



2025 - 2026

Preliminary Budget





CITY OF *Yakima*

2025 - 2026 PRELIMINARY BUDGET

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See the 2025 - 2029 Capital Budgets document for detailed information on capital budget items (scheduled to be posted in October) on the City Finance Website.

INTRODUCTION

The budget process requires us to evaluate annually the city's priorities, both city services delivery and maintaining infrastructure, across many funds, being mindful of long-term fiscal sustainability, with the goal of transparency for all City of Yakima citizens.

The goals of the 2025 - 2026 Budget are:

1. Achieve a transparent & transformative priority-based balanced budget
2. Improve compliance within all facets of the priority-based budget including but not limited to: with procedures, codes and the Revised Code of Washington (RCWs)
3. Preserve General Fund's required reserve at 16.7%
4. Establish sustainable funding for assets (including equipment) repairs and replacement, as currently these have been utilized significantly over their estimated life cycles.
5. An updated 5-year capital budget, developed for all funds, including projects within the General Fund
6. Review all legislations and analysis for all outstanding receivables throughout City of Yakima operations to shore-up taxpayer paid costs, reimbursements. .

The City of Yakima seeks to improve the quality of the budget document every year in order to provide a more comprehensive and understandable document. Years 2025 and 2026 of the budget are incorporated into the five-year Capital Budget, which also shows commitments and consequences for the years 2027 - 2029 that should taken into consideration in during the budget process. The full version of the budget will include department accomplishments and goals that support the Strategic Priorities of the Council.

At the beginning of every year, department directors and managers begin a continuous review of ongoing current year budget-to-actual expense management, formulating year-end estimates from this analysis in September. During the biennial budget process, projected budget figures based on known circumstances that pertain to each program under their management are incorporated into the budget to help produce the Adopted Biennial Budget, as well as the Mid-Biennial Budget the following year. The City relies on budgetary controls, with multiple levels of review, as part of the overall system of checks and balances to manage service delivery and monitor that the underlying funding is being received as budgeted. Finance staff meet with managers quarterly and informs both the public and city council through quarterly financial reports in regularly scheduled public meetings.

2024 - 2026 Major Fund Changes

- Added Fund 132 Aquatic Center at MLK Jr Park. This fund was created in 2024, and \$719,000 was transferred from the Loss Revenue in General Fund for the start-up operating costs.
- Move of ARPA funding - With the approval of R-2024-127 Yakima City Council declared ARPA funds as revenue replacement (Loss Revenue) to General Fund.
- By interlocal agreement, the City of Yakima served for 13 years as the fiscal agent for the Yakima Consortium for Regional Public Safety (YakCorps), a separate legal entity which served to the benefit of citizens within the service area of participating jurisdictions. Beginning in 2024, the fiscal agent transferred from the City of Yakima to Yakima County.

Strategic Priorities

The priority-based budget process starts at the beginning of the year, with strategic planning. Identified priorities of Yakima's City Council include:

- A Safe & Healthy Yakima
- A Resilient Yakima
- A Thriving Yakima
- An Engaged Yakima

2025 - 2026 Budget Challenges

The 2025 - 2026 Preliminary Budget is designed to aid the City of Yakima citizens understand the revenue and expenditure forecast and its impact on the City’s financial reserves. The primary purpose of this document is to provide transparency, context for present and future budget decisions and to understand the long-term financial impacts of the current financial status.

State law requires cities to have a balanced budget each year - expenses cannot exceed available resources (revenues plus unspent reserves), however, Yakima will need to work hard to meet this goal for the 2025 - 2026 Adopted Budget, and still have the mandated 16.7% of reserves in the General Fund.

Specifically, the 2025 - 2026 budget needs to focus on rebuilding general fund (001, 003 and 612) reserves. The currently estimated 2025 year-end balance is \$11,224,212 (or 13.7% of expenditures) and the estimated 2026 year-end balance is \$2,264,129 (or 2.7% of expenditures). This leaves the City \$12.0 million short of the currently mandated amount of \$14.3 million (or 16.7% of the projected \$85.4 million in expenditures in 2026) in reserves at the end of 2026.

Another challenge at this time is maintaining a Capital expenditure plan, trying to utilize as many pay-as-you-go options to help reduce any avoidable financing costs, especially when deficits in the fund balance affect the ability of the City to get favorable rates.

Recognizing the inter-relationships across all funds, the following chart summarizes the preliminary 2025 and 2026 projected budget, which predicts resulting fund balances by category, pending further decision making. In this table, the negative numbers generally represent use of fund balance, or, in the case of Capital and Construction funds, the timing of balances carried forward from the prior year.

2025 - 2026 PRELIMINARY BUDGET ¹
FUND BALANCE IMPACT

	2025 Projected Budget		Surplus (Deficit)	2026 Projected Budget		Surplus (Deficit)
	Revenues	Expenditures		Revenues	Expenditures	
General Fund	\$ 74,526,814	\$ 81,631,241	\$ (7,104,427)	76,465,497	85,425,580	\$ (8,960,083)
Parks and Streets	13,260,696	13,792,778	(532,082)	13,426,436	14,267,452	(841,016)
Restricted Funds (100's)	22,302,120	20,577,060	1,725,060	18,293,844	17,313,235	980,609
Debt Service (200's)	2,712,714	2,712,714	—	2,705,111	2,705,111	—
Capital Projects (300's)	42,095,275	45,123,581	(3,028,306)	28,850,597	28,301,057	549,540
Enterprise Construction/Debt (400's)	110,998,170	110,574,778	423,392	93,506,601	100,615,085	(7,108,484)
Internal Service (500's)	38,179,124	38,792,151	(613,027)	54,413,406	38,200,928	16,212,478
Trust (700's)	12,000	12,000	—	12,000	12,000	—
Total Projected Budget	\$ 304,086,913	\$ 313,216,303	\$ (9,129,390)	\$ 287,673,492	\$ 286,840,448	\$ 833,044

The following two charts compare the 2024 projected year-end estimate and preliminary proposed 2025 and 2026 budget by fund groupings. The first chart showing expenditures and the second chart showing revenues.

¹ All figures in the following pages, are directly imported from the City's automated accounting system. Due to rounding, some totals in these charts may not correspond exactly with the sums in other charts within this document.

EXPENDITURE BUDGET COMPARISON

	2024	2025	2024 vs. 2025	2026	2025 vs. 2026
	Year-End	Proposed	Budget	Proposed	Budget
	Estimate	Expenditures	% Change	Expenditures	% Change
General Fund	\$ 72,111,735	81,631,241	13.2%	\$ 85,425,580	4.6%
Parks	6,541,164	6,776,075	3.6%	6,988,189	3.1%
Streets & Traffic	6,734,343	7,016,703	4.2%	7,279,263	3.7%
General Government Total	85,387,242	95,424,019	11.8%	99,693,032	4.5%
Utilities/Other Operating	122,959,208	104,787,433	(14.8)%	102,565,403	(2.1)%
Capital Improvement	62,545,865	82,389,877	31.7%	53,554,181	(35.0)%
Risk Management Reserves	7,483,945	7,585,674	1.4%	7,662,642	1.0%
Employee Benefit Reserves	19,360,627	19,642,135	1.5%	19,992,428	1.8%
Trust and Agency Funds	12,000	12,000	—%	12,000	—%
Debt Service	5,012,842	3,375,164	(32.7)%	3,360,761	(0.4)%
Total - Citywide Budget	<u>\$ 302,761,729</u>	<u>\$ 313,216,302</u>	3.5%	<u>\$ 286,840,447</u>	(8.4)%

REVENUE BUDGET COMPARISON

	2024	2025	2024 vs. 2025	2026	2025 vs. 2026
	Year-End	Proposed	Budget	Proposed	Budget
	Estimate	Revenues	% Change	Revenues	% Change
General Fund	\$ 77,242,846	\$ 74,526,814	(3.5)%	\$ 76,465,497	2.6%
Parks	6,593,523	6,671,068	1.2%	6,795,820	1.9%
Streets & Traffic	6,579,684	6,589,628	0.2%	6,630,616	0.6%
General Government Total	90,416,053	87,787,510	(2.9)%	89,891,933	2.4%
Utilities/Other Operating	116,502,020	105,303,411	(9.6)%	103,685,598	(1.5)%
Capital Improvement	56,654,430	80,848,614	42.7%	47,685,510	(41.0)%
Risk Management Reserves	4,653,168	4,546,286	(2.3)%	6,550,021	44.1%
Employee Benefit Reserves	20,456,140	22,213,927	8.6%	36,487,669	64.3%
Trust and Agency Funds	12,000	12,000	—%	12,000	—%
Debt Service	5,062,841	3,375,164	(33.3)%	3,360,761	(0.4)%
Total - Citywide Budget	<u>\$ 293,756,652</u>	<u>\$ 304,086,912</u>	3.5%	<u>\$ 287,673,492</u>	(5.4)%



GENERAL FUND CHALLENGES / RECOMMENDATIONS

The 2025 - 2026 Preliminary Budget, as in most years at this phase of the process, has a General Fund that has many more demands on it than funding will accommodate. Staff has met with, and will continue to meet with, multiple departments over multiple iterations to explore possible options to stay within mandated funding levels.

A long-term approach is imperative to preservation of General Fund fund balance and critical in the demonstration of improved financial position. Staff has left no revenue nor expenditure possibility out of consideration for potential manageable opportunities.

Challenges identified during 2024 that should be addressed in 2025 - 2026

- Police and Fire vehicle replacement funding was addressed in the previous biennium with ARPA funding, but a long term solution to ensure funding availability for future replacement has not yet been identified. Police vehicles require a contribution of approximately \$1,000,000 each year to perpetually replace all police patrol and detective vehicles, \$800,000 for the Fire Department to perpetually replace all fire vehicles.
- Consider other revenue options in the General Fund to help mitigate any loss in the fund balance in 2025 - 2026.
- Long-term capital expenditure planning is a key component of balanced budgeting; current-year operational needs compete for resources with asset and infrastructure repair and maintenance. Budgeting continued capital expenditures for the Mill Site is an example of this challenge.
- Expenditures and revenues for the Aquatic Center are not in this budget at this time, and will require a 1st quarter budget amendment.

Immediate Recommendations

- Council is requested to review staff presentations on the services that are included in the proposed budget, consider strategic priorities, and give staff feedback and direction regarding reserve and service levels.
- Council is requested to review staff presentations on the programs / services that are included in the proposed priority-based budget, to consider, and give staff relevant feedback and direction regarding reserve and service levels, including those that are provided to the community, over and above the core services, and which they have gotten accustomed to, and for which there is no budget line item and/or funding of any kind
- Policy-level guidance is also sought from city council on long-term priorities which, in aggregate, exceed foreseeable resources and therefore require strategic planning.

Long-term Recommendations

Past bond rating analysis has cited two factors - General Fund reserve levels and the local economy measured by average household income - as impediments to the City's fiscal health, and with lowered reserve levels, bond ratings are likely to go down, likely increasing the interest rates on any future loans.

Staff had recommended in past budgets increasing the General Fund Reserve Policy from 16.7% to 25% in order to better handle unforeseen circumstances that regularly impact the City's ability to maintain current levels of service. This is not feasible at this time due to the difficulties maintaining even the 16.7% policy.

Long-term solutions can include any efforts through normal service delivery that allow the City's private sector to thrive, which can lead to an improved Sales Tax revenue that a healthy, thriving economy and an expanding population produces naturally. These solutions can include items like the following:

- Millsite landfill mitigation and road construction as an investment in future Property and Sales Tax revenue.
- Future economic development as opportunities for businesses, which helps raise the average household income.



REVENUES

REVENUE OVERVIEW

As in all budgets, budgeting begins with an understanding of incoming revenues. The City has over fifty revenues, each with underlying dynamics to be projected. Finance staff begins tracking and forecasting revenues as soon as actual January revenues are received each year.

The current projected citywide revenue for 2025 is \$304.1 million, a \$10.3 million or a 3.5% increase from the 2024 year-end estimate (this would be about what the inflationary rate is estimated to be), while revenue for 2026 is projected to be \$287.7 million, a \$16.4 million or a 5.4% decrease from the 2025 projected year-end estimate. The decrease in 2026 is mainly due to American Rescue Plan Act (ARPA) revenues that were required to be obligated by Dec. 31, 2024, and spent by Dec. 31, 2026, and large capital expenditure projects nearing completion, such as the Nelson Dam and the North First Street Renovation projects.

Revenue Projections

Sources used in preparing revenue projections include:

- Analysis of ten-year trends, consumer price index, population and other demographic factors, and an awareness of current events within our city.
- Economic trends as reported from many sources along with an awareness of current business health within our own city.
- Forecast data.
- Economic and fiscal trends provided by the Municipal Research and Services Center (MRSC).
- Communication with our revenue process partners, such as the Yakima County Tax Assessor and the City's franchise tax-paying utility providers.

