232,939	0	0
0	(200,000)	(1,505,138)	(348,015)	0	0
(799,197)	(347,046)	(10,954,392)	(8,612,735)	(267,878)	(1,983,984)

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, 2013

With comparative totals for December 31, 2012

Page 3 of 4

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>#462 &amp; #364 Transit</b>	<b>#973 Wastewater</b>	<b>#974 Water</b>
Cash Flows from Investing Activities			
Proceeds from Sale of Investment Securities	1,743,570	10,088,336	5,877,145
Interest Received on Investments	984	2,118	507
Purchase of Investment Securities	(2,849,414)	(6,369,060)	(7,132,452)
Net Cash Provided by Investing Activities	(1,104,860)	3,721,394	(1,254,800)
Net Increase (Decrease) in Cash and Cash Equivalents	328,425	(186,949)	599,871
Cash and Cash Equivalents at Beginning of Year	260,894	1,975,515	1,162,684
Cash and Cash Equivalents at End of Year	<u>\$589,319</u>	<u>\$1,788,566</u>	<u>\$1,762,555</u>
Cash at the End of the Year			
Operating Fund Cash	\$589,319	\$1,169,084	\$1,463,589
Revenue Bond Reserve Account Cash	0	513,400	282,610
Revenue Bond Redemption Account Cash	0	106,079	16,356
Total Cash at the End of the Year	<u>\$589,319</u>	<u>\$1,788,563</u>	<u>\$1,762,555</u>
Reconciliation of Net Operating Income (Loss) to Net Cash			
Provided (Used) by Operating Activities			
Net Operating Income (Loss)	(\$7,554,184)	\$1,790,820	\$202,382
Adjustments to Reconcile Operating Income (Loss) to Net			
Cash Provided by Operating Activities			
Depreciation	1,034,864	3,465,893	1,247,271
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	0	295,265	256,293
(Increase) Decrease in Deposits w/ Fiscal Agent/Trustee	0	0	0
Increase (Decrease) in Allowance for Uncollectibles	0	58,002	34,029
(Increase) Decrease in Inventory	0	0	308
Increase (Decrease) in Warrants/Accounts Payable	46,291	375,367	209,104
Increase (Decrease) in Wages/Benefits Payable	1,425	(27,597)	2,492
Increase (Decrease) in Compensated Absences Payable	7,256	(84,412)	(7,749)
Increase (Decrease) in Claims and Judgments Payable	0	0	0
Total Adjustments	1,089,836	4,082,518	1,741,748
Net Cash Provided by Operating Activities	<u>(\$6,464,348)</u>	<u>\$5,873,338</u>	<u>\$1,944,130</u>
Schedule of Noncash Capital and Related Financing Activities			
Capital Assets Acquired by Noncash Contributions	\$0	\$70,630	\$178,345

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, 2013

With comparative totals for December 31, 2012

Page 4 of 4

				<b>Business-Type Activity For the 10 Months Ended Dec 2013</b>	<b>Governmental Activities For the Year Ended Dec 2013</b>
<b>#975 Irrigation</b>	<b>Other Enterprise Funds</b>	<b>————— Total —————</b>		<b>#421 &amp; #422 Airport</b>	<b>Internal Service Funds</b>
		<b>2013</b>	<b>2012</b>		
524,894	2,100,964	20,334,909	16,188,000	0	7,156,377
1,500	0	5,109	11,348	1,079	344,416
(1,034,065)	(2,369,289)	(19,754,280)	(20,334,909)	0	(7,926,107)
(507,671)	(268,325)	585,738	(4,135,561)	1,079	(425,314)
186,524	48,470	976,341	(1,706,890)	47,311	231,496
63,040	534,438	3,996,571	5,703,461	733,588	1,922,794
<u>\$249,564</u>	<u>\$582,908</u>	<u>\$4,972,912</u>	<u>\$3,996,571</u>	<u>\$780,899</u>	<u>\$2,154,290</u>
\$214,127	\$582,911	\$4,019,030	\$3,086,081	\$780,899	\$2,154,290
0	0	796,010	754,644	0	0
35,437	0	157,872	155,846	0	0
<u>\$249,564</u>	<u>\$582,911</u>	<u>\$4,972,912</u>	<u>\$3,996,571</u>	<u>\$780,899</u>	<u>\$2,154,290</u>
\$1,120,468	\$497,967	(\$3,942,547)	(\$2,718,010)	(\$473,945)	(\$169,392)
372,662	42,453	6,163,143	5,773,920	652,204	1,474,278
(7,287)	65,601	609,872	(1,135,404)	68,113	345,955
0	0	0	0	0	(1)
8,781	22,960	123,772	163,008	0	0
0	0	308	(21,414)	0	77,292
3,184	12,431	646,377	35,120	16,690	(219,828)
(2,114)	4,496	(21,298)	40,786	52,515	9,189
(2,302)	(41,385)	(128,592)	79,477	(1,467)	23,350
0	0	0	0	0	354,125
372,924	106,556	7,393,582	4,935,493	788,055	2,064,360
<u>\$1,493,392</u>	<u>\$604,523</u>	<u>\$3,451,035</u>	<u>\$2,217,483</u>	<u>\$314,110</u>	<u>\$1,894,968</u>
\$0	\$48,480	\$297,455	\$325,625	\$0	\$0

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

**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**

December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 1

	Firemen's Relief and Pension	Agency Fund	Total 2013	2012
Assets				
Cash & Equity in Pooled Investments	\$166,077	\$333,270	\$499,347	\$537,418
Receivables - Accounts	0	0	0	\$15,679
Investments, at Amortized Cost	776,866	0	776,866	764,671
Equipment	0	1,180,349	1,180,349	0
	942,943	1,513,619	2,456,562	1,317,768
Liabilities				
Warrants/Accounts Payable	1,834	7,058	\$8,892	33,427
Due to Other Governmental Units	0	1,506,561	1,506,561	392,201
	1,834	1,513,619	1,515,453	425,628
Net Position				
Held in Trust for Pension Benefits and Other Purposes	\$941,109	\$0	\$941,109	\$892,140

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

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

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 1

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	— Firemen's Relief and Pension —	
	2013	2012
Additions		
Employer Contributions	\$1,269,539	\$1,381,576
Interest Revenue	9,000	10,000
Total Additions	1,278,539	1,391,576
Deductions		
Administration/Overhead	40,919	42,225
Pension Benefits	632,879	711,585
Other Benefits	555,771	538,807
Total Deductions	1,229,569	1,292,617
Change in Net Position	48,970	98,959
Total Net Position, January 1	892,140	793,181
Total Net Position, December 31	\$941,110	\$892,140

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

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended December 31, 2013

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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, transit and the Yakima Air Terminal, which was operated under a joint venture agreement with Yakima County in prior years, but became a City department in early 2013.

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. It should be noted that the City was released from this contingency in May, 2014.

**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 position and the statement of activities. These statements report information on all of the non-fiduciary 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 is 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 **Cumulative Reserve for Capital Improvement Fund** is used to account for general government capital projects that are not eligible to be included in other capital funds. A project to construct a railroad underpass, funded by grants and low-interest loans, made this fund eligible to be a major fund in 2013.

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 0.3% 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.
- The **Yakima Air Terminal** was merged into the City at the end of February, 2013 and is included in the fund financial statements in order to present the 10 months of activity. It does not meet the GASB criteria of being a major fund.

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.
- **Fiduciary Funds** are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting, with the exception of agency funds which technically have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition.
  - **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.
  - **Agency Funds** account for assets held by the City as an agent for joint, intergovernmental operations through interlocal agreements. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations. The City is the fiduciary agent for the fiscal activity of Yakima Consortium for Regional Public Safety (YAKCORPS).

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the water, wastewater, refuse, stormwater and irrigation enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

### **New Accounting Standard**

In March 2012, the GASB issued Statement of Governmental Accounting Standard No. 65 *"Items Previously Reported as Assets and Liabilities."* This statement further defines deferred inflows of resources and deferred outflow of resources as introduced by GASB Statement No. 63 implemented by the City in 2012. The objective is to classify certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflow of resources (revenues).

## **ASSETS, LIABILITIES, FUND BALANCE AND NET POSITION**

### **Cash and Cash Equivalents**

Cash is considered to be cash on hand, demand deposits, and highly liquid investments with maturities of three months or less from the date of acquisition. Included in this category are all funds held in the Washington State Treasurer's Local Government Investment Pool (LGIP).

The LGIP is comparable to an SEC regulated Rule 2a-7 money market fund in which funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk.

### **Investments (Refer to Deposits and Investments Note 4.)**

### **Receivables**

Taxes receivable consists of property and other taxes including related interest and penalties (See Note 4). 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, 2013, 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. Inventories are included in the “Nonspendable” category of fund balance, since it is a non-cash asset 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 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 are 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.

**Deferred Outflow of Resources**

Deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred outflow of resources involved no consumption of resources that results in either a net decrease in assets or a net increase in liabilities. It also represents access to present service capability that is under the government's controls.

**Accrued Liabilities**

Other accrued liabilities include primarily claims and judgments payable in the Internal Service Funds, current interest payable on long-term debt and small miscellaneous payables not classified in other categories in Enterprise Funds.

**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 position. 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** – 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.

**Deferred Inflow of Resources**

Deferred inflow of resources is the acquisition of net position that is applicable to a future reporting period. A deferred inflow of resources involved no acquisition of resources resulting in either a net increase in assets or a net decrease in liabilities. It represents a present obligation to sacrifice resources that the government has little or no discretion to avoid. A detailed listing is presented in Note 4.

**Fund Balance Classifications (See Note 9 – Fund Balance Classifications)**

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which require the City to classify its fund balances based on spending constraints imposed on the use of resources. The Net Position, comprised of the fund balances, is the excess of all the city's assets over all liabilities, regardless of fund.

**Nonspendable** – Represents balances set aside to indicate items that do not represent available, spendable resources even though they are a component of assets. Fund balances are required to be maintained intact and include permanent funds and assets not expected to be converted to cash, such as inventories, and notes receivable.

**Restricted** – Are funds that have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which require the resources to be used only for a specific purpose.

**Committed** – These funds have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council.

**Assigned** – Funds in this category are amounts constrained by the City to be used for a specific purpose, but are neither restricted nor committed and may be changed by City Council.

**Unassigned** – This represents the residual amounts that have not been restricted, committed, or assigned.

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## **NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS**

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### **EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

The governmental fund balance sheet includes reconciliation between *fund balance – total government funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 \$56,138,372 difference are as follows:

Bonds Payable	\$23,053,078
Intergovernmental Loans	3,501,035
Special Assessments - Note	428,800
Lease Purchase Agreements	5,373,764
Unfinanced Pension/OPEB Liability	16,474,396
Compensated Absences	7,307,299
<i>Net Adjustments to reduce fund balance - Total Governmental funds to arrive at net position - governmental activities</i>	<u><u>\$56,138,372</u></u>

### **EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position 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 \$10,070,027 difference are as follows:

Capital Outlay	\$20,021,122
Depreciation Expense	(9,951,095)
<i>Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$10,070,027</u></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 increase net position.” The details of this \$716,462 difference are as follows:

In the statement of activities, only 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 position differs from the change in the fund balance by the cost of the capital assets sold. (\$44,953)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	761,415
<i>Net adjustment to increase/(decrease) net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$716,462</u></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 position.” The details of this \$6,621,109 difference are as follows:

Debt Issued	
Issuance of General Obligation Bonds	(\$5,000,000)
Lease Purchase Agreements	(4,943,207)
Principal Repayments	
General Obligation Debt	2,448,575
Intergovernmental Loans	236,375
Contractual Agreement - Yakima County	300,690
Special Assessment Notes	146,200
Lease Purchase Agreements	89,594
Interfund Loan	100,664
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>(\$6,621,109)</u></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 \$3,398,698 difference are as follows:

Compensated Absences	(\$288,530)
Change in Unfunded Pension Liability	75,073
Change in Other Post Employment Benefit Liability	(3,184,128)
Change in Reserve for Inventory	(7,065)
Accrued Interest Payable	5,952
<i>Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>(\$3,398,698)</u></u>

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### **NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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#### **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:

- 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.
- The Council conducts a public hearing on the proposed budget in November to obtain taxpayer comments.
- During 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 \$16.1 million. The principal amendments were to reappropriate 2012 outstanding encumbrances in the amount of \$3.6 million and nonlapsing appropriations for various projects in capital funds (Arterial Street, Sewer Construction, Domestic Water Improvement, Wastewater Facilities, and Irrigation System Improvement) in the amount of \$4.7 million.

### **Excess of Expenditures over Appropriations**

For the year ended December 31, 2013, expenditures slightly exceeded appropriations in two separate funds:

- The Front Street Business Improvement Fund was over budget by \$1,610. This is funded by a self-assessment on businesses in the area, and expenditures are approved by the oversight committee. They had built up the balance to provide signage in the historical area which slightly exceeded the original budget estimate.
- The Economic Development Fund exceeded budget by about \$2,000 in the area of professional services. The ending balance is still within targeted levels.

Both of these overages were conveyed to City Council in the 2013 Year-end Budget Revenue and Expenditure Report.



## Encumbrances

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

## FUND EQUITY

### Nonspendable Fund Balance in Permanent Funds

The fund balance of \$622,896 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.

### Fiduciary Fund Net Position

The Firemen's Relief and Pension Fund has Net Position held in Trust for Pension Benefits and other purposes of \$941,109 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.

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## NOTE 4 – DETAILED NOTES ON ALL FUNDS

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## DEPOSITS AND INVESTMENTS

### Deposits

The City of Yakima maintains deposit relationships with several Washington State commercial banks and savings and loan institutions that are classified as Public Depositories (see below).

The Public Deposit Protection Commission of the State of Washington (PDPC) covers all deposits not insured by the Federal Depositary 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 of Yakima had the following cash on hand and deposit balances on December 31, 2013:

Banks and Savings and Loan Institutions	\$14,419,894
Petty Cash and Other Imprest Funds	14,537
Local Government Investment Pool (LGIP)	<u>4,317,677</u>
<i>Total</i>	<u><u>\$18,752,108</u></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 comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (SEC). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk.

**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

Cash and investments are managed under the guidance of the City's Investment Policy (Resolution R2011-134). The policy is 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 (excluding the Firemen's Relief and Pension Fund).

As of December 31, 2013, the City of Yakima had the following investments:

### INVESTMENT PORTFOLIO

Investment Types	Carrying Value	Fair Value	Weighted Average Maturity to Expected Call (Days)	Weighted Average Final Maturity (Days)	Rating
Federal Agency Securities	\$42,294,443	\$41,620,911	820	1,420	n/a
Local Government Agency Securities	3,060,670	3,065,992	751	751	A1, A
Certificates of Deposit - PDPC	262,473	262,473	209	209	n/a
Local Assessment Notes	428,800	428,800	n/a	n/a	n/a
Total Portfolio	<u>\$46,046,386</u>	<u>\$45,378,176</u>			

### Carrying Value

Investments are reported at Net Book Value on the Financial Statements.

Investments are held until maturity unless called by the issuer prior to the maturity date. Premiums or Discounts realized at purchase are amortized over the life of the investment such that Net Book Value is equal to the amount realized at maturity.

Fair value is a volatile number that reflects the market price on a given date. Swings in fair value create arbitrary gains and losses which are never realized due to the City's policy of holding investments until maturity.

### 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. 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 both the expected call date and the final maturity date.

### 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, Bankers 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, 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 2013, the City's regular tax levy was 3.0895 per \$1,000 on a total assessed valuation of \$5.5 billion, for a total regular levy of \$16,975,232. 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 2013 was \$.2178 per \$1,000, or \$1,196,702. Additionally, special levies for General Obligation Bond obligations totaled \$293,000.

### **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

	<b>Taxes</b>	<b>Accounts</b>	<b>Special Assessments</b>	<b>Due from Other Gov'ts</b>	<b>Interest &amp; Penalties</b>	<b>Other</b>	<b>Total</b>
General Fund	\$4,759,411	\$1,557,563	\$0	\$23,966	\$140,581	\$0	\$6,481,521
Com & Econ Dev	0	4,673,455	0	84,019	0	0	4,757,474
Cumulative Reserve	0	0	0	1,479,149	0	0	1,479,149
Non-Major Gov't <sup>(1)</sup>	587,815	151,779	452,108	85,937	0	0	1,277,639
Transit	892,543	0	0	155,270	0	0	1,047,813
Refuse	0	434,254	0	0	0	0	434,254
Wastewater	0	904,666	0	0	0	3,000	907,666
Water	0	144,057	0	0	0	0	144,057
Irrigation	0	219,281	0	0	0	0	219,281
Stormwater	0	37,808		30,142	0	0	67,950
Internal Service Funds	0	898,543	0	0	0	499,336	1,397,879
<b>Total</b>	<b>\$6,239,769</b>	<b>\$9,021,406</b>	<b>\$452,108</b>	<b>\$1,858,483</b>	<b>\$140,581</b>	<b>\$502,336</b>	<b>\$18,214,683</b>

(1) Delinquent Local Improvement District (LID) assessments of \$52,314 are included in the Special Assessment balance.

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

### UNCOLLECTIBLE ACCOUNTS RECEIVABLE

Refuse	\$54,905
Wastewater	168,912
Water	80,627
Irrigation	30,118
Stormwater	21,663
<b>Total</b>	<b><u>\$356,225</u></b>

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 are shown in the following chart.

## DEFERRED INFLOWS OF RESOURCES

	<u>Unavailable</u>
General Fund	
Court Receivables	\$1,399,282
Miscellaneous	27,159
Community Economic Development - Homeownership Programs	4,673,455
Special Revenue Funds	
Parks & Recreation - Pool & Field Rentals	9,141
Streets - Sidewalk Repairs	670
Community Relations - Equipment Reimbursement	1,600
Cemetery - Lot Sales	10,660
Public Safety Communications - Site Lease	37
Parking & Business Improvement - Assessment Levied on Businesses in Boundaries	27,275
Front Street Bus Improvement - Assessment Levied on Businesses in Boundaries	2,130
Debt Service Funds	
LID Fund - Special Assessments Not Yet Due	370,832
Capital Project Funds	
Central Business Downtown - Parking Permits	60
Parks & Recreation Capital - Private Contributions	10,871
Fire Capital - Fire Training Services	255
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$6,533,427</u>

## INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

### Classification of Interfund Transactions

Interfund transactions are classified as follows:

- 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.
- Transfers to support the operations of other funds are recorded as "Transfers" and classified with "Other Financing Sources or Uses."
- Contributions to the capital of enterprise or internal service funds (transfers between those funds and the general capital assets account group), transfer to establish or reduce working capital in other funds, and transfers of remaining balances when funds are closed are classified as transfers and reported as non-operating revenues.
- 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, 2012, there were no advances to/from any funds.

### Interfund Loans and Receivables

The City uses Interfund loans as a way to fund short term capital requirements. As Equipment Rental has funds available for investment, it is typically used for these loans. Park and Recreation borrowed \$600,000 in 2013 to complete a Ballfield complex project to be repaid over a 5 year term. The 2013 year-end balance was \$499,336.

## 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; and 2) support the Public Safety dispatch operation with a portion of the telephone tax. Other transfers generally represent debt service and capital project funding. The following table depicts interfund operating transfer activity during 2013.

### INTERFUND TRANSFERS

Transfer out	Transfer In				
	Cumulative Reserve	Non Major Gov't	Wastewater	Water	Total
General Fund	\$0	\$3,019,305	\$0	\$0	\$3,019,305
Non-Major Governmental	0	2,519,302	0	0	2,519,302
Transit	0	10,000	0	0	10,000
Wastewater	0	25,641	0	1,165,000	1,190,641
Water Operating Fund	50,000	31,558	32,939	0	114,497
Stormwater	0	0	200,000	0	200,000
Total	\$50,000	\$5,605,806	\$232,939	\$1,165,000	\$7,053,745

## CAPITAL ASSETS

### CAPITAL ASSET ACTIVITY

	Balance 1/1/13	Additions	Adjustments	Deletions	Balance 12/31/13
Governmental Activities					
Capital Assets - Not Depreciated					
Land	\$14,241,145	\$498,096	\$0	(\$189,596)	\$14,549,645
Construction in Progress	7,582,846	14,601,577	(6,361,036)	(4,569)	15,818,818
Total Capital Assets - Not Depreciated	21,823,991	15,099,673	(6,361,036)	(194,165)	30,368,463
Capital Assets - Depreciated					
Buildings & Structures	57,102,991	321,550	0	(81,255)	57,343,286
Other Improvements	13,246,840	319,283	2,126,321	0	15,692,444
Equipment & Machinery	13,252,963	4,794,635	3,822,344	(1,730,066)	20,139,876
Infrastructure	246,957,442	247,394	4,234,715	0	251,439,551
Capitalized Leases	642,212	0	(642,212)	0	0
Total Capital Assets - Depreciated	331,202,448	5,682,862	9,541,168	(1,811,321)	344,615,157
Less Accumulated Depreciation					
Buildings & Structures	(19,871,192)	(1,322,805)	0	25,189	(21,168,808)
Other Improvements	(7,082,407)	(784,557)	0	0	(7,866,964)
Equipment & Machinery	(7,071,231)	(1,385,569)	(2,269,987)	467,133	(10,259,654)
Infrastructure	(154,243,626)	(6,458,164)	0	0	(160,701,790)
Capitalized Leases	(558,066)	0	558,066	0	0
Total Accumulated Depreciation	(188,826,522)	(9,951,095)	(1,711,921)	492,322	(199,997,216)
Total Capital Assets - Depreciated Net	142,375,926	(4,268,233)	7,829,247	(1,318,999)	144,617,941
Gov't Activities Capital Assets - Net	164,199,917	10,831,440	1,468,211	(1,513,164)	174,986,404

	Balance 1/1/13	Additions	Adjustments	Deletions	Balance 12/31/13
Internal Service Funds - Gov't Activities					
Capital Assets - Not Depreciated					
Construction in Progress	0	785	0	0	785
Capital Assets - Depreciated					
Buildings	37,397	0	0	0	37,397
Other Improvements	572,993	0	0	0	572,993
Machinery	23,529,507	2,050,973	(3,180,132)	(837,005)	21,563,343
Total Capital Assets - Depreciated	24,139,897	2,050,973	(3,180,132)	(837,005)	22,173,733
Less Accumulated Depreciation					
Buildings	(25,982)	(1,852)	0	0	(27,834)
Other Improvements	(25,300)	(28,650)	0	0	(53,950)
Machinery	(14,273,591)	(1,211,518)	1,711,921	715,310	(13,057,878)
Total Accumulated Depreciation	(14,324,873)	(1,242,020)	1,711,921	715,310	(13,139,662)
Total Capital Assets - Depreciated Net	9,815,024	808,953	(1,468,211)	(121,695)	9,034,071
Total Capital Assets - Gov't Activities	<u>\$174,014,941</u>	<u>\$11,641,178</u>	<u>\$0</u>	<u>(\$1,634,859)</u>	<u>\$184,021,260</u>
Business Type Activities					
Capital Assets - Not Depreciated					
Land	\$5,582,170	\$0	\$0	\$0	5,582,170
Construction in Progress	13,576,826	19,347,530	(2,017,562)	0	30,906,794
Total Capital Assets - Not Depreciated	19,158,996	19,347,530	(2,017,562)	0	36,488,964
Capital Assets - Depreciated					
Buildings & Structures	88,362,832	0	0	0	88,362,832
Other Improvements	137,369,293	898,203	1,438,945	0	139,706,441
Equipment & Machinery	35,406,911	189,962	0	(997,379)	34,599,494
Intangibles	1,574,217	0	0	0	1,574,217
Total Capital Assets - Depreciated	262,713,253	1,088,165	1,438,945	(997,379)	264,242,984
Less Accumulated Depreciation					
Buildings & Structures	(52,837,742)	(1,999,614)	0	0	(54,837,356)
Other Improvements	(58,275,100)	(2,886,575)	0	0	(61,161,675)
Equipment & Machinery	(15,608,207)	(1,885,148)	0	867,564	(16,625,791)
Intangibles	(810,086)	(44,026)	0	0	(854,112)
Total Accumulated Depreciation	(127,531,135)	(6,815,363)	0	867,564	(133,478,934)
Total Capital Assets - Depreciated Net	135,182,118	(5,727,198)	1,438,945	(129,815)	130,764,050
Total Capital Assets - Business Activities	<u>\$154,341,114</u>	<u>\$13,620,332</u>	<u>(\$578,617)</u>	<u>(\$129,815)</u>	<u>\$167,253,014</u>

**NOTE** - The adjustment column represents construction works in progress that were completed and either classified into the appropriate capital asset category, or expensed. Additionally, the Police vehicle fleet was transferred from the Equipment Rental Fund into Governmental Activities, in response to an expanded vehicle take-home program.

Depreciation expense was charged to functions/programs as follows:

General Government	\$73,586
Security of Persons and Property	1,545,585
Physical Environment	5,545
Transportation	6,778,419
Economic Environment	58,351
Cultural & Recreational Environment	1,489,609
Capital Assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,242,020
<b>Total Depreciation - Governmental Activities</b>	<b>\$11,193,115</b>
Transit	\$1,034,864
Wastewater	3,465,893
Water	1,247,271
Irrigation	372,662
Stormwater	42,453
Airport	652,204
<b>Total Depreciation - Business-Type Activities</b>	<b>\$6,815,347</b>

## COMMITMENTS

### Construction Commitments

The City had active construction projects as of December 31, 2013. Projects include the ongoing construction of a railroad grade separation project (underpass), widening and construction of existing streets and the planning and design work on new infrastructure in the redevelopment area. Also included are improvements to the water treatment plant and distribution system, improvements to the Wastewater facility and collection system and the rebuilding of the irrigation system.

### CURRENT CONSTRUCTION PROJECTS

<b>Project</b>	<b>Contract Amount</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Street Construction	\$21,528,807	\$13,830,240	\$7,698,567
Water	8,648,391	6,441,675	2,206,716
Wastewater Treatment Plant and Mains	3,527,635	2,469,548	1,058,087
Irrigation System Design & Rebuild	656,000	19,050	636,950
<b>Total</b>	<b>\$34,360,833</b>	<b>\$22,760,513</b>	<b>\$11,600,320</b>

Street construction is being financed by gas tax and federal, state or local grants. Water improvements are funded by State Public Works Trust fund loans and water utility revenues/capital reserves. Wastewater improvements are being financed by State Public Works Trust Fund and Revolving Fund loans and wastewater utility revenues/capital reserves. Irrigation improvements are funded by irrigation capital rates/reserves.

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## NOTE 5 – PENSION PLANS

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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 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](http://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**

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977, and by either February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 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 are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest paid service months. 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 3 percent annually.

PERS Plan 2 members who have at least 20 years of service credit, and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 percent for each year before age 65; or,
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of

salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS 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 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and 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 3 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and Beneficiaries Receiving Benefits	82,242
Terminated Plan Member Entitled to but Not Yet Receiving Benefits	30,515
Active Plan Members Vested	106,317
Active Plan Members Non-vested	<u>44,273</u>
Total	263,347

### **Funding Policy**

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

#### **Members Not Participating in JBM:**

	<u><b>PERS Plan 1</b></u>	<u><b>PERS Plan 2</b></u>	<u><b>PERS Plan 3</b></u>
Employer Contributions <sup>(1)</sup>	9.21% <sup>(2)</sup>	9.21% <sup>(2)</sup>	9.21% <sup>(3)</sup>
Employee Contributions	6.00% <sup>(4)</sup>	4.92% <sup>(4)</sup>	<sup>(5)</sup>

(1) The employer rates include the employer administrative expense fee currently set at 0.18%.

(2) The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

(3) Plan 3 defined benefit portion only.

(4) The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% 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 required contributions for the years ended December 31 were as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2013 Contributions	\$82,395	\$1,665,605	\$383,683
2012 Contributions	80,387	1,440,289	320,028
2011 Contributions	87,318	1,250,567	270,108

## **LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF) PLANS 1 AND 2**

### **Plan Description**

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

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

LEOFF 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 legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

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:

<u>Term of Service</u>	<u>% of Final Avg. Salary</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 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If there is an eligible spouse, 50 percent of the FAS, plus 5 percent of the FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If

there is no eligible spouse, eligible children receive 30 percent of the FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of the FAS, divided equally.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability benefit is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service.

Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement benefit of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

Legislation passed in 2009 provides to the Washington state registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and Beneficiaries Receiving Benefits	10,189
Terminated Plan Member Entitled to but Not Yet Receiving Benefits	689
Active Plan Members Vested	14,273
Active Plan Members Non-vested	<u>2,633</u>
Total	27,784

### Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For DRS' Fiscal Year 2013, the state contributed \$54.2 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
Employer Contributions <sup>(1)</sup>	0.18%	5.23% <sup>(2)</sup>
Employee Contributions	0.00%	8.46%
State	N/A	3.36%

(1) The employer rates include the employer administrative expense fee currently set at 0.18%.

(2) The employer rate for ports and universities is 8.59%.

