



CITY OF
Yakima
WASHINGTON

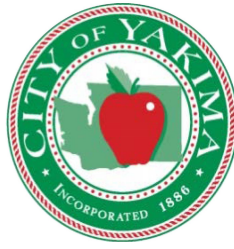


For the year ending 12/31/2020

2020

Comprehensive Annual Financial Report (CAFR)





CITY OF *Yakima*
Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2020

REPORT PREPARED BY:

Department of Finance and Budget

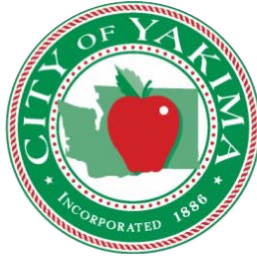
Steve Groom	Director of Finance & Budget
Kimberly Dominé	Financial Services Manager
Jennifer Morris	Financial Services Officer
Maria Simons	Financial Services Officer
Isabel Cruz	Accountant
Andrea Flores	Accountant
Wendy Harvey	Accountant
Kathryn Miles	Financial Services Technician



CITY OF *Yakima*

2020 ORGANIZATIONAL CHART





CITY OF *Yakima*
Washington

PRINCIPAL OFFICIALS

As of December, 2020

CITY COUNCIL

Patricia Byers	Mayor, District 3
Holly Cousens	Assistant Mayor, District 7
Eliana Macias	District 1
Jason White	District 2
Kay Funk	District 4
Soneya Lund	District 5
Brad Hill	District 6

CITY MANAGEMENT EXECUTIVES

Bob Harrison	City Manager
Sarah Watkins	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
Susan Woodward	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
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September 27, 2021

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

The reporting City of Yakima's financial performance and generally-improved position In the year of the COVID-19 pandemic merits particular care for the results throughout this report.

This Comprehensive Annual Financial Report of the City of Yakima for the fiscal year ended December 31, 2020, complies with State Statute RCW 43.09.230, but more importantly delivers responsible reporting and careful stewardship of public funds entrusted by our taxpayers, voters and citizens.

Please read the information in this Letter of Transmittal and the Management Discussion and Analysis (MD&A) narrative which are intended to help understand the history and activity underlying the Basic Financial Statements, the Notes to the financial statements immediately following, and the 10-year trend data in the Statistical Section.

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 Generally Accepted Accounting Principles (GAAP) and with statements issued by the Governmental Accounting Standards Board (GASB). 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 at the confluence of two rivers. The Yakima River from the north defines the city's eastern border and the Naches River from the west defines the city's northern border. It encompasses 28.27 square miles and has an estimated 2020 population of 95,490, and a daytime population of about 105,040. The City is a commercial and transit hub of Central Washington, served by rail, highway and air transportation. Yakima is the largest city in Yakima County and the 11th largest, by population, in the State of Washington.

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, elected to four-year terms staggered every two years. 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 (engineering, streets, traffic signals), parking and code enforcement, sanitation (solid waste disposal, sanitary wastewater utility), water treatment and distribution, irrigation, airport, transit, cemetery, community development, convention center, parks and recreation, and general administrative services. The City operates two swimming pools - one outdoor and one indoor, two water playground areas, one par-three golf course, two skate parks and one dog park.

FINANCIAL GOVERNANCE

The Yakima City Council's 2020 Strategic Priorities were:

- Fiscal sustainability
- Main/arterial street development
- Community policing
- Safe routes to schools
- Youth development
- Mill-site development
- Homelessness / affordable housing
- Airport expansion
- City facilities (pools and community centers)
- Downtown destination

ECONOMIC OUTLOOK

The COVID-19 pandemic had a considerable effect on municipalities nation-wide during 2020, continuing into 2021. Yakima's weathering of this economic event can be considered in the context of diversification. While Tourism suffered the most, as in most cities nationwide, Yakima's various business sectors contributed to a measure of overall resilience, in each of the following areas.

Agricultural Business

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 75% of the hops in the United States and contains over 10,000 acres of wine grapes, making the City of Yakima a key storage, packing, and distribution hub.

Manufacturing

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.

Healthcare

Yakima Valley Memorial Hospital is a 256-bed acute-care, nonprofit community hospital that has served the Yakima Valley for more than 60 years. Hospital services include, but are not limited to, Cardiology, Critical Care, Orthopedics, Pediatrics, Surgical and Psychiatric, as well as a Laboratory and a Pharmacy. Also available are numerous primary and specialty practices associated with the hospital, including the North Star Lodge, a 43,000 square foot outpatient Cancer Center built in 2000, 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.

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

The "Palm Springs of Washington," Yakima tourism enjoys continued growth due to its dry climate - approximately 300 days of sunshine annually - and convenient central location in the State. There are 36 parks, which include six little league fields and ten softball fields - eight of which have lighting, eight pickleball courts, 21 public tennis courts and four soccer fields, located within the City. In addition, there are two public and one private 18-hole golf courses and three nine-hole courses.

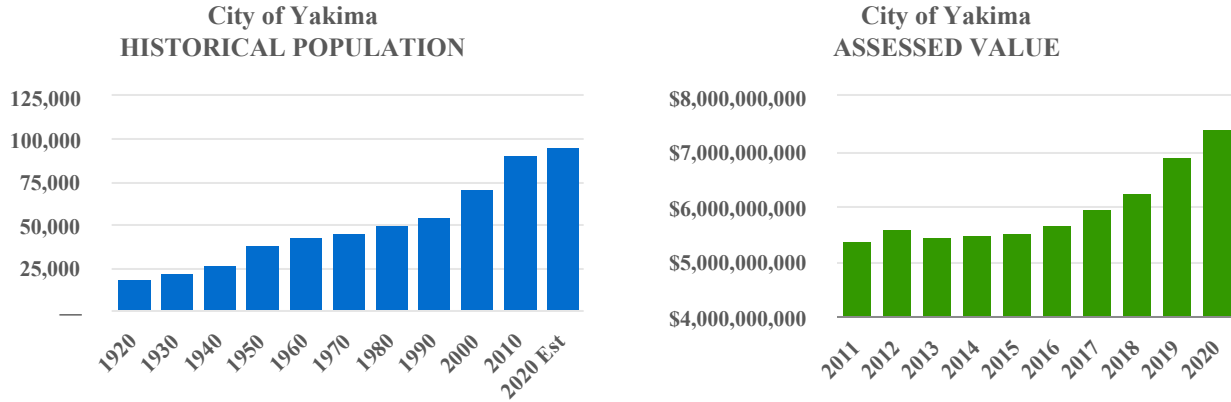
Prominent event facilities that contribute to Yakima being a regional hub include:

- The City-owned Yakima Convention Center regularly hosts annual conferences and conventions for organizations across the Pacific Northwest, and has 41,000 square feet of meeting space currently available, with an additional 18,000 square foot expansion project that began construction in 2020, and is slated to complete in 2021.
- The City-owned Capitol Theatre is a magnificent and historical theater originally built in 1920, seats 1,500 and includes a 400-seat black box theater and regularly hosts nationally-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 rodeos, and regularly hosts many statewide tournaments and sporting events.
- SOZO Sports of Central Washington is a championship level sports complex that has both indoor and outdoor sports facilities available, with 13 full-size soccer and football fields, both grass and synthetic playing surfaces and regularly hosts statewide sporting events.
- The Seasons Performance Hall is a non-profit organization that supports regional musical and cultural events for residents and visitors to the Yakima Valley.
- The Yakima Valley Pippins, part of the West Coast League, play in the 3,000-seat baseball stadium.
- The Yakima Valley Museum, located at City-owned Franklin Park, is a 65,000 square-foot history and cultural museum that is a feature destination for visitors to Yakima.
- State Fair Park hosts the annual Central Washington Fair in September.

Yakima also provides access to nearby hunting, fishing and biking opportunities, along with numerous other recreational opportunities within an hour's drive which include snow skiing, mountain climbing, rafting, hiking, and rock climbing. The William O. Douglas trail offers 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.

Yakima's population, and residential and commercial property tax base, continues to grow. From agricultural beginnings, the 1905 addition of a lumber mill and post-war manufacturing expanded Yakima into a diversified economy. Advances in fruit-processing technology created a year-round workforce, healthcare and education created new strengths attracting migration from western Washington city residents seeking better weather and economical housing. The city thrives when homeowners thrive; in 2020, assessed property valuation grew 7.3%, of which 1.5% was due to growth and new construction.



FORMAT OF REPORT

This report has been prepared in conformance with Generally Accepted Accounting Principles (GAAP). 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 Principals (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.

ACKNOWLEDGMENTS

An audit of the City's books of account, financial records, and transactions of all administrative departments are required to be conducted at least once every three years by the State Auditor's Office (Washington State Statute RCW 43.09.260). 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 unmodified 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. The Washington State Auditor is instrumental in the training, education and communication of best practices and implementation of new GASB pronouncements.

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 an increasingly well-managed city, 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. Yakima's City Council has continued to reaffirm its commitment to responsible governance and improving the City's fiscal sustainability.

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

Respectfully submitted,

Steve Groom
Director of Finance and Budget





**Office of the Washington State Auditor
Pat McCarthy**

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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, 2020, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Yakima, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Neighborhood Development funds 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 13 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the 2018 and 2019 financial statements have been restated to correct a misstatement. 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 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 as a whole. 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 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 are 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 27, 2021, 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, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 27, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Comprehensive Annual Financial Report offers readers the City's financial statements for the fiscal year ended December 31, 2020. To best understand the history and activities underlying the City's financial position, 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 fiscal responsibility by focusing on the fundamentals of city management to navigate economic cycles, infrastructure management challenges, and services that often rely on contingency planning and careful course corrections.

- The 2020 ending fund balance of the General Fund was \$13.3 million at the end of 2020, which represents 21.2% of total General Fund expenditures. The fund balance of the General Fund improved over prior year due to favorable variances in operating expenses - largely from unfilled vacancies primarily in Police Department - and from Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, which combined to offset less-than-budgeted tax and other revenues. For comparison, the 2019 ending fund balance of the General Fund was \$10.8 million, 17.1% of total General Fund expenditures.
- The total assets and deferred outflows of the City of Yakima, government-wide, encompassing all funds, exceeded its liabilities and deferred inflows at December 31, 2020, by \$336.5 million. Net position invested in capital (net of depreciation and related debt) account for 84.5% of this amount, with a value of \$284.2 million.
- The City's total net position increased by \$20.8 million to \$336.5 million from \$315.7 million, prior to a required prior period adjustment to Airport Alpha Taxiway depreciation. Funding received for various general revenues increased by \$5.5 million, while charges for services decreased by \$1.9 million. Grant funding for capital projects also decreased by \$4.7 million under 2019 numbers. The increase in net position was primarily due to savings and grant funding, including CARES Act.

The population of Yakima has grown steadily for 14 decades, with particularly large increases at the 2000 and 2010 censuses, and the official numbers for 2020 are expected to follow this trend. The residential and commercial property tax base has increased, both in assessed value and in growth, from new construction. Commerce that generates sales tax continues to be a source of regular and steady growth, overcoming a brief downturn in the first two months of the COVID-19 pandemic. Local demographics continue to indicate a below-national-average per capita income, consequently, sound fiscal city management is a key economic factor as the City seeks to provide the foundation for citizens, homeowners and businesses to thrive.

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 2019, 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 2020.

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 Airport, Stormwater, Transit, Solid Waste (Refuse), Wastewater, Domestic Water, Irrigation and Utility Services functions. Internal Service Funds (the second type of proprietary funds) accumulate and allocate costs internally among the City's various functions. The revenues and expenses of the internal service funds that are duplicated in other funds through allocations are eliminated in the government-wide statements, with the remaining balances included in the governmental activities column.

Proprietary fund statements follow the governmental fund statements in this report. They provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. In comparing the Proprietary Fund Statement of Net Position to the business-type column on the Government-Wide Statement of Net Position, you will notice that the total net position agree and, therefore, need no reconciliation. In comparing the total assets and total liabilities between the two statements, you will notice slightly different amounts. This is because the "internal balances" line on the government-wide statement combines the "due from other funds" (asset) and the "due to other funds" (liabilities) from the proprietary fund statement in a single line in the asset section of the government-wide statement.

Individual fund data for each of the nonmajor funds is provided in the form of combining statements. The proprietary fund combining statements follow the governmental fund combining statements in this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 - a custodial fund. The basic fiduciary fund financial statements can be found following the proprietary fund financial statements.

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 \$336.5 million at December 31, 2020. The following table reflects the condensed Government-Wide Statement of Net Position with comparative totals for 2019.

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 90,506,473	\$ 82,157,273	\$ 70,455,410	\$ 62,325,267	\$ 160,961,883	\$ 144,482,540
Net capital assets	192,046,343	188,688,241	165,490,580	167,555,181	357,536,923	356,243,422
Total assets	282,552,816	270,845,514	235,945,990	229,880,448	518,498,806	500,725,962
Deferred outflows	5,927,090	4,322,788	1,506,620	1,195,423	7,433,710	5,518,211
Total assets & deferred outflows	288,479,906	275,168,302	237,452,610	231,075,871	525,932,516	506,244,173
Liabilities						
Payables & other liabilities	23,598,034	22,458,867	7,319,394	7,491,937	30,917,428	29,950,804
Long-term liabilities	122,069,696	116,230,005	27,359,990	30,966,816	149,429,686	147,196,821
Total liabilities	145,667,730	138,688,872	34,679,384	38,458,753	180,347,114	177,147,625
Deferred inflows	6,984,983	10,838,114	2,148,143	2,585,760	9,133,126	13,423,874
Total liabilities & deferred inflows	152,652,713	149,526,986	36,827,527	41,044,513	189,480,240	190,571,499
Net position						
Net investment in capital assets	141,826,697	148,999,617	142,388,430	141,504,246	284,215,127	290,503,863
Restricted	36,910,650	30,865,494	1,600,000	1,600,000	38,510,650	32,465,494
Unrestricted	(42,910,154)	(54,223,794)	56,636,653	46,927,113	13,726,499	(7,296,681)
Total net position	\$ 135,827,193	\$ 125,641,317	\$ 200,625,083	\$ 190,031,359	\$ 336,452,276	\$ 315,672,676

The City of Yakima's assets total \$518.5 million as of December 31, 2020. Of this amount, \$357.5 million is accounted for by capital assets, which includes infrastructure and construction in progress. Out of \$192.0 million in capital assets reported in Governmental activities at December 31, 2020, \$88.8 million (46.2%) 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 \$115.0 million was accounted for in cash, cash equivalents, restricted cash and investments, \$26.6 million in various receivables, \$18.1 million in net pension assets and \$1.3 million inventories and prepayments.

At December 31, 2020, the City had outstanding liabilities of \$180.3 million, of which \$149.4 million is long-term, or due beyond one year. There is a deficit in unrestricted net position in the governmental funds indicating the City has long-term commitments that exceed currently-available resources, primarily long-term future citywide pension benefits and other postemployment benefit liabilities. Refer to the notes to the financial statements for a more in-depth discussion of pension and other long-term liabilities.

The remaining liabilities for the entire City in both governmental and business-type activities total \$30.9 million, and include \$6.5 million in accounts & contracts payable, \$3.9 million in claims and judgments payable, \$8.5 million in accrued salaries and benefits, \$3.4 million in compensated absences accrued and other various liabilities. Also included are debt payments due within the next calendar year totaling \$6.8 million and the current portion of the OPEB liabilities of \$1.7 million

The largest portion of the City's net position (84.5%) reflects its investment in capital, less any outstanding related debt used to acquire those assets. The City's capital assets, which are used to provide services to citizens, are investments in capital assets 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.

Currently, 11.4% of the City's net position is subject to external restrictions on how they may be used (restricted by the Revised Code of the State of Washington or by contractual agreements with parties outside of the primary government).

At December 31, 2020, the City of Yakima's net position is \$336.5 million, of which \$135.8 million represents governmental activities and \$200.6 million represents business-type activities.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 11,953,441	\$ 14,695,262	\$ 51,610,009	\$ 50,794,841	\$ 63,563,450	\$ 65,490,103
Operating grants & contributions	11,419,667	11,847,405	3,804,306	3,067,508	15,223,973	14,914,913
Capital grants & contributions	2,697,503	4,954,136	3,398,265	6,125,805	6,095,768	11,079,941
General revenues						
Property taxes	21,208,098	20,687,718	—	—	21,208,098	20,687,718
Sales and use taxes	22,449,902	22,403,848	6,672,033	6,447,007	29,121,935	28,850,855
Other taxes and fees	24,180,481	24,237,962	—	—	24,180,481	24,237,962
Other revenues	2,300,076	1,609,244	29,140	83,013	2,329,216	1,692,257
Grants & contributions (COVID-19)	3,943,577	—	197,398	—	4,140,975	—
Total revenues	<u>100,152,745</u>	<u>100,435,575</u>	<u>65,711,151</u>	<u>66,518,174</u>	<u>165,863,896</u>	<u>166,953,749</u>
Expenditures						
General government	15,060,166	18,288,946	—	—	15,060,166	18,288,946
Public safety	45,048,754	49,007,485	—	—	45,048,754	49,007,485
Utilities	669,707	1,125,958	—	—	669,707	1,125,958
Transportation	11,753,259	9,363,544	—	—	11,753,259	9,363,544
Economic environment	7,382,489	8,193,331	—	—	7,382,489	8,193,331
Public health services	765,316	1,675,614	—	—	765,316	1,675,614
Cultural and recreational	7,782,484	7,593,783	—	—	7,782,484	7,593,783
Interest on long-term debt	1,996,121	1,655,589	—	—	1,996,121	1,655,589
Transit	—	—	8,489,595	9,166,558	8,489,595	9,166,558
Airport	—	—	3,221,341	2,099,851	3,221,341	2,099,851
Refuse	—	—	7,502,521	6,518,365	7,502,521	6,518,365
Wastewater	—	—	19,580,060	21,381,165	19,580,060	21,381,165
Water	—	—	9,406,437	10,424,138	9,406,437	10,424,138
Irrigation	—	—	2,249,452	2,286,622	2,249,452	2,286,622
Stormwater	—	—	2,650,017	2,516,983	2,650,017	2,516,983
Total Expenditures	<u>90,458,296</u>	<u>96,904,250</u>	<u>53,099,423</u>	<u>54,393,682</u>	<u>143,557,719</u>	<u>151,297,932</u>
Excess (deficiency) before transfers	9,694,449	3,531,325	12,611,728	12,124,492	22,306,177	15,655,817
Transfers	491,429	1,182,329	(491,429)	(1,182,329)	—	—
Change in net position	<u>10,185,878</u>	<u>4,713,654</u>	<u>12,120,299</u>	<u>10,942,163</u>	<u>22,306,177</u>	<u>15,655,817</u>
Net position - beginning	125,641,314	120,927,660	188,504,786	179,089,198	314,146,100	300,016,858
Prior period adjustment	—	—	—	(1,526,575)	—	(1,526,575)
Net position - ending	<u>\$ 135,827,192</u>	<u>\$ 125,641,314</u>	<u>\$ 200,625,085</u>	<u>\$ 188,504,786</u>	<u>\$ 336,452,277</u>	<u>\$ 314,146,100</u>

The Statement of Activities (Changes in Net Position)

The City of Yakima's total net position increased by \$20.8 million over 2019. Net position for governmental activities increased by \$10.2 million primarily due to increased grant revenues offset by the annual actuarial adjustment to pension assets and liability, while business-type activities increased by \$12.1 million. The increase in business-type activities comes from a combination of rate increases, grant revenue and actuarial adjustments to pension assets and liability.

Total revenues for the City of Yakima were \$165.9 million in 2020. Governmental activities provided \$100.2 million (60.4%), while business-type activities added \$65.7 million (39.6%).

Expenses for the year totaled \$143.6 million, with governmental activities accounting for \$90.5 million or 63.0% and business-type activities accounting for \$53.1 million or 37.0%. 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 67.7% of total revenue sources, with grants and contributions accounting for 14.1%. The remaining 18.2% of revenue was provided by charges for services, interest income, and miscellaneous revenues.

Governmental activities increased net position by \$10.2 million 8.1%, and total government revenues decreased by \$282,831 (0.3%). The significant fluctuations in revenue are as follows:

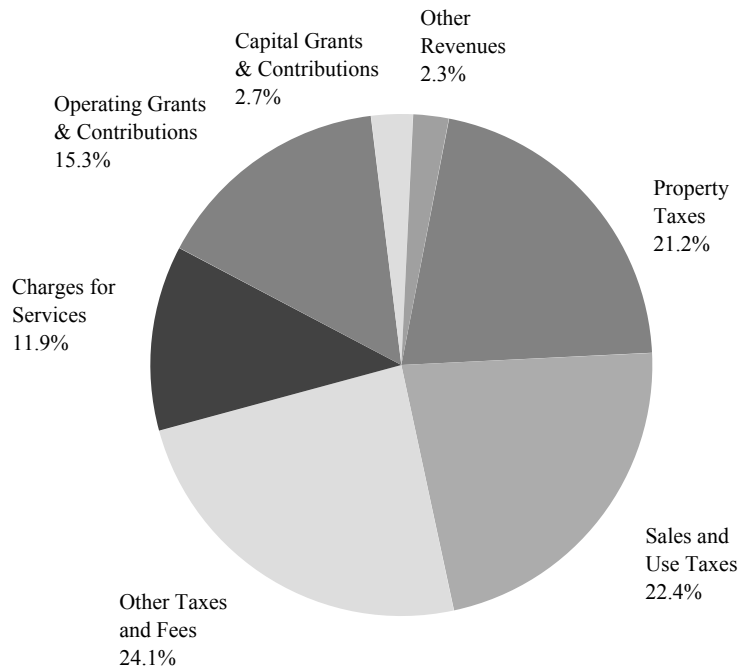
- Grants & Contributions decreased by \$2.7 million, primarily due to the completion of the North 1st Street project grants of 2019.
- Total taxes increased by \$508,952 or 0.8% from \$67.3 million to \$67.8 million.
 - Property Taxes increased \$520,380 due to continued increases in assessed value, along with existing property tax increases, subject to a statutory 1% cap.
 - Sales Tax increased by \$46,054 or 0.2% from 2019.
 - Other Taxes and Fees decreased by \$57,481 from 2019.
- As noted in Note 14 - Subsequent Events, the COVID-19 declared emergency in 2020 is expected to impact both revenues and balance sheet reserves well into 2021.
- Transfers from Business-Type Activities consists primarily of in-lieu utility taxes of \$8.5 million and includes transfers by enterprise funds to Vehicle Replacement Reserves.

The largest program expenses consist of Public Safety (49.8%); General Government (16.6%), Economic Environment (8.2%) and Transportation (13.0%). These programs accounted for 87.6% of total governmental expenses.

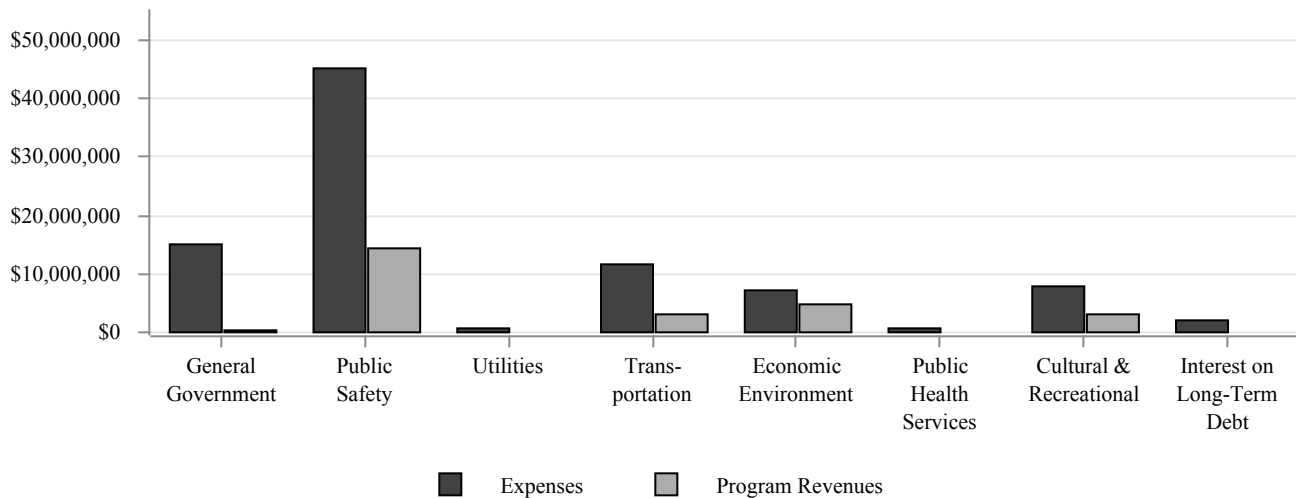
In total, governmental expenses decreased \$6.4 million (6.7%). The decrease is due primarily to a reduction of \$4.1 million in the updated allocation for the share of general fund expenses to other funds.

Following are graphs which illustrate revenue by source and expenditures by program for governmental funds in 2020.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES

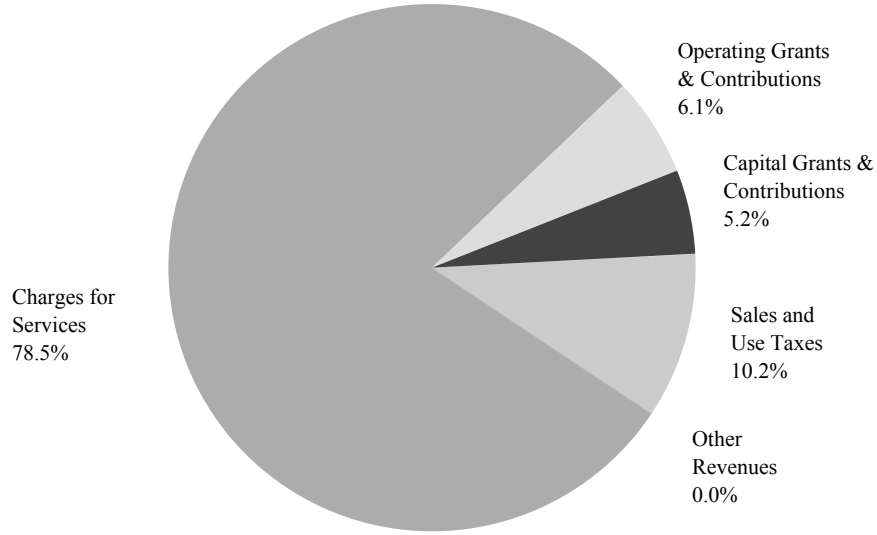


Business-Type Activities - Of the \$65.7 million in business type revenues, 78.5% was provided by charges for services, with the remaining amount provided by grants, contributions, transit sales tax and interest income. Overall, business type revenues demonstrated a decrease of \$807,023 (1.2%) over 2019. Capital Grants decreased by about \$2.7 million (44.5%), due to several different projects completing in 2020.

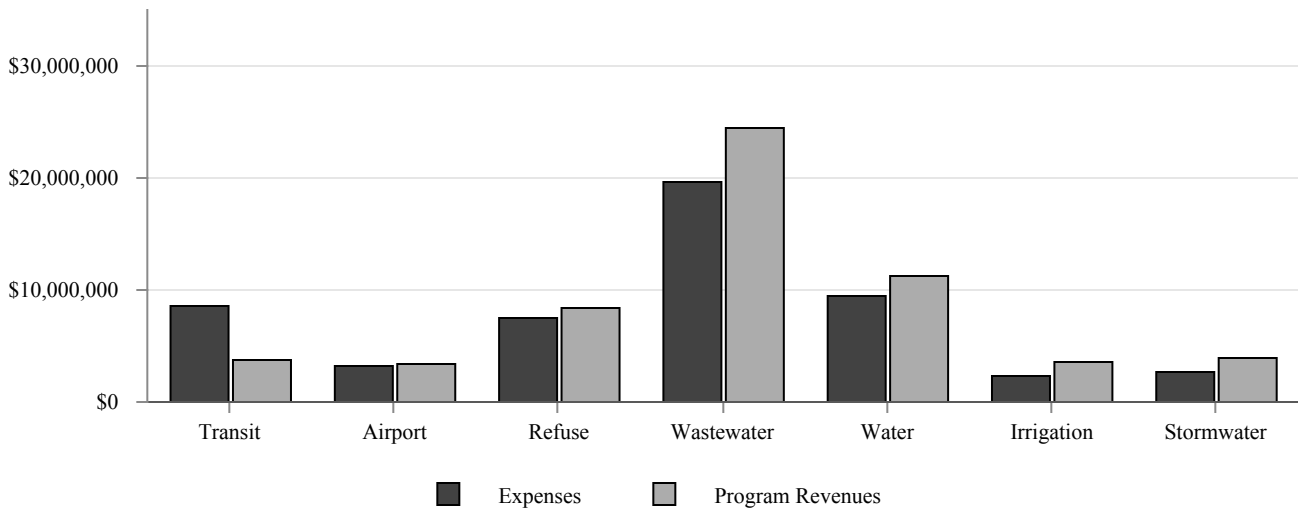
Of the \$53.1 million in business-type expenses, 36.9% are associated with the Wastewater program, while domestic water programs represent about 17.7%, Transit 16.0%, Refuse 14.1%, Stormwater 5.0%, Irrigation 4.2% and Airport 6.1%. Generally, changes in expenses are in line with changes in general operating revenues.

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 (78.5%) of revenue in these funds. The only fund that does not rely heavily on charges for service is the Transit fund, which is funded largely 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. All funds except the General Fund are restricted for specific purposes and uses.

Governmental Funds Analysis

The General Fund is a major fund and the principal mechanism for delivering general government services. The Neighborhood Development Fund is 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, 2020, the City's governmental funds reported combined fund balances of \$41.4 million. Of this total amount, \$11.7 million (28.4%) is unassigned and available for spending within these funds. For 2020, \$919,121 is not spendable (cemetery perpetual care), \$17.6 million is restricted (primarily for transportation, capital improvements, and public safety), \$5.2 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, serving all citizens. At the end of the 2020 fiscal year, the fund balance of the General Fund was \$13.3 million. The fund balance is about 21.2% of total general fund expenditures (which represents about a 2.5 month reserve). Total assets in the General Fund amounted to \$22.6 million, accounting for 38.4% of total governmental fund assets.

The fund balance of the City of Yakima's General Fund increased by \$2.5 million during the current fiscal year, due to favorable variances in operating expenses versus actual results of tax revenues.

The General Fund accounts for 66.6% of all governmental fund revenue and 59.2% of all expenditures.

The other major fund, Neighborhood Development, saw its fund balance decrease by \$250,265.

Most other funds had only modest changes in fund balance, due to the timing of revenues vs. project expenses, respectively, with the exception of the RDA fund, Parks and the Convention center, which all had capital projects in progress during the year.

Enterprise Funds Analysis

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

As of December 31, 2020, the City's enterprise funds (internal service fund balances are treated entirely as governmental activities) reported combined net position of \$200.6 million, with \$84.9 million, or approximately 42.3%, being contributed by the Wastewater fund. Additionally, about \$142.4 million (71.0%) of net position is accounted for by investment in capital assets, net of related debt, \$1.6 million is restricted for debt service and \$56.6 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

The year 2020 was highly impacted by the COVID-19 pandemic. During the year, the 2020 General Fund Expenditure budget (without transfers) was increased from \$67.3 million to \$72.9 million, consisting of the carry forward of appropriations for outstanding encumbrances/commitments which were to be funded from General Fund reserves and the CARES Act.