Ultimately, the revenue projections in the budget reflect staff's judgment about how the local economy will perform over the next several years and how it will affect the City's key revenues.

Goal Setting Process

Major city goals represent the most important and the highest priority goals for the City to accomplish, and therefore should be reflected in the budgetary decisions which result in the 2025 - 2026 budget. In general, this category represents the continuation or refinement of existing goals. These are "must-fund" objectives, even if they require multi-year processes.

General revenue management - guiding principles:

- The city will seek to maintain a diversified and stable revenue base to protect from short-term fluctuations and from cyclical economic downturns.
- The city will strive to make all current expenditures from current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.
- Every fund in the City's accounting system exists for a reason; the purpose for every fund's segregation out of the general fund is to dedicate spending for restricted revenues.

2025 - 2026 REVENUES BY SOURCE

	General Fund				Citywide			
	2025	% of Total	2026	% of Total	2025	% of Total	2026	% of Total
Sales Tax	\$ 30,368,000	40.7 %	\$ 31,635,000	41.4 %	\$ 42,615,987	14.0 %	\$ 43,852,987	15.2 %
Utility & Franchise Taxes	21,729,567	29.2 %	22,204,342	29.0 %	23,322,425	7.7 %	23,819,973	8.3 %
Property Tax	8,734,049	11.7 %	8,805,702	11.5 %	24,375,393	8.0 %	24,816,684	8.6 %
Charges for Services	3,318,674	4.5 %	3,392,037	4.4 %	63,916,639	21.0 %	66,070,335	23.0 %
Intergovernmental Revenues	2,780,966	3.7 %	2,812,858	3.7 %	59,831,676	19.7 %	40,212,951	14.0 %
Other Taxes & Assessments	1,457,000	2.0 %	1,440,000	1.9 %	6,992,000	2.3 %	7,051,000	2.5 %
Licenses and Permits	1,810,750	2.4 %	1,835,750	2.4 %	3,281,578	1.1 %	3,369,698	1.2 %
Fines & Forf, Transfers, Misc	4,327,808		4,339,808		79,751,217	26.2 %	78,479,864	27.3 %
	<u>\$ 74,526,814</u>		<u>\$ 76,465,497</u>		<u>\$ 304,086,915</u>		<u>\$ 287,673,492</u>	

REVENUE DETAIL

The following charts detail City-wide revenues, with narrative detailing the breakdown between the General Fund and total government percentages.

Sales Tax (Single Largest Revenue Source for General Fund)

- General Sales Tax** - Of the 8.3% sales and use tax collected within the City, the State receives 6.5% and the City of Yakima receives only 1.8% in general Sales Tax revenue. The General Government Funds receive the full amount of the City's share of general sales tax revenues. The City of Yakima receives various tax credits out of the State's 6.5%, such as a 3.0% Lodging Tax credit.
- 0.1% Criminal Justice Sales Tax** - A special 0.1% Criminal Justice Sales Tax was originally approved by the voters of Yakima County in the November, 1992, General Election and became effective January 1, 1993. The State allocates this 0.1% criminal justice sales tax revenue between the City and the County, based on a predefined formula. This revenue is restricted to providing criminal justice related services and is allocated based on operating vs. capital needs. This tax revenue is generally affected by the same regional economic factors that affect the General Sales Tax revenue.
- 0.3% Criminal Justice Sales Tax** - Another special sales tax of 0.3% dedicated to Criminal Justice expenditures was originally approved by the Yakima County voters in November, 2004, took effect on April 1st of 2005, and has been reapproved by voters twice since that time. The tax is on sales inside the County only and the proceeds are divided between the County and Cities on a predefined formula under which the County receives 60% and all cities within the County share the remaining 40%.

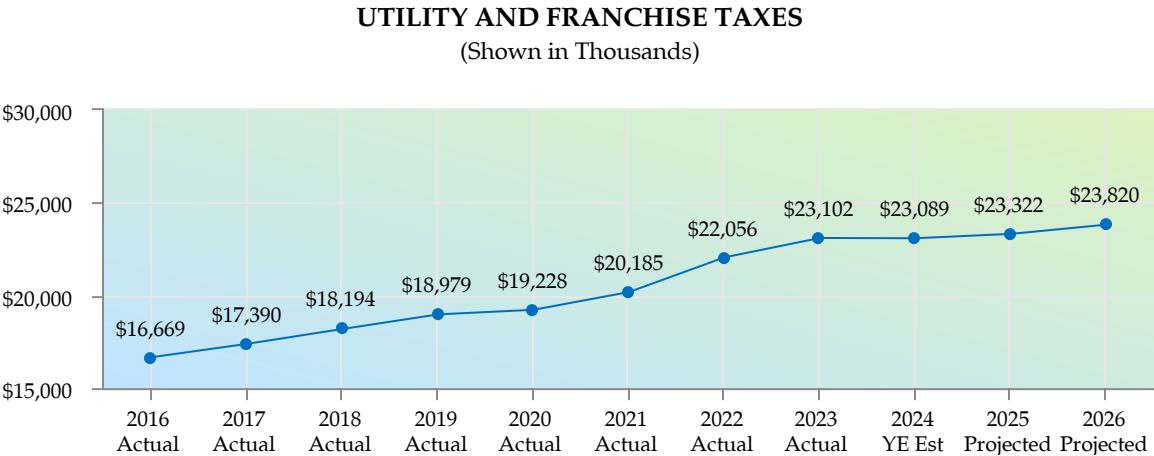
Sales tax provides 40.7% of all General Fund revenue, and 14.0% of total government revenue in the 2025 budget and 41.4% of all General Fund revenue, and 15.2% of total government revenue in the 2026 budget.

SALES TAX (Shown in Thousands)



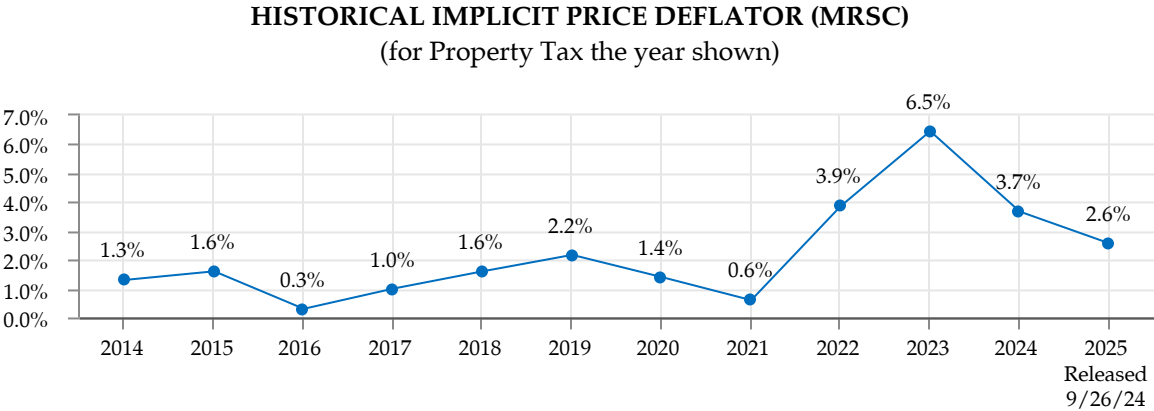
Utility and Franchise Taxes

These revenues are largely a function of weather conditions and utility rates in the Valley. Utility taxes generally keep pace with the rate of inflation, primarily because of rate increases implemented by utility providers. Utility and Franchise taxes are collectively the second largest category of General Fund revenues, comprising 7.7% of 2025 projected revenue and 8.3% of total government revenue. In 2026, the percent in the General Fund will be 29.2% and 29.0% in total government revenue.



Property Tax

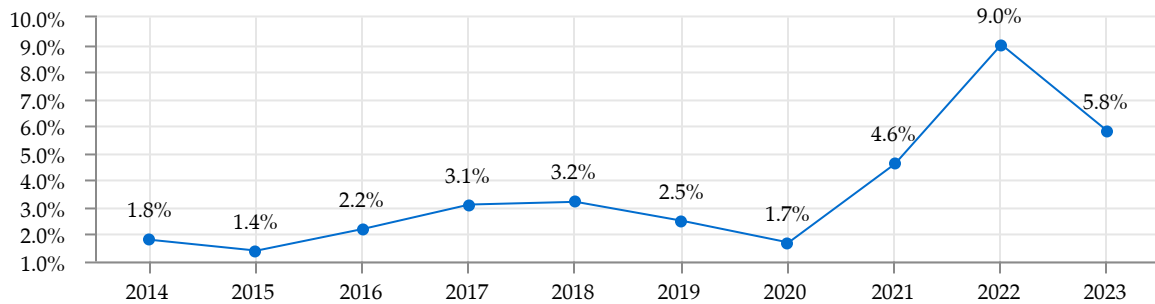
State law allows the City to impose the lesser of the rate of inflation (as measured by the Implicit Price Deflator (IPD) or 1% above the prior year levy, plus levies for new construction and annexations. State law also allows the City to increase the levy by more than 1% if approved by the majority of voters. State law allows an agency to levy up to the 1% maximum if City Council establishes substantial need by a super-majority (i.e. 5-2) vote.



State property tax levy statutes limit the change in the dollars levied (1% would generate an estimated \$244,000 for 2025 and \$248,000 for 2026) but do not limit growth in assessed value. Stated differently, the 1% limit affects the total dollars levied, and assessed valuation is used to allocate the levy ratably among the property owners.

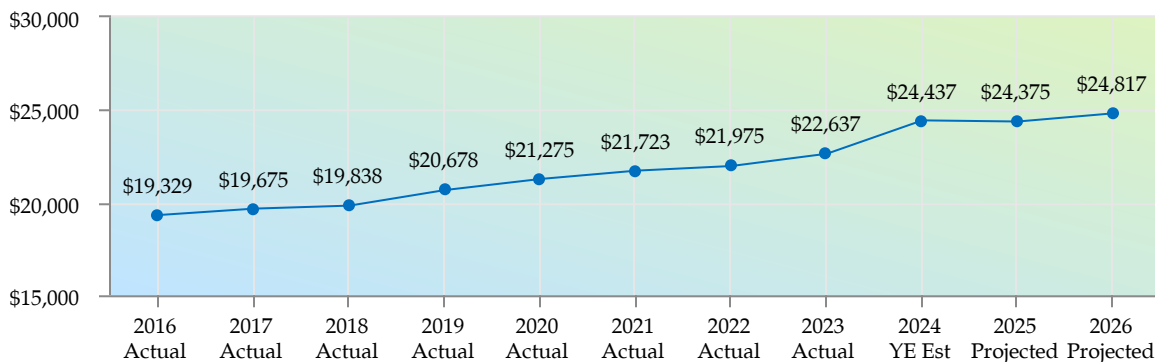
Since most consumer activity (i.e., wages, equipment, etc.) is more closely tied to the Consumer Price Index (CPI), and the CPI is greater than 1% in almost all years (see the following chart), the future effect of 1% or less growth in Property Tax is slowly reducing the percentage of revenue the City receives from this primary General Government revenue source. The most recently released rates cause further concern about revenue reductions in the foreseeable future.

HISTORICAL SEATTLE CPI-U (MRSC) US Bureau of Labor & Statistics



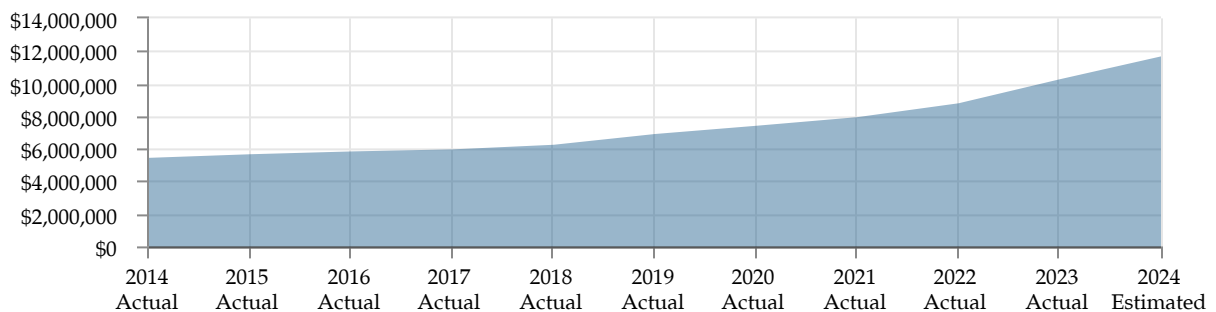
Property tax provides 11.7% of all General Fund revenue, and 8.0% of total government revenue in the 2025 budget, and 11.5% and 8.6% of the 2026 budget, respectively.