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

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
2013 Contributions	\$372	\$1,074,916
2012 Contributions	474	1,023,087
2011 Contributions	536	986,431

## **PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM (PSERS) PLAN 2**

### **Plan Description**

PSERS was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions have been established by Chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30, 2006; and
- Employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria

Covered employers include:

- State of Washington agencies: Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol;
- Washington State counties;
- Washington State cities except for Seattle, Tacoma and Spokane; and
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

To be eligible for PSERS, an employee must work on a full-time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the plan accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PSERS-covered employment.

PSERS Plan 2 members are vested after completing five years of eligible service.

PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, or at age 53 with 20 years of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. 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 3 percent annually.

PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies.



PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The monthly benefit is 2 percent of the AFC for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). 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 3 percent annually.

PSERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PSERS member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

There are 75 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2012:

Retirees and Beneficiaries Receiving Benefits	27
Terminated Plan Member Entitled to but Not Yet Receiving Benefits	60
Active Plan Members Vested	2,083
Active Plan Members Non-vested	<u>2,167</u>
Total	4,337

### **Funding Policy**

Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

	<b><u>PSERS Plan 2</u></b>
Employer Contributions <sup>(1)</sup>	10.54%
Employee Contributions	6.36%

(1) The employer rate includes an employer administrative expense fee of 0.18%.

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

	<b><u>PSERS Plan 2</u></b>
2013 Contributions	\$66,949
2012 Contributions	61,711
2011 Contributions	50,797

## **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, 2013, 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.

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.

There are no longer any active employees who are eligible for this benefit.

During the year ended December 31, 2013, 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, 2012. The valuation provided actuarially determined rates to accumulate sufficient assets to pay benefits when due rather than the current pay as you go basis.

### ANNUAL PENSION COST AND NET PENSION OBLIGATION

	----- Fire -----		
	2011	2012	2013
Annual Required Contribution (ARC)			
Amortization of UAAL	\$544,525	\$505,289	\$505,289
Interest to EOY	19,058	20,212	20,212
ARC at EOY	563,583	525,501	525,501
Interest on NPO	(37,569)	(45,426)	(55,170)
Adjustment to ARC	(68,379)	(77,835)	(97,585)
Annual Pension Cost	594,393	557,910	567,916
Employer Contributions	656,618	801,531	672,849
Change in Net Pension Obligation	(62,225)	(243,621)	(104,933)
Net Pension Obligation (BOY)	(1,073,413)	(1,135,638)	(1,379,259)
Net Pension Obligation (EOY)	<u>(\$1,135,638)</u>	<u>(\$1,379,259)</u>	<u>(\$1,484,192)</u>

	----- Police -----		
	2011	2012	2013
Annual Required Contribution (ARC)			
Amortization of UAAL	\$527,710	\$529,561	\$529,561
Interest to EOY	18,470	21,182	21,182
ARC at EOY	546,180	550,743	550,743
Interest on NPO	26,058	25,705	21,583
Adjustment to ARC	47,428	44,044	38,176
Annual Pension Cost	524,810	532,404	534,150
Employer Contributions	626,707	635,444	609,223
Change in Net Pension Obligation	(101,897)	(103,040)	(75,073)
Net Pension Obligation (BOY)	744,516	642,619	539,579
Net Pension Obligation (EOY)	<u>\$642,619</u>	<u>\$539,579</u>	<u>\$464,506</u>

## EMPLOYER PENSION CONTRIBUTIONS

	<b>Fiscal Year Ended</b>	<b>Annual Pension Cost</b>	<b>Percent of Annual Pension Contributed</b>	<b>Net Pension Obligation</b>
Fire	12/31/11	\$594,393	110.5%	(\$1,135,638)
	12/31/12	557,910	144.0%	(1,379,259)
	12/31/13	567,916	118.0%	(1,484,192)
Police	12/31/11	\$524,810	119.4%	\$642,619
	12/31/12	532,404	119.0%	539,579
	12/31/13	534,150	114.0%	464,506

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### NOTE 6 – SELF-INSURANCE FUNDS

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The City maintains Reserve Funds to provide for self insurance coverage in the areas of Unemployment Compensation, Medical/Dental coverage, and Workers' Compensation. In addition, the City maintains a Risk Management Fund to provide for property, liability, and other 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 Equifax Workforce Solutions 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 2013 of \$190,978. Incurred but not reported claims of \$39,322 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 payments. The third party administrator is Employee Benefit Management Services, Inc. (EBMS).

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. 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 2013 were \$8,853,222. Incurred but not reported claims of \$1,235,329 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 \$225,000 of claims for an individual employee or dependent. Any charges accrued by an individual in excess of \$225,000 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 (\$225,000). 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 2012 were \$966,270. Based on the claims manager’s estimate, the City has accrued incurred but not reported claims of \$736,065 at December 31, 2013.

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 2013 were \$3,145,532. 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, 2013, is \$1,521,000.

### **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.

### **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, and became a member of CIAW effective September 1, 2010.

Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program 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 program was formed on September 1, 1988, when 34 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. As of September 1, 2012, there are 240 members in the program.

The City participates in the CIAW insurance pool administered by Canfield & Associates. The program provides the following forms of joint self-insurance and excess coverage for its members: Property, including automobile comprehensive, and collision, equipment breakdown and crime protection, and liability, including general, automobile, and wrongful acts, are included to fit members' various needs. The City purchases property and equipment breakdown coverage separate from the pool.

The program acquires liability insurance through their Administrator, Canfield, and is subject to a per-occurrence self-insured retention of \$200,000 per occurrence. Members are responsible for individual deductibles, which vary by member. The City has a \$100,000 self-insured retention and the pool is responsible for claims between \$100,000 to \$200,000. Insurance covers insured losses over \$200,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$200,000 of the self-insured retention. The program also purchases a Stop Loss Policy to cap the total claims paid by the program in any one year.

Members contract to remain in the program for a minimum of one year, and must give notice before August 31 terminating participation the following September 1. The interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program. The program has no employees. Claims are filed by members with Canfield, which has been contracted to perform program administration, claims adjustment and administration, and loss prevention for the program. 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.

The City of Yakima Transit Division has liability coverage, which is not subject to a deductible amount, and public official liability coverage, subject to a deductible amount of \$5,000, with the Washington State Transit Insurance Pool ("WSTIP"), 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 25-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.

#### WSTIP LIABILITY COVERAGE

Risk	Coverage Period	Coverage
Auto Liability	1/1/13 - 12/31/13	\$12,000,000 per occurrence with a \$0 deductible
General Liability	1/1/13 - 12/31/13	\$12,000,000 per occurrence with a \$0 deductible
Public Officials	1/1/13 - 12/31/13	\$12,000,000 per claim / aggregate with a \$5,000 deductible

Coverage for public official liability is on a "claims made" basis. All other coverages are on an "occurrence" basis. Changes in the balance of claims liability during 2013 follows:

#### UNPAID CLAIMS

	2013	2012	2011
Unpaid Claims, January 1	\$1,219,000	\$690,000	\$553,000
Incurred Claims (incl IBNR's)	1,482,650	1,346,198	825,951
Claim Payments (incl direct legal costs)	(1,180,650)	(817,198)	(688,951)
Unpaid Claims, December 31	<u>\$1,521,000</u>	<u>\$1,219,000</u>	<u>\$690,000</u>

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#### NOTE 7 – LONG-TERM DEBT AND CAPITAL LEASES

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

#### LEGAL DEBT PERCENTAGE

		Limit by Section	Cumulati ve Limit
I. General Purpose			
Without a Vote (includes capital	1.5%		
With a Vote	1.0%	2.5%	2.5%
II. Utilities Purpose		2.5%	5.0%
III. Open Space and Parks Facilities		2.5%	7.5%
Total Legal Limit		<u>7.5%</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 about \$5.5 billion, resulting in the debt limits, as of December 31, 2013, for the City as follows:

#### DEBT LIMITS

	Without a Vote	With a Vote		
	General Purpose 1.5%	General Purpose 2.5%	Utilities 5.0%	Open Space & Parks 7.5%
Legal Limit	\$82,417,456	\$137,362,427	\$274,724,854	\$412,087,281
Net Outstanding Indebtedn	30,415,810	30,503,326	30,503,326	30,503,326
Margin Available	<u>\$52,001,646</u>	<u>\$106,859,101</u>	<u>\$244,221,528</u>	<u>\$381,583,955</u>

(1) 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 2013.

#### LONG-TERM LIABILITIES

	Balance 1/1/2013	Additions	Payments/ Retirements	Balance 12/31/2013	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt					
Bonds	\$20,501,653	\$5,000,000	\$2,448,575	\$23,053,078	\$2,153,884
Intergovernmental Loans	3,737,410	0	236,375	\$3,501,035	318,041
Contractual Agreement - Yakima Co	300,690	0	300,690	0	0
Special Assessment					
Notes	575,000	0	146,200	428,800	75,017
Lease Purchase Agreements	520,151	4,943,207	89,594	5,373,764	800,432
Unfunded Pension/OPEB Liability	13,365,341	3,109,055	0	16,474,396	0
Vacation/Sick Leave Accrual	7,018,769	288,530	0	7,307,299	0
Total General Long-Term Debt	<u>\$46,019,014</u>	<u>\$13,340,792</u>	<u>\$3,221,434</u>	<u>\$56,138,372</u>	<u>\$3,347,374</u>
Business Type Activities					
Revenue Debt Payable					
Revenue Bonds	\$20,525,000	\$0	\$1,335,000	\$19,190,000	\$1,275,000
Intergovernmental Loans	12,020,577	10,216,566	1,169,246	21,067,897	1,621,778
Unam Dbt Iss Cost/Prem/Disc/Def Amt	406,361	0	45,949	360,412	0
Total Revenue Debt	<u>\$32,951,938</u>	<u>\$10,216,566</u>	<u>\$2,550,195</u>	<u>\$40,618,309</u>	<u>\$2,896,778</u>
Total Long Term Debt	<u><u>\$78,970,952</u></u>	<u><u>\$23,557,358</u></u>	<u><u>\$5,771,629</u></u>	<u><u>\$96,756,681</u></u>	<u><u>\$6,244,152</u></u>



## GENERAL OBLIGATION DEBT

General obligation bonds consist of serial and term bonds, to be retired through the fiscal year ending December 31, 2032. 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.

June 10, 2013, the City of Yakima issued a private placement \$5,000,000 Limited Tax General Obligation Bond. The Proceeds are being used for street improvements, approved by City Council on May 7, 2013. The bond bears interest of 1.67% and is being amortized over a 15 year time frame, although the current bond matures on June 20, 2018. At such time the maturity date may be extended and the interest rate reset. General Fund is the source of debt service.

## GENERAL OBLIGATION BONDS

	<b>Date of Final Maturity</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Outstanding 12/31/13</b>	<b>Average Annual Debt Service</b>
Special Property Tax Levy					
2004 Fire Improvement Bonds Ref 1995	12/01/14	2.0% - 3.5%	\$2,300,000	\$285,000	\$294,788
Regular Property Tax Levy					
2005 Parks Capital Projects	12/01/15	4.0% - 4.5%	755,000	175,000	94,542
2008 Fire Ladder Truck	12/01/21	3.25% - 4.0%	760,000	500,000	74,229
2013 Street Project	06/20/18	1.67%	5,000,000	4,854,959	74,229
Total Regular Property Tax Levy			6,515,000	5,529,959	
Regular Property Tax Levy/Real Excise Tax					
2007 River Road Street Project Bond	05/01/17	4.0% - 5.0%	1,765,000	800,000	220,665
2007 Fire Station West Valley Rehab Bond	05/01/22	4.0% - 5.0%	815,000	550,000	73,433
2007 Downtown Revitalization Project Bond	05/01/22	4.0% - 4.5%	1,490,000	1,000,000	133,424
2008 Third Ave/Mead Walnut St Project Bond	12/01/19	3.25% - 4.0%	2,190,000	1,270,000	240,732
Total Regular Property Tax Levy/Real Excise Tax			6,260,000	3,620,000	
Motel/Hotel Tax					
2004 Conv Center Expansion Bonds Ref 1996	11/01/19	2.0% - 4.2%	4,175,000	2,170,000	415,278
Public Facilities District(State Sales Tax Credit)					
2007 Conv Center Addition Refunding 2002	05/01/26	4.0% - 5.0%	4,910,000	4,595,000	457,247
2009 Capitol Theatre Expansion	12/01/32	3.0% - 6.6%	7,035,000	6,110,000	415,278
Total Public Facilities District			11,945,000	10,705,000	
Business Licenses & Real Estate Excise Tax					
2003 Sundome Expansion	12/01/23	2.34%-4.72%	1,430,528	743,119	148,446
Utility Tax					
2003 Criminal Justice/I-82 Bonds ref 1994	12/01/13	4.35%-5.25%	4,155,000	0	515,625
			<u>\$36,780,528</u>	<u>\$23,053,078</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

	<b>Date of Final Maturity</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Outstanding 12/31/13</b>	<b>Average Annual Debt Service</b>
2003 A Wastewater Revenue Bonds	11/01/23	2.0%-5.0%	\$7,390,000	\$255,000	\$0
2004 Irrigation Revenue Bonds	09/01/34	2.0%-4.8%	5,215,000	4,220,000	320,062
2008 Water Revenue Bonds (ref of	11/01/18	4.0-5.0%	1,883,951	1,030,000	235,080
2008 Wastewater Revenue Bonds	11/01/27	4.0-5.0%	5,440,000	4,330,000	413,232
2012 Wastewater Rev Bonds (2003	11/01/23	2.0%-5.0%	9,400,000	9,355,000	1,164,794
			<u>\$29,328,951</u>	<u>\$19,190,000</u>	

(1) See 2012 Wastewater Revenue Bonds debt service.

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

	<b>Bonded Debt</b>	<b>Interest</b>	<b>Notes and Contracts</b>	<b>Interest</b>
2014	\$1,405	\$740	\$1,622	\$158
2015	1,435	697	1,752	142
2016	1,475	654	1,541	132
2017	1,515	613	1,426	123
2018	1,575	556	1,426	113
2019-2023	7,600	1,894	6,577	427
2024-2028	2,550	700	4,617	209
2029-2034	1,635	286	2,107	41
	<u>\$19,190</u>	<u>\$6,140</u>	<u>\$21,068</u>	<u>\$1,345</u>

At December 31, 2013, the City had \$1,760,713 in restricted net position 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 several loans through the Washington State Loan Programs as described in the following chart.

## PUBLIC WORKS TRUST FUND LOANS

	<b>Interest</b>	<b>Maturity Date</b>	<b>Maximum Authorized</b>	<b>Outstanding 12/31/2013</b>
General Long-Term Debt				
Arterial Street Gas Tax				
PW-5-95-791-052 - Fair Avenue Improvements	1.0%	07/01/15	\$1,000,000	\$106,501
PC08-951-052 - RR Grade Separations-Lincoln Ave/MLK Jr Blvd	0.5%	07/01/28	3,000,000	2,315,789
Real Estate Excise Tax				
L1000030-0 - Grade Separation Stormwater Drainage	3.0%	06/01/30	1,214,000	982,696
General Fund Sales Tax				
CERB loan #C95-107 - Utilities-Madison Ave. and 8th, "J" St & 8th	6.0%	07/01/16	425,448	96,049
Sub-Total General Long-Term Debt				<u>3,501,035</u>

	<u>Interest</u>	<u>Maturity Date</u>	<u>Maximum Authorized</u>	<u>Outstanding 12/31/2013</u>
Revenue Debt				
Wastewater Operating Revenue				
PW-5-94-784-049 - Wastewater Collection System Improvements	1.0%	07/01/14	1,220,900	\$40,899
PW-5-95-791-053 - Headworks/Digester Rehabilitation	1.0%	07/01/15	3,030,558	326,748
PW-5-95-791-054 - WW Improvements King Street Collector	1.0%	07/01/15	188,430	23,371
PW-01-691-071 - Fruitvale Neighborhood WW/Water Project Ph I	0.5%	07/01/21	1,466,250	621,000
PW-05-691-064 - River Road Wastewater Improvement	0.5%	07/01/25	2,307,000	1,490,949
PW-07-962-019 - Ultra Violet Disinfection	0.5%	07/01/27	2,300,000	1,699,444
PC12-951-065 Wastewater Treatment Plant	0.5%	06/01/32	5,000,000	4,843,425
PC13-961-059 Industrial Wastewater Anaerobic	0.5%	06/01/32	2,000,000	2,000,000
L11000008 - Wastewater Energy Efficiency Project	0.5%	03/31/33	503,538	503,558
Industrial Waste Anaerobic-Methane Utilitization/Energy Cons	0.5%	03/31/33	3,054,264	421,132
Water Operating Revenue:				
PW-03-027 - Naches River Water Treatment Plt Impr	0.5%	07/01/23	2,694,000	1,347,250
SRF-04-65104-037 - Naches River Water Treatment Filter Rehab	0.5%	10/01/25	966,772	555,298
PC08-951-051 - New Water Well	0.5%	07/01/28	2,257,200	1,817,232
Automated Meter Reading System	0.5%	07/01/33	5,000,000	4,282,198
PC13-961-074 - Design Water Treatment Plant Lagoon	1.5%	10/01/35	3,515,800	1,095,393
Sub-Total Revenue Debt				<u>21,067,897</u>
Total Intergovernmental Loans				<u><u>\$24,568,932</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 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>
2014	\$2,154	\$947	\$318	\$106
2015	1,941	876	291	48
2016	1,902	813	241	44
2017	1,982	743	209	39
2018	5,136	650	210	37
2019-2023	5,108	2,384	1,076	148
2024-2028	3,065	1,025	1,124	81
2029-2033	1,765	298	32	17
	<u>\$23,053</u>	<u>\$7,736</u>	<u>\$3,501</u>	<u>\$520</u>

At December 31, 2013, the City had \$422,583 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. Special assessment debts are notes that are due as moneys become available from payments on individual assessments.

### **OUTSTANDING SPECIAL ASSESSMENT DEBT**

LID #1056; 12/17/2015 Wastewater	\$12,500
South 7th, 8th, & 9th Avenue Installment Note, 8.75% Interest	
LID #1057; 05/01/2016 Wastewater	25,800
North 84th Avenue & Hawthorne Drive - Inst Note, 9.25% Interest	
LID #1058; 05/01/2016 Wastewater	23,000
North 90th Avenue, 94th Place, Yakima Ave - Inst Note, 9.25% Interest	
LID #1060; 06/01/2020 Wastewater	99,000
North 85th Avenue & Kail Drive- Installment Note, 5.50% Interest	
LID #1061; 04/15/2020 Wastewater	268,500
Simpson Lane - Installment Note, 5.50% Interest	
	<u>\$428,800</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, 2012, of the LID Guarantee Fund totaled \$25,214.

## **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.

On March 19, 2013 the City of Yakima borrowed \$310,414 using Washington State's Local Option Capital Lending (LOCAL) program. The proceeds were used to purchase one Fire apparatus, approved by City Council on December 4, 2012. The certificates of participation have an all inclusive financing cost of 1.93% and will be repaid annually over the next 10 years out of General Fund.

On August 16, 2013 the City of Yakima borrowed \$4,632,792 from Washington State's Local Option Capital Lending (LOCAL) program. The proceeds were used to purchase 74 Police vehicles for expansion of the assigned Police vehicle program approved by City Council on June 4, 2013. The certificates of participation have an all inclusive financing cost of 1.619% and will be repaid annually over the next 6 years out of General Fund.

### **LEASED EQUIPMENT**

Two High Speed Laser Printer / Copier	\$10,147
Two Fire Apparatus	420,411
One Fire Apparatus	310,414
74 Police Vehicles; 70 Airpacks for Fire Service	<u>4,632,793</u>
Total	<u>\$5,373,765</u>

The following is a schedule of the future minimum lease payments under the above capital leases and the present value of net minimum lease payments at December 31, 2013, for the fiscal year listed:

## LEASE PAYMENTS

Due in 2014	\$995,552
Due in 2015	985,108
Due in 2016	985,109
Due in 2017	985,109
Due in 2018	985,109
Due in 2019-2023	1,211,930
Total Minimum Lease Payments	<u>\$6,147,917</u>
Less: Amount Representing Interest	<u>774,155</u>
Present Value of Minimum Lease Payments	<u>\$5,373,762</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, 2012.

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.

## OUTSTANDING LIABILITIES

	<b>Balance</b>		<b>Balance</b>
	<b>1/1/13</b>	<b>Additions</b>	<b>12/31/13</b>
Police Pension	\$5,109,547	(\$75,073)	\$5,034,474
OPEB Fire - Medical	3,146,203	1,409,465	4,555,668
OPEB Police - Medical	2,625,711	1,230,395	3,856,106
OPEB Non-LEOFF - Medical	2,483,880	544,268	3,028,148
Total	<u>\$13,365,341</u>	<u>\$3,109,055</u>	<u>\$16,474,396</u>

Both the Police Pension and Police OPEB are paid out of a department in the General Fund. The Fire OPEB is 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.

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

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## NOTE 8 – CONTINGENCIES AND LITIGATIONS

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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, 2013, 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, 2013, there is only one HUD 108 loan remaining.

## **POTENTIAL LITIGATION**

The City is a defendant in various legal actions and claims that arise during the normal course of business, some of which, but not all, are covered by insurance. Although certain lawsuits and claims are significant in amount, the final dispositions are not determinable and, in the opinion of City management, the final outcome of these matters, taken individually or in the aggregate, are not expected to have a material adverse effect on the governmental operations or financial position of the City. The City has provided for reserves to address these matters, which include but are not limited to, lawsuits described below. City management believes these reserves and/or insurance are adequate to cover such matters.

The City is a party to a lawsuit in federal court in Case No. 12-CV-3108-TOR where the plaintiffs claim that the City is in violation of Section 2 of the federal Voting Rights Act and request redistricting. Plaintiffs have not requested damages other than in the form of the attorneys' fees and costs that could be awarded by the court if the claim is successful. Such a fee and cost award could be substantial in amount. On August 22, 2014, Judge Thomas O. Rice entered an "Order on Cross-Motions for Summary Judgment" in which he concluded that plaintiffs had successfully established liability, and directed the parties to meet and confer and submit a proposed injunction and a proposed remedial districting plan on or before October 3, 2014.

The City is a party to a lawsuit in federal court in Case No. 13-CV-3012-TOR where the plaintiff alleges his constitutional rights were violated by City police as a result of felony charges, his conviction in 1996 and subsequent imprisonment. The plaintiff brought a claim after a second trial in 2010 where he was acquitted. The City and a police officer are codefendants, and the plaintiff claims damages in the approximate amount of \$20 million plus fees and costs. On July 7, 2014, Judge Thomas O. Rice dismissed the case with prejudice. On August 1, 2014, the plaintiff filed a Notice of Appeal, and the case is pending before the U.S. Court of Appeals for the Ninth Circuit in Case No. 14-35651.

The City is a party in a lawsuit in Yakima County Superior Court Case No. 10-2-00989-1 for wrongfully evicting a tenant of the Yakima Air Terminal, a City-owned municipal airport that had previously been co-owned by the City and Yakima County. On December 10, 2013, the Washington State Court of Appeals issued its opinion that the tenant was improperly evicted. The alleged successor to the tenant claims damages in excess of \$7 million, plus fees, costs, interest and treble damages. Another entity identifying itself as a secured creditor to the tenant has filed a claim for \$3,408,478.72, plus fees, costs, interest and other unliquidated damages against the City and the County, and subsequently filed a lawsuit in Yakima County Superior Court Case No. 14-2-00967-3. It is unknown when a judgment for damages, if any, will be entered. Any such damages would be allocated equally between the City and the County.

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**NOTE 9 – FUND BALANCE CLASSIFICATION**


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The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which require the City to classify its fund balances based on spending constraints imposed on the use of resources. The following is a schedule of the ending fund balance as of December 31, 2013.

**2013 FUND BALANCE**

<b>Fund Balance</b>	<b>General Fund</b>	<b>Community Dev</b>	<b>Cumulative Reserve</b>	<b>Other Gov't Funds</b>	<b>Total</b>
Nonspendable					
Inventory	\$34,505	\$0	\$0	\$0	\$34,505
Permanent Fund	0	0	0	622,896	622,896
Total Nonspendable	34,505	0	0	622,896	657,401
Restricted					
Emergency Services	0	0	0	210,839	210,839
Arterial Street Const & Maint	0	0	0	2,181,881	2,181,881
Housing & Economic Dev	0	522,382	0	239,488	761,870
Public Safety	0	0	0	934,301	934,301
Debt Service	0	0	0	422,583	422,583
Capital Improvements	0	0	2,838,419	1,741,673	4,580,092
Tourism, Conv & Bus Impr	0	0	0	982,839	982,839
Total Restricted	0	522,382	2,838,419	6,713,604	10,074,405
Committed					
Community Relations	0	0	0	550,233	550,233
Parks and Recreation	0	0	0	582,462	582,462
Signalization Maintenance	0	0	0	1,172,379	1,172,379
Debt Service	0	0	0	53,138	53,138
Other Purposes	0	0	0	1,282,947	1,282,947
Tourism, Conv & Bus Impr	0	0	0	387,114	387,114
Total Committed	0	0	0	4,028,273	4,028,273
Assigned					
Parks and Recreation	0	0	0	239,591	239,591
Public Safety	0	0	0	2,059,237	2,059,237
Debt Service	0	0	0	34,240	34,240
Tourism, Conv & Bus Impr	0	0	0	72,546	72,546
Total Assigned	0	0	0	2,405,614	2,405,614
Unassigned	9,691,884	0	0	0	9,691,884
Total Fund Balance	<u>\$9,726,389</u>	<u>\$522,382</u>	<u>\$2,838,419</u>	<u>\$13,770,387</u>	<u>\$26,857,577</u>

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**NOTE 10 – SEGMENT INFORMATION**

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**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. Investors in irrigation 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**

	<b>Water / Wastewater</b>	<b>Irrigation</b>
Condensed Statement of Net Position		
Assets		
Current Assets	\$16,604,695	\$1,467,473
Restricted Assets	1,725,276	35,437
Capital Assets	126,238,001	18,014,487
Total Assets	<u>\$144,567,972</u>	<u>\$19,517,397</u>
Liabilities		
Current Liabilities	\$7,497,733	\$326,177
Noncurrent Liabilities	33,675,336	3,999,017
Total Liabilities	<u>\$41,173,069</u>	<u>\$4,325,194</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	\$89,858,430	\$13,821,109
Restricted	1,725,276	35,437
Unrestricted	11,811,200	1,335,659
Total Net Position	<u>\$103,394,906</u>	<u>\$15,192,205</u>
Condensed Statement of Revenues, Expenses and Changes in Net Position		
Operating Revenues		
Charges for Services	\$27,145,674	\$2,981,698
Other Operating Revenues	134,061	4,243
Total Operating Revenues	<u>27,279,735</u>	<u>2,985,941</u>
Operating Expenses		
Operations and Maintenance	20,573,369	1,492,811
Depreciation	4,713,164	372,662
Total Operating Expenses	<u>25,286,533</u>	<u>1,865,473</u>
Operating Income (Loss)	<u>\$1,993,202</u>	<u>\$1,120,468</u>
Non-Operating Revenues (Expenses)		
Miscellaneous Interest (Net)	(\$635,040)	(\$203,570)
Other Non-Operating (Net)	(234,996)	0
Total Non-Operating Revenues (Expenses)	<u>(\$870,036)</u>	<u>(\$203,570)</u>
Income (Loss) Before Contributions and Transfers	<u>\$1,123,166</u>	<u>\$916,898</u>



	<b>Water / Wastewater</b>	<b>Irrigation</b>
Capital Contributions	\$1,630,718	\$0
Operating Transfers (Net)	92,801	0
Change in Net Position	2,846,685	916,898
 Total Net Position - January 1	 100,548,221	 14,275,307
 Total Net Position - December 31	 <u>\$103,394,906</u>	 <u>\$15,192,205</u>
 Condensed Statement of Cash Flows		
Net cash Provided (Used)		
Operating Activities	\$7,817,468	\$1,493,392
Capital and Related Financing Activities	(9,871,140)	(799,197)
Investing Activities	2,466,594	(507,671)
Net Increase (Decrease)	412,922	186,524
 Beginning Cash and Cash Equivalents	 3,138,199	 63,040
Ending Cash and Cash Equivalents	<u>\$3,551,121</u>	<u>\$249,564</u>

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#### **NOTE 11 – OTHER POSTEMPLOYMENT BENEFIT PLANS**

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##### **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 2013, the costs totaled \$552,171 for the Firemen's Pension which has a total of 70 participants currently eligible to receive benefits and \$732,690 for the Police Pension which has a total of 68 participants currently eligible to receive benefits.

In 2008 the City engaged Milliman USA Consultants and Actuaries to perform the first actuarial valuation of other postemployment benefits (OPEB) obligations for LEOFF I Fire/Police and Non-LEOFF I employees, in accordance with GASB 45. The valuation was updated in 2012.

##### **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, 2012. 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 Fire and Police OPEB obligation of \$8,411,769 is included as a noncurrent liability on the Statement of Net Position.

