



CITY OF

Yakima

Washington

2022 Popular Annual Financial Report (PAFR)

For the year ended December 31, 2022





WHAT IS THE POPULAR ANNUAL FINANCIAL REPORT?

This report provides an overview of the City’s financial position (the government as a whole), including its sources of revenues and expenditures, as well as economic information about the community. The Popular Annual Financial Report (PAFR) of the City of Yakima is designed to be easily understandable to the general public and other interested parties without a background in public finance.

The highly summarized financial activity presented in this 2022 PAFR has been extracted from the 2022 [Annual Comprehensive Financial Report \(ACFR\)](#). The ACFR is prepared in conformance with Generally Accepted Accounting Principles (GAAP) which requires presentation of complete financial statements, notes to the financial statements, and required supplementary information, including management’s discussion and analysis. The PAFR, in contrast to the ACFR, is unaudited.

Individuals who desire to read the City’s ACFR can access the report from the City’s website at www.yakimawa.gov, clicking on the above link, or by contacting the Finance at 129 N 2nd Street, Yakima, WA, 98901.



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THE CITY OF YAKIMA



Yakima is located in central Washington, east of the Cascade Mountain Range, at the confluence of two rivers. The Yakima River from the north defines the city's eastern border, and the Naches River defines the northern border. Yakima is centrally located 140 miles east of Seattle, 200 miles west of Spokane, and 185 miles northeast of Vancouver Washington and encompasses 28.27 square miles in 2022.

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 Council is composed of seven members who are elected by district to alternating four-year terms staggered every two years. The City Council selects one of its members to serve as Mayor for a two-year term.

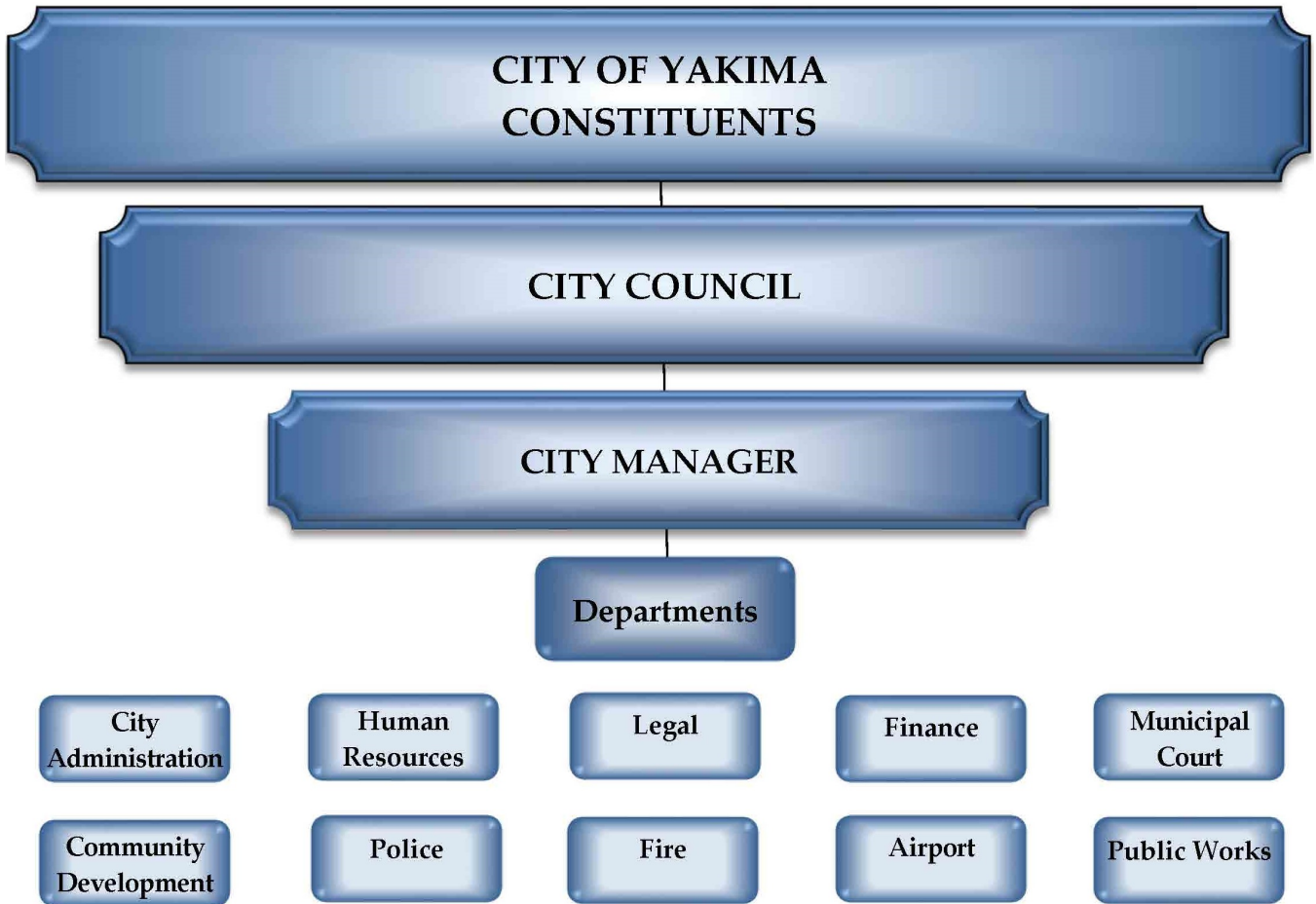
The City provides a full range of municipal services, which include public safety (police, fire, and building safety), municipal court, public improvements (engineering, streets, traffic signals), parking and code enforcement, sanitation (solid waste disposal, sanitary wastewater utility), water treatment 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.