Total General Fund revenues were originally budgeted at \$69.4 million, with an increase of \$5.5 million in the final budget due largely to CARES Act and other grants. Actual revenue results were \$7.4 million below amended budget projections, due primarily to general fund expense allocation being recognized as an expense reimbursement and reduced public safety charges for fire inspection fees and school resource officers.

General Fund expenditures totaled \$62.8 million, less than the final budget of \$72.9 million by \$10.1 million. These expenditure savings resulted from a combination of increased budget for CARES Act, reductions in personnel costs due to vacancies and significant jail cost savings.

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 2020, revenue was \$7.4 million less than budgeted, while expenditures, including other finance sources, were \$9.5 million less than budgeted, resulting in a net positive change in budgeted fund balance of \$2.1 million.

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, 2020, amounts to \$357.5 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 increased \$3.4 million, increasing from \$188.7 million in 2019 to \$192.0 million in 2020.

Business-Type Activities - Business-type capital activities decreased by \$2,064,601, attributable primarily to fewer capital projects completed in 2020, offset by depreciation.

CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Capital assets						
Land	\$ 17,571,736	\$ 17,571,736	\$ 5,523,404	\$ 5,523,404	\$ 23,095,140	\$ 23,095,140
Buildings	27,786,193	28,599,457	21,349,547	22,804,184	49,135,740	51,403,641
Improvements other than buildings	16,312,655	17,602,492	110,892,252	100,336,312	127,204,907	117,938,804
Machinery & equipment	17,136,804	16,806,638	12,971,318	14,781,011	30,108,122	31,587,649
Infrastructure	88,802,959	89,858,969	—	—	88,802,959	89,858,969
Intangibles	—	—	677,744	779,215	677,744	779,215
Construction in progress	24,435,996	18,248,949	14,076,315	23,331,054	38,512,311	41,580,003
Total capital assets	<u>\$ 192,046,343</u>	<u>\$ 188,688,241</u>	<u>\$ 165,490,580</u>	<u>\$ 167,555,180</u>	<u>\$ 357,536,923</u>	<u>\$ 356,243,421</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, 2020, the City of Yakima had total bonded debt outstanding of \$51.3 million. Of this amount, \$42.0 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$9.3 million represents bonds secured solely by pledges of specific revenue sources (i.e. revenue bonds).

The City's remaining capacity for non-voted debt on December 31, 2020, was approximately \$78.2 million in comparison to the total legal debt limit of \$111.1 million. In March, 2020 the City's rating of "A+" from Standard & Poor's for general obligation debt was upgraded to an outlook of stable. This upgrade is the result of strong financial management policies and practices, a formal investment policy that exceeds the state requirement and a reserve policy that is in-line with the best practices of the Government Finance Officers Association. 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	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 42,024,415	\$ 32,089,429	\$ —	\$ —	\$ 42,024,415	\$ 32,089,429
Revenue bonds	—	—	9,260,299	10,722,955	9,260,299	10,722,955
Intergovernmental loans	4,944,442	5,411,383	13,942,564	15,408,996	18,887,006	20,820,379
Other debt	3,191,844	2,074,215	—	—	3,191,844	2,074,215
Total outstanding debt	<u>\$ 50,160,701</u>	<u>\$ 39,575,027</u>	<u>\$ 23,202,863</u>	<u>\$ 26,131,951</u>	<u>\$ 73,363,564</u>	<u>\$ 65,706,978</u>

ECONOMIC FACTORS

There are many factors that impact City revenues and expenses. 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%, excluding 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 in excess of the 1% limitation. Property tax receipts rose compared to prior year, and property valuation in Yakima is not expected to be negatively impacted by the pandemic.
- **Revenues.** During 2020, the year of the COVID-19 pandemic, lodging tax revenues tied to tourism were negatively impacted, as were Gambling Taxes, real estate excise tax, fire inspection fees, interest on investments and fees on building permits. Airport and transit revenues were also affected, however Federal programs provided assistance. Following two months of a sales tax downturn, economic activity rebounded and the city's sales tax revenue slightly exceeded forecasted expectations.
- **Local Employment.** The unemployment rate (9.8% for 2020) in the County continues to be higher than the state (8.4% for 2020) and national average (8.1% for 2020). 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. Heavily affected by the COVID-19 pandemic, Yakima County experienced a decline in total employment. Between 2020 and 2021, the Yakima County civilian labor force lost about 3,500 jobs, a 4.0% annual decrease.
- **Economic Redevelopment.** The city embarked on a major economic development initiative using 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, commencing in 2011, to support required infrastructure improvements to serve the new mixed use proposed development. This project requires coordination with Yakima County, the State Department of Transportation, and current landowners.
- **Tourism.** City Council approved an 18,000 sq. ft. expansion project in the 2019 budget, completed in May 2021. The 2020 convention center expansion adds an estimated 10,273 square feet of net rentable space to the existing 41,000 square feet to increase conference and convention capacity following the 2019 construction of two new hotels within city of Yakima, which increased the supply of hotel rooms. The city-owned 68,000 sq. ft. Convention Center generates approximately 96,000 room nights for local hotels.
- 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 (SOZO), and a new aquatic center which opened in 2019.

The 2021 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 2021 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 of Yakima's Finance website](#). 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 comprehensively assess the overall financial health of a city for all users of financial information in a uniform, easily-comparable format.

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. Stormwater, the only nonmajor fund, is included as well as a separate column for aggregated information for internal service funds

Statement of Revenues, Expenses, and Changes in Fund Net Position, Proprietary Funds - Information for each of the enterprise funds, with a separate column for aggregated 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 aggregated information for internal service funds.

FIDUCIARY FUNDS

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

Statement of Changes in Fiduciary Net Position - Shows the inflows and outflows for the Custodial Fund.

NOTES TO THE FINANCIAL STATEMENTS

Disclosure and further detail information to assist the reader in understanding the financial statements.

STATEMENT OF NET POSITION

December 31, 2020

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	Governmental Activities	Business-Type Activities	Primary Gov't Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 40,191,419	\$ 37,796,424	\$ 77,987,843
Cash with fiscal agent	478,564	21,338	499,902
Investments	15,050,533	19,866,260	34,916,793
Receivables, net allowance for uncollectible accounts			
Taxes	6,550,641	1,265,315	7,815,956
Accounts	3,851,447	5,546,202	9,397,649
Notes and contracts receivable	2,647,323	452,616	3,099,939
Due from other governments	2,603,967	3,453,859	6,057,826
Interest receivable	190,207	—	190,207
Inventories and prepayments	833,462	453,396	1,286,858
Total current assets	72,397,563	68,855,410	141,252,973
Noncurrent assets			
Restricted cash	—	1,600,000	1,600,000
Capital assets not being depreciated			
Land	17,571,736	5,523,404	23,095,140
Construction in progress	24,435,996	14,076,315	38,512,311
Capital assets, net of accumulated depreciation			
Buildings	27,786,193	21,349,547	49,135,740
Machinery, equipment & vehicles	17,136,804	12,971,318	30,108,122
Infrastructure	88,802,959	—	88,802,959
Other improvements & utility systems	16,312,655	110,892,252	127,204,907
Intangibles	—	677,744	677,744
Other noncurrent assets			
Net pension asset	18,108,910	—	18,108,910
Total noncurrent assets	210,155,253	167,090,580	377,245,833
Total assets	282,552,816	235,945,990	518,498,806
Deferred outflows of resources			
Deferred amount on refunding	—	265,176	265,176
Deferred outflows related to pension	5,755,138	1,174,689	6,929,827
Deferred outflows related to OPEB	171,952	66,755	238,707
Total deferred outflows of resources	5,927,090	1,506,620	7,433,710
Total assets & deferred outflows of resources	288,479,906	237,452,610	525,932,516

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

STATEMENT OF NET POSITION

December 31, 2020

Page 2 of 2

	Governmental Activities	Business-Type Activities	Primary Gov't Total
Liabilities			
Current liabilities			
Accounts payable	5,143,087	1,153,507	6,296,594
Retainage payable	58,948	164,463	223,411
Claims & judgments payable	3,899,322	—	3,899,322
Accrued salaries and benefits	6,824,387	1,680,317	8,504,704
Compensated absences	663,895	153,516	817,411
Deposit type accounts	1,140,468	978,336	2,118,804
Due to other governments	136,530	(2,635)	133,895
Other current liabilities	70,302	25,746	96,048
Interest payable	198,017	75,661	273,678
Debt principal due within one year	3,806,555	2,997,822	6,804,377
Other postemployment benefits - current	1,656,521	92,662	1,749,183
Total current liabilities	23,598,032	7,319,395	30,917,427
Noncurrent liabilities			
Compensated absences	8,644,306	1,714,313	10,358,619
Pension Liability	17,235,102	3,919,734	21,154,836
Other postemployment benefits (OPEB)	49,836,146	1,520,901	51,357,047
Debt principal due more than one year	46,354,142	20,205,041	66,559,183
Total noncurrent liabilities	122,069,696	27,359,989	149,429,685
Total liabilities	145,667,728	34,679,384	180,347,112
Deferred inflows of resources			
Deferred inflows related to pension	4,827,102	1,310,411	6,137,513
Deferred inflows related to OPEB	2,157,881	837,732	2,995,613
Total deferred inflows of resources	6,984,983	2,148,143	9,133,126
Total liabilities & deferred inflows of resources	152,652,711	36,827,527	189,480,238
Net position			
Net investment in capital assets	141,826,697	142,388,430	284,215,127
Restricted for:			
Public safety & emergency programs	2,046,599	—	2,046,599
Arterial street construction & maintenance	2,049,246	—	2,049,246
Housing & economic development	506,118	—	506,118
Debt service	279,077	1,600,000	1,879,077
Capital improvements	10,980,920	—	10,980,920
Tourism & conventions	1,772,743	—	1,772,743
Pension plans	19,275,947	—	19,275,947
Unrestricted	(42,910,154)	56,636,653	13,726,499
Total net position	\$ 135,827,193	\$ 200,625,083	\$ 336,452,276

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

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

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	\$ 15,060,166	\$ 291,947	\$ —	\$ —	\$ (14,768,219)	\$ —	\$ (14,768,219)
Public safety	45,048,754	7,537,527	6,875,357	—	(30,635,870)	—	(30,635,870)
Utilities	669,707	220,263	—	—	(449,444)	—	(449,444)
Transportation	11,753,259	45,350	1,421,796	1,611,890	(8,674,223)	—	(8,674,223)
Economic environment	7,382,489	899,640	2,868,987	981,076	(2,632,786)	—	(2,632,786)
Public health services	765,316	4,956	137,032	—	(623,328)	—	(623,328)
Cultural and recreational	7,782,484	2,953,758	116,496	104,537	(4,607,693)	—	(4,607,693)
Interest on long-term debt	1,996,121	—	—	—	(1,996,121)	—	(1,996,121)
Total governmental activities	90,458,296	11,953,441	11,419,668	2,697,503	(64,387,684)	—	(64,387,684)
Business-type activities							
Transit	8,489,595	586,691	3,247,289	—	—	(4,655,615)	(4,655,615)
Airport	3,221,341	1,195,439	557,017	1,588,775	—	119,890	119,890
Refuse	7,502,521	8,325,947	—	—	—	823,426	823,426
Wastewater	19,580,060	23,282,072	—	1,139,308	—	4,841,320	4,841,320
Water	9,406,437	10,804,553	—	463,612	—	1,861,728	1,861,728
Irrigation	2,249,452	3,406,497	—	206,570	—	1,363,615	1,363,615
Stormwater	2,650,017	4,008,811	—	—	—	1,358,794	1,358,794
Total business-type activities	53,099,423	51,610,010	3,804,306	3,398,265	—	5,713,158	5,713,158
Total activities	\$ 143,557,719	\$ 63,563,451	\$ 15,223,974	\$ 6,095,768	(64,387,684)	5,713,158	(58,674,526)
General revenues and transfers							
Taxes							
Property taxes					21,208,098	—	21,208,098
Sales and use taxes					22,449,902	6,672,033	29,121,935
Other taxes and fees					24,180,481	—	24,180,481
Unrestricted investment earnings					2,069,931	9,216	2,079,147
Miscellaneous					240,892	—	240,892
Grants and contributions not restricted to specific programs (COVID-19)					3,943,577	197,398	4,140,975
Gain (loss) on disposition of capital assets					(10,748)	19,924	9,176
Transfers					491,429	(491,429)	—
Total general revenues, special items & transfers					74,573,562	6,407,142	80,980,704
Change in net position					10,185,878	12,120,300	22,306,178
Net position - beginning					125,641,314	190,031,361	315,672,675
Prior period adjustment					—	(1,526,575)	(1,526,575)
Net position - ending					\$ 135,827,192	\$ 200,625,086	\$ 336,452,278

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

BALANCE SHEET
GOVERNMENT FUNDS

December 31, 2020

Page 1 of 1

	General Fund	Neighborhood Development Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 10,116,567	\$ 132,078	\$ 21,875,286	\$ 32,123,931
Cash with fiscal agent	53,063	—	425,501	478,564
Investments	3,921,457	—	7,376,219	11,297,676
Receivables, net allowance for uncollectible accounts				
Taxes	5,927,696	—	622,945	6,550,641
Accounts	2,209,624	(1,021)	494,161	2,702,764
Notes and contracts receivable	—	2,664,300	1,268	2,665,568
Due from other governments	156,309	905,933	1,509,955	2,572,197
Interest receivable	190,207	—	—	190,207
Inventories and prepayments	10,000	—	191,454	201,454
Total assets	22,584,923	3,701,290	32,496,789	58,783,002
Deferred outflows of resources	—	—	—	—
Total assets & deferred outflows of resources	\$ 22,584,923	\$ 3,701,290	\$ 32,496,789	\$ 58,783,002
Liabilities				
Accounts payable	\$ 1,416,297	\$ 512,936	\$ 2,772,086	\$ 4,701,319
Retainage payable	1,669	14,591	24,892	41,152
Accrued salaries and benefits	5,399,395	56,359	1,134,890	6,590,644
Deposit type accounts	295,106	—	780,652	1,075,758
Due to other governments	134,255	—	2,174	136,429
Other current liabilities	70,302	—	—	70,302
Total liabilities	7,317,024	583,886	4,714,694	12,615,604
Deferred inflows of resources				
Deferred unavailable revenue/taxes	399,407	—	39,244	438,651
Unavailable revenue and notes	1,572,895	2,664,300	71,838	4,309,033
Total deferred inflows of resources	1,972,302	2,664,300	111,082	4,747,684
Total liabilities & deferred inflows of resources	9,289,326	3,248,186	4,825,776	17,363,288
Fund balance				
Nonspendable	10,000	—	909,121	919,121
Restricted	—	453,104	17,164,360	17,617,464
Committed	1,538,626	—	3,615,763	5,154,389
Assigned	—	—	5,981,766	5,981,766
Unassigned	11,746,972	—	—	11,746,972
Total fund balance	13,295,598	453,104	27,671,010	41,419,712
Total liabilities, deferred inflows & fund balances	\$ 22,584,924	\$ 3,701,290	\$ 32,496,786	\$ 58,783,000

The Notes to the Financial Statements, found in the 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, 2020

Page 1 of 1

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

Total fund balances - governmental funds (previous page)	\$ 41,419,712
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	180,349,583
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	4,747,684
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.	18,965,625
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(59,416,110)
Pension and other postemployment benefits are not due and payable in the current period and therefore are not reflected in the funds.	(50,239,300)
Net position of governmental activities	<u>\$ 135,827,194</u>

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

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

For the Year Ended December 31, 2020

Page 1 of 1

	General Fund	Neighborhood Development Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes and assessments	\$ 52,347,671	\$ —	\$ 19,875,784	\$ 72,223,455
Licenses and permits	1,681,376	—	642,151	2,323,527
Intergovernmental revenues	6,789,442	1,537,076	5,163,006	13,489,524
Charges for services	3,502,557	—	5,564,898	9,067,455
Fines and forfeitures	1,026,980	—	—	1,026,980
Contributions and donations	31,000	—	141,195	172,195
Investment earnings	2,033,387	13,724	74,143	2,121,254
Other revenue	66,041	215,121	578,859	860,021
Total revenues	<u>67,478,454</u>	<u>1,765,921</u>	<u>32,040,036</u>	<u>101,284,411</u>
Expenditures				
Current				
General government	14,383,109	—	937,659	15,320,768
Public safety	45,540,427	—	6,218,224	51,758,651
Utilities	—	—	318,444	318,444
Transportation	727,640	—	7,424,902	8,152,542
Economic environment	1,651,736	2,016,187	703,853	4,371,776
Public health services	(39,911)	—	334,248	294,337
Cultural and recreational	—	—	6,221,088	6,221,088
Capital outlay				
General government	18,087	—	124,707	142,794
Public safety	249,711	—	505,789	755,500
Utilities	—	—	169,967	169,967
Transportation	—	—	12,544,049	12,544,049
Cultural and recreational	—	—	248,138	248,138
Debt service				
Principal	223,571	—	3,445,828	3,669,399
Interest and related charges	53,071	—	2,120,460	2,173,531
Total Expenditures	<u>62,807,441</u>	<u>2,016,187</u>	<u>41,317,356</u>	<u>106,140,984</u>
Excess (deficiency) of revenue over (under) expenditure	4,671,013	(250,266)	(9,277,320)	(4,856,573)
Other financing (sources) uses				
Transfers in	—	—	5,491,903	5,491,903
Transfers out	(2,133,937)	—	(3,807,564)	(5,941,501)
Proceeds from issuance of long-term debt	—	—	22,388,712	22,388,712
Payments to refunded debt	—	—	(7,957,234)	(7,957,234)
Sale of capital assets	1,000	—	127,806	128,806
Total other financing sources (uses)	<u>(2,132,937)</u>	<u>—</u>	<u>16,243,623</u>	<u>14,110,686</u>
Net change in fund balance	<u>2,538,076</u>	<u>(250,266)</u>	<u>6,966,303</u>	<u>9,254,113</u>
Fund balance - beginning	10,757,518	703,368	20,704,709	32,165,595
Fund balance - ending	<u>\$ 13,295,594</u>	<u>\$ 453,102</u>	<u>\$ 27,671,012</u>	<u>\$ 41,419,708</u>

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

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

For the Year Ended December 31, 2020

Page 1 of 1

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	\$ 9,254,113
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.	1,891,119
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.	466,914
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	283,593
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.	(10,594,225)
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).	6,456,673
Internal service funds are used by management to charge the costs of services to individual funds. The net revenue (expenses) of certain internal service funds is reported with governmental activities.	2,427,690
Change in net position, as reflected on the Statement of Activities	<u>\$ 10,185,877</u>

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

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

For the Year Ended December 31, 2020

Page 1 of 1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 52,984,121	\$ 52,984,121	\$ 52,347,671	\$ (636,450)
Licenses and permits	1,985,470	1,985,470	1,681,376	(304,094)
Intergovernmental revenues	2,536,742	7,873,042	6,789,442	(1,083,600)
Charges for services	8,894,041	9,061,011	3,502,557	(5,558,454)
Fines and forfeitures	1,821,500	1,821,500	1,026,980	(794,520)
Contributions and donations	800	25,800	31,000	5,200
Investment earnings	1,136,800	1,136,800	2,033,387	896,587
Other revenue	39,950	39,950	66,041	26,091
Total revenues	<u>69,399,424</u>	<u>74,927,694</u>	<u>67,478,454</u>	<u>(7,449,240)</u>
Expenditures				
Current				
General government	16,456,309	20,735,262	14,383,109	6,352,153
Public safety	47,698,868	48,065,470	45,540,427	2,525,043
Transportation	789,226	793,173	727,640	65,533
Economic environment	1,842,561	1,983,061	1,651,736	331,325
Public health services	26,650	656,650	(39,911)	696,561
Capital outlay				
General government	100,000	100,000	18,087	81,913
Public safety	87,000	278,500	249,711	28,789
Debt service				
Principal	223,571	223,571	223,571	—
Interest and related charges	53,071	53,071	53,071	—
Total Expenditures	<u>67,277,256</u>	<u>72,888,758</u>	<u>62,807,441</u>	<u>10,081,317</u>
Excess (deficiency) of revenue over (under) expenditure	2,122,168	2,038,936	4,671,013	2,632,077
Other financing (sources) uses				
Transfers out	(1,896,240)	(1,896,240)	(2,133,937)	(237,697)
Sale of capital assets	300,000	300,000	1,000	(299,000)
Total other financing sources (uses)	<u>(1,596,240)</u>	<u>(1,596,240)</u>	<u>(2,132,937)</u>	<u>(536,697)</u>
Net change in fund balance	525,928	442,696	2,538,076	2,095,380
Fund balance - beginning	9,773,283	10,757,521	10,757,518	(3)
Fund balance - ending	<u>\$ 10,299,211</u>	<u>\$ 11,200,217</u>	<u>\$ 13,295,594</u>	<u>\$ 2,095,377</u>

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

For the Year Ended December 31, 2020

Page 1 of 1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 1,514,468	\$ 1,514,468	\$ 1,537,076	\$ 22,608
Investment earnings	—	—	13,724	13,724
Other revenue	157,841	3,546,597	215,121	(3,331,476)
Total revenues	<u>1,672,309</u>	<u>5,061,065</u>	<u>1,765,921</u>	<u>(3,295,144)</u>
Expenditures				
Current				
Economic environment	1,551,696	4,940,452	2,016,187	2,924,265
Excess (deficiency) of revenue over (under) expenditure	120,613	120,613	(250,266)	(370,879)
Net change in fund balance	120,613	120,613	(250,266)	(370,879)
Fund balance - beginning	1,153,816	703,369	703,368	(1)
Fund balance - ending	<u>\$ 1,274,429</u>	<u>\$ 823,982</u>	<u>\$ 453,102</u>	<u>\$ (370,880)</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET & ACTUAL - OTHER GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

Page 1 of 1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 20,684,402	\$ 22,884,402	\$ 19,875,784	\$ (3,008,618)
Licenses and permits	656,000	656,000	642,151	(13,849)
Intergovernmental revenues	7,697,524	17,898,142	5,163,006	(12,735,136)
Charges for services	7,303,297	7,315,297	5,564,898	(1,750,399)
Contributions and donations	—	—	141,195	141,195
Investment earnings	—	—	74,143	74,143
Other revenue	1,487,550	1,618,761	578,859	(1,039,902)
Total revenues	37,828,773	50,372,602	32,040,036	(18,332,566)
Expenditures				
Current				
General government	1,036,187	1,081,360	937,659	143,701
Public safety	6,546,392	7,250,001	6,218,224	1,031,777
Utilities	325,121	333,198	318,444	14,754
Transportation	8,897,788	8,944,164	7,424,902	1,519,262
Economic environment	1,086,018	1,108,639	703,853	404,786
Public health services	642,682	642,682	334,248	308,434
Cultural and recreational	6,783,782	7,894,466	6,221,088	(1,673,378)
Capital outlay				
General government	222,000	362,000	124,707	237,293
Public safety	75,000	416,468	505,789	(89,321)
Utilities	200,000	614,000	169,967	444,033
Transportation	7,755,618	28,955,618	12,544,049	16,411,569
Cultural and recreational	331,078	849,777	248,138	(601,639)
Debt service				
Principal	3,780,287	12,118,207	3,445,828	8,672,379
Interest and related charges	2,378,942	2,378,942	2,120,460	258,482
Total Expenditures	40,060,895	72,949,522	41,317,356	27,082,132
Excess (deficiency) of revenue over (under) expenditure	(2,232,122)	(22,576,920)	(9,277,320)	13,299,600
Other financing (sources) uses				
Transfers in	5,109,549	13,031,193	5,491,903	(7,539,290)
Transfers out	(3,662,906)	(4,179,550)	(3,807,564)	371,986
Proceeds from issuance of long-term debt	2,400,000	14,900,000	22,388,712	7,488,712
Sale of capital assets	145,000	145,000	127,806	(17,194)
Total other financing sources (uses)	3,991,643	23,896,643	24,200,857	304,214
Net change in fund balance	1,759,521	1,319,723	14,923,537	13,603,814
Fund balance - beginning	21,408,078	20,704,708	20,704,709	1
Fund balance - ending	\$ 23,167,599	\$ 22,024,431	\$ 35,628,246	\$ 13,603,815

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2020

Page 1 of 4

	Business-Type Activities			
	Major Funds			
	Airport	Transit	Refuse	Wastewater
Assets				
Current Assets				
Cash and cash equivalents	\$ 547,030	\$ 6,839,489	\$ 1,474,537	\$ 14,909,859
Cash with fiscal agent	—	—	—	—
Investments	—	3,965,007	856,614	8,622,595
Receivables, net allowance for uncollectible accounts				
Taxes	—	1,194,114	—	—
Accounts	69,521	24,989	1,071,929	3,068,812
Notes and contracts receivable	—	—	—	—
Due from other governments	585,750	2,868,109	—	—
Inventories and prepayments	—	—	—	—
Total current assets	<u>1,202,301</u>	<u>14,891,708</u>	<u>3,403,080</u>	<u>26,601,266</u>
Noncurrent assets				
Restricted cash	—	—	—	1,600,000
Capital assets not being depreciated				
Land	3,418,797	1,182,989	—	649,505
Construction in progress	5,295,955	1,455	—	3,897,794
Capital assets, net of accumulated depreciation				
Buildings	86,108	1,748,644	—	15,348,373
Machinery, equipment & vehicles	2,142,373	3,911,506	—	6,763,585
Other improve & utility systems	11,278,896	1,161,643	—	46,818,639
Intangibles	527,085	—	—	—
Total noncurrent assets	<u>22,749,214</u>	<u>8,006,237</u>	<u>—</u>	<u>75,077,896</u>
Total assets	<u>23,951,515</u>	<u>22,897,945</u>	<u>3,403,080</u>	<u>101,679,162</u>
Deferred outflows of resources				
Deferred amount on refunding	—	—	—	173,255
Deferred outflows related to pension	60,897	265,604	124,254	363,229
Deferred outflows related to OPEB	3,479	14,395	6,888	20,571
Total deferred outflows of resources	<u>64,376</u>	<u>279,999</u>	<u>131,142</u>	<u>557,055</u>
Total assets & deferred outflows	<u>24,015,891</u>	<u>23,177,944</u>	<u>3,534,222</u>	<u>102,236,217</u>

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

December 31, 2020

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Business-Type Activities				Gov't
Major Funds		Non-Major		Activities
Water	Irrigation	Stormwater	Total	Internal Service Funds
\$ 5,388,898	\$ 5,222,391	\$ 3,414,220	\$ 37,796,424	\$ 8,067,488
—	—	21,338	21,338	—
3,909,012	533,546	1,979,486	19,866,260	3,752,857
—	—	71,202	1,265,315	—
869,704	440,889	357	5,546,202	1,148,684
—	—	452,616	452,616	(18,245)
—	—	—	3,453,859	31,769
453,396	—	—	453,396	632,008
<u>10,621,010</u>	<u>6,196,826</u>	<u>5,939,219</u>	<u>68,855,410</u>	<u>13,614,561</u>
—	—	—	1,600,000	—
173,613	98,500	—	5,523,404	—
806,998	3,614,230	459,883	14,076,315	—
3,915,303	251,119	—	21,349,547	371,116
149,841	—	4,013	12,971,318	10,905,390
31,862,472	14,577,681	5,192,920	110,892,252	420,255
150,659	—	—	677,744	—
<u>37,058,886</u>	<u>18,541,530</u>	<u>5,656,816</u>	<u>167,090,580</u>	<u>11,696,761</u>
<u>47,679,896</u>	<u>24,738,356</u>	<u>11,596,035</u>	<u>235,945,990</u>	<u>25,311,322</u>
—	91,921	—	265,176	—
240,165	56,443	64,096	1,174,689	226,455
15,388	2,946	3,088	66,755	14,388
<u>255,553</u>	<u>151,310</u>	<u>67,184</u>	<u>1,506,620</u>	<u>240,843</u>
<u>47,935,449</u>	<u>24,889,666</u>	<u>11,663,219</u>	<u>237,452,610</u>	<u>25,552,165</u>

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2020

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	Business-Type Activities			
	Major Funds			
	Airport	Transit	Refuse	Wastewater
Liabilities				
Current liabilities				
Accounts payable	75,152	106,224	112,126	560,860
Retainage payable	—	—	—	150,361
Claims & judgments payable	—	—	—	—
Accrued salaries and benefits	85,304	397,746	172,947	478,130
Compensated absences	7,399	29,365	16,000	47,914
Deposit type accounts	38,652	—	179,855	392,773
Due to other governments	(5,294)	2	—	1,976
Other current liabilities	—	—	444	2,170
Interest payable	—	—	—	48,962
Debt principal due within one year	—	—	—	2,075,977
Other postemployment benefits - current	5,178	21,425	10,252	30,618
Total current liabilities	<u>206,391</u>	<u>554,762</u>	<u>491,624</u>	<u>3,789,741</u>
Noncurrent liabilities				
Compensated absences	80,051	328,793	177,254	544,020
Pension Liability	203,203	886,276	414,615	1,212,031
Other postemployment benefits (OPEB)	84,985	351,657	168,271	502,538
Debt principal due more than one year	—	—	—	10,641,884
Total noncurrent liabilities	<u>368,239</u>	<u>1,566,726</u>	<u>760,140</u>	<u>12,900,473</u>
Total liabilities	<u>574,630</u>	<u>2,121,488</u>	<u>1,251,764</u>	<u>16,690,214</u>
Deferred inflows of resources				
Deferred inflows related to pension	67,933	296,292	138,611	405,196
Deferred inflows related to OPEB	43,657	180,648	86,442	258,156
Total deferred inflows of resources	<u>111,590</u>	<u>476,940</u>	<u>225,053</u>	<u>663,352</u>
Total liabilities & deferred inflows	<u>686,220</u>	<u>2,598,428</u>	<u>1,476,817</u>	<u>17,353,566</u>
Net position				
Net investment in capital assets	22,749,215	8,006,237	—	60,782,930
Restricted for:				
Debt service	—	—	—	1,600,000
Unrestricted	580,457	12,573,279	2,057,405	22,499,721
Total net position	<u>\$ 23,329,672</u>	<u>\$ 20,579,516</u>	<u>\$ 2,057,405</u>	<u>\$ 84,882,651</u>

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2020

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Business-Type Activities				Gov't
Major Funds		Non-Major		Internal
Water	Irrigation	Stormwater	Total	Service
				Funds
162,251	52,607	84,287	1,153,507	441,767
5,213	—	8,890	164,463	17,797
—	—	—	—	3,899,322
400,142	70,603	75,445	1,680,317	233,743
36,394	7,474	8,970	153,516	21,102
366,148	907	—	978,336	64,711
673	—	7	(2,635)	100
23,131	—	—	25,746	—
18,987	7,713	—	75,661	—
741,844	180,000	—	2,997,822	—
16,208	4,385	4,596	92,662	28,108
<u>1,770,991</u>	<u>323,689</u>	<u>182,195</u>	<u>7,319,395</u>	<u>4,706,650</u>
405,623	77,428	101,144	1,714,313	229,703
801,389	188,342	213,878	3,919,734	755,642
266,032	71,976	75,442	1,520,901	461,361
<u>6,485,139</u>	<u>3,078,018</u>	<u>—</u>	<u>20,205,041</u>	<u>—</u>
<u>7,958,183</u>	<u>3,415,764</u>	<u>390,464</u>	<u>27,359,989</u>	<u>1,446,706</u>
<u>9,729,174</u>	<u>3,739,453</u>	<u>572,659</u>	<u>34,679,384</u>	<u>6,153,356</u>
267,913	62,965	71,502	1,310,411	252,620
193,100	36,974	38,755	837,732	180,565
<u>461,013</u>	<u>99,939</u>	<u>110,257</u>	<u>2,148,143</u>	<u>433,185</u>
<u>10,190,187</u>	<u>3,839,392</u>	<u>682,916</u>	<u>36,827,527</u>	<u>6,586,541</u>
29,826,690	15,375,433	5,647,926	142,388,430	11,678,964
—	—	—	1,600,000	—
<u>7,918,574</u>	<u>5,674,841</u>	<u>5,332,376</u>	<u>56,636,653</u>	<u>7,286,661</u>
<u>\$ 37,745,264</u>	<u>\$ 21,050,274</u>	<u>\$ 10,980,302</u>	<u>\$ 200,625,083</u>	<u>\$ 18,965,625</u>