#### ANNUAL OPEB COST AND NET OPEB OBLIGATION – LEOFF

	----- Fire -----		
	2011	2012	2013
Annual Required Contribution (ARC)			
Annual Normal Cost	\$42,839	\$45,837	\$45,837
Amortization of UAAL	1,276,274	1,584,900	1,584,900
Interest	46,169	65,229	65,229
ARC at EOY	1,365,282	1,695,966	1,695,966
Interest on net OPEB Obligation	65,137	96,230	139,481
Adjustment to ARC	104,026	144,732	214,626
Annual OPEB Cost	1,326,393	1,647,464	1,620,821
Employer Contributions	781,717	566,185	552,171
Change in Net OPEB Obligation	544,676	1,081,279	1,068,650
Net Beginning OPEB Obligation	1,861,063	2,405,739	3,487,018
Net OPEB Obligation	<u>\$2,405,739</u>	<u>\$3,487,018</u>	<u>\$4,555,668</u>

	----- Police -----		
	2010	2011	2012
Annual Required Contribution (ARC)			
Annual Normal Cost	\$45,860	\$19,732	\$19,732
Amortization of UAAL	1,208,621	1,541,006	1,541,006
Interest	43,907	62,430	62,430
ARC at EOY	1,298,388	1,623,168	1,623,168
Interest on net OPEB Obligation	57,250	82,362	121,238
Adjustment to ARC	91,430	123,874	186,554
Annual OPEB Cost	1,264,208	1,581,656	1,557,852
Employer Contributions	840,870	609,767	732,690
Change in Net OPEB Obligation	423,338	971,889	825,162
Net Beginning OPEB Obligation	1,635,712	2,059,050	3,030,939
Net OPEB Obligation	<u>\$2,059,050</u>	<u>\$3,030,939</u>	<u>\$3,856,101</u>

**Funded Status and Funding Progress** – As of January 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$51,959,000 and the actuarial value of the assets was \$0, resulting in a UAAL of \$51,959,000. A schedule of funding progress is provided as required supplementary information. This schedule provides information on the trend of funding ratio for the three most recent actuarial studies.

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation is shown in the following chart.

#### **OPEB CONTRIBUTIONS – LEOFF**

	<b>Valuation Date</b>	<b>Annual OPEB Cost</b>	<b>Percent of OPEB Contributed</b>	<b>Net OPEB Obligation</b>
Fire	12/31/11	\$1,326,393	58.9%	\$2,405,739
	12/31/12	1,647,464	34.3%	3,487,018
	12/31/13	1,620,821	34.0%	4,555,668
Police	12/31/11	\$1,264,208	66.5%	\$2,059,050
	12/31/12	1,581,656	38.5%	3,030,939
	12/31/13	1,557,852	47.0%	3,856,101

#### **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 paid \$700.33 per month for pre-65 Medical coverage for 2013. If a retiree chooses to cover his spouse and/or eligible family an amount of \$763.31 per month for pre-65 Medical coverage was paid in 2013.

#### **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, 2012. 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.

#### ANNUAL OPEB COST AND NET OPEB OBLIGATION – NON-LEOFF

	----- Non-LEOFF -----		
	2011	2012	2013
Annual Required Contribution (ARC)			
Annual Normal Cost	\$473,260	\$469,157	\$469,157
Amortization of UAAL	367,909	471,818	471,818
Interest	29,441	37,639	37,639
ARC at EOY	870,610	978,614	978,614
Interest on net OPEB Obligation	51,602	75,454	99,355
Adjustment to ARC	82,409	113,484	152,883
Annual OPEB Cost	839,803	940,584	925,086
Employer Contributions	427,796	343,042	380,818
Change in Net OPEB Obligation	412,007	597,542	544,268
Net Beginning OPEB Obligation	1,474,331	1,886,338	2,483,880
Net OPEB Obligation	<u>\$1,886,338</u>	<u>\$2,483,880</u>	<u>\$3,028,148</u>

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2013 is shown in the following chart.

#### OPEB CONTRIBUTIONS – NON-LEOFF

(Amount Expressed in Thousands)

	Fiscal Year Ended	Annual OPEB Cost	Percent of OPEB Contributed	Net OPEB Obligation
Non-LEOFF	12/31/11	\$839,803	50.9%	\$1,886,338
	12/31/12	940,584	36.5%	2,483,880
	12/31/13	925,086	41.0%	3,028,148

#### 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, 2013 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions used included a 4.0% 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 7.5% for 2013 dropping gradually to 6.2% in 2024 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, 2012, the most recent actuarial valuation date, the plan was 0.0% funded. The accrued liability for benefits was \$7.8 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$7.8 million. A schedule of funding progress is provided as required supplementary information. This schedule provides information on the trend of funding ratio for the three most recent actuarial studies.

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.

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### **NOTE 12 – OTHER DISCLOSURES**

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#### **RELATED PARTIES**

The Yakcorps (632) fund was established in 2011 to account for the fiscal activity of the Yakima Consortium for Regional Public Safety (YAKCORPS). YAKCORPS consists of a variety of local agencies and governments. It was formed to operate and maintain a county-wide multi-discipline public safety system. An Interlocal Agreement provides for the structure, governance, operations and funding of the Consortium and its activities. Per the Agreement, the City of Yakima acts as fiscal agent for the Consortium.

#### **SUBSEQUENT EVENTS**

On May 19, 2014, the City of Yakima borrowed \$13,140,000 for Limited Tax General Obligation Bonds. The proceeds will be used for certain street and road improvements in the City as set forth in the bond ordinance approved by City Council on May 6, 2014. The bonds bear interest of 3.0% to 5.0% and will be paid over the next 10 years out of General Fund.

#### **CHANGE IN ACCOUNTING ENTITY**

In 2013, the Recovery Grants Program Fund (199) was removed. This fund was used to account for the Cities American Recovery & Reinvestment Act (ARRA) grants that crossed individual fund lines. These grants were completed in 2012.

Effective February 12, 2013, the Joint Air Terminal Operations Agreement between Yakima County and the City of Yakima was terminated. Both parties agreed that it was in the public interest for a single entity to take over ownership and operations of the Airport. All real and personal property owned by the parties as tenants in common was conveyed to the City of Yakima in consideration of the City's assumption of joint obligations and liabilities. The Airport began operating as a department of the City of Yakima subsequent to the termination of the agreement. The final report for Airport operations as a joint venture was for the two months ending February 28, 2013, and the audited report is available at the State Auditors website. The City's financial statements include operating information for the 10 months beginning March 1, 2013 and ending December 31, 2013.

The 2012 balances on the Statement of Net Position were restated to include the beginning balance of the airport as of the February 28, 2013 acquisition by the City. Detail of the restatement follows:

## RESTATEMENT OF NET POSITION

	<b>2012 as Reported</b>	<b>Yakima Air Terminal</b>	<b>2012 as Restated</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$16,418,864	733,588	17,152,452
Receivables (Net)	12,663,636	74,736	12,738,372
Due from Other Government Units	1,710,507	38,593	1,749,100
Capital Assets (net of Accumulated Depreciation)			
Land	16,404,518	3,418,797	19,823,315
Buildings	71,390,512	1,377,792	72,768,304
Improvements Other Than Buildings	79,392,337	6,413,982	85,806,319
Machinery & Equipment	35,140,903	179,595	35,320,498
Construction in Process	20,598,033	561,640	21,159,673
Intangibles	115,659	648,472	764,131
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	\$11,426,397	100,754	11,527,151
Accrued Liabilities	6,102,762	4,563	6,107,325
Due to Other Government Units	91,973	526	92,499
Due Within One Year	5,330,059	250,000	5,580,059
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	259,066,154	12,600,278	271,666,432
Restricted for Other Purposed	9,423,838	496,709	9,920,547
Total Net Position	296,826,834	13,096,987	309,923,821

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

December 31, 2013

**POLICE PENSION**

<b>Fiscal Year Ending</b>	<b>Actual Employer Contributions Taxes</b>	<b>Medical Benefit Payments and Admin Expenses</b>	<b>Net Employer Contribution</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Contributed</b>
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%
12/31/10	1,368,431	783,984	584,447	546,180	107.0%
12/31/11	1,471,511	844,804	626,707	546,180	114.7%
12/31/12	1,264,681	629,237	635,444	550,743	115.4%
12/31/13	1,344,773	735,550	609,223	555,743	110.6%

**POLICE OPEB**

	<b>Actual Employer Contributions Taxes</b>	<b>Medical Benefit Payments</b>	<b>Net Employer Contribution</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Contributed</b>
12/31/08	\$721,262	\$721,262	\$721,262	\$1,298,388	55.6%
12/31/09	725,561	725,561	725,561	1,298,388	55.9%
12/31/10	779,481	779,481	779,481	1,298,388	60.0%
12/31/11	840,870	840,870	840,870	1,298,388	64.8%
12/31/12	609,766	609,766	609,766	1,623,168	37.6%
12/31/13	732,690	732,690	732,690	1,623,168	45.1%

## FIRE PENSION

<b>Fiscal Year Ending</b>	<b>Actual Employer Contributions Taxes &amp; Fire Insurance Premiums</b>	<b>Medical Benefit Payments and Admin Expenses</b>	<b>Net Employer Contribution</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Contributed</b>
12/31/08	\$1,627,553	\$732,318	\$895,235	\$563,583	158.8%
12/31/09	1,487,075	796,765	690,310	563,583	122.5%
12/31/10	1,575,935	825,933	750,002	563,583	133.1%
12/31/11	1,480,800	822,612	658,188	563,583	116.8%
12/31/12	1,381,576	595,880	785,696	525,501	149.5%
12/31/13	1,278,539	645,660	632,879	525,501	120.4%

## FIRE OPEB

	<b>Actual Employer Contributions Taxes</b>	<b>Medical Benefit Payments</b>	<b>Employer Contribution</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Contributed</b>
12/31/08	\$687,047	\$687,047	\$687,047	\$1,365,282	50.3%
12/31/09	724,291	724,291	724,291	1,365,282	53.1%
12/31/10	785,124	785,124	785,124	1,365,282	57.5%
12/31/11	781,717	781,717	781,717	1,365,282	57.3%
12/31/12	566,185	566,185	566,185	1,695,966	33.4%
12/31/13	552,171	552,171	552,171	1,695,966	32.6%

## NON-LEOFF OPEB

	<b>Actual Employer Contributions Taxes</b>	<b>Medical Benefit Payments</b>	<b>Employer Contribution</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Contributed</b>
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%
12/31/10	391,940	391,940	391,940	870,610	45.0%
12/31/11	427,796	427,796	427,796	870,610	49.1%
12/31/12	343,042	343,042	343,042	978,614	35.1%
12/31/13	380,818	380,818	380,818	978,614	38.9%



**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS  
OTHER POST EMPLOYMENT BENEFITS (OPEB) & PENSIONS**  
(Dollar Amounts in Thousands)  
December 31, 2013

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Police OPEB	01/01/08	\$0	\$23,007	\$23,007	0.0%	n/a	n/a
	01/01/12	0	25,615	25,615	0.0%	n/a	n/a
Fire OPEB	01/01/08	0	24,295	24,295	0.0%	n/a	n/a
	01/01/12	0	26,344	26,344	0.0%	n/a	n/a
Non-LEOFF OPEB	01/01/08	0	7,003	7,003	0.0%	n/a	n/a
	01/01/12	0	7,843	7,843	0.0%	n/a	n/a
	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Fire Pension	01/01/03	\$658	\$8,520	\$7,862	8.00%	0	0.00%
	01/01/08	646	9,935	9,289	7.00%	0	0.00%
	01/01/12	795	8,168	7,373	10.00%	0	0.00%
Police Pension	01/01/03	0	\$8,154	\$8,154	0.00%	0	0.00%
	01/01/08	0	9,002	9,002	0.00%	0	0.00%
	01/01/12	0	7,726	7,726	0.00%	0	0.00%



# COMBINING BALANCE SHEET

## NONMAJOR GOVERNMENTAL FUNDS

December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 1

	#100 Special Revenue	#200 Debt Service	#300 Capital Project	#600 Permanent Fund	Total	
					2013	2012
<b>Assets</b>						
Cash & Equity in Pooled Investments	\$3,779,348	\$448,824	\$3,654,864	\$106,750	\$7,989,786	\$6,409,364
Receivables						
Taxes	577,006	10,809	0	0	587,815	284,941
Accounts	151,092	0	687	0	151,779	179,816
Special Assessments	29,405	0	0	0	29,405	67,586
LID Assessments - Delinquent	0	32,311	0	0	32,311	52,314
LID Assessments - Deferred	0	390,392	0	0	390,392	503,206
Other Receivables	0	0	0	0	0	1,044,944
Due from Other Government Units	61,495	0	24,442	0	85,937	687,604
Inventories	0	0	0	0	0	80,532
Investments, at Amortized Cost	4,772,916	0	2,035,674	516,146	7,324,736	8,005,387
<b>Total Assets</b>	<b>\$9,371,262</b>	<b>\$882,336</b>	<b>\$5,715,667</b>	<b>\$622,896</b>	<b>\$16,592,161</b>	<b>\$17,315,694</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Warrants/Accounts Payable	\$204,549	\$0	\$160,274	\$0	\$364,823	\$980,535
Wages/Benefits Payable	887,598	0	0	0	887,598	890,817
Contracts Payable	135,485	0	18,007	0	153,492	70,239
Due to Other Funds	0	0	0	0	0	1,199
Due to Other Government Units	2,276	0	21,202	0	23,478	22,827
Mature Interest Payable	0	0	0	0	0	45,203
Mature Bonds Payable	0	0	0	0	0	101,614
Deposits Payable	407,055	0	0	0	407,055	394,056
Deferred Revenue	51,513	370,832	11,186	0	433,531	604,848
Custodial Accounts	550,254	1,543	0	0	551,797	852,505
<b>Total Liabilities</b>	<b>2,238,730</b>	<b>372,375</b>	<b>210,669</b>	<b>0</b>	<b>2,821,774</b>	<b>3,963,843</b>
<b>Fund Balances</b>						
Nonspendable	0	0	0	622,896	622,896	693,256
Restricted	4,549,348	422,583	1,741,673	0	6,713,604	8,601,156
Committed	2,583,184	53,138	1,391,951	0	4,028,273	3,082,179
Assigned	0	34,240	2,371,374	0	2,405,614	975,260
<b>Total Fund Balances</b>	<b>7,132,532</b>	<b>509,961</b>	<b>5,504,998</b>	<b>622,896</b>	<b>13,770,387</b>	<b>13,351,851</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$9,371,262</b>	<b>\$882,336</b>	<b>\$5,715,667</b>	<b>\$622,896</b>	<b>\$16,592,161</b>	<b>\$17,315,694</b>

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, 2013

With comparative totals for December 31, 2012

Page 1 of 1

	#100 Special Revenue	#200 Debt Service	#300 Capital Project	#600 Permanent Fund	Total	
					2013	2012
Revenues						
Taxes	\$8,370,456	\$1,047,264	\$2,651,080	\$0	\$12,068,800	\$11,837,155
Intergovernmental Revenues	7,599,605	100,238	490,972	0	8,190,815	8,248,004
Charges for Services	2,085,639	0	0	10,172	2,095,811	1,386,127
Fines and Forfeits	0	0	0	0	0	30,000
Interest	9,877	32,092	4,750	6,300	53,019	167,893
Other Revenues	2,031,600	132,374	195,629	0	2,359,603	3,507,260
Total Revenues	20,097,177	1,311,968	3,342,431	16,472	24,768,048	25,176,439
Expenditures						
Current						
General Government	184,278	0	0	0	184,278	219,077
Security of Persons and Property	4,972,595	0	1,409,888	0	6,382,483	5,941,336
Physical Environment	236,530	0	0	0	236,530	264,453
Transportation	4,943,494	0	250,000	0	5,193,494	5,406,096
Economic Environment	1,115,049	0	188,114	0	1,303,163	988,069
Cultural & Rec Environment	6,429,200	0	229,492	0	6,658,692	6,390,346
Capital Outlay						
General Government	0	0	44,896	0	44,896	436,352
Security of Persons and Property	48,346	0	4,126,517	0	4,174,863	488,487
Transportation	5,705,494	0	488,003	0	6,193,497	4,743,717
Cultural & Rec Environment	536,936	0	294,150	0	831,086	848,268
Debt Service						
Principal Retirement	124,887	2,594,776	561,952	0	3,281,615	2,973,001
Interest	3,502	1,022,041	74,356	0	1,099,899	1,121,066
Total Expenditures	24,300,311	3,616,817	7,667,368	0	35,584,496	29,820,268
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(\$4,203,134)	(\$2,304,849)	(\$4,324,937)	\$16,472	(\$10,816,448)	(\$4,643,829)
Other Financing Sources (Uses)						
Proceeds from Cap Lease Financing	\$0	\$0	\$4,943,207	\$0	\$4,943,207	\$0
Proceeds from LT Debt - GO Bonds	5,000,000	0	0	0	5,000,000	0
Proceeds from Intergov't Loans	0	0	0	0	0	450,101
Other Note Proceeds	0	0	0	0	0	600,000
Premiums on Bonds Sold	0	0	488,445	0	488,445	0
Transfers In	2,652,973	2,209,893	931,555	0	5,794,421	6,180,589
Transfers (Out)	(2,161,181)	(51,072)	(489,364)	(6,300)	(2,707,917)	(2,629,415)
Intergovernmental Agreements	0	0	(53,600)	0	(53,600)	(58,425)
Sale of Capital Assets	0	0	385,294	0	385,294	6,122
Comp. for Loss of Gen. Cap Assets	6,991	0	45,999	0	52,990	93,908
Total Other Financing Sources (Uses)	5,498,783	2,158,821	6,251,536	(6,300)	13,902,840	4,642,880
Net Change in Fund Balances	1,295,649	(146,028)	1,926,599	10,172	3,086,392	(949)
Fund Balances - January 1	5,836,883	655,989	3,578,398	612,724	10,683,994	13,352,800
Fund Balances - December 31	\$7,132,532	\$509,961	\$5,504,997	\$622,896	\$13,770,386	\$13,351,851

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

**NONMAJOR SPECIAL REVENUE FUNDS**

Page 1 of 2

**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.

**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.

**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.

***NONMAJOR SPECIAL REVENUE FUNDS***

Page 2 of 2

**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.

**Capitol Theatre Reserve Fund (198)** – Established in 1981 using the \$1,000,000 proceeds of an insurance settlement. The fund has been maintained as a General Contingency Reserve. Interest earnings are allocated to fund a Depreciation Reserve for the Capitol Theatre.

**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 3

	<b>#123</b>	<b>#125</b>	<b>#131</b>	<b>#141</b>	<b>#142</b>	<b>#144</b>
	<b>Economic</b>	<b>Cable</b>	<b>Parks and</b>	<b>Streets</b>	<b>Arterial</b>	<b>Cemetery</b>
	<b>Dev</b>	<b>TV</b>	<b>Recreation</b>		<b>Streets</b>	
<b>Assets</b>						
Cash & Equity in Pooled Investments	\$139,196	\$102,328	\$136,119	\$232,687	\$1,420,517	\$76,386
Receivables						
Taxes	0	0	0	208,967	97,706	0
Accounts	0	1,600	9,141	670	0	10,660
Special Assessments	0	0	0	0	0	0
Due from Other Government Units	0	0	0	0	33,458	0
Inventories	0	0	0	0	0	0
Investments, at Amortized Cost	673,022	494,401	619,576	1,048,425	1,154,508	0
<b>Total Assets</b>	<b>\$812,218</b>	<b>\$598,329</b>	<b>\$764,836</b>	<b>\$1,490,749</b>	<b>\$2,706,189</b>	<b>\$87,046</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Warrants/Accounts Payable	\$6,000	\$6,065	\$20,118	\$83,063	\$38,290	\$634
Wages/Benefits Payable	16,476	40,431	138,525	234,637	0	21,342
Contracts Payable	0	0	0	0	135,485	0
Due to Other Funds	0	0	0	0	0	0
Due to Other Government Units	0	0	1,593	0	533	150
Deposits Payable	0	0	12,997	0	350,000	0
Deferred Revenue	0	1,600	9,141	670	0	10,660
Custodial Accounts	550,254	0	0	0	0	0
<b>Total Liabilities</b>	<b>572,730</b>	<b>48,096</b>	<b>182,374</b>	<b>318,370</b>	<b>524,308</b>	<b>32,786</b>
<b>Fund Balances</b>						
Nonspendable	0	0	0	0	0	0
Restricted	239,488	0	0	0	2,181,881	0
Committed	0	550,233	582,462	1,172,379	0	54,260
<b>Total Fund Balances</b>	<b>239,488</b>	<b>550,233</b>	<b>582,462</b>	<b>1,172,379</b>	<b>2,181,881</b>	<b>54,260</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$812,218</b>	<b>\$598,329</b>	<b>\$764,836</b>	<b>\$1,490,749</b>	<b>\$2,706,189</b>	<b>\$87,046</b>

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, 2013

With comparative totals for December 31, 2012

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	<b>#150</b>	<b>#151</b>	<b>#152</b>	<b>#161</b>	<b>#162</b>	<b>#163</b>
	<b>Emergency</b>	<b>Pub Safety</b>	<b>Police</b>	<b>Parking and</b>	<b>Trolley</b>	<b>Front St</b>
	<b>Services</b>	<b>Comm</b>	<b>Grants</b>	<b>Bus Impr</b>		<b>Bus Impr</b>
<b>Assets</b>						
Cash & Equity in Pooled Investments	\$278,324	\$162,088	\$275,632	\$51,213	\$7,150	\$7,554
Receivables						
Taxes	54,651	0	0	0	0	0
Accounts	0	5,410	0	0	0	0
Special Assessments	0	0	0	27,275	0	2,130
Due from Other Government Units	0	0	28,037	0	0	0
Inventories	0	0	0	0	0	0
Investments, at Amortized Cost	0	782,984	0	0	0	0
<b>Total Assets</b>	<b>\$332,975</b>	<b>\$950,482</b>	<b>\$303,669</b>	<b>\$78,488</b>	<b>\$7,150</b>	<b>\$9,684</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Warrants/Accounts Payable	\$1,543	\$3,458	\$761	\$13,533	\$0	\$1,879
Wages/Benefits Payable	120,593	269,328	46,266	0	0	0
Contracts Payable	0	0	0	0	0	0
Due to Other Funds	0	0	0	0	0	0
Due to Other Government Units	0	0	0	0	0	0
Deposits Payable	0	0	0	0	0	0
Deferred Revenue	0	37	0	27,275	0	2,130
Custodial Accounts	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>122,136</b>	<b>272,823</b>	<b>47,027</b>	<b>40,808</b>	<b>0</b>	<b>4,009</b>
<b>Fund Balances</b>						
Nonspendable	0	0	0	0	0	0
Restricted	210,839	677,659	256,642	0	7,150	0
Committed	0	0	0	37,680	0	5,675
<b>Total Fund Balances</b>	<b>210,839</b>	<b>677,659</b>	<b>256,642</b>	<b>37,680</b>	<b>7,150</b>	<b>5,675</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$332,975</b>	<b>\$950,482</b>	<b>\$303,669</b>	<b>\$78,488</b>	<b>\$7,150</b>	<b>\$9,684</b>

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, 2013

With comparative totals for December 31, 2012

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#170 Tourist Promotion	#171 Capitol Theatre	#172 PFD Conv Ctr	#173 Tourism Promo Area	#174 PFD Cap Thtr	#198 Capitol Thtr Res	Total	
						2013	2012
\$286,400	\$57,158	\$261,465	\$414	\$104,222	\$180,495	\$3,779,348	\$3,307,531
142,773	0	0	72,909	0	0	577,006	274,364
123,611	0	0	0	0	0	151,092	172,150
0	0	0	0	0	0	29,405	67,586
0	0	0	0	0	0	61,495	523,707
0	0	0	0	0	0	0	80,532
0	0	0	0	0	0	4,772,916	4,040,337
<u>\$552,784</u>	<u>\$57,158</u>	<u>\$261,465</u>	<u>\$73,323</u>	<u>\$104,222</u>	<u>\$180,495</u>	<u>\$9,371,262</u>	<u>\$8,466,207</u>
\$29,205	\$0	\$0	\$0	\$0	\$0	\$204,549	\$330,322
0	0	0	0	0	0	887,598	890,817
0	0	0	0	0	0	135,485	70,239
0	0	0	0	0	0	0	1,199
0	0	0	0	0	0	2,276	3,185
44,058	0	0	0	0	0	407,055	394,056
0	0	0	0	0	0	51,513	90,651
0	0	0	0	0	0	550,254	848,855
<u>73,263</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,238,730</u>	<u>2,629,324</u>
0	0	0	0	0	0	0	80,532
479,521	57,158	261,465	73,323	104,222	0	4,549,348	3,731,383
0	0	0	0	0	180,495	2,583,184	2,024,968
<u>479,521</u>	<u>57,158</u>	<u>261,465</u>	<u>73,323</u>	<u>104,222</u>	<u>180,495</u>	<u>7,132,532</u>	<u>5,836,883</u>
<u>\$552,784</u>	<u>\$57,158</u>	<u>\$261,465</u>	<u>\$73,323</u>	<u>\$104,222</u>	<u>\$180,495</u>	<u>\$9,371,262</u>	<u>\$8,466,207</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, 2013

With comparative totals for December 31, 2012

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	#123 Economic Dev	#125 Cable TV	#131 Parks and Recreation	#141 Streets	#142 Arterial Streets	#144 Cemetery
Revenues						
Taxes	\$0	\$557,683	\$1,920,107	\$3,580,596	\$0	\$0
Intergovernmental Revenues	95,640	0	84,748	1,301,827	2,302,264	0
Charges for Services	169,848	0	838,665	213,431	0	129,271
Fines and Forfeits	0	0	0	0	0	0
Interest	0	0	0	3,000	2,294	0
Other Revenues	0	1,715	212,098	26,578	606,710	0
Total Revenues	265,488	559,398	3,055,618	5,125,432	2,911,268	129,271
Expenditures						
Current						
General Government	0	0	0	62,991	0	0
Security of Persons and Property	0	0	0	0	0	0
Physical Environment	0	0	0	0	0	236,530
Transportation	0	0	0	4,935,436	8,058	0
Economic Environment	279,488	0	594,850	0	0	0
Cultural & Recreational Environment	0	595,787	3,349,998	0	0	0
Capital Outlay						
Security of Persons and Property	0	0	0	0	0	0
Transportation	0	0	0	0	5,705,494	0
Cultural & Recreational Environment	0	316,250	0	0	219,727	0
Debt Service						
Principal Retirement	0	0	0	0	99,152	0
Interest	0	0	0	0	3,053	0
Total Expenditures	279,488	912,037	3,944,848	4,998,427	6,035,484	236,530
Excess of Rev Over (Under) Expenditures	(\$14,000)	(\$352,639)	(\$889,230)	\$127,005	(\$3,124,216)	(\$107,259)
Other Financing Sources (Uses)						
Proceeds from LT Debt - GO Debt	\$0	\$0	\$0	\$0	\$5,000,000	\$0
Transfers In	0	0	1,327,402	0	83,271	126,300
Transfers (Out)	0	0	(316,500)	(226,780)	(272,274)	0
Comp. For Loss of Gen. Capital Assets	0	0	0	6,991	0	0
Total Other Financing Sources (Uses)	0	0	1,010,902	(219,789)	4,810,997	126,300
Net Change in Fund Balances	(14,000)	(352,639)	121,672	(92,784)	1,686,781	19,041
Fund Balances, January 1	253,488	902,872	460,790	1,265,163	495,100	35,219
Fund Balances, December 31	<u>\$239,488</u>	<u>\$550,233</u>	<u>\$582,462</u>	<u>\$1,172,379</u>	<u>\$2,181,881</u>	<u>\$54,260</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, 2013

With comparative totals for December 31, 2012

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#150 Emergency Services	#151 Pub Safety Comm	#152 Police Grants	#161 Parking and Bus Impr	#162 Trolley	#163 Front St Bus Impr	#170 Tourist Promotion	#171 Capitol Theatre	#172 PFD Conv Ctr
\$0	\$186,266	\$0	\$0	\$0	\$0	\$570,675	\$238,719	\$749,253
1,223,135	2,189,319	401,862	0	810	0	0	0	0
0	49,521	46,570	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
298	750	0	0	1,000	35	150	250	1,100
0	11,990	214,674	211,887	1,275	3,258	741,415	0	0
1,223,433	2,437,846	663,106	211,887	3,085	3,293	1,312,240	238,969	750,353
0	0	121,287	0	0	0	0	0	0
1,073,571	3,224,667	673,952	405	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	240,711	0	0	0	0	0
0	0	0	16,747	14,962	6,368	1,428,327	347,771	12,773
0	5,714	42,632	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	959	0	0	0	0
0	25,735	0	0	0	0	0	0	0
0	449	0	0	0	0	0	0	0
1,073,571	3,256,565	837,871	257,863	15,921	6,368	1,428,327	347,771	12,773
\$149,862	(\$818,719)	(\$174,765)	(\$45,976)	(\$12,836)	(\$3,075)	(\$116,087)	(\$108,802)	\$737,580
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	920,000	0	0	0	0	139,000	57,000	0
(100,000)	0	0	0	0	0	0	0	(669,700)
0	0	0	0	0	0	0	0	0
(100,000)	920,000	0	0	0	0	139,000	57,000	(669,700)
49,862	101,281	(174,765)	(45,976)	(12,836)	(3,075)	22,913	(51,802)	67,880
160,977	576,378	431,407	83,656	19,986	8,750	456,608	108,960	193,585
\$210,839	\$677,659	\$256,642	\$37,680	\$7,150	\$5,675	\$479,521	\$57,158	\$261,465