PROPERTY TAX (Shown in Thousands)



Property Tax revenue is a primary funding source for the City. Washington's "budget-based" property tax structure is complicated. The City establishes the dollar amount levy, subject to several restrictions. The County Assessor calculates the levy rate based on total assessed valuation. The following Property Value chart shows the historical trend of total city property valuation. It is important to know that the City's general fund levy is subject to a 1% annual cap (a levy lid), excluding new construction and annexation but the valuation itself is an actual assessed value of the true and fair value (market value).

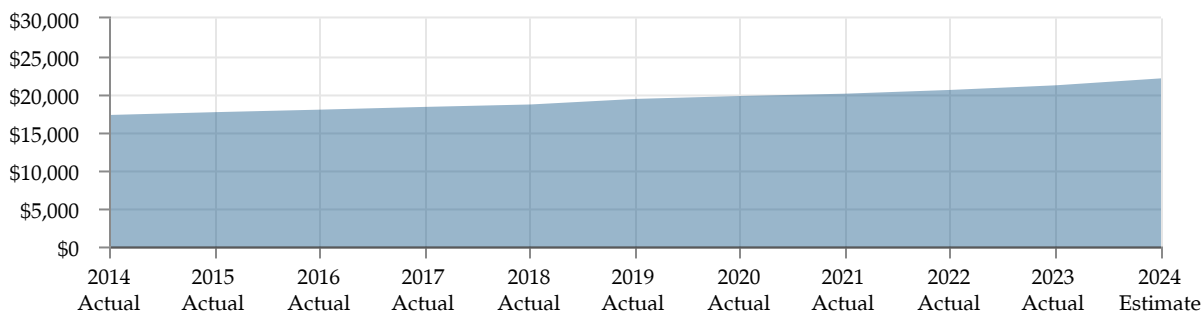
PROPERTY VALUES - City of Yakima - Shown in Thousands



The following chart is a historical trend of the total dollar amount levy in recent years. The city establishes its desired levy amount based on budget need subject to statutory limits, and the levy rate itself is strictly the resulting mathematical relationship between the valuation and the levy amount.

ORIGINAL LEVY AMOUNTS - PROPERTY TAX

City of Yakima - Shown in Thousands



Charges for Services

This revenue category mainly consists of revenues from the sale of services such as water, wastewater, refuse, irrigation, transit and fire services, concessions and interfund services.

The Charges for Services category provides 4.5% of all General Fund revenue, and is the top revenue for total government in the 2025 budget at 21.0% of total revenue. In the 2026 budget, this revenue provides 4.4% of the General Fund revenue, and 23.0% of the total government revenue.

CHARGES FOR SERVICES

(Shown in Thousands)



Intergovernmental Revenues

This category includes revenue received from other Government units, including Federal grants and entitlements, State and local grants and other intergovernmental resources. This category can fluctuate significantly due to the timing of the payments and major capital projects paid for by grants.

Intergovernmental revenues continue to increase due to grants received for large projects such as Nelson Dam and the North First Street Revitalization.

Intergovernmental revenue accounts for 3.7% and 3.7% of General Fund revenue, and 19.7% and 14.0% of total government revenue in the 2025 and 2026 projected budgets respectively.

INTERGOVERNMENTAL REVENUES

(Shown in Thousands)



Other Taxes and Assessments

This category includes excise taxes and other operating assessments, and includes Transit, Hotel/Motel, Real Estate Excise, Gambling and Transportation Benefit District Taxes.

Real Estate Excise Taxes (REET) depend on the volume and value of real estate sales, and therefore fluctuate with economic cycles. REET is a restricted funding source that has two components which may only be used for statutorily-defined purposes, primarily capital facilities and authorized transportation, water/storm/sewer and park capital projects.

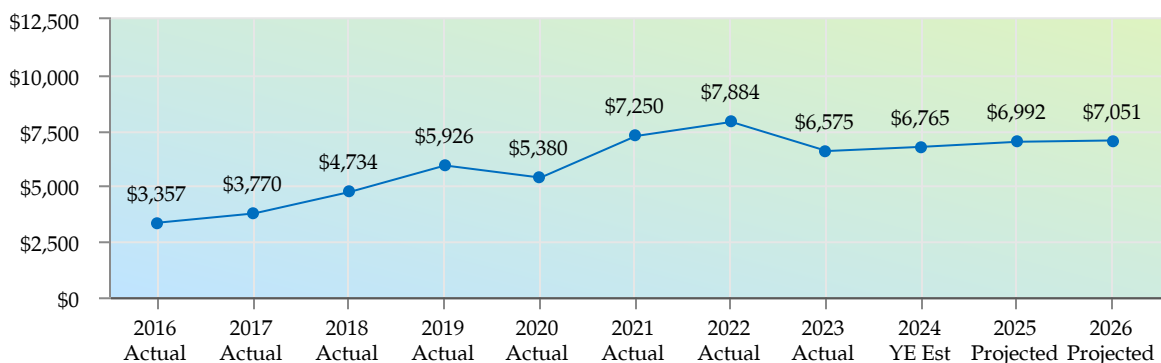
Lodging (hotel/motel) tax is a restricted revenue, dedicated by statute to expenditures that further local tourism activities. The basic 2% lodging tax is supplemented by a share of state-shared lodging tax that currently totals 5%. Tourism Promotion Area (TPA) fees consists of a \$4 per room per night and are restricted to expenditures that increases the tourism and convention business.

Transportation Benefit District (TBD) revenue commenced in August, 2018. This revenue is restricted to construction, maintenance and operational transportation improvements.

Other taxes provide 2.0% of all General Fund revenue, and 2.3% of total government revenue in the 2025 budget, and 1.9% of all General Fund revenue and 2.5% of all total government revenue in the 2026 budget.

OTHER TAXES AND ASSESSMENTS

(Shown in Thousands)



Licenses and Permits

This category includes business licenses, building permits, dog licenses, gambling taxes and wastewater pretreatment and permits.

License and permit revenues accounts for 2.4% and 2.4% of General Fund revenue, and 1.1% and 1.2% of total government revenue in the 2025 and 2026 projected budgets respectively.

LICENSES AND PERMITS

(Shown in Thousands)



Fines & Forfeitures

Fines & Forfeitures come primarily from criminal fines and noncriminal penalties, assessed in the City of Yakima's Municipal Court, and parking violations.

Parking revenue is budgeted substantially down from prior years due to recent court activity limiting enforcement of time-limit violations and due to increased staff time committed to citizen response.

Fines and Forfeitures provide 2.0% of all General Fund revenue, and 0.5% of total government revenue in the 2025 budget and 2.0% of all General Fund revenue and 0.5% of all total government revenue in the 2026 budget.

FINES & FORFEITURES

(Shown in Thousands)



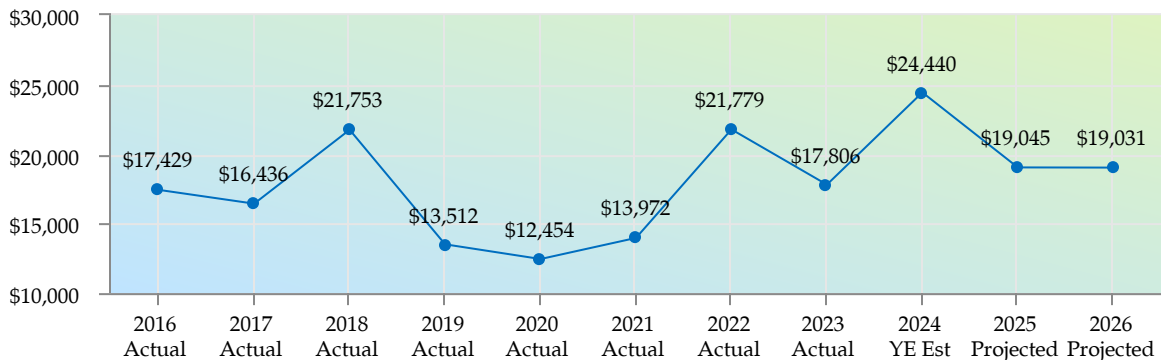
Transfers

Transfers set forth in the budget are typically to accomplish the measured allocation of revenues and expenditures appropriate to the service delivery in each fund. There are many appropriate transfer mechanisms intended to efficiently and effectively account for complex arrangements.

Any short-term transfers between funds for operating purposes within the year are not operating revenues. These operating transfers, under which financial resources are transferred from one fund to another, are distinctly different from interfund borrowings. Interfund borrowings that are not repayable within the year must be more formally planned and communicated. The most common use of interfund borrowing is for grant programs where costs are incurred before reimbursement is received, and is therefore merely a short-term cash flow device.

Transfers provide no General Fund revenue, and 6.3% of total government revenue in the 2025 budget and 6.6% in the 2026 budget.

TRANSFERS (Shown in Thousands)



Miscellaneous Revenues

Included in miscellaneous revenues are interfund benefit contributions, interest earnings, rents, assessments, sale of fixed assets, proceeds from long-term debt and other miscellaneous revenues. Significant spikes in this chart are generally due to the timing of bond proceeds - \$15.6 million in 2018 and \$22.4 million in 2020.

Miscellaneous Revenues account for 3.8% of General Fund revenue, and 19.5% of total government revenue in the 2025 projected budget, and 3.7% and 20.1% in the 2026 budget, respectively.

MISCELLANEOUS REVENUES (Shown in Thousands)



Cash & Investments

It is the policy of the City of Yakima to invest public funds in a manner that, giving first regard to safety, suitability and liquidity, will maximize long-term yield in conformance with State Statute, Federal Regulations and City Charter.

As a current over-all indicator, the 5-year historic citywide cash and investments balance trend, inclusive of all funds, reached \$142.5 million at August 31, 2024. While each month is best compared to the same month in previous years to account for seasonality and other annual events and a mid-year milestone doesn't compare well to prior year-end balances, cash levels have consistently improved over prior years, however, numbers for 2024 are currently showing a decrease since the previous year.

The following graph incorporates only the city's primary bank and investment accounts (US Bank, Key Bank, Local Government Investment Pool and investment portfolio) to enable comparison to prior and future periods.

CASH AND INVESTMENT HISTORY
(Shown in Thousands)





EXPENDITURES

EXPENDITURE OVERVIEW

The current projected citywide expenditures for 2025 are \$313.2 million, a \$10.5 million or a 3.3% increase from the 2024 year-end estimate, while expenditures for 2026 are projected to be \$286.8 million, a \$26.4 million or a 9.2% decrease from the 2025 projected year-end estimate. The projected decrease in 2026 is mainly due to the expenses for the American Rescue Plan Act (ARPA) coming to an end and large capital expenditure projects, such as the Nelson Dam and North First Street Renovation, coming to an end.

General Fund

All General Fund programs are necessarily balanced within available resources, which are funded by Sales Tax, Property Tax, Utility Taxes and other smaller funding sources. Collective Bargaining Agreements that provide for salary and benefit increases that exceed the Property Tax rate cap create a squeeze that affects the entire General Fund's ability to maintain service delivery levels, and Public Safety costs - Police, Fire and Criminal Justice - continue to require an increasing share of total General Fund resources. The following charts show City-wide expenditures.

2025 - 2026 EXPENDITURES BY CATEGORY

	General Fund				Citywide			
	2025	% of	2026	% of	2025	% of	2026	% of
		Total		Total		Total		Total
Salaries & Wages	\$ 47,244,977	57.9 %	\$ 49,958,741	58.5 %	78,531,188	25.1 %	82,829,980	28.9 %
Personnel Benefits	18,181,332	22.3 %	18,859,133	22.1 %	47,736,182	15.2 %	49,249,500	17.2 %
Supplies for Consumption & Resale	2,247,037	2.8 %	2,261,637	2.6 %	10,038,869	3.2 %	10,176,084	3.5 %
Services & Pass-Through Payments	11,361,732	13.9 %	11,720,933	13.7 %	73,600,537	23.5 %	70,427,288	24.6 %
Capital Outlays	146,000	0.2 %	146,000	0.2 %	78,541,543	25.1 %	49,291,465	17.2 %
Transfers	153,978	0.2 %	154,663	0.2 %	6,023,293	1.9 %	5,834,650	2.0 %
Debt Service ¹	2,296,185	2.8 %	2,324,473	2.7 %	18,744,690	6.0 %	19,031,482	6.6 %
	<u>\$ 81,631,241</u>		<u>\$ 85,425,580</u>		<u>\$ 313,216,302</u>		<u>\$ 286,840,449</u>	

EXPENDITURE DETAIL

Salaries, Wages and Personnel Benefits

These expenses are the number one expenditure within the operating budget. The following chart shows the ratios between budgeted employees and population and does not include temporary employees (numbers of employees are stated in full-time equivalents). These numbers have remained relatively stable over the last ten years.

