

2018 Comprehensive Annual Financial Report (CAFR)

City of Yakima, Washington





CITY OF *Yakima*
Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2018

REPORT PREPARED BY:

Department of Finance and Budget

Steve Groom	Director of Finance & Budget
Kimberly Dominé	Financial Services Manager
Jeanne Thompson, CPA	Financial Services Officer
Jennifer Coleman	Financial Services Officer
Maria Simons	Accountant
Wendy Harvey	Accountant
Isabel Cruz	Accountant
Kathryn Miles	Financial Services Technician



CITY OF *Yakima*

2018 ORGANIZATIONAL CHART

CITY OF YAKIMA CONSTITUENTS



CITY COUNCIL



CITY MANAGER



VACANT ASSISTANT CITY MANAGER



AIRPORT



COMMUNITY DEVELOPMENT



FIRE



LEGAL



POLICE



CITY ADMINISTRATION



FINANCE



HUMAN RESOURCES



MUNICIPAL COURT



PUBLIC WORKS



CITY OF *Yakima*
Washington

2018 PRINCIPAL OFFICIALS

CITY COUNCIL

Kathy Coffey	Mayor, District 5
Dulce Gutiérrez	Assistant Mayor, District 1
Jason White	District 2
Carmen Méndez	District 3
Kay Funk	District 4
Brad Hill	District 6
Holly Cousens	District 7

CITY MANAGEMENT EXECUTIVES

Cliff Moore	City Manager
Jeff Cutter	City Attorney
Connie Mendoza	Director of Human Resources
Steve Groom	Director of Finance & Budget
Joan Davenport	Director of Community Development
Scott Schafer	Director of Public Works
Robert Peterson	Director of Yakima Air Terminal
Matthew Murray	Police Chief
Aaron Markham	Fire Chief
Kelley Olwell	Municipal Court Presiding Judge

129 North Second Street
Yakima, WA 98901
(509) 575-6000
www.yakimawa.gov



CITY OF *Yakima*

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



September 6, 2019

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

We submit to you this Comprehensive Annual Financial Report of the City of Yakima for the fiscal year ended December 31, 2018, in compliance with State Statute RCW 43.09.230, but more importantly to exercise responsible stewardship of the public funds entrusted to us by our taxpayers, voters and citizens.

Management assumes full responsibility for both the completeness and reliability of the information contained in this report. We believe the data, as presented, is accurate in all material respects and are reported in a manner that fairly presents the financial position and results of City operations, in conformity with GAAP (Generally Accepted Accounting Principles) and with statements issued by GASB (Governmental Accounting Standards Board). All footnotes, analysis and disclosures are intended to enable the reader to gain the maximum understanding of the City's activities and financial position.

THE REPORTING ENTITY

This report includes all funds, agencies, and boards controlled by or dependent on the City of Yakima. The City is separate and distinct from overlapping entities: 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, which have separate governmental or other entity characteristics, substantial autonomy and consequently are not component units of the City. The Yakima Regional Public Facilities District (PFD), however, is a separate governmental agency created by interlocal agreements with the Cities of Yakima, Union Gap, and Selah for the purpose of supporting the capital needs of the City owned Convention Center and Capitol Theatre. Because most of the PFD revenue is dedicated to debt service and capital maintenance of City-owned facilities, the PFD is a blended component unit, and is accounted for as a special revenue fund.

CITY PROFILE

The City of Yakima is located in central Washington State, 145 miles southeast of Seattle, 200 miles southwest of Spokane, and 180 miles northeast of Vancouver, Washington. It encompasses 28.25 square miles and has an estimated 2018 population of 94,190, the 11th largest city in the State of 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. Yakima is the county seat of, and the largest city in, Yakima County.

The City of Yakima was incorporated in 1886 as a First Class charter city under the Council/Manager form of government. Council members consist of 7 members elected from separate districts. The Council chooses the Mayor from within its own membership every two years.

The City provides a full range of municipal services, which include public safety (police, fire, and building safety), municipal court, public improvements (streets, traffic signals), parking and code enforcement, sanitation (solid waste disposal, sanitary wastewater utility), water and irrigation utilities, airport, transit, community development, parks and recreation, and general administrative services. The City operates two swimming pools - one outdoor and one indoor, along with two water playground areas, a par-three golf course, two skate parks and one dog park.

The City of Yakima lies within the fertile Yakima River Valley. Apples, cherries, pears, grapes and other fruits, plus a wide variety of field crops including hops and vegetables, make the Yakima Valley one of the top agricultural-producing areas of the nation. Irrigation in the valley is made possible from water from the U.S. Bureau of Reclamation's Yakima Project. The Yakima Valley produces about 77% of the hops in the United States and contains over 12,000 acres of wine grapes, making the City of Yakima a key storage, packing, and distribution hub.

Over 250 manufacturing firms in the Yakima area produce a variety of products and services, including numerous food processing companies, a major plastic packaging producer and aircraft parts.

Transportation

The air, highway and rail systems in the Yakima Valley provide service and support to local agricultural, industrial, commercial and tourism-related businesses. 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 Burlington Northern Santa Fe (BNSF) supplies railroad services.

Hospitals

There are two major hospitals in the Yakima area. Virginia Mason 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. Astria Regional Medical and Cardiac Center provides a full complement of medical services, including open heart surgery, a 17-bed 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 43,000 square foot outpatient Cancer Center built in 2000, and is the centerpiece of Memorial's cancer care services. The innovative and comprehensive cancer care offered at North Star Lodge allows Central Washington cancer patients the same innovative treatments available at major cancer centers throughout the country.

Museum

The 65,000 square foot Yakima Valley Museum'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.

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. These businesses have created over 600 new jobs and are expected to add more jobs in 2019 in Yakima County.

Higher Education

There are several higher education institutions serving the Yakima area. The Pacific Northwest University of Health Sciences (PNWU) offers doctoral degrees in osteopathic medicine and has a current enrollment of just under 600

students. Yakima Valley College (YVC) offers both 2 and 4-year degrees and a multitude of academic programs. Perry Technical Institute offers nationally-recognized vocational / technical programs. Heritage University is located a few miles southeast of Yakima, and is an accredited four-year liberal arts college.

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. There are 35 parks, a total of 393 acres, located within the City. 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. Six soccer fields located are located in City parks, and the SOZO Sports soccer complex includes 13 full size soccer fields.

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

- The City-owned *Yakima Convention Center* has 41,000 square feet of meeting space available and an additional 12,500 square feet expansion project approved by City Council. The 23,400 square foot main ballroom can be divided into eight separate rooms and the south ballroom can be divided into six separate rooms, allowing many possible variations. The Convention Center hosts recurring conferences and events drawing widely from the Pacific Northwest because of Yakima's location, weather and amenities.
- The City-owned *Capitol Theatre* is a magnificent and historical theatre originally built in 1920, seats 1,500 and holds over 150 activities and events annually. The theatre includes a Production Center and a 400 seat black box theatre and an expanded loading/unloading area that will accommodate large touring productions.
- 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.
- *SOZO Sports of Central Washington* is a championship level sports complex. It has both grass and synthetic playing surfaces available.
- The *Seasons Performance Hall* is a non-profit organization that supports musical and cultural events for residents and visitors to the Yakima Valley.

Yakima also provides hunting, fishing and biking opportunities, along with numerous recreation opportunities within an hour's drive which include snow skiing, mountain climbing, rafting, hiking, and rock climbing. Yakima is also the head of the William O. Douglas trail, offering hikers passage from Yakima to Mount Rainier.

The hop and wine grape production sustains many local industries by bringing increasing numbers of tourists to the Yakima Valley's outstanding vineyards, wineries and breweries. There are over 100 wineries located in the Yakima Valley area, and many wines have received significant recognition and awards.

ECONOMIC OUTLOOK

Yakima's population, and residential and commercial property tax base, continues to grow. In 2018, assessed property valuation grew 2.6%, of which 1.6% was due to growth and new construction. Residential building permits are expected to remain strong as evidenced with 2019 measurable permits and starts out-pacing 2018's in the early months.

The City of Yakima saw sales and retail tax revenue growth in 2018 with taxable sales 4.8% over 2017.

In 2007, Washington State 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 state tax credit per year 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.

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 including general demographic and economic information useful in assessing the City's financial environment.
- *The Financial Section* - begins with the independent auditor's report, followed by management's discussion and analysis of the financial activities and position of the City. Next, the basic financial statements, required supplemental information and notes to the financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP). Additional fund level information is then presented for funds 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 years. It also contains demographic and miscellaneous data that may be useful in assessing the City's financial condition.

ACKNOWLEDGEMENTS

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. The State Auditors' opinion related to their audit of the enclosed financial statements is an integral part of this report. 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). The assistance of the Examiners from the Office of the State Auditor is also gratefully acknowledged.

Preparation of this report was accomplished only with the professional and dedicated services of the Finance staff.

Appreciation should also be noted for the City Council's active interest, encouragement, and support, setting the course for the City with sound and responsible governance.

SUMMARY

The City of Yakima continues to seek to be responsible and responsive in balancing the services that the citizens of Yakima require with the ever-changing level and mix of resources available. The community continues to grow and recognizes the long-term implications for fiscal stewardship and strategic planning. City Council has continued to reaffirm its commitment to ramp up reserves for future general fund funding gaps, long-term economic development and fiscal sustainability.

For more information regarding the City's budget, reporting and strategic planning, please refer to the City's website for ongoing current information and reports.

Respectfully submitted,

Cliff Moore
City Manager

Steve Groom
Director of Finance and Budget



Office of the Washington State Auditor Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

September 6, 2018

Council
City of Yakima
Yakima, Washington

REPORT ON THE 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, as of and for the year ended December 31, 2018, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and Neighborhood Development Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. 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 and required supplementary information listed in the table of contents 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 combining financial statements and schedules are presented for the purposes of additional analysis and are 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.

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are 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 6, 2019, 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 black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy
State Auditor
Olympia, WA



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Comprehensive Annual Financial Report offers readers the City's financial statements for the fiscal year ended December 31, 2018. To best understand the City's financial position and activities, readers are encouraged to consider the information in this narrative overview and analysis in conjunction with the accompanying transmittal letter, basic financial statements and the notes to the financial statements immediately following.

FINANCIAL HIGHLIGHTS

The City of Yakima is committed to focusing on the fundamentals of city management in order to navigate economic cycles, infrastructure management challenges, and services that often rely on contingency planning and careful course corrections. The population of Yakima, the residential and commercial property tax base, and commerce that generates sales tax - all continue to grow slowly and steadily. Local demographics continue to indicate a below-national-average per-capita income, therefore sound fiscal city management is a key economic factor as the City seeks to provide the foundation for citizens, homeowners and businesses to thrive.

- The 2018 ending fund balance of the General Fund was \$9.1 million at the end of 2018, which represents 14.2% of total General Fund expenditures. Because the fund balance of the General Fund remains less than the policy target of 16.7%, City Council has made achieving the target the top strategic priority of the City. The current 5-Year Plan, and every year's budget, outlines management's commitment to rebuild fund balance to policy target over the next few years. The 2017 ending fund balance of the General Fund was \$8.8 million, 14.2% of total General Fund expenditures.
- The total assets and deferred outflows of the City of Yakima exceeded its liabilities and deferred inflows at December 31, 2018, by \$300.0 million. Net position invested in capital (net of depreciation and related debt) account for 92.3% of this amount, with a value of \$276.8 million.
- The City's total net position increased by \$17.0 million to \$331.3 million from \$314.3 million, prior to a required adjustment to the OPEB liability resulting from the implementation of GASB 75. This direct adjustment of \$31.3 million to the beginning fund balance reduced the ending fund balance to \$300.0 million. Funding received for various general revenues increased by \$0.5 million and charges for services increased by \$2.9 million. The increase in net position was primarily due to capital projects.

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 codes); 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 deferred outflows, liabilities and deferred inflows, with the difference between the two groupings 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 2018, 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 2018.

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

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

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliation to the governmental activities column in the government-wide statements, in order to facilitate this comparison.

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

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

Typically, individual fund data for each of the nonmajor funds is provided in the form of combining statements. However, because the Stormwater Fund is the only non-major proprietary fund, it is listed in a separate column with the major funds.

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

The City of Yakima has one fiduciary fund - 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 totaled \$300.0 million at December 31, 2018. The following table reflects the condensed Government-Wide Statement of Net Position with comparative totals for 2017.

NET POSITION
(Restated for GASB 75)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 78,323,480	\$ 60,463,481	\$ 57,937,295	\$ 51,133,222	\$ 136,260,775	\$ 111,596,703
Net capital assets	185,469,099	192,089,737	165,010,857	168,167,790	350,479,956	360,257,527
Total assets	263,792,579	252,553,218	222,948,152	219,301,012	486,740,731	471,854,230
Deferred outflows	3,412,198	3,111,008	1,162,406	1,395,955	4,574,604	4,506,963
Total assets & deferred outflows	267,204,777	255,664,226	224,110,558	220,696,967	491,315,335	476,361,193
Liabilities						
Payables & other liabilities	22,815,939	19,008,044	7,369,302	6,903,795	30,185,241	25,911,839
Long-term liabilities (as restated)	113,958,270	119,904,177	35,473,943	40,824,181	149,432,213	160,728,358
Total liabilities	136,774,209	138,912,221	42,843,245	47,727,976	179,617,454	186,640,197
Deferred inflows	9,502,908	5,418,119	2,178,115	1,265,277	11,681,023	6,683,396
Total liabilities & deferred inflows	146,277,117	144,330,340	45,021,360	48,993,253	191,298,477	193,323,593
Net position						
Net investment in capital assets	140,858,487	151,106,237	135,945,718	136,111,813	276,804,205	287,218,050
Restricted	28,292,001	25,019,672	1,835,000	1,835,000	30,127,001	26,854,672
Unrestricted (as restated)	(48,222,828)	(64,792,023)	41,308,480	33,756,900	(6,914,348)	(31,035,123)
Total net position	\$ 120,927,660	\$ 111,333,886	\$ 179,089,198	\$ 171,703,713	\$ 300,016,858	\$ 283,037,599

The City of Yakima's total assets stand at \$486.7 million as of December 31, 2018. Of this amount, \$350.5 million is accounted for by capital assets, which includes some infrastructure and construction in progress. Out of \$185.5 million in capital assets reported in Governmental activities at December 31, 2018, \$97.1 million (52.4%) 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 \$93.2 million was accounted for in cash, cash equivalents, restricted cash and investments, \$22.7 million in various receivables, \$19.2 million in net pension assets and \$1.2 million inventories and prepayments.

At December 31, 2018, the City had outstanding liabilities of \$179.6 million, of which \$149.4 million is considered long-term and is due over an extended period of time. There is a deficit in unrestricted net position in the governmental funds because the City has long-term commitments that are greater than currently available resources, primarily long-term citywide pension benefits and other post-employment benefit liabilities. Refer to the notes to the financial statements for a more in depth discussion of pension and other long-term liabilities.

Current liabilities for the entire City in both governmental and business-type activities total \$30.2 million, and include \$4.7 million in accounts & contracts payable, \$3.1 million in claims and judgments payable, \$8.1 million in accrued salaries and benefits, \$4.8 million in compensated absences accrued and other various liabilities. Also included are debt payments due within the next calendar year totaling \$7.7 million.

The largest portion of the City's net position (92.3%) reflects its investment in capital, less any outstanding related debt used to acquire those assets. The City's capital assets, which are used to provide services to citizens, are investments in capital and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 10.0% 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).

At December 31, 2018, the City of Yakima reports a net position of \$300.0 million, of which \$120.9 million represents governmental activities and \$179.1 million represents business-type activities.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 15,169,719	\$ 14,889,953	\$ 49,277,671	\$ 46,682,236	\$ 64,447,390	\$ 61,572,189
Operating grants & contributions	10,361,798	6,981,703	2,938,172	2,601,883	13,299,970	9,583,586
Capital grants & contributions	2,561,617	2,340,255	3,261,658	4,789,572	5,823,275	7,129,827
General revenues						
Property taxes	19,838,562	18,278,481	—	—	19,838,562	18,278,481
Sales and use taxes	21,541,898	23,146,192	6,170,802	5,886,780	27,712,700	29,032,972
Other taxes and fees	14,591,045	13,452,504	—	—	14,591,045	13,452,504
Other revenues	(110,314)	884,738	143,180	39,688	32,866	924,426
Total revenues	83,954,325	79,973,826	61,791,483	60,000,159	145,745,808	139,973,985
Expenditures						
General government	11,570,476	12,577,931	—	—	11,570,476	12,577,931
Public safety	42,831,078	47,245,264	—	—	42,831,078	47,245,264
Utilities	576,055	707,982	—	—	576,055	707,982
Transportation	10,363,978	12,837,330	—	—	10,363,978	12,837,330
Economic environment	6,503,413	7,307,839	—	—	6,503,413	7,307,839
Public health services	759,348	626,296	—	—	759,348	626,296
Cultural and recreational	7,369,950	7,492,432	—	—	7,369,950	7,492,432
Interest on long-term debt	1,556,902	1,492,793	—	—	1,556,902	1,492,793
Transit	—	—	9,092,300	9,489,641	9,092,300	9,489,641
Airport	—	—	1,975,650	2,235,534	1,975,650	2,235,534
Refuse	—	—	4,950,421	4,846,811	4,950,421	4,846,811
Wastewater	—	—	16,802,079	17,326,405	16,802,079	17,326,405
Water	—	—	7,928,287	7,749,353	7,928,287	7,749,353
Irrigation	—	—	2,328,569	2,362,997	2,328,569	2,362,997
Stormwater	—	—	2,410,734	2,890,477	2,410,734	2,890,477
Total Expenditures	81,531,200	90,287,867	45,488,040	46,901,218	127,019,240	137,189,085
Excess (deficiency) before transfers	2,423,125	(10,314,041)	16,303,443	13,098,941	18,726,568	2,784,900
Extraordinary Item	(1,747,309)	—	—	—	(1,747,309)	—
Transfers	8,917,960	8,263,074	(8,917,960)	(8,263,074)	—	—
Change in net position	9,593,776	(2,050,967)	7,385,483	4,835,867	16,979,259	2,784,900
Net position - beginning	111,333,886	143,851,574	171,703,713	167,690,965	283,037,599	311,542,539
Direct adj to net position - GASB 75	—	(30,466,721)	—	(823,118)	—	(31,289,839)
Net position - ending	\$ 120,927,662	\$ 111,333,886	\$ 179,089,196	\$ 171,703,714	\$ 300,016,858	\$ 283,037,600

The Statement of Activities (Changes in Net Position)

The City of Yakima's total net position increased by \$17.0 million over 2017. Net position for governmental activities increased by \$9.6 million primarily due to the annual actuarial adjustment to pension assets and liability, while business-type activities increased by \$7.4 million. The increase in business-type activities comes from a combination of rate increases and actuarial adjustments to pension assets and liability.

Total revenues for the City of Yakima were \$145.7 million in 2018. Governmental activities provided \$84.0 million (57.6%), while business-type activities added \$61.8 million (42.4%).

Expenses for the year totaled \$127.0 million, with governmental activities accounting for \$81.5 million or 64.2% and business-type activities accounting for \$45.5 million or 35.8%. Key elements in changes in net position are shown in the Changes in Net Position table.

Governmental Activities - Within governmental activities, tax revenue accounted for 66.7% of total revenue sources, with grants and contributions accounting for 15.4%. The remaining 17.9% of revenue was provided by charges for services, interest income, and miscellaneous revenues.

Governmental activities increased net position by \$9.6 million or 6.8%, and total government revenues increased by \$4.0 million or 5.0%. The significant fluctuations in revenue are as follows:

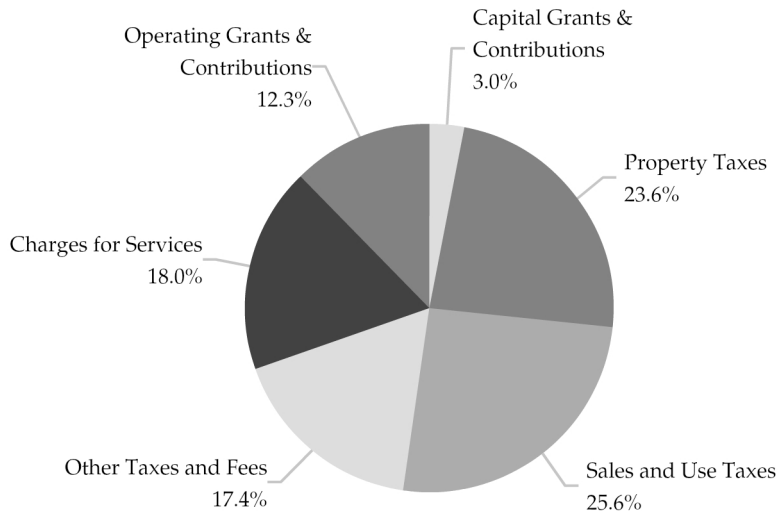
- Grants & Contributions increased by \$3.6 million, primarily due to a \$400,000 DOT grant and \$343,000 in Department of Justice funding.
- Total taxes increased by \$1.1 million or 2.0% from \$54.9 million to \$56.0 million.
 - Property Taxes increased \$1,560,081.
 - Sales Tax decreased by \$1.6 million or 7.4% from 2017. However, \$2.6 million of Criminal Justice Sales tax dollars are now recorded as program revenue, so actual results were an increase of \$1.0 million. This key revenue source was budgeted to grow at about 3.9%, so actual results were slightly better than projected.
 - Other Taxes and Fees increased by \$1.1 million, due to increases in utility tax collections, such as water, wastewater, refuse, gas and electric.
- An extraordinary item was noted for 2018. Due to the Downtown Plaza advisory vote by Yakima Citizens which resulted in a rejection of the project, private donations of over \$1.7 million had to be refunded.
- Transfers from Business-Type Activities consists primarily of in-lieu utility taxes of \$7.7 million. Also included are transfers by enterprise funds to the Vehicle Replacement Reserve.

The largest program expenses consist of Public Safety (52.5%); General Government (14.2%) and Transportation (12.7%). These programs accounted for 79.4% of total governmental expenses.

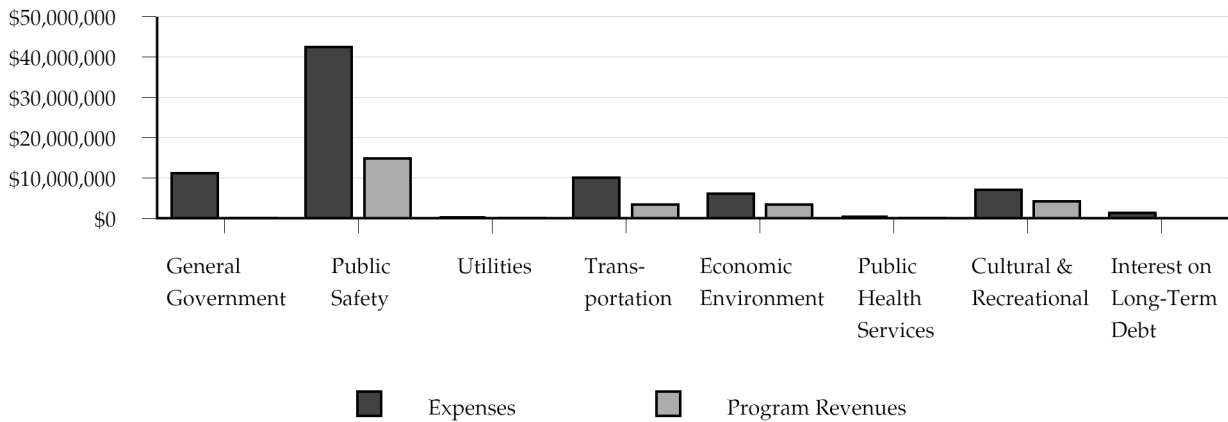
In total, governmental expenses decreased \$8.8 million or 9.7%. This decrease is almost entirely related to the fluctuating actuarial valuation of pension assets and liabilities.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2018.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES

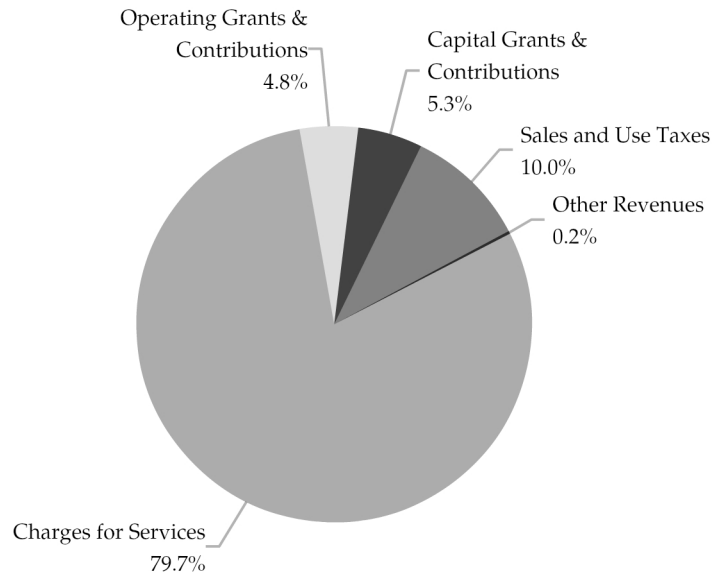


Business-Type Activities - Of the \$61.8 million in business type revenues, 79.7% was provided by charges for services, with the remaining amount provided by grants, contributions, transit sales tax and interest income. Overall, business type revenues demonstrated an increase of \$1.8 million or 3.0% over 2017. Capital Grants decreased by about \$1.5 million or 31.9%, due to Transit not purchasing any vehicles in 2018.

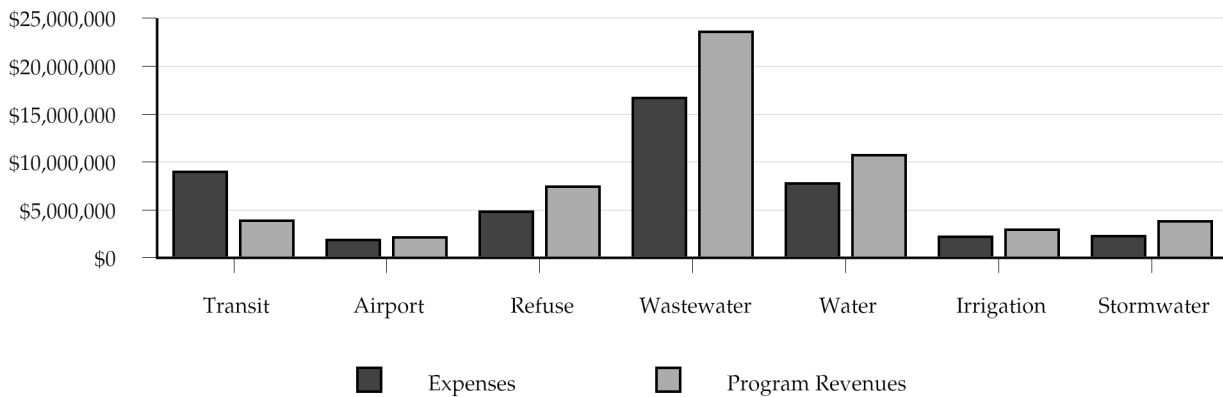
Of the \$45.5 million in business-type expenses, 36.9% are associated with the Wastewater program and 20.0% with Transit, domestic water programs represent about 17.4%, Refuse 10.9%, Irrigation 5.1%, Stormwater 5.3% and Airport 4.3%. Generally, changes in expenses are in line with changes in general operating increases.

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 79.7% 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

The City of Yakima uses fund accounting to ensure compliance with finance related legal and regulatory requirements.

Governmental Funds Analysis

The General Fund is a major fund and the principal mechanism for delivering general government services. The Neighborhood Development Fund is also a major fund by definition due to the long term Notes Receivable and Deferred Inflow balances. These balances represent both the current and long term portions of housing loans made to low income residents. The full amount remaining due on the loans is reflected in the Balance Sheet - Governmental Funds.

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, 2018, the City's governmental funds reported combined fund balances of \$31.8 million. Of this total amount, \$7.1 million (22.3%) is unassigned and available for spending within these funds. About \$0.9 million is not spendable (cemetery perpetual care), \$12.7 million is restricted (primarily for transportation, capital improvements, and public safety), \$5.1 million is committed primarily for transportation system improvements and \$6.0 million is assigned primarily for parks and public safety.

The General Fund is the primary operating fund of the City of Yakima. At the end of the 2018 fiscal year, the fund balance of the General Fund was \$9.1 million. The fund balance is about 14.2% of total general fund expenditures (which represents about a 1.7 month reserve). Total assets in the General Fund amounted to \$17.9 million, accounting for 36.4% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund increased by \$311,149 during the current fiscal year, due mostly to lower General Government expenditures than budgeted.

The General Fund accounts for 67.0% of all governmental fund revenue and 66.1% of all expenditures.

The other major fund, Neighborhood Development, saw its fund balance increase by \$179,375.

Most other funds had only modest changes in fund balance, however, Parks Capital and Yakima Revenue Development Area funds saw the largest increases due to bond proceeds for the Aquatic Center project and the timing of revenues vs. project expenses, respectively. The Central Business District Capital fund has a negative fund balance due to the Plaza project being canceled and all donations being refunded, despite design expenses already having been incurred. This refund of \$1.7 million is reported as an extraordinary item on the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance. In 2019, REET 1 will transfer enough to bring this fund back into balance.

Enterprise Funds Analysis

Transit, Refuse, Wastewater, Domestic (potable) Water, Irrigation and the Yakima Air Terminal are considered major funds in the City's 2018 Financial Statements, while Stormwater is the only nonmajor fund.

As of December 31, 2018, the City's enterprise funds (internal service fund balances are treated entirely as governmental activities) reported combined net position of \$179.1 million, with \$76.6 million or approximately 42.8% being contributed by the Wastewater fund. Additionally, about \$135.9 million (75.9%) of net position is accounted for by investment in capital assets, net of related debt, \$1.8 million is restricted for debt service and \$41.3 million is unrestricted. The Notes to the Financial Statements (Note 12) present segment information that is grouped according to revenue bond requirements for these business type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the 2018 General Fund Expenditure budget was increased from \$64.4 million to \$64.5 million, consisting entirely of the carry forward of appropriations for outstanding encumbrances/commitments which were to be funded from General Fund reserves.

Total General Fund revenues were originally budgeted at \$68.9 million, with only a slight increase of \$257,856 in the final budget. Actual revenue decreased by \$3,081,089, below amended budget projections due to allocating a portion of Sales Tax revenue directly to the debt service funds, rather than transferring these funds after they have been received.

General Fund expenditures, including other financing uses, totaled \$65.7 million, less than the final budget of \$68.8 million by \$3.0 million. These expenditure savings happened as a result of allocating Sales Tax revenue directly to debt service funds, rather than with an operating transfer, as mentioned above.

The General Fund budget is typically adopted using achievable forecast assumptions and expenditures are managed against budget. Revenue is conservatively estimated and expenditure estimates utilize probable costs. In 2018, revenue was \$3.1 million less than budgeted, while expenditures, including transfers out, was \$3.0 million less than budgeted, resulting in a net negative change in budgeted fund balance of \$46,068.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Yakima's net investment in capital assets, including construction in progress, for its governmental and business-type activities as of December 31, 2018, amounts to \$350.5 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.

Governmental Activities - Capital assets from governmental activities decreased \$6.6 million, decreasing from \$192.1 million in 2017 to \$185.5 million in 2018. Capital asset additions increased slightly, however, depreciation remained similar to 2017, resulting in a net decrease in value.

Business-Type Activities - Business-type capital activities decreased by \$3.2 million, attributable primarily to fewer capital projects completed in 2018, offset by depreciation.

CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital assets						
Land	\$ 17,884,343	\$ 17,884,343	\$ 5,523,404	\$ 5,523,404	\$ 23,407,747	\$ 23,407,747
Buildings	29,841,778	31,124,983	24,462,650	26,153,747	54,304,428	57,278,730
Improvements other than buildings	7,135,964	7,519,153	100,345,989	97,174,698	107,481,953	104,693,851
Machinery & equipment	16,343,285	18,531,624	15,356,071	16,729,838	31,699,356	35,261,462
Infrastructure	97,100,066	104,839,090	—	—	97,100,066	104,839,090
Intangibles	—	—	880,686	982,158	880,686	982,158
Construction in progress	17,163,662	12,190,544	18,442,057	21,603,946	35,605,719	33,794,490
Total capital assets	<u>\$ 185,469,098</u>	<u>\$ 192,089,737</u>	<u>\$ 165,010,857</u>	<u>\$ 168,167,791</u>	<u>\$ 350,479,955</u>	<u>\$ 360,257,528</u>

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

Long-Term Debt Administration

On December 31, 2018, the City of Yakima had total bonded debt outstanding of \$47.8 million. Of this amount, \$35.5 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$12.2 million represents bonds secured solely by pledges of specific revenue sources (i.e. revenue bonds).

New debt issued in 2018 included \$16.0 million in general obligation bonds, \$8.0 million of which was for construction of the YMCA Aquatic Center, while \$4.5 million and \$3.5 million in bonds were issued to refund the 2015 soccer complex and the 2013 Streets resurfacing bonds respectively, in order to take advantage of lower interest rates. The City also borrowed \$500,000 in SIED loan money to provide River Road infrastructure improvements relating to the Aquatic Center.

The City's remaining capacity for non-voted debt on December 31, 2018, was approximately \$61.9 million in comparison to the total legal limit of \$93.6 million. The City has a policy of retaining 30% of its non-voted capacity for emergencies. In March, 2017 the City was downgraded to "A+" rating from Standard & Poor's for general obligation debt. This downgrade was the result of weakening economic factors in the City, particularly income levels, as well as level of General Fund reserves. The combined Water and Wastewater utility was affirmed at "AA-" in September 2015. A summary of the City's debt follows. More detailed information on the City's long-term obligations can be found in Note 9 of the Notes to the Financial Statements in this report.

OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 35,544,359	\$ 30,810,281	\$ —	\$ —	\$ 35,544,359	\$ 30,810,281
Revenue bonds	—	—	12,210,157	13,879,803	12,210,157	13,879,803
Intergovernmental loans	5,836,380	5,719,371	16,874,077	18,325,171	22,710,457	24,044,542
Other debt	3,212,575	4,254,649	—	—	3,212,575	4,254,649
Total outstanding debt	\$ 44,593,314	\$ 40,784,301	\$ 29,084,234	\$ 32,204,974	\$ 73,677,548	\$ 72,989,275

ECONOMIC FACTORS

There are many factors that impact City revenues and expenses, including voter-approved initiatives over the last few years, as well as changes in State and Federal regulations; following is a list of the most significant. The City is committed to the continued pursuit and application of sound fiscal management practices to ensure balanced budgets are maintained and critical core services are prioritized in the budget.