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, 2013

With comparative totals for December 31, 2012

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	#173 Tourism Promo Area	#174 PFD Cap Thtr	#198 Capitol Thtr Res	Total	
				2013	2012
Revenues					
Taxes	\$0	\$567,157	\$0	\$8,370,456	\$8,750,070
Intergovernmental Revenues	0	0	0	7,599,605	7,542,500
Charges for Services	638,333	0	0	2,085,639	1,377,823
Fines and Forfeits	0	0	0	0	30,000
Interest	0	500	500	9,877	52,443
Other Revenues	0	0	0	2,031,600	1,917,643
Total Revenues	638,333	567,657	500	20,097,177	19,670,479
Expenditures					
Current					
General Government	0	0	0	184,278	219,077
Security of Persons and Property	0	0	0	4,972,595	5,254,222
Physical Environment	0	0	0	236,530	264,453
Transportation	0	0	0	4,943,494	5,125,947
Economic Environment	0	0	0	1,115,049	963,559
Cultural & Recreational Environment	643,695	12,772	0	6,429,200	6,119,174
Capital Outlay					
Security of Persons and Property	0	0	0	48,346	20,620
Transportation	0	0	0	5,705,494	1,925,229
Cultural & Recreational Environment	0	0	0	536,936	31,987
Debt Service					
Principal Retirement	0	0	0	124,887	148,192
Interest	0	0	0	3,502	8,125
Total Expenditures	643,695	12,772	0	24,300,311	20,080,585
Excess of Rev Over (Under) Expenditures	(\$5,362)	\$554,885	\$500	(\$4,203,134)	(\$410,106)
Other Financing Sources (Uses)					
Proceeds from LT Debt - GO Debt	\$0	\$0	\$0	\$5,000,000	\$0
Transfers In	0	0	0	2,652,973	2,771,058
Transfers (Out)	0	(504,000)	(71,927)	(2,161,181)	(1,973,577)
Comp. For Loss of Gen. Capital Assets	0	0	0	6,991	92,474
Total Other Financing Sources (Uses)	0	(504,000)	(71,927)	5,498,783	889,955
Net Change in Fund Balances	(5,362)	50,885	(71,427)	1,295,649	479,849
Fund Balances, January 1	78,685	53,337	251,922	5,836,883	5,357,034
Fund Balances, December 31	\$73,323	\$104,222	\$180,495	\$7,132,532	\$5,836,883

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

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


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For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**123 — ECONOMIC DEVELOPMENT**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$52,000	\$52,000	\$95,640	\$43,640
Charges for Services	220,000	220,000	169,848	(50,152)
Total Revenues	272,000	272,000	265,488	(6,512)
Expenditures				
Current				
Economic Environment	232,332	277,332	279,488	(2,156)
Excess of Revenues Over (Under) Expenditures	\$39,668	(\$5,332)	(\$14,000)	(\$8,668)
Other Financing Sources (Uses)				
Comp for Loss of General Capital Assets				\$0
Net Change in Fund Balance	39,668	(5,332)	(14,000)	(8,668)
Fund Balances, January 1	225,990	225,990	253,488	27,498
Fund Balances, December 31	<u>\$265,658</u>	<u>\$220,658</u>	<u>\$239,488</u>	<u>\$18,830</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 – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual And Budget--Nonmajor Special Revenue Funds**

125 — CABLE TV

	— Budgeted Amounts —			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes	\$520,000	\$520,000	\$557,683	\$37,683
Other Revenues	1,750	1,750	1,715	(35)
Total Revenues	521,750	521,750	559,398	37,648
Expenditures				
Current				
Cultural & Recreational Environment	579,605	579,605	595,787	(16,182)
Capital Outlay				
Cultural & Recreational Environment	343,250	343,250	316,250	27,000
Total Expenditures	922,855	922,855	912,037	10,818
Excess of Revenues Over (Under) Expenditures	(\$401,105)	(\$401,105)	(\$352,639)	\$48,466
Net Change in Fund Balances	(401,105)	(401,105)	(352,639)	48,466
Fund Balances, January 1	741,642	741,642	902,872	161,230
Fund Balances, December 31	\$340,537	\$340,537	\$550,233	\$209,696

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

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

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**131 — PARKS & RECREATION FUND**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$1,457,000	\$1,457,000	\$1,920,107	\$463,107
Intergovernmental Revenues	92,000	92,000	84,748	(7,252)
Charges for Services	967,965	967,965	838,665	(129,300)
Other Revenues	236,800	236,800	212,098	(24,702)
Total Revenues	2,753,765	2,753,765	3,055,618	301,853
Expenditures				
Current				
Economic Environment	724,981	724,981	594,850	130,131
Cultural & Recreational Environment	3,170,944	3,333,944	3,349,998	(16,054)
Total Expenditures	3,895,925	4,058,925	3,944,848	114,077
Excess of Revenues Over (Under) Expenditures	(\$1,142,160)	(\$1,305,160)	(\$889,230)	\$415,930
Other Financing Sources (Uses)				
Transfers In	\$1,275,000	\$1,275,000	\$1,327,402	\$52,402
Transfers (Out)	(186,500)	(216,500)	(316,500)	(100,000)
Comp for Loss of General Capital Assets	55,000	55,000	0	(55,000)
Total Other Financing Sources (Uses)	1,143,500	1,113,500	1,010,902	(102,598)
Net Change in Fund Balances	1,340	(191,660)	121,672	313,332
Fund Balances, January 1	363,235	363,235	460,790	97,555
Fund Balances, December 31	\$364,575	\$171,575	\$582,462	\$410,887

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 – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**141 — STREETS FUND**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$3,856,000	\$3,856,000	\$3,580,596	(\$275,404)
Intergovernmental Revenues	1,293,500	1,293,500	1,301,827	8,327
Charges for Services	215,760	215,760	213,431	(2,329)
Interest	3,000	3,000	3,000	0
Other Revenues	1,000	1,000	26,578	25,578
Total Revenues	5,369,260	5,369,260	5,125,432	(243,828)
Expenditures				
Current				
General Government	\$70,826	\$70,826	\$62,991	7,835
Transportation	4,988,401	5,068,933	4,935,436	133,497
Cultural & Recreational Environment	4,398	4,397	0	4,397
Total Expenditures	5,063,625	5,144,156	4,998,427	145,729
Excess of Revenues Over (Under) Expenditures	\$305,635	\$225,104	\$127,005	(\$98,099)
Other Financing Sources (Uses)				
Transfers (Out)	(346,667)	(346,667)	(226,780)	119,887
Comp for Loss of General Capital Assets	42,000	42,000	6,991	(35,009)
Total Other Financing Sources (Uses)	(304,667)	(304,667)	(219,789)	84,878
Net Change in Fund Balances	968	(79,563)	(92,784)	(13,221)
Fund Balances, January 1	1,097,836	1,097,836	1,265,163	167,327
Fund Balances, December 31	\$1,098,804	\$1,018,273	\$1,172,379	\$154,106

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 – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**142 — ARTERIAL STREETS**

	— Budgeted Amounts —			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Intergovernmental Revenues	\$3,032,525	\$3,032,525	\$2,302,264	(\$730,261)
Charges for Services	500	500	0	(500)
Interest	1,000	1,000	2,294	1,294
Other Revenues	769,098	769,098	606,710	(162,388)
Total Revenues	3,803,123	3,803,123	2,911,268	(891,855)
Expenditures				
Current				
Transportation	5,005,000	5,005,000	8,058	4,996,942
Capital Outlay				
Transportation	3,544,321	3,544,321	5,705,494	(2,161,173)
Cultural & Recreational Environment	0	0	219,727	(219,727)
Debt Service				
Principal Retirement	99,153	99,153	99,152	1
Interest	3,320	3,320	3,053	267
Total Expenditures	8,651,794	8,651,794	6,035,484	2,616,310
Excess of Revenues Over (Under) Expenditures	(\$4,848,671)	(\$4,848,671)	(\$3,124,216)	\$1,724,455
Other Financing Sources (Uses)				
Proceeds from LT Debt - GO Debt	\$5,000,000	\$5,000,000	\$5,000,000	\$0
Transfers In	67,199	67,199	83,271	16,072
Transfers (Out)	(284,183)	(284,183)	(272,274)	11,909
Total Other Financing Sources (Uses)	4,783,016	4,783,016	4,810,997	27,981
Net Change in Fund Balances	(65,655)	(65,655)	1,686,781	1,752,436
Fund Balances, January 1	325,671	325,671	495,100	169,429
Fund Balances, December 31	\$260,016	\$260,016	\$2,181,881	\$1,921,865

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

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


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For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**144 — CEMETERY**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$157,050	\$157,050	\$129,271	(\$27,779)
Expenditures				
Current				
Physical Environment	267,327	267,327	236,530	30,797
Excess of Revenues Over (Under) Expenditures	(\$110,277)	(\$110,277)	(\$107,259)	\$3,018
Other Financing Sources (Uses)				
Transfers In	\$95,500	\$95,500	\$126,300	\$30,800
Net Change in Fund Balances	(14,777)	(14,777)	19,041	33,818
Fund Balances, January 1	31,916	31,916	35,219	3,303
Fund Balances, December 31	<u>\$17,139</u>	<u>\$17,139</u>	<u>\$54,260</u>	<u>\$37,121</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 – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS***

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**150 — EMERGENCY SERVICES**

	— Budgeted Amounts —			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Intergovernmental Revenues	\$1,194,726	\$1,194,726	\$1,223,135	\$28,409
Interest	300	300	298	(2)
Total Revenues	1,195,026	1,195,026	1,223,433	28,407
Expenditures				
Current				
Security of Persons and Property	1,089,923	1,089,923	1,073,571	16,352
Excess of Revenues Over (Under) Expenditures	\$105,103	\$105,103	\$149,862	\$44,759
Other Financing Sources (Uses)				
Transfers (Out)	(\$100,000)	(\$100,000)	(\$100,000)	\$0
Net Change in Fund Balances	5,103	5,103	49,862	44,759
Fund Balances, January 1	64,553	64,553	160,977	96,424
Fund Balances, December 31	<u>\$69,656</u>	<u>\$69,656</u>	<u>\$210,839</u>	<u>\$141,183</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 – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS***

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**151 — PUBLIC SAFETY COMMUNICATIONS**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$177,500	\$177,500	\$186,266	\$8,766
Intergovernmental Revenues	2,078,102	2,078,102	2,189,319	111,217
Charges for Services	81,648	81,648	49,521	(32,127)
Interest	750	750	750	0
Other Revenues	10,328	10,328	11,990	1,662
Total Revenues	2,348,328	2,348,328	2,437,846	89,518
Expenditures				
Current				
Security of Persons and Property	3,478,969	3,478,969	3,224,667	254,302
Capital Outlay				
Security of Persons and Property	0	15,000	5,714	9,286
Debt Service				
Principal Retirement	25,735	25,735	25,735	0
Interest	450	450	449	1
Total Expenditures	3,505,154	3,520,154	3,256,565	263,589
Excess of Revenues Over (Under) Expenditures	(\$1,156,826)	(\$1,171,826)	(\$818,719)	\$353,107
Other Financing Sources (Uses)				
Transfers In	\$920,000	\$920,000	\$920,000	\$0
Net Change in Fund Balances	(236,826)	(251,826)	101,281	353,107
Fund Balances, January 1	363,616	363,616	576,378	212,762
Fund Balances, December 31	\$126,790	\$111,790	\$677,659	\$565,869

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 – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**152 — POLICE GRANTS**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$340,711	\$453,911	\$401,862	(\$52,049)
Charges for Services	0	75,000	46,570	(28,430)
Other Revenues	304,000	304,000	214,674	(89,326)
Total Revenues	644,711	832,911	663,106	(169,805)
Expenditures				
Current				
General Government	123,190	123,190	121,287	1,903
Security of Persons and Property	521,688	669,888	673,952	(4,064)
Capital Outlay				
Security of Persons and Property	0	45,000	42,632	2,368
Total Expenditures	644,878	838,078	837,871	207
Excess of Revenues Over (Under) Expenditures	(\$167)	(\$5,167)	(\$174,765)	(\$169,598)
Net Change in Fund Balances	(167)	(5,167)	(174,765)	(169,598)
Fund Balances, January 1	507,148	507,148	431,407	(75,741)
Fund Balances, December 31	<u>\$506,981</u>	<u>\$501,981</u>	<u>\$256,642</u>	<u>(\$245,339)</u>

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

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


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For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**161 — PARKING & BUSINESS IMPROVEMENT**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other Revenues	180,340	205,340	211,887	6,547
Expenditures				
Current				
Security of Persons and Property	0	0	405	(405)
Economic Environment	170,000	237,048	240,711	(3,663)
Cultural & Recreational Environment	10,474	50,474	16,747	33,727
Total Expenditures	180,474	287,522	257,863	29,659
Excess of Revenues Over (Under) Expenditures	(\$134)	(\$82,182)	(\$45,976)	\$36,206
Net Change in Fund Balances	(134)	(82,182)	(45,976)	36,206
Fund Balances, January 1	26,712	26,712	83,656	56,944
Fund Balances, December 31	<u>\$26,578</u>	<u>(\$55,470)</u>	<u>\$37,680</u>	<u>\$93,150</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 – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS***

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**162 — TROLLEY**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$0	\$63,308	\$810	(\$62,498)
Interest	0	0	1,000	1,000
Other Revenues	1,618	1,618	1,275	(343)
Total Revenues	1,618	64,926	3,085	(61,841)
Expenditures				
Current				
Cultural & Recreational Environment	3,938	13,938	14,962	(1,024)
Capital Outlay				
Cultural & Recreational Environment	0	63,308	959	62,349
Total Expenditures	3,938	77,246	15,921	61,325
Excess of Revenues Over (Under) Expenditures	(\$2,320)	(\$12,320)	(\$12,836)	(\$516)
Net Change in Fund Balances	(2,320)	(12,320)	(12,836)	(516)
Fund Balances, January 1	16,176	16,176	19,986	3,810
Fund Balances, December 31	\$13,856	\$3,856	\$7,150	\$3,294

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

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


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For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**163 — FRONT STREET BUSINESS IMPROVEMENT**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$35	\$35	\$35	\$0
Other Revenues	3,500	3,500	3,258	(242)
Total Revenues	3,535	3,535	3,293	(242)
Expenditures				
Current				
Cultural & Recreational Environment	5,000	5,000	6,368	(1,368)
Excess of Revenues Over (Under) Expenditures	(\$1,465)	(\$1,465)	(\$3,075)	(\$1,610)
Net Change in Fund Balances	(1,465)	(1,465)	(3,075)	(1,610)
Fund Balances, January 1	6,153	6,153	8,750	2,597
Fund Balances, December 31	<u>\$4,688</u>	<u>\$4,688</u>	<u>\$5,675</u>	<u>\$987</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 – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS***

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**170 — TOURIST PROMOTION**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$570,000	\$570,000	\$570,675	\$675
Interest	50	50	150	100
Other Revenues	759,200	759,200	741,415	(17,785)
Total Revenues	1,329,250	1,329,250	1,312,240	(17,010)
Expenditures				
Current				
Cultural & Recreational Environment	1,460,299	1,460,299	1,428,327	31,972
Excess of Revenues Over (Under) Expenditures	(\$131,049)	(\$131,049)	(\$116,087)	\$14,962
Other Financing Sources (Uses)				
Transfers In	\$139,000	\$139,000	\$139,000	\$0
Net Change in Fund Balances	7,951	7,951	22,913	14,962
Fund Balances, January 1	162,915	162,915	456,608	293,693
Fund Balances, December 31	<u>\$170,866</u>	<u>\$170,866</u>	<u>\$479,521</u>	<u>\$308,655</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 – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS***

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**171--CAPITOL THEATRE**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$230,000	\$230,000	\$238,719	\$8,719
Interest	250	250	250	0
Total Revenues	230,250	230,250	238,969	8,719
Expenditures				
Current				
Cultural & Recreational Environment	311,900	348,300	347,771	529
Capital Outlay				
Cultural & Recreational Environment	36,400	0	0	0
Total Expenditures	348,300	348,300	347,771	529
Excess of Revenues Over (Under) Expenditures	(\$118,050)	(\$118,050)	(\$108,802)	\$9,248
Other Financing Sources (Uses)				
Transfers In	\$128,927	\$128,927	\$57,000	(\$71,927)
Net Change in Fund Balances	10,877	10,877	(51,802)	(62,679)
Fund Balances, January 1	105,669	105,669	108,960	3,291
Fund Balances, December 31	<u>\$116,546</u>	<u>\$116,546</u>	<u>\$57,158</u>	<u>(\$59,388)</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 – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS***

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**172 — PFD - CONVENTION CENTER**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$700,000	\$700,000	\$749,253	\$49,253
Interest	750	750	1,100	350
Total Revenues	700,750	700,750	750,353	49,603
Expenditures				
Current				
Cultural & Recreational Environment	15,000	15,000	12,773	2,227
Excess of Revenues Over (Under) Expenditures	\$685,750	\$685,750	\$737,580	\$51,830
Other Financing Sources (Uses)				
Transfers (Out)	(\$669,000)	(\$669,000)	(\$669,700)	(\$700)
Net Change in Fund Balances	16,750	16,750	67,880	51,130
Fund Balances, January 1	175,849	175,849	193,585	17,736
Fund Balances, December 31	<u>\$192,599</u>	<u>\$192,599</u>	<u>\$261,465</u>	<u>\$68,866</u>

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

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


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For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**173 — TOURISM PROMOTION AREA**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$667,000	\$667,000	\$638,333	(\$28,667)
Expenditures				
Current				
Cultural & Recreational Environment	667,000	667,000	643,695	23,305
Excess of Revenues Over (Under) Expenditures	\$0	\$0	(\$5,362)	(\$5,362)
Net Change in Fund Balances	0	0	(5,362)	(5,362)
Fund Balances, January 1	68,722	68,722	78,685	9,963
Fund Balances, December 31	<u>\$68,722</u>	<u>\$68,722</u>	<u>\$73,323</u>	<u>\$4,601</u>

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

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


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For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**174 — PFD-CAPITOL THEATRE**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$528,000	\$528,000	\$567,157	\$39,157
Interest	500	500	500	0
Total Revenues	528,500	528,500	567,657	39,157
Expenditures				
Current				
Cultural & Recreational Environment	12,000	12,000	12,772	(772)
Excess of Revenues Over (Under) Expenditures	\$516,500	\$516,500	\$554,885	\$38,385
Other Financing Sources (Uses)				
Transfers (Out)	(\$505,000)	(\$505,000)	(\$504,000)	\$1,000
Net Change in Fund Balances	11,500	11,500	50,885	39,385
Fund Balances, January 1	39,613	39,613	53,337	13,724
Fund Balances, December 31	<u>\$51,113</u>	<u>\$51,113</u>	<u>\$104,222</u>	<u>\$53,109</u>

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

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


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For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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**198 — CAPITOL THEATRE RESERVE**

	— Budgeted Amounts —		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$500	\$500	\$500	\$0
Excess of Revenues Over (Under) Expenditures	\$500	\$500	\$500	\$0
Other Financing Sources (Uses)				
Transfers (Out)	(\$71,927)	(\$71,927)	(\$71,927)	\$0
Net Change in Fund Balances	(71,427)	(71,427)	(71,427)	0
Fund Balances, January 1	242,422	242,422	251,922	9,500
Fund Balances, December 31	<u>\$170,995</u>	<u>\$170,995</u>	<u>\$180,495</u>	<u>\$9,500</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 – ACTUAL & BUDGET - NONMAJOR SPECIAL REVENUE FUNDS***

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

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	— Budgeted Amounts —		Actual	TOTAL
	Original	Final	Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$8,038,500	\$8,038,500	\$8,370,456	\$331,956
Intergovernmental Revenues	8,083,564	8,260,072	7,599,605	(660,467)
Charges for Services	2,309,923	2,384,923	2,085,639	(299,284)
Interest	7,135	7,135	9,877	2,742
Other Revenues	2,267,634	2,292,634	2,031,600	(261,034)
Total Revenues	20,706,756	20,983,264	20,097,177	(886,087)
Expenditures				
Current				
General Government	\$194,016	\$194,016	\$184,278	9,738
Security of Persons and Property	5,090,580	5,238,780	4,972,595	266,185
Physical Environment	267,327	267,327	236,530	30,797
Transportation	9,993,401	10,073,933	4,943,494	5,130,439
Economic Environment	1,127,313	1,239,361	1,115,049	124,312
Cultural & Recreational Environment	6,240,557	6,489,957	6,429,200	60,757
Capital Outlay				
Security of Persons and Property	0	60,000	48,346	11,654
Transportation	3,544,321	3,544,321	5,705,494	(2,161,173)
Cultural & Recreational Environment	379,650	406,558	536,936	(130,378)
Debt Service				
Principal Retirement	124,888	124,888	124,887	1
Interest	3,770	3,770	3,502	268
Total Expenditures	26,965,823	27,642,911	24,300,311	3,342,600
Excess of Revenues Over (Under) Expenditures	(\$6,259,067)	(\$6,659,647)	(\$4,203,134)	\$2,456,513
Other Financing Sources (Uses)				
Proceeds from LT Debt - GO Debt	\$5,000,000	\$5,000,000	\$5,000,000	\$0
Transfers In	2,625,626	2,625,626	2,652,973	27,347
Transfers (Out)	(2,163,277)	(2,193,277)	(2,161,181)	32,096
Comp for Loss of General Capital Assets	97,000	97,000	6,991	(90,009)
Total Other Financing Sources (Uses)	5,559,349	5,529,349	5,498,783	(30,566)
Net Change in Fund Balances	(699,718)	(1,130,298)	1,295,649	2,425,947
Fund Balances, January 1	4,565,838	4,565,838	5,836,883	1,271,045
Fund Balances, December 31	\$3,866,120	\$3,435,540	\$7,132,532	\$3,696,992

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

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



## ***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.

**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). The final payment was made in 2013, therefore, this fund balance is zero, and will not be reported in future years.

**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, 2013

With comparative totals for December 31, 2012

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	#221 LID Guaranty	#272 Conv Ctr PFD	#281 Various GO Bonds	#283 Crim Just / I-82 Refund
Assets				
Cash & Equity in Pooled Investments	\$25,214	\$159,444	\$9,026	\$0
Receivables				
Taxes	0	0	0	0
LID Assessments - Delinquent	0	0	0	0
LID Assessments - Deferred	0	0	0	0
Total Assets	<u>\$25,214</u>	<u>\$159,444</u>	<u>\$9,026</u>	<u>\$0</u>
Liabilities and Fund Balances				
Liabilities				
Mature Interest Payable	\$0	\$0	\$0	\$0
Mature Bonds Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Custodial Accounts	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted	0	159,444	0	0
Committed	0	0	0	0
Assigned	25,214	0	9,026	0
Total Fund Balances	<u>25,214</u>	<u>159,444</u>	<u>9,026</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$25,214</u>	<u>\$159,444</u>	<u>\$9,026</u>	<u>\$0</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, 2013

With comparative totals for December 31, 2012

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#284 Fire & Parks Ref	#287 Convention Center	#289 Local Impr Districts	Total	
			2013	2012
\$186,675	\$65,655	\$2,810	\$448,824	\$743,565
10,809	0	0	\$10,809	10,577
0	0	32,311	32,311	52,314
0	0	390,392	390,392	503,206
<u>\$197,484</u>	<u>\$65,655</u>	<u>\$425,513</u>	<u>\$882,336</u>	<u>\$1,309,662</u>
\$0	\$0	\$0	\$0	\$45,203
0	0	0	0	101,614
0	0	370,832	370,832	503,206
0	0	1,543	1,543	3,650
<u>0</u>	<u>0</u>	<u>372,375</u>	<u>372,375</u>	<u>653,673</u>
197,484	65,655	0	422,583	530,582
0	0	53,138	53,138	50,504
0	0	0	34,240	74,903
<u>197,484</u>	<u>65,655</u>	<u>53,138</u>	<u>509,961</u>	<u>655,989</u>
<u>\$197,484</u>	<u>\$65,655</u>	<u>\$425,513</u>	<u>\$882,336</u>	<u>\$1,309,662</u>

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

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR DEBT SERVICE FUNDS**

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 2

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	#221 LID Guaranty	#272 Conv Ctr PFD	#281 Various GO Bonds	#283 Crim Just / I-82 Refund
Revenues				
Taxes	\$0	\$0	\$0	\$327,102
Intergovernmental Revenues	0	100,238	0	0
Interest	50	0	0	0
Other Revenues	0	0	0	0
Total Revenues	50	100,238	0	327,102
Expenditures				
Debt Service				
Principal Retirement	0	455,000	888,576	500,000
Interest	0	562,000	292,741	15,625
Total Expenditures	0	1,017,000	1,181,317	515,625
Excess of Rev Over (Under) Expenditures	\$50	(\$916,762)	(\$1,181,317)	(\$188,523)
Other Financing Sources (Uses)				
Transfers In	\$0	\$907,700	\$1,175,604	\$91,589
Transfers (Out)	(35,000)	0	0	0
Total other Financing Sources (Uses)	(35,000)	907,700	1,175,604	91,589
Net Change in Fund Balances	(34,950)	(9,062)	(5,713)	(96,934)
Fund Balances, January 1	60,164	168,506	14,739	96,934
Fund Balances, December 31	\$25,214	\$159,444	\$9,026	\$0

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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, 2013

With comparative totals for December 31, 2012

Page 2 of 2

#284 Fire & Parks Ref	#287 Convention Center	#289 Local Impr Districts	Total	
			2013	2012
\$292,162	\$428,000	\$0	\$1,047,264	\$1,111,916
0	0	0	100,238	108,895
0	750	31,292	32,092	41,450
0	0	132,374	132,374	154,886
292,162	428,750	163,666	1,311,968	1,417,147
275,000	330,000	146,200	2,594,776	2,374,614
19,600	98,315	33,760	1,022,041	1,056,153
294,600	428,315	179,960	3,616,817	3,430,767
(\$2,438)	\$435	(\$16,294)	(\$2,304,849)	(\$2,013,620)
\$0	\$0	\$35,000	\$2,209,893	\$2,026,289
0	0	(16,072)	(51,072)	(36,474)
0	0	18,928	2,158,821	1,989,815
(2,438)	435	2,634	(146,028)	(23,805)
199,922	65,220	50,504	655,989	679,794
<u>\$197,484</u>	<u>\$65,655</u>	<u>\$53,138</u>	<u>\$509,961</u>	<u>\$655,989</u>

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



**NONMAJOR CAPITAL PROJECT FUNDS**

**Central Business District Improvement Fund (321)** – Created by Ordinance No. 1599. The Central Business District Improvement Program is developing a long range guide for evaluating proposals for physical changes and the scheduling of improvements to the Central Business District. Resources are derived from private contributions and transfers from other funds.

**Capitol Theatre Construction Fund (322)** – Created by Ordinance 1654 on April 15, 1974. The purpose of this fund was for the acquisition of the Capitol Theatre and capital repairs to that building. The Theatre was destroyed by fire in 1975. After the Theatre was rebuilt in 1978, the fund was deactivated. The fund was then reactivated in 2007 when additional funding for renovation became available.

**Yakima Revenue Development Area (323)** – Created by Ordinance 2011-31 on July 19, 2011. This fund was created to establish a capital fund to account for the activity of the Yakima Revenue Development Area, and utilizes the Washington State Local Infrastructure Financing Tool (LIFT) program, which authorizes the City to use state sales and excise tax revenue to finance public infrastructure needed to accelerate redevelopment of the former sawmill site.

**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 first ¼% Real Estate Excise Tax, which has been used to repay Public Works Trust Fund loans for approved public works projects.

**REET 2 Capital Fund (343)** – Created in 2005 to track Capital improvement projects funded with the second 1/4% of Real Estate Excise Tax.