With an estimated population of 98,200 in 2022, the City of Yakima was the state's 11th largest city by population, enjoying modest growth every year.

City of Yakima
GEOGRAPHICAL MAP



ORGANIZATIONAL CHART



CITY COUNCIL



Eliana Macias

District 1
Term Expires
December 31, 2023



Danny Herrera

District 2
Term Expires
December 31, 2025



Patricia Byers

District 3
Term Expires
December 31, 2023



Janice Deccio

Mayor
District 4
Term Expires
December 31, 2025



Soneya Lund

Assistant Mayor
District 5
Term Expires
December 31, 2023



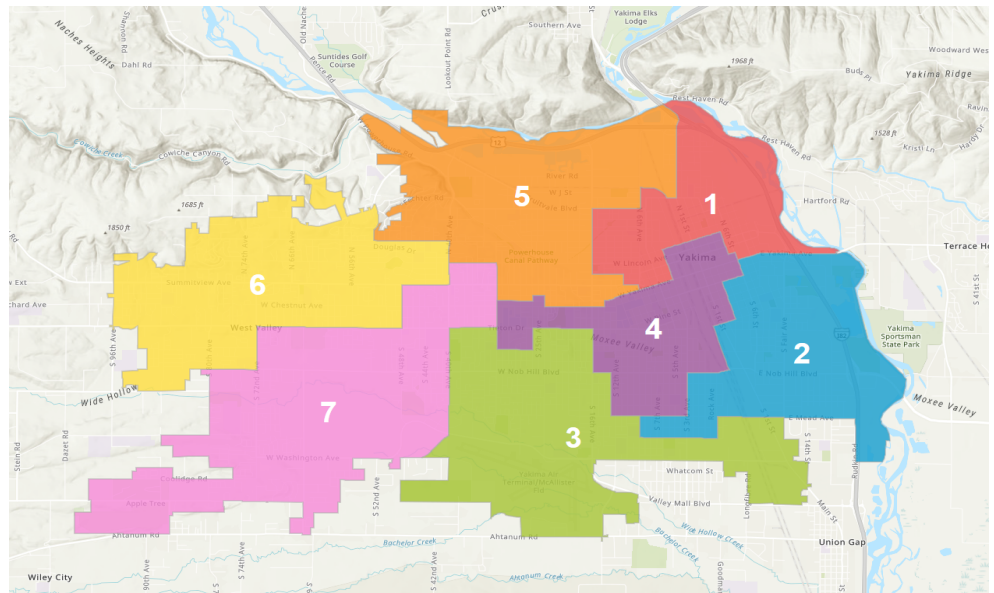
Matt Brown

District 6
Term Expires
December 31, 2025



Holly Cousens

District 7
Term Expires
December 31, 2023



City of Yakima
DISTRICT MAP

WHERE THE MONEY COMES FROM

In the Annual Comprehensive Financial Report (ACFR), revenues are divided into two types:

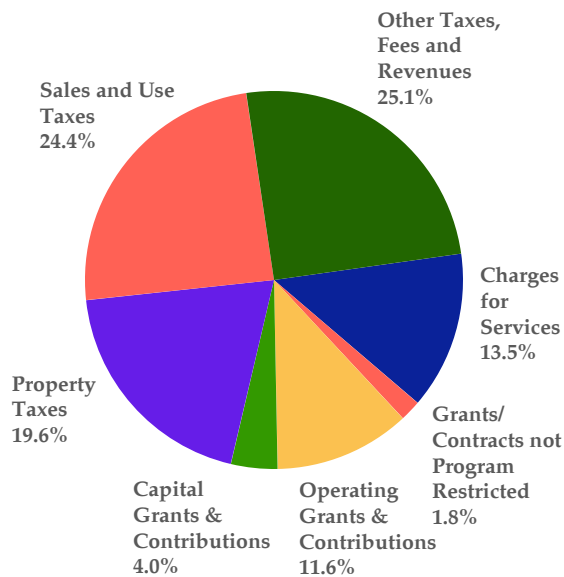
Governmental Activities

These activities are typically supported by taxes and intergovernmental revenues. These activities include public safety (Police, Fire, Municipal Court, and Codes), public improvements (Streets & Traffic), Parks and Recreation, Community Development and all other general administrative services.

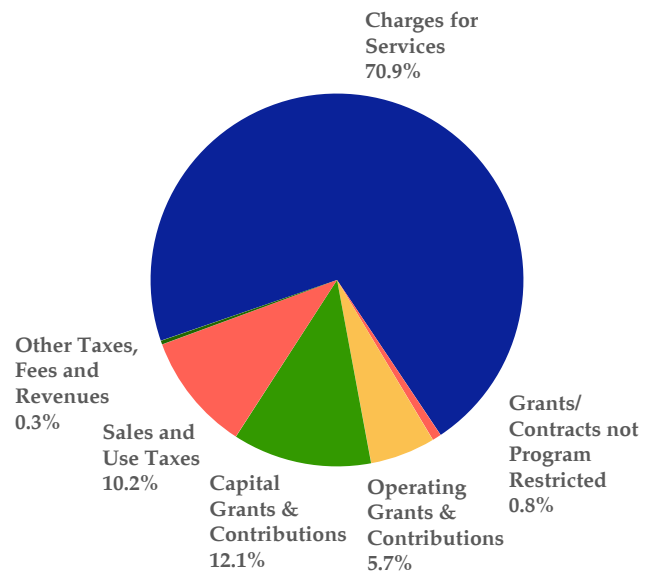
Business Type Activities

These activities are typically supported by fees and charges. Included in this category is the financial data for all enterprise funds, including Airport, Stormwater, Transit, Refuse, Wastewater, Water and Irrigation.

2022 GOVERNMENTAL ACTIVITIES - REVENUES \$112,345,873



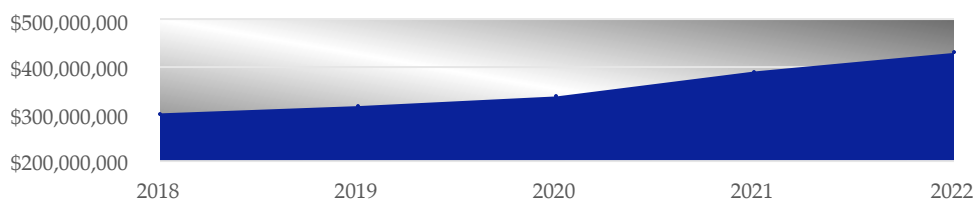
2022 BUSINESS TYPE ACTIVITIES - REVENUES \$77,898,141