- **Property Tax Rate Cap.** 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 restricted local government revenue growth, which makes budget balancing difficult because costs driven by actual inflation rates have grown at an average of 3 times the 1% limitation.
- **New Revenues.** In 2017, City Council approved two revenue measures for the 2018 budget. The first was to fund the Transportations Benefit District, which began assessing a \$20 car tab fee after July 1st. The Assessment was initially budgeted to increase general government revenue by \$550,000/year for 2018, which includes only six month of collections and will be used to fund Street projects. Subsequent years will be adjusted to estimate full year collections. These funds are accounted for in the Streets Capital Fund. The second revenue measure was to lift the utility tax cap, which affects only the largest utility customers, and was budgeted to increase general government revenues by an additional \$500,000/year.
- **Downtown Economic Development.** The City has actively participated in several projects to upgrade the downtown central business district over the past several 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 are in progress.

- **Local Employment.** The unemployment rate (6.3% for 2018) in the County continues to be higher than the state and national average (5.6% for 2018), but is the lowest recorded unemployment rate in Yakima County since records have been kept. The County's predominant industry is agriculture and related support, which has a history of high unemployment rates, seasonal employment, and low median household income (Yakima is 62.6% 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 is experiencing growth in total employment. Between 2017 and 2018, the Yakima County civilian labor force added an average of 3,280 jobs, a 2.6% upturn.
- **Economic Redevelopment.** A major economic development initiative that the City embarked 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. This project is in coordination of the project with Yakima County and the State Department of Transportation, as well as the current landowners.
- **Tourism.** Two newly-constructed hotels opened in 2019 will add to the city's 21-hotel, 1,900-room supply. The city-owned 68,000 sq. ft. Convention Center generates approximately 96,000 room nights for local hotels. City council approved an 18,500 sq. ft. expansion project in the 2019 budget, completion likely in 2021, that will add demand for lodging tax-generating hotel rooms.
- In 2015, City voters approved a Charter amendment to designate \$750,000 annually to a Parks Capital program. The amount grows annually with the consumer price index, and services the debt on two development projects: a multipurpose sports complex which opened in 2016, and a new aquatic center on schedule to open in 2019.

The 2019 budget is balanced for all funds, within guidelines established by city management, to accomplish municipal service levels and priorities set by City Council. For the 2019 budget, the major revenues were estimated assuming the continued growth of residential and commercial property valuations and with a cautious eye on the local economy's continued growth. The City Council's budget priorities are aligned around the strategic priorities of public safety; improving the built environment; economic development; public trust and accountability; and partnership development.

REQUESTS FOR INFORMATION

This report, along with other City financial documents, is posted on the City's website at 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.

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.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Balance Sheet, Governmental Funds - General Fund, Neighborhood Development Fund and aggregated amounts for all other non-major governmental funds.

Reconciliation of the Balance Sheet of Government Funds to the Statement of Net Position

Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds - General Fund, Neighborhood Development Fund and aggregated information for all other non-major governmental funds.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - General Fund, Neighborhood Development Fund and aggregated information for all other non-major governmental funds.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government Wide Statement of Activities

Statement of Revenues, Expenditures, & Changes in Fund Balance, Budget & Actual - General Fund and Neighborhood Development Fund.

PROPRIETARY FUNDS

Statement of Net Position, Proprietary Funds - Major funds include Airport, Transit, Refuse, Wastewater, Water and Irrigation. Also included is Stormwater, the only nonmajor fund, as well as a separate column for aggregate information for 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.

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - Information on the Agency fund, assets and liabilities, and net position.

NOTES TO THE 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.

STATEMENT OF NET POSITION

December 31, 2018

Page 1 of 2

	Governmental Activities	Business-Type Activities	Primary Gov't Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 23,685,061	\$ 16,227,263	\$ 39,912,324
Cash with fiscal agent	220,307	12,293	232,600
Investments	20,801,348	30,369,533	51,170,881
Receivables, net allowance for uncollectible accounts			
Taxes	5,491,265	1,158,194	6,649,459
Accounts	3,874,328	4,195,071	8,069,399
Notes and contracts receivable	3,430,766	191,886	3,622,652
Due from other governments	734,030	3,570,611	4,304,641
Interest receivable	84,104	—	84,104
Inventories and prepayments	811,896	377,445	1,189,341
Total current assets	<u>59,133,105</u>	<u>56,102,296</u>	<u>115,235,401</u>
Noncurrent assets			
Restricted cash	—	1,835,000	1,835,000
Capital assets not being depreciated			
Land	17,884,343	5,523,404	23,407,747
Construction in progress	17,163,662	18,442,057	35,605,719
Capital assets, net of accumulated depreciation			
Buildings	29,841,778	24,462,650	54,304,428
Machinery, equipment & vehicles	16,343,285	15,356,071	31,699,356
Infrastructure	97,100,066	—	97,100,066
Other improvements & utility systems	7,135,964	100,345,989	107,481,953
Intangibles	—	880,686	880,686
Other noncurrent assets			
Net pension asset	19,190,375	—	19,190,375
Total noncurrent assets	<u>204,659,473</u>	<u>166,845,857</u>	<u>371,505,330</u>
Total assets	<u>263,792,578</u>	<u>222,948,153</u>	<u>486,740,731</u>
Deferred outflows of resources			
Deferred amount on refunding	—	262,207	262,207
Deferred outflows related to pension	3,412,198	900,198	4,312,396
Total deferred outflows of resources	<u>3,412,198</u>	<u>1,162,405</u>	<u>4,574,603</u>
Total assets & deferred outflows of resources	<u>267,204,776</u>	<u>224,110,558</u>	<u>491,315,334</u>

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

STATEMENT OF NET POSITION

December 31, 2018

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	Governmental Activities	Business-Type Activities	Primary Gov't Total
Liabilities			
Current liabilities			
Accounts payable	3,303,259	1,158,907	4,462,166
Retainage payable	17,300	243,115	260,415
Claims & judgments payable	3,102,947	—	3,102,947
Accrued salaries and benefits	6,594,383	1,466,307	8,060,690
Compensated absences	1,042,370	222,841	1,265,211
Custodial accounts	1,970,317	1,092,928	3,063,245
Due to other governments	6,327	33,210	39,537
Other current liabilities	67,937	25,746	93,683
Interest payable	217,604	158,836	376,440
Debt principal due within one year	4,855,971	2,865,081	7,721,052
Other post-employment benefits - current	1,637,526	102,332	1,739,858
Total current liabilities	22,815,941	7,369,303	30,185,244
Noncurrent liabilities			
Compensated absences	7,591,126	1,444,483	9,035,609
Pension Liability	19,990,999	5,248,267	25,239,266
Other postemployment benefits (OPEB)	46,638,803	2,562,041	49,200,844
Debt principal due more than one year	39,737,342	26,219,152	65,956,494
Total noncurrent liabilities	113,958,270	35,473,943	149,432,213
Total liabilities	136,774,211	42,843,246	179,617,457
Deferred inflows of resources			
Deferred inflows related to pension	9,271,044	2,096,560	11,367,604
Deferred inflows related to OPEB	231,864	81,555	313,419
Total deferred inflows of resources	9,502,908	2,178,115	11,681,023
Total liabilities & deferred inflows of resources	146,277,119	45,021,361	191,298,480
Net position			
Net investment in capital assets	140,858,487	135,945,718	276,804,205
Restricted for:			
Public safety & emergency programs	1,913,427	—	1,913,427
Arterial street construction & maintenance	2,147,691	—	2,147,691
Housing & economic development	932,905	—	932,905
Debt service	248,465	1,835,000	2,083,465
Capital improvements	5,678,845	—	5,678,845
Tourism & conventions	1,770,123	—	1,770,123
Pension plans	15,600,545	—	15,600,545
Unrestricted	(48,222,828)	41,308,480	(6,914,348)
Total net position	\$ 120,927,660	\$ 179,089,198	\$ 300,016,858

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

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

Page 1 of 1

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Grants & Contributions		Government Activities	Business Activities	Primary Gov't Total
			Operating	Capital			
Governmental activities							
General government	\$ 11,570,476	\$ 428,971	\$ —	\$ —	\$ (11,141,505)	\$ —	\$ (11,141,505)
Public safety	42,831,078	8,356,729	6,873,642	—	(27,600,707)	—	(27,600,707)
Utilities	576,055	331,075	—	—	(244,980)	—	(244,980)
Transportation	10,363,978	41,477	1,468,134	2,168,067	(6,686,300)	—	(6,686,300)
Economic environment	6,503,413	1,899,766	1,847,383	15,801	(2,740,463)	—	(2,740,463)
Public health services	759,348	15,119	64,403	—	(679,826)	—	(679,826)
Cultural and recreational	7,369,950	4,096,582	108,235	377,749	(2,787,384)	—	(2,787,384)
Interest on long-term debt	1,556,902	—	—	—	(1,556,902)	—	(1,556,902)
Total governmental activities	<u>81,531,200</u>	<u>15,169,719</u>	<u>10,361,797</u>	<u>2,561,617</u>	<u>(53,438,067)</u>	<u>—</u>	<u>(53,438,067)</u>
Business-type activities							—
Transit	9,092,300	1,091,178	2,932,403	—	—	(5,068,719)	(5,068,719)
Airport	1,975,650	1,480,834	5,769	791,210	—	302,163	302,163
Refuse	4,950,421	7,561,614	—	—	—	2,611,193	2,611,193
Wastewater	16,802,079	22,254,768	—	1,479,851	—	6,932,540	6,932,540
Water	7,928,287	10,068,757	—	768,828	—	2,909,298	2,909,298
Irrigation	2,328,569	3,101,651	—	—	—	773,082	773,082
Stormwater	2,410,734	3,718,869	—	221,769	—	1,529,904	1,529,904
Total business-type activities	<u>45,488,040</u>	<u>49,277,671</u>	<u>2,938,172</u>	<u>3,261,658</u>	<u>—</u>	<u>9,989,461</u>	<u>9,989,461</u>
Total activities	<u>\$ 127,019,240</u>	<u>\$ 64,447,390</u>	<u>\$ 13,299,969</u>	<u>\$ 5,823,275</u>	<u>(53,438,067)</u>	<u>9,989,461</u>	<u>(43,448,606)</u>
General revenues and transfers							
Taxes							
Property taxes					19,838,562	—	19,838,562
Sales and use taxes					21,541,898	6,170,802	27,712,700
Other taxes and fees					14,591,045	—	14,591,045
Unrestricted investment earnings					991,254	11,760	1,003,014
Miscellaneous					89,288	44,446	133,734
Extraordinary item - plaza donations refund					(1,747,309)	—	(1,747,309)
Gain (loss) on disposition of capital assets					(1,190,856)	86,975	(1,103,881)
Transfers					8,917,960	(8,917,960)	—
Total general revenues, special items & transfers					<u>63,031,842</u>	<u>(2,603,977)</u>	<u>60,427,865</u>
Change in net position					9,593,775	7,385,484	16,979,259
Net position - beginning					141,800,607	172,526,831	314,327,438
Direct adjustment to beginning net position - GASB 75					(30,466,721)	(823,118)	(31,289,839)
Net position - ending					<u>\$ 120,927,661</u>	<u>\$ 179,089,197</u>	<u>\$ 300,016,858</u>

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

BALANCE SHEET
GOVERNMENT FUNDS

December 31, 2018

Page 1 of 1

	General Fund	Neighborhood Development Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,223,857	\$ 985,632	\$ 14,520,864	\$ 19,730,353
Cash with fiscal agent	57,861	—	162,500	220,361
Investments	5,777,764	—	10,557,486	16,335,250
Receivables, net allowance for uncollectible accounts				
Taxes	5,022,803	—	468,462	5,491,265
Accounts	2,565,125	18,742	254,562	2,838,429
Notes and contracts receivable	—	3,281,995	49,129	3,331,124
Due from other governments	125,485	—	458,974	584,459
Due from other funds	—	—	200,000	200,000
Interest receivable	84,104	—	—	84,104
Inventories and prepayments	10,000	—	230,495	240,495
Total assets	17,866,999	4,286,369	26,902,472	49,055,840
Deferred outflows of resources	—	—	—	—
Total assets & deferred outflows of resources	\$ 17,866,999	\$ 4,286,369	\$ 26,902,472	\$ 49,055,840
Liabilities				
Accounts payable	\$ 1,058,785	\$ 93,704	\$ 1,709,936	\$ 2,862,425
Retainage payable	—	—	17,300	17,300
Accrued salaries and benefits	5,236,137	47,449	1,064,297	6,347,883
Custodial accounts	417,143	—	1,488,518	1,905,661
Due to other governments	2,566	637	2,775	5,978
Due to other funds	—	—	500,000	500,000
Other current liabilities	67,937	—	—	67,937
Total liabilities	6,782,568	141,790	4,782,826	11,707,184
Deferred inflows of resources				
Deferred unavailable revenue/taxes	288,824	—	212,720	501,544
Unavailable revenue and notes	1,733,734	3,281,995	56,596	5,072,325
Total deferred inflows of resources	2,022,558	3,281,995	269,316	5,573,869
Total liabilities & deferred inflows of resources	8,805,126	3,423,785	5,052,142	17,281,053
Fund balance				
Nonspendable	10,000	—	914,891	924,891
Restricted	—	862,584	11,820,139	12,682,723
Committed	1,437,988	—	3,678,408	5,116,396
Assigned	—	—	5,969,415	5,969,415
Unassigned	7,613,885	—	(532,523)	7,081,362
Total fund balance	9,061,873	862,584	21,850,330	31,774,787
Total liabilities, deferred inflows & fund balances	\$ 17,866,999	\$ 4,286,369	\$ 26,902,472	\$ 49,055,840

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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENT FUNDS
TO THE STATEMENT OF NET POSITION**

December 31, 2018

Page 1 of 1

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

Total fund balances - government funds (previous page)	\$ 31,774,787
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	176,290,811
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	5,573,869
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.	13,857,216
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(53,157,192)
Pension and other postemployment benefits are not due and payable in the current period and therefore are not reflected in the funds	(53,411,831)
Net position of governmental activities	<u><u>\$ 120,927,660</u></u>

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

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

For the Year Ended December 31, 2018

Page 1 of 1

	General Fund	Neighborhood Development Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes and assessments	\$ 49,429,462	\$ —	\$ 17,814,389	\$ 67,243,851
Licenses and permits	1,743,770	—	646,993	2,390,763
Intergovernmental revenues	2,631,200	713,398	3,519,036	6,863,634
Charges for services	9,475,920	—	7,107,753	16,583,673
Fines and forfeitures	1,766,263	—	—	1,766,263
Contributions and donations	2,936	—	929,955	932,891
Investment earnings	924,669	18,085	97,349	1,040,103
Other revenue	68,746	508,534	1,111,511	1,688,791
Total revenues	66,042,966	1,240,017	31,226,986	98,509,969
Expenditures				
Current				
General government	14,057,480	—	953,297	15,010,777
Public safety	44,397,722	—	5,510,162	49,907,884
Utilities	1,733,277	—	267,588	2,000,865
Transportation	678,973	—	5,196,502	5,875,475
Economic environment	1,526,135	1,026,185	1,081,626	3,633,946
Public health services	17,849	—	574,469	592,318
Cultural and recreational	—	—	6,150,211	6,150,211
Capital outlay				
General government	103,743	—	58,951	162,694
Public safety	—	—	426,610	426,610
Transportation	—	—	1,297,947	1,297,947
Economic environment	—	34,457	—	34,457
Cultural and recreational	—	—	4,825,378	4,825,378
Debt service				
Principal	984,324	—	3,596,616	4,580,940
Interest and related charges	129,643	—	1,576,019	1,705,662
Total Expenditures	63,629,146	1,060,642	31,515,376	96,205,164
Excess (deficiency) of revenue over (under) expenditure	2,413,820	179,375	(288,390)	2,304,805
Other financing (sources) uses				
Transfers in	—	—	13,762,616	13,762,616
Transfers out	(2,107,055)	—	(12,058,158)	(14,165,213)
Proceeds from issuance of long-term debt	—	—	16,450,000	16,450,000
Payments to refunded debt	—	—	(7,886,993)	(7,886,993)
Sale of capital assets	4,384	—	37,592	41,976
Total other financing sources (uses)	(2,102,671)	—	10,305,057	8,202,386
Special and extraordinary items	—	—	(1,747,309)	(1,747,309)
Net change in fund balance	311,149	179,375	8,269,358	8,759,882
Fund balance - beginning	8,750,726	683,209	13,580,971	23,014,906
Fund balance - ending	\$ 9,061,875	\$ 862,584	\$ 21,850,329	\$ 31,774,788

The Notes to the Financial Statements, found in 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, 2018

Page 1 of 1

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	\$ 8,759,881
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 depreciation exceeded capital outlays in the current period.	(5,387,809)
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.	(199,403)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	675,823
The issuance of debt proceeds provide current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of debt and related items.	(3,833,306)
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).	8,121,778
Internal service funds are used by management to charge the costs of services to individual funds. The net revenue (expenses) of the internal service funds is reported with governmental activities.	1,456,811
Change in net position, as reflected on the Statement of Activities	<u>\$ 9,593,775</u>

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

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

For the Year Ended December 31, 2018

Page 1 of 1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 52,929,760	\$ 52,929,760	\$ 49,429,462	\$ (3,500,298)
Licenses and permits	1,437,482	1,437,482	1,743,770	306,288
Intergovernmental revenues	2,602,673	2,860,529	2,631,200	(229,329)
Charges for services	9,595,369	9,595,369	9,475,920	(119,449)
Fines and forfeitures	1,798,132	1,798,132	1,766,263	(31,869)
Contributions and donations	3,750	3,750	2,936	(814)
Investment earnings	432,600	432,600	924,669	492,069
Other revenue	66,433	66,433	68,746	2,313
Total revenues	68,866,199	69,124,055	66,042,966	(3,081,089)
Expenditures				
Current				
General government	14,890,932	14,890,932	14,057,480	833,452
Public safety	44,233,274	44,366,080	44,397,722	(31,642)
Utilities	1,824,146	1,824,146	1,733,277	90,869
Transportation	722,923	722,923	678,973	43,950
Economic environment	1,614,978	1,614,978	1,526,135	88,843
Public health services	26,650	26,650	17,849	8,801
Capital outlay				
General government	65,000	65,000	103,743	(38,743)
Debt service				
Principal	904,872	904,872	984,324	(79,452)
Interest and related charges	80,237	80,237	129,643	(49,406)
Total Expenditures	64,363,012	64,495,818	63,629,146	866,672
Excess (deficiency) of revenue over (under) expenditure	4,503,187	4,628,237	2,413,820	(2,214,417)
Other financing (sources) uses				
Transfers out	(3,974,020)	(4,271,020)	(2,107,055)	2,163,965
Sale of capital assets	—	—	4,384	4,384
Total other financing sources (uses)	(3,974,020)	(4,271,020)	(2,102,671)	2,168,349
Net change in fund balance	529,167	357,217	311,149	(46,068)
Fund balance - beginning	7,205,269	8,750,726	8,750,726	—
Fund balance - ending	\$ 7,734,436	\$ 9,107,943	\$ 9,061,875	\$ (46,068)

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET & ACTUAL - NEIGHBORHOOD DEVELOPMENT**

For the Year Ended December 31, 2018

Page 1 of 1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 1,312,936	\$ 2,961,867	\$ 713,398	\$ (2,248,469)
Investment earnings	—	—	18,085	18,085
Other revenue	168,932	168,932	508,534	339,602
Total revenues	<u>1,481,868</u>	<u>3,130,799</u>	<u>1,240,017</u>	<u>(1,890,782)</u>
Expenditures				
Current				
Economic environment	1,472,705	3,121,636	1,026,185	2,095,451
Capital outlay	—	—	—	—
Economic environment	—	—	34,457	34,457
Total Expenditures	<u>1,472,705</u>	<u>3,121,636</u>	<u>1,060,642</u>	<u>2,129,908</u>
Excess (deficiency) of revenue over (under) expenditure	9,163	9,163	179,375	170,212
Net change in fund balance	9,163	9,163	179,375	170,212
Fund balance - beginning	1,013,102	683,209	683,209	—
Fund balance - ending	<u>\$ 1,022,265</u>	<u>\$ 692,372</u>	<u>\$ 862,584</u>	<u>\$ 170,212</u>

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



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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

December 31, 2018

Page 1 of 4

	Business-Type Activities				
	Airport	Stormwater	Transit	Refuse	Wastewater
Assets					
Current Assets					
Cash and cash equivalents	\$ 96,790	\$ 2,238,235	\$ 2,435,247	\$ 417,335	\$ 6,526,233
Cash with fiscal agent	—	12,293	—	—	—
Investments	—	4,119,089	4,481,655	768,035	13,354,641
Receivables, net allowance for uncollectible accounts					
Taxes	—	73,364	1,084,830	—	—
Accounts	54,714	357	25,133	733,487	2,308,599
Notes and contracts receivable	—	191,886	—	—	—
Due from other governments	726,076	—	2,627,170	—	217,365
Due from other funds	—	—	—	—	—
Inventories and prepayments	—	—	—	—	—
Total current assets	877,580	6,635,224	10,654,035	1,918,857	22,406,838
Noncurrent assets					
Restricted cash	—	—	—	—	1,600,000
Capital assets not being depreciated					
Land	3,418,797	—	1,182,989	—	649,505
Construction in progress	11,775,006	7,988	179,817	—	3,997,866
Capital assets, net of accumulated depreciation					
Buildings	261,671	—	2,003,807	—	17,451,900
Machinery, equipment & vehicles	1,314,581	5,594	5,220,424	—	8,577,859
Other improve & utility systems	4,410,493	2,525,374	876,921	—	43,895,426
Intangibles	716,028	—	—	—	—
Total noncurrent assets	21,896,576	2,538,956	9,463,958	—	76,172,556
Total assets	22,774,156	9,174,180	20,117,993	1,918,857	98,579,394
Deferred outflows of resources					
Deferred amount on refunding	—	—	—	—	262,207
Deferred outflows related to pension	25,842	49,040	213,587	94,577	306,403
Total deferred outflows of resources	25,842	49,040	213,587	94,577	568,610
Total assets & deferred outflows	22,799,998	9,223,220	20,331,580	2,013,434	99,148,004

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

December 31, 2018

Page 2 of 4

Business-Type Activities			Gov't Activities
Water	Irrigation	Total	Internal Service Funds
\$ 2,747,246	\$ 1,766,176	\$ 16,227,263	\$ 3,954,708
—	—	12,293	—
4,395,767	3,250,346	30,369,533	4,466,098
—	—	1,158,194	—
753,731	319,050	4,195,071	1,035,900
—	—	191,886	99,642
—	—	3,570,611	149,571
—	—	—	300,000
377,445	—	377,445	571,401
<u>8,274,189</u>	<u>5,335,572</u>	<u>56,102,296</u>	<u>10,577,320</u>
235,000	—	1,835,000	—
173,613	98,500	5,523,404	—
682,032	1,799,348	18,442,057	—
4,466,251	279,021	24,462,650	5,577
236,801	812	15,356,071	8,737,596
33,208,117	15,429,658	100,345,989	435,114
164,659	—	880,686	—
<u>39,166,473</u>	<u>17,607,339</u>	<u>166,845,857</u>	<u>9,178,287</u>
<u>47,440,662</u>	<u>22,942,911</u>	<u>222,948,153</u>	<u>19,755,607</u>
—	—	262,207	—
166,053	44,697	900,198	166,962
<u>166,053</u>	<u>44,697</u>	<u>1,162,405</u>	<u>166,962</u>
<u>47,606,715</u>	<u>22,987,608</u>	<u>224,110,558</u>	<u>19,922,569</u>

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

December 31, 2018

Page 3 of 4

	Business-Type Activities				
	Airport	Stormwater	Transit	Refuse	Wastewater
Liabilities					
Current liabilities					
Accounts payable	214,033	27,079	125,205	107,885	592,875
Retainage payable	—	19,386	5,051	—	212,526
Claims & judgments payable	—	—	—	—	—
Accrued salaries and benefits	77,533	91,890	357,042	144,668	447,270
Compensated absences	10,508	14,148	52,139	23,300	71,066
Custodial accounts	34,030	—	—	219,086	467,049
Due to other governments	(91)	—	112	285	32,448
Other current liabilities	—	—	—	444	2,170
Interest payable	—	—	—	—	81,024
Debt principal due within one year	—	—	—	—	1,968,237
Other post-employment benefits - current	6,384	6,248	23,820	11,119	31,207
Total current liabilities	342,397	158,751	563,369	506,787	3,905,872
Noncurrent liabilities					
Compensated absences	67,664	96,424	325,106	152,230	458,051
Pension Liability	259,170	307,245	1,225,464	568,376	1,659,810
Other postemployment benefits (OPEB)	99,500	141,071	597,880	270,022	861,209
Debt principal due more than one year	—	—	—	—	14,937,874
Total noncurrent liabilities	426,334	544,740	2,148,450	990,628	17,916,944
Total liabilities	768,731	703,491	2,711,819	1,497,415	21,822,816
Deferred inflows of resources					
Deferred inflows related to pension	100,972	122,138	489,931	226,598	666,330
Deferred inflows related to OPEB	5,087	4,980	18,984	8,862	24,871
Total deferred inflows of resources	106,059	127,118	508,915	235,460	691,201
Total liabilities & deferred inflows	874,790	830,609	3,220,734	1,732,875	22,514,017
Net position					
Net investment in capital assets	21,896,576	2,519,569	9,458,907	—	57,716,126
Restricted for:					
Debt service	—	—	—	—	1,600,000
Unrestricted	28,632	5,873,043	7,651,939	280,558	17,317,860
Total net position	\$ 21,925,208	\$ 8,392,612	\$ 17,110,846	\$ 280,558	\$ 76,633,986

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

December 31, 2018

Page 4 of 4

Business-Type Activities			Gov't Activities
Water	Irrigation	Total	Internal Service Funds
88,070	3,760	1,158,907	440,833
6,152	—	243,115	—
—	—	—	3,102,947
279,088	68,816	1,466,307	246,500
41,469	10,210	222,841	36,515
372,763	—	1,092,928	64,711
457	—	33,210	348
23,131	—	25,746	—
22,761	55,051	158,836	—
741,844	155,000	2,865,081	—
18,576	4,978	102,332	20,516
<u>1,594,311</u>	<u>297,815</u>	<u>7,369,303</u>	<u>3,912,370</u>
280,819	64,191	1,444,483	250,706
966,397	261,805	5,248,267	1,005,213
466,171	126,188	2,562,041	479,916
7,968,828	3,312,449	26,219,152	—
<u>9,682,215</u>	<u>3,764,633</u>	<u>35,473,943</u>	<u>1,735,835</u>
<u>11,276,526</u>	<u>4,062,448</u>	<u>42,843,246</u>	<u>5,648,205</u>
386,033	104,557	2,096,560	400,797
14,804	3,967	81,555	16,352
400,837	108,524	2,178,115	417,149
<u>11,677,363</u>	<u>4,170,972</u>	<u>45,021,361</u>	<u>6,065,354</u>
30,214,650	14,139,889	135,945,718	9,178,288
235,000	—	1,835,000	—
5,479,703	4,676,744	41,308,480	4,678,929
<u>\$ 35,929,353</u>	<u>\$ 18,816,633</u>	<u>\$ 179,089,198</u>	<u>\$ 13,857,217</u>

The Notes to the Financial Statements, found in 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, 2018

Page 1 of 2

Business-Type Activities

	Airport	Stormwater	Transit	Refuse	Wastewater
Operating revenues					
Charges and fees for services	\$ 517,436	\$ 3,718,869	\$ 951,601	\$ 7,556,920	\$ 22,243,485
Charges for insurance	—	—	—	—	—
Employer contributions	—	—	—	—	—
Employee contributions	—	—	—	—	—
Other operating revenue	963,399	—	139,577	4,694	11,283
Total operating revenues	1,480,835	3,718,869	1,091,178	7,561,614	22,254,768
Operating expenses					
Personnel services	759,636	939,383	3,861,488	1,621,319	4,533,728
Materials and supplies	63,621	46,373	696,091	351,452	984,702
Contractual services	354,662	1,548,226	3,354,099	4,128,387	10,743,643
Claims and other benefits	—	—	—	—	—
Depreciation	797,731	100,360	1,180,623	—	4,479,375
Total operating expense	1,975,650	2,634,342	9,092,301	6,101,158	20,741,448
Operating income (loss)	(494,815)	1,084,527	(8,001,123)	1,460,456	1,513,320
Nonoperating revenues (expense)					
Grants and subsidies	796,979	—	9,103,205	—	296,816
Interest revenue	589	—	8,046	—	1,925
Other nonoperating revenue	—	—	44,446	—	—
Interest & other debt service costs	—	—	—	—	(368,269)
Gain (loss) disposal of capital assets	64,046	—	17,855	—	—
Total nonoperating revenue (exp)	861,614	—	9,173,552	—	(69,528)
Income (loss) before conts & transfers	366,799	1,084,527	1,172,429	1,460,456	1,443,792
Capital contributions	—	221,769	—	—	1,183,034
Transfers in	78,000	—	—	—	648,621
Transfers (out)	—	(60,000)	—	(795,000)	(898,928)
Change in net position	444,799	1,246,296	1,172,429	665,456	2,376,519
Net position - beginning	21,531,757	7,196,578	16,130,018	(295,459)	74,508,484
Prior period adjustment due to GASB 75	(51,347)	(50,261)	(191,601)	(89,438)	(251,017)
Net position - ending	\$ 21,925,209	\$ 8,392,613	\$ 17,110,846	\$ 280,559	\$ 76,633,986

The Notes to the Financial Statements, found in 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, 2018

Page 2 of 2

Business-Type Activities			Gov't Activities
Water	Irrigation	Total	Internal Service Funds
\$ 10,015,158	\$ 3,096,850	\$ 48,100,318	\$ 3,543,896
—	—	—	4,664,266
—	—	—	11,910,021
—	—	—	2,011,936
53,600	4,801	1,177,353	3,580
<u>10,068,758</u>	<u>3,101,651</u>	<u>49,277,671</u>	<u>22,133,699</u>
2,621,808	696,534	15,033,896	2,551,478
679,509	86,888	2,908,635	1,735,712
4,866,111	923,348	25,918,476	6,376,350
—	—	—	11,268,900
1,692,081	446,832	8,697,003	1,294,572
<u>9,859,509</u>	<u>2,153,602</u>	<u>52,558,010</u>	<u>23,227,012</u>
209,249	948,049	(3,280,339)	(1,093,313)
110,785	—	10,307,786	149,571
700	500	11,760	238,748
—	—	44,446	553,134
(71,426)	(174,965)	(614,660)	—
5,074	—	86,975	(27,253)
<u>45,133</u>	<u>(174,465)</u>	<u>9,836,307</u>	<u>914,200</u>
254,382	773,584	6,555,968	(179,113)
658,043	—	2,062,847	—
—	—	726,621	1,662,792
(176,021)	(30,000)	(1,959,949)	(26,866)
<u>736,404</u>	<u>743,584</u>	<u>7,385,487</u>	<u>1,456,813</u>
35,342,367	18,113,088	172,526,832	12,565,424
(149,417)	(40,037)	(823,118)	(165,018)
<u>\$ 35,929,354</u>	<u>\$ 18,816,635</u>	<u>\$ 179,089,201</u>	<u>\$ 13,857,219</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2018

Page 1 of 4

Business-Type Activities

	Airport	Stormwater	Transit	Refuse	Wastewater
Cash flows from operating activities					
Receipts from customers	\$ (36,212)	\$ 3,695,865	\$ 754,085	\$ 7,453,483	\$ 21,896,108
Contributions rec'd employer & employee		—	—	—	—
Payments to suppliers & service providers	(306,983)	(1,766,513)	(4,067,957)	(4,457,033)	(11,265,781)
Payments to employees salaries & benefits	(775,514)	(967,798)	(4,100,797)	(1,754,008)	(4,995,025)
Other Operating Revenues	963,399	—	139,577	4,694	11,283
Payments to claimants & beneficiaries	—	—	—	—	—
Net cash flows from operating activities	<u>(155,310)</u>	<u>961,554</u>	<u>(7,275,092)</u>	<u>1,247,136</u>	<u>5,646,585</u>
Cash from noncapital financing activities					
Sales tax received	—	—	6,170,802	—	—
Operating grants	—	—	2,932,403	—	—
Net cash from noncapital financing activities	<u>—</u>	<u>—</u>	<u>9,103,205</u>	<u>—</u>	<u>—</u>
Cash flows from capital financing activities					
Proceeds from disposal of property	64,046	—	17,855	—	—
Capital grants & contributions	796,979	1,256	—	—	1,171,736
Capital expenditures	—	(3,702)	—	—	(1,914,249)
Acquisition & const of capital assets	(1,285,030)	(92,879)	(200,524)	—	(2,811,215)
Interest and related charges paid	—	—	—	—	(408,714)
Other receipts	—	—	44,446	—	—
Transfers in	78,000	—	—	—	32,621
Transfers (out)	—	(60,000)	—	(795,000)	(282,929)
Net cash provided by (used for) financing	<u>(346,005)</u>	<u>(155,325)</u>	<u>(138,223)</u>	<u>(795,000)</u>	<u>(4,212,750)</u>
Cash flows from investing activities					
Proceeds from sale of investments	—	5,365,277	4,917,662	—	17,362,847
Interest on investments	589	—	8,046	—	1,925
Purchase of investments	—	(4,119,089)	(4,481,655)	(768,035)	(13,354,641)
Net cash provided by investing activities	<u>589</u>	<u>1,246,188</u>	<u>444,053</u>	<u>(768,035)</u>	<u>4,010,131</u>
Net increase (dec) in cash & cash equivalents	(500,726)	2,052,417	2,133,943	(315,899)	5,443,966
Cash & cash equivalents - beginning	597,516	198,112	301,305	733,234	2,682,266
Cash & cash equivalents - ending	<u>\$ 96,790</u>	<u>\$ 2,250,529</u>	<u>\$ 2,435,248</u>	<u>\$ 417,335</u>	<u>\$ 8,126,232</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2018

Page 2 of 4

Business-Type Activities			Gov't
Water	Irrigation	Total	Activities
			Internal
			Service
			Funds
\$ 10,047,056	\$ 3,036,339	\$ 46,846,724	\$ 8,492,660
—	—	—	13,878,271
(5,516,461)	(1,005,696)	(28,386,425)	(7,748,252)
(2,808,857)	(764,826)	(16,166,825)	(2,751,546)
53,600	4,801	1,177,354	3,580
—	—	—	(10,204,414)
<u>1,775,338</u>	<u>1,270,618</u>	<u>3,470,828</u>	<u>1,670,299</u>
—	—	6,170,802	698,846
—	—	2,932,403	—
<u>—</u>	<u>—</u>	<u>9,103,205</u>	<u>698,846</u>
5,073	—	86,974	261,660
594,993	—	2,564,964	—
(961,844)	(155,000)	(3,034,795)	(6,706)
(440,582)	(3,677)	(4,833,906)	(539,494)
(74,549)	(169,278)	(652,541)	—
—	—	44,446	—
—	—	110,621	1,662,792
(176,021)	(30,000)	(1,343,950)	(26,866)
<u>(1,052,930)</u>	<u>(357,955)</u>	<u>(7,058,187)</u>	<u>1,351,386</u>
5,777,445	3,866,462	37,289,693	2,616,253
700	500	11,760	238,748
(4,395,767)	(3,250,346)	(30,369,533)	(4,466,098)
<u>1,382,378</u>	<u>616,616</u>	<u>6,931,920</u>	<u>(1,611,097)</u>
2,104,786	1,529,279	12,447,766	2,109,434
877,460	236,897	5,626,790	1,845,274
<u>\$ 2,982,246</u>	<u>\$ 1,766,176</u>	<u>\$ 18,074,556</u>	<u>\$ 3,954,708</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2018

Page 3 of 4

Business-Type Activities

	<u>Airport</u>	<u>Stormwater</u>	<u>Transit</u>	<u>Refuse</u>	<u>Wastewater</u>
Reconciliation - operating income (loss) to net cash provided (used) for operations					
Operating income (loss)	\$ (494,815)	\$ 1,084,526	\$ (8,001,122)	\$ 1,460,455	\$ 1,513,321
Adj to reconcile operating income (loss) to net cash provided (used) for operations					
Depreciation expense	797,731	100,360	1,180,623	—	4,479,375
Change in assets and liabilities					
(Inc) dec in net accounts receivable	(10,131)	(23,002)	68,941	(103,437)	(137,764)
(Inc) dec in due from other governments	(543,518)	—	(266,457)	—	(217,365)
(Inc) dec in inventory	—	—	—	—	—
(Dec) inc in accounts payable	145,119	(178,220)	(22,819)	22,806	344,194
(Dec) inc in accrued liabilities	884	7,526	—	—	7,752
(Dec) inc in wages/benefits payable	5,246	—	5,083	(5,774)	12,452
(Dec) inc in compensated absences	10,977	13,998	24,327	(10,627)	(27,762)
(Dec) inc in contracts payable	(33,742)	6,305	5,051	—	100,816
(Dec) inc in due to other governments	(960)	—	—	—	32,055
(Dec) inc in interest payable	—	—	—	—	(14,501)
(Dec) inc in pension/OPEB liability	(32,101)	(49,939)	(268,719)	(116,288)	(445,987)
Total adjustments	<u>339,505</u>	<u>(122,972)</u>	<u>726,030</u>	<u>(213,320)</u>	<u>4,133,265</u>
Net cash prov (used) for operations	<u>\$ (155,310)</u>	<u>\$ 961,554</u>	<u>\$ (7,275,092)</u>	<u>\$ 1,247,135</u>	<u>\$ 5,646,586</u>
Schedule of noncash capital & related financing activities					
Contribution of capital assets	\$ —	\$ 220,513	\$ —	\$ —	\$ 308,115

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2018

Page 4 of 4

Business-Type Activities			Gov't
Water	Irrigation	Total	Activities
			Internal
			Service
			Funds
\$ 209,249	\$ 948,047	\$ (3,280,339)	\$ (28,830)
1,692,081	446,832	8,697,002	1,294,572
1,658	(60,510)	(264,245)	240,812
—	—	(1,027,340)	—
15,120	—	15,120	(29,645)
52,946	6,607	370,633	393,459
—	—	16,162	—
18,889	(310)	35,587	(218,933)
3,060	(9,132)	4,842	18,864
(5,291)	—	73,139	—
344	(4)	31,435	—
(3,720)	(2,063)	(20,284)	—
(208,998)	(58,850)	(1,180,882)	—
<u>1,566,089</u>	<u>322,570</u>	<u>6,751,169</u>	<u>1,699,129</u>
<u>\$ 1,775,338</u>	<u>\$ 1,270,617</u>	<u>\$ 3,470,830</u>	<u>\$ 1,670,299</u>
\$ 173,835	—	\$ 702,463	\$ —

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2018

Page 1 of 1

	Agency Fund YakCorps
	<u> </u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 153,107
Receivables, net allowance for uncollectible accounts	
Accounts	<u>7,993</u>
Total current assets	<u>161,100</u>
Liabilities	
Current liabilities	
Due to other governments	161,100
Total net position	<u><u>\$ —</u></u>

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



NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2018

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NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Yakima, Washington, conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The City has adopted the pronouncements of the Governmental Accounting Standards Board (GASB) the nationally-accepted standard setting body for establishing governmental accounting and financial reporting principles. 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.