**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.

**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**

December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 2

	#321 Central Bus Dist Impr	#322 Capitol Thtr Const	323 Yakima Rev Dev Area	#331 Parks and Recreation	#332 Fire
<b>Assets</b>					
Cash & Equity in Pooled Investments	\$164,448	\$72,546	\$217,943	\$250,462	\$1,182,693
Receivables					
Accounts	60	0	0	0	627
Other Receivables	0	0	0	0	0
Due from Other Government Units	0	0	0	0	255
Investments, at Amortized Cost	0	0	1,053,777	0	0
<b>Total Assets</b>	<b>\$164,508</b>	<b>\$72,546</b>	<b>\$1,271,720</b>	<b>\$250,462</b>	<b>\$1,183,575</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Warrants/Accounts Payable	\$20	\$0	\$43,033	\$0	\$59,379
Contracts Payable	0	0	0	0	7,452
Due to Other Government Units	1,164	0	0	0	0
Deferred Revenue	60	0	0	10,871	255
<b>Total Liabilities</b>	<b>1,244</b>	<b>0</b>	<b>43,033</b>	<b>10,871</b>	<b>67,086</b>
<b>Fund Balances</b>					
Restricted	0	0	0	0	0
Committed	163,264	0	1,228,687	0	0
Assigned	0	72,546	0	239,591	1,116,489
<b>Total Fund Balances</b>	<b>163,264</b>	<b>72,546</b>	<b>1,228,687</b>	<b>239,591</b>	<b>1,116,489</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$164,508</b>	<b>\$72,546</b>	<b>\$1,271,720</b>	<b>\$250,462</b>	<b>\$1,183,575</b>

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, 2013

With comparative totals for December 31, 2012

Page 2 of 2

#333 Law and Justice	#342 Public Works Construction	#343 REET 2 Cap Construction	#370 Convention Center	Total	
				2013	2012
\$931,580	\$556,702	\$162,755	\$115,735	\$3,654,864	\$2,278,518
0	0	0	0	687	7,666
0	0	0	0	0	1,044,944
24,187	0	0	0	24,442	163,897
0	0	422,305	559,592	2,035,674	3,432,076
<u>\$955,767</u>	<u>\$556,702</u>	<u>\$585,060</u>	<u>\$675,327</u>	<u>\$5,715,667</u>	<u>\$6,927,101</u>
\$11,826	\$2,085	\$0	\$43,931	\$160,274	\$650,213
1,193	9,362	0	0	18,007	0
0	20,038	0	0	21,202	19,642
0	0	0	0	11,186	10,991
<u>13,019</u>	<u>31,485</u>	<u>0</u>	<u>43,931</u>	<u>210,669</u>	<u>680,846</u>
0	525,217	585,060	631,396	\$1,741,673	4,339,191
0	0	0	0	1,391,951	1,006,707
<u>942,748</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,371,374</u>	<u>900,357</u>
<u>942,748</u>	<u>525,217</u>	<u>585,060</u>	<u>631,396</u>	<u>5,504,998</u>	<u>6,246,255</u>
<u>\$955,767</u>	<u>\$556,702</u>	<u>\$585,060</u>	<u>\$675,327</u>	<u>\$5,715,667</u>	<u>\$6,927,101</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, 2013

With comparative totals for December 31, 2012

Page 1 of 2

	#321 Central Bus Dist Impr	#322 Capitol Thtr Const	323 Yakima Rev Dev Area	#331 Parks and Recreation	#332 Fire
Revenues					
Taxes	\$0	\$0	\$806,411	\$0	\$0
Intergovernmental Revenues	0	0	0	0	60,727
Interest	0	0	0	0	0
Other Revenues	20,348	0	0	82,996	92,285
Total Revenues	20,348	0	806,411	82,996	153,012
Expenditures					
Current					
Security of Persons and Property	0	0	0	0	214,351
Transportation	0	0	0	0	0
Economic Environment	188,114	0	0	0	0
Cultural & Recreational Environment	32,394	0	0	23,427	0
Capital Outlay					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	0	401,245
Transportation	0	0	488,003	0	0
Cultural & Recreational Environment	0	0	0	76,522	0
Debt Service					
Principal Retirement	0	0	254,787	0	52,115
Interest	0	0	6,217	0	24,333
Total Expenditures	220,508	0	749,007	99,949	692,044
Excess of Rev Over (Under) Expenditures	(\$200,160)	\$0	\$57,404	(\$16,953)	(\$539,032)
Other Financing Sources (Uses)					
Proceeds from Capital Lease Financing	\$0	\$0	\$0	\$0	\$770,017
Proceeds from Intergovernmental Loans	0	0	0	0	0
Other Note Proceeds	0	0	0	0	0
Premiums on Bonds Sold	0	0	0	0	98,437
Transfers In	0	71,927	500,000	100,000	0
Transfers (Out)	0	0	0	0	0
Intergovernmental Agreements	0	0	0	0	0
Sale of Capital Assets	28,000	0	0	0	316,250
Comp. For Loss of Gen. Capital Assets	0	0	0	0	0
Total other Financing Sources (Uses)	28,000	71,927	500,000	100,000	1,184,704
Net Change in Fund Balances	(172,160)	71,927	557,404	83,047	645,672
Fund Balances, January 1	335,424	619	671,283	156,544	470,817
Fund Balances, December 31	\$163,264	\$72,546	\$1,228,687	\$239,591	\$1,116,489

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, 2013

With comparative totals for December 31, 2012

Page 2 of 2

#333 Law and Justice	#342 Public Works Construction	#343 REET 2 Cap Construction	#370 Convention Center	Total	
				2013	2012
\$344,013	\$651,928	\$651,928	\$196,800	\$2,651,080	\$1,975,169
430,245	0	0	0	490,972	596,609
250	2,000	2,000	500	4,750	54,000
0	0	0	0	195,629	1,434,731
774,508	653,928	653,928	197,300	3,342,431	4,060,509
1,195,537	0	0	0	1,409,888	687,114
0	0	250,000	0	250,000	280,149
0	0	0	0	188,114	24,510
0	0	0	173,671	229,492	271,172
0	44,896	0	0	44,896	436,352
3,725,272	0	0	0	4,126,517	467,867
0	0	0	0	488,003	2,818,488
0	217,628	0	0	294,150	816,281
0	255,050	0	0	561,952	450,195
23,198	20,608	0	0	74,356	56,788
4,944,007	538,182	250,000	173,671	7,667,368	6,308,916
(\$4,169,499)	\$115,746	\$403,928	\$23,629	(\$4,324,937)	(\$2,248,407)
\$4,173,190	\$0	\$0	\$0	\$4,943,207	\$0
0	0	0	0	0	450,101
0	0	0	0	0	600,000
390,008	0	0	0	488,445	0
189,628	0	0	70,000	931,555	1,383,242
0	(232,542)	(256,822)	0	(489,364)	(599,364)
0	(53,600)	0	0	(53,600)	(58,425)
41,044	0	0	0	385,294	6,122
45,999	0	0	0	45,999	1,434
4,839,869	(286,142)	(256,822)	70,000	6,251,536	1,783,110
670,370	(170,396)	147,106	93,629	1,926,599	(465,297)
272,377	695,613	437,954	537,767	3,578,398	6,711,552
\$942,747	\$525,217	\$585,060	\$631,396	\$5,504,997	\$6,246,255

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



***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, 2013

With comparative totals for December 31, 2012

Page 1 of 1

	#610 Cemetery Trust		Total Nonmajor Gov't Funds	
	2013	2012	2013	2012
Assets				
Cash & Equity in Pooled Investments	\$106,750	\$79,750	\$7,989,786	\$6,409,364
Receivables				
Taxes	0	0	587,815	284,941
Accounts	0	0	151,779	179,816
Special Assessments	0	0	29,405	67,586
LID Assessments - Delinquent	0	0	32,311	52,314
LID Assessments - Deferred	0	0	390,392	503,206
Other Receivables	0	0	0	1,044,944
Due from Other Government Units	0	0	85,937	687,604
Inventories	0	0	0	80,532
Investments, at Amortized Cost	516,146	532,974	7,324,736	8,005,387
Total Assets	<u>\$622,896</u>	<u>\$612,724</u>	<u>\$16,592,161</u>	<u>\$17,315,694</u>
Liabilities and Fund Balances				
Liabilities				
Warrants/Accounts Payable	\$0	\$0	\$364,823	\$980,535
Wages/Benefits Payable	0	0	887,598	890,817
Contracts Payable	0	0	153,492	70,239
Due to Other Funds	0	0	0	1,199
Due to Other Government Units	0	0	23,478	22,827
Mature Interest Payable	0	0	0	45,203
Mature Bonds Payable	0	0	0	101,614
Deposits Payable	0	0	407,055	394,056
Deferred Revenue	0	0	433,531	604,848
Custodial Accounts	0	0	551,797	852,505
Total Liabilities	<u>0</u>	<u>0</u>	<u>2,821,774</u>	<u>3,963,843</u>
Fund Balances				
Nonspendable	622,896	612,724	622,896	693,256
Restricted	0	0	6,713,604	8,601,156
Committed	0	0	4,028,273	3,082,179
Assigned	0	0	2,405,614	975,260
Total Fund Balances	<u>622,896</u>	<u>612,724</u>	<u>13,770,387</u>	<u>13,351,851</u>
Total Liabilities and Fund Balances	<u>\$622,896</u>	<u>\$612,724</u>	<u>\$16,592,161</u>	<u>\$17,315,694</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 PERMANENT FUND

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 1

	#610 Cemetery Trust		Total Nonmajor Gov't Funds	
	2013	2012	2013	2012
Revenues				
Taxes	\$0	\$0	\$12,068,800	\$11,837,155
Intergovernmental Revenues	0	0	8,190,815	8,248,004
Charges for Services	10,172	8,304	2,095,811	1,386,127
Fines and Forfeits	0	0	0	30,000
Interest	6,300	20,000	53,019	167,893
Other Revenues	0	0	2,359,603	3,507,260
Total Revenues	16,472	28,304	24,768,048	25,176,439
Expenditures				
Current				
General Government	0	0	184,278	219,077
Security of Persons and Property	0	0	6,382,483	5,941,336
Physical Environment	0	0	236,530	264,453
Transportation	0	0	5,193,494	5,406,096
Economic Environment	0	0	1,303,163	988,069
Cultural & Recreational Environment	0	0	6,658,692	6,390,346
Capital Outlay				
General Government	0	0	44,896	436,352
Security of Persons and Property	0	0	4,174,863	488,487
Transportation	0	0	6,193,497	4,743,717
Cultural & Recreational Environment	0	0	831,086	848,268
Debt Service				
Principal Retirement	0	0	3,281,615	2,973,001
Interest	0	0	1,099,899	1,121,066
Total Expenditures	0	0	35,584,496	29,820,268
Excess of Rev Over (Under) Expenditures	\$16,472	\$28,304	(\$10,816,448)	(\$4,643,829)
Other Financing Sources (Uses)				
Proceeds from Capital Lease Financing	\$0	\$0	\$4,943,207	\$0
Proceeds from LT Debt - GO Debt	0	0	5,000,000	0
Proceeds from Intergovernmental Loans	0	0	0	450,101
Other Note Proceeds	0	0	0	600,000
Premiums on Bonds Sold	0	0	488,445	0
Transfers In	0	0	5,794,421	6,180,589
Transfers (Out)	(6,300)	(20,000)	(2,707,917)	(2,629,415)
Intergovernmental Agreements	0	0	(53,600)	(58,425)
Sale of Capital Assets	0	0	385,294	6,122
Comp. For Loss of Gen. Capital Assets	0	0	52,990	93,908
Total other Financing Sources (Uses)	(6,300)	(20,000)	13,902,840	4,642,880
Net Change in Fund Balances	10,172	8,304	3,086,392	(949)
Fund Balances, January 1	612,724	604,420	10,683,994	13,352,800
Fund Balances, December 31	<u>\$622,896</u>	<u>\$612,724</u>	<u>\$13,770,386</u>	<u>\$13,351,851</u>

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





***NONMAJOR PROPRIETARY FUNDS***

**Refuse Fund (471)** – A self supporting fund. This fund was established for the purpose of accumulating moneys derived from the operation and maintenance of the garbage collection and disposal service of the City, and for the purpose of defraying all of the operating and maintenance expenses and costs incurred by the City of Yakima in the collection and disposal of refuse.

**Stormwater Fund (976)** – Created in 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 POSITION**  
**NONMAJOR PROPRIETARY FUNDS**

December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 1

	#471 Refuse	#976 Stormwater	Total 2013	2012
Assets				
Current Assets				
Cash & Equity in Pooled Investments	\$83,346	\$499,565	\$582,911	\$534,438
Receivables				
Accounts/Taxes (Net)	434,254	37,808	472,062	560,470
Other Receivables	0	0	0	72,398
Due from Other Government Units	0	30,142	30,142	23,518
Investments, at Amortized Cost	0	2,369,289	2,369,289	2,100,964
Total Current Assets	517,600	2,936,804	3,454,404	3,291,788
Noncurrent Assets				
Other Improvements	0	1,785,988	1,785,988	1,484,679
Machinery & Equipment	0	27,543	27,543	27,543
Accumulated Depreciation	0	(138,234)	(138,234)	(95,780)
Construction in Progress	0	384,095	384,095	475,627
Total Noncurrent Assets	0	2,059,392	2,059,392	1,892,069
Total Assets	\$517,600	\$4,996,196	\$5,513,796	\$5,183,857
Liabilities				
Current Liabilities				
Warrants/Accounts Payable	\$88,422	\$19,199	\$107,621	\$199,499
Wages/Benefits Payable	130,604	55,879	186,483	181,987
Compensated Absences Payable	138,973	42,083	181,056	222,441
Deposits Payable	125,221	0	125,221	117,417
Total Current Liabilities	\$483,220	\$117,161	\$600,381	\$721,344
Net Position				
Invested in Capital Assets, Net of Related Debt (as restated)	0	2,059,392	\$2,059,392	\$1,892,069
Unrestricted	34,380	2,819,643	2,854,023	2,570,444
Total Net Position	\$34,380	\$4,879,035	\$4,913,415	\$4,462,513

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 POSITION NONMAJOR PROPRIETARY FUNDS

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 1

	# 471 Refuse	#976 Stormwater	Total	
			2013	2012
Operating Revenues				
Charges for Services	\$5,436,407	\$2,142,452	\$7,578,859	\$7,608,372
Other Operating Revenues	3,423	0	3,423	4,633
Total Operating Revenues	5,439,830	2,142,452	7,582,282	7,613,005
Operating Expenses				
Operations and Maintenance	5,053,951	996,155	6,050,106	5,928,572
Administration/Overhead	577,939	201,350	779,289	709,203
Taxes	0	212,467	212,467	217,599
Depreciation/Amortization	0	42,453	42,453	37,465
Total Operating Expenses	5,631,890	1,452,425	7,084,315	6,892,839
Operating Income (Loss)	(192,060)	690,027	497,967	720,166
Non-Operating Revenues (Expenses)				
Operating Grants and Subsidies	0	59,318	59,318	93,945
Income (Loss) Before Contributions and Transfers	(192,060)	749,345	557,285	814,111
Capital Contributions	0	93,617	93,617	102,566
Transfers (Out)	0	(200,000)	(200,000)	(238,308)
Change in Net Position	(192,060)	642,962	450,902	678,369
Total Net Position - January 1	226,440	4,236,073	4,462,513	3,784,144
Total Net Position - December 31	\$34,380	\$4,879,035	\$4,913,415	\$4,462,513

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

December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 1

	#471 Refuse	#976 Stormwater	Total	
			2013	2012
Cash Flows from Operating Activities				
Cash Received from Customers	\$5,525,093	\$2,149,978	\$7,675,071	\$7,518,943
Cash Paid to Suppliers for Goods and Services	(3,468,979)	(617,766)	(4,086,745)	(3,929,625)
Cash Paid for Salaries and Benefits	(1,361,133)	(672,537)	(2,033,670)	(2,026,947)
Other Operating Revenues Collected	3,423	0	3,423	4,633
Cash Paid in Lieu of Taxes	(823,579)	(129,977)	(953,556)	(896,337)
Net Cash Provided by Operating Activities	(125,175)	729,698	604,523	670,667
Cash Flows from Noncapital Financing Activities				
Operating Grants Received	0	59,318	59,318	15,735
Cash Flows from Capital Financing Activities				
Capital Expenditures Paid	0	(185,559)	(185,559)	(443,795)
Capital Grants Received	0	38,513	38,513	95,058
Transfer Out	0	(200,000)	(200,000)	(238,308)
Net Cash Used for Capital Financing Activities	0	(347,046)	(347,046)	(587,045)
Cash Flows from Investing Activities				
Proceeds from Sale of Investment Securities	0	2,100,964	2,100,964	1,770,000
Purchase of Investment Securities	0	(2,369,289)	(2,369,289)	(2,100,964)
Net Cash Provided by Investing Activities	0	(268,325)	(268,325)	(330,964)
Net Increase (Decrease) in Cash and Cash Equivalents	(125,175)	173,645	48,470	(231,607)
Cash and Cash Equivalents at Beginning of Year	208,521	325,917	534,438	766,045
Cash and Cash Equivalents at End of Year	\$83,346	\$499,562	\$582,908	\$534,438
Cash at the End of the Year				
Operating Fund Cash	\$83,346	\$499,565	\$582,911	\$534,438
Reconciliation of Net Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities				
Net Operating Income (Loss)	(\$192,060)	\$690,027	\$497,967	\$720,166
Adjustments to Reconcile Operating Income (Loss) to Net				
Cash Provided by Operating Activities				
Depreciation	0	42,453	42,453	37,465
Change in Assets and Liabilities				
(Increase) Decrease in Accounts Receivable	79,738	(14,137)	65,601	(137,210)
Increase in Allowance for Uncollectibles	1,297	21,663	22,960	36,927
Increase (Decrease) in Warrants/Accounts Payable	4,779	7,652	12,431	4,506
Increase (Decrease) in Wages/Benefits Payable	5,972	(1,476)	4,496	(881)
Increase (Decrease) in Compensated Absences Payable	(24,901)	(16,484)	(41,385)	9,694
Total Adjustments	66,885	39,671	106,556	(49,499)
Net Cash Provided by Operating Activities	(\$125,175)	\$729,698	\$604,523	\$670,667
Schedule of Noncash Capital and Related Financing Activities				
Capital Assets Acquired by Noncash Contributions	\$0	\$48,480	\$48,480	\$69,100

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 POSITION**  
**INTERNAL SERVICE FUNDS**

December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 2

	#512 Unemployment Compensation Reserve	#513 Employees' Health Benefit Reserve	#514 Workers' Compensation Reserve	#515 Risk Management Reserve
Assets				
Current Assets				
Cash & Equity in Pooled Investments	\$418,572	\$424,075	\$184,247	\$184,751
Deposits w/ Fiscal Agent/Trustee	0	12,475	0	0
Receivables				
Accounts	19,769	796,077	82,697	0
Interfund Loan Receivable	0	0	0	0
Inventories	0	35,000	0	0
Investments, at Amortized Cost	0	2,050,445	890,852	893,288
Total Current Assets	438,341	3,318,072	1,157,796	1,078,039
Noncurrent Assets				
Construction in Progress	0	0	0	0
Buildings	0	0	0	0
Other Improvements	0	0	0	0
Machinery & Equipment	0	0	6,178	103,375
Accumulated Depreciation	0	0	(1,030)	(91,421)
Total Noncurrent Assets	0	0	5,148	11,954
Total Assets	\$438,341	\$3,318,072	\$1,162,944	\$1,089,993
Liabilities				
Current Liabilities				
Warrants/Accounts Payable	\$0	\$274	\$74,096	\$174,588
Wages/Benefits Payable	3,583	8,835	8,931	57,722
Compensated Absences Payable	7,011	14,110	8,677	69,768
Claims and Judgments Payable	39,322	1,235,329	736,065	1,521,000
Total Current Liabilities	\$49,916	\$1,258,548	\$827,769	\$1,823,078
Net Position				
Invested in Capital Assets, net of related debt	\$0	\$0	\$5,148	\$11,954
Unrestricted	388,425	2,059,524	330,027	(745,039)
Total Net Position	\$388,425	\$2,059,524	\$335,175	(\$733,085)

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

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

December 31, 2013

With comparative totals for December 31, 2012

Page 2 of 2

#516	#551	#555	#560	Total	
Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration	2013	2012
\$184,417	\$568,113	\$89,841	\$100,275	\$2,154,291	\$1,922,794
0	0	0	0	12,475	12,474
0	0	0	0	898,543	1,244,498
0	499,336	0	0	499,336	1,035,819
0	363,962	0	0	398,962	476,254
0	3,175,679	434,391	481,452	7,926,107	7,156,377
184,417	4,607,090	524,232	581,727	11,889,714	11,848,216
0	0	785	0	785	0
0	0	0	37,397	37,397	37,397
0	0	565,742	7,251	572,993	572,993
48,137	21,275,638	35,387	94,628	21,563,343	23,529,507
(41,200)	(12,826,464)	(61,222)	(118,327)	(13,139,664)	(14,324,873)
6,937	8,449,174	540,692	20,949	9,034,854	9,815,024
\$191,354	\$13,056,264	\$1,064,924	\$602,676	\$20,924,568	\$21,663,240
\$4,488	\$36,508	\$0	\$10,340	\$300,294	\$520,122
0	85,943	0	56,627	221,641	212,452
0	124,731	0	55,754	280,051	256,701
0	0	0	0	3,531,716	3,177,591
\$4,488	\$247,182	\$0	\$122,721	\$4,333,702	\$4,166,866
\$6,937	\$8,449,174	\$540,692	\$20,949	\$9,034,854	\$9,815,024
179,929	4,359,908	524,232	459,006	7,556,012	7,681,350
\$186,866	\$12,809,082	\$1,064,924	\$479,955	\$16,590,866	\$17,496,374

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

**COMBINING STATEMENT OF REVENUES & CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 2

	<b>#512</b>	<b>#513</b>	<b>#514</b>	<b>#515</b>
	<b>Unemployment</b>	<b>Employees'</b>	<b>Workers'</b>	<b>Risk</b>
	<b>Compensation</b>	<b>Health Benefit</b>	<b>Compensation</b>	<b>Management</b>
	<b>Reserve</b>	<b>Reserve</b>	<b>Reserve</b>	<b>Reserve</b>
Operating Revenues				
Charges for Insurance	\$0	\$0	\$0	\$3,145,532
Charges for Services	0	0	0	0
Employer Contributions	190,978	8,853,222	966,270	0
Employee Contributions	0	1,890,008	63,128	0
Other Operating Revenue	0	0	0	0
Total Operating Revenues	190,978	10,743,230	1,029,398	3,145,532
Operating Expenses				
Operations and Maintenance	6,108	1,425,730	242,271	1,741,149
Administration/Overhead	36,626	283,385	134,875	1,738,495
Depreciation/Amortization	0	0	1,030	17,213
Other Benefits	112,914	8,022,125	999,257	537,213
Total Operating Expenses	155,648	9,731,240	1,377,433	4,034,070
Operating Income (Loss)	\$35,330	\$1,011,990	(\$348,035)	(\$888,538)
Non-Operating Revenues				
Other Non-Operating/Grants	\$0	\$179	\$79,078	\$130,086
Interest Revenue	0	30,000	500	240,000
Gain (Loss) on Capital Assets Disposition	0	0	0	0
Non-Operating Revenue Net of Expenses	\$0	\$30,179	\$79,578	\$370,086
Change in Net Position				
Income (Loss) Before Contributions and Transfers	\$35,330	\$1,042,169	(\$268,457)	(\$518,452)
Capital Contributions	0	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Total Change in Net Position	35,330	1,042,169	(268,457)	(518,452)
Total Net Position - January 1	353,095	1,017,355	603,632	(214,633)
Total Net Position - December 31	\$388,425	\$2,059,524	\$335,175	(\$733,085)

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



**COMBINING STATEMENT OF REVENUES & CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

Page 2 of 2

#516	#551	#555	#560	Total	
Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration	2013	2012
\$0	\$0	\$133,512	\$0	\$3,279,044	\$2,997,770
0	5,305,027	0	1,147,438	6,452,465	6,830,976
170,134	0	0	0	10,180,604	9,786,013
0	0	0	0	1,953,136	1,850,107
0	2,876	0	0	2,876	0
170,134	5,307,903	133,512	1,147,438	21,868,125	21,464,866
117,595	3,732,679	19,478	547,195	7,832,205	6,880,563
0	313,896	0	552,248	3,059,525	2,497,383
6,057	1,414,632	31,069	4,277	1,474,278	1,370,766
0	0	0	0	9,671,509	10,936,006
123,652	5,461,207	50,547	1,103,720	22,037,517	21,684,718
\$46,482	(\$153,304)	\$82,965	\$43,718	(\$169,392)	(\$219,852)
\$952	\$3,313	\$0	\$0	\$213,608	\$1,066,696
0	72,964	0	0	343,464	421,366
0	(57,234)	0	0	(57,234)	(40,647)
\$952	\$19,043	\$0	\$0	\$499,838	\$1,447,415
\$47,434	(\$134,261)	\$82,965	\$43,718	\$330,446	\$1,227,563
0	0	0	0	0	73,840
0	0	0	0	0	19,568
0	(1,235,954)	0	0	(1,235,954)	0
47,434	(1,370,215)	82,965	43,718	(905,508)	1,320,971
139,432	14,179,297	981,959	436,237	17,496,374	16,175,403
\$186,866	\$12,809,082	\$1,064,924	\$479,955	\$16,590,866	\$17,496,374

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**

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

Page 1 of 2

	#512 Unemployment Compensation Reserve	#513 Employees' Health Benefit Reserve	#514 Workers' Compensation Reserve	#515 Risk Management Reserve
Cash Flows from Operating Activities				
Cash Received from Customers	\$0	\$0	\$0	\$0
Contributions Received - Employer and Employee	189,988	11,097,617	1,021,956	3,145,532
Cash Paid to Suppliers for Goods and Services	(8,474)	(1,604,686)	(298,568)	(2,924,682)
Cash Paid for Salaries and Benefits	(33,297)	(128,682)	(96,296)	(604,463)
Other Operating Revenues Collected	0	0	0	0
Cash Paid to Claimants and Beneficiaries	(96,644)	(8,270,528)	(749,999)	(235,213)
Net Cash Provided by Operating Activities	51,573	1,093,721	(122,907)	(618,826)
Cash Flows from Noncapital Financing Activities				
Transfer In/Other Non-Operating Revenue	0	179	79,078	130,086
Cash Advances to Other Funds	0	0	0	0
Cash Received f/Other Funds (Interfund Loans)	0	0	0	0
Net Cash Provided by Noncapital Financing Activities	0	179	79,078	130,086
Cash Flows from Capital Financing Activities				
Cash Received from Disposal of Capital Assets	0	0	0	0
Capital Expenditures Paid	0	0	(6,178)	0
Other Non-Operating Capital Revenue	0	0	0	0
Net Cash Used for Capital Financing Activities	0	0	(6,178)	0
Cash Flows from Investing Activities				
Proceeds from Sale and Maturity of Investment Securities	0	1,174,828	978,231	1,154,090
Interest Received on Investments	0	30,000	500	240,000
Purchase of Investment Securities	0	(2,050,445)	(890,852)	(893,288)
Net Cash Provided by Investing Activities	0	(845,617)	87,879	500,802
Net Increase (Decrease) in Cash and Cash Equivalents	51,573	248,283	37,872	12,062
Cash and Cash Equivalents at Beginning of Year	366,999	175,792	146,375	172,689
Cash and Cash Equivalents at End of Year	\$418,572	\$424,075	\$184,247	\$184,751
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Net Operating Income (Loss)	\$35,330	\$1,011,990	(\$348,035)	(\$888,538)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	0	0	1,030	17,213
Change in Assets and Liabilities				
(Increase) Decrease in Deposits w/Fiscal Agent/Trustee	0	(1)	0	0
(Increase) Decrease in Accounts Receivable	(990)	354,387	(7,442)	0
(Increase) Decrease in Inventory	0	(35,000)	0	0
Increase (Decrease) in Warrants/Accounts Payable	0	(20,007)	(20,577)	(60,147)
Increase (Decrease) in Wages/Benefits Payable	520	(3,460)	872	2,534
Increase (Decrease) in Compensated Absences Payable	443	(785)	1,987	8,112
Increase (Decrease) in Claims and Judgments Payable	16,270	(213,403)	249,258	302,000
Total Adjustments	\$16,243	\$81,731	\$225,128	\$269,712
Net Cash Provided by Operating Activities	\$51,573	\$1,093,721	(\$122,907)	(\$618,826)

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**

For the Year Ended December 31, 2013

With comparative totals for December 31, 2012

Page 2 of 2

#516	#551	#555	#560	Total	
Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration	2013	2012
\$0	\$5,305,027	\$133,512	\$1,147,438	\$6,585,977	\$6,984,317
170,134	0	0	0	15,625,227	14,003,730
(115,403)	(3,140,565)	(22,256)	(477,413)	(8,592,047)	(6,993,680)
0	(873,548)	0	(638,395)	(2,374,681)	(2,313,338)
0	2,876	0	0	2,876	0
0	0	0	0	(9,352,384)	(10,809,085)
54,731	1,293,790	111,256	31,630	1,894,968	871,944
0	0	0	0	209,343	1,063,466
0	0	0	0	0	(1,035,819)
0	536,483	0	0	536,483	0
0	536,483	0	0	745,826	27,647
0	67,774	0	0	67,774	88,525
0	(2,016,980)	(28,600)	0	(2,051,758)	(2,074,217)
0	0	0	0	0	19,568
0	(1,949,206)	(28,600)	0	(1,983,984)	(1,966,124)
0	3,371,339	0	477,889	7,156,377	6,735,000
952	72,964	0	0	344,416	421,366
0	(3,175,679)	(434,391)	(481,452)	(7,926,107)	(7,156,377)
952	268,624	(434,391)	(3,563)	(425,314)	(11)
55,683	149,691	(351,735)	28,067	231,496	(1,066,544)
128,734	418,422	441,576	72,207	1,922,794	2,989,338
\$184,417	\$568,113	\$89,841	\$100,274	\$2,154,290	\$1,922,794
\$46,482	(\$153,304)	\$82,965	\$43,718	(\$169,392)	(\$219,852)
6,057	1,414,632	31,069	4,277	1,474,278	1,370,766
0	0	0	0	(1)	(1,854)
0	0	0	0	345,955	(476,819)
0	112,292	0	0	77,292	(47,411)
2,192	(110,214)	(2,778)	(8,297)	(219,828)	19,669
0	9,337	0	(614)	9,189	(10,069)
0	21,047	0	(7,454)	23,350	(24,311)
0	0	0	0	354,125	261,825
\$8,249	\$1,447,094	\$28,291	(\$12,088)	\$2,064,360	\$1,091,796
\$54,731	\$1,293,790	\$111,256	\$31,630	\$1,894,968	\$871,944

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



***AGENCY FUNDS***

**YakCorps (632)** – This fund was established in 2011 to account for the fiscal activity of the Yakima Consortium for Regional Public Safety (YAKCORPS). YAKCORPS consists of a variety of local agencies and governments. It was formed to operate and maintain a county-wide multi-discipline public safety system. The Inter-Local Agreement provides for the structure governance, operations and funding of the Consortium and its activities. Per the Agreement the City of Yakima acts as fiscal agent for the Consortium.