NET POSITION

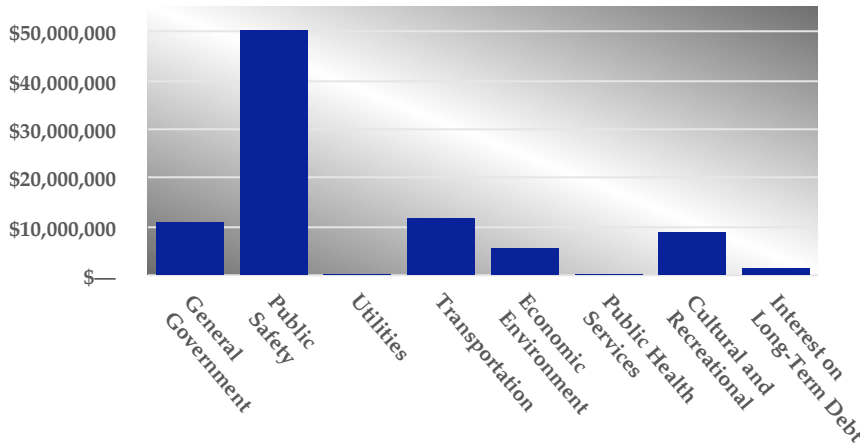
A "Net Position" presents financial information on all of the City's capital and current assets, minus the current liabilities and long-term debt. The City of Yakima's total net position increased by \$39.6 million over 2022. Net position for governmental activities increased by \$21.9 million, primarily as a result of pooled cash due to ARPA, the State Opioid settlement and allocation of pension assets. Business-type activities increased by \$17.6 million, from a combination of rate increases, various capital expenditures and new reporting requirements for leases.

NET POSITION - LAST 5 YEARS



WHERE THE MONEY GOES

GOVERNMENTAL TYPE ACTIVITIES \$91,058,531



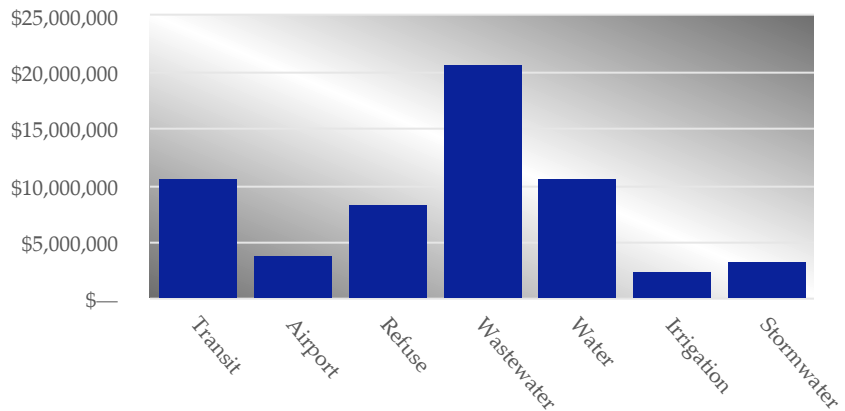
The largest program expenses in Governmental Type Activities consist of:

- Public Safety - 55.7%
- General Government - 12.3%
- Economic Environment (Neighborhood Development, Planning, Tourism) - 6.1%
- Transportation (Streets, Airport, Transit) - 13.0%.

These activities account for about 90.4% of total governmental expenses.

BUSINESS TYPE ACTIVITIES \$59,956,437

Of the \$60.0 million in business-type expenses, 34.6% are associated with the Wastewater program, with Transit next at 17.7%. Domestic water is next, representing 17.6%, followed by Refuse 14.0%, Airport 6.5%, Stormwater 5.5% and Irrigation at 4.1%.



Generally, changes in expenses are in line with changes in general operating revenues.

Expenses for the year totaled \$151.0 million, with governmental activities accounting for \$91.1 million or 60.3% and business-type activities accounting for \$60.0 million or 39.7%. In total, governmental expenses decreased \$6.6 million or 7.8%, due primarily to Pension Assets, settled negotiations with Collective Bargaining Agreements (CBA's) and the completion of the Convention Center expansion.

COVID/ARPA Funding

As part of this COVID-19 stimulus package, federal funding was distributed to state and local governments to aid in the recovery from the budgetary, economic, and financial impacts of the COVID-19 pandemic. The City of Yakima was allocated \$26.1 million of Coronavirus Local Fiscal Recovery Funds from ARPA. These funds are required to be obligated by December 31, 2024, and spent by December 31, 2026. The first distribution of \$13.1 million was received on May 19, 2021, however, as this revenue is considered unearned until spent, the funds only had an impact of \$3.7 million in 2021, and, due to supply chain issues, \$1.7 million in 2022. The balance is anticipated to be expended in 2023 and 2024.