CHANGES IN ACCOUNTING PRINCIPLE

In 2015 the Governmental Accounting Standards Board issued Statement 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for reporting years beginning after June 15, 2017. This provision was enacted to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This change in accounting principle had a material impact to the City of Yakima's Government-wide Financial Statements in 2018, which resulted in a direct negative adjustment to the 2018 beginning net position of \$31.3 million.

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, streets, code and parking enforcement, municipal court, economic development, and administrative services. Included in the City's Enterprise Fund financial reports are: water treatment and distribution, irrigation, sanitary wastewater, solid waste, stormwater, transit and airport. The Yakima Air Terminal, was operated under a joint venture agreement with Yakima County, and 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.

Although a separate legal entity, the City has elected to account for the operations of the *Yakima Regional 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.

Applying these criteria, the primary government statements consist of the legal entity of the City and the blended component unit of the Yakima Regional Public Facilities District.

Related Organizations – 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.

The *Yakima Housing Authority (YHA)* 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.

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

Government Wide

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.

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.

Fund Financial Statements

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 **Neighborhood Development Fund** accounts for grant programs supported by the Federal Housing and Urban Development grants which are used to improve housing conditions for low income families and seniors in Yakima.

The City reports the following enterprise funds as major funds:

- The **Airport Fund** is responsible for the operation, maintenance and any construction projects at the Airport facility.
- The **Stormwater Fund** is responsible for the operations, maintenance and construction to the Stormwater collection system. While not technically a major fund, because it is the only non-major Enterprise fund, it is being reported with the major funds for continuity purposes.
- The **Transit Fund** accounts for the operation of the City Transit System, funded primarily by 0.3% sales tax, federal grants and fares.
- The **Refuse Fund** accounts for the operation and maintenance of household and yard waste collection and disposal for City residents.
- The **Water and Wastewater Funds** account for the provision of water treatment and distribution and wastewater collection and treatment services to City residents and other outside utility agreements.
- The **Irrigation Fund** accounts for the operation, maintenance and reconstruction of the existing irrigation system.

Additionally, the government reports the following fund types:

- **Internal Service Funds** account for fleet management services, liability insurance, employee benefit reserves, and public works administration services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.
- **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. These funds are excluded from the government-wide financial statements. In accordance with GASB 73, the Firemen's Relief and Pension Fiduciary Fund is reported as part of the General Fund.

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

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

ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS, AND FUND BALANCE / NET POSITION

Cash, Cash Equivalents and Investments

Cash is considered to be cash on hand and demand deposits. Cash equivalents are 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.

The City invests funds that exceed operating and liquidity needs. The City is authorized by State law, Municipal Code and the City's investment policy to place cash in: Washington State Treasurer's Local Government Investment Pool (LGIP); U.S. Treasury and Agency securities; state and local government bonds; corporate notes purchased on the secondary market; certificates of deposit issued by Washington State depositories that participate in a state insurance pool managed by the Washington Public Deposit Protection Commission; investment deposits in a qualified public depository located in the State of Washington; banker's acceptances trading in the secondary market; and commercial paper. As further discussed in Note 4, the City reports investments at net book value.

Receivables

Taxes receivable consists of property and other taxes including related interest and penalties (see Note 4). Customer accounts receivable consists of amounts due from private individuals or organizations for goods and services incurred in the normal course of conducting business. Customer accounts receivable are reported net of estimated uncollectible amounts in proprietary funds. Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments. Accrued interest receivable consists of amounts earned on investments, notes, and contracts as of year-end. 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 Neighborhood 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.

Amounts Due To and From Other Governments

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 the General Fund, Enterprise Funds and Internal Service Funds are valued at cost using the weighted average method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets and Liabilities

These accounts contain resources for debt service reserve requirements and debt redemption in the enterprise funds.

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 of two years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Infrastructure assets are long-lived assets that normally are stationary in nature and must be preserved perpetually, using a combination of replacement and life-extending repair and maintenance. Examples of infrastructure include roads, bridges, 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 do not 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

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. Other than outflows related to pensions (discussed in the next paragraph), the City of Yakima has only one other item that qualifies in this category, which is the deferred amount on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of

refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Current Liabilities

Liabilities include primarily salaries and benefits payable and claims and judgments payable in the Internal Service Funds, current portion due on long-term debt and other liabilities due.

Noncurrent Liabilities

Noncurrent liabilities include long-term debt, compensated absences, cumulative unfinanced liability related to post-employment benefits and pension liabilities as prescribed by GASB 68, 73, and 75.

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 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.

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 in the government wide Statement of Activities, 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. The City has two types of items, deferred inflows related to pension, and OPEB, that qualify for reporting in this category, which is reported in the governmental activities on the Statement of Net Position. The governmental funds report unavailable revenues from two sources, taxes receivable and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Positions and Fund Balances

Net position is segregated into three categories on the government-wide statement of net position: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. The flow assumption of the city is to use restricted assets before unrestricted assets when permitted by the resolution. Restricted assets are usually set aside in a separate fund, specifically used for the purpose of debt service or capital replacement.

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.

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 (resolution or ordinance) of the City Council which may be altered only by a similar 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.

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

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

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 “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” These details of this difference are as follows:

Land	\$ 17,884,343
Construction in progress	17,163,662
Buildings	57,571,868
Less: Accumulated depreciation - buildings	(27,735,667)
Machinery, equipment and vehicles	26,422,718
Less: Accumulated depreciation - machinery, equipment and vehicles	(18,817,030)
Infrastructure	297,338,729
Less: Accumulated depreciation - infrastructure	(200,238,662)
Other improvements	19,217,238
Less: Accumulated depreciation - other improvements	(12,516,387)
	<hr/>
Net adjustment to increase total fund balances - total government funds to arrive at net position - governmental activities	<u>\$ 176,290,812</u>

Another element of that reconciliation explains “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 difference are as follows:

Bonds payable	\$ (34,379,606)
Add: Issuance premium (to be amortized over the life of the debt)	(1,185,778)
Intergovernmental loans	(5,836,380)
Lease purchase agreements	(3,191,549)
Compensated absences	(8,346,276)
Subtotal	<u>(52,939,589)</u>
Accrued interest payable	(217,604)
Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities	<u><u>\$ (53,157,193)</u></u>

The effect of long-term pension assets, liabilities and deferred inflows and outflows of resources as well as liabilities for Other Postemployment Benefits do not impact current economic resources and are therefore not reported in the funds. Details of this difference are as follows:

Pension asset	\$ 19,190,375
Net pension liability	(18,985,786)
Deferred outflow change in proportionate share	3,245,236
Deferred inflow change in proportionate share	(9,085,759)
Other postemployment benefit obligation	(47,775,897)
Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities	<u><u>\$ (53,411,831)</u></u>

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND 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.” This is the amount by which depreciation expense exceeded capital outlays in the current period. The details of this difference are as follows:

Capital outlay	\$ 6,747,086
Depreciation expense	(12,134,895)
Net adjustment to decrease net changes in fund balances - total government funds to arrive at changes in net position of governmental activities	<u><u>\$ (5,387,809)</u></u>

Another element of that reconciliation states that “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.” The details of this difference are as follows:

In the statement of activities, only loss 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.	\$ (1,218,100)
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.	1,018,697
Net adjustment to increase total government funds to arrive at changes in net position of governmental activities	<u>\$ (199,403)</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. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items”. The details of this difference are as follows:

Debt issued	
Issuance of general obligation bonds	\$ (16,450,000)
Principal repayments	
General obligation debt	11,042,868
Intergovernmental loans	382,991
Lease purchase agreements	1,042,074
Interest accrued	148,761
Net adjustment to increase net changes in fund balances - total government funds to arrive at changes in net position of governmental activities	<u>\$ (3,833,306)</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETS AND BUDGETARY ACCOUNTING

Scope of Budget

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

Annual appropriated budgets are adopted on the modified accrual basis of accounting. For governmental funds, there are no differences between budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for the General Fund and for the Neighborhood Development Fund, which is considered a Special Revenue fund. Budgets for special revenue funds are required to be prepared, but not required to be reported individually in this report. 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. Budgets for proprietary funds, although not legally required, are prepared for operational oversight. Budgetary comparisons for all funds not presented in this report are available at www.yakimawa.gov/finance.

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 15, 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 two public hearings on the proposed budget in November/December 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 statement represent the original adopted budget and all supplemental appropriations. City-wide, supplemental appropriations totaled \$18.9 million. The principal amendments were adjustments to Community Development/ONDS in the amount of \$1.6 million due to programmatic nature of the budget and differences in the reporting time frame for Federal programs, nonlapsing and new appropriations of various construction projects in the amount of \$11.8 million, and refunding debt payoff of \$3.5 million.

General Fund spent less than its \$64.5 million final budget by \$866,672 due to monthly and quarterly monitoring and reporting of actual expenditures to budget on a departmental basis.

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 all 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 as a budget amendment to the original budget.

FUND EQUITY

Nonspendable Fund Balance in Permanent Funds

The fund balance of \$684,396 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 \$1,437,988 which represents the net accumulated contributions made by the government through property taxes plus interest earnings and state fire insurance premium tax proceeds. As a requirement of GASB 73, which was implemented in 2016, this fund is now being reported as a part of the General Fund balance. It will continue to be treated as a separate fund for budgetary purposes.

Deficit Fund Balance

- The CBD Capital Improvement fund shows a deficit fund balance of (\$532,523). At the end of 2018, voters rejected a referendum - City Council-requested citizen input for a central plaza capital project that had already incurred design costs. Just over \$1.7 million in donations were therefore refunded; City Council will be considering a 2019 interfund transfer to eliminate this deficit fund balance.
- The Workers' Compensation fund has a deficit fund balance of (\$558,231) due to claims exceeding reserves. A rate increase for the city-paid allocation across all applicable funds is being implemented in 2019 to support the costs of ongoing claims. A transfer from General Fund of \$380,000 is also budgeted in 2019 to help restore fund balance.

NOTE 4 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

DEPOSITS AND INVESTMENTS

Deposits

The City of Yakima maintains deposit relationships with qualified Washington State depositories which are public depositories authorized by the Public Deposit Protection Commission of the State of Washington (PDPC). Collateralization of all deposits above Federal Depository Insurance Corporation (FDIC) insured amounts are in accordance with State statute (RCW 39.58) and PDPC regulations. 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, 2018:

Banks and savings and loan institutions	\$ 8,980,856
Cash with fiscal agent	232,600
Petty cash and other imprest funds	14,527
Local Government Investment Pool (LGIP)	32,751,940
Subtotal	<u>41,979,923</u>
Agency fund	153,107
Total	<u><u>\$ 42,133,030</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 over FDIC-insured amounts may not be recovered. Because of PDPC regulatory oversight, the risk to City’s deposits is reduced.

The City of Yakima is a participant in the Local Government Investment Pool (LGIP), managed and operated by the Washington State Treasurer, as authorized by Chapter 294, Laws of 1986. The State Finance committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by LGIP advisory committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The LGIP portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally

binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

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.

The Office of the State Treasurer prepares a stand-alone financial report. A copy of the LGIP report is available online at <http://www.tre.wa.gov> or from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200.

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 has no deposits or investments that are exposed to this type of risk.

Investments

Cash and investments are managed in accordance with the City’s Investment Policy (Resolution R2011-134). The policy applies to all financial assets of the City of Yakima (excluding the Firemen’s Relief and Pension Fund).

As of December 31, 2018, 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 Expected Maturity (Days)	Rating
Federal agency securities	\$ 51,170,881	\$ 50,521,891	814	814	n/a

Carrying Value

Investments are reported at Net Book Value on the Financial Statements. Investments are not actively traded, but rather are held until maturity unless called by the issuer prior to the maturity date. Securities may be sold before they mature if market conditions present an opportunity for the City to capture a benefit or to avoid a risk but otherwise the City adheres to a buy-and-hold strategy. Premiums or Discounts realized at purchase are amortized over the life of the investment so that Net Book Value is fully realized at maturity. Fair value reflects the market price on a given date. Changes in fair value create unrealized gains and losses which are not 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. The City does not purchase derivatives, pass-through obligations or other 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 statutes (RCW sections 35.39 and 39.59), limit investments that a Washington Class 1 City may hold to: (1) Direct and Indirect obligations of the US Government; (2) Bonds of Washington State or local government within the State; (3) General Obligation bonds of another State or local government, which at the time of investment have one of the three highest credit ratings of a nationally-recognized rating agency; (4) Corporate Notes purchased on the secondary market with a minimum credit quality rating of upper medium investment grade - at least A by Standard and Poors, A2 by Moody's, or A by Fitch - on the date of purchase; (5) 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; (6) non-negotiable Certificates of Deposit with financial institutions qualified by the Washington PDPC; and (7) the State Treasurer's LGIP. The LGIP is a 2a7 like pool, and investments in the pool are reported at the share price of 100% of dollars invested. The City's adopted Investment Policy adheres to State Statutes.

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.

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 payment 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 collectible. Delinquent taxes are reported as unearned in the governmental funds and as part of the net position in the government wide funds.

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 \$0.50 per \$1,000 for the Library District. 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 2018, the City's regular tax levy was \$2.9942 per \$1,000 on a total assessed valuation of \$6.2 billion, for a total regular levy of \$18,686,841. Included in the City's regular levy is an authorization to levy for the Firemen's Relief and Pension Fund. 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 2018 was \$.2250 per \$1,000, or \$1,136,924.

RECEIVABLES

Receivables as of year-end for the City's individual major funds, nonmajor, internal service and agency funds in the aggregate are included in the statements.

Accounts receivable balances of the Enterprise funds are reported net of allowances for uncollectible accounts. Historically, write-offs in the utility funds have been about 1% of billed charges. Estimated uncollectible balances are as follows:

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE – ENTERPRISE FUNDS

Refuse	\$ 272,346
Wastewater	600,597
Water	367,032
Irrigation	63,115
Irrigation Capital	<u>31,087</u>
Total	<u><u>\$ 1,334,177</u></u>

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables and Payables

Under the City’s Interfund Loan program established in Chapter 3.123 of the City of Yakima Municipal code, loans between funds are authorized in order to fund short term working capital requirements of funds that may be in a negative cash position. Generally, such needs are due to timing differences between a fund’s regular receipts of revenue and ordinary operating expenditures or expenses. Such loans that extend beyond one calendar quarter are subject to interest at published rates.

Interfund balances are eliminated on the government-wide financial statement. Interfund balances were as follows at year end:

INTERFUND BALANCES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Equipment Rental	Public Safety Dispatch	\$ 300,000
REET 2	Yakima Revenue Dev Area	<u>200,000</u>
Total		<u><u>\$ 500,000</u></u>

Interfund Transfers

Interfund transfers represent subsidies and contributions provided to other funds with no corresponding debt or promise to repay. General Fund transfers are primarily used to: 1) allocate the portion of utility taxes that are designated to support Parks and Recreation and Law and Justice Capital programs; 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 Equipment Rental Fund operates as an Internal Service Fund to support City motorized vehicle operations and as such “owns” most City vehicles other than Police or Fire vehicles. The fund administers a Vehicle Replacement program whereby participating funds make periodic deposits to the Vehicle Replacement Reserve for future purchases. These deposits are treated as transfers from the participating fund to Equipment Rental’s Reserve. The Equipment Rental Fund also operates a maintenance and repair shop to service City vehicles (excluding Fire vehicles which are maintained by the Fire Department and Police vehicles which are serviced by an external vendor). By definition an Internal Service fund should not build an excessive fund balance. Their services should be rendered at approximate cost.

The following chart depicts interfund transfer activity during 2018:

INTERFUND TRANSFERS

Transfer out	Transfer In					Total
	Other			Internal		
	Gen Gov't	Airport	Wastewater	Service		
General Fund	\$ 2,045,575	\$ 40,000	\$ —	\$ 21,480	\$ 2,107,055	
Other Gen Gov't	2,171,214	38,000	—	387,565	2,596,779	
Refuse	—	—	—	795,000	795,000	
Wastewater	84,448	—	616,000	198,481	898,929	
Water	—	—	32,621	143,400	176,021	
Irrigation	—	—	—	30,000	30,000	
Other Enterprise	—	—	—	60,000	60,000	
Internal Service	—	—	—	26,866	26,866	
Total	\$ 4,301,237	\$ 78,000	\$ 648,621	\$ 1,662,792	\$ 6,690,650	

CAPITAL ASSETS

CAPITAL ASSET ACTIVITY

	Balance				Balance
	1/1/2018	Additions	Adjustments	Deletions	12/31/2018
Governmental activities					
Capital assets - not being depreciated					
Land	\$ 17,884,343	\$ —	\$ —	\$ —	\$ 17,884,343
Construction in progress	12,190,544	6,014,341	(563,313)	(477,910)	17,163,662
Total capital assets not being depreciated	30,074,887	6,014,341	(563,313)	(477,910)	35,048,005
Capital assets being depreciated					
Buildings	57,571,868	—	—	—	57,571,868
Other improvements	18,543,979	109,945	563,313	—	19,217,237
Machinery, equipment and vehicles	26,065,334	622,798	—	(265,414)	26,422,718
Infrastructure	297,049,072	1,018,697	—	(729,042)	297,338,727
Total capital assets being depreciated	399,230,253	1,751,440	563,313	(994,456)	400,550,550
Less accumulated depreciation					
Buildings	(26,453,072)	(1,282,595)	—	—	(27,735,667)
Other improvements	(11,485,475)	(1,030,912)	—	—	(12,516,387)
Machinery, equipment and vehicles	(17,278,589)	(1,792,707)	—	254,266	(18,817,030)
Infrastructure	(192,209,982)	(8,028,679)	—	—	(200,238,661)
Total accumulated depreciation	(247,427,118)	(12,134,893)	—	254,266	(259,307,745)
Total capital assets being depreciated - net	151,803,135	(10,383,453)	563,313	(740,190)	141,242,805
Governmental activities capital assets - net	181,878,022	(4,369,112)	—	(1,218,100)	176,290,810

CAPITAL ASSET ACTIVITY

	Balance 1/1/2018	Additions	Adjustments	Deletions	Balance 12/31/2018
Internal service funds - gov't activities					
Capital assets being depreciated					
Buildings	37,397	—	—	—	37,397
Other improvements	649,059	10,209	—	—	659,268
Machinery, equipment and vehicles	25,032,025	535,991	—	(1,203,750)	24,364,266
Total capital assets being depreciated	25,718,481	546,200	—	(1,203,750)	25,060,931
Less accumulated depreciation					
Buildings	(31,211)	(609)	—	—	(31,820)
Other improvements	(188,411)	(35,744)	—	—	(224,155)
Machinery, equipment and vehicles	(15,287,148)	(1,258,219)	—	918,697	(15,626,670)
Total accumulated depreciation	(15,506,770)	(1,294,572)	—	918,697	(15,882,645)
Total internal service capital assets being depr - net	10,211,711	(748,372)	—	(285,053)	9,178,286
Total governmental activities	\$ 192,089,733	\$ (5,117,484)	\$ —	\$ (1,503,153)	\$ 185,469,096
Business-type activities					
Capital assets - not being depreciated					
Land	\$ 5,523,405	\$ —	\$ —	\$ —	\$ 5,523,405
Construction in progress	21,603,947	3,703,957	(6,865,846)	—	18,442,058
Total capital assets not being depreciated	27,127,352	3,703,957	(6,865,846)	—	23,965,463
Capital assets being depreciated					
Buildings	88,362,671	—	—	—	88,362,671
Other improvements	175,170,675	990,242	6,865,846	—	183,026,763
Machinery, equipment and vehicles	39,383,745	845,872	—	(56,504)	40,173,113
Intangibles	2,190,139	—	—	—	2,190,139
Total capital assets - depreciated	305,107,230	1,836,114	6,865,846	(56,504)	313,752,686
Less accumulated depreciation					
Buildings	(62,208,924)	(1,691,097)	—	—	(63,900,021)
Other improvements	(77,995,977)	(4,684,796)	—	—	(82,680,773)
Machinery, equipment and vehicles	(22,653,911)	(2,219,638)	—	56,504	(24,817,045)
Intangibles	(1,207,980)	(101,471)	—	—	(1,309,451)
Total accumulated depreciation	(164,066,792)	(8,697,002)	—	56,504	(172,707,290)
Total capital assets being depreciated - net	141,040,438	(6,860,888)	6,865,846	—	141,045,396
Total capital assets - business activities	\$ 168,167,790	\$ (3,156,931)	\$ —	\$ —	\$ 165,010,859

NOTE - The adjustment column represents construction works in progress that were completed and either classified into the appropriate capital asset category, or expensed. Assets transferred between fund categories are also included as an adjustment. Depreciation expense was charged to functions/programs as follows:

DEPRECIATION EXPENSE

Function/Program	Amount
General government	\$ 270,243
Public safety	1,426,907
Transportation	8,264,773
Economic environment	615,008
Cultural and recreational	1,557,964
Capital Assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,294,573
Total depreciation - governmental activities	<u>\$ 13,429,468</u>
Transit	\$ 1,180,623
Wastewater	4,479,375
Water	1,692,081
Irrigation	446,832
Stormwater	100,360
Airport	797,731
Total depreciation - business-type activities	<u>\$ 8,697,002</u>

COMMITMENTS

Construction Commitments

The City had active construction projects as of December 31, 2018.

The Wastewater project that is active at the end of the year is the Beech Street Lift Station Phase 2. Wastewater project improvements are partially financed by State Public Works Trust fund rates and fees.

Street projects include upgrades to existing streets and sidewalks in the City. Also, design work is still in the process for the East/West Corridor, which will provide a connection for north Yakima with Terrace Heights. Design work continues on the north/south access for the former Boise Cascade Saw Mill, with construction scheduled to start in 2019. Street construction projects are financed by Federal and State loans, SIED grants/loans, TBD, and local funds.

The City continues with the construction of the aquatic center. The Aquatic Center construction is paid for by bonds of \$8.0 million.

CURRENT CONSTRUCTION COMMITMENTS

Project	Contract Amount	Spent to Date	Remaining Commitment
Wastewater Treatment Plant and Mains	\$ 4,290,708	\$ 3,215,914	\$ 1,074,794
Street Construction	4,762,039	3,312,703	1,449,336
Parks	8,000,000	3,826,453	4,173,547
Total	<u>\$ 17,052,747</u>	<u>\$ 10,355,070</u>	<u>\$ 6,697,677</u>

NOTE 5 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2018:

AGGREGATE PENSION AMOUNTS - ALL STATE SPONSORED PLANS

Pension liabilities	\$ 15,025,575
Pension assets	(19,190,375)
Deferred outflows of resources	4,312,401
Deferred inflows of resources	11,367,603
Pension expense/expenditures	(929,587)

STATE SPONSORED PENSION PLANS

Substantially all Yakima full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set

at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

PERS PLAN 1

Actual Contribution Rates	Employer	Employee
January - August 2018		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	n/a
Administrative Fee	0.18%	n/a
Total	12.70%	6.00%
September - December 2018		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	n/a
Administrative Fee	0.18%	n/a
Total	12.83%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 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 benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3% 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 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% 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 credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. 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 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5% and escalate to 15% with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18%. Each biennium, the state

Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

PERS PLAN 2/3

<u>Actual Contribution Rates</u>	<u>Employer 2/3</u>	<u>Employee 2</u>
January - August 2018		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	n/a
Administrative Fee	0.18%	n/a
Employee PERS Plan 3	-	Varies
Total	12.70%	7.38%
September - December 2018		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	n/a
Administrative Fee	0.18%	n/a
Employee PERS Plan 3	-	Varies
Total	12.83%	7.41%

The City of Yakima’s actual PERS plan contributions were \$1,570,927 to PERS Plan 1 and \$2,194,199 to PERS Plan 2/3 for the year ended December 31, 2018.

PUBLIC SAFETY EMPLOYEES’ RETIREMENT SYSTEM (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, 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 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.

PSERS covered employers include:

- Certain 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, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the average final compensation (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. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. 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% per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2018 were as follows:

PSERS PLAN 2

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
January - August 2018		
PSERS Plan 2	6.74%	6.74%
PERS Plan 1 UAAL	5.03%	n/a
Administrative Fee	0.18%	n/a
Total	11.95%	6.74%
September - December 2018		
PSERS Plan 2	7.07%	7.07%
PERS Plan 1 UAAL	5.13%	n/a
Administrative Fee	0.18%	n/a
Total	12.38%	7.07%

The City of Yakima's actual plan contributions were \$57,599 to PSERS Plan 2 for the year ended December 31, 2018.

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1

This plan provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2018. Employers paid only the administrative expense of 0.18% of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. 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% for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18%. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

LEOFF PLAN 2

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	n/a
Total	5.43%	8.75%

The City of Yakima's actual contributions to the plan were \$1,233,450 for the year ended December 31, 2018.

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 the state fiscal year ending June 30, 2018, the state contributed \$68,152,127 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is (\$14,409,269).

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. The actuarial assumptions used in the valuation were based

on the results of the Office of the State Actuary's (OSA) 2007-2012 *Experience Study* and the 2017 *Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation - 2.75% total economic inflation; 3.50% salary inflation
- Salary increases - In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return - 7.4%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40%.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4%.

To determine that rate, an asset sufficiency test included an assumed 7.5% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5% except LEOFF 2, which has assumed 7.4%). Consistent with the long-term expected rate of return, a 7.4% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4% was determined using a building-block method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the table below. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% LT Expected Real Rate of Return
		Arithmetic
Fixed income	20%	1.70%
Tangible assets	7%	4.90%
Real estate	18%	5.80%
Global equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of Net Pension Liability

The table below presents the City of Yakima's proportionate share of the net pension liability calculated using the discount rate of 7.4%, as well as what the City of Yakima's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4%) or 1-percentage point higher (8.4%) than the current rate.

	Current		
	1% Decrease	Discount	1% Increase
	(6.4)%	Rate (7.4%)	(8.4)%
PERS 1	\$ 12,647,976	\$ 10,291,797	\$ 8,250,870
PERS 2/3	21,640,315	4,731,133	(9,132,508)
PSERS 2	274,769	2,645	(210,883)
LEOFF 1	(3,803,463)	(4,781,106)	(5,622,801)
LEOFF 2	(1,916,163)	(14,409,269)	(24,598,850)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the City of Yakima reported a total pension asset of (\$19,190,375) and a pension liability of \$15.0 million for its proportionate share of the net pension assets and liabilities as follows:

	Asset	Liability
PERS 1	\$ —	\$ 10,291,797
PERS 2/3	—	4,731,133
PSERS 2	—	2,645
LEOFF 1	(4,781,106)	—
LEOFF 2	(14,409,269)	—
Total	\$ (19,190,375)	\$ 15,025,575

The amount of the liability (asset) reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City of Yakima. The amount recognized by the city as its proportionate share of the net

pension liability (asset), the related State support, and the total portion of the net pension liability (asset) that was associated with the city were as follows:

Risk	LEOFF 1	LEOFF 2
	Asset	Asset
Employer's proportionate share	\$ (4,781,106)	\$ (14,409,269)
State's proportionate share of the net pension asset associated with the employer	(32,339,285)	(9,329,730)
Total	<u>\$ (37,120,391)</u>	<u>\$ (23,738,999)</u>

At June 30, the City of Yakima's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/17	Proportionate Share 6/30/18	Change in Proportion
PERS 1	0.2396%	0.2304%	(0.0092)%
PERS 2/3	0.2884%	0.2771%	(0.0113)%
PSERS 2	0.2143%	0.2135%	(0.0008)%
LEOFF 1	0.2625%	0.2633%	0.0008%
LEOFF 2	0.7399%	0.7097%	(0.0302)%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2018. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2018, the state of Washington contributed 87.12% of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88% of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2018, the state of Washington contributed 39.30% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.70% of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2018, the City of Yakima's recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 458,119
PERS 2/3	(167,516)
PSERS 2	44,818
LEOFF 1	(780,471)
LEOFF 2	(484,537)
Total	<u>\$ (929,587)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the City of Yakima's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

DEFERRED OUTFLOWS/INFLOWS

Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
PERS Plan 1		
Differences between expected and actual experience	\$ —	\$ 408,990
Contributions subsequent to the measurement date	791,067	—
Total PERS Plan 1	\$ 791,067	\$ 408,990
PERS Plan 2/3		
Differences between expected and actual experience	\$ 579,913	\$ 828,335
Net difference between projected and actual investment earnings on pension plan investments	—	2,903,242
Changes of assumptions	55,346	—
Changes in proportion and differences between contributions and proportionate share of contributions	11,258	507,678
Contributions subsequent to the measurement date	1,099,704	—
Total PERS Plan 2/3	\$ 1,746,221	\$ 5,585,697
PSERS Plan 2		
Differences between expected and actual experience	\$ 19,616	\$ 2,714
Net difference between projected and actual investment earnings on pension plan investments	—	35,662
Changes of assumptions	283	16,367
Changes in proportion and differences between contributions and proportionate share of contributions	—	2,607
Contributions subsequent to the measurement date	29,476	—
Total PSERS Plan 2	\$ 49,375	\$ 57,350
LEOFF 1		
Net difference between projected and actual investment earnings on pension plan investments	\$ —	\$ 388,156
Total LEOFF 1	\$ —	\$ 388,156

DEFERRED OUTFLOWS/INFLOWS

Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
LEOFF 2		
Differences between expected and actual experience	\$ 771,876	\$ 334,585
Net difference between projected and actual investment earnings on pension plan investments	—	2,521,816
Changes of assumptions	8,157	2,067,991
Changes in proportion and differences between contributions and proportionate share of contributions	333,452	3,018
Contributions subsequent to the measurement date	612,253	—
Total LEOFF 2	\$ 1,725,738	\$ 4,927,410
Total	\$ 4,312,401	\$ 11,367,603

Deferred outflows of resources related to pensions resulting from the City of Yakima's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	PERS 1	PERS 2/3	PSERS	LEOFF 1	LEOFF 2
2019	\$ 17,893	\$ (567,367)	\$ (1,253)	\$ 371	\$ (262,766)
2020	(89,408)	(1,044,258)	(5,068)	(87,564)	(644,584)
2021	(268,287)	(1,845,738)	(12,648)	(238,491)	(1,457,790)
2022	(69,189)	(726,741)	(6,550)	(62,471)	(530,400)
2023	—	(312,255)	(1,667)	—	(172,879)
Thereafter	—	(442,822)	(10,266)	—	(745,507)

VOLUNTEER FIREFIGHTERS' AND RESERVE OFFICERS' RELIEF AND PENSION FUND (VFFRPF)

VFFRPF is a cost-sharing, multiple-employer defined benefit plan administered by the State Board for Volunteer Fire Fighters and Reserve Officers. The Board is appointed by the Governor and is comprised of five members of fire departments covered by Chapter 41.24 RCW. Administration costs of the VFFRPF are funded through legislative appropriation. Approximately 450 local governments, consisting of fire departments, emergency medical service districts and law enforcement agencies, contribute to the plan. In addition, the state contributes 40% of the fire insurance premium tax. Retirement benefits are established in Chapter 41.24 RCW and may be amended only by the Legislature.