City-Wide Government	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of Employees ²	761.2	768.5	765.7	767.0	768.0	770.0	769.0	782.9	789.5	790.5
Employees Per Capita	8.2	8.2	8.2	8.1	8.1	8.1	7.9	8.0	8.0	8.0
Population ³	93,220	93,400	93,900	94,190	94,440	95,490	97,340	97,810	98,650	99,370

However, the cost of those same employees has escalated over that same time period, going up 45.8% from 2015 to 2024.

Salaries, Wages and Personnel Benefits utilize 25.0% of all General Fund expenditures, and 40.3% of total government expenditures in the 2025 budget and 24.7% and 46.0% in the 2026 budget.

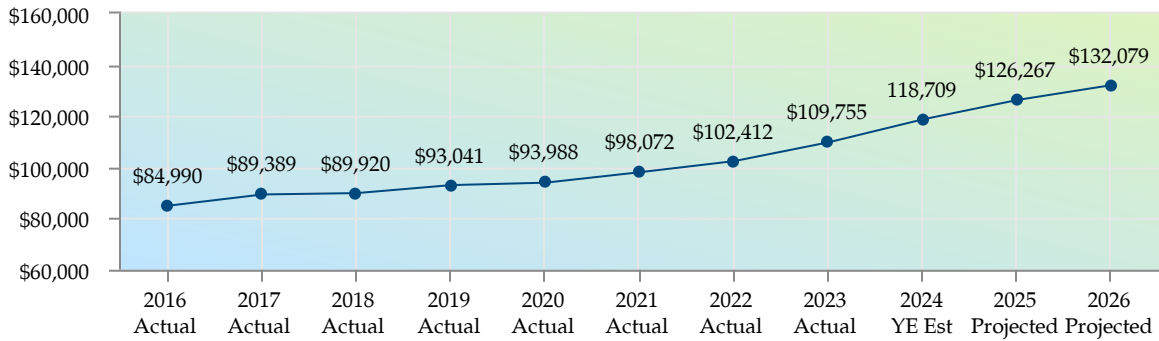
¹ City-wide Debt Service for 2025 and 2026 include interest for an interfund loan due to how this account is categorized. These number are not included in the Debt Summary chart after this section as it is not considered long-term debt. Kimberly to confirm 9/27/24.

² Adopted budget.

³ Estimates per the Office of Financial Management (OFM). 2025 - 2026 population estimates not yet available.

SALARIES, WAGES AND PERSONNEL BENEFITS

(Shown in Thousands)

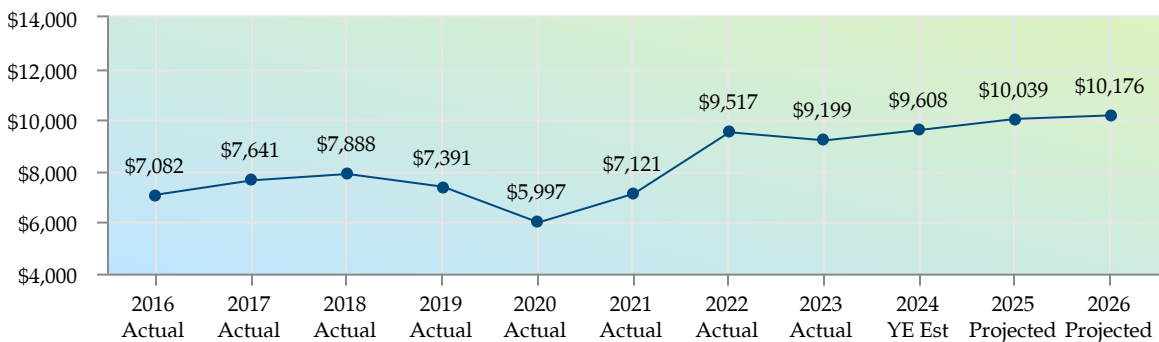


Supplies for Consumption & Resale

This category includes any supplies that are not considered over the capitalization limit (\$10,000), from paper to computer servers, and anything in between. It is also one of the hardest hit when funds are required in other categories, such as criminal justice.

SUPPLIES FOR CONSUMPTION & RESALE

(Shown in Thousands)



This fund is where funding for office computers and software is budgeted, and is also where some of the first cuts are made when they are needed. Both the computers and the software that they run have a limited life and are reliant on each other - if only the computers are updated, the software may no longer be supported, and if only the software is updated, the computers may not have the ability to run it. The increase in 2022 was mainly due to higher fuel prices and technology needs for the Police department.

Supplies for Consumption & Resale utilize 2.8% (2025) and 2.6% (2026) of all General Fund expenditures, and 3.2% (2025) and 3.5% (2026) of total government expenditures.

Services & Pass-Through Payments

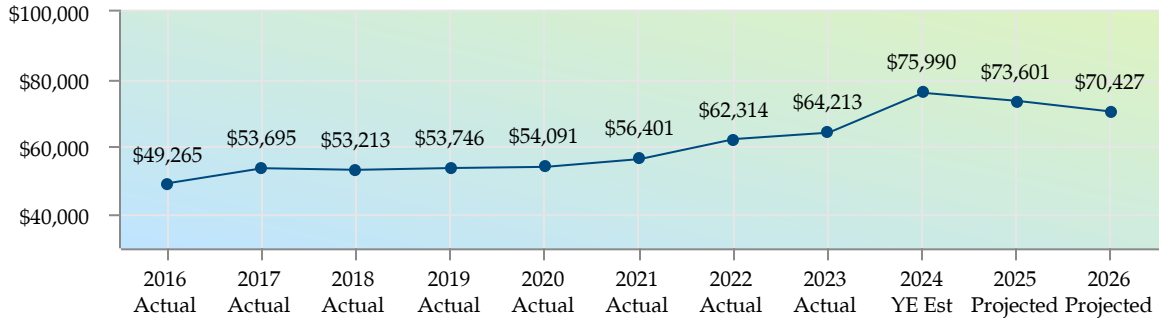
This category contains services rendered by sources outside the city, including engineering and construction type services, Dial-A-Ride services and intergovernmental services. Also included are items such as insurance, taxes and assessments and city service charges. This budget fluctuates mostly due to ongoing project needs.

City Service charges have been revised to reflect an equitable approach as suggested by the State Auditor's office. These charges were primarily borne by enterprise funds in previous years.

Services & Pass-Through Payments provide 2.8% of all General Fund revenue, and 23.5% of total government revenue in the 2025 budget and 2.6% and 24.6% in the 2026 budget.

SERVICES & PASS-THROUGH PAYMENTS

(Shown in Thousands)



Capital Outlays

2025 - 2026 Capital Expenditures are expected to decrease due to the projected completion of several large projects in 2024 and 2025. If projects are not completed as scheduled, they will be carried over into the next budget year as needed.

2024 major projects included:

- Nelson Dam (Phase I) rebuild.
- Yakima Airport - Snow removal equipment and terminal design.
- North 1st Street Revitalization.
- Yakima Revenue Development Area/Millsite - Phase 1 and Phase 2 Bravo Company Blvd. design completed.

Projects included in prior-year adopted budgets but not completed, in any given year, are routinely rolled forward at year-end and brought to council for a non-lapsing appropriation.

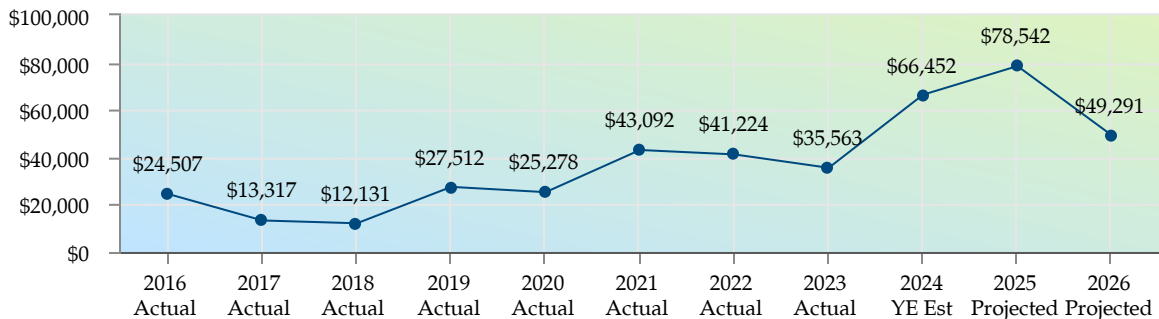
2025 - 2026 major projects include:

- Nelson Dam new pipeline diversion (Phase 2).
- Yakima Airport - Continuation of terminal design and construction.
- North 1st Street Revitalization.
- Yakima Revenue Development Area/Millsite - East/West corridor and construction of Bravo Company Blvd.

Capital Outlays utilize 0.2% of all General Fund expenditures, and 25.1% of total government expenditures in the 2025 budget and 0.2% and 17.2% in the 2026 budget.

CAPITAL OUTLAYS

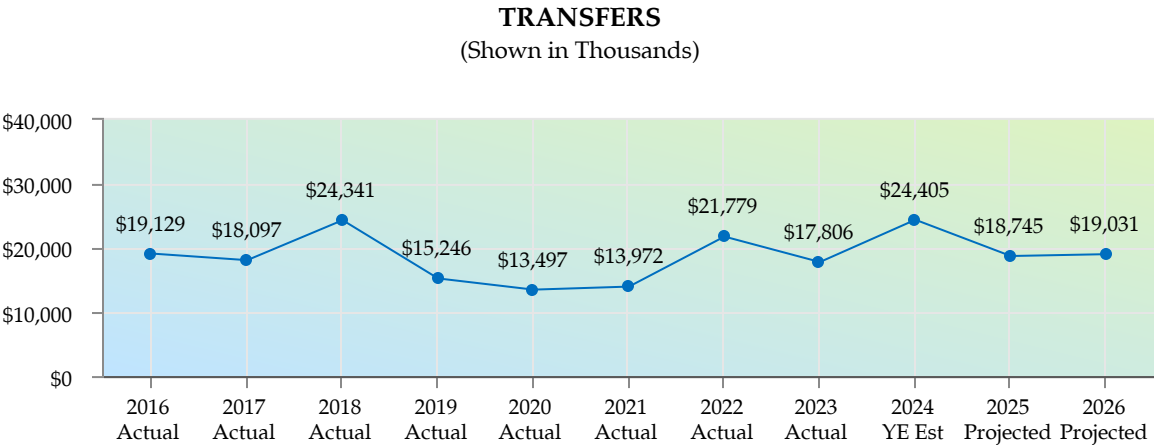
(Shown in Thousands)



Transfers

This category generally includes transfers to and from operating to capital funds, support for the debt service funds and subsidizing funds within the City, such as the Parks and Recreation and Workers Compensation, as needed. Increases in transfer in 2022 are related to American Rescue Plan Act (ARPA) revenues.

Transfers utilize 2.8% of all General Fund expenditures, and 6.0% of total government expenditures in the 2025 budget, and 2.7% and 6.6% in the 2026 budget.



Debt Service

The City pledges its full faith and credit for General Obligation (GO) Bonds which consists of general tax and some special revenues. Generally, interest payments on municipal bonds are not taxable to the bond holder (unless taxable bonds are issued due to private-public partnerships). The most common funding sources are property taxes, real estate excise tax (REET) or a special revenue source such as energy savings and rebates for the LED Street Light Project.

The City has several debts payable to other governmental agencies - general tax and other special revenues are pledged as repayment. Intergovernmental debt tends to be less costly and is often obtained for lower interest costs. The Local Option Capital Asset Lending (LOCAL) Program is offered through the State of Washington, and the City is able to participate in the State's bond issues to take advantage of a lower rate. All issuance costs are included in the interest rate. Economic Development (SIED) loans are administered through the County and often accompanied by a grant. Community Economic Revitalization Board (CERB) loans offer lower cost alternatives as well.

Any increase to debt in 2025 - 2026 not included in the following chart would be due to issuance of revenue bonds and/or potential grant funding, or a combination of both for the following budgeted projects:

- \$8.0 M Yakima Revenue Development Area - Mill Site.
- \$10.0 M Nelson Dam Phase 2

There is also the possibility of a \$20.0 M bond for Wastewater that is not currently budgeted if the City goes out for a bond.

Debt Service provides 0.2% of all General Fund expenditures, and 1.9% of total government expenditures in the 2025 budget and 0.2% and 2.0% in the 2026 budget.

The following Debt Service section reflects the total debt the City of Yakima owes for the various types of long-term debt, showing all finalized payments for the years 2024 through 2037, along with an aggregate of any payments for 2038 and beyond.