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

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

For the Year Ended December 31, 2020

Page 1 of 2

	Business-Type Activities			
	Major Funds			
	Airport	Transit	Refuse	Wastewater
Operating revenues				
Charges and fees for services	\$ 346,925	\$ 461,295	\$ 8,325,717	\$ 23,266,776
Charges for insurance	—	—	—	—
Employer premium payments	—	—	—	—
Employee premium payments	—	—	—	—
Rents and leases	835,585	8,800	—	—
Special assessments	—	116,000	—	—
Other operating revenue	12,930	595	231	15,296
Total operating revenues	<u>1,195,440</u>	<u>586,690</u>	<u>8,325,948</u>	<u>23,282,072</u>
Operating expenses				
Personnel services	847,407	3,956,323	1,662,019	4,995,730
Materials and supplies	66,097	456,158	283,795	984,003
Contractual services	411,845	3,057,129	5,556,707	9,008,226
Claims and other benefits	—	—	—	—
Depreciation	1,895,992	1,019,984	—	4,366,811
Total operating expense	<u>3,221,341</u>	<u>8,489,594</u>	<u>7,502,521</u>	<u>19,354,770</u>
Operating income (loss)	(2,025,901)	(7,902,904)	823,427	3,927,302
Nonoperating revenues (expense)				
Grants and subsidies	2,150,770	9,919,322	154,280	17,456
Interest revenue	253	8,963	—	—
Other nonoperating revenue	—	—	—	—
Interest & other debt service costs	—	—	—	(225,290)
Gain (loss) disposal of capital assets	13,750	6,174	—	—
Total nonoperating revenue (exp)	<u>2,164,773</u>	<u>9,934,459</u>	<u>154,280</u>	<u>(207,834)</u>
Income (loss) before contributions & transfers	138,872	2,031,555	977,707	3,719,468
Capital contributions	—	—	—	1,139,308
Transfers in	75,000	—	—	32,621
Transfers (out)	—	—	—	(285,429)
Change in net position	<u>213,872</u>	<u>2,031,555</u>	<u>977,707</u>	<u>4,605,968</u>
Net position - beginning	24,642,375	18,547,962	1,079,699	80,276,681
Prior period adjustment	(1,526,575)	—	—	—
Net position - ending	<u>\$ 23,329,672</u>	<u>\$ 20,579,517</u>	<u>\$ 2,057,406</u>	<u>\$ 84,882,649</u>

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

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

For the Year Ended December 31, 2020

Page 2 of 2

Business-Type Activities				Gov't
Major Funds				Internal
Non-Major				Service
Water	Irrigation	Stormwater	Total	Funds
\$ 10,759,829	\$ 3,406,497	\$ 4,008,811	\$ 50,575,849	\$ 2,407,577
—	—	—	—	5,919,172
—	—	—	—	13,078,701
—	—	—	—	2,040,485
—	—	—	844,385	—
—	—	—	116,000	—
44,724	—	—	73,776	6,133
<u>10,804,553</u>	<u>3,406,497</u>	<u>4,008,811</u>	<u>51,610,010</u>	<u>23,452,068</u>
2,535,944	692,823	729,866	15,420,112	2,923,308
589,080	100,745	66,732	2,546,610	167,799
4,328,977	892,070	1,642,124	24,897,078	6,580,814
—	—	—	—	11,235,294
1,896,671	446,914	211,296	9,837,668	1,370,742
<u>9,350,672</u>	<u>2,132,552</u>	<u>2,650,018</u>	<u>52,701,468</u>	<u>22,277,957</u>
1,453,881	1,273,945	1,358,793	(1,091,458)	1,174,111
19,933	207,321	—	12,469,082	193,335
—	—	—	9,216	957
—	—	—	—	137,305
(55,765)	(116,900)	—	(397,955)	—
—	—	—	19,924	(19,043)
<u>(35,832)</u>	<u>90,421</u>	<u>—</u>	<u>12,100,267</u>	<u>312,554</u>
1,418,049	1,364,366	1,358,793	11,008,809	1,486,665
463,612	—	—	1,602,920	—
—	—	—	107,621	967,892
(208,621)	(45,000)	(60,000)	(599,050)	(26,866)
<u>1,673,040</u>	<u>1,319,366</u>	<u>1,298,793</u>	<u>12,120,300</u>	<u>2,427,691</u>
36,072,224	19,730,909	9,681,507	190,031,360	16,537,934
—	—	—	(1,526,575)	—
<u>\$ 37,745,264</u>	<u>\$ 21,050,275</u>	<u>\$ 10,980,300</u>	<u>\$ 200,625,085</u>	<u>\$ 18,965,625</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2020

Page 1 of 4

	Business-Type Activities			
	Major Funds			
	Airport	Transit	Refuse	Wastewater
Cash flows from operating activities				
Receipts from customers	\$ 316,733	\$ 298,771	\$ 8,151,514	\$ 22,772,973
Contributions rec'd employer & employee		—	—	—
Payments to suppliers & service providers	(695,351)	(3,593,422)	(5,809,102)	(9,889,030)
Payments to employees salaries & benefits	(887,680)	(4,258,672)	(1,785,785)	(5,419,551)
Other Operating Revenues	848,515	125,395	231	15,296
Payments to claimants & beneficiaries	—	—	—	—
Net cash flows from operating activities	<u>(417,783)</u>	<u>(7,427,928)</u>	<u>556,858</u>	<u>7,479,688</u>
Cash from noncapital financing activities				
Sales tax received	—	6,672,033	—	—
Operating grants	549,770	3,247,289	154,280	17,456
Net cash from noncapital financing activities	<u>549,770</u>	<u>9,919,322</u>	<u>154,280</u>	<u>17,456</u>
Cash flows from capital financing activities				
Proceeds from disposal of property	13,750	6,174	—	—
Capital grants & contributions	1,601,000	—	—	763,280
Capital expenditures	—	—	—	(1,919,588)
Acquisition & construction of capital assets	(1,723,886)	(11,389)	—	(4,341,685)
Interest and related charges paid	—	—	—	(396,305)
Transfers in	75,000	—	—	32,621
Transfers (out)	—	—	—	(285,429)
Net cash provided by (used for) financing	<u>(34,136)</u>	<u>(5,215)</u>	<u>—</u>	<u>(6,147,106)</u>
Cash flows from investing activities				
Proceeds from sale of investments	—	6,432,215	1,258,225	18,397,571
Interest on investments	253	8,963	—	—
Purchase of investments	—	(3,965,007)	(856,614)	(8,622,595)
Net cash provided by investing activities	<u>253</u>	<u>2,476,171</u>	<u>401,611</u>	<u>9,774,976</u>
Net increase (decrease) in cash & cash equivalents	98,104	4,962,350	1,112,749	11,125,014
Cash & cash equivalents - beginning	448,927	1,877,137	361,788	5,384,846
Cash & cash equivalents - ending	<u>\$ 547,031</u>	<u>\$ 6,839,487</u>	<u>\$ 1,474,537</u>	<u>\$ 16,509,860</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2020

Page 2 of 4

Business-Type Activities				Gov't
Major Funds		Non-Major		Internal
Water	Irrigation	Stormwater	Total	Service
				Funds
\$ 10,500,235	\$ 3,317,963	\$ 3,801,657	\$ 49,159,845	\$ 8,701,973
—	—	—	—	15,075,225
(4,867,060)	(1,125,918)	(1,697,960)	(27,677,843)	(7,182,238)
(2,812,833)	(757,045)	(808,086)	(16,729,652)	(2,978,934)
44,724	—	—	1,034,161	6,133
—	—	—	—	(11,235,294)
<u>2,865,066</u>	<u>1,435,000</u>	<u>1,295,611</u>	<u>5,786,511</u>	<u>2,386,865</u>
—	—	—	6,672,033	330,640
6,370	752	—	3,975,917	—
<u>6,370</u>	<u>752</u>	<u>—</u>	<u>10,647,950</u>	<u>330,640</u>
—	—	—	19,924	(19,043)
436,034	206,570	—	3,006,884	—
(741,844)	—	(1,161,120)	(2,661,433)	—
(413,530)	(1,230,864)	—	(8,882,473)	(2,370,811)
(55,765)	(268,939)	—	(721,010)	—
—	—	—	107,621	967,892
(208,621)	(45,000)	(60,000)	(599,050)	(26,866)
<u>(983,726)</u>	<u>(1,338,233)</u>	<u>(1,221,120)</u>	<u>(9,729,537)</u>	<u>(1,448,828)</u>
5,724,366	4,381,732	4,119,197	40,313,307	6,287,577
—	—	—	9,216	957
(3,909,012)	(533,546)	(1,979,486)	(19,866,260)	(3,752,857)
<u>1,815,354</u>	<u>3,848,186</u>	<u>2,139,711</u>	<u>20,456,263</u>	<u>2,535,677</u>
3,703,064	3,945,705	2,214,202	27,161,187	3,804,354
1,685,835	1,276,687	1,221,355	12,256,575	4,263,135
<u>\$ 5,388,899</u>	<u>\$ 5,222,392</u>	<u>\$ 3,435,557</u>	<u>\$ 39,417,762</u>	<u>\$ 8,067,489</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2020

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	Business-Type Activities			
	Major Funds			
	Airport	Transit	Refuse	Wastewater
Reconciliation - operating income (loss) to net cash provided (used) for operations				
Operating income (loss)	\$ (2,025,901)	\$ (7,902,904)	\$ 823,426	\$ 3,927,302
Adj to reconcile operating income (loss) to net cash provided (used) for operations				
Depreciation expense	1,895,992	1,019,984	—	4,366,811
Change in assets and liabilities				
(Increase) decrease in net accounts receivable	35,597	(15,694)	(174,202)	(493,803)
(Increase) decrease in due from other governments	(65,789)	(146,830)	—	—
(Increase) decrease in inventory	—	—	—	—
(Decrease) increase in accounts payable	(212,668)	(80,135)	31,400	28,684
(Decrease) increase in accrued liabilities	(7,469)	—	88,418	(1,121)
(Decrease) increase in wages/benefits payable	3,090	24,521	—	(30,110)
(Decrease) increase in compensated absences	6,916	(989)	8,482	11,170
(Decrease) increase in contracts payable	—	—	—	97,198
(Decrease) increase in due to other governments	2,727	—	—	—
(Decrease) increase in interest payable	—	—	—	(21,562)
(Decrease) increase in pension/OPEB liability	(50,279)	(325,881)	(220,667)	(404,881)
Total adjustments	1,608,117	474,976	(266,569)	3,552,386
Net cash prov (used) for operations	\$ (417,784)	\$ (7,427,928)	\$ 556,857	\$ 7,479,688
Schedule of noncash capital & related financing activities				
Contribution of capital assets	\$ —	\$ —	—	\$ 376,028

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2020

Page 4 of 4

Business-Type Activities				Gov't
Major Funds				Internal
Non-Major			Total	Service
Water	Irrigation	Stormwater		Funds
\$ 1,453,881	\$ 1,273,945	\$ 1,358,794	\$ (1,091,458)	\$ 1,174,111
1,896,671	446,914	211,296	9,837,668	1,370,742
(238,453)	(88,534)	(207,154)	(1,182,243)	331,264
—	—	—	(212,619)	—
(21,141)	—	—	(21,141)	(25,450)
54,809	(87,895)	71,453	(194,353)	(408,176)
(986)	—	27,023	105,865	—
32,595	159	—	30,255	(18,303)
13,280	7,072	4,463	50,394	(37,323)
(939)	—	(60,557)	35,702	—
—	—	—	2,727	—
(1,887)	(45,208)	—	(68,656)	—
(322,763)	(71,453)	(109,706)	(1,505,630)	—
1,411,186	161,055	(63,182)	6,877,969	1,212,754
<u>\$ 2,865,067</u>	<u>\$ 1,435,000</u>	<u>\$ 1,295,612</u>	<u>\$ 5,786,511</u>	<u>\$ 2,386,865</u>
\$ 41,140	\$ —	—	\$ 417,168	\$ —

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

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

December 31, 2020

Page 1 of 1

	Custodial Fund YakCorps
	<u> </u>
Assets	
Current assets	
Cash and cash equivalents	\$ 471,590
Receivables, net allowance for uncollectible accounts	
Accounts	<u>1,469</u>
Total current assets	<u>473,059</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	
Machinery, equipment & vehicles	<u>116,731</u>
Total assets	<u>589,790</u>
Liabilities	
Current liabilities	
Accounts payable	6,000
Due to other governments	<u>483,840</u>
Total liabilities	<u>489,840</u>
Total net position	<u>\$ 99,950</u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND**

For the Year Ended December 31, 2020

Page 1 of 1

	YakCorps Custodial Fund
Additions	
Contributions	
Custodial deposits	\$ 656,276
Total additions	<u>656,276</u>
Deductions	
Disbursements	556,326
Total deductions	<u>556,326</u>
Net increase (decrease) in fiduciary net position	99,950
Net position - beginning	<u>—</u>
Net position - ending	<u><u>\$ 99,950</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2020

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NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2020

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.

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 formed a Public Facilities District (PFD) for the purpose of managing the expansions of the Yakima Convention Center and the Capitol Theatre. The City appoints a majority of the board members and approves the annual budget. All revenue derived by the PFD (primarily two separate state sales tax credits) is transferred to the City and the City disburses the funds for the applicable debt service, 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

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 **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.
- 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.

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. 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.
 - * **Custodial Funds** account for assets held by the City as an agent for joint, intergovernmental operations through interlocal agreements. Custodial funds are for funds held for the benefit of other governments. 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), a qualified external investment pool which the City is eligible to participate in.

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 fair 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 or asset, 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 postemployment 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. Constraints imposed by the City Council for amounts intended for specific purposes, but do not meet the criteria of restricted or committed. It is the City’s policy that intent of use can be assigned by the City Council, or by a designated official, adopted through either the budget ordinance or an amending budget ordinance. For governmental funds, other than the General Fund, the residual fund balance that is not restricted or committed is reported as assigned because the use of fund balance, at a minimum, should be used for the purpose of that fund. Additional action does not need to be taken to remove an assignment, whereas additional action is essential to remove a commitment.

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

PRIOR PERIOD ADJUSTMENT

Airport Alpha Taxiway project not capitalized in 2018 for \$508,858 and 2019 for \$1.0 million prior period adjustment to depreciation.

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	\$ 17,571,736
Construction in progress	24,435,996
Buildings	57,628,807
Less: Accumulated depreciation - buildings	(30,213,729)
Machinery, equipment and vehicles	26,833,066
Less: Accumulated depreciation - machinery, equipment and vehicles	(20,601,651)
Infrastructure	304,809,818
Less: Accumulated depreciation - infrastructure	(216,006,858)
Other improvements	31,330,613
Less: Accumulated depreciation - other improvements	(15,438,213)
 Net adjustment to increase total fund balances - total government funds to arrive at net position - governmental activities	 <u><u>\$ 180,349,585</u></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	\$ (40,800,414)
Add: Issuance premium (to be amortized over the life of the debt)	(679,158)
Intergovernmental loans	(4,944,439)
Lease purchase agreements	(3,191,844)
Add: Issuance premium (to be amortized over the life of the debt)	(544,842)
Compensated absences	(9,057,395)
Subtotal	<u>(59,218,092)</u>
Accrued interest payable	(198,017)
 Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities	 <u><u>\$ (59,416,109)</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	\$ 18,108,910
Net pension liability	(16,479,460)
Deferred outflow change in proportionate share	5,686,247
Deferred inflow change in proportionate share	(6,551,798)
Other postemployment benefit obligation	(51,003,198)
 Net adjustment to reduce total fund balances - total government funds to arrive at net position - governmental activities	 <u><u>\$ (50,239,299)</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	\$ 13,860,448
Depreciation expense	(11,969,329)
 Net adjustment to decrease net changes in fund balances - total government funds to arrive at changes in net position of governmental activities	 <u><u>\$ 1,891,119</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.	\$ (19,748)
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.	486,662
Net adjustment to increase total government funds to arrive at changes in net position of governmental activities	<u>\$ 466,914</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	\$ (22,388,712)
Principal repayments	
General obligation debt	10,862,316
Intergovernmental loans	466,942
Lease purchase agreements	297,371
Interest accrued	167,855
Net adjustment to increase net changes in fund balances - total government funds to arrive at changes in net position of governmental activities	<u>\$ (10,594,228)</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 allocates annually-available resources among the City’s services and programs, capital expenditures and financing decisions with an eye to fiscal sustainability and future fund balances.

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 October 1, the City Manager submits a proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by City departments during the preceding months and balanced with revenue estimates.
- The Council conducts 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 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 \$55.1 million. The principal amendments were adjustments for CARES Act funding in the amount of \$11.9 million, debt refunding in the amount of \$8.6 million, Community Development/ONDS in the amount of \$3.4 million due to the programmatic nature of the budget and differences in the reporting time frame for Federal programs, and nonlapsing and new appropriations of various construction projects.

General Fund spent less than its \$74.8 million final budget by \$9.8 million 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 \$717,668 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 \$1,538,626 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.

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 requirements for all deposits above Federal Depository Insurance Corporation (FDIC) insured amounts are prescribed by State statute (RCW 39.58) and PDPC regulations. The PDPC provides protection to Washington cities by defining standards for financial institutions holding public deposits, by monitoring their financial condition as approved public depositories and defining collateralization requirements.

The City of Yakima had the following cash on hand and deposit balances on December 31, 2020:

Banks and savings and loan institutions	\$ 15,102,342
Cash with fiscal agent	499,902
Petty cash and other imprest funds	13,407
Local Government Investment Pool (LGIP)	64,472,094
Subtotal	80,087,745
Custodial fund	471,590
Total	<u>\$ 80,559,335</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. Participation is available to eligible government entities as defined by state regulations and is voluntary. The State Treasurer is responsible for establishing and maintaining the investment policy for the pool, reviewing the policy annually, and proposed changes are reviewed by the LGIP advisory committee comprised of six members appointed by the State Treasurer and eight members appointed by state associations appointed to three-year terms.

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. Participating agencies may contribute or withdraw funds with same-day or next-day notice.

The Office of the State Treasurer prepares a stand-alone comprehensive annual financial report. A copy of the LGIP audited financial report, provided annually for review to the Governor, State Auditor, and Joint Legislative Audit and Review Committee, is available online at 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, approved by City Council on March 5, 2019. The policy applies to all funds as indicated in the policy itself.

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 Local Government Investment Pool (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.

INVESTMENTS AUTHORIZED BY CITY INVESTMENT POLICY

Authorized Investment Type	Maturity	Maximum % of Portfolio	Maximum Investment per Issuer
US Treasury securities	5 Years	100%	n/a
Government Sponsored Enterprise (GSE)	5 Years	100%	40%
Corporate medium term notes	5 Years	15%	2% or \$1M
Local Government Investment Pool (LGIP)	n/a	100%	n/a
Bankers acceptances	5 Years	15%	n/a
Commercial paper	5 Years	15%	2% or \$1M
Same state local securities	5 Years	15%	2% or \$1M
Certificates of deposit	5 Years	10%	2% or \$1M
Other state/local securities	5 Years	5%	2% or \$1M
Same County - local government issuer	5 Years	Council Resolution	

Concentration of Credit Risk

Credit risk, generally, is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

The City’s investment policy limits the amount that can be invested in obligation of any one entity except US Treasuries, US Government Sponsored Enterprise Securities and the Washington State Local Government Investment Pool (LGIP).

Investments in any one issuer of Corporate Medium Term Notes are as follows:

INVESTMENT LIMITS

Issuer	Par Value	Cost	Fair Value	Moody's	S & P	Fitch
Apple	\$ 1,000,000	\$ 991,000	\$ 1,017,350	AA1	AA+	n/a
Bank of New York	1,000,000	989,800	1,003,038	A1	A	AA-
Microsoft	1,000,000	996,920	1,014,131	Aaa	AAA	AA+
US Bank	1,000,000	997,300	1,015,194	A1	A+	AA-
WalMart	1,000,000	1,026,800	1,050,970	Aa2	AA	AA
	<u>\$ 5,000,000</u>	<u>\$ 5,001,820</u>	<u>\$ 5,100,683</u>			

Reinvestment Rate Risk

Reinvestment risk is the risk that the proceeds at maturity of an investment could have to be reinvested at a lower rate than the original investment due to the maturity date chosen at time of purchase. In accordance with its adopted investment policy, the City manages its exposure to market rate fluctuations by diversifying maturity dates. The following table shows the distribution of fair values by investment type and remaining maturity. As of December 31, 2020, the City of Yakima had the following investments:

DISTRIBUTION OF FAIR VALUE

Investment Type	Fair Value	Remaining Maturity				
		12 Months or Less	12 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 Months
Local Government Investment Pool (LGIP)	\$ 64,472,094	\$ 64,472,094	\$ —	\$ —	\$ —	\$ —
US Treasury securities	5,212,137	2,014,910	—	1,069,180	2,128,047	—
Government Sponsored Enterprise (GSE)	24,530,984	5,691,101	8,264,257	4,202,946	5,318,819	1,053,861
Corporate medium term notes	5,173,672	1,004,985	2,043,564	2,125,123	—	—
	<u>99,388,887</u>	<u>\$ 73,183,090</u>	<u>\$ 10,307,821</u>	<u>\$ 7,397,249</u>	<u>\$ 7,446,866</u>	<u>\$ 1,053,861</u>

Investments Measured at Fair Value

The City measures and reports investments at fair value using the valuation input hierarchy established by generally-accepted accounting principles, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other-than-quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset or liability.

The city's investments consist of Treasuries, Agencies and Corporate Medium Term Notes, all actively traded instruments and therefore able to be reasonably priced by nationally-known vendors. Fair Value is priced using ICE (Intercontinental Exchange) as the primary source and Bloomberg as a secondary source for monthly valuations on monthly custodial safekeeping reports. At December 31, the city had the following investments measured at fair value:

FAIR VALUE MEASUREMENTS

	12/31/2020	Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
US Treasury securities	\$ 5,212,137	\$ 5,212,137	\$ —	\$ —
Federal agency obligations	24,530,984	—	24,530,984	—
Corporate bonds	5,173,672	—	5,173,672	—
Total investments measured at fair value	<u>34,916,793</u>	<u>5,212,137</u>	<u>29,704,656</u>	<u>—</u>
Investments measured at amortized cost				
State Local Government Investment Pool (LGIP)	64,472,094	64,472,094	—	—
Total Investments	<u>\$ 99,388,887</u>	<u>\$ 69,684,231</u>	<u>\$ 29,704,656</u>	<u>\$ —</u>

Carrying Value

Investments are reported at fair value on the Financial Statements. Fair value reflects the market price on a given date, reported independently by the third-party custodian using quoted prices in active markets for identical assets. Securities traded on a national exchange are valued at the last reported sales price or fair value when

market quotations are readily available. Changes in fair value may create unrealized gains and losses which are usually not realized due to the strategy outlined in the City's investment policy of primarily holding investments until maturity.

The city is a voluntary participant in the Local Government Investment Pool (LGIP), an external investment pool managed by the Washington State Treasurer. The pool is not rated and not registered with the SEC. rather, oversight is provided by the State Finance Committee in accordance with RCW 43.20. Investments in the LGIP are reported at amortized cost, which is the same as the per-share value of the pool. The LGIP does not impose any restrictions on participant withdrawals.

A copy of the stand-alone financial report is available from the Office of the State Treasurer, PO Box 40200, Olympia, WA Washington 98504-0200 or online at www.tre.wa.gov.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the market value of an investment. 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.

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 Local Improvement District (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 2020, the City's regular tax levy was \$2.6732 per \$1,000 on a total assessed valuation of \$7.4 billion, for a total regular levy of \$19,799,077. 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 2020 was \$.1555 per \$1,000, or \$1,151,510.

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. Estimated uncollectible balances are as follows:

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE – ENTERPRISE FUNDS

Refuse	\$	278,810
Wastewater		608,138
Water		367,319
Irrigation		68,668
Irrigation Capital		33,822
Total	\$	<u>1,356,757</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 have been eliminated on the government-wide financial statement, as there were no Interfund balances at year end.

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 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 Internal Service fund services should be rendered at approximate cost.

The following chart depicts interfund transfer activity during 2020:

INTERFUND TRANSFERS

Transfer out	Transfer In					
	Other			Internal		Total
	Gen Gov't	Airport	Wastewater	Service		
General Fund	\$ 2,042,457	\$ 75,000	\$ —	\$ 16,480	\$ 2,133,937	
Other Gen Gov't	3,364,998	—	—	442,565	3,807,563	
Wastewater	84,448	—	—	200,981	285,429	
Water	—	—	32,621	176,000	208,621	
Irrigation	—	—	—	45,000	45,000	
Other Enterprise	—	—	—	60,000	60,000	
Internal Service	—	—	—	26,866	26,866	
Total	\$ 5,491,903	\$ 75,000	\$ 32,621	\$ 967,892	\$ 6,567,416	

CAPITAL ASSETS

CAPITAL ASSET ACTIVITY

	Balance	Additions	Adjustments	Deletions	Balance
	1/1/2020				12/31/2020
Governmental activities					
Capital assets - not being depreciated					
Land	\$ 17,571,736	\$ —	\$ —	\$ —	\$ 17,571,736
Construction in progress	18,248,948	12,570,262	(6,383,215)	—	24,435,995
Total capital assets not being depreciated	35,820,684	12,570,262	(6,383,215)	—	42,007,731
Capital assets being depreciated					
Buildings	57,571,868	56,939	—	—	57,628,807
Other improvements	31,067,645	262,969	—	—	31,330,614
Machinery, equipment and vehicles	26,043,171	970,278	—	(180,383)	26,833,066
Infrastructure	297,939,941	486,662	6,383,215	—	304,809,818
Total capital assets being depreciated	412,622,625	1,776,848	6,383,215	(180,383)	420,602,305
Less accumulated depreciation					
Buildings	(28,977,379)	(1,236,350)	—	—	(30,213,729)
Other improvements	(13,919,251)	(1,518,962)	—	—	(15,438,213)
Machinery, equipment and vehicles	(19,474,156)	(1,288,130)	—	160,635	(20,601,651)
Infrastructure	(208,080,972)	(7,925,886)	—	—	(216,006,858)
Total accumulated depreciation	(270,451,758)	(11,969,328)	—	160,635	(282,260,451)
Total capital assets being depreciated - net	142,170,867	(10,192,480)	6,383,215	(19,748)	138,341,854
Governmental activities capital assets - net	177,991,551	2,377,782	—	(19,748)	180,349,585
Internal service funds - governmental activities					
Capital assets being depreciated					
Buildings	37,397	386,060	—	—	423,457
Other improvements	716,236	6,192	—	—	722,428
Machinery, equipment and vehicles	26,827,709	2,142,767	—	(1,006,337)	27,964,139
Total capital assets being depreciated	27,581,342	2,535,019	—	(1,006,337)	29,110,024

CAPITAL ASSET ACTIVITY

	<u>Balance</u>				<u>Balance</u>
	<u>1/1/2020</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Deletions</u>	<u>12/31/2020</u>
Less accumulated depreciation					
Buildings	(32,429)	(19,912)	—	—	(52,341)
Other improvements	(262,138)	(40,037)	—	—	(302,175)
Machinery, equipment and vehicles	(16,590,086)	(1,310,793)	—	842,130	(17,058,749)
Total accumulated depreciation	<u>(16,884,653)</u>	<u>(1,370,742)</u>	<u>—</u>	<u>842,130</u>	<u>(17,413,265)</u>
Total internal service capital assets depreciated - net	10,696,689	1,164,277	—	(164,207)	11,696,759
Total governmental activities	<u>\$ 188,688,240</u>	<u>\$ 3,542,059</u>	<u>\$ —</u>	<u>\$ (183,955)</u>	<u>\$ 192,046,344</u>
Business-type activities					
Capital assets - not being depreciated					
Land	\$ 5,523,405	\$ —	\$ —	\$ —	\$ 5,523,405
Construction in progress	23,331,055	8,544,241	(17,798,980)	—	14,076,316
Total capital assets not being depreciated	<u>28,854,460</u>	<u>8,544,241</u>	<u>(17,798,980)</u>	<u>—</u>	<u>19,599,721</u>
Capital assets being depreciated					
Buildings	88,362,671	—	—	—	88,362,671
Other improvements	187,953,772	464,468	16,272,406	—	204,690,646
Machinery, equipment and vehicles	41,675,795	290,932	—	—	41,966,727
Intangibles	2,190,139	—	—	—	2,190,139
Total capital assets - depreciated	<u>320,182,377</u>	<u>755,400</u>	<u>16,272,406</u>	<u>—</u>	<u>337,210,183</u>
Less accumulated depreciation					
Buildings	(65,558,487)	(1,454,637)	—	—	(67,013,124)
Other improvements	(87,617,458)	(6,180,935)	—	—	(93,798,393)
Machinery, equipment and vehicles	(26,894,787)	(2,100,625)	—	—	(28,995,412)
Intangibles	(1,410,922)	(101,471)	—	—	(1,512,393)
Total accumulated depreciation	<u>(181,481,654)</u>	<u>(9,837,668)</u>	<u>—</u>	<u>—</u>	<u>(191,319,322)</u>
Total capital assets being depreciated - net	<u>138,700,723</u>	<u>(9,082,268)</u>	<u>16,272,406</u>	<u>—</u>	<u>145,890,861</u>
Total capital assets - business activities	<u>\$ 167,555,183</u>	<u>\$ (538,027)</u>	<u>\$ (1,526,574)</u>	<u>\$ —</u>	<u>\$ 165,490,582</u>

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

<u>Function/Program</u>	<u>Amount</u>
General government	\$ 239,518
Public safety	1,066,208
Transportation	8,020,728
Economic environment	602,324
Cultural and recreational	2,040,551
to the various functions based on their usage of the assets	<u>1,370,742</u>
Total depreciation - governmental activities	<u>\$ 13,340,071</u>

DEPRECIATION EXPENSE

Function/Program	Amount
Transit	\$ 1,019,984
Wastewater	4,366,811
Water	1,896,671
Irrigation	446,914
Stormwater	211,296
Airport	1,895,992
Total depreciation - business-type activities	<u>\$ 9,837,668</u>

COMMITMENTS

Construction Commitments

The City had active construction projects as of December 31, 2020.

Several Wastewater Treatment Facility Improvements moving into 2021 include Ultra Violet Disinfection System Gate replacement, Rudkin Road Lift Station Controls replacement, and Industrial Waste Hot Water replacement projects. The Wastewater Collection System Master Plan will also carry forward into 2021.

Water Capital continues to work on the Intake River redirection, Water Main Replacement, Viola Bolt Main Replacement and 41st Ave Water Main Replacement.

Irrigation continues to work on the Nelson Dam and is in the process of seeking funding for the next phase.