The VFFRPF plan does not issue a stand-alone financial report, but is included in the comprehensive annual financial report (CAFR) of the State of Washington. The State CAFR may be downloaded from the Office of Financial Management (OFM) website at www.ofm.wa.gov.

Membership in the VFFRPF includes volunteer firefighters, emergency medical technicians, and commissioned reserve law enforcement officers of participating employers. After 25 years of active membership, members having reached the age of 65 and who have paid their annual retirement fee for 25 years are entitled to receive a monthly benefit of \$50 plus \$10 per year of service, for a maximum monthly benefit of \$300. Reduced pensions are available for members under the age of 65 or with less than 25 years of service.

Members are vested after ten years of service. The VFFRPF members earn no interest on contributions and may elect to withdraw their contributions upon termination. Death and active duty disability benefits are provided at no cost to the member. Death benefits in the line of duty consist of a lump sum of \$214,000 and funeral and burial expenses of \$2,000. Members receiving disability benefits at the time of death shall be paid \$500.

Contributions

Contribution rates for emergency medical service districts (EMSD) and law enforcement agencies are set each year by the Board based on the actual cost of participation as determined by the Office of the State Actuary. All other contribution rates are set by the Legislature. Municipalities may opt to pay the member’s fee on their behalf.

The contribution rates for 2018 were as follows:

VFFRPF		EMSD and Reserve
Actual Contribution Rates	Firefighters	Officers
Municipality fee	\$ 30	\$ 105
Member Fee	30	30

The City of Yakima’s actual contributions to the plan were \$1,485 for the year ended December 31, 2018.

In accordance with Chapter 41.24 RCW, the state contributes 40% of the fire insurance premium tax to the plan. For fiscal year 2018, the fire insurance premium tax contribution was \$7.2 million. The city received \$97,885 of this amount.

Actuarial Assumptions

The total pension asset for the VFFRPF was determined by an actuarial valuation by the Office of the State Actuary (OSA) as of June 30, 2016, and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 2.50%
- Salary increases: N/A
- Investment rate of return: 7.0%

The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2007-2012 Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2017 valuation report.

Mortality rates were based on the RP-2000 report’s Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The discount rate used to measure the total VFFRPF pension asset was 7.0%. To determine that rate, an asset sufficiency test was completed to test whether the pension plan’s fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7% future investment rate of return on invested assets was assumed for the test. Contributions from plan members, municipalities, and the state will be made at the current contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The long-term expected rate of return on the VFFRPF pension plan investments of 7.4% was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the table below. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% LT Expected
		Real Rate of Return Arithmetic
Fixed income	20%	1.70%
Tangible assets	7%	4.90%
Real estate	18%	5.80%
Global equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of Net Pension Asset

The following presents the City of Yakima's proportionate share of the VFFRPF net pension asset calculated using the discount rate of 7%, as well as what the City of Yakima's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	(6.0%)	(7.0%)	(8.0%)
VFFRPF	\$ (48,054)	\$ (85,107)	\$ (117,106)

Pension Plan Fiduciary Net Position

Detailed information about the VFFRPF plan's fiduciary net position is available in the separately issued State of Washington CAFR.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the City of Yakima reported an asset of \$85,107 for its proportionate share of the VFFRPF plan's net pension asset. The City of Yakima's proportion of the net pension asset was based on actual contributions to the plan relative to total contributions of all participating municipalities. At June 30, 2018, the City of Yakima's proportion was 0.16%.

The VFFRPF collective net pension asset was measured as of June 30, 2018, and the actuarial valuation date on which the total pension liability is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

For the year ended December 31, 2018, the City of Yakima recognized pension expense of \$1,485. Deferred outflows of resources and deferred inflows of resources are not material to the VFFRPF plan.

FIRE PENSION

AGGREGATE PENSION AMOUNTS - FIRE

Pension liabilities	\$ 6,029,283
Pension assets	—
Deferred outflows of resources	—
Deferred inflows of resources	—
Pension expense/expenditures	(109,208)

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. The number of inactive, retired members and survivors covered by the benefit terms is 50, with a combined monthly pension of \$45,089 paid by the City. Cost of Living Adjustment (COLA) was 3.32% and Collective Bargaining Agreement (CBA) was 3.75%. There are no active members covered by the benefit terms; 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 2% for each year of service in excess of 25 years, up to a maximum of 60% 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.

During the year ended December 31, 2018, there were no plan amendments.

Contributions

The Firemen's 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, 2018.

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 is provided by:

- An annual tax levy of \$.2250 per \$1,000 of assessed valuation of all taxable property of the City in the amount of \$1,104,872 for fiscal year 2018.
- The Firemen's Pension Fund also receives a proportionate share of the 25% of the tax on fire insurance premiums set aside by the state for all paid firemen in the state which totaled \$97,885 for fiscal year 2018.
- There was no additional funding is provided by investment interest earnings in fiscal 2018.

Actuarial Assumptions

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.

Actuarial assumptions used to determine the total pension liability in the January 1, 2018, valuation were based on the results of an actuarial experience study covering the period from January 1, 2018 through December 31, 2018. Those assumptions, applied to all periods included in the measurement, are as follows.

- Inflation - 2.25%
- Salary increases, including inflation - 3.25%
- Mortality - RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members).
- Actuarial cost method - Entry age normal

The following presents the total pension liability of the City, calculated using the discount rate of 4.0%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.0%) or 1 percentage point higher (5.0%) than the current rate.

	1% Decrease (3.0%)	Current Discount Rate (4.0%)	1% Increase (5.0%)
Total Pension Liability	\$ 6,512,328	\$ 6,029,283	\$ 5,606,889

Pension Expenses

For the year ended December 31, 2018, the pension expense is \$109,208.

Total Pension Liability

Due to the implementation of GASB 73, the City is now required to report the pension liability of this single employee non-trust pension plan. The City recognizes its total pension liability, rather than a net pension liability. In order for the City to recognize a net pension liability, assets must be accumulated in a trust that meets all of the following criteria:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

No assets are accumulated in a trust that meets all of the above criteria because the City's contributions are not irrevocable. Accordingly, the City's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria and the City must report its total pension liability.

The City's total pension liability was determined by an actuarial valuation as of the measurement date of December 31, 2018. Changes in the City's total pension liability were as follows:

Fire Pension	Total Pension Liability
Total liability - Beginning	\$ 6,635,284
Changes for the year:	
Interest on total pension liability	221,918
Effect of assumptions, changes or inputs	(233,241)
Expected benefit payments	(594,678)
Net change in total pension liability	(606,001)
Total pension liability - ending	<u>\$ 6,029,283</u>

The liability has decreased since the last valuation. The fact that excess benefits increased less than anticipated since the prior valuation led to a decrease in liability. This decrease was partially offset by the demographic experience of the Plan over the past two years.

The Plan remains sensitive to demographic experience that deviates from expectations due to the small size of the Plan membership. The Plan also remains sensitive to deviations in the excess benefit amounts from expectations.

At December 31, 2018, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Fire Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Payments subsequent to the measurement date	—	—
Total	<u>\$ —</u>	<u>\$ —</u>

Deferred outflows of resources related to pensions resulting from the City of Yakima's payments subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2018. There are no deferred outflows as of December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	
2019	\$ —
2020	—
2021	—
2022	—
2023	—
Thereafter	—

POLICE PENSION

AGGREGATE PENSION AMOUNTS - POLICE

Pension liabilities	\$ 4,269,513
Pension assets	—
Deferred outflows of resources	—
Deferred inflows of resources	—
Pension expense/expenditures	(10,308)

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. The number of inactive, retired members and survivors covered by the benefit terms is 34, with a combined monthly pension of \$29,820 paid by the City. Cost of Living Adjustment (COLA) was 3.32% and Collective Bargaining Agreement (CBA) was 2.5%. There are no active members covered by the benefit terms; 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, 2018, there were no plan amendments.

Contributions

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, 2018. The valuation provided actuarially determined rates to accumulate sufficient assets to pay benefits when due rather than the current pay as you go basis.

Actuarial Assumptions

The City's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

The total pension liability was determined by an actuarial valuation as of January 1, 2018 the valuation date, calculated based on the discount rate and actuarial assumptions below.

- Inflation - 2.25%
- Salary increases, including inflation - 3.25%
- Mortality - RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members).
- Actuarial cost method - Entry age normal

The following presents the total pension liability of the City, calculated using the discount rate of 4.0%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.0%) or 1 percentage point higher (5.0%) than the current rate.

	1% Decrease (3.0%)	Current Discount Rate (4.0%)	1% Increase (5.0%)
Total Pension Liability	\$ 4,614,954	\$ 4,269,513	\$ 3,966,456

Pension Expenses

For the year ended December 31, 2018, the pension expense is negative \$10,378.

Total Pension Liability

Due to the implementation of GASB 73, the City is now required to report the pension liability of this single employee non-trust pension plan. The City recognizes its total pension liability, rather than a net pension liability. In order for the City to recognize a net pension liability, assets must be accumulated in a trust that meets all of the following criteria:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

No assets are accumulated in a trust that meets all of the above criteria because the City's contributions are not irrevocable. Accordingly, the City's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria and the City must report its total pension liability.

The City's total pension liability was determined by an actuarial valuation as of the measurement date of December 31, 2018. Changes in the City's total pension liability were as follows:

<u>Police Pension</u>	<u>Total Pension Liability</u>
Total liability - Beginning	\$ 4,664,239
Changes for the year:	
Interest on total OPEB liability	156,580
Effect of assumptions, changes or inputs	(166,958)
Expected benefit payments	(384,348)
Net change in total OPEB liability	(394,726)
Total pension liability - ending	<u>\$ 4,269,513</u>

The liability has decreased since the last valuation. The fact that excess benefits increased less than anticipated since the prior valuation led to a decrease in liability. Further decreasing liability was the demographic experience of the Plan over the past two years.

The Plan remains sensitive to demographic experience that deviates from expectations due to the small size of the Plan membership. The Plan also remains sensitive to deviations in the excess benefit amounts from expectations.

At December 31, 2018, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Police Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Payments subsequent to the measurement date	—	—
Total	\$ —	\$ —

Deferred outflows of resources related to pensions resulting from the City of Yakima's payments subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2018. There are no deferred outflows as of December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	
2019	\$ —
2020	—
2021	—
2022	—
2023	—
Thereafter	—

NOTE 6 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

AGGREGATE AMOUNTS - ALL OPEB PLANS

OPEB liabilities	\$ 50,940,702
Deferred inflows of resources	(313,419)
OPEB expense/expenditures	564,083

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 2018, the costs totaled \$462,187 for the Firemen's Pension which has a total of 63 participants currently eligible to receive benefits and \$409,955 for the Police Pension which has a total of 59 participants currently eligible to receive benefits.

LEOFF 1 OPEB

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.

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.

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

Funding Policy

Funding for LEOFF retiree health care 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.

FIRE OPEB

Assumptions and Other Inputs

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 total OPEB liability was determined by an actuarial valuation as of the valuation date of January 1, 2018, calculated based on the discount rates below, and then projected to the measurement date of December 31, 2018. There have been no significant changes between the valuation date and fiscal year ends. If there were significant changes, an additional analysis or valuation might be required.

The following presents the total OPEB liability of the City of Yakima calculated using the discount rate of 4.0 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.0%) or 1 percentage point higher (5.0%) that the current rate.

	Current Discount		
	1% Decrease (3.0%)	Rate (4.0%)	1% Increase (5.0%)
Total December 31, 2018 OPEB liability	\$ 24,627,865	\$ 21,471,567	\$ 18,881,416

The following presents the total OPEB liability of the City of Yakima calculated using the current healthcare cost trend rates, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher that the current rate.

	Current Healthcare Cost Trend		
	1% Decrease	Rate	1% Increase
Total December 31, 2018 OPEB liability	\$ 19,024,760	\$ 21,471,567	\$ 24,362,073

The number of inactive, retired members and survivors, covered by the benefit terms is 63. There are no active members covered by the benefit terms.

Changes in the Fire OPEB Liability

	Total OPEB Liability
Fire OPEB	
Total OPEB liability - Beginning	\$ 22,910,332
Interest on total OPEB liability	789,207
Effect of assumptions, changes or inputs	(1,498,572)
Expected benefit payments	(729,400)
Net change in total OPEB liability	(1,438,765)
Total pension liability - ending	<u>\$ 21,471,567</u>

At December 31, 2018, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Fire OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Payments subsequent to the measurement date	—	—
Total	<u>\$ —</u>	<u>\$ —</u>

Deferred outflows of resources of \$0 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31	
2019	\$ —
2020	—
2021	—
2022	—
2023	—
Thereafter	—

POLICE OPEB

Assumptions and Other Inputs

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 total OPEB liability was determined by an actuarial valuation as of the valuation date of January 1, 2018, calculated based on the discount rates below, and then projected to the measurement date of December 31, 2018. There have been no significant changes between the valuation date and fiscal year ends. If there were significant changes, an additional analysis or valuation might be required.

The following presents the total OPEB liability of the City of Yakima calculated using the discount rate of 4.0 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.0%) or 1 percentage point higher (5.0%) than the current rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	(3.0%)	(4.0%)	(5.0%)
Total December 31, 2018 OPEB liability	\$ 24,231,506	\$ 21,153,082	\$ 18,319,384

The following presents the total OPEB liability of the City of Yakima calculated using the current healthcare cost trend rates, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	Current Healthcare Cost Trend		
	1% Decrease	Rate	1% Increase
Total December 31, 2018 OPEB liability	\$ 18,766,002	\$ 21,153,082	\$ 23,964,198

The number of inactive, retired members and survivors, covered by the benefit terms is 59. There are no active members covered by the benefit terms.

Changes in the Police OPEB Liability

	Total OPEB Liability
Police OPEB	
Total OPEB liability - Beginning	\$ 22,457,760
Interest on total OPEB liability	775,314
Effect of assumptions, changes or inputs	(1,462,797)
Expected benefit payments	(617,195)
Net change in total OPEB liability	(1,304,678)
Total pension liability - ending	<u>\$ 21,153,082</u>

At December 31, 2018, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Police OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Payments subsequent to the measurement date	—	—
Total	<u>\$ —</u>	<u>\$ —</u>

Deferred outflows of resources of \$0 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended December 31</u>	
2019	\$ —
2020	—
2021	—
2022	—
2023	—
Thereafter	—

NON-LEOFF I OPEB

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.

City members under the age of 65 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 under the age of 65 are also eligible for benefits. Also, dependent children of retirees under the age of 25 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.

Upon retirement, members are permitted to receive medical benefits. Retirees paid \$770.65 per month for pre-65 Medical coverage for 2018. If a retiree chooses to cover his spouse and/or eligible family an amount of \$1,525.80 per month for pre-65 Medical coverage was paid in 2018.

Funding Policy

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

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 total OPEB liability was determined by an actuarial valuation as of the valuation date of January 1, 2018, calculated based on the discount rates below, and then projected to the measurement date of December 31, 2018. There have been no significant changes between the valuation date and fiscal year ends. If there were significant changes, an additional analysis or valuation might be required.

The following presents the total OPEB liability of the City of Yakima calculated using the discount rate of 4.0 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.0%) or 1-percentage point higher (5.0%) that the current rate.

	Current Discount		
	1% Decrease (3.0%)	Rate (4.0%)	1% Increase (5.0%)
Total December 31, 2018 OPEB liability	\$ 9,015,093	\$ 8,316,041	\$ 7,663,643

The following presents the total OPEB liability of the City of Yakima calculated using the current healthcare cost trend rates, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher that the current rate.

	Current Healthcare Cost Trend		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
Total December 31, 2018 OPEB liability	\$ 7,292,910	\$ 8,316,041	\$ 9,537,521

The number of inactive, retired members and survivors, covered by the benefit terms is 8. There are no active members covered by the benefit terms.

Changes in the Non-LEOFF OPEB Liability

Non-LEOFF OPEB	Total OPEB Liability
Total OPEB liability - Beginning	\$ 8,189,958
Service cost	563,641
Interest on total OPEB liability	299,553
Effect of assumptions, changes or inputs	(343,848)
Expected benefit payments	(393,263)
Net change in total OPEB liability	126,083
Total pension liability - ending	<u>\$ 8,316,041</u>

At December 31, 2018, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Non-LEOFF OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	(313,419)
Payments subsequent to the measurement date	—	—
Total	<u>\$ —</u>	<u>\$ (313,419)</u>

Deferred outflows of resources of \$0 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended December 31</u>	
2019	\$ (30,429)
2020	(30,429)
2021	(30,429)
2022	(30,429)
2023	(30,429)
Thereafter	(161,274)

NOTE 7 – SELF-INSURANCE

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 - these totaled \$214,419 for 2018. The reserve balance at the end of 2018 was \$135,443. No incurred but not reported claims have been accrued as a liability.

MEDICAL & DENTAL COVERAGE

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 HUB International, the contracted broker. 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 for 2018 were \$10,090,406. The reserve balance at the end of 2018 was \$985,829, after considering incurred but not reported claims of \$1,902,947 that 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 Optum/Unimerica. Under the individual stop loss insurance, the City pays the first \$250,000 of claims for an individual employee or dependent. Any charges accrued by an individual in excess of \$250,000 in a calendar year are thereafter reimbursed through the insurer. The aggregate stop loss is designed to protect the City from multiple large claims which may not reach the individual stop loss attachment point (\$250,000). 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

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 balance is reviewed to determine a contribution rate which provides for an appropriate reserve. Interfund premiums to the fund were \$1,575,196. The reserve balance at the end of 2018 was negative \$558,232 after considering, based on the claims manager's estimate, the accrual for incurred but not reported claims of \$450,000 at December 31, 2018. In order to restore this fund balance, premiums were increased for 2019 and an operating transfer from the General Fund was budgeted.

In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop loss" insurance. This insurance is provided through Payne West Insurance under a policy purchased from Safety National Casualty Corporation. Under the individual stop loss coverage, the City pays the first \$650,000 of a claim and the insurance company pays the balance for an individual claim or the balance up to a maximum of \$25 million for multiple claims arising from a single incident.

NOTE 8 – RISK MANAGEMENT

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 interfund contributions to the Risk Management Reserve Fund were \$4,053,199. 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, 2018, is \$750,000.

The Risk Management fund balance was \$526,631 at the end of 2018.

PROPERTY AND LIABILITY INSURANCE

Affiliated FM Insurance Company

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.

Coverage – The policy is subject to a \$100,000,000 limit per occurrence and a \$100,000 per occurrence deductible.

Cities Insurance Association of Washington (CIAW)

Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a 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 CIAW 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. The City of Yakima became an associate member effective December 14, 2005, and became a member effective September 1, 2010. As of December 31, 2018, there were over 200 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.

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.

Coverage – The CIAW program acquires liability insurance through the Administrator, Clear Risk Solutions, and the is subject to a per-occurrence self-insured retention of \$100,000 per occurrence. Members are responsible for individual deductibles, which vary by member. The City of Yakima has a \$100,000 deductible, and the CIAW pool is responsible for claims between \$100,000 and \$200,000. For the City of Yakima, 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 \$100,000 of the self-insured retention of the CIAW pool. The program also purchases an Aggregate Stop Loss Policy to cap the total claims paid by the program in any one year.

Washington State Transit Insurance Pool (WSTIP)

WSTIP is a 25-member self-insurance program with public transit members who provide transit services and is located in Olympia, Washington. The City of Yakima Transit Division is insured for liability insurance through the WSTIP, and has been a member since September 1, 2005. WSTIP supplies Yakima Transit auto liability, general liability, and public officials' liability coverage.

The WSTIP was formed by Interlocal Agreement on January 1, 1989, pursuant to Chapters 48.61 and 39.34 RCW. The purpose for forming WSTIP was to provide member Transit Systems programs of joint self-insurance, joint purchasing of insurance and joint contracting for hiring of personnel to provide risk management, claims handling and administrative services. Transit authorities joining the Pool must remain members for a minimum of 36 months; a member may withdraw from the Pool after that time by giving 12 months' notice. 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.

Coverage – 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 WSTIP in Olympia, Washington. The per occurrence and aggregate limits of liability of the liability coverage through WSTIP are \$20,000,000. Since joining on September 1, 2005, the City of Yakima Transit Division has not presented any claims to WSTIP that exceeded its coverage limits.

WSTIP LIABILITY COVERAGE

Risk	Coverage Period	Coverage
Auto liability	1/1/18 - 12/31/18	\$20,000,000 per occurrence with a \$0 deductible
General liability	1/1/18 - 12/31/18	\$20,000,000 per occurrence with a \$0 deductible
Public officials	1/1/18 - 12/31/18	\$20,000,000 per claim/aggregate with a \$5,000 deductible

NOTE 9 – LONG-TERM LIABILITIES, DEBT AND CAPITAL LEASES

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

LEGAL DEBT PERCENTAGE

		<u>Limit by</u> <u>Section</u>	<u>Cumulative</u> <u>Limit</u>
General purpose			
Without a vote (includes capital leases)	1.5%		
With a vote	1.0%	2.5%	2.5%
Utilities purpose		2.5%	5.0%
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 2.5% and reduce the general indebtedness margin. The percentages are applied to the taxable assessed value (regular levies) of about \$6.2 billion, resulting in the debt limits, as of December 31, 2018, for the City as follows:

CUMULATIVE DEBT LIMITS

Assessed valuation of taxable property in the
City of Yakima - tax year 2018

\$6,241,111,833

	<u>Without</u> <u>a Vote</u>	<u>With a Vote</u>		
	<u>General</u> <u>Purpose</u>	<u>General</u> <u>Purpose</u>	<u>Utilities</u>	<u>Open Space</u> <u>& Parks</u>
	<u>1.5%</u>	<u>+1.0%=2.5%</u>	<u>+2.5%=5.0%</u>	<u>+2.5%=7.5%</u>
Legal limit - percent of assessed valuation	\$ 93,616,677	\$ 156,027,796	\$ 312,055,592	\$ 468,083,387
Less: net outstanding indebtedness (see below)	31,667,261	31,667,261	31,667,261	31,667,261
Margin available	<u>\$ 61,949,416</u>	<u>\$ 124,360,535</u>	<u>\$ 280,388,331</u>	<u>\$ 436,416,126</u>
Net outstanding indebtedness				
Outstanding debt	\$ 44,593,314			
Less: available resources to repay debt		12,926,053		
Net outstanding indebtedness		<u>\$ 31,667,261</u>		

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 2018.

LONG-TERM LIABILITIES

	Balance		Payments/ Retirements	Amounts		
	1/1/2018	Additions		Balance 12/31/2018	Due Within One Year	Noncurrent Portion
Governmental activities						
General obligation debt						
Bonds	\$ 29,472,474	\$ 15,950,000	\$ 11,042,868	\$ 34,379,606	\$ 3,281,876	\$ 31,097,730
Unamortized premium (discount)	1,337,807	—	173,054	1,164,753	—	1,164,753
Intergovernmental loans	5,719,371	500,000	382,991	5,836,380	435,735	5,400,645
Lease purchase agreements	4,254,649	—	1,042,074	3,212,575	1,138,360	2,074,215
Net pension liability	25,182,500	(5,191,501)	—	19,990,999	—	19,990,999
Unfunded OPEB liability	51,749,616	(3,473,287)	—	48,276,329	—	48,276,329
Compensated absences	8,750,967	(117,471)	—	8,633,496	1,042,370	7,591,126
Total liabilities - governmental activities	<u>126,467,384</u>	<u>7,667,741</u>	<u>12,640,987</u>	<u>121,494,138</u>	<u>5,898,341</u>	<u>115,595,797</u>
Business-type activities						
Revenue debt						
Revenue bonds	13,360,000	—	1,575,000	11,785,000	1,400,000	10,385,000
Unamortized premium (discount)	519,803	—	94,646	425,157	—	425,157
Intergovernmental loans	18,325,171	—	1,451,094	16,874,077	1,465,081	15,408,996
Net pension liability (restated)	7,551,580	(2,303,313)	—	5,248,267	—	5,248,267
Unfunded OPEB liability	1,808,446	855,927	—	2,664,373	—	2,664,373
Compensated absences	1,662,484	4,841	—	1,667,325	222,841	1,444,484
Noncurrent liabilities - business-type	<u>43,227,484</u>	<u>(1,442,545)</u>	<u>3,120,740</u>	<u>38,664,199</u>	<u>3,087,922</u>	<u>35,576,277</u>
Total noncurrent liabilities	<u>\$ 169,694,868</u>	<u>\$ 6,225,196</u>	<u>\$ 15,761,727</u>	<u>\$ 160,158,337</u>	<u>\$ 8,986,263</u>	<u>\$ 151,172,074</u>

GENERAL OBLIGATION DEBT

General obligation bonds consist of serial and term bonds, to be retired through the fiscal year ending December 31, 2035. 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.

In 2018, two bonds were refunded to take advantage of lower interest rates, the 2013 Streets bond and the 2015 Soccer Complex bond. The city also issued new debt of approximately \$8.0 million for the YMCA Aquatic Center.

GENERAL OBLIGATION BONDS

	Date of Final Maturity	Interest Rate	Original Issue	Outstanding 12/31/18	Average Annual Debt Service
Regular property tax levy					
2008 Fire ladder truck	12/01/21	3.25% - 4.0%	\$ 760,000	\$ 205,000	74,350
2014 Street resurfacing project	06/01/24	3.0% - 5.0%	13,140,000	8,640,000	1,648,711
2018 Street resurfacing project (refunding)	12/01/28	3.25% - 3.85%	3,500,000	3,351,672	381,497
2018 Yakima sport complex (refunding)	06/01/35	4.85%	4,440,127	4,440,127	430,005
2018 aquatic center - YMCA	12/01/42	4.85%	8,009,873	8,009,873	601,181
Total regular property tax levy			<u>29,850,000</u>	<u>24,646,672</u>	

GENERAL OBLIGATION BONDS

	Date of Final Maturity	Interest Rate	Original Issue	Outstanding 12/31/18	Average Annual Debt Service
Regular property tax levy/real excise tax					
2007 Fire station West Valley rehab bond	05/01/22	4.0% -5 .0%	815,000	270,000	72,832
2007 Downtown revitalization project	05/01/22	4.0% -5 .0%	1,490,000	490,000	132,459
2008 Third Ave/Mead/Walnut St project bond	12/01/19	3.25% - 4.0%	2,190,000	230,000	241,200
Total regular property tax levy/real excise tax			<u>4,495,000</u>	<u>990,000</u>	
Motel/hotel tax					
2004 Conv center expansion bond ref 1996	11/01/19	2.0% - 4.2%	4,175,000	335,000	387,168
Public Facilities District (state sales tax credit)					
2007 Conv center addition refund 2002	05/01/26	4.0% -5 .0%	4,910,000	3,110,000	456,029
2009 Capitol Theatre expansion	12/01/32	3.0% - 6.6%	7,035,000	4,980,000	529,031
Total Public Facilities District			<u>11,945,000</u>	<u>8,090,000</u>	
Business licenses & real estate excise tax					
2003 SunDome expansion	12/01/23	2.34%-4.72%	1,430,528	317,934	148,315
			<u>\$ 51,895,528</u>	<u>\$ 34,379,606</u>	

REVENUE BONDS

Water, Wastewater and 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 and wastewater parity revenue bonds are provided by the results of operations. Principal and interest on Irrigation System Bonds are provided by capital rates.

UTILITY REVENUE BONDS

	Date of Final Maturity	Interest Rate	Original Issue	Outstanding 12/31/2018	Average Annual Debt Service
2004 Irrigation revenue bonds	09/01/34	2.0% - 4.8%	\$ 5,215,000	\$ 3,530,000	\$ 320,103
2008 Wastewater revenue bonds	11/01/27	4.0 - 5.0%	5,440,000	3,070,000	413,440
2012 Wastewater revenue bonds (refund 2003)	11/01/23	2.0% - 4.0%	9,400,000	5,185,000	1,164,783
			<u>\$ 20,055,000</u>	<u>\$ 11,785,000</u>	

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

REVENUE DEBT SERVICE

	Bonded		Notes &	
	Debt	Interest	Contracts	Interest
2019	\$ 1,400	\$ 498	\$ 1,465	\$ 115
2020	1,460	441	1,466	106
2021	1,520	381	1,468	97
2022	1,575	319	1,392	88
2023	1,645	255	1,393	79
2024 - 2028	2,255	996	5,680	276
2029 - 2033	985	615	3,470	106
2034 - 2038	210	110	540	7
	<u>\$ 11,050</u>	<u>\$ 3,615</u>	<u>\$ 16,874</u>	<u>\$ 874</u>

At December 31, 2018, the City had \$1.8 million 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.

During 2018, the City borrowed \$500,000 from Yakima County's Supporting Investment in Economic Development (SIED) program to support the extension of water and wastewater infrastructure along River Road as a part of the YMCA Aquatic Center project. Sales and use tax will be collected to repay the debt.

INTERGOVERNMENTAL LOANS

	Interest	Maturity Date	Maximum Authorized	Outstanding 12/31/2018
General long-term debt				
Arterial street gas tax				
PC08-951-052 - 2009 Railroad grade separation	0.5%	07/01/28	\$ 3,000,000	\$ 1,651,003
2015 SIED Loan - 2015 Yakima County SIED Loan	2.4%	06/01/23	307,000	270,342
2016 SIED Loan - 2016 Yakima County SIED Loan	2.6%	06/01/27	900,000	841,512
2017 SIED Loan - YV Brewing Project	3.2%	06/01/23	61,580	61,580
2018 SIED Loan - River Road	3.8%	06/01/29	500,000	500,000
Real estate excise tax				
L1000030-0 - 2010 Railroad grade separation	2.9%	06/01/34	1,229,295	1,046,943
General fund telephone utility tax - Yakima County				
COMM Ctr 911 - 2014 City Portion of 911 Call Dispatch Center	2.0 - 3.5%	05/01/34	1,716,500	1,465,000
Sub-total general long-term debt				<u>5,836,380</u>

INTERGOVERNMENTAL LOANS

	Interest	Maturity Date	Maximum Authorized	Outstanding 12/31/2018
Revenue debt				
Wastewater operating revenue				
PW-01-691-071 - 2001 Fruitvale neighborhood Sewer	0.5%	07/01/21	1,466,250	232,875
PW-05-691-064 - 2005 River Road sewer	0.5%	07/01/25	2,307,000	869,720
PW-07-962-019 - 2007 Ultra violet disinfection	0.5%	07/01/27	2,300,000	1,092,500
PC-12-951-065 - 2012 Wastewater Treatment Plan	0.5%	06/01/32	5,000,000	3,498,029
PC-13-961-059 - 2012 Industrial Sewer main extensions	0.5%	06/01/37	2,000,000	1,545,455
L1100008 - 2011 Energy efficiency project	2.8%	03/31/33	516,192	412,231
L1200019 - 2012 Industrial waste anaerobic	2.6%	07/01/34	602,634	512,595
Water operating revenue				
PW-03-691-027 - 2003 Naches WTP improvements	0.5%	07/01/23	2,559,775	673,625
SRF-04-65104-037 - 2005 Naches river WTP filter rehab	0.5%	10/01/25	894,380	329,509
PC-08-951-051 - 2009 New water well	0.5%	07/01/28	2,257,200	1,211,488
PC-13-961-074 - 2013 Automated reading system	0.3%	06/01/32	5,000,000	3,684,211
DM-11-952-038 - 2013 Design WTP lagoons	1.5%	10/01/34	3,480,000	2,811,840
Sub-total revenue debt				16,874,078
Total intergovernmental loans				\$ 22,710,458

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

	Bonded Debt	Interest	Notes & Contracts	Interest
2019	\$ 3,282	\$ 1,634	\$ 436	\$ 119
2020	2,817	1,507	470	146
2021	2,917	1,402	498	119
2022	2,954	1,288	510	108
2023	2,875	1,158	518	96
2024 - 2028	8,405	3,834	2,278	319
2029 - 2033	4,221	2,342	970	113
2034 - 2038	1,163	637	157	5
	\$ 28,634	\$ 13,802	\$ 5,837	\$ 1,025

At December 31, 2018, the City had \$248,465 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.

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 15, 2011 the City of Yakima borrowed \$576,847 using Washington State's Local Option Capital Lending (LOCAL) program. The proceeds were used to purchase two Fire apparatus, approved by City Council on January 18, 2011. The certificates of participation have an all-inclusive financing cost of 3.02% and will be repaid annually over the next 10 years out of General Fund.

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.

On September 28, 2017 the City of Yakima borrowed \$2,189,736 using Washington State's Local Option Capital Lending (LOCAL) program. The proceeds are being used to add new lighting fixtures and upgrade existing fixtures, approved by City Council on April 16, 2013. The certificates of participation have an all-inclusive financing cost of 1.76% and will be repaid annually over the next 10 years out of General Fund. In 2018, due to ongoing legal issues with the contractor for the LED Streetlights project, a substitution was requested and approved by the LOCAL program to use a portion of the proceeds to finance Fire apparatus.

LEASED EQUIPMENT

Two fire apparatus	\$	131,948
One fire apparatus		173,521
74 Police vehicles; 70 air packs for fire service		854,571
Energy Project (Lighting)		863,934
Fire Aerial & Pump		1,188,600
Total	\$	<u>3,212,574</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, 2018, for the fiscal year listed:

LEASE PAYMENTS

Due in 2019	\$ 1,250,086
Due in 2020	373,916
Due in 2021	303,711
Due in 2022	303,453
Due in 2023	303,181
Due in 2024-2028	1,063,684
Total minimum lease payments	3,598,031
Less: Amount representing interest	385,457
Present value of minimum lease payments	\$ 3,212,574

UNFUNDED POST EMPLOYMENT BENEFIT LIABILITIES

An initial actuarial evaluation was performed as of January 1, 2018. By State statute, the City is required to provide health care 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

	Balance 1/1/18	Additions	Balance 12/31/18
OPEB Fire - medical	\$ 22,910,332	\$ (1,438,765)	\$ 21,471,567
OPEB Police - medical	22,457,760	(1,304,678)	21,153,082
OPEB Non-LEOFF - medical	8,189,958	126,095	8,316,053
Total	\$ 53,558,050	\$ (2,617,348)	\$ 50,940,702

Note: Beginning balances were restated as a result of the GASB 75 implementation.