**STATEMENT OF NET POSITION**  
**AGENCY FUNDS**

December 31, 2013

Page 1 of 1

	<b>Balance As of 01/01/13</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance As of 12/31/13</b>
Assets				
Cash & Equity in Pooled Investments	\$383,580	\$543,755	\$594,065	\$333,270
Accounts Receivable	15,679	532,342	548,021	0
Equipment (net of accumulated depreciation)	0	1,180,349	0	1,180,349
Total Assets	<u>\$399,259</u>	<u>\$2,256,446</u>	<u>\$1,142,086</u>	<u>\$1,513,619</u>
Liabilities				
Warrants/Accounts Payable	\$14,116	\$0	\$7,058	\$7,058
Due to Other Government Units	385,143	2,256,446	1,135,028	1,506,561
Total Liabilities	<u>\$399,259</u>	<u>\$2,256,446</u>	<u>\$1,142,086</u>	<u>\$1,513,619</u>

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

## ***CAPITAL ASSET SCHEDULES***

These are assets used in operations funded by governmental funds. Capital assets include any asset with a cost of \$5,000 or more and an expected useful life of at least two years. 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 <sup>(1)</sup>**

December 31, 2013

Page 1 of 2

	Balance as of 12/31/13	Land
General Government		
City Council / Manager / Clerks	\$1,191,085	\$0
Finance (Finance, Information Systems, Utility Services)	2,103,561	0
Human Resources	8,239	0
Legal	20,305	0
Municipal Court	64,576	0
Codes / Planning / City Hall	2,970,697	34,000
Engineering	34,227	0
Miscellaneous General Government	2,103,637	1,485,681
Total General Government	\$8,496,327	\$1,519,681
Public Safety		
Fire	\$14,271,466	\$107,793
Police	23,343,727	2,589,641
Total Public Safety	\$37,615,193	\$2,697,434
Physical Environment		
Cemetery	\$754,248	\$477,660
Transportation		
Streets	\$169,725,214	\$2,117,793
Arterial Street	89,081,853	2,648,715
Transportation (Trolley)	1,050,356	28,500
Total Transportation	\$259,857,423	\$4,795,008
Economic Environment		
Senior Citizen Center	\$3,500,000	\$0
Community Development	3,712,690	707,248
Central Business District	11,881,062	0
Total Economic Environment	\$19,093,752	\$707,248
Culture and Recreation		
Bicentennial Pavilion (Original Convention Center)	\$8,956,055	\$1,193,729
Parks and Recreation	17,252,643	2,666,102
Southeast Community Center	912,644	60,579
Capitol Theatre	13,831,634	80,000
Cable TV	620,408	189,596
Convention Center	6,992,249	162,608
Gateway - Visitor Center	601,044	0
Total Culture and Recreation	\$49,166,677	\$4,352,614
Total	\$374,983,620	\$14,549,645

(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 position.

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

December 31, 2013

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<u>Buildings</u>	<u>Improvements</u>	<u>Infrastructure</u>	<u>Equipment</u>	<u>Construction in Progress</u>
\$1,135,895	\$13,094	\$0	\$42,096	\$0
51,280	17,669	0	2,034,612	0
0	0	0	8,239	0
8,695	0	0	11,610	0
0	0	0	64,576	0
2,896,443	40,254	0	0	0
0	0	0	34,227	0
0	0	0	617,956	0
<u>\$4,092,313</u>	<u>\$71,017</u>	<u>\$0</u>	<u>\$2,813,316</u>	<u>\$0</u>
\$7,322,757	\$105,726	\$0	\$6,735,190	\$0
11,461,769	109,683	0	9,182,634	0
<u>\$18,784,526</u>	<u>\$215,409</u>	<u>\$0</u>	<u>\$15,917,824</u>	<u>\$0</u>
\$135,841	\$140,747	\$0	\$0	\$0
\$0	\$233,327	\$167,112,214	\$261,880	\$0
0	1,073,737	71,682,827	30,991	13,645,583
209,324	192,205	0	175,000	445,327
<u>\$209,324</u>	<u>\$1,499,269</u>	<u>\$238,795,041</u>	<u>\$467,871</u>	<u>\$14,090,910</u>
\$3,500,000	\$0	\$0	\$0	\$0
52,161	13,050	1,168,551	48,771	1,722,909
0	336,913	11,475,959	68,190	0
<u>\$3,552,161</u>	<u>\$349,963</u>	<u>\$12,644,510</u>	<u>\$116,961</u>	<u>\$1,722,909</u>
\$7,414,946	\$295,295	\$0	\$52,085	\$0
2,013,997	12,515,387	0	52,157	5,000
574,267	277,798	0	0	0
13,459,420	0	0	292,214	0
130,061	63,053	0	237,698	0
6,375,385	264,507	0	189,749	0
601,044	0	0	0	0
<u>\$30,569,120</u>	<u>\$13,416,040</u>	<u>\$0</u>	<u>\$823,903</u>	<u>\$5,000</u>
<u>\$57,343,285</u>	<u>\$15,692,445</u>	<u>\$251,439,551</u>	<u>\$20,139,875</u>	<u>\$15,818,819</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 <sup>(1)</sup>**

December 31, 2013

Page 1 of 1

	Balance As of 01/01/13	Additions	Deletions	Balance As of 12/31/13
General Government				
City Council / Manager / Clerks	\$1,191,085	\$0	\$0	\$1,191,085
Finance (Finance, Info Sys, Utility Svs)	2,035,776	250,805	(10,505)	2,276,076
Human Resources	8,239	0	0	8,239
Legal	20,305	0	0	20,305
Municipal Court	64,576	0	0	64,576
Codes / Planning / City Hall	2,925,801	44,896	0	2,970,697
Engineering	44,732	0	0	44,732
Miscellaneous General Government	1,873,372	0	0	1,873,372
Total General Government	\$8,163,886	\$295,701	(\$10,505)	\$8,449,082
Public Safety				
Fire	\$14,422,312	\$449,591	(\$270,851)	\$14,601,052
Police	17,459,330	7,274,372	(1,719,561)	23,014,141
Total Public Safety	\$31,881,642	\$7,723,963	(\$1,990,412)	\$37,615,193
Physical Environment				
LID Construction	\$1,614	\$0	(\$1,614)	\$0
Cemetery	754,249	0	0	754,249
Total Physical Environment	\$755,863	\$0	(\$1,614)	\$754,249
Transportation				
Streets	\$148,094,232	\$247,394	\$0	\$148,341,626
Arterial Street	96,407,810	14,325,376	(2,871)	110,730,315
Transportation (Trolley)	1,049,397	959	0	1,050,356
Total Transportation	\$245,551,439	\$14,573,729	(\$2,871)	\$260,122,297
Economic Environment				
Senior Citizen Center	\$3,500,000	\$0	\$0	\$3,500,000
Community Development	1,877,656	796,503	0	2,674,159
Central Business District	12,919,594	0	0	12,919,594
Total Economic Environment	\$18,297,250	\$796,503	\$0	\$19,093,753
Culture and Recreation				
Bicentennial Pavilion (Orig Conv Ctr)	\$9,309,775	\$0	\$0	\$9,309,775
Parks and Recreation	17,056,290	256,521	0	17,312,811
Southeast Community Center	634,846	0	0	634,846
Capitol Theatre	13,831,717	0	(83)	13,831,634
Cable TV	304,158	316,250	0	620,408
Convention Center	6,638,529	0	0	6,638,529
Gateway - Visitor Center	601,044	0	0	601,044
Total Culture and Recreation	\$48,376,359	\$572,771	(\$83)	\$48,949,047
Total	\$353,026,439	\$23,962,667	(\$2,005,485)	\$374,983,621

(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 position.

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

**SCHEDULE OF CHANGES  
IN GENERAL FIXED ASSETS <sup>(1)</sup>**

December 31, 2013

Page 1 of 1

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Ending Balance</b>
General Capital Assets					
Land	\$14,241,145	\$498,096	(\$189,596)	\$0	\$14,549,645
Buildings	57,102,992	321,550	(81,255)	0	57,343,287
Improvements other than Buildings	13,239,974	319,283	0	2,133,188	15,692,445
Infrastructure	246,957,442	247,394	0	4,234,715	251,439,551
Equipment	13,259,828	4,794,635	(1,730,066)	3,815,477	20,139,874
Construction in Progress	7,582,846	14,601,577	(4,569)	(6,361,036)	15,818,818
Capitalized Leases	642,212	0	0	(642,212)	0
Total General Capital Assets	<u>\$353,026,439</u>	<u>\$20,782,535</u>	<u>(\$2,005,486)</u>	<u>\$3,180,132</u>	<u>\$374,983,620</u>
Investment in General Capital Assets					
1984 Physical Inventory	\$15,920,370	\$0	\$0	\$0	\$15,920,370
Federal Grants	1,988,957	0	0	0	1,988,957
State Grants	551,428	0	0	0	551,428
Interlocal Grants	143,728,214	0	0	0	143,728,214
General Fund	2,262,488	639,149	(10,505)	0	2,891,132
Special Revenue Funds	5,072,730	6,538,171	(2,871)	0	11,608,030
Federal Revenue Sharing	394,765	0	0	0	394,765
General Obligation Bond	27,923,603	0	0	0	27,923,603
Capital Projects	47,372,634	13,290,138	(1,992,110)	0	58,670,662
Grants/GOB/Local Match	100,907,300	0	0	0	100,907,300
Private Contributions	6,903,948	761,415	0	0	7,665,363
Proprietary/Internal Service Funds	0	2,733,796	0	0	2,733,796
Total Invest in General Capital Assets	<u>\$353,026,437</u>	<u>\$23,962,669</u>	<u>(\$2,005,486)</u>	<u>\$0</u>	<u>\$374,983,620</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 position.

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



## ***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 Awards** – 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.

**Notes** – Disclosure of the basis of accounting and any other significant accounting policies used in preparing Schedule 16.

**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 21 Local Government Risk Assumption.** – This schedule is used to report self-insurance or assumption of any insurable risk type (liability, property, health and welfare, unemployment compensation, and workers' compensation).

**SCHEDULE 9**  
**LONG-TERM DEBT**

For the Year Ended December 31, 2013

Page 1 of 5

	<u>ID No.</u>	<u>Purpose</u>	<u>Amount of Issue</u>	<u>Date of Issue</u>	<u>Date of Final Maturity</u>
<b>General Obligation Debt</b>					
Criminal Justice / I-82 (Refunding)	251.15	594.21,595.11	\$4,155,000	06/17/03	12/01/13
Fire (Refunded)	251.15	594.22	2,300,000	09/07/04	12/01/14
Conv Center Expansion (Refunding)	251.15	594.75.65	4,175,000	09/07/04	11/01/19
Conv Center Addition (Refunding)	251.15	594.75.65	4,910,000	05/08/07	05/01/26
Sundome Expansion	251.11	559.20.77	1,430,528	06/17/03	12/01/23
Street Project	251.11	595.30	5,000,000	06/20/13	06/20/18
Parks Capital Projects	251.11	594.76.65	755,000	12/05/05	12/01/15
River Rd Street Project	251.11	59511	1,765,000	05/08/07	05/01/17
Fire Station West Valley	251.11	59422	815,000	05/08/07	05/01/22
Downtown Revitalization Project	251.11	59511.61.63	1,490,000	05/08/07	05/01/22
Fire Ladder Truck	251.11	59422	760,000	08/28/08	12/01/21
Third Ave /Mead Walnut Street Project	251.11	59511	2,190,000	08/28/08	12/01/19
Capitol Theatre Expansion	251.11	59475	7,035,000	08/28/09	12/01/32
Total			\$36,780,528		
<b>Revenue Bonds</b>					
Water Refunding 1998	252.15	59434	\$1,883,951	06/05/08	11/01/18
Wastewater	252.11	59435	17,545,000	12/22/03	11/01/23
Wastewater Refunding 2003 B	252.15	59435	9,400,000	11/01/12	11/01/23
Wastewater	252.11	59435	5,440,000	06/05/08	11/01/27
Irrigation	252.11	59438	5,215,000	09/14/04	09/01/34
Total			\$39,483,951		
<b>Special Assessment Notes</b>					
#1056	263.63	535.10.65	\$218,481	12/17/05	12/17/15
#1057	263.63	535.10.65	346,238	05/01/06	05/01/16
#1058	263.63	535.10.65	200,014	05/01/06	05/01/16
#1060	263.63	535.10.65	398,216	06/01/10	06/01/20
#1061	263.63	535.10.65	497,728	04/01/10	04/01/20
Total			\$1,660,677		

**SCHEDULE 9  
LONG-TERM DEBT**

For the Year Ended December 31, 2013

Page 2 of 5

Beginning Outstanding Balance	Amount Issued	BARS Code for Receipt	Rec Fund #	Amount Redeemed	BARS Code for Redemption	Red Fund #	Ending Outstanding Balance	Nominal Interest Rate
\$500,000	\$0	391.10-BND	283	\$500,000	591.21-710	283	\$0	4.35-5.25%
560,000	0	391.10-BND	284	275,000	591.22-710	284	285,000	2.0 -3.5%
2,500,000	0	391.10-BND	370	330,000	591.75-710	287	2,170,000	2.0 -4.2%
4,855,000	0	391.10-BND	272	260,000	591.75-710	272	4,595,000	4.0-5.0%
841,653	0	391.10-BND	392	98,534	59175-710	281	743,119	2.34-4.72%
0	5,000,000	391.10-BND	142	145,041	591.42-710	281	4,854,959	1.67%
260,000	0	391.10-BND	331	85,000	59176-710	281	175,000	4.0-4.5%
980,000	0	391.10-BND	142	180,000	591.42-710	281	800,000	4.0-5.0%
600,000	0	391.10-BND	332	50,000	591.22-710	281	550,000	4.0-5.0%
1,090,000	0	391.10-BND	321	90,000	591.42-710	281	1,000,000	4.0-4.5%
555,000	0	391.10-BND	332	55,000	591.22-710	281	500,000	3.25-4.0%
1,455,000	0	391.10-BND	142	185,000	591.42-710	281	1,270,000	3.25-4.0%
6,305,000	0	391.10-BND	322	195,000	591.42-710	272	6,110,000	3.0-6.60%
<u>\$20,501,653</u>	<u>\$5,000,000</u>			<u>\$2,448,575</u>			<u>\$23,053,078</u>	
\$1,210,000	\$0	39110-BND	477	\$180,000	582.34-720	486	\$1,030,000	4.00-5.0%
1,060,000	0	39110-BND	478	805,000	582.35-720	493	255,000	2.0-5.0%
9,355,000	0	39110-BND	478	0	582.35-720	493	9,355,000	2.0-4.0%
4,555,000	0	39110-BND	478	225,000	582.35-720	488	4,330,000	4.00-5.0%
4,345,000	0	39110-BND	479	125,000	582.38-720	491	4,220,000	2.0-4.8%
<u>\$20,525,000</u>	<u>\$0</u>			<u>\$1,335,000</u>			<u>\$19,190,000</u>	
\$26,500	\$0	39170-770	345	\$14,000	59135-770	289	\$12,500	8.75%
58,000	0	39170-770	345	32,200	59135-770	289	25,800	8.75%
47,000	0	39170-770	345	24,000	59135-770	289	23,000	8.75%
121,000	0	39170-770	345	22,000	59135-770	289	99,000	5.50%
322,500	0	39170-770	345	54,000	59135-770	289	268,500	5.50%
<u>\$575,000</u>	<u>\$0</u>			<u>\$146,200</u>			<u>\$428,800</u>	

**SCHEDULE 9  
LONG-TERM DEBT**

For the Year Ended December 31, 2013

Page 3 of 5

	<u>ID No.</u>	<u>Purpose</u>	<u>Amount of Issue</u>	<u>Date of Issue</u>	<u>Date of Final Maturity</u>
<b>Intergovernment Loans</b>					
(Public Works Trust And State Revolving Fund)					
PW-5-93-280-054	263.82	594.35.65	\$3,221,708	06/01/93	07/01/13
PW-5-94-784-049	263.82	594.35.64	1,220,900	05/16/94	07/01/14
PW-5-95-791-052	263.81	595.30.65	1,000,000	06/14/95	07/01/15
PW-5-95-791-053	263.82	594.35.64	3,030,558	08/07/95	07/01/15
PW-5-95-791-054	263.82	594.35.64	188,430	06/14/95	07/01/15
PW-01-691-071	263.82	594.35.65	1,466,250	06/01/01	07/01/21
PW-03-027	263.82	594.34.65	2,694,000	09/01/03	07/01/23
PW-05-691-064	263.82	594.35.65	2,307,000	12/30/05	07/01/25
PW-07-962-019	263.82	594.35.65	2,300,000	04/30/07	07/07/27
SRF-04-65104-037	263.82	594.34.65	966,772	06/27/05	10/01/25
PC08-951-051	263.82	594.34.65	2,257,200	04/15/09	07/01/28
PC08-951-052	263.81	595.50.65	3,000,000	08/14/09	07/01/28
L1000030-0	263.81	594.35.65	1,214,000	05/06/10	06/01/30
L1100008	263.82	594.35-65	503,538	10/20/11	03/31/33
L1200019	263.82	594.35.65	3,054,264	03/26/13	03/31/33
DM11-952-038	263.82	594.34-65	3,514,800	12/12/13	10/01/35
PC12-951-065	263.82	594.35.65	5,000,000	06/01/12	06/01/32
PC13-961-059	263.82	594.35.65	2,000,000	10/11/12	06/01/32
PC13-961-074	263.82	594.34.65	5,000,000	08/05/13	07/01/33
CERB Loan #C95-107	263.81	594.50.65	425,448	08/21/95	07/01/16
Total			<u>\$44,364,868</u>		
<b>Due To Other Governmental Units</b>					
Yakima County	263.82		\$214,000	06/01/08	06/01/13
Yakima County	263.82		500,000	09/26/11	06/01/13
Total			<u>\$714,000</u>		
<b>Lease Purchase Agreements</b>					
Telephone System Upgrade	263.53	594.28.66	\$98,288	10/01/10	09/30/13
#1223521 - Printer/Copier	263.53	594.18.66	51,000	01/01/10	12/31/14
#0857-1-1 Two Fire Apparatus	263.96	594.22.66	600,000	03/15/11	12/01/20
#0857-2-1 Fire Apparatus	263.96	594.22.66	310,414	12/01/13	06/01/23
#0857-4-1 74 Police Cars/70 Airpacs	263.96	594.21.66	4,632,793	12/01/13	06/01/19
Total			<u>\$5,692,495</u>		
Grand Total			<u><u>\$128,696,519</u></u>		



**SCHEDULE 9**  
**LONG-TERM DEBT**

For the Year Ended December 31, 2013

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Beginning Outstanding Balance	Amount Issued	BARS Code for Receipt	Rec Fund #	Amount Redeemed	BARS Code for Redemption	Red Fund #	Ending Outstanding Balance	Nominal Interest Rate
\$170,505	\$0	39180-DCD	478	\$170,505	58235-78P	473	\$0	1%
81,798	0	39180-DCD	476	40,899	58235-78P	473	40,899	1%
159,752	0	39180-DCD		53,251	59142-780	142	106,501	1%
490,123	0	39180-DCD	478	163,375	58235-78P	473	326,748	1%
35,056	0	39180-DCD	476	11,685	58235-78P	473	23,371	1%
698,625	0	39180-DCD	476/477	77,625	58235-78P	473	621,000	0.5%
1,481,975	0	39180-DCD	477	134,725	58234-78P	474	1,347,250	0.5%
1,615,195	0	39180-DCD	476	124,246	58235-78P	473	1,490,949	0.5%
1,820,833	0	39180-DCD	478	121,389	58235-78P	473	1,699,444	0.5%
602,371	0	39180-DCD	477	47,073	58234-78P	474	555,298	0.5%
1,938,381	0	39180-DCD	477	121,149	58234-78P	474	1,817,232	0.5%
2,470,175	0	39180-DCD	392	154,386	59142-780	342	2,315,789	0.5%
982,696	0	39180-DCD	392	0	58231-780	342	982,696	2.9%
481,022	22,536	39180-SRF	478	0	58231-780	473	503,558	2.8%
0	421,132	39180-SRF	478	0	58231-780	473	421,132	2.6%
0	1,095,393	39180-DCD	477	0	58234-780	474	1,095,393	1.5%
1,968,869	3,031,131	39180-PWL	478	156,575	58231-780	473	4,843,425	0.5%
635,824	1,364,176	39180-PWL	476	0	58231-780	473	2,000,000	0.5%
0	4,282,198	39180-PWL	477	0	58234-78P	474	4,282,198	0.5%
124,787	0	39180-DCD		28,738	59119-780	000	96,049	
<u>\$15,757,987</u>	<u>\$10,216,566</u>			<u>\$1,405,621</u>			<u>\$24,568,932</u>	
\$45,902	\$0	39180-COU	142	\$45,902	59142-780	142	\$0	3.75%
254,788	0	39180-COU	323	254,788	59142-780	142	0	2.44%
<u>\$300,690</u>	<u>\$0</u>			<u>\$300,690</u>			<u>\$0</u>	
\$25,734	\$0	39150-CLF	151	\$25,734	59118-750	000	\$0	4.17%
21,892	0	39150-CLF	000	11,745	59118-750	000	10,147	4.85%
472,526	0	39190-COP	332	52,115	59122-750	332	420,411	3.02%
0	310,414	39190-COP	332	0	59122-750	332	310,414	3.02%
0	4,632,793	39190-COP	333	0	59122-750	333	4,632,793	3.02%
<u>\$520,152</u>	<u>\$4,943,207</u>			<u>\$89,594</u>			<u>\$5,373,765</u>	
<u><u>\$58,180,482</u></u>	<u><u>\$20,159,773</u></u>			<u><u>\$5,725,680</u></u>			<u><u>\$72,614,575</u></u>	

**SCHEDULE 9**  
**LONG-TERM DEBT**

For the Year Ended December 31, 2013

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**

For the Year Ended December 31, 2013

Page 1 of 1

Total Taxable Property Value - \$5,494,497,093

		<u>Remaining Debt Capacity</u>
2.50% ( \$137,362,427 ) General Purposes Limit is Allocated Between:		
Up to 1.5% Debt without a Vote (Councilmanic)	\$82,417,456	
Less : Outstanding Debt	35,499,008	
Less: Contracts Payable	5,373,765	
Less: Excess of Debt with a Vote	0	
Add: Available Assets	10,456,963	
Equals: Remaining Debt Capacity without a Vote		\$52,001,646
1% General Purposes Debt <b>with</b> a Vote	\$54,944,971	
Less : Outstanding Debt	285,000	
Less: Contracts Payable	0	
Add: Available Assets	197,484	
Equals: Remaining Debt Capacity with a Vote		\$54,857,455
2.5% Utility purpose limit, voted	\$137,362,427	
Less : Outstanding Debt	0	
Less: Contracts Payable	0	
Add: Available Assets	0	
Equals: Remaining Debt Capacity - Utility Purpose, Voted		\$137,362,427
2.5% Open Space, Park and Capital Facilities, Voted	\$137,362,427	
Less : Outstanding Debt	0	
Less: Contracts Payable	0	
Add: Available Assets	0	
Equals: Remaining Debt Capacity - Open Space, Park and Capital Facilities, Voted		<u>\$137,362,427</u>

**SCHEDULE 16**  
**EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2013

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 Agriculture					
Child & Adult Care Food Program	10.558	39141326	\$7,561		-
Passed-through Washington Office of Superintendent of Public Instruction					
U. S. Department of Housing & Urban Development					
Community Development Block Grant	14.218	B 12-MC-53-0008		\$306,961	6
Community Development Block Grant	14.218	B 11-MC-53-0008		924,437	6
Community Development Block Grant	14.218	CDBG Program Income		93,579	3
Sub-Total CFDA 14.218				1,324,977	
Home Investment Partnerships Program	14.239	M12-MC53-0203		49,665	-
Home Investment Partnerships Program	14.239	M11-MC53-0203		167,232	-
Home Investment Partnerships Program	14.239	Home Program Income		276,022	3
Sub-Total CFDA 14.239				492,919	
Passed-through Washington State Dept of Commerce					
CDBG Neighborhood Stabilization Program	14.228	08-F6401-027	685		
Total Department of Housing and Urban Development			685	1,817,896	
U. S. Department of the Interior					
Passed-through Dept of Archeology & Historic Pres.	15.904	39141326	2,464		-
U. S. Department of Justice					
Gang Resistance & Intervention Program	16.548		6,000		-
Passed-through Yakima County					
Public Safety Partnership & Community Policing Grants	16.710	2010-CKWX0186		186,727	-
ARRA Public Safety Partnership & Community Policing	16.710	2009RKWX0902		283,702	7
Sub-Total CFDA 16.710				470,429	
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-0195		63,203	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2012-DJ-BX-0341		29,018	6
Sub-Total CFDA 16.738				92,221	
Total U.S. Department of Justice			6,000	562,650	
U. S. Department of Transportation					
Federal Aviation Administration	20.106	AIP 32		72,576	-
Federal Aviation Administration	20.106	AIP 33		197,309	-
Federal Aviation Administration	20.106	AIP 34		374	-
Federal Aviation Administration	20.106	AIP 35		24,175	-
Federal Aviation Administration	20.106	AIP 36		1,440	-
Sub-Total CFDA 20.106				295,874	

**SCHEDULE 16**  
**EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2013

Page 2 of 2

Grantor / Pass-Through Grantor Program Title	CFDA No.	Other I.D. Number	From Pass- Through Awards	From Direct Awards	Note
Federal Transit - Formula Grant	20.507	WA-90X508-00		2,330,481	-
Job Access - Reverse Commute	20.516	GCA6232	5,207		-
Highway Planning & Construction - CFDA 20.205					
Railroad Grade Separation	20.205	STPX-000S (062)	5,531,255		2
Fair Ave / Nob Hill	20.205	STPUS-4566 (007)	3,395		2
Yakima Valley Transportation	20.205	STPE-1485 (019)	810		
Powerhouse/WOD Trail	20.205	STPE-1485 (023)	220,306		
Citywide Safety	20.205		16,652		2
Lincoln Corridor Safety	20.205		8,722		2
64th Ave Roadway Widening	20.205	STPUS-4591 (002)	74,090		2
N. 1st St. Revitalization	20.205	STPUS-4579 (011)	18,036		2
Transit CMAQ Sunday Demo	20.205	WA-95-X076	157,645		-
Sub-Total CFDA 20.205			6,030,911	0	
Total U.S. Department of Transportation			6,036,118	2,626,355	
Environmental Protection Agency					
Passed-through Washington State Dept of Transportation					
Water Pollution Control Revolving Fund	66.458	LI200019	153,262		4b
U. S. Department of Health and Human Services					
Passed-through Yakima County					
Special Programs for the Aging / Disease Prevention	93.043	0969-54703	314		-
Special Programs for the Aging / Disease Prevention	93.043	0969-54703	29,523		-
Sub-Total CFDA 93.043			29,837		
Special Programs for the Aging / Grants for Sup Svcs	93.044	0969-54703	10,637		-
Total U.S. Department Health Passed-through			40,474		
Homeland Security					
Passed-through Yakima County - Emergency Management					
Homeland Security Grant	97.067		18,764		-
Total Homeland Security			\$6,265,328	\$5,006,901	
Total Federal Assistance Direct & Pass-Through Awards			\$11,272,229		

**SCHEDULE 16**  
**EXPENDITURES OF STATE AWARDS**

For the Year Ended December 31, 2013

Page 1 of 1

<b>Grantor/ Pass-Through Grantor Program Title</b>	<b>BARS Account No.</b>	<b>Other Identification Information</b>	<b>Current Year Expenditures</b>
State Assistance			
Washington State Department of Transportation (WSDOT)			
Transit Operating Grant	334069		\$112,984
Washington State Transportation Improvement Board			
Nob Hill 49th - 64th	334038	Project 2272	713,370
RR Grade	334038	Project 1818	1,731,945
Subtotal			<u>2,445,315</u>
Freight Mobility Strategic Investment Board			
River Road Improvements	334039	Project 2314	639,000
MLK RR Grade		Project 1818	1,785,920
Subtotal			<u>2,424,920</u>
Washington State Department of Ecology			
Grant Agreement #G1100273	334031	Project 2348	45,137
Shoreline Master Program Grant	334031		52,358
UIC Retrofit Project Grant	334031	Project 2313	59,318
Subtotal			<u>156,813</u>
Washington State Department of Social and Health Services			
State Respite	334046		16,313
Pre-hospital (Emergency Mgmt)	334046		1,208
Gang Resistance & Intervention Project	334046		16,500
Subtotal			<u>34,021</u>
Washington State Office of Public Defense			
Indigent Defense Cities Grant	334012		156,600
Washington Traffic Safety Commission			
Police Overtime and Equipment	334035		50,506
Total State Assistance			<u>\$5,381,159</u>

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

For the Year Ended December 31, 2013

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 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

- a) In 2003, the City of Yakima was authorized to administer a Section 108 Loan program. There were no new loans in 2013. 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.
- b) The City of Yakima was approved by the EPA and the State Department of Ecology to receive a loan totaling \$3,054,264 at 2.6% interest and a forgivable principal (grant) amount of \$697,150 to fund capital improvement projects at the City's Wastewater Treatment Plant. The amount listed for this loan includes the proceeds used during the year.