The Sewer collection system improvements that will continue from 2020 into 2021 includes the cured-in-place pipe rehabilitation, replacement of aging manholes & pipes and installation of an order control system at Beech Street Lift Station. These projects are funded with rates and fees.

Stormwater projects at the end of 2020 include the Arlington Storm Drain Improvement project, the Drainage Improvement District Evaluation & Design, and the Stormwater Collection System Master Plan update. Stormwater is solely funded by the Stormwater Utility Capital fund.

At the end of 2020 City Engineering (Arterial Streets) completed many projects. The projects that will be carried forward into 2021 are the Second Phase of N. 1st Street, Cowiche Canyon, 64th & Ahtanum Road Intersection, Spring Creek, 48th & WA Improvement, 72nd & WA Improvements, McClure Elementary, Fruitvale & River Road Improvements and Bicycle Master Plan. Projects are paid for with Federal and State grants, TIB, TBD, SIED and Arterial Street Gas Tax.

Yakima Cascade Mill Site Development project continues into 2021, with the Municipal Solid Waste (MSW) under the road corridor in progress. This project is currently using Sales Tax Credit, Department of Ecology Grant, and local grants.

The Yakima Convention Center started it's North Expansion preliminary construction in 2019. It completed the 8th Street & SGT Pendleton Way drainage, and is more than half way thru the project with construction to complete 2021. The Convention Center project is paid for by bonds of \$12.5 million.

In 2020, the Yakima Air Terminal-McAllister Field managed a variety of Capital Improvement Projects, which included replacement of aging infrastructure, and updated Airport Layout Plan Update. Specifically, the airport rehabilitated the primary runway (9/27), which included replacement of high intensity incandescent runway edge/end lights with LED lights, replacement of series circuit cabling, relocation of supplementary wind cone beyond the Runway Object Free Area (ROFA), and crack sealed, seal coated and applied surface markings to the runway itself. Additionally, the East General Aviation Apron, which was constructed in the 1980's and is located

adjacent to the main terminal building where a variety of aircraft and airline charters utilize the apron as a parking location upon their arrival into Yakima, is being rehabilitated. The apron consists of approximately 29,400 square yards of asphalt and requires rehabilitation in order to meet Federal Aviation Administration safety standards. JUB Engineering, Inc. assisted with project formulation, design, bidding services, and submission of grant application in order to receive Federal assistance to rehabilitate the apron in 2021. Airport projects are funded with FAA grants.

CURRENT CONSTRUCTION COMMITMENTS

Project	Contract Amount	Spent to Date	Remaining Commitment
Wastewater Treatment Plant and Mains	\$ 293,605	\$ —	\$ 293,605
Water	3,409,040	77,117	3,331,923
Irrigation System Design/Rebuild	1,509,784	1,217,162	292,622
Sewer Projects	2,649,755	632,967	2,016,788
Stormwater Capital	3,573,762	155,445	3,418,317
Street Capital (Engineering) Construction	1,364,280	652,873	711,407
Mill Site Street Construction	15,655,008	3,356,801	12,298,207
Convention Center	11,525,376	9,243,330	2,282,046
Airport	1,639,499	1,411,897	227,602
Total	<u>\$ 41,620,109</u>	<u>\$ 16,747,592</u>	<u>\$ 24,872,517</u>

NOTE 5 – PENSION PLANS

The following table represents the aggregate pension amounts for all state sponsored plans for the year 2020:

AGGREGATE PENSION AMOUNTS - ALL STATE SPONSORED PLANS

Pension liabilities	\$ (10,822,250)
Pension assets	18,084,828
Deferred outflows of resources	6,929,827
Deferred inflows of resources	(6,137,513)
Pension expense/expenditures	553,955

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 2020 were as follows:

PERS PLAN 1

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
January - August 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	n/a
Administrative Fee	0.18%	n/a
Total	12.86%	6.00%
September - December 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	n/a
Administrative Fee	0.18%	n/a
Total	12.97%	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 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.

PERS PLAN 2/3

<u>Actual Contribution Rates</u>	<u>Employer 2/3</u>	<u>Employee 2</u>
January - August 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	n/a
Administrative Fee	0.18%	n/a
Employee PERS Plan 3	-	Varies
Total	12.86%	7.90%
September - December 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	n/a
Administrative Fee	0.18%	n/a
Employee PERS Plan 3	-	Varies
Total	12.97%	7.90%

The City of Yakima’s actual PERS plan contributions were \$1,553,225 to PERS Plan 1 and \$2,422,004 to PERS Plan 2/3 for the year ended December 31, 2020.

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 and Cannabis 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 2020 were as follows:

PSERS PLAN 2

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee</u>
January - August 2020		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.76%	n/a
Administrative Fee	0.18%	n/a
Total	12.14%	7.20%
August - December 2020		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.87%	n/a
Administrative Fee	0.18%	n/a
Total	12.25%	7.20%

The City of Yakima's actual plan contributions were \$66,594 to PSERS Plan 2 for the year ended December 31, 2020.

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 2020. 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 state contribution rate (expressed as a percentage of covered payroll) was 3.44% in 2020.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

LEOFF PLAN 2

Actual Contribution Rates	Employer	Employee
January - December 2020		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	n/a
Total	5.33%	8.59%
Ports and Universities	8.59%	8.59%
Administrative Fee	0.18%	n/a
Total	8.77%	8.59%

The City of Yakima’s actual contributions to the plan were \$1,257,023 for the year ended December 31, 2020.

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, 2020, the state contributed \$76,297,643 to LEOFF Plan 2. The amount recognized by the the City of Yakima as its proportionate share of this amount is (\$13,167,462).

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of January 1, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) 2013-2018 Experience Study and the 2019 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, 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 developed using the Society of Actuaries’ Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. 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.

OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA’s 2013-2018 Demographic Experience Study at leg.wa.gov/osa.

- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.

- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See leg.wa.gov/osa for more information on this method change.

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 was completed to test whether each pension plan’s fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA’s 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 (CMA’s) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA’s and their target asset allocation to simulate future investment returns at various future times.

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, 2020, 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%	2.20%
Tangible assets	7%	5.10%
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% point lower (6.4%) or 1% point higher (8.4%) than the current rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.4%	7.4%	8.4%
PERS 1	\$ 9,403,680	\$ 7,507,587	\$ 5,854,000
PERS 2/3	20,624,716	3,314,662	(10,940,176)
PSERS 2	223,590	(20,538)	(213,754)
LEOFF 1	(3,985,768)	(4,896,828)	(5,685,049)
LEOFF 2	(260,676)	(13,167,462)	(23,735,545)

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, 2020, the City of Yakima reported total pension assets of (\$18,084,828) and total liabilities of \$10,822,249 as follows:

	Asset	Liability
PERS 1	\$ —	\$ 7,507,587
PERS 2/3	—	3,314,662
PSERS 2	(20,538)	—
LEOFF 1	(4,896,828)	—
LEOFF 2	(13,167,462)	—
Total	<u>\$ (18,084,828)</u>	<u>\$ 10,822,249</u>

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

Risk	LEOFF 1	LEOFF 2
	Asset	Asset
Employer's proportionate share	\$ (4,896,828)	\$ (13,167,462)
State's proportionate share of the net pension asset associated with the employer	(33,122,025)	(8,419,594)
Total	<u>\$ (38,018,853)</u>	<u>\$ (21,587,056)</u>

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

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.2239%	0.2126%	(0.0113)%
PERS 2/3	0.2730%	0.2592%	(0.0138)%
PSERS 2	0.1852%	0.1493%	(0.0359)%
LEOFF 1	0.2608%	0.2593%	(0.0015)%
LEOFF 2	0.6823%	0.6455%	(0.0368)%

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 2020. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2020, 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 2020, the state of Washington contributed 39.57% of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 60.43% of employer contributions.

The collective net pension liability (asset) was measured as of December 31, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of January 1, 2020, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2020, the City of Yakima's recognized pension expense as follows:

	<u>Pension Expense</u>
PERS 1	\$ (101,858)
PERS 2/3	183,693
PSERS 2	45,512
LEOFF 1	(225,344)
LEOFF 2	651,952
Total	<u>\$ 553,955</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

DEFERRED OUTFLOWS/INFLOWS

<u>Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PERS Plan 1		
Net difference between projected and actual investment earnings on pension plan investments	\$ —	\$ 41,800
Contributions subsequent to the measurement date	788,658	—
Total PERS Plan 1	<u>788,658</u>	<u>41,800</u>
PERS Plan 2/3		
Differences between expected and actual experience	1,186,601	415,406
Net difference between projected and actual investment earnings on pension plan investments	—	168,337
Changes of assumptions	47,210	2,264,201
Changes in proportion and differences between contributions and proportionate share of contributions	—	728,256
Contributions subsequent to the measurement date	1,220,806	—
Total PERS Plan 2/3	<u>2,454,617</u>	<u>3,576,200</u>

DEFERRED OUTFLOWS/INFLOWS

Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
PSERS Plan 2		
Differences between expected and actual experience	28,219	1,536
Net difference between projected and actual investment earnings on pension plan investments	1,098	—
Changes of assumptions	105	38,825
Changes in proportion and differences between contributions and proportionate share of contributions	130	7,720
Contributions subsequent to the measurement date	33,066	—
Total PSERS Plan 2	62,618	48,081
LEOFF 1		
Net difference between projected and actual investment earnings on pension plan investments	—	51,221
Total LEOFF 1	—	51,221
LEOFF 2		
Differences between expected and actual experience	1,821,936	233,537
Net difference between projected and actual investment earnings on pension plan investments	—	146,762
Changes of assumptions	19,076	2,038,906
Changes in proportion and differences between contributions and proportionate share of contributions	1,144,094	1,006
Contributions subsequent to the measurement date	638,829	—
Total LEOFF 2	\$ 3,623,935	\$ 2,420,211

Deferred outflows of resources related to pensions resulting from the city’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	PERS 1	PERS 2/3	PSERS	LEOFF 1	LEOFF 2
December 31					
2021	\$ (189,687)	\$ (1,522,070)	\$ (6,959)	\$ (182,842)	\$ (838,995)
2022	(5,966)	(475,448)	(2,635)	(9,532)	4,456
2023	57,879	(87,770)	883	51,978	329,621
2024	95,974	159,190	3,998	89,175	575,300
2025	—	(203,608)	(2,336)	—	46,235
Thereafter	—	(212,682)	(11,481)	—	448,278

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, a nonemployer contributing entity, contributes 40% of the fire insurance premium tax. Retirement benefits are established in [Chapter 41.24 RCW](#) and may be amended only 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](#).

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 2020 were as follows:

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

The City of Yakima’s actual contributions to the plan were \$0 for the year ended December 31, 2020. There were no participants in 2020.

In accordance with [Chapter 41.24 RCW](#), the state contributes 40% of the fire insurance premium tax to the plan. For fiscal year 2020, the fire insurance premium tax contribution was \$8.2 million. The city received \$106,416 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 January 1, 2020, and rolled forward to December 31, 2020, 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 Demographic Experience Study, the 2008-2013 Pension Experience Study, and the 2018 Relief Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2020 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.

Discount Rate

The discount rate used to measure the total VFFRPF pension liability 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 as assumed 7.0% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.0% 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.

Long-Term Expected Rate of Return

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, 2020, 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%	2.20%
Tangible assets	7%	5.10%
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 7.0%, 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% point lower (6.0%) or 1% point higher (8.0%) than the current rate.

	Current Discount Rate		
	1% Decrease	Rate	1% Increase
	6.0%	7.0%	8.0%
VFFRPF	\$ —	\$ —	\$ —

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, 2020, the City of Yakima reported an asset of \$0 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, 2020, the City of Yakima had no proportion of percentage.

The VFFRPF collective net pension asset was measured as of December 31, 2020, and the actuarial valuation date on which the total pension liability is based was as of January 1, 2020, with update procedures used to roll forward the total pension liability to the measurement date.

For the year ended December 31, 2020, the City of Yakima recognized pension expense of \$0. Deferred outflows of resources and deferred inflows of resources are not material to the VFFRPF plan.

FIRE PENSION

AGGREGATE PENSION AMOUNTS - FIRE

Pension liabilities	\$ 6,617,462
Pension assets	—
Deferred outflows of resources	—
Deferred inflows of resources	—
Pension expense/expenditures	844,918

The City has a single employer, defined benefit pension plan for Firefighters employed prior to March 1, 1970, and governed by [Chapter 41.26 RCW](#). 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 55, with a combined monthly pension of \$46,242 paid by the City. Cost of Living Adjustment (COLA) was 2.05% and Collective Bargaining Agreement (CBA) was 2.5%. 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 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 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, 2020, 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, 2020.

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 \$.1555 per \$1,000 of assessed valuation of all taxable property of the City in the amount of \$1,074,618 for fiscal year 2020.
- 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 \$106,416 for fiscal year 2020.
- There was no additional funding is provided by investment interest earnings in fiscal 2020.

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 valuation date is January 1, 2020, measurements were based on the results of an actuarial experience study covering the period from January 1, 2020 through December 31, 2020. 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 2.00%, as well as what the City’s total pension liability would be if it were calculated using a discount rate that is 1% point lower (1.00%) or 1% point higher (3.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	1.00%	2.00%	3.00%
Total Pension Liability	\$ 7,202,478	\$ 6,617,462	\$ 6,110,970

Pension Expenses

For the year ended December 31, 2020, the pension expense is \$844,918.

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, 2020. Changes in the City's total pension liability were as follows:

Fire Pension	Total Pension Liability
Balances at 12/31/2019	\$ 6,236,408
Changes for the year:	
Interest on total pension liability	163,713
Effect of economic/ demographic gains or losses	401,168
Effect of assumptions changes or inputs	386,453
Benefit payments	<u>(570,280)</u>
Net changes in total pension liability	<u>381,054</u>
Balance at 12/31/2020	<u><u>\$ 6,617,462</u></u>

The liability has increased since the last valuation. This is due to the change in the discount rate used to discount the projected benefit payments into a present value. This discount rate fell from 2.75% to 2.00%.

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, 2020, 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	<u>—</u>	<u>—</u>
Total	<u><u>\$ —</u></u>	<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, 2020. There are no deferred outflows as of December 31, 2020. 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	Amount
2020	\$ —
2021	—
2022	—
2023	—
2024	—
Thereafter	—

POLICE PENSION

AGGREGATE PENSION AMOUNTS - POLICE

Pension liabilities	\$ 3,715,125
Pension assets	—
Deferred outflows of resources	—
Deferred inflows of resources	—
Pension expense/expenditures	(440,112)

The City has a single employer, defined benefit pension plan for Police Officers employed prior to March 1, 1970, and governed by [Chapter 41.20 RCW](#) and [Chapter 41.26 RCW](#). 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 51, with a combined monthly pension of \$22,159 paid by the City. Cost of Living Adjustment (COLA) was 2.05% and Collective Bargaining Agreement (CBA) was 2.00%. 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, 2020, 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, 2020. 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 measurement date of December 31, 2020 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 2.00%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1% point lower (1.00%) or 1% point higher (3.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	1.00%	2.00%	3.00%
Total Pension Liability	\$ 4,031,877	\$ 3,715,125	\$ 3,437,791

Pension Expenses

For the year ended December 31, 2020, the pension expense is (\$440,112).

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, 2020. Changes in the City's total pension liability were as follows:

Police Pension	Total Pension Liability
Balances at 12/31/2019	\$ 4,451,427
Changes for the year:	
Interest on total pension liability	118,369
Effect of economic/ demographic gains or losses	(769,827)
Effect of assumptions changes or inputs	211,346
Benefit payments	(296,190)
Net changes in total pension liability	(736,302)
Balance at 12/31/2020	<u>\$ 3,715,125</u>

The liability has decreased since the last valuation. This is due to the change in the discount rate used to discount the projected benefit payments into a present value. This discount rate fell from 2.75% to 2.00%.

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, 2020, 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	—	—
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, 2020. There are no deferred outflows as of December 31, 2020. 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	Amount
2019	\$ —
2020	—
2021	—
2022	—
2023	—
Thereafter	—

NOTE 6 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2020.

AGGREGATE AMOUNTS - ALL OPEB PLANS

OPEB liabilities	\$ 53,106,230
OPEB assets	—
Deferred outflows of resources	238,707
Deferred inflows of resources	(2,995,613)
OPEB expense/expenditures	(1,686,943)

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 2020, the costs totaled \$427,392 for the Firemen's Pension and \$585,142 for the Police Pension.

Mortality

The mortality assumptions used in this valuation are based on the most recent Experience Study done for the LEOFF Retirement System as prepared by the Office of the State Actuary.

Mortality rates are expected to continue to decrease in the future, and the resulting longevity should be anticipated in the actuarial valuation. This is done through the use of a generational mortality table. A generational mortality table anticipates future improvements in mortality by using a different static mortality

table for each year of birth, with the tables for later years of birth assuming lower mortality than the tables for earlier years of birth.

Members Retired from Service and Spouses: The mortality rates are based on the 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.

Disabled Members: The mortality rates are based on the RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set forward two years.

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' OPEB (LEOFF 1)

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.

The number of inactive, retired members and survivors, covered by the benefit terms is 122. There are no active members covered by the benefit terms.

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, and there are no assets accumulated in a qualifying trust.

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, 2020, calculated based on the discount rates below, and then projected to the measurement date of December 31, 2020. 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 2.00%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% point lower (1.00%) or 1% point higher (3.00%) than the current rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	1.00%	2.00%	3.00%
Total December 31, 2020 OPEB liability	\$ 27,792,118	\$ 24,147,639	\$ 21,159,146

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% point lower or 1% point higher than the current rate.

	Current Healthcare Cost Trend		
	1% Decrease	Rate	1% Increase
	1.00%	2.00%	3.00%
Total December 31, 2020 OPEB liability	\$ 21,339,916	\$ 24,147,639	\$ 27,458,277

The number of inactive, retired members and survivors, covered by the benefit terms is 55. There are no active members covered by the benefit terms.

CHANGES IN FIRE OPEB LIABILITY

	Total OPEB Liability
Fire OPEB	
Total OPEB liability - Beginning	\$ 25,326,993
Service cost	—
Interest on total OPEB liability	686,436
Effect of economic/demographic gains or losses	(863,583)
Effect of assumptions, changes or inputs	(265,860)
Expected benefit payments	(736,347)
Net change in total OPEB liability	(1,179,354)
Total OPEB liability - ending	<u>\$ 24,147,639</u>

CHANGES IN FIRE OPEB EXPENSE

	Jan. 1, 2020 to Dec. 31, 2020
OPEB Expense	
Interest on total OPEB liability	\$ 686,436
Effect of plan changes	—
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(863,583)
Effect of assumptions changes or inputs	(265,860)
OPEB Expense	<u>\$ (443,007)</u>

At December 31, 2020, 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	—	—
Total	\$ —	\$ —

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, 2020. 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	Amount
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, 2020, calculated based on the discount rates below, and then projected to the measurement date of December 31, 2020. 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 2.00%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% point lower (1.00%) or 1% point higher (3.00%) than the current rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	1.00%	2.00%	3.00%
Total December 31, 2020 OPEB liability	\$ 26,205,008	\$ 22,771,904	\$ 19,951,000

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% point lower or 1% point higher than the current rate.

	Current Healthcare Cost Trend		
	1% Decrease	Rate	1% Increase
	1.00%	2.00%	3.00%
Total December 31, 2020 OPEB liability	\$ 20,124,164	\$ 22,771,904	\$ 25,887,263

The number of inactive, retired members and survivors, covered by the benefit terms is 51. There are no active members covered by the benefit terms.

CHANGES IN POLICE OPEB LIABILITY

	Total OPEB Liability
Police OPEB	
Total OPEB liability - Beginning	\$ 24,999,972
Interest on total OPEB liability	678,519
Effect of economic/demographic gains or losses	(1,753,899)
Effect of assumptions, changes or inputs	(495,138)
Expected benefit payments	(657,550)
Net change in total OPEB liability	<u>(2,228,068)</u>
Total OPEB liability - ending	<u>\$ 22,771,904</u>

CHANGES IN POLICE OPEB EXPENSE

	Jan. 1, 2020 to Dec. 31, 2020
OPEB Expense	
Interest on total OPEB liability	678,519
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(1,753,899)
Effect of assumptions changes or inputs	(495,138)
OPEB Expense	<u>\$ (1,570,518)</u>

At December 31, 2020, 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	—	—
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, 2020. 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	Amount
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 \$794.35 per month for pre-65 Medical coverage for 2020. If a retiree chooses to cover his spouse and/or eligible family an amount of \$1,765.35 per month for pre-65 Medical coverage was paid in 2020.

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, 2020, calculated based on the discount rates below, and then projected to the measurement date of December 31, 2020. 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 2.00%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% point lower (1.00%) or 1% point higher (3.00%) that the current rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	1.00%	2.00%	3.00%
Total December 31, 2020 OPEB liability	\$ 6,641,895	\$ 6,186,687	\$ 5,751,905

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% point lower or 1% point higher that the current rate.

	Current Healthcare Cost Trend		
	1% Decrease	Rate	1% Increase
Total December 31, 2020 OPEB liability	\$ 5,434,897	\$ 6,186,687	\$ 7,082,257

The number of inactive, retired members and survivors, covered by the benefit terms is 53. There are no active members covered by the benefit terms.

CHANGES IN NON-LEOFF OPEB LIABILITY

	<u>Total OPEB Liability</u>
Non-LEOFF OPEB	
Total OPEB liability - Beginning	\$ 8,079,332
Service cost	378,171
Interest on total OPEB liability	227,730
Effect of economic/demographic gains or losses	(2,405,142)
Effect of assumptions, changes or inputs	261,882
Expected benefit payments	(355,286)
Net change in total OPEB liability	<u>(1,892,645)</u>
Total OPEB liability - ending	<u>\$ 6,186,687</u>

CHANGES IN NON-LEOFF OPEB EXPENSE

	<u>Jan. 1, 2020 to Dec. 31, 2020</u>
OPEB Expense	
Service cost	\$ 378,171
Interest on total OPEB liability	227,730
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(212,844)
Effect of assumptions changes or inputs	(66,475)
OPEB Expense	<u>\$ 326,582</u>

At December 31, 2020, the City of Yakima reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Non-LEOFF OPEB		
Differences between expected and actual experience	\$ —	\$ (2,192,298)
Changes of assumptions	(238,707)	(803,315)
Total	<u>\$ (238,707)</u>	<u>\$ (2,995,613)</u>

Deferred outflows of resources of \$0 resulting from payments subsequent to the measurement date will have no affect on the total OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended	Amount
<u>December 31</u>	<u>Amount</u>
2021	\$ (279,319)
2022	(279,319)
2023	(279,319)
2024	(279,319)
2025	(279,319)
Thereafter	(1,360,311)

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 Employers Unity, LLC, 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. Accrual rates have been .38% of gross payroll. Interfund premiums are based primarily upon the insured funds claims experience and are reported as quasi external interfund transactions - these totaled \$221,425 for 2020. The reserve balance at the end of 2020 was \$243,057.

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 (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 2020 were \$11,033,191. The reserve balance at the end of 2020 was \$2,254,684, after considering incurred but not reported claims of \$1,994,727 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, provided through Optum/Unimerica and Aetna respectively. 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. 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 \$1,724,085. The reserve balance at the end of 2020 was \$112,631 after considering, based on the claims manager's estimate, the accrual for incurred but not reported claims of \$650,000 at December 31, 2020.

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 \$4,292,504. 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. The City has not experienced any claims exceeding insurance coverage limits in the past three years. Based on these factors, the claims manager's estimate of claims liability at December 31, 2020, is \$1,254,595.

The Risk Management fund balance was \$1,768,629 at the end of 2020.

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, 2020, there were over 200 members in the

program. The City's participation in the CIAW insurance pool expired November 30, 2019, though CIAW continues to provide coverage for covered incidents that occurred before November 30, 2019.

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 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.

Safety National Insurance Company

As of December 31, 2019, the City of Yakima purchases liability insurance from Safety National Insurance Company, including general, auto, public officials, and law enforcement liability, as well as cyber insurance.

Coverage - The policy limits vary by coverage type. Deductibles under the policy also vary by coverage type, and are either \$500,000 or \$750,000.

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	1/1/2020 - 12/31/2020	\$20,000,000 per occurrence with a \$0 deductible
General liability	1/1/2020 - 12/31/2020	\$20,000,000 per occurrence with a \$0 deductible
Public officials	1/1/2020 - 12/31/2020	\$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

		Limit by Section	Cumulative Limit
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 \$7.4 billion, resulting in the debt limits, as of December 31, 2020, for the City as follows:

CUMULATIVE DEBT LIMITS

Assessed valuation of taxable property in the
City of Yakima - tax year 2020

\$7,406,439,444

	\$7,406,439,444			
	Without a Vote	With a Vote		
	General Purpose 1.5%	General Purpose +1.0%=2.5%	Utilities +2.5%=5.0%	Open Space & Parks +2.5%=7.5%
Legal limit - percent of assessed valuation	\$ 111,096,592	\$ 185,160,986	\$ 370,321,972	\$ 555,482,958
Less: net outstanding indebtedness (see below)	32,856,704	32,856,704	32,856,704	32,856,704
Margin available	<u>\$ 78,239,888</u>	<u>\$ 152,304,282</u>	<u>\$ 337,465,268</u>	<u>\$ 522,626,254</u>
Net outstanding indebtedness				
Outstanding debt	\$ 50,160,701			
Less: available resources to repay debt	17,303,997			
Net outstanding indebtedness	<u>\$ 32,856,704</u>			

There have been no material violations of finance related legal or contractual provisions in any of the funds of the City. 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 2020.

LONG-TERM LIABILITIES

	Amounts					
	Balance 1/1/2020	Additions	Payments/ Retirements	Balance 12/31/2020	Due Within One Year	Noncurrent Portion
Governmental activities						
General obligation debt						
Bonds	\$ 31,097,730	\$ 20,565,000	\$ 10,862,316	\$ 40,800,414	\$ 3,007,080	\$ 37,793,334
Unamortized premium (discount)	991,698	408,712	176,409	1,224,001	—	1,224,001
Intergovernmental loans	5,411,383	—	466,942	4,944,441	497,827	4,446,614
Lease purchase agreements	2,074,215	1,415,000	297,371	3,191,844	301,651	2,890,193
Net pension liability	17,979,975	(744,873)	—	17,235,102	—	17,235,102
Total OPEB liability	56,141,212	(4,648,545)	—	51,492,667	1,656,521	49,836,146
Compensated absences	8,681,564	626,636	—	9,308,200	663,895	8,644,305
Total liabilities - governmental activities	122,377,777	17,621,930	11,803,038	128,196,669	6,126,974	122,069,695
Business-type activities						
Revenue debt						
Revenue bonds	10,385,000	5,850,000	7,525,000	8,710,000	1,530,000	7,180,000
Unamortized premium (discount)	337,955	308,373	96,028	550,300	—	550,300
Intergovernmental loans	15,408,996	—	1,466,433	13,942,563	1,467,822	12,474,741
Net pension liability	3,967,920	(48,186)	—	3,919,734	—	3,919,734
Total OPEB liability	2,265,085	(651,522)	—	1,613,563	92,662	1,520,901
Compensated absences	1,817,436	50,394	—	1,867,830	153,516	1,714,314
Noncurrent liabilities - business-type	34,182,392	5,509,059	9,087,461	30,603,990	3,244,000	27,359,990
Total noncurrent liabilities	\$ 156,560,169	\$ 23,130,989	\$ 20,890,499	\$ 158,800,659	\$ 9,370,974	\$ 149,429,685

GENERAL OBLIGATION DEBT

General obligation bonds consist of serial and term bonds, to be retired through the fiscal year ending December 31, 2044. The City levies a special property tax; collects motel/hotel taxes, business license fees, utility taxes; and receives state sales tax credits and gas tax for the principal and interest payments due within a fiscal year and provides the amounts in the respective Debt Service Fund.

On February 4, 2020, with ordinance 2020-002, the City of Yakima, Washington, city council authorized the issuance of one or more series of Limited Tax General Obligation and Refunding Bonds in the aggregate principal amount not to exceed \$28,000,000, to finance costs related to the expansion, improvement and rehabilitation of the Yakima Convention Center, to refund certain outstanding obligations of the City, and to pay the costs of issuance for each series of bonds.

GENERAL OBLIGATION BONDS

	Date of Final Maturity	Interest Rate	Original Issue	Outstanding 12/31/2020	Average Annual Debt Service
Regular property tax levy					
2020 Refunded Fire Ladder Truck	12/01/21	3.0%	\$ 140,000	\$ 70,000	\$ 72,333
2014 Street Resurfacing Project	06/01/24	3.0% - 5.0%	13,140,000	5,995,000	1,649,375
2018 Street Resurfacing Project (Refunding)	12/01/28	3.25% - 3.85%	3,500,000	2,755,876	399,664
2018 Yakima Sports Complex (Refunding)	06/01/35	4.85%	4,440,127	4,071,827	431,880
2018 Aquatic Center YMCA	12/01/42	4.85%	8,009,873	7,948,649	609,058
Total regular property tax levy			<u>29,230,000</u>	<u>20,841,352</u>	
Regular property tax levy/real excise tax					
2020 Refunded WV Fire Station	12/01/22	3.0%	140,000	136,500	49,570
2020 Refunded Downtown Futures	12/01/22	3.0%	260,000	253,500	92,058
Total regular property tax levy/real excise tax			<u>400,000</u>	<u>390,000</u>	
Public Facilities District (state sales tax credit)					
2020 Refunded Conv Center	12/01/44	2.20% - 4.083%	2,495,000	2,450,000	154,400
2020 Conv Center Addition	12/01/44	2.20% - 4.083%	12,620,000	12,405,000	780,456
2020 Refunded Capital Theatre	12/01/32	2.20% - 4.083%	4,910,000	4,535,000	458,378
Total Public Facilities District			<u>20,025,000</u>	<u>19,390,000</u>	
Business licenses & real estate excise tax					
2003 SunDome Expansion	12/01/23	2.34%-4.72%	1,430,528	179,062	147,869
			<u>\$ 51,085,528</u>	<u>\$ 40,800,414</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 12/31/2020	Average Annual Debt Service
2020A Irrigation 04 Refunded	12/01/34	3.0	\$ 3,260,000	\$ 3,085,000	\$ 270,538
2020A Wastewater 08 Refunded	12/01/27	3.0	2,590,000	2,395,000	366,623
2012 Wastewater Rev Bonds (refund 2003)	11/01/23	2.0% - 4.0%	9,400,000	3,230,000	1,165,250
			<u>\$ 15,250,000</u>	<u>\$ 8,710,000</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
(In Millions)

	Bonded		Notes &	
	Debt	Interest	Contracts	Interest
2021	\$ 1,530	\$ 294	\$ 1,468	\$ 97
2022	1,580	237	1,392	88
2023	1,645	179	1,393	79
2024	540	119	1,260	71
2025	560	102	1,261	63
2026-2030	1,840	287	4,869	203
2031-2035	1,015	77	2,137	52
2036-2039	—	—	163	1
	<u>\$ 8,710</u>	<u>\$ 1,295</u>	<u>\$ 13,943</u>	<u>\$ 654</u>

At December 31, 2020, the City had \$1.6 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.