The Police OPEB and Fire OPEB are paid out of a department in the General 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 to the actuarially determined contribution.

See Note 5 for additional information on the pension funds, and Note 6 for additional information on Other Post-Employment Benefits.

NOTE 10 – CONTINGENCIES AND LITIGATIONS

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 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 were available for the purpose of funding property rehabilitation for economic development activities that create new jobs within the target area. As of December 31, 2018, the City had

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 \$1.0 million Economic Development Initiative (EDI) grant from HUD as a protection in case of a default. As of December 31, 2018, 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. City management believes these reserves and/or insurance are adequate to cover such matters.

NOTE 11 – FUND BALANCE CLASSIFICATION

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, 2018.

FUND BALANCE

Fund Balance	General Fund	Neighborhood Development Fund	Other Gov't Funds	Total
Nonspendable				
Permanent fund	\$ 10,000	\$ —	\$ 914,891	\$ 924,891
Restricted				
Emergency programs	—	—	9,414	9,414
Arterial street construction & maintenance	—	—	2,147,691	2,147,691
Housing & economic development	—	862,584	70,321	932,905
Public safety	—	—	1,904,013	1,904,013
Debt service	—	—	239,732	239,732
Capital improvements	—	—	5,678,845	5,678,845
Tourism & conventions	—	—	1,770,123	1,770,123
Total restricted	—	862,584	11,820,139	12,682,723

FUND BALANCE

Fund Balance	General Fund	Neighborhood Development Fund	Other Gov't Funds	Total
Committed				
Public safety & emergency programs	1,437,988	—	—	1,437,988
Community relations	—	—	741,290	741,290
Parks and recreation	—	—	283,427	283,427
Streets	—	—	239,757	239,757
Capital improvements	—	—	2,230,389	2,230,389
Other	—	—	118,508	118,508
Tourism & conventions	—	—	65,036	65,036
Total committed	1,437,988	—	3,678,407	5,116,395
Assigned				
Parks and recreation	—	—	4,021,729	4,021,729
Streets	—	—	951,821	951,821
Public safety & emergency programs	—	—	838,045	838,045
Debt service	—	—	8,733	8,733
Tourism & conventions	—	—	149,087	149,087
Total assigned	—	—	5,969,415	5,969,415
Unassigned	7,613,885	—	(532,523)	7,081,362
Total fund balance	\$ 9,061,873	\$ 862,584	\$ 21,850,329	\$ 31,774,786

NOTE 12 – SEGMENT INFORMATION

WATER AND WASTEWATER UTILITIES

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

	Water / Wastewater	Irrigation
Condensed statement of net position		
Assets		
Current Assets	\$ 30,681,026	\$ 5,335,572
Restricted assets	1,835,000	—
Capital assets, net of accumulated depreciation	113,504,030	17,607,338
Total assets	146,020,056	22,942,910
Deferred outflows of resources	734,663	44,697
Total assets & deferred outflows of resources	146,754,719	22,987,607

SYSTEM INFORMATION

	<u>Water /</u>	
	<u>Wastewater</u>	<u>Irrigation</u>
Liabilities		
Current liabilities	5,500,183	297,816
Noncurrent liabilities	27,599,159	3,764,633
Total liabilities	<u>33,099,342</u>	<u>4,062,449</u>
Deferred inflows of resources	<u>1,092,038</u>	<u>108,524</u>
Total liabilities & deferred inflows of resources	<u>34,191,380</u>	<u>4,170,973</u>
Net position		
Net investment in capital assets	87,930,776	14,139,889
Restricted	1,835,000	—
Unrestricted	22,797,563	4,676,744
Total net position	<u>\$ 112,563,339</u>	<u>\$ 18,816,633</u>
Condensed statement of revenues, expenses and changes in net position		
Operating revenues		
Charges and fees for services	\$ 32,258,643	\$ 3,096,850
Other operating revenue	64,883	4,801
Total operating revenues	<u>32,323,526</u>	<u>3,101,651</u>
Operating expenses		
Personnel services	7,155,536	696,534
Materials and supplies	1,664,210	86,888
Contractual services	15,609,754	923,348
Depreciation	6,171,456	446,832
Total operating expense	<u>30,600,956</u>	<u>2,153,602</u>
Operating income (loss)	1,722,570	948,049
Nonoperating revenues (expense)		
Grants and subsidies	407,601	—
Interest revenue	2,625	500
Interest & other debt service costs	(439,695)	(174,965)
Gain (loss) disposal of capital assets	5,074	—
Total nonoperating revenue (exp)	<u>(24,395)</u>	<u>(174,465)</u>
Income (loss) before conts & transfers	1,698,175	773,584
Capital contributions	1,841,078	—
Operating transfers (net)	(426,329)	(30,000)
Change in net position	<u>3,112,924</u>	<u>743,584</u>
Net position - beginning	109,850,850	18,113,088
Prior Period Adjustment due to GASB 75	(400,434)	(40,037)
Net position - ending	<u>\$ 112,563,340</u>	<u>\$ 18,816,635</u>

SYSTEM INFORMATION

	<u>Water /</u>	
	<u>Wastewater</u>	<u>Irrigation</u>
Condensed statement of cash flows		
Net cash provided (used)		
Operating activities	\$ 7,421,923	\$ 1,270,618
Capital financing activities	(5,265,680)	(357,955)
Investing activities	5,392,509	616,616
Net increase (decrease)	<u>7,548,752</u>	<u>1,529,279</u>
Beginning cash and cash equivalents	<u>3,559,726</u>	<u>236,897</u>
Ending cash and cash equivalents	<u>\$ 11,108,478</u>	<u>\$ 1,766,176</u>

NOTE 13 – TAX ABATEMENTS

The City of Yakima provides tax abatements through two programs, the High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities referenced in RCW 82.60, and the Multi-Unit Urban Housing Property Tax Exemption referenced in RCW 84.14.020.

High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities

To encourage public and private investment in low-income areas with high rates of unemployment, sales and use tax arising from certain construction and equipment purchases for new and expanding manufacturers, persons conditioning vegetable seeds, research and development, and commercial testing for manufacturers in a Community Empowerment Zone (CEZ) may be permanently deferred if the project meets specific criteria per chapter 82.60 RCW. To qualify for deferral, the business must submit an application to DOR prior to completion of construction or the business taking possession of the machinery and equipment. Approved applicants will receive a sales and use tax deferral certificate, which allows vendors and contractors to sell to the approved applicant without charging sales tax.

Deferred taxes need not be repaid if the business fills at least one permanent full-time position for each \$750,000 investment with a resident of the CEZ by the end of the second calendar year following the year in which the project is certified as operationally complete. Failure to meet the employment requirement causes all deferred taxes to become immediately due. Each recipient of a deferral of taxes must file a complete annual survey with DOR for eight years following the year in which the project is operationally complete. If DOR finds that the project does not qualify for the deferral, all deferred taxes become immediately due.

Multi-Unit Urban Housing Property Tax Exemption

RCW 84.14.020 allows for a property tax exemption to improve residential opportunities, including affordable housing opportunities, in urban centers. In order to qualify for the exemption, the new or rehabilitated multiple-housing unit must be located in a targeted residential area designated by the city or county, provide for a minimum of 50 percent of the space for permanent residential occupancy, meet all construction and development regulations of the city, and be completed within three years from the date of approval of the application. To qualify as a rehabilitated unit, the property must also fail to comply with one or more standards of the applicable state or local building or housing codes on or after July 23, 1995.

The property owner must apply for the exemption certificate with the city where the property is located before beginning construction. If the city approves the application, the exemption certificate will be issued after the owner certifies all requirements have been met upon completion of the project. If the application for a tax exemption certificate was submitted before July 22, 2007, the property is exempt for ten years. If the application for a tax exemption certificate was submitted on or after July 22, 2007, the property is exempt for eight years, unless the applicant commits to renting or selling at least 20 percent of the units as affordable housing units to low and moderate-income households, making it exempt for 12 years. Each tax exemption certificate recipient must submit an annual report to the city. If the city determines that a portion of the property no longer meets the exemption requirements, the tax exemption is canceled and a lien will be placed on the land for the additional real property tax on the value of the non-qualifying improvements, plus a 20 percent penalty, and interest.

Tax Abatement Program	Amount of Taxes Abated
High Unemployment County Sales & Use Tax deferral for manufacturing facilities	\$ 41,919
Multi-Unit Urban Housing Property Tax exemption	9,498
Total	\$ 51,417

NOTE 14 – OTHER DISCLOSURES

RELATED PARTIES

By Interlocal Agreement, the City of Yakima serves as fiscal agent for the Yakima Consortium for Regional Public Safety (Yakcorps), a separate legal entity which serves to the benefit of citizens within the service area of participating jurisdictions. The 2011 agreement provides for the structure, governance, operations, funding and accounting for public safety activity within the jurisdictions of participating county, cities and fire districts: Grandview, Granger, Mabton, Moxee, Prosser, Selah, Sunnyside, Tieton, Toppenish, Union Gap, Yakima, Wapato, Zillah, Fire District #1 (Highland), Fire District #3 (Naches), Fire District # 4 (East Valley), Fire District #5 (Lower Valley), Fire District #6 (Gleed), Fire District #7 (Glade), Fire District #9 (Naches Heights), Fire District #12 (West Valley), Nile Fire District, and County of Yakima . All local public safety-related governmental agencies/jurisdictions whose governing body is located within the geographic boundaries of Yakima County are eligible to become a member of the consortium. The Executive Board of the Yakcorps consortium consists of seven member representatives of which one is the Mayor of the City of Yakima. The Operations Board of the Yakcorps consortium consists of eleven member representatives, of which three are the City's Police Chief, Fire Chief and 911 Director. Funding resources consist of annual assessments to the member agencies to allocate annual budgeted expenditures to operate and maintain a county-wide multi-discipline public safety system.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability - Added in 2015 per GASB 68 which required cost-sharing employers to present a 10-year schedule containing the net pension liability and certain related ratios. This information was added to improve transparency, and offer an indication of the extent to which the total pension liability is covered by resources held by the pension plan.

Schedule of Employer Contributions - Also added in 2015 per GASB 68, this schedule was added to provide measures to evaluate decisions related to the assessment of contribution rates and help to provide information about whether employers and nonemployer contributing entities, if applicable, are keeping pace with those contribution rates. This schedule will incorporate 10 years of information by 2025.

Schedule of Changes in Net Pension Liability and Related Ratios - A ten year schedule of changes in the total pension liability, along with the ratios of net position as a percent of total pension liability and net pension liability as a percent of covered payroll.

Schedule of Changes in Total OPEB Liability and Related Ratios - A ten year schedule of changes in the total OPEB pension liability, along with the ratios of net position as a percent of total pension liability and net pension liability as a percent of covered payroll.

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITYAs of June 30
Last 10 Fiscal Years*

Page 1 of 2

PERS 1	2015	2016
Employer's proportion of the net pension liability (asset)	0.2473%	0.2437%
Employer's proportionate share of the net pension liability	\$ 12,938,339	\$ 13,085,797
Covered Payroll - 2015, 2016, and 2017 as restated	22,406,624	28,675,000
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	58.0%	46.0%
Plan fiduciary net position as a percentage of the total pension liability	59.1%	59.0%
PERS 2/3		
Employer's proportion of the net pension liability (asset)	0.2942%	0.2903%
Employer's proportionate share of the net pension liability	\$ 10,512,470	\$ 14,618,037
Covered Payroll	21,024,500	27,400,579
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	50.0%	53.3%
Plan fiduciary net position as a percentage of the total pension liability	89.2%	85.8%
PSERS		
Employer's proportion of the net pension liability (asset)	0.2462%	0.2172%
Employer's proportionate share of the net pension liability	\$ 44,929	\$ 92,291
Covered Payroll	718,242	705,303
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	6.3%	13.1%
Plan fiduciary net position as a percentage of the total pension liability	95.1%	90.4%
LEOFF 1		
Employer's proportion of the net pension liability (asset)	0.2686%	0.2642%
Employer's proportionate share of the net pension liability	\$ (3,237,356)	\$ (27,222,428)
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	—%	—%
Plan fiduciary net position as a percentage of the total pension liability	127.4%	123.7%
LEOFF 2		
Employer's proportion of the net pension liability (asset)	0.7426%	0.7434%
Employer's proportionate share of the net pension liability	\$ (7,632,597)	\$ (4,323,611)
State's proportion of the net pension liability (asset) associated with the employer	(719,689)	(741,394)
Total	\$ (8,352,286)	\$ (5,065,005)
Covered Payroll	\$ 21,561,911	\$ 22,519,542
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	(35.4%)	(19.2%)
Plan fiduciary net position as a percentage of the total pension liability	111.7%	106.0%

* Until a full 10-year trend is compiled, only information for those years available is presented. The City of Yakima has no current LEOFF I employees.

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

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

As of June 30
Last 10 Fiscal Years*

2017		2018	
	0.2396%		0.2304%
\$	11,370,630	\$	10,291,797
	29,549,697		30,300,450
	38.5%		34.0%
	61.2%		63.2%
	2.8844%		0.2771%
\$	10,021,946	\$	4,731,133
	29,284,000		29,077,617
	34.2%		16.3%
	91.0%		96.8%
	0.2143%		0.2135%
\$	41,981	\$	2,645
	765,000		845,912
	5.5%		0.3%
	96.3%		99.8%
	0.2625%		0.2633%
\$	(3,982,551)	\$	(4,781,106)
	—%		—%
	136.0%		144.4%
	0.7399%		0.7097%
\$	(10,267,387)	\$	(14,409,269)
	(6,660,262)		(9,329,730)
\$	(16,927,649)	\$	(23,738,999)
\$	23,238,000	\$	23,520,795
	44.2%		61.2%
	113.4%		118.5%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONSFor the year ended December 31
Last 10 Fiscal Years*

Page 1 of 2

PERS 1	2015	2016
Statutorily or contractually required contributions	\$ 1,263,237	\$ 1,432,792
Contributions in relation to the statutorily or contractually required contributions	(1,263,237)	(1,432,792)
Contribution deficiency (excess)	\$ —	\$ —
Covered payroll	\$ 28,060,087	\$ 29,271,148
Contributions as a percentage of covered employee payroll	4.5%	4.9%
PERS 2/3		
Statutorily or contractually required contributions	\$ 1,510,959	\$ 1,740,727
Contributions in relation to the statutorily or contractually required contributions	(1,510,959)	(1,740,727)
Contribution deficiency (excess)	\$ —	\$ —
Covered payroll	\$ 26,793,741	\$ 27,400,579
Contributions as a percentage of covered employee payroll	5.6%	6.4%
PSERS		
Statutorily or contractually required contributions	\$ 46,106	\$ 48,978
Contributions in relation to the statutorily or contractually required contributions	(46,106)	(48,978)
Contribution deficiency (excess)	\$ —	\$ —
Covered payroll	\$ 712,214	\$ 705,303
Contributions as a percentage of covered employee payroll	6.5%	6.9%
LEOFF 2		
Statutorily or contractually required contributions	\$ 1,120,514	\$ 1,152,459
Contributions in relation to the statutorily or contractually required contributions	(1,120,514)	(1,152,459)
Contribution deficiency (excess)	\$ —	\$ —
Covered payroll	\$ 22,188,444	\$ 22,519,542
Contributions as a percentage of covered employee payroll	5.0%	5.1%

* Until a full 10-year trend is compiled, only information for these years available is presented. No assets are accumulated in a trust that meets the criteria for GASB 68.

SCHEDULE OF EMPLOYER CONTRIBUTIONSFor the year ended December 31
Last 10 Fiscal Years*

Page 2 of 2

2017		2018	
\$	1,489,000	\$	1,570,927
	(1,489,000)		(1,570,927)
<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>
\$	29,079,000	\$	30,471,519
	5.1%		5.2%
\$	1,930,423	\$	2,194,199
	(1,930,423)		(2,194,199)
<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>
\$	28,706,000	\$	29,256,142
	6.7%		7.5%
\$	52,963	\$	57,599
	(52,963)		(57,599)
<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>
\$	800,000	\$	840,693
	6.6%		6.6%
\$	1,198,134	\$	1,233,450
	(1,198,134)		(1,233,450)
<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>
\$	23,417,000	\$	23,473,737
	5.1%		5.3%

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

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIRE & POLICE PENSIONS

For the Year Ended December 31
 Last 10 Fiscal Years*

Page 1 of 1

	<u>2017</u>	<u>2018</u>
Fire Pension		
Total pension liability - beginning	\$ 6,902,294	\$ 6,635,284
Interest	247,672	221,918
Differences between expected and actual experience	(43,347)	—
Changes of assumptions	129,589	(233,241)
Benefit payments, including refunds of contributions	(600,924)	(594,678)
Net change in total pension liability	(267,010)	(606,001)
Total pension liability - ending	<u>\$ 6,635,284</u>	<u>\$ 6,029,283</u>
Covered payroll	—	—
Police Pension		
Total pension liability - beginning	\$ 5,381,844	\$ 4,664,239
Interest	194,378	156,580
Differences between expected and actual experience	(604,017)	—
Changes of assumptions	92,572	(166,958)
Benefit payments, including refunds of contributions	(400,538)	(384,348)
Net change in total pension liability	(717,605)	(394,726)
Total pension liability - ending	<u>\$ 4,664,239</u>	<u>\$ 4,269,513</u>
Covered payroll	—	—

* The City implemented GASB 73 for the year ended December 31, 2017. This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOSFor the Year Ended December 31
Last 10 Fiscal Years*

Page 1 of 1

	<u>2018</u>
LEOFF 1 Fire	
Total OPEB liability - Beginning	\$ 22,910,332
Interest on total OPEB liability	789,207
Effect of assumptions, changes or inputs	(1,498,572)
Expected benefit payments	(729,400)
Net change in total OPEB liability	<u>(1,438,765)</u>
Total pension liability - ending	<u>\$ 21,471,567</u>
Covered payroll	—
Total OPEB liability as a % of covered payroll	n/a
LEOFF 1 Police	
Total OPEB liability - Beginning	\$ 22,457,760
Interest on total OPEB liability	775,314
Effect of assumptions, changes or inputs	(1,462,797)
Expected benefit payments	(617,195)
Net change in total OPEB liability	<u>(1,304,678)</u>
Total pension liability - ending	<u>\$ 21,153,082</u>
Covered payroll	—
Total OPEB liability as a % of covered payroll	n/a
Non-LEOFF	
Total OPEB liability - Beginning	\$ 8,189,958
Service cost	563,641
Interest on total OPEB liability	299,553
Effect of assumptions, changes or inputs	(343,848)
Expected benefit payments	(393,263)
Net change in total OPEB liability	<u>126,083</u>
Total pension liability - ending	<u>\$ 8,316,041</u>
Covered payroll	—
Total OPEB liability as a % of covered payroll	n/a

* Until a full 10-year trend is compiled, only information for these years available is presented. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.



COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2018

Page 1 of 1

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Total
Assets					
Cash and cash equivalents	\$ 6,617,917	\$ 206,792	\$ 7,011,930	\$ 684,225	\$ 14,520,864
Cash with fiscal agent	26,602	—	135,898	—	162,500
Investments	2,863,686	—	7,693,800	—	10,557,486
Receivables, net allowance for uncollectible accounts					
Taxes	347,857	41,673	78,932	—	468,462
Accounts	238,368	—	16,023	171	254,562
Notes and contracts receivable	49,129	—	—	—	49,129
Due from other governments	458,307	—	667	—	458,974
Due from other funds	—	—	200,000	—	200,000
Inventories and prepayments	230,495	—	—	—	230,495
Total assets	\$ 10,832,361	\$ 248,465	\$ 15,137,250	\$ 684,396	\$ 26,902,472
Liabilities					
Accounts payable	\$ 999,547	\$ —	\$ 710,390	\$ —	\$ 1,709,937
Retainage payable	15,033	—	2,267	—	17,300
Accrued salaries and benefits	1,064,297	—	—	—	1,064,297
Custodial accounts	601,387	—	887,131	—	1,488,518
Due to other governments	2,770	—	5	—	2,775
Due to other funds	300,000	—	200,000	—	500,000
Total liabilities	2,983,034	—	1,799,793	—	4,782,827
Deferred inflows of resources					
Deferred unavailable revenue/taxes	212,720	—	—	—	212,720
Unavailable revenue and notes	56,531	—	65	—	56,596
Total deferred inflows of resources	269,251	—	65	—	269,316
Total liabilities & deferred inflows of resources	3,252,285	—	1,799,858	—	5,052,143
Fund balance					
Nonspendable	230,495	—	—	684,396	914,891
Restricted	5,901,562	239,732	5,678,845	—	11,820,139
Committed	1,448,019	—	2,230,389	—	3,678,408
Assigned	—	8,733	5,960,682	—	5,969,415
Unassigned	—	—	(532,523)	—	(532,523)
Total fund balance	7,580,076	248,465	13,337,393	684,396	21,850,330
Total liabilities, deferred inflows & fund balances	\$ 10,832,361	\$ 248,465	\$ 15,137,251	\$ 684,396	\$ 26,902,473

The Notes to the Financial Statements, found in 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, 2018

Page 1 of 1

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Total
Revenues					
Taxes and assessments	\$ 10,394,088	\$ 2,822,644	\$ 4,597,657	\$ —	\$ 17,814,389
Licenses and permits	646,993	—	—	—	646,993
Intergovernmental revenues	3,288,496	101,926	128,615	—	3,519,037
Charges for services	6,991,454	—	99,200	17,099	7,107,753
Contributions and donations	10,921	—	919,034	—	929,955
Investment earnings	15,452	750	69,147	12,000	97,349
Other revenue	964,404	—	147,107	—	1,111,511
Total revenues	<u>22,311,808</u>	<u>2,925,320</u>	<u>5,960,760</u>	<u>29,099</u>	<u>31,226,987</u>
Expenditures					
Current					
General government	869,326	—	83,971	—	953,297
Public safety	5,249,241	—	260,921	—	5,510,162
Utilities	267,588	—	—	—	267,588
Transportation	4,814,287	—	382,216	—	5,196,503
Economic environment	1,068,262	—	13,364	—	1,081,626
Public health services	574,469	—	—	—	574,469
Cultural and recreational	5,851,082	—	299,129	—	6,150,211
Capital outlay					
General government	16,603	—	42,347	—	58,950
Public safety	—	—	426,610	—	426,610
Transportation	773,145	—	524,802	—	1,297,947
Cultural and recreational	—	—	4,825,378	—	4,825,378
Debt service					
Principal	222,895	3,155,875	217,846	—	3,596,616
Interest and related charges	165,250	1,342,922	67,847	—	1,576,019
Total Expenditures	<u>19,872,148</u>	<u>4,498,797</u>	<u>7,144,431</u>	<u>—</u>	<u>31,515,376</u>
Excess (deficiency) of revenue over (under) expenditure	2,439,660	(1,573,477)	(1,183,671)	29,099	(288,389)
Other financing (sources) uses					
Transfers in	2,156,840	9,461,379	2,144,397	—	13,762,616
Transfers out	(3,512,992)	—	(8,533,166)	(12,000)	(12,058,158)
Proceeds from issuance of long-term debt	500,000	—	15,950,000	—	16,450,000
Payments to refunded debt	—	(7,886,993)	—	—	(7,886,993)
Sale of capital assets	207	—	37,385	—	37,592
Total other financing sources (uses)	<u>(855,945)</u>	<u>1,574,386</u>	<u>9,598,616</u>	<u>(12,000)</u>	<u>10,305,057</u>
Special and extraordinary items	—	—	(1,747,309)	—	(1,747,309)
Net change in fund balance	1,583,715	909	6,667,636	17,099	8,269,359
Fund balance - beginning	5,996,359	247,557	6,669,759	667,296	13,580,971
Fund balance - ending	<u>\$ 7,580,074</u>	<u>\$ 248,466</u>	<u>\$ 13,337,395</u>	<u>\$ 684,395</u>	<u>\$ 21,850,330</u>

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

NONMAJOR SPECIAL REVENUE FUNDS

Economic Development Fund (123) - Established in 1991 to account for payments received by Housing and Urban Development UDAG grant recipients to be used for future economic development within the City.

Community Relations 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.

Streets 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.

Downtown Yakima Business Improvement District (DYBID) Fund (161) - Formed to record the operating receipts and expenditures for Parking and Business Improvement. The major source of revenue is the assessment levied on businesses. Expenditures include costs associated with enhanced maintenance and other promotion of the Downtown area.

Trolley Fund (162) - Accounts for the operations, maintenance and capital improvements of the Trolley System. The major source of revenue is grants.

Front Street Parking & Business Improvement Area (PBIA) 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 / Convention Center 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.

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2018

Page 1 of 3

	Economic Dev	Community Relations	Parks and Recreation	Streets	Arterial Street
Assets					
Cash and cash equivalents	\$ 619,706	\$ 794,096	\$ 490,701	\$ 852,011	\$ 764,633
Cash with fiscal agent	—	—	7,906	10,932	—
Investments	—	—	—	—	1,407,177
Receivables, net allowance for uncollectible accounts					
Taxes	—	—	79,574	88,564	—
Accounts	—	630	21,181	1,520	—
Notes and contracts receivable	—	—	—	—	—
Due from other governments	—	—	3,629	350,000	62,345
Inventories and prepayments	—	—	—	230,495	—
Total assets	\$ 619,706	\$ 794,726	\$ 602,991	\$ 1,533,522	\$ 2,234,155
Liabilities					
Accounts payable	\$ 257	\$ 1,807	\$ 46,428	\$ 710,973	\$ 71,432
Retainage payable	—	—	—	—	15,033
Accrued salaries and benefits	—	51,379	185,612	262,027	—
Custodial accounts	549,128	—	—	—	—
Due to other governments	—	250	2,067	187	—
Due to other funds	—	—	—	—	—
Total liabilities	549,385	53,436	234,107	973,187	86,465
Deferred inflows of resources					
Deferred unavailable revenue/taxes	—	—	79,574	88,564	—
Unavailable revenue and notes	—	—	5,882	1,520	—
Total deferred inflows of resources	—	—	85,456	90,084	—
Total liabilities & deferred inflows of resources	549,385	53,436	319,563	1,063,271	86,465
Fund balance					
Nonspendable	—	—	—	230,495	—
Restricted	70,321	—	—	—	2,147,691
Committed	—	741,290	283,427	239,757	—
Total fund balance	70,321	741,290	283,427	470,252	2,147,691
Total liabilities, deferred inflows & fund balances	\$ 619,706	\$ 794,726	\$ 602,990	\$ 1,533,523	\$ 2,234,156

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2018

Page 2 of 3

	Cemetery	Emergency Services	Public Sfty Comm	Police Grants	DYBID	Trolley
Assets						
Cash and cash equivalents	\$ 116,709	\$ 191,004	\$ 1,352,930	\$ 432,538	\$ 106,200	\$ 200
Cash with fiscal agent	—	7,341	—	423	—	—
Investments	—	—	—	796,011	—	—
Receivables, net allowance for uncollectible accounts						
Taxes	—	44,581	—	—	—	—
Accounts	19,260	—	25,874	—	—	—
Notes and contracts receivable	—	—	—	—	43,042	—
Due from other governments	—	—	—	22,078	—	20,254
Inventories and prepayments	—	—	—	—	—	—
Total assets	\$ 135,969	\$ 242,926	\$ 1,378,804	\$ 1,251,050	\$ 149,242	\$ 20,454
Liabilities						
Accounts payable	\$ 876	\$ 3,277	\$ 13,577	\$ 20,313	\$ 42,253	\$ 598
Retainage payable	—	—	—	—	—	—
Accrued salaries and benefits	16,317	185,654	346,856	16,452	—	—
Custodial accounts	—	—	—	28,642	—	—
Due to other governments	267	—	—	—	—	—
Due to other funds	—	—	300,000	—	—	—
Total liabilities	17,460	188,931	660,433	65,407	42,253	598
Deferred inflows of resources						
Deferred unavailable revenue/taxes	—	44,581	—	—	—	—
Unavailable revenue and notes	—	—	—	—	43,042	—
Total deferred inflows of resources	—	44,581	—	—	43,042	—
Total liabilities & deferred inflows of resources	17,460	233,512	660,433	65,407	85,295	598
Fund balance						
Nonspendable	—	—	—	—	—	—
Restricted	—	9,414	718,371	1,185,643	—	19,856
Committed	118,508	—	—	—	63,947	—
Total fund balance	118,508	9,414	718,371	1,185,643	63,947	19,856
Total liabilities, deferred inflows & fund balances	\$ 135,968	\$ 242,926	\$ 1,378,804	\$ 1,251,050	\$ 149,242	\$ 20,454

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2018

Page 3 of 3

PBIA	Tourist Pro Conv Ctr	Capitol Theatre	PFD Conv Ctr	Tourist Promotion	PFD Cap Theatre	Total
\$ 1,090	\$ 245,154	\$ 3,893	\$ 358,902	\$ 54,458	\$ 233,695	\$ 6,617,917
—	—	—	—	—	—	26,602
—	—	—	660,498	—	—	2,863,686
—	31,388	34,262	—	69,488	—	347,857
—	154,013	—	9,041	—	6,849	238,368
6,087	—	—	—	—	—	49,129
—	—	—	—	—	—	458,307
—	—	—	—	—	—	230,495
<u>\$ 7,177</u>	<u>\$ 430,555</u>	<u>\$ 38,155</u>	<u>\$ 1,028,441</u>	<u>\$ 123,946</u>	<u>\$ 240,544</u>	<u>\$ 10,832,361</u>
\$ —	\$ 29,702	\$ 4,011	\$ —	\$ 54,043	\$ —	\$ 999,547
—	—	—	—	—	—	15,033
—	—	—	—	—	—	1,064,297
—	23,616	—	—	—	—	601,387
—	—	—	—	—	—	2,770
—	—	—	—	—	—	300,000
—	53,318	4,011	—	54,043	—	2,983,034
—	—	—	—	—	—	212,720
6,087	—	—	—	—	—	56,531
6,087	—	—	—	—	—	269,251
6,087	53,318	4,011	—	54,043	—	3,252,285
—	—	—	—	—	—	230,495
—	377,237	34,144	1,028,440	69,902	240,544	5,901,562
1,090	—	—	—	—	—	1,448,019
1,090	377,237	34,144	1,028,440	69,902	240,544	7,580,076
<u>\$ 7,177</u>	<u>\$ 430,555</u>	<u>\$ 38,155</u>	<u>\$ 1,028,440</u>	<u>\$ 123,945</u>	<u>\$ 240,544</u>	<u>\$ 10,832,361</u>

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

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

December 31, 2018

Page 1 of 3

	<u>Economic Dev</u>	<u>Community Relations</u>	<u>Parks and Recreation</u>	<u>Streets</u>	<u>Arterial Street</u>
Revenues					
Taxes and assessments	\$ —	\$ —	\$ 2,505,558	\$ 3,634,020	\$ —
Licenses and permits	—	646,993	—	—	—
Intergovernmental revenues	130,547	—	79,779	1,917,190	1,077,095
Charges for services	—	—	982,335	577,296	—
Contributions and donations	—	—	10,921	—	—
Investment earnings	—	—	—	—	1,000
Other revenue	—	785	81,252	13,496	—
Total revenues	130,547	647,778	3,659,845	6,142,002	1,078,095
Expenditures					
Current					
General government	106,292	595,719	—	—	—
Public safety	—	—	223,490	—	—
Utilities	—	—	—	—	—
Transportation	—	—	—	4,784,378	16,038
Economic environment	—	—	—	—	—
Public health services	—	—	574,469	—	—
Cultural and recreational	—	—	3,971,783	—	—
Capital outlay					
General government	—	16,603	—	—	—
Transportation	—	—	—	—	773,145
Debt service					
Principal	—	—	—	57,750	95,145
Interest and related charges	—	—	—	35,911	69,141
Total Expenditures	106,292	612,322	4,769,742	4,878,039	953,469
Excess (deficiency) of revenue over (under) expenditure	24,255	35,456	(1,109,897)	1,263,963	124,626
Other financing (sources) uses					
Transfers in	—	—	1,519,940	144,000	—
Transfers out	—	(2,565)	(162,000)	(1,787,814)	—
Proceeds from issuance of long-term debt	—	—	—	—	500,000
Sale of capital assets	—	—	—	207	—
Total other financing sources (uses)	—	(2,565)	1,357,940	(1,643,607)	500,000
Net change in fund balance	24,255	32,891	248,043	(379,644)	624,626
Fund balance - beginning	46,065	708,399	35,384	849,894	1,523,066
Fund balance - ending	\$ 70,320	\$ 741,290	\$ 283,427	\$ 470,250	\$ 2,147,692

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

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

December 31, 2018

Page 2 of 3

Cemetery	Emergency Services	Public Sfty Comm	Police Grants	DYBID	Trolley	PBIA	Tourist Pro Conv Ctr	Capitol Theatre
\$ —	\$ 1,345,263	\$ 217,627	\$ —	\$ —	\$ —	\$ —	\$ 730,393	\$ 305,087
—	—	—	—	—	—	—	—	—
—	1,591	—	82,293	—	—	—	—	—
185,585	—	3,933,626	374,228	—	—	—	326,633	—
—	—	—	—	—	—	—	—	—
79	291	—	9,238	—	—	35	50	250
—	—	1,500	201,756	152,687	1,275	3,100	508,553	—
<u>185,664</u>	<u>1,347,145</u>	<u>4,152,753</u>	<u>667,515</u>	<u>152,687</u>	<u>1,275</u>	<u>3,135</u>	<u>1,565,629</u>	<u>305,337</u>
—	—	—	167,315	—	—	—	—	—
—	1,269,094	3,569,033	187,623	—	—	—	—	—
267,588	—	—	—	—	—	—	—	—
—	—	—	—	—	13,871	—	—	—
—	—	—	—	—	—	2,200	444,099	—
—	—	—	—	—	—	—	—	—
—	—	—	—	188,106	—	—	1,222,509	441,612
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	70,000	—	—	—	—	—	—
—	—	60,198	—	—	—	—	—	—
<u>267,588</u>	<u>1,269,094</u>	<u>3,699,231</u>	<u>354,938</u>	<u>188,106</u>	<u>13,871</u>	<u>2,200</u>	<u>1,666,608</u>	<u>441,612</u>
(81,924)	78,051	453,522	312,577	(35,419)	(12,596)	935	(100,979)	(136,275)
139,000	—	100,000	—	—	11,500	—	100,000	142,400
—	(175,000)	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
<u>139,000</u>	<u>(175,000)</u>	<u>100,000</u>	<u>—</u>	<u>—</u>	<u>11,500</u>	<u>—</u>	<u>100,000</u>	<u>142,400</u>
<u>57,076</u>	<u>(96,949)</u>	<u>553,522</u>	<u>312,577</u>	<u>(35,419)</u>	<u>(1,096)</u>	<u>935</u>	<u>(979)</u>	<u>6,125</u>
61,431	106,362	164,849	873,065	99,366	20,952	155	378,217	28,018
<u>\$ 118,507</u>	<u>\$ 9,413</u>	<u>\$ 718,371</u>	<u>\$ 1,185,642</u>	<u>\$ 63,947</u>	<u>\$ 19,856</u>	<u>\$ 1,090</u>	<u>\$ 377,238</u>	<u>\$ 34,143</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2018

Page 3 of 3

	PFD Conv Ctr	Tourist Promotion	PFD Cap Theatre	Total
Revenues				
Taxes and assessments	\$ 942,292	\$ —	\$ 713,848	\$ 10,394,088
Licenses and permits	—	—	—	646,993
Intergovernmental revenues	—	—	—	3,288,496
Charges for services	—	611,751	—	6,991,454
Contributions and donations	—	—	—	10,921
Investment earnings	2,321	771	1,417	15,452
Other revenue	—	—	—	964,404
Total revenues	944,613	612,522	715,265	22,311,808
Expenditures				
Current				
General government	—	—	—	869,326
Public safety	—	—	—	5,249,241
Utilities	—	—	—	267,588
Transportation	—	—	—	4,814,287
Economic environment	—	621,963	—	1,068,262
Public health services	—	—	—	574,469
Cultural and recreational	13,583	—	13,488	5,851,082
Capital outlay				
General government	—	—	—	16,603
Transportation	—	—	—	773,145
Debt service				
Principal	—	—	—	222,895
Interest and related charges	—	—	—	165,250
Total Expenditures	13,583	621,963	13,488	19,872,148
Excess (deficiency) of revenue over (under) expenditure	931,030	(9,441)	701,777	2,439,660
Other financing (sources) uses				
Transfers in	—	—	—	2,156,840
Transfers out	(718,213)	—	(667,400)	(3,512,992)
Proceeds from issuance of long-term debt	—	—	—	500,000
Sale of capital assets	—	—	—	207
Total other financing sources (uses)	(718,213)	—	(667,400)	(855,945)
Net change in fund balance	212,817	(9,441)	34,377	1,583,715
Fund balance - beginning	815,624	79,342	206,167	5,996,359
Fund balance - ending	\$ 1,028,441	\$ 69,901	\$ 240,544	\$ 7,580,074

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

NONMAJOR DEBT SERVICE FUNDS

Convention Center/Capitol Theatre Expansion LTGO Bonds (272) - These bonds were issued to fund additions to the Yakima Convention Center in 2002 and the Capital Theatre in 2009.