## Note 5 - Noncash Awards

Not Applicable

## Note 6 - Amount Paid to Subrecipients

The City of Yakima paid the following amounts to subrecipients:

CDBG-14.218	\$75,000
JAG-16.738	\$24,187

## Note 7 - American Recovery and Reinvestment Act (ARRA)

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, 2013

Page 1 of 1

1. Total current public works construction budget as amended (annual or biennial as applicable)	\$52,503,105
2. Total allowable public works (10 percent of line 1)	5,250,311
3. Less: Amount (if any) in excess of permitted amount from prior year	0
4. Total allowable public works (line 2 minus line 3)	<u>5,250,311</u>
5. Total public works projects performed by public employees during the current year (including work performed by a county)	101,843
6. If this is the second year of a biennial budget, total public works performed by public employees during the prior year	0
7. Restricted (over) under allowable (line 4 minus line 5 minus line 6)	<u>\$5,148,468</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, 2013

Page 1 of 2

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Name Of Firm:

Menke Jackson Beyer Elofson Ehliis & Harper, LLP

Name of Consultant:

A. Menke/K. Harper

Business Address:

807 North 39th Avenue  
Yakima, Washington 98901

Amount Paid To Consultant During Fiscal Year:

\$17,514.52

Terms And Conditions, As Applicable, Including:

Rates (E.G., Hourly, ETC.):

\$80 to \$150 an hour plus reimbursable cost (long distance, postage and copy charges)

Maximum Compensation Allowed:

None

Duration of Services:

On Going

Services Provided:

Labor negotiations and arbitration for Police, Fire and AFSCME.

***SCHEDULE 19***  
***LABOR RELATIONS CONSULTANTS***

For the Year Ended December 31, 2013

Page 2 of 2

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Name Of Firm:

Summit Law Group

Name of Consultant:

S. Mabee

Business Address:

315 Fifth Avenue South, Suite 1000  
Seattle WA 98104-2682

Amount Paid To Consultant During Fiscal Year:

\$338.00

Terms And Conditions, As Applicable, Including:

Rates (E.G., Hourly, ETC.):

\$260 an hour plus reimbursable cost (long distance, postage and copy charges)

Maximum Compensation Allowed:

None

Duration of Services:

On Going

Services Provided:

Labor arbitration for AFSCME.

**SCHEDULE 21**  
**LOCAL GOVERNMENT RISK ASSUMPTION**

For the Year Ended December 31, 2013

Page 1 of 1

Program Manager:  
Cindy Epperson

Phone:  
(509) 576-6771

Business Address:  
129 N. 2nd Street  
Yakima, Washington 98901

Email:  
cindy.epperson@yakimawa.gov

Which class of risk does the entity self-insure? Check all that apply

- ☐ Liability
- ☐ Property
- ☒ Health & Welfare (medical, vision, dental, prescription)
- Third Party Administrator:  
EBMS - 2075 Overland Ave/P.O. Box 21367, Billings MT 59104
- ☒ Unemployment Compensation (except when using the state program regardless if using tax or reimbursement method)
- Third Party Administrator:  
TALX Corporation / Equifax Workforce Solutions, 11432 Lackland Road, St. Louis MO 63146
- ☒ Workers Compensation (except when using the state program)
- Third Party Administrator:  
Intermountain Claims - P.O. Box 4367, Boise ID 83711, (208) 323-7571
- ☐ Other - please describe: \_\_\_\_\_

Yes No

- ☒ ☐ Does the local government self-insure as an individual program?
- ☒ ☐ If yes, does the local government allow another separate legal entity into its self-insurance program(s)?  
(for example, employees of a different organization participate in a health and welfare program of a city)  
If yes, list the other member(s): Yakima Air Terminal (Joint Venture)
- ☐ ☒ Does the local government administer its own claims?
- ☒ ☐ Does the local government contract with a third party administrator for claims administration?
- ☒ ☐ Did the local government receive a claims audit in the last three years, regardless of who administered the claims?
- ☒ ☐ Were the program's revenues sufficient to cover the program's expenses?
- ☐ ☒ Did the program use an actuary to determine its liabilities?

Risk Type	----- Current Period -----		
	# of Claims Received	# of Claims Paid	Total \$'s Paid
Healthcare	29,560	29,560	\$9,098,133
Unemployment	76	62	\$112,914
Workers Compensation	72	132	\$600,191

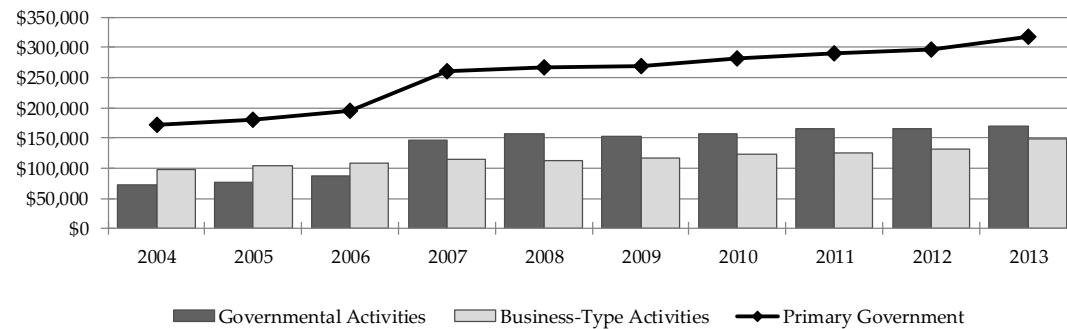


**NET POSITION BY COMPONENT****LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 1

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$60,441	\$63,513	\$72,842	\$121,925	\$130,196	\$128,071	\$137,521	\$147,349	\$149,222	\$155,430
Restricted	4,831	4,792	4,238	10,991	9,804	9,286	9,350	18,624	18,548	21,768
Unrestricted	8,060	8,951	9,668	14,327	16,073	14,928	10,545	(921)	(2,528)	(7,268)
<b>Total Governmental Activities Net Position</b>	<b>\$73,332</b>	<b>\$77,256</b>	<b>\$86,748</b>	<b>\$147,243</b>	<b>\$156,073</b>	<b>\$152,285</b>	<b>\$157,416</b>	<b>\$165,052</b>	<b>\$165,242</b>	<b>\$169,930</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$84,227	\$86,609	\$89,124	\$90,617	\$86,560	\$98,161	\$101,913	\$105,681	\$109,844	\$126,846
Restricted	2,665	2,701	2,705	2,722	2,362	2,366	2,370	2,372	1,757	1,761
Unrestricted	11,250	14,613	17,156	20,771	22,963	15,449	19,461	17,690	19,984	20,151
<b>Total Business-Type Activities Net Position</b>	<b>\$98,142</b>	<b>\$103,923</b>	<b>\$108,985</b>	<b>\$114,110</b>	<b>\$111,885</b>	<b>\$115,976</b>	<b>\$123,744</b>	<b>\$125,743</b>	<b>\$131,585</b>	<b>\$148,758</b>
<b>Primary Government</b>										
Invested in Capital Assets, Net of Related Debt	\$144,668	\$150,122	\$161,966	\$212,542	\$216,756	\$226,232	\$239,434	\$253,030	\$259,066	\$282,276
Restricted	7,496	7,493	6,943	13,713	12,166	11,652	11,720	20,996	20,305	23,529
Unrestricted	19,310	23,564	26,824	35,098	39,036	30,377	30,006	16,769	17,456	12,883
<b>Total Primary Government Net Position</b>	<b>\$171,474</b>	<b>\$181,179</b>	<b>\$195,733</b>	<b>\$261,353</b>	<b>\$267,958</b>	<b>\$268,261</b>	<b>\$281,160</b>	<b>\$290,795</b>	<b>\$296,827</b>	<b>\$318,688</b>



NOTES: 2007 was the first year of accounting for the universe of infrastructure.

**CHANGE IN NET POSITION****LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 3

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
General Government	\$7,147	\$7,381	\$7,336	\$7,867	\$8,145	\$8,656	\$8,512	\$8,814	\$8,668	\$8,744
Security of Persons and Property	28,391	30,222	32,059	33,706	36,959	40,009	40,088	40,614	42,996	47,682
Physical Environment	1,176	1,232	1,339	872	1,355	1,190	828	670	658	794
Transportation	5,584	5,962	6,821	11,516	11,213	11,109	11,604	10,693	11,530	13,075
Economic Environment	3,422	3,747	3,937	4,007	4,146	4,821	5,670	4,840	3,950	4,407
Mental and Physical Health	17	43	17	20	19	86	87	22	24	18
Cultural & Recreational Environment	7,066	7,601	7,819	6,807	7,156	7,021	7,471	7,859	7,522	8,205
Interest on Long Term Debt	850	809	815	871	863	1,004	1,217	1,160	1,122	1,175
Total Governmental Activities Expenses	53,653	56,997	60,143	65,666	69,856	73,896	75,477	74,672	76,470	84,100
Business-Type Activities										
Transit	5,526	6,282	6,769	7,317	8,323	7,929	8,365	8,564	9,085	8,806
Refuse	0	0	0	0	0	0	0	0	0	1,407
Wastewater	2,751	3,154	3,176	3,521	3,971	4,218	4,362	4,472	4,679	4,808
Water	11,565	11,173	11,545	11,794	12,167	12,297	12,813	13,972	13,634	14,255
Irrigation	4,586	4,921	5,044	5,395	5,520	5,748	5,654	5,546	5,834	6,368
Stormwater	1,220	1,645	1,572	1,568	1,695	1,733	1,811	1,884	1,891	2,071
Stormwater	0	0	0	0	583	1,028	1,240	1,317	1,318	1,322
Total Business-Type Activities Expenses	25,648	27,175	28,106	29,595	32,259	32,953	34,245	35,755	36,441	39,037
Total Expenses	<u>\$79,301</u>	<u>\$84,172</u>	<u>\$88,249</u>	<u>\$95,261</u>	<u>\$102,115</u>	<u>\$106,849</u>	<u>\$109,722</u>	<u>\$110,427</u>	<u>\$112,911</u>	<u>\$123,137</u>

**CHANGE IN NET POSITION****LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 2 of 3

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$196	\$156	\$170	\$145	\$19	\$12	\$4	(\$2)	\$9	\$32
Security of Persons and Property	1,746	1,561	1,389	1,625	1,823	2,539	2,183	2,088	2,385	2,075
Physical Environment	605	875	1,101	901	980	649	1,544	768	735	619
Transportation	130	84	64	261	161	59	259	225	232	245
Economic Environment	1,146	1,059	1,259	2,072	1,664	1,673	1,719	2,258	1,231	1,520
Cultural & Recreational Environment	1,565	1,533	1,744	1,922	2,037	2,070	2,100	2,216	2,122	2,618
Operating Grants and Contributions	4,542	5,134	5,235	4,640	5,488	6,378	7,981	10,507	10,848	10,093
Capital Grants and Contributions	9,311	3,921	9,301	14,595	4,961	5,090	15,490	14,991	4,883	12,819
Total Government Activities	19,241	14,323	20,263	26,161	17,133	18,470	31,280	33,051	22,445	30,021
Business-Type Activities										
Charges for Services										
Transit	422	450	484	578	1,234	931	935	1,015	1,047	1,252
Refuse	0	0	0	0	0	0	0	0	0	931
Wastewater	3,335	3,508	3,861	3,952	4,244	4,655	4,880	4,770	5,430	5,440
Water	14,691	14,125	14,614	14,433	14,898	15,941	16,442	15,466	18,703	19,154
Irrigation	5,208	5,381	6,158	6,360	6,394	7,097	7,058	6,887	8,599	8,126
Stormwater	2,479	2,435	2,449	2,486	2,563	2,646	2,711	2,718	2,901	2,986
Operating Grants and Contributions	0	0	0	0	1,065	1,707	1,976	2,170	2,183	2,142
Operating Grants and Contributions	1,803	3,103	2,801	2,386	2,102	2,019	2,410	2,911	2,713	2,703
Capital Grants and Contributions	2,053	2,387	1,912	2,789	3,345	1,659	4,993	1,646	2,118	1,761
Total Business-Type Activities	29,991	31,389	32,279	32,984	35,845	36,655	41,405	37,583	43,694	44,495
Total Program Revenues	\$49,232	\$45,712	\$52,542	\$59,145	\$52,978	\$55,125	\$72,685	\$70,634	\$66,139	\$74,516
Net Expense/Revenue										
Governmental Activities	(\$34,412)	(\$42,674)	(\$39,880)	(\$39,505)	(\$52,723)	(\$55,426)	(\$44,197)	(\$41,621)	(\$54,025)	(\$54,079)
Business-Type Activities	4,343	4,214	4,173	3,389	3,586	3,702	7,160	1,828	7,253	5,458
Total Net Expense	(\$30,069)	(\$38,460)	(\$35,707)	(\$36,116)	(\$49,137)	(\$51,724)	(\$37,037)	(\$39,793)	(\$46,772)	(\$48,621)

**CHANGE IN NET POSITION****LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 3 of 3

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Rev. & Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes	\$12,199	\$12,435	\$13,265	\$13,071	\$13,782	\$14,261	\$14,535	\$15,126	\$15,565	\$15,989
Sales and Use Taxes	14,055	15,690	17,113	18,393	18,990	17,810	17,920	18,346	19,599	21,306
Franchise and Utility Taxes	7,763	8,302	9,045	9,025	9,584	10,293	9,959	9,675	9,798	10,084
Excise Tax	2,612	3,213	3,081	3,469	2,839	2,412	2,281	2,234	2,656	2,205
Penalties and Interest	2	1	11	10	3	5	1	1	0	0
State Entitlements	2,774	2,953	3,497	3,790	3,614	3,739	3,589	0	0	0
Unrestricted Investment Interest	415	735	695	913	863	556	403	272	309	101
Miscellaneous	41	57	137	(38)	147	101	(64)	33	42	40
Gain on Sale of Capital Assets	(1,012)	257	(695)	(553)	135	85	(922)	(148)	73	2,182
Intergovernmental Agreements	0	0	(39)	0	0	0	0	0	0	0
Transfers	2,797	2,950	3,084	2,624	3,664	4,188	3,927	3,718	6,172	6,372
Debt Issue Cost	0	4	0	0	(3)	(31)	0	0	0	489
Acctg Loss on Gen Oblig of Debt Ref	(474)	0	140	0	0	0	0	0	0	0
Total Government Activities	41,172	46,597	49,334	50,704	53,615	53,419	51,629	49,257	54,214	58,768
Business-Type Activities										
Sales and Use Taxes	4,138	4,234	4,511	4,789	4,828	4,490	4,485	4,449	4,762	5,081
Unrestricted Investment Interest	269	560	656	380	198	100	21	9	11	6
Gain on Sale of Capital Assets	8	(56)	100	(227)	1,286	(1)	(6)	(529)	7	(98)
Transfers	(2,990)	(3,171)	(3,315)	(3,207)	(4,188)	(4,201)	(3,892)	(3,718)	(6,191)	(6,372)
Extraordinary Item	0	0	0	0	0	0	0	0	0	0
Total Business-Type Activities	1,425	1,567	1,952	1,735	2,124	388	608	211	(1,411)	(1,383)
Total Primary Government	\$42,597	\$48,164	\$51,286	\$52,439	\$55,739	\$53,807	\$52,237	\$49,468	\$52,803	\$57,385
Change in Net Position										
Governmental Activities	\$6,760	\$3,923	\$9,454	\$11,199	\$892	(\$2,007)	\$7,432	\$7,636	\$189	\$4,689
Business-Type Activities	5,768	5,781	6,125	5,124	5,710	4,090	7,768	2,039	5,842	4,076
Total Change in Net Position	\$12,528	\$9,704	\$15,579	\$16,323	\$6,602	\$2,083	\$15,200	\$9,675	\$6,031	\$8,765



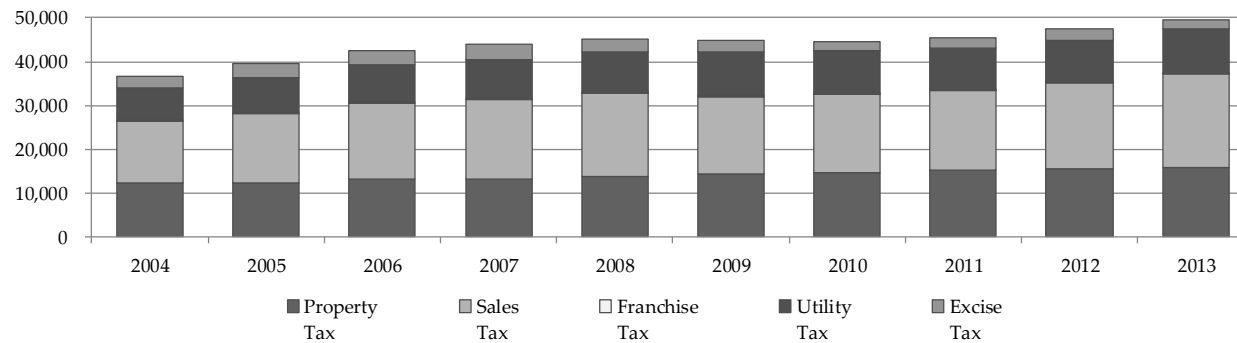
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 1

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Utility Tax</u>	<u>Excise Tax</u>	<u>Total</u>
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
2010	14,535	17,920	45	9,915	2,281	44,696
2011	15,126	18,346	45	9,630	2,235	45,382
2012	15,565	19,599	56	9,742	2,656	47,618
2013	15,989	21,306	57	10,027	2,205	49,584



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

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 1 of 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	\$384	\$278	\$377	\$458	\$464	\$356	\$67	\$44	\$42	\$35
Unassigned	8,467	8,686	9,145	10,034	10,583	8,486	8,643	8,812	9,738	9,692
Total General Fund	8,851	8,964	9,522	10,492	11,047	8,842	8,710	8,856	9,780	9,727
Community Development										
Restricted	1,120	1,016	1,045	2,257	290	377	284	270	193	522
Committed	(813)	(661)	(779)	(1,861)	-	-	-	-	-	-
Total Community Development Fund	307	355	266	396	290	377	284	270	193	522
Cumulative Reserved										
Restricted	8	1	-	-	-	-	3,403	3,309	-	2,838
Committed	464	478	-	-	-	-	-	-	-	-
Total Parks & Recreation fund	472	479	0	0	0	0	3,403	3,309	0	2,838
Streets & Traffic Engineering										
Reserved	346	108	-	-	-	-	-	-	-	-
Unreserved	989	1,233	-	-	-	-	-	-	-	-
Total Streets & Traffic Engineering Fund	1,335	1,341	0	0	0	0	0	0	0	0

**FUND BALANCES OF GOVERNMENTAL FUNDS****LAST TEN FISCAL YEARS**

(Amounts Expressed in Thousands – Accrual Basis of Accounting)

Page 2 of 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
All Other Governmental Funds										
Reserved	2,973	3,389	2,817	2,909	1,685	2,943	-	-	-	-
Unreserved Reported in:										
Special Revenue Funds	3,470	3,874	4,937	5,962	7,096	6,591	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	81	-
Restricted	-	-	-	-	-	-	4,385	4,676	3,731	5,099
Committed	-	-	-	-	-	-	1,137	924	2,025	2,033
Debt Service Funds										
Restricted	-	-	-	-	-	-	544	547	531	423
Committed	-	-	-	-	-	-	31	47	50	53
Assigned	-	-	-	-	-	-	80	86	75	34
Capital Project Funds	2,478	3,288	3,981	6,312	6,039	8,672	-	-	-	-
Restricted	-	-	-	-	-	-	2,475	1,546	4,339	1,742
Committed	-	-	-	-	-	-	0	1,114	1,007	1,392
Assigned	-	-	-	-	-	-	911	743	900	2,371
Permanent Fund										
Nonspendable	-	-	-	-	-	-	592	604	613	623
Total all Other Governmental Funds	8,921	10,551	11,735	15,183	14,820	18,206	10,155	10,287	13,352	13,770
Governmental Funds										
Reserved	4,831	4,792	4,239	5,624	2,439	3,676	-	-	-	-
Nonspendable	-	-	-	-	-	-	659	648	736	658
Restricted	-	-	-	-	-	-	6,706	5,672	8,794	10,624
Committed	-	-	-	-	-	-	1,168	2,085	3,082	3,478
Assigned	-	-	-	-	-	-	991	829	975	2,405
Unassigned	-	-	-	-	-	-	8,643	8,812	9,738	9,692
Unreserved	15,055	16,898	17,284	20,447	23,718	23,749	-	-	-	-
Grand Total Governmental Funds	\$19,886	\$21,690	\$21,523	\$26,071	\$26,157	\$27,425	\$18,167	\$18,046	\$23,325	\$26,857

Fund Balance categories were changed from Reserved and Unreserved to Nonspendable, Restricted, Committed, Assigned and Unassigned starting in 2011.

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

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

Page 1 of 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes and Special Assessments	\$39,490	\$42,557	\$45,601	\$47,061	\$48,427	\$48,256	\$48,273	\$48,744	\$53,685	\$55,839
Licenses and Permits	530	691	741	982	993	712	768	842	892	818
Intergovernmental Revenues	12,797	11,839	17,346	16,756	11,994	14,984	23,795	24,267	13,023	21,366
Charges for Services	5,846	5,596	5,543	6,996	6,536	6,496	7,225	7,935	6,300	7,772
Fines and Forfeits	1,364	1,190	1,309	1,420	1,583	1,632	1,693	1,600	1,542	1,603
Interest	553	870	1,168	1,696	1,407	753	531	380	508	186
Other Revenues	1,201	1,240	1,852	1,647	1,681	1,834	2,156	2,561	3,550	2,400
Total Revenues	61,781	63,983	73,560	76,558	72,621	74,667	84,441	86,329	79,500	89,984
Expenditures										
General Government	9,905	10,090	10,452	10,757	11,367	11,626	11,594	11,886	11,558	12,285
Security of Persons and Property	26,959	28,684	30,929	32,691	34,815	37,907	37,742	37,767	40,725	42,712
Physical Environment	1,707	1,699	1,704	1,675	1,680	1,653	1,496	1,224	1,164	1,190
Transportation	4,204	4,601	5,129	5,129	5,777	5,395	5,713	5,455	5,406	5,724
Economic Environment	3,380	3,681	3,976	3,869	4,144	4,778	5,658	4,854	3,890	4,237
Mental & Physical Health	17	43	18	20	19	86	87	22	24	18
Cultural & Recreational Environment	6,452	6,900	6,951	5,712	6,217	6,062	6,580	6,497	6,390	6,659
Capital Outlay	9,488	5,333	12,153	12,754	8,857	10,642	19,312	17,144	6,743	20,021
Debt Service										
Principal Retirement	1,932	2,130	2,351	2,890	2,552	2,633	2,916	2,753	3,010	3,322
Interest	850	813	822	832	861	979	1,228	1,165	1,131	1,180
Total Expenditures	64,894	63,974	74,485	76,329	76,289	81,761	92,326	88,767	80,041	97,348
Excess (Deficiencies) of Revenues										
Over (Under) Expenditures	(\$3,113)	\$9	(\$925)	\$229	(\$3,668)	(\$7,094)	(\$7,885)	(\$2,438)	(\$541)	(\$7,364)

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

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

Page 2 of 2

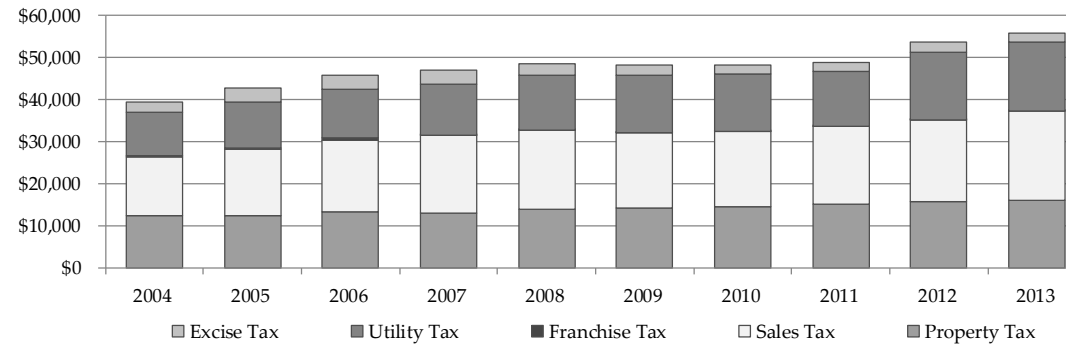
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing Sources (Uses)										
Proceeds from Capital Lease Financing	\$473	\$0	\$0	\$38	\$0	\$0	\$149	\$577	\$0	\$310
Proceeds from L.T. Debt - G.O. Bonds	7	760	0	4,686	2,946	7,004	0	0	0	9,633
Proceeds from Intergovernmental Loans	0	148	50	0	242	600	1,690	1,592	450	0
Other Note Proceeds	0	371	546	0	0	0	864	0	600	0
Premiums on Bonds Sold	0	0	0	0	0	0	0	0	0	488
Transfers In	3,893	3,878	5,049	5,196	5,774	6,139	5,299	4,986	6,220	5,844
Transfers (Out)	(3,954)	(3,845)	(5,050)	(5,664)	(5,338)	(5,426)	(4,949)	(4,631)	(6,115)	(5,727)
Intergovernmental Agreements	0	0	(39)	(81)	(39)	(39)	(97)	(97)	(97)	(92)
Sale of Capital Assets	131	317	109	26	13	10	0	15	6	395
Comp. for Loss of Gen. Capital Assets	54	162	90	129	142	82	47	176	94	53
Total Other Financing Sources (Uses)	604	1,791	755	4,330	3,740	8,370	3,003	2,618	1,158	10,904
Net Change in Fund Balances	<u>(\$2,509)</u>	<u>\$1,800</u>	<u>(\$170)</u>	<u>\$4,559</u>	<u>\$72</u>	<u>\$1,276</u>	<u>(\$4,882)</u>	<u>\$180</u>	<u>\$617</u>	<u>\$3,540</u>
Debt Service as a Percentage of										
Noncapital Expenditures	5.0%	5.0%	5.1%	5.9%	5.1%	5.1%	5.7%	5.5%	5.7%	5.8%

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

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

Page 1 of 1

Source	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Property Tax	\$12,199	\$12,435	\$13,265	\$13,071	\$13,782	\$14,261	\$14,535	\$15,126	\$15,565	\$15,989
Sales Tax	14,055	15,690	17,113	18,393	18,990	17,810	17,920	18,346	19,599	21,306
Franchise Tax	421	427	343	42	40	52	45	45	56	57
Utility Tax	10,200	10,792	11,787	12,076	12,772	13,716	13,492	12,992	15,808	16,282
Excise Tax	2,612	3,213	3,092	3,479	2,843	2,412	2,281	2,235	2,656	2,205
Total	<u>\$39,487</u>	<u>\$42,557</u>	<u>\$45,600</u>	<u>\$47,061</u>	<u>\$48,427</u>	<u>\$48,251</u>	<u>\$48,273</u>	<u>\$48,744</u>	<u>\$53,684</u>	<u>\$55,839</u>

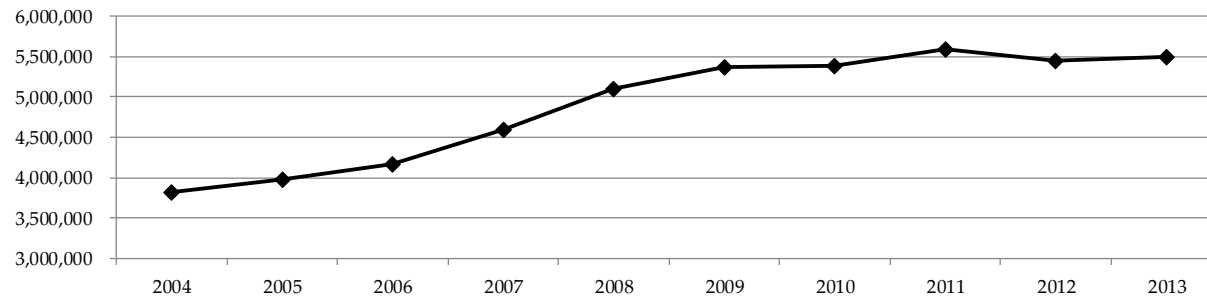


**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

LAST TEN FISCAL YEARS

Page 1 of 1

Fiscal Year	Count	Real Property Assessed Value <sup>(1)</sup>	Personal Property Assessed Value <sup>(1)</sup>	Total Taxable Assessed Value <sup>(1)</sup>	Total Direct Tax Rate <sup>(2)</sup>
2004	29,552	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	4,177,532	409,392	4,586,924	3.1165
2008	32,463	4,674,742	429,574	5,104,316	2.9549
2009	32,762	4,929,779	439,180	5,368,959	2.9392
2010	32,972	4,951,414	427,805	5,379,219	2.9907
2011	32,415	5,154,871	444,407	5,599,278	2.9715
2012	32,539	4,995,574	458,645	5,454,219	3.0559
2013	32,312	5,080,398	414,099	5,494,497	3.0895