INTERGOVERNMENTAL LOANS

	Interest	Maturity Date	Maximum Authorized	Outstanding 12/31/2020
General long-term debt				
Arterial street gas tax				
PC-08-951-052 - 2009 Railroad grade separation	0.5%	06/01/28	\$ 3,000,000	\$ 1,320,802
2015 SIED Loan - 2015 Yakima County SIED loan	2.4%	06/01/23	307,000	166,099
2016 SIED Loan - 2016 Yakima County SIED loan	2.6%	06/01/27	900,000	671,090
2017 SIED Loan - YV Brewing Project	3.2%	06/01/24	61,580	52,388
2018 SIED Loan - River Road	3.8%	06/01/29	500,000	472,304
Real estate excise tax				
L1000030-0 - 2010 Railroad grade separation	2.9%	06/01/34	1,229,295	936,756
General fund telephone utility tax - Yakima County				
Comm Ctr 911 - 2014 City Portion of 911 Call Dispatch Center	2.0% - 4.0%	05/01/34	1,716,500	1,325,000
Sub-total general long-term debt				<u>4,944,439</u>
Revenue debt				
Wastewater operating revenue				
PW-01-691-071 - 2001 Fruitvale neighborhood sewer	0.5%	06/01/21	1,466,250	77,625
PW-05-691-064 - 2005 River Road sewer	0.5%	06/01/25	2,307,000	621,229
PW-07-962-019 - 2007 Ultra violet disinfection	0.5%	06/01/27	2,300,000	849,722
PC-12-951-065 - 2012 Wastewater Treatment Plan	0.3%	06/01/31	5,000,000	2,959,871
PC-13-961-059 - 2012 Industrial sewer main extensions	0.5%	06/01/37	2,000,000	1,382,775
L1100008 - 2011 Energy efficiency project	2.8%	03/31/33	516,192	364,810
L1200019 - 2012 Industrial waste anaerobic	2.6%	07/01/34	602,634	459,548

INTERGOVERNMENTAL LOANS

	Interest	Maturity Date	Maximum Authorized	Outstanding 12/31/2020
Water operating revenue				
PW-03-691-027 - 2003 Naches WTP improvements	0.5%	06/01/23	2,559,775	404,175
SRF-04-65104-037 - 2005 Naches River WTP filter rehabilitation	0.5%	10/01/25	894,380	235,363
PC-08-951-051 - 2009 New water well	0.5%	06/01/28	2,257,200	969,191
PC-13-961-074 - 2013 Automated reading system	0.3%	06/01/32	5,000,000	3,157,895
DM-11-952-038 - 2013 Design WTP lagoons	1.5%	10/01/34	3,480,000	2,460,360
Sub-total revenue debt				<u>13,942,564</u>
Total intergovernmental loans				<u>\$ 18,887,003</u>

The Public Works Trust Fund loans have a term not to exceed twenty years and require 1/19th of the original principal plus interest to be paid annually. 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 (In Millions)

	Bonded		Notes & Contracts	
	Debt	Interest	Contracts	Interest
2021	\$ 3,007	\$ 1,682	\$ 498	\$ 119
2022	3,034	1,585	510	108
2023	2,955	1,467	518	97
2024	3,099	1,256	473	85
2025	1,548	1,165	465	74
2026-2030	7,765	4,975	1,762	224
2031-2035	6,597	3,583	719	55
2036-2040	7,620	2,132	—	—
2041-2044	5,176	460	—	—
	<u>\$ 40,801</u>	<u>\$ 18,305</u>	<u>\$ 4,945</u>	<u>\$ 762</u>

At December 31, 2020, the City had \$279,077 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 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 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.

On July 21, 2020 the City of Yakima borrowed \$1,415,000 using Washington State’s Local Option Capital Lending (LOCAL) program. The proceeds were used to finish adding new lighting fixtures and to upgrade existing fixtures, and was approved by City Council on May 5, 2020. The certificates of participation have an all-inclusive financing cost of 1.63% and will be repaid annually over the next 15 years out of General Fund.

LEASED EQUIPMENT

One Fire Apparatus	\$ 109,270
Energy Project (Lighting)	701,900
Fire Aerial & Pump	965,674
Energy Efficiency Project	<u>1,415,000</u>
Total	<u><u>\$ 3,191,844</u></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, 2020, for the fiscal year listed:

LEASE PAYMENTS

Due in 2021	\$ 432,961
Due in 2022	439,453
Due in 2023	440,556
Due in 2024	397,305
Due in 2025	400,647
Due in 2026-2030	1,206,482
Due in 2031-2035	<u>667,000</u>
Total minimum lease payments	3,984,404
Less: Amount representing interest	<u>792,560</u>
Present value of minimum lease payments	<u><u>\$ 3,191,844</u></u>

UNFUNDED POSTEMPLOYMENT BENEFIT LIABILITIES

An initial actuarial evaluation was performed as of January 1, 2020. 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		Balance
	1/1/20	Additions	12/31/20
OPEB Fire - medical	\$ 25,326,993	\$ (1,179,354)	\$ 24,147,639
OPEB Police - medical	24,999,972	(2,228,068)	22,771,904
OPEB Non-LEOFF - medical	8,079,332	(1,892,645)	6,186,687
Total	<u>\$ 58,406,297</u>	<u>\$ (5,300,067)</u>	<u>\$ 53,106,230</u>

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 Postemployment Benefits.

NOTE 10 – CONTINGENCIES AND LITIGATION

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. These federal loans were available for the purpose of funding property rehabilitation for economic development activities that create new jobs within the target area. HUD authorized the City to lend up to a maximum of \$6.945 million in two separate loan pools (\$3.310 million in 2003 and \$3.635 million in 2005). As of December 31, 2020, 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. As of December 31, 2020, 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, most of which, but not all, are covered by insurance. Although certain pending lawsuits and claims seek significant sums of money and their final dispositions are indeterminable, it is the opinion of City management that the outcomes of these matters are not expected to have a material adverse effect on the City's operations or financial position, since the City maintains adequate reserves and/or insurance.

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, 2020.

FUND BALANCE

Fund Balance	General Fund	Neighborhood Development Fund	Other Gov't Funds	Total
Nonspendable				
Permanent fund	\$ 10,000	\$ —	\$ 909,121	\$ 919,121
Restricted				
Emergency programs	—	—	99,131	99,131
Arterial street construction & maintenance	—	—	2,049,246	2,049,246
Housing & economic development	—	453,104	53,014	506,118
Public safety	—	—	1,947,468	1,947,468
Debt service	—	—	261,838	261,838
Capital improvements	—	—	10,980,920	10,980,920
Tourism & conventions	—	—	1,772,743	1,772,743
Total restricted	—	453,104	17,164,360	17,617,464
Committed				
Public safety & emergency programs	1,538,626	—	—	1,538,626
Community relations	—	—	881,473	881,473
Parks and recreation	—	—	1,060,444	1,060,444
Streets	—	—	723,969	723,969
Capital improvements	—	—	736,562	736,562
Other	—	—	133,228	133,228
Tourism & conventions	—	—	80,088	80,088
Total committed	1,538,626	—	3,615,764	5,154,390
Assigned				
Parks and recreation	—	—	391,355	391,355
Streets	—	—	3,833,625	3,833,625
Public safety & emergency programs	—	—	1,407,201	1,407,201
Debt service	—	—	17,239	17,239
Tourism & conventions	—	—	332,346	332,346
Total assigned	—	—	5,981,766	5,981,766
Unassigned	11,746,972	—	—	11,746,972
Total fund balance	\$ 13,295,598	\$ 453,104	\$ 27,671,011	\$ 41,419,713

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

	<u>Water / Wastewater</u>	<u>Irrigation</u>
Condensed statement of net position		
Assets		
Current Assets	\$ 37,222,277	\$ 6,196,826
Restricted assets	1,600,000	—
Capital assets, net of accumulated depreciation	<u>110,536,782</u>	<u>18,541,530</u>
Total assets	<u>149,359,059</u>	<u>24,738,356</u>
Deferred outflows of resources	<u>812,608</u>	<u>151,310</u>
Total assets & deferred outflows of resources	<u>150,171,667</u>	<u>24,889,666</u>
Liabilities		
Current liabilities	5,560,732	323,689
Noncurrent liabilities	<u>20,858,656</u>	<u>3,415,764</u>
Total liabilities	<u>26,419,388</u>	<u>3,739,453</u>
Deferred inflows of resources	<u>1,124,365</u>	<u>99,939</u>
Total liabilities & deferred inflows of resources	<u>27,543,753</u>	<u>3,839,392</u>
Net position		
Net investment in capital assets	90,609,620	15,375,433
Restricted	1,600,000	—
Unrestricted	<u>30,418,294</u>	<u>5,674,841</u>
Total net position	<u>\$ 122,627,914</u>	<u>\$ 21,050,274</u>
Condensed statement of revenues, expenses and changes in net position		
Operating revenues		
Charges and fees for services	\$ 34,026,604	\$ 3,406,497
Other operating revenue	<u>60,020</u>	<u>—</u>
Total operating revenues	<u>34,086,624</u>	<u>3,406,497</u>
Operating expenses		
Personnel services	7,531,674	692,823
Materials and supplies	1,573,083	100,745
Contractual services	13,337,203	892,070
Depreciation	<u>6,263,482</u>	<u>446,914</u>
Total operating expense	<u>28,705,442</u>	<u>2,132,552</u>
Operating income (loss)	5,381,182	1,273,945
Nonoperating revenues (expense)		
Grants and subsidies	37,389	207,321
Interest & other debt service costs	<u>(281,055)</u>	<u>(116,900)</u>
Total nonoperating revenue (exp)	<u>(243,666)</u>	<u>90,421</u>
Income (loss) before contributions & transfers	5,137,516	1,364,366
Capital contributions		
Operating transfers (net)	<u>(461,429)</u>	<u>(45,000)</u>
Change in net position	<u>6,279,007</u>	<u>1,319,366</u>

SYSTEM INFORMATION

	Water / Wastewater	Irrigation
Net position - beginning	116,348,905	19,730,909
Net position - ending	\$ 122,627,912	\$ 21,050,275
 Condensed statement of cash flows		
Net cash provided (used)		
Operating activities	\$ 10,344,753	\$ 1,435,000
Non-capital financing activities	23,826	752
Capital financing activities	(7,130,834)	(1,338,233)
Investing activities	11,590,330	3,848,186
Net increase (decrease)	14,828,075	3,945,705
 Beginning cash and cash equivalents		
	7,070,681	1,276,687
Ending cash and cash equivalents	\$ 21,898,756	\$ 5,222,392

NOTE 13 – 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.

SUBSEQUENT EVENTS

COVID-19

The economic effects of the COVID-19 pandemic did not end in 2020 and continued into 2021. On February 29, 2020, Washington State's Governor responded to an increase in the number of confirmed COVID-19 cases and the first known deaths in the U.S. by declaring a state of emergency, directing State agencies to use all resources necessary to prepare for and respond to the outbreak. On March 12, 2020, the Yakima County Commissioners declared a state of emergency in Yakima County as a result of confirmed cases of COVID-19 in Yakima County, and on March 13, 2020, the City Council ratified and confirmed the Mayor's Proclamation of Civil Emergency and Order issued on March 12, 2020 in response to the outbreak of COVID-19. The City coordinated responses with the Yakima Health District, Yakima County, and the Washington State Department of Health. At this time, the City cannot yet predict the overall health impact nor calculate the final economic impact of COVID-19 on the City of Yakima or the region, including but not limited to the impact on the local tourism industry and commerce within the city.

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 LIABILITY

As of June 30

Last 10 Fiscal Years*

Page 1 of 2

	2020	2019
PERS 1		
Employer's proportion of the net pension liability (asset)	0.2126%	0.2239%
Employer's proportionate share of the net pension liability	\$ 7,507,587	\$ 8,608,173
Covered payroll	31,609,557	30,981,922
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	23.8%	28.0%
Plan fiduciary net position as a percentage of the total pension liability	68.6%	67.1%
PERS 2/3		
Employer's proportion of the net pension liability (asset)	0.2592%	0.2730%
Employer's proportionate share of the net pension liability	\$ 3,314,662	\$ 2,651,884
Covered payroll	30,344,986	29,750,683
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	10.9%	8.9%
Plan fiduciary net position as a percentage of the total pension liability	97.2%	97.8%
PSERS		
Employer's proportion of the net pension liability (asset)	0.1493%	0.1852%
Employer's proportionate share of the net pension asset	\$ (20,538)	\$ (24,082)
Covered payroll	919,785	861,074
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	2.2%	2.8%
Plan fiduciary net position as a percentage of the total pension liability	101.7%	101.9%
LEOFF 1		
Employer's proportion of the net pension liability (asset)	0.2593%	0.2608%
Employer's proportionate share of the net pension asset	\$ (4,896,828)	\$ (5,154,646)
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	146.9%	148.8%
LEOFF 2		
Employer's proportion of the net pension liability (asset)	0.6455%	0.6823%
Employer's proportionate share of the net pension asset	\$ (13,167,462)	\$ (15,806,217)
State's proportion of the net pension liability (asset) associated with the employer	(8,419,594)	(10,350,954)
Total	<u>\$ (21,587,056)</u>	<u>\$ (26,157,171)</u>
Covered payroll	<u>\$ 24,461,464</u>	<u>\$ 23,998,147</u>
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	(53.8%)	(65.9%)
Plan fiduciary net position as a percentage of the total pension liability	115.8%	119.4%

Benefit changes: None to report.

Valuation assumptions as of January 1, 2020: Economic assumptions - salary increases 3.25%, investment return assumption (discount rate) 3.50%, growth in membership 0.0%, postretirement benefit increases; related to salaries 3.25%; related to consumer price index 2.25%.

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

As of June 30

Last 10 Fiscal Years*

Page 2 of 2

	2018	2017	2016	2015
	0.2304%	0.2396%	0.2437%	0.2473%
\$	10,291,797	\$ 11,370,630	\$ 13,085,797	\$ 12,938,339
	30,238,586	29,549,697	28,675,000	22,406,624
	34.0%	38.5%	46.0%	58.0%
	63.2%	61.2%	59.0%	59.1%
	0.2771%	2.8844%	0.2903%	0.2942%
\$	4,731,133	\$ 10,021,946	\$ 14,618,037	\$ 10,512,470
	29,077,617	29,284,000	27,400,579	21,024,500
	16.3%	34.2%	53.3%	50.0%
	96.8%	91.0%	85.8%	89.2%
	0.2135%	0.2143%	0.2172%	0.2462%
\$	2,645	\$ 41,981	\$ 92,291	\$ 44,929
	845,912	765,000	705,303	718,242
	0.3%	5.5%	13.1%	6.3%
	99.8%	96.3%	90.4%	95.1%
	0.2633%	0.2625%	0.2642%	0.2686%
\$	(4,781,106)	\$ (3,982,551)	\$ (27,222,428)	\$ (3,237,356)
	—%	—%	—%	—%
	144.4%	136.0%	123.7%	127.4%
	0.7097%	0.7399%	0.7434%	0.7426%
\$	(14,409,269)	\$ (10,267,387)	\$ (4,323,611)	\$ (7,632,597)
	(9,329,730)	(6,660,262)	(741,394)	(719,689)
\$	<u>(23,738,999)</u>	<u>(16,927,649)</u>	<u>(5,065,005)</u>	<u>(8,352,286)</u>
\$	23,520,795	\$ 23,238,000	\$ 22,519,542	\$ 21,561,911
	(61.2%)	(44.2%)	(19.2%)	(35.4%)
	118.5%	113.4%	106.0%	111.7%

Significant changes: Discount Rate changed from 2.75% to 2.00% from prior year.

* 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.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the year ended December 31

Last 10 Fiscal Years*

Page 1 of 2

	2020	2019
PERS 1		
Statutorily or contractually required contributions	\$ 1,553,225	\$ 1,588,430
Contributions in relation to the statutorily or contractually required contributions	(1,553,225)	(1,588,430)
Contribution deficiency (excess)	\$ —	\$ —
Covered payroll	\$ 31,835,568	\$ 31,546,711
Contributions as a percentage of covered employee payroll	4.9%	5.0%
 PERS 2/3		
Statutorily or contractually required contributions	\$ 2,422,004	\$ 2,337,893
Contributions in relation to the statutorily or contractually required contributions	(2,422,004)	(2,337,893)
Contribution deficiency (excess)	\$ —	\$ —
Covered payroll	\$ 30,580,945	\$ 30,285,570
Contributions as a percentage of covered employee payroll	7.9%	7.7%
 PSERS		
Statutorily or contractually required contributions	\$ 66,594	\$ 63,637
Contributions in relation to the statutorily or contractually required contributions	(66,594)	(63,637)
Contribution deficiency (excess)	\$ —	\$ —
Covered payroll	\$ 924,911	\$ 891,749
Contributions as a percentage of covered employee payroll	7.2%	7.1%
 LEOFF 2		
Statutorily or contractually required contributions	\$ 1,257,023	\$ 1,290,668
Contributions in relation to the statutorily or contractually required contributions	(1,257,023)	(1,290,668)
Contribution deficiency (excess)	\$ —	\$ —
Covered payroll	\$ 24,407,692	\$ 24,804,414
Contributions as a percentage of covered employee payroll	5.2%	5.2%

Benefit changes: None to report.

Valuation assumptions as of January 1, 2020: Economic assumptions - salary increases 3.25%, investment return assumption (discount rate) 3.50%, growth in membership 0.0%, postretirement benefit increases; related to salaries 3.25%; related to consumer price index 2.25%.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the year ended December 31

Last 10 Fiscal Years*

Page 2 of 2

2018	2017	2016	2015
\$ 1,570,927	\$ 1,489,000	\$ 1,432,792	\$ 1,263,237
(1,570,927)	(1,489,000)	(1,432,792)	(1,263,237)
\$ —	\$ —	\$ —	\$ —
\$ 30,471,519	\$ 29,079,000	\$ 29,271,148	\$ 28,060,087
5.2%	5.1%	4.9%	4.5%
\$ 2,194,199	\$ 1,930,423	\$ 1,740,727	\$ 1,510,959
(2,194,199)	(1,930,423)	(1,740,727)	(1,510,959)
\$ —	\$ —	\$ —	\$ —
\$ 29,256,142	\$ 28,706,000	\$ 27,400,579	\$ 26,793,741
7.5%	6.7%	6.4%	5.6%
\$ 57,599	\$ 52,963	\$ 48,978	\$ 46,106
(57,599)	(52,963)	(48,978)	(46,106)
\$ —	\$ —	\$ —	\$ —
\$ 840,693	\$ 800,000	\$ 705,303	\$ 712,214
6.6%	6.6%	6.9%	6.5%
\$ 1,233,450	\$ 1,198,134	\$ 1,152,459	\$ 1,120,514
(1,233,450)	(1,198,134)	(1,152,459)	(1,120,514)
\$ —	\$ —	\$ —	\$ —
\$ 23,473,737	\$ 23,417,000	\$ 22,519,542	\$ 22,188,444
5.3%	5.1%	5.1%	5.0%

Significant changes: Discount Rate changed from 2.75% to 2.00% from prior year.

* 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.

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

For the year ended December 31

Last 10 Fiscal Years*

Page 1 of 1

	2020	2019	2018	2017
Fire Pension				
Balances at 12/31/2019	\$ 6,236,408	\$ 6,029,283	\$ 6,635,284	\$ 6,902,294
Changes for the year:				
Interest on total pension liability	163,713	229,640	221,918	247,672
Effect of economic/ demographic gains or losses	401,168	—	—	(43,347)
Effect of assumptions changes or inputs	386,453	559,744	(233,241)	129,589
Benefit payments	(570,280)	(582,259)	(594,678)	(600,924)
Net changes in total pension liability	381,054	207,125	(606,001)	(267,010)
Balance at 12/31/2020	<u>\$ 6,617,462</u>	<u>\$ 6,236,408</u>	<u>\$ 6,029,283</u>	<u>\$ 6,635,284</u>
Covered payroll	\$ —	\$ —	\$ —	\$ —
Police Pension				
Balances at 12/31/2019	\$ 4,451,427	\$ 4,269,513	\$ 4,664,239	\$ 5,381,844
Changes for the year:				
Interest on total pension liability	118,369	163,222	156,580	194,378
Effect of economic/ demographic gains or losses	(769,827)	—	—	(604,017)
Effect of assumptions changes or inputs	211,346	400,381	(166,958)	92,572
Benefit payments	(296,190)	(381,689)	(384,348)	(400,538)
Net changes in total pension liability	(736,302)	181,914	(394,726)	(717,605)
Balance at 12/31/2020	<u>\$ 3,715,125</u>	<u>\$ 4,451,427</u>	<u>\$ 4,269,513</u>	<u>\$ 4,664,239</u>
Covered payroll	\$ —	\$ —	\$ —	\$ —

Notes:

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.

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.

Economic assumptions - salary increases 3.25%, investment return assumption (discount rate) 3.50%, growth in membership 0.0%.

Family composition - All active members are assumed to be married with no children when they retire. Marital status of retirees was supplied by the City. Wives are assumed to be three years younger than their husbands. Surviving spouses are assumed not to remarry.

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

For the year ended December 31

Last 10 Fiscal Years*

Page 1 of 1

	2020	2019	2018
LEOFF 1 Fire			
Total OPEB liability - Beginning	\$ 25,326,993	\$ 21,471,567	\$ 22,910,332
Interest on total OPEB liability	686,436	842,411	789,207
Effect of economic/demographic gains or losses	(863,583)	—	—
Effect of assumptions, changes or inputs	(265,860)	3,843,768	(1,498,572)
Expected benefit payments	(736,347)	(830,753)	(729,400)
Net change in total OPEB liability	(1,179,354)	3,855,426	(1,438,765)
Total OPEB liability - ending	<u>\$ 24,147,639</u>	<u>\$ 25,326,993</u>	<u>\$ 21,471,567</u>
Covered payroll	\$ —	\$ —	\$ —
Total OPEB liability as a % of covered payroll	n/a	n/a	n/a
LEOFF 1 Police			
Total OPEB liability - Beginning	\$ 24,999,972	\$ 21,153,082	\$ 22,457,760
Interest on total OPEB liability	678,519	831,587	775,314
Effect of economic/demographic gains or losses	(1,753,899)	—	—
Effect of assumptions, changes or inputs	(495,138)	3,749,293	(1,462,797)
Expected benefit payments	(657,550)	(733,990)	(617,195)
Net change in total OPEB liability	(2,228,068)	3,846,890	(1,304,678)
Total OPEB liability - ending	<u>\$ 22,771,904</u>	<u>\$ 24,999,972</u>	<u>\$ 21,153,082</u>
Covered payroll	\$ —	\$ —	\$ —
Total OPEB liability as a % of covered payroll	n/a	n/a	n/a
Non-LEOFF			
Total OPEB liability - Beginning	\$ 8,079,332	\$ 8,316,041	\$ 8,189,958
Service cost	378,171	533,439	563,641
Interest on total OPEB liability	227,730	345,146	299,553
Effect of economic/demographic gains or losses	(2,405,142)	—	—
Effect of assumptions, changes or inputs	261,882	(669,196)	(343,848)
Expected benefit payments	(355,286)	(446,098)	(393,263)
Net change in total OPEB liability	(1,892,645)	(236,709)	126,083
Total OPEB liability - ending	<u>\$ 6,186,687</u>	<u>\$ 8,079,332</u>	<u>\$ 8,316,041</u>
Covered payroll	\$ —	\$ —	\$ —
Total OPEB liability as a % of covered payroll	n/a	n/a	n/a

Notes:

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.

Due to the implementation of GASB 75, the City is now required to report the OPEB liability of this single employee non-trust pension plan. The City recognizes its total OPEB liability, rather than a net OPEB liability. In order for the City to recognize a net OPEB 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 OPEB liability is not reduced by any assets accumulated in a trust that meets the criteria and the City must report its total OPEB liability.



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2020

Page 1 of 1

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Total
Assets					
Cash and cash equivalents	\$ 8,155,223	\$ 290,327	\$ 12,712,232	\$ 717,503	\$ 21,875,285
Cash with fiscal agent	38,535	9,928	377,038	—	425,501
Investments	1,465,673	—	5,910,546	—	7,376,219
Receivables, net allowance for uncollectible accounts					
Taxes	404,195	26,606	192,144	—	622,945
Accounts	493,996	—	—	164	494,160
Notes and contracts receivable	49,052	(47,784)	—	—	1,268
Due from other governments	596,940	—	913,016	—	1,509,956
Inventories and prepayments	191,454	—	—	—	191,454
Total assets	\$ 11,395,068	\$ 279,077	\$ 20,104,976	\$ 717,667	\$ 32,496,788
Liabilities					
Accounts payable	\$ 487,254	\$ —	\$ 2,284,831	\$ —	\$ 2,772,085
Retainage payable	19,725	—	5,168	—	24,893
Accrued salaries and benefits	1,134,890	—	—	—	1,134,890
Deposit type accounts	648,456	—	132,196	—	780,652
Due to other governments	1,468	—	707	—	2,175
Total liabilities	2,291,793	—	2,422,902	—	4,714,695
Deferred inflows of resources					
Deferred unavailable revenue/taxes	39,244	—	—	—	39,244
Unavailable revenue and notes	71,773	—	65	—	71,838
Total deferred inflows of resources	111,017	—	65	—	111,082
Total liabilities & deferred inflows of resources	2,402,810	—	2,422,967	—	4,825,777
Fund balance					
Nonspendable	191,454	—	—	717,668	909,122
Restricted	5,921,602	261,838	10,980,920	—	17,164,360
Committed	2,879,201	—	736,562	—	3,615,763
Assigned	—	17,239	5,964,527	—	5,981,766
Total fund balance	8,992,257	279,077	17,682,009	717,668	27,671,011
Total liabilities, deferred inflows & fund balances	\$ 11,395,067	\$ 279,077	\$ 20,104,976	\$ 717,668	\$ 32,496,788

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

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

For the Year Ended December 31, 2020

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	Special Revenue	Debt Service	Capital Project	Permanent Fund	Total
Revenues					
Taxes and assessments	\$ 11,603,120	\$ 2,313,213	\$ 5,959,450	\$ —	\$ 19,875,783
Licenses and permits	642,151	—	—	—	642,151
Intergovernmental revenues	3,194,978	48,838	1,919,190	—	5,163,006
Charges for services	5,502,089	—	62,425	384	5,564,898
Contributions and donations	19,798	—	121,396	—	141,194
Investment earnings	23,302	—	50,840	—	74,142
Other revenue	493,757	—	71,909	13,194	578,860
Total revenues	21,479,195	2,362,051	8,185,210	13,578	32,040,034
Expenditures					
Current					
General government	937,659	—	—	—	937,659
Public safety	6,005,190	—	213,034	—	6,218,224
Utilities	314,484	—	3,960	—	318,444
Transportation	6,848,988	—	575,914	—	7,424,902
Economic environment	682,795	—	21,059	—	703,854
Public health services	334,248	—	—	—	334,248
Cultural and recreational	5,120,529	—	1,100,559	—	6,221,088
Capital outlay					
General government	12,551	—	112,157	—	124,708
Public safety	83,931	—	421,858	—	505,789
Utilities	82	—	169,886	—	169,968
Transportation	1,316,482	—	11,227,567	—	12,544,049
Cultural and recreational	14,255	—	233,883	—	248,138
Debt service					
Principal	319,754	2,905,083	220,992	—	3,445,829
Interest and related charges	179,638	1,789,745	151,076	—	2,120,459
Total Expenditures	22,170,586	4,694,828	14,451,945	—	41,317,359
Excess (deficiency) of revenue over (under) expenditure	(691,391)	(2,332,777)	(6,266,735)	13,578	(9,277,325)
Other financing (sources) uses					
Transfers in	2,463,795	2,361,814	666,294	—	5,491,903
Transfers out	(2,780,367)	—	(1,015,196)	(12,000)	(3,807,563)
Proceeds from issuance of long-term debt	1,811,478	7,957,234	12,620,000	—	22,388,712
Payments to refunded debt	—	(7,957,234)	—	—	(7,957,234)
Sale of capital assets	83,402	—	44,404	—	127,806
Total other financing sources (uses)	1,578,308	2,361,814	12,315,502	(12,000)	16,243,624
Net change in fund balance	886,917	29,037	6,048,767	1,578	6,966,299
Fund balance - beginning	8,105,337	250,040	11,633,241	716,090	20,704,708
Fund balance - ending	<u>\$ 8,992,254</u>	<u>\$ 279,077</u>	<u>\$ 17,682,008</u>	<u>\$ 717,668</u>	<u>\$ 27,671,007</u>

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

NONMAJOR SPECIAL REVENUE FUNDS

Economic Development Fund (123) - Accounts for economic development within the City using Local Government Assistance funding.

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) - Accounted 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 that are restricted for specific purposes, and therefore segregated from the General Fund. The City's portion of drug related seizures and forfeited assets are 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, a separate legal taxing entity funded by a 0.33% Sales Tax Credit enabled by State Statute, directed by a governing board, which was established to expand the local convention center.

Tourism Promotion Area (173) - Created in 2005 to account for a \$2 per room night fee restricted to specific tourism uses directed by a governing board, 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, a separate legal taxing entity funded by a 0.25% Sales Tax Credit enabled by State Statute, directed by a governing board, which was established for the expansion of the Capitol Theatre.