Various General Obligation Bonds Fund (281) - The proceeds are for the purpose of providing various projects such as Parks, Streets, Fire and Downtown Revitalization.

Convention Center Remodel LTGO (287) - These bonds were issued to expand/remodel the Convention Center in 1996.

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS

December 31, 2018

Page 1 of 1

	<u>Conv Ctr/ Cap Th Bond</u>	<u>Various GO Bonds</u>	<u>Conv Ctr Rem Bond</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 166,440	\$ 8,733	\$ 31,619	\$ 206,792
Receivables, net allowance for uncollectible accounts				
Taxes	—	—	41,673	41,673
Total assets	<u>\$ 166,440</u>	<u>\$ 8,733</u>	<u>\$ 73,292</u>	<u>\$ 248,465</u>
Fund balance				
Restricted	\$ 166,440	\$ —	\$ 73,292	\$ 239,732
Assigned	—	8,733	—	8,733
Total liabilities, deferred inflows & fund balances	<u>\$ 166,440</u>	<u>\$ 8,733</u>	<u>\$ 73,292</u>	<u>\$ 248,465</u>

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

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

December 31, 2018

Page 1 of 1

	Conv Ctr/ Cap Th Bond	Various GO Bonds	Conv Ctr Rem Bond	Total
Revenues				
Taxes and assessments	\$ —	\$ 2,397,509	\$ 425,135	\$ 2,822,644
Intergovernmental revenues	101,926	—	—	101,926
Investment earnings	—	—	750	750
Total revenues	101,926	2,397,509	425,885	2,925,320
Expenditures				
Debt service				
Principal	575,000	2,185,875	395,000	3,155,875
Interest and related charges	454,850	857,807	30,265	1,342,922
Total Expenditures	1,029,850	3,043,682	425,265	4,498,797
Excess (deficiency) of revenue over (under) expenditure	(927,924)	(646,173)	620	(1,573,477)
Other financing (sources) uses				
Transfers in	928,213	8,533,166	—	9,461,379
Payments to refunded debt	—	(7,886,993)	—	(7,886,993)
Total other financing sources (uses)	928,213	646,173	—	1,574,386
Net change in fund balance	289	—	620	909
Fund balance - beginning	166,150	8,734	72,672	247,556
Fund balance - ending	\$ 166,439	\$ 8,734	\$ 73,292	\$ 248,465

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



NONMAJOR CAPITAL PROJECT FUNDS

Central Business District Capital Improvement Fund (321) - Created by Ordinance No. 1599. The Central Business District Improvement Program works to develop 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 to acquire firefighting 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 (REET 1) Fund (342) - Accounts for the first 1/4% Real Estate Excise Tax.

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

Streets Capital Fund (344) - Created in 2014 to account for the 2013 voter supported investment of \$2 million annually into streets projects. This fund also accounts for Transportation Benefit District revenue and expenditures.

Yakima Convention Center Capital Fund (370) - Was established for the Convention Center and Performing Arts Center Facilities and is used for paying all or any part of the cost of acquiring, constructing or operating convention center facilities. The fund was originally created by Ordinance 1624, February 19, 1974. In 2002, proceeds from a \$6.6 million bond issue were used to expand the Convention Center. An allocation of local option Hotel/Motel Tax and interest earnings are this fund's primary revenue sources.

Cumulative Reserve for Capital Improvement Fund (392) - Is used to account for general government capital projects that are not eligible to be included in other capital funds.

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2018

Page 1 of 2

	Central Bus District Impr	Capitol Theatre Cons	Yakima Rev Dev Area	Parks & Recreation	Fire
Assets					
Cash and cash equivalents	\$ 354,608	\$ 149,087	\$ 348,153	\$ 1,603,335	\$ 400,729
Cash with fiscal agent	—	—	—	—	—
Investments	—	—	2,204,996	2,950,664	—
Receivables, net allowance for uncollectible accounts					
Taxes	—	—	16,432	—	—
Accounts	65	—	—	—	—
Due from other governments	—	—	—	—	—
Due from other funds	—	—	—	—	—
Total assets	\$ 354,673	\$ 149,087	\$ 2,569,581	\$ 4,553,999	\$ 400,729
Liabilities					
Accounts payable	\$ —	\$ —	\$ 139,192	\$ 530,004	\$ 7,108
Retainage payable	—	—	—	2,267	—
Custodial accounts	887,131	—	—	—	—
Due to other governments	—	—	—	—	—
Due to other funds	—	—	200,000	—	—
Total liabilities	887,131	—	339,192	532,271	7,108
Deferred inflows of resources					
Unavailable revenue and notes	65	—	—	—	—
Total liabilities & deferred inflows of resources	887,196	—	339,192	532,271	7,108
Fund balance					
Restricted	—	—	—	—	—
Committed	—	—	2,230,389	—	—
Assigned	—	149,087	—	4,021,729	393,621
Unassigned	(532,523)	—	—	—	—
Total fund balance	(532,523)	149,087	2,230,389	4,021,729	393,621
Total liabilities, deferred inflows & fund balances	\$ 354,673	\$ 149,087	\$ 2,569,581	\$ 4,554,000	\$ 400,729

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

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS**

December 31, 2018

Law and Justice	Public Works Trust	REET 2 Capital	Streets Capital	Yak Conv Center	Cumulative Reserve	Total
\$ 438,319	\$ 1,025,290	\$ 792,440	\$ 959,967	\$ 353,887	\$ 586,114	\$ 7,011,930
—	67,949	67,949	—	—	—	135,898
—	1,886,872	—	—	651,269	—	7,693,800
—	—	—	—	62,500	—	78,932
15,958	—	—	—	—	—	16,023
667	—	—	—	—	—	667
—	—	200,000	—	—	—	200,000
<u>\$ 454,944</u>	<u>\$ 2,980,111</u>	<u>\$ 1,060,389</u>	<u>\$ 959,967</u>	<u>\$ 1,067,656</u>	<u>\$ 586,114</u>	<u>\$ 15,137,250</u>
\$ 10,515	\$ —	\$ —	\$ 8,146	\$ 10,664	\$ 4,761	\$ 710,390
—	—	—	—	—	—	2,267
—	—	—	—	—	—	887,131
5	—	—	—	—	—	5
—	—	—	—	—	—	200,000
<u>10,520</u>	<u>—</u>	<u>—</u>	<u>8,146</u>	<u>10,664</u>	<u>4,761</u>	<u>1,799,793</u>
—	—	—	—	—	—	65
<u>10,520</u>	<u>—</u>	<u>—</u>	<u>8,146</u>	<u>10,664</u>	<u>4,761</u>	<u>1,799,858</u>
—	2,980,111	1,060,389	—	1,056,992	581,353	5,678,845
—	—	—	—	—	—	2,230,389
444,425	—	—	951,821	—	—	5,960,682
—	—	—	—	—	—	(532,523)
<u>444,425</u>	<u>2,980,111</u>	<u>1,060,389</u>	<u>951,821</u>	<u>1,056,992</u>	<u>581,353</u>	<u>13,337,393</u>
<u>\$ 454,945</u>	<u>\$ 2,980,111</u>	<u>\$ 1,060,389</u>	<u>\$ 959,967</u>	<u>\$ 1,067,656</u>	<u>\$ 586,114</u>	<u>\$ 15,137,251</u>

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

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

December 31, 2018

Page 1 of 2

	Central Bus District Impr	Capitol Theatre Cons	Yakima Rev Dev Area	Parks & Recreation	Fire
Revenues					
Taxes and assessments	\$ —	\$ —	\$ 1,000,000	\$ —	\$ —
Intergovernmental revenues	—	—	—	115,947	—
Charges for services	—	—	—	—	68,000
Contributions and donations	656,613	—	—	262,421	—
Investment earnings	23,384	—	—	35,784	—
Other revenue	35,310	—	—	1,782	55
Total revenues	<u>715,307</u>	<u>—</u>	<u>1,000,000</u>	<u>415,934</u>	<u>68,055</u>
Expenditures					
Current					
General government	—	—	—	—	—
Public safety	—	—	—	—	62,198
Transportation	—	—	—	—	—
Economic environment	13,102	—	262	—	—
Cultural and recreational	—	—	—	28,144	—
Capital outlay					
General government	—	—	—	—	—
Public safety	—	—	—	—	—
Transportation	59,590	—	454,245	—	—
Cultural and recreational	—	13,705	—	4,776,909	—
Debt service					
Principal	—	—	—	—	—
Interest and related charges	—	—	9,229	12,825	—
Total Expenditures	<u>72,692</u>	<u>13,705</u>	<u>463,736</u>	<u>4,817,878</u>	<u>62,198</u>
Excess (deficiency) of revenue over (under) expenditure	642,615	(13,705)	536,264	(4,401,944)	5,857
Other financing (sources) uses					
Transfers in	—	60,000	—	—	1,464,814
Transfers out	—	—	—	(4,437,653)	—
Proceeds from issuance of long-term debt	—	—	—	12,450,000	—
Sale of capital assets	—	—	—	—	5,000
Total other financing sources (uses)	<u>—</u>	<u>60,000</u>	<u>—</u>	<u>8,012,347</u>	<u>1,469,814</u>
Special and extraordinary items	(1,747,309)	—	—	—	—
Net change in fund balance	(1,104,694)	46,295	536,264	3,610,403	1,475,671
Fund balance - beginning	572,172	102,791	1,694,125	411,326	(1,082,051)
Fund balance - ending	<u>\$ (532,522)</u>	<u>\$ 149,086</u>	<u>\$ 2,230,389</u>	<u>\$ 4,021,729</u>	<u>\$ 393,620</u>

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

December 31, 2018

Page 2 of 2

Law and Justice	Public Works Trust	REET 2 Capital	Streets Capital	Yak Conv Center	Cumulative Reserve	Total
\$ 224,093	\$ 1,232,787	\$ 1,232,787	\$ 633,862	\$ 274,128	\$ —	\$ 4,597,657
12,667	—	—	—	—	—	128,615
—	—	—	—	—	31,200	99,200
—	—	—	—	—	—	919,034
250	—	9,229	—	500	—	69,147
—	—	—	109,960	—	—	147,107
<u>237,010</u>	<u>1,232,787</u>	<u>1,242,016</u>	<u>743,822</u>	<u>274,628</u>	<u>31,200</u>	<u>5,960,760</u>
3,903	—	—	—	—	80,068	83,971
198,723	—	—	—	—	—	260,921
—	—	350,000	32,216	—	—	382,216
—	—	—	—	—	—	13,364
—	—	—	—	270,985	—	299,129
—	42,347	—	—	—	—	42,347
426,610	—	—	—	—	—	426,610
—	—	—	10,968	—	—	524,802
—	—	—	—	34,765	—	4,825,378
—	52,746	165,100	—	—	—	217,846
—	31,702	9,081	5,010	—	—	67,847
<u>629,236</u>	<u>126,795</u>	<u>524,181</u>	<u>48,194</u>	<u>305,750</u>	<u>80,068</u>	<u>7,144,432</u>
(392,226)	1,105,992	717,835	695,628	(31,122)	(48,868)	(1,183,672)
327,134	84,448	—	—	155,000	53,000	2,144,397
—	(342,048)	(253,465)	(3,500,000)	—	—	(8,533,166)
—	—	—	3,500,000	—	—	15,950,000
32,385	—	—	—	—	—	37,385
<u>359,519</u>	<u>(257,600)</u>	<u>(253,465)</u>	<u>—</u>	<u>155,000</u>	<u>53,000</u>	<u>9,598,616</u>
—	—	—	—	—	—	(1,747,309)
(32,707)	848,392	464,370	695,628	123,878	4,132	6,667,635
477,133	2,131,719	596,018	256,191	933,114	577,221	6,669,759
<u>\$ 444,426</u>	<u>\$ 2,980,111</u>	<u>\$ 1,060,388</u>	<u>\$ 951,819</u>	<u>\$ 1,056,992</u>	<u>\$ 581,353</u>	<u>\$ 13,337,394</u>

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



PERMANENT FUND

Cemetery Trust Fund (710) - This non-expendable Trust is credited for all money received from owners for endowment care. The principal 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, 2018

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	<u>Cemetery Trust</u>
Assets	
Cash and cash equivalents	\$ 684,225
Receivables, net allowance for uncollectible accounts	
Accounts	171
Total assets	<u>\$ 684,396</u>
Fund balance	
Nonspendable	\$ 684,396
Total liabilities, deferred inflows & fund balances	<u>\$ 684,396</u>

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

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

December 31, 2018

Page 1 of 1

	Cemetery Trust
Revenues	
Charges for services	\$ 17,099
Investment earnings	12,000
Total revenues	<u>29,099</u>
Excess (deficiency) of revenue over (under) expenditure	29,099
Other financing (sources) uses	
Transfers out	(12,000)
Net change in fund balance	17,099
Fund balance - beginning	667,296
Fund balance - ending	<u><u>\$ 684,395</u></u>

The Notes to the Financial Statements, found in 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 Program (EAP) Fund (516) - Established in 1998 to provide the opportunity to all City employees to improve their physical, mental and emotional wellbeing.

Equipment Rental Fund (551) - A self-supporting fund for ensuring cash flow and stabilized budgeting for the systematic replacement of vehicles and equipment. Participating departments share in the allocated cost sufficient to cover maintenance and operating costs of each vehicle plus depreciation 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, 2018

Page 1 of 4

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Assets				
Current Assets				
Cash and cash equivalents	\$ 206,606	\$ 739,549	\$ 17,694	\$ 708,063
Investments	—	1,361,014	—	1,303,069
Receivables, net allowance for uncollectible accounts				
Accounts	22,040	931,541	82,145	—
Notes and contracts receivable	—	—	—	—
Due from other governments	—	—	—	—
Due from other funds	—	—	—	—
Inventories and prepayments	—	1,855	—	—
Total current assets	<u>228,646</u>	<u>3,033,959</u>	<u>99,839</u>	<u>2,011,132</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation				
Buildings	—	—	—	—
Machinery, equipment & vehicles	—	—	—	—
Other improvements & utility systems	—	—	—	—
Total noncurrent assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total assets	<u>228,646</u>	<u>3,033,959</u>	<u>99,839</u>	<u>2,011,132</u>
Deferred outflows of resources				
Deferred outflows related to pension	3,684	10,006	7,502	40,944
Total deferred outflows of resources	<u>3,684</u>	<u>10,006</u>	<u>7,502</u>	<u>40,944</u>
Total assets & deferred outflows of resources	<u>232,330</u>	<u>3,043,965</u>	<u>107,341</u>	<u>2,052,076</u>

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2018

Page 2 of 4

Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration	Total
\$ 35,396	\$ 1,014,048	\$ 564,901	\$ 668,451	\$ 3,954,708
—	1,802,015	—	—	4,466,098
—	175	—	—	1,035,900
—	99,642	—	—	99,642
—	—	149,571	—	149,571
—	300,000	—	—	300,000
—	569,546	—	—	571,401
<u>35,396</u>	<u>3,785,426</u>	<u>714,472</u>	<u>668,451</u>	<u>10,577,320</u>
—	—	—	5,577	5,577
1,937	8,713,466	—	22,193	8,737,596
9,868	—	381,362	43,884	435,114
<u>11,805</u>	<u>8,713,466</u>	<u>381,362</u>	<u>71,654</u>	<u>9,178,287</u>
<u>47,201</u>	<u>12,498,892</u>	<u>1,095,834</u>	<u>740,105</u>	<u>19,755,607</u>
—	66,337	—	38,488	166,962
—	66,337	—	38,488	166,962
<u>47,201</u>	<u>12,565,229</u>	<u>1,095,834</u>	<u>778,593</u>	<u>19,922,569</u>

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2018

Page 3 of 4

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Liabilities				
Current liabilities				
Accounts payable	26,808	135	101,575	73,826
Claims & judgments payable	—	1,902,947	450,000	750,000
Accrued salaries and benefits	7,733	16,459	11,045	63,569
Compensated absences	2,181	2,847	1,378	10,896
Custodial accounts	—	—	—	64,711
Due to other governments	—	—	—	—
Other post-employment benefits - current	504	1,269	871	6,810
Total current liabilities	<u>37,226</u>	<u>1,923,657</u>	<u>564,869</u>	<u>969,812</u>
Noncurrent liabilities				
Compensated absences	14,967	18,681	8,854	76,160
Pension Liability	24,637	62,075	50,009	245,145
Other postemployment benefits (OPEB)	9,908	28,037	21,318	131,096
Total noncurrent liabilities	<u>49,512</u>	<u>108,793</u>	<u>80,181</u>	<u>452,401</u>
Total liabilities	<u>86,738</u>	<u>2,032,450</u>	<u>645,050</u>	<u>1,422,213</u>
Deferred inflows of resources				
Deferred inflows related to pension	9,748	24,673	19,828	97,805
Deferred inflows related to OPEB	402	1,011	695	5,428
Total deferred inflows of resources	<u>10,150</u>	<u>25,684</u>	<u>20,523</u>	<u>103,233</u>
Total liabilities & deferred inflows of resources	<u>96,888</u>	<u>2,058,134</u>	<u>665,573</u>	<u>1,525,446</u>
Net position				
Net investment in capital assets	—	—	—	—
Unrestricted	135,442	985,830	(558,231)	526,631
Total net position	<u>\$ 135,442</u>	<u>\$ 985,830</u>	<u>\$ (558,231)</u>	<u>\$ 526,631</u>

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2018

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Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration	Total
6,235	31,524	158,787	41,942	440,833
—	—	—	—	3,102,947
—	95,572	—	52,122	246,500
—	8,793	—	10,421	36,515
—	—	—	—	64,711
39	307	—	2	348
—	7,220	—	3,842	20,516
<u>6,274</u>	<u>143,416</u>	<u>158,787</u>	<u>108,329</u>	<u>3,912,370</u>
—	64,404	—	67,639	250,706
—	398,349	—	224,998	1,005,213
—	183,001	—	106,556	479,916
—	645,754	—	399,193	1,735,835
<u>6,274</u>	<u>789,170</u>	<u>158,787</u>	<u>507,522</u>	<u>5,648,205</u>
—	158,834	—	89,909	400,797
—	5,754	—	3,062	16,352
—	164,588	—	92,971	417,149
<u>6,274</u>	<u>953,758</u>	<u>158,787</u>	<u>600,493</u>	<u>6,065,354</u>
11,805	8,713,466	381,362	71,655	9,178,288
29,121	2,898,004	555,685	106,447	4,678,929
<u>\$ 40,926</u>	<u>\$ 11,611,470</u>	<u>\$ 937,047</u>	<u>\$ 178,102</u>	<u>\$ 13,857,217</u>

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

December 31, 2018

Page 1 of 2

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Operating revenues				
Charges and fees for services	\$ —	\$ —	\$ —	\$ —
Charges for insurance	—	—	—	4,053,199
Employer contributions	214,419	10,090,406	1,575,196	—
Employee contributions	—	1,940,434	71,502	—
Other operating revenue	—	—	—	2,940
Total operating revenues	<u>214,419</u>	<u>12,030,840</u>	<u>1,646,698</u>	<u>4,056,139</u>
Operating expenses				
Personnel services	72,684	168,345	118,438	652,706
Materials and supplies	—	1,397	2,945	3,609
Contractual services	9,436	2,100,158	434,451	2,972,302
Claims and other benefits	86,488	9,613,327	1,530,350	3,045
Depreciation	—	—	—	—
Total operating expense	<u>168,608</u>	<u>11,883,227</u>	<u>2,086,184</u>	<u>3,631,662</u>
Operating income (loss)	45,811	147,613	(439,486)	424,477
Nonoperating revenues (expense)				
Grants and subsidies	—	—	—	—
Interest revenue	—	100,000	500	100,000
Other nonoperating revenue	—	102,995	227,765	218,515
Gain (loss) disposal of capital assets	—	—	—	—
Total nonoperating revenue (exp)	<u>—</u>	<u>202,995</u>	<u>228,265</u>	<u>318,515</u>
Income (loss) before conts & transfers	45,811	350,608	(211,221)	742,992
Transfers in	—	—	—	—
Transfers (out)	—	—	—	—
Change in net position	<u>45,811</u>	<u>350,608</u>	<u>(211,221)</u>	<u>742,992</u>
Net position - beginning	93,686	645,422	(340,001)	(161,580)
Prior period adjustment due to GASB 75	(4,054)	(10,201)	(7,010)	(54,781)
Net position - ending	<u>\$ 135,443</u>	<u>\$ 985,829</u>	<u>\$ (558,232)</u>	<u>\$ 526,631</u>

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

December 31, 2018

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Wellness/ EAP	Equipment Rental	Environmental	Public	Total
			Works Administration	
\$ —	\$ 2,827,028	\$ 123,855	\$ 593,012	\$ 3,543,896
—	—	—	611,067	4,664,266
30,000	—	—	—	11,910,021
—	—	—	—	2,011,936
465	175	—	—	3,580
<u>30,465</u>	<u>2,827,203</u>	<u>123,855</u>	<u>1,204,079</u>	<u>22,133,699</u>
—	1,009,378	—	529,927	2,551,478
6,486	1,659,384	5,947	55,945	1,735,712
53,131	216,579	207,851	382,443	6,376,350
—	27,289	—	8,401	11,268,900
4,213	1,247,757	32,288	10,315	1,294,572
<u>63,830</u>	<u>4,160,387</u>	<u>246,086</u>	<u>987,031</u>	<u>23,227,012</u>
(33,365)	(1,333,184)	(122,231)	217,048	(1,093,313)
—	—	149,571	—	149,571
—	38,248	—	—	238,748
—	3,860	—	—	553,134
—	(27,253)	—	—	(27,253)
<u>—</u>	<u>14,855</u>	<u>149,571</u>	<u>—</u>	<u>914,200</u>
(33,365)	(1,318,329)	27,340	217,048	(179,113)
—	1,662,792	—	—	1,662,792
—	(11,866)	—	(15,000)	(26,866)
<u>(33,365)</u>	<u>332,597</u>	<u>27,340</u>	<u>202,048</u>	<u>1,456,813</u>
74,291	11,336,944	909,705	6,956	12,565,424
—	(58,070)	—	(30,902)	(165,018)
<u>\$ 40,926</u>	<u>\$ 11,611,471</u>	<u>\$ 937,045</u>	<u>\$ 178,102</u>	<u>\$ 13,857,219</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

December 31, 2018

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	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Cash flows from operating activities				
Receipts from customers	\$ —	\$ —	\$ —	\$ 4,053,199
Contributions rec'd employer & employee	214,093	11,985,639	1,648,539	—
Payments to suppliers & service providers	(6,230)	(1,816,629)	(451,259)	(3,007,630)
Payments to employees salaries & benefits	(73,484)	(172,337)	(125,995)	(696,359)
Transfers to other funds	—	—	—	2,940
Payments to claimants & beneficiaries	(86,488)	(8,548,841)	(1,530,350)	(3,045)
Net cash flows from operating activities	<u>47,891</u>	<u>1,447,832</u>	<u>(459,065)</u>	<u>349,105</u>
Cash from noncapital financing activities				
Transfer in/other nonoperating revenue	—	102,995	227,765	218,515
Cash flows from capital financing activities				
Proceeds from disposal of property	—	—	—	—
Capital expenditures	—	—	—	—
Principal paid on capital debt	—	—	—	—
Transfers in	—	—	—	—
Transfers (out)	—	—	—	—
Net cash provided by (used for) financing	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash flows from investing activities				
Proceeds from sale of investments	—	—	—	1,267,945
Interest on investments	—	100,000	500	100,000
Purchase of investments	—	(1,361,014)	—	(1,303,069)
Net cash provided by investing activities	<u>—</u>	<u>(1,261,014)</u>	<u>500</u>	<u>64,876</u>
Net increase (dec) in cash & cash equivalents	47,891	289,813	(230,800)	632,496
Cash & cash equivalents - beginning	158,715	449,736	248,494	75,567
Cash & cash equivalents - ending	<u>\$ 206,606</u>	<u>\$ 739,549</u>	<u>\$ 17,694</u>	<u>\$ 708,063</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

December 31, 2018

Page 2 of 4

Wellness/ EAP	Equipment Rental	Environ- mental	Public Works Admin	Total
\$ —	\$ 3,011,720	\$ 223,662	\$ 1,204,079	\$ 8,492,660
30,000	—	—	—	13,878,271
(61,767)	(1,934,181)	(55,130)	(415,425)	(7,748,251)
—	(1,086,828)	—	(596,543)	(2,751,546)
465	175	—	—	3,580
—	(27,289)	—	(8,401)	(10,204,414)
<u>(31,302)</u>	<u>(36,403)</u>	<u>168,532</u>	<u>183,710</u>	<u>1,670,300</u>
—	—	149,571	—	698,846
—	261,660	—	—	261,660
(10,209)	(529,286)	—	—	(539,495)
—	—	—	(6,706)	(6,706)
—	1,662,792	—	—	1,662,792
—	(11,866)	—	(15,000)	(26,866)
<u>(10,209)</u>	<u>1,383,300</u>	<u>—</u>	<u>(21,706)</u>	<u>1,351,385</u>
—	1,348,308	—	—	2,616,253
—	38,248	—	—	238,748
—	(1,802,015)	—	—	(4,466,098)
<u>—</u>	<u>(415,459)</u>	<u>—</u>	<u>—</u>	<u>(1,611,097)</u>
(41,511)	931,438	318,103	162,004	2,109,434
76,907	82,610	246,798	506,447	1,845,274
<u>\$ 35,396</u>	<u>\$ 1,014,048</u>	<u>\$ 564,901</u>	<u>\$ 668,451</u>	<u>\$ 3,954,708</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

December 31, 2018

Page 3 of 4

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Reconciliation - operating income (loss) to net cash provided (used) for operations				
Operating income (loss)	\$ 45,810	\$ 1,212,100	\$ (439,486)	\$ 424,477
Adj to reconcile operating income (loss) to net cash provided (used) for operations				
Depreciation expense	—	—	—	—
Change in assets and liabilities				
(Inc) dec in net accounts receivable	(325)	(45,201)	1,840	—
(Inc) dec in inventory	—	—	—	—
(Dec) inc in accounts payable	3,206	284,926	(13,862)	(31,719)
(Dec) inc in wages/benefits payable	(1,478)	(6,482)	(9,029)	(51,349)
(Dec) inc in compensated absences	678	2,489	1,472	7,696
Total adjustments	<u>2,081</u>	<u>235,732</u>	<u>(19,579)</u>	<u>(75,372)</u>
Net cash prov (used) for operations	<u>\$ 47,891</u>	<u>\$ 1,447,832</u>	<u>\$ (459,065)</u>	<u>\$ 349,105</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

December 31, 2018

Page 4 of 4

Wellness/ EAP	Equipment Rental	Environ- mental	Public Works Admin	Total
\$ (33,365)	\$ (1,333,184)	\$ (122,230)	\$ 217,048	\$ (28,830)
4,213	1,247,756	32,288	10,315	1,294,572
—	184,692	99,806	—	240,812
—	(29,645)	—	—	(29,645)
(2,150)	(28,572)	158,667	22,963	393,459
—	(81,741)	—	(68,854)	(218,933)
—	4,291	—	2,238	18,864
<u>2,063</u>	<u>1,296,781</u>	<u>290,761</u>	<u>(33,338)</u>	<u>1,699,129</u>
<u>\$ (31,302)</u>	<u>\$ (36,403)</u>	<u>\$ 168,531</u>	<u>\$ 183,710</u>	<u>\$ 1,670,299</u>



AGENCY FUND

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 CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

December 31, 2018

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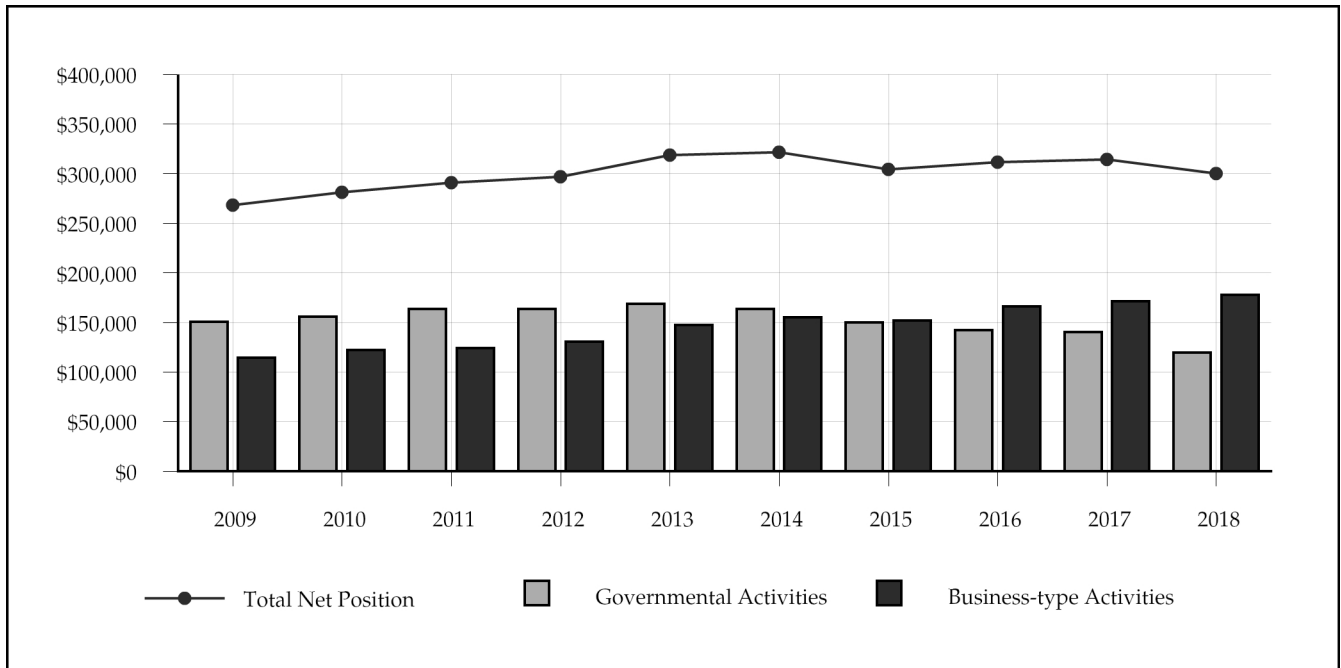
	<i>YakCorps</i>			
	<i>Balance</i>			<i>Balance</i>
	<i>As of</i>			<i>As of</i>
	<u><i>1/1/2018</i></u>	<u><i>Additions</i></u>	<u><i>Deductions</i></u>	<u><i>12/31/2018</i></u>
<i>Assets</i>				
Cash & equity in pooled investments	\$ 444,809	\$ 671,071	\$ 962,773	\$ 153,107
Accounts receivable	34,811	646,184	673,002	7,993
Total assets	<u>\$ 479,620</u>	<u>\$ 1,317,255</u>	<u>\$ 1,635,775</u>	<u>\$ 161,100</u>
<i>Liabilities</i>				
Warrants/accounts payable	\$ 202,485	\$ —	\$ 202,485	\$ —
Due to other government units	277,135	—	116,035	161,100
Total liabilities	<u>\$ 479,620</u>	<u>\$ —</u>	<u>\$ 318,520</u>	<u>\$ 161,100</u>