Source: Yakima County

(1) Amounts expressed in thousands

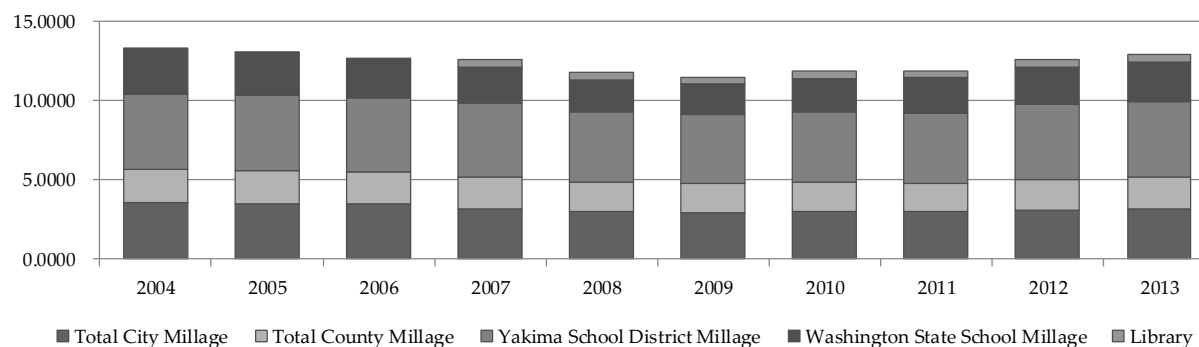
(2) Tax rates are per \$1,000 of assessed value

CITY OF *Yakima***PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS <sup>(1)</sup>**

LAST TEN FISCAL YEARS (RATE/1,000)

Page 1 of 1

Fiscal Year	City of Yakima			Yakima County			Yakima School District			State School Levy	Library <sup>(2)</sup>	Direct & Overlapping Rates
	Operating	Debt Service	Total City	Operating	Debt Service	Total County	Bonds	M&O	Total School			
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	1.8036	0.0630	1.8666	1.6358	2.7405	4.3763	2.0274	0.4619	11.7454
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
2010	2.9348	0.0559	2.9907	1.7994	0.0526	1.8520	1.5805	2.9006	4.4811	2.0918	0.4595	11.8751
2011	2.9185	0.0531	2.9716	1.7716	0.0489	1.8205	1.5335	2.8906	4.4241	2.2086	0.4529	11.8777
2012	3.0559	0.0545	3.1104	1.8511	0.0472	1.8983	1.6640	3.0667	4.7307	2.3983	0.4724	12.6101
2013	3.0895	0.0541	3.1436	2.0655	0.0001	2.0656	1.6607	3.0385	4.6992	2.5116	0.4763	12.8963



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 Yakima 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 PAYER COMPARISON <sup>(1)</sup>**

(Amounts Expressed in Thousands)

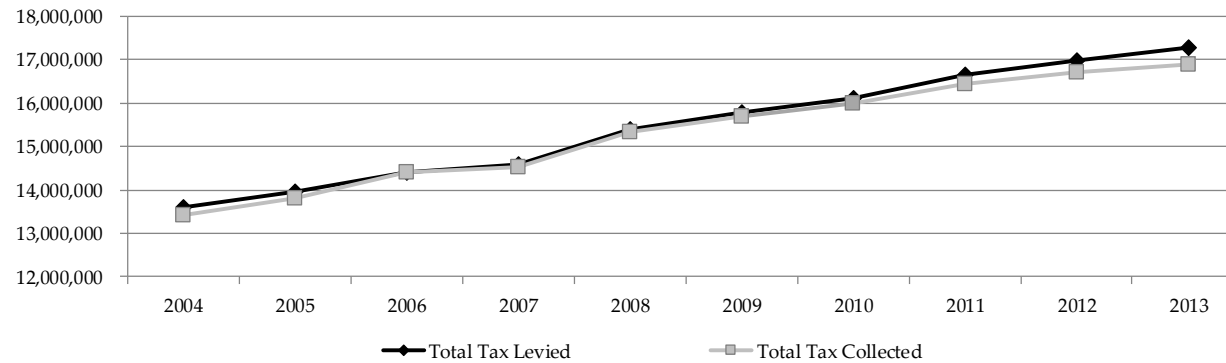
Page 1 of 1

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Yakima HMA Inc.	\$76,397	1	1.40%	\$50,876	2	0.46%
Wal-Mart Stores, Inc	38,630	2	0.71%	426,611	4	0.39%
Shields Bag & Printing	32,499	3	0.60%			
John I Haas	25,779	4	0.47%			
Michelsen Packaging Co	22,852	5	0.42%			
Pacificorp / Pacific Power & Light	22,103	6	0.41%	107,070	1	0.97%
Wide Hollow Development LLC	21,045	7	0.39%			
Cascade Natural Gas Corp.	19,402	8	0.36%			
Castle Creek Apartments	19,278	9	0.35%			
Longview Fibre Paper & Packaging	19,112	10	0.35%			
Zirkle Fruit				46,817	3	0.42%
Qwest Communications				40,533	5	0.37%
Center Oak Properties				36,110	6	0.33%
Sprint / United Telephone				31,619	7	0.29%
Burlington Northern				31,020	8	0.28%
Snokist Growers				30,935	9	0.24%
Washington Fruit & Produce Co.				26,313	10	0.24%
<b>TOTALS</b>	<u>\$297,097</u>		5.45%	<u>\$827,904</u>		3.99%

(1) Yakima County Assessors Office

**PROPERTY TAX LEVIES AND COLLECTIONS**  
LAST TEN FISCAL YEARS

Fiscal Year Ended	Total Levy for the Year	Collected Within the ——— Year of the Levy ———		Collected in Subsequent Years	Total Collection ——— to Date ———	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	13,592,285	13,167,897	96.9%	259,284	13,427,181	98.8%
2005	13,960,632	13,412,195	96.1%	399,708	13,811,903	98.9%
2006	14,399,087	14,047,918	97.6%	350,597	14,398,515	100.0%
2007	14,588,962	14,208,341	97.4%	327,102	14,535,443	99.6%
2008	15,376,850	14,970,413	97.4%	351,516	15,321,929	99.6%
2009	15,776,982	15,270,543	96.8%	405,438	15,675,981	99.4%
2010	16,113,566	15,630,296	97.0%	354,138	15,984,434	99.2%
2011	16,634,342	16,105,108	96.8%	315,834	16,420,942	98.7%
2012	16,960,323	16,493,387	97.2%	211,541	16,704,928	98.5%
2013	17,268,232	16,870,392	97.7%	n/a	16,870,392	97.7%



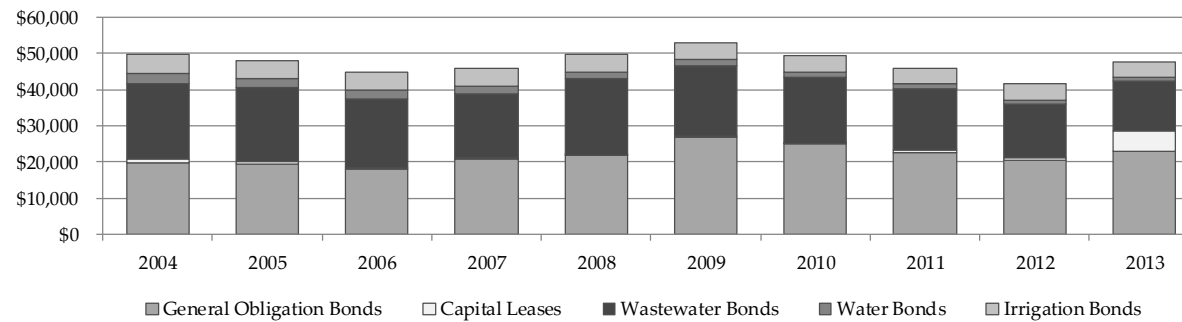
**RATIOS OF OUTSTANDING DEBT BY TYPE**

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands - Except Per Capita Amounts)

Page 1 of 1

Year	— Governmental Activities —		— Business Type Activities —			Total Primary Gov't	Percentage of Income <sup>(1)</sup>	Per Capita
	General Obligation Bonds	Capital Leases	Wastewater Bonds	Water Bonds	Irrigation Bonds			
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	2.64%	547
2008	21,973	72	20,920	2,000	4,805	49,770	3.09%	590
2009	26,979	10	19,580	1,804	4,695	53,068	3.55%	623
2010	24,881	132	18,197	1,598	4,580	49,388	2.61%	542
2011	22,723	614	16,760	1,385	4,465	45,947	2.52%	501
2012	20,502	520	14,970	1,210	4,345	41,547	2.30%	452
2013	23,053	5,374	13,940	1,030	4,220	47,617	N/A	514



Note: Details regarding the city's outstanding debt can be found in the notes of the financial statements.

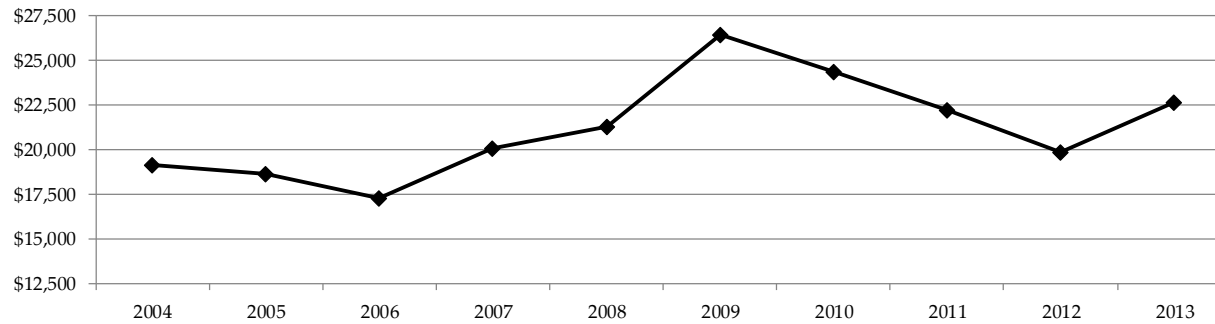
(1) See the Schedule of Demographic and Economic Statistics in this section for personal income and population data.

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

(Amounts Expressed in Thousands - Except Per Capita Amounts)

Page 1 of 1

<b>Year</b>	<b>General Obligation Bonds <sup>(1)</sup></b>	<b>Less: Amount Available in Debt Service Fund <sup>(1)</sup></b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
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%	240
2008	21,973	688	21,285	0.40%	252
2009	26,979	537	26,442	0.49%	312
2010	24,881	548	24,333	0.43%	267
2011	22,723	553	22,170	0.41%	242
2012	20,502	692	19,810	0.36%	215
2013	23,053	431	22,622	4.10%	244



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

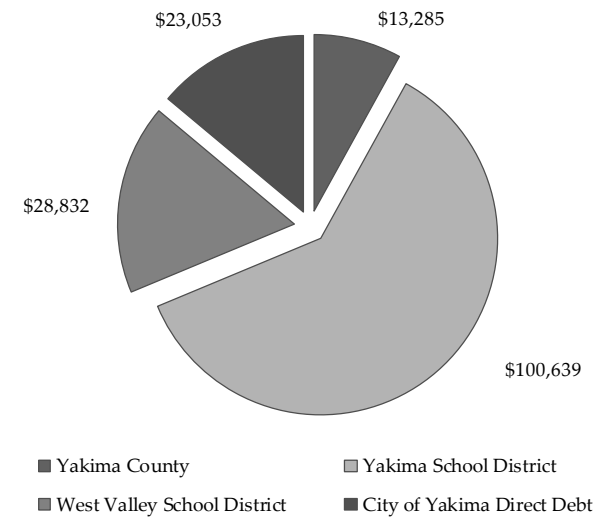
***DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT***

AS OF DECEMBER 31, 2013

(Amounts Expressed in Thousands)

Page 1 of 1

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(1)</sup></u>	<u>Estimated Share of Overlapping Debt <sup>(1)</sup></u>
Debt Repaid with Property Taxes			
Yakima County	\$35,890	37.0%	\$13,285
Yakima School District	106,315	94.7%	100,639
West Valley School District	47,275	61.0%	28,832
Subtotal, Overlapping Debt	\$189,480		\$142,756
City of Yakima Direct Debt			\$23,053
Total Direct and Overlapping Debt			<u>\$165,809</u>



NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Yakima. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Naches School Districts are excluded in the overlapping debt chart due to estimate debt overlap is less than 1% (.31%).

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

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

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

(Amounts Expressed in Thousands)

Page 1 of 1

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$297,876	\$312,729	\$344,019	\$382,824	\$402,672	\$404,191	\$419,945	\$409,066	\$412,087	\$412,087
Total Net Debt Applicable to Limit	20,111	20,493	18,433	20,119	21,220	28,469	27,127	25,768	22,401	30,504
Legal Debt Margin	<u>\$277,765</u>	<u>\$292,236</u>	<u>\$325,586</u>	<u>\$362,705</u>	<u>\$381,452</u>	<u>\$375,722</u>	<u>\$392,818</u>	<u>\$383,298</u>	<u>\$389,686</u>	<u>\$381,583</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.8%	6.6%	5.4%	5.3%	5.3%	7.0%	6.5%	6.3%	5.4%	7.4%

**Legal Debt Margin Calculation for Fiscal Year 2012**

Total Assessed Value	\$5,494,497
Debt Limit (7.5%) of Total Assessed Value	\$412,087
Debt Applicable to Limit:	
General Obligation Bonds & Other Debt	41,158
Less: Amount Set Aside for Future Debt	<u>10,654</u>
Total Net Debt Applicable to Limit	\$30,504
Legal Debt Margin	<u>\$381,583</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%.

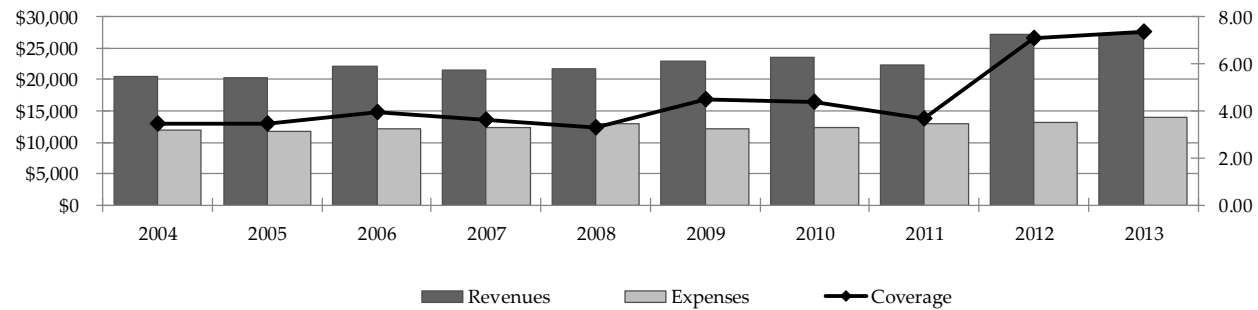
**PLEDGED REVENUE COVERAGE – WATER AND WASTEWATER**

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

Page 1 of 1

Year	Water & Wastewater Operating Revenues	Water & Wastewater Revenue Bonds		Debt Service		Coverage
		Less Operating Expenses	Net Available Revenue	Principal	Interest	
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	1,535	880	4.51
2010	23,500	12,372	11,128	1,590	950	4.38
2011	22,333	13,000	9,333	1,650	893	3.67
2012	27,302	13,110	14,192	1,165	831	7.11
2013	27,279	14,000	13,279	1,210	596	7.35



NOTE: Operating expenses exclude depreciation, amortization and City taxes

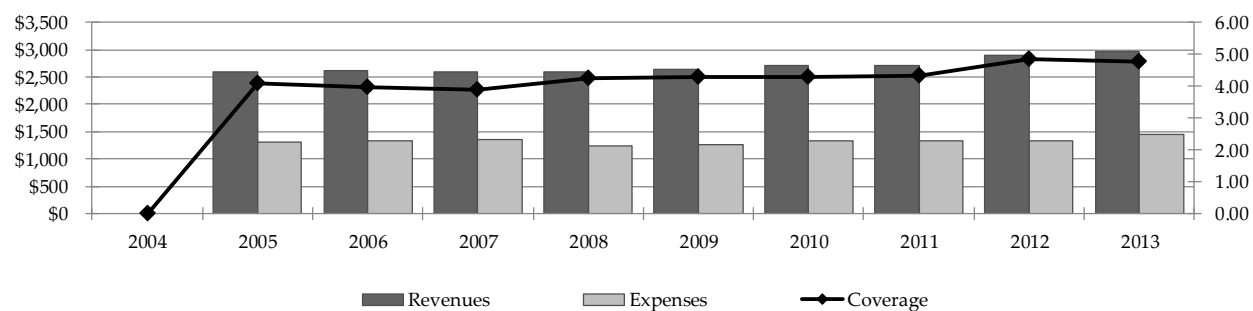
**PLEDGED REVENUE COVERAGE – IRRIGATION**

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

Page 1 of 1

Year	Irrigation Operating Revenues	Irrigation Revenue Bonds		Debt Service		Coverage
		Less Operating Expenses	Net Available Revenue	Principal	Interest	
2004	0	0	0	0	0	N/A
2005	2,591	1,304	1,287	95	219	4.10
2006	2,617	1,333	1,284	105	217	3.99
2007	2,592	1,350	1,242	105	215	3.88
2008	2,593	1,245	1,348	105	213	4.24
2009	2,646	1,268	1,378	110	211	4.29
2010	2,711	1,328	1,383	115	208	4.28
2011	2,714	1,336	1,378	115	204	4.32
2012	2,894	1,337	1,557	120	201	4.85
2013	2,982	1,443	1,539	125	197	4.78



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



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**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 LAST TEN FISCAL YEARS
 

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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (Expressed in Thousands)</b>	<b>Per Capita Personal Income <sup>(1)</sup></b>	<b>Median Age <sup>(1)</sup></b>	<b>Education Level in Years of Formal Schooling <sup>(1)</sup></b>	<b>School Enrollment <sup>(2)</sup></b>	<b>Unempl. Rate <sup>(3)</sup></b>
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	1,734,125	21,874	31.9	12.5	14,660	6.3%
2008	84,300	1,611,918	20,143	34.4	12.7	14,804	7.4%
2009	84,850	1,493,832	17,703	33.7	12.4	15,327	8.8%
2010	91,067	1,891,040	21,626	32.7	12.6	15,247	10.6%
2011	91,630	1,824,335	20,919	33.2	12.6	15,474	9.9%
2012	91,930	1,802,876	21,043	33.2	12.6	15,627	10.1%
2013	92,620	Not Yet Available				15,786	9.7%

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

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

(3) Employment Security Department

**PRINCIPAL EMPLOYERS – YAKIMA COUNTY**  
**CURRENT YEAR AND NINE YEARS AGO**

Employer	2013			2004		
	Employees	Rank	Percentage	Employees	Rank	Percentage
<b>Manufacturers</b>						
Walmart - Yakima/Sunnyside/Grandview	1,587	1	0.6%	-	-	-
Del Monte Foods - Yakima/Toppenish	1,200	2				
Washington Beef/ AB Foods	850	3	0.3%	620	2	-
Tree Top, Inc.	540	4	0.3%	1,150	1	0.5%
Shields Bag & Printing Co.	476	5	0.2%			0.0%
Borton & Sons Fruit & Cold Storage		-	-	524	3	0.2%
Snokist		-	-	521	4	0.2%
Zirkle Fruit Company		-	-	480	5	0.2%
<b>Non-manufacturers</b>						
Yakima Valley Memorial Hospital	2,200	1	0.9%	1,100	4	0.5%
Yakima School District, No. 7	1,736	2	0.7%	1,453	1	0.6%
Washington State Social & Health Services	1,400	3	0.6%	1,400	2	
Yakima County	1,213	4	0.5%	1,200	3	-
Yakima Valley Farm Workers Clinic	1,181	5	0.5%			0.0%
Yakima Regional Medical Center (HMA)	-	-	-	841	5	0.4%
<b>Total</b>	<u>12,383</u>		<u>4.7%</u>	<u>9,289</u>		<u>2.6%</u>

**FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**

LAST TEN FISCAL YEARS

Page 1 of 1

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government	217.17	221.68	217.43	221.34	223.19	228.70	221.00	218.50	211.50	210.87
Public Safety										
Police										
Officers	119.00	125.00	126.00	137.00	137.00	137.00	138.00	134.00	139.00	143.00
Civilians	53.25	51.00	50.00	50.00	51.00	51.00	51.00	49.00	49.00	49.00
Fire										
Firefighters and officers	79.00	79.00	84.00	85.00	85.00	84.00	84.00	84.00	84.00	83.00
Civilians	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Highways & Streets										
Traffic Engineering	14.50	13.50	15.00	17.00	17.00	16.00	13.00	13.00	11.00	11.00
Street	22.50	24.50	26.50	26.50	26.50	27.00	26.00	24.00	24.00	23.00
Parks & Recreation	27.47	25.47	26.47	26.83	25.83	25.60	23.30	21.30	20.30	20.30
Transit	44.25	48.25	49.75	50.75	51.25	50.00	50.00	52.00	52.00	52.50
Refuse	19.25	19.50	19.50	19.50	19.00	19.00	19.00	19.00	20.50	20.50
Water Operating	29.00	29.00	30.00	30.00	30.00	31.00	31.00	31.00	31.00	35.00
Wastewater Operating	64.76	65.45	66.45	65.05	65.09	69.50	69.50	69.50	69.00	69.00
Irrigation Operating	8.72	8.92	8.92	9.17	9.17	8.00	8.00	8.00	8.00	7.00
Stormwater	0.00	0.00	0.00	0.00	6.96	0.00	0.00	0.00	0.00	0.00
	<u>701.87</u>	<u>714.27</u>	<u>723.02</u>	<u>741.14</u>	<u>749.99</u>	<u>749.80</u>	<u>736.80</u>	<u>726.30</u>	<u>722.30</u>	<u>727.17</u>

CITY OF *Yakima***OPERATING INDICATORS BY FUNCTION**

LAST TEN FISCAL YEARS

Page 1 of 1

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Physical Arrests	5,767	6,121	5,579	5,433	5,185	4,889	4,745	5,439	7,915	5,918
Parking Violations	6,555	3,326	2,018	2,616	4,321	2,844	4,837	5,096	3,778	3,252
Traffic Violations	16,040	16,754	16,929	18,533	18,025	17,559	15,303	11,849	14,976	20,159
Fire										
Number of Calls Answered	8,052	8,912	8,954	9,200	9,288	9,737	10,011	8,439	9,439	8,232
Inspections	2,876	2,631	2,302	3,101	2,948	2,268	2,909	2,646	30	2,669
Highways and Streets										
Street Resurfacing (miles)	0	16	25	32	30	6	5	2	2	8
Refuse										
Refuse Collected (tons/day)	77	81	87	88	91	100	102	105	103	107
Yard Waste Collected (tons/day)	16	14	16	15	17	19	19	19	19	17
Culture and Recreation										
Community Center Admissions	72,395	99,421	107,478	99,035	93,325	96,483	118,867	122,870	125,040	124,683
Irrigation										
Customers	10,577	10,568	10,565	10,596	10,585	10,587	10,597	10,595	10,601	10,619
Water Main Breaks										
New Connections	132	134	148	133	105	68	79	61	74	68
Water Main Breaks	3	8	12	12	8	17	5	7	4	3
Average Daily Consumption (thousands of gallons)	12,463	11,900	12,980	13,051	12,158	11,581	10,338	10,040	10,200	10,307
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	11,033	10,219	10,778	10,680	10,100	10,100	10,100	10,100	10,100	10,500

# **CAPITAL ASSET STATISTICS BY FUNCTION**

## **LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police Stations	2	2	2	2	2	2	2	2	1	1
Patrol Units <sup>(1)</sup>	62	61	61	61	61	61	62	61	53	124
Fire Stations	5	5	5	5	5	5	5	5	5	5
Refuse										
Collection trucks	13	13	13	13	14	14	15	16	16	21
Highways and Streets <sup>(2)</sup>										
Streets (miles)	401	414	419	419	419	420	325	380	380	380
Streetlights <sup>(3)</sup>	3,863	3,872	3,872	3,910	4,459	4,465	4,465	4,195	4,240	4,260
Traffic Signals	117	117	122	130	137	139	140	151	152	154
Culture and Recreation										
Parks Acreage <sup>(4)</sup>	331	265	265	287	284	386	386	352	352	351
Parks	33	33	31	32	32	32	32	34	34	34
Swimming Pools <sup>(5)</sup>	5	2	2	2	2	2	2	2	2	2
Tennis Courts	32	26	26	26	26	26	24	24	24	22
Community Centers	2	3	3	3	3	3	3	3	3	3
Water										
Water Mains	297	297	300	300	300	300	300	300	300	300
Fire Hydrants (City Owned)	2,757	2,169	2,174	2,204	2,204	2,239	2,249	2,254	2,279	2,285
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)	310	315	322	327	329	337	337	337	337	337
Storm Sewers (miles)	104	104	104	105	105	105	105	105	105	105
Maximum Daily Capacity (thousands of gallons)	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5

(1) Numbers began to fluctuate in 2012 due to streamlining and the movement of vehicles into and out of the fleet.

(2) As a result of a GASB inventory the total numbers for Streets were recalculated in 2007. Beginning in 2010, Streets (miles) is based on the Street Inventory in the Pavement Management program.

(3) As a result of a physical inventory, the total for Highways and Streets was adjusted in 2011.

(4) As a result of a physical inventory the total acreage of Parks was recalculated in 2005.

**2013 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.....	9
Rank in Size – County.....	1
Population .....	92,620
Assessed Valuation.....	\$5,494,497,093
City Employees (Full-time Equivalents).....	727.17
Election and Voter Registration	
Number of Precincts.....	49
Number of Registered Voters.....	42,524

**Property Tax Levy**

Regular Levy .....	\$16,975,232
Special Levy.....	<u>\$293,000</u>
Total 2012 Property Tax Levy.....	\$17,268,232

**Sales Tax Rates**

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

**Parks and Recreation**

Total Acreage .....	352.3
Number of Parks.....	34
Number of Playgrounds .....	15
Major Facilities: Fisher Golf Course, two swimming pools, (one indoor, one outdoor), two water playground areas, 16 ball fields (eight lighted), two skate parks, 24 tennis courts, six soccer fields, Senior Citizen Center, Southeast Center, Tahoma Cemetery.	

**Bus Passes (1 month)**

Adult .....	\$25.00
Student.....	\$18.00
Senior Citizen / Disabled .....	\$9.00

**Licenses and Permits Issued**

Business Licenses – sliding scale starts at \$42.90 for 1 - 2 employees, maximum of \$1,285.20 for over eighty employees.....	6,872
Regulatory Licenses –	
Varies from \$11.00 to \$1,000.....	635

**Animal License Fees – Rabies Vaccination Required**

1 Year License – Altered, New.....	\$15.00
1 Year License – Altered, Renewal.....	\$12.00
Senior Citizens Lifetime – Altered .....	\$25.00
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 .....	83
Number of Non-Commissioned Personnel .....	<u>3</u>
Total Number of Fire Personnel .....	86

**Police Protection**

Commissioned Police Personnel .....	142
Non-Commissioned Police Personnel .....	<u>50</u>
Total Number of Police Personnel.....	188
Number of Calls for Service.....	186 / day

**Utility and Franchise Tax Rates**

Electricity, Gas, Telephone (4% Capped @ \$4,000 per customer per month).....	6%
Water, Wastewater.....	20%
Irrigation .....	6%
Refuse 15% .....	
TV Cable.....	6%

**Utility Rates (2 months)**

Water – Average/Family of 4 .....	\$51.93
Each Unit.....	\$1.51
Wastewater – Average/Family of 4.....	\$108.22
Each Unit.....	\$2.86
Refuse (Carry-out Available for Additional Charge)	
Automated Collection	
35 Gallon Cart.....	\$18.48
96 Gallon Cart.....	\$31.44
Yard Waste	
64 Gallon Cart.....	\$12.96
96 Gallon Cart.....	\$23.68
Irrigation (per square foot).....	\$0.0352

**Water / Wastewater Customer Base**

Water (Inside the City) .....	19,712
Water (Outside the City) .....	<u>132</u>
Total Water Customers.....	19,844
Wastewater Residential (Inside the City).....	23,421
Wastewater Residential (Outside the City).....	56
Wastewater Commercial.....	<u>2,821</u>
Total Wastewater Customers .....	26,298

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