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2020

Page 1 of 3

	Economic Dev	Community Relations	Parks and Recreation	Streets	Arterial Street
Assets					
Cash and cash equivalents	\$ 627,142	\$ 943,836	\$ 817,488	\$ 972,811	\$ 1,016,032
Cash with fiscal agent	—	—	11,970	17,931	—
Investments	—	—	473,444	—	589,017
Receivables, net allowance for uncollectible accounts					
Taxes	—	—	5,958	175,077	82,389
Accounts	—	630	(3,139)	1,470	—
Notes and contracts receivable	—	—	—	—	—
Due from other governments	—	—	—	—	521,329
Inventories and prepayments	—	—	—	191,454	—
Total assets	\$ 627,142	\$ 944,466	\$ 1,305,721	\$ 1,358,743	\$ 2,208,767
Liabilities					
Accounts payable	\$ 25,000	\$ 6,040	\$ 32,523	\$ 157,239	\$ 139,797
Retainage payable	—	—	—	—	19,725
Accrued salaries and benefits	—	56,954	200,057	282,520	—
Deposit type accounts	549,128	—	—	—	—
Due to other governments	—	—	98	570	—
Total liabilities	574,128	62,994	232,678	440,329	159,522
Deferred inflows of resources					
Deferred unavailable revenue/taxes	—	—	—	—	—
Unavailable revenue and notes	—	—	12,599	2,990	—
Total deferred inflows of resources	—	—	12,599	2,990	—
Total liabilities & deferred inflows of resources	574,128	62,994	245,277	443,319	159,522
Fund balance					
Nonspendable	—	—	—	191,454	—
Restricted	53,014	—	—	—	2,049,246
Committed	—	881,473	1,060,444	723,969	—
Total fund balance	53,014	881,473	1,060,444	915,423	2,049,246
Total liabilities, deferred inflows & fund balances	\$ 627,142	\$ 944,467	\$ 1,305,721	\$ 1,358,742	\$ 2,208,768

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2020

Page 2 of 3

	<u>Cemetery</u>	<u>Emergency Services</u>	<u>Public Safety Comm</u>	<u>Police Grants</u>	<u>DYBID</u>
Assets					
Cash and cash equivalents	\$ 154,322	\$ 280,292	\$ 1,260,972	\$ 695,526	\$ 115,520
Cash with fiscal agent	—	8,635	—	—	—
Investments	—	—	—	403,212	—
Receivables, net allowance for uncollectible accounts					
Taxes	—	39,244	37,435	—	—
Accounts	7,133	—	—	—	372
Notes and contracts receivable	—	—	—	—	42,968
Due from other governments	—	—	—	25,684	—
Inventories and prepayments	—	—	—	—	—
Total assets	\$ 161,455	\$ 328,171	\$ 1,298,407	\$ 1,124,422	\$ 158,860
Liabilities					
Accounts payable	\$ 3,139	\$ 5,226	\$ 12,070	\$ 35,005	\$ 40,000
Retainage payable	—	—	—	—	—
Accrued salaries and benefits	17,494	184,571	375,491	17,803	—
Deposit type accounts	—	—	—	34,736	—
Due to other governments	461	—	—	255	83
Total liabilities	21,094	189,797	387,561	87,799	40,083
Deferred inflows of resources					
Deferred unavailable revenue/taxes	—	39,244	—	—	—
Unavailable revenue and notes	7,133	—	—	—	42,968
Total deferred inflows of resources	7,133	39,244	—	—	42,968
Total liabilities & deferred inflows of resources	28,227	229,041	387,561	87,799	83,051
Fund balance					
Nonspendable	—	—	—	—	—
Restricted	—	99,131	910,846	1,036,623	—
Committed	133,228	—	—	—	75,810
Total fund balance	133,228	99,131	910,846	1,036,623	75,810
Total liabilities, deferred inflows & fund balances	\$ 161,455	\$ 328,172	\$ 1,298,407	\$ 1,124,422	\$ 158,861

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2020

<u>Trolley</u>	<u>PBIA</u>	<u>Tourist Promo Conv Center</u>	<u>Capitol Theatre</u>	<u>PFD Conv Ctr</u>	<u>Tourist Promo Area</u>	<u>PFD Cap Theatre</u>	<u>Total</u>
\$ 122	\$ 4,278	\$ 249,808	\$ 55,728	\$ 961,031	\$ 120	\$ 193	\$ 8,155,223
—	—	—	—	—	—	—	38,535
—	—	—	—	—	—	—	1,465,673
—	—	52,247	11,844	—	—	—	404,195
—	—	(37,202)	—	267,917	53,851	202,964	493,996
—	6,084	—	—	—	—	—	49,052
49,927	—	—	—	—	—	—	596,940
—	—	—	—	—	—	—	191,454
<u>\$ 50,049</u>	<u>\$ 10,362</u>	<u>\$ 264,853</u>	<u>\$ 67,572</u>	<u>\$ 1,228,948</u>	<u>\$ 53,971</u>	<u>\$ 203,157</u>	<u>\$ 11,395,068</u>
\$ 1,549	\$ —	\$ 15,966	\$ 13,701	\$ —	\$ —	\$ —	\$ 487,254
—	—	—	—	—	—	—	19,725
—	—	—	—	—	—	—	1,134,890
—	—	64,591	—	—	—	—	648,456
—	—	—	—	—	—	—	1,468
<u>1,549</u>	<u>—</u>	<u>80,557</u>	<u>13,701</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,291,793</u>
—	—	—	—	—	—	—	39,244
—	6,084	—	—	—	—	—	71,773
—	6,084	—	—	—	—	—	111,017
<u>1,549</u>	<u>6,084</u>	<u>80,557</u>	<u>13,701</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,402,810</u>
—	—	—	—	—	—	—	191,454
48,500	—	184,296	53,872	1,228,948	53,971	203,157	5,921,602
—	4,278	—	—	—	—	—	2,879,201
<u>48,500</u>	<u>4,278</u>	<u>184,296</u>	<u>53,872</u>	<u>1,228,948</u>	<u>53,971</u>	<u>203,157</u>	<u>8,992,257</u>
<u>\$ 50,049</u>	<u>\$ 10,362</u>	<u>\$ 264,853</u>	<u>\$ 67,573</u>	<u>\$ 1,228,948</u>	<u>\$ 53,971</u>	<u>\$ 203,157</u>	<u>\$ 11,395,067</u>

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

December 31, 2020

Page 1 of 3

	Economic Dev	Community Relations	Parks and Recreation	Streets	Arterial Street
Revenues					
Taxes and assessments	\$ —	\$ —	\$ 2,826,147	\$ 4,016,314	\$ —
Licenses and permits	—	642,151	—	—	—
Intergovernmental revenues	109,309	28,842	49,314	1,543,665	1,284,197
Charges for services	—	—	227,449	571,730	—
Contributions and donations	—	—	19,798	—	—
Investment earnings	—	—	—	—	—
Other revenue	—	40	(6,758)	47,270	3,500
Total revenues	<u>109,309</u>	<u>671,033</u>	<u>3,115,950</u>	<u>6,178,979</u>	<u>1,287,697</u>
Expenditures					
Current					
General government	110,750	641,623	—	—	—
Public safety	—	—	135,785	—	—
Utilities	—	—	—	—	—
Transportation	—	—	—	6,823,895	12,426
Economic environment	—	—	—	—	—
Public health services	—	—	334,248	—	—
Cultural and recreational	—	—	3,736,482	—	—
Capital outlay					
General government	—	12,551	—	—	—
Public safety	—	—	—	—	—
Utilities	—	—	—	—	82
Transportation	—	—	—	—	1,316,482
Cultural and recreational	—	—	14,255	—	—
Debt service					
Principal	—	—	—	82,993	166,761
Interest and related charges	—	—	—	70,693	60,326
Total Expenditures	<u>110,750</u>	<u>654,174</u>	<u>4,220,770</u>	<u>6,977,581</u>	<u>1,556,077</u>
Excess (deficiency) of revenue over (under) expenditure	(1,441)	16,859	(1,104,820)	(798,602)	(268,380)
Other financing (sources) uses					
Transfers in	—	67,685	1,727,925	—	62,800
Transfers out	—	(2,565)	(229,000)	(360,000)	—
Proceeds from issuance of long-term debt	—	—	—	1,811,478	—
Sale of capital assets	—	—	—	83,402	—
Total other financing sources (uses)	<u>—</u>	<u>65,120</u>	<u>1,498,925</u>	<u>1,534,880</u>	<u>62,800</u>
Net change in fund balance	<u>(1,441)</u>	<u>81,979</u>	<u>394,105</u>	<u>736,278</u>	<u>(205,580)</u>
Fund balance - beginning	54,454	799,493	666,337	179,146	2,254,826
Fund balance - ending	<u>\$ 53,013</u>	<u>\$ 881,472</u>	<u>\$ 1,060,442</u>	<u>\$ 915,424</u>	<u>\$ 2,049,246</u>

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

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

December 31, 2020

Page 2 of 3

Cemetery	Emergency Services	Public Safety Comm	Police Grants	DYBID	Trolley	PBIA	Tourist Promo Conv Center
\$ —	\$ 1,532,331	\$ 251,767	\$ —	\$ —	\$ —	\$ —	\$ 560,473
—	—	—	—	—	—	—	—
—	56,017	3,112	111,776	—	—	—	8,746
147,455	—	4,045,207	53,603	—	—	—	63,051
—	—	—	—	—	—	—	—
40	(47)	—	4,689	—	4,100	—	—
—	—	—	137,170	184,024	1,275	4,047	123,189
147,495	1,588,301	4,300,086	307,238	184,024	5,375	4,047	755,459
—	—	—	185,286	—	—	—	—
—	1,359,796	4,276,243	233,366	—	—	—	—
314,484	—	—	—	—	—	—	—
—	—	—	—	—	12,667	—	—
—	—	—	—	—	—	3,315	251,431
—	—	—	—	—	—	—	—
—	—	—	—	165,499	—	—	757,454
—	—	—	—	—	—	—	—
—	32,776	—	51,155	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	70,000	—	—	—	—	—
—	—	48,620	—	—	—	—	—
314,484	1,392,572	4,394,863	469,807	165,499	12,667	3,315	1,008,885
(166,989)	195,729	(94,777)	(162,569)	18,525	(7,292)	732	(253,426)
151,000	—	100,000	—	—	10,000	—	150,000
—	(175,000)	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
151,000	(175,000)	100,000	—	—	10,000	—	150,000
(15,989)	20,729	5,223	(162,569)	18,525	2,708	732	(103,426)
149,216	78,401	905,623	1,199,193	57,284	45,791	3,546	287,722
\$ 133,227	\$ 99,130	\$ 910,846	\$ 1,036,624	\$ 75,809	\$ 48,499	\$ 4,278	\$ 184,296

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

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

December 31, 2020

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	Capitol Theatre	PFD Conv Ctr	Tourist Promotion	PFD Cap Theatre	Total
Revenues					
Taxes and assessments	\$ 263,063	\$ 1,225,006	\$ —	\$ 928,020	\$ 11,603,120
Licenses and permits	—	—	—	—	642,151
Intergovernmental revenues	—	—	—	—	3,194,978
Charges for services	—	—	393,595	—	5,502,089
Contributions and donations	—	—	—	—	19,798
Investment earnings	—	1,455	8,163	4,902	23,302
Other revenue	—	—	—	—	493,757
Total revenues	263,063	1,226,461	401,758	932,922	21,479,195
Expenditures					
Current					
General government	—	—	—	—	937,659
Public safety	—	—	—	—	6,005,190
Utilities	—	—	—	—	314,484
Transportation	—	—	—	—	6,848,988
Economic environment	—	—	428,049	—	682,795
Public health services	—	—	—	—	334,248
Cultural and recreational	437,851	11,622	—	11,621	5,120,529
Capital outlay					
General government	—	—	—	—	12,551
Public safety	—	—	—	—	83,931
Utilities	—	—	—	—	82
Transportation	—	—	—	—	1,316,482
Cultural and recreational	—	—	—	—	14,255
Debt service					
Principal	—	—	—	—	319,754
Interest and related charges	—	—	—	—	179,638
Total Expenditures	437,851	11,622	428,049	11,621	22,170,586
Excess (deficiency) of revenue over (under) expenditure	(174,788)	1,214,839	(26,291)	921,301	(691,391)
Other financing (sources) uses					
Transfers in	194,385	—	—	—	2,463,795
Transfers out	—	(1,029,367)	—	(984,435)	(2,780,367)
Proceeds from issuance of long-term debt	—	—	—	—	1,811,478
Sale of capital assets	—	—	—	—	83,402
Total other financing sources (uses)	194,385	(1,029,367)	—	(984,435)	1,578,308
Net change in fund balance	19,597	185,472	(26,291)	(63,134)	886,917
Fund balance - beginning	34,275	1,043,475	80,263	266,291	8,105,337
Fund balance - ending	\$ 53,872	\$ 1,228,947	\$ 53,972	\$ 203,157	\$ 8,992,254

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

NONMAJOR DEBT SERVICE FUNDS

Convention Center/Capitol Theatre Expansion Long-Term General Obligation (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, 2020

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	\$ 217,154	\$ 55,095	\$ 18,078	\$ 290,327
Cash with fiscal agent	—	9,928	—	9,928
Receivables, net allowance for uncollectible accounts				
Taxes	—	—	26,606	26,606
Notes and contracts receivable	—	(47,784)	—	(47,784)
Total assets	<u>\$ 217,154</u>	<u>\$ 17,239</u>	<u>\$ 44,684</u>	<u>\$ 279,077</u>
Fund balance				
Restricted	\$ 217,154	\$ —	\$ 44,684	\$ 261,838
Assigned	—	17,239	—	17,239
Total liabilities, deferred inflows & fund balances	<u>\$ 217,154</u>	<u>\$ 17,239</u>	<u>\$ 44,684</u>	<u>\$ 279,077</u>

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

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

December 31, 2020

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	<u>Conv Ctr/ Cap Th Bond</u>	<u>Various GO Bonds</u>	<u>Conv Ctr Rem Bond</u>	<u>Total</u>
Revenues				
Taxes and assessments	\$ —	2,344,014	\$ (30,801)	\$ 2,313,213
Intergovernmental revenues	48,838	—	—	48,838
Total revenues	<u>48,838</u>	<u>2,344,014</u>	<u>(30,801)</u>	<u>2,362,051</u>
Expenditures				
Debt service				
Principal	720,000	2,185,083	—	2,905,083
Interest and related charges	683,718	1,106,027	—	1,789,745
Total Expenditures	<u>1,403,718</u>	<u>3,291,110</u>	<u>—</u>	<u>4,694,828</u>
Excess (deficiency) of revenue over (under) expenditure	(1,354,880)	(947,096)	(30,801)	(2,332,777)
Other financing (sources) uses				
Transfers in	1,409,417	952,396	—	2,361,813
Proceeds from issuance of long-term debt	7,405,000	552,234	—	7,957,234
Payments to refunded debt	(7,405,000)	(552,234)	—	(7,957,234)
Total other financing sources (uses)	<u>1,409,417</u>	<u>952,396</u>	<u>—</u>	<u>2,361,813</u>
Net change in fund balance	54,537	5,300	(30,801)	29,036
Fund balance - beginning	162,617	11,939	75,485	250,041
Fund balance - ending	<u>\$ 217,154</u>	<u>\$ 17,239</u>	<u>\$ 44,684</u>	<u>\$ 279,077</u>



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

NONMAJOR CAPITAL PROJECT FUNDS

Central Business District 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.

REET 1 Public Works Trust Fund (342) - Accounts for the first 1/4% Real Estate Excise Tax, restricted primarily for planned streets, parks, law enforcement and administrative capital projects.

REET 2 Capital Fund (343) - Created in 2005 to track Capital improvement projects funded with the second 1/4% of Real Estate Excise Tax, more restrictive than REET 1, primarily streets, water, sewer and parks projects.

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, 2020

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	<u>Central Bus</u>	<u>Capitol</u>	<u>Yakima Rev</u>	<u>Parks &</u>	
	<u>District Impr</u>	<u>Theatre Cons</u>	<u>Dev Area</u>	<u>Recreation</u>	<u>Fire</u>
Assets					
Cash and cash equivalents	\$ 75,731	\$ 259,770	\$ 1,069,515	\$ 391,266	\$ 384,605
Cash with fiscal agent	—	—	—	89	—
Investments	—	—	620,022	—	—
Receivables, net allowance for uncollectible accounts					
Taxes	—	—	—	—	—
Due from other governments	—	—	913,016	—	—
Total assets	<u>\$ 75,731</u>	<u>\$ 259,770</u>	<u>\$ 2,602,553</u>	<u>\$ 391,355</u>	<u>\$ 384,605</u>
Liabilities					
Accounts payable	\$ —	\$ —	\$ 1,865,991	\$ —	\$ 2,743
Retainage payable	—	—	—	—	—
Deposit type accounts	3,001	—	—	—	—
Due to other governments	90	—	—	—	1
Total liabilities	<u>3,091</u>	<u>—</u>	<u>1,865,991</u>	<u>—</u>	<u>2,744</u>
Deferred inflows of resources					
Unavailable revenue and notes	65	—	—	—	—
Total liabilities & deferred inflows of resources	<u>3,156</u>	<u>—</u>	<u>1,865,991</u>	<u>—</u>	<u>2,744</u>
Fund balance					
Restricted	—	—	—	—	—
Committed	—	—	736,562	—	—
Assigned	72,576	259,770	—	391,355	381,861
Total fund balance	<u>72,576</u>	<u>259,770</u>	<u>736,562</u>	<u>391,355</u>	<u>381,861</u>
Total liabilities, deferred inflows & fund balances	<u>\$ 75,732</u>	<u>\$ 259,770</u>	<u>\$ 2,602,553</u>	<u>\$ 391,355</u>	<u>\$ 384,605</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2020

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Law and Justice	REET 1 PW Trust	REET 2 Capital	Streets Capital	Yak Conv Center	Cumulative Reserve	Total
\$ 1,008,989	\$ 2,130,505	\$ 1,143,686	\$ 2,430,092	\$ 3,421,674	\$ 396,400	\$ 12,712,232
—	187,954	187,954	1,040	—	—	377,038
—	1,235,102	663,021	1,408,779	1,983,622	—	5,910,546
37,267	10,325	10,325	129,195	5,033	—	192,144
—	—	—	—	—	—	913,016
<u>\$ 1,046,256</u>	<u>\$ 3,563,886</u>	<u>\$ 2,004,986</u>	<u>\$ 3,969,106</u>	<u>\$ 5,410,329</u>	<u>\$ 396,400</u>	<u>\$ 20,104,976</u>
\$ 20,503	\$ 18,901	\$ —	\$ 1,119	\$ 366,602	\$ 8,972	\$ 2,284,831
—	—	—	5,168	—	—	5,168
—	—	—	129,195	—	—	132,196
412	—	—	—	204	—	707
<u>20,915</u>	<u>18,901</u>	<u>—</u>	<u>135,482</u>	<u>366,806</u>	<u>8,972</u>	<u>2,422,902</u>
—	—	—	—	—	—	65
<u>20,915</u>	<u>18,901</u>	<u>—</u>	<u>135,482</u>	<u>366,806</u>	<u>8,972</u>	<u>2,422,967</u>
—	3,544,984	2,004,985	—	5,043,523	387,427	10,980,920
—	—	—	—	—	—	736,562
1,025,340	—	—	3,833,625	—	—	5,964,527
<u>1,025,340</u>	<u>3,544,984</u>	<u>2,004,985</u>	<u>3,833,625</u>	<u>5,043,523</u>	<u>387,427</u>	<u>17,682,009</u>
<u>\$ 1,046,255</u>	<u>\$ 3,563,885</u>	<u>\$ 2,004,985</u>	<u>\$ 3,969,107</u>	<u>\$ 5,410,329</u>	<u>\$ 396,399</u>	<u>\$ 20,104,976</u>

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

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

December 31, 2020

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	\$ 21,078	\$ —
Intergovernmental revenues	—	—	913,016	1,000,000	2,956
Charges for services	—	—	—	—	62,425
Contributions and donations	—	—	—	121,396	—
Investment earnings	18	—	—	—	—
Other revenue	11,520	—	—	2,222	178
Total revenues	11,538	—	1,913,016	1,144,696	65,559
Expenditures					
Current					
Public safety	—	1,247	—	—	71,358
Utilities	—	—	—	—	—
Transportation	—	—	—	—	—
Economic environment	—	—	21,059	—	—
Cultural and recreational	—	—	—	1,022,878	—
Capital outlay					
General government	—	—	—	—	—
Public safety	—	—	—	—	191,401
Utilities	—	—	—	—	—
Transportation	—	—	2,722,325	—	—
Cultural and recreational	—	—	—	125,670	—
Debt service					
Principal	—	—	—	—	—
Interest and related charges	—	—	—	—	—
Total Expenditures	—	1,247	2,743,384	1,148,548	262,759
Excess (deficiency) of revenue over (under) expenditure	11,538	(1,247)	(830,368)	(3,852)	(197,200)
Other financing (sources) uses					
Transfers in	—	60,000	—	—	75,000
Transfers out	—	—	—	—	—
Proceeds from issuance of long-term debt	—	—	—	—	—
Sale of capital assets	—	—	—	—	—
Total other financing sources (uses)	—	60,000	—	—	75,000
Net change in fund balance	11,538	58,753	(830,368)	(3,852)	(122,200)
Fund balance - beginning	61,038	201,017	1,566,930	395,207	504,061
Fund balance - ending	\$ 72,576	\$ 259,770	\$ 736,562	\$ 391,355	\$ 381,861

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

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

December 31, 2020

Page 2 of 2

<u>Law and Justice</u>	<u>REET 1 PW Trust</u>	<u>REET 2 Capital</u>	<u>Streets Capital</u>	<u>Yak Conv Center</u>	<u>Cumulative Reserve</u>	<u>Total</u>
\$ 375,195	\$ 1,263,715	\$ 1,263,715	\$ 1,932,228	\$ 103,519	\$ —	\$ 5,959,450
—	3,219	—	—	—	—	1,919,190
—	—	—	—	—	—	62,425
—	—	—	—	—	—	121,396
—	—	—	—	50,822	—	50,840
—	—	—	57,989	—	—	71,909
<u>375,195</u>	<u>1,266,934</u>	<u>1,263,715</u>	<u>1,990,217</u>	<u>154,341</u>	<u>—</u>	<u>8,185,210</u>
140,429	—	—	—	—	—	213,034
—	—	—	—	—	3,960	3,960
—	2,011	355,275	218,628	—	—	575,914
—	—	—	—	—	—	21,059
—	—	—	—	77,681	—	1,100,559
—	112,157	—	—	—	—	112,157
230,457	—	—	—	—	—	421,858
—	—	—	—	—	169,886	169,886
—	—	—	53,248	8,451,993	—	11,227,567
—	108,213	—	—	—	—	233,883
—	55,891	165,100	—	—	—	220,992
—	28,557	7,430	—	115,090	—	151,076
<u>370,886</u>	<u>306,829</u>	<u>527,805</u>	<u>271,876</u>	<u>8,644,764</u>	<u>173,846</u>	<u>14,451,945</u>
4,309	960,105	735,910	1,718,341	(8,490,423)	(173,846)	(6,266,735)
246,846	84,448	—	—	200,000	—	666,294
—	(619,731)	(332,665)	(62,800)	—	—	(1,015,196)
—	—	—	—	12,620,000	—	12,620,000
44,404	—	—	—	—	—	44,404
<u>291,250</u>	<u>(535,283)</u>	<u>(332,665)</u>	<u>(62,800)</u>	<u>12,820,000</u>	<u>—</u>	<u>12,315,502</u>
295,559	424,822	403,245	1,655,541	4,329,577	(173,846)	6,048,767
729,782	3,120,163	1,601,740	2,178,084	713,946	561,273	11,633,241
<u>\$ 1,025,341</u>	<u>\$ 3,544,985</u>	<u>\$ 2,004,985</u>	<u>\$ 3,833,625</u>	<u>\$ 5,043,523</u>	<u>\$ 387,427</u>	<u>\$ 17,682,008</u>

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



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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, 2020

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	<u>Cemetery</u> <u>Trust</u>
Assets	
Cash and cash equivalents	\$ 717,503
Receivables, net allowance for uncollectible accounts	
Accounts	164
Total assets	<u>\$ 717,667</u>
Fund balance	
Nonspendable	\$ 717,668
Total liabilities, deferred inflows & fund balances	<u>\$ 717,668</u>

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

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

December 31, 2020

Page 1 of 1

	Cemetery Trust
	<u> </u>
Revenues	
Charges for services	\$ 384
Other revenue	<u> 13,194</u>
Total revenues	<u> 13,578</u>
Excess (deficiency) of revenue over (under) expenditure	13,578
Other financing (sources) uses	
Transfers out	<u> (12,000)</u>
Net change in fund balance	1,578
Fund balance - beginning	<u> 716,090</u>
Fund balance - ending	<u><u> \$ 717,668</u></u>



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

INTERNAL SERVICE FUNDS

Unemployment Compensation Reserve Fund (512) - Established in 1978 to provide unemployment compensation coverage for City employees as required by state law.

Employees' Health Benefit Reserve Fund (513) - Established for the transfer of premiums from the operating funds in order to pay medical and dental costs incurred by persons covered by the Employees' Health Benefit Plan of the City and to pay expenses incurred in connection with administering that plan.

Workers' Compensation Reserve Fund (514) - Created when City Council adopted Ordinance No. 2783 effective July 1, 1984, to self-insure a Workers' Compensation Program for the City employees pursuant to RCW Chapter 51.14.

Risk Management Reserve Fund (515) - Created by Ordinance No. 2941, on February 11, 1986, to account for general liability and purchased insurance coverage. Funding revenues are contributions from other fund groups and are planned to match expenses of insurance premiums for coverage in excess of self-insured amounts, claims resulting from the self-insured program, and operating expenses.

Wellness and Employee Assistance Program (EAP) Fund (516) - Established in 1998 to provide the opportunity to all City employees to improve their physical, mental and emotional well-being.

Equipment Rental Fund (551) - A self-supporting fund 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, 2020

Page 1 of 4

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Assets				
Current Assets				
Cash and cash equivalents	\$ 325,103	\$ 2,191,866	\$ 934,166	\$ 2,356,232
Investments	—	1,270,675	—	1,365,961
Receivables, net allowance for uncollectible accounts				
Accounts	23,192	989,526	135,966	—
Notes and contracts receivable	—	—	—	—
Due from other governments	—	—	—	—
Inventories and prepayments	—	1,855	—	—
Total current assets	348,295	4,453,922	1,070,132	3,722,193
Noncurrent assets				
Capital assets, net of accumulated depreciation				
Buildings	—	—	—	—
Machinery, equipment & vehicles	—	—	—	—
Other improvements & utility systems	—	—	—	—
Total noncurrent assets	—	—	—	—
Total assets	348,295	4,453,922	1,070,132	3,722,193
Deferred outflows of resources				
Deferred outflows related to pension	5,625	14,156	11,176	64,952
Deferred outflows related to OPEB	316	800	669	5,853
Total deferred outflows of resources	5,941	14,956	11,845	70,805
Total assets & deferred outflows of resources	353,920	4,468,078	1,081,308	3,787,145

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

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2020

Page 2 of 4

Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration	Total
\$ 111,718	\$ 1,139,598	\$ 555,271	\$ 453,534	\$ 8,067,488
—	1,116,221	—	—	3,752,857
—	—	—	—	1,148,684
—	(18,245)	—	—	(18,245)
—	—	31,769	—	31,769
—	630,154	—	—	632,008
111,718	2,867,728	587,040	453,534	13,614,561
—	—	—	371,116	371,116
—	10,892,154	—	13,236	10,905,390
8,507	—	322,350	89,398	420,255
8,507	10,892,154	322,350	473,750	11,696,761
120,225	13,759,882	909,390	927,284	25,311,322
—	83,475	—	47,071	226,455
—	4,243	—	2,507	14,388
—	87,718	—	49,578	240,843
120,225	13,847,600	909,390	976,862	25,552,165

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

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2020

Page 3 of 4

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Liabilities				
Current liabilities				
Accounts payable	32,612	82,149	77,157	144,786
Retainage payable	—	—	—	—
Claims & judgments payable	—	1,994,727	650,000	1,254,595
Accrued salaries and benefits	8,179	18,425	16,103	39,874
Compensated absences	1,649	2,256	1,426	4,244
Deposit type accounts	—	—	—	64,711
Due to other governments	—	—	—	—
Other postemployment benefits - current	1,190	996	8,711	6,315
Total current liabilities	43,630	2,098,553	753,397	1,514,525
Noncurrent liabilities				
Compensated absences	18,995	26,224	14,811	43,551
Pension Liability	18,770	47,237	37,293	216,734
Other postemployment benefits (OPEB)	19,538	16,350	142,982	103,653
Total noncurrent liabilities	57,303	89,811	195,086	363,938
Total liabilities	100,933	2,188,364	948,483	1,878,463
Deferred inflows of resources				
Deferred inflows related to pension	6,275	15,792	12,467	72,456
Deferred inflows related to OPEB	3,971	10,037	8,399	73,451
Total deferred inflows of resources	10,246	25,829	20,866	145,907
Total liabilities & deferred inflows of resources	111,179	2,214,193	969,349	2,024,370
Net position				
Net investment in capital assets	—	—	—	—
Unrestricted	243,057	2,254,684	112,630	1,768,629
Total net position	\$ 243,057	\$ 2,254,684	\$ 112,630	\$ 1,768,629

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

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2020

Page 4 of 4

Wellness/ EAP	Equipment Rental	Environmental	Public Works Administration	Total
2,327	93,424	5,658	3,656	441,767
—	—	—	17,797	17,797
—	—	—	—	3,899,322
—	91,054	—	60,108	233,743
—	4,764	—	6,763	21,102
—	—	—	—	64,711
—	100	—	—	100
—	3,731	—	7,165	28,108
<u>2,327</u>	<u>193,073</u>	<u>5,658</u>	<u>95,489</u>	<u>4,706,650</u>
—	52,849	—	73,273	229,703
—	278,540	—	157,067	755,642
—	61,241	—	117,597	461,361
—	392,630	—	347,937	1,446,706
<u>2,327</u>	<u>585,703</u>	<u>5,658</u>	<u>443,426</u>	<u>6,153,356</u>
—	93,119	—	52,509	252,620
—	53,247	—	31,460	180,565
—	146,366	—	83,969	433,185
<u>2,327</u>	<u>732,069</u>	<u>5,658</u>	<u>527,395</u>	<u>6,586,541</u>
8,507	10,892,154	322,350	455,953	11,678,964
109,390	2,223,375	581,383	(6,488)	7,286,661
<u>\$ 117,897</u>	<u>\$ 13,115,529</u>	<u>\$ 903,733</u>	<u>\$ 449,465</u>	<u>\$ 18,965,625</u>

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

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

December 31, 2020

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	—	—	—	4,292,504
Employer premium payments	221,425	11,033,191	1,724,085	—
Employee premium payments	—	1,957,677	82,808	—
Other operating revenue	—	—	—	875
Total operating revenues	221,425	12,990,868	1,806,893	4,293,379
Operating expenses				
Personnel services	88,785	178,591	298,797	765,307
Materials and supplies	—	1,248	2,402	7,507
Contractual services	9,219	2,096,373	386,575	2,888,700
Claims and other benefits	80,624	10,062,313	1,052,232	2,947
Depreciation	—	—	—	—
Total operating expense	178,628	12,338,525	1,740,006	3,664,461
Operating income (loss)	42,797	652,343	66,887	628,918
Nonoperating revenues (expense)				
Grants and subsidies	—	3,482	—	2,389
Interest revenue	—	—	—	—
Other nonoperating revenue	—	—	40,203	101,172
Gain (loss) disposal of capital assets	—	—	—	—
Total nonoperating revenue (exp)	—	3,482	40,203	103,561
Income (loss) before contributions & transfers	42,797	655,825	107,090	732,479
Transfers in	—	—	—	—
Transfers (out)	—	—	—	—
Change in net position	42,797	655,825	107,090	732,479
Net position - beginning	200,260	1,598,859	5,541	1,036,150
Net position - ending	\$ 243,057	\$ 2,254,684	\$ 112,631	\$ 1,768,629

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

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

December 31, 2020

Page 2 of 2

Wellness/ EAP	Equipment Rental	Environmental	Public	Total
			Works Administration	
\$ —	\$ 1,758,476	\$ 38,298	\$ 610,803	\$ 2,407,577
—	997,268	—	629,400	5,919,172
100,000	—	—	—	13,078,701
—	—	—	—	2,040,485
—	2,482	—	2,776	6,133
100,000	2,758,226	38,298	1,242,979	23,452,068
—	951,919	—	639,909	2,923,308
6,618	87,798	5,886	56,340	167,799
31,580	483,955	190,690	493,721	6,580,814
—	29,303	—	7,876	11,235,294
681	1,306,314	29,506	34,241	1,370,742
38,879	2,859,289	226,082	1,232,087	22,277,957
61,121	(101,063)	(187,784)	10,892	1,174,111
512	33,377	84,510	69,066	193,335
—	957	—	—	957
—	(4,070)	—	—	137,305
—	(19,043)	—	—	(19,043)
512	11,221	84,510	69,066	312,554
61,633	(89,842)	(103,274)	79,958	1,486,665
—	967,892	—	—	967,892
—	(11,866)	—	(15,000)	(26,866)
61,633	866,184	(103,274)	64,958	2,427,691
56,264	12,249,346	1,007,007	384,507	16,537,934
\$ 117,897	\$ 13,115,530	\$ 903,733	\$ 449,465	\$ 18,965,625