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

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Amounts Expressed in Thousands - Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$128,071	\$137,521	\$147,349	\$149,222	\$155,430	\$153,733	\$152,325	\$154,345	\$151,106	\$140,858
Restricted	9,286	9,350	18,624	18,548	21,768	18,483	22,371	17,491	25,020	28,292
Unrestricted	14,928	10,545	(921)	(2,528)	(7,268)	(7,320)	(23,566)	(27,984)	(34,325)	(48,223)
Total governmental activities	\$152,285	\$157,416	\$165,052	\$165,242	\$169,930	\$164,896	\$151,130	\$143,852	\$141,801	\$120,927
Business-type activities										
Net investment in capital assets	\$ 98,161	\$101,913	\$105,681	\$109,844	\$126,846	\$130,496	\$127,576	\$135,655	\$136,112	\$135,946
Restricted	2,366	2,370	2,372	1,757	1,761	1,808	2,019	1,835	1,835	1,835
Unrestricted	15,449	19,461	17,690	19,984	20,151	24,463	23,554	30,201	34,580	41,308
Total bus activities net position	\$115,976	\$123,744	\$125,743	\$131,585	\$148,758	\$156,767	\$153,149	\$167,691	\$172,527	\$179,089
Net position										
Net investment in capital assets	\$226,232	\$239,434	\$253,030	\$259,066	\$282,276	\$284,229	\$279,901	\$290,000	\$287,218	\$276,804
Restricted	11,652	11,720	20,996	20,305	23,529	20,291	24,390	19,326	26,855	30,127
Unrestricted	30,377	30,006	16,769	17,456	12,883	17,143	(12)	2,217	255	(6,915)
Total net position	\$268,261	\$281,160	\$290,795	\$296,827	\$318,688	\$321,663	\$304,279	\$311,543	\$314,328	\$300,016



CHANGE IN NET POSITION

Last Ten Fiscal Years (Amounts expressed in Thousands - Accrual Basis of Accounting)

Page 1 of 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenditures										
Governmental activities										
General government	\$ 8,656	\$ 8,512	\$ 8,814	\$ 8,668	\$ 8,744	\$ 11,307	\$ 10,935	\$ 11,992	\$ 12,578	\$ 11,570
Public safety	40,009	40,088	40,614	42,996	47,682	48,645	48,221	49,780	47,245	42,831
Utilities	1,190	828	670	658	794	1,729	455	524	708	576
Transportation	11,109	11,604	10,693	11,530	13,075	10,839	14,368	12,074	12,837	10,364
Economic environment	4,821	5,670	4,840	3,950	4,407	4,477	5,159	6,340	7,308	6,503
Public health services	86	87	22	24	18	640	682	614	626	759
Cultural and recreational	7,021	7,471	7,859	7,522	8,205	7,146	7,711	7,368	7,492	7,370
Interest on long-term debt	1,004	1,217	1,160	1,122	1,175	1,434	1,776	1,540	1,493	1,557
Total governmental activities	<u>73,896</u>	<u>75,477</u>	<u>74,672</u>	<u>76,470</u>	<u>84,100</u>	<u>86,217</u>	<u>89,307</u>	<u>90,232</u>	<u>90,287</u>	<u>81,530</u>
Business-type activities										
Transit	7,929	8,365	8,564	9,085	8,806	8,891	9,045	9,187	9,490	9,092
Airport	—	—	—	—	1,407	1,825	1,846	2,012	2,236	1,976
Refuse	4,218	4,362	4,472	4,679	4,808	4,993	4,337	4,603	4,847	4,950
Wastewater	12,297	12,813	13,972	13,634	14,255	15,541	14,403	15,145	17,326	16,802
Water	5,748	5,654	5,546	5,834	6,368	7,111	7,297	7,567	7,749	7,928
Irrigation	1,733	1,811	1,884	1,891	2,071	2,078	2,135	2,276	2,363	2,329
Stormwater	1,028	1,240	1,317	1,318	1,322	1,351	1,609	2,052	2,890	2,411
Total business-type activities	<u>32,953</u>	<u>34,245</u>	<u>35,755</u>	<u>36,441</u>	<u>39,037</u>	<u>41,790</u>	<u>40,672</u>	<u>42,842</u>	<u>46,901</u>	<u>45,488</u>
Total Expenditures	<u>\$106,849</u>	<u>\$109,722</u>	<u>\$110,427</u>	<u>\$112,911</u>	<u>\$123,137</u>	<u>\$128,007</u>	<u>\$129,979</u>	<u>\$133,074</u>	<u>\$137,188</u>	<u>\$127,018</u>
Revenues										
Governmental activities										
Charges for services										
General government	\$ 12	\$ 4	\$ (2)	\$ 9	\$ 32	\$ 400	\$ 421	\$ 443	\$ 419	\$ 429
Public safety	2,539	2,183	2,088	2,385	2,075	7,077	8,504	9,081	8,681	8,357
Utilities	649	1,544	768	735	619	217	239	202	257	331
Transportation	59	259	225	232	245	12	47	20	44	41
Economic environment	1,673	1,719	2,258	1,231	1,520	2,398	1,730	1,478	1,476	1,900
Public health services	—	—	—	—	—	—	—	—	21	15
Cultural and recreational	2,070	2,100	2,216	2,122	2,618	3,896	3,922	3,823	3,990	4,097
Operating grants	6,378	7,981	10,507	10,848	10,093	5,126	6,700	8,132	6,982	10,362
Capital grants & conts	5,090	15,490	14,991	4,883	12,819	5,099	1,698	2,358	2,340	2,562
Total governmental activities	<u>18,470</u>	<u>31,280</u>	<u>33,051</u>	<u>22,445</u>	<u>30,021</u>	<u>24,225</u>	<u>23,261</u>	<u>25,537</u>	<u>24,210</u>	<u>28,094</u>
Business-type activities										
Charges for services										
Transit	931	935	1,015	1,047	1,252	1,368	1,354	1,408	1,347	1,091
Airport	—	—	—	—	931	1,236	1,314	1,344	1,428	1,481
Refuse	4,655	4,880	4,770	5,430	5,440	5,822	5,671	6,918	6,967	7,562
Wastewater	15,941	16,442	15,466	18,703	19,154	21,471	20,932	21,571	20,993	22,255
Water	7,097	7,058	6,887	8,599	8,126	8,650	8,582	9,007	9,177	10,069
Irrigation	2,646	2,711	2,718	2,901	2,986	3,148	3,048	3,053	3,087	3,102
Stormwater	1,707	1,976	2,170	2,183	2,142	2,176	2,272	2,383	3,684	3,719
Operating grants	2,019	2,410	2,911	2,713	2,703	2,547	3,206	2,817	2,602	2,938
Capital grants & conts	1,659	4,993	1,646	2,118	1,761	4,265	3,226	12,263	4,790	3,262
Total business-type activities	<u>36,655</u>	<u>41,405</u>	<u>37,583</u>	<u>43,694</u>	<u>44,495</u>	<u>50,683</u>	<u>49,605</u>	<u>60,764</u>	<u>54,075</u>	<u>55,479</u>
Total revenues	<u>\$ 55,125</u>	<u>\$ 72,685</u>	<u>\$ 70,634</u>	<u>\$ 66,139</u>	<u>\$ 74,516</u>	<u>\$ 74,908</u>	<u>\$ 72,866</u>	<u>\$ 86,301</u>	<u>\$ 78,285</u>	<u>\$ 83,573</u>

CHANGE IN NET POSITION

Last Ten Fiscal Years (Amounts Expressed in Thousands - Accrual Basis of Accounting)

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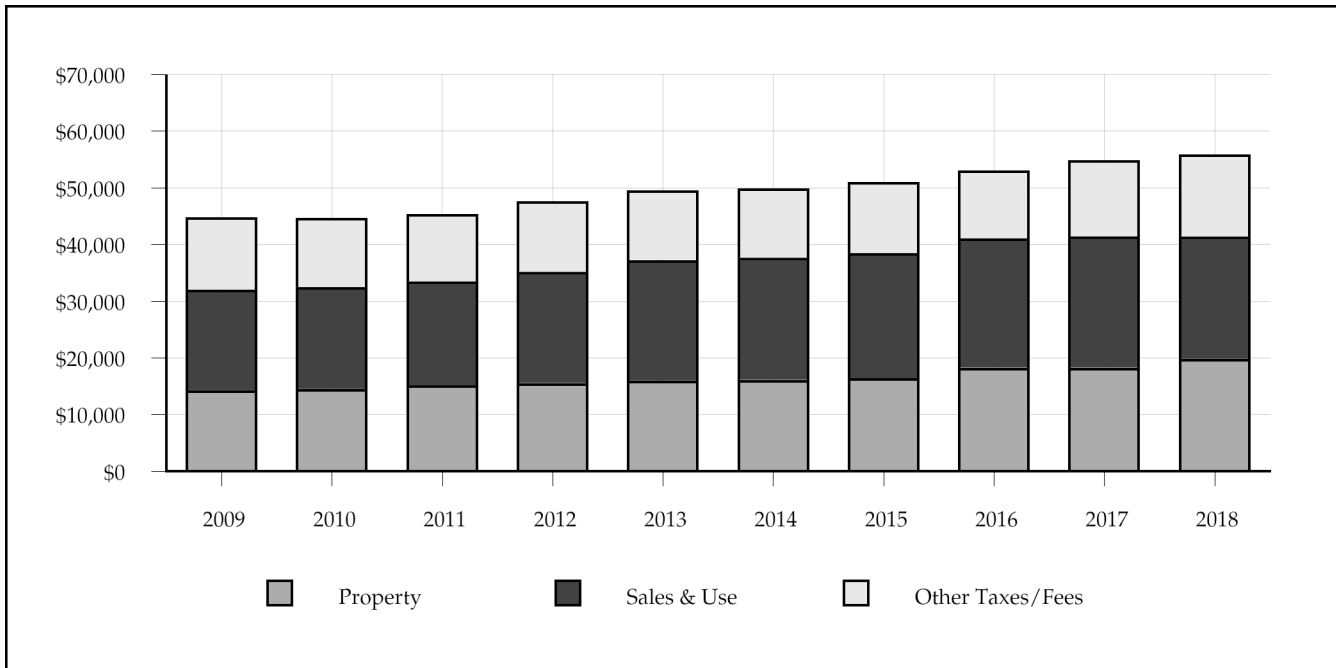
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Change in net position										
Governmental activities	\$ (55,426)	\$ (44,197)	\$ (41,621)	\$ (54,025)	\$ (54,079)	\$ (61,991)	\$ (66,045)	\$ (64,692)	\$ (66,076)	\$ (53,438)
Business-type activities	3,703	7,160	1,828	7,254	5,458	8,895	8,932	17,922	7,172	9,989
Total net position	<u>\$ (51,723)</u>	<u>\$ (37,037)</u>	<u>\$ (39,793)</u>	<u>\$ (46,771)</u>	<u>\$ (48,621)</u>	<u>\$ (53,096)</u>	<u>\$ (57,113)</u>	<u>\$ (46,770)</u>	<u>\$ (58,904)</u>	<u>\$ (43,449)</u>
General revenues and transfers										
Governmental activities										
Taxes										
Property taxes	\$ 14,261	\$ 14,535	\$ 15,126	\$ 15,565	\$ 15,989	\$ 16,131	\$ 16,427	\$ 18,283	\$ 18,278	\$ 19,839
Sales and use taxes	17,810	17,920	18,346	19,599	21,306	21,537	22,037	22,809	23,146	21,542
Other taxes and fees	12,710	12,241	11,910	12,454	12,289	12,301	12,587	11,989	13,453	14,591
State entitlements	3,739	3,589	—	—	—	—	—	—	—	—
Unrestricted invest earnings	556	403	272	309	101	371	452	688	711	991
Judgments and settlements	—	—	—	—	—	1,350	8	—	249	—
Miscellaneous	70	(64)	33	42	40	356	198	106	15	89
Extraordinary item	—	—	—	—	—	—	—	—	—	(1,747)
Gain/(loss) disp cap asset	(2,217)	(922)	(148)	73	403	(20)	29	217	(91)	(1,191)
Transfers	4,188	3,927	3,718	6,172	6,372	6,643	8,021	9,563	8,263	8,918
Debt issue cost	—	—	—	—	489	—	—	—	—	—
Total governmental activities	<u>51,117</u>	<u>51,629</u>	<u>49,257</u>	<u>54,214</u>	<u>56,989</u>	<u>58,669</u>	<u>59,759</u>	<u>63,655</u>	<u>64,024</u>	<u>63,032</u>
Business-type activities										
Sales and use taxes	4,490	4,485	4,449	4,762	5,081	5,457	5,566	5,855	5,887	6,171
Unrestricted invest earnings	100	21	9	11	6	5	(43)	5	7	12
Judgments and settlements	—	—	—	—	—	14	—	—	—	—
Miscellaneous	16	—	—	—	—	400	247	12	4	44
Gain/(loss) disp cap asset	(17)	(6)	(529)	7	(98)	(118)	43	309	28	87
Transfers	(4,201)	(3,892)	(3,718)	(6,191)	(6,372)	(6,643)	(8,021)	(9,563)	(8,263)	(8,918)
Total business-type activities	<u>388</u>	<u>608</u>	<u>211</u>	<u>(1,411)</u>	<u>(1,383)</u>	<u>(885)</u>	<u>(2,207)</u>	<u>(3,382)</u>	<u>(2,337)</u>	<u>(2,604)</u>
Total general revenues & transfers	<u>\$ 51,505</u>	<u>\$ 52,237</u>	<u>\$ 49,468</u>	<u>\$ 52,803</u>	<u>\$ 55,606</u>	<u>\$ 57,784</u>	<u>\$ 57,552</u>	<u>\$ 60,273</u>	<u>\$ 61,687</u>	<u>\$ 60,428</u>
Change in net position										
Governmental activities	\$ (4,309)	\$ 7,432	\$ 7,636	\$ 189	\$ 2,977	\$ (3,322)	\$ (6,286)	\$ (1,038)	\$ (2,051)	\$ 9,594
Business-type activities	4,091	7,768	2,039	5,842	4,076	8,010	6,725	14,541	4,836	7,385
Total change in net position	<u>\$ (218)</u>	<u>\$ 15,200</u>	<u>\$ 9,675</u>	<u>\$ 6,031</u>	<u>\$ 7,053</u>	<u>\$ 4,688</u>	<u>\$ 439</u>	<u>\$ 13,503</u>	<u>\$ 2,785</u>	<u>\$ 16,979</u>
Direct adj to beg net position	—	—	(40,425)	—	—	—	(17,823)	1,020	(7,261)	(31,290)
Change in net position as restated	<u>\$ (218)</u>	<u>\$ 15,200</u>	<u>\$ (30,750)</u>	<u>\$ 6,031</u>	<u>\$ 7,053</u>	<u>\$ 4,688</u>	<u>\$ (17,384)</u>	<u>\$ 14,523</u>	<u>\$ (4,476)</u>	<u>\$ (14,311)</u>

Note: Adjustments to net position include a new utility billing system adjustment, and the institution of GASB statements 68, 73 and 75.

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years (Amounts Expressed in Thousands - Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales & Use Tax</u>	<u>Other Taxes/Fees</u>	<u>Total</u>
2009	\$ 14,261	\$ 17,810	\$ 12,705	\$ 44,776
2010	14,535	17,920	12,241	44,696
2011	15,126	18,346	11,910	45,382
2012	15,565	19,599	12,454	47,618
2013	15,989	21,306	12,289	49,584
2014	16,131	21,537	12,301	49,969
2015	16,427	22,037	12,587	51,051
2016	18,283	22,809	11,989	53,081
2017	18,278	23,146	13,453	54,877
2018	19,839	21,542	14,591	55,972



FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Amounts Expressed in Thousands - Modified Accrual Basis of Accounting)

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Nonspendable	\$ 356	\$ 67	\$ 44	\$ 42	\$ 35	\$ —	\$ —	\$ —	\$ —	\$ 10
Committed	—	—	—	—	—	—	—	1,170	1,359	1,438
Unassigned	8,486	8,643	8,812	9,738	9,692	7,874	5,867	7,097	7,392	7,614
Total general fund	8,842	8,710	8,856	9,780	9,727	7,874	5,867	8,267	8,751	9,062
All other governmental funds										
Nonspendable	—	592	604	694	623	632	648	655	667	915
Restricted	—	7,404	6,769	8,601	7,264	9,453	11,501	9,275	9,402	12,683
Committed	—	1,168	2,085	3,082	3,478	5,111	2,700	3,907	4,021	3,678
Assigned	—	991	829	975	2,405	2,104	1,643	1,814	1,256	5,969
Unassigned	—	—	—	—	—	—	(366)	—	(1,082)	(533)
Reserved	2,943	—	—	—	—	—	—	—	—	—
Unreserved reported in:										
Special revenue funds	6,591	—	—	—	—	—	—	—	—	—
Capital project funds	8,672	—	—	—	—	—	—	—	—	—
Total all other gov't funds	18,206	10,155	10,287	13,352	13,770	17,300	16,126	15,651	14,264	22,712
Governmental funds										
Nonspendable	356	659	648	736	658	632	648	655	667	925
Restricted	—	7,404	6,769	8,601	7,264	9,453	11,501	9,275	9,402	12,683
Committed	—	1,168	2,085	3,082	3,478	5,111	2,700	5,077	5,380	5,116
Assigned	—	991	829	975	2,405	2,104	1,643	1,814	1,256	5,969
Unassigned	8,486	8,643	8,812	9,738	9,692	7,874	5,501	7,097	6,310	7,081
Reserved	2,943	—	—	—	—	—	—	—	—	—
Unreserved	15,263	—	—	—	—	—	—	—	—	—
Grand total governmental funds	\$ 27,048	\$ 18,865	\$ 19,143	\$ 23,132	\$ 23,497	\$ 25,174	\$ 21,993	\$ 23,918	\$ 23,015	\$ 31,774

Note: Fund Balance categories were changed from Reserved and Unreserved to Nonspendable, Restricted, Committed, Assigned & Unassigned Starting in 2011.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Amounts Expressed in Thousands - Modified Accrual Basis of Accounting)

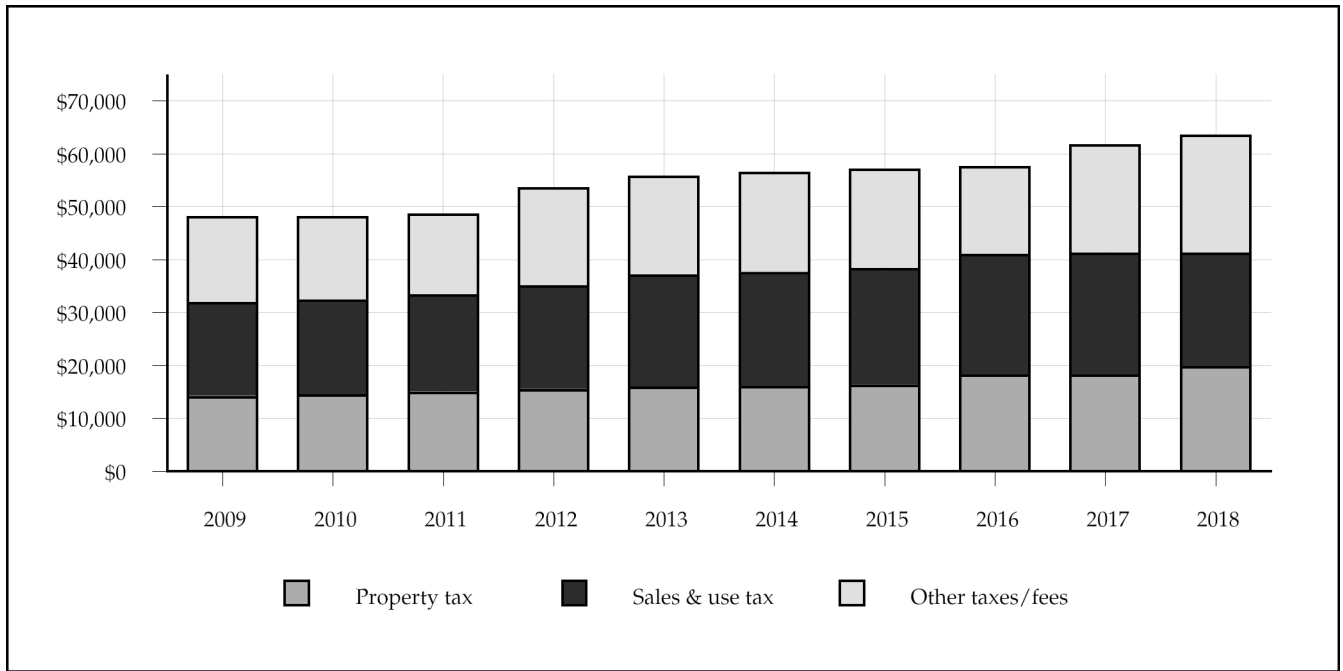
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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes and assessments	\$ 48,256	\$ 48,273	\$ 48,744	\$ 53,685	\$ 55,839	\$ 58,653	\$ 59,927	\$ 62,432	\$ 64,116	\$ 67,244
Licenses and permits	712	768	842	892	818	2,093	2,218	1,913	2,123	2,391
Intergovernmental revenues	14,984	23,795	24,267	13,023	21,366	8,803	7,149	8,441	7,061	6,864
Charges for services	6,496	7,225	7,935	6,300	7,772	10,766	12,171	13,988	15,039	16,584
Fines and forfeitures	1,632	1,693	1,600	1,542	1,603	1,600	1,606	1,684	2,120	1,766
Contributions and donations	—	—	—	—	—	—	—	890	510	933
Investment earnings	753	531	380	508	186	411	484	725	749	1,040
Other revenue	1,834	2,156	2,561	3,550	2,400	5,014	1,811	1,708	1,750	1,689
Total revenues	74,667	84,441	86,329	79,500	89,984	87,340	85,366	91,781	93,468	98,511
Expenditures										
Current										
General government	11,626	11,594	11,886	11,558	12,285	12,742	13,179	14,345	14,914	15,011
Public safety	37,907	37,742	37,767	40,725	42,712	42,143	44,364	45,222	48,345	49,908
Utilities	1,653	1,496	1,224	1,164	1,190	1,551	1,643	1,640	1,857	2,001
Transportation	5,395	5,713	5,455	5,406	5,724	5,735	6,388	6,302	7,912	5,875
Economic environment	4,778	5,658	4,854	3,890	4,237	3,948	4,365	4,167	4,286	3,634
Public health services	86	87	22	24	18	610	651	594	596	592
Cultural and recreational	6,062	6,580	6,497	6,390	6,659	5,612	5,940	5,816	5,835	6,150
Capital outlay	10,642	19,312	17,144	6,743	20,021	27,104	11,990	9,788	5,913	6,747
Debt service										
Principal	2,633	2,916	2,753	3,010	3,322	3,284	4,198	4,460	5,476	4,581
Interest & related charges	979	1,228	1,165	1,131	1,180	1,272	2,116	1,708	1,669	1,706
Total Expenditures	81,761	92,326	88,767	80,041	97,348	104,001	94,834	94,042	96,803	96,205
Exc (def) rev over (under) exp	(7,094)	(7,885)	(2,438)	(541)	(7,364)	(16,661)	(9,468)	(2,261)	(3,335)	2,306
Other financing (sources) uses										
Transfers in	6,139	5,299	4,986	6,220	5,844	9,593	9,033	10,367	7,874	13,763
Transfers out	(5,426)	(4,949)	(4,631)	(6,115)	(5,727)	(8,947)	(9,065)	(8,878)	(7,973)	(14,165)
Proceeds f/cap lease finance	—	149	577	—	310	—	—	—	—	—
Proceeds f/issuance LT debt	7,004	—	—	—	9,633	14,207	5,150	900	2,462	16,450
Proceeds f/intergov't loans	600	1,690	1,592	450	—	—	—	—	—	—
Premium issuance/LT debt	—	—	—	—	488	1,672	—	—	—	—
Intergov't agreements	(39)	(97)	(97)	(97)	(92)	—	—	—	—	—
Sale of capital assets	92	47	191	100	448	44	230	777	68	42
Other	—	864	—	600	—	—	8	—	—	—
Total other fin sources (uses)	8,370	3,003	2,618	1,158	10,904	16,569	5,356	3,166	2,431	16,090
Extraordinary item	—	—	—	—	—	—	—	—	—	(1,747)
Net change in fund balances	\$ 1,276	\$ (4,882)	\$ 180	\$ 617	\$ 3,540	\$ (92)	\$ (4,112)	\$ 905	\$ (904)	\$ 16,649
Debt service as a percentage of noncapital expenses	5.1%	5.7%	5.5%	5.6%	5.8%	5.9%	7.6%	7.3%	7.9%	7.0%

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

Last Ten Fiscal Years (Amounts Expressed in Thousands - Modified Accrual Basis of Accounting)

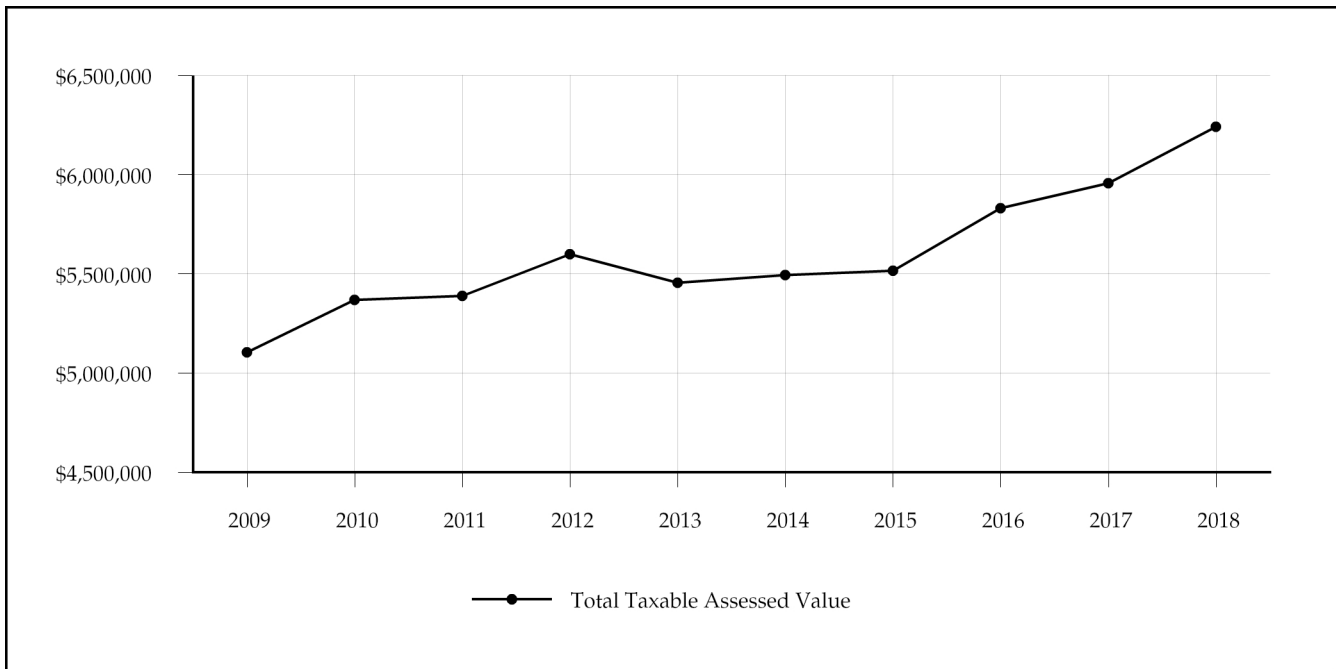
Source	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Property tax	\$ 14,261	\$ 14,535	\$ 15,126	\$ 15,565	\$ 15,989	\$ 16,131	\$ 16,427	\$ 18,283	\$ 18,278	\$ 19,839
Sales & use tax	17,810	17,920	18,346	19,599	21,306	21,537	22,037	22,809	23,146	21,542
Utility & other taxes/fees	16,180	15,818	15,272	18,520	18,544	18,945	18,723	16,608	20,466	22,276
Total	\$ 48,251	\$ 48,273	\$ 48,744	\$ 53,684	\$ 55,839	\$ 56,613	\$ 57,187	\$ 57,700	\$ 61,890	\$ 63,657



ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Rate/1000 - Dollar Amounts Expressed in Thousands)

<u>Fiscal Year</u>	<u>Count</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2009	32,463	\$ 4,674,742	\$ 429,574	\$ 5,104,316	2.9392
2010	32,762	4,929,779	439,180	5,368,959	2.9907
2011	32,972	4,951,414	437,805	5,389,219	2.9715
2012	32,415	5,154,871	444,407	5,599,278	3.0559
2013	32,539	4,995,574	458,645	5,454,219	3.0895
2014	32,312	5,080,398	414,099	5,494,497	3.1188
2015	32,164	5,083,412	431,853	5,515,265	3.1239
2016	32,331	5,184,974	473,413	5,831,303	3.0879
2017	32,681	5,421,658	536,170	5,957,828	3.0830
2018	32,656	5,698,610	542,501	6,241,112	2.9942

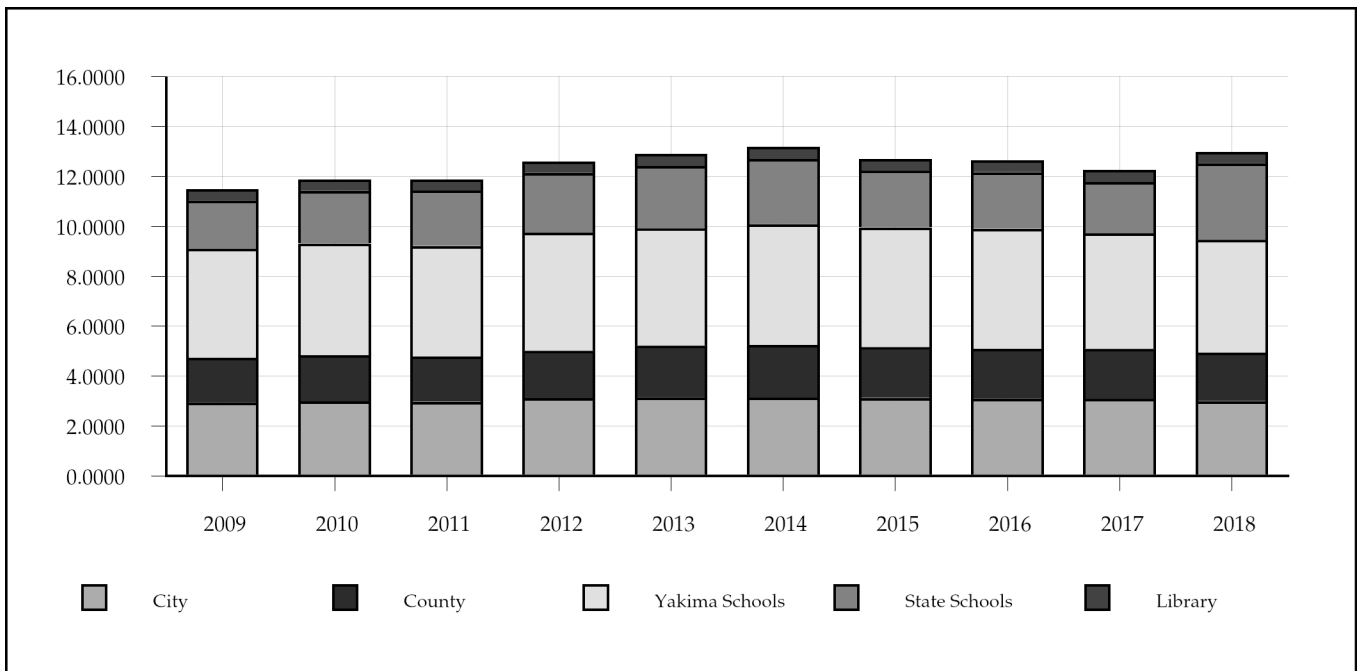


Source: Yakima County Assessor

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years (Rate/1000)

Fiscal Year	City of Yakima			Yakima County			Yakima School District			State		
	Operating	Debt Service	Total City	Operating	Debt Service	Total County	Bonds	M&O	Total School	School Levy	Library	Total
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
2014	3.1188	0.0197	3.1385	2.1059	0.0000	2.1059	1.7009	3.1316	4.8325	2.6149	0.4812	13.1730
2015	3.1239	0.0000	3.1239	2.0387	0.0000	2.0387	1.6835	3.1154	4.7989	2.2645	0.4762	12.7022
2016	3.0879	0.0000	3.0879	2.0181	0.0000	2.0181	1.6816	3.1252	4.8068	2.2550	0.4745	12.6423
2017	3.0830	0.0000	3.0830	2.0036	0.0000	2.0036	1.6116	3.0221	4.6337	2.0549	0.4737	12.2489
2018	2.9942	0.0000	2.9942	1.9468	0.0000	1.9468	1.5729	2.9352	4.5081	3.0683	0.4609	12.9783



Source: Yakima County Assessor

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Yakima. Not all overlapping rates apply to all City of Yakima property owners (e.g. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the district).