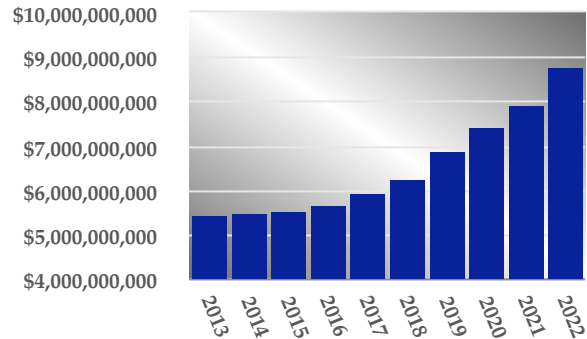
ECONOMIC DEVELOPMENT

The economy in Yakima continues to grow. Growth in building permits slowed initially during 2020 due to COVID related obstacles, however, the number of housing units and hotels has been steadily increasing, as have assessed property valuations.

According to monthly Employment Security Department reports, the average seasonally adjusted unemployment rate in 2022 for Yakima County was 6.1%.

In 2022, assessed property valuation grew 10.7%, of which 1.2% was due to growth and new construction.

City of Yakima
ASSESSED VALUE



Attracting additional visitors, conventions and sports related events into Yakima is a way to entice a higher volume of visitors to the Yakima valley, which in turns helps to generate new revenues and taxes for the city.

In 2022, the Yakima Convention and Event Center put the final touches on an addition that added more than 18,000 square feet, making the Yakima Convention & Event Center one of the five largest convention, conference and event centers in Washington, the second largest in central and eastern Washington. The expansion increased the total square footage by more than 26% to just under 90,000 square feet.



Work continues on the North First Street Revitalization. This project is intended to improve safety for drivers and pedestrians and increase the economic development potential of the North 1st Street corridor, one of the main entrances to the city. Phase 1, from 'N' Street to SR-12, funded by a Federal grant, was completed in 2019. Phase 2, 'J' Street to 'N' Street was completed in 2022 using Transportation Benefit District (TBD) funding. Phase 3, MLK Boulevard to 'J' Street, is currently scheduled for advertisement in 2023, and will be financed by TBD, and water and wastewater capital 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 in 2022 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.

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, 2022, amounted to \$395.9 million (net of accumulated depreciation). Current major construction projects include:



The Cascade Mill Redevelopment area features 225 acres of the former Boise-Cascade mill property which is being redeveloped for mixed use, commercial and light industrial purposes, and is currently focused on capital infrastructure. This long-term project will create jobs and increase Yakima's tax base, as well as present a quality development at Yakima's highly visible northern "front door."

The Nelson Dam was a large, river-spanning concrete dam, originally built in 1865, and renovated in 1985, that provided irrigation water for the local cooperative ditch associations. Tons of sediment and silt had accumulated over the years, raising the river bed and causing the Naches River to overflow its banks and move into the surrounding community during even minor flooding.



Phase 1 of this regionally cooperative \$28 million project began in August 2021 and was completed in 2023. The area now has a nature-like channel providing unimpeded fish passage, natural sediment transport and floodwater conveyance. Phase 2, includes adding a new city pipeline in order to allow removal of the Fruitvale and Old Union diversions just downstream which are partial barriers to coho and steelhead entering Cowiche Creek.

DEBT SERVICE

On December 31, 2022, the City of Yakima had total bonded debt outstanding of \$41.5 million. Of this amount, \$35.6 million is classified as governmental activity and backed by the full faith and credit of the City. The remaining \$5.9 million is classified as business-type activity and 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, 2022, was \$101.3 million in comparison to the total legal debt limit of \$131.8 million.

S&P	Description
AAA	Prime
AA	High Grade
A	Upper Medium Grade
BBB	Lower Medium Grade
BB	Speculative
B	Highly Speculative
CCC	Extremely Speculative
C	Default Imminent
D	In Default

In March, 2020 the City's rating of "A+" from Standard & Poor's for general obligation debt was upgraded to an outlook of stable. Higher bond ratings save the City money by securing lower interest rates on its debt. 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 helped secure the current rating. A summary of the City's debt follows, along with the current debt service payment schedule.

OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 35,628,615	\$ 38,839,069	\$ —	\$ —	\$ 35,628,615	\$ 38,839,069
Revenue bonds	—	—	5,918,276	7,614,288	5,918,276	7,614,288
Intergovernmental loans	4,936,361	5,446,612	12,724,475	14,212,648	17,660,836	19,659,260
Other debt	2,566,415	2,890,193	—	—	2,566,415	2,890,193
Total outstanding debt	\$ 43,131,391	\$ 47,175,874	\$ 18,642,751	\$ 21,826,936	\$ 61,774,142	\$ 69,002,810

DEBT SERVICE PAYMENT SCHEDULE