DEBT SERVICE

Type	Description	Maturity Date	Principal and Interest Payments				
			2024	2025	2026	2027	2028
GO Bond	2020 Convention Center Add (Ref)	12/01/44	\$ 794,875	\$ 794,722	\$ 794,030	\$ 792,596	\$ 790,466
GO Bond	2020 Convention Ctr III Add (Ref)	12/01/44	156,047	159,069	156,903	154,645	157,307
GO Bond	2018 Aquatic Center YMCA	12/01/42	450,000	450,000	450,000	450,000	450,000
GO Bond	2018 Yakima Sports Complex	06/01/35	450,000	450,000	450,000	450,000	450,000
LOCAL	2020 Energy Project (Lighting)	06/01/35	133,625	134,750	135,625	136,250	136,625
PWTF Loan	2010 Railroad Grade Separation	06/01/34	84,448	84,448	84,448	84,448	84,448
GO Bond	2014 911 Call Disp Center (City)	05/01/34	120,463	117,063	119,513	121,813	118,963
GO Bond	2021 SOZO - Street Frontage	06/01/32	117,289	117,289	117,289	117,289	117,289
GO Bond	2020 Capitol Theatre Exp (Ref)	12/01/32	453,357	459,259	454,514	459,210	458,103
SIED Loan	2018 River Rd Impr/Aquatic Center	06/01/29	62,800	62,800	62,800	62,800	62,800
GO Bond	2018 Street Resurfacing Project	12/01/28	399,664	399,664	399,664	399,664	399,664
PWTF Loan	2009 Railroad Grade Separation	06/01/28	169,228	168,402	167,577	166,751	165,926
SIED Loan	2016 SOZO	06/01/27	106,197	106,197	106,197	106,197	—
LOCAL	2017 Energy Project (Lighting)	06/01/27	110,986	111,919	112,417	112,395	—
LOCAL	2018 Fire Aerial & Pump Apparatus	06/01/27	152,694	153,978	154,663	154,633	—
SIED Loan	2017 YV Brewing Project	06/01/24	14,158	—			
GO Bond	2014 Street Improvement Project	06/01/24	1,650,250	—			
	Total Non-Enterprise		5,426,081	3,769,560	3,765,640	3,768,691	3,391,591
GO Bond	2020 Irrigation Rev Bonds (Ref)	12/01/34	270,750	274,900	273,750	272,450	271,000
GO Bond	2020 Wastewater Rev Bonds (Ref)	12/01/27	387,900	387,550	381,900	381,100	—
	Total Enterprise Loans		658,650	662,450	655,650	653,550	271,000
Revenue	2012 Industrial Sewer Main Ext	06/01/37	87,033	86,627	86,220	85,813	85,407
Revenue	2012 Industrial Waste Anaerobic	07/01/34	39,409	39,409	39,409	39,409	39,409
Revenue	2011 Energy Efficiency Project	03/31/33	34,826	34,826	34,826	34,826	34,826
Revenue	2012 Wastewater Treatment Plant	06/01/31	274,461	273,788	273,115	272,443	271,770
Revenue	2007 Ultra Violet Disinfection	06/01/27	123,817	123,210	122,603	121,996	—
Revenue	2005 River Road Sewer	06/01/25	125,488	124,867	—		
	WW Long-Term Debt		685,034	682,727	556,173	554,487	431,412
Revenue	2021 Waterline Improvements	06/01/41	113,234	112,192	111,149	110,106	109,063
Revenue	2013 WTP Lagoons Design	10/01/34	204,737	202,101	199,465	196,829	194,193
Revenue	2013 Automated Reading System	06/01/32	269,079	268,421	267,763	267,105	266,447
Revenue	2009 New Water Well	06/01/28	124,178	123,572	122,966	122,360	121,755
Revenue	2005 Naches River WTP Filter Rehab	10/01/25	47,543	47,308	—		
	Water Long-Term Debt		758,771	753,594	701,343	696,400	691,458
	Total City-Wide Debt		<u>\$7,528,536</u>	<u>\$5,868,331</u>	<u>\$5,678,806</u>	<u>\$5,673,128</u>	<u>\$4,785,461</u>

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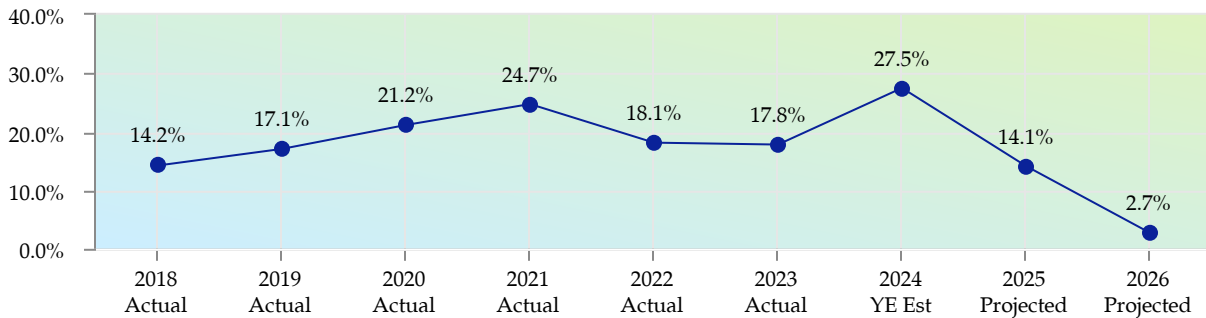


GENERAL FUND FINANCIAL HEALTH / FUND BALANCE

CURRENT AND PROJECTED RESERVES

The statutory cap on Property Tax forces a conversation every year to prioritize expenditures, evaluate the balance between services and infrastructure, and challenges the preservation of general fund reserves.

GENERAL FUND (001, 003 & 612)
FUND BALANCE AS A % OF TOTAL EXPENDITURES
 (Without Transfers - as shown in currently audited ACFR's)



The chart above depicts the historical fund balance trend as reported in the City's audited Annual Comprehensive Financial Report (ACFR) and shows that the General Fund was averaging 18.9% from 2018 - 2023. However, the year-end estimate for 2024 is currently at 27.5%, only possible with the inclusion of the ARPA funding that was moved to the General Fund. Without this funding the percentage would have likely been below the 16.7% mandated reserve amount. The projected budgets for 2025 and 2026 are currently well dropping below this threshold, at 14.1% in 2025 and 2.7% in 2026. In addition, significant gains in capital expenditure planning and perpetual vehicle replacement remain to be solved. At the same time, the Assessed Valuation of properties in the city increased at substantial rates, but not the City's current capped property tax rate, exerting pressure on General Fund services, which saw costs increase roughly in line with CPI.

The table below depicts the projected ending fund balance for years 2023 through 2029, without transfers, reflecting the current budget numbers, extrapolating the percentages from the current 5-Year Plan in production. It is important to note that at every budget adoption, new decisions would be made for revenue and/or expenditure options.

GENERAL FUND RESERVE FORECAST VS POLICY LEVEL REQUIREMENTS
 (Without Transfers - as shown in currently audited ACFR's)

	2023	2024	2025	2026	2027	2028	2029
General Fund	Actual	YE Est	Projected	Projected	Forecast	Forecast	Forecast
General Fund YE Reserve Forecast	\$ 13,197,529	\$ 18,328,640	\$ 11,224,213	\$ 2,264,130	\$ (9,276,541)	\$ (23,600,687)	\$ (40,924,602)
Policy Level Requires @ 16.7%	12,729,901	12,042,660	13,632,417	14,266,072	15,058,086	15,895,429	16,780,739
Net Increase (Deficit)	\$ 467,628	\$ 6,285,980	\$ (2,408,204)	\$ (12,001,942)	\$ (24,334,627)	\$ (39,496,116)	\$ (57,705,341)

Key Reminders

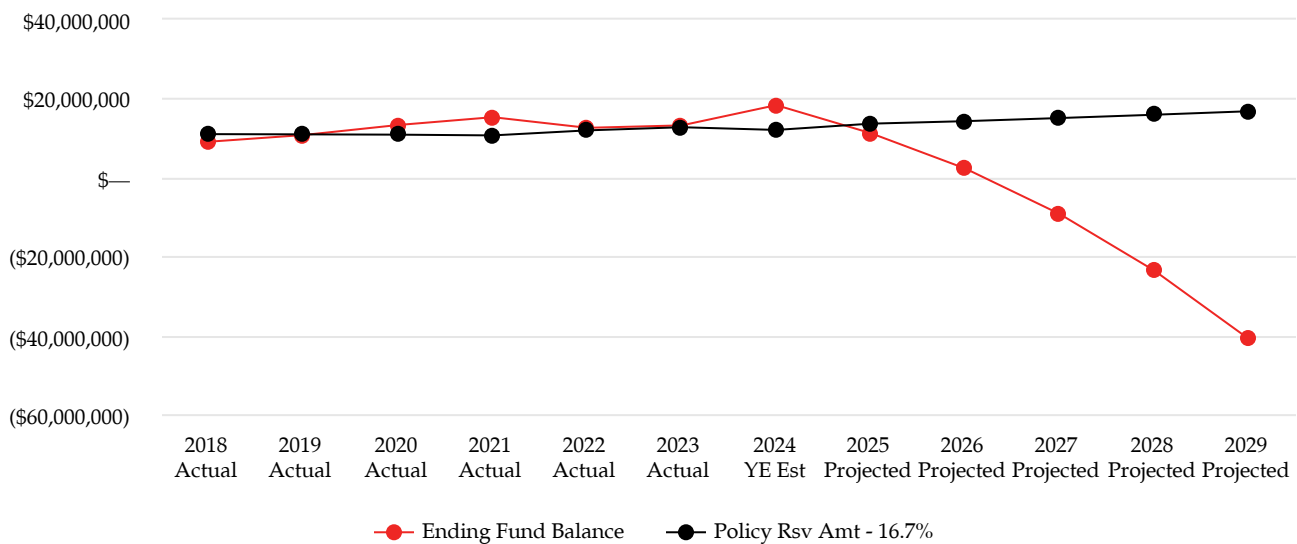
- The City is committed to achieving a balanced budget in every fund.
- Service delivery across all city programs are re-evaluated annually to prioritize the most urgent and important services within available funding using the priority based budget.

GENERAL FUND FORECAST

(With Transfers)

	2023	2024	2025	2026	2027	2028	2029
	Actual	YE Est	Projected	Projected	Forecast	Forecast	Forecast
Beginning Balance	\$ 12,579,889	\$ 13,197,529	\$ 18,328,640	\$ 11,224,213	\$ 2,264,130	\$ (9,276,541)	\$(23,600,687)
Revenues ⁴							
Sales Tax	28,769,968	29,023,265	30,368,000	31,635,000	32,900,400	34,216,416	35,585,073
Utility & Franchise Taxes	21,535,506	21,551,207	21,729,567	22,204,342	22,648,429	23,101,397	23,563,425
Property Tax	8,852,130	8,807,406	8,734,049	8,805,702	8,981,816	9,161,452	9,344,682
Charges for Services	3,310,876	3,374,899	3,318,674	3,392,037	3,459,877	3,529,075	3,599,657
Intergovernmental Revenues	3,319,896	5,522,191	2,780,966	2,812,858	2,869,115	2,926,498	2,985,028
Other Taxes & Assessments	1,334,458	1,334,458	1,457,000	1,440,000	1,468,800	1,498,176	1,528,140
Licenses and Permits	2,000,113	1,723,150	1,810,750	1,835,750	1,872,465	1,909,914	1,948,113
Fines & Forf, Transfers, Misc	7,721,644	5,906,269	4,327,808	4,339,808	4,426,604	4,515,136	4,605,439
Total Revenues	76,844,591	77,242,845	74,526,814	76,465,497	78,627,506	80,858,064	83,159,557
Expenditures ⁵							
Salaries & Wages	42,863,699	44,032,906	47,244,977	49,958,741	52,956,266	56,133,642	59,501,660
Personnel Benefits	16,187,389	16,839,598	18,181,332	18,859,133	19,990,681	21,190,122	22,461,530
Supplies - Cons & Resale	2,360,424	2,122,965	2,247,037	2,261,637	2,352,102	2,446,187	2,544,034
Services & Payments	11,988,662	2,572,089	11,361,732	11,720,933	12,189,770	12,677,361	13,184,455
Capital Outlays	399,641	934,067	146,000	146,000	146,000	146,000	146,000
Debt Service	259,301	166,852	153,978	154,663	162,396	170,516	179,042
Transfers	2,167,836	5,443,257	2,296,185	2,324,473	2,370,962	2,418,382	2,466,749
Total Expenditures	76,226,952	72,111,734	81,631,241	85,425,580	90,168,177	95,182,210	100,483,470
Est End Fund Balance	\$ 13,197,528	\$ 18,328,640	\$ 11,224,213	\$ 2,264,130	\$ (9,276,541)	\$(23,600,687)	\$(40,924,600)
Policy Rsv Amt - 16.7%	\$ 12,729,901	\$ 12,042,660	\$ 13,632,417	\$ 14,266,072	\$ 15,058,086	\$ 15,895,429	\$ 16,780,739
Net Fund Balance	\$ 467,627	\$ 6,285,980	\$ (2,408,204)	\$(12,001,942)	\$(24,334,627)	\$(39,496,116)	\$(57,705,339)

FUND BALANCE VS. POLICY RESERVE AMOUNT



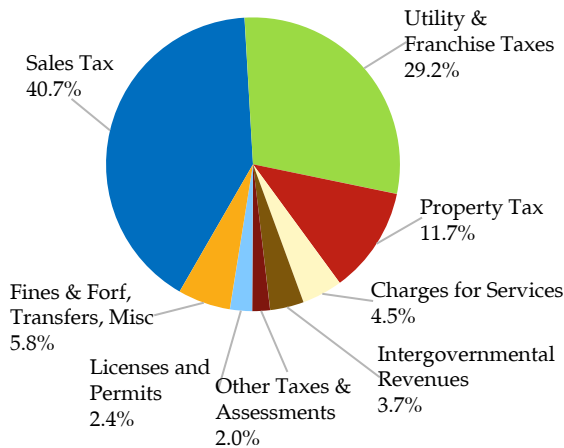
⁴ Revenue Forecasts provide for a conservative growth of 2%, in all revenues except for Sales Tax, which is shown at 4% for all years.