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

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

December 31, 2020

Page 1 of 4

	Unemployment Compensation Reserve	Employees' Health Benefit Reserve	Workers' Compensation Reserve	Risk Management Reserve
Cash flows from operating activities				
Receipts from customers	\$ —	\$ —	\$ —	\$ 4,292,504
Contributions rec'd employer & employee	222,016	12,951,175	1,802,033	—
Payments to suppliers & service providers	9,712	(2,016,132)	(384,354)	(2,734,169)
Payments to employees salaries & benefits	(78,379)	(188,566)	(160,689)	(785,123)
Transfers to other funds	—	—	—	875
Payments to claimants & beneficiaries	(80,624)	(10,062,313)	(1,052,232)	(2,947)
Net cash flows from operating activities	<u>72,725</u>	<u>684,164</u>	<u>204,758</u>	<u>771,140</u>
Cash from noncapital financing activities				
Transfer in/other nonoperating revenue	—	3,482	40,203	103,561
Net cash from noncapital financing activities	<u>—</u>	<u>3,482</u>	<u>40,203</u>	<u>103,561</u>
Cash flows from capital financing activities				
Proceeds from disposal of property	—	—	—	—
Capital expenditures	—	—	—	—
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	—	1,993,209	—	2,204,225
Interest on investments	—	—	—	—
Purchase of investments	—	(1,270,675)	—	(1,365,961)
Net cash provided by investing activities	<u>—</u>	<u>722,534</u>	<u>—</u>	<u>838,264</u>
Net increase (decrease) in cash & cash equivalents	72,725	1,410,180	244,961	1,712,965
Cash & cash equivalents - beginning	252,377	781,686	689,206	643,267
Cash & cash equivalents - ending	<u>\$ 325,102</u>	<u>\$ 2,191,866</u>	<u>\$ 934,167</u>	<u>\$ 2,356,232</u>

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

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

December 31, 2020

Page 2 of 4

Wellness/ EAP	Equipment Rental	Environmental	Public Works Admin	Total
\$ —	\$ 2,941,351	\$ 227,915	\$ 1,240,203	\$ 8,701,973
100,000	—	—	—	15,075,225
(40,518)	(1,214,895)	(248,213)	(553,669)	(7,182,238)
—	(1,132,619)	—	(633,558)	(2,978,934)
—	2,482	—	2,776	6,133
—	(29,303)	—	(7,876)	(11,235,294)
59,482	567,016	(20,298)	47,876	2,386,865
512	29,307	84,510	69,066	330,640
512	29,307	84,510	69,066	330,640
—	(19,043)	—	—	(19,043)
—	(1,978,559)	—	(392,252)	(2,370,811)
—	967,892	—	—	967,892
—	(11,866)	—	(15,000)	(26,866)
—	(1,041,576)	—	(407,252)	(1,448,828)
—	2,090,143	—	—	6,287,577
—	957	—	—	957
—	(1,116,221)	—	—	(3,752,857)
—	974,879	—	—	2,535,677
59,994	529,626	64,212	(290,310)	3,804,354
51,723	609,974	491,059	743,843	4,263,135
\$ 111,717	\$ 1,139,600	\$ 555,271	\$ 453,533	\$ 8,067,489

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

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

December 31, 2020

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)	\$ 42,797	\$ 652,343	\$ 66,886	\$ 628,918
Adj to reconcile operating income (loss) to net cash provided (used) for operations				
Depreciation expense	—	—	—	—
Change in assets and liabilities				
(Increase) decrease in net accounts receivable	591	(39,693)	(4,859)	—
(Increase) decrease in inventory	—	—	—	—
(Decrease) increase in accounts payable	18,931	81,489	4,623	162,038
(Decrease) increase in wages/benefits payable	6,806	(17,000)	130,682	21,699
(Decrease) increase in compensated absences	3,601	7,025	7,426	(41,514)
Total adjustments	29,929	31,821	137,872	142,223
Net cash prov (used) for operations	<u>\$ 72,726</u>	<u>\$ 684,164</u>	<u>\$ 204,758</u>	<u>\$ 771,141</u>

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

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

December 31, 2020

Page 4 of 4

Wellness/ EAP	Equipment Rental	Environmental	Public Works Admin	Total
\$ 61,121	\$ (101,063)	\$ (187,784)	\$ 10,892	\$ 1,174,111
681	1,306,314	29,506	34,241	1,370,742
—	185,607	189,617	—	331,264
—	(25,450)	—	—	(25,450)
(2,319)	(617,693)	(51,637)	(3,607)	(408,176)
—	(169,234)	—	8,745	(18,303)
—	(11,466)	—	(2,394)	(37,323)
(1,638)	668,078	167,486	36,985	1,212,754
<u>\$ 59,483</u>	<u>\$ 567,015</u>	<u>\$ (20,298)</u>	<u>\$ 47,877</u>	<u>\$ 2,386,865</u>

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

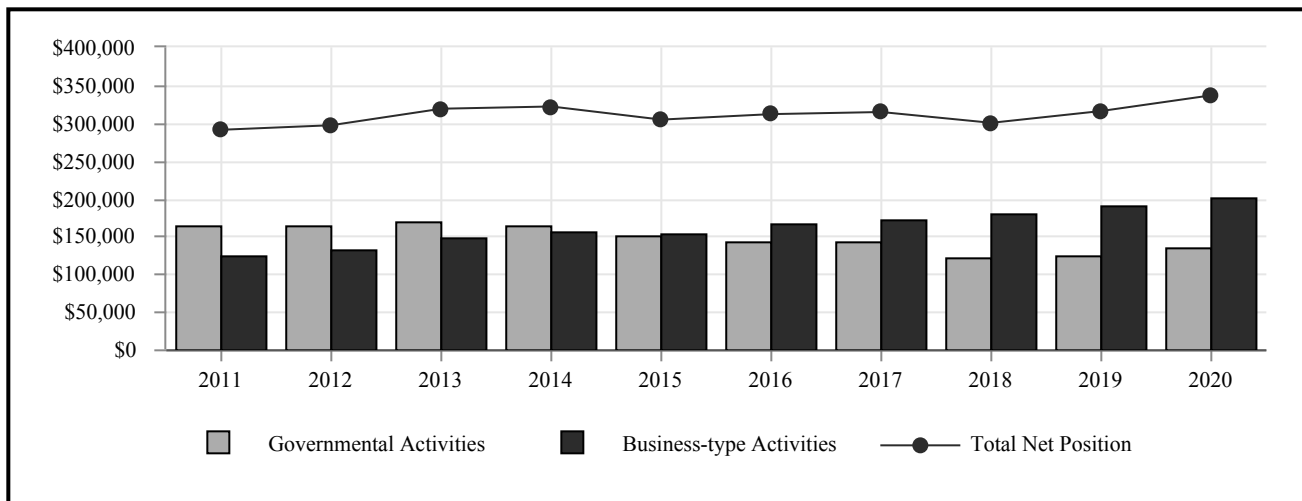


The Notes to the Financial Statements, found in the Basic Financial Section, are an integral part of this statement

NET POSITION BY COMPONENT

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net invested/capital assets	\$147,349	\$149,222	\$155,430	\$153,733	\$152,325	\$154,345	\$151,106	\$140,858	\$149,000	141,827
Restricted	18,624	18,548	21,768	18,483	22,371	17,491	\$ 25,020	28,292	30,865	36,911
Unrestricted	(921)	(2,528)	(7,268)	(7,320)	(23,566)	(27,984)	\$ (34,325)	(48,223)	(54,244)	(42,910)
Total governmental activities	\$165,052	\$165,242	\$169,930	\$164,896	\$151,130	\$143,852	\$141,801	\$120,927	\$125,621	\$135,828
Business-type activities										
Net invested/capital assets	\$105,681	\$109,844	\$126,846	\$130,496	\$127,576	\$135,655	\$136,112	\$135,946	\$141,504	\$142,388
Restricted	2,372	1,757	1,761	1,808	2,019	1,835	\$ 1,835	1,835	1,600	1,600
Unrestricted	17,690	19,984	20,151	24,463	23,554	30,201	\$ 34,580	41,308	46,927	56,637
Total business-type activities	\$125,743	\$131,585	\$148,758	\$156,767	\$153,149	\$167,691	\$172,527	\$179,089	\$190,031	\$200,625
Net position										
Net invested/capital assets	\$253,030	\$259,066	\$282,276	\$284,229	\$279,901	\$290,000	\$287,218	\$276,804	\$290,504	\$284,215
Restricted	20,996	20,305	23,529	20,291	24,390	19,326	\$ 26,855	30,127	32,465	38,511
Unrestricted	16,769	17,456	12,883	17,143	(12)	2,217	\$ 255	(6,915)	(7,297)	13,727
Total net position	\$290,795	\$296,827	\$318,688	\$321,663	\$304,279	\$311,543	\$314,328	\$300,016	\$315,672	\$336,453



CHANGE IN NET POSITION

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

Page 1 of 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenditures										
Governmental activities										
General government	\$ 8,814	\$ 8,668	\$ 8,744	\$ 11,307	\$ 10,935	\$ 11,992	\$ 12,578	\$ 11,570	\$ 18,289	\$ 15,060
Public safety	40,614	42,996	47,682	48,645	48,221	49,780	47,245	42,831	49,007	45,049
Utilities	670	658	794	1,729	455	524	708	576	1,126	670
Transportation	10,693	11,530	13,075	10,839	14,368	12,074	12,837	10,364	9,364	11,753
Economic environment	4,840	3,950	4,407	4,477	5,159	6,340	7,308	6,503	8,193	7,382
Public health services	22	24	18	640	682	614	626	759	1,676	765
Cultural and recreational	7,859	7,522	8,205	7,146	7,711	7,368	7,492	7,370	7,594	7,782
Interest on long-term debt	1,160	1,122	1,175	1,434	1,776	1,540	1,493	1,557	1,656	1,996
Total gov't activities	74,672	76,470	84,100	86,217	89,307	90,232	90,287	81,530	96,905	90,457
Business-type activities										
Transit	8,564	9,085	8,806	8,891	9,045	9,187	9,490	9,092	9,167	8,490
Airport	—	—	1,407	1,825	1,846	2,012	2,236	1,976	2,100	3,221
Refuse	4,472	4,679	4,808	4,993	4,337	4,603	4,847	4,950	6,518	7,503
Wastewater	13,972	13,634	14,255	15,541	14,403	15,145	17,326	16,802	21,381	19,580
Water	5,546	5,834	6,368	7,111	7,297	7,567	7,749	7,928	10,424	9,406
Irrigation	1,884	1,891	2,071	2,078	2,135	2,276	2,363	2,329	2,287	2,249
Stormwater	1,317	1,318	1,322	1,351	1,609	2,052	2,890	2,411	2,517	2,650
Total business-type activities	35,755	36,441	39,037	41,790	40,672	42,842	46,901	45,488	54,394	53,099
Total Expenditures	\$110,427	\$112,911	\$123,137	\$128,007	\$129,979	\$133,074	\$137,188	\$127,018	\$151,299	\$143,556
Revenues										
Governmental activities										
Charges for services										
General government	\$ (2)	\$ 9	\$ 32	\$ 400	\$ 421	\$ 443	\$ 419	\$ 429	\$ 467	\$ 292
Public safety	2,088	2,385	2,075	7,077	8,504	9,081	8,681	8,357	8,717	7,538
Utilities	768	735	619	217	239	202	257	331	311	220
Transportation	225	232	245	12	47	20	44	41	38	45
Economic environment	2,258	1,231	1,520	2,398	1,730	1,478	1,476	1,900	1,119	900
Public health services	—	—	—	—	—	—	21	15	14	5
Culture & recreational	2,216	2,122	2,618	3,896	3,922	3,823	3,990	4,097	4,030	2,954
Operating grants	10,507	10,848	10,093	5,126	6,700	8,132	6,982	10,362	11,847	11,420
Cap grants/contributions	14,991	4,883	12,819	5,099	1,698	2,358	2,340	2,562	4,954	2,698
Total gov't activities	33,051	22,445	30,021	24,225	23,261	25,537	24,210	28,094	31,497	26,072
Business-type activities										
Charges for services										
Transit	1,015	1,047	1,252	1,368	1,354	1,408	1,347	1,091	1,053	587
Airport	—	—	931	1,236	1,314	1,344	1,428	1,481	1,619	1,195
Refuse	4,770	5,430	5,440	5,822	5,671	6,918	6,967	7,562	8,018	8,326
Wastewater	15,466	18,703	19,154	21,471	20,932	21,571	20,993	22,255	23,007	23,282
Water	6,887	8,599	8,126	8,650	8,582	9,007	9,177	10,069	10,101	10,805
Irrigation	2,718	2,901	2,986	3,148	3,048	3,053	3,087	3,102	3,181	3,406
Stormwater	2,170	2,183	2,142	2,176	2,272	2,383	3,684	3,719	3,816	4,009
Operating grants	2,911	2,713	2,703	2,547	3,206	2,817	2,602	2,938	3,068	3,804
Cap grants/contributions	1,646	2,118	1,761	4,265	3,226	12,263	4,790	3,262	6,126	3,398
Total business-type activities	37,583	43,694	44,495	50,683	49,605	60,764	54,075	55,479	59,989	58,812
Total revenues	\$ 70,634	\$ 66,139	\$ 74,516	\$ 74,908	\$ 72,866	\$ 86,301	\$ 78,285	\$ 83,573	\$ 91,486	\$ 84,884

CHANGE IN NET POSITION

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

Page 2 of 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Change in net position										
Governmental activities	\$ (41,621)	\$ (54,025)	\$ (54,079)	\$ (61,991)	\$ (66,045)	\$ (64,692)	\$ (66,076)	\$ (53,438)	\$ (65,407)	\$ (64,388)
Business-type activities	1,828	7,254	5,458	8,895	8,932	17,922	7,172	9,989	5,594	5,713
Total net position	<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>	<u>\$ (59,813)</u>	<u>\$ (58,675)</u>
General revenues & transfers										
Governmental activities										
Taxes										
Property taxes	\$ 15,126	\$ 15,565	\$ 15,989	\$ 16,131	\$ 16,427	\$ 18,283	\$ 18,278	\$ 19,839	\$ 20,688	\$ 21,208
Sales and use taxes	18,346	19,599	21,306	21,537	22,037	22,809	23,146	21,542	22,404	22,450
Other taxes and fees	11,910	12,454	12,289	12,301	12,587	11,989	13,453	14,591	24,238	24,180
Unrestricted investments	272	309	101	371	452	688	711	991	1,395	2,070
Judgments & settlements	—	—	—	1,350	8	—	249	—	—	—
Miscellaneous	33	42	40	356	198	106	15	89	146	241
Extraordinary item	—	—	—	—	—	—	—	(1,747)	—	3,944
Gain/(loss) disp cap asset	(148)	73	403	(20)	29	217	(91)	(1,191)	68	(11)
Transfers	3,718	6,172	6,372	6,643	8,021	9,563	8,263	8,918	1,182	491
Debt issue cost	—	—	489	—	—	—	—	—	—	—
Total gov't activities	<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>	<u>70,121</u>	<u>74,573</u>
Business-type activities										
Sales and use taxes	4,449	4,762	5,081	5,457	5,566	5,855	5,887	6,171	6,447	6,672
Unrestricted investments	9	11	6	5	(43)	5	7	12	19	9
Judgments & settlements	—	—	—	14	—	—	—	—	—	—
Miscellaneous	—	—	—	400	247	12	4	44	4	—
Gain/(loss) disp cap asset	(529)	7	(98)	(118)	43	309	28	87	60	20
Transfers	(3,718)	(6,191)	(6,372)	(6,643)	(8,021)	(9,563)	(8,263)	(8,918)	(1,182)	(491)
Total bus-type activities	<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>	<u>5,348</u>	<u>6,210</u>
Total revenues & transfers	<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>	<u>\$ 75,469</u>	<u>\$ 80,783</u>
Change in net position										
Governmental activities	\$ 7,636	\$ 189	\$ 2,977	\$ (3,322)	\$ (6,286)	\$ (1,038)	\$ (2,051)	\$ 9,594	\$ 4,714	\$ 10,186
Business-type activities	2,039	5,842	4,076	8,010	6,725	14,541	4,836	7,385	10,942	12,120
Total change in net position	<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>	<u>\$ 15,656</u>	<u>\$ 22,306</u>
Prior period adjustment	(40,425)	—	—	—	(17,823)	1,020	(7,261)	(31,290)	—	(1,527)
Change net position as restated	<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>	<u>\$ 15,656</u>	<u>\$ 20,779</u>

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

FUND BALANCES OF GOVERNMENTAL FUNDS

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

Page 1 of 1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Nonspendable	\$ 44	\$ 42	\$ 35	\$ —	\$ —	\$ —	\$ —	\$ 10	\$ 10	\$ 10
Restricted	—	—	—	—	—	—	—	—	—	—
Committed	—	—	—	—	—	1,170	1,359	1,438	1,538	1,539
Assigned	—	—	—	—	—	—	—	—	—	—
Unassigned	8,812	9,738	9,692	7,874	5,867	7,097	7,392	7,614	9,209	11,747
Total general fund	8,856	9,780	9,727	7,874	5,867	8,267	8,751	9,062	10,757	13,296
Neighborhood Dev fund										
Restricted	—	—	—	—	—	1,014	683	863	703	453
All other governmental funds										
Nonspendable	604	694	623	632	648	655	667	915	908	909
Restricted	6,769	8,601	7,264	9,453	11,501	8,261	8,719	11,820	12,486	17,164
Committed	2,085	3,082	3,478	5,111	2,700	3,907	4,021	3,678	3,243	3,616
Assigned	829	975	2,405	2,104	1,643	1,814	1,256	5,969	4,081	5,982
Unassigned	—	—	—	—	(366)	—	(1,082)	(533)	(13)	—
Total all other gov't funds	10,287	13,352	13,770	17,300	16,126	14,637	13,581	21,849	20,705	27,671
Governmental funds										
Nonspendable	648	736	658	632	648	655	667	925	918	919
Restricted	6,769	8,601	7,264	9,453	11,501	9,275	9,402	12,683	13,189	17,617
Committed	2,085	3,082	3,478	5,111	2,700	5,077	5,380	5,116	4,781	5,155
Assigned	829	975	2,405	2,104	1,643	1,814	1,256	5,969	4,081	5,982
Unassigned	8,812	9,738	9,692	7,874	5,501	7,097	6,310	7,081	9,196	11,747
Grand total gov't funds	\$ 19,143	\$ 23,132	\$ 23,497	\$ 25,174	\$ 21,993	\$ 23,918	\$ 23,015	\$ 31,774	\$ 32,165	\$ 41,420

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

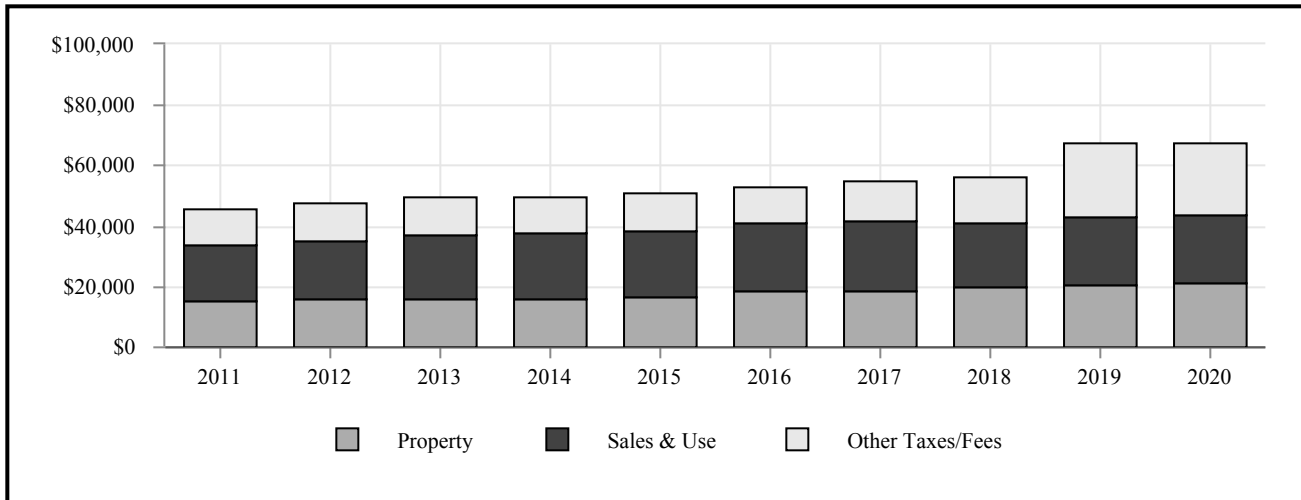
Page 1 of 1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes and assessments	\$48,744	\$53,685	\$55,839	\$58,653	\$59,927	\$62,432	\$64,116	\$67,244	\$71,031	\$72,223
Licenses and permits	842	892	818	2,093	2,218	1,913	2,123	2,391	2,456	2,324
Intergov't revenues	24,267	13,023	21,366	8,803	6,842	8,441	7,061	6,864	12,320	13,490
Charges for services	7,935	6,300	7,772	10,766	12,171	13,988	15,039	16,584	15,074	9,067
Fines and forfeitures	1,600	1,542	1,603	1,600	1,606	1,684	2,120	1,766	1,606	1,027
Contributions/donations	—	—	—	—	—	890	510	933	68	172
Investment earnings	380	508	186	411	484	725	749	1,040	1,450	2,121
Other revenue	2,561	3,550	2,400	5,014	1,811	1,708	1,750	1,689	1,305	860
Total revenues	86,329	79,500	89,984	87,340	85,059	91,781	93,468	98,511	105,310	101,284
Expenditures										
Current										
General government	11,886	11,558	12,285	12,742	13,179	14,345	14,914	15,011	15,526	15,321
Public safety	37,767	40,725	42,712	42,143	44,364	45,222	48,345	49,908	50,643	51,759
Utilities	1,224	1,164	1,190	1,551	1,643	1,640	1,857	2,001	333	318
Transportation	5,455	5,406	5,724	5,735	6,388	6,302	7,912	5,875	6,503	8,153
Economic environment	4,854	3,890	4,237	3,948	4,365	4,167	4,286	3,634	4,610	4,372
Public health services	22	24	18	610	651	594	596	592	613	294
Cultural/recreational	6,497	6,390	6,659	5,612	5,940	5,816	5,835	6,150	6,061	6,221
Capital outlay	17,144	6,743	20,021	27,104	11,990	9,788	5,913	6,747	13,556	13,860
Debt service										
Principal	2,753	3,010	3,322	3,284	4,198	4,460	5,476	4,581	4,845	3,669
Interest & other charges	1,165	1,131	1,180	1,272	2,116	1,708	1,669	1,706	1,873	2,174
Total Expenditures	88,767	80,041	97,348	104,001	94,834	94,042	96,803	96,205	104,563	106,141
Excess (deficiency) revenue over (under) expenditures	(2,438)	(541)	(7,364)	(16,661)	(9,775)	(2,261)	(3,335)	2,306	747	(4,857)
Other financing (sources) uses										
Transfers in	4,986	6,220	5,844	9,593	9,033	10,367	7,874	13,763	5,157	5,492
Transfers out	(4,631)	(6,115)	(5,727)	(8,947)	(9,065)	(8,878)	(7,973)	(14,165)	(5,986)	(5,942)
Proceeds from cap lease	577	—	310	—	—	—	—	—	—	—
Proceeds-issuance LT debt	—	—	9,633	14,207	5,457	900	2,462	16,450	—	22,389
Proceeds-intergov't loans	1,592	450	—	—	—	—	—	—	—	—
Payments to refunded debt	—	—	—	—	—	—	—	(7,887)	—	(7,957)
Premium issuance/LT debt	—	—	488	1,672	—	—	—	—	—	—
Intergov't agreements	(97)	(97)	(92)	—	—	—	—	—	—	—
Sale of capital assets	191	100	448	44	230	777	68	42	470	129
Other	—	600	—	—	8	—	—	—	—	—
Total other fin sources (uses)	2,618	1,158	10,904	16,569	5,663	3,166	2,431	8,203	(359)	14,111
Extraordinary item	—	—	—	—	—	—	—	(1,747)	—	—
Net change in fund balances	\$ 180	\$ 617	\$ 3,540	\$ (92)	\$(4,112)	\$ 905	\$ (904)	\$ 8,762	\$ 388	\$ 9,254
Debt service as a percentage of noncapital expenses	5.5 %	5.6 %	5.8 %	5.9 %	7.6 %	7.3 %	7.9 %	7.0 %	7.4 %	6.3 %

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE - ACCRUAL

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

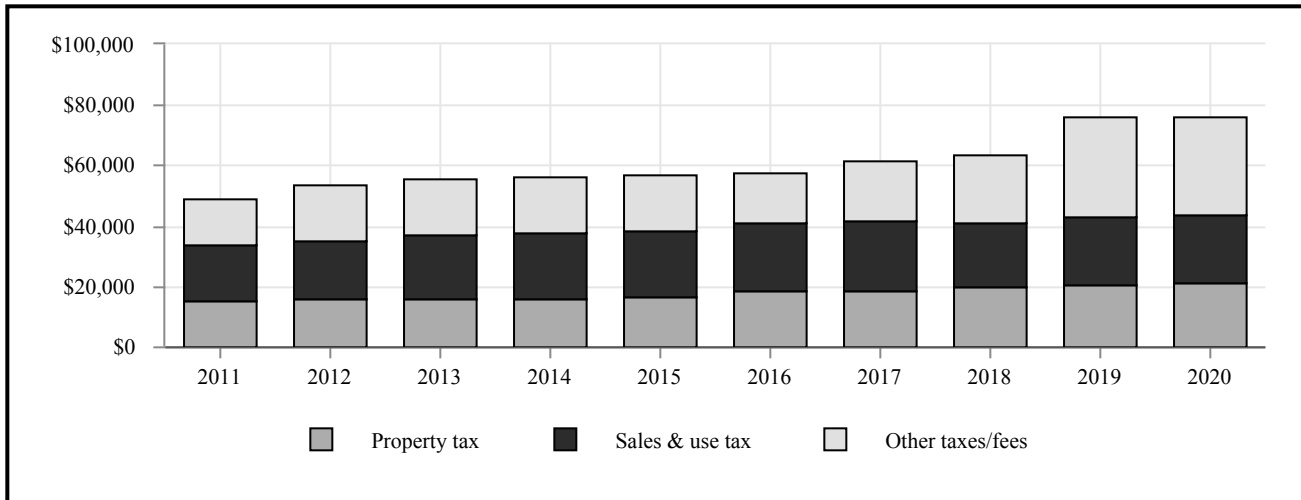
Source	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Property tax	\$ 15,126	\$ 15,565	\$ 15,989	\$ 16,131	\$ 16,427	\$ 18,283	\$ 18,278	\$ 19,839	\$ 20,688	\$ 21,208
Sales & use tax	18,346	19,599	21,306	21,537	22,037	22,809	23,146	21,542	22,404	22,450
Utility & other taxes/fees	11,910	12,454	12,289	12,301	12,587	11,989	13,453	14,591	24,238	24,180
Total	\$ 45,382	\$ 47,618	\$ 49,584	\$ 49,969	\$ 51,051	\$ 53,081	\$ 54,877	\$ 55,972	\$ 67,330	\$ 67,838



GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE - MODIFIED ACCRUAL

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

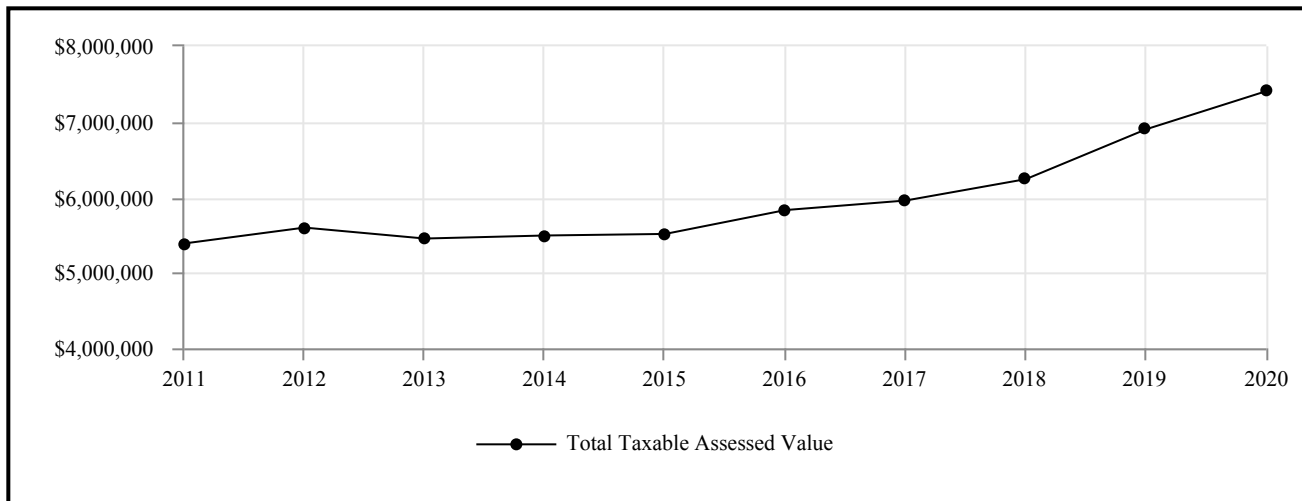
Source	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Property tax	\$ 15,126	\$ 15,565	\$ 15,989	\$ 16,131	\$ 16,427	\$ 18,283	\$ 18,278	\$ 19,839	\$ 20,688	\$ 21,208
Sales & use tax	18,346	19,599	21,306	21,537	22,037	22,809	23,146	21,542	22,404	22,450
Utility & other taxes/fees	15,272	18,520	18,544	18,945	18,723	16,608	20,466	22,276	32,838	32,694
Total	\$ 48,744	\$ 53,684	\$ 55,839	\$ 56,613	\$ 57,187	\$ 57,700	\$ 61,890	\$ 63,657	\$ 75,930	\$ 76,352



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>
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	5,357,890	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	6,241,111	2.9942
2019	32,880	6,350,982	550,357	6,901,339	2.8137
2020	32,920	6,842,856	563,583	7,406,439	2.6732

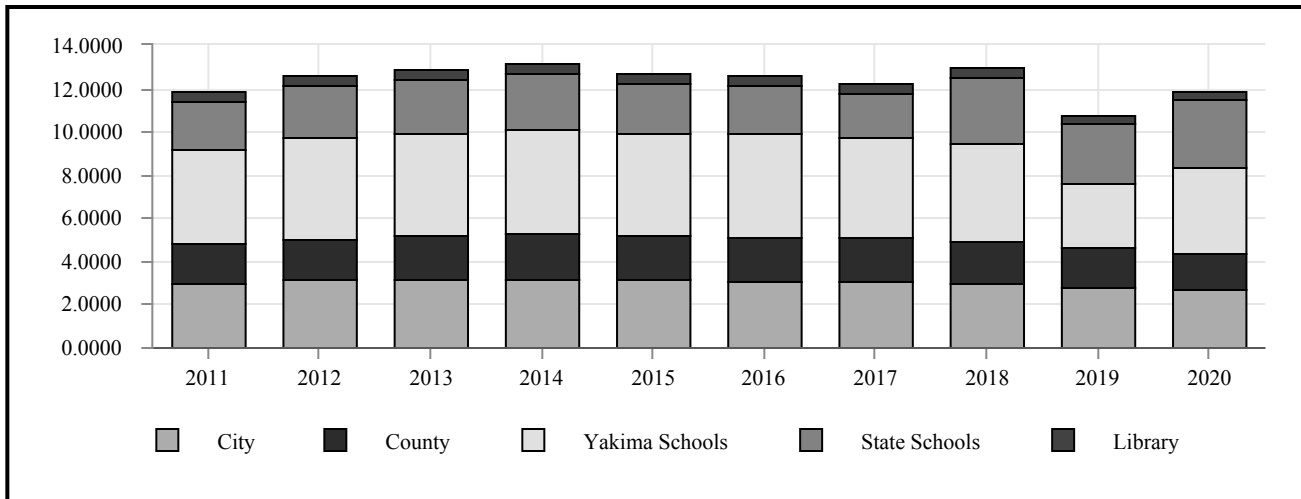


Source: Yakima County Assessor

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
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	—	2.1059	1.7009	3.1316	4.8325	2.6149	0.4812	13.1730
2015	3.1239	—	3.1239	2.0387	—	2.0387	1.6835	3.1154	4.7989	2.2645	0.4762	12.7022
2016	3.0879	—	3.0879	2.0181	—	2.0181	1.6816	3.1252	4.8068	2.2550	0.4745	12.6423
2017	3.0830	—	3.0830	2.0036	—	2.0036	1.6116	3.0221	4.6337	2.0549	0.4737	12.2489
2018	2.9942	—	2.9942	1.9468	—	1.9468	1.5729	2.9352	4.5081	3.0683	0.4609	12.9783
2019	2.8137	—	2.8137	1.8232	—	1.8232	1.4817	1.5000	2.9817	2.7282	0.4345	10.7813
2020	2.6732	—	2.6732	1.7263	—	1.7263	1.4128	2.5000	3.9128	3.1806	0.4116	11.9045