PRINCIPAL PROPERTY TAX PAYER COMPARISON

(Amounts Expressed in Thousands)

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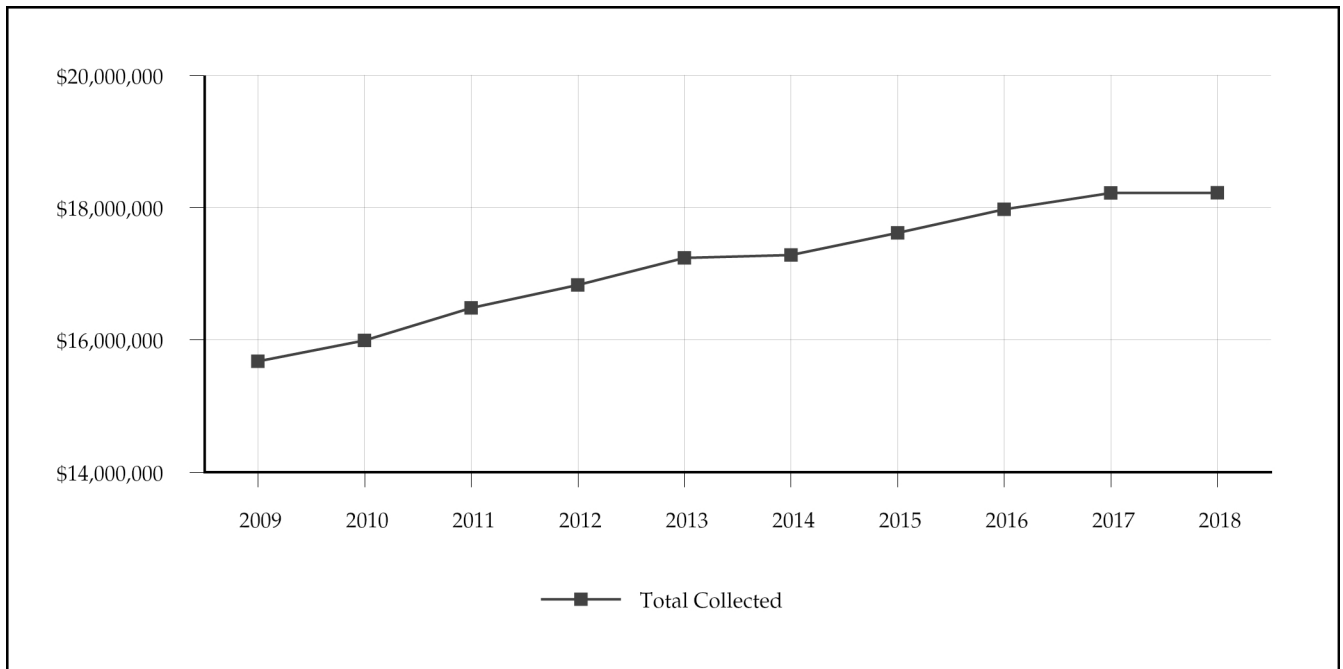
Taxpayer	2018			2008		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Washington Fruit & Produce	\$ 85,231	1	1.4%	\$ —		
Walmart Stores	36,622	2	5.9%	—		
Chiawana	34,915	3	0.6%	—		
Frosty Packing	34,165	4	0.6%	—		
John I Haas	33,411	5	0.5%	24,830	10	0.3%
Shields Bag & Printing	31,819	6	0.5%	—		
Castle Creek Apartments	26,787	7	0.5%	—		
Longview Fibre Paper & Packaging	29,634	8	0.5%	—		
Pacificorp / Pacific Power & Light	26,325	9	0.4%	130,930	1	1.5%
Michelsen Packaging	23,327	10	0.4%	—		
Zirkle Fruit	—			47,490	2	0.5%
Darigold	—			40,900	3	0.5%
Snokist Growers	—			39,990	4	0.5%
Tree Top	—			39,490	5	0.5%
Boise Cascade	—			36,680	6	0.4%
Washington Beef	—			32,610	7	0.4%
BNSF Railroad	—			26,130	8	0.3%
Jeld-Wen	—			24,840	9	0.3%
Total	\$ 362,236		11.3%	\$ 443,890		5.2%

Source: Yakima County Treasurer

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years (Amounts Expressed in Thousands)

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
2009	\$ 15,676,832	\$ 15,270,543	97.4%	\$ 406,292	\$ 15,676,835	100.0%
2010	15,991,868	15,630,296	97.7%	361,573	15,991,869	100.0%
2011	16,485,263	16,105,108	97.7%	379,966	16,485,074	100.0%
2012	16,830,550	16,493,387	98.0%	338,304	16,831,691	100.0%
2013	17,242,183	16,870,392	97.8%	371,399	17,241,791	100.0%
2014	17,288,693	16,975,648	98.2%	310,606	17,286,254	100.0%
2015	17,624,958	17,325,866	98.3%	295,330	17,621,196	100.0%
2016	18,029,818	17,721,666	98.3%	254,820	17,976,486	99.7%
2017	18,367,991	18,040,023	98.2%	181,554	18,221,577	99.2%
2018	18,686,841	18,226,175	97.5%	—	18,226,175	97.5%



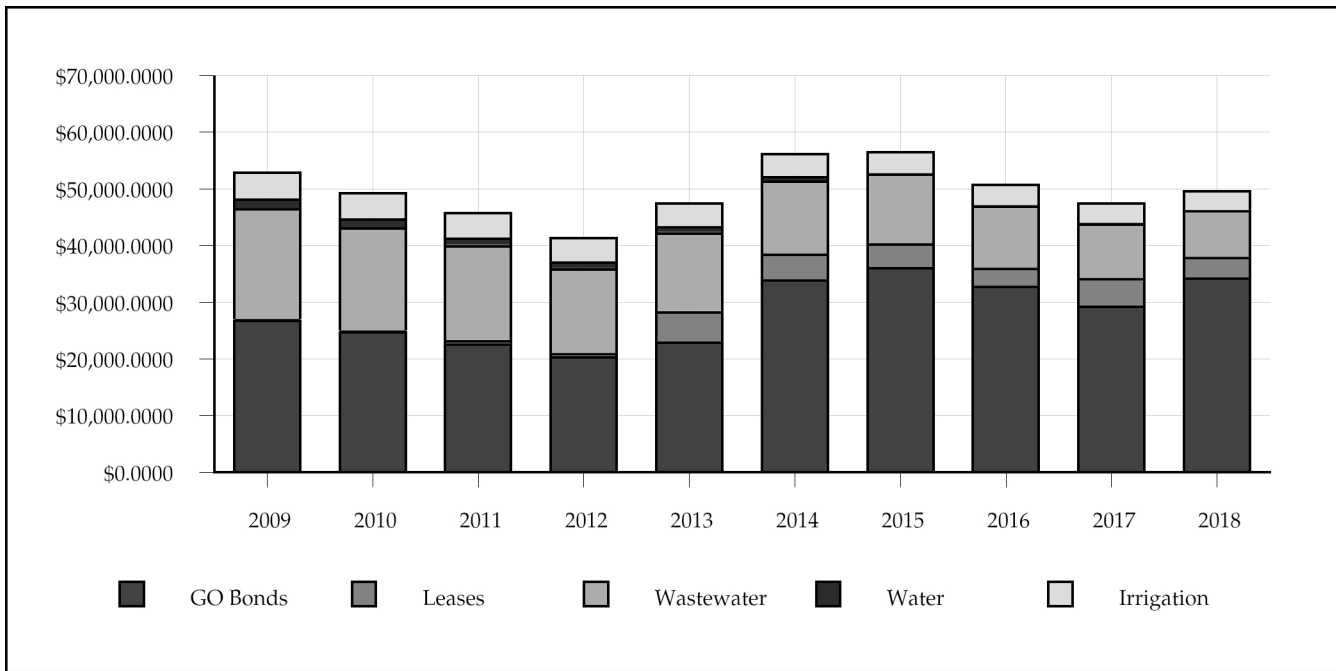
Source: Yakima County Treasurer

Note: Total Levy for the Year amounts have been adjusted to display revised information as received from the County Assessor.

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (Dollar Amounts Expressed in Thousands)

Year	Governmental Activities		Business-Type Activities			Total Primary Gov't	Percent of Income	Population	Per Capita
	General Obligation Bonds	Capital Leases	Wastewater Bonds	Water Bonds	Irrigation Bonds				
2009	\$ 26,979	\$ 10	\$ 19,580	\$ 1,804	\$ 4,695	\$ 53,068	3.6%	84,850	\$ 625
2010	24,881	132	18,197	1,598	4,580	49,388	2.6%	91,067	542
2011	22,723	614	16,760	1,385	4,465	45,947	2.5%	91,630	501
2012	20,502	520	14,970	1,210	4,345	41,547	2.3%	91,930	452
2013	23,053	5,374	13,940	1,030	4,220	47,617	2.7%	92,620	514
2014	34,039	4,574	12,860	835	4,090	56,398	3.0%	93,080	606
2015	36,213	4,167	12,390	—	3,960	56,730	3.2%	93,220	609
2016	32,902	3,182	11,050	—	3,825	50,959	2.8%	93,410	546
2017	29,472	4,806	9,680	—	3,680	47,638	2.4%	93,900	507
2018	34,380	3,598	8,255	—	3,530	49,763	2.5%	94,190	528

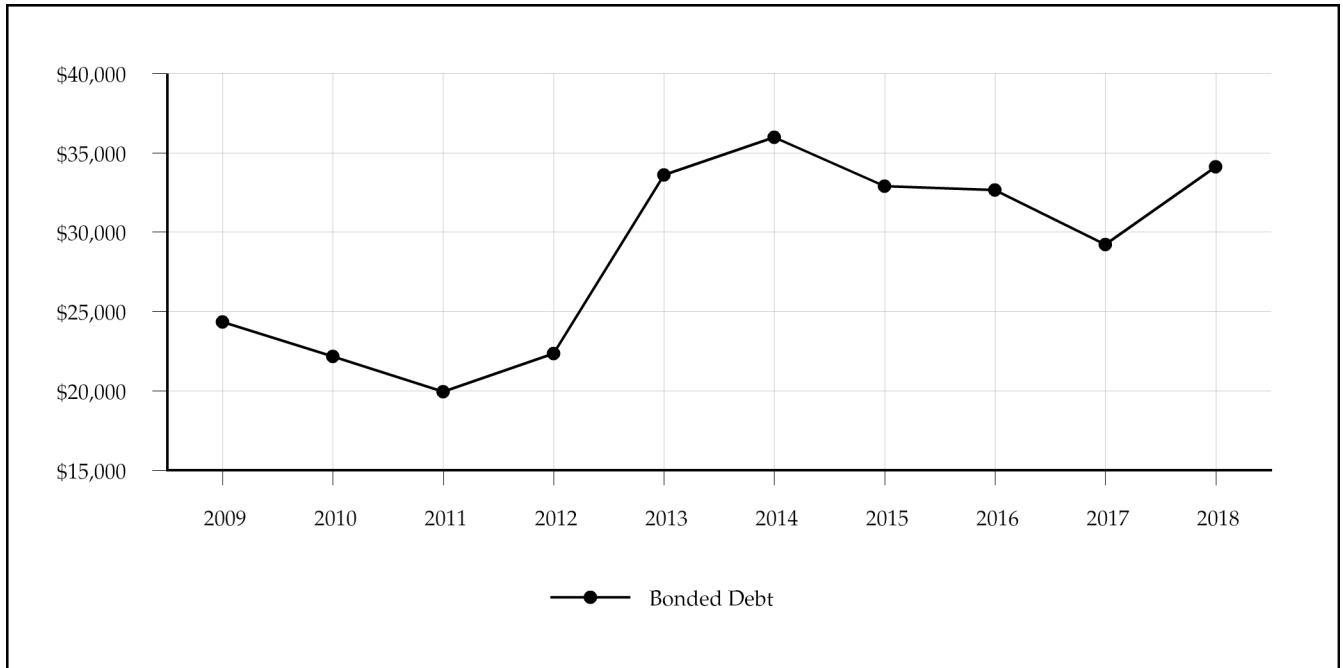


Note: Details regarding the city's outstanding debt can be found in the notes of the financial statements. See the Schedule of Demographic and Economic Statistics in this section for personal income.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years (Dollar Amounts Expressed in Thousands)

Year	General Obligation Bonds	Less: Amount Available In Debt Service Fund	Total	Percent of Estimated Actual Taxable Value of Property	Per Capita
2009	\$ 24,881	\$ 537	\$ 24,344	0.5%	\$ 287
2010	22,723	548	22,175	0.4%	244
2011	20,502	553	19,949	0.4%	218
2012	23,053	692	22,361	0.4%	243
2013	34,039	431	33,608	0.6%	363
2014	36,213	239	35,974	0.7%	386
2015	32,902	267	32,902	0.6%	353
2016	32,902	248	32,654	0.6%	350
2017	29,472	248	29,224	0.5%	311
2018	34,380	248	34,132	0.5%	362

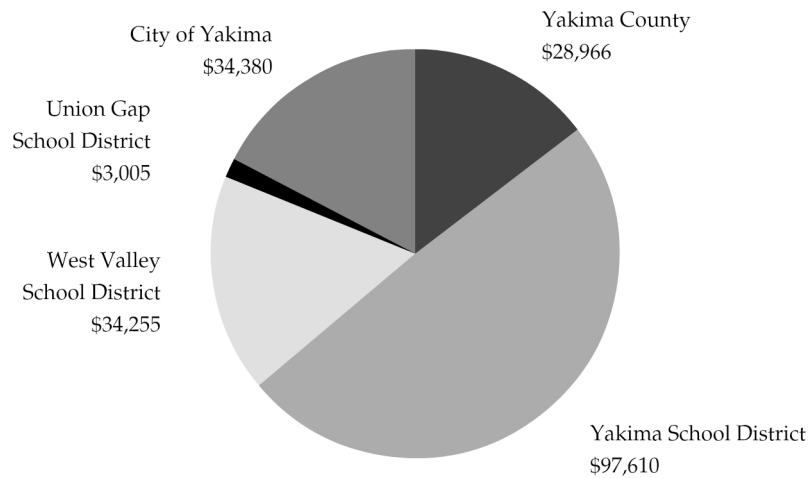


Note: Excludes Local Improvement Districts' bonded debt and their respective funds in the Debt Service Funds.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of December 31, 2018 (Amounts Expressed in Thousands)

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Yakima County	\$ 28,966	36.1%	\$ 10,457
Yakima School District	97,610	92.9%	90,680
West Valley School District	34,255	60.4%	20,690
Union Gap School District	3,005	1.2%	36
Subtotal - overlapping debt	\$ 163,836		121,863
City of Yakima direct debt			34,380
Total direct and overlapping debt			\$ 156,243



Source: Yakima County Assessor

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% (0.37%).

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.

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years (Amounts Expressed in Thousands)

Page 1 of 1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 404,191	\$ 419,945	\$ 409,066	\$ 412,087	\$ 412,087	\$ 413,645	\$ 424,379	\$ 437,348	\$ 468,083	\$ 468,083
Net outstanding indebtedness	28,469	27,127	25,768	22,401	30,504	43,235	49,962	43,662	29,244	31,667
Legal debt margin	<u>\$ 375,722</u>	<u>\$ 392,818</u>	<u>\$ 383,298</u>	<u>\$ 389,686</u>	<u>\$ 381,583</u>	<u>\$ 370,410</u>	<u>\$ 374,417</u>	<u>\$ 393,686</u>	<u>\$ 438,839</u>	<u>\$ 436,416</u>
Total net debt applicable to the limit as a percentage of debt limit	7.0%	6.5%	6.3%	5.4%	7.4%	10.5%	11.8%	10.0%	6.2%	6.8%

Legal Debt Margin Calculation for fiscal year 2018

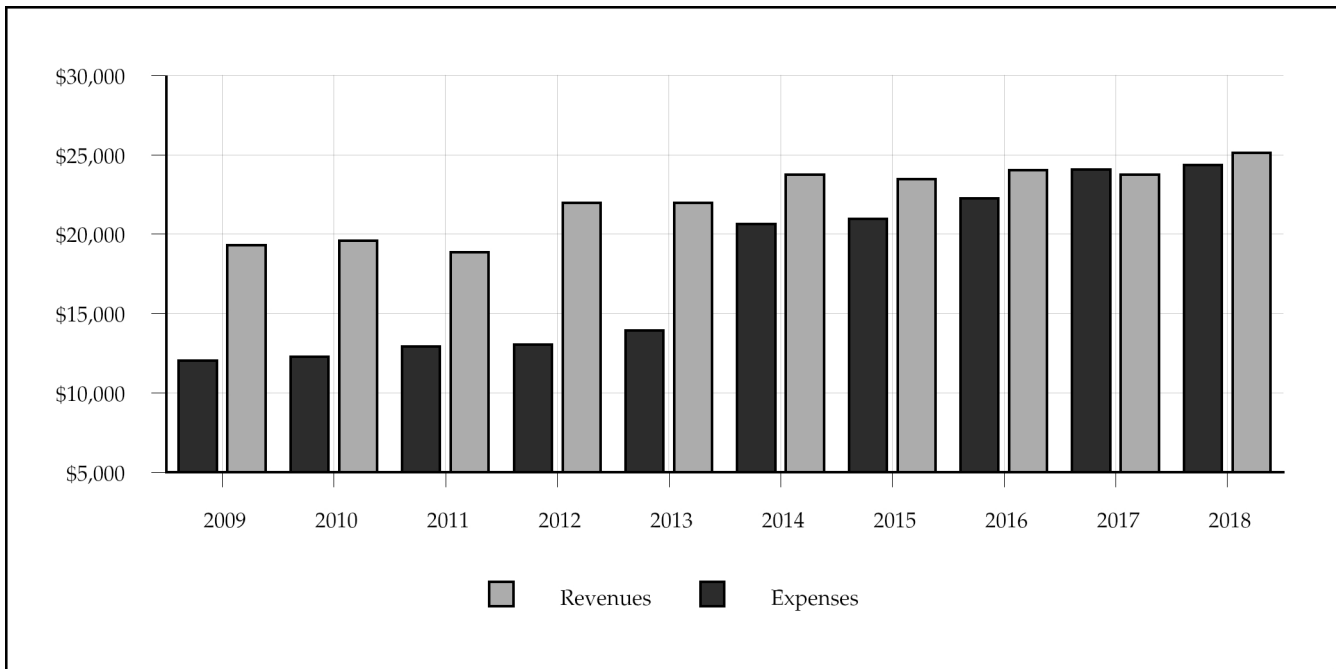
Total assessed value	\$ 6,241,112
Debt limit (7.5%) of total assessed value	468,083
I. General purpose legal debt margin	
a. Councilmanic debt (without a vote) 1.5% of total assessed value	93,617
Debt applicable to councilmanic limit:	
General obligation bonds & other debt	44,593
Less: amount set aside for repayment of general obligation debt	12,926
Net debt applicable to councilmanic limit	<u>31,667</u>
Total legal debt margin - councilmanic	61,950
b. Voted general obligation debt (additional 1% Total assessed value)	62,411
Debt applicable to limit	—
II. Voted utility purposed debt (additional 2.5% total assessed value)	
Debt applicable to limit	—
III. Voted open space and park debt (additional 2.5% total assessed value)	
Debt applicable to limit	—
Total legal debt margin - all categories	<u>\$ 436,417</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%.

PLEGGED REVENUE COVERAGE - WATER AND WASTEWATER

Last Ten Fiscal Years (Amounts Expressed in Thousands)

Year	Water & Wastewater Operating Revenue	Water & Wastewater Revenue Bonds				Coverage
		Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2014	30,122	20,708	9,414	1,275	809	4.52
2015	29,711	21,061	8,650	1,305	667	4.39
2016	30,578	22,346	8,232	1,340	551	4.35
2017	30,170	24,177	5,993	1,370	519	3.17
2018	32,324	24,430	7,894	1,425	440	4.23

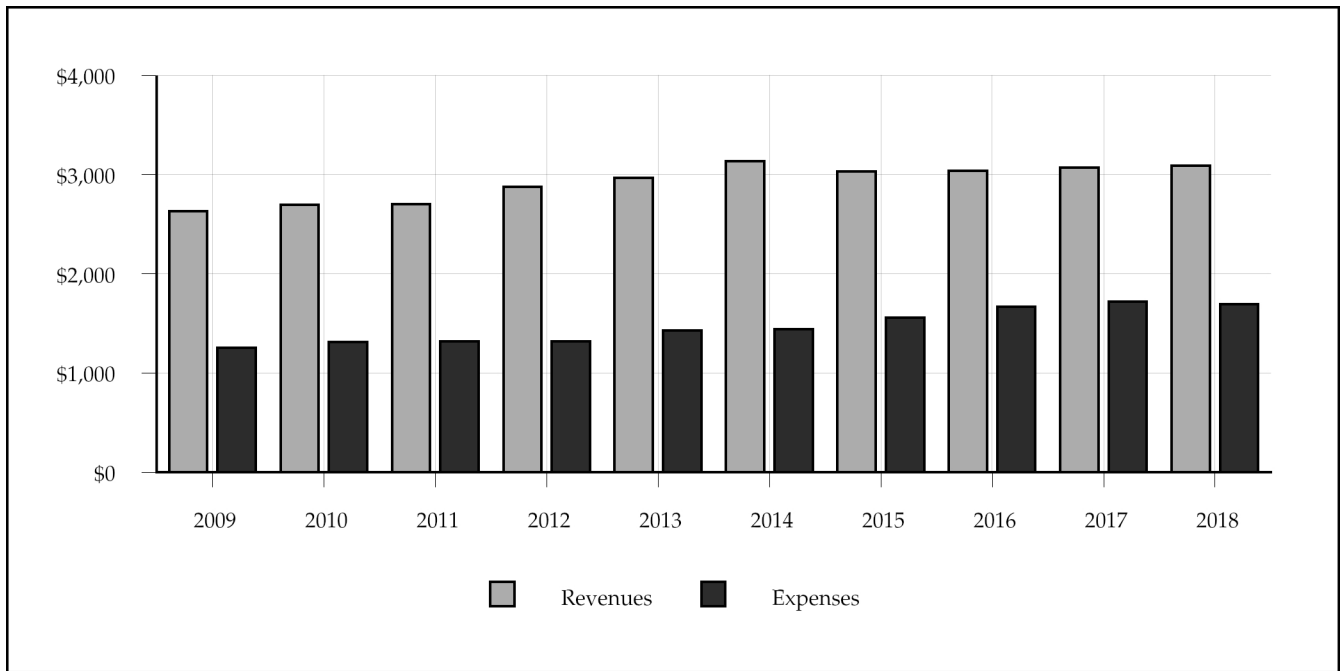


Note: Operating expenses exclude depreciation, amortization and City taxes

PLEGGED REVENUE COVERAGE - IRRIGATION

Last Ten Fiscal Years (Amounts Expressed in Thousands)

Year	Irrigation Revenue Bonds					
	Irrigation Operating Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2014	3,148	1,456	1,692	130	228	4.73
2015	3,048	1,570	1,478	130	192	4.59
2016	3,053	1,679	1,374	135	186	4.28
2017	3,087	1,736	1,351	145	181	4.14
2018	3,102	1,707	1,395	150	175	4.29

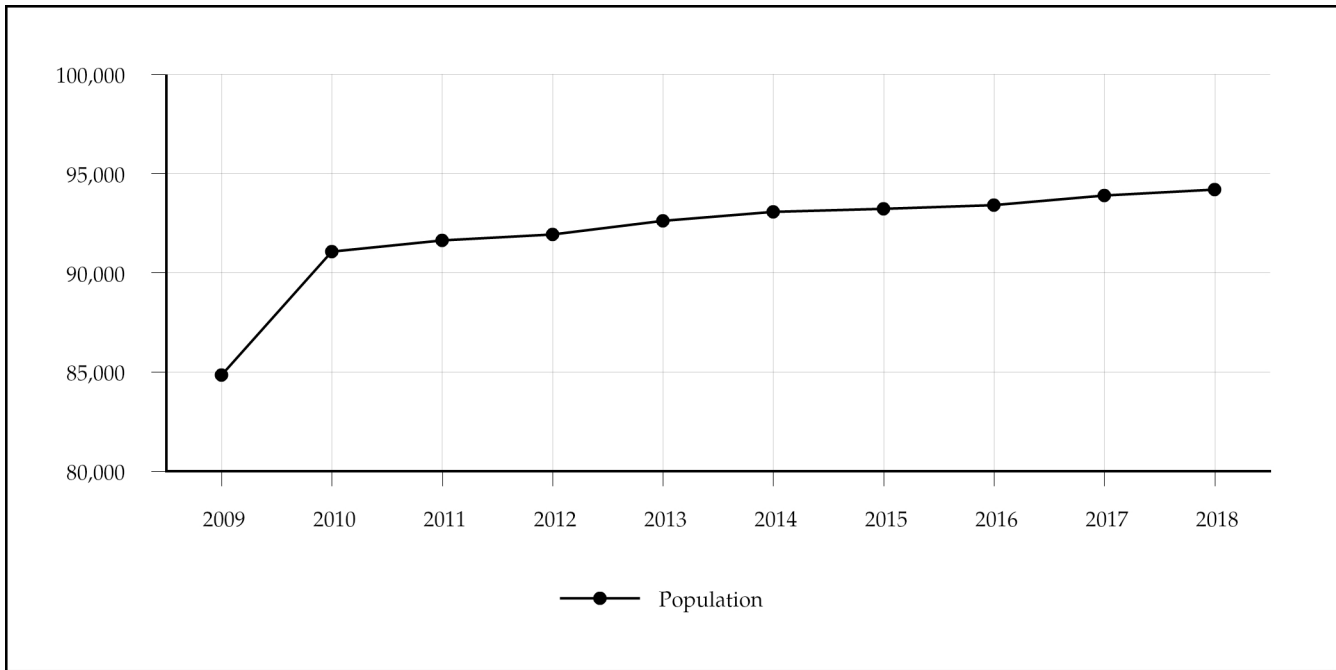


Note: Operating expenses exclude depreciation, amortization and City taxes.

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Median Earnings	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate
2009	84,850	\$ 1,493,832	\$ 21,116	33.7	12.4	15,327	10.4%
2010	91,067	1,891,040	21,870	33.2	12.6	15,247	10.4%
2011	91,630	1,824,335	22,550	33.2	12.6	15,474	10.7%
2012	91,930	1,802,876	21,798	33.2	12.6	15,627	10.1%
2013	92,620	1,756,992	21,214	33.0	12.5	15,786	9.4%
2014	93,080	1,870,059	21,665	33.2	12.5	15,428	8.5%
2015	93,220	1,799,143	21,785	33.1	12.5	15,768	8.4%
2016	93,410	1,986,540	22,268	33.1	12.6	15,999	7.7%
2017	93,900	1,956,489	24,191	33.3	12.6	15,658	6.0%
2018	94,190	----- Not Yet Available -----				15,974	6.3%



Sources: Population - Office of Financial Management (OFM), Income, Age and Education - American Fact Finder / U.S. Census Bureau, School Enrollment - Yakima School District and Unemployment Rate (seasonally adjusted/Yakima) -Employment Security Department.

PRINCIPAL EMPLOYERS - YAKIMA COUNTY

Current Year and Ten Years Ago

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	2018			2008		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Manufacturers						
Walmart - Yakima/Sunnyside/Grandview	1,700	1	1.3%	1,050	1	0.8%
Zirkle Fruit	1,500	2	1.1%	—	—	—%
Washington Fruit	1,500	3	1.1%	430	5	0.3%
Borton Fruit	1,212	4	0.9%	—	—	—%
Monson Fruit	1,023	5	0.8%	—	—	—%
Washington Beef	—	—		800	2	0.6%
Shields Bag & Printing	—	—		525	3	0.4%
Tree Top	—	—		475	4	0.4%
Non-manufacturers						
Virginia Mason Memorial Hospital	2,500	1	1.8%	1,830	1	1.5%
Astria Regional - Yakima/Sunnyside/Toppenish	1,770	2	1.3%	780	5	0.6%
Yakima School District, No. 7	1,600	3	1.2%	1,723	2	1.4%
Yakama Nation Government Operations	1,289	4	1.0%	—	—	—%
Yakama Nation Enterprises	1,170	5	0.9%	—	—	—%
Yakima County	—	—	—%	1,000	3	0.8%
Yakima Valley Farm Workers Clinic	—	—	—%	950	4	0.8%
Total	15,264		11.4%	9,563		7.6%

Sources: Number of employees are approximated via several sources, including New Vision and corporate websites. Percentages based on information from the Employment Security Department (Civilian Labor Force).

FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years - Adopted Budget

Page 1 of 1

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government	157.95	151.25	143.25	139.75	138.87	147.47	150.72	152.22	148.30	148.55
Police										
Officers	137.00	138.00	140.00	139.00	143.00	145.00	145.00	145.00	148.00	148.00
Civilians	51.00	51.00	49.00	49.00	49.00	50.00	52.00	52.00	47.00	47.00
Fire										
Firefighters and officers	84.00	84.00	84.00	84.00	83.00	86.00	96.00	100.00	101.00	100.00
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	16.00	13.00	13.00	11.00	11.00	9.00	9.00	9.00	9.00	9.00
Street	27.00	26.00	24.00	24.00	23.00	23.00	22.00	22.00	22.00	22.00
Parks & Recreation	25.60	23.30	21.30	20.30	20.30	21.30	21.30	21.30	20.90	20.90
Total General Government	<u>501.55</u>	<u>489.55</u>	<u>477.55</u>	<u>470.05</u>	<u>471.17</u>	<u>484.77</u>	<u>499.02</u>	<u>504.52</u>	<u>499.20</u>	<u>498.45</u>
Neighborhood Development	7.75	6.75	7.75	7.75	7.00	8.00	7.00	7.00	7.00	7.00
Community Relations	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Cemetery	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Safety Communications	35.00	35.00	37.00	36.00	38.00	35.00	35.00	35.00	36.00	36.00
Airport	0.00	0.00	0.00	0.00	0.00	7.00	7.00	7.00	8.00	8.00
Transit	50.00	50.00	52.00	52.00	52.50	53.95	54.95	56.80	54.30	54.30
Refuse	19.00	19.00	19.00	20.50	20.50	20.50	20.00	20.00	21.00	22.00
Wastewater/Stormwater	69.50	69.50	69.50	69.00	69.00	69.20	70.20	70.20	72.20	72.20
Water	31.00	31.00	31.00	31.00	35.00	35.00	31.00	31.00	31.00	31.00
Irrigation	8.00	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00
Equipment Rental	12.00	12.00	12.00	12.00	12.00	12.00	14.00	14.00	14.00	14.00
Public Works	10.00	9.00	9.00	9.00	8.00	9.00	9.00	9.00	9.00	10.00
	<u>750.80</u>	<u>736.80</u>	<u>729.80</u>	<u>722.30</u>	<u>727.17</u>	<u>748.42</u>	<u>761.17</u>	<u>768.52</u>	<u>765.70</u>	<u>766.95</u>

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Page 1 of 1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Total arrests (in custody)	4,889	4,745	5,439	6,136	6,034	4,270	4,950	5,006	4,836	4,815
Parking violations	2,844	4,837	5,096	3,778	3,252	3,150	3,218	1,545	2,379	2,062
Traffic violations	17,559	15,303	11,849	11,436	13,270	13,953	13,437	14,241	16,238	13,510
Fire										
Number of calls answered	9,737	10,011	8,439	9,439	8,232	7,606	8,987	9,318	9,690	10,063
Inspections	2,268	2,909	2,646	30	2,669	3,799	5,101	5,658	5,458	5,766
Highways and streets										
Street resurfacing (miles)	6	5	2	2	8	23	3	22	2	4
Refuse										
Refuse collected (tons/day)	100	102	105	103	107	100	90	104	116	109
Yard waste collected (tons/day)	19	19	19	19	17	19	14	19	19	32
Culture and recreation										
Community Center admissions	96,483	118,867	122,870	125,040	124,683	125,428	117,881	110,136	125,382	126,516
Irrigation										
Customers	10,587	10,597	10,595	10,601	10,619	10,619	10,619	10,620	11,545	12,225
Water										
Customers	19,491	19,651	19,726	19,771	19,844	19,558	19,588	18,977	22,505	23,034
New connections	68	79	61	74	68	52	71	76	44	119
Water main breaks	17	5	7	4	3	5	5	7	18	6
Average daily consumption (thousands of gallons)	11,581	10,338	10,040	10,200	10,307	10,518	10,899	11,057	10,661	10,421
Wastewater										
Customers	24,061	25,240	25,441	27,421	26,298	27,598	29,956	27,098	31,169	31,729
Average daily sewage treatment (thousands of gallons)	10,100	10,100	10,100	10,100	10,500	10,200	9,244	10,500	9,700	8,410

Note: The total arrests shown from 2012 - 2018 changed marginally due to the implementation of new software and parameters. Parking violations were down in 2016 due to having only one officer instead of two for approximately 9 months of the year.

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Page 1 of 1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police stations	2	2	2	1	1	1	1	1	1	1
Fire stations	5	5	5	5	5	5	6	6	6	6
Refuse										
Collection trucks	14	15	16	16	21	22	22	21	21	21
Highways and streets										
Streets (miles)	420	325	380	380	380	369	398	404	400	404
Streetlights	4,465	4,465	4,195	4,240	4,260	4,280	3,706	4,214	4,340	4,352
Traffic signals / Flashers	139	140	151	152	154	154	165	173	175	179
Culture and recreation										
Parks acreage	386	386	352	352	351	346	393	436	403	393
Parks	32	32	34	34	34	34	35	39	36	35
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	26	24	24	24	22	24	24	24	24	24
Community centers	3	3	3	3	3	2	2	3	3	3
Water										
Water mains (miles)	300	300	300	300	300	300	300	300	300	300
Fire hydrants (city owned)	2,239	2,249	2,254	2,279	2,285	2,285	2,285	2,345	2,357	2,384
Maximum daily capacity (thousands of gallons)	36,520	36,520	36,520	36,520	36,520	36,520	36,520	36,250	36,250	36,250
Wastewater										
Sanitary sewers (miles)	337	337	337	337	337	337	344	350	355	357
Storm sewers (miles)	105	105	105	105	105	105	105	138	148	148
Maximum daily capacity (millions of gallons)	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5

Note: Patrol unit numbers increase in 2013 due to the police vehicle take home program. Fire stations went up by 1 in 2015 due to the Fire services agreement with Union Gap - the City of Yakima Fire Department budgets personnel, supplies and equipment for this station. Highways and Streets were recalculated in 2010 due to program changes, in 2011 due to physical inventory and in 2015 due reconfiguration of assets.

2018 GENERAL INFORMATION***Statistics**

Date of incorporation	1886
Form of government	Council-Manager
Type of government	Charter City
Location	Central Washington
Land area	28.25 square miles
Rank in size - State	11
Rank in size - County	1
Population	94,190
Assessed valuation	\$6,241,111,833
City employees (full-time equivalents)	766.95
Election and voter registration	
Number of precincts	59
Number of registered voters	42,560

Property Tax Levy

Regular Levy	\$18,686,841
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Sales Tax Rates

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

Parks and Recreation

Total Acreage	393
Number of Parks	35
Number of Playgrounds	20
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, Harman Center, Henry Beauchamp Community Center, Washington Fruit Community Center, Tahoma Cemetery, Dog Park	

Bus Passes (1 month)

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

Licenses and Permits Issued

2017 Business Licenses - sliding scale starts at \$42.90 for 1 - 2 employees, maximum of \$1,285.20 for over eighty employees	5,573
2017 Regulatory Licenses - Varies from \$11.00 to \$1,000	445

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	102
Number of Non-Commissioned Personnel	<u>4</u>
Total Number of Fire Personnel	106

Police Protection

Commissioned Police Personnel	148
Non-Commissioned Police Personnel	<u>47</u>
Total Number of Police Personnel	195
2017 Number of Calls for Service	145/day

Utility and Franchise Tax Rates

Electricity, Gas, Telephone	6%
Water, Wastewater	20%
Stormwater	6%
Refuse	15%
TV Cable	6%

Utility Rates (2 months)

Water - Average/Family of 4	\$61.92
Each Unit	\$1.72
Wastewater - Average/Family of 4	\$120.32
Each Unit	\$3.19
Refuse (Carry-out Available for Additional Charge)	
Automated Collection	
32 Gallon Cart	\$35.20
96 Gallon Cart	\$40.20
Yard Waste	
96 Gallon Cart	\$32.60
Irrigation (per square foot)	\$0.0352

Water/Wastewater Customer Base

Water (Inside the City)	22,918
Water (Outside the City)	<u>116</u>
Total Water Customers	23,034
Wastewater Residential (Inside the City)	29,189
Wastewater Residential (Outside the City)	66
Wastewater Commercial	<u>2,474</u>
Total Wastewater Customers	31,729
Irrigation Customers	12,176
Refuse Accounts	32,743

Note: For informational purposes only - not intended for official or legal purposes.