⁵ Expenditure Forecasts projections include: Salaries and benefits at 6%, Supplies and Services & Payments at 4%, Capital Outlays at 5%, and Debt Service and Transfers at 2% growth.

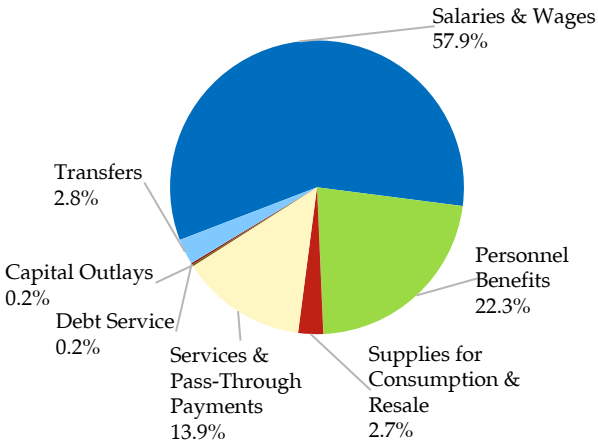
The General Fund forecast, with transfers, begins to show a deficit after meeting ending fund balance requirements and reserve policy at the end of 2025. This is attributable to operational costs growing at a higher percent than revenue growth, in part due to that lack of a levy lid lift - property tax growth of 1% plus new construction is not sufficient to maintain existing services. It has become more critical than ever to review alternative revenue sources and monitor expenditures closely in order to maintain a balance budget.

2025
GENERAL FUND

REVENUES BY SOURCE
\$74.5 million

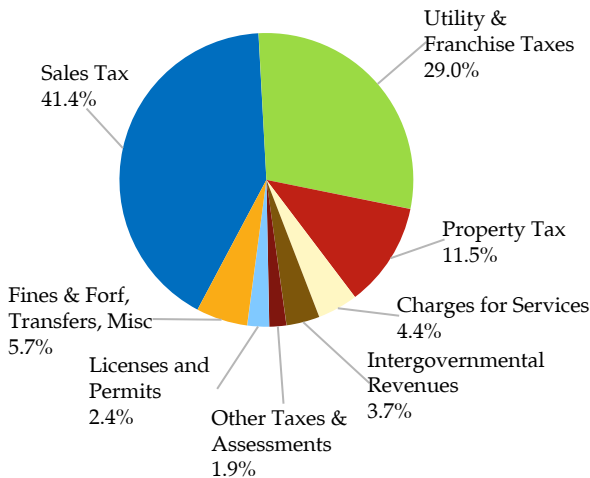


EXPENDITURES BY CATEGORY
\$81.6 million

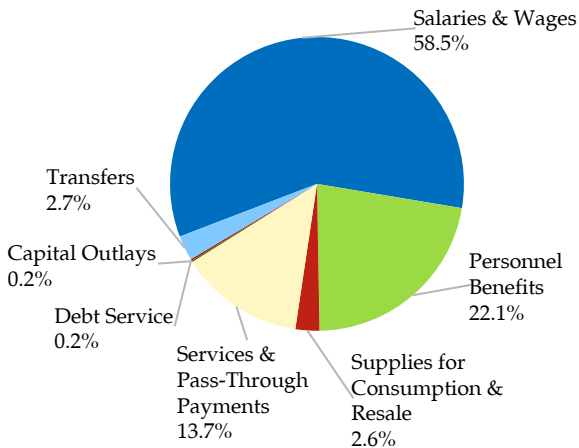


2026
GENERAL FUND

REVENUES BY SOURCE
\$76.5 million



EXPENDITURES BY CATEGORY
\$85.4 million





CITY-WIDE FINANCIAL HEALTH / FUND BALANCES

The following table recaps city-wide fund balances by fund groupings showing the effect of proposed revenues and expenditures for 2025 and 2026.

2025 RESERVE BALANCE SUMMARY

	Estimated 2025 Beg Fund Balance	2025 Projected Revenues	2025 Projected Expenditures	Increase in (Dec in) Reserves	Budgeted 2025 Ending Balance	% of Prop Exp
General Fund ⁶	\$ 18,328,639	\$ 74,526,814	\$ 81,631,241	\$ (7,104,427)	\$ 11,224,212	13.7 %
Parks and Recreation	597,576	6,671,068	6,776,075	(105,007)	492,569	7.3 %
Street & Traffic Operations	2,144,325	6,589,628	7,016,703	(427,075)	1,717,250	24.5 %
General Government Subtotal	21,070,540	87,787,510	95,424,019	(7,636,509)	13,434,031	14.1 %
Other Governmental Operating Funds	9,875,601	22,302,120	20,577,060	1,725,060	11,600,661	56.4 %
Government Capital Funds	17,942,121	42,095,275	45,123,581	(3,028,306)	14,913,815	33.1 %
Enterprise Operating Funds	39,287,344	71,582,381	72,646,032	(1,063,651)	38,223,693	52.6 %
Enterprise Capital Funds	25,522,419	38,753,339	37,266,296	1,487,043	27,009,462	72.5 %
Internal Service Funds	3,272,510	11,418,910	11,564,342	(145,432)	3,127,078	27.0 %
Employee Benefit Reserve	6,195,831	22,213,927	19,642,135	2,571,792	8,767,623	44.6 %
Risk Management Reserves	5,151,721	4,546,286	7,585,674	(3,039,388)	2,112,333	27.8 %
Debt Service & Agency Funds	3,240,502	3,387,164	3,387,164	—	3,240,502	95.7 %
Total	\$ 131,558,589	\$ 304,086,912	\$ 313,216,303	\$ (9,129,391)	\$ 122,429,198	39.1 %

2026 RESERVE BALANCE SUMMARY

	Estimated 2026 Beg Fund Balance	2026 Projected Revenues	2026 Projected Expenditures	Increase in (Dec in) Reserves	Budgeted 2026 Ending Balance	% of Prop Exp
General Fund	\$ 11,224,212	\$ 76,465,497	\$ 85,425,580	\$ (8,960,083)	\$ 2,264,129	2.7 %
Parks and Recreation	492,569	6,795,820	6,988,189	(192,369)	300,200	4.3 %
Street & Traffic Operations	1,717,250	6,630,616	7,279,263	(648,647)	1,068,603	14.7 %
General Government Subtotal	13,434,031	89,891,933	99,693,032	(9,801,099)	3,632,932	3.6 %
Other Governmental Operating Funds	11,600,661	18,293,844	17,313,235	980,609	12,581,270	72.7 %
Government Capital Funds	14,913,815	28,850,597	28,301,057	549,540	15,463,355	54.6 %
Enterprise Operating Funds	38,223,693	74,016,038	74,706,312	(690,274)	37,533,419	50.2 %
Enterprise Capital Funds	27,009,462	18,834,913	25,253,124	(6,418,211)	20,591,251	81.5 %
Internal Service Funds	3,127,078	11,375,717	10,545,857	829,860	3,956,938	37.5 %
Employee Benefit Reserve	8,767,623	36,487,669	19,992,428	16,495,241	25,262,864	126.4 %
Risk Management Reserves	2,112,333	6,550,021	7,662,642	(1,112,621)	999,712	13.0 %
Debt Service & Agency Funds	3,240,502	3,372,761	3,372,761	—	3,240,502	96.1 %
Total	\$ 122,429,198	\$ 287,673,493	\$ 286,840,448	\$ 833,045	\$ 123,262,243	43.0 %

City Council approved general reserves of at least 16.7% of total expenditures, which represent two months of annual spending, while the Enterprise Funds reserve target is 25% of total annual operating expenditures.

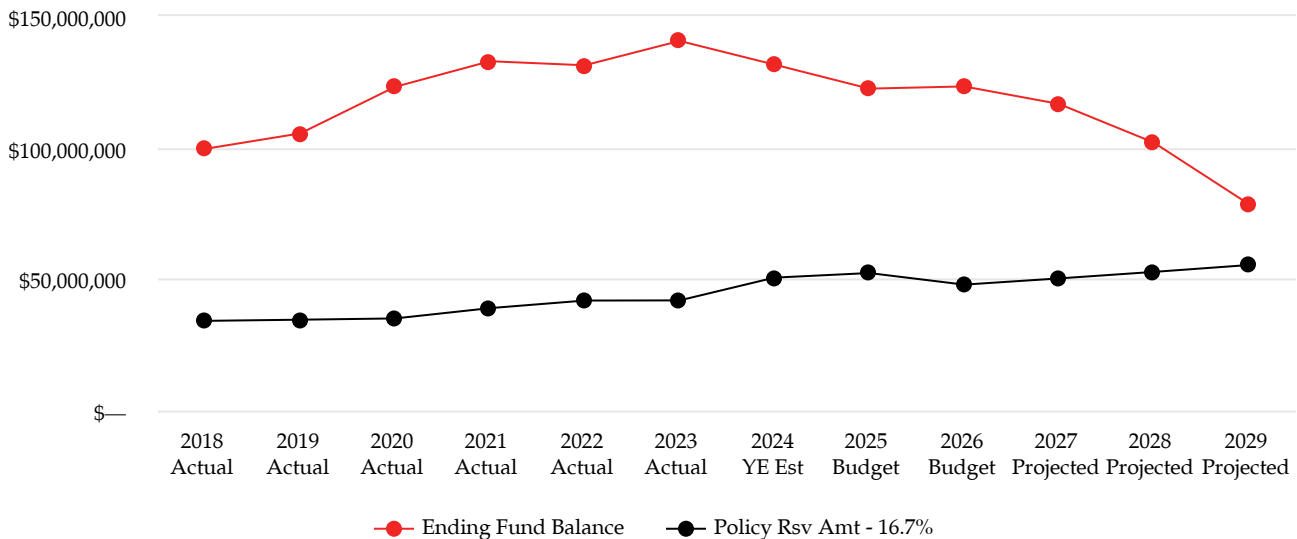
Estimated Ending Fund balance for the year-end 2025 is \$11,224,212 which represents 13.7% of total expenditures, while year-end 2026 is at \$2,264,129, or 2.7% of total expenditures.

⁶ The General Fund consist of funds 001, 003 and 612.