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 TAXPAYERS

Amounts Expressed in Thousands - Current Year and Nine Years Ago

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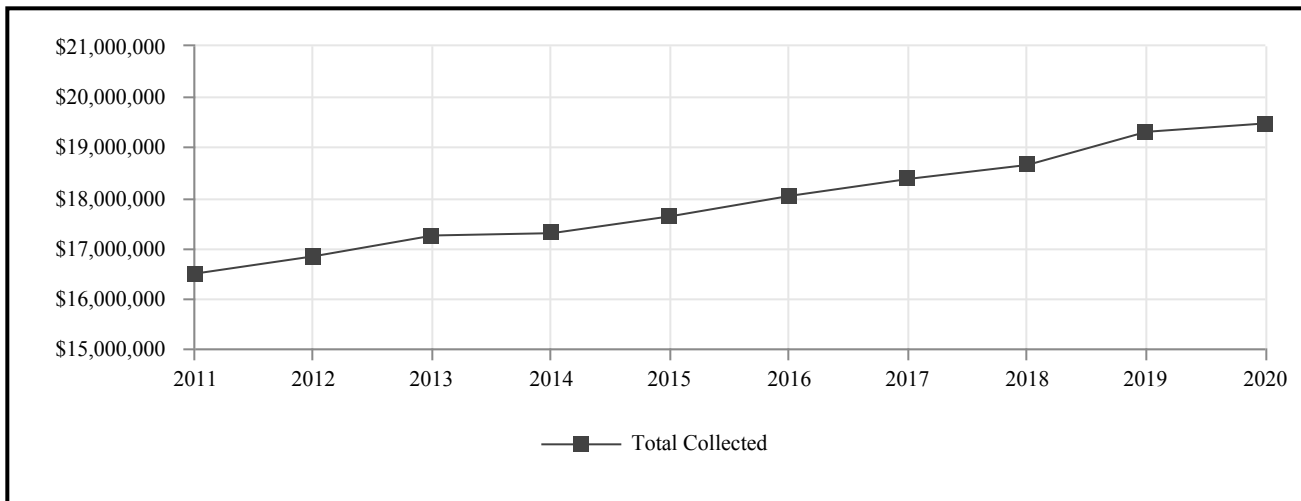
Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Washington Fruit & Produce	\$ 94,261	1	1.3%	\$ 37,519	3	0.7%
Shields Bag & Printing	44,947	2	0.6%	29,379	4	0.5%
Walmart Stores	39,722	3	0.5%	38,735	2	0.7%
Chiawana	39,239	4	0.5%	—		
Frosty Packing	38,488	5	0.5%	—		
Longview Fibre Paper & Packaging	35,638	6	0.5%	—		
John I Haas	35,610	7	0.5%	18,169	10	0.3%
Yakima Valley Memorial Hospital	34,182	8	0.5%			
Castle Creek Apartments	28,477	9	0.4%	—		
Noel Canning	26,830	10	0.4%			
Yakima HMA	—			59,773	1	1.1%
Qwest Communications	—			24,828	5	0.5%
Cascade Natural Gas	—			22,886	6	0.4%
Pacificorp / Pacific Power & Light	—			22,678	7	0.4%
Michelsen Packaging	—			21,844	8	0.4%
Wide Hollow Development	—			21,270	9	0.4%
Total	\$ 417,394		5.7%	\$ 297,081		5.4%

Source: Yakima County Treasurer

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended	Total Levy for the Year	Collected Within the Year of the Levy		Collected/ Adjusted in Subsequent Years	Total Collection to Date	
		Amount	Percentage		Amount	Percentage
			of Levy			of Levy
2011	\$ 16,485,263	\$ 16,105,108	97.7%	\$ 380,155	\$ 16,485,263	100.0%
2012	16,830,550	16,493,387	98.0%	337,141	16,830,528	100.0%
2013	17,242,183	16,870,392	97.8%	371,714	17,242,106	100.0%
2014	17,288,693	16,975,648	98.2%	312,409	17,288,057	100.0%
2015	17,624,958	17,325,866	98.3%	298,973	17,624,839	100.0%
2016	18,029,818	17,721,666	98.3%	307,110	18,028,776	100.0%
2017	18,367,991	18,040,023	98.2%	326,084	18,366,107	100.0%
2018	18,686,841	18,226,175	97.5%	417,893	18,644,068	99.8%
2019	19,418,144	19,103,316	98.4%	198,531	19,301,847	99.4%
2020	19,799,077	19,468,539	98.3%	—	19,468,539	98.3%

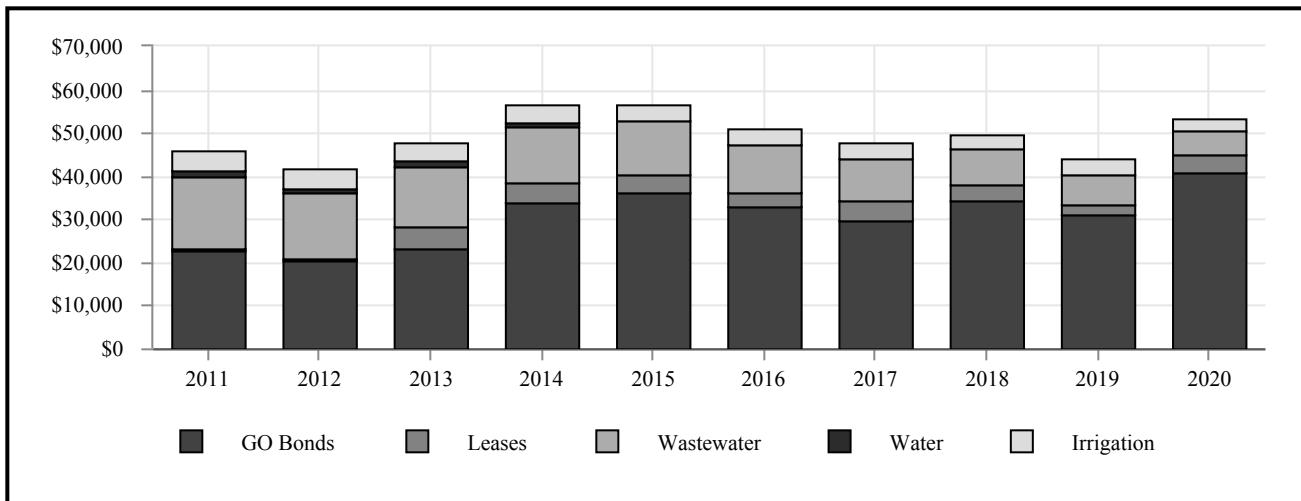


Source: Yakima County Website

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	Capital	Wastewater	Water	Irrigation				
	Obligation Bonds	Leases	Bonds	Bonds	Bonds				
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
2019	31,098	2,348	7,010	—	3,375	43,831	2.2%	94,440	464
2020	40,800	3,192	5,625	—	3,085	52,702	2.4%	95,490	552

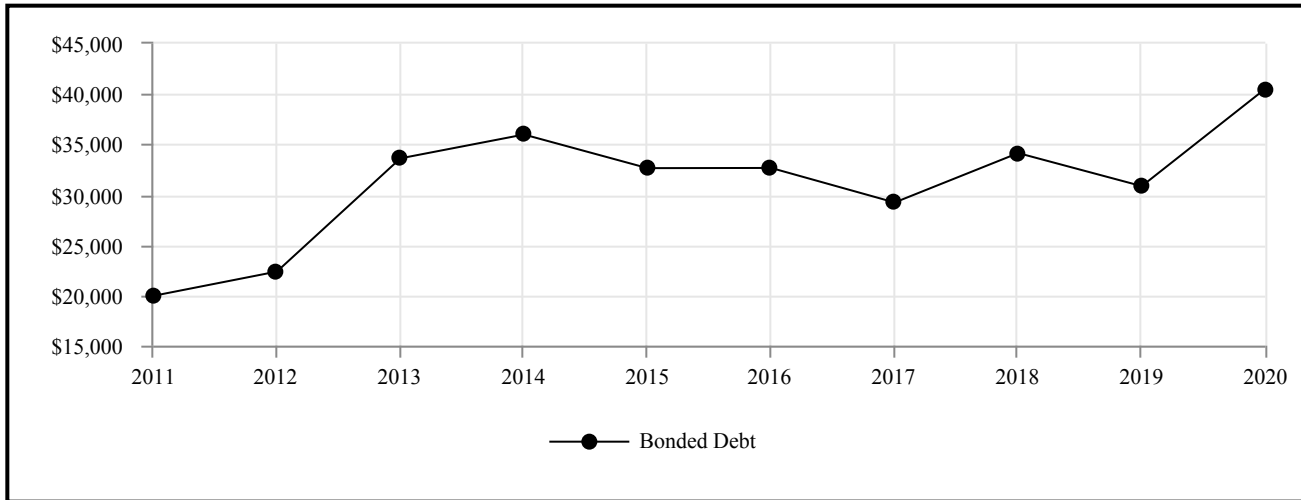


Note: Details regarding the city's outstanding debt can be found in the notes of the financial statements. See the Schedule of Demographic and Economic Statistics in this section for personal income.

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
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	32,635	—%	350
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
2019	31,098	250	30,848	0.4%	327
2020	40,800	279	40,521	0.5%	429



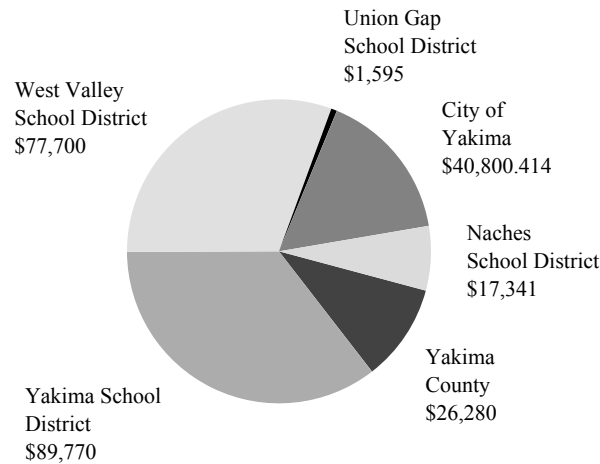
Note: Excludes Local Improvement Districts' bonded debt and their respective funds in the Debt Service Funds.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of December 31, 2020 (Amounts Expressed in Thousands)

Governmental Unit	Debt	Estimated %	Estimated Share of
	Outstanding	Applicable	Overlapping Debt
Debt repaid with property taxes			
Yakima County	\$ 26,280	36.1%	\$ 9,487
Yakima School District	89,770	92.3%	82,858
West Valley School District	77,700	61.5%	47,786
Union Gap School District	1,595	1.0%	16
Naches School District	17,341	0.4%	69
Subtotal - overlapping debt	\$ 212,686		140,147
City of Yakima direct debt	40,800		40,800
Total direct and overlapping debt	<u>\$ 253,486</u>		<u>\$ 180,947</u>

OUTSTANDING DEBT



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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$409,066	\$412,087	\$412,087	\$413,645	\$424,379	\$437,348	\$446,537	\$468,083	\$517,600	\$555,483
Net outstanding indebtedness	25,768	22,401	30,504	43,235	49,962	43,662	29,244	31,667	24,572	32,857
Legal debt margin	<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>\$417,293</u>	<u>\$436,416</u>	<u>\$493,028</u>	<u>\$522,626</u>
Total net debt applicable to the limit as a percentage of debt limit	6.3%	5.4%	7.4%	10.5%	11.8%	10.0%	6.5%	6.8%	4.7%	5.9%

Legal Debt Margin Calculation for fiscal year 2020

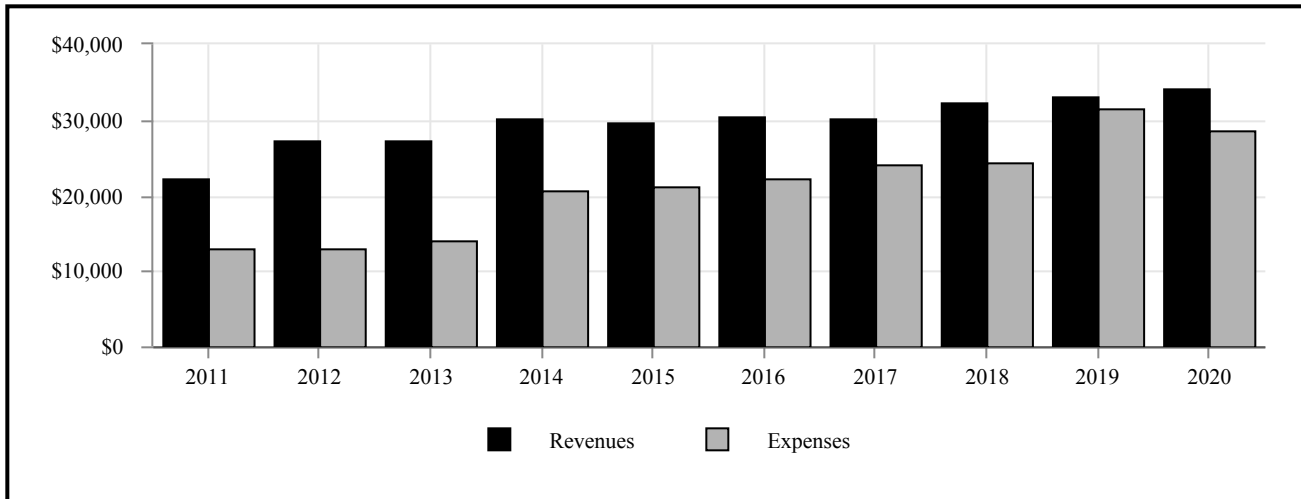
Total assessed value	\$ 7,406,439
Debt limit (7.5%) of total assessed value	555,483
I. General purpose legal debt margin	
a. Councilmanic debt (without a vote) 1.5% of total assessed value	111,097
Debt applicable to councilmanic limit:	
General obligation bonds & other debt	50,161
Less: amount set aside for repayment of general obligation debt	<u>17,304</u>
Net debt applicable to councilmanic limit	<u>32,857</u>
Total legal debt margin - councilmanic	78,240
b. Voted general obligation debt (additional 1% Total assessed value)	74,064
Debt applicable to limit	—
II. Voted utility purposed debt (additional 2.5% total assessed value)	185,161
Debt applicable to limit	—
III. Voted open space and park debt (additional 2.5% total assessed value)	185,161
Debt applicable to limit	—
Total legal debt margin - all categories	<u>\$ 522,626</u>

Note: Debt cannot be incurred in excess of the percentages of the value of the taxable property of the City as described in the State Constitution and State Statutes, principally Title 39.

PLEDGED 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	
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
2019	33,113	31,416	1,697	1,245	394	1.04
2020	34,087	28,705	5,382	1,195	281	3.65

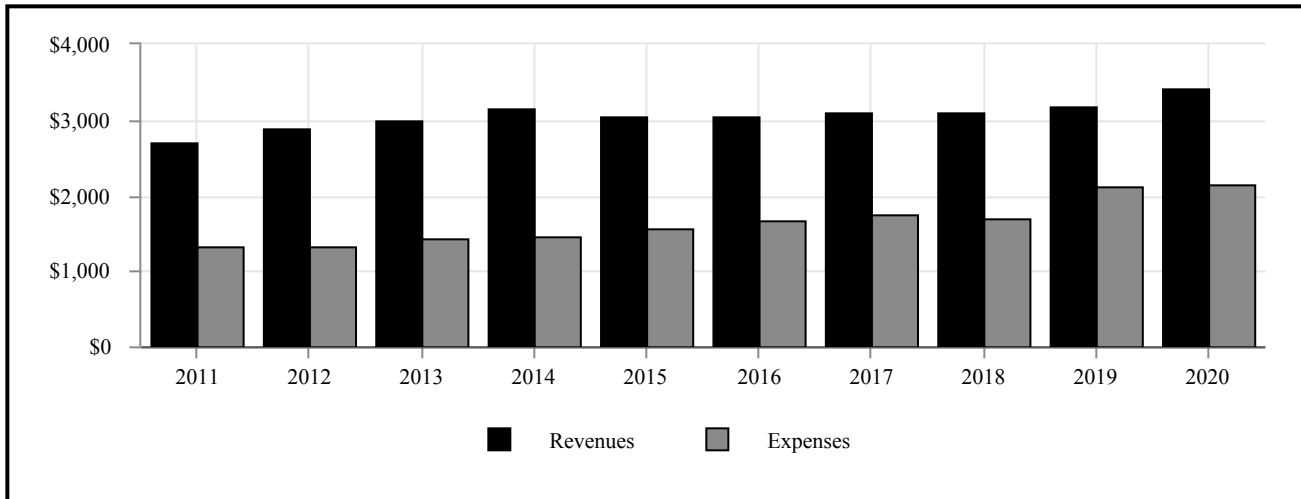


Note: Operating expenses exclude depreciation, amortization and City taxes

PLEDGED REVENUE COVERAGE - IRRIGATION

Last Ten Fiscal Years (Amounts Expressed in Thousands)

Year	Irrigation Revenue Bonds						Coverage
	Irrigation Operating Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
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	
2019	3,181	2,118	1,063	155	169	3.28	
2020	3,406	2,133	1,273	175	117	4.36	

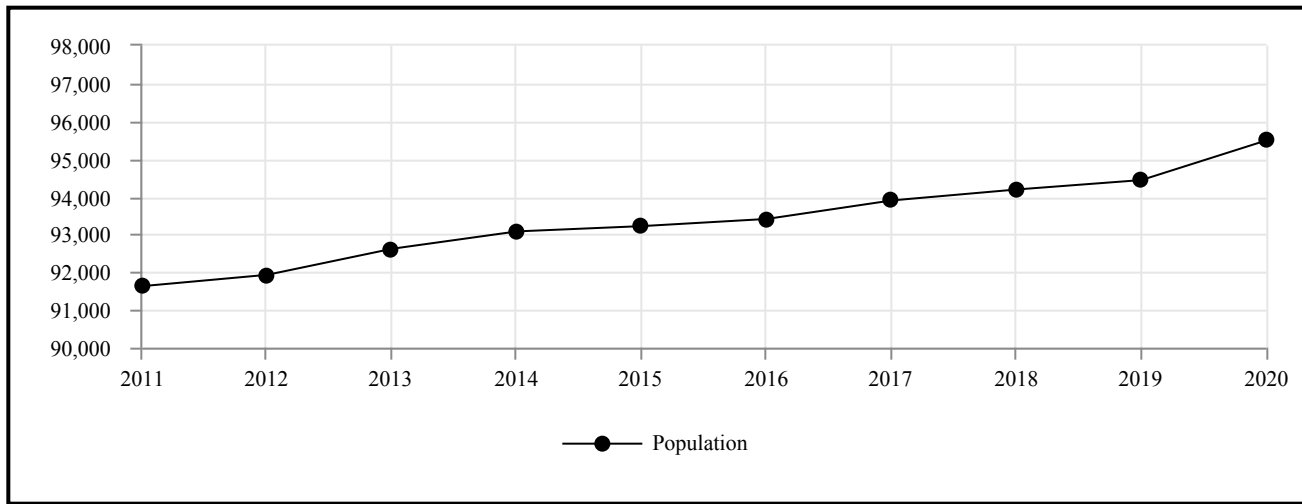


Note: Operating expenses exclude depreciation, amortization and City taxes.

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
2011	91,630	\$ 1,824,335	\$ 20,298	33.2	12.6	15,474	10.7%
2012	91,930	1,802,876	20,549	32.6	12.6	15,627	10.1%
2013	92,620	1,756,992	19,753	33.2	12.5	15,786	9.4%
2014	93,080	1,870,059	22,900	34.5	12.5	15,428	8.5%
2015	93,220	1,799,143	25,394	34.0	12.5	15,768	8.4%
2016	93,410	1,986,540	25,264	32.5	12.6	15,999	7.7%
2017	93,900	1,956,489	25,435	32.5	12.6	15,658	6.0%
2018	94,190	2,217,294	28,508	35.5	12.6	15,974	6.3%
2019	94,440	2,039,098	36,528	33.8	12.4	16,066	7.2%
2020	95,490	----- Not Yet Available -----				16,013	9.8%



Sources: Population - Office of Financial Management (OFM), Income, Age and Education - U.S. Census Bureau (4/28/20), School Enrollment - Yakima School District and Unemployment Rate (seasonally adjusted/Yakima) -Employment Security Department.

PRINCIPAL EMPLOYERS - YAKIMA COUNTY

Current Year and Nine Years Ago

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	2020			2011		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Yakima Valley Memorial Hospital	2,500	1	1.9%	2,500	1	2.1%
Walmart - Yakima/Sunnyside/Grandview	1,700	2	1.3%	1,700	3	1.4%
Yakima School District, No. 7	1,594	3	1.2%	1,723	2	1.4%
Zirkle Fruit	1,500	4	1.1%			
Washington Fruit & Produce	1,500	5	1.1%			
Yakama Nation Government Operations	1,289	6	1.0%			
Astria Regional - Yakima/Sunnyside/Toppenish	1,200	7	0.9%	942	6	0.8%
Borton Fruit	1,212	8	0.9%			
Yakama Nation Enterprises	1,170	9	0.9%	634	10	0.5%
Yakima County	1,074	10	0.8%	1,169	5	1.0%
Yakima Valley Farm Workers Clinic	1,006	—	0.8%	1,181	4	1.0%
AB Foods/Washington Beef	900	—	0.7%	850	7	0.7%
City of Yakima	770	—	0.6%	725	8	0.6%
Sunnyside School District	652	—	0.5%	670	9	0.6%
Total Top 10	14,739		11.1%	12,094		10.1%

Sources: Number of employees are approximated via Yakima County Development Association and corporate websites. Percentages based on the Civilian Labor Force from the Employment Security Department - Local Area Unemployment Statistic (LAUS).

FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years - Adopted Budget

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	143.25	139.75	138.87	147.47	150.72	152.22	148.30	148.55	136.55	135.55
Police										
Officers	140.00	139.00	143.00	145.00	145.00	145.00	148.00	148.00	144.00	143.00
Civilians	49.00	49.00	49.00	50.00	52.00	52.00	47.00	47.00	45.00	45.00
Fire										
Firefighters and officers	84.00	84.00	83.00	86.00	96.00	100.00	101.00	100.00	101.00	101.00
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	13.00	11.00	11.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Streets	24.00	24.00	23.00	23.00	22.00	22.00	22.00	22.00	24.00	24.00
Parks & Recreation	21.30	20.30	20.30	21.30	21.30	21.30	20.90	20.90	22.90	23.40
Total General Government	477.55	470.05	471.17	484.77	499.02	504.52	499.20	498.45	485.45	483.95
Neighborhood Development	7.75	7.75	7.00	8.00	7.00	7.00	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	6.00
Cemetery	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Safety Communications	37.00	36.00	38.00	35.00	35.00	35.00	36.00	36.00	36.00	36.00
Airport	—	—	—	7.00	7.00	7.00	8.00	8.00	8.00	8.00
Transit	52.00	52.00	52.50	53.95	54.95	56.80	54.30	54.30	54.30	55.30
Refuse	19.00	20.50	20.50	20.50	20.00	20.00	21.00	22.00	22.00	22.00
Wastewater/Stormwater	69.50	69.00	69.00	69.20	70.20	70.20	72.20	72.20	72.20	72.20
Water	31.00	31.00	35.00	35.00	31.00	31.00	31.00	31.00	31.00	31.00
Irrigation	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Utility Services	—	—	—	—	—	—	—	—	14.00	16.00
Equipment Rental	12.00	12.00	12.00	12.00	14.00	14.00	14.00	14.00	14.00	14.00
Public Works	9.00	9.00	8.00	9.00	9.00	9.00	9.00	10.00	10.00	10.00
	729.80	722.30	727.17	748.42	761.17	768.52	765.70	766.95	767.95	770.45

(1) In 2019, Utility Services was moved from the General Fund and became an Enterprise fund.

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Total arrests (in custody)	5,439	6,136	6,034	4,270	4,950	5,006	4,836	4,815	4,616	4,128
Parking violations	5,096	3,778	3,252	3,150	3,218	1,545	2,379	2,062	1,224	811
Traffic violations	11,849	11,436	13,270	13,953	13,437	14,241	16,238	13,510	14,281	7,490
Fire										
Number of calls answered	8,439	9,439	8,232	7,606	8,987	9,318	9,690	10,063	10,551	11,605
Inspections	2,646	30	2,669	3,799	5,101	5,658	5,458	5,766	4,993	1,828
Culture and recreation										
Community Center admissions	122,870	125,040	124,683	125,428	117,881	110,136	125,382	126,516	125,702	38,739
Highways and streets										
Street resurfacing (miles)	2	2	8	23	3	22	2	4	3	3
Refuse										
Refuse collected (tons/day)	105	103	107	100	90	104	116	109	111	131
Yard waste collected (tons/day)	19	19	17	19	14	19	19	32	18	21
Irrigation										
Customers	10,595	10,601	10,619	10,619	10,619	10,620	11,545	12,225	10,323	10,353
Water										
Customers	19,726	19,771	19,844	19,558	19,588	18,977	22,505	23,034	19,579	19,732
New connections	61	74	68	52	71	76	44	119	126	139
Water main breaks	7	4	3	5	5	7	18	6	13	10
Average daily consumption (thousands of gallons)	10,040	10,200	10,307	10,518	10,899	11,057	10,661	10,421	10,077	10,155
Wastewater										
Customers	25,441	27,421	26,298	27,598	29,956	27,098	31,169	31,729	25,817	25,985
Average daily sewage treatment (thousands of gallons)	10,100	10,100	10,500	10,200	9,244	10,500	9,700	8,410	9,002	8,470

Note: The total arrests shown from 2012 - 2018 changed marginally due to the implementation of new software and parameters.

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Page 1 of 1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police stations	2	1	1	1	1	1	1	1	1	1
Fire stations	5	5	5	5	6	6	6	6	6	6
Culture and recreation										
Parks acreage	352	352	351	346	393	436	403	393	377	377
Parks	34	34	34	34	35	39	36	35	35	35
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis/pickleball courts	24	24	22	24	24	24	24	24	29	29
Community centers	3	3	3	2	2	3	3	3	3	3
Highways and streets										
Streets (miles)	380	380	380	369	398	404	400	404	406	406
Streetlights	4,195	4,240	4,260	4,280	3,706	4,214	4,340	4,352	5,008	5,008
Traffic signals / Flashers	151	152	154	154	165	173	175	179	181	181
Refuse										
Collection trucks	16	16	21	22	22	21	21	21	21	22
Water										
Water mains (miles)	300	300	300	300	300	300	300	300	300	306
Fire hydrants (city owned)	2,254	2,279	2,285	2,285	2,285	2,345	2,357	2,384	2,401	2,405
Maximum daily capacity (thousands of gallons)	36,520	36,520	36,520	36,520	36,520	36,250	36,250	36,250	36,250	36,250
Wastewater										
Sanitary sewers (miles)	337	337	337	337	344	350	355	357	359	361
Storm sewers (miles)	105	105	105	105	105	138	148	148	149	165
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: 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 2015 due reconfiguration of assets.

2020 GENERAL INFORMATION*

Statistics		Animal License Fees - Rabies Vaccination Required	
Date of incorporation	1886	1 Year License - Altered, New	\$15.00
Form of government	Council-Manager	1 Year License - Altered, Renewal	\$12.00
Type of government	Charter City	Senior Citizens Lifetime - Altered	\$25.00
Location	Central Washington	Senior Citizens Lifetime - Not Altered	\$30.00
Land area	28.27 square miles	1 Year License - Not Altered	\$40.00
Rank in size - State	11	1 Year License - Not Altered, Renewal	\$30.00
Rank in size - County	1	Disabled/Guide Dog	Free
Population	95,490	Replacement License	\$5.00
Assessed valuation	\$7,406,439,444		
City employees (FTE's)	770	Fire Protection	
Precincts	60	Commissioned fire fighting personnel	101
Registered voters	43,710	Number of non-commissioned personnel	<u>3</u>
		Total number of fire personnel	104
Property Tax Levy		Police Protection	
Regular levy	\$19,799,077	Commissioned police personnel	143
		Non-commissioned police personnel	<u>45</u>
Sales Tax Rates		Total number of police personnel	188
State	6.50 %	2020 calls for service	149/day
Transit	0.30 %		
City of Yakima	0.85 %	Utility and Franchise Tax Rates	
Yakima County	0.25 %	Electricity, Gas, Telephone	6 %
Criminal Justice (County)	<u>0.40 %</u>	Water, Wastewater	20 %
Total Sales Tax rate	8.30 %	Stormwater	6 %
		Refuse	15 %
Parks and Recreation		TV/Cable	6 %
Total acreage	377	Utility Rates (2 months)	
Number of parks	36	Water - average/family of 4	\$68.12
Number of playgrounds	20	Each unit	\$1.89
Major facilities: Fisher Golf Course, two swimming pools, (one indoor, one outdoor), two water playground areas, 16 ball fields (eight lighted), two skate parks, 21 tennis courts, 8 pickleball courts, four soccer fields, Harman Community Center, Henry Beauchamp Community Center, Washington Fruit Community Center, Tahoma Cemetery, and a 1.6 acre Dog Park		Wastewater - average/family of 4	\$85.88
		Each unit	\$3.39
Bus Passes (1 month)		Refuse (carry-out available for additional charge)	
Adult	\$25.00	Automated collection	
Youth	\$18.00	32 gallon cart	\$37.00
Senior citizen/disabled	\$9.00	96 gallon cart	\$42.20
		Yard waste	
		96 gallon cart	\$34.28
		Irrigation (per square foot)	\$0.0381
Licenses and Permits Issued		Water/Wastewater Customers - January 1st	
2020 Business Licenses - sliding scale starts at \$42.90 for 1 - 2 employees, maximum of \$1,285.20 for over eighty employees	5,627	Water (inside the City)	19,640
2020 Regulatory Licenses - Varies from \$11.00 to \$1,000	562	Water (outside the City)	<u>92</u>
		Total water customers	19,732
		Wastewater residential (inside the City)	23,820
		Wastewater residential (outside the City)	59
		Wastewater commercial	<u>2,106</u>
		Total wastewater customers	25,985
		Irrigation customers	10,353
		Refuse accounts	25,377

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