CITYWIDE FORECAST

	2023	2024	2025	2026	2027	2028	2029
	Actual	YE Est	Projected	Projected	Forecast	Forecast	Forecast
Beginning Balance	\$ 131,305,309	\$ 140,563,667	\$ 131,558,591	\$ 122,429,204	\$ 123,262,247	\$ 116,615,022	\$ 101,917,594
Revenues ⁷							
Sales Tax	40,159,100	41,146,252	42,615,987	43,852,987	45,607,106	47,431,391	49,328,646
Utility & Franchise Taxes	23,101,959	23,088,647	23,322,425	23,819,973	24,296,373	24,782,300	25,277,946
Property Tax	22,637,464	24,436,987	24,375,393	24,816,684	25,313,018	25,819,278	26,335,664
Charges for Services	60,566,917	61,646,979	63,916,639	66,070,335	67,391,741	68,739,576	70,114,368
Intergovernmental Revenues	35,929,320	63,086,541	59,831,676	40,212,951	41,017,210	41,837,554	42,674,305
Other Taxes & Assessments	6,575,213	6,765,119	6,992,000	7,051,000	7,192,020	7,335,860	7,482,578
Licenses and Permits	3,396,026	3,134,574	3,281,578	3,369,698	3,437,092	3,505,834	3,575,950
Fines & Forf, Transfers, Misc	67,808,955	70,451,554	79,751,217	78,479,864	80,049,461	81,650,451	83,283,460
Total Revenues	260,174,954	293,756,653	304,086,915	287,673,492	294,304,021	301,102,244	308,072,917
Expenditures ⁸							
Salaries & Wages	68,501,170	73,566,745	78,531,188	82,829,980	87,799,778	93,067,765	98,651,831
Personnel Benefits	41,253,607	45,141,758	47,736,182	49,249,500	52,204,470	55,336,738	58,656,943
Supplies - Cons & Resale	9,198,690	9,607,752	10,038,869	10,176,084	10,583,127	11,006,452	11,446,711
Services & Payments	64,213,070	75,990,177	73,600,537	70,427,288	73,244,379	76,174,154	79,221,120
Custodial Outlays	5,258,805	—	—	—	—	—	—
Capital Outlays	35,562,565	66,451,676	78,541,543	49,291,465	51,756,038	54,343,840	57,061,032
Debt Service	9,123,179	7,598,292	6,023,293	5,834,650	5,951,343	6,070,370	6,191,777
Transfers	17,805,510	24,405,329	18,744,690	19,031,482	19,412,111	19,800,353	20,196,360
Total Expenditures	250,916,596	302,761,729	313,216,302	286,840,449	300,951,246	315,799,672	331,425,774
Est End Fund Balance	\$ 140,563,667	\$ 131,558,591	\$ 122,429,204	\$ 123,262,247	\$ 116,615,022	\$ 101,917,594	\$ 78,564,737
Policy Rsv Amt - 16.7%	\$ 41,903,072	\$ 50,561,209	\$ 52,307,122	\$ 47,902,355	\$ 50,258,858	\$ 52,738,545	\$ 55,348,104
Net Fund Balance	\$ 98,660,595	\$ 80,997,382	\$ 70,122,082	\$ 75,359,892	\$ 66,356,164	\$ 49,179,049	\$ 23,216,633

FUND BALANCE VS. POLICY RESERVE AMOUNT



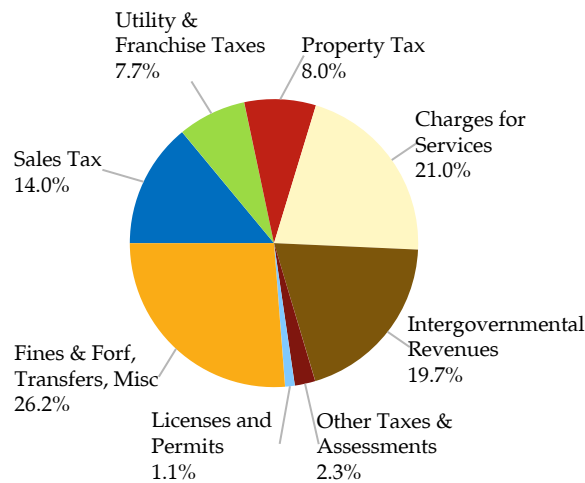
⁷ Revenue Forecasts provide for a conservative growth of 2%, in all revenues except for Sales Tax, which is shown at 4%.

⁸ Expenditure Forecasts projections include: Salaries and benefits at 6%, Supplies and Services & Payments at 4%, Capital Outlays at 5%, and Debt Service and Transfers at 2% growth. Custodial Outlays are not budgeted as they typically involve the collection of receipts and the remittance of the fiduciary resources to individuals, private organizations or other governments.

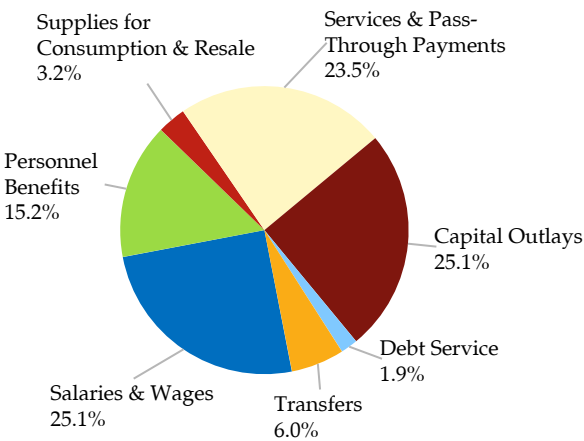
The Citywide Forecast is depicting a major loss of fund balance by the end of 2029. This is mainly attributable to operational costs growing at a higher rate than revenue growth, along with capital funding in the form of future grants that have not yet been applied for or authorized at this time.

2025
CITY-WIDE

REVENUES BY SOURCE
\$304.1 million

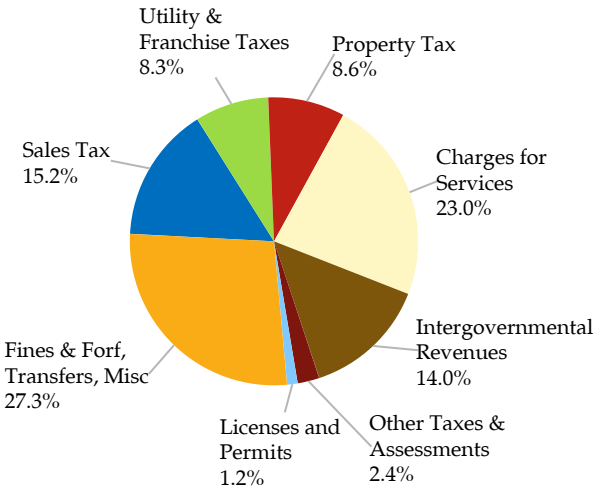


EXPENDITURES BY CATEGORY
\$313.2 million

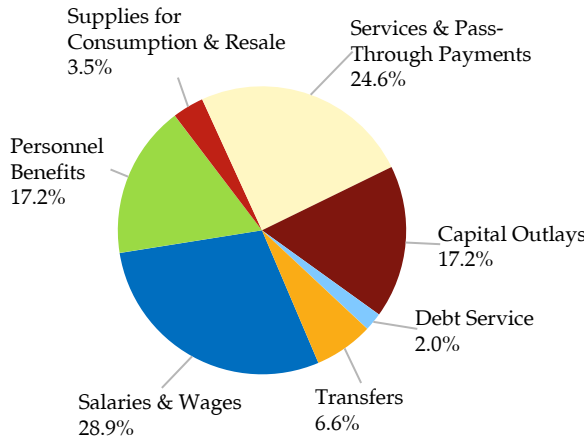


2026
CITY-WIDE

REVENUES BY SOURCE
\$287.7 million



EXPENDITURES BY CATEGORY
\$286.8 million







PRELIMINARY BUDGET
BY FUNCTIONAL GROUPING

Department directors and managers take part in continuous review of 2024 (current-year) budget-to-actual expense management, 2024 year-end estimates and 2025 & 2026 proposed budget figures.

The City relies on budgetary controls, with multiple levels of review, as part of the overall system of checks and balances to manage service delivery and to monitor that the underlying funding is being received as budgeted.

All figures in the following pages, as in most of the preceding pages tables and graphs, are directly imported from the City's automated accounting system. Due to rounding, some totals in these charts may not correspond exactly with the sums in previous charts within this document.

2025 - 2026 BUDGET BY CITY FUNCTIONAL GROUPING

	2023		2024		
	Actual Revenues	Actual Expenditures	Estimated Beg Fund Balance	Year End Estimate Revenues	Year End Estimate Expenditures
General Government					
General Fund ⁹	\$ 76,844,591	\$ 76,226,951	\$ 13,197,529	\$ 77,242,846	\$ 72,111,735
Parks & Recreation	6,069,533	6,087,862	545,218	6,593,523	6,541,164
Street & Traffic Operations	5,816,930	5,055,219	2,298,985	6,579,684	6,734,343
Total General Government Funds	88,731,054	87,370,032	16,041,732	90,416,053	85,387,242
Other Governmental Operating Funds					
Neighborhood Development	1,417,908	1,538,567	1,084,145	3,422,197	3,397,914
Community Relations	565,208	634,720	708,599	518,137	691,035
Clean City Fund	885,097	659,011	495,308	911,781	777,554
Cemetery	357,137	366,297	183,077	370,000	421,043
Emergency Services	1,703,564	1,800,425	107,751	2,778,546	1,885,192
Public Safety Comm/CJ 0.3% (151/153)	2,817,394	2,726,583	1,196,959	2,765,821	2,888,225
Public Safety Communications Dispatch	1,718,474	1,560,437	674,969	1,816,985	1,800,443
Police Grants	160,757	154,582	954,705	1,072,431	1,121,492
Downtown Yakima Bus Impr Dist (DYBID)	183,578	180,925	80,643	185,750	184,632
Trolley	11,869	2,270	52,133	11,869	15,305
Front Street Business Improvement	3,814	1,733	10,094	3,700	3,700
Convention & Event Center	2,027,386	1,921,794	822,377	2,206,200	1,997,514
Capitol Theatre	429,254	423,990	107,989	432,000	421,504
PFD Revenue - Convention & Event Center	1,233,062	1,511,811	926,013	1,126,243	1,361,386
Tourist Promotion Area	1,083,494	1,100,607	126,107	1,213,200	1,217,550
PFD Revenue - Capitol Theatre	934,130	849,374	730,372	862,831	685,539
ARPA Fiscal Recovery Fund	4,583,548	4,583,548	67,700	14,304,904	14,304,904
Total Other Governmental Operating Funds	20,115,674	20,016,674	8,328,941	34,002,595	33,174,932
Government Capital Funds					
CBD Capital Improvement	—	—	55,024	—	—
Capitol Theatre Capital	473,275	362,890	197,361	60,000	149,037
Yakima Revenue Development Area	1,011,033	595,750	745,825	2,012,500	662,331
Parks & Recreation Capital	1,466,442	1,113,588	365,035	9,004,521	7,359,275
Fire Capital	165,676	69,912	606,002	173,225	202,291
Law & Justice Capital/CJ 0.3% (303/333)	477,159	934,111	975,025	398,032	122,718
REET 1 Public Works Trust Construction	1,310,697	2,655,141	2,978,608	1,332,617	1,503,903
REET 2 Capital Construction	1,226,249	1,646,696	1,114,692	1,248,169	1,941,469
Transportation Benefit District	1,677,033	747,313	5,211,580	1,700,000	1,999,235
Street Overlay & Reconstruction	6,121,488	5,532,202	3,308,660	12,543,283	13,455,193
Convention & Event Center Capital Improvement	792,500	711,795	1,839,511	780,000	1,314,097
Cumulative Reserve for Capital Improvement	13,581	149,130	192,872	—	190,871
Total Government Capital Funds	14,735,133	14,518,528	17,590,195	29,252,347	28,900,420

⁹ The General Fund (GF), consisting of funds 001, 003 & 612, is considered a major fund as it contains over 10% of the revenues or expenditures of the appropriated budget.

2025 - 2026 BUDGET BY CITY FUNCTIONAL GROUPING

2024		2025			2026			
Estimated End Fund Balance	Projected Revenues	Projected Expenditures	Estimated End Fund Balance	% Chng 2022 to 2023	Projected Revenues	Projected Expenditures	Estimated End Fund Balance	% Chng 2023 to 2024
\$ 18,328,639	\$ 74,526,814	\$ 81,631,241	\$ 11,224,212	(63.3)%	\$ 76,465,497	\$ 85,425,580	\$ 2,264,129	(395.7)%
597,576	6,671,068	6,776,075	492,569	(21.3)%	6,795,820	6,988,189	300,200	(64.1)%
2,144,325	6,589,628	7,016,703	1,717,250	(24.9)%	6,630,616	7,279,263	1,068,603	(60.7)%
21,070,540	87,787,510	95,424,019	13,434,031	(56.8)%	89,891,933	99,693,032	3,632,932	(269.8)%
1,108,427	5,054,470	3,945,562	2,217,335	50.0 %	2,403,551	1,475,409	3,145,477	29.5 %
535,701	504,000	709,112	330,589	(62.0)%	508,000	742,461	96,128	(243.9)%
629,535	968,858	797,812	800,581	21.4 %	987,632	837,138	951,075	15.8 %
132,034	400,000	448,780	83,254	(58.6)%	430,000	471,437	41,817	(99.1)%
1,001,105	2,283,698	2,230,284	1,054,519	5.1 %	2,283,698	2,348,044	990,173	(6.5)%
1,074,555	2,826,452	2,853,290	1,047,717	(2.6)%	2,790,000	3,065,266	772,451	(35.6)%
691,510	1,918,167	1,997,033	612,644	(12.9)%	180,000	208,130	584,514	(4.8)%
905,643	180,000	209,419	876,224	(3.4)%	2,069,392	2,142,884	802,732	(9.2)%
81,761	185,750	184,746	82,765	1.2 %	185,750	184,928	83,587	1.0 %
48,697	11,869	15,319	45,247	(7.6)%	11,869	13,637	43,479	(4.1)%
10,094	3,700	3,700	10,094	— %	3,700	3,700	10,094	— %
1,031,063	2,331,200	2,025,477	1,336,786	22.9 %	2,406,200	2,050,163	1,692,823	21.0 %
118,484	435,000	434,412	119,072	0.5 %	450,000	449,813	119,259	0.2 %
690,870	1,203,900	878,951	1,015,819	32.0 %	1,303,900	1,176,091	1,143,628	11.2 %
121,757	1,303,200	1,315,718	109,239	(11.5)%	1,353,200	1,364,767	97,672	(11.8)%
907,664	862,831	698,418	1,072,077	15.3 %	862,831	708,673	1,226,235	12.6 %
67,700	1,829,026	1,829,026	67,700	— %	64,121	70,695	61,126	(10.8)%
9,156,600	22,302,121	20,577,059	10,881,662	15.9 %	18,293,844	17,313,236	11,862,270	8.3 %
55,024	—	—	55,024	— %	—	—	55,024	— %
108,324	60,000	60,000	108,324	— %	60,000	60,000	108,324	— %
2,095,994	9,787,500	11,080,368	803,126	(161.0)%	3,200,000	3,033,043	970,083	17.2 %
2,010,282	255,721	30,151	2,235,852	10.1 %	265,134	14,941	2,486,045	10.1 %
576,936	163,000	80,000	659,936	12.6 %	410,559	132,533	937,962	29.6 %
1,250,340	407,023	124,528	1,532,835	18.4 %	290,559	12,533	1,810,861	15.4 %
2,807,322	1,344,448	2,387,455	1,764,315	(59.1)%	1,357,448	2,242,360	879,403	(100.6)%
421,392	1,260,000	1,382,943	298,449	(41.2)%	1,273,000	1,381,987	189,462	(57.5)%
4,912,345	1,700,000	2,759,561	3,852,784	(27.5)%	1,700,000	1,071,984	4,480,800	14.0 %
2,396,749	26,837,583	26,865,452	2,368,880	(1.2)%	19,841,456	19,755,156	2,455,180	3.5 %
1,305,413	280,000	353,123	1,232,290	(5.9)%	580,000	527,050	1,285,240	4.1 %
2,001	—	—	2,001	— %	—	2,001	—	n/a
17,942,122	42,095,275	45,123,581	14,913,816	(20.3)%	28,978,156	28,233,588	15,658,384	4.8 %

2025 - 2026 BUDGET BY CITY FUNCTIONAL GROUPING

	2023		2024		
	Actual Revenues	Actual Expenditures	Estimated Beg Fund Balance	Year End Estimate Revenues	Year End Estimate Expenditures
Enterprise Operating Funds					
Airport Operating	1,637,806	1,543,562	1,250,696	2,479,681	2,272,952
Stormwater Operating	4,861,613	3,242,747	2,702,965	4,064,410	3,915,982
Transit	12,448,542	9,966,699	13,239,870	14,400,301	10,469,783
Refuse	9,929,589	9,178,820	5,042,505	9,701,656	9,965,678
Wastewater Operating	25,440,777	24,611,548	12,518,020	24,318,332	30,725,002
Water Operating	12,487,465	12,570,570	7,515,184	12,770,145	13,945,519
Irrigation Operating	2,147,219	2,368,841	1,073,077	2,167,710	2,662,292
Total Enterprise Operating Funds	68,953,011	63,482,787	43,342,317	69,902,235	73,957,208
Enterprise Capital Funds					
Airport FAA	2,687,918	2,875,162	409,993	3,438,890	3,589,961
Stormwater Capital	660,593	1,437,906	4,678,448	755,919	2,026,103
Transit Capital	6,058,380	4,988,018	4,585,744	4,168,437	3,170,401
Wastewater Capital Facilities	1,000,000	3,665,801	2,904,321	1,000,000	2,010,150
Wastewater Capital Construction	3,010,610	3,842,068	9,676,224	2,005,919	5,728,068
Water Capital	2,510,610	1,390,003	2,976,755	3,005,919	3,359,034
Wastewater Capital Projects	2,733,904	331,714	8,179,481	8,000,000	10,383,978
Irrigation Capital	2,232,927	2,290,012	(1,645,186)	5,027,000	3,377,748
Total Enterprise Capital Funds	20,894,942	20,820,684	31,765,780	27,402,084	33,645,443
Internal Service Funds					
Equipment Rental/Reserves (551/552)	6,073,481	5,729,598	5,499,479	7,149,881	10,759,537
Environmental	385,538	393,743	281,654	630,000	724,658
Public Works Administration	1,433,450	1,343,161	700,567	1,462,119	1,706,682
Utility Services	2,667,778	2,666,236	739,688	2,636,191	2,636,191
Total Internal Service Funds	10,560,247	10,132,738	7,221,388	11,878,191	15,827,068
Employee Benefit Reserves					
Unemployment Compensation Reserve	274,158	185,427	510,649	271,375	268,519
Employees Health Benefit Reserve	14,046,446	14,197,007	4,020,232	15,629,079	15,325,064
Workers' Compensation Reserve	3,559,980	3,330,426	364,854	4,480,686	3,700,144
Wellness/Employee Asst Program	75,000	57,868	204,582	75,000	66,900
Total Employee Benefit Reserves	17,955,584	17,770,728	5,100,317	20,456,140	19,360,627
Risk Management Reserve					
Risk Management	5,790,952	4,693,387	7,982,497	4,653,168	7,483,945
Total Risk Management Reserve	5,790,952	4,693,387	7,982,497	4,653,168	7,483,945

2025 - 2026 BUDGET BY CITY FUNCTIONAL GROUPING

2024	2025				2026			
Estimated Beg Fund Balance	Projected Revenues	Projected Expenditures	Estimated End Fund Balance	2025 vs 2024 Fund Bal	Projected Revenues	Projected Expenditures	Estimated End Fund Balance	2026 vs 2025 Fund Bal
1,457,425	1,503,935	2,310,327	651,033	(123.9)%	1,599,319	2,095,858	154,494	(321.4)%
2,851,393	4,349,918	5,348,737	1,852,574	(53.9)%	4,653,343	5,601,549	904,368	(104.8)%
17,170,388	14,013,483	11,857,913	19,325,958	11.2 %	14,113,312	12,189,150	21,250,120	9.1 %
4,778,483	9,992,170	10,048,687	4,721,966	(1.2)%	10,291,935	10,410,589	4,603,312	(2.6)%
6,111,350	25,191,271	26,540,181	4,762,440	(28.3)%	26,029,354	27,414,993	3,376,801	(41.0)%
6,339,810	14,230,290	14,141,294	6,428,806	1.4 %	14,958,500	14,497,491	6,889,815	6.7 %
578,495	2,301,314	2,398,893	480,916	(20.3)%	2,370,275	2,496,681	354,510	(35.7)%
39,287,344	71,582,381	72,646,032	38,223,693	(2.8)%	74,016,038	74,706,311	37,533,420	(1.8)%
258,922	6,911,298	7,092,942	77,278	(235.1)%	2,582,100	2,288,577	370,801	79.2 %
3,408,263	2,628,809	3,315,367	2,721,705	(25.2)%	2,538,365	1,881,293	3,378,777	19.4 %
5,583,780	2,750,000	2,080,266	6,253,514	10.7 %	2,250,000	1,166,925	7,336,589	14.8 %
1,894,171	1,000,000	902,543	1,991,628	4.9 %	1,000,000	1,199,185	1,792,443	(11.1)%
5,954,075	1,628,768	3,162,474	4,420,369	(34.7)%	1,538,365	3,101,550	2,857,184	(54.7)%
2,623,640	3,558,654	3,097,021	3,085,273	15.0 %	3,200,000	3,758,650	2,526,623	(22.1)%
5,795,503	4,000,000	7,071,888	2,723,615	(112.8)%	4,000,000	5,054,451	1,669,164	(63.2)%
4,065	16,275,810	10,543,796	5,736,079	99.9 %	1,726,084	6,802,494	659,669	(769.5)%
25,522,419	38,753,339	37,266,297	27,009,461	5.5 %	18,834,914	25,253,125	20,591,250	(31.2)%
1,889,823	6,618,778	6,498,900	2,009,701	6.0 %	6,737,378	5,665,068	3,082,011	34.8 %
186,996	615,600	716,905	85,691	(118.2)%	265,500	324,283	26,908	(218.5)%
456,003	1,691,604	1,855,610	291,997	(56.2)%	1,759,268	1,942,935	108,330	(169.5)%
739,688	2,492,928	2,492,928	739,688	— %	2,613,571	2,613,571	739,688	— %
3,272,510	11,418,910	11,564,343	3,127,077		11,375,717	10,545,857	3,956,937	21.0 %
513,505	288,778	208,735	593,548	13.5 %	305,439	213,385	685,602	13.4 %
4,324,247	17,313,778	15,654,372	5,983,653	27.7 %	31,570,728	15,980,335	21,574,046	72.3 %
1,145,396	4,536,371	3,712,129	1,969,638	41.8 %	4,536,501	3,731,808	2,774,331	29.0 %
212,682	75,000.00	66,900	220,782	3.7 %	75,000	66,900	228,882	3.5 %
6,195,830	22,213,927	19,642,136	8,767,621	29.3 %	36,487,668	19,992,428	25,262,861	65.3 %
5,151,721	75,000	66,900	5,159,821	0.2 %	6,550,021	7,662,642	4,047,200	(27.5)%
5,151,721	75,000	66,900	5,159,821	0.2 %	6,550,021	7,662,642	4,047,200	(27.5)%

2025 - 2026 BUDGET BY CITY FUNCTIONAL GROUPING

	2023		2024		
	Actual Revenues	Actual Expenditures	Estimated Beg Fund Balance	Year End Estimate Revenues	Year End Estimate Expenditures
Debt Service					
Public Facility District					
2020 Convention Center/Capital Theatre	1,547,128	1,404,068	366,200	1,454,277	1,404,278
General Obligation					
Miscellaneous LTGO Bonds	3,018,414	3,018,414	17,626	2,949,914	2,949,914
Utility Bonds					
2008 Wastewater Revenue Bonds	382,800	378,400	14,897	387,900	387,900
2004 Irrigation System Revenue Bonds	276,600	269,800	29,314	270,750	270,750
2012 Wastewater Revenue Bonds	1,164,800	1,157,333	1,620,948	—	—
Total Debt Service	6,389,742	6,228,015	2,048,985	5,062,841	5,012,842
Agency Funds					
YakCorps - Agency	673,166	612,222	—	—	—
Custodial Fund	5,353,814	5,258,805	402,770	—	—
Cemetery Trust	21,639	12,000	738,747	12,000	12,000
Total Agency Funds	6,048,619	5,883,027	1,141,517	12,000	12,000
Total City Budget	<u>\$ 260,174,954</u>	<u>\$ 250,916,597</u>	<u>\$ 140,563,667</u>	<u>\$ 293,756,652</u>	<u>\$ 302,761,729</u>

2025 - 2026 BUDGET BY CITY FUNCTIONAL GROUPING

2024	2025				2026			
Estimated End Fund Balance	Projected Revenues	Projected Expenditures	Estimated End Fund Balance	2025 vs 2024 Fund Bal	Projected Revenues	Projected Expenditures	Estimated End Fund Balance	2026 vs 2025 Fund Bal
416,199	1,413,051	1,413,051	416,199	— %	1,405,447	1,405,447	416,199	— %
17,626	1,299,664	1,299,664	17,626	— %	1,299,664	1,299,664	17,626	— %
14,897	387,550	387,550	14,897	— %	381,900	381,900	14,897	— %
29,314	274,900	274,900	29,314	— %	273,750	273,750	29,314	— %
1,620,948	—	—	1,620,948	— %	—	—	1,620,948	— %
2,098,984	3,375,165	3,375,165	2,098,984	— %	3,360,761	3,360,761	2,098,984	— %
—	—	—	—	n/a	—	—	—	n/a
402,770	—	—	402,770	— %	—	—	402,770	— %
738,747	12,000	12,000	738,747	— %	12,000	12,000	738,747	— %
1,141,517	12,000	12,000	1,141,517	— %	12,000	12,000	1,141,517	— %
<u>\$ 131,558,590</u>	<u>\$ 304,086,914</u>	<u>\$ 313,216,303</u>	<u>\$ 122,429,201</u>	(7.5)%	<u>\$ 287,673,492</u>	<u>\$ 286,840,448</u>	<u>\$ 123,262,245</u>	0.7 %

